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# **BRUCE C. ALLEN & ASSOCIATES, INC.**

*Real Estate Appraisers and Consultants*

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*Bruce C. Allen, MAI, CRE, President*

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September 26, 1997

Mr. John Netzley, SRPA, SR/WA  
King County Office of Open Space  
708 Smith Tower  
506 Second Avenue  
Seattle, Washington 98104

RE: APPRAISAL OF EAST LAKE SAMMAMISH BNRR CORRIDOR – EAST LAKE  
SAMMAMISH, KING COUNTY, WASHINGTON (File #17025)

Dear Mr. Netzley:

In response to your request, we have completed an appraisal of the East Lake Sammamish Burlington Northern Railroad (BNRR) Corridor. The non-operating railroad property consists of an 11.61-mile corridor running along the east side of Lake Sammamish, extending from Redmond to Issaquah. Title to the railroad corridor is based upon U.S. Government land grants, right-of-way deeds, quit claim deeds, warranty deeds, and adverse possession claims.

We previously appraised the fee simple value of three portions of the subject corridor, in a report dated March 27, 1997 (Our File #17025). This previous appraisal is incorporated by reference herein. Title to the remainder of the corridor is based upon adverse possession claims, right-of-way deeds, and federal land grants. As we understand it, the federal land grants property would revert to the abutting property owners upon abandonment. Those areas held by adverse possession are held as an easement right, the maximum estate the railroad could establish under its right of condemnation. Title to the remainder of the corridor is held by right-of-way deeds. It is the County's belief that these right-of-way deeds, by their granting language, would be held to convey fee title. Pursuant to a legal opinion by Bill Blakney, Senior Deputy Prosecuting Attorney for King County, a copy of which is contained in the Addenda to this report, it appears such a conclusion is reasonable. We have accordingly valued the right-of-way deed areas at fee values.

From a market value perspective, the highest and best use of the rail corridor is concluded to be for abandonment and assemblage with adjoining parcels. The public use value of the corridor is not appraised, and is outside the scope of our

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market value conclusions. Pursuant to our concluded highest and best use determination, the market value of the corridor is equivalent to its net liquidation value as assemblage land with adjoining parcels.

*This is a Summary Appraisal Report which is intended to comply with the reporting requirements set forth under Standards Rule 2-2(b) of the Uniform Standards of Professional Appraisal Practice (USPAP) for a Summary Appraisal Report. As such, it presents only summary discussions of the data reasoning and analyses that were used in the appraisal process to develop the appraiser's opinion of value. Supporting documentation concerning the data, reasoning, and analyses is retained in the appraiser's file. The depth of discussion contained in this report is specific to the needs of the client and for the intended use stated within this report. The appraiser is not responsible for unauthorized use of this report. The value estimates herein are given subject to the specific assumptions and limiting conditions stated immediately following this transmittal letter.*

Based on our investigation and analysis of all relevant data, it is our opinion the market value of the corridor, as of July 15, 1997, is:

THIRTEEN MILLION NINE HUNDRED SEVENTY THOUSAND DOLLARS  
(\$13,970,000)

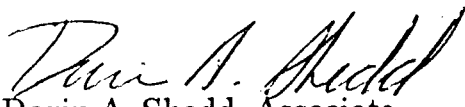
If you have further questions not answered in the accompanying appraisal report, please do not hesitate to call.

Sincerely,

BRUCE C. ALLEN & ASSOCIATES, INC.



Bruce C. Allen, MAI, CRE



Darin A. Shedd, Associate

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## ASSUMPTIONS AND LIMITING CONDITIONS

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

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

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## ASSUMPTIONS AND LIMITING CONDITIONS

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

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## SUMMARY APPRAISAL REPORT

### Scope of the Appraisal

The scope of this appraisal involves a valuation of the non-operating, 11.61-mile BNRD corridor extending from Redmond to Issaquah along the east side of Lake Sammamish. The highest and best use of the corridor is considered to be for assemblage with adjoining property owners and not for continued railroad use. Accordingly, the existing track improvements are not valued. The scope of this appraisal thus involves an application of the Sales Comparison Approach and where appropriate, the Development Approach.

In appraising the subject property, the appraisers did the following:

- Researched TRW and COMPS, Inc. databases.
- Researched Bruce C. Allen & Associate's existing database.
- Researched development costs as provided by the consulting firm of Subdivision Management, Inc. (SMI).
- Confirmed all sales with buyers, selling agents, and/or public records.
- Inspected all comparable sales.
- Reviewed all documents as cited throughout this report.

### Summary of the Appraisal Problem

The subject corridor represents a difficult appraisal problem due to the complexity of property types it comprises and the uncertainty of title claims under which the corridor is held. In accordance with our highest and best use conclusion, we have had to make assumptions regarding the various corridor areas held via adverse possession claims, right-of-way deeds, and federal land grants. Discussions with officials at King County indicate that upon abandonment, those areas of the corridor held by the federal land grants would likely revert to the abutting property owner. Those areas held via adverse possession claims could only have title quieted to establish an easement right. This is apparently the maximum estate the railroad could acquire via its former right of condemnation. Our valuation reflects the impact these title issues would have on a corridor owner. Additionally, pursuant to a legal opinion by the King County Prosecuting Attorney's office, a copy of which is

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contained in the Addenda, we have valued those areas of the corridor held by right-of-way deeds at their fee value. This assumption is based on the belief that such deeds, pursuant to Washington case law, would be declared as having granted fee simple title and was not limited to a railroad use.

### Special Assumptions

#### Hazardous Waste

We have been provided a Level 1 Environmental Site Assessment prepared by David Evans & Associates, which is contained in the appraiser's files. The assessment covered a 9.75-mile portion of the East Lake Sammamish BNRR Corridor. "No evidence of major contaminated areas was discovered during the site inspection." This report assumes the hazardous waste on the subject parcels is as detailed in the Environmental Site Assessment, and that the remainder of the corridor not analyzed in this report is similarly uncontaminated. If more extensive hazardous waste is found to be present on the subject parcels, the valuation contained in this report could be altered.

#### Site Size Estimates

No survey was performed on the subject parcels for utilization in this appraisal. The site size estimates utilized in this appraisal are accordingly based upon the appraisers' scaled estimates utilizing Kroll Mapping. Based upon our scaling, we estimate a site size of 140.10 acres and a total lineal footage of 60,975. We have checked these estimates against the Assessor's size estimate of 142.52 acres, against the legal description contained in the Addenda, as well as against the Burlington Northern Right-of-Way and Track Map contained on the following pages. Estimates by King County for the subject area indicate 137.6-acre size and a lineal footage of 61,328. This is based upon a review of the previously mentioned Right-of-Way and Track Map, but is considered no more accurate than our estimates due to difficulties in estimating actual parcel sizes. Any discrepancies are considered minor and absent more accurate surveying, we have utilized our scaled estimates in this appraisal.