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1983

[illegible] HANSON LAMB
[illegible] ASSOCIATES, INC.

Real Property [illegible]

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GPO

The preparation of this report was financially aided through a grant from the Washington State Department of Ecology with funds obtained from the National Oceanic and Atmospheric Administration, and appropriated for Section 306 of the Coastal Zone Management Act of 1972.

U.S. DEPARTMENT OF COMMERCE NOAA
COASTAL SERVICES CENTER
2234 SOUTH HOBSON AVENUE
CHARLESTON, SC 29405-2413

APPRAISAL OF MANUFACTURING AND INDUSTRIAL WATERFRONT SITES LOCATED IN SEATTLE, WASHINGTON

Property of CSC Library

I. APPRAISAL OF MANUFACTURING ZONED WATERFRONT SITE ON LAKE UNION

II. APPRAISAL OF INDUSTRIAL ZONED WATERFRONT SITE ON THE SALMON BAY WATERWAY

III. APPRAISAL INDUSTRIAL ZONED WATERFRONT SITE ON THE DUWAMISH WATERWAY

FOR

CITY OF SEATTLE
DEPARTMENT OF CONSTRUCTION AND LAND USE

AS OF

AUGUST 29, 1983

JOB

S983-142

PREPARED BY

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August 29, 1983

William J. Justen, P.E.
Director
Department of Construction and Land Use
400 Municipal Building
Seattle, Washington 98104

Re: Site appraisals of the following three parcels located in Seattle, Washington:

I. M zoned waterfront site on the northern shore of Lake Union occupying the block south of Northeast Northlake Way and between 2nd Avenue Northeast and Latona Avenue Northeast

II. IG zoned waterfront site on the north side of the Salmon Bay Waterway portion of the Lake Washington Ship Canal at the south corner of 20th Avenue Northwest and Shilshole Avenue Northwest

III. IH zoned waterfront site on the east side of the Duwamish Waterway between South Oregon Street and Diagonal Avenue South.

Dear Mr. Justen:

At your request we have personally inspected the above captioned properties for the purpose of forming an opinion of their Fair Market Values. As detailed in the following report, it is our opinion that the Fair Market Values of the subject properties under the current Seattle Shoreline Master Program, are as follows:

I. M zoned site on Lake Union: $600,000

II. IG zoned site on the Salmon Bay Waterway: $1,800,000

III. IH zoned site on the Duwamish Waterway: $2,300,000

If the parcels were assessed at their appraised Fair Market Values tax revenues for the 3 parcels would be distributed as follows:

	Parcel I	Parcel II	Parcel III
State of Washington	$1,765	$5,295	$6,765
King County Funds	817	2,451	3,132
Port of Seattle	194	583	746
Emergency Medical Services	74	223	285
School District #1	1,507	4,521	5,777
City of Seattle	1,532	4,595	5,871
TOTAL	$5,889	$17,668	$22,576

We have also examined the economic impacts of the proposed changes to the Seattle Shoreline Master Program to prohibit development of non-water dependent uses along Seattle's commercial/manufacturing/industrial shorelines. The existing prohibitions, along with the new prohibitions, are delineated in the discussion of each of the properties.

Regarding the prohibition of certain uses now permitted in the Urban Stable-Lake Union environment, most of the uses which would be prohibited were outside of the range of Highest and Best Usage in that they were either not permitted by the underlying zoning or existing development in the surrounding area was not conducive to those uses. Restaurant facilities were an exception. Banning this use from future development of the Lake Union parcel would, in our opinion, reduce the Fair Market Value of that property by 10%, or $60,000.

The reduction of property tax revenue would be $589, distributed as follows:

State of Washington	$177
King County Funds	82
Port of Seattle	19
Emergency Medical Services	7
School District #1	151
City of Seattle	153
TOTAL	$589

Regarding the proposed prohibition of certain of the currently permitted uses in the Urban Development shoreline environment, the proposed prohibited uses would not be the most profitable for either the Salmon Bay Waterway or the Duwamish Waterway sites which we examined. The proposed prohibited uses were outside the range of Highest and Best Use and would, in our opinion, produce a lower economic return than the remaining permitted uses. The Fair Market Value of these properties, and the property taxes on them, would be unaffected.

CERTIFICATION

We, the undersigned, do hereby certify that, except as otherwise noted in this appraisal report:

1. We have no present or contemplated future interest in the real estate that is the subject of this appraisal report.

2. That we have no personal interest or bias with respect to the subject matter of this appraisal report nor to the parties involved.

3. To the best of our knowledge and belief the statements of fact contained in this appraisal report, upon which the analyses, opinions and conclusions expressed herein are based, true and correct.

4. This appraisal report sets forth all of the limiting conditions (imposed by the terms of our assignment or by the undersigned) affecting the analyses, opinions and conclusions contained in this report.

5. This appraisal report has been made in conformity with and is subject to the requirements of the Code of Professional Ethics and Standards of Professional Conduct of the Americian Institute of Real Estate Appraisers of the National Association of Real Estate Boards.

6. No one other than the undersigned prepared the analyses, conclusions and opinions concerning real estate that are set forth in this appraisal report.

7. In arriving at the analyses, conclusions and opinions concerning real estate contained in this appraisal report, we consulted with other appraisers, and we hereby acknowledge their professional contribution to the analyses conclusions and opinions concerning real estate set forth in the appraisal report.

8. The American Insitute of Real Estate Appraisers conducts a voluntary program of continuing education for its designated members. M.A.I.s and R.M.s who meet the minimum standards of this program are awarded periodic educational certification. I am certified under this program through December 31, 1986.

Disclosure of the contents of this appraisal report is governed by the By-Laws and Regulations of the American Institute of Real Estate Appraisers of the National Association of Real Estate Boards and the Society of Real Estate Appraisers.

Neither all, nor any part, of the contents of this report (especially any conclusions as to value, the identity of the appraiser nor the firm with which he is connected), or any reference to the American Institute of Real Estate Appraisers, or to the M.A.I., or R.M., designations, to the Society of Real Estate Appraisers and the SRA or SREA designations, shall be disseminated to the public through advertising media, public relations media, sales media or any other public means of communication without the prior written consent and approval of the undersigned.

Michael B. Lamb, M.A.I., S.R.P.A.
Appraiser and Consultant

Lawrence M. Archer
Appraiser and Consultant

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OVERVIEW OF DATA AND CONCLUSIONS

The following report analyzes the effect of proposed changes in the Seattle Shoreline Master Program on the Fair Market Values of waterfront manufacturing and industrial land on Lake Union, the Lake Washington Ship Canal, and the Duwamish Waterway. One representative parcel was chosen from each of these areas, and was appraised under both the existing and proposed sets of shoreline regulations. The parcel selection was performed by the Seattle Department of Construction and Land Use; our analysis indicates that each is a suitable property for development, and that each reasonably represents the shoreline from which it was chosen.

On Lake Union, our investigation into market activity indicates that while improved properties continue to sell at normal rates, the sales activity in vacant parcels has virtually ceased since the late 1970's. The subdued selling rate is not due to a shortage of vacant properties currently for sale. Many lots that are vacant or have only dilapidated improvements are now listed and knowledgeable real estate agents indicate that still more are available. Also, the present slow market for vacant sites with Lake Union frontage is not a continuation of earlier trends. Many properties, including the Lake Union property appraised below, were sold during 1976. Our investigation indicates that the sales rate has been gradually slowing since that time with the most recent sale of a significant vacant parcel occuring in August, 1981, although a 10 foot wide strip changed hands in January of this year. Shoreline regulations extending the development period and also restricting the uses of vacant properties to below their economic potentials may partially account for the limited market activity in vacant Lake Union waterfront property.

The most recent sales and lease data, combined with information gathered from knowledgeable realtors handling Lake Union properties and interpreted by generally accepted principles of real estate analysis, suggests that the Highest and Best Uses of Lake Union sites vary with their positions on the Lake.

Properties with good arterial access, in neighborhoods amenable to commercial activity, find their most profitable utilization with commercial development. Uses such as restaurant and retail facilities are being proposed for a number of sites on the south end of Lake Union, where good access from a substantial flow of traffic is available.

Marinas and related repair facilities are successful all around Lake Union. This usage is aided by the fact that most Lake Union properties have a signifcant percentage of submerged area suitable for moorage. Because their most important traffic comes from the water, arterial access and commercial exposure are not mandatory for marinas.

Residential uses, most notably houseboats, have been adapted to various locations on Lake Union, as well as Portage Bay. The current selling prices of condominium units in the Roanoke Reef complex suggests a strong market demand for houseboat living. Development of this type of use does not, however, find its way into the current thinking of the realtors and developers we have contacted. The complicated and time consuming permit process, with the ultimate decision resting in the hands of the City Council, imposes a significant cost and risk factor for establishment of such uses. The development path for the Roanoke Reef complex was considerably smoothed by the continuing extremely unpopular presence

of the abandoned foundation slab for the defunct Roanoke Reef multi-story condominium building. Without such a strong motivating factor, market opinion is that additional houseboat moorages will not be approved on Lake Union. Based on our analysis of the Roanoke Reef development and the potential selling prices of houseboat sites on the Lake Union subject property, even a minor chance of failure eliminates houseboat moorage from consideration as the highest valued use.

While manufacturing, shipping, and other uses occupy nearly all of the available sites on the Lake Washington Ship Canal, these uses have not absorbed the vacant sites on Lake Union. In comparison to the properties on the Ship Canal, which are industrially zoned and regulated by the relatively unrestrictive Urban Development shoreline environment, more difficulty is encountered in using the vacant properties on Lake Union which are zoned manufacturing and in the Urban Stable/Lake Union shoreline environment. Industrial uses on the Ship Canal are free to occupy 100% of their site, often without height restrictions, and they can obtain permission to fill submerged portions of their property. On Lake Union, nearly all users must provide view corridors over 35% of the uplands, industrial structures are confined no more than 50% of the site, and none of the submerged site area may be filled. Realtors report that, due to the greater restrictions on Lake Union, the Ship Canal is the favored location for waterfront manufacturing uses. Some easing of the US/LU restrictions would be necessary to allow Lake Union properties to compete with UD classed properties on the Ship Canal for manufacturing and industrial uses. With similar controls, the utility of sites for manufacturing uses would be about the same on Lake Union and the Ship Canal and land values for these uses would roughly equalize.

In our opinion, the proposed restrictions on commercial activity in the Urban Stable/Lake Union environment would impact the subject property's most profitable usage and would reduce its Fair Market Value by approximately 10%. Similarly situated properties on the northern shore of the Lake would be affected to roughly the same degree. The greatest reduction in property values would be experienced in the areas with better arterial exposure. The properties along Fairview Avenue North and Westlake Avenue North would be affected substantially more adversely than the subject.

The sales data and our survey of currently listed vacant properties indicates a reasonably active market for vacant Industrial zoned sites in the relatively unrestrictive Urban Development shoreline environment. The Lake Washington Ship Canal offers a comparatively small supply of waterfront parcels; railroad rights of way and a few large ownerships reduce the supply of parcels available for sale. It is the small pool of available parcels, rather than a depressed market for the Ship Canal land, which required us to reach back in time for some of the sales. Waterfront industrial parcels on the Duwamish Waterway find an active market; one of the major private sector purchasers continues to be Marine Power and Equipment Company.

On both the Lake Washington Ship Canal and the Duwamish Waterway, market values are determined by the factors which have traditionally established the values of waterfront industrial land. Waterfrontage contributes to the usefulness of a parcel. Most waterfront industrially developed properties actively use the waterfront for shipping, moorage, or other marine related purposes. Industrial sites with waterfrontage command higher prices than similarly situated dry land sites. The size of a parcel is important; larger parcels sell for lower prices per square foot.

The submerged portions of industrial sites are less useful than the upland parts. The concensus of informed market opinion is that a square foot of submerged land is worth roughly 50% less than a square foot of waterfront dry land. Access to the Sound is another significant factor; closer parcels require less navigation time within the channels and encounter fewer delays for bridge openings. Also, on the Duwamish, the depth of the federally maintained channel decreases as vessels travel upstream. The smaller channel reduces the type of vessels which can serve sites in the southern reaches. Accessibility by truck is an important factor for all industrial uses; rail service is crucial for some uses, but many properties function well without it.

In our opinion, the additional constraints on non-water dependent activities contained in the proposed Urban Development shoreline environment will not affect the most profitable uses of either the subject property on the Lake Washington Ship Canal or the subject on the Duwamish Waterway. For this reason, the proposed changes will not affect the Fair Market Value of either property.

UNDERLYING ASSUMPTIONS AND LIMITING CONDITIONS

1. That the legal description furnished to the appraisers is true and correct.

2. That no survey was furnished to the appraiser.

3. That the title to the property appraised in this report is good.

4. That no title evidence pertaining to easements, leases, reservations or other parties-in-interest was furnished to the appraisers.

5. The property is appraised as a fee simple estate.

6. The appraisal assumes good title, responsible ownership and competent management.

7. No responsibility is assumed for matters which are legal in nature, nor is any opinion of the title rendered herewith.

8. No guarantee is made for the accuracy of estimates or opinions furnished by others and contained in this report.

9. No liability is assumed in matters of legal character affecting the property, such as title defects, encroachments, liens, overlapping lines, etc.

10. Any liens or encumbrances which may now exist have been disregarded, and the property has been appraised as though free of indebtedness and as though no delinquency in payment of general taxes or special assessments exists.

11. The values assigned to improvements, shown in this report, are in proportion to the contribution said improvements make to the value of the property as a whole.

12. Compensation for appraisal services is dependent only upon the delivery of this report.

13. The value found by the appraiser is in no way contingent upon the compensation to be paid for the appraisal services.

14. Standard and accepted appraisal practices were employed in the appraisal process.

15. In the event that the subject property enters into condemnation proceedings, it is assumed the appraiser will be given additional time for court preparation.

16. No right is given to publish or reproduce any portion of this report without the consent of the appraiser.

17. No earthquake compliance report was made or ordered in conjunction with the appraisal report.

18. No engineering survey was made or ordered in conjunction with this report.

19. Appraisers have performed only visual inspection of subject properties from adjacent public rights of way and reserve the right to modify opinions of value after making detailed, on-site inspections.

PURPOSE OF APPRAISAL:

The purpose of this appraisal is to estimate the present "Fair Market Value" of the subject properties in fee simple estate as if free and clear of all encumbrances as of August 29, 1983, under Seattle's zoning and subject to both current and proposed Seattle Shoreline Environment regulations.

DEFINITION OF FAIR MARKET VALUE:

Fair Market Value is defined as:

"The highest price in terms of money which a property will bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller, each acting prudently, knowledgeably and assuming the price is not affected by undue stimulus.

Implicit in this definition is the consumation 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 each acting in what he considers his own best interest.

3. a resonable time is allowed for exposure in the open market.

4. payment is made in cash or its equivalent.

5. financing, if any, is on terms generally available in the community at the specified date and typical for the property type in its locale.

6. the price represents a normal consideration for the property sold unaffected by special financing amounts and/or terms, services, fees, costs of credits incurred in the transaction."

PARCEL NO. 1

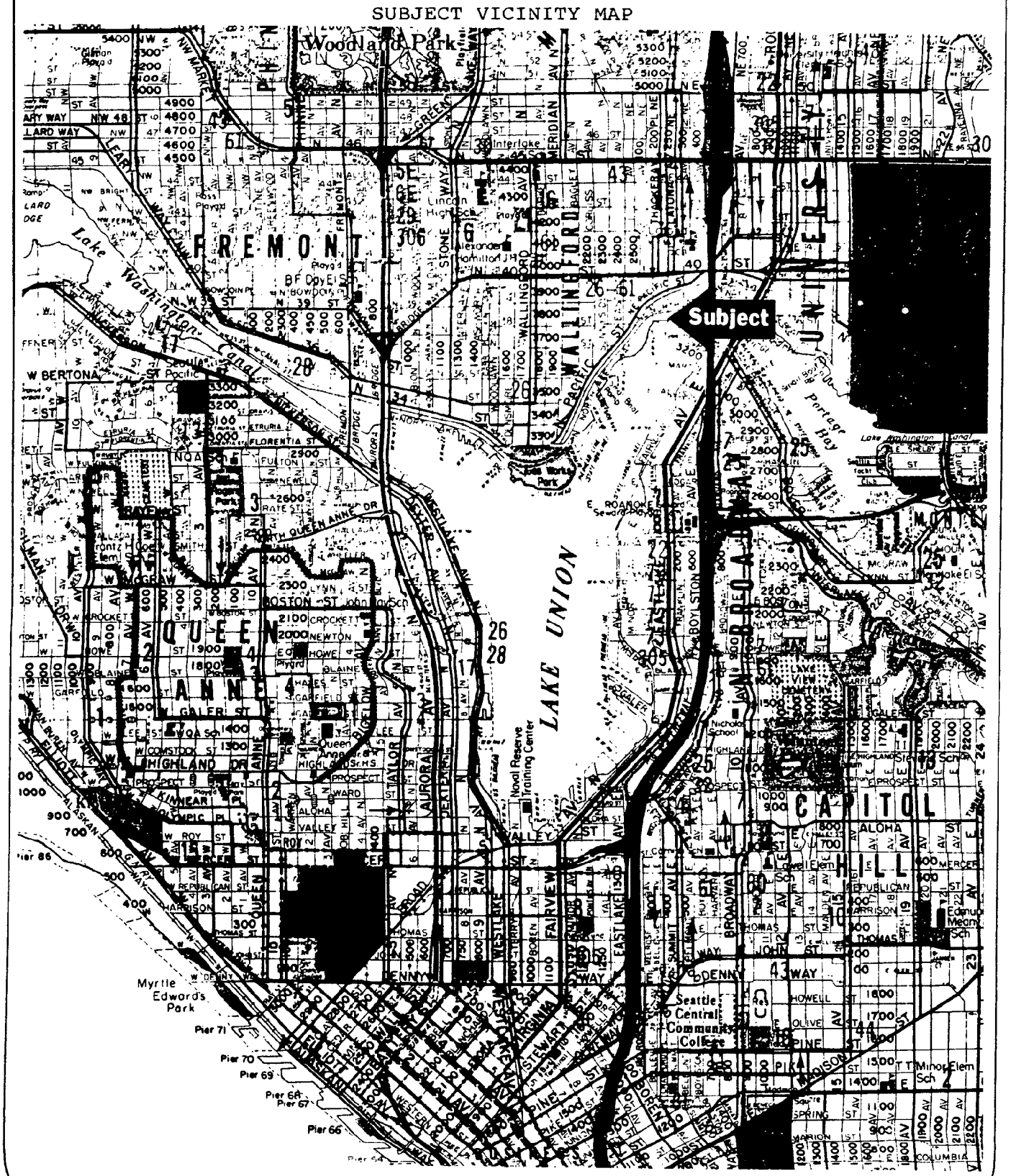
LAKE UNION SITE

NEIGHBORHOOD:

The subject property is located on the northeast shore of Lake Union in the Wallingford district. Most of the surrounding properties are improved with industrial and commercial uses. Developments in the subject's vicinity were originally determined by the convenient maritime access through the Ballard Locks combined with rail service near the Lake's northern shore. The railline has been converted to the Burke Gilman bicycle trail. Truck access to this area is now via Interstate 5 and surface streets inadequate for large combination trucks. Recent developments along north Lake Union have tended toward marinas and other recreation uses. The property immediately east of the subject is a warehouse and pier occupied by Columbia-Wards Fisheries and Excusion Inlet Packing Company. The property to the west was formerly used by Lone Star Industries as a transfer point for their materials brought in by barge. The subject was previously used by Glacier Sand and Gravel Company for the same purposes. Dunn Lumber, a building materials retailer, is north of the subject across Northeast Northlake Way.

Lake Union is bounded on the west by the steep slopes of Queen Anne Hill and on the east by the steep slopes of Capitol Hill. Away from the shoreline the territory north and south of the lake is relatively flat. Developments further from Lake Union are predominantly single family residential to the north, mixed multiple and single family residential on the east and west, and a light industrial/commercial district to the south. The University District, approximately 1/4 mile east of the subject is predominantly developed with multi-family dwellings, retail business, and the University itself.

SUBJECT VICINITY MAP



PROPERTY DESCRIPTION:

Note: Permission was requested but not obtained to inspect this property. The property description is based on visual inspection from off the property.

OSTENSIBLE OWNER:

Northwest Diesel Repair, Inc.

LEGAL DESCRIPTION:

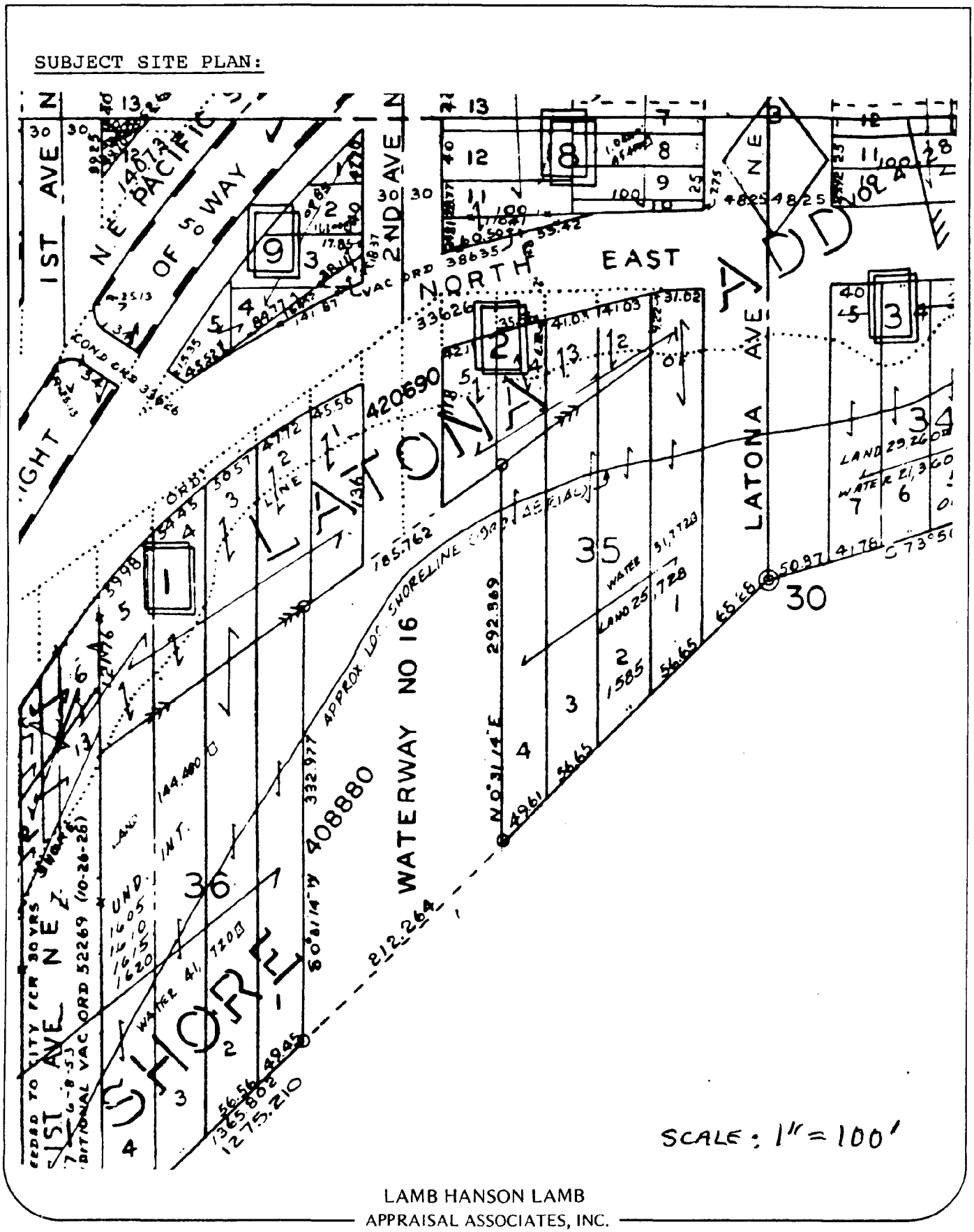
The subject is legally described as follows:

Lots 1, 2, 3 and 4, Block 35, map of Lake Union Shore Lands, in King County, Washington and Lots 1, 2, 3, 4 and 5, Block 2, Latona Addition to the City of Seattle, according to the plat recorded in Volume 4 of Plats, Page 28, in King County, Washington, except such portions of said lots as fall within Lake Union shore lands and except that portion thereof condemned in King County Superior Court Case No. 108136 for Northlake Avenue as provided by Ordinance NO. 33626 of the City of Seattle.

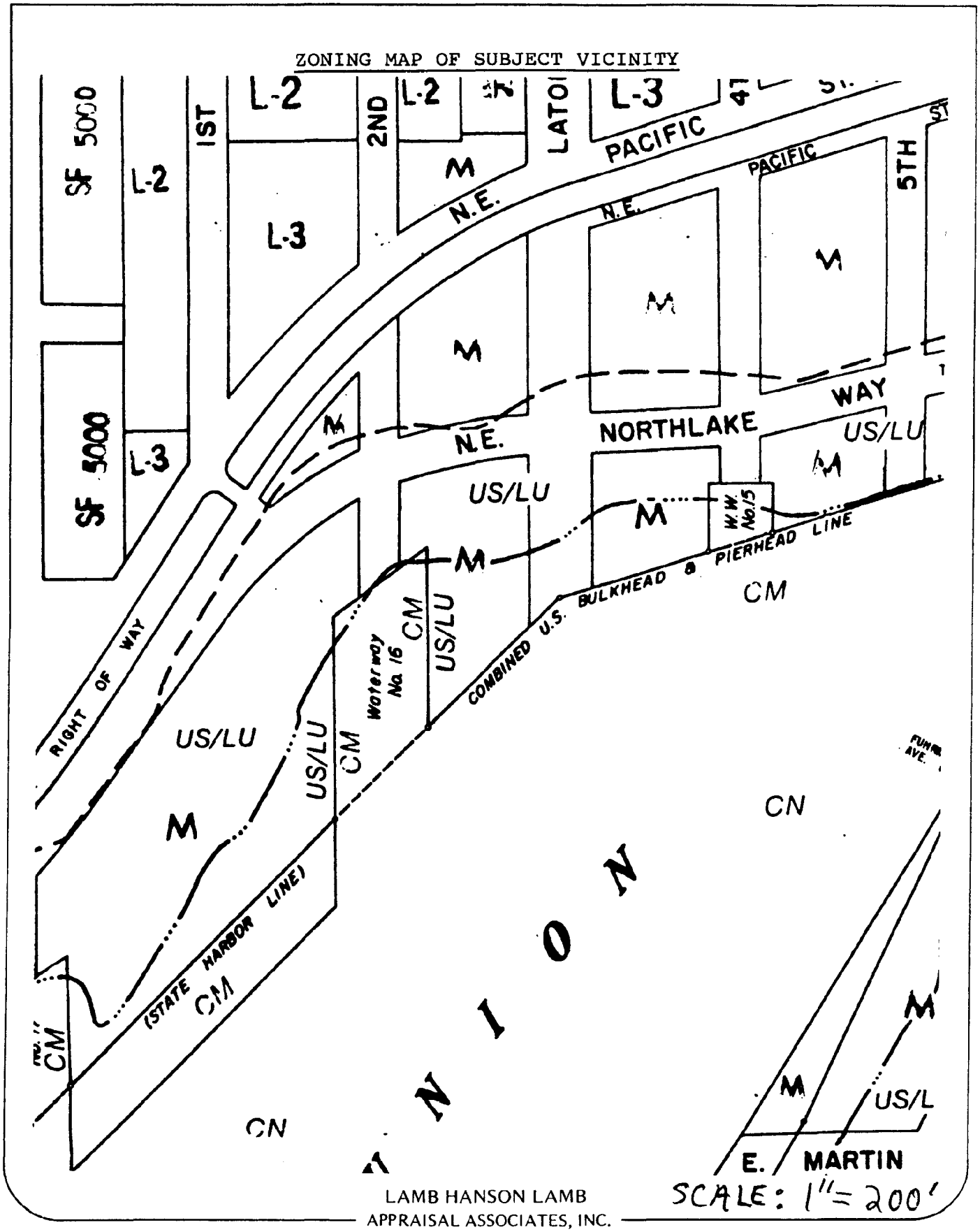
Note: The portion of Lots 1 to 5 inclusive, Block 2, said Latona Addition condemned in King County Superior Court Cause No. 108136, is described as follows.

Beginning at the northwest corner of said Lot 5; thence east along the north line of said Lots 1 to 5 inclusive, a distance of 169.08 feet; thence south 77°38'41" west a distance of 98 feet to point of curve; thence westerly along the arc of a curve to the left having a uniform radius of 601.42 feet, a distance of 77.67 feet to a point on the west line of Lot 5; thence north along said west line, a distance of 38.72 feet to the point of beginning.

SUBJECT SITE PLAN:



ZONING MAP OF SUBJECT VICINITY



SCALE: 1" = 200'

LAMB HANSON LAMB
APPRAISAL ASSOCIATES, INC.
Professional Real Estate Appraisers and Consultants

SIZE AND SHAPE:

The subject is an irregularly shaped parcel with dimensions as shown in the Subject Site Plan above. The total area of the subject is estimated as 57,500 square feet.

TOPOGRAPHY:

The upland portion of the subject property is approximately level and is roughly 5 feet below the level of Northeast Northlake Way. The property is at grade with Latona Avenue Northeast and 2nd Avenue Northeast. Approximately 45% of the site is uplands with the remaining 55% submerged below Lake Union.

WATERFRONTAGE:

The subject has approximately 200 feet of frontage on Lake Union, 292.5 feet of frontage on Waterway No. 16, and 150 feet of frontage on the adjacent submerged portion of Latona Avenue Northeast.

ACCESS:

Access is available from Northeast Northlake Way, a two lane asphalt paved neighborhood arterial. Northeast Northlake Way has a paved bicycle path along its north shoulder. Latona Avenue Northeast and 2nd Avenue Northeast, which border the uplands on the east and west, have been concrete paved as driveways. Northeast Pacific Street is the primary arterial serving this area. Connections with Interstate 5 and State Highway 99 are available.

UTILITIES:

Adequate municipal utilities including public water, power, and sewer, are available to the subject.

DESCRIPTION OF IMPROVEMENTS:

The King County Assessor reports that the subject property is improved with a 1,890 square foot frame storage building erected in 1940. Exterior inspection suggests that this structure is in fair condition. Various storage sheds were observed on the site. These appear to have no contributory value. The submerged land is improved with a wooden pier, which currently moors a large barge. A smaller barge, the Pioneer No.1, is moored closer to shore.

VIEW:

The subject property has a good view of Lake Union and the surrounding environs, including the downtown skyline.

SALES HISTORY:

King County records indicate that the subject was purchased by Northwest Diesel Repair, Inc., from Glacier Sand and Gravel Company on August 26, 1976, for $200,000 (Excise Tax #367814). This sale reflects an overall price of $3.48 per square foot. The subject is currently listed with Grubb and Ellis, commercial realtors, at an asking price of $1,300,000.

PROPERTY TAX ASSESSMENTS:

The King County Assessor's property record for the subject property follows. The 1983 assessed value for the land is shown as $474,300 or about $8.32 per square foot. The Assessor has assigned the improvements the nominal value of $2,000. The total assessed value for 1983 is $476,300.

ACCOUNT NUMBER

408880 1585 0

KING COUNTY DEPARTMENT OF ASSESSMENTS - REAL PROPERTY RECORD

LOCATION

SITUS ADDRESS: 201 NE NORTHLAKE WY

CITY: SEATT

ZIP

TAXPAYER: NORTHWEST DIESEL REPAIR INC C0477 00431 21

TOWN C 1431 AREA 130 SUB

PROPERTY NAME: CEMENT PLANT

PAGE 1 OF 1

PLANE SW SEC 17 TWN 25 RNG 04

LEGAL DESCRIPTION

LOT 1-2-3-4 BLOCK 35 & LAKE UNION SHORE LANDS ADD TGW LOTS 1 THRU 5 BLK 2 LATONA ADD LESS ST

ASSESSED VALUE HISTORY

YEAR	LAND	IMP	TOTAL		L.C	DATE	CHANGE NO	REASON
73	17500	8270	25770	T	0010	03/16/73		
75	35000	16540	51540	T	0010	08/01/73		100%VALUELAW 73
75	53500	16700	70200	T	0010	05/31/74		REVALUED
78	103000	16000	119000	T	0010	05/28/77		REVALUED
80	123600	19200	142800	T	0010	01/15/79		REVALUED
81	185400	24000	209400	T	0010	05/24/80		REVALUE
81	361300	24000	385300	T	0010	12/07/81	M006048	MERGER
83	474300	2000	476300	T	0010	05/31/82		REVALUE

SALES HISTORY

DATE	EXCISE #	AMOUNT	REMARKS
08-26-76	367814	200000	SEE AFF MULTI

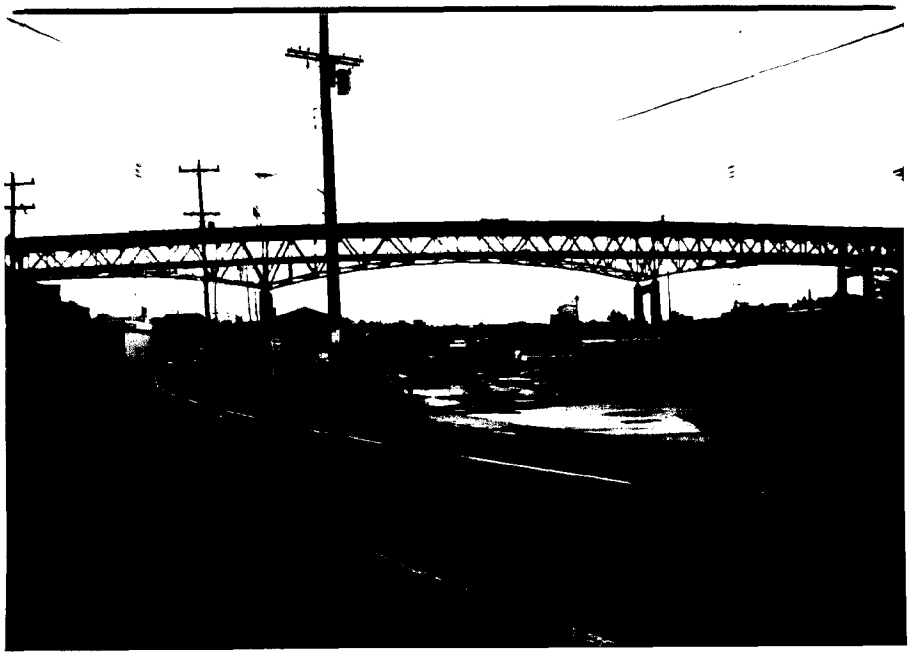
JURISDICTION SEATTLE

LAND USE MANUFACTURING

LAND USE CODE 326

Lake Union subject front

Storage building



Viewing east along N.E. Northlake Way,
subject on right

Viewing west along N.E. Northlake Way,
subject on left

Viewing south from Latona Avenue N.E.,
downtown skyline in distance

Viewing south along 2nd Avenue N.E.,
subject on left

ZONING:

Use of the subject is controlled by both its zoning and its shoreline environment. Any use of the subject must be permitted by both sets of regulations.

A) Manufacturing Zone

The subject is zoned Manufacturing (M). This zoning classification permits a number of manufacturing processes outright; additional processes are allowed depending on the distance of the site from residential zoned uses. Most of the subject site is more than 300 feet from residentially zoned property and the following uses are specifically allowed by the manufacturing zone:

(a) Shipbuilding and repair;
(b) Planing mill, sawmill, shingle mill or plywood manfacture;
(c) Pickle and sauerkraut manufacture;
(d) Mushroom plant and cannery;
(e) Feed and cereal mill;
(f) Steam manufacture;
(g) Waterfront freight terminal.

Uses permitted in the General Commercial (CG) zone such as office buildings, restaurant, retail establishments, marine craft sales and trailer parks are also allowed outright.

The following conditional uses may be authorized by the city council:

(a) Houseboat moorages and multiple dwellings in structures designed primarily for residential uses when located on waterfront lots and subject to the following conditions:

(1) When nearby or associated uses and other conditions in the immediate environs are not of the type to create a nuisance or adversely affect the desirability of the area for living purposes.

(2) When residential development will not usurp land which is needed for and better suited to manufacturing usage by virtue of special attributes such as railroad access and proximity to established manufacturing development;

(3) When the residential development is buffered by distance or screening from adjacent nonresidential uses and vacant lots.

(b) Jails

Bulk regulations for non-residential structures permit gross floor areas of up to 250% of the lot area. Non-residential buildings are generally not subject to yard setback requirements. Residential structures are subject to minimum lot areas and mandatory yard setbacks.

Prohibited uses in the Manufacturing zone are those for which a more intensive zoning, i.e., industrial, is required, and residential uses except those allowed as conditional uses by the city council.

B) Urban Stable/Lake Union (US/LU) Shoreline Environment:

The Seattle Shoreline Master Program, which became effective in 1977, regulates development within 200 feet of the shoreline, and over water. The entire site is subject to these rules. The purposes of the Seattle Shoreline Master Program is to implement the state Shoreline Mangement Act of 1971. Seven "shoreline environments", which are effectively overlay zones, have been designated. Certain uses are permitted and certain others are prohibited in each environment. Only those uses permitted by both the applicable zoning and also the applicable shoreline environment will be allowed on any given site.

The subject is in the Urban Stable/Lake Union (US/LU) shoreline environment which does not allow a number of uses currently permitted in the manufacturing zone. Thus, the effect of the US/LU shoreline environment overlay zone is to reduce the allowable uses of the subject property to a subset of those permitted in the Manufacturing zone. The US/LU environment also reduces the allowable bulk by mandating view corridors and maximum lot coverage of 50% for all sites regardless of use. View corridors are upland and submerged areas from which buildings and large machinery are prohibited; automobile parking is allowed only if recessed 4 feet below grade. Open wet moorage of boats, and houseboats, and dryland repairs of boats are exempt from the view corridor requirement. Public access must be provided for all non-water dependent or non-water related uses, except for lots less than 100 feet wide with public access available over adjacent rights of way (street ends or waterways). The US/LU environment thus reduces the extent to which Manufacturing zoned lots, including the subject, may be developed.

The US/LU environment currently permits the following uses;

Single-family residence
Multi-family residence
Floating homes
Retirement and other group homes
Swimming pools
Retail shops
Restaurants
Marine sales (boats)
Open wet moorage
Stacked moorage
Launching ramps
Haul-out facilities

Marine construction, repair and dismantling including:
- Ship building, repair and dismantling
- Boat building and repair
- Boat and ship rigging
- Marine refrigeration
- Marine electronics: Repairs and installations
- Marine outfitting and ship conversions
- Marine propulsion: Repairs and installations

Marine service station
Public marina
Private nonprofit yacht club
Accessory parking
Passenger and auto ferry terminal
Railroad spurs
Water-based aircraft facilities
Log storage and rafting
Sand, gravel and concrete mix and cement plants
Cargo terminals, cargo handling and water-dependent manufacturing, including:
- Tug and barge companies
- Barge terminals
- Container terminals
- Breakbulk and neobulk (non-containerized) terminals
- Dry and liquid bulk terminals (es. grain and petroleum)
- Seafood processing plants
- Freeze/chill facilities which bring material by water
- Steel mills, stone crushing mills, metal fabricators, lumber mills and other mills which transport raw or finished products by water

Public recreational and commercial piers
Aquaculture structures
Research and educational uses
Nonprofit fraternal and social clubs
Community facilities

Shoreline protective structure and activities, including:
- Dredging
- Piling
- groins
- breakwaters
- bulkheads
- floats

The Urban Stable/Lake Union Environment currently prohibits the following uses:

Hotel, motel, boatel
Principal use parking
Landbased aircraft facility
Sanitary landfill, filling (creation of dry land)
Principal use warehousing and wholesaling (not connected with a water-dependent facility)
Offices as principal use
Outdoor advertising signs
Non-water-dependent manufacturing
Covered wet moorage

Proposed changes to the Seattle Shoreline Master Program would prohibit the following currently permitted uses in the US/LU environment:

Single-family residence
Multi-family residence
Floating home
Retirement and other group homes
Swimming pools
Principal use retail shops
Restaurant
Non-profit fraternal and social clubs other than yacht clubs
Community facilities such as churches, schools and community centers

ADJACENT PUBLICLY CONTROLLED AREAS AVAILABLE FOR USE:

1) Waterway No. 16, a public right of way bordering the subject is zoned Manufacturing, under the restrictions of the Conservancy Management (CM) shoreline environment. This shoreline environment is an overlay zone which also applies to the areas, if any, between the State Harbor Line and the Construction Limit Line; there is no such area adjacent to the subject.

The following is a list of typical allowable uses in the Conservancy Management environment:

Open wet moorage - principal use and accessory use
Existing yacht club
Marina
Marine sales
Passenger and auto ferry terminal
Bicycle and pedestrian ways
Streets, scenic roads and auto-oriented viewpoints
Recreational piers
Floats
Bulkhead and shoreline protective structures
Public parks
Research and educational uses
Community facilities such as churches, schools, and community centers
Open dry-boat moorage (as a shoreline special use)
Stacked moorage (as a shoreline special use)
Launching ramp (as a shoreline special use)
Haul-out facilities (as a shoreline special use)
New yacht, boat and beach clubs (as a shoreline special use)
Accessory parking (as a shoreline special use)
Groins (as a shoreline special use)
Breakwaters (as a shoreline special use)
Aqua-culture structures (as a shoreline special use)
Landfill (as a shoreline special use)
Floating dolphins (as a shoreline special use)

Not all of these CM uses would be allowed in the waterway abutting the subject. Permits to use the waterways are obtained under the jurisdiction of the Seattle Board of Public Works, which has delegated many of the day-to-day administrative responsibilities to the City Engineering Department. No city permit is required for mooring vessels in the waterways for less than 21 days. Longer term uses, not to exceed one year, require a permit; depending on the proposed use, review by a number of agencies such as the State Commissioner of Lands, the Port of Seattle, the State Department of Fisheries and Game, and the Army Corps of Engineers may be required. The waterway permit holder acquires no permanent rights to use the waterway.

Waterway fees are as follows:

WW100. For structures such as piers, loading platforms, bridges, scales, overhead hoists, beams and cranes, buildings and and building overhangs, (cornices excepted) or similar installations.	1.8 cents per square foot per month for first 1,000 square feet, 1 cent per square foot per month for additional area. $50.00/year minimum.
WW200. For material storage (moorage) any other use not covered in schedule.	10 cents per square foot per month for first 1,000 square foot, 5 cents per square foot thereafter. $25.00/month minimum.

Current policy favors use of the waterways for temporary anchorage, loading and unloading of ships and barges, and temporary moorage to piers on abutting property. Other uses of the waterways must benefit the general public.

Waterway No. 16 is currently vacant and available for lease.

2) Any area between the State Harbor Line and the Construction Limit Line may be leased from the Washington State Department of Natural Resources. In the case of the subject, the two lines coincide and it borders no such area. However, most properties fronting on Lake Union, including Comparable No. 1 and No. 5, do adjoin such spaces. For comparison purposes, it is important to understand that the principal permissible uses of these Conservancy Management designated areas are:

(a) Existing houseboats

(b) Open wet moorage and associated piers

The lease rates charged by the Department of Natural Resources are based partially on the percentage of the year in which the abutting owner will occupy the site, partially on the existing lease rate, and partially on the rate charged other lessors using sites for comparable uses. While the state legislature has imposed a 6% ceiling on annual rental increases for existing leases, fewer restrictions apply to new leases of previously unleased sites. The maximum rate currently sought by the Department of Natural Resources is 90¢ per square foot per year, based on a 10% annual yield on the Department's estimated Fair Market Value for the submerged land of $9.00 per square foot. The leasehold tax in lieu of property tax is an additional charge which is calculated as 12.84% of the lease payment. The leasehold lax, collected by the state, is redistributed to the county to pay for local government services such as police and fire protection.

3) The Latona Avenue Northeast right of way is in the US/LU environment. Street Use permits to use the Latona Avenue Northeast right of way may be obtained from the City of Seattle Board of Public Works. These permits allow moorage and other temporary uses, but no permanent construction. Kaz Fugita, of the Engineering Department, stated that current monthly lease rates were 10¢ per square foot for the first 1,000 square feet and 5¢ per square foot for additional area. The minimum charge is $25.00. These rates have been increased recently. Further increases to levels approaching the State charges are probable.

HIGHEST AND BEST USE:

Highest and Best Use is defined as that use of the land which produces the highest land value. The Highest and Best Use is selected from the set of reasonably probable and legal alternative uses, and must be physically possible, appropriately supported and financially feasible.

Use of the subject property is regulated by the Manufacturing (M) zoning and the Urban Stable/Lake Union environment. The area immediately surrounding the subject and stretching both east and west along the Lake Union shoreline were originally developed for industrial and commercial uses, many involving shipping through the Ballard Locks. With the passage of time, the ability of the on-shore transportation system to accomodate bulk shipping has declined. The rail line has been discontinued and replaced by a bicycle path in the subject's locale, and the street system is not suitable for today's larger trucks.

While the Manufacturing zone, US/LU shoreline environment of the subject allows a number of marine related uses such as cargo and container terminals, the restrictions on these uses are relatively stringent. As noted, the US/LU environment requires view corridors on all sites regardless of use, prohibits filling of submerged lands, and restricts lot coverage to 50% for all uses. Many of the more intensive uses permitted on the subject are more profitable on sites in the less restrictive Urban Development (UD) shoreline environment. As discussed below in the sections on zoning of the Ship Canal and Duwamish Waterway parcels, the UD environment does not restrict non-residential usage by requiring view corridors, allows filling of submerged property, and allows 100% lot coverage for non-residential uses.

The major use of parcels with a substantial portion of the submerged land is as marinas, marine retail, and marine services. The subject's proximity to the University of Washington where marina uses predominate along the shoreline suggests that marina and marine sales are within the range of Highest and Best Use. Restaurants are also in the immediate vicinity and a small facility benefiting from the subject's view could be incorporated as a secondary use in the marina facility. This would make more complete usage of the site's upland areas than a marina alone.

LAND VALUATION:

Land is customarily valued as though vacant, unencumbered, and available for development to a use which will justify the highest price and greatest net return. Several sales of vacant and underimproved sites comparable to the subject have been identified. These sales, as well as the recent sales of developed marinas, from which the estimated values of the improvements have been abstracted, are presented in the Supporting Data section below.

VALUATION OF SUBJECT UNDER CURRENT
URBAN STABLE/LAKE UNION ENVIRONMENT

The subject is a 57,500 square foot parcel zoned Manufacturing, Urban Stable/Lake Union environment on the north shore of Lake Union. The sales summarized in the table below are considered indicative of the subject's current value. Adjustments have been made to reflect elements of dissimilarity between the comparable and the subject. Positive adjustments are made when the subject is superior to the comparable; negative adjustments indicate that the comparable is superior.

Comparable Sale No. 1, for $15.79 per square foot is located on Fairview Avenue East, south of the City Light generating plant. In relation to the subject, this sale property is slightly smaller, located in a more desirable commercial area, has a greater percentage of uplands, and has superior exposure.

Comparable Sale No. 2, for $22.03 per square foot, is located off Westlake Avenue North near the Naval Reserve station at the south end of the lake. In relation to the subject, this sale property is smaller, has superior exposure in a more desirable commercial area and has a greater percentage of uplands.

Comparable Sale No. 3, for a net land value of $8.19 per square foot, is an improved marina property near Seattle Pacific University on the Ship Canal. This site is larger than the subject, and has a smaller percentage of uplands. It is in a less desirable commercial area.

Comparable Sale No. 4, at a net sale price of $13.67 per square foot is an improved marina property near the University of Washington. This site is in a more accessible, more desirable commercial area. This site has a smaller percentage of uplands.

Comparable Sale No. 5 is three blocks west of the subject on the north shore of Lake Union. This property was purchased roughly 6 years ago for $3.18 per square foot. A 175% adjustment for market appreciation since that time is based on the escalating prices of Comparables No. 1 and No. 2 during that period. A greater percentage of this larger site is submerged below Lake Union. Unlike the subject, this site benefits from adjacent area which is being leased from the State Department of Natural Resources.

SUMMARY OF SALES

Property Characteristics

	SALE 1	SALE 2	SALE 3	SALE 4	SALE 5
SALE DATE	4/20/83	8/3/81	1/5/82	12/1/82	10/6/77
SALE PRICE	$600,000	$500,000	$1,100,000	$1,110,000	$285,000
SIZE (SF)	33,250	22,700	97,700	54,000	89,700
PRICE/SF*	$15.79	$22.03	$8.19	$13.67	$3.18
TIME	0	0	0	0	+175%
ADJ PRICE/SF	$15.79	$22.03	$8.19	$13.67	$8.75

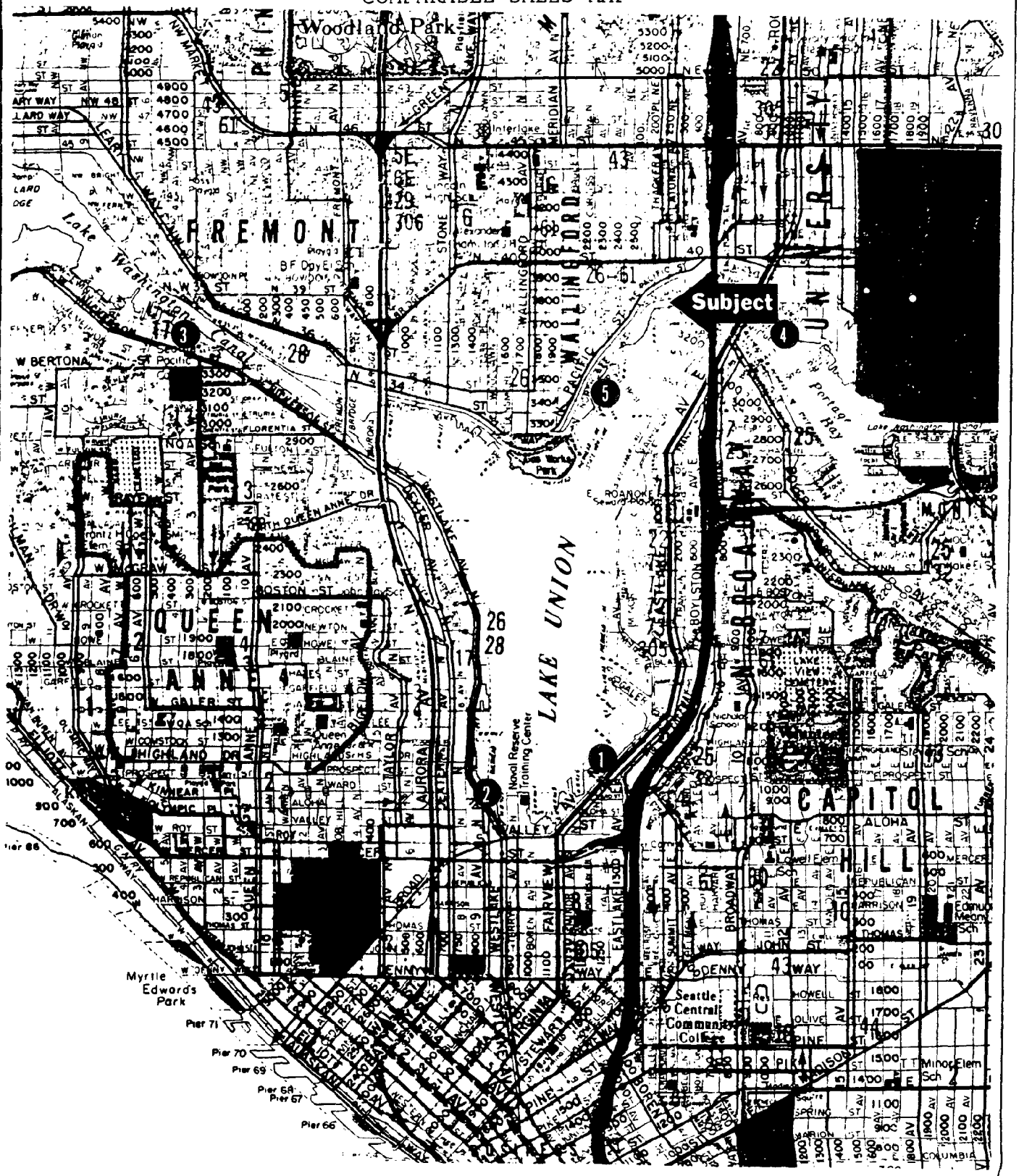
*Adjusted for estimated value of improvements

Property Adjustments

LOCATION	-25%	-25%	+10%	-20%	
SIZE		-10%	+10%		+10%
UTILITIES					
% SUBMERGED	- 5%	- 5%	+ 5%	+10%	+10%
ACCESS	- 5%			- 5%	
NET ADJ	-35%	-40%	+25%	-15%	+20%
INDICATED VALUE/SF	$10.26	$13.22	$10.24	$11.62	$10.50

Estimated Value/SF = $10.50

COMPARABLE SALES MAP



FINAL RECONCILIATION AND ESTIMATE OF VALUE OF SUBJECT PROPERTY UNDER CURRENT URBAN STABLE/LAKE UNION ENVIRONMENT

The Fair Market Value of real estate is generally estimated by considering three approaches to value.

The Cost Approach analyzes the cost of rebuilding improvements on the subject property, and makes allowance for any obsolescence of the subject improvements. In the case of the subject property, the existing improvements, in all likelihood, will be removed prior to development of the property to its Highest and Best Use. Their interim use value is expected to offset the future cost of their demolition. The Cost Approach has therefore not been applied.

The Income Approach capitalizes the expected future income from the subject property by an appropriate rate of interest. The Income Approach has not been applied because the subject is considered as vacant.

The Market Data Approach is the comparison of similar sale properties to the subject property. This is the only one of the three approaches considered applicable to the current situation.

After analyzing the comparable sales for the value of their improvements and their size, percentage of submerged land, access, and location, we estimate the Fair Market Value of the subject property, as of August 29, 1983, and subject to the attached Assumptions and Limiting Conditions, at $10.50 per square foot:

57,500 Square Feet x $10.50/S.F.	=	$603,750
Rounded to		$600,000

VALUATION OF SUBJECT UNDER PROPOSED
URBAN STABLE/LAKE UNION ENVIRONMENT

VALUATION OF SUBJECT UNDER PROPOSED URBAN STABLE/LAKE UNION SHORELINE ENVIRONMENT

Method of Analysis

The proposed US/LU regulations eliminate some of the allowable uses of the subject site. To determine whether these additional constraints will reduce the subject's Fair Market Value, we first examine whether the uses to be prohibited represent the subject's Highest and Best, or most profitable, use. Banning land uses which would not return the greatest profit will not reduce land values. Many of the uses which would be banned in the US/LU environment are already prohibited by the Manufacturing zoning. If the subject's Highest and Best Use is restricted by the proposed use prohibitions, then the effect on the Fair Market Value of the property must be estimated.

SUITABILITY OF SUBJECT FOR USES TO BE PROHIBITED

The proposed US/LU environment would prohibit the following currently permitted uses of the subject property:

1) Single-family residence
2) Multi-family residence
3) Floating Home
4) Retirement and other group homes
5) Swimming pools
6) Principal use retail shops
7) Restaurants
8) Non-profit fraternal and social clubs other than yacht clubs
9) Community facilities, such as churches, schools and clubs

The underlying zoning is Manufacturing (M).

1) Single-family residences are prohibited by the Manufacturing zoning, if not in existence before that zoning took effect.

2) Multi-family residences may be allowed on M zoned waterfront lots as conditional uses by the city council. This is subject to the requirement that nearby uses and other conditions in the immediate environment will not reduce the desirability of the area for living purposes, as well as other determinations for the council. The surrounding area is zoned for manufacturing uses. The nearest property on the west is a former sand and gravel company site, which is now vacant and for sale. The closest property on the east is a pier used in the fisheries industry.

There are obvious pressures for additional multi-family units in the neighborhood, and, in our opinion, there is a potential that the city council could approve development of multi-family units on the subject property. Including the vacant parcel to the west with any proposal for the subject could increase chances of council approval.

In our opinion, this potential does not significantly increase the subject's current Fair Market Value. A prospective developer of the subject will anticipate significant opposition and delay, which mean the following additional costs, which are over above the developer's normal hard and soft costs and entreprenuerial profit:

A) Interest expense during holding period while seeking council approval for multi-family use.

B) Professional costs of architects, attorneys, planners and others necessary to present council with sufficient cause to approve residential use over potential opposition.

C) Ultimate approval would probably be for fewer units than the site would otherwise accomodate.

D) Site development conditions would probably be imposed which would result in greater than normal site development expense.

E) Final approval of multi-family use of the subject is speculative, and would require a risk premium over and above normal developer's profit.

3) Floating homes may be allowed as conditional uses in Manufacturing zones under the same conditions as multi-family dwellings. The strong demand for additional houseboat moorage on Lake Union is quite clearly demonstrated by the sales prices of moorage units in the Roanoke Reef houseboat condominium. Most sales in that project have been for prices exceeding $150,000. In our opinion, this use is subject to the same conditions as operate against multi-family units. The additional costs listed for multi-family use will eliminate the developer's profit motivation to devote the subject to houseboat moorage.

4) Retirement and other group homes are not permitted in the Manufacturing zone.

5) Swimming pools as a commercial use would suffer from the insufficient arterial exposure and retail traffic in front of the subject.

6) Principal use retail shops requires more arterial exposure and pedestrian traffic than is available to the subject. The primary nearby retail districts are next to Gas Works Park, along Northeast 45th Street, and in the University District.

7) Restaurants, including Ivar's Indian Salmon House at 401 Northeast Northlake Way and the Lakeside at 2501 North Northlake Way, have been successful over the years in the subject's immediate vicinity. Both of these are on sites considerably smaller than the subject. The Lakeside, for example, is situated on a 13,400 square foot site. A large restaurant, doing a large volume of business, would be necessary if it were to be the sole use of the subject site. There does not appear to be adequate exposure to the subject property to support such a restaurant. As a secondary use in a multi-use facility, perhaps as a portion of marina, a properly developed restaurant could be successful, in our opinion.

8) Non-profit fraternal and social clubs other than yacht clubs would tend to find the subject's access and developments on the neighboring properties to be a negative factor in their decision to locate on the subject site. Also, these groups have not accounted for a substantial number of commercial real estate purchases within the recent past. Elimination of this portion of the market would not significantly reduce the Fair Market Value of the subject.

9) Community facilities such as churches, schools, and community centers have not been active purchasers of waterfront property in the Seattle area. Elimination of this group of potential buyers would not reduce the Fair Market Value of the subject.

ESTIMATE OF VALUE AFTER ADDITIONAL USES ARE PROHIBITED

In the preceding section, the subject site's adaptability for the proposed prohibited uses was reviewed. Only the banning of restaurant use is expected to reduce the subject's Fair Market Value.

Four of the five comparable sale sites enjoyed sufficient arterial exposure to support a restaurant either as a primary or as a secondary use. Comparable No. 3, however, is in a relatively out-of-the-way location which would not support this use. The indicated land value for Comparable No. 3 was $8.19; a 10% adjustment was made for its inferior location in comparison to the subject. This 10% reduction due to inability to support restaurant or similar facilities would apply to the subject if such use is prohibited by the revised US/LU shoreline environment. This consideration leads to our estimate that enactment of the proposed prohibitions in the US/LU environment would reduce the subject's Fair Market Value by 10%, from $10.50 per square foot to $9.45 per square foot. Subject to the attached Assumptions and Limiting Conditions, we estimate the Fair Market Value of the subject as:

57,500 Square Feet x $9.45/S.F.	=	$543,375
Rounded to		$540,000

PROPERTY TAX REVENUES:

1983 property tax revenues for the subject are based on the Seattle millage rate which is distributed as follows:

Property Tax Millage (Tax $ per $1000 Assessed Value)		
State	=	$2.94146
King County (current expense, river improvement, soldiers' relief, mental health, intercounty river, bond redemption-councilmanic, conservation futures, bond fund-electorate)	=	1.36180
Port of Seattle	=	.32416
Emergency Medical Services	=	.12370
School District #1	=	2.51165
City of Seattle	=	2.55277
Total Tax Dollars per $1,000 Assessed Value	=	$9.81554

In King County, in accordance with state law, real estate is to be assessed at 100% of Fair Market Value. While assessed values of individual properties may vary from Fair Market Value, the total assessed value of any given class of real estate in King County is generally a reasonable approximation of the total Fair Market Value of that class of real estate.

TAX REVENUES UNDER CURRENT SHORELINE REGULATIONS

The estimated Fair Market Value of the subject proprety is $600,000. Assuming 1983 taxes based on an Assessed Value of $600,000 the subject's 1983 property taxes would be $5,889, distributed between the various funds as follows:

	1983 Millage		Assumed 1983 A.V.		1983 Assessment
State	.00294146	x	$600,000	=	$1,765
King County	.00136180	x	$600,000	=	817
Port of Seattle	.00032416	x	$600,000	=	194
Emergency Medical Services	.00012370	x	$600,000	=	74
School District #1	.00251165	x	$600,000	=	1,507
City of Seattle	.00255277	x	$600,000	=	1,532
Total	.00981554			=	$5,889

TAX REVENUES UNDER PROPOSED SHORELINE REGULATIONS

The proposed changes in the US/LU shoreline environment will reduce the subject's Fair Market Value by an estimated 10%, to $540,000. Assuming a 1983 Assessed Value of $540,000, the 1983 property tax assessment of $5,300 would be distributed this way:

	1983 Millage		Assumed 1983 A.V.		1983 Assessment
State	.00294146	x	$540,000	=	$1,588
King County	.00136180	x	$540,000	=	735
Port of Seattle	.00032416	x	$540,000	=	175
Emergency Medical Services	.00012370	x	$540,000	=	67
School District #1	.00251165	x	$540,000	=	1,356
City of Seattle	.00255277	x	$540,000	=	1,379
Total	.00981554			=	$5,300

PARCEL NO. 2

SALMON BAY WATERWAY SITE

NEIGHBORHOOD:

The subject property is in the Ballard industrial area and fronts on the Salmon Bay Waterway, a portion of the Lake Washington Ship Canal. The Ballard industrial area is roughly bounded by Leary Avenue Northwest and Northwest Market Street on the north, the Waterway on the south, the Government Locks on the west and extends into the Fremont area on the east. Similar industrial development is found on the south side of the Waterway in the Magnolia and Queen Anne neighborhoods. The industrial land in these areas is generally level to gently sloping; the area is crisscrossed by a number of street rights-of-way which interfere with assemblage of large parcels.

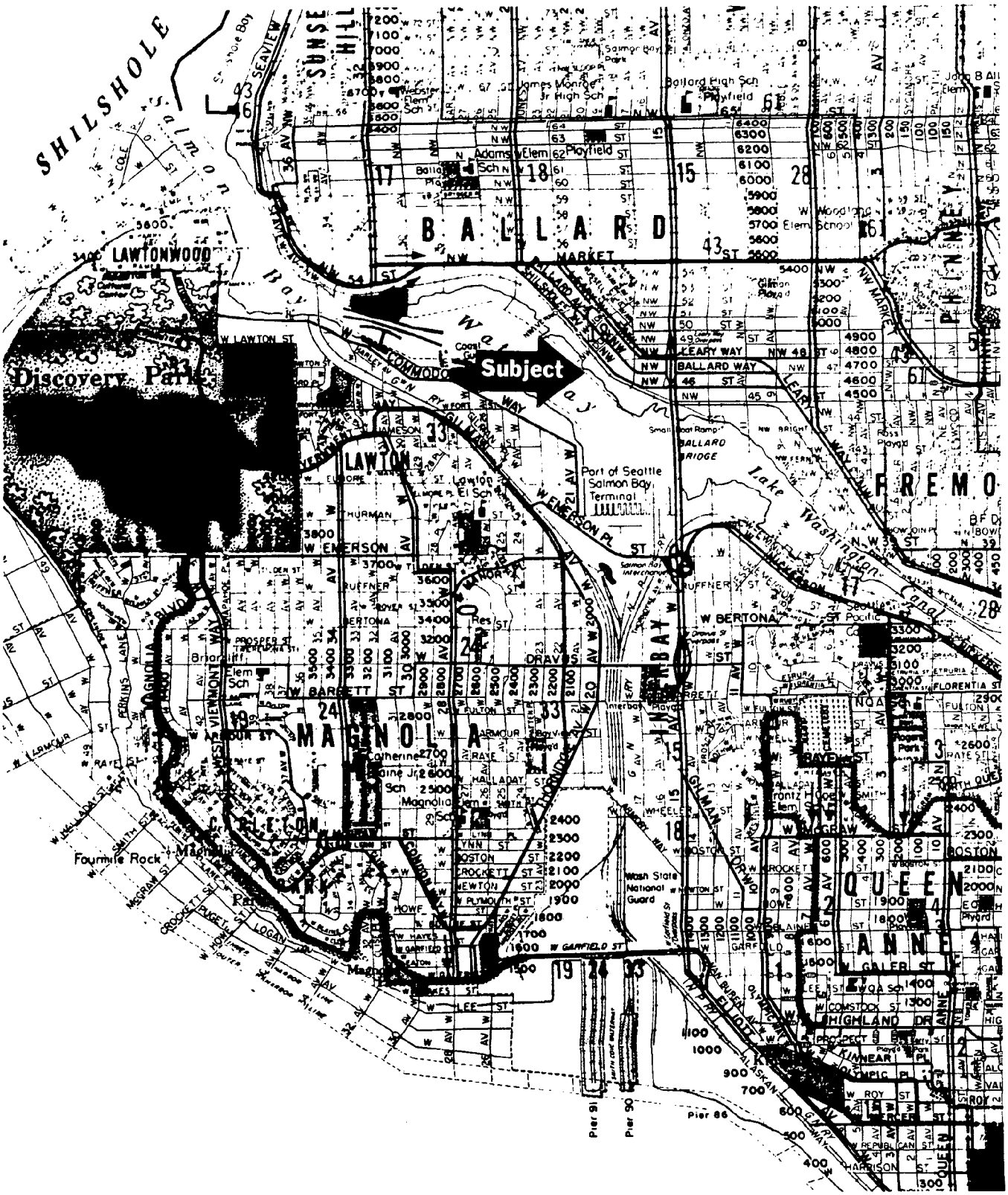
The Ballard area is well served by barge and rail access. Truck access is by way of arterial streets, which are considered adequate. Arterials to this area are Market Street, 24th Avenue Northwest, Shilshole Avenue Northwest, and Northwest Leary Way. The Ballard waterfront is a natural area for vessel staging and transfer of freight between barge and rail. Interstate 5 and Highway 99 are a considerable distance east.

The area bordering the canal near the subject is mainly devoted to the fishing industry, ship building, commercial vessel supply and repair, marinas as a secondary use, maritime and trade schools, a sand and gravel company and a privately operated freight terminal. Just north of the subject, the commercial district along historic Ballard Avenue, in Ballard's original business district, has been rejuvenated and now offers a number of appealing restaurants and shops.

The Canal Restaurant is on the south side of Shilshole Avenue Northwest near the intersection of Northwest Market Street and 24th Avenue Northwest. The Canal benefits from its good access and its visibility from a high traffic intersection. Similar to the large restaurants on Seaview Avenue Northwest by the Shilshole Marina, the Canal features a marine view. Just to the east, the Honeywell Company currently occupies a large office-warehouse facility. The waterfront adjoining both the restaurant and the office-warehouse is occupied by Stimson Marina.

The Shortztop Cafe is across 20th Avenue Northwest from the subject. This is a much smaller establishment than the Canal; it has much lower visibility, and the neighborhood is chiefly industrial.

SUBJECT VICINITY MAP



PROPERTY DESCRIPTION:

This discussion is based on conversation with the property owner and on visual inspection of the site.

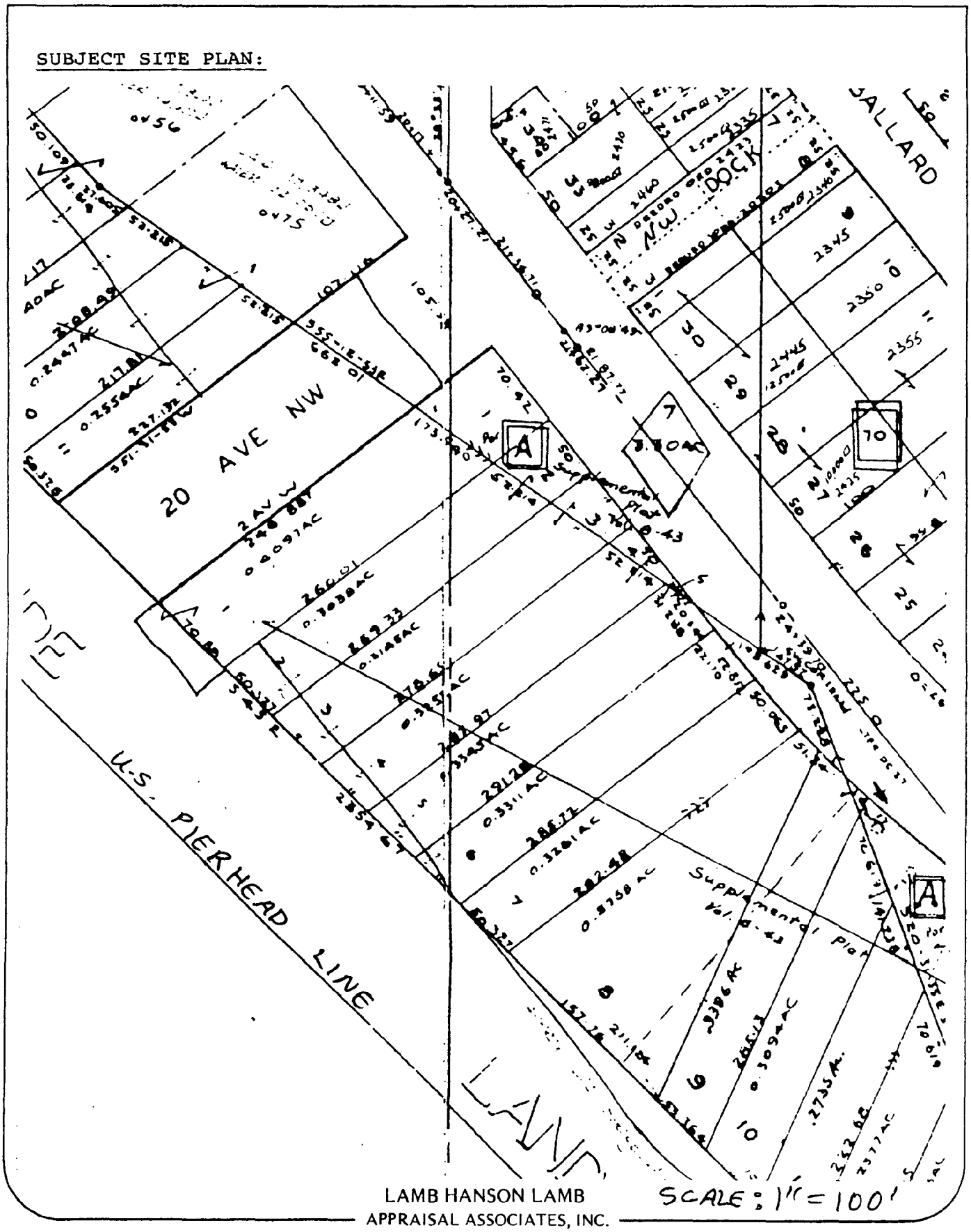
OSTENSIBLE OWNER:

Ballard Mill Properties. The subject property is a partially improved portion of a larger industrial site, most of which is leased to Marco Marine.

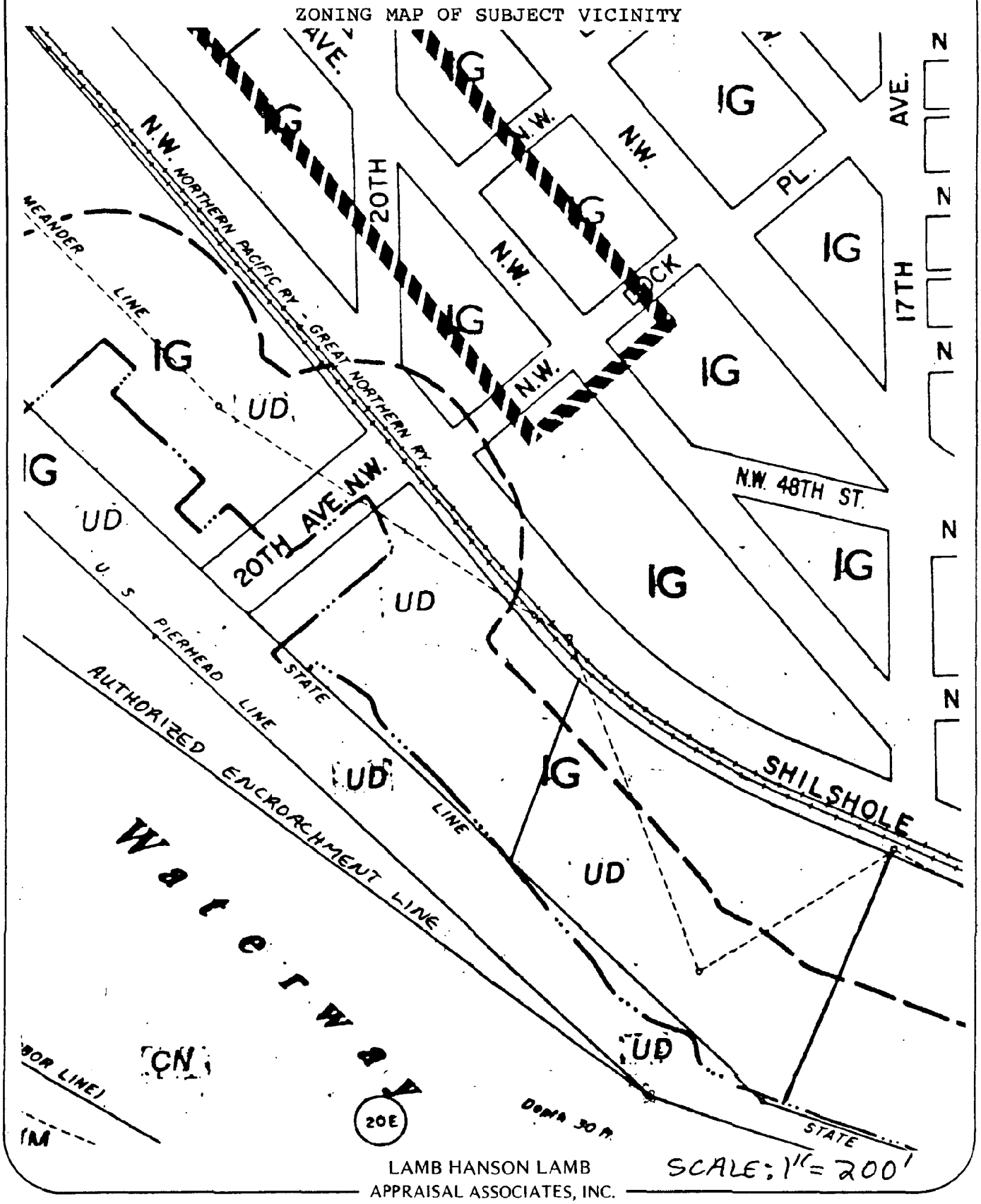
LEGAL DESCRIPTION:

Approximately Lots 1-8, Block 6, Ballard Tidelands together with portions of Lots 1-5, Block A, Gilman Park Addition. No exact legal description has been supplied. Please refer to the following site plan for identification of parcel appraised.

SUBJECT SITE PLAN:



ZONING MAP OF SUBJECT VICINITY



LAMB HANSON LAMB
APPRAISAL ASSOCIATES, INC.
Professional Real Estate Appraisers and Consultants

SIZE AND SHAPE:

The subject property is an irregularly shaped parcel measuring 583.66 feet on the southern boundary with the Salmon Bay Waterway, 246.887 feet on the western boundary, approximately 400 feet on the slightly curved northern boundary, and approximately 300 feet on the eastern boundary. The total area is calculated as 134,000 square feet.

TOPOGRAPHY:

The subject property is level and at grade with the neighboring land. Roughly 20% of the site is submerged.

WATERFRONTAGE:

The subject has roughly 584 feet of frontage on the Salmon Bay Waterway and roughly 270 feet of frontage on the 20th Avenue Northwest right of way. The subject's southern boundary is with the state harbor line. This waterfront is currently being improved under a Master Use permit for construction of a commercial wharf and associated storage.

ACCESS:

The subject has direct access from Shilshole Avenue Northwest, a concrete paved two lane secondary arterial without curbs or sidewalks. The subject's frontage on 20th Avenue Northwest has been asphalt surfaced for public parking; roughly 75% of this right of way is submerged. Two lines of railroad track run adjacent to the subject along Shilshole Avenue Northwest.

UTILITIES:

Utilities available to the subject include public water, power, sanitary and storm sewers, and natural gas.

DESCRIPTION OF IMPROVEMENTS:

The subject is improved with a frame storage building measuring about 150' x 60' or 9,000 square feet. There is an adjacent frame construction office-warehouse building situated at the corner of Shilshole Avenue Northwest and 20th Avenue Northwest. Exterior inspection suggests that these structures are in good condition. A small office, in fair condition, was also observed on the site. The subject has asphalt paving and is protected by chain link fencing. Dredging and filling operations are now underway on the shoreline.

To maintain consistency with the analysis of the Lake Union and Duwamish study parcels, the contributory value of the subject's improvements has not been included in this appraisal. This is an appraisal of land value only.

VIEW:

The subject property offers a view of Salmon Bay and the surrounding area.

SALES HISTORY:

No sales during the past 10 years.

PROPERTY TAX ASSESSMENTS:

The King County Assessor's property record for a larger parcel which includes the subject follows. The land is currently assessed for $3,395,700 or roughly $7.31 per square foot. The current millage rate is 9.81554.

ACCOUNT NUMBER: 046700 0335 0

KING COUNTY DEPARTMENT OF ASSESSMENTS — REAL PROPERTY RECORD

LOCATION: 01194 U 24

STREET NUMBER: 6701 SHILSHORE AV NW | CITY: SEATTLE | ZIP: | TAXPAYER: BALLARD MILL PROPERTIES

PROPERTY NAME: OLYMPIC PREFABRICATORS

PAGE 1 OF 1

FROM C 632 AREA 120 DIR
TO SE SEC 11 TWP 25 RGE 03

LEGAL DESCRIPTION

LOT 1 TO 25 BLOCK 6 BALLARD TIDE LANDS LOTS 1 TO 24 INCL & POR OF LOT 25LY NWLY OF LN PLW & 150 FT SELY OF C/L OF LOT 22 ALSO POR OF LOTS1 TO 5 INCL & LOTS 8 & 9 BLK A GILMAN PARK SUPL LY NLY OF BLK 6 BALLARD TIDE LDS TGW POR OF GOV LOT 1 IN SEC 11-25-3 & IDA M UTTER D C # 37 BOUNDED BY SWLY LNOF SHILSHOLE AVE & ABOVE DESC PROP & SELY LN THOF EXTD NELY TO SWLY LN OF SHILSHOLE AVE LESS POROF ABOVE DESC PROP LY NELY OF LN PLW & 15 FT SWLY OF SWLY LN OF SHILSHOLE AVE & BETW C/LS & THEIR NELY EXTENSIONS TO SE AVE OF LOTS22 & 23 LESS CANAL TGW POR OF UPLANDS IF ANY ADJ

ASSESSED VALUE HISTORY

YEAR	LAND	IMP	TOTAL		LC	DATE	CHANGE NO	REASON
73	360150	300150	660300	T	0010	03/16/73		
74	360150	304750	664900	T	0010	03/16/73		
75	720260	609500	1329760	T	0010	08/01/73		100%VALUELAW 73
75	846000	350000	1196000	T	0010	05/31/74		REVALUED
77	846000	404000	1250000	T	0010	05/31/76		REVALUED
78	1157500	581200	1738700	T	0010	05/31/77		REVALUED
79	1157500	539290	1696790	T	0010	03/02/79	000704	BOARD CHANGE
80	1493100	749700	2242800	T	0010	01/15/79		REVALUED
80	1157500	495858	1653358	T	0010	04/28/79		REVALUED
81	1736200	619800	2356000	T	0010	05/24/80		REVALUE
82	1736200	619800	2356000	T	0010	03/09/81	M000986	LEGAL CHANGE
83	3395700	217200	3612900	T	0010	03/15/82		REVALUE
84	3395700	156600	3552300	T	0010	07/01/83		MAINTENANCE

SALES HISTORY

DATE	LICON #	AMOUNT	CHANGE

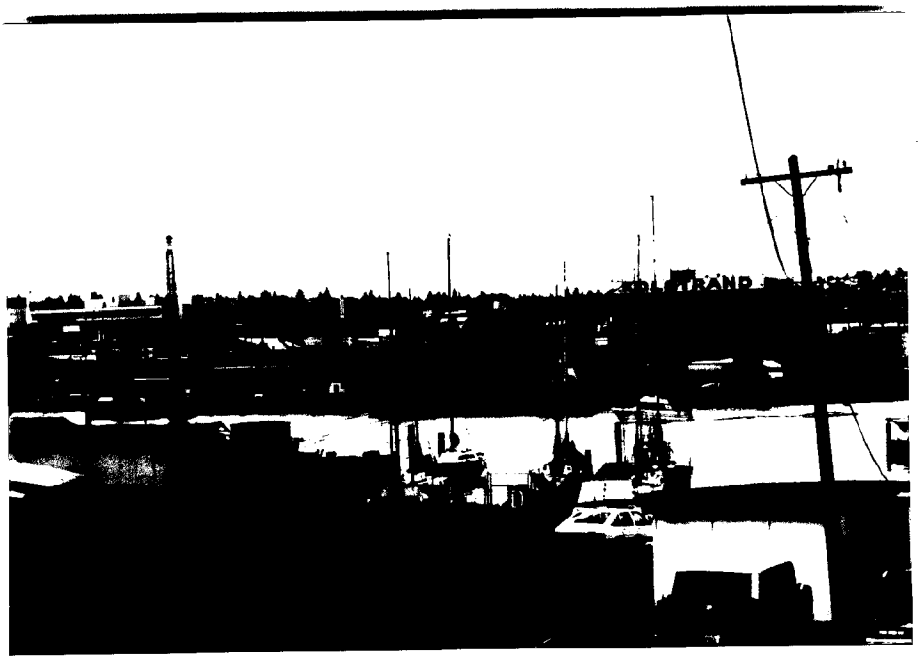
JURISDICTION SEATTLE

LAND USE MANUFACTURING
LAND USE CODE 242

Storage building and office-warehouse
on western portion of subject

Small office and storage yard
on eastern portion of site

Submerged portion of subject behind
office-warehouse



Subject rear viewed from south
side of Salmon Bay

Viewing southeast along Shilshole Avenue N.W., subject on right

Viewing northwest along Shilshole Avenue N.W., subject on left

ZONING:

Use of the subject is controlled by both its zoning and its shoreline environment. Any use of the subject must be permitted by both sets of regulations.

A) General Industrial Zone

The subject property is zoned General Industrial (IG) which permits most industrial processes as well as manufacturing and commercial uses. Motels may be allowed as part of industrial parks and if they front on major arterials.

The maximum gross floor area of any structure is restricted to 250% of the lot area. Non-residential uses are not subject to any Code imposed minimum lot sizes. Non-residential structures may be built to the property lines. Residential uses are subject to minimum lot sizes and property line setbacks.

Except for motels on the conditions previously described, residential uses not predating the code are prohibited. The following uses are not permitted:

(a) Dwelling units not in existence at the effective date of this title, except for watchman or caretaker's quarters, and artist's studio/dwellings as special exceptions as provided by the code;

(b) Schools, except trade schools;

(c) Hospitals and other institutions for human care;

(d) Hotels and trailer parks;

(e) Uses requiring Heavy Industrial zoning.

B) Urban Development Shoreline Environment

The Seattle Shoreline Master Program, which became effective in 1977, regulates development within 200 feet of the shoreline, and over water. As shown in the zoning map of the subject vicinity, the eastern corner of the subject is more than 200 feet from the shoreline, and is therefore not covered by the Seattle Shoreline Master Program. The purpose of the Seattle Shoreline Master Program is to implement the state Shoreline Management Act of 1971. Seven "shoreline environments", which are effectively overlay zones, have been designated. Certain uses are permitted and certain others are prohibited in each environment. Only those uses permitted by both the applicable zoning and also the applicable shoreline environment will be allowed on any given site.

The subject site is designated as in the Urban Development (UD) shoreline environment.

This shoreline environment permits most of the uses allowed by the General Industrial zone and allows several uses which are not permitted by the General Industrial zone. Uses must be permitted by both the IG and UD classifications to be allowed on the subject site.

For water dependent uses, the Urban Development standards do not require view corridors; however, view corridors are required for non-water dependent uses. Non-water dependent uses are those which do not require access either to the water or to water dependent uses. That a waterfront location may increase profits is not enough to make a use water dependent under the shoreline definitions. Restaurants, office buildings, retail shops, hotels, and warehouses are examples of non-water dependent uses under the regulations. The view corridor requirement restricts improvements, automobile parking, heavy equipment, and materials so that at least 35% of the width of the site has no obstruction to the view of the water from the street. Provision of view corridors generally reduces the intensity to which UD classed properties may be developed for non-water dependent uses.

100% lot coverage with improvements placed below street grade in the view corridor area is permitted.

The Urban Development shoreline environment does not restrict lot coverage for any permitted use, other than the view corridor requirement. Urban Development criteria also permits filling of submerged portions of sites.

The Urban Development environment currently permits the following uses:

- Retirement and other group homes
- Swimming pools
- Offices as principal use
- Retail shops
- Restaurants
- Marine sales (boats)
- Open wet moorage
- Covered wet moorage
- Stacked moorage
- Launching ramps
- Haul-out facilities
- Marine construction, repair and dismantling including:
    - Ship building, repair and dismantling
    - Boat building and repair
    - Boat and ship rigging
    - Marine refrigeration
    - Marine electronics: Repairs and installations
    - Marine outfitting and ship conversions
    - Marine propulsion: Repairs and installations
- Marine service station
- Public marina
- Private nonprofit yacht club
- Accessory parking
- Passenger and auto ferry terminal
- Railroad spurs
- Water-based aircraft facilities
- Log storage and rafting
- Sand, gravel and concrete mix and cement plants
- Cargo terminals, cargo handling and water-dependent manufacturing, including:
    - Tug and barge companies
    - Barge terminals
    - Container terminals
    - Breakbulk and neobulk (non-containerized) terminals
    - Dry and liquid bulk terminals (es. grain and petroleum)
    - Seafood processing plants

Freeze/chill facilities which bring material by water
Steel mills, stone crushing mills, metal fabricators, lumber mills and other mills which transport raw or finished products by water

Other industrial or manufacturing uses (including refuse transfer and salvage stations, mills and refineries)
Public recreational and commercial piers
Aquaculture structures
Research and educational uses
Nonprofit fraternal and social clubs
Community facilities

Shoreline protective structures and activities, including:
- Dredging
- Landfill
- Piling
- groins
- breakwaters
- bulkheads
- floats

The Urban Development Environment currently prohibits the following uses:

Single-family residence
Multi-family residence
Floating homes
Hotel, motel, boatel
Principal use parking
Landbased aircraft facility
Sanitary landfill
Principal use warehousing and wholesaling (not connected with a water-dependent facility)

Proposed changes to the Seattle Shoreline Master Program would add the following currently permitted non-water dependent uses to the prohibited list in the Urban Development environment:

Retirement and other group homes
Swimming pools
Offices as principal use
Retail shops
Restaurant
Non-profit fraternal and social clubs
Community facilities
Other industrial or manufacturing uses (including transfer and salvage stations, mills, and refineries when not transporting material by water)

LEASABLE AREAS:

1) The area between the State Harbor Line and the authorized encroachment line beyond the Pierhead Line is controlled by the Urban Development shoreline environment. This area can be leased from the Washington State Department of Natural Resources. All water dependent uses are allowed in this area; non-water dependent uses are prohibited.

The lease rates charged by the Department of Natural Resources are based partially on the percentage of the year in which the abutting owner will occupy the site, partially on the existing lease rate, and partially on the rate charged other lessors using sites for comparable uses. While the state legislature has imposed a 6% ceiling on annual rental increases for existing leases, fewer restrictions apply to new leases of previously unleased sites. The maximum rate currently sought by the Department of Natural Resources is 90¢ per square foot per year, based on a 10% annual yield on the Department's estimated Fair Market Value for the submerged land of $9.00 per square foot. The leasehold tax in lieu of property tax is an additional charge which is calculated as 12.84% of the lease payment. The leasehold tax, collected by the state, is redistributed to the county to pay for local government services such as police and fire protection.

2) The 20th Avenue Northwest right of way is in the UD environment. Street use permits to use the right of way may be obtained from the City of Seattle Board of Public Works. These permits allow moorage and other temporary uses, but no permanent construction. Kaz Fugita, of the Engineering Department, stated that current monthly lease rates were 10¢ per square foot for the first 1,000 square feet and 5¢ per square foot for additional area. The minimum charge is $25.00. These rates have been increased recently. Further increases to levels approaching the State leases are probable.

The minimum charge is $25.00. These rates have been increased recently. Further increases to levels approaching the State leases are probable.

HIGHEST AND BEST USE:

Highest and Best Use is defined as that use of the land which produces the highest land value. The Highest and Best Use is selected from the set of reasonably probable and legal alternative uses, and must be physically possible, appropriately supported and financially feasible.

The subject property is zoned for General Industrial (IG) usage, and is subject to the Urban Development (UD) shoreline environment. The areas in this environment are primarily those suitable for industrial purposes. The intent of the designation is to provide for efficient use of these areas for water dependent commerce and industry consistent with the Shoreline Management Act of 1971. As dominant land uses along the Salmon Bay Waterway are oriented toward commercial maritime use, and considering the legal limitations and physical characteristics, and trends in the vicinity, it is our opinion that the Highest and Best Use for the subject is a marine dependent industrial use utilizing the waterfrontage. The wharf development currently under way falls within the range of such Highest and Best Use. Compared to other industrially zoned waterfront, this site has relatively good visibility which could make it desirable as a headquarters location for marine dependent industry.

LAND VALUATION:

Land is customarily valued as though vacant, unencumbered, and available for development to a use which will justify the highest price and greatest net return. A detailed search of the Lake Washington Ship Canal identified a number of sales of vacant and improved land comparable to the subject property. The comparable sales used are presented in the Supporting Data section below.

VALUATION OF SUBJECT
UNDER CURRENT URBAN
DEVELOPMENT ENVIRONMENT

The subject is a 134,000 square foot parcel zoned General Industrial in the Urban Development shoreline environment on the Ballard side of the Salmon Bay Waterway. The sales summarized in the table below are considered indicative of the subject's current value. Adjustments have been made to reflect elements of dissimilarity between the comparable and the subject. Positive adjustments are made when the subject is superior to the comparable; negative adjustments indicate that the comparable is superior.

Comparable Sale No. 3, for a net land value of $8.19 per square foot, is an improved marina property on the Ship Canal near Seattle Pacific University. Zoning is the same as for the subject. This site is smaller than the subject. Compared to the subject this site has a much smaller percentage of dry land and somewhat inferior location due to the subject's more visible frontage on an arterial.

Comparable Sale No. 6, for a net land value of $15.03 per square foot, is used for container shipping. This parcel is smaller than the subject and is entirely dry land. Location is inferior to the subject, due to the subject's better visibility.

Comparable Sale No. 7, sold nearly 7 1/2 years ago for $2.43 per square foot. The 250% adjustment for market appreciation since that time is based on the escalation of prices of Comparables No. 1, No. 2, and No. 5 during that period. Roughly 60% of this property is submerged. Location of this parcel is somewhat inferior compared to the subject due to the subject's superior visibility.

Comparable Sale No. 8 is adjacent to Comparable Sale No. 3 and has the same zoning as the subject. This property was purchased by Metro, reportedly after a bidding contest with Seattle Pacific University. This sale price is significantly higher than the other sales, exceeds current listings by a substantial amount, and is given less emphasis than the other recited sales. Note that the seller of this property was able to purchase Comparable Sale No. 1 for substantially less than was received for this parcel. The location across 3rd Avenue West from the Ewing Street mini-park may have increased the attractiveness of this site to Metro. This location is, however, rated inferior to the subject's due to the subject's superior visibility.

Comparable Sale No. 9 is immediately south of Comparable Sale No. 6; Comparable No. 9 is zoned the same as the subject. This property is used for container shipping. The 175% adjustment for market appreciation since 1977 is based on the sale and resale prices of Comparable No. 1 and No. 2 spanning that period. This parcel is entirely dryland, and is in an inferior location compared to the subject. A substantial adjustment was necessary for the higher selling price per square foot commanded by small parcels. The competitive bidding procedure by adjacent owners may have increased the price to a level somewhat above the market.

A current listing of a 7.5 acre improved property with 850 feet of waterfront on the south side of Salmon Bay has also been considered. This property, at 2360 West Commodore Way, is now owned by Whitney Fidalgo Seafoods. The major improvement is a 50,000 square foot, relatively new fish processing facility equipped with plate and blast freezing equipment. Its replacement cost is roughly $2,000,000, however its market value hinges on the strength of the currently depressed fishing industry.

The old, wood frame Maritime Shipyard building is reportedly of no value. There is also a 150' marine railway for haul outs. The entire property is listed with Cushman and Wakefield for $5,000,000. Knowledgeable realtors estimate the ultimate selling price at between $4,500,000 and $3,500,000. Estimating the final sale value at $4,000,000 and assigning no net value to the improvements indicates a land value of $12.31 per square foot. An upward adjustment for the smaller size of the subject and the subject's greater proportion of uplands is required. Further upward adjustment is necessary for the more restrictive shoreline environment of the listed property. The US (Urban Stable) classification of the Whitney Fidalgo site restricts lot coverage to 50% versus 100% lot coverage for the subject. The US shoreline environment also requires view corridors for all types of uses. As with the UD Classification, filling of submerged lands, office buildings, and covered moorage are allowed.

SUMMARY OF SALES

Property Characteristics

	SALE 3	SALE 6	SALE 7	SALE 8	SALE 9
SALE DATE	1/5/82	1/26/81	4/20/76	6/30/82	7/17/77
SALE PRICE	$1,100,000	$1,116,000	$450,000	$1,283,000	$232,000
SIZE	97,770 SF	68,000 SF	185,100 SF	41,000 SF	33,000 SF
PRICE/SF*	$8.19	$15.03	$2.43	$31.59	$7.03
TIME			+250%		+175%
ADJ PRICE/SF	$8.19	$15.03	$8.51	$31.59	$19.33

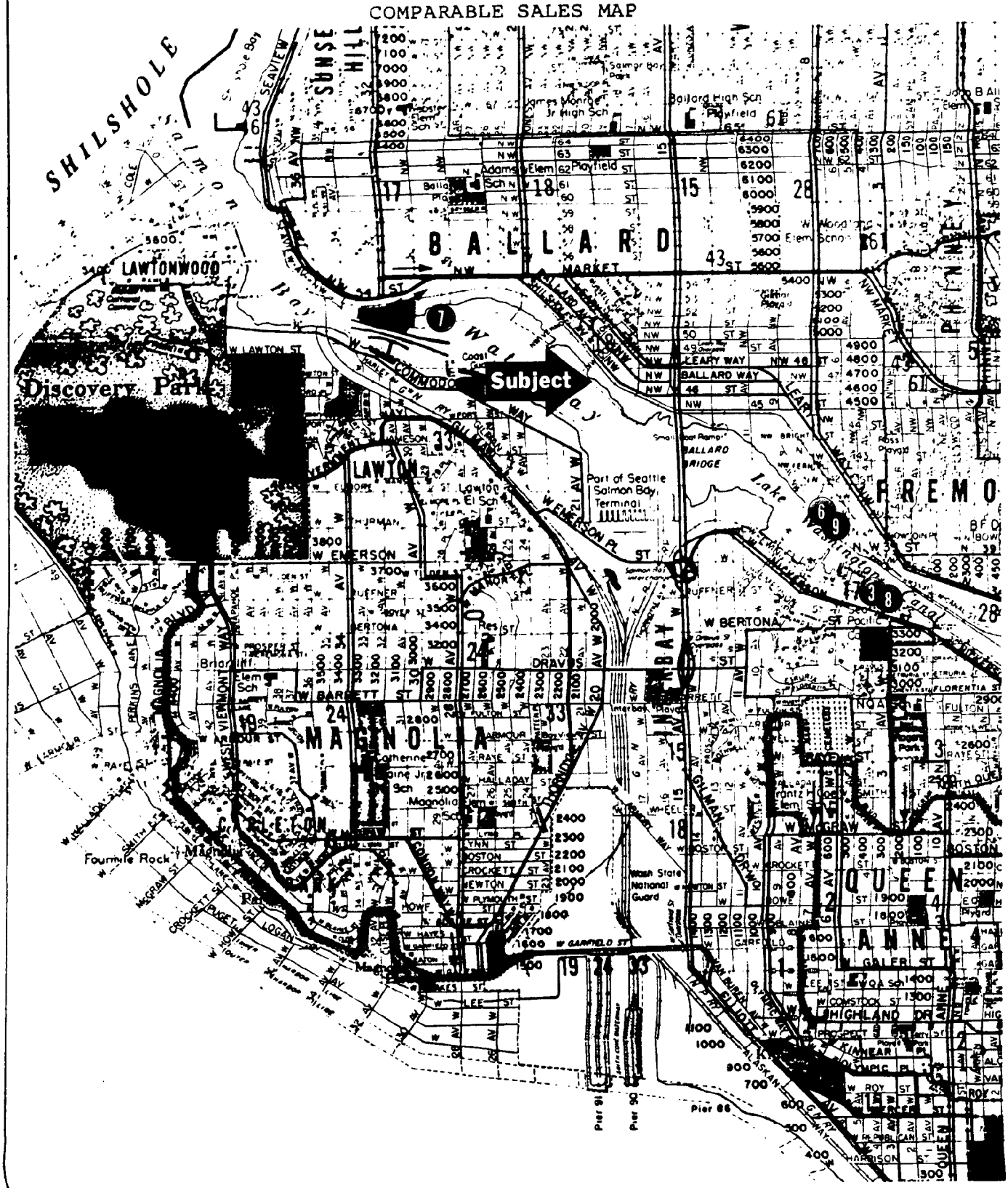
*Adjusted for value of improvements

Property Adjustments

LOCATION	+ 5%	+ 5%	+ 5%	+ 5%	+ 5%
SIZE		- 5%		-10%	-15%
UTILITIES					
& SUBMERGED	+30%	-10%	+20%	+ 5%	-10%
ACCESS					
NET ADJ	+35%	-10%	+25%	-0-	-20%
INDICATED VALUE/SF	$11.06	$13.53	$10.64	$31.59	$15.47

Estimated Value/Square foot = $13.50

COMPARABLE SALES MAP



FINAL RECONCILIATION AND ESTIMATE OF VALUE OF SUBJECT PROPERTY UNDER CURRENT URBAN DEVELOPMENT ENVIRONMENT

The Fair Market Value of real estate is generally estimated by considering three approaches to value.

The Cost Approach analyzes the cost of rebuilding improvements on the subject property, and makes allowance for any obsolescence of the subject improvements. There are significant improvements on the subject which are consistent with the Highest and Best Use of the property. The purpose of the appraisal of this property on the Ship Canal, the Lake Union property, and the parcel on the Duwamish is to analyze the effect of changes in shoreline environment regulations on the uses and values to those sites. To maintain consistency with the other two parcels, the contributory value of the subject's improvements has not been included in this appraisal. The Cost Approach has not been applied.

The Income Approach capitalizes the expected future income from the subject property by an appropriate rate of interest. The Income Approach has not been applied because the subject is considered as vacant.

The Market Data Approach is the comparison of similar sale properties to the subject property. This is the only one of the three approaches considered applicable to the current situation.

We have analyzed the comparable sales for the value of their size, improvements, percentage of submerged land, access, location, and other factors. The subject's location is more desirable than those of the sale properties and is about equal to the Whitney Fidalgo property now listed. After considering these factors, we estimate the Fair Market Value of the subject property, as of August 29, 1983, and subject to the attached Assumptions and Limiting Conditions, at $13.50 per square foot:

134,000 Square Feet x $13.50/S.F.	=	$1,809,000
Rounded to		$1,800,000

VALUATION OF SUBJECT UNDER PROPOSED
URBAN DEVELOPMENT ENVIRONMENT

VALUATION OF SUBJECT UNDER PROPOSED URBAN DEVELOPMENT ENVIRONMENT

METHOD OF ANALYSIS

The proposed Urban Development regulations eliminate some of the allowable uses of the subject site. To determine whether these additional constraints will reduce the subject's Fair Market Value, we first examine whether the uses to be prohibited represent the subject's Highest and Best, or most profitable, use. Banning land uses which would not return the greatest profit will not reduce land values. Many of the uses which would be banned in the UD environment are already prohibited by the General Industrial zoning. If the subject's Highest and Best Use is restricted by the proposed use prohibitions, then the effect on the Fair Market Value of the property must be estimated.

SUITABILITY OF SUBJECT FOR USES TO BE PROHIBITED

The proposed UD environment would prohibit the following currently permitted non-water dependent uses of the subject property:

1) Retirement and other group homes
2) Swimming pools
3) Offices as principal use
4) Retail shops
5) Restaurants
6) Non-profit fraternal and social clubs
7) Community facilities, such as churches, schools, and community centers
8) Other industrial or manufacturing uses (including transfer and salvage stations, mills, and refineries) when not transporting material by water

The underlying zoning is General Industrial (IG).

1) Retirement and other group homes are not permitted in Industrial zones.

2) Swimming pools as a commercial use would receive insufficient arterial exposure and retail traffic. Profit from this use would be insufficient support the estimated land value. This use is not representative of the subject's Highest and Best Use.

3) Offices could be adapted to this location. Developments along West Commodore Way near Fisherman's Terminal demonstrate a continuing demand for office space in locations such as the subject's. The Honeywell office-warehouse facility in the Stimson Industrial Park also indicates acceptance of this use. There is, however, the question of whether this use will increase the land value.

Offices do not utilize the water area; moorage use generally operated separately, as with the Stimson Marina and the mixed use complexes on Lake Union. Offices are users of upland sites incorporating views. A 1982 land sale developed as office indicated $12.13 per square foot for a 10,800 square foot site with a good view facing Fisherman's Terminal. A site adjacent to the water would receive a premium over this, but with industrial uplands commanding $15.00 per square foot as estimated for the subject, offices as a principal use seem unlikely to increase the subject's value, particularly when the view corridor requirement is considered.

4) Principal use retail shops requires more arterial exposure and pedestrian traffic than the subject receives. The primary nearby retail district is north of the subject in the area surrounding Northwest Market Street. The view corridor requirement also interferes with this use.

5) A small cafe-type restaurant is across 20th Avenue Northwest from the subject. The Canal, a large, relatively new restaurant, is four blocks to the west. Other recently developed view restaurants in the area are Hiram's, just west of the Locks, and Stuart's, near Ray's Boathouse and Acapulco's on Seaview Avenue Northwest. The concentration of restaurants on Seaview Avenue Northwest is supported by the proximity of the large Shilshole Marina, operated by the Port of Seattle. Developments in the subject area, which remains primarily industrial, are less conducive to restaurant uses. The arterial exposure is substantially lower and there is little pedestrian traffic in front of the subject. The view corridor requirement is also a negative factor for this type of use. While a small restaurant could be developed on the subject, it would not increase the value of the site, and would substantially reduce the remainder available for industrial use.

6) Non-profit fraternal and social clubs other than yacht clubs would tend to find the developments on the neighboring properties to be a negative factor in their decision to locate on the subject site. While the Ballard Elks recently built a large lodge on the waterfront south of the Shilshole Marina, these groups have not accounted for a substantial number of commercial real estate purchases over the past few years. Elimination of this portion of the market would not significantly reduce the Fair Market Value of the subject.

7) Community facilities such as churches, schools, and community centers have not been active purchasers of waterfront property in the Seattle area. Elimination of this group of potential buyers would not reduce the Fair Market Value of the subject.

8) Industrial and manufacturing uses not transporting material by water have lower cost sites, with equal rail service, available to them. Non-waterfront industrially zoned sites are available in the subject's vicinity for roughly $10.00 to $12.00 per square foot. Non-water dependent uses must also provide view corridors which restrict the utility of UD sites for non-water dependent uses. The subject's uplands have an estimated value of $15.00 per square foot. Prohibiting these non-water dependent uses would not reduce the value of the site.

ESTIMATE OF VALUE AFTER ADDITIONAL USES ARE PROHIBITED

In the preceding section, the proposed prohibited uses were examined to determine whether any were representative of the subject's Highest and Best Use and would contribute to its Fair Market Value. Unless the Highest and Best Use is restricted, the property's Fair Market Value will be unaffected. Office use and restaurant use could be adapted to the subject's locale, however the comparatively low visibility of the site and the industrial nature of the surroundings suggests that these uses would support a land value somewhat lower than has been estimated for waterfront industrial use.

Subject to the attached Assumptions and Limiting Conditions, we estimate that the value of the subject would not be affected by the proposed prohibitions and its Fair Market Value would remain:

$1,800,000

PROPERTY TAX REVENUES:

1983 property tax revenues for the subject are based on the Seattle millage rate which is distributed as follows:

Property Tax Millage (Tax $ per $1000 Assessed Value)		
State	=	$2.94146
King County (current expense, river improvement, soldiers' relief, mental health, intercounty river, bond redemption-councilmanic, conservation futures, bond fund-electorate)	=	1.36180
Port of Seattle	=	.32416
Emergency Medical Services	=	.12370
School District #1	=	2.51165
City of Seattle	=	2.55277
Total Tax Dollars per $1,000 Assessed Value	=	$9.81554

In King County, in accordance with state law, real estate is to be assessed at 100% of Fair Market Value. While assessed values of individual properties may vary from Fair Market Value, the total assessed value of any given class of real estate in King County is generally a reasonable approximation of the total Fair Market Value of that class of real estate.

TAX REVENUES UNDER CURRENT SHORELINE REGULATIONS

The estimated Fair Market Value of the subject property is $1,800,000. Assuming 1983 taxes based on an Assessed Value of $1,800,000, the subject's 1983 property taxes would be $17,668 distributed between the various funds as follows:

	1983 Millage		Assumed 1983 A.V.		1983 Assessment
State	.00294146	x	$1,800,000	=	$5,295
King County	.00136180	x	$1,800,000	=	2,451
Port of Seattle	.00032416	x	$1,800,000	=	583
Emergency Medical Services	.00012370	x	$1,800,000	=	223
School District #1	.00251165	x	$1,800,000	=	4,521
City of Seattle	.00255277	x	$1,800,000	=	4,595
Total	.00981554			=	$17,668

TAX REVENUES UNDER PROPOSED SHORELINE REGULATIONS

We estimate that the proposed changes in the UD shoreline environment will have no effect on the subject's Fair Market Value. If the Assessed Values were to correspond with the Fair Market Value, the property tax assessment would be unchanged from the estimate of $17,668.

PARCEL NO. 3

DUWAMISH WATERWAY SITE

NEIGHBORHOOD:

The subject property is located along the middle reach of the Duwamish Waterway in the principal industrial district of Seattle. The industrial area is bounded by Elliott Bay on the north, Interstate 5 on the east, West Marginal Way South on the west, and Allentown (in unincorporated King County) on the south. The land within the Duwamish Valley is essentially level and is defined by steep bluffs on the east and west sides. Harbor Island and the Duwamish Waterway itself are the prominent physical features of the area.

Roughly 40% of the Duwamish Valley land is devoted to industrial purposes. About 6% of the Valley is in residential use, and less than 0.5% is devoted to commercial activities. The Duwamish Valley has roughly 60% of all the industrially zoned land available within the Seattle City Limits. Major land owners include the Port of Seattle and the Boeing Company, just beyond the Seattle city limits.

The Duwamish Valley is well served by a wide range of transportation capabilities including ship and barge, rail, truck, air. The proximity of the rail yards and Boeing Field to the waterways and truck-rail terminals affords full opportunities for intermodal systems to maximize savings through the use of any combination of transportation capabilities. Seattle-Tacoma International Airport to the south and the Port of Seattle's Elliott Bay facilities are integral parts of the transportation network available for local and regional cargo requirements. Direct access to the interstate highway system combined with access to the central business district by major arterials and ample rail facilities complete the transportation system serving the Duwamish Valley.

DUWAMISH WATERWAY

Before the turn of the century, the Duwamish Valley was an extensive tideflat and broad marshland transversed by a meandering river.

Beginning in 1895, various projects were undertaken to straighten and deepen the channel and to drain the marshlands for industrial development. The privately financed Seattle and Lake Washington Waterway Company failed after 2 years, but managed to fill a great deal of tideflat during the course of its attempt to cut a channel to Lake Washington through Beacon Hill.

The State Legislature established the Commercial Waterway District #1 in 1909 and the Port of Seattle in 1911. Together with the City of Seattle, these organizations straightened the river and dredged a navigation channel to 9th Avenue South. The material dredged was used to create Harbor Island and to fill most of the original river bed. The unfilled areas remain as the various slips along the present day navigation channel.

In 1919, the federal government assumed responsibility for waterway maintenance, which is now shared with the Port of Seattle. The current $500,000 annual maintenance cost is now paid 2/3 by the Army Corps of Engineers and 1/3 by the Port of Seattle. The Commercial Waterway District was dissolved in 1962, with the Port acquiring its rights and responsibilities along the Duwamish.

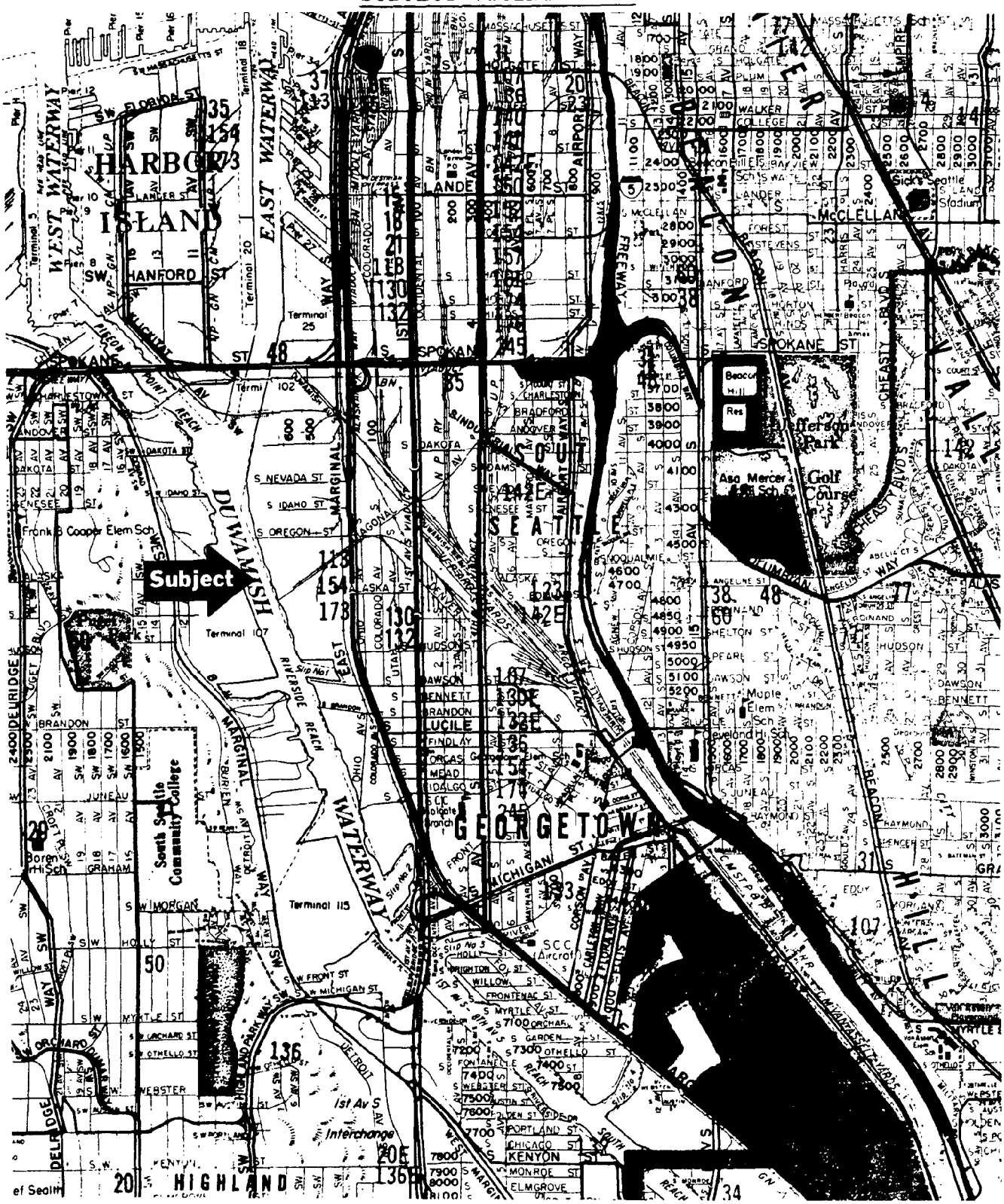
Since the early 1960's there have been proposals to straighten the river and extend the channel further south, well past Allentown. A current proposal calls for deepening the channel with further dredging and narrowing the channel width to allow more room for berthing large ships. The new high level Spokane Street bridge will improve navigation on the Waterway by reducing bridge opening delays.

The current widths and depths of the federally maintained channel are shown in the table below. Outside the channel, dredging is performed by adjacent land owners; depths are irregular.

Reach	Length (Miles)	Width (Feet)	Depth (Feet)
East Waterway	1.1	750	34
West Waterway	1.0	750	34
Duwamish Waterway:			
West Waterway to First Avenue South	2.5	200	30
First Avenue South to Eighth Avenue South	1.2	150	20
Eighth Avenue South to Head of Navigation	1.4	150	15

As the chart indicates, the channel depth is lower upstream, i.e., further south. Many deep draft vessels do not travel south of the First Avenue South bridge. The navigation time in the waterway also is greater for properties further upstream.

SUBJECT VICINITY MAP



LAMB HANSON LAMB
APPRAISAL ASSOCIATES, INC.
Professional Real Estate Appraisers and Consultants

PROPERTY DESCRIPTION:

Note: Permission was requested and received to inspect this property. Unfortunately this study had been completed by the time permission was received. Discussion is based on visual inspection and King County Assessor's records.

The subject property is a vacant portion of a larger industrial tract occupied by the Chiyoda Chemical Engineering and Construction Company. This larger site was formerly occupied by the Seattle Sewage Disposal Plant, and is bounded on the north by South Oregon Street, on the south by Diagonal Avenue South, on the east by East Marginal Way South, and on the west by the Duwamish Waterway.

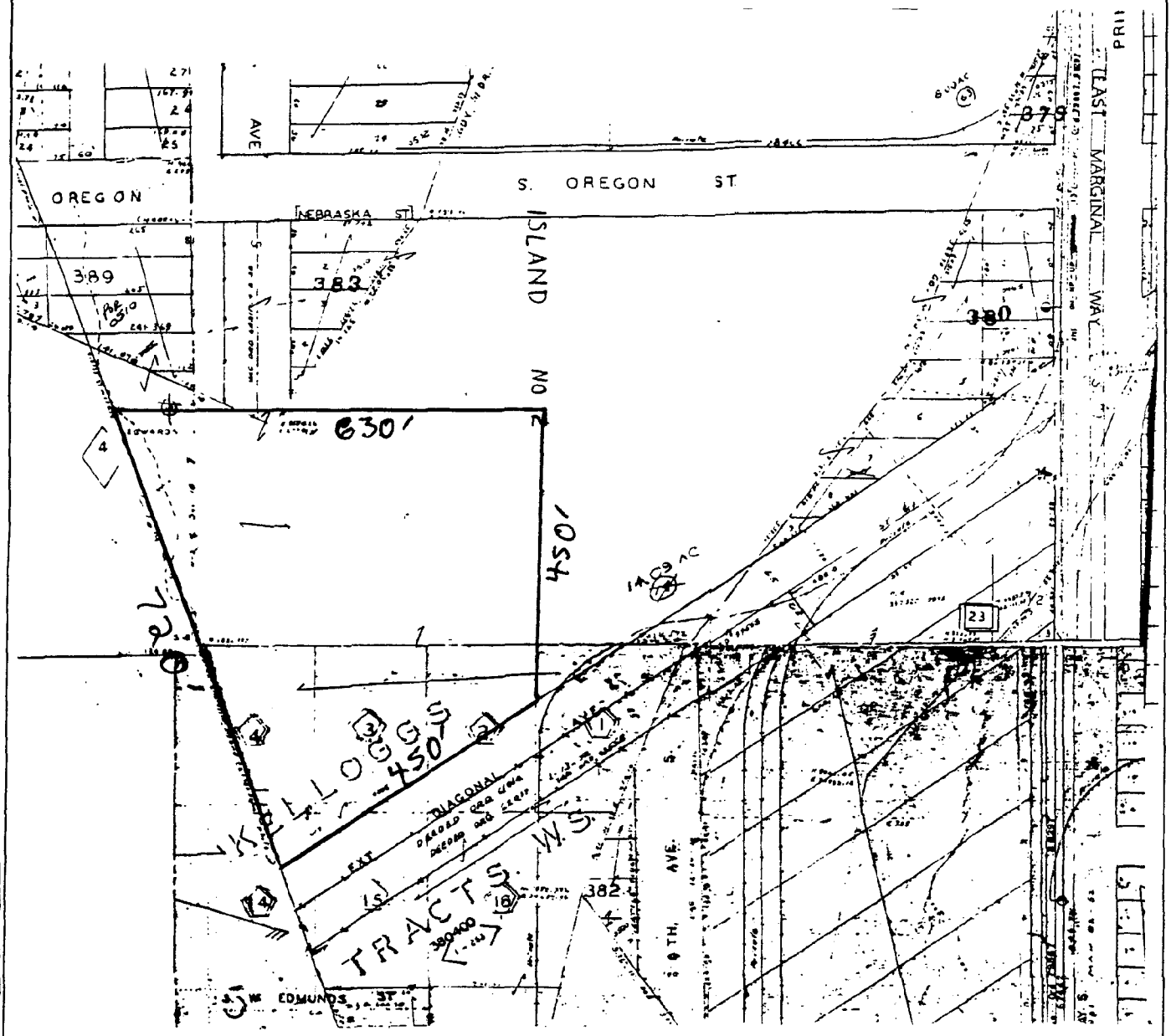
OSTENSIBLE OWNER:

Chiyoda Chemical Engineering and Construction Company.

LEGAL DESCRIPTION:

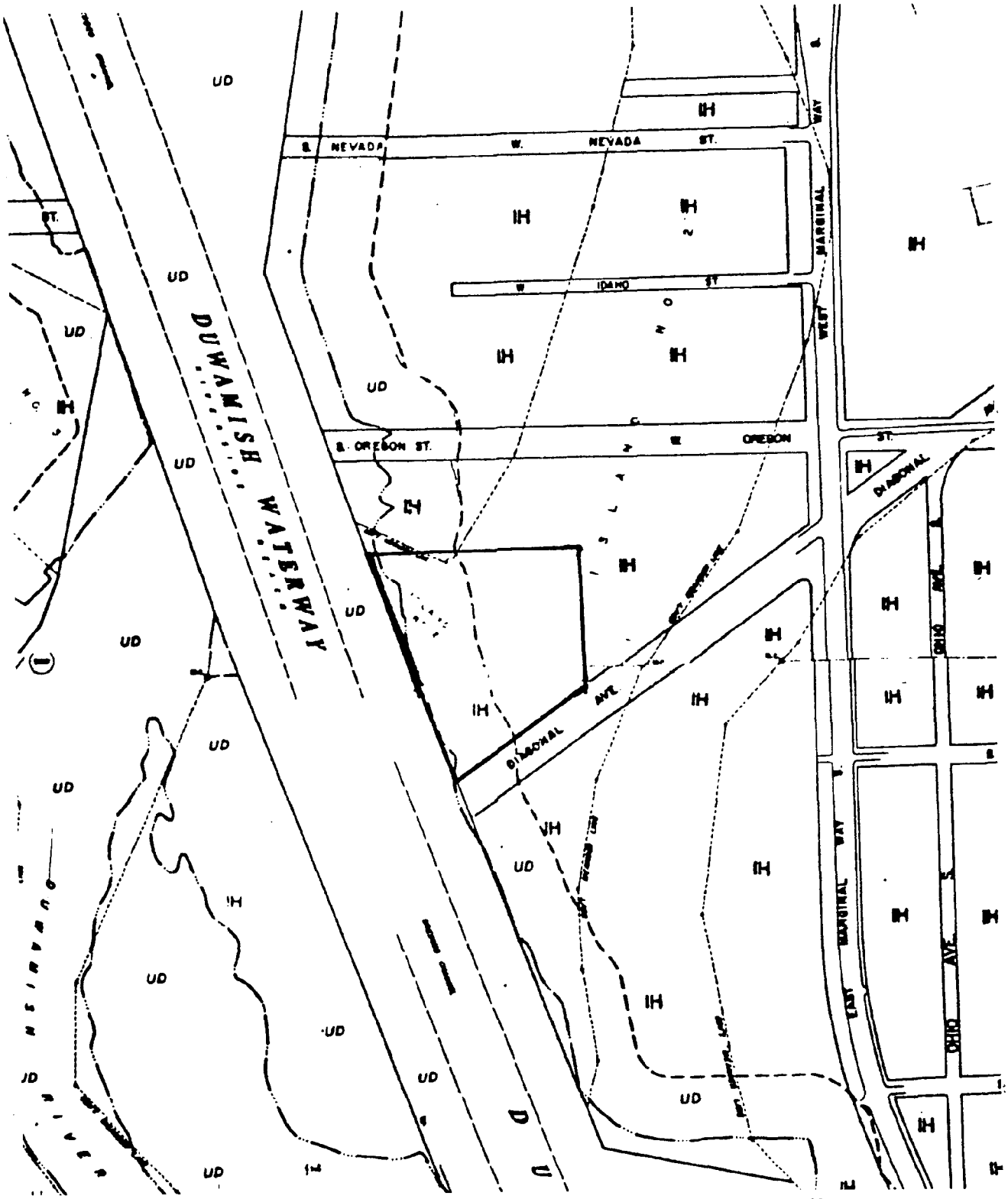
Portion of Government Lot 4, Section 18, Township 24, Range 4 East and portions tracts 1, 2, 3, 4, 14, 15, Kellogg's Tracts Addition, lying north of Diagonal Avenue South. No exact legal description has been supplied. Please refer to the following site plan for identification of the subject.

SUBJECT SITE PLAN



SCALE: 1" = APRX. 225'

ZONING MAP OF SUBJECT VICINITY



SCALE: 1" = APRX. 450'

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Professional Real Estate Appraisers and Consultants

SIZE AND SHAPE:

The subject property is a quadrilateral measuring 450 feet on the eastern boundary, 630 feet on the northern boundary, 450 feet on the southern boundary, and 720 feet on the western boundary with the Duwamish Waterway. The total area is calculated as 308,000 square feet.

TOPOGRAPHY:

The subject property is level and at grade with the neighboring land. Roughly 3% of the site is below the level of the Duwamish.

WATERFRONTAGE:

The subject has approximately 720 feet of frontage on the Duwamish Waterway. A small portion of the tract extends into the Duwamish River right of way according to the Assessor's Map.

ACCESS:

Access to this vacant parcel is via Diagonal Avenue South and also over adjacent land in the ownership of Chiyoda Chemical Engineering and Construction Company. Diagonal Avenue South is asphalt paved as a parking lot immediately in front of the subject. Leading to the subject, the street has 2 lanes of asphalt paving. East Marginal Way South (Highway 99) is the primary arterial serving this area.

UTILITIES:

The larger tract of which the subject is a part is sufficiently served by all municipal utilities, including public water, power, and sewer.

DESCRIPTION OF IMPROVEMENTS:

The waterfront is protected by a rock bulkhead in fair condition. The southern portion of the site is asphalt paved and partially fenced. The site is otherwise unimproved.

VIEW:

The subject has a view of the Duwamish Waterway and the surrounding area.

SALES HISTORY:

No sales during the past 10 years.

PROPERTY TAX ASSESSMENTS:

The King County Assessor's property record for a larger parcel which includes the northern portions of the subject follows. The land is currently assessed for $3,244,600 or roughly $3.50 per square foot. The current millage rate is 9.81554.

ACCOUNT NUMBER 766670 0510 3

KING COUNTY DEPARTMENT OF ASSESSMENTS — REAL PROPERTY RECORD

LOCATION 01219 J 18

SITUS ADDRESS

CITY SEATTLE

ZIP

TAXPAYER CHIYODA CHEM ENG & CONST C0351185

FOLIO C 2880 AREA 320 SUB

1/4 SEC SE SEC 18 TWN 24 RNG 04

PROPERTY NAME: LAND

PAGE 1 OF 1

LEGAL DESCRIPTION

LOT 1 THRU 9 BLOCK 380 & FT W OF W MGN E MARGINAL WAY S 383 TGW LOTS 1 & 4 THRU 8 BLK POR FOR DIAGONAL AVE

SEATTLE TIDE LDS EXT #1 AS ESTAB ORD 32881 TH S PLW 389 SD PLAT TGW VAC 8TH AVE SW

LESS POR LY E OF FOLG DESC LN SD W MGN TO NWLY MGN DIAGONAL ADJ TGW POR GL 4 LY SWLY OF S

BEG ON S MGN OF S OREGON ST 110 AVE S - TGW LOTS 1 THRU 5 BLK OREGON ST & ELY OF CWW #1 LESS

ASSESSED VALUE HISTORY

YEAR	LAND	IMP	TOTAL		L/C	DATE	CHANGE NO	REASON
72	7860		7860	T	0010	03/16/73		
73	32850		32850	T	0010	03/16/73		
75	65700		65700	T	0010	08/01/75		100%VALUELAW 73
76	65700		65700	T	0010	05/04/75		REVALUED
80	68900		68900	T	0010	01/07/79		REVALUED
81	105100	100	105200	T	0010	05/31/80		REVALUE
83	120800	100	120900	T	0010	04/24/82		REVALUE
83	3244600	100	3244700	T	0010	06/27/83	B003563	MERGER

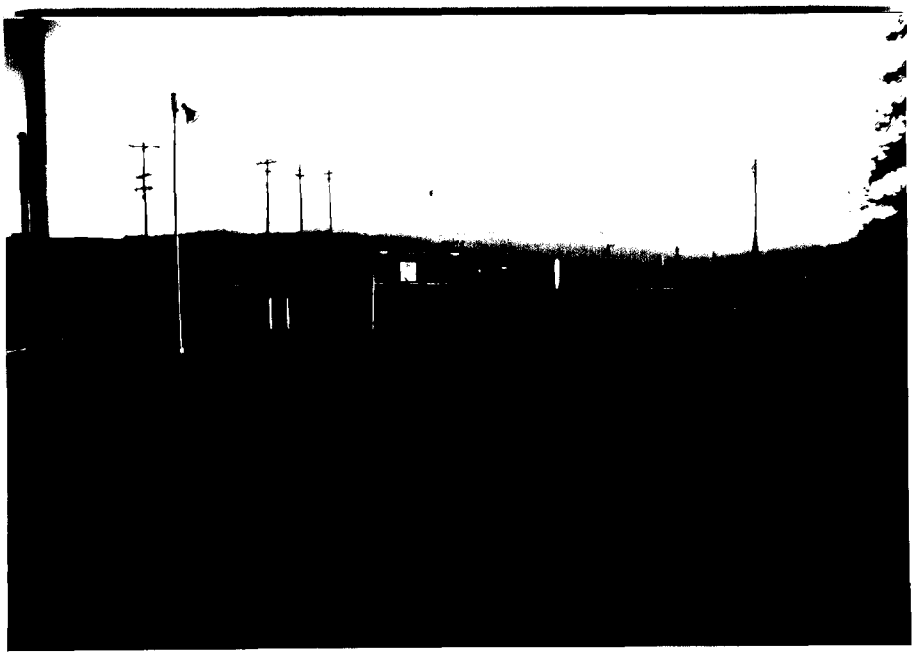
SALES HISTORY

DATE	EXCISE #	AMOUNT	REMARKS

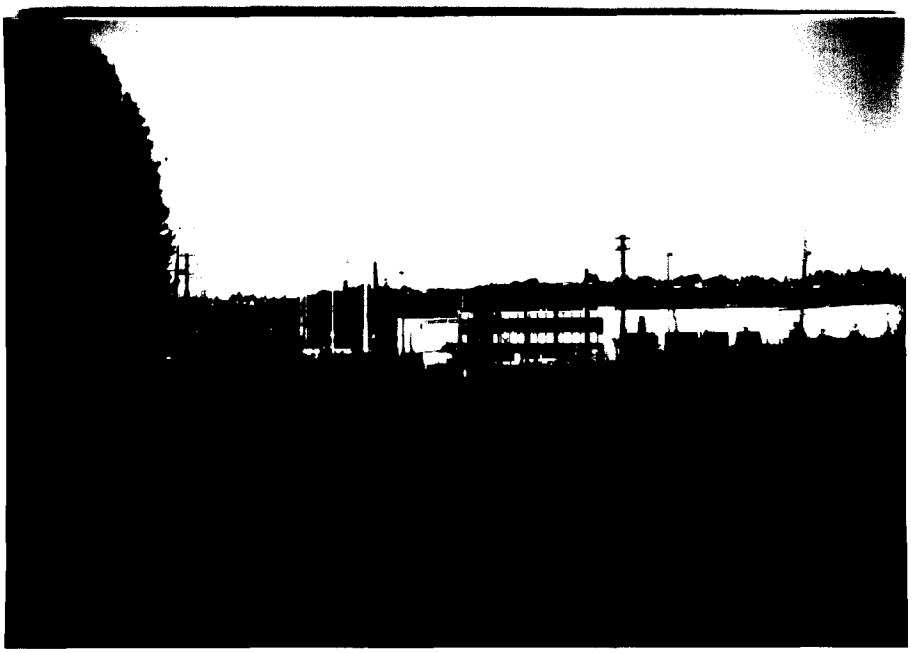
JURISDICTION SEATTLE

LAND USE VACANT

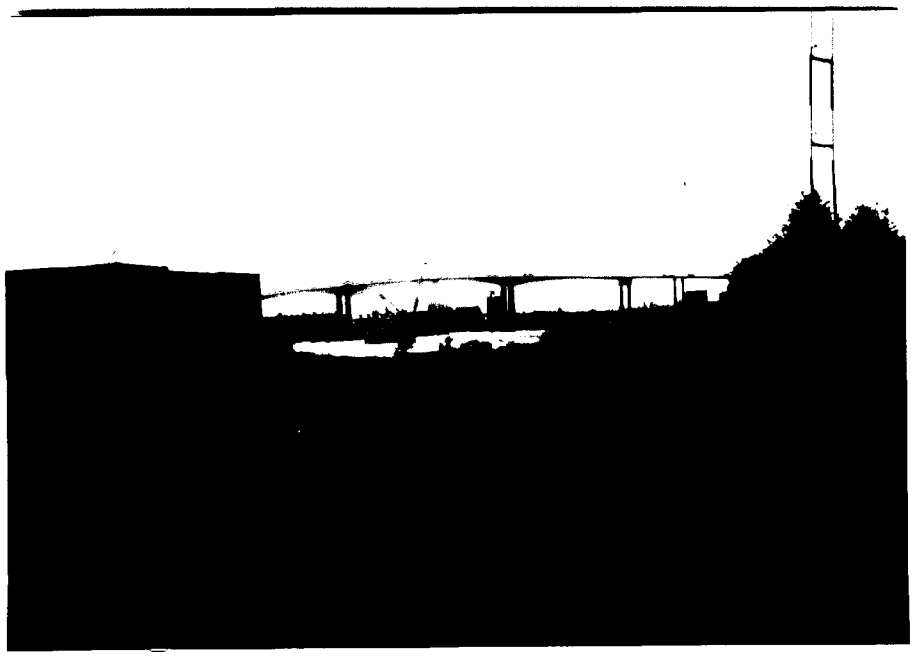
LAND USE CODE 904



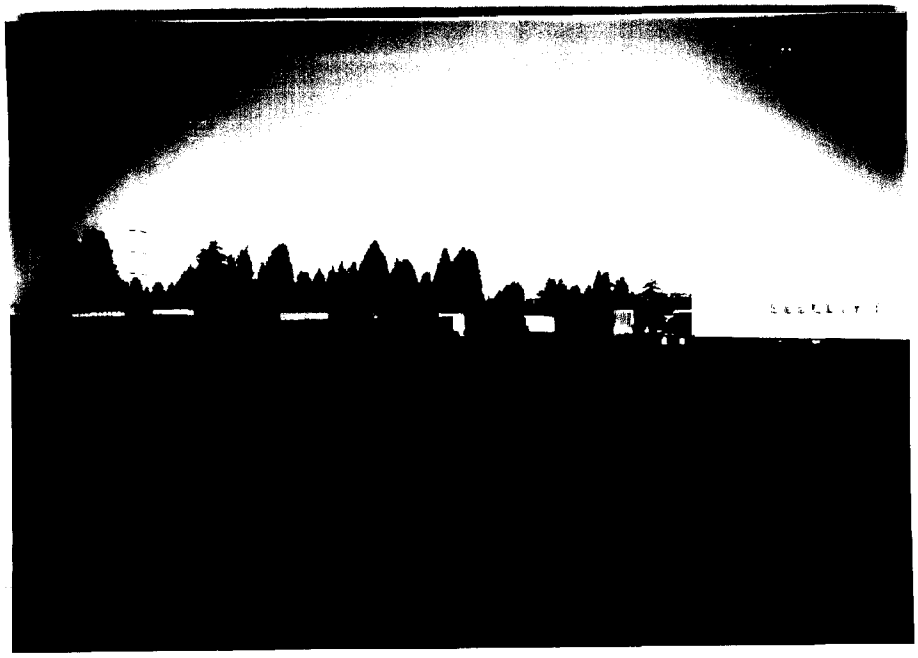
Viewing southwest along Diagonal Avenue South,
subject to right of fencing



Viewing northeast along Diagonal Avenue South
toward intersection with East Marginal Way South



Viewing northwest from Diagonal Avenue South,
asphalt paved portion of subject
in foreground



Viewing northeast from Diagonal Avenue South,
trailers parked near subject center

ZONING:

A) Heavy Industrial Zone

The subject property is zoned Heavy Industrial (IH) which permits a wide range of industrial, manufacturing, and commercial uses. Additional uses such as hog farms, explosives storage, rendering plants, pulp manufacture, and slaughterhouses may be authorized as conditional uses in the IH zone. The maximum gross floor area of any structure may not exceed 250% of the lot area. There is no minimum lot size and there are no required yards (setbacks from property lines).

Residential usage is not compatible with the encouraged industrial uses. Prohibited uses in the IH zone are:

(a) Dwellings, except for watchman or caretaker quarters, and artist's studio/dwellings as special exceptions as provided by the code;
(b) Schools, except for trade schools;
(c) Hospitals and other institutions for human care;
(d) Motels, hotels and trailer parks;
(e) Jails and work-release centers;
(f) Any use prohibited by any other law or ordinance.

B) Urban Development Shoreline Environment

The Seattle Shoreline Master Program, which became effective in 1977, regulates development within 200 feet of the shoreline, and over water. As shown in the zoning map of the subject vicinity, roughly 55% of the subject is more than 200 feet from the shoreline and is therefore not covered by the Seattle Shoreline Master Program. The purpose of the Seattle Shoreline Master Program is to implement the state Shoreline Management Act of 1971. Seven "shoreline environments", which are effectively overlay zones, have been designated. Certain uses are permitted and certain others are prohibited in each environment. Only those uses permitted by both the applicable zoning and also the applicable shoreline environment will be allowed on any given site.

The subject site is designated as in the Urban Development (UD) shoreline environment.

This shoreline environment permits most of the uses allowed by the Heavy Industrial zone and allows several uses which are not permitted by the Heavy Industrial zone. Uses must be permitted by both the IH and UD classifications to be allowed on the subject site.

For water dependent uses, the Urban Development standards do not require view corridors; however, view corridors are required for non-water dependent uses. Non-water dependent uses are those which do not require access either to the water or to water dependent uses. That a waterfront location may increase profits is not enough to make a use water dependent under the shoreline definitions. Restaurants, office buldings, retail shops, hotels, and warehouse are examples of non-water dependent uses under the regulations. The view corridor requirement restricts improvements, automobile parking, heavy equipment, and materials so that at least 35% of the width of the site has no obstruction to the view of the water from the street. Provision of view corridors generally reduces the intensity to which UD classed properties may be developed for non-water dependent uses. 100% lot coverage with improvements placed below street grade in the view corridor area is permitted.

The Urban Development shoreline environment does not restrict lot coverage for any permitted use, other than the view corridor requirement. Urban Development criteria also permit filling of submerged portions of sites.

The Urban Development environment currently permits the following uses:

- Retirement and other group homes
- Swimming pools
- Offices as principal use
- Retail shops
- Restaurants
- Marine sales (boats)
- Open wet moorage
- Covered wet moorage
- Stacked moorage
- Launching ramps
- Haul-out facilities
- Marine construction, repair and dismantling including:
  - Ship building, repair and dismantling
  - Boat building and repair
  - Boat and ship rigging
  - Marine refrigeration
  - Marine electronics: Repairs and installations
  - Marine outfitting and ship conversions
  - Marine propulsion: Repairs and installations
- Marine service station
- Public marina
- Private nonprofit yacht club
- Accessory parking
- Passenger and auto ferry terminal
- Railroad spurs
- Water-based aircraft facilities
- Log storage and rafting
- Sand, gravel and concrete mix and cement plants
- Cargo terminals, cargo handling and water-dependent manufacturing, including:
  - Tug and barge companies
  - Barge terminals
  - Container terminals
  - Breakbulk and neobulk (non-containerized) terminals
  - Dry and liquid bulk terminals (es. grain and petroleum)
  - Seafood processing plants
  - Freeze/chill facilities which bring material by water
  - Steel mills, stone crushing mills, metal fabricators, lumber mills and other mills which transport raw or finished products by water
- Other industrial or manufacturing uses (including refuse transfer and salvage stations, mills and refineries)
- Public recreational and commercial piers
- Aquaculture structures
- Research and educational uses
- Nonprofit fraternal and social clubs
- Community facilities

Shoreline protective structures and activities, including:

- Dredging
- Landfill
- Piling
- groins
- breakwaters
- bulkheads
- floats

The Urban Development Environment currently prohibits the following uses:

- Single-family residence
- Multi-family residence
- Floating homes
- Hotel, motel, boatel
- Principal use parking
- Landbased aircraft facility
- Sanitary landfill
- Principal use warehousing and wholesaling (not connected with a water-dependent facility)

Proposed changes to the Seattle Shoreline Master Program would add the following currently permitted non-water dependent uses to the prohibited list in the Urban Development environment:

- Retirement and other group homes
- Swimming pools
- Offices as principal use
- Retail shops
- Restaurant
- Non-profit fraternal and social clubs
- Community facilities
- Other industrial or manufacturing uses (including transfer and salvage stations, mills, and refineries when not transporting material by water)

LEASABLE AREAS:

The Port of Seattle acquired all rights and responsibilities to the beds and shores of the Duwamish Waterway which were formerly held by Commercial Waterway District #1. However, the Port's rights have been restricted by the courts which have ruled that the Port cannot extract rent from abutting shoreline property owners, even when they are using either the submerged or dry portions of the Waterway. Apparently the Port has the ability to remove property improvements such as piers or dolphins only when the structures impede navigation or enter the Congressionally authorized navigation channel.

The only leasable areas of the Duwamish are those facing Elliott Bay where state harbor areas have been created.

HIGHEST AND BEST USE:

Highest and Best Use is defined as that use of the land which produces the highest land value. The Highest and Best Use is selected from the set of reasonably probable and legal alternative uses, and must be physically possible, appropriately supported and financially feasible.

The subject property is zoned for Heavy Industrial (IH) usage, and is subject to the Urban Development (UD) shoreline environment. The areas in this environment are primarily those suitable for commercial and industrial purposes. The intent of the designation is to provide for efficient use of these areas for water dependent commerce and industry consistent with the Shoreline Management Act of 1971. As dominant land uses along the Duwamish are marine oriented, and considering the legal limitations and physical characteristics, and trends in the vicinity, it is our opinion that the Highest and Best Use for the subject is a marine dependent industrial use utilizing the waterfrontage.

LAND VALUATION:

Land is customarily valued as though vacant, unencumbered, and available for development to a use which will justify the highest price and greatest net return. A detailed search of the Duwamish Waterway identified a number of sales of vacant, or underimproved, land comparable to the subject property. The comparable sales used are presented in the Supporting Data section below.

VALUATION OF SUBJECT
UNDER CURRENT URBAN DEVELOPMENT ENVIRONMENT

The subject is a 308,000 square foot parcel zoned Heavy Industrial, Urban Development shoreline environment on the east side of the Duwamish Waterway. The sales summarized in the table below are considered indicative of the subject's current value. Adjustments have been made to reflect elements of dissimilarity between the comparable and the subject. Positive adjustments are made when the subject is superior to the comparable; negative adjustments indicate that the comparable is superior.

Comparable Sale No. 10, for a net land value of $6.33 per square foot, was improved with a 3,166 square foot office, a 7,280 square foot steel shop building, and a 1,152 square foot wood frame storage shed. Adjustment was necessary for market appreciation for time elapsed since this sale and for the difference in size. This property is further from Elliott Bay, and an adjustment for access has been made.

Comparable Sale No. 11, for a net land value of $7.12 per square foot is used for construction of bridge pontoons, large barges, and similar projects. This is a recent sale about 1/2 mile upstream from the subject, and except for estimation of the value of improvements, no adjustment has been necessary.

Comparable Sale NO. 12 is a partially improved property with more submerged area than the subject. This property's location south of 8th Avenue South requires an adjustment for accessibility.

Comparable Sale No. 13 was a vacant site across Slip No. 4 from Comparable No. 12. This site required substantial development expense for fill and pier construction. More of this site is submerged and the accessibility of this location is inferior to the subject's. The price, based on an option dating from 1981, appears to be below the current market.

Comparable Sale No. 14 is a much smaller site than the subject. This site is upstream from the subject but north of Comparables No. 10, 12, and 13. Street access to this property is rated fair.

SUMMARY OF SALES

Property Characteristics

	SALE 10	SALE 11	SALE 12	SALE 13	SALE 14
SALE DATE	10/12/79	1/11/83	3/15/83	11/24/82	5/13/82
SALE PRICE	$630,000	$4,800,000	$2,250,000	$2,750,000	$225,000
SIZE (SF)	67,900	484,400	271,600	567,500	25,900
PRICE/SF*	$6.33	$7.12	$7.18	$4.85	$8.69
TIME	+25%				
ADJ PRICE/SF	$7.91	$7.12	$7.18	$4.85	$8.69

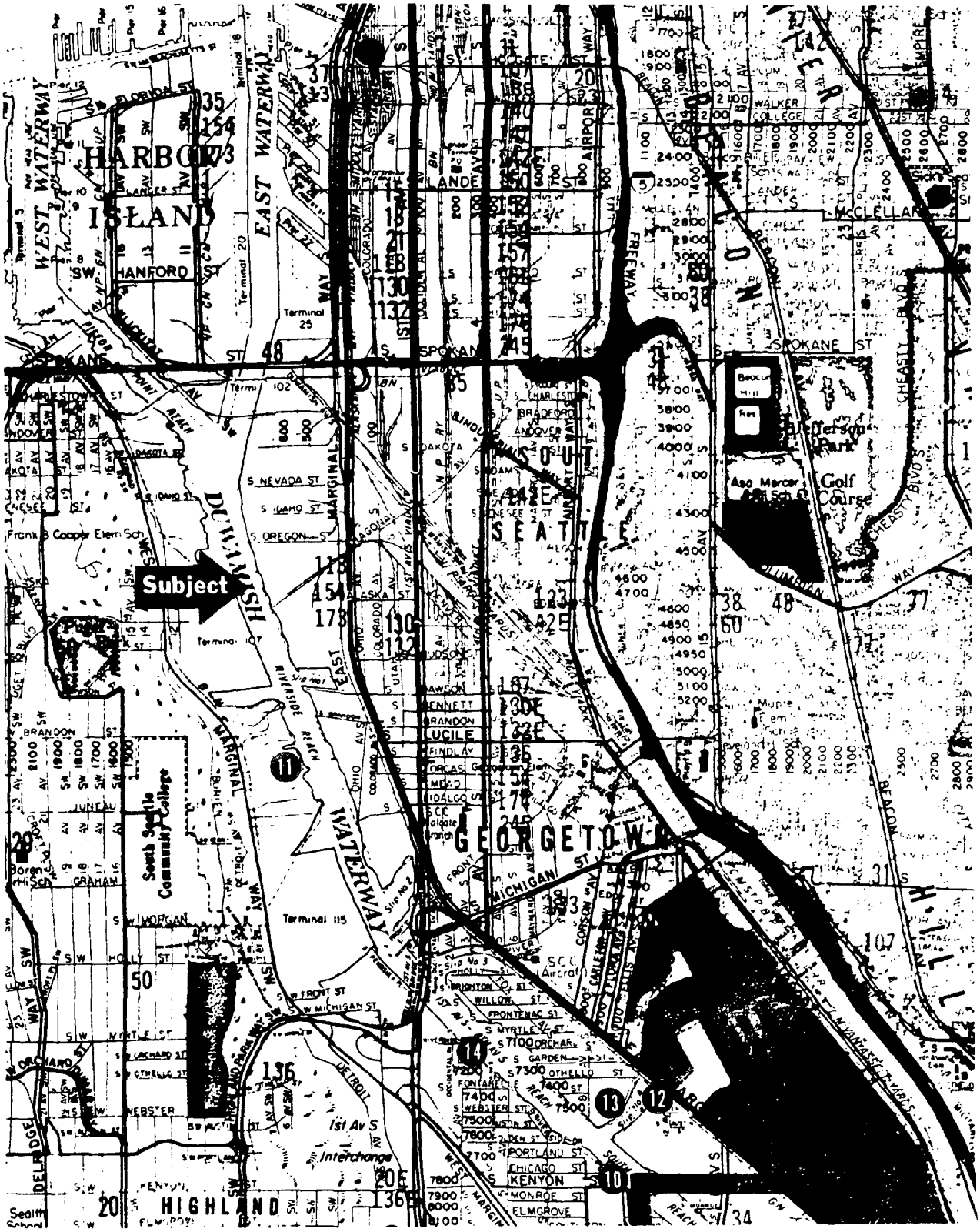
*Adjusted for estimated value of improvements

Property Adjustments

LOCATION					
SIZE	-15%				-25%
UTILITIES					
% SUBMERGED			+10%	+10%	
ACCESS	+10%		+10%	+10%	+10%
NET ADJ	- 5%	0	+20%	+20%	-15%
INDICATED VALUE/SF	$7.51	$7.12	$8.62	$5.82	$7.39

Estimated Value/Square Foot = $7.50

COMPARABLE SALES MAP



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FINAL RECONCILIATION AND ESTIMATE OF VALUE OF SUBJECT PROPERTY UNDER CURRENT URBAN DEVELOPMENT ENVIRONMENT

The Fair Market Value of real estate is generally estimated by considering three approaches to value.

The Cost Approach analyzes the cost of rebuilding improvements on the subject property, and makes allowance for any obsolescence of the subject improvements. Since the subject property is vacant except for some fencing and asphalt paving, the Cost Approach has not been applied.

The Income Approach capitalizes the expected future income from the subject property by an appropriate rate of interest. The Income Approach has not been applied because the subject is considered as vacant.

The Market Data Approach is the comparison of similar sale properties to the property being appraised. This is the only one of the three approaches considered applicable to unimproved acreage such as the subject.

Based on the five recited Comparable Sales, after analysis for the value of their improvements, their size, ratio of submerged land, location and access, we estimate the Fair Market Value of the subject property, as of August 29, 1983, and subject to the attached Assumptions and Limiting Conditions, at $7.50 per square foot:

308,000 Square Feet x $7.50/S.F.	=	$2,310,000
Rounded to		$2,300,000

VALUATION OF SUBJECT UNDER PROPOSED
URBAN DEVELOPMENT ENVIRONMENT

VALUATION OF SUBJECT UNDER PROPOSED URBAN DEVELOPMENT SHORELINE ENVIRONMENT

METHOD OF ANALYSIS

The proposed Urban Development regulations eliminate some of the allowable uses of the subject site. To determine whether these restrictions will reduce the subject's Fair Market Value, we first examine whether the uses to be prohibited represent the subject's Highest and Best, or most profitable, use. Banning land uses which would not return the greatest profit will not constrain land values. Many of the uses which would be banned in the UD environment are already prohibited by the Heavy Industrial zoning. If the subject's Highest and Best Use is restricted by the proposed use prohibitions, then the effect on the Fair Market Value of the property must be estimated.

SUITABILITY OF SUBJECT FOR USES TO BE PROHIBITED

The proposed UD environment would prohibit the following currently permitted non-water dependent uses of the subject property:

1) Retirement and other group homes
2) Swimming pools
3) Offices as principal use
4) Retail shops
5) Restaurants
6) Non-profit fraternal and social clubs
7) Community facilities, such as churches, schools, and community centers
8) Other industrial or manufacturing uses (including transfer and salvage stations, mills, and refineries when not transporting material by water)

The underlying zoning is Heavy Industrial (IH).

1) Retirement and other group homes are permitted in Industrial zones.

2) Swimming pools as a commercial use would need arterial exposure, which the subject lacks.

3) The federal government has a large complex, including office space, just south of the subject. The offices, however, front on East Marginal Way South. The subject property has insufficient visibility for commercial development as offices, and in this location the demand is insufficient for a major development of this type. The surrounding area is also considered unattractive for this use.

4) Retail shops are inappropriate due to the lack of visibility.

5) Restaurant use would face the problems of insufficient visibility, insufficient traffic to the site, and unattractive surroundings. The subject is not suitable for this use.

6) Non-profit fraternal and social clubs would find a variety of other locations more appealing. The residential population of the surrounding area is quite limited.

7) Community facilities such as churches, schools, and community clubs require a substantial resident population. The population of the surrounding area is too small to support this use on the subject.

8) Industrial and manufacturing uses not transporting material by water have lower cost sites, with equal rail service, available to them. While non-waterfront industrially zoned sites as large as the subject are difficult to identify in the subject's immediate locale, they begin to appear in the area south of Boeing Field and become more available as one moves further south. In the Kent area, comparable parcels are available for $3.00 to $5.00 per square foot.

Inspection of the industrially zoned properties adjoining the Waterway indicates that the vast majority of them are actively using it for transportation. The conclusion is that the Waterway is contributing to the profits of those using it; this should enable water dependent uses to outbid other potential uses for waterfront sites.

ESTIMATE OF VALUE AFTER ADDITIONAL USES ARE PROHIBITED

In the preceding section, the proposed additions to the list of prohibited uses in the Urban Development environment were examined for their relationship to the subject's Highest and Best Use. Due to the subject's location in an industrial area with a small surrounding residential population, and the subject's lack of visibility from a major arterial, the first seven of the proposed prohibited uses are clearly outside the range of Highest and Best Use. The degree with which industrial and other uses are exploiting the transporation capabilities of the Waterway suggests that water dependent uses can outbid non-water dependent industrial uses in the open market. Prohibiting non-water dependent uses in the UD environment should therefore have no effect on the value of the subject site. Its Fair Market Value would remain:

$2,300,000

PROPERTY TAX REVENUES:

1983 property tax revenues for the subject are based on the Seattle millage rate which is distributed as follows:

Property Tax Millage (Tax $ Per $1000 Assessed Value)		
State	=	$2.94146
King County (current expense, river improvement, soldiers' relief, mental health, intercounty river, bond redemption-councilmanic, conservation futures, bond fund-electorate)	=	1.36180
Port of Seattle	=	.32416
Emergency Medical Services	=	.12370
School District #1	=	2.51165
City of Seattle	=	2.55277
Total Tax Dollars per $1,000 Assessed Value	=	$9.81554

In King County, in accordance with state law, real estate is to be assessed at 100% of Fair Market Value. While assessed values of individual properties may vary from Fair Market Value, the total assessed value of any given class of real estate in King County is generally a reasonable approximation of the total Fair Market Value of that class of real estate.

TAX REVENUES UNDER CURRENT SHORELINE REGULATIONS

The subject's Fair Market Value has been estimated at $2,300,000. Assuming an assessed value of $2,300,000, the subject's 1983 property tax assessment would be $22,576, distributed between the various funds as follows:

	1983 Millage		Assumed 1983 A.V.		1983 Assessment
State	.00294146	x	$2,300,000	=	$6,765
King County	.00136180	x	$2,300,000	=	3,132
Port of Seattle	.00032416	x	$2,300,000	=	746
Emergency Medical Services	.00012370	x	$2,300,000	=	285
School District #1	.00251165	x	$2,300,000	=	5,777
City of Seattle	.00255277	x	$2,300,000	=	5,871
Total	.00981554				$22,576

TAX REVENUES UNDER PROPOSED SHORELINE REGULATIONS

We estimate that the proposed changes in the UD shoreline environment will have no effect on the subject's Fair Market Value. If the Assessed Values were to correspond with the Fair Market Value, the property tax assessment would be unchanged from the estimate of $22,576.

S U P P O R T I N G D A T A

COMPARABLE SALE NO. 1

ADDRESS: 1141 Fairview Avenue East

SALE DATE:	April 20, 1983
EXCISE TAX NO.:	717949
PRICE:	$600,000
GRANTOR:	Lake Union Associates, a general partnership
GRANTEE:	Mr. and Mrs. Lawrence A. Belgrave
DETAILS OF SALE:	Warranty Deed
ZONING:	Manufacturing (M), US/LU shoreline environment
LOT AREA:	Approximately 33,250 Square Feet

PROPERTY DESCRIPTION:

This is Holiday Marine on the eastern shore of Lake Union. Property was formerly operated as part of Lake Union Landing marina, and was improved with fencing, concrete paving, boat lift and piers prior to sale. The steel building has been constructed since the sale. Sale property has roughly 60 feet of waterfront; a leasehold of 3,029 square feet of state owned submerged land was included in the deal. Property was not listed for sale; purchaser was primary instigator of the sale. No additional sums were paid for the business.

Approximately 70% of this property is uplands, nearly all of which is level with the street. Fairview Avenue East is a heavily traveled four-lane arterial at this location.

A proposal has been made to lease the neighboring site on the south from King County for development of a restaurant and pleasure craft marina. The prospective lease on this property requires the developer to obtain all permits, without assistance from King County. The base lease rate will be 75¢ per square foot per year, or roughly $76,000 per year for the 102,000 square foot parcel which is about 50% submerged. Participation clauses could increase King County's receipts to $100,000 annually. Capitalizing the potential $100,000 annual lease payment at a generally acceptable 10% discount rate indicates a land value of $1,000,000 or roughly $10.00 per square foot.

The Holiday Marine parcel was a portion of a 202,000 Square foot site purchased by Lake Union Associates from Marine Leasing Corporation (Marine Power and Equipment) on January 2, 1979. The price on this transaction was $1,500,000 (E#514252), or $7.43 per square foot. Roughly 50% of this larger site was uplands. Permits for a restaurant on the northern portion of the land area of this site are currently being sought. The balance of the site was developed as Lake Union Landing.

Marine Power and Equipment purchased the 202,000 square foot site in February, 1977, from Gunn Investment Company (50% interest, E#395620) and Howard S. Wright Development Company (50% interest, E#395621).

The total price was $900,000, or $4.46 per square foot at that time. Wright and Gunn had intended to develop a major hotel on the property.

Analysis:

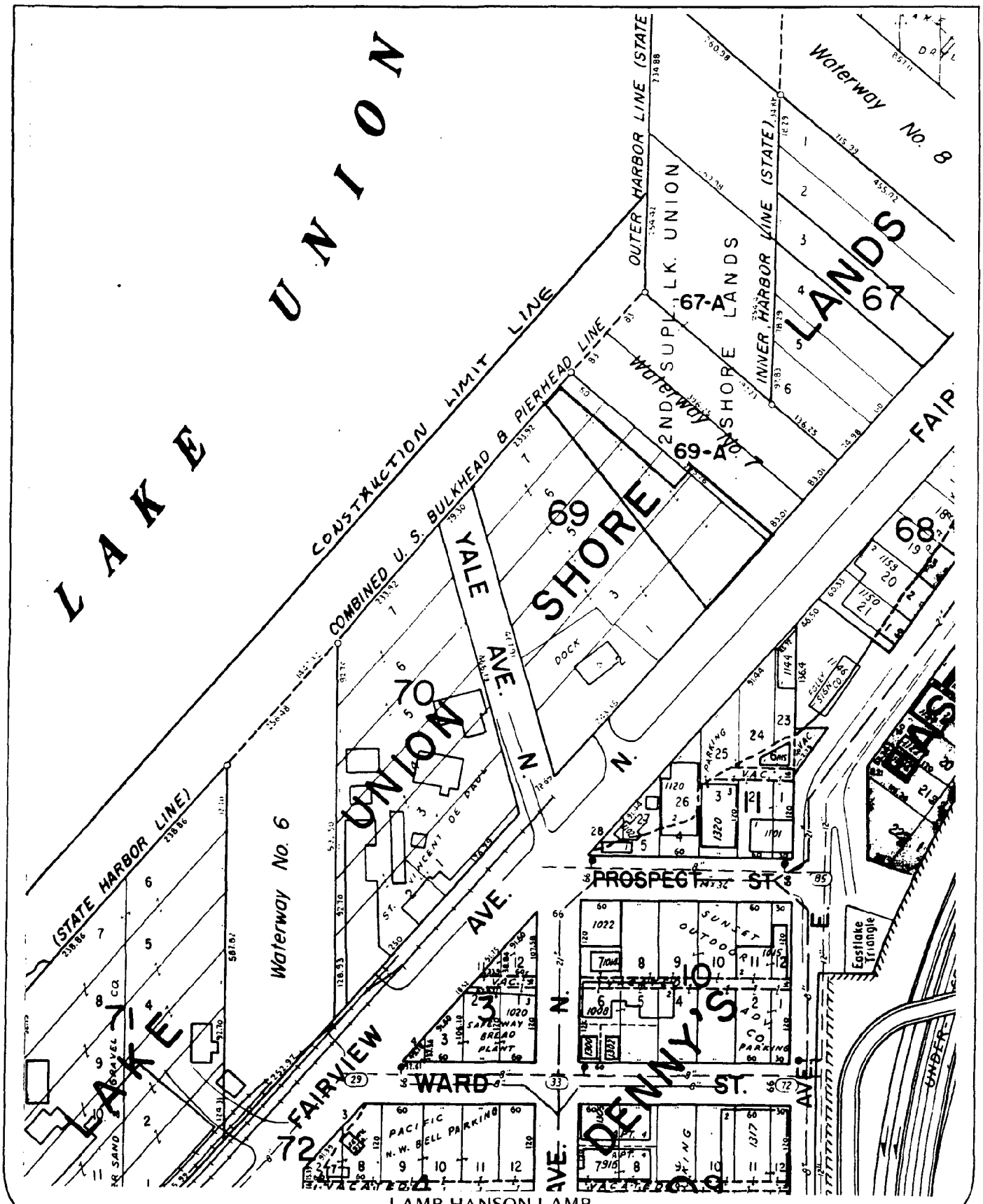
Sale Price	=	$600,000
Estimated Value Improvements	=	75,000
Adjusted Sale Price of Land	=	$525,000

Sale information was confirmed with F. Bartow Fite of Lake Union Assoicates.

Price/S.F. = $15.79

Comparable No. 1, Holiday Marine

Lake Union Landing Marina



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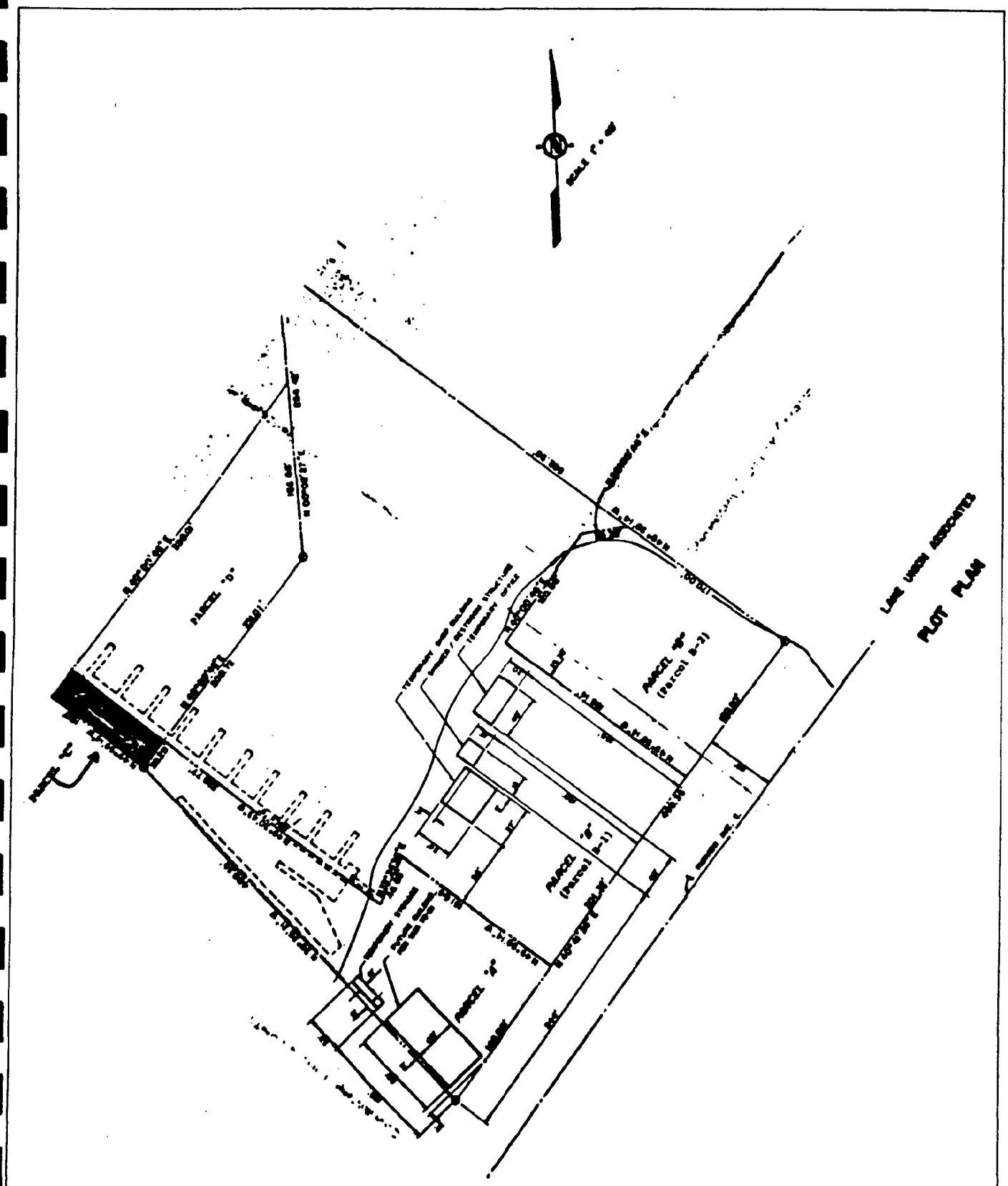

PLOT PLAN

COMPARABLE SALE NO. 2

ADDRESS: 900 Block of Westlake Avenue North

SALE DATE:	August 3, 1981
EXCISE TAX NO.:	649976
PRICE:	$500,000
GRANTOR:	The 13th Regional Corporation
GRANTEE:	Embar Equities Corporation
DETAILS OF SALE:	Real Estate Contract
ZONING:	Manufacturing (M), US/LU shoreline environment
LOT AREA:	Approximately 22,700 Square Feet

PROPERTY DESCRIPTION:

Vacant waterfront parcel at south end of Lake Union in a mixed light industrial/commercial area just north of the central business district. Purchaser intended to develop a mixed use condominium, office, and retail complex with associated moorage on the site; former use was as parking for a floating restaurant which eventually sank. Roughly 64% of the site is uplands.

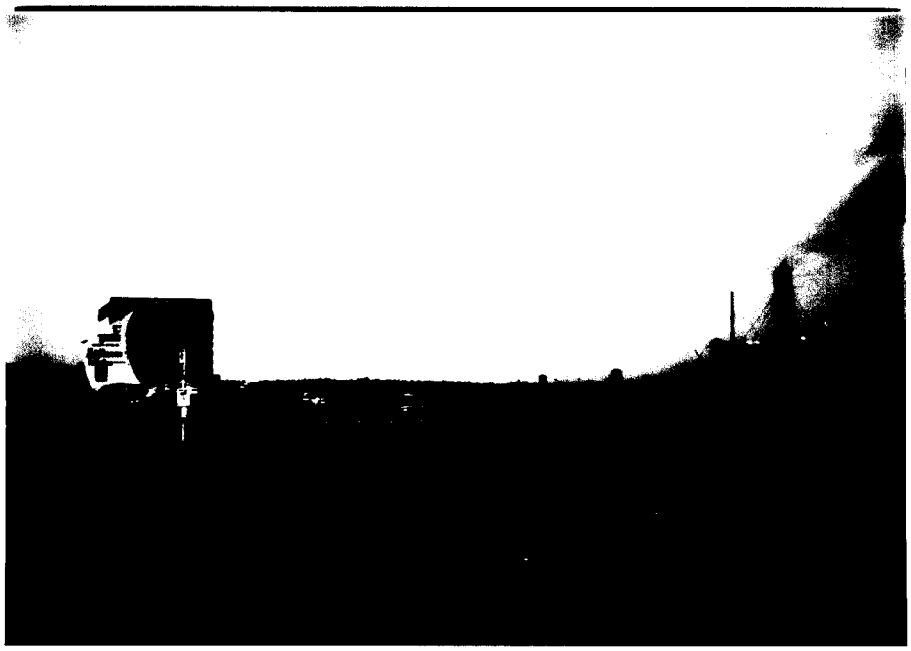
This property was previously purchased by the 13th Regional Corporation from Mr. and Mrs. William Klassen in July, 1979 for $295,000 (Excise Tax #550182). The indicated price per square foot at that time was $13.00.

Klassens purchased a 50% interest in the site in June, 1977 for $97,250 (E#417531) from Mr. and Mrs. Richard E. Funderburk, and the Funderburk's remaining 50% interest in October, 1977 for $89,250 (E#436889). The indicated price per square foot during mid-1977 was thus $186,500/22,700 square feet = $8.22/per square foot.

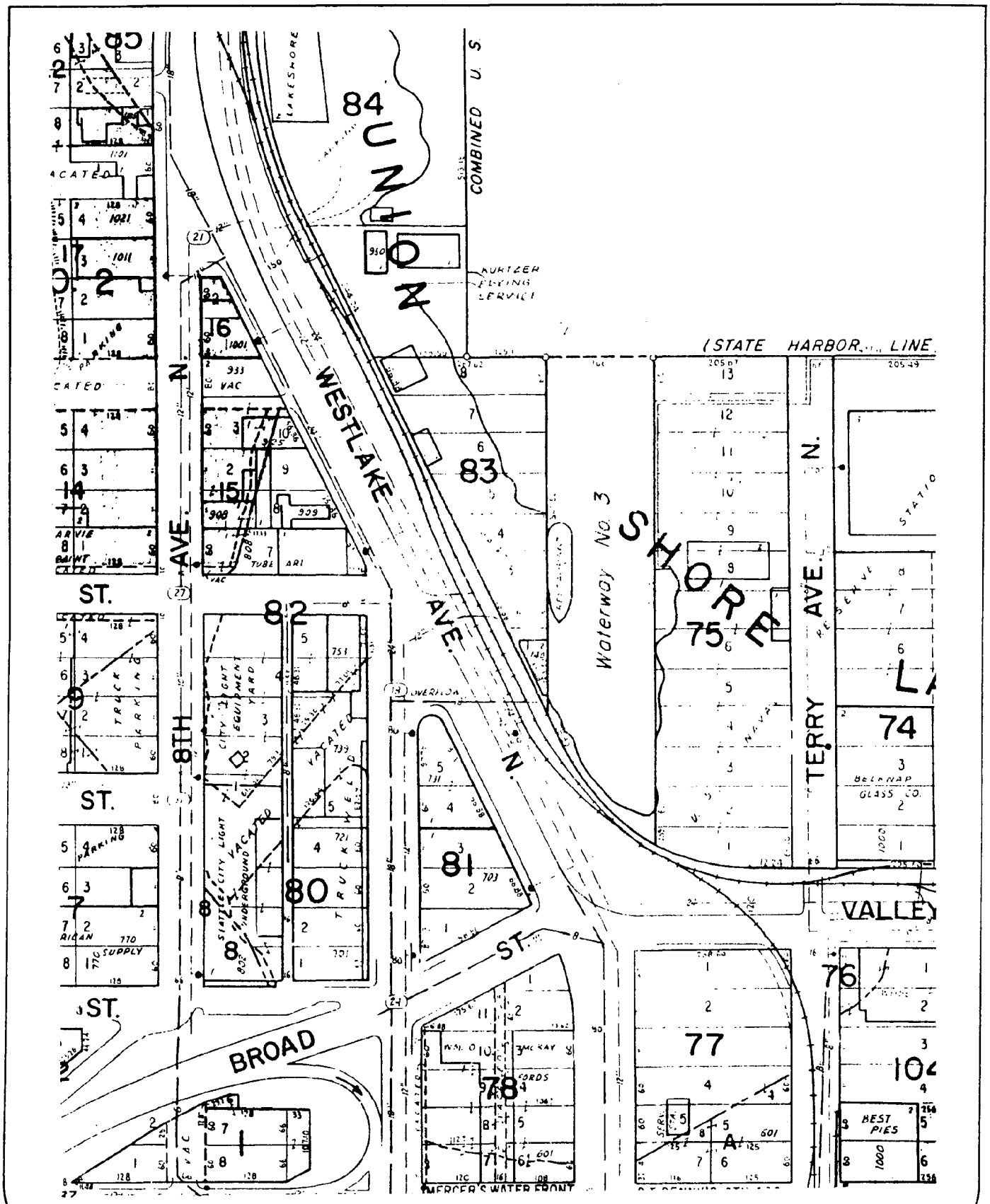
Funderburks purchased the site in March, 1976 for $162,500 (E#344454). The indicated price per square foot at that time was $7.16.

This property is currently listed for sale with Urban Commercial Realty for an asking price of $750,000. Information was confirmed by Roland Jones, real estate agent.

Price/S.F. = $22.03



Comparable No. 2, partially
paved as parking lot



LAMB HANSON LAMB
APPRAISAL ASSOCIATES, INC.
Professional Real Estate Appraisers and Consultants

COMPARABLE SALE NO. 3

ADDRESS: 360 West Ewing Street

SALE DATE:	January 5, 1982
EXCISE TAX NO.:	664116
PRICE:	$1,100,000
GRANTOR:	Mr. and Mrs. Tom W. Wheeler, Jr.
GRANTEE:	Pan C. Petropoulos
DETAILS OF SALE:	Warranty Deed
ZONING:	General Industrial (IG), UD shoreline environment
LOT AREA:	97,700 Square Feet

PROPERTY DESCRIPTION:

This is Canal Marina and Yacht Sales, located on the Queen Anne side of the Lake Washington Ship Canal near 6th Avenue West. Improvements included 70 moorage slips, both covered and uncovered, three docks, an office, and a small non-conforming house. Total price was $1,400,000 with $300,000 assigned to the business and $1,100,000 for the real estate. Value of improvements is estimated at $300,000, indicating a land value of $800,000. Roughly 17% of the site is uplands.

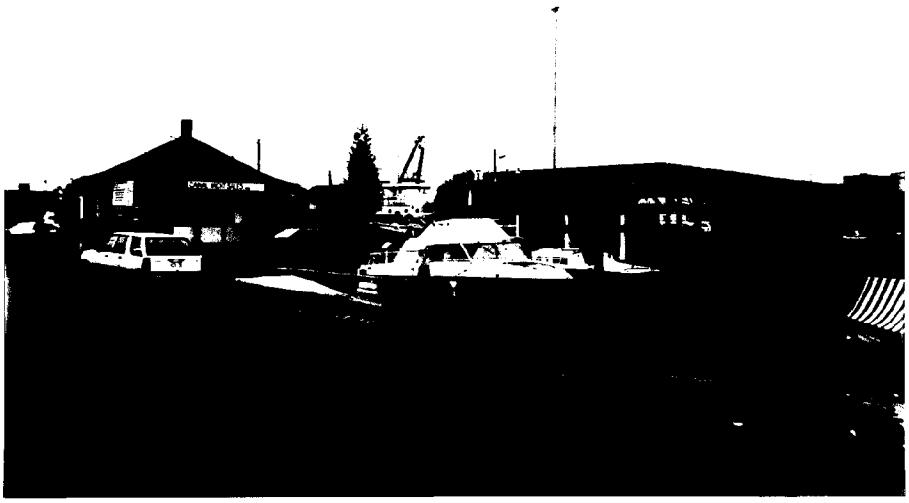
The non-conforming house at 3604 6th Avenue West was purchased for use in conjunction with this marina also on 1/5/82. The sale price was $140,000 (Excise Tax #664013). The 12,000 S.F. lot is level, at grade and is approximately 90% uplands. The indicated price per square foot was $11.67.

Sale information was confirmed with Mrs. Wheeler.

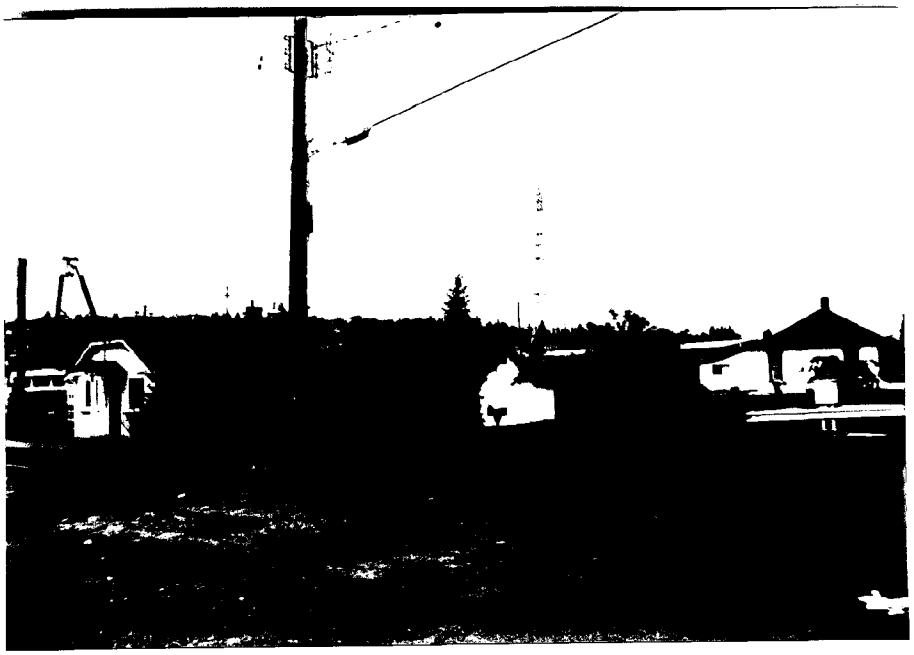
Analysis:

Sale Price	=	$1,100,000
Estimated Value Improvements	=	300,000
Adjusted Sale Price of Land	=	$ 800,000

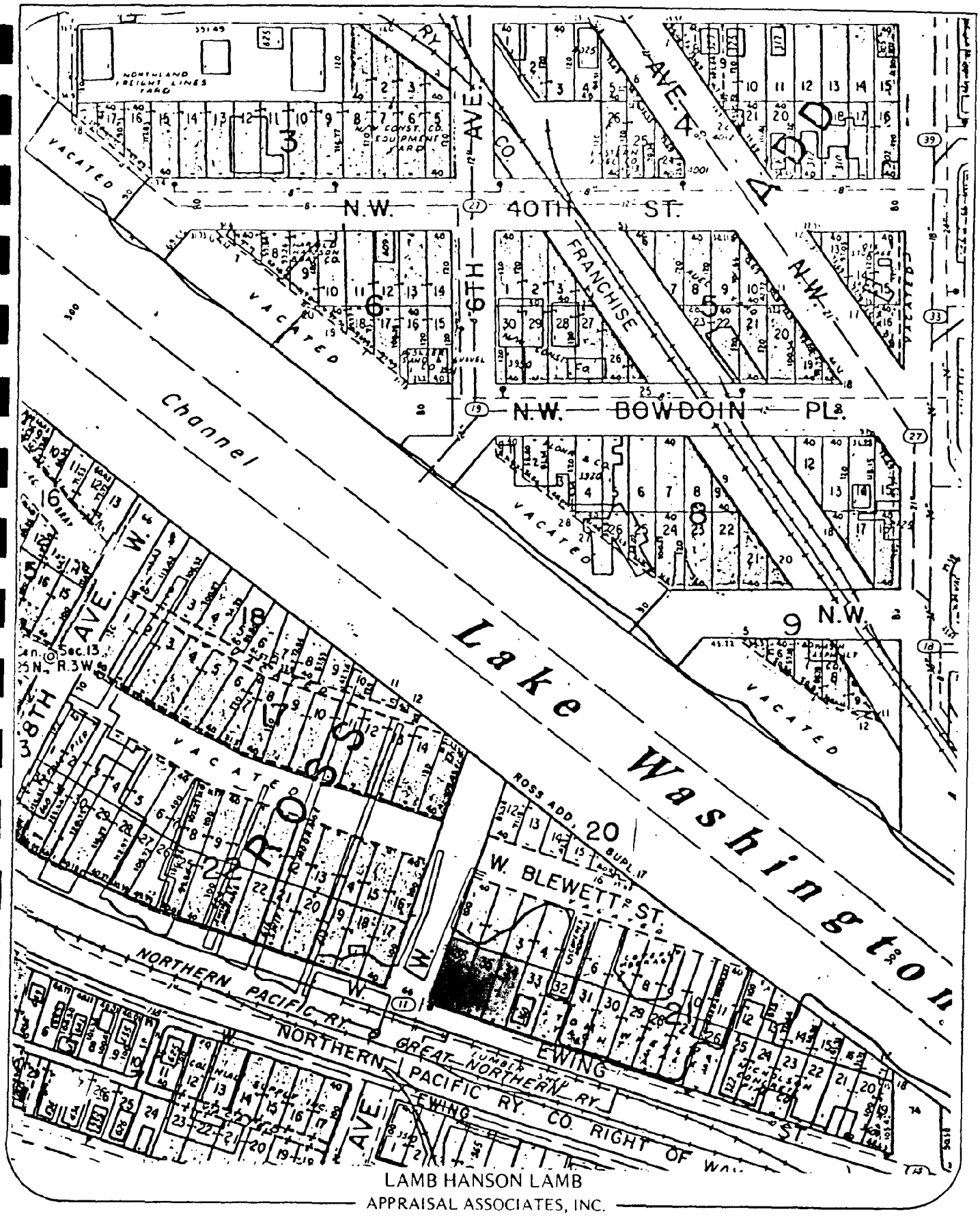
Price/S.F. = $8.19



Comparable No. 3
Canal Marina and Yacht Sales



3604 6th Avenue West



NORTHLAND FREIGHT LINES YARD
N.W. CONST. CO. EQUIPMENT YARD
N.W. 40TH ST.
6TH AVE.
FRANCHISE
N.W. BOWDOIN PL.
N.W.
VACATED
Channel
Lake Washington
ROSS ADD.
W. BLEWETT ST.
NORTHERN PACIFIC RY.
GREAT NORTHERN RY.
EWING

COMPARABLE SALE NO. 4

ADDRESS:	1005 Northeast Boat Street
SALE DATE:	December 1, 1982
EXCISE TAX NO.:	697635
PRICE:	$1,007,500 + $37,500 realtor's commission + $65,000 to buy out leasehold interest = $1,110,000
GRANTOR:	Harold J. Wolfe
GRANTEE:	University Marina
DETAILS OF SALE:	Warranty Deed
ZONING:	Manufacturing (M), US/LU shoreline environment
LOT AREA:	54,000 Square Feet

PROPERTY DESCRIPTION:

The property consists of a marina on the south shore of the University District with a total of 22 covered boat slips of which 8 are 55 feet long; 10 are 35 feet long; and 4 are 50 feet in length. Each slip varies in width ranging from 11 to 18 feet wide. In addition to this, there is approximately 11,000 square feet of wood-frame, metal sheds and a concrete building. There is a two-bedroom apartment of 1,100 square feet. The basement is used as a carpenter shop. There is a one bedroom 500 S.F. apartment on the east side of the larger building. The larger building has approximately 4,000 square feet on each level with the majority used for warehouse space. There are two other metal sheds, one which has a 55 foot capacity boat elevator which was included in sale. Approximately 18% of the sloping site is uplands.

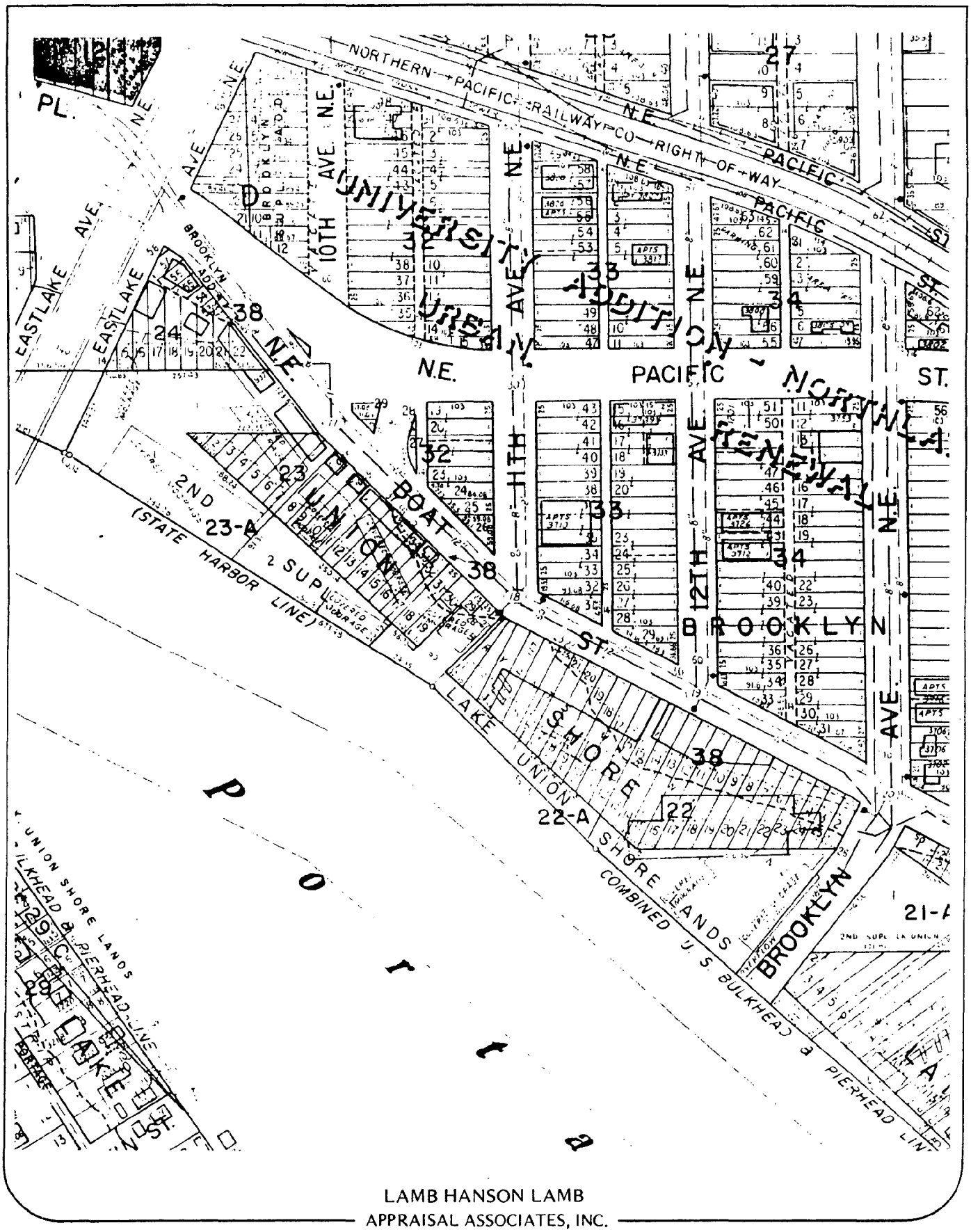
Information was confirmed by Richard Hesik, real estate agent with Grubb and Ellis.

Analysis:

Sale Price	=	$1,110,000
Estimated Value Improvements	=	372,000
Adjusted Sale Price of Land	=	$ 738,000

Price/S.F. = $13.67

Comparable No. 4


NORTHERN PACIFIC RAILWAY CO. RIGHT OF WAY
N.E. PACIFIC ST.
N.E. PACIFIC ST.
10TH AVE. N.E.
11TH AVE. N.E.
12TH AVE. N.E.
EASTLAKE AVE.
BROOKLYN ADD.
UNIVERSITY ADDITION
URBAN RENEWAL
BOAT UNION
2ND SUPL.
(STATE HARBOR LINE)
LAKE UNION SHORE LANDS
COMBINED U.S. BULKHEAD & PIERHEAD LINE
BROOKLYN
SHORE
Portage

COMPARABLE SALE NO. 5

ADDRESS:	2309 North Northlake Way
SALE DATE:	October 6, 1977
EXCISE TAX NO.:	435136
PRICE:	$285,000
GRANTOR:	Marine Power and Equipment Co., Inc.
GRANTEE:	Peter Pan Seafoods, Inc.
DETAILS OF SALE:	Warranty Deed
ZONING:	Manufacturing (M), US/LU shoreline environment
LOT AREA:	Approximately 89,700 Square Feet

PROPERTY DESCRIPTION:

Sale included existing pier. Steel building on site was constructed after sale. Army Corps of Engineers permit to alter the pier was obtained by Marine Power and Equipment prior to the sale. Approximately 26% of this site is uplands. Peter Pan is currently leasing about 23,500 square feet beyond the pierhead line from the State Department of Natural Resources. Current lease rate is $1,372 per year and has been increasing.

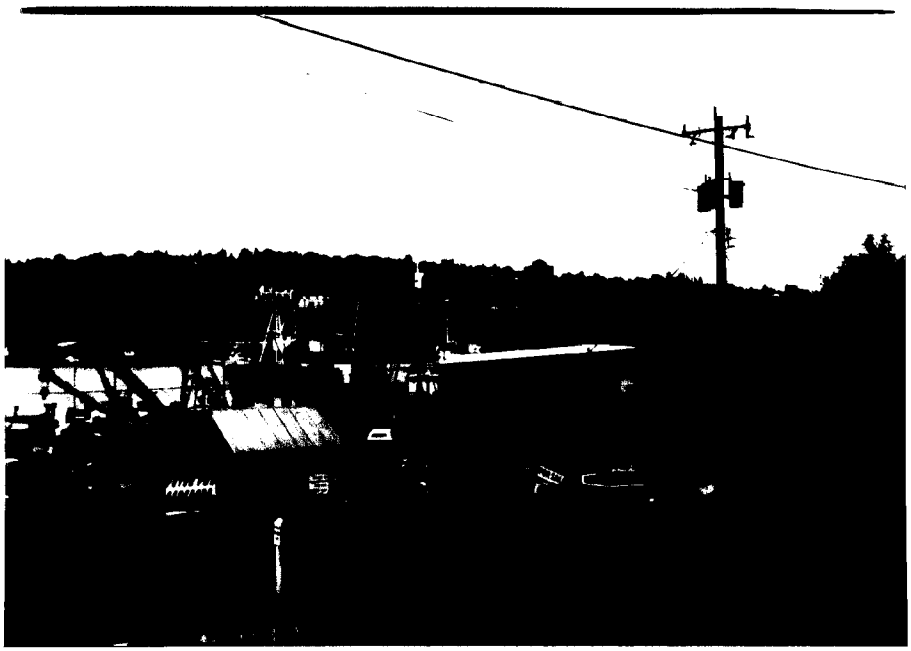
Roughly $500,000 was spent to construct the 425 foot long pier and the steel building. The current asking price for this improved property is $1,500,000.

Sale is part of a trade with Marine Power and Equipment. Marine Power paid $847,500 (E#435135) for Peter Pan's parcel bordering the south side of Slip #3 on the west side of Fox Avenue South. Sale price on this appears somewhat below Fair Market Value after allowance for improvements and portion submerged. This suggests that this comparable sale could also have been in the lower range of Fair Market Value.

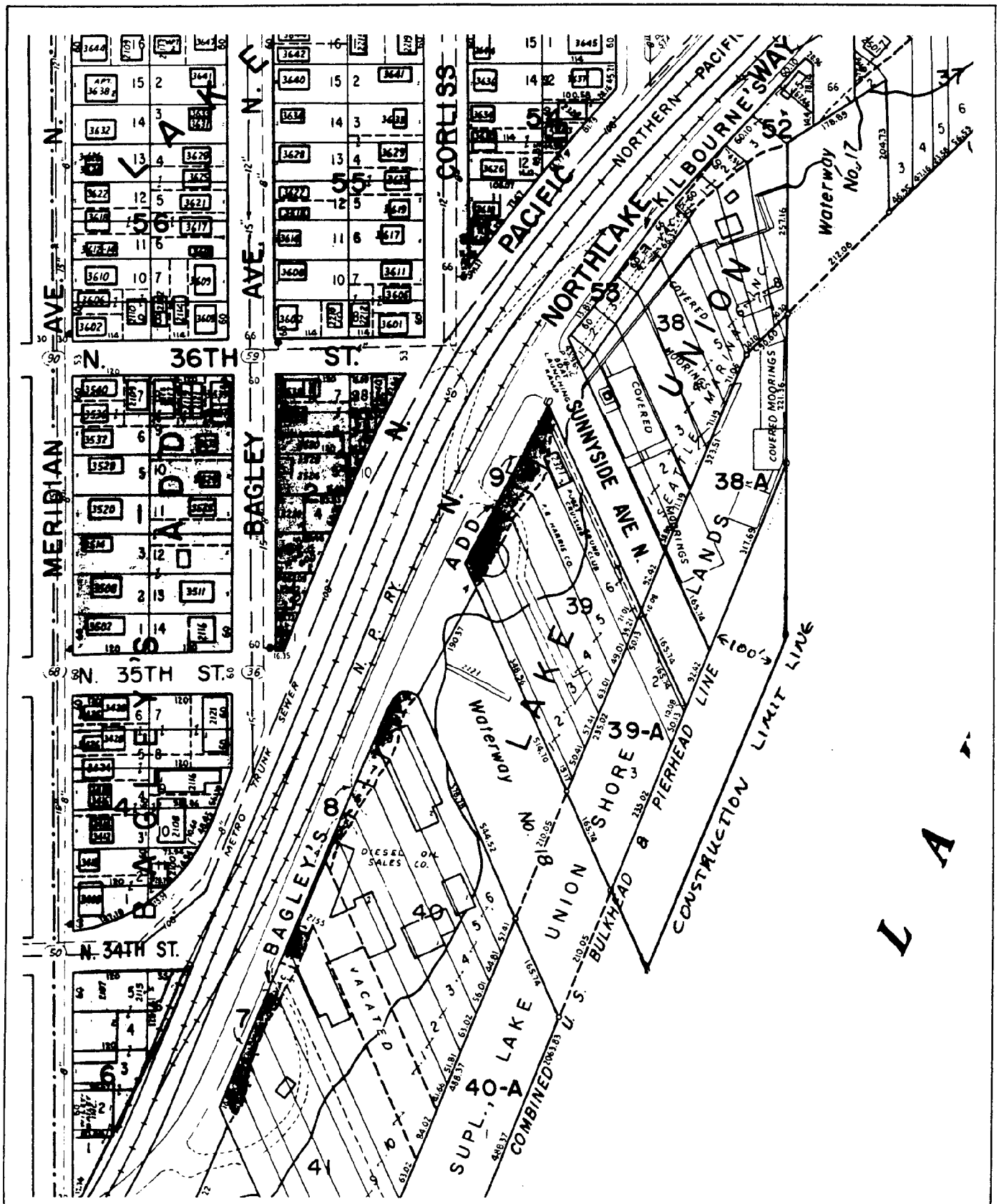
Marine Power and Equipment Company purchased this parcel from Peter Pan Seafood as unimproved land in September, 1975 for $165,000 (E#323203). The indicated price per square foot at the time was $1.84.

Sale information was confirmed with Richard Crooks, real estate agent.

Price/S.F. = $3.18



Comparable No. 5


MERIDIAN AVE. N.
BAGLEY AVE. N.
LAKE ADD.
CORLISS
N. 36TH ST.
N. 35TH ST.
N. 34TH ST.
NORTHERN PACIFIC
NORTHLAKE
KILBOURNE'S WAY
SUNNYSIDE AVE. N.
UNION
LAKE
BAGLEY'S
N. P. RY.
METRO TRUNK SEWER
Waterway No. 17
Waterway No. 18
COVERED MOORINGS
SEATTLE MARINE
DIESEL OIL SALES CO.
VACATED
SUPL. LAKE UNION SHORE
COMBINED U. S. BULKHEAD & PIERHEAD LINE
CONSTRUCTION LIMIT LINE
38-A
39-A
40-A

COMPARABLE SALE NO. 6

ADDRESS: 623 Northwest 41st Street

SALE DATE:	January 26, 1981
EXCISE TAX NO.:	624332
PRICE:	$1,116,000
GRANTOR:	Arnold D. and Dona Breiwick
GRANTEE:	Trident Seafoods Corporation
DETAILS OF SALE:	Warranty Deed
ZONING:	Heavy Industrial (IH), UD shoreline environment
LOT AREA:	Approximately 68,000 Square Feet

PROPERTY DESCRIPTION:

This property is nearly level and at street grade of Northwest 40th Street. Site has approximately 185 feet of frontage on the Lake Washington Ship Canal. Predominant use of site is for container shipping. Improvements include a 2,400 S.F. office, a 1,900 S.F. warehouse, and asphalt paving. Site is not served by rail; railroad bridge over canal has been removed. Site is entirely uplands.

The adjacent non-waterfront parcel at 624 Northwest 40th Street was purchased in November, 1981 for $230,400. This parcel contained 18,720 S.F., zoned IG, and a 3,444 S.F. frame warehouse in fair condition. Allowing $15,000 for the warehouse, this sale indicates a value of $11.51 per square foot for a non-waterfront parcel. This site is currently used for building tug boats.

Purchase was based on $15.00 per square foot for the land. Sale information was confirmed with Larry Geraghty of Trident Seafoods.

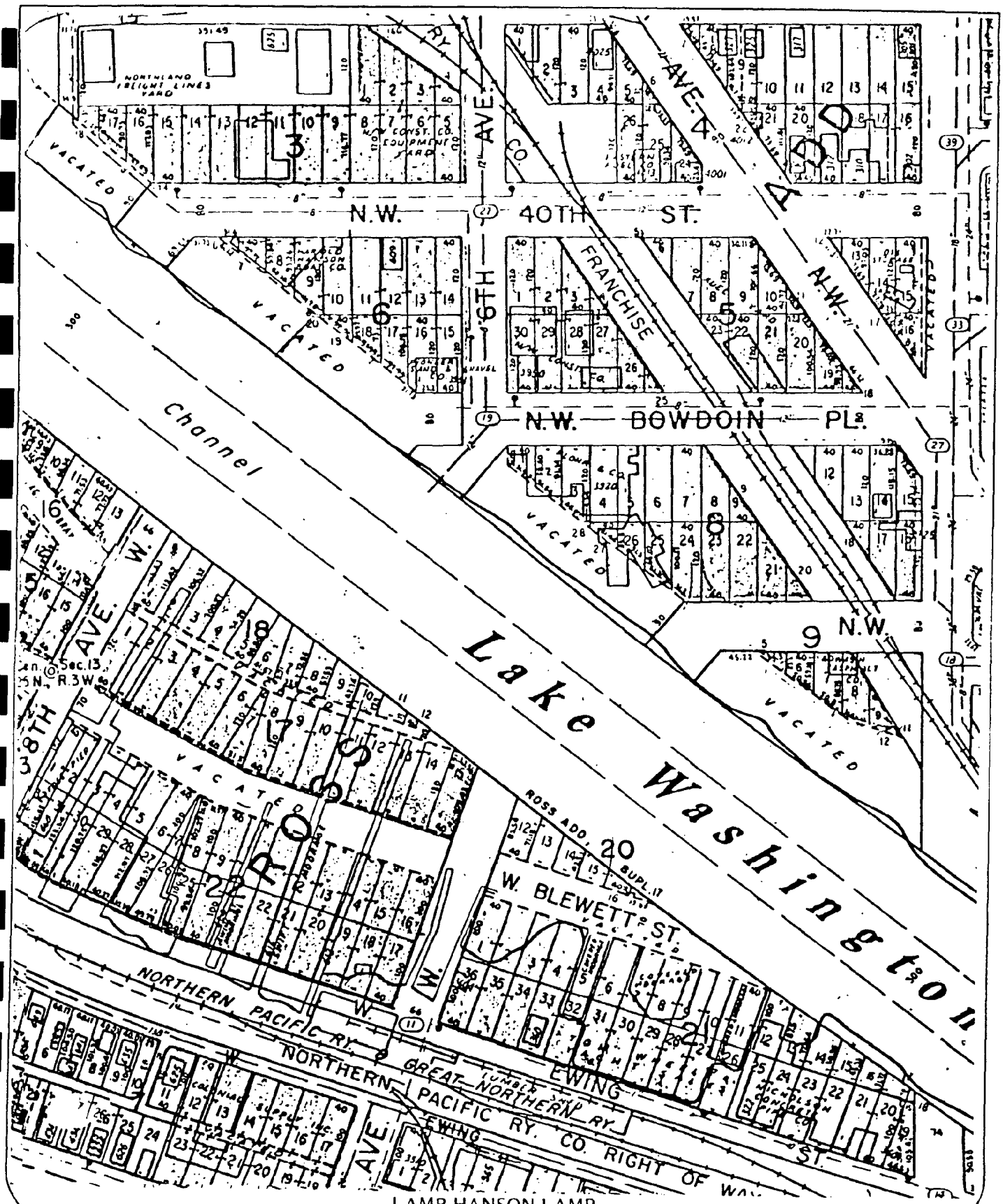
Analysis:

Sale Price	=	$1,116,000
Estimated Value Improvements	=	94,000
Adjusted Sale Price of Land	=	$1,022,000

Price/S.F. = $15.03

Comparable No. 6 on right

624 N.W. 40th Street



N.W. 40TH ST.
6TH AVE.
AVE. 4
ADD
N.W.
FRANCHISE
N.W. BOWDOIN PL.
N.W.
Channel
Lake Washington
VACATED
ROSS
ROSS ADD.
W. BLEWETT ST.
NORTHERN PACIFIC RY.
GREAT NORTHERN RY.
EWING
NORTHERN PACIFIC RY. CO. RIGHT OF WAY
8TH AVE. W.

COMPARABLE SALE NO. 7

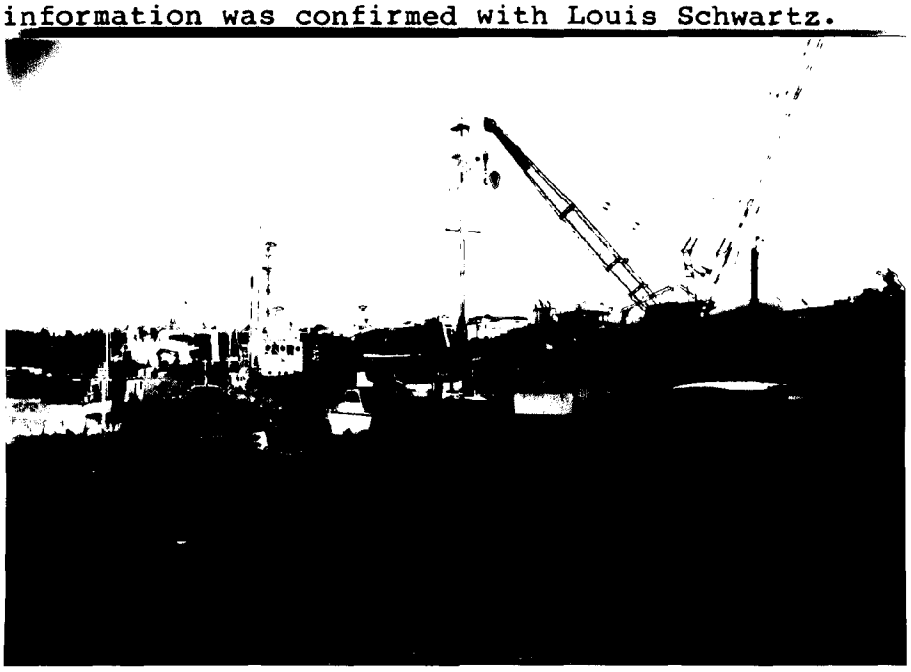
ADDRESS: West side of 28th Avenue Northwest, south of railroad right of way

SALE DATE:	April 20, 1976
EXCISE TAX NO.:	348025
PRICE:	$450,000
GRANTOR:	Louis Schwartz
GRANTEE:	Mr. and Mrs. Alan R. Jacobson and Mr. and Mrs. Bryan K. Jacobson
DETAILS OF SALE:	Real estate contract
ZONING:	General Industrial (IG), UD shoreline environment
LOT AREA:	Approximately 185,100 Square Feet

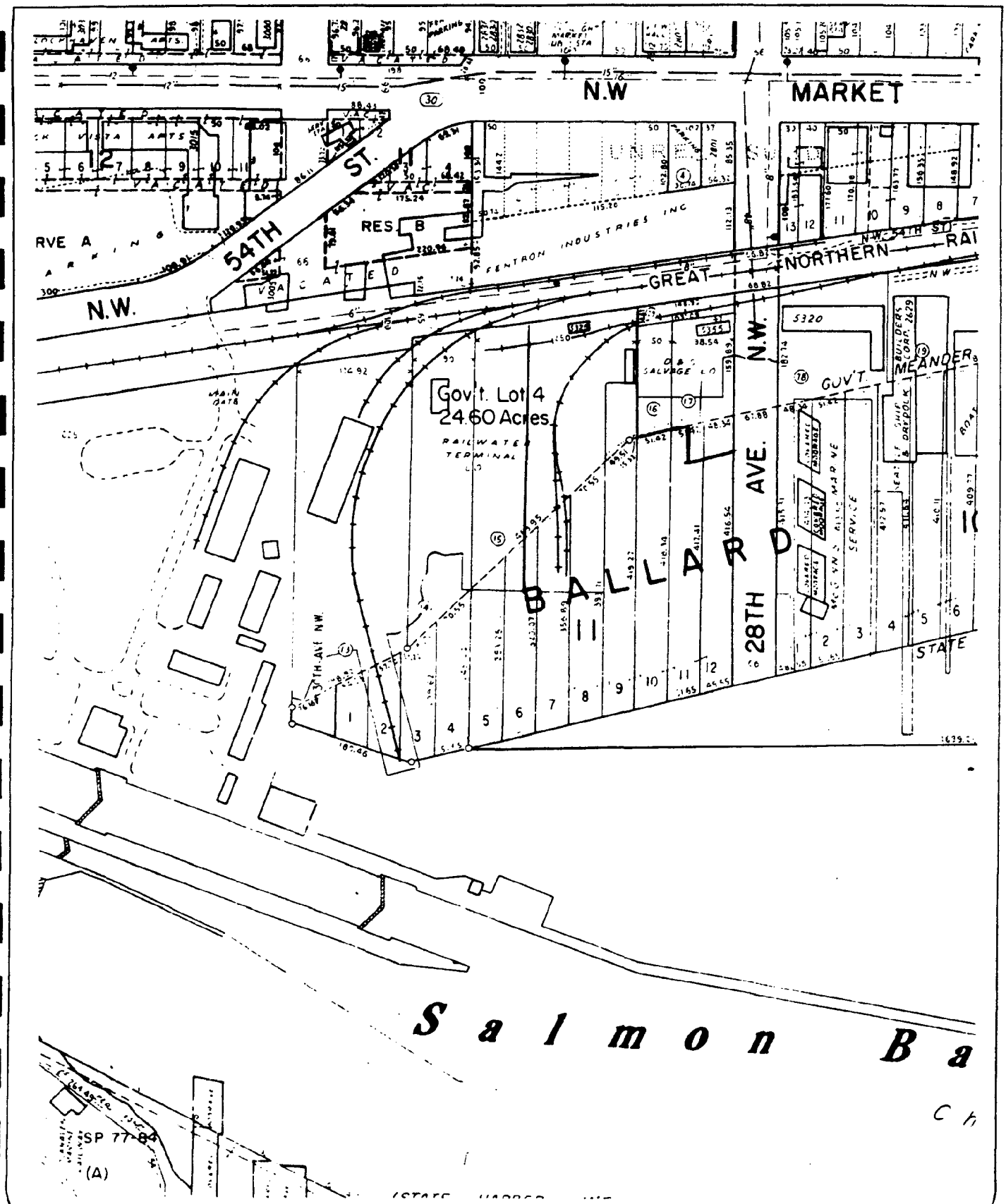
PROPERTY DESCRIPTION:

Property was purchased as vacant site and since that time has been developed for large vessel repair and small boat moorage. Site is within 800 feet of the Ballard Locks. Approximately 40% of the site is uplands.

Sale information was confirmed with Louis Schwartz.



Price/S.F. = $2.43


N.W
MARKET
54TH
ST.
RES. B
FENTRON INDUSTRIES INC
GREAT
NORTHERN
N.W.
Gov't. Lot 4
24.60 Acres
RAILWATER TERMINAL
BALLARD
AVE.
28TH
GOV'T.
MEANDER
STATE
Salmon Ba
SP 77-84
(A)

COMPARABLE SALE NO. 8

ADDRESS: Northwest corner West Ewing Street and 3rd Avenue West

SALE DATE:	June 30, 1982
EXCISE TAX NO.:	Tax exempt. Recording #82-08-09-0272
PRICE:	$1,200,000 + $83,000 to buy out leasehold = $1,283,000
GRANTOR:	Mr. and Mrs. Lawrence A. Belgrave
GRANTEE:	Municipality of Metropolitan Seattle
DETAILS OF SALE:	Warranty Deed
ZONING:	General Industrial (IG), UD shoreline environment
LOT AREA:	Approximately 41,000 Square Feet

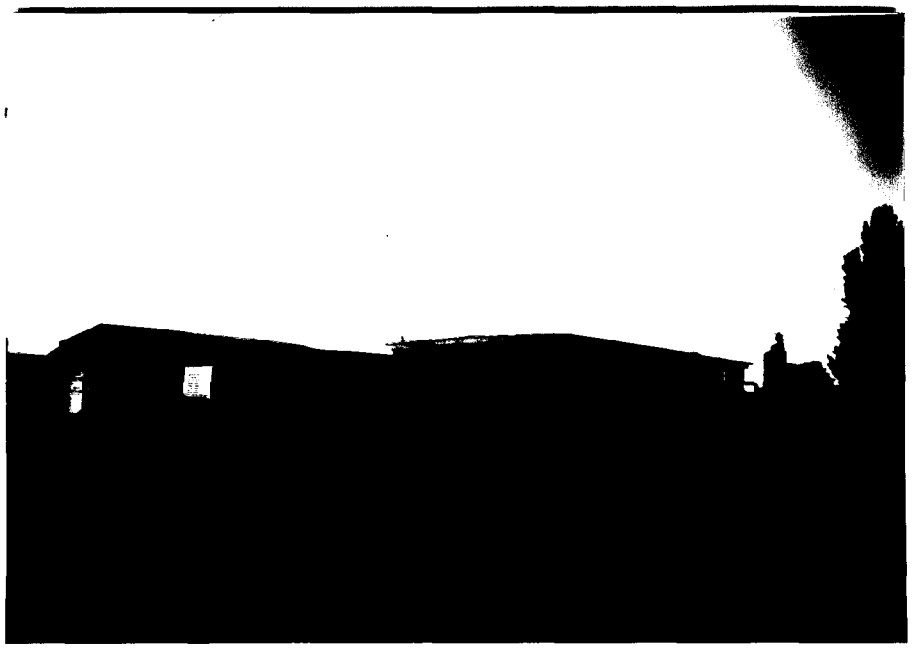
PROPERTY DESCRIPTION:

This is the former site of Holiday Boat Manufacturing and Dick Delaney's Marine Service. Seattle Pacific University currently leases the carpentry shop on the western portion of the site. Metro proposes to pay Seattle Pacific University $83,000 for their leasehold interest.

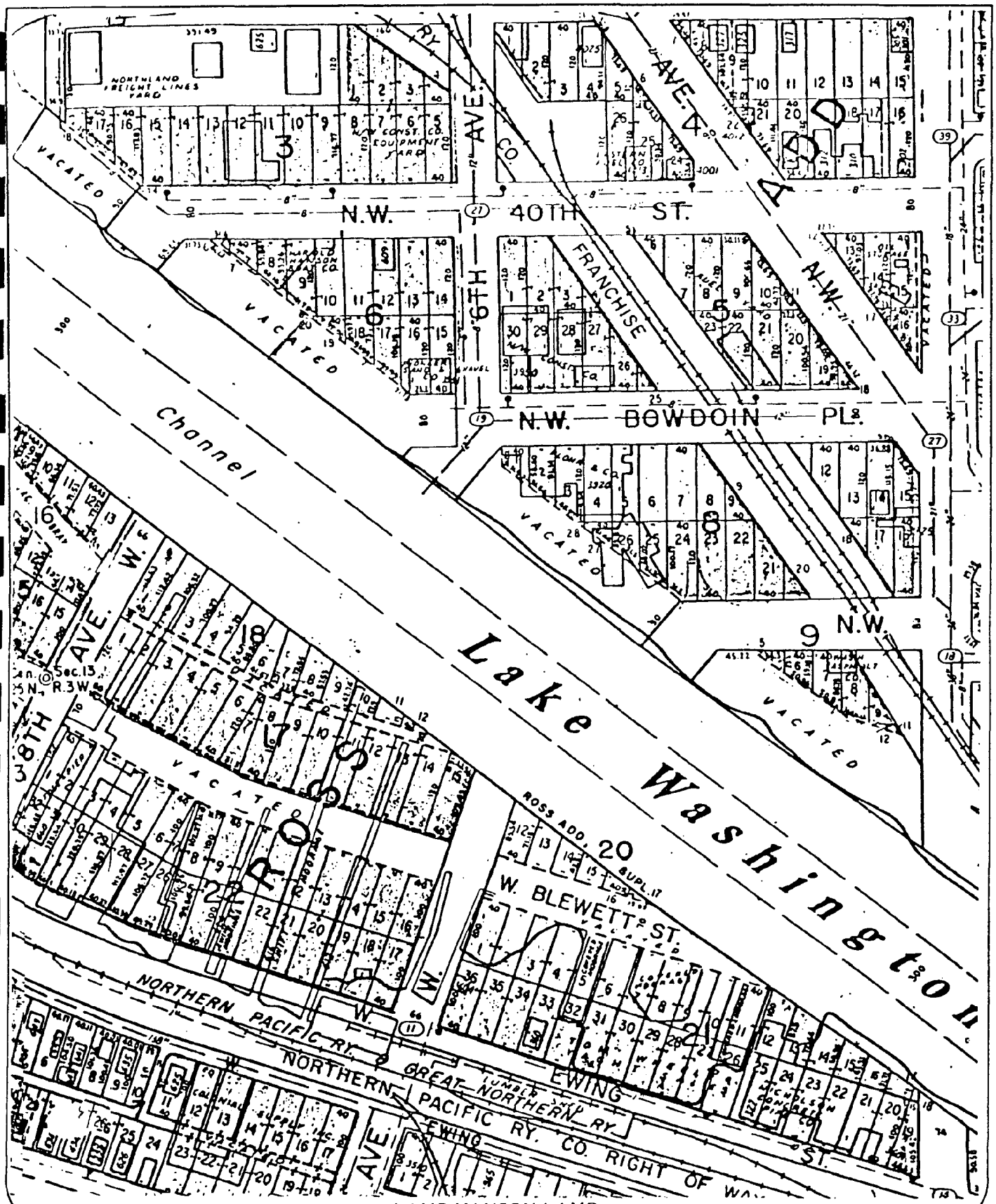
Metro purchased the property for a new water quality lab. All buildings now on the site will be demolished; payment is for land only. Estimating demolition costs at $12,000 indicated a total site cost of $1,295,000. A bidding competition with Seattle Pacific University for the site increased the price somewhat.

This was confirmed as a cash transaction with Susan Solberg of Metro.

Price/S.F. = $31.59



Comparable No. 8



NORTHLAND FREIGHT LINES YARD
N.W. 40TH ST.
6TH AVE.
FRANCHISE
N.W. BOWDOIN PL.
N.W.
VACATED
Channel
Lake Washington
ROSS ADD.
W. BLEWETT ST.
NORTHERN PACIFIC RY.
GREAT NORTHERN RY.
EWING
NORTHERN PACIFIC RY. CO. RIGHT OF WAY

COMPARABLE SALE NO. 9

ADDRESS: 617 Northwest 40th Street

SALE DATE:	July 19, 1977
EXCISE TAX NO.:	421254
PRICE:	$232,000
GRANTOR:	G.S. Douglas, bankruptcy trustee of Northland Marine Lines
GRANTEE:	Western Towboat, Inc.
DETAILS OF SALE:	Deed
ZONING:	General Industrial (IG), UD shoreline environment
LOT AREA:	Approximately 33,000 Square Feet

PROPERTY DESCRIPTION:

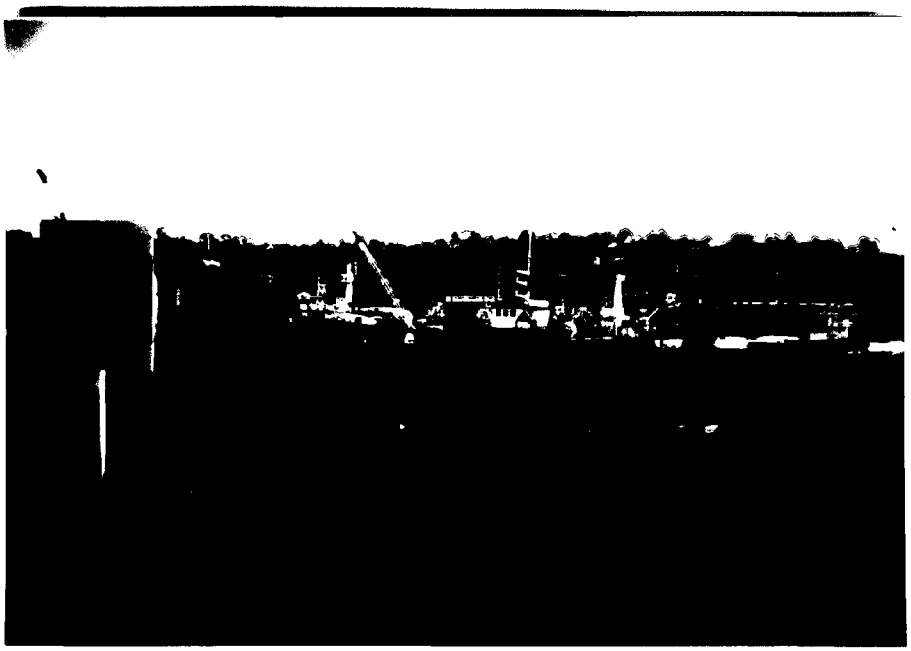
Level property roughly at street grade. Site has approximately 210 feet of frontage on the Lake Washington Ship Canal. Site is used for container shipping. Site improvements were asphalt paving and the bulkhead. Site is entirely uplands; it is not served by rail.

This property was sold in an auction type proceeding in federal bankruptcy court, for cash. Mr. Douglas indicated that two or three adjacent owners wanted the site for their operations and consequently bid up the price; the property had been appraised for $115,000. Sale information was confirmed with Mr. Douglas.

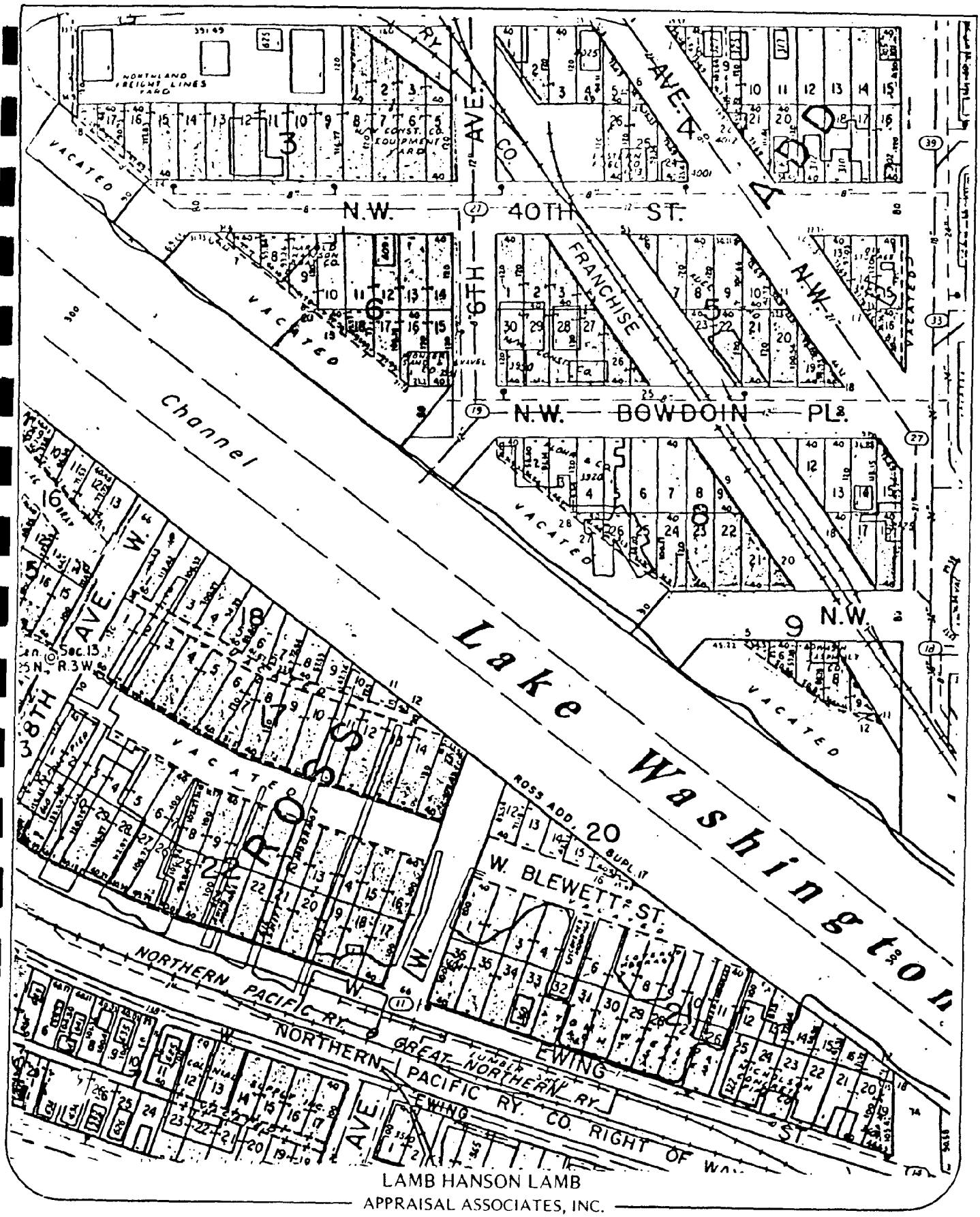
The property adjacent on the south is currently listed with Grubb and Ellis for an asking price of $23.00 per square foot. Asking price is based on a 1982 appraisal. The listed property, with similar utility also has 100% uplands, asphalt paving, and a bulkhead. It has 236.6 feet of waterfront. Andy Miller, the listing agent, indicated that the owner stated that "he couldn't afford to own it if it was worth that much".

Price/S.F. = $7.03

Comparable No. 9
Western Towboat, Inc.



Listed property adjacent



LAMB HANSON LAMB
APPRAISAL ASSOCIATES, INC.
Professional Real Estate Appraisers and Consultants

COMPARABLE SALE NO. 10

ADDRESS: East side of 8th Avenue South, between South Chicago and South Kenyon Streets

SALE DATE:	October 12, 1979
EXCISE TAX NO.:	562586
PRICE:	$630,000
GRANTOR:	John Weber, etal
GRANTEE:	Marine Power and Equipment Company
DETAILS OF SALE:	Warranty Deed
ZONING:	General Industrial (IG), UD shoreline environment
LOT AREA:	Approximately 67,900 Square Feet

PROPERTY DESCRIPTION:

This parcel has approximately 150 feet of frontage on the west side of the Duwamish. There is no rail service to this site. This parcel is entirely uplands. Since this property was purchased, Marine Power and Equipment acquired the adjacent house at 846 South Kenyon Street, with a lot size of 6,845 square feet and roughly 50' of frontage on the Duwamish for $81,000, (Excise Tax #694561) indicating a value of $11.83 per square foot for the smaller parcel.

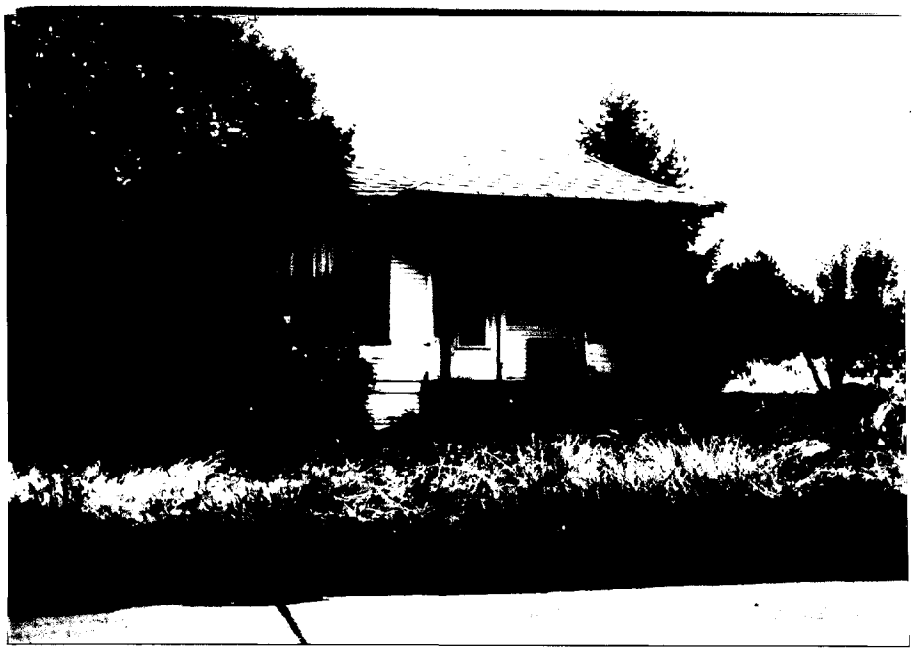
Improvements to this comparable included an 1,152 square foot industrial storage shed of light wood construction, a 7,280 square foot steel shop building of average quality, and a 3,166 average quality frame office building. The total value of these improvements at the time of sale is estimated at $200,000.

Analysis:

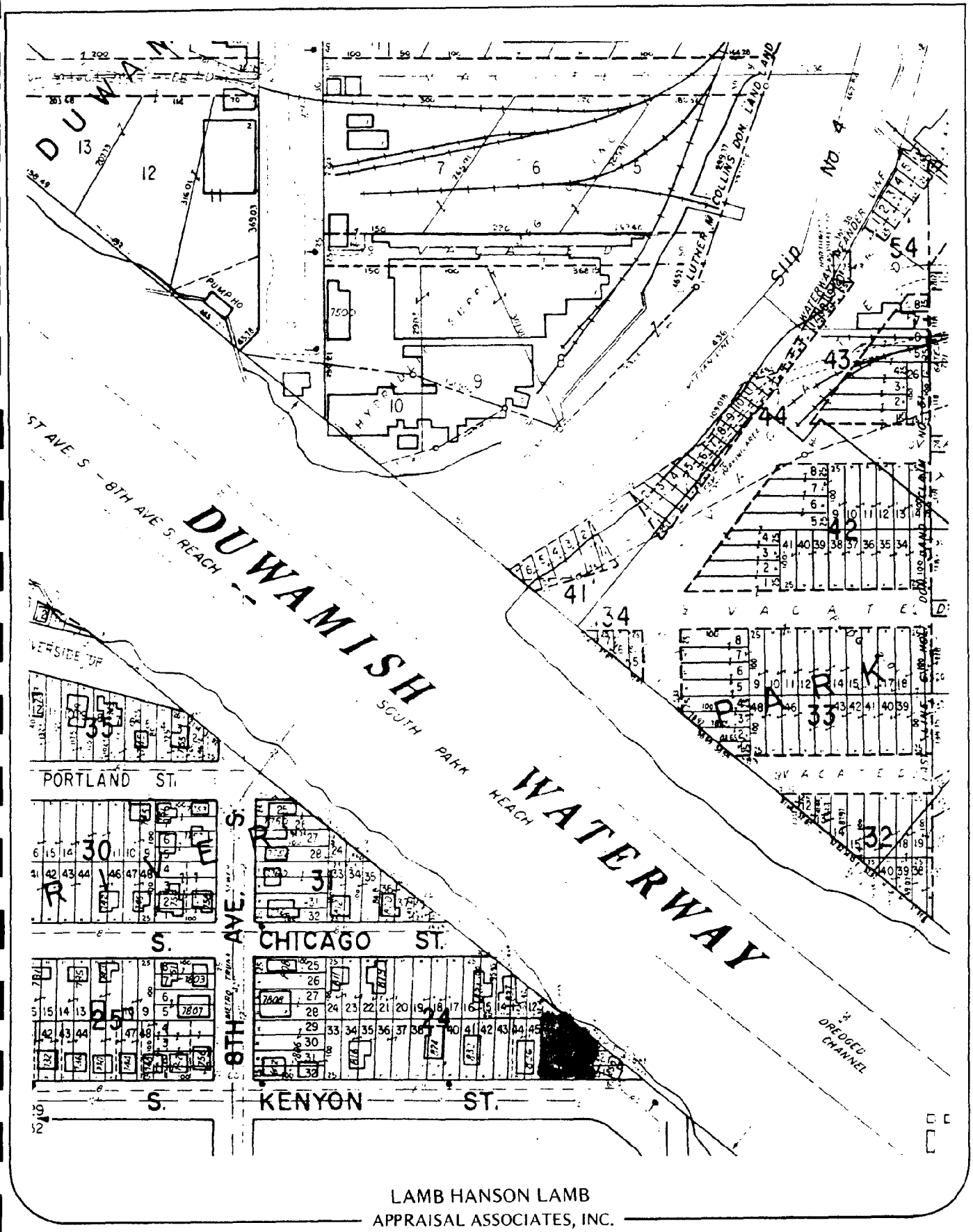
Sale Price	=	$630,000
Estimated Value Improvements	=	200,000
Adjusted Sale Price of Land	=	$430,000

Price/S.F. = $6.33

Comparable No. 10



846 South Kenyon Street


DUWAMISH WATERWAY
SOUTH PARK REACH
8TH AVE. S. REACH
PORTLAND ST.
S. CHICAGO ST.
S. KENYON ST.
8TH AVE. S.
PARK
DREDGED CHANNEL
LUTHER M. COLLINS DON. LAND LAND
WATERWAY MEANDER LINE
PUMP HO
VACATED

COMPARABLE SALE NO. 11

ADDRESS: 5500 West Marginal Way South

SALE DATE:	January 11, 1983
EXCISE TAX NO.:	705535
PRICE:	$4,800,000
GRANTOR:	Robert McEachern
GRANTEE:	Wright Schuchart, Inc.
DETAILS OF SALE:	Warranty Deed
ZONING:	Heavy Industrial (IH), UD shoreline environment
LOT AREA:	Approximately 484,400 Square Feet

PROPERTY DESCRIPTION:

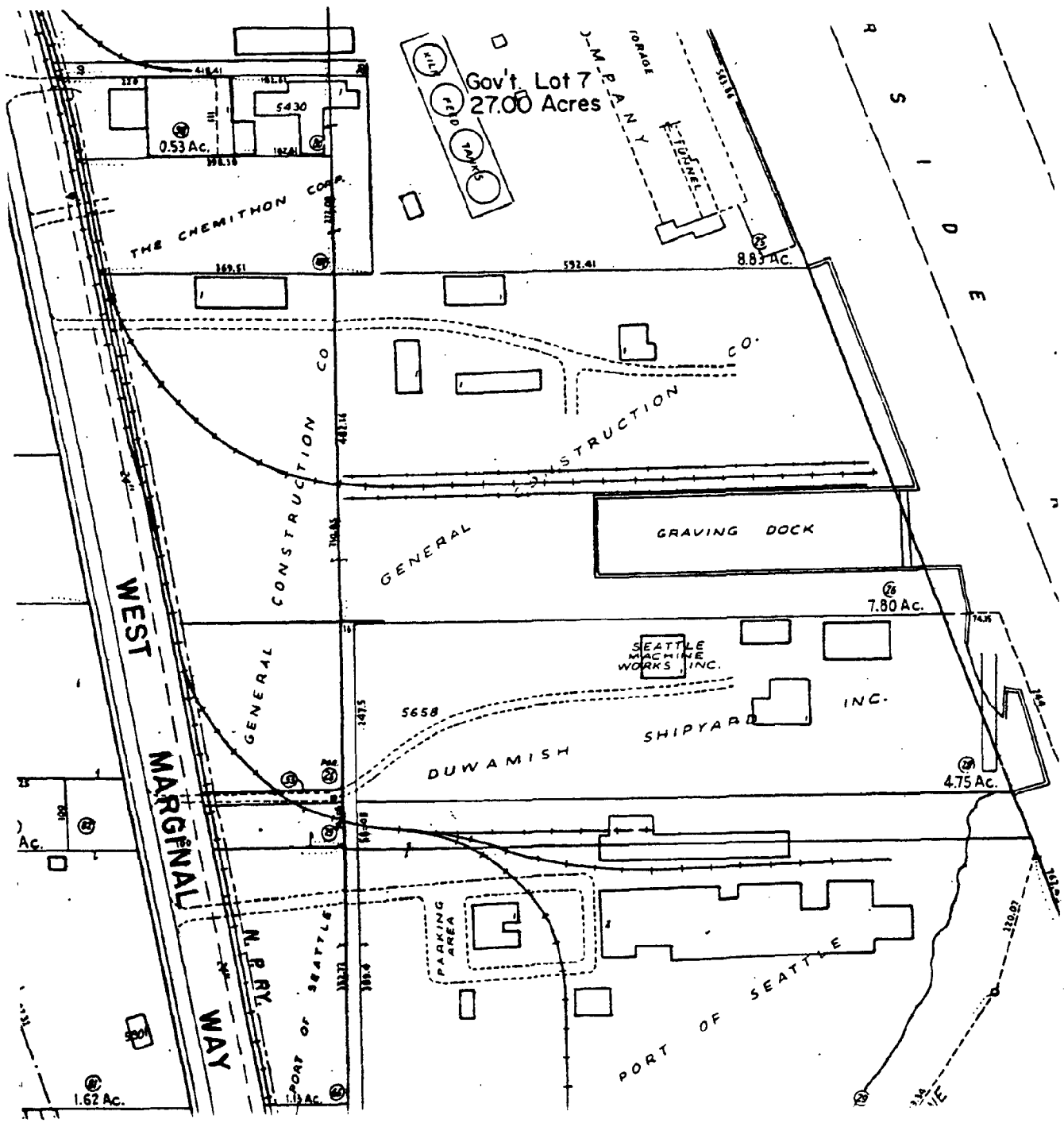
This property is on the west side of the Duwamish Waterway. Site is improved with three 2,000 S.F. - 3,200 S.F. frame warehouses which did not contribute to the value, an 11,300 S.F. steel frame building ($100,000), a wooden dock ($150,000), and a 140' x 400' dry dock (graving dock) valued at $1,100,000. It is the only one of its kind in the Seattle area for construction of bridge pontoons, large barges, and similar projects. The entire site is uplands.

Analysis:

Sale Price	=	$4,800,000
Estimated Value Improvements	=	1,350,000
Adjusted Sale Price of Land	=	$3,450,000

Price/S.F. = $7.12

Comparable No. 11


Gov't. Lot 7
27.00 Acres
5430
0.53 Ac.
THE CHEMITHON CO.
8.83 Ac.
CONSTRUCTION CO.
GENERAL CONSTRUCTION CO.
GRAVING DOCK
7.80 Ac.
SEATTLE MACHINE WORKS INC.
5658
DUWAMISH SHIPYARD INC.
4.75 Ac.
WEST MARGINAL WAY
N.P. RY.
PORT OF SEATTLE
PARKING AREA
1.62 Ac.

COMPARABLE SALE NO. 12

ADDRESS: West corner of East Marginal Way South and South Webster Street

SALE DATE:	March 15, 1983
EXCISE TAX NO.:	711570
PRICE:	$2,250,000
GRANTOR:	Bank of California
GRANTEE:	Marine Power and Equipment Company
DETAILS OF SALE:	Fiduciary's Warranty Deed
ZONING:	General Industrial (IG), UD shoreline environment
LOT AREA:	Approximately 290,900 Square Feet

PROPERTY DESCRIPTION:

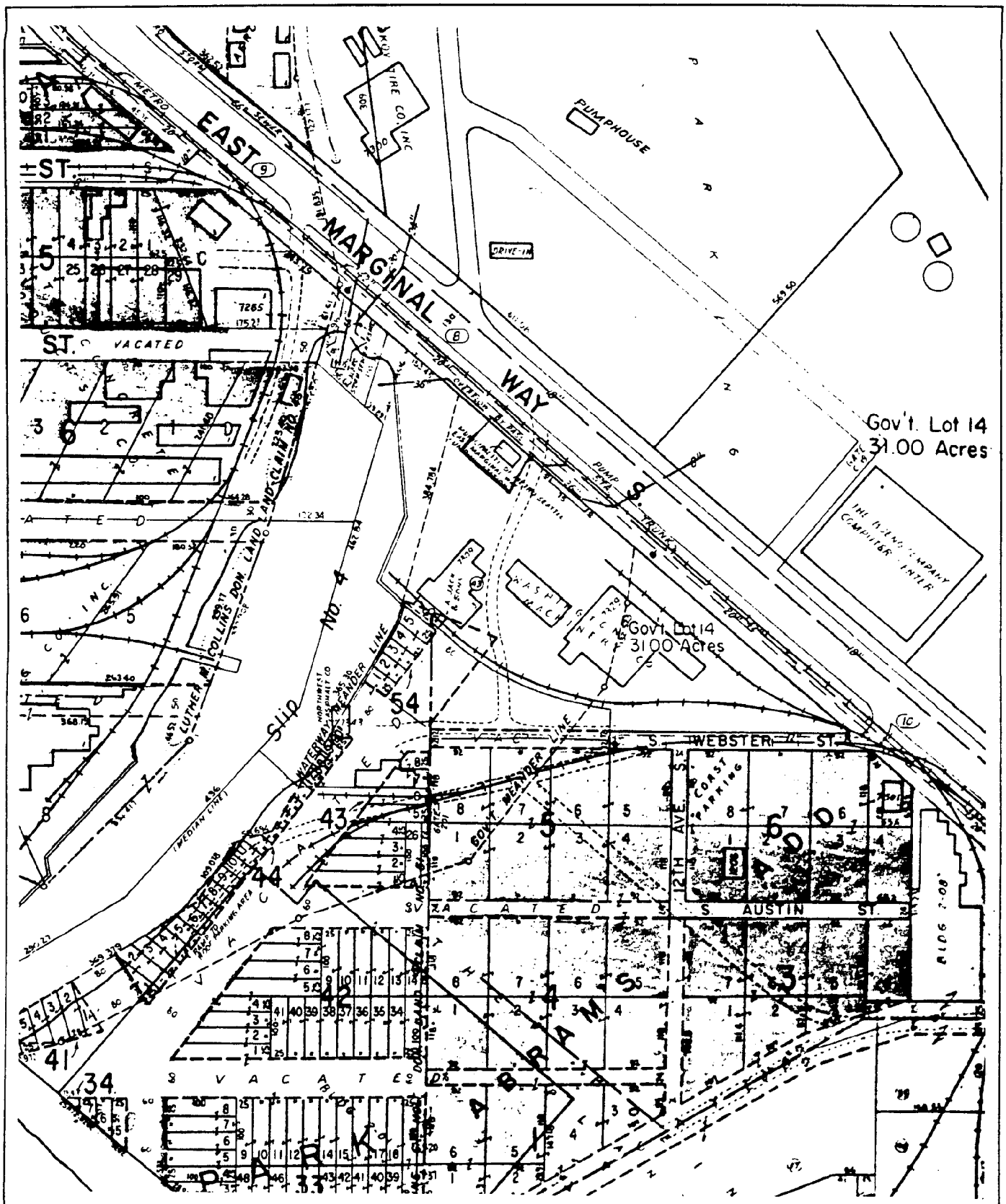
This site has frontage on the south side of Ship No. 4. Site is served by railroad spur line. Roughly 85% of the site is upland. Site is improved with a 3,886 S.F., low quality commercial building occupied by Ace Electric Services, and facilities leased to M.A. Segale Co. The Segale Lease will expire in approximately 4 years.

Analysis:

Sale Price	=	$2,275,000
Estimated Value Improvements	=	160,000
Adjusted Sale Price of Land	=	$2,090,000

Price/S.F. = $7.18

Comparable No. 12



LAMB HANSON LAMB
APPRAISAL ASSOCIATES, INC.
Professional Real Estate Appraisers and Consultants

COMPARABLE SALE NO. 13

ADDRESS: 7400 8th Avenue South

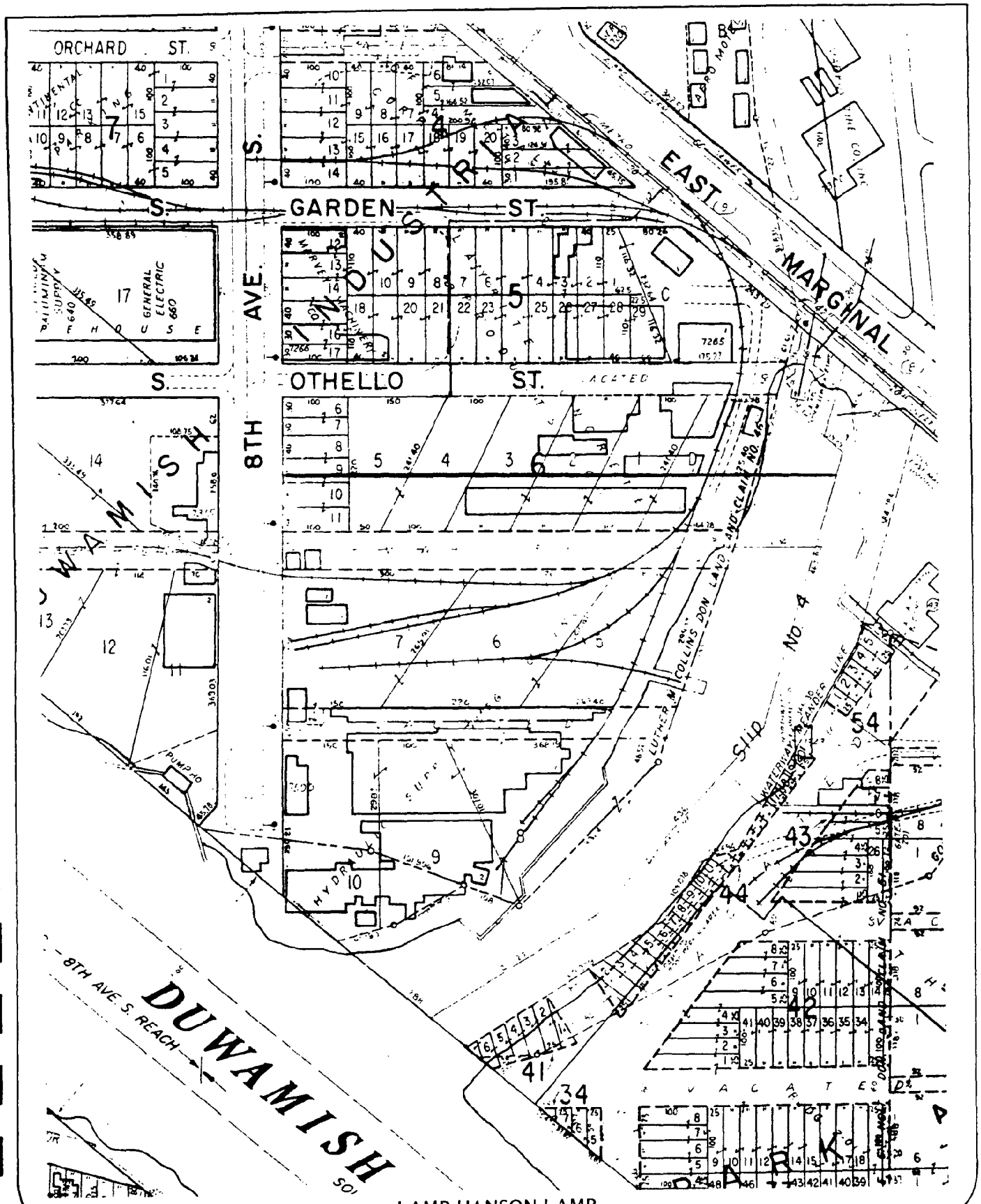
SALE DATE:	November 24, 1982
EXCISE TAX NO.:	696804
PRICE:	$2,750,000
GRANTOR:	C.D. Stimson Co.
GRANTEE:	Marine Power and Equipment Company.
DETAILS OF SALE:	Warranty Deed
ZONING:	General Industrial (IG), UD shoreline environment
LOT AREA:	Approximately 567,500 Square Feet

PROPERTY DESCRIPTION:

This is a vacant tract with 675 feet of frontage on 8th Avenue South and approximately 1,090 feet of frontage on the north side of Ship No. 4. Purchaser has improved perimeter of site with concrete piers and added roughly $70,000 worth of fill. There is a railroad spur to the property. Property is fenced. Site is currently occupied by Sea Alaska Terminals, Inc. Approximately 78% of the site is uplands, with 22% submerged.

Sale price is result of lease with option to buy which was negotiated in early 1981.

Price/S.F. = $4.85



LAMB HANSON LAMB
APPRAISAL ASSOCIATES, INC.
Professional Real Estate Appraisers and Consultants

COMPARABLE SALE NO. 14

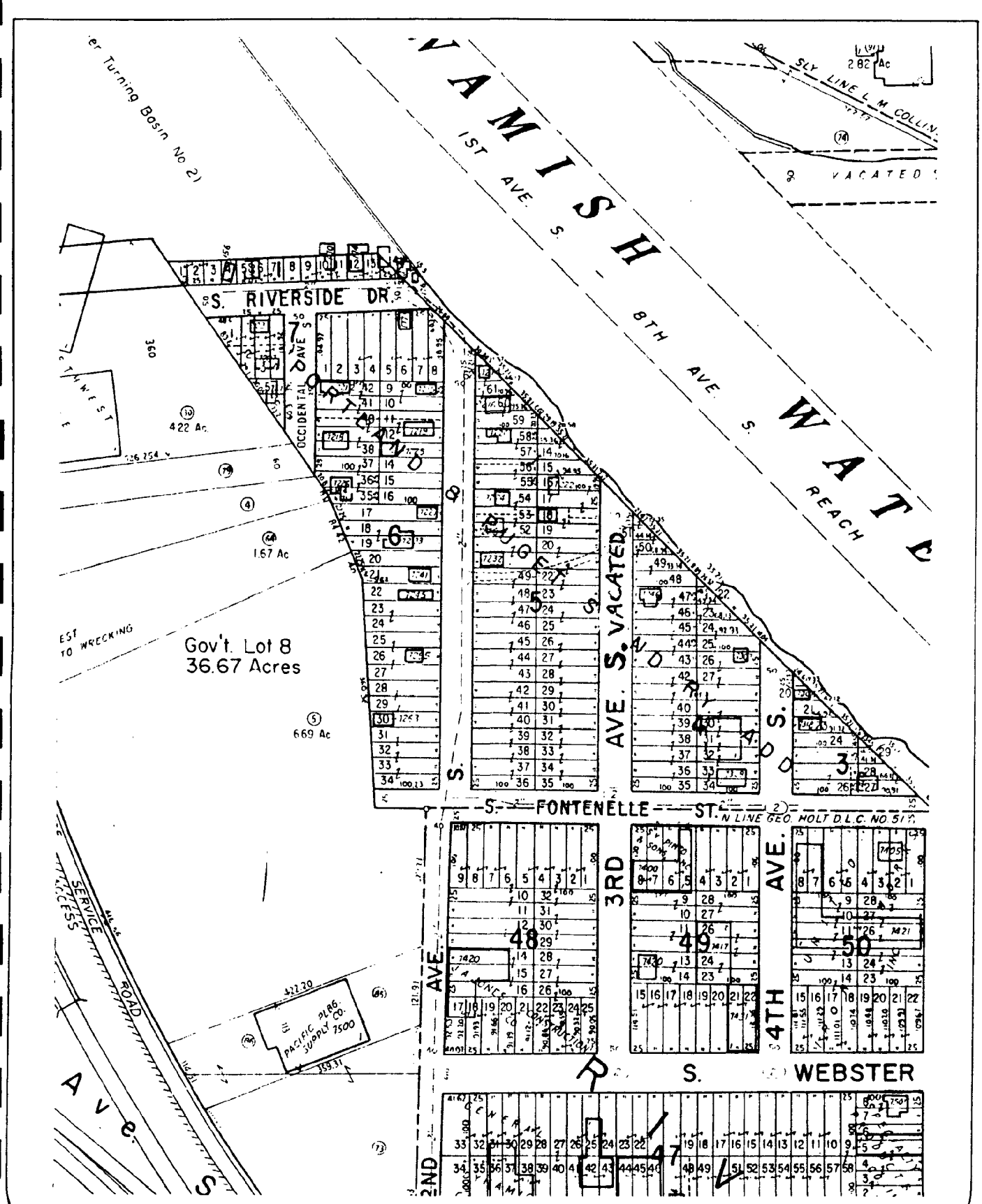
ADDRESS: South of 7220 2nd Avenue South

SALE DATE:	May 13, 1982
EXCISE TAX NO.:	676228
PRICE:	$225,000
GRANTOR:	Mr. and Mrs. J.D. McKee
GRANTEE:	Boyer Towing
DETAILS OF SALE:	Warranty Deed
ZONING:	General Industrial (IG), UD shoreline environment
LOT AREA:	Approximately 25,900 Square Feet

PROPERTY DESCRIPTION:

This level site was purchased by the owner of adjacent property for storage. The shells of two small houses are still standing, but make no contribution to the value. Site is level; street is in poor condition at this location. Purchase included vacated portion of 3rd Avenue South adjacent. In the same neighborhood Boyer Towing purchased roughly 25,300 S.F. of primarily non-waterfront land both north and south of South Orchard Street between 2nd Avenue South and Occidential Avenue South. This transaction was dated January 25, 1982 (E#668289) and included an old house in poor condition. The price was $176,000, indicating a price per square foot of $6.96.

Price/S.F. = $8.69



LAMB HANSON LAMB
APPRAISAL ASSOCIATES, INC.
Professional Real Estate Appraisers and Consultants

REQUESTS FOR OWNERS' PERMISSION TO INSPECT SUBJECT PROPERTIES

550 Mercer Street Suite 130
Seattle, Washington 98109
(206) 282-0300
Michael B. Lamb, M.A.I.
Donald C. Hanson, C.R.A.

LAMB HANSON LAMB
APPRAISAL ASSOCIATES, INC.
Professional Appraisers and Consultants

15557 N.E. 13th Pl.
Bellevue, Washington 98007
(206) 622-5920
Gifford P. Owen, M.A.I.
Berkley A. Lamb, S.R.A., SR/WA

July 18, 1983

Northwest Diesel Repair, Inc.
David S. Updike, President
1121 Fairview Avenue North
Seattle, WA 98109

Re: Property Appraisal
201 NE Northlake Way, Tax Account #408880-1585-0
Seattle, Washington

Dear Mr. Updike:

Our firm has been employed by the City of Seattle to assist in a planning study. The data we gather will be used to reflect overall valuation changes of commercial and industrial waterfront properties due to suggested changes in the Shoreline Master Program. The King County Records indicate that you are the taxpayer on the above referenced property. This property has been selected as a representative parcel for analytical purposes. Your cooperation in allowing us to perform an on-site inspection will contribute to the accuracy of the data base considered in the City's planning process. There is no City plan to acquire your property.

Your help will be greatly appreciated. May we hear from you at your earliest convenience? Please feel free to contact us if you have any questions.

Sincerely,

Michael B. Lamb, M.A.I., S.R.P.A.
Appraiser and Consultant

Lawrence M. Archer
Appraiser and Consultant

550 Mercer Street Suite 130
Seattle, Washington 98109
(206) 282-0300
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Gifford P. Owen, M.A.I.
Berkley A. Lamb, S.R.A., SR/WA

July 18, 1983

Ballard Mill Properties
P. O. Box 70628
Seattle, Washington 98107

Re: Property Appraisal of a portion of the real estate at 4701 Shilshore Avenue NW, Tax Account #046700-0335 Seattle, Washington

Dear Sirs:

Our firm has been employed by the City of Seattle to assist in a planning study. The data we gather will be used to reflect overall valuation changes of commercial and industrial waterfront properties due to suggested changes in the Shoreline Master Program. The King County Records indicate that you are the taxpayer on the above referenced property. This property has been selected as a representative parcel for analytical purposes. Your cooperation in allowing us to perform an on-site inspection will contribute to the accuracy of the data base considered in the City's planning process. There is no City plan to acquire your property.

Your help will be greatly appreciated. May we hear from you at your earliest convenience? Please feel free to contact us if you have any questions.

Sincerely,

Michael B. Lamb, M.A.I., S.R.P.A.
Appraiser and Consultant

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Seattle, Washington 98109
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Berklev A. Lamb, S.R.A., SR/WA

July 18, 1983

Chiyoda Chemical Engineering & Construction
Administrative Section
Mita Kokusai Building
1-4-28 Mita Minato - KU
Tokyo, Japan 00108

Re: Property Appraisal of a portion of your real estate in the 4500 block of East Marginal Way bordering the Duwamish Waterway, Tax Acct. #766670-0510-3 Seattle, Washington

Dear Sirs:

Our firm has been employed by the City of Seattle to assist in a planning study. The data we gather will be used to reflect overall valuation changes of commercial and industrial waterfront properties due to suggested changes in the Shoreline Master Program. The King County Records indicate that you are the taxpayer on the above referenced property. This property has been selected as a representative parcel for analytical purposes. Your cooperation in allowing us to perform an on-site inspection will contribute to the accuracy of the data base considered in the City's planning process. There is no City plan to acquire your property.

Your help will be greatly appreciated. May we hear from you at your earliest convenience? Please feel free to contact us if you have any questions.

Sincerely,

Michael B. Lamb, M.A.I., S.R.P.A.
Appraiser and Consultant

Lawrence M. Archer
Appraiser and Consultant

Seattle
Department of Construction and Land Use

William J. Justen, P.E., Director
Charles Royer, Mayor

August 9, 1983

Ms. Betty Bartko
Chiyoda International Corporation
1300 Park Place Building
Seattle, Washington 98101

Dear Ms. Bartko:

The City of Seattle has hired the firm of Lamb, Hanson, Lamb Appraisal Associates, Inc., to prepare a study on three waterfront properties in the City. A copy of our proposal is enclosed for your information.

One of the parcels selected by us is your property on the Duwamish River across from Kellogg Island. This parcel is currently vacant and undeveloped, and was selected because it represents a typical site with potential for water-dependent development. We have no plans to acquire your property or otherwise treat your property differently than others. We would appreciate your cooperation in this study by allowing the appraisal firm access onto the property.

If you have any questions regarding our proposal, please feel free to contact Greg Borba at 625-2781.

Very truly yours,

WILLIAM J. JUSTEN, P. E.
Director

By Greg Borba
GREG BORBA
Associate Land Use Specialist

GB:lld
Enc.
cc: Lamb, Hanson, Lamb Appraisal Associates, Inc.

CHIYODA CHEMICAL ENGINEERING & CONSTRUCTION CO.,LTD.

MITA KOKUSAI BLDG.
4-28 MITA 1-CHOME
MINATO-KU TOKYO 108 JAPAN

TELEX: CHIYO J23939 (Overseas) 2426944 CHIYOT J (Domestic) CABLE: CHIYOTAKA TOKYO TELEPHONE: (03) 456-1211

August 31, 1983

Lamb Hanson Lamb
Appraisal Associates, Inc.
550 Mercer Street, Suite 130
Seattle, WA 98109
U. S. A.

Attention Messrs. M. B. Lamb and L. M. Archer

Re : Property at East Marginal Way South on Diagonal Avenue South, Seattle, Washington

Dear Sirs:

This is in response to your letter of July 18, 1983, asking us for the access onto our property at East Marginal Way South on Diagonal Avenue South, Seattle, Washington, by your firm, Lamb Hanson Lamb Appraisal Associate, Inc. (Appraiser), hired by the City of Seattle (City).

The land owner of the property, Chiyoda Chemical Engineering & Construction Co., Ltd. (CCEC), of Japan, hereby gives with pleasure consent to the Appraiser's entry onto the property, subject to the conditions stipulated hereunder:

1. The purpose of the entry is limited to gather data for the study the Appraiser is specifically hired by the City for, as advised to us by the Associate Land Use Specialist of the City, Mr. Greg Barba's letter of August 9, 1983, received through Chiyoda International Corporation (CIC) in Seattle.

to be cont'd/...

CHIYODA CHEMICAL ENGINEERING & CONSTRUCTION CO., LTD.

2. The date of entry onto the property is informed to CIC reasonably in advance either by the City or the Appraiser.

3. A copy of the study report prepared by the Appraiser shall be made available to CCEC, for its review and possible use, directly or through CIC, promptly after the issue.

If the foregoing is acceptable, we shall much appreciate it if both you and the City inform us, CCEC, directly or through CIC in writing.

We hope our late response has not caused much inconvenience to you and the City.

Yours very truly,

A. Imaki

A. Imaki
Deputy Manager
Administrative Dept.

cc: Mr. Greg Barba
CIC

QUALIFICATIONS OF APPRAISERS

QUALIFICATIONS AND EXPERIENCE

MICHAEL B. LAMB, M.A.I., S.R.P.A.

Since 1969, appraisal experience in various types of property for financing, acquistion, economic studies, estate valuation, feasibility reports, Ad Valorem Tax Revaluation, Just Compensation, partial interests, business valuation, mechanical and equipment, and Fair Market Value in the states of Alaska, Idaho, Oregon and Washington.

EDUCATION:

University of Portland - B.A. in Political Science and Business Administration.

Completed M.A.I., Course 1A, American Institute of Real Estate Appraisers - Basic Principles, Methods and Techniques (1971).

Completed M.A.I. Course 1B - American Institute of Real Estate Appraisers - Income Approach, Capitalization and Ellwood Mortgage Equity (1972).

Completed M.A.I. Course II - American Institute of Real Estate of Appraisers - Urban Properties (1974).

Completed M.A.I. Course VI - American Institute of Real Estate Appraisers - Investmewnt Analysis (1974).

Instructor Course 201 - Society of Real Estate Appraisers - Income Property Valuation.

Numerous AIREA and SREA Education Seminars.

Currently certified through 1983.

EXPERIENCE:

Currently President of Lamb Hanson Lamb Appraisal Associates, Inc., Seattle, Washington.

Licensed Real Estate Sales for Associated Real Estate, Inc., Bellevue, Washington.

Project Manager, Whitman County (Washington) Ad Valorem Tax Revaluation, 1970.

Qualified as expert witness in King County, Washington, superior courts and United States District Courts.

Lecturer - Pacific Northwest Bell, Lions, Kiwanis, Rotary Club, American Right of Way Association, Shoreline Community College, Washington State Bar Association, real estate companies and lending institutions.

Department of Natural Resources Appraisal Panel on Aquactic Properties, 1979.

Accepted by FNMA, FHLMC, MGIC, CLIC, PMI, XL & TICOR agencies. IAC State Review Appraiser 1983-1984.

TYPES OF PROPERTIES APPRAISED:

All types of land, residences, estates, offices, ranches, hotels, motels, condominiums, apartments, wareouses, manufacturing and industrial, grain elevators, service station sites, marinas, fraternity houses, recreational facilities, easement valuations, medical clinics, subdivisions, restaurants, commercial and special purpose properties.

PROFESSIONAL MEMBERSHIP:

Member, American Institute of Real Estate Appraisers.
- Chairman, Program Committee, 1980.
- Legislative Committee, 1982.

Member, Society of Real Estate Appraisers.
- President, Society of Real Estate Appraisers, Chapter 20, 1983-1984.

Chairman, Speakers Bureau, 1979.
Chairman, Fee Appraisers Committee, 1980.
Member, American Real Estate and Urban Economics Association.
Member, American Right of Way Association.
- Chairman, Seminar Committee, 1979.
- Chairman, Ethics and Arbitration Committee, 1982.
- Chairman, Law and Legislation Committee, 1983.

TYPICAL CLIENTELE:

Washington State
King County
Snohomish County
Pierce County
Clallam County
Whitman County
Kittitas County
City of Seattle
City of Bellevue
City Kent
City of Renton
GSA
METRO

Sea-First National
Sea-First Mortgage
Rainer National Bank
Rainier Mortgage
Peoples Bank
Citizens Federal
Security Pacific Mtg
Highline Savings
Aetna Financial
Old Stone Mortgage
Federal HomeLoan Bk
Queen City S & L
Old National Bank

Cascade Savings
Lincoln Mutual Savings
First Mutual Savings
Continental, Inc.
Savings Bank of Puget Sound
University Federal S&L
Pacific NW Bell
Seattle Telco Credit Union
Hudson Oil Company
Gulf Oil Company
Various attorneys, CPAs, architiects, engineers, and corporations.

QUALIFICATIONS AND EXPERIENCE

LAWRENCE M. ARCHER

Since May, 1978, appraisal experience with various types of real estate for Financing, Purchase or Sale, Condemnation, Litigation, and Highest and Best Use in the Greater Seattle area.

EDUCATION:

M.A., Economics, University of Washington, 1973. Also graduate courses in Finance and Accounting and progress toward doctorate in Economics.

B.A., Sociology, with minor in Economics, Florida State University, 1970. English courses in advanced expository writing. Intensive exposure to physical sciences and engineering at Illinois Institute of Technology.

Passed the Society of Real Estate Appraisers Course 201 in the appraisal of income producing properties.

Passed the American Institute of Real Estate Appraisers' I-A exam, 1978, 8-2 and 8-3 exams, 1983.

Passed Washington State's real estate salesman's license exam, 1978.

EXPERIENCE:

Actively engaged in the appraisal of a variety of residential and income properties since 1978. Prior to this, was consulting economist with Theodore Lane and Associates.

BUSINESS AFFILIATION:

Appraiser in the firm of Lamb Hanson Lamb Appraisal Associates, Inc.

TYPICAL CLIENTELE:

U.S. Small Business Adminstration
Seattle First National Bank
Rainier National Bank
Various private individuals

DATE DUE

GAYLORD No. 2333

NOAA COASTAL SERVICES CENTER LIBRARY

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