Council Meeting: 08/03/2010
Agenda: Public Hearings
Item #: 9. a.

CITY OF KIRKLAND
Planning and Community Development Department
123 Fifth Avenue, Kirkland, WA 98033 425.587-3225
www.ci.kirkland.wa.us

MEMORANDUM

To: Kurt Triplett, City Manager

From: Eric R. Shields, AICP, Planning Director
Susan Greene, Project Planner

Date: August 3rd, 2010

Subject: WAVERLY WAY RIGHT-OF-WAY VACATION, FILE NO. VAC10-00001

RECOMMENDATION:

The Department of Planning and Community Development recommends that City Council hold a Public Hearing and adopt a Resolution of Intent to Vacate a portion of Waverly Way right-of-way, subject to the conditions established in the Staff Advisory Report.

RULES FOR CITY COUNCIL CONSIDERATION:

The City Council shall consider the vacation at a public hearing. Any interested person may participate in the public hearing by either or both submitting written comments to the City Council or by appearing in person, or through a representative, at the hearing and make oral comments directly to the City Council.

After the public hearing, the City Council shall, by motion approved by a majority of the entire membership in a roll call vote, do one of the following:

1. Adopt an ordinance granting the vacation; or
2. Adopt a motion denying the vacation; or
3. Adopt a resolution of intent to vacate stating that the City Council will, by Ordinance, grant the vacation if the applicant meets specified conditions within 90 days, unless otherwise specified in the ordinance.

BACKGROUND DISCUSSION:

The owners of two-thirds of the property abutting the right-of-way to be vacated must agree to the vacation. Eric Drivdahl on behalf of the property owner has filed a petition to vacate a 2,134 square foot portion of Waverly Way. The petitioner owns 100% of the abutting property.

On July 6th 2010, the City Council adopted Resolution No. R-4824 setting a public hearing date for the proposed vacation on August 3rd, 2010.

Exhibits:

1. Staff Report
2. Resolution of Intent to Vacate

CITY OF KIRKLAND
Planning and Community Development Department
123 Fifth Avenue, Kirkland, WA 98033 425.828.1257
www.ci.kirkland.wa.us

ADVISORY REPORT
FINDINGS, CONCLUSIONS, AND RECOMMENDATIONS

To: Kirkland City Council

From: Eric R. Shields, AICP, Planning Director
Susan Greene, Project Planner

Date: August 3rd, 2010

File: WAVERLY WAY RIGHT-OF-WAY VACATION AT 430 WAVERLY WAY;
FILE NO. VAC10-00001

Hearing Date and Place: August 3, 2010; 7:30 p.m.
City Hall Council Chamber
123 Fifth Avenue, Kirkland

I. INTRODUCTION

A. APPLICATION

1. Applicant: Eric Drivdahl

2. Site Location: 430 Waverly Way (see Attachment 1)

3. Request: Vacate a portion of Waverly Way that abuts the property at 430 Waverly Way. The vacation includes a 10 foot wide by 221.70 foot long strip of land with a total square footage of 2,134 square feet. It is located on Waverly Way between 5th Street West and 7th Ave West.

4. Review Process: City Council conducts public hearing. Following the public hearing, the Council makes the final decision by motion approved by a majority of the entire membership in a roll call vote.

5. Summary of Key Issues: Compliance with right-of-way vacation criteria.

B. RECOMMENDATIONS

Based on Statements of Fact and Conclusions (Section II), and Attachments in this report, we recommend approval of this application subject to the following conditions:

1. Within ninety (90) days of the passage of the Resolution of Intent to grant the vacation, the applicants shall:

    a. Pay to the City as compensation for vacating the requested portion of right of way, the full appraised value of the subject site totaling $330,770 (see Conclusion II.C.3).

b. Submit to the City either: a letter from Comcast that states no need for a utility easement, or grant Comcast a utility easement if it is requested (see Conclusion II.C.4.b).

II. FINDINGS OF FACT AND CONCLUSIONS

A. SITE DESCRIPTION

1. Site Development and Zoning:

a. Facts:

(1) Size: The portion of Waverly Way the applicant requests to vacate is 10 feet wide by 221.70 feet long, contains 2,134 square feet, and is located between 5th Street West and 7th Ave West (see Attachment 2).

(2) Land Use: There is an existing single family home on the property. Public sidewalks currently exist within the Waverly right-of-way.

(2) Zoning: RS 7.2 (low density residential).

(3) Development Potential: The owner has remodeled his home recently and has not indicated any additional future plans for development. The additional square footage to be gained by the street vacation, if approved, would increase the lot size and could allow the owner of the property to build additional square footage on to the home and additional impervious surfaces on the lot.

(5) Terrain: The terrain slopes slightly up from Waverly Way toward the home.

(6) Vegetation: The portion of right of way that is subject to the street vacation is landscaped and blends in with the surrounding landscaping around the home. Additionally, the area of street vacation contains small rockeries within the landscaping and a pathway from the sidewalk.

b. Conclusions: Size, Land Use, Zoning, Terrain, and Vegetation and development potential are not constraining factors in the proposed street vacation application.

2. Neighboring Development and Zoning:

a. Facts: Single family homes surround the subject property on the north, east, and south sides. These homes are all in the RS 7.2 zoning designation. To the west, across Waverly Way is a steep slope that dips down to homes along Lake Washington in the WDII zoning designation.

b. Conclusion: Neighboring development and zoning are not constraining factors in this application.

B. PUBLIC COMMENT

Three comments were received via email. Several phone calls were returned concerning this application and counter inquiries were answered. All of the comments received and inquiries answered were simple inquiries in to the nature of a street vacation. The

interested citizens wanted to know what a street vacation is and how it would affect them. In each case, when the street vacation process was explained, the person commenting had no additional comments or inquiries.

C. KIRKLAND MUNICIPAL CODE – COMPLIANCE WITH STREET VACATION CRITERIA

1. Street Vacation Criteria

   a. Facts:

      (1) Section 19.16.130 of the Kirkland Municipal Code states: "Criteria for granting Street Vacation - The City Council may, in its discretion vacate a street, alley or public easement if it determines the vacation is in the public interest and that:

         (a) The street, alley, or public easement is not currently necessary for travel or other street purposes, nor likely to be in the future; and

         (b) No property will be denied all access as a result of the vacation.

      (2) The City Council may consider any other fact or issue it deems relevant when deciding whether to vacate a street, alley or public easement.

      (3) Two similar street vacations have been approved along Waverly Way. One vacation was adjacent to the property located at 330 Waverly Way (File No. VAC00-00001) and another at 1008 Waverly Way (File No. VAC05-00002).

      (4) Waverly Way is classified as a Collector Street. Kirkland Zoning Code Chapter 110 requires that this type of street have a minimum width of 60 feet. Waverly Way is an existing 80 ft wide right-of-way that is completely improved with paving, curbs, storm drainage, and sidewalks. There are no plans to widen the existing street width. The area to be vacated contains no improvements and is an existing landscaped area that matches the landscaping on the subject property.

      (5) According to the City's Public Works Department, the 70 feet of right of way that would remain along the subject property is more than adequate to support any future vehicular, pedestrian, or utility needs. The Public Works Department has recommended approval of the proposed street vacation (see Attachment 3, Development Standards).

   b. Conclusion: The proposed area to be vacated is not needed for right-of-way improvements. The proposed street vacation will not deny direct access to any lots.. Approval of this street vacation would be consistent with similarly approved street vacations along Waverly Way.

2. Initiation of Vacation Procedure

   a. Facts:

      (1) Section 19.16.030 of the Kirkland Municipal Code (Initiation of Proceedings) allows a vacation to be initiated by the City Council or by owners of more than two thirds of the property abutting the part of the

street or alley to be vacated. The applicants represent all of the owners with properties abutting the proposed vacation.

(2) A petition signed by all the abutting property owners of the proposed street vacation has been submitted (see Attachment 4).

b. Conclusion: The requirements of Section 19.16.030 have been met.

3. Street Vacation – Final Decision and Compensation

a. Facts:

(1) Section 19.16.160 of the Kirkland Municipal Code indicates that following the public hearing, the City Council shall, by motion approved by a majority of the entire membership in a roll call vote, either; (a) adopt an ordinance granting the vacation; or (b) adopt a motion denying the vacation; or (c) adopt a resolution of intent to vacate stating that the City Council will, by ordinance, grant the vacation if the applicant meets specified conditions within 90 days, unless otherwise specified in the resolution.

(2) The City may require the following as conditions:

(a) Monetary compensation to be paid to the City in an amount of up to one-half the appraised value for the subject property; provided, that compensation may be required in an amount of up to full appraised value of the subject property if either of the following applies to the street vacation:

(i) It has been part of a dedicated public right-of-way for twenty five years or more; or

(ii) The subject property or portions thereof were acquired at public expense.

(b) The grant of a substitute public right-of-way which has value as right-of-way at least equal to the subject property; or

(c) Any combination of (a) and (b) above, provided that the total value of the combined conditions shall not total more than the maximum amount of monetary compensation allowed under subsection (2) (a) of this section.

(3) The City has acquired an independent appraisal of the subject site from David Hunnicut and Associates (see Attachment 5) concluding a fair market land value of $155.00 per square foot.

(4) The value of the area to be vacated is $330,770 (2,134 square feet times $155.00 per square foot).

(5) The Waverly Way right-of-way was dedicated with the recording of the plat of Blewetts First Addition to Kirkland on October 11th, 1890.

b. Conclusion: Since the right-of-way was dedicated more than 25 years ago, the City may collect up to 100% the appraised value of vacated area. The applicant

should compensate the City $330,770 (the full appraised value) for vacating this portion of Waverly Way.

4. Street Vacation – Easements

a. Facts:

(1) KMC Section 19.16.140 allows the City Council to reserve for the City any easement or the right to exercise and grant any easements for public utilities and services, pedestrian trail purposes; and any other type of easement relating to the City's right to control, use and manage rights-of-way.

(2) The applicant has obtained written comments from applicable franchise utilities including Puget Sound Energy, and Verizon regarding their need to retain a utility easement over the area to be vacated and both have stated in written form that an easement is not needed in this portion of right of way. The applicant has contacted Comcast several times, but has not been able to get a response.

b. Conclusion: Within ninety (90) days of the passage of the Resolution of Intent to grant the vacation, the applicant should submit to the City either a letter from Comcast that states no need for a utility easement, or grant Comcast a utility easement if it is requested.

D. COMPREHENSIVE PLAN

1. Fact: The subject property is located within the Market Neighborhood. The Market Neighborhood Land Use Map designates the subject property for low-density residential use at 5 units per acre (see Attachment 6).

E. STATE ENVIRONMENTAL POLICY ACT (SEPA)

Fact: Street Vacations are categorically exempt from SEPA pursuant to WAC 197-77-800 (2)(h).

III. APPENDICES

Attachments 1 through 6 are attached.

1. Vicinity Map
2. Site Map
3. Development Standards
4. Petition to Vacate Right-of-Way
5. Land Appraisal Report
6. Market Neighborhood land use map

IV. PARTIES OF RECORD

Applicant
Department of Planning and Community Development
Department of Public Works
Department of Building and Fire Services

Attachment 1
VAC10-00001

EXHIBIT 1

WAVERLY STREET VACATION
VAC10-00001

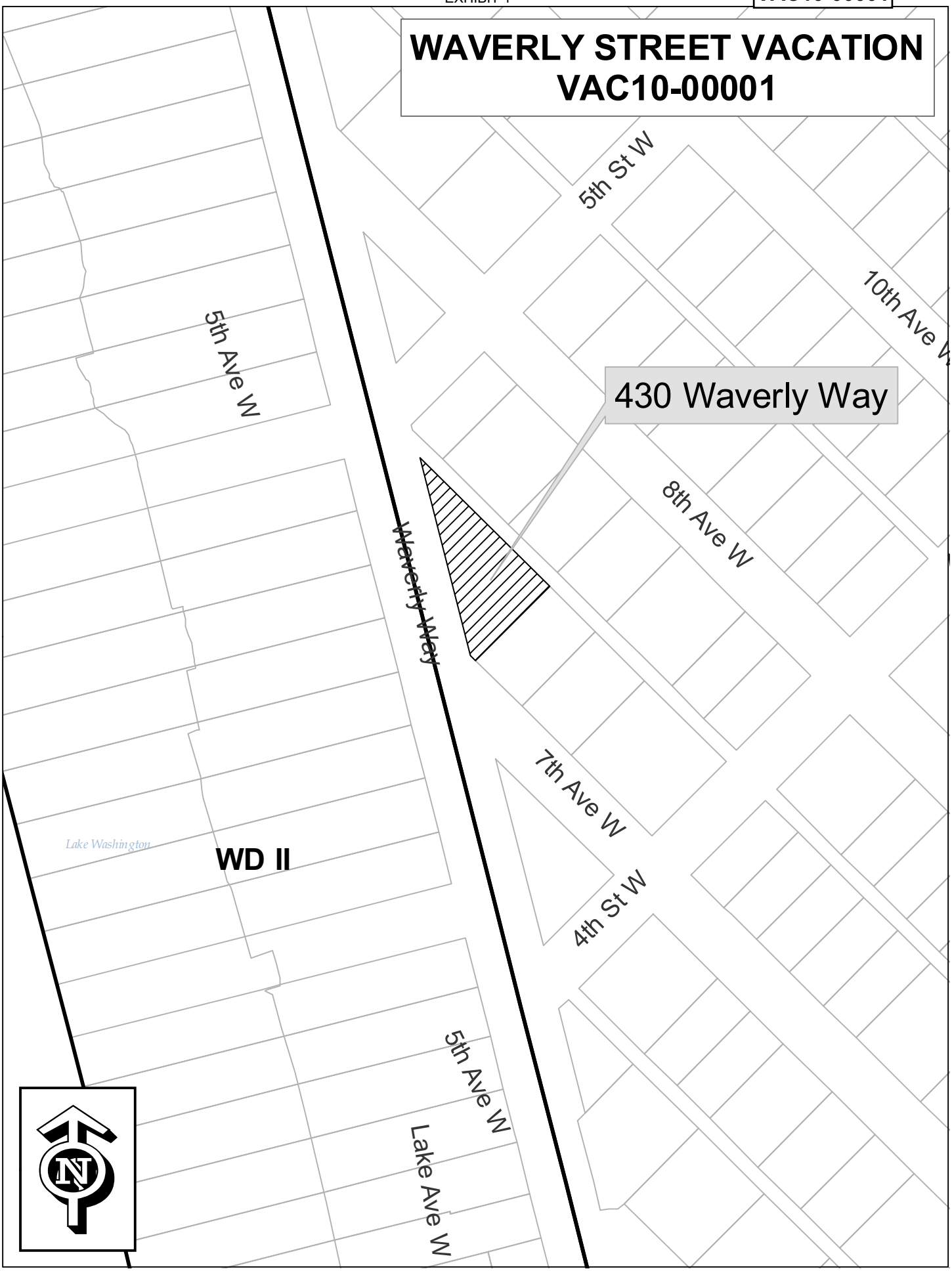


EXHIBIT 1

Attachment 2
VAC10-00001

GRAPHIC SCALE
50 0 50 100 200
1 INCH = 100 FT.

LEGAL DESCRIPTION OF ADJACENT PROPERTY

LOTS 11 AND 12 AND NORTHWEST 30 FEET OF LOT 13, BLOCK 13, TOWN OF KIRKLAND, ACCORDING TO THE PLAT THEREOF, RECORDED IN VOLUME 6 OF PLATS, PAGE 53, IN KING COUNTY, WASHINGTON.

(ACCORDING TO WARRANTY DEED RECORDED AUGUST 1, 2000, UNDER RECORDING NO. 2000081001604, RECORDS OF KING COUNTY, WASHINGTON.)

LEGAL DESCRIPTION OF PROPOSED RIGHT OF WAY VACATION

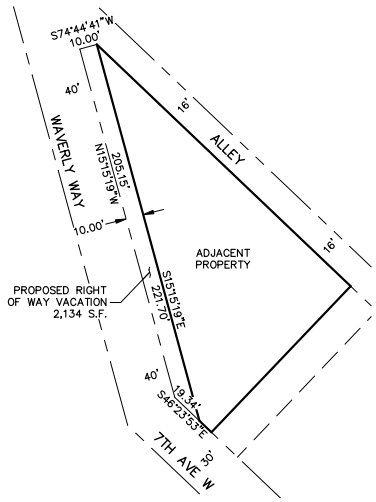
THAT PORTION OF WAVERLY WAY MORE FULLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE MOST NORTHERLY CORNER OF LOT 11, BLOCK 13, TOWN OF KIRKLAND, ACCORDING TO THE PLAT THEREOF RECORDED IN VOLUME 6 OF PLATS, PAGE 53, IN KING COUNTY, WASHINGTON;
THENCE SOUTH 74°44'41" WEST, 10.00 FEET;
THENCE SOUTH 15°15'19" EAST, PARALLEL WITH THE CENTERLINE OF WAVERLY WAY, A DISTANCE 205.15 FEET;
THENCE SOUTH 46°23'53" EAST, ALONG THE PROLONGATION OF THE NORTHEASTERLY MARGIN OF 7TH AVENUE W, 19.34 FEET, TO A POINT WHICH IS 23.35 FEET, MORE OR LESS, FROM THE MOST WESTERLY CORNER OF LOT 13, BLOCK 13, OF SAID PLAT;
THENCE NORTH 15°15'19" WEST, ALONG THE WEST BOUNDARY OF LOTS 11 TO 13, BLOCK 13, OF SAID PLAT, 221.70 FEET TO THE POINT OF BEGINNING.

CONTAINING 2,134 SQUARE FEET ±.

PROJECT INFORMATION

ENGINEER/SURVEYOR:	SITE SURVEY & MAPPING, INC. 4906 ALPEN GLOW PLACE NW ISSAQUAH, WA 98027 PHONE: 425.644.2076
PROPERTY OWNER:	RICHARD HOTES 430 WAVERLY WAY KIRKLAND, WA 98033
TAX PARCEL NUMBER:	388580-0720
PROJECT ADDRESS:	422 WAVERLY WAY KIRKLAND, WA 98033
PARCEL ACREAGE:	11,957 S.F. (0.274± ACRES) AS SURVEYED
ZONING:	RS7.2
JURISDICTION:	KIRKLAND



R.O.W. VACATION DETAIL

1"=50'

PROJECT#: 10-005	SHEET: 1 OF 1

SW 1/4, NE 1/4, SEC 6, TWP 25N, RNG 5E, W.M.

R.O.W. VACATION EXHIBIT

RICHARD HOTES
422 WAVERLY WAY
KIRKLAND, WA 98033

THOMAS N. WOLDENDORP
STATE OF WASHINGTON
38984
REGISTERED
PROFESSIONAL LAND SURVEYOR
EXPIRES:

Site Survey & Mapping, Inc.

www.sitesurveymapping.com 4906 Alpen Glow Place NW Issaquah WA 98027 Phone: 425.644.2076

© 2010, SITE SURVEY & MAPPING, INC., ALL RIGHTS RESERVED

EXHIBIT 1

Attachment 3
VAC10-00001

CITY OF KIRKLAND
123 FIFTH AVENUE, KIRKLAND, WASHINGTON 98033-6189 (425) 587-3225

Date: 7/20/2010

DEVELOPMENT STANDARDS
CASE NO.: VAC10-00001
PCD FILE NO.:VAC10-00001

You can review your permit status and conditions at www.kirklandpermits.net

PUBLIC WORKS CONDITIONS

Permit #: VAC10-00001
Project Name: Hotes Street Vacation
Project Address: 430 Waverly Way
Date: April 2, 2010

Public Works Staff Contacts
Land Use and Pre-Submittal Process:
Rob Jammerman, Development Engineering Manager
Phone: 425-587-3845 Fax: 425-587-3807
E-mail: rjammer@ci.kirkland.wa.us

General Conditions:

1. All public improvements associated with this project including street and utility improvements, must meet the City of Kirkland Public Works Pre-Approved Plans and Policies Manual. A Public Works Pre-Approved Plans and Policies manual can be purchased from the Public Works Department, or it may be retrieved from the Public Works Department's page at the City of Kirkland's web site at www.ci.kirkland.wa.us.

2. Because the 80 ft right-of-way (ROW) for Waverly Way is much wider than other typical 60 ft rights-of-way, the Public Work Department can support this proposed vacation. If this vacation is approved, the remaining 70 ft of ROW is more than adequate to support any future vehicular, pedestrian, or utility needs. It should also be noted that in past other 10 ft wide street vacations along the east side of Waverly Way have been approved in the past.

3. Before the vacation can be approved, all of the existing private franchise utility companies must verify that they do not have any utilities in this area and do not have any plans to locate utilities in this area in the future.

Attachment 4
VAC10-00001

City of Kirkland
Planning and Community Development

VAC

RECEIVED
MAR 23 2010
AM PM
PLANNING DEPARTMENT
BY

PETITION TO VACATE A STREET, ALLEY OR PUBLIC EASEMENT

Name of Person Filing Petition (Agent): Gelotte Hommas Architecture
Attention: Eric L. Drivdahl

Address: 3025 112th Avenue NE, Suite 110
Bellevue, WA 98004

Email Address: ericd@gelottehommas.com

Phone: 425-828-3081

AN ELECTRONIC COPY OF OR A WEB LINK TO THE STAFF REPORT, MEETING AGENDAS AND THE NOTICE OF FINAL DECISION WILL BE EMAILED TO THE APPLICANT AT THE ABOVE LISTED EMAIL ADDRESS. IF YOU PREFER TO RECEIVE A PAPER COPY, THEY ARE AVAILABLE UPON REQUEST. PLEASE INDICATE IF YOU WOULD ALSO LIKE A COPY OF THESE MATERIALS TO BE SENT TO THE PROPERTY OWNER'S EMAIL ADDRESS: YES ✓ NO ____

Name of additional recipient of staff report, meeting agendas and final decision:
Matt Triplett

Address: P.O. Box 2038
Kirkland, WA 98083-2038

Email Address: mtriplett@alaskastructures.com

Daytime Phone: 425-889-1205

Legal Description of Street, Alley, or Public Easement to be vacated:
THAT PORTION OF WAVERLY WAY MORE FULLY DESCRIBED AS FOLLOWS: BEGINNING AT THE MOST NORTHERLY CORNER OF LOT 11, BLOCK 13, TOWN OF KIRKLAND, ACCORDING TO THE PLAT THEREOF RECORDED IN VOLUME 6 OF PLATS, PAGE 53, IN KING COUNTY, WASHINGTON; THENCE SOUTH 74°44'41" WEST, 10 FEET; THENCE SOUTH 15°15'19" EAST, PARALLEL WITH THE CENTERLINE OF WAVERLY WAY, A DISTANCE 205.15 FEET; THENCE SOUTH 46°23'53" EAST, ALONG THE PROLONGATION OF THE NORTHEASTERLY MARGIN OF 7TH AVENUE W, 19.34 FEET, TO A POINT WHICH IS 23.35 FEET, MORE OR LESS, FROM THE MOST WESTERLY CORNER OF LOT 13, BLOCK 13, OF SAID PLAT; THENCE NORTH 15°15'19" WEST, ALONG THE WEST BOUNDARY OF LOTS 11 TO 13, BLOCK13, OF SAID PLAT, 221.70 FEET TO THE POINT OF BEGINNING.

Tax parcel number: 388580-0720

Does the Street, Alley, Public Easement or Part Thereof abut any body of water? No If so, please describe: ____

Will the vacation result in any parcel of land being denied direct access?
No. The proposed partial street vacation will not deny direct access from any parcels.

How is the vacation in the public interest?
1. Sale of the property will provide working capital for the City. 2. Approving the vacation would be consistent with previous decisions. 3. The existing F.A.R. non-conformance would be eliminated.

Size of Street, Alley, Public Easement, or Part Thereof to be vacated (in square feet):
2,134.21 SF

PETITION TO VACATE A STREET, ALLEY OR PUBLIC EASEMENT

We, the owners of two-thirds of the real property abutting the street, alley, or part thereof, or underlying the public easement, or part thereof, legally described on page 1 of this Petition, petition the City Council of the City of Kirkland to vacate this street, alley, public easement, or part thereof:

NAME	ADDRESS	LEGAL DESCRIPTION
Richard Hotes	430 Waverly Way	

PREFER ALL PUBLIC NOTICES USE ARCHITECTS NAME

LOTS 11 AND 12 AND NORTHWEST 30 FEET OF LOT 13, BLOCK 13, TOWN OF KIRKLAND, ACCORDING TO THE PLAT THEREOF, RECORDED IN VOLUME 6 OF PLATS, PAGE 53, IN KING COUNTY, WASHINGTON.

(ACCORDING TO WARRANTY DEED RECORDED AUGUST 1, 2000, UNDER RECORDING NO. 2000081001604, RECORDS OF KING COUNTY, WASHINGTON.)

(Attach additional sheets if necessary)

NOTE: If any petitioner is purchasing the property under a real estate contract, the signature of the contract seller is also required.

EXHIBIT 1

Attachment 5
VAC10-00001

SUMMARY FORMAT
MARKET VALUE APPRAISAL

Right-of-Way at Waverly Way and 7th Avenue West
Kirkland, King County, Washington

Hunnicutt & Associates, Inc. File No. 10-030

Effective Date of Appraisal

May 25, 2010

PREPARED FOR

Ms. Susan Greene
Planner
CITY OF KIRKLAND PLANNING AND COMMUNITY DEVELOPMENT
123 Fifth Avenue
Kirkland, WA. 98033

PREPARED BY

David E. Hunnicutt, MAI, JD, MRICS
President

HUNNICUTT AND ASSOCIATES, INC.
P.O. Box 531
Kirkland, Washington 98083-0531

Hunnicutt & Associates, Inc.

Real Estate Appraiser/Counselor

David E. Hunnicutt, MAI, JD, MRICS

email: davidhunnicutt@msn.com

May 25, 2010

Ms. Susan Greene
Planner
CITY OF KIRKLAND PLANNING AND COMMUNITY DEVELOPMENT
123 Fifth Avenue
Kirkland, WA. 98033

Re: Summary format of a Market Value appraisal
Right-of-Way at Waverly Way and 7th Avenue West
Kirkland, King County, Washington

Dear Ms. Greene:

In response to your request by Scope of Work Request and subsequent contract, I am pleased to submit the accompanying summary appraisal report[1] that states my opinion of value of the property described herein. The effective date of our report and opinion is May 25, 2010, the latest date of our physical inspection of the site. We are completing our appraisal under no hypothetical conditions[2], extraordinary assumptions, special limiting conditions, or specific legal instructions. The city of Kirkland proposes to sell 2,134 square feet of right-of-way that is the subject of this appraisal, to the adjoining private landowner. The effect of the sale to the landowner will be to enable the owner to have enough land to comply with floor area ratio requirements within the zoning district that it is located in, to complete the modifications on the single family residence that is on the adjoining private lot.

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1 USPAP Standard 2-2 (b)

2 see USPAP publ. by Appraisal Foundation - Page U-3. Hypothetical condition is defined as that which is contrary to what exists but is supposed for the purposes of analysis. Hypothetical conditions assume conditions contrary to known facts about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis. Hypothetical conditions may be used in an assignment only if:

- us of the hypothetical condition is clearly required for legal purposes, for purposes of reasonable analysis, or for purposes of comparison;
- use of the hypothetical condition results in a credible analysis;
- the appraiser complies with the disclosure requirements set forth in USPAP for hypothetical conditions

An extraordinary assumption is one directly related to a specific assignment, which if found to be false, could alter the appraiser's opinions or conclusions. Extraordinary assumptions presume as fact otherwise uncertain information about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of the data used in the analysis. They may be used in an assignment only if:

- it is required to properly develop credible opinions and conclusions;
- the appraiser has a reasonable basis for the extraordinary assumption;
- the use of the extraordinary assumption results in a credible analysis; and
- the appraiser complies with the disclosure requirements set forth in USPAP for extraordinary assumptions

P.O. Box 531 • Kirkland, WA. 98083-0531 • (425) 576-1203 • Fax: (425) 576-8904

Based upon our investigation and analysis, it is our opinion that the property that is the subject of this appraisal has the following market value:

VALUE CONCLUSIONS

Market Value as is: **$ 330,770**

The recognized methodology used is the Sales Comparison Approach. Full discussion regarding scope of work is contained in the body of this report.

This report is subject to the Assumptions and Limiting Conditions and Certification, included in the appraisal. It has been prepared in conformity with, and is subject to, the requirements of the Uniform Standards of Professional Appraisal Practice, as well as the Code of Professional Ethics and Standards of Professional Conduct of the Appraisal Institute. **This report was not based on a requested minimum valuation or specific valuation, or approval of a loan.**

The appraiser assumes no liability for subsurface or hazardous waste conditions, and is not qualified to detect such substances. Nor did the appraiser take into consideration the possibility of the existence of asbestos, PCB transformers, or other toxic, hazardous, or contaminated substances and/or UST's (hazardous material), or the cost of encapsulation or removal thereof. An expert in this field should be retained if desired.

The following report is a detailed summary which contains the pertinent data and analyses used in arriving at our conclusions.

Respectfully submitted,
HUNNICUTT AND ASSOCIATES, INC.

David E. Hunnicutt, MAI, JD, MRICS
President
Washington State General Certified Appraiser No. 1100308

SUMMARY OF IMPORTANT DATA AND CONCLUSIONS

LOCATION:	Land adjacent to 430 Waverly Way East side Waverly Way at 7th Avenue West Kirkland, King County, Washington
.	
NEIGHBORHOOD:	The subject property is located in the "West of Market" neighborhood of downtown Kirkland. West of Market, as the name suggests, is an irregular shaped area, lying west of Market Street, extending from the shoreline of Lake Washington east to Market Street, beginning at the south line at Central Way or Waverly Way and continuing as far north as 20th Avenue West and Juanita Park. For the better part of the last 12 or more years this entire neighborhood has been undergoing transition, wherein older, modest salt box bungalows and small ramblers built during World War II and earlier reached the end of their economic life, were demolished and replaced with modern, very high quality and attractive housing. The entire neighborhood is becoming one of, if not the most, upscale neighborhood in Kirkland due to the redevelopment pattern having taken place and continuing. For nearly its entire length, Waverly lots have unobstructed views over a bluff to Lake Washington and Seattle thereby making Waverly the most concentrated desirable location in West of Market.
OWNER OF RECORD AND SALES HISTORY:	The current owner of the property that is the subject of the appraisal is the city of Kirkland. The subject property is a part of an existing right-of-way that the city has deemed may be sold to the adjoining landowner. The landowner seeks to acquire this lot for the purpose of increasing total lot size in order to comply with the city's floor area ratio requirements under the existing zoning code, and then will be able to remodel the house, increasing slightly the enclosed square footage that triggers the increased lot requirements necessitating the right-of-way purchase.
SITE:	The subject property contains 2,134 square feet. The assigned address of the adjacent property is 430 Waverly Way, Kirkland, Washington. The subject site is 10' in width and 213.4' parallel with and part of the existing right-of-way for Waverly Way. The subject, and all land along the frontage of Waverly

has very attractive views southwesterly over Lake Washington. The subject property is level, and all standard utility service is present in this area.

BUILDING IMPROVEMENTS: The property is not improved beyond asphalt paving.

ZONING: Zoning of the property is RS-7,200, Kirkland's single family residential zone that requires a minimum lot area of 7,200 square feet. Mapping of the city of Kirkland indicates that this area does not have any critical area overlay.

HIGHEST AND BEST USE: An opinion of Highest and Best Use must be developed when the type of value reported or purpose of the appraisal involves an opinion of market value.[3] The Highest and Best Use of the property is associated with residential use of the property. As a freestanding property, the subject is insufficient on its own to use by itself; however it may be assembled with adjoining land to enhance the utility of the adjacent property.

PROPERTY RIGHTS APPRAISED: Fee simple estate. Fee simple estate is defined as: "Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat."[4]

SUMMARY OF VALUE INDICATIONS:

Value Indication by Sales Comparison Approach: $330,770

APPRAISER: David E. Hunnicutt, MAI, JD, MRICS

EFFECTIVE DATE OF APPRAISAL: May 25, 2010

DATE OF REPORT: May 25, 2010

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3 SR 1-3 (b)

4 *Dictionary of Real Estate Appraisal*© 2005 by Appraisal Institute - pg. 78

SUBJECT PROPERTY PHOTOGRAPHS

Figure 1 View of subject looking south from lot to east

Figure 2 Another view looking south at east end of property
House at extreme left of photo seeks acquisition of subject ROW

Figure 3 Looking westerly along alley east of subject ROW

Figure 4 View of Waverly Way right-of-way to be acquired

Minimum Appraisal Standards

Agency regulations include five minimum standards for the preparation of an appraisal. The appraisal must:

- Conform to generally accepted appraisal standards as evidenced by the Uniform Standards of Professional Appraisal Practice (USPAP) promulgated by the Appraisal Standards Board (ASB) of the Appraisal Foundation. The standards of the Uniform Standards for Federal Land Acquisitions are also requested to be used in preparation of this report.

  Although allowed by USPAP the agencies' appraisal regulations do not permit an appraiser to appraise any property in which the appraiser has an interest, direct or indirect, financial or otherwise.

- Be written and contain sufficient information and analysis to assist the agency objectives for the intended use of the appraisal;

  As discussed below, appraisers have available various appraisal development and report options; however, not all options may be appropriate for all transactions. A report option is acceptable under the agencies' appraisal regulations only if the appraisal report contains sufficient information and analysis to support an agency objective and their intended use of the appraisal.

- Analyze and report appropriate deductions and discounts for proposed construction or renovation, partially leased buildings, non-market lease terms, and tract developments with unsold units (not applicable to this report);

  This standard is designed to avoid having appraisals prepared using unrealistic assumptions and inappropriate methods.

- Be based upon the definition of market value set forth in the regulation; and

  Each appraisal must contain an opinion of market value, as defined by the agencies' appraisal regulations.

- Be performed by State-licensed or certified appraisers in accordance with requirements set forth in the regulations.

<u>Standards Rule 2-2:</u>[5]

Each written real property appraisal report must be prepared under one of the following three options and prominently state which of the three options and prominently state which option is used: Self-contained, summary or restricted use report.

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5 USPAP at pg. U-22-24

The content of a Summary Appraisal Report must be consistent with the intended use of the appraisal and, at a minimum:

Comment: The essential difference between the Self-Contained Appraisal Report and the Summary Appraisal Report is the level of detail of presentation.

(i) state the identity of the client and any intended users, by name or type;
Comment: An appraiser must use care when identifying the client to ensure a clear understanding and to avoid violations of the Confidentiality section of the ETHICS RULE. In those rare instances when the client wishes to remain anonymous, an appraiser must still document the identity of the client in the workfile but may omit the client's identity in the report. Intended users of the report might include parties such as lenders, employees of government agencies, partners of a client, and a client's attorney and accountant.

(ii) state the intended use of the appraisal;

(iii) summarize information sufficient to identify the real estate involved in the appraisal, including the physical and economic property characteristics relevant to the assignment;
Comment: The real estate involved in the appraisal can be specified, for example, by a legal description, address, map reference, copy of a survey or map, property sketch, and/or photographs or the like. The summarized information can include a property sketch and photographs in addition to written comments about the legal, physical, and economic attributes of the real estate relevant to the type and definition of value and intended use of the appraisal.

(iv) state the real property interest appraised;
Comment: The statement of the real property rights being appraised must be substantiated, as needed, by copies or summaries of title descriptions or other documents that set forth any known encumbrances.

(v) state the type and definition of value and cite the source of the definition;
See Statement on Appraisal Standards No. 9, *Identification of Intended Use and Intended Users*. See Statement on Appraisal Standards No. 9, *Identification of Intended Use and Intended Users*. See Advisory Opinion 2, *Inspection of Subject Property,* and Advisory Opinion 23, *Identifying the Relevant Characteristics of the Subject Property of a Real Property Appraisal Assignment*.
Comment: Stating the definition of value also requires any comments needed to clearly indicate to the intended users how the definition is being applied. When reporting an opinion of market value, state whether the opinion of value is: ..in terms of cash or of financing terms equivalent to cash, or ..based on non-market financing or financing with unusual conditions or incentives. When an opinion of market value is not in terms of cash or based on financing terms equivalent to cash, summarize the terms of such financing and explain their contributions to or negative influence on value.

(vi) state the effective date of the appraisal and the date of the report;
Comment: The effective date of the appraisal establishes the context for the value opinion, while the date of the report indicates whether the perspective of the appraiser on the market and property as of the effective date of the appraisal was prospective, current, or retrospective.

(vii) summarize the scope of work used to develop the appraisal;
Comment: Because intended users' reliance on an appraisal may be affected by the scope of work, the report must enable them to be properly informed and not misled. Sufficient information includes disclosure of research and analyses performed and might also include disclosure of research and analyses not performed. When any portion of the work involves significant real property appraisal assistance, the appraiser must summarize the extent of that assistance. The signing appraiser must also state the name(s) of those providing the significant real property appraisal assistance in the certification, in accordance with Standards Rule 2-3.

(viii) summarize the information analyzed, the appraisal methods and techniques employed, and the reasoning that supports the analyses, opinions, and conclusions; exclusion of the sales comparison approach, cost approach, or income approach must be explained;
Comment: A Summary Appraisal Report must include sufficient information to indicate that the appraiser complied with the requirements of STANDARD 1. The amount of detail required will vary with the significance of the information to the appraisal. The appraiser must provide sufficient information to enable the client and intended users to understand the rationale for the opinions and conclusions, including reconciliation of the data and approaches, in accordance with Standards Rule 1-6. See Statement on Appraisal Standards No. 6, *Reasonable Exposure Time in Real Property and Personal Property Market Value Opinions*. See also Advisory Opinion 7, *Marketing Time Opinions,* and Advisory Opinion 22*, Scope of Work in Market Value Appraisal Assignments, Real Property.* See Statement on Appraisal Standards No. 3, *Retrospective Value Opinions,* and Statement on Appraisal Standards No. 4, *Prospective Value Opinions.* See Advisory Opinion 28, *Scope of Work Decision, Performance, and Disclosure,* and Advisory Opinion 29, *An Acceptable Scope of Work*. See Advisory Opinion 31, *Assignments Involving More than One Appraiser*. When reporting an opinion of market value, a summary of the results of analyzing the subject sales, options, and listings in accordance with Standards Rule 1-5 is required.

(ix) state the use of the real estate existing as of the date of value and the use of the real estate reflected in the appraisal; and, when an opinion of highest and best use was developed by the appraiser, summarize the support and rationale for that opinion; If such information is unobtainable, a statement on the efforts undertaken by the appraiser to obtain the information is required. If such information is irrelevant, a statement acknowledging the existence of the information and citing its lack of relevance is required.

(x) clearly and conspicuously:
state all extraordinary assumptions and hypothetical conditions; and state that their use might have affected the assignment results; and

(xi) include a signed certification in accordance with Standards Rule 2-3.

COMPLIANCE WITH USPAP Scope of Work Rule:

The Appraisal Foundation has enacted revisions to the Standards (USPAP) that identify the SCOPE OF WORK RULE as replacing the Departure Provision. Full applicable rules that are changed or edited are Rule 1-4(e), (f) and (g); 6-3(a) and (b),; 6-6(e); and 7-4(e), (f) and (g). Advisory Opinions AO-28 (Scope of Work Decision, Performance, and Disclosure) and Advisory Opinion AO-29 (An Acceptable Scope of Work) has supplanted the Departure Provision. For any written appraisal report the scope of work used to develop the appraisal must be discussed and the appraiser must be prepared to demonstrate that the scope of work is sufficient to produce credible assignment results. Basic requirements of scope of work states that an appraiser's scope of work is acceptable when it meets or exceeds:

- the expectations of parties who are regularly intended users for similar assignments; and
- what an appraiser's peers' actions would be in performing the same or similar assignment [6]

Scope of work allows an appraiser to customize an assignment to meet the needs of the client. Following the scope of work principle, the appraiser completes the report in the following sequence:

1]	Identifies the **client**	City of Kirkland Planning Department
2]	Identifies **intended use** and **intended user** (See Footnote below for definitions)	**Intended use** is to assist the city in their decision making or the process of disposing of the property for use in a proposed project. **Intended user** is City of Kirkland. We recognize that the adjoining private property owner also may make personal decisions based upon our reported value; however, our duty and obligations extends only to the city of Kirkland as our client.

[6] Peers are other appraisers who have expertise and competency in a similar type of assignment and not holding the same type or level of credentials. Expertise regarding each assignment element that defines a particular assignment determines if one is an appraiser' peer. See USPAP Advisory Opinion 29.

3]	Identifies **intended use of the results**	The reported value opinion will be used to assist the client agency in its determination of the price that the subject right-of-way shall be sold to the adjoining property owner.
4]	Identifies the type of value developed	Market value as is, fee simple estate.
5]	Effective Date of value/ Date of report.	May 25, 2010; May 25, 2010
6]	Relevant characteristics of subject of assignment	Refer to body of report
7]	Assignment conditions	See Assumptions and Limiting Conditions

Methodology used in deriving an opinion of value is limited to the Sales Comparison Approach. The Direct Sales Comparison Approach is typically defined as an appraisal procedure in which the Market Value opinion is based on prices paid in actual transactions and current listings, the former fixing the lower limit of value in a static or advancing market (price wise) and fixing the higher limit of value in a declining market; and the latter fixing the higher limit in any market. It is a process of analyzing sales of similar, recently sold properties in order to derive an indication of the most probable sale price of the property being appraised. The reliability of this technique is dependent upon:

(a) the availability of comparable sales data,

(b) the verification of the sales data,

(c) degree of comparability and extent of adjustment necessary for time differences and

(d) the absence of non-typical conditions affecting the sale price.

Neither the Cost Approach or Income Capitalization are used because these approaches involve improvements and the subject is unimproved land. Sources of information utilized in the completion of this report include King county assessor, Northwest Multiple Listing Service, Kirkland city planning department, and conversations with realtors active in the local market. The geographic area searched for sales focused on the West of Market neighborhood, and the time frame extends back as far as 2007. Each sale was confirmed by reference to King county data on the lot, a site plan and personal

inspection or confirmation with a party involved in the transaction be it a buyer, seller, or realtor.[7]

Analysis of value in markets where comparable sales are absent

The assignment involves the appraisal of a publicly owned property that is being sold to the adjoining landowner in order to mitigate a problem with the existing lot configuration and floor area ratio for a proposed expansion of enclosed building area. We recognize that public streets, in and of themself, or publicly owned property in general, does not sell on the open market. Therefore, this transaction is atypical for this, or any other common market. It is well established, for instance, that in cases where the government acquires property for public use, that the rules for determining value of condemned land are not to be considered inflexible. In each case just compensation is the goal and if rigid application of a rule tends to produce an injustice, (courts) must deviate from that rule.[8] Some states, for instance, have adopted legislation whereby government acquisition projects are guided in unusual circumstances.[9] While Washington's constitution does not directly address the issue of public disposal of property per se, there are other provisions for sale and disposal that entitle the public to the same sort of due process and equity provisions that private individuals are given, such that the public is entitled to the same treatment under the guiding principles of fairness and equity. Therefore, in cases like this, if a just and equitable outcome is assured by a deviation from standard methodology in order to assure this as part of the outcome, it should be considered appropriate. In all cases however, use of a Sales Comparison Approach underlies our reasoning and conclusions as to a baseline of value.

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7 CLIENT is the party or parties who engage an appraiser and to whom the appraiser has an appraiser-client relationship in the related assignment
INTENDED USER is the client and any other party as identified, by name or type, as users of the appraisal by the appraiser on the basis of communication with the client at the time of the assignment
INTENDED USE is the use or uses of an appraiser's reported appraisal opinions and conclusions, as identified by the appraiser based on communication with the client at the time of the assignment

8 *People ex rel. Dept. of Transportation v. Southern Pacific Transportation Co. (1978) 84 Cal.App.3d 315, 325*

9 State of California CCP 1263.320(b): The fair market value of property taken for which there is no relevant, comparable market is its value on the date of valuation as determined by any method of valuation that is just and equitable. See also Washington constitution concerning taking of private property: ARTICLE I SECTION 16 – EMINENT DOMAIN - Private property shall not be taken for private use, except for private ways of necessity, and for drains, flumes, or ditches on or across the lands of others for agricultural, domestic, or sanitary purposes.

DISCLOSURE OF COMPETENCY

I have inspected the subject property and researched comparable data and other information presented in this report. Not withstanding the nuance that the subject property is a right-of-way, I have appraised numerous residential type properties similar to the subject throughout the Pacific Northwest over the past 33 years and possess the knowledge and expertise necessary to complete the appraisal assignment in a competent manner. David E. Hunnicutt, MAI, JD, MRICS, is a certified General Appraiser in the State of Washington, (license No. 1100308) and has satisfied all necessary professional continuing education requirements. I have taken the Appraisal Institute's seminar on Uniform Standards for Federal Land Acquisitions and am certified under the requirements for appraisal assignments involving the format of USFLA.

PURPOSE OF THE APPRAISAL

The purpose of the appraisal is to develop and report an opinion of market value of the subject property, for purpose of negotiating a sale of the right-of-way to the adjoining owner. The effective date of the appraisal is May 25, 2010.

Definition of Market Value:

For agency regulations, the definition of market value below is commonly used:[10]

> Fair market value means the amount in cash that a well-informed buyer, willing but not obligated to buy the property, would pay, and that a well-informed seller, willing but not obligated to sell it, would accept, taking into consideration all uses to which the property is adapted or may be reasonably adaptable.

USPAP requires that market value be tied to a reasonable exposure time; however under federal agency guidelines it is assumed that the property has been exposed on the open market for a reasonable amount of time to find a buyer who is willing to purchase the property. This time estimate is not relevant for eminent domain purposes and thus is not included in an appraisal report made for the purposes outlined in our work request.[11] The request to provide a reasonable marketing time opinion exceeds the normal information

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10 Washington Pattern Jury Instructions 150.08

11 For a complete discussion see Eaton, pp. 18-20

required for the conduct of the appraisal process and is therefore beyond the scope of the appraisal assignment.[12]

WRITTEN APPRAISALS

It is the intent of the appraisers that this report be sufficiently descriptive to enable a user of the report to follow our reasoning, logic, and rationale in expressing our opinion of value of the subject property as is, and the scope of the report reflects the complexity of the property being appraised.

SUMMARY OF APPRAISAL PROBLEM:

The purpose of the report is to formulate and report an opinion of market value of the subject property as of May 25, 2010. The private party that owns the adjoining single family residence seeks to acquire additional land in order to remedy the requirements of the lot for floor area ratio requirements that are created as the result of a proposed expansion of the enclosed building area of the existing residence. By virtue of acquiring the additional land area here, statutory requirements will be met without the need, to this extent, of the use of alternative means such as variance or conditional use permitting.

LEGAL DESCRIPTION:

The legal description of the subject property is:

That portion of Waverly Way more fully described as follows:

Beginning at the most northerly corner of Lot 11, Block 13, Town of Kirkland, According to the Plat thereof recorded in Volume 6 of Plats, Page 53, in King County, Washington;
Thence South 74◦44'41" West, 10 feet;
Thence South 15◦15'19" East, Parallel with the centerline of Waverly Way, a distance of 205.15';
Thence South 46◦23'53" East, along the prolongation of the Northeasterly margin of 7th Avenue West, 19.34', to a point which is 23/35', more or less, from the most westerly corner of Lot 13, Block 13, of said plat;
Thence North 15◦15'19" West, alont the west boundary of Lots 11 to 13, Block 13, of said plat, 221.70' to the point of beginning.
Containing 2,134 square feet±

12 Id. See also USPAP Advisory Opinion 7.

Data Analysis and Conclusion of Acquisition:
Determination of larger parcel:

Essential to the conclusion of highest and best use is the determination of larger parcel[13]. The concept of *larger parcel* is an analytical premise unique to eminent domain valuation and is essential to a determination of the property to be appraised, as well as to a determination of damages or benefits (neither applicable in this case). An appraiser cannot determine highest and best use of a parcel until a conclusion as to the larger parcel is reached. The larger parcel may be all of one parcel, part of a parcel, or several parcels, depending to varying degrees on unity of ownership, unity of use, and contiguity.[14]

While we are applying a definition of larger parcel described in Footnote 14, two definitions of larger parcel are found in the Dictionary of Real Estate Appraisal:

> In condemnation, the tract or tracts of land that are under the beneficial control of a single individual or entity and have the same, or an integrated, highest and best use. Elements for consideration by the appraiser in making a determination in this regard are contiguity, or proximity, as it bears on the highest and best use of the property, unity of ownership, and unity of highest and best use.
>
> In condemnation, the portion of a property that has unity of ownership, contiguity, and unity of use, the three conditions that establish the larger parcel for the consideration of severance damages in most states. In federal and in some state cases, however, contiguity is sometimes subordinated to unitary use.[15]

The larger parcel may be all of one parcel, part of a parcel, or several parcels, depending to varying degrees of unity of ownership, unity of use and contiguity. Some assignments, such as those involving parcels that are inextricably linked by an appurtenant easement, may be approached with the use of multiple larger parcels. The determination of the larger parcel is particularly important in partial takings cases in which compensable damages and/or special benefits accrue to the remainder parcel after the taking. Brief comments on the trinity of larger parcel follow. Again, however, these

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13 For purposes of the Standards applied in this report, larger parcel is defined as that tract, or those tracts, of land which possess a unity of ownership and have the same, or an integrated, highest and best use. Elements of consideration by the appraiser in making a determination in this regard are contiguity, or proximity, as it bears on the highest and best use of the property, unity of ownership, and unity of highest and best use.

14 Eaton at page 76

15 See Dictionary at Page 160

elements of larger parcel are not relevant to this assignment due to the nature and type of the particular taking, but provide background context for our analysis.

Unity of Title

Unity of title is generally a legal question, and is not relevant to this analysis as only one parcel is involved; thus no unity question arises. The subject is unified under public ownership.

Contiguity

Whether a real estate ownership constitutes a single larger parcel as distinguished from separate parcels is best reflected by unity of use and does not preclude a reasonable separation. Here the unified use is Kirkland's street system in general and Waverly Way specifically. The contiguity therefore attaches to the intended use of the property by the owner of the adjacent single family residence.

Unity of Use

In cases where public acquisition of private property is involved, this test of the larger parcel requires that the parcel or parcels of land can be devoted to the same use as or an integrated use with the land from which the taking is made. It is generally not the presence or absence of actual unity of use that is considered; rather, the unity of *highest and best use* is the controlling factor (Eaton, 1995). Generally, stronger proof of unity of use is required when the parcels are not currently being used as a unit, but merely have a common highest and best use. However, it does not necessarily follow that a contiguous body of land in the same ownership constitutes a unit for valuation if the highest and best use for various parts are different. Thus, parcels that are contiguous and under the same ownership may have independent highest and best uses. Those highest and best uses may be identical, but if the highest and best use of the tracts do not require a common or integrated use, they are separate larger parcels and should be valued as such. The subject property is publicly owned land, and adjoins privately owned land that has both by necessity and common law requirement, a need and necessity to be availed. In other words, the private lot must have use of a public street. There is an alleyway on the east property line, that in actuality affords access to the garage in the existing house as it has been designed and built. As a matter of policy however, physical access to

public streets is a general requirement for use of private land, and no fundamental characteristic of this feature is altered by virtue of the proposed sale. In that sense, there is unity of use between the private and public land, but no fundamental change of use has taken place.

ANALYSIS OF HIGHEST AND BEST USE

Highest and Best Use is defined as:

1. The reasonable and probable use that supports the highest present value of vacant land or improved property, as defined, as of the date of the appraisal.

2. The reasonably probable and legal use of land or sites as though vacant, found to be physically possible, appropriately supported, financially feasible and that results in the highest present land value.

3. The most profitable use.

Implied within these definitions is that the determination of Highest and Best Use takes into account the contribution of a specific use to the community and community development goals as well as the benefits of that use to individual property owners.

It is also implied that the determination of Highest and Best Use is generated from the appraiser's judgment and analytical skill; i.e., that the use concluded from analysis is not a fact to be found but represents an opinion only. In appraisal practice, the premise upon which value is based is expressed by the concept of Highest and Best Use. Most profitable use would be an alternative term in the context of investment value.

In determining the Highest and Best Use of any property, an attempt is made to simulate the thought processes of knowledgeable and prudent purchasers in a sequence which considers the following questions:

1) To what use is it physically possible to put a particular site in question?

2) What uses are permitted by zoning, private conditions, covenants and restrictions, physical limitations and other factors?

3) What possible and permissible uses will produce the highest net return to the owner of the site?

4) The use must be most profitable, not speculative or conjectural. That is to say, there must be a profitable demand for a particular use, and it must return to the land the highest net return for the longest period of time.

5) Among the reasonable, permissible and possible uses, that use or uses which will produce the highest net return or the highest present worth. This becomes the Highest and Best Use of the property.

In considering the Highest and Best Use of the subject, we have evaluated possible, probable and feasible uses of the subject property within the context of the definition given, as well as the points outlined.

HIGHEST AND BEST USE OF LAND AS IF VACANT:

The determination as the Highest and Best Use of the land as though vacant is made under the premise that the land is vacant and available for development, and is zoned single family residential. Uses allowed outright include one residence per lot. Given the size of the respective parcels, a residential-related use - allowed outright - appears to be the Highest an Best Use of the property as is.

While it may be beyond the scope of the overall appraisal to establish the *specific* use of the subject land as if vacant, certainly a use similar to one of these types of uses related to residential occupancy is the Highest and Best use of the property.

Legally Permissible Use

Legal permissibility is outlined in the municipal code for the city of Kirkland, which does not cover publicly owned property as a general rule, due to qualified immunity as to the zoning requirements. However, it is the very need to comply with zoning requirements that necessitates the transfer of the public property to a private party.

Physically Possible Use

The subject parcel is level with no apparent physical limitations to development as a single family building site, under the assumption that all other conditions have been met.

Financially Feasible Use

There are several legally permissible and physically possible uses of the subject site as if vacant, all centered on uses created within the context of single family residential use.

Maximally Productive Use

Our office referenced sources of information relative to the primary market impacting the use of the subject property. We also investigated the overall market ourselves, independent of the any available published sources. Based on the information available relative to potential uses allowed by the zoning of the subject relative to owner expectations, improvement of the subject property with a residential type use represents a primary use among the number of uses considered the Highest and Best Use of the property as if vacant.

CONCLUSION

Based on the size of the subject site, physical characteristics, location and zoning, it appears that the optimal use of the subject site is residential use consistent with RS-7200 zoning. The market for residential use is long established in this region and little if any evidence is available to conclude a high degree of likelihood of foreseeable change.

THE VALUATION PROCESS:

In most appraisal studies, the appraiser applies what have come to be known as the three approaches to value: the Cost Approach, the Direct Sales Comparison Approach and the Income Approach. These were briefly described earlier in discussion of the scope of work where it was explained that our reliance on the Sales Comparison Approach is singular among the three approaches, and is therefore the only approach utilized. It is defined again below.

The Direct Sales Comparison Approach is typically defined as an appraisal procedure in which the Market Value estimate is predicated upon prices paid in actual market transactions and current listings, the former fixing the lower limit of value in a static or advancing market (price wise) and fixing the higher limit of value in a declining market; and the latter fixing the higher limit in any market. It is a process of analyzing sales of similar, recently sold properties in order to derive an indication of the most probable sales price of the property being appraised. The reliability of this technique is dependent upon (a) the availability of comparable sales data, (b) the verification of the sales data, (c) degree of comparability and extent of adjustment necessary for time differences and (d) the absence of non-typical conditions affecting the sale price.

At the conclusion, the most applicable value indicators are correlated into a final opinion, with the appraiser taking into consideration the purpose of the appraisal, the type of property appraised, and the adequacy of the data process as it relates to the market.

SALES COMPARISON APPROACH

Value is estimated through the use of the Sales Comparison Approach by comparing the subject property with similar properties that have sold recently in the surrounding area. The validity of this approach is dependent on sales which are as similar to the subject as possible and the following factors are of primary importance.

THEORY and RELATIONSHIP TO PRINCIPLES

The Sales Comparison Approach is based upon the principle of substitution; that is, when a property is replaceable in the market, its value tends to be set at the cost of acquiring an equally desirable substitute property, assuming no costly delay in making the substitution, and the four principles of real estate appraisal basic to the sales comparison approach are supply and demand, substitution, balance, and externalities.

METHODOLOGY

The traditional appraisal technique used to estimate value by the sales comparison approach involves the collection and analysis of sales and listing data on various properties having as many similar characteristics to the property being evaluated under appraisal as possible. The comparable sales selected for analysis must:

1. reflect similar highest and best uses; and
2. be adjusted in relation to the subject property for location, size, functional utility, access, utility service, and other similar characteristics.

Additional adjustments are made to the comparable sales for differences relative to the subject property in order to arrive at a reasonable opinion of the value of the property being appraised. By analyzing sales which qualify as arms-length transactions between willing, knowledgeable buyers and sellers, we can identify acquisitions from which value parameters may be extracted. The comparable properties are evaluated in relation to the subject under appraisal with respect to such factors as property rights conveyed, financing (and its effect on market value), conditions of sale (motivation), date of sale (changes in market conditions over time), locational, physical, and economic characteristics.

PROCEDURE

The basic steps we apply in the application of the Sales Comparison Approach follow:

1. Research the market to obtain information on sales transactions, listings, and offerings to purchase properties similar to the subject.

2. Verify the information by confirming that the data obtained are factually accurate and that the transactions reflect arm's length market considerations.

3. Select relevant units of comparison (e.g., dollars per acre, per square foot, or per income multiplier) and develop a comparative analysis for each unit.

4. Compare the subject property and comparable sale properties using the elements of comparison and adjust the sale price of each comparable appropriately or eliminate the property as a comparable.

5. Reconcile the various value indications produced from the analysis of comparables into a single value indication or a range of values. An imprecise market may indicate a range of values.

The following criteria are essential in establishing an opinion of value for the units in the subject property:

1. **Location and Access**:
The subject property is part of a considerably larger plat, zoned for detached single family use. It is within incorporated municipal boundaries, has direct street access, and surrounding uses are complementary to use of the lot as single family residential.

2. **Utility and size**:
The subject property is 2,134 square feet, with utility suitable for development as a single family residential use.

3. **Utility availability:**
The subject has all utility service available.

4. **Overall Appeal:**
Buyers who would consider purchasing the subject property also should be likely to consider purchasing the comparable sales properties, assuming all were on the market simultaneously. Herein lies the assumption that there are competing properties, and that, while the subject itself is publicly owned, "comparable" properties in this context refers to across the fence privately owned property used for residential development.

The range for which sales were searched, type of sales, date range, and other factors, resulted in seven closed sales that are tabulated below:

EXHIBIT 1

Sale No.	Location	Sale Date	Price	Land Area	Price/SF
1	318 5th Ave West	5/28/2009	$1,300,000	11,450	$113.54
2	220 Waverly Way	6/9/2006	$1,050,000	6,050	$173.55
3	122 Waverly Way	9/26/2006	$893,000	4,823	$185.15
4	411 8th Ave West	11/14/2008	$2,500,000	11,450	$218.34
5	405 8th Ave West	3/27/2006	$800,000	5,725	$139.74
6	410 8th Ave West	1/17/2007	$875,000	7,200	$121.53
7	232 5th Ave West	6/10/2008	$1,525,000	10,305	$147.99

Figure 5 **Land Sales Map**

Description and Discussion:

Seven sales were selected from the data researched in the region indicating a range for residential lots from $800,000 to $2,500,000 per lot. In selecting the sales for comparison the following criteria was used:

1]	**Location:**	The subject is located in West of Market Kirkland. Our search was exclusively within this neighborhood.
2]	**Sale Date:**	The search focused on the time period relevant to current market conditions. The time frame is expanded beyond the typical range, as sales have slowed during the current economic climate, and in any case the location is conducive to longer marketing times due to the type of properties involved. A more thorough discussion of the time adjustment follows in the final correlation.
3]	**Zoning:**	The subject property is zoned single family residential, and focus was on other lots that are also zoned single family residential.
4]	**Size/Utility:**	The subject property is 2,134 square feet in area. This is due to the property being under public ownership, and sale for a specific user of adjacent private property.
5]	**Frontage:**	The subject property fronts on a main street within this particular neighborhood. Emphasis on lots with ample street access was given, with particular focus on those lots most proximate to the lake views.
6]	**Highest and Best Use:**	The subject was determined to have a Highest and Best Use as residential. Lots that are similar in Highest and Best Use were researched.
7]	**Physical Characteristics:**	The subject property is level, and there are no physical obstructions apparent.

UNIT OF COMPARISON SELECTION:

Seven sales were located, all single lot transactions. Upon ascertaining that the transaction represents an arms length sale, adjustments for various circumstances of each sale is then made. The adjusted sale price is then converted to a unit price. Typical units of comparison, and the one used in this case, is price per single site, converted to price per square foot. The single site/square foot analysis is relevant in the case of the subject due to the variation in lot sizes for residential lots in this market.

Sale No. 1 is located at 318 5th Avenue West, northeasterly of the subject property. At the time of sale improvements were a 1975 age residence containing 1,740 square feet, with three beds and three baths. The lot is now redeveloped with a luxury class house.

Sale No. 2 is located at 220 Waverly Way, roughly two blocks east of the subject on Waverly. View amenity is generally similar, and the lot was redeveloped with a single family house after the sale. The lot value in 2006 was $1,050,000. After the sale in 2007 the house was constructed. The history of the property after 2007 is:

1/17/2008:	$2,425,000	Trust sale
9/10/2009	$1,857,000	listed for 4 months at $2,200,000
3/3/2010	$1,770,000	listed for 7 months at $1,857,000

Sale No. 3 is located at the southeasterly side of Waverly Way, roughly ½ block west of Market. The house was older at the time of sale, and subsequent to the sale underwent renovation. After being renovated, the house sold in 7/2008 for a price of $1,627,000. This lot indicated $185.15 per square foot including the improvement, in 2006, and this is generally consistent with the indicated price of Sale #2, located in the next block to the west, with some subjective value placed on the existing structure, suitable for remodeling as opposed to demolition. By comparison, the subject has a superior view.

Land Sale No. 4 is located at 411 8th Avenue West, one block northeast of the subject property. This house lot has inferior location due to lesser view amenity.

Land Sale No. 5 is located at just east of the prior sale, with a similar comparative analysis applicable.

Land Sale No. 6 is directly across the street from the prior two sales, and also was purchased for the purpose of redevelopment with a luxury class residence.

Land Sale No. 7 is located on the northerly side of 5th Avenue West, west of 2nd Street.

Explanation of adjustments:

Improvement value is recognized in the case of each of the comparable properties. As previously mentioned, prevailing development in West of Market, while very active, consists of older houses being torn down and the lots fully redeveloped. Demolition costs vary depending on a number of factors, and we recognize that this may be a consideration when the initial acquisition price is entered into. However, the general cost difference is felt to be of minimal impact overall, one sale to the next, with the lone exception of Sale #3, which is recognized as having been remodeled as opposed to demolished. Therefore, while each of the other lots did, in fact, have an existing improvement, the motivation for purchasing the lot was for acquiring land to build a residence.

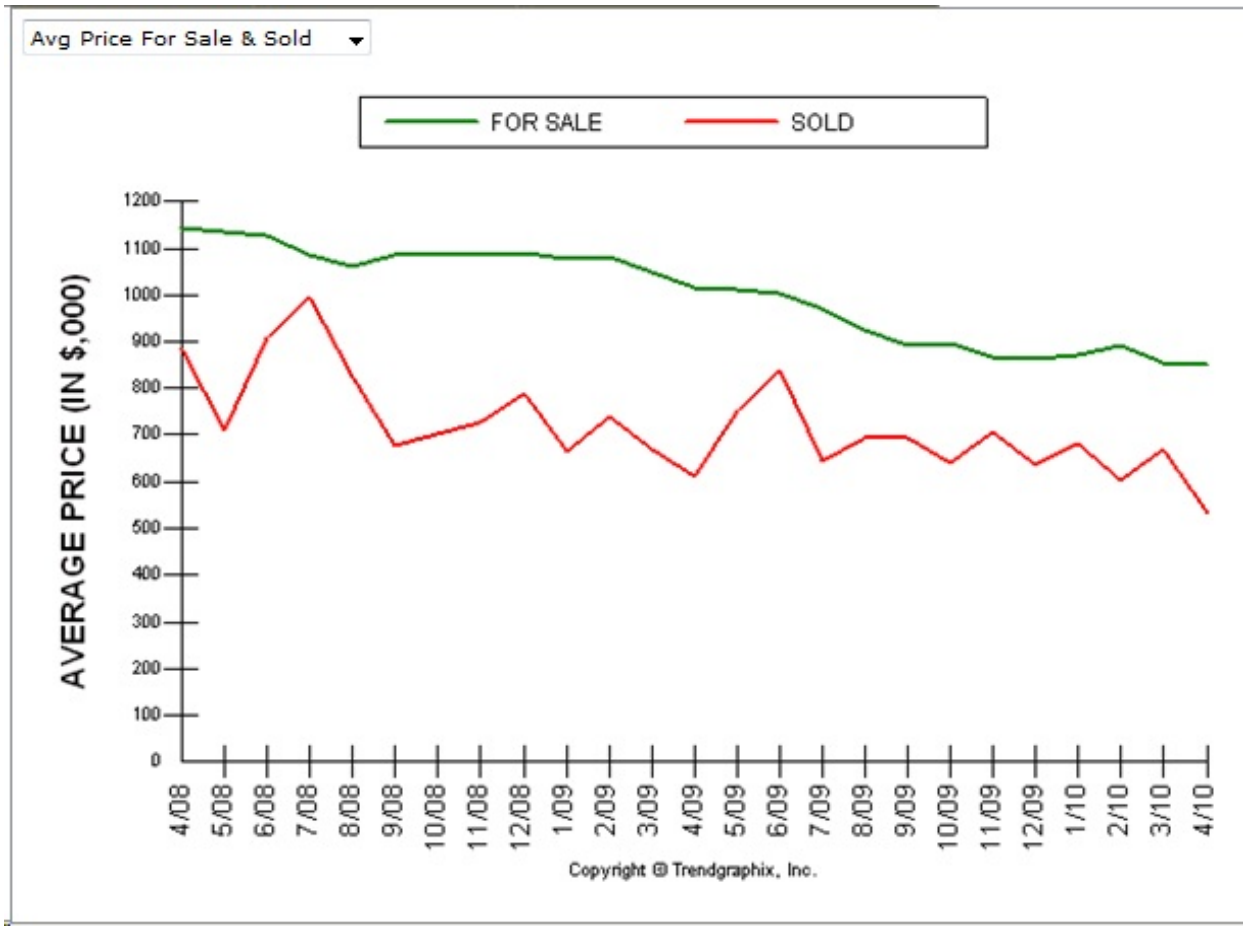
Time is the most critical of all the adjustments, due to the passage between Sales 2 and 3, and to a lesser extent Sale No. 5. Current market trends are unprecedented in the Pacific Northwest, and generally mirror conditions nationwide, as they are in a downward direction. Overall, the impact of the downturn in the real estate market has not been as severe as in other parts of the country (Nevada, Florida, Arizona, Michigan or California for example), but a downturn has none the less taken place. Therefore, as an example, where previously it had been a convention to trend sales in an upward direction, now it is necessary to trend sales downward to reflect price/value changes for today's market. Sales that date back to 2006 will require an initial upward adjustment.

In the case of acquisitions involving government agencies, the estimation of the downward adjustment is particularly critical. To overestimate the extent of the downward trend results in compensation that is too low. All other things being equal, adjustments resulting in excessive reductions in comparison to the subject property, result in a value conclusion that is too low, thus a potential just compensation that is less than market value. Compensation is mandated by law to be just and equitable to both parties. By the same token, underestimating the time trend potentially results in a conclusion to value that may result in overcompensation either to or by the agency.

In order to quantify the amount of downward adjustment for the time trend for early 2008 through late 2009 and early 2010, reliance is placed on standard surveying of both single family residential price trends and trends as compiled for vacant compiled for the Kirkland community.

Vacant land price trending is more specific to the local Kirkland market, using a program available through NWMLS and prepared by a licensed real estate broker in Washington. The chart on the following page is an illustration of the price trends of non-waterfront vacant lots located in Kirkland. The chart indicates that average asking prices have decreased for single family residences from $1,150,000 in 4/2008 down to slightly over $900,000 in 4/2010. What is more striking, however, is the nearly 40% drop in average prices for existing homes in Kirkland. In my opinion this is due to the decrease in new construction homes in the community by comparison to the time frame in early 2008, when new spec home construction was completed from 2007 and then marketed for sale.

EXHIBIT 1



	1 month			1 year			2 years		
	Mar 10	Apr 10	% Change	Apr 09	Apr 10	% Change	Apr 08	Apr 10	% Change
Avg. Active Price	855	850	-0.6% ▼	1014	850	-16.2% ▼	1143	850	-25.6% ▼
Avg. Sold Price	669	532	-20.5% ▼	613	532	-13.2% ▼	883	532	-39.8% ▼

Date	4/08	5/08	6/08	7/08	8/08	9/08	10/08	11/08	12/08	1/09	2/09	3/09	4/09	5/09	6/09	7/09	8/09	9/09	10/09	11/09	12/09	1/10	2/10	3/10	4/10
For Sale	371	397	363	379	366	372	367	331	308	282	308	324	320	333	304	311	305	297	274	254	218	209	211	234	241
New Listing	121	117	90	96	81	94	78	52	38	95	68	85	95	91	63	85	66	73	72	47	42	107	74	93	78
Sold	23	30	29	41	21	29	18	12	14	5	18	20	21	20	40	23	36	35	34	33	26	23	29	40	32
Pended	30	32	41	28	24	18	12	12	11	23	21	16	27	38	39	39	36	38	40	34	34	42	38	48	58
Months of Inventory (Closed Sales)	16.1	13.2	12.5	9.2	17.4	12.8	20.4	27.6	22	56.4	17.1	16.2	15.2	16.7	7.6	13.5	8.5	8.5	8.1	7.7	8.4	9.1	7.3	5.9	7.5
Months of Inventory (Pended Sales)	12.4	12.4	8.9	13.5	15.3	20.7	30.6	27.6	28	12.3	14.7	20.3	11.9	8.8	7.8	8	8.5	7.8	6.9	7.5	6.4	5	5.6	4.9	4.2
Absorption Rate (Closed Sales) %	6.2	7.6	8	10.8	5.7	7.8	4.9	3.6	4.5	1.8	5.8	6.2	6.6	6	13.2	7.4	11.8	11.8	12.4	13	11.9	11	13.7	17.1	13.3
Absorption Rate (Pended Sales) %	8.1	8.1	11.3	7.4	6.6	4.8	3.3	3.6	3.6	8.2	6.8	4.9	8.4	11.4	12.8	12.5	11.8	12.8	14.6	13.4	15.6	20.1	18	20.5	24.1
Avg. Active Price	1143	1135	1128	1086	1060	1086	1089	1084	1088	1078	1082	1049	1014	1013	1001	969	925	894	897	868	865	872	891	855	850
Avg. Sold Price	883	710	909	996	826	676	703	726	788	666	740	671	613	750	840	643	693	694	640	705	635	680	602	669	532
Avg. Sq. Ft. Price	344	293	327	352	319	293	312	254	260	267	268	238	248	266	272	262	268	268	248	241	248	281	263	254	251
Sold/List Diff. %	98	97	95	94	96	96	96	98	94	92	95	91	92	92	95	95	94	94	98	95	97	95	95	96	96
Sold/Orig LP Diff. %	94	95	91	92	93	93	92	89	87	81	92	81	84	85	91	90	88	89	90	88	90	92	92	92	92
Days on Market	106	50	95	60	58	61	86	120	132	178	74	139	106	91	70	92	80	85	117	87	79	76	78	58	91
Avg CDOM	144	76	185	121	102	126	147	148	246	333	231	257	180	190	226	137	131	185	190	203	149	161	147	149	145
Median	690	649	805	850	712	565	613	749	730	755	672	600	550	653	615	600	645	610	550	572	581	450	495	562	479

	2010 Q1 Level	2010 Q1/2009 Q4 Change (%)	2009 Q4/2009 Q3 Change (%)	1-Year Change (%)
U.S. National Index	131.81	-3.2%	-1.0%	2.0%
Metropolitan Area	**March 2010 Level**	**March/February Change (%)**	**February/January Change (%)**	**1-Year Change (%)**
Atlanta	103.74	-1.8%	-1.3%	-1.3%
Boston	151.42	0.0%	-1.0%	3.8%
Charlotte	114.74	-1.1%	-1.0%	-3.9%
Chicago	119.71	-2.3%	-2.0%	-2.3%
Cleveland	103.32	1.8%	-1.7%	6.7%
Dallas	115.74	0.4%	-1.7%	3.0%
Denver	125.31	0.6%	-0.8%	4.1%
Detroit	67.66	-4.1%	-1.8%	-4.6%
Las Vegas	102.58	-0.8%	-0.4%	-12.0%
Los Angeles	170.62	-0.7%	-0.7%	6.0%
Miami	146.15	-0.9%	-0.5%	-1.7%
Minneapolis	116.66	-2.7%	-2.2%	6.5%
New York	169.42	-0.7%	-0.5%	-2.4%
Phoenix	109.52	-0.5%	-1.5%	2.4%
Portland	143.61	-0.1%	-2.4%	-2.8%
San Diego	160.22	1.5%	0.6%	10.8%
San Francisco	136.74	1.5%	-0.7%	16.2%
Seattle	143.73	0.1%	-1.1%	-3.6%
Tampa	136.46	-0.1%	-1.2%	-3.5%
Washington	175.28	-0.7%	-0.5%	5.6%
Composite-10	156.25	-0.4%	-0.6%	3.1%
Composite-20	143.35	-0.5%	-0.9%	2.3%

Source: Standard & Poor's and Fiserv
Data through March 2010

In part, the fundamental nature of transactions has changed in this time period that impacts prices. The Case-Shiller index for Seattle indicates that from 1st Quarter 2010 to 1st Quarter 2009, prices declined 3.6%. The 12 months prior to that saw an additional 14±% decline (table not shown here).

A third method of quantifying the downward adjustment for time would be a sale/resale of the same lot; and we noted the transaction history in particular of Sale No. 2, which has sold three times as a new house, each sale being lower than the prior transaction. Isolating this as a single sale, the decline from January of 2008 to March, 2010, was 27%, slightly less dramatic than the NWMLS survey indicates for Kirkland. Consequently, I am making a downward adjustment of 5% between May 2009 and May 2010, and for May 2008 to May 2009 a 9% downward adjustment. Up until May of 2008 for sales in the 2006 and 2007 time frame, I am increasing values by roughly 8% annually. It is my opinion that, with the premier location of Waverly, and the tendency to attract the higher end of the residential market, this segment of the market may be less vulnerable to the general pattern of downward pressure of land values, Sale #2 not withstanding.

Location of the subject is categorically superior to virtually every other property with the exception of Sale #2, located at 220 Waverly Way and to a slightly less extent, Sale #3, one block east of 220 and nearer to Market. As lots get closer to the water view, values tend to increase, with the exception of any lots that have no view potential at all, and privacy or distance from noise from Market Street is more crucial.

Access/visibility is negligible, as all lots have equal ease of access. *Size* appears from the sale to run counter to the traditional theory that as lots increase in size, unit price, in this case price per square foot, decreases. Taking Sale #4 as an isolated example however, the reverse is true. However, an argument can be made in the converse using Sale #7, so we will focus our primary attention on the smallest lots in the overall tabulation. *Adverse influences* are minimal and are not considered in this analysis.

As a final check of our analysis, we investigated current listings of lots in the area. Listings are generally disfavored in the appraisal of land for purposes of public disposal or acquisition due to not being actual sales and thus not satisfying evidentiary standards. However, as a secondary source of cross-reference, we are considering them, thus allowing the client to place what weight they choose to accord the information. Currently there is 28 listings in non-waterfront West of Market, ranging in price from $499,000 to $3,289,000 (adjacent to subject).

Current West of Market listings:

Sale No.	Location	Sale Date	Price	Land Area	Price/SF
L1	343 7th Ave West	5/28/2009	$2,075,000	11,326	$183.21
2	1250 4th St. West	6/9/2006	$499,000	5,640	$88.48
3	1230 4th St. West	9/26/2006	$499,000	5,600	$89.11
4	601 14th Ave West	11/14/2008	$700,000	9,600	$72.92
5	121 5th Ave West	1/18/2007	$709,000	7,140	$99.30

All of the listings save #1 are close to Market Street as opposed to Waverly and the lake views. Without regard to that, the general indication is one of decreasing land values. Shown below is an adjustment chart that illustrates the general pattern of adjustments and a concluded range of value for the subject land.

LAND SALE ANALYSIS - ADJUSTMENT GRID:

Element of Comparison	Sale 1	Sale 2	Sale 3	Sale 4	Sale 5	Sale 6	Sale 7
Sale Price	$1,300,000	$1,050,000	$893,000	$2,500,000	$800,000	$875,000	$1,525,000
Sale Date	05/28/09	06/09/06	09/26/06	11/14/08	03/27/06	01/17/07	06/10/08
Site Area	11,450	6,050	4,823	11,450	5,725	7,200	10,305
Sale Price/SF	$113.54	$173.55	$185.15	$218.34	$139.74	$121.53	$147.99
Quantitative							
Time adjustment	0.950%	0.860%	0.875%	0.910%	0.84%	0.90%	0.88%
Time adj. sale Price	$1,235,000	$903,000	$781,375	$2,275,000	$672,000	$787,500	$1,342,000
Adj. Sale Price/SF	$107.86	$149.26	$162.01	$198.69	$117.38	$109.38	$130.23
Qualitative							
Location	25%	18%	20%	10%	10%	10%	15%
Zoning	0%	0%	0%	0%	0%	0%	0%
Size/Utility	0%	0%	0%	0%	0%	0%	0%
Frontage/CornerExp/Access	0%	0%	0%	0%	0%	0%	0%
Topography/Views	see above	see above	see above	see above	see above	see above	see above
Configuration/Wetlands	0%	0%	0%	0%	0%	0%	0%
Shape and other	-7%	-9%	0%	0%	-5%	-5%	-5%
Total Adjustment	18%	9%	20%	10%	5%	5%	10%
Adj. Value/SF	$127.77	$162.05	$194.41	$218.56	$123.25	$114.84	$143.25

Conclusion:

It is my opinion that the subject property has a market value of $155 per square foot, as of May 25, 2010. In arriving at this conclusion, I have placed greatest reliance on Sale #2 and Sale #7. Had Sales 4-6 been more consistent, they would have been given greater correlative value.

Using the formula:

Square feet land x Price per square foot = Value indication

the following value is indicated:

2,134 square feet x $155 per square foot = $330,770

Figure 9 Land Sale No. 1
318 Fifth Avenue West

Figure 11 Land Sale No. 2
220 Waverly Way

Figure 10 Land Sale No. 3
122 Waverly Way

Figure 12 Land Sale No. 4
411 Eighth Avenue West

Figure 13 Land Sale No. 5
405 Eighth Avenue West

Figure 15 Land Sale No. 6
410 Eighth Avenue West

Figure 14 Land Sale No. 7
232 Fifth Avenue West

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, impartial, and unbiased professional analyses, opinions, conclusions, recommendations, and conclusions of the appraiser;
- I have no present or prospective interest in the property that is the subject of this report, and I have no 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 analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the *Uniform Standards of Professional Appraisal Practice.* The reported analysis, 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.
- I have made a personal inspection of the property that is the subject of this report and the property owner or his/her designated representative, was given the opportunity to accompany the appraiser on the property inspection.
- No one provided significant real property appraisal assistance to the person(s) signing this certification. We have, however, relied upon a statistical survey of lot values as prepared by Lauren Hunnicutt, Associate Broker with Coldwell Banker Bain Real Estate, through access to a copyrighted software program. We take full responsibility for the use of this programs content and results.
- I hereby certify that I have not performed any professional services of any kind that involve the subject property within the last three years.
- 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, David E. Hunnicutt, MAI, JD, MRICS, has completed the continuing education program of the Appraisal Institute and is certified under their program through December, 2012. Mr. Hunnicutt is a Certified General Real Estate Appraiser licensed and in good standing in the state of Washington (License No. 1100308).

HUNNICUTT AND ASSOCIATES, INC.

David E. Hunnicutt, MAI, JD, MRICS
President

ASSUMPTIONS AND LIMITING CONDITIONS

This report is made expressly subject to the conditions and stipulations following:

1. It is assumed that the legal description as obtained from public records or as furnished is correct. No responsibility is assumed for matters which are legal in nature, nor is any opinion on the title rendered herewith. This report assumes good title, responsible ownership and competent management. Any liens or encumbrances which may now exist have been disregarded, and the property has been analyzed as though free of indebtedness unless otherwise stated.

2. Any plot plans, sketches, drawings or other exhibits in this report are included only to assist the reader in visualizing the property. We have made no survey for this report and assume no responsibility for such.

3. Unless otherwise noted herein, it is assumed that there are no encroachments, zoning or other violations of any regulations affecting the subject property.

4. Except as noted, this analysis assumes the land to be free of adverse soil conditions which would prohibit development of the property to its highest and best use.

5. The appraiser assumes no liability for structural conditions not visible through ordinary, careful inspection or a review of the plans and specifications, if the structure is proposed. The appraiser has made no inspected for toxic or carcinogenic materials, nor has he detected any subsurface problems or hazardous waste conditions. The appraiser is not qualified to detect such substances. An expert in this field should be retained if desired.

6. This analysis is of surface rights only, and no analysis has been made of the value of subsurface rights, if any.

7. Any proposed improvements are assumed to have been completed unless stipulated otherwise in this report; and construction is assumed to conform with the building plans and/or improvement descriptions included in the report.

8. Disclosure of the contents of this report is governed by the Bylaws and Regulations of the Appraisal Institute.

9. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the analyst or the firm with which he/she is connected, or any reference to the Appraisal Institute or to the MAI or SRA designation) shall be disseminated to the public through the advertising media, public relations media, news media, sales media or any other public means of communication without prior written consent and approval of the analyst.

10. This report shall be used only in its entirety and no part shall be used in conjunction with any other study and is invalid if so used.

11. Employment to make this study does not require testimony in court, unless mutually satisfactory arrangements are made in advance.

12. It is an assumption of this report that all toxic hazardous waste materials present in the soil will be mitigated or removed from the site.

13. Neither all, nor any part of the content of this report, or copy thereof (including conclusions as to property value, the identity of the Appraiser, professional designations, reference to any professional appraisal organizations, or the firm with which the Appraiser is connected), shall be used for any purposes by anyone but the client specified in the report, the borrower if appraisal fee paid by same, the mortgagee or its successors and assigns, mortgage insurers, consultants, professional appraisal organizations, any state or federally approved financial institution, any department, agency, or instrumentality of the United States or any state or the District of Columbia, without the previous written consent of the Appraiser; nor shall it be conveyed by anyone to the public through advertising, public relations, news, sales, or other media, without the written consent and approval of the Appraiser.

14. Information, estimates, and opinions furnished to the analyst, and contained in the report, were obtained from sources considered reliable and believed to be true and correct. However, no responsibility for accuracy of such items furnished to the analyst can be assumed by the analyst.

15. On all analyses subject to satisfactory completion, repairs, or alterations, the report and conclusions are contingent upon completion of the improvements in a workmanlike manner.

16. In reporting prospective (future) values, the analyst cannot be held responsible for events that alter market conditions prior to the effective date of the opinion.

17. The Americans with Disabilities Act ("ADA") became effective January 26, 1992. We have not made a specific compliance survey and analysis of this property to determine whether or not it is in conformity with the various detailed requirements of the ADA. It is possible that a compliance survey of the property, together with a detailed analysis of the requirements of the ADA, could reveal that the property is not in compliance with one or more of the requirements of the Act. If so, this fact could, but not necessarily does, have a negative effect upon the value of the property. Since we have no direct evidence relating to this issue, we did no consider possible non-compliance with the requirements of ADA in estimating the value of the property.

ADDENDA

EXHIBIT A

Request for proposal letter from City of Kirkland
Letter of engagement

EXHIBIT B
QUALIFICATIONS OF DAVID E. HUNNICUTT, MAI, JD, MRICS

QUALIFICATIONS OF DAVID E. HUNNICUTT, MAI, JD, MRICS

Real Estate Appraiser/Counselor
President
Hunnicutt and Associates, Inc.
P.O. Box 531
Kirkland, Washington 98083-0531
(425) 576-1203
Fax: (425) 576-8904
email: davidhunnicutt@msn.com

EDUCATION

Pacific Lutheran University, Parkland, Washington
University of Washington, Bachelor of Arts Degree, Economics
Seattle University Law School - Juris Doctor

Appraisal Institute Education:
Continuing education has focused on currency in issues such as common tenancy, partial interest valuation, mixed business and real estate concerns, and special purpose properties and valuation problems.

Courses for Juris Doctor program - Seattle University School of Law:
Both course work and continuing education focused on real estate in the business and special purpose, small entity formations with real estate assets, estate planning and business formations.

The Appraisal Institute conducts continuing education for its designated members. MAIs and SRAs who meet the minimum standards of this program are awarded periodic education certification. I am certified under this program through December 31, 2012. I am also certified under Washington State's Real Estate Appraiser Certification Law. My Washington State General Appraisal Certificate No. is 1100308 and I am an attorney admitted to practice in the state of Washington.

EMPLOYMENT

1991-Present	Hunnicutt and Associates, Inc.
1989-1991	Coldwell Banker Commercial Appraisal & Consultation
1984-1989	Hugh A. Thompson and Associates
1982-1984	Bruce C. Allen and Associates
1979-1982	Eastman and Allen Company
1977-1979	Western Appraisal Company

PROFESSIONAL

Member:	Appraisal Institute - MAI
Member:	Royal Institution of Chartered Surveyors - MRICS
Associate:	International Right-of-Way Association
Member:	Washington State Bar Association
	King County Bar Association

EXPERIENCE

Experience includes: Market value appraisals, feasibility and land use studies, market and marketability studies, highest and best use studies on commercial, industrial, residential and unimproved land.

Specialized Appraisals: Air rights easements, rights-of-way, partial taking in condemnation, partial interest acquisitions, leased fee/leasehold analyses, annual asset base reporting, etc. golf courses and oil storage and terminal facilities

Specialized Applications: Proposed construction, permanent financing, annual financial reporting, estate tax filing, contemplated sale or purchase, acquisition in eminent domain, partnership dissolutions, asset base management, proposed lease or lease renewal, special purpose properties and mixed real estate/business enterprise values, partial interest and common tenancy applications, golf courses

Representative Clients:

Bell & Ingram
Cascade Bank
Charter Bank
City of Bellevue
City of Edmonds
City of Kirkland
City of Kent
City of Lake Stevens
City of Mukilteo
Chevron U.S.A.
City Bank
City of Lake Stevens
Coastal Community Bank
Comerica Bank
Discover Mortgage
DuBrin Capital Corporation
Eastside Commercial Bank
First Heritage Bank
First Mutual Bank
Foundation Bank
Golf Savings Bank
Goodale and Barbieri Companies
Homestreet Bank
Housing Preservation Associates
Key Bank
Phillips/Conoco Inc.
LeSourd and Patten
Liberty Mutual Insurance Co.
Mills, Meyer, & Swartling
NCB Funding Group
North County Bank
Perkins, Coie
Pierce County Transportation and Utilities
Safeco Insurance Company
Shoreline Bank
Sterling Savings Bank
Unocal
U.S. Bancorp Real Estate
U.S. Department of HUD
Washington State Parks & Rec. Comm.
Washington State Dept. of Transportation
Washington State Dept. of Gen Admin
Washington State Dept. of Nat. Resources
Wells Fargo Bank
West Coast Hospitality
Wolfstone, Panchot and Block

EXHIBIT 1

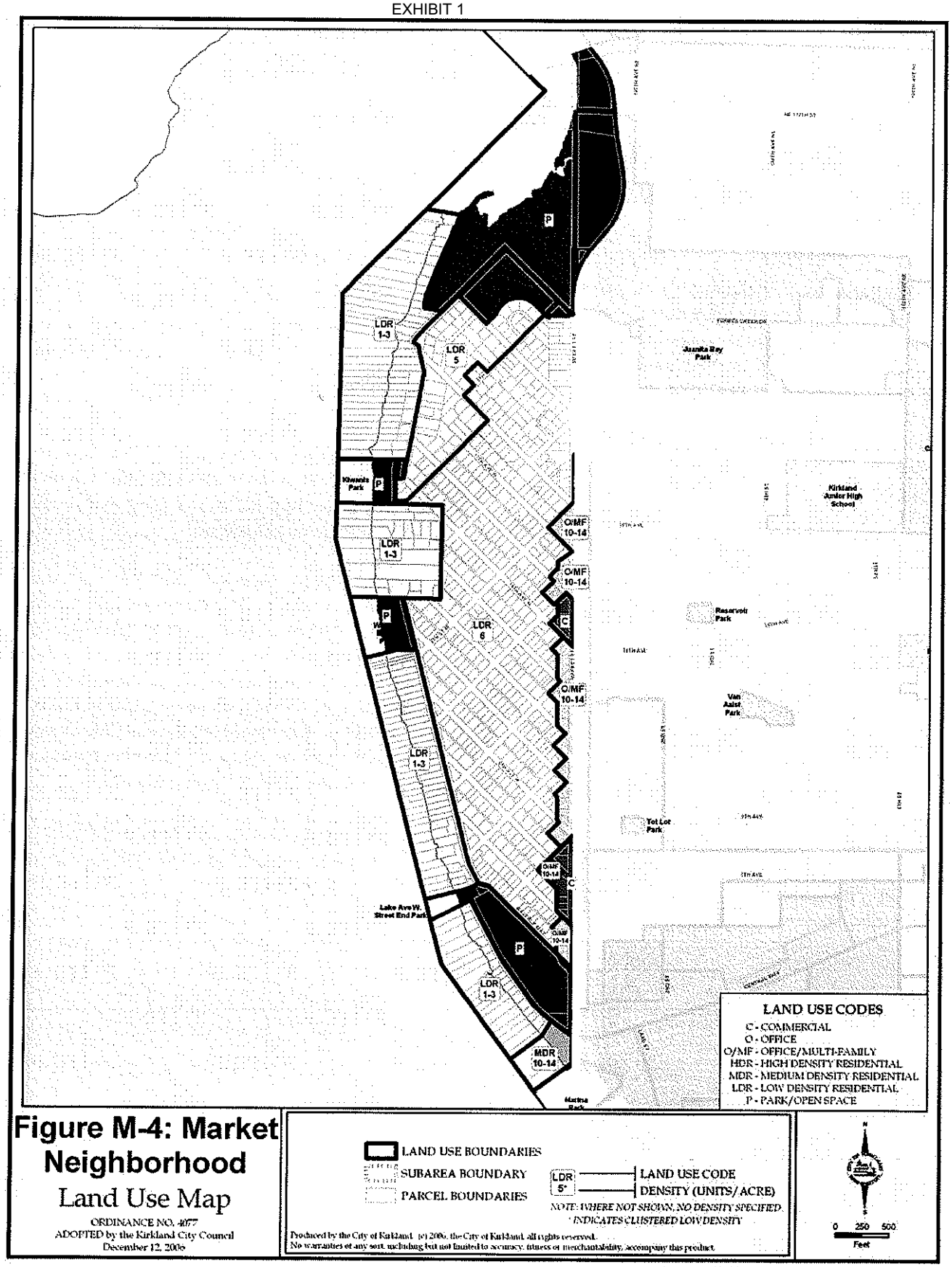


Figure M-4: Market Neighborhood Land Use

RESOLUTION R-4827

A RESOLUTION OF THE CITY OF KIRKLAND EXPRESSING AN INTENT TO VACATE A PORTION OF A RIGHT-OF-WAY FILED BY Eric Drivdahl, FILE NUMBER VAC10-00001.

WHEREAS, the City has received an application filed by Eric Drivdahl to vacate a portion of a right-of-way; and

WHEREAS, by Resolution Number 4824, the City Council of the City of Kirkland established a date for a public hearing on the proposed vacation; and

WHEREAS, proper notice for the public hearing on the proposed vacation was given and the hearing was held in accordance with the law; and

WHEREAS, it is appropriate for the City to receive compensation for vacating the right-of-way as allowed under state law; and

WHEREAS, no property owner will be denied direct access as a result of this vacation; and

WHEREAS, it appears desirable and in the best interest of the City, its residents and property owners abutting thereon that said street to be vacated;

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Kirkland as follows:

Section 1. The Findings and Conclusions as set forth in the Recommendation of the Department of Planning and Community Development contained in File Number VAC10-00001 are hereby adopted as though fully set forth herein.

Section 2. Except as stated in Section 3 of this resolution, the City will, by appropriate ordinance, vacate the portion of the right-of-way described in Section 4 of this resolution if within 90 days of the date of passage of this resolution the applicant or other person meets the following conditions:

(a) Pays to the City $330,770 as compensation for vacating this portion of the right-of-way.

(b) Within seven (7) calendar days after the final public hearing, the applicant shall remove all public notice signs.

(c) Submit to the City either: a letter from Comcast Cable Company that states no need for a utility easement, or grant Comcast Cable Company a utility easement if it is requested.

Section 3. If the portion of the right-of-way described in Section 4 of this resolution is vacated, the City will retain and reserve an easement, together with the right to exercise and grant easements along, over, under and across the vacated right-of-way for the installation, construction, repair and maintenance of public utilities and services.

Section 4. The right-of-way to be vacated is situated in Kirkland, King County, Washington and is described as follows:

THAT PORTION OF WAVERLY WAY MORE FULLY DESCRIBED AS FOLLOWS:
BEGINNING AT THE MOST NORTHERLY CORNER OF LOT 11, BLOCK 13, TOWN OF KIRKLAND, ACCORDING TO THE PLAT THEREOF RECORDED IN VOLUME 6 OF PLATS, PAGE 53, IN KING COUNTY, WASHINGTON;
THENCE SOUTH 74°44'41" WEST, 10 FEET;
THENCE SOUTH 15°15'19" EAST, PARALLEL WITH THE CENTERLINE OF WAVERLY WAY, A DISTANCE 205.15 FEET;
THENCE SOUTH 46°23'53" EAST, ALONG THE PROLONGATION OF THE NORTHEASTERLY MARGIN OF 7TH AVENUE W, 19.34 FEET, TO A POINT WHICH IS 23.35 FEET, MORE OR LESS, FROM THE MOST WESTERLY CORNER OF LOT 13, BLOCK 13, OF SAID PLAT;
THENCE NORTH 15°15'19" WEST, ALONG THE WEST BOUNDARY OF LOTS 11 TO 13, BLOCK13, OF SAID PLAT, 221.70 FEET TO THE POINT OF BEGINNING.
CONTAINING 2,134 SQUARE FEET ±.

Passed by majority vote of the Kirkland City Council in open meeting on the _____ day of _____, 20___.

SIGNED IN AUTHENTICATION THEREOF this _____ day of _____, 20___.

_____
Mayor

ATTEST:

_____
City Clerk