

Tonasket City Council Agenda
Tuesday, November 8, 2022
6:00 pm

VIRTUAL ZOOM MEETING ID #869 0312 4209
ZOOM PHONE NUMBER 1-253-215-8782

- 1) Call to Order
- 2) Pledge of Allegiance
- 3) Roll Call
- 4) **From 6 pm to 6:30 pm will be the Perfect Passage Public Update.**
- 5) Public Comment (to comment on agenda items)
- 6) Approval of the Agenda **Action Item**
- 7) This meeting has been advertised as a Public Hearing to take testimony and establish the record on the request for a Conditional Use Permit for an accessory dwelling unit in an R-1 Zone. **Action Item**
- 8) This meeting has been advertised as a Public Hearing for the purpose of the 2023 Final Budget Hearing.
- 9) Kurt Danison Report
- 10) Public Comment
- 11) Unfinished Business
 - a) Appraisal on Cemetery Property **Action Item**
- 12) Department Head Reports
- 13) Mayor/Council/Committee Reports
- 14) New Business
 - a) Approval of the Community Development Block Grant Program General Purpose Grant for the Perfect Passage Project **Action Item**
 - b) Approval of the Low-Income Water Assistance Program Vendor Agreement with Community Action **Action Item**
 - c) Interlocal Agreement with Okanogan County Tourism Council **Discussion**
- 15) Miscellaneous and Correspondence
- 16) Consent Agenda: Minutes of the previous meeting, the October Payroll and the November Bills **Action Item**
- 17) Adjournment

DRAFT

Minutes of the Regular Meeting of the Tonasket City Council, October 25, 2022

Present: Mayor Maldonado (zoom), Councilmembers Levine, McMillan, Weddle, Hill and Alexander on zoom.

Staff: Pilkinton and Attwood.

The meeting was called to order by Mayor Pro-Tem Weddle at 6:00 pm and the pledge of allegiance was given by all.

Roll Call was taken.

Public Comment (Agenda Items)- None.

Motion to approve the agenda as amended. M/Levine, S/McMillan. Carried 5:0. The Law Enforcement contract was added under Unfinished Business and Community Facilities added under New Business.

Motion to approve the minutes of the previous meeting with corrections. M/McMillan, S/Weddle. Carried 5:0. Correction was in Hill report she was approached by a Green Okanogan member about who to contact specifically in Chamber about opening a business about recycling glass.

Public Comment-

- Aaron Kester with the Okanogan County Tourism Council presented the Council with a Memorandum of Understanding (MOU) for the Kiosk. He talked to Building Official Taylor and will get approval after all permits are signed and submitted. Clerk-Treasurer Attwood will send the MOU to Attorney Howe for review.

Mary Lou Kriner, Chamber of Commerce- Unable to attend.

Unfinished Business-

Law Enforcement contract sent to the appropriate people for review.

Mayor/ Council/ Committee Reports

Deputy Lopez

- Introduced himself. Has been on our contract for a few months. Is enjoying Tonasket.

Mayor

- Darren is dealing with the Airport garbage.
- Working on the Law Enforcement contract.
- Alice is working on the doors.
- Will be taking vacation all of December.

Attwood

- Would like to reschedule the Budget Workshop so everyone can be present.

Motion to reschedule the Budget Workshop for November 3, 2022 at 5:00 pm. M/Levine, S/McMillan. Carried 5:0.

Hill

- Update on cemetery appraisal?
- Attended the Retail Academy, she was emailed a presentation that she will share with the Council. There is a one year limit to ask questions.
- Thank you to the City for sending her to IACC. Networking was great and was nice to meet the Varela staff.
- North Central Washington Library project set for 2023- 2024. Sara would like to see the Zosel plans for the Tonasket Municipal Building to see how it affects the Library.
- Status on Baseball Fields?
- Would like copies of the projects that Levine presented please.
- Harvest Fest is this weekend.

Alexander- None.

McMillan- None.

DRAFT

Weddle

- Thank you to the City for sending her to IACC. It was a wealth of information. She will write a report for council. Great to meet the Varela Team.
- TranGo meetings are on Wednesday once a month in the morning for about two hours. She has conflicting schedules and is unable to attend. Would another Council member like to take over.
- Received correspondence from Jennifer Thornburg on Hoot Owl Lane. She would like a denial letter for water access from the City.

Levine

- Went to IACC, been many times. The networking is great. Always learns new things. There are lots of grants and money opportunities.
- .09 prioritization list: #2- Perfect Passage, #12- Tonasket South Annexation, #13- Chief Tonasket Park, #18- Tonasket Municipal Building.
- Please Vote!

New Business

Motion to approve the 2023 North Central Washington Task Force Agreement and authorize the Mayor to sign the agreement. M/Levine, S/McMillan. Carried 5:0.

Motion to approve the 2023 Swim Pool Budget submitted by the Park and Recreation District and approve the Mayor to sign the document. M/Levine, S/McMillan. Carried 5:0.

Community Facilities- Attwood gave a brief explanation of what Jon Wolseth went over at the 5:30 pm meeting. She will talk with the Mayor on how to proceed.

Miscellaneous and Correspondence

- November 8th Public Hearing on Utecht Conditional Use Permit.
- November 7th Perfect Passage meeting held by Department of Transportation, will email invitation.
- Set up Perfect Passage meeting with committee, potentially for November 1st. Alice will verify with Kurt Holland.
- Nothing on the doors yet, Rob Thompson is trying to find a contractor to help.

There being no further business the meeting was declared adjourned at 6:51 pm.

Alice Attwood, Clerk-Treasurer

Tonasket City Council Agenda
Tuesday, November 8, 2022
6:00 pm

VIRTUAL ZOOM MEETING ID #869 0312 4209
ZOOM PHONE NUMBER 1-253-215-8782

TO: Mayor and City Councilmembers
FROM: City Clerk-Treasurer

Kurt Holland, Varela Engineering, will be here to give an update on the Perfect Passage Project, from 6 pm to 6:30 pm.

This meeting has been advertised as a Public Hearing to take testimony and establish the record on the request for a Conditional Use Permit for an accessory dwelling unit in an R-1 zone. **Suggested Motion: I move that the City Council accept the recommendation and findings in the staff report and approve the CUP as requested by Sally Utecht, 211 E. Third St.**

This meeting has been advertised as a Public Hearing for the purpose of the 2023 Final Budget Hearing. There is no action required at this hearing. It is a time to discuss any items that may have come up at the Workshop or any additional budget items.

The appraisal for the Cemetery Property is attached. It has been sent to Scott Miller, Bergh Funeral Home. Attorney Howe stated the next step is for the Council to state you are ok with the appraised value and are still willing to proceed, then you would declare the property to be surplus. Then there will be additional steps after these are taken. **Suggested Motion: I move to accept the appraisal prepared and submitted by Pacific Appraisal Associates for the 1.06 acre site at the Tonasket Gerhard Cemetery, and conclude that the Council is willing to proceed with the selling of this property, and that a Resolution will be prepared for the surplus of the property for the next Council meeting.**

A contract with the Department of Commerce for the CDBG for the Perfect Passage is attached for your approval. **Suggested Motion: I move to approve the Community Development Block Grant contract for the Perfect Passage Phase 1 Construction Project and authorize the Mayor to sign applicable documents.**

Community Action Council periodically assists citizens in paying for their water/sewer billings. They have sent an agreement for the City to enter into. **Suggested Motion: I move to approve and enter into the agreement with Community Action for Low-Income Water Assistance and authorize the Mayor to sign applicable documents.**

I have attached a proposed agreement for the Kiosk to be placed at the Founders Day Park/TVBRC parking lot. It needs to be determined what the City will be responsible for under #2 Scope. The paragraphs crossed out are not needed. This is up for discussion only.

CITY OF TONASKET

TO: HONORABLE MAYOR & CITY COUNCIL
FROM: STAFF
SUBJECT: STAFF REPORT – UTECHT CONDITONAL USE PERMIT REQUEST
DATE: 11/4/2022
CC: SALLY UTECHT, 211 E. THIRD ST, TONASKET, WASHINGTON

Applicant: Sally Utecht

Proposal:

Sall Utecht of 211 E. Third St, Tonasket, WA has applied to the city for a Conditional Use Permit (CUP) for the conversion of an existing garage into accessory dwelling unit in the R1 Zoning District.

Chronology:

Ms. Utecht obtained a building permit (#751) for the addition of a bathroom to an existing garage on her property. Subsequent to construction and inspection of the bathroom, Ms. Utecht converted the rest of the structure into a dwelling unit that is occupied by a family member. Ms. Utecht has applied for the Conditional Use Permit in order to conform with the requirements of the zoning code and legalize the use.

The CUP application, which included a SEPA Checklist, was declared complete on October 7, 2022. A DNS and Notice of Application were published in the Gazette-Tribune on October 12, 2022 and a Notice of Open Record Public Hearing before the City Council was published in the Gazette-Tribune on October 19 and 16, 2022 providing notice to the public of the hearing to be held on November 8, 2022.

Applicable Codes and City Standards

17.70.020 Table 1 District Use Chart requires a CUP for Accessory Dwelling Units in the R1 Zoning District.

Comprehensive Plan:

The subject property is designated single family residential. The Plan notes:

“Single Family Residential... The purpose of the single-family residential designation is to provide for areas of the City where low to medium density residential uses will be provided for with an emphasis on single family dwellings. For the purposes of this Comprehensive Plan, low-density shall mean one to five dwelling units per acre of land.”

Analysis: The proposed use is consistent with the comprehensive plan which encourages single family residential uses.

Zoning: The subject property is zoned R-1. Chapter 17.70.020 Table 1, District Use Chart lists accessory dwellings as a conditional use.

The first thing to consider about zoning in relation to this application is whether the proposed use is allowed or not. As noted, the use is listed as a conditional use in the District Use Chart 17.70.020.

The next zoning consideration has to do with development standards Chapter 17.70.080 Table 2, bulk, height, setback and dimension standards in Chapter 17.70 and requirements for a CUP, Chapter 17.100. Another consideration is the fact that the garage is an existing non-conforming structure (does not meet current setbacks).

Chapter 17.100 provides the following minimum conditions:

1. The following conditions shall apply to all CUPs:
 - a. Mitigation measures proposed and accepted by the SEPA administrator shall automatically become conditions of the CUP.
 - b. If construction pursuant to a CUP is not initiated within one year of issuance of the permit it shall be invalid and the applicant must reapply. If an applicant is able to show delays have occurred beyond the applicant's control, an extension for up to one year may be allowed by the board of adjustment, provided the applicant files for the extension within one year of the issuance of the CUP.
 - c. If a use is not initiated within one year of issuance of a CUP according to the applicable conditions or within one year of completion of construction, whichever is applicable, the permit shall be invalid and an application must be resubmitted. Initiation of a use shall mean that the proposed use has commenced consistent with the entire scope of the application and all applied conditions. If an applicant is able to show delays have occurred beyond the applicant's control, an extension for up to one year may be allowed by the board of adjustment provided the applicant files for the extension within one year of the issuance of the CUP.
 - d. Unless otherwise approved (i.e., if project phasing is allowed), all construction activities shall be completed and approved by the administrator prior to initiation of the conditional use. If phasing of a project is approved, a development agreement specifically identifying the components and timing of each phase shall be executed between the city and the applicant. If a construction activity is required by an applied condition, the use shall not be allowed to be initiated until the required work is completed and approved by the administrator.

Analysis: The need for the CUP covers two zoning considerations: 1) the CUP for will legitimize an accessory dwelling that has already been completed and occupied; and 2) improvements to the non-conforming structure do not require a variance or other action as there is no enlargement or increasing of the non-conformity.

Environmental

The subject property is within an area designated as a Critical Aquifer Recharge Area in the city's Comprehensive Plan.

Analysis: No Environmental impact is anticipated, all runoff will be retained onsite in compliance with the Eastern Washington Storm Water Management Manual (current edition).

Public Hearing

The City Council will hold the required (TMC 19.05) open record public hearing on November 8, 2022. The Council will review the staff report and take testimony from the public.

Comments received

The application and related materials were mailed or e-mailed to commenting agencies (see list in project file) and a notice provided to adjoining landowners on October 12, 2022. As of the date this staff report was prepared 3 written comments were received (see attached copies of comments)

Comment: The Building Official noted that building permit #751 was issued for addition of a bathroom in an existing garage. Subsequent to construction and inspection of the bathroom the applicant finished out the garage as an accessory dwelling.

Response: Applicant has applied for the CUP to legitimize the accessory dwelling. Any construction subsequent to the permitted restroom must be inspected and the garage brought up to current codes for a residential occupancy.

Comment: Two adjoining landowners commented that they do not oppose the variance.

Response: no response required.

Recommendation by Staff

Staff recommends approval of the CUP subject to the following conditions, in addition to the standard conditions contained in TMC 17.70.100(1):

1. Accessory dwelling must be inspected and brought up to building code standards for human occupancy.
2. All stormwater runoff be retained on property.

Findings of Fact:

The following findings of fact support the staff recommendation:

1. The project is consistent with the goals, policies and intent of the Comprehensive Plan.
2. The project is consistent with the requirements of Chapter 17.100 TMC.
3. All requirements for processing a Type III Permit stated in Title 19 TMC were followed.
4. A Determination of Non Significance was issued and no appeals received.

**CITY OF TONASKET
CONDITIONAL USE PERMIT
COMMENT SHEET**

The following permit application may be of interest to you.

PROJECT AND APPLICANT: Ms. Sally Utecht of Tonasket, Washington, owner of the subject property at 211 E. Third St., has submitted an application for a Conditional Use Permit for an Accessory Dwelling in the R-1 Zone. Ms. Utecht is requesting the CUP to legalize her conversion of an existing garage into an accessory dwelling

APPLICATION: Utecht CUP Request CUP 22-01

DATE SENT: October 18, 2022

The City of Tonasket has enclosed application materials inclusive of a Land Use Application, CUP Supplement, Notice of Application, Notice of Public Hearing, SEPA Checklist and DNS. Any comments regarding the impacts of this project are requested along with general comments regarding the proposed development and will be considered in the review of the permit.

Please fill out and return this form to: City of Tonasket – Attention: Utecht CUP; P.O. Box 487, Tonasket, WA 98855

Comments due: 4:30 pm November 8, 2022. Comments may also be submitted by email to clerktreasurer@tonasketwa.gov.

Commenting Department, Agency, or Individual: Patti & George Hill

Comments: _____ Ms. Sally
Utecht _____

We have no issues with Sally's request & no
cannot foresee any problems.

(if needed, use reverse side for additional comments) Patti A. Hill

George Hill Signature

adjacent land owner Title

10-24-22 Date

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Comments due: 4:30 pm November 8, 2022. Comments may also be submitted by email to clerktreasurer@tonasketwa.gov.

Commenting Department, Agency, or Individual: Randy TAYLOR - Building Official

Comments: _____ Ms. Sally
Utecht _____

Building Permit #751 was for a Storage Building with
Bathroom. After Final Inspection was converted to
an Accessory Dwelling Unit w/o Permit.

(if needed, use reverse side for additional comments)

Randy Taylor Signature

Building Official Title

10-18-22 Date

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Comments due: 4:30 pm November 8, 2022. Comments may also be submitted by email to clerktreasurer@tonasketwa.gov.

Commenting Department, Agency, or Individual: Gary + Sue Johnson

Comments: _____ Ms. Sally

Utecht _____

We are in favor of Sally Utecht's decision to convert her existing garage into an accessory dwelling. Perfect decision!

(if needed, use reverse side for additional comments)

Sue Johnson Signature

_____ Title

10.19.2022 Date



APPRAISAL REPORT OF
A 1.06-acre Site
NNA Hwy 7
Tonasket, WA 98855

Effective Date of Value: October 19, 2022

CLIENT
City of Tonasket
PO Box 487
Tonasket, WA 98855

PAA File # 22-32-6984

Appraised By:

Denise Permin and
Brian Vincent, MAI, AI-GRS
37 S. Wenatchee Avenue, Suite A
Wenatchee, WA 98801
509/662-8900



37 S. Wenatchee Avenue, Suite A
Wenatchee, WA 98801
509.662.8900 • Fax: 509.664.3260

Visit us on the web: www.pacapp.com

October 25, 2022

City of Tonasket
Alice Atwood, Clerk-Treasurer
PO Box 487
Tonasket, WA 98855

Re: Appraisal Report of: A 1.06-acre Site
NNA Hwy 7
Tonasket, WA 98855

Dear Ms. Atwood:

Pursuant to your request, we have made an analysis of the physical and economic features of the above referenced property and formed an opinion of value.

This appraisal complies with the Uniform Standards of Professional Appraisal Practices (USPAP). This report is presented in an appraisal report format.

The intended user of this appraisal report is the City of Tonasket and no others. It is not to be relied upon by any other third party or parties for any purpose whatsoever without the express written permission of the appraiser.

By reason of this investigation and based upon the data and analysis given in the attached report, it is our opinion the property's as is market value of the land, subject to the Assumptions and Limiting Conditions, as of October 19, 2022, was;

Seventeen Thousand Dollars

\$17,000

Your attention is invited to the information and data included in the following 45 pages of this report.

Respectfully submitted,

Handwritten signature of Denise Permin in blue ink.

Denise Permin
Appraiser
Certified – State of Washington
General Classification / Certification # 20123749

Handwritten signature of Brian T. Vincent in blue ink.

Brian T. Vincent, MAI, AI-GRS
Appraiser
Certified - State of Washington
General Classification / Certification # 1101562

I 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 my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- ♦ I 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 performed no services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.
- ♦ I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- ♦ My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- ♦ My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- ♦ My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the *Uniform Standards of Professional Appraisal Practice*.
- ♦ I 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 signing this certification.
- ♦ The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.
- ♦ That I, Denise Permin, am currently certified by the State of Washington, General Classification, License #20123749, expiring 07/01/2024.

Dated: October 25, 2022



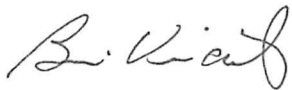
Denise Permin, Appraiser

CERTIFICATION

I 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 my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- ♦ I 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.
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- ♦ My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the *Uniform Standards of Professional Appraisal Practice*.
- ♦ I have not 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 signing this certification.
- ♦ The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.
- ♦ The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- ♦ That I, Brian T. Vincent, MAI, AI-GRS am currently certified by the State of Washington, General Classification #1101562, expiring 11/08/2024.
- ♦ As of the date of this report, I have completed the continuing education program for Designated members of the Appraisal Institute.

Dated: October 25, 2022

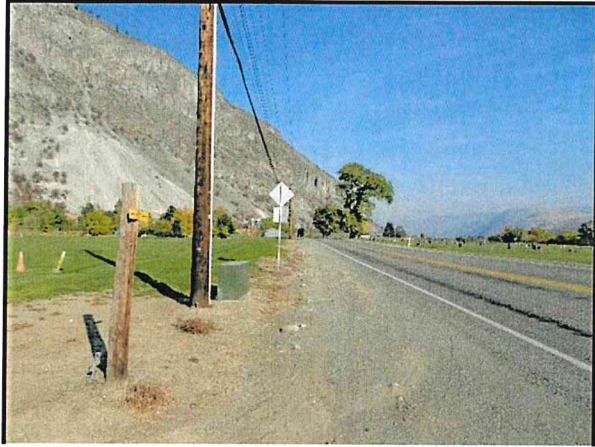


Brian Vincent, MAI, AI-GRS

SUMMARY OF SALIENT FACTS AND CONCLUSIONS

PROPERTY	A 1.06-acre Site
ADDRESS	NNA Hwy 7, Tonasket WA 98855
PURPOSE OF APPRAISAL	To Estimate the As Is Market Value of the Land
DATE OF REPORT	October 25, 2022
DATE OF VALUE	October 19, 2022
EXPOSURE TIME	12 to 18 months
MARKETING TIME	12 to 18 months
ZONING	Public Use (PU) District
SITE	1.06 ac / 46,250 sf
IMPROVEMENTS	Not Appraised
COST APPROACH	Not Applicable
INCOME APPROACH	Not Applicable
SALES COMPARISON APPROACH	\$17,000
INDICATED MARKET VALUE	\$17,000

PHOTOGRAPHS OF THE SUBJECT PROPERTY



Highway 7, looking north



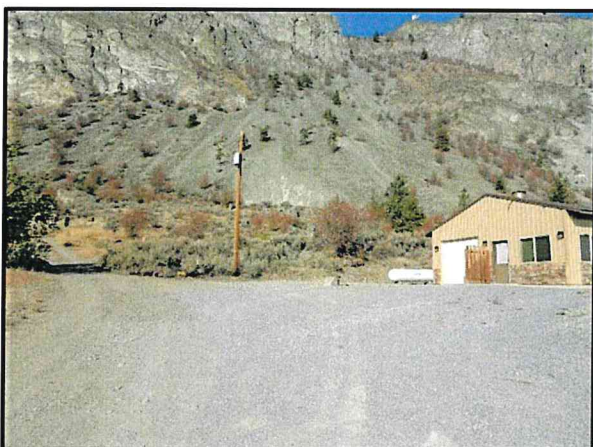
Highway 7, looking south



Dirt road to subject property, off Hwy 7, looking west



Looking northwest from southwest corner of site



Southerly border of site, looking northwest

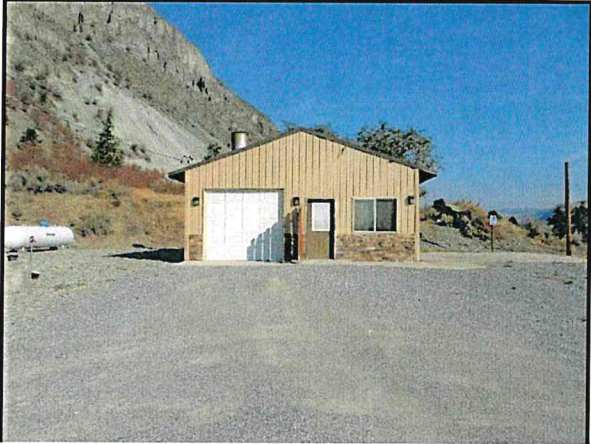


Easterly border of site, looking northeast

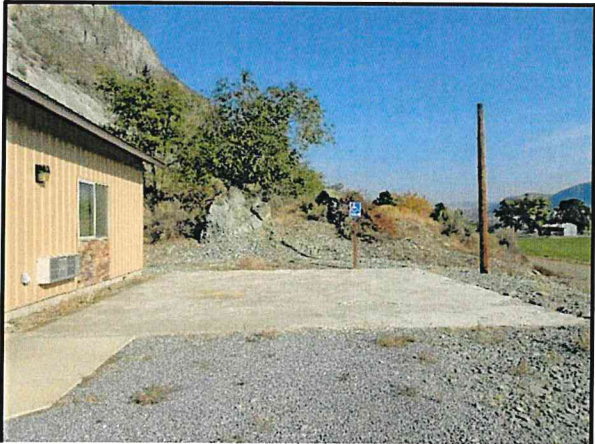
PHOTOGRAPHS OF THE SUBJECT PROPERTY



Westerly border of site, looking north



Looking northeast through middle of subject site & site area south of structure



Parking and site area east of structure



Looking northwest through middle of subject site



Subject site identified in background

Appraisal Problem to be Determined

The appraisal problem to be determined is to estimate the as is market value of a 1.06 ac (46,250 sf) parcel of land located off Highway 7 in Tonasket, WA. The subject is currently improved with a pole structure; however, this is not being appraised. The subject property is currently being leased and it is our understanding that the City of Tonasket may sell the property to the tenant; hence, this appraisal.

Identification of the Subject Property

The subject property is a 1.06 ac (46,250 sf) parcel of land located off Highway 7 in Tonasket, WA. It lies on the west side of Highway 7, up next to the hillside. This is about 2 miles northwest of downtown Tonasket, on the west side of the Okanogan River. The subject is currently improved with a pole structure; however, this is not being appraised.

The tax parcel is identified by Okanogan County Assessor as # 8810330200.

Address

NNA Hwy 7, Tonasket WA 98855

Latitude / Longitude

48.727877, -119.435251

Legal Description

Per Okanogan County Assessor, the abbreviated legal description is:

LOT 2 CITY OF TONASKET SPA

It is:

Lot 2 of City of Tonasket Short Plat, AFN 3266304, Filed for Record August 9, 2022, in Volume A-5, Page 64. (Provided by NCW Land Surveying, LLC)

LEGAL DESCRIPTION

PER S.W.D AFN 3020027

LOT 2 JOHN VERBECKSHORT PLAT No. 92-17 AS RECORDED IN VOLUME A-2 OF SHORT PLATS, PAGES 23 AND 24, RECORDS OF THE AUDITOR OF OKANOGAN COUNTY, BEING A PART OF SECTIONS 4 AND 9, TOWNSHIP 37 NORTH, RANGE 27 EAST, W.M., LESS THAT PORTION OF SAID LOT 2 LYING SOUTH OF THE FOLLOWING DESCRIBED LINE:

COMMENCING AT THE INTERSECTION OF THE NORTH BOUNDARY LINE OF SAID SECTION 9 WITH THE WEST BOUNDARY LINE OF SAID LOT 2; THENCE N25°42'53"E ON THE WEST BOUNDARY LINE OF SAID LOT 2, A DISTANCE OF 20.72 FEET; THENCE N27°04'13"E ON THE SAID WEST BOUNDARY LINE OF SAID LOT 2, A DISTANCE OF 29.44 FEET TO THE POINT OF BEGINNING OF SAID LINE; THENCE SAID LINE RUNNING S89°39'09"E, A DISTANCE OF 888.29 FEET TO THE WEST RIGHT OF WAY LINE OF OKANOGAN COUNTY ROAD No. 9437.

(NOTE:) THIS DESCRIPTION IS IDENTICAL TO LOT 1 OF THE CONNIE VERBECK SHORT PLAT ALTERATION NO. 2000-01 OF LOT 2 OF THE JOHN VERBECK SHORT PLAT, AS RECORDED IN BOOK A-3 OF SHORT PLATS AT PAGE 34, ON MARCH 14, 2000.

Okanogan County, State of Washington

Record Owner and History of Ownership

According to the Okanogan County Assessor, the owner of record is the Town of Tonasket.

The property has been under the current ownership for over three years.

Additionally, the subject property is not under current agreement or option and is not offered for sale on the open market.

Interest Appraised

Fee Simple

Purpose of the Appraisal

To estimate the market value of the land.

Scope of Work

The scope of work in this assignment included a personal inspection of the subject property occurring on October 19, 2022. Denise Permin was unaccompanied.

A sales search has been conducted to include sales within the Tonasket area. Because there were no sales of properties which have the same zoning as the subject, Public Use (PU), we used sales that were zoned Rural/Residential, as the highest and best use of the subject property, as if vacant, is a rural residential homesite. All utilized comparable sales are believed to be generally comparable to the subject and add reasonable support to value.

The search period ranges from as far back as 2 to 3 years ago until the current date as seen in recent sales and offerings. All sales have been inspected (exterior only unless otherwise noted) by the appraiser, and were photographed by either the appraiser or someone under his direct supervision.

Sources used in obtaining sale information include public records (deed recording, various County Assessors records), local area MLS, and local Realtors.

Sales were confirmed by transaction participants, agent, or public records at the very least. All sales described are included in the Addenda of the Reporting including photographs.

Initiation of the assignment included a preliminary search of all available resources to determine market trends, influences and other factors pertinent to the community and the subject. These resources included, a) a review of pertinent data from previous assignments of a similar nature within the appraisers' office files, b) a search of county assessor and title company records for comparable sales data within the locale of the subject property, c) Realtors, property managers and other professionals in the field to ascertain economic and demographic trends, investment criteria, comparable sales or present offerings and marketing periods.

This appraisal is prepared in compliance with the *Uniform Standards of Professional Appraisal Practice* as promulgated by The Appraisal Foundation and the Code of Professional Ethics and Certification Standard of the Appraisal Institute.

This is an Appraisal Report, as defined in USPAP, and includes photographs of the subject property, descriptions of the subject neighborhood, the site, improvements to the site, a description of the zoning, a highest and best use analysis, a summary of the most important sales used in the appraisers valuation, a reconciliation and conclusion, a map illustrating the sales in relationship to the subject property and other data deemed by the appraiser to be relevant to the assignment. Pertinent data and analyses not included in the report may be retained in the appraiser's work file.

Competency

The signatories to this report have appraised numerous properties throughout Eastern Washington including Okanogan County, where the subject property is located. It is felt the appraisers have the competency to appraise the subject property. Further detail as to competency is included in the qualifications located in the Addenda to this report.

Intended Use

The intended use of the appraisal is to assist the Client with potential sale.

Intended User of the Appraisal

The intended user of this appraisal is the City of Tonasket and no others.

Date of Inspection

October 19, 2022

Date of Value

October 19, 2022

Exposure Time / Marketability

The subject property lies on the west side of Highway 7, up next to the hillside. This is about 2 miles northwest of downtown Tonasket, on the west side of the Okanogan River. The Tonasket Cemetery is across the highway. The Town of Tonasket (current owner of subject property) also owns the land surrounding the subject property. The large grassy area in front of (on the east side of) the subject property, which will be seen on the aerial plat map, will be a future extension of the cemetery. Utilities include electricity, a well, and a septic system. Irrigation water is also available. Roughly 1/3 of the subject site is relatively level and the other approximate 2/3 of the subject site is generally sloping and/or at a higher elevation.

As will be seen in the Sales Comparison Approach to valuation, four of the five comparable land sales chosen for comparison to the subject property were not listed with a Realtor and were private transactions between buyer and seller. This "word of mouth" type sale is quite common in the Tonasket area. One of the sales was listed on the market with a Realtor for 583 days (a little over 19 months).

The majority of the other land sales that were considered but were not chosen for comparison to the subject were not listed and were private transactions. A cursory review of other land sales in the Tonasket area in the last 2 to 3 years reflect months to years on the market.

There are currently 47 active listing of vacant land in the Tonasket area. Two of these are 1 acre or less, seven are between 1 and 5 acres, five are between 5 and about 10 acres, and the remaining 33 are between about 10 acres and 317 acres.

Given these factors, we would expect that a reasonable exposure time for the subject property, as if vacant, would have been 12 to 18 months. This assumes appropriate representation by a Realtor and at a list price at or near what is concluded by this appraisal. Marketing time would have been within the same range.

Assumptions and Limiting Conditions

1. That unless otherwise stated in this report, the appraisal reported herein is based upon the premise that the property is free and clear of all encumbrances.
2. No opinion has been rendered nor has any responsibility been assumed for matters, which are legal in nature concerning the property, such as title defects, encroachments, liens, location of property lines, etc.
3. It has been assumed that the legal description obtained from public records is correct.
4. The information contained in this report has been obtained from reliable sources and investigated by your appraiser and the statements contained in the report, to the best of my knowledge & belief, are in accordance therewith, but said information is in no sense guaranteed.
5. The description of the improvements is based upon an exterior inspection, as well as a review of assessor records.
6. Soil studies have not been provided for the subject property; however, it is believed that the site is suitable for the Highest and Best Use as described further in this report.
7. That 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 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 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 such conditions.
8. The compensation to be paid the appraiser for making this appraisal is in no way contingent upon the value reported.
9. The conclusions of the appraisal are to be considered as a part of the entire document. This appraisal is to be used in its entirety and not taken out of context.
10. Employment to complete the appraisal report does not require testimony in a court unless mutually satisfactory arrangements are made in advance.
11. Neither all nor any part of the contents of this report, especially conclusions to value, identity of the appraiser, or the firm with which he is connected shall be disseminated to the public through media sources without the prior written consent and approval of the undersigned.
12. The Americans with Disabilities Act ("ADA") became effective January 26, 1992. There has not been ordered or conducted 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. 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.

Extraordinary Assumption

1. None

Hypothetical Condition

1. None used.

Appraisal

The act or process of developing an opinion of value; an opinion of value.¹

Market Value

Market Value may be defined as follows:²

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, knowledgeably and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specific 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 U. S. 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.

Exposure Time

The estimated length of time that 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.³

Comment: Exposure time is a retrospective opinion based on an analysis of past events assuming a competitive and open market.

Extraordinary Assumption

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.³

Hypothetical Condition

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.³

¹ Definition from Uniform Standards of Professional Appraisal Practice, 2018-2019, published by The Appraisal Foundation

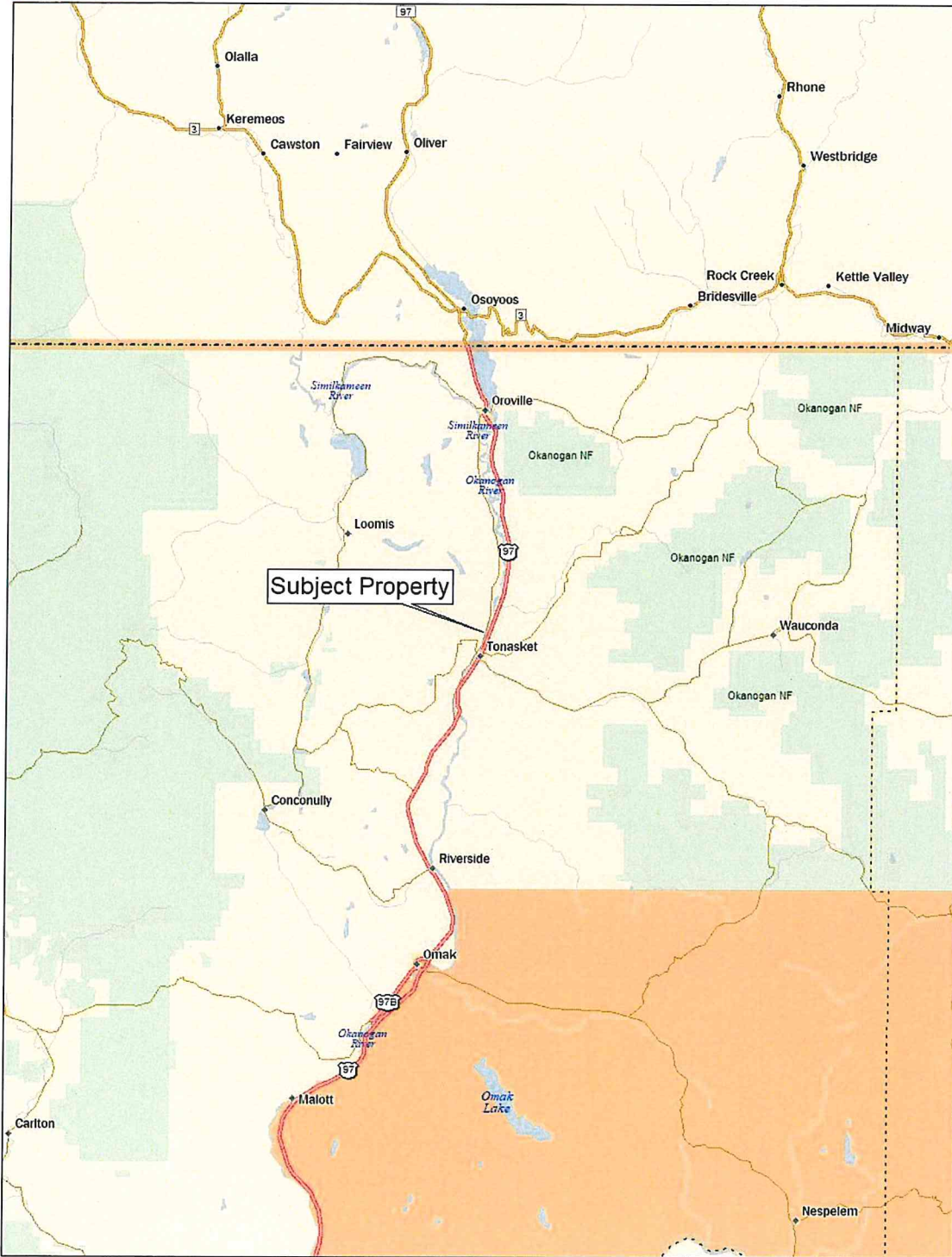
² This definition is from regulations published by federal regulatory agencies pursuant to Title XII of the Financial Institutions Reform, Recovery, and Enforcement Act (FIRREA) of 1989 between July 5, 1990, and August 24, 1990, by the Federal Reserve System (FRS), National Credit Union Administration (NCUA), Federal Deposit Insurance Corporation (FDIC), the Office of Thrift Supervision (OTS), and the Office of Comptroller of the Currency (OCC) This definition is also referenced in regulations jointly published by the by OCC, OTS, FRS, and FDIC on June 7, 1994, and in the *Interagency Appraisal and Evaluation Guidelines*, dated October 27, 1994. This definition also appears in the Glossary to USPAP.

³ Definition from Uniform Standards of Professional Appraisal Practice, 2018-2019, published by The Appraisal Foundation

REGIONAL MAP



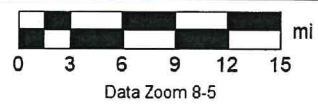
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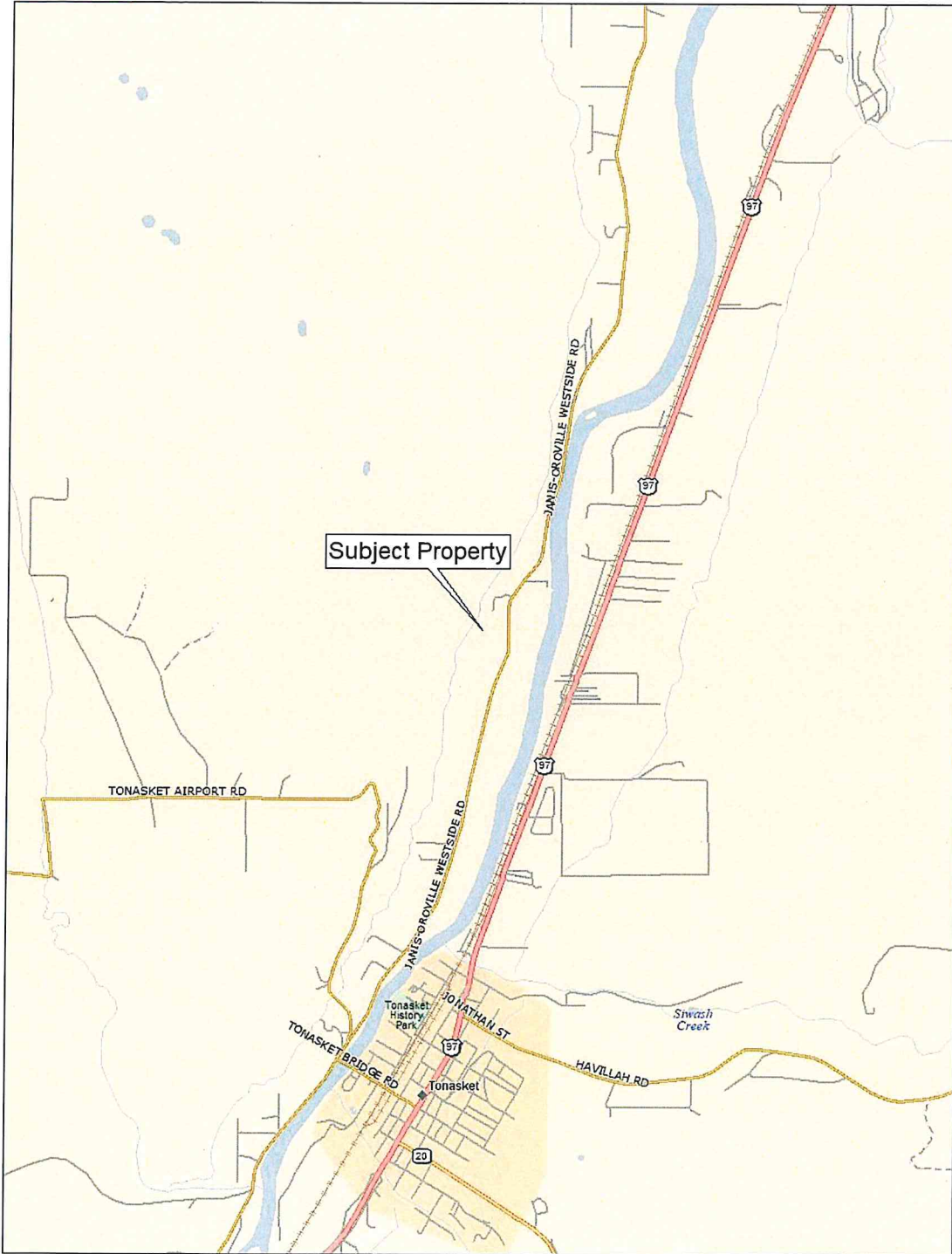
A 1.06-acre Site

NNA Hwy 7, Tonasket WA 98855

NEIGHBORHOOD MAP



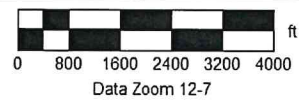
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A 1.06-acre Site

NNA Hwy 7, Tonasket WA 98855

REGIONAL AND NEIGHBORHOOD DESCRIPTION

Regional Description

Located in North Central Washington, Okanogan County covers 5,281 square miles and is the largest county in Washington State. It is bordered by British Columbia, Canada on the north, Columbia River Basin and Lake Roosevelt form its southern and eastern borders, and the North Cascade Mountains form its western border. Approximately 56% of the land is under federal ownership; 30% is in private ownership with the balance either owned by the state or the Colville Indian Tribe.

The western half of the county is dominated by rugged, mountainous terrain. Some of the higher elevations include Oval Peak at 8,800 feet and Gardner Mountain at 8,760 feet. The northeast corner has similar terrain, while the center of Okanogan County descends into rolling hills and grassy ranges.

Employers

The largest employer in the county is the Colville Confederated Tribes, a complex employer that creates revenue and jobs from its government operation; sale of timber products; and corporate operations under the Colville Tribal Enterprise Corporation that oversees several enterprise divisions and three casinos. The Colville Business Council, located in Nespelem, oversees a multi-million dollar administration that employs over 1,000 individuals.

The Sun Mountain Lodge, another large employer in the county, overlooks the Methow Valley near Winthrop and is an all-season resort with 3,000 acres of private wilderness property. Sun Mountain offers an endless number of recreational activities in both the summer and winter months.

Non-Farm Employment

Okanogan County's total nonfarm labor market averaged 12,530 jobs in 2021, an average annual increase of 4 percent from 2020. However, as can be seen in the chart below, it is still below the high of 12,890 in 2016.

Nonfarm Employment, 2012-2021 Benchmark: September, 2021

NAICS Industry Title	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
U.S. (in 000)	134,157	136,364	138,940	141,825	144,336	146,608	148,908	150,905	142,186	146,124
State (in 000)	2,919.6	2,984.0	3,057.2	3,144.7	3,242.8	3,321.1	3,401.1	3,467.8	3,281.9	3,356.6
Okanogan	12,170	12,120	12,440	12,570	12,890	12,700	12,810	12,710	12,020	12,530
Total Nonfarm	12,170	12,120	12,440	12,570	12,890	12,700	12,810	12,710	12,020	12,530
Total Private	7,460	7,420	7,650	7,690	7,820	7,530	7,650	7,480	7,150	7,580
Goods Producing	1,090	1,060	1,210	1,280	1,300	1,070	930	850	840	950
Mining, Logging, and Construction	740	670	720	760	740	680	640	580	560	640
Manufacturing	360	390	490	520	560	390	300	270	280	320
Service Providing	11,080	11,060	11,220	11,290	11,600	11,630	11,870	11,860	11,180	11,580
Trade, Transportation, and Utilities	2,240	2,290	2,340	2,390	2,370	2,360	2,540	2,480	2,440	2,610
Wholesale Trade	210	200	230	240	250	210	210	190	180	210
Retail Trade	1,880	1,810	1,820	1,850	1,840	1,850	1,900	1,840	1,800	1,890
Information and Financial Activities	480	490	470	450	460	450	470	450	440	420
Professional and Business Services	500	490	440	420	420	420	450	420	420	450
Education and Health Services	1,610	1,540	1,610	1,540	1,580	1,570	1,600	1,640	1,640	1,610
Leisure and Hospitality	1,250	1,290	1,320	1,340	1,400	1,370	1,400	1,370	1,110	1,240
Government	4,720	4,700	4,780	4,890	5,070	5,170	5,160	5,230	4,870	4,950
Federal Government	470	440	420	410	420	430	400	400	430	420
State and Local Government	4,250	4,260	4,360	4,480	4,660	4,740	4,750	4,820	4,440	4,530
State and Local Government Education	1,490	1,400	1,440	1,590	1,670	1,710	1,750	1,820	1,640	1,600

Source: WA State Employment Security Dept.

REGIONAL AND NEIGHBORHOOD DESCRIPTION

Okanogan County's CLF (*Civilian Labor Force*) averaged 19,593 for 2021, up slightly from the average of 19,464 in 2020. In the following chart you will see the average unemployment rate for 2021 was 6.6% which is down significantly from 8.9% in 2020. For the calendar year 2021, the Washington State unemployment rate was 5.2% and the U.S. rate was 5.3%. In May 2022, Okanogan County was 5.5%.

RESIDENT CIVILIAN LABOR FORCE AND EMPLOYMENT IN OKANOGAN COUNTY

	AVERAGE	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
2022													
Civilian Labor Force	19,403	19,039	19,307	19,723	19,548	19,396							
Total Employment	18,005	17,405	17,687	18,218	18,389	18,324							
Total Unemployment	1,398	1,634	1,620	1,505	1,159	1,072							
Unemployment Rate	7.2%	8.6%	8.4%	7.6%	5.9%	5.5%							
2021													
Civilian Labor Force	19,593	18,386	18,450	18,734	18,614	18,912	19,835	20,797	20,678	20,588	20,452	20,017	19,654
Total Employment	18,301	16,666	16,644	17,119	17,295	17,725	18,577	19,580	19,449	19,551	19,508	18,968	18,528
Total Unemployment	1,292	1,720	1,806	1,615	1,319	1,187	1,258	1,217	1,229	1,037	944	1,049	1,126
Unemployment Rate	6.6%	9.4%	9.8%	8.6%	7.1%	6.3%	6.3%	5.9%	5.9%	5.0%	4.6%	5.2%	5.7%
2020													
Civilian Labor Force	19,464	19,893	19,841	19,697	19,016	18,652	19,247	20,550	20,166	20,072	19,655	18,645	18,140
Total Employment	17,729	18,146	18,215	18,172	16,094	16,268	17,247	18,652	18,648	18,783	18,536	17,349	16,641
Total Unemployment	1,735	1,747	1,626	1,525	2,922	2,384	2,000	1,898	1,518	1,289	1,119	1,296	1,499
Unemployment Rate	8.9%	8.8%	8.2%	7.7%	15.4%	12.8%	10.4%	9.2%	7.5%	6.4%	5.7%	7.0%	8.3%
2019													
Civilian Labor Force	20,655	19,040	19,859	19,571	19,793	20,105	21,329	23,401	21,961	21,441	21,211	20,265	19,876
Total Employment	19,241	17,125	17,852	17,713	18,312	18,877	20,098	22,211	20,699	20,483	20,184	18,981	18,355
Total Unemployment	1,414	1,915	2,007	1,858	1,481	1,228	1,231	1,190	1,262	958	1,027	1,284	1,521
Unemployment Rate	6.8%	10.1%	10.1%	9.5%	7.5%	6.1%	5.8%	5.1%	5.7%	4.5%	4.8%	6.3%	7.7%

Source: Employment Security Department/LMEA; U.S. Bureau of Labor Statistics, Local Area Unemployment Statistics

Agriculture

A large portion of the employment opportunities are within the “agriculture, forestry, fishing, and hunting” sector or farming industry. The impact that agriculture has on this region is significant and it is easy to conclude that agriculture related industries are major employers of the region.

The predominant agricultural pursuit in the County includes fruit production oriented to the raising of apples and pears. Due to climatic conditions, soft fruit is not predominate in the Okanogan Valley. The Okanogan fruit growing area extends from the county’s southerly boundary northerly to the Canadian border continuing into Canada in the Okanogan Valley to the Osoyoos and Penticton areas.

Agriculture Employment

Total covered employment decreased from 17,329 in 2010 to 15,899 in 2020, a 1,430-job and -8.3 percent downturn, with annualized employment growth between 2010 and 2020 of minus-0.9 percent. The number of agricultural jobs (a subset of total covered employment) decreased from 5,560 in 2010 to 4,184 in 2020, a 1,376 job and -24.7 percent downtrend, with annualized employment growth between 2010 and 2020 of -2.8 percent. In 2010, Okanogan County’s agricultural industry accounted for 32.1 percent of total covered employment. In 2020, agricultural employment accounted for just 26.3 percent of total covered employment countywide. Hence, the share of agricultural employment dropped by 5.8 percentage points (from 32.1 to 26.3 percent) in Okanogan County during this most recent ten-year period.

REGIONAL AND NEIGHBORHOOD DESCRIPTION

Demographics

Population: The following exhibit shows the population estimates as of April 1, 2021, for Okanogan County and 5 of the most populated cities.

Okanogan County Population Estimates

Jurisdiction	2010 Census	2011 Estimate	2012 Estimate	2013 Estimate	2014 Estimate	2015 Estimate	2016 Estimate	2017 Estimate	2018 Estimate	2019 Estimate	2020 Estimate	2021 Estimate
Okanogan County	41,120	41,200	41,425	41,600	41,700	41,860	41,730	42,110	42,490	42,730	43,130	43,525
Unincorporated	24,780	24,805	25,085	25,110	25,120	25,320	25,090	25,400	25,720	25,920	26,220	26,475
Incorporated	16,340	16,395	16,340	16,390	16,580	16,540	16,640	16,710	16,770	16,810	16,910	17,050
Brewster	2,370	2,365	2,355	2,370	2,380	2,395	2,395	2,400	2,405	2,405	2,420	2,450
Okanogan	2,552	2,585	2,535	2,560	2,595	2,580	2,595	2,610	2,620	2,640	2,665	2,690
Omak	4,845	4,845	4,835	4,830	4,840	4,900	4,925	4,925	4,935	4,940	4,955	4,975
Oroville	1,686	1,690	1,715	1,715	1,700	1,695	1,710	1,705	1,705	1,700	1,700	1,715
Tonasket	1,032	1,025	1,020	1,020	1,110	1,110	1,110	1,110	1,110	1,110	1,115	1,105

Source: WA State Office of Financial Management

The 2010 census reported an estimated a population of 41,120 for Okanogan County. The latest report estimates the 2021 population of Okanogan County at 43,525.

As can be seen, Omak, Okanogan and Brewster are the most populated cities within the county. Omak, with approximately 11.4% of Okanogan County population, is the most populated city.

Wages

The Top Five Industries in 2020 in Terms of Payrolls		
Sector	Payroll	Share of payrolls
1. Local government	\$209,203,053	33.45%
2. Agriculture, forestry and fishing	\$115,853,568	18.52%
3. Health Services	\$66,528,994	10.64%
4. Retail trade	\$57,823,303	9.25%
5. Federal government	\$30,854,873	4.93%
All other industries	\$145,162,680	23.21%
Total covered payrolls	\$625,426,471	100%

Source: Employment Security Department/LMEA, QCEW

In 2020, approximately \$625 million in wages covered by unemployment insurance was paid countywide. The county's average annual covered wage in 2020 across all industries was \$39,303, approximately 57 percent of Washington's average annual wage of \$68,322 for the same period.

Educational attainment

Over the period 2016 to 2020, 84.6 percent of individuals aged 25 and older in Okanogan County were high school graduates. This figure is lower than that of Washington state (91.7 percent) and the nation (88.5 percent). The percent of residents with a bachelor's degree or higher was 20.2 percent. This figure does not compare favorably with the state (36.7 percent) or the nation (32.9 percent).

(Source: U.S. Census Bureau QuickFacts)

REGIONAL AND NEIGHBORHOOD DESCRIPTION

Regional Centers

Okanogan and Omak are the largest communities within the county and are some four miles apart from city center to city center. Their city limit boundaries are approximately 100 yards from one another and located at the geographical and population center of Okanogan County. Early growth of the communities was based upon the founding of the Okanogan Irrigation District, which converted dryland into irrigable acreage devoted to orchards.

Omak and Okanogan are located adjacent to Highway 97, a major US Highway route serving the United States and Canada. The Methow Valley, 30 miles to the west of Omak/Okanogan, features the North Cascades cross state highway which links Okanogan County and North-Central Washington to the west by a scenic pass. This allows travelers to take a scenic route through the Okanogan and Methow Valleys from the Puget Sound area. The route is generally closed in the winter.

The town of Oroville located just four miles south of the Canadian Border and 16 miles north of Tonasket, is the location of a U.S. Customs and Immigration Service Station, which is considered the busiest in Eastern Washington. Over 52% of the land surrounding Oroville is devoted to agriculture of which apples are the primary crop with more than four million boxes packed each year.

Recreation / Tourism

The area has many lakes, rivers, and mountains for various outdoor activities. The diversity of outdoor recreation and the charm of small towns and western history attracts many visitors throughout the year.

From the music festivals, farmers markets, rodeos and country fairs to the river rafting, fishing, camping, hiking, mountain biking, horseback riding, golfing, and skiing there is something for most everyone.

Another major tourist attraction is the Grand Coulee Dam, one of the largest concrete structures in the world and the largest electric power-producing facility in the United States.

Climate

The average low and high temperatures are 17.4° F in January and 92.1° F in July.

Summary

We expect Okanogan County to continue generally along the same historical path. Over the past 20 years, Okanogan County has had a slow but steady annual average growth rate of 0.6 percent.

The future growth in the tourism industry is showing promise. Overall, the goods-producing sector has shown growth, and expansion is expected in various areas in Okanogan County.

Neighborhood Description

The subject property is located in Tonasket, which is a small community in North Central Okanogan County along the eastern bank of the Okanogan River, about 20 miles away from the Canadian border crossing. Highway 97 runs through the middle of the town and is the main north/south highway through Central Washington. As of April 2022, the population estimate for Tonasket was 1,085 people, making it the fourth largest city in Okanogan County, behind the cities of Omak, Okanogan, and Brewster.

The subject lies on the west side of Highway 7, up next to the hillside. This is about 2 miles northwest of downtown Tonasket, on the west side of the Okanogan River. Highway 7 is the main access for agricultural areas north and west of Tonasket, which serves residents, ranches, and orchards. Land uses in this area are predominantly rural residential and agricultural. Across Highway 7 is the Tonasket Cemetery and the Oroville-Tonasket Irrigation District. The Town of Tonasket (current owner of subject property) also owns the land surrounding the subject property. The large grassy area in front of (on the east side of) the subject property, which can be seen on the following aerial plat map, will be a future extension of the cemetery.

PLAT MAP



Pacific Appraisal Associates, P.L.L.C. – 22-32-6984

A 1.06-acre Site

NNA Hwy 7, Tonasket WA 98855

Assessed Value and Taxes

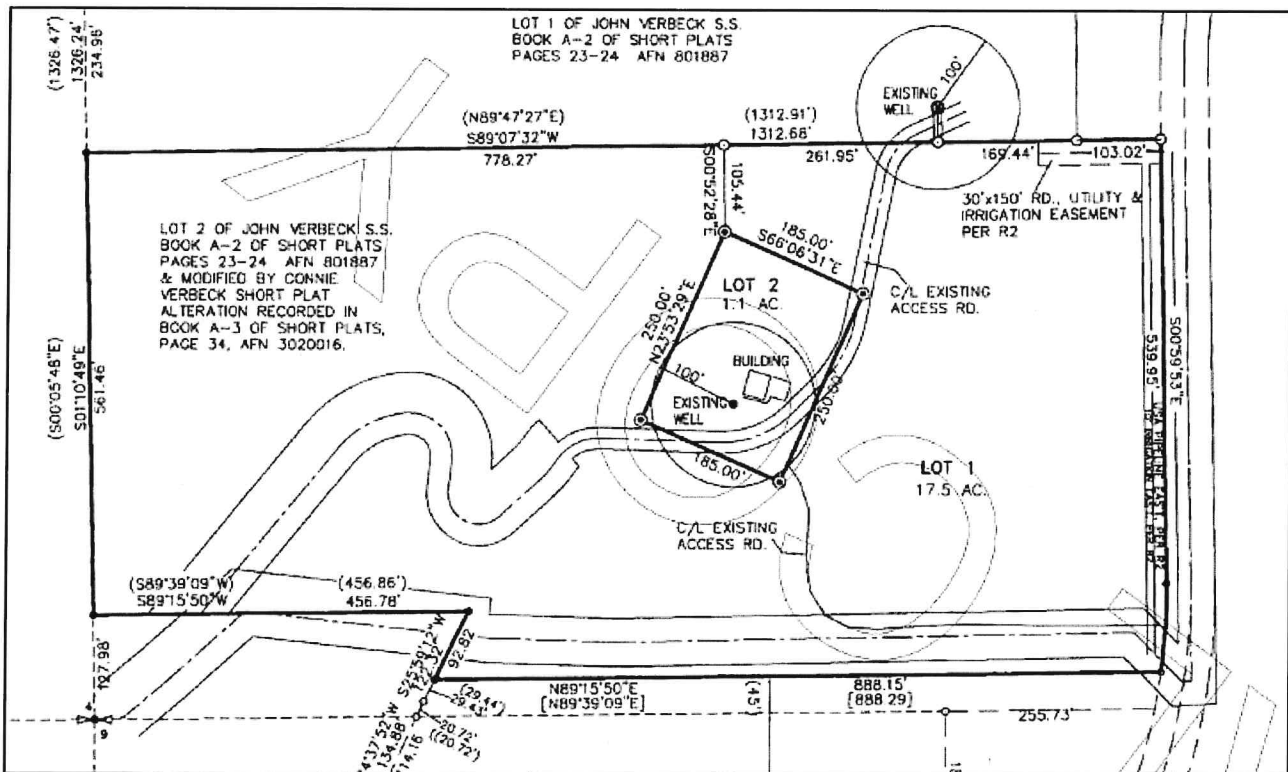
Parcel No.	Acres	Land Market Value	Improv. Market Value	Total Market Value	Land Taxable Value	Improv. Taxable Value	Total Taxable Value	2022 Taxes
8810330200	1.1	\$ 1,700	\$ 6,300	\$ 8,000	\$ -	\$ -	\$ -	\$ -

Recall that the land only is being appraised.

Government agencies are exempt from paying property taxes.

Site Description

The site is rectangular in shape and is 46,250 sf, or 1.06 ac, in size. The dimensions are 185 ft by 250 ft, per City of Tonasket Short Plat, AFN 3266304, filed for record on August 9, 2022. The subject property is identified as Lot 2 in the cropped (Unofficial) Short Plat shown below.



Access and Street Improvements

Access can be made via a dirt road that serves as an access easement off Highway 7, through parcel 8810330100 (Lot 1), which is also under the same ownership (Town of Tonasket).

Utilities

Electricity, a well, and a septic system are all onsite. Note that the location of the existing well is identified on the Short Plat. Irrigation water is available.

Zoning

The subject property lies within an area designated as Public Use (PU) District, under the jurisdiction of the City of Tonasket.

Intent

The PU district is intended to be applied to most publicly owned lands presently being utilized for public purposes or are planned for public uses in the future and to implement the comprehensive plan public use designation.

Specific Purpose

The public use zoning district is intended to be applied to most publicly owned lands presently being utilized for public purposes or are planned for public uses in the future. Examples include city park lands, Tonasket School District property and the North Valley Hospital Complex.

Allowed Uses

Accessory structures or uses; Accessory utilities; Animal shelters; Commercial broadcast facilities, radio or television stations; Bus stations/taxi stands; Macro/Mega/Micro facilities; Mixed use development; Municipal uses; Parking facilities; Primary utilities; Recycling drop-off stations; Subdivisions; Signs; Temporary Markets; Commercial towers; Wireless communication facilities; Accessory dwelling units; Assisted living facilities; Boardinghouses, lodging houses or rooming houses; Convalescent centers; Dwellings, apartments/multi-family/single-family/two-family; Home occupations as an accessory use to an existing or allowed dwelling unit; Housing for people with functional disabilities (limited to existing residences in Commercial and Mixed Use zones); Manufactured home in an approved manufactured home park; Manufactured home, individual lot; Nursing homes; Residential care facilities; Retirement communities; Supported living arrangements (limited to existing residences in Commercial and Mixed Use zones); Automobile, truck, or other motor vehicle repairs shops; Business or professional offices; Day care centers; Eating and drinking establishments; Microbreweries; Mini day care centers; Mortuaries; Commercial nurseries, greenhouses; Retail sales; Bulk storage facilities; Railroad facilities; Noncommercial agriculture; Agricultural equipment and facilities; Excavation and removal of sand, gravel, stone, loam, dirt or other earth products; Gravel pits; Commercial and noncommercial boating facilities; Campgrounds; Commercial recreation; Community boating facilities; Community centers, meeting halls, fraternal lodges; Community youth centers; Hospitals; Private and public schools; Private libraries, art galleries, museums or similar uses; and Recreational development/uses.

Development Standards	PU
Minimum lot size	n/a
Minimum lot width at front setback line	
corner lot	n/a
interior lot	n/a
Maximum density, with PD permit	n/a
Maximum impervious surfaces	n/a
Minimum front yard setback	0 ft
Minimum side yard setback	0 ft
Minimum street side yard	n/a
Minimum rear yard setback, main structure	0 ft
Minimum rear yard setback, accessory structure	0 ft
Maximum height, main structure	50 ft
Maximum height, accessory structure accessory to residential uses	24 ft

Soils

Web Soil Survey, an online service provided by the United States Department of Agriculture Natural Resources Conservation Service indicates the following with respect to the subject soils:



Map Unit Symbol	Map Unit Name	Acres in AOI	Percent of AOI
229	Cashmont sandy loam, 3 to 8 percent slopes	0.1	10.8%
233	Cashmont sandy loam, 0 to 25 percent slopes, extremely stony	0.5	51.9%
523	Tonasket silt loam, 3 to 8 percent slopes	0.4	37.3%
Totals for Area of Interest		1.0	100.0%

Cashmont sandy loam, 3 to 8 percent slopes is classified as prime farmland if irrigated, it is well drained, and it has a land capability classification of 3e.

Cashmont sandy loam, 0 to 25 percent slopes, extremely stony is classified as not prime farmland, it is also well drained, and it has a land capability classification of 7s.

Tonasket silt loam, 3 to 8 percent slopes is classified as farmland of statewide importance, is well drained, and has a land capability classification of 3e if irrigated and 3s if non-irrigated.

Environmental Hazards

The appraiser is not an expert in environmental hazard issues and reference is made to paragraph 7 of the Assumptions and Limiting Conditions section of the report.

Upon inspection there were no apparent environmental hazards of note, nor were any indicated.

Improvements and Site Improvements

The subject property is improved with a pole structure and a paved parking area; however, only the underlying land is being appraised.

Lease Agreements

There is a lease agreement entered into on June 13, 2014 between the City of Tonasket (Lessor) and Bergh Funeral Services, LLC (Lessee). The Lessee is leasing the land for the purpose of constructing and/or maintaining a crematorium on said tract and for no other purpose. The land is leased to the Lessee for an initial period of 10 years for an annual payment of \$750 plus leasehold excise tax. If the property is purchased during the lease agreement said lease shall be prorated monthly and applied to purchase price. The Lessee has the right to extend the term of this lease for an additional 10 years upon terms and conditions agreed to between both parties. The lease payments for any extended term after the initial 10-year period will remain on the same terms and conditions of the original agreement. **If the property is purchased the lease agreement is null and void.** Lessee may elect at any time to terminate this agreement by giving 30 days written notice to Lessor.

Highest and Best Use is defined as follows:

"The reasonably probable use of property that results in the highest value. The four criteria the highest and best use must meet are legal permissibility, physical possibility, financial feasibility and maximum productivity." ⁴

The purpose of determining Highest and Best Use of land "**As If Vacant**" is to provide an analysis identifying potential use and/or uses of the property, which dictates its value. In cases where the site has existing improvements, "**As Improved**" it is possible that the highest and best use may be different than the existing use. However, in theory the existing use will continue until the land value in its highest and best use exceeds the total value of the property in its existing use. The four criteria utilized in the analysis of highest and best use are addressed in the following text.

As If Vacant

In determining highest and best use As-Vacant, consideration is given to the subject properties physical and economic characteristics along with neighborhood development type and current levels of supply and demand.

Legally Permissible

Subject zoning primarily dictates uses and, in this case, the subject property is zoned Public Use (PU) District. Recall that the PU zoning district is intended to be applied to most publicly owned lands presently being utilized for public purposes or are planned for public uses in the future. Examples include city park lands, Tonasket School District property, and the North Valley Hospital Complex. Examples of allowed uses include animal shelters, commercial broadcast facilities, recycling drop-off stations, commercial towers, dwellings (single-family, two-family, multi-family), mortuaries, commercial nurseries, bulk storage facilities, agriculture, agricultural facilities, recreational uses, among many others. Generally speaking, allowed uses include residential, agricultural, and some commercial/industrial oriented uses. The subject property cannot be further divided. Alice Atwood (Clerk-Treasurer, City of Tonasket) stated that the subject property will remain zoned Public Use.

Physically Possible

The subject property, which is about one acre in size, lies on the west side of Highway 7, up next to the hillside. This is about 2 miles northwest of downtown Tonasket, on the west side of the Okanogan River. Land uses in this area are predominantly rural residential and agricultural. The Tonasket Cemetery is across the highway. The Town of Tonasket (current owner of subject property) also owns the land surrounding the subject property. The large grassy area in front of (on the east side of) the subject property will be a future extension of the cemetery. Utilities include electricity, a well, and a septic system. Irrigation water is also available. Roughly 1/3 of the subject site has been graded and is relatively level. The other approximate 2/3 of the subject site is generally sloping and/or at a higher elevation and is in more of a natural state; however, the upper elevation of the site includes relatively level areas and/or useable areas as well. The subject property cannot be further divided.

Although agricultural uses are legally permissible, and agricultural land uses can be found in the subject's neighborhood, given the small size of the site, and given that roughly 52% of the subject soils are classified as not prime farmland, the subject is generally not conducive to agricultural uses.

⁴ Definition from Dictionary of Real Estate Appraisal, Sixth Edition, 2015, published by the Appraisal Institute

Some commercial/industrial uses are legally permissible and physically possible.

A rural residential homesite is legally permissible and would be physically possible. Land uses in the subject's neighborhood are predominantly rural residential (and agricultural).

Financially Feasible

Financially feasible uses are those uses that would provide a positive return to the land. As already stated, land uses in the subject's neighborhood are predominantly rural residential and agricultural; however, agricultural uses, although legally permissible, is not physically possible. Based on discussions with local Realtors/Brokers, inventory for residential/rural residential homesites in the Tonasket area is low. There are currently 47 active listing of vacant land in the Tonasket area, and only two of these are 1 acre or less. Seven are between 1 and 5 acres, and five are between 5 and about 10 acres. The remaining 33 are well above this size. It is believed that a rural residential homesite would be financially feasible.

The only commercial oriented land uses in the subject's neighborhood is the Tonasket Cemetery and the Oroville-Tonasket Irrigation District. The subject is located about 2 miles outside of downtown Tonasket, on the other side of the river. The site does not have highway frontage, it sits up next to the hillside, and is accessed via a dirt road. It is a quiet neighborhood, and, upon inspection, it appears that traffic is somewhat light in this area. Thus, it is believed that given its location, the subject would not be conducive to commercial use, and, as such, commercial use would not be financially feasible.

Maximal Productivity

Maximal productivity is the use that is most financially feasible and provides the greatest return. Items to be considered in the development of the site to its maximal productivity has been discussed related to zoning, physical character, surrounding development, and supply and demand. It is believed that the maximal productivity of the subject property, as if vacant, would be a rural residential homesite, as permitted by zoning.

Highest and Best Use – As If Vacant Conclusion

Based on this analysis, the highest and best use of the subject property, as if vacant, is a rural residential homesite, as permitted by zoning.

The following valuation of the property is based upon the assumptions and limiting conditions provided. The three basic approaches to value including the Cost, Income and Sales Comparison Approaches, will be discussed as to their applicability in the appraisal process.

Cost Approach

“A set of procedures through which a value indication is derived for the fee simple estate by estimating the current cost to construct a reproduction of (or replacement for) the existing structure, including an entrepreneurial incentive, deducting depreciation from the total cost, and adding the estimated land value. Adjustments may then be made to the indicated value of the fee simple estate in the subject property to reflect the value of the property interest being appraised.”⁵

The Cost Approach is generally utilized in valuation of properties that have new or newer structural improvements as a significant component of value. Although the subject property is improved, we are appraising the underlying land only. As such, the Cost Approach is not applicable. The exclusion of the Cost Approach will not hinder the credibility of this report.

Income Capitalization Approach

“Specific appraisal techniques applied to develop a value indication for a property based on its earning capability and calculated by the capitalization of property income.”⁵

Again, we are appraising the underlying land only. As such, the Income Approach is not applicable. The exclusion of the Income Approach will not hinder the credibility of this report.

⁵ Definition from Dictionary of Real Estate Appraisal, Sixth Edition, 2015, published by the Appraisal Institute

Sales Comparison Approach

“The process of deriving a value indication for the subject property by comparing sales of similar properties to the property being appraised, identifying appropriate units of comparison, and making adjustments to the sales prices (or unit prices, as appropriate) of the comparable properties based on relevant, market-derived elements of comparison. The sales comparison approach may be used to value improved properties, vacant land, or land being considered as though vacant when an adequate supply of comparable sales is available.”⁶

Numerous land sales have been researched and five have been chosen for direct comparison to the subject. As will be seen, all sales are located in Tonasket. Each is summarized in the following exhibit and a comparable land sales map may be found next. A more detailed description of each sale may be found in the Addenda of this report.

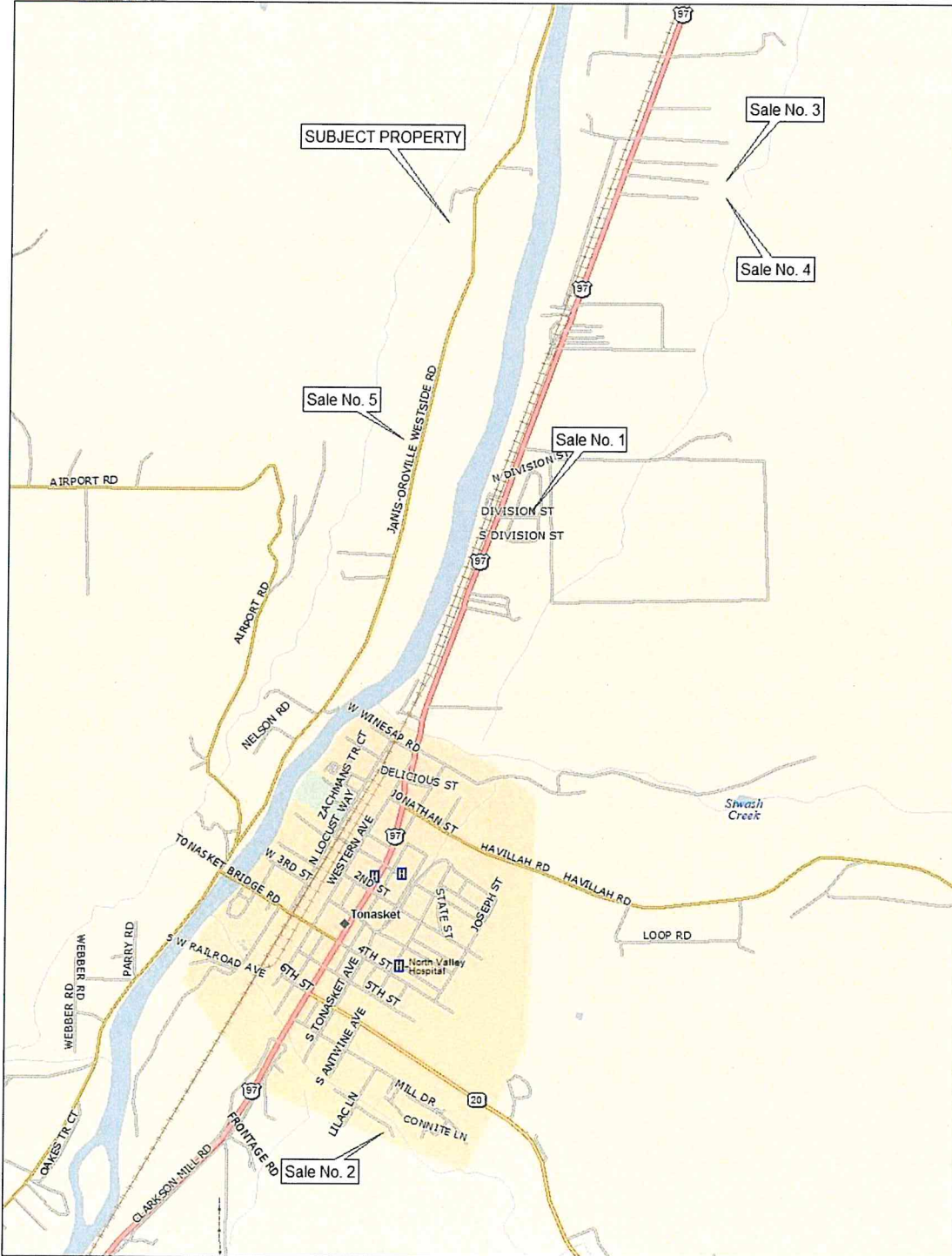
COMPARABLE LAND SALES						
Summarized Description & Comparison Table						
Sale #	1	2	3	4	5	Subject
Sale Date:	3/30/2021	8/28/2020	9/15/2021	9/15/2021	11/15/2019	
Grantor:	William & Janice McDaniel	Stephen & Marylou Kriner	Jesus Puento Garcia & Antonio Puento Garcia	Jesus Puento Solonio	Estate of James Chittenden	Town of Tonasket
Grantee:	Zbiniew & Indira Markowski	Nicholas Dagnon	Duane Thompson	Duane Thompson	Hector Maldonado	
Address:	24 Orchard Loop N	NNA Bonaparte Ave	NNA Hwy 97	NNA Hwy 97	641B Hwy 7	NNA Hwy 7
City:	Tonasket	Tonasket	Tonasket	Tonasket	Tonasket	Tonasket
Parcel No.:	6490280000	8842300400	3727030048	3727030073	6700060001	8810330200
Site Size (sf):	23,522	20,038	73,616	73,181	57,935	46,250
Site Size (ac):	0.54	0.46	1.69	1.68	1.33	1.06
Zoning:	Rural 1 (R1)	Rural Residential Low Density (RR)	Rural 1 (R1)	Rural 1 (R1)	Rural 1 (R1)	Public Use (PU)
Topography:	Mostly level to slightly sloping	Mostly level	Mostly level to slightly sloping	Mostly level to slightly sloping	Mostly level & sloping	Mostly level & sloping
Utilities:	Elec, Shared Well, Irrig	Elec, W, SWR	Elec, Irrig	Elec, Irrig	Elec, Well, Sept, Irrig	Elec, Well, Sept, Irrig
Site Shape:	Right Trapezoidal	Irregular	Trapezoidal	Right Trapezoidal	Nearly Right Trapezoidal	Rectangular
Flood Designation:	Zone C & Zone B	Zone C	Zone C	Zone C	Zone C	Zone C
Access:	Gravel road	Paved city street	Gravel driveway/road (no legal access easement)	Gravel driveway/road (no legal access easement)	Paved hwy	Dirt Road (Access Easement)
Sale Price:	\$22,500	\$18,000	\$15,000	\$15,000	\$20,000	
Financing:	Cash	Cash	Cash	Cash	Cash	
DOM:	583 days	N/A	N/A	N/A	N/A	
ADJUSTMENTS						
Property Rights	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple	
Financing	Similar	Similar	Similar	Similar	Similar	
Conditions of Sale	Similar	Similar	Similar	Similar	Similar	
Mkt Conditions	Slightly Inferior (+)	Inferior (+)	Slightly Inferior (+)	Slightly Inferior (+)	Inferior (+)	
Location	Slightly Superior (-)	Superior (-)	Similar	Similar	Similar	
View	Similar	Inferior (+)	Similar	Similar	Similar	
Size	Smaller (+)	Smaller (+)	Larger (-)	Larger (-)	Slightly Larger (-)	
Zoning	Similar	Similar	Similar	Similar	Similar	
Topo/Site Shape/Utility	Superior (-)	Superior (-)	Superior (-)	Superior (-)	Superior (-)	
Utilities	Inferior (+)	Similar	Inferior (+)	Inferior (+)	Similar	
Flood Designation	Similar	Similar	Similar	Similar	Similar	
Access	Superior (-)	Superior (-)	Inferior (+)	Inferior (+)	Superior (-)	
Overall Comparison	Superior (-)	Superior (-)	Inferior (+)	Inferior (+)	Superior (-)	

⁶ Definition from Dictionary of Real Estate Appraisal, Sixth Edition, 2015, published by the Appraisal Institute

COMPARABLE LAND SALES MAP



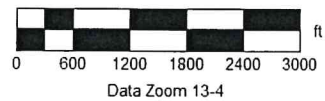
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www.delorme.com



Pacific Appraisal Associates, P.L.L.C. – 22-32-6984
 A 1.06-acre Site
 NNA Hwy 7, Tonasket WA 98855
 30

VALUATION

Each of the sales have been considered for the normal elements of comparison including property rights conveyed, financing terms, conditions of sale, market conditions, location and other physical characteristics.

Property Rights – Each of the sales represents a transfer of the fee simple interest where each property was unencumbered by a lease or other deed restriction. There were no transfers of partial interests or leased fee interests. No adjustments are made for property rights conveyed.

Financing – In confirmation on each of the sales, all properties transferred based on cash or typical bank financing. None of the properties transferred on a real estate contract in which the price terms affected the sale price. No adjustments are made for favorable financing terms.

Conditions of Sale – Each sale was a negotiated transaction between two knowledgeable parties. All parties had normal motivations to either sell or buy. There was no evidence of any abnormally motivated sellers or buyers.

Market Conditions – Because sales occur at different times and values change over time, consideration must be given to the value difference between the comparable sale date and the effective date of value. Market conditions can change based appreciation, depreciation, or a change in investor perception over time. If market conditions have not changed over time, no adjustment is warranted. The comparable land sales closed between November 2019 and September 2021. Finding paired sales during this time frame was somewhat difficult. A couple of paired sales that were found are shown next.

Location	Parcel #	Size (ac)	Sale Date	Sale Price
Mist Lake Rd	5980000400	1.96	5/7/2020	\$15,000
	5980000200	1.78	7/8/2021	\$22,800
Horizon Dr	5590070000	2.80	10/29/2019	\$30,000
	5590020000	2.80	2/19/2020	\$28,500

Although neither of these are located near the subject property, they are located in Tonasket. The paired sales on Mist Lake Road reflects an average increase of 3.71% per month. The paired sales on Horizon Drive indicate an average decrease of 1.25% per month. Based on discussions with realtors/brokers in Tonasket, they do believe that there are signs of appreciation over the last few years with vacant residential/rural residential land; however, they indicated that it would be considered a slight increase. Furthermore, they also stated (and as can be seen in one of the comparable land sales) that it is not uncommon for vacant residential land to sit on the market for over a year. In consideration of this, it is believed that it is appropriate to apply a qualitative upward adjustment for slightly inferior to inferior market conditions to all sales.

Location and Other Physical Characteristics

Sale No. 1 is a 0.54 ac (23,522 sf) parcel of residential land located on Orchard Loop N, which is in the Orchard Estates development on the east side of Hwy 97, north of downtown Tonasket. The site is mostly level to slightly sloping in topography and is right trapezoidal in shape. Electricity and irrigation water are both available and the property has a shared well. Sewer is not available, so sewage would need to be privately processed through a septic system if developed accordingly. Access to this property is made via a gravel road off Hwy 97. Zoning is Rural 1 (R1). This property sold in March 2021 at a sale price of \$22,500. Location is considered slightly superior in comparison to the subject, as this property is closer to town. Its topography/site utility is superior to the subject, as is access. This is smaller, and thus inferior, in size. Utilities is also considered inferior to the subject as there is no installed septic system. In overall comparison, this sale is superior to the subject property.