

*Allen Brackley Shedd*

**(Updated) Summary Report Appraisal of  
Summit Pit Property**

**Location**

22801 SE 272<sup>nd</sup> Street  
Maple Valley, Washington

**Date of Report**

July 6, 2007

**Date of Valuation**

July 1, 2007

**Appraised by**

Michael E. Murray, CCIM  
Gregory L. Goodman, Senior Associate

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*Real Estate Appraisers and Consultants*

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July 6, 2007

Mr. Birney Mellor  
**King County Real Property**  
500A Administrative Building  
500 Fourth Avenue, Suite 500  
Seattle, Washington 98104

RE: **UPDATED APPRAISAL OF THE SUMMIT PIT PROPERTY LOCATED AT  
22801 SE 272<sup>ND</sup> STREET IN MAPLE VALLEY, WASHINGTON (Our File  
#26027U)**

Dear Mr. Mellor:

As requested, we have completed an updated appraisal of the Summit Pit property (Subject Property). Reference is made to our previous appraisal of this same property as of March 1, 2006 (report dated March 30, 2006 under our job number 26027MM) The purpose of this appraisal is to arrive at an opinion of the market value of the subject property and the value to King County as the current owner-user of the property. Our valuation considers the real estate assets only, which includes: land, improvements, and gravel.

Our value conclusion does not include personal property or the present value of any future operating expense savings related to the operational efficiencies of Summit Pit versus potential replacement sites. We have not included timber in this appraisal. We agree that the value of usable timber may contribute to the value of the property, but without a timber cruise the timber cannot be valued.

The Summit Pit property is 156.50 acres of land owned by King County and located east of 228<sup>th</sup> Avenue SE between SE Kent-Kangley Road (SE 272<sup>nd</sup> Street) and SE 280<sup>th</sup> Street in Section 34, Township 22 North, Range 6 East, W.M. in King County Washington. The property is currently zoned RA-5, a designation allowing one dwelling unit per five acres. A King County maintenance and operations facility is located in the northwest corner of the property; Elk Run Golf Course occupies 61.93 acres of land around the perimeter of the property, and the remaining 80.89 acres is undeveloped and contains an active gravel pit in its southeast corner. A BPA power line with its 375-foot easement runs through the property. The current uses are legal, nonconforming uses.

In order to complete this appraisal we performed the following investigations and analysis:

- We consulted with Coffin & Associates, King County, and others in order to update our opinion of gravel resource value, clean fill program values, and street waste program values.
- We contracted with Lang Associates, Inc. a local subdivision consultant to estimate the number of potential residential building lots and provide an estimate of the cost to develop the entire 156.5 acres based on various development scenarios.
  - According to King County the Elk Run golf course lease will be terminated and King County will buy out the leasehold position. Therefore the golf course area can be considered in fee simple based on its highest and best use.
- We researched and analyzed residential land sales activity in the subjects market in order to arrive at an opinion of land value for the entire property based on a Rezone by King County to R-8.
  - According to King County, the Summit site is designated rural, but it is surrounded by urban uses on all sides. The site will most likely will be re-designated urban residential (4-12 dwelling units per acre) and it would not be unreasonable to classify the zone as R-8 or 8 dwelling units per acre.
    - ♦ This appraisal is based on the extraordinary assumption that King County would initiate the comprehensive plan amendment and rezone the property to R-8. On the other hand, the platting and permitting of the site based on its R-8 zone would be the responsibility of a buyer.
  - Also, according to our subdivision consultant, the subject property is in traffic Concurrency zone 946 which is currently a Red Zone (Fail Standard). A certificate of traffic concurrency would not be issued for the project under current conditions.
    - ♦ This appraisal is based on the extraordinary assumption that King County would provide the necessary approvals and any changes with respect to traffic concurrency in order to proceed with the development.
- We reviewed and analyzed the documents provided by King County regarding the property, including: permits, leases, mining studies, maps, environmental studies, and internal financial analysis.
- We met with representatives of King County on several occasions to discuss the property and we inspected the property with representatives of King County.

Based on our investigations, assumptions and analysis as detailed in this report, we are of the opinion that the market value of the subject property, as of July 1, 2007 is:

SEVENTY MILLION DOLLARS  
(\$70,000,000)

This appraisal report also includes our updated analysis of the value of the real estate assets to King County assuming its continued use for gravel resources, fill operations, and Roads maintenance. As will be presented, our conclusion of value under the use value premise falls below the market value range identified in the residential development approach.

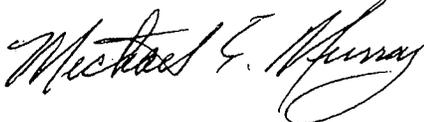
Further, this appraisal does not include the value that the existing gravel and maintenance facilities could have to a residential development project. It is likely that the gravel could be used for on-site road construction and other uses, and the maintenance facilities could be used as construction offices, for construction staging, and for equipment storage. This usage would have the effect of reducing development costs below the estimates used in the residential development approach included in this appraisal.

*The format of this report is a Summary Report, which is intended to comply with Uniform Standards of Professional Appraisal Practice (USPAP) and is intended to conform to the appraisal standards of the entity requesting this appraisal. It presents only summary discussions of the data reasoning and analyses that were used in the appraisal process to develop the appraisers' opinion of value. Supporting documentation concerning the data, reasoning, and analyses is retained in the appraisers' file. The depth of discussion contained in this report is specific to the needs of the client and for the intended use stated within this report. The appraisers are not responsible for unauthorized use of this report. Furthermore, in accordance with a prior understanding between the client and the appraiser, this appraisal is limited to the analysis necessary to conclude the values contained within this report. As such, this is a Limited Appraisal process in that certain allowable departures from specific guidelines of the Uniform Standards of Professional Appraisal Practice were invoked.*

If you have further questions not answered in the accompanying report, please do not hesitate to call.

Sincerely,

ALLEN BRACKETT SHEDD



Michael E. Murray, CCIM



Gregory L. Goodman, Senior Associate  
kr

## ASSUMPTIONS AND LIMITING CONDITIONS

This appraisal report was made after personal inspection of the property identified in this report. The conclusions in the report have been arrived at and are predicated upon the following conditions:

- (a) No responsibility is assumed for matters, which are legal in nature, nor is any opinion rendered on title of land appraised. Title to the property is assumed to be good and marketable unless otherwise stated in this report.
- (b) Unless otherwise noted, the property has been appraised as though free and clear of all liens, encumbrances, encroachments, and trespasses.
- (c) All maps, areas, and other data furnished your appraiser have been assumed to be correct; however, no warranty is given for its accuracy. If any error or omissions are found to exist, the appraiser reserves the right to modify the conclusions. Any plot plans and illustrative material in this report are included only to assist the reader in visualizing the property.
- (d) It is assumed there is full compliance with all applicable federal, state, and local environmental regulations and laws unless otherwise stated in this report.
- (e) It is assumed all applicable zoning and use regulations and restrictions have been complied with, unless a nonconformity has been stated, defined, and considered in this appraisal report.
- (f) The appraiser has no interest, present or contemplated, in the subject properties or parties involved.
- (g) Neither the employment to make the appraisal nor the compensation is contingent upon the amount of the valuation report.
- (h) To the best of the appraiser's knowledge and belief, all statements and information in this report are true and correct, and no important facts have been withheld or overlooked.
- (i) Possession of this report, a copy, or any part thereof, does not carry with it the right of publication, nor shall the report or any part thereof be conveyed to the public through advertising, public relations, news, sales, or other media valuation conclusions, identity of the appraiser, or firm, and any reference made to the Appraisal Institute or any professional designation.
- (j) There shall be no obligation required to give testimony or attendance in court by reason of this appraisal, with reference to the property in question, unless satisfactory arrangements are made in advance.
- (k) This appraisal has been made in accordance with rules of professional ethics of the Appraisal Institute.
- (l) No one other than the appraiser prepared the analysis, conclusions, and opinions concerning real estate that are set forth in the appraisal report.
- (m) Statements or conclusion offered by the appraiser are based solely upon visual examination of exposed areas of the property. Areas of the structure and/or property, which are not exposed to the naked eye, cannot be inspected; and no conclusions, representations, or statements offered by the appraiser are intended to relate to areas not exposed to view. No obligation is assumed to discover hidden defects.

- (n) Unless otherwise stated in this report, the existence of pollution and/or hazardous waste material, which may or may not be present on the property, was not observed by the appraiser. The appraiser has no knowledge of the existence of such materials on or in the property. The appraiser, however, is not qualified to detect such substances. The presence of substances such as asbestos, urea-formaldehyde foam insulation, or other potentially hazardous materials or pollution may affect the value of the property. The value estimate is predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for any such conditions or for any expertise or engineering knowledge required to discover them. The client is urged to retain an expert in this field, if desired.
- (o) Statements, representations, or conclusions offered by the appraiser do not constitute an express or implied warranty of any kind.
- (p) Neither appraiser nor Allen Brackett Shedd shall be liable for any direct, special, incidental, or consequential damages whatever, whether arising in tort, negligence, or contract, nor for any loss, claim, expense, or damage caused by or arising out of its inspection of a property and/or structure.
- (q) The *Americans with Disabilities Act* (ADA) became effective January 26, 1992. We have not made a specific compliance survey and analysis of this property to determine whether or not it is in conformity with the various detailed requirements of the ADA. It is possible that a compliance survey of the property, together with a detailed analysis of the requirements of the ADA, could reveal that the property is not in compliance with one or more of the requirements of the Act. If so, this fact could have a negative effect upon the value of the property. Since we have no direct evidence relating to this issue, we did not consider possible non-compliance with the requirements of ADA in estimating the value of the property.
- (r) With regard to prospective value opinions, future changes in market conditions necessitate an assumption that the appraiser cannot be held responsible for unforeseeable events that alter market conditions prior to the effective date of the appraisal or date of value.

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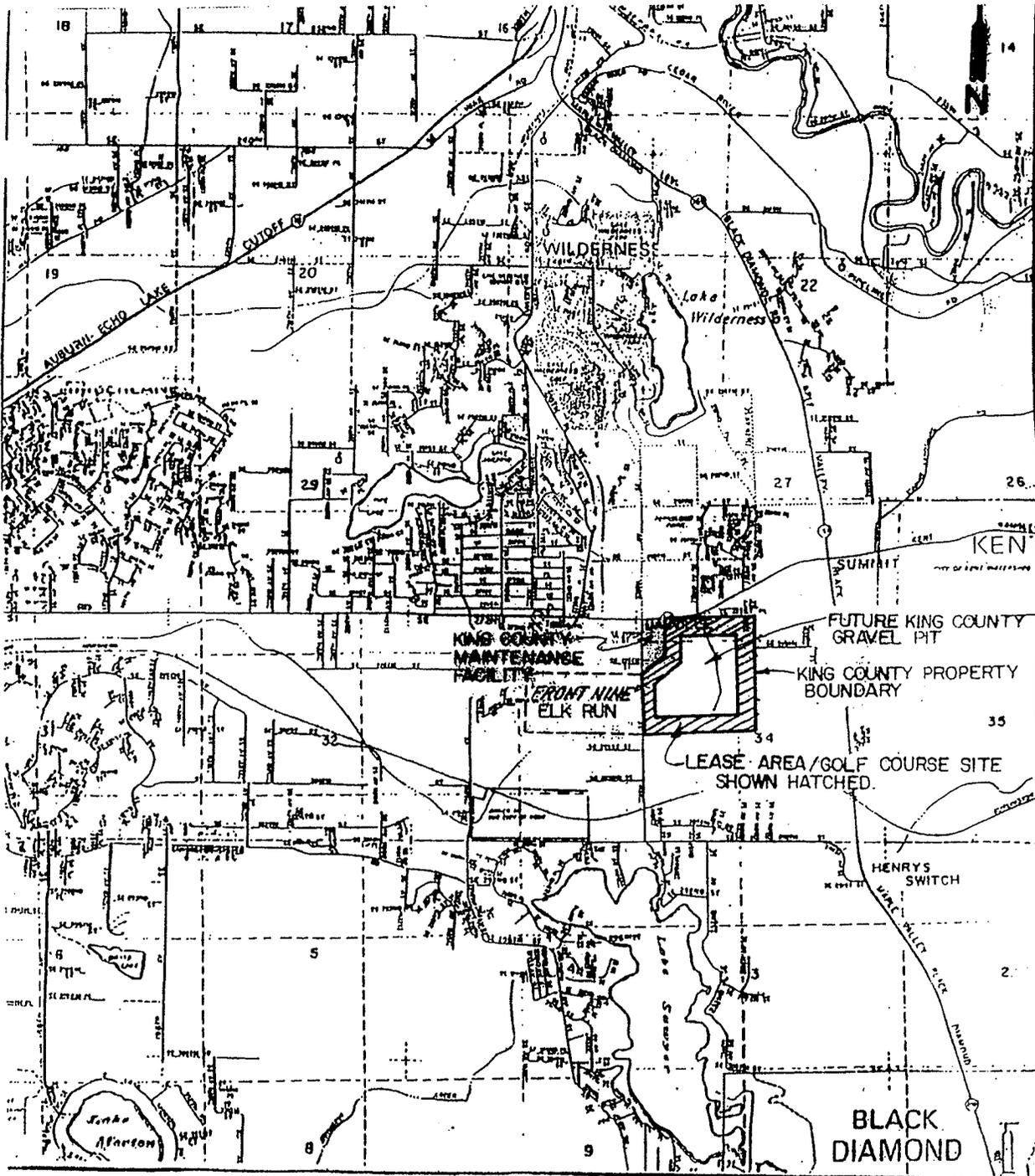
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Lang Associates Residential Land Analysis  
Subject Photographs  
Qualifications of Appraisers



# Vicinity Map



## PART I – INTRODUCTION

### — *Summary of Appraisal Problem*

The subject 156.50-acre property has an aggregate mine and fill material disposition operation on a portion of 80.89 acres of undeveloped land surrounded by the front nine of Elk Run Golf Course. The golf course contains 61.93 acres which is on a short term lease with the operator of the golf course. It is an assumption of this report that this lease will be terminated and King County will buy out the leasehold position. In the northwest corner of the property, King County operates a roads operations and maintenance facility on 13.68 acres, with some of this area being held for future maintenance base expansion.

The goal of this appraisal assignment is to estimate the value of the property to King County, as well as the Market in general. The term “market value” is used in the context of the most probable market participants and can be defined as: *The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date, and the passing of title from seller to the buyer under conditions whereby the buyer and seller are typically motivated; both parties are well informed or well advised, and acting in what they consider to be their own best interests; a reasonable time is allowed for exposure in the open market; payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale* (Source: Office of the Comptroller of the Currency under 12 CFR, Part 34, Subpart C-Appraisals, 34.42 Definitions [f]).

Market value assumes a sale based on market conditions as of the date of valuation given a reasonable period of exposure to the market. Use value is a determination of the value to King County of the subject real estate for use as a Roads department maintenance facility; for its gravel and timber resources; and for continuation of the existing street waste and clean fill programs. Use value also considers the prior investments that the user has made in the property to support the existing operations and permitted uses. So value in use or use value is the value a specific

property has for a specific use and the focus is on its contribution to the enterprise of which it is a part, without regard to the highest and best use or the monetary amount that might be realized from its sale.

In order to complete the appraisal assignment an interactive appraisal process was used which included input from the appraiser's Mike Murray, and Greg Goodman, representatives of King County, and mining and residential subdivision consultants.

In developing our opinion of Market Value and Use Value the following Extraordinary Assumptions (an assumption that presumes uncertain information to be factual) were made:

- This appraisal is based on the extraordinary assumption that King County would initiate the comprehensive plan amendment and rezone the property to R-8. Based on this assumption the entire 156.5 acres could be developed as single-family residential.
- This appraisal is based on the extraordinary assumption that King County would provide the necessary approvals, including traffic concurrency, to proceed with the development in a timely manner.
- Permits and approvals with respect to the platting of the property would be the responsibility of a buyer.
- All permits and approvals are either in place or can be obtained to continue the current activities at Summit Pit, and at the levels of production forecast by King County and others. The activities include: gravel mining, fill operations, street waste operations, timber usage, fueling, and roads maintenance material storage.

In addition to the assumptions made above, several major changes have occurred with regard to the property and the market since our last appraisal, including the following:

- The Elk Run Golf Course Lease will be terminated and King County will buy out the leasehold position. Therefore the golf course area can be considered in fee simple based on its highest and best use.
- The residential land market data used in this appraisal indicates substantial increases in land value over the last several years. These increases are reflected in recent home sales and finished lot sales. This appraisal includes a valuation of the land assuming an R-8 rezone.
- The gravel quantity estimates have been revised downward to 1,936,778 cubic yards from 9,000,000 cubic yards due primarily to the understanding that mining below the water table is not practical. Of the 1,936,778 cubic

yards, 174,000 are under the maintenance headquarters, and 500,000 are under the golf course.

Following is a summary explanation of the valuation premises we have used for this appraisal:

**Golf Course Land** - The front nine of the Elk Run golf course (61.93 acres) surrounds the existing Summit Pit mining and fill operations of King County. It provides the necessary buffer for these operations. This area will be rezoned to R-8, and since the lease will be terminated, it is not encumbered by a long term lease, as it was when we last appraised the property. Therefore, it can remain as a buffer as long as mining and fill operations continue but can be developed based on R-8 at the appropriate time.

**Maintenance Base Land** - The maintenance base land (13.89) acres will be rezoned to R-8 and will be developed when King County Roads operations are discontinued.

**Phases I, II, and III Land** - The mining and fill operations are located on what we have referred to as Phase I, II, and III land, or the remaining 80.89 acres of the Summit Property. Based on current gravel quantity estimates, it will take 10 years to mine the existing gravel. This land will also be rezoned to R-8 and can be developed at the appropriate time.

**Maintenance Base Improvements** - The maintenance base improvements and existing permits would not contribute value to any market based transaction for the property other than on a nominal basis for construction staging and equipment storage. However, they do have a value to King County, and we have considered this value in our use value analysis.

**Operating Cash Flows** (aggregate, timber, street waste, clean fill) - With the use of Summit Pit for aggregate resources, timber resources, and for clean fill and street waste dumping, King County saves the money that it would otherwise spend for these resources and services. Also, through cooperation with other public entities and with private parties, King County can earn fees from the sale of aggregate and from fill operations. Through a coordinated effort with our consultants and King

County we have developed cash flow forecasts over the mining period. Cash flows are discounted to present value using a rate of return that considers King County's cost of capital.

### **— *Identification of the Subject Property***

The Summit Pit property is 156.50 acres of land owned by King County and located east of 228<sup>th</sup> Avenue SE between SE Kent-Kangley Road (SE 272<sup>nd</sup> Street) and SE 280<sup>th</sup> Street in Section 34 Township 22 North, Range 6 East, W.M. in King County Washington. The property is currently zoned RA-5. A King County maintenance facility is located on 13.68 acres in the northwest corner of the property; the front nine of Elk Run Golf Course occupies 61.93 acres of the property and the remaining 80.89 acres is an active gravel pit. A BPA power line with its 375-foot easement runs through the property.

The facing page site plan shows the layout of the property. Most notable is the location of the front nine of Elk Run Golf Course which forms the perimeter of the subject property, with average depths of 300 feet.

### **— *Legal Description***

A legal description is available directly from King County. The property can also be referred to as King County Assessor Tax Account No. 342206-9006.

### **— *History and Ownership***

King County, a political subdivision of the State of Washington has owned the property since 1953.

Roughly 61.93 acres of the subject property is leased on a short term basis to Covington Golf Course, Inc. (Elk Run Golf Course). As noted previously, this lease will be terminated with King County buying out the leasehold interest.

### **— *Date of Inspection/Valuation***

The subject property was inspected on June 28, 2007. The effective date of this appraisal is July 1, 2007.

### — *Purpose of the Appraisal*

The purpose of this appraisal is to evaluate the subject property from the standpoint of the market "market value" and King County as part of on-going King County operations, considering the real estate's contribution to these operations, or in other words, the subject properties value in use<sup>1</sup> or use value.

### — *Property Rights Appraised*

This appraisal sets forth an opinion of value of the fee simple interest. Fee simple interest is defined as:

Fee simple interest is defined as:<sup>2</sup>

*Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.*

### — *Intended Use/User*

This appraisal report is intended to be used by official representatives of King County for management decision making purposes only.

### — *Special Assumptions*

#### — *Hazardous Waste*

From the standpoint of the properties future redevelopment as a residential subdivision, this appraisal assumes the absence of any and all hazardous waste on the subject property. In that context, if hazardous waste is found to be present on the subject property and impacts the future redevelopment of the property, we reserve the right to change the valuation contained in this report. Dealing with hazardous street waste is an on-going King County operation at Summit Pit and our valuation assumes that proper controls are in place to prevent damage to the land as a result of these operations.

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<sup>1</sup> Please see the *Definitions* section in the Addenda to this report.

<sup>2</sup> From *The Appraisal of Real Estate*, Twelfth Edition, 2001, Appraisal Institute, page 69.

— *Site Area*

Based on a review of the site plans provided by the client, the site contains 156.50 acres, with 80.89 acres located in areas designated as Phase I, II, and III of the property 61.93 acres occupied by the golf course, and 13.68 for the existing maintenance facility and the future maintenance facility expansion area. We have seen a number of different versions of these area characteristics; however, given the nature of the appraisal assignment, variations in land area will not materially change our value conclusions.

— *Personal Property*

There is no personal property included within the value conclusions contained herein.

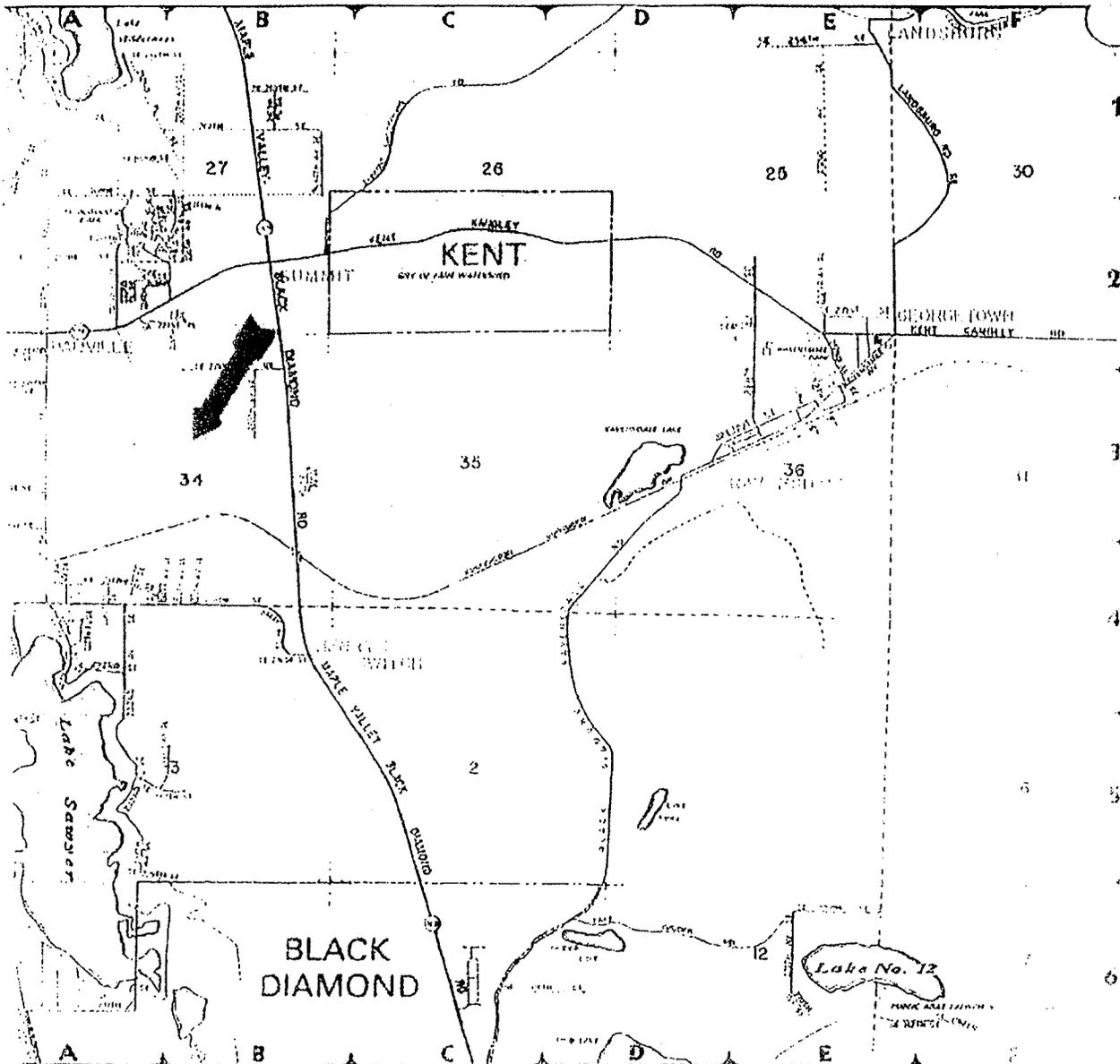
— *Exposure Period*

— *Market Value*

A conclusion of market value assumes that the subject property has been exposed in the open market for a reasonable time prior to the date of value. In a "normal" or typical market, sales activity occurs at a consistent pace. Buyers and sellers are free to negotiate prices without undue pressure from any source. During times of prosperity and economic growth, sales occur frequently, and prices tend to rise. On the other hand, during transitional periods, especially when going from a rapidly growing economy to one of slower growth, sales activity tends to slow as the bid/ask spread grows. Frequently, sellers have significant time and money invested and will not sell, but instead, prefer to wait out the poor business cycle. The conditions of the markets involved in this appraisal are considered to be stabilized, and we would conclude that an exposure period from 6 to 12 months would have been necessary to have occurred at our value conclusion, or enough time for the major land developers to complete their due diligence.

— *Use Value*

A conclusion of use value does not assume a sale, but rather considers the value of the real estate assets to a particular enterprise by assessing the benefits of ownership over an expected period of use. The benefits are measured in terms of cash equivalent values from the use, and from the sale of the property at the end of



# Neighborhood Map



an expected holding period. Cash flows are valued based on the users cost of capital.

### — *Neighborhood Description*

The property is located within the UGA of Maple Valley, Washington, roughly 2.5 south of the confluence of State Routes 18 and 169. Seattle is 25 miles to the northwest, and the nearest cities are Kent, Auburn, and Renton about 10 miles in westerly directions from the subject property. The community of Maple Valley has some commercial and industrial pockets although almost entirely rural single-family developments. These areas function largely as bedroom communities for workers employed in the greater Puget Sound area economy. Maple Valley housing is relatively affordable in relationship to other more urban locations. KC

According to the City of Maple Valley publications the City of Maple Valley was incorporated August 31, 1997, and currently is 5.8 square miles, located east of Kent and Covington, and north of Black Diamond.

### — *Population & Demographics*

Maple Valley has experienced a rapid population growth in the past several years. The current population is over 17,000 with a likely build-out population projected to be 24,500. Approximately 33% of Maple Valley's population is made up of youth under the age of 17. Approximately 75% of Maple Valley residents are college graduates. The median household income is \$74,781.

### — *Education*

The City is served by the Tahoma School District, recognized for its excellence in educated children, excellent bus transportation, and aggressive pursuit of new opportunities for children. Test scores indicate that Tahoma students are among the state's top 10%, on average. The district has one full-service high school, one alternative high school, one junior high school, two middle schools, four elementary schools, and a parent-partnered school.

— *Housing* ?

There is a wide variety of housing available in Maple Valley, including single-family, condominiums, and apartments.

— *Parks and Recreation Opportunities*

The City of Maple Valley has two developed parks, Lake Wilderness Park and Take-A-Break Park. The City acquired Lake Wilderness Park from King County in January 2003. At 108 acres, Lake Wilderness Park is a large regional park with lots of prime shoreline, preserved forestland, and meandering pathways. Located within the park is Lake Wilderness Lodge and Executive Conference Center. Adjacent to the park is the 40-acre Lake Wilderness Arboretum. Maple Valley also has three lakes, two golf courses, and several miles of trails, including the Lake Wilderness Trail that connects to the Cedar River Trail.

— *5-Mile Ring Demographic Survey*

Population within a 5-mile ring of the subject property is currently 59,149 people and is expected to grow to 62,656 by 2010 or roughly 6%. The population in 1990 was only 40,212, which indicates a 47% increase in population in the area since 1990. Average household income has increase from \$49,400 in 1990 to \$85,434 in 2005 reflecting a shift in income levels with the development of the area into bedroom communities serving the greater Puget Sound employment centers.

The rapidly increasing population of Maple Valley is due in part to its location at the confluence of two heavily traveled state roads, and the demand for affordable single-family residential housing in the region. Along with the increasing population, commercial development (primarily neighborhood retail and some office) is occurring along the Maple Valley Highway at Four Corners or the intersection of Highways 516 and 169.

Information regarding the region and neighborhood is widely available and a detail neighborhood description can be made available at the reader's request.

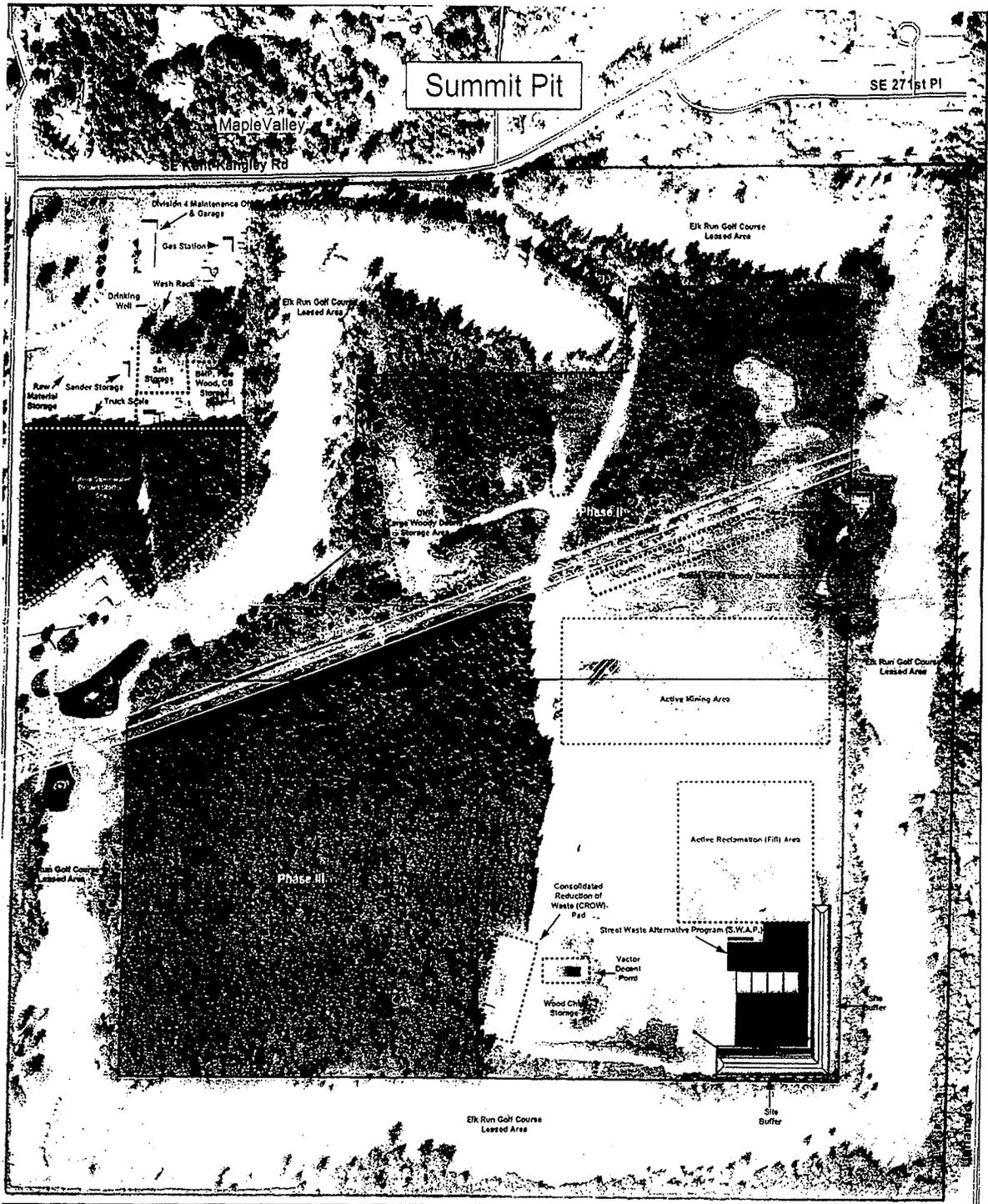
# Summit Pit

SE 271st Pl

Maple Valley

SE Kent-Kangley Rd

Site Plan



SE 280th Pl

Maple Valley

SE 211st Pl SE

SE 232nd Pl SE

- 2002 KC Natural Color Imagery
- Wetland Buffer
  - Wetland
  - City Boundary
  - Summit Mining Phases
  - Golf Course
  - Powerlines
  - Streets
  - Ground Water Test Wells



North Arrow

**King County**  
Department of Transportation  
Road Services Division  
Technology Unit



## PART II – FACTUAL DATA

### — *Description of the Subject Property*

#### — *Site*

As depicted on the facing page site plan, the overall property is nearly square in shape comprising most of the Northwest 1/4 of Section 34, Township 22 North, Range 7 East, WM. The site slopes from its highest point near the southwest corner some 610 feet down to the north and east with the lowest elevations near the center of the aggregate pit at 550 feet.

Access to the site is through SE Kent-Kangley Road (SE 272<sup>nd</sup> Street) a King County designated collector arterial and SE 280<sup>th</sup> Street a neighborhood collector or a local street.

According to an aerial photo provided by the King County Road Service Division, two wetlands exist on the site. They were rated Class 2 wetlands under the King County Sensitive Area Ordinance; 50-foot to 75-foot wetland buffers would have been required. According to our Lang Associates, these wetlands are now rated Category 2 wetlands under the Critical Area Ordinance and require 100-foot buffers. The aerial photo also shows a man made pond as a result of the gravel pit operation. It is unclear whether the gravel pit operation would eliminate these ponds and wetlands. No other known critical area appears on the site.

The site can be broken down into its three areas:

Summit Pit (Phase I, II, III)	80.89 acres
Golf Course Land	61.93 acres
Maintenance Facility Site	13.68 acres
Total	156.50 acres

— *Utilities*

Water service is provided by Covington Water District and is available by connecting to mains along SE 272<sup>nd</sup> Street, SE 280<sup>th</sup> Street, 228<sup>th</sup> Avenue SE, and at SE 276<sup>th</sup> Street.

Sewer service will be provided by Soos Creek Water and Sewer District and is available directly along SE 272<sup>nd</sup> Street, SE 280<sup>th</sup> Street, 228<sup>th</sup> Avenue SE, and SE 276<sup>th</sup> Street.

Underground power and telephone is available and is provided by Puget Power and Qwest, respectively. Generally, all typical public utilities are available to the site.

— *Soils*

According to reports provided by King County the soils are a coarse textured glaciofluvial soil which has excellent drainage and load bearing characteristics. Most of the aggregate mines in the greater Puget Sound Region are located on this type of soil. Our appraisal is based on the assumption that the property does not have soil-related limitations. The fill portion of the gravel pit appears to be suitable for development but it should be monitored to maintain a suitable condition for eventual redevelopment.

— *Zoning*

The site is zoned RA-5 or Rural Area allowing one dwelling unit per five acres. This appraisal assumes a rezone by King County to R-8.

The mining and fill operation and maintenance base uses are legal nonconforming uses.

## PART III – HIGHEST AND BEST USE

Highest and best use is defined<sup>3</sup> as:

*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.*

### — *As If Vacant*

*Market Value* - this appraisal assumes a rezone by King County to R-8 or 8 dwelling units per acre. A conceptual development plan (lot layout) is discussed in the *Valuation* section of this report. The highest and best use of the property is to redevelop the entire 156.5 acres as single-family residential as allowed under R-8 zoning. This conclusion is dependent on the extraordinary assumptions made for this appraisal, which are:

- The appraisal is based on the extraordinary assumption that King County would initiate the comprehensive plan amendment, rezone the property to R-8 and take the necessary steps to achieve traffic concurrency. Based on this assumption the entire 156.5 acres could be developed as single-family residential.
- The appraisal is based on the extraordinary assumption that King County would complete the necessary amendments and rezone to allow for development in a timely manner. A buyer would, however, be responsible for obtaining permits and approval associated with platting the property.

*Use Value.* Given the current gravel estimates, a 30-year mining plan seems most practical for the subject property. Our analysis includes the following use value components: the estimated cost savings and/or net operating income from gravel and fill activities, the rental value of the maintenance facility, and the value of the land reversion. This analysis produces a very similar result to the market value analysis.

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<sup>3</sup> From *The Appraisal of Real Estate*, Twelfth Edition, 2001, Appraisal Institute, page 305.

## PART IV – ANALYSES AND CONCLUSIONS TO VALUE

### — *Residential Land Value*

In order to arrive at the subject's land value, we have utilized two approaches to value. The primary analysis is offered through the Development Approach, and is supplemented by the Sales Comparison Approach.

The **Development Approach** to value is a form of the Cost Approach for undeveloped land and considers a proposed development that meets the test of highest and best use and deducts the costs required for such a development. The indicated residual value is the value indication for the subject in its current condition. As previously mentioned, most subdivision sites are typically optioned subject to preliminary plat approval. The Development Approach is the appropriate methodology to evaluate these lots, based on the proposed infrastructure improvements.

The **Sales Comparison Approach** is a method of direct comparison with sales of similar projects. In this case, we have compiled information regarding sales of undeveloped land in the surrounding area. Adjustments are made to the sales for characteristics, which differ from the subject. These include lot size, amenities, infrastructure requirements, location, etc. Upon adjustment, the value indications are correlated into a concluded value by the Sales Comparison Approach.

**Final Correlation and Conclusion of Value** - the various indications of value from the two approaches are analyzed as to how they relate to one another, as well as to the market. The approach or approaches, which are the most appropriate, are given the most consideration in arriving at a final opinion of value.



### — *Development Approach to Value*

For our primary analysis of the subject property, we have performed a Development Approach to value. The first step is to analyze sales of finished lots that are considered similar to the proposed lots at the subject property. The aggregate sellout value, known as the gross sellout, is then used as the basis from which development costs are subtracted.

For our analysis of the subject and as discussed previously, it is assumed that absent its current use by King County, the property would be zoned R-8 by King County. With respect to the assumed zoning, the R-8 designation allows for eight single-family residential dwelling units per acre. The maximum building height within the zone is 30 feet. Lots must have a minimum width of 30 feet, as well as street and interior setbacks at 10 and 5 feet, respectively.

In this case, we have considered an analysis and lot layout performed by Mr. De-En Lang of Lang Associates Inc. As is exhibited on the lot layout provided by Mr. Lang, the subject could support 1,001 single-family lots. Furthermore, the proposed subdivision would make use of the area under the power lines, which cut across the property, for storm water detention facilities, and potentially a park that would include athletic fields. We note that this layout is conceptual in nature, but represents a good estimate and illustration of the subject's development potential as a residential subdivision site.

In addition to the lot layout, Mr. Lang has provided a development cost estimate associated with the conceptual lot layout. Since these costs relate to the proposed development plan of the subject, we consider them to be reliable and should result in a strong residual value conclusion for the property. Once all development costs are subtracted from the gross sellout, the residual value reflects the market value of the subject property in its current state, or the price a developer could afford to pay in order to develop the property to highest and best use, and receive a reasonable return. Our analysis also reflects the time required with obtaining plat approval.

The subject property is anticipated to have 1,001 total lots, each of which will be well located within a growing area, in close proximity to major routes and the commercial services within Maple Valley. The indicated average lot size is approximately 4,000 square feet.



To arrive at a value conclusion for the finished lots proposed on the subject, we have searched the subject area for sales activity of similar lots. The following chart summarizes finished lot sales utilized in this approach:

**Finished Lot Sales Summary**

Sale Identification	Sale Date	Sale Price	Size (ac)	Price/ ac	Units	Price/ Unit	Avg. Lot Size (sf)	Avg Price/sf
1 <i>Rainer Vista at Jenkins Creek</i> SE 240th Street at 184th Avenue SE	01/12/07	\$4,250,000	3.11	\$1,366,559	25	\$170,000	5,419	\$31.37
	01/04/07	\$1,870,000	1.46	\$1,280,822	11	\$170,000	5,782	\$29.40
	09/29/06	\$1,920,000	1.28	\$1,500,000	10	\$192,000	5,576	\$34.44
	08/17/06	\$2,485,000	1.69	\$1,470,414	14	\$177,500	5,258	\$33.76
	08/04/06	\$9,275,000	6.45	\$1,437,984	53	\$175,000	5,301	\$33.01
2 <i>Crystal Firs</i> SE 272nd Street, W. of 216th Avenue SE	06/09/06	\$8,248,500	5.81	\$1,419,707	47	\$175,500	5,385	\$32.59
3 <i>Lake Park</i> 228th Avenue SE & SE 244th Street	06/01/06	\$4,721,621	3.41	\$1,384,640	33	\$143,079	4,501	\$31.79
4 <i>Glacier Point</i> 236th Avenue SE & SE 284th Street	10/13/05	\$3,132,000	6.66	\$470,270	29	\$108,000	6,500	\$16.62
5 <i>Maple Ridge Highlands</i> 254th Way SE	03/29/05	\$1,575,000	1.31	\$1,202,290	9	\$175,000	6,340	\$27.60
	03/10/05	\$6,650,000	5.67	\$1,172,840	38	\$175,000	6,500	\$26.92
	02/28/05	\$4,900,000	4.24	\$1,155,660	28	\$175,000	6,596	\$26.53
	01/07/05	\$21,840,000	17.88	\$1,221,477	168	\$130,000	4,636	\$28.04
6 <i>Meadows at Rock Creek</i> 22838 SE 272nd Street	02/11/05	\$6,570,000	5.51	\$1,192,377	60	\$109,500	4,000	\$27.37
	02/07/05	\$3,374,000	3.05	\$1,105,048	28	\$120,500	4,750	\$25.37
	02/07/05	\$3,374,000	3.05	\$1,105,048	28	\$120,500	4,750	\$25.37

— *Correlation of Finished Lot Sales – Retail Value of Lots*

As indicated in the chart above, there has been a relatively significant amount of recent sales activity for finished lots in the immediate subject area. Furthermore, the various sales indicate a value range for finished lots from \$108,000 to \$192,000. The range in value can be associated with the date of the respective transactions, as well as differences with respect to the typical lot size, the location of the lots and other physical characteristics. We have considered adjustments to the sales to reflect these differences in comparison to the subject.

With respect to the adjustment for changes in market conditions since the date of each respective transaction, we have considered the upward trend in property values experienced in the subject area. Based on our review of market activity, upward adjustments to each sale to reflect the average annual increase in value of around 10% to 15% is warranted resulting in a time-adjusted range on a per lot basis from roughly \$135,000 to \$215,000.

After considering adjustments for market conditions, the lower end of the range on a price per lot basis is set by Sale 4. This lower value indication can primarily be attributed to the fact that this development is located adjacent to a rail line with a number of the lots abutting the corridor. While Sale 4's average lot size is greater than the subject, its location adjacent to the rail line results in an overall adjustment upward. Therefore, an average finished lot value for the subject above that indicated by this transaction is appropriate.

A value for the subject's finished lots below that indicated by Sales 1 and 2, which set the upper end of the range on a per lot basis, is appropriate when considering their necessary adjustments. More specifically, Sale 1 requires downward adjustments for its superior location, larger average lot size and view potential. In this regard, Sale 1 is located further west, in closer proximity to SR-18 and more urban areas. Furthermore, a greater number of lots within this development have good territorial and/or Mt. Rainier views. Sales 2 is in close proximity to the subject, but is superior in that the majority of the lots in this development have territorial and/or Mt. Rainier views.

With respect to Sale 5, the majority of the transactions identified in the chart are superior to the majority of the subject lots due to their larger lot size superior view potential. Conversely, the January 2005 purchase of 168 lots provides significant insight into an average lot value for the subject after considering the upward adjustment for market conditions. These latter lots are similar in size to those that would be developed on the subject, with the majority having similar limited to partial views.

The two remaining transactions, Sales 3 and 6, are considered directly comparable to the subject lots in most aspects with each similar to the subject with respect to average lot size. Of these two sales, significant weight is given to Sale 6 due to the fact that it is located directly north of the subject, across SE 272<sup>nd</sup> Street. With this in mind, an average finished lot value for the subject consistent with the time adjusted values for Sale 6 at \$148,650 to \$163,780 per lot is well supported.

Considering the foregoing analysis, including the sales and their necessary adjustments an average finished lot value for the subject lots at \$150,000 is considered to be appropriate. This conclusion represents an average value, as some of the lots within the proposed subject plat would likely achieve higher prices, while

others would have lower prices with the range reflecting their size, location within the plat and view potential. More specifically, a number of the subject lots, mainly located in the southern portion of the subject property would achieve higher values due to their Mt. Rainier and territorial view potential. On the other hand, a number of lots in the northern portion of the property and in close proximity to the power line corridor would achieve lower values.

— *Absorption*

From the above data associated with the various developments in which the finished lots sales are located, as well as our discussions with developers and builders, we have concluded for purposes of the subject that the 1,001 lots would be purchased in multiple takedown phases. Considering the subject's location and limited physical constraints, an absorption rate at 200 lots per year is considered to be appropriate. This absorption reflects the likelihood of three or more builders, each of which would likely takedown 65 to 70 lots per year. As a result a 5-year sellout period is concluded. This absorption period takes into account the significant number of lots that could be developed on the subject site, yet desirability provided by the subject's location. We also note, that the overall time required to complete the project would be six years reflecting the 12-month period necessary for a buyer to achieve plat approvals prior the commencement of the development and sales.

— *Development Costs*

Cost information was provided by Lang Associates in association with the lot layout discussed previously. Based on their analysis, which is included in the Addenda to this report, the development costs associated with the subject property are estimated at \$32,071,599. This cost estimate includes construction costs associated with the development of the plat, as well as soft costs associated with planning, permitting, and engineering as these latter items would be the responsibility of a buyer. For purposes of our analysis, we have assumed that the total cost would be spread out over a 3-year period as the overall subject would be constructed in phases. Not included in the cost estimate, however, are cost associated with the management of the development process, as well as the marketing and sale of the finished lots. As such, we have considered deductions for sales and marketing at

6% of the gross sellout in a given year, as well as a deduction for management at 2% of the gross sellout for a given year.

— *Development Approach Analysis*

The final step in our analysis considers the various conclusions discussed above and consists of a discounted cash flow analysis to take into account the anticipated sellout period for the subject property of six years. Also included in this step is the consideration of developer's profit.

With respect to the development of the subject property, it is relatively straightforward. In other words the subject site has only minor physical constraints and these constraints have little impact on development potential and the risk of the project. Rather, the subject's topography, access, and existing utilities result in lower development costs as compared to other more challenging properties in and around the subject area. These factors, coupled with the strong market and desirable location results in a relatively low amount of risk. Based on these factors, we have included developer's profit at 10% of gross sellout.

To arrive at an overall value, the annual net cash flows associated with the 6-year sellout period are discounted to arrive at a net present value, which in turn, represents the value of the subject property in its current condition. The discount rate applied is based on various sources reviewed.

According to Korpacz's 2<sup>nd</sup> Quarter 2007 Report on the National Land Development Market, (which represents the most recent study of this semiannual report) discount rates subject to financing demonstrate an overall range of 10.00% to 25.00%, with an average of 17.72%. Conversations with developers of typical plats with average risk indicate yield rates in the 12% to 15% range. As alluded to previously, we believe that subject plat has below-average risk when compared to the typical subdivision due to its physical characteristics and its location. This, in part, has been reflected in our individual lot pricing at the subject, lower costs estimates, including developer's profit. With this in mind, and considering our prior line item deduction for profit, a lower discount is considered to be appropriate, and therefore, we have utilized a discount rate range from 9% to 11% in our analysis.

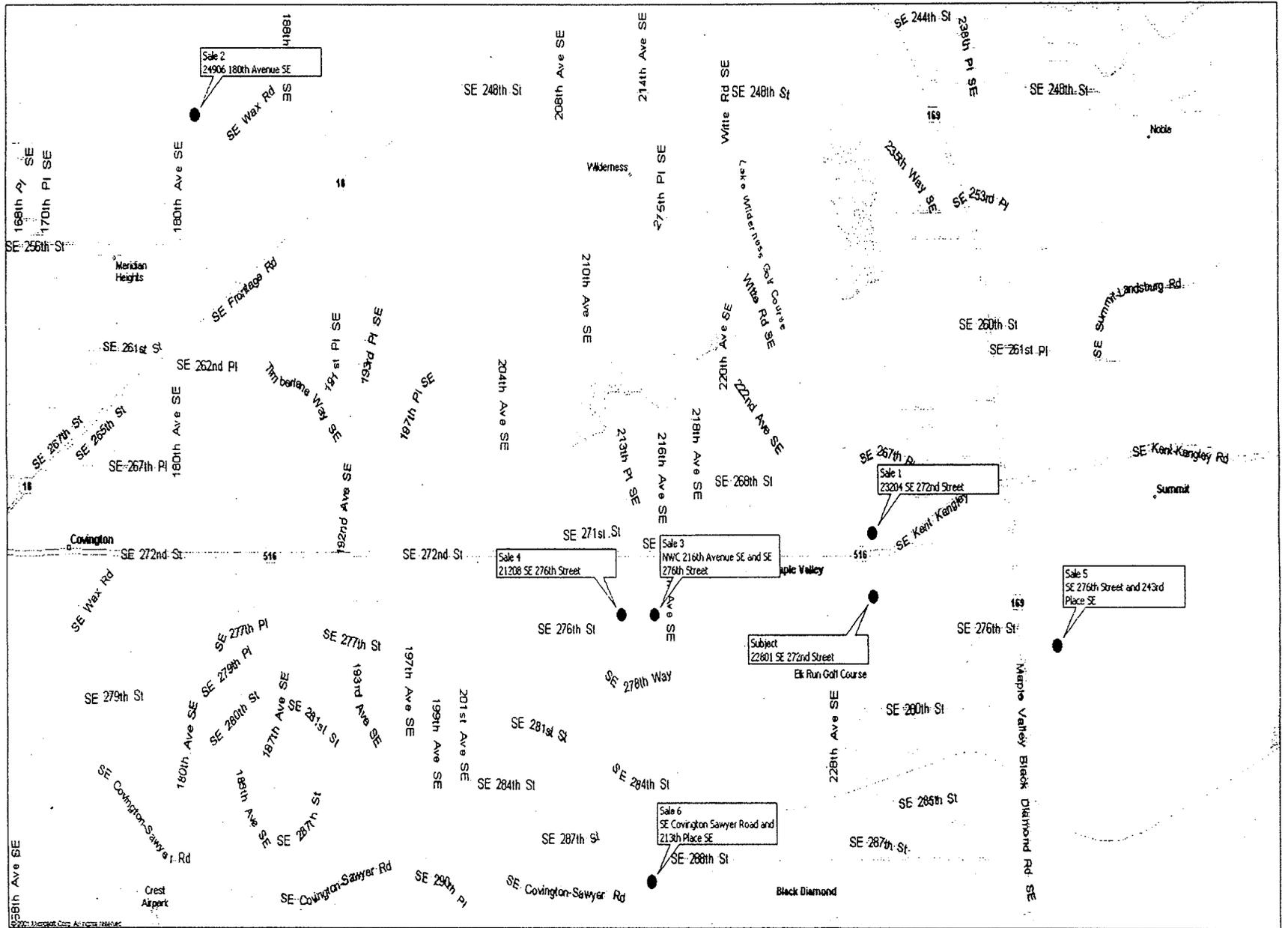
Year			1	2	3	4	5	6	Totals
Finished Lot Value	Current	\$150,000	\$150,000	\$157,500	\$165,375	\$173,644	\$182,326	\$191,442	
	Grow @ 5.00%								
No. of Lots	200/year		0	200	200	200	200	201	1001
Gross Sellout			\$0	\$31,500,000	\$33,075,000	\$34,728,750	\$36,465,188	\$38,479,889	\$135,768,938
Less Development Costs									
Construction Costs			(\$2,830,227)	(\$10,039,538)	(\$10,340,724)	(\$10,650,946)	\$0	\$0	<del>\$33,861,424</del>
	Grow @ 3.00%								
Sales and Marketing	@ 6.00% of Gross Sellout	\$0	\$0	\$1,890,000	\$1,961,250	\$2,014,575	\$2,071,944	\$2,130,000	\$8,146,126
Management	@ 2.00% of Gross Sellout	\$0	\$0	\$630,000	\$653,750	\$671,575	\$690,944	\$709,500	\$2,758,724
Profit	@ 10.00% of Gross Sellout	\$0	\$0	\$3,150,000	\$3,307,500	\$3,472,875	\$3,646,519	\$3,847,989	\$13,576,874
Total Development Costs			(\$2,830,227)	(\$15,709,538)	(\$16,294,224)	(\$16,902,121)	(\$6,563,734)	(\$6,926,380)	<del>\$58,299,843</del>
Net Cash Flows			(\$2,830,227)	\$15,790,462	\$16,780,776	\$17,826,629	\$29,901,454	\$31,553,509	\$77,469,095

				Rounded
Present Value	@	10.00%	\$71,638,092	\$71,640,000
		11.00%	\$68,893,903	\$68,895,000
		12.00%	\$66,287,319	\$66,290,000

A summary of our analysis is presented on the facing chart with an indicated value range for the subject at from the Development Approach rounded to:

**DEVELOPMENT APPROACH: \$66,920,000 TO \$71,640,000**

# Raw Land Sales Map



— *Sales Comparison Approach to Value*

We have surveyed the surrounding vicinity of sales of undeveloped properties, which are summarized in the following chart. We have reviewed sales data reflecting a wide range of lot sizes. Adjustments to the price per lot are made for a variety of reasons, including lot size, market conditions, location, and view/amenities.

Raw Land Sales Summary

Sale Identification	Sale Date	Sale Price	Size (ac)	Price/ ac	Proposed Units	Price/ Unit	Zoning	Density (du/ac)
1 <i>Mystic Meadows</i> 23204 SE 272nd Street	11/29/06	\$1,800,000	4.19	\$429,594	25	\$72,000	R6	5.97
2 <i>Sunrise Hills</i> 24906 180th Avenue SE	08/05 - 09/06	\$4,220,000	16.80	\$251,190	66	\$63,939	R4	3.93
3 <i>Hathaway Glen</i> NWC 216th Avenue SE and SE 276th Street	09/23/05	\$3,500,000	11.07	\$316,170	46	\$76,087	R6	4.16
4 <i>Haley's Terrace</i> 21208 SE 276th Street	07/08/05	\$2,577,000	9.52	\$270,693	49	\$52,592	R6	5.15
5 <i>Arbors at Maple Woods</i> SE 276th Street & 243rd Place SE	05/24/05	\$3,900,000	15.46	\$252,264	60	\$65,000	R6	3.88
6 <i>Alder's Cove</i> SE Covington Sawyer Road & 213th Place SE	05/20/05	\$5,170,000	23.57	\$219,347	94	\$55,000	R4	3.99

**Sale 1** is a 4.19-acre site located on the north side of SE 272<sup>nd</sup> Street, just east of 228<sup>th</sup> Avenue SE. The overall property is slightly irregular in shape and is essentially level. The property was purchased with the intention the development of a 25-lot single-family residential development known as Mystic Meadows, with a typical lot size of 4,500 square feet.

**Sale 2** is the purchase of the raw land that is to be utilized for the development of the Sunrise Hills subdivision. This 16.80-acre property is located on the east side of 180<sup>th</sup> Avenue SE, south of SE 240<sup>th</sup> Street. The property consists of four separate tax parcels that together produce an overall site that is mostly rectangular in shape and essentially level. The various improvements on the property at the time of the purchase were considered to be of no contributory value with the buyer planning a 66-lot subdivision. The typical lot size of the lots to be developed is indicated at 3,800 square feet.

**Sale 3** is the sale of a 11.07-acre site located along the west side of 216<sup>th</sup> Avenue SE, south of SE 272<sup>nd</sup> Street. The overall property is rectangular in shape a

downward slope from north to south. The property's location provides the potential for territorial and/or Mt. Rainier views from the northerly portion of the site. The property was purchased shortly after preliminary plat approval was received for the development of 46 single-family home sites known as Hathaway Glen. The lots within the proposed development will have an average size of 5,000 square feet.

**Sale 4** is the sale of the 9.51-acre site for the Haley's Terrace development. The property is located west of 216<sup>th</sup> Avenue SE. and north of SE 276<sup>th</sup> Street. The overall property has a downward sloping topography from north to south. The property was purchased shortly after preliminary approval for its subdivision into 49 lots, which will have a typical lot size of 5,000 square feet. As a result of its location, some minor off-site access and utility extensions will be required for the development to occur.

**Sale 5** consists of the 15.46-acre site located on the south side of SE Maple Ridge Drive, just east of Maple Valley – Black Diamond Road. This property has a slightly irregular shape, rolling topography and includes wetland areas. This represents the purchase of the raw site, which was subsequently developed with the 60-lot development known as The Arbors at Maple Woods. The typical lot size within the development is indicated at 3,800 square feet. As is indicated by the density achieved, the various sensitive areas and topography of the site had some impact on the development potential of the property.

**Sale 6** is located on the northwest corner of the intersection between SE Covington-Sawyer Road and 216<sup>th</sup> Avenue SE. The overall property measures 23.57 acres and has a mostly level to rolling topography. It is also noted that the property is bisected by a significant power line corridor, which cuts across the property in a northeast to southwest direction. Subsequent to the purchase, the property has been developed with a 94-lot subdivision known as Alder's Cove. The various lots have an average size at 4,400 square feet with almost all of the lots in close proximity to the power line corridor.

#### — *Correlation of Land Sales*

While numerous transactions for vacant residential land with subdivision potential have occurred in the subject area over the last several years, the six sales summarized above are considered to be most pertinent due to their close proximity

to the subject property. With these factors in mind, the sales indicate a range on a price per acre basis from \$219,347 to \$429,594. In the case of vacant residential land with subdivision potential, an analysis on a price per lot basis typically provides the most meaningful unit of comparison. In this regard, the sales indicate a consistent range from \$52,592 to \$76,087 per lot.

In arriving at a value conclusion, there are very few adjustments to the sales that are required for comparison with the subject property. In other words, all but one of the sales, Sale 2, is within two miles of the subject property. Furthermore, the various sales have a similar range of topography as found on the subject with some consisting of essentially level sites, while others consist of rolling or slightly sloping sites. The sales indicate that there is no significant premium or discount associated with size, as there is little, if any, measurable difference between the larger developments and smaller developments reviewed.

Other than the downward adjustments to Sales 3 and 4 for the preliminary plat approvals in place at the time of their purchase, the only significant adjustment necessary to the sales is for changes in market conditions. In this regard, we have considered upward adjustments to each of the sales reflecting an annual appreciation rate of 10% to 15%. Considering this adjustment, the sales indicate a time-adjusted price per lot range from roughly \$68,000 to \$96,000.

We have analyzed the sales in comparison to the subject property in order to arrive at an average per lot value. This average per lot value reflects the fact that a number of the potential lots on the subject property would have territorial and/or Mt. Rainier views. On the other hand, some of the lots would be in close proximity to the power transmission line corridor that cuts across the overall subject site in an east-west direction.

In arriving at an average per lot value, we have considered the fact that some of the lots on the subject property would have values similar to that indicated by Sale 6. More specifically, Sale 6 is similar to the subject in that it is bisected by a major power transmission line right-of-way. As such, it is similar to and would indicate a value for the potential lots on the subject property near the power transmission line right-of-way that cuts across the subject.

Conversely, a greater number of the proposed lots on the subject property would be located a sufficient distance from the power line right-of-way to reduce its potential impacts on their desirability. Also, a number of the subject lots located on the southern portion of the site would be afforded potential Mt. Rainier views to the south. As such, higher values for these various lots on the subject are supported by the sales that share similar characteristics, the majority of which set the upper end of the per lot value range.

With these factors in mind and considering the sales and their necessary adjustments, an average lot value conclusion for the subject property the approximate midpoint of the range at \$70,000 per lot is well supported. Once again, this value reflects an average for the various lots that could be developed on the subject property and reflects the likelihood of lower values attributed to those lots adjacent to the power line corridor and higher values for those lots with good territorial or Mt. Rainier views.

Utilizing an average value conclusion at \$70,000 per lot and applying it to the subject's potential lots results in the following overall value calculation:

$$1,001 \text{ lots @ } \$70,000 \text{ per lot} = \$70,070,000$$

Therefore, the indicated value for the subject from the Sales Comparison Approach is:

**SALES COMPARISON APPROACH: \$70,070,000**

— *Correlation and Conclusion of Value*

The two approaches indicated a relatively narrow range of values, at \$66,290,000 to \$71,640,000. The subject property represents one of the few large tracts of single-family residential land remaining within the immediate area. Both approaches utilized indicate a consistent value for the subject with the value conclusion from the Sales Comparison Approach falling within the range indicated by the Development Approach.

In this case, more recent transactions with respect to the sales of finished lots, which share a similar location to the subject, were found in our analysis under the Development Approach. The Development Approach also allows for a better measurement of value as the subject's location and large size of the proposed development is more accurately reflected in the estimated development costs, absorption, and risk factors. As a result, we have placed most emphasis on the Development Approach in arriving at our final value conclusion. Nonetheless, some weight is given to the lower value indicated by the Sales Comparison Approach resulting in a final value conclusion towards the midpoint of the range in value from the Development Approach.

Therefore, it is our opinion that the market value of the fee simple interest in the subject property, as of July 1, 2007 is:

SEVENTY MILLION DOLLARS  
(\$70,000,000)

— *Use Value*

Normally the valuation of income producing real estate includes three approaches to value, the Cost Approach, the Income Approach, and the Sales Comparison Approach. These three approaches are different in character, but related somewhat in the known facts they require. The final opinion of value is derived through a correlation process in which the appraiser weighs one approach against the other to determine the relative merits of each before coming to a conclusion of value. In this valuation analysis, the Income Approach was sufficient to develop an opinion of value of King County's interest as the owner-user of the Summit property.

**The Income Approach to Value**, as applied to the subject property involves the use of a discounted cash flow analysis (DCF). The discounted cash flow analysis

involves a process of estimating future cash flows related to ownership of the property over an assumed holding period, and discounting these cash flows, plus the eventual proceeds from the sale of the property, to present value based on a market rate of return or yield capitalization rate.

— *Cash Flow Discussion*

*Phase I, II, III*

The area described as Phase I, II, and III includes land area encompassing 80.89 acres and contains an active gravel pit, on-going King County clean fill and street waste programs. The cost saving and/or net operation income from the use of this county owned resource is the basis for this cash flow analysis.

*Maintenance Base*

We have calculated economic rental for the maintenance facility at \$240,000 per year using a land and improvement cost basis of \$3,000,000 and a ground rent factor of 8.0% (\$3,000,000 x 8% = \$240,000). The detail base rental value calculation is included in the following table.

**Maintenance Facility Cost Detail**

Description	Employee Buildings	Equipment Buildings	Site Costs	Total
Area (sf)	2,320	6,034	148,200	8,354
Base cost per square foot	\$260.00	\$100.00	\$4.00	
Base cost new	\$603,200	\$603,400	\$592,800	\$1,799,400
Add: developers profit @ 10%	\$60,320	\$60,340	\$59,280	\$179,940
Replacement cost	\$663,520	\$663,740	\$652,080	\$1,979,340
Replacement cost/sf	<b>\$286.00</b>	<b>\$110.00</b>		<b>\$236.93</b>
Depreciation factor 1970	50%	50.00%	50.00%	-50.00%
Depreciation estimate	(\$331,760)	(\$331,870)	(\$326,040)	(\$989,670)
Depreciated replacement cost	\$331,760	\$331,870	\$326,040	\$989,670
<i>Other Improvements/Costs</i>				
Fuel storage and related improvements				\$130,000
Permit value				\$400,000
Improvement value				<b>\$1,510,000</b>
Add: land value	Acres 3.40	SF 148,200	Value/SF \$10.00	<b>\$1,482,000</b>
Cost Basis				\$2,992,000
			Say	<b>\$3,000,000</b>

Our analysis reflects a 30% adjustment to the economic rent for the maintenance base every 10 years.

***Summary of Discounted Cash Flow Assumption***

The following table contains a summary of the basic assumptions used in arriving at our cash flows estimates:

**Discounted Cash Flow Analysis Assumptions**

Description	Gravel	Clean Fill	Street Waste	Maintenance Base	Golf Course Rent	Land Reversion
Economic life	30 years	30 years	30 years	30 years	30 years	30 years
Total production	3,000,000	1,200,000	300,000	N/A	N/A	N/A
- unit of measurement	Tons	Cubic yard	Tons	Rent/Yr	Rent/Yr	Lots
Stabilized annual production	100,000	40,000	10,000	N/A	N/A	N/A
Production growth rate/year	0.000%	0.000%	0.000%	N/A	N/A	N/A
Income per unit	\$3.00	\$5.00	\$42.25	\$240,000	\$0	N/A
Inflation/Growth Factor	3.00%	3.00%	3.00%	30%/10 yrs	n/a	5.00%

***Gravel***

Aggregate resources have a useful life that ends when all resources have been mined.

Based on recent research commissioned by King County and others, Summit Pit has 1,936,778 cubic yards of gravel. Of this total, 500,000 cubic yards are beneath the golf course and 174,000 cubic yards are beneath the maintenance base facility site. We have made the assumption that only the 1,894,167 cubic yards (roughly 3,000,000 tons) will be mined. At forecast production levels, these gravel resources will be mined in 30 years.

The facing page table includes the comparables used in estimating an aggregate royalty rate for Summit Pit. This royalty rate is a market based rate and represents the amount of money King County saves when they use Summit Pit, or if the aggregate is sold, the amount of money that they would receive from a third party for the right to mine gravel. As indicated in the chart, the starting royalty rate for gravel is estimated at \$3.00 per ton with this amount increasing at an average annual rate of 3.00%. The rate is an "in-bank" rate and is intended to reflect

the net cash flow to the property owner after all operating expenses and capital costs related to the mining operations have been absorbed. Included in capital costs is a reserve for reclamation.

### *Fill Operations*

Fill operations are currently being conducted at the site by King County. King County has estimated that they will take on 40,000 yards of clean fill over the remaining life of the mine, and 10,000 tons of street waste each year. If King County uses Summit Pit for dumping they will avoid dumping fees, and if they take on fill from other public agencies or from the private sector, they expect to earn market dumping fees. Fill forecasts have been provided by King County based on their internal surveys.

### *Timber*

Summit Pit contains timber that King County can use as large woody debris for enhancement projects. Based on estimates provided by King County there is a total of 4,800 trees that could be utilized for such projects. King County has estimated that they will use an average of 300 trees year which indicates that the timber resources will be used over a 16-year period. We have not valued the timber due to the need for a timber cruise. The value could be provided as a separate analysis and attached to this report.

### *— Use Value - Rate of Return Discussion*

King County is an existing user of the subject property and has a track record extending back over many years. The County also has a lower cost of capital as a municipal entity than most market participants. Because of the lower cost of capital we have utilized a 7% rate of return assumption in discounting cash flows under the use value premise. The following table shows a build-up of this discount rate in contrast to a market based discount rate.



### Discount Rate Comparison

Description	Municipal Funding	Private Equity Funding
Base funding rate	4.50%	6.50%
Funding costs	0.50%	0.50%
Private equity (small investors)	0.00%	1.00%
Risk factors	1.5% - 2.0%	2.00%
Rate of Return	6.5% - 7.0%	10.00%

#### — *Summary and Conclusion*

Cash flows or cost savings from the use of the facilities and resources and the proceeds from the eventual sale of the land are discounted to present value based on a rate of return at 6.5% to 7%, which is representative of King County's cost of capital.

This section contains the discounted cash flow analysis worksheet that was developed in arriving at a conclusion of use value for the subject property. A summary of the value conclusions are presented in the following table:

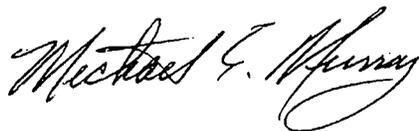
#### Use Value Summary

Property Description	Range	
	From	To
Golf Course Rent	\$0	\$0
Gravel	\$5,108,000	\$5,426,000
Clean Fill Operation	\$3,338,000	\$3,545,000
Street Waste Program	\$7,195,000	\$7,642,000
Maintenance Base	\$3,410,000	\$3,609,000
Land Reversion	\$37,889,000	\$43,604,000
<b>Total</b>	<b>\$56,940,000</b>	<b>\$63,826,000</b>

## CERTIFICATION OF VALUE

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

- The statements of fact contained in this report and upon which the opinions herein are based 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 interest, either present or prospective 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 subject property, or to the parties involved.
- My engagement in this assignment was in no way contingent upon developing or reporting predetermined results, nor was it based on a requested minimum valuation, a specific value, or the approval of a loan.
- My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal
- The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics & Standards of Professional Appraisal Practice of the Appraisal Institute, which include the Uniform Standards of Professional Appraisal Practice.
- I have made a personal inspection of the subject property
- No one provided significant real property appraisal assistance to the person signing this certification, with the exception of the person(s) shown on additional certification(s), if enclosed.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.



---

Michael E. Murray, CCIM

State Cert. #27011-1101118

## CERTIFICATION OF VALUE

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

- The statements of fact contained in this report and upon which the opinions herein are based 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 interest, either present or prospective 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 subject property, or to the parties involved.
- My engagement in this assignment was in no way contingent upon developing or reporting predetermined results, nor was it based on a requested minimum valuation, a specific value, or the approval of a loan.
- My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal
- The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics & Standards of Professional Appraisal Practice of the Appraisal Institute, which include the Uniform Standards of Professional Appraisal Practice.
- I have made a personal inspection of the subject property
- No one provided significant real property appraisal assistance to the person signing this certification, with the exception of the person(s) shown on additional certification(s), if enclosed.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.



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Gregory L. Goodman, Senior Associate

State Cert. #27011-1101089

# Addenda

Market value is defined as:<sup>4</sup>

*The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:*

- 1. buyer and seller are typically motivated;*
- 2. both parties are well-informed or well-advised and acting in what they consider their best interests;*
- 3. a reasonable time is allowed for exposure in the open market;*
- 4. payment is made in terms of cash in United States dollars or in terms of financial arrangements comparable thereto; and*
- 5. the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.*

Fee simple interest is defined as:<sup>5</sup>

*Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.*

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<sup>4</sup> From *The Appraisal of Real Estate*, Twelfth Edition, 2001, Appraisal Institute, page 23.

<sup>5</sup> From *The Appraisal of Real Estate*, Twelfth Edition, 2001, Appraisal Institute, page 69.

# Lang Associates Residential Land Analysis



## Lang Associates, Inc.

Land Use and Development consultants

10658 Riviera Place N.E. • Seattle • Washington • 98125 • Tel: (206) 306-8880 • Fax: (206) 362-6848

June 29, 2007

Mr. Mike Murray  
Allen Brackett Shedd  
12320 NE 8 St, suite 200  
Bellevue, WA 98005

# DRAFT

Re: The Summit-156.48 Acres in Section 34 Township 22 N., Range 6 E., W.M.  
Tax Parcel 3422069006-Residential Development Feasibility Study

Dear Mike:

This report presents the results of a limited feasibility study for the referenced property.

The purpose of this study was to ascertain to the best of our ability the feasibility of developing the subject property as a residential subdivision and produce appropriate lot layouts based on available information supplied by you and King County.

In order to accomplish this, the following pertinent concerns were identified and information relative to them was obtained:

1. Property Size, Location and Land Use Issues
2. Existing Features
3. Abutting Properties
4. Utility Availability
5. Land Use Alternatives
6. Development Cost

The following is a summary of the information obtained and our recommendation concerning development potential of the property.

### **PROPERTY SIZE, LOCATION AND LAND USE ISSUES**

The subject property located east of 228<sup>th</sup> Ave SE between SE Kent-Kangley Road (SE 272<sup>nd</sup> St) and SE 280<sup>th</sup> St.; is in Section 34 Township 22 North, Range 6 East, W.M. King County, Washington.

The property, according to King County Assessor's Map, is 156.48 acres in size and lies within mostly RA-5 zone. This zoning permits single-family residential lots at a density of 0.2 units per acre. There are narrow strips of R-6 Zones along the west property lines and R-1 Zone and R-6 zone along Kent-Kangley Road. This was

normally done by King County to indicate potential zonings or reflect existing zoning of the area. A King County maintenance facility and its future expansion area currently occupy approximately 13.68 acres of the site. Approximately 61.93 acres of the site are leased to Elk Run golf Course, the remaining 80.87 acres is an active gravel pit. A BPA power line with it 375' easement, approximately 24 acres, runs through the site.

The current RA-5 zoning the site would allow 31 single-family lots if the golf course and the maintenance facility were eliminated.

Discussions with Mr. Paul Reitenbach, King County Senior Policy Analyst, indicate that the site is currently designated "Rural" and surrounded by urban uses on all sides. In Mr. Reitenbach's opinion, the site would most likely be re-designated "Urban Residential 4-12 du/ac" and would not be unreasonable to reclassify the site as R-8 Zone which allows 8 du/ac. He also indicated that King County could initiate the comprehensive plan amendment and rezone if the property is surplus and "traded" to a developer. He did caution that the 2008 King County Comprehensive Plan updated is underway and if this property were not included in this process it would have to wait for 2012 update. Please see enclosed timeline of this update.

The subject property is in Concurrency zone #946 which is currently a Red Zone (Fail Standard). Certificates of Transportation Concurrency would not be issued for the project under current traffic conditions.

### **EXISTING FEATURES**

Due to time and budget constraints we did not conducted any site visit. Review of topographic information provided by you and King County indicates the site is generally flat with very little grade changes except for the excavated gravel. It is wooded with primarily firs.

Nine of the Elk Run Golf Course fairways occupy the perimeter 62 acres of the site.

Access to the site is through SE Kent-Kangley Road (SE 272<sup>nd</sup> St) a King County designated Collector Arterial, 228<sup>th</sup> Ave SE a neighborhood collector and SE 280<sup>th</sup> St. a neighborhood collector or local street.

According to aerial photo prepared by King County Road Service Division, two wetlands exist on site they were rated Class 2 wetland under King County Sensitive Are Ordinance, 50-foot to 75-foot wetland buffers would have been required. These wetlands are now rated Category 2 wetland under the Critical Area Ordinance and require 100' buffers. The photo also show a man make pond as result of the gravel pit operation. It is uncertain whether the gravel pit operation would eliminate these pond and wetlands or not. No other know critical areas on site.

### **ABUTTING PROPERTIES**

The site is part of a King County "island" within incorporated City of Maple Valley surrounded by City's R-6 zones except for the P/O (Public Open Spaces) zone at the southeast corner and R-1 zone for that portion in the golf course. The area is primarily single-family residential uses with lots created by several large plats in the past years.

### **UTILITY AVAILABILITY**

Water service is provided by Covington Water District and is available by connecting to mains along SE 272<sup>nd</sup> St., SE 280<sup>th</sup> St., 228<sup>th</sup> Ave SE and at SE 276<sup>th</sup> St.

Sewer service will be provided by Soos Creek Water and Sewer District and is available directly along SE 272<sup>nd</sup> St., SE 280<sup>th</sup> St., 228<sup>th</sup> Ave SE and at SE 276<sup>th</sup> St. Further research is needed to ascertain the depth and the size of the sewer main. Annexation to the District will be required.

Underground power and telephone are available and are provided by Puget Power and Qwest respectively.

### **LAND USE ALTERNATIVES**

Plan A: Rezone the 13.68 acre maintenance facility area to Regional Business and rezone the golf course portion of the site and the remaining 80 acre to R-6 zone. The golf course portions would remain as part of the Elk Run Golf Course. The 80 acre residential site can be developed into a 360 lot single family subdivision utilizes SE Kent-Kangley Road for access and utilities. Lot size would be between 5,500 and 6,500 Sq-Ft comparable to surrounding lot sizes. A road standard variance would most likely be required to allow more than 100 residential units with one access. To justify the variance a connection at the south end of the property to SE 280<sup>th</sup> St. would provide emergency access for the project.

Plan B: Rezone the entire 156.48 acres to R-6 zone. Theoretically, a total of 939 lots would be allowed. The subject property site can realistically be developed into a 789 lot single family subdivision utilizes SE Kent-Kangley Road, 228<sup>th</sup> Ave SE, SE 280<sup>th</sup> St. and SE 276<sup>th</sup> St. for access and utilities. Lot size would be similar to surrounding lots between 5,500 and 6,500 Sq-Ft same as Plan A.

Plan C: Rezone the entire 156.48 acres to R-8 zone. Theoretically, a total of 1,252 lots would be allowed. The subject property site can be developed into a 1,001 lot single family subdivision utilizes SE Kent-Kangley Road, 228<sup>th</sup> Ave SE, SE 280<sup>th</sup> St. and SE 276<sup>th</sup> St. for access and utilities. Lot size would be between 4,000 and 5,000 Sq-Ft.

Plan D: The entire site can be platted as a 31 lot single-family subdivision utilizes SE Kent-Kangley Road for access and utility. Average lot sizes would be around 3 acres.

Please note that Plan A assume the gravel pit operation would continue. The plan would be implemented after the extraction has reached its limit. We also assume that the on-site wetlands were rated based on King County Sensitive Area Ordinance. Whereas Plan C assume the development would commence under the as-is condition and on-site wetlands are rated per King County Critical Area Ordinance.

All plans assume Certificate of Transportation Concurrency problem could be overcome and certificates could be obtained.

### **DEVELOPMENT COST**

Two development cost estimates, one each for Plan B (R-6 plan) and Plan C (R-8 plan) were prepared. The three part cost estimate includes assessment costs, construction costs, and engineering and management costs for the project. In addition to above mentioned assumptions these estimates are based on the following assumptions:

- No sewer lift station would be required.
- On site soils conditions are adequate for storm water infiltration system.
- The entire project would be processed at the same time. Development cost would be higher if the project were developed in phases.

### **RECOMMENDATIONS**

Based on the results of this study and the assumptions that the property can be rezoned to R-6 as described above and lot sizes between 5,500 and 6,500 Sq-Ft, it is our opinion that development of this property as a 360 lot single family subdivision (Plan A) is feasible. Plan B: the entire property can be rezoned to R-6 Zone and lot sizes between 5,500 and 6,500 Sq-Ft, it is our opinion that development of this property as a 789 lot single family subdivision (Plan B) is feasible. Plan C: the entire property can be rezoned to R-8 Zone and lot sizes between 4,000 to 5,000 Sq-Ft, it is our opinion that development of this property as a 1,001 lot single family subdivision (Plan C) is also feasible. Plan D: the 31 lot rural subdivision would result if rezone is unsuccessful. All three alternatives are assuming that Certificates of Transportation Concurrency can be obtained in the future.

### **LIMITATIONS**

This report is intended for use by Allen Brackett Shedd and partners and Lang Associates, INC. for use in determining the feasibility of the subject property as a single-family residential subdivision. The data, lot layout, and report are intended to provide a basis for this determination but should not be construed as a guarantee that the subdivision will be approved by King County, that cost increases or unforeseen development costs will not occur, or of project profitability.

Mr. Murray  
6/28/07  
Page 5 of 6

Although every attempt has been made to discover information pertinent to the proposed project it should be recognized that unknown facts concerning the site might be discovered in the future which could affect the feasibility of the development.

Within the limitations of scope, schedule and budget, our services have been executed in accordance with generally accepted practices at the time the report was prepared. No other conditions, expressed or implied, should be understood.

We appreciate this opportunity to work with you and look forward to continuing our service as you proceed with the project. If you have any questions concerning this report please call.

Sincerely,

LANG ASSOCIATES, INC.

A handwritten signature in black ink, appearing to read "De-En Lang". The signature is fluid and cursive, with a prominent loop at the end.

De-En Lang  
President

Enclosure

The work program timeline for the 2008 KCCP Update is as follows

- **January - February 2007: Public Outreach.** Gather input on issues to be addressed in the 2008 Update by making presentations to Unincorporated Area Councils (UAC) and Agriculture and Forestry Commissions.
- **March 1, 2007:** Transmit the scope of work motion to the King County Council.
- **April 2007:** Staff the King County Council review of the scope of work motion.
- **May - August 2007:** Manage the interdepartmental effort to develop Executive-recommended amendments to the King County Comprehensive Plan.
- **September 2007:** Publish the Public Review Draft of the 2008 KCCP Update.
- **November 2007: Public Outreach.** Conduct public meetings to discuss the Public Review Draft for the 2008 KCCP Update.
- **December 2007:** Transmit the 2007 KCCP Docket Report to the King County Council.
- **January - February 2008: Public Outreach.** Make presentations to the Unincorporated Area Councils (UAC), and the Agriculture and Forestry Commissions about the Public Review Draft for the 2008 KCCP Update.
- **March 1, 2008:** Transmit the Executive-recommended 2008 KCCP Update to the King County Council.
- **March 2008:** King County Council review begins with adoption expected in late 2008.

# QUALIFICATIONS

## MICHAEL E. MURRAY, CCIM

### Education

- June 1976 BA. Business Administration, accounting emphasis, with honors.  
Eastern Washington University, Cheney, WA
- June 1983 Graduate tax work for two years  
Golden Gate University, Seattle, WA
- January 1992 CCIM, Commercial and Investment Real Estate Institute, Chicago, IL  
Completed education and experience requirements and obtained CCIM designation.

### Appraisal Experience

#### **Allen Brackett Shedd (formerly Bruce C. Allen & Associates, Inc.), Bellevue, Washington**

April 1999 to Present – Senior Associate Appraiser

**RCM Corporation** (Commercial real estate services firm), February 1987 – November 1997, Senior Associate and part owner. Specialized in corporate services, property management, and investment advisory/brokerage services.

**Murray & Associates**, March 1984 – January 1987, CPA specializing in real estate financial management services, including: lease administration, lease accounting, investment analysis and advisory services, property tax assessment analysis and appeals, and other valuation services.

**Bon Marché**, (Regional department store chain, Seattle, WA), July 1977 – February 1984, Tax and Tenancy Manager. Responsible for income taxes, excise taxes, property taxes, licenses, fixed asset accounting, and lease administration. Prepared the capital and operating expense budgets, and served as the Budget and Finance Director for the credit union. Shared in the responsibility of representing the company at various business association functions.

### Selected Background Information

- CPA, Washington State, since 1982
- CCIM, Certified Member of the Commercial & Investment Real Estate Institute, since 1992
- Licensed Real Estate Broker, Washington State, since 1990

**State Certification Number – General:** 27011-1101118      **Expiration:** 12/04/08

(Revised 02/12/07)

# QUALIFICATIONS

## GREGORY L. GOODMAN

### Experience

Involved in the real estate field since February of 1999. Appraisal experience includes a wide variety of appraisal assignments, including commercial, industrial and residential real estate, easements, condemnation, and sensitive properties. Appraisal assignments include work throughout the Puget Sound Region, including King, Pierce, Snohomish, Kitsap, Whatcom, Skagit, and Island Counties.

March 2000 - Present: Associate, *Allen Brackett Shedd* (formerly Bruce C. Allen & Associates, Inc.)

February 1999 - March 2000: Research Specialist, *Bruce C. Allen & Associates, Inc.*

### Education

University of Washington, Seattle, Washington: BA Degree in Business Administration with concentrations in Finance and Information Systems, December of 1998.

Bellevue Community College: *Foundations of Real Estate Appraisal*

North Seattle Community College: *Procedures of Real Estate Appraisal*

Appraisal Institute: *Basic Income Capitalization 310*

Appraisal Institute: *General Applications 320*

Appraisal Institute: *Standards of Professional Practice, Part A 410*

Appraisal Institute: *Standards of Professional Practice, Part B 420*

Appraisal Institute: *Highest & Best Use and Market Analysis 520*

Appraisal Institute: *Advanced Sales Comparison & Cost Approaches 530*

Appraisal Institute: *Report Writing & Valuation Analysis 540*

### Representative Client List:

#### **Government**

City of Auburn

City of Bellingham

City of Everett

City of Kent

City of Redmond

City of SeaTac

City of Seattle

King County Dept. of Transportation

King County Open Space

King County Public Works

Kitsap County Consolidated Housing Authority

Pierce County Public Works

Port of Seattle

Seattle Public Library

Seattle Public School District

SoundTransit

US Army Corps of Engineers

#### **Attorneys-at-Law**

Cairncross & Hempelmann

Davis Wright Tremaine

Graham & Dunn

Hanson, Baker, Ludlow & Drumheller

Lane, Powell, Spears & Lubersky

Lasher, Holzapfel, Sperry & Ebberson

Perkins Coie

Preston, Gates & Ellis

Short, Cressman & Burgess

Washington State Attorney General's Office

Williams & Williams

#### **Private Sector**

Burlington Northern Santa Fe

Cascade Land Conservancy

David Evans and Associates

Deposit & Associates

Evergreen Center Associates

Nature Conservancy

Palmer Coking Coal

Pharos Corporation

Port Blakely Communities

Puget Sound Energy

Seattle Pacific University

**GREGORY L. GOODMAN (cont.)**

**Financial Institutions**

Anchor Savings Bank  
Bank of America  
US Bank

**State Certification Number – General:** 27011-1101089

**Expiration:** 12/02/07

(Revised 11/24/04)



**Lang Associates, Inc.** Land Use and Development Consultants

10658 Riviera Place NE • Seattle • WA 98125 • Tel (206) 306-8880 • Fax (206) 362-6848

<b>PROJECT NAME: THE SUMMIT PLAN C</b>		
CLIENT: King County Real Estate Services		
NO. OF LOTS/UNITS: 1,001	TAX ACCOUNT NO.: 3422069006	
ACREAGE (Gross): 156.48	Sec-Twp-Rge: NW 34 22 6	Prepared by:dl
ACREAGE (Developed): 129.48	EXISTING ZONING: R-8	Checked by:

<b>TOTAL DEVELOPMENT COST:</b>	<b>\$32,040</b>	<b>PER LOT:</b>	<b>TOTAL</b>	<b>\$32,071,599</b>
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ITEM	REMARKS	TOTAL COST
Sewer Area Assessment	SOOS CREEK W&SD	\$0
Sewer Unit Assessment	SOOS CREEK W&SD	\$2,485,483
Water Area Assessment	COVINGTON WD	\$0
Water Unit Assessment	COVINGTON WD	\$7,155,148
Misc. Assessment	(See Notes 3 & 4)	\$65,065
<b>ASSESSMENT / MITIGATION</b>	<b>\$9,696 /UNIT</b>	<b>SUBTOTAL \$9,705,696</b>

Clearing-R/W Bldg. Site & Esmt.		\$744,285
-Other		\$49,939
Rough Grading-R/W & Esmt.		\$757,063
-Other		\$0
Roads-Fine Grading & Paving		\$3,246,275
-Extras		\$138,889
Curbs		\$1,608,295
Sidewalks or Walkways		\$1,532,796
Storm Sewers		\$2,999,982
Infiltration/Water Quality		\$206,405
TESCP		\$1,096,433
Sensitive Protection		\$7,197
Sewer System		\$3,570,589
Water System		\$1,297,039
Service		\$491,232
Franchise Utilities		\$0
Power	(See Note 5)	\$484,978
Street Lights		\$141,440
Other Utilities		\$0
Off-Site Improvements		
Roads		\$0
Storm Sewer		\$0
Sewer		\$0
Water		\$0
Off-Site Subtotal		\$0
Misc.		\$1,162,838
<b>CONSTRUCTION</b>	<b>\$19,516 /UNIT</b>	<b>SUBTOTAL \$19,535,676</b>

**DRAFT**

ITEM	REMARKS	TOTAL COST
Feasibility & Cost Estimate		\$2,400
Prel. Plat Management		\$72,070
Prel. Engineering/survey		\$65,200
Prel. Studies		\$128,700
Prel. Fees *		\$49,845
Eng. & Const. Management		\$450,450
Engineering-Plat		\$1,256,977
Engineering-Sewer Plan (Septic) & Fees	(By Consultant or S&W Dist.)	\$0
Engineering-Water Plan & Fees	(By Consultant or S&W Dist.)	\$246,523
Other Studies	(By Consultants)	\$60,000
Fees-Final Plat & Plans	(Pay to County & Health Dept)*	\$144,300
Fees-Inspection & Accept.	(Pay to County & Health Dept)*	\$60,727
E.I.S. (if required)	(By County Consultants)*	
Bond		\$293,035.14
<b>ENGINEERING / MANAGEMENT</b>	<b>\$2,827 /UNIT</b>	<b>SUBTOTAL \$2,830,227</b>
<b>TOTAL DEVELOPMENT COST</b>	<b>\$32,040 /UNIT</b>	<b>TOTAL \$32,071,599</b>

NOTES:

1. This is an **ESTIMATE** only. This estimate was prepared using prevailing prices and information obtained from various public sources. Price and public policies reflected are subject to change without notice.
2. No contingency moneys have been included. The client should add his best estimate of the inflation involved. A minimum of 10% is suggested.
3. TRAFFIC mitigation fee for MPS Zone 281 currently is \$1,689.00 per unit, with an estimated total fee of \$1,690,689 to be paid at building permit.
4. SCHOOL mitigation fee for TAHOMA SCHOOL DIST. is estimated to be \$65,065.00. Half to be paid with final plat recording (included in this estimate) and remainder to be paid at building permit.
5. Puget Sound Energy may require a deposit of \$484,977.90. This would be refunded at the current rate of \$484.49 per unit at the time of hookup until all of the deposit has been refunded.
6. \*County fees are charged by the hour (\$140.00/hr), amounts shown are estimates only.
7. Lang Associates, Inc. fees are based on time & material, amounts shown are estimate only.
8. The cost of potential EIS is not included in this estimate.
9. This estimate assumes 1,001 lots in the project, and to be processed in one phase. Final number of lots to be determined at final plat approval.
10. Bond Amount--\$18,581,338--(estimated for fee calculation only).

prepared by: Lang Associates, Inc.

lai file # :The Summit C