

CITY COUNCIL

AGENDA BILL # AB22-0036



**City of Algona
200 Washington Blvd.
Algona, WA 98001**

ITEM INFORMATION

| | | | |
|--|--|----------------|-----------------|
| SUBJECT: King County Transfer Station – Real Property Acquisition Appraisal | Agenda Date: August 8, 2022 | | |
| | Department/Committee/Individual | Created | Reviewed |
| | Mayor | | |
| | City Administrator | | X |
| | City Attorney | | |
| | City Clerk | | X |
| | Finance Dept | | |
| | PW/Utilities | | |
| | Planning Dept | | |
| | Community Services | | |
| Police Dept | | | |
| Cost Impact: | Finance Committee | | |
| Fund Source: | Planning Commission | | |
| Timeline: | Civil Service Committee | | |
| | | | |

Staff Contact: Dana Parker, Deputy City Clerk

Attachments:

SUMMARY STATEMENT:

Second review.

The subject includes right-of-way areas that are proposed to either be vacated, dedicated or acquired so that the surrounding nine parcels owned by King County - Solid Waste can be assembled to build a proposed recycling facility. The proposed facility is illustrated in the following map.

The Right-Of-Way Dedication is part of the development requirements and mitigation included in the KC/Algona Interlocal Agreement and Conditional Use Permit for the Project. Therefore, King County will not seek compensation from the City of Algona.

COMMITTEE REVIEW AND RECOMMENDATION:

RECOMMENDED ACTION:
Second review

RECORD OF COUNCIL ACTION

| | | |
|----------------------|----------------|--------------|
| <i>Meeting Date:</i> | <i>Action:</i> | <i>Vote:</i> |
| | | |

Integra Realty Resources

Seattle

Appraisal of Real Property

Algona Land

Rights-of-Way and Dedication
34880-35101 W. Valley Highway S
Algona, King County, Washington 98001
Algona Properties

Prepared For:

King County Facilities Management, Real Estate Services

Date of the Report:

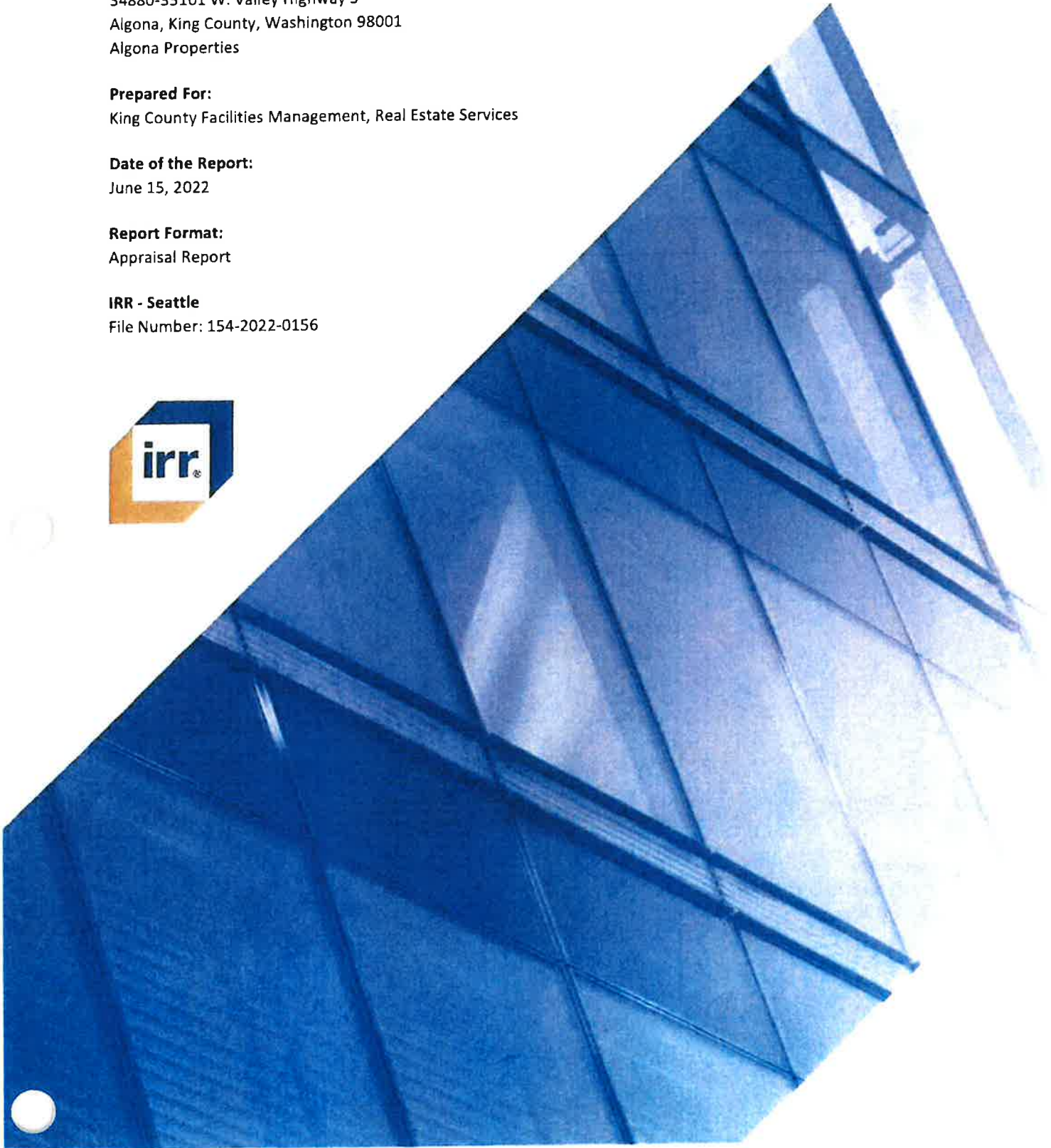
June 15, 2022

Report Format:

Appraisal Report

IRR - Seattle

File Number: 154-2022-0156



Aerial Photograph



Standards Rule 2-2 (Content of a Real Property Appraisal Report) contained in the Uniform Standards of Professional Appraisal Practice (USPAP) requires each written real property appraisal report to be prepared as either an Appraisal Report or a Restricted Appraisal Report. This report is prepared as an Appraisal Report as defined by USPAP under Standards Rule 2-2(a), and incorporates practical explanation of the data, reasoning, and analysis that were used to develop the opinion of value.

This appraisal is presented in three parts to address the following: (1) the portion of an existing right-of-way with an area of 85,065 square feet (Scenarios 1A and 1B); (2) West Valley Highway South (WVH) right-of-way vacation with an area of 20,058 square feet; and (3) a right-of-way dedication with an area of 2,545 square feet. These areas have various locations adjacent to nine parcels of vacant land containing an area of 16.48 acres or 717,975 square feet. Eight of the nine adjacent parcels are zoned C3, Heavy Commercial, which permits intensive retail trade and commercial services, with one parcel that is zoned OS/CA, Open Space/Critical Area, which is undevelopable steep land. King County Solid Waste owns the nine parcels and is petitioning the City of Algona for a vacation of the rights-of-way areas that abut and separate some of the parcels so they may be assembled and the property can be developed as a whole. King County is dedicating a portion of two parcels to allow the City to straighten the adjacent road.

The Right-of-Way Dedication is part of the development requirements and mitigation included in the KC/Algona Interlocal Agreement and Conditional Use Permit for the Project. Therefore, King County will not seek compensation from the city of Algona. Based on the valuation analysis in the accompanying report, and subject to the definitions, assumptions, and limiting conditions expressed in the report, the concluded opinions of value are as follows:

| Value Conclusions | | | |
|---|--------------------|---------------|------------------|
| Parcel | Interest Appraised | Date of Value | Value Conclusion |
| Scenario 1A: Market Value of the Right-of-Way Vacation | Fee Simple | May 21, 2022 | \$580,200 |
| or | | | |
| Scenario 1B: Hypothetical Market Value of the Right-of-Way Vacation "As If" Entirely Zoned Commercial | Fee Simple | May 21, 2022 | \$680,500 |
| Market Value of the West Valley Highway South Right-of-Way Vacation | Fee Simple | May 21, 2022 | \$160,500 |
| Market Value of the Right-of-Way Dedication | Fee Simple | May 21, 2022 | \$20,400 |

Extraordinary Assumptions and Hypothetical Conditions

The value conclusions are subject to the following extraordinary assumptions. An extraordinary assumption is an assignment-specific assumption as of the effective date regarding uncertain information used in an analysis which, if found to be false, could alter the appraiser's opinions or conclusions.

1. It is an extraordinary assumption that the larger parcel, ROW vacation, WVH ROW, and ROW dedication are not contaminated.

The value conclusions are based on the following hypothetical conditions. A hypothetical condition is a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis.

1. Hypothetical condition used for valuing Open Space parcel as Commercial.

The use of any extraordinary assumption or hypothetical condition may have affected the assignment results.



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Description of the Project

The subject includes rights-of-way areas that are proposed to either be vacated, dedicated or acquired so that the surrounding nine parcels owned by King County – Solid Waste can be assembled to build a proposed recycling facility. The proposed facility is illustrated in the following map.

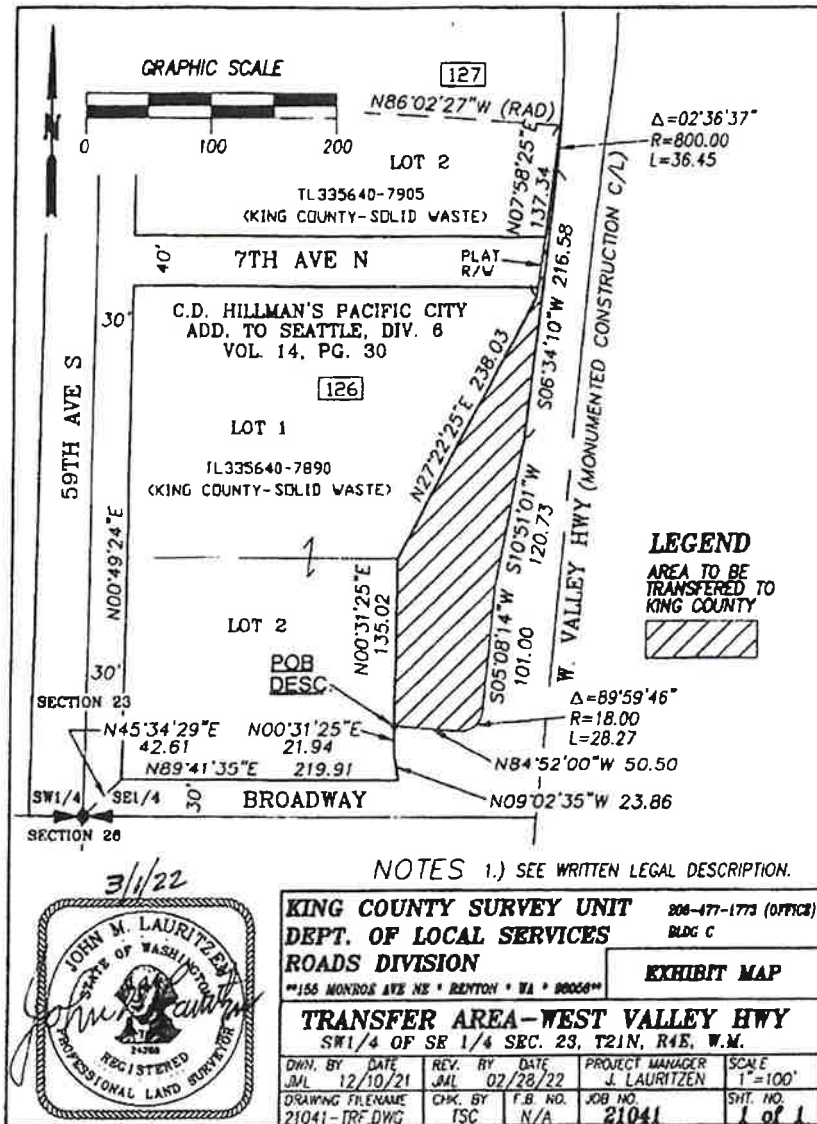
Description of the Acquisition Areas

Proposed Acquisition and Dedication Areas

| | Size (SF) |
|---|--------------|
| ROW Vacation | |
| 59th Avenue S | 50,672 |
| 9th Avenue N | 9,261 |
| 8th Avenue N | 12,137 |
| 7th Avenue N | 12,995 |
| | <hr/> 85,065 |
| WVH ROW Vacation | |
| Portion of City ROW and APN 335640-7890 | 20,058 |
| ROW Dedication | |
| Portions of APNs 335640-7905 and -7910 | 2,545 |

Square footages are provided by King County, as shown on the next three pages.

WVH ROW Vacation Map



General Information

Identification of Subject

This appraisal is presented in three parts to address the following: (1) the portion of an existing right-of-way with an area of 85,065 square feet (Scenarios 1A and 1B); (2) West Valley Highway South (WVH) right-of-way vacation with an area of 20,058 square feet; and (3) a right-of-way dedication with an area of 2,545 square feet. These areas have various locations adjacent to nine parcels of vacant land containing an area of 16.48 acres or 717,975 square feet. Eight of the nine adjacent parcels are zoned C3, Heavy Commercial, which permits intensive retail trade and commercial services, with one parcel that is zoned OS/CA, Open Space/Critical Area, which is undevelopable steep land. King County Solid Waste owns the nine parcels and is petitioning the City of Algona for a vacation of the rights-of-way areas that abut and separate some of the parcels so they may be assembled and the property can be developed as a whole. King County is dedicating a portion of two parcels to allow the City to straighten the adjacent road.

Owner

The areas proposed for vacation and the WVH ROW vacation are part of undeveloped public rights-of-way, with title assumed to be vested in the City of Algona. The right-of-way dedication area is owned by King County – Solid Waste, as are the adjacent parcels to the areas proposed to be vacated. To the best of our knowledge, no sale or transfer of ownership has occurred within the past three years.

Adjacent Parcel Locations

Property Identification

| | |
|------------------------------------|--|
| Property Name | Algona Land |
| Address | 34880-35101 W. Valley Highway S Algona, Washington 98001 |
| Portions of or Adjacent to Tax IDs | 375160-1414, 375160-1416, 375160-1419, 375160-1429, 335640-7915, 335640-7925, 335640-7905, 335640-7910 and 335640-7890 |
| Owner of Record | King County - Solid Waste |

Subject Legal Description

Legal descriptions for the adjacent parcels are located in the Addenda to this report.

Larger Parcel

As part of our analysis, we must make a determination of the larger parcel, which is defined as:

That tract, or tracts, of land which possess a unity of ownership, and have the same, or an integrated highest and best use. Elements of consideration in making a determination in this regard are contiguity,

Appraisal Purpose

The purpose of the appraisal is to develop the following opinion(s) of value:

- Scenario 1A: Market Value of the Right-of-Way Vacation
- Scenario 1B: Hypothetical Market Value of the Right-of-Way Vacation "As If" Entirely Zoned Commercial
- Market Value of the West Valley Highway South (WVH) ROW Vacation
- Market Value of the Right-of-Way Dedication

The date of the report is June 15, 2022. The appraisal is valid only as of the stated effective date or dates.

The Right of-Way Dedication is part of the development requirements and mitigation included in the KC/Algona Interlocal Agreement and Conditional Use Permit for the Project. Therefore, King County will not seek compensation from the City of Algona.

Definition of Market Value

Market value is defined as:

"The most probable price, as of a specified date, in cash, or in terms equivalent to cash, or in other precisely revealed terms, for which the specified property rights should sell after reasonable exposure in a competitive market under all conditions requisite to a fair sale, with the buyer and seller each acting prudently, knowledgeably, and for self-interest, and assuming that neither is under undue duress"

Source: Appraisal Institute, The Dictionary of Real Estate Appraisal, 6th ed. (Chicago: Appraisal Institute, 2015)

Definition of Property Rights Appraised

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

(Source: The Dictionary of Real Estate Appraisal, Sixth Edition, Appraisal Institute, Chicago, Illinois, 2015)

Intended Use and User

The intended use of the appraisal is for Scenario 1A: Right-of-way (ROW) vacation, Scenario 1B: ROW vacation "As If" entirely zoned commercial, West Valley Highway South (WVH) ROW vacation, and ROW dedication. The client is King County Facilities Management, Real Estate Services, and King County Solid Waste Division. The intended users are King County Facilities Management, Real Estate Services; King County Solid Waste Division; and City of Algona. The appraisal is not intended for any other use or user. No party or parties other than King County Facilities Management, Real Estate Services; King County Waste Division; and City of Algona may use or rely on the information, opinions, and conclusions contained in this report.

Approaches to Value

| Approach | Applicability to Subject | Use in Assignment |
|--------------------------------|--------------------------|-------------------|
| Cost Approach | Not Applicable | Not Utilized |
| Sales Comparison Approach | Applicable | Utilized |
| Income Capitalization Approach | Not Applicable | Not Utilized |

We use only the sales comparison approach in developing an opinion of value for the subject. This approach is applicable to the subject because there is an active market for similar properties, and sufficient sales data is available for analysis.

We have valued the right-of-way street vacation utilizing the Across-the-Fence (ATF) method. This method disregards the actual shape and size of the permitted property, and is a commonly accepted methodology for valuing utility and right-of-way corridors for the purposes of assessment, ground leases, acquisitions and "street vacations."

The cost approach is not applicable because there are no improvements that contribute value to the property, and the income approach is not applicable because the subject is not likely to generate rental income in its current state.

Research and Analysis

The type and extent of the research and analysis conducted are detailed in individual sections of the report. The steps taken to verify comparable data are disclosed in the addenda of this report. Although effort has been made to confirm the arms-length nature of each sale with a party to the transaction, it is sometimes necessary to rely on secondary verification from sources deemed reliable.

Subject Property Data Sources

The legal and physical features of the subject property, including size of the site, flood plain data, seismic zone designation, property zoning, existing easements and encumbrances, access and exposure, and condition of the improvements (as applicable) were confirmed and analyzed.

Inspection

Details regarding the property inspection conducted as part of this appraisal assignment are summarized as follows:

| Property Inspection | | | |
|----------------------------|-----------------|-----------------|----------------|
| Party | Inspection Type | Inspection Date | 2nd Inspection |
| Maria L. Olson | On-site | May 13, 2021 | May 22, 2022 |
| Lori E. Safer, MAI, AI-GRS | On-site | May 13, 2021 | |