



## OVERSIGHT BOARD OF THE SUCCESSOR AGENCY

### RESOLUTION NO. OB 2015-4

**A RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE ATWATER REDEVELOPMENT AGENCY APPROVING APPRAISALS ESTABLISHING FAIR MARKET VALUES FOR PROPERTIES INCLUDED IN THE LONG RANGE PROPERTY MASTER PLAN AND PROPERTY DISPOSITION PROCEDURES, AND AUTHORIZING SUBMITTAL OF THE APPRAISALS TO THE STATE DEPARTMENT OF FINANCE**

**WHEREAS**, the City of Atwater has elected to serve as the Successor Agency to the Atwater Redevelopment Agency ("Successor Agency") pursuant to Assembly Bill x1 26 ("AB x1 26" or the "Dissolution Act") as codified in the California Health & Safety Code; and

**WHEREAS**, pursuant to Health & Safety Code Section 34191.5(b), successor agencies are required to send long-range property management plans to the oversight board and Department of Finance ("DOF") no later than six months following the issuance of the finding of completion; and

**WHEREAS**, pursuant to Health & Safety Code Section 34191.3, the long range property management plan is designed to govern the disposition and use of the real property assets of the former redevelopment agency; and

**WHEREAS**, the DOF issued a finding of completion on May 29, 2013; and

**WHEREAS**, the Successor Agency prepared a Long Range Property Management Plan ("LRPMP") pursuant to Health & Safety Code Section 34191.5(c)(2), that addresses the use or disposition of all real property assets of the former redevelopment agency; and

**WHEREAS**, pursuant to Health & Safety Code Section 34191.5(b), the LRPMP was approved by the Oversight Board of the Successor Agency of the Atwater Redevelopment Agency ("Oversight Board") and submitted to DOF on November 20, 2013; and

**WHEREAS**, DOF reviewed the LRPMP and issued comments requesting certain revisions to the LRPMP; and

**WHEREAS**, the Successor Agency prepared a revised LRPMP addressing DOF's comments which was approved by the Oversight Board on April 21, 2014 and DOF on May 29, 2014; and

**WHEREAS**, the Successor Agency approved the Long Range Property Management Plan Disposition Procedures in the form attached hereto as on August 11, 2014 and transmitted to the Oversight Board for approval and transmittal to DOF; and

**WHEREAS**, the Oversight Board has determined that the adoption of Property Disposition Procedures will promote the orderly offering of non-housing properties formerly held by the Atwater Redevelopment Agency and will promote favorable outcomes in connection with the sale, development, and value of LRPMP properties in the best interest of the taxing entities; and

**WHEREAS**, the Oversight Board adopted Property Disposition Procedures on August 18, 2014; and

**NOW, THEREFORE, THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE ATWATER REDEVELOPMENT AGENCY DOES HEREBY RESOLVE AS FOLLOWS:**

**SECTION 1.** The Oversight Board finds and determines that the foregoing recitals are true and correct.

**SECTION 2.** The Oversight Board pursuant to the adopted Property Disposition Procedures obtained the services of a qualified appraiser to prepare appraisals to serve as the market rate evaluation of the properties included in the Long Range Property Management Plan.

**SECTION 3.** The Oversight Board accepts the appraisals as the fair market value and shall use the value as the minimum sales price without additional action by the Oversight Board and State Department of Finance, pursuant to the adopted Property Disposition Plan.

**SECTION 4.** The Oversight Board does hereby authorize the transmittal of the appraisals incorporated, attached hereto and made a part thereof this resolution for their consideration and possible adoption.

The foregoing resolution is hereby adopted this 17<sup>th</sup> day of February, 2015.

**AYES:** ALLISON, McDANIEL, SHEPARD, FREITAS, HOLMAN, PRICE  
**NOES:** NONE  
**ABSENT:** DEOL

**APPROVED:**



A handwritten signature in black ink, appearing to read 'James E. Price', is written over a horizontal line. The signature is stylized and cursive.

**JAMES E. PRICE, CHAIR**

**ATTEST:**



A handwritten signature in blue ink, appearing to read 'Scott McBride', is written over a horizontal line.

**SCOTT McBRIDE,  
BOARD SECRETARY**

APPRAISAL OF  
SUCCESSOR AGENCY/CITY OF ATWATER PROPERTIES  
ATWATER BLVD. & FOURTH STREETS  
ATWATER, CALIFORNIA

File #1528

as of

September 12, 2014

For

Successor Agency/City of Atwater  
C/O Mr. Scott McBride. Community Development Director  
Civic Center  
750 Bellevue Road  
Atwater, Ca 95301

By

Thomas J. Wilkins, MAI, SRA  
1429 Suite "B" Motel Drive  
Merced California 95340

# The Thomas Wilkins Company

Services in Real Estate Appraisal and Consultation

Thomas Wilkins MAI, SRA  
Bill Spriggs

1429 Suite "B" Motel Dr.  
Merced CA 95340  
(209) 722-9600  
Fax (209) 722-0916  
Thomaswilkinsco@aol.com

September 5, 2014

Successor Agency/City of Atwater  
C/O Mr. Scott McBride. Community Development Director  
Civic Center  
750 Bellevue Road  
Atwater, Ca 95301

Dear Mr. McBride:

Pursuant to your request, this office has provided an opinion of the current market value of the four Successor Agency/City of Atwater properties, Atwater, California. The subject properties consists of four separate commercial vacant sites. The appraisal will be utilized by the client and owner for internal use. The legal description of the property and the definition of Market Value are found herein.

Sales of competing properties, as well as factors and trends influencing value, have been investigated to arrive at the conclusion of Market Value of the subject properties given herein. Our estimate of the subject parcel's Market Values are on a cash basis condition. Our analysis, conclusions and supporting data are herewith submitted. This is a **SUMMARY** narrative appraisal report.

This appraisal is in conformance with the requirements of the Uniform Standards of Professional Appraisal Practice (USPAP) as promulgated by The Appraisal Foundation.

Under conditions discussed herein, in my opinion the market value of the subject properties is, as of **September 12, 2014**:

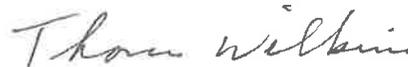
**Property "1"**  
**Atwater Boulevard**  
**APN 003-170-030**  
**Seventy Five Thousand Dollars**  
**\$75,000**

**Property "2"**  
**Atwater Boulevard**  
**APN 003-170-034**  
**Forty Thousand Dollars**  
**\$40,000**

**Property "3"**  
**NEC Fourth St. & Atwater Blvd.**  
**APN 002-213-012**  
**Thirty Five Thousand Dollars**  
**\$35,000**

**Property "4"**  
**SWC Fourth St. & Cedar Ave.**  
**APN 002-207-004**  
**Sixty Thousand Dollars**  
**\$60,000**

Respectfully Submitted,



Thomas J. Wilkins, MAI, SRA

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### STANDARD ASSUMPTIONS AND LIMITING CONDITIONS

1. The report is based, in part, upon information assembled from a wide range of sources and, therefore, the incorporated data cannot be guaranteed.
2. No opinion is intended to be expressed for matters which require legal expertise or specialized investigation or knowledge beyond that customarily employed by real estate appraisers.
3. No opinion as to title is rendered. Data related to ownership and legal descriptions were obtained from county records or owner and are considered reliable. Title is assumed to be marketable and free and clear of all liens, encumbrances, easements and restrictions, except those specifically discussed in the report. The property is appraised assuming it to be under responsible ownership and competent management, and available for development to highest and best use.
4. The property is appraised assuming it to be in full compliance with all applicable federal, state and local environmental regulations and laws, unless otherwise stated.
5. The property is appraised assuming that all applicable zoning and use regulations and restrictions have been complied with, unless otherwise stated.
6. The date of value to which the conclusions and opinions expressed in this report apply, is set forth in the letter of transmittal. Further, that the dollar amount of any value opinion rendered was based upon the purchasing power of the American dollar existing on that date.
7. The appraisers assume no responsibility for economic or physical factors which may affect the opinions in this report which occur after the date of the letter transmitting the report.
8. The appraisers reserve the right to make such adjustments to the analyses, opinions and conclusions set forth in this report as may be required by consideration of additional data or more reliable data that may become available.
9. No survey or engineering analysis of this property has been made by the appraisers. The appraisers assume the existing boundaries to be correct, that no encroachments exist, and assume no responsibility for any condition not readily observable from customary investigation and inspection of the premises which might affect the valuation, excepting those items which were specifically mentioned in the report.
10. Maps, plats and exhibits included in the report are for illustration only as an aid in visualizing matters discussed within the report. They should not be considered as surveys, or relied upon for any other purpose, nor should they be removed from, reproduced, or used apart from the report.
11. No detailed soil studies or information relating to geologic conditions covering the subject property were available to the appraisers. Therefore, it was assumed that existing soil conditions are capable of supporting development and standard construction of subject property to its assumed highest and best use without extraordinary foundation or remedial expense.
12. No opinion is expressed as to the value of subsurface oil, gas or mineral rights or whether the property is subject to surface entry for the exploration or removal of such materials except as is expressly stated.

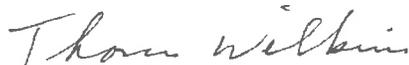
13. No consideration has been given in the appraisal as to the value of any personal property (as considered by the appraisers) located on the premises, or the cost of moving or relocating such personal property; only the real property has been considered.
14. Unless otherwise stated in this report, the existence of hazardous material, which may or may not be present on the property, was not observed by the appraisers. The appraisers have no knowledge of the existence of such materials on or in the property. The appraisers, however, are not qualified to detect such substances. The presence of substances such as asbestos, ureaformaldehyde foam insulation, or any of the other 300+ identified potentially hazardous chemicals/materials may affect the value of the property. The value estimate is predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required to discover these. The client is urged to retain an expert in this field, if desired.
15. No termite inspection report was available. It is assumed that there is no significant termite damage, infestation, dry rot or other structural hazard, unless otherwise stated.
16. The subject site lies in an area of geological earthquake hazards, along with all of California. As such, earthquakes can occur at the subject location. The possible past, present, or future effect of earthquake damage to the subject property has not been considered in the value herein reported.
17. The liability of The Thomas Wilkins Company and the appraisers responsible for this report is limited to the client only and to the fee actually received by the appraisers. Further, there is no accountability, obligation or liability to any third party. If this report is placed in the hands of anyone other than the client, the client shall make such party aware of all limiting conditions and assumptions of the assignment and related discussion. The appraisers are in no way to be responsible for any costs incurred to discover or correct any deficiencies of any type present in the property, physically, financially and/or legally.
18. In the event the report is placed in the hands of a third party, it is requested that such party be made cognizant of any and all limiting conditions resulting from the basis of appraisers' employment and discussions related thereto as well as those set forth in the report.
19. Acceptance of and/or use of this appraisal report by client or any third party constitutes acceptance of the above conditions. Appraisers' liability extends only to the stated client, not subsequent parties or users, and limited to the amount of fee received by appraisers.
20. Possession of this report, or a copy of it, does not carry with it the right of publication. It may not be used for any purpose by any person other than the party to whom it is addressed without the written consent of the appraisers, and in any event only with proper written qualification and only in its entirety.
21. Testimony or attendance in court or at any other hearing is not required by reason of rendering this appraisal, unless such arrangements are made a reasonable time in advance.
22. Encumbrances – Unless otherwise noted herein, it is assumed that there are no detrimental easements, encumbrances, encroachments, liens, zoning violations, building code violations, or environmental violations, etc. affecting the subject property.

23. The appraisers are not experts in law, economics, econometrics, or any field of specialization other than the appraisal, and bases all considerations of the future (such as inflation rates, vacancy factors, absorption rates, etc.) upon a reasonable use of data and opinions of others to derive usable opinions only for the purpose of customer appraisal calculations, and assumes no responsibility for predicting actual events.
24. The appraisers assume no responsibility for economic or physical factors which may affect the opinions in this report which occur after the date of the letter transmitting this report.
25. Where the discounted cash flow analysis is utilized, it has been prepared on the basis of the information and assumptions stipulated in this appraisal report. The achievement of any financial projections will be affected by fluctuating economic conditions and is dependent upon the occurrence of other future events that cannot be assured. Therefore, the actual results achieved may well vary from the projections and such variation may be material.
26. Sources – Information, estimates and opinions furnished to the appraisers are obtained from sources considered reliable; however, no liability for their accuracy can be assumed by the appraisers.
27. Laws – The property is appraised assuming it to be in full compliance with all applicable federal, state and local environmental regulations and laws, unless otherwise stated.
28. Licenses – The property is appraised assuming that all required licenses, certificates of occupancy, consents or other legislative or administrative authority from any local, state or national government or private entity or organization have been or can be obtained or renewed for any use on which the value estimate contained in this report is based, unless otherwise stated.
29. Historic – We have not received any listing of building on/or eligible for the National Register of Historic Places, nor the presence of any endangered wildlife species. Therefore, assume none.
30. Conclusions – The appraisers reserve the right to make such adjustments to the analyses, opinions and conclusions set forth in this report as may be required by consideration of additional data or more reliable data that may become available.
31. Management – Responsible ownership and competent management and marketing are assumed.
32. The American with Disabilities Act (“ADA”) became effective January 26, 1992. The appraiser has not made a specific compliance survey and analysis of this property to determine whether or not it is in conformity with the various detailed requirements of the ADA. It is possible that a compliance survey of the property, together with a detailed analysis of the requirements of the ADA, could reveal that the property is not in compliance with one or more of the requirements of the Act. If so, this fact could have a negative effect upon the value of the property. Since the appraiser has no direct evidence relating to this issue, the appraiser did not consider possible non-compliance with the requirements of ADA in estimating the value of the property.

## CERTIFICATION

We certify that, to the best of my knowledge and belief:

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are our personal, impartial and unbiased professional analyses, opinions, and conclusions.
- We have no present or prospective interest in the property that is the subject of this report, and no personal interest with respect to the parties involved.
- I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
- Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- The reported analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics & Standards of Professional Appraisal Practice of the Appraisal Institute, which include the *Uniform Standards of Professional Appraisal Practice*.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- We have made a personal inspection of the property that is the subject of this report.
- No one provided significant real property appraisal assistance to the person(s) signing this certification.
- Thomas Wilkins is not licensed in the State of California as certified general real estate appraiser.



Thomas Wilkins, MAI, SRA

September 12, 2014

Date

## PURPOSE AND USE OF THE APPRAISAL ASSIGNMENT

The purpose of the appraisal assignment is to provide an opinion of the current market value of the herein four subject properties arbitrarily described as follows:

Property Number	Address	Parcel Number	Size (Square Feet)	Current Zoning
1	1222 Atwater Blvd.	003-170-030	19,800	C-C, Central Commercial
2	998 Atwater Blvd.	003-170-034	11,920	R-T, Residential Transition
3	Atwater Blvd. & 4 <sup>th</sup> St.	002-213-012	8,012	C-C, Central Commercial
4	1390 Cedar Ave.	002-207-004	13,800	C-C, Central Commercial

The subject properties will be appraised in an "as is" condition, as of the date of value. The owner, client and intended user of the appraisal report is Successor Agency/City Of Atwater, C/O Mr. Scott McBride, Community Development Director. No other intended users of the appraisal report have been disclosed but assume the appraisal report will be disseminated to appropriate parties so designated by the client.

The appraisal will be a **BRIEF SUMMARY** narrative report, and conform to the Uniform Standards of Professional Appraisal Practice (USPAP).

## STATEMENT OF APPRAISER INDEPENDENCE

The appraiser has accepted this appraisal assignment in an independent capacity and the appraisal assignment is not based on a requested minimum valuation, a specific valuation, or the approval of a loan.

## APPRAISER INTEREST

The appraiser has no direct or indirect interest in the subject properties being appraised or in the transaction and/or bias with respect to the parties involved. The appraiser has not appraised the subject properties nor provided any services for five years prior to acceptance of this appraisal assignment. The appraiser is experienced and knowledgeable of the location and market conditions affecting the subject property.

## PROPERTY RIGHTS APPRAISED

This appraisal will consider all rights of "fee simple" title subject to easements and/or restrictions of record that have been discovered. Only those easements and/or restrictions of record found that have a measurable impact on value will be considered.

## DEFINITION OF FEE SIMPLE ESTATE

Fee Simple Estate is defined as “absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.”

Source: *The Dictionary of Real Estate Appraisal, Fourth Edition, Appraisal Institute*

## DEFINITION OF MARKET VALUE

Market value is the major focus of most real property appraisal assignments. Both economic and legal definitions of market value have been developed and refined. A current economic definition of market values is stated as follows:

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 duress.

Source: *The Appraisal of Real Estate, 13<sup>th</sup> Edition, Appraisal Institute.*

The following definition has been agreed upon by agencies that regulate federal financial institutions in the United States including the Resolution Trust Corporation (RTC).

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

1. buyer and seller are typically motivated;
2. both parties are well informed or well advised, and acting in what they consider their best interests;
3. a reasonable time is allowed for exposure in the open market;
4. payment is made in terms of cash in United States dollars or in terms of financial arrangements comparable thereto; and
5. the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale. (USPAP, 1992 Edition)

Source: *The Appraisal of Real Estate, 13<sup>th</sup> Edition, Appraisal Institute.*

## MARKET VALUE "AS IS"

Market value "as is" means an estimate of the market value of a property in the condition observed upon inspection and as it physically and legally exists without hypothetical conditions, assumptions, or qualifications as of the date of inspection.

Source: Office of the Comptroller of the Currency under 12 CFR, Part 34, Subpart C - Appraisals, 34.42 Definitions (f)

## DEFINITION OF EXPOSURE TIME

According to the Dictionary of Real Estate Appraisals, Third Edition, Appraisal Institute, exposure time is:

The estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal; a retrospective estimate based upon an analysis of past events assuming a competitive and open market. Exposure time is always presumed to occur prior to the effective date of the appraisal. The overall concept of reasonable exposure encompasses not only adequate, sufficient and reasonable time but also adequate, sufficient and reasonable effort. Exposure time is different for various types of real estate and value ranges under various market conditions.

## DEFINITION OF MARKETING TIME

Based on the same source as quoted for exposure time, the marketing time is defined as follows:

Reasonable marketing time is an estimate of the amount of time it might take to sell an interest in real property at its estimated market value during the period immediately after the effective date of the appraisal; the anticipated time required to expose the property to a pool of prospective purchasers and to allow appropriate time for negotiation, the exercise of due diligence, and the consummation of a sale at a price supportable by concurrent market conditions. Marketing time differs from exposure time, which is always presumed to precede the effective date of the appraisal.

## SCOPE OF APPRAISAL ASSIGNMENT

The appraisal assignment entails providing an opinion of the current market value in an "as is" condition of the herein described subject properties which consists of four vacant commercial sites located in the City of Atwater.

This is a **BRIEF SUMMARY** narrative appraisal report which has been prepared in accordance with the Uniform Standards of Professional Appraisal Practice (USPAP). As part of the scope of work, we will briefly provide the following:

- Analyze appropriate regional and city market data.
- An on-site inspection so as to provide a brief physical description of the subject property and immediate surrounding area.
- Review data regarding real estate taxes, zoning, utilities and any other easements and/or restrictions of record.
- Consider relevant data of comparable sales data to provide support for the approach to value selected for this particular assignment.
- Confirm data with appropriate principals, managers, owners, brokers and other sources deemed reliable.
- The scope of work is subject to the General Assumptions and Limiting Conditions, Certification and Definitions found herein.

### VALUATION METHODOLOGIES

In arriving at an appropriate opinion of value for a property, there are generally three recognized approaches available to the appraiser. When each of the approaches is applied, the result can be used as an indication of market value. In all instances, the experience of the appraiser, coupled with the objective judgment of the appraiser, plays a major role in the formation of a reasonable and supportable determination of value. The use of the three approaches relative to the value being sought is tempered by the quality and quantity of the available data. It is important that the appraiser properly weight the results of each of the approaches and reconcile them to arrive at the appropriate estimate of value. In some instances, an appropriate amount of data may not exist to allow the appraiser to use all three of the approaches. The three approaches are commonly referred to as the Cost Approach, the Sales Comparison Approach, and the Income or Income Capitalization Approach. Each of the approaches is briefly defined as follows:

#### **Cost Approach**

The principal of substitution is basic to the Cost Approach. The principal of substitution affirms that a prudent buyer would pay no more for a property than the cost to acquire a similar site and construct improvements of equivalent desirability and utility without undue delay. In this approach the appraiser 1) estimates the value of the land as if vacant, 2) determines the replacement cost new of the improvement, and 3) estimates an appropriate amount for accrued depreciation as exhibited by physical deterioration, functional obsolescence, and external obsolescence, as observed during the inspection of the property and its surroundings. In the Cost Approach, the property is valued based on a comparison with the cost to build a new or substitute property and that the value of the property should not be greater than the cost of constructing a similar property.

In this assignment, the four subject parcels are vacant commercial sites. As such the Cost Approach will not be utilized.

### Income Approach

Income producing property is typically purchased for investment. Anticipation is fundamental to the Income Capitalization Approach. All income capitalization methods, techniques and procedures attempt to consider anticipated future benefits and estimate their present value. Determination of a value indicator is accomplished by 1) either capitalizing a single year's income expectancy at a market derived capitalization rate or at a capitalization rate that reflects a specified income pattern, return on investment, and change in value of the investment; or 2) discounting the annual cash flows for the holding period and the reversion at a specified yield rate.

Vacant commercial sites in the Atwater area are not typically leased. Any land leases discovered are also difficult to obtain and verify the terms and conditions of the lease(s). This approach to valuation is not deemed to be a reliable approach to value.

### Sales Comparison Approach

Using the Sales Comparison Approach, the appraiser develops an opinion of market value by comparing properties similar to the subject property that have sold within the reasonable time period. The major premise of the Sales Comparison Approach is that the market value of a property is related to the price of comparable competitive properties. The Sales Comparison Approach is applicable when sufficient data on recent market transactions is available. The weakness of this approach is that no two properties are exactly alike.

In the Sales Comparison Approach we will utilize the unit of comparison, "Price Per Sq. Ft." where the sales price is divided by the gross site area.

We will consider but not rely on any **LISTINGS, OFFERS OR OPTIONS**, as they are just that, **LISTINGS, OFFERS OR OPTIONS**, and do not reliably measure value.

The appraisal will not consider any non-real estate property such as personal property or other non-real estate interests as they are not a part of this appraisal assignment. However, any separate valuation for any other interest will be by a separate appraisal by a qualified appraiser.

The opinion of value arrived at herein will be based on a marketing time of nine to twelve months, which may be shorter than a typical marketing time for the subject properties and within the context of the Atwater commercial market. However, to provide a value based on a marketing time of longer than twelve months becomes exceedingly speculative, and therefore diminishes the reliability and accuracy of the appraisal.

In preparing this appraisal, we have investigated the small commercial market of the Atwater area, nearby communities and the Central San Joaquin Valley. We have spoken with buyers, sellers, property developers, appraisers and public officials. Data was gathered from the above sources, with additional sources being the Merced MLS, Costar, Real Quest, loopnet, and

public records. All data was confirmed as to its reliability and accuracy where deemed necessary, but such data presented herein cannot be guaranteed.

### **ELEMENTS OF COMMONALITY**

All four properties share some items of commonality. Rather than repeat some items for each subject we present the common data as follows.

### **HIGHEST AND BEST USE**

Highest and best use is defined by the Appraisal Institute as "*the reasonably probable and legal use of vacant land or an improved property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value.*" In any highest and best use analysis, we always consider first highest and best use of the site "as if" vacant, followed by a discussion of highest and best use of the property "as improved". However, since the subject properties are vacant sites the highest and best use of the properties "as improved" will not be addressed.

### **FLOOD ZONE**

All four subject parcels are located in Flood Zone X as shown on Flood Rate Insurance Map Panel 06047-C-0405-E, dated August, 1995. Flood Zone X has been determined to be outside the 500 year flood plain.

### **SEISMIC ZONE**

The subjects, along with most lands in the San Joaquin Valley, are classified as a Seismic Class III with moderate severity, moderate probable damages in the case of the most severe earthquake. Because of the Loma Prieta and Coalinga earthquakes, the state has revised the original classification from Class I to Class III. Following recent earthquake standards established by the California Uniform Building Codes should prevent any severe or moderate damages.

### **ASSESSMENT DATA**

All four subject properties are owned by the successor to the Successor Agency/City Of Atwater and as such are not subject to Merced County taxation.

## HAZARDOUS MATERIAL STATEMENT

Unless otherwise stated in this report, the existence of hazardous materials, which may or may not be present on the properties, were not observed by the appraiser. The appraiser has no knowledge of the existence of such materials on or in the properties. The appraiser, however, is not qualified to detect such substances. The presence of potentially hazardous materials may affect the value of the properties, but the value estimate is predicated on the assumption that there is no such material on or in the properties that would cause loss in value. No responsibility is assumed for any such conditions, of for any expertise or engineering knowledge required to discover them. The client is urged to retain an expert in this field, if desired.

## ZONING

Three of the four subject parcels are zoned C-C (Central Commercial) with the fourth being R-T (Residential Transitional). This latter zoning was established to reflect that area within the city that was in transition from older established residential to commercial. As with the zonings of the comparable sales and with the current economic conditions of the Cities of Atwater and Merced, there has been flexibility in actual use as long as the use meets the overall intent of the general plan and approval of development plans.

Therefore, zoning does not appear to play a significant role in affecting the overall sales prices paid.

## COMPARABLE SALES ANALYSIS

The subject properties are somewhat similar as to location and size but differ slightly in other conditions. Because of the varied nature of the subjects and comparable sold properties, we present the most relevant sales data discovered that are relevant to all four properties. Our data search was narrowed to Merced to the south and Delhi to the north. Commercial sales outside this search area were deemed to be in a different market sector.

The sources of the comparable data were derived from the Multiple Listing Service (MLS) of the Merced County Board of Realtors, loop-net, Costar, real estate appraisers, brokers, individuals and property owners and confidential sources. All data collected was confirmed with either the grantor/grantee, brokers and/or agents involved in the transaction, other parties knowledgeable of the transaction, and confidential sources.

Financing information on each sale was obtained when made available and a cash equivalency determined if the financing involved was significantly different than conventional financing available in the sold property's market. The determination of a cash equivalency was not based on a strict mechanical calculation, but rather the opinion of the appraiser's evaluation of the market's reaction to the financing and/or concessions.

In analysis of the sales we are cognizant of the fact that some sales were acquired with no financing with all cash paid to the seller. Other sales were financed by private lenders. What this information suggests is that lenders previously active in the vacant development land market are no longer interested and/or that terms and conditions were unacceptable. Without a construction take out loan lenders are not willing to lend money on speculation. Any sale of the subjects would be a cash sale, if a private financing is obtained, usually by the seller, the sales price may be affected dependent on terms and conditions

In each sale, we attempt to note the most important factors of comparison based upon the data available and the highest and best use of the subject and sold properties. Some of the data is limited at best, but it is the only data available or verifiable.

The factors of comparison are basically dependent on the subject property, but generally speaking consist of site characteristics such as location, zoning, site size and shape, availability of public services and other factors or lack of.

As to zoning, we can find no discernible difference in the prices being paid for a commercial site unless other factors are involved and/or the highest and best use of the sold property.

Because each sale is somewhat different in nature and located in a local geographic area that may be unique and has or yet to be defined by the market relative to quantified values, it is impossible to make any supportable quantitative adjustments for any one particular item of dissimilarity. We therefore must make overall internal comparisons appropriate and applicable to the subject properties. In addition, most all of the various market sectors lying within the research area have been somewhat stagnant, though depressed, over the last few years for this particular property type. Therefore internal adjustments for changes in market conditions is considered nominal.

While there are no direct sold comparable properties to the subjects, we have been able to locate sales of properties that are similar to the subject as to various physical and locational aspects. We feel that the sales that we did locate provide sufficient data from which to develop a supportable opinion of value. We did review **listings, offers or options**, but did not rely on them as they are not closed sales and thus do not reliably measure value.

We did review sales data that may have been from a lender and/or trustee of lender due to a foreclosure. We normally would ignore such transactions as they do not meet the test of an "arms length transaction". However, we cannot ignore such transactions as they do influence the market by directly competing with "normal" sales.

In analysis of the sales data collected not all relevant information could be ascertained and or verified. To do so would result in the appraisal of each sale, which is beyond the scope of this appraisal assignment. However, we can make some general commentary and assumptions that are germane in analysis of these sales.

In the analysis of the sales data collected, we note the more salient information on the sales chart included herein, with additional detailed analysis of such data found in Exhibit "A" herein.

Sale "1" is located on Atwater Boulevard on the northwest corner of Castle Street. This is the sale of an old creamery that has been abandoned for decades. The cost of demolition and debris removal was prohibitive to most all developers. The site was acquired by a religious group that will convert the main building to a sanctuary with donated labor and materials. They placed no value on the buildings. Though a market transaction it is not considered a "clean sale" when viewed with the existing improvements.

Sale "2" is located on the east side of "M" Street just north of Olive Avenue. The property was part of a two parcel acquisition with the other parcel being an adjoining site developed to an older commercial office. The price paid was an allocation by the buyer. The site remains vacant but is now being marketed.

Sale "3" is located on the southwest corner of Shaffer Avenue and Broadway in Atwater. Property has been vacant for years. Property financed by a private party (most likely seller) which leads to the question of being an "arms" length transaction and the fact the property remains vacant. The price paid appears low given it's corner location.

Sale "4" is located on the west side of Parsons Avenue bordering the north bound lanes of Highway 99 with good highway exposure. The property was of a REO (Real Estate Owned) sale by a buyer from a seller that was foreclosed upon. The buyer purchased the site as a future investment. This site is in a slightly different market sector than the subjects.

Sale "5" is located on E. 13<sup>th</sup> Street in Merced. The site is located across the street from the old Mercy Hospital, now closed. The property was acquired by an adjoining owner for additional parking to support an existing medical office. The price paid was influenced by the plottage value of the site.

Sale "6" is located on Railroad Avenue in Atwater. This sale was only considered as it was zoned B-P and the existing improvements contributed no value. The highest and best use of the site is for light industrial and therefore this sale is given little weight.

Sale "7" is located on Merced Avenue in East Merced. Site also has frontage and access on Motel Drive. Buyer owned adjoining property and wanted property to expand his business which would indicate some plottage value. Property was improved with an old two story house which was torn down after the sale. Demolition and debris removal was \$25,000 which was added to the sales price.

Sale "8" is located at the northwest corner of "G" Street and Park Avenue in north Merced. The site is part of a pad site of the In-Shape Center. The pad site was split from the larger site but will be able to have shared use of driveways and some parking lot area. Site will be developed to a convenience store. Site remains vacant.

## VACANT COMMERCIAL LAND SALES CHART

Sale	Location	Record Sale Date	Sale Price	Gross Site Area	Price P/Sq. Ft.	Zoning	Corner	Off-site Imprvs.
1	Atwater Blvd. Atwater	06/06/11	\$285,000	91,476	\$3.12	R-T	Yes	Yes
2	"M" Street Merced	09/15/11	\$325,500	87,120	\$3.72	P-D-5	No	Yes
3	Schaffer Road Atwater	07/05/12	\$75,000	29,712	\$2.52	R-T	Yes	Yes
4	Parsons Ave. Merced	05/24/12	\$590,000	83,238	\$7.09	C-1	No	Yes
5	E. 13 <sup>th</sup> Street Merced	04/17/13	\$130,000	15,000	\$8.67	C-O	No	Yes
6	Railroad Avenue Atwater	05/08/13	\$150,000	74,052	\$2.03	B-P	Yes	No
7	Merced Avenue Merced	05/31/13	\$90,000 **	23,958	\$3.76	C-G	No	Partial
8	"G" St. Merced	05/31/13	\$272,600	38,738	\$7.03	P-D-2	Yes	Yes
9	W. 16 <sup>th</sup> St. Merced	06/16/13	\$1,535,000 **	127,195	\$12.07	C-C	Yes	Yes
10	Yosemite Ave. Merced	06/28/13	\$285,000 **	113,256	\$7.52	R-P-D	Yes	Yes
11	Bell Drive Atwater	1008/13	\$170,500	30,832	\$5.53	B-P	Yes	Yes
12	18 <sup>th</sup> Street Merced	10/13/13	\$230,000	22,500	\$10.22	C-C	Yes	Yes
13	Schaffer Road Atwater	03/11/14	\$145,000	60,984	\$2.38	B-P	Yes	Partial
14	Yosemite Parkway Merced	05/27/14	\$625,000 **	46,409	\$13.47	C-T	No	Yes

\*\* Adj. Sales Price



Sale "9" is a recent sale of the BMC Lumber Yard site located on 16<sup>th</sup> Street and Martin Luther King Jr. Way. The buyer intends to demolish all existing structures and site improvements at a cost of \$300,000 (which is added to the sales price) and development to retail commercial uses. City will credit buyer \$430,000 in demolition costs, building fees and other items but will require some right-of-way dedication and other site improvements that may total \$440,000.

Sale "10" is the recent acquisition of a site located at the northwest corner of Yosemite Avenue and "M" Street, both heavy traffic arterials. An older house of worship removed after sale with demo costs included in sales price. The highest and best use of the site is for commercial office which will require a general plan amendment. However, obtaining such a land use change requires City approval and influenced the sales price for the time delay.

Sale "11" is located on Bell Drive just west of the Applegate Crossing Shopping Center in Atwater. The site was acquired to relocate an existing veterinary business that was forced to move due to the Buhach Road/Highway 99 interchange project. This site was selected due to the nature of the business.

Sale "12" is a commercial site located on the corner of 18<sup>th</sup> and "S" Streets in Merced. The site adjoins the Sonic Restaurant on the west. Property acquired on speculation. Price paid appears high given the location. However, given a previous sale in 2006 for \$330,000 (\$14.67 p/sq. ft.) the sale may be at market but at the very upper end.

Sale "13" is located on the northeast corner of Shaffer Road and Broadway. Even though this is a lender sale, it cannot be totally ignored as it does compete in the market with normal transactions.

Sale "14" is located on Yosemite Parkway (Highway 140) in East Merced. Site also has frontage and access on E. 21<sup>st</sup> Street. Site of the old Falcon Lumber Company, the demolition and debris removal of existing structures was added to the sales price. Purchased for a Family Dollar Store. The premium price paid was due to the location.

**PROPERTY "1"**  
**ATWATER BOULVEARD**  
**APN 003-170-030**

**LEGAL OWNERSHIP**

The subject is owned by the Successor Agency/City Of Atwater. We are not aware of any transfer of ownership for five years prior to the date of value.

**LEGAL DESCRIPTION**

The subject property is legally described as Parcel "1" of Parcel Maps recorded Book 94 Page 40. The property is also known as APN 003-170-030.

**ZONING**

The subject site is zoned C-C (Central Commercial) by the City of Atwater. Under Chapter 17.36 of the City Zoning Ordinance this zoning was established for the central core of the city with "pedestrian priority". Permitted uses are quite varied and typical for a downtown commercial district. Other compatible uses are allowed under a conditional use permit.

Minimum site size is 7,500+ square feet.

The subject site conforms to current zoning requirements.

**SITE DESCRIPTION**

The subject site is located on the south side of Atwater Boulevard approximately 510± feet east of Winton Way. Third Street terminates at Atwater Boulevard north of the subject site. Atwater Boulevard has been upgraded to a four lane street with center turn lane and is one of two major east/west arterials for the City of Atwater and the only one for the downtown area. Bellevue Road is the other and services north Atwater.

Rectangular in shape, the subject site has a width and frontage of 275.00± feet and a depth of 72.0± feet for a total gross site area of 19,800± sq. ft. The site is level to grade with all off-site improvements, except sidewalks, in place and public utilities available. The Union Pacific Railroad borders the site on the south.

The subject site is somewhat limited in development potential due to the somewhat long shape. In addition, the proximity of the adjoining railroad does present a noise, vibration and dust nuisance unattractive to many businesses.

The subject property is improved with an old wood framed, steel clad building currently occupied by the Lessee, Atwater Feed. We understand that this is a long term tenant but the lease is on a month to month basis with no known option for a long term contractual lease. The lessee owns the existing structure and any and all site improvements.

With no long term lease contract the property will be appraised as a vacant site with no value attributed to the building or site improvements.

### **HIGHEST AND BEST USE** **“As If Vacant”**

**Physically Possible:** For the subject’s commercial use of the site it is of sufficient size and location to easily accommodate a small commercial use, though limited due to shape. There are no hazardous conditions noted. The site, however, is subject to some nuisance from the railroad. The subject site as a commercial use is demonstrated by surrounding developments.

**Legally Permissible:** The subject property is currently zoned C-C by the City. The property is legally conforming as to size. The City is not contemplating any land use change in the foreseeable future.

**Financially Feasible:** At this time it does not appear that market conditions exist that it would be financially feasible to construct a new commercial development that would provide an adequate return on investment even with the site’s location on Atwater Boulevard. However, development in the future when conditions improve is probable. Therefore there is a holding period that must be recognized but how long is highly speculative.

In my opinion, the highest and best use of the subject site, “as if” vacant site is for development to a commercial related use when market conditions dictate. Until such time a unknown holding period is anticipated.

### **VALUATION**

In analysis of the comparable sales we place the least weight on Sale “4” and Sale “13” as they were lender sales and do not meet the test of an “arms length” transaction. However, they cannot totally be ignored as these sales do compete in the market with normal transactions.

Sale “5” is at the upper end of our value range due to plottage value given the location in southeast Merced.

Sale “7” also had plottage value but more in-line with the market in it’s particular locale.

Sale “6” is not given much weight though located near the subject and with a B-P zone. However, a light industrial use, not commercial, would be more appropriate for it’s’ locale.

Sale "12" is also given less weight due to it's location but it is not discounted entirely as it establishes the upper end of the value range.

Sales "9" and "14" also establish the upper end of the value range but one must keep in mind that both are located on heavily traveled arterials, which was required by the buyer. Sale "9" is the only sale where the site adjoins a railroad. In addition, the development costs have exceeded the buyers anticipated costs but to what extend is unknown.

Sale "11" also set the upper limits of value even though deemed a comparable sale with a B-P zoning. However, the circumstances of the sale may have precluded the acquisition of this site if it were not for the forced relocation of their business.

Sale "3" appears to be a market transaction but seems unreasonably low given it's location.

Sale "2" was tied in with an acquisition of an adjoining office property with the price paid an allocation of the buyer and may not be reflective of market value. The seller was also motivated to dispose of the two properties as a package deal which may have askewed the sales price.

Sale "1" is given nominal weight due to the circumstances of the transaction but, again, is not totally ignored.

Sale "10" was acquired for an office. This is a prime location on two major arterials but the costs associated with changing the City's general plan and bureaucratic delays is reflected in the price paid.

Sale "8" is located on "G" Street in Merced and was acquired for a convenience store. The price paid appears low given it's location and shared use of driveways and parking with the adjoining commercial center.

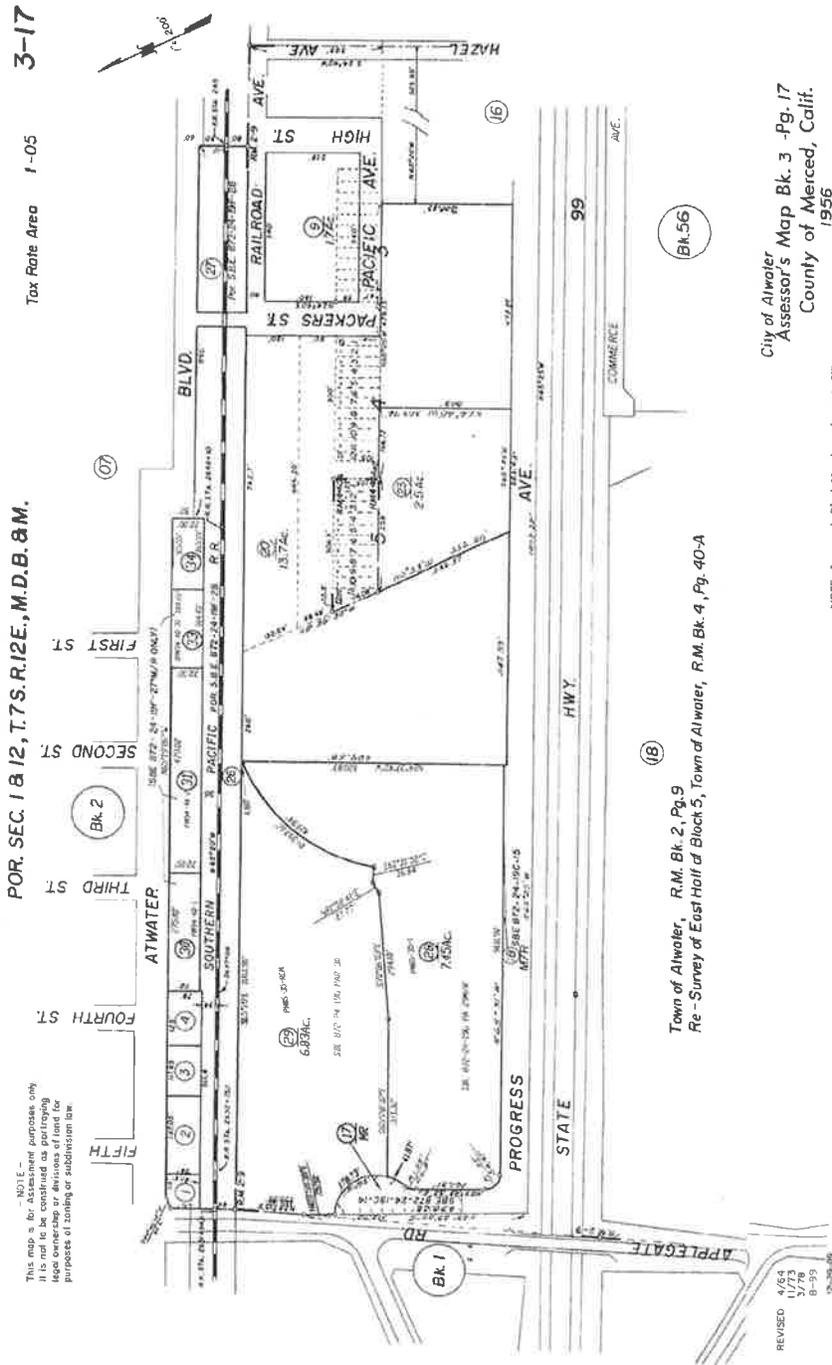
In analysis of the sales data collected and given the positive and negative conditions of both the sales and subject property, in my opinion a reasonable range of value is  $(\$3.50 \text{ p/sq. ft.} \times 19,800 \pm \text{ sq. ft.}) = \$69,300$  to  $(\$4.50 \text{ p/sq. ft.} \times 19,800 \pm \text{ sq. ft.}) = \$89,100$ .

In our final value conclusion we must be cognizant of current market conditions affecting the Atwater commercial market, location, size and shape of the subject site and finally a marketing time of 9 to 12 months. In my opinion, a value toward the lower range say \$75,000 ( $\$3.79 \text{ p/sq. ft.}$ ) is deemed reasonable and supportable.

In my opinion, the market value of the subject property, is as of September 12, 2014:

**Seventy Five Thousand Dollars**  
**\$75,000**

### Exhibit "1-A" Property Plat

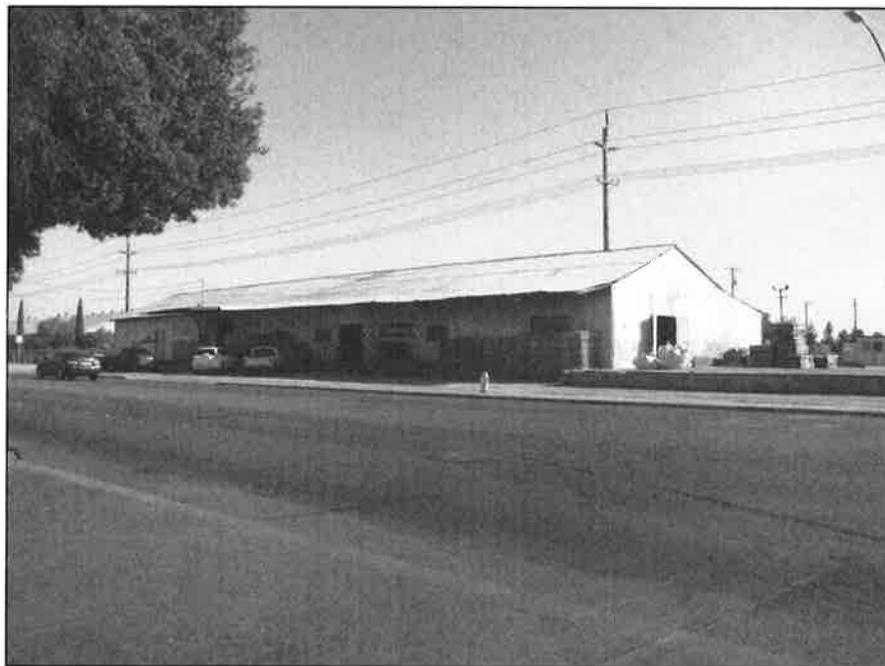


— NOTE —  
This map is for assessment purposes only  
It does not constitute a warranty of title  
legal ownership or divisions of land for  
purposes of zoning or subdivision law

**Exhibit "1-B"**  
**Aerial Photo Property #1**



**Exhibit "1-C"**  
**Photos Property #1**



**View south easterly of subject site from Atwater Blvd.**



**View southwesterly of subject from Atwater Blvd.**

**PROPERTY "2"**  
**ATWATER BOULVEARD**  
**APN 003-170-034**

**LEGAL OWNERSHIP**

The subject is owned by the Successor Agency/City Of Atwater. We are not aware of any transfer of ownership for five years prior to the date of value.

**LEGAL DESCRIPTION**

The subject property is described as a portion of Town of Atwater R.M. Book 2 Page 9. The property is also known as APN 003-170-034.

**ZONING**

The subject site is zoned R-T (Residential Transition) by the City of Atwater. Under Chapter 17.32 of the City Zoning Ordinance this zoning was established for the central core of the city where there is a transition from older residential to commercial. Permitted uses are quite varied and typical for a downtown commercial district allowed under a conditional use permit.

Minimum site size is 10,000+ square feet for a commercial use.

The subject site conforms to current zoning requirements.

**SITE DESCRIPTION**

The subject site is located on the south side of Atwater Boulevard just east of First Street. First Street terminates at Atwater Boulevard north of the subject site. Atwater Boulevard has been upgraded to a four lane street with center turn lane and is one of two major east/west arterials for the City of Atwater and the only one for the downtown area. Bellevue Road is the other and services north Atwater.

Rectangular in shape, the subject site has a width and frontage of 165.55± feet and a depth of 72.0± feet for a total gross site area of 11,920± sq. ft. The site is level to grade with all off-site improvements, except sidewalks, in place and public utilities available. The Union Pacific Railroad borders the site on the south.

The subject site is somewhat limited in development potential due to the somewhat small size. In addition, the proximity of the adjoining railroad does present a noise, vibration and dust nuisance unattractive to many businesses.

**HIGHEST AND BEST USE**  
**“As If Vacant”**

**Physically Possible:** For the subject’s commercial use of the site it is of sufficient size and location to easily accommodate a small commercial use, though limited due to it’s limited size. There are no hazardous conditions noted. The site, however, is subject to some nuisance from the railroad. The subject site as a commercial use is demonstrated by surrounding developments.

**Legally Permissible:** The subject property is currently zoned R-T by the City. The property is legally conforming as to size. The City is not contemplating any land use change in the foreseeable future.

**Financially Feasible:** At this time it does not appear that market conditions exist that it would be financially feasible to construct a new commercial development that would provide an adequate return on investment even with the site’s location on Atwater Boulevard. However, development in the future when conditions improve is probable. Therefore there is a holding period that must be recognized but how long is highly speculative.

In my opinion, the highest and best use of the subject site, “as if” vacant site is for development to a commercial related use when market conditions dictate. Until such time a unknown holding period is anticipated.

**VALUATION**

In analysis of the comparable sales we place the least weight on Sale “4” and Sale “13” as they were lender sales and do not meet the test of an “arms length” transaction. However, they cannot totally be ignored as these sales do compete in the market with normal transactions.

Sale “5” is at the upper end of our value range due to plottage value given the location in southeast Merced.

Sale “7” also had plottage value but more in-line with the market in it’s particular locale.

Sale “6” is not given much weight though located near the subject and with a B-P zone. However, a light industrial use, not commercial, would be more appropriate for it’s’ locale.

Sale “12” is also given less weight due to it’s location but it is not discounted entirely as it establishes the upper end of the value range.

Sales "9" and "14" also establish the upper end of the value range but one must keep in mind that both are located on heavily traveled arterials, which was required by the buyer. Sale "9" is the only sale where the site adjoins a railroad. In addition, the development costs have exceeded the buyers anticipated costs but to what extent is unknown.

Sale "11" also set the upper limits of value even though deemed a comparable sale with a B-P zoning. However, the circumstances of the sale may have precluded the acquisition of this site if it were not for the forced relocation of their business.

Sale "3" appears to be a market transaction but seems unreasonably low given it's location.

Sale "2" was tied in with an acquisition of an adjoining office property with the price paid an allocation of the buyer and may not be reflective of market value. The seller was also motivated to dispose of the two properties as a package deal which may have askewed the sales price.

Sale "1" is given nominal weight due to the circumstances of the transaction but, again, is not totally ignored.

Sale "10" was acquired for an office. This is a prime location on two major arterials but the costs associated with changing the City's general plan and bureaucratic delays is reflected in the price paid.

Sale "8" is located on "G" Street in Merced and was acquired for a convenience store. The price paid appears low given it's location and shared use of driveways and parking with the adjoining commercial center.

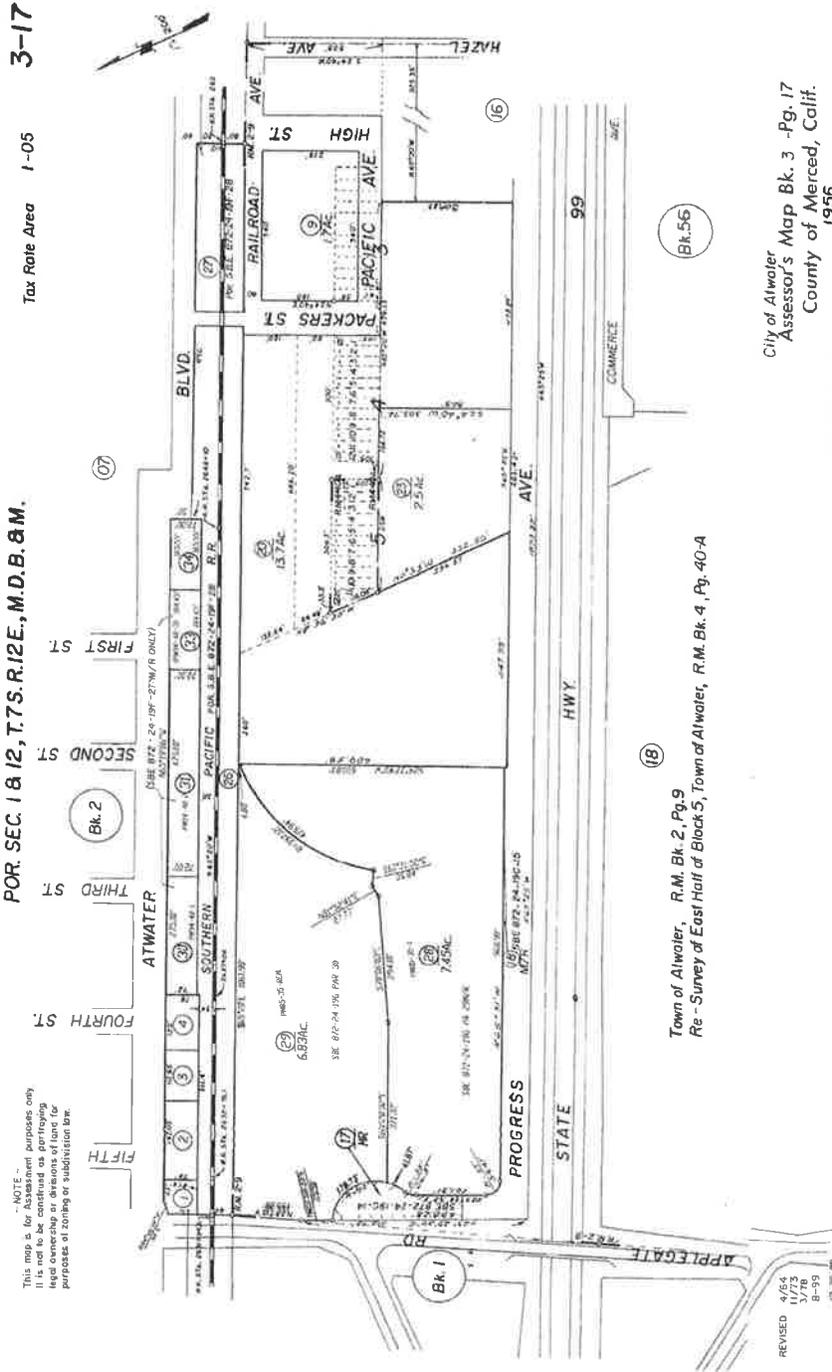
In analysis of the sales data collected and given the positive and negative conditions of both the sales and subject property, in my opinion a reasonable range of value is  $(\$3.00 \text{ p/sq. ft.} \times 11,920 \pm \text{ sq. ft.}) = \$37,760$  to  $(\$4.00 \text{ p/sq. ft.} \times 11,920 \pm \text{ sq. ft.}) = \$47,680$ .

In our final value conclusion we must be cognizant of current market conditions affecting the Atwater commercial market, location, size and shape of the subject site and finally a marketing time of 9 to 12 months. In my opinion, a value toward the lower range say \$40,000 ( $\$3.36 \text{ p/sq. ft.}$ ) is deemed reasonable and supportable.

In my opinion, the market value of the subject property, is as of September 12, 2014:

**Forty Thousand Dollars**  
**\$40,000**

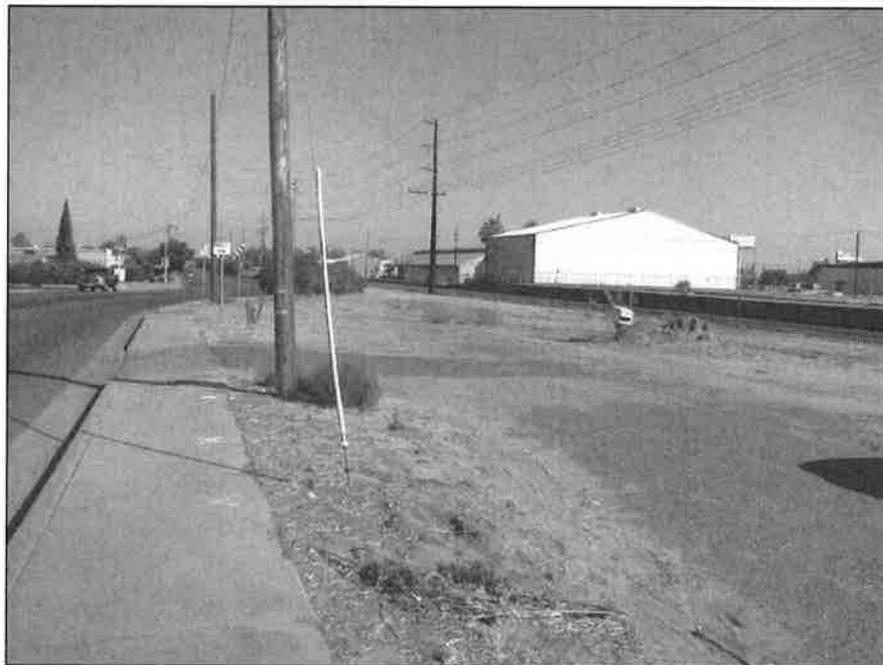
### Exhibit "2-A" Property Plat



**Exhibit "2-B"**  
**Aerial Photo Property #2**



**Exhibit "2-C"**  
**Photos Property #2**



**View east along Atwater Blvd. with subject at right of photo.**



**View south of subject site from Atwater Blvd.**

**PROPERTY "3"**  
**ATWATER BOULVEARD**  
**APN 002-213-012**

**LEGAL OWNERSHIP**

The subject is owned by the Successor Agency/City Of Atwater. We are not aware of any transfer of ownership for five years prior to the date of value.

**LEGAL DESCRIPTION**

The subject property is legally described as Lots 9 and 10 of the west 19.67 feet of Lot 8 of Block 3 Fin De Siede Investment Co Addition R.M. Vol. 3 Page 43. The property is also known as APN 002-213-012.

**ZONING**

The subject site is zoned C-C (Central Commercial) by the City of Atwater. Under Chapter 17.36 of the City Zoning Ordinance this zoning was established for the central core of the city with "pedestrian priority". Permitted uses are quite varied and typical for a downtown commercial district. Other compatible uses are allowed under a conditional use permit.

Minimum site size is 7,500+ square feet.

The subject site conforms to current zoning requirements.

**SITE DESCRIPTION**

The subject site is located on the north side of Atwater Boulevard at the east side intersection of Fourth Street. Fourth Street terminates at Atwater Boulevard at the subject site. Atwater Boulevard has been upgraded to a four lane street with center turn lane and is one of two major east/west arterials for the City of Atwater and the only one for the downtown area. Bellevue Road is the other and services north Atwater.

The subject site is rectangular in shape and has a width and frontage of 69.67± feet and a depth of 115.0± feet for a total gross site area of 8,012± sq. ft. The site is level to grade along Fourth Street with all off-site improvements, in place and public utilities available. A city alley borders the site on the north and provides additional access.

The subject site is somewhat limited in development potential due to the somewhat small size.

The subject site is currently improved to a city parking lot with asphalt paving striped stalls and mature landscaping. Overall the parking lot is in good physical condition.

Sine the site improvements are owned by the Successor Agency/City of Atwater.

As discussed we appraise the subject site in an "as is" condition, which includes all site improvements. In my opinion, development of the site to any commercial use will require removal of the existing site improvements. To ascertain such costs we contacted Mr. Skip George of Commercial Construction Company who estimated the cost of removal of the asphalt paving and debris removal to be \$2.00 to \$2.50 p/sq. ft. This cost estimate will be considered in our opinion of value.

### HIGHEST AND BEST USE "As If Vacant"

**Physically Possible:** For the subject's commercial use of the site it is of sufficient size and location to easily accommodate a small commercial use. There are no hazardous conditions noted. The site, however, is subject to some nuisance from the railroad. The subject site as a commercial use is demonstrated by surrounding developments.

**Legally Permissible:** The subject property is currently zoned C-C by the City. The property is legally conforming as to size. The City is not contemplating any land use change in the foreseeable future.

**Financially Feasible:** At this time it does not appear that market conditions exist that it would be financially feasible to construct a new commercial development that would provide an adequate return on investment even with the site's location on Atwater Boulevard and Fourth Street. However, development in the future when conditions improve is probable. Therefore there is a holding period that must be recognized but how long is highly speculative.

In my opinion, the highest and best use of the subject site, "as if" vacant site is for development to a commercial related use when market conditions dictate. Until such time a unknown holding period is anticipated.

### VALUATION

In analysis of the comparable sales we place the least weight on Sale "4" and Sale "13" as they were lender sales and to not meet the test of an "arms length" transaction. However, they cannot totally be ignored as these sales do compete in the market with normal transactions.

Sale "5" is at the upper end of our value range due to plottage value given the location in southeast Merced.

Sale "7" also had plottage value but more in-line with the market in it's particular locale.

Sale "6" is not given much weight though located near the subject and with a B-P zone. However, a light industrial use, not commercial, would be more appropriate for it's' locale.

Sale "12" is also given less weight due to it's location but it is not discounted entirely as it establishes the upper end of the value range.

Sales "9" and "14" also establish the upper end of the value range but one must keep in mind that both are located on heavily traveled arterials, which was required by the buyer. Sale "9" is the only sale where the site adjoins a railroad. In addition, the development costs have exceeded the buyers anticipated costs but to what extend is unknown.

Sale "11" also set the upper limits of value even though deemed a comparable sale with a B-P zoning. However, the circumstances of the sale may have precluded the acquisition of this site if it were not for the forced relocation of their business.

Sale "3" appears to be a market transaction but seems unreasonably low given it's location.

Sale "2" was tied in with an acquisition of an adjoining office property with the price paid an allocation of the buyer and may not be reflective of market value. The seller was also motivated to dispose of the two properties as a package deal which may have askewed the sales price.

Sale "1" is given nominal weight due to the circumstances of the transaction but, again, is not totally ignored.

Sale "10" was acquired for an office. This is a prime location on two major arterials but the costs associated with changing the City's general plan and bureaucratic delays is reflected in the price paid.

Sale "8" is located on "G" Street in Merced and was acquired for a convenience store. The price paid appears low given it's location and shared use of driveways and parking with the adjoining commercial center.

Another consideration is that we must recognize the contributing value of the site improvements (parking lot) in our value conclusion. Therefore the contributing value of the site improvements is included in our value range conclusion.

Our final analysis is that all else being equal is that a smaller site typically will yield a higher per unit value than a smaller site. On the negative side, a very small site limits potential development and lowers market appeal.

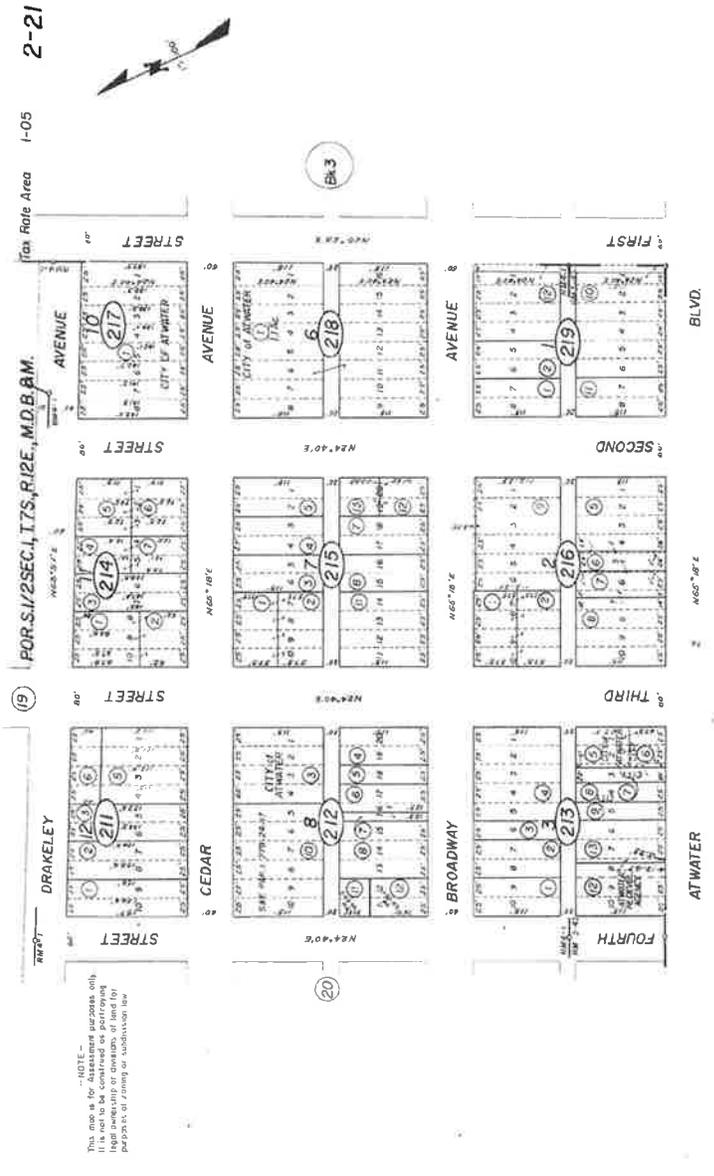
In analysis of the sales data collected, given the positive and negative conditions of both the sales and subject property, and lastly the site improvement removal; in my opinion a reasonable range of value is ( $\$3.75$  p/sq. ft. x  $8,012\pm$  sq. ft.) =  $\$30,045$  to ( $\$4.75$  p/sq. ft. x  $8,012\pm$  sq. ft.) =  $\$38,057$ .

In our final value conclusion we must be cognizant of current market conditions affecting the Atwater commercial market, location, size and shape of the subject site and finally a marketing time of 9 to 12 months. In my opinion, a value toward the mid range say  $\$35,000$  ( $\$4.37$  p/sq. ft.) is deemed reasonable and supportable under conditions stated herein.

In my opinion, the market value of the subject property, is as of September 12, 2014:

**Thirty Five Thousand Dollars**  
**\$35,000**

### Exhibit "3-A" Property Plat



2-21

1-05

FOR S. 1/2 SEC. 1, T. 7 S. R. 12 E., M.D.B. 11 A.M.

(19)

400'

400'

400'

400'

400'

400'

NOTE -  
This map is for assessment purposes only.  
It does not constitute a legal description of land for  
purposes of zoning or subdivision law.

REVISED 1/73  
2/84

Bloss Addition R.M. Vol. 4, Pg. 1.  
Fin De Siecle Investment Co. Add'n R.M. Vol. 3, Pg. 43

City of Atwater  
Assessor's Map Bk. 2 - Pg. 21  
County of Merced, Calif.  
1956

NOTE: Assessor's Block Numbers shown in Ellipses  
Assessor's Parcel Number shown in Circles

**Exhibit "3-B"**  
**Aerial Photo Property #3**

