

***APPRAISAL OF:***  
***COMMERCIAL PROPERTY***  
***410 4<sup>TH</sup> AVENUE***  
***RIO DELL, CA***  
***APN 053-031-002 AND 053-041-002***



***June 27, 2022***

***Prepared for: Mr. John Walsh, Cal Fire,***

***CAS # 22-05-130***

# **CHILDS APPRAISAL SERVICE.....**

## **Commercial Real Estate Appraisal**

July 1, 2022

Cal Fire  
Atten: John Walsh  
P.O. Box 94426  
Sacramento, CA 94244-2460

RE: Appraisal of Commercial Property  
410 4<sup>th</sup> Avenue, Rio Dell, CA  
APN 053-031-002 and 053-041-002

Dear Mr. Walsh:

In accordance with your recent request and authorization, I have completed the necessary investigation and analysis to appraise the above referenced real property in Rio Dell, CA. The appraisal was made for the purpose of estimating the market value of the "as-is" fee simple interest in the subject property as of June 27, 2022, the date of my last inspection of the property.

The accompanying report describes the area, neighborhood, site, market conditions, highest and best use, and the method of appraisal. It contains pertinent data considered in reaching my value conclusion. Please note in particular, the Limiting Conditions and Assumptions found on pages 25-27.

Based upon my inspection, investigation, and analyses undertaken, I have formed the opinion that as of June 27, 2022, and subject to the definition of value, assumptions, and limiting conditions and certification contained in the report, the subject property has an "as-is" fee simple market value of

**ONE MILLION SEVEN HUNDRED TWENTY THOUSAND DOLLARS**

**(\$1,720,000)**

***(As-Is, Fee Simple, Land and Improvements)***

John Walsh  
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The appraisal report was completed in conformity with and subject to the Code of Professional Ethics of the Appraisal Institute, Standards of Professional Appraisal Practice of the Appraisal Institute, and Uniform Standards of Professional Appraisal Practice (USPAP). The appraisal is intended to conform to the regulations and restrictions as promulgated by the Appraisal Institute and Title XI of the Federal Financial Institutions Reform, Recovery and Enforcement Act of 1989 (FIREA) and the Uniform Standards of Professional Appraisal Practice.

Please feel free to contact if you wish to discuss this report further, have any questions, or need any additional information.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "S. R. Childs", is written over a faint, light blue circular watermark. The signature is fluid and cursive.

Steven R. Childs  
CA # AG030529

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    Area Map, Neighborhood Map, Assessor Parcel Map, Aerial Photo

    City of Rio Dell Zoning Map, Topographical Map

    Preliminary Title Report Dated February 14, 2022, Building Sketches

    Subject Photographs, Comparable Sale Location Map

    Comparable Sales Aerial Photos, Engagement Letter

    Paired Sales Analysis, Appraiser Qualifications

## **EXECUTIVE SUMMARY**

<b>Property Appraised:</b>	Rio Dell Commercial Property, +/- 17.9 Improved Acres 410 4th Avenue, Rio Dell Humboldt County, CA
<b>Assessor Parcel No.:</b>	APN 053-031-002 & 053-041-002 (Two Assessor Parcels)
<b>Size:</b>	+/- 17.9 Acres (Assessor Acreage)
<b>Shape:</b>	Irregular
<b>Topography:</b>	Level
<b>Utilities:</b>	All public utilities are on-site
<b>Zoning:</b>	CC, Community Commercial, 2,000 sf min.
<b>Highest and Best Use:</b>	Commercial
<b>Date of Value:</b>	June 27, 2022
<b>Date of Report:</b>	July 1, 2022
<b>Final Value Conclusion:</b>	<b>\$1,720,000</b>
<b>410 4th Avenue</b>	
<b>APN 053-031-002 &amp; 053-041-002</b>	

## **INTRODUCTION**

### **Introductory Summary**

The subject commercial property is a +/- 17.9 acre tract of improved land located at 410 4th Avenue within the Rio Dell city limits. The subject consists of two assessor parcels identified as APN 053-031-002 & 053-041-002. The subject property has a gravel access road off the south terminus of 4<sup>th</sup> Avenue along the western boundary of the subject. The subject is improved with a single family dwelling, a two stall garage, and an agricultural barn. The subject consists of level pastureland and is generally rectangular in shape. The subject property is vegetated with native grasses, trees and shrubs near the dwelling, and briars near the barn. This appraisal provides a valuation of the land and improvements only. No personal property is included in this report.

### **Property Identification**

The subject is identified as Assessor Parcel APN 053-031-002 & 053-041-002. The situs address for the subject property is 410 4<sup>th</sup> Avenue. A Preliminary Title Report dated February 14, 2022, was provided to the appraiser by the client. The aerial photos, the assessor parcel map, and the legal description serve to adequately identify the subject property and are included in the Addendum.

### **Property Ownership and History**

According to Humboldt County records, the subject property is vested in;

TODD LINDA

The subject property has been under the current ownership for over twenty years. No sales of the subject property were detected within the last three years. The subject property has been for sale on the Multiple Listing Service for about 145 days with an asking price of \$2,179,000. There have reportedly been no offers made according to Joe Mattioli, a Humboldt County realtor.

### **Scope of the Appraisal**

The subject property was inspected and photographed by the Appraisers, Steven R. Childs and Richard Phillis on June 27, 2022. Comparable property sales were obtained from public records and other sources including multiple listing services, realtors, appraisers, County assessors, and buyers/sellers in Humboldt County, and confirmed with principals involved in the transactions where possible. The subject property was analyzed as it relates to the market, taking into full account local market conditions, development potential/constraints, and functional utility of the site. Interviews were conducted with parties familiar with the subject property, including Joe Mattioli, a realtor who is representing a party interested in purchasing the subject property.

## **Use and User of the Appraisal**

It is my understanding that the appraisal will be used by the client, the State of California, in their efforts to achieve public acquisition with public funding. Intended users of this report include the client listed above. No other use of this appraisal is authorized by the appraiser.

## **Purpose of the Appraisal**

The purpose of this appraisal is to estimate the fair market value as defined by the California Code of Civil Procedures, Section 1263.320(a).

## **Property Inspection**

The property was inspected on June 27, 2022, by Steven R. Childs and Richard Phillis, Appraisers.

## **Date of Value**

The appraisal is dated June 27, 2022, which is the date of the last physical inspection of the subject site.

## **Date of Appraisal**

The report is dated July 1, 2022, which is the date that the appraisal was executed by the appraiser and submitted to the client.

## **Competency**

The appraisers, Steven R. Childs and Richard Phillis, have had extensive experience in appraising vacant and improved commercial properties located in northern California. No steps to competency were required.

## **Appraisal Development Guidelines**

This assignment required the physical inspection of the property and the surrounding neighborhood, and the collection, verification, and analysis of comparable market data to estimate the highest and best use of the property and the defined value. My findings are developed using complete appraisal methodology, and are reported in a narrative appraisal report format.

The appraisal report was completed in conformity with and subject to the Code of Professional Ethics of the Appraisal Institute, Standards of Professional Appraisal Practice of the Appraisal Institute, and Uniform Standards of Professional Appraisal Practice (USPAP). The appraisal is

also intended to conform to the appraisal standards set forth by the State of California Department of General Services (DGS).

### **Property Rights Appraised**

The Dictionary of Real Estate Appraisal, authored by the American Institute of Real Estate Appraisers, defines the following types of property rights:

"Fee simple estate" is defined by the American Institute of Real Estate Appraisers as "absolute ownership unencumbered by any other interest or estate; subject only to the limitations of eminent domain, escheat, police power, and taxation."

The fee simple interest in the subject is appraised. A preliminary title report with a legal description of the subject is included in the Addendum. Mineral Rights are included as they are not known to be severed from the subject property.

### **Implied Dedication**

In the opinion of the appraiser, no implied dedication has occurred with respect to the subject. There is no use by the public on the subject property. There is a private entrance onto the subject property from the south terminus of 4<sup>th</sup> Avenue and from the south side of Davis Street, both of which have gates, so it does not appear that the current landowners have encouraged any public usage of the property.

### **Definition of Market Value**

The California Code of Civil Procedures, Section 1263.320(a), defines Fair Market Value as:

(a) The fair market value of the property taken is the highest price on the date of valuation that would be agreed to by a seller, being willing to sell but under no particular or urgent necessity for so doing, nor obliged to sell, and a buyer, being ready, willing, and able to buy but under no particular necessity for so doing, each dealing with the other with full knowledge of all the uses and purposes for which the property is reasonably adaptable and available.

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

There are no extraordinary assumptions or hypothetical conditions used in this appraisal.



## **AREA DESCRIPTION**

The North Coast region of California is characterized by the Pacific coastline, heavily forested lands, and relatively sparse population. The region includes Mendocino, Humboldt, and Del Norte Counties, and also extends into the Southern Oregon coast. The specific location of the subject is 410 4<sup>th</sup> Avenue within the City of Rio Dell, in Humboldt County.

Humboldt County is the second most northerly county in California, and is situated on the Pacific Ocean. It extends from the Kings Range National Conservancy Area in the south to just below the mouth of the Klamath River and the Redwood National Park in the north. It is surrounded by Del Norte County to the north, Siskiyou and Trinity County to the east, Mendocino County to the south, and the Pacific Ocean to the west. Humboldt County has some 2.3 million acres of land, of which over 80% is forested, mountainous land. The exception is the level plain surrounding Humboldt Bay and the lower Eel River, making up the Eureka metropolitan area. This small area contains 57% of the County's population of approximately 135,000.

### **Population and Growth Trends**

The County's three major cities of Eureka, Arcata, and Fortuna are all located along the Humboldt Bay alluvial plains, within about 25 miles of each other. Eureka is the largest of the three, followed by Arcata and Fortuna. Smaller cities include Rio Dell, Blue Lake, Trinidad, and Ferndale. While not incorporated, McKinleyville would make up the third largest community behind Eureka and Arcata. A summary of Humboldt County population and its geographic dispersion is as follows;

<b>Humboldt County Population Trends, 1990-2020</b>			
	<u>1990</u>	<u>2020</u>	<u>% Change</u>
Arcata	15,810	18,857	19.27%
Blue Lake	1,268	1,208	-4.73%
Eureka	27,714	26,512	-4.34%
Ferndale	1,368	1,398	2.19%
Fortuna	8,961	12,516	39.67%
Rio Dell	3,070	3,379	10.07%
Trinidad	370	307	-17.03%
Unincorporated Areas	63,880	72,286	13.16%
County Total	122,441	136,463	11.45%
Source: California Dept Of Finance			

Clearly, while overall population growth has been moderate, Arcata, Fortuna, Rio Dell, and McKinleyville have had steady and more rapid growth. In large part, this is due to the relative availability of residential land with municipal services.

### Employment

With the timber industry as its historic base, the local economy has slowly expanded to include other means of employment. Today, the timber industry remains as a major component of the Humboldt County economy, however, other industries have increased in importance, including agriculture, fisheries, tourism, and services. Also included is Humboldt State University in Arcata, with some 7,000 students and 2,400 full time employees.

Given the large tracts of land owned by the state and federal governments, and with Humboldt County serving as a regional center, government is now one of the largest employers in the County. The primary sectors of employment in February 2019 were as follows:

<b>Humboldt County Employment Trends, 2010-2021</b>				
<u>Sector</u>	<u>2010</u>	<u>2021</u>	<u>% Change</u>	<u>% of Total</u>
Agriculture	800	1,200	50.00%	2.40%
Natural Resources and Mining	380	500	31.58%	1.00%
Construction	1,730	2,500	44.51%	5.00%
Manufacturing	2,130	2,200	3.29%	4.40%
Trade, Trans, & Utilities	9,120	9,000	-1.32%	18.00%
Information	600	300	-50.00%	0.60%
Financial Activities	1,660	1,700	2.41%	3.40%
Professional & Business Services	2,900	3,700	27.59%	7.40%
Education & Health Services	7,700	8,700	12.99%	17.40%
Leisure & Hospitality	5,180	4,600	-11.20%	9.20%
Other Services	1,880	2,000	6.38%	4.00%
Government	13,640	13,600	-0.29%	27.20%
Industry Employment Total	47,720	50,000	4.78%	100%

Source: California Employment Dev. Dept.

It is significant to note that the government sector comprises nearly 30% of the workforce. A large governmental presence provides some stability in an otherwise “fragile” economy.

Unemployment in Humboldt County tends to hover in the vicinity of the statewide average. The unemployment rate as of November 2021 is reported at 4.3% as opposed to the statewide average of 6.9% and the national unemployment rate of 4.2%. Wages and salaries in Humboldt County are typically lower than in the balance of the state. Median household income for the period 2019 was \$48,041, compared to the state figure of \$80,440 or the overall US figure of \$69,560.

### Environment

Humboldt County is known for its outdoor activities that accompany the beautiful forests, beaches, and rivers. Parks in the area include Kings Range, Humboldt Redwoods and Redwood National Park, Six Rivers National Forest, Clam Beach, Patricks Point State Park, and Richardson Grove State Park. Major rivers flowing toward the Pacific include the Klamath, Eel, Mad, Van Duzen, and Mattole Rivers. Also located in the eastern section of the County is the Hoopa Valley Indian Reservation.

The local weather is generally moderate, with frequent fog, and moderate to heavy precipitation. Snowfall is generally limited to the mountainous areas of the County, and rarely occurs in the coastal plain.

The quality of life in Humboldt County is in many ways superior to other areas of California. In fact, the remoteness, the clean air, and the availability of many cosmopolitan amenities in a rural setting have attracted many people, particularly retirees, from large urban areas. These people are attempting to escape the malaise of modern urban life, without realizing that they often bring it with them. Many students of Humboldt State University also choose to remain in Humboldt County after graduation.

### Transportation

Major highways in the County are U.S. Highway 101, traveling North/South along the coast, and U.S. Highways 299 and 36, traveling East/West. There is the deep water port of Humboldt Bay Harbor; Greyhound and Redwood Transit System provide bus transportation; and United Express and Horizon Air serve the Arcata/Eureka airport in McKinleyville.

The lack of reliable rail transport has resulted in complete reliance on the highway system for transport of goods into and out of the County.

### Summary & Conclusions

In summary, Humboldt County is located in Northwestern California along the Pacific Ocean. Its economic base is the timber industry, with supporting services and other major industries including fishing, government, and tourism. Its numerous parks, rivers, and beaches make outdoor activities and tourism very popular. No major developments are anticipated that will result in rapid growth or a change from the slightly underdeveloped character of the area. The long term outlook is for a continuation of historical trends of modest population growth, moderately high unemployment, low incomes and a large governmental presence.

## **NEIGHBORHOOD DESCRIPTION**

Rio Dell is located on the west bank of the Eel River 1 mile (2 km) north of Scotia, at an elevation of 161 feet (49 m). The population was 3,363 at the 2010 census, up from 3,174 at the 2000 census. According to the United States Census Bureau, the city has a total area of 2.4 square miles (6.2 km<sup>2</sup>), of which, 2.3 square miles (6.0 km<sup>2</sup>) of it is land and 0.1 square miles (0.26 km<sup>2</sup>) of it (5.61%) is water. This region experiences warm (but not hot) and dry summers, with no average monthly temperatures above 71.6 °F. According to the Koppen Climate Classification system, Rio Dell has a warm-summer Mediterranean climate, abbreviated "Csb" on climate maps.

Rio Dell has a City Council - City Manager form of government. The City Council sets policy while the City Manager carries out the day-to-day business of the City. The Mayor is selected by the City Council and serves as the presiding officer at city council meetings and as the official head of the city for legislative and ceremonial purposes.

There were 1,442 housing units at an average density of 596.5 per square mile (230.3/km<sup>2</sup>), of which 774 (56.6%) were owner-occupied, and 593 (43.4%) were occupied by renters. The homeowner vacancy rate was 0.6%; the rental vacancy rate was 2.8%. 1,952 people (58.0% of the population) lived in owner-occupied housing units and 1,395 people (41.4%) lived in rental housing units.

The median income for a household in the city was \$29,254, and the median income for a family was \$36,464. Males had a median income of \$30,410 versus \$19,688 for females. The per capita income for the city was \$12,569. About 18.5% of families and 23.1% of the population were below the poverty line, including 31.1% of those under age 18 and 12.1% of those age 65 or over.

In summary, Rio Dell is small community along the Eel River in the Humboldt County. Traditionally, its economy has centered around timber and other industries that tend to serve this small resource based communities. It is a popular place to live due to its affordable housing, outdoor recreational activities, and relatively warmer weather than other cities near the coast.

### **Subject Location within the Neighborhood**

The subject is located at 410 4th Avenue in the City of Rio Dell at the south end of 4<sup>th</sup> Avenue and south of Davis Street adjacent to the Davis Street Highway 101 interchange. The immediate area of the subject is characterized by residential properties to the north, south, and west and Highway 101 to the east. The subject location is considered good for commercial uses due to its Highway 101 access and 17.9 acre size.

Environmental Obsolescence/Land Use

No detrimental land uses were observed in the immediate vicinity of the subject. I observed no environmental obsolescence factors in the neighborhood such as crime, nuisances, hazards, or pollution.

Conclusion

The subject is well-suited for use as a commercial property as it is zoned for those uses. It is situated with frontage on the west side of State Highway 101 with good access and visibility. Given the large size of the property for the vicinity, and the lack of detrimental conditions in the area, the subject property is considered to have good appeal for a commercial use property within the City of Rio Dell.

## **MARKET CONDITIONS**

There are no formal statistics available on the stock or availability of timberland in the neighborhood. In the absence of statistical data, the following analysis is based on the appraiser's knowledge of the market for similar properties, as supplemented by discussions with knowledgeable participants in the market and government agencies.

### **Exposure and Marketing Time**

Exposure time is defined by the Appraisal Standards Board as “the estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal; a retrospective estimate based upon an analysis of past events assuming a competitive and open market.” The reasonable exposure period is a function of price, time, and use, not an isolated estimate of time alone. The opinion of value herein is predicated on the exposure time and is not based on the marketing time.

As a commercially zoned property, the subject would be attractive primarily to prospective buyers looking for commercial uses if properly priced. The comparable sales used in this report are recent sales and they ranged in days on the market from 1 day to 1,471 days with an average of 519 days on the market. Based on market demand and recent sales of properties with similar characteristics, the exposure period for the subject is estimated at one to two years.

Marketing time is an estimate of the amount of time it might take to sell a property interest in real estate at the estimated market value level during the period immediately after the effective date of appraisal. In this case, there are no factors to indicate a significant difference between a reasonable exposure period and a reasonable marketing time. Therefore, marketing time is also estimated at one to two years.

### **Market Trends**

Commercial property sales have been moderate with some languishing on the market for years. However, the subject is a large commercial property with level terrain and a wide variety of permitted uses. The Coronavirus (COVID-19) pandemic appears to be diminishing once again, and restrictions are now being reduced. The long and short term effects that occurred in financial markets due to the pandemic and the effect it will have on markets and the subject property is difficult to discern. The value opinion contained in this appraisal is based on findings of an analysis of market data available to the appraiser at the time of the assignment. The current lack of confidence in the local, national, and global economy tends to feed uncertainty about future trends. Many buyers are still proceeding cautiously for fear of a ripple effect that could impact rental and vacancy rates which would likely affect property values.

## **SITE DESCRIPTION**

The subject property is located at 410 4<sup>th</sup> Avenue within the City of Rio Dell. It is a generally rectangular shaped property that situated in the central portion of the town adjacent to Highway 101 and at the southwest corner of the Davis Street and Highway 101 interchange. The subject property consists of two Assessor Parcels, as presented in the Table below.

ASSESSOR PARCEL NUMBER, SIZE, ZONING, & IMPROVEMENTS				
410 4TH AVENUE, RIO DELL				
		*Estimated Subject		
APN		Size - Acres	Zoning	Improvements
053-031-002		0.76	CC	Vacant
053-041-002		17.14	CC	Dwelling & Out Buildings
		17.90		
*Source: Humboldt County GIS Mapping				

The total acreage of the property is about 17.9 acres based on the acreages indicated by Humboldt County GIS mapping. The subject property is level pastureland and is improved with a dwelling, a garage, and barn which are all situated along the west-central portion of the property.

### **Assessed Value and Taxes**

The property is listed on the assessment rolls at the Humboldt County Assessor's Office for 2021/2022 as follows:

<u>APN</u>	<u>053-031-002</u>	<u>053-041-002</u>
Land	\$ 2,488	\$ 54,954
Improvements	\$ 0	\$ 64,566
Personal Property/FF&E	\$ 0	\$ 0
Total	\$ 2,488	\$ 119,520
Taxes -	\$ 50.82	\$ 1,390.62
Tax Rate Area	007-003	007-003

The tax rate for the subject is typical for the area, and neither provides any particular incentive nor detraction to a potential buyer.

### **Access**

The subject property has public road frontage at the terminus of 4<sup>th</sup> Avenue and along the south side of Davis Street. Access to the subject is via a private gravel road from the south end of 4<sup>th</sup> Avenue or from its Davis Street frontage, both of which are paved city roads. The private gravel

surfaced access road leads to the homestead. The access is rated as good along Davis Street and average from 4<sup>th</sup> Avenue.

### Topography

With respect to topography, the subject property consists of level pastureland terrain. It is at or near street grade from 4<sup>th</sup> Avenue and below street grade at the Davis Street Highway 101 interchange which has been elevated to accommodate the highway overpass.

### Merchantable Timber

There is no merchantable timber on the subject property.

### Zoning

The entire subject property is zoned as CC, Community Commercial with a minimum parcel size of 2,000 sf under the jurisdiction of the City of Rio Dell.

The purpose of the community commercial or CC zone is to provide for large-scale commercial uses. Principal Permitted Uses include large-scale retail stores, retail services, automotive sales, automotive services, gas stations, light manufacturing, and all uses permitted with a use permit in neighborhood center or NC zones.

Allowable uses with a conditional use permit include, motels in a lodging building or in a mixed use building, RV parks, small animal hospitals, stores, agencies and services including carpentry and cabinet-making shops, clothing manufacture, contractors' yards, dry cleaning and laundry plants, handicraft manufacture, lumber yards, metalworking shops, wholesale outlet stores, painters' and decorators' yards, plumbing shops, printing and lithographic, civic and cultural uses including City offices and other government services and City parking facilities, and uses not specifically identified, but similar to and compatible with the uses permitted in the zone.

The minimum lot area is 2,000 sf with minimum lot width of 50 feet. The setbacks are 15 feet in front, rear, and sides if abutting a residential zone otherwise the minimum setbacks are zero (0). The maximum building height is 45 with an allowable ground coverage of 100%.

### Vegetation

The subject property pastureland consists of native grasses throughout most of the land area, with decorative trees and shrubs near the dwelling and briars at the north end of the barn.



### Utilities

The City of Rio Dell provides water and sewer services as well as police and fire protection. PG&E provides electric and natural gas service. Phone service is available from AT&T. Trash removal is available from local vendors.

### Soil and Environmental Factors

No soils report was provided to the appraiser. The soil on the subject site consists of typical upland soils common to the area and which support native grassland forage. However, there are improvements of the subject property and residential parcels in all directions of the subject that have been developed with no apparent soil problems.

For purposes of this appraisal, it is assumed that there are no deleterious soil conditions or contamination present on the subject that would significantly affect the value or marketability of the subject. No deficiencies were noted during the site inspection.

Northern California is a seismically active area.

### Flood Hazard

The subject property is located within Zone "X" according to Community Panel No. 06023C1430F, dated November 04, 2016. The subject is not within a flood hazard area.

### Easements or Encumbrances

A preliminary title report dated February 14, 2022, was provided to the appraiser. The exceptions listed on the report have been reviewed. No easements, encroachments or encumbrances were noted during the site inspection, nor are any assumed. This appraisal makes the assumption that there are no significant easements, encroachments, or encumbrances that would significantly affect the value of the subject.

### Conclusion

The subject property is comprised of level pastureland and is accessed via a private rocky road at the southern terminus of 4<sup>th</sup> Avenue and from the south side of Davis Street, both of which front the subject property. The entire property is zoned for commercial uses with a minimum parcel size of 2,000 square feet. The property has been used for livestock grazing and is improved with a dwelling and out buildings. The subject land is suitable for agricultural or commercial purposes in accordance with permitted and allowed uses.

## **DESCRIPTION OF IMPROVEMENTS**

### **General Description**

The subject consists of APN 053-031-002 & 053-041-002 as previously described which is +/- 17.9 acres in size, consists of pastureland, and is improved with a dwelling, a two stall garage, and a barn. It is level terrain situated within the city limits of Rio Dell.

### **Residential Dwelling**

This 1,770 SF single story 4/2 dwelling was built in 1950s. It has a concrete perimeter foundation, wood framing, painted stucco and T-111 siding, aluminum framed windows, wood doors, and a layered roof with metal gutters & downspouts. The wiring and plumbing are standard. Heating is provided by a natural gas powered forced air furnace. It is illuminated with fluorescent and LED wall and ceiling mounted fixtures.

The interior floor finishes consist of vinyl flooring in the kitchen, dining room, bonus room, and baths and carpeting in the living room, hallway, and bedrooms. The walls and ceilings are either painted textured drywall or wood paneling. It is considered to be in overall average condition.

### **Garage**

The two stall garage is 24' X 24' consisting of 576 sf of gross building area. It has a slab foundation, wood framing, painted wood lap siding, wood casement windows and a layered roof with metal gutters and downspouts. The walls and ceilings consist of open studs and roof joists. It is illuminated with fluorescent and LED ceiling mounted fixtures. It is considered to be in overall average condition.

### **Barn**

The barn is "L" shaped consisting of 3,864 square feet of gross building area. It has a slab foundation, wood framing, corrugated metal siding, a four large metal sliding doors one the west and north sides of the structure, and a corrugated metal roof with fiberglass panels for additional lighting. The floor is concrete and the electrical appears to be standard. It is in overall average condition.

The reader is also referred to the subject photographs in the Addendum.

### **Site Improvements**

Site improvements include a gravel access lane from 4<sup>th</sup> Avenue and fencing along its boundaries with neighboring properties in all directions and along it Davis Street frontage. The rest of the subject property is generally unimproved.

Actual/Effective Age & Depreciation Estimate

Overall, the subject structures are in average condition. The dwelling and all of the other ancillary structures remain useful for their intended purposes. The reader is referred to the Replacement Cost Estimate section of this appraisal for estimates of the amount of depreciation (percent good) for each subject structure. The improvements have been reasonably well-maintained and the estimated remaining life for the subject improvements is 30 years. No items of functional obsolescence were observed during the site inspection. No items of external obsolescence were noted.

Conclusion

The subject property is improved with one dwelling in average condition and the ancillary buildings are generally in average condition. The structures vary in terms of age, but the improvements are all useful structures that add value to the property. No items of functional or external obsolescence were noted during the inspection.

## **HIGHEST AND BEST USE**

### **Definition**

Highest and best use is defined as follows:

*"The reasonably probable and legal use of vacant land or an improved property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value. The four criteria the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum profitability."*

The definition above applies specifically to the highest and best use of the land. It is to be recognized that in cases where a site has existing improvements on it, the highest and best use of the land as if vacant may very well be different than the existing use. The existing use will continue, however, unless and until the land value at its highest and best use exceeds the total value of the property in its existing use, plus demolition costs.

Implied within these definitions is recognition of the contribution of that specific use to community environment or to community development goals, in addition to wealth maximization of individual property owners.

Also implied is that the determination of highest and best use results from the appraiser's judgment and analytical skill, i.e., that the use determined from analysis represents an opinion, not a fact to be found. In appraisal practice, the concept of highest and best use represents the premises upon which value is based. In the context of the most probable selling price (market value) another appropriate term to reflect highest and best use would be the most probable use. In the context of investment value, an alternative term would be most profitable use.

Highest and best use is the most important and fundamental step in the valuation process. The conclusions in this section will provide the basis for the valuation section. The highest and best use analysis examines four factors of the site as though vacant, and of the property as improved. These four factors are:

1. Legally permissible uses
2. Physically possible uses
3. Financially feasible uses
4. Maximally productive uses

As each step is considered, the options are reduced for the succeeding step. Finally, a maximally productive use is determined. Since the subject site is vacant, only the highest and best of the subject as vacant is analyzed.

### Highest and Best Use As If Vacant

#### Legal Permissibility

The first test for highest and best use is legal permissibility, that is, what are the uses that the local zoning will allow. The subject is zoned CC, Community Commercial, as previously discussed. In Rio Dell, the CC zone allows for a variety of commercial uses as observed in the similarly zoned portion of Wildwood Avenue about 4 blocks west of the subject. Further subdivision of the subject parcel is possible due its size, level terrain, and approximate 300 feet of Davis Street frontage. Zoning is under the jurisdiction of the City of Rio Dell and the subject is considered a legal nonconforming use property.

#### Physically Possible:

Physical site characteristics that would affect potential uses include: size, shape, topography and soil conditions. The size of the site (in conjunction with legal limitations) limits the overall size of potential development (the improvements must fit on the site). The subject property consists of level terrain. It has average to good access that is physically easy. From a physical standpoint, the subject site can support a variety of potential developments. The immediate area is predominately single family residential uses. The subject site would likely support any of the uses as allowed by zoning.

#### Financial Feasibility

In terms of financial feasibility, the subject is located in a residential use area but near the downtown commercial thoroughfare of Wildwood Avenue and adjacent to the Highway 101 interchange. The majority of the uses in the immediate area are single family residential uses. Thus, for the subject commercially zoned property, development to commercial uses is likely to be financially feasible due to the lack of similar sized commercial parcels in Rio Dell.

#### Maximal Profitability

Maximal profitability means that the use results in the greatest value. No uses have been identified above other than development of the subject with commercial uses. It could also be held for future appreciation should the market strengthen. Therefore, it is concluded that the highest and best use of the subject as vacant is for development with commercial improvements.

### Highest and Best Use As Improved

The tests for highest and best use of the subject “as improved” are the same as for the subject “as vacant.” However, in this case the improvements as they presently exist are taken into consideration. The subject is improved with a dwelling and outbuildings configured for a single occupant. In my opinion, the highest and best use as improved is continued use as a legal non-conforming agricultural property.

## **VALUATION METHODOLOGY**

The valuation of real estate is estimated principally through the use of three basic approaches to value: the Cost Approach, the Income Approach, and the Sales Comparison Approach. From the indicated values resulting from these approaches and the weight accorded to each, an opinion of value is reached, based upon expert judgment within the framework of the appraisal process. The Cost and Income Approaches are not relevant in the analysis of family operated agricultural land that is not leased. These two approaches are thus not considered in this appraisal. The Sales Comparison Approach is the appropriate method for appraising commercially zoned land that is used for agricultural enterprises such as the subject, and it is used to establish an opinion of value for the subject property.

The Sales Comparison Approach is based upon the assumption that a prudent buyer would not pay more for a property than it would cost to acquire a comparable substitute property. Since no two properties are ever identical, the necessary adjustments for differences in zoning, physical characteristics, location, size, and overall market appeal are a function of appraisal experience and judgment. The problem with this approach is that the motives of various purchasers and sellers vary, depending upon their need for cash, their tax position, their personal likes and dislikes, available financing, and a host of other factors which must be taken into consideration.

The full Cost Approach to value is not utilized in this appraisal because buyers do not tend to put any weight in the cost approach methodology for properties of the type, age and condition of the subject. However, a portion of the Cost Approach methodology is utilized to arrive at an opinion of value for the subject improvements through the use of the Marshall Valuation Service cost manual and an estimation of the amount of depreciation that each structure has incurred over the years. While this methodology is not highly reliable with older structures such as the subject's, it is the best approach available due to the lack of comparable sales that are improved to the extent of the subject. The contributory value of the subject improvements is estimated in the Replacement Cost Estimate section of this report.

## REPLACEMENT COST ESTIMATE

The subject improvements vary in terms of building type, age and condition. The replacement cost estimates are based upon costs obtained from the Marshall Valuation Service. The base costs are derived from Sections 12 and 17 dated August 2020, and May 2021, respectively. These figures are further modified by a current cost multiplier and a local multiplier. The Table below shows the base costs for the various subject structures, the current cost multiplier, and the adjusted unit cost. The adjusted unit cost is then applied to each subject structure.

410 4TH AVENUE, RIO DELL					
MARSHALL & SWIFT VALUATION COSTS					
Item	Base Cost	Current Cost Mult.	Local Adjustment	Adjusted Unit Cost	
Class D Dwelling - Avg	\$93.50	1.34	1.20	\$150.35	
Class D Garage - Avg	\$34.50	1.34	1.20	\$55.48	
Class D General Purpose Barn - Avg	\$28.00	1.29	1.20	\$43.34	
REPLACEMENT COST ESTIMATE					
Improvement	Square Foot Size	Unit Cost New	Cost New	Percent Good	Estimated Value
4/2 Dwelling	1,770	\$150.35	\$266,120	50	\$133,060
Garage	576	\$55.48	\$31,956	50	\$15,978
Barn	3,864	\$43.34	\$167,466	30	\$50,240
			\$465,542		\$199,278
Total Contribution of Improvements to Value of Subject Property is in Bold Type:					<b>\$199,278</b>

The estimated value of the subject improvements for the subject property is **\$199,278**. The estimated value of the improvements will be added to the land value to arrive at the final opinion of value for the subject property.

## **SITE VALUATION**

I used a Sales Comparison Approach to estimate market value for the subject. In order to form an opinion of the market value under this approach, it is imperative to use a unit(s) of comparison that is commonly accepted by buyers and sellers who are engaged in trading this particular type of real estate. In this case, the typical unit of comparison is the sale price per square foot of vacant land for smaller parcels, or the price per acre for larger parcels. Price per acre of land area is the unit of comparison used in this analysis.

In order to compensate for differences between the subject and comparable sales, I considered percentage adjustments for the following attributes:

1. property rights conveyed
2. financing terms (cash equivalency)
3. conditions of sale (arm's length transaction or other special considerations)
4. market conditions (changes in value due to elapsed time)
5. location
6. physical characteristics (such as size, topography, view amenity, or access)

Adjustments are always made to the comparable, not the subject. If the comparable is inferior to the subject in some way, its value is adjusted upward. If the comparable is superior to the subject in some way, its value is adjusted downward.

### **Discussion of Comparable Commercially Zoned Sales**

The subject consists of two assessor parcels totaling about 17.9 acres of pastureland located in the central portion of the City of Rio Dell. The property is commercially zoned and primarily level terrain of moderately productive agricultural soils.

I have researched all available data in the local area for sales of commercial properties that have similar characteristics. There are only a limited number of comparable commercial sales in the area, making it necessary to expand the search radius as far north as Eureka and as far south as Woodland. In the search for comparable sales, an emphasis was placed on commercial zoning and highway access sales that would reflect the characteristics of the subject property.

The most significant items of adjustment for the subject property are for date of sale, topography, and utilities. Each of the comparable sales is adjusted for one or more of these items. In regard to date of sale, Sale 1 is adjusted upward. In terms of topography, Sales 1 and 4 are adjusted upward. In regard to utilities, Sales 2 and 3 are adjusted upward. Finally, Sale 3 is adjusted downward for having superior exposure compared to the subject.

None of the sales required an adjustment for property rights conveyed, with all sales being of the fee simple estate. Similarly, no adjustments are made for atypical financing terms, as all the sales



are cash or cash equivalent transactions. No adjustments are made for conditions of sale as all sales are arms length with no adjustments necessary.

Altogether, I analyzed four comparable properties to estimate the market value of the subject property. These comparable commercial sales are shown in the table on page 24 and are discussed briefly below.

**Land Sale 1:** is the May 2019 sale of a +/- 7.5 acre commercial parcel located at 4056 Highway 101 in Eureka, about 23 air miles north of the subject. It sold for \$450,000 with about \$50,000 attributed to the improvements or about \$53,333 per acre. The property is adjacent to Highway 101 and situated at a highway entrance. It is similar to the subject in most respects. It is a 2019 sale, warranting an upward adjustment for this item. It is inferior to the subject in terms of topography featuring differing elevations, warranting an upward adjustment for this item. After adjustments for the date of sale and the inferior topography, this sale suggests a unit value for the subject commercial property of \$65,067 per acre.

**Land Sale 2:** is the November 2021 sale of a vacant +/- 12 acre commercial parcel, of which 11 acres are considered useable due to wetlands, located at 421 N Main Street in Willits, about 83 air miles south of the subject. It sold for \$825,000 or about \$75,000 per usable acre. The property is situated near a Highway 101 interchange. It is similar to the subject in most respects. It is inferior to the subject in terms of utilities having no on-site utilities, warranting an upward adjustment for this item. After adjustments for the inferior utilities, this sale suggests a unit value for the subject commercial property of \$82,500 per acre.

**Land Sale 3:** is the December 2021 sale of a vacant +/- 14.9 acre commercial parcel located at County Road 19A and US Interstate 5 near Woodland, about 176 air miles southeast of the subject. It sold for \$1,375,000 or about \$92,282 per acre. It is similar to the subject in most respects. It is inferior to the subject in terms of utilities having no on-site utilities, warranting an upward adjustment for this item. It is superior in terms of exposure with Interstate 5 frontage, warranting a downward adjustment for this item. After adjustments for the inferior utilities and the superior exposure, this sale suggests a unit value for the subject commercial property of \$92,282 per acre.

**Land Sale 4:** is the May 2021 sale of a vacant +/- 21 acre commercial parcel located at 3890 Old Redwood Highway in Santa Rosa, about 160 air miles south of the subject. It sold for \$1,100,000. The selling agent advised that there was approximately \$250,000 in demolishing and cleanup work to the property due fire damage in 2020. The post-sale expenditures results in purchase price of about \$64,286 per acre. It is similar to the subject in most respects. It is inferior to the subject in terms of topography consisting of sloping terrain, warranting an upward adjustment for this item. After adjustments for the inferior terrain, this sale suggests a unit value for the subject commercial property of \$70,714 per acre.

## Reconciliation and Value Conclusion

The Table below is a summary of the comparable sales, showing the site size, land price per acre, and the adjusted land price per acre.

SUMMARY LAND SALE ADJUSTMENT GRID					
410 4TH AVENUE, RIO DELL					
	SUBJECT	Sale 1	Sale 2	Sale 3	Sale 4
Site Size (Ac.)	17.9	7.5	11.0	14.9	21.0
Price/Ac. (raw land)	N/A	\$53,333	\$75,000	\$92,282	\$52,381
Adj. Price/Acre (raw land)	N/A	\$65,067	\$82,500	\$92,282	\$70,714

In terms of providing indicators of the value of the vacant subject property, Sales 1-4 are pertinent sales. The sales provide a range of adjusted unit prices from \$65,067 to \$92,282 per acre of land area with an average adjusted price of \$77,641 per acre of land area.

Sale 1 is the closest proximal sale, but it the oldest sale and features inferior topography suggesting that the subject should be valued for more than \$53,333 per acre. Sale 2 is inferior in terms of utilities suggesting that the subject should be valued for more than \$75,000 per acre. Sale 3 is the most recent sale which had offsetting adjustments suggesting that the subject should be worth around \$92,282 per acre. Sale 4 is the most similar in size to the subject, but it is inferior in terms of topography and it required cleanup costs, suggesting that the subject should sell for more than \$52,381 per acre.

Each of closed sales 1-4 provides a reasonable indication of the subject's value. However, Sales 2 and 3 are the most recent sales and will be given more weight for that reason. With more weight given to each of sales 2 and 3, a rounded mid-range figure of \$85,000 per acre is selected for application to the subject. The value estimate for the subject land is calculated below;

$$17.9 \text{ Acres @ } \$ 85,000 \text{ Per Acre} = \$ 1,521,150$$

<b>Opinion of Cutover Land Value for Subject Property:</b>	<b>\$ 1,521,500</b>
<b>Contribution of the Improvements to Subject Property:</b>	<b>\$ 199,278</b>
<b>Opinion of Value for Subject Property:</b>	<b>\$ 1,720,778</b>

**Rounded To: \$1,720,000 (Opinion of Value for Subject Property)**

**ONE MILLION SEVEN HUNDRED TWENTY THOUSAND DOLLARS**

LAND SALE ADJUSTMENT GRID COMMERCIAL PROPERTY 410 4TH AVENUE, RIO DELL						
		<u>SUBJECT</u>	<u>Sale 1</u>	<u>Sale 2</u>	<u>Sale 3</u>	<u>Sale 4</u>
<u>APN</u>		<b>053-031-002 &amp; 003</b>	501-261-009	108-040-018	027-270-046	058-020-009
<u>Address</u>		<b>410 4th Ave.</b>	4056 Hwy 101	421 N Main St	Rd 19 & Interstate 5	3890 Old Rwd Hwy
		<b>Rio Dell</b>	Eureka	Willits	Woodland	Santa Rosa
Sales Price		N/A	\$450,000	\$825,000	\$1,375,000	\$1,100,000
Allocation to Improvements			\$50,000	\$0	\$0	\$0
Allocation to Land			\$400,000	\$825,000	\$1,375,000	\$1,100,000
Size (Net Usable Acres)		<b>17.9</b>	<b>7.5</b>	<b>11.0</b>	<b>14.9</b>	<b>21.0</b>
Price per Acre (raw land)		N/A	\$53,333	\$75,000	\$92,282	\$52,381
Buyer:		N/A	Alves	Sanhedrin Timber LLC	YCS LLC	Grice
Seller:		N/A	Konicke	Nason, Hong, & Borden	Rominger	Ferro
Rec. Doc. No		N/A	2019-08879	2021-18360	2021-046668	2021-064038
Verified By:		N/A	Micheal Alves Buyer	Holly Knight Realtor	Jim Wirth Realtor	Jeffrey Schween Realtor
<b>Adjustments to Sales Price</b>						
Property Rights		<b>Fee Simple</b>	Fee Simple	Fee Simple	Fee Simple	Fee Simple
Adjustment			\$0	\$0	\$0	\$0
Financing		<b>Cash Equiv.</b>	Cash Equiv.	Cash Equiv.	Cash Equiv.	Cash Equiv.
Adjustment			\$0	\$0	\$0	\$0
Conditions of Sale		<b>Market</b>	Market	Market	Market	Market
Adjustment			\$0	\$0	\$0	\$0
Expenditures After Sale		<b>None</b>	Equal	Equal	Equal	Equal
Adjustment			\$0	\$0	\$0	\$250,000
<b>Adjusted Sales Price</b>			<b>\$400,000</b>	<b>\$825,000</b>	<b>\$1,375,000</b>	<b>\$1,350,000</b>
Adjusted Price/Acre		N/A	\$53,333	\$75,000	\$92,282	\$64,286
Date of Sale		N/A	May-19	Nov-21	Dec-21	May-21
Adjustment			12%	0%	0%	0%
Location		<b>Average</b>	Equal	Equal	Equal	Equal
Adjustment			0%	0%	0%	0%
Size - Acres		<b>17.9</b>	<b>7.5</b>	<b>11.0</b>	<b>14.9</b>	<b>21.0</b>
Adjustment			0%	0%	0%	0%
Topography/Shape		<b>Level</b>	Inferior	Equal	Equal	Inferior
Adjustment			10%	0%	0%	10%
Access		<b>Good</b>	Equal	Equal	Equal	Equal
Adjustment			0%	0%	0%	0%
Utilities		<b>Public</b>	Equal	Inferior	Inferior	Equal
Adjustment			0%	10%	10%	0%
Zoning		<b>Commercial</b>	Equal	Equal	Equal	Equal
Adjustment			0%	0%	0%	0%
Other			Equal	Equal	Superior Exposure	Equal
Adjustment			0%	0%	-10%	0%
Total Adjustments		N/A	22%	10%	0%	10%
Adjusted Price/Acre		N/A	\$65,067	\$82,500	\$92,282	\$70,714

## **STATEMENT OF LIMITING CONDITIONS AND ASSUMPTIONS**

The Certification of the Appraiser appearing in this appraisal report is subject to the following conditions and to such other specific and limiting conditions as are set forth in the report:

### **General Assumptions:**

1. No responsibility is assumed for the legal description or for matters including legal or title consideration. Title to the property is assumed to be good and marketable unless otherwise stated.
2. The property is free and clear of any or all liens or encumbrances unless otherwise stated.
3. Responsible ownership and competent property management are assumed.
4. The information furnished by others is believed to be reliable. However, no warranty is given for its accuracy.
5. All engineering is assumed to be correct. The plot plans and illustrative material in this report are included only to assist the reader in visualizing the property.
6. It is assumed that there are no hidden or unapparent conditions of the property, subsoil, or structures that render it more or less valuable. No responsibility is assumed for such conditions or for arranging for engineering studies that may be required to discover them.
7. It is assumed that there is full compliance with all applicable federal, state, and local environmental regulations and laws unless noncompliance is stated, defined, and considered in the appraisal report.
8. It is assumed that all applicable zoning and use regulations and restrictions have been complied with, unless a nonconformity has been stated, defined, and considered in the appraisal report.
9. It is assumed that all required licenses, certificates of occupancy, consents, or other legislative or administrative authority from any local, state, or national government or private entity or organization have been or can be obtained or renewed for any use on which the value estimate contained in this report is based.
10. It is assumed that the utilization of the land and improvements is within the boundaries or property lines of the property described and that there is no encroachment noted.
11. The value estimated in this report is based on the assumption that the property is not negatively affected by the existence of hazardous substances or detrimental environmental

conditions, unless otherwise noted. The appraiser is not an expert in the identification of hazardous substances or detrimental environmental conditions. The appraiser's routine inspection of and inquiries about the subject property did not develop any information that indicated any apparent significant hazardous substances or detrimental environmental conditions which would affect the property negatively. It is possible that tests and inspections made by a qualified hazardous substance and environmental expert would reveal the existence of hazardous materials and environmental conditions on or around the property that would negatively affect its value.

12. Any and all information concerning the property furnished to the appraiser by or on behalf of the client is assumed to be accurate and correct.

13. Information provided by such informed local sources as governmental agencies, financial institutions, realtors, buyers, sellers, and others, was weighed in the light with which it was supplied and cross-checked by secondary sources whenever possible; however, no responsibility is assumed for possible misinformation.

14. This appraisal report has been prepared for the exclusive benefit of the client. It may not be used or relied upon by any other party. Any party who uses or relies upon any information in this report, without the preparer's written consent, does so at his/her own risk.

15. The appraiser assumes no responsibility for determining if the subject property complies with the Americans with Disabilities Act (ADA). The appraiser shall not be liable for any costs, expenses, assessments, penalties or diminution of value resulting from non-compliance. The appraisal assumes that the property meets an acceptable level of compliance with ADA standards. If the subject is not in compliance, the eventual renovation costs and/or penalties would negatively impact the present value of the subject. If the magnitude and timing of the costs to correct (if appropriate) were known today, they would be deducted from the concluded value.

16. Any sketch in this report may show approximate dimensions and is included to assist the reader in visualizing the property. Maps and exhibits found in this report are provided for reader reference purposes only. No guarantee as to accuracy is expressed or implied unless otherwise stated in this report. No survey has been made for the purpose of this report.

17. This is an Appraisal Report which is intended to comply with the reporting requirements set forth under Standard Rule 2-2 (a) of the Uniform Standards of Professional Appraisal Practice for an Appraisal Report. As such, it might not include full discussion of the data, reasoning, and analyses that were used in the appraisal process to develop the appraiser's opinion of value. Supporting documentation concerning the data, reasoning, and analyses is retained in the appraiser's file. The information contained in this report is specific to the needs of the client, and for the intended use stated in this report. The appraiser is not responsible for unauthorized use of this report.

18. The appraiser has relied to some extent upon information provided by the client including neighborhood and land use information.

19. A preliminary title report dated February 14, 2022, has been provided by the client to the appraiser. For purposes of this appraisal, the assumption is made that there are no easements, encroachments, or encumbrances which would adversely affect the value or marketability of the subject property. The preliminary title report with legal descriptions is included in the Addendum.

20. No soils report has been provided to the appraiser. This appraisal assumes that there are no adverse soil conditions, including contamination, which would significantly affect the value of the subject.

21. No survey of the subject site was provided to the appraiser. It is assumed that the estimated site size is reasonably accurate.

General Limiting Conditions:

1. Possession of this report, or a copy thereof, does not carry with it the right of publication. This appraisal report has been prepared for the use of the addressee only. No responsibility is assumed for its possession, use, or reliance upon factual data, or conclusions, contained herein by anyone other than the addressee. The report is intended solely for the purpose stated herein.

2. The appraiser, by reason of this appraisal, is not required to give further consultation, testimony, or be in attendance in court with reference to the property in question unless arrangements have been previously made.

3. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraiser, or the firm with which the appraiser is connected) shall be disseminated to the public through advertising, public relations, news, sales, or other media without the prior written consent and approval of the appraiser.

4. The "Opinion of Market Value" in the appraisal report is not based in whole or in part upon the race, color, or national origin of the prospective owners or occupants of the property appraised, or upon the race, color, or national origin of the present owners or occupants of the properties in the vicinity of the property appraised.

## **CERTIFICATION**

I certify that, to the best of my knowledge and belief with respect to the real property located at:

410 4<sup>th</sup> Avenue, Rio Dell, California, APN 053-031-002 & 053-041-002 (+/- 17.9 Total Acres)

The statements of fact contained in this report are true and correct.

The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.

I have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.

I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.

My engagement in this assignment was not contingent upon developing or reporting predetermined results.

My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.

I have made a personal inspection of the property that is the subject of this report. Richard Phillis provided significant real property appraisal assistance to the person signing this certification. I have not performed any professional services in connection with the subject property within the last three years.

The analyses, opinions, and conclusions contained in this report have been developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and the Uniform Standards of Professional Practice of the Appraisal Institute.

Respectfully submitted,



Steven R. Childs  
CA# AG030529

## CERTIFICATION

I certify that, to the best of my knowledge and belief with respect to the real property located at:

410 4<sup>th</sup> Avenue, Rio Dell, California, APN 053-031-002 & 053-041-002 (+/- 17.9 Total Acres)

The statements of fact contained in this report are true and correct.

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I have made a personal inspection of the property that is the subject of this report. Steven R Childs provided significant real property appraisal assistance to the person signing this certification. I have not performed any professional services in connection with the subject property within the last three years.

The analyses, opinions, and conclusions contained in this report have been developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and the Uniform Standards of Professional Practice of the Appraisal Institute. As of the date of this report, I, Richard Phillis, have completed the Standard and Ethics Education Requirement of the Appraisal Institute for Associate Members.

Respectfully submitted,

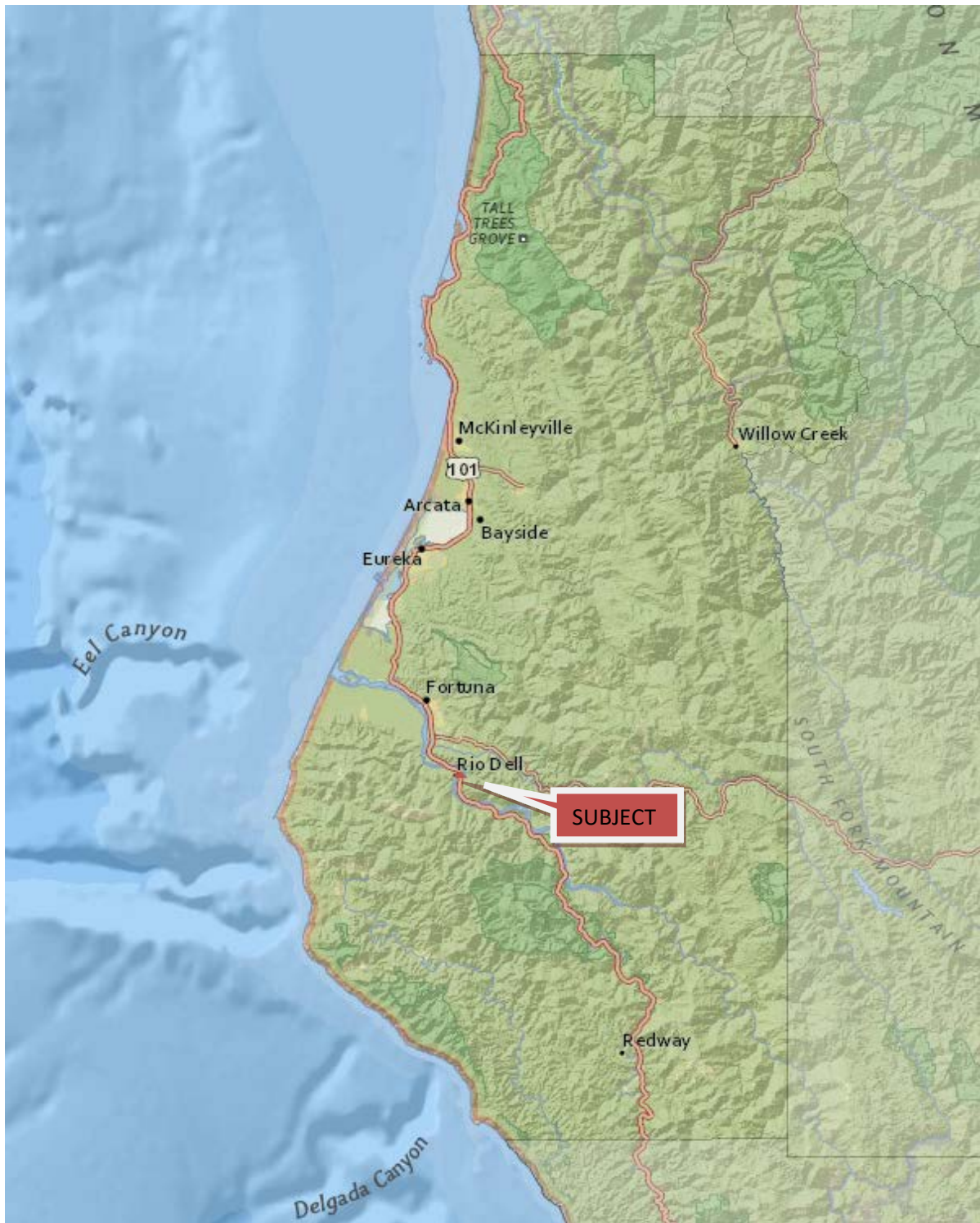


Richard Phillis  
CA# AG3000783

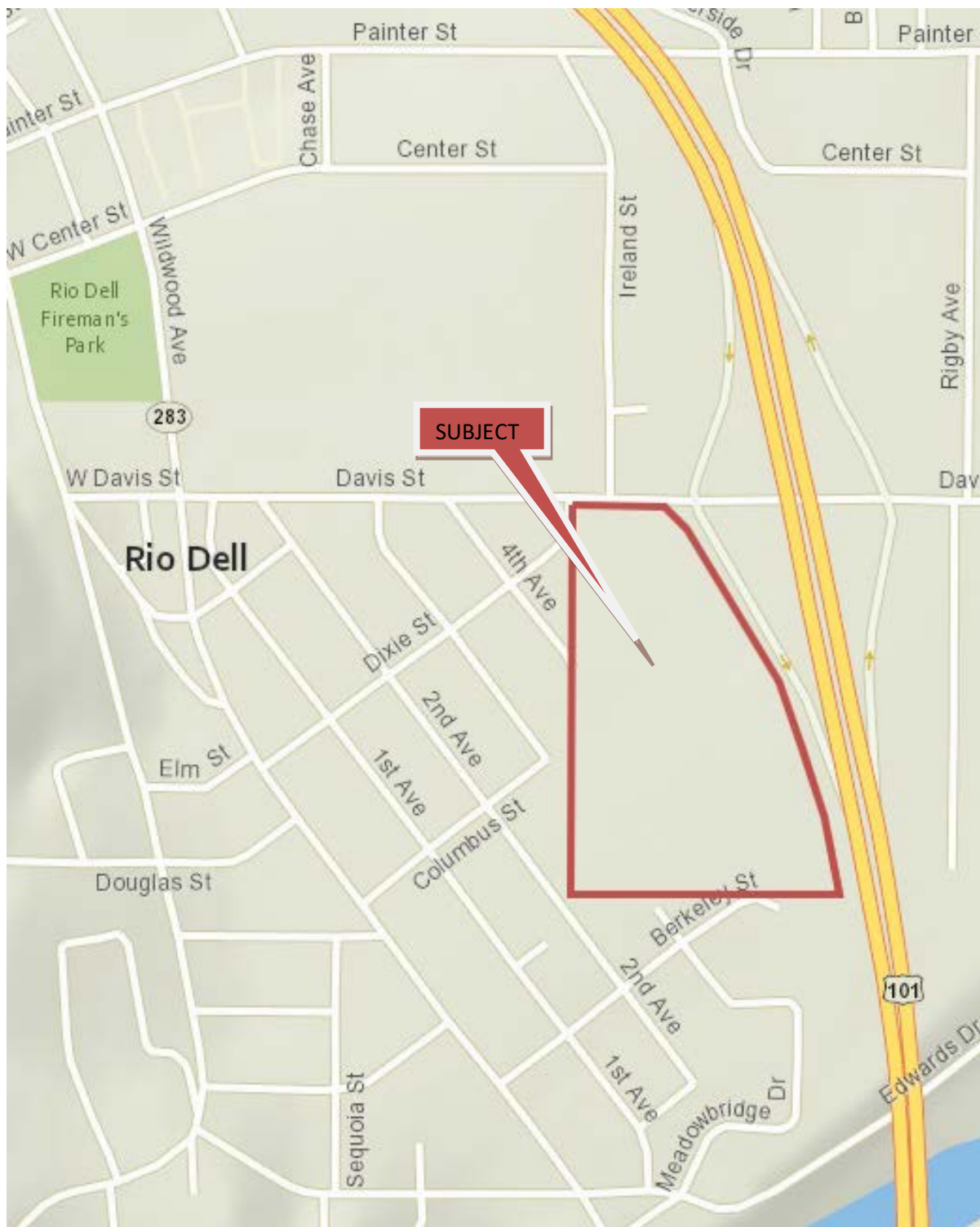


## **ADDENDA**

Area Map, Neighborhood Map, Assessor Parcel Map, Aerial Photo  
City of Rio Dell Zoning Map, Topographical Map  
Preliminary Title Report Dated February 14, 2022, Building Sketches  
Subject Photographs, Comparable Sale Location Map  
Comparable Sales Aerial Photos, Engagement Letter  
Paired Sales Analysis, Appraiser Qualifications

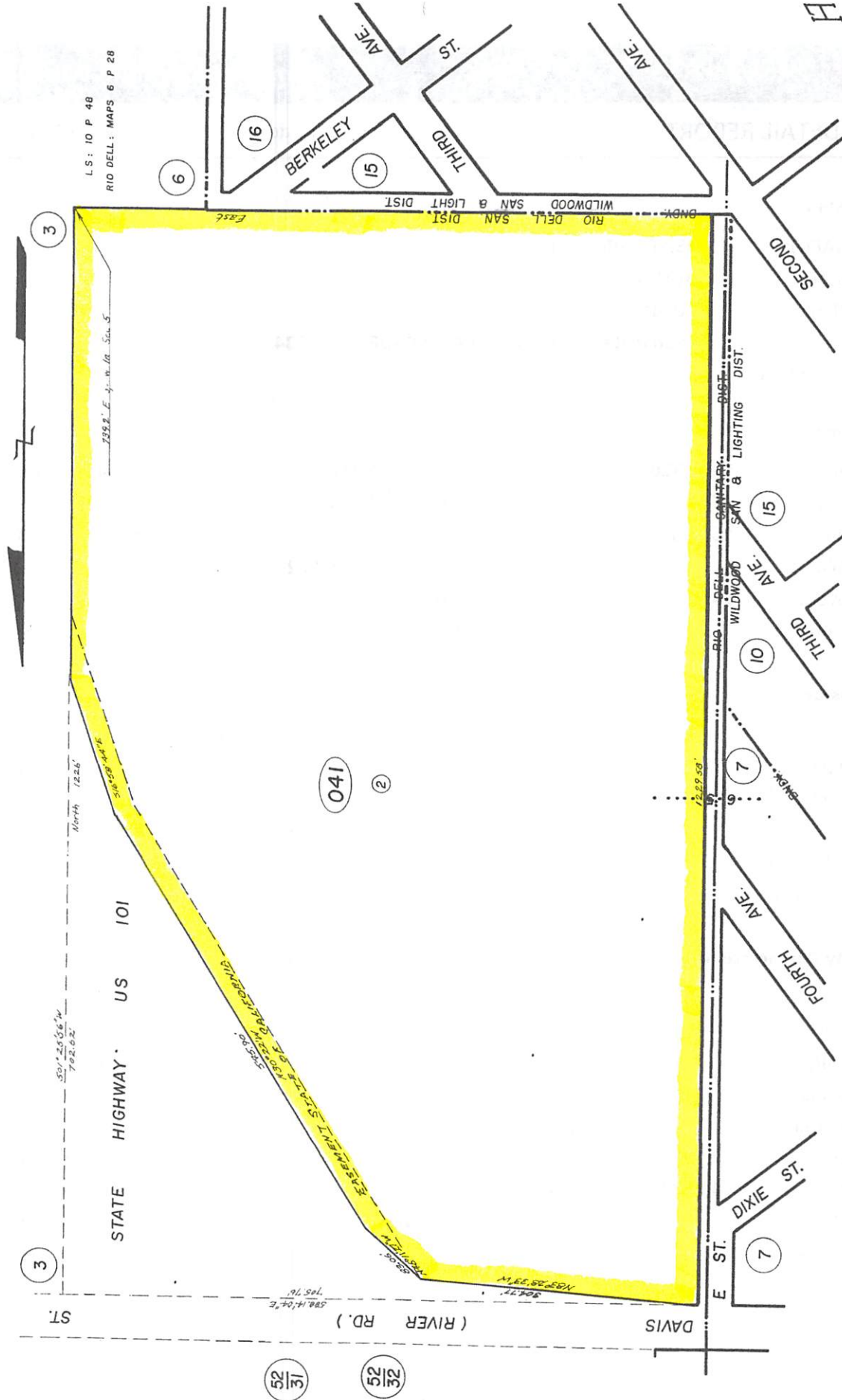


AREA MAP



NEIGHBORHOOD MAP

PTN SEC 5 IN IE

 $1'' = 100'$ 

53-03

PTN SEC 5 IN 1E

1" = 100'

BEAUDETTE LANE (PVT. 50' R/W)

LS: 10 P 48

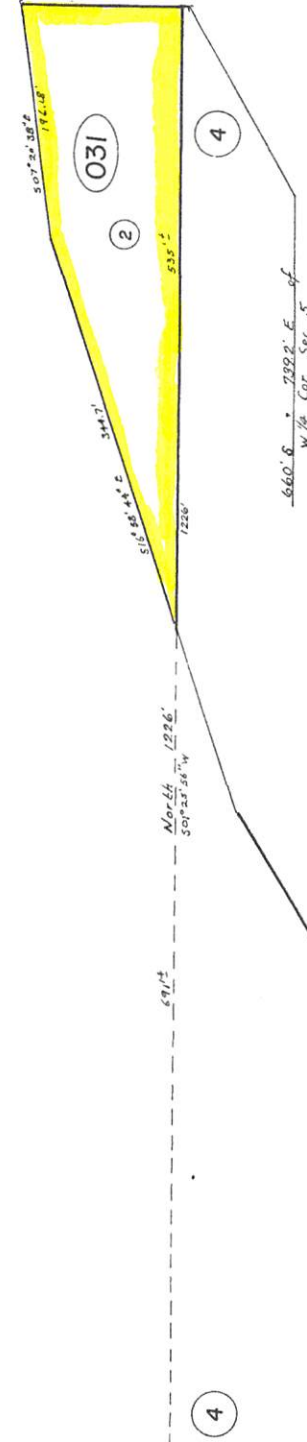
RIO DELL: MAPS 6 P 28

137'

STATE HIGHWAY US 101

52/31

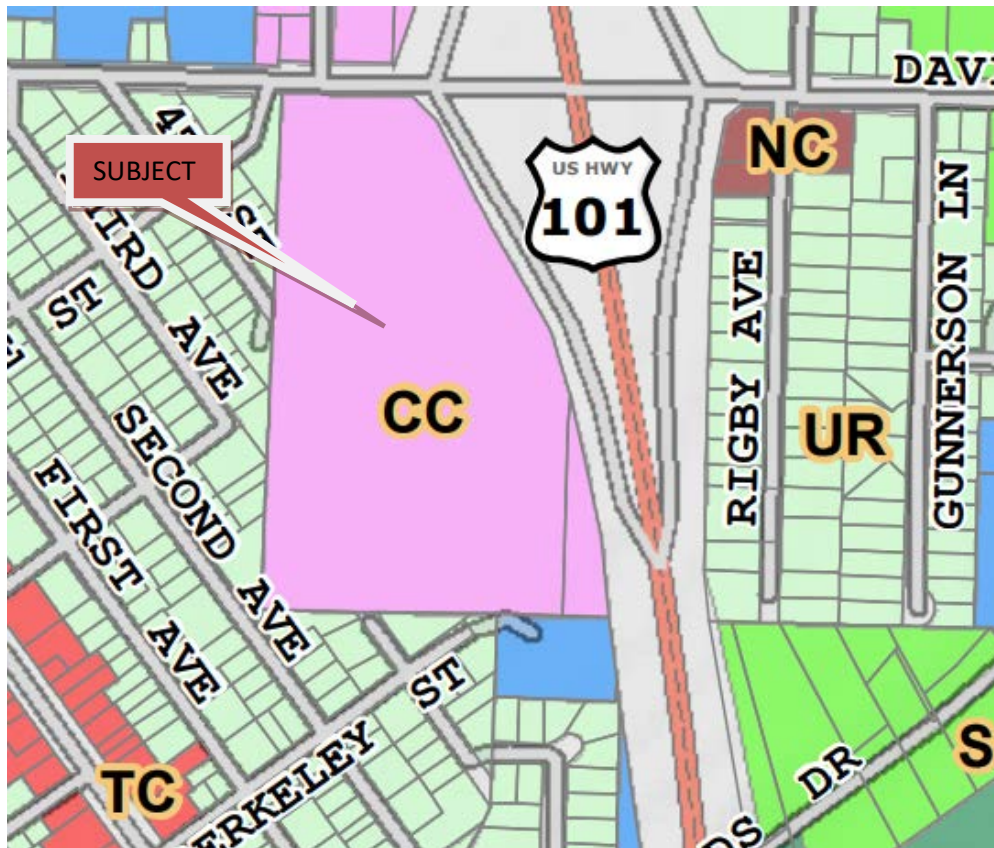
DAVIS ST. (RIVER RD.)







AERIAL PHOTO



## City of Rio Dell General Plan / Zoning

### Legend

#### General Plan Zoning Designations

- Rural (R) = 5 acres
- Suburban Low (S) = 1 acre
- Urban Residential (UR) = 6,000 sq ft
- Suburban Residential (SR) = 12,500 sq ft
- Town Center (TC) = 2,500 sq ft
- Neighborhood Center (NC) = 2,000 sq ft
- Community Commercial (CC) = 2,000 sq ft
- Industrial/Commercial (IC) = 20,000 sq ft
- Public Facility
- Natural Resources
- Planned Development

- City Boundary
- Sphere of Influence
- Parcels

#### Highways/Roads

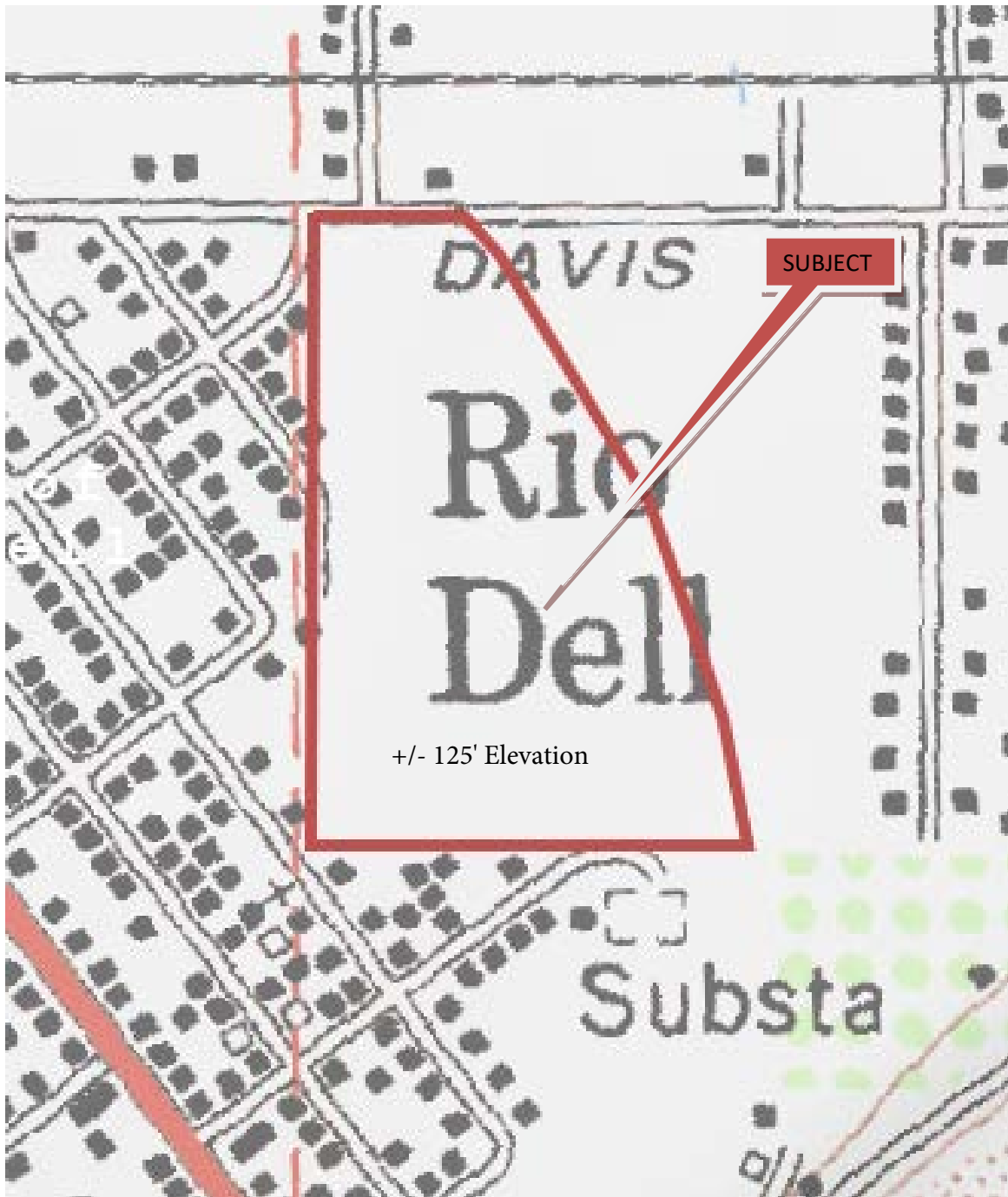
- Roads
- HWY 101
- State HWY
- HWY or Local Road
- 4WD Vehical Trail

#### Rivers/Streams

- Continuous Perennial
- Continuous Intermittent
- Subsurface
- Eel River

This map is intended for planning purposes and should not be used for precise measurement or navigation.  
Data has not been completely checked for accuracy. Original map size is 11"x17"  
Map compiled by Humboldt County Planning and Building Department, July 2013  
Contact: jvondohlen@co.humboldt.ca.us  
H:\PLOTS\Rio\_Dell\RioDell\_GPLU\_2013\_11x17.pdf









**Fidelity National Title Company**  
1200 Concord Ave., #400, Concord, CA 94520  
Phone: (925) 288-8000 • Fax:

## PRELIMINARY REPORT

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**EFFECTIVE DATE:** February 14, 2022 at 7:30 a.m.

**ORDER NO.:** 01006093-010-PA-PJ

The form of policy or policies of title insurance contemplated by this report is:

**CLTA Standard Coverage Policy of Title Insurance (4/8/2014)**

1. THE ESTATE OR INTEREST IN THE LAND HEREINAFTER DESCRIBED OR REFERRED TO COVERED BY THIS REPORT IS:

**A Fee**

2. TITLE TO SAID ESTATE OR INTEREST AT THE DATE HEREOF IS VESTED IN:

**Linda Todd**

3. THE LAND REFERRED TO IN THIS REPORT IS DESCRIBED AS FOLLOWS:

**See Exhibit A attached hereto and made a part hereof.**

## EXHIBIT A

### LEGAL DESCRIPTION

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY OF RIO DELL, IN THE COUNTY OF HUMBOLDT, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

#### PARCEL ONE:

That portion of the West half of Section 5, Township 1 North, Range 1 East, Humboldt Base and Meridian, described as follows:

BEGINNING at the Northwest corner of said Section 5; thence South 13 degrees 30 minutes 50 seconds East, (= South 14 degrees 53 minutes 15 seconds East true Meridian) 2699.11 feet to the true point of beginning, which is located on the line of that parcel conveyed to the State of California by Deed recorded April 6, 1971, in [Book 1082, Page 486](#), Humboldt County Official Records; thence from said true point of beginning along said line, South 16 degrees 58 minutes 44 seconds East, 168.35 feet to the West line of the parcel of land conveyed to Leroy Todd and wife, by Deed recorded October 4, 1944, in [Book 269 of Deeds, Page 270](#), Humboldt County Records; thence along the last mentioned line, South 1 degrees 25 minutes 56 seconds West, 525.41 feet to the Southwest corner of the last mentioned parcel, which is also the Southeast corner of the parcel of land conveyed to Frank Schuler, by Deed recorded April 21, 1892, in [Book 42 of Deeds, Page 157](#), Humboldt County Records; thence along the South line of said last mentioned parcel, and along the South line of the parcel conveyed to said Schuler, by Deed recorded January 28, 1893, in [Book 45 of Deeds, Page 260](#), Humboldt County Records, North 88 degrees 21 minutes 35 seconds West, 716.66 feet to the Southwest corner of the last mentioned parcel; thence along the West line of said last mentioned parcel North 1 degree, 56 minutes 25 seconds East, 1229.58 feet to the Northwest corner thereof; thence along the line of the first above mentioned parcel conveyed to the State of California; South 83 degrees 28 minutes 33 seconds East, 304.77 feet; South 46 degrees 11 minutes 27 seconds East, 83.06 feet and South 30 degrees 22 minutes East, 545.90 feet to the true point of beginning.

#### PARCEL TWO:

BEGINNING at a point 739.2 feet East and 660 feet South of the quarter section corner common to Sections 5 and 6 of Township 1 North, Range 1 East, Humboldt Meridian; thence due North 1226 to the Southerly right of way line of a County Road; thence along said line South 89 degrees 40 minutes East, 257.50 feet; thence South 0 degrees 44 minutes East, 150.3 feet; thence South 89 degrees 40 minutes East, 74.70 feet; thence due South 1073.7 feet; thence due West, 334.12 feet to the point of beginning.

EXCEPTING therefrom that portion deeded to the State of California by Grant Deed recorded February 25, 1971. in [Book 1077, Page 550](#) Humboldt County Official Records

APN: **053-041-002, 053-031-002**

## EXCEPTIONS

**AT THE DATE HEREOF, ITEMS TO BE CONSIDERED AND EXCEPTIONS TO COVERAGE IN ADDITION TO THE PRINTED EXCEPTIONS AND EXCLUSIONS IN SAID POLICY FORM WOULD BE AS FOLLOWS:**

1. Property taxes, which are a lien not yet due and payable, including any assessments collected with taxes to be levied for the fiscal year 2022-2023.
2. Property taxes, including any personal property taxes and any assessments collected with taxes are as follows:

Code Area: 007-003  
Tax Identification No.: [053-031-002-000](#)  
Fiscal Year: 2021-2022  
1st Installment: \$25.41, Paid  
2nd Installment: \$25.41, Open  
Land: \$2,488.00  
Bill No.: 053-031-002-000

3. Property taxes, including any personal property taxes and any assessments collected with taxes are as follows:

Code Area: 007-003  
Tax Identification No.: [053-041-002-000](#)  
Fiscal Year: 2021-2022  
1st Installment: \$695.31, Paid  
2nd Installment: \$695.31, Open  
Land: \$54,954.00  
Improvements: \$64,566.00  
Bill No.: 053-041-002-000

4. Prior to close of escrow, please contact the Tax Collector's Office to confirm all amounts owing, including current fiscal year taxes, supplemental taxes, escaped assessments and any delinquencies.
5. The lien of supplemental or escaped assessments of property taxes, if any, made pursuant to the provisions of Chapter 3.5 (commencing with Section 75) or Part 2, Chapter 3, Articles 3 and 4, respectively, of the Revenue and Taxation Code of the State of California as a result of the transfer of title to the vestee named in Schedule A or as a result of changes in ownership or new construction occurring prior to Date of Policy.
6. Easement(s) for the purpose(s) shown below and rights incidental thereto, as granted in a document:

Granted to: Pacific Gas and Electric Company  
Purpose: Utility pole lines  
Recording Date: March 06, 1952  
Recording No: [Book 200, Page 218, of Official Records](#)  
Affects: A strip of land 19 feet wide along the Easterly boundary of Parcel One

**EXCEPTIONS  
(Continued)**

7. Easement(s) for the purpose(s) shown below and rights incidental thereto, as granted in a document:

Granted to: Pacific Gas and Electric Company  
Purpose: Line of poles for the transmission of electric energy  
Recording Date: March 06, 1952  
Recording No.: [Book 200, Page 221, of Official Records](#)  
Affects: Parcel Two

8. The ownership of said Land does not include rights of access to or from the street, highway, or freeway abutting said Land, such rights having been relinquished by the document,

Recording Date: February 25, 1971  
Recording No.: [Book 1077, Page 550, of Official Records](#)  
Affects: Parcel Two

9. Waiver of any claims for damages to said Land by reason of the location, construction, landscaping or maintenance of the street or highway adjoining said Land, as contained in the deed to

County/City/State: State of California  
Name of Street or Highway: U S Highway 101  
Recording Date: February 25, 1971  
Recording No.: [Book 1077, page 550, of Official Records](#)  
Affects: Parcel Two

10. The ownership of said Land does not include rights of access to or from the street, highway, or freeway abutting said Land, such rights having been relinquished by the document,

Recording Date: April 06, 1971  
Recording No.: [Book 1082, Page 486, of Official Records](#)  
Affects: Parcel One

11. Waiver of any claims for damages to said Land by reason of the location, construction, landscaping or maintenance of the street or highway adjoining said Land, as contained in the deed to

County/City/State: State of California  
Name of Street or Highway: U S Highway 101  
Recording Date: April 06, 1971  
Recording No.: [Book 1082, Page 486, of Official Records](#)  
Affects: Parcel One

12. Easement(s) for the purpose(s) shown below and rights incidental thereto, as granted in a document:

Granted to: State of California  
Purpose: Installation and maintenance of electrical facilities  
Recording Date: May 21, 1974  
Recording No.: [Book 1239, Page 590, of Official Records](#)  
Affects: As described therein

**EXCEPTIONS  
(Continued)**

13. Any rights of the parties in possession of a portion of, or all of, said Land, which rights are not disclosed by the public records.

The Company will require, for review, a full and complete copy of any unrecorded agreement, contract, license and/or lease, together with all supplements, assignments and amendments thereto, before issuing any policy of title insurance without excepting this item from coverage.

The Company reserves the right to except additional items and/or make additional requirements after reviewing said documents.

14. Please be advised that our search did not disclose any open Deeds of Trust of record. If you should have knowledge of any outstanding obligation, please contact the Title Department immediately for further review prior to closing.

15. The Company will require that an Owner's Affidavit be completed by the party(s) named below before the issuance of any policy of title insurance.

Party(s): Linda Todd

The Company reserves the right to add additional items or make further requirements after review of the requested Affidavit.

16. The transaction contemplated in connection with this Report is subject to the review and approval of the Company's Corporate Underwriting Department. The Company reserves the right to add additional items or make further requirements after such review.

**PLEASE REFER TO THE "NOTES" SECTIONS WHICH FOLLOW FOR INFORMATION NECESSARY TO  
COMPLETE THIS TRANSACTION.**

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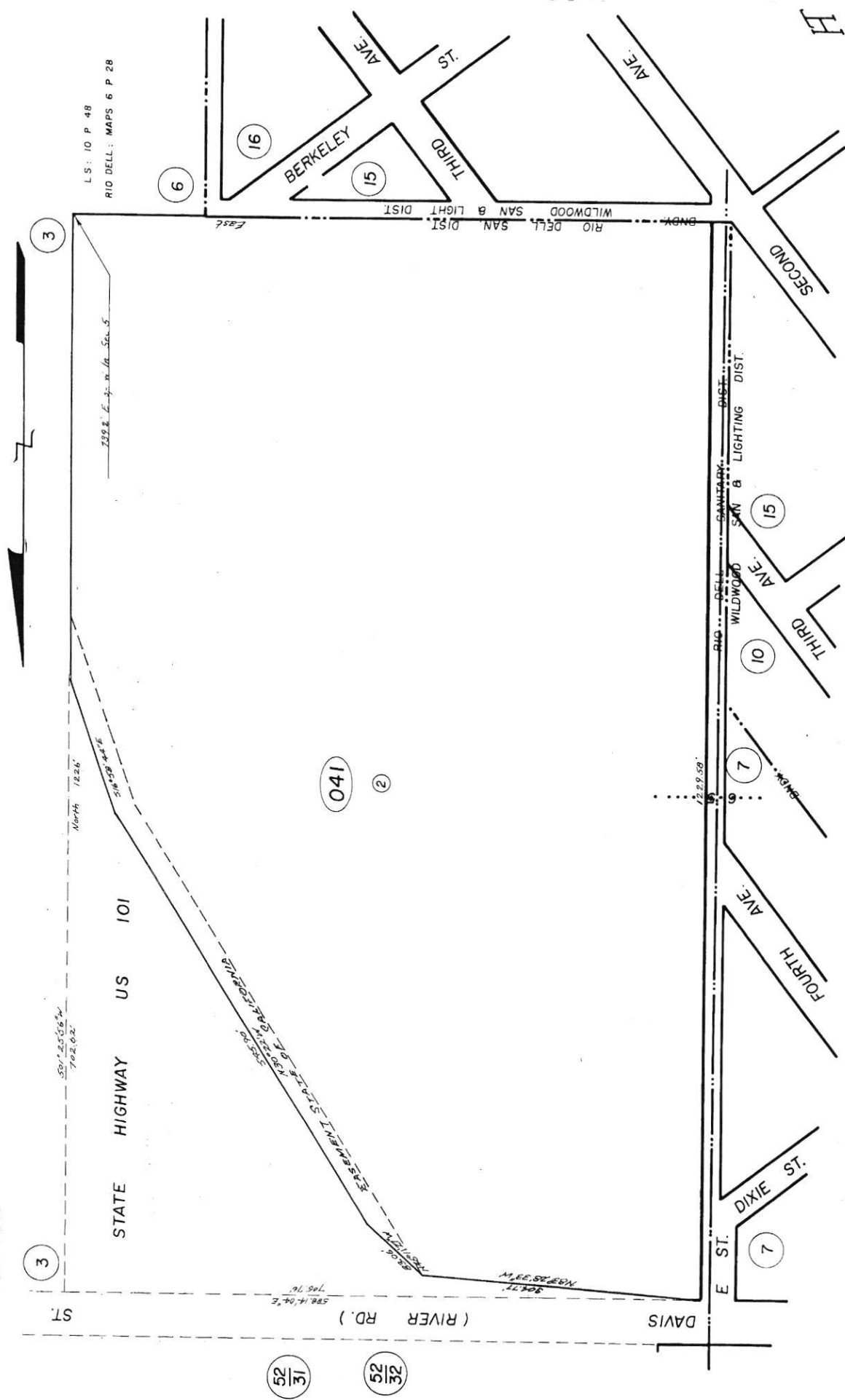
**END OF EXCEPTIONS**

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53-04

PTN SEC 5 IN 1E

1" = 100'

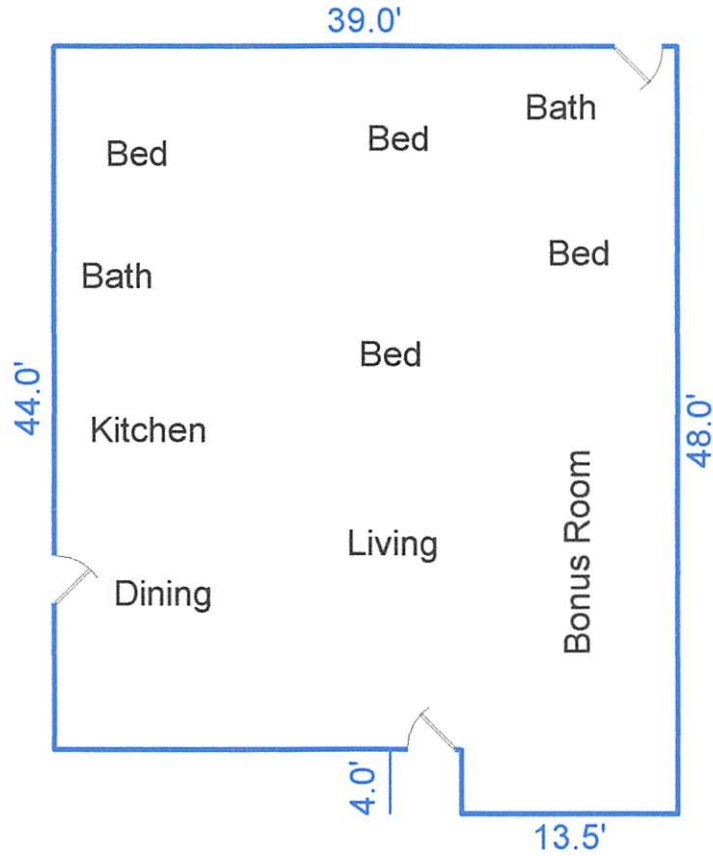


# SKETCH/AREA TABLE ADDENDUM

## SUBJECT INFO

File No.: Parcel No.: 053-041-002  
 Property Address: 410 4th Street  
 City: Rio Dell County: State: CA ZipCode:  
 Owner:  
 Client: Client Address:  
 Appraiser Name: Inspection Date:

## SKETCH



410 4th St. Dwelling  
 1770.0 sf

Sketch by Apex Sketch

## AREA CALCULATIONS SUMMARY

Code	Description	Factor	Net Size	Perimeter	Net Totals
GLA1	410 4th St. Dwelling	1.0	1770.0	174.0	1770.0

## COMMENT TABLE 1

## COMMENT TABLE 2

## COMMENT TABLE 3

Net LIVABLE

(rounded)

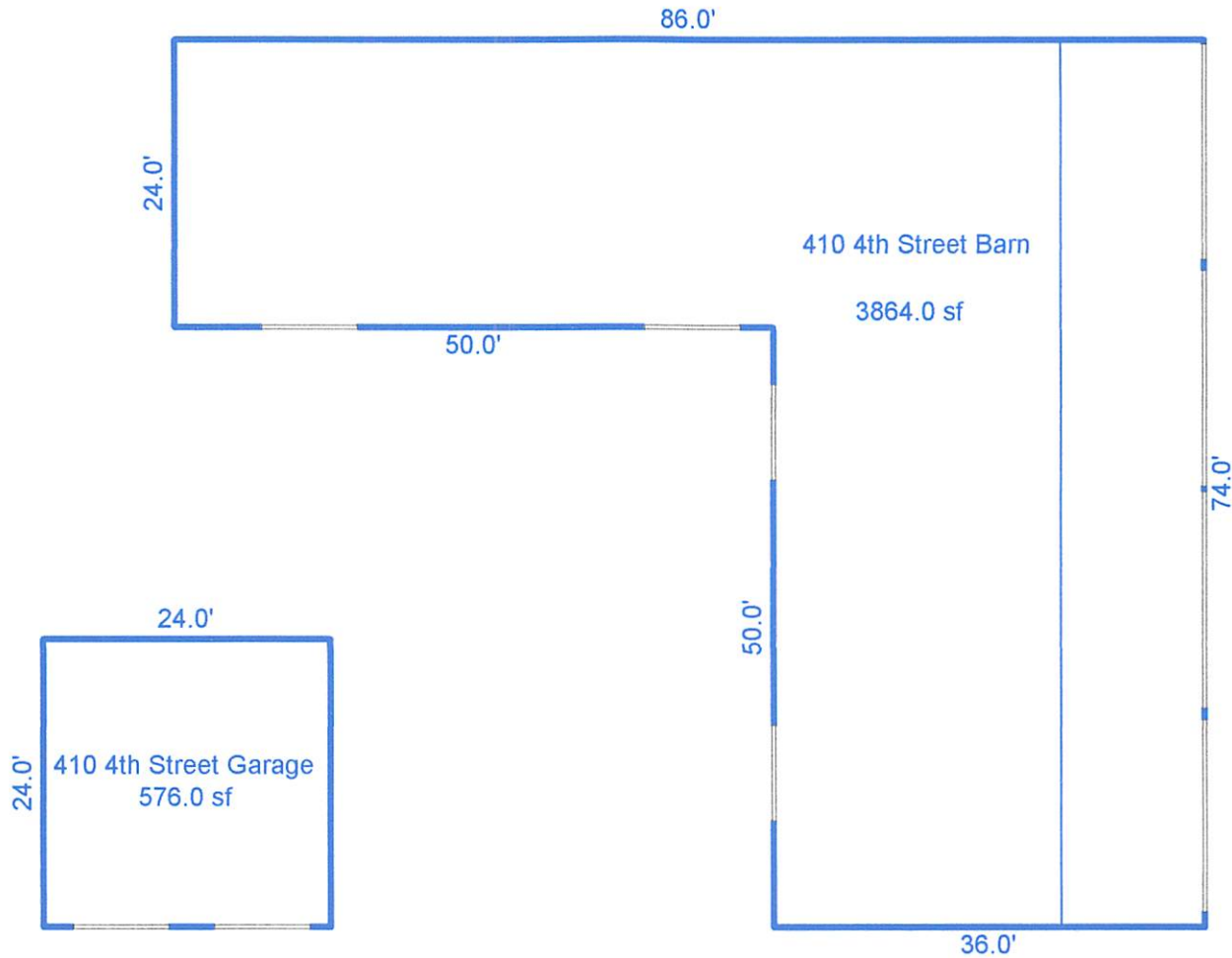
1,770

# SKETCH/AREA TABLE ADDENDUM

## SUBJECT INFO

File No.: Parcel No.: 053-041-002  
 Property Address: 410 4th Street  
 City: Rio Dell County: State: CA ZipCode:  
 Owner:  
 Client: Client Address:  
 Appraiser Name: Inspection Date:

## SKETCH



Sketch by Apex Sketch

## AREA CALCULATIONS SUMMARY

Code	Description	Factor	Net Size	Perimeter	Net Totals
GBA1	410 4th Street Ga	1.0	576.0	96.0	576.0
GBA2	410 4th Street Ba	1.0	3864.0	320.0	3864.0

## COMMENT TABLE 1

## COMMENT TABLE 2

## COMMENT TABLE 3

Net BUILDING (rounded) 4,440



**COMMERCIAL PROPERTY APPRAISAL**  
**410 4<sup>TH</sup> STREET, RIO DELL, CA**  
**SUBJECT PHOTOS**



Aerial view of the subject 410 4<sup>th</sup> Street Commercially zoned property

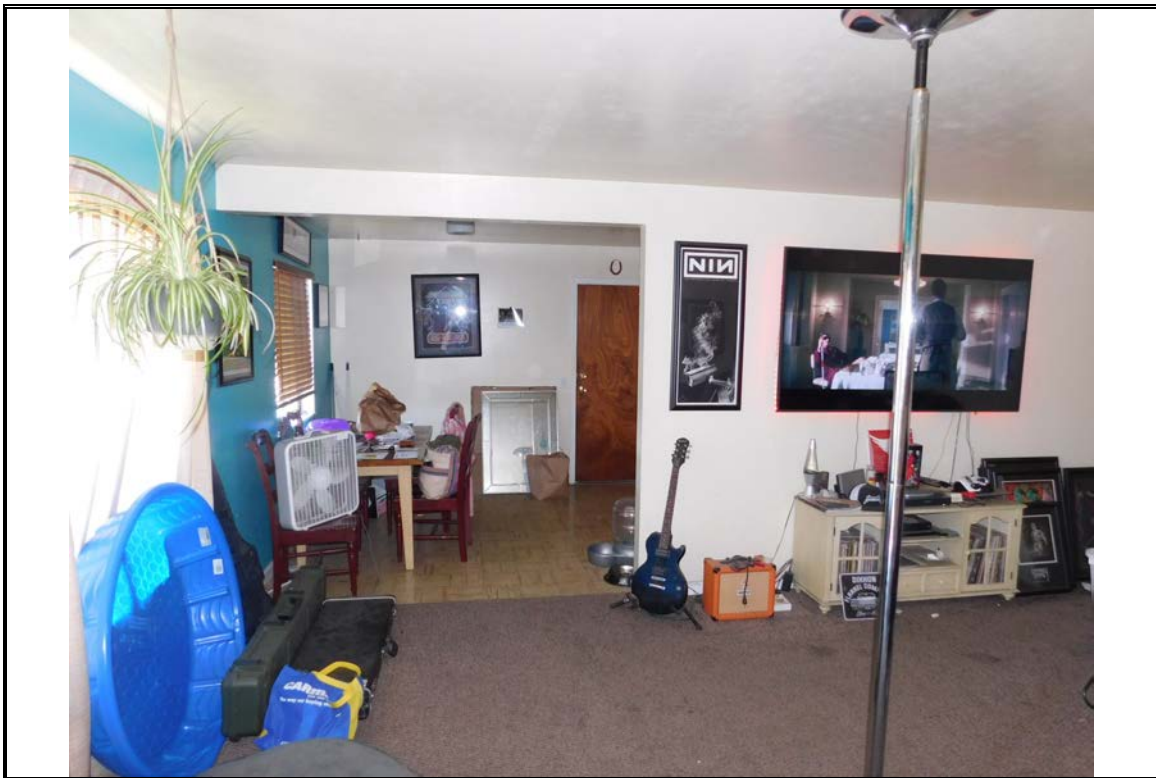


Front view of the subject property 4/2 dwelling

**COMMERCIAL PROPERTY APPRAISAL**  
**410 4<sup>TH</sup> STREET, RIO DELL, CA**  
**SUBJECT PHOTOS**



Eastside view of the subject dwelling



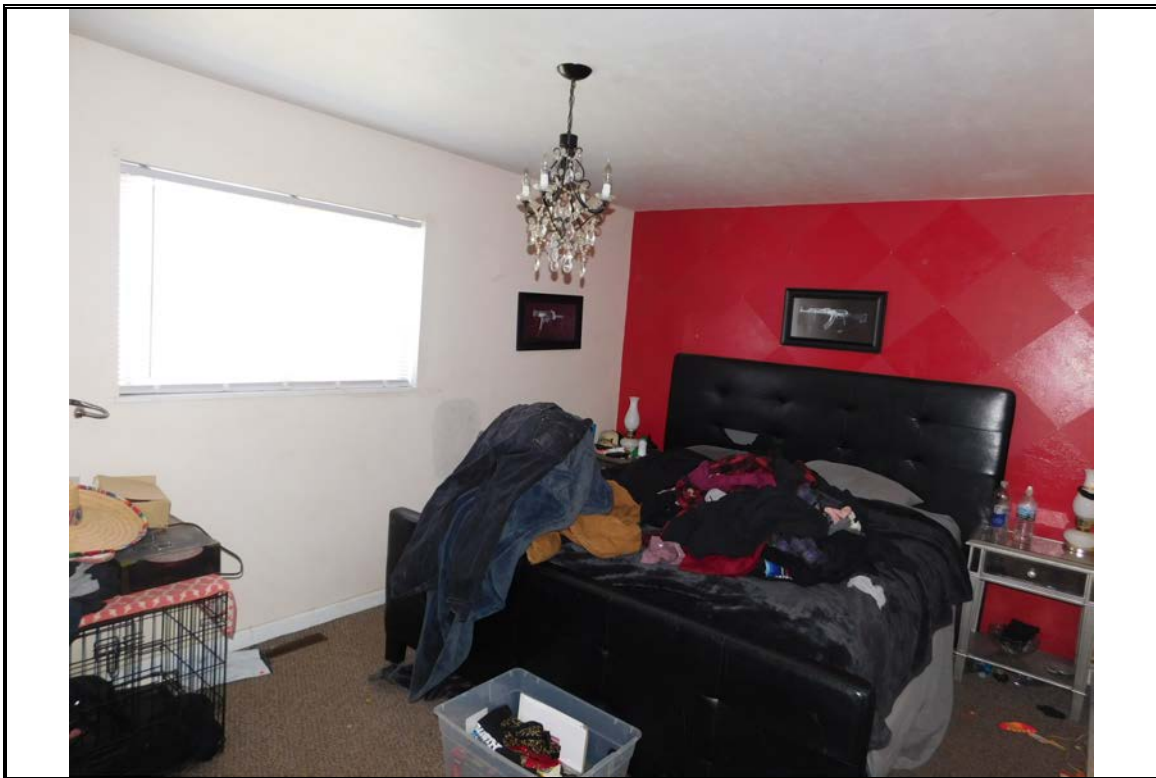
Interior view of the subject living and dining rooms



**COMMERCIAL PROPERTY APPRAISAL**  
**410 4<sup>TH</sup> STREET, RIO DELL, CA**  
**SUBJECT PHOTOS**



Interior view of the subject kitchen



Interior view of one of the subject bedrooms

**COMMERCIAL PROPERTY APPRAISAL**  
**410 4<sup>TH</sup> STREET, RIO DELL, CA**  
**SUBJECT PHOTOS**



Interior view of the subject bonus room



Interior view of the extra bedroom & bath in the southeast corner of the dwelling



**COMMERCIAL PROPERTY APPRAISAL**  
**410 4<sup>TH</sup> STREET, RIO DELL, CA**  
**SUBJECT PHOTOS**



Interior view of the subject bath



View of the subject property electric & natural gas meters

**COMMERCIAL PROPERTY APPRAISAL**  
**410 4<sup>TH</sup> STREET, RIO DELL, CA**  
**SUBJECT PHOTOS**



Westside view of the subject two stall garage



Interior view of the subject garage



**COMMERCIAL PROPERTY APPRAISAL**  
**410 4<sup>TH</sup> STREET, RIO DELL, CA**  
**SUBJECT PHOTOS**



Front view of the subject hay and equipment barn



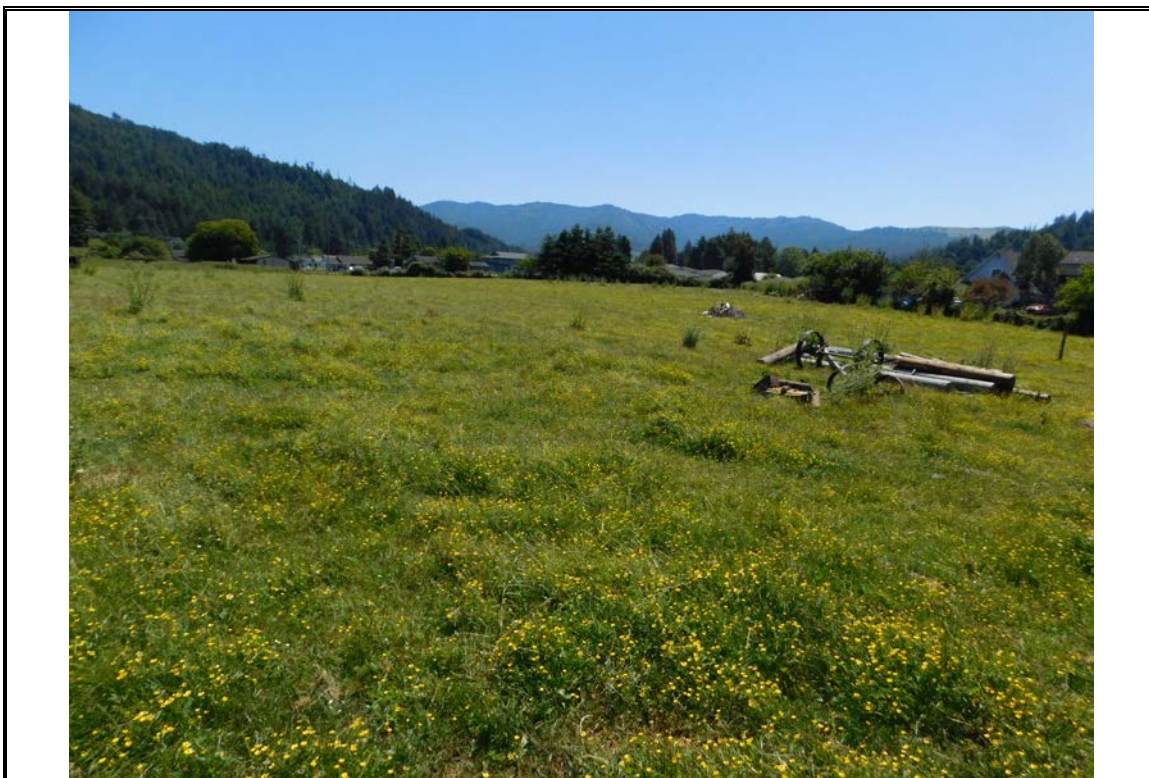
Interior view of the west end of the subject barn



**COMMERCIAL PROPERTY APPRAISAL**  
**410 4<sup>TH</sup> STREET, RIO DELL, CA**  
**SUBJECT PHOTOS**



Interior view of the north end of the subject barn



View of the southwest portion of the subject pastureland



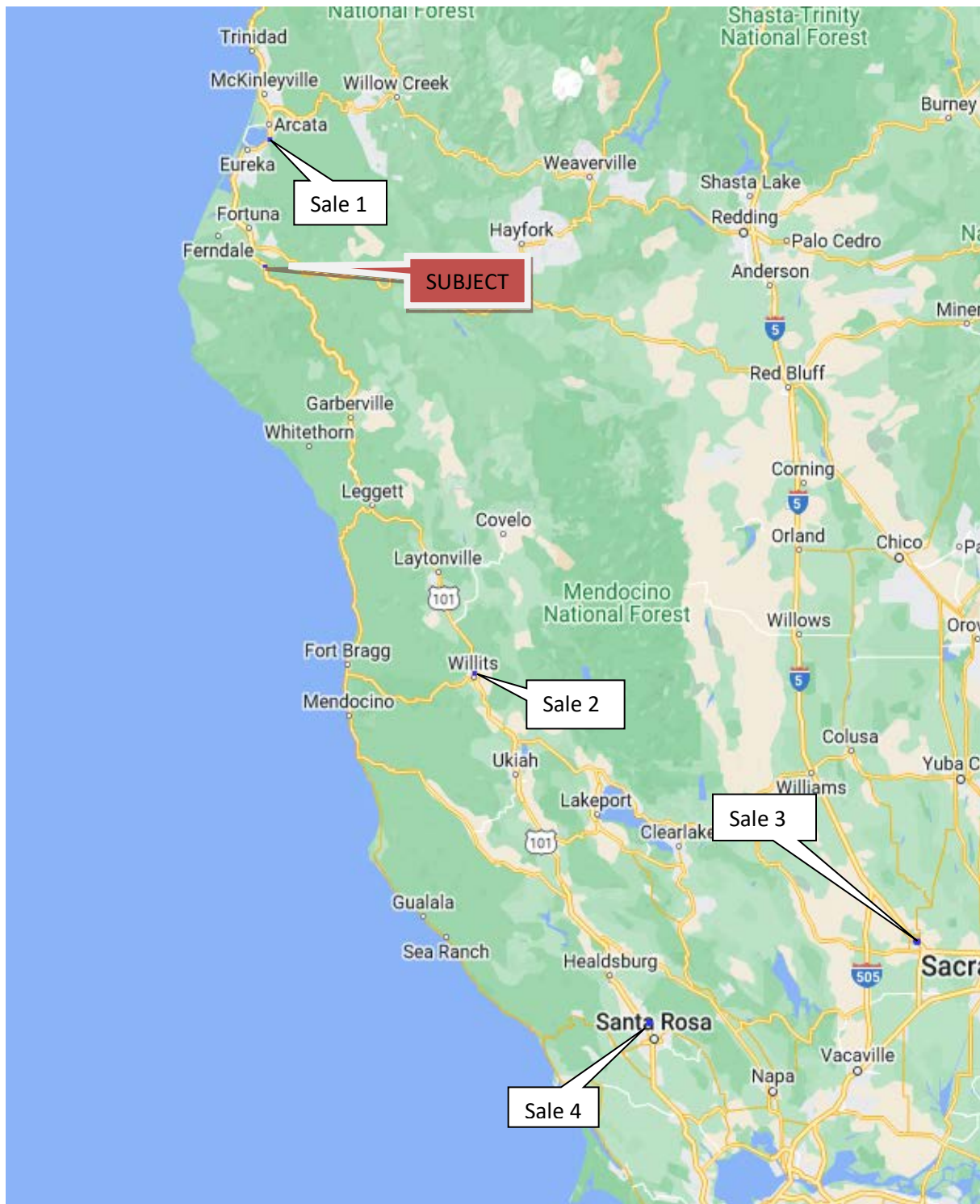
**COMMERCIAL PROPERTY APPRAISAL**  
**410 4<sup>TH</sup> STREET, RIO DELL, CA**  
**SUBJECT PHOTOS**



View of the southeast portion of the subject pastureland



Looking south from Davis Street at the subject pastureland



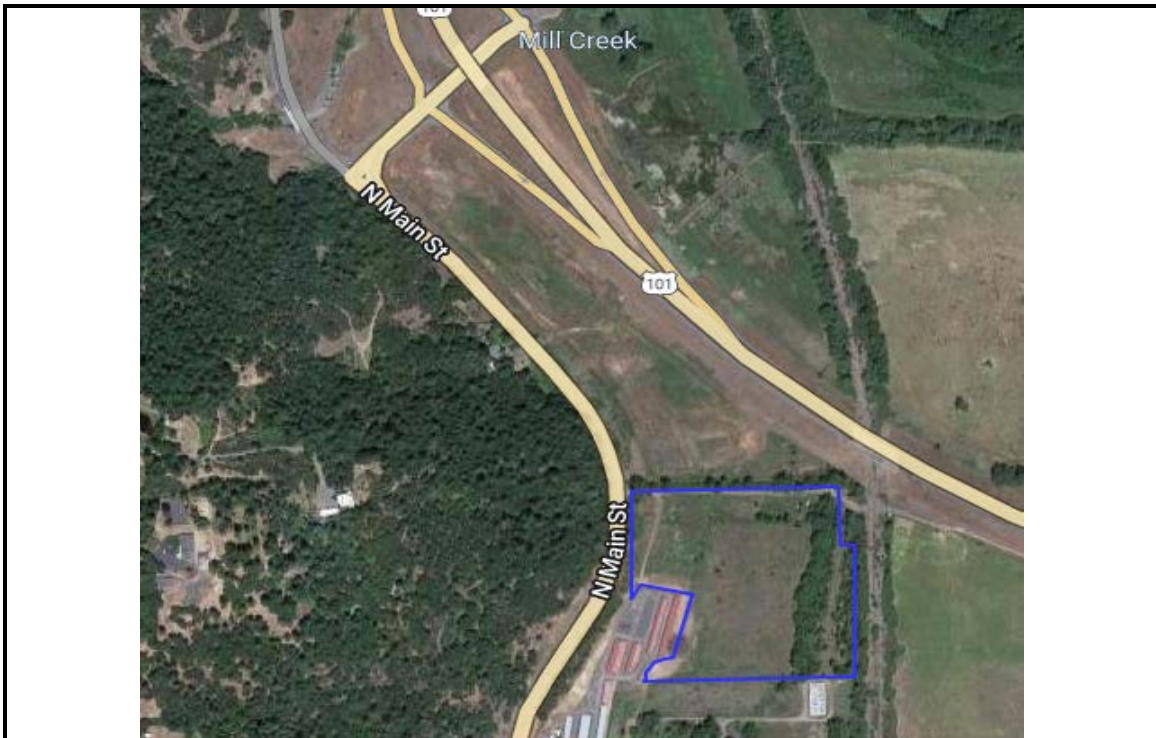
COMPARABLE SALES LOCATION MAP



**410 4<sup>TH</sup> AVENUE, 17.9 ACRES, RIO DELL, HUMBOLDT COUNTY, CA**  
**COMPARABLE SALE PHOTOS**



Comparable Sale 1- 4056 Highway 101, Eureka

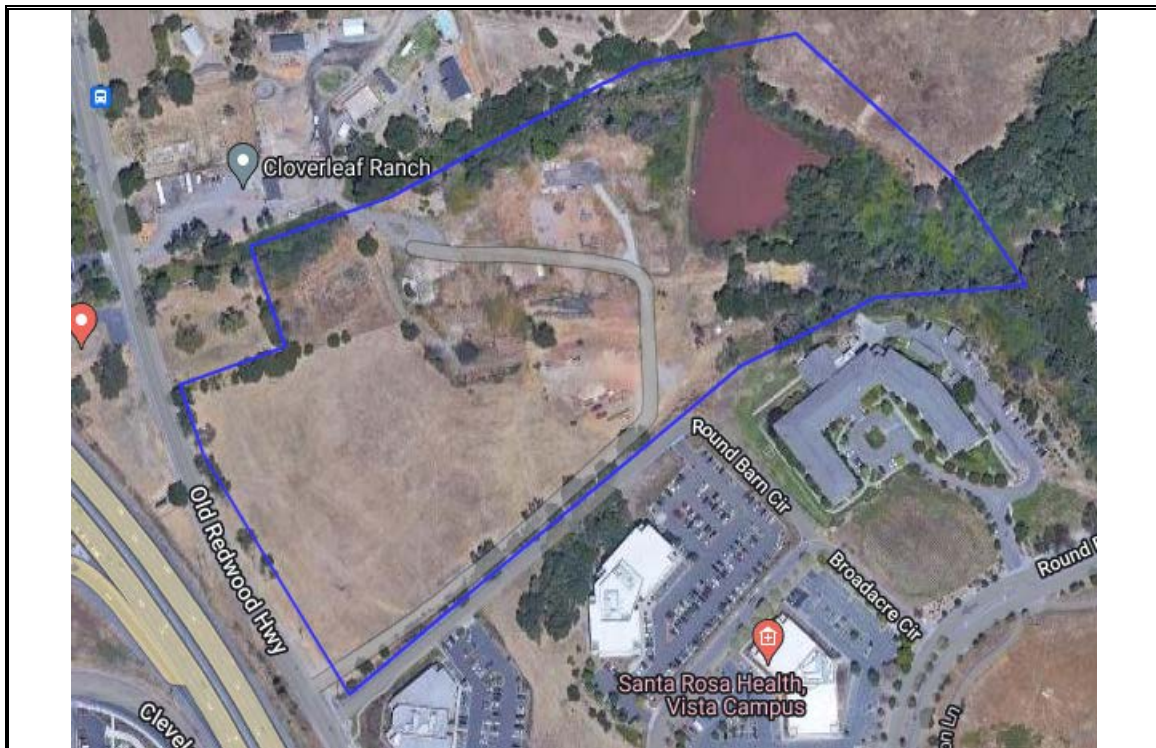


Comparable Sale 2 – 421 N Main Street, Willits

**410 4<sup>TH</sup> AVENUE, 17.9 ACRES, RIO DELL, HUMBOLDT COUNTY, CA**  
**COMPARABLE SALE PHOTOS**



Comparable Sale 3 – County Road 19A, Woodland



Comparable Sale 4 – 3890 Old Redwood Highway, Santa Rosa





STATE OF CALIFORNIA, NATURAL RESOURCES AGENCY  
DEPARTMENT OF FORESTRY AND FIRE PROTECTION  
**SERVICE ORDER**  
CAL FIRE-93 (REV. 01/19)

1. AGENCY DOCUMENT/INVOICE NUMBER

9UI1D025

2. CONTRACTOR (Name and Address)

Childs Appraisal Service  
PO Box 668  
Arcata, CA 95518

3. PHONE:  
(707) 822-1003

4. SUPPLIER ID.

5. BILLING CODE/CAN #

PAGE OF PAGE  
1 of 6

Email: stevenrchilds@sbcglobal.net

S/B ☒ M/B ☐ DVBE ☐

6. ADMINISTRATIVE UNIT FOR PAYMENT

7.

- ☒ CAL FIRE-20 CONTRACTOR CERTIFICATION  
CLAUSES SIGNED (**REQUIRED**)  
☐ CAL FIRE-501 CONTRACTOR CERTIFICATION  
CLAUSES SIGNED (IF APPLICABLE)

8. CONTRACTOR agrees to provide the STATE with the following services:

Agreement Term: Start Date: May 19, 2022 to End Date: September 19, 2022

Detailed description of work to be performed: Appraisal to determine the "as is" fee simple fair market value of APNs 053-041-002 and 053-031-002 consisting of 17.91± acres in Humboldt County. See attached Scope of Work and Department of General Services appraisal specifications for further detail.

9. WAS P- CARD USED FOR THIS PURCHASE? ☐ YES ☒ NO

NOTE: Contract release for and in consideration of receipt of payment in the amount shown on line 14.  
Contractor hereby releases the State from any and all claims arising under this agreement except as reserved below (Item 15)

10. Total Amount Due (This Page)

\$4,000.00

11. Sales Tax

12. Gross Amount Due

13. Deductions

14. Net Amount Due

\$4,000.00

15. REMARKS No damage/No claim

16. INDICATE STATE PURPOSE Contracting out appraisal for Humboldt-Del Norte Unit Headquarters project.

Amount	Appropriation Ref	Fund	ENY	Account	Alt Account
\$4,000.00	301	0001	2021	5360150	Default
Program	Project ID	Activity		Rptg Structure	Svc Location
2485	0005016	A		35409410	89109
17. CONTRACTOR'S SIGNATURE		PRINT NAME AND TITLE			DATE
Steve Childs		Steve Childs, Childs Appraisal Service AG030529			5/19/2022
18. DECISIONAL OFFICER'S SIGNATURE		PRINT NAME AND TITLE			DATE
John Walsh		John Walsh, Capital Outlay Lands Analyst			5/19/2022
19. DECISIONAL AUTHORIZED By (Signature)		TITLE			PHONE
James DeGraff		James DeGraff, Real Property Manager			5/20/2022

27A816619AC34B3...



## CAL FIRE-301 SCOPE OF WORK

1. Contractor, for the consideration hereinafter expressed, agrees to provide State with two copies of an appraisal report and one copy of the report electronically, covering that certain real property described as follows: APNs 053-041-002 and 053-031-002 consisting of 17.91± acres in Humboldt County.
2. The completed report shall be delivered to State of California, CAL FIRE, P.O. Box 944246, Sacramento, CA 94244-2460, within sixty-five (65) days of receipt of approved contract. The date of delivery of the report may not be extended without written authorization of John Walsh, CAL FIRE, and will not be extended beyond the termination date of this contract.
3. Contractor is to be paid the sum of \$4,000.00 for the completed report, which sum includes the cost of all expenses of any kind or nature incurred by Contractor hereunder. Contractor shall cease work upon State's request, whereupon payment shall be made, prorated on the basis of work completed.
4. Upon delivery of the appraisal report, payment shall be made pursuant to an invoice submitted electronically to John Walsh at [john.walsh@fire.ca.gov](mailto:john.walsh@fire.ca.gov).
5. In no event shall the term of this contract extend beyond (termination date).
6. Contractor shall prepare his/her appraisal report in conformity with the Appraisal Specifications listed below, unless otherwise provided herein or directed in writing by State. Contractor's report shall be complete upon submission and Contractor agrees to correct any omissions or errors on his/her part at no extra cost to State. Neither acceptance of the report, nor its retention by State shall be deemed to waive any obligations of Contractor hereunder.
7. Contractor agrees to indemnify, defend and save harmless the State, its officers, agents and employees from any and all claims and losses accruing or resulting to any and all contractors, subcontractors, suppliers, laborers, and any other person, firm or corporation furnishing or supplying work services, materials, or supplies in connection with the performance of this contract, and from any and all claims and losses accruing or resulting to any person, firm or corporation who may be injured or damaged by Contractor in the performance of this contract.
8. This contract is not assignable by the Contractor, either in whole or in part, without the consent of the State in the form of a formal written amendment.
9. Time is of the essence of each and all provisions of this agreement. State may terminate this agreement and be relieved of the payment of any consideration to Contractor should Contractor fail to perform the covenants herein contained at the time and in the manner herein provided.
10. No amendment or variation of the terms of this contract shall be valid unless made in writing, signed by the parties and approved as required. No oral understanding or agreement not incorporated in the contract is binding on any of the parties.
11. Contractor agrees that his/her report, its contents and conclusions are for confidential information of the State and its authorized representatives and that (s)he will not disclose his/her data, reasoning, or conclusions in whole or in part to any person whatsoever other than as provided herein.



12. Contractor warrants that Contractor has no interest, present or contemplated, in the property or properties affected by this contract.
13. Written consent is hereby given to State to disseminate to the public through the news media, or any other public means of communication, the contents or valuation conclusion of the appraisal report prepared hereunder.
14. The appraiser shall make an investigation of the possibility of the existence of implied dedication to the public as first expressed by the California Supreme Court in the Gion-Dietz decision. A full and separate discussion shall be made in the appraisal report as to the factual data and the appraiser's conclusion as to the effect on market value, if any, based on this data.
15. Contractor agrees to provide all of the information requested in the attached "Instructions to the Appraiser".
16. Pursuant to Government Code, Section 7267.1(b) the property owner or his/her designated representative must be offered the opportunity to accompany the appraiser during his/her inspection of the property. The appraisal must include a statement that on a certain date the owner or his/her designated representative was given this opportunity, and (s)he either accepted or declined. If (s)he accepted, indicate the date on which the property was inspected with the owner or his/her representative.
17. By signing this contract, Contractor certifies that no more than one (1) final unappealable finding of contempt of court by a Federal court has been issued against Contractor within the immediately preceding two-year period because of Contractor's failure to comply with an order of a Federal court, which orders Contractor to comply with an order of the National Labor Relations Board.
18. No federal or state income tax will be withheld from the payments under this contract. However, State will report all payments to the Internal Revenue Service.
19. Contractor agrees that the awarding department, the Department of General Services, the Bureau of State Audits, or their designated representative shall have the right to review and to copy any records or supporting documentation pertaining to the performance of this contract. Contractor agrees to maintain such records for possible audit for a minimum of three (3) years after final payment made by the State, unless a longer period of records retention is stipulated. Contractor agrees to allow the auditor(s) access to such records during normal business hours and to allow interviews of any employees who might reasonably have information related to such records. Further, Contractor agrees to include a similar right of the State to audit records and interview of staff in any subcontract related to performance of this contract. (GC § 8546.7, PCC § 10115 et seq., CCR Title 2, § 1896.60 et seq.)
20. Provide appraisal based on the "Appraisal Specifications" as set forth on the following pages.

State of California • Department of General Services • Arnold Schwarzenegger, Governor

## **REAL ESTATE SERVICES DIVISION**

Professional Services Branch

707 Third Street, 5th Floor • West Sacramento, California 95605

### **DEPARTMENT OF GENERAL SERVICES (DGS) APPRAISAL SPECIFICATIONS (Revised January 1, 2008)**

**All appraisals must be completed and signed by a State of California Certified Real Estate Appraiser who certifies that the appraisal is in compliance with the Uniform Standards of Professional Appraisal Practice as currently adopted by the Appraisal Standards Board of the Appraisal Foundation.**

The principle appraiser who is responsible for developing the appraisal report must certify that they have inspected the subject property and comparable property data whenever physically possible. The following specifications are required when applicable to the assignment:

1. Title page with sufficient identification of appraisal project.
2. Letter of transmittal summarizing important assumptions and conclusions, value estimate, date of value, date of report, etc.
3. Table of contents.
4. Assumptions and Limiting Conditions.
5. Description of the scope of work, including the extent of data collection and limitations, if any, in obtaining and analyzing relevant data.
6. Definition of Fair Market Value, as defined by California Code of Civil Procedures, Section 1263.320.
7. Photographs of subject property and comparable data, including significant physical features and the interior of structural improvements if applicable.
8. Copies of Assessor's plat maps with the subject parcels marked and an assemblage of all contiguous Assessors' parcels that depicts the ownership.
9. A legal description of the subject property if available.
10. For large, remote, or inaccessible parcels, provide aerial photographs or topographical maps depicting the subject boundaries.
11. Three year subject property history, including sales, listings, leases, options, zoning, applications for permits, or other documents or facts that might indicate or affect use or value.
12. Discussion of any current Agreement of Sale, option, or listing of subject property. This issue requires increased diligence since state agencies often utilize non-profit organizations to quickly acquire sensitive-habitat parcels using Option Agreements. However, due to confidentiality clauses, the terms of the Option are often not disclosed to the state. If the appraiser



discovers evidence of an Option, or the possible existence of an Option, and the terms can not be disclosed due to a confidentiality clause, then the appraiser is to cease work and contact the client. Current DGS policy requires disclosure of any Option or Purchase Agreement. If the Agreement is not made available, DGS will not review the appraisal.

13. Regional, area, and neighborhood analyses.
14. Market conditions and trends including identification of the relevant market area, a discussion of supply and demand within the relevant market area (or other areas of competition), and a discussion of the relevant market factors impacting demand for site acquisition or leasing within the relevant market area.
15. Discussion of subject land/site characteristics (size, topography, current use, zoning and land use issues, development entitlements, General Plan designations, utilities, offsite improvements, access, easements and restrictions, flood and earthquake information, toxic hazards, taxes and assessments, etc.)
16. Description of subject improvements, including all structures, square footage, physical age, type of construction, quality of construction, condition, site improvements, etc.
17. Subject leasing and operating cost history.
18. Opinion of highest and best use for the subject property, based on an in depth analysis supporting the concluded use. Such support typically requires a discussion of the four criteria or tests utilized to determine the highest and best use of a property. If alternative feasible uses exist, explain and support market, development, cash flow, and risk factors leading to an ultimate highest and best use decision.
19. All approaches to market value applicable to the property type and in the subject market. Explain and support the exclusion of any usual approaches to value.
20. Map(s) showing all comparable properties in relation to subject property.
21. Photographs and plat maps of comparable properties.
22. In depth discussion of comparable properties, similarities and differences, and comparisons and adjustments to the comparable data, and discussion of the reliability and credibility of the data as it relates to the indicated subject property value.
23. Comparable data sheets: 1) For sales, include information on grantor/grantee, sale/recordation dates, listed or asking price as of date of sale, financing, conditions of sale, buyer motivation, sufficient location information (street address, post mile, and/or distance from local landmarks such as bridges, road intersections, structures, etc.), land/site characteristics, improvements, source of any allocation of sale price between land and improvement, and confirming source. 2). For listings, also include marketing time from list date to effective date of the appraisal, original list price, changes in list price, broker feedback, if available. 3). For leases, include significant information such as lessor/lessee, lease date and term, type of lease, rent and escalation, expenses, size of space leased,

tenant improvement allowance, concessions, use restrictions, options, and confirming source.

24. Discussion of construction cost methodology, data source used, costs included and excluded, depreciation methodology, a discussion of accrued depreciation from all causes, and remaining economic life.
25. Copies of construction cost data including, section and pages of cost manual (date of estimate or date of publication of cost manual must be provided if not indicated on page), copies of cost estimate if provided from another source, and supporting calculations including worksheets or spreadsheets.
26. In part-take situations, a discussion of special benefit and severance damages.
27. Include a copy of a recent preliminary title report (within the past year) as an appraisal exhibit and discuss the effect of title exceptions on fair market value. If unavailable, the appraisal should be made contingent upon review of the preliminary title report and the assumption that there is no affect on value.
28. Implied dedication statement.
29. Reconciliation and final value estimate. Explain and support conclusions reached.
30. Signed Certification consistent with language found in USPAP.
31. If applicable, in addition to the above, appraisals of telecommunication sites must also provide:
  - A discussion of market conditions and trends including identification of the relevant market, a discussion of supply and demand within the relevant market area and a discussion of the relevant market factors impacting demand for site acquisition and leasing within the relevant market area.
  - An analysis of other (ground and vault) leases comparable to subject property. Factors to be discussed in the analysis include the latitude, longitude, type of tower, tower height, number of rack spaces, number of racks occupied, placement of racks, power source and adequacy, back-up power, vault and site improvements description and location on site, other utilities; access, and road maintenance costs.
32. On occasions where properties involve personal property, business interests, water rights, minerals, or merchantable timber separate valuations may be necessary. If the Appraiser determines that there are such property interests or rights requiring a separate valuation, the appraiser shall notify his/her client. The client may choose to modify the appraisal request to include a separate valuation by an appropriate credentialed subject matter specialist. In such cases, the appraisal package submitted to DGS for review should include the real estate appraisal and a separate appraisal/valuation of the personal property, business interests, water rights, minerals, or merchantable timber by a credentialed subject matter specialist, together with a review of this separate appraisal/valuation by a second credentialed subject matter specialist.

## PAIRED SALES TIME ANALYSIS

Industrial property values have risen over time. Four of the sales used in this report are recent sales but one of the sales occurred in 2019 thus warranting and adjustment for the date of sale. This will be accomplished through a paired sale analysis of industrial and commercial properties in Humboldt County over the last 4-6 years.

The differential is then estimated, as an indicator of the date of sale adjustment due to one of the comparable sales occurring in 2019. The estimated adjustment factor is applied to the comparable sale in the Land Sale Adjustment Grid.

Comparisons in the paired sales analysis are between the same property which has sold twice within the past 4 to 6 years. The properties have been reasonably maintained and no renovations occurred between the two sales. After appropriate adjustments are made to reflect various elements of comparison, physical characteristics, and other factors, the adjusted unit prices represent the isolated influence of the factor being compared. In this case, the difference in price per acre after adjustments are made is intended to isolate the influence of the date of sale of the paired sales, i.e., any differential is then attributable to date of sale. All of the sales were cash to the seller, or were cash equivalent if seller financing was involved. The paired sales are summarized in the Paired Sales Adjustment Worksheet on Page 3, and are discussed briefly below.

### Paired Sale No. 1A/1B:

Sale 1A is the 2017 sale of an industrial property located at 1911 Truesdale Avenue in Eureka that is improved with restaurant structure. It sold for \$2,250,000 in May of 2017.

Sale 1B is the 2021 sale of the same property located at 1911 Truesdale Avenue in Eureka. Having been reasonably maintained and in similar condition, it sold for \$2,488,000 in June of 2021.

Comparison of the two sales indicates that the date of sale accounts for approximately 9.5% of the price for the property, or a rate of about 2.39 percent per year.

### Paired Sale No. 2A/2B:

Sale 2A is the 2015 sale of an industrial property located at 1296 11<sup>th</sup> Street in Arcata that is improved with warehouse and office structures. It sold for \$1,800,000 in October of 2015.

Sale 2B is the 2019 sale of the same property located at 1296 11<sup>th</sup> Street in Arcata. Having been reasonably maintained and in similar condition, it sold for \$2,131,500 in December of 2019.

Comparison of the two sales indicates that the date of sale accounts for approximately 15.55% of the price for the property, or a rate of about 3.89 percent per year.

Paired Sales No. 3A/3B:

Sale 3A is the 2016 sale of an industrial property located at 1317 Northcrest Drive in Crescent City that is improved with retail and warehouse and office structures. It sold for \$1,280,000 in February of 2016.

Sale 3B is the 2022 sale of the same property located at 1317 Northcrest Drive. Having been reasonably maintained and in similar condition, it sold for \$1,455,000 in February of 2022.

Comparison of the two sales indicates that the date of sale accounts for approximately 12.03% of the price for the property, or a rate of about 2.01 percent per year.

Paired Sales No. 4A/4B:

Sale 4A is the 2017 sale of an industrial property located at 3530 Broadway in Eureka that is improved with a warehouse building. It sold for \$606,000 in May of 2017.

Sale 4B is the 2021 sale of the same property located at 3530 Broadway. Having been reasonably maintained and in similar condition, it sold for \$875,000 in June of 2021.

Comparison of the two sales indicates that the date of sale accounts for approximately 30.74% of the price for the property, or a rate of about 7.69 percent per year.

**Reconciliation and Adjustment Conclusion (Date of Sale)**

In terms of providing indicators of the date of sale adjustment to value of the subject as a result of a 2018 sale, the paired sales provide a range from about 2.01% to 7.69% or an average of about 4% per year of the value of a comparable property.

All of the paired sales are of the same property at different points in time. After consideration of these factors, and with approximately equal weight given to each of Paired Sales 1A/1B - 4A/4B, we conclude that an appropriate date of sale adjustment is 4% per year.

PAIRED SALES ADJUSTMENT WORKSHEET INDUSTRIAL ZONED LAND TIME ADJUSTMENT									
Address	Sale 1-A	Sale 1-B	Sale 2-A	Sale 2-B	Sale 3-A	Sale 3-B	Sale 4-A	Sale 4-B	
	007-081-036 1911 Truesdale Ave Eureka Commercial	007-081-036 1911 Truesdale Ave Eureka Commercial	1296 11th St. Alcatraz Warehouse	1296 11th St. Alcatraz Warehouse	117-081-017 1317 Northcrest Dr. Crescent City Commercial & Warehouse	117-081-017 1317 Northcrest Dr. Crescent City Commercial & Warehouse	007-092-016 3530 Broadway Eureka Warehouse	007-092-016 3530 Broadway Eureka Warehouse	
Sale Price	\$2,250,000	\$2,488,000	\$1,800,000	\$2,131,500	\$1,280,000	\$1,455,000	\$606,000	\$875,000	
Building Size- SF	7,682	7,682	22,250	22,250	17,404	17,404	7,680	7,680	
Size - Acres	0.82	0.82	1.43	1.43	1.67	1.67	1.80	1.80	
Buyer	Sarti Ent.	Paston	Niken Feed Co.	Edgeconnex LLC	Keaton	Shoal	Sarti	Schneider	
Seller	Frame & Weston PTP	Sarti Ent.	McKenny	Nilsen Feed Co.	Ronsue	Keaton	County Inn PTP	Sarti	
Recorder Document No.	2017-09492	2021-15018	2015-019403	2019-022561	2016-0411	2022-0589	2017-09650	2021-15009	
Verified By:	Public Records	Linda Disiere	Public Records	Joe Mattoon	Public Records	Mark Burchett	Public Records	Tina Christensen	
Property Rights Adjustment	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple	
	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Conditions of Sale Adjustment	Typical	Typical	Typical	Typical	Typical	Typical	Typical	Typical	
	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Financing Adjustment	Cash Equiv.	Cash Equiv.	Cash Equiv.	Cash Equiv.	Cash Equiv.	Cash Equiv.	Cash Equiv.	Cash Equiv.	
	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Total Adjustments	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Adj. Sales Price	\$2,250,000	\$2,488,000	\$1,800,000	\$2,131,500	\$1,280,000	\$1,455,000	\$606,000	\$875,000	
Date of Sale Adjustment	May-17	Jun-21	Oct-15	Dec-19	Feb-16	Feb-22	May-17	Jun-21	
Location Adjustment	0%	0%	0%	0%	0%	0%	0%	0%	
	Average	Average	Average	Average	Average	Average	Average	Average	
Access Adjustment	0%	0%	0%	0%	0%	0%	0%	0%	
	Average	Average	Average	Average	Average	Average	Average	Average	
Utilities Adjustment	0%	0%	0%	0%	0%	0%	0%	0%	
	Average	Average	Average	Average	Average	Average	Average	Average	
Site Conditions Adjustment	0%	0%	0%	0%	0%	0%	0%	0%	
	Level	Level	Level	Level	Level	Level	Level	Level	
Other Adjustment	None	None	None	None	None	None	None	None	
	0%	0%	0%	0%	0%	0%	0%	0%	
Total Net Adjustments	0%	0%	0%	0%	0%	0%	0%	0%	
Adjusted Price/Acre	\$2,250,000	\$2,488,000	\$1,800,000	\$2,131,500	\$1,280,000	\$1,455,000	\$606,000	\$875,000	
% Differential	9.57%	Or Approx. 2.39% Per Year	15.55%	Or Approx. 3.89% Per Year	12.03%	Or Approx. 2.01% Per Year	30.74%	Or Approx. 7.69% Per Year	

## **QUALIFICATIONS OF THE APPRAISER – STEVEN R. CHILDS**

### **CHILDS APPRAISAL SERVICE**

#### **Commercial Real Estate Appraisal**

P.O. Box 668

Arcata, CA 95518

(707) 822-1003/stevenrchlds@sbcglobal.net

### **ACCREDITATION:**

2006 I have been certified by the California Office of Real Estate Appraisers as a “Certified General Real Estate Appraiser,” as Appraiser # AG030529

### **EDUCATION:**

- 1993 Ph.D. in Molecular Biology and Biochemistry received from the University of California at Irvine
- 1988 Bachelor of Science degree in Biology received from California State University at Humboldt
- 1985 Certified by the State of California Board of Forestry as a Registered Professional Forester, RPF # 2263
- 1981 Bachelor of Science degree in Forestry received from California State University at Humboldt

### **RECENT PROFESSIONAL EDUCATION**

Successfully completed the following classes and seminars:

<u>Date</u>	<u>Course</u>	<u>Sponsor</u>	<u>Location</u>
2017	Uniform Standards FIA (Yellow Book)	Appraisal Institute	Sacramento, CA
2016	2016-17 USPAP Equivalent	Appraisal Institute	Arcata, CA
2014	State & Federal Regulations	McKissock	Arcata, CA
2014	Business Practices and Ethics	Appraisal Institute	Sacramento, CA
2014	Forest Land & Timber Appraisal	Western Forestry CA	Corvallis OR
2012	Separating Intangible Assets	Appraisal Institute	Sacramento, CA
2008	Advanced Applications	Appraisal Institute	Boise, ID
2008	GMA and Highest & Best Use	Appraisal Institute	Tigard, OR
2007	Report Writing & Valuation Analysis	Appraisal Institute	Sacramento, CA
2007	Advanced Sales & Cost Approaches	Appraisal Institute	Sacramento, CA
2006	General Applications	Appraisal Institute	Concord, CA
2006	Advanced Income Capitalization	Appraisal Institute	St. Louis, MO
2005	URAR Update & Appraising MH	Appraisal Institute	Fairfield, CA
2004	Business Practices & Procedures	Appraisal Institute	Fairfield, CA
2003	Appraisal Procedures & Principals	Appraisal Institute	Encino, CA

## **QUALIFICATIONS OF THE APPRAISER - RICHARD A. PHILLIS**

### **PHILLIS APPRAISAL SERVICE**

#### **Commercial Real Estate Appraisal**

448 Camp Weott Road  
Ferndale CA 95536  
(707)496-4475

### **ACCREDITATION:**

2017 I have been licensed by the California Bureau of Real Estate Appraisers as a  
"Certified General Real Estate Appraiser" as Appraiser # AG3000783

### **EDUCATION:**

1993 Bachelor of Science degree in Business with an emphasis in Accounting and Finance  
received from California State University at Humboldt

### **RECENT PROFESSIONAL EDUCATION**

Successfully completed the following classes:

<u>Date</u>	<u>Course</u>	<u>Sponsor</u>	<u>Location</u>
2021	2020-2021 USPAP Update	McKissock	Ferndale, CA
2020	Laws & Regulations for Ca. Appraisers	McKissock	Ferndale, CA
2020	2020-2021 USPAP Update	McKissock	Ferndale, CA
2019	Green Buildings: Principles & Concepts	Appraisal Institute	Fairbanks, AK
2019	Green Buildings: Appraisal Case Studies	Appraisal Institute	Fairbanks, AK
2019	2018-2019 USPAP Update	McKissock	Ferndale, CA
2017	Uniform Appraisal Standards for Federal Land Acquisitions: Practical Applications	Appraisal Institute	Sacramento, CA
2016	2016-2017 USPAP Update	McKissock	Ferndale, CA
2016	Expert Witness for Commercial Appraisals	McKissock	Ferndale, CA
2015	General Market Analysis Highest and Best Use	McKissock	Ferndale, CA
2015	General Sales Comparison Approach	McKissock	Ferndale, CA
2014	General Income Approach Part 1	Appraisal Institute	Ferndale, CA
2014	General Income Approach Part 2	Appraisal Institute	Ferndale, CA
2014	General Site Valuation and Cost Approach	Appraisal Institute	Ferndale, CA
2014	2014-2015 USPAP Update	McKissock	Ferndale, CA
2014	General Report Writing & Case Studies	McKissock	Ferndale, CA
2013	Selected Topics in Appraisal Course	Allied	Ferndale, CA
2013	Statistics, Modeling, and Finance	Allied	Ferndale, CA
2012	Residential Sales Comparison & Income Approach	Allied	Ferndale, CA
2012	2012-2013 USPAP Update	Allied	Ferndale, CA
2012	Real Estate Appraisal Course	Allied	Ferndale, CA
2012	Residential Market Analysis & Highest and Bes Use	Allied	Ferndale, CA
2012	Residential Site Valuation & Cost Approach	Allied	Ferndale, CA