

Effective June 30, 2021, and subject to conditions in Governor Inslee's Proclamation 20-28.15 which extends the substantive provisions contained in Proclamation 20.28.14.

Port Commission Meetings will be conducted remotely until further notice.

A GoToMeeting has been arranged to enable the public to listen and make public comments remotely.

To participate remotely, please use the following call-in information:

1-866-899-4679, Access Code: 878-250-485

AGENDA

Port of Kennewick

Regular Commission Business Meeting

Port of Kennewick Commission Chambers (via GoToMeeting)

350 Clover Island Drive, Suite 200, Kennewick, Washington

September 14, 2021

2:00 p.m.

I. CALL TO ORDER

II. ANNOUNCEMENTS AND ROLL CALL

III. PLEDGE OF ALLEGIANCE

IV. APPROVAL OF AGENDA

V. PUBLIC COMMENT *(Please state your name and address for the public record)*

VI. CONSENT AGENDA

- A. Approval of Direct Deposit and ePayments Dated September 2, 2021
- B. Approval of Warrant Register Dated September 14, 2021
- C. Approval of Regular Commission Meeting Minutes August 24, 2021

VII. EMERGENCY DELEGATION UPDATE (TIM/AMBER)

VIII. PRESENTATION

- A. Governance Audit, Jim Darling (TIM) (page 97)

IX. RECESS

X. REPORTS, COMMENTS AND DISCUSSION ITEMS

- A. Vista Field
 - 1. Property Owners Association, Doris Goldstein and Ben Floyd (LARRY) (page 120)
 - 2. Design Standards (LARRY)
 - 3. Vista Field Pricing (AMBER) (page 125)

XI. RECESS

AGENDA

*Port of Kennewick
Regular Commission Business Meeting
September 14, 2021
Page 2*

REPORTS, COMMENTS AND DISCUSSION ITEMS (Continued)

- B. Columbia Gardens
 - 1. Neighborhood Maintenance Fees; Resolution 2021-16 (**LARRY**) (page 252)
 - 2. Design Standards, MAKERS presentation (**LARRY**) (page 257)
 - 3. Parcel Pricing (**AMBER**) (page 288)
- C. 1135 Project Update (**TANA**)
 - 1. Energy Northwest Interlocal Agreement; Resolution 2021-15 (**TIM**) (page 565)
 - 2. Letter of Intent for Realtor Services (Buyer's Agent) (**TIM**) (page 579)
- D. CEO Performance Review Timeline (**LUCINDA**)
- E. Commission Meetings (formal and informal meetings with groups or individuals)
- F. Non-Scheduled Items
(**LISA/BRIDGETTE/TANA/NICK/LARRY/AMBER/LUCINDA/TIM/TOM/SKIP/DON**)

XII. PUBLIC COMMENT (*Please state your name and address for the public record, if not stated previously*)

XIII. EXECUTIVE SESSION, if necessary

- A. Real Estate, Minimum Price, per RCW 42.30.110(1)(c) (**TIM**)

XIV. ADJOURNMENT

PLEASE SILENCE ALL NOISE MAKING DEVICES



PORT OF KENNEWICK REGULAR COMMISSION MEETING

DRAFT

AUGUST 24, 2021 MINUTES

Commission Meeting recordings, with agenda items linked to corresponding audio, can be found on the Port's website at: <https://www.portofkennewick.org/commission-meetings-audio/>

Commission President Commissioner Don Barnes called the Regular Commission Meeting to order at 2:00 p.m. via GoToMeeting Teleconference.

ANNOUNCEMENTS AND ROLL CALL

The following were present:

Board Members: Commissioner Don Barnes, President (via telephone)
Skip Novakovich, Vice-President (via telephone)
Thomas Moak, Secretary (via telephone)

Staff Members: Tim Arntzen, Chief Executive Officer (via telephone)
Tana Bader Inglima, Deputy Chief Executive Officer (via telephone)
Amber Hanchette, Director of Real Estate and Operations (via telephone)
Nick Kooiker, Chief Finance Officer (via telephone)
Larry Peterson, Director of Planning and Development (via telephone)
Lisa Schumacher, Special Projects Coordinator
Bridgette Scott, Executive Assistant (via telephone)
Lucinda Luke, Port Counsel (via telephone)

PLEDGE OF ALLEGIANCE

Commissioner Barnes led the Pledge of Allegiance.

APPROVAL OF THE AGENDA

MOTION: Commissioner Novakovich moved to approve the Agenda as presented; Commissioner Moak seconded. With no further discussion, motion carried unanimously. All in favor 3:0.

PUBLIC COMMENT

No comments were made.

CONSENT AGENDA

- A. Approval of Direct Deposit and E-Payments Dated August 17, 2021***
Direct Deposit and E-Payments totaling \$66,970.21
- B. Approval of Warrant Register Dated August 24, 2021***
Expense Fund Voucher Number 103125 through 103155 for a grand total of \$56,651.71
- C. Approval of Regular Commission Meeting Minutes August 10, 2021***

MOTION: Commissioner Barnes moved to remove Item B from the Consent Agenda for further clarification; Commissioner Moak seconded.

PORT OF KENNEWICK REGULAR COMMISSION MEETING

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Discussion:

Commissioner Moak inquired where Commissioner Barnes would like to place Item B for discussion.

AMENDED MOTION: *Commissioner Barnes moved to amend the main motion to remove Item B from the Consent Agenda and place it immediately following the Consent Agenda; Commissioner Moak seconded. With no further discussion, amended motion carried unanimously. All in favor 3:0.*

With no further discussion, the motion has been moved and seconded and amended, to remove Item B from the Consent Agenda and place immediately following the Consent Agenda; With no further discussion, motion carried unanimously. All in favor 3:0.

MOTION: *Commissioner Novakovich moved to approve the Revised Consent Agenda, Items A and C; Commissioner Moak seconded. With no further discussion, motion carried unanimously. All in favor 3:0.*

Commissioner Barnes asked Mr. Kooiker for clarification for the warrant for legal services for Williams, Kastner and Gibbs with the description of legal services for long term care research.

Mr. Kooiker stated the Port obtained special legal guidance for the proposed Washington State long term care tax act, which requires all employers to withhold .58% for long term care. Every employer is subject to the state tax and there are many agencies and ports dealing with the implementation of this long term care act.

MOTION: *Commissioner Barnes moved to Approve Item B of the Consent Agenda; Commissioner Moak seconded. With no further discussion, amended motion carried unanimously. All in favor 3:0.*

PRESENTATION

A. Quarterly Finance Update

Mr. Kooiker presented the quarterly financial update. (*Exhibit A*)

Commissioner Moak inquired if the Port received the remaining funds from the sale of the Racetrack to the City of West Richland.

Mr. Kooiker stated yes, the Port received the remaining funds in December of 2020.

Commissioner Barnes inquired how much cash on hand the Port had at the end of March 2021.

Mr. Kooiker stated approximately \$13,000,000.

EMERGENCY DELEGATION UPDATE

Mr. Arntzen and Ms. Hanchette stated there is nothing to report.

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REPORTS, COMMENTS AND DISCUSSION ITEMS

A. *Vista Field*

1. *Design Standards*

Mr. Peterson stated the design standards and regulations will provide clear expectations to the Commission, citizens, and the development community regarding what is deemed acceptable at Vista Field. Mr. Peterson introduced Lizz Plater Zyberk of DPZ Co-Design who will present the elements of the design standards and regulations.

Ms. Plater-Zyberk stated the Urban Mixed-Use zoning (UMU) will help bring in character and specific identity to the development. Ms. Plater-Zyberk shared the final design standards and regulations for Vista Field. (*Exhibit B*)

Commission and staff discussion ensued regarding the design standards documents and regulations.

Mr. Peterson stated staff and DPZ will make some revisions to the document for continuity; and will share them with the City for their review and possible comments as directed by the Commission. Mr. Peterson anticipates bringing back the revised document for possible adoption in September.

2. *Property Owners Association*

Mr. Peterson briefed the Commission on the history of the Property Owners Association (POA) at Vista Field and introduced Ben Floyd of White Bluffs Consulting, who has been working on the POA with Doris Goldstein.

Mr. Floyd outlined the POA commercial and general association working documents and presented a proposed timeline for staff and Commission review.

B. *Columbia Gardens*

1. *Design Standards, MAKERS*

Mr. Peterson introduced Bob Bengford and Beth Batchelder of MAKERS, who are presenting the working design standards for Columbia Gardens.

Mr. Bengford outlined the proposed design standards and regulations for Columbia Gardens. (*Exhibit C*)

Commissioners Moak and Barnes would like to see the color palate expanded.

RECESS

Commissioner Barnes called for a recess at 3:55 p.m. for 3 minutes.

Commissioner Barnes reconvened the Regular Commission meeting at 3:59 p.m.

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2. *Property/Neighborhood Association-Policy Decisions*

Mr. Peterson presented two scenarios for the POA at Columbia Gardens: equal assessments and allocations, or assessments based upon building size and use. (*Exhibit D*) In both scenarios, the Port pays dues for the first five years, as an incubation period for new businesses and an investment in the neighborhood.

Commissioner Moak prefers the assessments based upon building size and use and believes everyone should pay a share. Commissioner Moak inquired if a business should pay a prorated fee in case the business vacates the property before the five-year period is up.

Commissioner Novakovich believes Columbia Gardens is an incubator facility and is hesitant to assess fees, especially now. Commissioner Novakovich inquired if the current tenants were informed that they would eventually pay maintenance fees. Commissioner Novakovich believes it is wrong for the Port to assess maintenance costs and believes the Port will lose tenants and have trouble attracting tenants. Commissioner Novakovich likes the five-year pause and stated Commissioner Moak's point is well taken about businesses leaving early before the assessment begins.

Commissioner Barnes prefers the assessments based upon building size and use and likes the idea of a five-year transition period. Commissioner Barnes believes it is important to communicate to the tenants that there are expenses associated with the maintenance and operations of these buildings. If a tenant is paying under a gross lease, then there is a portion of the rent proceeds that are being used for maintenance fees. Under this new scenario, communication with the tenants is vital and lease terms should be more specific.

3. *Washington State Department of Transportation (DOT) Signage*

Ms. Bader Inglima has been working with the Department of Transportation on the potential addition of blue hospitality signage on the highways. Ms. Bader Inglima stated the Port is not allowed to add the Columbia Gardens logo to the state highway signs; however, businesses can use the words "at Columbia Gardens." Businesses must meet certain criteria established by the DOT, which includes being open consistently for five days a week, which includes either a Saturday or Sunday, for six hours a day. Ms. Bader Inglima will continue to work with the interested businesses regarding signage.

C. *Formal Approval of CEO's Goal #5 (Waterfront Master Plan) of the CEO's 2019/20 Goals and Objectives; and Goal #4 (Acceptance of 1135 Application) of the CEO's 2021/22 Goals and Objectives; Resolution 2021-14*

Mr. Kooiker presented Resolution 2021-14 for Commission consideration, formalizing the CEO goals and objectives. Mr. Kooiker stated exhibit A of Resolution was updated March 9, 2021.

PUBLIC COMMENT

No comments were made.

MOTION: Commissioner Novakovich moved to approve Resolution 2021-14, accepting as complete goal #5 of the CEO's 2019/20 Goals and Objectives, and goal #4 of the CEO's 2021/22 Goals and

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Objectives; Commissioner Moak seconded.

Discussion:

Commissioner Moak stated these were two large projects that the Port has been working on for several years and to have them complete, from the manager's standpoint, is good to get those done.

Commissioner Barnes prefers to address the completion of the goals and objectives at one time during the year. It is clear that these goals have been completed; however, he prefers to see them once a year.

Commissioner Moak inquired if there was a reason goals and objectives are approved in a piecemeal manner, rather than all at once, for example, when setting new goals or working through the CEO's evaluation.

Mr. Arntzen stated it has been standard procedure to bring goals to the Commission as they are accomplished, which has been the custom and practice and he does not see a reason to change it now to simply delay it. A practical reason to approve goals when they are completed is if staff saves all the completed goals until the end of the year, what with the performance review and other end of year business we have, it can get a bit confusing. Another reason to approve the goals closer to the time of the accomplishment is that it is fresh in our recollection of the tasks that have been completed. Mr. Arntzen thinks there are several good reasons to try and not let them stack up and accumulate, and then be taken down many months after the accomplishment has been completed. Mr. Arntzen strongly requests that they be approved at this time.

Commissioner Barnes has sat on the Commission since 2012 and did not recall that we did this on a piecemeal basis; however, he did not research and does not have a reason to question Mr. Arntzen. Commissioner Barnes recalled that it was an annual set of goals and objectives in 2012 and after that, it moved to a biennial budget and set of goals and objectives.

With no further discussion, motion carried unanimously. All in favor 3:0.

D. Governance Audit Update

Mr. Arntzen briefly updated the Commission that Jim Darling has been working on the Governance Audit scope of work. Mr. Darling has been managing the transparent process and Mr. Arntzen has received very little information, by design. Mr. Arntzen has limited, firsthand knowledge of the process, other than the Commission, staff, and a few outside third parties have been interviewed by Mr. Darling. Mr. Arntzen stated Mr. Darling will present an update on the scope to the Commission at the September 14, 2021 Regular Commission Meeting.

Commissioner Barnes stated it more than met his expectations because he did not know Mr. Darling was trying to get on the Agenda for September 14, 2021 for a presentation and a follow up on September 28, 2021. Commissioner Barnes stated this has been very useful and thanked Mr. Arntzen for providing a timeline.

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AUGUST 24, 2021 MINUTES

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E. Potential Property Purchase, Available Funding Options and Listing Agreement

Mr. Arntzen stated if the Port was looking to purchase property for \$1,000,000 or less, we would look at submitting an application for Rural County Capital Funding (RCCF) through Benton County. Mr. Arntzen stated by using the RCCF funding, the property would have to meet certain County requirements. Another potential funding source could be the monies received from the recent Oak Street/Verbena Auction last month or utilize some funding from the opportunity fund.

Mr. Kooiker stated at that price point, there are many funding options to purchase property.

Commissioner Moak inquired if the Port were to apply for RCCF funding to purchase property, what is the time frame for Benton County to process the application.

Mr. Arntzen believes the Port would make an offer, subject to a financing contingency. Ms. Bader Inglima would craft the application and move as quickly as possible. Mr. Arntzen stated there are no guarantees to RCCF funding, therefore, it would be appropriate to look at a backup source of funding.

Commissioner Barnes inquired if there is a listing agreement, as referenced on the Agenda.

Mr. Arntzen stated that was an oversight on his part and if there is a point that the Port requires a realtor, he would like to bring a listing agreement forward for Commission review.

Additional discussion commenced regarding a potential buyers agent to assist negotiations.

F. Commissioner Meetings (formal and informal meetings with groups or individuals)

Commissioners reported on their respective committee meetings.

Commissioner Barnes received an invitation from the Kiwanis Club of Kennewick to speak to them in November. Commissioner Barnes disclosed that the invite came from Commissioner Moak, who is the coordinator of speakers for the Club.

G. Non-Scheduled Items

Mr. Arntzen spoke with the Kiwanis Club of Kennewick and reported that they found the potential project manager acceptable. Mr. Arntzen will start the contract process with the consultant, who will work on the Kiwanis playground project.

Commissioner Moak inquired if the Department of Corrections work crew is back.

Ms. Hanchette stated there has been one work crew working sporadically over the past few months. The Port is still utilizing Express Personnel for temporary labor.

Commissioner Novakovich stated Commissioner Barnes has mentioned the need to increase the staffing level at the Port of Kennewick and inquired if the CEO had any comments.

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Mr. Arntzen stated he hires staff if it is provided for in the budget. In the current two-year budget, there was a provision for maintenance personnel. Mr. Arntzen stated the Port contracted with Express Personnel, rather than hire staff. Additionally, we have been working on a significant staff realignment, primarily in response to the enhanced activities at Vista Field. We have implemented some of those changes, but we are still in the process of implementing the remaining changes. Mr. Arntzen stated our two-year work plan approved by Commission tries to balance projects with available staffing level. Adding new projects to the Work Plan, which sometimes occurs, requires a reallocation of staffing and funding. The better the Port is at adhering to the Work Plan, the better we are at allocating staff. The Work Plan does speak to this and reminds us to stay solidly focused on the Port's core business and established priorities. Mr. Arntzen believes the Commission is proud, despite Covid, of how we have continued to maintain our core business activities, as set forth by the Commission and the Work Plan. Mr. Arntzen stated we try to balance the projects in the Work Plan with available staffing; however, sometimes things come up and we utilize contractors to assist us with those projects. Contracting out is a useful tool to use for a variable workload, rather than hiring an employee, which requires a long-term commitment with salary and benefits. If the Port seems lean, that is by design and we have a conservative Budget Philosophy that requires Mr. Arntzen to maintain a balanced budget and reduce costs, while maintaining an acceptable level of service. Additionally, the policy also acknowledges the Port's limited staff and financial resources, which he is bound to follow. With the available funding for the two-year budget, we try to balance the capital projects that people like versus the daily operations. The more you put into one, the less there is for other. The Port has always operated lean and if the Commission believes we need to staff up, Mr. Arntzen would diligently follow any Commission directive. Mr. Arntzen appreciates Commissioner Barnes questions and Commissioner Novakovich giving him the opportunity to respond.

Commissioner Barnes believes we are talking out of both sides of our mouths and stated on this Agenda, there is a discussion to purchase property; however, that is not in the Work Plan. Additionally, the Port has had proposed items on the Agenda that have nothing to do with the Port District. Commissioner Barnes is concerned about the pace of play and the amount of time it takes for the Port to get projects going and how easily distracted the Port is, for example, an anonymous citizen complaint, which took two years and significantly slowed things at Vista Field. The Port made the decisions to close Vista Field in April of 2013 and yet, over eight years later, this is where we are at. Commissioner Barnes stated everything Mr. Arntzen said regarding the Work Plan and Budget and staffing plan is correct. Commissioner Barnes is expressing his concern for what he is seeing right now, he is seeing a constituency that is frustrated by the progress at Vista Field. We are a small organization, but Commissioner Barnes believes it is his job to speak up and say things that seem to be obvious. Commissioner Barnes does not believe the workload will be diminishing and feels that we are already behind the curve and struggling to keep up. Commissioner Barnes is concerned about the staffing levels and does not believe we have adequately addressed it and he would like to see it brought up again, evaluated, and reviewed. Commissioner Barnes believes we could be doing more, at this time we do not have legal descriptions for property, we are not ready to sale, we do not have a POA in place, and the same things can be said for Columbia Gardens. Commissioner Barnes is voicing that concern.

PUBLIC COMMENTS

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DRAFT

No comments were made.

COMMISSION COMMENTS

No comments were made.

ADJOURNMENT

With no further business to bring before the Board; the meeting was adjourned 5:12 p.m.

APPROVED:

**PORT of KENNEWICK
BOARD of COMMISSIONERS**

Don Barnes, President

Skip Novakovich, Vice President

Thomas Moak, Secretary

PORT OF KENNEWICK

Resolution No. 2021-14

***A RESOLUTION OF THE PORT OF KENNEWICK
BOARD OF COMMISSIONERS FORMALIZING COMPLETION OF
GOAL #5 OF CEO'S 2019/20 GOALS AND OBJECTIVES and
GOAL #4 OF CEO'S 2021/22 GOALS AND OBJECTIVES***

WHEREAS, the Commission approved goals and objectives for the Port CEO, attached as Exhibit "A" and last modified on March 9th, 2021; and

WHEREAS, the Chief Executive Officer presented the Waterfront Master Plan for Commission consideration and approval on June 22, 2021, thus completing Goal #5 of the CEO's 2019/20 Goals and Objectives; and

WHEREAS, the Commission approved Resolution 2021-12 adopting the Waterfront Master Plan on June 22nd, 2021; and

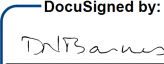
WHEREAS, an update regarding the 1135 Project was presented to the Port Commission on May 11th, 2021 reporting that the Port's CEO and the Walla Walla Army Corps of Engineers Commander signed the Cost Share Agreement. The Commission authorized Warrant #102897 in the amount of \$1,654,000 for the Port's matching funds to commence construction of the Clover Island 1135 shoreline rehabilitation project. At the August 10th, 2021 Commission Meeting, it was reported the project was awarded and will begin August 25th, 2021; thus completing Goal #4 of the CEO's 2021/22 Goals and Objectives; and

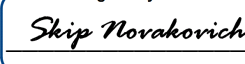
WHEREAS, the Commission desires to formally accept as complete Goal #5 of the CEO's 2019/20 Goals and Objectives and Goal #4 of the CEO's 2021/22 Goals and Objectives related to these items.

NOW, THEREFORE, BE IT HEREBY RESOLVED the Board of Commissioners of the Port of Kennewick hereby accepts as complete Goal #5 of the CEO's 2019/20 Goals and Objectives, and Goal #4 of the CEO's 2021/22 Goals and Objectives.

ADOPTED by the Board of Commissioners of the Port of Kennewick this 24th day of August, 2021.

***PORT of KENNEWICK
BOARD of COMMISSIONERS***

By: 
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DON BARNES, *President*

By: 
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SKIP NOVAKOVICH, *Vice President*

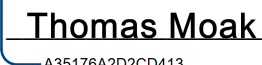
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THOMAS MOAK, *Secretary*

Exhibit "A"

EXHIBIT A		CEO 2021/22 Goals & Objectives (including update on 2019/20 ongoing goals)			
DATE:		March 9, 2021			
GOAL & OBJECTIVE		TACTICAL STEPS	ACTION	STATUS (checkmark = Completed)	COMMENTS
2019/2020 Goals and Objectives Carryover					
Vista Field	2019/20 GOAL	Completion of Phase 1A construction.	Considered complete when presented to Commission for substantial completion	95% Complete	Anticipate Commission acceptance before end of 2020.
	1				
Vista Field	2019/20 GOAL	Sell one parcel or obtain one ground lease (does not include Arts Center Task Force).	Considered complete when presented to Commission.	25% complete	Unattainable until the Port has recorded lots to sell. Completion scheduled in Fall 2020. However, the Port has had substantial interest from developers.
	2				
Clover Island	2019/20 GOAL	Present for Commission consideration of the Waterfront master plan.	Considered complete when presented to Commission.	30% complete	Estimated completion in Spring 2021.
	5				
2021/2022 Goals and Objectives					
Port Adminstration	2021/22 GOAL	Prepare "Back to Work" plan for Port staff in relation to the COVID-19 pandemic.	Considered complete when presented to Commission.		
	1				
Vista Field	2021/22 GOAL	Develop a Vista Hangar analysis to include lean renovation options (with RCCF partnership funds) and viability/potential for selling on a ground lease.	Considered complete when presented to Commission.		By consensus Commission approved this as a goal on 9/8/2020
	2				
Vista Field	2021/22 GOAL	Implement the Vista Field "Team Approach", including cost estimates and proposed plan forward for the Port.	Considered complete when presented to Commission.		
	3				
Kennewick Waterfront	2021/22 GOAL	Finalize execution agreements as necessary to commence construction of Clover Island 1135 shoreline rehabilitation project.	Considered complete when presented to Commission.		
	4				
Kennewick Waterfront	2021/22 GOAL	Implement the identified Duffy's Pond tenant-improvements and algae mitigation plan.	Considered complete when presented to Commission.		
	5				
Kennewick Waterfront	2021/22 GOAL	Prepare a report discussing the likelihood, feasibility of, and costs for Columbia Gardens Wine & Artisan Village wayfinding signage and the children's playground partnership project on the historic waterfront.	Considered complete when presented to Commission.		
	6				

Exhibit "A"

GOAL & OBJECTIVE		TACTICAL STEPS	ACTION	STATUS (checkmark = Completed)	COMMENTS
Districtwide	2021/22 GOAL	Prepare a report which evaluates maintenance facility needs and possible alternatives.	Considered complete when presented to Commission.		
	7				
Districtwide	2021/22 GOAL	Prepare a COVID-19 economic-impact outlook analysis, which obtains professional data, advice, and other indicators regarding potential economic and business impacts to the Port.	Considered complete when presented to Commission.		By consensus Commission approved this as a goal on 9/8/2020
	8				
Districtwide	2021/22 GOAL	Complete Laserfiche training and implementation of procedures related to documentation, filing, paperless review, digital signature, and internal document workflow processing.	Considered complete when presented to Commission.		
	9				
Port Administration	2021/22 GOAL	Complete Governance Audit as a top priority project as directed by the Commission on 2/9/2021	Considered complete when presented to Commission.		
	10				

Port of Kennewick

Quarterly Budget Update – 1st QTR 2021

Managing Resources & Accountability

by Nick Kooiker, CFO/Auditor





Operating Division

Revenue & Expenses



Revenues:
\$354,156

- Benchmark of 12.5%
- Marina right on track with budget
- Property management division slightly higher than benchmark



Expenses:
\$690,721

- Benchmark of 12.5%
- Overall, under benchmark for first quarter
- Vista Field Maintenance Costs
- Shoreline Maintenance Costs



Non-Operating Division

Revenue & Expenses



Revenues:
\$4,674,556

- 12.5% Benchmark
- 2021 property taxes already booked
- Gain on sale from Verbena auction will be recognized here
- RCCF



Expenses:
\$256,845

- 12.5% Benchmark
- Sale costs from auction

Capital Projects 2021/2022

EXHIBIT A

Item	Budget	Expended	Remaining
Vista Field Loan Repayment	\$900,000	\$0	\$900,000
TBD Vista Field RCCF Project	\$3,785,000	\$30,080	\$3,754,920
Vista Field Fire Station (City of Kennewick)	\$125,000	\$0	\$125,000
Vista Field Well	\$250,000	\$0	\$250,000
Vista Field "Team"	\$150,000	\$0	\$150,000
Vista Field Traffic Impact Fund/Central Park	\$100,000	\$0	\$100,000
VF Owners' Association Fund	\$200,000	\$7,137	\$192,863
VFDF A & B Exterior Improvements	\$600,000	\$0	\$600,000



Capital Projects 2021/2022

EXHIBIT A

Item	Budget	Expended	Remaining
Shoreline Construction	\$2,250,000	\$1,770	\$2,248,230
Clover Island Master Plan	\$50,000	\$52,875	(\$2,875)
Columbia Drive & Duffy's Pond	\$450,000	\$3,911	\$446,089
City of Kennewick Partnership	\$500,000	\$0	\$500,000
City of Richland / Island View Infrastructure	\$800,000	\$0	\$800,000
City of Richland Center Parkway	\$400,000	\$0	\$400,000
Opportunity Fund	\$300,000	\$15,000	\$285,000
Port Buildings (Asset Replacement Program)	\$500,000	\$9,783	\$490,217
Miscellaneous Capital	\$100,000	\$5,618	\$94,382





Thank You

Nick Kooiker, CFO/Auditor
509-586-1186
nick@portofkennewick.org

PORT OF KENNEWICK

Financial Highlights

UNAUDITED & IN DRAFT FORM - ACCRUAL BASIS OF ACCOUNTING

Jan 1, 2021 through March 31, 2021

Financial Highlight Summary				
* Benchmarks	13%	Revenues	13%	Expenses
* Ending Cash/Investments	\$	12,998,452		
* Cash Restricted by Commission	\$	2,500,000		
* Accounts, Notes, & Taxes Receivable	\$	4,124,203		
* Total Assets	\$	71,471,618		
* Total Liabilities (not including OPEB or Pension)	\$	1,123,509		

DESCRIPTION	2021 & 2022 BUDGET	2021 ACTUAL	2022 ACTUAL	2021/2022 Actual Total	UNDER BUDGET (OVER)	% Reached To Date
OPERATING REVENUES						
Marine Division	\$ 574,975	\$ 75,321	\$ -	\$ 75,321	499,654	13%
Property Management Division	\$ 1,873,868	\$ 278,835	\$ -	\$ 278,835	1,595,033	15%
Total Operating Revenues	\$ 2,448,843	\$ 354,156	\$ -	\$ 354,156	2,094,687	14%
OPERATING EXPENSES						
Marine Division	\$ 695,747	\$ 101,458	\$ -	\$ 101,458	594,289	15%
Property Management Division	\$ 3,156,972	\$ 241,979	\$ -	\$ 241,979	2,914,993	8%
Corporate Division	\$ 3,215,296	\$ 347,284	\$ -	\$ 347,284	2,868,012	11%
Total Operating Expenses	\$ 7,068,015	\$ 690,721	\$ -	\$ 690,721	6,377,294	10%
OPERATING PROFIT (LOSS)	\$ (4,619,172)	\$ (336,566)	\$ -	\$ (336,566)		
NON-OPERATING REVENUES						
Real Estate Division - Gain (Loss) on Sale of Assets	\$ 500,000	\$ -	\$ -	\$ -	500,000	0%
Economic Development & Planning Division Grants, Loan & Insurance Proceeds	\$ 5,220,000	\$ 121,057	\$ -	\$ 121,057	5,098,943	2%
Ad Valorem Tax	\$ 8,826,724	\$ 4,524,590	\$ -	\$ 4,524,590	4,302,134	51%
Other Non-Operating Revenues	\$ -	\$ -	\$ -	\$ -	0	
Interest Income	\$ -	\$ 28,909	\$ -	\$ 28,909	(28,909)	-
Total Non-Operating Revenues	\$ 14,546,724	\$ 4,674,556	\$ -	\$ 4,674,556	9,872,168	32%
NON-OPERATING EXPENSES						
Real Estate Division	\$ 59,945	\$ 8,975	\$ -	\$ 8,975	50,970	15%
Economic Development & Planning Division	\$ 498,525	\$ 36,510	\$ -	\$ 36,510	462,015	7%
Public, Governmental Relations, and Other Non-Operating Cost	\$ 3,303,837	\$ 208,321	\$ -	\$ 208,321	3,095,516	6%
Vista Field Ongoing Closure & Decommissioning Cost	\$ -	\$ 3,039	\$ -	\$ 3,039	(3,039)	#DIV/0!
Total Non-Operating Expenses	\$ 3,862,307	\$ 256,845	\$ -	\$ 256,845	3,605,462	7%
Operating & Non-Operating Revenues Over Expenses (Under Expenses)	\$ 6,065,245	\$ 4,081,145	\$ -	\$ 4,081,145		
CAPITAL EXPENDITURES	\$ 12,663,955	\$ 180,015	\$ -	\$ 180,015	12,483,940	1%

Notes are integral to the financial highlights

NOTES

These above numbers are unaudited, subject to change and in draft form. Final version of these numbers will be compiled on accrual basis of accounting which is required to be reported in a Annual Report and completed by May 31, 2021 as per Washington State Auditor's Office and State Law. The final version of the Port's Annual Report will be audited by an accredited CPA firm or the Washington State Auditor's Office for accuracy and released to the public. Therefore, these numbers should only be used for internal purposes for benchmarking and making daily management decisions.

1) Accrual accounting requires Ad Valorem Taxes to be recorded when levied, therefore, entire levy amount is reported in above revenues regardless when actual cash is received.



VISTA FIELD DESIGN REGULATIONS

DRAFT August 19, 2021

DPZ
CODESIGN

Michael Mehaffy, Structura Naturalis, Inc
Laurence Qamar, Qamar and Associates

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VISTA FIELD DESIGN REGULATIONS

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VISTA FIELD DESIGN REGULATIONS

INTRODUCTION

A. GENERAL

The intent of the Vista Field Regulations is to produce a visual identity for the new community that emerges from the location, climate and history of its site. The Regulations guide the implementation of a Master Plan that invites walking in a safe, comfortable and interesting public realm of shared spaces created by the streets and buildings of Vista Field.

The goal of the Master Plan and Design Regulations is to enable a community of connectedness, with a visible welcoming of a diversity of people and activities. Workplace, retail and entertainment, and housing for a variety of ages and incomes, are all in close proximity, with appealing shared spaces and gathering places. Buildings designed individually to contribute to a harmonious whole, reflect the desired balance of individual interest and shared benefit of a healthy society.

Other goals include sustainability and climate resilience, in consideration of the health of natural systems and human well-being. This is reflected in a master plan and building types intended to reduce dependence on non-renewable resources: a compact, mixed-use pedestrian friendly plan to reduce automobile dependence for daily activities, buildings scaled to allow cross-ventilation, and construction materials and methods specified for longevity in a dry climate.

The economic goals include the balancing of investment and return in the creation of a thriving new neighborhood that benefits the community at large as well as the developer. The context encourages a modest beginning, allowing assessment of the initiating experience, with the expectation that the quality and predictability demanded by the guidelines will ensure growth in value with every new building that is added.

The interface between the private properties and the public realm is a determining component of the community's physical character. Perceived in the streets and squares, and in views established for public benefit, this harmony in the public realm is the aim of the urban, architecture, landscape, and thoroughfare regulations that follow.

B. LIST OF REGULATIONS

The design regulations for Vista Field consist of six components to be used in conjunction with each other to implement the community vision:

Regulating Plan: a map showing the various lot types, Building Types, location and form of public spaces, including streets and squares.

Building Types: graphic design instructions for each Building Type, corresponding to the Urban Reg-

ulations.

Urban Regulations: text that regulates those aspects of buildings which affect the public realm, guiding building placement, configuration, uses, and parking.

Architectural Regulations: text that specifies the materials and configurations permitted for walls, roofs, openings, and other building elements, intended to produce visual compatibility among disparate building types, and promote a unique identity for the community. These regulations relate to the vernacular building traditions of the region, thus inheriting a suitable response to the climate.

Landscape Regulations: text that specifies materials and configuration of site improvements, separated into those pertaining to public areas and to private lots, reflecting the overall site goals of creating an ecosystem harmonious with the region, and developing a unified character for the new community with a forestation that is coordinated with the urban fabric.

Thoroughfare Regulations: text that guides the quality of the pedestrian experience in the streets, alleys, and pedestrian passages than organize community mobility.

C. TERMINOLOGY

1. Addressing the quality and character of buildings, landscape and public spaces of Vista Field, the relatively high degree of specificity in these regulations will ensure that investments in homes and businesses are supported by consistent and predictable development. The highest quality of design and construction is desired. Poorly proportioned or executed details are unacceptable.
2. Provisions of all the regulations are activated by “shall” when required; “should” when recommended; and “may” when optional.
3. Properties and improvements are expected to conform to the Vista Field Design Regulations and the design intention of the Regulations and the Regulating Plan, and may take precedence over the “letter” of the Regulations.
4. Exceptions to these Regulations may be granted on the basis of architectural merit, site conditions and/or other extenuating or unusual circumstance.
5. The Town Architect (TA) may determine that a certain lot or portions thereof may be held to Principal Frontage (streets and public spaces) standards if it is highly and easily visible from the public realm, even if it does not meet the definition of Principal Frontage.
6. Where a material is specified, it is that material that is specified not others that may resemble it. For example, “wood” means “wood”, not wood chips pressed and glued together, or recycled plastic melted and molded to resemble wood. Materials other than those specified in this document may be approved by the TA.
7. Where previously approved materials have since been prohibited or are no longer permitted, the previously approved material may be used for repairs.

D. AUTHORITY

For the Vista Field development, the Design Regulating shall take precedence over other typical standards. In matters of health and safety, the City of Kennewick, State of Washington and national regulations shall take precedence.

The City of Kennewick, WA Code of Ordinances Mixed-Use Design Standards District that includes standards for street frontage, blocks, site design, and building design, shall prevail in case of difference. These Urban and Architectural Standards may be legally binding by contract with the Vista Field Community Association as a condition of the purchase of property within the community.

E. ADMINISTRATION

The Vista Field Town Architect (TA) shall administer these regulations, and all the approvals required by these regulations. Exceptions to these guidelines may be approved by the Town Architect.. Each exception should be considered unique and shall not set a precedent for future exceptions. A specific description of each deviation shall be clearly recorded in writing prior to the start of construction.

A sampling of forms to assist in administration may be found in the Design Review Procedure at the end of this document.

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2. DEFINITIONS

All capitalized words in the Design Regulations shall be interpreted as defined below.

Alley: a thoroughfare, or access easement, designated to be a secondary means of vehicular access to the rear or side of properties; an Alley may connect to a vehicular driveway located to the rear of lots providing access to outbuildings, service areas and parking, and may contain utility easements.

Awning: a fixed or movable shading structure, cantilevered or otherwise entirely supported from a building, used to protect outdoor spaces from sun, rain, and other natural conditions. Awnings are typically used to cover outdoor seating for restaurants and cafes.

Blade Sign: a sign made from rigid material mounted perpendicular to a building wall with one side attached or supported by a device extending from a building wall.

Block: the aggregate of private lots, passages, and rear alleys, circumscribed by thoroughfares.

Build-to Line: a line on the Regulating Plan at which the building Facade is required to be placed.

Building Height: the vertical extent of a building measured in feet or stories. Building Height shall be measured from the sidewalk or if there is no sidewalk from the street pavement at the front of the building, at the centerline of the lot width. Building Height shall be measured to the highest point of the roof for flat roofs; to the midpoint between the eaves and the highest point of the roof for pitched roofs.

Building Type: the categorization of a building according to its location on the master plan and its relationship to public space such as the street it faces.

Civic: the term defining organizations dedicated primarily to community benefit through the arts, culture, education, recreation, government, transport, and municipal parking.

Civic Building: a building operated by an organizations dedicated to arts, culture, education, recreation, government, transit, and municipal parking, or other community benefit public use.

Civic Space: an outdoor area dedicated for public use and operated by a Civic organization or by the Vista Field Property Owners Association.

Configuration: the form of a building or a building component based on its relation to the overall building and adjacent public space.

Disposition: the placement of a building on its lot.

Elevation: an exterior wall of a building not facing a Frontage. See: Facade.

Floor Elevation: the height of a floor level.

Encroachment: any building element that breaks the plane of a vertical or horizontal regulatory limit, extending into a setback, or into the public frontage.

Exception: a ruling that would permit a practice that is not consistent with a specific provision of this Code, but that is justified by its intent.

Facade: the exterior wall of a building facing a Frontage Line. See Elevation.

Flag Lane: an auto accessway shared by two to six residential lots.

Frontage: the area between a building facade and the vehicular lanes, inclusive of its built and planted components. Frontage is divided into Private Frontage and Public Frontage which are defined below.

Frontage Line: a lot line bordering a public frontage. Facades facing frontage lines define the public realm and are therefore more regulated than the elevations facing other lot lines. Lots at intersections have two Frontage Lines.

Lot: a parcel of land accommodating a building or buildings of unified design.

Lot Coverage: the percentage of Lot area that may be covered by building.

Lot Line: the boundary that legally and geometrically demarcates a Lot.

Lot Width: the length of the principal Frontage Line of a Lot.

Natural Preserve: Land reserved permanently to be without building.

Outbuilding: an accessory building, usually located toward the rear or the front of the same Lot as a Principal Building; connected to or separated from the Principal Building.

Parking Lot or Area: A designated space for auto access and arrival, with or without access to a garage, usually detailed as a pedestrian space with garden landscaping and pavement.

Pedestrian Passage: a right-of-way with pedestrian access only.

Porch: An exterior roofed space attached to a Principal Building.

Principal Building: the main building on a lot, usually located to face and be entered from a street.

Principal Frontage: the Private Frontage designated to bear the address and principal entrance to the building, and the measure of minimum lot width.

Private Frontage: the privately held layer between the Frontage Line and the Principal Building Facade.

Public Frontage: the area between the pavement of the vehicular lanes and the Frontage Line.

Regulating Plan: a map or set of maps that shows general areas of Building Type zones, Civic zones, thoroughfares, special districts if any, and special requirements if any, of areas subject to, or potentially subject to, regulation by the Guidelines.

Setback: the area of a lot measured from the Lot Line to a building Facade or Elevation that is maintained clear of permanent structures, with the exception of Encroachments.

Shared Driveway: see Flag Lane.

Shopfront: that part of a building that is designed for potential retail use.

Sidewalk: the paved or graveled section of the public frontage dedicated exclusively to pedestrian activity.

Story: a habitable level within a building, excluding an attic or raised basement.

Streetscreen: a freestanding wall built along the Frontage Line, or coplanar with the Facade.

Terminated Vista: a location visible at the axial conclusion of a street or other public space.

Turning Radius: the curved edge of a thoroughfare at an intersection, measured at the inside edge of the vehicular tracking. The smaller the turning radius, the smaller the pedestrian crossing distance and the more slowly the vehicle is forced to make the turn.

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3. REGULATING PLAN AND BUILDING TYPES

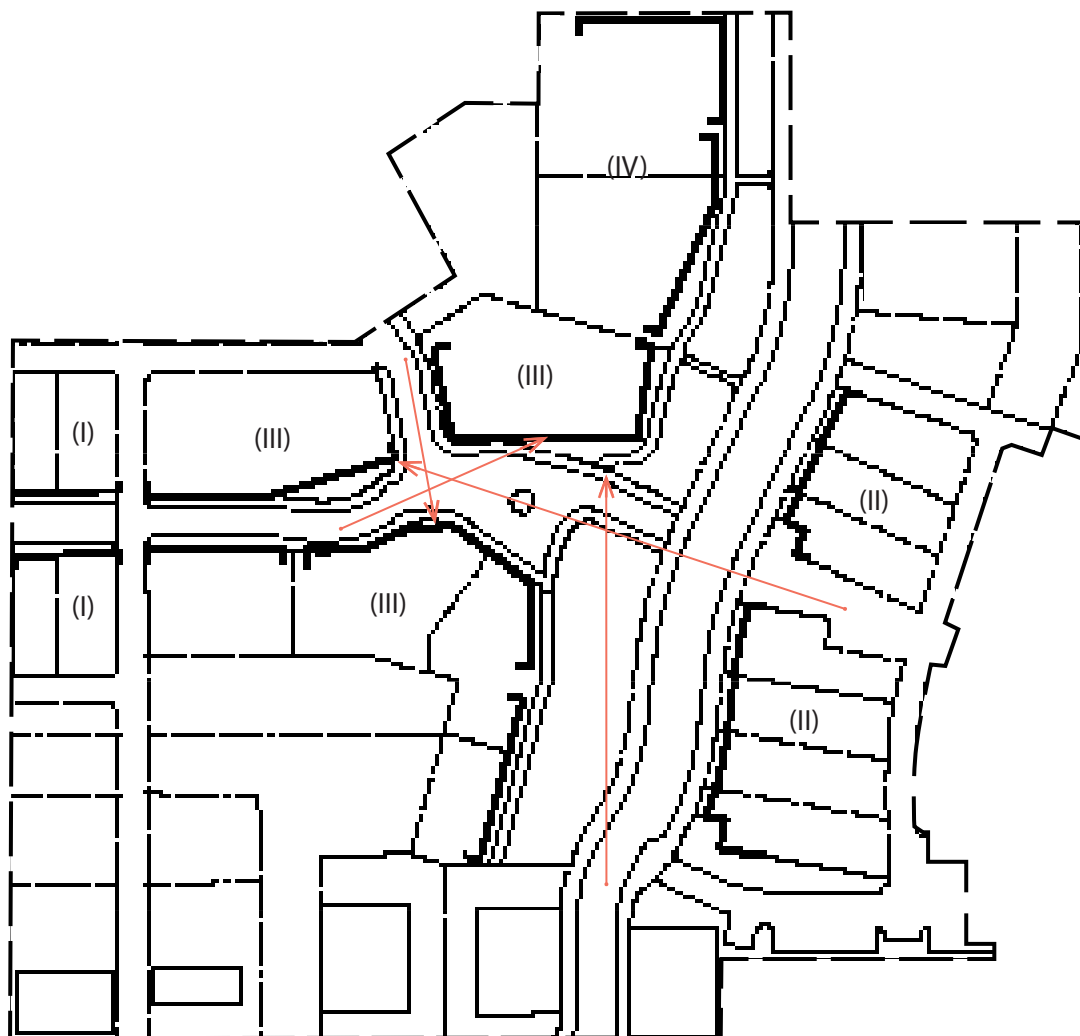
Vista Field Phase One has four Building Types:

Type I: Residential: two stories, single family houses, townhouses, cottage courts, and small apartment houses.

Type II: Live Work: two to three stories, with individual identity, business space at ground level, and residential use behind and above.

Type III: Mixed Use: two to three stories, with restaurant, retail, and service space below, and commercial or residential uses above.

Type IV: Main Street: one to two stories, welcoming a variety of business and residential uses.



Regulating Plan

Vista Field Phase 1

- Phase 1 Boundary
- Build-To-Line
- ← Terminated Vistas

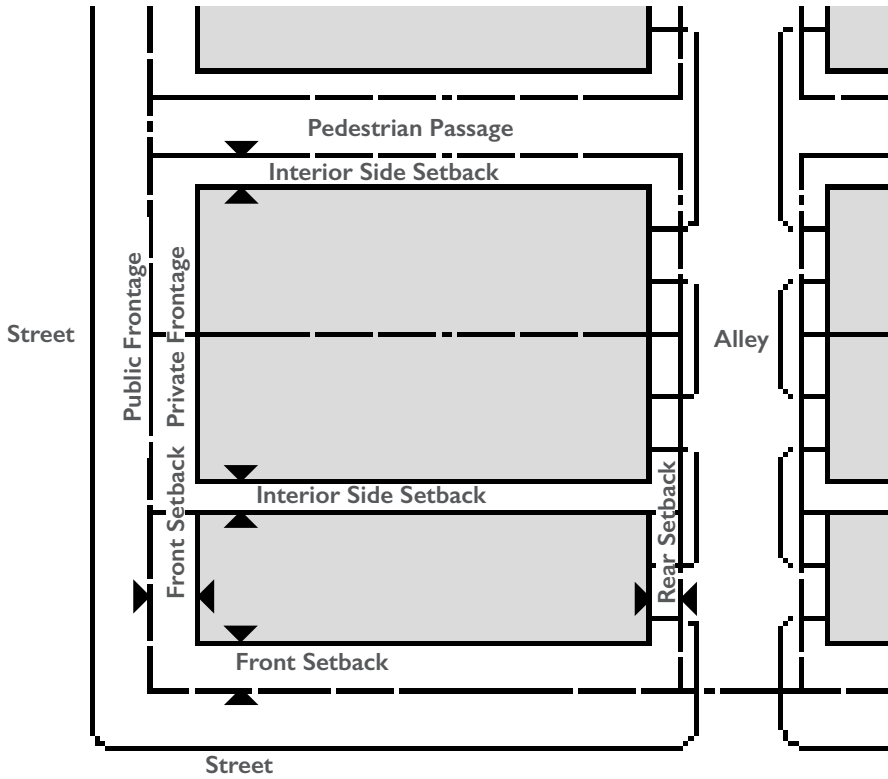
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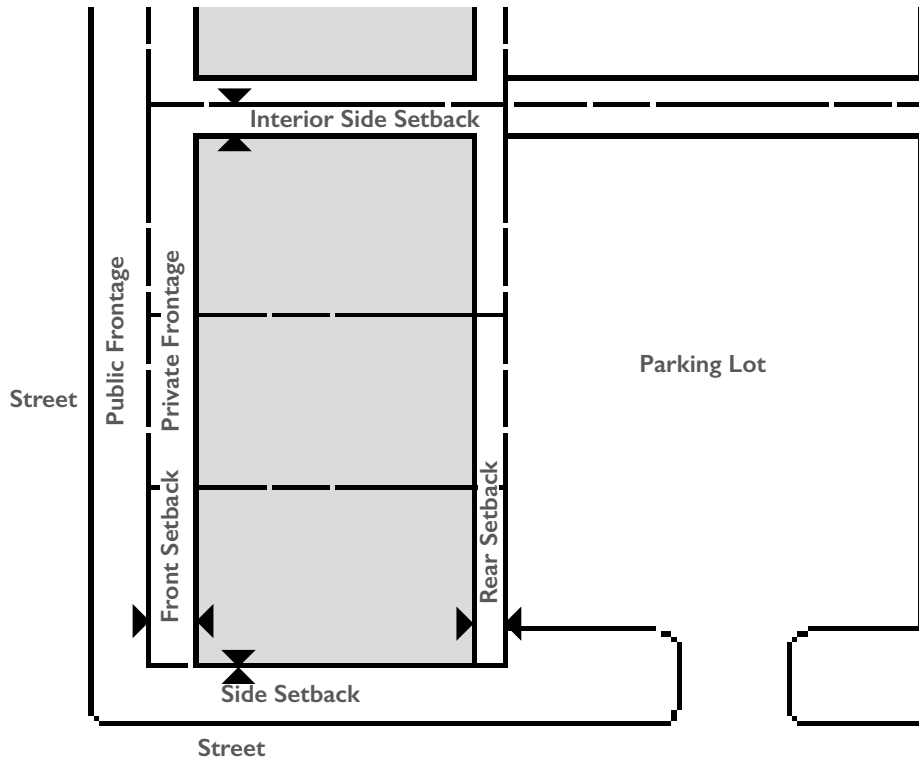


LOT TYPE DIAGRAMS

Building Types I & II



Building Types III & IV



BUILDING TYPE I: RESIDENTIAL

Type I Residential allows single family houses, townhouses, cottage courts and small apartment buildings on a single platted lot with alley-accessed parking.

Use:	Residential
Lot width:	20' minimum, 100' maximum
Lot depth:	50' minimum, 100' maximum
Lot area:	1,000 sf minimum, 5,000 sf maximum
Building setbacks:	<div>Front: Build-to Line at 8', 50% of Lot width minimum</div> <div>Sides: 0' interior side, and 5' minimum end unit side, including at pedestrian passage</div> <div>Rear: 5' minimum</div>
Building height:	<div>35' maximum (3 stories above basement level)</div> <div>Basement shall not extend above street elevation.</div>
Parking:	Alley access, garage or parking pad

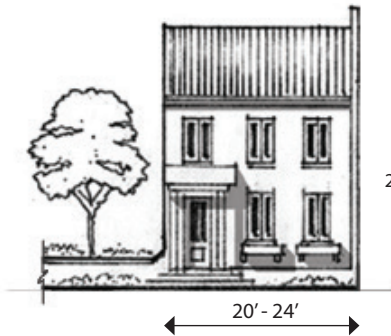
Additional Regulations:

1. Build-to Lines for individual buildings shall be according to the Regulating Plan.
2. Porches, stoops, and lightwells for basement windows may encroach into front setback, and end unit side setback, up to 50%. Balconies and bay windows may encroach into the front, end unit side, and rear setback up to 50%.
3. Walls and fences shall be required on internal side property lines, shall not encroach on front and rear setbacks, and shall be a maximum height of 6'.



BUILDING TYPE I: RESIDENTIAL

Illustrative Elevations



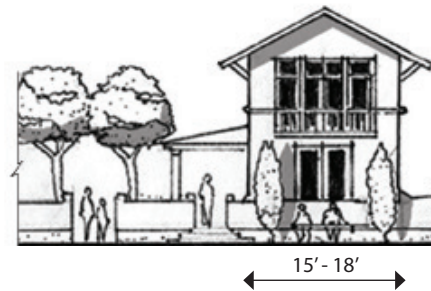
TYPE I
A
20' lot width min.
0' side setback



TYPE I
E
30' lot width min.
0' side setback



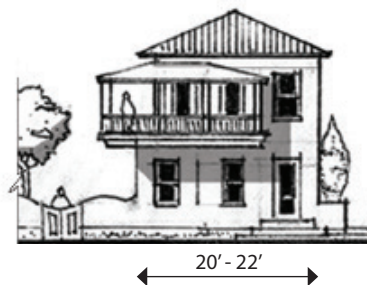
TYPE I
B
20' lot width min.
0' side setback



TYPE I
F
35' lot width min.
5' side setback min.
both sides



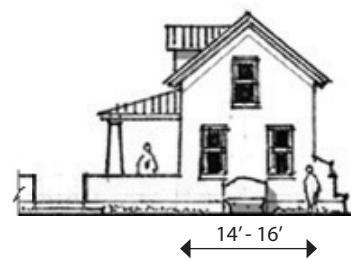
TYPE I
C
25' lot width min.
0' side setback



TYPE I
G
35' lot width min.
5' side setback min.
both sides



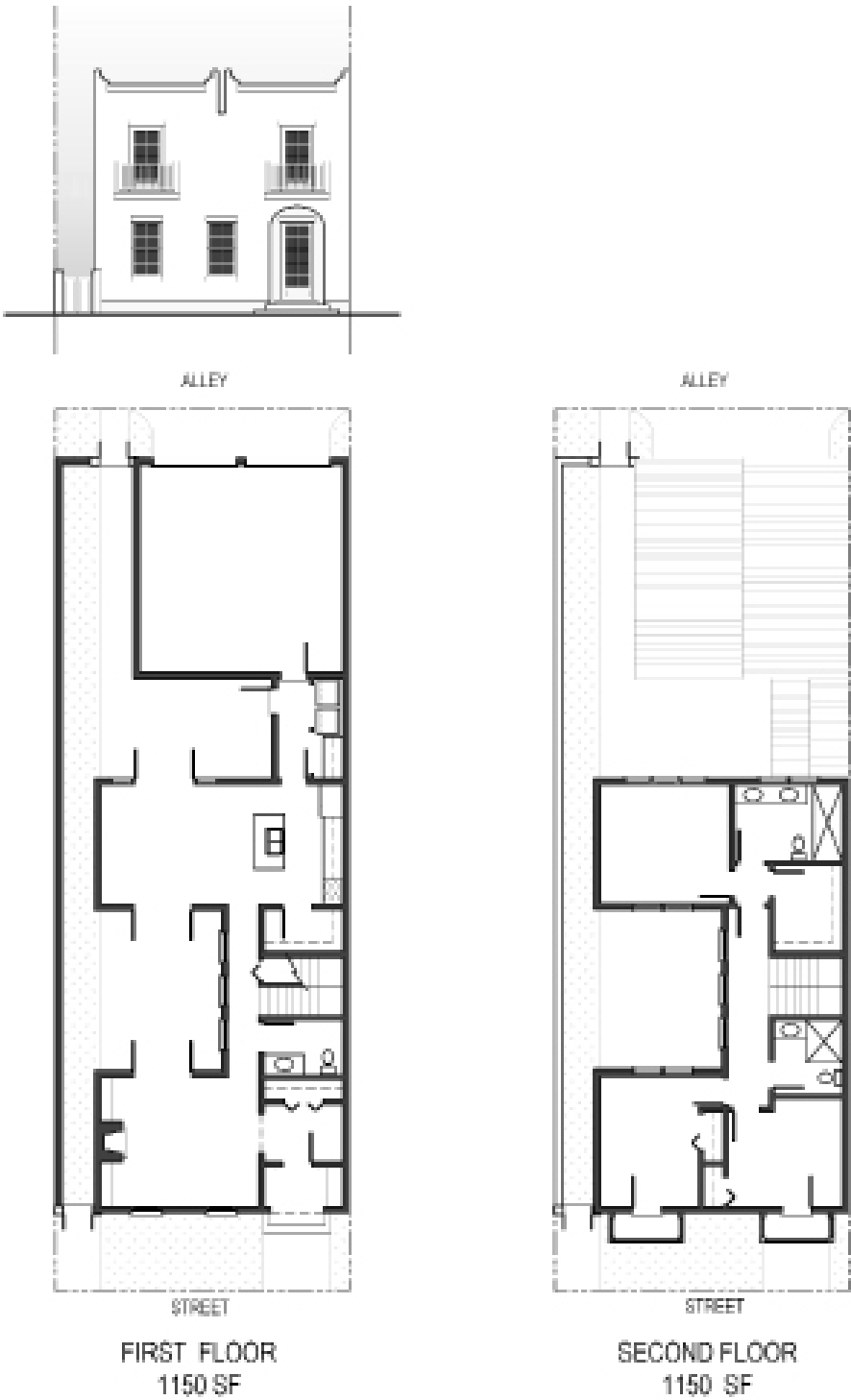
TYPE I
D
30' lot width min.
0' side setback



TYPE I
H
35' lot width min.
5' side setback min.
both sides

BUILDING TYPE I: RESIDENTIAL

Illustrative Plan



TYPE I - RESIDENTIAL (1)

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BUILDING TYPE II: LIVE WORK

Type II Live-Work Building allows residential and commercial uses of a small scale on a single plat-
ted lot, with alley-accessed parking. This type serves as a transitional type between commercial and
residential uses. It is intended to facilitate working at home, and to encourage incubation of new
businesses.

Use:	Residential, commercial		
Lot width:	25' minimum, 50' maximum		
Lot depth:	50' minimum, 100' maximum		
Lot area:	1,250' sf minimum, 5,000' sf maximum		
Building setbacks:	Front:	Build-to Line at 8', 50% minimum of Lot width	
	Sides:	0' interior side, and 5' minimum end unit side, including at pedestrian passage	
	Rear:	5' minimum	
Building height:	35' maximum (3 stories above basement level) Basement shall not extend above street elevation		
Parking:	Alley access, garage or parking pad		

Additional Regulations:

1. Build-to Lines for individual buildings shall be according to the Regulating Plan.
2. Porches, stoops, and light wells for basement windows may encroach into front setback and end unit side setback, up to 50%. Balconies and bay windows may encroach into the front, end unit side, and rear setback up to 50%.
3. Walls and fences shall be required on side internal property lines, shall not encroach on front and rear setbacks, and shall be maximum height of 6'.

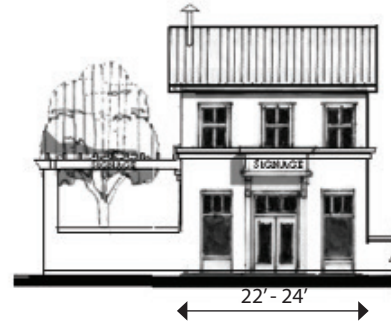


BUILDING TYPE II: LIVE WORK

Illustrative Elevations



TYPE II
A
30' lot width min.
0' side setback



TYPE II
E
30' lot width min.
0' side setback



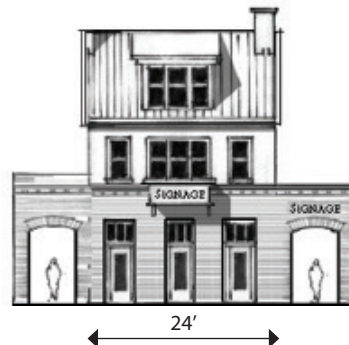
TYPE II
B
25' lot width min.
0' side setback



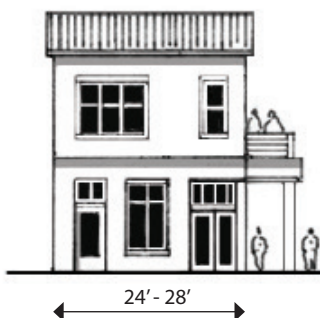
TYPE II
F
30' lot width min.
0' side setback



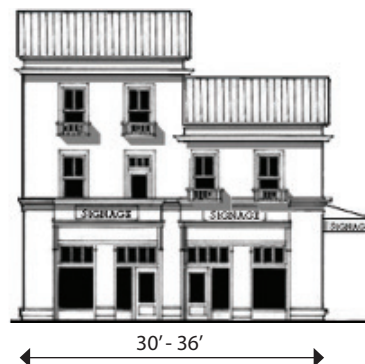
TYPE II
C
25' lot width min.
0' side setback



TYPE II
G
40' lot width min.
0' side setback



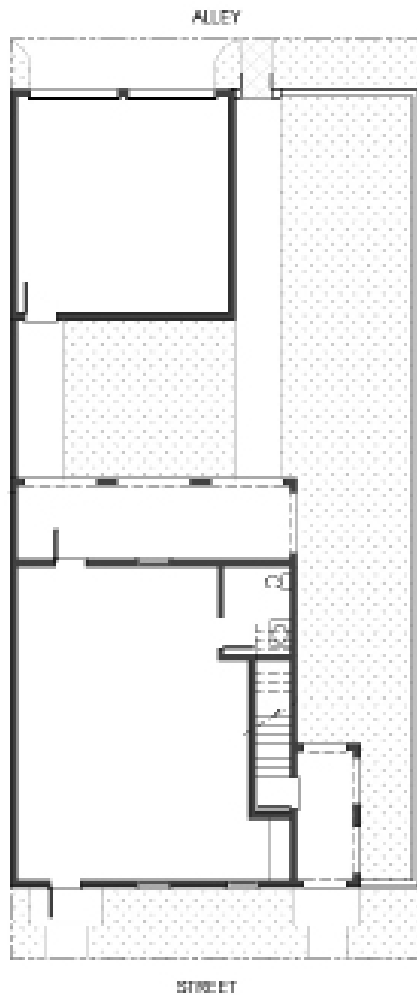
TYPE II
D
30' lot width min.
0' side setback



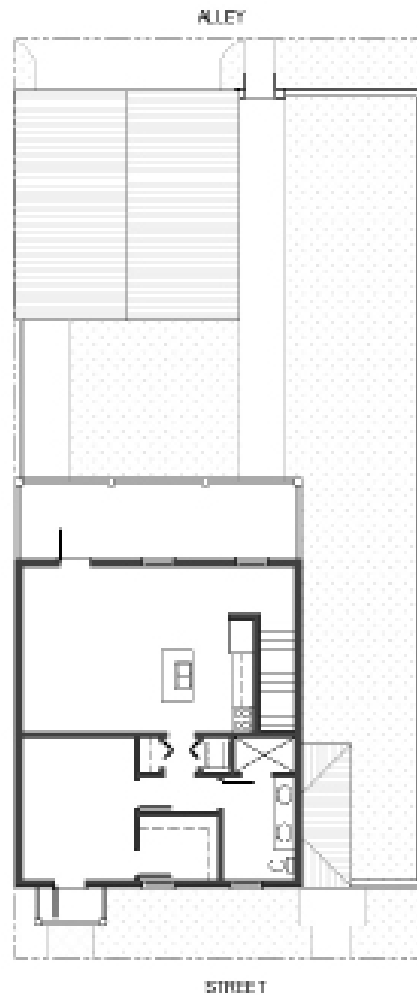
TYPE II
H
30' lot width min.
0' side setback

BUILDING TYPE II: LIVE WORK

Illustrative Plans



FIRST FLOOR
1350 SF



SECOND FLOOR
1315 SF

TYPE II : LIVE WORK (1)



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BUILDING TYPE III: MIXED USE

Type III Mixed Use allows a flexible arrangement of commercial and residential uses with alley access or shared lot parking.

Use:	Retail, office, services, and residential		
Lot width:	20' minimum, 150' maximum		
Lot depth:	50' minimum, 10,000' maximum		
Lot area:	1,000' sf minimum, 15,000' sf maximum		
Building setbacks:	Front:	0' or Build-to Line at 8' according to Regulating Plan	
	Sides:	0'	
	Rear:	5' minimum	
Building height:	45' maximum (2 stories minimum and 3 stories maximum above basement level)		
	Minimum first floor finished height 14'		
	Basement shall not extend above sidewalk elevation		
Parking:	Rear access shared parking lot as per Regulating Plan.		

Additional Regulations:

1. Adjacent to residential Type I, a ground floor residential use with at-grade ADA level entry is acceptable.
2. Build-to Lines for individual buildings shall be according to the Regulating Plan.
3. Balconies and bay windows may encroach into the front, side, and rear setback up to 50%.
4. Retractable awnings may encroach into setbacks and beyond front property line, by approval of the TA.



BUILDING TYPE III: MIXED USE

Illustrative Elevations



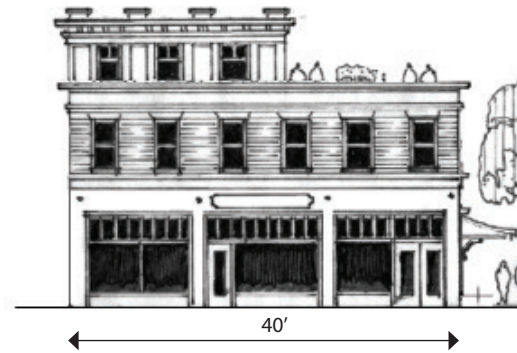
TYPE III
A
30' lot width min.
0' side setback



TYPE III
D
40' lot width min.
0' side setback min.



TYPE III
B
40' lot width min.
0' side setback



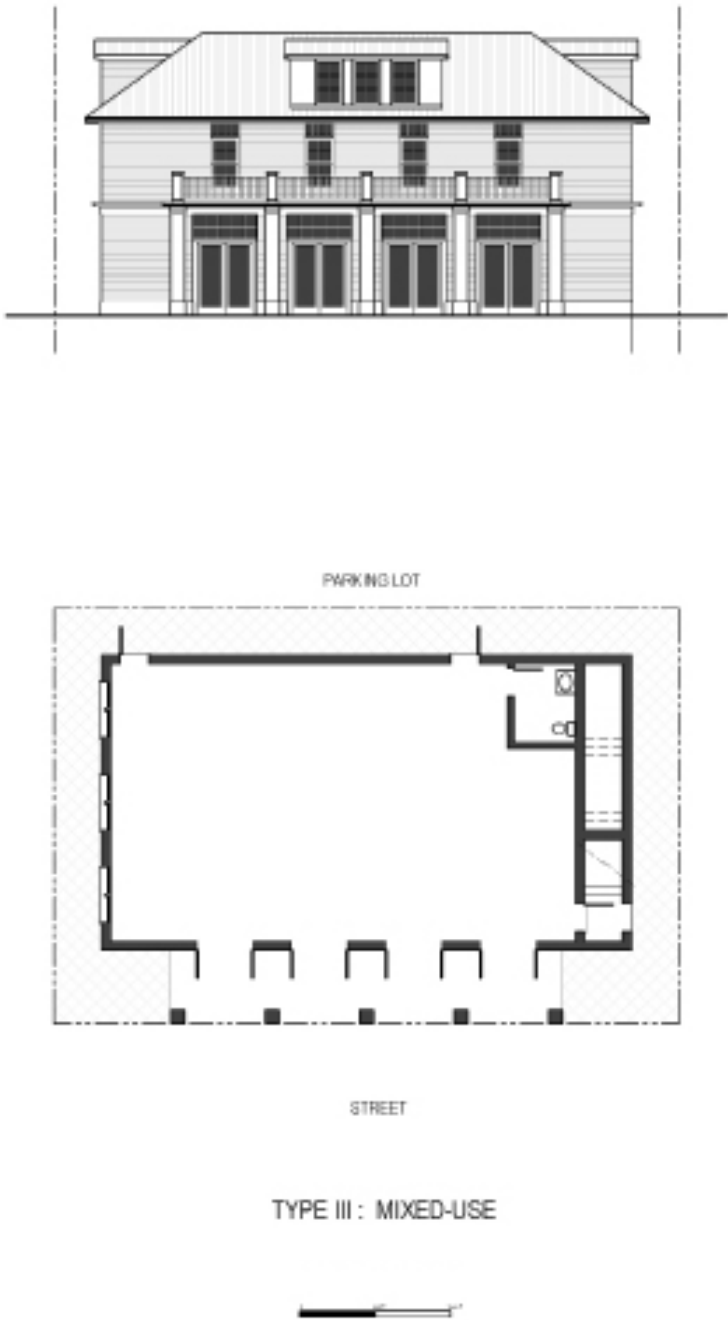
TYPE III
E
40' lot width min.
0' side setback min.



TYPE III
C
45' lot width min.
5' side setback min.

BUILDING TYPE III: MIXED USE

Illustrative Plan



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BUILDING TYPE IV: MAIN STREET

Type IV Main Street allows retail use at ground level with or without upper story commercial and residential uses in a single structure, with alley access or shared lot parking.

Use:	First floor retail, office and services Second floor office, services, and residential
Lot width:	20' minimum, 100' maximum
Lot depth:	50' minimum, 100' maximum
Lot area:	1,000' sf minimum, 10,000' sf maximum
Building setbacks:	Front: 0' or Build-to Line at 8' according to Regulating Plan Sides: 0' Rear: 5' minimum
Building height:	35' maximum (2 stories above basement level) Minimum first floor finished height 14' Basement shall not extend above sidewalk elevation.
Parking:	Rear access shared parking lot as per Regulating Plan

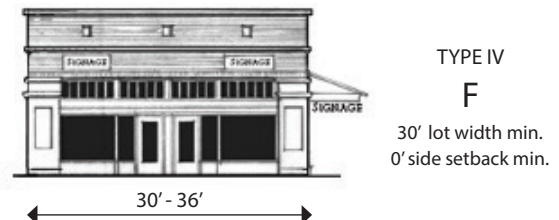
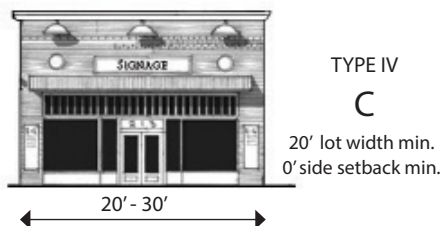
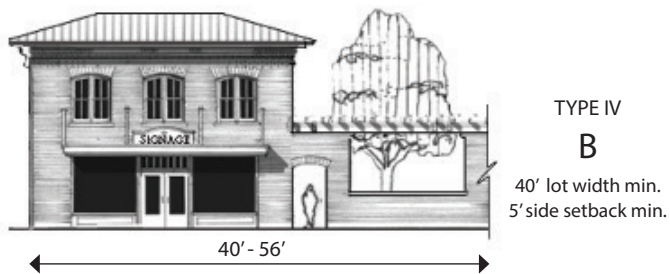
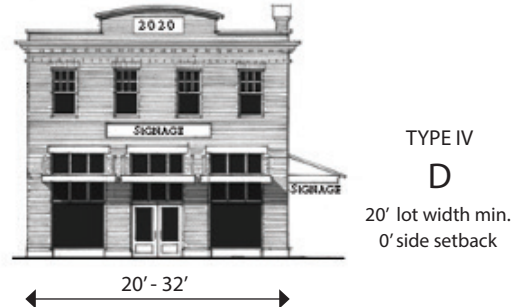
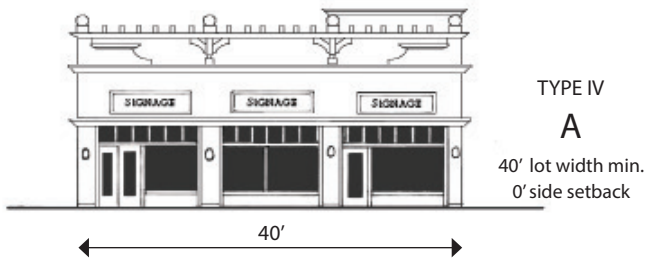
Additional Regulations:

1. Adjacent to residential Type I, a ground floor residential use with at-grade ADA level entry is acceptable.
2. Build-to Lines for individual buildings shall be according to the Regulating Plan-.
3. Balconies and bay windows may encroach into the front, side, and rear setback up to 50%.
4. Retractable awnings may encroach into setbacks and beyond front property line, by approval of the TA.



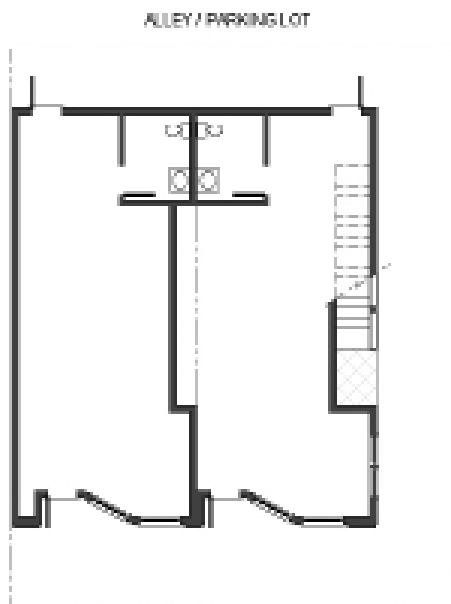
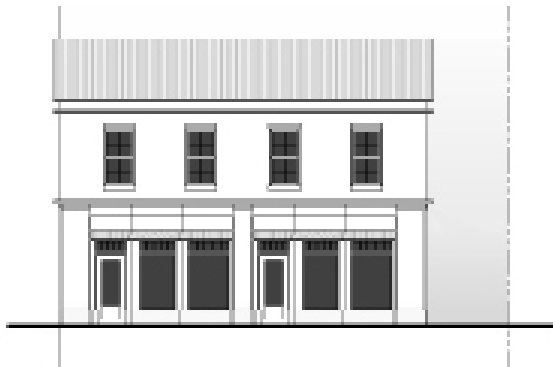
BUILDING TYPE IV: MAIN STREET

Illustrative Elevations

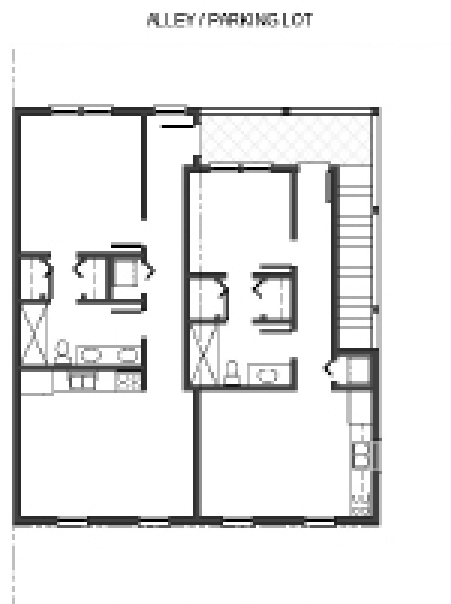


BUILDING TYPE IV: MAIN STREET

Illustrative Plans



FIRST FLOOR
1350 SF



SECOND FLOOR
1315 SF

TYPE IV : MAIN STREET (1)



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4. URBAN REGULATIONS

A. GENERAL

The Urban Regulations apply to all Building Types, unless otherwise stated below, and are coordinated with the requirements of the specific Building Types. The Urban Regulations are organized by these categories:

- A. General
- B. Building Placement
- C. Building Configuration
- D. Building Use
- E. Parking and Driveway Standards

B. BUILDING PLACEMENT

1. Platted lots shall be dimensioned according to Building Types.
2. Civic Buildings are not regulated, but shall develop their site plans in conjunction with the TA.
3. Buildings and all building elements shall be placed in relation to their Lot lines, Setbacks, Build-to Lines, and Frontage Lines according to the Regulating Plan and the Building Types.
4. Lot lines that coincide with a right-of-way or public space are designated Frontage Lines.
5. In the case of adjacent Building Type difference, Setbacks may be adjusted by approval of TA.
6. Setbacks shall be measured perpendicular to the property line of the Lot; at curved property lines (as at a street), the measure shall be taken perpendicular to the tangent at the centerline of the Lot.
7. One Principal Building, and in certain Types, one Outbuilding or multiple buildings, may be built on each lot as shown in Building Types.
8. Buildings shall be placed on Lots with attention to view corridors and Terminated Vistas of the Master Plan.
9. Facades shall be built parallel to the Principal Frontage Line of a straight line and parallel to the chord if broken or curved. Elevations may deviate from the trajectory of Lot Lines.
10. Buildings shall have their principal pedestrian entrances on a Frontage Line.
11. Lots facing two streets shall be considered to have two Frontages, in regard to Setbacks, attachments, and other details, for the purposes of these Regulations. Thus, corner buildings have two fronts, two Facades, one back, and one side.
12. Lots with Alley or Flag Lane access shall restrict auto access to the Alley or Flag Lane, and shall not have auto access from adjacent streets.
13. A building Façade shall be designed to recognize its focus as a Terminated Vista. Driveways and service areas shall not be permitted at Vista Terminations.

14. Lots with Pedestrian Passage access only shall treat the Passage side as the Lot Frontage.
15. Streetscreens shall be aligned with the building Façade.
16. Alleys shall be screened from street view by walls or landscape extending from buildings along the Frontage. When alleys intersect at other than 90 degrees, buildings shall align, to avoid exposing to the street the parking or garage entry behind an extended building.
17. Lots with Alley access shall provide a space for pedestrians to pass from the Building to the Alley without having to go through the garage
18. Encroachments into Setbacks and beyond the Build-to Line shall be according to Building Types.
19. All outdoor storage, trash containers, electrical, plumbing, mechanical and communications equipment, tanks, generators, utility meters, clotheslines, satellite dishes, play equipment, hot tubs, permanent grilles, firewood (except on porches), and the like shall be permitted only behind the front façade, at enclosed rear and side yards and shall conform to required Setbacks; or on roofs concealed by parapet walls; and shall be concealed from view from Frontages and adjacent yards. Trash containers shall be enclosed to prevent animal access.
20. Loading docks and service areas shall be concealed from street and sidewalk views. When Alley or rear parking lot access is not available, service areas at a frontage concealed from public view by a Street Screen may be permitted by approval of TA.
21. Trash containers in Types III and IV shall be concealed from street view, located within a permanent enclosure, and accessed from an Alley or rear parking lot.
22. Basketball hoops, croquet courts, and gardens (including vegetable gardens) may be permitted in front yards by approval of TA.
23. The following outbuildings and landscape constructions may be permitted by approval of TA, and shall adhere to the Vista Field Regulations: garages, workshops, guest houses, artisan studios, garden pavilions, greenhouses, storage sheds, gazebos, trellises, swimming pools and pool houses. Swimming pools and hot tubs shall maintain a low profile and shall be screened from surrounding lots and street views.

C. BUILDING CONFIGURATION

1. Each Building shall have a clearly indicated front entry that is visible and accessible from a street or Flag Lane.
2. Building rooflines shall be simple, with a maximum of two gables per building facing the street, and a maximum of six exterior corners, exclusive of attachments facing the street.
3. Building Heights shall be as shown in Building Types.
4. Chimneys, stairwells, trellises, and other portions of a structure up to 215 sf in area, may be allowed to exceed maximum building height by an additional story.

5. Porches shall be a minimum of 7' deep.
6. Balconies that cantilever shall be maximum 3' deep.
7. Mechanical equipment on a roof shall be enclosed by a parapet of the minimum height necessary to conceal it from any public view.
8. All Building and deck crawl spaces shall be enclosed and screened from public view.

D. BUILDING USE

1. Buildings shall conform to the uses described in Building Types. Uses that do not conform to the requirements shall require approval of TA.
2. Temporary exterior commercial uses, seating, dining and displays in shopfront setbacks may be permitted by approval of TA.

E. PARKING AND DRIVEWAY STANDARDS

1. Required off-street parking placement shall be according to Building Type.
2. Required parking quantities shall be as per Kennewick, WA Code of Ordinances Off-Street Parking Regulations.
3. Parking shall be accessed by Alley or in a Parking Lot at the rear of a Lot, and may be unsheltered or in a garage or carport.
4. Parking lots shall be masked from the Frontage by a Liner Building or Street Screen.
5. Where a driveway crosses a sidewalk, any elevation change or slope shall occur within the Lot to maintain a sidewalk without uneven slopes.
6. Shared parking lots shall have a minimum of one bicycle rack space for every 20 vehicular parking spaces.

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5. ARCHITECTURE REGULATIONS

A. GENERAL

1. The Architecture Regulations are organized by these categories:
 - A. General
 - B. Walls - Materials
 - C. Walls - Configuration and Technique
 - D. Elements and Attachments - Materials
 - E. Elements and Attachments - Configuration and Technique
 - F. Roofs and Eaves - Materials
 - G. Roofs and Eaves - Configuration and Technique
 - H. Openings - Materials
 - I. Openings - Configuration and Technique
 - J. Colors
 - K. Lighting
 - L. Signs
2. The goal of the Architecture Regulations is the achievement of a unique architectural identity for Vista Field through a balance of uniformity and variety. A suitable response to the climate and geography can be learned from the vernacular traditions. Inspiration and lessons can be taken from historical regional buildings, including High Desert, Agrarian Vernacular, Bungalow and Craftsman, Spanish Revival, Neo-Classical and Mission styles. Historical styles when employed should strive to be exemplary of the origins. The use of limited materials, focused on those locally sourced, and a defined color palette, provide a background of uniformity for variations in form. Constraints on form seek to produce building design of the highest quality, avoiding clichés and kitsch, in support of the urban and environmental goals and community identity.
3. All materials shall be subject to approval by TA.
4. All dimensions may be considered nominal.
5. Materials and their details and applications for the individual units or other portions of a multi-unit building shall be consistent.

B. WALLS – MATERIALS

1. Foundation and pier materials shall be concrete, stone or brick. Block with light coating of stucco for exposed foundation walls may be permitted by approval of TA.
2. Wall materials and columns above foundation walls and piers shall be stone, concrete, stucco, tile, brick, metal, cementitious boarding, wood, and composition wood.
3. Shingles shall be smooth cut sawn cedar, 4" to 6" to the weather, sealed with oil or stain only. Coarse variety may be permitted by approval of TA. Single panels are prohibited.

4. Horizontal lap and ship lap siding shall be: smooth face clear redwood or western red cedar, 4" to 6" to the weather, painted or sealed and stained; or composition siding smooth side only, Hardie, Hardie Artisan or Boral, 4 to 6" to the weather, painted or prefinished.
5. Board and batten shall be clear redwood, western red cedar, or composition panel smooth face only, with 2x3 battens, 16" o.c. maximum, painted or sealed and stained. Application shall initiate batten at the centerline of each wall plane.
6. Brick shall be laid in a horizontal running bond pattern with mortar joints no greater than 3/8", shall have minimal color variation, and shall not be painted.
7. Stone shall be natural rock, should be of the region, and shall be individual stones 8" minimum average; laid dry-stack or mortared, uniform in style ranging from coursed ashlar to uncoursed rubble; and shall appear to be weight bearing and not applied.
8. Concrete shall be architectural cast-in-place or board form.
9. Metal shall be brass, bronze, wrought iron, galvanized, stainless or enameled steel or marine-grade aluminum, and shall be permitted only by approval of TA.
10. Nails, screws, fasteners, hinges exposed to the elements shall be galvanized or stainless steel.
11. Mailboxes, newspaper boxes, flower boxes, lettering and numbering shall not be plastic or vinyl.

C. WALLS – CONFIGURATION AND TECHNIQUE

1. All Elevations of a single building shall maintain a uniform level of quality in materials and detailing.
2. Facades should be designed to emulate traditional width to height proportions such as the golden section, square and double square; and with tri-partite assemblies: base, middle, and top; and center and edges.
3. Wall cladding shall be of two materials maximum; and shall be in two configurations of the material maximum.
4. Materials changes shall be along a horizontal line and not along a vertical or diagonal line, typically at a floor line, gable or water-table, and shall place the heavier material below the lighter, expressing a continuous transfer of building loads from the roof to the foundation. Foundations shall appear to carry the weight of the building.
5. Decorative shingles may be permitted by approval of TA.
6. Trim such as corner boards, framing for openings and fascia, shall be no less than 1 1/4".
7. Wood posts shall be 6" minimum in width or depth, chamfered at the corners, and with spacing of traditional proportions.

8. Siding spacing shall butt into corner boards and openings trim. Siding shall not extend in front of trim.
9. Façade stone or brick shall return onto the adjacent side wall 8" to 12".
10. Foundation piers of masonry or concrete shall be 12" in width and 8" in depth minimum. Foundation walls and piers shall be exposed a maximum of 8". Above 8" an architectural finish shall be required. Exposed crawlspace shall be a maximum 18" above grade.
11. Porch openings shall be vertical in proportion.
12. Porch columns shall be brought to grade as masonry piers or masonry foundation walls. Piers shall have openings framed and filled with wood or brick lattice. Wood skirts covering piers are prohibited.
13. Stone or pre-cast lintels shall extend horizontally beyond the opening spanned a dimension equal to the height of the lintel. Brick soldier lintels shall extend a minimum of one brick beyond the opening.
14. Lintels and sills should generally align to create a harmonious facade. When used, window sills should receive more emphasis than lintels, since the lintel already casts a shadow line. The window sill should extend beyond the window opening and surrounding trim a maximum of 2" and shall be detailed with a drip to prevent wall staining.
15. Arches shall be permitted only in masonry or stucco wall surfaces. Keystones shall be centered on the arch and have sides radial to the arch.
16. Metal columns shall be steel and shall be round in section and of a minimum 6" diameter.

D. ELEMENTS AND ATTACHMENTS – MATERIALS

1. Bay windows, porches and balconies shall be made of the wall materials, or they may be made of wood, painted or sealed and stained to match the building wall materials; or metal finished to match other metal of the building including windows and doors.
2. Awnings shall be made of structural building materials such as metal, wood, glass or concrete, and shall have visible architectural support, such as brackets, integral to the awning design. Awnings made of canvas or synthetic woven material resembling canvas may be permitted by approval of TA.
3. Glazing shall be clear glass. Reflective glass is prohibited. Frosted, etched, and other decorative glass may be permitted by approval of TA.
4. Porch and deck floors shall be wood or concrete; brick, stone and composite decking may be allowed by approval of TA.

5. Front entrance porch steps and stoops shall be stone, brick or concrete, and shall be faced on all exposed sides with stone, brick or concrete. Secondary porch steps and stoops may be permitted in wood or composite wood by approval of TA.
6. Balcony, porch, deck and stair railings shall be of a single material in wood or composite simulated wood. Metal railings may be permitted by approval of TA.
7. Pergolas and trellises shall be made of wood, metal or vinyl; trellis wire shall be stainless steel held by 6" stand-offs.
8. Window air-conditioners are prohibited. Wall air-conditioners facing an alley or parking lot may be allowed by approval of the TA.

E. ELEMENTS AND ATTACHMENTS - CONFIGURATION AND TECHNIQUE

1. Awnings shall be sloping rectangles with a free-hanging drip edge, without side or bottom soffit panels, and shall be of a solid color to match the wall color or trim or a dark accent color. Half-dome and plastic awnings are prohibited.
2. Awnings for Types III and IV shall be a minimum of 36 inches wide, shall have a maximum slope of 1:3 from the building to the edge, shall be at height minimum 9' above the pedestrian, and shall not extend closer than two feet to the edge of the adjacent street curb. All awnings shall be integral to the overall design of the storefront and shall respect vertical column and window spacing. Awnings shall be at least nine feet high from the adjacent sidewalk.
3. Bay windows shall cantilever 2 feet maximum, and shall be supported by knee-braces, or other architectural support. Bay windows may be supported by foundation walls.
4. Balconies shall cantilever 3 feet maximum, and shall be supported with brackets or other architectural support.
5. Chimneys shall have a foundation at grade, and for height shall replicate wood-burning standards. Chimney top flues shall be metal or tile. Horizontal flues may be permitted by approval of the TA, and shall not face a street or other public space frontage. Metal flues shall be painted the color of the roof, flat black or left natural.
6. Wood railings shall be clear cedar, 2x2 minimum pickets. Railings shall have top and bottom rails; top rails shall be eased for handling comfort and bottom rails shall have a vertical section. Railings 1x4 minimum flat face to façade with ½" gaps maximum may be permitted by approval of TA. Top and bottom rails shall be centered on the pickets.
7. Metal railings may be permitted by approval of TA.
8. Flagpoles less than 6' long may be mounted at an angle to porch columns or posts and building walls.

F. ROOFS AND EAVES - MATERIALS

1. Pitched roofs cladding shall be slate, terra cotta tile, metal or asphalt shingles.
2. Metal roof cladding shall be prefinished standing seam, galvalume or zincalume; pre-finished corrugated; or unfinished copper; with roof attachments to match main roof.
3. Asphalt shingles shall be multi-ply architectural in a single color.
4. Flat roof surfaces may be reflective roofing, wood decked, and concrete, ceramic or terra cotta tiled.
5. Green (vegetated) roofs may be permitted by approval of TA.
6. Gutters and downspouts shall be copper, steel or anodized/natural finish aluminum. Copper-anodized aluminum is prohibited.
7. Flashing shall be copper, lead or anodized aluminum.
8. Copper roofs, flashing, gutters and downspouts shall be allowed to age naturally and shall not be painted or sealed.
9. Roof penetrations such as vents, attic ventilators, turbines, and flues, shall be painted to match the color of the roof or flat black, except those made of metal may be left natural.
10. Splash blocks shall be stone, brick, concrete or gravel.

G. ROOFS AND EAVES - CONFIGURATION AND TECHNIQUE

1. Roofs shall be simple and symmetrically gabled or hipped, or flat. Two roof types maximum per building, one primary and one secondary, shall be the allowed.
2. Primary roofs shall be gable end or hip. Primary single shed roofs (roofs that pitch in one direction) are prohibited.
3. Secondary roofs shall be hip, gabled; or flat with a parapet to conceal slopes and equipment.
4. Primary roof pitch shall be between 6:12 and 14:12. Secondary roof pitch may be shallower by approval of TA.
5. Roof slope breaks may be permitted at 25% maximum of overall width of roof by approval of TA.
6. Shed roofs shall be permitted when the ridge is attached to an exterior wall of a building and shall have a pitch between 2:12 and 4:12.

7. Eaves shall cantilever 2 feet maximum. Gable end eaves shall cantilever 2 ½ feet maximum.
8. Exposed soffits shall have rafter tails maximum 2x6, with 1x4 or 1x6 tongue-in-groove, or ACX plywood. Gable end rake rafters and fascia shall be minimum 2x8.
9. Enclosed soffits shall be 1x4 tongue-in-groove, skip sheathing with a ½" gap, or stucco.
10. Brackets shall be 4x6 vertical, 6x6 horizontal, 4x6 strut.
11. Gutters shall be ½ round, J-style, or box and shall be the same profile on any one building.
12. Downspouts shall be round or square on a stand-off pin and shall be placed by approval of TA. Rain chains and barrels may be permitted by approval of TA. In the absence of gutters, gravel shall be placed at the dripline.
13. Dormers shall be habitable, roofed with a symmetrical gable, hip, or shed, and placed minimum 3' from side building walls.
14. Skylights shall be flat in profile. Skylights, vent stacks and other roof applications and protrusions shall be placed on roofs facing away from streets.
15. Solar tiles and solar panels may be permitted by approval of TA, and shall be integrated into the surface of the roof and shall not expose an independent structure. Roofs should be designed to accommodate panels; panels applied to an unrelated roof design shall be prohibited as shall be stair-stepping rectangular patterns.
16. Turbines may be permitted by approval of TA.
17. Flat roofs shall be surrounded by a parapet wall tall enough to conceal any roof-top equipment, and no less than 1' above the roof deck. The parapet may be interrupted by drainage scuppers.

H. OPENINGS - MATERIALS

1. Windows shall be made of wood, aluminum clad wood, fiberglass, vinyl, Westeck true-divided grid vinyl, or steel sash.
2. Glass shall be clear and free of color. Frosted, etched, tinted or other decorative glass and glass blocks may be permitted by approval of TA, except at street frontages where they may be applied in clerestories only. Reflective or dark glass is prohibited.
3. Shutters shall be made of wood, painted or sealed and stained, Boral, metal, or vinyl.
4. Doors shall be made of wood, aluminum-clad wood, wood-veneered fiberglass, glass panel, or steel.
5. Screens for windows and doors shall be made of bronze, aluminum, dark colored fiberglass or black vinyl.

6. Garage doors shall be made of wood, composite wood, steel or wood-veneered fiberglass, and may have glass or framed panels.
7. Type III and Type IV storefronts shall be made of wood, brick, composite board, stone, custom metal work or steel frame and clear glass. Painted surfaces shall be white or a dark color glossy painted finish. Masonry and anodized aluminum storefronts may be permitted by approval of TA.

I. OPENINGS - CONFIGURATION AND TECHNIQUE

1. Windows and doors facing frontages, streets, and public spaces shall be located within wall sections such that wall thickness is perceived from the exterior of the building. Flush mounted windows and doors are prohibited.
2. A minimum of 30% of the total Façade area shall be made of glass windows and doors.
3. Total fenestration on the first floor for Types III and IV shall be a minimum of 70% of the first floor facade area and shall have a continuous kickplate 12 – 36" above the sidewalk. Storefronts shall be designed as a unified composition of doors, windows, bulkheads, transoms, signage, awnings, lighting and other details.
4. Windows shall be square or vertical in proportion, such as 1:1.5, golden section, double square, triple square. Transoms may be horizontal. Windows may be circular, semi-circular, oval, hexagonal or octagonal in shape, but only one such window may be placed on a façade. Windows may be quarter-circular in shape when paired in a gable end.
5. Windows may be sub-divided into panes that shall be square or vertical in proportion, with similar proportions throughout the building. Muntins shall be true-divided light, or three-part simulated divided lite, and shall match the color of the exterior sash. Muntins shall not be snap-ons.
6. Windows shall be operable, single-hung, double-hung, casement, awning or fixed. Sliding windows are prohibited.
7. Two or more windows in the same rough opening on a facade shall be separated by a minimum 4" wide post.
8. Windows facing streets shall be no closer than 2' to the corners of the building, except in Types III and IV.
9. Single panes of glass shall be in area a maximum 20 square feet, except in Types III and IV.
10. Window screens, if provided, shall be full view screens. Half view screens may be permitted by approval of TA. Window screens shall be finished to match the window they serve or the trim around it.
11. Porch screens may be allowed and shall be framed to reflect column spacing proportions.

12. Shutters, if provided, shall be applied to all of the typical windows on a Façade or elevation; shall be shaped and sized to the opening they serve; shall match the color of the wall or the building trim; shall be fully functional except with approval of TA. If fixed, shutters shall be mounted as if hinged to the window sash.
13. Doors facing Frontages shall be made of visible boarding or stiles with glass panels or recessed or raised panels, half-lite, full-lite, or three-quarter lite, that express construction technique. Door lites that are arches, rounds, fans or ovals are prohibited. Flush doors with applied trim are prohibited.
14. Type III and IV storefront entrance doors shall be recessed to allow the door to swing out without obstructing pedestrian flow on the sidewalk. Each tenant space shall have at least one three-foot wide door at the main entry. Storefront entrances shall be encouraged at building corners. Where appropriate, folding doors and windows that allow the activity of the business to open adjacent to and onto the public sidewalk may be installed for restaurants and food services. Rear and side doors and windows facing service alleys and parking lots shall be encouraged, but not required.
15. Double doors shall not exceed 5'-6" in overall width except where intermediate 4" minimum posts are provided.
16. Sliding glass doors shall not be permitted on facades facing streets.
17. Screen doors, if provided, shall be full view or three quarter view, and may have a center cross rail finished to match the screen door. Screen doors shall be finished to match the door they serve or the trim around it.
18. Garage doors shall be configured as a sectional overhead or hinged carriage door, and should be an individual door for each parking space.
19. Garage doors facing an alley or a flag lane may be maximum 18' for double width, and may be permitted taller than 8' in height by approval of TA.
20. Security doors and windows may be permitted by approval of TA. For residences these shall be designed as decorative window grills and doorway gates. For storefronts, these shall be interior links or grills that are completely hidden from view when not in use. Solid metal gates or roll-down shutters shall not be permitted.

J. COLORS

1. Colors shall be selected from the Benjamin Moore Historic Colors Palette or equivalent with the addition of pure white and shall be approved by TA.
2. Residential buildings shall be a maximum two colors, including walls, doors, windows, and trim. Trim shall be one color only. Window sashes and entrance doors may be a third color.
3. Wall colors shall be lighter than the trim or attachments and other elements, except white trim is permitted. Contrasting trim other than white shall be avoided.
4. Awnings may have a maximum of two colors by approval of TA.

K. LIGHTING

1. Lighting shall adhere to Dark Sky Friendly standards. Path and area lighting shall have shields to direct light to ground area of use.
2. All exterior lighting, including lampposts, lighting on building walls, wall sconces, pendants and surface mounted ceiling lights shall be downlights, max 2700K LED or equivalent. Type III and Type IV signs may be lit by a gooseneck fixture with focus specific to the sign. Type II and Type IV service entries shall have fixtures with photocells that light from dusk to dawn.
3. Two exterior light fixtures maximum per house or live-work may face the street. Other light sources should be concealed from exterior views. Fixtures should be located to preclude glare.
4. Exterior light fixtures shall be compatible with the style of the building to which they are attached.
5. Doors facing a street or a public space, and garage doors opening onto an alley or a flag lane, shall have a light fixture with a photocell that lights from dusk to dawn.
6. Uplighting, floodlighting and wall washing lighting shall be prohibited.
7. All lighting should have a functional purpose. Additional decorative lighting for Types III and IV only may be allowed by approval of TA. External lighting of awnings may be permitted by approval of TA. Backlighting of awnings from under or inside shall be prohibited.
8. Interior lighting of storefronts and exterior lighting of signs for Types III and IV is recommended throughout nighttime hours (or at a minimum until 11pm) to accentuate storefront displays, illuminate building details, and promote public safety.

L. SIGNS

1. Postal numbers shall be placed on the principal building facade and on alley or rear parking entrances, and shall be maximum 6" tall.
2. Signs for streets and other public spaces, wayfinding, civic and shared facilities shall be of a unified design.
3. Signs for private buildings shall be made of wood, synthetic wood, brass, bronze, copper, wrought iron, ceramic, cast aluminum or thickly enameled steel. All signs shall be subject to approval by TA. Plastic signs or letters, backlit signs, and electronic or video screen signs shall be prohibited.
4. One sign advertising a home-based business shall be permitted at each Frontage of a Type I or Type II building. Signs advertising a home-based business shall be blade or window signs, a maximum size of 2 square feet. Signs may be mounted to a freestanding post, hung below a porch roof, or mounted to a building wall.

5. One sign advertising a shopfront business shall be permitted at each Frontage of a Type III or Type IV building. Signs advertising a shopfront business shall be blade or window signs, or a first floor sign band.
6. Blade signs for shopfront businesses shall be attached perpendicular to the façade; shall be at a height minimum 9' above the pedestrian; shall extend horizontally maximum 3'; shall be maximum 2.5' in vertical dimension, with a maximum overall size of 2.5 square feet, and a 15' minimum distance between blade signs. Blade signs may be a representational silhouette in metal.
7. Window signs for shopfront businesses shall be inscribed on the shopfront glass or shall be made of permanently affixed cut-out lettering or hand-painted letters. Neon signs on the inside of a Type III or Type IV shopfront window may be allowed by approval of TA.
8. Sign bands for a shopfront businesses shall be an integral design with the storefront's elevation and details, and may be a contrasting color to the building. Sign bands may be up to 12 inches in height and may extend the entire length of the storefront. Sign bands shall not be internally illuminated but may be externally lit subject to the approval of TA.
9. Signs for civic and shared facility buildings may be façade signs; shall be made of material and color to be integral with the building design; shall be maximum 2 feet in height by any length; shall not be translucent or internally illuminated; and may be externally lit. Brass or stainless steel may be used for signs mounted to masonry building walls.
10. One business hours sign of maximum 1 square foot advertising hours of operation and credit card acceptance shall be permitted at storefront entry.
11. One security system sign per frontage and one per service entry shall be permitted, maximum 5" x 8", attached to the building wall or a window.
12. Temporary A-frame signs of maximum 6 square feet each side may be placed on the sidewalk adjacent to the business during business hours, shall be made of wood, synthetic wood or metal, shall have a hand-crafted design, and shall be approved by TA.
13. One sign advertising a property for sale or rent is permitted at each frontage, maximum 5" x 8", affixed to the building or on a post maximum 4 feet in height, for a maximum duration of 90 days per year.
14. One sign per lot identifying the building contractor is permitted, maximum 2' x 3', on posts maximum 4 feet in height, for the duration of the construction only.

6. SITE AND LANDSCAPE REGULATIONS

A. GENERAL

1. The Site and Landscape Regulations are organized by these categories:
 - A. General
 - B. Public Space - Materials
 - C. Public Space - Configuration and Technique
 - D. Gardens - Materials
 - E. Gardens - Configuration and Technique
 - F. Fences, Walls, Pavements - Materials
 - G. Fences, Walls, Pavements - Configuration and Technique
2. The goal for the outdoor spaces and landscape improvements of Vista Field is to construct a landscape of plants native to the high desert location of Kennewick, including drought tolerant materials that can provide shade.
3. Site designs shall minimize grading.
4. Topographic transitions between improvements and existing grades or between Lots shall appear to be natural slopes or to be garden terraces.
5. All site drainage and water runoff from impervious surfaces shall be retained on the Lot that generates it.
6. Tree planting shall be considered permanent improvement of the community landscape. Trees shall be selected from the 2018 Community Tree List of the Mid-Columbia Community Forestry Council. Removal of trees larger than 4" caliper deciduous and 6" caliper conifer, shall require approval by TA.

B. PUBLIC SPACE - MATERIALS

1. Public Space site materials shall be according to a masterplan that specifies location, dimensions, at installation and at maturity, durability, and other characteristics that provide maximum safety and comfort, and are conceived of as part of a visually harmonious public realm.
2. Public Space pavements shall be stone, brick, or concrete pavers and designed for maximum permeability: asphalt for driveways and parking lots, and poured concrete pavement for streets and sidewalks may be permitted by approval of TA. All pedestrian pavements shall have a non-skid finish.

C. PUBLIC SPACE - CONFIGURATION AND TECHNIQUE

1. All site utilities shall be placed underground. Above ground equipment shall be located in alleys or parking areas behind buildings and screened from view with walls and landscape.

D. GARDENS - MATERIALS

1. Garden planting materials shall be selected from the following plant lists: the *Tree Lists by Mature Heights* of the *Community Tree List of the Mid-Columbia Community Forestry Council*; and the Washington Native Plant Society's *WNPS Native Plants of Eastern WA* brochure.
2. Garden pavements shall be stone, brick, or concrete pavers and shall be designed to provide maximum permeability.

E. GARDENS - CONFIGURATION AND TECHNIQUE

1. Fenced areas and lawn areas shall be located and designed to be functional and geometrically defined for privacy, protection from the wind, and security of children and pets. Lawn areas shall be restricted to a functional space to minimize irrigation.
2. Landscape irrigation shall be an underground or drip irrigation system and shall have retracting sprinkler heads or shall be otherwise visually unobtrusive.
3. Garden planting may provide shade for adjacent Public Frontage, but shall not interfere with Public Space landscaping.
4. Hot tubs and pools shall be recessed in the ground and visually screened with a fence, wall or hedge.
5. Woodburning outdoor fireplaces and firepits may be allowed by approval of TA, and shall be separated from all combustible structures and trees by a minimum distance of 15 feet.

F. FENCES, WALLS, PAVEMENTS - MATERIALS

1. Fences shall be made of wood pickets, painted or sealed and stained, or steel, wrought iron painted, or ESP aluminum. Fence gates shall be made of the fence material.
2. Garden walls and retaining walls shall be made of architectural finish concrete, segmental block, brick or brick veneer, local stone or local stone veneer, and shall be capped. Wall gates shall be made of wood, painted or sealed and stained, steel, wrought iron painted, or ESP aluminum.
3. Trash yard and dumpster enclosures shall be made of concrete, wood sealed and stained or painted, or steel painted, with gates of wood or steel.
4. Hedges shall be made of plants selected from the Plant List. Hedge gates shall be made of wood, painted or sealed and stained, steel, wrought iron painted or ESP aluminum, with framing structure of the same material.
5. Garden pavement shall be permeable and shall be made of, stone, concrete pavers, brick, brick pavers, wood, or gravel with aggregate maximum 1/4".
6. Gravel in front yards and at frontages shall be edged to prevent runoff.

7. All pedestrian pavements shall have a non-skid finish.
8. Driveway and parking lot pavement shall be made of asphalt, brick, brick pavers, or concrete. Concrete may be patterned but stamped concrete patterns shall be prohibited. Driveway and parking lot materials shall be approved by TA.
9. Gravel in front yards and at frontages shall be edged to prevent runoff.

G. FENCES, WALLS, PAVEMENTS - CONFIGURATION AND TECHNIQUE

1. Fences, garden and retaining walls, and hedges, and their location and height shall be designed to coordinate with the design of the adjacent Public Frontage and neighboring lots.
2. Fences, garden walls and hedges shall be located no closer to the street than the front façade of the building, and in Type III and Type IV located to screen parking lots from the street.
3. Fences and garden walls shall provide closure, starting and ending at a building wall or terminal post that is larger than the other fence posts.
4. Fences and walls shall be a maximum 6' above grade. Trashcan and dumpster enclosures shall be minimum as tall as the containers they conceal.
5. Garden and retaining walls shall be minimum 8" wide and capped with overhang of ½" to 1' on each side to protect from water intrusion.
6. Retaining walls shall be part of building foundations or shall be part of garden terracing. Retaining walls shall follow required building setbacks, and shall be a maximum 4' in height.
7. Hedges may be a single type of plant or a mix of plants. At installation plants shall be 18" o.c. and a minimum 24" in height. Hedges shall be maintained to allow light to penetrate to all branches, tapered slightly to create a base that is wider than the top.
8. Parking lots for Type III and Type IV buildings shall be planted to provide maximum shading of the pavement, with continuous tree islands perpendicular to the parking stalls, or tree diamonds with corners intersecting the striping with a maximum separation of four parking spaces. Each tree shall have a minimum of 5'x 5' planting area .

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7. THOROUGHFARE REGULATIONS

1. The streets are the primary shared experience of Vista Field. Their dimensions, pavements, lighting, and trees planted provide the visual ambience of the public realm. Streets are also the main conveyance of utilities throughout the community and an important component of overall storm-water management. These regulations are intended to encourage pedestrian mobility, minimize vehicular use, and minimize the intrusion of utilities on the visual and pedestrian experience.
2. Shared facilities in the street rights-of-ways and other public spaces, including street lighting, street signs, trash cans, benches, electrical transformers, dumpster enclosures, and other utilities, shall be of uniform design, approved and located by TA.
3. Above ground utility components shall be placed at the rear of buildings rather than at Frontages, shall be grouped and screened with landscape elements to minimize their visual impact.
4. Each street on a block by block basis shall have pavement and Public Frontages designed to provide place-specific character, taking into account topography, on-street parking, driveway entries, et al.
5. Street intersections shall have a curb radius of 10', with a clear zone radius of 25'. Parking shall be held back from an intersection minimum 20'.
6. Alley and lane intersections with streets shall be designed to minimize visual impact of alley or lane on street frontage with building extensions and landscape screening.

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8. DESIGN REVIEW PROCEDURES

A. GENERAL

All Public and Private building and landscape improvements shall be reviewed by the Vista Field Town Architect (TA) and shall require TA's approval prior to commencement of construction.

The TA shall approve, conditionally approve, or disapprove, submitted applications with explanatory notification in writing to the applicant, including if possible the changes necessary for approval, within ten days of each of the following reviews. The TA may approve deviations from the Regulations based on the determination that the proposal fulfills the basic intent of the Regulations, offers a standard superior to that in the Regulations that is to be set aside, and is compatible with adjacent development.

B. SCHEMATIC DESIGN REVIEW. This review confirms conceptual conformance with the Development Standards. More than one scheme may be submitted. Submit (two sets):

- ☐ Lot Plan at 1"=20'
- ☐ Floor Plans at 1/8"=1'-0"
- ☐ Elevations (at frontages) at 1/8"=1'-0" (or photo of each elevation if previously built on another lot)

C. DESIGN REVIEW. This review confirms compliance of the design details with the Regulations and verifies that previous recommendations made by TA have been incorporated. Submit (two sets):

- ☐ Lot Plan at 1/8"=1'-0"
- ☐ Landscape Plan at 1"=20'
- ☐ Floor Plans at 1/4"=1'-0"
- ☐ Roof Plan at 1/4"=1'-0"
- ☐ Elevations (all) at 1/4"=1'-0"
- ☐ Building Section at 1/4"=1'-0"
- ☐ Wall Section & Details at 1-1/2"=1'-0"
- ☐ Material List & Samples
- ☐ Schematic Design Review comments

D. CONSTRUCTION DOCUMENTS REVIEW. Submit (two sets):

- ☐ Construction Documents
- ☐ Design Review comments

If essentially the same building has been previously built on another lot submit the following to apply for simultaneous A, B and C reviews:

- ☐ Lot Plan at 1/8"=1'-0"
- ☐ Landscape Plan at 1"=20'
- ☐ Previously reviewed Construction Documents.
- ☐ Photo of each elevation of each previously built structure on most recent lot.
- ☐ All changes from previously built structure(s) clearly noted.

E. CONSTRUCTION. Plans approved by the Vista Field TA may proceed to the City of Kennewick for building permit, and subsequent inspections shall take place according to the City of Kennewick requirements.

F. CHANGE DURING CONSTRUCTION.

- ☐ Changes during construction shall be approved by Vista Field TA prior to approval by City of Kennewick
- ☐ Change during Construction Form
- ☐ Additional information to describe changes

G. DESIGN REVIEW PROCEDURES CHECKLIST.**Lot Plan**

- ☐ North arrow, scale
- ☐ Property lines, dimensions and area
- ☐ Easements
- ☐ Building footprints with entries noted
- ☐ Encroachments, if any, dimensioned
- ☐ Sidewalks, driveways and patios

- ☐ Finished floor elevations, existing & proposed grades
- ☐ Existing trees over 3" caliper and other natural features
- ☐ HVAC and other exterior equipment including lighting

Landscape Plan

- ☐ Names of all material
- ☐ Size, quantity and location of all material, at installation and at maturity
- ☐ Garden elements such as retaining walls, paved surfaces, trellises, arbors, fences, gates, etc.

Floor Plans

- ☐ Room dimensions and uses labeled
- ☐ Encroachments, if any, dimensioned
- ☐ Roof drip line

Roof Plan

- ☐ All roof penetrations

Elevations

- ☐ Openings, doors, and windows
- ☐ Materials rendered and specified, including color
- ☐ Finished grade and finished floor elevations
- ☐ Building height to eaves, ridges & parapet walls
- ☐ Overall height from grade at front setback
- ☐ Roof pitches

- ☐ Open or closed eave condition if any
- ☐ Awnings, signs, and lights if any

Wall Sections And Details

- ☐ Openings, doors & windows (including heads and sills)
- ☐ Porches and balconies including railings
- ☐ Ornamental elements and trim
- ☐ Inside & outs corners (pilasters, cor. boards, etc.)
- ☐ Eaves and cornices
- ☐ Dimensions of column centerline to:
 - ☐ Face of pier
 - ☐ Face of column at bottom of shaft (1st floor)
 - ☐ Face of column at top of shaft (1st floor)
 - ☐ Face of beam (1st floor)
- ☐ If two-story porch:
 - ☐ Face of column at bottom of shaft (2nd floor)
 - ☐ Face of column at top of shaft (2nd floor)
 - ☐ Face of beam (2nd floor)
- ☐ Fences and garden walls
- ☐ Chimneys

Materials List (with manufacturer and product):

- ☐ Roof, gutters and downspouts
- ☐ Exterior walls and trim
- ☐ Windows, doors and garage doors
- ☐ Fence and garden walls
- ☐ Sidewalk, driveway and patios

PORT OF KENNEWICK

EXHIBIT C

HISTORIC WATERFRONT DISTRICT DESIGN STANDARDS



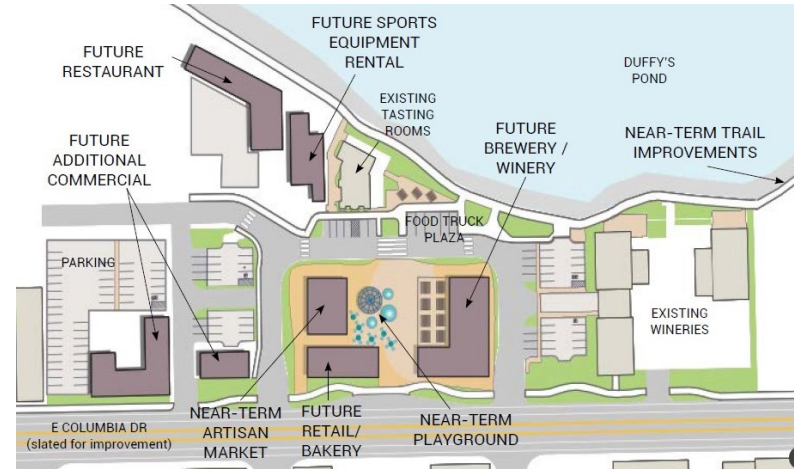
Introduction to Draft Columbia Gardens Design Guidelines

August 24, 2021

Implementing the 2021 Master Plan

EXHIBIT C

- We have coordinated with the MAKERS Julie/Beth/Erica project team on the handoff
- The initial focus is on Columbia Gardens due to upcoming development actions and interest (next phase will be Waterfront District-wide guidelines)
- Treat the guidelines in the master plan (pg. 41-47) as conceptual policy for developing these more specific design guidelines



Design Guidelines Approach

Build on the success of the current Columbia Gardens architecture and allow for a variety of designs that contribute to the village theme.

Key standards to be discussed today:

1. Trail frontage design
2. Columbia Drive frontage design
3. Building massing and articulation (toolbox)
4. Façade details (toolbox)
5. Window design (toolbox)
6. Building materials
7. Building color



Other topics in the draft document:

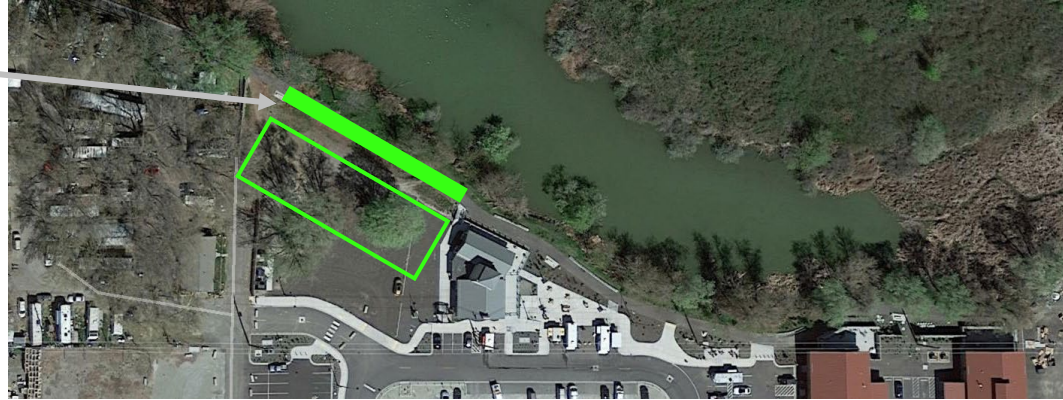
- Plazas and patios
- Internal pedestrian and vehicular circulation
- Usable open space design
- Service element design
- Blank wall treatment

Duffy's Pond Trail Frontage Standards

EXHIBIT C

Why? Ensure vibrant and pedestrian-friendly design.

- Buildings must be 10-30 feet from the trail
- The setback area must be used as a dining area, patio or deck, play area, landscaping, or similar functions
- Buildings next to trail must have a customer-oriented use
- Pedestrian connection required
- Wall and fence heights are limited depending on distance from the trail



Wine tasting building trail frontage



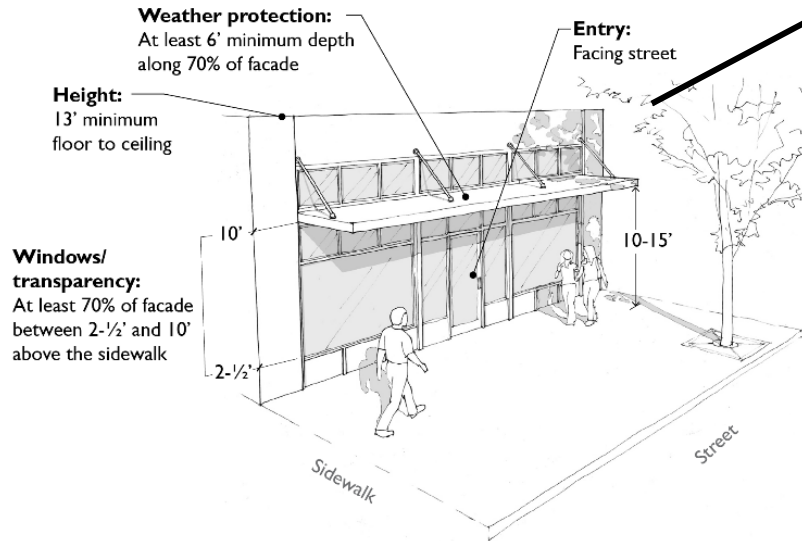
Example of flat trail frontage

Columbia Drive Frontage Standards

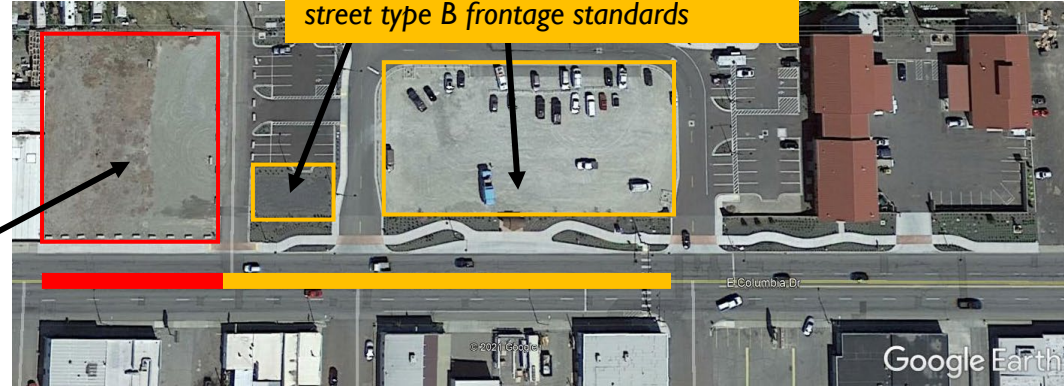
EXHIBIT C

Why? Ensure vibrant and pedestrian-friendly design.

Storefront abutting the sidewalk is required (a setback is allowed for a plaza)



These two sites are subject to the City's street type B frontage standards



Storefront example



Setback with a plaza

Building Massing & Articulation

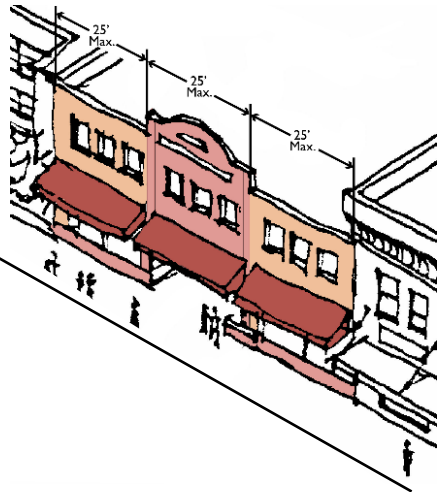
EXHIBIT C

Why? Reinforce pedestrian-friendly “village” scale

- Public-facing façades must have at least three articulation features every **25 feet**
- Production buildings and other façades must have at least three articulation features every **50 feet**

Articulation feature options:

- Window or entry patterns
- Vertical piers/columns
- Change in roofline
- Change in building material or siding
- Vertical elements such as a trellis or art
- Vertical building modulation
- Other design techniques



Integrating Façade Details

EXHIBIT C

Why? Enhance the character & identity of Columbia Gardens

- Toolbox approach: Choose from a list of options
- Commercial buildings must use at least one feature from all three of these lists
- Production buildings must use features from only two of the lists

1. Window/entry treatments



2. Façade details or attachments



3. Artistic material details



Window Design

EXHIBIT C

Why? Integrating design that provides depth and richness to the façade

- Require exterior trim or recessing of the window
- Other designs that add interest are allowed



Recessed and/or trimmed windows.



This window lacks any other detail that adds visual interest.

Existing Port buildings meet these standards



Building Materials

EXHIBIT C

Why? Reinforce desired character by adding strategic conditions for commonly used materials

Concrete block



- Must not be the primary material
- Must have a mix of texture and colors

Metal



- Must feature corner molding and trim
- Walls with >50% metal must have roof overhang

Stucco



- Traditional stucco is allowed on ground floor
- EIFS (synthetic stucco) limited to upper floors

Cementitious panel



- May cover up to 70% of façade. If dominant, it must integrate a mix of colors and/or textures

Building Color

EXHIBIT C

Why? Should we promote or restrict a color palate?

2005 Clover Island plan

Building Color

Buildings shall use earth tones for the basic building shell (at least 70 percent of the building shell, excluding the roof). Recommended colors include:

Building Shell/Base Coat

- Light to medium gray
- Tan
- Ivory
- Ochre
- Light Brown

Building Trim/Windows and Downspouts

- White
- Powder coat gray

Roofs

- Clay-tile red
- Gray/galvanized
- Blue (marina)

Site Fixtures

- Galvanized
- Power coat gray
- Powder coat blue/gray

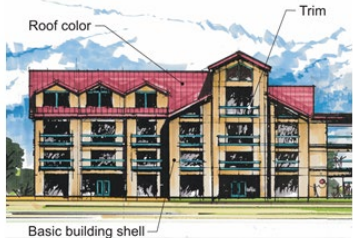


Figure 56. Areas of Building Color

Neon?



Example color palate

Suggested range of exterior building colors

Below are examples of primary, secondary, and background colors. However, downtown Woodinville buildings may use secondary or accent colors shown here as primary colors to allow for a greater range in building colors, provided other color guidelines are met.

Primary background colors

Earth tone, neutral colors, or grays are the preferred primary background colors for buildings over 3 stories in height. The number of individual colors used for background colors should be limited to avoid an overly "busy" look.



Secondary background colors

Generally up to 30% of the façade surface area. The color should represent a relative contrast to the primary background color. Lighter (10-30%) and/or darker (60-80%) color values may be used to add visual interest.



Accent colors

Generally not exceeding 10% of the façade surface area, including window sash and trim, decorative metal work, and elements of the retail façade and signage. Accent colors may incorporate intense white (0-20%) and/or darker (80-100%) values.





If buildings meet all the other massing, detailing, and materials standards, maybe bright colors like this are OK?



Thank You!

COMMENTS? QUESTIONS?

Strategic Departure Opportunities

EXHIBIT C

- All available modification opportunities for Guidelines are noted within each section by the capitalized term DEPARTURES.
- Such modifications are voluntary and must only be approved if they meet the intent of individual Guideline.
- The reasons for approval must be documented and maintained with project application records, in order to inform and provide consistency in decision-making by the Port.

Memorandum

To: Tim Arntzen
 From: Larry Peterson
 Date: August 24, 2021
 Re: Columbia Gardens Property Owners Association (POA) – Staff Recommendation(s)

OVERVIEW

The Port's Columbia Gardens project has progressed to a point that land sales and subsequent private sector development is now possible. Many of the improvements that make the "neighborhood" a unique place, such as the loop roadway (Columbia Gardens Way), 30-space Date Street and 24-space Cedar Street parking lots, roadway & parking lot lighting, 700+ linear foot streetscape corridor, Food Truck Plaza and planned EV charging stations, future shipping container bathroom and the pending Kiwanis playground require perpetual maintenance. The Commission has directed that a mechanism to equitably share some of the "neighborhood" expenses be presented for consideration.

Following a staff presentation based upon a detailed memorandum with numerous potential scenarios the Commission asked for a staff recommendation. The Commission indicated that the "neighborhood" should pay for some of the "neighborhood" expenses currently fully borne by the Port. Any allocation method could be challenged as unfair to one party or another. Two allocation methods which attempt to balance equity with realistic application are presented for consideration.

ASSESSMENTS & ALLOCATIONS – 2 Methods Presented

Equal assessments for each parcel contain the following key elements:

- ❖ Port developed parcels & prorated assessments amounts are excluded;
- ❖ (6) Neighborhood parcels pay for the Foundational items (roadway, sidewalks, parking lots);
 - *Initial Neighborhood annual assessment is \$26,000;*
- ❖ Port pays each property owners share for a 5-year period;
- ✓ Assessment equally divided among the (6) Neighborhood parcels;

Assessments based upon Building Size & Use contain the following key elements:

- ❖ Neighborhood pays for the Foundational items (roadway, sidewalks, parking lots);
 - *Initial Neighborhood annual assessment is \$40,000;*
- ❖ Port pays each property owners share for a 5-year period;
- ✓ Assessments based upon building gross square footage;
- ✓ Hospitality space assessed at 100%, warehouse & production space assessed at 50%;

Pages 2 and 3 contains simplified summaries of expenses and allocations for each method and a neighborhood map and the supporting detailed expense and allocation worksheets for the building size and use method {the math is shown} are attached at the end of this memo.

Columbia Gardens Assessments Equally Shared by all PARCELS

updated August 19, 2021 @ 6:30pm

COLUMBIA GARDENS EXPENSE SUMMARY					
ELEMENTS	EXPENSE	RESPONSIBLE PARTY SHARE			
		NEIGHBORHOOD		PORT DISTRICT	
		%	Amount	%	Amount
FOUNDATIONAL ITEMS	\$40,000	65%	\$26,000	35%	\$14,000
PLAYGROUND	\$20,000	0%	\$0	100%	\$20,000
BATHROOM (Container)	\$14,000	0%	\$0	100%	\$14,000
FOOD TRUCKS	\$10,000	0%	\$0	100%	\$10,000
EV CHARGING STATIONS	\$1,000	0%	\$0	100%	\$1,000
VIBRANCY FUND	\$25,000	0%	\$0	100%	\$25,000
TOTALS	\$110,000		\$26,000		\$84,000

updated August 19, 2021 @ 6:30pm

COLUMBIA GARDENS ASSESSMENTS Equally Shared by all PARCELS									
USES and OWNERSHIP Info					TOTAL SHARES		PARCEL ASSESSMENT		
PARCEL ID	ADDRESS	AREA/BUILDING	POTENTIAL FUTURE		Share	% of Total	Annual	Monthly	
1	Roads	Loop Road, Plaza, 6-Food Truck spots, 4 parking spaces	8'x20' Shipping Container-Bathroom						
2	Date St.	Parking Lot (30 spaces)	8'x40' Shipping Container-Retail						
3	Cedar St.	Parking Lot (24 spaces)	2 EV Charging Stations						
4 A	340 CG Way	A Vacant	Building			16.67%	\$4,333	\$361	
4 B	340 CG Way	B Vacant	Building			16.67%	\$4,333	\$361	
5	225 E. Col Dr.	Vacant	Building			16.67%	\$4,333	\$361	
6 A	211 E. Col Dr.	A Vacant	Building			16.67%	\$4,333	\$361	
6 B	211 E. Col Dr.	B Vacant-Hold	Parking Lot (32+ spaces)						
7	275 CG Way	Building	Building			16.67%	\$4,333	\$361	
8	301 CG Way	Building	Building			16.67%	\$4,333	\$361	
9	325 CG Way	Tasting Room							
10	421 E. Col Dr.	3 Buildings & 22 parking spaces							
					Port pays cost directly		Port pays cost directly		
					0.00	100.00%	\$26,000	\$2,167	

Columbia Gardens Assessments based upon BUILDING SIZE & USE

updated August 18, 2021 @ 12:30pm

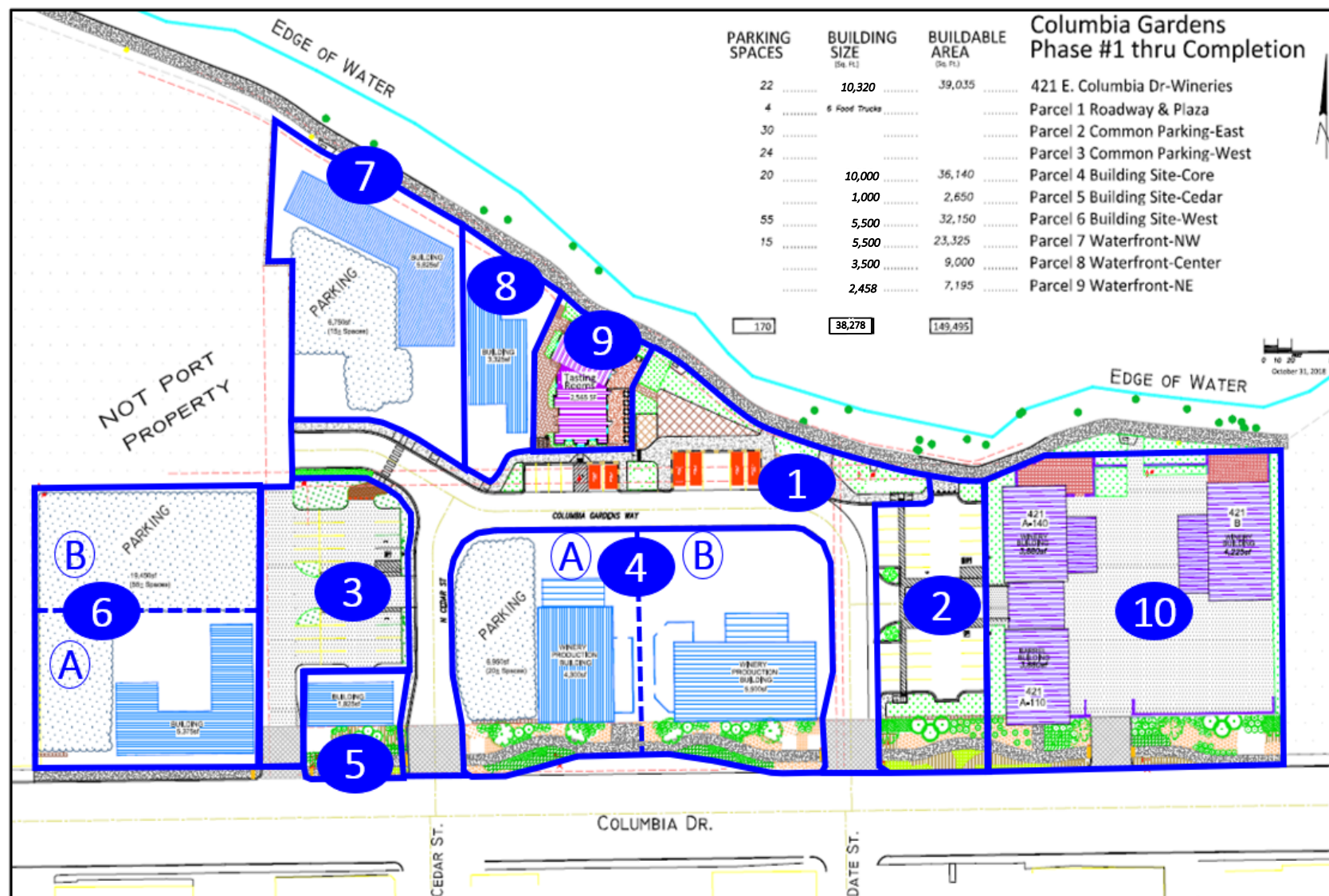
COLUMBIA GARDENS EXPENSE SUMMARY

ELEMENTS	EXPENSE	RESPONSIBLE PARTY SHARE			
		NEIGHBORHOOD		PORT DISTRICT	
		%	Amount	%	Amount
FOUNDATIONAL ITEMS	\$40,000	100%	\$40,000	0%	\$0
PLAYGROUND	\$20,000	0%	\$0	100%	\$20,000
BATHROOM (Container)	\$14,000	0%	\$0	100%	\$14,000
FOOD TRUCKS	\$10,000	0%	\$0	100%	\$10,000
EV CHARGING STATIONS	\$1,000	0%	\$0	100%	\$1,000
VIBRANCY FUND	\$25,000	0%	\$0	100%	\$25,000
TOTALS	\$110,000		\$40,000		\$70,000

updated August 18, 2021 @ 12:30pm

COLUMBIA GARDENS ALLOCATION SUMMARY (based upon Building Size & Use)

USES and OWNERSHIP Info				TOTAL SHARES		PARCEL ASSESSMENT	
PARCEL ID	ADDRESS	AREA/BUILDING	POTENTIAL FUTURE	Share	% of Total	Annual	Monthly
1	Roads	Loop Road, Plaza, 6-Food Truck spots, 4 parking spaces	8'x20' Shipping Container-Bathroom				
2	Date St.	Parking Lot (30 spaces)	8'x40' Shipping Container-Retail				
3	Cedar St.	Parking Lot (24 spaces)	2 EV Charging Stations				
4 A	340 CG Way A	Vacant	Building	2.32	10.48%	\$4,191	\$349
4 B	340 CG Way B	Vacant	Building	2.32	10.48%	\$4,191	\$349
5	225 E. Col Dr.	Vacant	Building	1.00	4.52%	\$1,807	\$151
6 A	211 E. Col Dr. A	Vacant	Building	2.49	11.22%	\$4,490	\$374
6 B	211 E. Col Dr. B	Vacant-Hold	Parking Lot (32± spaces)				
7	275 CG Way	Building	Building	3.16	14.25%	\$5,700	\$475
8	301 CG Way	Building	Building	3.50	15.81%	\$6,323	\$527
9	325 CG Way	Tasting Room		2.46	11.10%	\$4,441	\$370
10	421 E. Col Dr.	3 Buildings & 22 parking spaces		4.90	22.14%	\$8,857	\$738
				22.14	100.00%	\$40,000	\$3,333



Each property is identified by a number and few with a letter suffix too, as further parcel division is anticipated.

updated August 19, 2021 @ 12:30pm

COLUMBIA GARDENS EXPENSE SUMMARY

ELEMENTS	EXPENSE	RESPONSIBLE PARTY SHARE			
		NEIGHBORHOOD		PORT DISTRICT	
		%	Amount	%	Amount
FOUNDATIONAL ITEMS (includes: Loop Road, Parking Lots, Sidewalks; Lighting; Landscape; Public Restroom; Artwork; Security Patrols) (excludes: Any attempt to amortized initial costs; Mural, Landscape on 421 site)	\$40,000	100%	\$40,000	0%	\$0
PLAYGROUND (includes: Maintenance; Insurance; Security Patrols) (excludes: Any attempt to amortized initial costs)	\$20,000	0%	\$0	100%	\$20,000
BATHROOM (Container) (includes: Cleaning, Maintenance & Security) (excludes: Any attempt to amortized initial costs)	\$14,000	0%	\$0	100%	\$14,000
FOOD TRUCKS (includes: Electricity, Water, Grease Trap Cleaning; Security Patrols AND Lease Revenues) (excludes: Any attempt to amortized initial costs; Mural, Landscape on 421 site)	\$10,000 (NET Operational Loss)	0%	\$0	100%	\$10,000
EV CHARGING STATIONS (includes: Electricity, Maintenance; Annual \$240 per Station payment to SEAMconnect AND Charging Station) (excludes: Any attempt to amortized initial costs)	\$1,000 (NET Operational Loss)	0%	\$0	100%	\$1,000
VIBRANCY FUND (includes: N/A) (excludes: N/A)	\$25,000	0%	\$0	100%	\$25,000
TOTALS	\$110,000		\$40,000		\$70,000

COLUMBIA GARDENS ALLOCATION SUMMARY (based upon Building Size & Use)

USES and OWNERSHIP Info				BUILDING SIZES by USE				"SHARE" = Area/1000	"SHARE" = (Area/1000) x Factor	TOTAL SHARES		PARCEL ASSESSMENT	
PARCEL ID	ADDRESS	AREA/BUILDING	POTENTIAL FUTURE	HOSPITALITY Present	HOSPITALITY Future	OTHER Present	OTHER Future	HOSPITALITY Area / 1,000 = SHARE	OTHER (Warehouse/Production) (Area / 1,000) x Factor = SHARE	Share	% of Total	Annual	Monthly
1	Roads	Loop Road, Plaza, 6-Food Truck spots, 4 parking spaces	8'x20' Shipping Container-Bathroom										
2	Date St.	Parking Lot (30 spaces)	8'x40' Shipping Container-Retail										
3	Cedar St.	Parking Lot (24 spaces)	2 EV Charging Stations										
4 A	340 CG Way	A Vacant	Building	0	1,000	0	4,000	1,000 / 1,000 = 1.00	4,000 / 1,000 x 33% = 1.32	2.32	10.48%	\$4,191	\$349
4 B	340 CG Way	B Vacant	Building	0	1,000	0	4,000	1,000 / 1,000 = 1.00	4,000 / 1,000 x 33% = 1.32	2.32	10.48%	\$4,191	\$349
5	225 E. Col Dr.	Vacant	Building	0	1,000	0	0	1,000 / 1,000 = 1.00	0 / 1,000 x 33% = 0.00	1.00	4.52%	\$1,807	\$151
6 A	211 E. Col Dr.	A Vacant	Building	0	1,000	0	4,500	1,000 / 1,000 = 1.00	4,500 / 1,000 x 33% = 1.49	2.49	11.22%	\$4,490	\$374
6 B	211 E. Col Dr.	B Vacant-Hold	Parking Lot (32± spaces)										
7	275 CG Way	Building	Building	0	2,000	0	3,500	2,000 / 1,000 = 2.00	3,500 / 1,000 x 33% = 1.16	3.16	14.25%	\$5,700	\$475
8	301 CG Way	Building	Building	0	3,500	0	0	3,500 / 1,000 = 3.50	0 / 1,000 33% = 0.00	3.50	15.81%	\$6,323	\$527
9	325 CG Way	Tasting Room		2,458	0	0	0	2,458 / 1,000 = 2.46	0 / 1,000 33% = 0.00	2.46	11.10%	\$4,441	\$370
10	421 E. Col Dr.	3 Buildings & 22 parking spaces		2,234	0	8,086	0	2,234 / 1,000 = 2.23	8,086 / 1,000 x 33% = 2.67	4.90	22.14%	\$8,857	\$738

4,692	9,500	8,086	16,000	14.19	7.95	22.14	100.00%	\$40,000	\$3,333
14,192	24,086	38,278							

Port of Kennewick

Governance Audit

September 14, 2021



Governance Audit: Today's Topics



- A. Purpose & Expectations of the Governance Audit
- B. Background
- C. Scope of Work & Deliverables
- D. Qualifications: Type of Firm to do the Work
- E. Evaluation of Proposals
- F. Procurement Process & Timeline

Questions to resolve?

Next Steps

How the Request for Proposal
(RFP) is organized...

A. Purpose & Expectations

1. Advance the organization by updating, revamping, adopting new or revised policies, practices and keystone documents.
2. Equip the organization to cost effectively accomplish its mission in serving the community; capitalize on new opportunities; and better respond to stress and challenges.
3. Assure consistency of the Port's operations, processes, practices, and governance/management roles with regulatory requirements and best management practices.
4. Strive for exceptional performance as one of Washington's most effective port authorities.



B. Background

- ✓ Description of the Port, its assets and organization.
- ✓ Current governance structure and pending change following 2021 election.
- ✓ Mention of the citizen complaint and resolution that drove this process.



C. Scope of Work & Key Deliverables: Tasks

Task #1: Findings-Systems & Process Evaluation

Task #2: Findings-Organizational Culture Assessment

Task #3: Findings- Document Review

Task #4: Recommendations



Scope of Work & Key Deliverables

Expected approach to the work:

- Commission, staff third party interviews
- Staff-Commission workshops
- Review of literature & best management practices
- Comparative analysis of the Port's keystone documents



Scope of Work & Key Deliverables

Recommend a 'kick off' session with the Commission:

- ✓ Review schedule
- ✓ Key deliverables
- ✓ Refine approach



Scope of Work:

Task #1: Systems & Process Evaluation

Purpose: Evaluate the systems and processes the Port utilizes to manage its affairs and reach binding decisions. (Includes roles of Commission and staff)

Deliverable: Written “**Findings Report- Systems and Process Evaluation**” that captures the outcomes of the evaluation in sufficient detail to support the recommendations within Task 4.

Presentation to the Commission on the Task findings.



Scope of Work:

Task #1: Systems & Process Evaluation

Includes (examples):

- Agenda formulation/Meeting protocols
- Roles and responsibilities of the Commission-Executive Director-key staff
- Strategic & property planning
- Financial, budget and audit management
- Contract approvals
- Personnel oversight (*Hiring, training, benefit & salary approach, evaluations*)
- Internal and external communications



Scope of Work:

Task #2: Organizational Culture Assessment

Purpose: An assessment of both the current and desired organizational culture and working atmosphere of the Port and how it may or may not impact effective operations.

Deliverables: Written “Findings Report- Organizational Culture Assessment” that describes the current culture as well as defines a preferred culture for the Port.

Presentation to the Commission on the Task 2 findings.



Scope of Work:

Task #2: Organizational Culture Assessment

Includes:

- Using an organizational assessment tool such as SOAR (Strengths, Opportunities, Aspirations and Results).
- Getting both an internal assessment and an external assessment of the organizational culture.



Scope of Work:

Task #3: Document Review

Purpose: Identification and review of existing documents that underpin the Port's operation and decision-making ability against regulatory requirements and best management practices.

Deliverables: Written "Findings Report-Document Review" that summarizes the review and analysis of existing policies, contracts, and other relevant documents.

Presentation to the Commission on the Task 3 findings.



Scope of Work:

Task #3: Document Review

Includes (examples):

- Port Commission Rules of Policy & Procedure
- Delegation of Powers including secondary delegation to staff
- Commission directives for Port assets
- Staff evaluation policies
- Job descriptions & contracts of all employees
- Financial reports



Scope of Work:

Task #4: Recommendations

Purpose: Specific and general recommendations regarding the Port's processes and systems; organizational culture; and document adoption and use.

Deliverables: Written report summarizing the specific recommendations on the three assessment areas to also include recommended modifications to processes and or documents.

Regarding recommendations for organizational culture the deliverables shall include a proposed course of action.

Presentation to the Commission.



Scope of Work:

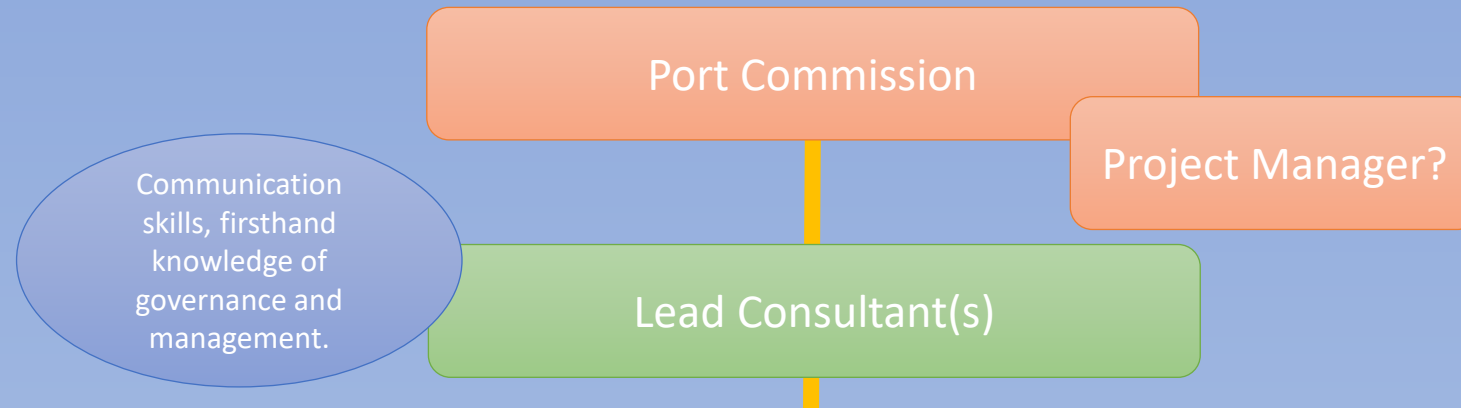
Task #4: Recommendations

Includes:

Phased changes and improvements to advance the Port's effectiveness, compliance with regulatory and industry practices as well as overall operating culture.



D. Qualifications: Type of Firm



Expert "On Call" Panel:

- Port governance and management roles, concepts, and challenges
- Washington Port District Act (RCW 53), as well as all statutes regulating special purpose districts
- Strategic planning
- Organizational dynamics and cultural effectiveness
- Public finance, budgeting, purchasing, and contracting
- Washington State statutory audit requirements and practice
- Personnel and human resource practices
- Others???



E. Evaluation

Evaluation based on:

1. **Qualifications and Experience** *(Lead and Experts on Panel)*
2. **Project Approach Narrative**
3. **Project Management**
4. **Compensation**
5. **References**
6. **Interviews** *(If necessary)*

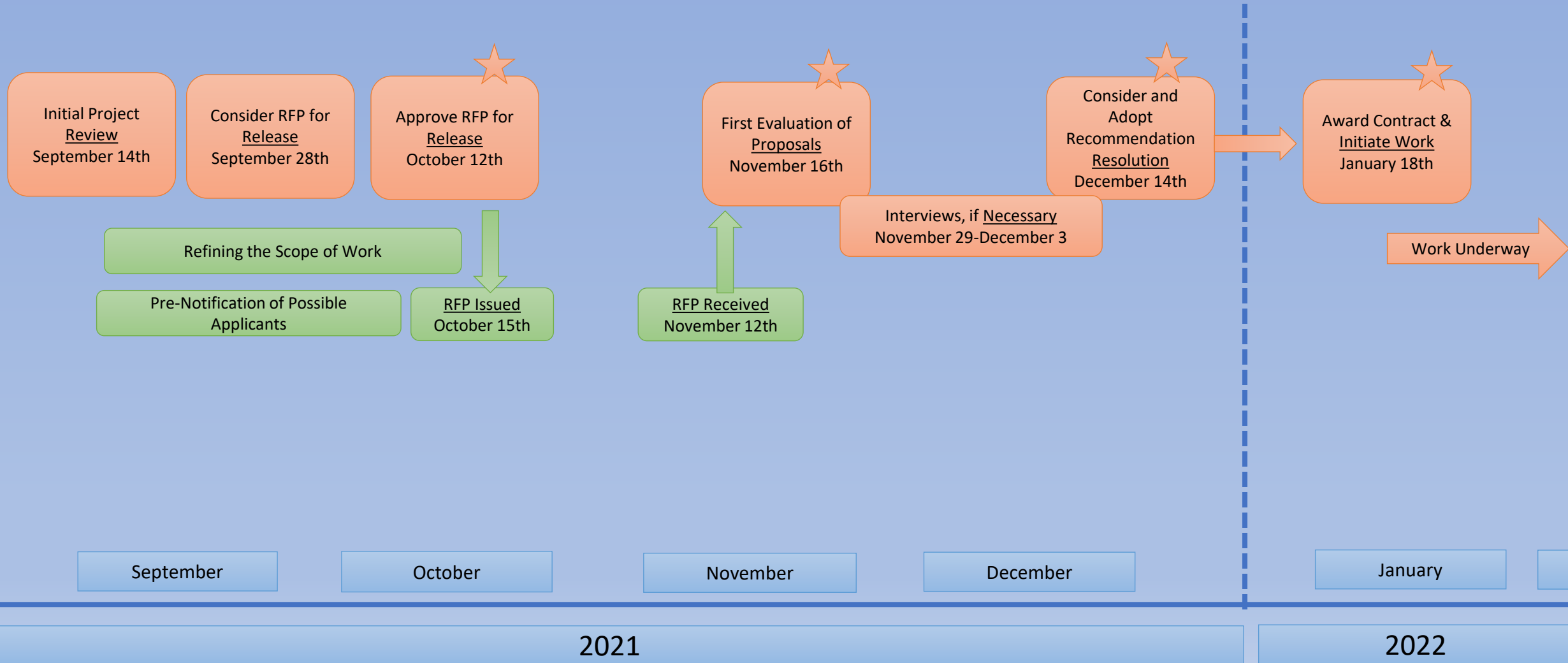


F. Procurement Process and Timing

Activity	Date (Dates are projected)
RFP Issued	October 15, 2021
Last Day to Submit Questions	November 1, 2021
Proposals Due	November 12, 2021
Interviews, if required	November 29- December 3, 2021
Final Selection & Recommendation	December 14, 2021
Contract Award & Execution	January 18, 2022



Logistics and Timing



Questions for Commission

1. Who is Project Manager?
2. Should we have an attorney review the RFP? If so, who?
3. Some proposals have a formal protest process, necessary?



Next Steps

- Pre-notification of Possible Applicants (Mid September)
- Approve RFP by Commission: September 28th or October 12th★
- Target October 15th Latest Release of RFP (Due November 12th)
- Evaluate Proposals mid-November★
- Interview, if necessary, late November★
- Make Recommendation December 14th★
- Award Contract January 18th★



Governance Audit

Jim Darling: jim@leewardstrategies.com
360-739-1595

Memorandum

To: Tim Arntzen
From: Larry Peterson
Date: September 14, 2021
Re: Vista Field Property Owners Association

OVERVIEW

The completed and planned future improvements within the Vista Field redevelopment project involve combinations of elements to be dedicated to and maintained by the City of Kennewick and unique elements that require perpetual maintenance by those investing in the Vista Field redevelopment project. Therefore the Port engaged experts to assist in the creation of declaration documents of covenants and conditions which resulted with passage of Resolution #2020-22 on October 27, 2020 effectively approving Declaration documents for the overall Vista Field project and a second layer applicable just to the commercial uses within Vista Field.

At that time it was acknowledge that additional supporting documents and decisions would be necessary to fully and lawfully implement the Vista Field Declaration documents. Staff has been working with Ben Floyd of White Bluffs Consulting, Doris Goldstein, an attorney (licensed in Florida and Californian) and indirectly with Christopher Napier an attorney with Foster Garvey to craft the required as well as a 'helpful' documents.

The 'required' documents include the "Articles of Incorporation" and the "Bylaws." These documents are molded to align with the 2018 Washington Uniform Common Interest Ownership Act and thus allow very few subjective decisions. The 'helpful' documents include a brief "Frequently Asked Questions" (FAQ) pertaining to the Declarations to address matters that typically arise and an "Operating Manual" to assist both current and future staff navigating the various steps necessary to add additional areas to the Declarations as future phases are developed.

COMMISSION MEETING PRESENTATION

Ben Floyd and Doris S. Goldstein will provide a 10-15 minute overview of the status of the Articles of Incorporation and Bylaws and the FAQ document. This presentation is intended as a refresher in preparation of further discussion at subsequent Commission meetings

ASK of the COMMISSION

Briefly review the 2-page FAQ and absorb the information shared by Doris and Ben and ask questions as they arise, but do not feel pressured that a decision is pending on September 14, 2021.

Vista Field Frequently Asked Questions

How is Vista Field different?

Vista Field is designed as a walkable, mixed-use community where people can live and work and also have access to recreation and entertainment. In addition to nearly 1,000 residential households, Vista Field will have parks, restaurants, retail, offices and entertainment. Most of the initial commercial uses are located in Vista Field's mixed-use Town Center. Residents can choose to live either in the Town Center or in residential neighborhoods surrounding the Town Center. There are parking spots and driving lanes for automobiles. However, the community is designed so that residents can walk or bike to the Town Center or other commercial areas from any part of Vista Field.

What is the master plan?

The [Master Plan](#) is a conceptual drawing showing the general location of streets, open space and buildings, the relationship between commercial and residential property and the connections between Vista Field and the surrounding areas of the City of Kennewick. The Master Plan is subject to change and will be modified from time to time.

How is Vista Field being phased?

The first phase will include part of the Town Center and part of a residential neighborhood. Subsequent phases may be added in any order. The Town Center is designed to accommodate most of Vista Field's commercial activity. However, additional smaller mixed-use areas in other parts of Vista Field may be developed as the project progresses. Although it is the current plan to do so, it is not required that all land shown on the Master Plan be developed as part of Vista Field.

Is there a property owners' association? Do owners have voting rights?

Yes. All owners of property, both residential and commercial, are members of its property owners' association (the 'Vista Field Association'). Under the Vista Field Declaration of Covenants, Conditions and Restrictions (the "Vista Field Declaration"), the Vista Field Association is responsible for maintaining common areas shared by the entire community. This includes certain streets and parks and the water feature. All owners of property within Vista Field are voting members of the Vista Field Association.

The Vista Field Declaration is written to comply with the Washington Uniform Common Interest Ownership Act (WUCIOA), a law enacted in 2018 that regulates residential and mixed-use owners' associations. The Port—known in the recorded documents as the Founder—reserves the right to elect a majority of the board of directors of the Vista Field Association to the greatest extent permitted by the WUCIOA.

How are assessments determined?

Each parcel of property in Vista Field, residential and commercial, is assigned an Allocated Interest. Most individual dwelling units are assigned one Allocated Interest, although small units and some multi-family dwellings will be assigned 0.8 Allocated Interest. Commercial parcels, and the commercial portion of mixed-use parcels, are assigned Allocated Interests based on square footage, with 1,000 square feet being equal to one Allocated Interest.

The Association's budget, including maintenance of streets, parks and the water feature, as well as general management and other expenses, is divided among all properties based on Allocated Interests.

Is Vista Field open to the public?

Vista Field is designed as an active, vibrant community that invites the public to enjoy its shops, restaurants and events. Most streets are dedicated to the public. Parks, squares, plazas and neighborhood streets that are owned by the Vista Field Association are open for appropriate use by the public, except for alleys and courtyards that are intended for use by adjacent owners.

What does the Vista Field Declaration say about pets?

Pets are allowed consistent with City zoning and the Vista Field Association's rules and regulations, including rules on noise, odor and safety. Owners may be required to keep pets on a leash and collect and dispose of animal waste when walking pets in the community.

Does the Vista Field Declaration have any restrictions on leasing? resale?

Parcels may be rented, subject to reasonable rules and regulations as promulgated by the Association from time to time. Parcels may be resold without restriction, subject to the Vista Field Declaration.

What is the architectural review process?

Vista Field has Design Standards to carry out the design features for this unique walkable, mixed-use community and establishes a visual identity based on the location, climate and history of the site. Plans and specifications for any building must be approved prior to construction, including landscaping and exterior building colors. The Town Architect will assist owners and their architects during the process of design to help in applying the Design Standards. Any later modification during construction or after completion must also be reviewed and approved.

Are there additional requirements for commercial property?

A separate document, the Vista Field Declaration of Covenants, Conditions and Restrictions for Commercial Property (the "Commercial Declaration") applies only to commercial property (including the commercial portions of mixed-use property) within Vista Field. The property owners' association formed under the Commercial Declaration (the "Commercial Association") is responsible for maintenance of shared spaces that mostly serve commercial property. It also regulates and promotes businesses within Vista Field.

Owners of residential property are not members of the Commercial Association or affected by the Commercial Declaration. The Commercial Association is not subject to the WUCIOA.

This FAQ is summary in nature. Please see the Vista Field Declaration for additional information.

AGENDA REPORT

TO: Port of Kennewick Commission
FROM: Amber Hanchette, Director Real Estate & Operations
MEETING DATE: September 14, 2021
AGENDA ITEM: Introduction – Vista Field Market Study & Analysis



BACKGROUND:

The Appraisal Group of Southeast Washington was originally commissioned in 2020 to evaluate the Tri-Cities real estate market through a pre-COVID19 lens. This initial collection of data (2014 to mid-2020) found in the Vista Field Market Study & Analysis Report acts as the base document from which future data will build upon as the port's Vista Field redevelopment project matures into successive phases.

Around the time the report was generated, local real estate markets were experiencing a great deal of uncertainty. In the October 2020 edition of the Tri-Cities Area Journal of Business a headline reads, "Market Overview: Covid chaos clouds future of Tri-City Real Estate."

As the global pandemic continued, many business sectors were impacted throughout the country by business closures, staffing shortages, government mandate, supply-chain disruptions and skyrocketing construction costs.

Now, one year later, much of the sector research has been updated and can be found in the 2021 Historic Waterfront District Market Study and Analysis Report also generated by the Appraisal Group of Southeast Washington.

Urban Mixed Use

The creation of an Urban Mixed Use planning code by the City of Kennewick, in collaboration with the port, allows for a variety of zoning uses and consequently requires a deeper understanding of each zoning sector applicable to Vista Field.

The enclosed report is comprehensive and evaluates nearly all sectors of real estate in the Tri-Cities: residential construction, residential land, multifamily, commercial, and commercial land. Within the various sectors, each was dissected in even greater detail for a more granular understanding of the potential uses in Vista Field including residential attached, residential detached, hotel, hospitality, retail and office.

Staff observations in reviewing report:

- 1) Risk Analysis: Land in the Vista Field neighborhood has been absorbed steadily over the last 10-20 years and prices are rising as vacant land parcels become scarce. Urban Mixed Use zoning is a new designation and very different from other zoning designations, consequently estimates were extracted from data with similar uses and densities.
- 2) New Construction: Before the pandemic, new construction was strong in healthcare, school districts and industrial space but not as strong in office or retail. In the 2021 market update, all new completed and under construction projects rose 10.5% over 2020.
- 3) Residential Detached New Construction: Very strong with land prices escalating. Lot sizes are declining and home amenities appear to be more important than lot size.
- 4) Residential Attached: Townhomes, garden/patio homes are beginning to gain in popularity.
- 5) Residential Multifamily: As we move through 2021, we are seeing growing private sector investment towards infill residential development.
- 6) Residential Rents: Residential occupancy rates are low. Consequently demand is exceeding supply pushing rents higher.
- 7) Commercial Office: In the last 7 ½ years, 31% of all new office space in the Tri-Cities was constructed around Columbia Center Mall and Vista Field neighborhoods. Much of the new office construction is owner occupied.
- 8) Commercial Retail: In 2021, retail rents are down 13% but occupancy is holding at 98%. Many office users choose retail space for visibility and the rental structures are not much different between office and retail.
- 9) Commercial Hotel: A segment significantly hurt by the pandemic seeing drops in both business and leisure travel. Occupancy rates drop to 50% in Tri-Cities and will need time for the travel market to rebound. Several local hotel/motel properties have been purchased to convert to micro housing.
- 10) Population Milestone: The 2020 population estimate for the greater Tri-Cities area surpassed 300,000 for the first time; this threshold is a harbinger of many national businesses beginning to look at the area as a site for new locations.

Port staff also enlisted independent review of the Vista Field Market Study & Analysis by local real estate professionals.



VISTA FIELD PRICING

preliminary

USE	Market Price/ Per Lot		Art Policy (3%)		Asking Price/ Per Lot		Real Estate Commission (4%)		NET PER LOT
Residential Detached	\$ 85,000	+	\$ 2,550	=	\$ 87,550	-	\$ 3,502	=	\$ 84,048
Live/Work	\$ 95,000	+	\$ 2,850	=	\$ 97,850	-	\$ 3,914	=	\$ 93,936
Residential Attached (Townhomes/Duplex/Patio)	\$ 100,000	+	\$ 3,000	=	\$ 103,000	-	\$ 4,120	=	\$ 98,880

USE	Market Price / Per SF		Art Policy (3%)		Asking Price / Per SF		Real Estate Commission (4%)		NET PER LOT
Commercial (office/retail/hotel)	\$ 20.00	+	\$ 0.60	=	\$ 20.60	-	\$ 0.82	=	\$ 19.78

Multi-Family - based on density. 2021 market research finds \$10,000 - \$13,000 per dwelling unit.

DISCUSSION:

- Staff welcomes any questions or comments by the commission.
- Would commissioners like to see any portion of the Vista Field Market Study & Analysis in greater detail at the next commission meeting?

Market Study & Analysis Report

Vista Field Regional Town Center, Phase I Kennewick, Washington 99336



Date of the Report

October 20, 2020

Prepared for

Port of Kennewick
Ms Amber Hanchette

Prepared by

Nikki Griffith, MAI, CCIM
Sandollar LLC | Appraisal Group SEWA
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Internal File Number SEWA #2020-187

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Nikki Griffith, MAI, CCIM
Washington State Certified General Appraiser

Gary E Chamberlin, Consultant
Nathan Pratt, Appraiser
Sonnia King, Appraiser
David Hall, Researcher
Dianne Hopkins, Researcher

October 20, 2020

Port of Kennewick
350 N Clover Island Dr #200
Kennewick, WA 99336

Attention: Ms Amber Hanchette, Director of Real Estate

Internal File Number: SEWA #2020-187

Re: Market Study & Analysis, Phase I of the Vista Field Regional Town Center, Kennewick,
Benton County, Washington 99336

Dear Ms Hanchette:

In accordance with your authorization, I have conducted the market research and analysis necessary to form an opinion of the probable marketing and pricing strategy for a variety of land parcels to be allocated for different types of uses in the subject property as above referenced. A copy of your authorization as well as the scope of work definition is included in the Addenda of the report. The Overall Purpose from your authorization is described here:

Overall Purpose – “To better understand the Tri-Cities real estate market, pre-COVID19 (Port is not asking Appraisal Group SEWA to speculate on impacts {timing, product type demand, pricing, capital availability, etc.})... in order for port staff to recommend a pricing strategy to port commissioners for future land sales in Vista Field neighborhood of the City of Kennewick. The development will be urban in nature with shared parking, common areas and shovel ready parcels or lots. The port will be selling land in a variety of configurations: residential, multifamily, mixed use commercial, live/work, commercial.”

The subject property will be comprised of various sized land parcels to be created containing in the aggregate ± 20 acres, and which are part of a larger irregularly shaped parcel of land in the central core of the property previously known as the Vista Field Airport located in the City of Kennewick, Benton County, Washington State. It comprises all or portions of four Benton County tax lots known as #132993000000001, 002, 014 and 015 collectively owned by the Port of Kennewick. The land was recently re-zoned UMU, Urban Mixed Use by the City of Kennewick, which is designed "to accommodate a wide variety of commercial and residential activity, particularly those that are pedestrian oriented, in a dense urban setting".

The parcels will comprise what is known as Phase I of the redevelopment of the Vista Field Regional Town Center, and are sandwiched between two east/west roadways, i.e., W Grandridge Blvd on the north and W Deschutes Ave on the south, both of which are 2-lane with center turn lane, mostly east/west secondary arteries serving the Vista Field neighborhood. A newly completed public right of way known as Crosswinds Blvd travels in a northwestwardly direction from W Deschutes Ave to its intersection at W Grandridge Blvd on the north to provide access to the parcels.

The Market Study & Analysis Report that follows is communicated in a **Restricted Appraisal Report** format which is intended to comply with the reporting requirements set forth under Standards Rule 2-2 of the Uniform Standards of Professional Appraisal Practice for a **Restricted Appraisal Report**¹. Accordingly, the report includes only a summary of the data and analysis with additional information retained in the appraiser's file. Nikki Griffith, MAI, CCIM observed the property and prepared this report.

NOTE: The reader is cautioned that the use of this **Restricted Appraisal Report** is limited only to the client and that the rationale for how the appraiser arrived at the opinions and conclusions set forth in the report may not be understood properly by other readers without a review of additional information contained in the appraiser's work file.

The following report is divided into several sections after the Executive Summary including the following:

- I. Historical Property Overview and Redevelopment Plans
- II. Regional and Neighborhood Overview
- III. Market Study & Analysis – Existing and Projected *Demand* Analysis
 - a. Population and Demographics Characteristics
 - b. Labor Force Characteristics
- IV. Commercial (Office and Retail) Segment Supply Analysis
- V. Residential Segment Supply Analysis
 - a. Single Family Detached – For Sale
 - b. Multi-Family Attached (both For Rent and For Sale)

¹ **Restricted Appraisal Report** – When the intended users include parties other than the client, an Appraisal Report must be provided. When the intended users do not include parties other than the client, a Restricted Appraisal Report may be provided. The essential difference between these two options is the content and level of information provided. The appropriate reporting option and the level of information necessary in the report are dependent on the intended use and the intended users. The report content and level of information requirements set forth in this Standard are minimums for each type of report. (Uniform Standards of Professional Appraisal Practice, 2018-19 Edition, page 20)

ASSIGNMENT CONDITIONS

Please pay particular attention to the Extraordinary Assumptions and Hypothetical Conditions listed below. The value estimate in this appraisal could be different without these assumptions.

Extraordinary Assumptions & Limiting Conditions²

- None

Hypothetical Conditions³

- None of the individual land parcels have as yet been platted and subdivided. Thus, it is a hypothetical condition that such platting and subdivision could be undertaken by the client for the purposes of re-sale and development of Vista Field. The marketing and pricing strategy could be different if this hypothetical condition were not used.

RISK ANALYSIS

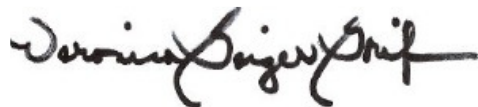
- The location of the property along both sides of Crosswinds Blvd, and representing the central core of the entire project, sandwiched between W Deschutes Ave on the south and W Grandridge Blvd on the north is considered prime. Land in the Vista Field neighborhood has been absorbed steadily over the last 10 to 20 years and prices are rising as vacant land parcels become scarce.
- The availability of data for this assignment is considered only fair due to the fact that similarly zoned parcels are extremely limited in the City of Kennewick given that it is a new designation very different from other zoning designations, and thus estimates were extracted from data with similar uses and densities. A lack of data can affect the reliability of the report.

Given the above facts, the likely pricing strategies projected herein are considered reasonably well supported.

I appreciate the opportunity to provide this service. Please call me with any questions. This letter is invalid as an opinion of value if detached from the report, which contains the text, exhibits and Addenda.

Sincerely,

Sandollar LLC | Appraisal Group SEWA



Nikki Griffith, MAI, CCIM
Certified General Appraiser
Washington #1101758

² **Extraordinary Assumption** is defined as an assumption, directly related to a specific assignment, as of the effective date of the assignment results, which, if found to be false, could alter the appraiser's opinions or conclusions.

³ **Hypothetical Condition** is defined as an assumption, directly related to a specific assignment, as of the effective date of the assignment results, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results but is used for purpose of analysis.

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Certification of Appraisal

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

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, impartial and unbiased professional analyses, opinions and conclusions.
- I have no present or prospective interest in the property that is the subject of this report, and no personal interest with respect to the parties involved.
- I have performed no services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.
- I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- My engagement in this assignment was not contingent upon developing or reporting predetermined results. Furthermore, my engagement was not conditioned upon the appraisal producing a specific value, a value within a given range or the approval of a loan.
- My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- My analysis, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.
- Nikki Griffith has personally inspected the subject property.
- No one provided significant real property appraisal assistance to the person signing this certification.
- The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- As of the date of this report, Nikki Griffith has completed the requirements of the continuing education program for Designated Members of the Appraisal Institute.



Nikki Griffith, MAI, CCIM
Certified General Appraiser
Washington #1101758

EXECUTIVE SUMMARY of CONCLUSIONS
CONSULTANT SCOPE OF WORK



MARKET STUDY & ANALYSIS
Vista Field Regional Town Center, Kennewick, WA

The following table provides a summary of all types of new construction.

New Construction Summary (Square Feet)					
Tri-Cities, Washington					
For the Period January 2014 to June 2020					
	Kennewick	Pasco	Richland	Combined	
Office	359,592	137,269	185,794	682,655	
Retail	366,149	330,684	321,766	1,018,599	
Industrial	269,106	2,056,789	1,141,315	3,467,210	
Apartments	365,166	0	932,657	1,297,823	
Hotels	206,201	160,804	271,093	638,098	
Self Storage	217,926	300,082	78,930	596,938	
Civic/Healthcare	1,110,505	586,099	828,951	2,525,555	
Sub-Total Complete	2,894,645	3,571,727	3,760,506	10,226,878	
Office	67,400	0	0	67,400	
Retail	55,059	0	18,022	73,081	
Industrial	42,000	15,000	273,250	330,250	
Apartments	558,000	60,648	601,000	1,219,648	
Hotels	0	0	0	0	
Self Storage	239,575	38,147	20,000	297,722	
Civic/Healthcare	444,795	110,000	130,500	685,295	
Sub-Total U/C or Planned	1,406,829	223,795	1,042,772	2,673,396	
Office	426,992	137,269	185,794	750,055	5.8%
Retail	421,208	330,684	339,788	1,091,680	8.5%
Industrial	311,106	2,071,789	1,414,565	3,797,460	29.4%
Apartments	923,166	60,648	1,533,657	2,517,471	19.5%
Hotels	206,201	160,804	271,093	638,098	4.9%
Self Storage	457,501	338,229	98,930	894,660	6.9%
Civic/Healthcare	1,555,300	696,099	959,451	3,210,850	24.9%
Sub-Total U/C or Planned	4,301,474	3,795,522	4,803,278	12,900,274	100.0%
	33.3%	29.4%	37.2%	100.0%	

Commercial space development (office and retail) in the Tri-Cities occurs somewhat different from larger metropolitan areas for the following reasons:

- First, the line between pure office and retail users is often blurred in the Tri-Cities with many office users electing to go into more visible retail spaces, primarily because the cost and rental structures are not very different.
- Secondly, a large portion of the newly completed commercial space (estimate 75%) was developed for a specific owner/user rather than an investor for lease to tenants.
- Thirdly, there is a blurring of uses within buildings. For example, an owner may elect to build a home for its business that includes office space, retail showroom space and manufacturing/assembly/warehouse space in varying degrees. While the space suits the owner to a “T”, when the time comes to sell, it is possible that the Owner’s configuration has limited appeal in the overall market.
- And last, the majority of new construction occurs in suburban sectors of the market rather than urban.

MARKET STUDY & ANALYSIS
Vista Field Regional Town Center, Kennewick, WA

Commercial (Office, Retail, Hotel) Development Segment

Office Development

No source of data is available in terms of existing supply. Surveyed all new construction for a 6.5 Year study period through June 30, 2020, summarized as follows:

Current Available Space:	51,499 SF
Rental Rates:	\$14 TO \$25 PSF; avg \$19.05/SF NNN
Current Occupancy Rates:	93%
Absorption Rates:	100,000+ SF/Yr
General Market Trend	Market is strong in both the owner/occupancy and in the “for lease” category, but reaching saturation; very little on the horizon in the way of new development compared to prior years
New Construction Feasible?	Specific target markets only; Vista Field qualifies

Summary of Office Construction in the Tri-Cities (Square Feet)

For the Period January 2014 to August, 2020

Location		# Projects	Complete	# Projects	UC / Planned	# Projects	Combined	%
Kennewick	East	1	47,340	0	-	1	47,340	6.3%
"	Central	3	13,489	1	6,400	4	19,889	2.7%
"	Gage Blvd	8	64,455	1	-	9	64,455	8.6%
"	US 395 South	8	70,507	0	-	8	70,507	9.4%
"	Vista / CC Mall	12	137,154	2	61,000	14	198,154	26.4%
"	W Clwtr	4	26,647	0	-	4	26,647	3.6%
"	Sub-Total	36	359,592	4	67,400	40	426,992	56.9%
Richland	Central	5	62,347	0	-	5	62,347	8.3%
"	South	5	106,681	0	-	5	106,681	14.2%
"	Queensgate	1	8,426	0	-	1	8,426	1.1%
"	West	1	8,340	0	-	1	8,340	1.1%
"	Sub-Total	12	185,794	0	-	12	185,794	24.8%
Pasco	West	7	137,269	0	-	7	137,269	18.3%
	Sub-Total	7	137,269	0	-	7	137,269	18.3%
Combined	Grand Total	55	682,655	4	67,400	59	750,055	100.0%
Avg SF			12,412	Avg	16,850	Avg	12,713	
Avg/Yr			105,024					

MARKET STUDY & ANALYSIS
Vista Field Regional Town Center, Kennewick, WA

Retail Development

No source of data is available in terms of existing supply. Surveyed all new construction for a 6.5 Year study period through June 30, 2020, summarized as follows:

Current Available Space:	17,318 SF
Rental Rates:	\$16 to \$26 PSF; avg \$20.32/SF NNN
Current Occupancy Rates:	98.3%
Absorption Rates:	152,000 SF/Yr
General Market Trend	Market is strong in both the owner/occupancy and in the “for lease” category, but reaching saturation; very little on the horizon in the way of new development compared to prior years
New Construction Feasible?	Specific target markets only; Vista Field qualifies for a limited amount

Summary of Retail Construction in the Tri-Cities (Square Feet)

For the Period January 2014 to August, 2020

Location		# Projects	Complete	# Projects	Under Constr / Planned	# Projects	Combined	%
Kennewick	East	3	10,548	0	-	3	10,548	1.0%
"	Central	6	21,302	1	10,552	7	31,854	2.9%
"	Gage Blvd	3	23,186	0	-	3	23,186	2.1%
"	US 395 South	13	147,930	1	6,900	14	154,830	14.2%
"	Vista / CC Mall	8	133,887	2	25,475	10	159,362	14.6%
"	W Clwrtr	2	29,296	3	12,132	5	41,428	3.8%
"	Sub-Total	35	366,149	7	55,059	42	421,208	38.6%
Richland	Central	9	64,551	3	18,022	12	82,573	7.6%
"	South	1	5,000	0	-	1	5,000	0.5%
"	Queensgate	19	232,685	0	-	19	232,685	21.3%
"	West	4	19,530	0	-	4	19,530	1.8%
"	Sub-Total	33	321,766	3	18,022	36	339,788	31.1%
Pasco	West	19	256,966	0	-	19	256,966	23.5%
"	All Other	8	73,718	0	-	0	73,718	6.8%
	Sub-Total	27	330,684	0	-	27	330,684	30.3%
Combined	Grand Total	95	1,018,599	10	73,081	105	1,091,680	100.0%
Avg SF			10,722	Avg	7,308	Avg	10,397	
Avg/Yr			156,708					

Niche Commercial Market - Big Box Space

In looking at the retail product available for lease, the following big box spaces are currently being marketed and not included in the previous numbers. Brokers in this segment report that this segment is experiencing higher vacancy than in the past due to increasing closures in the retail industry. In any event, about 112,940 SF of big box space was released in 2019, not counting the Dick's Sporting Goods.

BIG BOX Space Available For Lease
Tri-Cities, WA
As of 03/31/2020

<u>Former Tenant</u>	<u>Address</u>	<u>City</u>	<u>Space Available</u>	<u>Rental Rate</u>	<u>Year Built</u>
Hastings	1425 G W Way	Richland	10,400	\$12	1974
Retail	908 N Colorado Ste A	Kennewick	33,456	\$9	1996
Office Max	908 N Colorado Ste B	Kennewick	7,184	\$9	1996
Sports Authority	908 N Colorado, Ste C	Kennewick	27,815	\$10	1996
Toys R Us	821 N Columbia Ctr Blvd	Kennewick	38,000	Unk	1970
Ashleys Furniture	1340 Tapteal Dr	Kennewick	13,200	\$10	2007
Albertson's	1320 Lee Blvd	Richland	41,316	\$10	1961
			171,371	\$9 to \$14 avg	

****NOTE:** Goodwill Industries completed a new store on Columbia Center Boulevard and vacated 22,940 SF at 2801 W Kennewick in mid-September 2019 when the new store opened. Harbor Freight almost immediately signed a new lease for the former Goodwill store; they opened in November 2019 in the new location expanding their presence in the Tri-Cities.

*****NOTE:** The former Shopko space containing about 90,000 SF was vacated in May 2019, but almost immediately re-leased to At Home, a no-frills home décor retailer that opened in September 2019.

NOTE: The Sears Store at the Columbia Center Mall containing an estimated 160,000 SF has been vacated, but it has not yet been listed for lease and the availability of that space is questionable.

NOTE: Dicks Sporting Goods removed the former theatre at the Columbia Center Mall and opened its new store in September 2019 in time for the holiday shopping season.

NOTE: JCPenney filed for bankruptcy protection in May 2020 and it is likely that the store at the Columbia Center Mall will be closed permanently.

Hotel Development

According to the Tri-Cities Herald, the base inventory of hotel rooms in the Tri-Cities as of 2014 totaled 3,358 rooms. A survey was conducted of all new hotel rooms constructed since that time. A total of 1,059 rooms (31.5% increase) has been added to the base inventory, bringing the total to 4,417 rooms.

Total New Hotel Construction

Tri-Cities, WA
2014 to 2020 YTD

City	# Projects	Total Rooms
Kennewick	3	337
Pasco	3	283
Richland/WRichland	<u>4</u>	<u>439</u>
Sub-Totals	10	1,059
	Base Inventory	<u>3,358</u>
	Combined Total	4,417

Average Daily Room Rate:	N/A
Estimated Occupancy	65%, borderline feasible
Feasibility of New Construction	Very doubtful; a 31% increase in supply was added in only six years; market needs time to catch up

SUMMARY – COMMERCIAL LAND SALE STUDY

Projected Land Parcel Pricing Strategy - Commercial Land (Office, Retail, Hotel)

Size of Parcel (AC)	Small Up to 1.0 AC		Medium Up to 1.5 AC		Large Up to 2.0 AC		Extra Large Up to 2.5 AC	
Size of Parcel (SF)	≥21,780 SF ≥43,560 SF		≥43,561 SF ≥65,340 SF		≥65,341 SF ≥87,120 SF		≥ 87,121 SF ≥108,900 SF	
Location	1*	\$20.00	1*	\$15.00	1*	\$12.50	1*	\$10.00
\$ PSF	2*	\$15.00	2*	\$12.50	2*	\$10.00	2*	\$8.50

1* - fronts along a central corridor with greater traffic count

2* - fronts along a secondary interior corridor with very low traffic count

NOTE: As parcel size increases, less reliance on master developer's common facilities including parking decreases.

Residential For Sale DETACHED Segment

SFR Detached Housing Trends – A study period of 6.5 years, January 2015 to June 30, 2020 (4,252 transactions, reflecting sales of \$1.5 Billion in subdivisions of 10 lots or larger) reveals that:

- Concentrations By City*

Table 5.3

Transaction Activity for the Tri-Cities Market
January 2015 through June, 2020

	Kennewick	Pasco	Richland	West Richland
# of Subdivisions	26	24	18	10
Total Transaction Volume	29.3%	38.6%	25.5%	6.6%
Total Dollar Volume	29.5%	35.0%	28.0%	7.5%

- Price:* Prices have risen increasing prices of an average of 10% per year every year; trend expected to continue
- DOM:* Days on the market has averaged 64 days and is declining
- Size:* Average Size (SF) has declined from 2,349 to 2,124, an overall decrease of 259 SF or approximately 11%; and is expected to continue to decline
- Style:* 90% rambler; 10% 2-story (majority is attached); no change expected
- Garage Capacity:* 68%, 3CAG increasing demand; 32%, 2CAG declining demand
- Basement:* Fewer than 3% had a basement; predominantly custom homes only
- Lot Size:* Declining; only 3% were on lots ≤5,000 SF; majority were >6,500-8500 SF
- Current Pricing:* List prices range from \$186 to \$200 PSF (including lot); trending up
- Type:* 94.6% of the total during the study period were detached; no change expected

General Market Trend

Market is strong and moving upward

New Construction Feasible?

Yes, Very Feasible; less than a 6-month supply; lot size is not as critical as home and amenities

Projected Land Pricing Strategy - Single Family Detached

Projected Lot Pricing to Developers

Lot Price To Pkg %	\$85,000	\$95,000
20%	\$425,000	\$475,000
25%	\$340,000	\$380,000
30%	\$285,000	\$315,000

Garage Location Strategy

One project in the Tri-Cities area, Badger Mountain South in Richland, was conceived several years ago as a fairly dense project, mostly SFR detached homes on smaller lots in a master-planned type of community. The project expected buildout of 5,000 housing units over 1,500 acres. The original vision expected completion by 2030, but that date has been revised as the developer's representative expects it to be completed much sooner if the rate of growth continues at its present pace.

Currently about 750 units are complete, and another 276 apartment units are under construction along with a new service station, convenience store and fast-food restaurant that was completed earlier this year. Previously the only commercial construction was the Country Mercantile which opened a second location here.

MARKET STUDY & ANALYSIS
Vista Field Regional Town Center, Kennewick, WA

“Single-family homes in Badger Mountain South originally faced stringent restrictions on aesthetics, with garages facing an alley instead of the street. It was thought these guidelines, along with other limitations, were the reason for the lagging development seen about five years into the first phase. The city eventually removed some of the restrictions.”
(Source: Journal of Business, August 2019)

We are familiar with this development having appraised some of the new homes in Badger Mountain South. We have also spoken to the developer’s local representative and others that have listed or sold property in that area.

Based on those discussions, the findings for alley loaded garages are as follows:

- The primary buyers are those families without children, i.e., the millennial generation that have not started families yet, and the empty nesters, who no longer have children at home.
- The development specs for the alley surface are not the same as for the standard roadway since through traffic is not expected; and tend to deteriorate and require more maintenance and repairs.
- The alleys are narrow which makes it difficult to make a 90 degree turn into a garage without a lot of maneuvering in some cases. This becomes more problematic when there is a heavy winter. Could potentially be resolved by angling the garages somewhat to facilitate in/out.
- National builders put about 10% to 12% of their total into this product.

Conclusion: There are some challenges with this type of development but since Vista Field will be the only development offering this type of product, it should capture all of the demand.

Residential For Sale ATTACHED Townhouse Segment

SFR Attached Housing Trends – A study period of 6.5 years, January 2015 to June 2020 (118 transactions) reveals that:

- # of Subdivisions – There were only five active townhouse subdivisions developed since 2015 to 2019; two new in 2020; six are currently active; increasing activity for this segment
- *Price*: Prices have also risen increasing prices of an average of 10% per year every year
- *DOM*: Days on the market has averaged 80 days and is declining
- *Size*: Average Size (SF) has actually increased slightly
- *Style*: 31% rambler; 69% 2-story; no change expected
- *Garage Capacity*: 98%, 2CAG and increasing demand; 2%, 1CAG, declining demand
- *Basement*: None historically, currently one subdivision offers finished basements
- *Lot Size*: Static; average lot size $\leq 5,000$ SF
- *Current Pricing*: List prices range from \$174 to \$241 PSF (including lot)
- *Type*: 5.4% of the total during the study period were attached

General Market Trend

Market is strong and moving upward

New Construction Feasible?

Yes, Very Feasible; less than a 6-month supply; lot size is not as critical as home and amenities

Projected Land Pricing Strategy - Single Family Attached
Projected Lot Pricing to Developers

Lot Price To Pkg %	\$50,000	\$55,000
20%	\$250,000	\$275,000
25%	\$200,000	\$220,000
30%	\$166,000	\$183,000

Residential For Sale DETACHED – DUPLEX Segment

In addition to the “attached” SFR townhome product discussed above, we are aware of one duplex style townhome developed by Greenplan Construction in central Kennewick known as Irving Square. A total of 22 duplex lots, or 44 units were developed and sold over the 12-month period between 08/31/2018 and 09/13/2019. The list prices for the mostly identical units averaged \$395,000 for units averaging 1,287 SF, reflecting a sale price of \$140.32 PSF average. These were all 3BR, 2B, 1CAG 2-story units. DOM averages were deceiving as the units were listed long before they were completed and available. It does appear as if the owner is living in one unit and renting out the other in the majority of cases. These were not units immediately grabbed up by investors. Given that there was only one development during the study period, it is difficult to predict a trend other than the units sold readily as they became available at the list prices, given the limited amount of product in the market.

General Market Trend	Market appears strong but depth has not been tested
New Construction Feasible?	Yes, Very Feasible; less than a 6-month supply; lot size is not as critical as home and amenities

Projected Land Pricing Strategy – Duplex Lots **Projected Lot Pricing to Developers**

Lot Price To Pkg %	\$50,000	\$55,000
20%	\$250,000	\$275,000
25%	\$200,000	\$220,000
30%	\$166,000	\$183,000

Residential For Rent ATTACHED Segment

New Apartment Units Constructed (Projects/Units)					
Tri-Cities, WA					
2014 to 2020 YTD					
	Kennewick	Pasco	Richland	W Richland	Combined
# Projects / # Units					
Completed Since 2014	(7) 394	0	(6) 958	0	(13) 1,352
# Projects / # Units U/C or Planned	(3) <u>531</u>	(1) <u>60</u>	(4) <u>601</u>	<u>0</u>	(8) <u>1,192</u>
Combined	(10) 925	(1) 60	(10) 1,559	0	(21) 2,544
			Total Added in 2013		<u>994</u>
			Grand Total New Construction SINCE 2013		3,538

Of the total of 21 projects developed, only seven contained 30 units or less and represented less than 10% of all units developed. The majority of those projects contained 2- and 3-bedroom townhouse style units. Two other projects announced but details not yet available:

1. The 19 on Canal Dr – a multi-story building to contain retail on the main floor and 33 luxury units above is in the planning stages at 19 N Auburn St in the historic downtown district.
2. 1100-1200 Jadwin – Two multi-story office buildings (50,000 SF and 110,000 SF respectively) were purchased by partners Crook/Lipus; 1100 Jadwin is to be renovated as first class office space at a cost of \$5 Million and began in August 2020; followed by redevelopment of the other 7-story building with luxury apartment units. No final plans have been announced for this urban style project

Current Occupancy Level: 97.5% overall market, stable

Current Average Rent Level: \$1,022 overall market

General Market Trend Market is strong and moving upward

New Construction Feasible? Yes, Very Feasible; less than a 6-month supply; lot size is not as critical as home and amenities

Correlated Marketing and Pricing Strategy – Multi-Family Apartment Land

Vista Field's Residential Component will likely contain one or more smaller plots for development with "for rent" vs "for-sale" product. In my opinion, several smaller sites reflecting a density of 1,200 SF per unit suitable for, say 30 units, could be marketed to apartment developers on secondary arteries for prices in the \$7.50 PSF or \$310,000/AC. That density would likely not provide for any large-scale amenities such as a clubhouse or pool but would instead provide renters with a unit that felt more like home. Thus a 36,000 SF site could be listed for \$ 270,000.

SUMMARY – LAND PRICING STRATEGY BY TYPE

Projected Land Parcel Pricing Strategy - Commercial Land (Office, Retail, Hotel)

Size of Parcel (AC)	Small Up to 1.0 AC	Medium Up to 1.5 AC	Large Up to 2.0 AC	Extra Large Up to 2.5 AC
Size of Parcel (SF)	≥21,780 SF ≥43,560 SF	≥43,561 SF ≥65,340 SF	≥65,341 SF ≥87,120 SF	≥ 87,121 SF ≥108,900 SF
Location	1* \$20.00	1* \$15.00	1* \$12.50	1* \$10.00
\$ PSF	2* \$15.00	2* \$12.50	2* \$10.00	2* \$8.50

1* - fronts along a central corridor with greater traffic count

2* - fronts along a secondary interior corridor with very low traffic count

NOTE: As parcel size increases, less reliance on master developer's common facilities including parking decreases.

Projected Land Pricing Strategy - Single Family Detached Projected Lot Pricing to Developers

Lot Price To Pkg %	\$85,000	\$95,000
20%	\$425,000	\$475,000
25%	\$340,000	\$380,000
30%	\$285,000	\$315,000

Projected Land Pricing Strategy - Single Family Attached Projected Lot Pricing to Developers

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MARKET STUDY REPORT & ANALYSIS

Vista Field Town Center, Phase I



I. Historical Overview & Redevelopment Plan

Vista Field Brief History

Vista Field was developed in the early 1940's by the City of Kennewick for use as a municipal airport after acquiring the land from the Kennewick Irrigation District. During World War II, the field was leased to the U.S. government, which used it as an auxiliary field to the Naval Air Station Pasco for training pilots. After the war, the city re-acquired the field, and Vista Field then served as the general aviation airfield airport.

The area surrounding the airport developed over the following years as the heart of the commercial and financial district of the Tri-Cities in close proximity to the Columbia Center Mall neighborhood until the airport was closed due to the high cost of operations on December 31, 2013. The field covered an area of approximately 103 acres and had one 4,000' long runway along with associated hangers, fuel stations, buildings and other support infrastructure.

Re-Development

Post-closing, a multi-year effort spearheaded by the Port of Kennewick and other stakeholders sought to get public involvement through online surveys, public meetings, and a week-long public charrette series to determine the future of the airport redevelopment. According to the Port's website:

“Through these efforts, citizens identified and advocated for Vista Field to become a lively, urban core. Small-scale city blocks with pedestrian-friendly neighborhoods, a mix of work and open spaces, restaurants, and shops were identified as essential elements.

The concepts and details included in the Vista Field Redevelopment Master Plan are the results of the community's substantial and valuable feedback, and the close collaboration between the Port, City of Kennewick, other partners, and the public throughout the planning process.”

In March 2017, the Arts Center Task Force signed a letter of intent to purchase land in the heart of the project for its Vista Arts Center project, making the nonprofit the first private partner to commit to the vision. The center was expected to cost \$35 to \$40 Million. Unfortunately, the nonprofit pulled out due to a lack of funding when its option on 2.2 acres of land in Vista Field expired in March 2020. The Port and the City of Kennewick then signed off on a master plan as well as development agreement in 2018. The partners upended the city's usual zoning requirements to accommodate a vision of a mixed-use development that blends housing and commercial (offices and retail) and other uses in an urban setting.

The Port made application for permits to proceed with the first phase of infrastructure development in the spring of 2018, with construction beginning in April 2019. Construction of Phase I improvements are now complete, and the sale of the first parcels is expected to begin in early 2021. At full development, the 103-acre project will have around 1,000 private residences as well as 740,000 SF of commercial space and for retail, restaurants, professional services and offices. According to the Master Plan document:

“Plans include a network of small-scale streets, focusing on walking, biking, public transit and interconnecting a variety of neighborhoods within the development. Dotted with green spaces, waterways, pathways, civic buildings and public facilities (such as an arts center), Vista Field will be filled with unique shops and local restaurants, cafes, and offices. There will be places for shopping and dining. There will be areas focused on entertainment and open public spaces. There will be areas that recognize and celebrate local history. And throughout, there will be a mix of residential options appealing to a variety of ages and incomes including single family homes, condos, multi-family housing, spaces for mother-in-law cottages, and even opportunities for places to live above and work below.”

The Master Plan was developed along the lines of “New Urbanism Foundation” which is defined as a “neighborhood-scale planning approach that is centered on vibrant public spaces with adjacent private amenities that are easily accessible through a variety of modes of travel, especially walking.” The layouts of these types of development often follow traditional small-town patterns and characteristics, which appeal to a significant percentage of the population. There is growing market demand for these developments, but very few “New Urbanism” options are currently available within the Tri-Cities. A suggested Land Use & Building Size by Type is part of the master plan.

In accordance with the plan, the City of Kennewick created a new zoning designation, Urban Mixed Use (UMU) which allows mixing of a variety of uses, both horizontally and vertically. Ample surface parking for vehicles is identified, however parking areas are located behind the buildings rather than in front of the buildings. This simple change results in streets with no driveways along the frontage.

The following pages include both a breakdown of the prospective uses within the development as well as an artist’s rendering of the eventual build-out.

MARKET STUDY & ANALYSIS
Vista Field Regional Town Center, Kennewick, WA

VISTA FIELD REDEVELOPMENT MASTER PLAN
Land Use and Building Size By Type

Residential

495 units @	2,000 SF Avg SFR Attached	990,000
250 units @	1,000 SF Avg SFR Condo	250,000
350 units @	1,000 SF Avg Apts - Low Rise	350,000
1,095 units @	1,452 SF Avg -Sub-Total Residential	1,590,000

Commercial / Civic

-- Retail	155,000
-- Restaurant	75,000
-- Grocery	60,000
-- Office	320,000
-- Performing Arts	45,000
-- Neighborhood Civic	40,000
-- Educational	45,000
Sub-Total Commercial	740,000
Sub-Total Residential	1,590,000
TOTAL BUILDING	2,330,000



Phasing of Re-Development

The re-development plan is broken into eight phases and will be developed by the Port on a “pay as you go” practice over an extended period of an expected 20 years. Phase I of the project, which is the subject of this market study and analysis is envisioned to evolve in similar manner to the following diagram. This development is actually at the center core of the project, rather than beginning at one end or the other, and future development will progress from the center to the edges. This provides maximum flexibility, both from a development and a timing standpoint. According to the master plan:

“Starting Phase 1 in the middle of the property has many benefits. Essential cross-runway roadway and utility connections can be established from the onset, which will forever alter the feel of the entire Vista Field area. No longer will the runway and fencing be a mile-long barrier, which existed for 30 years before Columbia Center Mall was constructed in the early 1970s. Necessary utility connections, which establish redundant loops in the water system and secondary electrical service routes, are also a benefit of starting at the center of the site...Proximity to desirable surrounding land uses is yet another benefit to starting in the core of the site. The daytime population of the nearly 600,000 SF of industrial and warehouse uses directly to the southeast of the site provides significant daytime populations in the immediate vicinity, affording great prospects for restaurants...”



NOTE: Since the Arts Center Task Force is not currently moving ahead, the area on the right-hand side of this rendering will be re-worked in accordance with the final plan adopted.

Market Study & Market Analysis Process Undertaken

Market study and analysis is the foundation of economic decision making. Fundamental to real estate market analysis then is the relative balance of supply and demand.

“*Market Study*” is defined as a macroeconomic analysis that examines the general market conditions of supply, demand, and pricing or the demographics of demand for a specific area or property type. A market study may also include analyses of construction and absorption trends.⁴”

“*Market Analysis*”

1. The identification and study of the market for a particular economic good or service; and / or
2. A study of market conditions for a specific type of property. (USPAP, 2002 ed)

“A market analysis seeks to identify the highest and best use of property in terms of market support (demand), timing of demand (absorption) and market participants needs and desires (probable buyers and users)...Supply and demand considerations direct the collection of data required to develop a perspective on the economic environment that affects the property. Such an economic overview includes a description of the general economy and analysis of economic patterns, trends and cycles....”⁵

Thus, the following report will delve into these areas in order to provide the framework within which to estimate the probable marketing and pricing strategies for the subject land parcels in Phase I.

⁴ *The Dictionary of Real Estate Appraisal*, Fourth Edition, Appraisal Institute

⁵ *Market Research in Real Estate Appraisals*, Appraisal Institute, 1994, pg 7

II. Regional and Neighborhood Overview

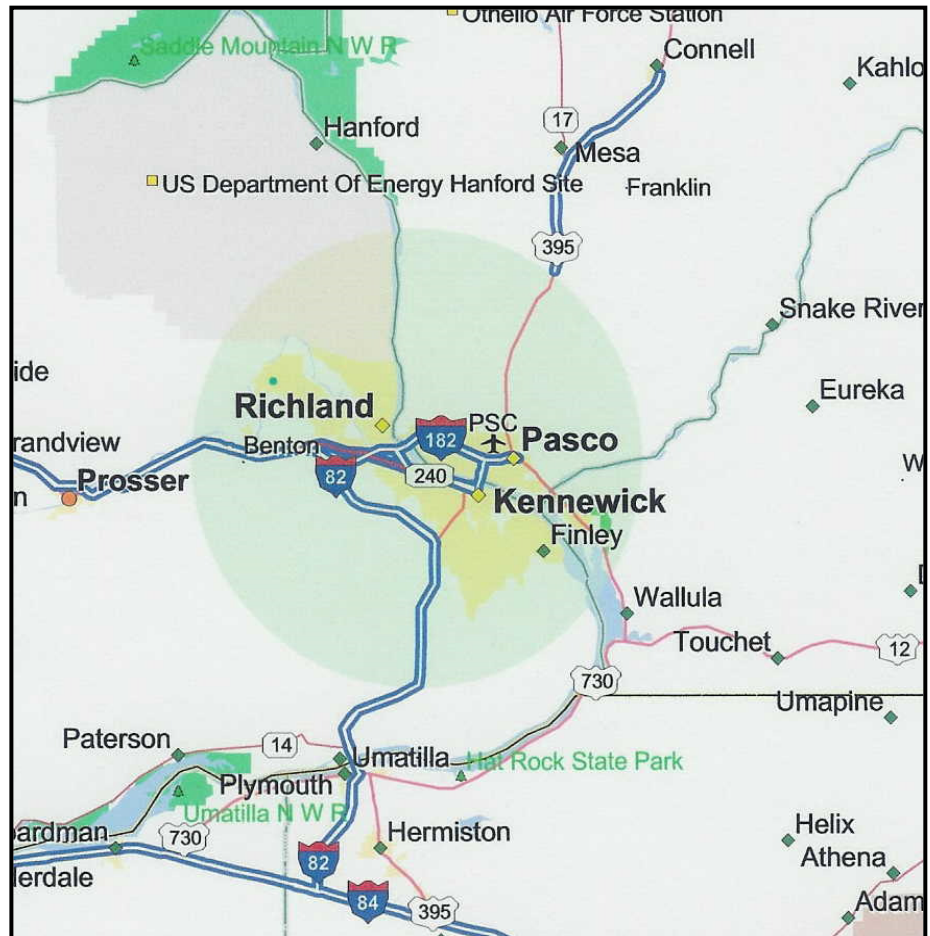
Regional Demographic Data

Updated Quarterly, Most Recent Update Q3 (August), 2020

Location

The Tri-Cities Metropolitan Statistical Area (MSA) is in south central / south eastern Washington State at the confluence of the Columbia, Snake, and Yakima Rivers in the heart of Washington State's wine country. The rivers provide the region with abundant irrigation, energy and recreational opportunities.

The Tri-Cities MSA is comprised of **two counties, Benton and Franklin Counties**, which combined occupy a total land area of approximately 2,942 square miles. Benton County occupies a total land area of 1,700 square miles, varying in topography from level, irrigated farmland to the rolling hills of the Rattlesnake Mountain and Horse Heaven Hills. Franklin County occupies a total land area of 1,242 square miles. It is predominately agricultural: about 40% of the land is irrigated, 31% is dry-land wheat, 26% is grazing land, and 3% is town and suburban areas. Population density is equivalent to 103 persons per sq. mi. in Benton County and 62.3 persons per sq. mi. in Franklin County.



MARKET STUDY & ANALYSIS
Vista Field Regional Town Center, Kennewick, WA

Climate

The region benefits from a location in the semi-arid high desert river basin, and within the rain shadow of the Cascade, Blue, Wallowa and Rocky Mountains. There is very nominal annual precipitation of less than 8” per year and an average high/low/average temperature of 65.5 / 43.7 / 54.6.

Climate Kennewick - Washington							°C °F
	Jan	Feb	Mar	Apr	May	Jun	
Average high in °F:	42	48	58	66	74	82	
Average low in °F:	29	31	36	42	49	56	
Av. precipitation in inch:	1.06	0.79	0.75	0.55	0.63	0.51	
Days with precipitation:	-	-	-	-	-	-	
Hours of sunshine:	-	-	-	-	-	-	
Average snowfall in inch:	1	0	0	0	0	0	
	Jul	Aug	Sep	Oct	Nov	Dec	
Average high in °F:	90	89	80	66	51	40	
Average low in °F:	62	61	52	42	35	29	
Av. precipitation in inch:	0.24	0.2	0.31	0.59	0.98	1.14	
Days with precipitation:	-	-	-	-	-	-	
Hours of sunshine:	-	-	-	-	-	-	
Average snowfall in inch:	0	0	0	0	0	0	

Source: USClimatedata.com

This temperate climate and the lengthy growing season is especially beneficial for agricultural related industries and Washington State in general and Benton and Franklin Counties in particular, are top producers in many areas of agricultural activity in the United States. Food processing has become a larger and larger part of the economy over the last decade. The area is also within the heart of the Columbia Valley AVA, and there are now over 300 wineries and tasting rooms in the area. The climate as well as the location in proximity to the Columbia, Yakima and Snake Rivers, also provide many recreational opportunities for the region.

History

The region was settled in the late 1800s by cattle and horse ranchers, primarily along the Columbia River, which allowed product to get to market. Farming included corn, wheat, alfalfa, potatoes, and fruit, especially apples. Dry-land farming was also successful, but in the 1890’s, the first of the region’s irrigation canals were built and expansion occurred in orchards, vineyards, farming and ranching. Farming expanded and supports the region today.

The region is probably best known today for the U.S. Department of Energy’s (DOE) development of the Hanford Site in 1943 as part of the Manhattan Project, the location of the United States’ first B Reactor, the first full scale plutonium production facility used in the first nuclear bombs. The project ultimately expanded to include nine nuclear reactors and five large plutonium processing complexes. However, early cleanup procedures were largely inadequate, and cleanup of toxic waste became a

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driving factor in the economy over the next several decades, along with diversification in scientific research and nuclear energy. The site is now mostly decommissioned.

Towns and Cities

Benton County's largest cities are Richland and Kennewick. Smaller outlying areas of the county include West Richland, Benton City, Finley, Kiona, Whitstran, Prosser (County Seat), Paterson, and Plymouth.

- Kennewick was incorporated in 1904. Now the largest population of the Tri-Cities, it is supported primarily by light industrial service and retail trade.
- Richland was incorporated in 1910. In 1943, the U.S. Government selected the area to site the Manhattan Project to produce plutonium for nuclear weapons. It was transferred from federal control in 1958 and became a chartered First-Class city. Clean-up of the Hanford Site is one of the major economic drivers today.

Franklin County's largest city is Pasco (County Seat). Smaller, outlying cities within the county include Connell, Kahlotus, Basin City, Eltopia, and Mesa.

- Pasco was the first city that early settlers developed and incorporated in 1891. Acknowledged for its strong agricultural and industrial base, Pasco has grown into one of the region's largest food processing and agricultural centers. Today it is the 3rd fastest growing areas in the state.

Population Trends

The following chart depicts population trends reported by Washington State for the area since the last census. The Tri-Cities has experienced a nearly 50% increase in absolute numbers of citizens since 2000, indicating that it is in the midst of both a population and economic boom. It is currently listed at 302,460 persons in the final count, updated in April 2020.

The cities of Kennewick, Pasco, Richland, and West Richland grew by about 36,400 persons between 2010 and 2018 according to new population estimates released May 22, 2019 by the United States Census Bureau. Projections are that an additional 112,000 more persons are estimated to live here in 20 years based on the Benton-Franklin Council of Government's Transition 2040 plan.

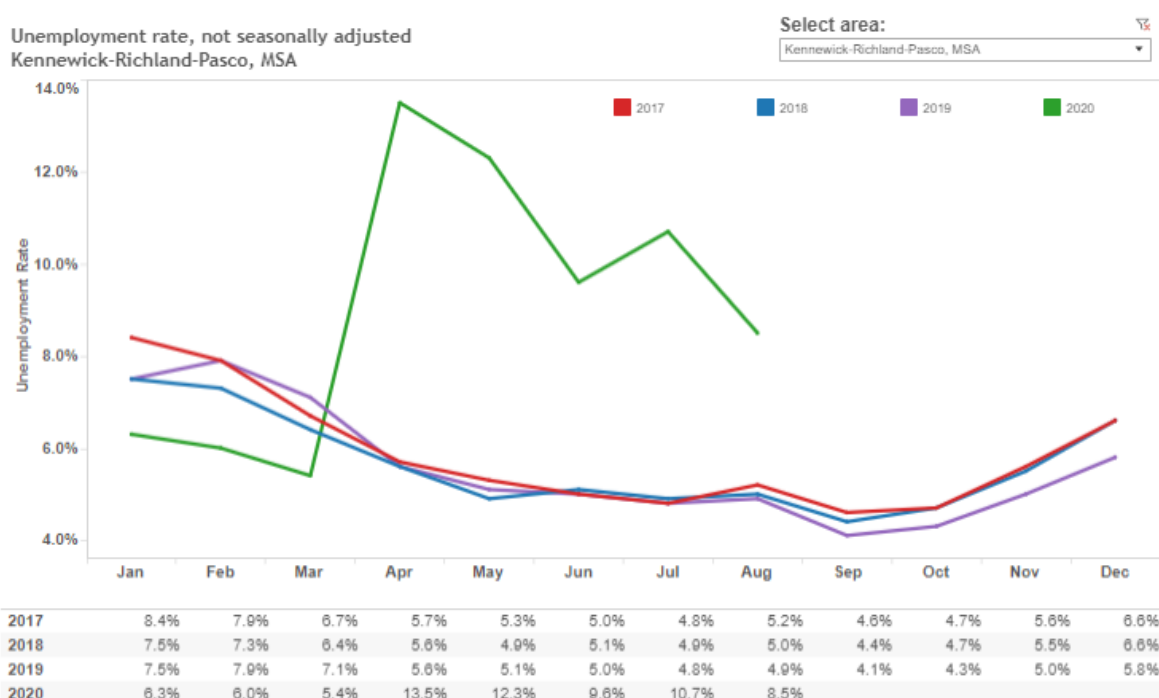
The 2020 estimate surpassed 300,000 for the first time; this threshold is a harbinger of many national businesses beginning to look at the area as a site for new locations.

Population Trends for the Tri-Cities, WA MSA											
Area	2010	2011*	2012*	2013*	2014*	2015*	2016*	2017*	2018*	2019*	2020*
MSA	253,340	258,400	262,500	268,200	273,100	275,740	279,170	283,830	289,960	296,480	302,460
Benton County	175,177	177,900	180,000	183,400	186,500	188,590	190,500	193,500	197,420	201,800	205,700
Kennewick	73,917	74,665	75,160	76,410	77,700	78,290	79,120	80,280	81,850	83,670	84,960
Richland	48,058	49,090	49,890	51,150	52,090	53,080	53,410	54,150	55,320	56,850	58,550
West Richland	11,811	12,200	12,570	13,080	13,620	13,960	14,340	14,660	15,320	15,340	15,710
Franklin County	78,163	80,500	82,500	84,800	86,600	87,150	88,670	90,330	92,540	94,680	96,760
Pasco	59,781	61,000	62,670	65,600	67,770	68,240	70,560	71,680	73,590	75,290	77,100
Source: WA State Office of Financial Management, April 1, 2020 Used for Allocation of Selected State Revenue											
*Based on Estimates from 2010 US Census as determined in April every year											

Labor Force and Employment

One of the major reasons for population growth is the strong economy with abundant job opportunities. The region possesses a well-educated and professional work force; in fact, in 2011, the Tri-Cities held the #1 spot in the nation for the number of PhDs per capita in its work force as a result of the scientific research carried out at Hanford by many of the sub-contractors. Benton County's labor force also includes a high percentage of high-end managerial and professional specialty occupations. Due to its large agricultural base, Franklin County's work force is a high concentration of farming and fabrication occupations.

The most recent not seasonally adjusted *monthly* data from the U.S. Bureau of Labor Statistics is for July 2020 and suggests a preliminary local jobless rate of 10.9%. The following chart shows the unemployment rate, not seasonally adjusted for the period 2017 through July 2020.



Employment and unemployment, not seasonally adjusted
Kennewick-Richland-Pasco, MSA

	2020	2019	2018	2017
	August	September	August	September
Civilian Labor Force	154,686	147,996	149,340	140,138
Employment	141,520	141,877	142,060	142,197
Unemployment	13,166	6,119	7,280	139,153
Unemployment Rate	8.5%	4.1%	4.9%	132,765
				135,139
				132,447
				6,388
				7,234
				4.6%
				5.2%

Source: WA State Employment Security Department
<https://esd.wa.gov/labormarketinfo/labor-area-summaries>

Annual unemployment rates for Kennewick-Richland-Pasco MSA from 2007 to 2020 are reported in the following chart. Labor force growth has increased strongly, and unemployment rates have clearly declined since 2007. This chart then compares current data with other counties and the state of Washington.

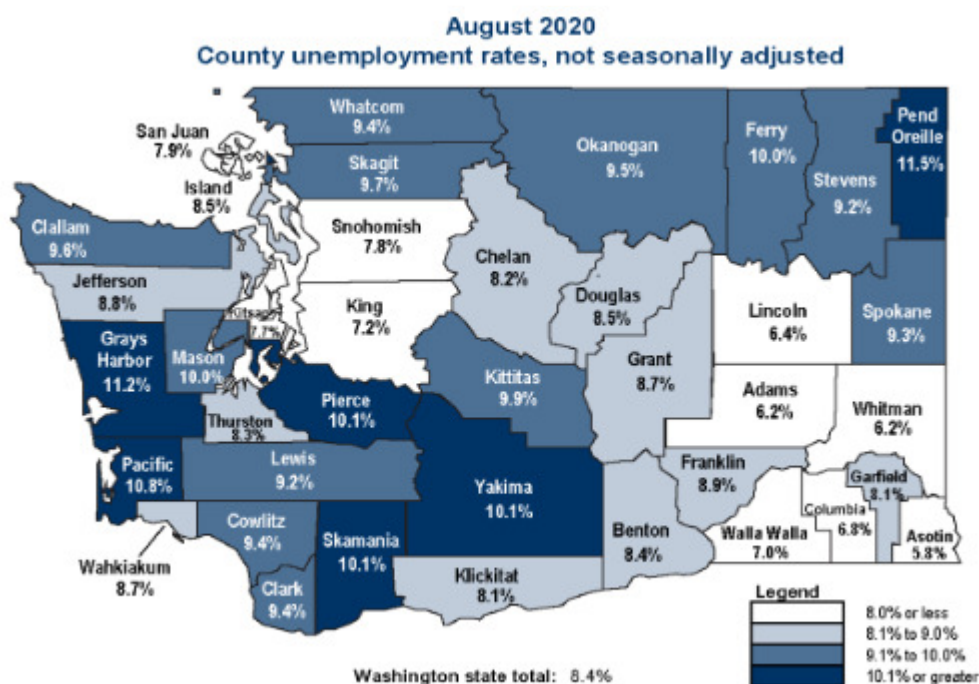
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Labor Force Statistics: Benton and Franklin Counties

Year	Labor Force	Total Employment	Unemployment	Unemployment Rate
2007	117,700	111,510	6,190	5.3%
2008	122,530	115,840	6,690	5.5%
2009	128,690	119,010	9,680	7.5%
2010	133,980	123,570	10,410	7.8%
2011	135,060	124,350	10,710	7.9%
2012	134,410	122,560	11,850	8.8%
2013	131,930	120,600	11,330	8.6%
2014	127,200	115,600	11,600	7.2%
2015	130,078	122,279	7,799	6.0%
2016	134,094	125,188	8,905	6.6%
2017	138,257	130,347	7,883	5.7%
2018	147,925	140,914	7,011	4.7%
2019	147,420	138,665	8,755	5.9%
2020 (July)	157,337	140,264	17,073	10.9

Note: Pandemic

Source: Labor Area Summaries, Washington State Employment Security Department, Labor Market and Economic Analysis Branch, not seasonally adjusted (July 2020)



Source: WA State Department of Labor Security, June 2020 published July 2020
<https://esd.wa.gov/labormarketinfo/monthly-employment-report>

It is noteworthy that unemployment was adversely affected by the global Covid-19 Pandemic beginning in the spring of 2020 and continuing through to the present time. However, unemployment rates are trending down again as more employers and employees return to the market.

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Top 10 Benton County Industries in 2018

Rank	Industry	Percent of total jobs
1	Government	14.4%
2	Healthcare and social assistance	13.7%
3	Administrative and waste services	11.4%
4	Retail trade	11.0%
5	Professional and technical services	9.6%
6	Accommodation and food services	8.6%
7	Construction	7.5%
8	Agriculture	7.1%
9	Manufacturing	5.0%
10	Finance and insurance	2.2%

(Source: Employment Security Department, QCEW)

Top 10 industries in Franklin County in 2018

Rank	Industry	Percent of total jobs
1	Agriculture	19.7%
2	Government	18.8%
3	Manufacturing	10.5%
4	Retail trade	9.6%
5	Healthcare and social assistance	8.3%
6	Accommodation and food services	6.2%
7	Construction	5.9%
8	Wholesale trade	5.5%
9	Transportation and warehousing	4.1%
10	Administrative and waste services	3.1%

Source: Employment Security Department, QCEW

Source: *TRIDEC*, July 2020

The following table lists a few of the major employers (800 or more employees) in the MSA.

Company	Industry	Employees
Battelle/Pacific Northwest National Laboratory	Research & Development	4,500
Kadlec Regional Medical Center	Health Services	3,532
Lamb Weston	Food Processing	3,000
Bechtel National	Engineering & Construction	2,943
Kennewick School District	Education	2,336
Washington River Protection Solutions	Environmental Remediation Services	2,129
Pasco School District	Education	2,015
Mission Support Alliance, LLC	Support Services, Hanford/DOE Site	1,902
CH2M	Environmental Remediation	1,682
Richland School District	Education	1,500
Tyson Foods	Food Processing	1,300
Trios Health	Health Services	1,268
Energy Northwest	Utilities	1,100
First Fruits	Food Processing	920
Lourdes Health Network	Health Services	804

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Congressional funding for the clean-up of the Hanford Site in North Richland through the Department of Energy (DOE) has been the primary economic and employment driver for many years. Annual budgets will continue to play a major role in economic growth. The following table outlines Hanford's budget allocations for fiscal years 2012-2020.

Hanford Budget Allocation of EM Cleanup Funding (\$ in Thousands)									
	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY2017	FY2018	FY 2019	FY 2020
		Post Sequester							
Richland Operations	1,021,824,000	943,327,000	1,012,620,000	941,000,000	990,653	916,176	947,422	954,097	718,098
Office of River Protection	1,181,800,000	1,097,441,000	1,210,216,000	1,212,000,000	1,414,000,000	1,496,965	1,552,000	1,573,000	1,392,460
Total	2,203,624,000	2,040,768,000	2,222,836,000	2,153,000,000	1,414,990,653	2,299,965	2,499,422	2,527,097	2,110,558
<i>Source: The Hanford Site, Budget Overview for FY 2020; FY 2021 Budget Public Priorities</i>									

The most recent budget request was \$718,098 for the Richland Operations and \$1,392,460 for the Office of River Protection. Presidential requested funding for FY 2020 is a combined amount of \$2,110,558, which is a significant 20% decrease over 2019. However, President Trump signed 12 annual appropriation bills for fiscal 2020 into law after approval of the appropriations bill with the Hanford budget. The budget tops \$2.5 Billion, actually increasing spending by about \$90 Million. This bodes well for continued clean-up activity for the foreseeable future.

TRIDEC (The Tri-City Development Council) has been working to help diversify the employment base away from the Hanford economy since the mid-1990s, and these efforts are paying off in a big way. More important industries today include food processing which spins off agriculture; and the region has become most important for healthcare. Logistics and transportation on water, highways, and rail have contributed in large part as well.

Income

According to the most recent Washington State Median Household Income Estimates by the Office of Financial Management, the projected 2015-2017 and projected 2018 median household income statistics for the Tri-City were:

Median Household Income Estimates by County, 2010 to 2019											
	2010	2011	2012	2013	2014	2015	2016	2017	2018	*2019	
Washington State	\$ 54,888	\$ 55,500	\$ 56,444	\$ 57,554	\$ 60,153	\$ 63,439	\$ 65,500	\$ 69,288	\$ 73,294	\$ 74,992	
% Change		1.1%	1.7%	2.0%	4.5%	5.5%	3.2%	5.8%	11.9%	8.2%	
Benton County	\$ 60,070	\$ 60,608	\$ 62,739	\$ 63,062	\$ 63,157	\$ 62,071	\$ 62,282	\$ 63,502	\$ 64,745	\$ 65,888	
% Change		0.9%	3.5%	0.5%	0.2%	-1.7%	0.3%	2.0%	4.0%	3.8%	
Franklin County	\$ 53,355	\$ 53,644	\$ 56,221	\$ 57,196	\$ 58,538	\$ 57,664	\$ 58,854	\$ 63,345	\$ 68,179	\$ 70,638	
% Change		0.5%	4.8%	1.7%	2.3%	-1.5%	2.1%	7.6%	15.8%	11.5%	

Last updated April 29, 2020

Source: <https://www.ofm.wa.gov/washington-data-research/economy-and-labor-force/median-household-income-estimates>

**Preliminary*

Franklin County had an astonishing jump in just two years of nearly \$10,000 in median household income as new residential construction drew a large number of upper income workers to the region. It is now ahead of Benton County for 2018 projections, where it lagged for many years. The median

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income is considered high when compared to Washington State because there are so many high income earners in the Seattle area which dominates the state statistics.

Education - Primary and Secondary Levels

Increased population in the MSA has resulted in overcrowding in most K-12 schools and many schools built in the middle of the previous century were seriously outdated needing replacement. In attempt to ease the overcrowding situation, all districts passed school bond issues in the last several years, and over the last five years, 33 new schools have been built or are under construction totaling a stunning 2,350,000 square feet:

Summary of New School Construction Square Feet

Tri-Cities, WA
2014-2020

	KSD	PSD	RSD	Combined
Complete	596,618 (11)	494,299 (7)	622,164 (8)	1,713,081 (26)
Under Constr	403,225 (4)	110,000 (1)	130,500 (2)	643,725 (7)
Total	999,843 (15)	604,299 (8)	752,664 (10)	2,356,806 (33)
% of Total	42.4%	25.6%	32.0%	

The following depicts enrollment for the MSA school districts between 2012 and the present projection.

School District K-12 Enrollments				
School Year	Richland	Kennewick	Pasco	Total
2012-2013	11,848	16,427	15,625	43,900
2013-2014	11,950	17,703	16,612	46,265
2014-2015	12,419	17,737	17,230	47,386
2015-2016	12,986	18,043	17,790	48,819
2016-2017	13,552	18,172	17,882	49,606
2017-2018	13,908	18,583	18,284	50,775
2018-2019	14,210	19,197	18,783	52,190
2020-2021	13,796	18,541	18,265	50,602
Num. Chg.	2,362	2,770	3,158	8,290
% Change	19.9%	16.9%	20.2%	18.9%

Office of Superintendent of Public Instruction, October, 2020

Enrollment at the secondary level is clearly increasing, providing evidence of population increases. There is some reduction in the number of students in each district which is a reflection of the impact of the current pandemic.

Education - University and College Levels

Washington State University (WSU) headquartered in Pullman, WA expanded to a satellite campus here in the late 1980's, and this campus in North Richland not far from the Hanford Site attracts a large and growing student body from all over the state. WSU Tri-Cities has both undergraduate and

graduate studies. A new student housing project was completed during 2018 to serve the growing student body and the new \$5.73 Million Student Union opened in August 2020.

Columbia Basin College (CBC) offers Associates of Arts degrees, but recently became an accredited 4-year college. From approximately 2006 to 2009, CBC underwent a \$45 million renovation to update classrooms, labs and faculty offices. A new classroom building was completed (August 2016) and a 120-unit student housing project broke ground in October 2016 and was completed in time for opening for the Fall, 2017 semester to serve this institution's growing student body.

Current enrollment figures are summarized as follows:

	WSU Tri-Cities	CBC
2020 (Fall)	1,937	11,368

Transportation

The Tri-Cities is one of an extremely few population centers in the entire Pacific Northwest region that has all forms of transportation access. These provide superior linkages and access to and from the area and include:

- *Air Service* - Several public and private airports and heliports serve the region, the largest of which is the Tri-Cities Airport in Pasco. A \$42 Million expansion project including a new terminal, baggage handling system and runway was completed in January 2017; total passenger traffic in 2018 set a new record at 395,084 boardings. Total 2019 boardings were 438,123 passengers, a whopping 10.9% increase over 2018; PSC is the eight-busiest small airport on the continent.
- *Highway Service* - The Tri-Cities has become a transportation hub for the entire Eastern Washington State area east of the Cascade Mountains. It is strategically located and benefits from a highway system in place that provides rapid interstate and state route access to a variety of points. The major cities of Seattle, Spokane and Portland are all less than 3.5 hours away.
 - I-82, running through the Tri-Cities, is a 143.58-mile interstate highway extending from I-90 in Ellensburg, Washington southeastwardly to I-84 near Umatilla, Oregon.
 - I-182 is an east-west auxiliary interstate highway traveling around the City of Kennewick and passing through the cities of Richland and Pasco.
 - U.S. 395 is a major U.S. highway which includes a long overlap with I-90. The southern piece, from I-82 near the Tri-Cities to I-90 near Ritzville, is a high speed four-lane divided highway.
 - State Route 240 begins at the southern end of the Blue Bridge in central Kennewick as an offshoot of U.S. Route 395.
- *Bus Service* - Mass public transit is operated locally across 17 routes by the Ben Franklin Transit system. Serving the cities of Kennewick, Pasco, and Richland, several routes also extend as far as Prosser, Benton City and West Richland. Most routes run six days a week. A Dial-A-Ride is also offered for the physically disabled.

- *Rail Service* - The Tri-City MSA is the only metropolitan manufacturing area between the Cascade and Rocky Mountains to offer main line rail freight service to both Burlington Northern and Union Pacific Railroads. Amtrak also has a stop on its system in Pasco.
- *Water* - The Columbia-Snake River system is one of the most modern interlinked transportation networks in the world. This commercial waterway extends 465 miles from the Pacific Ocean into the North American continent moving an increasingly large quantity of goods through the region.

Government

The incorporated municipalities of Kennewick, Richland, and Pasco each have the Council-Manager form of government. West Richland and smaller outlying areas within the counties have retained the Mayor-Council form of government.

Community Healthcare Services

The Tri-Cities is a regional health care center currently served by two major national hospital groups, numerous outpatient facilities, and private practices. Area residents are presented with a wide array of health care services provided by:

1. *Kadlec Regional Medical Center in Richland*, (owned by Providence Health & Services) most recently opened a new NICU in April 2015; opened a new 600-car parking garage August 1, 2016; and completed a 4-story addition in December 2016.
2. RCCH Healthcare Partners owns two major facilities in the Tri-Cities that were previously operated independently.
 - *Our Lady of Lourdes in Pasco*, which signed an agreement with RCCH in July 2017 to be acquired and which agreement closed in August 2018;
 - *Trios Hospital in Kennewick*, which had operated out of a vintage hospital near the original downtown CBD, and opened a second, new facility in the Southridge area during July 2014. However, Trios declared bankruptcy in mid-2017. Staff lay-offs occurred, and it was acquired by RCCH as well in August 2018.

RCCH HealthCare Partners officially merged with LifePoint Health on November 16, 2018, shortly after the acquisition of Lourdes Hospital and Trios Hospital closed in late summer. It is unknown at this point what impact the merger will have on the healthcare system in the Tri-Cities although they will be officially operating as one united company under the LifePoint Health name. Thus, as part of the LifePoint network, the two local hospitals are now connected to an even stronger network of community hospitals, regional health systems, physician practices, outpatient centers and post-acute facilities that span 30 states.

All three hospitals had been expanding community services as well, opening both emergency and non-emergency clinics in the 2014-2017 timeframe. With the recent mergers, the three hospital networks have been reduced to two networks. The status of the federal Affordable Care Act is uncertain, and its impact on the Tri-Cities' health care delivery system is uncertain as well.

Conclusion

The Tri-City market is a mid-sized and rapidly growing, somewhat isolated market with linkages to other areas via a strong transportation network including air, rail, water and truck. By all indications, the economic base has been well diversified in the last decade from its previous reliance on the government funding of the Hanford project. After crossing the 300,000-person threshold in

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population in 2020, the area becomes attractive to a higher level of national firms seeking to diversify. Population is increasing steadily, the demographic characteristics of the population are well educated and diverse, incomes are increasing, unemployment rates are being reduced (pre-pandemic), and investment in the area is increasing.

A more robust analysis of each market segment is included in the appropriate section of this report.

Immediate Neighborhood



The subject property is centrally located within the Vista Field Neighborhood outlined above which is adjacent to the Columbia Center Mall Neighborhood on the west separated by Columbia Center Blvd, a major north/south thoroughfare with a full interchange with S.R. Hwy 240 just to the north. There is another full diamond interchange with S.R. Hwy 240 with Edison Street to the east as well as one at Columbia Park Trail to the west, all serving the captioned neighborhood. Each side has specific attributes which are discussed in the paragraphs below.

Surrounding Vista Field Neighborhood

The Vista Field Neighborhood is bounded by W Canal Dr on the north which originates at Columbia Center Blvd and travels east to N. Kellogg St. N Kellogg St travels south and connects the commercial corridors of Clearwater Avenue to the south and W. Canal Drive to the north. N. Kellogg St also delineates the easterly border of the Vista Field neighborhood.

Commercial development includes the freestanding banks, professional offices and “in-line” retail strip malls and office structures. Located on the east side of Kellogg Street is the Kennewick School District bus barn, and further north, the Tri-City Vocational high school which was recently expanded. The east side of Kellogg St, north from John Day Ave, is comprised of an existing



residential area consisting of homes 35 to 45 years in age, and property values in the range of \$200,000 to \$300,000. Residential properties have been somewhat screened by a series of fir tree plantings along the east side of the street. Traffic studies conducted on Kellogg St by the City of Kennewick indicate an average daily traffic count of 14,701 in 2016 between W. Clearwater Avenue and Deschutes Avenue.

Kellogg has a signalized intersection at W Clearwater, and traffic from both directions on Clearwater turn north onto Kellogg and travel north to W. Deschutes, John Day or Okanogan St which serves as the gateways to the southern portion of Vista Field. The southeast portion of Vista Field consists of light manufacturing, distribution, sales and service, predominantly newer properties built within the past 10-15 years. Traffic counts on W. Deschutes Avenue from Columbia Center to Young St were reported at 7,676 trips per day in 2016. From Young Street to Kellogg Street, the average daily traffic count is 6,803.

The neighborhood derives its name from the previously described Vista Field municipal airport owned by the Port of Kennewick, which operated here for many years. The Port formally closed the Vista Field Airport six years ago on December 31, 2013 in favor of redevelopment of its 103 acres, with office, retail shopping, entertainment, and residential areas. A consultant study for the area proposed a chain of new public open spaces, parks and plazas.

The Vista Entertainment District within the neighborhood includes a convention, recreation, and entertainment complex in the interior of Vista Field. Grandridge Boulevard has been reconfigured to provide access to the Vista Entertainment District, accessing W. Canal Drive to the northeast and Columbia Center Boulevard to the southwest. The traffic count along Grandridge from W. Canal Drive to Okanogan Place in 2016 was 3,544 vehicle trips per day.

The Vista Entertainment District currently includes the Toyota Center (formerly known as Tri-Cities Coliseum) with a 6,000-seat capacity used by a local hockey league team franchise and public events and the Toyota Arena, its second ice rink. The Three Rivers Convention Center is to the southwest of the Toyota Center fronting along Grandridge Boulevard. The 72,000 square foot Convention Center was developed at a cost of about \$20.6 million and completed in June 2004.

The Tri-City Business and Visitors Center was completed on the corner of Grandridge Boulevard and Young Street. The Hilton Garden Hotel sits across from this office building. A hotel, now known as the Red Lion Suites, was constructed on the corner of Hood Place and Young Street. A Springhill Suites hotel was constructed in 2015 adjacent to the Convention Center. The District also contains other tracts of land in the immediate area suitable for commercial and recreational development.

In September 2019, The Kennewick City Council voted unanimously to approve a plan to expand the convention center and add another hotel at a cost of \$85 Million for Phase I. The planned hotel will be built by A-1 Pearl and contain 7-stories connected to the expanded meeting space. A-1 Pearl has a history of hotel development locally and in 2020 completed a new Marriott at the Tri-Cities Airport. The City would commit to a \$35 million expansion that would add a 2,000-seat theater, 33,000 SF of exhibition space, 11,000 SF of lobby space, 13,850 SF of back house space and significantly more parking. In a second phase, A-1 would add 800 condominiums in three residential towers along with restaurants, offices and other space. No further announcement about the progress of this project has been made.

The northwestern portion of the neighborhood has developed as regional retail with numerous national chains represented in several shopping centers along the south side of Canal Dr. Development near the Columbia Center Boulevard and Canal Drive intersections, which serve as the subject neighborhood's northwest corner, includes the Bed, Bath and Beyond Plaza. Adjacent east is the Burlington Store, and further east is the former Wal-Mart, reconfigured to accommodate a call center for Amazon, a retail space occupied by Hobby Lobby, and a Chinese buffet restaurant. Both a Toyota and Lithia Chrysler Jeep Dodge new and used car dealership is located to the east anchoring the strip center occupied by a variety of national retailers including Best Buy and Office Max.

The Colonnade Shopping Center is located on the south side of W. Canal Drive, comprising the area between Grandridge Blvd. and Kellogg St. The Colonnade is anchored by a PetSmart, Sportsman's Warehouse, Famous Footwear, and Ross Dress for Less. Located on pad sites along W. Canal Drive is a Key Bank, Wendy's, Granny's Buffet, Outback Steak House, International House of Pancakes, McDonald's and a retail strip center.

W. Canal Drive is a four-lane roadway, with designated right left and right turn lanes and controlled intersections. Traffic studies conducted on Canal Drive by the City of Kennewick indicate an average daily traffic count of 16,646 in 2016. W. Canal Drive along the south side is almost fully developed with commercial from Columbia Center Boulevard to Kellogg Street. The north side contains established residential neighborhoods.

Development in the southwest corner of Vista Field has been intermixed with medical, dental, and professional office buildings including the Tri-Cities Cancer Center and the 25,000 square foot Trios medical campus. The Northwest Cancer Clinic was constructed at 7379 W. Deschutes Avenue, across the street from the Tri-Cities Cancer Center.

Interior to Vista Field is the juvenile justice center, which can accommodate 700 inmates and offers 24,000 square feet for courtrooms and office space. Two recently announced additions are

currently under construction, including the 21,000 SF new office building for the State of Washington Department of Social and Health Services (DSHS) as well as a new 40,000 SF office building for Benton County administration offices. Each project will be completed in 2021 and the current DSHS existing office building has already been listed for lease or sale. The new Benton County building expands the amount of space available given that the building housing the courthouse is so completely overcrowded. And finally, the 29,000 SF new Miramar Clinic being developed by Yakima Valley Farm Workers Clinic will open in early 2021 at 6335 Rio Grande Ave near Lawrence Scott Park and the Kennewick Chuck E. Cheese Restaurant.

Ben Franklin Transit Center is located on W. Okanogan Place, just to the west of Grandridge Boulevard. An office/retail and warehouse for Great Floors, located at 7220 W. Okanogan Avenue was completed in 2016. Additional commercial development includes the Benton County Health District Building, an Italian restaurant, and a building occupied by Budget Printing at 7010 Okanogan Avenue.

The east side of Vista Field has been platted as the Colonnade Business Park. In the last three years, there have been many new projects developed throughout the Vista Field neighborhood as discussed in the Market Analysis section of this report, typically for owner/users as a result of favorable interest rates which make development more affordable than renting space.

Adjacent Columbia Center Mall Neighborhood

Columbia Center Boulevard acts as the dividing line between the Columbia Center Mall neighborhood on the west and the Vista Field neighborhood on the east. It is a major community arterial primarily serving a regional shopping area drawing from Washington, Oregon and Idaho. This major corridor was designed to carry traffic from Highway 240 to regional shopping centers, such as the Columbia Center mall, Tri-City Center, and a host of national retailers. Columbia Center Boulevard is one of the most traveled roads in the Tri-Cities. The 2016 traffic counts (most recent) indicate 39,549 vehicle trips at the Columbia Center and Canal Drive intersection, similar to the previous count of 39,238 in 2012.

The neighborhood actually has several sub-neighborhoods besides the mall property itself including the area south of the mall which lies between Center Parkway and Columbia Center Blvd; the area which has developed along Gage Blvd to the west of the mall as far as Steptoe; and the area north of the mall with frontage along the S.R. 240 Hwy. These sub-sets were utilized to identify locations of new development in the sections which follow.

The Columbia Center Mall owned by Simon Property Group is a shopping center that was originally opened in late 1969 and was anchored by Macy's, JCPenney and Sears. The mall celebrated 50 years in business in 2019 and today contains nearly 1,000,000 SF. It is the largest mall in southeastern Washington and has undergone several major renovations, most recently in 1997 and again in 2006-07 when several storefronts for "lifestyle tenants" was developed on the east side of the property. Currently a dual strip center is nearing completion on the east side of the mall on an outlot in front of the JCPenney store facing Columbia Center Blvd to be occupied by three restaurant tenants (Starbucks, Mod Pizza and one other to be determined) later in 2020.

Normally the mall contains between 125 and 130 tenants, depending on time of year and tenant needs.



In 2016, HomeGoods occupied a newly constructed freestanding store near the southeast corner of the mall property. In 2018, Sears announced it would be closing its store, but in 2019, Dick's Sporting goods removed a vintage theater building and constructed a new 45,000 SF store. More recently, in 2020, JCPenney has filed for bankruptcy and its store is expected to close permanently once the bankruptcy is adjudicated; however, Simon Properties announced in September, 2020 that it plans to purchase all JCPenney real estate assets so that it can better control repositioning of those assets.

A great deal of additional retail shopping has naturally developed in and around the mall property. Columbia Center Blvd itself is a hub for several major shopping centers, as is W Canal Dr east of the mall and Gage Blvd west of the mall which is discussed in more detail in the Vista Field neighborhood section earlier.

In addition to retail development, a wide variety of commercial office space has been developed in the neighborhood over the last 20 years. At this point, the neighborhood is almost completely built out, with only a few vacant parcels remaining.

Finally, the neighborhood is surrounded by a dense and affluent residential neighborhood with some of the highest income levels in the entire metropolitan area.

Conclusion

The subject is strategically located in the heart of the premier commercial business and shopping district in the regional, Tri-State market of Southeastern Washington, Northeastern Oregon and Western Idaho, dominated by the Tri-Cities. The neighborhood is just a few short years away from full development as land absorption for new construction projects has remained high over the years. This bodes well for development of the subject.

III. Market Study & Analysis - DEMAND

Market Trends Analysis - General **Updated Quarterly, Most Recent Update Q3 (August) 2020**

Introduction

Assisting with estimating the highest and best use of real property, a study of general market characteristics and trends was conducted for the Tri-City market in which the subject competes.

Market segments generally move through cycles, although segments do not typically move in lockstep with one another. Since there are no major real estate brokerage or other companies that provide this service, it becomes incumbent on the analyst to do primary research to remain abreast of changes occurring in the market as they occur, especially when a change in zoning to an alternative use is being explored.

For purpose of this analysis, the first demographic researched was that of demand generators and existing supply of commercial and residential development in response to demand for the majority of the Tri-Cities market of Pasco, Kennewick and Richland. Those trends are then compared with the subject neighborhood.

DEMAND ANALYSIS

Demand Generator - Changes in the Population Base

A summary of current market trends for different market segments of the Tri-Cities is found in the pages to follow, including commercial (office and retail), industrial, and residential, both single and multi-family.

Demand for real estate in general is created by changes in the population and the labor force in the study area. Employment generated in the Tri-Cities in general is greatly affected by primarily three factors:

1. The first factor is the demand generated through the U.S. Department of Energy (DOE) and related contractors including Pacific Northwest National Laboratory (PNNL) and others in connection with research and clean-up associated with the Manhattan Project at the Hanford Site. The Hanford Site is the location of the first plutonium production in the United States for the production of the atomic bomb. Any other Hanford site contractor can create demand for additional office buildings and services catering to the employees. Forecasting this demand is difficult, if not impossible, at best because of the volatility of the DOE's annual budgeting and funding through Congress. This budget has been stable for several years; in fact, it was announced in December, 2019 that a new contract had been awarded by the US DOE in the amount of \$4 Billion to Hanford Mission Integration Solutions of Richland, WA to replace the expiring contract of Mission Support Alliance owned by the same firm. And while, more recently, the recent White House Budget submitted to Congress for approval made significant cuts in the budget, the final budget was actually higher than the previous year.
2. Second, increasing demand is evident as a result of the expanding agricultural activities in

the region. The Tri-Cities enjoys one of the longest growing seasons anywhere in the United States. This is coupled with a high desert climate (10" or less of annual rainfall) which is ideal for growing many agricultural crops. But the pièce de résistance is the fact that the Columbia Basin Project (CBP) in Central Washington is the irrigation and hydroelectric network that the Grand Coulee Dam (completed in 1942) makes possible. It is the largest water reclamation project in the United States, supplying irrigation water to over 670,000 acres of the 1,100,000-acre project area. Water pumped from the Columbia River is carried over 331 miles of main canals, stored in a number of reservoirs, then fed into the 1,339 miles of lateral irrigation canals. Currently it is estimated that about 3.0 million acre-feet or 2.3% of the average river flow, is diverted into the CBP. Its hydroelectric capacity provided the electric demanded by the Hanford nuclear reservation during World War II. Washington leads the nation in production of raspberries, hops, spearmint, peas, apples, grapes and sweet cherries. It is the #2 producer of potatoes and #5 in wheat. It is also the second-largest producer of premium wine in the country with a number of designated viticulture areas.

3. Finally, increasing demand is evident as the number of retirees attracted to the area relocate. The baby boomer generation has begun this process and is looking for an affordable place to retire with a good climate, good amenities and good quality regional medical care. The Tri-Cities offers these options.

The total metropolitan area population grew from 191,822 to 253,340 between 2000 and 2010, an increase of 30%, or 3% per year based on the 2010 census. As reported in the Regional Trends section of this report, recent population growth statistics can be summarized as follows:

Population Trends for the Tri-Cities, WA MSA											
Area	2010	2011*	2012*	2013*	2014*	2015*	2016*	2017*	2018*	2019*	2020*
MSA	253,340	258,400	262,500	268,200	273,100	275,740	279,170	283,830	289,960	296,480	302,460
Benton County	175,177	177,900	180,000	183,400	186,500	188,590	190,500	193,500	197,420	201,800	205,700
Kennewick	73,917	74,665	75,160	76,410	77,700	78,290	79,120	80,280	81,850	83,670	84,960
Richland	48,058	49,090	49,890	51,150	52,090	53,080	53,410	54,150	55,320	56,850	58,550
West Richland	11,811	12,200	12,570	13,080	13,620	13,960	14,340	14,660	15,320	15,340	15,710
Franklin County	78,163	80,500	82,500	84,800	86,600	87,150	88,670	90,330	92,540	94,680	96,760
Pasco	59,781	61,000	62,670	65,600	67,770	68,240	70,560	71,680	73,590	75,290	77,100

Source: WA State Office of Financial Management, April 1, 2020 Used for Allocation of Selected State Revenue

**Based on Estimates from 2010 US Census as determined in April every year*

<https://www.ofm.wa.gov/washington-data-research/population-demographics/population-estimates/april-1-official-population-estimates>

Based on a review of this data, it is clear that the Tri-Cities region is growing steadily. The City of Pasco segment of the Tri-Cities is actually the third fastest growing city in the state, and the airport is the 8th busiest small airport in the country. The nine-year growth rate projections between 2010 and 2019 is 17.02%, or 2% annually. While the percentage may be declining, the absolute numbers are not that different as the numbers grow larger. For the first time, the TriCities crossed

the 300,000-person benchmark, a threshold which allows a number of national companies to begin looking to this market.

Demand Summary – Population Trends: It is calculated that 26,720 persons were added during the 6-year study period, or an average of 4,453 persons per year. According to statistics reviewed from ESRI for the 2-county area, the average household size is 2.85 persons, indicating that demand was approximately 9,374 new housing units that would be required to accommodate the growth. Owner occupied housing makes up 64% of the total requirement (6,093 homes) and renters make up the remainder (3,281 apartments).

Demand Generator – Changes in Employment

As previously indicated, the labor force of the Tri-Cities area is comprised of agricultural, service and Hanford related industries. The Washington State Office of Employment Security publishes labor force statistics for the Benton County and Franklin County areas. A review of the statistics shows the fluctuation of the annual average resident civilian labor force and employment levels in the Benton and Franklin Counties for years 2014 through December 2019, the most recent 5-year data available. The average annual unemployment rates, which averaged about 7.7% during 2014, were averaging 5.8% (average 2019), a rate which will dip during the spring and summer months until harvest, before rising slightly again.

Demand Summary – Employment Trends: Given the historical growth in the number of employed persons in the Tri-Cities area coupled with the reduction in the unemployment rate, it is reasonable to assume that employment growth will continue, yet at a somewhat slower rate than in the past once the pandemic has passed.

Demand Generators - Tri-Cities Market for Retail Trends

Annual retail sales are shown in the accompanying table for both Benton and Franklin counties as well as the respective major cities.

Over the five-year period from 2015-2019, the average annual growth in retail sales in Kennewick's average annual growth was 4.18%, which is slightly higher from the earlier period. Richland has continued to grow in sales from a lower total in 2015, to a rise of 6.99%/yr for the last five years. Pasco's retail sales incurred a marked decrease in 2010, but sales increased 40.85% over the last five years, an astonishing 7.31%, although the majority of that growth occurred in the City of Pasco.

Demand Summary – Retail Sales Trends

Retail trends show strong increases, a trend which could be expected to continue for the foreseeable future. However, with the advent of online shopping, and the damage it is doing to bricks and mortar stores, caution is necessary in projecting future sales.

MARKET STUDY & ANALYSIS
Vista Field Regional Town Center, Kennewick, WA

TAXABLE RETAIL SALES

(000)

Benton & Franklin Counties, WA

Year	Benton County	Kennewick	Richland	Franklin County	Pasco
2005	\$2,226,436	\$1,277,295	\$686,414	\$862,138	\$781,597
2006	\$2,303,245	\$1,303,810	\$748,888	\$929,718	\$811,293
2007	\$2,574,398	\$1,432,031	\$811,768	\$1,057,004	\$856,422
2008	\$2,601,911	\$1,442,198	\$802,685	\$1,052,102	\$877,529
2009	\$1,918,416	\$1,445,410	\$812,779	\$1,038,744	\$884,080
2010	\$2,731,890	\$1,478,874	\$873,190	\$964,585	\$825,267
2011	\$2,959,959	\$1,558,341	\$954,851	\$1,007,226	\$839,174
2012	\$2,937,656	\$1,634,408	\$903,715	\$1,037,096	\$861,063
2013	\$3,189,855	\$1,723,129	\$989,622	\$1,110,257	\$933,301
2014	\$3,284,582	\$1,768,985	\$1,041,224	\$1,196,017	\$1,016,795
2015	\$3,612,773	\$1,930,747	\$1,129,471	\$1,315,962	\$1,125,061
2016	\$3,789,869	\$2,002,185	\$1,207,961	\$1,428,477	\$1,250,472
2017	\$3,905,643	\$2,024,430	\$1,259,515	\$1,534,638	\$1,333,597
2018	\$4,166,740	\$2,185,588	\$1,329,492	\$1,655,850	\$1,432,202
2019	\$4,633,618	\$2,334,519	\$1,523,948	\$1,765,835	\$1,536,180
% Chg 2017-2019	11.20%	6.81%	14.63%	6.64%	7.26%
5-Yr Avg	28.26%	20.91%	34.93%	34.19%	36.54%
Growth	5.65%	4.18%	6.99%	6.84%	7.31%
2020-Q1	\$1,054,737	\$526,310	\$3,387,310	\$451,498	\$390,349
2020-Q2					
2020-Q3					
2020-Q4					

Updated as of 08/01/2020 from the WA State Quarterly Business Review Published by Department of Revenue
<https://dor.wa.gov/about/statistics-reports/quarterly-business-reviews>

SUMMARY – Market Demand

It is clear that the population, employment and retail sales trends are all growing at a strong and steady pace. This trend is expected to continue well into the foreseeable future barring any unforeseen events at the national, regional and local level that would have an adverse impact on the Tri-Cities. These are positive characteristics that bode well for the subject development.

IV. Market Study & Analysis – SUPPLY

SUPPLY - Introduction

Commercial space development (office and retail) in the Tri-Cities occurs somewhat different from larger metropolitan areas for the following reasons:

- First, the line between pure office and retail users is often blurred in the Tri-Cities with many office users electing to go into more visible retail spaces, primarily because the cost and rental structures are not very different. Thus, the office segment could be undercounted, but probably not to a great degree. And even if undercounted in the office segment, it is accounted for in the retail segment.
- Secondly, a large portion of the newly completed commercial space was developed for a specific owner/user rather than an investor for lease to tenants. Some owners build something larger than they need and either expect to grow into the space at some point while leasing it in the interim; others expect the rental received from excess space will assist with the mortgage payment and generate profit in the form of appreciation at the end of the investment.
- Thirdly, there is a blurring of uses within buildings. For example, an owner may elect to build a home for its business that includes office space, retail showroom space and manufacturing/assembly/warehouse space in varying degrees. While the space suits the owner to a “T”, when the time comes to sell, it is possible that the Owner’s configuration has limited appeal in the overall market. We see the same phenomenon in custom home construction frequently.
- And last, the majority of new construction occurs in suburban sectors of the market rather than urban.

In this segment, we will take a look at all the new construction since 2014 that falls into this commercial category and will look at office separately from retail to determine any difference. The following table provides a summary of all types of new construction.

MARKET STUDY & ANALYSIS
Vista Field Regional Town Center, Kennewick, WA

New Construction Summary Square Footage

Tri-Cities, Washington

For the Period January 2014 to June 2020

	Kennewick	Pasco	Richland	Combined	
Office	359,592	137,269	185,794	682,655	
Retail	366,149	330,684	321,766	1,018,599	
Industrial	269,106	2,056,789	1,141,315	3,467,210	
Apartments	365,166	0	932,657	1,297,823	
Hotels	206,201	160,804	271,093	638,098	
Self Storage	217,926	300,082	78,930	596,938	
Civic/Healthcare	1,110,505	586,099	828,951	2,525,555	
Sub-Total Complete	2,894,645	3,571,727	3,760,506	10,226,878	
Office	67,400	0	0	67,400	
Retail	55,059	0	18,022	73,081	
Industrial	42,000	15,000	273,250	330,250	
Apartments	558,000	60,648	601,000	1,219,648	
Hotels	0	0	0	0	
Self Storage	239,575	38,147	20,000	297,722	
Civic/Healthcare	444,795	110,000	130,500	685,295	
Sub-Total U/C or Planned	1,406,829	223,795	1,042,772	2,673,396	
Office	426,992	137,269	185,794	750,055	5.8%
Retail	421,208	330,684	339,788	1,091,680	8.5%
Industrial	311,106	2,071,789	1,414,565	3,797,460	29.4%
Apartments	923,166	60,648	1,533,657	2,517,471	19.5%
Hotels	206,201	160,804	271,093	638,098	4.9%
Self Storage	457,501	338,229	98,930	894,660	6.9%
Civic/Healthcare	1,555,300	696,099	959,451	3,210,850	24.9%
Sub-Total U/C or Planned	4,301,474	3,795,522	4,803,278	12,900,274	100.0%
	33.3%	29.4%	37.2%	100.0%	

A. Market Study – Office Segment Supply

Existing Development

Unfortunately, given the small size of this market, there are no statistics available from any source which give any indication of the total existing supply of space in this market to use as a baseline. As a result, no statistical data is available on the total supply of space, occupancy, rent levels or absorption.

New Development

In order to document this portion of the study, a survey was conducted of all new **OFFICE** buildings completed from 2014 to June 2020, a period of 6.5 years, both professional office building (POB) and medical office building (MOB) space. This survey covered the entire Tri-Cities metropolitan area including the Cities of Kennewick and Richland in Benton County and the City of Pasco in Franklin County. Data for the survey was compiled from our proprietary database, public sources such as the local Journal of Business and Tri-City Herald as well as from the public records of the city planning and county assessor's offices. Each new entry was confirmed as to size (gross building square footage) and year of completion with the Assessor's records and then assigned a neighborhood designation to determine where the growth was occurring. Data was surveyed for both professional office and medical office space and included both owner/user space as well as lease space. The results are summarized in the *Table 4.1* accompanying this section.

Clearly the City of Kennewick benefits from the combined draws of the Columbia Center Mall and Vista Field neighborhoods, where about 27% of all new office space was developed in the last six years; that amount is greater in volume than the total space developed in either Richland or Pasco. This is a trend that is expected to continue until all land in that segment is absorbed. A total of 59 projects were researched that were complete or under construction, and the average size was just about 12,000 SF per project. When the total space developed was divided by 6.5 years, an average of about 102,000 SF of space was delivered to the market each year during the study period, although there were certainly ups and downs over the years.

Occupancy Levels

As previously discussed, the majority of new space was constructed by owners for their own use, with only about 27% of the space developed in the last 6.5 years put into the market for lease. We surveyed those newer spaces and found that most new space leased up readily. Current office listings in the local Tri-Cities Association of Realtors PACMLS show that there are currently 14 active listings as summarized in *Table 4.2* here. The Washington State Commercial Broker's Association (CBA) MLS was also surveyed and a few of the listings were repeated there.

MARKET STUDY & ANALYSIS
Vista Field Regional Town Center, Kennewick, WA

Table 4.1

Summary of Office Construction in the Tri-Cities (Square Feet)

For the Period January 2014 to August, 2020

Location		# Projects	Complete	# Projects	UC / Planned	# Projects	Combined	%
Kennewick	East	1	47,340	0	-	1	47,340	6.3%
"	Central	3	13,489	1	6,400	4	19,889	2.7%
"	Gage Blvd	8	64,455	1	-	9	64,455	8.6%
"	US 395 South	8	70,507	0	-	8	70,507	9.4%
"	Vista / CC Mall	12	137,154	2	61,000	14	198,154	26.4%
"	W Clwtr	4	26,647	0	-	4	26,647	3.6%
"	Sub-Total	36	359,592	4	67,400	40	426,992	56.9%
Richland	Central	5	62,347	0	-	5	62,347	8.3%
"	South	5	106,681	0	-	5	106,681	14.2%
"	Queensgate	1	8,426	0	-	1	8,426	1.1%
"	West	1	8,340	0	-	1	8,340	1.1%
"	Sub-Total	12	185,794	0	-	12	185,794	24.8%
Pasco	West	7	137,269	0	-	7	137,269	18.3%
	Sub-Total	7	137,269	0	-	7	137,269	18.3%
Combined	Grand Total	55	682,655	4	67,400	59	750,055	100.0%

Avg SF 12,412 Avg 16,850 Avg 12,713

Avg/Yr 105,024

Table 4.2


Office Space Available Constructed since 2014

As of August 31, 2020

MLS #	CBA #	Status	Type	County	Address	City	Year Built	SF Avail	List \$	PSF	Annual \$	NNNs
238975		ACT	Office	Benton	8305 W Quinault Ave, #110	Kennewick	2017	1,956	\$16		\$31,296	
241939		ACT	Office	Benton	8804 W Victoria Ave	Kennewick	2018	3248	\$16		\$51,968	
242688		ACT	Office	Benton	4123 W 24th Avenue	Kennewick	2015	6,000	\$16		\$96,000	
242683		ACT	Office	Benton	4253 W 24th Avenue	Kennewick	2018	6,700	\$19		\$127,300	
242685		ACT	Office	Benton	4253 W 24th Avenue	Kennewick	2018	2,800	\$19		\$53,200	
212381		ACT	Office	Benton	8901 W Tucannon Ave	Kennewick	2016	1,800	\$19		\$34,200	
218829	593855	ACT	Office	Franklin	5804 Road 90	Pasco	2017	6,000	\$20		\$120,000	\$4.50
221118	585361	ACT	Office	Benton	5401 Ridgeline Drive	Kennewick	2017	4,400	\$20		\$88,000	
235508	608699	ACT	Office	Benton	1363 Columbia Park Trail	Richland	2018	5,314	\$20		\$106,280	
241917	620026	ACT	Office	Benton	2055 N Steptoe Street	Kennewick	2020	1,647	\$22		\$36,234	
229523		ACT	Office	Benton	9501 W Clearwater Ave.	Kennewick	2018	3,500	\$22		\$77,000	
231322	600173	ACT	Office	Benton	8101 W Grandridge Boulevard	Kennewick	2019	3,835	\$25		\$95,875	\$4.55
247549	628885	ACT	Office	Benton	2459 S Union #130	Kennewick	2018	1,048	\$18		\$18,340	\$4.50
229101	602461	ACT	Office	Benton	1618 Terminal Drive - Suite A	Richland	2018	<u>3,251</u>	<u>\$14</u>		<u>\$45,514</u>	\$3.50
								51,499	\$19.05		\$981,207	


Shown here and in the following pages in no particular order are photographs and some details of the larger projects constructed during the timeframe studied for tenant occupancy rather than for owner occupancy, although some projects are in fact a blend of both.

MARKET STUDY & ANALYSIS
Vista Field Regional Town Center, Kennewick, WA


	Type Name Address City Neighborhood Tax ID Owner GBA Year Built Land Size (SF) Land / Bldg % Major Tenant Comments	POB Union Park I 4504 W 26 th Kennewick U.S. Hwy 395 S 109894012836004 SGC Development 10,276 2015 38,332 3.73 Details; Gretl Crawford Union Park; two buildings quasi office/retail
	Type Name Address City Neighborhood Tax ID Owner GBA Year Built Land Size (SF) Land / Bldg % Major Tenant Comments	POB Road 90 Office Bldg 5804 Road 90 Pasco West Pasco 115392022 Vitruvius 33,936 2017 131,116 3.86 N/A The largest building constructed during the study period
	Type Name Address City Neighborhood Tax ID Owner GBA Year Built Land Size (SF) Land / Bldg % Major Tenant Comments	POB/MOB Wellness Center 7403 W Arrowhead Kennewick Mall / Vista *1299305000040035 Arrowhead Property Management 2,500 2017 21,780 8.7 Chiropractor Owned; rents out part The smallest building constructed during the study period
	Type Name Address City Neighborhood Tax ID Owner GBA Year Built Land Size (SF) Land / Bldg % Major Tenant Comments	POB First American Title Bldg 8109 W Grandridge Blvd Kennewick Mall / Vista 131994013034005 Olson Family Group LLC 7,671 2019 86,684 11.3 First American Title, Churchill Mortgage Dual Tenancy; building was sold shortly after completion and occupancy

MARKET STUDY & ANALYSIS
Vista Field Regional Town Center, Kennewick, WA

	Type Name Address City Neighborhood Tax ID Owner GBA Year Built Land Size (SF) Land / Bldg % Major Tenant Comments	POB Mustang Signs Building 10379 W Clearwater Kennewick Clearwater West 101883BP2877001 W W Real Estate LLC 11,000 SF 2019 65,340 5.94 Mustang Signs, Owner 6,000 SF; Rents out the remainder
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	Type Name Address City Neighborhood Tax ID Owner GBA Year Built Land Size (SF) Land / Bldg % Major Tenant Comments	MOB/POB Smile Surfers Kid Dentistry; Tri-City Orthodontics 3200 Duportail Richland Queensgate 121982000002009 In Slide Out, LLC 8,426 2019 69,696 8.27 Owner Occupant 2 nd floor \$5.3M Cost; Multi-tenant (6 suites) on the ground level floor of the building
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	Type Name Address City Neighborhood Tax ID Owner GBA Year Built Land Size (SF) Land / Bldg % Major Tenant Comments	POB Titor Title Building 8101 W Grandridge Kennewick Vista / Mall 131994013034008 GR 1, LLC (Tippett Co) 19,600 2019 86,684 4.42 Titor (6,047 SF) Title, Clifton (10,000 SF) Allen; 3,700 SF Available \$5.4M reported costs
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	Type Name Address City Neighborhood Tax ID Owner GBA Year Built Land Size (SF) Land / Bldg % Major Tenant Comments	POB Copiers NW 7035 W Clearwater Ave Kennewick Central 105892BP4711001 Base Properties IV, LLC 11,000 2018 29,185 2.65 Copiers NW, Owner BluZebra Technologies, Johnson & Johnson Law, other tenants; \$1.3M Cost
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MARKET STUDY & ANALYSIS
Vista Field Regional Town Center, Kennewick, WA

	Type Name Address City Neighborhood Tax ID Owner GBA Year Built Land Size (SF) Land / Bldg % Major Tenant Comments	POB/Retail Southridge Office 5453 Ridgeline Dr Kennewick US Hwy 395 116893BP4450009 CIBB LLC 9,125 2016 41,627 4.56 Wildland Brandcraft, Knutzen Engineering, V Boutique, Copper Top Tap House, BlankSpace
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	Type Name Address City Neighborhood Tax ID Owner GBA Year Built Land Size (SF) Land / Bldg % Major Tenant Comments	POB/Retail 2459 S Union St 2459 S Union Pl Kennewick US Hwy 395 110893040000130 PIK Properties, LLC 9,285 2018 49,222 5.30 Europa, Canyon View Eye Care, Swift Therapy
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	Type Name Address City Neighborhood Tax ID Owner GBA Year Built Land Size (SF) Land / Bldg % Major Tenant Comments	POB/MOB Yakima Farm Workers Clinic 2555 Quillan Pl Kennewick US Hwy 395 110893BP4894001 Mighty Eighth LLC 3,944 2015 28,314 7.18 Developed by Harvey Insurance and sold Dual tenant building; sold to YFWC
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	Type Name Address City Neighborhood Tax ID Owner GBA Year Built Land Size (SF) Land / Bldg % Major Tenant Comments	POB 4123 W 24 th Ave 4123 W 24 th Ave Kennewick U.S. Hwy 395 S 110893BP4485005 Loren Sharp 6,000 2015 43,560 7.26 Reliant was prior tenant Currently available for sale or lease
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MARKET STUDY & ANALYSIS
Vista Field Regional Town Center, Kennewick, WA


	Type Name Address City Neighborhood Tax ID Owner GBA Year Built Land Size (SF) Land / Bldg % Major Tenant Comments	POB/MOB Southridge Office 5401 Ridgeline Dr Kennewick U. S. Hwy 395 S 116893BP4450010 CIBB LLC 8,000 2017 42,688 5.34 Rendering only; No picture of building available.
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	Type Name Address City Neighborhood Tax ID Owner GBA Year Built Land Size (SF) Land / Bldg % Major Tenant Comments	POB 4253 W 24 th Ave 4253 W 24 th Ave Kennewick US Hwy 395 110983BP4485001 Loren Sharp 6,496 2018 47,916 7.38 Currently for sale or for lease Developed at cost of \$1.3M incl. land
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	Type Name Address City Neighborhood Tax ID Owner GBA Year Built Land Size (SF) Land / Bldg % Major Tenant Comments	MOB Kennewick Dental 9501 W Clearwater Kennewick W Clearwater 101884000003000 Amon Hills LLC 7,500 2018 65,340 8.71 Kennewick Dental
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	Type Name Address City Neighborhood Tax ID Owner GBA Year Built Land Size (SF) Land / Bldg % Major Tenant Comments	POB 8305 W Quinault 8305 W Quinault Kennewick Vista / Mall 131992013356002 Jubee Properties 8,876 2017 34,773 3.92 Almond Orthodontics
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MARKET STUDY & ANALYSIS
Vista Field Regional Town Center, Kennewick, WA

	Type Name Address City Neighborhood Tax ID Owner GBA Year Built Land Size (SF) Land / Bldg % Major Tenant Comments	MOB/POB Tri-Cities Endodontist 1363 Columbia Park Trail Richland Spaulding Bs Park 130991000006002 ADSG, LLC 19,507 (Incls 9,754 W/O Bsmt) 2018 89,734 52.78 Tri-Cities Endodontist No BC Tax ID available
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	Type Name Address City Neighborhood Tax ID Owner GBA Year Built Land Size (SF) Land / Bldg % Major Tenant Comments	POB/MOB Prodigy Homes 2055 N Steptoe St Kennewick Vista / Mall 125984000012006 Wilkinson 3,591 2020 14,810 4.12 Prodigy Homes
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	Type Name Address City Neighborhood Tax ID Owner GBA Year Built Land Size (SF) Land / Bldg % Major Tenant Comments	POB Two Cannon Condominiums 8901 W Tucannon Ave Kennewick Vista/Mall 131992000014001 WSIC 22,262 2016 125,453 5.64 Inland Medical Evaluations Individual condominium units for sale of various sizes and configurations
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	Type Name Address City Neighborhood Tax ID Owner GBA Year Built Land Size (SF) Land / Bldg % Major Tenant Comments	POB 8804 W Victoria 8804 W Victoria Kennewick Vista/Mall 130993012921001 Tight Line Ventures 4,000 2018 37,026 9.26 The Lash Studio, Moonshot Brewing
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MARKET STUDY & ANALYSIS
Vista Field Regional Town Center, Kennewick, WA

	Type	POB
	Name	1618 Terminal Dr
	Address	1618 Terminal Dr
	City	Richland
	Neighborhood	West Richland
	Tax ID	103982013525002
	Owner	HJBT Properties
	GBA	3,696
	Year Built	2018
	Land Size (SF)	37,026
	Land / Bldg %	10.02
	Major Tenant	Gayle Rew Construction
	Comments	

	Type	MOB
	Name	Physical Therapy /Mid Columbia
	Address	2620 S Williams Pl
	City	Kennewick
	Neighborhood	US Hwy 395
	Tax ID	109894012836002
	Owner	RKSC LLC
	GBA	5,500
	Year Built	2016
	Land Size (SF)	42,688
	Land / Bldg %	7.76
	Major Tenant	Three Rivers PT
	Comments	Mid Columbia owns the building and leases the remainder

As reflected in Table 4.2, currently there is **51,499 SF** of space available and the listing rental rates range from \$14 to \$25 PSF, with a weighted average of **\$19.05/SF NNN**. Given that 682,655 SF of space completed over the last 6.5 years, this would equate to about a **7.5%** vacancy rate currently as this space is leasing up which indicates likely average absorption. And it is worth remembering that some of these spaces are more traditionally considered retail locations. It is also noteworthy that this new space is often leasing at the expense of older space. There is currently 67,400 SF of space under construction in four projects, which is less than a one-year supply at the current rate of absorption.

Rent Levels

Rental rates for those investment buildings (vs owner/user buildings which are not traditionally leased) were also reviewed, through both listings and actual lease transactions over the last 6.5 years. Competing projects in the market were surveyed and listing agents were interviewed for their recent lease rates and what the rental included as well as their current listings. Table 4.3 illustrates a representative sample of the data researched. Data has been confirmed but specific data must remain confidential. Note the rising trend in the market in earlier transactions to the current time.

MARKET STUDY & ANALYSIS
Vista Field Regional Town Center, Kennewick, WA

Table 4.3
New Office Space Constructed Between 2014 and 2020
Lease Summary

	#1	#2	#3	#4	#5	#6	#7	#8	#9	#10
Type	POB	POB	POB	POB	POB	POB	POB	POB	POB	POB
Neighborhood	U.S. Hwy 395 S	U.S. Hwy 395 S	U.S. Hwy 395 S	West	Vista / Mall	Vista / Mall	W Clearwater	Queensgate	Vista / Mall	Vista / Mall
City	Kennewick	Kennewick	Kennewick	Pasco	Richland	Kennewick	Kennewick	Richland	Kennewick	Kennewick
Year Built	2015	2015	2015	2017	2017	2019	2019	2019	2019	2019
GBA	10,276	10,276	10,276	33,936	2,500	7,671	11,000	8,426	19,600	19,600
Lease Begins	07/01/20	07/01/20	06/29/20	05/01/20	11/01/19	07/01/19	06/01/19	05/01/19	05/01/19	05/01/19
SF Leased/Avail	1,500	1,500	1,500	1,500	1,404	2,004	5,632	2,862	9,600	6,000
List or Initial Rent PSF	\$ 17.00	\$ 17.00	\$ 17.40	\$ 24.00	\$ 14.50	\$ 19.00	\$ 16.00	\$ 22.00	\$ 24.00	\$ 24.50
Tenant NNNs	\$ 4.00	\$ 4.00	\$ 4.00	??	MG	\$ 5.00	Yes	\$ 5.00	\$ 5.82	\$ 5.82

Type	POB	POB / MOB	POB / MOB	POB	POB	POB	POB	POB	POB / MOB	POB
Neighborhood	Central	U.S. Hwy 395 S	U.S. Hwy 395 S	West	U.S. Hwy 395 S	West	U.S. Hwy 395 S	U.S. Hwy 395 S	U.S. Hwy 395 S	U.S. Hwy 395 S
City	Kennewick	Kennewick	Kennewick	Pasco	Kennewick	Pasco	Kennewick	Kennewick	Kennewick	Kennewick
Year Built	2018	2016	2016	2017	2018	2017	2015	2015	2015	2015
GBA	11,000	9,125	9,125	33,936	?	33,936	24,792	24,792	3944	6,000
Lease Begins	04/01/19	02/01/19	02/01/19	05/01/18	04/01/18	02/01/18	09/01/16	09/01/16	02/01/16	Active
SF Leased/Avail	1,960	1,184	1,103	2,120	1,048	2,920	1,677	6977 (4)	1992	6,000
List or Initial Rent PSF	\$ 19.00	\$ 19.00	\$ 19.00	\$ 15.00	\$ 17.50	\$ 12.35	\$ 15.00	\$ 20.00	\$ 16.00	\$ 16.00
Tenant NNNs	Incl	Yes	\$ 5.00	\$ 4.50	\$ 4.50	??	??	??	??	\$ 3.50

In analyzing the office rental comparables, the **rent PSF** is generally considered to be most indicative unit of comparison of the appropriate rent levels for each of the respective projects. The above data provides a range of **\$14.50 to \$24.00 PSF NNN**.

Lease transactions can be written on a gross, modified gross or net lease basis, defined as follows:

1. **Gross or Full-Service lease** – Tenant pays a base rental rate; landlord pays all operating expenses including utilities (note, in-suite janitorial may be negotiated);
2. **Modified Gross Lease** – Tenant pays a base rental rate and separately metered or pro rata share of utilities; landlord pays all other operating expenses;
3. **Net Lease** – Tenant pays a base rental rate and utilities; AND then typically also reimburses the landlord a prorata share of (a) taxes, (b) insurance, and (c) repairs and maintenance, etc. The landlord typically only pays a management fee and funds a replacement reserve. Net leases could be further subdivided as follows:
 - a. **“N” or Single Net** – Tenant pays only one of the (a), (b) and (c) above.
 - b. **“NN” or Double Net** – Tenant pays two of the (a), (b) and (c) above.
 - c. **“NNN” or Triple Net** – Tenant pays all of the operating expenses.

Since an apples comparison must be made, net leases can be converted to an indication of a modified gross lease rental and vice versa through adding or subtracting the various expense elements before completing the comparison. Today, most new space is rented on a NNN basis, thus the cost of the NNNs must be added to the base rental rate to derive a true picture of the tenant’s cost.

It should be noted that the term “market rental” is influenced by many factors, including:

- the credit strength of the prospective tenant (risk), i.e., such as an established tenant vs. a new business (publicly rated companies vs. private could also play a role);
- Type of lease, i.e., renewals generally are favored by the landlord vs. a new tenant;
- Term of the lease, i.e., longer terms provide more stability for the landlord's cash flow than short terms;
- Concessions paid by the landlord – such as free rent or an increase in the tenant finish;
- Expense Sharing, i.e., whether the tenant shares in landlord's operating expenses (i.e., taxes, insurance, maintenance, and repairs) and utilities, etc.

New Tenant Finishes

New office building space rental rates are typically quoted as a base rental rate on an NNN basis and usually includes a certain tenant finish allowance. Different developers utilize different styles of leasing, for example one might quote space on a “cold grey shell” basis while others quote a “warm vanilla shell”, so it is important for a prospective tenant or analyst to understand what is included. Table 4.4 illustrates the major differences.

Table 4.4

What is included in the Quoted Rental Rate??

Shell Type	Cold Grey	Warm Grey	Cold Vanilla	Warm Vanilla	TI Allowance
Floors	Unfinished Concrete (sometimes dirt)		Unfinished Concrete		Flooring finish selection
Walls	Bare Demising Stud Walls		Perimeter Demising Drywall		Paint Color Wall and Trim selection
Ceilings	Open to Roof Deck		2x4 acoustical tile in suspended grid or drywall		Included
Lighting	None		2x4 fluorescent fixtures		Included
Plumbing	None		2-fixture restroom, Minimum		Standard units, finishes selected
Electrical	None		Hooked up		Minimum required
Sprinkler	None		None		Negotiable
Water/Sewer	Connection Avail		Connection Avail		Connected
HVAC	No Unit or ductwork distribution	Unit but no ductwork distribution	No Unit or Ductwork distribution	Unit and Duct work	Included
Advantages	Allows more flexibility in design and custom finishes		Offers faster move-in with typical standard finishes		

Development Costs

All developers and owners today are complaining about rapidly rising costs, which are creating havoc with planning new projects, even those in the midst of construction, where shortages of labor and materials result in rising costs in addition to the cost of land. The most prominent increase is in the lumber market, where increases have added \$16,000 to \$20,000 to the cost of a new home during the last 90 days. Most office buildings today are running in the neighborhood of \$175 to \$250 PSF to construct, including land.

Medical Office Building Space

Medical office building (MOB) space is generally considered a sub-set of professional office building (POB) space and is considered by most real estate professionals to be a special purpose type of property. This is due to the higher degree of interior partitioning, plumbing, electrical and higher quality of interior finishes that is usually associated with medical/dental office as compared to professional office. The expense of finish is often similar to that of a restaurant, which is another type of special purpose retail property. The value is inherently reliant on the supply and demand for this type of space compared with the supply and demand for professional office space.

MOB space is also generally considered owner/user space given the special purpose nature of the space when created. New space generally leases for a higher rental rate than POB space given the higher degree and quality of finishes typically found. If a tenant lease expires on 1st generation MOB space, it can be challenging to find another tenant that can use the space as it is and when vacated can take many months or years to release. Even when re-leased, the new tenant may require significant changes to the space.

Of the approximately 682,655 SF of new space completed, we estimate that approximately 125,000 to 150,000 SF or approximately 20% is MOB space and virtually all owner/user space. Demand for both types of space today appears to be fairly static as there is very limited inventory currently listed for sale or lease. As assets age, any initial differences in value between the two is often virtually indistinguishable.

Summary – Market Office Rental Rate Projection

In arriving at a market rental rate conclusion, the following parameters were set in surveying and researching the market.

<u>Item</u>	<u>Assumption</u>
Size of Space	1,000 to 2,500 sq. ft.
Term of Lease	Assume 36 to 60 Months
Type of Space	POB/MOB
Condition of Space	New; Leased on a warm “vanilla shell” basis
Condition of Space	New, Class A POB (MOB transactions were also surveyed)
Type of Lease	NNN Lease <ul style="list-style-type: none">• Tenant Pays Base Rent, in-suite janitorial, separately metered utilities; and its prorata share other expenses of building ownership
Annual Escalations	2.5%
Effective Date	3 rd Quarter, 2021
Estimated Rate	POB - \$20.00 to \$25.00 PSF + NNNs estimated at \$5.00 to \$6.00 PSF MOB - \$25.00 to \$30.00 PSF + NNNs estimated at \$6.00 to \$6.50 PSF

Feasibility of Construction of New Office Space

The feasibility of construction of new space in any market is determined by supply and demand. Demand is influenced by cost of construction including land, profit motives, rental and expense rates, and necessary rates of return to attract capital. In general, feasibility can be questionable if the value of an asset is less than the cost to construct or acquire a similar asset.

Costs for new office construction in the Tri-Cities market are rising, and our sources report, and our experience supports that in many cases, the cost can be higher than the final value of the property. This can be an indication that the project is not necessarily financially feasible when land, materials and labor costs increase. One broker reported that for the last two years, he thought “cost increases were on a tear”.

In the case of owner/occupant projects, profit motives are often secondary and do not drive the decision to build. With less reliance on profit, and especially in cases where land has been acquired at an earlier time and today is worth significantly more than paid for, owners go ahead with construction, usually because there is nothing available in the market at the time for sale or lease that suits their needs.

It is not a common occurrence in this market that developers build to sell a project upon completion, rather they are typically building for their own portfolio. We did find one that sold shortly after construction was complete and tenants had taken occupancy. In fact, the only recent sale of a newly completed building is summarized as follows.

New Office Building Sale – The 1-story office building at 8109 W Grandridge, containing 7,468 SF occupied by First American Title and a local mortgage company sold on October 10, 2019 for \$1,900,000 about one year after tenants took occupancy. The land had been purchased in May of 2017 for \$262,000 or \$8.00 PSF but only contained 29,102 SF reflecting a land to building ratio of only 3.89:1, although office land to building ratios are typically lower than for retail. The land cost represents only 13.8% of the overall sale price which is very low, a more typical expected rate would range from 20% to 30% of the sale price. The sale price reflected a sale price of **\$254 PSF** and an overall rate of **7%** based on income at the time of sale. Rental rates in effect at the time of sale averaged about **\$20 PSF NNN** which is very near the average list price of space available today.

Summary – Feasibility of New Construction

Given the nature of strong demand over the last 6.5-year study period, it is clear that new space coming into the market is leasing readily with no major issues concerning occupancy or rental rates. Costs are rising which is expected to hinder new development feasibility if the trend continues. However, provided a continued upward trend in population and employment, additional office construction would be required.

Development Costs

Development costs for medical office space is significantly higher than for new professional office space primarily resulting from increased partitioning, wiring and plumbing as well as a higher degree of expensive finishes. We have found most new MOB spaces today running in the neighborhood of \$275 to \$325 PSF including land.

B. Market Study – Retail Segment

Existing Development

Unfortunately, given the small size of this market, there are no statistics available from any source which give any indication of the total existing supply of space in this market to use as a baseline. As a result, no statistical data is available on the total supply of space, occupancy, rent levels or absorption.

New Development

In order to document this portion of the study, a survey was conducted of all new **RETAIL** buildings completed from 2014 to June 2020, a period of 6.5 years. As with the office survey, this survey covered the entire Tri-Cities metropolitan area including the Cities of Kennewick and Richland in Benton County and the City of Pasco in Franklin County. Data for the survey was again compiled from our proprietary database, public sources such as the local Journal of Business and Tri-City Herald as well as from the public records of the city planning and county assessor's offices. Each new entry was similarly confirmed as to size (gross building square footage) and year of completion with the Assessor's records and then assigned a neighborhood designation to determine where the growth was occurring. Data was surveyed for both professional office and medical office space. The results are summarized in the Table 4.5 accompanying this section.

Again, it is clear the City of Kennewick benefits from the combined draws of the Columbia Center Mall and Vista Field neighborhoods, where about 37% of all new retail space was developed in the last six years; that amount is greater in volume than the total space developed in either Richland or Pasco. This is a trend that is expected to continue until all land in that segment is absorbed. A total of 95 projects were researched that were complete or under construction, and the average size of those completed was just about 10,500 SF per project. When the total space developed was divided by 6.5 years, an average of about 152,000 SF of space was delivered to the market each year during the study period, although there were certainly ups and downs over the years.

Occupancy Levels

As is the case with office space, the majority of new retail space was also constructed by owners for their own use, with only about 25% of the space developed in the last 6.5 years put into the market for lease. We surveyed those spaces and found that most new retail space leased up well. Current retail listings in the local Tri-Cities PACMLS show that there are currently only eight active listings as summarized in *Table 4.6* here. The CBA MLS was also surveyed but none of the listings were repeated there.

Currently there is **17,318 SF** of space available and the list rental rate is averaging **\$20.32/SF NNN**. If there was 993,807 SF of space completed over the last 6.5 years, this would equate to about a **1.7%** vacancy rate currently as this space is leasing up which indicates likely average absorption. It is noteworthy that this new space is often leasing at the expense of older space. There is currently 73,081 SF of space under construction in ten projects, which is less than a one-year supply.

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Table 4.5

Summary of Retail Construction in the Tri-Cities (Square Feet)

For the Period January 2014 to August, 2020

Location		# Projects	Complete	# Projects	Under Constr / Planned	# Projects	Combined	%
Kennewick	East	3	10,548	0	-	3	10,548	1.0%
"	Central	6	21,302	1	10,552	7	31,854	2.9%
"	Gage Blvd	3	23,186	0	-	3	23,186	2.1%
"	US 395 South	13	147,930	1	6,900	14	154,830	14.2%
"	Vista / CC Mall	8	133,887	2	25,475	10	159,362	14.6%
"	W Clrwtr	2	29,296	3	12,132	5	41,428	3.8%
"	Sub-Total	35	366,149	7	55,059	42	421,208	38.6%
Richland	Central	9	64,551	3	18,022	12	82,573	7.6%
"	South	1	5,000	0	-	1	5,000	0.5%
"	Queensgate	19	232,685	0	-	19	232,685	21.3%
"	West	4	19,530	0	-	4	19,530	1.8%
"	Sub-Total	33	321,766	3	18,022	36	339,788	31.1%
Pasco	West	19	256,966	0	-	19	256,966	23.5%
"	All Other	8	73,718	0	-	0	73,718	6.8%
	Sub-Total	27	330,684	0	-	27	330,684	30.3%
Combined	Grand Total	95	1,018,599	10	73,081	105	1,091,680	100.0%
Avg SF			10,722	Avg	7,308	Avg	10,397	
Avg/Yr			156,708					

Table 4.6

**Retail Space Available
As of August 31, 2020**

MLS #	CBA #	Status	Type	County	Address	City	Year Built	SF Avail	List \$ PSF	Annual \$	NNNs
241938		ACT	Retail	Benton	8804 W Victoria	Kennewick	2018	600	\$16	\$9,600	NNN
243957		ACT	Retail	Benton	3801 S Zintel Way B110	Kennewick	2015	1,879	\$17	\$31,943	NNN
226495		ACT	Retail	Franklin	6615 Chapel Hill Blvd	Pasco	2018	6,000	\$18	\$108,000	ModGr
233728		ACT	Retail	Franklin	6615 Chapel Hill Blvd	Pasco	2018	1,500	\$18	\$27,000	ModGr
235818		ACT	Retail	Benton	10379 W Clearwater	Kennewick	2018	1,702	\$21	\$35,742	NNN
239246		ACT	Retail	Franklin	00 Sandifur Parway	Pasco	2019	1,986	\$24	\$47,664	NNN
247850		ACT	Retail	Franklin	4845 Broadmoor Blvd	Pasco	2019	1,451	\$24	\$34,824	NNN
248148		ACT	Retail	Franklin	7425 Sandifur Pkway	Pasco	2019	2,200	\$26	\$57,200	NNN
								17,318	\$20.32	\$351,973	

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Shown here and in the following pages in no particular order are photographs and some details of the larger projects constructed during the timeframe studied for tenant occupancy rather than for owner occupancy, although some projects are in fact a blend of both.

	Type Name Address City Neighborhood Tax ID Owner GBA Year Built Land Size (SF) Land / Bldg % Major Tenant Comments	Strip/Unanchored Broadmoor Plaza 4845 Broadmoor Blvd Pasco Pasco West 115470029 CLC Properties LLC 8,440 SF 2019 68,825 8.15 Numerica, Firehouse Subs Still have two bays available
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	Type Name Address City Neighborhood Tax ID Owner GBA Year Built Land Size (SF) Land / Bldg % Major Tenant Comments	Strip/Anchored Sandifur Crossing 7425 Sandifur Parkway Pasco Pasco West 116030017 Hogback Sandifur LLC 5,242 2019 33,936 6.478 Jamba, Porter's Real BBQ Still have two bays available
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	Type Name Address City Neighborhood Tax ID Owner GBA Year Built Land Size (SF) Land / Bldg % Major Tenant Comments	Strip/Unanchored Homewood Suites Strip Center 1080 George Wash Way Richland Richland Central 111981013323001 Vandervort 11,026 2019 76,230 6.91 Porter's BBQ Several bays available
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	Type Name Address City Neighborhood Tax ID Owner GBA Year Built Land Size (SF) Land / Bldg % Major Tenant	Strip/Anchored Sandifur Crossing 5802 N Road 68 Pasco Pasco West 116030014 Henry Friedman (formerly Hogback) 6042 2018 28,980 4.79 Kabob House, Spectrum
	Comments	Friedman purchased 7/14/2020

	Type Name Address City Neighborhood Tax ID Owner GBA Year Built Land Size (SF) Land / Bldg % Major Tenant	Strip/Unanchored GESA Plaza 4824 Broadmoor Blvd Pasco Pasco West 115210025 Real Property Acquisitions 7,294 2019 87,120 11.94 Therapeutic Assoc P/T, Gesa
	Comments	

	Type Name Address City Neighborhood Tax ID Owner GBA Year Built Land Size (SF) Land / Bldg % Major Tenant	Strip/Unanchored Chapel Hill Self Storage 6615 Chapel Hill Blvd Pasco Pasco West 117420159 Self-Storage at Chapel Hill, LLC 13,546 2018 287,324 Part of Larger Parcel The Coffee Crush
	Comments	Just beginning to lease

	Type Name Address City Neighborhood Tax ID Owner GBA Year Built Land Size (SF) Land / Bldg % Major Tenant	Strip/Anchored Yokes Plaza 472 to 484 Keene Rd Richland South Richland 126982013402003 Kyung Sik Chang 7,434 2015 37,026 5.0 Badger Mt Dental, H&R Block, Hair Salon, Birds Unlimited
	Comments	Three Hinge sold to Change 10/29/2019


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 <p>8/2/18, 2:58:39 PM 297404</p>	<p>Type Name Address City Neighborhood Tax ID Owner GBA Year Built Land Size (SF) Land / Bldg % Major Tenant Comments</p>	<p>Strip/Anchored Lowe's Outlot Columbia Ctr Towers Bldg B 1022 N Col Ctr Blvd Kennewick Mall/Vista 131991000026000 LFIC LLC 5,495 2013 12,823 2.33 Porter's BBQ; Level Up Barcade Part of a 2-building project</p>
	<p>Type Name Address City Neighborhood Tax ID Owner GBA Year Built Land Size (SF) Land / Bldg % Major Tenant Comments</p>	<p>POB Plaza at Canyon Lakes 2909 S Quillan Pl Kennewick USHwy 395 S 115892BP5274001 FC4 LLC 24,792 2015 148,104 SF 5.97 H&R Block Building was begun in 2009 but owner went bankrupt and project sat for over 5 years before re-started</p>
 <p>8/9/18, 9:31:54 AM 60617</p>	<p>Type Name Address City Neighborhood Tax ID Owner GBA Year Built Land Size (SF) Land / Bldg % Major Tenant Comments</p>	<p>Retail/Anchored Lowe's Anchor Columbia Ctr Towers Bldg A 924 N Col Ctr Blvd Kennewick Mall/Vista 131994010447001 Columbia Ctr Partners LLC 12,463 2014 23,882 1.91 Proof Gastropub, Sound Audiology, Massage LFIC LLC sold property 5/7/2019</p>
 <p>05.20.2015</p>	<p>Type Name Address City Neighborhood Tax ID Owner GBA Year Built Land Size (SF) Land / Bldg % Major Tenant Comments</p>	<p>Strip/Unanchored Zintel Commercial 3801 S Zintel Way Kennewick US Hwy 395 116894050000002 AMA Land and Cattle Co, LLC 3,674 2015 59,677 16.24 (Part of larger) HPR Enter, Cozumel Mex, Dental Boulder Heights sold property 7/30/2019</p>

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	Type Name Address City Neighborhood Tax ID Owner GBA Year Built Land Size (SF) Land / Bldg % Major Tenant	Strip/Unanchored Union Park, Bldg 2 4528 W 26 th Ave Kennewick US Hwy 395 109894012836003 2 Dawgs, LLC 6,735 2015 40,041 5.94 Dental, Sylvan
	Type Name Address City Neighborhood Tax ID Owner GBA Year Built Land Size (SF) Land / Bldg % Major Tenant Comments	Strip/Unanchored Southridge Towers 4898 W Hildebrand Kennewick US Hwy 395 116891BP4410002 Jabez Enterprises LLC 7,991 + 1,279 = 9,270 2015 59,677 6.43 Numerica, Hops N Drops, Roasters Coffee Roasters Coffee is in a 1,279 SF standalone bldg. on this parcel Taggstrick1 LLC sold property 12/26/2019
	Type Name Address City Neighborhood Tax ID Owner GBA Year Built Land Size (SF) Land / Bldg % Major Tenant Comments	Strip/Anchored Home Depot Plaza 2841 Duportail Richland Queensgate 121981013388001 Aion LLC 5,113 2014 24,763 4.84 H&R Block, MyFroYo, Red Wing 100% occupied
	Type Name Address City Neighborhood Tax ID Owner GBA Year Built Land Size (SF) Land / Bldg % Major Tenant Comments	Strip/Unanchored 8804 W Victoria Kennewick Mall/Vista 130993012921006 Tight Line Ventures 3,360 2018 46,609 13.87 The Lash, Brewery Another parcel available for a second building

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	Type Name Address City Neighborhood Tax ID Owner GBA Year Built Land Size (SF) Land / Bldg % Major Tenant	Strip/Anchored Columbia Center Mall 1659 N Columbia Center Blvd Kennewick Mall/Vista 130994BP5266002 Hogback Columbia Center LLC 7,363 2020 51,400 6.98:1 Mod Pizza, Starbucks
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	Type Name Address City Neighborhood Tax ID Owner GBA Year Built Land Size (SF) Land / Bldg % Major Tenant	Strip/Unanchored Proposed 5011 W Clearwater Ave Kennewick Central Kennewick 104891010533002 R&S Prop Mgmt, LLC 10,552 2020 (Prop) 15,472 TBD TBD
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	Type Name Address City Neighborhood Tax ID Owner GBA Year Built Land Size (SF) Land / Bldg % Major Tenant Comments	Strip/Anchored Sandifur Crossing 7425 Sandifur Parkway Pasco Pasco West 116030018 Hogback Sandifur LLC 8,500 2019 Pad N/A TBD Active MLS 239246
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	Type Name Address City Neighborhood Tax ID Owner GBA Year Built Land Size (SF) Land / Bldg % Major Tenant	Retail/Office Proposed 9425 Sandifur Parkway Pasco West Pasco 115442010 Boom Boom Prop, LLC 11,220 2020 35,284 3.11 TBD
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	Name Address City Neighborhood Tax ID Owner GBA Year Built Land Size (SF) Land / Bldg % Major Tenant	Union Park Bldg #1 4505 W 26 th Ave Kennewick US Hwy 395 109894012836004 SGC Development LLC 10,276 2015 38,497 3.74 Gretl Crawford / Details

	Type Name Address City Neighborhood Tax ID Owner GBA Year Built Land Size (SF) Land / Bldg % Major Tenant Comments	Strip/unanchored Stevens Plaza 585 Stevens Dr Richland Central Richland 111983020403005 Grigsby Property 12,600 2018 48,351 3.83 Comments

Rent Levels

Rental rates for those investment buildings (vs owner/user buildings which are not traditionally leased) were also reviewed, through both listings and actual lease transactions over the last 6.5 years. Competing projects in the market were surveyed and listing agents were interviewed for their recent lease rates and what the rental included as well as their current listings. *Table 4.7* illustrates the data researched. Data has been confirmed but specific data must remain confidential.

Table 4.7
New Retail Space Constructed, 2014 to 2020 YTD
Lease Summary

	#1	#2	#3	#4	#5	#6	#7	#8	#9	#10
Type	Strip, Unanchored	Strip, Anchored	Strip, Unanchored	Strip, Anchored	Strip, Unanchored	Strip, Unanchored	Strip, Anchored	Strip, Anchored	Strip, Anchored	Strip, Anchored
Neighborhood	Pasco West	Pasco West	Richland Central	Pasco West	Pasco West	Pasco West	South Richland	South Richland	South Richland	South Richland
City	Pasco	Pasco	Richland	Pasco	Pasco	Pasco	Richland	Richland	Richland	Richland
Year Built	2019	2020	2019	2019	2019	2018	2015	2015	2015	2015
GBA	8,424	5,242	11,026	5,944	7,253	6,000	7,434	7,434	7,434	7,434
Lease Begins	09/01/20	11/01/20	08/01/20	05/01/20	01/01/20	01/01/20	2020 Rent	2020 Rent	2020 Rent	2020 Rent
SF Leased	1398 or 1451	1,800	3,300	4,000	1,972	1,500	2,023	900	1,209	1,034
Annual Rental	\$ 29,707	\$ 48,600	\$ 99,000	\$ 119,004	\$ 47,328		\$ 61,063	\$ 24,611	\$ 35,466	\$ 29,392
List or Initial Rent PSF	\$ 21.25	\$ 29.00	\$ 30.00	\$ 29.75	\$ 24.00	\$ 19.50	\$ 30.18	\$ 27.35	\$ 29.33	\$ 28.43
Tenant NNNs	\$ 5.00	\$ 5.00	\$ 5.00	\$ 5.00	\$ 4.50	Incl	\$ 5.40	\$ 5.40	\$ 5.40	\$ 5.40

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	#11	#12	#13	#14	#15	#16	#17	#18	#19	#20
Type	Strip, Anchored	Strip, Anchored	Strip, Unanchored	Strip, Anchored	Strip, Anchored	Strip, Unanchored	Strip, Unanchored	Strip, Unanchored	Strip, Anchored	Strip, Unanchored
Neighborhood	South Richland	Pasco West	Clearwater West	Mall / Vista	Mall / Vista	U.S. Hwy 395 S	U.S. Hwy 395 S	U.S. Hwy 395 S	Mall / Vista	U.S. Hwy 395 S
City	Richland	Pasco	Kennewick	Kennewick	Kennewick	Kennewick	Kennewick	Kennewick	Kennewick	Kennewick
Year Built	2015	2019	2018	2015	2014	2015	2015	2015	2015	2016
GBA	7,434	5,944	5,632	5,750	9,958	9,167	9,167	9,167	5,750	6,735
Lease Begins	2020 Rent	06/01/19	06/01/19	04/01/19	12/01/18	07/01/18	03/01/18	03/01/18	02/01/18	12/01/17
SF Leased	1,856	2,000	1080 to 1500	2,900	3,492	1,879	2,177	1,323	2,950	2,000
Annual Rental	\$ 45,844	\$ 57,681		\$ 76,860	\$ 90,936	\$ 35,701	\$ 41,363	\$ 25,137	\$ 86,400	\$ 32,000
List or Initial Rent PSF	\$ 24.70	\$ 29.00	\$ 16.00	\$ 26.50	\$ 26.04	\$ 19.00	\$ 19.00	\$ 19.00	\$ 29.29	\$ 16.00
Tenant NNNs	\$ 5.40	\$ 5.00	\$ 4.00	\$ 4.95	\$ 5.20	\$ 5.00	\$ 5.00	\$ 5.00	\$ 4.95	\$ 4.50

	#21	#22	#23	#24	#25	#26	#27	#28	#29	#30
Type	Strip, Anchored	Strip, Unanchored	Strip, Anchored	Strip, Unanchored	Strip, Unanchored	Strip, Unanchored	Strip, Anchored	Strip, Anchored	Strip, Anchored	Strip, Anchored
Neighborhood	U.S. Hwy 395 S	U.S. Hwy 395 S	Mall / Vista	U.S. Hwy 395 S	U.S. Hwy 395 S	U.S. Hwy 395 S	Mall / Vista	Queensgate	Queensgate	Queensgate
City	Kennewick	Kennewick	Kennewick	Kennewick	Kennewick	Kennewick	Kennewick	Richland	Richland	Richland
Year Built	2015	2016	2014	2015	2015	2015	2014	2014	2014	2014
GBA	8,898	6,735	9,958	9,167	8,898	8,898	9,958	5,172	5,172	5,172
Lease Begins	04/01/17	03/01/17	01/01/17	02/01/16	04/01/15	03/01/15	12/01/14	06/07/14	07/01/13	06/07/13
SF Leased	2,787	1,750	1,425	2,621	4,800	1,232	3,591	1,865	1,480	1,612
Annual Rental	\$ 61,314	\$ 26,250	\$ 34,100	\$ 49,799	\$ 111,600	\$ 42,000	\$ 82,952	\$ 39,572	\$ 34,539	\$ 37,076
List or Initial Rent PSF	\$ 22.00	\$ 15.00	\$ 23.93	\$ 19.00	\$ 23.25	\$ 34.09	\$ 23.10	\$ 21.22	\$ 23.34	\$ 23.00
Tenant NNNs	\$ 6.63	\$ 4.50	\$ 5.20	\$ 5.00	\$ 6.63	\$ 7.12	\$ 4.80	\$ 4.50	\$ 4.50	\$ 4.50

In analyzing the retail rental comparables, the **rent PSF** is generally considered to be most indicative unit of comparison of the appropriate rent levels for each of the respective projects. The above data provides a range of \$15.00 to \$30.00 PSF NNN, nearly overlapping the office rental rates except at the higher end.

As with office space, lease transactions can be written on a gross, modified gross or net lease basis, defined as follows:

Gross or Full-Service lease – Tenant pays a base rental rate; landlord pays all operating expenses including utilities (note, in-suite janitorial may be negotiated);

Modified Gross Lease – Tenant pays a base rental rate and separately metered or pro rata share of utilities; landlord pays all other operating expenses;

Net Lease – Tenant pays a base rental rate and utilities; AND then typically also reimburses the landlord a prorata share of (a) taxes, (b) insurance, and (c) repairs and maintenance, etc. The landlord typically only pays a management fee and funds a replacement reserve. Net leases could be further subdivided as follows:

- d. **“N” or Single Net** – Tenant pays only one of the (a), (b) and (c) above.
- e. **“NN” or Double Net** – Tenant pays two of the (a), (b) and (c) above.
- f. **“NNN” or Triple Net** – Tenant pays all of the operating expenses.

Since an apples comparison must be made, net leases can be converted to an indication of a modified gross lease rental and vice versa through adding or subtracting the various expense elements before completing the comparison. Today, most new space is rented on a NNN basis, thus the cost of the NNNs must be added to the base rental rate to derive a true picture of the tenant’s cost.

It should be noted that the term “market rental” is influenced by many factors, including:

- the credit strength of the prospective tenant (risk), i.e., such as an established tenant vs. a new business (publicly rated companies vs. private could also play a role);

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- Type of lease, i.e., renewals generally are favored by the landlord vs. a new tenant;
- Term of the lease, i.e., longer terms provide more stability for the landlord's cash flow than short terms;
- Concessions paid by the landlord – such as free rent or an increase in the tenant finish;
- Expense Sharing, i.e., whether the tenant shares in landlord's operating expenses (i.e., taxes, insurance, maintenance, and repairs) and utilities, etc.

Anchored Projects vs Unanchored Projects

The location in a larger development project where there is a national credit anchor tenant such as at the Columbia Center Mall, or a Home Depot, Lowe's Center or grocery store anchored center typically commands a higher rent than that of an unanchored center. This will of course be affected also by location; higher traffic count locations will generally correlate to a higher rental rate, even in an unanchored center.

New Tenant Finishes

New office building space rental rates are typically quoted as a base rental rate on an NNN basis and usually includes a certain tenant finish allowance. Different developers utilize different styles of leasing, for example one might quote space on a "cold grey shell" basis while others quote a "warm vanilla shell", so it is important for a prospective tenant or analyst to understand what is included. Table 1.4 illustrates the major differences.

Table 4.8

What is included in the Quoted Rental Rate??

Shell Type	Cold Grey	Warm Grey	Cold Vanilla	Warm Vanilla	TI Allowance
Floors	Unfinished Concrete (sometimes dirt)		Unfinished Concrete		Flooring finish selection
Walls	Bare Demising Stud Walls		Perimeter Demising Drywall		Paint Color Wall and Trim selection
Ceilings	Open to Roof Deck		2x4 acoustical tile in suspended grid or drywall		Included
Lighting	None		2x4 fluorescent fixtures		Included
Plumbing	None		2-fixture restroom, Minimum		Standard units, finishes selected
Electrical	None		Hooked up		Minimum required
Sprinkler	None		None		Negotiable
Water/Sewer	Connection Avail		Connection Avail		Connected
HVAC	No Unit or ductwork distribution	Unit but no ductwork distribution	No Unit or Ductwork distribution	Unit and Duct work	Included
Advantages	Allows more flexibility in design and custom finishes		Offers faster move-in with typical standard finishes		

Summary - Market Retail Rental Rate Projection

In arriving at a market rental rate conclusion, the following parameters were set in surveying and researching the market.

<u>Item</u>	<u>Assumption</u>
Size of Space	1,000 to 2,500 sq. ft.
Term of Lease	Assume 36 to 60 Months
Type of Space	POB/MOB
Condition of Space	New; Leased on a warm “vanilla shell” basis
Condition of Space	New, Class A
Type of Lease	NNN Lease <ul style="list-style-type: none">• Tenant Pays Base Rent, in-suite janitorial, separately metered utilities; and its prorata share other expenses of building ownership
Annual Escalations	2.5%
Effective Date	3rd Quarter, 2021
Estimated Rate	Anchored - \$25.00 to \$30.00 PSF + NNNs estimated at \$5.00 to \$6.00 PSF Unanchored - \$18.00 to \$25.00 PSF + NNNs estimated at \$4.00 to \$5.50 PSF

Feasibility of Construction of New Retail Space

The feasibility of construction of new space in any market is determined by supply and demand. Demand is influenced by cost of construction including land, profit motives, rental and expense rates, and necessary rates of return to attract capital. In general, feasibility can be questionable if the value of an asset is less than the cost to construct or acquire a similar asset.

Costs for new retail construction in the Tri-Cities market are rising, and our sources report that in many cases, the cost can be higher than the final value of the property. This can be an indication that the project is not necessarily financially feasible. It is a function of land, materials and labor increases. One broker reported that for the last two years, he thought “cost increases were on a tear”.

And, again, as in the case of owner/occupant projects, where the Owner occupies a portion and leases out the remainder, profit motives are often secondary and do not drive the decision to build. With less reliance on profit, and especially in cases where land has been acquired at an earlier time and today is worth significantly more than paid for, owners go ahead with construction, usually because there is nothing available in the market at the time for sale or lease that suits their needs.

It is not a common occurrence in this market that developers sell a project upon completion, rather they are typically building for their own portfolio. We did find one that sold shortly after construction was complete and tenants had taken occupancy. In fact, the only recent sale of a newly completed building is summarized as follows.

New Retail Building Sale - The 1-story strip retail building at 5802 Road 68 in Pasco, containing 6,000 SF occupied by Spectrum and the Kabob House sold on October 10, 2019 for \$1,900,000 about one year after tenants took occupancy. The 15-acre parcel of land for the larger Sandifur

Crossing Shopping Center of which it was a part had been purchased earlier for just about \$3.00 PSF, and subdivided into parcels for each proposed building; this parcel contained 28,980 SF reflecting a land to building ratio of only 4.83:1, considered adequate for this project. The project was listed for \$2,950,000 but the listing was withdrawn; and sold three months later for \$2,600,000, reflecting a sale price of **\$433 PSF** and an overall rate of **6.8%** based on income at the time of sale as reported in the listing rent roll for the two new long-term leases in effect. Rental rates in effect at the time of sale averaged about **\$29.50 PSF NNN** which is at the high end of the list price of space available today, but the subject was in a very strong anchored center in a very strong demographic. The building permits issued in 2018 through 2019 totaled \$852,002 in hard costs or approximately \$142 PSF. To that amount, the land value and any soft costs would be added. When subtracted from the sale price, the amount of profit could then be extracted. Given expected construction costs today for this type of project, this project likely sold at a considerable profit reflecting that certain types of retail are very profitable.

Summary – Feasibility of New Construction

Given the nature of strong demand over the last 6.5-year study period, it is clear that new space coming into the market is leasing readily with no major issues concerning occupancy or rental rates. Costs are rising which is expected to hinder new development feasibility if the trend continues. Nonetheless, if it is assumed that continued population and employment growth occurs, demand for new retail space will continue.

Development Costs

Similar to office building construction costs, retail construction costs are also experiencing rapidly increasing prices for material and labor in addition to land. Today's costs for an unanchored strip center on a secondary location can easily run \$200 PSF, increasing for better locations and higher tenant finishes for tenants such as restaurants compared with retail tenants.

V. Summary – Commercial (Office and Retail) Development

Table 4.9
Commercial (Office and Retail) Summary

Type	Office Space	Retail Space	Combined
SF Completed	682,655	1,018,599	1,701,254
SF U/C or Planned	67,400	73,081	143,481
Combined Totals	733,055	1,066,888	1,844,735
Current Rental Rates	\$14 to \$25 (POB) \$20 to \$30 (MOB)	\$15 - \$30	\$14 to \$30
Weighted Average	\$19.05 PSF	\$20.32	\$19.05 to \$20.32
Current Available SF	51,499	17,318	68,817
Current Vacancy Levels	7.7%	1.7%	4.1%

Table 4.9 above summarizes the findings of this study of the Tri-Cities commercial market for projects constructed during the most recent 6.5-year period. There is not a particularly significant difference between average rental rates and the combined vacancy levels between office and retail space and it is noted that most of the higher end rates of office space are for medical space, while most of the higher end of retail rents are for restaurants in anchored centers.

Land Prices

Lastly, we looked at land prices being paid by developers to build new commercial (both office and retail) space. We focused our efforts using the following parameters:

- Location -- Vista Field / Columbia Center Mall neighborhoods
- Transaction date – Last 36 months
- Zoning – Commercial permitting office and or retail development

Data in the immediate neighborhood was considered fairly sparse because of several factors. First, the neighborhood is approaching full buildout. Secondly, prices have risen steadily, and some buyers are seeking less expensive alternatives in more remote locations. And thirdly, none of the parcels sold have the same zoning as the subject. Nonetheless ten sales from the neighborhood which have occurred since May 2017 to the present time were investigated and are arrayed here in Table 3.1 followed by a map depicting the sale location.

Table 3.1

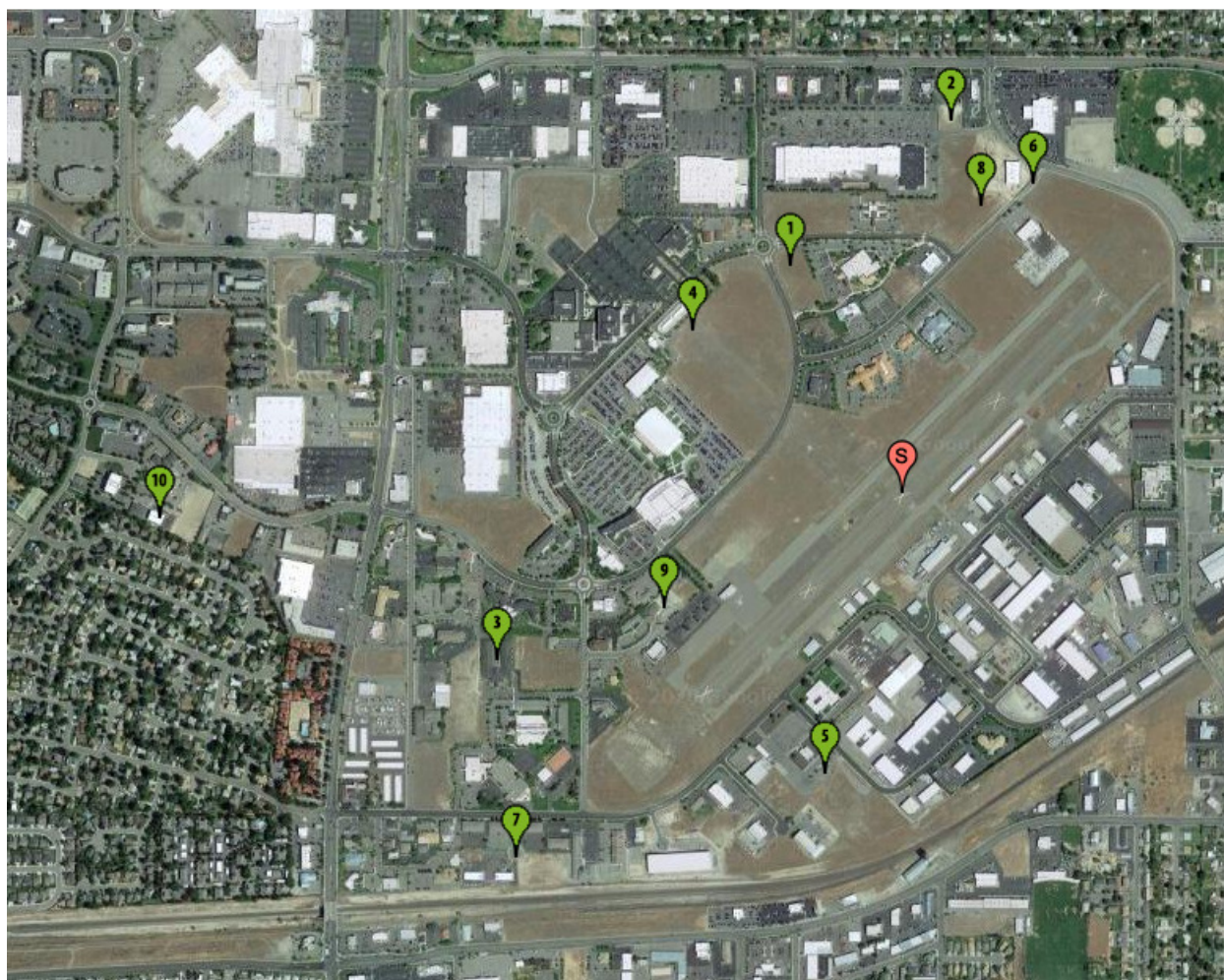
Land Sale Summary

	Subject	Sale # 1	Sale # 2	Sale # 3	Sale # 4	Sale # 5
Property Name	Vista Field Phase I Redevelopment	SEC Crosswind Blvd (Grandridge) and W Okanogan Pl	Proposed Korean BBQ Restaurant	Former Trios Site	Behind the BFT Transit Center	Vista Field Ind'l Park LLC
Address		6901 and 6909 Grandridge Blvd	NKA Skaget	7319 W Hood Pl	NKA Okanogan	460 N Quay St
City	Kennewick	Kennewick	Kennewick	Kennewick	Kennewick	Kennewick
Land Area SF	87,120	113,692	30,396	161,176	184,694	140,268
Land Area in Acres	1.500	2.610	0.698	3.700	4.240	3.220
Zoning	Urban	CR	CR	CG	CR	II
Usable Land Area (SF)		113,692	30,396	161,176	184,694	140,268
Sale Price	N/A	\$1,296,432	\$288,400	\$810,000	\$1,394,440	\$841,579
Date of Sale		Aug-20	Apr-20	Feb-20	Sep-19	Jul-19
Land Sq Ft	87,120	113,692	30,396	161,176	184,694	140,268
Unadjusted Price/SF	N/A	\$11.40	\$9.49	\$5.03	\$7.55	\$6.00

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Land Sale Summary

	Subject	Sale # 6	Sale # 7	Sale # 8	Sale # 9	Sale # 10
Property Name	Vista Field Phase I Redevelopment	Yakima Farm Workers Site	Proposed Office Bldg.	Chuckee Cheese Restaurant	GS Investments Parcel	First American Title
Address		6335 Rio Grande	308 N. Belfair Ct	6340 W Rio Grande Ave	7106 W Hood Pl	8109 W Grandridge Blvd
City	Kennewick	Kennewick	Kennewick	Kennewick	Kennewick	Kennewick
Land Area SF	87,120	216,493	74,488	139,828	36,590	29,102
Land Area in Acres	1.500	4.970	1.710	3.210	0.840	0.668
Zoning	Urban	CR	IL	CR	CG	CR
Usable Land Area (SF)		216,493	74,488	139,828	36,590	29,102
Sale Price	N/A	\$1,731,944	\$400,000	\$962,132	\$186,609	\$232,784
Date of Sale		Apr-19	Nov-17	Nov-17	Aug-17	May-17
Land Sq Ft	87,120	216,493	74,488	139,828	36,590	29,102
Unadjusted Price/SF	N/A	\$8.00	\$5.37	\$6.88	\$5.10	\$8.00



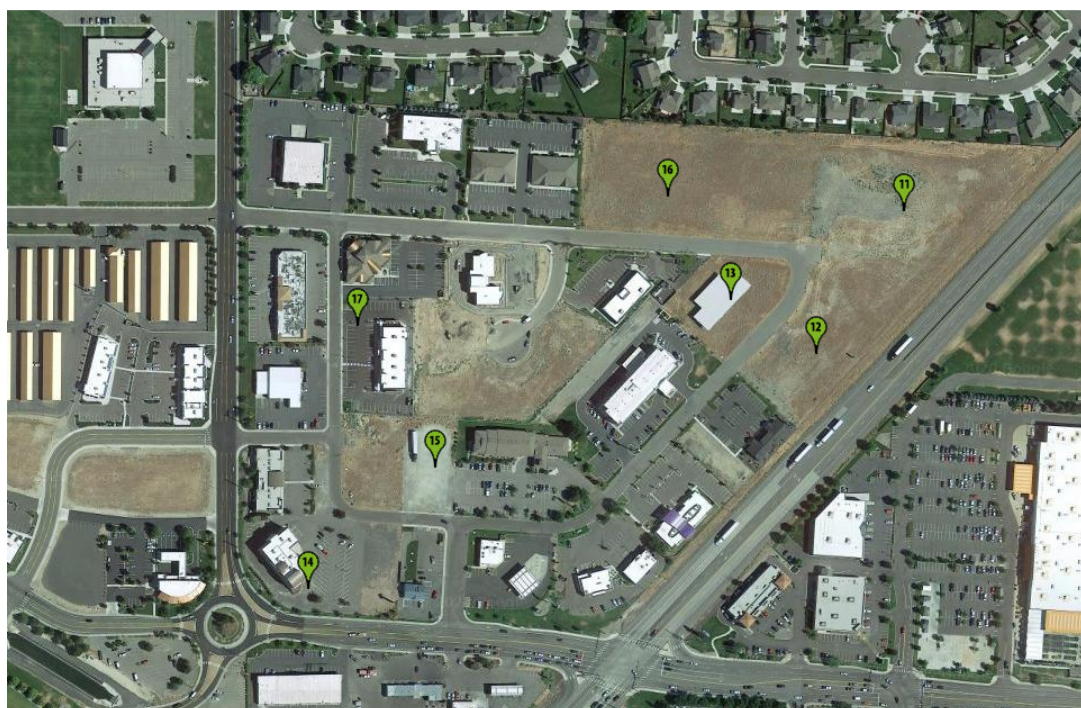
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The five most recent sales over the last 15 months range from \$5.03 to \$11.40 PSF with a weighted average of \$6.46 PSF but the average size is 3.29 AC which is larger than what will likely be the final size for the subject.

There was no recorded land sale activity in Vista Field discovered between May 2017 and April 2019, nearly a two-year gap. Thus, sales in a similar office and retail park neighborhood bounded by U.S. Hwy 395 on the east, 27th Ave on the south, and Union on the west were also investigated for comparison purposes. Two of the sales back up to U.S. Hwy 395, but virtually no premium is attributable to those parcels when compared with the interior parcel sales. The sales reflect a much tighter range from \$6.09 to \$8.02 with the exception of one outlier at \$4.18, but it was the second largest parcel sold and no development plans have yet been announced so it may have been an investor waiting for prices to rise. Those seven sales are summarized as Sales #11 through #17 in the following table.

Land Sale Summary

	Subject	Sale # 11	Sale # 12	Sale # 13	Sale # 14	Sale # 15	Sale # 16	Sale # 17
Property Name	Vista Field Phase I Redevelopment	Windsong at Southridge Senior Living and Memory Care Unit	Proposed Dental Clinic	Catch & Release Sports Bar (Never Finished)	Cynergy Pkg Lot; Part vacant land	Adjacent to Baymont Inn & Suites	Proposed Office in Southridge Area Adj to Windsong	Europa Restaurant Plus 4 Tenants
Address		4000 W 24th Ave @ Quillan	2431 S Quillan Pl	2404 S. Quillan Place	NKA S Union Pl OR NKA W 27th	4302 W. 27th Pl	4112, 4136 4160, 4184 W 24th Ave	2459 S Union Pl
City	Kennewick	Kennewick	Kennewick	Kennewick	Kennewick	Kennewick	Kennewick	Kennewick
Land Area - SF	87,120	174,240	63,162	48,569	90,169	36,155	149,580	49,599
Land Area in Acres	1.500	4.000	1.450	1.115	2.070	0.830	3.434	1.139
Zoning	Urban	CC	CC	CC	CN	CC	CC	CC
Usable Land Area (SF)		174,240	63,162	48,569	90,169	36,155	149,580	49,599
Sale Price	N/A	\$1,061,200	\$392,400	\$305,940	\$700,000	\$290,000	\$625,000	\$319,943
Date of Sale		Oct-18	Oct-18	Sep-18	Jan-18	Aug-17	Jun-17	Jun-16
Land Sq Ft	87,120	174,240	63,162	48,569	90,169	36,155	149,580	49,599
Unadjusted Price/SF	N/A	\$6.09	\$6.21	\$6.30	\$7.76	\$8.02	\$4.18	\$6.45



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Location Adjustment - The most recent Sale #1 in Vista Field which occurred last month in August 2020 benefits from a strong location at the roundabout of Grandridge Blvd and Crosswinds Dr and sold for \$11.40 PSF to the State of Washington Department of Health and Human Services for construction of a new building. When compared to a similar sized interior site that is slightly larger without such visibility, Sale #5 not far away sold for \$6.00 PSF one year earlier which gives an indication of a location premium attributable to Sale #1.

Item #	Sale #1	Sale #5	Difference
Size (AC)	2.61 AC	3.22 AC	.61 AC
Size (SF)	113,692 SF	140,268 SF	26,576 SF
Date of Sale	08/2020	07/2019	13 MO
Sale Price PSF	\$11.40	\$6.00	\$5.40 or 90% more paid for better location before a market conditions adjustment is made

Market Conditions Adjustment - (Change in Value Resulting from Passage of Time) - For purposes of determining any market conditions adjustment, Sales #2 and #10 (very similar in size and type of location) were paired:

Item #	Sale #2	Sale #10	Difference
Size (AC)	0.698 AC	0.668 AC	.029 AC
Size (SF)	30,396 SF	29,102 SF	1,294 SF
Date of Sale	04/2020	05/2017	35 MO
Sale Price PSF	\$9.49	\$8.00	The difference in value is 18.6% over the 35-month period, or approximately 6%/Yr

Size Adjustment – We have assumed that subject will be sized from approximately one-half acre to 2.0 acres. In terms of size, the sales range from 30,396 to 184,694 SF (0.698 to 4.24 AC) with a preponderance towards the larger end with only one sale under one acre and the remaining four sales sized in excess of 2.6 acres. Thus, additional review was conducted of the remaining five sales as well as other sales during that timeframe. One pair was located in the office and retail district that has grown up in the northwest quadrant of Union Blvd and 27th Ave in Kennewick. Two adjacent parcels sold in the same month and are paired as follows:

Item #	Sale #11	Sale #12	Difference
Location	4000 W 24 th Ave	2431 S Quillan Pl	Adjacent
Size (AC)	4.0 AC	1.45 AC	2.55 AC
Size (SF)	174,240 SF	63,162 SF	111,078 SF
Date of Sale	10/2018	10/2018	Same Month/Yr
Sale Price PSF	\$6.21	\$6.09	2% difference

So while economic theory posits that demand for a smaller number of units is typically higher than for a larger number of units, in many cases, there is not necessarily a premium for smaller sites when compared to larger ones due to the limited number of larger parcels available and increasing demand.

Other Considerations

The subject sites will have three attributes which are different from the sales available:

1. The subject sites are zoned Urban Mixed Use, which is a highly diversified use permitting more than just commercial use compared to mostly commercial general or commercial regional for the sales (with two zoned for light industrial);
2. The sites will be “pad” sites in configuration, meaning that the buyer owns the land underneath the improvements, but parking is shared in common with other owners with ownership retained by the Seller.
3. As a result of their “pad” configuration, they will be quite smaller than the average of the sites reviewed above.

A pad site or outparcel is a freestanding parcel of commercial real estate located in front of a larger shopping center or strip mall and typically ranges from 10,000 to 75,000 SF. Some are ground leased to a tenant, and some are sold outright. They typically include cross easement agreements for access and parking across adjacent shopping center land. They benefit from the draw of the major anchor tenant and therefore, are typically quite a bit more expensive than non-pad sites.

There have been no pad site sales in Vista Field; Thus, several recent “pad site” sales that have transpired in other neighborhoods have been reviewed. These are shopping center pad sites for the most part.

*Table 3.2 Summary of Recent “Pad Site” Sales
Tri-Cities, WA*

	Sale #1	Sale #2	Sale #3	Sale #4	Sale #5
Street Address	2831 Duportail St	1659 N Col. Ctr Blvd	4501 Road 68	1273 Aaron Dr	5702 N Road 68
Shopping Center	Home Depot	CC Mall	Bridgestone Tire	Auto Dealership	Sandifur Crossing
City	Richland	Kennewick	Pasco	Richland	Pasco
To Be Built	Strip Center	3-Tenant Strip	Burger King	Expansion	Wendy’s
Date of Sale	08/24/2020	12/20/2019	02/26/2019	06/12/2019	12/13/2018
Sale Price	\$790,000	\$1,100,000	\$800,000	\$570,000	\$796,000
Land Size	26,123	51,411	40,511	23,108	28,987
\$ PSF	\$30.24	\$21.40	\$19.75	\$24.67	\$27.46

It becomes fairly obvious when comparing “pad site” sales with non-pad site sales that the price PSF is nearly double and almost triple the unit price for these small sites compared to non-pad site sales ranging from approximately \$20 to \$30 PSF with an average of just about \$25 PSF. A good part of the premium is obviously for the draw but some of the premium is also due to its smaller size because the buyer has the advantage of access and overflow parking across adjacent parcels just as if their own site were larger.

Conclusion of Marketing and Pricing Strategy

Commercial Land Parcels

I have assumed for purposes of valuation analysis that the sites to be developed will:

- (a) range from one-half acre to two acres in size;
- (b) be mostly interior sites on low traffic visibility thoroughfares; and
- (b) and will be the equivalent of a “pad site” and include no on-site parking.

Based on the preceding analysis in connection with the above assumptions, I have concluded that the individual sites could be marketed successfully on the following basis:

Size of Parcel (AC)	Small Up to 1.0 AC	Medium Up to 1.5 AC	Large Up to 2.0 AC	Extra Large Up to 2.5 AC
Size of Parcel (SF)	≥21,780 SF ≥43,560 SF	≥43,561 SF ≥65,340 SF	≥65,341 SF ≥87,120 SF	≥ 87,121 SF ≥108,900 SF
Location	1* \$20.00	1* \$15.00	1* \$12.50	1* \$10.00
\$ PSF	2* \$15.00	2* \$12.50	2* \$10.00	2* \$8.50

1* - fronts along a central corridor with greater traffic count

2* - fronts along a secondary interior corridor with very low traffic count

Competitive Location Analysis – Commercial Parcels

About 70% to 80% of new construction historically has been for owner-occupancy, with only 20% to 30% built for investors who lease out space to tenants. The driver for this is the low interest rates which make owning and building equity as affordable as renting. This trend should continue so long as interest rates remain low. Depth of the market is unknown at the point.

There are very few single site parcels available in subject’s Market Area of Kennewick outside of Vista Field.

- Vista Field is considered mostly mature with only a smattering of single sites left.
- There were very few office parks developed in the Tri-Cities outside of Vista Field.
- The Spaulding Business Park and the Columbia Trail Corridors are also reaching maturity.
- The land on the West Clearwater Ave extension between Clearwater Ave on the east and I-82 on the west is being steadily absorbed with a great deal of new construction in the most recent 3-5 years.
- The area bounded by U.S. 395 on the east, and 27th on the south and Union on the west is mostly mature with only one or two undeveloped parcels.
- Those which compete with subject will include primarily the U.S. Hwy 395 S corridor from Clearwater to Southridge in Kennewick; Queensgate/Keene Road corridors in Richland and Road 68 to Road 100 corridors in Pasco.

Development Costs

All persons contacted in connection with this and other recent assignments state that costs are going through the roof for land, materials and labor. It is very difficult to put pricing together for

any proposal because increases are occurring so quickly. There is definitely a shortage in all categories.

It was noted that today's average cost for new commercial (office and retail) construction is running in the \$200 to \$300 and up PSF range including land.

Hotel Development

The client has also requested special consideration of a hotel site within the development. Hotels are a special purpose falling within the commercial category. According to the Tri-Cities Journal of Business, the base of inventory was 3,358 rooms in 2014. First, the additional supply that has been added during the study period was investigated and is summarized in Table 3.3.

Each of the major cities has added at least three new hotel properties containing a combined total of 1,059 rooms; and Richland has actually added four new hotel properties; thus the new supply represents an approximate 30% addition to the supply and bringing the total supply to 4,417 rooms. According to one of the major players in the market, the additional rooms should not overload the market as they each cater to a different segment of the traveling market.

In addition to the new construction, two properties are currently undergoing complete transformations and transfer to new franchises. The Richland Shilo Inn will become a Best Western, and the Richland Red Lion Hotel will become a Holiday Inn. And finally, the "M" Hotel in north Richland has also been completely refurbished but is not changing franchises.

According to Smith Travel Research in August 2019, hotel revenue grew only about 1.4% over the prior year (2018 over 2017) with a similar increase expected in 2019 (Source: Tri-Cities Journal of Business). Those small increases combined with added inventory likely do not create an environment where additional construction will be feasible for several years; the market needs time to catch up.

MARKET STUDY & ANALYSIS
Vista Field Regional Town Center, Kennewick, WA

Table 3.3
Summary of New Hotel Projects in the Tri-Cities
2015 to 2020 YTD

Type	Project Name	Street #	Dir	Street Name	City	Owner	Year Built	GBA	NBRHD	Subtotal NBRHD	# Units
Hospitality	Comfort Suites	3703		Plaza Way	Kennewick	South Ridge Investments	2020	62,314	Southridge		94
Hospitality	Hampton Inn Kennewick	3715		Plaza Way	Kennewick	Hampton Inn	2020	49,696	Southridge		121
Hospitality	Springhill Suites	7408	W	Grandridge Blvd	Kennewick	A-1 Kennewick LLC	2015	94,191	Vista Field		122
KENNEWICK TOTAL COMPLETE								206,201			337
Hospitality	Courtyard by Marriott	2101	W	Argent Rd	Pasco	A-1 Hospitality Properties	2020	59,525	North Central		99
Hospitality	Hampton Inn Pasco	6826		Burden Blvd	Pasco	Ron/Tracey Asmus	2016	72,685	Road 68		120
Hospitality	My Place Hotel	6830		Rodeo Dr	Pasco	Pasco My Place LLC	2014	28,594	Road 68		64
PASCO TOTAL COMPLETE								160,804			283
Hospitality	Home2 Suites	2861		Lincoln Landing	Richland	Western States Lodging, Dev & Mgmt	2017	66,380	Queensgate		120
Hospitality	Homewood Suites	1060	N	George Washington Way	Richland	Vandervert Hospitality	2014	92,955	Columbia Point		115
Hospitality	The Lodge at Columbia Point	530		Columbia Point Dr	Richland	The Lodge at Columbia Point	2017	62,773	Columbia Point		82
Hospitality	WoodSpring Suites	1370		Tapteal Dr	Richland	Richland Hotel Holdings LLC	2020	48,985	Spaulding		122
RICHLAND TOTAL COMPLETE								271,093			439
Tri-Cities Total Complete								638,098			1059
Tri-Cities Total Under Construction								-			0
Tri-Cities Total Supply								638,098			1059

Land Sales

There have been no *recent* land sales activity for hotel development. The most recent transactions include:

Summary of Hotel Sales Tri-Cities, WA

	Sale #1	Sale #2	Sale #3	Sale #4
Name	Marriott Hotel	WoodSprings	Comfort Suites	Home2 Suites
Location	2101 W Argent Road Pasco, WA	1370 Tapteal Richland	3703 Plaza Way, Kennewick	2861 Lincoln Landing, Richland
Site Size (SF)	N/A	1.98 AC	1.9 AC	2.98 AC
Date of Sale	2018	03/2017	07/2016	10/2015
Sale Price	Lease for greater of \$28,000/year or 1.25% of revenues	\$949,355	\$1,100,000	\$1,427,897
Sale Price PSF	N/A	\$11.01	\$13.29	\$11.00

We are aware that a new project which will be anchored to the Convention Center has been announced, but details have not yet been finalized.

Feasibility of New Hotel Construction

The range of sale prices for the land prices shown above fall at the upper end of the range for commercial development. It is doubtful that additional new hotel construction will be feasible in Phase I of this redevelopment project.

V. Market Study & Analysis – SUPPLY – RESIDENTIAL

MARKET STUDY

Single Family DETACHED Residential Component

Survey Methodology

A survey of the local PACMLS was conducted for new single-family detached residential home sales by year for the period 2015 through June 30, 2020 (66 Months). Data points surveyed included:

1. County (Benton and Franklin)
2. City (Kennewick, Pasco, Richland, and West Richland)
3. Date Sold
4. Subdivision >10 lots (Multiple phases combined)
5. Owner/Developer
6. Address
7. Year Built
8. Size (SF) Finished
9. MLS #
10. Year Built
11. Newly Complete/Under Construction
12. 1 Story vs 2-story
13. With and Without a Basement
14. Garage Capacity
15. Lot Size (AC)

Initially, over 5,000 data points were returned, but this was narrowed down after a sort to 4,294 data points covering 78 subdivisions by eliminating subdivisions with less than 10 sales; and some subdivision designations as “other” or “short plat” were excluded. Allowance must also be made for listings where the agent did not enter a name in the subdivision field and therefore were not included.

Validation

Similar data was requested from both the Benton County and Franklin County Assessor’s offices and two local title companies in order that an audit could be conducted of the PACMLS data. Random audits were conducted and verified that the data in MLS was accurate for the most part.

Analysis

The data was exported to Excel for analysis. It was sorted by County, then City and then Subdivision Name, then by Closing Date which permitted analysis on an annual basis so that trends from year to year could be discerned. A summary of the final results is shown in the two tables here. Table 5.1 shows the total sales by City by year, while Table 5.2 shows the total sales by City by subdivision. A copy of the complete survey is retained in our files. There are some slight differences in the totals between the two tables which is not consequential. It had to do with the way the data was sorted and analyzed before and after deleting subdivisions of less than 10 lots.

Table 5.1 – Sort by City

MARKET STUDY & ANALYSIS
Vista Field Regional Town Center, Kennewick, WA

Summary of SFR Sales, January 2015 to June 2020
Tri-Cities, Washington

	TOTAL SUMMARY								
	# Sold	DOM		Total Sale \$	FinSQFT	\$ PSF	Min SF	Avg SF	Max SF
Sub-Total Kennewick	1,246	76	\$	435,855,044	2,788,252	\$ 156.32	1,148	2,126	4,427
Sub-Total Pasco	1,641	57	\$	517,350,475	3,368,446	\$ 153.59	1,040	2,048	5,443
Sub-Total Richland	1,085	70	\$	414,227,591	2,439,761	\$ 169.78	1,235	2,351	5,215
Sub-Total West Richland	280	54	\$	107,817,786	664,903	\$ 162.16	1,341	2,335	4,800
TOTAL	4,252	64	\$	1,475,250,896	9,261,362	\$ 159.29	1,040	2,215	5,443
2020 YTD Sub-Total Kennewick	99	82	\$	38,158,464	205,497	\$ 185.69	1,343	2,280	3,874
2020 YTD Sub-Total Pasco	201	65	\$	68,818,461	372,579	\$ 184.71	1,289	1,975	3,650
2020 YTD Sub-Total Richland	133	69	\$	54,233,217	287,592	\$ 188.58	1,235	2,329	3,373
2020 YTD Sub-Total West Richland	38	82	\$	15,264,477	76,064	\$ 200.68	1,341	1,913	3,080
2020 YTD TOTAL	471	74	\$	176,474,619	941,732	\$ 187.39	1,235	2,124	3,874
2019 Sub-Total Kennewick	223	67	\$	89,082,553	539,339	\$ 165.17	1,343	2,449	4,100
2019 Sub-Total Pasco	392	63	\$	138,776,494	799,725	\$ 173.53	1,289	2,155	3,855
2019 Sub-Total Richland	255	64	\$	101,083,588	549,949	\$ 183.81	1,235	2,286	4,006
2019 Sub-Total West Richland	42	57	\$	18,844,269	103,603	\$ 181.89	1,341	2,222	4,800
2019 TOTAL	912	63	\$	347,786,904	1,992,616	\$ 174.54	1,235	2,278	4,800
2018 Sub-Total Kennewick	331	81	\$	88,902,654	516,904	\$ 171.99	384	2,351	4,290
2018 Sub-Total Pasco	181	53	\$	104,552,175	659,667	\$ 158.49	1,227	2,240	4,343
2018 Sub-Total Richland	50	73	\$	82,559,386	483,772	\$ 170.66	1,343	2,234	4,600
2018 Sub-Total West Richland	765	72	\$	15,508,580	87,601	\$ 177.04	1,801	2,443	3,195
2018 TOTAL	-	70	\$	291,522,795	1,747,944	\$ 166.78	384	2,317	4,600
2017 Sub-Total Kennewick	203	52	\$	71,379,151	462,188	\$ 154.44	1,408	2,348	4,326
2017 Sub-Total Pasco	331	56	\$	93,995,265	658,783	\$ 142.68	1,143	2,115	3,918
2017 Sub-Total Richland	181	62	\$	68,883,663	416,101	\$ 165.55	1,408	2,411	5,215
2017 Sub-Total West Richland	50	36	\$	19,527,188	121,499	\$ 160.72	1,805	2,464	3,325
2017 TOTAL	765	51	\$	253,785,267	1,658,571	\$ 153.01	1,143	2,335	5,215
2016 Sub-Total Kennewick	229	117	\$	75,659,253	514,994	\$ 146.91	1,148	2,333	4,427
2016 Sub-Total Pasco	236	56	\$	65,982,945	508,436	\$ 129.78	1,181	2,066	5,443
2016 Sub-Total Richland	175	67	\$	61,934,662	402,783	\$ 153.77	1,373	2,483	4,805
2016 Sub-Total West Richland	62	20	\$	21,597,020	149,656	\$ 144.31	1,805	2,651	3,767
2016 TOTAL	702	65	\$	225,173,880	1,575,869	\$ 142.89	1,148	2,383	5,443
2015 Sub-Total Kennewick	270	101	\$	72,672,969	695,676	\$ 104.46	1,148	2,318	4,427
2015 Sub-Total Pasco	184	61	\$	45,225,135	369,256	\$ 122.48	1,040	2,097	3,600
2015 Sub-Total Richland	122	95	\$	45,533,075	299,564	\$ 152.00	1,550	2,501	4,479
2015 Sub-Total West Richland	52	42	\$	17,076,252	126,480	\$ 135.01	1,800	2,482	3,730
2015 TOTAL	628	75	\$	180,507,431	1,490,976	\$ 121.07	1,040	2,349	4,479

MARKET STUDY & ANALYSIS
Vista Field Regional Town Center, Kennewick, WA

Table 5.2 – Sort by Subdivision
Summary of SFR Sales, January 2015 to June 2020
Tri-Cities, Washington

		COMBINED TOTALS								
Subdiv	City	# Sold	DOM		Total Sale \$	FinSQFT	\$ PSF	Min SF	Avg SF	Max SF
APPLE VALLEY	Kennewick	115	53	\$	42,665,260	\$ 241,755	177	1,443	2102	3,029
BRIDGEWATER PARK	Kennewick	73	25	\$	13,696,607	\$ 116,841	122	1,148	1594	2,470
CANYON RANCH, AND 2	Kennewick	112	69	\$	35,681,166	\$ 252,500	145	1,148	2720	4,427
CANYON VIEW ESTATES	Kennewick	40	42	\$	9,610,161	\$ 72,611	137	1,408	1764	2,192
CEDAR VILLAGE	Kennewick	24	67	\$	5,514,035	\$ 39,320	140	1,595	1641	1,699
CHERRY CREEK	Kennewick	5	58	\$	1,596,129	\$ 11,234	141	1,651	2225	3,083
CHERRY CREEK PH 3	Kennewick	48	59	\$	16,797,412	\$ 99,276	170	1,438	2199	2,846
CHERRY CREEK ESTATES	Kennewick	36	97	\$	11,113,573	\$ 80,796	144	1,656	2206	3,209
CHERRY GLEN	Kennewick	25	18	\$	4,738,182	\$ 22,654	121	1,148	1618	2,192
FOUNTAIN	Kennewick	15	128	\$	3,991,165	\$ 29,231	134	1,417	2102	2,585
HANSEN PARK	Kennewick	10	138	\$	4,698,297	\$ 25,551	156	1,970	2436	4,243
HEIGHTS AT HIGHLAND RANCH	Kennewick	31	82	\$	7,152,693	\$ 61,116	120	1,408	1949	3,200
HIDDEN HILLS	Kennewick	14	11	\$	7,363,404	\$ 41,339	168	2,318	3012	3,955
HIGHLAND TERRACE	Kennewick	16	19	\$	3,423,734	\$ 22,475	142	1,460	1502	1,555
INSPIRATION EST	Kennewick	47	60	\$	20,129,514	\$ 121,987	167	384	2616	4,101
OLYMPIA ESTATES	Kennewick	35	32	\$	10,396,269	\$ 111,418	163	1,343	1820	2,496
RIDGELINE ESTATES	Kennewick	22	152	\$	7,502,203	\$ 52,808	142	1,800	2415	3,607
SAGECREST	Kennewick	70	74	\$	22,353,184	\$ 148,028	155	1,551	2171	3,059
SOUTHCLIFFE	Kennewick	21	231	\$	11,714,240	\$ 59,540	191	2,000	3012	4,326
SOUTHRIDGE	Kennewick	169	79	\$	57,749,234	\$ 372,525	151	1,569	2215	3,512
SUMMIT VIEW	Kennewick	131	109	\$	59,512,298	\$ 343,788	174	1,914	2560	4,421
THE HEIGHTS AT CANYON LAKES	Kennewick	15	88	\$	6,376,528	\$ 41,671	151	2,100	2936	3,828
THE RIDGE AT HANSEN PARK	Kennewick	57	70	\$	26,067,733	\$ 137,374	185	1,710	2396	4,002
THE RIDGE AT REATA WEST	Kennewick	86	93	\$	37,709,597	\$ 233,394	160	1,897	2751	4,100
THE VILLAGE AT SOUTHRIDGE	Kennewick	15	48	\$	5,474,461	\$ 27,447	193	1,476	1916	2,284
VILLAS VERDE	Kennewick	14	62	\$	2,827,965	\$ 21,573	127	1,240	1585	2,080
Sub-Total Kennewick		1246	76	\$	435,855,044	2,788,252	\$ 156.32	1,148	2,126	4,427

Subdiv	City	COMBINED TOTALS								
		# Sold	DOM		Total Sale \$	FinSQFT	\$ PSF	Min SF	Avg SF	Max SF
ARCHER ESTATES	Pasco	103	39	\$	42,203,141	\$ 258,050	165	1,878	2651	3,376
BROADMOOR TERRACE	Pasco	75	143	\$	24,321,641	\$ 160,323	154	1,452	2063	3,290
CHAPEL HILL	Pasco	61	70	\$	15,078,308	\$ 100,555	133	1,230	1719	2,192
CHAPMAN	Pasco	18	37	\$	4,311,844	\$ 23,202	186	1,289	1289	1,289
CHIAWANA PLACE	Pasco	12	166	\$	4,693,511	\$ 23,795	197	1,509	1983	2,270
COLUMBIA TERRACE	Pasco	82	99	\$	31,882,560	\$ 187,849	170	1,354	2260	3,488
EAGLE CREST ESTATES	Pasco	18	84	\$	12,093,288	\$ 58,098	210	2,517	3222	4,343
FIRST PLACE PH7	Pasco	115	91	\$	34,660,880	\$ 250,127	147	1,644	2167	3,400
IRIS MEADOWS	Pasco	31	17	\$	11,181,466	\$ 77,218	145	1,805	2491	3,195
LINDA LOVISA	Pasco	20	100	\$	4,812,861	\$ 42,152	114	1,380	2169	2,847
MADISON PARK	Pasco	251	43	\$	73,857,848	\$ 555,131	138	1,312	2208	5,443
MAJESTIA PLACE	Pasco	44	26	\$	11,668,404	\$ 78,094	149	1,478	1774	2,311
MEDITERRAN VILL	Pasco	7	126	\$	1,848,157	\$ 13,265	140	1,730	1887	2,098
NORTH RIDGE PAR	Pasco	28	12	\$	8,755,901	\$ 52,737	166	1,408	1850	3,195
RIVERHAWK ESTATES	Pasco	250	18	\$	73,597,765	\$ 438,365	169	1,403	1747	3,195
RIVERHAWK POINTE	Pasco	41	8	\$	11,989,159	\$ 65,979	180	1,403	1680	2,470
SORANO HEIGHTS	Pasco	15	10	\$	5,265,817	\$ 26,307	200	1,586	1754	2,229
SPENCER ESTATES & PHASE 2	Pasco	129	68	\$	61,840,148	\$ 339,612	177	2,007	2642	3,600
STEELE CORNERS	Pasco	11	92	\$	4,515,814	\$ 25,797	175	1,931	2343	2,979
SUNRISE ESTATES	Pasco	31	3	\$	5,365,591	\$ 41,576	134	1,143	1330	1,626
THREE RIVERS WEST	Pasco	177	16	\$	43,526,367	\$ 348,128	126	1,408	1974	3,198
TIERRA VIDA	Pasco	82	6	\$	12,857,973	\$ 109,641	123	1,040	1344	1,673
VALENCIA ESTATES	Pasco	16	65	\$	6,271,123	\$ 35,003	178	1,801	2202	2,428
VOLTERRA ESTATES	Pasco	24	22	\$	10,750,908	\$ 57,442	187	1,801	2402	2,940
Sub-Total Pasco		1641	57	\$	517,350,475	3,368,446	\$ 153.59	1,040	2,048	5,443

MARKET STUDY & ANALYSIS
Vista Field Regional Town Center, Kennewick, WA

Table 5.2, Sort by Subdivision - Continued
Summary of SFR Sales, January 2015 to June 2020
Tri-Cities, Washington

		COMBINED TOTALS								
Subdiv	City	# Sold	DOM		Total Sale \$	FinSQFT	\$ PSF	Min SF	Avg SF	Max SF
BADGER MNT	Richland	34	26	\$	12,275,515	\$ 76,483	159	1,500	2272	3,935
BADGER MOUNTAIN VILLAGE 1,2	Richland	14	31	\$	4,996,913	\$ 30,156	166	1,656	2206	2,283
BRANTINGHAM HEIGHTS PH3,4	Richland	30	59	\$	10,620,534	\$ 75,539	143	1,801	2546	4,101
COTTAGES AT CLEARWATER CREEK	Richland	54	36	\$	17,661,283	\$ 103,380	169	1,235	1947	2,968
FALCON CREST	Richland	12	80	\$	7,568,076	\$ 33,241	241	2,069	2807	3,917
HORN RAPIDS	Richland	320	57	\$	113,555,879	\$ 669,920	169	1,443	2095	3,260
LEXINGTON HEIGHTS	Richland	14	94	\$	5,812,233	\$ 38,846	151	2,048	2768	3,290
RANCHO DEL REY	Richland	12	38	\$	4,423,116	\$ 26,497	169	1,780	2221	2,618
RESERVE AT CLEARWATER CREEK	Richland	149	44	\$	45,186,639	\$ 294,728	151	1,235	1993	3,195
SUNDANCE ESTATES NORTH	Richland	10	28	\$	4,130,515	\$ 20,063	206	1,617	2006	2,778
THE HEIGHTS AT MEADOW SPRINGS P4,4	Richland	23	120	\$	9,851,841	\$ 60,470	161	2,092	2650	3,828
WEST VILLAGE	Richland	87	68	\$	34,331,454	\$ 187,034	179	1,488	2187	3,376
WEST VINEYARD ESTATES	Richland	71	82	\$	24,499,854	\$ 153,510	156	1,343	2235	3,452
WESTCLIFFE	Richland	80	65	\$	50,420,004	\$ 249,925	202	2,081	3135	5,215
WESTCLIFFE HEIGHTS	Richland	26	127	\$	14,513,015	\$ 69,101	213	1,937	2642	3,373
WHITE BLUFFS	Richland	119	74	\$	43,597,028	\$ 289,871	153	1,601	2387	3,845
WILLOWBROOK 1,2	Richland	13	78	\$	5,655,992	\$ 31,905	177	1,943	2504	3,201
WILLOWPOINTE	Richland	17	161	\$	5,127,700	\$ 29,092	177	1,390	1716	1,816
Sub-Total Richland		1085	70	\$	414,227,591	2,439,761	\$ 169.78	1,235	2,351	5,215
BELMONT HEIGHTS	West Richland	38	78	\$	15,639,767	\$ 87,656	179	1,641	2308	3,899
COLLINS RIDGE	West Richland	13	102	\$	4,119,025	\$ 33,654	122	1,800	2589	3,730
EAGLE POINTE	West Richland	10	67	\$	3,091,547	\$ 18,807	164	1,720	1907	2,381
HAZELWOOD HEIGHTS	West Richland	12	106	\$	4,786,956	\$ 29,684	186	1,805	2170	3,195
PARADISE	West Richland	9	15	\$	2,832,053	\$ 23,793	119	2,162	2629	2,883
SUNSET HEIGHTS	West Richland	59	39	\$	28,899,537	\$ 148,884	196	1,826	2509	4,800
SUNSET RIDGE 3	West Richland	64	51	\$	23,220,925	\$ 155,497	149	1,816	2513	3,588
WESTHAVEN TOWNHOMES	West Richland	10	42	\$	3,038,149	\$ 14,809	207	1,341	1442	1,804
WESTWOOD ESTATE	West Richland	60	40	\$	19,927,258	\$ 136,916	145	1,805	2306	3,195
WILLAMETTE HEIG	West Richland	5	3	\$	2,262,569	\$ 15,203	153	2,432	2980	2,926
Sub-Total West Richland		280	54	\$	107,817,786	664,903	\$ 162.16	1,341	2,335	4,800
TOTAL		4252	64	\$	1,475,250,896	9,261,362	\$ 159.29	1,040	2,215	5,443

Analysis – Sales Volumes and Average Size

As reflected in the table, the following trends can be discerned:

- *Combined Total Transactions* - A total of 4,252 sales were reported in MLS during the 66-month period, reflecting an average of about 65 sales per month. This would not include “for sale by owner” sales, or sales listed as “other” in the subdivision field that included a broker representation or new custom homes built on a specific lot by an owner.
- *Location* - Percentages of transaction and sales volumes by City are arrayed in the following table. Pasco is clearly the leader, followed by Kennewick, Richland and West Richland respectively:

Table 5.3 Transaction Activity for the Tri-Cities Market January 2015 through June, 2020				
	Kennewick	Pasco	Richland	West Richland
Total Transaction Volume	29.3%	38.6%	25.5%	6.6%
Total Volume Dollars	29.5%	35.0%	28.0%	7.5%

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- *Total SF Built* - About 9.2 million square feet of gross living area was added to inventory during the study period from this data.
- *Sales Volume* - Sales volume reflected a total amount of nearly \$1.5 Billion.
- *Average Size*
 - Pasco builds the smallest average home at 92% of the average;
 - Richland builds the largest average home at 106% of the average;
 - Kennewick is somewhat smaller than average
 - West Richland is much larger than average.
- *Sale Price PSF* - Average sale prices PSF increased from a low of \$121.07 to \$187.39 PSF during the study period, an overall increase of 54.7%, or an average increase of 0.83%/Month or 10% annually. Of course, some markets have moved upward more quickly, and others lagged more slowly, but the average is 10%. In Table 5.2, the total data does not really reflect the current pricing but rather an average over the 5-year period.
- *DOM* - Average days on the market (DOM) has ranged from a low of 51 to 74 days on the market, and average 64 DOM with no real discernible trend.
- *Size (SF)* - The average home square footage in 2015 was 2,349 SF and this increased slightly by 52 SF to 2,383 SF in 2016. However, the average size declined each year thereafter from 2,383 SF in 2017 to 2,124 SF in 2020, an overall decrease of 259 SF, or approximately 11%. This average is on track to continue the downward size in home constructed.
- *Basements* - Fewer than 3% (119 of the total transaction sales) of the volume studied included a basement. This is a more popular option with newer homes constructed on steep lots where the basement option is a walk-out, and the ceiling heights and finishes are identical to that found in the main level above grade space. In reality, it is more like an inverted 2-story. Differences in price PSF for the below grade space is more similar to that of a 2-story.
- *Style* - Approximately 10% were 2-story homes and the majority of those were attached townhouse style homes. The remaining 90% were ramblers, although there was a sprinkling of bonus rooms above.
- *Garage Space* - More than 68% had 3+ garage spaces while 32% included only 2 garage spaces.
- *Lot Size* - Of the total, 405 (9.5%) did not report a lot size. Of the remaining 3,877 representing about 90.5%, only 130 (130/3,877 = were larger than 10,000 SF; 3.3% had lot sizes less than 5,000 SF; while another 408 sales had lot sizes less than 6,500 SF; the majority of the homes on lots less than 6,500 SF were townhouse style.
- *Townhouse or Patio* - Only 232 homes (5.4%) of the total were designated “townhouse” or “Patio”; these will be discussed separately.
- *Current Pricing* - Statistics for 2020 year to date:
 - List prices are ranging from \$185.69 to \$200.68 PSF (including lot)
 - At the present rate, annualized volume is calculated in the amount of 942 total sales, which would be the highest volume during the period studied.
 - Pasco clearly continues to outrun the four cities with 28% of the overall transaction volume; but lags somewhat behind with only 22% of overall dollars.

To summarize, the typical new single-family product in this market:

- Is a Rambler (1-story) with a Great Room open floorplan for the public spaces
- Contains approximately 2,100 SF
- Includes a 3-car attached garage
- Does NOT include a basement
- Is on a much smaller lot than in previous years due to increasing land prices

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Individual Lot Pricing Strategy

Three different methodologies of lot pricing strategies were applied.

I. Current Listing Activity

Builders and buyers in the market looking for a lot are typically looking at the **total price of the lot**, rather than the price on a square foot basis. It is typically just as easy to build a 2,100 SF home on a 5,000 SF lot as it is on a 10,000 SF lot. The number of lot sales to consumers listed in MLS is virtually non-existent. Summarized in the following table are the current active listings for lots of 0.30 AC or less.

Table 5.4
Current Listing Activity
Tri-Cities, Washington

MLS #	Status	Acres #	SF	Address	Class	Type	County	City	Subdiv	List Price	List Price PSF	Listing Date	DOM	Cum DOM
245899	Active	0.29	12,632	5320 Hershey Ln	LD	RES	Benton	West Richland	CANDY MTN ESTS	\$79,900	\$6.33	5/31/2020	60	156
245900	Active	0.29	12,632	5330 Hershey Ln	LD	RES	Benton	West Richland	CANDY MTN ESTS	\$79,900	\$6.33	5/31/2020	60	156
215747	Active	0.28	12,197	5420 Hershey Ln	LD	RES	Benton	West Richland	CANDY MTN ESTS	\$90,000	\$7.38	8/2/2016	1458	1458
244980	Active	0.24	10,454	7407 Cyan Dr. (Lot 9)	LD	RES	Franklin	Pasco	CHIAWANA PLACE	\$92,500	\$8.85	4/18/2020	103	103
243889	Active	0.28	12,197	Lot 3 Penny Lane	LD	RES	Benton	Richland	COB HILL	\$185,000	\$15.17	2/27/2020	154	154
240460	Active	0.227	9,888	464 Agier Dr	LD	RES	Benton	Richland	CRESTED HILLS 8	\$75,000	\$7.58	9/8/2019	326	326
247328	Active	0.3	13,068	242 Rockwood Dr	LD	RES	Benton	Richland	HILLS WST4	\$96,900	\$7.42	7/27/2020	3	3
241173	Active	0.28	12,197	IE LOT 211 PHASE VIII	LD	RES	Benton	Kennewick	INSPIRATION EST	\$100,900	\$8.27	10/9/2019	295	295
247142	Active	0.29	12,632	Lot 15 45th ave	LD	RES	Benton	West Richland	KINGVIEW ESTATES	\$116,900	\$9.25	7/18/2020	12	12
246885	Active	0.2881	12,550	Lot 9 Laurel CT	LD	RES	Benton	West Richland	KINGVIEW ESTATES	\$145,000	\$11.55	7/8/2020	22	22
244387	Active	0.28	12,197	477 E 36th Ave	LD	RES	Benton	Kennewick	OTHER	\$99,900	\$8.19	3/17/2020	135	135
246079	Active	0.23	10,019	3570 Bing St	LD	RES	Benton	West Richland	OTHER	\$120,000	\$11.98	6/5/2020	55	55
246231	Active	0.23	10,019	Lot 13 Bing St	LD	RES	Benton	West Richland	OTHER	\$150,000	\$14.97	6/12/2020	48	48
246513	Active	0.24	10,454	Lot 11 Bing St	LD	RES	Benton	West Richland	OTHER	\$150,000	\$14.35	6/23/2020	37	37
246078	Active	0.23	10,019	Lot 1 Bing St	LD	RES	Benton	West Richland	PANORAMA VISTA	\$120,000	\$11.98	6/5/2020	55	192
245775	Active	0.23	10,019	Lot 16 Bing St	LD	RES	Benton	West Richland	PANORAMA VISTA	\$130,000	\$12.98	5/26/2020	65	65
246080	Active	0.24	10,454	3530 Bing St	LD	RES	Benton	West Richland	PANORAMA VISTA	\$130,000	\$12.43	6/5/2020	55	55
246081	Active	0.23	10,019	Lot 5 Bing St	LD	RES	Benton	West Richland	PANORAMA VISTA	\$130,000	\$12.98	6/5/2020	55	93
246083	Active	0.23	10,019	Lot 15 Bing St	LD	RES	Benton	West Richland	PANORAMA VISTA	\$130,000	\$12.98	6/5/2020	55	192
245778	Active	0.29	12,632	Lot 27 Nicholas Ln.	LD	RES	Benton	West Richland	PANORAMA VISTA	\$140,000	\$11.08	5/26/2020	65	65
245779	Active	0.29	12,632	Lot 28 Nicholas Ln.	LD	RES	Benton	West Richland	PANORAMA VISTA	\$140,000	\$11.08	5/26/2020	65	65
246082	Active	0.23	10,019	Lot 14 Bing St	LD	RES	Benton	West Richland	PANORAMA VISTA	\$140,000	\$13.97	6/5/2020	55	192
245781	Active	0.3	13,068	Lot 26 Nicholas Ln.	LD	RES	Benton	West Richland	PANORAMA VISTA	\$145,000	\$11.10	5/26/2020	65	65
246583	Active	0.24	10,454	534 Summerview Lane	LD	RES	Benton	Richland	PLAT/ RICHLAND	\$145,000	\$13.87	6/25/2020	35	35
243246	Active	0.26	11,326	1036 Sagebluff Lane	LD	RES	Benton	Richland	SUNDANCE ESTATES N	\$87,000	\$7.68	1/29/2020	183	183
243245	Active	0.26	11,326	1022 Sagebluff Lane	LD	RES	Benton	Richland	SUNDANCE ESTATES N	\$92,000	\$8.12	1/29/2020	183	183
243247	Active	0.29	12,632	1037 Sagebluff Lane	LD	RES	Benton	Richland	SUNDANCE ESTATES N	\$94,500	\$7.48	1/29/2020	183	183
243248	Active	0.24	10,454	1025 Sagebluff Lane	LD	RES	Benton	Richland	SUNDANCE ESTATES N	\$94,500	\$9.04	1/29/2020	183	183
243484	Active	0.29	12,632	1096 Kalamth Ct.	LD	RES	Benton	Richland	WHITE BLUFFS PH 6	\$128,500	\$10.17	2/8/2020	173	173
										\$3,428,400	\$	10.36		

The listing activity was compared with recent closed land sales activity in the market. Unfortunately, there have not been any sales that contained 5,000 SF of land area or less (0.115 AC), and so expanded the criteria to 0.30 AC.

Conclusion: The active list price for the 29 listings is averaging \$10.36/SF with the average lot size of 11,408 SF. However, these are smaller subdivisions developed by smaller builders rather than national homebuilders.

II. Finished Subdivision Lots in Bulk

Land developers often will develop a subdivision parcel and then sell finished lots (platted and improved with streets and utilities) in either a one-off transaction at a wholesale price or in bulk to a builder at a discounted wholesale price, who then builds the home and sells the final product to the consumer on a retail basis.

We looked at three of the most recent bulk single-family DETACHED land sales as summarized in the following table. It is noteworthy that the lots are all smaller than average, ranging from a low of just over 6,115 SF to a high of 7,994 SF.

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Conclusion: As indicated in the following table, three bulk lot sales which closed between March and May 2020 containing two to 16 lots were analyzed. Sales #1 and #2 averaging 6,115 to 7,994 SF sold for \$10.34 to \$11.45 PSF and from \$70,000 to \$82,625/lot. A third sale of just two lots containing 6,534 SF sold for a somewhat higher price at \$87,000/lot and \$13.31 PSF. This last sale provides an indication of the discount for the bulk sales compared to a single lot sale of 5% (comparing Sale #3 to Sale #1) and 20% (comparing Sale #3 to Sale #2) before making any adjustments. When the three sales are analyzed together, the 32 lots containing 226,584 SF sold for \$2,476,000, or \$77,375/lot and \$10.92 PSF.

Table 5.5
Bulk Lot Sales Summary
Tri-Cities, WA

	Sale #1	Sale #2	Sale #3
Subdivision	West Village Phase 4	Clearwater Creek Phases 9 and 10	The Village at Southridge Phase 2
City	Richland	Kennewick	Kennewick
# Lots Purchased	16	14	2
Size Range (SF)	6,392 to 10,800 SF	5755 to 7095 SF	6534
Total SF	127,912	85,604	13,068
Average SF	7,994	6,115	6,534
Buyer	New Tradition Homes, Inc	Hayden Homes LLC	Landmark Homes
Seller	South Richland Communities LLC	Richland 132 LLC	Southridge Village LLC
Purchase Price \$	1,322,000 \$	980,000 \$	174,000
Date of Sale	5/28/2020	5/29/2020	6/4/2020
Recorded	AFN 2020-017960	AFN 2020-018122	AFN 2020-018936
Parent Parcel Tax ID	132983000003021	101881000001016	117894100000035 and 044
Sale Price Per Lot \$	82,625 \$	70,000 \$	87,000
Sale Price PSF \$	10.34 \$	11.45 \$	13.31

We also spoke to the local representative for a national homebuilder who reports that their current average price for a 7,800 SF to 8,300 SF lot is about \$85,000 for the current phase, and this is moving up to \$95,000 for the next phase which is being graded. They report having more lot requests than they are able to provide.

III. Retail Package Price to Consumers

A good rule of thumb for a residential lot value typically ranges from 20% to 25% of the total retail package price of the completed home package. In this case, the average value of new construction in 2020 was \$187.39 PSF and the average size was 2,124 SF. This would indicate a final sale price of just under \$400,000, and 20% to 25% of that amount would indicate a range of \$80,000 to \$100,000. This supports the price being paid by the builder to the land developer and indicates that the majority of profit for the builder is in the construction of the home and not in the land. It is noteworthy that land prices are escalating at a remarkable rate.

Correlated Marketing Price Strategy – Single Family DETACHED Lots

Vista Field's SFR Detached Residential Component will contain lots averaging 5,000 SF which is slightly smaller than the typical lot being sold in today's market, but not markedly so. In my opinion, a 5,000 SF lot in Vista Field could be marketed to homebuilders for **\$85,000 to \$95,000/lot**, which is the equivalent to \$18 PSF. It falls within the range of sale prices per lot and is somewhat higher on a PSF basis which is due to the fact that the lot is slightly smaller. With that kind of an investment, the overall package price of a home to a consumer would likely range as follows:

Projected Land Pricing Strategy – Single Family Detached
Projected Lot Pricing to Developers

Lot Price To Pkg %	\$85,000	\$95,000
20%	\$425,000	\$475,000
25%	\$340,000	\$380,000
30%	\$285,000	\$315,000

Competitive Analysis

Differentiation in product has only changed slightly over the last twenty years.

- Lot sizes have gotten smaller due to rising land prices; reduced from 10,000+SF average to 7,000 to 8,500 SF today.
- Elevations have changed to a more contemporary design
- Interiors generally focus on open concept floorplans for the public areas; taller ceilings 9'+ are preferred as the price point increases to provide sense of volume; flex spaces rather than dedicated spaces since as an office vs a formal dining room
- Finishes depend on the price point and target market

Construction Types, Styles, Features and Finishes
For the Typical SFR Buyer
Tri-Cities, WA

Buyer Type Builder Type	Entry Level Buyer Production Home	Move-Up Buyer Production Home	Custom Home Buyer Custom Home Builder
Price Point	\$225,000 to \$325,000	\$325,000 to \$500,000	\$500,000+
Lot Size	5,000 to 7,500 SF	75,000 SF to 10,000 Sf	10,000 SF +
Home Size	1,200 to 1,600 SF	1,600 to 2,400 SF	2,500 SF+
Home Style	Limited ramblers; more 2-story	90% ramblers, 10% 2- story	90% ramblers, 10% 2- story
Type	2-3BR, 1.5 to 2B	3-4BR, 2.0 to 3.0 B	4+BR, one bath per BR
Exterior Construction	T-111 Siding	Cement Board Siding	Stucco
Exterior Trim	Limited to None	Some	Abundant
Garages	2CAG	3CAG	4CAG+
Ceiling Heights	8' Standard	9' Standard	10' Standard
Flooring	Builder grade vinyl laminated and some carpet	Upgraded engineered plank vinyl; premium grade carpeting; some hard tile surfaces	Mostly premium surfaces including ceramic and hardwood
Kitchen & Laundry Appliances	Entry level; no refrigerator	Upgraded package of S/S appliances; no refrigerator	Best quality S/S appliances; no refrigerator
Kitchen and bathroom vanity Counters	Laminate	Solid surfacing, granite etc.	Solid surfacing, quartz etc.

These categories can obviously overlap to any degree; these are just the differences we note that make a difference in value from a marketing standpoint.

A list of top builders in the Tri-Cities is included in this section which defines their price points.

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Development Costs

All persons contacted in connection with this and other recent assignments state that costs are going through the roof for land, materials and labor. It is very difficult to put pricing together for any proposal because increases are occurring so quickly. There is definitely a shortage in all categories.

It was noted that today's average cost for new single family construction is running in the \$190 to \$210 PSF range including land.

Regulations (CC&Rs, HOAs)

Most new subdivisions of 10 or more lots today have some type of CC&Rs and/or a HOA if there are common elements that must be maintained over a lengthy timeframe, more strategic within city locations than in unincorporated areas. Costs can run from a nominal \$50/year to as high as \$150/MO. We have reviewed numerous examples of this and they tend to follow the same patterns of wanting aesthetic and architectural control to prevent unsightly or odorous elements to permeate the neighborhood.

Single Family ATTACHED Residential Component

Survey Methodology

A similar survey of the local PACMLS was conducted for new single-family **attached** residential home sales by year for the period 2015 through June 30, 2020 (66 Months). These units are sometimes designated as townhouse or patio units. Data points surveyed, analysis, and validation were identical to those for single family detached.

There have been very few sales in this category, although activity has picked up in the last couple of years as land prices have escalated. Five individual developments were discovered and surveyed as summarized in the following tables. Only 118 sales were discovered, which in terms of overall volume, represents less than 3% of total sales volume since 2015.

Table 5.6
Summary of Attached Townhome Sales
Tri-Cities, Washington

Close Date	MLS #	Status	DOM	Address	Price	Fin	SQFT	Sld	Prc	Sqft	Style1	Style2	GarC	Subdiv
12/31/2019	240079	SLD	57	2784 Gentle Court	\$283,970	1,341	\$211.76	1	Story	Townhouse	Two	WESTHAVEN TOWNHOMES		
6/4/2020	243767	SLD	69	2724 Tranquil Court	\$292,408	1,341	\$218.05	1	Story	Townhouse	Two	WESTHAVEN TOWNHOMES		
6/8/2020	243765	SLD	68	2712 Tranquil Court	\$291,675	1,341	\$217.51	1	Story	Townhouse	Two	WESTHAVEN TOWNHOMES		
6/26/2020	243751	SLD	88	2752 Gentle Court	\$292,456	1,341	\$218.09	1	Story	Townhouse	Two	WESTHAVEN TOWNHOMES		
6/26/2020	243752	SLD	0	2764 Gentle Court	\$292,782	1,341	\$218.33	1	Story	Townhouse	Two	WESTHAVEN TOWNHOMES		
10/3/2019	237323	SLD	0	2748 Tranquil Court	\$282,400	1,346	\$209.81	1	Story	Townhouse	Two	WESTHAVEN TOWNHOMES		
10/21/2019	241142	SLD	0	2736 Tranquil Court	\$279,900	1,346	\$207.95	1	Story	Townhouse	Two	WESTHAVEN TOWNHOMES		
7/29/2020	237326	SLD	252	2776 Gentle Court	\$294,900	1,346	\$219.09	1	Story	Townhouse	Two	WESTHAVEN TOWNHOMES		
4/13/2020	242282	SLD	97	2718 Westhaven Court	\$340,882	1,804	\$188.96	1	Story	Townhouse	Two	WESTHAVEN TOWNHOMES		
6/5/2020	243818	SLD	91	2716 Serenity Court	\$339,742	1,804	\$188.33	1	Story	Townhouse	Two	WESTHAVEN TOWNHOMES		
6/5/2020	243588	SLD	40	2717 Serenity Court	\$341,934	1,804	\$189.54	1	Story	Townhouse	Two	WESTHAVEN TOWNHOMES		
7/24/2020	245833	SLD	27	3120 Carefree Loop	\$337,488	1,804	\$187.08	1	Story	Townhouse	Two	WESTHAVEN TOWNHOMES		
12					66	\$3,670,537	17,959	\$204.38						
										\$187.08				
										\$219.09				
6/10/2020	247029	SLD	95	3135 Carefree Loop	\$366,250	2,301	\$159.17	2	Story	Townhouse	Two	WESTHAVEN TOWNHOMES		
6/10/2020	247028	SLD	95	3132 Carefree Loop	\$366,250	2,301	\$159.17	2	Story	Townhouse	Two	WESTHAVEN TOWNHOMES		
6/10/2020	247025	SLD	110	2729 Serenity Court	\$366,250	2,301	\$159.17	2	Story	Townhouse	Two	WESTHAVEN TOWNHOMES		
6/10/2020	247027	SLD	95	2728 Serenity Court	\$366,250	2,301	\$159.17	2	Story	Townhouse	Two	WESTHAVEN TOWNHOMES		
4					99	\$1,465,000	9,204	\$159.17						
										\$159.17				
										\$159.17				

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Table 5.6
Summary of Attached Townhome Sales, Continued
Tri-Cities, Washington

Close Date	MLS #	Status	DOM	Address	Price	FinSQFT	SldPr	Sqft	Style1	Style2	Subdiv	Garage
2/21/2020	239876	SLD	159	498 Bedrock Loop	\$291,900	1,720	\$169.71	2	Story	Townhouse	EAGLE POINTE	Two
4/17/2020	244031	SLD	0	534 Bedrock Loop	\$291,500	1,720	\$169.48	2	Story	Townhouse	EAGLE POINTE	Three
5/28/2020	245522	SLD	27	546 Bedrock Loop	\$291,900	1,720	\$169.71	2	Story	Townhouse	EAGLE POINTE	Two
6/2/2020	239875	SLD	236	510 Bedrock Loop	\$294,900	1,720	\$171.45	2	Story	Townhouse	EAGLE POINTE	Two
12/13/2019	239858	SLD	101	486 Bedrock Loop	\$309,900	1,815	\$170.74	2	Story	Townhouse	EAGLE POINTE	Three
4/17/2020	243036	SLD	34	522 Bedrock Loop	\$309,900	1,815	\$170.74	2	Story	Townhouse	EAGLE POINTE	Three
4/30/2020	243866	SLD	7	550 Bedrock Loop	\$312,500	1,815	\$172.18	2	Story	Townhouse	EAGLE POINTE	Three
			7	81	\$2,102,500	12,325	\$170.59	Avg				
							\$169.48	Min				
							\$172.18	Max				

Close Date	MLS #	Status	DOM	Address	Price	FinSQFT	SldPr	Sqft	YrBuilt	Style1	Style2	Subdiv	GarCap
9/27/2019	231823	SLD	316	2745 Friesian Court	\$299,999	1,505	\$199.33	2018	1	Story	Townhouse	FRIESIAN EST	One
7/11/2019	232615	SLD	246	2705 Friesian Court	\$302,499	1,505	\$201.00	2018	1	Story	Townhouse	FRIESIAN EST	One
7/18/2019	232617	SLD	269	2735 Friesian Court	\$297,499	1,505	\$197.67	2018	1	Story	Townhouse	FRIESIAN EST	One
10/23/2018	233425	SLD	0	2775 Friesian Loop	\$300,000	1,495	\$200.67	2018	1	Story	Townhouse	FRIESIAN EST	One
9/30/2019	237240	SLD	0	2700 Friesian Court	\$302,499	1,505	\$201.00	2019	1	Story	Townhouse	FRIESIAN EST	One
10/16/2019	237241	SLD	47	2710 Friesian Court	\$302,499	1,505	\$201.00	2019	1	Story	Townhouse	FRIESIAN EST	One
6			146		\$1,804,995	9,020	\$200.11	Avg					
							\$197.67	Min					
							\$201.00	Max					

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Table 5.6
Summary of Attached Townhome Sales, Continued
Tri-Cities, Washington

Close Date	MLS #	Status	DOM	Address	Price	SF	Sld	Prc	Sqft	Style1	Style2	Gar	Subdiv
4/4/2013	188905	SLD	0	2786 W 30th Place	\$178,923	1,290		\$138.70		1 Story Townhouse		Two	VILLAS VERDE
10/4/2013	189322	SLD	0	2746 W 30th Place	\$166,178	1,228		\$135.32		1 Story Townhouse		Two	VILLAS VERDE
10/20/2013	190255	SLD	0	2754 W 30th Place	\$172,718	1,290		\$133.89		1 Story Townhouse		Two	VILLAS VERDE
11/20/2013	193608	SLD	0	2751 W 30th Place	\$180,457	1,310		\$137.75		1 Story Townhouse		Two	VILLAS VERDE
11/25/2013	192089	SLD	0	2759 W 30th Place	\$176,790	1,553		\$113.84		1 Story Townhouse		Two	VILLAS VERDE
11/29/2013	189166	SLD	0	2767 W 30th Place	\$183,095	1,290		\$141.93		1 Story Townhouse		Two	VILLAS VERDE
12/20/2013	191799	SLD	0	2742 W 30th Place	\$173,000	1,310		\$132.06		1 Story Townhouse		Two	VILLAS VERDE
12/29/2013	191882	SLD	0	2743 W 30th Place	\$172,880	1,310		\$131.97		1 Story Townhouse		Two	VILLAS VERDE
12/31/2013	191769	SLD	0	2719 W 30th Place	\$170,855	1,310		\$130.42		1 Story Townhouse		Two	VILLAS VERDE
4/4/2014	191768	SLD	98	2778 W 30th Place	\$169,900	1,310		\$129.69		1 Story Townhouse		Two	VILLAS VERDE
6/24/2014	195635	SLD	0	2848 S Dennis Place	\$198,643	1,310		\$151.64		1 Story Townhouse		Two	VILLAS VERDE
8/5/2014	197360	SLD	0	3055 S Dennis Place	\$197,343	1,310		\$150.64		1 Story Townhouse		Two	VILLAS VERDE
8/7/2014	197364	SLD	0	3031 S Dennis Place	\$185,181	1,310		\$141.36		1 Story Townhouse		Two	VILLAS VERDE
8/8/2014	197365	SLD	0	3019 S Dennis Place	\$184,209	1,310		\$140.62		1 Story Townhouse		Two	VILLAS VERDE
8/8/2014	197362	SLD	0	3043 S Dennis Place	\$207,879	1,310		\$158.69		1 Story Townhouse		Two	VILLAS VERDE
8/25/2014	197366	SLD	0	2889 S Dennis Place	\$188,237	1,310		\$143.69		1 Story Townhouse		Two	VILLAS VERDE
9/5/2014	197368	SLD	0	3054 S Dennis Place	\$183,474	1,310		\$140.06		1 Story Townhouse		Two	VILLAS VERDE
9/26/2014	195636	SLD	0	2845 S Dennis Place	\$200,242	1,310		\$152.86		1 Story Townhouse		Two	VILLAS VERDE
10/9/2014	198481	SLD	13	3018 S Dennis Place	\$203,794	1,310		\$155.57		1 Story Townhouse		Two	VILLAS VERDE
10/17/2014	198468	SLD	0	2823 S Dennis Place	\$184,816	1,310		\$141.08		1 Story Townhouse		Two	VILLAS VERDE
11/6/2014	197394	SLD	85	2867 S Dennis Place	\$186,066	1,310		\$142.04		1 Story Townhouse		Two	VILLAS VERDE
12/1/2014	197395	SLD	71	2801 S Dennis Place	\$193,421	1,310		\$147.65		1 Story Townhouse		Two	VILLAS VERDE
12/12/2014	201451	SLD	3	2757 S Dennis Place	\$202,021	1,310		\$154.21		1 Story Townhouse		Two	VILLAS VERDE
1/22/2015	201413	SLD	0	2779 S Dennis Place	\$202,012	1,310		\$154.21		1 Story Townhouse		Two	VILLAS VERDE
3/25/2015	200442	SLD	0	3067 S Dennis Place	\$186,004	1,310		\$141.99		1 Story Townhouse		Two	VILLAS VERDE
4/20/2015	202511	SLD	0	3079 S Dennis Place	\$249,900	1,865		\$133.99		1 Story Townhouse		Two	VILLAS VERDE
4/24/2015	202509	SLD	0	3066 S Dennis Place	\$241,975	1,782		\$135.79		1 Story Townhouse		Two	VILLAS VERDE
6/9/2015	201490	SLD	194	2800 S Dennis Place	\$201,715	1,310		\$153.98		1 Story Townhouse		Two	VILLAS VERDE
6/22/2015	201489	SLD	212	2832 S Dennis Place	\$192,000	1,310		\$146.56		1 Story Townhouse		Two	VILLAS VERDE
11/23/2015	208531	SLD	30	2735 S Dennis Place	\$195,326	1,310		\$149.10		1 Story Townhouse		Two	VILLAS VERDE
12/21/2015	201491	SLD	386	2713 S Dennis Place	\$189,234	1,310		\$144.45		1 Story Townhouse		Two	VILLAS VERDE
12/22/2015	206204	SLD	165	2720 S Dennis Place	\$179,900	1,240		\$145.08		1 Story Townhouse		Two	VILLAS VERDE
4/25/2016	206200	SLD	281	2768 S Dennis Place	\$179,900	1,240		\$145.08		1 Story Townhouse		Two	VILLAS VERDE
6/3/2016	196967	SLD	667	2880 S Dennis Place	\$210,000	1,346		\$156.02		1 Story Townhouse		Two	VILLAS VERDE
34		65			\$6,488,088	45,564		\$142.40		Avg			
4/4/2013						1,340		\$113.84		Min			
6/3/2016								\$158.69		Max			
10/20/2013	191881	SLD	0	2750 W 30th Place	\$195,623	2,080		\$94.05		2 Story Townhouse		Two	VILLAS VERDE
5/23/2014	191884	SLD	7	2735 W 30th Place	\$203,161	2,080		\$97.67		2 Story Townhouse		Two	VILLAS VERDE
7/3/2014	195678	SLD	0	2864 S Dennis Place	\$213,545	2,080		\$102.67		2 Story Townhouse		Two	VILLAS VERDE
9/12/2014	197369	SLD	0	3042 S Dennis Place	\$203,142	2,080		\$97.66		2 Story Townhouse		Two	VILLAS VERDE
3/16/2015	198479	SLD	204	2816 S Dennis Place	\$209,099	2,080		\$100.53		2 Story Townhouse		Two	VILLAS VERDE
2/23/2016	206205	SLD	266	2752 S Dennis Place	\$193,000	2,080		\$92.79		2 Story Townhouse		Two	VILLAS VERDE
3/25/2016	209961	SLD	104	2736 S Dennis Place	\$197,900	2,080		\$95.14		2 Story Townhouse		Two	VILLAS VERDE
7		83			\$1,415,470	14,560		\$97.22		avg			
10/20/2013						2,080		\$92.79		Min			
3/25/2016								\$102.67		Max			

MARKET STUDY & ANALYSIS
Vista Field Regional Town Center, Kennewick, WA

Table 5.6
Summary of Attached Townhome Sales, Continued
Tri-Cities, Washington

Close Date	MLS #	Status	DOM	Address	Price	FinSQFT	SldPrsSqft	YrBuilt	Style1	Style2	GarCap	Subdiv
09/24/17	218244	SLD	171	1026 S Elma St	\$243,669	1,340	\$181.84	2016	1 Story	Townhouse	Two	THE BLVD
08/31/17	218245	SLD	0	1002 S Elma St	\$208,580	1,340	\$155.66	2016	1 Story	Townhouse	Two	THE BLVD
06/21/17	214126	SLD	232	7674 W 10th Place	\$235,770	1,340	\$175.95	2016	1 Story	Townhouse	Two	THE BLVD
06/13/17	214266	SLD	0	7638 W 10th Place	\$212,313	1,340	\$158.44	2016	1 Story	Townhouse	Two	THE BLVD
03/31/17	215600	SLD	0	7746 W 10th Place	\$228,527	1,340	\$170.54	2016	1 Story	Townhouse	Two	THE BLVD
12/01/16	214092	SLD	10	1017 S Delaware St	\$219,108	1,340	\$163.51	2016	1 Story	Townhouse	Two	THE BLVD
10/11/16	214088	SLD	0	1049 S Delaware	\$210,393	1,340	\$157.01	2016	1 Story	Townhouse	Two	THE BLVD
06/30/18	217411	SLD	0	7692 W 10th Place	\$209,761	1,346	\$155.84	2017	1 Story	Townhouse	Two	THE BLVD
11/29/17	222561	SLD	0	1031 S Elma St	\$240,478	1,346	\$178.66	2017	1 Story	Townhouse	Two	THE BLVD
11/28/17	221288	SLD	0	7680 W 11th	\$234,849	1,346	\$174.48	2017	1 Story	Townhouse	Two	THE BLVD
09/15/17	218242	SLD	0	7728 W 10th Ave	\$226,597	1,346	\$168.35	2016	1 Story	Townhouse	Two	THE BLVD
03/20/17	215686	SLD	0	7782 W 10th Place	\$240,124	1,346	\$178.40	2016	1 Story	Townhouse	Two	THE BLVD
11/30/16	214089	SLD	0	1041 S Delaware St	\$227,288	1,346	\$168.86	2016	1 Story	Townhouse	Two	THE BLVD
10/15/17	222100	SLD	78	1034 S Elma ST	\$315,469	1,804	\$174.87	2017	1 Story	Townhouse	Two	THE BLVD
09/20/17	218238	SLD	0	1046 S Delaware St	\$283,492	1,804	\$157.15	2016	1 Story	Townhouse	Two	THE BLVD
08/09/17	218239	SLD	0	1022 S Delaware St	\$273,021	1,804	\$151.34	2016	1 Story	Townhouse	Two	THE BLVD
05/24/17	217291	SLD	96	7620 W 10th Pl	\$261,632	1,804	\$145.03	2016	1 Story	Townhouse	Two	THE BLVD
05/05/17	218243	SLD	0	1009 S Delaware St	\$279,213	1,804	\$154.77	2017	1 Story	Townhouse	Two	THE BLVD
03/24/17	219355	SLD	0	1080 S Delaware St	\$289,900	1,804	\$160.70	2016	1 Story	Townhouse	Two	THE BLVD
01/26/17	218169	SLD	0	1089 S Delaware St	\$305,000	1,804	\$169.07	2016	1 Story	Townhouse	Two	THE BLVD
12/30/16	214095	SLD	0	1060 S Delaware St	\$277,133	1,804	\$153.62	2016	1 Story	Townhouse	Two	THE BLVD
12/20/16	218241	SLD	0	7719 W 10th Place	\$266,958	1,804	\$147.98	2016	1 Story	Townhouse	Two	THE BLVD
12/15/16	215574	SLD	0	7675 W 10th Place	\$287,026	1,804	\$159.11	2016	1 Story	Townhouse	Two	THE BLVD
08/05/16	214083	SLD	0	1073 S Delaware St	\$279,352	1,804	\$154.85	2016	1 Story	Townhouse	Two	THE BLVD
11/07/18	230440	SLD	87	7709 W 11th Ave	\$359,900	1,903	\$189.12	2018	1 Story	Townhouse	Two	THE BLVD
11/01/17	222997	SLD	0	7673 W 11th Ave	\$340,293	1,903	\$178.82	2017	1 Story	Townhouse	Two	THE BLVD
10/17/17	223890	SLD	0	7655 W 11th Ave	\$346,842	1,903	\$182.26	2017	1 Story	Townhouse	Three	THE BLVD
09/07/17	223013	SLD	0	7619 W 11th Ave	\$350,753	1,903	\$184.32	2017	1 Story	Townhouse	Three	THE BLVD
06/30/17	217736	SLD	0	7601 W 11th	\$297,366	1,903	\$156.26	2017	1 Story	Townhouse	Three	THE BLVD
03/30/18	228104	SLD	0	7691 W 11th Ave	\$351,022	1,904	\$184.36	2018	1 Story	Townhouse	Two	THE BLVD
30					\$8,101,829	48,719	\$166.30	average				
							\$145.03	min				
							\$189.12	max				
06/14/19	235122	SLD	1	1038 S Delaware St	\$319,900	2,267	\$141.11	2017	2 Story	Townhouse	Two	THE BLVD
02/14/19	228875	SLD	265	1010 S Elma St	\$307,000	2,267	\$135.42	2018	2 Story	Townhouse	Two	THE BLVD
01/25/19	233344	SLD	83	1025 S Delaware St	\$299,000	2,267	\$131.89	2017	2 Story	Townhouse	Two	THE BLVD
06/11/18	222103	SLD	338	1042 S Elma St	\$319,900	2,267	\$141.11	2017	2 Story	Townhouse	Two	THE BLVD
05/18/18	223088	SLD	268	1050 S Elma St	\$317,200	2,267	\$139.92	2017	2 Story	Townhouse	Two	THE BLVD
05/11/18	229301	SLD	1	7694 W 11th ave	\$304,959	2,267	\$134.52	2018	2 Story	Townhouse	Two	THE BLVD
05/11/18	226723	SLD	74	1057 S Delaware St	\$309,900	2,267	\$136.70	2017	2 Story	Townhouse	Two	THE BLVD
12/31/17	225948	SLD	0	1047 S Elma St	\$308,448	2,267	\$136.06	2017	2 Story	Townhouse	Two	THE BLVD
12/12/17	220877	SLD	0	7700 W 11th Ave	\$297,559	2,237	\$131.26	2017	2 Story	Townhouse	Two	THE BLVD
10/15/17	218642	SLD	0	1018 S Elma St	\$260,147	2,267	\$114.75	2017	2 Story	Townhouse	Two	THE BLVD
09/29/17	218599	SLD	84	7710 W 10th Place	\$271,193	2,267	\$119.63	2017	2 Story	Townhouse	Two	THE BLVD
08/11/17	217738	SLD	0	1030 S Delaware	\$285,959	2,267	\$126.14	2017	2 Story	Townhouse	Two	THE BLVD
07/11/17	221846	SLD	36	7602 W 10th Pl	\$293,136	2,267	\$129.31	2017	2 Story	Townhouse	Two	THE BLVD
06/09/17	218204	SLD	106	7656 W 10th Place	\$252,807	2,267	\$111.52	2017	2 Story	Townhouse	Two	THE BLVD
03/27/17	218170	SLD	1	7764 W 10th Place	\$245,255	2,267	\$108.18	2016	2 Story	Townhouse	Two	THE BLVD
01/26/17	217737	SLD	0	7697 W 10th Pl	\$254,761	2,267	\$112.38	2016	2 Story	Townhouse	Two	THE BLVD
12/21/16	214090	SLD	98	1033 S Delaware	\$255,781	2,267	\$112.83	2016	2 Story	Townhouse	Two	THE BLVD
11/23/16	217090	SLD	15	1081 S Delaware St	\$271,900	2,267	\$119.94	2016	2 Story	Townhouse	Two	THE BLVD
01/27/17	216701	SLD	0	1072 S Delaware St	\$267,462	2,489	\$107.46	2016	2 Story	Townhouse	Two	THE BLVD
19					\$5,442,267	43,265	\$125.79	average				
							\$107.46	min				
							\$141.11	max				

Table 5.7, Sort by Subdivision

MARKET STUDY & ANALYSIS
Vista Field Regional Town Center, Kennewick, WA

Summary of ATTACHED SFR Sales, January 2015 to June 2020
Tri-Cities, Washington

	#1	#2	#3	#4	#5	Weighted Average
Subdivision Name	Westhaven, West Richland	Red Mountain, West Richland	Friesian Estates, West Richland	The Boulevard, Kennewick	Villas Verde, Kennewick	
Date of Sales	Q3, 2019 to Q2, 2020	Q4, 2019 to Q2, 2020	Q4, 2018 to Q4, 2019	Q3, 2016 to Q4, 2018	Q2, 2013, Q2, 2016	
Type	Rambler					
Garage(s)	Two		One	Two	Two	
# of Sales	12		6	30	34	82
Total SF Sold	17,959		9,020	48,719	45,564	121,322
Total \$ Sold	\$3,670,537		\$1,804,995	\$8,101,829	\$6,488,088	\$20,065,449
DOM	66		146	22	65	
Avg Size (SF)	1,497		1,503	1,623	1,340	1,480
Min \$ PSF	\$187.08		\$197.67	\$145.03	\$113.84	\$113.84
Avg \$ PSF	\$204.38		\$200.11	\$166.30	\$142.40	\$165.39
Max \$ PSF	\$219.09		\$201.00	\$189.12	\$158.69	\$219.09
Type	Two-Story					
Garage(s)	Two	Two		Two	Two	
# of Sales	4	7		19	7	37
Total SF Sold	9,204	12,325		43,265	14,560	79,354
Total \$ Sold	\$1,465,000	\$2,102,500		\$5,442,267	\$1,415,470	\$10,425,237
DOM	99	81		72	83	
Avg Size (SF)	2,301	1,760		2,277	2,080	2,144
Min \$ PSF	\$159.17	\$169.48		\$107.46	\$92.79	\$92.79
Avg \$ PSF	\$159.17	\$170.59		\$125.79	\$97.22	\$131.37
Max \$ PSF	\$159.17	\$172.18		\$141.11	\$102.67	\$172.18

To summarize, the typical new single-family ATTACHED product in this market:

- Is a Rambler (1-story) with a Great Room open floorplan for the public spaces
- Contains approximately 1,480 SF
- Includes a 2-car attached garage
- Does NOT include a basement
- Is on a much smaller lot than in previous years due to increasing land prices

Individual Lot Marketing and Pricing Strategy

I. Current Listing Activity

There are currently no attached lots listed for sale.

II. Finished Subdivision Lots in Bulk

We looked at three of the most recent bulk single-family ATTACHED land sales as summarized in the following table. It is noteworthy that the lots are all smaller than average, ranging from a low of just over 6,115 SF to a high of 7,994 SF.

MARKET STUDY & ANALYSIS
Vista Field Regional Town Center, Kennewick, WA

Table 5.8, Sort by Subdivision
Summary of ATTACHED SFR BULK LOT Sales, January 2015 to June 2020
Tri-Cities, Washington

	Sale #1	Sale #2	Sale #3
Subdivision	Westhaven Townhomes	Westhaven Townhomes	Westhaven Townhomes
City	West Richland	West Richland	West Richland
# of Lots Purchased	11	10	1
Size Range (SF)	2,640 to 5,689	2,640 to 5,233	2,640 to 2,640
Total SF	46,696	37,576	2,640
Average SF	4,245	3,757	2,640
Buyer	Green Plan Construction LLC	Green Plan Construction LLC	Green Plan Construction LLC
Seller	Community Housing LLC	Community Housing LLC	Community Housing LLC
Purchase Price	\$605,000	\$550,000	\$55,000
Date of Sale	10/24/2019	07/16/2019	07/14/2020
Recorded	2019-033593	2019-019904	2020-025386
Parcel ID			108983080000022
Sale Price Per Lot	\$55,000	\$55,000	\$55,000
Sale Price Per SF	\$12.95	\$14.63	\$20.83
Comments			Resold one week later to Grace Ann LLC for \$60,000

Conclusion: Unfortunately, only one of the five attached subdivisions surveyed were developed by a land development company which then sold finished lots to the builder. In the other four cases, the homebuilder was also the land developer.

As indicated in the previous table, three bulk lot sales which closed between July 2019 and July 2020 containing 1 to 11 lots were analyzed. All lots sales sold for \$55,000 per lot but ranged from \$12.95 to \$20.83 on a PSF basis. The average for the 22 sales was 3,950 SF and sold for \$13.92 PSF. Of note, the most recent lot sale was resold one week later for \$60,000. Thus, it is clear that this smaller lot size of approximately 3,950 SF is selling in the amount of \$55,000/lot, or approximately \$14.00 PSF. When compared to the lot price for attached housing, it is lower on a per lot basis than detached housing, but higher on a dollars PSF basis due to the smaller size.

III. Retail Package Price to Consumers

A retail lot price from 20% to 25% of the total retail package price of the completed home package was also calculated. In this case, the average value of new attached construction in 2020 was very similar to that of the detached SFR (\$187.39 PSF) at \$190 PSF and the average size was 1,698 SF. This would indicate a final sale price near \$325,000, and 20% to 25% of that amount would indicate a range of \$65,000 to \$80,000. This supports the price being paid by the builder to the land developer and indicates that the majority of profit for the builder is in the construction of the home and not in the land.

Correlated Marketing and Pricing Strategy – Single Family ATTACHED Lots

Vista Field's SFR Attached Residential Component will likely contain lots averaging 5,000 to 6,000 SF for development with two attached homes, which is slightly smaller than the typical lot being sold in today's market, but not markedly so. In my opinion, a 5,000 SF lot in Vista Field could be marketed to homebuilders for **\$100,000 to \$110,000/lot**, (\$50,000 to \$55,000/home) which is the equivalent to \$17 PSF, but if two homes are constructed, the value per home is much less. It falls within the range of sale prices per lot and is somewhat higher on a PSF basis which is due to the fact that the lot is slightly smaller. With that kind of an investment, the overall package price of a home to a consumer would likely range as follows:

Lot Price To Pkg %	\$50,000	\$55,000
20%	\$250,000	\$275,000
25%	\$200,000	\$220,000
30%	\$166,000	\$183,000

Duplex Lots

In addition to the "attached" SFR townhome product discussed above, we are aware of one duplex style townhome developed by Greenplan Construction in central Kennewick known as Irving Square. A total of 22 duplex lots, or 44 2-story units were developed and sold over the 12-month period between 08/31/2018 and 09/13/2019. The land was acquired in June 2018 for a total of \$600,000 which reflects a unit price of \$13,636/DU and \$4.00 PSF (\$174,572/AC).

The list prices for the mostly identical units averaged \$395,000 for units averaging 1,287 SF, reflecting a sale price of \$140.32 PSF average. These were all 3BR, 3B, 1CAG 2-story units. DOM averages were deceiving as the units were listed long before they were completed and available. It does appear as if the owner is living in one unit and renting out the other in the majority of cases. These were not units immediately grabbed up by investors. Given that there was only one development during the study period, it is difficult to predict a trend other than the units sold readily as they became available at the list prices, given the limited amount of product in the market.

General Market Trend

Market appears strong but depth has not been tested

New Construction Feasible?

Yes, Very Feasible; less than a 6-month supply; lot size is not as critical as home and amenities

Projected Land Pricing Strategy – Duplex Lots

Projected Lot Pricing to Developers

Lot Price To Pkg %	\$50,000	\$55,000
20%	\$250,000	\$275,000
25%	\$200,000	\$220,000
30%	\$166,000	\$183,000

MARKET STUDY & ANALYSIS
Vista Field Regional Town Center, Kennewick, WA

MARKET STUDY
Residential Component - Apartments

Survey Methodology

The recent building boom in apartments began in 2013 when 994 units were completed. This firm has kept track of all apartment projects containing 20+ units constructed since 2013. The results beginning with 2014 are summarized as follows in Table 6.1.

Table 6.1
Summary of New Apartment Construction
2014 to 2020 YTD

Project Name	Street #	Dir	Street Name	City	Owner	Year Built	NBRHD	GBA	# Units	SF/DU	Tax ID Conf'd	Land SF	Land AC
Gramercy Apartments	2112	S	Rainier St	Kennewick	Sahota Janmeet	2014	Central	14,594	12	1216	111894013418002	40,075	0.92
Pine Tree Park	2021		19th Ave	Kennewick	Pine Tree Apts	2015	Central	19,810	30	660	111894013507001, 002	110,207	2.53
Hidden Meadows Apartments	5809	W	Clearwater	Kennewick	Great Western Partners LLC	2015	Central	24,592	26	946	104892000005006	103,673	2.38
Bellavista Apts II	2101		Steptoe	Kennewick	Townfair Investors LLC	2015	Gage Blvd. / Keene Blvd.	82,000	106	774	136981020010004	318,859	7.32
Nueva Vista I	386	N	Union	Kennewick	Kennewick Housing Authority	2017	Central	28,085	26	1080	134993013416009	105,415	2.42
Badger Canyon Apts	10251		Ridgeline Dr	Kennewick	Badger Canyon Apartments	2016-17	West	168,000	168	1000	112883000002003	1,988,078	45.64
Nueva Vista II	334	N	Union	Kennewick	Kennewick Housing Authority	2018	Central	28,085	26	1080	134993013416006	68,825	1.58
KENNEWICK TOTAL COMPLETE								365,166	394	927		2,735,132	62.79
Sunset Ridge Apts	3887	W	7th Ave	Kennewick	Sunset Ridge 3887 LLC (former BMB	2020 (U/C)	Central	24,000	24	1000	103893013560002	81,457	1.87
Badger Canyon Apts	10251		Ridgeline Dr	Kennewick	Badger Canyon Apartments	2018-20	West	474,000	474	1000	112883000002003	1,988,078	45.64
The 19 on Canal	19	N	Auburn	Kennewick	Klein Griffith Properties Group	2020 (Prop)	East	60,000	33	1818	101891080000001, 002, 003	65,340	1.5
KENNEWICK TOTAL U/C or PLANNED								558,000	531	1051		2,134,876	49.01
PASCO TOTAL COMPLETE								0				0	0
Columbia River Walk Apts I (60 Units)	2120	W	"A" St	Pasco	Zepgon Investments LLC	2020 (U/C)	Central	60,648	60	1011	119740017	367,211	8.43
PASCO TOTAL U/C OR PLANNED								60,648	60	1011		367,211	8.43
Copper Mountain Apts (276 DU)	2555		Bella Coola Ln	Richland	Nor Am Investments	2019-20	Southridge	235,000	276	851	132983000003019 (Part)	Part of Larger	Part of Larger
Bella Vista	2101		Steptoe	Richland	Townfair Investors LLC	2015	Gage	106,000	106	1000	136981020010004	318,859	7.32
575 Apartments (90 units)	575		Columbia Point Dr	Richland	575 Apartments	2017	Columbia Point	85,000	90	944	113983013202002	142,006	3.26
Lofts @ Innovation Center (160 DU)	2859		Pauling Dr	Richland	Innovation Center Lofts LLC	2015	North	199,260	160	1245	123083013419002	184,694	4.24
Commons @ Innv Ctr (105 DU)	2894		Salk Ave	Richland	Innovation Center Lofts LLC	2018	North	95,102	150	634	123083013487004	166,835	3.83
Badger Mountain Ranch	451		Westcliffe Blvd	Richland	Starboard Mtn Rnch DST WA	2014	South	212,295	176	1206	127984000001031	650,786	14.94
RICHLAND TOTAL COMPLETE								932,657	958	974			
Willow Point Apartments (126 units)	250		Battelle Blvd	Richland	Weyerhaeuser Apartments LLC	2020 (U/C)	North	126,000	126	1,000	114084013572001, 2,3,4 (Part)	174240	4
Park Place Apts (104 DU)	650		George	Richland	650 GWW LLC	2019 (U/C)	North	106,000	106	1,000	111984012586007	119354.4	2.74
Horn Rapids Apts (288 Units)	2645-2665		Washington Kingsgate Way	Richland	Lee Petty (LCR Construction)	2020 (U/C)	North	288,000	288	1,000	128082013611001 (Part)	348,480	8
Brelsford Vineyards Apts	215		University Dr	Richland	Brelsford Vineyards Apts	2019 (U/C)	North	81,000	81	1,000	123084000003000 (Part)	?	?
RICHLAND TOTAL U/C OR PLANNED								601,000	601	1000		642,074	14.74

In Table 6.1, those sizes shaded in green are estimated based on the actual unit count under construction and will be adjusted as they are completed so the numbers could change slightly for unit sizes and averages. Based on this survey, a total of 2,544 new units were added to the market beginning in 2014 (or are under construction) which reflects an average of 391 units added each year. And if the 994 units added in 2013 are added to the mix, the average increases somewhat. The following actually summarizes the data.

Table 6.2
Summary of Apartments Built
Tri-Cities, WA, 2014-2020 YTD

City	SF	# DU	SF PDU
Kennewick Complete	365,166	394	927
Kennewick U/C or Planned	<u>558,000</u>	<u>531</u>	<u>1,051</u>
Sub-Total	923,166	925	1,978
Pasco Complete	0	0	0
Pasco U/C or Planned	<u>60,648</u>	<u>60</u>	<u>1,011</u>
Sub-Total	60,648	60	1,011
Richland Complete	932,657	958	974
Richland U/C or Planned	<u>601,000</u>	<u>601</u>	<u>1,000</u>
Sub-Total	1,533,657	1,559	1,974
TOTAL COMPLETE	1,297,823	1,352	960
TOTAL U/C OR PLANNED	<u>1,219,648</u>	<u>1,192</u>	<u>1,023</u>
GRAND TOTAL	2,517,471	2,544	990

Of the surveyed projects, there were seven smaller projects (30 units or less) containing in the aggregate 153 units; the remainder were in larger projects.

Rental Rates and Vacancy Rates

The University of Washington's Washington Center for Real Estate Research (WCRER) provides apartment market statistics for communities throughout the state of Washington. WCRER has become the largest apartment market researcher focusing on markets outside the 5-county Seattle area in Washington. It publishes data semi-annually.

Table 6.3
Vacancy Rates and Average Rents
Benton-Franklin County Apartments

	Vacancy	Average Rental Rate	# Units Surveyed
Spring, 2020	2.5%	\$1,022	10,930
Fall, 2019	1.9%	\$1,000	10,918
Spring, 2019	1.6%	\$983	08,847
Fall, 2018	2.6%	\$954	10,501
Spring, 2018	1.1%	\$834	1,263
Fall, 2017	3.7%(B) 1.3% (F)	\$844(B) \$820 (F)	9,935(B) 1,536 (F)
Spring, 2017	2.2%	\$861	7,084
Fall, 2016	2.2%	\$861	7,311
Spring, 2016	2.1% (B) 0.8% (F)	\$775 (B) \$744 (F)	13,987
Fall, 2015	2.6% (B) 1.9% (F)	\$824 (B) \$680 (F)	13,987
Spring, 2015	1.00%	\$785	13987

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During the study period, rental rates have risen from an average of \$785/MO to \$1,022/MO, a 30% increase, or 6%/year average for the five years of data. And vacancy rates have remained low despite the new additions to supply, average less than 3% for the most recent five years, which is one of the factors responsible for pushing up rental rates.

Land Sale Activity

We took a look at the land sales underlying each apartment complex and find that most are too old to be of much use. In many cases, the land was owned for a number of years before development began. Outlined in Table 6.4 are the 12 sales which have occurred during the study period, all for multi-family development, some for sale and some for rent.

Table 6.4

Summary of Multi-Family Land Sales Tri-Cities, WA 2015 to 2020 YTD						
		Sale #1	Sale #2	Sale #3	Sale #4	Sale #5
Project Name & Location	AVERAGES	Pasco Ranch, 10181 Burns Rd, Pasco	Pasco Ranch, 10315 Burns Rd, Pasco	Unnamed, NKA Bedford St and Midland Ln	Park Place Apts & Retail, 650 GW Way, Richland	Copper Mtn Apts, 2555 Bella Coola Ln, Richland
Tax Parcel ID		115180066	115180067	115430164, 165, 166, 167	1119840125860 07	1329830000030 18
Sale Price	\$7,540,006	\$678,268	\$679,301	\$896,464	\$501,939	\$1,532,158
Sale Date		1/1/2020	1/13/2020	5/10/2019	3/4/2019	11/6/2018
# Dwelling Units	992	80	80	112	106	232
Land Size AC	50.55	6.57	6.58	6.86	2.74	12.52
Land Size SF	2,201,887	286,189	286,423	298,822	119,512	545,371
Land SF / DU	2,220	3,577	3,580	2,668	1,127	2,351
Sale Price/AC	\$149,164	\$103,237	\$103,310	\$130,680	\$182,948	\$122,377
Sale Price/SF	\$3.42	\$2.37	\$2.37	\$3.00	\$4.20	\$2.81
Sale Price/DU	\$7,601	\$8,478	\$8,491	\$8,004	\$4,735	\$6,604
Buyer		Big Sky Developers	Wapiti Investments LLC	Big Sky Developers	City of Richland	Copper Mtn Apts LLC
Seller		Parvinder Kaur	Parvinder Kaur	Oslic Holdings	650 GWW LLC	Nor Am Investment LLC
Recorded		2020-1907457	2020-1907456	2018-94407	2019-005287	2018-033199
Conf'd		Buyer	Buyer	Buyer	Seller	JOB; Public Records
Comments					Price neg'd in 2015; underground parking; Price also included land for a 10,000 SF Strip Retail Center	Low Income Apartments

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Summary of Multi-Family Land Sales Tri-Cities, WA 2015 to 2020 YTD						
		Sale #6	Sale #7	Sale #8	Sale #9	Sale #10
Project Name & Location	AVERAGES	Sunset Ridge Apts, 3887 W 7th Ave, Kennewick	Willow Pointe Apartments, 3150 Richardson Rd, Richland	The Commons @ Innovation Center, 2840-94 Salk Ave, Richland	Neuva Vista, 386 & 344 N Union, Kennewick	Evergreen Park Apts, 2021 W 19th Ave, Kennewick
Tax Parcel ID		1038930135620 02	1140840200010 00	1230830134870 04	1349930134160 09 and 006	1118940200580 02
Sale Price	\$7,540,006	\$155,000	\$1,577,000	\$835,316	\$376,560	\$308,000
Sale Date		2/21/2018	5/15/2017	8/16/2016	8/24/2015	5/29/2015
# Dwelling Units	992	24	126	150	52	30
Land Size AC	50.55	1.87	4.37	3.83	4.00	1.22
Land Size SF	2,201,887	81,242	190,357	166,835	174,127	53,009
Land SF / DU	2,220	3,385	1,511	1,112	3,349	1,767
Sale Price/AC	\$149,164	\$83,107	\$360,870	\$218,098	\$94,201	\$253,098
Sale Price/SF	\$3.42	\$1.91	\$8.28	\$5.01	\$2.16	\$5.81
Sale Price/DU	\$7,601	\$6,458	\$12,516	\$5,569	\$7,242	\$10,267
Buyer		BMB Development	Weyerhaeuser Apts LLC	The Commons Apts	Kenn Housing Auth	Drake Real Estate LLC
Seller		McDonough	TRE LLC	Innov Ctr TCRD	Weese	Wilson
Recorded		2018-005087	2017-013457	2016-024167	2015-003654	2015-015139
Conf'd		Contract	JOB; Public Recs	JOB; Public Recs	Buyer, JOB; Pub Recs	Contract
Comments		Appraised				Vintage Home On site was refurbished

As reflected in the averages column, the average sale price for a parcel with 2,342 SF of land per dwelling unit equated to:

Unit Price Indicators MultiFamily Land Sales			
	Weighted Average	Minimum	Maximum
Avg Land SF Per Dwelling	2,220 SF	1,112	3,580
Sale Price Per AC	\$149,164/AC	\$83,107	\$253,098
Sale Price Per SF	\$3.42/SF	\$1.91	\$8.28
Sale Price Per Unit	\$7,601/DU	\$4,735	\$12,516

Summary

Land area per dwelling unit for the subject apartments are expected to be a fairly low given the urban nature of the project. The highest density projects included Park Place (1,127 SF/DU); Willow Pointe (1,512 SF/DU) and the Commons at Innovation Center (1,112 SF/DU). So, the indicated units can be summarized as follows:

MARKET STUDY & ANALYSIS
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Summary of Multi-Family Land Sales Tri-Cities, WA 2015 to 2020 YTD				
Project Name & Location	AVERAGES	Park Place Apts & Retail, 650 GW Way, Richland	Willow Pointe Apartments, 3150 Richardson Rd, Richland	The Commons @ Innovation Center, 2840-94 Salk Ave, Richland
# Dwelling Units	992	106	126	150
Land Size AC	50.55	2.74	4.37	3.83
Land Size SF	2,201,887	119,512	190,357	166,835
Land SF / DU	2,220	1,127	1,511	1,112
Sale Price/AC	\$149,164	\$182,948	\$360,870	\$218,098
Sale Price/SF	\$3.42	\$4.20	\$8.28	\$5.01
Sale Price/DU	\$7,601	\$4,735	\$12,516	\$5,569

All of the indicators for Willow Pointe are much higher than for the other two, primarily because the site has a great river view and luxury units are planned in an upscale residential neighborhood of \$500,000 and up home prices. When compared to The Commons which is within the same neighborhood, which sold about 14 months earlier, a premium of 65% appears to be indicated due to the superior location.

Correlated Marketing and Pricing Strategy – Multi-Family Apartment Land

Vista Field's Residential Component will likely contain several smaller plots for development with "for rent" vs "for-sale" product. In my opinion, several smaller sites reflecting a density of 1,200 SF per unit suitable for, say 30 units, could be marketed to apartment developers for prices in the \$7.50 PSF. That density would likely not provide for any large-scale amenities such as a clubhouse or pool but would instead provide renters with a unit that felt more like home. Thus a 36,000 SF site could be listed for \$270,000.

MARKET STUDY

Top Residential Builders in the Tri-Cities

The Local PACMLS was reviewed for statistics on the top builders for the period January 2018 to June 2020 with the results set out in the following tables for the top 20 builders. They were sorted by Total gross sales, total number of homes sold, total average sale price, and average sale price PSF. All builders reportedly have a strong reputation

Top 20 SFR Builders – Tri-Cities, WA

2018 to 2020 YTD

Sorted by Gross Sales / # of Homes Built

Builder	Gross \$	# Homes	Avg \$/Home	Gross SF	\$ PSF
1 Hayden Homes	\$135,599,983	439	\$308,884	851,354	\$159.28
2 Pro Made Construction, LLC	\$87,067,997	296	\$294,149	489,483	\$177.88
3 Landmark Homes	\$69,032,901	182	\$379,302	403,266	\$171.18
4 Viking Builders	\$60,091,128	177	\$339,498	366,838	\$163.81
5 Pahlisch Homes Inc	\$67,297,541	145	\$464,121	356,244	\$188.91
6 New Tradition Homes	\$51,006,014	124	\$411,339	309,710	\$164.69
7 P&R Construction, LLC	\$49,296,804	120	\$410,807	256,134	\$192.46
8 Titan Homes	\$36,110,831	82	\$440,376	184,345	\$195.89
9 Aho Construction 1, Inc	\$20,854,596	81	\$257,464	159,757	\$130.54
10 Hammerstrom Construction	\$39,302,654	73	\$538,393	192,214	\$204.47
11 Alderbrook Homes	\$29,953,882	62	\$483,127	160,043	\$187.16
12 Riverwood Homes WA LLC	\$24,772,644	56	\$442,369	138,038	\$179.46
13 Prodigy Homes	\$28,438,936	49	\$580,386	137,608	\$206.67
14 Sandhollow Homes	\$15,978,316	41	\$389,715	83,608	\$191.11
15 Inspiration Builders	\$15,286,306	37	\$413,143	93,150	\$164.10
16 Varsity Development LLC	\$13,191,311	36	\$366,425	82,130	\$160.62
17 Olin Homes, LLC	\$11,479,555	33	\$347,865	70,091	\$163.78
18 Tanninen Custom Homes Inc	\$12,120,065	33	\$367,275	60,833	\$199.24
19 Infinity By P&R	\$12,080,537	28	\$431,448	60,081	\$201.07
20 TMT Homes (NW) LLC	\$9,599,938	23	\$417,389	53,203	\$180.44

Top 20 SFR Builders – Tri-Cities, WA

2018 to 2020 YTD

Sorted by Average Home Price

Builder	Gross \$	# Homes	Avg \$/Home	Gross SF	\$ PSF
1 StoneCrest Builders	\$10,466,868	18	\$581,493	51,122	\$204.74
2 Prodigy Homes	\$28,438,936	49	\$580,386	137,608	\$206.67
3 Don Pratt Construction	\$7,150,854	13	\$550,066	35,342	\$202.33
4 Hammerstrom Construction	\$39,302,654	73	\$538,393	192,214	\$204.47
5 Sawby Construction	\$9,324,031	19	\$490,738	50,722	\$183.83
6 Alderbrook Homes	\$29,953,882	62	\$483,127	160,043	\$187.16
7 Pahlisch Homes Inc	\$67,297,541	145	\$464,121	356,244	\$188.91
8 Muzzy Construction	\$8,940,550	20	\$447,028	45,849	\$195.00
9 Riverwood Homes WA LLC	\$24,772,644	56	\$442,369	138,038	\$179.46
10 Titan Homes	\$36,110,831	82	\$440,376	184,345	\$195.89
11 Infinity By P&R	\$12,080,537	28	\$431,448	60,081	\$201.07
12 TMT Homes (NW) LLC	\$9,599,938	23	\$417,389	53,203	\$180.44
13 Inspiration Builders	\$15,286,306	37	\$413,143	93,150	\$164.10
14 New Tradition Homes	\$51,006,014	124	\$411,339	309,710	\$164.69
15 P&R Construction, LLC	\$49,296,804	120	\$410,807	256,134	\$192.46
16 Brett Lott Homes	\$4,778,439	12	\$398,203	25,538	\$187.11
17 Sandhollow Homes	\$15,978,316	41	\$389,715	83,608	\$191.11
18 Pacific Coast Construction	\$5,709,853	15	\$380,657	32,983	\$173.12
19 Landmark Homes	\$69,032,901	182	\$379,302	403,266	\$171.18
20 Village at Southridge	\$8,091,881	22	\$367,813	40,541	\$199.60

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Top 20 SFR Builders – Tri-Cities, WA

2018 to 2020 YTD

Sorted by Average Price PSF

	Builder	Gross \$	# Homes	Avg \$/Home	Gross SF	\$ PSF
1	Prodigy Homes	\$28,438,936	49	\$580,386	137,608	\$206.67
2	StoneCrest Builders	\$10,466,868	18	\$581,493	51,122	\$204.74
3	Hammerstrom Construction	\$39,302,654	73	\$538,393	192,214	\$204.47
4	Don Pratt Construction	\$7,150,854	13	\$550,066	35,342	\$202.33
5	Infinity By P&R	\$12,080,537	28	\$431,448	60,081	\$201.07
6	Village at Southridge	\$8,091,881	22	\$367,813	40,541	\$199.60
7	Tanninen Custom Homes Inc	\$12,120,065	33	\$367,275	60,833	\$199.24
8	Titan Homes	\$36,110,831	82	\$440,376	184,345	\$195.89
9	Muzzy Construction	\$8,940,550	20	\$447,028	45,849	\$195.00
10	P&R Construction, LLC	\$49,296,804	120	\$410,807	256,134	\$192.46
11	Sandhollow Homes	\$15,978,316	41	\$389,715	83,608	\$191.11
12	Pahlisch Homes Inc	\$67,297,541	145	\$464,121	356,244	\$188.91
13	Alderbrook Homes	\$29,953,882	62	\$483,127	160,043	\$187.16
14	Brett Lott Homes	\$4,778,439	12	\$398,203	25,538	\$187.11
15	Sawby Construction	\$9,324,031	19	\$490,738	50,722	\$183.83
16	TMT Homes (NW) LLC	\$9,599,938	23	\$417,389	53,203	\$180.44
17	Riverwood Homes WA LLC	\$24,772,644	56	\$442,369	138,038	\$179.46
18	Pro Made Construction, LLC	\$87,067,997	296	\$294,149	489,483	\$177.88
19	JTN Construction LLC	\$3,729,695	13	\$286,900	21,183	\$176.07
20	Pacific Coast Construction	\$5,709,853	15	\$380,657	32,983	\$173.12

ADDENDA

Engagement Letter
Appraiser's Qualifications
Appraiser's License
Appraiser's E&O Insurance

CONSULTANT/SERVICE AGREEMENT

THIS AGREEMENT is made on the 21st day of May, 2020, between the **Port of Kennewick** (hereinafter referred to as the "Port") and Sandollar, LLC (hereinafter referred to as the "Contractor") (collectively referred to as the "Parties"). The Parties, in consideration of the mutual promises contained herein, agree as follows:

ARTICLE 1. Purpose.

The purpose of this agreement is to establish potential sale price ranges for the variety of products for Vista Field Regional Town Center Phase 1.

ARTICLE 2. Scope of Work.

2.1. Relationship of the Parties. It is understood by both Parties that the Contractor is an independent contractor, and not an employee of the Port. The Port will not provide the Contractor with any fringe benefits, including but not limited to health insurance benefits, paid vacation, or any other employee benefit. The Contractor shall be solely responsible for any and all local, state, or federal withholding taxes, social security, or self-employment taxes, business or occupation taxes, or any other tax obligation which arises from compensation received pursuant to this Agreement.

2.2. Contractor Responsibilities. The Contractor will provide services, staff, equipment, and otherwise do all things necessary for or incidental to the performance of work, as set forth below:

As included in the CONTRACTOR'S Proposal dated May 20, 2020 attached hereto as Exhibit "A".

2.3. Standard of Care. The Contractor shall perform its work to conform to generally accepted professional standards. The Contractor shall be responsible for the professional quality, technical adequacy and accuracy, timely completion and coordination of all work conducted under this Agreement. The Contractor shall, without additional compensation, correct or revise any errors or omissions in such work. The Port's approval or acceptance of Contractor's work shall not relieve the Contractor of responsibility for the adequacy or accuracy thereof. The Contractor shall remain liable for damages and costs incurred by the Port arising from the Contractor's errors, omissions or negligent performance of services furnished under this Agreement.

ARTICLE 3. General Requirements.

3.1. Compliance With Codes and Regulations. The Contractor shall comply with all federal, state, and local laws, ordinances, and regulations, including standards for licensing, certifications, and operation of facilities and programs.

3.2. Progress Reports. At the Port's option, the Port may require the Contractor to provide a monthly (or other time increment depending upon length of project) progress report on

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the various phases and the order of performance of the work in sufficient detail as deemed by the Port so that the progress of the work can easily be evaluated.

3.3. Port Materials. All Reports, Port materials, and other data furnished to the Contractor by the Port shall be returned no later than thirty (30) days after completion of the work.

3.4. Ownership of Work. The services to be performed by the contractor shall be deemed instruments of service for purposes of the copyright laws of the United States. The Port has ownership rights to the work products prepared by the Contractor in performing these services. The Contractor shall not be responsible for changes made in the work products by anyone other than the Contractor. The Contractor shall have free right to retain, copy and use any tangible materials or information produced but only for its own internal purposes. Use of documents or other materials prepared under this Agreement for promotional purposes shall require the Port's prior written consent. In the event this contract is for intellectual property such as artwork or system designs for software programs the Contractor will assign to the Port an irrevocable license to use and reuse for any lawful purpose the work products created by the Contractor in the course of performing these services.

3.5. Records and other Tangibles. Until the expiration of six years after the term of this Agreement, the Contractor agrees to maintain accurate records of all work done in providing services specified by the Agreement and to deliver such records to the Port upon termination of the Agreement or otherwise as requested by the Port.

3.6. Disclosure. All information developed by the Contractor and all information made available to the Contractor by the Port, and all analyses or opinions reached by the Contractor shall be confidential and shall not be disclosed by the Contractor without prior written consent of the Port, except as may be required by the Washington State Public Records Act.

3.7. Indemnification/Hold Harmless. With respect to claims other than professional liability claims, the Contractor agrees to defend, indemnify and hold harmless the Port, its appointed and elected officers and employees from and against any and all suits, claims, actions, losses, costs, penalties and damages of whatever kind and nature, including attorney fees and costs by reason of any and all claims and demands on it, its officers and employees, arising from the negligent acts, errors or omissions by the Contractor in the performance of the Contractor's services.

With respect to professional liability claims only, and not commercial general liability claims, the Contractor agrees to indemnify and hold harmless the Port, its appointed and elected officers and its employees from and against any and all suits, claims, actions, losses, costs, penalties and damages of whatever kind and nature, including attorney fees and costs by reason of any and all claims and demands on it, its officers and employees, arising from the negligent acts, errors or omissions by the Contractor in the performance of the Contractor's services.

ARTICLE 4. Term of Agreement.

Term of Agreement. The period of performance under this Agreement will be from May 21, 2020, or date of execution, whichever is later, through September 30, 2020.

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4.1. Cancellation. Either party may cancel this Agreement on 30 days' written notice to the other party, by certified mail, return receipt requested.

ARTICLE 5. Compensation and Payment.

5.1. Compensation for Services. The Contractor will be paid for the performance of all things necessary for or incidental to the performance of work as set forth in the Scope of work. Contractor's compensation for services rendered shall be based on the following rates or in accordance with the following terms:

By task order as set forth in Exhibit "B" not to exceed **\$12,500** during the term of this Agreement unless authorized in writing by the Port.

The Port will not reimburse the Contractor for any costs or expenses incurred by Contractor while undertaking work required by this Agreement.

5.2. Billing Procedures. The Port will pay Contractor upon receipt of properly completed and Port approved invoices, which shall be submitted to the Port not more often than monthly. The invoices shall describe and document to the Port's satisfaction a description of the work performed, the progress of the project, and fees. If expenses are invoices, provide a detailed breakdown of each type. Any single expense in the amount of \$25.00 or more must be accompanied by a receipt in order to receive reimbursement. Payment shall be considered timely if made by the Port within thirty (30) days after receipt of properly completed and Port approved invoices. Payment shall be sent to the address designated by the Contractor.

The Contractor shall send invoices to the Port's electronic invoice processing system at accountspayable@portofkennewick.org. If access to that system is desired by Contractor, it will be provided at the time the Agreement is signed by all parties. It provides them access to see the status of pending invoices. The Port reserves the right to change its invoice processing method at any time during the term of this Agreement.

The Port has timely financial reporting requirements. Therefore, the Contractor shall submit invoices for work performed no later than sixty (60) days from the date work is completed in order to ensure prompt payment. If Contractor fails to submit invoices within sixty (60) days from the date work is completed, the Port may charge an administrative fee of \$25 per day for each day the invoice is late or the Port may, in the Port's sole discretion, determine the work performed by the Contractor was donated to the Port due to the Contractor's failure to timely invoice the Port.

The Port may, at its sole discretion, terminate the Agreement or withhold payments claimed by the Contractor for services rendered if the Contractor fails to satisfactorily comply with any term or condition of this Agreement. No payment in advance or in anticipation of services or supplies to be provided under this Agreement shall be made by the Port.

5.3. Waiver of Claims. The acceptance of the final payment by the Contractor shall constitute a waiver of all claims, of whatever sort or nature, by the Contractor against the Port.

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ARTICLE 6. Insurance.

The Contractor shall provide insurance coverage as set out in this section. The intent of the required insurance is to protect the Port should there be any claims, suits, actions, costs, damages or expenses arising from any negligent or intentional act or omission of the Contractor or its agents, while performing under the terms of this Agreement.

The Contractor shall provide insurance coverage that shall be maintained in full force and effect during the term of this Agreement, as follows:

A. Commercial General Liability Insurance Policy. Contractor shall provide a Commercial General Liability Insurance Policy, including contractual liability, in adequate quantify to protect against legal liability arising out of the activity/ies contemplated by this Agreement but not less than \$1,000,000 per occurrence, \$2,000,000 aggregate. Additionally, the Contractor is responsible for ensuring that, if any subcontract has been authorized by the Port, that any such subcontractor provides adequate insurance coverage for the activities arising out of the subcontract.

B. Automobile Liability. In the event that services delivered pursuant to this Agreement involve owned, unowned or hired vehicles by the Contractor, automobile liability insurance shall be required. The minimum limit for automobile liability is \$1,000,000 combined single limit per accident.

C. Professional Liability. For Agreements involving amounts of \$50,000 or more, certain professional Contractors shall be required to maintain professional liability insurance of not less than \$1,000,000 per claim and in the aggregate. Insurance shall have an effective date prior to the effective date of this Agreement and coverage shall remain in effect for the term of this Agreement plus three years. These professional contractors subject to this provision include but are not limited to Architectural and Engineering firms or consultant firms where potential construction of improvements exceeds \$500,000.

D. All policies shall be issued by a company having an A.M. Best rating of A:VI or better. Each insurance policy shall be endorsed to state that coverage shall not be suspended, voided, canceled or reduced in coverage or limits except after 45 days prior written notice has been given to the Port. Except for professional liability, the Port shall be named as an additional insurance on all policies. The Contractor shall submit to the Port within fifteen (15) days of the Agreement effective date a certificate of insurance that outlines the coverage and limits defined in this Section.

ARTICLE 7. General Provisions.

7.1. Time Is Of The Essence. All time limits stated in the agreement documents are of the essence to the agreement.

7.2. Commitments. The Contractor is not authorized to make any agreements or other commitments for or on behalf of the Port without the written consent of the Port.

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7.3. Severability. If any part, section or provision of this Agreement is adjudged to be invalid by a court of competent jurisdiction, such paragraph, section or provision shall be read out of this Agreement and shall not affect the validity of any remaining sections, parts, or provisions of this Agreement, nor give rise to any cause of action by either party against the other, and the remainder of this Agreement shall be valid and enforceable to the fullest extent permitted by law.

7.4. Waiver. Any failure by the Port to enforce strict performance of any provision of the Agreement will not constitute a waiver of the Port's right to subsequently enforce such provision of any other provisions of the Agreement.

7.5. Assignment. Neither the Agreement nor any of the rights or obligations of the Contractor arising under the Agreement may be assigned or transferred, directly or indirectly, (including subcontracting) without the Port's prior written consent. The Port shall have sole discretion in determining if it will approve any such assignment or transfer. Subject to the foregoing, the Agreement will be binding upon, enforceable by, and inure to the benefit of, the Parties and their successors and assigns.

7.6. Counterparts. The Agreement may be signed in counterparts, each of which shall be deemed an original, and all of which, taken together, shall be deemed one and the same document.

7.7. Disputes. If a dispute arises relating to this Agreement and cannot be settled through direct discussions, the Parties agree to endeavor to settle the dispute through a mediation firm acceptable to both Parties, the cost of which shall be divided equally. The Port reserves the right to join any dispute under this Agreement with any other claim in litigation or other dispute resolution forum, and the Contractor agrees to such joinder, so that all disputes related to the project may be consolidated and resolved in one forum. Venue for any litigation shall be the Benton County Superior Court of the State of Washington and the prevailing party shall be entitled to recover its costs and reasonable attorneys' fees.

7.8. Entire Agreement. The Parties agree that this Agreement is the complete expression of the terms and conditions hereto, and any oral representations or understandings not incorporated herein are excluded. The Parties agree that any modification of this Agreement must be in writing and signed by both Parties.

7.9. Notices. Except as otherwise provided, any notice required under this Agreement shall be made by written notice and sent to the other party by first class mail, postage paid, at the addresses below, or to any agent designated in writing by either party. Notices shall be sent to the parties as follows:

Port of Kennewick
350 Clover Island Drive, Suite 200
Kennewick, WA 99336

Sandollar, LLC
2001 S. Washington St. Suite 104
Kennewick, WA 99337
Email: AppraisalGroupSEWA@gmail.com
Washington State UBI#603-398-584
EIN# 20-2910522

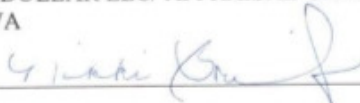
- 5 -

O:\Contracts\PERSONAL & Non-A&E PROFESSIONAL SERVICES (Non-A&E Contracts)\2020 PROFESSIONAL SERVICES - Sandollar LLC (vista field)\Consultant Contract - Sandollar LLC Vista Field (05.20.2020).docx

MARKET STUDY & ANALYSIS
Vista Field Regional Town Center, Kennewick, WA

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of the date set forth above.

SANDOLLAR LLC/ APPRAISAL GROUP
SEWA

By: 

Printed Name: NIKKI GRIFFITH

Title: OWNER / MANA

Date: 5-20-2020

PORT OF KENNEWICK

By: Tana Bader
Inglimazen, CEO

Digitally signed by Tana Bader Inglima
DN: cn=Tana Bader Inglima, o=Port of
Kennewick, ou=
email=tana@portofkennewick.org, c=US
Date: 2020.05.21 17:03:42 -0700

Date: May 21, 2020

Approved as to form:

By: N/A
Lucinda J. Luke, Port Counsel/Date

Approved by CFO or Designee:

By: Nick Kooiker
Nick Kooiker, CFO

Attachments:

Exhibit A – Scope of Work

Exhibit B – Compensation Schedule

- 6 -

O:\Contracts\ PERSONAL & Non-A&E PROFESSIONAL SERVICES (Non-A&E Contracts)\2020 PROFESSIONAL SERVICES - Sandollar
LLC (vista field)\Consultant Contract - Sandollar LLC Vista Field (05.20.2020).docx

MARKET STUDY & ANALYSIS
Vista Field Regional Town Center, Kennewick, WA

Sandollar LLC | Appraisal Group SEWA
 2001 S Washington St, Suite 104
 Kennewick, WA 99337

O: 509.628.9817
 E: AppraisalGroupSEWA@gmail.com
 W: AppraisalGroupSEWA.com



NIKKI GRIFFITH, MAI, CCIM
 Washington State Certified Appraiser

Gary E Chamberlin, Consultant
 Nathan Pratt, Appraiser
 Sonnia King, Research Assistant
 Dianne Hopkins, Research Assistant

AGREEMENT FOR PROFESSIONAL SERVICES

PARTIES TO THE AGREEMENT		
Parties to the Agreement	CLIENT	APPRAISER
Contact Name	Amber Hanchette, Director, Real Estate & Operations	Nikki Griffith, MAI, CCIM
Company	Port of Kennewick	Sandollar Appraisal Group SEWA
Street Address	350 N Clover Island Dr, #200	2001 S Washington St, Suite 104
City/State/Zip	Kennewick, WA 99336	Kennewick, WA 99337
Phone	509.586.1186	509.628.9817
Email Address	Amber@PortOfKennewick.org	AppraisalGroupSEWA@gmail.com
Authorized Signature		
Date Signed		Wednesday, May 20, 2020

BUSINESS TERMS OF ENGAGEMENT	
SERVICE TYPE	Consulting Services
REPORT TYPE	Consulting Report for the property described herein; to provide information requested by Client in Scope of Work section of this engagement
DELIVERY METHOD	Electronic PDF version delivered electronically via email; One Hard Copy to be delivered
DELIVERY DATE	On or before July 30, 2020
PAYMENT TERMS	Balance is due and payable on delivery of PDF file.
FEE AND PROGRESS PAYMENT SCHEDULE	\$12,500

SCOPE OF WORK DEVELOPMENT AGREEMENT	
Intended User(s)	Client only. Should any other person obtain a copy of the report; they shall be considered an unintended user. The appraiser's responsibility extends only to intended users identified at the time of engagement. The appraiser shall keep all matters related to the report and value confidential from any unintended users.
Intended Use(s)	Establish potential sale price ranges for the variety of product included in this engagement
Property Observation:	Appraiser will review maps and other exhibits prepared by the Client and physically view the site(s)
Property Access:	Client will provide contact if requested

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SCOPE OF WORK DEVELOPMENT AGREEMENT, CONTINUED	
PROPERTY NAME/TYPE	Phase I Vista Field Regional Town Center
ADDRESS	Phase I of the approximately 103 AC former Vista Field Redevelopment Master Plan Project located at 6600 W W Deschutes Ave in the City of Kennewick and shown in the attached maps to be furnished by the Client
USE OF REPORT	To establish the potential list prices of various categories of land use
TAX PARCEL ID	To be Furnished by Client
OWNER	Port of Kennewick
LAND & IMPROVEMENTS	Vacant Land Available for Development
ZONING / CURRENT USE	UMU pursuant to current online GIS maps; subject to zoning change
VALUE TYPE	Prospective Market Value
EFFECTIVE DATE OF VALUE PERSPECTIVE	Completion of Proposed Improvements
REAL PROPERTY INTEREST TO VALUE	Fee Simple
UNUSUAL ASSIGNMENT CONDITIONS	None noted
APPROACHES TO VALUE TO BE USED	Sales Comparison Approach
INFORMATION TO BE PROVIDED BY CLIENT	All appropriate maps, exhibits and proposed uses for each project
REPORT PRODUCT	Narrative Report
AGREED UPON FEE	\$12,500

See Attached Preliminary Scope of Work Provided by Client

MARKET STUDY & ANALYSIS
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Overall Purpose – To better understand the Tri-Cities real estate market, pre-COVID19 (Port not asking Appraisal Group SEWA to speculate on impacts {timing, product type demand, pricing, capital availability, etc.}), in order for port staff to recommend a pricing strategy to port commissioners for future land sales in Vista Field neighborhood of the City of Kennewick. The development will be urban in nature with shared parking, common areas and shovel ready parcels or lots. The port will be selling land in a variety of configurations: residential, multifamily, mixed use commercial, live/work, commercial.

Consultant Scope of Work:

v General conditions: residential and commercial for greater Tri-Cities (Richland, Pasco, Kennewick, West Richland). R=Residential, C=Commercial.

v LP Commentary: Trying to understand what is being offered, how that might be changing and how the different products have been received and the general trend or general answer is more important to know than a number to the second decimal point.

- R-Median home price trends last 3-5 years?
- R-Any trends away from the 2,500+sf home towards 1,500sf?
- R-Average time on the market?
- R-Emerging trend for duplexes... are there primarily rentals or is there a trend towards owner renting the other side to cover 60+% of the mortgage?
- R-Are there examples of apartments in less than the 5 acres mega-box model, possibly 16, 24, 36 units?
- R-What are the rents of the pending Crook/Lipus mixed use projects on Jadwin?

v Trying to understand market absorption, trends and potential glut of office, retail or service business space with the focus on the overall trend rather than any on statistic.

- o C-Annual average of Class A office space square footage constructed over the last 3-5 years?
- o C-Annual average Class A occupancy rates and lease ranges the last 3-5 years?
- o C-Annual average of Retail space square footage, excluding boxes over 10,000sf, constructed over the last 3-5 years?
- o C-Annual average Retail space occupancy rates and lease ranges the last 3-5 years?
- o C-Number of new hotels and rooms constructed over the last 3-5 years?
- o C-Annual average Hotel occupancy rates the last 3-5 years?
- o C-Is the regional hotel market saturated or is it a matter of superior location succeeding?

v Where are the new construction concentrations for residential, multifamily and commercial?

- C&R-Who/which projects/areas will be competing for Vista Field?
- What is the maturity of these locations?

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- What is the deviation, if any, at these locations for the recent {last 20 years} development patterns? {is the “competition” just more of the same development that has occurred in TC for the last 20+ years?}
- R-Badger Mt. South, Southridge, West Pasco?
- C-Queensgate, Southridge, Rd. 68?

v Competitive Analysis:

Top residential and commercial contractors/developers by volume, reputation, product type, shovel ready, etc.

- R-What is the lot price/value {not AV} in Badger Mt. South for an alley loaded 5,000sf lot?
- R-Is there an identifiable trend to smaller lots {possibly due to buyers having to choose between home sf and lot sf}?
- R-Is there a direct correlation between lot size and sale price (5,000sf lot is 50% less than 10,000sf lot?) or is the price more tied to the building footprint allowed and perceived desirability of the area/neighborhood?
- C-What are the per square foot price ranges for non-arterial commercial parcels under 5 acres in size?
- C-What were the sale prices and year for the parcels K.I.D. sold around Vista Field {medical offices, Chuck E Cheese}?
- C-What if any are the sale prices along Columbia Drive?

v Development Costs:

General inclusions an anything specific to Tri-Cities market.

- R-What are the annual per lot costs at Badger Mt. South, Columbia Point condos, Creekstone?
- CC&R's in use.

v Pricing for residential, commercial and multifamily:

- Multi-level breakdown: lots, parcels under 5 acres
- R-What is the market for higher density infill lots (you mention Brad Beauchamp had completed several projects)?
- Does the price include seller incentives (i.e., site prep)?

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Vista Field Regional Town Center, Kennewick, WA

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Other Terms of Agreement

APPLICABLE REQUIREMENTS

- ☒ The Uniform Standards of Professional Appraisal Practice, Current Year Edition (as of date of inspection)
- ☒ The Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute

WHEN APPRAISER'S OBLIGATIONS ARE COMPLETE

Appraiser's obligations pursuant to this Agreement are complete when the Appraisal Report in the form specified in this Agreement is delivered to Client pursuant to this Agreement. Appraiser agrees to be responsive to Client's legitimate inquiries regarding the contents of the report after delivery.

CONFIDENTIALITY

Appraiser shall not provide a copy of the written Appraisal Report to, or disclose the results of the appraisal prepared in accordance with this Agreement to, any party other than Client, unless Client authorizes, except as stipulated in the Confidentiality Section of the Ethics Rule of the Uniform Standards of Professional Appraisal Practice (USPAP).

USE OF EMPLOYEES OR INDEPENDENT CONTRACTORS

Appraiser may use employees or independent contractors at Appraiser's discretion to complete the assignment, unless otherwise agreed by the parties. Notwithstanding, Appraiser shall observe the property, sign the written Appraisal Report and take full responsibility for the services provided as a result of this Agreement.

SERVICES NOT PROVIDED

The fees set forth in this Agreement apply to the appraisal services rendered by Appraiser as set forth in this Agreement. Unless otherwise specified herein, Appraiser's services for which the fees in this Agreement apply shall not include meetings with persons other than Client or Client's agents or professional advisors; Appraiser's deposition(s) or testimony before judicial, arbitration or administrative tribunals; or any preparation associated with such depositions or testimony. Any additional services performed by Appraiser not set forth in this Agreement will be performed on terms and conditions set forth in an amendment to this Agreement, or in a separate agreement.

TESTIMONY AT COURT OR OTHER PROCEEDINGS

Unless otherwise stated in this Agreement, Client agrees that Appraiser's assignment pursuant to this Agreement shall not include Appraiser's participation in or preparation for, whether voluntarily or pursuant to subpoena, any oral or written discovery; sworn testimony in a judicial, arbitration or administrative proceeding; or attendance at any judicial, arbitration or administrative proceeding relating to this assignment.

CHANGES TO AGREEMENT

Any changes to the assignment as outlined in this Agreement shall necessitate an amendment to this Agreement and may constitute a new Assignment under USPAP. The identity of the Client, intended users, or intended use; the date of value; type of value; or property appraised cannot be changed without a new Agreement.

CANCELLATION

Client may cancel this Agreement at any time prior to Appraiser's delivery of the Appraisal Report upon written notification to Appraiser. Client shall pay Appraiser for work completed on assignment prior to Appraiser's receipt of written cancellation notice, unless otherwise agreed upon by Appraiser and Client in writing.

GOVERNING LAW AND JURISDICTION

This Agreement shall be governed by the law of the state in which Appraiser's office as specified in this Agreement is located, exclusive of that state's choice of law rules. The parties agree that any legal proceeding brought by either party to interpret or enforce this Agreement, or to enforce an arbitration award entered pursuant to this Agreement, shall be brought in a state or federal court having jurisdiction over the location of Appraiser's office as specified in this Agreement, and the parties hereby waive any objections to the personal jurisdiction of said court.

APPRAISER INDEPENDENCE

Appraiser cannot agree to provide a value opinion that is contingent on a predetermined amount. Appraiser cannot guarantee the outcome of the assignment in advance. Appraiser cannot ensure that the opinion of value developed as a result of this Assignment will serve to facilitate any specific objective of Client or others or advance any particular cause. Appraiser's opinion of value will be developed competently and with independence, impartiality and objectivity.

NOTICES

Any notice or request required or permitted to be given to any party shall be given in writing and shall be delivered to the receiving party by: a) registered or certified mail, postage prepaid; b) overnight courier, such as Federal Express, United Parcel Service or equivalent; or c) hand delivery. The address for delivery of any notice shall be the address for the party as specified in this Agreement or at such other address as party may designate by written notice to the other party in conformance with this paragraph. Unless otherwise specified herein, notice shall be effective the date it is postmarked or given to a third party for delivery to the receiving party, whether or not the receiving party signs for or accepts delivery of such notice.

NO THIRD-PARTY BENEFICIARIES

Nothing in this Agreement shall create a contractual relationship between Appraiser or Client and any third party, or any cause of action in favor of any third party. This Agreement shall not be construed to render any person or entity a third party beneficiary of this Agreement, including, but not limited to, any third parties identified herein.

MEDIATION & ARBITRATION

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In the event of a dispute concerning the subject matter of this Agreement, the parties shall in good faith attempt to resolve such dispute by negotiation between the parties' principals, or, if such negotiation is unsuccessful, by mediation conducted by a third-party mediator. If such mediation results in an impasse, the parties shall submit their dispute to binding arbitration. Such mediation or, if necessary, binding arbitration shall be conducted pursuant to the mediation procedures or the commercial arbitration rules of the American Arbitration Association. Any arbitration shall be conducted in the city in which Appraiser's office as specified herein is located. The parties shall share equally the costs of any mediation. In the event of binding arbitration, the arbitrators shall, in addition to any relief appropriate to be awarded to the prevailing party, enter an award in favor of the prevailing party for that party's costs of the arbitration, including the party's reasonable attorneys' fees and arbitration expenses incurred in prosecuting or defending the arbitration proceeding. Subject to the right of the prevailing party to recover its share of the costs of the arbitration services pursuant to the arbitrator's award, the costs of the arbitration services shall be borne equally by the parties. If the prevailing party seeks judicial confirmation of any arbitration award entered pursuant to this Agreement, the court shall, in addition to any other appropriate relief, enter an award to the prevailing party in such confirmation proceeding for its reasonable attorneys' fees and litigation expenses incurred in confirming or successfully opposing the confirmation of such an award.

SPECIAL OR CONSEQUENTIAL DAMAGES

Neither party shall under any circumstances be liable to the other party for special, exemplary, punitive or consequential damages, including, without limitation, loss of profits or damages proximately caused by loss of use of any property, whether arising from either party's negligence, breach of the Agreement or otherwise, whether or not a party was advised, or knew, of the possibility of such damages, or such possibility was foreseeable by that party. In no event shall Appraiser be liable to Client for any amounts that exceed the fees and costs paid by Client to Appraiser pursuant to this Agreement.

ASSIGNMENT

Neither party may assign this Agreement to a third party without the express written consent of the other party, which the non-assigning party may withhold in its sole discretion. In the event this Agreement is assigned by mutual consent of the parties, it shall become binding on the assigning party's permitted assigns.

SEVERABILITY

In the event any provision of this Agreement shall be determined to be void or unenforceable by any court of competent jurisdiction, then such determination shall not affect any other provision of this Agreement and all such other provisions shall remain in full force and effect.

CLIENT'S DUTY TO INDEMNIFY APPRAISER

Client agrees to defend, indemnify and hold harmless Appraiser from any damages, losses or expenses, including attorneys' fees and litigation expenses at trial or on appeal, arising from allegations asserted against Appraiser by any third party that if proven to be true would constitute a breach by Client of any of Client's obligations, representations or warranties made in this Agreement, or any violation by Client of any federal, state or local law, ordinance or regulation, or common law (a "Claim"). In the event of a Claim, Appraiser shall promptly notify Client of such Claim, and shall cooperate with Client in the defense or settlement of any Claim. Client shall have the right to select legal counsel to defend any Claim, provided that Appraiser shall have the right to engage independent counsel at Appraiser's expense to monitor the defense or settlement of any Claim. Client shall have the right to settle any Claim, provided that Appraiser shall have the right to approve any settlement that results in any modification of Appraiser's rights under this Agreement, which approval will not be unreasonably withheld, delayed or conditioned.

CLIENT'S REPRESENTATIONS AND WARRANTIES

Client represents and warrants to Appraiser that (1) Client has all right, power and authority to enter into this Agreement; (2) Client's duties and obligations under this Agreement do not conflict with any other duties or obligations assumed by Client under any agreement between Client and any other party; and (3) Client has not engaged Appraiser, nor will Client use Appraiser's Appraisal Report, for any purposes that violate any federal, state or local law, regulation or ordinance or common law.

EXTENT OF AGREEMENT

This Agreement represents the entire and integrated agreement between the Client and Appraiser and supersedes all prior negotiations, representations or agreements, either written or oral. This Agreement may be amended only by a written instrument signed by both Client and Appraiser. This Agreement includes the following Appendices, which are incorporated into, and made a part of this Agreement:

Appendix A: General Assumptions and Limiting Conditions
Appendix B: Certification

EXPIRATION OF AGREEMENT

This Agreement is valid only if signed by both Appraiser and Client within seven (7) days of the Date of Agreement specified.

MARKET STUDY & ANALYSIS
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Appendix A: THE REPORT WILL CONTAIN THE FOLLOWING

"GENERAL ASSUMPTIONS AND LIMITING CONDITIONS"

Unless otherwise stated, this appraisal report is made expressly subject to, and limited by the following conditions and stipulations:

1. This appraisal report is prepared for the sole and exclusive use of the client. It is not to be relied upon by any third parties for any purpose, whatsoever.
2. Legal descriptions furnished the appraiser are correct. No responsibility is assumed for legal descriptions or for matters including legal or title considerations.
3. Any sketches in this report are included to assist the reader in visualizing the property. The appraiser has not made a survey of the property, and assumes no responsibility for the legal description provided.
4. Title to the property is good and marketable, insurable, free and clear of liens; and, unless otherwise mentioned in this report, is appraised as if owned in fee simple title without encumbrances.
5. Unless otherwise stated, the market value estimate rendered herein applies to real estate and real property only. It does not include any additional value created by personal property, trade fixtures, or the "going concern value" of the business.
6. The appraiser is not responsible for the accuracy of opinions or information furnished by others contained within this report, nor is he responsible for the reliability of government data utilized herein. The appraiser has made a reasonable attempt to consider all available governmental regulations and restrictions, but assumes no responsibility for future conditions which are not readily available or were public knowledge at the time the appraisal was made.
7. The appraiser assumes neither liability nor responsibility for the effect of events that might concern the value of the subject property subsequent to the date of appraisal.
8. Disclosure of the contents of this appraisal report is governed by the By-Laws & Regulations of the Appraisal Institute. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraiser or the firm with which he is connected, or any reference to the Appraisal Institute or to the MAI designation) shall be disseminated to the public through advertising media, public relations media, news media, sales media or any other public means of communication without the prior written consent and approval of the undersigned. No part of this report or any of the conclusions may be included in any offering statement, memorandum, prospectus or registration without the prior written consent of the appraiser.
9. Compensation for appraisal services is dependent only upon delivery of this report, and is not contingent upon the value of the estimate, the reporting of a predetermined value or direction in value that favors the cause of the client, the occurrence of a subsequent event, or the attainment of a stipulated result.
10. Testimony or attendance in court is not required by reason of this appraisal unless arrangements are previously made. Any court testimony will be at an additional charge.
11. Reasonable inspection has been made and assumption is made that there are no hidden or unapparent conditions of the subject property, subsoil, or structures that would render it more or less valuable. I assume no responsibility for such conditions, or for arranging the studies that might be required to discover such factors. Unless otherwise stated, the appraiser did not observe the existence of hazardous material, which may or may not be present on the property. The appraiser has no knowledge of the existence of such materials nor is he qualified to detect such substances. The presence of hazardous materials may affect the value of the property. Therefore, the value estimate is predicated on the absence of such hazardous materials. If the potential for such materials exists, the client is urged to retain an expert in this field.
12. Unless specifically stated in the body of this report, the analyses, opinions, and conclusions were developed, and this report prepared in accordance with the standards and reporting requirements of the Financial Institutions Reform, Recovery and Enforcement Act of 1989, FIRREA.
13. Responsible ownership and competent management are assumed.
14. Information furnished by the property owner, agent, or management is correct and complete.
15. The right to correct arithmetic errors inadvertently committed is reserved.
16. Market value as expressed herein assumes all cash or its equivalent being paid to the seller.
17. This appraisal report sets forth all the limiting conditions (imposed by the terms of my assignment) affecting the analyses, opinions, and conclusions contained in this report.
18. I am familiar with the appraisal of this type of property and familiar with the locale in which the subject is located. I believe I have sufficient education and experience to appraise the subject property. Consequently, I found no need to take special measures to conform to the "Competency Provision" of the USPAP.

The appraiser reserves the right to amend and add any other limiting conditions specific to the subject property, based upon the physical inspection, investigation, and preparation of the appraisal report.

MARKET STUDY & ANALYSIS
Vista Field Regional Town Center, Kennewick, WA

Appendix B: THE REPORT WILL CONTAIN THE FOLLOWING

CERTIFICATION

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

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, unbiased professional analyses, opinions, and conclusions.
- I have no present or prospective interest in the property that is the subject of this report and no personal interest or bias with respect to the parties involved.
- I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Code of Professional Ethics and the Standards of Professional Practice.
- I have made a personal inspection of the property that is the subject of this report.
- No one provided significant real property appraisal assistance to the person signing this certification.
- I have / have not previously provided appraisal services or any other services in connection with this property.
- Please refer to the Appraiser's Qualifications included in the Addenda for specific information regarding the appraiser's background and experience. Appraiser has previously appraised this property type and is capable of competently completing this assignment.
- 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
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- As of the date of this report, I have completed the continuing education program for Designated Members of the Appraisal Institute.

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Statement of Qualifications for
Veronica R. (Nikki) Griffith, MAI, CCIM

EDUCATION

May, 1988	St. Louis University St. Louis, MO	Graduated Cum Laude; Major in Business Management with Minor in Communications
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PROFESSIONAL EXPERIENCE

2014 - Now	 Sandollar LLC Appraisal Group SEWA	<i>Owner/Principal</i> Private practice firm specializing in <i>appraisal, appraisal review and consulting</i> for all types of commercial and residential real property for a variety of institutional, governmental and other private party clients. Firm is the successor entity of Ms. Griffith's firm (see below) and Chamberlin & Associates, Inc. (Gay Chamberlin, MAI, Owner, now retired).
2004 - Now	 Sandollar Realty Advisors Tri-CHIES (Kennewick, Pasco & Richland), WA	<i>Owner/Principal</i> Private practice specializing in <i>commercial real estate brokerage</i> (sales and leasing) for office, industrial, retail property including sheet sale and REO property, and <i>education, curriculum development, and regulatory compliance</i> for the banking, real estate brokerage and appraisal industries. Firm initiated operations in Arizona, relocated to Washington State in mid 2007.
1991 - 2004	Bank One Corporation (now JPMorgan Chase), Phoenix, AZ.	<i>SVP, Chief Appraiser, National Manager Real Estate Appraisal Group (REAG)</i> Management and oversight responsibility for the commercial real estate valuation functions of a \$20 Billion commercial real estate portfolio for a \$300 Billion national (5 th largest U.S.) bank including direction of 45+ full time employees with \$4+ Million annual budget. Reported to Senior Credit Officer. Supervised 8 direct reports. Major accomplishments included development and maintenance of: <ul style="list-style-type: none"> • Bank policies for Board of Director action in response to a changing regulatory environment; • Procedures for engagement of independent fee appraisers on a contract basis with annual contracts totaling \$12MM to \$15MM annually; • Procedures for review of 3rd party appraisals to determine regulatory compliance with bank policy, federal and state regulation, and USPAP for commercial real property collateral valued in excess of \$20 Billion annually; • Internet (for 3rd party vendor use) and intranet (for internal bank use); • Appraisal management tracking database software; • Company wide training program for all bankers, underwriters, credit administration staff, etc.; and • Engineering of post merger strategy for five separate legacy banking institutions' appraisal departments including right-sizing over the years from an initial staff of 72 full time employees (legacy institutions included Bank One, 1st Chicago, American National, NBD Detroit, and NBD Indiana)
1990 - 1991	RTC (Western Savings & Loan), Phoenix, AZ.	<i>VP, Chief Appraiser Real Estate Appraisal Department</i> Management and oversight responsibility for re-appraisal of all commercial and agricultural real estate assets for the combined \$150 Billion real estate portfolios of four insolvent financial institutions during their receivership / liquidation phase. Facilitated orderly transfer of asset files to private sector asset management firms. Served on Credit Review Committee to determine disposition of assets. Reported directly to RTC Managing Agent / Financial Institutional Specialist, in charge of institutions.

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1988 – 1998	Sandollar Realty Advisors Corp. St. Louis, MO Private appraisal consulting practice including product development, marketing, staff training, and management. Specialized in preparation of narrative commercial appraisal reports, appraisal review and litigation support on a wide variety of commercial, retail, office, industrial and multi-family properties, for banking, institutional, governmental and private sector clients. Qualified to testify in federal, state and bankruptcy venues.	<i>Principal, Senior Appraiser & Broker</i>
1984 – 1988	Buckles & Associates St. Louis, MO Assisted in start-up of private appraisal practice. Responsible for preparation of narrative appraisal reports on a wide variety of commercial, retail, office, industrial, multi-family, special purpose, and single family subdivision properties.	<i>VP, Senior Commercial Appraiser</i>

PROFESSIONAL MEMBERSHIPS & AFFILIATIONS

Licensed Washington State Certified General Real Estate Appraiser (1101758)

- **Appraisal Institute (National Organization)** - MAI Designee qualified/licensed to appraise all varieties of commercial real estate; Former Chair and Member, Commercial Appraisal Report Standards (CARS) Project Team; Former Member of AI's National Client Advisory Committee (CAC) which includes Chief Appraisers from all major banking institutions
- **Appraisal Institute** – President (2017-18) and Member of the local Columbia Basin Chapter
- **Appraisal Institute** – Candidate for Appraisal Review Designation

Licensed Washington State Real Estate Broker (9128)

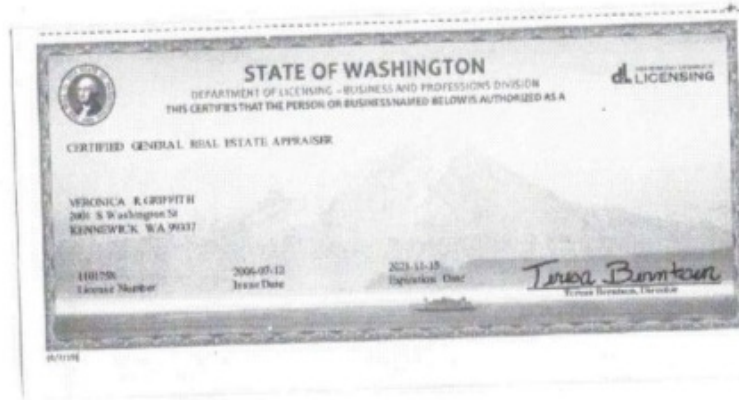
- **Member of the CCIM Institute - CCIM Designee** (Certified Commercial Investment Member) for commercial real estate brokerage, management and investment analysis
- **Member of the National Association of Realtors (NAR)** holding **SFR Designation** (Short Sale & Foreclosure Resource)
- **Member of the Tri-Cities Association of Realtors (TCAR)**; and **Yakima County Association of Realtors**
- **Member of Commercial Broker's Association (CBA)** of Washington State

OTHER

- **Commissioner, Kennewick Housing Authority (KHA)**, Kennewick, WA – Assist in promoting and maintaining affordable housing for the City of Kennewick
- **Faculty Member, Appraisal Institute (AI)** - Qualified by AI (the premier education provider to the appraisal industry) to develop curriculum and teach several appraisal courses and seminars at the national level including:
 1. *Appraisal Principles*;
 2. *Appraisal Procedures*; and
 3. *Highest and Best Use Analysis*;
 4. Curriculum developer and instructor for new seminar entitled *Appraisal Engagement and Review for Bankers*, launched Spring, 2018 to replace earlier seminar launched in 2016.
- **Faculty Member, Risk Management Associates (RMA)** - Qualified by RMA (the premier education provider to the banking industry) to develop curriculum and teach several courses/seminars at the national level to bankers and regulators including:
 1. Develop and host 1-1/2 day *Real Estate Appraisal Manager's Forum*, twice yearly;
 2. *Real Estate Fundamentals* (REF, 1-day seminar);
 3. *Intermediate Real Estate Lending* (IREL, 1-day seminar);
 4. *Problem Real Estate Loans* (PREL, 1-day seminar);
 5. *Advanced Cash Flow and Valuation for Commercial Real Estate* (ACFVCRE, 1-day seminar);
 6. *Understanding & Interpreting Real Estate Appraisals* (UIREA, 1-day seminar); and
 7. *Real Estate Lending Academics* (RELA, 3-day class);
 8. Curriculum developer for several new products including RELA, UIREA for the banking regulatory agencies; and UIREA for financial institutions.
- **Faculty Member, Washington Association of Realtors; Tri-Cities Association of Realtors** – qualified by WAR and TCAR to develop and teach real estate related curriculum for Washington State Realtors
- **Approved Instructor, WA State Department of Licensing** – Qualified by WA DOL to teach a wide variety of real estate related curriculum for licensing and continuing education requirements for real estate related trades.

MARKET STUDY & ANALYSIS
Vista Field Regional Town Center, Kennewick, WA

Appraisal Group SEWA
Agreement for Professional Valuation Services
May 20, 2020
Page 11 of 11



MARKET STUDY & ANALYSIS
Vista Field Regional Town Center, Kennewick, WA

Exhibit B

The Port shall pay consultant for services as follows:

Not-To-Exceed Sum: A total of \$12,500.00

MARKET STUDY & ANALYSIS
Vista Field Regional Town Center, Kennewick, WA

Statement of Qualifications for

Veronica R. (Nikki) Griffith, MAI, CCIM

EDUCATION

May, 1988	St. Louis University St. Louis, MO	Graduated Cum Laude; Major in Business Management with Minor in Communications
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PROFESSIONAL EXPERIENCE

2014 - Now	Sandollar LLC Appraisal Group SEWA	<i>Owner/Principal</i>
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Private practice firm specializing in **appraisal, appraisal review and consulting** for all types of commercial and residential real property for a variety of institutional, governmental and other private party clients. Firm is the successor entity of Ms. Griffith's firm (see below) and Chamberlin & Associates, Inc. (Gary Chamberlin, MAI, Owner, now retired).

2004 - Now	Sandollar Realty Advisors Tri-Cities (Kennewick, Pasco & Richland), WA	<i>Owner/Principal</i>
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Private practice specializing in **commercial real estate brokerage** (sales and leasing) for office, industrial, retail property including short sale and REO property; and **education, curriculum development, and regulatory compliance** for the banking, real estate brokerage and appraisal industries. Firm initiated operations in Arizona; relocated to Washington State in mid 2007.

1991 - 2004	Bank One Corporation (now JPMorgan Chase), Phoenix, AZ	<i>SVP, Chief Appraiser, National Manager Real Estate Appraisal Group (REAG)</i>
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Management and oversight responsibility for the commercial real estate valuation functions of a \$20 Billion commercial real estate portfolio for a \$300 Billion national (5th largest U.S.) bank including direction of 45± full time employees with \$4+ Million annual budget. Reported to Senior Credit Officer. Supervised 8 direct reports. Major accomplishments included development and maintenance of:

- Bank policies for Board of Director action in response to a changing regulatory environment;
- Procedures for engagement of independent fee appraisers on a contract basis with annual contracts totaling \$12MM to \$15MM annually;
- Procedures for review of 3rd party appraisals to determine regulatory compliance with bank policy, federal and state regulation, and USPAP for commercial real property collateral valued in excess of \$20 Billion annually;
- Internet (for 3rd party vendor use) and intranet (for internal bank use);
- Appraisal management tracking database software;
- Company wide training program for all bankers, underwriters, credit administration staff, etc.; and
- Engineering of post merger strategy for five separate legacy banking institutions' appraisal departments including rightsizing over the years from an initial staff of 72 full time employees (legacy institutions included Bank One, 1st Chicago, American National, NBD Detroit, and NBD Indiana).

1990 - 1991	RTC (Western Savings & Loan), Phoenix, AZ	<i>VP, Chief Appraiser Real Estate Appraisal Department</i>
-------------	--	--

Management and oversight responsibility for re-appraisal of all commercial and agricultural real estate assets for the combined \$150 Billion real estate portfolios of four insolvent financial institutions during their receivership / liquidation phase. Facilitated orderly transfer of asset files to private sector asset management firms. Served on Credit Review Committee to determine disposition of assets. Reported directly to RTC Managing Agent / Financial Institutional Specialist in charge of institutions.

MARKET STUDY & ANALYSIS
Vista Field Regional Town Center, Kennewick, WA

1988 – 1990	Sandollar Realty Advisors Corp. St. Louis, MO Private appraisal consulting practice including product development, marketing, staff training, and management. Specialized in preparation of narrative commercial appraisal reports, appraisal review and litigation support on a wide variety of commercial, retail, office, industrial and multi-family properties, for banking, institutional, governmental and private sector clients. Qualified to testify in federal, state and bankruptcy venues.	<i>Principal, Senior Appraiser & Broker</i>
1984 – 1988	Buckles & Associates St. Louis, MO Assisted in start-up of private appraisal practice. Responsible for preparation of narrative appraisal reports on a wide variety of commercial, retail, office, industrial, multi-family, special purpose, and single family subdivision properties.	<i>VP, Senior Commercial Appraiser</i>

PROFESSIONAL MEMBERSHIPS & AFFILIATIONS

Licensed Washington State Certified General Real Estate Appraiser (1101758)

- **Appraisal Institute (National Organization) - MAI Designee** qualified/licensed to appraise all varieties of commercial real estate; Former Chair and Member, Commercial Appraisal Report Standards (CARS) Project Team; Former Member of AI's National Client Advisory Committee (CAC) which includes Chief Appraisers from all major banking institutions
- **Appraisal Institute** – President (2017-18) and Member of the local Columbia Basin Chapter
- **Appraisal Institute** – Candidate for Appraisal Review Designation

Licensed Washington State Real Estate Broker (9128)

- **Member of the CCIM Institute - CCIM Designee** (Certified Commercial Investment Member) for commercial real estate brokerage, management and investment analysis
- **Member of the National Association of Realtors (NAR) holding SFR Designation** (Short Sale & Foreclosure Resource)
- **Member of the Tri-Cities Association of Realtors (TCAR); and Yakima County Association of Realtors**
- **Member of Commercial Broker's Association (CBA)** of Washington State

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- **Commissioner, Kennewick Housing Authority (KHA)**, Kennewick, WA – Assist in promoting and maintaining affordable housing for the City of Kennewick
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 8. Curriculum developer for several new products including RELA; UIREA for the banking regulatory agencies; and UIREA for financial institutions.
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MARKET STUDY & ANALYSIS
Vista Field Regional Town Center, Kennewick, WA



State of Washington
DEPARTMENT OF LICENSING
APPRAISER PROGRAM
PO Box 9021
Olympia, WA 98507-9021

VERONICA R GRIFFITH
2001 S Washington St
KENNEWICK WA 99337



(R/7/19)

MARKET STUDY & ANALYSIS
Vista Field Regional Town Center, Kennewick, WA

THIS IS A CLAIMS MADE INSURANCE POLICY.

THIS POLICY APPLIES ONLY TO THOSE CLAIMS THAT ARE FIRST MADE AGAINST AN INSURED DURING THE POLICY PERIOD. ALL CLAIMS MUST BE REPORTED IN WRITING TO THE COMPANY DURING THE POLICY PERIOD OR WITHIN SIXTY (60) DAYS AFTER THE END OF THE POLICY PERIOD.

Insurance is afforded by the company indicated below: (A capital stock corporation)

☒ Great American Assurance Company

Note: The Insurance Company selected above shall herein be referred to as the **Company**.

Policy Number: **RAB3873294-20**

Renewal of: **RAB3873294-19**

Program Administrator: **Herbert H. Landy Insurance Agency Inc.
100 River Ridge Drive, Suite 301
Norwood, MA 02062**

Item 1. **Named Insured:** **Sandollar LLC dba Sandollar Realty Advisors; dba Appraisal Group SEWA**

Item 2. **Address:** **2001 S Washington St**

City, State, Zip Code: **Kennewick, WA 99337**

Attn:

Item 3. **Policy Period:** From **08/22/2020** To **08/22/2021**
(Month, Day, Year) (Month, Day, Year)

(Both dates at 12:01 a.m. Standard Time at the address of the **Named Insured** as stated in Item 2.)

Item 4. **Limits of Liability:** (inclusive of claim expenses):
A. \$ 1,000,000 Limit of Liability - Each Claim
B. \$ 1,000,000 Limit of Liability - Policy Aggregate
C. \$ 500,000 Limit of Liability - Fair Housing Claims
D. \$ 500,000 Limit of Liability - Fungi Claims

Item 5. **Deductible:** (inclusive of Claim Expense): \$ 5,000 Each Claim

Item 6. **Premium:** \$ **1,046.00**

Item 7. **Retroactive Date** (if applicable): **12/31/2018**

Item 8. **Forms, Notices and Endorsements attached:**

**D43100 (08/19) D43300 WA (03/15)
D43425 (05/13) D43444 (03/17) D43447 (06/17)
D43448 (06/17) D43432 (05/13) D43416 (05/13) IL7324 (08/12)**


Authorized Representative

D43101 (03/15)

Page 1 of 1



AGENDA REPORT

TO: Port Commission

FROM: Larry Peterson, Director of Planning & Development

MEETING DATE: September 14, 2021

AGENDA ITEM: Columbia Gardens Property Owners Association (POA) Assessment Mechanism

I. REFERENCE(S): Resolution 2021-16

II. FISCAL IMPACT: Varies year to year and as development occurs but currently ranges from \$75,000- \$110,000 annually

III. DISCUSSION: The Port Commission has discussed various methods to share responsibility for some of the operational costs associated with the perpetual maintenance of common area improvements in the Columbia Gardens Wine & Artisan Village. Establishing the “assessment mechanism” is necessary before the parcels are offered for sale or lease to both make the assessments applicable to any subsequent deal and to allow the prospective buyers/builders to understand their long-term financial expectations.

Based upon Commission discussion at the August 24, 2021, the proposed mechanism has been converted into a format for formal Commission consider action and approval. Once the mechanism is established those formulas would be incorporated into a relatively simple {slightly more complex than the Spaulding Business Park covenants and far less complex than the Vista Field declarations and bylaws} covenants document.

At the Commission’s direction the following elements would be incorporated:

- ❖ Neighborhood pays for the Foundational items (roadway, sidewalks, parking lots, landscape);
- ❖ Assessments would be levied against Property Owners;
- Shares would be based upon Overall Buildout and not upon the existing increment;
- ❖ Assessments based upon Building Size & Use;
- Assessments based upon building Gross square footage;
- Warehouse & Production space assessed at 50% rate;
- Patio/Outside seating space assessed at 50% rate {new clarification};
- ❖ Port pays each property owners share for a Five (5) Year period;

Much Commission discussion revolved around the idea of the Port “covering” a property owners share for an initial 5-year period all in an effort to assist business choosing to invest within the Port’s Columbia Gardens redevelopment site and within the larger Bridge to Bridge, River to Rail area. As proposed the 5-year grace period would begin at either recording of the

Columbia Gardens covenants documents or 5-years after the City of Kennewick issues a Certificate of Occupancy (C.O.) for a newly constructed building. Regardless of tenant and or business owners change the property owner would be responsible for paying their share of the neighborhood assessments on the 61st month after the C.O. is issued.

As was pointed out by a Commissioner, the Port is already paying for the shares associated with the wine productions buildings (421 E. Columbia Drive) and the tasting room (313 E. Columbia Gardens Way). The lease revenues obtained from the tenants within those buildings help the property owner (Port) pay those assessments shares. Renegotiating leases with those tenants could formalize this financial commitment, but the payment, passthrough and benefit is already occurring.

One element buried in the spreadsheet, but not clearly discussed related to factoring outdoor seating areas, is included in the building size part of the equation. Similar to the City's traffic impact fee calculation, consideration is given to outdoor seating areas because these areas result in increased use, activity and demand. The equation factors the outdoor seating areas at 50% the rate of similar indoor uses. The reason for that is twofold; in some cases these areas "pull" existing users/visitors/customers for the inside space while also augmenting total capacity; and the outdoor seating areas are/can be seasonal in nature.

IV. ACTION REQUESTED OF COMMISSION:

Commission decision and adoption of the attached resolution would allow staff and legal counsel to proceed with completion of the Columbia Gardens Property Owners' Association covenants document. When prepared, the final version of the Columbia Gardens covenants would be presented for Commission consideration and approval, thus one more approval would be required to enact the overall document. Absent Commission approval of the proposed resolution, detailed discussion and specific direction would be sought to allow for revision and return of the resolutions for consideration at the next Commission meeting.

MOTION: I move approval of Resolution 2021-16 approving and adopting the Columbia Gardens Property Owner's Assessment Mechanism; and ratify and approve all action by port officers and employees in furtherance hereof; and authorize the port Chief Executive Officer to take all action necessary in furtherance hereof.

PORT OF KENNEWICK

RESOLUTION No. 2021-16

***A RESOLUTION OF THE BOARD OF COMMISSIONERS
OF THE PORT OF KENNEWICK ADOPTING THE COLUMBIA GARDENS PROPERTY
OWNERS' ASSOCIATION ASSESSMENT MECHANISM***

WHEREAS, the Port, City of Kennewick, Benton County and Benton Public Utility District #1 have all contributed to the redevelopment of the Columbia Gardens area resulting in numerous public improvements; and

WHEREAS, the Port intends to establish a property owners' association to share responsibility for some of the operational costs associated with the perpetual maintenance of common area improvements in the Columbia Gardens Wine & Artisan Village; and

WHEREAS, the Board of Commissioners has expressed interest that any such assessments be fair and equitable to both the existing and future property owners and business located within the Columbia Gardens Wine & Artisan Village.

NOW, THEREFORE, BE IT RESOLVED that the Port of Kennewick Board of Commissioners hereby approves and adopts the Columbia Gardens Wine & Artisan Village property owners' association assessment mechanism and policies as identified in Exhibit A attached hereto.

BE IT FURTHER RESOLVED that the Port of Kennewick Board of Commissioners hereby ratify and approve all action by port officers and employees in furtherance hereof; and authorize the port Chief Executive Officer to take all action necessary in furtherance hereof.

ADOPTED by the Board of Commissioners of Port of Kennewick on the 14th day of September, 2021.

***PORT of KENNEWICK
BOARD of COMMISSIONERS***

By: _____

DON BARNES, President

By: _____

SKIP NOVAKOVICH, Vice President

By: _____

THOMAS MOAK, Secretary

RESOLUTION No. 2021-16
Exhibit A

The Columbia Gardens Wine & Artisan Village, referred to below as the Neighborhood shall be responsible for the annual operational costs associated of the internal roadways located north of Columbia Drive (Columbia Gardens Way, Date Street & Cedar Street); the existing 30-space Date Street and 24-space Cedar Street parking lots as well as joint use parking lots that may be developed in the future; sidewalks, illumination and landscaping associated with these internal streets and parking lots; Columbia Drive streetscape improvements and insurance & security expenses. The Port will not attempt to recapture the initial capital outlay to construct these improvements.

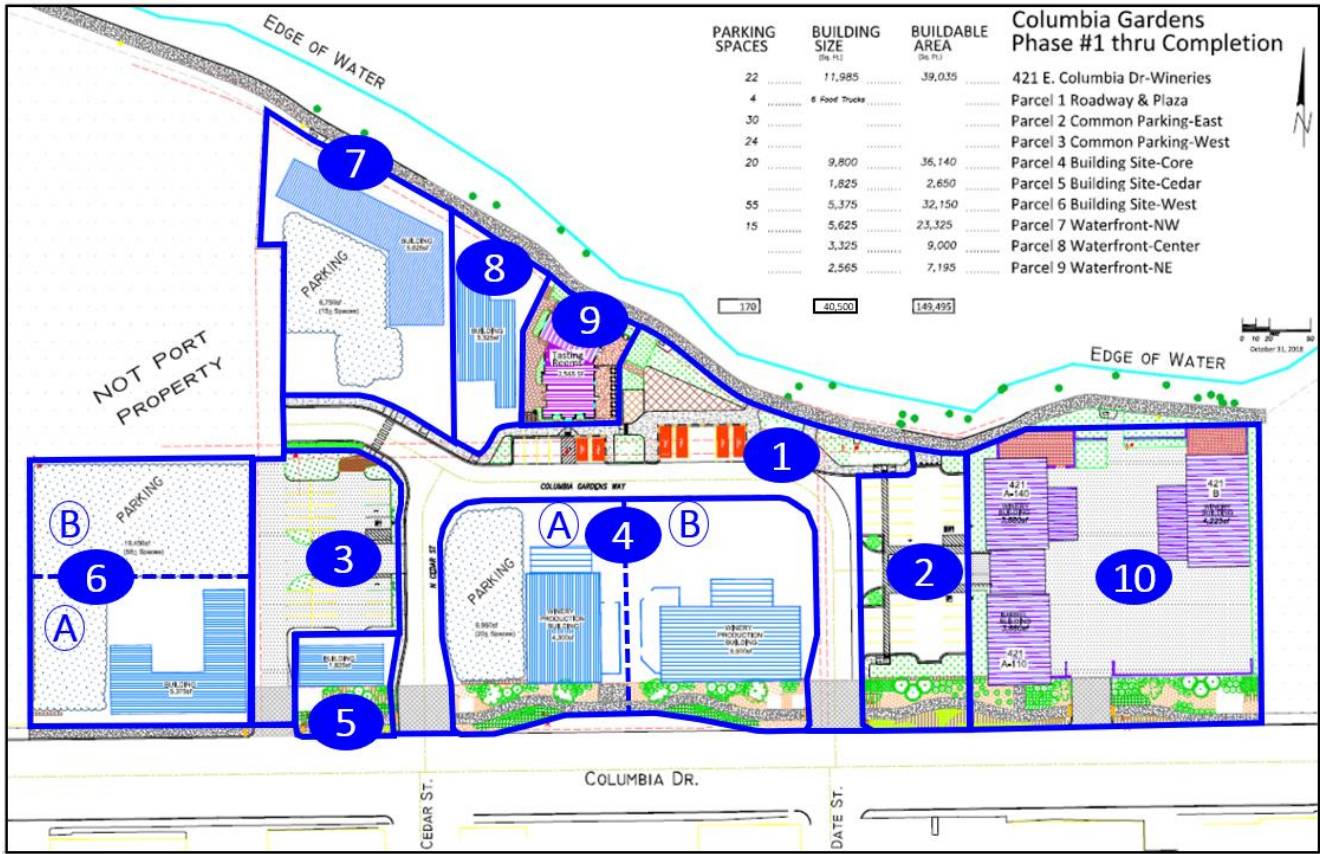
Assessments will be based upon each property share of the overall neighborhood expense and shall be assessed against the property owners of record.

Shares will be based upon the gross building size.

Patio and outdoor seating areas be will calculated at 50% of the applicable rate.

Shares for warehouse and production space will be calculated at a 50% reduction.

The Port would directly pay for all shares for all properties for a period of five (5) years from the inception of the covenants or the issuance of a City of Kennewick Certificate of Occupancy (C.O.) for a new constructed.



Memorandum

To: Tim Arntzen
From: Larry Peterson
Date: September 14, 2021
Re: Columbia Gardens Design Regulations

OVERVIEW

The underlying Urban Mixed Use (UMU) zoning applied to Columbia Gardens was crafted from a perspective of allowing a variety of uses and building design rather than the typical approach of tightly restricting use and design. The UMU zoning provides the basic guidance however additional regulations established and administered by the Port are necessary to help assure Columbia Gardens is developed by the recently adopted Kennewick Historic Waterfront District master plan. Staff has been working with the MAKERS Architecture & Urban Design to craft design regulations to provide this additional level of design oversight.

The goal of the effort is providing clear expectations to the Commission, citizens and development community regarding what would and would not be deemed acceptable within the Columbia Gardens site. Providing predictability with reasonable ease of understand to those contemplating developing in the Columbia Gardens will benefit all involved.

COMMISSION MEETING PRESENTATION

Bob Bengford and Scott Bonjukian of MAKERS will provide a 20-30 minute overview of the document focusing on the rationale behind this effort and the details included to help the Port assure both flexibility while retaining the community's vision. Both MAKERS and staff will be available to address specific questions from the Commission.

ASK of the COMMISSION

Review the document over the weekend, receive the MAKERS presentation and provide comment on both elements of concern and favor. Presuming the Commission finds the direction and direction generally acceptable minor revisions would be made and the document returned with an approval resolution at the September 28, 2021. However if major concerns are identified staff would work diligently to address those concerns and return the documents in October 2021 for formal consideration.

Port of Kennewick

Columbia Gardens Urban Wine & Artisan Village Design Standards



DRAFT September 10, 2021

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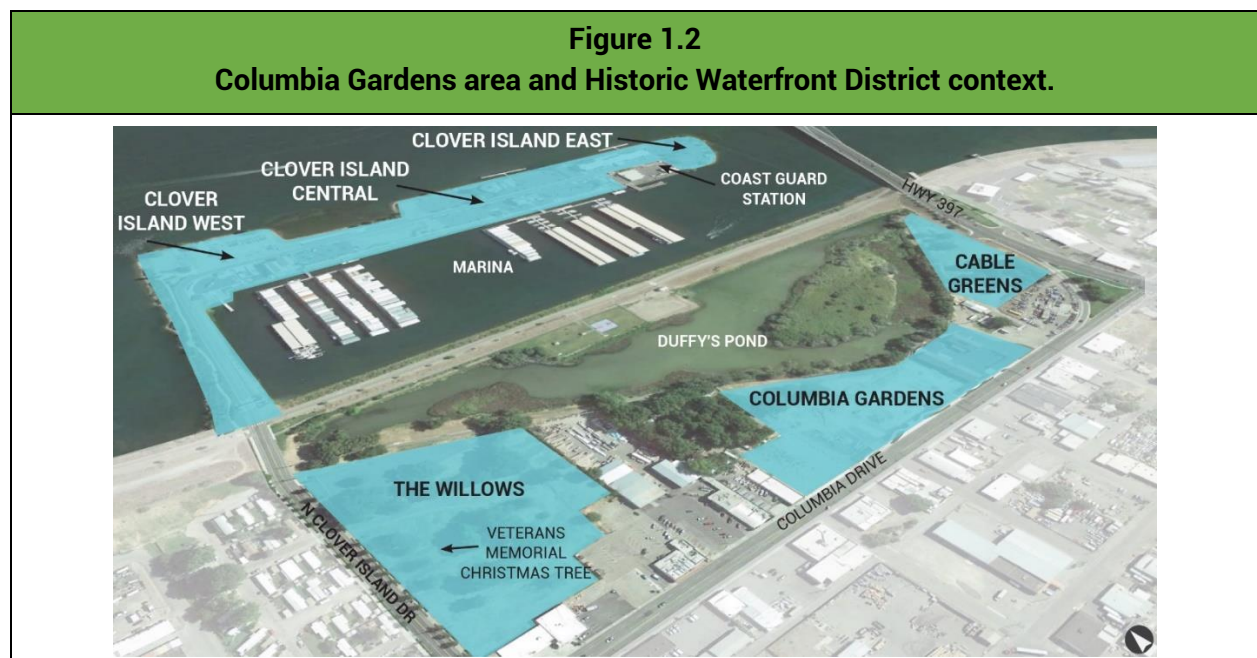
PART 1 – INTRODUCTION

1.1 – Background

These design standards were completed in support of the 2021 Port of Kennewick Historic Waterfront Master Plan and to supplement the City of Kennewick's zone-based Urban Mixed-Use Design Standards. Columbia Gardens is an approximately 5.4-acre site between Columbia Drive and Duffy's Pond, and halfway between the Cable Bridge and Clover Island Drive. The property is primed for continued development as an urban wine and artisan village. Consistent with community goals, these standards will ensure new development on the site is high-quality and creates enjoyable places for employees to work and for customers to visit.

1.2 – Applicability

- A. These standards apply to all new commercial and production buildings in the Columbia Gardens area defined in Figure 1.2 below.
- B. Individual design criteria may also have more specific applicability statements.
- C. Relationship to the 2021 Historic Waterfront Master Plan: This document implements key design policies from the master plan.
- D. Relationship to Kennewick Municipal Code. These standards were drafted to supplement the existing Urban Mixed-Use Design Standards in Chapter 18.80 of the Kennewick Municipal Code. They provide a greater level of detail and cover design issues not addressed in the code.



1.3 – Intent of the Standards

Thoughtful urban design is a critical strategy for realizing the vision and goals of Columbia Gardens. To that end, these standards are intended to:

- A. Provide a high standard for site planning and building of commercial and light industrial development consistent with the goals and policies of the 2021 Historic Waterfront Master Plan.
- B. Provide clear objectives for the planning and design of individual developments.

1.4 – Interpretation

The word “must” is intended to be a mandate. Where the word “should” or “encouraged” is used, it is intended to be a recommendation.

1.5 – Departures

All available departure opportunities for standards are noted within each standard by the capitalized term DEPARTURES. Such departures are voluntary and must only be approved if they meet the intent of individual standard.

1.6 – Definitions

Introduction. All words used in these design standards carry their customary meanings, except for those defined below.

“Articulation” means the giving of emphasis to architectural elements (like windows, balconies, entries, etc.) that create a complementary pattern or rhythm, dividing large buildings into smaller identifiable pieces. See section 3.1 for articulation provisions.

“Articulation interval” means the measure of articulation, the distance before architectural elements repeat. See section 3.1 for articulation provisions.

“Blank wall” means a ground floor wall or portion of a ground floor wall as described in section 3.5 that does not include a transparent window or door.

“Building frontage” refers to the “façade” or street-facing elevation of a building. For buildings not adjacent to a street, it refers to the building elevation(s) that features the primary entrance to the uses within the building. Depending on the context the term is used in, it may also refer to the uses within the building. For example, a “storefront” is a type of building frontage.

“Façade” means the entire street wall of a building extending from the grade of the building to the top of the parapet or eaves and the entire width of the building elevation. For buildings not adjacent to a street, the façade refers to the building elevation containing the main entrance or entrances to the building.

“Internal pathway” refers to any pedestrian path or walkway internal to a development. This includes sidewalks along private streets.

“KMC” means Kennewick Municipal Code.

“Modulation” means stepping forward or backwards a portion of the façade as a means to articulate or add visual interest to the façade.

“Roofline” means the highest edge of the roof or the top of a parapet, whichever establishes the top line of the structure when viewed in a horizontal plane.

“Streetscape” means the space between the buildings on either side of a street that defines its character. The elements of a streetscape include building façades, landscaping (trees, yards, bushes, plantings, etc.), sidewalks, street paving, street furniture (benches, kiosks, trash receptacles, fountains, etc.), signs, awnings, and street lighting.

“Vertical building modulation” means a stepping back or projecting forward vertical walls of a building face, within specified intervals of building width and depth, as a means of breaking up the apparent bulk of a structure's continuous exterior walls. Vertical building modulation may be used to meet façade articulation provisions in Standards 3.1.A.

“Weather protection” means a permanent horizontal structure above pedestrian areas such as sidewalks and building entries that protects pedestrians from inclement weather.

PART 2 – SITE PLANNING STANDARDS

2.1 – Frontage Standards

Intent


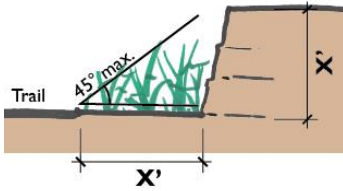
- To enhance the pedestrian environment and recreational opportunities.
- To promote good visibility between buildings and trails for security for pedestrians and to create a more welcoming and interesting trail and commercial environment.

Relation to Zoning Standards

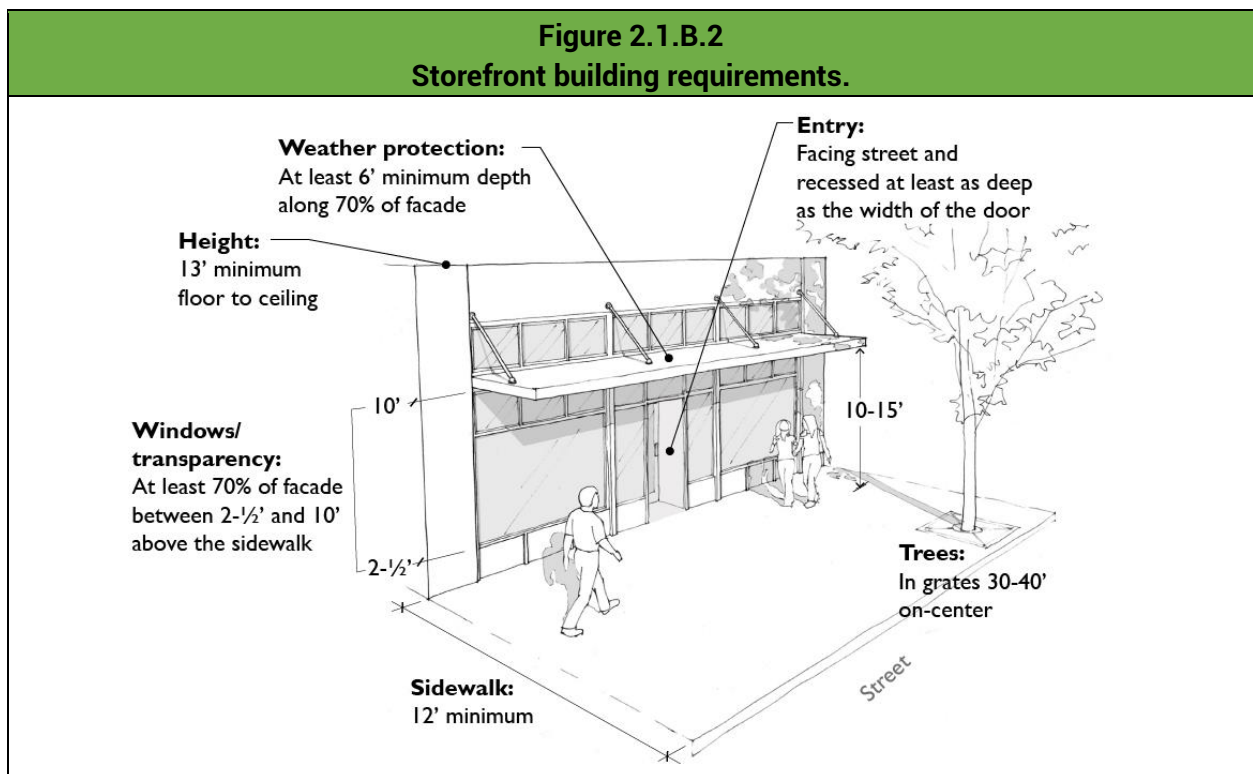
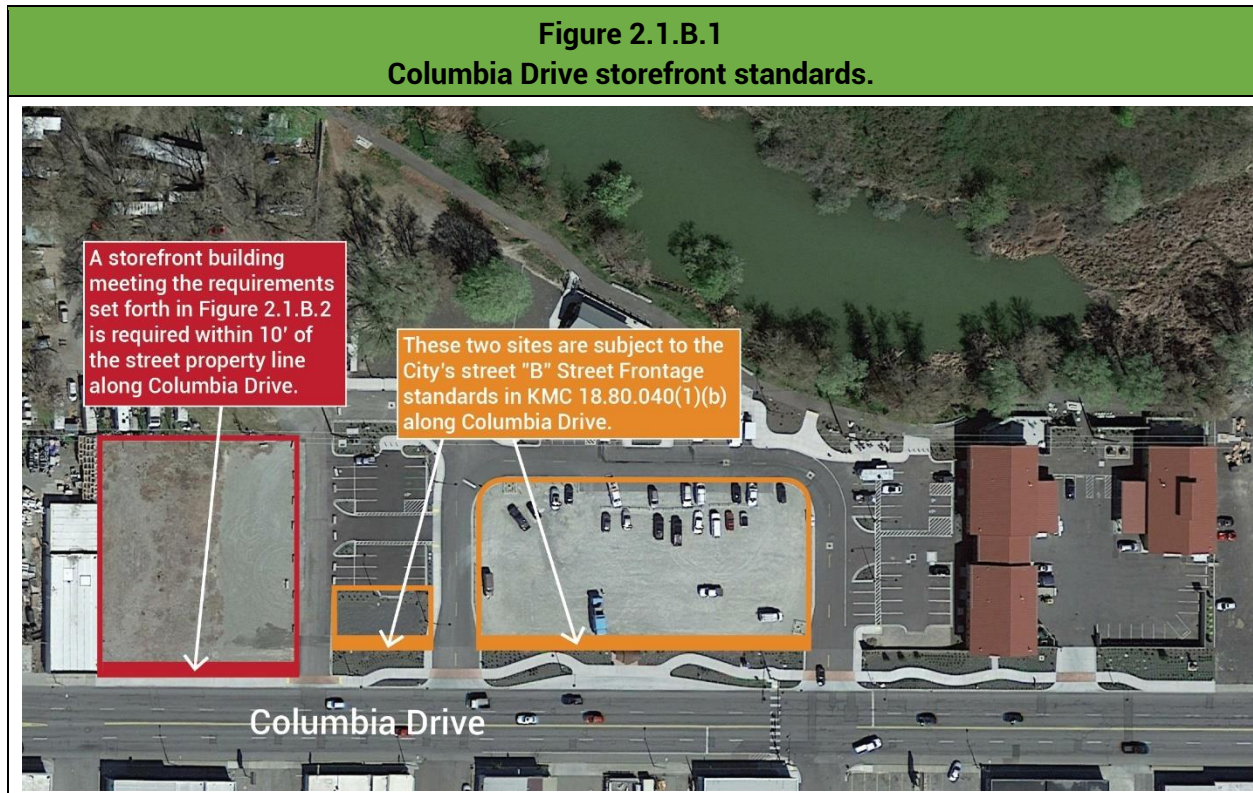
These provisions go beyond the street frontage design standards in KMC 18.80.040(1).

Design Criteria

A. Duffy's Pond Trail frontage standards. All development on sites adjacent to the trail must comply with the standards in Table 2.1.A below:

Figure 2.1.A Duffy's Pond Trail frontage standards.		
Element	Standards	Examples and Notes
Building placement	Buildings must be setback 10-30' from the trail edge, except greater setbacks are allowed when the setback area complies with the plaza provisions in Standard 2.4.	
Setback use	Landscaping, decks, plazas and patios, dining areas, playgrounds, and other similar uses are encouraged within the trail setback area. New vehicular parking, service, and trash storage areas are prohibited in the setback area.	
Fences & retaining walls	Height limits for opaque fences & retaining walls use a 1:1 ratio for their setback from the edge of the trail (for every 1' of setback distance, the maximum height is increased 1'). Deck railings must be at least 60% transparent.	
Building use	The ground floor of buildings adjacent to trails must have a customer-oriented use, such as but not limited to restaurant, tasting room cafe, retail, art gallery, childcare, artisan manufacturing, entertainment use, or service use.	Office, and industrial uses are prohibited. Residential uses are allowed fronting the trail in the Willows and Cable Greens, but not within Columbia Gardens.
Building entrances	At least one customer building entry visible and accessible from the trail is required for non-residential uses.	
Façade transparency	At least 25% of the building façade facing a trail must be transparent.	

B. Columbia Drive block frontage standards. Figures 2.1.B.1-2 set forth block frontage requirements and options.



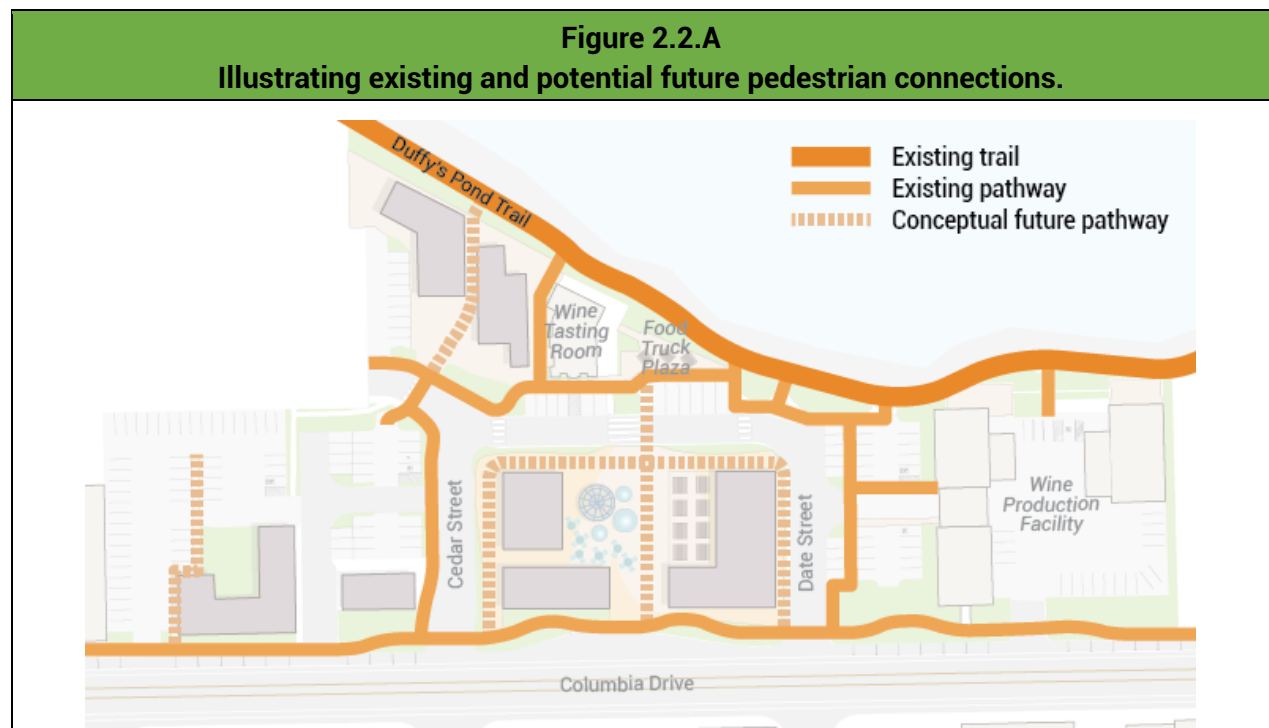
2.2 – Pedestrian Circulation

Intent

To improve the pedestrian and bicycling environment by making it easier, safer, and more comfortable to walk or ride among residences, to businesses, to the trail and street sidewalk, to transit stops, through parking lots, to adjacent properties, and connections throughout the city.

Design Criteria

- A. General pedestrian connectivity.** Developments must provide an integrated and connected pedestrian circulation network that encourages walking. Required connections include:
1. Shared and individual entrances to streets, trails and recreational areas, parking areas, and other pedestrian amenities.
 2. Between on-site buildings.
 3. To internal pedestrian circulation networks on adjacent sites, when desirable and feasible.
 4. Safe and attractive connections to and from street corners.



- B. Pedestrian facility design.** The following are minimum dimensions. Larger dimensions may be appropriate for high-volume facilities and for facilities located adjacent to high-activity land uses.
1. Primary pathways (direct connections to public streets): Eight feet wide paving.
 2. Secondary pathways (no direct connection to public streets and internal site connections between buildings): Five feet wide paving.

2.3 - Landscaping

Intent

- To assist in creating a distinctive design character for the area.
- To promote well conceived and attractive landscaping that reinforces the architectural and site planning concepts in response to site conditions and context.
- To promote plant materials that are native or compatible to the local shrub-steppe landscape.

Relation to Zoning Standards

These provisions go beyond the landscaping standards in KMC Chapter 18.21.

Design Criteria

A. General landscaping standards.

1. Landscaped areas must consist of grade level or elevated planting beds featuring a mix of trees, shrubs, ornamental grasses, groundcover, and other vegetation. Landscaped area may not consist only of rocks or gravel.
2. Landscaping materials must include species native to the region or hardy, waterwise, and noninvasive species appropriate in the climatic conditions of the Tri-Cities region (decorative annuals and/or perennials in strategic locations are an exception). Generally acceptable plant materials must be those identified as hardy in Zone 7a as described in the United States Department of Agriculture's Plant Hardiness Zone Map.
3. Installation standards.
 - a. The combination of trees, shrubs, and ornamental grasses must be designed to cover at least 70-percent of the landscaped areas within three years of planting. Exceptions may be made for landscaping around production buildings to comply with applicable health regulations.
 - b. Shrubs, except for ornamental grasses, must be a minimum of one-gallon size at the time of planting. Shrubs and hedges adjacent to walkways and trails must be limited to 42-inches in height at maturity to maintain visibility (exceptions may be made for landscaping adjacent to blank walls).
 - c. Groundcovers must be planted and spaced to result in total coverage of the required landscape area within three years, specifically either four-inch pots at 18 inches on center or one-gallon or greater sized containers at 24 inches on center.
 - d. Mature tree and shrub height and size must be accounted for in the siting and design of landscaped areas.
4. Water conservation design. Water conservation may be achieved by a combination of any of the following techniques:
 - a. Group plants into areas of similar water need.
 - b. Locate plants based on solar orientation, exposure and drainage patterns.
 - c. Amend soil based on existing conditions.

B. Irrigation standards. It is required to irrigate landscaping using a spray irrigation system.

- C. Trail corridor and plaza landscaping and design.** Landscaping edging the trail and plaza spaces should be designed to help frame the trail and plaza spaces, soften building and retaining walls, and create a memorable and distinctive design character while maintaining good visibility for safety purposes. This includes a combination of trees, shrubs, ornamental grasses, perennials, and ground covers that comply with the provisions in Standards 2.3.A-B above.

Figure 2.3
Appropriate landscaping examples.



2.4 – Plazas

Intent

- To provide plaza spaces that attract visitors to commercial areas.
- To enhance the development character and attractiveness of development.

Design Criteria

Where provided, plaza spaces must meet the following criteria in Standards 2.4.A-B.

A. Required plaza features.

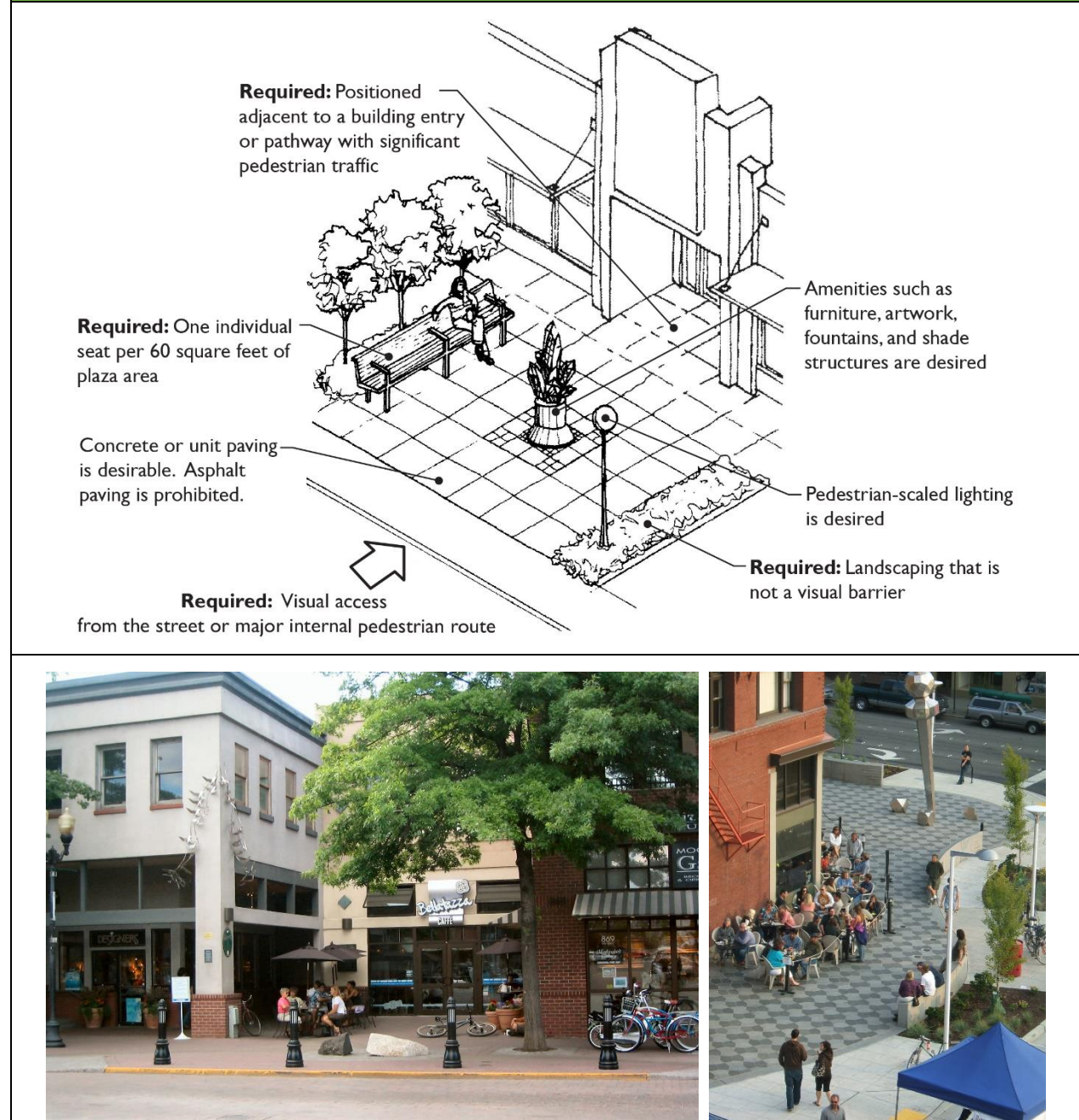
1. The space must abut a public sidewalk or other major internal pedestrian route and be designed to function as a focal point and gathering spot.
2. The space must be ADA compliant and generally level with the adjacent sidewalk or internal pedestrian route. Steps, ramps, and grade changes may be acceptable, provided the outdoor space is designed to be visually and physically accessible from the adjacent sidewalk or internal pedestrian route and the space meets all other standards herein.
3. The space must feature no dimension less than 15 feet in order to provide functional leisure or recreational activity.
4. The space must be framed on at least one side by buildings that are oriented towards the space (via entries and generous façade transparency).
5. Paved walking surfaces of either concrete or approved unit paving are required. Form-in-place pervious concrete paving is allowed. Gravel surface areas may be allowed for special seating areas.
6. Pedestrian amenities must be integrated into the space. Examples include, but are not limited to, site furniture, artwork, drinking fountains, shade structures kiosks, or other similar features that complement the space and encourage use of the space by a variety of users.
7. At least one individual seat per 60-square feet of plaza area or open space is required. At least 50-percent of the required seating must be built-in seating elements, while moveable seating may be used for the remaining percentage. Two feet of seating area on a bench or ledge at least 16-inches deep at an appropriate seating height qualifies as an individual seat. Reductions of up to 50-percent will be allowed for the integration of specialized open spaces that meet the intent of these standards.
8. Landscaping components that add visual interest and do not act as a visual barrier must be integrated. Such components can include, but are not limited to, trees, planting beds, raised planters, and/or potted plants.

B. Prohibited plaza features.

1. Large expanses of uninterrupted paving or paving without pattern.
2. Asphalt paving.
3. Unscreened service and utility areas or venting of mechanical systems.
4. Adjacent chain-link fences.

5. Adjacent “blank walls” without “blank wall treatment” (see Standard 3.5).
6. Outdoor storage.

Figure 2.4.A
Plaza requirements and examples.



2.5 – Service Areas & Utilities

Intent

- To promote thoughtful design of service elements that's integrated into the project's design and mitigates the impacts of those elements on on-site uses and activities and uses abutting the site.
- To provide adequate, durable, well-maintained, and accessible service and equipment areas.

Relation to Zoning Standards

These provisions go beyond the standards in KMC 18.80.040(3)(d) and (4)(k-l).

Design Criteria

- A. Location of ground-level service areas and mechanical equipment.** Ground-level building service areas and mechanical equipment includes loading docks, trash collection and compactors, dumpster areas, storage tanks, electrical panels, HVAC equipment, and other utility equipment should be located inside buildings. If any such elements are outside the building at ground level, the following location standards apply:
1. Service areas must be located for convenient service access while avoiding negative visual, auditory, olfactory, or physical impacts on the streetscape environment and adjacent properties.
 2. Service areas for multiple users or tenants must be co-located or consolidated to the extent practical.
 3. Exterior loading areas for commercial and production uses must not be located within 20 feet of residential uses.
- B. Screening of ground-level service areas and mechanical equipment.** Where screening of ground level service areas is required, the following applies:
1. Structural enclosures must be constructed of masonry, heavy-gauge metal, heavy timber, or other decay-resistant material that is also used with the architecture of the main building. Alternative materials other than those used for the main building are permitted if the finishes are similar in color and texture, or if the proposed enclosure materials are more durable than those for the main structure. The walls must be sufficient to provide full screening from the affected roadway, pedestrian areas, or adjacent use, but must be no greater than seven feet tall. The enclosure may use overlapping walls as a screening method.
 2. Gates must be made of heavy-gauge, sight-obscuring material.
 3. The service area must be paved.
 4. The sides and rear of service enclosures must be screened with landscaping at least five feet wide in locations visible from the street, parking lots, and pathways to soften views of the screening element and add visual interest. Plants must be arranged with a minimum of 50 percent coverage at time of installation and be able to grow to fully screen or shield the equipment within three years.

DEPARTURES to the above provisions will be considered provided the enclosure and landscaping treatment meet the intent of the standards and add visual interest to site users.

Figure 2.5.A
Acceptable trash screening enclosures.



Both examples use durable and attractive enclosures with trees and shrubs to soften views of the enclosures from the side.

- C. Utility meters, electrical conduit, and other service utility apparatus.** These elements must be located and/or designed to minimize their visibility to the public. Project designers are strongly encouraged to coordinate with applicable service providers early in the design process to determine the best approach in meeting these standards. If such elements are mounted in a location visible from the street, pedestrian pathway, plaza, or trail, they must be screened with vegetation and/or integrated into the building's architecture.

Figure 2.5.B
Acceptable and unacceptable utility meter location and screening examples.



Place utility meters in less visible locations. The left examples is successfully tucked away in a less visible location and screened by vegetation. The right image is poorly executed and would not be permitted in such a visible location; such meters must be coordinated and better integrated with the architecture of the building.

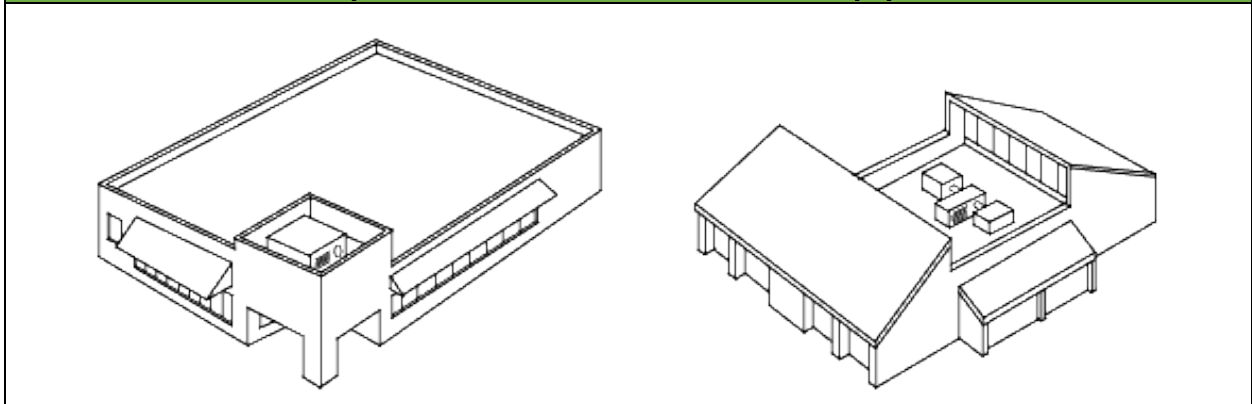
D. Roof-mounted equipment.

1. All rooftop equipment, including air conditioners, heaters, vents, and similar equipment must be fully screened from public view at the ground level. Screening must be located so as not to interfere with operation of the equipment.

Exception: Roof-mounted wind turbines, solar energy and photovoltaic systems, and rainwater reuse systems do not require screening.

2. Solar photovoltaic panels must be integrated into the surface of the roof and not expose an independent structure. Panels must be inclined at the same pitch as the roof plane.
3. For other rooftop equipment, all screening devices must be well integrated into the architectural design through such elements as parapet walls, false roofs, roof wells, clerestories, or equipment rooms. Screening walls or unit-mounted screening is allowed but less desirable. The screening materials must be as high as the equipment being screened.
4. The screening materials must be of material requiring minimal maintenance. Wood must not be used for screens or enclosures. Louvered designs are acceptable if consistent with building design style. Perforated metal is not permitted.
5. Noise producing mechanical equipment such as fans, heat pumps, etc. must be located and/or shielded to minimize sounds and reduce impacts to adjacent residential uses.

Figure 2.5.C
Examples of how to screen roof-mounted equipment.



PART 3 – BUILDING DESIGN STANDARDS

3.1 – Building Massing & Articulation

Intent

- To employ façade articulation techniques that reduce the perceived scale of large buildings and add visual interest from all observable scales.

Relation to Zoning Standards

This Standard provides further guidance on meeting the building massing and building entry standards in KMC 18.80.040(4)(d) and (h).

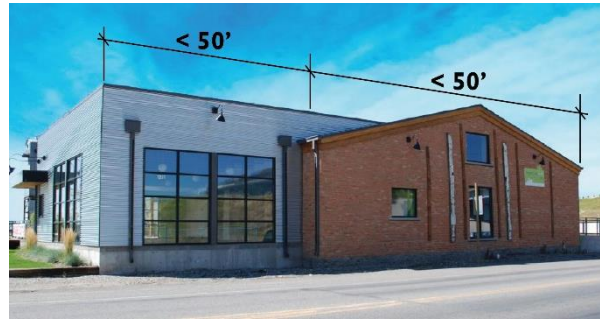
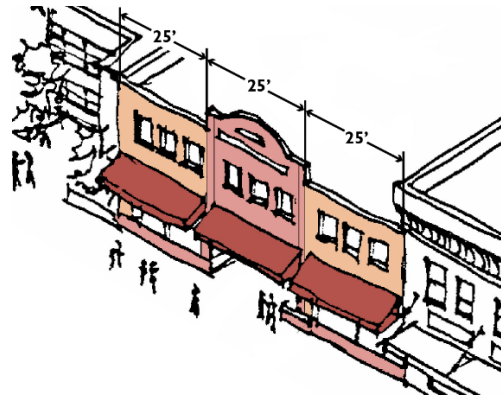
Design Criteria

- A. Façade articulation.** Buildings must include articulation features to create a human-scaled pattern. For building façades facing trails, plazas, and containing primary building entrances, at least three articulation features must be employed at intervals no greater than 25 feet. For all production buildings and any other building façades facing parking areas and public streets, at least three articulation features must be employed at intervals no greater than 50 feet.

Articulation features include:

1. Window patterns and/or entries.
2. Use of weather protection features.
3. Use of vertical piers/columns.
4. Change in roofline with a difference in height, slope or pitch, direction, or shape (such as towers and dormers).
5. Change in building material or siding style.
6. Vertical elements such as a trellis with plants, green wall, or art element.
7. Providing vertical building modulation of at least 12-inches in depth if tied to a change in roofline [see Standard (4) above] or a change in building material, siding style, or color.
8. Other design techniques that effectively break up the massing of structures, add visual interest, and effectively reinforce a pattern of small storefronts compatible with the building's surrounding context.

Figure 3.1.A
Articulation examples.



The left image, a commercial building, uses window patterns, weather protection elements, and roofline modulation. The right image, a production building, uses changes in materials, window patterns, and roofline changes to articulate the façade. The lower image illustrates how a multitenant retail building can successfully be articulated (windows, materials, weather protection, vertical building modulation, and roofline changes).



3.2 – Building Details

Intent

- To encourage the incorporation of design details and small scale elements into building façades that are attractive at a pedestrian scale.

Relation to Zoning Standards

These provisions go beyond the building details standards in KMC 18.80.040(4)(h).

Design Criteria

A. Façade details. The ground floor of all commercial and production buildings must be enhanced with appropriate details. This standard applies to building façades facing public streets and building elevations facing parks, trails, and containing primary building entrances.

1. Commercial buildings must employ at least one detail element from each the three categories in Standard 3.2.B for each façade articulation interval (see Standard 3.1.A).
2. Production buildings must employ at least one detail element from two of the three categories in Standard 3.2.B for each façade articulation interval (see Standard 3.1.A).

For example, a commercial building with 90-feet of trail frontage with a façade articulated at 25-foot intervals will need to employ a façade detail from each of the three categories below for all four façade segments.

For example, a production building with 150-feet of street frontage with a façade articulated at 50-foot intervals will need to employ a façade detail from two of the three categories below for all three façade segments.

B. Façade detail categories.

1. Window and/or entry treatment:

- a. Display windows divided into a grid of multiple panes.
- b. Transom windows.
- c. Roll-up windows/doors.
- d. Other distinctive window treatment that meets the intent of the standards.
- e. Recessed entry.
- f. Decorative door.
- g. Other decorative or specially designed entry treatment that meets the intent of the standards.

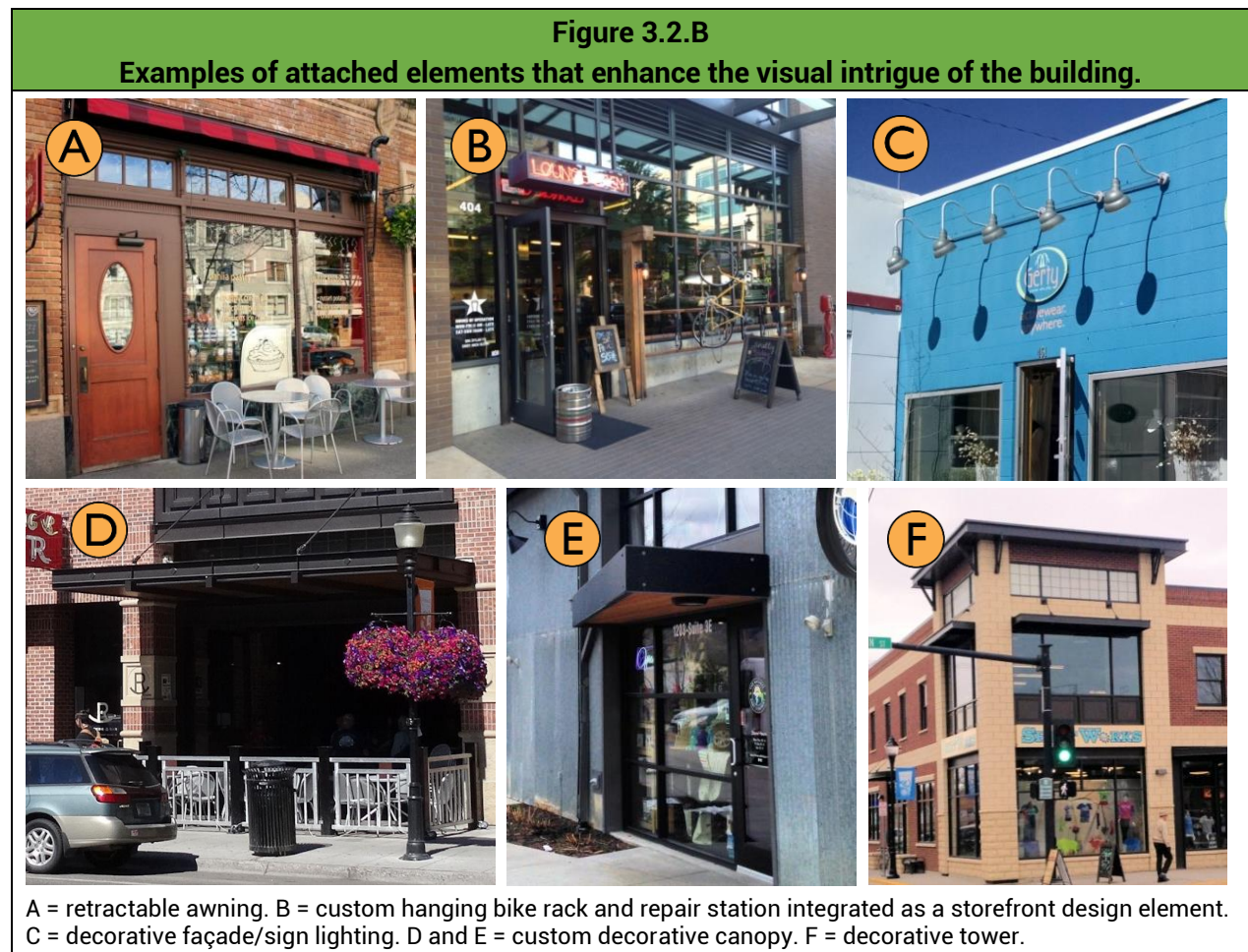
Figure 3.2.A
Examples of decorative or specially designed windows and entries.



A = openable storefront window. B = transom windows. C = openable window with decorative details. D = decorative window shades. E = decorative door. F = recessed entry.

2. Building element, façade attachment, or façade detail:

- a. Custom-designed weather protection element such as a steel canopy, cloth awning, or retractable awning.
- b. Decorative building-mounted light fixtures.
- c. Bay windows, trellises, towers, and similar elements.
- d. Decorative, custom hanging sign(s).
- e. Other details or elements that meet the intent of these standards.



3. Decorative material and artistic elements:

- a. Decorative building materials/use of building materials. Examples include decorative use of brick, tile, or stonework.
- b. Artwork on building, such as a mural or bas-relief sculpture.
- c. Decorative kick-plate, pilaster, base panel, or another similar feature.
- d. Hand-crafted material, such as special wrought iron or carved wood.
- e. Other details that meet the intent of the standards.

Figure 3.2.C
Examples of decorative surface materials.



A = decorative brick/design. B = decorative tile-work and column pattern. C = decorative medallion. D = decorative mosaic tile work. E = decorative bulkhead. F = decorative materials and design.

EXECUTIVE SUMMARY of CONCLUSIONS

HISTORIC WATERFRONT DISTRICT PROJECT Port of Kennewick



3.3 – Window Design

Intent

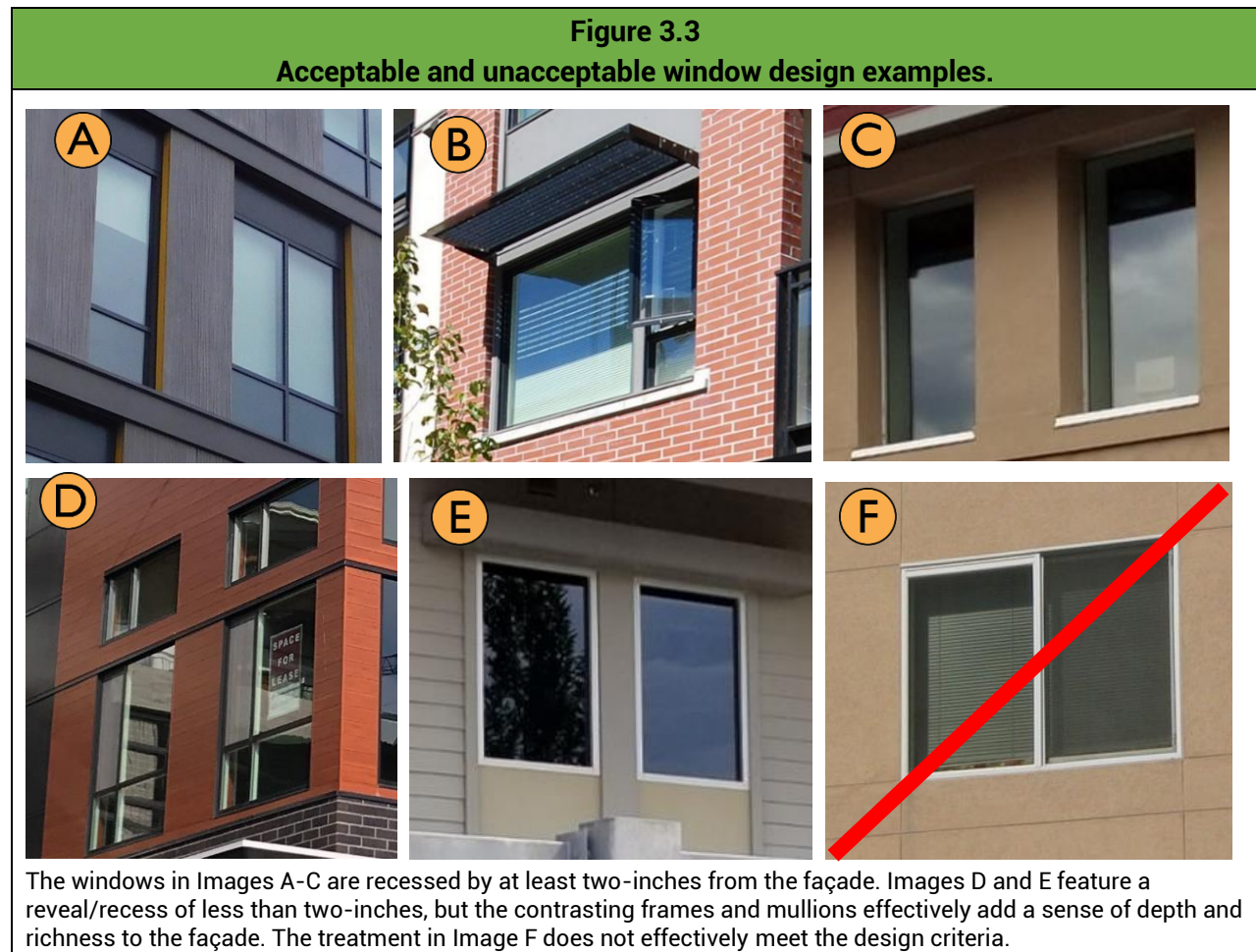
- To integrate window design that adds depth, richness, and visual interest to the façade.

Relation to Zoning Standards

These provisions go beyond the window design standards in KMC 18.80.040(4)(g).

Design Criteria

- A. All windows must employ designs that add depth and richness to the building façade. At least one of the following features must be included to meet this requirement:
 1. Recess windows at least two-inches from the façade.
 2. Incorporate window trim (at least three-inches wide) around windows.
 3. Incorporate other design treatments that add depth, richness, and visual interest to the façade.
- B. Highly reflective glass must not be used on more than 10-percent of a building façade or other building elevations facing trails and containing primary building entrances.



3.4 – Materials and Color

Intent

- To encourage the use of durable, high quality, and urban building materials that minimize maintenance cost and provide visual interest from all observable vantage points.
- To promote the use of a distinctive mix of materials that helps to articulate façades and lends a sense of depth and richness to the buildings.
- To place the highest priority in the quality and detailing of materials on the first floor at the pedestrian scale.

Relation to Zoning Standards

These provisions go beyond the building material standards in KMC 18.80.040(4)(b).

Design Criteria

If a development includes concrete block, metal siding, exterior insulation and finish system (EIFS), or cementitious wall board paneling/siding on a building exterior, the conditions set forth in Standards 3.4.A-D below apply. These materials are not required and the use of other exterior materials is encouraged. Standard 3.4.E provides guidance on exterior building colors.

A. Concrete block (also known as concrete masonry unit or CMU).

Concrete block must not be used as the primary exterior material and must be integrated with other acceptable materials. It may be used as a contrasting accent material or the primary material when it employs a mixture of colors and/or textures or employs a combination of design details to articulate the building and add visual interest.



B. Metal siding.

Metal siding may be used on all building elevations provided it complies with the following standards:

1. It must feature visible corner molding and trim.
2. Metal siding must be factory finished, with a matte, non-reflective surface.
3. Walls with more than 50 percent metal siding must feature a roof overhang above the wall.

DEPARTURES will be considered provided the material's integration and overall façade composition meets the intent of the standards.

Figure 3.4.B
Acceptable metal siding examples.



Left: A metal wall with roof overhang is acceptable; the lighting and wall opening framing also help improve the façade composition. Right: A good departure example without a roof overhang, but the short length of the walls, amount of window openings, and color/pattern changes create an acceptable design that meets the intent of the standards.

C. Exterior Insulation and Finish System (EIFS).

EIFS may be used when it complies with the following:

1. EIFS must not be used on the ground floor of building elevations. Concrete, masonry, or other highly durable material(s) must be used for the subject ground level building elevations to provide a durable surface where damage is most likely.
2. EIFS must not be the primary cladding material on upper floors and must be integrated with other acceptable materials.
3. EIFS must feature a smooth or sand finish only.
4. EIFS must be trimmed in wood, masonry, or other material and must be sheltered from weather by roof overhangs or other methods.

DEPARTURES will be considered provided the material's integration and overall façade composition meets the intent of the standards.

Figure 3.4.C
Acceptable and unacceptable EIFS examples.



D. Cementitious wall board paneling/siding.

Cementitious wall board paneling/siding may be used provided it meets the following provisions:

1. Cement board paneling/siding may be the dominant exterior material but must be integrated with other acceptable materials (specifically, up to 70-percent of non-window exterior materials may be cement board paneling/siding). Where cement board paneling/siding is the dominant siding material, the design must integrate a mix of colors and/or textures that are articulated consistent with windows, balconies, and modulated building surfaces and are balanced with façade details that add visual interest from the ground level and adjacent buildings.

DEPARTURES will be considered provided the material's integration and overall façade composition meets the intent of the standards.

Figure 3.4.D

Acceptable cementitious wall board paneling/siding examples.



E. Building color.

1. A variety of colors are encouraged for building facades, trim elements, and roofs.
2. Fluorescent and neon colors may be used sparingly except for accents.
3. Heavy use of grays and whites should be avoided.

Figure 3.4.E

Acceptable examples of vibrant building colors.



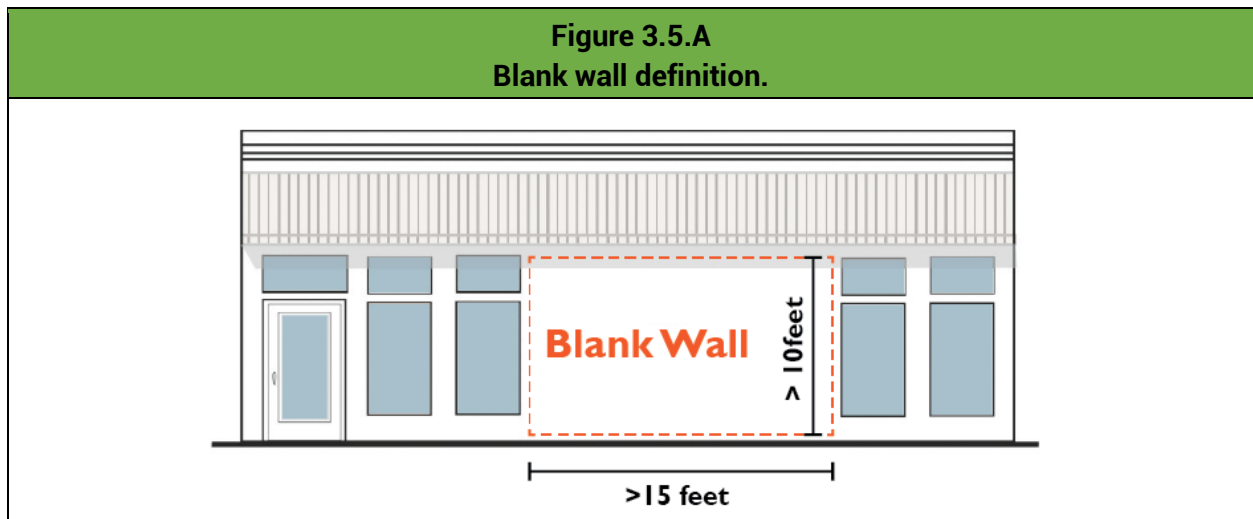
3.5 – Blank Wall Treatment

Intent

- To avoid untreated blank walls.
- To retain and enhance the pedestrian-oriented character of streetscapes.

Design Criteria

- A. Blank wall definition.** A wall (including building façades and retaining walls) is considered a blank wall if it does not include a transparent window or door and has the following dimensions: Over 10 feet in height and a horizontal length greater than 15 feet.



- B. Blank wall treatment standards.** Untreated blank walls adjacent to a public street, plazas, trail, pedestrian pathway, or customer parking lot are prohibited. Methods to treat blank walls on multi-family buildings can include:
1. Landscape planting bed at least five-feet wide, or a raised planter bed at least two-feet high and three-feet wide, in front of the wall. Planting materials must be sufficient to obscure or screen at least 60-percent of the wall's surface within three years.
 2. Installing a vertical trellis in front of the wall with climbing vines or plant materials.
 3. Installing an artistic mural as approved by the Director.
 4. Special building detailing that adds visual interest at a pedestrian scale. Such detailing must use a variety of surfaces; monotonous designs will not meet the intent of the standards.

For large visible blank walls, a variety of treatments may be required to meet the intent of the standards.

DEPARTURES will be considered provided the entire façade composition meets the intent of the standards for the context of the wall (e.g., walls along pathway corridors connecting parking areas to building entries might be granted more flexibility than street facades).

Figure 3.5.B
Blank wall treatment examples.



AGENDA REPORT



TO: Port of Kennewick Commission
FROM: Amber Hanchette, Director Real Estate & Operations
MEETING DATE: September 14, 2021
AGENDA ITEM: Introduction – Historic Waterfront District Market Study & Analysis

BACKGROUND:

Port properties lying within the historic waterfront district include Clover Island, the Willows, Columbia Gardens and Cable Greens. The Appraisal Group of Southeast Washington was contracted to provide a market study, market analysis and appraisal for those port properties located within the urban mixed use zoning and identified as parcels potentially available for sale and development by the private sector. While Clover Island does not fall within the urban mixed zoning and is not part of the subject properties identified, it does benefit from the broader market analysis found in the report.

The Historic Waterfront District Market Study and Analysis builds on the Vista Field Market Study and Analysis that was commissioned in 2020. Several data collection points throughout this report will include a ‘one year ago’ statistic. This is a reference back to the Vista Field report.

Urban Mixed Use

The creation of an Urban Mixed Use planning code by the City of Kennewick, in collaboration with the port, allows for a variety of zoning uses both horizontally and vertically.

The port properties located within the historic waterfront district are considered “unique with no really comparable property in the entire Tri-Cities. Similarly zoned properties are virtually non-existent. Estimates are extracted from similar uses and densities.”

The report identifies residential as the highest and best use for both the Willows and Cable Greens properties. Columbia Gardens is unique even further still. The port has made significant investments over many years to redevelopment Columbia Gardens into an urban waterfront destination with shared parking, common areas, access to a wine effluent treatment system and shovel ready parcels to develop.

The parcel mix in Columbia Gardens varies from large parcels with room to have some onsite parking to smaller parcels that are nearly 100% dependent on the shared parking areas. Given the unique location, in an older part of town near a highly desirable waterfront, coupled with the fact that there are no other urban mixed use projects to use for comparison presented a challenge during price discovery. The appraiser references the port’s recently updated Historic Waterfront Master Plan as a key document in understanding the port’s vision for Columbia Gardens.

Future Joint Use Parking

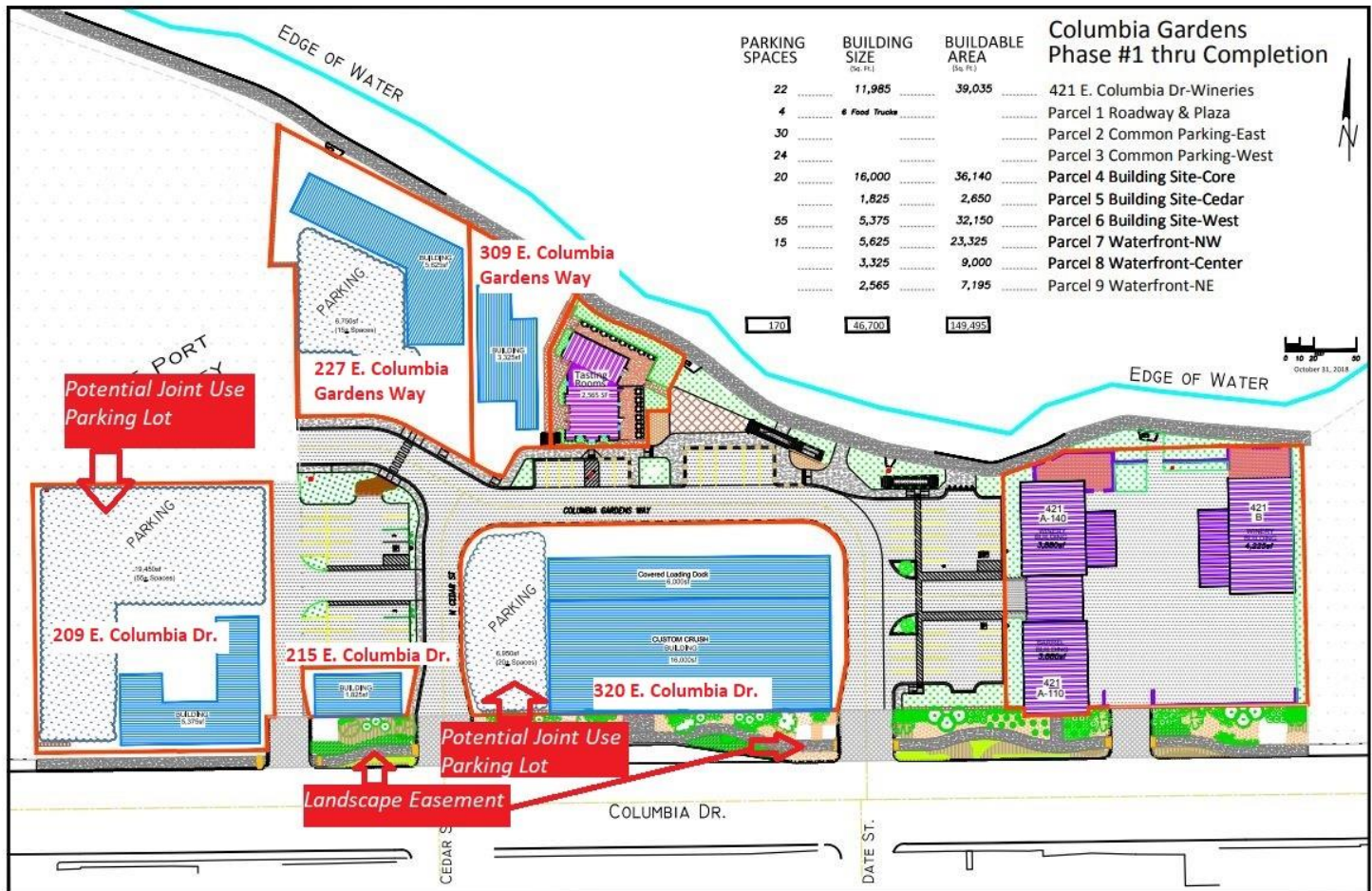
One consideration as more businesses join Columbia Gardens is the future demand for additional joint use parking. Possible joint use parking areas have been identified on the 209/211 E. Columbia Drive parcel and 320 E. Columbia Drive parcel. These parking lots would most likely be funded and constructed by the port out of land sale proceeds. Maintenance of these joint use parking lots would become part of the Property Owners Association's responsibility.

Landscape Easement

Abutting parcels on the south side of Columbia Gardens between the production wineries and Cedar Street is a 30+ foot landscape easement. The product of a partnership between the City of Kennewick (construction) and Port of Kennewick (maintenance) is an attractive streetscape inviting the public to enter Columbia Gardens. For the 215 E. Columbia Drive and 320 E. Columbia Drive parcels, the question is raised whether future buyers' should purchase these parcels based on the gross square footage of the parcel or net square footage (gross less the landscape easement) given that they cannot build over the easement.

DISCUSSION:

- Staff welcomes any questions or comments by the commission.
- Parcel pricing.
- Gross or net square footage for sale of parcels at 215 E. Columbia Drive and 320 E. Columbia Drive?
- Would commissioners like to see any portion of the Historic Waterfront Market Study & Analysis in greater detail at the next commission meeting?



COLUMBIA GARDENS PARCEL PRICING

Parcel Address	Price Per Square Foot		NET Parcel Size (SF)		Subtotal: Price Per Parcel		Art Policy (3%)		Asking Price/ Per Lot
227 E. Columbia Gardens Way	\$ 10.00	X	22,215	=	\$ 222,150	+	\$ 6,665	=	\$ 228,815
309 E. Columbia Gardens Way	\$ 10.50	X	9,583	=	\$ 100,622	+	\$ 3,019	=	\$ 103,640
209 E. Columbia Drive	\$ 10.00	X	37,026	=	\$ 370,260	+	\$ 11,108	=	\$ 381,368
215 E. Columbia Drive**	\$ 12.00	X	2,650	=	\$ 31,800	+	\$ 954	=	\$ 32,754
320 E. Columbia Drive**	\$ 10.00	X	36,140	=	\$ 361,400	+	\$ 10,842	=	\$ 372,242
TOTAL							\$ 32,587		\$ 1,118,818

**Parcel size net of any landscape easement.

Market Study & Analysis Report

HISTORIC WATERFRONT DISTRICT

Kennewick, Washington 99336



*Aerial View Looking north at the Historic Waterfront District
towards the Columbia River*

Date of the Report

July 25, 2021

Prepared for

Port of Kennewick
Ms Amber Hanchette

Prepared by

Nikki Griffith, MAI, CCIM
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Internal File Number SEWA #2021-260

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Nathan Pratt, Appraiser
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David Hall, Research Associate
Dianne Hopkins, Research Associate
Carol Robyler, Research Associate

July 25, 2021

Port of Kennewick
350 N Clover Island Dr #200
Kennewick, WA 99336

Attention: Ms Amber Hanchette, Director of Real Estate

Internal File Number: *SEWA #2021-260*

Re: Market Study & Analysis, Historic Waterfront District, Kennewick, Benton County,
Washington 99336

Dear Ms Hanchette:

In accordance with your authorization, I have conducted the market research and analysis necessary to form an opinion of the probable marketing and pricing strategy for a variety of land parcels to be allocated for different types of uses in the subject property as above referenced. A copy of your authorization as well as the scope of work definition is included in the Addenda of the report.

In 2020, this firm prepared a similar market study for the Port of Kennewick's project known as Vista Field in Kennewick, WA. Much of the information contained in that report was used as the basis for this report, although it was all updated through the end of June 2021.

The Overall Purpose from your authorization is described here:

Overall Purpose – “To better understand the Tri-Cities real estate market in order for port staff to recommend a pricing strategy to port commissioners for future land sales in the Columbia Gardens neighborhood of the City of Kennewick. The development will be urban in nature with shared parking, common areas and shovel ready parcels or lots. The port will be selling land in a variety of configurations: residential, multifamily, mixed use commercial.”

MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

The parcels being valued are summarized in the table below.

Summary of Properties Appraised
Historic Waterfront District
As of June 30, 2021

Summary of Properties Appraised Waterfront District As of June 30, 2021									
Parcel Design	Parcel #	Street	Zoning	Parcel SF	Parcel AC	Agg SF	Agg AC	Value	Assumptions
A - Willows	13190303000								Assume 110,215 SF is Waterfront; and 135,330 SF is Interior; 7,500 SF reserved from the VMCT*; balance is roadways ALREADY INSTALLED; assume utilities are at or near property line
	1003	5 E Columbia Dr	UMU	285,318	6.55	285,318	6.55		Value #1 - Waterfront
									Value #2 - Interior
									Assume 110,215 SF is Waterfront; and 135,330 SF is Interior; 7,500 SF reserved from the VMCT; balance is roadways ALREADY INSTALLED; assume utilities are at or near property line
									Value #3 - Interior
									Assume 110,215 SF is Waterfront; and 135,330 SF is Interior; 7,500 SF reserved from the VMCT; balance is roadways INSTALLED BY BUYER; assume utilities are at or near property line
B - Cable Greens	13190303010								
	8000	551 E Columbia Dr	UMU	110,642	2.54				Value #4 As Is; Assume shared parking
	13190303010	NKA E Columbia Dr	UMU	28,597	0.6565	139,239	3.20		
Columbia Gardens Commercial Parcels									
Parcel #1	13190303010	227 E Columbia Gardens Way	UMU	22,215	0.51	31,798	0.7300	Value #5	As Is; Assume shared parking
Parcel #2	13190303010	309 E Columbia Gardens Way	UMU	9,583	0.22			Value #6	As Is; Assume shared parking
Parcel #3	13190303002								
	5000	209 E Columbia Dr	UMU	37,026	0.85	41,382	0.95	Value #7	As Is; Assume shared parking
Parcel #4	13190303001							Value #8	As Is; Assume shared parking
	1003	215 E Columbia Dr	UMU	4,356	0.1				
Parcel #5	13190303001	320 E Columbia Gardens Way	UMU	42,253	0.97	42,253	0.97	Value #9	As Is; Assume shared parking
Parcel #6	3003							Value #10	Assume demised into two equal parcels with shared parking
Combined Totals						539,990	12.40		

*VMCT= Veterans Memorial Christmas Tree

The Market Study & Analysis Report that follows is communicated in a **Restricted Appraisal Report** format which is intended to comply with the reporting requirements set forth under Standards Rule 2-2 of the Uniform Standards of Professional Appraisal Practice for a **Restricted Appraisal Report**¹. Accordingly, the report includes only a summary of the data and analysis

¹ **Restricted Appraisal Report** – When the intended users include parties other than the client, an Appraisal Report must be provided. When the intended users do not include parties other than the client, a Restricted Appraisal

with additional information retained in the appraiser's file. Veronica R Griffith, MAI, CCIM observed the property and prepared this report.

NOTE: The reader is cautioned that the use of this **Restricted Appraisal Report** is limited only to the client and that the rationale for how the appraiser arrived at the opinions and conclusions set forth in the report may not be understood properly by other readers without a review of additional information contained in the appraiser's work file.

The following report is divided into several sections including the following:

- I. Executive Summary
- II. Historical Property Overview and Redevelopment Plans
- III. Regional and Neighborhood Overview
- IV. Market Study & Analysis – Existing and Projected *Demand* Analysis
 - a. Population and Demographics Characteristics
 - b. Labor Force Characteristics
- V. Market Trends Analysis Supply Analysis
 - a. Commercial (Office and Retail) Segment Supply Analysis
 - b. Residential Segment Supply Analysis
 - i. Single Family Detached – For Sale
 - ii. Multi-Family Attached (both For Rent and For Sale)

ASSIGNMENT CONDITIONS

Please pay particular attention to the Extraordinary Assumptions and Hypothetical Conditions listed below. The value estimate in this appraisal could be different without these assumptions.

*Extraordinary Assumptions & Limiting Conditions*²

- See Individual Reports

*Hypothetical Conditions*³

- See Individual Reports

Report may be provided. The essential difference between these two options is the content and level of information provided. The appropriate reporting option and the level of information necessary in the report are dependent on the intended use and the intended users. The report content and level of information requirements set forth in this Standard are minimums for each type of report. (Uniform Standards of Professional Appraisal Practice, 2018-19 Edition, page 20)

² **Extraordinary Assumption** is defined as an assumption, directly related to a specific assignment, as of the effective date of the assignment results, which, if found to be false, could alter the appraiser's opinions or conclusions.

³ **Hypothetical Condition** is defined as an assumption, directly related to a specific assignment, as of the effective date of the assignment results, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results but is used for purpose of analysis.

CHALLENGES AND OPPORTUNITIES ANALYSIS

- The Historic Waterfront District contains a variety of both vacant and improved parcels in either private ownership or Port of Kennewick ownership. The Port has acquired parcels in this area and re-developed over the last decade or more as they are made available for sale. At the present time, the commercial parcels located within the Columbia Gardens Wine and Artisan Village are contiguous, but the residential parcels known as the Cable Greens and the Willows are separated from the Village by several land parcels improved with vintage commercial buildings in private ownership. It could take another decade to acquire the remaining parcels in the district, which can hamper development opportunities.
- The location of several of the parcels with frontage along the Duffy's Pond shoreline (a 10-acre retention basin immediately south of the Columbia River controlled by the City of Kennewick under a master lease with the Army Corps of Engineers) on the northern boundary, along the north side of E Columbia Drive as the southern boundary; sandwiched between Gum St (SR Hwy 397) on the east and Clover Island Dr/Washington St on the west, is considered unique with no really comparable property in the entire Tri-Cities area. The neighborhood is surrounded by vintage residential and industrial property and a short distance from the vintage CBD of downtown Kennewick.
- The improved parcels' improvements, if any, range in age from vintage (developed in the early years of the preceding century as the downtown CBD grew) to nearly new (recent Port development).
- The availability of data for this assignment is considered only poor to fair due to the fact that similarly zoned parcels are virtually non-existent in the City of Kennewick given that it is a new designation very different from other zoning designations, and thus estimates were extracted from data with similar uses and densities. A lack of data can affect the reliability of the report.

Given the above facts, the likely pricing strategies projected herein are considered reasonably well supported and are summarized as follows:

Summary of Properties and Value Estimates								
Designation	Residential Parcel A	Residential Parcel B	Commercial Parcel #1	Commercial Parcel #2	Commercial Parcel #3	Commercial Parcel #4	Commercial Parcel #5/6 Combined	Commercial Parcel #5/6 As Individual
Name / Address	Willows, 5 E Columbia Dr	Cable Greens, 551 E Columbia Dr	227 E Columbia Gardens Way	309 E Columbia Gardens Way	209 E Columbia Dr	215 E Columbia Dr	320 E Columbia Dr	320 E Columbia Dr
PID	131903030001003	131903030108000; and 131903030107003	131903030106009	131903030106008	131903030025000	131903030011003	131903030013003	131903030013003
SIZE (AC)	6.55	3.20	0.51	0.22	0.85	0.10	0.97	0.97
SIZE (SF)	285,318	139,239	22,215	9,583	37,026	4,356	42,253	42,253
Assignment Conditions	Yes	No	Yes	Yes	Yes	Yes	No	Yes
	Excl VMCT; assume specific waterfront and interior SF; raw and roadways installed	As Is	Assume shared parking	Assume shared parking	Assume shared parking	Assume shared parking	As Is	Assume subdivided into two equal parcels
Value Type	Market Value	Market Value	Market Value	Market Value	Market Value	Market Value	Market Value	Market Value
	As Is	As Is	As Is	As Is	As Is	As Is	As Is	As Is
Effective Date	06/30/2021	06/30/2021	06/30/2021	06/30/2021	06/30/2021	06/30/2021	06/30/2021	06/30/2021
Perspective	Current	Current	Current	Current	Current	Current	Current	Current
Value Estimate Per Unit of Comparison	\$12,750 to \$16,575 per dwelling unit	\$12,000 per dwelling unit	\$10 PSF	\$10.50 PSF	\$10.00 PSF	\$12.00 PSF	\$10.00 PSF	\$10.00 pSF
Value Estimate	\$2,055,000	\$840,000	\$225,000	\$100,000	\$370,000	\$50,000	\$425,000	\$210,000 each or \$420,000

*MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA*

I appreciate the opportunity to provide this service. Please call me with any questions. This letter is invalid as an opinion of value if detached from the report, which contains the text, exhibits and Addenda.

Sincerely,
Sandollar LLC | Appraisal Group SEWA

A handwritten signature in black ink, appearing to read "Veronica R Griffith". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Veronica R Griffith, MAI, CCIM
Certified General Appraiser
Washington #1101758

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Certification of Appraisal

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

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, impartial and unbiased professional analyses, opinions and conclusions.
- I have no present or prospective interest in the property that is the subject of this report, and no personal interest with respect to the parties involved.
- I have previously conducted appraisal services related to two of the subject parcels for this client in January 2019, which falls within the three-year period immediately preceding acceptance of this assignment. The previous engagements covered the parcels described as the “Willows” parcel and the “Cable Green” parcel.
- I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- My engagement in this assignment was not contingent upon developing or reporting predetermined results. Furthermore, my engagement was not conditioned upon the appraisal producing a specific value, a value within a given range or the approval of a loan.
- My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- My analysis, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.
- Veronica R Griffith has personally inspected the subject property.
- No one provided significant real property appraisal assistance to the person signing this certification.
- The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- As of the date of this report, Veronica R Griffith has completed the requirements of the continuing education program for Designated Members of the Appraisal Institute.



Veronica R Griffith, MAI, CCIM
Certified General Appraiser
Washington #1101758

I. Executive Summary of Market Study

NEW DEVELOPMENT IN THE TRI-CITIES

This market study builds upon and updates a market study conducted for the client, the Port of Kennewick, by this firm in mid-2020 of its project known as Vista Field. There are no independent market studies available which summarize the *current inventory* of commercial space in the Tri-Cities market. Thus, a study was conducted of all the NEW space constructed since 2014 to visualize amount of new space being built, absorption of that space, rental rates, etc. The following table provides a summary of all new construction⁴ from January 2014 to June 2021, a 7.5-year period to gain insights into the construction of new space by type.

New Construction Summary (Square Feet)					
Tri-Cities, Washington					
For the Period January 2014 to June 30, 2021					
	Kennewick	Pasco	Richland	Combined	
Office	359,592	137,269	185,794	682,655	
Retail	353,648	330,684	340,953	1,025,285	
Industrial	322,581	2,068,389	1,141,315	3,532,285	
Apartments	389,166	0	1,143,507	1,532,673	
Hotels	206,201	160,804	271,093	638,098	
Self Storage	217,926	300,082	78,930	596,938	
Civic/Healthcare	1,110,505	596,711	874,951	2,582,167	
Sub-Total Complete	2,959,619	3,593,939	4,036,543	10,590,101	
One Year Ago	2,894,645	3,571,727	3,760,506	10,226,878	
Office	112,175	55,281	0	167,456	
Retail	43,980	25,243	47,522	116,745	
Industrial	24,000	215,116	308,324	547,440	
Apartments	740,174	205,066	735,085	1,680,325	
Hotels	0	0	0	0	
Self Storage	246,602	127,647	20,000	394,249	
Civic/Healthcare	485,313	110,000	170,500	765,813	
Sub-Total U/C or Planned	1,652,244	738,353	1,281,431	3,672,028	
One Year Ago	1,406,829	223,795	1,042,772	2,673,396	
Office	471,767	192,550	185,794	850,111	6.0%
Retail	397,628	355,927	388,475	1,142,030	8.0%
Industrial	346,581	2,283,505	1,449,639	4,079,725	28.6%
Apartments	1,129,340	205,066	1,878,592	3,212,998	22.5%
Hotels	206,201	160,804	271,093	638,098	4.5%
Self Storage	464,528	427,729	98,930	991,187	6.9%
Civic/Healthcare	1,595,818	706,711	1,045,451	3,347,980	23.5%
Sub-Total U/C or Planned	4,611,863	4,332,292	5,317,974	14,262,129	100.0%
One Year Ago	4,301,474	3,795,522	4,803,278	12,900,274	
	32.3%	30.4%	37.3%	100.0%	

Figures in red reflect the totals of this annual summary from one year ago from the original market study for Vista Field.

⁴ New Construction was limited to projects with a construction cost of \$500,000 and more to eliminate very small projects

*MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA*

It is clear that the amount of new construction has continued unabated, as the current total of all completed and under construction projects reflects an 10.5% increase over the prior 2020 combined total.⁵

Commercial space development (office and retail) in the Tri-Cities occurs somewhat different from larger metropolitan areas for the following reasons:

- First, the line between pure office and retail users is often blurred in the Tri-Cities with many office users electing to go into more visible retail spaces, primarily because the cost and rental structures are not very different.
- Secondly, a large portion of the newly completed commercial space (estimate 75%) was developed for a specific owner/user rather than an investor for lease to tenants.
- Thirdly, there is a blurring of uses within buildings. For example, an owner may elect to build a home for its business that includes office space, retail showroom space and manufacturing/assembly/warehouse space in varying degrees. While the space suits the owner to a “T”, when the time comes to sell, it is possible that the Owner’s configuration has limited appeal in the overall market.
- And lastly, most of the new construction occurs in suburban sectors of the market rather than urban.

The following pages summarize the individual market segments.

⁵ Totals include five former hotel properties which are being converted to micro apartment units. Not included in the totals herein are the announcement of two new industrial distribution centers, each to contain more than one million square feet which are planned near Sacajawea State Park being developed by The Ryan Companies of Bellevue, Project Oyster and Project Pearl. The projects will be developed on either side of South Road 40 in east Pasco. It is rumored that one of the projects will be a fulfillment center for Amazon Inc. City of Pasco has already issued permits for excavation and foundation work. Project Oyster will contain 1,080,500 SF on 162 acres while Project Pearl will be slightly smaller at 1,049,760 SF on a 104-acre site. The announcement came after this survey was completed.

Commercial (Office, Retail, Big Box, Hotel) Development Segment

Office Development

No source of data is available in terms of *existing* office supply. Surveyed all **NEW** construction for a 7.5 Year study period through June 30, 2021, summarized as follows:

Current Available Space:	40,071 SF (51,499 SF in June 2020); positive absorption
Rental Rate Range:	\$18 to \$25 PSF (similar in June 2020); rents trending upward
Avg Rental Rate:	\$20.95 (\$19.05/SF NNN in June 2020); rents up 5.3%
SF U/C:	167,456 SF (102,239 SF in June 2020); up 63%; 1.5 Yr supply
Current Occupancy Rates:	90% (93% in June 2020); down 3%
Average Absorption Rates:	91,021 SF (156,708+ SF/Yr) – down 42%
General Market Trend	Market remains strong in both the owner/occupancy and in the “for lease” category but reaching possible saturation; 167,456 SF under construction/planned which represents a 25% increase in new product over the 682,655 SF already completed.
New Construction Feasible?	Specific target markets only

Summary of Office Construction in the Tri-Cities (Square Feet)

For the Period January 2014 to June 30, 2021

Location		# Projects	Complete	# Projects	UC / Planned	# Projects	Combined	%
Kennewick	Central	3	47,340	1	6,400	4	53,740	6.3%
"	East	1	13,489	0	-	1	13,489	1.6%
"	Gage Blvd	7	64,455	0	-	7	64,455	7.6%
"	Hwy 395 S	9	70,507	2	23,000	11	93,507	11.0%
"	Vista / CC Mall	13	137,154	2	61,000	15	198,154	23.3%
"	W Clwtr	4	26,647	1	21,775	5	48,422	5.7%
"	Sub-Total	37	359,592	6	112,175	43	471,767	55.5%
Richland	Central	5	62,347	0	-	5	62,347	7.3%
"	South	5	106,681	0	-	5	106,681	12.5%
"	Queensgate	1	8,426	0	-	1	8,426	1.0%
"	West	1	8,340	0	-	1	8,340	1.0%
"	Sub-Total	12	185,794	0	-	12	185,794	21.9%
Pasco	West	7	137,269	3	55,281	10	192,550	22.6%
	Sub-Total	7	137,269	3	55,281	10	192,550	22.6%
Combined	Grand Total	56	682,655	9	167,456	65	850,111	100.0%

One Year Ago	56	682,655	4	16,850	59	750,055
	Avg SF	12,190	Avg	18,606	Avg	13,079
	Avg/Yr	91,021				

MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Retail Development

No source of data is available in terms of existing supply. Surveyed all **NEW** construction for a 7.5 Year study period through June 30, 2021, summarized as follows:

Current Available Space:	19,951 SF (17,318 SF in June 2020); up 15%
Rental Rate Range:	\$12 to \$24 (\$16 to \$26 PSF in June 2020); down
Average Rental Rate:	\$17.67 NNN (\$20.32/SF NNN in June 2020); down
SF Under Construction:	116,745 SF (102,393 SF in June 2020); up
Current Occupancy Rates:	98% estimated; (98.3% in June 2020); similar
Absorption Rates:	157,736 SF (152,000 SF in June 2020); up 4%
General Market Trend	Market is strong in both the owner/occupancy and in the “for lease” category, but reaching saturation; 116,745 SF under construction which represents a 11% increase over current
New Construction Feasible?	Specific target markets only

Summary of Retail Construction in the Tri-Cities (Square Feet)

For the Period January 2014 to June 30, 2021

Location		# Projects	Complete	# Projects	Under Constr /	# Projects	Combined	%
Kennewick	East	3	10,548	0	-	3	10,548	
"	Central	4	21,302	1	4,080	5	25,382	
"	Gage Blvd	3	23,186	0	-	3	23,186	
"	US 395	14	147,930	1	6,900	15	154,830	
"	South Vista / CC Mall	8	113,254	1	22,000	9	135,254	
"	W Clrwtr	4	37,428	2	11,000	6	48,428	
"	Sub-Total	36	353,648	5	43,980	41	397,628	34.8%
Richland	North	11	79,551	1	32,000	12	111,551	
"	Queensgate	19	232,685	2	7,500	21	240,185	
"	Central	0	-	1	5,500	1	5,500	
"	West/WR	6	28,717	1	2,522	7	31,239	
"	Sub-Total	36	340,953	5	47,522	41	388,475	34.0%
Pasco	West	19	256,966	2	25,243	21	282,209	
"	All Other	8	73,718	0	-	8	73,718	
	Sub-Total	27	330,684	2	25,243	29	355,927	31.2%
Combined	Grand Total	99	1,025,285	12	116,745	111	1,142,030	
One Year Ago		95	1,018,599	10	73,081	105	1,091,680	
		Avg SF	10,356	Avg	9,729	Avg	10,289	
		Avg/Yr	157,736					

Niche Commercial Market - Big Box Development Space

In looking at the retail product available, no big box space has been constructed other than the Dick's Sporting Goods shown below; the following big box spaces are currently being marketed and not included in the previous numbers. Brokers in this segment report that this segment is experiencing higher vacancy than in the past due to increasing closures and uncertainty in the retail industry. In any event, about 112,940 SF of big box space was released in 2019, not counting the Dick's Sporting Goods. In 2020 there was net absorption of 17,819 SF.

**Summary of BIG BOX Space Available For Lease
Tri-Cities, WA
As of 06/30/2021**

<u>MLS #</u>	<u>Former Tenant</u>	<u>Address</u>	<u>City</u>	<u>Space Available</u>	<u>Rental Rate</u>	<u>Year Built</u>
217990	Former Hastings	1425 G W Way	Richland	10,400	\$12	1974
251569	Former Country Buffet	6821 W Canal Dr	Kennewick	10,786	\$17	1994
Loopnet	Former Sleep Country	908 N Colorado Ste A	Kennewick	33,456	\$9	1996
Loopnet	Former Office Max	908 N Colorado Ste B	Kennewick	7,184	\$9	1996
254058	Former Toys R Us	821 N Columbia Ctr Blvd	Kennewick	38,000	Unk	1970
243986	Former Ashley's Furniture	1340 Tapteal Dr	Kennewick	12,410	\$11	2007
Loopnet	Former Albertson's	1320 Lee Blvd	Richland	41,316	\$10	1961
				153,552	\$9 to \$17	
				One Year Ago	171,371	avg

The following stores were recently released after being vacated.

- **Goodwill Industries** completed a new store on Columbia Center Boulevard and vacated 22,940 SF at 2801 W Kennewick in mid-September 2019 when the new store opened. **Harbor Freight** almost immediately signed a new lease for the former Goodwill store; they opened in November 2019 in the new location expanding their presence in the Tri-Cities. Their lease was for a 10-year term, 16,054 SF at the rate of \$9 PSF NNN with a 10% escalation at the 5-year mark beginning in November 2019.
- The former **Shopko** space containing about 90,000 SF was vacated in May 2019, but almost immediately re-leased to **At Home**, a no-frills home décor retailer that opened in September 2019. It is reported that the store underwent a \$2.6 Million remodel to get the property ready for the new tenant. At Home space was leased for a 10-year term at the rate of \$10 PSF NNN, commencing in September 2019.
- **Dicks Sporting Goods** removed the former theatre at the Columbia Center Mall and opened its new store containing an estimated 45,000 SF in September 2019 in time for the holiday shopping season.
- **908 N Colorado, Suite C** – previously occupied by Sports Authority was just released in January 2021 to a charitable enterprise for use as a large thrift store supporting veterans. It had been vacant for more than five years. The lease was at a rate of \$8.75 PSF, NNN, with 3 months of free rent, and a 7-year term.

In June 2020, there was 171,371 SF listed. The current amount of 153,552 SF reflects a net positive absorption of 17,819 SF; thus, there has been a net absorption of 10.4%.

The following stores are vacant but not listed:

- **JCPenney** filed for bankruptcy protection in May 2020, and it is possible that the store at the Columbia Center Mall containing approximately 160,000 SF will be closed permanently. However, Simon Properties (owner of the mall) has announced it will purchase all of JCPenney assets so that it can control redevelopment.
- The **Sears Store** at the Columbia Center Mall containing an estimated 160,000 SF has been vacated since March 2019, but it has not yet been listed for lease and the availability of that space is questionable. Reportedly, Simon, the mall's owner, sees the Sears location as turnaround opportunities.
- **ToysRUs** filed bankruptcy and vacated its store in mid-2018 in and left a 38,000 SF store at the perimeter of the Columbia Center Mall.

That is a total of 358,000 SF at the mall which is not accounted for in the earlier statistics table because it is not listed yet. Thus, the combined vacant big box style retail space in the Tri-Cities is calculated at about 522,342 SF.

MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Hotel Development

According to the Tri-Cities Herald, the base inventory of hotel rooms in the Tri-Cities as of 2014 totaled 3,358 rooms. A survey was conducted of all **NEW** hotel rooms constructed since that time. A total of 1,059 rooms (31.5% increase) has been added to the base inventory, bringing the total to 4,417 rooms.

Total New Hotel Construction

Tri-Cities, WA

January 2014 to June 2021

Type	Project Name	Street #	Dir	Street Name	City	Owner	Year Built	GBA	NBRHD	Subtotal NBRHD	# Units
Hospitality	Comfort Suites	3703		Plaza Way	Kennewick	South Ridge Investments	2020	62,314	Southridge		94
Hospitality	Hampton Inn Kennewick	3715		Plaza Way	Kennewick	Hampton Inn	2020	49,696	Southridge		121
Hospitality	Springhill Suites	7408	W	Grandridge Blvd	Kennewick	A-1 Kennewick LLC	2015	94,191	Vista Field		122
KENNEWICK TOTAL COMPLETE								206,201			337
Hospitality	Courtyard by Marriott	2101	W	Argent Rd	Pasco	A-1 Hospitality Properties	2020	59,525	North Central		99
Hospitality	Hampton Inn Pasco	6826		Burden Blvd	Pasco	Ron/Tracey Asmus	2016	72,685	Road 68		120
Hospitality	My Place Hotel	6830		Rodeo Dr	Pasco	Pasco My Place LLC	2014	28,594	Road 68		64
PASCO TOTAL COMPLETE								160,804			283
Hospitality	Home2 Suites	2861		Lincoln Landing	Richland	Western States Lodging, Dev & Mgmt	2017	66,380	Queensgate		120
Hospitality	Homewood Suites	1060	N	George Washington Way	Richland	Vandervort Hospitality	2014	92,955	Columbia Point		115
Hospitality	The Lodge at Columbia Point	530		Columbia Point Dr	Richland	The Lodge at Columbia Point	2017	62,773	Columbia Point		82
Hospitality	WoodSpring Suites	1370		Tapteal Dr	Richland	Richland Hotel Holdings LLC	2020	48,985	Spaulding		122
RICHLAND TOTAL COMPLETE								271,093			439
Tri-Cities Total Complete								638,098			1059
Tri-Cities Total Under Construction								-			0
Tri-Cities Total Supply								638,098			1059

City	# Projects	Total Rooms
Kennewick	3	337
Pasco	3	283
Richland/WRichland	4	439
Sub-Totals	10	1,059
	Base Inventory	<u>3,358</u>
	Combined Total	4,417

Average Daily Room Rate:

N/A

Estimated Occupancy

50%, borderline feasible

Feasibility of New Construction

Very doubtful; a 31% increase in supply was added in only six years; market needs time to catch up

There has been **no real change** in the number of hotel rooms during the last year, although estimated occupancy and ADRs have dropped substantially due to limited travel occurring during the pandemic. Many properties closed completely and are now only beginning to re-open. **A recent trend involves an apartment developer buying five hotels in Richland for conversion to micro rental units. Please see apartment construction discussion.**

MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Industrial Development Segment Summary

Industrial Office/Warehouse Development

No source of data is available in terms of existing supply. Surveyed all **NEW** construction for a 7.5 Year study period through June 30, 2021, summarized as follows:

Current Available Space:	67,400 SF
Rental Rate Range:	\$8.00 to \$13.00
Avg Rental Rate:	\$9.60
SF U/C:	547,440 SF or about a one-year supply
Current Occupancy Rates:	95+ %
Average Absorption Rates:	543,428 SF/Yr
General Market Trend	Market remains strong in both the owner/occupancy and in the “for lease” category; very little on the horizon in the way of new development compared to prior years
New Construction Feasible?	Yes, all markets

Summary of Industrial Construction in the Tri-Cities (Square Feet)

For the Period January 2014 to June 30, 2021

Location		# Projects	Complete	# Projects	Under Constr / Planned	# Projects	Combined	%
Kennewick	East	2	19,030	0	-	2	19,030	0.9%
"	Hwy 395 S	3	24,010	0	-	3	24,010	2.8%
"	Mall / Vista	4	118,800	1	24,000	5	142,800	2.1%
"	West	11	160,741	0	-	11	160,741	13.8%
"	Southridge	0	-	0	-	0	-	14.2%
"	W Clwrtr	0	-	0	-	0	-	3.7%
"	Sub-Total	20	322,581	1	24,000	21	346,581	37.6%
Richland	North	18	1,044,246	16	308,324	34	1,352,570	10.0%
"	South	2	97,069	0	-	2	97,069	0.4%
"		0	-	0	-	0	-	20.8%
"		0	-	0	-	0	-	1.7%
"	Sub-Total	20	1,141,315	16	308,324	36	1,449,639	32.9%
Pasco	King City	27	1,764,949	9	215,116	36	1,980,065	22.9%
"	North Central	16	303,440	0	-	0	303,440	6.6%
	Sub-Total	0	2,068,389	9	215,116	9	2,283,505	29.5%
Combined	Grand Total	40	3,532,285	26	547,440	66	4,079,725	100.0%

Avg SF 88,307 Avg 21,055 Avg 61,814

Avg/Yr 543,428

This segment was not included in the survey one year ago.

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Self-Storage Development Segment

Self-Storage Development

No source of data is available in terms of existing supply. Surveyed all **NEW** construction for a 7.5 Year study period through June 30, 2021, summarized as follows:

SF U/C:	394,249 SF
Current Occupancy Rates:	85+ % (Estimated)
Average Absorption Rates:	543,428 SF/Yr
General Market Trend	Market may have reached saturation because; total supply has now exceeded 10 SF Per capita and previously had been about 7-8 SF per capita; may cannibalize existing projects
New Construction Feasible?	No

Summary of Self-Storage Projects
For the Period January 2014 to June 30, 2021

Location	# Project	Complete	# Projects	U/C / Planned	# Projects	Combined	%
Kennewick	6	217,926	8	246,602	14	464,528	46.9%
Richland/Wrich	3	78,930	1	20,000	4	98,930	10.0%
Pasco	4	300,082	3	127,647	7	427,729	43.2%
TOTALS	13	596,938	12	394,249	25	991,187	100.0%

This segment was not included in the survey one year ago.

MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Residential For Sale DETACHED Segment

SFR Detached Housing Trends – A study period of 7.5 years, January 2014 to June 30, 2021 (4,252 transactions, reflecting sales of \$1.5 Billion in subdivisions listed in MLS reveals that:

Table 5.3
Transaction Activity for the Tri-Cities Market
January 2014 through June, 2021

	Kennewick	Pasco	Richland	West Richland
# of Subdivisions	30	26	26	10
% of Total Transactions	30.5%	35.5%	25.4%	8.6%
% of Total Volume	29.4%	32.6%	28.4%	9.6%

- *Price:* Prices have risen increasing prices of an average of 10% per year every year; trend expected to continue
- *DOM:* Days on the market has averaged 67 days and is declining
- *Size:* Average Size (SF) has declined from 2,224 SF in 2014 to 2,166SF in 2021 YTD, an overall decrease of 58 SF or approximately 3%; and is expected to continue to decline
- *Style:* 90% rambler; 10% 2-story (majority is attached); no change expected
- *Garage Capacity:* 68%, 3CAG increasing demand; 32%, 2CAG declining demand
- *Basement:* Fewer than 3% had a basement; predominantly custom homes only
- *Lot Size:* Declining; only 3% were on lots \leq 5,000 SF; majority were >6,500-8500 SF
- *Current Pricing:* Sold prices are averaging \$210 PSF (including lot) in 2021; trending up
- *Type:* 95% of the total during the study period were detached; no change expected

General Market Trend

Market is strong and moving upward

New Construction Feasible?

Yes, Very Feasible; less than a 6-month supply; lot size is not as critical as home and amenities

Residential For Sale ATTACHED Townhouse Segment

SFR Attached Housing Trends – This style of housing has only begun to gain in popularity. A focus on projects developed since 2018 to present was conducted. A study period of 3.5 years, January 2018 to June 2021 (399 transactions) reveals that:

- *# of Subdivisions* – There were only 18 active attached product subdivisions developed since 2018; 10 are currently active; increasing activity for this segment
- *Price*: Prices have also risen increasing prices of an average of 10% per year every year
- *DOM*: Days on the market has averaged 39 days and is declining
- *Size*: Average Size (SF) has declined from a high of 1,725 SF in 2018 to the current size of 1,482 SF.
- *Style*: 31% rambler; 69% 2-story; no change expected
- *Garage Capacity*: 98%, 2CAG and increasing demand; 2%, 1CAG, declining demand
- *Basement*: None historically, currently one subdivision offers finished basements
- *Lot Size*: Static; average lot size \leq 5,000 SF
- *Current Pricing*: Most recent sales are averaging \$221 PSF, nearly identical with detached product.
- *Type*: 5.4% of the total during the study period were attached

General Market Trend Market is strong and moving upward

New Construction Feasible? Yes, Very Feasible; less than a 2-month supply; lot size is not as critical as home and amenities

Residential For Sale DETACHED – DUPLEX Segment

In addition to the “attached” SFR townhome product discussed above, we are aware of one duplex style townhome developed by Greenplan Construction in central Kennewick known as Irving Square. A total of 22 duplex lots, or 44 units were developed and sold over the 12-month sell-out period between 08/31/2018 and 09/13/2019. The list prices for the mostly identical units averaged \$395,000 for units averaging 1,287 SF, reflecting a sale price of \$140.32 PSF average. These were all 3BR, 2B, 1CAG 2-story units. DOM averages were deceiving as the units were listed long before they were completed and available. It does appear as if the owner is living in one unit and renting out the other in the majority of cases. These were not units immediately grabbed up by investors. Given that there was only one development during the study period, it is difficult to predict a trend other than the units sold readily as they became available at the list prices, given the limited amount of product in the market.

General Market Trend Market appears strong but depth has not been tested

New Construction Feasible? Yes, Very Feasible; less than a 6-month supply; lot size is not as critical as home and amenities

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Historic Waterfront District, Kennewick, WA

Residential For Rent ATTACHED Segment

New Apartment Units Constructed (Projects/Units) Tri-Cities, WA January 2014 to June 30, 2021					
	Kennewick	Pasco	Richland	W Richland	Combined
# Projects / # Units Completed Since 2014	(8) 418	0	(9) 1,165	0	(17) 1,583
# Projects / # Units U/C or Planned Combined	(7) <u>915</u>	(4) <u>374</u>	(7) <u>892</u>	<u>0</u>	(18) <u>2,181</u>
	(15) 1,333	(4) 374	(16) 2,057	0	(35) 3,764
			Total Added in 2013		<u>994</u>
			Grand Total New Construction SINCE 2013		4,758

Of the total of 35 projects developed, under construction or planned, only nine contained 30 units or less and represented less than 10% of all units developed. The majority of those projects contained 2- and 3-bedroom garden and/or townhouse style units. Five projects are former motel properties which have been purchased for renovation to micro units. Several other projects were announced but details not yet available:

1. Three aging motel properties have been acquired and two more is under contract to be purchased by an Oregon developer, Fortify Holdings for conversion to micro apartments which will remove a total of 684 rooms from the current hotel inventory including:
 - a. *Best Western Plus*, a 6-story hotel at 1515 George Washington Way and containing 197 rooms was shut down over the weekend with representatives confirming that Fortify is the new owner. This property was built in 1974 but closed in 2013 for a massive renovation and had just re-opened in November 2019 with a grand re-opening.
 - b. *Rodeway Inn*, 1520 N Oregon Ave in Pasco is also closed and it is not clear when it shut down and has a total of 106 rooms to be converted.
 - c. *Quality Inn*, 7901 W Quinault Ave, Kennewick near the Columbia Center Mall has 124 rooms to be converted.
 - d. *Loyalty Inn*, 1825 W Lewis St in Pasco, is in escrow and has a total of 160 rooms to be converted.
 - e. *Days Inn*, 615 Jadwin Blvd, Richland, has 97 rooms to be converted.
2. 1100-1200 Jadwin – Two multi-story office buildings (50,000 SF and 110,000 SF respectively) were purchased by partners Crook/Lipus; 1100 Jadwin is to be renovated as first class office space at a cost of \$5 Million and began in August 2020; followed by redevelopment of the other 7-story building with luxury apartment units. No final plans have been announced for this urban style project; however, it is now listed for sale.

Current Occupancy Level:	99.5% overall market, stable
Current Average Rent Level:	\$1,022 overall market
General Market Trend	Market is strong and moving upward
New Construction Feasible?	Yes, Very Feasible; less than a 6-month supply; lot size is not as critical as home and amenities

MARKET STUDY REPORT & ANALYSIS

HISTORIC WATERFRONT DISTRICT, Kennewick, WA



II. Historical Overview & Redevelopment Plan



Figure 6. Port-owned property in Kennewick's historic waterfront district

The subject parcels are located within what is today referred to as the Historic Waterfront District located in the northern portion of the City of Kennewick. This district includes Clover Island on the north end (segmented into Clover Island east, central and west); a marina and Duffy's Pond in the central portion; and properties with frontage along Duffy's Pond and/or E Columbia Drive on the southern end (or one lot back as in the case of The Willows and

Cable Greens parcels). The parcels to be studied are located in the southern portion of this Historic Waterfront District and are identified on the accompanying map as "The Willows" along the western end, portions of "Columbia Gardens" in the central portion, and "Cable Greens" along the eastern end.

A copy of the most recent and final draft of the masterplan (May 24, 2021) was downloaded from the client's website and reviewed as part of this engagement. Rather than paraphrasing the pertinent parts, below are summaries of both historical use and projected use outcomes as discussed within the plan. The entire Masterplan document is therefore incorporated herein by reference.

Historic Waterfront District – Brief Masterplan History

"Originally part of a natural sedimentary island system used by Native American tribes and early settlers, early commercial use of Clover Island included a barge building site. Subsequently, a portion of the originally 53-acre island was used as fill material to create a smaller footprint remaining above the slack water created by the completion of McNary Dam in 1954. Additional fill was added to the island's east end in the 1960s. Today Clover Island is 16 acres in size.

A constructed levee enclosed part of the original shoreline adjacent to Clover Island and created the retention basin known as Duffy's Pond.

Today, greater Kennewick has transitioned from an industrial focus to a residential community. Just one mile south of Clover Island, historic downtown Kennewick is a center for retail activities, with the auto-oriented commercial and industrial Columbia Drive corridor and the railroad in between. This plan seeks to unite Clover Island and the adjacent inland area as the Historic Waterfront District and support the region's unique history, character, and evolution" (Source: Port of Kennewick Historic Waterfront District Master Plan, draft 05.24.2021)".

The Port of Kennewick created the Clover Island Master Plan in 2005; much work has been done in the interim as guided by the original plan including:

- Improved the marina and boat launch.

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- Developed two small mixed-use office, retail and community buildings with the Clover Island Yacht Club and Port as anchor tenants.
- Completed western shoreline restoration and with Army Corps of Engineers support, is in the process of restoring the northern shoreline.
- Added a signature gateway, completed public space enhancements (utilities, sidewalks, lighting) to the central roadway to enhance non-motorized usage, and installed much of the waterfront esplanade.
- Added the iconic lighthouse attraction and plaza.
- Installed art and landscaping highlighting local history and culture throughout the island.

While much progress has been accomplished under the initial 2005 master plan, the final draft of the new proposed Master Plan takes the project through the next levels.

“Though many improvements have been made, it has yet to yield the private mixed-use investment envisioned by the 2005 master plan. As a result, the Port recognized that integrating the surrounding area into a cohesive district will be critical to leverage their investments on Clover Island, improve the vitality and economic performance of the surrounding area, and better connect this unique waterfront district to downtown Kennewick. In response the Port purchased and began improving properties along Columbia Drive, and initiated this new master plan which intends to:

- Unify the area between Columbia Drive and Clover Island as the historic waterfront district.
- Convey a community-driven vision and desired amenities, connections, and development.
- Develop a strategy to create a thriving area for residents and visitors.
- Prioritize the next 15-20 years of investment to help realize the greater district vision.”

Project Orientation

This plan is intended to convey a community-driven vision and guide development for Clover Island and Port Owned properties within the historic waterfront district.

Clover Island

The Port owns most of Clover Island aside from the U.S. Coast Guard's Aids to Navigation Team Kennewick station (Coast Guard Station). The three sections of Clover Island are currently used in the following manner.

- Clover Island West includes the Clover Island Yacht Club and marina, the lighthouse plaza, a boat launch and open gravel parking area, and the Clover Island Riverwalk.
- Clover Island Central includes the Port offices, Ice Harbor Brewery and Cedars restaurants, and a pocket park known as The Gathering Place.
- Clover Island East includes the Coast Guard station, Clover Island Inn, and a temporary event space used to host a summer concert series.

Columbia Drive – Subject Properties Being Appraised

The Port-owned parcels along Columbia Drive are grouped into three properties:

- The Willows is primarily undeveloped open space that includes the Veterans Memorial Christmas Tree
- Columbia Gardens Urban Wine & Artisan Village includes wineries, tasting rooms, and a food truck plaza and vacant parcels
- Cable Greens consists primarily of undeveloped open space.

Source: Port of Kennewick Historic Waterfront District Master Plan, draft 05.24.2021

Zoning

In accordance with the Port of Kennewick's planned redevelopment of both the Historic Waterfront District and Vista Field (another Port of Kennewick project), the City of Kennewick created a new zoning designation, Urban Mixed Use (UMU) which allows mixing of a variety of uses, both horizontally and vertically.

Market Study & Market Analysis Process Undertaken

Market study and analysis is the foundation of economic decision making. Fundamental to real estate market analysis then is the relative balance of supply and demand.

"Market Study" is defined as a macroeconomic analysis that examines the general market conditions of supply, demand, and pricing or the demographics of demand for a specific area or property type. A market study may also include analyses of construction and absorption trends.⁶

"Market Analysis"

1. The identification and study of the market for a particular economic good or service; and / or
2. A study of market conditions for a specific type of property. (USPAP, 2002 ed)

*"A market analysis seeks to identify the highest and best use of property in terms of market support (demand), timing of demand (absorption) and market participants needs and desires (probable buyers and users)...Supply and demand considerations direct the collection of data required to develop a perspective on the economic environment that affects the property. Such an economic overview includes a description of the general economy and analysis of economic patterns, trends and cycles...."*⁷

Thus, the following report will delve into these areas in order to provide the framework within which to estimate the probable marketing and pricing strategies for the subject land parcels in the Historic Waterfront District.

⁶ *The Dictionary of Real Estate Appraisal*, Fourth Edition, Appraisal Institute

⁷ *Market Research in Real Estate Appraisals*, Appraisal Institute, 1994, pg 7

III. Regional and Neighborhood Overview

Regional Demographic Data

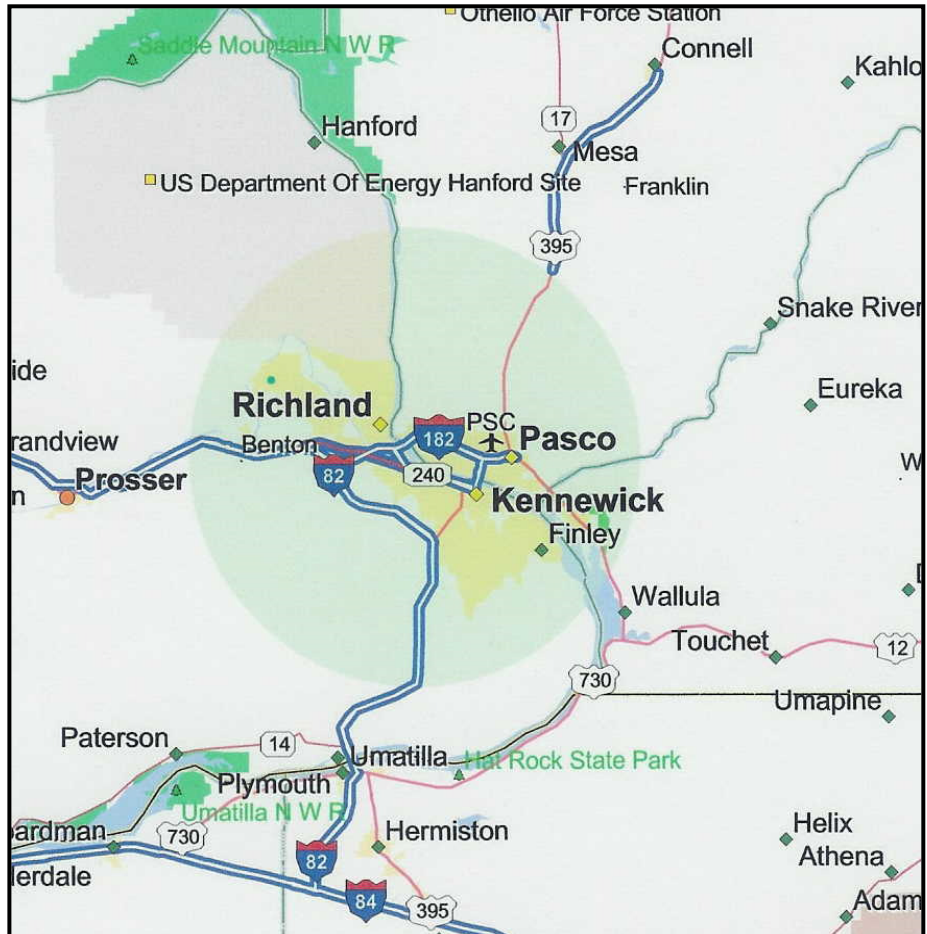
Updated Quarterly, Most Recent Update Q2 (June 30), 2021

Location

The Tri-Cities Metropolitan Statistical Area (MSA) is in south central / southeastern Washington State at the confluence of the Columbia, Snake, and Yakima Rivers in the heart of Washington State's wine country. The rivers provide the region with abundant irrigation, energy and recreational opportunities.

The Tri-Cities MSA is comprised of **two counties, Benton and Franklin Counties**, which combined occupy a total land area of 2,945 square miles. Benton County occupies a total land area of 1,700 square miles, varying in topography from level, irrigated farmland to the rolling hills of the Rattlesnake Mountain and Horse Heaven Hills.

Franklin County occupies a total land area of 1,242.1 square miles. It is predominately agricultural: about 40% of the land is irrigated, 31% is dry-land wheat, 26% is grazing land, and 3% is town and suburban areas. Population density is equivalent to 103 persons per sq. mi. in Benton County and 62.3 persons per sq. mi. in Franklin County.



History

The region was settled in the late 1800s by cattle and horse ranchers, primarily along the Columbia River, which allowed product to get to market. Farming included corn, wheat, alfalfa, potatoes, and fruit, especially apples. Dry-land farming was also successful, but in the 1890's, the first of the

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region's irrigation canals were built and expansion occurred in orchards, vineyards, farming and ranching. Farming expanded and supports the region today.

The region is probably best known today for the U.S. Department of Energy's (DOE) development of the Hanford Site in 1943 as part of the Manhattan Project, the location of the United States' first B Reactor, the first full scale plutonium production facility used in the first nuclear bombs. The project ultimately expanded to include nine nuclear reactors and five large plutonium processing complexes. However, early cleanup procedures were largely inadequate, and cleanup of toxic waste became a driving factor in the economy over the next several decades, along with diversification in scientific research and nuclear energy. The site is now mostly decommissioned but ongoing cleanup will be an economic driver for many years to come.

Climate

The region benefits from a location in the semi-arid high desert river basin, and within the rain shadow of the Cascade, Blue, Wallowa and Rocky Mountains. There is very nominal annual precipitation of less than 8" per year and an average high/low/average temperature of 65.5 / 43.7 / 54.6.

Climate Kennewick - Washington							°C °F
	Jan	Feb	Mar	Apr	May	Jun	
Average high in °F:	42	48	58	66	74	82	
Average low in °F:	29	31	36	42	49	56	
Av. precipitation in inch:	1.06	0.79	0.75	0.55	0.63	0.51	
Days with precipitation:	-	-	-	-	-	-	
Hours of sunshine:	-	-	-	-	-	-	
Average snowfall in inch:	1	0	0	0	0	0	
	Jul	Aug	Sep	Oct	Nov	Dec	
Average high in °F:	90	89	80	66	51	40	
Average low in °F:	62	61	52	42	35	29	
Av. precipitation in inch:	0.24	0.2	0.31	0.59	0.98	1.14	
Days with precipitation:	-	-	-	-	-	-	
Hours of sunshine:	-	-	-	-	-	-	
Average snowfall in inch:	0	0	0	0	0	0	

Source: USClimatedata.com

This temperate climate and the lengthy growing season is especially beneficial for agricultural related industries and Washington State in general and Benton and Franklin Counties in particular are top producers in many areas of agricultural activity in the United States. Food processing has become a larger and larger part of the economy over the last decade. The area is also within the heart of the Columbia Valley AVA, and there are now over 300 wineries and tasting rooms in the area. The

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climate as well as the location in proximity to the Columbia, Yakima, and Snake Rivers, also provide many recreational opportunities for the region.

Towns and Cities

Benton County's largest cities are Richland and Kennewick. Smaller outlying areas of the county include West Richland, Benton City, Finley, Kiona, Prosser (County Seat), Paterson, and Plymouth.

- Kennewick was incorporated in 1904. Now the largest population of the Tri-Cities, it is supported primarily by light industrial service and retail trade.
- Richland was incorporated in 1910. In 1943, the U.S. Government selected the area to site the Manhattan Project to produce plutonium for nuclear weapons. It was transferred from federal control in 1958 and became a chartered First-Class city. Clean-up of the Hanford Site is one of the major economic drivers today.

Franklin County's largest city is Pasco (County Seat). Smaller, outlying cities within the county include Connell, Kahlotus, Basin City, Eltopia, and Mesa.

- Pasco was the first city that early settlers developed and incorporated in 1891. Acknowledged for its strong agricultural and industrial base, Pasco has grown into one of the region's largest food processing and agricultural centers. Today it is the 3rd fastest growing areas in the state.

Population Trends

The following chart depicts population trends reported by Washington State for the area since the last census. The Tri-Cities has experienced a nearly 50% increase in absolute numbers of citizens since 2000, indicating that it is in the midst of both a population and economic boom. It is currently listed at 308,800 persons in the final count, updated in April 2021.

The SMSA grew by 55,460 persons between 2010 and 2021, an increase of 22%, or 2% per year over the 11-year period (2021 population also grew an average of 2% over 2020 population). Projections are that an additional 112,000 more persons are estimated to live here in 20 years based on the Benton-Franklin Council of Government's Transition 2040 plan.

The 2020 estimate surpassed 300,000 for the first time; this threshold is a harbinger of many national businesses beginning to look at the area as a site for new locations.

Population Trends for the Tri-Cities, WA MSA												
Area	2010	2011*	2012*	2013*	2014*	2015*	2016*	2017*	2018*	2019*	2020	2021*
MSA	253,340	258,400	262,500	268,200	273,100	275,740	279,170	283,830	289,960	296,480	302,460	308,800
Benton County	175,177	177,900	180,000	183,400	186,500	188,590	190,500	193,500	197,420	201,800	205,700	209,300
Kennewick	73,917	74,665	75,160	76,410	77,700	78,290	79,120	80,280	81,850	83,670	84,960	85,940
Richland	48,058	49,090	49,890	51,150	52,090	53,080	53,410	54,150	55,320	56,850	58,550	59,570
West Richland	11,811	12,200	12,570	13,080	13,620	13,960	14,340	14,660	15,320	15,340	15,710	16,710
Franklin County	78,163	80,500	82,500	84,800	86,600	87,150	88,670	90,330	92,540	94,680	96,760	99,500
Pasco	59,781	61,000	62,670	65,600	67,770	68,240	70,560	71,680	73,590	75,290	77,100	79,580

Source: WA State Office of Financial Management, April 1, 2021 Used for Allocation of Selected State Revenue
*Based on Estimates from 2010 US Census as determined in April every year

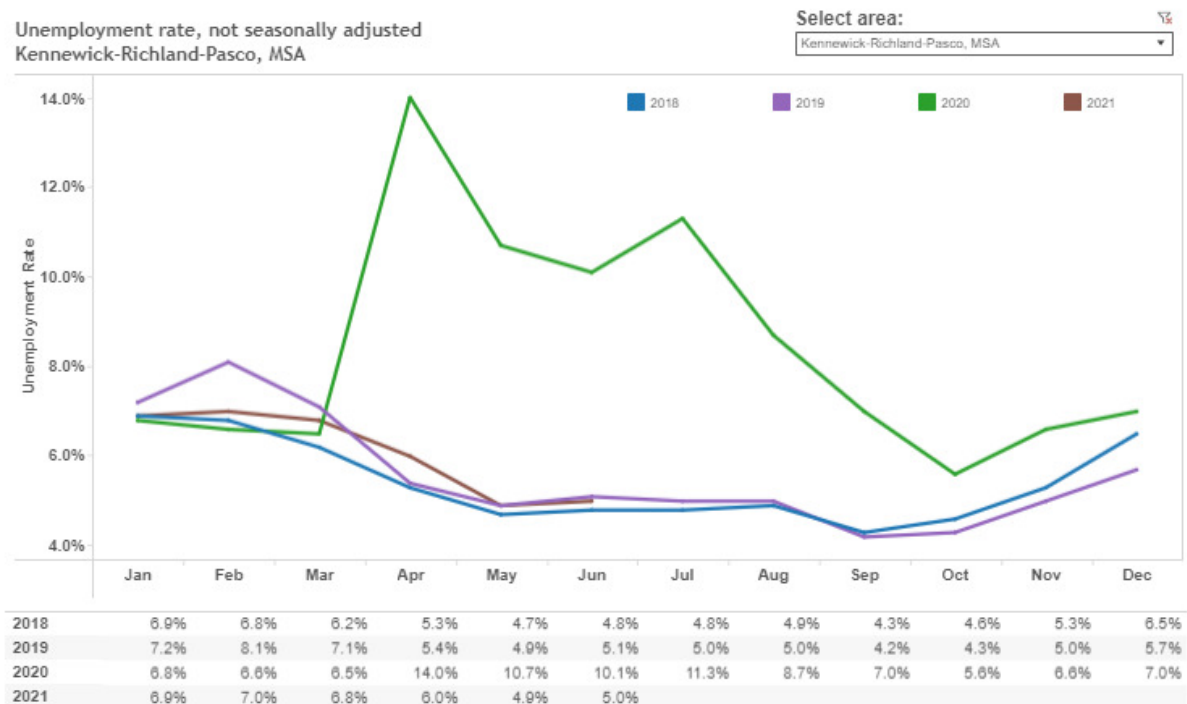
<https://ofm.wa.gov/washington-data-research/population-demographics/population-estimates/april-1-official-population-estimates>

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Labor Force and Employment

One of the major reasons for population growth is the strong economy with abundant job opportunities. The region possesses a well-educated and professional work force; in fact, the Tri-Cities holds one of the #10 spots in the nation for the number of PhDs in its work force as a result of the scientific research carried out at Hanford by many of the sub-contractors. Benton County's labor force also includes a high percentage of high-end managerial and professional specialty occupations. Due to its large agricultural base, Franklin County's work force is a high concentration of farming and fabrication occupations.

The most recent not seasonally adjusted *monthly* data from the U.S. Bureau of Labor Statistics is for April 2021 published in May 2021 and suggests a preliminary local jobless rate of 6.7%. The following chart shows the unemployment rate, not seasonally adjusted for the period 2017 through April 2021. Clearly the ongoing global Covid-19 pandemic resulted in a spike in unemployment during the spring, which gradually came back down to present levels, which is now near typical averages for this region.



Employment and unemployment, not seasonally adjusted
 Kennewick-Richland-Pasco, MSA

	2021		2020		2019		2018	
	June	May	June	May	June	May	June	May
Civilian Labor Force	155,893	148,848	149,193	147,353	151,897	145,993	148,165	141,351
Employment	148,110	141,495	134,067	131,561	144,199	138,902	140,979	134,746
Unemployment	7,783	7,353	15,126	15,792	7,698	7,091	7,186	6,605
Unemployment Rate	5.0%	4.9%	10.1%	10.7%	5.1%	4.9%	4.8%	4.7%

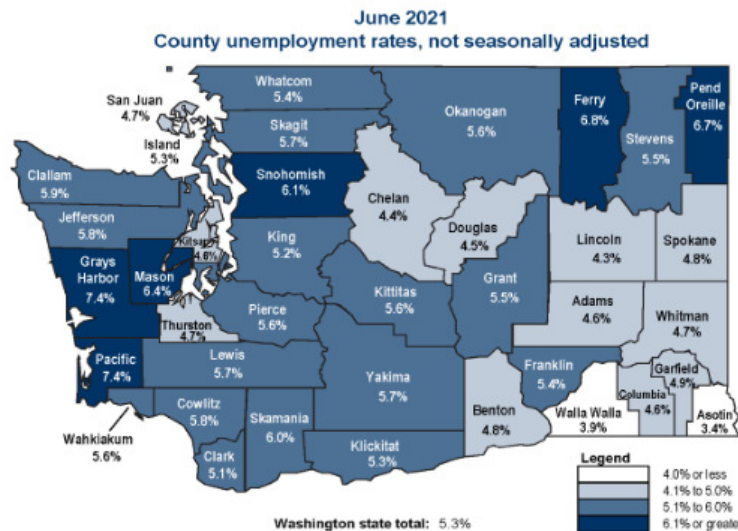
Source: WA State Employment Security Department as of June 2021
<https://esd.wa.gov/labormarketinfo/labor-area-summaries>

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Annual unemployment rates for Kennewick-Richland-Pasco MSA from 2007 to 2020 are reported in the following chart. Labor force growth has increased strongly, and unemployment rates have clearly declined since 2007. This chart then compares current data with other counties and the state of Washington.

Labor Force Statistics: Benton and Franklin Counties				
Year	Labor Force	Total Employment	Unemployment	Unemployment Rate
2007	117,700	111,510	6,190	5.3%
2008	122,530	115,840	6,690	5.5%
2009	128,690	119,010	9,680	7.5%
2010	133,980	123,570	10,410	7.8%
2011	135,060	124,350	10,710	7.9%
2012	134,410	122,560	11,850	8.8%
2013	131,930	120,600	11,330	8.6%
2014	127,200	115,600	11,600	7.2%
2015	130,078	122,279	7,799	6.0%
2016	134,094	125,188	8,905	6.6%
2017	138,257	130,347	7,883	5.7%
2018	147,925	140,914	7,011	4.7%
2019	147,420	138,665	8,755	5.9%
2020	140,928	131,134	9,764	6.9%

Source: Labor Area Summaries, Washington State Employment Security Department, Labor Market and Economic Analysis Branch, not seasonally adjusted (January 2021)



Source: WA State Department of Labor Security, June 2021 published July 2021
<https://esd.wa.gov/labormarketinfo/monthly-employment-report>

It is noteworthy that employment was adversely affected by the global Covid-19 Pandemic beginning in the spring of 2020 and continuing through to the present time. However, unemployment rates are trending down again as more employers and employees return to the market.

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Historic Waterfront District, Kennewick, WA

Top 10 Benton County Industries in 2019

Rank	Industry	Percent of total jobs
1	Healthcare and social assistance	14.7%
2	Government	13.2%
3	Administrative and waste services	11.4%
4	Retail trade	10.6%
5	Professional and technical services	9.7%
6	Accommodation and food services	8.6%
7	Construction	8.2%
8	Agriculture	6.8%
9	Manufacturing	4.9%
10	Finance and insurance	2.2%

<https://esd.wa.gov/labormarketinfo/county-profiles/benton>

Top 10 industries in Franklin County in 2019

Rank	Industry	Percent of total jobs
1	Government	19.0%
2	Agriculture	18.6%
3	Manufacturing	10.8%
4	Retail trade	9.6%
5	Healthcare and social assistance	8.6%
6	Construction	6.4%
7	Accommodation and food services	6.0%
8	Wholesale trade	5.5%
9	Transportation and warehousing	3.9%
10	Administrative and waste services	3.2%

Source: Employment Security Department, QCEW

<https://esd.wa.gov/labormarketinfo/county-profiles/franklin>

The following table lists a few of the major employers (800 or more employees) in the MSA.

Company	Industry	Employees
Battelle/Pacific Northwest National Laboratory	Research & Development	4,500
Kadlec Regional Medical Center	Health Services	3,532
Lamb Weston	Food Processing	3,000
Bechtel National	Engineering & Construction	2,943
Kennewick School District	Education	2,336
Washington River Protection Solutions	Environmental Remediation Services	2,129
Pasco School District	Education	2,015
Mission Support Alliance, LLC	Support Services, Hanford/DOE Site	1,902
CH2M	Environmental Remediation	1,682
Richland School District	Education	1,500
Tyson Foods	Food Processing	1,300
Trios Health	Health Services	1,268
Energy Northwest	Utilities	1,100
First Fruits	Food Processing	920
Lourdes Health Network	Health Services	804

Congressional funding for the clean-up of the Hanford Site in North Richland through the Department of Energy (DOE) has been the primary economic and employment driver for many years. Annual budgets will continue to play a major role in economic growth. The following table outlines Hanford's budget allocations for fiscal years 2012-2020. Data for FY 2021 is not yet available although a recent

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article in the Tri-City Herald (December 22, 2020) showed that both the House and Senate approved \$2.5+ billion, which needed to be signed by President Trump.

Hanford Budget Allocation of EM Cleanup Funding (\$ in Thousands)									
	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY2017	FY2018	FY 2019	FY 2020
	Post Sequester								
Richland Operations	1,021,824,000	943,327,000	1,012,620,000	941,000,000	990,653	916,176	947,422	954,097	718,098
Office of River Protection	1,181,800,000	1,097,441,000	1,210,216,000	1,212,000,000	1,414,000,000	1,496,965	1,552,000	1,573,000	1,392,460
Total	2,203,624,000	2,040,768,000	2,222,836,000	2,153,000,000	1,414,990,653	2,299,965	2,499,422	2,527,097	2,110,558
Source: The Hanford Site, Budget Overview for FY 2020; FY 2021 Budget Public Priorities									

Source: The Hanford Site, Budget Overview for FY 2020; FY 2021 Budget Public Priorities

The 2020 budget request was \$718,098 for the Richland Operations and \$1,392,460 for the Office of River Protection. Presidential requested funding for FY 2020 is a combined amount of \$2,110,558, which is a significant 20% decrease over 2019. However, President Trump signed 12 annual appropriation bills for fiscal 2020 into law after approval of the appropriations bill with the Hanford budget. The budget tops \$2.5 Billion, actually increasing spending by about \$90 Million. This bodes well for continued clean-up activity for the foreseeable future, although the 2021 budget has not yet been approved.

TRIDEC (The Tri-City Development Council) has been working to help diversify the employment base away from the Hanford economy since the mid-1990s, and these efforts are paying off in a big way. More important industries today include food processing which spins off agriculture; and the region has become most important for healthcare. Logistics and transportation on water, highways, and rail have contributed in large part as well.

Income

According to the most recent Washington State Median Household Income Estimates by the Office of Financial Management, the projected 2015-2018 and projected 2019 median household income statistics for the Tri-City were:

Median Household Income Estimates by County, 2010 to 2019											
	2010	2011	2012	2013	2014	2015	2016	2017	2018	*2019	2020
Washington State	\$ 54,888	\$ 55,500	\$ 56,444	\$ 57,554	\$ 60,153	\$ 63,439	\$ 65,500	\$ 69,288	\$ 73,294	\$ 76,840	\$ 81,686
% Change		1.1%	1.7%	2.0%	4.5%	5.5%	3.2%	5.8%	11.9%	10.9%	11.4%
Benton County	\$ 60,070	\$ 60,608	\$ 62,739	\$ 63,062	\$ 63,157	\$ 62,071	\$ 62,282	\$ 63,502	\$ 64,745	\$ 71,479	\$ 75,233
% Change		0.9%	3.5%	0.5%	0.2%	-1.7%	0.3%	2.0%	4.0%	12.6%	16.2%
Franklin County	\$ 53,355	\$ 53,644	\$ 56,221	\$ 57,196	\$ 58,538	\$ 57,664	\$ 58,854	\$ 63,345	\$ 68,179	\$ 65,712	\$ 69,072
% Change		0.5%	4.8%	1.7%	2.3%	-1.5%	2.1%	7.6%	15.8%	3.7%	1.3%

Last updated May 13, 2021

Source: <https://ofm.wa.gov/washington-data-research/economy-and-labor-force/median-household-income-estimates>

**Preliminary*

Franklin County had an astonishing jump in just two years of nearly \$10,000 in median household income as new residential construction drew a large number of upper income workers to the region. While it exceeded Benton County in 2018, the reverse was true for 2019 and 2020. The median income is considered high when compared to Washington State because there are so many high-income earners in the Seattle area which dominates the state statistics.

Education - Primary and Secondary Levels

Increased population in the MSA has resulted in overcrowding in most K-12 schools and many schools built in the middle of the previous century were seriously outdated needing replacement. In

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attempt to ease the overcrowding situation, all districts passed school bond issues in the last several years, and over the last five years, 33 new schools have been built or are under construction totaling a stunning 2,356,806 SF:

Summary of New School Construction
Tri-Cities, WA
2014-2021

	KSD	PSD	RSD	Combined
Complete SF (#)	596,618 (11)	494,299 (7)	622,164 (8)	1,713,081 (26)
Under Constr SF (#)	403,225 (4)	110,000 (1)	130,500 (2)	643,725 (7)
Total	999,843 (15)	604,299 (8)	752,664 (10)	2,356,806 (33)
% of Total	42.4%	25.6%	32.0%	

The following depicts enrollment for the MSA school districts between 2012 and the present projection.

School District K-12 Enrollments				
School Year	Richland	Kennewick	Pasco	Total
2012-2013	11,848	16,427	15,625	43,900
2013-2014	11,950	17,703	16,612	46,265
2014-2015	12,419	17,737	17,230	47,386
2015-2016	12,986	18,043	17,790	48,819
2016-2017	13,552	18,172	17,882	49,606
2017-2018	13,908	18,583	18,284	50,775
2018-2019	14,210	19,197	18,783	52,190
2020-2021	13,796	18,541	18,265	50,602
Num. Chg.	2,362	2,770	3,158	8,290
% Change	19.9%	16.9%	20.2%	18.9%

Office of Superintendent of Public Instruction, October, 2020

Enrollment at the secondary level is clearly increasing, providing evidence of population increases. There is no indication as yet how the current pandemic will affect school enrollments.

Education - University and College Levels

Washington State University (WSU) headquartered in Pullman, WA expanded to a satellite campus here in the late 1980's, and this campus in North Richland not far from the Hanford Site attracts a large and growing student body from all over the state. WSU Tri-Cities has both undergraduate and graduate studies. A new student housing project was completed during 2018 to serve the growing student body.

Columbia Basin College (CBC) offers Associates of Arts degrees, but recently became an accredited 4-year college. From approximately 2006 to 2009, CBC underwent a \$45 million renovation to update classrooms, labs and faculty offices. A new classroom building was completed (August 2016) and a 120-unit student housing project broke ground in October 2016

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and was completed in time for opening for the Fall, 2017 semester to serve this institution's growing student body.

Current enrollment figures are summarized as follows:

Year/Term	WSU Tri-Cities	CBC
2020 (Fall)	1,937	11,368

Transportation

The Tri-Cities is one of an extremely few population centers in the entire Pacific Northwest region that has all forms of transportation access. These provide superior linkages and access to and from the area and include:

- *Air Service* - Several public and private airports and heliports serve the region, the largest of which is the Tri-Cities Airport in Pasco. A \$42 Million expansion project including a new terminal, baggage handling system and runway was completed in January 2017; total passenger traffic in 2018 set a new record at 395,084 boardings. Total 2019 boardings were 438,123 passengers, a whopping 10.9% increase over 2018; but of course, travel has been impacted by the pandemic during 2020 in a significant way with a significant decline to 188,859 travelers, picking up again in 2021; PSC is the eight-busiest small airport on the continent.

Airport Statistics April 2021

Enplanements	2016	2017	2018	2019	2020	2021	% Change
January	28,741	27,794	27,803	32,613	34,004	18,890	-53%
February	25,917	25,220	24,732	28,628	30,277	15,713	-48%
March	29,866	31,719	30,971	36,686	14,964	21,884	46%
April	28,985	28,539	30,277	32,743	1,756	25,716	1364%
May	30,999	31,702	31,934	35,973	4,671	30,447	552%
June	34,981	35,785	35,518	39,711	9,181	35,491	287%
July	34,306	36,168	37,321	41,085	13,738		
August	33,110	32,262	36,026	39,092	14,730		
September	29,596	30,677	32,587	35,332	13,686		
October	31,630	31,553	33,501	38,579	17,217		
November	32,530	31,379	36,276	37,278	16,371		
December	34,948	33,109	38,138	40,403	18,364		
Year to Date	375,758	376,481	395,084	438,123	188,959	145,1471	53% (YTD)

Source: <https://www.flytricity.com/grow/airport-statistics>

- *Highway Service* - The Tri-Cities has become a transportation hub for the entire Eastern Washington State area east of the Cascade Mountains. It is strategically located and benefits from a highway system in place that provides rapid interstate and state route access to a variety of points. The major cities of Seattle, Spokane and Portland are all less than 3.5 hours away.

- I-82, running through the Tri-Cities, is a 143.58-mile interstate highway extending from I-90 in Ellensburg, Washington southeastwardly to I-84 near Umatilla, Oregon.
- I-182 is an east-west auxiliary interstate highway traveling around the City of Kennewick and passing through the cities of Richland and Pasco.
- U.S. 395 is a major U.S. highway which includes a long overlap with I-90. The southern piece, from I-82 near the Tri-Cities to I-90 near Ritzville, is a high speed four-lane divided highway.
- State Route 240 begins at the southern end of the Blue Bridge in central Kennewick as an offshoot of U.S. Route 395.
- *Bus Service* - Mass public transit is operated locally across 17 routes by the Ben Franklin Transit system. Serving the cities of Kennewick, Pasco, and Richland, several routes also extend as far as Prosser, Benton City and West Richland. Most routes run six days a week. A Dial-A-Ride is also offered for the physically disabled.
- *Rail Service* - The Tri-City MSA is the only metropolitan manufacturing area between the Cascade and Rocky Mountains to offer main line rail freight service to both Burlington Northern and Union Pacific Railroads. Amtrak also has a stop on its system in Pasco.
- *Water* - The Columbia-Snake River system is one of the most modern interlinked transportation networks in the world. This commercial waterway extends 465 miles from the Pacific Ocean into the North American continent moving an increasingly large quantity of goods through the region.

Government

The incorporated municipalities of Kennewick, Richland, and Pasco each have the Council-Manager form of government. West Richland and smaller outlying areas within the counties have retained the Mayor-Council form of government.

Community Healthcare Services

The Tri-Cities is a regional health care center currently served by two major national hospital groups, numerous outpatient facilities, and private practices. Area residents are presented with a wide array of health care services provided by:

1. *Kadlec Regional Medical Center in Richland*, (owned by Providence Health & Services since 2014) most recently opened a new NICU in April 2015; opened a new 600-car parking garage August 1, 2016; and completed a 4-story addition in December 2016.
2. RCCH Healthcare Partners owns two major facilities in the Tri-Cities that were previously operated independently.
 - *Our Lady of Lourdes in Pasco*, which signed an agreement with RCCH in July 2017 to be acquired and which agreement closed in August 2018;
 - *Trios Hospital in Kennewick*, which had operated out of a vintage hospital near the original downtown CBD, and opened a second, new facility in the Southridge area during July 2014. However, Trios declared bankruptcy in mid-2017. Staff lay-offs occurred, and it was acquired by RCCH as well in August 2018. Currently, a new Birthing Center is under construction at the new location as a 4th floor is added. It is anticipated that the vintage hospital will be closed once the birthing center is closed.

RCCH HealthCare Partners officially merged with LifePoint Health on November 16, 2018, shortly after the acquisition of Lourdes Hospital and Trios Hospital closed in late summer. It is

unknown at this point what impact the merger will have on the healthcare system in the Tri-Cities although they will be officially operating as one united company under the LifePoint Health name. Thus, as part of the LifePoint network, the two local hospitals are now connected to an even stronger network of community hospitals, regional health systems, physician practices, outpatient centers and post-acute facilities that span 30 states.

Both hospitals had been expanding community services as well both prior to and since their respective mergers, opening both emergency and non-emergency clinics in the 2014-2019 timeframe. With the recent mergers, the three hospital networks have been reduced to two networks. The status of the federal Affordable Care Act is uncertain, and its impact on the Tri-Cities' health care delivery system is uncertain as well.

Port Districts

The Tri-Cities is home to three separate Port Districts based along the Columbia River. The main mission for a port district is to provide and support sound economic growth opportunities which foster new jobs, business and industry.

- *Port of Kennewick* – Current ongoing major projects include the Redevelopment of the former Vista Field Airport, Columbia Gardens, Clover Island, the Willows, Cable Greens and the Oak Street Industrial Park. (Source: PortofKennewick.org/projects/)
- *Port of Pasco* – Current ongoing major projects include the Tri-Cities Airport, Tri-Cities Airport Business Center, the Marine Terminal, Osprey Pointe, Foster Wells Business Park, the Pasco Processing Center, the Tri-Cities Airport East Side Industrial Park; the Multi-Modal Rail/Barge Terminal; the Big Pasco Industrial Center (Source: Portofpasco.org/our-properties/development-areas)
- *Port of Benton* – Richland Airport, Richland Airport Business Park, Prosser Airport, Prosser Airport Business Park, Richland Business Park, North Horn Rapids, Transload Facility, barge slip and high dock, the Southern Connection short rail network; the Richland Innovation Center, Technology & Business Campus, Technology Enterprise Center and the Benton City Development Buildings; the Crow Butte Park, Prosser Wine & Food Park, USS Triton Sail Park, Vintner's Village, the Walter Clore Wine and Culinary Center, etc. (Source: Portofbenton.com/our-properties-facilities/)

Conclusion

The Tri-City market is a mid-sized and rapidly growing, somewhat isolated market, but with excellent linkages to other areas via a strong transportation network including air, rail, water and truck. By all indications, the economic base has been well diversified in the last decade from its previous reliance on the government funding of the Hanford project. After crossing the 300,000-person threshold in population in 2020, the area becomes attractive to a higher level of national firms seeking to diversify. Population is increasing steadily, the demographic characteristics of the population are well educated and diverse, incomes are increasing, unemployment rates are being reduced (pre-pandemic), and investment in the area is increasing.

A more robust analysis of each market segment is included in the appropriate section of this report.

*MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA*

Immediate Neighborhood



*Looking South through the Historic Waterfront District from the Columbia River
from the northern edge of Clover Island into the southern boundary of E Columbia Dr*

Social, economic, governmental, and environmental forces all influence properties and the neighborhoods in which they are located. A neighborhood includes a group of complementary land uses and usually a related grouping of inhabitants, buildings, or business enterprises⁸.

The Historic Waterfront District is located along the southern shoreline of the Columbia River between the Ed Hendler Bridge carrying US 397 (Cable Bridge) on the east and the Blue Bridge on the West carrying US 395 in the northeastern part of the City of Kennewick, Benton County, Washington State.

For purposes of this report, the neighborhood boundaries are best described as follows:

North	Columbia River - the largest river in the Pacific Northwest region of North America, flowing mostly in a westerly direction towards the Pacific Ocean at Kennewick.
South	10 th Ave, a major east/west traffic corridor traveling through Kennewick
East	US Highway 395 - a major U.S. north/south route through the western United states, traversing California, Nevada, Oregon and Washington
West	S.R. Highway 397 - provides access to cities to both the north and south and forms the eastern boundary line of the original Kennewick downtown neighborhood.

⁸ *The Appraisal of Real Estate*, Appraisal Institute, page 164.

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The City of Kennewick was founded on the southern bank of the Columbia River; the river forms most of the boundary between Washington and Oregon to the south and provides water transportation and recreational opportunities.

Subject lies approximately one mile north and east of the original downtown central business district separated by the industrial neighborhood which grew along both sides of the railroad and the Columbia Drive Corridor. As a result of growth to the west since the 1960's, the City of Kennewick and the Port of Benton have worked to re-develop the area, it is now referred to as the Historic Downtown District which lies south of the river between SR 395 on the east and Fruitland Ave on the west. It is just south of the Columbia Drive corridor which parallels the river.



The central business district originally developed within the area immediately south of the BNSF railway right of way that runs parallel to Canal Avenue (marked RR and industrial development on the map). The area abutting to the north of the railway right of way took on the character of industrial development as it was oriented to the railway.

The business district expanded during the 1950's and ultimately included the area along Columbia Drive to the north of the industrial district which is now referred to as the Columbia Drive corridor; and to the south along 10th Avenue; between U.S. 397/Gum Street on the east, and Fruitland on the west, with Washington St. serving as a north/south dividing line. The majority of *retail* commerce takes place in a corridor defined by Canal Avenue on the north, Washington St. on the east, 1st Avenue on the south and Fruitland on the west. Many buildings are 2-story, with retail on the street level and apartments above (marked as Downtown CBD).

Downtown Kennewick developed during the early 1900s and continued as a viable central business district through the early to mid-1960s. From then on, businesses began a westward migration as the population grew, crossing U.S. Highway 395 and continuing west on to Clearwater Avenue, a major commercial artery. Around 1980, the growth along Clearwater Avenue reached Columbia Center Boulevard, a major north/south artery, about 7-8 miles west of the downtown Kennewick area. From the intersection of Clearwater and Columbia Center Boulevard, development traveled north along Columbia Center Boulevard to U.S. Highway 240, about three miles north.

With exception of institutional redevelopment, i.e., Trios Women & Children's Hospital (formerly Kennewick General Hospital), City Hall and related agencies, and Kennewick High School, very little private development has taken place in recent years in the vicinity of the subject downtown area other than that completed by the Port of Kennewick in the Historic Waterfront District.

Trios Hospital filed bankruptcy several years ago and its assets were acquired by another hospital network. The old hospital still currently houses the Birthing Center, but a new Birthing Center is under construction at the new hospital site at a cost of \$24 Million. Once complete, the old hospital will close permanently, perhaps be sold to a new user. A plan is being considered that would convert the hospital into a rehab center for the Tri-Cities, as nothing currently exists for that specific use. A number of the smaller private physician's offices zoned for medical use only surrounding the former hospital were recently acquired, were re-zoned to permit professional office and retail use and are in process of re-development and are now being offered for sale.

The original Kennewick High School opened in 1951 is currently being replaced at a cost of \$110 Million with a new modern 2-story building containing 292,600 SF on a campus that will be open in time for the August 2021 start of the school year. The new building will include a science wing, dining commons and will connect to the existing gym and a remodeled auditorium. It is designed to hold up to 2,000 students.

Original commercial buildings in the Historic Downtown District have had some updating as tenants and ownerships have changed. For the most part, residential housing is now classed as entry level based on the income levels of the population in the neighborhood and average sale price, used either as rental housing by investors, or occupied by individuals and families at the entry income levels.

The City, the Port of Kennewick, individuals, business and property owners and volunteers work with the Historic Downtown Kennewick Partnership to achieve the shared vision for the downtown area with the goal to "create an inviting downtown by preserving historic buildings, encouraging more public art, building maintenance, and enhance the pedestrian safe and clean environment." Building on downtown Kennewick's reputation as one of the few "old" areas in the Tri-Cities, buildings are slowly being properly restored, preserving their historic relevance while achieving more useful functionality. Public art adds to the comfortable pedestrian friendly environment.

An emphasis is also being placed on improving the north/south linkages from Washington St to the "Historic Downtown CBD" to the subject "Historic Waterfront District" along E Columbia Drive, the centerpiece of the riverfront development to the neighborhood north of Columbia Drive (the northern boundary of the subject neighborhood) to take advantage of the proximity to the river. Clover Island is a small island in the Columbia River located between the Blue Bridge on the west and the Cable Bridge on the east, about 700' wide, and has a land area of about 16 acres; it anchors the Historic Waterfront District on the north end. Clover Island is home to the Yacht Club, a Lighthouse (the first built in the U.S. since 1962); a vintage 4-story hotel, the Cedars Restaurant, the Ice Harbor Brewing Company along with Port of Kennewick offices, and the U.S. Coast Guard armory. Currently roadway and sidewalk improvements are under construction along Washington Street between the two districts and are expected to be completed by the end of summer 2021.

Columbia Drive, formerly known as Avenue "C", is the main east-west arterial in the northern portion of the defined neighborhood, which also acts as the southern boundary of the Historic Waterfront District and the northern boundary of the industrial district. During the 1950s and 1960s, Columbia Drive was known as "Auto Row", the main location for both new and used Tri-City auto

dealers. Beginning in the mid-1970s, auto dealers sought newer neighborhoods, which included the Columbia Center area, Clearwater Avenue, the Highlands, and the Pasco Auto Mall. Since that time, Columbia Drive has experienced declining property values with little capital improvement made to existing properties. Today, the majority of buildings west of Washington St are occupied by used car retailers, parts dealers, and automotive repair facilities.

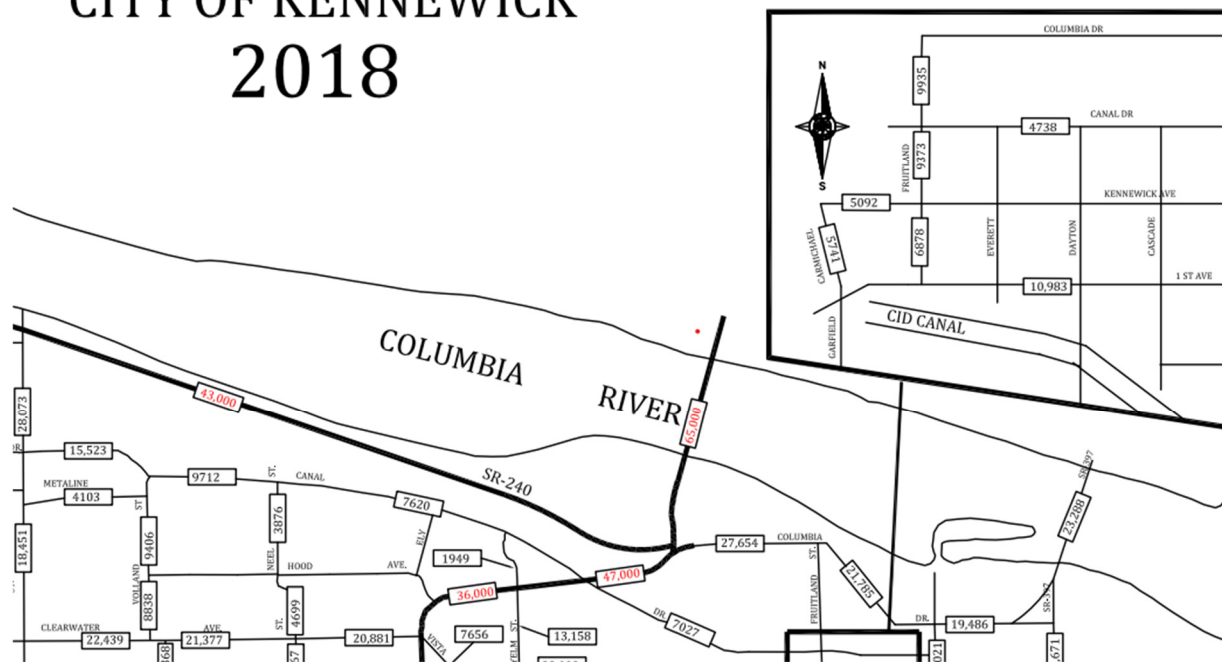
Situated on the north side of Columbia Drive, stretching east to west from the Blue Bridge on the west to the Cable Bridge on the east, and towards Clover Island and the Columbia River on the north, is an older residential neighborhood referred to as Columbia Gardens. The Port of Kennewick and the City are in the midst of the re-development of a joint project including completion of the first and second phases of The Columbia Gardens Urban Wine & Artisan Village, a wine oriented urban revival project between the Cable Bridge and Washington Street (the subject of this market study). This included the purchase of several vacant buildings and a mobile home park. The project is described as follows in a recent news release.

“Located on nearly six acres adjacent to Clover Island and the Columbia River in historic downtown Kennewick, the Port of Kennewick and City of Kennewick created the Columbia Gardens Urban Wine and Artisan Village to transform a long-neglected waterfront into a pedestrian-friendly regional waterfront gathering place.”

The city built a paved public walking trail, new sidewalks, accent lighting, decorative streetlights, a transit bus stop pullout and a new wastewater system to provide winery waste-water treatment for up to 50,000 cases per year. The port acquired the land, cleared the industrial buildings and built the first wine production and tasting rooms which are now home to several boutique production wineries with tasting rooms and patios overlooking the waterfront.”

In anticipation of the opening of the redevelopment, several of the older buildings located across from it on the south side of Columbia Drive were acquired, renovated and are now occupied or available for lease. For many years, remaining retail and office buildings along Columbia Drive have been at the low end of the market, experiencing rents on average from \$3.00 to \$7.00 per square foot. Most buildings are of a retail nature and constructed in the mid-1950s and early 1960s. Typical tenants include sales, service and repair of automotive, motorcycle, boat, recreational vehicles, etc. Tenants also include auto parts stores, tire stores, second-hand stores, carpet wholesalers, etc. Development along Columbia Drive remains and will likely continue to remain as affordable property.

The most recent traffic counts (2018) along W Columbia Drive indicate average daily trips of 19,486 between Washington Street and Fruitland Street (a slight decline from the 2016 count of 20,238 trips), increasing to 27,654 daily trips (compared to 25,271 vehicle trips in 2016) between Fruitland Street and State Route 395 to the west. Traffic counts have been fairly stable over the last ten years. The majority of this traffic is deemed commuter traffic, not retail or point of destination retail. Public transportation is available at intervals along West Columbia Drive, as well as North Washington Street.



About 21± acres, including a former 78-space mobile home park along with numerous older homes in need of attention in the northeast quadrant of Columbia Drive and U.S. Hwy. 395 was acquired in 2013 from the Jsernig family for about \$3.1 Million for new commercial re-development. It is one of the most visible properties in the Tri-Cities, with a traffic count of nearly 55,000 cars daily. Plans announced included a new hotel, retail and residential. The acquisition required the relocation of numerous residents, and it got a lot of media attention. Although the tenants were relocated, and the area has been cleared, development plans have never been finalized. The partnership, DH Land LLC, initially consisted of majority owner Steve West and minority owners Corey Bitton of Pasco and Jim Bullis of Kennewick. The most recent activity included a 2018 application to the City of Kennewick for a re-zoning of the portion of the property facing Columbia Drive to Urban Mixed Use. County records show that BW Land owns 22 parcels covering 30 mostly contiguous acres.

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Summarized in the charts below are those sales (first chart) and current listings (second chart) located in the neighborhood vicinity of the subject property.

Summary of Recent Improved Sales Activity
Downtown Kennewick, WA
Through June 30, 2021

	Sale #1	Sale #2	Sale #3	Sale #4	Sale #5	Sale #6	Sale #7
MLS Reference	#235283	#243578	#247740	#232159	#243580	#245698	#235620
Listing Date	01/21/2019	02/13/2020	07/17/2020	08/18/2018	01/31/2020	05/21/2020	01/15/2019
DOM	259	42	66	690	28	28	801
Name / Use	Former Used Car Dealer	Former Retail Shop	Former Columbia Christian	Former C-store	Former Furniture Showroom	Former Retail Whse	Former Mfg
Location	4 E Columbia Dr	116 W 1 st Ave	1607 W 1 st Ave	202 E Columbia Dr	605 N Gum St	1107 W Columbia Dr	10 E Bruneau
Land SF	22,215 SF	1,000 SF	32,765 SF	20,909 SF	23,086 SF	73,180 SF	316,700 SF
Building SF	5,128 SF	1,000 SF	2,805 SF	7,000 SF	8,000 SF	8,000 SF	126,000 SF
Year Built	1945	1950	1972	1950	1979	1995	1953
List Price \$	\$295,000	\$125,000	\$374,000	\$485,000	\$649,000	\$800,000	\$4,150,000
LP PSF Bldg	\$57	\$125	\$133	\$69	\$81	\$100	\$32.93
LP PSF Land	\$13.27	\$125	\$11.41	\$23	\$28.11	\$10.93	\$13.10
Sale Date	12/13/2019	04/17/2020	09/29/2020	04/06/2021	07/17/2020	08/31/2020	06/07/2021
Sale Price \$	\$250,000	\$105,000	\$350,000	\$420,000	\$595,000	\$800,000	\$2,715,000
Sale \$ PSF Bldg	\$48.75	\$105	\$125	\$60	\$74.37	\$100	\$21.54
Sale \$ PSF Land	\$11.25	\$105	\$10.68	\$20.00	\$25.77	\$10.93	\$8.57

Summary of Recent Listing Activity
Downtown Kennewick, WA
As of June 30, 2021

	Listing #1	Listing #2	Listing #3	Listing #4	Listing #5	Listing #6	Listing #7
MLS Reference	#254778	#239702	#247148	#254591	#249000	#249198	#254539
Listing Date	07/02/2021	08/12/2019	07/18/2020	06/24/2021	09/28/2020	10/03/2020	06/22/2021
DOM	10	702	361	20	287	284	22
Name	RFP Plastics	Former Bank Branch	Former Used Car Dealer	Former Carmine's Restaurant	Office Bldg Reno	Retail Building	Pallis Pool & Patio
Location	908 W Canal Dr	2 E Kennewick Ave	229 M Benton St	525 W 1 st Ave	1611 W Kennewick Ave	704 W Columbia Dr / 711 N Garfield	201 N Fruitland
Land SF	17,424 SF	16,117 SF	10,323 SF	6,970 SF	18,730 SF	11,325 SF	66,211 SF
Building SF	2,400 SF	2,144 SF	1,956 SF	2,083 SF	2,508 SF	2,400 SF	2,880 SF
Year Built	1000 SF SFR	2002 / 1930	1985	1950	1977/2020	1945	1955
List Price \$	\$375,000	\$324,900	\$385,000	\$389,900	\$399,000	\$425,000	\$750,000
LP PSF Bldg	\$110	\$151	\$197	\$187	\$159	\$178	\$260
LP PSF Land	\$21.52	\$20.15	\$37.29	\$55.94	\$21.30	\$37.52	\$11.32
Status	Pending	Active	Active	Active	Active	Active	Pending

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Demographic Analysis

The following demographic characteristics of the area surrounding the subject is summarized as follows:

DEMOGRAPHIC ANALYSIS – 500 E Columbia Dr, Kennewick				
1 Mile Radius				
	2000	2010	2020	2025
Population	5,258	5,589	6,008	6,261
Housing Units	2,162	2,130	2,255	2,336
Median HH Income			\$38,691	\$42,559
3 Mile Radius				
	2000	2010	2020	2025
Population	65,289	75,027	82,932	87,784
Housing Units	23,762	25,544	27,583	29,063
Median HH Income			\$48,462	\$51,145

Source: ESRI

The density of the population within a 1- and 3-mile radius supports the predominance of densely populated residential neighborhoods observed surrounding the subject's immediate neighborhood. The population has remained mostly stable since 2000, growing less than 200 housing units during that time in the 1-mile radius, and less than 2,000 housing units in the 3-mile radius.



Median income in the 1-mile ring surrounding the subject is \$38,691 and within a 3-mile range is \$42,559. These falls significantly below the median income of Benton County. The 2020 projected median income for Benton County is \$75,233 and \$69,072 for Franklin County, both below the State of Washington of average \$81,686 estimate. The demographic data indicates that within a one-mile radius, 60.5% of the housing units are renter occupied. Within a three-mile radius, 39.5% are renter occupied, increasing to 43.2% in the one-mile radius. The data suggests a significant number of rental units in the immediate neighborhood and that the median income ranges are at the low end of the entry level.

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There is some gentrification and new development occurring in the older neighborhoods on infill sites. The current housing shortage has created a boom in buying vintage housing and fixing them up. There are also several smaller infill new home subdivision projects being constructed.

Name	Location	Price Range	Type	Comments
Cedar Village Townhomes	SEC E 10 th Ave and S Cedar St	\$225,000-250,000±	52-lot Semi-Detached TH Development entry level	Two phases began 2019; 2021 completion
Beverly Meadows	S/S 15 th Ave between S Cedar St and S Gum St	\$300,000	60-lot Detached SFR entry level	Two phases began 2016; 2018 completion
TBD	2109 S Washington St	TBD	Proposed 18-Lot detached SFR subdivision	Plan submitted to COK for approval Recently
TBD	N/S E 27 th Ave	TBD	Reportedly 40-lot subdivision	acquired 10.18 AC for subdivision Recently
TBD	SWC E 19 th Ave and S Gum St	TBD	Reportedly 40-lot subdivision	acquired 9.43 AC for subdivision
Short Plat #3585	S/S E 27 th Ave, West of Gum	\$450,000 to \$500,000	4-lot subdivision (1-ac avg)	Completed in 2020
Towers Estates	W/S Gum St, south of E 31 st Ct	\$325,000 to \$400,000	14-lot subdivision (8,500 SF avg)	Completed in 2020
Highlandview Heights	N/S E 36 th Ave east of S Gum St	\$350,000 to \$450,000	45-lot subdivision	Completed in 2021
Lauria Meadows	W/S Vancouver north of 27 th	\$350,000 to \$400,000	53-lot subdivision	Completed in 2020-21
Vancouver Meadows	W/S Vancouver north of 27 th	\$300,000 to \$400,000	19-lot subdivision	Completed in 2020
Short Plat #3624	SWC S Olympia and W 36 th Ave	\$350,000 to \$400,000	7-lot subdivision	Completed in 2020

There are a few other higher end subdivisions further south of 27th Ave that were not included here such as Inspiration Estates and Sunrise Estates which is selling homes in the \$600,000 range.

All utilities are available to the subject neighborhood. They include city water, sewer, underground electrical (provided by Benton County PUD). The HUD identified flood zone does not appear to include the subject property.

Summary

The prognosis for the subject's general neighborhood along Columbia Drive is continued stability to upward trend with the Port of Kennewick's and the City of Kennewick's long-term investment in the area. A study of the neighborhood and the trend of development did not indicate any adverse conditions or projects planned for the neighborhood that would negatively impact the subject's market value or marketability. Overall stability and desirability of the neighborhood is considered fair compared to other markets in the Tri-Cities due to the near proximity of the light industrial and entry level residential neighborhoods north of Columbia Dr.

Major and community arterials are in average to good condition, having been recently re-surfaced. The neighborhood does not appear to experience any adverse conditions from environmental factors, such as noise, air pollution, or other potential adversities affecting market value of the subject property.

The neighborhood has shown only modest growth throughout the 1990's and there are only rare undeveloped parcels in the neighborhoods. Traffic patterns are well established on the major arterials. No adverse conditions arising from the neighborhood were noted. The area should remain a viable community for many years to come. Given the history of the neighborhood and the lack of growth trends noted in the area analysis, it is our opinion the outlook for the neighborhood is for limited growth in the near term paralleling the nation and metropolitan economies.

Conclusion

Neighborhood inspection did not reveal adverse conditions resulting from existing streets, signalization or future planned projects that would negatively impact the subject's market value or marketability. The neighborhood is served by all city utilities and the Ben Franklin bus system. This neighborhood is positioned for potential growth.

The only question remaining is market acceptance for the Port's and City's efforts at redevelopment.

IV. Market Study & Analysis - DEMAND

Market Trends Analysis - General Updated Quarterly, Most Recent Update Q2 (June) 2021

Introduction

Assisting with estimating the highest and best use of real property, a study of general market characteristics and trends was conducted for the Tri-City market in which the subject competes.

Major market segments (i.e., office, retail, industrial, residential) generally move through cycles, although segments do not typically move in lockstep with one another. Since there are no major real estate brokerage or other companies that provide this service, it becomes incumbent on the analyst to do primary research to remain abreast of changes occurring in the market as they occur, especially when a change in zoning to an alternative use is being explored.

Emerging Trends in Real Estate® 2021

A publication from:



No projection of future trends can be done without reference to the impact of Covid-19 during the most recent year. Emerging Trends in Real Estate for 2021 published by PWC / ULI Real Estate Investor Survey indicates that “(T)he eruption and rapid spread of COVID-19 in early 2020 and continuing through October 2020 and assuredly beyond was one of the most drastic shocks that the vast majority of the globe will ever live through. More so than any

other catastrophe or world war, the novel coronavirus affected and continues to affect virtually every person in every country in the world. With a global infected population close to 35 million and a death count exceeding 1 million as of early October, the magnitude of suffering is immense...the COVID-19 pandemic appears poised to affect almost all aspects of our lives, including the use of real estate, for many decades.” Some of this is due to some segments of real estate being singled out as potential spreading locations for the novel coronavirus and have been at times and in some states either shut down and/or have had restrictions imposed.

COVID-19's Impact on Key Trends

Accelerated by COVID-19	Stopped or slowed by COVID-19 (for now)
<ul style="list-style-type: none">• Work from home• Move to Sun Belt states• Suburban migration• Public open space• Retail sector transformation• Importance of redundant supply chains• Proptech shift to WFH and building safety• Municipal/state fiscal issues• Safety/health concerns in buildings• Affordable housing crisis• Concerns about racial equity• Federal deficit• Bikes and scooters	<ul style="list-style-type: none">• Appeal of CBDs/density• In-person conferences and meetings• Experiential retail• Leisure travel/tourism• Business travel• Mass transit use• Apartment amenity wars• Tourist-oriented retail• Live entertainment• University towns• Student housing• Global supply chains

Some of the biggest impacts of the COVID-19 pandemic are included in the list here. It is noteworthy that WFH (work from home) tops the list as this has been around for a number of years, but only on an experimental basis. This now seems to be fully embedded in our changing culture, primarily due to the availability of technology that has permitted companies and their staff to adapt. “...The forced shutdown of many offices due to COVID-19 has dramatically changed views about pros and cons of working from home or some other remote location. The extensive use of Zoom, WebEx, and other online meeting

platforms has shown that many office-using businesses can communicate effectively and be productive in a virtual environment”.

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At this point in the cycle, it is premature to state definitively whether or how much of an impact on real estate the virus has had in the Tri-Cities market. In fact, each segment must be looked at individually, i.e., residential (for sale and for rent), office, retail, industrial and special purpose. A search was conducted in the local MLS for the number and value of closed real estate transaction activity in the office, retail and industrial sector for the period January through June, 2020 and again for the same period in 2021 to get a feel for any major shifts. The data is summarized in the following table.

Summary of Commercial Transaction Activity Tri-Cities, Washington For the 1-Year Period, 07/01/2020 to 06/30/2021				
Element	Office	Retail	Industrial	Combined
# Transactions	21	12	9	42
List Price High	\$ 4,595,000	\$ 1,600,000	\$ 4,150,000	\$ 10,345,000
Sold Price High	\$ 4,550,000	\$ 1,475,000	\$ 2,715,000	\$ 8,740,000
List Price Low	\$ 99,000	\$ 280,000	\$ 215,000	\$ 594,000
Sold Price Low	\$ 83,000	\$ 280,000	\$ 165,000	\$ 528,000
List Price Avg	\$ 962,876	\$ 627,991	\$ 1,289,208	\$ 2,880,075
Sold Price Avg	\$ 910,435	\$ 582,916	\$ 1,050,555	\$ 2,543,906
List Price Median	\$ 435,000	\$ 516,500	\$ 1,093,873	\$ 2,045,373
Sold Price Median	\$ 415,000	\$ 496,500	\$ 925,000	\$ 1,836,500
Total List Price	\$ 20,220,400	\$ 7,535,900	\$ 11,602,873	\$ 39,359,173
Total Sold Price	\$ 19,119,141	\$ 6,995,000	\$ 9,455,000	\$ 35,569,141

Summary of Commercial Transaction Activity Tri-Cities, Washington For the 1-Year Period, 07/01/2019 to 06/30/2020				
Element	Office	Retail	Industrial	Combined
# Transactions	19	14	4	37
List Price High	\$ 3,500,000	\$ 4,695,000	\$ 1,600,000	\$ 9,795,000
Sold Price High	\$ 3,300,000	\$ 4,275,000	\$ 1,600,000	\$ 9,175,000
List Price Low	\$ 169,500	\$ 125,000	\$ 739,900	\$ 1,034,400
Sold Price Low	\$ 100,000	\$ 105,000	\$ 775,000	\$ 980,000
List Price Avg	\$ 1,262,604	\$ 1,121,642	\$ 984,725	\$ 3,368,971
Sold Price Avg	\$ 1,180,774	\$ 1,035,928	\$ 1,031,250	\$ 3,247,952
List Price Median	\$ 850,000	\$ 572,000	\$ 799,500	\$ 2,221,500
Sold Price Median	\$ 865,000	\$ 535,000	\$ 875,000	\$ 2,275,000
Total List Price	\$ 23,989,490	\$ 15,703,000	\$ 3,938,900	\$ 43,631,390
Total Sold Price	\$ 22,434,715	\$ 14,503,000	\$ 4,125,000	\$ 41,062,715

In reviewing the data, there were 37 total transactions in the one-year period ending June 30, 2020, with a combined transaction value of \$41,062,715. For the same period ending June 30, 2021, the total number of transactions increased to 42 while the total dollar volume of activity declined somewhat to \$35,569,141. Thus, drawing any specific conclusions about the impact of the Covid 19 pandemic on the commercial real estate market is speculative at best.

DEMAND ANALYSIS

For purpose of this analysis, the first demographic researched was that of demand generators and existing supply of commercial and residential development in response to demand for the majority of the Tri-Cities market of Pasco, Kennewick and Richland. Those trends are then compared with the subject neighborhood.

Demand Generator - Changes in the Population Base

A summary of current market trends for different market segments of the Tri-Cities is found in the pages to follow, including commercial (office and retail), industrial, and residential, both single and multi-family.

Demand for real estate in general is created by changes in the population and the labor force in the study area. Employment generated in the Tri-Cities in general is greatly affected by primarily three factors:

1. The first factor is the demand generated through the U.S. Department of Energy (DOE)

and related contractors including Pacific Northwest National Laboratory (PNNL) and others in connection with research and clean-up associated with the Manhattan Project at the Hanford Site. The Hanford Site is the location of the first plutonium production in the United States for the production of the atomic bomb. Any other Hanford site contractor can create demand for additional office buildings and services catering to the employees. Forecasting this demand is difficult, if not impossible, at best because of the volatility of the DOE's annual budgeting and funding through Congress. This budget has been stable for several years; in fact, it was announced in December 2019 that a new contract had been awarded by the US DOE in the amount of \$4 Billion to Hanford Mission Integration Solutions of Richland, WA to replace the expiring contract of Mission Support Alliance owned by the same firm. And while, more recently, the recent White House Budget submitted to Congress for approval made significant cuts in the budget, the final budget was actually higher than the previous year.

2. Second, increasing demand is evident as a result of the expanding agricultural activities in the region. The Tri-Cities enjoys one of the longest growing seasons anywhere in the United States. This is coupled with a high desert climate (10" or less of annual rainfall) which is ideal for growing many agricultural crops. But the pièce de résistance is the fact that the Columbia Basin Project (CBP) in Central Washington is the irrigation and hydroelectric network that the Grand Coulee Dam (completed in 1942) makes possible. It is the largest water reclamation project in the United States, supplying irrigation water to over 670,000 acres of the 1,100,000-acre project area. Water pumped from the Columbia River is carried over 331 miles of main canals, stored in a number of reservoirs, then fed into the 1,339 miles of lateral irrigation canals. Currently it is estimated that about 3.0 million acre-feet or 2.3% of the average river flow, is diverted into the CBP. Its hydroelectric capacity provided the electric demanded by the Hanford nuclear reservation during World War II. Washington leads the nation in production of raspberries, hops, spearmint, peas, apples, grapes and sweet cherries. It is the #2 producer of potatoes and #5 in wheat. It is also the second-largest producer of premium wine in the country with a number of designated viticulture areas.
3. The area is seeing widespread in migration from residents of California, Oregon and Idaho and especially from Seattle and Portland as remote working employees look for more affordable housing and cost of living as well as a more desirable place to live.
4. Finally, increasing demand is evident as the number of retirees attracted to the area relocate. The baby boomer generation has begun this process and is looking for an affordable place to retire with a good climate, good amenities and good quality regional medical care. The Tri-Cities offers these options.

The total metropolitan area population grew from 191,822 to 253,340 between 2000 and 2010, an increase of 30%, or 3% per year based on the 2010 census. As reported in the Regional Trends section of this report, recent population growth statistics can be summarized as follows:

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Population Trends for the Tri-Cities, WA MSA												
Area	2010	2011*	2012*	2013*	2014*	2015*	2016*	2017*	2018*	2019*	2020	2021*
MSA	253,340	258,400	262,500	268,200	273,100	275,740	279,170	283,830	289,960	296,480	302,460	308,800
Benton County	175,177	177,900	180,000	183,400	186,500	188,590	190,500	193,500	197,420	201,800	205,700	209,300
Kennewick	73,917	74,665	75,160	76,410	77,700	78,290	79,120	80,280	81,850	83,670	84,960	85,940
Richland	48,058	49,090	49,890	51,150	52,090	53,080	53,410	54,150	55,320	56,850	58,550	59,570
West Richland	11,811	12,200	12,570	13,080	13,620	13,960	14,340	14,660	15,320	15,340	15,710	16,710
Franklin County	78,163	80,500	82,500	84,800	86,600	87,150	88,670	90,330	92,540	94,680	96,760	99,500
Pasco	59,781	61,000	62,670	65,600	67,770	68,240	70,560	71,680	73,590	75,290	77,100	79,580
Source: WA State Office of Financial Management, April 1, 2021 Used for Allocation of Selected State Revenue												
*Based on Estimates from 2010 US Census as determined in April every year												

Based on a review of this data, it is clear that the Tri-Cities region is growing steadily. The City of Pasco segment of the Tri-Cities is actually the third fastest growing city in the state, and the airport is the 8th busiest small airport in the country (pre-covid). The nine-year growth rate projections between 2010 and 2019 is 17.02%, or 2% annually. While the percentage may be declining, the absolute numbers are not that different as the numbers grow larger. For the first time, the Tri-Cities crossed the 300,000-person benchmark, a threshold which allows a number of national companies to begin looking to this market. Several national companies have already announced plans to seek space here.

Demand Summary – Population Trends: It is calculated that 35,700 persons were added during the 8-year study period (2014 to 2021), or an average of 4,462 persons per year. According to statistics reviewed from ESRI for the 2-county area, the average household size is 2.85 persons, indicating that demand was approximately 12,526 new housing units that would be required to accommodate the growth. Owner occupied housing makes up 65% of the total requirement (8,142 homes) and renters make up the remainder (4,384 apartments).

Demand Generator – Changes in Employment

As previously indicated, the labor force of the Tri-Cities area is comprised of agricultural, service and Hanford related industries. The Washington State Office of Employment Security publishes labor force statistics for the Benton County and Franklin County areas. A review of the statistics shows the fluctuation of the annual average resident civilian labor force and employment levels in the Benton and Franklin Counties for years 2016 through December 2020, the most recent 5-year data available. The average annual unemployment rates, which averaged about 7.7% during 2016, were averaging 6.6%, a rate which will dip during the spring and summer months until harvest, before rising slightly again. The rate for 2020 was 6.9% (during the pandemic), not much different, even though the labor force was significantly larger than in 2016/2017 but a decline from 2018/2019 due to the pandemic. At the current time (June 2021) the rate is 5%, up from 4.9% in May 2021.

Demand Summary – Employment Trends: Given the historical growth in the number of employed persons in the Tri-Cities area coupled with the reduction in the unemployment rate, it is reasonable to assume that employment growth will continue, yet at a somewhat slower rate than in the past once the pandemic has passed.

Demand Generators - Tri-Cities Market for Retail Trends

Annual retail sales are shown in the accompanying table for both Benton and Franklin counties as

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well as the respective major cities.

Over the five-year period from 2015-2019, the average annual growth in retail sales in Kennewick's average annual growth was 4.18%, which is slightly higher from the earlier period. Richland has continued to grow in sales from a lower total in 2015, to a rise of 6.99%/yr for the last five years. Pasco's retail sales incurred a marked decrease in 2010, but sales increased 40.85% over the last five years, an astonishing 7.31%, although the majority of that growth occurred in the City of Pasco.

Demand Summary – Retail Sales Trends

Retail trends show strong increases, a trend which could be expected to continue for the foreseeable future. However, with the advent of online shopping, and the damage it is doing to bricks and mortar stores, caution is necessary in projecting future sales.

TAXABLE RETAIL SALES

(000)

Benton & Franklin Counties, WA

Year	Benton County	Kennewick	Richland	Franklin County	Pasco
2005	\$2,226,436	\$1,277,295	\$686,414	\$862,138	\$781,597
2006	\$2,303,245	\$1,303,810	\$748,888	\$929,718	\$811,293
2007	\$2,574,398	\$1,432,031	\$811,768	\$1,057,004	\$856,422
2008	\$2,601,911	\$1,442,198	\$802,685	\$1,052,102	\$877,529
2009	\$1,918,416	\$1,445,410	\$812,779	\$1,038,744	\$884,080
2010	\$2,731,890	\$1,478,874	\$873,190	\$964,585	\$825,267
2011	\$2,959,959	\$1,558,341	\$954,851	\$1,007,226	\$839,174
2012	\$2,937,656	\$1,634,408	\$903,715	\$1,037,096	\$861,063
2013	\$3,189,855	\$1,723,129	\$989,622	\$1,110,257	\$933,301
2014	\$3,284,582	\$1,768,985	\$1,041,224	\$1,196,017	\$1,016,795
2015	\$3,612,773	\$1,930,747	\$1,129,471	\$1,315,962	\$1,125,061
2016	\$3,789,869	\$2,002,185	\$1,207,961	\$1,428,477	\$1,250,472
2017	\$3,905,643	\$2,024,430	\$1,259,515	\$1,534,638	\$1,333,597
2018	\$4,166,740	\$2,185,588	\$1,329,492	\$1,655,850	\$1,432,202
2019	\$4,633,618	\$2,334,519	\$1,523,948	\$1,765,835	\$1,536,180
2020	\$4,674,787	\$2,344,190	\$1,479,476	\$1,956,401	\$1,687,498
Year Over Year %	0.88%	0.41%	-3.01%	9.74%	8.97%
5-Yr Avg Growth	18.93%	14.59%	18.35%	26.98%	25.90%
	3.79%	2.92%	3.67%	5.40%	5.18%

<https://dor.wa.gov/about/statistics-reports/quarterly-business-reviews>

Quarter 1/2021 data delayed due to pandemic; last checked 07/15/2021

SUMMARY – Market Demand

It is clear that the population, employment and retail sales trends are all growing at a strong and steady pace. This trend is expected to continue well into the foreseeable future barring any unforeseen events at the national, regional and local level that would have an adverse impact on the Tri-Cities. These are positive characteristics that bode well for development. Even in 2020, year of COVID, all reporting municipalities showed positive growth, and the 5-year growth rate ranged from a low of just under 3% per year to a high of 5.4% per year.

SUPPLY ANALYSIS

SUPPLY - Introduction

Commercial space development (office and retail) in the Tri-Cities occurs somewhat different from larger metropolitan areas for the following reasons:

- First, the line between pure office and retail users is often blurred in the Tri-Cities with many office users electing to go into more visible retail spaces, primarily because the cost and rental structures are not very different. Thus, the office segment could be under counted, but probably not to a great degree. And even if undercounted in the office segment, it is accounted for in the retail segment.
- Secondly, a large portion of the newly completed commercial space was developed for a specific owner/user rather than an investor for lease to tenants. Some owners build something larger than they need and either expect to grow into the space at some point while leasing it in the interim; others expect the rental received from excess space will assist with the mortgage payment and generate profit in the form of appreciation at the end of the investment.
- Thirdly, there is a blurring of uses within buildings. For example, an owner may elect to build a home for its business that includes office space, retail showroom space and manufacturing/assembly/warehouse space in varying degrees. While the space suits the owner to a “T”, when the time comes to sell, it is possible that the Owner’s configuration has limited appeal in the overall market. We see the same phenomenon in custom home construction frequently.
- And last, the majority of new construction occurs in suburban sectors of the market rather than urban.

The following pages summarize the total combined as well as individual market segments.

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New Construction Summary (Square Feet)
 Tri-Cities, Washington
 For the Period January 2014 to June 30, 2021

	Kennewick	Pasco	Richland	Combined	
Office	359,592	137,269	185,794	682,655	
Retail	353,648	330,684	340,953	1,025,285	
Industrial	322,581	2,068,389	1,141,315	3,532,285	
Apartments	389,166	0	1,143,507	1,532,673	
Hotels	206,201	160,804	271,093	638,098	
Self Storage	217,926	300,082	78,930	596,938	
Civic/Healthcare	1,110,505	596,711	874,951	2,582,167	
Sub-Total Complete	2,959,619	3,593,939	4,036,543	10,590,101	
One Year Ago	2,894,645	3,571,727	3760,506	10,226,878	
Office	112,175	55,281	0	167,456	
Retail	43,980	25,243	47,522	116,745	
Industrial	24,000	215,116	308,324	547,440	
Apartments	660,293	108,648	623,220	1,392,161	
Hotels	0	0	0	0	
Self Storage	246,602	127,647	20,000	394,249	
Civic/Healthcare	485,313	110,000	170,500	765,813	
Sub-Total U/C or Planned	1,572,363	641,935	1,169,566	3,383,864	
One Year Ago	1,406,829	223,795	1,042,772	2,673,396	
Office	471,767	192,550	185,794	850,111	6.1%
Retail	397,628	355,927	388,475	1,142,030	8.2%
Industrial	346,581	2,283,505	1,449,639	4,079,725	29.2%
Apartments	1,049,459	108,648	1,766,727	2,924,834	20.9%
Hotels	206,201	160,804	271,093	638,098	4.6%
Self Storage	464,528	427,729	98,930	991,187	7.1%
Civic/Healthcare	1,595,818	706,711	1,045,451	3,347,980	24.0%
Sub-Total U/C or Planned	4,531,982	4,235,874	5,206,109	13,973,965	100.0%
One Year Ago	4,301,474	3,795,522	4,803,278	12,900,274	
	32.4%	30.3%	37.3%	100.0%	

Figures in red reflect the totals of this annual summary from one year ago. It is clear that the amount of new construction has continued unabated, as the current total of all completed and under construction projects reflects a 6.7% increase over the prior 2020 combined total.

Market Study

Office (Professional and Medical) Segment Supply

A. Market Study – Office (Professional and Medical) Segment Supply

Introduction - Existing Development / Standing Inventory

Unfortunately, given the small size of this market, there are no statistics available from any source which give any indication of the total existing supply of space in this market to use as a baseline. As a result, no statistical data is available on the total supply of space, occupancy, rent levels or absorption. Further, no office development is contemplated for the Historic Waterfront District. Nonetheless, to give a rounded picture of all development going on in the Tri-Cities, this segment has been studied.

New Development

In order to document this portion of the study, a survey was conducted of all new **OFFICE** buildings completed from 2014 to June 2021, a period of 7.5 years, both professional office building (POB) and medical office building (MOB) space. This survey covered the entire Tri-Cities metropolitan area including the Cities of Kennewick and Richland in Benton County and the City of Pasco in Franklin County. Data for the survey was compiled from our proprietary database, public sources such as the local Journal of Business and Tri-City Herald as well as from the public records of the city planning and county assessor's offices. Each new entry was confirmed as to size (gross building square footage) and year of completion with the Assessor's records and then assigned a neighborhood designation to determine where the growth was occurring. Data was surveyed for both professional office and medical office space and included both owner/user space as well as lease space. The results are summarized in the *Table 4.1* accompanying this section.

There has been NO new professional or medical office space constructed in the subject neighborhood in more than a decade which could be indicative of a lack of demand for office space here, but more likely reflects the lack of land available for development.

The City of Kennewick benefits from the combined draws of the Columbia Center Mall and Vista Field neighborhoods, where about 31% of all new office space was developed in the last 7.5 years; that amount is greater in volume than the total space developed in either Richland or Pasco. This is a trend that is expected to continue until all land in that segment is absorbed. A total of 65 projects were researched that were complete or under construction, and the average size was just about 13,079 SF per project. When the total space developed was divided by 7.5 years, an average of about 91,021 SF of space was delivered to the market each year during the study period, although there were certainly ups and downs over the years.

Occupancy Levels

As previously discussed, the majority of new space was constructed by owners for their own use, with only about 27% of the space developed in the last 7.5 years put into the market for lease. We surveyed those newer spaces and found that most new space leased up readily. Current office listings in the local Tri-Cities Association of Realtors PACMLS show that there are currently 14 active listings as summarized in *Table 4.2* here. The Washington State Commercial Broker's Association (CBA) MLS was also surveyed and a few of the listings were repeated there.

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Table 4.1
Summary of Office Construction in the Tri-Cities (Square Feet)
For the Period January 2014 to June 30, 2021

Location		# Projects	Complete	# Projects	UC / Planned	# Projects	Combined	%
Kennewick	Central	3	47,340	1	6,400	4	53,740	6.3%
"	East	1	13,489	0	-	1	13,489	1.6%
"	Gage Blvd	7	64,455	0	-	7	64,455	7.6%
"	Hwy 395 S	9	70,507	2	23,000	11	93,507	11.0%
"	Vista / CC Mall	13	137,154	2	61,000	15	198,154	23.3%
"	W Clrwtr	4	26,647	1	21,775	5	48,422	5.7%
"	Sub-Total	37	359,592	6	112,175	43	471,767	55.5%
Richland	Central	5	62,347	0	-	5	62,347	7.3%
"	South	5	106,681	0	-	5	106,681	12.5%
"	Queensgate	1	8,426	0	-	1	8,426	1.0%
"	West	1	8,340	0	-	1	8,340	1.0%
"	Sub-Total	12	185,794	0	-	12	185,794	21.9%
Pasco	West	7	137,269	3	55,281	10	192,550	22.6%
	Sub-Total	7	137,269	3	55,281	10	192,550	22.6%
Combined	Grand Total	56	682,655	9	167,456	65	850,111	100.0%

One Year Ago 56 682,655 4 16,850 59 750,055

Avg SF 12,190 Avg 18,606 Avg 13,079

Avg/Yr 91,021

Table 4.2
Inventory of New Office Space Available Constructed since 2014
As of June 30, 2021

MLS #	CBA #	Status	Asset Class	County	Address	City	Year Built	SF Avail	List \$ PSF	\$/Yr	\$/Mo
235508	608699	ACT	Office	Benton	1363 Columbia Park Trail	Richland	2018	5,314	\$20	\$106,280	\$8,857
251609	636018	ACT	Office	Benton	30 N Louisiana	Kennewick	U/C	20000	\$20	\$400,000	\$33,333
233838	627889	ACT	Office	Benton	3200 Duportail - Suite 3	Richland	2019	1,351	\$24	\$32,424	\$2,702
233839	627890	ACT	Office	Benton	3200 Duportail - Suite 4/5/6	Richland	2019	4,213	\$24	\$101,112	\$8,426
248945	585361	ACT	Office	Benton	5401 Ridgeline Drive	Kennewick	2017	8,000	\$20	\$160,000	\$13,333
231009		ACT	Office	Benton	5453 Ridgeline Drive, Ste 160	Kennewick	2015	1,103	\$20	\$22,060	\$1,838
218829	593855	ACT	Office	Franklin	5804 Road 90	Pasco	2017	6,000	\$20	\$120,000	\$10,000
251260		ACT	Office	Benton	585 Stevens Drive Suite 589	Richland	2018	1,680	\$18	\$30,240	\$2,520
251380		ACT	Office	Benton	595 Stevens	Richland	2018	1,100	\$18	\$19,800	\$1,650
231322	600173	ACT	Office	Benton	8101 W Grandridge Boulevard	Kennewick	2019	3,835	\$25	\$95,875	\$7,990
212381		ACT	Office	Benton	8901 W Tucannon Ave	Kennewick	2016	2,500	\$19	\$47,500	\$3,958
	620113	ACT	Office	Franklin	9425 Sandifur Pkwy	Pasco	2020	1,477	\$21	\$31,017	\$2,585
251775		ACT	Office	Benton	9501 W Clearwater Ave.	Kennewick	2018	3,500	\$21	\$73,500	\$6,125
	637306	ACT	Office	Benton	10379 W Clearwater	Kennewick	2019	1,700	\$18	\$30,600	\$2,550
252626		ACT	Office	Benton	TBD Paradise Way	West Richland	2021	2,000	\$26	\$52,000	\$4,333
								63,773	\$20.74	\$1,322,408	\$110,201
								One Year Ago	51,499	\$19.05	

There has been a slight uptick in the amount of newer space available for lease, but a similar uptick in the list price as well.

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New Projects

Shown here and in the following pages in no particular order are photographs and some details of the larger projects constructed during the timeframe studied for tenant occupancy rather than for owner occupancy, although some projects are in fact a blend of both.

	Type Name Address City Neighborhood Tax ID Owner GBA Year Built Land Size (SF) Land / Bldg % Major Tenant Comments	POB Union Park I 4504 W 26 th Kennewick U.S. Hwy 395 S 109894012836004 SGC Development 10,276 2015 38,332 3.73 Details; Gretl Crawford Union Park; two buildings quasi office/retail
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	Type Name Address City Neighborhood Tax ID Owner GBA Year Built Land Size (SF) Land / Bldg % Major Tenant Comments	POB Road 90 Office Bldg 5804 Road 90 Pasco West Pasco 115392022 Vitruvius 33,936 2017 131,116 3.86 N/A The largest building constructed during the study period
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	Type Name Address City Neighborhood Tax ID Owner GBA Year Built Land Size (SF) Land / Bldg % Major Tenant Comments	POB/MOB Wellness Center 7403 W Arrowhead Kennewick Mall / Vista '1299305000040035 Arrowhead Property Management 2,500 2017 21,780 8.7 Chiropractor Owned; rents out part The smallest building constructed during the study period
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MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA


	Type	POB
	Name	First American Title Bldg
	Address	8109 W Grandridge Blvd
	City	Kennewick
	Neighborhood	Mall / Vista
	Tax ID	131994013034005
	Owner	Olson Family Group LLC
	GBA	7,671
	Year Built	2019
	Land Size (SF)	86,684
	Land / Bldg %	11.3
	Major Tenant	First American Title, Churchill Mortgage
	Comments	Dual Tenancy; building was sold shortly after completion and occupancy

	Type	POB
	Name	Mustang Signs Building
	Address	10379 W Clearwater
	City	Kennewick
	Neighborhood	Clearwater West
	Tax ID	101883BP2877001
	Owner	W W Real Estate LLC
	GBA	11,000 SF
	Year Built	2019
	Land Size (SF)	65,340
	Land / Bldg %	5.94
	Major Tenant	Mustang Signs, Owner 6,000 SF;
	Comments	Rents out the remainder

	Type	MOB/POB
	Name	Smile Surfers Kid Dentistry; Tri-City
	Address	Orthodontics
	City	3200 Duportail
	Neighborhood	Richland
	Tax ID	Queensgate
	Owner	121982000002009
	GBA	In Slide Out, LLC
	Year Built	8,426
	Land Size (SF)	2019
	Land / Bldg %	69,696
	Major Tenant	8.27
	Comments	Owner Occupant 2 nd floor \$5.3M Cost; Multi-tenant (6 suites) on the ground level floor of the building

	Type	POB
	Name	Ticor Title Building
	Address	8101 W Grandridge
	City	Kennewick
	Neighborhood	Vista / Mall
	Tax ID	131994013034008
	Owner	GR 1, LLC (Tippett Co)
	GBA	19,600
	Year Built	2019
	Land Size (SF)	86,684
	Land / Bldg %	4.42
	Major Tenant	Ticor (6,047 SF) Title, Clifton (10,000 SF)
	Comments	Allen; 3,700 SF Available \$5.4M reported costs

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	Type Name Address City Neighborhood Tax ID Owner GBA Year Built Land Size (SF) Land / Bldg % Major Tenant Comments	POB Copiers NW 7035 W Clearwater Ave Kennewick Central 105892BP4711001 Base Properties IV, LLC 11,000 2018 29,185 2.65 Copiers NW, Owner BluZebra Technologies, Johnson & Johnson Law, other tenants; \$1.3M Cost
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	Type Name Address City Neighborhood Tax ID Owner GBA Year Built Land Size (SF) Land / Bldg % Major Tenant Comments	POB/Retail Southridge Office 5453 Ridgeline Dr Kennewick US Hwy 395 116893BP4450009 CIBB LLC 9,125 2016 41,627 4.56 Wildland Brandcraft, Knutzen Engineering, V Boutique, Copper Top Tap House, BlankSpace
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	Type Name Address City Neighborhood Tax ID Owner GBA Year Built Land Size (SF) Land / Bldg % Major Tenant Comments	POB/Retail 2459 S Union St 2459 S Union Pl Kennewick US Hwy 395 110893040000130 PIK Properties, LLC 9,285 2018 49,222 5.30 Europa, Canyon View Eye Care, Swift Therapy
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	Type Name Address City Neighborhood Tax ID Owner GBA Year Built Land Size (SF) Land / Bldg % Major Tenant Comments	POB/MOB Yakima Farm Workers Clinic 2555 Quillan Pl Kennewick US Hwy 395 110893BP4894001 Mighty Eighth LLC 3,944 2015 28,314 7.18 Developed by Harvey Insurance and sold Dual tenant building; sold to YFWC
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Historic Waterfront District, Kennewick, WA

	Type Name Address City Neighborhood Tax ID Owner GBA Year Built Land Size (SF) Land / Bldg % Major Tenant Comments	POB 4123 W 24 th Ave 4123 W 24 th Ave Kennewick U.S. Hwy 395 S 110893BP4485005 Loren Sharp 6,000 2015 43,560 7.26 Reliant was prior tenant Currently available for sale or lease
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	Type Name Address City Neighborhood Tax ID Owner GBA Year Built Land Size (SF) Land / Bldg % Major Tenant Comments	POB/MOB Southridge Office 5401 Ridgeline Dr Kennewick U. S. Hwy 395 S 116893BP4450010 CIBB LLC 8,000 2017 42,688 5.34 Rendering only; No picture of building available.
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	Type Name Address City Neighborhood Tax ID Owner GBA Year Built Land Size (SF) Land / Bldg % Major Tenant Comments	POB 4253 W 24 th Ave 4253 W 24 th Ave Kennewick US Hwy 395 110983BP4485001 Loren Sharp 6,496 2018 47,916 7.38 Currently for sale or for lease Developed at cost of \$1.3M incl. land
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	Type Name Address City Neighborhood Tax ID Owner GBA Year Built Land Size (SF) Land / Bldg % Major Tenant Comments	MOB Kennewick Dental 9501 W Clearwater Kennewick W Clearwater 101884000003000 Amon Hills LLC 7,500 2018 65,340 8.71 Kennewick Dental
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Historic Waterfront District, Kennewick, WA

	Type Name Address City Neighborhood Tax ID Owner GBA Year Built Land Size (SF) Land / Bldg % Major Tenant Comments	POB 8305 W Quinault 8305 W Quinault Kennewick Vista / Mall 131992013356002 Jubee Properties 8,876 2017 34,773 3.92 Almond Orthodontics
	Type Name Address City Neighborhood Tax ID Owner GBA Year Built Land Size (SF) Land / Bldg % Major Tenant Comments	MOB/POB Tri-Cities Endodontist 1363 Columbia Park Trail Richland Spaulding Bs Park 130991000006002 ADSG, LLC 19,507 (Incls 9,754 W/O Bsmt) 2018 89,734 52.78 Tri-Cities Endodontist No BC Tax ID available
	Type Name Address City Neighborhood Tax ID Owner GBA Year Built Land Size (SF) Land / Bldg % Major Tenant Comments	POB/MOB Prodigy Homes 2055 N Steptoe St Kennewick Vista / Mall 125984000012006 Wilkinson 3,591 2020 14,810 4.12 Prodigy Homes
	Type Name Address City Neighborhood Tax ID Owner GBA Year Built Land Size (SF) Land / Bldg % Major Tenant Comments	POB Two Cannon Condominiums 8901 W Tucannon Ave Kennewick Vista/Mall 131992000014001 WSIC 22,262 2016 125,453 5.64 Inland Medical Evaluations Individual condominium units for sale of various sizes and configurations

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	Type Name Address City Neighborhood Tax ID Owner GBA Year Built Land Size (SF) Land / Bldg % Major Tenant Comments	POB 8804 W Victoria 8804 W Victoria Kennewick Vista/Mall 130993012921001 Tight Line Ventures 4,000 2018 37,026 9.26 The Lash Studio, Moonshot Brewing
	Type Name Address City Neighborhood Tax ID Owner GBA Year Built Land Size (SF) Land / Bldg % Major Tenant Comments	POB 1618 Terminal Dr 1618 Terminal Dr Richland West Richland 103982013525002 HJBT Properties 3,696 2018 37,026 10.02 Gayle Rew Construction
	Type Name Address City Neighborhood Tax ID Owner GBA Year Built Land Size (SF) Land / Bldg % Major Tenant Comments	MOB Physical Therapy /Mid Columbia 2620 S Williams Pl Kennewick US Hwy 395 109894012836002 RKSC LLC 5,500 2016 42,688 7.76 Three Rivers PT Mid Columbia owns the building and leases the remainder

As reflected in Table 4.2, currently there is **63,773 SF** of space available and the listing rental rates range from \$14 to \$25 PSF, with a weighted average of **\$20.74/SF NNN**. Given that 682,655 SF of space completed over the last 7.5 years, this would equate to about a **9.3%** vacancy rate currently (slightly higher than last year's 7.5% vacancy rate in new space) as this space is leasing up which indicates likely average absorption. And it is worth remembering that some of these spaces are more traditionally considered retail locations. It is also noteworthy that this new space is often leasing at the expense of older space. There is currently 167,400 SF of space under construction in nine projects, which is about a 2.25-year supply at the current rate of absorption. Thus, there could be an overbuilt situation in the office market.

Rent Levels

Rental rates for those investment buildings (vs owner/user buildings which are not traditionally leased) were also reviewed, through both listings and actual lease transactions over the last 7.5 years. Competing projects in the market were surveyed and listing agents were interviewed for their recent lease rates and what the rental included as well as their current listings. Table 4.3

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illustrates a representative sample of the data researched. Data has been confirmed but specific data must remain confidential. Note the rising trend in the market in earlier transactions to the current time.

Table 4.3
New Office Space Constructed Between 2014 and 2021
Sample Recent Lease Summary

	#1	#2	#3	#4	#5	#6	#7	#8	#9	#10			
LA	S Howell	J Wade	T Sternfeld	S Howell	J Wade	J Wade	J Wade	DFrich	J Goffard	J Goffard	J Goffard	J Wade	H Huston
Type	POB	POB	POB	POB	POB	POB	POB	POBOB	POB	POB	POB	POB	POB
Neighborhood	West	West Richland	Gage Blvd	U.S. Hwy 395 S	Gage Blvd	Gage Blvd	Gage Blvd	U.S. Hwy 395 S	U.S. Hwy 395 S	U.S. Hwy 395 S	U.S. Hwy 395 S	West	Vista / Mall
City	Pasco	W Richland	Kennewick	Kennewick	Kennewick	Kennewick	Kennewick	Kennewick	Kennewick	Kennewick	Kennewick	Pasco	Richland
Year Built	2018	2018	2020	2018	2019	2019	2019	2017	2015	2015	2015	2017	2017
GBA	4,134	7,000	3,591	1,048	10,856	10,856	10,856	8000	10,276	10,276	10,276	33,936	2,500
Lease Begins	6/1/2021 signed; TTs	04/01/21	02/01/21	01/01/21	08/11/20	01/01/20	01/01/20	10/1/2020	07/01/20	07/01/20	06/29/20	05/01/20	11/01/19
Lease Expires	05/31/26	03/31/26	?	12/31/24	08/10/25	12/31/29	12/31/24	?	?	?	?	?	?
SF Leased/Avail	1,650	3,251	1,647	1,048	3,098	2,190	4,310	1964	1,500	1,500	1,500	1,500	1,404
Annual Rental	\$ 36,300	\$ 44,701	\$ 32,274	\$ 18,348	\$ 85,195	\$ 46,888	\$ 120,676	\$ 39,280				\$ 36,000	
List or Initial													
Rent PSF	\$ 22.00	\$ 13.75	\$ 19.60	\$ 17.51	\$ 27.50	\$ 21.41	\$ 28.00	\$ 20	\$ 17.00	\$ 17.00	\$ 17.40	\$ 24.00	\$ 14.50
Tenant NNNs	\$ 4.50	\$ 4.00		\$ 4.75	\$ 5.00	\$ 5.00		\$ 5.00	\$ 4.00	\$ 4.00	\$ 4.00	\$ 5.00	MG

	#11	#12	#13	#14	#15	#16	#17	#18	#19	#20	#21
LA	R Ellsworth	R Ellsworth	S Howell	K Shaffer	K Shaffer	G Stack	D Maldonado	D Maldonado	J Wade	S Howell	J Wade
Type	POB	POB	POB	POB	POB	POB	POB / MOB	POB / MOB	POB	POB	POB
Neighborhood	Vista / Mall	W Clearwater	Queensgate	Vista / Mall	Vista / Mall	Central	U.S. Hwy 395 S	U.S. Hwy 395 S	West	U.S. Hwy 395 S	West
City	Kennewick	Kennewick	Richland	Kennewick	Kennewick	Kennewick	Kennewick	Kennewick	Pasco	Kennewick	Pasco
Year Built	2019	2019	2019	2019	2019	2018	2016	2016	2017	2018	2017
GBA	7,671	11,000	8,426	19,600	19,600	11,000	9,125	9,125	33,936	?	33,936
Lease Begins	07/01/19	06/01/19	05/01/19	05/01/19	05/01/19	04/01/19	02/01/19	02/01/19	05/01/18	04/01/18	02/01/18
Lease Expires	??	??	11/30/25	??	??	?	?	?	?	?	?
SF Leased/Avail	2,004	5,632	2,862	9,600	6,000	1,960	1,184	1,103	2,120	1,048	2,920
Annual Rental	\$ 38,076		\$ 34,344						\$ 31,800		\$ 36,048
List or Initial											
Rent PSF	\$ 19.00	\$ 16.00	\$ 22.00	\$ 24.00	\$ 24.50	\$ 19.00	\$ 19.00	\$ 19.00	\$ 15.00	\$ 17.50	\$ 12.35
Tenant NNNs	\$ 5.00	Yes	\$ 5.00	\$ 5.82	\$ 5.82	Incl	Yes	\$ 5.00	\$ 4.50	\$ 4.50	??
Location	Columbia Center Mall	Clearwater Extension	Queensgate	Columbia Center Mall	Columbia Center Mall	W Clearwater	Southridge / Union & 27th	Southridge / Union & 27th	Southridge / Road 90	Southridge / Union & 27th	Road 90

In analyzing the office rental comparables, the **rent PSF** is generally considered to be most indicative unit of comparison of the appropriate rent levels for each of the respective projects. The above data provides a range of **\$12.35 to \$24.50 PSF NNN**.

Lease transactions can be written on a gross, modified gross or net lease basis, defined as follows:

1. **Gross or Full-Service lease** – Tenant pays a base rental rate; landlord pays all operating expenses including utilities (note, in-suite janitorial may be negotiated);
2. **Modified Gross Lease** – Tenant pays a base rental rate and separately metered or pro rata share of utilities; landlord pays all other operating expenses;
3. **Net Lease** – Tenant pays a base rental rate and utilities; AND then typically also reimburses the landlord a prorata share of (a) taxes, (b) insurance, and (c) repairs and maintenance, etc. The landlord typically only pays a management fee and funds a replacement reserve. Net leases could be further subdivided as follows:
 - a. **“N” or Single Net** – Tenant pays only one of the (a), (b) and (c) above.
 - b. **“NN” or Double Net** – Tenant pays two of the (a), (b) and (c) above.

c. **“NNN” or Triple Net** – Tenant pays all of the operating expenses.

Since an apples comparison must be made, net leases can be converted to an indication of a modified gross lease rental and vice versa through adding or subtracting the various expense elements before completing the comparison. Today, most new space is rented on a NNN basis, thus the cost of the NNNs must be added to the base rental rate to derive a true picture of the tenant’s cost.

It should be noted that the term “market rental” is influenced by many factors, including:

- the credit strength of the prospective tenant (risk), i.e., such as an established tenant vs. a new business (publicly rated companies vs. private could also play a role);
- Type of lease, i.e., renewals generally are favored by the landlord vs. a new tenant;
- Term of the lease, i.e., longer terms provide more stability for the landlord’s cash flow than short terms;
- Concessions paid by the landlord – such as free rent or an increase in the tenant finish;
- Expense Sharing, i.e., whether the tenant shares in landlord’s operating expenses (i.e., taxes, insurance, maintenance, and repairs) and utilities, etc.

New Tenant Finishes

New office building space rental rates are typically quoted as a base rental rate on an NNN basis and usually includes a certain tenant finish allowance. Different developers utilize different styles of leasing, for example one might quote space on a “cold grey shell” basis while others quote a “warm vanilla shell”, so it is important for a prospective tenant or analyst to understand what is included. Table 4.4 illustrates the major differences.

Development Costs

All developers and owners today are complaining about rapidly rising costs, which are creating havoc with planning new projects, even those in the midst of construction, where shortages of labor and materials result in rising costs in addition to the cost of land. The most prominent increase is in the lumber market, where increases have added \$16,000 to \$20,000 to the cost of a new home during the last 90 days. Most professional office buildings today are running in the neighborhood of \$225 to \$350 PSF to construct, including land. Medical office buildings are higher.

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Table 4.4
What is included in the Quoted Rental Rate??

Shell Type	Cold Grey	Warm Grey	Cold Vanilla	Warm Vanilla	TI Allowance
Floors	Unfinished Concrete (sometimes dirt)		Unfinished Concrete		Flooring finish selection
Walls	Bare Demising Stud Walls		Perimeter Demising Drywall		Paint Color Wall and Trim selection
Ceilings	Open to Roof Deck		2x4 acoustical tile in suspended grid or drywall		Included
Lighting	None		2x4 fluorescent fixtures		Included
Plumbing	None		2-fixture restroom, Minimum		Standard units, finishes selected
Electrical	None		Hooked up		Minimum required
Sprinkler	None		None		Negotiable
Water/Sewer	Connection Avail		Connection Avail		Connected
HVAC	No Unit or ductwork distribution	Unit but no ductwork distribution	No Unit or Ductwork distribution	Unit and Duct work	Included
Advantages	Allows more flexibility in design and custom finishes		Offers faster move-in with typical standard finishes		

Medical Office Building Inventory

Medical office building (MOB) space is generally considered a sub-set of professional office building (POB) space and is considered by most real estate professionals to be a special purpose type of property. This is due to the higher degree of interior partitioning, plumbing, electrical and higher quality of interior finishes that is usually associated with medical/dental office as compared to professional office. The expense of finish is often similar to that of a restaurant, which is another type of special purpose retail property. The value is inherently reliant on the supply and demand for this type of space compared with the supply and demand for professional office space.

MOB space is also generally considered owner/user space given the special purpose nature of the space when created. New space generally leases for a higher rental rate than POB space given the higher degree and quality of finishes typically found. If a tenant lease expires on 1st generation MOB space, it can be challenging to find another tenant that can use the space as it is and when vacated can take many months or years to release. Even when re-leased, the new tenant may require significant changes to the space.

Of the approximately 682,655 SF of new space completed, we estimate that approximately 125,000 to 150,000 SF or approximately 20% is MOB space and virtually all owner/user space. Demand for both types of space today appears to be fairly static as there is very limited inventory currently listed for sale or lease. As assets age, any initial differences in value between the two is often virtually indistinguishable.

Summary – Market Office Rental Rate Projection

In arriving at a market rental rate conclusion, the following parameters were set in surveying and researching the market.

<u>Item</u>	<u>Assumption</u>
Size of Space	1,000 to 2,500 sq. ft.
Term of Lease	Assume 36 to 60 Months
Type of Space	POB/MOB
Condition of Space	New; Leased on a warm “vanilla shell” basis; LL builds out
Condition of Space	New, Class A POB (MOB transactions were also surveyed)
Type of Lease	NNN Lease <ul style="list-style-type: none">• Tenant Pays Base Rent, in-suite janitorial, separately metered utilities; and its prorata share other expenses of building ownership
Annual Escalations	2.5%
Effective Date	3 rd Quarter, 2021
Estimated Rate	POB - \$18.00 to \$20.00 PSF + NNNs estimated at \$5.00 to \$6.00 PSF MOB - \$25.00 to \$30.00 PSF + NNNs estimated at \$6.00 to \$6.50 PSF

Feasibility of Construction of New Office Space

The feasibility of construction of new space in any market is determined by supply and demand. Demand is influenced by cost of construction including land, profit motives, rental and expense rates, and necessary rates of return to attract capital. In general, feasibility can be questionable if the value of an asset is less than the cost to construct or acquire a similar asset.

Costs for new office construction in the Tri-Cities market are rising dramatically, and our sources report, and our experience supports that in many cases, the cost can be higher than the final value of the property. This can be an indication that the project is not necessarily financially feasible when land, materials and labor costs increase. One broker reported that for the last two years, he thought “cost increases were on a tear” and in our view, there is no sign of any abatement.

In the case of owner/occupant projects, profit motives are often secondary and do not drive the decision to build. With less reliance on profit, and especially in cases where land has been acquired at an earlier time and today is worth significantly more than paid for, owners go ahead with construction, usually because there is nothing available in the market at the time for sale or lease that suits their needs.

There have been no sales of *newer* office buildings since September, 2020. It is not a common occurrence in this market that developers build to sell a project upon completion, rather they are typically building for their own portfolio. We did find three that sold shortly after construction was complete and tenants had taken occupancy which are summarized as follows.

New Office Building Sale – The first-class office, 1-story stucco condominium building at 2459 S Union Pl containing 3,689 SF in the Union Park neighborhood adjacent to U.S. Hwy 395 in Kennewick which was built in 2017 sold for \$735,684 in September 2020 or the equivalent of \$199 PSF.

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New Office Building Sale – The first-class office, 1-story masonry building at 4123 W 24th Ave un the Union Park neighborhood adjacent to U.S. Hwy 395 which was built in 2016 sold for \$1,500,000 (\$240 PSF) in September 2020. The listing was withdrawn from MLS, but the listing agent was knowledgeable about the sale.

New Office Building Sale - The 1-story office building at 8109 W Grandridge, containing 7,468 SF occupied by First American Title and a local mortgage company sold on October 10, 2019, for \$1,900,000 about one year after tenants took occupancy. The land had been purchased in May of 2017 for \$262,000 or \$8.00 PSF but only contained 29,102 SF reflecting a land to building ratio of only 3.89:1, although office land to building ratios are typically lower than for retail. The land cost represents only 13.8% of the overall sale price which is very low, a more typical expected rate would range from 20% to 30% of the sale price. The sale price reflected a sale price of **\$254 PSF** and an overall rate of **7%** based on income at the time of sale. Rental rates in effect at the time of sale averaged about **\$20 PSF NNN** which is very near the average list price of space available today.

Summary of Newer Office Building Sales
Tri-Cities, WA
For the period July 1, 2019 to June 30, 2021

Element	Sale #1	Sale #2	Sale #3
Name	N/A	N/A	1st American Title
Address	2459 S Union Pl	4123 W 24th Ave	8109 W Grandridge
City	Kennewick	Kennewick	Kennewick
Land Size (SF)			
Bldg Size (SF)	3689	6250	7468
Year Built	2017	2016	2019
Date of Sale	Sep-20	Sep-20	Oct-19
Sale Price	\$735,684	\$1,500,000	\$1,900,000
\$ PSF	\$199.43	\$240.00	\$254.42
Buyer	PW Tri-Cities, LLC	Shape Executive Center Kennewick	Olson Family Group LLC
Seller	PIK Properties LLC (Pratt)	Loren Sharp	David & Linda Benchel et al
Recorded	2020-035818	2020-037468	2019-031346

Pending Office Building Sale – The Chicago Title building at 9001 W Tucannon is in escrow with an August 25, 2021, closing scheduled. The 2-story building contains 10,856 SF of GBA of which 9,598 SF is rentable area. The list price of \$4,595,000 was only discounted about 11% to \$4,545,000 which reflects an astonishing adjusted price of \$473.54 PSF. The building is fully occupied and was completed in 2019. The sale is part of a 1031 Exchange which can often command premium prices due to short term closings necessary.

Summary – Feasibility of New Construction

Given the nature of strong demand over the last 7.5-year study period, it is clear that new space coming into the market is leasing readily with no major issues concerning occupancy or rental rates. Nonetheless, there is a significant amount of new office space under construction which represents about a 2-year supply based on current levels of absorption. Costs are rising which is expected to hinder new development feasibility if the trend continues. However, provided a continued upward trend in population and employment, additional office construction would be required.

Development Costs

Development costs for medical office space is significantly higher than for new professional office space primarily resulting from increased partitioning, wiring and plumbing as well as a higher degree of expensive finishes. We have found most new MOB spaces today running in the neighborhood of \$325 to \$375 PSF including land.

Market Study
Retail Segment Supply

B. Market Study – Retail Segment

Introduction - Existing Development

Unfortunately, given the small size of this market, there are no statistics available from any source which give any indication of the total existing supply of space in this market to use as a baseline. As a result, no statistical data is available on the total supply of space, occupancy, rent levels or absorption.

New Development

In order to document this portion of the study, a survey was conducted of all new **RETAIL** buildings completed from 2014 to June 2021, a period of 7.5 years. As with the office survey, this survey covered the entire Tri-Cities metropolitan area including the Cities of Kennewick and Richland in Benton County and the City of Pasco in Franklin County. Data for the survey was again compiled from our proprietary database, public sources such as the local Journal of Business and Tri-City Herald as well as from the public records of the city planning and county assessor's offices. Each new entry was similarly confirmed as to size (gross building square footage) and year of completion with the Assessor's records and then assigned a neighborhood designation to determine where the growth was occurring. Data was surveyed for all newer retail space. The results are summarized in the Table 4.5 accompanying this section.

Again, it is clear the City of Kennewick benefits from the combined draws of the Columbia Center Mall and Vista Field neighborhoods, where about 27% of all new retail space was developed in the last 7-1/2 years; that amount is greater in volume than the total space developed in either Richland or Pasco. This is a trend that is expected to continue until all land in that segment is absorbed.

A total of 111 projects were researched that were complete (99 projects, 1,025,285 SF) or under construction (12 projects, 116,745 SF), and the average size of those completed was just about 10,356 SF per project. When the total combined space developed was divided by 7.5 years, an average of about 157,736 SF of space was delivered to the market each year during the study period, although there were certainly ups and downs over the years.

Occupancy Levels

As is the case with office space, the majority of new retail space was also constructed by owners for their own use, with only about 25% of the space developed in the last 6.5 years put into the market for lease. We surveyed those spaces and found that most new retail space leased up well. Current retail listings in the local Tri-Cities PACMLS show that there are currently only eight active listings as summarized in *Table 4.6* here. The CBA MLS was also surveyed but none of the listings were repeated there.

Currently there is **16,417 SF** of newer space available, and the list rental rate is averaging **\$17.93/SF NNN, down from the last year**. If there was 1,025,285 SF of space completed over the last 7.5 years, this would equate to about a **1.6%** vacancy rate currently (completed space) as this space is leasing up which indicates likely above average absorption. It is noteworthy that this new space is often leasing at the expense of older space. There is currently 116,745 SF of space

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under construction in 12 projects, which is less than a one-year supply at the current absorption rates.

Table 4.5

Summary of Retail Construction in the Tri-Cities (Square Feet)

For the Period January 2014 to June 30, 2021

	Location	# Projects	Complete	# Projects	Under Constr /	# Projects	Combined	%
Kennewick	East	3	10,548	0	-	3	10,548	0.9%
"	Central	4	21,302	1	4,080	5	25,382	2.2%
"	Gage Blvd	3	23,186	0	-	3	23,186	2.0%
"	US 395	14	147,930	1	6,900	15	154,830	13.6%
"	South Vista / CC Mall	8	113,254	1	22,000	9	135,254	11.8%
"	W Clwtr	4	37,428	2	11,000	6	48,428	4.2%
"	Sub-Total	36	353,648	5	43,980	41	397,628	34.8%
Richland	North	11	79,551	1	32,000	12	111,551	9.8%
"	Queensgate	19	232,685	2	7,500	21	240,185	21.0%
"	Central	0	-	1	5,500	1	5,500	0.5%
"	West/WR	6	28,717	1	2,522	7	31,239	2.7%
"	Sub-Total	36	340,953	5	47,522	41	388,475	34.0%
Pasco	West	19	256,966	2	25,243	21	282,209	24.7%
"	All Other	8	73,718	0	-	8	73,718	6.5%
	Sub-Total	27	330,684	2	25,243	29	355,927	31.2%
Combined	Grand Total	99	1,025,285	12	116,745	111	1,142,030	
	One Year Ago	95	1,018,599	10	73,081	105	1,091,680	
	Avg SF		10,356	Avg	9,729	Avg	10,289	
	Avg/Yr		157,736					

Table 4.6

Inventory of Retail Space Available

As of June 30, 2021

MLS #	Status	Asset Class	County	Address	City	Year Built	Retail SQF	Sale Price	NNNs
251624	ACT	Retail	Benton	1745 George Washington Way	Richland	2021	4,800	\$12	NNNs
239246	ACT	Retail	Franklin	00 Sandifur Parway	Pasco	2019	1,986	\$24	NNNs
247850	ACT	Retail	Franklin	4845 Broadmoor Blvd	Pasco	2019	1,451	\$24	NNNs
248148	ACT	Retail	Franklin	7425 Sandifur Pkway	Pasco	2019	2,000	\$26	NNNs
251383	ACT	Retail	Benton	585 Stevens Drive Suite 589	Richland	2018	1,680	\$18	NNNs
222038	ACT	Retail	Benton	845 N COLUMBIA CENTER BL	Kennewick	2018	4,500	\$16	NNNs
							16,417	\$17.93	

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New Projects

Shown here and in the following pages in no particular order are photographs and some details of the larger projects constructed during the timeframe studied for tenant occupancy rather than for owner occupancy, although some projects are in fact a blend of both.

	Type Name Address City Neighborhood Tax ID Owner GBA Year Built Land Size (SF) Land / Bldg % Major Tenant Comments	Strip/Unanchored Broadmoor Plaza 4845 Broadmoor Blvd Pasco Pasco West 115470029 CLC Properties LLC 8,440 SF 2019 68,825 8.15 Numerica, Firehouse Subs Still have two bays available
---	---	---

	Type Name Address City Neighborhood Tax ID Owner GBA Year Built Land Size (SF) Land / Bldg % Major Tenant Comments	Strip/Anchored Sandifur Crossing 7425 Sandifur Parkway Pasco Pasco West 116030017 Hogback Sandifur LLC 5,242 2019 33,936 6.478 Jamba, Porter's Real BBQ Still have two bays available
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	Type Name Address City Neighborhood Tax ID Owner GBA Year Built Land Size (SF) Land / Bldg % Major Tenant Comments	Strip/Unanchored Homewood Suites Strip Center 1080 George Wash Way Richland Richland Central 111981013323001 Vandervort 11,026 2019 76,230 6.91 Porter's BBQ Several bays available
---	---	---

	Type Name Address City Neighborhood Tax ID Owner GBA Year Built Land Size (SF) Land / Bldg % Major Tenant Comments	Strip/Anchored Sandifur Crossing 5802 N Road 68 Pasco Pasco West 116030014 Henry Friedman (formerly Hogback) 6042 2018 28,980 4.79 Kabob House, Spectrum Friedman purchased 7/14/2020
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	<p>Type Name Address City Neighborhood Tax ID Owner GBA Year Built Land Size (SF) Land / Bldg % Major Tenant Comments</p>	<p>Strip/Unanchored GESAs Plaza 4824 Broadmoor Blvd Pasco Pasco West 115210025 Real Property Acquisitions 7,294 2019 87,120 11.94 Therapeutic Assoc P/T, Gesa</p>
	<p>Type Name Address City Neighborhood Tax ID Owner GBA Year Built Land Size (SF) Land / Bldg % Major Tenant Comments</p>	<p>Strip/Unanchored Chapel Hill Self Storage 6615 Chapel Hill Blvd Pasco Pasco West 117420159 Self-Storage at Chapel Hill, LLC 13,546 2018 287,324 Part of Larger Parcel The Coffee Crush Just beginning to lease</p>
	<p>Type Name Address City Neighborhood Tax ID Owner GBA Year Built Land Size (SF) Land / Bldg % Major Tenant Comments</p>	<p>Strip/Anchored Yokes Plaza 472 to 484 Keene Rd Richland South Richland 126982013402003 Kyung Sik Chang 7,434 2015 37,026 5.0 Badger Mt Dental, H&R Block, Hair Salon, Birds Unlimited Three Hinge sold to Change 10/29/2019</p>
	<p>Type Name Address City Neighborhood Tax ID Owner GBA Year Built Land Size (SF) Land / Bldg % Major Tenant Comments</p>	<p>Strip/Anchored Lowe's Outlot Columbia Ctr Towers Bldg B 1022 N Col Ctr Blvd Kennewick Mall/Vista 131991000026000 LFIC LLC 5,495 2013 12,823 2.33 Porter's BBQ; Level Up Barcade Part of a 2-building project</p>

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	Type Name Address City Neighborhood Tax ID Owner GBA Year Built Land Size (SF) Land / Bldg % Major Tenant Comments	POB Plaza at Canyon Lakes 2909 S Quillan Pl Kennewick USHwy 395 S 115892BP5274001 FC4 LLC 24,792 2015 148,104 SF 5.97 H&R Block Building was begun in 2009 but owner went bankrupt and project sat for over 5 years before re-started
	Type Name Address City Neighborhood Tax ID Owner GBA Year Built Land Size (SF) Land / Bldg % Major Tenant Comments	Retail/Anchored Lowe's Anchor Columbia Ctr Towers Bldg A 924 N Col Ctr Blvd Kennewick Mall/Vista 131994010447001 Columbia Ctr Partners LLC 12,463 2014 23,882 1.91 Proof Gastropub, Sound Audiology, Massage LFIC LLC sold property 5/7/2019
	Type Name Address City Neighborhood Tax ID Owner GBA Year Built Land Size (SF) Land / Bldg % Major Tenant Comments	Strip/Unanchored Zintel Commercial 3801 S Zintel Way Kennewick US Hwy 395 116894050000002 AMA Land and Cattle Co, LLC 3,674 2015 59,677 16.24 (Part of larger) HPR Enter, Cozumel Mex, Dental Boulder Heights sold property 7/30/2019
	Type Name Address City Neighborhood Tax ID Owner GBA Year Built Land Size (SF) Land / Bldg % Major Tenant	Strip/Unanchored Union Park, Bldg 2 4528 W 26 th Ave Kennewick US Hwy 395 109894012836003 2 Dawgs, LLC 6,735 2015 40,041 5.94 Dental, Sylvan

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	Type Name Address City Neighborhood Tax ID Owner GBA Year Built Land Size (SF) Land / Bldg % Major Tenant Comments	Strip/Unanchored Southridge Towers 4898 W Hildebrand Kennewick US Hwy 395 116891BP4410002 Jabez Enterprises LLC 7,991 + 1,279 = 9,270 2015 59,677 6.43 Numerica, Hops N Drops, Roasters Coffee Roasters Coffee is in a 1,279 SF standalone bldg. on this parcel Taggstrick1 LLC sold property 12/26/2019
	Type Name Address City Neighborhood Tax ID Owner GBA Year Built Land Size (SF) Land / Bldg % Major Tenant Comments	Strip/Anchored Home Depot Plaza 2841 Duportail Richland Queensgate 121981013388001 Aion LLC 5,113 2014 24,763 4.84 H&R Block, MyFroYo, Red Wing 100% occupied
	Type Name Address City Neighborhood Tax ID Owner GBA Year Built Land Size (SF) Land / Bldg % Major Tenant Comments	Strip/Unanchored 8804 W Victoria Kennewick Mall/Vista 130993012921006 Tight Line Ventures 3,360 2018 46,609 13.87 The Lash, Brewery Another parcel available for a second building
	Type Name Address City Neighborhood Tax ID Owner GBA Year Built Land Size (SF) Land / Bldg % Major Tenant	Strip/Anchored Columbia Center Mall 1659 N Columbia Center Blvd Kennewick Mall/Vista 130994BP5266002 Hogback Columbia Center LLC 7,363 2020 51,400 6.98:1 Mod Pizza, Starbucks, Jersey Mike's

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	Type Name Address City Neighborhood Tax ID Owner GBA Year Built Land Size (SF) Land / Bldg % Major Tenant	Strip/Unanchored Total Remodel of Existing plus Addn 5011 W Clearwater Ave Kennewick Central Kennewick 104891010533002 R&S Prop Mgmt, LLC 10,552 2020 (Prop) 15,472 TBD TBD
	Type Name Address City Neighborhood Tax ID Owner GBA Year Built Land Size (SF) Land / Bldg % Major Tenant Comments	Strip/Anchored Sandifur Crossing 7425 Sandifur Parkway Pasco Pasco West 116030018 Hogback Sandifur LLC 8,500 2019 Pad N/A TBD Active MLS 239246
	Type Name Address City Neighborhood Tax ID Owner GBA Year Built Land Size (SF) Land / Bldg % Major Tenant	Retail/Office Proposed 9425 Sandifur Parkway Pasco West Pasco 115442010 Boom Boom Prop, LLC 11,220 2020 35,284 3.11 TBD
	Name Address City Neighborhood Tax ID Owner GBA Year Built Land Size (SF) Land / Bldg % Major Tenant	Union Park Bldg #1 4505 W 26 th Ave Kennewick US Hwy 395 109894012836004 SGC Development LLC 10,276 2015 38,497 3.74 Gretl Crawford / Details

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	Type	Strip/unanchored
	Name	Stevens Plaza
	Address	585 Stevens Dr
	City	Richland
	Neighborhood	Central Richland
	Tax ID	111983020403005
	Owner	Grigsby Property
	GBA	12,600
	Year Built	2018
	Land Size (SF)	48,351
	Land / Bldg %	3.83
	Major Tenant	
	Comments	

Rent Levels

Rental rates for those investment buildings (vs owner/user buildings which are not traditionally leased) were also reviewed, through both listings and actual lease transactions over the last 6.5 years. Competing projects in the market were surveyed and listing agents were interviewed for their recent lease rates and what the rental included as well as their current listings. *Table 4.7* illustrates the data researched. Data has been confirmed but specific data must remain confidential. It is noted that there has only been two new lease transactions recorded in the local MLS.

Table 4.7
New Retail Space Constructed Between 2014 and 2021
Sample Recent Lease Summary

	#1	#2	#3	#4	#5	#6
Type	Strip, Unanchored	Strip, Unanchored	Strip, Unanchored	Strip, Unanchored	Strip, Unanchored	Strip, Unanchored
City	W Richland	W Richland	W Richland	W Richland	W Richland	Pasco
Year Built	2021 (U/C)	2021 (U/C)	2021 (U/C)	2021 (U/C)	2021 (U/C)	2021 (U/C)
Bldg GBA	11,792	11,792	11,792	11,792	11,792	13,106
# Tenants	4	4	4	4	4	4
Lease Begins	01/01/22	01/01/22	01/01/22	01/01/22	01/01/22	Available
Lease Expires						
SF Leased	2150	1468	3300	3830	1081	1477
Annual Rental	\$ 55,900	\$ 41,104	\$ 85,800	\$ 99,580	\$ 30,268	
List or Initial Rent PSF	\$ 26.00	\$ 28.00	\$ 26.00	\$ 26.00	\$ 28.00	17.50 - \$20
Tenant NNNs	\$ 5.00	\$ 5.00	\$ 5.00	\$ 5.00	\$ 5.00	6.50

	#7	#8	#9	#10	#11	#12
Type	Strip, Unanchored	Strip, Unanchored	Strip, Unanchored	Strip, Unanchored	Strip, Unanchored	Strip, Unanchored
City	Pasco	Kennewick	Kennewick	Kennewick	Pasco	Kennewick
Year Built	2019	2017	2018	2020	2019	2016
Bldg GBA	8,332	8,000	9,075	3,591	8,424	6,735
# Tenants	4	5	5	2	4	3
Lease Begins	Available		12/01/2021	7/1/2021	06/01/21	10/01/20
Lease Expires						
SF Leased			1048	1,647	1,398	1,720
Annual Rental		\$	18,348	\$ 36,234	\$ 29,708	
List or Initial Rent PSF	\$ 24.00	\$	17.51	\$ 22.00	\$ 21.25	
Tenant NNNs	\$ 5.00		? \$	5.00	5.00	

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	#13	#14	#15	#16
Type	Strip, Unanchored	Strip, Unanchored	Strip, Unanchored	Strip, Unanchored
City	Richland	Pasco	Pasco	Pasco
Year Built	2019	2019	2020	2019
Bldg GBA	11,026	5,944	5,242	7,253
# Tenants	5	2	2	3
Lease Begins	08/01/20	05/01/20	11/01/20	01/01/20
Lease Expires	07/31/25	04/30/20	10/31/25	03/31/28
SF Leased	3,300	4,000	1,800	1,972
Annual Rental	\$ 99,000	\$ 119,004	\$ 48,600	\$ 47,328
List or Initial Rent PSF	\$ 30.00	\$ 29.75	\$ 29.00	\$ 24.00
Tenant NNNs	\$ 5.00	\$ 5.00	\$ 5.00	\$ 4.50

In analyzing the retail rental comparables, the **rent PSF** is generally considered to be most indicative unit of comparison of the appropriate rent levels for each of the respective projects. The above data provides a range of \$16.00 to \$30.00 PSF NNN, nearly overlapping the office rental rates except at the higher end.

As with office space, lease transactions can be written on a gross, modified gross or net lease basis, defined as follows:

Gross or Full-Service lease – Tenant pays a base rental rate; landlord pays all operating expenses including utilities (note, in-suite janitorial may be negotiated);

Modified Gross Lease – Tenant pays a base rental rate and separately metered or pro rata share of utilities; landlord pays all other operating expenses;

Net Lease – Tenant pays a base rental rate and utilities; AND then typically also reimburses the landlord a prorata share of (a) taxes, (b) insurance, and (c) repairs and maintenance, etc. The landlord typically only pays a management fee and funds a replacement reserve. Net leases could be further subdivided as follows:

- d. **“N” or Single Net** – Tenant pays only one of the (a), (b) and (c) above.
- e. **“NN” or Double Net** – Tenant pays two of the (a), (b) and (c) above.
- f. **“NNN” or Triple Net** – Tenant pays all of the operating expenses.

Since an apples comparison must be made, net leases can be converted to an indication of a modified gross lease rental and vice versa through adding or subtracting the various expense elements before completing the comparison. Today, most new space is rented on a NNN basis, thus the cost of the NNNs must be added to the base rental rate to derive a true picture of the tenant’s cost.

It should be noted that the term “market rental” is influenced by many factors, including:

- the credit strength of the prospective tenant (risk), i.e., such as an established tenant vs. a new business (publicly rated companies vs. private could also play a role);
- Type of lease, i.e., renewals generally are favored by the landlord vs. a new tenant;
- Term of the lease, i.e., longer terms provide more stability for the landlord’s cash flow than short terms;
- Concessions paid by the landlord – such as free rent or an increase in the tenant finish;
- Expense Sharing, i.e., whether the tenant shares in landlord’s operating expenses (i.e., taxes, insurance, maintenance, and repairs) and utilities, etc.

Anchored Projects vs Unanchored Projects

The location in a larger development project where there is a national credit anchor tenant such as at the Columbia Center Mall, or a Home Depot, Lowe’s Center or grocery store anchored center typically commands a higher rent than that of an unanchored center. This will of course be affected also by location; higher traffic count locations will generally correlate to a higher rental rate, even in an unanchored center.

New Tenant Finishes

New office building space rental rates are typically quoted as a base rental rate on an NNN basis and usually includes a certain tenant finish allowance. Different developers utilize different styles of leasing, for example one might quote space on a “cold grey shell” basis while others quote a “warm vanilla shell”, so it is important for a prospective tenant or analyst to understand what is included. Table 1.4 illustrates the major differences.

Table 4.8
What is included in the Quoted Rental Rate??

Shell Type	Cold Grey	Warm Grey	Cold Vanilla	Warm Vanilla	TI Allowance
Floors	Unfinished Concrete (sometimes dirt)		Unfinished Concrete		Flooring finish selection
Walls	Bare Demising Stud Walls		Perimeter Demising Drywall		Paint Color Wall and Trim selection
Ceilings	Open to Roof Deck		2x4 acoustical tile in suspended grid or drywall		Included
Lighting	None		2x4 fluorescent fixtures		Included
Plumbing	None		2-fixture restroom, Minimum		Standard units, finishes selected
Electrical	None		Hooked up		Minimum required
Sprinkler	None		None		Negotiable
Water/Sewer	Connection Avail		Connection Avail		Connected
HVAC	No Unit or ductwork distribution	Unit but no ductwork distribution	No Unit or Ductwork distribution	Unit and Duct work	Included
Advantages	Allows more flexibility in design and custom finishes		Offers faster move-in with typical standard finishes		

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Summary - Market Retail Rental Rate Projection

In arriving at a market rental rate conclusion, the following parameters were set in surveying and researching the market.

<u>Item</u>	<u>Assumption</u>
Size of Space	1,000 to 2,500 sq. ft.
Term of Lease	Assume 36 to 60 Months
Type of Space	POB/MOB
Condition of Space	New; Leased on a warm “vanilla shell” basis
Condition of Space	New, Class A
Type of Lease	NNN Lease <ul style="list-style-type: none">• Tenant Pays Base Rent, in-suite janitorial, separately metered utilities; and its prorata share other expenses of building ownership
Annual Escalations	2.5%
Effective Date	3rd Quarter, 2021
Estimated Rate	Anchored - \$25.00 to \$30.00 PSF + NNNs estimated at \$5.00 to \$6.00 PSF Unanchored - \$18.00 to \$25.00 PSF + NNNs estimated at \$4.00 to \$5.50 PSF

Feasibility of Construction of New Retail Space

The feasibility of construction of new space in any market is determined by supply and demand. Demand is influenced by cost of construction including land, profit motives, rental and expense rates, and necessary rates of return to attract capital. In general, feasibility can be questionable if the value of an asset is less than the cost to construct or acquire a similar asset.

Development Costs

Similar to office building construction costs, retail construction costs are also experiencing rapidly increasing prices for material and labor in addition to land. Today’s costs for an unanchored strip center on a secondary location can easily run \$200 PSF, increasing for better locations and higher tenant finishes for tenants such as restaurants compared with retail tenants.

Costs for new retail construction in the Tri-Cities market are rising, and our sources report that in many cases, the cost can be higher than the final value of the property. This can be an indication that the project is not necessarily financially feasible. It is a function of land, materials and labor increases. One broker reported that for the last two years, he thought “cost increases were on a tear”. Lumber prices alone have soared 50% this year (2021).

And, again, as in the case of owner/occupant projects, where the Owner occupies a portion and leases out the remainder, profit motives are often secondary and do not drive the decision to build. With less reliance on profit, and especially in cases where land has been acquired at an earlier time and today is worth significantly more than paid for, owners go ahead with construction, usually because there is nothing available in the market at the time for sale or lease that suits their needs.

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It is not a common occurrence in this market that developers sell a project upon completion, rather they are typically building for their own portfolio.

The following newer retail strip centers have sold in the last two years and are summarized as follows.

<p style="text-align: center;">Summary of Newer Retail Building Sales Tri-Cities, WA For the period July 1, 2019 to June 30, 2021</p>					
Element	Sale #1	Sale #2	Sale #3	Sale #4	Sale #5
Center Name	N/A	Sandifur Crossing	Sandifur Crossing	Yoke's	N/A
Name	Verizon	Porters BBQ	Spectrum & Kabob House	Yokes Center Retail Strip	Zintel Way Bldg #1
Address	106 Keene Rd	7425 Sandifur Pkwy	5802 Road 68	472-484 Keene Rd	3801 S Zintel Way
City	Richland	Pasco	Pasco	Richland	Kennewick
Land Size (SF)	30,187 SF	33,977	28,980 SF	37,026	59,677
Bldg Size (SF)	3,133 SF	5,242	6,042	7,434	9,167
Year Built	2014	2019	2019	2015	2015
Date of Sale	02/12/2021	10/02/2020	07/14/2020	10/31/2019	07/31/2019
Sale Price	\$1,200,000	\$2,137,500	\$2,600,000	\$2,534,000	\$2,275,000
\$ PSF	\$383.02	\$407.76	\$433.33	\$340.87	\$248.17
Buyer	Kimmet Properties, LLC	Amaza Investment LLC	Henry Friedman	Kyung Sik Change & Mi Jung Chang	AMA Land and Cattle Company LLC
Seller	JPAM, LLC	Hogback Sandifur LLC	Hogback Sandifur LLC	Three Hinge, LLC	Boulder Heights, LLC
Recorded	2021-007319	2019-22479	2019-17060	2019-034196	2019-021757

The upward price trend is very apparent in reviewing the \$PSF over the two-year period.

Summary – Feasibility of New Construction

Given the nature of strong demand over the last 7.5-year study period, it is clear that new space coming into the market is leasing readily with no major issues concerning occupancy or rental rates. Costs are rising faster than values in some cases which is expected to hinder new development feasibility if the trend continues. Nonetheless, if it is assumed that continued population and employment growth occurs, demand for new retail space will continue.

Summary – Commercial (Office and Retail) Development

Table 4.9
Commercial (Office and Retail) Summary

Type	Office Space	Retail Space	Combined
SF Completed	682,655	1,025,285	1,707,940
SF U/C or Planned	167,456	116,745	284,201
Combined Totals	850,111	1,142,030	1,992,141
Current Rental Rates	\$14 to \$25 (POB) \$20 to \$30 (MOB)	\$15 - \$30	\$14 to \$30
Weighted Average	\$20.74	\$17.93	\$17.93 to \$20.74
Current Available SF	63,773	16,417	80,190
Current Vacancy Levels	9.3%	1.6%	4.6%

Table 4.9 above summarizes the findings of this study of the Tri-Cities commercial market for projects constructed during the most recent 7.5-year period. There is not a particularly significant difference between average rental rates and the combined vacancy levels between office and retail space and it is noted that most of the higher end rates of office space are for medical space, while most of the higher end of retail rents are for restaurants in anchored centers.

COMMERCIAL LAND SALES FOR DEVELOPMENT STUDY

Land Prices

Lastly, we looked at land prices being paid by developers to build new commercial (both office and retail) space. We focused our efforts using the following parameters:

- Location – Subject Neighborhood or similar *2nd tier neighborhoods* outside of the major commercial markets surrounding for example the Columbia Center Mall
- Transaction date – Last three years
- Zoning – UMU - Commercial permitting office and or retail development

Data in the immediate neighborhood was considered virtually non-existent because of several factors. First, the neighborhood is fully developed, with only redevelopment occurring or infill development. Secondly, of the five sales discovered, only three of the parcels sold have the same zoning as the subject which will be discussed below. Lastly, demand cannot really be measured easily with no new projects having been constructed other than those within the Kennewick Historic Waterfront District.

Neighborhood Sales

Here is a summary of the most recent sales in the vicinity of the subject.

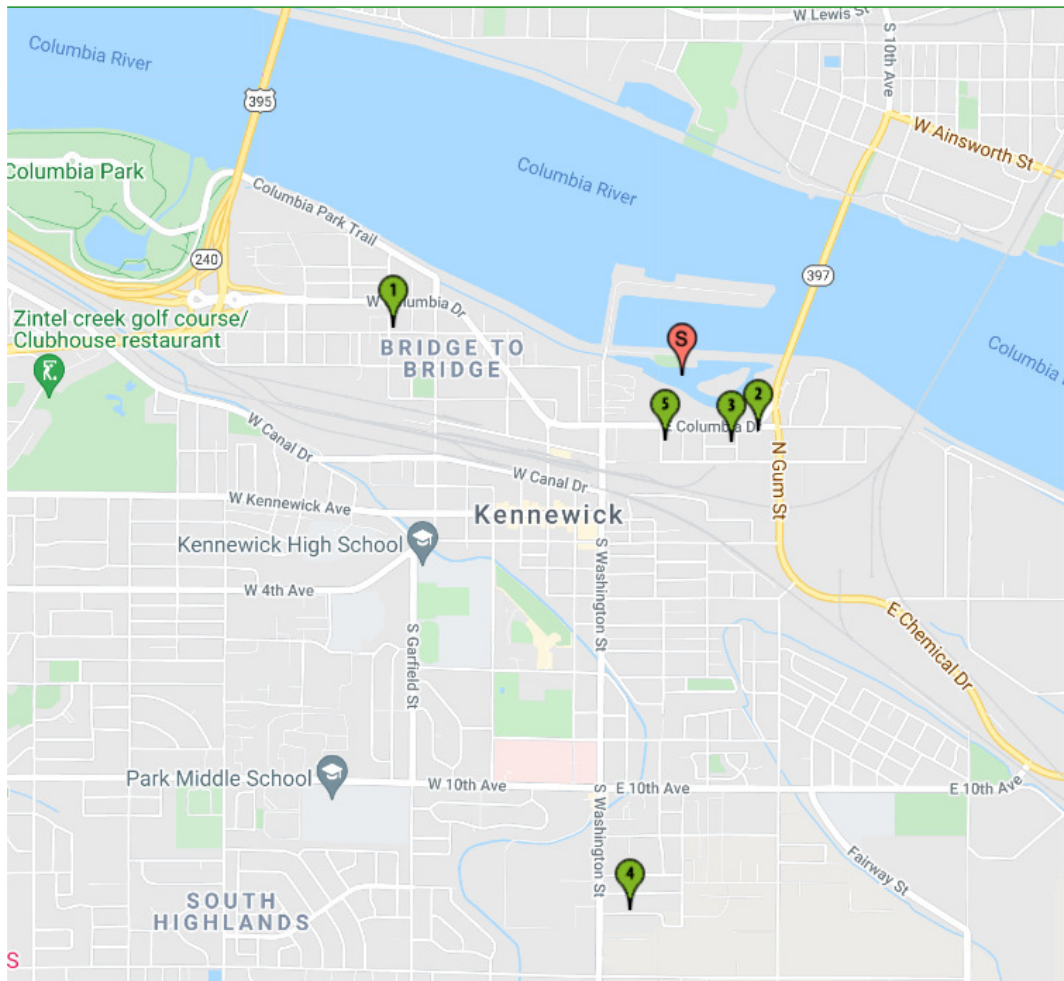
The first item for 604 N Hartford at the northeast corner of N Hartford and W Grand Ronde sold six months ago for \$5.76 PSF and would also be considered an interior lot with poor to fair frontage and visibility, three lots south of W Columbia Dr and west of Washington St.

The second item for the only parcel fronting on E Columbia Dr occurred in July 2019, two years ago for \$3.34 PSF. As mentioned earlier if this is updated by 8% for changing market conditions, the indicated probable sale price today could be \$3.90 PSF. Of interest, the seller had acquired the property about 3 years earlier for the same exact price indicating that there had been no real appreciation in this neighborhood during that time.

MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

**Downtown Kennewick
Summary of Land Sales
As of June 30, 2021**

	#	Dir	Street	Orig Lot #	Legal Description	PID	Size (AC)	Size (SF)	Sale Date	Sale Price	\$ PSF	Seller	Buyer	Recorded	Zoning	Comments
1	7528	604	N	Hartford St	Glasgow Add	136994060000002	0.20	8,686	12/07/20	\$ 50,000	\$ 5.76	Russell Living Trust	Patricia Suarez	2020-050613	CAR	MLS #249542
2	6362	512	E	Columbia Dr	Lengthy Legal	106802BP4670001	0.76	32,914	07/01/19	\$ 110,000	\$ 3.34	Vergara, Filiberto	Vargaz, Jaime	2019-018709	UMU	
	6362	512	E	Columbia Dr	Lengthy Legal	106802BP4670001	0.76	32,914	04/21/16	\$ 110,000	\$ 3.34	Bill Lampson	Vergara, Filiberto	2019-018709	UMU	
3	7240	421	E	Bruneau	Lengthy Legal	106802020004012	0.19	8,398	03/12/20	\$ 45,000	\$ 5.36	Brad Beauchamp	Titechko, Vitaliy	2020-008785	UMU	
4	7529	NKA	E	16th Ave	SP 1404, Lot 2	107802011404002	0.45	19,602	04/20/21	\$ 75,000	\$ 3.83	Golden Contractors	Columbia Cottages	2021-018819	CN	MLS #236191
5	6893	218	N	Beech St	Lengthy Legal	106802020002009	0.40	17,258	10/17/18	\$ 65,000	\$ 3.77	Johnson et al	Wekh Enterprises	2018-031093	UMU	
	6893	218	N	Beech St	Lengthy Legal	106802020002009	0.40	17,258	08/05/19	\$ 117,000	\$ 6.78	Wekh Enterprises	Kittson LLC (Adj Prop Owner)	2018-031093	UMU	



MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

The third item in March 2020 or 15 months ago for a small parcel located at 421 E Bruno Place. This parcel would be considered an interior parcel with poor to below average frontage or visibility, one lot south of E Columbia Drive, and one street west of U.S. Hwy 397. A local developer purchased the property containing .1928 AC (8,398 SF) for \$45,000, or the equivalent of \$5.35 PSF.

The fourth item on 16th Ave is the most recent sale and would be considered an interior lot price with poor to below average visibility at \$3.83 PSF one lot east of Washington St. It is out of the strictly waterfront neighborhood, farther south. While it is zoned for commercial use, it is possible that the buyer plans a residential use for the property given the buyer's name, "Columbia Cottages". The listing agent was unclear as to what the buyer's development plans were and this sale was ultimately discarded from further consideration.

The fifth item sale occurred for the property at 218 N Beech St, which contains 0.3962 AC or 17,258 SF. The property sold in August 2019 for \$117,000 or \$6.77 PSF. It had previously sold in October 2018 for \$65,000 or \$3.76 PSF. This land flip provides insight into increasing land sale activity in the neighborhood. Development plans could not be confirmed but it was purchased by an adjacent property owner, who likely paid a premium for the property compared to another buyer.

Items 2, 3 and 5 have UMU zoning designation while the remainder have the commercial zoning designation which would permit the same type of commercial development; however, there does not seem to be any significant differential in pricing, because items 1-2 sold for \$3.83 to \$5.76 PSF, and the remaining items sold for between \$3.34 and \$5.36 (excluding the re-sale to the adjacent property owner). All of the parcels are under one acre; the only one with frontage along E Columbia Drive is the 2nd sale from 2019 at \$3.34 PSF. If that sale were updated for changing market conditions by say 8% per year for two years, today's equivalent of that sale price would increase to \$3.90 PSF.

Small Commercial Subdivisions

Next, since the subject in essence represents a small subdivision of a larger parcel, several similar 2nd tier subdivisions were studied.

MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Bonnie Jean Plaza

The first subdivision studied is arrayed in Table 3.1 below with a subdivision map following.

The original large land parcel was acquired November 9, 2007 by Harold S Cox, who later conveyed the property to Bonnie Jean Plaza LLC which then created the subdivision in 2010. Details on the original cost of acquisition and development (infrastructure) are unknown and the short plat was filed in September, 2010. However, details of each of the lot sales are known and have been confirmed as reflected in the table.

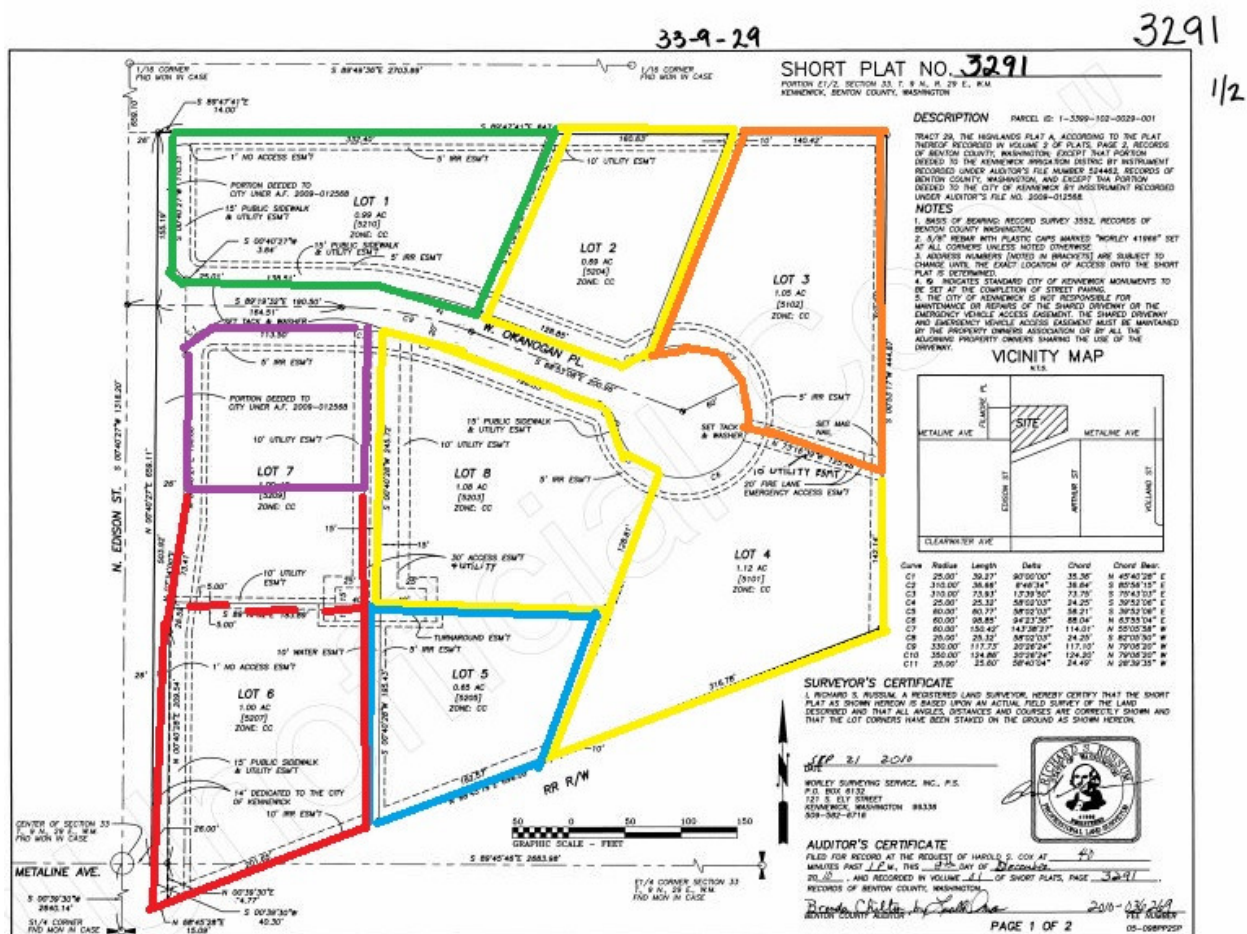
It should be noted that from the date of the first sale, it took about five years for a complete sell-out of the subdivision, and even at that, an investor purchased the three remaining lots in bulk, rather than selling to an owner user who would develop the property.

Table 3.1

Bonnie Jean Plaza
Summary of Land Sales
As of June 30, 2021

As of June 30, 2021																
	#	Dir	Street	Orig Lot #	Legal Description	PID	Size (AC)	Size (SF)	Sale Date	Sale Price	\$ PSF	Seller	Buyer Recorded	Zoning	Comments	
1	5204, 5101, 5203	W	Okanogan Pl	2, 4, 8	SP 3291	133991013291002	2.89	125,888	10/07/20	\$ 690,000	\$ 5.48	Bonnie Jean Plaza LLC	TTB Invest (Tim Bush)	2020-039107	CC	Bulk Sale of Interior Lots
2	5205	W	Okanogan Pl	5	SP 3291	133991013291005	0.65	28,314	02/20/20	\$ 170,000	\$ 6.00	Bonnie Jean Plaza LLC	Guizar	2020-005960	CC	Interior Lot
3	5102	W	Okanogan Pl	3	SP 3291	133991013291003	1.05	45,738	12/28/18	\$ 274,000	\$ 5.99	Bonnie Jean Plaza LLC	Strengthpak	2018-037888	CC	Interior Lot
4	5210	W	Okanogan Pl	1	SP 3291	133991013291001	0.97	42,253	01/06/17	\$ 310,000	\$ 7.34	Bonnie Jean Plaza LLC	Tran, Tracy, JSI Cons Inc.	2015-029454	CC	Interior Lot
5	5207	W	Okanogan Pl	6	SP 3291	133991013291006	1.40	60,984	09/30/15	\$ 350,280	\$ 5.74	Bonnie Jean Plaza LLC	Bush Living Trust (Tim Bush)	2015-029455	CC	Fronts on Edison
6	5209	W	Okanogan Pl	7	SP 3291	133991013291010	0.60	26,136	09/30/15	\$ 250,000	\$ 9.57	Bonnie Jean Plaza LLC	MGSC LLC (Mike Scott)	2015-029454	CC	Fronts on Edison

MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA



The first two sales occurred simultaneously in the fall of 2015 five years after the subdivision was created and were for the two one-acre parcels with frontage on Edison, essentially the best lots.

- Lot 7 was reduced in size from 1.0 acre to .60-AC and sold to Bruchi's where a restaurant was constructed;
- Lot 6 was increased from one acre to 1.4 acres; a portion was leased to Roaster's Coffee and the balance was used to develop a Bush Car Wash. The controlling entity was a local developer, Tim Bush.
- The smaller parcel sold for \$9.57 PSF;
- The larger parcel sold for \$5.74 PSF and was then split for development purposes into two parcels.

This provides an indication of a premium paid for frontage along a well travelled arterial, as well as the premium paid for a smaller parcel when compared to a similarly located larger parcel.

Lot 1 was the next parcel sold in January 2017 for an approximate one-acre interior parcel at \$7.34 PSF with some frontage to Edison St on its western property line. The buyer then split this lot into three smaller parcels but at this point in time, no further development has occurred. Market conditions during the approximate 18 months were not improving as rapidly as they are now, and so this is a good barometer of an interior parcel price at that time with some frontage on Edison.

MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

In December, 2018, about 23 months later, another parcel, Lot 8 containing just over one acre, sold for \$5.99 PSF. The lower sale price is attributed to the fact that it was at the back of the subdivision along a culdesac with a very small amount of frontage on a public ROW and none on Edison St.

Then two sales occurred in 2020, one in February and one in October. The earliest one for Lot 5 sold for \$6.00 PSF while the larger sale comprised all of the three remaining lots 2, 4 and 8 sold for \$5.48 PSF. This is a good indication of the discount paid for a bulk value of three lots, or considering a larger parcel overall. Lots 4 and 8 are contiguous and could likely be further subdivided if the buyer wished to. Lot 2 is across the street between Lot 1 and Lot 3.

To summarize, lots with frontage along Edison St sold for a premium compared to interior lots; smaller lots sold for a premium compared to larger lots; a bulk sale discount was taken on the last sale of the remaining three lots.

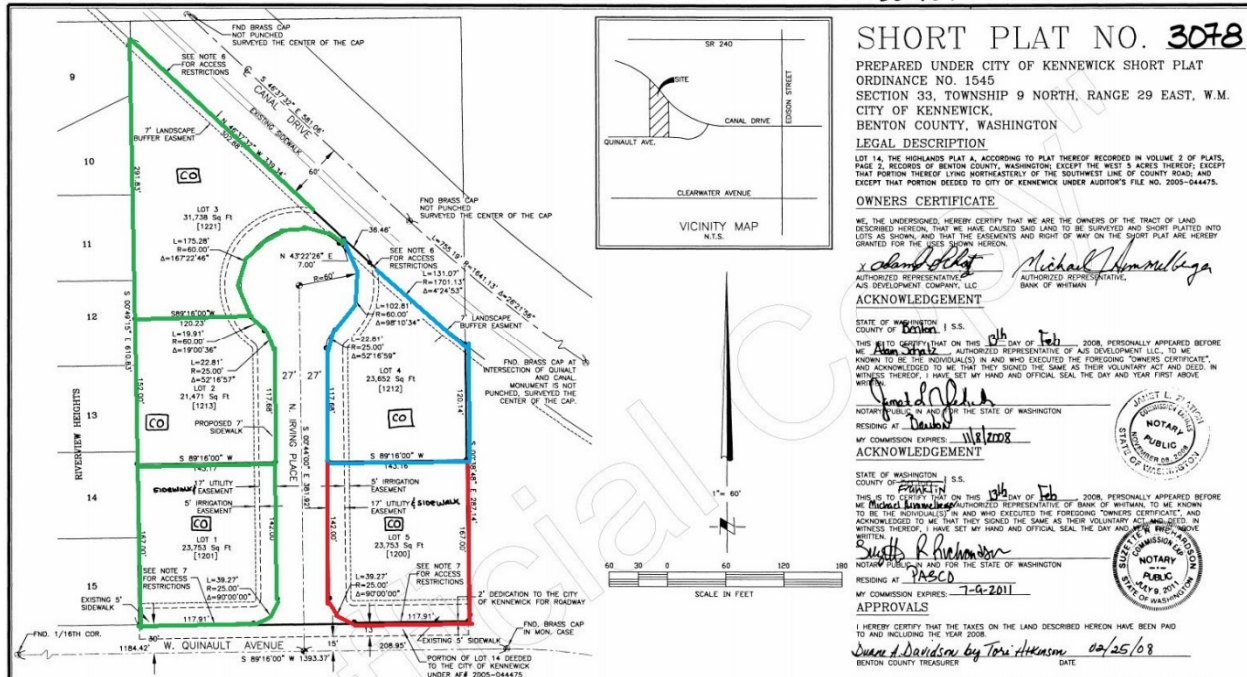
MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Irving Place

The next small 2nd tier subdivision studied involved the 5-lot subdivision along both sides of Irving Place and bounded by Canal Drive on the north and W Quinault Ave on the south just east of Edison St about one-half mile north of the Bonnie Jean Plaza discussed above. The subdivision was platted in February 2008. The five lot sales are summarized as follows *but also compared with the sale at 5610 W Quinault which was adjacent to the east and contained one acre and sold for \$6.92 PSF.*

Irving Place
Summary of Land Sales
As of June 30, 2021

	#	Dir	Street	Orig Lot #	Legal Description	PID	Size (AC)	Size (SF)	Sale Date	Sale Price	\$ PSF	Seller	Buyer Recorded	Zoning	Comments	
	3	1201	N	Irving Pl	5 SP 3078	133992013078005	0.55	23,753	05/18/21	\$ 130,571	\$ 5.50	Adam J Schatz	Michael, Daniel & Heather	2021-024591	CC	Single Lot Sale
	2	1221	N	Irving Pl	1,2,3 SP 3078	133992013078001, 002, 003	1.82	79,143	4/15/2021	\$ 440,130	\$ 5.56	Adam J Schatz	Lot's Btr Built Homes Inc	2021-019394	CC	Bulk Lot Sale
	4	5610	W	Quinault	Adjacent SP 3078	133992020015003	1.00	43,368	01/17/20	\$ 300,000	\$ 6.92	Tri-City Union Gospel Mission	BRK LLP	2020-001550	CC	Single Lot Sale
	1	1213	N	Irving Pl	4 SP 3078	133992013078004	0.49	21,471	02/25/08	\$ 215,000	\$ 10.01	AJS Dev Co (A Schatz)	Native Dirt, LLC	2008-004928	CC	Model Built On Site in 2013



Lot 4 was developed with a model home and the remaining lots were undeveloped for a number of years. In April and May 2021, the remaining lots sold. All of the contiguous lots along the western alignment of the cul-de-sac sold to one buyer (who indicated during confirmation that two of the lots will likely be downzoned and developed with single family homes while the lot at the corner would be used for a commercial building. The single lot on the other side sold to a single buyer. There was virtually no significant measurable difference between the larger lot sale and the smaller lot sale.

Interestingly, the owner, Adam J Schatz, may have had some stronger motivation to sell given that the lots had been sitting for years compared to the adjacent lot on the east side of Irving Place which sold as a single lot.

MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

U.S. 395 / 27th Ave

Next, sales in a similar 2nd tier business and retail park neighborhood bounded by U.S. Hwy 395 on the east, 27th Ave on the south, and Union on the west were also investigated for comparison purposes. There had been no sales activity since 2018, but a new sale just occurred in May 2021. Two of the sales back up to U.S. Hwy 395, but virtually no premium is attributable to those parcels when compared with the interior parcel sales. The sales reflect a much tighter range from \$6.09 to \$8.02 with the exception of one outlier at \$4.18, but it was the second largest parcel sold and no development plans have yet been announced so it may have been an investor waiting for prices to rise. The other outlier is the most recent sale at 4305 W 27th Pl, at almost \$8.98 PSF and shows the increasing price trend in the market during the intervening 32 months, although some thought must be given to the fact that sale #2 was a much larger parcel. Those eight sales are summarized in the following table.

U.S. 395 & 27th Ave Summary of Land Sales As of June 30, 2021															
	#	Dir	Street	Orig Lot #	Legal Descr	PID	Size (AC)	Size (SF)	Sale Date	Sale Price	\$ PSF	Seller	Buyer Recorded	Zoning	
1	7532	4305	W	27th Pl	Lot 2 BSP 5238	110893BP5238002	0.92	40,075	05/10/21	\$ 360,000	\$ 8.98	MD Land LLC	TTB Investments LLC	2021-025648	CC
2	6889	4000	W	24th	Lot 1 BSP 5067	110893BP4431001	4.00	174,240	10/11/18	\$ 1,061,200	\$ 6.09	Glen Clifford	Kennewick Memory Care LLC	2018-030308	CC
3	6887	2431	S	Quilkan Pl	Ptn Lot 2, BSP 4431	110893BP5067003	1.45	63,162	10/03/18	\$ 392,400	\$ 6.21	Willowbrook Assoc LLC	Total Care Dental PLLC	2018-029421	CC
4	4144	2404	S	Quilkan	Ptn Lot 2.s, SP 1872	110893BP3842001	1.11	48,569	09/26/18	\$ 305,940	\$ 6.30	J Hardy, S Murray	Bombing Range Investments	2018-028838	CC
5	6694	NKA	S	Union Pl	Lot 3 SP 3335	110893013335003	2.07	90,169	01/16/18	\$ 700,000	\$ 7.76	Cynergy Enterprises LLC	MD Land LLC	2018-001418	CN
6	4200	4302	W	27th Pl	Lot 2 SP 3031	110893013031002	0.83	36,155	08/30/17	\$ 290,000	\$ 8.02	Kennewick Investments	Southridge Investments	2017-024751	CC
7	6531	4112, 4136, 4160, 4184	W	24th Ave	Lots 1, 2, 3, 4, BSP 4771	110893BP4771001, 2, 3, 4	3.43	149,580	06/12/17	\$ 625,000	\$ 4.18	BFO Properties LLC	AP Properties LLC	2017-015737	CC
8	6142	2459	S	Union Pl	Lot 4, BSP 4431	110893BP4431004	1.14	49,599	06/27/16	\$ 319,943	\$ 6.45	Willowbrook Assoc LLC	PIK Properties LLC (Don Pratt)	16-K03549	CC

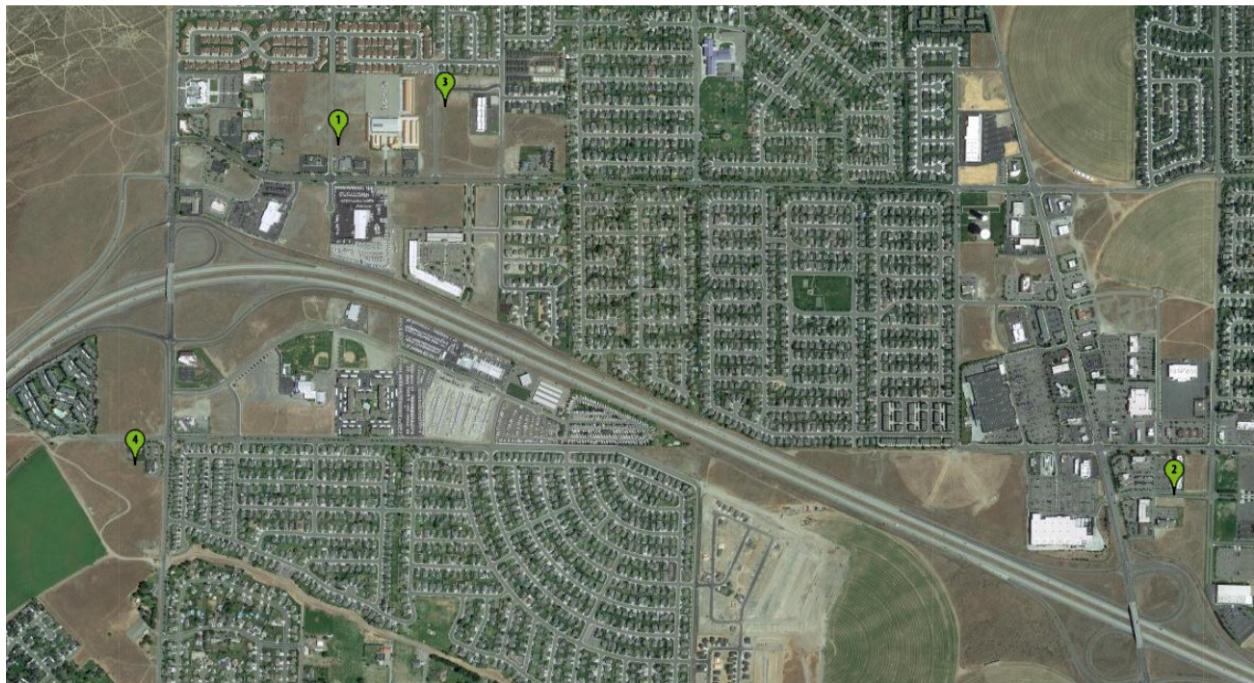


Road 68 Corridor, Pasco

MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

There were several recent 2nd tier interior sales in the Road 68 corridor in 2021 that we reviewed.

Pasco - Road 68 Summary of Land Sales As of June 30, 2021															
#	Dir	Street	Orig Lot #	Legal Descr	PID	Size (AC)	Size (SF)	Sale Date	Sale Price	\$ PSF	Seller	Buyer	Recorded	Zoning	Comments
1	7511	57xx		Lot 12, BSP 2002-05	115430172	1.32	57,499	05/03/21	\$ 247,350	\$ 4.30	Kenneth Ilder et al	LFRE Dev	193832	C-1	Interior, future development
2	7513	6902		Lot 1, BSP 2014-02	117490111	0.68	29,781	04/04/21	\$ 150,000	\$ 5.04	Pasco My Place LLC	Rodeo Dr LLC	1935846	C-1	Interior, future development
3	7512	57xx		Lot 22 Cokes Est	115392068	1.91	83,200	03/01/21	\$ 320,000	\$ 3.85	Pritchard, Bruce	LFRE Dev	SWD-1933355	C-1	Interior, future development
4	7492	xxx		Lot 1, BSP 2008-04	118170457	0.72	31,378	03/01/21	\$ 222,600	\$ 7.09	Community 1st Bank	Loretta Johnson et al	SWD-1932422	C-1	Interior, future development



All four sales were interior sites although it could be argued that sale #4 behind Community 1st Bank has much better visibility than the other three and has better access to the freeway. If that sale is discarded, the others form a tighter range of \$3.85 to \$5.04 PSF.

MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Southridge Area

Finally, we looked at recent sales in the Southridge area which comprises a variety of business and retail uses. The most recent sale in March 2021 was compared with the sales #3 and #4 of similar size in 2018 and 2019, and an increasing value trend can be discerned. The next most recent sale #2 was quite a bit larger with very limited visibility and on the other side of the interchange and sold for quite a discount compared to Sale #1.

Southridge Neighborhood Summary of Land Sales As of June 30, 2021															
	#	Dir	Street	Orig Lot #	Legal Descr	PID	Size (AC)	Size (SF)	Sale Date	Sale Price	\$ PSF	Seller	Buyer Recorded	Zoning	Comments
1	4182	3631			Lot 2, SP 3040	116-891013040002	0.97	42,166	03/15/21	\$ 744,000	\$ 17.64	Craig Eerkes	Hogback Southridge LLC	2021-012459	CC Strip Center
2	4026	3611	S	Zintel	Lot 2, BSP 3984	116894BP3894002	2.11	91,912	08/31/20	\$ 657,000	\$ 7.15	Hamilton Cellars	ZEB LLC (Ron Asmus)	2020-032935	CC Z-Canyon Office Building
3	4426	4810	W	Hildebrand	Lot 2, BSP 4383	116891BP4383002	1.00	43,560	04/08/19	\$ 550,000	\$ 12.63	Craig Eerkes	HF Pasco LLC	2019-008479	CC Dugout Bar & Grill
4	6737	4842	W	Hildebrand	Lengthy Legal	116891BP4997002	1.50	65,340	04/08/19	\$ 914,760	\$ 14.00	39536 Properties LLC	STCU	2018-007437	CC STCU Hdqtrs
5	3894	3703		Plaza Way	Lot 4, SP 3040	116-891013040004	1.90	82,633	07/08/16	\$ 1,100,000	\$ 13.31	Integrity Investors LLC	Southridge Inv LLC	2016-019829	CC Comfort Suites
6	5886	3601		Plaza Way	Lot 4, SP 3040	116-891013040004	1.90	82,633	07/08/16	\$ 1,100,000	\$ 13.31	Integrity Investors LLC	Southridge Inv LLC	2016-019829	CC Numerica



Adjustment Analysis to Sales

Market Conditions Adjustment - (Change in Value Resulting from Passage of Time) - For purposes of determining any market conditions adjustment, the best indicators of a change in value is often the sale and then a later re-sale of the same property with no changes to the property during the interim. Care must be taken to verify the terms and conditions of the sale and re-sale. It is often the case that the property is undervalued by the first seller for some reason, perhaps stronger than usual motivation (for example, a death of the owner or divorce of parties), or lack of knowledge about market conditions. Here are sale and resales for two of the comps previously cited in downtown Kennewick which clearly fall into the first category of either unusual motivation or seller that was not knowledgeable, followed by another recent land sale that was cited in the Southridge group followed by an improved property sale:

Downtown Kennewick Sale
NKA E 16th Avenue

Item #	4A	4B	Difference
Size (AC)	.45	.45	
Size (SF)	19,602 SF	19,602 SF	
Date of Sale	12/18/2017	04/20/21	40 MO
Sale Price PSF	\$1.28	\$3.83	The difference in value is 200% over the 40-month period, likely first seller was not knowledgeable

Downtown Kennewick Sale
218 N Beech St

Item #	4A	4B	Difference
Size (AC)	.40	.40	
Size (SF)	17,258 SF	17,258 SF	
Date of Sale	10/17/2018	08/05/19	40 MO
Sale Price PSF	\$3.77	\$6.78	The difference in value is 80% over the 10-month period, likely first seller was not knowledgeable

Southridge Sale
4810 W Hildebrand Blvd

Item #	4A	4B	Difference
Size (AC)	1.00	1.00	
Size (SF)	43,560 SF	43,560 SF	
Date of Sale	10/17/2013	04/08/2019	66 MO
Sale Price PSF	\$9.00	\$12.63	The difference in value is 40% over the 66-month period, or .61% per MO and 7.33% per year

- *Sale & ReSale #1* – The REMAX Headquarters which just closed in June 2021, was acquired in September 2015 for \$1,650,000 and then the buyer spent \$500,000 in new tenant finishes bringing the total investment to \$2,150,000. The property just sold for \$3,100,000 and the increase over the intervening 69 months was calculated in the amount of 44%, or .65% per month or 7.68%/yr.

For purposes of this analysis, it will be assumed that small parcels of vacant land are currently improving at the rate of 6% per year.

Competitive Location Analysis

The 32-acre Kennewick Historic Waterfront District (KHWD) Master plan, adopted in June 2021 “creates a cohesive vision for integrating Clover Island, Columbia Gardens Wine & Artisan Village, the Willows and Cable Greens as one unified amenity district”.

There is no other mixed-use development *under construction* along the waterfront anywhere in the Tri-Cities that would compete with subject, or with which to compare and estimate demand and resulting pricing. Rather it is more of an “if we build it, they will come” project. Three projects, one complete and two proposed, were reviewed.

- **Columbia Point** - Development of Columbia Point which began in the late 1990’s in central Richland is now nearly complete and has been very successful. The last piece involved a luxury apartment project that was completed in 2017 and the last two pieces have recently gone under contract for apartment development. Columbia Point is a much larger project in scope and includes a golf course, marina, number of privately owned office buildings, restaurants, apartments, and residential attached housing. In fact, the success of Columbia Pointe bodes well for the future success of the KHWD project.
- **Columbia Point South** is an 80 city-owned acre project in Richland located just south of I-182 near the confluence of the Columbia and Yakima Rivers. It re-zoned the property as “urban recreational” in its new comprehensive plan in the fall of 2018. The Port of Benton was considering signing on as a development partner and commissioned a study from ECONorthwest for development possibilities. However, there is another faction that wants to see the site preserved to protect the environment and Native American heritage sites. No further development plans have been announced.
- **Osprey Pointe** - The Port of Pasco has teamed with JMS Tri-Cities in designing Osprey Pointe, a new 55-acre master planned, sustainable urban community along the northern levee free shoreline of the Columbia River, just east of the Cable Bridge offering exceptional views of the river. The business park will offer 20 building site with capacity for over 700,000 square feet of new space in either two-story or three-story buildings. The Port developed an office building to house their headquarters several years ago and the masterplan shows development on both sides of their existing building. As shown on the Port’s website, there are plans for “over 600 residential units available in a variety of options, as well as commercial opportunities, restaurants, a public marketplace for local vendors, enhanced waterfront access, concert venues and public amenities.” However, no timeline or cost has been announced.

About 70% to 80% of new commercial construction in the Tri-Cities historically has been for owner-occupancy, with only 20% to 30% built for investors who lease out space to tenants. The main driver for this today is the low interest rates which make owning and building equity as affordable as renting. This trend should continue so long as interest rates remain low. Depth of the market is unknown at the point. There are virtually no single site parcels available in subject’s Market Area of the Historic Wharf District outside of those owned by the port.

While there are not really comparable similar “districts” currently being planned other than Osprey Pointe discussed above, there are four new single project multi-family residential developments occurring near or along the waterfront all over the Tri-Cities. These new projects are getting premium rental rates for their premium waterfront locations. Of course, it can be difficult to extract the amount of the premium for the waterfront, but when rental rates for new projects in other locations are compared with rental rates at waterfront projects, it is clear that there is a particular tenant class that would enjoy living on the water and has the discretionary income to do so.

- There is currently one brand new luxury apartment project under construction across the river from subject along the northern shoreline of the Columbia River in Pasco known as **Columbia River Walk Apartments** that will contain 288 units upon completion. The first building is complete with the next buildings under construction. Lease-up commenced and units are being rented as completed. Rental rates for 1-, 2- and 3-bedroom units range from \$999 to \$1,699 for units ranging from 820 to 1,250 SF. However, this is a single project, not part of a cohesive neighborhood.
- Ground was broken last year in July 2020 on the **Tides at Willow Pointe**, a brand new 126-unit luxury apartment project along the riverfront in north Richland, WA near the Hanford Site. The \$6 Million project contains a mix of 1- and 2-bedroom units ranging in size from 689 to 911 SF, and the first units are expected to be made available shortly.
- The **Park Place Apartments** was completed in 2021 adjacent to Howard Amon Park in central Richland with views and access to both the park and the Columbia Riverfront. This is a \$20 Million project with high end amenities. Rentals begin at \$1,250 for a 1-bedroom unit and 2-bedroom units rent for \$1,700 to \$2,000. The project is reportedly full and units were leased as soon as they became available.
- Ground was broken in January 2021 for another new complex in the Richland Wye area along Columbia Park Trail between the river and Sr 240. The \$3.5 Million first phase of **Vertissee Apartments** will include two 12-unit apartment buildings with one-bedroom units on the first floor and loft style 2-bedroom 2-bath units on the upper floors at rents ranging from \$1,250 to \$1,700 per month. The owner ultimately “would like to develop buildings with commercial spaces on the lower level and residential units above to take advantage of the river view”. Based on the land size acquired, we calculate that approximately 48 units could ultimately be developed.

Development Costs

All persons contacted in connection with this and other recent assignments state that costs are going through the roof for land, materials and labor. It is very difficult to put pricing together for any proposal because increases are occurring so quickly. There is definitely a shortage in all categories.

The success of these projects bodes well for the residential components of the subject project, i.e., the Willows and Cable Greens project sites.

Size Adjustment –In terms of size, the sales range from tiny to fairly large which can result in a different highest and best use. In reviewing the sales in the different subdivisions, there were several pairs to choose from. Here is a pair analysis from the Bonnie Jean Plaza subdivision compared with a pair analysis from Irving Place.

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Bonnie Jean Plaza Paired Sale Analysis

Item #	Sale #1	Sale #2	Difference
Location	5204, 5101, 5203 W Okanogan	5205 W Okanogan	Same subdivision
Size (AC)	2.89	0.65	2.24 AC
Size (SF)	125,888 SF	28,314 SF	97,574 SF
Date of Sale	10/07/20	02/20/20	Within 6 MO
Sale Price PSF	\$5.48	\$6.00	10% difference

Irving Place Paired Sale Analysis

Item #	Sale #1	Sale #2	Difference
Location	1201 N Irving Pl	1221 N Irving Pl	Same subdivision
Size (AC)	0.55	1.82	2.24 AC
Size (SF)	23,753 SF	79,143 SF	97,574 SF
Date of Sale	05/18/21	04/15/2021	Within one MO
Sale Price PSF	\$5.50	\$5.56	Virtually no difference

Another pair was located in the office and retail district that has grown up in the northwest quadrant of Union Blvd and 27th Ave in Kennewick. Two adjacent parcels sold in the same month and are paired as follows:

Item #	Sale #11	Sale #12	Difference
Location	4000 W 24 th Ave	2431 S Quillan Pl	Adjacent
Size (AC)	4.0 AC	1.45 AC	2.55 AC
Size (SF)	174,240 SF	63,162 SF	111,078 SF
Date of Sale	10/2018	10/2018	Same Month/Yr
Sale Price PSF	\$6.21	\$6.09	2% difference

So while economic theory posits that demand for a smaller number of units is typically higher than for a larger number of units, in many cases, there is not necessarily a premium for smaller sites when compared to larger ones due to the limited number of larger parcels available and increasing demand.

Zoning Adjustment - Subject lots are zoned UMU and only three sales with UMU zoning were discovered. UMU zoning permits a broad variety of development approved on a case-by-case basis. For purposes of this analysis, commercially zoned parcels are considered similar to the UMU zoning given the limited number of sales of UMU land sales available. No adjustment for zoning is warranted.

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Shared Parking / Pad Site Considerations

The subject sites will have two other attributes which are different from the sales available:

1. The sites will be “pad” sites in configuration, meaning that the buyer owns the land underneath the improvements, but parking is shared in common with other owners with ownership retained by the Seller.
2. As a result of their “pad” configuration, they will be quite smaller than the average of the sites reviewed above.

A pad site or outparcel is a freestanding parcel of commercial real estate located in front of a larger shopping center or strip mall and typically ranges from 10,000 to 75,000 SF. Some are ground leased to a tenant, and some are sold outright. They typically include cross easement agreements for access and parking across adjacent shopping center land. They benefit from the draw of the major anchor tenant and therefore, are typically quite a bit more expensive than non-pad sites.

Thus, several recent “pad site” sales that have transpired in other neighborhoods have been reviewed. These are shopping center pad sites for the most part.

*Table 3.2 Summary of Recent “Pad Site” Sales
Tri-Cities, WA*

Comparison of “PAD” Site Sales With Non-PAD Site Sales

Property ID	4182	7381	7156	6975	6891	6933	Average
Property Use	PAD SITE	PAD SITE	PAD SITE	PAD SITE	PAD SITE	PAD SITE	
Location	3631 Plaza Way	2831 Duportail	1659 N CoL Ctr. Blvd	4501 Road 68	1273 Aaron Dr	5702 N Road 68	
City	Kennewick	West Richland	Kennewick	Pasco	Richland	Pasco	
Land Acres	0.968	0.5997	1.18023	0.930	0.530	0.665	0.8123
Land SF	42,166	26,123	51,411	40,511	23,108	28,987	35,384
Buyer	Hogback Southridge, LLC	Hogback Queensgate LLC	Hogback Columbia Center LLC	Pasco One, LLC	Zenitram Properties III LLC	PK Villard LLC	
Seller	Craig Eerkes	Business Trust	JC Penney Properties, Inc.	Terry and Susan Moss	Timothy & Kathryn Bush	Hogback Sandifur LLC	
Recorded	2021-012459	2020-031263	2019-041011	2019-1891202	2019-016172	SWD-1888608	
Document	SWD	SWD	SWD	SWD	SWD	SWD	
TAX ID	116891013040002	121981013220002	130994BP5266002	117490130	114983BP3867007	116030016	
Sale Price	\$744,000	\$790,000	\$1,100,000	\$800,000	\$570,000	\$796,000	\$800,000
Sale Date	03-15-2021	08-24-2020	12-20-2019	02-26-2019	06-12-2019	12-13-2018	
Sale Price PSF	\$17.64	\$30.24	\$21.40	\$19.75	\$24.67	\$27.46	\$22.61

Property ID	7212	7465	7393	7492	3528	6984	Average
Property Use	Commercial	Commercial	Commercial	Commercial	Commercial	PAD SITE	
Location	10799 Ridgeline Dr	Paradise & Bombing	NKA N Steptoe North of	SWC Chapel Hill &	1501 Bombing Range Rd	NKA Skaget	
City	Kennewick	Range	Cage	Broadmoor	West Richland	Kennewick	
Land Acres	1.3775	1.5	0.863	0.72034	1.8458	0.6978	1.1684
Land SF	60,004	65,370	37,823	31,378	80,403	30,396	50,896
Buyer	CMC Properties LLC	Croskey Ventures	Jennifer LaCoste	Loretta Johnson et al	Circle K Stores	CIMCO Properties LLC	
Seller	JPE Irev Interv Trust	GESA Credit Union	Jacobs RR LLC	Community 1st Bank	West Richland Group	Ilderful Korean BBQ Inc	
Recorded	2020-003489	2021-003299	SWD 2020-033824	SWD-1932422	SWD 2020-013815	2020-011355	
Document	Statutory Warranty	Statutory Warranty	Statutory Warranty	Statutory Warranty	Statutory Warranty	SWD	
TAX ID		106984020237001	130993000010000		106984020215003	132991020001011	
Sale Price	\$434,617	\$475,000	\$495,000	\$222,600	\$790,036	\$288,400	\$465,776
Sale Date	01-30-2020	01-21-2021	09-04-2020	02-19-2021	4/24/2020	04-20-2020	
Sale Price PSF	\$7.24	\$7.27	\$13.09	\$7.09	\$10.93	\$9.49	\$9.15

It becomes fairly obvious when comparing “pad site” sales with non-pad site sales that the price PSF is nearly double and almost triple the unit price for these small sites compared to non-pad site sales ranging from approximately \$20 to \$30 PSF with an average of just about \$25 PSF. A good part of the premium can obviously be attributable to the draw but some of the premium is also due to its smaller size because the buyer has the advantage of access and overflow parking across adjacent parcels just as if their own site were larger.

**V. Market Study & Analysis – SUPPLY –
RESIDENTIAL FOR SALE AND FOR RENT**

VI. Market Study & Analysis – SUPPLY – RESIDENTIAL FOR SALE

Single Family DETACHED Residential Component

Survey Methodology

A survey of the local PACMLS was conducted for new single-family detached residential home sales by year for the period 2014 through June 30, 2021 (7.5 Years). Data points surveyed included:

1. County (Benton and Franklin)
2. City (Kennewick, Pasco, Richland, and West Richland) (Note: Prosser, Benton City excluded)
3. Date Sold
4. Subdivision >10 lots (Multiple phases combined)
5. Owner/Developer
6. Address
7. Year Built
8. Size (SF) Finished
9. MLS #
10. Year Built
11. Newly Complete/Under Construction
12. 1 Story vs 2-story
13. With and Without a Basement
14. Garage Capacity
15. Lot Size (AC)

Nearly 6800 data points were returned in 92 subdivisions. A great number of them did not have a specific subdivision listed, or were part of a “short plat”, or had less than 10 lots, and so those have been listed in the “other” subdivision category. This is assumed to be the majority of all new construction although there are situations where builders who sell directly to consumers without a broker involved, and thus, no listing in MLS or individuals purchase a lot and then contract to have a home built.

Validation

Similar data was requested from both the Benton County and Franklin County Assessor’s offices and two local title companies in order that an audit could be conducted of the PACMLS data. Random audits were conducted and verified that the data in MLS was accurate for the most part.

Analysis

The data was exported to Excel for analysis. It was sorted by County, then City and then Subdivision Name, then by Closing Date which permitted analysis on an annual basis so that trends from year to year could be discerned. A summary of the final results is shown in the two tables here. Table 5.1 shows the total sales **by City by year**, while Table 5.2 shows the total sales **by City by subdivision**. A copy of the complete survey is retained in our files. There are some slight

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differences in the totals between the two tables which is not consequential. It had to do with the way the data was sorted and analyzed before and after deleting subdivisions of less than 10 lots.

Table 5.1 – Sort by City
Summary of NEW CONSTRUCTION SFR Sales, January 2014 to June 30, 2021
Tri-Cities, Washington

	Kennewick	Richland	West Richland	Pasco	GRAND TOTAL
2021 YTD # Sold	122	160	81	277	640
Total Sales	\$ 58,553,610	\$ 80,098,280	\$ 38,700,331	\$ 111,865,810	\$ 289,218,031
Total SF	269,902	370,807	187,977	557,552	1,386,238
Avg SF/Sale	2,212	2,318	2,321	2,013	2,166
Avg \$/Home	\$ 479,948	\$ 500,614	\$ 477,782	\$ 403,848	\$ 451,903
Avg \$ PSF	\$ 217	\$ 216	\$ 206	\$ 201	\$ 210
DOM	84	76	53	47	65
2020 # Sold	325	347	81	375	1128
Total Sales	\$ 128,823,882	\$ 153,869,716	\$ 38,700,331	\$ 136,000,259	\$ 457,394,188
Total SF	679,419	777,731	187,977	728,293	2,373,420
Avg SF/Sale	2,091	2,241	2,321	1,942	2,104
Avg \$/Home	\$ 396,381	\$ 443,429	\$ 477,782	\$ 362,667	\$ 405,491
Avg \$ PSF	\$ 190	\$ 198	\$ 206	\$ 187	\$ 195
Avg DOM	91	91	56	76	79
2019 # Sold	263	257	51	415	986
Total Sales	\$ 103,553,902	\$ 103,969,010	\$ 23,921,565	\$ 147,588,782	\$ 379,033,259
Total SF	595,193	565,020	131,547	857,740	2,149,500
Avg SF/Sale	2,263	2,199	2,579	2,067	2,180
Avg \$/Home	\$ 393,741	\$ 404,549	\$ 469,050	\$ 355,636	\$ 384,415
Avg \$ PSF	\$ 174	\$ 184	\$ 182	\$ 172	\$ 178
Avg DOM	79	63	100	62	76
2018 # Sold	246	228	46	335	855
Total Sales	\$ 98,899,081	\$ 87,799,755	\$ 20,629,902	\$ 120,204,208	\$ 327,532,946
Total SF	597,330	513,528	116,643	750,475	1,977,976
Avg SF/Sale	2,428	2,252	2,536	2,240	2,313
Avg \$/Home	\$ 402,029	\$ 385,087	\$ 448,476	\$ 358,819	\$ 383,079
Avg \$ PSF	\$ 166	\$ 171	\$ 177	\$ 160	\$ 168
Avg DOM	96	61	75	75	77
2017 # Sold	250	215	80	379	924
Total Sales	\$ 84,216,277	\$ 81,587,536	\$ 30,823,282	\$ 113,606,083	\$ 310,233,178
Total SF	551,664	494,677	206,078	784,787	2,037,206
Avg SF/Sale	2,207	2,301	2,576	2,071	2,205
Avg \$/Home	\$ 336,865	\$ 379,477	\$ 385,291	\$ 299,752	\$ 335,750
Avg \$ PSF	\$ 153	\$ 165	\$ 150	\$ 145	\$ 153
Avg DOM	53	54	35	55	49
2016 # Sold	300	192	90	263	845
Total Sales	\$ 91,906,007	\$ 70,821,866	\$ 31,034,807	\$ 76,004,823	\$ 269,767,503
Total SF	640,705	462,128	228,330	585,859	1,917,022
Avg SF/Sale	2,136	2,407	2,537	2,228	2,269
Avg \$/Home	\$ 306,353	\$ 368,864	\$ 344,831	\$ 288,992	\$ 319,251
Avg \$ PSF	\$ 143	\$ 153	\$ 136	\$ 130	\$ 141
Avg DOM	125	76	33	58	73
2015 # Sold	313	147	82	201	743
Total Sales	\$ 84,110,239	\$ 55,670,034	\$ 26,688,063	\$ 50,970,872	\$ 217,439,208
Total SF	643,943	372,715	207,591	416,152	1,640,401
Avg SF/Sale	2,057	2,535	2,532	2,070	2,208
Avg \$/Home	\$ 268,723	\$ 378,708	\$ 325,464	\$ 253,586	\$ 292,650
Avg \$ PSF	\$ 131	\$ 149	\$ 129	\$ 122	\$ 133
Avg DOM	118	84	62	55	80
2014 # Sold	239	165	68	149	621
Total Sales	\$ 64,358,615	\$ 56,650,214	\$ 20,253,273	\$ 35,018,910	\$ 176,281,012
Total SF	505,792	407,315	162,219	305,668	1,380,994
Avg SF/Sale	2,116	2,469	2,386	2,051	2,224
Avg \$/Home	\$ 269,283	\$ 343,335	\$ 297,842	\$ 235,026	\$ 283,866
Avg \$ PSF	\$ 127	\$ 139	\$ 125	\$ 115	\$ 126
Avg DOM	162	98	93	56	102
TOTAL Total # Subdiv	30	26	10	26	92
Total Homes Sold	2058	1711	579	2394	6742
Total Sales	\$ 714,421,613	\$ 690,466,431	\$ 233,080,539	\$ 791,259,747	\$ 2,429,228,330
Total SF	4,483,948	3,963,921	1,430,281	4,986,526	14,864,676
Avg SF/Sale	2,179	2,317	2,470	2,083	2,205
Avg \$/Home	\$ 347,144	\$ 403,546	\$ 402,557	\$ 330,518	\$ 360,313
Avg Sale PSF	\$ 159	\$ 174	\$ 163	\$ 159	\$ 163
Avg DOM	90	61	58	59	67
% of Transactions	30.5%	25.4%	8.6%	35.5%	
% Of Volume	29.4%	28.4%	9.6%	32.6%	

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Table 5.2 – Sort by Subdivision
 Summary of NEW CONSTRUCTION SFR Sales, January 2014 to June 30, 2021
 Tri-Cities, Washington
Kennewick, WA

County	City	Subdivision	Total # Sold	2014-2021 Total Sales	2014-2021 Total SF	2014-2021 Avg DOM	2014-2021 Avg \$ PSF	2014-2021 Avg SF
Benton	Kennewick	APPLE VALLEY	142	\$ 54,074,290	295,281	39	\$183.13	2,079
Benton	Kennewick	BRIDGEWATER PARK	114	\$ 20,298,719	173,856	50	\$116.76	1,525
Benton	Kennewick	CANYON LK	13	\$ 5,595,194	37,677	195	\$148.50	2,898
Benton	Kennewick	CANYON RANCH	127	\$ 41,781,280	293,885	80	\$142.17	2,314
Benton	Kennewick	CANYON VIEW ESTATES	40	\$ 9,610,161	72,611	42	\$132.35	1,815
Benton	Kennewick	CHERRY CREEK	55	\$ 18,998,341	114,712	68	\$165.62	2,086
Benton	Kennewick	CHERRY CREEK ESTATES	45	\$ 13,562,991	99,415	136	\$136.43	2,209
Benton	Kennewick	CHERRY GLEN	30	\$ 5,565,794	46,110	10	\$120.71	1,537
Benton	Kennewick	COTTONWOOD ESTATES	15	\$ 5,629,595	41,197	43	\$136.65	2,746
Benton	Kennewick	DOVE RIDGE	56	\$ 18,114,241	95,426	5	\$189.83	1,704
Benton	Kennewick	FOUNTAIN	48	\$ 12,920,245	98,063	115	\$131.75	2,043
Benton	Kennewick	HANSEN PARK	30	\$ 12,095,140	88,023	104	\$137.41	2,934
Benton	Kennewick	HTS @ HIGHLAND RANCH	31	\$ 7,152,693	61,116	82	\$117.03	1,971
Benton	Kennewick	HIDDEN HILLS	16	\$ 8,397,404	47,943	60	\$175.15	2,996
Benton	Kennewick	HIGHLAND TERRACE	16	\$ 3,423,734	24,030	19	\$142.48	1,502
Benton	Kennewick	INSPIRATION EST	61	\$ 27,548,569	168,675	135	\$163.32	2,765
Benton	Kennewick	OLYMPIA ESTATES	36	\$ 10,833,873	65,689	43	\$164.93	1,825
Benton	Kennewick	OTHER	406	\$ 126,865,590	781,628	61	\$162.31	1,925
Benton	Kennewick	RIDGELINE ESTATES	35	\$ 11,678,816	82,001	166	\$142.42	2,343
Benton	Kennewick	ROYAL ANNE ESTATE	12	\$ 2,723,523	23,652	151	\$115.15	1,971
Benton	Kennewick	SAGECREST	81	\$ 25,385,933	173,202	107	\$146.57	2,138
Benton	Kennewick	SOUTHCLIFFE	28	\$ 16,016,160	81,549	236	\$196.40	2,912
Benton	Kennewick	SOUTHRIDGE	235	\$ 83,282,878	516,121	84	\$161.36	2,196
Benton	Kennewick	STEEPLECHASE	8	\$ 5,580,028	21,810	66	\$255.85	2,726
Benton	Kennewick	SUMMIT VIEW	151	\$ 69,000,704	411,707	117	\$167.60	2,727
Benton	Kennewick	SUNRISE RIDGE	9	\$ 5,060,200	27,728	89	\$182.49	3,081
Benton	Kennewick	THE HEIGHTS AT CANYON LAKES	23	\$ 10,401,557	64,673	147	\$160.83	2,812
Benton	Kennewick	THE RIDGE AT HANSEN PARK	59	\$ 27,409,233	146,770	59	\$186.75	2,488
Benton	Kennewick	THE RIDGE AT REATA WEST	99	\$ 42,011,274	266,029	145	\$157.92	2,687
Benton	Kennewick	THE VILLAGE AT SOUTHRIDGE	37	\$ 13,403,458	63,368	65	\$211.52	1,713
Sub-Total: Kennewick			30	\$ 714,421,618	4,483,947	91	\$159.33	2,179
			32.6%	30.5%	29.4%	30.2%		

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Historic Waterfront District, Kennewick, WA

Table 5.2 – Sort by Subdivision
Summary of NEW CONSTRUCTION SFR Sales, January 2014 to June 30, 2021
Tri-Cities, Washington
Richland, WA

County	City	Subdivision	Total # Sold	2014-2021 Total Sales	2014-2021 Total SF	2014-2021 Avg DOM	2014-2021 Avg \$ PSF	2014-2021 Avg SF
Benton	Richland	BADGER MNT	39	\$ 14,199,032	90,096	20	\$157.60	2,310
Benton	Richland	BADGER MOUNTAIN VILLAGE	17	\$ 6,149,424	33,614	57	\$182.94	1,977
Benton	Richland	BRANTINGHAM HEIGHTS	45	\$ 16,215,266	113,833	73	\$142.45	2,530
Benton	Richland	BROOKSHIRE EST	16	\$ 5,982,886	45,293	62	\$132.09	2,831
Benton	Richland	NOTTAGES AT CLEARWATER CREEK	128	\$ 41,244,519	219,290	28	\$188.08	1,713
Benton	Richland	FALCON CREST	18	\$ 11,878,340	49,534	128	\$239.80	2,752
Benton	Richland	GOOSERIDGE ESTATES	11	\$ 6,076,105	24,659	19	\$246.41	2,242
Benton	Richland	HERITAGE	3	\$ 1,234,500	8,108	2	\$152.26	2,703
Benton	Richland	HIDDEN HILLS	7	\$ 2,874,404	20,853	36	\$137.84	2,979
Benton	Richland	HORN RAPIDS	377	\$ 140,576,713	815,456	78	\$172.39	2,163
Benton	Richland	JOLIANNNA HEIGHTS	33	\$ 21,483,529	93,755	66	\$229.15	2,841
Benton	Richland	LEXINGTON HEIGHTS	23	\$ 9,743,526	67,992	75	\$143.30	2,956
Benton	Richland	OTHER	152	\$ 57,717,723	348,892	120	\$165.43	2,295
Benton	Richland	RANCHO DEL REY	12	\$ 4,423,116	26,497	38	\$166.93	2,208
Benton	Richland	REATA RIDGE	17	\$ 7,098,405	52,627	57	\$134.88	3,096
Benton	Richland	RESERVE AT CLEARWATER CREEK	150	\$ 45,565,029	296,986	55	\$153.42	1,980
Benton	Richland	SKYLINE MEADOWS	18	\$ 8,327,169	51,469	44	\$161.79	2,859
Benton	Richland	SUNDANCE ESTATES NORTH	19	\$ 8,592,532	40,489	134	\$212.22	2,131
Benton	Richland	SUNDANCE RIDGE	5	\$ 1,906,740	13,086	2	\$145.71	2,617
Benton	Richland	THE HEIGHTS AT MEADOW SPRING	32	\$ 13,609,606	84,786	134	\$160.52	2,650
Benton	Richland	WEST VILLAGE	178	\$ 74,682,904	393,069	76	\$190.00	2,208
Benton	Richland	WEST VINEYARD ESTATES	78	\$ 26,764,972	170,779	150	\$156.72	2,189
Benton	Richland	WESTCLIFFE	108	\$ 64,832,520	336,306	112	\$192.78	3,114
Benton	Richland	WESTCLIFFE HEIGHTS	59	\$ 34,300,936	156,211	97	\$219.58	2,648
Benton	Richland	WHITE BLUFFS	140	\$ 52,707,421	339,394	95	\$155.30	2,424
Benton	Richland	WILLOWBROOK	26	\$ 12,279,114	70,847	102	\$173.32	2,725
Sub-Total: Richland			26	\$ 690,466,431	3,963,921	72	\$200.42	2,317
			28.3%	24.5%	28.4%	26.6%		

Table 5.2 – Sort by Subdivision
Summary of NEW CONSTRUCTION SFR Sales, January 2014 to June 30, 2021
Tri-Cities, Washington
West Richland, WA

County	City	Subdivision	Total # Sold	2014-2021 Total Sales	2014-2021 Total SF	2014-2021 Avg DOM	2014-2021 Avg \$ PSF	2014-2021 Avg SF
Benton	West Richland	BELMONT HEIGHTS	84	\$ 35,524,649	182,493	65	\$194.66	2,173
Benton	West Richland	COLLINS RIDGE	25	\$ 8,151,843	66,382	93	\$122.80	2,655
Benton	West Richland	HAZELWOOD HEIGHTS	30	\$ 12,338,969	70,066	32	\$176.10	2,336
Benton	West Richland	OTHER	156	\$ 59,361,060	416,008	71	\$142.69	2,667
Benton	West Richland	PANORAMA VISTA	13	\$ 7,185,337	33,350	50	\$215.45	2,565
Benton	West Richland	PARADISE ESTATES	19	\$ 6,017,258	49,141	41	\$122.45	2,586
Benton	West Richland	SAGEWOOD ESTATES	28	\$ 13,190,509	57,784	29	\$228.27	2,064
Benton	West Richland	SUNSET HEIGHTS	79	\$ 40,273,673	202,167	80	\$199.21	2,559
Benton	West Richland	SUNSET RIDGE	80	\$ 28,462,864	192,974	68	\$147.50	2,412
Benton	West Richland	WESTWOOD ESTATES	70	\$ 22,574,377	159,916	48	\$141.16	2,285
Sub-Total: West Richland			10	\$ 233,080,539	1,430,281	58	\$222.15	2,449
			10.9%	8.4%	9.6%	9.6%		

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Table 5.2 – Sort by Subdivision
Summary of NEW CONSTRUCTION SFR Sales, January 2014 to June 30, 2021
Tri-Cities, Washington

			Pasco, WA					
County	City	Subdivision	Total # Sold	2014-2021 Total Sales	2014-2021 Total SF	2014-2021 Avg DOM	2014-2021 Avg \$ PSF	2014-2021 Avg SF
Franklin	Pasco	ARCHER ESTATES	103	\$ 44,829,623	275,156	46	\$162.92	2,671
Franklin	Pasco	BROADMOOR EST	8	\$ 1,768,637	15,098	42	\$117.14	1,887
Franklin	Pasco	BROADMOOR TERRACE	73	\$ 23,619,191	156,180	99	\$151.23	2,139
Franklin	Pasco	BURN'S ESTATES	8	\$ 4,873,750	19,676	134	\$247.70	2,460
Franklin	Pasco	CHAPEL HILL	82	\$ 17,617,037	142,565	80	\$123.57	1,739
Franklin	Pasco	CHIAWANA PLACE	43	\$ 17,804,029	89,243	135	\$199.50	2,075
Franklin	Pasco	COLUMBIA TERRACE	97	\$ 36,595,238	210,179	89	\$174.11	2,167
Franklin	Pasco	DESERT SAGE	24	\$ 10,722,465	57,661	21	\$185.96	2,403
Franklin	Pasco	EAGLE CREST ESTATES	21	\$ 14,440,188	68,187	105	\$211.77	3,247
Franklin	Pasco	FIRST PLACE	145	\$ 43,219,875	317,004	135	\$136.34	2,186
Franklin	Pasco	IRIS MEADOWS	31	\$ 11,181,466	77,218	17	\$144.80	2,491
Franklin	Pasco	LINDA LOVIISA	33	\$ 7,795,790	69,690	84	\$111.86	2,112
Franklin	Pasco	MADISON PARK	330	\$ 98,311,913	747,327	43	\$131.55	2,265
Franklin	Pasco	MAJESTIA PLACE	43	\$ 11,432,954	76,496	39	\$149.46	1,779
Franklin	Pasco	NORTH RIDGE PAR	59	\$ 20,317,697	116,185	13	\$174.87	1,969
Franklin	Pasco	OTHER	266	\$ 98,031,374	599,258	52	\$163.59	2,253
Franklin	Pasco	RIVERHAWK ESTATES	262	\$ 77,349,053	460,660	24	\$167.91	1,758
Franklin	Pasco	RIVERHAWK POINTE	138	\$ 45,017,748	231,411	7	\$194.54	1,677
Franklin	Pasco	SORANO HEIGHTS	109	\$ 38,901,116	196,041	6	\$198.43	1,799
Franklin	Pasco	SPENCER ESTATES	161	\$ 81,472,222	421,804	75	\$193.15	2,620
Franklin	Pasco	STEELE CORNERS	11	\$ 4,515,814	25,797	109	\$175.05	2,345
Franklin	Pasco	SUNRISE ESTATES	34	\$ 5,758,491	45,109	7	\$127.66	1,327
Franklin	Pasco	THREE RIVERS WEST	176	\$ 43,293,798	346,085	18	\$125.10	1,966
Franklin	Pasco	TIERRA VIDA	96	\$ 14,889,226	127,956	23	\$116.36	1,333
Franklin	Pasco	VALENCIA ESTATES	16	\$ 6,271,123	35,003	87	\$179.16	2,188
Franklin	Pasco	VOLTERRA ESTATES	25	\$ 11,229,929	59,537	34	\$188.62	2,381
Sub-Total: Pasco		26	2394	\$ 791,259,747	4,986,526	59	\$158.68	2,083
		28.3%	34.2%	32.6%	33.5%			

Table 5.2 – Sort by Subdivision
Summary of NEW CONSTRUCTION SFR Sales, January 2014 to June 30, 2021
Tri-Cities, Washington

Total Tri-Cities											
County	City	Subdivision	Total # Sold	2014-2021 Total Sales	2014-2021 Total SF	2014-2021 Avg DOM	2014-2021 Avg \$ PSF	2014-2021 Avg SF	Min SF	Max SF	
GRAND TOTAL: Tri-Cities			92	6747	\$ 2,429,228,335	14,864,675	70	\$185.14	2,257	1,327	3,247

Analysis – Sales Volumes and Average Size

As reflected in the table, the following trends can be discerned:

- **Combined Total Transactions** - A total of 6,742 sales were reported in MLS during the 7.5-year (90 month) period, reflecting an average of about 75 sales per month. This would not include “for sale by owner” sales but should pick up those sales outside of incorporated areas.
- **Location** - Percentages of transaction and sales volumes by City are arrayed in the following table. Pasco is clearly the leader, followed by Kennewick, Richland and West Richland respectively:

Table 5.3
Transaction Activity for the Tri-Cities Market
January 2014 through June 30, 2021

	Kennewick	Pasco	Richland	West Richland
Total Transaction Volume	30.5%	35.5%	25.4%	8.6%
Total Volume Dollars	29.4%	32.6%	28.4%	9.6%

- *Total SF Built* - About 14.865 million square feet of gross living area was added to inventory during the study period from this data, which equates to about 165,000 SF/MO or 75 homes based on the average SF of homes.
- *Sales Volume* - Sales volume reflected a total amount of nearly \$2.5 Billion.
- *Average Size*
 - Pasco builds the smallest average home at 94.5% of the average;
 - Richland builds the largest average home at 105% of the average;
 - Kennewick is very nearly average at 98.9%.
 - West Richland is much larger at 111% of average.
- *Average Sale Price/Home* – This element ranged from an average of \$330,518 to \$403,546 overall; in 2021 it is ranging from \$403,848 to \$500,614 for the first half of the year.
- *Sale Price PSF* - Average sale prices PSF increased from a low of \$126 to \$210 PSF for the first half of 2021 during the study period, an overall increase of 68%, or an average increase of 0.75%/month or 9% annually. Of course, some markets have moved upward more quickly, and others lagged more slowly, but the average is 9%. And the increases have been significantly higher in the last two years than in the first two.
- *DOM* – While average DOM is 70, currently, DOM is running 65. It has been trending downward for the entire study period.
- *Size (SF)* – Between 2015 to 2018, size has fluctuated between a low of 2,205 to 2,313 SF but beginning in 2019 and continuing to the present time, the size has been decreasing. As of the first half of 2021, the average size of 2,166 SF represents a decline of 147 SF, or 6% overall.

Average Size (SF) of New Home Constructed

<i>2014</i>	<i>2015</i>	<i>2016</i>	<i>2017</i>	<i>2018</i>	<i>2019</i>	<i>2020</i>	<i>2021</i>
2,224	2,208	2,269	2,205	2,313	2,180	2,104	2,166

- *Basements* - Fewer than 3% of the volume studied included a basement. This is a more popular option with newer homes constructed on steep lots where the basement option is a walk-out, and the ceiling heights and finishes are identical to that found in the main level above grade space. In reality, it is more like an inverted 2-story. Differences in price PSF for the below grade space is more similar to that of a 2-story.
- *Style* - Approximately 10% were 2-story homes and the majority of those were attached townhouse style homes. The remaining 90% were ramblers, although there was a sprinkling of ramblers with bonus rooms above.
- *Garage Space* - More than 68% had 3+ garage spaces while 32% included only 2 garage spaces.
- *Townhouse or Patio* - These will be discussed separately below.
- *Current Pricing* - Statistics for 2021 year to date:
 - List prices are ranging from \$201 to \$217 PSF (including lot)
 - At the present rate, annualized volume is calculated in the amount of 1290 total sales, which would be the highest volume during the period studied.

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- Pasco clearly continues to outrun the four cities with 35.5% of the overall transaction volume; but lags somewhat behind with only 32.6% of overall dollars.

To summarize, the typical new single-family product in this market:

- Is a Rambler (1-story) with a Great Room open floorplan for the public spaces
- Contains approximately 2,100 SF
- Includes a 3-car attached garage
- Does NOT include a basement
- Is on a much smaller lot than in previous years due to increasing land prices

Individual Lot Pricing Strategy

If for example, the parcels designated Willows and/or Cable Greens were to be considered for residential development, three different methodologies of lot pricing strategies could be applied.

I. Current Listing Activity

Builders and buyers in the market looking for a lot are typically looking at the **total price of the lot**, rather than the price on a square foot basis. It is typically just as easy to build a 2,100 SF home on a 5,000 SF lot as it is on a 10,000 SF lot. The number of lot sales to consumers listed in MLS is virtually non-existent. Summarized in the following table are the current active listings for lots of 0.30 AC or less.

*Table 5.4
Current Listing Activity
Tri-Cities, Washington*

MLS #	Status	Acres #	SF	Address	Class	Type	City	Subdiv	Asking Price	Listing Date	DOM	CDOM
253880	Active	0.227	9,888	464 Agier Dr	LD	RES	Richland	CRESTED HILLS 8	\$75,000	5/21/2021	58	58
243246	Active	0.26	11,326	1036 Sagebluff Lane	LD	RES	Richland	UNDANCE ESTATES NORTH	\$90,500	1/29/2020	513	513
243247	Active	0.29	12,632	1037 Sagebluff Lane	LD	RES	Richland	UNDANCE ESTATES NORTH	\$96,500	1/29/2020	553	553
243248	Active	0.24	10,454	1025 Sagebluff Lane	LD	RES	Richland	UNDANCE ESTATES NORTH	\$96,500	1/29/2020	553	553
252569	Active	0.28	12,197	477 E 36th Ave	LD	RES	Kennewick	OTHER	\$99,000	3/25/2021	132	132
254244	Active	0.29	12,632	Lot 2 W Margaret Court	LD	RES	Pasco	OTHER	\$110,000	6/9/2021	49	49
254245	Active	0.29	12,632	Lot 3 W Margaret Court	LD	RES	Pasco	OTHER	\$110,000	6/9/2021	55	55
254246	Active	0.3	13,068	Lot 7 W Margaret Court	LD	RES	Pasco	OTHER	\$110,000	6/9/2021	55	55
254272	Active	0.28	12,197	Lot 6 W Margaret Court	LD	RES	Pasco	OTHER	\$110,000	6/10/2021	55	55
253272	Active	0.27	11,761	4131 S Kingwood Street	LD	RES	Kennewick	KINGWOOD ESTATES	\$127,500	4/27/2021	99	99
253273	Active	0.27	11,761	4119 S Kingwood Street	LD	RES	Kennewick	KINGWOOD ESTATES	\$127,500	4/27/2021	99	99
249659	Active	0.23	10,019	Lot 7 Bing St	LD	RES	West Richland	PANORAMA VISTA	\$145,000	10/26/2020	282	282
252595	Active	0.29	12,632	456 Agier Drive	LD	RES	Richland	SHORT PLAT	\$150,000	3/26/2021	131	131
254145	Active	0.25	10,890	424 Piper St	LD	RES	Richland	WILLOWBROOK 2	\$165,000	6/4/2021	61	61
253096	Active	0.28	12,197	1566 Penny Lane (Lot 3)	LD	RES	Richland	COB HILL	\$185,000	4/19/2021	107	107
									\$1,797,500			
									\$10.20			

One year ago, there were 29 lots available averaging 11,408 SF in size (0.26 AC) and reflecting an average price of \$10.36 PSF. Prices have remained relatively static but inventory has come way down with only 15 lots currently available.

The listing activity was compared with recent closed land sales activity in the market. Unfortunately, there have not been any sales that contained 5,000 SF of land area or less (0.115 AC), and so expanded the criteria to 0.30 AC.

Conclusion: The active list price for the 15 listings is averaging \$10.20/SF with the average lot size of 11,752 SF. However, these are smaller subdivisions developed by smaller builders rather than national homebuilders.

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II. Finished Subdivision Lots in Bulk

Multiple bulk lot sales are very rare these days. Several ongoing subdivisions were checked for activity and it is very infrequent for a builder to acquire more than one to three lots in a transaction.

In this market, land developers will buy a large raw land tract, develop a subdivision parcel and then sell finished lots (platted and improved with streets and utilities) in either a one-off transaction at a wholesale price or in bulk to a builder at a discounted wholesale price, who then builds the home and sells the final product to the consumer on a retail basis.

The West Village Phase 5 subdivision in Richland and Goose Ridge Estates are both ongoing developments, were randomly checked for recent sales activity as summarized in the following table.

Table 5.5A
As of 06/30/2021
Bulk Lot Sales Summary
Tru-Cities, WA

	Sale #1	Sale #2	Sale #3	Sale #4	Sale #5	Sale #6
Subdivision	West Village Ph 5	West Village Ph 5	West Village Ph 5	Goose Ridge Estates	Goose Ridge Estates	Goose Ridge Estates
City	Richland	Richland	Richland	Ph 1	Ph 1	Ph 1
	1, 6, 7, 8, 9, 10, 14, 15, 16, 17, 23, 28, 29, 30, 41, 42, 43,			Richland	Richland	Richland
Lots Purchased	44	11, 35, 56	85-88; 111-114	44, 46, 54	49, 52, 72	23, 24, 26, 53, 65
# Lots Purchased	18	3	8	3	3	5
Total SF	161,552	26,093	44,737	33,000	18,975	69,155
Average SF	8975	8698	5592	11000	6325	13831
Buyer	New Tradition Homes, Inc.	Clark Family Inv LLC	Lott's Better Built Homes	Riverwood Homes WA	JMS Construction	Juanita Cottages LC
	South Richland	South Richland	South Richland	Monson Dev	Monson Dev	Monson Dev
Seller	Communities, LLC	Communities LLC	Communities LLC	Washington LLC	Washington LLC	Washington LLC
Purchase Price	\$ 1,688,900	\$ 302,222	\$ 576,679	\$ 398,500	\$ 363,500	\$ 670,000
Date of Sale	3/11/2021	3/11/2021	1/29/2021	1/15/2021	1/19/2021	1/28/2021
Recorded	2021-011905	2021-011316	2021-004796			
Parent Parcel Tax ID	132983000003023	132983000003023	132983000003023	132981020000044,	132981020000049,	132981020000023,
Sale Price Per Lot	\$ 93,828	\$ 100,741	\$ 72,085	046, 054	052, 072	024, 026, 053, 065
Sale Price PSF	\$ 10.45	\$ 11.58	\$ 12.89	\$ 132,833	\$ 121,167	\$ 134,000
				\$ 12.08	\$ 19.16	\$ 9.69

New Tradition Homes acquired 18 lots in West Village Ph 5 averaging 8,975 SF for \$93,828/lot average or \$10.45 PSF. This transaction was compared with another sale the same date by the same seller to Clark Family in which only three lots were acquired in the same subdivision, very similar in size. The sale price was \$100,741/lot average or \$11.58 PSF. This comparison reflects a discount of only about 7% for the bulk sale buyer. Interestingly, when these two sales were compared with another sale in this subdivision about one month earlier, the lot sizes were significantly smaller at only 5,592 SF average, and the price PSF increased to \$12.89. This reflects a premium paid for the smaller lot of 11% compared to the larger lots.

Three recent sales to three different builders in Goose Ridge Estates, Phase 1 were also reviewed with varying lot sizes and each purchase comprising three to five lots. The purchase price here ranged from \$121,167 to \$134,000 per lot, although the smaller lots sold for nearly as much as the larger lots.

One year ago, a similar search returned the following results.

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Table 5.5B
As of 06/30/2020
Bulk Lot Sales Summary
Tri-Cities, WA

	Sale #1	Sale #2	Sale #3
Subdivision	West Village Phase 4	Clearwater Creek Phases 9 and 10	The Village at Southridge Phase 2
City	Richland	Kennewick	Kennewick
# Lots Purchased	16	14	2
Size Range (SF)	6,392 to 10,800 SF	5755 to 7095 SF	6534
Total SF	127,912	85,604	13,068
Average SF	7,994	6,115	6,534
Buyer	New Tradition Homes, Inc	Hayden Homes LLC	Landmark Homes
Seller	South Richland Communities LLC	Richland 132 LLC	Southridge Village LLC
Purchase Price \$	1,322,000	\$ 980,000	\$ 174,000
Date of Sale	5/28/2020	5/29/2020	6/4/2020
Recorded	AFN 2020-017960	AFN 2020-018122	AFN 2020-018936
Parent Parcel Tax ID	132983000003021	101881000001016	117894100000035 and 044
Sale Price Per Lot \$	82,625	\$ 70,000	\$ 87,000
Sale Price PSF \$	10.34	\$ 11.45	\$ 13.31

It is noteworthy that the lots are all smaller than average, ranging from a low of just over 6,115 SF to a high of 7,994 SF. The prices paid bracket and support the prices paid for smaller lots today

Conclusion: Small lots today are still selling for between \$10.34 and \$13.31 which would equate to \$51,700 to \$66,500 for a 5,000 SF lot, say \$65,000. A local representative for a national homebuilder reports that one year ago their current average price for a 7,800 SF to 8,300 SF lot was about \$85,000 for the current phase, but this was moving up to \$95,000 for the next phase which is now under way, an increase of about 12%. They report having more lot requests than they are able to provide. This was confirmed by looking at sale prices in Phase 5 compared with sales last year in Phase 4. If this is applied to the stabilized smaller lot price of \$65,000, today's price would average \$72,500 or \$14.50 PSF.

III. Retail Package Price to Consumers

A good rule of thumb for a residential lot value typically ranges from 20% to 25% of the total retail package price of the completed home package. In this case, the average value of new construction in 2020 was \$188 PSF and the average size was 2,124 SF. This would indicate a final sale price of just under \$400,000, and 20% to 25% of that amount would indicate a range of \$80,000 to \$100,000.

In 2021, year to date, average sale prices have increased to \$210 PSF for an average 2,166 SF home. This would equate to an average home price of about \$450,000. Assuming the previously cited range, lot prices would range from \$90,000 to \$112,500, which is right about where sales are currently running. This supports the price being paid by the builder to the land developer and indicates that the majority of profit for the builder is in the construction of the home and not in the land. It is noteworthy that land prices are escalating over the last 7 years at a remarkable rate.

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Single Family ATTACHED Residential Component

Survey Methodology

A similar survey of the local PACMLS was conducted for new single-family **attached** residential home sales by year for the period 2014 through June 30, 2021 (90 Months). These units are sometimes designated as townhouse, condo or patio units. Data points surveyed, analysis, and validation were identical to those for single family detached. There were only a grand total of 399 sales representing only a miniscule part of the market overall although activity has picked up in the last three years as land prices have escalated. Table 5.6A details total activity and averages since 2014, and table 5.6B shows data for 2019 through 2021 YTD for comparison purposes which contains 68% of all activity while only 32% of activity occurred in the preceding five years

Table 5.6A
 Summary of Attached Townhome Sales
 Tri-Cities, Washington
 2014 to June 30, 2021

County	City	Subdivision	Total # Sold	Total Sales	Total SF	Avg DOM
Benton	Kennewick	CANYON LK	6	\$1,463,500	10,591	5
Benton	Kennewick	CEDAR VILLAGE	43	\$10,044,097	70,561	25
Benton	Kennewick	THE BOULEVARD	36	\$1,815,461	12,317	37
Benton	Kennewick	MIDTOWN VILLAGE	18	\$9,226,411	26,991	11
Benton	Kennewick	THE HIGHLANDS	4	\$595,790	5,705	0
Benton	Kennewick	THE VILLAGE AT SOUTHRIDGE	2	\$567,100	2,708	8
Benton	Kennewick	VILLAS VERDE	24	\$4,718,910	39,163	79
Sub-Total: Kennewick			133	\$28,431,269	168,036	24
				\$169	1,263	
Franklin	Pasco	CHAPEL HILL	42	\$10,792,177	63,734	23
Franklin	Pasco	CHAPEL RIDGE	28	\$6,808,844	36,092	7
Franklin	Pasco	MEDITERRAN VILL	12	\$2,938,115	21,245	90
Franklin	Pasco	FERRARA TERRACE	8	\$2,424,700	14,386	24
Franklin	Pasco	URBAN FLATS	42	\$9,192,442	47,680	27
Sub-Total: Pasco			132	\$32,156,278	183,137	34
				\$176	1,387	
Benton	Richland	HORN RAPIDS	51	\$13,956,933	94,046	59
Benton	Richland	COLUMBIA POINT	5	\$2,139,700	11,558	13
Benton	Richland	WILLOWPOINTE	22	\$8,053,936	42,659	81
Sub-Total: Richland			78	\$24,150,569	148,263	51
				\$163	1,901	
Benton	West Richland	EAGLE POINTE	22	\$6,911,397	42,756	23
Benton	West Richland	FRIESIAN ESTATES	6	\$1,804,995	9,020	22
Benton	West Richland	WESTHAVEN TOWNHOMES	28	\$9,182,391	46,979	23
Sub-Total West Richland			56	\$17,898,783	98,755	22
				\$181	1,763	
Grand Total			399	\$102,636,899	598,191	33
				\$172	1,499	

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Table 5.6B
 Summary of Attached Townhome Sales
 Tri-Cities, Washington
 2019 to June 30, 2021

County	City	Subdivision	2021 # Sold	2021 Sales	2021 SF	2021 DOM	2020 # Sold	2020 Sales	2020 SF	2020 DOM	2019 # Sold	2019 Sales	2019 SF	2019 DOM
Benton	Kennewick	CANYON LK	0	\$0	0	0	0	\$0	0	0	0	0	0	0
Benton	Kennewick	CEDAR VILLAGE	9	\$2,178,230	14771	16	20	\$4,668,170	32836	28	12	2,741,232	19660	60
Benton	Kennewick	THE BOULEVARD	0	\$0	0	0	0	\$0	0	0	3	925,900	6801	160
Benton	Kennewick	MIDTOWN VILLAGE	12	\$7,707,511	17993	53	6	\$1,518,900	8998	36	0	0	0	0
Benton	Kennewick	THE HIGHLANDS	0	\$0	0	0	0	\$0	0	0	0	0	0	0
Benton	Kennewick	THE VILLAGE AT SOUTHRIDGE	2	\$567,100	2708	62	0	\$0	0	0	0	0	0	0
Benton	Kennewick	VILLAS VERDE	0	\$0	0	0	0	\$0	0	0	0	0	0	0
Sub-Total: Kennewick			23	\$10,452,841	35472	19	26	\$6,187,070	41834	9	15	\$3,667,132	26461	32
				\$295				\$148				\$139		
Franklin	Pasco	CHAPEL HILL	5	\$1,314,500	7961	29	27	\$6,901,400	39613	49	10	2,576,277	16160	103
Franklin	Pasco	CHAPEL RIDGE	4	\$1,004,600	5156	0	14	\$3,437,300	18046	29	10	2,366,944	12890	28
Franklin	Pasco	MEDITERRAN VILL	0	\$0	0	0	0	\$0	0	0	0	0	0	0
Franklin	Pasco	FERRARA TERRACE	0	\$0	0	0	0	\$0	0	0	4	1,250,350	7520	161
Franklin	Pasco	URBAN FLATS	28	\$6,235,519	32415	30	14	\$2,956,923	15265	185	0	0	0	0
Sub-Total: Pasco			37	\$8,554,619	45532	12	55	\$13,295,623	72924	53	24	\$6,193,571	36570	58
				\$188				\$182				\$169		
Benton	Richland	HORN RAPIDS	1	\$364,000	1895	115	13	\$4,465,340	25383	57	3	994,150	5685	18
Benton	Richland	COLUMBIA POINT	5	\$2,139,700	11558	104	0	\$0	0	0	0	0	0	0
Benton	Richland	WILLOWPOINTE	0	\$0	0	0	7	\$3,331,936	16223	259	8	2,456,600	14288	229
Sub-Total: Richland			6	\$2,503,700	13453	73	20	\$7,797,276	41606	105	11	\$3,450,750	19973	82
				\$186				\$187				\$173		
Benton	West Richland	EAGLE POINTE	4	\$1,275,050	7826	63	15	\$4,683,150	29014	77	3	953,197	5916	42
Benton	West Richland	FRIESIAN ESTATES	0	\$0	0	0	0	\$0	0	0	5	1,504,995	7525	176
Benton	West Richland	WESTHAVEN TOWNHOMES	6	\$2,113,146	10366	95	19	\$6,222,975	32580	66	3	846,270	4033	19
Sub-Total West Richland			10	\$3,388,196	18192	53	34	\$10,906,125	61594	48	11	\$3,304,462	17474	79
				\$186				\$177				\$189		
Grand Total			76	\$24,899,356	112,649	39	135	\$38,186,094	217,958	54	61	\$16,615,915	100,478	63
				\$221	1,482			\$175	1,615			\$165	1,647	

Since attached product did not really become a factor until 2019, most emphasis was placed on this timeline.

To summarize, the typical new single-family ATTACHED product in this market:

- Is a Rambler (1-story) with a Great Room open floorplan for the public spaces
- Contains approximately 1,480 SF
- Includes a 2-car attached garage
- Does NOT include a basement
- Is on a much smaller lot than in previous years due to increasing land prices

If for example, the Cable Greens and/or Willows parcels were considered for single family attached development, three methods of estimating their probable sale price could be as follows.

I. Current Listing Activity

There are currently no attached lots listed for sale.

II. Finished Subdivision Lots in Bulk

There have been no bulk lot sales from land developer to builders in the last year, but only single or 2-lot sales where no real discount was apparent as reflected in Table 5.8.

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Table 5.8, Sort by Subdivision
Summary of RECENT ATTACHED SFR BULK LOT Sales, July 2020 to June 30, 2021
Tri-Cities, Washington

	Sale #1	Sale #2	Sale #3	Sale #4
Subdivision	Westhaven Townhomes	Midtown Village	Midtown Village	Westhaven Townhomes
City	West Richland	Kennewick	Kennewick	West Richland
# of Lots	2	1	3	1
Lot Numbers	Lot 30, 31	Lot 6	Lots 13, 14, 15	22
Size Range (SF)	4,155 to 4,608	1,896	2,678 to 5,133	2,640
Total SF	8,763	1,896	10,573	2,640
Average SF	4,381	1,896	3,524	2,640
Buyer	Green Plan Construction LLC	Green Plan Construction LLC	Green Plan Construction LLC	Green Plan Construction LLC
Seller	Community Housing LLC	AR Holdings	AR Holdings	AR Holdings
Purchase Price	\$110,000	\$50,000	\$150,000	\$55,000
Date of Sale	10/05/2020	01/28/2021	06/29/2021	07/07/2020
Recorded	2020-038775	2021-004913	2021-032033	2020-024190
Sale Price Per Lot	\$55,000	\$50,000	\$50,000	\$55,000
Sale Price Per SF	\$12.55	\$26.37	\$14.18	\$20.83
Comments				

Conclusion: Unfortunately, only two of the five attached subdivisions surveyed were developed by a land development company which then sold finished lots to the builder. In the other four cases, the homebuilder was also the land developer.

All lot sales sold for \$50,000 to \$55,000 per lot but ranged from \$12.55 to \$26.37 on a PSF basis. Thus, it is clear that lot prices for attached housing is fairly tight, although the size of the lot can vary somewhat

III. Retail Package Price to Consumers

A retail lot price from 20% to 25% of the total retail package price of the completed home package was also calculated. In this case, the average value of new attached construction in year-to-date 2021 is nearly identical to that of SFR housing

Detached SFR average pricing was compared to attached housing prices today as summarized below.

Element	SFR Detached	SFR Attached
2021 YTD Avg SF	2,166	1,482
2021 YTD Avg SP	\$451,903	\$327,623
2021 YTD Avg \$PSF	\$210	\$221

Assuming a final sale price near \$325,000, and 20% to 25% of that amount would indicate a range of \$65,000 to \$80,000. This is slightly higher than the price being paid by the builder to the land developer and indicates that the majority of profit for the builder is in the construction of the home and not in the land.

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MARKET STUDY
Residential Component - Apartments

Survey Methodology

The recent building boom in apartments began in 2013 when 994 units were completed. This firm has kept track of all apartment projects containing 20+ units constructed since 2013. The results beginning with 2014 (the start of the study period) are summarized as follows in Table 6.1.

Table 6.1
Summary of New Apartment Construction
2014 to June 30, 2021

Type	Project Name	Street #	Dir	Street Name	City	Owner	Year Built	NBRHD	GBA	# Units	SF/DU	Tax ID Conf'd	Land SF	Land AC	
Apts	Gramercy Apartments	2112	S	Rainier St	Kennewick	Sahota Janmeet	2014	Central	14,594	12	1216	111894013418002	40,075	0.92	
Apts	Pine Tree Park	2021		19th Ave	Kennewick	Pine Tree Apts	2015	Central	19,810	30	660	111894013507001, 002	110,207	2.53	
Apts	Hidden Meadows Apartments	5809	W	Clearwater	Kennewick	Great Western Partners LLC	2015	Central	24,592	26	946	104892000005006	103,673	2.38	
Apts	Bellavista Apts II	2101		Septoe	Kennewick	Townfair Investors LLC	2015	Gage Blvd. / Keene Blvd.	82,000	106	774	136981020010004	318,859	7.32	
Apts	Nueva Vista I	386	N	Union	Kennewick	Kennewick Housing Authority	2017	Central	28,085	26	1080	134993013416009	105,415	2.42	
Apts	Sunset Ridge Apts	3887	W	7th Ave	Kennewick	Sunset Ridge 3887 LLC (former BMB)	2020	Central	24,000	24	1000	103893013560002	81,457	1.87	
Apts	Badger Canyon Apts	10251		Ridgeline Dr	Kennewick	Badger Canyon Apartments	2016-17	West	168,000	168	1000	112883000002003	1,988,078	45.64	
Apts	Nueva Vista II	334	N	Union	Kennewick	Kennewick Housing Authority	2018	Central	28,085	26	1080	134993013416006	68,825	1.58	
7		KENNEWICK TOTAL COMPLETE							389,166	418	931		2,816,590	64.66	
Apts	3120 W 4th Ave	3120	W	4th Ave	Kennewick	Smile-A-Mile Painting (Jason Zook)	2021 (U/C)	Central	25,800	26	992	103891010233003	41,569	0.9543	
Apts	Quality Inn Motel	790	W	Quinault Ave	Kennewick	Fortify Holdings	2021 (Reno)	Central	64,881	110	590	131991000018002	118,483	2.72	
Apts	Quinault Village Apts Phase I	5927	W	Quinault Ave	Kennewick	257 Unit	2021 (Prop)	Central	55,359	127	436	133992020024001, 2, 5, 6	359,213	8.2464	
Apts	Quinault Village Apts Phase II	5927	W	Quinault Ave	Kennewick	257 Unit	2021 (Prop)	Central	45,134	130	347	133992020024001, 2, 5, 6	Inc	Inc	
Apts	Badger Canyon Apts	10251		Ridgeline Dr	Kennewick	Badger Canyon Apartments	2018-20 (U/C)	West	474,000	474	1000	112883000002003	1,988,078	45.64	
Apts	3113 W 7th Ave Apts	3113	W	7th Ave	Kennewick	AMS Real Estate Inv LLC	2021 (Prop)	Central	15,000	15	1000	103894020051001	47,916	1.1	
Apts / Retail	The 19 on Canal	19	W	Canal	Kennewick	Klein Griffith Properties Group	2021 (U/C)	East	60,000	33	1818	101891080000001, 002, 003, 004, 005	65,340	1.5	
4		KENNEWICK TOTAL U/C or PLANNED							740,174	915	808.9		2,620,600	60.1607	
PASCO TOTAL COMPLETE									0				0		0
Apts	Columbia River Walk Apts I (60 Units)	2120	W	"A" St	Pasco	Zepgon Investments LLC	2021	Central	60,648	60	1011	119740017	367,211	8.43	
Apts	Roadway Inn	1520	N	Oregon	Pasco	Fortify Holdings	2021 (Reno)	Central	28,500	106	268.9	113481144	80,515	1.85	
Apts	Loyalty Inn	1825	W	Lewis St	Pasco	Fortify Holdings	2021 (Reno)	Central	67,918	160	424	112230018, 019	111,051	2.55	
Apts	Columbia River Walk Apts II (48 Units)	2120	W	"A" St	Pasco	Zepgon Investments LLC	2020 (U/C)	Central	48,000	48	1000	119740017	367,211	8.43	
1		PASCO TOTAL U/C OR PLANNED							205,066	374	548.3		367,211	8.43	
Apts	Copper Mountain Apts (276 DU)	2555		Bella Coola Ln	Richland	Nor Am Investments	2019-20	Southridge	235,000	276	851	132983000003019 (Part)	Part of Larger	Part of Larger	
Apts	Bella Vista	2101		Septoe	Richland	Townfair Investors LLC	2015	Gage	106,000	106	1000	136981020010004	318,859	7.32	
Apts	575 Apartments (90 units)	575		Columbia Point Dr	Richland	575 Apartments	2017	Columbia Point	85,000	90	944	113983013202002	142,006	3.26	
Apts	Lofts @ Innovation Center (160 DU)	2859		Pauling Dr	Richland	Innovation Center Lofts LLC	2015	North	199,260	160	1245	123083013419002	184,694	4.24	
Apts	Rosencrans Apt Homes	4500		Rosencrans	W Richland	Hickman, Ira	2016	West	23,850	20	1,193	108982013459002, 3, 4, 5, 6	80,887	1.8569	
Apts	Park Place Apts (104 DU)	650		George Washington University Dr	Richland	650 GWW LLC	2021	North	106,000	106	1,000	111984012586007	119,354	2.74	
Apts	Merlot @ Brelsford Vineyards Apts Commons @ Inn Ctr (105 DU)	215		Salk Ave	Richland	Brelsford Vineyards Apts	2020	North	81,000	81	1,000	123084000003000 (Part)	?	?	
Apts	Badger Mountain Ranch	451		Westcliffe Blvd	Richland	Innovation Center Lofts LLC	2018	North	95,102	150	634	123083013487004	166,835	3.83	
6		RICHLAND TOTAL COMPLETE							1,143,507	1,165	982		650,786	14.94	
Apts	Willow Pointe Apartments (126 units)	250		Battelle Blvd	Richland	Weyerhaeuser Apartments LLC	2020 (U/C)	North	126,000	126	1,000	114084013572001, 2, 3, 4 (Part)	174,240	4	
Apts	Days Inn	615		Jadwin Blvd	Richland	Fortify Holdings	2021 (Reno)	North	25,220	97	260	111983020561009	110,207	2.53	
Apts	Best Western Plus	1515		George Washington	Richland	Fortify Holdings	2021 (Reno)	North	111,865	197	568	102983020732045	246,114	5.65	
Apts	Cedar & Sage	345		George Washington	Richland	Cedar & Sage	2021 (Prop)	North	130,000	130	1,000	114981012516001 + 2 more	196,020	4.5	
Apts	Cedar & Sage	425		Bradley Blvd	Richland	Cedar & Sage	2021 (Prop)	North	30,000	30	1,000	1.14981E+14	65,340	1.5	
Apts	Vertisse Apartments Ph I	1156		Columbia Pk Trail	Richland	Lionell Singleton	2021 (U/C)	South	24,000	24	1,000	130992000010000, a3	87,120	2	
Apts	The Vicinity at Horn Rapids	2645-2665		Kingsgate Way	Richland	Lee Petty (LCR Construction)	2020 (U/C)	North	288,000	288	1,000	128082013611001 (Part)	348,480	8	
4		RICHLAND TOTAL U/C OR PLANNED							735,085	892	824.1		1,227,521	28.18	

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Based on this survey, a total of 3,764 new units are complete, under construction or planned beginning in 2014 which reflects an average of 500± units added each year.

If the 994 units added in late 2013 are added to the mix, the average increases somewhat. Of the surveyed projects, there were nine smaller projects (30 units or less) containing in the aggregate 228 units; the remainder were in larger projects.

A new trend is emerging; an Oregon developer, Fortify Holdings, has purchased or is in escrow to purchase a total of 726 hotel room units in five projects throughout the Tri-Cities for conversion to micro apartments.

- a. *Best Western Plus*, a 6-story hotel at 1515 George Washington Way and containing 197 rooms was shut down over the weekend with representatives confirming that Fortify is the new owner. This property was built in 1974 but closed in 2013 for a massive renovation and had just re-opened in November 2019 with a grand re-opening.
- b. *Rodeway Inn*, 1520 N Oregon Ave in Pasco is also closed and it is not clear when it shut down.
- c. *Days Inn*, 615 Jadwin, Richland is closed and has 97 rooms
- d. *Quality Inn*, 7901 W Quinault Ave, Kennewick near the Columbia Center Mall has 124 rooms
- e. *Loyalty Inn*, 1825 W Lewis St, Pasco, WA is in escrow and contains 160 units.

Table 6.2
Summary of Apartments Built
Tri-Cities, WA, 2014 to June 30, 2021

City	SF	# DU	SF PDU
Kennewick Complete	389,166	418	931
Kennewick U/C or Planned	<u>740,174</u>	<u>915</u>	<u>809</u>
Sub-Total	1,129,340	1,333	1,740
Pasco Complete	0	0	0
Pasco U/C or Planned	<u>205,066</u>	<u>374</u>	<u>548</u>
Sub-Total	205,066	374	548
Richland Complete	1,143,507	1,165	982
Richland U/C or Planned	<u>735,085</u>	<u>892</u>	<u>824</u>
Sub-Total	1,878,592	2,057	1,806
TOTAL COMPLETE	1,532,673	1,583	968
TOTAL U/C OR PLANNED	<u>1,680,325</u>	<u>2,181</u>	<u>770</u>
Sub-Total	3,212,998	3,764	854
2013 Total Completed		994	
GRAND TOTAL		4,758	

Rental Rates and Vacancy Rates

The University of Washington's Washington Center for Real Estate Research (WCRER) provides apartment market statistics for communities throughout the state of Washington. WCRER has become the largest apartment market researcher focusing on markets outside the 5-county Seattle area in Washington. It publishes data semi-annually.

During the study period, rental rates have risen from an average of \$785/MO to \$1,140/MO, a 45% increase, or 6%/year average for the 7.5 years of data. And vacancy rates have remained low despite the new additions to supply, average less than 3% for the most recent five years, which is one of the factors responsible for pushing up rental rates and most astonishing, vacancy rates are under 1% as of the spring, 2021 survey. Interestingly, rental rates have increased faster in the last three years than in earlier years.

A summary of the rates are included in the following table.

Table 6.3
**Vacancy Rates and Average Rents
Benton-Franklin County Apartments**

	Vacancy	Average Rental Rate	# Units Surveyed	Avg Unit Size (SF)
Spring, 2021	0.9%	\$1,140 / \$1.25	9,730	910
Fall, 2020	1.3%	\$1,115 / \$1.23	10,240	910
Spring, 2020	2.5%	\$1,022 / \$1.21	10,930	844
Fall, 2019	1.9%	\$1,000 / \$1.18	10,918	844
Spring, 2019	1.6%	\$983 / \$1.16	10,847	844
Fall, 2018	1.6%	\$983 / \$1.16	10,847	844
Spring, 2018	1.1%	\$834 / \$1.00	1,263	833
Fall, 2017	3.7%	\$844 / \$1.00	8,399	848
Spring, 2017	2.2%	\$861 / \$1.03	7,084	833
Fall, 2016	2.3%	\$878 / \$1.06	6,355	830
Spring, 2016	2.1% (B) 0.8% (F)	\$775 (B) / \$0.94 \$744 (F) / \$0.87	5,259 841	819 853
Fall, 2015	2.6% (B) 1.9% (F)	\$824 (B) / \$0.96 \$680 (F) / \$0.75	5,206 872	850 906
Spring, 2015	1.8% (B) 0.8% (F)	\$785 (B) / \$0.95 \$800 (F) / \$0.96	5,569 612	833 825

Land Sale Activity

We took a look at the land sales underlying each apartment complex and find that most larger parcel sales are too old to be of much use. In many cases, the land was owned for a number of years before development began. Outlined in Table 6.4 are the various sales which have occurred during the study period, all for multi-family development. Most were for apartment (for rent) development, while the balance were for sale (townhouse style development). Sale #8 was discarded from further consideration due to dissimilarities compared to the others.

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Summary of Multi-Family Land Sales Tri-Cities, WA 2018 to 2021 (June 30)												
		Pending	Pending	Sale #1	Sale #2	Sale #3	Sale #4	Sale #5	Sale #6	Sale #7	Sale #8	Discarded
Project Name & Location	AVERAGES	Site A TBD, 425-455 Bradley	Site B TBD, 470 Bradley	Proposed Apts, 3113 W 7th Ave, Kennewick	Proposed Apts, 3120 W 4th Ave, Kennewick	Vertisee Apts, 1156 Columbia Pk Tr, Richland	Proposed TH Development	Park Place Apts & Retail, 650 GW Way, Richland	Midtown Village, S Quillan Pl / W 7th Ave, Kennewick	Irving Square, 5700-36 & 5701-35 W Albany Pl, Kennewick	Sunset Ridge Apts, 3887 W 7th Ave, Kennewick	The Nine, 9 Canal Dr, Kennewick
Type		Apts	Apts	Apts	Apts	Apts	Row TH	Apts + Retail	Duplex TH	Duplex TH	Apt	Apt
Tax Parcel ID		1149810125 16001, 002, 005, +2	1149810128 01001	1038940200510 01	1038910102330 03	1309920000090 00, plus 2 more	1369930400280 03	1119840125860 07	1038930200420 05	1048920000030 00	1038930135620 02	1018910800000 01, 2, 3, 4, 5
Sale Price	\$14,368,187			\$300,000	\$402,000	\$775,000 Assemblage,	\$383,600	\$501,939	\$287,123	\$600,000	\$155,000	\$755,458
Sale Date		Pending, 09/21	Pending, 09/21	7/13/2020	12/11/2019	02/2016 thru 12/31/2019	5/28/2019	3/4/2019	8/17/2018	6/28/2018	2/21/2018	2018-2019
# Dwelling Units	489	130	30	15	26	48	36	106	30	44	24	28
Land Size AC	23.47	4.56	1.08	1.10	0.95	2.76	2.04	2.74	2.93	3.44	1.87	0.68
Land Size SF	1,022,334	198,726	47,084	47,916	41,569	120,256	88,862	119,512	127,452	149,715	81,242	29,430
Land SF / DU	2,091	1,529	1,569	3,194	1,599	2,505	2,468	1,127	4,248	3,403	3,385	1,051
Sale Price/AC	\$212,672	TBD	TBD	\$272,727	\$421,254	\$280,736	\$188,039	\$182,948	\$97,994	\$174,572	\$83,107	\$1,118,170
Sale Price/SF	\$4.88	TBD	TBD	\$6.26	\$9.67	\$6.44	\$4.32	\$4.20	\$2.25	\$4.01	\$1.91	\$25.67
Sale Price/DU	\$12,083	TBD	TBD	\$20,000	\$15,462	\$16,146	\$10,656	\$4,735	\$9,571	\$13,636	\$6,458	\$26,981
Buyer		Sage Properties	Sage Properties	Steve Buckingham Solo 401K et al	Jason Zook	Lionell Singleton	PMI Inc (Padilla Construction)	City of Richland	AR Holdings	Green Plan Constr	BMB Development	Klein Griffith Properties
Seller		Lucky Properties	Lucky Properties	Cray Trustees Vern L et al	David & Sheryl Katcher	Baughm, Bissell, Munley	Rundhaug, Vincent C & Jamie	650 GWW LLC	Douglas D & Debra L Murri	Jaya Holdings LLC	McDonough	Assemblage
Recorded		TBD	TBD	2020-025771	2019-039514	2016-005423; 2016-010843; 2019-039830	2019-014120	2019-005287	2018-023260	2018-018926	2018-005087	Various
Conf'd		TBD	TBD	Public Recs	Public Recs	Public Recs	Public Recs	Seller	Public Recs	Listing Agent	Contract	Contract

As reflected in the averages column, the average sale price for a parcel with an average of 2,091 SF of land per dwelling unit equated to:

Unit Price Indicators MultiFamily Land Sales			
	Weighted Average	Minimum	Maximum
Avg Land SF Per Dwelling	2,061 SF	1,127	4,248
Sale Price Per AC	\$212,672/AC	\$83,107	\$421,254
Sale Price Per SF	\$4.88/SF	\$1.91	\$9.67
Sale Price Per Unit	\$12,083/DU	\$4,735	\$20,000

Two larger parcels comprising about 6+ acres total in the Columbia Point area are reportedly under contract to Cedar & Sage, the developers of the Willow Pointe Apartments, a riverfront project nearing completion in North Richland. According to published reports, a total of 160 units would be developed on two nearby sites as follows (Source: Tri-Cities Herald, August 2, 2021):

- *Site A (no river frontage):* 425-455 Bradley, 345 GW Way, and NKA Bradley, Richland – 4.56 AC (198,726 SF) will be developed for 130 units reflecting a density of 28 DU/Acre or an average of 1,528 SF/DU. The price was not disclosed but the site is assessed at \$1.9 Million which is nearly \$14,615/unit, or \$9.56 PSF of land area.
- *Site B (River frontage):* 470 Bradley – 1.08 acres (47,084 SF) will be developed for 30 units reflecting a density of 28 DU/Acre or an average of 1,569 SF/DU. The site was listed at \$950,000 on Realtor.com and is assessed at \$611,510. The assessed value is \$611,510 or \$20,383/DU.

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Both of these sales are meaningful as one has actual river frontage and one does not; however, the one with frontage is much smaller than the one that does not have frontage and any adjustment tends to be offsetting.

Three smaller project land sales were reviewed:

- *Item #2* - The 1.1-acre parcel currently improved with three SFRs (that will be removed) at 3113 W 7th Ave was acquired one year ago by Steve Buckingham and several investors for re-development with 15 units. The \$300,000 sale price equates to \$20,000 per dwelling unit (\$6.26 PSF) for a site with an average of nearly 3,194 SF of land per DU.
- *Item #3* - The property at 3120 W 4th Ave consisting of 41,569 SF was acquired by Smile-A-Mile (Jason Zook) about 18 months ago on 12/11/2019 for \$402,000, or \$9.67 PSF. The existing home was demolished at an estimated cost of \$10,000, which would bring the total investment in the land to \$9.91 PSF, which is very similar to the price being paid for SFR lots. A building for 26 units is currently under construction. The sale price is equivalent to \$15,846/dwelling unit.
- Lionell Singleton assembled four adjacent parcels beginning in 2016 in the vicinity of 1156 Columbia Park Trail near the Columbia Riverfront and is currently under construction with Phase I of the Vertisee Apartments, a 24-unit project. A summary of the assemblage is shown below.

**Vertisee Apartments
Land Sale Assemblage**

	Parcel #1	Parcel #2/#3	Parcel #4
Address	Und'd	1156 Columbia Park Trail	1256 Montana
Tax ID	13099200009000	130992000001000 and 130992020002012	130992020002013
		1.20	
Size (AC)	0.73999	<u>0.1836</u> 1.3836	0.4132
		52,272	
Size (SF)	32,234	<u>8,000</u> 60,272	18,000
Zoning	WF, COR	WF, COR	WF, COR
MLS #	205390	Private	Private
Seller	Jim Baugh	Bissell, Larry G	Munley, John T & Brenda
Buyer	Lionell Singleton	Lionell Singleton	Lionell Singleton
Date of Sale	02/29/2016	04/21/2016	12/13/2019
Sale Price	\$140,000	\$352,500	\$282,500
Recorded	16K00950	2016-010843	2019-039830
DOM	265		
\$ PSF	\$4.34	\$5.85	\$15.69

The total investment (before demolition) was \$775,000 for 58,234 SF reflecting \$13.08 PSF average (the total number of units planned is unknown as there are future phases scheduled for both additional units and some commercial space; however, if a density of about 2,400 to 3,000 SF of land per dwelling unit is assumed, a total of 48 units could be built bringing the price to \$165,145 per dwelling unit). The rising price trend can be clearly seen between the 2016 and 2019 sales, a period of about 42 months. Parcel #1 was an interior parcel without frontage on a public right of way and when compared to Sale # 2/3 which did, a premium of about 35% can be attributable to the frontage. The last sale is much smaller and could reflect a premium attributable to an adjacent property owner and/or premium for a smaller parcel compared with a larger parcel, but in any event is indicative of rising prices.

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Comparison to Subject

Density of development (# of units per acre) is expected to be high as land area per dwelling unit for the subject apartments are expected to be a fairly low given the urban nature of the project.

The pending sales are more similar in location, i.e., closer to the river, and reflect a higher density (lower SF of land per dwelling unit). While the sale price is not yet confirmed because they are in escrow and have not yet closed, it is expected to be at the high end of the range.

Based on the data analyzed, if the following averages were applied in valuing the subject property the following values could be calculated.

Unit Price Indicators			
MultiFamily Land Sales			
	Average	Willows 285,318 SF (6.55 Acres)	Cable Greens, 139,239 SF (3.20 AC)
Avg Land SF Per Dwelling	2,000 SF	142 units	69
Sale Price Per AC	\$225,000/AC	\$1,473,750	\$720,000
Sale Price Per SF	\$5.00/SF	\$1,426,590	\$696,195
Sale Price Per Unit	\$13,000/DU	\$1,846,000	\$897,000
Average	142	\$1,582,113	\$771,065

MARKET STUDY

Top Residential Builders in the Tri-Cities

The Local PACMLS was reviewed for statistics on the top builders for the period January 2018 to June 30, 2021, with the results set out in the following tables for the top 25 builders. They were sorted in the following tables by A. Total Gross Sales; B. Total Number of Homes Sold; C. Total Average Sale Price; and D. Average Sale Price PSF. All builders reportedly have a strong reputation.

Top 25 SFR Builders – Tri-Cities, WA

January 2018 to June 30, 2021

A. Sorted by Gross Sales / # of Homes Built

	Owner	# Sold	Gross Sales	Gross SF	Avg SF	PSF	Avg	Avg \$/Home
1	Hayden Homes	599	\$ 191,703,406	1,137,978	1,900	\$	168	\$ 320,039
2	Pro Made Construction, LLC	469	\$ 153,651,448	799,475	1,705	\$	192	\$ 327,615
3	Pahlisch Homes	198	\$ 93,773,138	481,176	2,430	\$	195	\$ 473,602
4	P & R Construction	214	\$ 93,306,411	456,753	2,134	\$	204	\$ 436,011
5	Landmark	216	\$ 81,238,311	455,574	2,109	\$	178	\$ 376,103
6	Viking Builders	237	\$ 80,471,519	483,675	2,041	\$	166	\$ 339,542
7	New Tradition Homes	174	\$ 73,746,695	436,225	2,507	\$	169	\$ 423,832
8	Hammersstrom Const Inc	99	\$ 55,568,557	260,535	2,632	\$	213	\$ 561,299
9	Titan Homes	94	\$ 41,326,174	206,467	2,196	\$	200	\$ 439,640
10	Prodigy Homes	61	\$ 37,173,258	170,548	2,796	\$	218	\$ 609,398
11	Riverwood Homes	68	\$ 32,551,265	172,387	2,535	\$	189	\$ 478,695
12	Alderbrook Homes	49	\$ 25,035,907	121,267	2,475	\$	206	\$ 510,937
13	Sandhollow Homes	61	\$ 24,379,245	121,755	1,996	\$	200	\$ 399,660
14	Inspiration Builders	46	\$ 19,029,685	113,008	2,457	\$	168	\$ 413,689
15	Tanninen Custom Homes	50	\$ 18,624,005	90,810	1,816	\$	205	\$ 372,480
16	Olin Homes, LLC	37	\$ 12,940,227	77,527	2,095	\$	167	\$ 349,736
17	StoneCrest Builders	19	\$ 10,027,998	50,310	2,648	\$	199	\$ 527,789
18	Varsity Development	25	\$ 9,947,804	61,687	2,467	\$	161	\$ 397,912
19	TMT Homes (NW) LLC	22	\$ 9,921,763	49,976	2,272	\$	199	\$ 450,989
20	Brett Lott Homes	17	\$ 8,073,618	40,723	2,395	\$	198	\$ 474,919
21	Jennis Sawby Construction LLC	11	\$ 6,410,291	29,076	2,643	\$	220	\$ 582,754
22	Monogram Homes	16	\$ 5,775,370	28,211	1,763	\$	205	\$ 360,961
23	Ambience Homes	16	\$ 4,889,178	26,203	1,638	\$	187	\$ 305,574
24	Don Pratt Construction	8	\$ 4,497,366	21,128	2,641	\$	213	\$ 562,171
25	Septan Homes LLC	9	\$ 3,665,010	21,938	2,438	\$	167	\$ 407,223
		2,815	\$ 1,097,727,649	5,914,412	2,101	\$	186	\$ 389,957

The total quantity and gross sales numbers differs somewhat due to the fact that this year the “other” categories were included besides named subdivisions; and increasing production and pricing. It is also interesting to note that over the years the placement changes as builders come and go. For example, Hayden Homes and Pro Made Construction remain in 1st and 2nd place respectively, but Pahlisch Homes moved up from 5th and P&R moved up from 7th while Landmark dropped from 3rd and Viking dropped to 6th. It is also interesting to view the average home price and the price PSF which separates the more typical subdivision home from its custom home counterparts.

MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Top 25 SFR Builders – Tri-Cities, WA
January 2018 to June 30, 2021

B. Sorted by Total # of Homes Sold

	Owner	# Sold	Gross Sales	Gross SF	Avg SF	PSF Avg	Avg \$/Home
1	Hayden Homes	599	\$ 191,703,406	1,137,978	1,900	\$ 168	\$ 320,039
2	Pro Made Construction, LLC	469	\$ 153,651,448	799,475	1,705	\$ 192	\$ 327,615
3	Viking Builders	237	\$ 80,471,519	483,675	2,041	\$ 166	\$ 339,542
4	Landmark	216	\$ 81,238,311	455,574	2,109	\$ 178	\$ 376,103
5	P & R Construction	214	\$ 93,306,411	456,753	2,134	\$ 204	\$ 436,011
6	Pahilisch Homes	198	\$ 93,773,138	481,176	2,430	\$ 195	\$ 473,602
7	New Tradition Homes	174	\$ 73,746,695	436,225	2,507	\$ 169	\$ 423,832
8	Hammersrtrom Const Inc	99	\$ 55,568,557	260,535	2,632	\$ 213	\$ 561,299
9	Titan Homes	94	\$ 41,326,174	206,467	2,196	\$ 200	\$ 439,640
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21	Monogram Homes	16	\$ 5,775,370	28,211	1,763	\$ 205	\$ 360,961
22	Ambience Homes	16	\$ 4,889,178	26,203	1,638	\$ 187	\$ 305,574
23	Jennis Sawby Construction LLC	11	\$ 6,410,291	29,076	2,643	\$ 220	\$ 582,754
24	Septan Homes LLC	9	\$ 3,665,010	21,938	2,438	\$ 167	\$ 407,223
25	Don Pratt Construction	8	\$ 4,497,366	21,128	2,641	\$ 213	\$ 562,171
		2,815	\$ 1,097,727,649	5,914,412	2,101	\$ 186	\$ 389,957

Top 25 SFR Builders – Tri-Cities, WA
January 2018 to June 30, 2021

C. Sorted by Average Sale Price

	Owner	# Sold	Gross Sales	Gross SF	Avg SF	PSF Avg	Avg \$/Home
1	Prodigy Homes	61	\$ 37,173,258	170,548	2,796	\$ 218	\$ 609,398
2	Jennis Sawby Construction LLC	11	\$ 6,410,291	29,076	2,643	\$ 220	\$ 582,754
3	Don Pratt Construction	8	\$ 4,497,366	21,128	2,641	\$ 213	\$ 562,171
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17	Varsity Developement	25	\$ 9,947,804	61,687	2,467	\$ 161	\$ 397,912
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21	Olin Homes, LLC	37	\$ 12,940,227	77,527	2,095	\$ 167	\$ 349,736
22	Viking Builders	237	\$ 80,471,519	483,675	2,041	\$ 166	\$ 339,542
23	Pro Made Construction, LLC	469	\$ 153,651,448	799,475	1,705	\$ 192	\$ 327,615
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25	Ambience Homes	16	\$ 4,889,178	26,203	1,638	\$ 187	\$ 305,574
		2,815	\$ 1,097,727,649	5,914,412	2,101	\$ 186	\$ 389,957

MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Top 25 SFR Builders – Tri-Cities, WA
January 2018 to June 30, 2021

D. Sorted by Average \$ PSF

	Owner	# Sold	Gross Sales	Gross SF	Avg SF	PSF Avg	Avg \$/Home
2	Dennis Sawby Construction LLC	11	\$ 6,410,291	29,076	2,643	\$ 220	\$ 582,754
1	Prodigy Homes	61	\$ 37,173,258	170,548	2,796	\$ 218	\$ 609,398
4	Hammersstrom Const Inc	99	\$ 55,568,557	260,535	2,632	\$ 213	\$ 561,299
3	Don Pratt Construction	8	\$ 4,497,366	21,128	2,641	\$ 213	\$ 562,171
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12	P & R Construction	214	\$ 93,306,411	456,753	2,134	\$ 204	\$ 436,011
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11	Titan Homes	94	\$ 41,326,174	206,467	2,196	\$ 200	\$ 439,640
5	StoneCrest Builders	19	\$ 10,027,998	50,310	2,648	\$ 199	\$ 527,789
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13	New Tradition Homes	174	\$ 73,746,695	436,225	2,507	\$ 169	\$ 423,832
24	Hayden Homes	599	\$ 191,703,406	1,137,978	1,900	\$ 168	\$ 320,039
14	Inspiration Builders	46	\$ 19,029,685	113,008	2,457	\$ 168	\$ 413,689
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22	Viking Builders	237	\$ 80,471,519	483,675	2,041	\$ 166	\$ 339,542
17	Varsity Developement	25	\$ 9,947,804	61,687	2,467	\$ 161	\$ 397,912
		2,815	\$ 1,097,727,649	5,914,412	2,101	\$ 186	\$ 389,957

MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

The following parcels are being valued herein.

Summary of Properties Appraised
Waterfront District
As of June 30, 2021

Parcel Desig	Parcel #	Street	Zoning	Parcel SF	Parcel AC	Agg SF	Agg AC	Value	Assumptions
A - Willows	13190303000	5 E Columbia Dr	UMU	285,318	6.55	285,318	6.55	Value #1 - Waterfront	Assume 110,215 SF is Waterfront; and 135,330 SF is Interior; 7,500 SF reserved from the VMCT; balance is roadways ALREADY INSTALLED; assume utilities are at or near property line
	1003							Value #2 - Interior	Assume 110,215 SF is Waterfront; and 135,330 SF is Interior; 7,500 SF reserved from the VMCT; balance is roadways ALREADY INSTALLED; assume utilities are at or near property line
								Value #3 - Interior	Assume 110,215 SF is Waterfront; and 135,330 SF is Interior; 7,500 SF reserved from the VMCT; balance is roadways INSTALLED BY BUYER; assume utilities are at or near property line
B - Cable Greens	13190303010	551 E Columbia Dr	UMU	110,642	2.54			Value #4	As Is; Assume shared parking
	8000								
	13190303010								
7003									
Commercial Parcels									
Parcel #1	13190303010	227 E Columbia	UMU	22,215	0.51	31,798	0.7300	Value #5	As Is; Assume shared parking
	6009	Gardens Way							
Parcel #2	13190303010	309 E Columbia	UMU	9,583	0.22			Value #6	As Is; Assume shared parking
	6008	Gardens Way							
Parcel #3	13190303002	209 E Columbia Dr	UMU	37,026	0.85	41,382	0.95	Value #7	As Is; Assume shared parking
	5000								
Parcel #4	13190303001	215 E Columbia Dr	UMU	4,356	0.1			Value #8	As Is; Assume shared parking
	1003								
Parcel #5	13190303001	320 E Columbia	UMU	42,253	0.97	42,253	0.97	Value #9	As Is; Assume shared parking
Parcel #6	3003	Gardens Way						Value #10	Assume demised into two equal parcels with shared parking
Combined Totals						539,990	12.40		

Included in the following sections are individual appraisal reports summarizing the analysis using the data compiled in this market analysis.

MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA


INDIVIDUAL APPRAISAL REPORTS

MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Residential Parcel A
The Willows Parcel
Kennewick, WA

*MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA*

Sandollar LLC | Appraisal Group SEWA

 <p>Form 120.05*</p>	Client File #: A. Willows		Appraisal File #: 2021-260	
	Appraisal Report · Land			
	Appraisal Company: Sandollar LLC Appraisal Group SEWA			
	Address: 2001 S Washington St, Kennewick, WA 99337			
Phone: 509.628.9817		Fax: N/A		Website: www.AppraisalGroupSEWA.com
Appraiser: Veronica R Griffith, MAI, CCIM				
Co-Appraiser: Sonnia Renee King				
AI Membership (if any): <input type="checkbox"/> SRA <input checked="" type="checkbox"/> MAI <input type="checkbox"/> SRPA <input type="checkbox"/> AI-GRS <input type="checkbox"/> AI-RRS		AI Membership (if any): <input type="checkbox"/> SRA <input type="checkbox"/> MAI <input type="checkbox"/> SRPA <input type="checkbox"/> AI-GRS <input type="checkbox"/> AI-RRS		
AI Affiliation (if any): <input type="checkbox"/> Candidate for Designation <input type="checkbox"/> Practicing Affiliate		AI Affiliation (if any): <input type="checkbox"/> Candidate for Designation <input type="checkbox"/> Practicing Affiliate		
Other Professional Affiliation: CCIM Designee				
Email: appraisalgroupsewa@gmail.com				
E-mail: appraisalgroupsewa@gmail.com				
Client: Port Of Kennewick				
Contact: Amber Hanchette, Director of Real Estate				
Address: 350 N Clover Island Dr #200, Kennewick, WA 99336				
Phone: 509.586.1186		Fax: N/A		Email: Amber@PortofKennewick.org
SUBJECT PROPERTY IDENTIFICATION				
Address: 5 E Columbia Dr				
City: Kennewick		County: Benton	State: WA	ZIP: 99336
Legal Description: Section 31 Township 9 Range 30 Quarter SW; ALL THAT PORTION OF TRACT 4, REPLAT OF COLUMBIA GARDEN LYING BETWEEN THE NORTHERLY EXTENSION OF THE EAST AND WEST LINE OF LOT 5 OF SAID PLAT; EXCEPT (see full legal description in the addenda)				
Tax Parcel #: 131903030001003		RE Taxes: 0		Tax Year: 2021
Use of the Real Estate As of the Date of Value: Vacant Land				
Use of the Real Estate Reflected in the Appraisal: Multi-Family Residential and Mixed Use Commercial				
Opinion of highest and best use (if required): Multi-Family Residential, for sale or for rent, immediate development timeline				
SUBJECT PROPERTY HISTORY				
Owner of Record: Port of Kennewick				
Description and analysis of sales within 3 years (minimum) prior to effective date of value: There have been no sales recorded of the property during the preceding three years.				
Description and analysis of agreements of sale (contracts), listing, and options: N/A				
RECONCILIATIONS AND CONCLUSIONS				
Indication of Value by Sales Comparison Approach		\$ See Reconciliation of Multiple Values in Comment Addenda		
Indication of Value by Cost Approach		\$ N/A		
Indication of Value by Income Approach		\$ N/A		
Final Reconciliation of the Methods and Approaches to Value: Only the Sales Comparison Approach to value was utilized to estimate the value of the subject property.				
Opinion of Value as of: 6/30/2021		\$ See Reconciliation		
Exposure Time: Less than One Year				
The above opinion is subject to: <input type="checkbox"/> Hypothetical Conditions and/or <input checked="" type="checkbox"/> Extraordinary Assumptions cited on the following page.				

* NOTICE: The Appraisal Institute publishes this form for use by appraisers where the appraiser deems use of the form appropriate. Depending on the assignment, the appraiser may need to provide additional data, analysis and work product not called for in this form. The Appraisal Institute makes no representations, warranties or guarantees as to, and assumes no responsibility for, the data, analysis or work product or third party certifications, verifications, data specifications, scores, indexes, or valuation tools, used or provided by the individual appraiser(s) or others in the specific contents of the AI Reports(R). AI Reports(R) AI-120.05 Appraisal Report - Land © Appraisal Institute 2017, All Rights Reserved

June 2017

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MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Sandollar LLC | Appraisal Group SEWA

Client:	Port Of Kennewick	Client File #:	A. Willows
Subject Property:	5 E Columbia Dr, Kennewick, WA 99336	Appraisal File #:	2021-260

ASSIGNMENT PARAMETERS	
Intended User(s): Client Only; no other intended users were identified at the time of engagement	
Intended Use: Estimate the Market Value of the property As Is for a potential sale	
The report is not intended by the appraiser for any other use by any other user.	
Type of Value: Market Value As Is	Effective Date of Value: 04/19/2021
Interest Appraised: <input checked="" type="checkbox"/> Fee Simple <input type="checkbox"/> Leasehold <input type="checkbox"/> Other	
Hypothetical Conditions: (A hypothetical condition is that which is contrary to what exists, but is asserted by the appraiser for the purpose of analysis. Any hypothetical condition may affect the assignment results.) The client has requested multiple values including "Market Value As Is", and that the property be valued under a proposed breakdown of the subject property into two parts, i.e., a portion of the subject tax parcel which fronts along the southern alignment of Duffy's Pond, a retention basin south of the Columbia River (frontage); while the balance of the site has no frontage (interior). Thus, it is a hypothetical condition that the property is allocated as requested for purposes of this valuation.	
Extraordinary Assumptions: (An extraordinary assumption is directly related to a specific assignment and presumes uncertain information to be factual. If found to be false this assumption could alter the appraiser's opinions or conclusions. Any extraordinary assumption may affect the assignment results.) Based on the assumption that the POK will offer the subject land for multi-family development of apartment style rentals with water views as well as townhome and garden units without water views; also that the UMU zoning does not dictate density; for this analysis the appraiser has used several newly built multi-family developments and found an average of 2,000 SF per unit. Using this on the subject site would allow for 142 units. The value could be different if this assumption were not used.	
This is an Appraisal Report in accordance with Standard Rule 2-2(a) of the Uniform Standard of Professional Appraisal Practice (USPAP).	
SCOPE OF WORK	
Definition: The scope of work is the type and extent of research and analysis in an assignment. Scope of work includes the extent to which the property is identified, the extent to which tangible property is inspected, the type and extent of data research, and the type and extent of analysis applied to arrive at credible opinions or conclusions. The specific scope of work for this assignment is identified below and throughout this report.	
Appraiser Property Inspection: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Date of Inspection: 06/30/2021 Describe Scope of Property Inspection, Source of Area Calculations and Data Sources Consulted: Appraiser's proprietary database, MLS owned by the Tri-Cities Association of Realtors; Washington State Commercial Broker's Association MLS (CBA); Loopnet; public records	Approaches to Value Developed Cost Approach: <input type="checkbox"/> Is necessary for credible results and is developed in this analysis <input checked="" type="checkbox"/> Is not necessary for credible results; not developed in this analysis <input type="checkbox"/> Is not necessary for credible results but is developed in this analysis Sales Comparison Approach: <input checked="" type="checkbox"/> Is necessary for credible results and is developed in this analysis <input type="checkbox"/> Is not necessary for credible results; not developed in this analysis <input type="checkbox"/> Is not necessary for credible results but is developed in this analysis Income Approach: <input type="checkbox"/> Is necessary for credible results and is developed in this analysis <input checked="" type="checkbox"/> Is not necessary for credible results; not developed in this analysis <input type="checkbox"/> Is not necessary for credible results but is developed in this analysis
Co-Appraiser Property Inspection: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Date of Inspection: 06/30/2021 Describe Scope of Property Inspection, Source of Area Calculations and Data Sources Consulted: Appraiser's proprietary database, MLS owned by the Tri-Cities Association of Realtors; Washington State Commercial Broker's Association MLS (CBA); Loopnet; public record	
Additional Scope of Work Comments: The client requested several different valuation scenarios (less 7,500 SF reserved for VMCT): Market value of the site (245,545 SF) "as is" and assuming it is allocated between waterfront and interior parcels by the client as follows: -- Market value of the subject waterfront property (110,215 SF) value PSF, assuming roads and utilities are installed by developer: -- Market value of the subject interior property (135,330 SF) value PSF, assuming roads and utilities are installed by developer: The values are discussed in the Reconciliation in the Comment Addendum included within the report.	
Significant Real Property Appraisal Assistance: <input type="checkbox"/> None <input checked="" type="checkbox"/> Disclose Name(s) and contribution: Sonnia King, a licensee appraiser, assisted with the inspection, photography, initial research regarding subject property and potential land sales, confirmation of such data, and preliminary analysis. The final value conclusions however, were those of Veronica R Griffith, MAI, CCIM.	

* NOTICE: The Appraisal Institute publishes this form for use by appraisers where the appraiser deems use of the form appropriate. Depending on the assignment, the appraiser may need to provide additional data, analysis and work product not called for in this form. The Appraisal Institute makes no representations, warranties or guarantees as to, and assumes no responsibility for, the data, analysis or work product or third party certifications, verifications, data specifications, scores, indexes, or valuation tools, used or provided by the individual appraiser(s) or others in the specific contents of the AI Reports(R). AI Reports(R) AI-120.05 Appraisal Report - Land © Appraisal Institute 2017, All Rights Reserved

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MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Sandollar LLC | Appraisal Group SEWA

Client:	Port Of Kennewick	Client File #:	A. Willows
Subject Property:	5 E Columbia Dr, Kennewick, WA 99336	Appraisal File #:	2021-260

MARKET AREA ANALYSIS																											
Location <input type="checkbox"/> Urban <input checked="" type="checkbox"/> Suburban <input type="checkbox"/> Rural	Built Up <input type="checkbox"/> Under 25% <input type="checkbox"/> 25%-75% <input checked="" type="checkbox"/> Over 75%	Growth <input type="checkbox"/> Rapid <input checked="" type="checkbox"/> Stable <input type="checkbox"/> Slow	Supply & Demand <input checked="" type="checkbox"/> Shortage <input type="checkbox"/> In Balance <input type="checkbox"/> Over Supply	Value Trend <input checked="" type="checkbox"/> Increasing <input type="checkbox"/> Stable <input type="checkbox"/> Decreasing	Typical Marketing Time <input type="checkbox"/> Under 3 Months <input type="checkbox"/> 3-6 Months <input checked="" type="checkbox"/> Over 6 Months																						
Neighborhood Single Family Profile <table style="width: 100%;"> <tr> <td>Price</td> <td>Age</td> </tr> <tr> <td>200K</td> <td>1</td> </tr> <tr> <td>500K</td> <td>100</td> </tr> <tr> <td>250-300K</td> <td>45</td> </tr> </table>			Price	Age	200K	1	500K	100	250-300K	45	Neighborhood Land Use <table style="width: 100%;"> <tr> <td>1 Family</td> <td>85 %</td> <td>Commercial</td> <td>8 %</td> </tr> <tr> <td>Condo</td> <td>2 %</td> <td>Vacant</td> <td>2 %</td> </tr> <tr> <td>Multifamily</td> <td>3 %</td> <td>INDUST</td> <td>5 %</td> </tr> </table>			1 Family	85 %	Commercial	8 %	Condo	2 %	Vacant	2 %	Multifamily	3 %	INDUST	5 %	Neighborhood Name : Historic Waterfront District in East Kennewick PUD <input checked="" type="checkbox"/> Condo <input type="checkbox"/> HOA: \$ / Amenities:	
Price	Age																										
200K	1																										
500K	100																										
250-300K	45																										
1 Family	85 %	Commercial	8 %																								
Condo	2 %	Vacant	2 %																								
Multifamily	3 %	INDUST	5 %																								
<p>Market area description and characteristics: Subject lies within a newly re-developing area being created by the Port of Kennewick in conjunction with the City of Kennewick known as the Historic Waterfront District along the southern alignment of the Columbia River, Clover Island and Duffy's Pond. The neighborhood surrounding this district includes vintage commercial development along E Columbia Dr between Gum St (S.R. 397) as it comes off the Cable Bridge and Clover Island Dr (extension of Washington St north of E Columbia Dr); vintage industrial to the east and further south along the alignment of the B&O Railroad; the original CBD of Kennewick, now known as Historic Downtown Kennewick; and vintage residential interspersed with new SFR subdivisions being created in pockets of redevelopment of former agriculturally zoned land. The area north includes Clover Island which houses the local marina, the Clover Island Inn, and several other commercial developments including office and retail/restaurant users. This project is designed to mix urban living and commercial business together with an increase of pedestrian traffic throughout the downtown area.</p>																											
SITE ANALYSIS																											
Dimensions: See Plat Map					Area: 285,318																						
View: View of Duffy's Pond/ Clover Island and Columbia River					Shape: Irregular																						
Drainage: Appears Adequate					Utility: Mult-Family Development																						
Site Similarity/Conformity to Neighborhood																											
Size: <input type="checkbox"/> Smaller than Typical <input checked="" type="checkbox"/> Typical <input type="checkbox"/> Larger Than Typical			View: <input checked="" type="checkbox"/> Favorable <input type="checkbox"/> Typical <input type="checkbox"/> Less than Favorable			Zoning/Deed Restriction Zoning: UMU- Urban Mixed Use which is very permissive <input checked="" type="checkbox"/> Legal <input type="checkbox"/> No zoning <input type="checkbox"/> Legal, non-conforming <input type="checkbox"/> Illegal			Covenants, Condition & Restrictions <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Unknown Documents Reviewed <input type="checkbox"/> Yes <input type="checkbox"/> No Ground Rent \$ 0 / 0																		
Utilities																											
Electric	<input checked="" type="checkbox"/> Public	<input type="checkbox"/> Other	Assume to the site																								
Gas	<input type="checkbox"/> Public	<input type="checkbox"/> Other																									
Water	<input checked="" type="checkbox"/> Public	<input type="checkbox"/> Other	Assume to the site																								
Sewer	<input checked="" type="checkbox"/> Public	<input type="checkbox"/> Other	Assume to the site																								
Off Site Improvements																											
Street	<input checked="" type="checkbox"/> Public	<input type="checkbox"/> Private	Paved																								
Alley	<input type="checkbox"/> Public	<input type="checkbox"/> Private																									
Sidewalk	<input checked="" type="checkbox"/> Public	<input type="checkbox"/> Private																									
Street Lights	<input checked="" type="checkbox"/> Public	<input type="checkbox"/> Private																									
<p>Site description and characteristics: The site benefits from frontage to the north along the southern alignment of Duffy's Pond, a retention basin just south of the Columbia River managed by the City of Kennewick with the US Army Corps of Engineers. Adjacent to the west and east are vintage mobile home parks while development to the east and south include additional new or proposed development within the Columbia Gardens area. Three buildings housing winery tenants as well as associated parking and the Food Truck Plaza are now in place. The site is mostly irregular, level and heavily treed. Previously the site was improved with a vintage mobile home park; all the former improvements have been removed although as shown on the aerial it is still possible to see the former roadways. A portion of the site (7,500 SF) is being reserved for the Veteran's Memorial Christmas Tree (VMCT) and thus this is excluded from value here, although the land area is used for calculation of density purposes.</p>																											
HIGHEST AND BEST USE ANALYSIS																											
<input type="checkbox"/> Present Use <input checked="" type="checkbox"/> Proposed Use <input type="checkbox"/> Other																											
<p>Summary of highest and best use analysis: This is a larger parcel that would lend itself to subdivision for a variety of potential uses, but demand today is highest for residential development, either for sale or for rent depending on the buyer's perspective (i.e., long term vs short term investment). Residential land available for development is in exceedingly short supply; new apartments are being leased as soon as completed with rents rising; and new attached housing units are sold as soon as completed with prices rising. As previously stated, the site benefits from frontage along Duffy's Pond, for which a premium is attributable. Based on a market analysis, a project with an average density of 2,000 SF of land area per dwelling unit is considered financially feasible and the most financially feasible use from among others. There is no other legally permissible and physically possible use that would maximize the value of the site.</p>																											

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Sandollar LLC | Appraisal Group SEWA

MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Sandollar LLC | Appraisal Group SEWA
EXTRA SITES 4-5-6

Client:	Port Of Kennewick	Client File #:	A. Willows
Subject Property:	5 E Columbia Dr, Kennewick, WA 99336	Appraisal File #:	2021-260

SITE EVALUATION							
Site Valuation Methodology							
<input checked="" type="checkbox"/> Sales Comparison Approach: A set of procedures in which a value indication is derived by comparing the property being appraised to similar properties that have been sold recently, then applying appropriate units of comparison and making adjustments to the sale prices of the comparable based on the elements of comparison. The sales comparison approach may be used to value improved properties, vacant land, or land being considered as though vacant; it is the most common and preferred method of land valuation when an adequate supply of comparable sales are available.							
<input type="checkbox"/> Market Extraction: A method of estimating land value in which the depreciated cost of the improvements on the improved property is estimated and deducted from the total sale price to arrive at an estimated sale price for the land; most effective when the improvements contribute little to the total sale price of the property.							
<input type="checkbox"/> Alternative Method: (Describe methodology and rationale)							
Site Valuation							
ITEM	SUBJECT	COMPARISON 4		COMPARISON 5		COMPARISON 6	
Address	5 E Columbia Dr Kennewick, WA 99336	650 George Wash. Way Richland, WA 99352		S Quillan Pl / W 7th Ave Kennewick, WA 99336		5700-36 & 5701-35 W Albany Kennewick, WA	
Proximity to Subject		8.58 miles W		3.43 miles SW		3.69 miles W	
Data Source/ Verification		Public Records Public Records		TCH / Public Records Public Records		TCH / Public Records Public Records	
Sales Price	\$		\$ 501,939.00		\$ 287,123.00		\$ 600,000.00
Price/ Sq. Ft	\$ 0.00		\$ 4.20		\$ 2.25		\$ 4.01
Sale Date		3/4/2019	+0.84	08/17/2018	+0.45	06/28/2018	+0.80
Location	Ben; Urban Mix	Ben; Urban Mix	Similar	Average	Inferior	Average	Inferior
Site Size	285,318	119,512	Similar	127,452	Similar	149,715	Similar
Site View	Ben; Waterfront	Ben; Water View	Similar	Average	Inferior	Average	Inferior
Site Improvements	None	None	Very Inferior	None	Similar	None	Similar
Zoning	Urban Mixed Use	CBD CtrBusDist	Similar	Res, Med	Inferior	Res, Med	Inferior
Utilities	To the Site	At the Street	Similar	To the Site	Similar	To the Site	Similar
# Units:SFLand/DU	142 / 2000 SF	106 / 1,127 SF	Superior	30 / 4,248	Inferior	44 / 3,403	Inferior
Sale Price / DU		\$4,735	Low Indicator	\$9,571	Low Indicator	\$13,636	Medium Indicator
Comments							
Net Adjustment		<input checked="" type="checkbox"/> + <input type="checkbox"/> -	\$ 0.84	<input checked="" type="checkbox"/> + <input type="checkbox"/> -	\$ 0.45	<input checked="" type="checkbox"/> + <input type="checkbox"/> -	\$ 0.80
Indicated Value		Net Adj. 20%	Gross Adj. 20% \$ 5.04	Net Adj. 20%	Gross Adj. 20% \$ 2.70	Net Adj. 20%	Gross Adj. 20% \$ 4.81
Prior Transfer History	No sales within prior 3 years	No sales within prior 3 years		No sales within prior 3 years		No sales within prior 3 years	
Site Valuation Comments: See Comment Addendum							
Site Valuation Reconciliation: See Comment Addendum							

MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Sandollar LLC | Appraisal Group SEWA
EXTRA SITES 7-8-9

Client:	Port Of Kennewick	Client File #:	A. Willows
Subject Property:	5 E Columbia Dr, Kennewick, WA 99336	Appraisal File #:	2021-260

SITE EVALUATION										
Site Valuation Methodology										
<input checked="" type="checkbox"/> Sales Comparison Approach: A set of procedures in which a value indication is derived by comparing the property being appraised to similar properties that have been sold recently, then applying appropriate units of comparison and making adjustments to the sale prices of the comparable based on the elements of comparison. The sales comparison approach may be used to value improved properties, vacant land, or land being considered as though vacant; it is the most common and preferred method of land valuation when an adequate supply of comparable sales are available.										
<input type="checkbox"/> Market Extraction: A method of estimating land value in which the depreciated cost of the improvements on the improved property is estimated and deducted from the total sale price to arrive at an estimated sale price for the land; most effective when the improvements contribute little to the total sale price of the property.										
<input type="checkbox"/> Alternative Method: (Describe methodology and rationale)										
Site Valuation										
ITEM	SUBJECT	COMPARISON 7		COMPARISON 8		COMPARISON 9				
Address	5 E Columbia Dr Kennewick, WA 99336	19 W Canal Kennewick, WA 99336								
Proximity to Subject		0.22 miles S								
Data Source/ Verification		MLS; Public Recs; Retrospect Public Records								
Sales Price	\$		\$ 755,458.00		\$		\$			
Price/ Sq. Ft	\$ 0.00		\$ 25.67		\$		\$			
Sale Date		02/18 to 08/19								
Location	Ben; Urban Mix	CBD		Similar						
Site Size	285,318	29,430		Very Different						
Site View	Ben; Waterfront	CBD		Inferior						
Site Improvements	None	To be Demolished		Inferior						
Zoning	Urban Mixed Use	CBD		Inferior						
Utilities	To the Site	To the Site		Similar						
# Units:SFLand/DU	142 / 2000 SF	28 DU / 1051 SF		Superior						
Sale Price / DU		\$13,636		Moderate Indicator						
Comments										
		Assemblage								
Net Adjustment		<input checked="" type="checkbox"/> +	<input type="checkbox"/> -	\$ 2.50	<input checked="" type="checkbox"/> +	<input type="checkbox"/> -	\$ 0	<input checked="" type="checkbox"/> +	<input type="checkbox"/> -	\$ 0
Indicated Value		Net Adj. 10%			Net Adj. 0%			Net Adj. 0%		
		Gross Adj. 10%		\$ 28.17	Gross Adj. 0%		\$ 0	Gross Adj. 0%		\$ 0
Prior Transfer History	No sales recorded in last 3 years	No sales in prior 3 years								
Site Valuation Comments: See Comment Addendum										
Site Valuation Reconciliation: See Comment Addendum										

*MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA*

Subject is considered very unique in that it is a 6.55-acre site with frontage along the eastern right of way of Clover Island Drive on its western boundary which can provide excellent access, and frontage along the southern alignment of Duffy's Pond, a retention basin between subject and Clover Island and the adjacent Columbia River. It is actually shovel ready for development and appropriately zoned for a variety of development prospects. The site's previous use as a trailer park is still evident from review of an aerial and (although the improvements have been removed) and there are additional vintage trailer parks to the east and west across Clover Island Dr.

The location within a vintage neighborhood which is slowly being re-developed can be perceived as somewhat challenging, but the following was considered.

- Directly across the river in the vintage City of Pasco along the northern alignment of the Columbia River is a brand-new project known as the River Walk Apartments. Phase I is complete and the next buildings are currently under construction. The units are reportedly leasing as quickly as they are finished, and while it has frontage along the river, that project is similarly impacted by aging industrial development along WA Street and similar vintage and entry level residential housing around the perimeter.
- A similar phenomenon can be found when reviewing Sale #3 which will have some river-view units. Its unit price of \$16,146 per dwelling unit would need to be factored upward to account that the parcels were assembled over time.
- The projected prices of the pending sales are reported between \$15,000 and \$20,000 for a site location that would be considered superior.
- Rental rates are at the high end for newly completed riverfront units when compared to non-riverfront units.

Thus, the location is not considered a negative, but neutral factor.

Demand for residential housing in this market is at the highest point in history with rising rental rates and the lowest vacancy rates for rental units; and given the lack of available land, developers are now starting to look at attached "for sale" housing as being a more affordable alternative to first time homebuyers.

Given the parcel zoning, physical characteristics and size, the highest and best use was determined to be residential use, either construction of for sale townhouse style units, or construction of rental units, depending on the buyer's investment criteria. Both markets today are extremely strong, with no shovel ready sites available for development. Most development today requires a re-zoning and creation of the appropriate infrastructure.

The seven sales of land presented range from one to three acres, smaller than subject (there were larger sales, but it was believed that they were too stale). The small size of recent sale transactions reflects the lack of larger parcels in the market today and in the market's view today, the larger size likely is worth a premium rather than a discount. Density varies from 1,127 to 3,403 SF with one outlier at 4,248 SF of land area per dwelling unit or 12 to 38 units per acre with an average of 2,061 sf per dwelling unit (or 21 units per acre).

MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Prices were reviewed based on three common units of comparison, i.e., sale price per dwelling unit, sale price per SF of land area, and sale price per acre and the ranges and averages are summarized in the table accompanying this section of the report. The most meaningful unit of comparison was considered density, or the number of dwelling units that can be developed per acre.

Average Unit Price Indicators
MultiFamily Land Sales

	Average
Avg Land SF Per Dwelling	2,000 SF
Sale Price Per AC	\$225,000/AC
Sale Price Per SF	\$5.00/SF
Sale Price Per Unit	\$13,000/DU
Subject Potential Buildable Dwelling Units at 2,000 SF Per Dwelling Unit	142

The two pending sales in Richland, a superior location, are reportedly in escrow for amounts that would be equivalent to \$15,000 to \$20,000 per dwelling unit while the average reflected in the table is \$13,000 per unit. Their density will be high at 1,529 SF of land area per dwelling unit, or 28 units per acre with a 33% premium attributable to the waterfront parcel.

Another measurement of premium attributable to waterfront units can be found in differences in rents themselves for completed units comparing those with a water view and those without. Rental rates are typically about 10% to 15% higher for the better views.

Sale #1 is the most recent sale (about one year ago) and its location is very similar to that of Sale #2 and Sale #5, #6 and #7, none of which benefit from any proximity to the river. An upward adjustment would be required for that feature. And while 15 units are currently being developed for Sale #1, there might be an opportunity to do another smaller building which would affect the density and sale price per dwelling unit.

Sale #3 is also considered fairly similar to subject despite its smaller size as it is in a vintage neighborhood with access to the Columbia River, and the assembled price is calculated at \$16,146 per dwelling unit. Only the first 24 units are under construction and the number of units in Phase II has not been announced, although it is assumed to be similar bringing the total to 48 units (this is how the density was calculated).

Sale #4, The Park Place Apartments, was finally discarded from further consideration; the project included both the apartments and 10,000 SF of commercial space and an elevated midrise structure was constructed with underground parking. The site was actually a "pit" that would have required fill at considerable expense had a use permitting use of the below ground space for a parking garage not been found.

*MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA*

Sales #5 and #6 were included even though they were for attached “for sale” housing. The two sites sold within two months of each other and were very similar in size, but densities were quite different, and displayed the highest amount of land area per dwelling unit.

Sale #7, for The Sunset Ridge Apartments in February of 2018 was included to illustrate the rising price trend when compared with Sales #1 and #2 in the same neighborhood 18 and 24 months later.

Summary

After consideration of all the data, most emphasis has been placed on the sale price per dwelling unit as this was felt to be the most appropriate unit of comparison.

Sale #3 at \$16,146 per dwelling unit is the most similar in terms of location within a vintage neighborhood with similar proximity to the river; however, the demographics are superior. The pending sales at Columbia Point are also considered in the final reconciliation along with the somewhat stale sale #3 on Columbia Park Trail. An average price of \$15,000 per dwelling unit has been reconciled. However, some of the land can be considered waterfront while the balance of the property is interior.

Valuation Request

The client has specified that the valuation should consider the following scenarios. It is assumed that the density will equate to 2,000 SF of land area per dwelling unit. On this basis it can be concluded that a combined total of 142 units could be developed ($283,318 / 2,000 = 142$ (RD) based on the GROSS land area of the site.

Assumptions: Assume a total area of 110,215 SF (45%) is waterfront and 135,330 SF (55%) is interior for a total of 245,545 SF net of roadways ($283,318 - 245,545 = 37,743$ SF attributable to roadways). Thus, 64 units would be waterfront and 78 units would be interior units.

Value #1 / #2 – Assuming Developer/Buyer installs infrastructure (site is as is),

- What is the waterfront property value (64 units)?
- What is the interior property value (78 units)?

Value #3 / #4 – Assuming Seller installs infrastructure

- What is the waterfront property value (64 units)?
- What is the interior property value (78 units)?

Values #1 and #2

This is the market value “as is”. It was previously found that with regard to the pending sales in Richland’s Columbia Pointe, the frontage piece, based on assessed values, was worth about a 33% premium when compared to the parcel across Bradley Blvd. lacking frontage. This appraiser has also appraised many custom home sites on river frontage sites compared to interior sites and found that a 25% to 40% premium was typical. For purposes of this analysis, a 30% premium will be considered between the waterfront and interior parcels.

*MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA*

The value of the interior parcel has been calculated at \$12,750 while the value of the waterfront units has been calculated as \$16,575. On this basis, the following values can be calculated.

64 units of waterfront site	@ \$16,575 =	\$1,060,000
<u>78 units of interior site</u>	@ \$12,750 =	<u>\$ 994,500</u>
142 units combined	@ \$14,468 =	\$2,054,500
		\$2,055,000 (Rounded)

Values #3 and #4

The cost to install the infrastructure has not been provided by the Client and is beyond the scope of this assignment to accurately calculate. Marshall Swift Valuation Service is a national cost index and was consulted for this portion of this assignment but found the choices were too wide ranging in terms of type of construction to provide much assistance.

If the Client has an estimate of the cost to improve the site with roadways to it specifications, this cost could be grossed up to add an entrepreneurial profit of say 15% to 20% and added to the Market Value As Is above.

MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Sandollar LLC | Appraisal Group SEWA

Client:	Port Of Kennewick	Client File #:	A. Willows
Subject Property:	5 E Columbia Dr	Appraisal File #:	2021-260

STATEMENT OF ASSUMPTIONS AND LIMITING CONDITIONS

This appraisal is subject to the following assumptions and limiting conditions:

- This report is prepared using forms developed and copyrighted by the Appraisal Institute. However, the content, analyses, and opinions set forth in this report are the sole product of the appraiser. The Appraisal Institute is not liable for any of the content, analyses, or opinions set forth herein.
- No responsibility is assumed for matters legal in character or nature. No opinion is rendered as to title, which is assumed to be good and marketable. All existing liens, encumbrances, and assessments have been disregarded, unless otherwise noted, and the property is appraised as though free and clear, having responsible ownership and competent management.
- I have examined the property described herein exclusively for the purpose of identification and description of the real property. The objective of our data collection is to develop an opinion of the highest and best use of the subject property and make meaningful comparisons in the valuation of the property. The appraiser's observations and reporting of the subject improvements are for the appraisal process and valuation purposes only and should not be considered as a warranty of any component of the property. This appraisal assumes (unless otherwise specifically stated) that the subject is structurally sound and all components are in working condition.
- I will not be required to give testimony or appear in court because of having made an appraisal of the property in question, unless specific arrangements to do so have been made in advance, or as otherwise required by law.
- I have noted in this appraisal report any significant adverse conditions (such as needed repairs, depreciation, the presence of hazardous wastes, toxic substances, etc.) discovered during the data collection process in performing the appraisal. Unless otherwise stated in this appraisal report, I have no knowledge of any hidden or unapparent physical deficiencies or adverse conditions of the property (such as, but not limited to, needed repairs, deterioration, the presence of hazardous wastes, toxic substances, adverse environmental conditions, etc.) that would make the property less valuable, and have assumed that there are no such conditions and make no guarantees or warranties, express or implied. I will not be responsible for any such conditions that do exist or for any engineering or testing that might be required to discover whether such conditions exist. Because I am not an expert in the field of environmental hazards, this appraisal report must not be considered as an environmental assessment of the property. I obtained the information, estimates, and opinions furnished by other parties and expressed in this appraisal report from reliable public and/or private sources that I believe to be true and correct.
- I will not disclose the contents of this appraisal report except as provided for in the Uniform Standards of Professional Appraisal Practice, and/or applicable federal, state or local laws.
- The Client is the party or parties who engage an appraiser (by employment contract) in a specific assignment. A party receiving a copy of this report from the client does not, as a consequence, become a party to the appraiser-client relationship. Any person who receives a copy of this appraisal report as a consequence of disclosure requirements that apply to an appraiser's client, does not become an intended user of this report unless the client specifically identified them at the time of the assignment. The appraiser's written consent and approval must be obtained before this appraisal report can be conveyed by anyone to the public through advertising, public relations, news, sales, and other media.
- If this valuation conclusion is subject to satisfactory completion, repairs, or alterations, it is assumed that the improvements will be completed competently and without significant deviation.

VALUE DEFINITION

☒ Market Value Definition (below) ☐ Alternate Value Definition (attached)

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 the title from the seller to buyer under conditions whereby:

1. buyer and seller are typically motivated;
2. both parties are well informed or well advised and acting in what they consider their own best interests;
3. a reasonable time is allowed for exposure in the open market;
4. payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
5. the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

Source: *The Dictionary of Real Estate Appraisal, 6th ed., Appraisal Institute*

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MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Sandollar LLC | Appraisal Group SEWA

Client:	Port Of Kennewick	Client File #:	A. Willows
Subject Property:	5 E Columbia Dr	Appraisal File #:	2021-260

APPRAISER'S CERTIFICATION

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

- The statements of fact contained in this report are true and correct.
- The reported analysis, opinions, and conclusions are limited only by the report assumptions and limiting conditions, and are my personal, unbiased professional analysis, opinions, and conclusions.
- I have no present (unless specified below) or prospective interest in the property that is the subject of this report, and I have no (unless specified below) personal interest with respect to the parties involved.
- I have no bias with respect to any property that is the subject of this report or to the parties involved with this assignment.
- My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- My analysis, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.
- Individuals who have provided significant real property appraisal assistance are named below. The specific tasks performed by those named are outlined in the Scope of Work section of this report.

☒ None ☐ Name(s) Sonnia R King

As previously identified in the Scope of Work section of this report, the signer(s) of this report certify to the inspection of the property that is the subject of this report as follows:

Property Inspected by Appraiser ☒ Yes ☐ No

Property inspected by Co-Appraiser ☒ Yes ☐ No

- Services provided, 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 acceptance of this assignment: ☒ None ☐ Specify services provided:

ADDITIONAL CERTIFICATION FOR APPRAISAL INSTITUTE MEMBERS, CANDIDATES AND PRACTICING AFFILIATES

Appraisal Institute Designated Member, Candidate, or Practicing Affiliate Certify:

- 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 & Standards of Professional Appraisal Practice of the Appraisal Institute, which include the Uniform Standards of Professional Appraisal Practice.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.

As of the date of this report, I ☒ have / ☐ have not completed the continuing education program for Designated Members of the Appraisal Institute.

As of the date of this report, I ☐ have / ☐ have not

APPRAISERS SIGNATURES

APPRAISER:

Signature 

Name Veronica R Griffith, MAI, CCIM

Report Date

Trainee ☐ Licensed ☐ Certified Residential ☐ Certified General ☒

License # 1101758 State WA

Expiration Date 11/15/2021

CO-APPRAISER:

Signature

Name Sonnica Renee King

Report Date

Trainee ☒ Licensed ☐ Certified Residential ☐ Certified General ☐

License # 1101758 State WA

Expiration Date 11/15/2021

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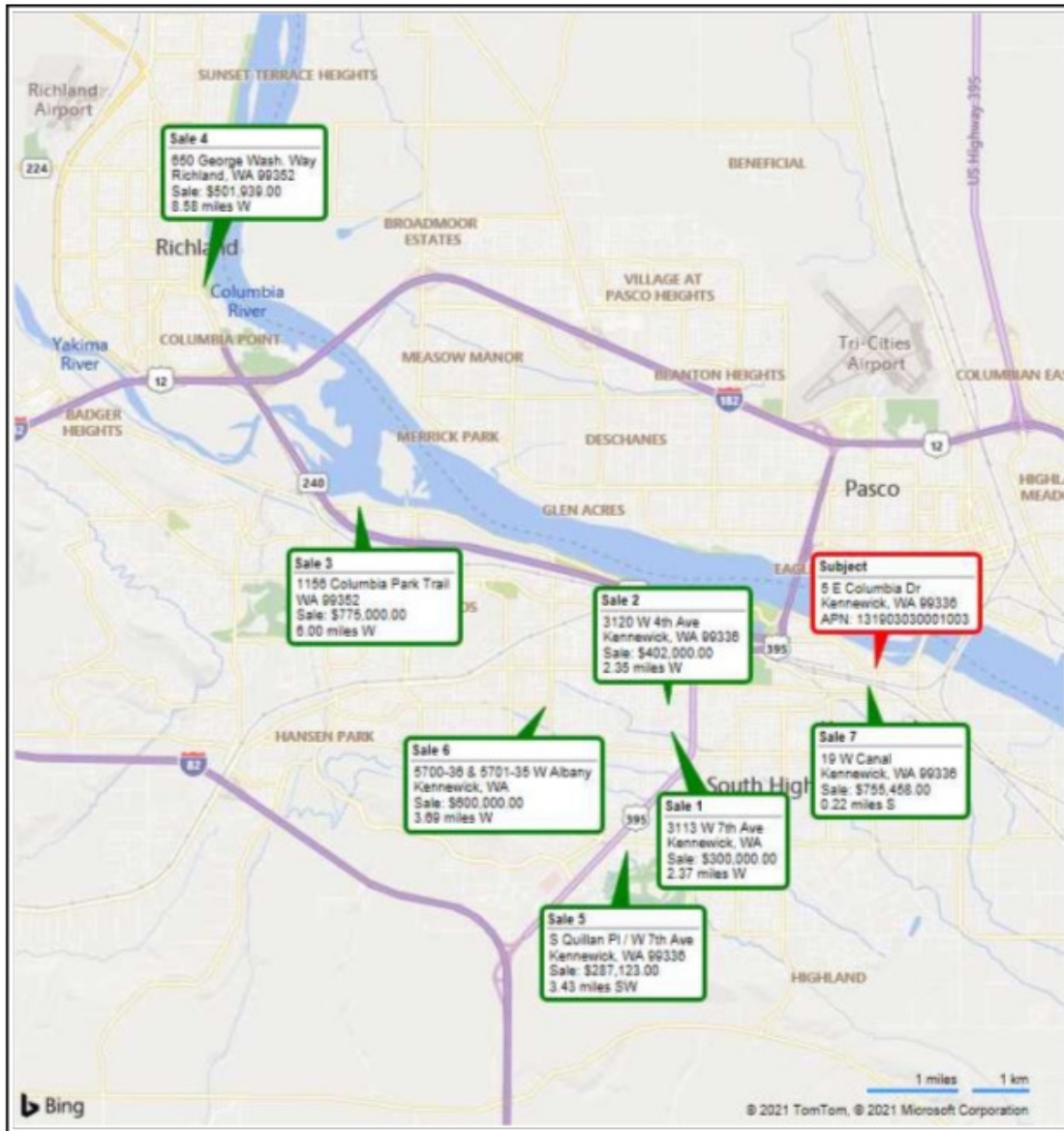
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MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Sandollar LLC | Appraisal Group SEWA
Location Map - Subject & Comparables

File No. 2021-260
Case No. A. Willows

Borrower	N/A					
Property Address	5 E Columbia Dr					
City	Kennewick	County	Benton	State	WA	Zip Code 99336
Lender/Client	Port Of Kennewick	Address 350 N Clover Island Dr #200 , Kennewick, WA 99336				



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MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Sandollar LLC | Appraisal Group SEWA
LOCATION MAP ADDENDUM

File No. 2021-260
Case No. A. Willows

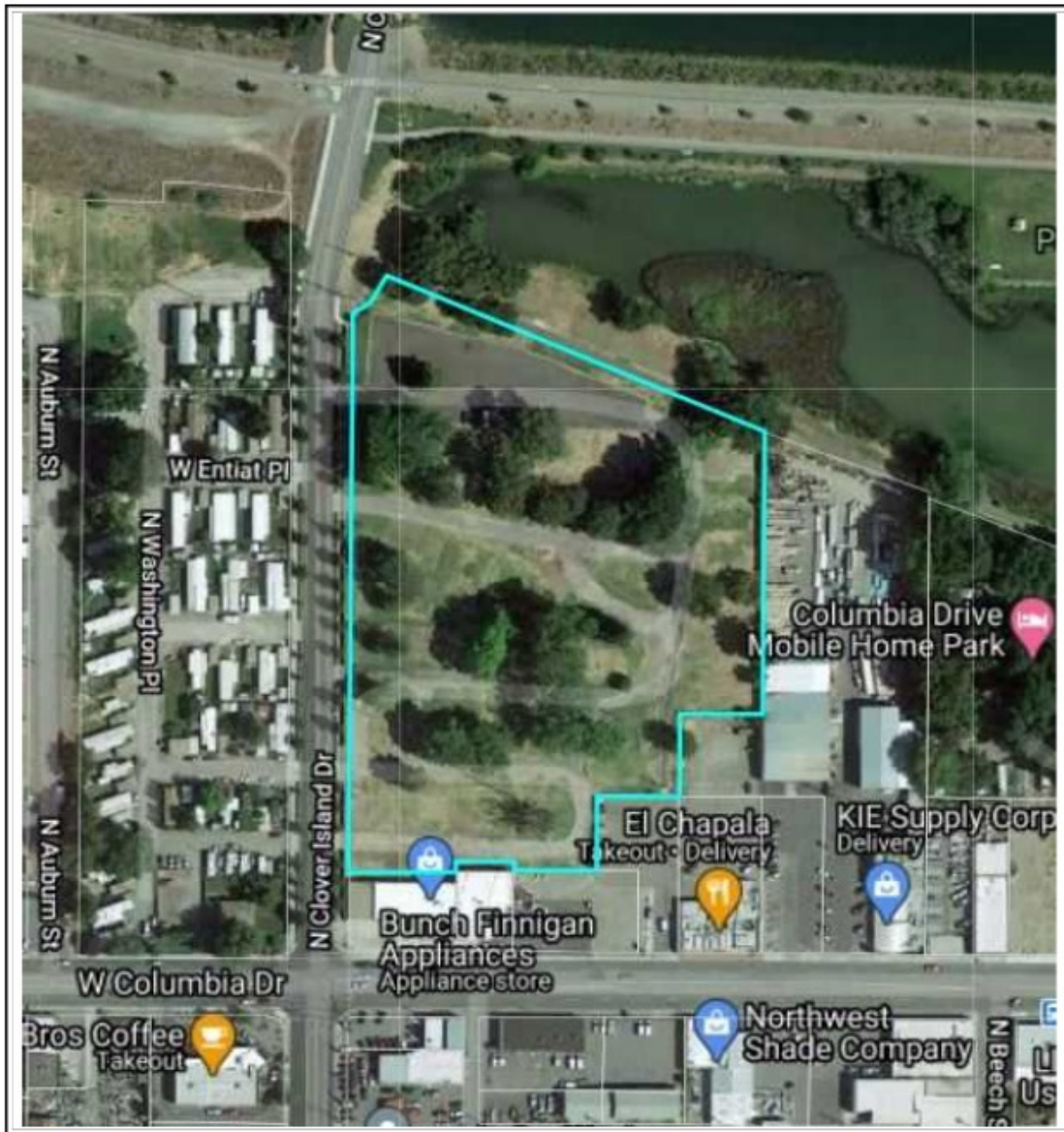
Owner Port of Kennewick				
Property Address 5 E Columbia Dr				
City Kennewick	County Benton	State WA	Zip Code 99336	
Client Port Of Kennewick		Address 350 N Clover Island Dr #200 , Kennewick, WA 99336		



MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Sandollar LLC | Appraisal Group SEWA
Location Map - Assessor's Aerial (Source: County Assessor) File No. 2021-260
Case No. A. Willows

Borrower	N/A					
Property Address	5 E Columbia Dr					
City	Kennewick	County	Benton	State	WA	Zip Code 99336
Lender/Client	Port Of Kennewick		Address 350 N Clover Island Dr #200 , Kennewick, WA 99336			



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MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Sandollar LLC | Appraisal Group SEWA
Location Map - Street (Source: STDB)

File No. 2021-260
Case No. A. Willows

Borrower	N/A					
Property Address	5 E Columbia Dr					
City	Kennewick	County	Benton	State	WA	Zip Code 99336
Lender/Client	Port Of Kennewick	Address 350 N Clover Island Dr #200 , Kennewick, WA 99336				



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MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Sandollar LLC | Appraisal Group SEWA
Location Map - Aerial (Source: Google Maps)

File No. 2021-260
Case No. A. Willows

Borrower	N/A					
Property Address	5 E Columbia Dr					
City	Kennewick	County	Benton	State	WA	Zip Code 99336
Lender/Client	Port Of Kennewick	Address 350 N Clover Island Dr #200 , Kennewick, WA 99336				



Produced by ClickFORMS Software 800-622-8727

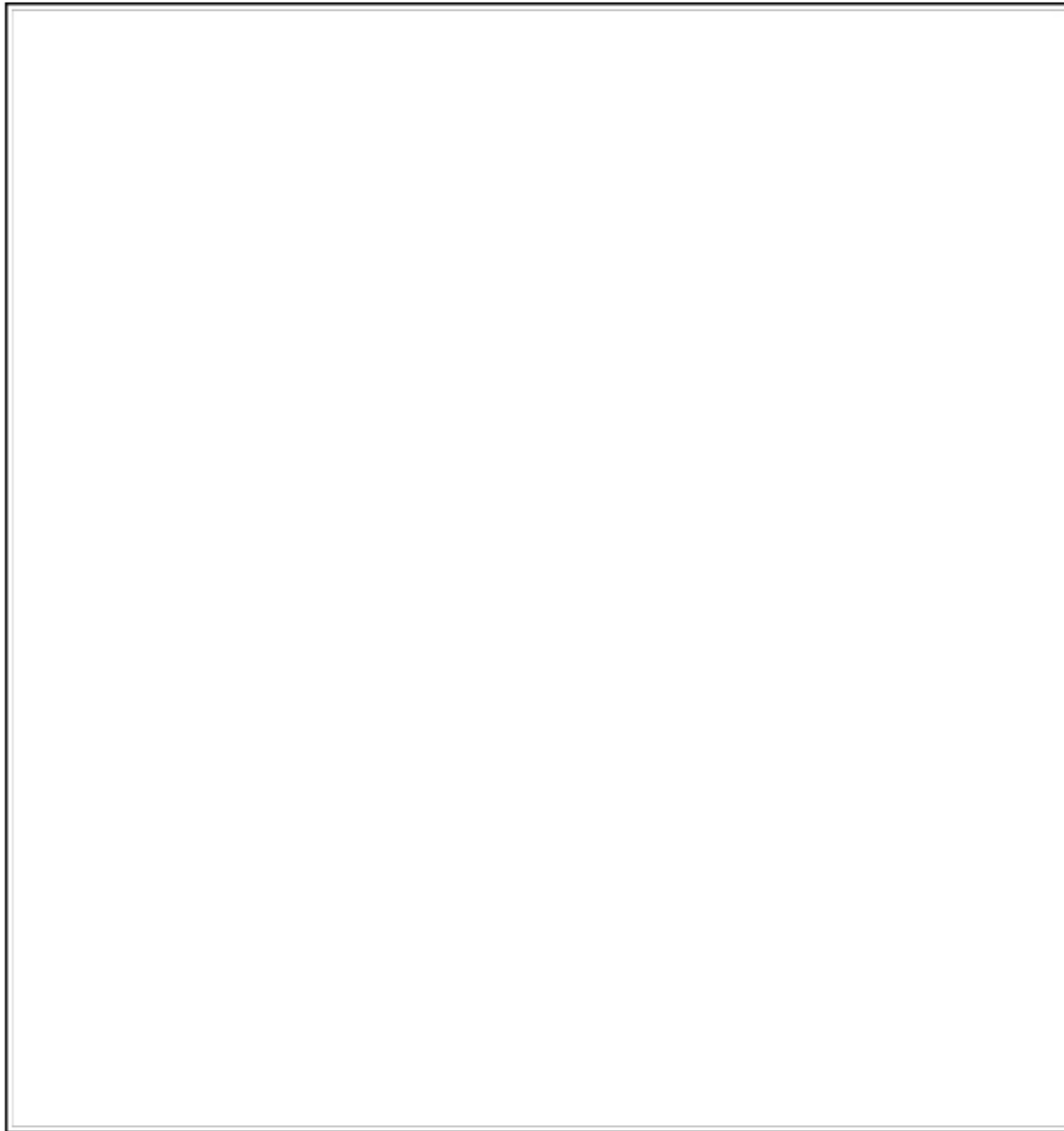
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MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Sandollar LLC | Appraisal Group SEWA
Location Map - Flood (Source: Riskmeter)

File No. 2021-260
Case No. A. Willows

Borrower	N/A					
Property Address	5 E Columbia Dr					
City	Kennewick	County	Benton	State	WA	Zip Code 99336
Lender/Client	Port Of Kennewick		Address 350 N Clover Island Dr #200 , Kennewick, WA 99336			

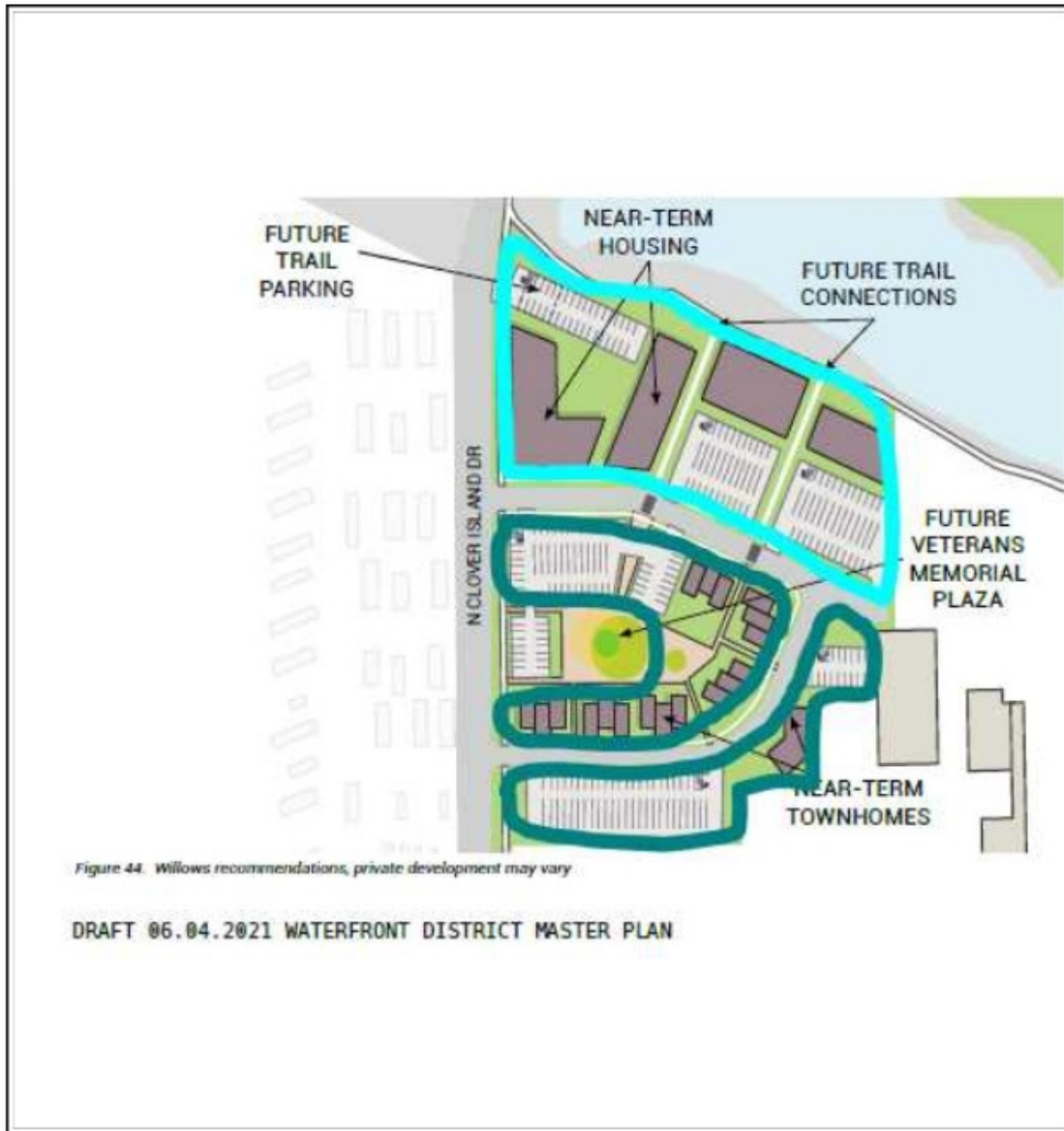


MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Sandollar LLC | Appraisal Group SEWA
Flood Certificate

File No. 2021-260
Case No. A. Willows

Borrower	N/A					
Property Address	5 E Columbia Dr					
City	Kennewick	County	Benton	State	WA	Zip Code 99336
Lender/Client	Port Of Kennewick	Address 350 N Clover Island Dr #200 , Kennewick, WA 99336				



Produced by ClickFORMS Software 800-622-8727

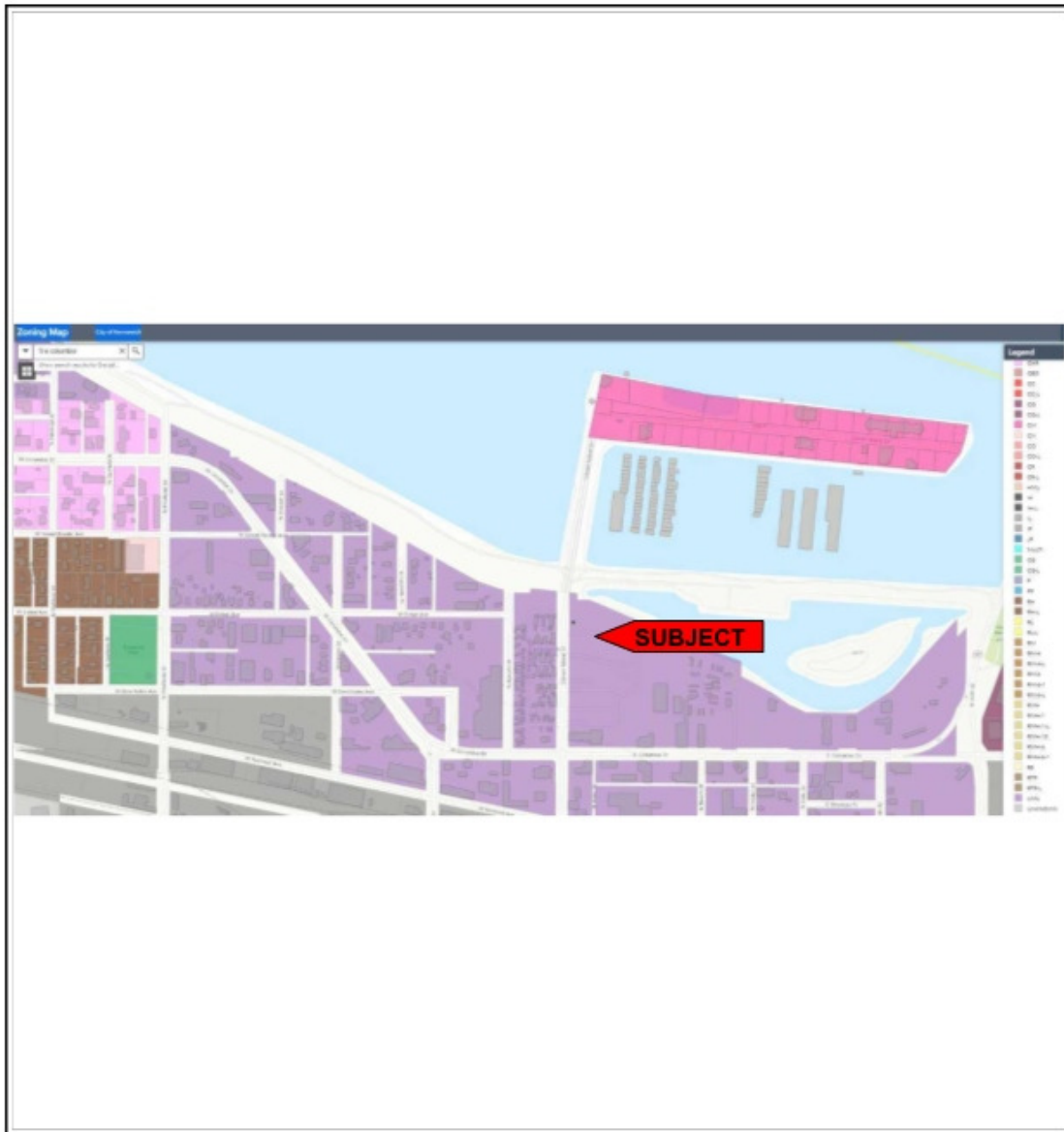
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MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Sandollar LLC | Appraisal Group SEWA
Zoning Map (Source: City or County Records)

File No. 2021-260
Case No. A. Willows

Borrower	N/A					
Property Address	5 E Columbia Dr					
City	Kennewick	County	Benton	State	WA	Zip Code 99336
Lender/Client	Port Of Kennewick	Address 350 N Clover Island Dr #200 , Kennewick, WA 99336				



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MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Sandollar LLC | Appraisal Group SEWA
Legal Description - Page 2

File No. 2021-260
Case No. A. Willows

Borrower	N/A					
Property Address	5 E Columbia Dr					
City	Kennewick	County	Benton	State	WA	Zip Code 99336
Lender/Client	Port Of Kennewick		Address 350 N Clover Island Dr #200 , Kennewick, WA 99336			

Benton County Property Search

Property Search Results > 280098 PORT OF KENNEWICK for Year 2021 - 2022

Property

Account	Abbreviated Legal Description:
Property ID: 280098	<p>Section 31 Township 9 Range 30 Quarter 590; ALL THAT PORTION OF TRACT 4, REPLAT OF COLUMBIA GARDEN LYING BETWEEN THE NORTHERLY EXTENSION OF THE EAST AND WEST LINE OF LOT 5 OF SAID PLAT, EXCEPT THE SOUTH 100 FEET THEREOF AND EXCEPT PORTION CONVEYED TO U.S.A. FOR MCNARY DAM PURPOSES, AND THOSE PORTIONS OF LOTS 1, 2 AND 3, AND TRACTS 3 AND 4, ALL IN REPLAT OF COLUMBIA GARDENS, ACCORDING TO THE PLAT THEREOF RECORDED IN VOLUME 2 OF PLATS, PAGE 92, RECORDS OF SAID COUNTY, DESCRIBED AS FOLLOWS: PARCEL 1 - LOT 1, EXCEPTING THEREFROM THE SOUTHERLY 95 FEET THEREOF; PARCEL 2 - LOT 2, EXCEPTING THEREFROM: THAT PORTION OF THE SOUTHERLY 95 FEET OF SAID LOT 2, DESCRIBED AS FOLLOWS: BEGINNING AT THE SOUTHWEST CORNER OF LOT 2; THENCE NORTHERLY ALONG THE WESTERLY BOUNDARY LINE OF LOT 2, A DISTANCE OF 95 FEET; THENCE EASTERLY AND PARALLEL WITH THE SOUTHERLY BOUNDARY LINE OF LOT 2, A DISTANCE OF 30 FEET; THENCE SOUTHERLY AND PARALLEL WITH SAID WESTERLY BOUNDARY LINE, A DISTANCE OF 78 FEET; THENCE SOUTHEASTERLY 37 FEET, MORE OR LESS, TO A POINT ON SAID SOUTHERLY BOUNDARY LINE WHICH IS DISTANT THEREOF 60 FEET FROM SAID SOUTHWEST CORNER OF LOT 2; THENCE WESTERLY ALONG SAID SOUTHERLY BOUNDARY LINE A DISTANCE OF 60 FEET TO THE POINT OF BEGINNING. THAT PORTION OF THE SOUTHERLY 110 FEET OF SAID LOT 2, DESCRIBED AS FOLLOWS: BEGINNING AT THE SOUTHEAST CORNER OF LOT 2; THENCE NORTHERLY ALONG THE EASTERLY BOUNDARY LINE OF LOT 2, A DISTANCE OF 110 FEET; THENCE WESTERLY AND PARALLEL WITH THE SOUTHERLY BOUNDARY LINE OF LOT 2, A DISTANCE OF 70 FEET; THENCE SOUTHERLY AND PARALLEL WITH SAID EASTERLY BOUNDARY LINE, A DISTANCE OF 89 FEET; THENCE SOUTHEASTERLY 37 FEET, MORE OR LESS, TO A POINT ON SAID SOUTHERLY BOUNDARY LINE WHICH IS DISTANT THEREOF 40 FEET FROM SAID SOUTHEAST CORNER OF LOT 2; THENCE EASTERLY ALONG SAID SOUTHERLY BOUNDARY LINE, A DISTANCE OF 40 FEET TO THE POINT OF BEGINNING. PARCEL 3 - LOT 3, EXCEPTING THEREFROM THE SOUTHERLY 110 FEET THEREOF; PARCEL 4 - TRACT 3 AND THAT PORTION OF TRACT 4 LYING WESTERLY OF THE NORTHERLY PRODUCTION OF THE EASTERLY BOUNDARY LINE OF LOT 4 OF SAID REPLAT OF COLUMBIA GARDENS. EXCEPTING THEREFROM THOSE PORTIONS OF TRACT 3 AND 4 CONVEYED BY STANDARD OIL COMPANY OF CALIFORNIA TO THE UNITED STATES OF AMERICA BY DEED DATED MAY 8, 1952 AND RECORDED JULY 7, 1952 IN BOOK 110 OF DEEDS, AT PAGE 669, RECORDS OF SAID COUNTY; QCD, AF #2004-006182 (2/25/04). Re-record to correct legal of AF #2002-042622.</p>

Parcel # / Geo ID:	131903030001003	Agent Code:	
Type:	Real	Land Use Code	15
Tax Area:	K1 - K1	DFL	N
Open Space:	N	Remodel Property:	N
Historic Property:	N		
Multi-Family Redevelopment:	N		
Township:	09	Section:	31
Range:	30	Legal Acres:	6.5500

Location		Mapsc:	
Address:	5 E COLUMBIA DR KENNEWICK, WA 99336	Map ID:	
Neighborhood:	Middlebelt		
Neighborhood CD:	620420		

Owner		Owner ID:	126941
Name:	PORT OF KENNEWICK	% Ownership:	100.0000000000%
Mailing Address:	101 CLOVER ISLAND DR KENNEWICK, WA 99336		

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MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Sandollar LLC | Appraisal Group SEWA
Plat Map (Source: County Records)

File No. 2021-260
Case No. A. Willows

Borrower	N/A					
Property Address	5 E Columbia Dr					
City	Kennewick	County	Benton	State	WA	Zip Code 99336
Lender/Client	Port Of Kennewick		Address 350 N Clover Island Dr #200 , Kennewick, WA 99336			



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*MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA*

**Statement of Qualifications for
Veronica R. (Nikki) Griffith, MAI, CCIM**

EDUCATION

May, 1988	St. Louis University St. Louis, MO	Graduated Cum Laude; Major in Business Management with Minor in Communications
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PROFESSIONAL EXPERIENCE

2014 - Now	Sandollar LLC Appraisal Group SEWA	Owner/Principal
		
Private practice firm specializing in appraisal, appraisal review and consulting for all types of commercial real estate property for a variety of institutional, governmental and other private party clients. Firm is the successor entity of Ms. Griffith's firm (see below) and Chamberlin & Associates, Inc. (Gary Chamberlin, MAI, Owner, now retired).		
2004 - 2014	Sandollar Realty Advisors Tri-Cities (Kennewick, Pasco & Richland), WA	Owner/Principal
		
Private practice specializing in (1) appraisal, appraisal review and litigation support for all types of commercial real estate property for a variety of institutional and attorney clients; (2) commercial real estate brokerage (sales and leasing) for office, industrial, retail property including short sale and REO property; and (3) education, curriculum development, and regulatory compliance for the banking, real estate brokerage and appraisal industries. Firm initiated operations in Arizona; relocated to Washington State in mid 2007.		
1991 – 2004	Bank One Corporation (now JPMorgan Chase), Phoenix, AZ	SVP, Chief Appraiser, National Manager Real Estate Appraisal Group (REAG)
Management and oversight responsibility for the commercial real estate valuation functions of a \$20 Billion commercial real estate portfolio for a \$300 Billion national (5 th largest U.S.) bank including direction of 45± full time employees with \$4+ Million annual budget. Reported to Senior Credit Officer. Supervised 8 direct reports. Major accomplishments included development and maintenance of:		
<ul style="list-style-type: none">• Bank policies for Board of Director action in response to a changing regulatory environment;• Procedures for engagement of independent fee appraisers on a contract basis with annual contracts totaling \$12MM to \$15MM annually;• Procedures for review of 3rd party appraisals to determine regulatory compliance with bank policy, federal and state regulation, and USPAP for commercial real property collateral valued in excess of \$20 Billion annually;• Internet (for 3rd party vendor use) and intranet (for internal bank use);• Appraisal management tracking database software;• Company wide training program for all bankers, underwriters, credit administration staff, etc.; and• Engineering of post merger strategy for five separate legacy banking institutions' appraisal departments including rightsizing over the years from an initial staff of 72 full time employees (legacy institutions included Bank One, 1st Chicago, American National, NBD Detroit, and NBD Indiana).		
1990 - 1991	RTC (Western Savings & Loan), Phoenix, AZ	VP, Chief Appraiser Real Estate Appraisal Department
Management and oversight responsibility for re-appraisal of all commercial and agricultural real estate assets for the combined \$150 Billion real estate portfolios of four insolvent financial institutions during their receivership / liquidation phase. Facilitated orderly transfer of asset files to private sector asset management firms. Served on Credit Review Committee to determine disposition of assets. Reported directly to RTC Managing Agent / Financial Institutional Specialist in charge of institutions.		

MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

1988 – 1990	Sandollar Realty Advisors Corp. St. Louis, MO Private appraisal consulting practice including product development, marketing, staff training, and management. Specialized in preparation of narrative commercial appraisal reports, appraisal review and litigation support on a wide variety of commercial, retail, office, industrial and multi-family properties, for banking, institutional, governmental and private sector clients. Qualified to testify in federal, state and bankruptcy venues.	<i>Principal, Senior Appraiser & Broker</i>
1984 – 1988	Buckles & Associates St. Louis, MO Assisted in start-up of private appraisal practice. Responsible for preparation of narrative appraisal reports on a wide variety of commercial, retail, office, industrial, multi-family, special purpose, and single family subdivision properties.	<i>VP, Senior Commercial Appraiser</i>

PROFESSIONAL MEMBERSHIPS & AFFILIATIONS

Licensed Washington State *Certified General Real Estate Appraiser* (1101758)

- **Appraisal Institute (National Organization) - MAI Designee** qualified/licensed to appraise all types of commercial real estate; Former Chair and Member, Commercial Appraisal Report Standards (CARS) Project Team; Former Member of AI's National Client Advisory Committee (CAC) which includes Chief Appraisers from all major banking institutions
- **Appraisal Institute** – Past President (2017-18) and Member of the local Columbia Basin Chapter (now combined)
- **Appraisal Institute** – Candidate for Appraisal Review Designation; education completed

Licensed Washington State *Real Estate Broker* (9128)

- **Member of the CCIM Institute - CCIM Designee** (Certified Commercial Investment Member) for commercial real estate brokerage, management and investment analysis
- **Member of the National Association of Realtors (NAR)**
- **Member of the Tri-Cities Association of Realtors (TCAR)**
- **Member of the Northwest MLS**

OTHER

- **Commissioner, City of Kennewick Planning & Development Commission**, Kennewick, WA – Assist in promoting and maintaining all types of development for the City of Kennewick
- **Faculty Member, Appraisal Institute (AI)** - Qualified by AI (the premier education provider to the appraisal industry) to develop curriculum and teach several appraisal courses and seminars at the national level including:
 1. *Appraisal Principles*;
 2. *Appraisal Procedures*; and
 3. *Highest and Best Use Analysis*;
 4. Curriculum developer and instructor for seminar entitled *Appraisal Engagement and Review for Bankers*
- **Faculty Member, Risk Management Associates (RMA)** - Qualified by RMA (the premier education provider to the banking industry) to develop curriculum and teach several courses/seminars at the national level to bankers and regulators including:
 1. Develop and host 1-1/2-day *Real Estate Appraisal Manager's Forum*, twice yearly;
 2. *Commercial Real Estate Lending I* (CRELI, 1-day seminar);
 3. *Commercial Real Estate Lending II* (CRELII, 1-day seminar);
 4. *Problem Real Estate Loans* (PREL, 1-day seminar);
 5. *Commercial Real Estate Lending III* (CRELIII, 1-day seminar);
 6. *Understanding & Interpreting Real Estate Appraisals* (UIREA, 1-day seminar); and
 7. Curriculum developer for several new products including UIREA for the banking regulatory agencies; and UIREA for financial institutions.
- **Faculty Member, Washington Association of Realtors; Tri-Cities Association of Realtors** – qualified by WAR and TCAR to develop and teach real estate related curriculum for Washington State Realtors.
- **Approved Instructor, WA State Department of Licensing** – Qualified by WA DOL to teach a wide variety of real estate related curriculum for licensing and continuing education requirements for real estate related trades.
- **Most Recent Continuing Education Classes**
 - a. 10/20 – Appraisal of Manufactured Homes Featuring Next-Generation Manufactured Homes
 - b. 06/20 -- Valuation Impacts of COVID-19: 1-4 Unit Residential
 - c. 09/19 – Solving Land Valuation Puzzles
 - d. 09/19 – Rural Valuation Basics

MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Sandollar LLC | Appraisal Group SEWA
Appraiser's License

File No. 2021-260
Case No. A. Willows

Borrower	N/A						
Property Address	5 E Columbia Dr						
City	Kennewick	County	Benton	State	WA	Zip Code	99336
Lender/Client	Port Of Kennewick	Address	350 N Clover Island Dr #200 , Kennewick, WA 99336				



MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

E&O Insurance

File No. 2021-260

Case No. A. Willows

Borrower N/A

Property Address 5 E Columbia Dr

City Kennewick

County

Benton

State WA

Zip Code

99336

Lender/Client Port Of Kennewick

Address 350 N Clover Island Dr #200, Kennewick, WA 99336



DECLARATIONS
for
**REAL ESTATE PROFESSIONAL
ERRORS & OMISSIONS INSURANCE POLICY**

THIS IS A CLAIMS MADE INSURANCE POLICY.

THIS POLICY APPLIES ONLY TO THOSE CLAIMS THAT ARE FIRST MADE AGAINST AN INSURED DURING THE POLICY PERIOD. ALL CLAIMS MUST BE REPORTED IN WRITING TO THE COMPANY DURING THE POLICY PERIOD OR WITHIN SIXTY (60) DAYS AFTER THE END OF THE POLICY PERIOD.

Insurance is afforded by the company indicated below: (A capital stock corporation)

☒ Great American Assurance Company

Note: The Insurance Company selected above shall herein be referred to as the Company.

Policy Number: **RAB3873294-19**

Renewal of: **RAB3873294-18**

Program Administrator: **Herbert H. Landy Insurance Agency Inc.
100 River Ridge Drive, Suite 301
Norwood, MA 02062**

Item 1. Named Insured: **Sandollar LLC dba Sandollar Realty Advisors; dba Appraisal Group SEWA**

Item 2. Address: **2001 S Washington St**

City, State, Zip Code: **Kennewick, WA 99337**

Attn:

Item 3. Policy Period: From 08/22/2019 To 08/22/2020
(Month, Day, Year) (Month, Day, Year)
(Both dates at 12:01 a.m. Standard Time at the address of the Named Insured as stated in Item 2.)

Item 4. Limits of Liability: (inclusive of claim expenses):
A. \$ 1,000,000 Limit of Liability - Each Claim
B. \$ 1,000,000 Limit of Liability - Policy Aggregate
C. \$ 500,000 Limit of Liability - Fair Housing Claims
D. \$ 500,000 Limit of Liability - Fungi Claims

Item 5. Deductible: (Inclusive of Claim Expense): **\$ 5,000 Each Claim**

Item 6. Premium: **\$ 1,144.00**

Item 7. Retroactive Date (if applicable): **12/31/2018**

Item 8. Forms, Notices and Endorsements attached:

**D43100 (03/15) D43390 WA (03/15)
D43444 (03/17) D43447 (06/17) D43448 (06/17)
D43432 (05/13) D43416 (05/13) D43425 (05/13) IL7324 (08/12)**

Rey A. Nguyen
Authorized Representative

D43100 (03/15)

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*MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA*

Supervisor Certificate

File No. 2021-260
Case No. A. Willows

Borrower N/A

Property Address 5 E Columbia Dr

City Kennewick

County

Benton

State WA

Zip Code

99336

Lender/Client Port Of Kennewick

Address 350 N Clover Island Dr #200 , Kennewick, WA 99336

Certificate of Completion

This is to certify that
Veronica R Griffith - 1101758

has successfully completed the course

Supervisor-Trainee Course for Washington

for 4.00 hours of continuing education for recertification in the state of
Washington.

Approval Number: AP3300

Given at: <http://www.mckissock.com>

Date: 5/14/2015



Richard D. McKissock
Education Director
100% Education by McKissock

AQB Certified USPAP Instructor: Dan Bradley, #10328

McKissock • P.O. Box 1673 • Warren • Pennsylvania • 16365 • 814-723-6979

MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Sandollar LLC | Appraisal Group SEWA
Appraiser Trainee License

File No. 2021-260
Case No. A. Willows

Borrower	N/A						
Property Address	5 E Columbia Dr						
City	Kennewick	County	Benton	State	WA	Zip Code	99336
Lender/Client	Port Of Kennewick	Address	350 N Clover Island Dr #200 , Kennewick, WA 99336				



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MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Residential Parcel B

**Cable Greens Parcel
Kennewick, WA**

MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Sandollar LLC | Appraisal Group SEWA

 AI Reports® Form 120.05*	Client File #: B. Cable Greens		Appraisal File #: 2021-260													
	Appraisal Report · Land															
	Appraisal Company: Sandollar LLC Appraisal Group SEWA															
	Address: 2001 S Washington St, Kennewick, WA 99337															
Phone: 509.628.9817		Fax: N/A		Website: www.AppraisalGroupSEWA.com												
Appraiser: Veronica R Griffith, MAI, CCIM																
Co-Appraiser: Sonnia Renee King																
<table border="0" style="width: 100%;"> <tr> <td>AI Membership (if any):</td> <td><input type="checkbox"/> SRA</td> <td><input checked="" type="checkbox"/> MAI</td> <td><input type="checkbox"/> SRPA</td> <td><input type="checkbox"/> AI-GRS</td> <td><input type="checkbox"/> AI-RRS</td> </tr> <tr> <td>AI Affiliation (if any):</td> <td colspan="2"><input type="checkbox"/> Candidate for Designation</td> <td colspan="3"><input type="checkbox"/> Practicing Affiliate</td> </tr> </table>					AI Membership (if any):	<input type="checkbox"/> SRA	<input checked="" type="checkbox"/> MAI	<input type="checkbox"/> SRPA	<input type="checkbox"/> AI-GRS	<input type="checkbox"/> AI-RRS	AI Affiliation (if any):	<input type="checkbox"/> Candidate for Designation		<input type="checkbox"/> Practicing Affiliate		
AI Membership (if any):	<input type="checkbox"/> SRA	<input checked="" type="checkbox"/> MAI	<input type="checkbox"/> SRPA	<input type="checkbox"/> AI-GRS	<input type="checkbox"/> AI-RRS											
AI Affiliation (if any):	<input type="checkbox"/> Candidate for Designation		<input type="checkbox"/> Practicing Affiliate													
<table border="0" style="width: 100%;"> <tr> <td>Other Professional Affiliation: CCIM Designee</td> <td>Other Professional Affiliation:</td> </tr> <tr> <td>Email: appraisalgroupsewa@gmail.com</td> <td>E-mail: appraisalgroupsewa@gmail.com</td> </tr> <tr> <td>Client: Port Of Kennewick</td> <td>Contact: Amber Hanchette, Director of Real Estate</td> </tr> <tr> <td>Address: 350 N Clover Island Dr #200, Kennewick, WA 99336</td> <td></td> </tr> <tr> <td>Phone: 509.586.1186</td> <td>Fax: N/A</td> </tr> <tr> <td></td> <td>Email: Amber@PortofKennewick.org</td> </tr> </table>					Other Professional Affiliation: CCIM Designee	Other Professional Affiliation:	Email: appraisalgroupsewa@gmail.com	E-mail: appraisalgroupsewa@gmail.com	Client: Port Of Kennewick	Contact: Amber Hanchette, Director of Real Estate	Address: 350 N Clover Island Dr #200, Kennewick, WA 99336		Phone: 509.586.1186	Fax: N/A		Email: Amber@PortofKennewick.org
Other Professional Affiliation: CCIM Designee	Other Professional Affiliation:															
Email: appraisalgroupsewa@gmail.com	E-mail: appraisalgroupsewa@gmail.com															
Client: Port Of Kennewick	Contact: Amber Hanchette, Director of Real Estate															
Address: 350 N Clover Island Dr #200, Kennewick, WA 99336																
Phone: 509.586.1186	Fax: N/A															
	Email: Amber@PortofKennewick.org															
SUBJECT PROPERTY IDENTIFICATION																
Address: 551 E Columbia Dr																
City: Kennewick		County: Benton	State: WA	ZIP: 99336												
<small>Legal Description: REPLAT OF COLUMBIA GARDENS TRACT 8, EXCEPT THE PORTION OF SAID TRACT 8 LYING NORTH OF A LINE THAT INTERSECTS THE NORTHERLY PRODUCTION OF THE WEST LINE OF LOT 20, IN SAID PLAT, A DISTANCE OF 150.00 FEET FROM THE NORTHWEST CORNER OF SAID LOT 20 AND INTERSECTS THE EAST LINE OF SAID TRACT 8 A DISTANCE OF 589.00 FEET FROM THE SOUTHEAST CORNER OF SAID TRACT 8. (See Legal Description in Addenda)</small>																
Tax Parcel #: 131903030108000; and 131903030107003		RE Taxes: 0	Tax Year: 2021													
Use of the Real Estate As of the Date of Value: Vacant Land																
Use of the Real Estate Reflected in the Appraisal: Multi-Family Residential and Mixed Use Commercial																
Opinion of highest and best use (if required): Multi-Family Residential, for sale or for rent, immediate development timeline																
SUBJECT PROPERTY HISTORY																
Owner of Record: Port of Kennewick																
Description and analysis of sales within 3 years (minimum) prior to effective date of value: There have been no sales recorded of the property during the preceding three years.																
Description and analysis of agreements of sale (contracts), listing, and options: N/A																
RECONCILIATIONS AND CONCLUSIONS																
Indication of Value by Sales Comparison Approach		\$ 840,000														
Indication of Value by Cost Approach		\$ N/A														
Indication of Value by Income Approach		\$ N/A														
Final Reconciliation of the Methods and Approaches to Value: Only the Sales Comparison Approach to value was utilized to estimate the value of the subject property.																
Opinion of Value as of: 6/30/2021		\$ 840,000														
Exposure Time: Less than One Year																
The above opinion is subject to: <input type="checkbox"/> Hypothetical Conditions and/or <input checked="" type="checkbox"/> Extraordinary Assumptions cited on the following page.																

* NOTICE: The Appraisal Institute publishes this form for use by appraisers where the appraiser deems use of the form appropriate. Depending on the assignment, the appraiser may need to provide additional data, analysis and work product not called for in this form. The Appraisal Institute makes no representations, warranties or guarantees as to, and assumes no responsibility for, the data, analysis or work product or third party certifications, verifications, data specifications, scores, indexes, or valuation tools, used or provided by the individual appraiser(s) or others in the specific contents of the AI Reports(R). AI Reports(R) AI-120.05 Appraisal Report - Land © Appraisal Institute 2017, All Rights Reserved

June 2017

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MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Sandollar LLC | Appraisal Group SEWA

Client:	Port Of Kennewick	Client File #:	B. Cable Greens
Subject Property:	551 E Columbia Dr, Kennewick, WA 99336	Appraisal File #:	2021-260

ASSIGNMENT PARAMETERS	
Intended User(s): Client Only; no other intended users were identified at the time of engagement	
Intended Use: Estimate the Market Value of the property As Is for a potential sale	
The report is not intended by the appraiser for any other use by any other user.	
Type of Value: Market Value As Is	Effective Date of Value: 04/19/2021
Interest Appraised: <input checked="" type="checkbox"/> Fee Simple <input type="checkbox"/> Leasehold <input type="checkbox"/> Other	
Hypothetical Conditions: (A hypothetical condition is that which is contrary to what exists, but is asserted by the appraiser for the purpose of analysis. Any hypothetical condition may affect the assignment results.) The client has requested a value assume shared parking.	
Extraordinary Assumptions: (An extraordinary assumption is directly related to a specific assignment and presumes uncertain information to be factual. If found to be false this assumption could alter the appraiser's opinions or conclusions. Any extraordinary assumption may affect the assignment results.) Based on the assumption that the POK will offer the subject land for multi-family development of apartment style rentals water views; also that the UMU zoning does not dictate density; for this analysis the appraiser has used several newly built multi-family developments and found an average density of 22 units per acre (2,000 SF of land per unit). Using this on the subject site would allow for 70 units (rounded). The value could be different if this assumption were not used.	
This is an Appraisal Report in accordance with Standard Rule 2-2(a) of the Uniform Standard of Professional Appraisal Practice (USPAP).	
SCOPE OF WORK	
Definition: The scope of work is the type and extent of research and analysis in an assignment. Scope of work includes the extent to which the property is identified, the extent to which tangible property is inspected, the type and extent of data research, and the type and extent of analysis applied to arrive at credible opinions or conclusions. The specific scope of work for this assignment is identified below and throughout this report.	
Scope of Subject Property Inspection/Data Sources Utilized Appraiser Property Inspection: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Date of Inspection: 06/30/2021 Describe Scope of Property Inspection, Source of Area Calculations and Data Sources Consulted: Appraiser's proprietary database, MLS owned by the Tri-Cities Association of Realtors; Washington State Commercial Broker's Association MLS (CBA); Loopnet; public records Co-Appraiser Property Inspection: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Date of Inspection: 06/30/2021 Describe Scope of Property Inspection, Source of Area Calculations and Data Sources Consulted: Appraiser's proprietary database, MLS owned by the Tri-Cities Association of Realtors; Washington State Commercial Broker's Association MLS (CBA); Loopnet; public record	Approaches to Value Developed Cost Approach: <input type="checkbox"/> Is necessary for credible results and is developed in this analysis <input checked="" type="checkbox"/> Is not necessary for credible results; not developed in this analysis <input type="checkbox"/> Is not necessary for credible results but is developed in this analysis Sales Comparison Approach: <input checked="" type="checkbox"/> Is necessary for credible results and is developed in this analysis <input type="checkbox"/> Is not necessary for credible results; not developed in this analysis <input type="checkbox"/> Is not necessary for credible results but is developed in this analysis Income Approach: <input type="checkbox"/> Is necessary for credible results and is developed in this analysis <input checked="" type="checkbox"/> Is not necessary for credible results; not developed in this analysis <input type="checkbox"/> Is not necessary for credible results but is developed in this analysis
Additional Scope of Work Comments: The Client has requested the value assume shared parking.	
Significant Real Property Appraisal Assistance: <input type="checkbox"/> None <input checked="" type="checkbox"/> Disclose Name(s) and contribution: Sonnia King, a licensee appraiser, assisted with the inspection, photography, initial research regarding subject property and potential land sales, confirmation of such data, and preliminary analysis. The final value conclusions however, were those of Veronica R Griffith, MAI, CCIM.	

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MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Sandollar LLC | Appraisal Group SEWA

Client:	Port Of Kennewick	Client File #:	B. Cable Greens
Subject Property:	551 E Columbia Dr, Kennewick, WA 99336	Appraisal File #:	2021-260

MARKET AREA ANALYSIS											
Location		Built Up		Growth		Supply & Demand		Value Trend		Typical Marketing Time	
<input type="checkbox"/> Urban <input checked="" type="checkbox"/> Suburban <input type="checkbox"/> Rural		<input type="checkbox"/> Under 25% <input type="checkbox"/> 25%-75% <input checked="" type="checkbox"/> Over 75%		<input type="checkbox"/> Rapid <input checked="" type="checkbox"/> Stable <input type="checkbox"/> Slow		<input checked="" type="checkbox"/> Shortage <input type="checkbox"/> In Balance <input type="checkbox"/> Over Supply		<input checked="" type="checkbox"/> Increasing <input type="checkbox"/> Stable <input type="checkbox"/> Decreasing		<input type="checkbox"/> Under 3 Months <input type="checkbox"/> 3-6 Months <input checked="" type="checkbox"/> Over 6 Months	
Neighborhood Single Family Profile				Neighborhood Land Use				Neighborhood Name : Historic Waterfront District in East Kennewick			
Price		Age		1 Family		Commercial		PUD		Condo	
200K		Low		1		85 %		8 %		HOA: \$ /	
500K		High		100		2 %		2 %		Amenities:	
250-300K		Predominant		45		3 %		INDUST 5 %			
<p>Market area description and characteristics: Subject lies within a newly re-developing area being created by the Port of Kennewick in conjunction with the City of Kennewick known as the Historic Waterfront District along the southern alignment of the Columbia River, Clover Island and Duffy's Pond. The neighborhood surrounding this district includes vintage commercial development along E Columbia Dr between Gum St (S.R. 397) as it comes off the Cable Bridge and Clover Island Dr (extension of Washington St north of E Columbia Dr); vintage industrial to the east and further south along the alignment of the B&O Railroad; the original CBD of Kennewick, now known as Historic Downtown Kennewick; and vintage residential interspersed with new SFR subdivisions being created in pockets of redevelopment of former agriculturally zoned land. The area to the north includes Clover Island which houses the local marina, the Clover Island Inn, and several other commercial developments including office and retail/restaurant users. This project is designed to mix urban living and commercial business together with an increase of pedestrian traffic throughout the downtown area.</p>											
SITE ANALYSIS											
Dimensions: See Plat Map						Area: 139,239 (two separate tax parcels)					
View: Average						Shape: Irregular					
Drainage: Appears Adequate						Utility: Mult-Family Development					
Site Similarity/Conformity to Neighborhood											
Size:				View:				Zoning: UMU- Urban Mixed Use which is very permissive			
<input type="checkbox"/> Smaller than Typical <input checked="" type="checkbox"/> Typical <input type="checkbox"/> Larger Than Typical				<input type="checkbox"/> Favorable <input checked="" type="checkbox"/> Typical <input type="checkbox"/> Less than Favorable				<input checked="" type="checkbox"/> Legal <input type="checkbox"/> No zoning <input type="checkbox"/> Legal, non-conforming <input type="checkbox"/> Illegal			
Convenants, Condition & Restrictions <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Unknown Documents Reviewed <input type="checkbox"/> Yes <input type="checkbox"/> No Ground Rent \$ 0 / 0											
Utilities											
Electric		<input checked="" type="checkbox"/> Public <input type="checkbox"/> Other		Assume to the site		Street		<input checked="" type="checkbox"/> Public <input type="checkbox"/> Private		Paved	
Gas		<input type="checkbox"/> Public <input type="checkbox"/> Other				Alley		<input type="checkbox"/> Public <input type="checkbox"/> Private			
Water		<input checked="" type="checkbox"/> Public <input type="checkbox"/> Other		Assume to the site		Sidewalk		<input checked="" type="checkbox"/> Public <input type="checkbox"/> Private			
Sewer		<input checked="" type="checkbox"/> Public <input type="checkbox"/> Other		Assume to the site		Street Lights		<input checked="" type="checkbox"/> Public <input type="checkbox"/> Private			
Off Site Improvements Street <input checked="" type="checkbox"/> Public <input type="checkbox"/> Private Paved Alley <input type="checkbox"/> Public <input type="checkbox"/> Private Sidewalk <input checked="" type="checkbox"/> Public <input type="checkbox"/> Private Street Lights <input checked="" type="checkbox"/> Public <input type="checkbox"/> Private											
<p>Site description and characteristics: The site consisting of two contiguous tax parcels fronts the western right of way alignment of N Gum St (S.R. 397) as it comes off the Ed Hendler Cable Bridge and there is one turn into the site from N Gum St. Adjacent to the west and south are vintage commercial buildings while development beyond includes new or proposed development within the Columbia Gardens area. Three buildings housing winery tenants as well as associated parking and the Food Truck Plaza are now in place. East across N Gum St is the international headquarters for Lampson Cranes, the Tri-Cities Water Follies and a new location for Fastenal Delivery. The site is nearly triangular, level and heavily treed. Previously the site was improved with a miniature golf course; all the former improvements have been removed although as shown on the aerial it is still possible to see some remnants. The site's northern boundary adjoins the southern shoreline of Duffy's Pond, but this does not appear to command a premium at this location.</p>											
HIGHEST AND BEST USE ANALYSIS											
<input type="checkbox"/> Present Use <input checked="" type="checkbox"/> Proposed Use <input type="checkbox"/> Other											
<p>Summary of highest and best use analysis: This is a larger parcel that would lend itself to subdivision for a variety of potential uses, but demand today is highest for residential development, either for sale or for rent depending on the buyer's perspective (i.e., long term vs short term investment). Residential land available for development is in exceedingly short supply; new apartments are being leased as soon as completed with rents rising; and new attached housing units are sold as soon as completed with prices rising. Based on a market analysis, a project with an average density of 2,000 SF of land area per dwelling unit is considered financially feasible and the most financially feasible use from among others. There is no other legally permissible and physically possible use that would maximize the value of the site.</p>											

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MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Sandollar LLC | Appraisal Group SEWA

Client:	Port Of Kennewick	Client File #:	B. Cable Greens
Subject Property:	551 E Columbia Dr, Kennewick, WA 99336	Appraisal File #:	2021-260

SITE VALUATION									
Site Valuation Methodology									
<input checked="" type="checkbox"/> Sales Comparison Approach: A set of procedures in which a value indication is derived by comparing the property being appraised to similar properties that have been sold recently, then applying appropriate units of comparison and making adjustments to the sale prices of the comparables based on the elements of comparison. The sales comparison approach may be used to value improved properties, vacant land, or land being considered as though vacant; it is the most common and preferred method of land valuation when an adequate supply of comparable sales are available.									
<input type="checkbox"/> Market Extraction: A method of estimating land value in which the depreciated cost of the improvements on the improved property is estimated and deducted from the total sale price to arrive at an estimated sale price for the land; most effective when the improvements contribute little to the total sale price of the property.									
<input type="checkbox"/> Alternative Method: (Describe methodology and rationale)									
Site Valuation									
ITEM	SUBJECT	COMPARISON 1		COMPARISON 2		COMPARISON 3			
Address	551 E Columbia Dr Kennewick, WA 99336	3113 W 7th Ave Kennewick, WA		3120 W 4th Ave Kennewick, WA 99336		1156 Columbia Park Trail Richland, WA, 99352			
Proximity to Subject		2.37 miles W		2.35 miles W		6.00 miles W			
Data Source/ Verification		TCH, Public Records Public Records		Public Records Public Records		Public Records Public Records			
Sales Price	\$		\$ 300,000.00		\$ 402,000.00		\$ 775,000.00		
Price/ Sq. Ft	\$ 0		\$ 6.26		\$ 9.67		\$ 7.01		
Sale Date	Current	07/13/2020	+0.62	12/11/2019	+0.97	12/31/2019	+0.70		
Location	Ben; Urban Mix	Average	Inferior	N;Res	Inferior	B; Urban Mix	Similar		
Site Size	139,239 (two separate tax parcels)	47,916	Minus	41,569	Minus	110,506	Similar		
Site View	Average	Average	Similar	N;Res	Similar	Ben; Water View	Inferior		
Site Improvements	None	3 SFRs	Plus	SFR Demolished	Plus	None	Similar		
Zoning	Urban Mixed Use	Res, Medium	Plus	RH; high dens	Plus	WF, Waterfrnt	Similar		
Utilities	To the Site	To the Site	Similar	At the Street	Similar	At Street	Similar		
# Units:SFLand/DU	70 / 2000 SF	15 / 3,194 SF	Inferior	26 / 1,598 SF	Superior	48 est / 2,506 SF	Inferior		
Sale Price / DU		\$20,000	High Indicator	\$15,461	Moderate Indicator	\$16,000 Est	Moderate Indicator		
Comments	Ph I U/C								
Net Adjustment		X + -	\$ 0.62	X + X -	\$ 0.97	X + X -	\$ 0.70		
Indicated Value		Net Adj. 10%		Net Adj. 10%		Net Adj. 10%			
		Gross Adj. 10%	\$ 6.88	Gross Adj. 10%	\$ 10.64	Gross Adj. 10%	\$ 7.71		
Prior Transfer History	No sales within prior 3 yrs	No sales within prior 3 years		No sales within prior 3 years		No sales within prior 3 years			
Site Valuation Comments: See Comment Addendum									
Site Valuation Reconciliation: See Comment Addendum									
Opinion of Site Value					\$ 840,000				

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MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Sandollar LLC | Appraisal Group SEWA
 EXTRA SITES 4-5-6

Client:	Port Of Kennewick	Client File #:	B. Cable Greens
Subject Property:	551 E Columbia Dr, Kennewick, WA 99336	Appraisal File #:	2021-260

SITE EVALUATION							
Site Valuation Methodology							
<input checked="" type="checkbox"/> Sales Comparison Approach: A set of procedures in which a value indication is derived by comparing the property being appraised to similar properties that have been sold recently, then applying appropriate units of comparison and making adjustments to the sale prices of the comparable based on the elements of comparison. The sales comparison approach may be used to value improved properties, vacant land, or land being considered as though vacant; it is the most common and preferred method of land valuation when an adequate supply of comparable sales are available.							
<input type="checkbox"/> Market Extraction: A method of estimating land value in which the depreciated cost of the improvements on the improved property is estimated and deducted from the total sale price to arrive at an estimated sale price for the land; most effective when the improvements contribute little to the total sale price of the property.							
<input type="checkbox"/> Alternative Method: (Describe methodology and rationale)							
Site Valuation							
ITEM	SUBJECT	COMPARISON 4		COMPARISON 5		COMPARISON 6	
Address	551 E Columbia Dr Kennewick, WA 99336	650 George Wash. Way Richland, WA 99352		S Quillan Pl / W 7th Ave Kennewick, WA 99336		5700-36 & 5701-35 W Albany Kennewick, WA	
Proximity to Subject		8.58 miles W		3.43 miles SW		3.69 miles W	
Data Source/ Verification		Public Records Public Records		TCH / Public Records Public Records		TCH / Public Records Public Records	
Sales Price	\$		\$ 501,939.00		\$ 287,123.00		\$ 600,000.00
Price/ Sq. Ft	\$ 0.00		\$ 4.20		\$ 2.25		\$ 4.01
Sale Date		3/4/2019	+0.84	08/17/2018	+0.45	06/28/2018	+0.80
Location	Ben; Urban Mix	Ben; Urban Mix	Similar	Average	Inferior	Average	Inferior
Site Size	139,239 (two separate tax parcels)	119,512	Similar	127,452	Similar	149,715	Similar
Site View	Average	Ben; Water View	Inferior	Average	Similar	Average	Similar
Site Improvements	None	None	Very Inferior	None	Similar	None	Similar
Zoning	Urban Mixed Use	CBD CtrBusDist	Similar	Res, Med	Inferior	Res, Med	Inferior
Utilities	To the Site	At the Street	Similar	To the Site	Similar	To the Site	Similar
# Units:SFLand/DU	70 / 2000 SF	106 / 1,127 SF	Superior	30 / 4,248	Inferior	44 / 3,403	Inferior
Sale Price / DU		\$4,735	Low Indicator	\$9,571	Low Indicator	\$13,636	Moderate Indicator
Comments							
Net Adjustment		<input checked="" type="checkbox"/> + <input type="checkbox"/> -	\$ 0.84	<input checked="" type="checkbox"/> + <input type="checkbox"/> -	\$ 0.45	<input checked="" type="checkbox"/> + <input type="checkbox"/> -	\$ 0.80
Indicated Value		Net Adj. 20%		Net Adj. 20%		Net Adj. 20%	
		Gross Adj. 20%	\$ 5.04	Gross Adj. 20%	\$ 2.70	Gross Adj. 20%	\$ 4.81
Prior Transfer History	No sales within prior 3 years	No sales within prior 3 years		No sales within prior 3 years		No sales within prior 3 years	
Site Valuation Comments: See Comment Addendum							
Site Valuation Reconciliation: See Comment Addendum							

MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Sandollar LLC | Appraisal Group SEWA
EXTRA SITES 7-8-9

Client:	Port Of Kennewick	Client File #:	B. Cable Greens
Subject Property:	551 E Columbia Dr, Kennewick, WA 99336	Appraisal File #:	2021-260

SITE EVALUATION									
Site Valuation Methodology									
<input checked="" type="checkbox"/> Sales Comparison Approach: A set of procedures in which a value indication is derived by comparing the property being appraised to similar properties that have been sold recently, then applying appropriate units of comparison and making adjustments to the sale prices of the comparable based on the elements of comparison. The sales comparison approach may be used to value improved properties, vacant land, or land being considered as though vacant; it is the most common and preferred method of land valuation when an adequate supply of comparable sales are available.									
<input type="checkbox"/> Market Extraction: A method of estimating land value in which the depreciated cost of the improvements on the improved property is estimated and deducted from the total sale price to arrive at an estimated sale price for the land; most effective when the improvements contribute little to the total sale price of the property.									
<input type="checkbox"/> Alternative Method: (Describe methodology and rationale)									
Site Valuation									
ITEM	SUBJECT	COMPARISON 7		COMPARISON 8		COMPARISON 9			
Address	551 E Columbia Dr Kennewick, WA 99336	19 W Canal Kennewick, WA 99336							
Proximity to Subject		0.22 miles S							
Data Source/ Verification		MLS; Public Recs; Retrospect Public Records							
Sales Price	\$		\$ 755,458.00		\$		\$		\$
Price/ Sq. Ft	\$ 0.00		\$ 25.67		\$		\$		\$
Sale Date		02/18 to 08/19							
Location	Ben; Urban Mix	CBD		Similar					
Site Size	139,239 (two separate tax parcels)	29,430		Very Different					
Site View	Average	CBD		Average					
Site Improvements	None	To be Demolished		Inferior					
Zoning	Urban Mixed Use	CBD		Inferior					
Utilities	To the Site	To the Site		Similar					
# Units:SFLand/DU	70 / 2000 SF	28 DU / 1051 SF		Superior					
Sale Price / DU		\$13,636		Moderate Indicator					
Comments	Assemblage								
Net Adjustment		X	+	-	\$ 2.50	X	+	-	\$ 0
Indicated Value		Net Adj. 10%		Net Adj. 0%		Net Adj. 0%		Net Adj. 0%	
		Gross Adj. 10%		Gross Adj. 0%		Gross Adj. 0%		Gross Adj. 0%	
Prior Transfer History	No sales recorded in last 3 years	No sales in prior 3 years							
Site Valuation Comments: See Comment Addendum									
Site Valuation Reconciliation: See Comment Addendum									

*MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA*

Subject is considered very unique in that it is a 3.2-acre site with frontage along the western right of way of N Gun Street (S.R. 397) as it comes off the Ed Hendler Cable Bridge (there is an overhead power line along this eastern boundary). The northern property line abuts an asphalt paved walking trail along the Columbia River and a marshy area that is part of Duffy's Pond. The site is actually shovel ready for development and appropriately zoned for a variety of development prospects. The site's previous use as a miniature golf course is not readily seen from review of an aerial and (although the improvements have been removed).

The location within a vintage neighborhood which is slowly being re-developed can be perceived as somewhat challenging, but the following was considered.

- Directly across the river in the vintage City of Pasco along the northern alignment of the Columbia River is a brand-new project known as the River Walk Apartments. Phase I is complete and the next two buildings are currently under construction. The units are reportedly leasing as quickly as they are finished, and while it has frontage along the river, that project is similarly impacted by aging industrial development along WA Street and similar vintage and entry level residential housing around the perimeter.
- A similar neighborhood can be found when reviewing Sale #3 which will have some river-view units. Its unit price of \$16,146 per dwelling unit would need to be factored upward to account that the parcels were assembled over time but offset somewhat by a higher demographic.
- The projected prices of the pending sales are reported between \$15,000 and \$20,000 for a site location that would be considered superior.
- Rental rates are at the high end for newly completed riverfront units when compared to non-riverfront units.

The location is considered a neutral factor. Demand for residential housing in the Tri-Cities market is at the highest point in history with rising rental rates and the lowest vacancy rates for rental units; and given the lack of available land, developers are now starting to look at attached "for sale" housing as being a more affordable alternative to first time homebuyers.

Given the parcel zoning, physical characteristics and size, the highest and best use was determined to be residential use, either construction of for sale townhouse style units, or construction of rental units, depending on the buyer's investment criteria. Both markets today are extremely strong, with virtually no shovel ready sites available for development. Most development today requires a re-zoning and creation of the appropriate infrastructure.

The seven sales of land presented range from one to three acres, smaller than subject (there were larger sales, but it was believed that they were too stale). The small size of recent sale transactions reflects the lack of larger parcels in the market today and in the market's view today, the larger size likely is worth a premium rather than a discount. Density varies from 1,127 to 3,403 SF with one outlier at 4,248 SF of land area per dwelling unit or 12 to 38 units per acre with an average of 2,061 sf per dwelling unit (or 21 units per acre).

MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Prices were reviewed based on three common units of comparison, i.e., sale price per dwelling unit, sale price per SF of land area, and sale price per acre and the ranges and averages are summarized in the table accompanying this section of the report. The most meaningful unit of comparison was considered density, or the number of dwelling units that can be developed per acre.

Average Unit Price Indicators
MultiFamily Land Sales

	Average
Avg Land SF Per Dwelling	2,000 SF
Sale Price Per AC	\$225,000/AC
Sale Price Per SF	\$5.00/SF
Sale Price Per Unit	\$13,000/DU
Subject Potential Buildable Dwelling Units at 2,000 SF Per Dwelling Unit	70

The two pending sales in Richland, a superior location, are reportedly in escrow for amounts that would be equivalent to \$15,000 to \$20,000 per dwelling unit while the average reflected in the table is \$13,000 per unit. Their density will be high at 1,529 SF of land area per dwelling unit, or 28 units per acre with a 33% premium attributable to the waterfront parcel based on its assessed value (the sale prices are not yet available until it closes)

Sale #1 is the most recent sale (about one year ago) and its location is very similar to that of Sale #2 and Sale #5, #6 and #7, none of which benefit from any proximity to the river. An upward adjustment could be required for that feature. And while 15 units are currently being developed for Sale #1, there might be an opportunity to do another smaller building which would affect the density and sale price per dwelling unit.

Sale #3 is also considered fairly similar to subject despite its smaller size as it is in a vintage neighborhood with access to the Columbia River, and the assembled price is calculated at \$16,146 per dwelling unit. Only the first 24 units are under construction and the number of units in Phase II has not been announced, although it is assumed to be similar bringing the total to 48 units (this is how the density was calculated).

Sale #4, The Park Place Apartments, was finally discarded from further consideration; the project included both the apartments and 10,000 SF of commercial space and an elevated midrise structure was constructed with underground parking. The site was actually a “pit” that would have required fill at considerable expense had a use permitting use of the below ground space for a parking garage not been found.

Sales #5 and #6 were included even though they were for attached “for sale” housing. The two sites sold within two months of each other and were very similar in size, but densities were quite different, and displayed the highest amount of land area per dwelling unit.

*MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA*

Sale #7, for The Sunset Ridge Apartments in February of 2018 was included to illustrate the rising price trend when compared with Sales #1 and #2 in the same neighborhood 18 and 24 months later.

Summary

After consideration of all the data, most emphasis has been placed on the sale price per dwelling unit as this was felt to be the most appropriate unit of comparison.

Sale #3 at \$16,146 per dwelling unit is the most similar in terms of location within a vintage neighborhood with similar proximity to the river; however, the demographics are superior. The pending sales at Columbia Point are also considered in the final reconciliation along with the somewhat stale sale #3 on Columbia Park Trail. An average price of \$12,000 per dwelling unit has been reconciled.

Valuation Estimate

In valuing the property, it is assumed that the density will equate to 2,000 SF of land area per dwelling unit. On this basis it can be concluded that a combined total of 70 units could be developed ($139,239 / 2,000 = 70$ (RD) based on the GROSS land area of the site. Therefore,

70 Dwelling Units @ \$12,000/Unit = \$840,000
Market Value As Is As of June 30, 2021

MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Sandollar LLC | Appraisal Group SEWA

Client:	Port Of Kennewick	Client File #:	B. Cable Greens
Subject Property:	551 E Columbia Dr	Appraisal File #:	2021-260

STATEMENT OF ASSUMPTIONS AND LIMITING CONDITIONS

This appraisal is subject to the following assumptions and limiting conditions:

- This report is prepared using forms developed and copyrighted by the Appraisal Institute. However, the content, analyses, and opinions set forth in this report are the sole product of the appraiser. The Appraisal Institute is not liable for any of the content, analyses, or opinions set forth herein.
- No responsibility is assumed for matters legal in character or nature. No opinion is rendered as to title, which is assumed to be good and marketable. All existing liens, encumbrances, and assessments have been disregarded, unless otherwise noted, and the property is appraised as though free and clear, having responsible ownership and competent management.
- I have examined the property described herein exclusively for the purpose of identification and description of the real property. The objective of our data collection is to develop an opinion of the highest and best use of the subject property and make meaningful comparisons in the valuation of the property. The appraiser's observations and reporting of the subject improvements are for the appraisal process and valuation purposes only and should not be considered as a warranty of any component of the property. This appraisal assumes (unless otherwise specifically stated) that the subject is structurally sound and all components are in working condition.
- I will not be required to give testimony or appear in court because of having made an appraisal of the property in question, unless specific arrangements to do so have been made in advance, or as otherwise required by law.
- I have noted in this appraisal report any significant adverse conditions (such as needed repairs, depreciation, the presence of hazardous wastes, toxic substances, etc.) discovered during the data collection process in performing the appraisal. Unless otherwise stated in this appraisal report, I have no knowledge of any hidden or unapparent physical deficiencies or adverse conditions of the property (such as, but not limited to, needed repairs, deterioration, the presence of hazardous wastes, toxic substances, adverse environmental conditions, etc.) that would make the property less valuable, and have assumed that there are no such conditions and make no guarantees or warranties, express or implied. I will not be responsible for any such conditions that do exist or for any engineering or testing that might be required to discover whether such conditions exist. Because I am not an expert in the field of environmental hazards, this appraisal report must not be considered as an environmental assessment of the property. I obtained the information, estimates, and opinions furnished by other parties and expressed in this appraisal report from reliable public and/or private sources that I believe to be true and correct.
- I will not disclose the contents of this appraisal report except as provided for in the Uniform Standards of Professional Appraisal Practice, and/or applicable federal, state or local laws.
- The Client is the party or parties who engage an appraiser (by employment contract) in a specific assignment. A party receiving a copy of this report from the client does not, as a consequence, become a party to the appraiser-client relationship. Any person who receives a copy of this appraisal report as a consequence of disclosure requirements that apply to an appraiser's client, does not become an intended user of this report unless the client specifically identified them at the time of the assignment. The appraiser's written consent and approval must be obtained before this appraisal report can be conveyed by anyone to the public through advertising, public relations, news, sales, and other media.
- If this valuation conclusion is subject to satisfactory completion, repairs, or alterations, it is assumed that the improvements will be completed competently and without significant deviation.

VALUE DEFINITION

☒ Market Value Definition (below) ☐ Alternate Value Definition (attached)

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 the title from the seller to buyer under conditions whereby:

1. buyer and seller are typically motivated;
2. both parties are well informed or well advised and acting in what they consider their own best interests;
3. a reasonable time is allowed for exposure in the open market;
4. payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
5. the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

Source: *The Dictionary of Real Estate Appraisal, 6th ed., Appraisal Institute*

* NOTICE: The Appraisal Institute publishes this form for use by appraisers where the appraiser deems use of the form appropriate. Depending on the assignment, the appraiser may need to provide additional data, analysis and work product not called for in this form. The Appraisal Institute makes no representations, warranties or guarantees as to, and assumes no responsibility for, the data, analysis or work product or third party certifications, verifications, data specifications, scores, indexes, or valuation tools, used or provided by the individual appraiser(s) or others in the specific contents of the AI Reports(R). AI Reports(R) AI-900.05 Certification, Assumptions and Limiting Conditions © Appraisal Institute 2017, All Rights Reserved

June 2017

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MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Sandollar LLC | Appraisal Group SEWA

Client:	Port Of Kennewick	Client File #:	B. Cable Greens
Subject Property:	551 E Columbia Dr	Appraisal File #:	2021-260

APPRAISER'S CERTIFICATION

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

- The statements of fact contained in this report are true and correct.
- The reported analysis, opinions, and conclusions are limited only by the report assumptions and limiting conditions, and are my personal, unbiased professional analysis, opinions, and conclusions.
- I have no present (unless specified below) or prospective interest in the property that is the subject of this report, and I have no (unless specified below) personal interest with respect to the parties involved.
- I have no bias with respect to any property that is the subject of this report or to the parties involved with this assignment.
- My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- My analysis, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.
- Individuals who have provided significant real property appraisal assistance are named below. The specific tasks performed by those named are outlined in the Scope of Work section of this report.

☐ None ☒ Name(s) Sonnia R King

As previously identified in the Scope of Work section of this report, the signer(s) of this report certify to the inspection of the property that is the subject of this report as follows:

Property Inspected by Appraiser ☒ Yes ☐ No

Property inspected by Co-Appraiser ☒ Yes ☐ No

- Services provided, 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 acceptance of this assignment: ☒ None ☐ Specify services provided:

ADDITIONAL CERTIFICATION FOR APPRAISAL INSTITUTE MEMBERS, CANDIDATES AND PRACTICING AFFILIATES

Appraisal Institute Designated Member, Candidate, or Practicing Affiliate Certify:

- 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 & Standards of Professional Appraisal Practice of the Appraisal Institute, which include the Uniform Standards of Professional Appraisal Practice.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.

As of the date of this report, I ☒ have / ☐ have not completed the continuing education program for Designated Members of the Appraisal Institute.

As of the date of this report, I ☐ have / ☐ have not

APPRAISERS SIGNATURES

APPRAISER:

Signature 

Name Veronica R Griffith, MAI, CCIM

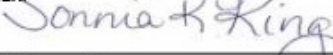
Report Date

Trainee ☐ Licensed ☐ Certified Residential ☐ Certified General ☒

License # 1101758 State WA

Expiration Date 11/15/2021

CO-APPRAISER:

Signature 

Name Sonnica Renee King

Report Date

Trainee ☒ Licensed ☐ Certified Residential ☐ Certified General ☐

License # 1101758 State WA

Expiration Date 11/15/2021

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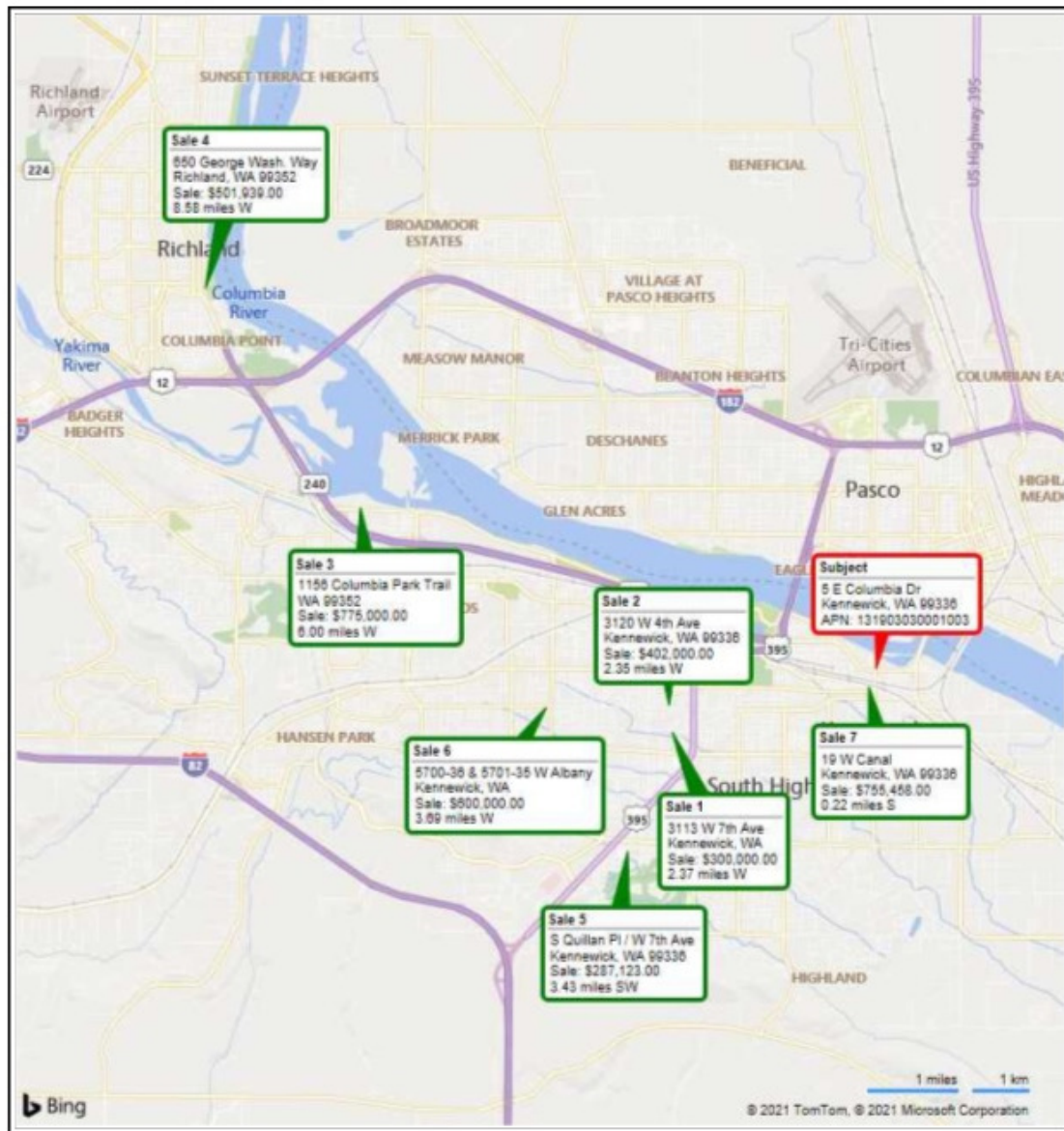
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MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Sandollar LLC | Appraisal Group SEWA
Location Map - Subject & Comparables

File No. 2021-260
Case No. B. Cable Greens

Borrower	N/A				
Property Address	551 E Columbia Dr				
City	Kennewick	County	Benton	State	WA Zip Code 99336
Lender/Client	Port Of Kennewick	Address 350 N Clover Island Dr #200 , Kennewick, WA 99336			



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MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Sandollar LLC | Appraisal Group SEWA
LOCATION MAP ADDENDUM

File No. 2021-260
Case No. B. Cable Greens

Owner Port of Kennewick				
Property Address 551 E Columbia Dr				
City Kennewick	County Benton	State WA	Zip Code 99336	
Client Port Of Kennewick		Address 350 N Clover Island Dr #200 , Kennewick, WA 99336		



MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Sandollar LLC | Appraisal Group SEWA
Location Map - Assessor's Aerial (Source: County Assessor) File No. 2021-260
Case No. B. Cable Greens

Borrower	N/A					
Property Address	551 E Columbia Dr					
City	Kennewick	County	Benton	State	WA	Zip Code 99336
Lender/Client	Port Of Kennewick	Address 350 N Clover Island Dr #200 , Kennewick, WA 99336				



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MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Sandollar LLC | Appraisal Group SEWA
LOCATION MAP ADDENDUM

File No. 2021-260
Case No. B. Cable Greens

Owner Port Of Kennewick					
Property Address 551 E Columbia Dr					
City Kennewick	County Benton	State WA	Zip Code 99336		
Client Port Of Kennewick		Address 350 N Clover Island Dr #200 , Kennewick, WA 99336			



MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Sandollar LLC | Appraisal Group SEWA
Location Map - Street (Source: STDB)

File No. 2021-260
Case No. B. Cable Greens

Borrower	N/A					
Property Address	551 E Columbia Dr					
City	Kennewick	County	Benton	State	WA	Zip Code 99336
Lender/Client	Port Of Kennewick	Address 350 N Clover Island Dr #200 , Kennewick, WA 99336				



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MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Sandollar LLC | Appraisal Group SEWA
Location Map - Aerial (Source: Google Maps)

File No. 2021-260
Case No. B. Cable Greens

Borrower	N/A					
Property Address	551 E Columbia Dr					
City	Kennewick	County	Benton	State	WA	Zip Code 99336
Lender/Client	Port Of Kennewick	Address 350 N Clover Island Dr #200 , Kennewick, WA 99336				



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MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Sandollar LLC | Appraisal Group SEWA
Zoning Map (Source: City or County Records)

File No. 2021-260
Case No. B. Cable Greens

Borrower	N/A					
Property Address	551 E Columbia Dr					
City	Kennewick	County	Benton	State	WA	Zip Code 99336
Lender/Client	Port Of Kennewick	Address 350 N Clover Island Dr #200 , Kennewick, WA 99336				



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MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Sandollar LLC | Appraisal Group SEWA
Legal Description - Page 2

File No. 2021-260
Case No. B. Cable Greens

Borrower	N/A					
Property Address	551 E Columbia Dr					
City	Kennewick	County	Benton	State	WA	Zip Code 99336
Lender/Client	Port Of Kennewick		Address	350 N Clover Island Dr #200 , Kennewick, WA 99336		

Benton County Property Search

Property Search Results > 59608 PORT OF KENNEWICK for Year 2021 - 2022

Search Results

Property

Account	59608	Abbreviated Legal Description	REPLAT OF COLUMBIA GARDENS TRACT B, EXCEPT THE PORTION OF SAID TRACT B LYING NORTH OF A LINE THAT INTERSECTS THE NORTHERLY PRODUCTION OF THE WEST LINE OF LOT 26, IN SAID PLAT, A DISTANCE OF 436.06 FEET FROM THE NORTHWEST CORNER OF SAID LOT 26 AND INTERSECTS THE EAST LINE OF SAID TRACT B A DISTANCE OF 584.00 FEET FROM THE SOUTHEAST CORNER OF SAID TRACT B.
Property ID	531701001249500	Agent Code	
Parcel # / Sub ID			
Type	Res		

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MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Sandollar LLC | Appraisal Group SEWA
Plat Map (Source: County Records)

File No. 2021-260
Case No. B. Cable Greens

Borrower	N/A					
Property Address	551 E Columbia Dr					
City	Kennewick	County	Benton	State	WA	Zip Code 99336
Lender/Client	Port Of Kennewick	Address 350 N Clover Island Dr #200 , Kennewick, WA 99336				



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MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Statement of Qualifications for
Veronica R. (Nikki) Griffith, MAI, CCIM

EDUCATION

May, 1988	St. Louis University St. Louis, MO	Graduated Cum Laude; Major in Business Management with Minor in Communications
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PROFESSIONAL EXPERIENCE

2014 - Now	Sandollar LLC Appraisal Group SEWA	Owner/Principal
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Private practice firm specializing in **appraisal, appraisal review and consulting** for all types of commercial real estate property for a variety of institutional, governmental and other private party clients. Firm is the successor entity of Ms. Griffith's firm (see below) and Chamberlin & Associates, Inc. (Gary Chamberlin, MAI, Owner, now retired).

2004 - 2014	Sandollar Realty Advisors Tri-Cities (Kennewick, Pasco & Richland), WA	Owner/Principal
-------------	---	------------------------



Private practice specializing in (1) **appraisal, appraisal review and litigation support** for all types of commercial real estate property for a variety of institutional and attorney clients; (2) **commercial real estate brokerage** (sales and leasing) for office, industrial, retail property including short sale and REO property; and (3) **education, curriculum development, and regulatory compliance** for the banking, real estate brokerage and appraisal industries. Firm initiated operations in Arizona; relocated to Washington State in mid 2007.

1991 - 2004	Bank One Corporation (now JPMorgan Chase), Phoenix, AZ	SVP, Chief Appraiser, National Manager Real Estate Appraisal Group (REAG)
-------------	---	--

Management and oversight responsibility for the commercial real estate valuation functions of a \$20 Billion commercial real estate portfolio for a \$300 Billion national (5th largest U.S.) bank including direction of 45± full time employees with \$4+ Million annual budget. Reported to Senior Credit Officer. Supervised 8 direct reports. Major accomplishments included development and maintenance of:

- Bank policies for Board of Director action in response to a changing regulatory environment;
- Procedures for engagement of independent fee appraisers on a contract basis with annual contracts totaling \$12MM to \$15MM annually;
- Procedures for review of 3rd party appraisals to determine regulatory compliance with bank policy, federal and state regulation, and USPAP for commercial real property collateral valued in excess of \$20 Billion annually;
- Internet (for 3rd party vendor use) and intranet (for internal bank use);
- Appraisal management tracking database software;
- Company wide training program for all bankers, underwriters, credit administration staff, etc.; and
- Engineering of post merger strategy for five separate legacy banking institutions' appraisal departments including rightsizing over the years from an initial staff of 72 full time employees (legacy institutions included Bank One, 1st Chicago, American National, NBD Detroit, and NBD Indiana).

1990 - 1991	RTC (Western Savings & Loan), Phoenix, AZ	VP, Chief Appraiser Real Estate Appraisal Department
-------------	--	---

Management and oversight responsibility for re-appraisal of all commercial and agricultural real estate assets for the combined \$150 Billion real estate portfolios of four insolvent financial institutions during their receivership / liquidation phase. Facilitated orderly transfer of asset files to private sector asset management firms. Served on Credit Review Committee to determine disposition of assets. Reported directly to RTC Managing Agent / Financial Institutional Specialist in charge of institutions.

MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

1988 – 1990	Sandollar Realty Advisors Corp. St. Louis, MO Private appraisal consulting practice including product development, marketing, staff training, and management. Specialized in preparation of narrative commercial appraisal reports, appraisal review and litigation support on a wide variety of commercial, retail, office, industrial and multi-family properties, for banking, institutional, governmental and private sector clients. Qualified to testify in federal, state and bankruptcy venues.	Principal, Senior Appraiser & Broker
1984 – 1988	Buckles & Associates St. Louis, MO Assisted in start-up of private appraisal practice. Responsible for preparation of narrative appraisal reports on a wide variety of commercial, retail, office, industrial, multi-family, special purpose, and single family subdivision properties.	VP, Senior Commercial Appraiser

PROFESSIONAL MEMBERSHIPS & AFFILIATIONS

Licensed Washington State *Certified General Real Estate Appraiser* (1101758)

- **Appraisal Institute (National Organization) - MAI Designee** qualified/licensed to appraise all types of commercial real estate; Former Chair and Member, Commercial Appraisal Report Standards (CARS) Project Team; Former Member of AI's National Client Advisory Committee (CAC) which includes Chief Appraisers from all major banking institutions
- **Appraisal Institute** – Past President (2017-18) and Member of the local Columbia Basin Chapter (now combined)
- **Appraisal Institute** – Candidate for Appraisal Review Designation; education completed

Licensed Washington State *Real Estate Broker* (9128)

- **Member of the CCIM Institute - CCIM Designee** (Certified Commercial Investment Member) for commercial real estate brokerage, management and investment analysis
- **Member of the National Association of Realtors (NAR)**
- **Member of the Tri-Cities Association of Realtors (TCAR)**
- **Member of the Northwest MLS**

OTHER

- **Commissioner, City of Kennewick Planning & Development Commission**, Kennewick, WA – Assist in promoting and maintaining all types of development for the City of Kennewick
- **Faculty Member, Appraisal Institute (AI)** - Qualified by AI (the premier education provider to the appraisal industry) to develop curriculum and teach several appraisal courses and seminars at the national level including:
 1. *Appraisal Principles*;
 2. *Appraisal Procedures*; and
 3. *Highest and Best Use Analysis*;
 4. Curriculum developer and instructor for seminar entitled *Appraisal Engagement and Review for Bankers*
- **Faculty Member, Risk Management Associates (RMA)** - Qualified by RMA (the premier education provider to the banking industry) to develop curriculum and teach several courses/seminars at the national level to bankers and regulators including:
 1. Develop and host 1-1/2-day *Real Estate Appraisal Manager's Forum*, twice yearly;
 2. *Commercial Real Estate Lending I* (CRELI, 1-day seminar);
 3. *Commercial Real Estate Lending II* (CRELII, 1-day seminar);
 4. *Problem Real Estate Loans* (PREL, 1-day seminar);
 5. *Commercial Real Estate Lending III* (CRELIII, 1-day seminar);
 6. *Understanding & Interpreting Real Estate Appraisals* (UIREA, 1-day seminar); and
 7. Curriculum developer for several new products including UIREA for the banking regulatory agencies; and UIREA for financial institutions.
- **Faculty Member, Washington Association of Realtors; Tri-Cities Association of Realtors** – qualified by WAR and TCAR to develop and teach real estate related curriculum for Washington State Realtors.
- **Approved Instructor, WA State Department of Licensing** – Qualified by WA DOL to teach a wide variety of real estate related curriculum for licensing and continuing education requirements for real estate related trades.
- **Most Recent Continuing Education Classes**
 - a. 10/20 – Appraisal of Manufactured Homes Featuring Next-Generation Manufactured Homes
 - b. 06/20 -- Valuation Impacts of COVID-19: 1-4 Unit Residential
 - c. 09/19 – Solving Land Valuation Puzzles
 - d. 09/19 – Rural Valuation Basics

MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Sandollar LLC | Appraisal Group SEWA
Appraiser's License

File No. 2021-260
Case No. B. Cable Greens

Borrower	N/A						
Property Address	551 E Columbia Dr						
City	Kennewick	County	Benton	State	WA	Zip Code	99336
Lender/Client	Port Of Kennewick	Address	350 N Clover Island Dr #200 , Kennewick, WA 99336				



MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

E&O Insurance

File No. 2021-260
Case No. B. Cable Greens

Borrower N/A

Property Address 551 E Columbia Dr

City Kennewick County Benton State WA Zip Code 99336

Lender/Client Port Of Kennewick Address 350 N Clover Island Dr #200 , Kennewick, WA 99336



DECLARATIONS
for
**REAL ESTATE PROFESSIONAL
ERRORS & OMISSIONS INSURANCE POLICY**

THIS IS A CLAIMS MADE INSURANCE POLICY.

THIS POLICY APPLIES ONLY TO THOSE CLAIMS THAT ARE FIRST MADE AGAINST AN INSURED DURING THE POLICY PERIOD. ALL CLAIMS MUST BE REPORTED IN WRITING TO THE COMPANY DURING THE POLICY PERIOD OR WITHIN SIXTY (60) DAYS AFTER THE END OF THE POLICY PERIOD.

Insurance is afforded by the company indicated below: (A capital stock corporation)

☒ Great American Assurance Company

Note: The Insurance Company selected above shall herein be referred to as the Company.

Policy Number: **RAB3873294-19**

Renewal of: **RAB3873294-18**

Program Administrator: **Herbert H. Lundy Insurance Agency Inc.
100 River Ridge Drive, Suite 301
Norwood, MA 02062**

Item 1. Named Insured: **Sandollar LLC dba Sandollar Realty Advisors; dba Appraisal Group SEWA**

Item 2. Address: **2001 S Washington St
City, State, Zip Code: Kennewick, WA 99337
Attn:**

Item 3. Policy Period: From 08/22/2019 To 08/22/2020
(Month, Day, Year) (Month, Day, Year)
(Both dates at 12:01 a.m. Standard Time at the address of the Named Insured as stated in Item 2.)

Item 4. Limits of Liability: (inclusive of claim expenses):
A. \$ 1,000,000 Limit of Liability - Each Claim
B. \$ 1,000,000 Limit of Liability - Policy Aggregate
C. \$ 500,000 Limit of Liability - Fair Housing Claims
D. \$ 500,000 Limit of Liability - Fungi Claims

Item 5. Deductible: (Inclusive of Claim Expense): **\$ 5,000 Each Claim**

Item 6. Premium: **\$ 1,144.00**

Item 7. Retroactive Date (if applicable): **12/31/2018**

Item 8. Forms, Notices and Endorsements attached:

**D43100 (03/15) D43390 WA (03/15)
D43444 (03/17) D43447 (06/17) D43448 (06/17)
D43432 (05/13) D43416 (05/13) D43425 (05/13) IL7324 (08/12)**

Authorized Representative

D43100 (03/15)

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*MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA*

Supervisor Certificate

File No. 2021-260
Case No. B. Cable Greens

Borrower N/A

Property Address 551 E Columbia Dr

City Kennewick

County

Benton

State WA

Zip Code

99336

Lender/Client Port Of Kennewick

Address 350 N Clover Island Dr #200 , Kennewick, WA 99336

Certificate of Completion

This is to certify that
Veronica R Griffith - 1101758

has successfully completed the course

Supervisor-Trainee Course for Washington

for 4.00 hours of continuing education for recertification in the state of
Washington.

Approval Number: AP3300

Given at: <http://www.mckissock.com>

Date: 5/14/2015



Richard D. McKissock
Education Director
100% Education by McKissock

AQB Certified USPAP Instructor: Dan Bradley, #10328

McKissock • P.O. Box 1673 • Warren • Pennsylvania • 16365 • 814-723-6979

*MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA*

Sandollar LLC | Appraisal Group SEWA
Appraiser Trainee License

File No. 2021-260
Case No. B. Cable Greens

Borrower	N/A						
Property Address	551 E Columbia Dr						
City	Kennewick	County	Benton	State	WA	Zip Code	99336
Lender/Client	Port Of Kennewick	Address	350 N Clover Island Dr #200 , Kennewick, WA 99336				



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MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Commercial Parcel #1

**227 E Columbia Gardens Way
Kennewick, WA**

MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Sandollar LLC | Appraisal Group SEWA

 <p>Form 120.05*</p>	Client File #: _____		Parcel #1 _____		Appraisal File #: _____		2021-260		
	Appraisal Report · Land								
	Appraisal Company: Sandollar LLC Appraisal Group SEWA								
	Address: 2001 S Washington St, Kennewick, WA 99337								
Phone: 509.628.9817				Fax: _____		Website: www.appraisalgroupsewa.com			
Appraiser: Veronica R Griffith, MAI, CCIM								Co-Appraiser: _____	
AI Membership (if any): <input type="checkbox"/> SRA <input checked="" type="checkbox"/> MAI <input type="checkbox"/> SRPA <input type="checkbox"/> AI-GRS <input type="checkbox"/> AI-RRS		AI Membership (if any): <input type="checkbox"/> SRA <input type="checkbox"/> MAI <input type="checkbox"/> SRPA <input type="checkbox"/> AI-GRS <input type="checkbox"/> AI-RRS		AI Affiliation (if any): <input type="checkbox"/> Candidate for Designation <input type="checkbox"/> Practicing Affiliate		AI Affiliation (if any): <input type="checkbox"/> Candidate for Designation <input type="checkbox"/> Practicing Affiliate			
Other Professional Affiliation: CCIM Designee				Other Professional Affiliation: _____					
Email: appraisalgroupsewa@gmail.com				E-mail: _____					
Client: Port of Kennewick				Contact: Amber Hanchette, Director of Real Estate					
Address: 350 N Clover Island Dr #200, Kennewick, WA 99336									
Phone: 509.586.1186		Fax: _____		N/A		Email: Amber@PortofKennewick.org			
SUBJECT PROPERTY IDENTIFICATION									
Address: 227 E Columbia Gardens Way									
City: Kennewick		County: Benton		State: WA		ZIP: 99336			
Legal Description: A portion of Tract 6, RePlat of Columbia Gardens									
Tax Parcel #: 131903030106009				RE Taxes: 0		Tax Year: 2021			
Use of the Real Estate As of the Date of Value: Vacant Land									
Use of the Real Estate Reflected in the Appraisal: Vacant Land Available for Commercial Development									
Opinion of highest and best use (if required): Commercial Development									
SUBJECT PROPERTY HISTORY									
Owner of Record: Port of Kennewick									
Description and analysis of sales within 3 years (minimum) prior to effective date of value: No sales of the property have been recorded in the 3 years preceding the effective date of valuation.									
Description and analysis of agreements of sale (contracts), listing, and options: N/A									
RECONCILIATIONS AND CONCLUSIONS									
Indication of Value by Sales Comparison Approach				\$ 225,000					
Indication of Value by Cost Approach				\$ N/A					
Indication of Value by Income Approach				\$ N/A					
Final Reconciliation of the Methods and Approaches to Value: Only the sales comparison approach to value was applied. The value was reasonably well supported by several recent sales in the neighborhood or competing neighborhoods. Adjustments were considered minor, i.e., less than 20% gross net adjustments.									
Opinion of Value as of: June 30, 2021				\$ 225,000					
Exposure Time: Less than one year									
The above opinion is subject to: <input type="checkbox"/> Hypothetical Conditions and/or <input checked="" type="checkbox"/> Extraordinary Assumptions cited on the following page.									

* NOTICE: The Appraisal Institute publishes this form for use by appraisers where the appraiser deems use of the form appropriate. Depending on the assignment, the appraiser may need to provide additional data, analysis and work product not called for in this form. The Appraisal Institute makes no representations, warranties or guarantees as to, and assumes no responsibility for, the data, analysis or work product or third party certifications, verifications, data specifications, scores, indexes, or valuation tools, used or provided by the individual appraiser(s) or others in the specific contents of the AI Reports(R). AI Reports(R) AI-120.05 Appraisal Report - Land © Appraisal Institute 2017, All Rights Reserved

June 2017

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MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Sandollar LLC | Appraisal Group SEWA

Client:	Port of Kennewick	Client File #:	Parcel #1
Subject Property:	227 E Columbia Gardens Way, Kennewick, WA 99336	Appraisal File #:	2021-260

ASSIGNMENT PARAMETERS	
Intended User(s): Client, Port of Kennewick, only	
Intended Use: Establish a market value for possible sale of the property	
The report is not intended by the appraiser for any other use by any other user.	
Type of Value: Market Value	Effective Date of Value: June 30, 2021
Interest Appraised: <input checked="" type="checkbox"/> Fee Simple <input type="checkbox"/> Leasehold <input type="checkbox"/> Other	
Hypothetical Conditions: (A hypothetical condition is that which is contrary to what exists, but is asserted by the appraiser for the purpose of analysis. Any hypothetical condition may affect the assignment results.) NOTE: Site benefits from access to shared parking lots within the overall development, a benefit none of the comparisons enjoy. It is an extraordinary assumption that reciprocal cross easement agreements are executed establishing this as a benefit which runs with the land.	
Extraordinary Assumptions: (An extraordinary assumption is directly related to a specific assignment and presumes uncertain information to be factual. If found to be false this assumption could alter the appraiser's opinions or conclusions. Any extraordinary assumption may affect the assignment results.)	
This is an Appraisal Report in accordance with Standard Rule 2-2(a) of the Uniform Standard of Professional Appraisal Practice (USPAP).	
SCOPE OF WORK	
Definition: The scope of work is the type and extent of research and analysis in an assignment. Scope of work includes the extent to which the property is identified, the extent to which tangible property is inspected, the type and extent of data research, and the type and extent of analysis applied to arrive at credible opinions or conclusions. The specific scope of work for this assignment is identified below and throughout this report.	
Appraiser Property Inspection: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Date of Inspection: June 30, 2021 Describe Scope of Property Inspection, Source of Area Calculations and Data Sources Consulted: Walk the perimeter and interior of the site; size based on public records; appraiser's proprietary database, local MLS, Commercial MLS, Retrospect, public records were used.	Approaches to Value Developed Cost Approach: <input type="checkbox"/> Is necessary for credible results and is developed in this analysis <input checked="" type="checkbox"/> Is not necessary for credible results; not developed in this analysis <input type="checkbox"/> Is not necessary for credible results but is developed in this analysis Sales Comparison Approach: <input checked="" type="checkbox"/> Is necessary for credible results and is developed in this analysis <input type="checkbox"/> Is not necessary for credible results; not developed in this analysis <input type="checkbox"/> Is not necessary for credible results but is developed in this analysis Income Approach: <input type="checkbox"/> Is necessary for credible results and is developed in this analysis <input checked="" type="checkbox"/> Is not necessary for credible results; not developed in this analysis <input type="checkbox"/> Is not necessary for credible results but is developed in this analysis
Co-Appraiser Property Inspection: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Date of Inspection: June 30, 2021 Describe Scope of Property Inspection, Source of Area Calculations and Data Sources Consulted: Walk the perimeter and interior of the site; size based on public records; appraiser's proprietary database, local MLS, Commercial MLS, Retrospect, public records were used.	
Additional Scope of Work Comments: N/A	
Significant Real Property Appraisal Assistance: <input type="checkbox"/> None <input checked="" type="checkbox"/> Disclose Name(s) and contribution: Sonnia Renee King, a licensed trainee assigned to me, assisted with observation and photography of the subject property, initial search for comparable data, and initial drafting of the report. All final selection of data, adjustments to the data, and final reconciliation of value are those of Veronica R Griffith, MAI, CCIM.	

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MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Sandollar LLC | Appraisal Group SEWA

Client:	Port of Kennewick	Client File #:	Parcel #1
Subject Property:	227 E Columbia Gardens Way, Kennewick, WA 99336	Appraisal File #:	2021-260

MARKET AREA ANALYSIS											
Location		Built Up		Growth		Supply & Demand		Value Trend		Typical Marketing Time	
<input checked="" type="checkbox"/> Urban		<input type="checkbox"/> Under 25%		<input type="checkbox"/> Rapid		<input type="checkbox"/> Shortage		<input type="checkbox"/> Increasing		<input type="checkbox"/> Under 3 Months	
<input type="checkbox"/> Suburban		<input type="checkbox"/> 25%-75%		<input type="checkbox"/> Stable		<input checked="" type="checkbox"/> In Balance		<input checked="" type="checkbox"/> Stable		<input type="checkbox"/> 3-6 Months	
<input type="checkbox"/> Rural		<input checked="" type="checkbox"/> Over 75%		<input checked="" type="checkbox"/> Slow		<input type="checkbox"/> Over Supply		<input type="checkbox"/> Decreasing		<input checked="" type="checkbox"/> Over 6 Months	
Neighborhood Single Family Profile				Neighborhood Land Use				Neighborhood Name : Historic Waterfront District			
Price		Age		1 Family		Commercial		PUD <input checked="" type="checkbox"/> Condo <input type="checkbox"/> HOA: \$ /		Amenities: Sites are "pad" type sites which benefit from shared off-site parking.	
200K		Low		85 %		8 %					
500K		High		2 %		2 %					
250-300K		Predominant		45		3 %					
<p>Market area description and characteristics: Subject lies within a newly re-developing area being created by the Port of Kennewick known as the Historic Waterfront District along the southern alignment of the Columbia River and Duffy's Pond. The neighborhood surrounding this district includes vintage commercial development along E Columbia Dr between Gum St (S.R. 397) as it comes off the Cable Bridge and Clover Island Dr (extension of Washington St north of E Columbia Dr); vintage industrial to the east and further south along the alignment of the B&O Railroad; the original CBD of Kennewick, now known as Historic Downtown Kennewick; and vintage residential interspersed with new SFR subdivisions being created in pockets of redevelopment of former agriculturally zoned land. The area north includes Clover Island which houses the local marina, the Clover Island Inn, and several other commercial developments including office and retail/restaurant users.</p>											
SITE ANALYSIS											
Dimensions: Irregular						Area: 22,216					
View: Commercial						Shape: Mostly rectangular					
Drainage: Appears Adequate						Utility: Average					
Site Similarity/Conformity to Neighborhood						Zoning/Deed Restriction					
Size:			View:			Zoning: UMU, which permits a variety of development types			Convenants, Condition & Restrictions		
<input type="checkbox"/> Smaller than Typical			<input type="checkbox"/> Favorable			<input checked="" type="checkbox"/> Legal <input type="checkbox"/> No zoning			<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Unknown		
<input checked="" type="checkbox"/> Typical			<input checked="" type="checkbox"/> Typical			<input type="checkbox"/> Legal, non-conforming			Documents Reviewed		
<input type="checkbox"/> Larger Than Typical			<input type="checkbox"/> Less than Favorable			<input type="checkbox"/> Illegal			<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
						Ground Rent \$ /					
Utilities						Off Site Improvements					
Electric	<input checked="" type="checkbox"/> Public	<input type="checkbox"/> Other				Street	<input checked="" type="checkbox"/> Public	<input type="checkbox"/> Private			
Gas	<input type="checkbox"/> Public	<input type="checkbox"/> Other				Alley	<input checked="" type="checkbox"/> Public	<input type="checkbox"/> Private			
Water	<input checked="" type="checkbox"/> Public	<input type="checkbox"/> Other				Sidewalk	<input checked="" type="checkbox"/> Public	<input type="checkbox"/> Private			
Sewer	<input checked="" type="checkbox"/> Public	<input type="checkbox"/> Other				Street Lights	<input checked="" type="checkbox"/> Public	<input type="checkbox"/> Private			
<p>Site description and characteristics: The site is located within the Historic Waterfront District in an area defined as Columbia Gardens and benefits from a small amount of frontage to the north along the southern alignment of Duffy's Pond, a retention basin just south of the Columbia River. Adjacent to the west is a vintage mobile home park while development to the immediate east and south include additional new or proposed development within the Columbia Gardens area. Three buildings housing winery tenants as well as associated parking and the Food Truck Plaza are now in place.</p>											
HIGHEST AND BEST USE ANALYSIS											
<input type="checkbox"/> Present Use <input checked="" type="checkbox"/> Proposed Use <input type="checkbox"/> Other											
<p>Summary of highest and best use analysis: The legally permissible uses under the UMU, Urban Mixed Use zoning designation include a broad range of commercial and residential developments. This is a newer zoning designation designed to encourage re-development of older neighborhoods. Thus, physically possible uses are limited mostly by size. Financially productive uses would include any use commercial use permitted under the UMU designation; this would also be the maximally productive use. Thus, the highest and best use of the site is for commercial development that conforms to the UMU development standards which would be cohesive with surrounding development in the Columbia Gardens neighborhood portion of the Historic Waterfront District.</p>											

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MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Sandollar LLC | Appraisal Group SEWA

Client:	Port of Kennewick	Client File #:	Parcel #1
Subject Property:	227 E Columbia Gardens Way, Kennewick, WA 99336	Appraisal File #:	2021-260

SITE VALUATION									
Site Valuation Methodology									
<input checked="" type="checkbox"/> Sales Comparison Approach: A set of procedures in which a value indication is derived by comparing the property being appraised to similar properties that have been sold recently, then applying appropriate units of comparison and making adjustments to the sale prices of the comparables based on the elements of comparison. The sales comparison approach may be used to value improved properties, vacant land, or land being considered as though vacant; it is the most common and preferred method of land valuation when an adequate supply of comparable sales are available.									
<input type="checkbox"/> Market Extraction: A method of estimating land value in which the depreciated cost of the improvements on the improved property is estimated and deducted from the total sale price to arrive at an estimated sale price for the land; most effective when the improvements contribute little to the total sale price of the property.									
<input type="checkbox"/> Alternative Method: (Describe methodology and rationale)									
Site Valuation									
ITEM	SUBJECT	COMPARISON 1		COMPARISON 2		COMPARISON 3			
Address	227 E Columbia Gardens Way Kennewick, WA 99336	1200 N Irving Pl Kennewick, WA		1201, 1213, 1221 N Irving Pl Kennewick, WA		604 N Hartford Kennewick, WA			
Proximity to Subject		4.11 miles W		4.15 miles W		0.78 miles W			
Data Source/ Verification		Retrospect; Public Recs Public Recs; Seller		Retrospect; Public Recs Public Recs; Seller		MLS #249542; Pub Recs MLS #249542; Pub Recs			
Sales Price	\$		\$ 130,571		\$ 440,130		\$ 50,000		
Price/ PSF	\$ 0		\$ 5.50		\$ 5.72		\$ 5.77		
Sale Date	N/A	05/18/2021		04/15/2021		12/07/2020			
Location	Interior, Pond Front	Int, no pond +0.55		Int, no pond +0.57		Int, no pond +0.57			
Site Size	22,216	23,753		76,962		8,668			
Site View	Commercial	Commercial		Commercial		Residential			
Site Improvements	N/A	N/A		N/A		N/A			
Zoning	UMU	CO		CO		UMU			
Access	Public ROW	Public ROW		Public ROW		Public ROW			
Shape/Utility/Corner	Average	Average		Average		Average/Corner			
Utilities	Available	Available		Available		Available			
Shared Parking	Yes	No +2.75		No +2.86		No +2.89			
Net Adjustment		X + -	\$ 3.30	X + -	\$ 4.00	X + -	\$ 3.46		
Indicated Value		Net Adj. 60%		Net Adj. 70%		Net Adj. 60%			
		Gross Adj. 60%	\$ 8.80	Gross Adj. 70%	\$ 9.72	Gross Adj. 80%	\$ 9.23		
Prior Transfer History	None within last 3 yrs	No sales in prior 3 years		No sales in prior 3 years		No sales in prior 3 years			
<p>Site Valuation Comments: Besides typical adjustments (10% to 30%), subject benefits from having offsite shared parking with reciprocal easements, similar to that found in a shopping center, where a "pad" site with cross easement agreements for parking, ingress and egress control. There are only two recent sales of "pad" sites available for review, and thus, it was necessary to review older "pad" sites with older non-pad sites to get an idea of the premium paid for the "pad sites" (See excel spreadsheet included herein). The six pad site sales ranged from 23,108 SF to 51,411 SF with an average of 35,584 SF and ranged from \$17.64 to \$30.24 PSF with an average of \$22.61 PSF. The non-pad sites ranged from 37,823 to 80,403 SF with an average of 50,896 SF and ranged in price from \$7.24 to \$13.09 PSF with an average of \$9.15 PSF. The pad sites sold for an average premium of nearly 150% compared to the non-pad sites which accounts for the differences in reciprocal parking, access and egress supporting the need for an adjustment in superior neighborhoods that are experiencing strong growth with strong demographics. A 50% adjustment is considered reasonable.</p> <p>Site Valuation Reconciliation: After adjustment the sales range from \$8.57 to \$11.51 PSF with a weighted average of approximately \$10.00 PSF. Adjustments are large and could be considered excessive by some, but none of the sales benefit from shared parking as a "pad site" in a cohesive development for which a substantial 50% adjustment was warranted; and none of the sites benefit from frontage along Duffy's Pond. An analysis of pad sites versus non pad sites indicated that on average, a pad site commanded a 150% premium compared to non-pad sites. The three sales in subject's neighborhood are older and surrounded by residential improvements while subject is part of a cohesive new development within the Historic Waterfront District. A value of \$10 PSF was concluded and when multiplied by the site area of 22,216 SF, a value of \$222,160, rounded to \$225,000.</p>									
Opinion of Site Value					\$ 225,000				

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EXTRA SITES 4-5-6

MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Sandollar LLC | Appraisal Group SEWA

Client:	Port of Kennewick	Client File #:	Parcel #1
Subject Property:	227 E Columbia Gardens Way	Appraisal File #:	2021-260

STATEMENT OF ASSUMPTIONS AND LIMITING CONDITIONS

This appraisal is subject to the following assumptions and limiting conditions:

- This report is prepared using forms developed and copyrighted by the Appraisal Institute. However, the content, analyses, and opinions set forth in this report are the sole product of the appraiser. The Appraisal Institute is not liable for any of the content, analyses, or opinions set forth herein.
- No responsibility is assumed for matters legal in character or nature. No opinion is rendered as to title, which is assumed to be good and marketable. All existing liens, encumbrances, and assessments have been disregarded, unless otherwise noted, and the property is appraised as though free and clear, having responsible ownership and competent management.
- I have examined the property described herein exclusively for the purpose of identification and description of the real property. The objective of our data collection is to develop an opinion of the highest and best use of the subject property and make meaningful comparisons in the valuation of the property. The appraiser's observations and reporting of the subject improvements are for the appraisal process and valuation purposes only and should not be considered as a warranty of any component of the property. This appraisal assumes (unless otherwise specifically stated) that the subject is structurally sound and all components are in working condition.
- I will not be required to give testimony or appear in court because of having made an appraisal of the property in question, unless specific arrangements to do so have been made in advance, or as otherwise required by law.
- I have noted in this appraisal report any significant adverse conditions (such as needed repairs, depreciation, the presence of hazardous wastes, toxic substances, etc.) discovered during the data collection process in performing the appraisal. Unless otherwise stated in this appraisal report, I have no knowledge of any hidden or unapparent physical deficiencies or adverse conditions of the property (such as, but not limited to, needed repairs, deterioration, the presence of hazardous wastes, toxic substances, adverse environmental conditions, etc.) that would make the property less valuable, and have assumed that there are no such conditions and make no guarantees or warranties, express or implied. I will not be responsible for any such conditions that do exist or for any engineering or testing that might be required to discover whether such conditions exist. Because I am not an expert in the field of environmental hazards, this appraisal report must not be considered as an environmental assessment of the property. I obtained the information, estimates, and opinions furnished by other parties and expressed in this appraisal report from reliable public and/or private sources that I believe to be true and correct.
- I will not disclose the contents of this appraisal report except as provided for in the Uniform Standards of Professional Appraisal Practice, and/or applicable federal, state or local laws.
- The Client is the party or parties who engage an appraiser (by employment contract) in a specific assignment. A party receiving a copy of this report from the client does not, as a consequence, become a party to the appraiser-client relationship. Any person who receives a copy of this appraisal report as a consequence of disclosure requirements that apply to an appraiser's client, does not become an intended user of this report unless the client specifically identified them at the time of the assignment. The appraiser's written consent and approval must be obtained before this appraisal report can be conveyed by anyone to the public through advertising, public relations, news, sales, and other media.
- If this valuation conclusion is subject to satisfactory completion, repairs, or alterations, it is assumed that the improvements will be completed competently and without significant deviation.

VALUE DEFINITION

☒ Market Value Definition (below) ☐ Alternate Value Definition (attached)

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 the title from the seller to buyer under conditions whereby:

1. buyer and seller are typically motivated;
2. both parties are well informed or well advised and acting in what they consider their own best interests;
3. a reasonable time is allowed for exposure in the open market;
4. payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
5. the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

Source: *The Dictionary of Real Estate Appraisal, 6th ed., Appraisal Institute*

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MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Sandollar LLC | Appraisal Group SEWA

Client:	Port of Kennewick	Client File #:	Parcel #1
Subject Property:	227 E Columbia Gardens Way	Appraisal File #:	2021-260

APPRAISER'S CERTIFICATION

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

- The statements of fact contained in this report are true and correct.
- The reported analysis, opinions, and conclusions are limited only by the report assumptions and limiting conditions, and are my personal, unbiased professional analysis, opinions, and conclusions.
- I have no present (unless specified below) or prospective interest in the property that is the subject of this report, and I have no (unless specified below) personal interest with respect to the parties involved.
- I have no bias with respect to any property that is the subject of this report or to the parties involved with this assignment.
- My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- My analysis, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.
- Individuals who have provided significant real property appraisal assistance are named below. The specific tasks performed by those named are outlined in the Scope of Work section of this report.

☐ None ☒ Name(s) Sonnia Renee King

As previously identified in the Scope of Work section of this report, the signer(s) of this report certify to the inspection of the property that is the subject of this report as follows:

Property Inspected by Appraiser ☒ Yes ☐ No

Property inspected by Co-Appraiser ☒ Yes ☐ No

- Services provided, 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 acceptance of this assignment: ☒ None ☐ Specify services provided:

ADDITIONAL CERTIFICATION FOR APPRAISAL INSTITUTE MEMBERS, CANDIDATES AND PRACTICING AFFILIATES

Appraisal Institute Designated Member, Candidate, or Practicing Affiliate Certify:

- 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 & Standards of Professional Appraisal Practice of the Appraisal Institute, which include the Uniform Standards of Professional Appraisal Practice.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.

As of the date of this report, I ☒ have / ☐ have not complied with the continuing education requirements of the Appraisal Institute.

As of the date of this report, I ☐ have / ☐ have not

APPRAISERS SIGNATURES

APPRAISER:

Signature 

Name Veronica R Griffith, MAI, CCIM

Report Date 06/30/2021

Trainee ☐ Licensed ☐ Certified Residential ☐ Certified General ☐

License # 1101758 State WA

Expiration Date 11/15/2021

CO-APPRAISER:

Signature _____

Name _____

Report Date _____

Trainee ☐ Licensed ☐ Certified Residential ☐ Certified General ☐

License # _____ State _____

Expiration Date _____

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MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Sandollar LLC | Appraisal Group SEWA
APPRAISAL COMPLIANCE

File No. 2021-260
Case No. Parcel #1

Owner <u>Port of Kennewick</u>		Unit No. _____	
Address <u>227 E Columbia Gardens Way</u>		Zip Code <u>99336</u>	
City <u>Kennewick</u>	County <u>Benton</u>	State <u>WA</u>	
Client <u>Port of Kennewick</u>			

APPRAISAL AND REPORT IDENTIFICATION

This Appraisal Report is one of the following types:
☒ Appraisal Report This report was prepared in accordance with the requirements of the Appraisal Report option of USPAP Standards Rule 2-2(a).
☐ Restricted Appraisal Report This report was prepared in accordance with the requirements of the Restricted Appraisal Report option of USPAP Standards Rule 2-2(b). The intended user of this report is limited to the identified client. This is a Restricted Appraisal Report and the rationale for how the appraiser arrived at the opinions and conclusions set forth in the report may not be understood properly without the additional information in the appraiser's workfile.

ADDITIONAL CERTIFICATIONS

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

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- Unless otherwise indicated, I have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to parties involved.
- I have no bias with respect to the property that is the subject of this report or the parties involved with this assignment.
- My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- My analyses, opinions, and conclusions were developed and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice that were in effect at the time this report was prepared.
- This appraisal report was prepared in accordance with the requirements of Title XI of FIRREA and any implementing regulations.

PRIOR SERVICES

☒ I have **NOT** performed services, as an appraiser or in another capacity, regarding the property that is the subject of the report within the three-year period immediately preceding acceptance of this assignment.
☐ I **HAVE** performed services, as an appraiser or in another capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment. Those services are described in the comments below.

PROPERTY INSPECTION

☒ I **HAVE** made a personal inspection of the property that is the subject of this report.
☐ I **have NOT** made a personal inspection of the property that is the subject of this report.

APPRAISAL ASSISTANCE

Unless otherwise noted, no one provided significant real property appraisal assistance to the person signing this certification. If anyone did provide significant assistance, they are hereby identified along with a summary of the extent of the assistance provided in the report.

Sonnica Renee King, a licensed trainee assigned to me assisted with the observation, photography, initial research for comparable data and initial drafting of the report. The final data regarding the attributes of the subject, the final selection of comparable data and adjustment analysis applied and final value conclusion are those of Veronica R Griffith, MAI, CCIM.


ADDITIONAL COMMENTS

Additional USPAP related issues requiring disclosure and/or any state mandated requirements: See Assignment Conditions

MARKETING TIME AND EXPOSURE TIME FOR THE SUBJECT PROPERTY

☒ A reasonable marketing time for the subject property is 365 day(s) utilizing market conditions pertinent to the appraisal assignment.
☒ A reasonable exposure time for the subject property is 365 day(s).

APPRAISER

Signature 
Name Veronica R Griffith, MAI, CCIM
Date of Signature 06/30/2021
State Certification # 1101758
or State License # _____
State WA
Expiration Date of Certification or License 11/15/2021
Effective Date of Appraisal June 30, 2021

SUPERVISORY APPRAISER (ONLY IF REQUIRED)

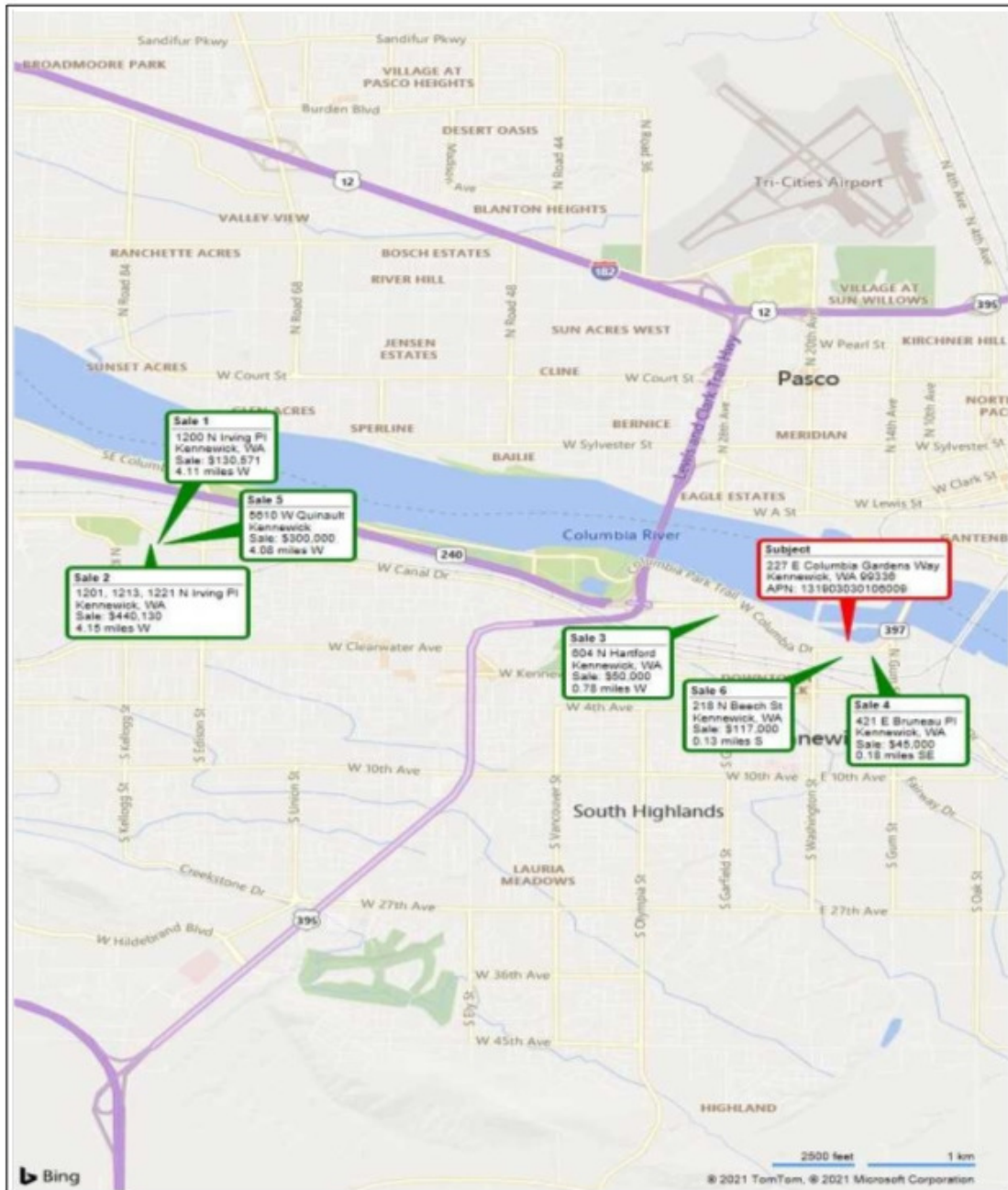
Signature _____
Name _____
Date of Signature _____
State Certification # _____
or State License # _____
State _____
Expiration Date of Certification or License _____
Supervisory Appraiser Inspection of Subject Property:
☐ Did Not ☐ Exterior Only from street ☐ Interior and Exterior

MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

**Sandollar LLC | Appraisal Group SEWA
LOCATION MAP ADDENDUM**

File No. 2021-260
Case No. Parcel #1

Owner	Port of Kennewick				
Property Address	227 E Columbia Gardens Way				
City	Kennewick	County	Benton	State	WA
				Zip Code	99336
Client	Port of Kennewick				
	Address 350 N Clover Island Dr #200, Kennewick, WA 99336				



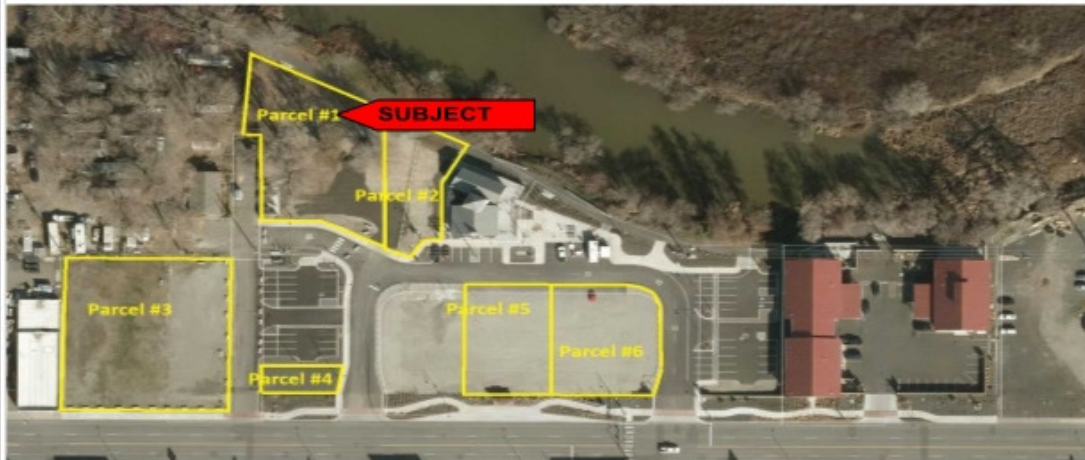
MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Sandollar LLC | Appraisal Group SEWA
LOCATION MAP ADDENDUM

File No. 2021-260
Case No. Parcel #1

Borrower

Property Address	227 E Columbia Gardens Way				
City	Kennewick	County	Benton	State	WA
				Zip Code	99336
Lender/Client	Port of Kennewick				
	Address 350 N Clover Island Dr #200, Kennewick, WA 99336				



MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Sandollar LLC | Appraisal Group SEWA
PLAT MAP

File No. 2021-260
Case No. Parcel #1

Owner Port of Kennewick					
Property Address 227 E Columbia Gardens Way					
City Kennewick	County Benton	State WA	Zip Code 99336		
Client Port of Kennewick		Address 350 N Clover Island Dr #200, Kennewick, WA 99336			



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MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Sandollar LLC | Appraisal Group SEWA
AERIAL MAP ADDENDUM

File No. 2021-260
Case No. Parcel #1

Borrower						
Property Address	227 E Columbia Gardens Way					
City	Kennewick	County	Benton	State	WA	Zip Code 99336
Lender/Client	Port of Kennewick		Address 350 N Clover Island Dr #200, Kennewick, WA 99336			



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*MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA*

Statement of Qualifications

File No. 2021-260
Case No. Parcel #1

Borrower

Property Address 227 E Columbia Gardens Way

City Kennewick County Benton State WA Zip Code 99336

Lender/Client Port of Kennewick Address 350 N Clover Island Dr #200, Kennewick, WA 99336

Statement of Qualifications for

Veronica R. (Nikki) Griffith, MAI, CCIM

EDUCATION

May, 1988 **St. Louis University** Graduated Cum Laude; Major in Business Management
St. Louis, MO with Minor in Communications

PROFESSIONAL EXPERIENCE

2014 - Now **Sandollar LLC | Appraisal Group** **Owner/Principal**
SEWA



Private practice firm specializing in **appraisal, appraisal review and consulting** for all types of commercial real estate property for a variety of institutional, governmental and other private party clients. Firm is the successor entity of Ms. Griffith's firm (see below) and Chamberlin & Associates, Inc. (Gary Chamberlin, MAI, Owner, now retired).

2004 - 2014 **Sandollar Realty Advisors** **Owner/Principal**
Tri-Cities (Kennewick, Pasco & Richland), WA



Private practice specializing in (1) **appraisal, appraisal review and litigation support** for all types of commercial real estate property for a variety of institutional and attorney clients; (2) **commercial real estate brokerage** (sales and leasing) for office, industrial, retail property including short sale and REO property; and (3) **education, curriculum development, and regulatory compliance** for the banking, real estate brokerage and appraisal industries. Firm initiated operations in Arizona; relocated to Washington State in mid 2007.

1991 - 2004 **Bank One Corporation (now** **SVP, Chief Appraiser, National Manager**
JPMorgan Chase), Phoenix, AZ **Real Estate Appraisal Group (REAG)**

Management and oversight responsibility for the commercial real estate valuation functions of a \$20 Billion commercial real estate portfolio for a \$300 Billion national (5th largest U.S.) bank including direction of 45+ full time employees with \$4+ Million annual budget. Reported to Senior Credit Officer. Supervised 8 direct reports. Major accomplishments included development and maintenance of:

- Bank policies for Board of Director action in response to a changing regulatory environment;
- Procedures for engagement of independent fee appraisers on a contract basis with annual contracts totaling \$12MM to \$15MM annually;
- Procedures for review of 3rd party appraisals to determine regulatory compliance with bank policy, federal and state regulation, and USPAP for commercial real property collateral valued in excess of \$20 Billion annually;
- Internet (for 3rd party vendor use) and intranet (for internal bank use);
- Appraisal management tracking database software;
- Company wide training program for all bankers, underwriters, credit administration staff, etc.; and
- Engineering of post merger strategy for five separate legacy banking institutions' appraisal departments including rightsizing over the years from an initial staff of 72 full time employees (legacy institutions included Bank One, 1st Chicago, American National, NBD Detroit, and NBD Indiana).

1990 - 1991 **RTC (Western Savings & Loan),** **VP, Chief Appraiser**
Phoenix, AZ **Real Estate Appraisal Department**

Management and oversight responsibility for re-appraisal of all commercial and agricultural real estate assets for the combined \$150 Billion real estate portfolios of four insolvent financial institutions during their receivership / liquidation phase. Facilitated orderly transfer of asset files to private sector asset management firms. Served on Credit Review Committee to determine disposition of assets. Reported directly to RTC Managing Agent / Financial Institutional Specialist in charge of institutions.

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Historic Waterfront District, Kennewick, WA*

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Lender/Client Port of Kennewick Address 350 N Clover Island Dr #200, Kennewick, WA 99336

1988 – 1990 Sandollar Realty Advisors Corp. Principal, Senior Appraiser & Broker
St. Louis, MO
Private appraisal consulting practice including product development, marketing, staff training, and management. Specialized in preparation of narrative commercial appraisal reports, appraisal review and litigation support on a wide variety of commercial, retail, office, industrial and multi-family properties, for banking, institutional, governmental and private sector clients. Qualified to testify in federal, state and bankruptcy venues.

1984 – 1988 Buckles & Associates VP, Senior Commercial Appraiser
St. Louis, MO
Assisted in start-up of private appraisal practice. Responsible for preparation of narrative appraisal reports on a wide variety of commercial, retail, office, industrial, multi-family, special purpose, and single family subdivision properties.

PROFESSIONAL MEMBERSHIPS & AFFILIATIONS

Licensed Washington State Certified General Real Estate Appraiser (1101758)

- **Appraisal Institute (National Organization) - MAI Designee** qualified/licensed to appraise all types of commercial real estate; Former Chair and Member, Commercial Appraisal Report Standards (CARS) Project Team; Former Member of AI's National Client Advisory Committee (CAC) which includes Chief Appraisers from all major banking institutions
- **Appraisal Institute** – Past President (2017-18) and Member of the local Columbia Basin Chapter (now combined)
- **Appraisal Institute** – Candidate for Appraisal Review Designation; education completed

Licensed Washington State Real Estate Broker (9128)

- **Member of the CCIM Institute - CCIM Designee** (Certified Commercial Investment Member) for commercial real estate brokerage, management and investment analysis
- **Member of the National Association of Realtors (NAR)**
- **Member of the Tri-Cities Association of Realtors (TCAR)**
- **Member of the Northwest MLS**

OTHER

- **Commissioner, City of Kennewick Planning & Development Commission**, Kennewick, WA – Assist in promoting and maintaining all types of development for the City of Kennewick
- **Faculty Member, Appraisal Institute (AI)** - Qualified by AI (the premier education provider to the appraisal industry) to develop curriculum and teach several appraisal courses and seminars at the national level including:
 1. *Appraisal Principles*;
 2. *Appraisal Procedures*; and
 3. *Highest and Best Use Analysis*;
 4. Curriculum developer and instructor for seminar entitled *Appraisal Engagement and Review for Bankers*
- **Faculty Member, Risk Management Associates (RMA)** - Qualified by RMA (the premier education provider to the banking industry) to develop curriculum and teach several courses/seminars at the national level to bankers and regulators including:
 1. Develop and host 1-1/2-day *Real Estate Appraisal Manager's Forum*, twice yearly;
 2. *Commercial Real Estate Lending I* (CRELI, 1-day seminar);
 3. *Commercial Real Estate Lending II* (CRELII, 1-day seminar);
 4. *Problem Real Estate Loans* (PREL, 1-day seminar);
 5. *Commercial Real Estate Lending III* (CRELIII, 1-day seminar);
 6. *Understanding & Interpreting Real Estate Appraisals* (UIREA, 1-day seminar); and
 7. Curriculum developer for several new products including UIREA for the banking regulatory agencies; and UIREA for financial institutions.
- **Faculty Member, Washington Association of Realtors; Tri-Cities Association of Realtors** – qualified by WAR and TCAR to develop and teach real estate related curriculum for Washington State Realtors.
- **Approved Instructor, WA State Department of Licensing** – Qualified by WA DOL to teach a wide variety of real estate related curriculum for licensing and continuing education requirements for real estate related trades.
- **Most Recent Continuing Education Classes**
 - a. 10/20 – Appraisal of Manufactured Homes Featuring Next-Generation Manufactured Homes
 - b. 06/20 -- Valuation Impacts of COVID-19: 1-4 Unit Residential
 - c. 09/19 – Solving Land Valuation Puzzles
 - d. 09/19 – Rural Valuation Basics

MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Sandollar LLC | Appraisal Group SEWA
Appraiser's License

File No. 2021-260
Case No. Parcel #1

Borrower					
Property Address	227 E Columbia Gardens Way				
City	Kennewick	County	Benton	State	WA
				Zip Code	99336
Lender/Client	Port of Kennewick		Address 350 N Clover Island Dr #200, Kennewick, WA 99336		




MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Commercial Parcel #2

**309 E Columbia Gardens Way
Kennewick, WA**

MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Sandollar LLC | Appraisal Group SEWA

 AI Reports® Form 120.05*	Client File #:		Parcel #2		Appraisal File #:		2021-260	
	Appraisal Report · Land							
	Appraisal Company: Sandollar LLC Appraisal Group SEWA							
	Address: 2001 S Washington St, Kennewick, WA 99337							
Phone: 509.628.9817		Fax:		Website: www.appraisalgroupsewa.com				
Appraiser: Veronica R Griffith, MAI, CCIM								Co-Appraiser:
AI Membership (if any):		<input type="checkbox"/> SRA	<input checked="" type="checkbox"/> MAI	<input type="checkbox"/> SRPA	<input type="checkbox"/> AI-GRS	<input type="checkbox"/> AI-RRS	AI Membership (if any):	
AI Affiliation (if any):		<input type="checkbox"/> Candidate for Designation		<input type="checkbox"/> Practicing Affiliate		AI Affiliation (if any):		<input type="checkbox"/> Candidate for Designation
Other Professional Affiliation: CCIM Designee				Other Professional Affiliation:				
Email: appraisalgroupsewa@gmail.com				E-mail:				
Client: Port of Kennewick				Contact: Amber Hanchette, Director of Real Estate				
Address: 350 N Clover Island Dr #200, Kennewick, WA 99336								
Phone: 509.586.1186		Fax: N/A		Email: Amber@PortofKennewick.org				
SUBJECT PROPERTY IDENTIFICATION								
Address: 309 E Columbia Gardens Way								
City: Kennewick		County: Benton		State: WA		ZIP: 99336		
Legal Description: A portion of Tract 6, RePlat of Columbia Gardens...situated in Government Lots 3 and 4								
Tax Parcel #: 131903030106008				RE Taxes: 0		Tax Year: 2021		
Use of the Real Estate As of the Date of Value: Vacant Land								
Use of the Real Estate Reflected in the Appraisal: Vacant Land Available for Commercial Development								
Opinion of highest and best use (if required): Commercial Development								
SUBJECT PROPERTY HISTORY								
Owner of Record: Port of Kennewick								
Description and analysis of sales within 3 years (minimum) prior to effective date of value: No sales of the property have been recorded in the 3 years preceding the effective date of valuation.								
Description and analysis of agreements of sale (contracts), listing, and options: N/A								
RECONCILIATIONS AND CONCLUSIONS								
Indication of Value by Sales Comparison Approach				\$ 100,000				
Indication of Value by Cost Approach				\$ N/A				
Indication of Value by Income Approach				\$ N/A				
Final Reconciliation of the Methods and Approaches to Value: Only the sales comparison approach to value was applied. The value was reasonably well supported by several recent sales in the neighborhood or competing neighborhoods. Adjustments were considered minor, i.e., less than 20% gross net adjustments with the exception of the adjustment for the "pad site" status, which was well supported.								
Opinion of Value as of: June 30, 2021				\$ 100,000				
Exposure Time: Less than one year								
The above opinion is subject to: <input type="checkbox"/> Hypothetical Conditions and/or <input checked="" type="checkbox"/> Extraordinary Assumptions cited on the following page.								

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MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Sandollar LLC | Appraisal Group SEWA

Client:	Port of Kennewick	Client File #:	Parcel #2
Subject Property:	309 E Columbia Gardens Way, Kennewick, WA 99336	Appraisal File #:	2021-260

ASSIGNMENT PARAMETERS	
Intended User(s): Client, Port of Kennewick only	
Intended Use: Establish a market value for possible sale of the property	
The report is not intended by the appraiser for any other use by any other user.	
Type of Value: Market Value	Effective Date of Value: June 30, 2021
Interest Appraised: <input checked="" type="checkbox"/> Fee Simple <input type="checkbox"/> Leasehold <input type="checkbox"/> Other	
Hypothetical Conditions: (A hypothetical condition is that which is contrary to what exists, but is asserted by the appraiser for the purpose of analysis. Any hypothetical condition may affect the assignment results.) NOTE: Site benefits from access to shared parking lots within the overall development, a benefit none of the comparisons enjoy. It is an extraordinary assumption that reciprocal cross easement agreements are executed establishing this as a benefit which runs with the land.	
Extraordinary Assumptions: (An extraordinary assumption is directly related to a specific assignment and presumes uncertain information to be factual. If found to be false this assumption could alter the appraiser's opinions or conclusions. Any extraordinary assumption may affect the assignment results.)	
This is an Appraisal Report in accordance with Standard Rule 2-2(a) of the Uniform Standard of Professional Appraisal Practice (USPAP).	
SCOPE OF WORK	
Definition: The scope of work is the type and extent of research and analysis in an assignment. Scope of work includes the extent to which the property is identified, the extent to which tangible property is inspected, the type and extent of data research, and the type and extent of analysis applied to arrive at credible opinions or conclusions. The specific scope of work for this assignment is identified below and throughout this report.	
Scope of Subject Property Inspection/Data Sources Utilized Appraiser Property Inspection: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Date of Inspection: June 30, 2021 Describe Scope of Property Inspection, Source of Area Calculations and Data Sources Consulted: Walk the perimeter and interior of the site; size based on public records; appraiser's proprietary database, local MLS, Commercial MLS, Retrospect, public records were used. Co-Appraiser Property Inspection: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Date of Inspection: June 30, 2021 Describe Scope of Property Inspection, Source of Area Calculations and Data Sources Consulted: Walk the perimeter and interior of the site; size based on public records; appraiser's proprietary database, local MLS, Commercial MLS, Retrospect, public records were used.	Approaches to Value Developed Cost Approach: <input type="checkbox"/> Is necessary for credible results and is developed in this analysis <input checked="" type="checkbox"/> Is not necessary for credible results; not developed in this analysis <input type="checkbox"/> Is not necessary for credible results but is developed in this analysis Sales Comparison Approach: <input checked="" type="checkbox"/> Is necessary for credible results and is developed in this analysis <input type="checkbox"/> Is not necessary for credible results; not developed in this analysis <input type="checkbox"/> Is not necessary for credible results but is developed in this analysis Income Approach: <input type="checkbox"/> Is necessary for credible results and is developed in this analysis <input checked="" type="checkbox"/> Is not necessary for credible results; not developed in this analysis <input type="checkbox"/> Is not necessary for credible results but is developed in this analysis
Additional Scope of Work Comments: N/A	
Significant Real Property Appraisal Assistance: <input type="checkbox"/> None <input checked="" type="checkbox"/> Disclose Name(s) and contribution: Sonnia Renee King, a licensed trainee assigned to me, assisted with observation and photography of the subject property, initial search for comparable data, and initial drafting of the report. All final selection of subject and comparable data, adjustments and analysis of the data and final reconciliation of value are those of Veronica R Griffith, MAI, CCIM	

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MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Sandollar LLC | Appraisal Group SEWA

Client:	Port of Kennewick	Client File #:	Parcel #2
Subject Property:	309 E Columbia Gardens Way, Kennewick, WA 99336	Appraisal File #:	2021-260

MARKET AREA ANALYSIS																									
Location <input checked="" type="checkbox"/> Urban <input type="checkbox"/> Suburban <input type="checkbox"/> Rural	Built Up <input type="checkbox"/> Under 25% <input type="checkbox"/> 25%-75% <input checked="" type="checkbox"/> Over 75%	Growth <input type="checkbox"/> Rapid <input type="checkbox"/> Stable <input checked="" type="checkbox"/> Slow	Supply & Demand <input type="checkbox"/> Shortage <input checked="" type="checkbox"/> In Balance <input type="checkbox"/> Over Supply	Value Trend <input type="checkbox"/> Increasing <input checked="" type="checkbox"/> Stable <input type="checkbox"/> Decreasing	Typical Marketing Time <input type="checkbox"/> Under 3 Months <input type="checkbox"/> 3-6 Months <input checked="" type="checkbox"/> Over 6 Months																				
Neighborhood Single Family Profile <table style="width: 100%;"> <tr> <td>Price</td> <td>Age</td> </tr> <tr> <td>200K</td> <td>Low</td> </tr> <tr> <td>500K</td> <td>High</td> </tr> <tr> <td>250-300K</td> <td>Predominant</td> </tr> </table>		Price	Age	200K	Low	500K	High	250-300K	Predominant	Neighborhood Land Use <table style="width: 100%;"> <tr> <td>1 Family</td> <td>85 %</td> <td>Commercial</td> <td>8 %</td> </tr> <tr> <td>Condo</td> <td>2 %</td> <td>Vacant</td> <td>2 %</td> </tr> <tr> <td>Multifamily</td> <td>3 %</td> <td></td> <td></td> </tr> </table>		1 Family	85 %	Commercial	8 %	Condo	2 %	Vacant	2 %	Multifamily	3 %			Neighborhood Name : Historic Waterfront District PUD <input checked="" type="checkbox"/> Condo <input type="checkbox"/> HOA: \$ / Amenities: Sites are "pad" type sites which benefit from shared off-site parking.	
Price	Age																								
200K	Low																								
500K	High																								
250-300K	Predominant																								
1 Family	85 %	Commercial	8 %																						
Condo	2 %	Vacant	2 %																						
Multifamily	3 %																								
<p>Market area description and characteristics: Subject lies within a newly re-developing area being created by the Port of Kennewick known as the Historic Waterfront District along the southern alignment of the Columbia River and Duffy's Pond. The neighborhood surrounding this district includes vintage commercial development along E Columbia Dr between Gum St (S.R. 397) as it comes off the Cable Bridge and Clover Island Dr (extension of Washington St north of E Columbia Dr); vintage industrial to the east and further south along the alignment of the B&O Railroad; the original CBD of Kennewick, now known as Historic Downtown Kennewick; and vintage residential interspersed with new SFR subdivisions being created in pockets of redevelopment of former agriculturally zoned land. The area north includes Clover Island which houses the local marina, the Clover Island Inn, and several other commercial developments including office and retail/restaurant users.</p>																									
SITE ANALYSIS																									
Dimensions: Irregular		Area: 9,583																							
View: Commercial		Shape: Irregular																							
Drainage: Appears Adequate		Utility: Fair to Average																							
Site Similarity/Conformity to Neighborhood Size: <input checked="" type="checkbox"/> Smaller than Typical <input type="checkbox"/> Typical <input type="checkbox"/> Larger Than Typical		View: <input type="checkbox"/> Favorable <input checked="" type="checkbox"/> Typical <input type="checkbox"/> Less than Favorable		Zoning/Deed Restriction Zoning: UMU, which permits a variety of development types <input checked="" type="checkbox"/> Legal <input type="checkbox"/> No zoning <input type="checkbox"/> Legal, non-conforming <input type="checkbox"/> Illegal																					
		Convenants, Condition & Restrictions <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Unknown Documents Reviewed <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Ground Rent \$ /																							
Utilities Electric <input checked="" type="checkbox"/> Public <input type="checkbox"/> Other _____ Gas <input type="checkbox"/> Public <input type="checkbox"/> Other _____ Water <input checked="" type="checkbox"/> Public <input type="checkbox"/> Other _____ Sewer <input checked="" type="checkbox"/> Public <input type="checkbox"/> Other _____		Off Site Improvements Street <input checked="" type="checkbox"/> Public <input type="checkbox"/> Private _____ Alley <input checked="" type="checkbox"/> Public <input type="checkbox"/> Private _____ Sidewalk <input checked="" type="checkbox"/> Public <input type="checkbox"/> Private _____ Street Lights <input checked="" type="checkbox"/> Public <input type="checkbox"/> Private _____																							
<p>Site description and characteristics: The site is located within the Historic Waterfront District in an area defined as Columbia Gardens and benefits from a small amount of frontage to the north along the southern alignment of Duffy's Pond, a retention basin just south of the Columbia River. Adjacent to the west is a vintage mobile home park while development to the immediate east and south include additional new or proposed development within the Columbia Gardens area. Three buildings housing winery tenants as well as associated parking and the Food Truck Plaza are now in place.</p>																									
HIGHEST AND BEST USE ANALYSIS																									
<input type="checkbox"/> Present Use <input checked="" type="checkbox"/> Proposed Use <input type="checkbox"/> Other																									
<p>Summary of highest and best use analysis: The legally permissible uses under the UMU, Urban Mixed Use zoning designation include a broad range of commercial and residential developments. This is a newer zoning designation designed to encourage re-development of older neighborhoods. Thus, physically possible uses are limited mostly by size. Financially productive uses would include any use commercial use permitted under the UMU designation; this would also be the maximally productive use. Thus, the highest and best use of the site is for commercial development that conforms to the UMU development standards which would be cohesive with surrounding development in the Columbia Gardens neighborhood portion of the Historic Waterfront District.</p>																									

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MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Sandollar LLC | Appraisal Group SEWA

Client:	Port of Kennewick	Client File #:	Parcel #2
Subject Property:	309 E Columbia Gardens Way, Kennewick, WA 99336	Appraisal File #:	2021-260

SITE VALUATION									
Site Valuation Methodology									
<input checked="" type="checkbox"/> Sales Comparison Approach: A set of procedures in which a value indication is derived by comparing the property being appraised to similar properties that have been sold recently, then applying appropriate units of comparison and making adjustments to the sale prices of the comparables based on the elements of comparison. The sales comparison approach may be used to value improved properties, vacant land, or land being considered as though vacant; it is the most common and preferred method of land valuation when an adequate supply of comparable sales are available.									
<input type="checkbox"/> Market Extraction: A method of estimating land value in which the depreciated cost of the improvements on the improved property is estimated and deducted from the total sale price to arrive at an estimated sale price for the land; most effective when the improvements contribute little to the total sale price of the property.									
<input type="checkbox"/> Alternative Method: (Describe methodology and rationale)									
Site Valuation									
ITEM	SUBJECT	COMPARISON 1		COMPARISON 2		COMPARISON 3			
Address	309 E Columbia Gardens Way Kennewick, WA 99336	1200 N Irving Pl Kennewick, WA		1201, 1213, 1221 N Irving Pl Kennewick, WA		604 N Hartford Kennewick, WA			
Proximity to Subject		4.13 miles W		4.16 miles W		0.80 miles W			
Data Source/ Verification		Retrospect; Public Recs Public Recs; Seller		Retrospect; Public Recs Public Recs; Seller		MLS #249542; Pub Recs MLS #249542; Pub Recs			
Sales Price	\$		\$ 130,571		\$ 440,130		\$ 50,000		
Price/ PSF	\$ 0		\$ 5.50		\$ 5.72		\$ 5.77		
Sale Date	N/A	05/18/2021		04/15/2021		12/07/2020			
Location	Interior, Pond Front	Int, no pond +0.55		Int, no pond +0.57		Int, no pond +0.57			
Site Size	9,583	23,753 +0.55		76,962 +1.14		8,668		0.00	
Site View	Commercial	Commercial		Commercial		Residential		+0.29	
Site Improvements	N/A	N/A		N/A		N/A			
Zoning	UMU	CO		CO		UMU			
Access	Public ROW	Public ROW		Public ROW		Public ROW			
Shape/Utility/Corner	Average	Average		Average		Average/Corner			
Utilities	Available	Available		Available		Available			
Shared Parking	Yes	No +2.75		No +2.86		No +2.89			
Net Adjustment		X + - \$ 3.85		X + - \$ 4.57		X + - \$ 3.75			
Indicated Value		Net Adj. 70% Gross Adj. 70% \$ 9.35		Net Adj. 80% Gross Adj. 80% \$ 10.29		Net Adj. 65% Gross Adj. 65% \$ 9.52			
Prior Transfer History	None within last 3 yrs	None within last 3 yrs		None within last 3 yrs		None within last 3 yrs			
<p>Site Valuation Comments: Besides typical adjustments (10% to 30%), subject benefits from having offsite shared parking with reciprocal easements, similar to that found in a shopping center, where a "pad" site with cross easement agreements for parking, ingress and egress control. There are only two recent sales of "pad" sites available for review, and thus, it was necessary to review older "pad" sites with older non-pad sites to get an idea of the premium paid for the "pad sites" (See excel spreadsheet included herein). The six pad site sales ranged from 23,108 SF to 51,411 SF with an average of 35,584 SF and ranged from \$17.64 to \$30.24 PSF with an average of \$22.61 PSF. The non-pad sites ranged from 37,823 to 80,403 SF with an average of 50,896 SF and ranged in price from \$7.24 to \$13.09 PSF with an average of \$9.15 PSF. The pad sites sold for an average premium of nearly 150% compared to the non-pad sites which accounts for the differences in reciprocal parking, access and egress supporting the need for an adjustment in superior neighborhoods that are experiencing strong growth with strong demographics. A 50% adjustment is considered reasonable.</p> <p>Site Valuation Reconciliation: After adjustment the sales range from \$8.84 to \$11.76 PSF with a weighted average of approximately \$10.00 PSF. Adjustments are large and could be considered excessive by some, but none of the sales benefit from shared parking as a "pad site" in a cohesive development for which a 50% adjustment was made; and none of the sites benefit from frontage along Duffy's Pond. An analysis of pad sites versus non pad sites indicated that on average, a pad site commanded a 150% premium compared to non-pad sites. The three sales in subject's neighborhood are older and surrounded by residential improvements while subject is part of a cohesive new development within the Historic Waterfront District. A value of near the higher end of the range due to small size of \$10.50 PSF was concluded and when multiplied by the site area of 9,583 SF, a value of \$100,621, rounded to \$100,000.</p>									
Opinion of Site Value				\$ 100,000					

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Sandollar LLC | Appraisal Group SEWA
EXTRA SITES 4-5-6

MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Sandollar LLC | Appraisal Group SEWA

Client:	Port of Kennewick	Client File #:	Parcel #2
Subject Property:	309 E Columbia Gardens Way	Appraisal File #:	2021-260

STATEMENT OF ASSUMPTIONS AND LIMITING CONDITIONS

This appraisal is subject to the following assumptions and limiting conditions:

- This report is prepared using forms developed and copyrighted by the Appraisal Institute. However, the content, analyses, and opinions set forth in this report are the sole product of the appraiser. The Appraisal Institute is not liable for any of the content, analyses, or opinions set forth herein.
- No responsibility is assumed for matters legal in character or nature. No opinion is rendered as to title, which is assumed to be good and marketable. All existing liens, encumbrances, and assessments have been disregarded, unless otherwise noted, and the property is appraised as though free and clear, having responsible ownership and competent management.
- I have examined the property described herein exclusively for the purpose of identification and description of the real property. The objective of our data collection is to develop an opinion of the highest and best use of the subject property and make meaningful comparisons in the valuation of the property. The appraiser's observations and reporting of the subject improvements are for the appraisal process and valuation purposes only and should not be considered as a warranty of any component of the property. This appraisal assumes (unless otherwise specifically stated) that the subject is structurally sound and all components are in working condition.
- I will not be required to give testimony or appear in court because of having made an appraisal of the property in question, unless specific arrangements to do so have been made in advance, or as otherwise required by law.
- I have noted in this appraisal report any significant adverse conditions (such as needed repairs, depreciation, the presence of hazardous wastes, toxic substances, etc.) discovered during the data collection process in performing the appraisal. Unless otherwise stated in this appraisal report, I have no knowledge of any hidden or unapparent physical deficiencies or adverse conditions of the property (such as, but not limited to, needed repairs, deterioration, the presence of hazardous wastes, toxic substances, adverse environmental conditions, etc.) that would make the property less valuable, and have assumed that there are no such conditions and make no guarantees or warranties, express or implied. I will not be responsible for any such conditions that do exist or for any engineering or testing that might be required to discover whether such conditions exist. Because I am not an expert in the field of environmental hazards, this appraisal report must not be considered as an environmental assessment of the property. I obtained the information, estimates, and opinions furnished by other parties and expressed in this appraisal report from reliable public and/or private sources that I believe to be true and correct.
- I will not disclose the contents of this appraisal report except as provided for in the Uniform Standards of Professional Appraisal Practice, and/or applicable federal, state or local laws.
- The Client is the party or parties who engage an appraiser (by employment contract) in a specific assignment. A party receiving a copy of this report from the client does not, as a consequence, become a party to the appraiser-client relationship. Any person who receives a copy of this appraisal report as a consequence of disclosure requirements that apply to an appraiser's client, does not become an intended user of this report unless the client specifically identified them at the time of the assignment. The appraiser's written consent and approval must be obtained before this appraisal report can be conveyed by anyone to the public through advertising, public relations, news, sales, and other media.
- If this valuation conclusion is subject to satisfactory completion, repairs, or alterations, it is assumed that the improvements will be completed competently and without significant deviation.

VALUE DEFINITION

☒ Market Value Definition (below) ☐ Alternate Value Definition (attached)

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 the title from the seller to buyer under conditions whereby:

1. buyer and seller are typically motivated;
2. both parties are well informed or well advised and acting in what they consider their own best interests;
3. a reasonable time is allowed for exposure in the open market;
4. payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
5. the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

Source: *The Dictionary of Real Estate Appraisal, 6th ed., Appraisal Institute*

* NOTICE: The Appraisal Institute publishes this form for use by appraisers where the appraiser deems use of the form appropriate. Depending on the assignment, the appraiser may need to provide additional data, analysis and work product not called for in this form. The Appraisal Institute makes no representations, warranties or guarantees as to, and assumes no responsibility for, the data, analysis or work product or third party certifications, verifications, data specifications, scores, indexes, or valuation tools, used or provided by the individual appraiser(s) or others in the specific contents of the AI Reports(R). AI Reports(R) AI-900.05 Certification, Assumptions and Limiting Conditions © Appraisal Institute 2017, All Rights Reserved

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MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Sandollar LLC | Appraisal Group SEWA

Client:	Port of Kennewick	Client File #:	Parcel #2
Subject Property:	309 E Columbia Gardens Way	Appraisal File #:	2021-260

APPRAISER'S CERTIFICATION

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

- The statements of fact contained in this report are true and correct.
- The reported analysis, opinions, and conclusions are limited only by the report assumptions and limiting conditions, and are my personal, unbiased professional analysis, opinions, and conclusions.
- I have no present (unless specified below) or prospective interest in the property that is the subject of this report, and I have no (unless specified below) personal interest with respect to the parties involved.
- I have no bias with respect to any property that is the subject of this report or to the parties involved with this assignment.
- My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- My analysis, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.
- Individuals who have provided significant real property appraisal assistance are named below. The specific tasks performed by those named are outlined in the Scope of Work section of this report.

☐ None ☒ Name(s) Sonnia Renee King

As previously identified in the Scope of Work section of this report, the signer(s) of this report certify to the inspection of the property that is the subject of this report as follows:

Property Inspected by Appraiser ☒ Yes ☐ No

Property inspected by Co-Appraiser ☒ Yes ☐ No

- Services provided, 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 acceptance of this assignment: ☒ None ☐ Specify services provided:

ADDITIONAL CERTIFICATION FOR APPRAISAL INSTITUTE MEMBERS, CANDIDATES AND PRACTICING AFFILIATES

Appraisal Institute Designated Member, Candidate, or Practicing Affiliate Certify:

- 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 & Standards of Professional Appraisal Practice of the Appraisal Institute, which include the Uniform Standards of Professional Appraisal Practice.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.

As of the date of this report, I ☒ have / ☐ have not completed the program of continuing education for the Appraisal Institute.

As of the date of this report, I ☐ have / ☐ have not

APPRAISERS SIGNATURES

APPRAISER:

Signature 

Name Veronica R Griffith, MAI, CCIM

Report Date 06/30/2021

Trainee ☐ Licensed ☐ Certified Residential ☐ Certified General ☒

License # 1101758 State WA

Expiration Date 11/15/2021

CO-APPRAISER:

Signature _____

Name _____

Report Date _____

Trainee ☐ Licensed ☐ Certified Residential ☐ Certified General ☐

License # _____ State _____

Expiration Date _____

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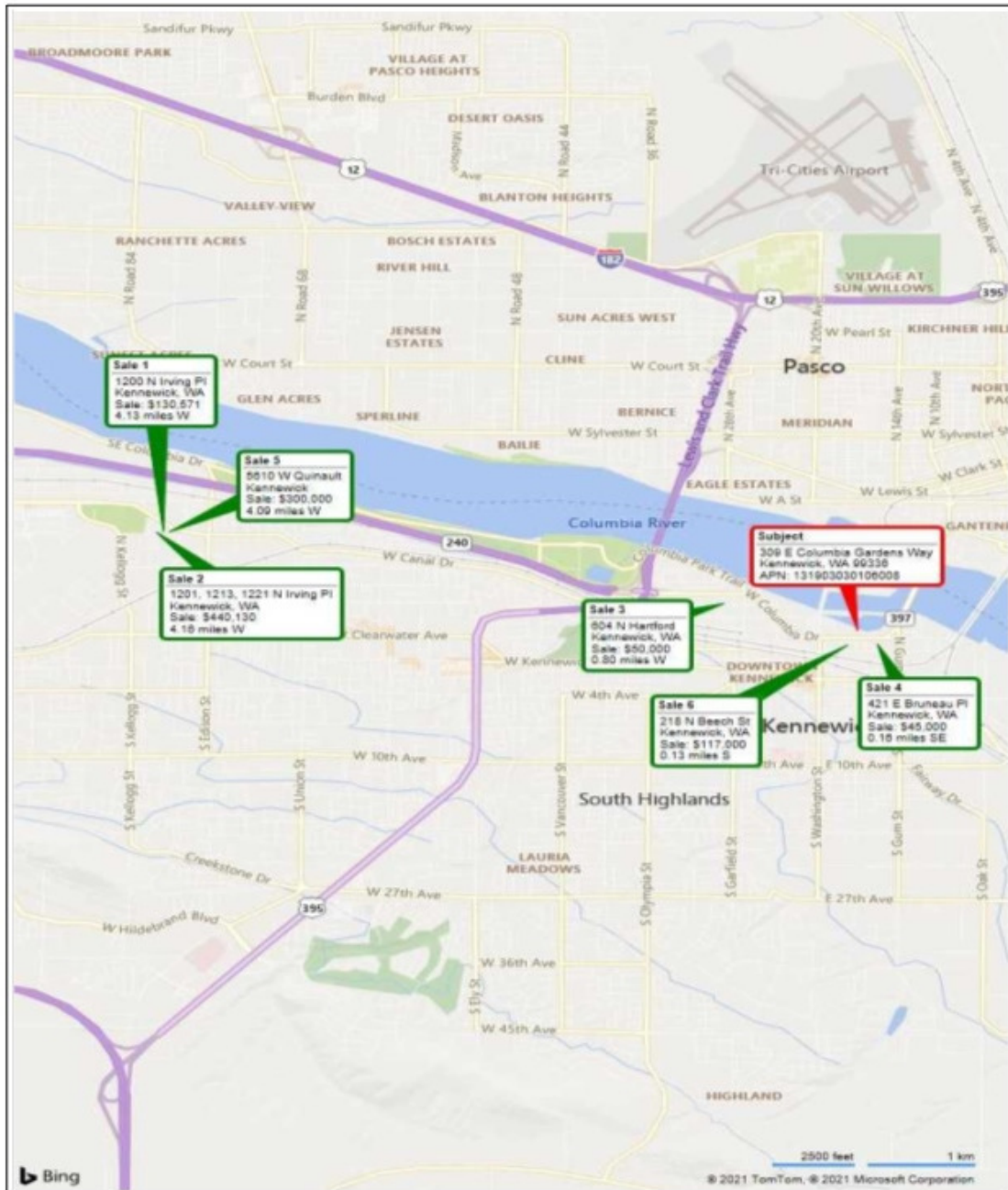
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MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Sandollar LLC | Appraisal Group SEWA
LOCATION MAP ADDENDUM

File No. 2021-260
Case No. Parcel #2

Owner Port of Kennewick						
Property Address 309 E Columbia Gardens Way						
City Kennewick		County Benton		State WA		Zip Code 99336
Client Port of Kennewick		Address 350 N Clover Island Dr #200, Kennewick, WA 99336				



MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Sandollar LLC | Appraisal Group SEWA
LOCATION MAP ADDENDUM

File No. 2021-260
Case No. Parcel #2

Borrower

Property Address	309 E Columbia Gardens Way				
City	Kennewick	County	Benton	State	WA
				Zip Code	99336
Lender/Client	Port of Kennewick				
	Address 350 N Clover Island Dr #200, Kennewick, WA 99336				



MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Sandollar LLC | Appraisal Group SEWA
PLAT MAP

File No. 2021-260
Case No. Parcel #2

Owner Port of Kennewick					
Property Address 309 E Columbia Gardens Way					
City Kennewick	County	Benton	State	WA	Zip Code 99336
Client Port of Kennewick		Address 350 N Clover Island Dr #200, Kennewick, WA 99336			



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MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Sandollar LLC | Appraisal Group SEWA
AERIAL MAP ADDENDUM

File No. 2021-260
Case No. Parcel #2

Borrower					
Property Address	309 E Columbia Gardens Way				
City	Kennewick	County	Benton	State	WA
Zip Code	99336				
Lender/Client	Port of Kennewick	Address 350 N Clover Island Dr #200, Kennewick, WA 99336			



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*MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA*

Statement of Qualifications

File No. 2021-260
Case No. Parcel #2

Borrower

Property Address 309 E Columbia Gardens Way				
City Kennewick	County Benton	State WA	Zip Code 99336	
Lender/Client Port of Kennewick		Address 350 N Clover Island Dr #200, Kennewick, WA 99336		



Statement of Qualifications for

Veronica R. (Nikki) Griffith, MAI, CCIM

EDUCATION

May, 1988	St. Louis University St. Louis, MO	Graduated Cum Laude; Major in Business Management with Minor in Communications
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PROFESSIONAL EXPERIENCE

2014 - Now	Sandollar LLC Appraisal Group SEWA	Owner/Principal
	Private practice firm specializing in <i>appraisal, appraisal review and consulting</i> for all types of commercial real estate property for a variety of institutional, governmental and other private party clients. Firm is the successor entity of Ms. Griffith's firm (see below) and Chamberlin & Associates, Inc. (Gary Chamberlin, MAI, Owner, now retired).	
2004 - 2014	Sandollar Realty Advisors Tri-Cities (Kennewick, Pasco & Richland), WA	Owner/Principal
	Private practice specializing in (1) <i>appraisal, appraisal review and litigation support</i> for all types of commercial real estate property for a variety of institutional and attorney clients; (2) commercial real estate brokerage (sales and leasing) for office, industrial, retail property including short sale and REO property; and (3) <i>education, curriculum development, and regulatory compliance</i> for the banking, real estate brokerage and appraisal industries. Firm initiated operations in Arizona; relocated to Washington State in mid 2007.	
1991 - 2004	Bank One Corporation (now JPMorgan Chase), Phoenix, AZ	SVP, Chief Appraiser, National Manager Real Estate Appraisal Group (REAG)
	<p>Management and oversight responsibility for the commercial real estate valuation functions of a \$20 Billion commercial real estate portfolio for a \$300 Billion national (5th largest U.S.) bank including direction of 45+ full time employees with \$4+ Million annual budget. Reported to Senior Credit Officer. Supervised 8 direct reports. Major accomplishments included development and maintenance of:</p> <ul style="list-style-type: none"> • Bank policies for Board of Director action in response to a changing regulatory environment; • Procedures for engagement of independent fee appraisers on a contract basis with annual contracts totaling \$12MM to \$15MM annually; • Procedures for review of 3rd party appraisals to determine regulatory compliance with bank policy, federal and state regulation, and USPAP for commercial real property collateral valued in excess of \$20 Billion annually; • Internet (for 3rd party vendor use) and intranet (for internal bank use); • Appraisal management tracking database software; • Company wide training program for all bankers, underwriters, credit administration staff, etc.; and • Engineering of post merger strategy for five separate legacy banking institutions' appraisal departments including rightsizing over the years from an initial staff of 72 full time employees (legacy institutions included Bank One, 1st Chicago, American National, NBD Detroit, and NBD Indiana). 	
1990 - 1991	RTC (Western Savings & Loan), Phoenix, AZ	VP, Chief Appraiser Real Estate Appraisal Department
	Management and oversight responsibility for re-appraisal of all commercial and agricultural real estate assets for the combined \$150 Billion real estate portfolios of four insolvent financial institutions during their receivership / liquidation phase. Facilitated orderly transfer of asset files to private sector asset management firms. Served on Credit Review Committee to determine disposition of assets. Reported directly to RTC Managing Agent / Financial Institutional Specialist in charge of institutions.	

*MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA*

Statement of Qualifications

File No. 2021-260

Case No. Parcel #2

Borrower

Property Address 309 E Columbia Gardens Way

City Kennewick County Benton State WA Zip Code 99336

Lender/Client Port of Kennewick Address 350 N Clover Island Dr #200, Kennewick, WA 99336

- 1988 – 1990** **Sandollar Realty Advisors Corp.** *Principal, Senior Appraiser & Broker*
St. Louis, MO
Private appraisal consulting practice including product development, marketing, staff training, and management. Specialized in preparation of narrative commercial appraisal reports, appraisal review and litigation support on a wide variety of commercial, retail, office, industrial and multi-family properties, for banking, institutional, governmental and private sector clients. Qualified to testify in federal, state and bankruptcy venues.
- 1984 – 1988** **Buckles & Associates** *VP, Senior Commercial Appraiser*
St. Louis, MO
Assisted in start-up of private appraisal practice. Responsible for preparation of narrative appraisal reports on a wide variety of commercial, retail, office, industrial, multi-family, special purpose, and single family subdivision properties.

PROFESSIONAL MEMBERSHIPS & AFFILIATIONS

Licensed Washington State Certified General Real Estate Appraiser (1101758)

- **Appraisal Institute (National Organization) - MAI Designee** qualified/licensed to appraise all types of commercial real estate; Former Chair and Member, Commercial Appraisal Report Standards (CARS) Project Team; Former Member of AI's National Client Advisory Committee (CAC) which includes Chief Appraisers from all major banking institutions
- **Appraisal Institute** – Past President (2017-18) and Member of the local Columbia Basin Chapter (now combined)
- **Appraisal Institute** – Candidate for Appraisal Review Designation; education completed

Licensed Washington State Real Estate Broker (9128)

- **Member of the CCIM Institute - CCIM Designee** (Certified Commercial Investment Member) for commercial real estate brokerage, management and investment analysis
- **Member of the National Association of Realtors (NAR)**
- **Member of the Tri-Cities Association of Realtors (TCAR)**
- **Member of the Northwest MLS**

OTHER

- **Commissioner, City of Kennewick Planning & Development Commission**, Kennewick, WA – Assist in promoting and maintaining all types of development for the City of Kennewick
- **Faculty Member, Appraisal Institute (AI)** - Qualified by AI (the premier education provider to the appraisal industry) to develop curriculum and teach several appraisal courses and seminars at the national level including:
 1. *Appraisal Principles*;
 2. *Appraisal Procedures*; and
 3. *Highest and Best Use Analysis*;
 4. Curriculum developer and instructor for seminar entitled *Appraisal Engagement and Review for Bankers*
- **Faculty Member, Risk Management Associates (RMA)** - Qualified by RMA (the premier education provider to the banking industry) to develop curriculum and teach several courses/seminars at the national level to bankers and regulators including:
 1. Develop and host 1-1/2-day *Real Estate Appraisal Manager's Forum*, twice yearly;
 2. *Commercial Real Estate Lending I* (CRELI, 1-day seminar);
 3. *Commercial Real Estate Lending II* (CRELII, 1-day seminar);
 4. *Problem Real Estate Loans* (PREL, 1-day seminar);
 5. *Commercial Real Estate Lending III* (CRELIII, 1-day seminar);
 6. *Understanding & Interpreting Real Estate Appraisals* (UIREA, 1-day seminar); and
 7. Curriculum developer for several new products including UIREA for the banking regulatory agencies; and UIREA for financial institutions.
- **Faculty Member, Washington Association of Realtors; Tri-Cities Association of Realtors** – qualified by WAR and TCAR to develop and teach real estate related curriculum for Washington State Realtors.
- **Approved Instructor, WA State Department of Licensing** – Qualified by WA DOL to teach a wide variety of real estate related curriculum for licensing and continuing education requirements for real estate related trades.
- **Most Recent Continuing Education Classes**
 - a. 10/20 – Appraisal of Manufactured Homes Featuring Next-Generation Manufactured Homes
 - b. 06/20 -- Valuation Impacts of COVID-19: 1-4 Unit Residential
 - c. 09/19 – Solving Land Valuation Puzzles
 - d. 09/19 – Rural Valuation Basics

MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Sandollar LLC | Appraisal Group SEWA
Appraiser's License

File No. 2021-260
Case No. Parcel #2

Borrower						
Property Address	309 E Columbia Gardens Way					
City	Kennewick	County	Benton	State	WA	Zip Code 99336
Lender/Client	Port of Kennewick Address 350 N Clover Island Dr #200, Kennewick, WA 99336					




MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Commercial Parcel #3

**209 E Columbia Dr
Kennewick, WA**

MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Sandollar LLC | Appraisal Group SEWA

 AI Reports® Form 120.05*	Client File #:		Parcel #3		Appraisal File #:		2021-260	
	Appraisal Report · Land							
	Appraisal Company: Sandollar LLC Appraisal Group SEWA							
	Address: 2001 S Washington St, Kennewick, WA 99337							
Phone: 509.628.9817			Fax:			Website: www.appraisalgroupsewa.com		
Appraiser: Veronica R Griffith, MAI, CCIM				Co-Appraiser:				
AI Membership (if any):		<input type="checkbox"/> SRA	<input checked="" type="checkbox"/> MAI	<input type="checkbox"/> SRPA	<input type="checkbox"/> AI-GRS	<input type="checkbox"/> AI-RRS	AI Membership (if any):	
AI Affiliation (if any):		<input type="checkbox"/> Candidate for Designation		<input type="checkbox"/> Practicing Affiliate		AI Affiliation (if any):		
Other Professional Affiliation: CCIM Designee				Other Professional Affiliation:				
Email: appraisalgroupsewa@gmail.com				E-mail:				
Client: Port of Kennewick				Contact: Amber Hanchette, Director of Real Estate				
Address: 350 N Clover Island Dr #200, Kennewick, WA 99336								
Phone: 509.586.1186		Fax: N/A		Email: Amber@PortofKennewick.org				
SUBJECT PROPERTY IDENTIFICATION								
Address: 209 E Columbia Dr.								
City: Kennewick		County: Benton		State: WA		ZIP: 99336		
Legal Description: A portion of Lots 9 and 10, RePlat of Columbia Gardens								
Tax Parcel #: 131903030025000				RE Taxes: 0		Tax Year: 2021		
Use of the Real Estate As of the Date of Value: Vacant Land								
Use of the Real Estate Reflected in the Appraisal: Vacant Land Available for Commercial Development								
Opinion of highest and best use (if required): Commercial Development								
SUBJECT PROPERTY HISTORY								
Owner of Record: Port of Kennewick								
Description and analysis of sales within 3 years (minimum) prior to effective date of value: No sales of the property have been recorded in the 3 years preceding the effective date of valuation.								
Description and analysis of agreements of sale (contracts), listing, and options: N/A								
RECONCILIATIONS AND CONCLUSIONS								
Indication of Value by Sales Comparison Approach				\$ 370,000				
Indication of Value by Cost Approach				\$ N/A				
Indication of Value by Income Approach				\$ N/A				
Final Reconciliation of the Methods and Approaches to Value: Only the sales comparison approach to value was applied. The value was reasonably well supported by several recent sales in the neighborhood or competing neighborhoods. Adjustments were considered minor, i.e., less than 20% gross net adjustments.								
Opinion of Value as of: June 30, 2021				\$ 370,000				
Exposure Time: Less than one year								
The above opinion is subject to: <input type="checkbox"/> Hypothetical Conditions and/or <input checked="" type="checkbox"/> Extraordinary Assumptions cited on the following page.								

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MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Sandollar LLC | Appraisal Group SEWA

Client:	Port of Kennewick	Client File #:	Parcel #3
Subject Property:	209 E Columbia Gardens Way, Kennewick, WA 99336	Appraisal File #:	2021-260

ASSIGNMENT PARAMETERS	
Intended User(s): Client, Port of Kennewick, only	
Intended Use: Establish a market value for possible sale of the property	
The report is not intended by the appraiser for any other use by any other user.	
Type of Value: Market Value	Effective Date of Value: June 30, 2021
Interest Appraised: <input checked="" type="checkbox"/> Fee Simple <input type="checkbox"/> Leasehold <input type="checkbox"/> Other	
Hypothetical Conditions: (A hypothetical condition is that which is contrary to what exists, but is asserted by the appraiser for the purpose of analysis. Any hypothetical condition may affect the assignment results.) NOTE: Site benefits from access to shared parking lots within the overall development, a benefit none of the comparisons enjoy. It is an extraordinary assumption that reciprocal cross easement agreements are executed establishing this as a benefit which runs with the land.	
Extraordinary Assumptions: (An extraordinary assumption is directly related to a specific assignment and presumes uncertain information to be factual. If found to be false this assumption could alter the appraiser's opinions or conclusions. Any extraordinary assumption may affect the assignment results.)	
This is an Appraisal Report in accordance with Standard Rule 2-2(a) of the Uniform Standard of Professional Appraisal Practice (USPAP).	
SCOPE OF WORK	
Definition: The scope of work is the type and extent of research and analysis in an assignment. Scope of work includes the extent to which the property is identified, the extent to which tangible property is inspected, the type and extent of data research, and the type and extent of analysis applied to arrive at credible opinions or conclusions. The specific scope of work for this assignment is identified below and throughout this report.	
Appraiser Property Inspection: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Date of Inspection: June 30, 2021 Describe Scope of Property Inspection, Source of Area Calculations and Data Sources Consulted: Walk the perimeter and interior of the site; size based on public records; appraiser's proprietary database, local MLS, Commercial MLS, Retrospect, public records were used.	Approaches to Value Developed Cost Approach: <input type="checkbox"/> Is necessary for credible results and is developed in this analysis <input checked="" type="checkbox"/> Is not necessary for credible results; not developed in this analysis <input type="checkbox"/> Is not necessary for credible results but is developed in this analysis Sales Comparison Approach: <input checked="" type="checkbox"/> Is necessary for credible results and is developed in this analysis <input type="checkbox"/> Is not necessary for credible results; not developed in this analysis <input type="checkbox"/> Is not necessary for credible results but is developed in this analysis Income Approach: <input type="checkbox"/> Is necessary for credible results and is developed in this analysis <input checked="" type="checkbox"/> Is not necessary for credible results; not developed in this analysis <input type="checkbox"/> Is not necessary for credible results but is developed in this analysis
Co-Appraiser Property Inspection: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Date of Inspection: June 30, 2021 Describe Scope of Property Inspection, Source of Area Calculations and Data Sources Consulted: Walk the perimeter and interior of the site; size based on public records; appraiser's proprietary database, local MLS, Commercial MLS, Retrospect, public records were used.	
Additional Scope of Work Comments: N/A	
Significant Real Property Appraisal Assistance: <input type="checkbox"/> None <input checked="" type="checkbox"/> Disclose Name(s) and contribution: Sonnia Renee King, a licensed trainee assigned to me, assisted with observation and photography of the subject property, initial search for comparable data, and initial drafting of the report. All final selection of data, adjustments to the data, and final reconciliation of value are those of Veronica R Griffith, MAI, CCIM.	

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MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Sandollar LLC | Appraisal Group SEWA

Client:	Port of Kennewick	Client File #:	Parcel #3
Subject Property:	209 E Columbia Gardens Way, Kennewick, WA 99336	Appraisal File #:	2021-260

MARKET AREA ANALYSIS																									
Location <input checked="" type="checkbox"/> Urban <input type="checkbox"/> Suburban <input type="checkbox"/> Rural	Built Up <input type="checkbox"/> Under 25% <input type="checkbox"/> 25%-75% <input checked="" type="checkbox"/> Over 75%	Growth <input type="checkbox"/> Rapid <input type="checkbox"/> Stable <input checked="" type="checkbox"/> Slow	Supply & Demand <input type="checkbox"/> Shortage <input checked="" type="checkbox"/> In Balance <input type="checkbox"/> Over Supply	Value Trend <input type="checkbox"/> Increasing <input checked="" type="checkbox"/> Stable <input type="checkbox"/> Decreasing	Typical Marketing Time <input type="checkbox"/> Under 3 Months <input type="checkbox"/> 3-6 Months <input checked="" type="checkbox"/> Over 6 Months																				
Neighborhood Single Family Profile <table style="width: 100%;"> <tr> <td>Price</td> <td>Age</td> </tr> <tr> <td>200K</td> <td>Low</td> </tr> <tr> <td>500K</td> <td>High</td> </tr> <tr> <td>250-300K</td> <td>Predominant</td> </tr> </table>			Price	Age	200K	Low	500K	High	250-300K	Predominant	Neighborhood Land Use <table style="width: 100%;"> <tr> <td>1 Family</td> <td>85 %</td> <td>Commercial</td> <td>8 %</td> </tr> <tr> <td>Condo</td> <td>2 %</td> <td>Vacant</td> <td>2 %</td> </tr> <tr> <td>Multifamily</td> <td>3 %</td> <td></td> <td></td> </tr> </table>			1 Family	85 %	Commercial	8 %	Condo	2 %	Vacant	2 %	Multifamily	3 %		
Price	Age																								
200K	Low																								
500K	High																								
250-300K	Predominant																								
1 Family	85 %	Commercial	8 %																						
Condo	2 %	Vacant	2 %																						
Multifamily	3 %																								
			Neighborhood Name : Historic Waterfront District PUD <input checked="" type="checkbox"/> Condo <input type="checkbox"/> HOA: \$ / Amenities: Sites are "pad" type sites which benefit from shared off-site parking.																						
<p>Market area description and characteristics: Subject lies within a newly re-developing area being created by the Port of Kennewick known as the Historic Waterfront District along the southern alignment of the Columbia River and Duffy's Pond. The neighborhood surrounding this district includes vintage commercial development along E Columbia Dr between Gum St (S.R. 397) as it comes off the Cable Bridge and Clover Island Dr (extension of Washington St north of E Columbia Dr); vintage industrial to the east and further south along the alignment of the B&O Railroad; the original CBD of Kennewick, now known as Historic Downtown Kennewick; and vintage residential interspersed with new SFR subdivisions being created in pockets of redevelopment of former agriculturally zoned land. The area north includes Clover Island which houses the local marina, the Clover Island Inn, and several other commercial developments including office and retail/restaurant users.</p>																									
SITE ANALYSIS																									
Dimensions: Irregular			Area: 22,216																						
View: Commercial			Shape: Mostly rectangular																						
Drainage: Appears Adequate			Utility: Average																						
Site Similarity/Conformity to Neighborhood Size: <input type="checkbox"/> Smaller than Typical <input checked="" type="checkbox"/> Typical <input type="checkbox"/> Larger Than Typical View: <input type="checkbox"/> Favorable <input checked="" type="checkbox"/> Typical <input type="checkbox"/> Less than Favorable			Zoning/Deed Restriction Zoning: UMU, which permits a variety of development types <input checked="" type="checkbox"/> Legal <input type="checkbox"/> No zoning <input type="checkbox"/> Legal, non-conforming <input type="checkbox"/> Illegal Convenants, Condition & Restrictions <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Unknown Documents Reviewed <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Ground Rent \$ /																						
Utilities Electric <input checked="" type="checkbox"/> Public <input type="checkbox"/> Other Gas <input type="checkbox"/> Public <input type="checkbox"/> Other Water <input checked="" type="checkbox"/> Public <input type="checkbox"/> Other Sewer <input checked="" type="checkbox"/> Public <input type="checkbox"/> Other			Off Site Improvements Street <input checked="" type="checkbox"/> Public <input type="checkbox"/> Private Alley <input checked="" type="checkbox"/> Public <input type="checkbox"/> Private Sidewalk <input checked="" type="checkbox"/> Public <input type="checkbox"/> Private Street Lights <input checked="" type="checkbox"/> Public <input type="checkbox"/> Private																						
<p>Site description and characteristics: The site is located within the Historic Waterfront District in an area defined as Columbia Gardens and benefits from a small amount of frontage to the north along the southern alignment of Duffy's Pond, a retention basin just south of the Columbia River. Adjacent to the west is a vintage mobile home park while development to the immediate east and south include additional new or proposed development within the Columbia Gardens area. Three buildings housing winery tenants as well as associated parking and the Food Truck Plaza are now in place.</p>																									
HIGHEST AND BEST USE ANALYSIS																									
<input type="checkbox"/> Present Use <input checked="" type="checkbox"/> Proposed Use <input type="checkbox"/> Other																									
<p>Summary of highest and best use analysis: The legally permissible uses under the UMU, Urban Mixed Use zoning designation include a broad range of commercial and residential developments. This is a newer zoning designation designed to encourage re-development of older neighborhoods. Thus, physically possible uses are limited mostly by size. Financially productive uses would include any use commercial use permitted under the UMU designation; this would also be the maximally productive use. Thus, the highest and best use of the site is for commercial development that conforms to the UMU development standards which would be cohesive with surrounding development in the Columbia Gardens neighborhood portion of the Historic Waterfront District.</p>																									

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MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Sandollar LLC | Appraisal Group SEWA

Client:	Port of Kennewick	Client File #:	Parcel #3
Subject Property:	209 E Columbia Gardens Way, Kennewick, WA 99336	Appraisal File #:	2021-260

SITE VALUATION									
Site Valuation Methodology									
<input checked="" type="checkbox"/>		Sales Comparison Approach: A set of procedures in which a value indication is derived by comparing the property being appraised to similar properties that have been sold recently, then applying appropriate units of comparison and making adjustments to the sale prices of the comparables based on the elements of comparison. The sales comparison approach may be used to value improved properties, vacant land, or land being considered as though vacant; it is the most common and preferred method of land valuation when an adequate supply of comparable sales are available.							
<input type="checkbox"/>		Market Extraction: A method of estimating land value in which the depreciated cost of the improvements on the improved property is estimated and deducted from the total sale price to arrive at an estimated sale price for the land; most effective when the improvements contribute little to the total sale price of the property.							
<input checked="" type="checkbox"/>		Alternative Method: (Describe methodology and rationale) NOTE: Site benefits from access to shared parking lots within the overall development, a benefit none of the comparisons enjoy. It is an extraordinary assumption that reciprocal cross easement agreements are executed establishing this as a benefit which runs with the land.							
Site Valuation									
ITEM	SUBJECT	COMPARISON 1		COMPARISON 2		COMPARISON 3			
Address	209 E Columbia Dr. Kennewick, WA 99336	1200 N Irving Pl Kennewick, WA		1201, 1213, 1221 N Irving Pl Kennewick, WA		604 N Hartford Kennewick, WA			
Proximity to Subject		4.09 miles W		4.13 miles W		0.77 miles W			
Data Source/ Verification		Retrospect; Public Recs Public Recs; Seller		Retrospect; Public Recs Public Recs; Seller		MLS #249542; Pub Recs MLS #249542; Pub Recs			
Sales Price	\$		\$ 130,571		\$ 440,130		\$ 50,000		
Price/ PSF	\$ 0		\$ 5.50		\$ 5.72		\$ 5.77		
Sale Date	N/A	05/18/2021		04/15/2021		12/07/2020			
Location	Frontage	Interior		Interior		Interior			
Site Size	22,216	23,753		76,962		8,668			
Site View	Commercial	Commercial		Commercial		Residential			
Site Improvements	N/A	N/A		N/A		N/A			
Zoning	UMU	CO		CO		UMU			
Access	Public ROW	Public ROW		Public ROW		Public ROW			
Shape/Utility/Corner	Average	Average		Average		Average/Corner			
Utilities	Available	Available		Available		Available			
Shared Parking	Yes	No		No		No			
Net Adjustment		X + - \$ 3.30		X + - \$ 3.43		X + - \$ 3.46			
Indicated Value		Net Adj. 60% Gross Adj. 60% \$ 8.80		Net Adj. 60% Gross Adj. 60% \$ 9.15		Net Adj. 60% Gross Adj. 80% \$ 9.23			
Prior Transfer History	None within last 3 years	None within last 3 years		None within last 3 years		None within last 3 years			
<p>Site Valuation Comments: Besides typical adjustments (10% to 30%), subject benefits from having offsite shared parking with reciprocal easements, similar to that found in a shopping center, where a "pad" site with cross easement agreements for parking, ingress and egress control. There are only two recent sales of "pad" sites available for review, and thus, it was necessary to review older "pad" sites with older non-pad sites to get an idea of the premium paid for the "pad sites" (See excel spreadsheet included herein). The six pad site sales ranged from 23,108 SF to 51,411 SF with an average of 35,584 SF and ranged from \$17.64 to \$30.24 PSF with an average of \$22.61 PSF. The non-pad sites ranged from 37,823 to 80,403 SF with an average of 50,896 SF and ranged in price from \$7.24 to \$13.09 PSF with an average of \$9.15 PSF. The pad sites sold for an average premium of nearly 150% compared to the non-pad sites which accounts for the differences in reciprocal parking, access and egress supporting the need for an adjustment in superior neighborhoods that are experiencing strong growth with strong demographics. A 50% adjustment is considered reasonable.</p> <p>Site Valuation Reconciliation: After adjustment the sales range from \$8.58 to \$11.19 PSF with a weighted average of approximately \$9.55 PSF. Adjustments are large and could be considered excessive by some, but none of the sales benefit from shared parking as a "pad site" in a cohesive development for which a 50% adjustment was made; and subject has frontage along E Columbia Dr which is a well-traveled arterial. An analysis of pad sites versus non pad sites indicated that on average, a pad site commanded a 150% premium compared to non-pad sites. The three sales in subject's neighborhood are older and surrounded by residential improvements while subject is part of a cohesive new development within the Historic Waterfront District. A value of \$10 PSF was concluded and when multiplied by the site area of 37,026 SF, a value of \$370,026, rounded to \$370,000.</p>									
Opinion of Site Value				\$ 370,000					

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Sandollar LLC | Appraisal Group SEWA
EXTRA SITES 4-5-6

MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Sandollar LLC | Appraisal Group SEWA

Client:	Port of Kennewick	Client File #:	Parcel #3
Subject Property:	209 E Columbia Dr.	Appraisal File #:	2021-260

STATEMENT OF ASSUMPTIONS AND LIMITING CONDITIONS

This appraisal is subject to the following assumptions and limiting conditions:

- This report is prepared using forms developed and copyrighted by the Appraisal Institute. However, the content, analyses, and opinions set forth in this report are the sole product of the appraiser. The Appraisal Institute is not liable for any of the content, analyses, or opinions set forth herein.
- No responsibility is assumed for matters legal in character or nature. No opinion is rendered as to title, which is assumed to be good and marketable. All existing liens, encumbrances, and assessments have been disregarded, unless otherwise noted, and the property is appraised as though free and clear, having responsible ownership and competent management.
- I have examined the property described herein exclusively for the purpose of identification and description of the real property. The objective of our data collection is to develop an opinion of the highest and best use of the subject property and make meaningful comparisons in the valuation of the property. The appraiser's observations and reporting of the subject improvements are for the appraisal process and valuation purposes only and should not be considered as a warranty of any component of the property. This appraisal assumes (unless otherwise specifically stated) that the subject is structurally sound and all components are in working condition.
- I will not be required to give testimony or appear in court because of having made an appraisal of the property in question, unless specific arrangements to do so have been made in advance, or as otherwise required by law.
- I have noted in this appraisal report any significant adverse conditions (such as needed repairs, depreciation, the presence of hazardous wastes, toxic substances, etc.) discovered during the data collection process in performing the appraisal. Unless otherwise stated in this appraisal report, I have no knowledge of any hidden or unapparent physical deficiencies or adverse conditions of the property (such as, but not limited to, needed repairs, deterioration, the presence of hazardous wastes, toxic substances, adverse environmental conditions, etc.) that would make the property less valuable, and have assumed that there are no such conditions and make no guarantees or warranties, express or implied. I will not be responsible for any such conditions that do exist or for any engineering or testing that might be required to discover whether such conditions exist. Because I am not an expert in the field of environmental hazards, this appraisal report must not be considered as an environmental assessment of the property. I obtained the information, estimates, and opinions furnished by other parties and expressed in this appraisal report from reliable public and/or private sources that I believe to be true and correct.
- I will not disclose the contents of this appraisal report except as provided for in the Uniform Standards of Professional Appraisal Practice, and/or applicable federal, state or local laws.
- The Client is the party or parties who engage an appraiser (by employment contract) in a specific assignment. A party receiving a copy of this report from the client does not, as a consequence, become a party to the appraiser-client relationship. Any person who receives a copy of this appraisal report as a consequence of disclosure requirements that apply to an appraiser's client, does not become an intended user of this report unless the client specifically identified them at the time of the assignment. The appraiser's written consent and approval must be obtained before this appraisal report can be conveyed by anyone to the public through advertising, public relations, news, sales, and other media.
- If this valuation conclusion is subject to satisfactory completion, repairs, or alterations, it is assumed that the improvements will be completed competently and without significant deviation.

VALUE DEFINITION

☒ Market Value Definition (below) ☐ Alternate Value Definition (attached)

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 the title from the seller to buyer under conditions whereby:

1. buyer and seller are typically motivated;
2. both parties are well informed or well advised and acting in what they consider their own best interests;
3. a reasonable time is allowed for exposure in the open market;
4. payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
5. the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

Source: *The Dictionary of Real Estate Appraisal, 6th ed., Appraisal Institute*

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MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Sandollar LLC | Appraisal Group SEWA

Client:	Port of Kennewick	Client File #:	Parcel #3
Subject Property:	209 E Columbia Dr.	Appraisal File #:	2021-260

APPRAISER'S CERTIFICATION

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

- The statements of fact contained in this report are true and correct.
 - The reported analysis, opinions, and conclusions are limited only by the report assumptions and limiting conditions, and are my personal, unbiased professional analysis, opinions, and conclusions.
 - I have no present (unless specified below) or prospective interest in the property that is the subject of this report, and I have no (unless specified below) personal interest with respect to the parties involved.
 - I have no bias with respect to any property that is the subject of this report or to the parties involved with this assignment.
 - My engagement in this assignment was not contingent upon developing or reporting predetermined results.
 - My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
 - My analysis, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.
 - Individuals who have provided significant real property appraisal assistance are named below. The specific tasks performed by those named are outlined in the Scope of Work section of this report.
- ☒ None ☐ Name(s)

As previously identified in the Scope of Work section of this report, the signer(s) of this report certify to the inspection of the property that is the subject of this report as follows:

- Property Inspected by Appraiser ☒ Yes ☐ No
 Property Inspected by Co-Appraiser ☒ Yes ☐ No
 • Services provided, 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 acceptance of this assignment: ☒ None ☐ Specify services provided:

ADDITIONAL CERTIFICATION FOR APPRAISAL INSTITUTE MEMBERS, CANDIDATES AND PRACTICING AFFILIATES

Appraisal Institute Designated Member, Candidate, or Practicing Affiliate Certify:

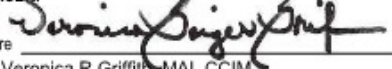
- The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics & Standards of Professional Appraisal Practice of the Appraisal Institute, which include the Uniform Standards of Professional Appraisal Practice.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.

As of the date of this report, I ☒ have / ☐ have not completed the continuing education program for Designated Members of the Appraisal Institute.

As of the date of this report, I ☐ have / ☐ have not

APPRAISERS SIGNATURES

APPRAISER:

Signature 
 Name Veronica R. Griffith, MAI, CCIM
 Report Date 06/30/2021
 Trainee ☐ Licensed ☐ Certified Residential ☐ Certified General ☒
 License # 1101758 State WA
 Expiration Date 11/15/2021

CO-APPRAISER:

Signature _____
 Name _____
 Report Date _____
 Trainee ☐ Licensed ☐ Certified Residential ☐ Certified General ☐
 License # _____ State _____
 Expiration Date _____

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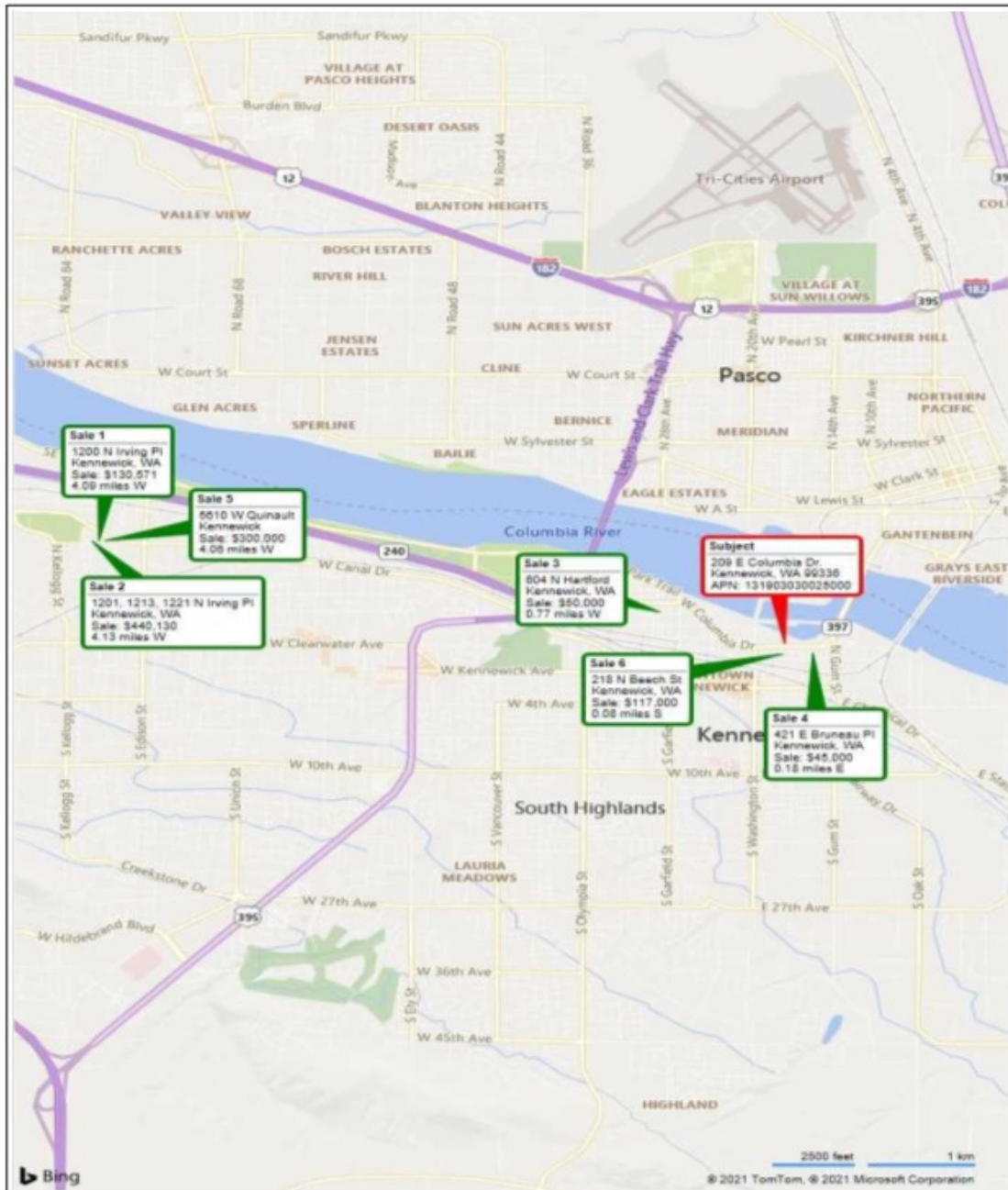
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MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Sandollar LLC | Appraisal Group SEWA
LOCATION MAP ADDENDUM

File No. 2021-260
Case No. Parcel #3

Owner Port of Kennewick				
Property Address 209 E Columbia Dr.				
City Kennewick	County Benton	State WA	Zip Code 99336	
Client Port of Kennewick		Address 350 N Clover Island Dr #200, Kennewick, WA 99336		



MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Sandollar LLC | Appraisal Group SEWA
LOCATION MAP ADDENDUM

File No. 2021-260
Case No. Parcel #3

Borrower					
Property Address	209 E Columbia Dr.				
City	Kennewick	County	Benton	State	WA
				Zip Code	99336
Lender/Client	Port of Kennewick				
	Address 350 N Clover Island Dr #200, Kennewick, WA 99336				



MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Sandollar LLC | Appraisal Group SEWA
PLAT MAP

File No. 2021-260
Case No. Parcel #3

Owner Port of Kennewick					
Property Address 209 E Columbia Dr.					
City Kennewick	County	Benton	State	WA	Zip Code 99336
Client Port of Kennewick		Address 350 N Clover Island Dr #200, Kennewick, WA 99336			



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MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Sandollar LLC | Appraisal Group SEWA
AERIAL MAP ADDENDUM

File No. 2021-260
Case No. Parcel #3

Borrower						
Property Address	209 E Columbia Dr.					
City	Kennewick	County	Benton	State	WA	Zip Code 99336
Lender/Client	Port of Kennewick		Address 350 N Clover Island Dr #200, Kennewick, WA 99336			



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*MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA*

Statement of Qualifications

File No. 2021-260
Case No. Parcel #3

Borrower

Property Address 209 E Columbia Dr.

City Kennewick County Benton State WA Zip Code 99336

Lender/Client Port of Kennewick Address 350 N Clover Island Dr #200, Kennewick, WA 99336

Statement of Qualifications for

Veronica R. (Nikki) Griffith, MAI, CCIM

EDUCATION

May, 1988 **St. Louis University** **Graduated Cum Laude; Major in Business Management**
St. Louis, MO **with Minor in Communications**

PROFESSIONAL EXPERIENCE

2014 - Now **Sandollar LLC | Appraisal Group** **Owner/Principal**
SEWA



Private practice firm specializing in **appraisal, appraisal review and consulting** for all types of commercial real estate property for a variety of institutional, governmental and other private party clients. Firm is the successor entity of Ms. Griffith's firm (see below) and Chamberlin & Associates, Inc. (Gary Chamberlin, MAI, Owner, now retired).

2004 - 2014 **Sandollar Realty Advisors** **Owner/Principal**
Tri-Cities (Kennewick, Pasco & Richland), WA



Private practice specializing in (1) **appraisal, appraisal review and litigation support** for all types of commercial real estate property for a variety of institutional and attorney clients; (2) **commercial real estate brokerage** (sales and leasing) for office, industrial, retail property including short sale and REO property; and (3) **education, curriculum development, and regulatory compliance** for the banking, real estate brokerage and appraisal industries. Firm initiated operations in Arizona; relocated to Washington State in mid 2007.

1991 - 2004 **Bank One Corporation (now** **SVP, Chief Appraiser, National Manager**
JPMorgan Chase), Phoenix, AZ **Real Estate Appraisal Group (REAG)**

Management and oversight responsibility for the commercial real estate valuation functions of a \$20 Billion commercial real estate portfolio for a \$300 Billion national (5th largest U.S.) bank including direction of 45+ full time employees with \$4+ Million annual budget. Reported to Senior Credit Officer. Supervised 8 direct reports. Major accomplishments included development and maintenance of:

- Bank policies for Board of Director action in response to a changing regulatory environment;
- Procedures for engagement of independent fee appraisers on a contract basis with annual contracts totaling \$12MM to \$15MM annually;
- Procedures for review of 3rd party appraisals to determine regulatory compliance with bank policy, federal and state regulation, and USPAP for commercial real property collateral valued in excess of \$20 Billion annually;
- Internet (for 3rd party vendor use) and intranet (for internal bank use);
- Appraisal management tracking database software;
- Company wide training program for all bankers, underwriters, credit administration staff, etc.; and
- Engineering of post merger strategy for five separate legacy banking institutions' appraisal departments including rightsizing over the years from an initial staff of 72 full time employees (legacy institutions included Bank One, 1st Chicago, American National, NBD Detroit, and NBD Indiana).

1990 - 1991 **RTC (Western Savings & Loan),** **VP, Chief Appraiser**
Phoenix, AZ **Real Estate Appraisal Department**

Management and oversight responsibility for re-appraisal of all commercial and agricultural real estate assets for the combined \$150 Billion real estate portfolios of four insolvent financial institutions during their receivership / liquidation phase. Facilitated orderly transfer of asset files to private sector asset management firms. Served on Credit Review Committee to determine disposition of assets. Reported directly to RTC Managing Agent / Financial Institutional Specialist in charge of institutions.

*MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA*

Statement of Qualifications

File No. 2021-260
Case No. Parcel #3

Borrower

Property Address 209 E Columbia Dr.

City Kennewick County Benton State WA Zip Code 99336

Lender/Client Port of Kennewick Address 350 N Clover Island Dr #200, Kennewick, WA 99336

1988 – 1990 Sandollar Realty Advisors Corp. Principal, Senior Appraiser & Broker
St. Louis, MO
Private appraisal consulting practice including product development, marketing, staff training, and management. Specialized in preparation of narrative commercial appraisal reports, appraisal review and litigation support on a wide variety of commercial, retail, office, industrial and multi-family properties, for banking, institutional, governmental and private sector clients. Qualified to testify in federal, state and bankruptcy venues.

1984 – 1988 Buckles & Associates VP, Senior Commercial Appraiser
St. Louis, MO
Assisted in start-up of private appraisal practice. Responsible for preparation of narrative appraisal reports on a wide variety of commercial, retail, office, industrial, multi-family, special purpose, and single family subdivision properties.

PROFESSIONAL MEMBERSHIPS & AFFILIATIONS

Licensed Washington State Certified General Real Estate Appraiser (1101758)

- **Appraisal Institute (National Organization) - MAI Designee** qualified/licensed to appraise all types of commercial real estate; Former Chair and Member, Commercial Appraisal Report Standards (CARS) Project Team; Former Member of AI's National Client Advisory Committee (CAC) which includes Chief Appraisers from all major banking institutions
- **Appraisal Institute** – Past President (2017-18) and Member of the local Columbia Basin Chapter (now combined)
- **Appraisal Institute** – Candidate for Appraisal Review Designation; education completed

Licensed Washington State Real Estate Broker (9128)

- **Member of the CCIM Institute - CCIM Designee** (Certified Commercial Investment Member) for commercial real estate brokerage, management and investment analysis
- **Member of the National Association of Realtors (NAR)**
- **Member of the Tri-Cities Association of Realtors (TCAR)**
- **Member of the Northwest MLS**

OTHER

- **Commissioner, City of Kennewick Planning & Development Commission**, Kennewick, WA – Assist in promoting and maintaining all types of development for the City of Kennewick
- **Faculty Member, Appraisal Institute (AI)** - Qualified by AI (the premier education provider to the appraisal industry) to develop curriculum and teach several appraisal courses and seminars at the national level including:
 1. *Appraisal Principles*;
 2. *Appraisal Procedures*; and
 3. *Highest and Best Use Analysis*;
 4. Curriculum developer and instructor for seminar entitled *Appraisal Engagement and Review for Bankers*
- **Faculty Member, Risk Management Associates (RMA)** - Qualified by RMA (the premier education provider to the banking industry) to develop curriculum and teach several courses/seminars at the national level to bankers and regulators including:
 1. Develop and host 1-1/2-day *Real Estate Appraisal Manager's Forum*, twice yearly;
 2. *Commercial Real Estate Lending I* (CRELI, 1-day seminar);
 3. *Commercial Real Estate Lending II* (CRELII, 1-day seminar);
 4. *Problem Real Estate Loans* (PREL, 1-day seminar);
 5. *Commercial Real Estate Lending III* (CRELIII, 1-day seminar);
 6. *Understanding & Interpreting Real Estate Appraisals* (UIREA, 1-day seminar); and
 7. Curriculum developer for several new products including UIREA for the banking regulatory agencies; and UIREA for financial institutions.
- **Faculty Member, Washington Association of Realtors; Tri-Cities Association of Realtors** – qualified by WAR and TCAR to develop and teach real estate related curriculum for Washington State Realtors.
- **Approved Instructor, WA State Department of Licensing** – Qualified by WA DOL to teach a wide variety of real estate related curriculum for licensing and continuing education requirements for real estate related trades.
- **Most Recent Continuing Education Classes**
 - a. 10/20 – Appraisal of Manufactured Homes Featuring Next-Generation Manufactured Homes
 - b. 06/20 -- Valuation Impacts of COVID-19: 1-4 Unit Residential
 - c. 09/19 – Solving Land Valuation Puzzles
 - d. 09/19 – Rural Valuation Basics

MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Sandollar LLC | Appraisal Group SEWA
Appraiser's License

File No. 2021-260
Case No. Parcel #3

Borrower

Property Address	209 E Columbia Dr.						
City	Kennewick	County	Benton	State	WA	Zip Code	99336
Lender/Client	Port of Kennewick		Address 350 N Clover Island Dr #200, Kennewick, WA 99336				




MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Commercial Parcel #4

**215 E Columbia Dr
Kennewick, WA**

MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Sandollar LLC | Appraisal Group SEWA

 AI Reports® Form 120.05*	Client File #:		Parcel #4		Appraisal File #:		2021-260	
	Appraisal Report · Land							
	Appraisal Company: Sandollar LLC Appraisal Group SEWA							
	Address: 2001 S Washington St, Kennewick, WA 99337							
Phone: 509.628.9817			Fax:			Website: www.appraisalgroupsewa.com		
Appraiser: Veronica R Griffith, MAI, CCIM				Co-Appraiser:				
AI Membership (if any): <input type="checkbox"/> SRA <input checked="" type="checkbox"/> MAI <input type="checkbox"/> SRPA <input type="checkbox"/> AI-GRS <input type="checkbox"/> AI-RRS				AI Membership (if any): <input type="checkbox"/> SRA <input type="checkbox"/> MAI <input type="checkbox"/> SRPA <input type="checkbox"/> AI-GRS <input type="checkbox"/> AI-RRS				
AI Affiliation (if any): <input type="checkbox"/> Candidate for Designation <input type="checkbox"/> Practicing Affiliate				AI Affiliation (if any): <input type="checkbox"/> Candidate for Designation <input type="checkbox"/> Practicing Affiliate				
Other Professional Affiliation: CCIM Designee				Other Professional Affiliation:				
Email: appraisalgroupsewa@gmail.com				E-mail:				
Client: Port of Kennewick				Contact: Amber Hanchette, Director of Real Estate				
Address: 350 N Clover Island Dr #200, Kennewick, WA 99336								
Phone: 509.586.1186		Fax: N/A		Email: Amber@PortofKennewick.org				
SUBJECT PROPERTY IDENTIFICATION								
Address: 215 E Columbia Dr								
City: Kennewick		County: Benton		State: WA		ZIP: 99336		
Legal Description: A portion of Lots 10 and 11, RePlat of Columbia Gardens								
Tax Parcel #: 131903030011003				RE Taxes: 0		Tax Year: 2021		
Use of the Real Estate As of the Date of Value: Vacant Land								
Use of the Real Estate Reflected in the Appraisal: Vacant Land Available for Commercial Development								
Opinion of highest and best use (if required): Commercial Development								
SUBJECT PROPERTY HISTORY								
Owner of Record: Port of Kennewick								
Description and analysis of sales within 3 years (minimum) prior to effective date of value: No sales of the property have been recorded in the 3 years preceding the effective date of valuation.								
Description and analysis of agreements of sale (contracts), listing, and options: N/A								
RECONCILIATIONS AND CONCLUSIONS								
Indication of Value by Sales Comparison Approach				\$ 50,000				
Indication of Value by Cost Approach				\$ N/A				
Indication of Value by Income Approach				\$ N/A				
Final Reconciliation of the Methods and Approaches to Value: Only the sales comparison approach to value was applied. The value was reasonably well supported by several recent sales in the neighborhood or competing neighborhoods. Adjustments were considered minor, i.e., less than 20% gross net adjustments.								
Opinion of Value as of: June 30, 2021				\$ 50,000				
Exposure Time: Less than one year								
The above opinion is subject to: <input type="checkbox"/> Hypothetical Conditions and/or <input checked="" type="checkbox"/> Extraordinary Assumptions cited on the following page.								

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MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Sandollar LLC | Appraisal Group SEWA

Client:	Port of Kennewick	Client File #:	Parcel #4
Subject Property:	215 E Columbia Dr, Kennewick, WA 99336	Appraisal File #:	2021-260

ASSIGNMENT PARAMETERS	
Intended User(s): Client, Port of Kennewick, only	
Intended Use: Establish a market value for possible sale of the property	
The report is not intended by the appraiser for any other use by any other user.	
Type of Value: Market Value	Effective Date of Value: June 30, 2021
Interest Appraised: <input checked="" type="checkbox"/> Fee Simple <input type="checkbox"/> Leasehold <input type="checkbox"/> Other	
Hypothetical Conditions: (A hypothetical condition is that which is contrary to what exists, but is asserted by the appraiser for the purpose of analysis. Any hypothetical condition may affect the assignment results.) NOTE: Site benefits from access to shared parking lots within the overall development, a benefit none of the comparisons enjoy. It is an extraordinary assumption that reciprocal cross easement agreements are executed establishing this as a benefit which runs with the land.	
Extraordinary Assumptions: (An extraordinary assumption is directly related to a specific assignment and presumes uncertain information to be factual. If found to be false this assumption could alter the appraiser's opinions or conclusions. Any extraordinary assumption may affect the assignment results.)	
This is an Appraisal Report in accordance with Standard Rule 2-2(a) of the Uniform Standard of Professional Appraisal Practice (USPAP).	
SCOPE OF WORK	
Definition: The scope of work is the type and extent of research and analysis in an assignment. Scope of work includes the extent to which the property is identified, the extent to which tangible property is inspected, the type and extent of data research, and the type and extent of analysis applied to arrive at credible opinions or conclusions. The specific scope of work for this assignment is identified below and throughout this report.	
Scope of Subject Property Inspection/Data Sources Utilized	Approaches to Value Developed
Appraiser Property Inspection: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Date of Inspection: June 30, 2021 Describe Scope of Property Inspection, Source of Area Calculations and Data Sources Consulted: Walk the perimeter and interior of the site; size based on public records; appraiser's proprietary database, local MLS, Commercial MLS, Retrospect, public records were used.	Cost Approach: <input type="checkbox"/> Is necessary for credible results and is developed in this analysis <input checked="" type="checkbox"/> Is not necessary for credible results; not developed in this analysis <input type="checkbox"/> Is not necessary for credible results but is developed in this analysis
Co-Appraiser Property Inspection: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Date of Inspection: June 30, 2021 Describe Scope of Property Inspection, Source of Area Calculations and Data Sources Consulted: Walk the perimeter and interior of the site; size based on public records; appraiser's proprietary database, local MLS, Commercial MLS, Retrospect, public records were used.	Sales Comparison Approach: <input checked="" type="checkbox"/> Is necessary for credible results and is developed in this analysis <input type="checkbox"/> Is not necessary for credible results; not developed in this analysis <input type="checkbox"/> Is not necessary for credible results but is developed in this analysis
	Income Approach: <input type="checkbox"/> Is necessary for credible results and is developed in this analysis <input checked="" type="checkbox"/> Is not necessary for credible results; not developed in this analysis <input type="checkbox"/> Is not necessary for credible results but is developed in this analysis
Additional Scope of Work Comments: N/A	
Significant Real Property Appraisal Assistance: <input type="checkbox"/> None <input checked="" type="checkbox"/> Disclose Name(s) and contribution: Sonnia Renee King, a licensed trainee assigned to me, assisted with observation and photography of the subject property, initial search for comparable data, and initial drafting of the report. All final selection of data, adjustments to the data, and final reconciliation of value are those of Veronica R Griffith, MAI, CCIM.	

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MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Sandollar LLC | Appraisal Group SEWA

Client:	Port of Kennewick	Client File #:	Parcel #4
Subject Property:	227 E Columbia Gardens Way, Kennewick, WA 99336	Appraisal File #:	2021-260

MARKET AREA ANALYSIS													
Location		Built Up		Growth		Supply & Demand		Value Trend		Typical Marketing Time			
<input checked="" type="checkbox"/> Urban		<input type="checkbox"/> Under 25%		<input type="checkbox"/> Rapid		<input type="checkbox"/> Shortage		<input type="checkbox"/> Increasing		<input type="checkbox"/> Under 3 Months			
<input type="checkbox"/> Suburban		<input type="checkbox"/> 25%-75%		<input type="checkbox"/> Stable		<input checked="" type="checkbox"/> In Balance		<input checked="" type="checkbox"/> Stable		<input type="checkbox"/> 3-6 Months			
<input type="checkbox"/> Rural		<input checked="" type="checkbox"/> Over 75%		<input checked="" type="checkbox"/> Slow		<input type="checkbox"/> Over Supply		<input type="checkbox"/> Decreasing		<input checked="" type="checkbox"/> Over 6 Months			
Neighborhood Single Family Profile				Neighborhood Land Use				Neighborhood Name : Historic Waterfront District					
Price		Age		1 Family		Commercial		PUD		Condo			
200K		Low		0		85 %		8 %		HOA: \$ /			
500K		High		100		2 %		2 %		Amenities: Sites are "pad" type sites which benefit from shared off-site parking.			
250-300K		Predominant		45		3 %							
<p>Market area description and characteristics: Subject lies within a newly re-developing area being created by the Port of Kennewick known as the Historic Waterfront District along the southern alignment of the Columbia River and Duffy's Pond. The neighborhood surrounding this district includes vintage commercial development along E Columbia Dr between Gum St (S.R. 397) as it comes off the Cable Bridge and Clover Island Dr (extension of Washington St north of E Columbia Dr); vintage industrial to the east and further south along the alignment of the B&O Railroad; the original CBD of Kennewick, now known as Historic Downtown Kennewick; and vintage residential interspersed with new SFR subdivisions being created in pockets of redevelopment of former agriculturally zoned land. The area north includes Clover Island which houses the local marina, the Clover Island Inn, and several other commercial developments including office and retail/restaurant users.</p>													
SITE ANALYSIS													
Dimensions: Irregular						Area: 4,356							
View: Commercial						Shape: Mostly rectangular							
Drainage: Appears Adequate						Utility: Average							
Site Similarity/Conformity to Neighborhood													
Size:				View:		Zoning: UMU, which permits a variety of development types				Convenants, Condition & Restrictions			
<input type="checkbox"/> Smaller than Typical				<input type="checkbox"/> Favorable		<input checked="" type="checkbox"/> Legal				<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Unknown			
<input checked="" type="checkbox"/> Typical				<input checked="" type="checkbox"/> Typical		<input type="checkbox"/> Legal, non-conforming				Documents Reviewed			
<input type="checkbox"/> Larger Than Typical				<input type="checkbox"/> Less than Favorable		<input type="checkbox"/> Illegal				<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			
Utilities						Off Site Improvements							
Electric		<input checked="" type="checkbox"/> Public		<input type="checkbox"/> Other		Street		<input checked="" type="checkbox"/> Public		<input type="checkbox"/> Private			
Gas		<input type="checkbox"/> Public		<input type="checkbox"/> Other		Alley		<input checked="" type="checkbox"/> Public		<input type="checkbox"/> Private			
Water		<input checked="" type="checkbox"/> Public		<input type="checkbox"/> Other		Sidewalk		<input checked="" type="checkbox"/> Public		<input type="checkbox"/> Private			
Sewer		<input checked="" type="checkbox"/> Public		<input type="checkbox"/> Other		Street Lights		<input checked="" type="checkbox"/> Public		<input type="checkbox"/> Private			
<p>Site description and characteristics: The site is located within the Historic Waterfront District in an area defined as Columbia Gardens. Adjacent to the west is a vintage mobile home park while development to the immediate east and south include additional new or proposed development within the Columbia Gardens area. Three buildings housing winery tenants as well as associated parking and the Food Truck Plaza are now in place.</p>													
HIGHEST AND BEST USE ANALYSIS													
<input type="checkbox"/> Present Use <input checked="" type="checkbox"/> Proposed Use <input type="checkbox"/> Other													
<p>Summary of highest and best use analysis: The legally permissible uses under the UMU, Urban Mixed Use zoning designation include a broad range of commercial and residential developments. This is a newer zoning designation designed to encourage re-development of older neighborhoods. Thus, physically possible uses are limited mostly by size. Financially productive uses would include any use commercial use permitted under the UMU designation; this would also be the maximally productive use. Thus, the highest and best use of the site is for commercial development that conforms to the UMU development standards which would be cohesive with surrounding development in the Columbia Gardens neighborhood portion of the Historic Waterfront District.</p>													

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MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Sandollar LLC | Appraisal Group SEWA

Client:	Port of Kennewick	Client File #:	Parcel #4
Subject Property:	215 E Columbia Dr, Kennewick, WA 99336	Appraisal File #:	2021-260

SITE VALUATION									
Site Valuation Methodology									
<input checked="" type="checkbox"/>		Sales Comparison Approach: A set of procedures in which a value indication is derived by comparing the property being appraised to similar properties that have been sold recently, then applying appropriate units of comparison and making adjustments to the sale prices of the comparables based on the elements of comparison. The sales comparison approach may be used to value improved properties, vacant land, or land being considered as though vacant; it is the most common and preferred method of land valuation when an adequate supply of comparable sales are available.							
<input type="checkbox"/>		Market Extraction: A method of estimating land value in which the depreciated cost of the improvements on the improved property is estimated and deducted from the total sale price to arrive at an estimated sale price for the land; most effective when the improvements contribute little to the total sale price of the property.							
<input checked="" type="checkbox"/>		Alternative Method: (Describe methodology and rationale) NOTE: Site benefits from access to shared parking lots within the overall development, a benefit none of the comparisons enjoy. It is an extraordinary assumption that reciprocal cross easement agreements are executed establishing this as a benefit which runs with the land.							
Site Valuation									
ITEM	SUBJECT	COMPARISON 1		COMPARISON 2		COMPARISON 3			
Address	215 E Columbia Dr Kennewick, WA 99336	1200 N Irving Pl Kennewick, WA		1201, 1213, 1221 N Irving Pl Kennewick, WA		604 N Hartford Kennewick, WA			
Proximity to Subject		4.12 miles W		4.15 miles W		0.80 miles W			
Data Source/ Verification		Retrospect; Public Recs Public Recs; Seller		Retrospect; Public Recs Public Recs; Seller		MLS #249542; Pub Recs MLS #249542; Pub Recs			
Sales Price	\$		\$ 130,571		\$ 440,130		\$ 50,000		
Price/ PSF	\$ 0		\$ 5.50		\$ 5.72		\$ 5.77		
Sale Date	N/A	05/18/2021		04/15/2021		12/07/2020			
Location	Frontage	Interior		Interior		Interior			
Site Size	4,356	23,753		76,962		8,668			
Site View	Commercial	Commercial		Commercial		Residential			
Site Improvements	N/A	N/A		N/A		N/A			
Zoning	UMU	CO		CO		UMU			
Access	Public ROW	Public ROW		Public ROW		Public ROW			
Shape/Utility/Corner	Average	Average		Average		Average/Corner			
Utilities	Available	Available		Available		Available			
Shared Parking	Yes	No		No		No			
Net Adjustment		X + - \$ 3.85		X + - \$ 4.58		X + - \$ 4.05			
Indicated Value		Net Adj. 70% Gross Adj. 70% \$ 9.35		Net Adj. 80% Gross Adj. 80% \$ 10.30		Net Adj. 70% Gross Adj. 70% \$ 9.82			
Prior Transfer History	None within last 3 years	None within last 3 years		None within last 3 years		None within last 3 years			
<p>Site Valuation Comments: Besides typical adjustments (10% to 30%), subject benefits from having offsite shared parking with reciprocal easements, similar to that found in a shopping center, where a "pad" site with cross easement agreements for parking, ingress and egress control. There are only two recent sales of "pad" sites available for review, and thus, it was necessary to review older "pad" sites with older non-pad sites to get an idea of the premium paid for the "pad sites" (See excel spreadsheet included herein). The six pad site sales ranged from 23,108 SF to 51,411 SF with an average of 35,584 SF and ranged from \$17.64 to \$30.24 PSF with an average of \$22.61 PSF. The non-pad sites ranged from 37,823 to 80,403 SF with an average of 50,896 SF and ranged in price from \$7.24 to \$13.09 PSF with an average of \$9.15 PSF. The pad sites sold for an average premium of nearly 150% compared to the non-pad sites which accounts for the differences in reciprocal parking, access and egress supporting the need for an adjustment in superior neighborhoods that are experiencing strong growth with strong demographics. A 50% adjustment is considered reasonable.</p> <p>Site Valuation Reconciliation: After adjustment the sales range from \$9.11 to \$12.19 PSF with a weighted average of approximately \$10.42 PSF. Adjustments are large and could be considered excessive by some, but none of the sales benefit from shared parking as a "pad site" in a cohesive development for which a 50% adjustment was made. An analysis of pad sites versus non pad sites indicated that on average, a pad site commanded a 150% premium compared to non-pad sites. The three sales in subject's neighborhood are older and surrounded by residential improvements while subject is part of a cohesive new development within the Historic Waterfront District. A value at the upper end of the range due to its small size of \$12 PSF was concluded and when multiplied by the site area of 4,356 SF, a value of \$52,272, rounded to \$50,000.</p>									
Opinion of Site Value				\$ 50,000					

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MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Sandollar LLC | Appraisal Group SEWA
EXTRA SITES 4-5-6

Client:	Port of Kennewick	Client File #:	Parcel #4
Subject Property:	215 E Columbia Dr, Kennewick, WA 99336	Appraisal File #:	2021-260

SITE EVALUATION									
Site Valuation Methodology									
<input checked="" type="checkbox"/> Sales Comparison Approach: A set of procedures in which a value indication is derived by comparing the property being appraised to similar properties that have been sold recently, then applying appropriate units of comparison and making adjustments to the sale prices of the comparable based on the elements of comparison. The sales comparison approach may be used to value improved properties, vacant land, or land being considered as though vacant; it is the most common and preferred method of land valuation when an adequate supply of comparable sales are available.									
<input type="checkbox"/> Market Extraction: A method of estimating land value in which the depreciated cost of the improvements on the improved property is estimated and deducted from the total sale price to arrive at an estimated sale price for the land; most effective when the improvements contribute little to the total sale price of the property.									
<input checked="" type="checkbox"/> Alternative Method: (Describe methodology and rationale)									
Site Valuation									
ITEM	SUBJECT	COMPARISON 4		COMPARISON 5		COMPARISON 6			
Address	215 E Columbia Dr Kennewick, WA 99336	421 E Bruneau Pl Kennewick, WA		5610 W Quinault Kennewick,		218 N Beech St Kennewick, WA			
Proximity to Subject		0.15 miles E		4.08 miles W		0.07 miles S			
Data Source/ Verification		Retrospect; Pub Recs Retrospect; Seller		Retrospect; Public Recs Public Recs; Seller		Retrospect; Pub Recs Retrospect; Pub Recs			
Sales Price	\$		\$ 45,000		\$ 300,000		\$ 117,000		
Price/ PSF	\$ 0.00		\$ 5.36		\$ 6.92		\$ 6.78		
Sale Date		03/13/2020		01/17/2020		08/08/2019			
Location	Frontage	Interior +0.53		Frontage 0.00		Interior +0.67			
Site Size	4,356	8,398 0.00		43,368 +1.38		17,258 +0.67			
Site View	Commercial	Residential +0.54		Commercial 0.00		Residential +0.68			
Site Improvements	N/A	N/A		N/A		N/A			
Zoning	UMU	UMU		CO		UMU			
Access	Public ROW	Public ROW		Public ROW		Public ROW			
Shape/Utility/Corner	Average	Corner		Average		Corner			
Utilities	Available	Available		Available		Available			
Shared Parking	Yes	No +2.68		No +3.46		No +3.39			
Net Adjustment		X + -	\$ 3.75	X + -	\$ 4.84	X + -	\$ 5.41		
Indicated Value		Net Adj. 70%	Gross Adj. 70% \$ 9.11	Net Adj. 70%	Gross Adj. 70% \$ 11.76	Net Adj. 80%	Gross Adj. 80% \$ 12.19		
Prior Transfer History	No sales in prior 3 years	None within last 3 years		None within last 3 years		None within last 3 years			
Site Valuation Comments: See prior page comments									
Site Valuation Reconciliation: See prior page comments									

MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Sandollar LLC | Appraisal Group SEWA

Client:	Port of Kennewick	Client File #:	Parcel #4
Subject Property:	215 E Columbia Dr	Appraisal File #:	2021-260

STATEMENT OF ASSUMPTIONS AND LIMITING CONDITIONS

This appraisal is subject to the following assumptions and limiting conditions:

- This report is prepared using forms developed and copyrighted by the Appraisal Institute. However, the content, analyses, and opinions set forth in this report are the sole product of the appraiser. The Appraisal Institute is not liable for any of the content, analyses, or opinions set forth herein.
- No responsibility is assumed for matters legal in character or nature. No opinion is rendered as to title, which is assumed to be good and marketable. All existing liens, encumbrances, and assessments have been disregarded, unless otherwise noted, and the property is appraised as though free and clear, having responsible ownership and competent management.
- I have examined the property described herein exclusively for the purpose of identification and description of the real property. The objective of our data collection is to develop an opinion of the highest and best use of the subject property and make meaningful comparisons in the valuation of the property. The appraiser's observations and reporting of the subject improvements are for the appraisal process and valuation purposes only and should not be considered as a warranty of any component of the property. This appraisal assumes (unless otherwise specifically stated) that the subject is structurally sound and all components are in working condition.
- I will not be required to give testimony or appear in court because of having made an appraisal of the property in question, unless specific arrangements to do so have been made in advance, or as otherwise required by law.
- I have noted in this appraisal report any significant adverse conditions (such as needed repairs, depreciation, the presence of hazardous wastes, toxic substances, etc.) discovered during the data collection process in performing the appraisal. Unless otherwise stated in this appraisal report, I have no knowledge of any hidden or unapparent physical deficiencies or adverse conditions of the property (such as, but not limited to, needed repairs, deterioration, the presence of hazardous wastes, toxic substances, adverse environmental conditions, etc.) that would make the property less valuable, and have assumed that there are no such conditions and make no guarantees or warranties, express or implied. I will not be responsible for any such conditions that do exist or for any engineering or testing that might be required to discover whether such conditions exist. Because I am not an expert in the field of environmental hazards, this appraisal report must not be considered as an environmental assessment of the property. I obtained the information, estimates, and opinions furnished by other parties and expressed in this appraisal report from reliable public and/or private sources that I believe to be true and correct.
- I will not disclose the contents of this appraisal report except as provided for in the Uniform Standards of Professional Appraisal Practice, and/or applicable federal, state or local laws.
- The Client is the party or parties who engage an appraiser (by employment contract) in a specific assignment. A party receiving a copy of this report from the client does not, as a consequence, become a party to the appraiser-client relationship. Any person who receives a copy of this appraisal report as a consequence of disclosure requirements that apply to an appraiser's client, does not become an intended user of this report unless the client specifically identified them at the time of the assignment. The appraiser's written consent and approval must be obtained before this appraisal report can be conveyed by anyone to the public through advertising, public relations, news, sales, and other media.
- If this valuation conclusion is subject to satisfactory completion, repairs, or alterations, it is assumed that the improvements will be completed competently and without significant deviation.

VALUE DEFINITION

☒ Market Value Definition (below) ☐ Alternate Value Definition (attached)

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 the title from the seller to buyer under conditions whereby:

1. buyer and seller are typically motivated;
2. both parties are well informed or well advised and acting in what they consider their own best interests;
3. a reasonable time is allowed for exposure in the open market;
4. payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
5. the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

Source: *The Dictionary of Real Estate Appraisal, 6th ed., Appraisal Institute*

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MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Sandollar LLC | Appraisal Group SEWA

Client:	Port of Kennewick	Client File #:	Parcel #4
Subject Property:	215 E Columbia Dr	Appraisal File #:	2021-260

APPRAISER'S CERTIFICATION

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

- The statements of fact contained in this report are true and correct.
- The reported analysis, opinions, and conclusions are limited only by the report assumptions and limiting conditions, and are my personal, unbiased professional analysis, opinions, and conclusions.
- I have no present (unless specified below) or prospective interest in the property that is the subject of this report, and I have no (unless specified below) personal interest with respect to the parties involved.
- I have no bias with respect to any property that is the subject of this report or to the parties involved with this assignment.
- My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- My analysis, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.
- Individuals who have provided significant real property appraisal assistance are named below. The specific tasks performed by those named are outlined in the Scope of Work section of this report.

☐ None ☒ Name(s) Sonnia Renee King

As previously identified in the Scope of Work section of this report, the signer(s) of this report certify to the inspection of the property that is the subject of this report as follows:

Property Inspected by Appraiser ☒ Yes ☐ No

Property Inspected by Co-Appraiser ☒ Yes ☐ No

- Services provided, 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 acceptance of this assignment: ☒ None ☐ Specify services provided:

ADDITIONAL CERTIFICATION FOR APPRAISAL INSTITUTE MEMBERS, CANDIDATES AND PRACTICING AFFILIATES

Appraisal Institute Designated Member, Candidate, or Practicing Affiliate Certify:

- 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 & Standards of Professional Appraisal Practice of the Appraisal Institute, which include the Uniform Standards of Professional Appraisal Practice.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.

As of the date of this report, I ☒ have / ☐ have not completed the continuing education program for Designated Members of the Appraisal Institute.

As of the date of this report, I ☐ have / ☐ have not

APPRAISERS SIGNATURES

APPRAISER:

Signature 

Name Veronica R Griffith, MAI, CCIM

Report Date 06/30/2021

Trainee ☐ Licensed ☐ Certified Residential ☐ Certified General ☒

License # 1101758 State WA

Expiration Date 11/15/2021

CO-APPRAISER:

Signature _____

Name _____

Report Date _____

Trainee ☐ Licensed ☐ Certified Residential ☐ Certified General ☐

License # _____ State _____

Expiration Date _____

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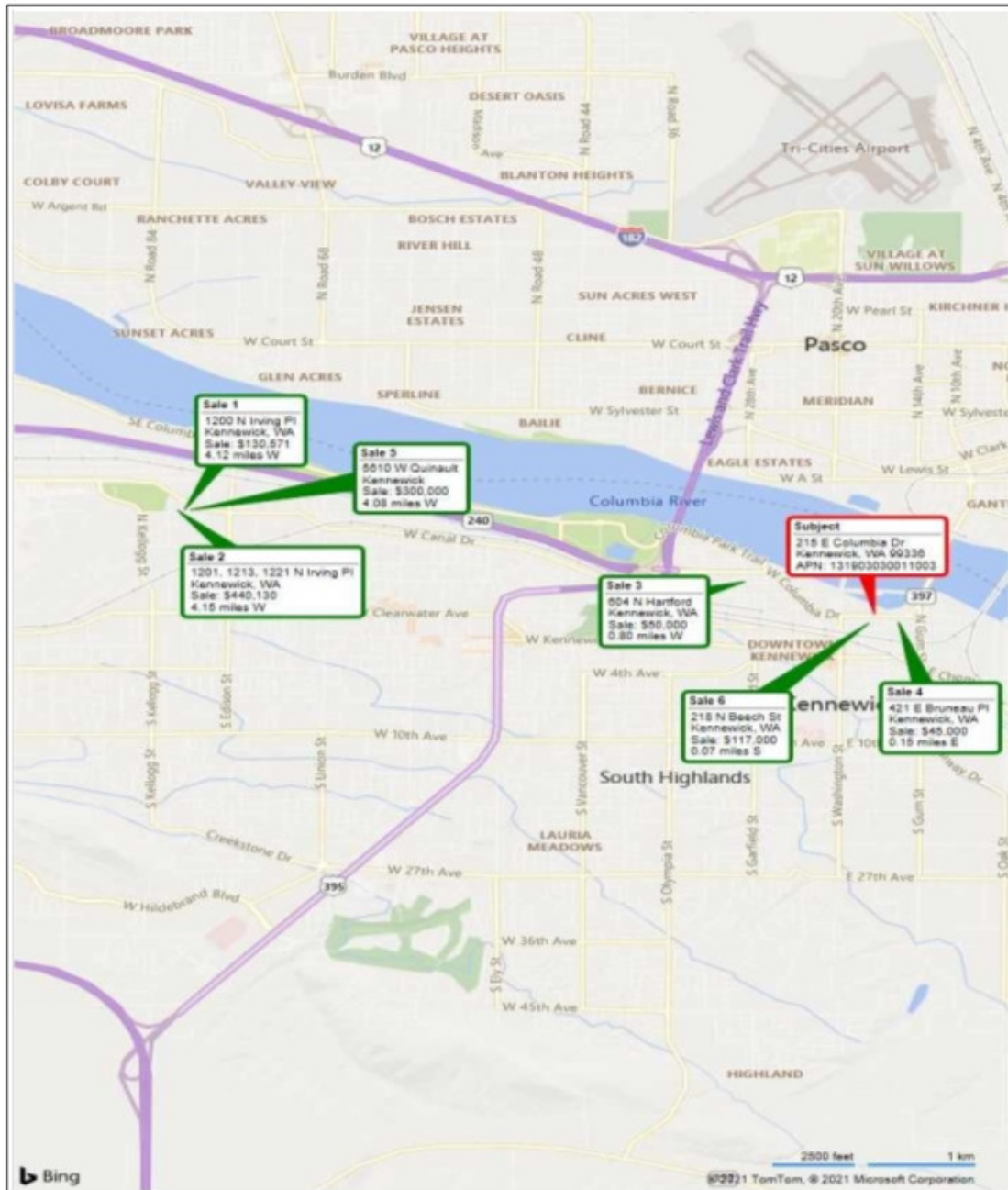
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MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Sandollar LLC | Appraisal Group SEWA
LOCATION MAP ADDENDUM

File No. 2021-260
Case No. Parcel #4

Owner Port of Kennewick					
Property Address 215 E Columbia Dr					
City Kennewick	County Benton	State WA	Zip Code 99336		
Client Port of Kennewick		Address 350 N Clover Island Dr #200, Kennewick, WA 99336			



MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Sandollar LLC | Appraisal Group SEWA
LOCATION MAP ADDENDUM

File No. 2021-260
Case No. Parcel #4

Borrower

Property Address	215 E Columbia Dr				
City	Kennewick	County	Benton	State	WA
				Zip Code	99336
Lender/Client	Port of Kennewick				
	Address 350 N Clover Island Dr #200, Kennewick, WA 99336				



MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Sandollar LLC | Appraisal Group SEWA
PLAT MAP

File No. 2021-260
Case No. Parcel #4

Owner Port of Kennewick						
Property Address 215 E Columbia Dr						
City Kennewick	County Benton	State WA	Zip Code 99336			
Client Port of Kennewick		Address 350 N Clover Island Dr #200, Kennewick, WA 99336				



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MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Sandollar LLC | Appraisal Group SEWA
AERIAL MAP ADDENDUM

File No. 2021-260
Case No. Parcel #4

Borrower						
Property Address	215 E Columbia Dr					
City	Kennewick	County	Benton	State	WA	Zip Code 99336
Lender/Client	Port of Kennewick		Address 350 N Clover Island Dr #200, Kennewick, WA 99336			



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*MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA*

Statement of Qualifications

File No. 2021-260
Case No. Parcel #4

Borrower

Property Address 215 E Columbia Dr

City Kennewick County Benton State WA Zip Code 99336

Lender/Client Port of Kennewick Address 350 N Clover Island Dr #200, Kennewick, WA 99336

Statement of Qualifications for

Veronica R. (Nikki) Griffith, MAI, CCIM

EDUCATION

May, 1988 **St. Louis University** Graduated Cum Laude; Major in Business Management
St. Louis, MO with Minor in Communications

PROFESSIONAL EXPERIENCE

2014 - Now **Sandollar LLC | Appraisal Group** **Owner/Principal**
SEWA



Private practice firm specializing in **appraisal, appraisal review and consulting** for all types of commercial real estate property for a variety of institutional, governmental and other private party clients. Firm is the successor entity of Ms. Griffith's firm (see below) and Chamberlin & Associates, Inc. (Gary Chamberlin, MAI, Owner, now retired).

2004 - 2014 **Sandollar Realty Advisors** **Owner/Principal**
Tri-Cities (Kennewick, Pasco & Richland), WA



Private practice specializing in (1) **appraisal, appraisal review and litigation support** for all types of commercial real estate property for a variety of institutional and attorney clients; (2) **commercial real estate brokerage** (sales and leasing) for office, industrial, retail property including short sale and REO property; and (3) **education, curriculum development, and regulatory compliance** for the banking, real estate brokerage and appraisal industries. Firm initiated operations in Arizona; relocated to Washington State in mid 2007.

1991 - 2004 **Bank One Corporation (now** **SVP, Chief Appraiser, National Manager**
JPMorgan Chase), Phoenix, AZ **Real Estate Appraisal Group (REAG)**

Management and oversight responsibility for the commercial real estate valuation functions of a \$20 Billion commercial real estate portfolio for a \$300 Billion national (5th largest U.S.) bank including direction of 45+ full time employees with \$4+ Million annual budget. Reported to Senior Credit Officer. Supervised 8 direct reports. Major accomplishments included development and maintenance of:

- Bank policies for Board of Director action in response to a changing regulatory environment;
- Procedures for engagement of independent fee appraisers on a contract basis with annual contracts totaling \$12MM to \$15MM annually;
- Procedures for review of 3rd party appraisals to determine regulatory compliance with bank policy, federal and state regulation, and USPAP for commercial real property collateral valued in excess of \$20 Billion annually;
- Internet (for 3rd party vendor use) and intranet (for internal bank use);
- Appraisal management tracking database software;
- Company wide training program for all bankers, underwriters, credit administration staff, etc.; and
- Engineering of post merger strategy for five separate legacy banking institutions' appraisal departments including rightsizing over the years from an initial staff of 72 full time employees (legacy institutions included Bank One, 1st Chicago, American National, NBD Detroit, and NBD Indiana).

1990 - 1991 **RTC (Western Savings & Loan),** **VP, Chief Appraiser**
Phoenix, AZ **Real Estate Appraisal Department**

Management and oversight responsibility for re-appraisal of all commercial and agricultural real estate assets for the combined \$150 Billion real estate portfolios of four insolvent financial institutions during their receivership / liquidation phase. Facilitated orderly transfer of asset files to private sector asset management firms. Served on Credit Review Committee to determine disposition of assets. Reported directly to RTC Managing Agent / Financial Institutional Specialist in charge of institutions.

*MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA*

Statement of Qualifications

File No. 2021-260

Case No. Parcel #4

Borrower

Property Address 215 E Columbia Dr

City Kennewick County Benton State WA Zip Code 99336

Lender/Client Port of Kennewick Address 350 N Clover Island Dr #200, Kennewick, WA 99336

1988 – 1990 Sandollar Realty Advisors Corp. Principal, Senior Appraiser & Broker
St. Louis, MO
Private appraisal consulting practice including product development, marketing, staff training, and management. Specialized in preparation of narrative commercial appraisal reports, appraisal review and litigation support on a wide variety of commercial, retail, office, industrial and multi-family properties, for banking, institutional, governmental and private sector clients. Qualified to testify in federal, state and bankruptcy venues.

1984 – 1988 Buckles & Associates VP, Senior Commercial Appraiser
St. Louis, MO
Assisted in start-up of private appraisal practice. Responsible for preparation of narrative appraisal reports on a wide variety of commercial, retail, office, industrial, multi-family, special purpose, and single family subdivision properties.

PROFESSIONAL MEMBERSHIPS & AFFILIATIONS

Licensed Washington State Certified General Real Estate Appraiser (1101758)

- **Appraisal Institute (National Organization) - MAI Designee** qualified/licensed to appraise all types of commercial real estate; Former Chair and Member, Commercial Appraisal Report Standards (CARS) Project Team; Former Member of AI's National Client Advisory Committee (CAC) which includes Chief Appraisers from all major banking institutions
- **Appraisal Institute** – Past President (2017-18) and Member of the local Columbia Basin Chapter (now combined)
- **Appraisal Institute** – Candidate for Appraisal Review Designation; education completed

Licensed Washington State Real Estate Broker (9128)

- **Member of the CCIM Institute - CCIM Designee** (Certified Commercial Investment Member) for commercial real estate brokerage, management and investment analysis
- **Member of the National Association of Realtors (NAR)**
- **Member of the Tri-Cities Association of Realtors (TCAR)**
- **Member of the Northwest MLS**

OTHER

- **Commissioner, City of Kennewick Planning & Development Commission**, Kennewick, WA – Assist in promoting and maintaining all types of development for the City of Kennewick
- **Faculty Member, Appraisal Institute (AI)** - Qualified by AI (the premier education provider to the appraisal industry) to develop curriculum and teach several appraisal courses and seminars at the national level including:
 1. *Appraisal Principles*;
 2. *Appraisal Procedures*; and
 3. *Highest and Best Use Analysis*;
 4. Curriculum developer and instructor for seminar entitled *Appraisal Engagement and Review for Bankers*
- **Faculty Member, Risk Management Associates (RMA)** - Qualified by RMA (the premier education provider to the banking industry) to develop curriculum and teach several courses/seminars at the national level to bankers and regulators including:
 1. Develop and host 1-1/2-day *Real Estate Appraisal Manager's Forum*, twice yearly;
 2. *Commercial Real Estate Lending I* (CRELI, 1-day seminar);
 3. *Commercial Real Estate Lending II* (CRELII, 1-day seminar);
 4. *Problem Real Estate Loans* (PREL, 1-day seminar);
 5. *Commercial Real Estate Lending III* (CRELIII, 1-day seminar);
 6. *Understanding & Interpreting Real Estate Appraisals* (UIREA, 1-day seminar); and
 7. Curriculum developer for several new products including UIREA for the banking regulatory agencies; and UIREA for financial institutions.
- **Faculty Member, Washington Association of Realtors; Tri-Cities Association of Realtors** – qualified by WAR and TCAR to develop and teach real estate related curriculum for Washington State Realtors.
- **Approved Instructor, WA State Department of Licensing** – Qualified by WA DOL to teach a wide variety of real estate related curriculum for licensing and continuing education requirements for real estate related trades.
- **Most Recent Continuing Education Classes**
 - a. 10/20 – Appraisal of Manufactured Homes Featuring Next-Generation Manufactured Homes
 - b. 06/20 -- Valuation Impacts of COVID-19: 1-4 Unit Residential
 - c. 09/19 – Solving Land Valuation Puzzles
 - d. 09/19 – Rural Valuation Basics

MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Sandollar LLC | Appraisal Group SEWA
Appraiser's License

File No. 2021-260
Case No. Parcel #4

Borrower

Property Address	215 E Columbia Dr						
City	Kennewick	County	Benton	State	WA	Zip Code	99336
Lender/Client	Port of Kennewick		Address 350 N Clover Island Dr #200, Kennewick, WA 99336				




MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Commercial Parcel #5 and #6
Valued as a Single Parcel

320 E Columbia Gardens Way
Kennewick, WA

MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Sandollar LLC | Appraisal Group SEWA

 <p>Form 120.05*</p>	Client File #: Parcel 5,6,Comb'd		Appraisal File #: 2021-260	
	Appraisal Report · Land			
	Appraisal Company: Sandollar LLC Appraisal Group SEWA			
	Address: 2001 S Washington St, Kennewick, WA 99337			
Phone: 509.628.9817		Fax:		Website: www.appraisalgroupsewa.com
Appraiser: Veronica R Griffith, MAI, CCIM				
AI Membership (if any): <input type="checkbox"/> SRA <input checked="" type="checkbox"/> MAI <input type="checkbox"/> SRPA <input type="checkbox"/> AI-GRS <input type="checkbox"/> AI-RRS		Co-Appraiser:		
AI Affiliation (if any): <input type="checkbox"/> Candidate for Designation <input type="checkbox"/> Practicing Affiliate		AI Membership (if any): <input type="checkbox"/> SRA <input type="checkbox"/> MAI <input type="checkbox"/> SRPA <input type="checkbox"/> AI-GRS <input type="checkbox"/> AI-RRS		
Other Professional Affiliation: CCIM Designee		AI Affiliation (if any): <input type="checkbox"/> Candidate for Designation <input type="checkbox"/> Practicing Affiliate		
Email: appraisalgroupsewa@gmail.com		Other Professional Affiliation:		
Client: Port of Kennewick		E-mail:		
Address: 350 N Clover Island Dr #200, Kennewick, WA 99336		Contact: Amber Hanchette, Director of Real Estate		
Phone: 509.586.1186		Fax: N/A		Email: Amber@PortofKennewick.org
SUBJECT PROPERTY IDENTIFICATION				
Address: 320 E Columbia Gardens Way				
City: Kennewick	County: Benton	State: WA	ZIP: 99336	
Legal Description: A portion of Lots 12, 13 and 14, RePlat of Columbia Gardens				
Tax Parcel #: 131903030013003		RE Taxes: 0		Tax Year: 2021
Use of the Real Estate As of the Date of Value: Vacant Land				
Use of the Real Estate Reflected in the Appraisal: Vacant Land Available for Commercial Development AS A SINGLE PARCEL				
Opinion of highest and best use (if required): Commercial Development				
SUBJECT PROPERTY HISTORY				
Owner of Record: Port of Kennewick				
Description and analysis of sales within 3 years (minimum) prior to effective date of value: No sales of the property have been recorded in the 3 years preceding the effective date of valuation.				
Description and analysis of agreements of sale (contracts), listing, and options: N/A				
RECONCILIATIONS AND CONCLUSIONS				
Indication of Value by Sales Comparison Approach		\$ 425,000		
Indication of Value by Cost Approach		\$ N/A		
Indication of Value by Income Approach		\$ N/A		
Final Reconciliation of the Methods and Approaches to Value: Two contiguous sites shown on the included plan (Parcels #5 and #6) are being valued and the property is appraised as a single parcel. Only the sales comparison approach to value was applied. The value was reasonably well supported by several recent sales in the neighborhood or competing neighborhoods. Adjustments were considered minor, i.e., less than 20% gross net adjustments excluding the adjustment for the "pad site" status analysis, which was well supported.				
Opinion of Value as of: June 30, 2021		\$ 425,000		
Exposure Time: Less than one year				
The above opinion is subject to: <input type="checkbox"/> Hypothetical Conditions and/or <input checked="" type="checkbox"/> Extraordinary Assumptions cited on the following page.				

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June 2017

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MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Sandollar LLC | Appraisal Group SEWA

Client:	Port of Kennewick	Client File #:	Parcel 5,6,Comb'd
Subject Property:	320 E Columbia Gardens Way, Kennewick, WA 99336	Appraisal File #:	2021-260

ASSIGNMENT PARAMETERS	
Intended User(s): Client, Port of Kennewick, only	
Intended Use: Establish a market value for possible sale of the property	
The report is not intended by the appraiser for any other use by any other user.	
Type of Value: Market Value	Effective Date of Value: June 30, 2021
Interest Appraised: <input checked="" type="checkbox"/> Fee Simple <input type="checkbox"/> Leasehold <input type="checkbox"/> Other	
Hypothetical Conditions: (A hypothetical condition is that which is contrary to what exists, but is asserted by the appraiser for the purpose of analysis. Any hypothetical condition may affect the assignment results.) NOTE: Site benefits from access to shared parking lots within the overall development, a benefit none of the comparisons enjoy. It is an extraordinary assumption that reciprocal cross easement agreements are executed establishing this as a benefit which runs with the land.	
Extraordinary Assumptions: (An extraordinary assumption is directly related to a specific assignment and presumes uncertain information to be factual. If found to be false this assumption could alter the appraiser's opinions or conclusions. Any extraordinary assumption may affect the assignment results.)	
This is an Appraisal Report in accordance with Standard Rule 2-2(a) of the Uniform Standard of Professional Appraisal Practice (USPAP).	
SCOPE OF WORK	
Definition: The scope of work is the type and extent of research and analysis in an assignment. Scope of work includes the extent to which the property is identified, the extent to which tangible property is inspected, the type and extent of data research, and the type and extent of analysis applied to arrive at credible opinions or conclusions. The specific scope of work for this assignment is identified below and throughout this report.	
Scope of Subject Property Inspection/Data Sources Utilized Appraiser Property Inspection: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Date of Inspection: June 30, 2021 Describe Scope of Property Inspection, Source of Area Calculations and Data Sources Consulted: Walk the perimeter and interior of the site; size based on public records; appraiser's proprietary database, local MLS, Commercial MLS, Retrospect, public records were used. Co-Appraiser Property Inspection: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Date of Inspection: June 30, 2021 Describe Scope of Property Inspection, Source of Area Calculations and Data Sources Consulted: Walk the perimeter and interior of the site; size based on public records; appraiser's proprietary database, local MLS, Commercial MLS, Retrospect, public records were used.	Approaches to Value Developed Cost Approach: <input type="checkbox"/> Is necessary for credible results and is developed in this analysis <input checked="" type="checkbox"/> Is not necessary for credible results; not developed in this analysis <input type="checkbox"/> Is not necessary for credible results but is developed in this analysis Sales Comparison Approach: <input checked="" type="checkbox"/> Is necessary for credible results and is developed in this analysis <input type="checkbox"/> Is not necessary for credible results; not developed in this analysis <input type="checkbox"/> Is not necessary for credible results but is developed in this analysis Income Approach: <input type="checkbox"/> Is necessary for credible results and is developed in this analysis <input checked="" type="checkbox"/> Is not necessary for credible results; not developed in this analysis <input type="checkbox"/> Is not necessary for credible results but is developed in this analysis
Additional Scope of Work Comments: N/A	
Significant Real Property Appraisal Assistance: <input type="checkbox"/> None <input checked="" type="checkbox"/> Disclose Name(s) and contribution: Sonnia Renee King, a licensed trainee assigned to me, assisted with observation and photography of the subject property, initial search for comparable data, and initial drafting of the report. All final selection of data, adjustments to the data, and final reconciliation of value are those of Veronica R Griffith, MAI, CCIM.	

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MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Sandollar LLC | Appraisal Group SEWA

Client:	Port of Kennewick	Client File #:	Parcel 5,6,Comb'd
Subject Property:	227 E Columbia Gardens Way, Kennewick, WA 99336	Appraisal File #:	2021-260

MARKET AREA ANALYSIS											
Location		Built Up		Growth		Supply & Demand		Value Trend		Typical Marketing Time	
<input checked="" type="checkbox"/> Urban		<input type="checkbox"/> Under 25%		<input type="checkbox"/> Rapid		<input type="checkbox"/> Shortage		<input type="checkbox"/> Increasing		<input type="checkbox"/> Under 3 Months	
<input type="checkbox"/> Suburban		<input type="checkbox"/> 25%-75%		<input type="checkbox"/> Stable		<input checked="" type="checkbox"/> In Balance		<input checked="" type="checkbox"/> Stable		<input type="checkbox"/> 3-6 Months	
<input type="checkbox"/> Rural		<input checked="" type="checkbox"/> Over 75%		<input checked="" type="checkbox"/> Slow		<input type="checkbox"/> Over Supply		<input type="checkbox"/> Decreasing		<input checked="" type="checkbox"/> Over 6 Months	
Neighborhood Single Family Profile				Neighborhood Land Use				Neighborhood Name : Historic Waterfront District			
Price		Age		1 Family		Commercial		PUD <input checked="" type="checkbox"/> Condo <input type="checkbox"/> HOA: \$ /		Amenities: Sites are "pad" type sites which benefit from shared off-site parking.	
200K		Low		85 %		8 %					
500K		High		2 %		2 %					
250-300K		Predominant		45		3 %					
<p>Market area description and characteristics: Subject lies within a newly re-developing area being created by the Port of Kennewick known as the Historic Waterfront District along the southern alignment of the Columbia River and Duffy's Pond. The neighborhood surrounding this district includes vintage commercial development along E Columbia Dr between Gum St (S.R. 397) as it comes off the Cable Bridge and Clover Island Dr (extension of Washington St north of E Columbia Dr); vintage industrial to the east and further south along the alignment of the B&O Railroad; the original CBD of Kennewick, now known as Historic Downtown Kennewick; and vintage residential interspersed with new SFR subdivisions being created in pockets of redevelopment of former agriculturally zoned land. The area north includes Clover Island which houses the local marina, the Clover Island Inn, and several other commercial developments including office and retail/restaurant users.</p>											
SITE ANALYSIS											
Dimensions: Irregular						Area: 42,253					
View: Commercial						Shape: Mostly rectangular					
Drainage: Appears Adequate						Utility: Average					
Site Similarity/Conformity to Neighborhood						Zoning/Deed Restriction					
Size:			View:			Zoning: UMU, which permits a variety of development types			Convenants, Condition & Restrictions		
<input type="checkbox"/> Smaller than Typical			<input type="checkbox"/> Favorable			<input checked="" type="checkbox"/> Legal <input type="checkbox"/> No zoning			<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Unknown		
<input checked="" type="checkbox"/> Typical			<input checked="" type="checkbox"/> Typical			<input type="checkbox"/> Legal, non-conforming			Documents Reviewed		
<input type="checkbox"/> Larger Than Typical			<input type="checkbox"/> Less than Favorable			<input type="checkbox"/> Illegal			<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
						Ground Rent \$ /					
Utilities						Off Site Improvements					
Electric	<input checked="" type="checkbox"/> Public	<input type="checkbox"/> Other				Street	<input checked="" type="checkbox"/> Public	<input type="checkbox"/> Private			
Gas	<input type="checkbox"/> Public	<input type="checkbox"/> Other				Alley	<input checked="" type="checkbox"/> Public	<input type="checkbox"/> Private			
Water	<input checked="" type="checkbox"/> Public	<input type="checkbox"/> Other				Sidewalk	<input checked="" type="checkbox"/> Public	<input type="checkbox"/> Private			
Sewer	<input checked="" type="checkbox"/> Public	<input type="checkbox"/> Other				Street Lights	<input checked="" type="checkbox"/> Public	<input type="checkbox"/> Private			
<p>Site description and characteristics: The site is located within the Historic Waterfront District in an area defined as Columbia Gardens and benefits from a small amount of frontage to the north along the southern alignment of Duffy's Pond, a retention basin just south of the Columbia River. Adjacent to the west is a vintage mobile home park while development to the immediate east and south include additional new or proposed development within the Columbia Gardens area. Three buildings housing winery tenants as well as associated parking and the Food Truck Plaza are now in place.</p>											
HIGHEST AND BEST USE ANALYSIS											
<input type="checkbox"/> Present Use <input checked="" type="checkbox"/> Proposed Use <input type="checkbox"/> Other											
<p>Summary of highest and best use analysis: The legally permissible uses under the UMU, Urban Mixed Use zoning designation include a broad range of commercial and residential developments. This is a newer zoning designation designed to encourage re-development of older neighborhoods. Thus, physically possible uses are limited mostly by size. Financially productive uses would include any use commercial use permitted under the UMU designation; this would also be the maximally productive use. Thus, the highest and best use of the site is for commercial development that conforms to the UMU development standards which would be cohesive with surrounding development in the Columbia Gardens neighborhood portion of the Historic Waterfront District.</p>											

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MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Sandollar LLC | Appraisal Group SEWA

Client:	Port of Kennewick	Client File #:	Parcel 5,6,Comb'd
Subject Property:	320 E Columbia Gardens Way, Kennewick, WA 99336	Appraisal File #:	2021-260

SITE VALUATION									
Site Valuation Methodology									
<input checked="" type="checkbox"/> Sales Comparison Approach: A set of procedures in which a value indication is derived by comparing the property being appraised to similar properties that have been sold recently, then applying appropriate units of comparison and making adjustments to the sale prices of the comparables based on the elements of comparison. The sales comparison approach may be used to value improved properties, vacant land, or land being considered as though vacant; it is the most common and preferred method of land valuation when an adequate supply of comparable sales are available.									
<input type="checkbox"/> Market Extraction: A method of estimating land value in which the depreciated cost of the improvements on the improved property is estimated and deducted from the total sale price to arrive at an estimated sale price for the land; most effective when the improvements contribute little to the total sale price of the property.									
<input type="checkbox"/> Alternative Method: (Describe methodology and rationale)									
Site Valuation									
ITEM	SUBJECT	COMPARISON 1		COMPARISON 2		COMPARISON 3			
Address	320 E Columbia Gardens Way Kennewick, WA 99336	1200 N Irving Pl Kennewick, WA		1201, 1213, 1221 N Irving Pl Kennewick, WA		604 N Hartford Kennewick, WA			
Proximity to Subject		4.14 miles W		4.18 miles W		0.82 miles W			
Data Source/ Verification		Retrospect; Public Recs Public Recs; Seller		Retrospect; Public Recs Public Recs; Seller		MLS #249542; Pub Recs MLS #249542; Pub Recs			
Sales Price	\$		\$ 130,571		\$ 440,130		\$ 50,000		
Price/ PSF	\$ 0		\$ 5.50		\$ 5.72		\$ 5.77		
Sale Date	N/A	05/18/2021		04/15/2021		12/07/2020			
Location	Frontage	Interior +0.55		Interior +0.57		Interior +0.57			
Site Size	42,253	23,753		76,962		8,668		-.57	
Site View	Commercial	Commercial +0.55		Commercial +0.55		Residential		+0.57	
Site Improvements	N/A	N/A		N/A		N/A			
Zoning	UMU	CO		CO		UMU			
Access	Public ROW	Public ROW		Public ROW		Public ROW			
Shape/Utility/Corner	Average	Average		Average		Average/Corner			
Utilities	Available	Available		Available		Available			
Shared Parking	Yes	No +2.75		No +2.86		No +2.89			
Net Adjustment		X + -	\$ 3.85	X + -	\$ 3.98	X + -	\$ 3.46		
Indicated Value		Net Adj. 70%		Net Adj. 70%		Net Adj. 60%			
		Gross Adj. 70%	\$ 9.35	Gross Adj. 70%	\$ 9.70	Gross Adj. 80%	\$ 9.23		
Prior Transfer History	None within last 3 yrs	No sales in prior 3 years		No sales in prior 3 years		No sales in prior 3 years			
<p>Site Valuation Comments: Besides typical adjustments (10% to 30%), subject benefits from having offsite shared parking with reciprocal easements, similar to that found in a shopping center, where a "pad" site with cross easement agreements for parking, ingress and egress control. There are only two recent sales of "pad" sites available for review, and thus, it was necessary to review older "pad" sites with older non-pad sites to get an idea of the premium paid for the "pad sites" (See excel spreadsheet included herein). The six pad site sales ranged from 23,108 SF to 51,411 SF with an average of 35,584 SF and ranged from \$17.64 to \$30.24 PSF with an average of \$22.61 PSF. The non-pad sites ranged from 37,823 to 80,403 SF with an average of 50,896 SF and ranged in price from \$7.24 to \$13.09 PSF with an average of \$9.15 PSF. The pad sites sold for an average premium of nearly 150% compared to the non-pad sites which accounts for the differences in reciprocal parking, access and egress supporting the need for an adjustment in superior neighborhoods that are experiencing strong growth with strong demographics. A 50% adjustment is considered reasonable.</p> <p>Site Valuation Reconciliation: This is a single parcel and the client requests two values; first as a single parcel, and second, as subdivided into two similar sized parcels. This report values the property (Parcel #5 and #6 on the map) as a single parcel. See separate report for second requested value. After adjustment the sales range from \$8.57 to \$11.07 PSF with a weighted average of approximately \$9.80 PSF. Adjustments are large and could be considered excessive by some, but none of the sales benefit from shared parking as a "pad site" in a cohesive development for which a 50% adjustment was made. An analysis of pad sites versus non pad sites indicated that on average, a pad site commanded a 150% premium compared to non-pad sites. The three sales in subject's neighborhood are older and surrounded by residential improvements while subject is part of a cohesive new development within the Historic Waterfront District. A value of \$10 PSF was concluded and when multiplied by the site area of 42,253 SF, a value of \$422,530, rounded to \$425,000.</p>									
Opinion of Site Value					\$ 425,000				

* NOTICE: The Appraisal Institute publishes this form for use by appraisers where the appraiser deems use of the form appropriate. Depending on the assignment, the appraiser may need to provide additional data, analysis and work product not called for in this form. The Appraisal Institute makes no representations, warranties or guarantees as to, and assumes no responsibility for, the data, analysis or work product or third party certifications, verifications, data specifications, scores, indexes, or valuation tools, used or provided by the individual appraiser(s) or others in the specific contents of the AI Reports(R). AI Reports(R) AI-120.05 Appraisal Report - Land © Appraisal Institute 2017, All Rights Reserved

June 2017

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MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Sandollar LLC | Appraisal Group SEWA
EXTRA SITES 4-5-6

Client:	Port of Kennewick	Client File #:	Parcel 5,6,Comb'd
Subject Property:	320 E Columbia Gardens Way, Kennewick, WA 99336	Appraisal File #:	2021-260

SITE EVALUATION									
Site Valuation Methodology									
<input checked="" type="checkbox"/> Sales Comparison Approach: A set of procedures in which a value indication is derived by comparing the property being appraised to similar properties that have been sold recently, then applying appropriate units of comparison and making adjustments to the sale prices of the comparable based on the elements of comparison. The sales comparison approach may be used to value improved properties, vacant land, or land being considered as though vacant; it is the most common and preferred method of land valuation when an adequate supply of comparable sales are available.									
<input type="checkbox"/> Market Extraction: A method of estimating land value in which the depreciated cost of the improvements on the improved property is estimated and deducted from the total sale price to arrive at an estimated sale price for the land; most effective when the improvements contribute little to the total sale price of the property.									
<input type="checkbox"/> Alternative Method: (Describe methodology and rationale)									
Site Valuation									
ITEM	SUBJECT	COMPARISON 4		COMPARISON 5		COMPARISON 6			
Address	320 E Columbia Gardens Way Kennewick, WA 99336	421 E Bruneau Pl Kennewick, WA		5610 W Quinault Kennewick,		218 N Beech St Kennewick, WA			
Proximity to Subject		0.12 miles E		4.11 miles W		0.07 miles SW			
Data Source/ Verification		Retrospect; Pub Recs Retrospect; Seller		Retrospect; Public Recs Public Recs; Seller		Retrospect; Pub Recs Retrospect; Pub Recs			
Sales Price	\$		\$ 45,000		\$ 300,000		\$ 117,000		
Price/ PSF	\$ 0.00		\$ 5.36		\$ 6.92		\$ 6.78		
Sale Date		03/13/2020		01/17/2020		08/08/2019			
Location	Frontage	Interior		Frontage		Interior			
Site Size	42,253	8,398		43,368		17,258			
Site View	Commercial	Residential		Commercial		Residential			
Site Improvements	N/A	N/A		N/A		N/A			
Zoning	UMU	UMU		CO		UMU			
Access	Public ROW	Public ROW		Public ROW		Public ROW			
Shape/Utility/Corner	Average	Corner		Average		Corner			
Utilities	Available	Available		Available		Available			
Shared Parking	Yes	No		No		No			
Net Adjustment		<input checked="" type="checkbox"/> + <input type="checkbox"/> - \$ 3.21		<input checked="" type="checkbox"/> + <input type="checkbox"/> - \$ 4.15		<input checked="" type="checkbox"/> + <input type="checkbox"/> - \$ 4.06			
Indicated Value		Net Adj. 60% Gross Adj. 80% \$ 8.57		Net Adj. 60% Gross Adj. 60% \$ 11.07		Net Adj. 60% Gross Adj. 80% \$ 10.84			
Prior Transfer History	No sales in prior 3 years	No sales in prior 3 years		No sales in prior 3 years		No sales in prior 3 years			
Site Valuation Comments: See prior page comments									
Site Valuation Reconciliation: See prior page comments									

MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Sandollar LLC | Appraisal Group SEWA

Client:	Port of Kennewick	Client File #:	Parcel 5,6,Comb'd
Subject Property:	320 E Columbia Gardens Way	Appraisal File #:	2021-260

STATEMENT OF ASSUMPTIONS AND LIMITING CONDITIONS

This appraisal is subject to the following assumptions and limiting conditions:

- This report is prepared using forms developed and copyrighted by the Appraisal Institute. However, the content, analyses, and opinions set forth in this report are the sole product of the appraiser. The Appraisal Institute is not liable for any of the content, analyses, or opinions set forth herein.
- No responsibility is assumed for matters legal in character or nature. No opinion is rendered as to title, which is assumed to be good and marketable. All existing liens, encumbrances, and assessments have been disregarded, unless otherwise noted, and the property is appraised as though free and clear, having responsible ownership and competent management.
- I have examined the property described herein exclusively for the purpose of identification and description of the real property. The objective of our data collection is to develop an opinion of the highest and best use of the subject property and make meaningful comparisons in the valuation of the property. The appraiser's observations and reporting of the subject improvements are for the appraisal process and valuation purposes only and should not be considered as a warranty of any component of the property. This appraisal assumes (unless otherwise specifically stated) that the subject is structurally sound and all components are in working condition.
- I will not be required to give testimony or appear in court because of having made an appraisal of the property in question, unless specific arrangements to do so have been made in advance, or as otherwise required by law.
- I have noted in this appraisal report any significant adverse conditions (such as needed repairs, depreciation, the presence of hazardous wastes, toxic substances, etc.) discovered during the data collection process in performing the appraisal. Unless otherwise stated in this appraisal report, I have no knowledge of any hidden or unapparent physical deficiencies or adverse conditions of the property (such as, but not limited to, needed repairs, deterioration, the presence of hazardous wastes, toxic substances, adverse environmental conditions, etc.) that would make the property less valuable, and have assumed that there are no such conditions and make no guarantees or warranties, express or implied. I will not be responsible for any such conditions that do exist or for any engineering or testing that might be required to discover whether such conditions exist. Because I am not an expert in the field of environmental hazards, this appraisal report must not be considered as an environmental assessment of the property. I obtained the information, estimates, and opinions furnished by other parties and expressed in this appraisal report from reliable public and/or private sources that I believe to be true and correct.
- I will not disclose the contents of this appraisal report except as provided for in the Uniform Standards of Professional Appraisal Practice, and/or applicable federal, state or local laws.
- The Client is the party or parties who engage an appraiser (by employment contract) in a specific assignment. A party receiving a copy of this report from the client does not, as a consequence, become a party to the appraiser-client relationship. Any person who receives a copy of this appraisal report as a consequence of disclosure requirements that apply to an appraiser's client, does not become an intended user of this report unless the client specifically identified them at the time of the assignment. The appraiser's written consent and approval must be obtained before this appraisal report can be conveyed by anyone to the public through advertising, public relations, news, sales, and other media.
- If this valuation conclusion is subject to satisfactory completion, repairs, or alterations, it is assumed that the improvements will be completed competently and without significant deviation.

VALUE DEFINITION

☒ Market Value Definition (below) ☐ Alternate Value Definition (attached)

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 the title from the seller to buyer under conditions whereby:

1. buyer and seller are typically motivated;
2. both parties are well informed or well advised and acting in what they consider their own best interests;
3. a reasonable time is allowed for exposure in the open market;
4. payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
5. the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

Source: *The Dictionary of Real Estate Appraisal, 6th ed., Appraisal Institute*

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MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Sandollar LLC | Appraisal Group SEWA

Client:	Port of Kennewick	Client File #:	Parcel 5,6,Comb'd
Subject Property:	320 E Columbia Gardens Way	Appraisal File #:	2021-260

APPRAISER'S CERTIFICATION

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

- The statements of fact contained in this report are true and correct.
- The reported analysis, opinions, and conclusions are limited only by the report assumptions and limiting conditions, and are my personal, unbiased professional analysis, opinions, and conclusions.
- I have no present (unless specified below) or prospective interest in the property that is the subject of this report, and I have no (unless specified below) personal interest with respect to the parties involved.
- I have no bias with respect to any property that is the subject of this report or to the parties involved with this assignment.
- My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- My analysis, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.
- Individuals who have provided significant real property appraisal assistance are named below. The specific tasks performed by those named are outlined in the Scope of Work section of this report.

☒ None ☐ Name(s)

As previously identified in the Scope of Work section of this report, the signer(s) of this report certify to the inspection of the property that is the subject of this report as follows:

Property Inspected by Appraiser ☒ Yes ☐ No

Property inspected by Co-Appraiser ☐ Yes ☐ No

- Services provided, 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 acceptance of this assignment: ☒ None ☐ Specify services provided:

ADDITIONAL CERTIFICATION FOR APPRAISAL INSTITUTE MEMBERS, CANDIDATES AND PRACTICING AFFILIATES

Appraisal Institute Designated Member, Candidate, or Practicing Affiliate Certify:

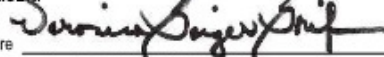
- The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics & Standards of Professional Appraisal Practice of the Appraisal Institute, which include the Uniform Standards of Professional Appraisal Practice.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.

As of the date of this report, I ☒ have / ☐ have not completed the continuing education program for Designated Members of the Appraisal Institute.

As of the date of this report, I ☐ have / ☐ have not

APPRAISERS SIGNATURES

APPRAISER:

Signature 

Name Veronica R. Griffith, MAI, CCIM

Report Date 06/30/2021

Trainee ☐ Licensed ☐ Certified Residential ☐ Certified General ☒

License # 1101758 State WA

Expiration Date 11/15/2021

CO-APPRAISER:

Signature _____

Name _____

Report Date _____

Trainee ☐ Licensed ☐ Certified Residential ☐ Certified General ☐

License # _____ State _____

Expiration Date _____

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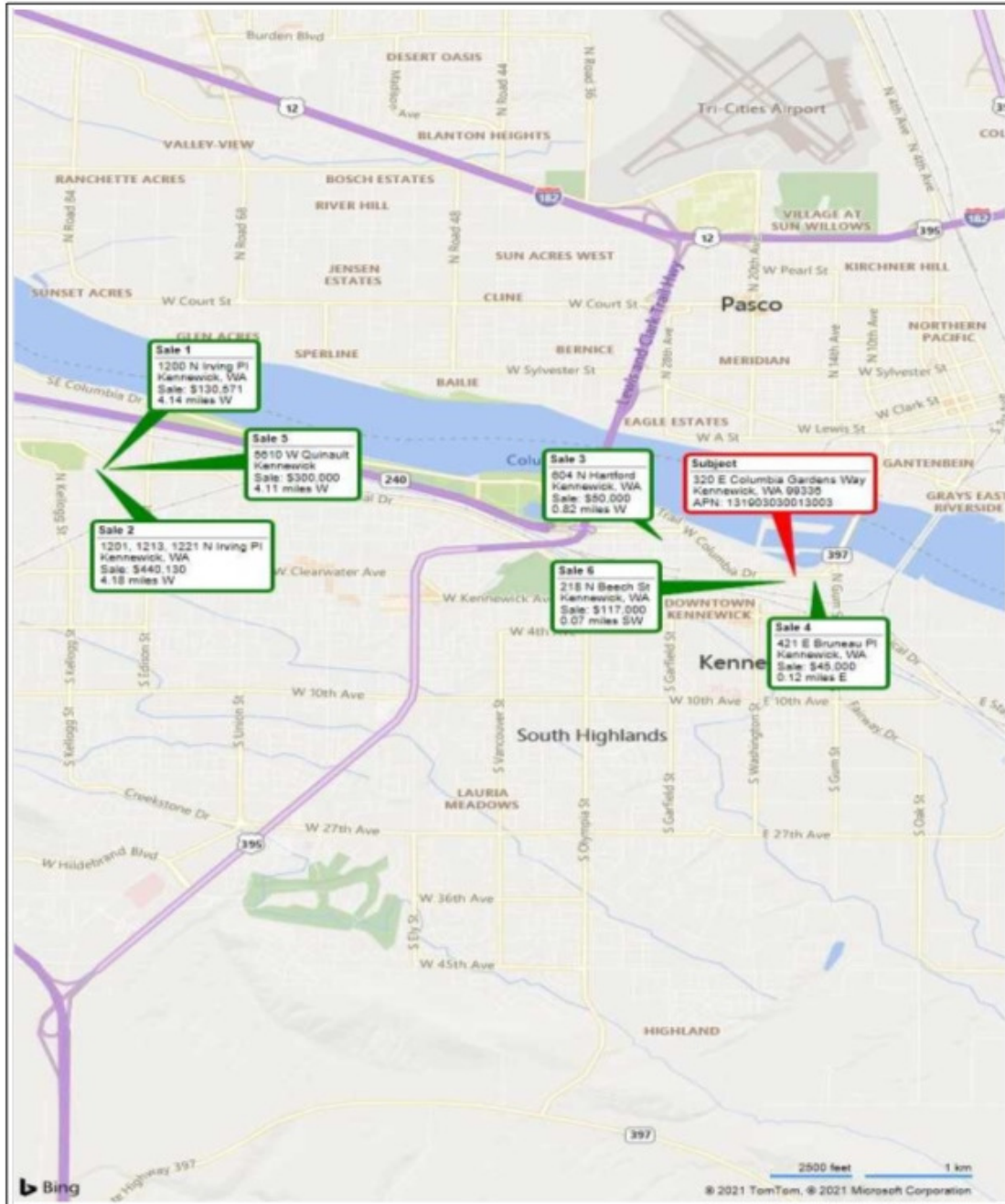
MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Sandollar LLC | Appraisal Group SEWA
LOCATION MAP ADDENDUM

File No. 2021-260
Case No. Parcel 5,6,Comb'd

Borrower

Property Address	320 E Columbia Gardens Way						
City	Kennewick	County	Benton	State	WA	Zip Code	99336
Lender/Client	Port of Kennewick		Address 350 N Clover Island Dr #200, Kennewick, WA 99336				

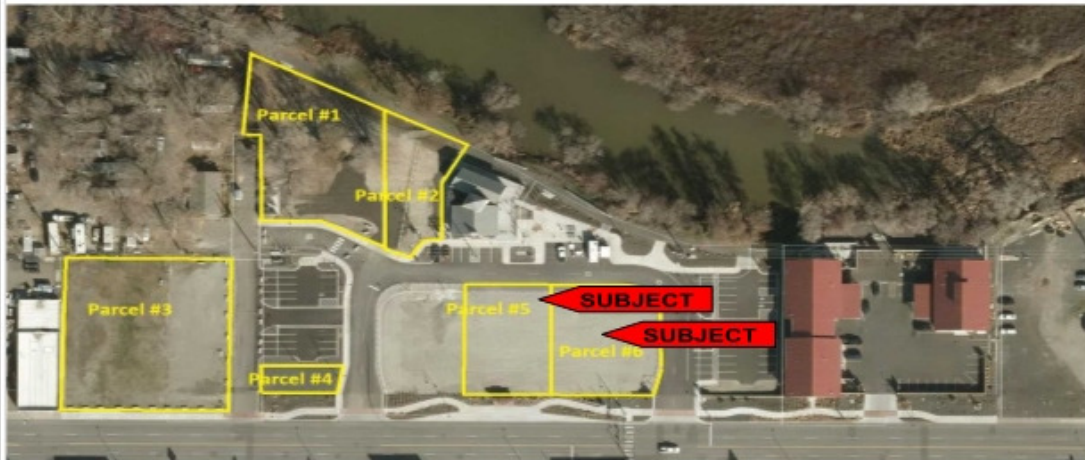


MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Sandollar LLC | Appraisal Group SEWA
AERIAL MAP ADDENDUM

File No. 2021-260
Case No. Parcel 5,6,Comb'd

Borrower						
Property Address	320 E Columbia Gardens Way					
City	Kennewick	County	Benton	State	WA	Zip Code 99336
Lender/Client	Port of Kennewick		Address 350 N Clover Island Dr #200, Kennewick, WA 99336			



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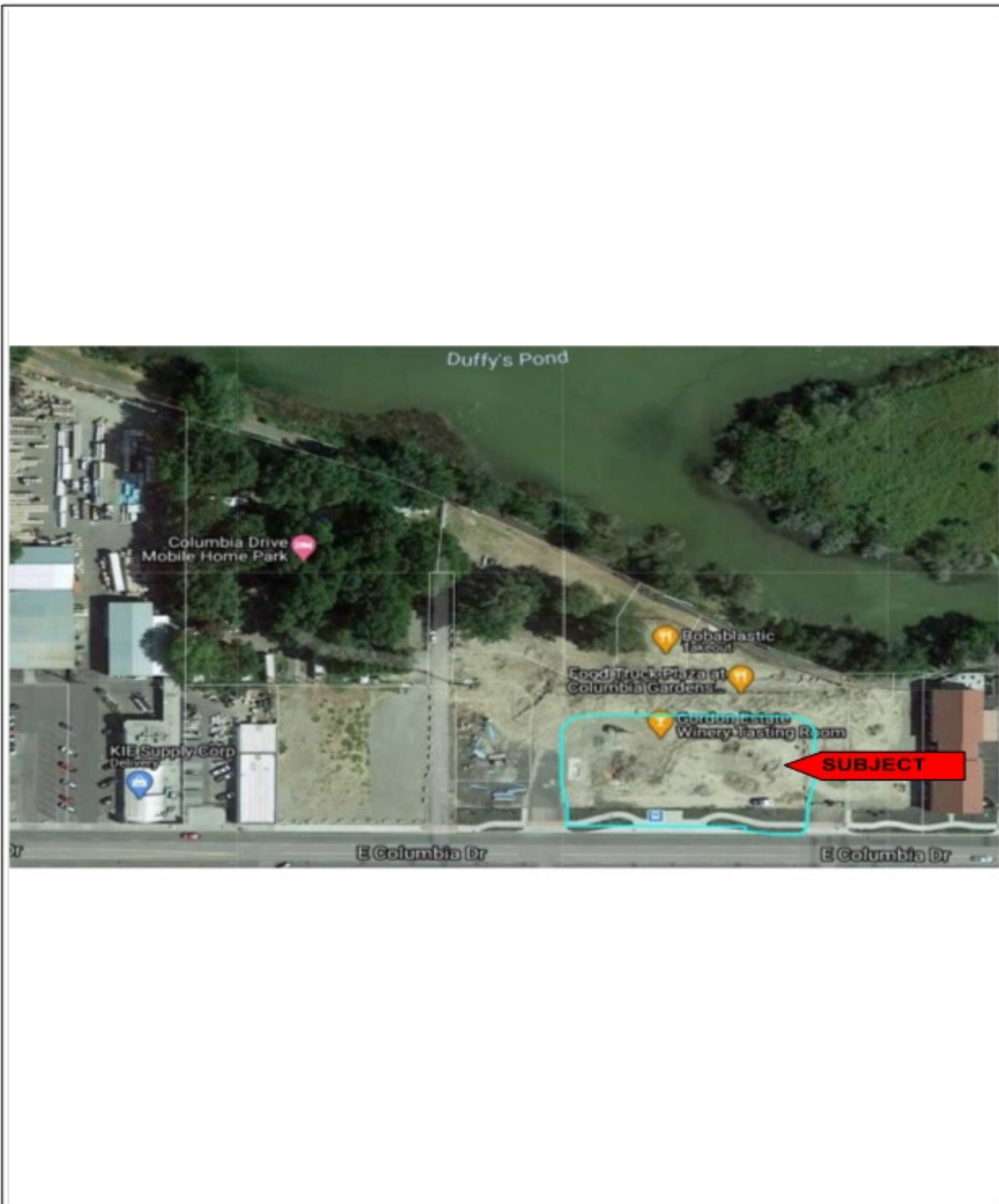
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MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Sandollar LLC | Appraisal Group SEWA
PLAT MAP

File No. 2021-260
Case No. Parcel 5,6,Comb'd

Owner Port of Kennewick					
Property Address 320 E Columbia Gardens Way					
City Kennewick	County Benton	State WA	Zip Code 99336		
Client Port of Kennewick		Address 350 N Clover Island Dr #200, Kennewick, WA 99336			



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MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Sandollar LLC | Appraisal Group SEWA
AERIAL MAP ADDENDUM

File No. 2021-260
Case No. Parcel 5,6,Comb'd

Borrower						
Property Address	320 E Columbia Gardens Way					
City	Kennewick	County	Benton	State	WA	Zip Code 99336
Lender/Client	Port of Kennewick		Address 350 N Clover Island Dr #200, Kennewick, WA 99336			



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*MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA*

Statement of Qualifications

File No. 2021-260
Case No. Parcel 5,6,Comb'd

Borrower

Property Address	320 E Columbia Gardens Way				
City	Kennewick	County	Benton	State	WA Zip Code 99336
Lender/Client	Port of Kennewick Address 350 N Clover Island Dr #200, Kennewick, WA 99336				



Statement of Qualifications for

Veronica R. (Nikki) Griffith, MAI, CCIM

EDUCATION

May, 1988	St. Louis University St. Louis, MO	Graduated Cum Laude; Major in Business Management with Minor in Communications
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PROFESSIONAL EXPERIENCE

2014 - Now	Sandollar LLC Appraisal Group SEWA	Owner/Principal
 <p>Private practice firm specializing in <i>appraisal, appraisal review and consulting</i> for all types of commercial real estate property for a variety of institutional, governmental and other private party clients. Firm is the successor entity of Ms. Griffith's firm (see below) and Chamberlin & Associates, Inc. (Gary Chamberlin, MAI, Owner, now retired).</p>		
2004 - 2014	Sandollar Realty Advisors Tri-Cities (Kennewick, Pasco & Richland), WA	Owner/Principal
 <p>Private practice specializing in (1) <i>appraisal, appraisal review and litigation support</i> for all types of commercial real estate property for a variety of institutional and attorney clients; (2) commercial real estate brokerage (sales and leasing) for office, industrial, retail property including short sale and REO property; and (3) <i>education, curriculum development, and regulatory compliance</i> for the banking, real estate brokerage and appraisal industries. Firm initiated operations in Arizona; relocated to Washington State in mid 2007.</p>		
1991 - 2004	Bank One Corporation (now JPMorgan Chase), Phoenix, AZ	SVP, Chief Appraiser, National Manager Real Estate Appraisal Group (REAG)
<p>Management and oversight responsibility for the commercial real estate valuation functions of a \$20 Billion commercial real estate portfolio for a \$300 Billion national (5th largest U.S.) bank including direction of 45+ full time employees with \$4+ Million annual budget. Reported to Senior Credit Officer. Supervised 8 direct reports. Major accomplishments included development and maintenance of:</p> <ul style="list-style-type: none"> • Bank policies for Board of Director action in response to a changing regulatory environment; • Procedures for engagement of independent fee appraisers on a contract basis with annual contracts totaling \$12MM to \$15MM annually; • Procedures for review of 3rd party appraisals to determine regulatory compliance with bank policy, federal and state regulation, and USPAP for commercial real property collateral valued in excess of \$20 Billion annually; • Internet (for 3rd party vendor use) and intranet (for internal bank use); • Appraisal management tracking database software; • Company wide training program for all bankers, underwriters, credit administration staff, etc.; and • Engineering of post merger strategy for five separate legacy banking institutions' appraisal departments including rightsizing over the years from an initial staff of 72 full time employees (legacy institutions included Bank One, 1st Chicago, American National, NBD Detroit, and NBD Indiana). 		
1990 - 1991	RTC (Western Savings & Loan), Phoenix, AZ	VP, Chief Appraiser Real Estate Appraisal Department
<p>Management and oversight responsibility for re-appraisal of all commercial and agricultural real estate assets for the combined \$150 Billion real estate portfolios of four insolvent financial institutions during their receivership / liquidation phase. Facilitated orderly transfer of asset files to private sector asset management firms. Served on Credit Review Committee to determine disposition of assets. Reported directly to RTC Managing Agent / Financial Institutional Specialist in charge of institutions.</p>		

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*MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA*

Statement of Qualifications

File No. 2021-260
Case No. Parcel 5,6,Comb'd

Borrower

Property Address	320 E Columbia Gardens Way				
City	Kennewick	County	Benton	State	WA Zip Code 99336
Lender/Client	Port of Kennewick Address 350 N Clover Island Dr #200, Kennewick, WA 99336				

1988 – 1990 Sandollar Realty Advisors Corp. Principal, Senior Appraiser & Broker
St. Louis, MO
Private appraisal consulting practice including product development, marketing, staff training, and management. Specialized in preparation of narrative commercial appraisal reports, appraisal review and litigation support on a wide variety of commercial, retail, office, industrial and multi-family properties, for banking, institutional, governmental and private sector clients. Qualified to testify in federal, state and bankruptcy venues.

1984 – 1988 Buckles & Associates VP, Senior Commercial Appraiser
St. Louis, MO
Assisted in start-up of private appraisal practice. Responsible for preparation of narrative appraisal reports on a wide variety of commercial, retail, office, industrial, multi-family, special purpose, and single family subdivision properties.

PROFESSIONAL MEMBERSHIPS & AFFILIATIONS

Licensed Washington State Certified General Real Estate Appraiser (1101758)

- **Appraisal Institute (National Organization) - MAI Designee** qualified/licensed to appraise all types of commercial real estate; Former Chair and Member, Commercial Appraisal Report Standards (CARS) Project Team; Former Member of AI's National Client Advisory Committee (CAC) which includes Chief Appraisers from all major banking institutions
- **Appraisal Institute** – Past President (2017-18) and Member of the local Columbia Basin Chapter (now combined)
- **Appraisal Institute** – Candidate for Appraisal Review Designation; education completed

Licensed Washington State Real Estate Broker (9128)

- **Member of the CCIM Institute - CCIM Designee** (Certified Commercial Investment Member) for commercial real estate brokerage, management and investment analysis
- **Member of the National Association of Realtors (NAR)**
- **Member of the Tri-Cities Association of Realtors (TCAR)**
- **Member of the Northwest MLS**

OTHER

- **Commissioner, City of Kennewick Planning & Development Commission**, Kennewick, WA – Assist in promoting and maintaining all types of development for the City of Kennewick
- **Faculty Member, Appraisal Institute (AI)** - Qualified by AI (the premier education provider to the appraisal industry) to develop curriculum and teach several appraisal courses and seminars at the national level including:
 1. *Appraisal Principles*;
 2. *Appraisal Procedures*; and
 3. *Highest and Best Use Analysis*;
 4. Curriculum developer and instructor for seminar entitled *Appraisal Engagement and Review for Bankers*
- **Faculty Member, Risk Management Associates (RMA)** - Qualified by RMA (the premier education provider to the banking industry) to develop curriculum and teach several courses/seminars at the national level to bankers and regulators including:
 1. Develop and host 1-1/2-day *Real Estate Appraisal Manager's Forum*, twice yearly;
 2. *Commercial Real Estate Lending I* (CRELI, 1-day seminar);
 3. *Commercial Real Estate Lending II* (CRELII, 1-day seminar);
 4. *Problem Real Estate Loans* (PREL, 1-day seminar);
 5. *Commercial Real Estate Lending III* (CRELIII, 1-day seminar);
 6. *Understanding & Interpreting Real Estate Appraisals* (UIREA, 1-day seminar); and
 7. Curriculum developer for several new products including UIREA for the banking regulatory agencies; and UIREA for financial institutions.
- **Faculty Member, Washington Association of Realtors; Tri-Cities Association of Realtors** – qualified by WAR and TCAR to develop and teach real estate related curriculum for Washington State Realtors.
- **Approved Instructor, WA State Department of Licensing** – Qualified by WA DOL to teach a wide variety of real estate related curriculum for licensing and continuing education requirements for real estate related trades.
- **Most Recent Continuing Education Classes**
 - a. 10/20 – Appraisal of Manufactured Homes Featuring Next-Generation Manufactured Homes
 - b. 06/20 -- Valuation Impacts of COVID-19: 1-4 Unit Residential
 - c. 09/19 – Solving Land Valuation Puzzles
 - d. 09/19 – Rural Valuation Basics

MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Sandollar LLC | Appraisal Group SEWA
Appraiser's License

File No. 2021-260
Case No. Parcel 5,6,Comb'd

Borrower

Property Address	320 E Columbia Gardens Way				
City	Kennewick	County	Benton	State	WA
				Zip Code	99336
Lender/Client	Port of Kennewick		Address 350 N Clover Island Dr #200, Kennewick, WA 99336		




MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Commercial Parcel #5 and #6
Valued as Separate Parcels (One Tax Parcel)

227 E Columbia Gardens Way
Kennewick, WA

MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Sandollar LLC | Appraisal Group SEWA

 <p>Form 120.05*</p>	Client File #: Parcel #5,6,Separate		Appraisal File #: 2021-260	
	Appraisal Report · Land			
	Appraisal Company: Sandollar LLC Appraisal Group SEWA			
	Address: 2001 S Washington St, Kennewick, WA 99337			
Phone: 509.628.9817		Fax:		Website: www.appraisalgroupsewa.com
Appraiser: Veronica R Griffith, MAI, CCIM				
AI Membership (if any): <input type="checkbox"/> SRA <input checked="" type="checkbox"/> MAI <input type="checkbox"/> SRPA <input type="checkbox"/> AI-GRS <input type="checkbox"/> AI-RRS		Co-Appraiser:		
AI Affiliation (if any): <input type="checkbox"/> Candidate for Designation <input type="checkbox"/> Practicing Affiliate		AI Membership (if any): <input type="checkbox"/> SRA <input type="checkbox"/> MAI <input type="checkbox"/> SRPA <input type="checkbox"/> AI-GRS <input type="checkbox"/> AI-RRS		
Other Professional Affiliation: CCIM Designee		AI Affiliation (if any): <input type="checkbox"/> Candidate for Designation <input type="checkbox"/> Practicing Affiliate		
Email: appraisalgroupsewa@gmail.com		Other Professional Affiliation:		
Client: Port of Kennewick		E-mail:		
Address: 350 N Clover Island Dr #200, Kennewick, WA 99336		Contact: Amber Hanchette, Director of Real Estate		
Phone: 509.586.1186		Fax: N/A		Email: Amber@PortofKennewick.org
SUBJECT PROPERTY IDENTIFICATION				
Address: 320 E Columbia Gardens Way				
City: Kennewick	County: Benton	State: WA	ZIP: 99336	
Legal Description: A portion of Lots 12, 13 and 14, RePlat of Columbia Gardens				
Tax Parcel #: 131903030013003		RE Taxes: 0		Tax Year: 2021
Use of the Real Estate As of the Date of Value: Vacant Land				
Use of the Real Estate Reflected in the Appraisal: Vacant Land Available for Commercial Development AS TWO SEPARATE SIMILARLY SIZED PARCELS				
Opinion of highest and best use (if required): Commercial Development				
SUBJECT PROPERTY HISTORY				
Owner of Record: Port of Kennewick				
Description and analysis of sales within 3 years (minimum) prior to effective date of value: No sales of the property have been recorded in the 3 years preceding the effective date of valuation.				
Description and analysis of agreements of sale (contracts), listing, and options: N/A				
RECONCILIATIONS AND CONCLUSIONS				
Indication of Value by Sales Comparison Approach		\$ 210,000 EACH		
Indication of Value by Cost Approach		\$ N/A		
Indication of Value by Income Approach		\$ N/A		
Final Reconciliation of the Methods and Approaches to Value: Two contiguous sites shown on the included plan (Parcels #5 and #6) which are a single tax parcel are being valued and the property is appraised as if subdivided into two similarly sized parcels. Only the sales comparison approach to value was applied. The value was reasonably well supported by several recent sales in the neighborhood or competing neighborhoods. Adjustments were considered minor, i.e., less than 20% gross net adjustments excluding the adjustment for the "pad site" status analysis, which was well supported.				
Opinion of Value as of: June 30, 2021		\$ 210,000 EACH		
Exposure Time: Less than one year				
The above opinion is subject to: <input type="checkbox"/> Hypothetical Conditions and/or <input checked="" type="checkbox"/> Extraordinary Assumptions cited on the following page.				

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MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Sandollar LLC | Appraisal Group SEWA

Client:	Port of Kennewick	Client File #:	Parcel #5.6, Separate
Subject Property:	320 E Columbia Gardens Way, Kennewick, WA 99336	Appraisal File #:	2021-260

ASSIGNMENT PARAMETERS	
Intended User(s): Client, Port of Kennewick, only	
Intended Use: Establish a market value for possible sale of the property	
The report is not intended by the appraiser for any other use by any other user.	
Type of Value: Market Value	Effective Date of Value: June 30, 2021
Interest Appraised: <input checked="" type="checkbox"/> Fee Simple <input type="checkbox"/> Leasehold <input type="checkbox"/> Other	
Hypothetical Conditions: (A hypothetical condition is that which is contrary to what exists, but is asserted by the appraiser for the purpose of analysis. Any hypothetical condition may affect the assignment results.) NOTE: Site benefits from access to shared parking lots within the overall development, a benefit none of the comparisons enjoy. It is an extraordinary assumption that reciprocal cross easement agreements are executed establishing this as a benefit which runs with the land. NOTE: Subject is a single tax parcel but is assumed subdivided into two similar sized parcels for purposes of valuation.	
Extraordinary Assumptions: (An extraordinary assumption is directly related to a specific assignment and presumes uncertain information to be factual. If found to be false this assumption could alter the appraiser's opinions or conclusions. Any extraordinary assumption may affect the assignment results.)	
This is an Appraisal Report in accordance with Standard Rule 2-2(a) of the Uniform Standard of Professional Appraisal Practice (USPAP).	
SCOPE OF WORK	
Definition: The scope of work is the type and extent of research and analysis in an assignment. Scope of work includes the extent to which the property is identified, the extent to which tangible property is inspected, the type and extent of data research, and the type and extent of analysis applied to arrive at credible opinions or conclusions. The specific scope of work for this assignment is identified below and throughout this report.	
Appraiser Property Inspection: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Date of Inspection: June 30, 2021 Describe Scope of Property Inspection, Source of Area Calculations and Data Sources Consulted: Walk the perimeter and interior of the site; size based on public records; appraiser's proprietary database, local MLS, Commercial MLS, Retrospect, public records were used.	Approaches to Value Developed Cost Approach: <input type="checkbox"/> Is necessary for credible results and is developed in this analysis <input checked="" type="checkbox"/> Is not necessary for credible results; not developed in this analysis <input type="checkbox"/> Is not necessary for credible results but is developed in this analysis Sales Comparison Approach: <input checked="" type="checkbox"/> Is necessary for credible results and is developed in this analysis <input type="checkbox"/> Is not necessary for credible results; not developed in this analysis <input type="checkbox"/> Is not necessary for credible results but is developed in this analysis Income Approach: <input type="checkbox"/> Is necessary for credible results and is developed in this analysis <input checked="" type="checkbox"/> Is not necessary for credible results; not developed in this analysis <input type="checkbox"/> Is not necessary for credible results but is developed in this analysis
Co-Appraiser Property Inspection: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Date of Inspection: June 30, 2021 Describe Scope of Property Inspection, Source of Area Calculations and Data Sources Consulted: Walk the perimeter and interior of the site; size based on public records; appraiser's proprietary database, local MLS, Commercial MLS, Retrospect, public records were used.	
Additional Scope of Work Comments: N/A	
Significant Real Property Appraisal Assistance: <input type="checkbox"/> None <input checked="" type="checkbox"/> Disclose Name(s) and contribution: Sonnia Renee King, a licensed trainee assigned to me, assisted with observation and photography of the subject property, initial search for comparable data, and initial drafting of the report. All final selection of data, adjustments to the data, and final reconciliation of value are those of Veronica R Griffith, MAI, CCIM.	

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MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Sandollar LLC | Appraisal Group SEWA

Client:	Port of Kennewick	Client File #:	Parcel #5.6, Separate
Subject Property:	227 E Columbia Gardens Way, Kennewick, WA 99336	Appraisal File #:	2021-260

MARKET AREA ANALYSIS											
Location		Built Up		Growth		Supply & Demand		Value Trend		Typical Marketing Time	
<input checked="" type="checkbox"/> Urban		<input type="checkbox"/> Under 25%		<input type="checkbox"/> Rapid		<input type="checkbox"/> Shortage		<input type="checkbox"/> Increasing		<input type="checkbox"/> Under 3 Months	
<input type="checkbox"/> Suburban		<input type="checkbox"/> 25%-75%		<input type="checkbox"/> Stable		<input checked="" type="checkbox"/> In Balance		<input checked="" type="checkbox"/> Stable		<input type="checkbox"/> 3-6 Months	
<input type="checkbox"/> Rural		<input checked="" type="checkbox"/> Over 75%		<input checked="" type="checkbox"/> Slow		<input type="checkbox"/> Over Supply		<input type="checkbox"/> Decreasing		<input checked="" type="checkbox"/> Over 6 Months	
Neighborhood Single Family Profile				Neighborhood Land Use				Neighborhood Name : Historic Waterfront District			
Price		Age		1 Family		Commercial		PUD		Condo	
200K		Low		0		85 %		8 %		HOA: \$ /	
500K		High		100		2 %		2 %		Amenities: Sites are "pad" type sites which benefit from shared off-site parking.	
250-300K		Predominant		45		3 %					
<p>Market area description and characteristics: Subject lies within a newly re-developing area being created by the Port of Kennewick known as the Historic Waterfront District along the southern alignment of the Columbia River and Duffy's Pond. The neighborhood surrounding this district includes vintage commercial development along E Columbia Dr between Gum St (S.R. 397) as it comes off the Cable Bridge and Clover Island Dr (extension of Washington St north of E Columbia Dr); vintage industrial to the east and further south along the alignment of the B&O Railroad; the original CBD of Kennewick, now known as Historic Downtown Kennewick; and vintage residential interspersed with new SFR subdivisions being created in pockets of redevelopment of former agriculturally zoned land. The area north includes Clover Island which houses the local marina, the Clover Island Inn, and several other commercial developments including office and retail/restaurant users.</p>											
SITE ANALYSIS											
Dimensions: Irregular						Area: 21,126 each					
View: Commercial						Shape: Mostly rectangular					
Drainage: Appears Adequate						Utility: Average					
Site Similarity/Conformity to Neighborhood											
Size:				View:				Zoning: UMU, which permits a variety of development types			
<input type="checkbox"/> Smaller than Typical				<input type="checkbox"/> Favorable				Convenants, Condition & Restrictions			
<input checked="" type="checkbox"/> Typical				<input checked="" type="checkbox"/> Typical				<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Unknown			
<input type="checkbox"/> Larger Than Typical				<input type="checkbox"/> Less than Favorable				Documents Reviewed			
								<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			
								Ground Rent \$ /			
Utilities											
Electric		<input checked="" type="checkbox"/> Public		<input type="checkbox"/> Other		Street		<input checked="" type="checkbox"/> Public		<input type="checkbox"/> Private	
Gas		<input type="checkbox"/> Public		<input type="checkbox"/> Other		Alley		<input checked="" type="checkbox"/> Public		<input type="checkbox"/> Private	
Water		<input checked="" type="checkbox"/> Public		<input type="checkbox"/> Other		Sidewalk		<input checked="" type="checkbox"/> Public		<input type="checkbox"/> Private	
Sewer		<input checked="" type="checkbox"/> Public		<input type="checkbox"/> Other		Street Lights		<input checked="" type="checkbox"/> Public		<input type="checkbox"/> Private	
<p>Site description and characteristics: The site is located within the Historic Waterfront District in an area defined as Columbia Gardens. Adjacent to the west is a vintage mobile home park while development to the immediate east and south include additional new or proposed development within the Columbia Gardens area. Three buildings housing winery tenants as well as associated parking and the Food Truck Plaza are now in place.</p>											
HIGHEST AND BEST USE ANALYSIS											
<input type="checkbox"/> Present Use <input checked="" type="checkbox"/> Proposed Use <input type="checkbox"/> Other											
<p>Summary of highest and best use analysis: The legally permissible uses under the UMU, Urban Mixed Use zoning designation include a broad range of commercial and residential developments. This is a newer zoning designation designed to encourage re-development of older neighborhoods. Thus, physically possible uses are limited mostly by size. Financially productive uses would include any use commercial use permitted under the UMU designation; this would also be the maximally productive use. Thus, the highest and best use of the site is for commercial development that conforms to the UMU development standards which would be cohesive with surrounding development in the Columbia Gardens neighborhood portion of the Historic Waterfront District.</p>											

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MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Sandollar LLC | Appraisal Group SEWA

Client:	Port of Kennewick	Client File #:	Parcel #5.6, Separate
Subject Property:	320 E Columbia Gardens Way, Kennewick, WA 99336	Appraisal File #:	2021-260

SITE VALUATION									
Site Valuation Methodology									
<input checked="" type="checkbox"/> Sales Comparison Approach: A set of procedures in which a value indication is derived by comparing the property being appraised to similar properties that have been sold recently, then applying appropriate units of comparison and making adjustments to the sale prices of the comparables based on the elements of comparison. The sales comparison approach may be used to value improved properties, vacant land, or land being considered as though vacant; it is the most common and preferred method of land valuation when an adequate supply of comparable sales are available.									
<input type="checkbox"/> Market Extraction: A method of estimating land value in which the depreciated cost of the improvements on the improved property is estimated and deducted from the total sale price to arrive at an estimated sale price for the land; most effective when the improvements contribute little to the total sale price of the property.									
<input type="checkbox"/> Alternative Method: (Describe methodology and rationale)									
Site Valuation									
ITEM	SUBJECT	COMPARISON 1		COMPARISON 2		COMPARISON 3			
Address	320 E Columbia Gardens Way Kennewick, WA 99336	1200 N Irving Pl Kennewick, WA		1201, 1213, 1221 N Irving Pl Kennewick, WA		604 N Hartford Kennewick, WA			
Proximity to Subject		4.14 miles W		4.18 miles W		0.82 miles W			
Data Source/ Verification		Retrospect; Public Recs Public Recs; Seller		Retrospect; Public Recs Public Recs; Seller		MLS #249542; Pub Recs MLS #249542; Pub Recs			
Sales Price	\$		\$ 130,571		\$ 440,130		\$ 50,000		
Price/ PSF	\$ 0		\$ 5.50		\$ 5.72		\$ 5.77		
Sale Date	N/A	05/18/2021		04/15/2021		12/07/2020			
Location	Frontage	Interior		Interior		Interior			
Site Size	21,126 each	23,753		76,962		8,668			
Site View	Commercial	Commercial		Commercial		Residential			
Site Improvements	N/A	N/A		N/A		N/A			
Zoning	UMU	CO		CO		UMU			
Access	Public ROW	Public ROW		Public ROW		Public ROW			
Shape/Utility/Corner	Average	Average		Average		Average/Corner			
Utilities	Available	Available		Available		Available			
Shared Parking	Yes	No		No		No			
Net Adjustment		<input checked="" type="checkbox"/> + <input type="checkbox"/> - \$ 3.85		<input checked="" type="checkbox"/> + <input type="checkbox"/> - \$ 4.55		<input checked="" type="checkbox"/> + <input type="checkbox"/> - \$ 3.46			
Indicated Value		Net Adj. 70% Gross Adj. 70% \$ 9.35		Net Adj. 80% Gross Adj. 80% \$ 10.27		Net Adj. 60% Gross Adj. 80% \$ 9.23			
Prior Transfer History	None within last 3 yrs	No sales in prior 3 years		No sales in prior 3 years		No sales in prior 3 years			
<p>Site Valuation Comments: Besides typical adjustments (10% to 30%), subject benefits from having offsite shared parking with reciprocal easements, similar to that found in a shopping center, where a "pad" site with cross easement agreements for parking, ingress and egress control. There are only two recent sales of "pad" sites available for review, and thus, it was necessary to review older "pad" sites with older non-pad sites to get an idea of the premium paid for the "pad sites" (See excel spreadsheet included herein). The six pad site sales ranged from 23,108 SF to 51,411 SF with an average of 35,584 SF and ranged from \$17.64 to \$30.24 PSF with an average of \$22.61 PSF. The non-pad sites ranged from 37,823 to 80,403 SF with an average of 50,896 SF and ranged in price from \$7.24 to \$13.09 PSF with an average of \$9.15 PSF. The pad sites sold for an average premium of nearly 150% compared to the non-pad sites which accounts for the differences in reciprocal parking, access and egress supporting the need for an adjustment in superior neighborhoods that are experiencing strong growth with strong demographics. A 50% adjustment is considered reasonable.</p> <p>Site Valuation Reconciliation: This is a single parcel and the client requests valuation as two similar sized parcels. This report values the property (Parcel #5 and #6) as a single parcel. See separate report for valuation as a single parcel. After adjustment the sales range from \$8.57 to \$11.07 PSF with a weighted average of approximately \$9.80 PSF. Adjustments are large and could be considered excessive by some, but none of the sales benefit from shared parking as a "pad site" in a cohesive development for which a 50% adjustment was made. An analysis of pad sites versus non pad sites indicated that on average, a pad site commanded a 150% premium compared to non-pad sites. The three sales in subject's neighborhood are older and surrounded by residential improvements while subject is part of a cohesive new development within the Historic Waterfront District. A value of \$10 PSF was concluded and when multiplied by the site area of 21,126 SF, a value of \$210,126, rounded to \$210,000 for EACH PARCEL.</p>									
Opinion of Site Value				\$ 210,000 EACH					

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MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Sandollar LLC | Appraisal Group SEWA
 EXTRA SITES 4-5-6

Client:	Port of Kennewick	Client File #:	Parcel #5,6,Separate
Subject Property:	320 E Columbia Gardens Way, Kennewick, WA 99336	Appraisal File #:	2021-260

SITE EVALUATION									
Site Valuation Methodology									
<input checked="" type="checkbox"/> Sales Comparison Approach: A set of procedures in which a value indication is derived by comparing the property being appraised to similar properties that have been sold recently, then applying appropriate units of comparison and making adjustments to the sale prices of the comparable based on the elements of comparison. The sales comparison approach may be used to value improved properties, vacant land, or land being considered as though vacant; it is the most common and preferred method of land valuation when an adequate supply of comparable sales are available.									
<input type="checkbox"/> Market Extraction: A method of estimating land value in which the depreciated cost of the improvements on the improved property is estimated and deducted from the total sale price to arrive at an estimated sale price for the land; most effective when the improvements contribute little to the total sale price of the property.									
<input type="checkbox"/> Alternative Method: (Describe methodology and rationale)									
Site Valuation									
ITEM	SUBJECT	COMPARISON 4		COMPARISON 5		COMPARISON 6			
Address	320 E Columbia Gardens Way Kennewick, WA 99336	421 E Bruneau Pl Kennewick, WA		5610 W Quinault Kennewick,		218 N Beech St Kennewick, WA			
Proximity to Subject		0.12 miles E		4.11 miles W		0.07 miles SW			
Data Source/ Verification		Retrospect; Pub Recs Retrospect; Seller		Retrospect; Public Recs Public Recs; Seller		Retrospect; Pub Recs Retrospect; Pub Recs			
Sales Price	\$		\$ 45,000		\$ 300,000		\$ 117,000		
Price/ PSF	\$ 0.00		\$ 5.36		\$ 6.92		\$ 6.78		
Sale Date		03/13/2020		01/17/2020		08/08/2019			
Location	Frontage	Interior		Frontage		Interior			
Site Size	21,126 each	8,398		43,368		17,258			
Site View	Commercial	Residential		Commercial		Residential			
Site Improvements	N/A	N/A		N/A		N/A			
Zoning	UMU	UMU		CO		UMU			
Access	Public ROW	Public ROW		Public ROW		Public ROW			
Shape/Utility/Corner	Average	Corner		Average		Corner			
Utilities	Available	Available		Available		Available			
Shared Parking	Yes	No		No		No			
Net Adjustment		<input checked="" type="checkbox"/> + <input type="checkbox"/> - \$ 3.21		<input checked="" type="checkbox"/> + <input type="checkbox"/> - \$ 4.15		<input checked="" type="checkbox"/> + <input type="checkbox"/> - \$ 4.06			
Indicated Value		Net Adj. 60% Gross Adj. 80% \$ 8.57		Net Adj. 60% Gross Adj. 60% \$ 11.07		Net Adj. 60% Gross Adj. 80% \$ 10.84			
Prior Transfer History	No sales in prior 3 years	No sales in prior 3 years		No sales in prior 3 years		No sales in prior 3 years			
Site Valuation Comments: See prior page comments									
Site Valuation Reconciliation: See prior page comments									

MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Sandollar LLC | Appraisal Group SEWA

Client:	Port of Kennewick	Client File #:	Parcel #5.6, Separate
Subject Property:	320 E Columbia Gardens Way	Appraisal File #:	2021-260

STATEMENT OF ASSUMPTIONS AND LIMITING CONDITIONS

This appraisal is subject to the following assumptions and limiting conditions:

- This report is prepared using forms developed and copyrighted by the Appraisal Institute. However, the content, analyses, and opinions set forth in this report are the sole product of the appraiser. The Appraisal Institute is not liable for any of the content, analyses, or opinions set forth herein.
- No responsibility is assumed for matters legal in character or nature. No opinion is rendered as to title, which is assumed to be good and marketable. All existing liens, encumbrances, and assessments have been disregarded, unless otherwise noted, and the property is appraised as though free and clear, having responsible ownership and competent management.
- I have examined the property described herein exclusively for the purpose of identification and description of the real property. The objective of our data collection is to develop an opinion of the highest and best use of the subject property and make meaningful comparisons in the valuation of the property. The appraiser's observations and reporting of the subject improvements are for the appraisal process and valuation purposes only and should not be considered as a warranty of any component of the property. This appraisal assumes (unless otherwise specifically stated) that the subject is structurally sound and all components are in working condition.
- I will not be required to give testimony or appear in court because of having made an appraisal of the property in question, unless specific arrangements to do so have been made in advance, or as otherwise required by law.
- I have noted in this appraisal report any significant adverse conditions (such as needed repairs, depreciation, the presence of hazardous wastes, toxic substances, etc.) discovered during the data collection process in performing the appraisal. Unless otherwise stated in this appraisal report, I have no knowledge of any hidden or unapparent physical deficiencies or adverse conditions of the property (such as, but not limited to, needed repairs, deterioration, the presence of hazardous wastes, toxic substances, adverse environmental conditions, etc.) that would make the property less valuable, and have assumed that there are no such conditions and make no guarantees or warranties, express or implied. I will not be responsible for any such conditions that do exist or for any engineering or testing that might be required to discover whether such conditions exist. Because I am not an expert in the field of environmental hazards, this appraisal report must not be considered as an environmental assessment of the property. I obtained the information, estimates, and opinions furnished by other parties and expressed in this appraisal report from reliable public and/or private sources that I believe to be true and correct.
- I will not disclose the contents of this appraisal report except as provided for in the Uniform Standards of Professional Appraisal Practice, and/or applicable federal, state or local laws.
- The Client is the party or parties who engage an appraiser (by employment contract) in a specific assignment. A party receiving a copy of this report from the client does not, as a consequence, become a party to the appraiser-client relationship. Any person who receives a copy of this appraisal report as a consequence of disclosure requirements that apply to an appraiser's client, does not become an intended user of this report unless the client specifically identified them at the time of the assignment. The appraiser's written consent and approval must be obtained before this appraisal report can be conveyed by anyone to the public through advertising, public relations, news, sales, and other media.
- If this valuation conclusion is subject to satisfactory completion, repairs, or alterations, it is assumed that the improvements will be completed competently and without significant deviation.

VALUE DEFINITION

☒ Market Value Definition (below) ☐ Alternate Value Definition (attached)

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 the title from the seller to buyer under conditions whereby:

1. buyer and seller are typically motivated;
2. both parties are well informed or well advised and acting in what they consider their own best interests;
3. a reasonable time is allowed for exposure in the open market;
4. payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
5. the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

Source: *The Dictionary of Real Estate Appraisal, 6th ed., Appraisal Institute*

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MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Sandollar LLC | Appraisal Group SEWA

Client:	Port of Kennewick	Client File #:	Parcel #5.6, Separate
Subject Property:	320 E Columbia Gardens Way	Appraisal File #:	2021-260

APPRAISER'S CERTIFICATION

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

- The statements of fact contained in this report are true and correct.
- The reported analysis, opinions, and conclusions are limited only by the report assumptions and limiting conditions, and are my personal, unbiased professional analysis, opinions, and conclusions.
- I have no present (unless specified below) or prospective interest in the property that is the subject of this report, and I have no (unless specified below) personal interest with respect to the parties involved.
- I have no bias with respect to any property that is the subject of this report or to the parties involved with this assignment.
- My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- My analysis, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.
- Individuals who have provided significant real property appraisal assistance are named below. The specific tasks performed by those named are outlined in the Scope of Work section of this report.

☐ None ☒ Name(s) Sonnia Renee King

As previously identified in the Scope of Work section of this report, the signer(s) of this report certify to the inspection of the property that is the subject of this report as follows:

Property Inspected by Appraiser ☒ Yes ☐ No

Property Inspected by Co-Appraiser ☒ Yes ☐ No

- Services provided, 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 acceptance of this assignment: ☒ None ☐ Specify services provided:

ADDITIONAL CERTIFICATION FOR APPRAISAL INSTITUTE MEMBERS, CANDIDATES AND PRACTICING AFFILIATES

Appraisal Institute Designated Member, Candidate, or Practicing Affiliate Certify:

- 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 & Standards of Professional Appraisal Practice of the Appraisal Institute, which include the Uniform Standards of Professional Appraisal Practice.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.

As of the date of this report, I ☒ have / ☐ have not completed the continuing education program for Designated Members of the Appraisal Institute.

As of the date of this report, I ☐ have / ☐ have not

APPRAISERS SIGNATURES

APPRAISER:

Signature 

Name Veronica R. Griffith, MAI, CCIM

Report Date 06/30/2021

Trainee ☐ Licensed ☐ Certified Residential ☐ Certified General ☒

License # 1101758 State WA

Expiration Date 11/15/2021

CO-APPRAISER:

Signature _____

Name _____

Report Date _____

Trainee ☐ Licensed ☐ Certified Residential ☐ Certified General ☐

License # _____ State _____

Expiration Date _____

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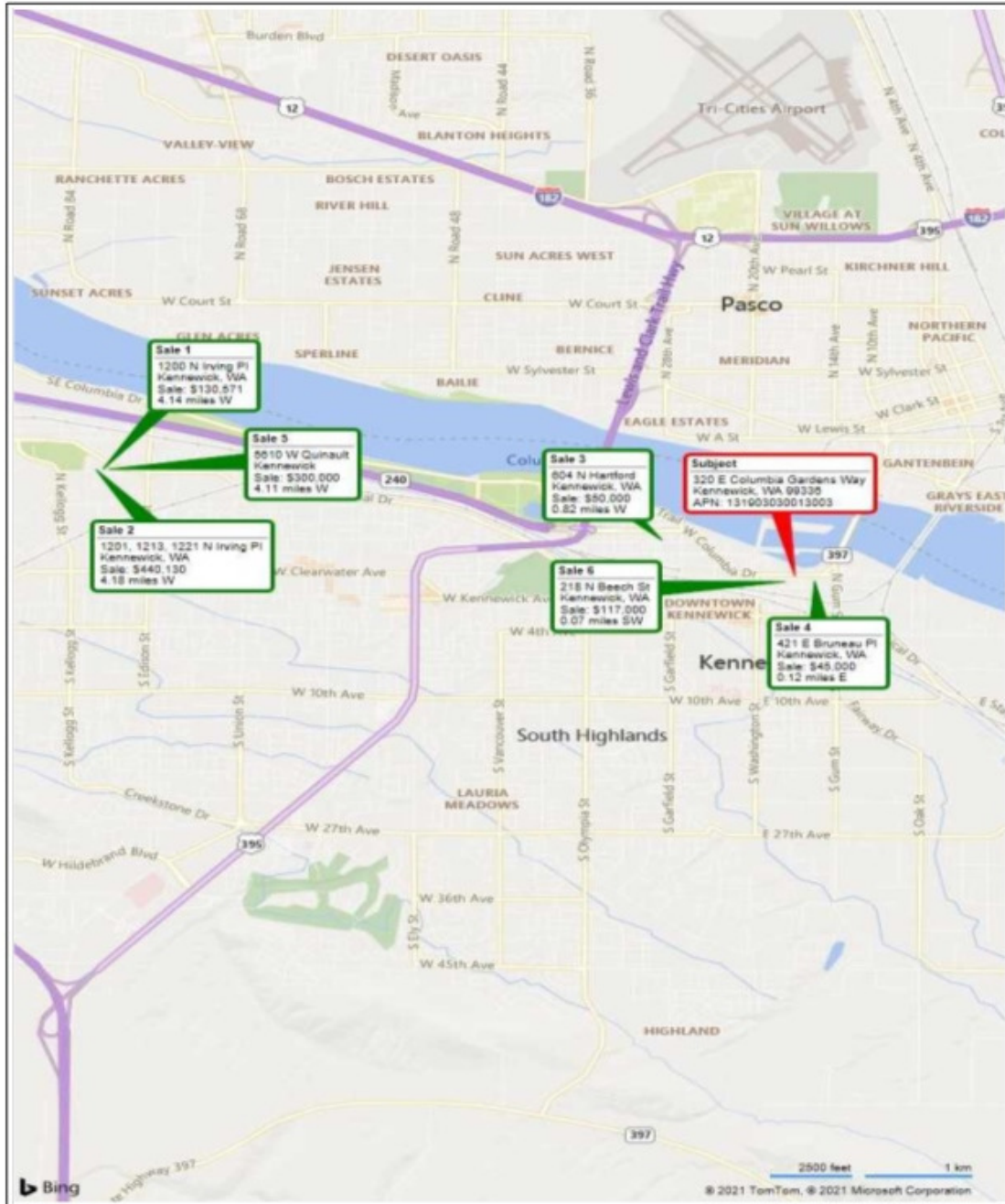
MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Sandollar LLC | Appraisal Group SEWA
LOCATION MAP ADDENDUM

File No. 2021-260
Case No. Parcel #5,6, Separate

Borrower

Property Address	320 E Columbia Gardens Way						
City	Kennewick	County	Benton	State	WA	Zip Code	99336
Lender/Client	Port of Kennewick		Address 350 N Clover Island Dr #200, Kennewick, WA 99336				

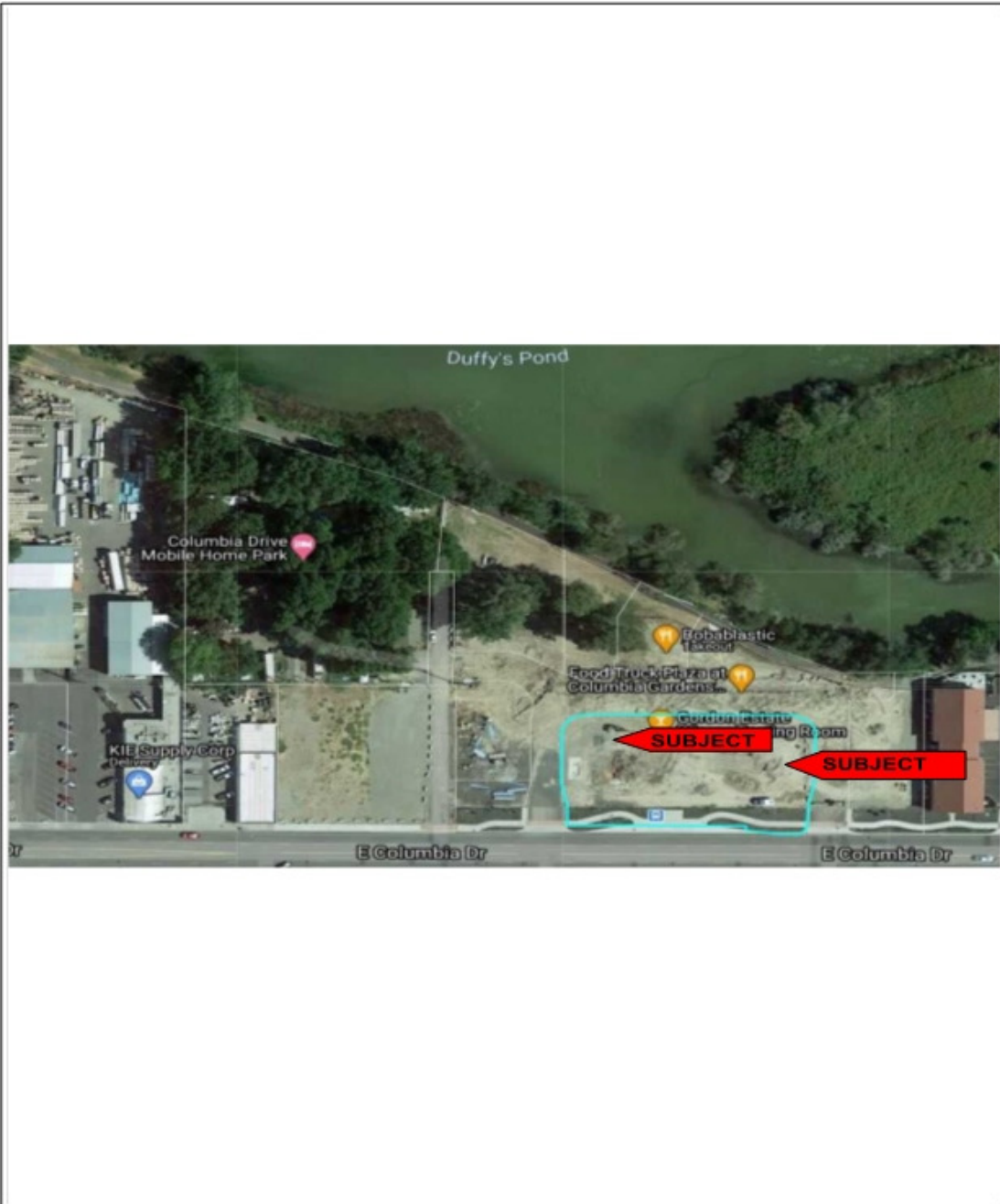


MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Sandollar LLC | Appraisal Group SEWA
PLAT MAP

File No. 2021-260
Case No. Parcel #5,6,Separate

Owner Port of Kennewick					
Property Address 320 E Columbia Gardens Way					
City Kennewick	County Benton	State WA	Zip Code 99336		
Client Port of Kennewick		Address 350 N Clover Island Dr #200, Kennewick, WA 99336			



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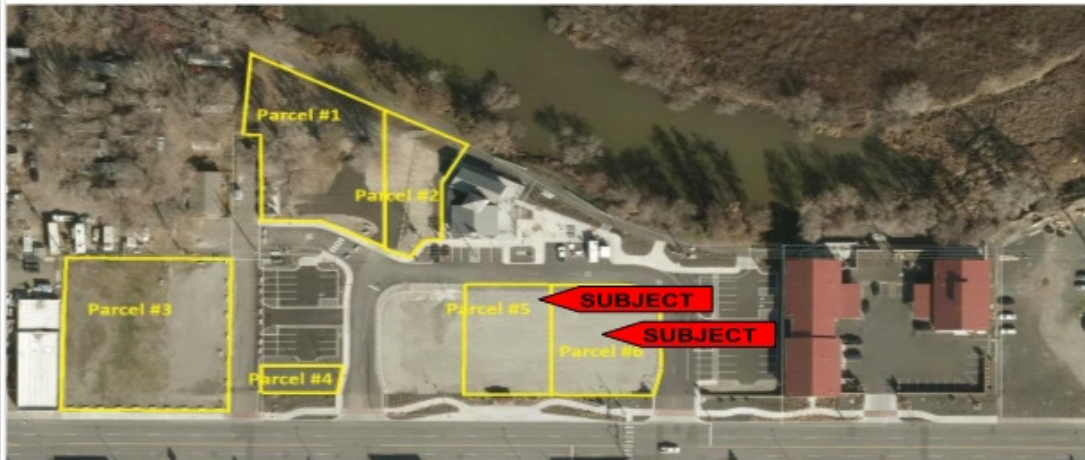
Page 10 of 15

MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Sandollar LLC | Appraisal Group SEWA
AERIAL MAP ADDENDUM

File No. 2021-260
Case No. Parcel #5,6, Separate

Borrower					
Property Address	320 E Columbia Gardens Way				
City	Kennewick	County	Benton	State	WA
				Zip Code	99336
Lender/Client	Port of Kennewick		Address 350 N Clover Island Dr #200, Kennewick, WA 99336		



Produced by ClickFORMS Software 800-622-8727

Page 11 of 15

MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Sandollar LLC | Appraisal Group SEWA
AERIAL MAP ADDENDUM

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Case No. Parcel #5,6, Separate

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*MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA*

Statement of Qualifications

File No. 2021-260
Case No. Parcel #5,6,Separate

Borrower

Property Address 320 E Columbia Gardens Way				
City Kennewick	County Benton	State WA	Zip Code 99336	
Lender/Client Port of Kennewick		Address 350 N Clover Island Dr #200, Kennewick, WA 99336		



Statement of Qualifications for

Veronica R. (Nikki) Griffith, MAI, CCIM

EDUCATION

May, 1988	St. Louis University St. Louis, MO	Graduated Cum Laude; Major in Business Management with Minor in Communications
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PROFESSIONAL EXPERIENCE

2014 - Now	Sandollar LLC Appraisal Group SEWA	Owner/Principal
	Private practice firm specializing in appraisal, appraisal review and consulting for all types of commercial real estate property for a variety of institutional, governmental and other private party clients. Firm is the successor entity of Ms. Griffith's firm (see below) and Chamberlin & Associates, Inc. (Gary Chamberlin, MAI, Owner, now retired).	
2004 - 2014	Sandollar Realty Advisors Tri-Cities (Kennewick, Pasco & Richland), WA	Owner/Principal
	Private practice specializing in (1) appraisal, appraisal review and litigation support for all types of commercial real estate property for a variety of institutional and attorney clients; (2) commercial real estate brokerage (sales and leasing) for office, industrial, retail property including short sale and REO property; and (3) education, curriculum development, and regulatory compliance for the banking, real estate brokerage and appraisal industries. Firm initiated operations in Arizona; relocated to Washington State in mid 2007.	
1991 - 2004	Bank One Corporation (now JPMorgan Chase), Phoenix, AZ	SVP, Chief Appraiser, National Manager Real Estate Appraisal Group (REAG)
	<p>Management and oversight responsibility for the commercial real estate valuation functions of a \$20 Billion commercial real estate portfolio for a \$300 Billion national (5th largest U.S.) bank including direction of 45+ full time employees with \$4+ Million annual budget. Reported to Senior Credit Officer. Supervised 8 direct reports. Major accomplishments included development and maintenance of:</p> <ul style="list-style-type: none"> • Bank policies for Board of Director action in response to a changing regulatory environment; • Procedures for engagement of independent fee appraisers on a contract basis with annual contracts totaling \$12MM to \$15MM annually; • Procedures for review of 3rd party appraisals to determine regulatory compliance with bank policy, federal and state regulation, and USPAP for commercial real property collateral valued in excess of \$20 Billion annually; • Internet (for 3rd party vendor use) and intranet (for internal bank use); • Appraisal management tracking database software; • Company wide training program for all bankers, underwriters, credit administration staff, etc.; and • Engineering of post merger strategy for five separate legacy banking institutions' appraisal departments including rightsizing over the years from an initial staff of 72 full time employees (legacy institutions included Bank One, 1st Chicago, American National, NBD Detroit, and NBD Indiana). 	
1990 - 1991	RTC (Western Savings & Loan), Phoenix, AZ	VP, Chief Appraiser Real Estate Appraisal Department
	Management and oversight responsibility for re-appraisal of all commercial and agricultural real estate assets for the combined \$150 Billion real estate portfolios of four insolvent financial institutions during their receivership / liquidation phase. Facilitated orderly transfer of asset files to private sector asset management firms. Served on Credit Review Committee to determine disposition of assets. Reported directly to RTC Managing Agent / Financial Institutional Specialist in charge of institutions.	

*MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA*

Statement of Qualifications

File No. 2021-260
Case No. Parcel #5,6,Separate

Borrower

Property Address	320 E Columbia Gardens Way				
City	Kennewick	County	Benton	State	WA Zip Code 99336
Lender/Client	Port of Kennewick Address 350 N Clover Island Dr #200, Kennewick, WA 99336				

1988 – 1990	Sandollar Realty Advisors Corp. St. Louis, MO Private appraisal consulting practice including product development, marketing, staff training, and management. Specialized in preparation of narrative commercial appraisal reports, appraisal review and litigation support on a wide variety of commercial, retail, office, industrial and multi-family properties, for banking, institutional, governmental and private sector clients. Qualified to testify in federal, state and bankruptcy venues.	Principal, Senior Appraiser & Broker
1984 – 1988	Buckles & Associates St. Louis, MO Assisted in start-up of private appraisal practice. Responsible for preparation of narrative appraisal reports on a wide variety of commercial, retail, office, industrial, multi-family, special purpose, and single family subdivision properties.	VP, Senior Commercial Appraiser

PROFESSIONAL MEMBERSHIPS & AFFILIATIONS

Licensed Washington State Certified General Real Estate Appraiser (1101758)

- **Appraisal Institute (National Organization) - MAI Designee** qualified/licensed to appraise all types of commercial real estate; Former Chair and Member, Commercial Appraisal Report Standards (CARS) Project Team; Former Member of AI's National Client Advisory Committee (CAC) which includes Chief Appraisers from all major banking institutions
- **Appraisal Institute** – Past President (2017-18) and Member of the local Columbia Basin Chapter (now combined)
- **Appraisal Institute** – Candidate for Appraisal Review Designation; education completed

Licensed Washington State Real Estate Broker (9128)

- **Member of the CCIM Institute - CCIM Designee** (Certified Commercial Investment Member) for commercial real estate brokerage, management and investment analysis
- **Member of the National Association of Realtors (NAR)**
- **Member of the Tri-Cities Association of Realtors (TCAR)**
- **Member of the Northwest MLS**

OTHER

- **Commissioner, City of Kennewick Planning & Development Commission**, Kennewick, WA – Assist in promoting and maintaining all types of development for the City of Kennewick
- **Faculty Member, Appraisal Institute (AI)** - Qualified by AI (the premier education provider to the appraisal industry) to develop curriculum and teach several appraisal courses and seminars at the national level including:
 1. *Appraisal Principles*;
 2. *Appraisal Procedures*; and
 3. *Highest and Best Use Analysis*;
 4. Curriculum developer and instructor for seminar entitled *Appraisal Engagement and Review for Bankers*
- **Faculty Member, Risk Management Associates (RMA)** - Qualified by RMA (the premier education provider to the banking industry) to develop curriculum and teach several courses/seminars at the national level to bankers and regulators including:
 1. Develop and host 1-1/2-day *Real Estate Appraisal Manager's Forum*, twice yearly;
 2. *Commercial Real Estate Lending I* (CRELI, 1-day seminar);
 3. *Commercial Real Estate Lending II* (CRELII, 1-day seminar);
 4. *Problem Real Estate Loans* (PREL, 1-day seminar);
 5. *Commercial Real Estate Lending III* (CRELIII, 1-day seminar);
 6. *Understanding & Interpreting Real Estate Appraisals* (UIREA, 1-day seminar); and
 7. Curriculum developer for several new products including UIREA for the banking regulatory agencies; and UIREA for financial institutions.
- **Faculty Member, Washington Association of Realtors; Tri-Cities Association of Realtors** – qualified by WAR and TCAR to develop and teach real estate related curriculum for Washington State Realtors.
- **Approved Instructor, WA State Department of Licensing** – Qualified by WA DOL to teach a wide variety of real estate related curriculum for licensing and continuing education requirements for real estate related trades.
- **Most Recent Continuing Education Classes**
 - a. 10/20 – Appraisal of Manufactured Homes Featuring Next-Generation Manufactured Homes
 - b. 06/20 -- Valuation Impacts of COVID-19: 1-4 Unit Residential
 - c. 09/19 – Solving Land Valuation Puzzles
 - d. 09/19 – Rural Valuation Basics

MARKET STUDY & ANALYSIS
Historic Waterfront District, Kennewick, WA

Sandollar LLC | Appraisal Group SEWA
Appraiser's License

File No. 2021-260
Case No. Parcel #5,6,Separate

Borrower

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City	Kennewick	County	Benton	State	WA
				Zip Code	99336
Lender/Client	Port of Kennewick		Address 350 N Clover Island Dr #200, Kennewick, WA 99336		



ADDENDA

Engagement Letter
Appraiser's Qualifications
Appraiser's License
Appraiser's E&O Insurance



AGENDA REPORT

TO: Port Commission

FROM: Tim Arntzen, Chief Executive Officer

DATE: September 14, 2021

AGENDA ITEM NO.: Resolution 2021-15, Interlocal Agreement with Energy Northwest for Specialty, Technical and/or Professional Services

- I. REFERENCE(S):** Resolution 2021-15 and Interlocal Agreement attached.
- II. FISCAL IMPACT:** Amount varies by Project
- III. DISCUSSION:** Energy Northwest has the capacity and is willing to perform certain technical and/or professional services for the Port of Kennewick on a case by case basis, such as project management services for the Kiwanis Playground and Maintenance Facilities Shop Location Study projects.
- IV. STAFF RECOMMENDATION:** Approve Resolution 2021-15, approving the Interlocal Agreement between the Port of Kennewick and Energy Northwest and authorizing the Chief Executive Officer to execute the Interlocal Agreement and all Work Release Orders and Change Orders associated with the Interlocal Agreement.
- V. ACTION REQUESTED OF COMMISSION:**

Motion: I move approval of Resolution 2021-15, approving the Interlocal Agreement between the Port of Kennewick and Energy Northwest, and authorizing the Chief Executive Officer to execute the Interlocal Agreement and all Work Release Orders and Change Orders associated with the Interlocal Agreement.

PORT OF KENNEWICK

Resolution No. 2021-15

***A RESOLUTION OF THE BOARD OF COMMISSIONERS
OF THE PORT OF KENNEWICK AUTHORIZING THE PORT CHIEF EXECUTIVE OFFICER TO
EXECUTE AN INTERLOCAL AGREEMENT WITH ENERGY NORTHWEST
TO PROVIDE SPECIALTY, TECHNICAL AND/OR PROFESSIONAL SERVICES***

WHEREAS, the Interlocal Cooperation Act contained in RCW 39.34 authorizes local governments such as Energy Northwest and the Port of Kennewick, to contract for joint conduct of activities which each of the parties is individually authorized to perform to make the most efficient use of their respective resources; and

WHEREAS, the Port of Kennewick desires to obtain cost effective technical and/or professional services to support the needs of the Port of Kennewick, to be more fully described in a Work Release Order for each project; and

WHEREAS, Energy Northwest has the capacity and is willing to perform certain technical and/or professional services for the Port of Kennewick, and the Port of Kennewick finds that Energy Northwest is qualified to perform the services, all relevant factors considered, and that such performance will be in furtherance of the Port of Kennewick's business; and

WHEREAS, the Port and Energy Northwest have outlined the general provisions for contract compliance in the Interlocal Agreement; and

WHEREAS, Port legal counsel has reviewed this contract and approved it as to form.

NOW, THEREFORE; BE IT HEREBY RESOLVED that the Board of Commissioners of the Port of Kennewick approves the Interlocal Agreement and instructs the Port CEO to execute the Interlocal Agreement and take all action necessary to implement the Interlocal Agreement.

BE IT FURTHER RESOLVED that the Port CEO is authorized to execute all Work Release Orders and Change Orders associated with the Interlocal Agreement, and that all action by port officers and employees in furtherance hereof is ratified and approved; and further, the port Chief Executive Officer is authorized to take all action necessary in furtherance hereof.

ADOPTED by the Board of Commissioners of the Port of Kennewick on the 14th day of September, 2021.

**PORT OF KENNEWICK
BOARD OF COMMISSIONERS**

By: _____

DON BARNES, President

By: _____

SKIP NOVAKOVICH, Vice President

By: _____

THOMAS MOAK, Secretary



INTERLOCAL COOPERATIVE AGREEMENT

BETWEEN ENERGY NORTHWEST AND PORT OF KENNEWICK TO PROVIDE SPECIALTY, TECHNICAL AND/OR PROFESSIONAL SERVICES AS REQUESTED

As provided under RCW Title 39, Chapter 39.34, this Agreement for Professional Services (the "Agreement") is by and between the Port of Kennewick, a municipal corporation in the State of Washington, with its principal office located at 350 N. Clover Island Drive # 200, Kennewick, WA 99336 (hereinafter referred to as "Port of Kennewick"), and Energy Northwest, a municipal corporation and joint operating agency of the State of Washington and doing business by and through its Business Development Fund, with its principal office located at 345 Hills Street, Richland, WA 99352 (hereinafter referred to as "Energy Northwest" or "EN").

RECITALS

WHEREAS, the Interlocal Cooperation Act contained in RCW 39.34 authorizes local governments, such as the Parties to this Agreement, to contract for joint conduct of activities which each of the parties is individually authorized to perform to make the most efficient use of their respective resources; and

WHEREAS, the Port of Kennewick desires to obtain cost effective technical and/or professional services to support the needs of the Port of Kennewick, as more fully described and set forth in the attached Work Release Order; and

WHEREAS, Energy Northwest has the capacity and is willing to perform certain technical and/or professional services for the Port of Kennewick hereinafter described in accordance with the provisions of this Agreement and the attached Work Release Order; and

WHEREAS, the Port of Kennewick finds that Energy Northwest is qualified to perform the services, all relevant factors considered, and that such performance will be in furtherance of the Port of Kennewick's business; and

NOW, THEREFORE, in consideration of the mutual covenants set forth herein and intending to be legally bound, the Parties hereto agree as follows:

1. AUTHORITY AND PURPOSE

1.1 This agreement is executed pursuant to Chapter 39.34 Revised Code of Washington (RCW) as a cooperative endeavor of the Parties, as follows:

1.1.1. RCW 39.34.010 permits **local governmental units to make the** most efficient use of their powers by enabling them to cooperate with other localities on a basis of mutual advantage and thereby to provide services and facilities in a manner and pursuant to forms of governmental organization that will accord best with geographic, economic, population and other factors influencing the needs and development of local communities.

1.1.2. Pursuant to RCW 39.34.080, each Party is authorized to contract with any one or more public agencies to perform any governmental service, activity, or undertaking which each public agency entering into the contract is authorized by law to perform; provided that such contract shall be authorized by the governing body of each Party to the contract and shall set forth its purposes, powers, rights, objectives and responsibilities of the contracting parties; and

1.2 The purpose of this Agreement is to establish a contractual relationship under which the Port of Kennewick can procure specialty, technical or professional services from Energy Northwest and Energy Northwest can avail its employees for that purpose on an “as needed” basis to support needs of the Port of Kennewick, and to set forth the Parties respective rights, obligations, costs, and liabilities for this undertaking.

1.3 Filing: This Agreement shall be effective only upon execution by the parties and filing with the Benton County Auditor and/or posting an electronic copy of the Agreement on the Parties’ respective websites in compliance with RCW 39.34.040.

2. SCOPE OF WORK

2.1 The “Services” Energy Northwest may provide under this cooperative Agreement include (but are not limited to) the following and will be more fully described in an attached Work Release Order which is incorporated herein and made a part of the Contract Documents:

- Staff Augmentation Services
 - Engineering
 - IT
 - Legal
- Cyber/IT Services
- Strategic Planning
- Project Management
- Environmental Services

- Enterprise Risk Management Services
- Human Resources/Recruiting Services

- 2.2 Services provided by Energy Northwest shall not conflict or interfere with work conducted by the Port of Kennewick's Employees. For this reason, a working foreman shall be assigned at all times to coordinate work assignments directly through the Port of Kennewick's Management and/or Supervision where applicable. All services provided under this Agreement shall be consistent with applicable and existing Energy Northwest union labor bargaining agreements, which remain unchanged and in effect.
- 2.3 Services shall be requested by the Port of Kennewick's CEO (or designee) by Work Release Orders (WRO) to Energy Northwest. WRO's will be issued using the form provided in Exhibit A to this Agreement.
- 2.4 The exact Statement of Work, Period of Performance, the Port of Kennewick crafts and Labor Rates based on current local bargaining agreements (if applicable), will be established prior to completion of the WRO and agreed upon between the parties, once services have been requested by the Port of Kennewick. These WRO's shall be incorporated as attachments to this Agreement when finalized, as provided in Exhibit A to this Agreement.

3. TERM

The duration of this Agreement, subject to its other provisions, shall be from its effective date when executed by both Parties, until 3/1/2026 unless otherwise terminated by either Party consistent with the terms and conditions set forth in this Agreement. This agreement may be extended for an additional one-year term pursuant to the mutual written agreement of the Parties.

4. PAYMENT AND INVOICING TERMS

4.1 Payment for Services. The Port of Kennewick shall pay Energy Northwest as follows: Charges will be invoiced to the Port of Kennewick by Energy Northwest and will provide detail on the number of hours chargeable, travel and subsistence charges, and any special services delivered as they are ordered/approved by the Port of Kennewick.

4.2 Reimbursable Costs. The Port of Kennewick shall reimburse Energy Northwest the costs identified below incurred in connection with the Services rendered, including, subcontractors, materials (subcontract and materials costs include the supplier's invoiced cost to Energy Northwest plus Energy Services & Development Overhead charge not to exceed 30%), and delivery costs that are attributable to a project or Service (the "Reimbursable Costs"). Energy Northwest shall provide to the Port of Kennewick substantiation of Reimbursable Costs incurred.

- 4.3 Invoicing. Invoices will be submitted monthly by Energy Northwest for payment by the Port of Kennewick. Invoices shall be mailed to the Port of Kennewick or emailed to: accountspayable@portofkennewick.org Payment is due upon receipt and is past due thirty days from receipt of invoice. If the Port of Kennewick has any valid reason for disputing any portion of an invoice, the Port of Kennewick will so notify Energy Northwest within thirty (30) calendar days of receipt of invoice by the Port of Kennewick, and if no such notification is given, the invoice will be deemed valid. The portion of an invoice which is not in dispute shall be paid in accordance with the procedures set forth herein. That portion of the invoice in dispute shall be resolved in accordance with Section 8.8 of this Agreement within thirty (30 days) of the receipt by Energy Northwest of the notice from the Port of Kennewick as provided in this section.
- 4.4 In the event suit is brought or an attorney is retained by any party to this Agreement to enforce the terms of this Agreement, or to collect any moneys due hereunder, the prevailing party shall be entitled to recover reimbursement for reasonable attorney's fees, court costs, costs of investigation and other related expenses incurred in connection therewith, in addition to any other available remedies.
- 4.5 Taxes. The Port of Kennewick shall pay all state, local sales and use taxes applicable to goods and services provided under this Agreement. Energy Northwest shall include sales tax charges, separately identified, in the Energy Northwest invoices to the Port of Kennewick.
- 4.6 Prevailing Wages. Where public work will be performed for the Port of Kennewick, Energy Northwest shall pay the workers at least prevailing wages, as stated in RCW Title 39.12.

5. CHANGES

The Port of Kennewick may, with the approval of Energy Northwest, issue written directions within the general scope of any Services to be ordered. Such changes (the "Change Order") may be for additional work or Energy Northwest may be directed to change the direction of the work covered by the WRO, but no change will be allowed unless agreed to by Energy Northwest in writing. Any such approved Change Order may result in an adjustment to Cost or Schedule or both for the Services.

6. STANDARD OF CARE -WARRANTY

Energy Northwest warrants that services shall be in a manner consistent with applicable industry standards. Such warranty will be effective for a period of thirty days from the date of acceptance of the performance of such service. No other representation, express or implied, and no warranty or guarantee are included or

intended in this Agreement, or in any report, opinion, deliverable, work product, document or otherwise unless specifically set forth in the applicable WRO. Furthermore, no guarantee is made as to the efficacy or value of any services performed.

For the foregoing warranty to apply, written claim must be made to Energy Northwest as soon as reasonably practicable after the non-conformance is detected by the Port of Kennewick and in no event later than the expiration of the aforesaid warranty period. The Port of Kennewick agrees and hereby acknowledges that this remedy is adequate and serves its essential purpose.

THIS SECTION SETS FORTH THE SOLE AND EXCLUSIVE WARRANTY PROVIDED BY ENERGY NORTHWEST CONCERNING THE SERVICES AND RELATED WORK PRODUCT. THIS WARRANTY IS MADE EXPRESSLY IN LIEU OF ALL OTHER WARRANTIES, EXPRESS OR IMPLIED, INCLUDING WITHOUT LIMITATION ANY IMPLIED WARRANTIES OF FITNESS FOR A PARTICULAR PURPOSE, MERCHANTABILITY OR OTHERWISE.

7. INDEMNIFICATION AND LIABILITY

7.1 Indemnification. Each party shall indemnify, defend, and hold the other party, its departments, elected and appointed officials, employees, and agents, harmless from and against any and all claims, demands, damages, losses, actions, liabilities, costs, and expenses, including attorney's fees, for any bodily injury, sickness, disease, or death, or any damage or destruction of property, including the loss of use therefrom, which are alleged or proven to be caused in whole or in part by a negligent act or omission of the other party, its officials (elected or appointed), officers, directors, employees and agents.

If the claim, suit or action for injuries, death or damages as provided for in the preceding paragraph is caused by or results from the concurrent negligence of the parties or their respective agents or employees, the indemnity provision shall be valid and enforceable only to the extent of the indemnitor's/indemnatee's negligence.

7.2 Industrial Insurance Act: The indemnification obligations contained in this Section 7.1 shall not be limited by any worker's compensation, benefit or disability laws, and each indemnifying party hereby waives any immunity that said indemnifying party may have under the Washington Industrial Insurance Act, Title 51 RCW, and similar worker's compensation, benefit or disability laws. THE PARTIES ACKNOWLEDGE BY THEIR EXECUTION OF THIS AGREEMENT THAT EACH OF THE INDEMNIFICATION PROVISIONS OF THIS AGREEMENT (SPECIFICALLY INCLUDING BUT NOT LIMITED TO THOSE RELATING TO WORKER'S COMPENSATION BENEFITS AND LAWS) WERE SPECIFICALLY NEGOTIATED AND AGREED TO BY THE PARTIES.

- 7.3 Limitation of Liability. Except for the indemnifications set forth in Section 7.1, neither Party shall be liable for any special, indirect, consequential, lost profits, or punitive damages. The limitation of liability set forth herein is for any and all matters for which the Parties may otherwise have liability arising out of or in connection with this Agreement, whether the claim arises in contract, tort (negligence of whatever degree), strict liability, under any warranty, or under any other legal or equitable theory of law, of any nature arising at any time from any cause whatsoever.

The Port of Kennewick agrees that to the fullest extent permitted by law, Energy Northwest's total aggregate liability to the Port of Kennewick for any and all injuries, claims, losses, expenses or damages whatsoever arising out of or in any way related to the project or this Agreement from any causes including Energy Northwest's negligence, errors, omissions, strict liability, breach of contract or breach of warranty, shall not exceed the total sum paid to Energy Northwest under the respective Work Release Order issued under this Agreement or the applicable insurance coverage available at the time of settlement or judgment, whichever is greater. If no such insurance coverage is provided with respect to the Port of Kennewick's claims, then Energy Northwest's total liability to the Port of Kennewick for any and all such uninsured Port of Kennewick claims shall not exceed the total sum paid to Energy Northwest under the respective Work Release Order issued under this Agreement. Notwithstanding the foregoing, the provisions of this Section 7.3 shall not apply to Energy Northwest's obligations under Section 7.1 (Indemnification).

Energy Northwest's cumulative liability to the Port of Kennewick under this Agreement is limited to the assets of the Business Development Fund of Energy Northwest. Obligations of the Energy Northwest Business Development Fund are not, nor shall they be construed as, general obligations of Energy Northwest or other Energy Northwest projects or funds.

- 7.4 Insurance. Each party hereto agrees to procure and maintain, at its expense liability insurance of \$1,000,000 per claim for protection against claims, including bodily injury and property damage claims, arising out of the performance or receipt of services under this Agreement caused by negligent acts, errors, or omissions for which it is legally liable. Each party hereto shall deliver to the other party, within ten days subsequent to execution of the Agreement by the parties and prior to commencing work, a Certificate of Insurance, identified on its face as the Agreement Number to which applicable, as evidence that policies providing such coverage and limits of insurance are in full force and effect, which Certificate shall provide that not less than thirty (30) days advance notice will be given in writing to the other party hereto prior to cancellation, termination or alteration of said policies of insurance.

7.5 Survival. Sections 6 and 7 shall survive the expiration or termination of this Agreement for any reason.

8. MISCELLANEOUS

8.1 Insecurity and Adequate Assurances. If reasonable grounds for insecurity arise with respect to the Port of Kennewick's ability to pay for the Services in a timely fashion, Energy Northwest may demand in writing adequate assurances of the Port of Kennewick's ability to meet its payment obligations under this Agreement. Unless the Port of Kennewick provides the assurances in a reasonable time and manner acceptable to Energy Northwest, in addition to any other rights and remedies available, Energy Northwest may partially or totally suspend its performance while awaiting assurances, without liability to the Port of Kennewick.

8.2 Severability. Should any part of this Agreement for any reason be declared invalid, such decision shall not affect the validity of any remaining provisions, which remaining provisions shall remain in full force and effect as if this Agreement had been executed with the invalid portion thereof eliminated, and it is hereby declared the intention of the parties that they would have executed the remaining portion of this Agreement without including any such part, parts, or portions which may, for any reason, be hereafter declared invalid. Any provision shall nevertheless remain in full force and effect in all other circumstances.

8.3 Waiver. Waiver or breach of this Agreement by either party shall not be considered a waiver of any other subsequent breach

8.4 Independent Contractor. Energy Northwest is an independent contractor to the Port of Kennewick; no personnel furnished by Energy Northwest shall be deemed under any circumstances to be the agent, employee, or servant of the Port of Kennewick.

8.5 Termination. Any party shall have the right to terminate this Agreement with or without cause at any time during the initial or extended term of this Agreement by giving thirty days' written notice of the termination to the other party by regular mail to the person identified in Section 8.6. Termination will be effective on the 31st day from the date the written notice was sent.

- 8.6 Notices. All notices or other communications hereunder shall be in writing and shall be deemed given when delivered to the address specified below or such other address as may be specified in a written notice in accordance with this Section.

If to Energy Northwest:
Energy Northwest
Attn: Tim Nies
P. O. Box 968, MD1035
Richland, WA 99352-0968
Telephone: (509) 372-5364
Email: tmnies@energy-northwest.com

If to Port of Kennewick:
Port of Kennewick
Attn: Tim Arntzen
Chief Executive Officer
350 N. Clover Island Drive # 200
Kennewick, WA 99336
Telephone: (509) 586-1186
Email: ta@portofkennewick.org and bscott@portofkennewick.org

Any party may, by notice given in accordance with this Section to the other parties, designate another address or person or entity for receipt of notices hereunder.

- 8.7 Assignment. This Agreement is not assignable or transferable by either party without the written consent of the other party, which consent shall not be unreasonably withheld or delayed.
- 8.8 Disputes. Energy Northwest and the Port of Kennewick recognize that disputes arising under this Agreement are best resolved at the working level by the parties directly involved. Both parties are encouraged to be imaginative in designing mechanism and procedures to resolve disputes at this level. Such efforts shall include the referral of any remaining issues in dispute to higher authority within each participating party's organization for resolution. Failing resolution of conflicts at the organizational level, then the parties may take other appropriate action subject to the other terms of this Agreement.
- 8.9 Section Headings. Title and headings of sections of this Agreement are for convenience of reference only and shall not affect the construction of any provision of this Agreement.

- 8.10 Representations; Counterparts. Each person executing this Agreement on behalf of a party hereto represents and warrants that such person is duly and validly authorized to do so on behalf of such party, with full right and authority to execute this Agreement and to bind such party with respect to all of its obligations hereunder.
- 8.11 Residuals. Nothing in this Agreement or elsewhere will prohibit or limit Energy Northwest's ownership and use of ideas, concepts, know-how, methods, models, techniques, skill knowledge and experience that were used, developed, or gained in connection with this Agreement.
- 8.12 Non-solicitation of Employees. During and for one year after the term of this Agreement, the Port of Kennewick will not solicit the employment of, or employ Energy Northwest's personnel, without Energy Northwest's prior written consent.
- 8.13 Cooperation. The Port of Kennewick will cooperate with Energy Northwest in taking actions and executing documents, as appropriate, to achieve the objectives of this Agreement. The Port of Kennewick agrees that the Energy Northwest's performance is dependent on the Port of Kennewick's timely and effective cooperation with Energy Northwest. Accordingly, the Port of Kennewick acknowledges that any delay by the Port of Kennewick may result in Energy Northwest being released from an obligation or scheduled deadline or in the Port of Kennewick having to pay extra fees for Energy Northwest's agreement to meet a specific obligation or deadline despite the delay.
- 8.14 Governing Law and Interpretation. This Agreement will be governed by and construed in accordance with the laws of Washington, without regard to the principles of conflicts of law. Each party agrees that any action arising out of or in connection with this Agreement shall be brought solely in courts of the State of Washington, in Benton County.
- 8.15 Entire Agreement; Survival. This Agreement, including any Exhibits, states the entire Agreement between the parties and supersedes all previous contracts, proposals, oral or written, and all other communications between the parties respecting the subject matter hereof, and supersedes any and all prior understandings, representations, warranties, agreements or contracts (whether oral or written) between the Port of Kennewick and Energy Northwest respecting the subject matter hereof. This Agreement may only be amended by an agreement in writing executed by the parties hereto.

- 8.16 Force Majeure. Energy Northwest shall not be responsible for delays or failures (including any delay by Energy Northwest to make progress in the prosecution of any Services) if such delay arises out of causes beyond its control. Such causes may include, but are not restricted to, acts of God or of the public enemy, fires, floods, epidemics, riots, quarantine restrictions, strikes, freight embargoes, earthquakes, electrical outages, computer or communications failures, and severe weather, and acts or omissions of subcontractors or third parties.
- 8.17 Use by Third Parties. Work performed by Energy Northwest pursuant to this Agreement are only for the purpose intended and may be misleading if used in another context. The Port of Kennewick agrees not to use any documents produced under this Agreement for anything other than the intended purpose without Energy Northwest's written permission. This Agreement shall, therefore, not create any rights or benefits to parties other than to the Port of Kennewick and Energy Northwest.
- 8.18 Entity Status. This Agreement shall not require formation of any new governance entity. No property will be acquired or held, and no joint board or administrator is necessary to accomplish the purpose of this Agreement.
- 8.19 Audits. The Port of Kennewick, shall, during the life of this Agreement, and for a period of three (3) years from the last day of the Agreement term, and at its sole expense, retain accurate books, records and original documentation (or to the extent approved by Energy Northwest, photographs, or other authentic reproductions) which shall be freely disclosed to Energy Northwest, its representatives, the Washington State Auditor, and the Bonneville Power Administration, to permit verification of performance and Energy Northwest's entitlement to payment under this Agreement, and to support any change requests, termination claims or any other claim submitted by Energy Northwest. A copy of these records shall be available to Energy Northwest upon Energy Northwest's request.
- 8.20 Public Records. In the event public record act requests are received by either party for records associated with this Agreement, the parties shall cooperate for purposes of responding to such requests.
- 8.21 Non-Discrimination. The parties agree not to discriminate in the performance of this Agreement on the basis of race, color, national origin, sex, age, religion, marital status, disabled or Vietnam era veteran status, or the presence of any physical, mental, or sensory handicap.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year last below written:

ENERGY NORTHWEST	PORT OF KENNEWICK
Name: Debbie Barnes	Name: Tim Arntzen
Title: Procurement Specialist I	Title: Chief Executive Officer
Date:	Date:

Memorandum

To: Commission
From: Tim Arntzen, POK CEO
Date: September 14, 2021
Re: Real Estate Letter of Intent (LOI)

In conjunction with the agenda item related to potential real estate purchase, here is a summary of a "Letter of Intent" (LOI) with the Retter and Company firm. As you recall, it is my intention, with explicit commission approval, to enter into an agreement to associate with Mr. Retter for his assistance in the potential future acquisition of strategic real estate.

In summary, the LOI would authorize Mr. Retter to act as the Buyer's Agent for the Port in its acquisition of strategic real estate identified by the Port. In the case of a closing, the Port would owe Mr. Retter's firm a flat fee of \$15,000 regardless of the actual sales price of the property acquired by the Port. Mr. Retter would assist in negotiations and agreements up to the closing.

I have had Ms. Luke review the LOI and she finds it in appropriate form. Please offer any comments you may have, and if you direct, I will sign the LOI.

Thank you.