Moscow City Council

	Regular Meeting **~Agenda~**	Laurie M. Hopkins City Clerk
	www.ci.moscow.id.us	208.883.7015

Tuesday, July 6, 2021	**7:00 PM**	**Council Chambers** **206 E. Third St.**

The Moscow Mayor, City Council and Staff welcome you to tonight's meeting. The meeting is open to the public but due to the continued presence of COVID-19 cases in our area, we encourage those that have not received the COVID-19 vaccination, to continue to keep 6-foot physical distance from non-household members and wear face coverings when distance is unable to be maintained. We appreciate and encourage public participation. The formality of procedures varies with the purpose and subject of the agenda item; therefore, the Mayor may exercise discretion in deciding when to allow public comment during the course of the proceedings and limitations may be placed on the time allowed for comments. Citizens wishing to comment on business that is not on the agenda will be provided the opportunity to do so during the public comment item on the agenda. For regular agenda items the public will usually have the opportunity for comment on that agenda item after the staff presentation. These agenda items do not include the consent agenda and reports. Please limit any remarks to three (3) minutes or less. If you plan to address the Council, you will find a list of "Tips for Addressing the Council" in the door pocket outside the City Council Chambers. Citizens wishing to comment on business on the agenda may also communicate with the City Council through email (council@ci.moscow.id.us). Please note that Moscow City Council meetings are televised, videotaped and/or recorded. Thank you for your interest in City government.

PLEDGE OF ALLEGIANCE

CONSENT AGENDA

1. All Consent Items (ACTION ITEM)

A. Approval of Moscow City Council June 21, 2021 Minutes - Laurie M. Hopkins

B. Parks Staffing Proposal - Gary J. Riedner

Increased services levels and a lack of available staff has led to a historical review of Parks service and staffing. Research shows that as service hours required for City of Moscow Parks Properties has increased, staffing levels have decreased. This review highlights the need to shift from relying on seasonal staff to adding full-time staff to meet current Parks properties service demands. It is proposed to add two additional full-time Parks Maintenance Workers while reducing the number of seasonal hours relied upon to meet the current needs for all parks. This would result in an estimated increase in full-time wages for Parks of $98,342 with a reduction in part-time wages for Parks of $94,454 (FY2020 budget of $186,680 to proposed FY2022 budget of $92,226). This shift will provide for the appropriate staffing level to meet the needs of the existing Parks Facilities in Moscow, appropriately meeting the service needs of the City. This item was reviewed by Public Works/Finance Committee on June 28, 2021 and recommended for approval.

ACTION: Approve the proposed staffing adjustment.

C. Sanitation Rate Study Proposal - Tim Davis

The Sanitation Department has initiated discussions with FCS Group, Redmond Washington, to develop a scope of work to perform a cost of service rate study update. The methodology and policies established in the 2012 Sanitation comprehensive rate study and 2016 Sanitation rate study update will be used to inform this update. This rate study update will evaluate the sanitation system in total along with stand alone evaluations of the collection system and solid waste processing system. This update is driven by the upcoming disposal contract negotiations set for 2022-2023 between the City of Moscow and Latah County, the cities of Bovill, Deary, Genesee, Juliaetta, Kendrick, Potlatch and Troy. It will also allow the City to recalibrate the sanitation rates with information from some of the newer programs, such as roll cart collection and single stream recycling that were initiated after the initial rate study to evaluate if the cost of service has shifted from past rate study findings. Staff will form a Citizen Rate Study Committee, made up from a range of different customer classes, to review the rate study processes and findings. Staff has requested that the rate study update be completed by November 1, 2021. FCS Group will provide both a draft and final report to the City upon conclusion of the study. FCS will also prepare materials for and facilitate presentations to the Citizen Rate Committee and City Council on study assumptions, methodology, results and recommendations. The estimated budget from FCS Group to perform the rate study update is $42,485. This item was reviewed by Public Works/Finance Committee on June 28, 2021 and recommended for approval.

ACTION: Approve the professional services agreement with FCS Group to perform the cost of service rate study update.

D. Amendment to Joint Operating Agreement for the Pullman/Moscow Regional Airport – Gary J. Riedner

City Staff is recommending an amendment to the Joint Operating Agreement for the Pullman-Moscow Regional Airport that was executed on July 22, 2014. Upon further review of the Agreement and the requirements listed in I.C. 67-2328, the duration of this type of agreement must be specified. Previously, all joint operating agreements have been in perpetuity and provide for a method for either party to terminate the agreement should either party deem appropriate. This proposed amendment is to provide for the inclusion of the duration, "in perpetuity". No other terms of the agreement are being modified. This item was reviewed by Public Works/Finance Committee on June 28, 2021 and recommended for approval.

ACTION: Approve the amendment of the Joint Operating Agreement for the Pullman-Moscow Regional Airport.

REGULAR AGENDA

2. Staff Recognition Report - Gary J. Riedner

3. Mayors Appointments (ACTION ITEM)

4. Public Comment and Mayor's Response Period (limit 15 minutes)

5. Citizen Commission Report – Human Rights Commission - James Fry / Ken Faunce

6. Sale of Current Police Station to University of Idaho (ACTION ITEM) - Gary J. Riedner

On May 21, 2019, citizens of Moscow approved the City of Moscow's proposal to issue municipal bonds to construct a new police services facility, remodel the current police facility for use as an office building, and make minor improvements to the Paul Mann Building located to the west of City Hall. On Jun. 15, 2020, the City of Moscow purchased the Haddock Building, located at the southeast corner of Washington and Fifth Street, from Gritman Medical Park, LLC, for the price of $875,00. The purchase of the Haddock Building includes off street parking and represents significant savings over the estimated remodel costs of the current police facility. With the purchase of the Haddock Building, City Council expressed interest in selling the existing police facility since it would no longer serve the needs of the City, and was approached by representatives of the University of Idaho.

Idaho Code Title 50, Municipal Corporations, Chapter 14, Conveyance of Property, allows a city to convey real property to another governmental entity without the requirement of holding an auction if the City Council determines it is in the city's best interest to convey the property. The University of Idaho, which qualifies as a tax supported governmental unit per the requirements of I.C. 50-1403(4), has transmitted a letter of intent to the City of Moscow, noting an interest to purchase the property.

In order to convey City-owned real property, the City must declare its intent to sell or exchange the property, state the value or minimum price for the property, or an explanation of the intended exchange for other than monetary consideration. After meeting these requirements in a public meeting, the City Clerk shall publish a summary of the action in the official newspaper of the City (Moscow-Pullman Daily News), and provide notice of a public hearing to take place no earlier than fourteen (14) days prior the date of the public hearing.

The soon-to-be-vacated Moscow Police Station facility located at 118 E Fourth Street, is approximately 9,000 sq. ft. in size and has an appraised value of $975,000. The appraisal was conducted by Gem Valley Appraisals, Inc. in March, 2021.

This was reviewed by Public Works/Finance Committee on June 28, 2021 and recommended to proceed to City Council.

PROPOSED ACTIONS: Declare the City Council's intent to convey the Moscow Police Station facility located at 118 E Fourth Street to the University of Idaho for the appraised value of $975,000 and direct the City Clerk to publish a summary of such action in the Moscow-Pullman Daily News and to schedule a public hearing for August 2, 2021; or take such other action deemed appropriate.

REPORTS

City Council

Mayor

Staff

ADJOURN

NOTICE: Moscow City Council and committee meetings are televised, videotaped and/or recorded. Individuals attending the meeting who require special assistance to accommodate physical, hearing, or other impairments, please contact the City Clerk, at (208) 883-7015 or TDD 883-7019, as soon as possible so that arrangements may be made.

Moscow City Council

Regular Meeting
~Minutes~

www.ci.moscow.id.us

Laurie M. Hopkins
City Clerk

208.883.7015

Monday, June 21, 2021	**7:00 PM**	**Council Chambers 206 E. Third St.**

The meeting was called to order at 7:00 p.m.
PRESENT: Mayor Bill Lambert, Art Bettge, Sandra Kelly, Maureen Laflin, Brandy Sullivan, Gina Taruscio
ABSENT: Anne Zabala
STAFF: Jen Pfiffner, Mia Bautista, Mike Ray, Megan Cherry, Laurie M. Hopkins

PLEDGE OF ALLEGIANCE
Taruscio led the Pledge of Allegiance.

CONSENT AGENDA

1. All Consent Items (ACTION ITEM)

A. Approval of Moscow City Council June 7, 2021 Minutes - Laurie M. Hopkins

B. Disbursement Report for May 2021 - Sarah Banks

Presentation of the Accounts Payable Report for the month ending May, 2021.

ACTION: Approve and authorize the use of digital signatures to sign the Disbursements Report for the month of May 2021.

C. Lot Line Adjustment: 816 and 902 Public Avenue - Aimee Hennrich

The applicant, Pat Planagan, is requesting a lot line adjustment between two properties located at 902 and 816 Public Ave. 902 Public Ave is currently 51,231 sf and 816 Public Ave is currently 37,093 sf. As a result of the proposed adjustment, 902 Public Ave will become 17,038 sf and 816 Public Ave will become 71,286 sf. 902 Public Ave contains a barn currently used for storage and 816 Public Ave currently has a single-family home. The subject properties are located within the Medium Density Residential District (R-3). Within the R-3 Zoning District, lots are limited to single-family, twin homes, townhouses and two-family dwellings, require a minimum area of 6,000 square feet for a single-family home and a minimum lot width of 60 feet and 20 feet in width for flag lots. The proposed lot line adjustment meets all of these standards. This was reviewed and approved by the Public Works and Finance Committee on June 14, 2021.

ACTION: Approve the Lot Line Adjustment with no conditions.

D. Development Agreement Amendment: Ridgeview Estates 2nd Addition - Todd Drage

Noel Blum, on behalf of Blum Enterprises - 3 LLC, has requested to amend the Development Agreement for the Ridgeview Estates 2nd Addition Subdivision. The Ridgeview Estates Second Addition was platted in 2014 and the development agreement was approved and signed in November of that year. The requested modification is to allow the development to be completed in two phases, as detailed in Section 18 and Exhibit B of the attached agreement. The phasing modification is the only item requesting to be amended. All other sections of the original development agreement would remain unchanged.

ACTION: Approve the development agreement amendment with Blum Enterprises - 3 LLC for the Ridgeview Estates 2nd Addition.

E. Sixth and Logan Asphalt Improvement Project Bid Results and Contract Award - Nate Suhr

The City published an advertisement for bids on May 21st, 2021 for Sixth & Logan Asphalt Improvement Project. The bid for the project includes the replacement of eighty-four (84) tons of deteriorated asphalt and the installation of two hundred and seventy (270) feet of subsurface drain pipe to catch groundwater that caused the deterioration in the asphalt. The Engineer's estimate for the project was $65,776.00.

Bid opening for the project took place on May 28th, 2021, at which one (1) bid was received. Motley-Motley Inc. was the only bidder on the project with a bid of $57,940.00. A bid tabulation is included in the packet.

ACTION: Accept the low bid from Motley-Motley Inc. for Base Bid, award the contract in the amount of $57,940.00 and authorize staff approval for construction change orders in an amount not to exceed 10% of the contract amount.

F. Portable Collection Donation Proposal - Megan Cherry

Five works by artist Pam Overholtzer have been offered as a donation to the City's Portable Collection. Overholtzer comes from a long line of artists with a lifelong passion for design, art, and craft. She maintained an interior design practice focused on historic architecture and interiors before returning to college to study architecture at the University of Idaho where she earned a Master of Architecture degree and research-oriented Master of Science degree. The seeds for this project began when Pam first saw Lillian Otness's well-known book "*A Great Good Country*," and particularly Lillian's sketches of the historic buildings in downtown Moscow. While working on City Hall's Centennial Art Show at the Third Street Gallery as a member of the Moscow Historic Preservation Commission, she had an opportunity to work directly with Otness's original drawings. Musing about the sketches, Pam sought a way to apply her artistic talent, a penchant for detail-oriented projects, and model-building skills to three dimensional interpretations of Otness's beautiful sketches in the form of small, multi-dimensional models mounted in shadow boxes. The donation is offered by architect and longtime City of Moscow Planning & Zoning and Historic Preservation Commission member Wendy McClure.

The Moscow Arts Commission voted during their May 11, 2021 meeting to recommend acceptance of this donation and states a preference for keeping all five works together in a single display location. The donation proposal was reviewed by Administrative Committee on June 14, 2021.

ACTION: Accept artwork donation.

G. Moscow Farmers Market Live Entertainment Request - Amanda Argona

Per the direction of City Council, live entertainment and performances are scheduled to return to the Moscow Farmers Market on Saturday, July 3. Given the current downward trend of cases in the community, updated guidance from the Center for Disease Control, and Resolution 2021-08 Terminating Amended Public Health Order 20-03, staff is seeking to have the 9:00 to 10:00 a.m. performance time slot reinstated alongside the already approved 10:30 a.m. to 12:30 p.m. performance time slot, as well as lifting the suspension of the Performance Vendor program.

ACTION: Approve the reinstatement of the 9:00 to 10:00 a.m. performance time slot and Performance Vendor Program.

H. **Community Oriented Policing Services (COPS) - Law Enforcement Mental Health and Wellness Act (LEMHWA) Grant - Alisa Anderson / Anthony Dahlinger**

The Pullman Police Department will be leading in the application and management of grant funds from the COPS Law Enforcement Mental Health and Wellness Act (LEMHWA). The Moscow Police Department as well as other local law enforcement agencies have been invited to participate in a regional team of law enforcement peer support. Four officers will be selected from the Moscow Police Department to participate on the Peer Support Team and in training. Grant funds requested by Pullman Police for the Moscow Police Department will not exceed $38,000.

ACTION: Ratify approval of the grant application for participation in the regional Peer Support team under the COPS Law Enforcement Mental Health and Wellness Act (LEMHWA), managed by Pullman Police Department, not to exceed $38,000 in grant awards for the Moscow Police Department.

I. **Andrew Becker Memorial Public Art Installation at the ITC Sculpture Garden – Megan Cherry**

In January 2021, the family of Andrew Thatcher Becker contacted the City of Moscow with an offer to donate funds for a public art installation. Following conversations between donor, staff, and MAC members, the ITC Sculpture Garden was identified as a location that fits the budget and artistic direction for the project. The ITC Sculpture Garden has traditionally hosted temporary installations of three-dimensional artworks that are featured for up to one year. There are five plinths in that location, each of which are filled following an RFP process and selection by a panel of community members. Each artist is paid an honorarium for the loan of their artwork, and this program has traditionally served the UI student artist population. The offer of donated funds to support the accession of an artwork into the Permanent Collection has prompted the re-assignment of one of the plinths as a permanent location for the artwork to be funded by the donor's contribution. This shift would result in four plinths being available for the annual call to artists. The MAC voted during their March 9, 2021 meeting to recommend this re-assignment.

Arts staff has prepared an RFP for this opportunity based upon Becker's biographical information, the Public Art subcommittee's advice, and standard Arts Department processes and timelines. The MAC voted during their May 8, 2021 meeting to recommend approval of this donation and the RFP, and the project was reviewed by Administrative Committee on June 14, 2021.

ACTION: Approval the donation, plinth re-assignment, and RFP.

Bettge moved and Taruscio seconded to approve the consent agenda as presented. Roll Call Vote: Ayes: unanimous. Nays: None. Abstentions: None. Motion carried.

REGULAR AGENDA

2. Staff Recognition Report - Gary J. Riedner

Pfiffner thanked the staff at the HLAC and reported the pool is canceling the limit on patrons. More lifeguards are needed with the increase of patrons.

3. Mayors Appointments (ACTION ITEM)

None offered.

4. Public Comment and Mayor's Response Period (limit 15 minutes)

None offered.

5. Update of MPD Bodyworn Cameras Report - James Fry, Mia Bautista

Heard as item six.

Chief Fry said the officers received training on the use of cameras. There were a few issues with the camera batteries but the issues have been resolved. The cameras are in use and have already recorded an intense incident which in turn can be used in ongoing training for the cameras. Officers can turn the camera on but also will turn on automatically with the car's emergency lights. Bautista added there have been a couple records requests. It takes time to review the video and redact information allowed by Code and takes a significant amount of staff time and may be charged if processing takes over two hours. Legal staff attended the same training the officers did and also partook in training on the redaction program. Laflin felt the transparency is important but the educational side of the video is great. Self-reflection is critical. Taruscio said she was at an incident and found the camera is lending a good degree of comfort to the businesses. Chief Fry thanked the City Council as the purchase of cameras was a large ticket item.

6. Public Hearing: Rolling Hills 9th Addition Preliminary Plat (ACTION ITEM) - Mike Ray

The applicant, Ryan Itani, is proposing to subdivide a 2.3-acre area of land generally located east of the intersection of Third Street and Sixth Street into 10 lots ranging from 7,310 sf to 8,461 sf in size, referred to as Rolling Hills 9th Addition. The Planning and Zoning Commission conducted a public hearing for this matter on May 26, 2021 and recommended approval of the proposed preliminary plat with two conditions.

PROPOSED ACTIONS:

1. After conducting the public hearing and upon consideration of testimony received, approve the preliminary plat with conditions; or approve the preliminary plat with no conditions; or reject the preliminary plat; or take other such action deemed appropriate.
2. In accordance with the decision upon the preliminary plat, adopt the Planning and Zoning Commission's Reasoned Statement of Relevant Criteria; or direct Staff to prepare a Reasoned Statement of Relevant Criteria for the Council's consideration at a future meeting.

Heard as item 5.

Ray introduced the item by providing a background of the plat, describing the Comprehensive Plan designation, zoning and infrastructure. Approval of the preliminary plat will not affect the negotiation of shifting Third Street to adjust for Moser Park.

Mayor Lambert opened the public hearing at 7:13 p.m.

Rafik Itani (Pullman) (applicant) said this plat is consistent with their master plan from 1996. The delay with Moser Park/Third Street is a grading plan for the steep area.

Mayor Lambert asked for testimony in favor of the application. Hearing none, he asked for general testimony or in opposition. A letter was received from Romney Boehm and the Council received copies. Mayor Lambert closed the public hearing at 7:20 p.m.

Bettge said it seems to be a clear cut preliminary plat. He moved to approve the preliminary plat with two conditions: (1) the applicant shall provide stormwater control analysis and design in accordance with the City's Stormwater Runoff Control Standards; (2) the applicant shall extend Third Street 19.87 feet to the east to align with the eastern property boundary of Lot 6, Block 2 of the proposed subdivision. Taruscio seconded. Sullivan felt it is a natural extension of the Rolling Hills plan and appreciated reaching out to the neighbors. Roll Call Vote: Ayes: Unanimous. Nays: None. Abstentions: None. Motion carried.

Bettge moved to adopt the Planning and Zoning Commission's Reasoned Statement of Relevant Criteria. Taruscio seconded. Roll Call Vote: Ayes: Unanimous. Nays: None. Abstentions: None. Motion carried.

7. **Public Hearing: Anderson Addition Phase VI Preliminary Plat (ACTION ITEM) - Mike Ray**

   The applicant, Jim Swift, is proposing to subdivide a 5.88-acre area of land generally located at 2075 Sunnyside Ave and 706 W Palouse River Drive into 18 lots with an average lot size of 12,346 square feet, referred to as Anderson Addition Phase VI. The Planning and Zoning Commission conducted a public hearing for this matter on May 26, 2021 and recommended approval of the proposed preliminary plat with three conditions.

   PROPOSED ACTIONS:

   1. After conducting the public hearing and upon consideration of testimony received, approve the preliminary plat with conditions; or approve the preliminary plat with no conditions; or reject the preliminary plat; or take other such action deemed appropriate.
   2. In accordance with the decision upon the preliminary plat, adopt the Planning and Zoning Commission's Reasoned Statement of Relevant Criteria; or direct Staff to prepare a Reasoned Statement of Relevant Criteria for the Council's consideration at a future meeting.

Ray introduced the item by providing an aerial of the property and described the Comprehensive Plan designation and zoning of the neighborhood. The subject property was rezoned to the R-3 and R-4 zones in 1993 which included three conditions. The zoning and conditions imposed seem to lean towards a retirement community extending on this property from Latah Care Center. Although plans for the area has changed, the conditions still apply to the subject property. The preliminary plat includes 18 lots and a pedestrian path. Utilities are adequate, storm sewer will be constructed and streets will be constructed to the standard that was approved at the time Anderson 1st Addition was approved.

Mayor Lambert opened the public hearing at 7:47 p.m.

Scott Becker, Hodge and Associates (applicant) said the applicant is looking into the possibility of reversing the height restrictions and a possible rezone. The neighborhood meeting was positive.

Mayor Lambert asked for testimony in favor of the application. Hearing none, he asked for general testimony or in opposition. Hearing none, he closed the hearing at 7:49 p.m.

Taruscio moved, Kelly seconded, to approve the preliminary plat with three conditions: (1) Lot 7, Block 5 shall be converted to a flag lot with the flagpole portion providing direct access to Sunnyside Avenue and no vehicular access shall be permitted from Palouse River Drive; (2) street frontage improvements shall be required on the north side of Palouse River Drive adjacent to the subject property to include installation of curbing, sidewalk and roadway widening to improve Palouse River Drive to thirty-four (34) feet in width; (3) the pedestrian pathway connecting Cloudy Court with Anderson Frontier Park shall be increased to ten (10) feet in width. Roll Call Vote: Ayes: Unanimous. Nays: None. Abstentions: None. Motion carried.

Bettge moved to adopt the Planning and Zoning Commission's Reasoned Statement of Relevant Criteria. Laflin seconded. Roll Call Vote: Ayes: Unanimous. Nays: None. Abstentions: None. Motion carried.

Ray explained a preliminary plat can expire at 12 months if not advanced to the final plat stage. An applicant can request an extension of 6 months.

REPORTS

City Council

Moscow Pathways Commission – Kelly reported the maps created for pathways are being distributed and Jonathan Gradin has one last meeting as a member.

Human Rights Commission – Kelly said there was an informal discussion on bias reporting.

Transportation Commission – Taruscio said the Commission discussed ebike/escooter code additions; addition of eboards; and pedestrians having the right away.

Palouse Basin Aquifer Committee – Taruscio said the Committee heard about research on tracking snowfall and the rate at which it recharges the aquifer; working toward annual recharge amount; update on water alternatives project report. Council discussion ensued regarding the phases and funding with each alternative and taking action.

Moscow Volunteer Fire Department – Bettge said the Department is moving forward on policy manuals that meet national standards for fire suppression and control.

Farmers Market Commission – Bettge said after consulting with vendors, the mobile market will be discontinued; live performances will start back up; definition of "loyal".

Moscow Arts Commission – Sullivan highlighted the donations of art which were on the consent agenda above. The Commission voted to name the new micro-gallery The Box Gallery.

Mayor

Mayor Lambert attended the AIC conference where a large discussion was about HB389 regarding limiting the amount of taxable value of new construction and to 90% and URA returning to 80%. eals with foregone tax amounts, placed 8% limit Bettge was elected

Staff

Juneteeth holiday declared.

ADJOURN

It was moved, seconded and mutually agreed upon to adjourn at 8:14 p.m.

____

Bill Lambert, Mayor

ATTEST:

____

Laurie M. Hopkins, City Clerk

COMMITTEE STAFF REPORT

DATE: Tuesday, July 6, 2021

RESPONSIBLE STAFF

Gary Riedner, City Supervisor

ADDITIONAL PRESENTER(S) OTHER RESOURCES

AGENDA ITEM TITLE

Parks Staffing Proposal - Gary J. Riedner

DESCRIPTION

David Schott, Parks & Facilities Manager, has researched in-depth service levels and demands from 2014 to date. The impetus for this research was critically low staffing levels resulting in reduced service for the 2020 summer season. For the 2020 season, we have one full-time Parks Maintenance Worker on Active Duty with the National Guard. The plan for 2020, knowing this FTE would not be available for work, was to backfill with additional seasonal help. The allocated seasonal budget for FY21 is sufficient to manage this adjustment with a shift in duties for those seasonal positions. It has been and continues to be tremendously difficult to find and hire seasonal staff. We reviewed the number of seasonal positions again to address this concern and made a wage adjustment within the current FY21 budget appropriation. The wage adjustment has not improved the situation.

At this time, we have not been able to fill seasonal mowing positions, and full-time Parks Maintenance crews are having to fill in, which results in other tasks and duties not being fulfilled. Core services are being maintained throughout Parks and includes mow and trim on a reduced rotation, litter, trash, restrooms, ballfields, Market assistance, and equipment maintenance. Secondary services that staff addresses, if possible, include irrigation, turf care, tree care, and shrub bed maintenance. Tertiary services that are primarily going unaddressed include leaf/branch pickup, access routes and creek maintenance, park accessory maintenance, major janitorial, construction, turf care cultural, building care, playground maintenance, recreation support, swimming pool maintenance, inspection, training, and travel and meetings.

With the significant shortage experienced in 2020, a review of past years' staffing levels and service levels has been conducted. A review of Parks properties only (not including facilities-maintained properties) from 2014 to 2020 shows 57 properties in 2014 and 90 properties in 2020. This increase in properties is better reflected in the hours of service for all properties as the size of properties varies from a small bus shelter to a large park property such as East City Park. Hours of service in 2014 for 57 properties was 20,481, as compared to hours of service in 2020 at 28,395.

During that time, one additional Parks Maintenance Worker has been added. However, seasonal hires have declined steadily and significantly every year during this same period, while seasonal budgets have steadily increased. This review highlights the need to shift from relying on seasonal staff to adding full-time staff to meet current Parks properties service demands. It is proposed to add two additional full-time Parks Maintenance Workers while reducing the number of seasonal hours relied upon to meet the current needs for all parks. This would result in an estimated increase in full-time wages for Parks of \$98,342 with a reduction in part-time wages for Parks of \$94,454 (FY20 budget of \$186,680 to proposed FY22 budget of \$92,226). This shift will provide for the appropriate staffing level to meet the needs of the existing Parks Facilities in Moscow, appropriately meeting the service needs of the City. This item was reviewed by Public Works/Finance Committee on June 28, 2021 and recommended for approval.

STAFF RECOMMENDATION

Approve the proposed staffing adjustment.

PROPOSED ACTIONS

ACTION: Approve the proposed staffing adjustment.

FISCAL IMPACT

PERSONNEL IMPACT

ATTACHMENTS

1. memo-Riedner; ParksStaffProposal 062021
2. Parks Staffing Proposal

MEMORANDUM

To: Gary J. Riedner, City Supervisor
From: Jen Pfiffner, Deputy City Supervisor
c: David Schott, Parks & Facilities Manager
Date: June 23, 2021
Re: Parks Staffing & Service

David Schott, Parks & Facilities Manager, has researched in-depth service levels and demands from 2014 to date. The impetus for this research was critically low staffing levels resulting in reduced service for the 2020 summer season. For the 2020 season, we have one full-time Parks Maintenance Worker on Active Duty with the National Guard. The plan for 2020, knowing this FTE would not be available for work, was to backfill with additional seasonal help. The allocated seasonal budget for FY21 is sufficient to manage this adjustment with a shift in duties for those seasonal positions. It has been and continues to be tremendously difficult to find and hire seasonal staff. We reviewed the number of seasonal positions again to address this concern and made a wage adjustment within the current FY21 budget appropriation. The wage adjustment has not improved the situation.

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With the significant shortage experienced in 2020, a review of past years' staffing levels and service levels has been conducted. A review of Parks properties only (not including facilities-maintained properties) from 2014 to 2020 shows 57 properties in 2014 and 90 properties in 2020. This increase in properties is better reflected in the hours of service for all properties as the size of properties varies from a small bus shelter to a large park property such as East City Park. Hours of service in 2014 for 57 properties was 20,481, as compared to hours of service in 2020 at 28,395.

During that time, one additional Parks Maintenance Worker has been added. However, seasonal hires have declined steadily and significantly every year during this same period, while seasonal budgets have steadily increased. A table showing the budgeted amounts for seasonal staff compared to the actual budget expended for seasonal staff follows:

Fiscal Year	Budget	Actual	Actual/Budget

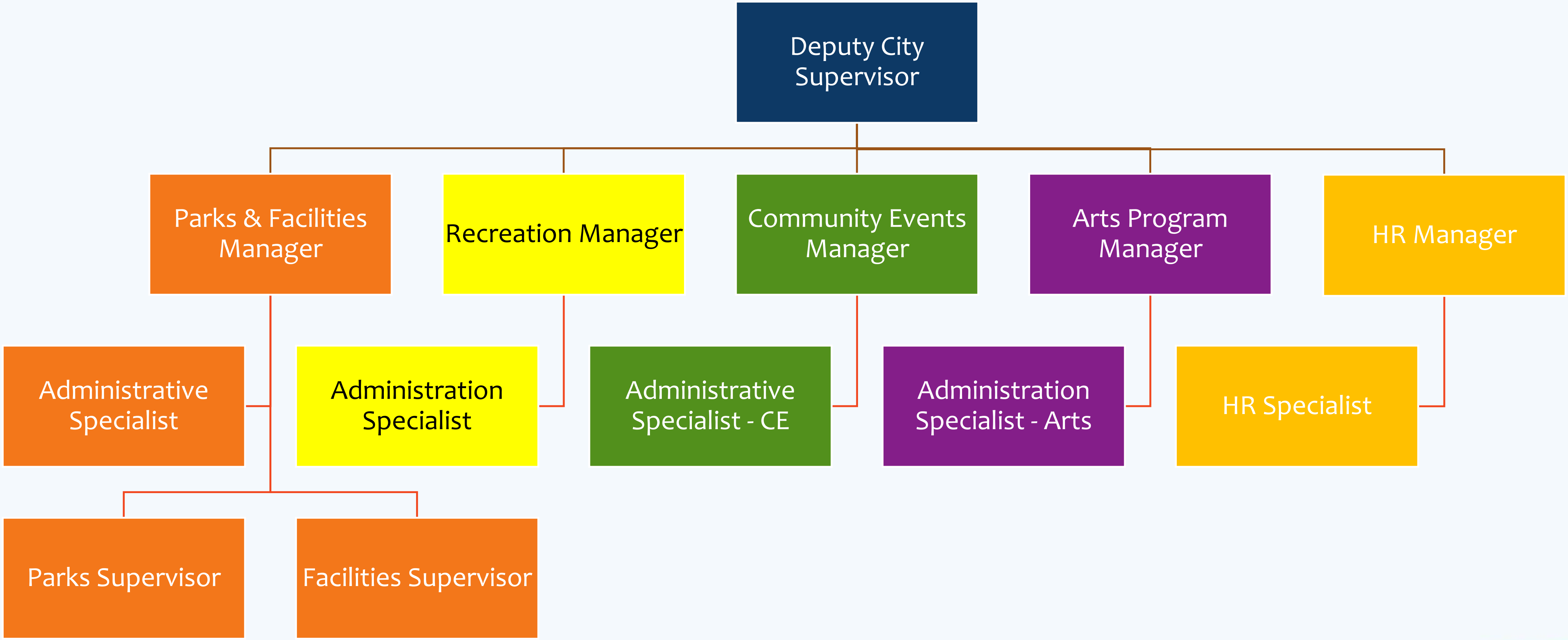
FY2015	$100,605	$87,230	87%
FY2016	$132,105	$117,543	89%
FY2017	$132,105	$114,499	87%
FY2018	$132,732	$86,173	65%
FY2019	$147,844	$99,293	67%
FY2020	$174,425	$107,574	62%

This review highlights the need to shift from relying on seasonal staff to adding full-time staff to meet current Parks properties service demands. It is proposed to add two additional full-time Parks Maintenance Workers while reducing the number of seasonal hours relied upon to meet the current needs for all parks. This would result in an estimated increase in full-time wages for Parks of $98,342 with a reduction in part-time wages for Parks of $94,454 (FY20 budget of $186,680 to proposed FY22 budget of $92,226). This shift will provide for the appropriate staffing level to meet the needs of the existing Parks Facilities in Moscow, appropriately meeting the service needs of the City.

Parks Staffing Proposal

Gary J. Riedner, City Supervisor

Culture & Recreation Organizational Chart



Current Parks Staffing

Budgeted

- One Parks Supervisor
- Four Parks Maintenance
- One Moscow School District Playfields Parks Maintenance
- Seasonal Budget - $186,680

Actual

- One Parks Supervisor
- Three Parks Maintenance
  - One FTE on National Guard Duty through August 2021
- Vacant - Moscow School District Playfields Parks Maintenance
  - FTE resigned June, 2021
- Seasonal Actual Estimate - $87,680

Service Levels

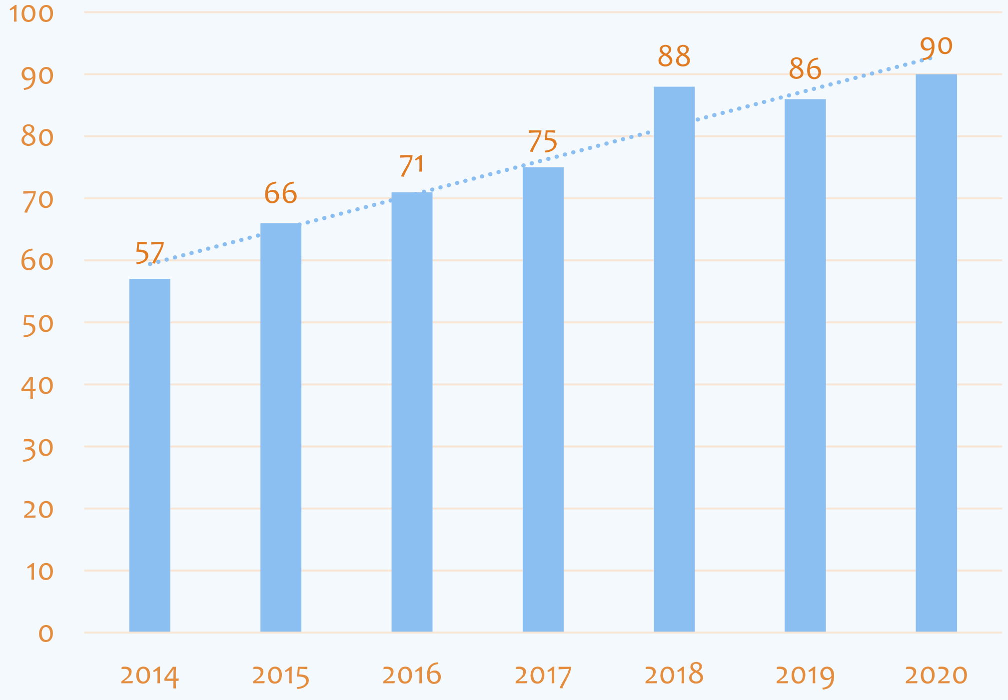
- Core
  - Supervision
  - Mow and Trim
  - Rounds - Litter, Trash, Restrooms
  - Ballfields
  - Farmers Market
  - Equipment Maintenance
- Secondary
  - Irrigation
  - Turf Care Chemical
  - Tree Care
  - Shrub Bed Maintenance
- Tertiary
  - Leaf/Branch Pickup
  - Access Route/Creek Maintenance
  - Park Accessory Maintenance
  - Janitorial
  - Construction
  - Turf Care Cultural
  - Building Care
  - Playground Maintenance
  - Recreation Support
  - Swimming Pool Maintenance
  - Administration
  - Inspection
  - Training
  - Travel
  - Special Meetings

Initial Adjustment

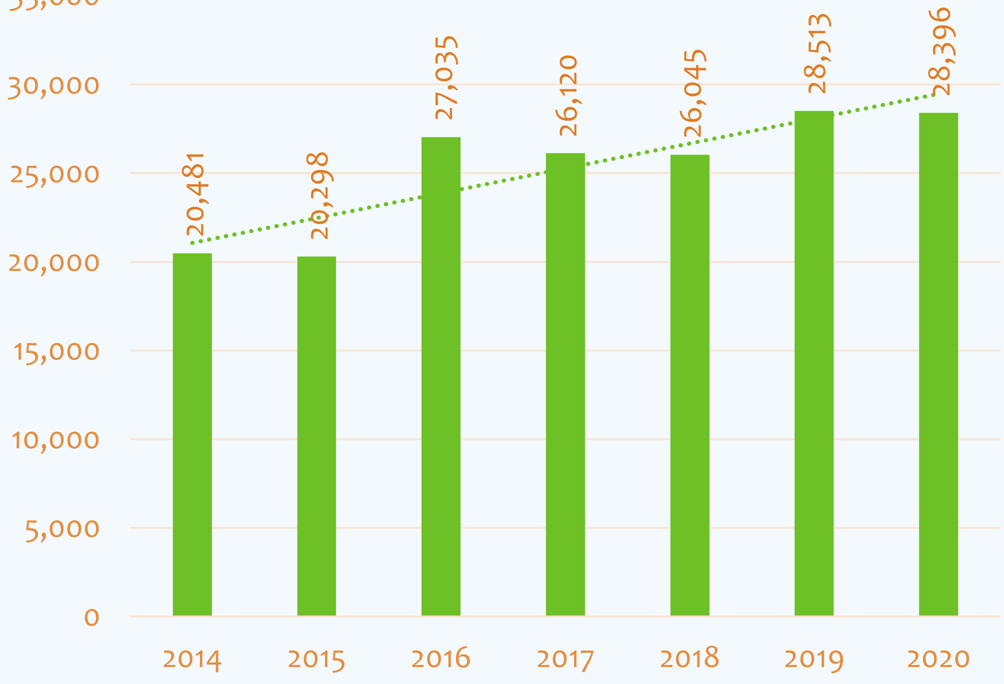
- Fewer than expected seasonal hires
  - FY20 adjustments increase seasonal hourly wage from $12/hr to $13/hr without a pesticide license and $13.50/hr with a pesticide license
- Still not able to recruit seasonal employees at increased hourly rate.
- Staffing concerns prompted more in-depth look at Parks staffing and service levels.

Growth in Parks Properties and Service Hours

Parks Properties



Service Hours



Review of Seasonal Budget to Actual

- Seasonal Budget Increase
- Seasonal Actual Decrease
  - Estimated 21% in hours worked

Fiscal Year	Budget	Actual	Actual/Budget
FY2015	$100,605	$87,230	87%
FY2016	$132,105	$117,543	89%
FY2017	$132,105	$114,499	87%
FY2018	$132,732	$86,173	65%
FY2019	$147,844	$99,293	67%
FY2021	$186,680	$87,680*	47%
			*Estimated

Conclusions

- 2014 to 2020
    - Hours to service parks properties increase of 38%
    - Full-time staffing hours increase of 25%
    - Seasonal hours decrease of 21%
- Shortage of Parks staff to service existing parks facilities

Proposal

- Shift from relying on seasonal staff to adding full-time staff to meet current Parks properties service demands.
  - Add two additional full-time Parks Maintenance Workers
  - Reduce the number of seasonal hours budgeted
  - Estimated Fiscal Impact:
    - Increase in full-time wages for Parks of $98,342
      - (100% of market – 40% benefits)
    - Reduction in part-time wages for Parks of $94,454
      - (FY20 budget of $186,680 to proposed FY22 budget of $92,226).
- This shift will provide for the appropriate staffing level to meet the needs of the existing Parks Facilities in Moscow.

Implementation

- FY2021
  - Savings estimated in part-time wages estimated at $99,000
  - Proposal hire of two parks maintenance effective if approved
    - Estimated cost for remainder of FY2021 $24,585
- FY2022
  - Increase to full-time line item of $98,342
  - Decrease to part-time line item of $94,454

Questions?

Thank You!

COMMITTEE STAFF REPORT

DATE: Tuesday, July 6, 2021

RESPONSIBLE STAFF

Tim Davis, Sanitation Operations Manager

ADDITIONAL PRESENTER(S) OTHER RESOURCES

AGENDA ITEM TITLE

Sanitation Rate Study Proposal - Tim Davis

DESCRIPTION

The Sanitation Department has initiated discussions with FCS Group, Redmond Washington, to develop a scope of work to perform a cost of service rate study update. The methodology and policies established in the 2012 Sanitation comprehensive rate study and 2016 Sanitation rate study update will be used to inform this update. This rate study update will evaluate the sanitation system in total along with stand alone evaluations of the collection system and solid waste processing system. This update is driven by the upcoming disposal contract negotiations set for 2022-2023 between the City of Moscow and Latah County, the cities of Bovill, Deary, Genesee, Juliaetta, Kendrick, Potlatch and Troy. It will also allow the City to recalibrate the sanitation rates with information from some of the newer programs, such as roll cart collection and single stream recycling that were initiated after the initial rate study to evaluate if the cost of service has shifted from past rate study findings. Staff will form a Citizen Rate Study Committee, made up from a range of different customer classes, to review the rate study processes and findings. Staff has requested that the rate study update be completed by November 1, 2021. FCS Group will provide both a draft and final report to the City upon conclusion of the study. FCS will also prepare materials for and facilitate presentations to the Citizen Rate Committee and City Council on study assumptions, methodology, results and recommendations. The estimated budget from FCS Group to perform the rate study update is $42,485. This item was reviewed by Public Works/Finance Committee on June 28, 2021 and recommended for approval.

STAFF RECOMMENDATION

Approve the professional services agreement with FCS Group to perform the cost of service rate study update.

PROPOSED ACTIONS

ACTION: Approve the professional services agreement with FCS Group to perform the cost of service rate study update.

FISCAL IMPACT

PERSONNEL IMPACT

ATTACHMENTS

1. ProfessionalServices;FCSgroup;SanitationSvcsRateStudy_2021

AGREEMENT FOR PROFESSIONAL SERVICES
FOR SANITATION COST OF SERVICES RATE STUDY UPDATE
BETWEEN CITY OF MOSCOW, IDAHO AND
FCS GROUP, REDMOND, WASHINGTON

THIS AGREEMENT FOR PROFESSIONAL SERVICES FOR SANITATION COST OF SERVICES RATE STUDY UPDATE (hereinafter "Agreement"), is made and entered into this ____ day of ___________, 2021, by and between City of Moscow, Idaho, a municipal corporation of the State of Idaho, 206 East Third Street, Moscow, Idaho, 83843 (hereinafter "CITY"), and FCS GROUP, a corporation of the State of Washington, licensed to conduct business in the State of Idaho, with offices located at 7525 166th Avenue NE, Suite D-215, Redmond, Washington, 98052 (hereinafter "CONSULTANT").

W I T N E S S E T H:

WHEREAS, CITY intends to develop a Sanitation Cost of Services Rate Study Update pursuant to the Scope of Work (hereinafter the "Project"); and

WHEREAS, CITY intends the Project will review the revenue requirements of the Sanitation system in total along with stand-alone evaluations of the collection system and solid waste processing facility (SWPF) system for sufficiency of each system's existing rates; and

WHEREAS, the Project's resulting plan will serve to assist CITY to establish a blueprint for achieving revenue stability, sufficiency and equitable cost-based utility rates; and

WHEREAS, CONSULTANT agrees to perform the various professional services required for the Project;

NOW, THEREFORE, the Parties to this Agreement, for and in consideration of the mutual covenants, promises, and stipulations contained herein, agree as follows:

SECTION 1: THE PROJECT

This Agreement for professional services for sanitation cost of services rate study will review the revenue requirements of the collection system and SWPF system on a stand-alone basis to evaluate the sufficiency of each system's existing rates and fees. The resulting plan will serve to establish a blueprint for achieving revenue stability, sufficiency and equitable cost-based utility rates. CONSULTANT's approach offers transparency in documentation, collaboration with Staff, and clear communication with the City Council on policy considerations.

As defined in the task plan, CONSULTANT will follow a structured method to arrive at rate conclusions, which will enable CONSULTANT to perform the work in an orderly, efficient, and results-oriented manner. The tasks identified in the Scope of Services document, attached as Exhibit "A", will be completed for each system unless specifically noted otherwise.

SECTION 2: SCOPE OF WORK

CONSULTANT shall furnish services for the Project as outlined in Attachment "A" (Sanitation Cost of Service Rate Study Update) of this Agreement, which is adopted and incorporated herein.

SECTION 3: COMPENSATION

The total cost to CITY for Consulting Services for the Project, as described in Section 1, shall be an amount not to exceed Forty-Two Thousand Four Hundred Eighty-Five Dollars ($42,485) for work performed by CONSULTANT as shown in Attachment "A" of this Agreement.

SECTION 4: CONSULTANT RESPONSIBILITIES

CONSULTANT shall complete the entire work on Project. Such work shall be conducted in a good and workmanlike manner which meets or exceeds industry standards.

CONSULTANT shall release all rights to the Project after receipt of the final payment.

CONSULTANT shall not use or sell the work created pursuant to this Agreement, without express written authorization by CITY.

CONSULTANT shall release any Copyright rights to the work created for the Project, at no additional cost to CITY.

SECTION 5: CITY RESPONSIBILITIES

CITY shall make available to CONSULTANT all technical data of record in CITY's possession required by CONSULTANT relating to this Project.

SECTION 6: PROJECT SCHEDULE

CONSULTANT shall achieve final completion of the project on or before November 1, 2021. In the event of unavoidable delays beyond CONSULTANT's control, CONSULTANT, upon concurrence of CITY, shall be granted a reasonable extension. The length of extensions due to such delays shall be as determined by CITY. CITY shall be notified of such delays or potential delays within two (2) working days of CONSULTANT's knowledge of such delays.

SECTION 7: INDEPENDENT CONTRACTOR

CITY and CONSULTANT hereto warrant by their signatures that no employer/employee relationship is established between CITY and CONSULTANT by the terms of this Agreement. It is understood by the Parties hereto that CONSULTANT is an independent contractor and, as such, neither it nor its employees, if any, are employees of CITY for purposes of tax, retirement system, or social security (FICA) withholding.

SECTION 8: TERMINATION

A. Termination of Agreement

This Agreement may be terminated by CONSULTANT upon thirty (30) days' written notice, should CITY fail to substantially perform in accordance with its terms through no fault of CONSULTANT. CITY may terminate this Agreement with thirty (30) days' written notice without cause and without further liability to CONSULTANT, except as designated by this Section. In the event of termination, CONSULTANT shall be paid for services performed to termination date, including direct expenses and a pro rata share of the fees based upon work completed. All Deliverables, whether partially or fully completed, related to the Project, produced by CONSULTANT as part of Project services, shall become the property of, and shall be surrendered to CITY at or before such termination and prior to payment. However, CITY agrees that all Deliverables provided or prepared by CONSULTANT are intended for the purposes of this Agreement only and any reuse or modification of the Deliverables by CITY or others for any other project or purpose shall be at CITY's or other's sole risk and without liability to CONSULTANT. CONSULTANT may retain copies of all Deliverables for its records.

B. Termination of the Project

If any portion of the Project covered by this Agreement shall be suspended, abated, abandoned or terminated, CITY shall pay CONSULTANT for the services rendered to the date of such suspended, abated, abandoned or terminated work; the payment to be based, insofar as possible, on the amounts established in this Agreement or, where this Agreement cannot be applied, the payment shall be based upon a reasonable estimate as mutually agreed upon between the Parties as to the percentage of the work completed.

SECTION 9: INSURANCE AND LIABILITY

A. Consultant's Professional Liability Insurance

In performance of professional services, CONSULTANT will use that degree of care and skill ordinarily exercised under similar circumstances by members of the consulting profession; and no warranty, either expressed or implied, is made in connection with rendering CONSULTANT's services. Should CONSULTANT or any of CONSULTANT's agents or employees be found to have been negligent in the performance of professional services from which CITY sustains damage, CONSULTANT has obtained Professional Liability Insurance in the amount of One Million Dollars ($1,000,000), and said insurance shall be held active for a two (2) year (minimum) period from the date of completion of the Project. CITY shall receive notice of any pending termination of said insurance within five (5) days of first notice to CONSULTANT.

B. Consultant's Additional Insurance

CONSULTANT shall maintain automobile insurance and statutory workers' compensation insurance coverage, employer's liability, and comprehensive general liability insurance coverage. The comprehensive general liability insurance shall have a minimum limit of Five Hundred Thousand Dollars ($500,000) per claim and One Million Dollars ($1,000,000) aggregate, and CONSULTANT shall cause CITY to be named as an additional insured under said policy.

C. Indemnification

CONSULTANT agrees, to the fullest extent permitted by law, to indemnify and hold harmless CITY against damages, liability and costs arising from the negligent acts of CONSULTANT in the performance of professional services under this Agreement, to the extent that CONSULTANT is responsible for such damages, liabilities and costs on a comparative basis of fault and responsibility between CONSULTANT and CITY. CONSULTANT shall not be obligated to indemnify CITY for CITY's own negligence.

SECTION 10: CONFLICT OF INTEREST

CONSULTANT covenants that it presently has no interest and will not acquire any interest, direct or indirect, in the Project which would conflict in any manner or degree with the performance of services hereunder. CONSULTANT further covenants that, in performing this Agreement, it will employ no person who has any such interest. Should any conflict of interest arise during the performance of this Agreement, CONSULTANT shall immediately disclose such conflict to CITY.

SECTION 11: ENTIRE AGREEMENT, MODIFICATION AND ASSIGNABILITY

This Agreement, and the exhibits hereto, contain the entire Agreement between the Parties concerning the Project, and no statements, promises, or inducements made by either Party, or agents of either Party, are valid or binding unless contained herein. This Agreement may not be enlarged, modified, or altered except upon written agreement signed by the Parties hereto. CONSULTANT shall not subcontract, transfer, sell, or assign its rights (including the right to compensation) or duties arising hereunder without the prior written consent and express authorization of CITY. Any such subcontractor or assignee shall be bound by all of the terms and conditions of this Agreement as if named specifically herein.

SECTION 12: LICENSES AND ADHERENCE TO LAW REQUIRED

CONSULTANT represents that it possesses the skill and experience necessary and all licenses required to perform the services under this Agreement. CONSULTANT further agrees to comply with all applicable federal, state and local statutes and regulations in the performance of the services hereunder and such laws and regulations are hereby made a part of this Agreement and shall be adhered to at all times. Violation of any of these statutes and/or regulations by CONSULTANT shall be deemed material and shall subject CONSULTANT to termination of this Agreement for cause. No pleas of misunderstanding or ignorance on the part of CONSULTANT will, in any way, serve to modify the provisions of this requirement. CONSULTANT and its surety shall defend, hold harmless, and indemnify CITY and its employees, agents, and representatives, against any claim or liability arising from or based on the violation of any such laws, codes, ordinances, or regulations, whether by CONSULTANT, CONSULTANT's officers, agents, employees, or its subcontractors.

SECTION 13: NON-DISCRIMINATION

It is illegal under the U.S. Federal law to discriminate against an employee, either intentionally or through disparate impact, on account of race, color, gender, religion, sex (including pregnancy), national origin, physical or mental disability, age, marital or familial status, sexual orientation, and gender expression or identity. CONSULTANT shall not discriminate against any employee or applicant for employment. CONSULTANT's action under this Section shall include, but not be limited to, the following: employment, upgrading, demotion or transfer, recruitment or recruitment advertising, layoff or termination, rates of pay or other forms of compensation and selection for training, including apprenticeship. CONSULTANT agrees to post in conspicuous places, available to employees and other applicants for employment, notices setting forth the provisions of this Non-Discrimination Section.

SECTION 14: LEGAL FEES

In the event either Party incurs legal expenses to enforce the terms and conditions of this Agreement, the prevailing Party is entitled to recover attorney's fees and other costs and expenses, whether the same are incurred with or without suit.

SECTION 15: JURISDICTION, VENUE AND NON-WAIVER

It is agreed that this Agreement shall be construed under and governed by the laws of the State of Idaho. In the event of litigation concerning it, it is agreed that proper venue shall be the District Court of the Second Judicial District of the State of Idaho, in and for the County of Latah. Failure of either Party to exercise any of the rights under this Agreement, or breach thereof, shall not be deemed to be a waiver of such right or a waiver of any subsequent breach.

SECTION 16: BINDING OF SUCCESSORS

CITY and CONSULTANT each bind themselves, their partners, successors, assigns, and legal representatives to the other Parties to this Agreement and to the partner, successors, assigns and legal representatives of such other Parties with respect to all covenants of this Agreement.

SECTION 17: NOTICES AND COMMUNICATION

Any and all notices required to be given by either of the parties hereto, unless otherwise stated in this Agreement, shall be in writing and be deemed communicated when mailed in the United States mail, certified, return receipt requested, addressed as follows:

CONSULTANT

FCS Group
7525 166th Avenue NE
Suite D-215
Redmond, WA 98052

CITY

City of Moscow, Idaho
Public Works Director
206 East Third Street
P O Box 9203
Moscow, ID 83843
(208) 883-7096

Either Party may change their address for the purpose of this paragraph by giving written notice of such change to the other in the manner herein provided.

CITY shall designate a representative authorized to act on behalf of CITY. The authorized representative shall examine the documents of the work as necessary, and shall render decisions related thereto in a timely manner so as to avoid unreasonable delays.

SECTION 18: NON-APPROPRIATION

This Agreement is contingent upon CITY receiving the necessary funding to fulfill the obligations of CITY. While the CITY shall exercise good faith, in the event that such funding is not received or appropriated, then, and in that event, CITY's obligations under this Agreement shall cease and each Party shall be released from further performance under this Agreement without any liability to the other Party.

SECTION 19: APPROVAL REQUIRED AND SEVERABILITY

This Agreement shall not become effective or binding until approved by the City of Moscow. If any part of this Agreement is held to be invalid or unenforceable, such holding will not affect the validity or enforceability of any other parts of this Agreement as long as the remainder of the Agreement is reasonably capable of completion.

SECTION 20: EXECUTION

IN WITNESS WHEREOF, said CONSULTANT and CITY have caused this Agreement to be executed on the day and year first above written.

CONSULTANT	**CITY**
FCS GROUP	City of Moscow, Idaho
______________________________	______________________________
Project Manager	Bill Lambert, Mayor
	ATTEST:
	______________________________
	Laurie M. Hopkins, City Clerk

DATED this ____ day of ________________, 2021.

ACKNOWLEDGMENT

STATE OF _________________)
) ss:
County of ___________________)

On this _____ day of _______________, 2021, before me, a Notary Public in and for said State, appeared ______________________, known to me to be the person named above and acknowledged that he executed the foregoing as the duly authorized representative of FCS Group.

____
Notary Public for the State of _____________
Residing at _____________________________
My commission expires __________________

ATTACHMENT "A"

FCS GROUP
Solutions-Oriented Consulting

Firm Headquarters
Redmond Town Center
7525 166th Ave NE, Ste D-215
Redmond, Washington 98052

Established in 1988
Washington | 425.867.1802
Oregon | 503.841.6543
Colorado | 719.284.9168

CITY OF MOSCOW

SANITATION COST OF SERVICE RATE STUDY UPDATE

The City of Moscow (City) is requesting a Sanitation cost of service rate study update. The methodology and policies established in the 2013 and 2018 studies will be used to inform this update. The study will evaluate the sanitation system in total along with stand-alone evaluations of the collection system and solid waste processing facility (SWPF) system. The update is mainly driven by the upcoming disposal contract negotiation set for 2022-2023. It will also allow the City to revisit and recalibrate the sanitation rates with information from the new programs (e.g., roll-cart program) that were initiated after the rate study to evaluate if the cost of service has shifted from past study findings.

The following task plan is organized by major tasks that address the core technical aspects and review points of the study designed to foster a smooth, informed, and interactive study process. Our approach for this project is based on discussions with Tyler Palmer, Deputy City Supervisor and Tim Davis, Sanitation manager on May 24, 2021.

TASK PLAN

Task 1 | Project Initiation Meeting

A project initiation meeting will be scheduled at the commencement of the project with the consultant and City project team. This meeting will establish the goals and objectives of the overall project and focus the efforts of the project team. The items covered at the meeting include review of the scope of work, identify project objectives, expectations and deliverables, outline the project schedule and key milestone review points and discuss appropriate lines of communication. We have budgeted this meeting to be conducted via remote session.

Task 2 | Data Collection

A data needs list will be provided encompassing City expenditure and revenue reports, tonnage reports, contractor billings, customer accounts, and capital plans. The data will be reviewed, analyzed and validated for inclusion in the study process.

Task 3 | Data Validation and Forecasting

Review and validate both the collection system and SWPF system revenue and costs for use in the rate study. This data is the basis for developing key components of the technical analysis including:

- Development of cost allocation factors such as:
  - » Collection system: customer accounts, collection units (hazardous waste, recycling and compost), pick-ups, and tonnage.
  - » Solid waste processing facility: tickets, tons, tons/units of other materials

- A rate revenue forecast for each system and customer/waste category that is supported by a projection of customer accounts, collection frequency, container size, trips and tonnage.

Additionally, the data validation process can identify and reconcile any billing anomalies that may exist between billing data and rate revenue reports used by the City.

Task 4 | Revenue Requirement Analysis

The revenue requirement analysis determines the total amount of rate revenue that the Division must collect from sanitation customers to pay for all operating and capital expenditures as well as the financial requirements to comply with the City's fiscal policies. The revenue requirement is net of other revenue sources such as miscellaneous fees and interest earnings. The revenue requirement for the sanitation fund will be split into applicable collection and SWPF revenue and costs to conduct the cost of service. The revenue requirement analysis is supported by the revenue and operating forecasts developed as part of Task 3 as they provide a basis for the division's revenue and expenses.

Based on direction from staff, up to three scenarios will be developed as part of the revenue requirement analysis to test the rate impact of different financial strategies. The results will assist City staff in determining:

- The adequacy of rate revenues at existing levels to sustainably support financial requirements.
- A multi-year rate revenue strategy that supports operating, capital, and fiscal policy requirements.
- A rate strategy that smooths the financial impacts to customers to the extent practical.
- Evaluate the sufficiency of the closure fund to support short and long-term closure and post-closure costs.

Task 5 | Cost of Service Analysis

The cost of service analysis provides a defensible basis for allocating the revenue requirement to each customer/waste category based on their unique service characteristics and requirements. The methodology and approach used in the prior studies will be reviewed for improvements and/or refinements. At a minimum, the cost of service analysis will:

- Develop and test cost allocation factors that link collection and SWPF activities to Division costs.
- Establish cost "pools" that allocate the revenue requirement to each customer category.
  - » Collection categories included: base, volume, hazardous waste, recycling and compost
  - » SWPF categories included: receiving/operations, disposal/transport, direct assignment for appliances, tires and asbestos
- Identify the fixed and variable cost components for each customer/waste category – which provides a cost basis for the design of sanitation rates/fees.

Task 6 | Rate Design

Rate design refers to the actual rate structure: the system of charges for customers of the sanitation system. At a basic level, the rate design process establishes cost-based, equitable rates for each customer category which generate the overall revenue needs to fully support the Division's operations. The rates can also be designed to achieve other goals including revenue stability and financial incentives to encourage waste reduction. The City does not anticipate the need for rate design changes at this time. The proportional share of fees collected between customer/waste categories may shift as a result of the cost of service unit cost findings.

A multi-year rate schedule will be developed for each customer/waste category identified as part of the cost of service analysis. This task will also include a solid waste rate survey comparing the City's existing and proposed rates with those from neighboring/comparable jurisdictions

Task 7 | Review Meetings

A total of three (3) technical review meetings are included in the scope to discuss the results and impacts of Tasks 2 through 6. These meetings are budgeted as virtual video conferences.

Task 8 | Documentation and Presentations

A draft technical report documenting the rate study will be provided to the City. The report will summarize the key assumptions, methodology, results and recommendations. Based on City staff review, revisions to the report will be incorporated into a final report. The cost of service rate toolkit will provide documentation for the technical exhibits included in the report.

Prepare materials for and facilitate two presentations - one (1) presentation to the Citizen Rate Committee and one (1) presentation to the City Council on the study assumptions, methodology, results and recommendations.

If additional meetings are necessary to present results to the City Council, FCS GROUP can facilitate these meetings on a time and materials basis.

SCHEDULE

The City has indicated a desire to have the study completed by October. Completion of the study is contingent upon timeliness of receipt of requested data/information; quality of data; and ability to schedule meetings in a timely manner. A final project schedule that meets the City's needs will be developed during the initial project meeting.

BUDGET

The total proposed level of effort to complete the sanitation cost of service rate study update is summarized below. Our normal billing practice is to bill based on time and materials actually expended, not to exceed the total budget. If we have scaled our approach out of line with the City's expectations, we would be more than happy to negotiate the appropriate level of effort.

Task Detail		Project Principal	Project Manager	Analyst	Admin Support	Total Hours	Budget Estimate
	2021 Hourly Billing Rates	$270	$185	$145	$90		
Task Plan							
Task 1	Project Initiation Meeting	1	2	2	1	6	$1,020
Task 2	Data Collection	0	1	4	0	5	765
Task 3	Data Validation and Forecasting	4	8	20	0	32	5,460
Task 4	Revenue Requirement Analysis (Combined/Coll/SWPF)	4	8	32	0	44	7,200
Task 5	Cost of Service Analysis	4	12	24	0	40	6,780
Task 6	Rate Design	2	4	8	0	14	2,440
Task 7	Review Meetings (3)	6	10	6	2	24	4,520
Task 8	Documentation and Presentations (on-site)						
	Citizen Rate Committee (1 with presentation materials)	2	12	10	0	24	4,210
	City Council (1 with presentation materials)	2	12	4	3	21	3,610
	Documentation	2	24	0	0	26	4,980
	Total Labor	**27**	**93**	**110**	**6**	**236**	**$40,985**
Expenses							
	2 onsite meetings (air/hotel/car)						**$1,500**
TOTAL ALL LABOR AND EXPENSES		**27**	**93**	**110**	**6**	**236**	**$42,485**

COMMITTEE STAFF REPORT

DATE: Tuesday, July 6, 2021

RESPONSIBLE STAFF

Gary Riedner, City Supervisor

ADDITIONAL PRESENTER(S) | OTHER RESOURCES

AGENDA ITEM TITLE

Amendment to Joint Operating Agreement for the Pullman/Moscow Regional Airport – Gary J. Riedner

DESCRIPTION

City Staff is recommending an amendment to the Joint Operating Agreement for the Pullman-Moscow Regional Airport that was executed on July 22, 2014. Upon further review of the Agreement and the requirements listed in I.C. 67-2328, the duration of this type of agreement must be specified. Previously, all joint operating agreements have been in perpetuity and provide for a method for either party to terminate the agreement should either party deem appropriate. This proposed amendment is to provide for the inclusion of the duration, "in perpetuity". No other terms of the agreement are being modified. This item was reviewed by Public Works/Finance Committee on June 28, 2021 and recommended for approval.

STAFF RECOMMENDATION

Approve the amendment of the Joint Operating Agreement for the Pullman-Moscow Regional Airport.

PROPOSED ACTIONS

ACTION: Approve the amendment of the Joint Operating Agreement for the Pullman-Moscow Regional Airport.

FISCAL IMPACT

PERSONNEL IMPACT

ATTACHMENTS

1. Amendment_Pullman-Moscow Airport_2021_final

AMENDMENT OF JOINT OPERATING AGREEMENT
FOR THE PULLMAN-MOSCOW REGIONAL AIRPORT

THIS AMENDMENT OF JOINT OPERATING AGREEMENT FOR THE PULLMAN-MOSCOW REGIONAL AIRPORT (hereinafter "Amendment") is made and entered into this _______ day of _____________, 2021, between the City of Moscow, Idaho, a municipal corporation of the State of Idaho, 206 East Third Street, Moscow, Idaho, 83843 (hereinafter "Moscow"), and the City of Pullman, Washington, a city incorporated in the State of Washington, 190 SE Crestview Street, Pullman, Washington 99163 (hereinafter "Pullman").

W I T N E S S E T H :

WHEREAS, Moscow and Pullman entered into a Joint Operating Agreement for the Pullman-Moscow Regional Airport on July 22, 2014 (hereinafter "Joint Operating Agreement"); and

WHEREAS, pursuant to Section 10 of the Joint Operating Agreement, it may be amended at any time by mutual agreement of the Parties; and

WHEREAS, Moscow has determined that the State of Idaho requires that Joint Operating Agreements with agencies of another state specify a stated duration and although it's understood from the current Joint Operating Agreement the Agreement is in perpetuity, unless either party wishes to terminate pursuant to the terms in the Agreement, the parties wish to amend the Agreement to include the specific duration as required pursuant to I.C. 67-2328.

NOW, THEREFORE, IT IS HEREBY AGREED AS FOLLOWS:

A. That Section 11. <u>Termination,</u> be replaced by the following.

11. DURATION AND TERMINATION. The duration of this agreement is in perpetuity with the option of termination as follows.

11.1 Either Sponsor may terminate this Agreement effective at the end of any calendar year, by serving written notice on the other before the 1st day of October of the previous year. The terminating Sponsor shall also give notice to the Board, the Federal Aviation Administration and to other agencies with jurisdiction over or a financial interest in the Airport.

11.2 Subject to Federal Aviation Administration rules and regulations, after notice of termination has been given, if the Sponsors do not, by the 31st day of December of what will be the last year of joint operation under this Agreement, reach an agreement regarding the takeover by either Sponsor, or other operation of the Airport, or the abandonment and liquidation of the Airport, then Pullman will acquire the assets and assume the liabilities of the Airport. Should it become necessary to engage independent appraisal or arbitration services to determine the amount and nature of payments between the Sponsors to compensate for any difference in the value of assets and liabilities, the Sponsors agree to share the costs equally.

SEVERABILITY: The illegality, invalidity or unenforceability of any term, condition, or provision of this Amendment and Request shall in no way impair or invalidate any other term, condition, or provision of the Joint Operating Agreement. All such other terms, conditions, and provisions of the Joint Operating Agreement that are not amended per this Amendment and Request shall remain in full force and effect.

IN WITNESS WHEREOF, the parties hereto have set their hand this _______day of ______________, 2021.

Pullman	**Moscow**
________________________________	________________________________
Glenn A. Johnson, Mayor	Bill Lambert, Mayor
ATTEST:	ATTEST:
________________________________	________________________________
Jonna Davis, Finance Director	Laurie M. Hopkins, City Clerk

COMMITTEE STAFF REPORT

DATE: Tuesday, July 6, 2021

RESPONSIBLE STAFF

Gary Riedner, City Supervisor

ADDITIONAL PRESENTER(S) OTHER RESOURCES

AGENDA ITEM TITLE

Sale of Current Police Station to University of Idaho (ACTION ITEM) - Gary J. Riedner

DESCRIPTION

On May 21, 2019, citizens of Moscow approved the City of Moscow's proposal to issue municipal bonds to construct a new police services facility, remodel the current police facility for use as an office building, and make minor improvements to the Paul Mann Building located to the west of City Hall. On Jun. 15, 2020, the City of Moscow purchased the Haddock Building, located at the southeast corner of Washington and Fifth Street, from Gritman Medical Park, LLC, for the price of $875,00. The purchase of the Haddock Building includes off street parking and represents significant savings over the estimated remodel costs of the current police facility. With the purchase of the Haddock Building, City Council expressed interest in selling the existing police facility since it would no longer serve the needs of the City, and was approached by representatives of the University of Idaho.

Idaho Code Title 50, Municipal Corporations, Chapter 14, Conveyance of Property, allows a city to convey real property to another governmental entity without the requirement of holding an auction if the City Council determines it is in the city’s best interest to convey the property. The University of Idaho, which qualifies as a tax supported governmental unit per the requirements of I.C. 50-1403(4), has transmitted a letter of intent to the City of Moscow, noting an interest to purchase the property.

In order to convey City-owned real property, the City must declare its intent to sell or exchange the property, state the value or minimum price for the property, or an explanation of the intended exchange for other than monetary consideration. After meeting these requirements in a public meeting, the City Clerk shall publish a summary of the action in the official newspaper of the City (Moscow-Pullman Daily News), and provide notice of a public hearing to take place no earlier than fourteen (14) days prior the date of the public hearing.

The soon-to-be-vacated Moscow Police Station facility located at 118 E Fourth Street, is approximately 9,000 sq. ft. in size and has an appraised value of $975,000. The appraisal was conducted by Gem Valley Appraisals, Inc. in March, 2021.

This was reviewed by Public Works/Finance Committee on June 28, 2021 and recommended to proceed to City Council.

STAFF RECOMMENDATION

Declare the City Council's intent to convey the Moscow Police Station facility located at 118 E Fourth Street to the University of Idaho for the appraised value of $975,000 and direct the City Clerk to publish a summary of such action in the Moscow-Pullman Daily News and to schedule a public hearing for August 2, 2021.

PROPOSED ACTIONS

PROPOSED ACTIONS: Declare the City Council's intent to convey the Moscow Police Station facility located at 118 E Fourth Street to the University of Idaho for the appraised value of $975,000 and direct the City Clerk to publish a summary of such action in the Moscow-Pullman Daily News and to schedule a public hearing for August 2, 2021; or provide staff further direction.

FISCAL IMPACT

PERSONNEL IMPACT

ATTACHMENTS

1. attPWF_2021-06-28 University of Idaho Letter of Intent to Purchase 0521
2. Moscow Commercial Office Building Appraisal Report 03.12.2021

University of Idaho

DIVISION OF FINANCE AND ADMINISTRATION
Office of the Vice President for Finance and Administration
875 Perimeter Drive MS 3168
Moscow, ID 83844-3168
208-885-6174
208-885-5504 [FAX]

May 21, 2021

Letter of Intent to Purchase

RE: 118 E 4th St, Moscow ID 83843

This letter will serve as a non-binding Letter of Intent which sets the basic terms and conditions under which the City of Moscow, the owner as prospective SELLER, would consider entering into a purchase and sale agreement with the BOARD OF REGENTS OF THE UNIVERSITY OF IDAHO, as prospective BUYER, for the above referenced location.

BUYER is willing to proceed with negotiation of a purchase and sale agreement based on the following business terms and conditions. The parties agree that BUYER'S purchase and sale agreement template shall be utilized and modified as agreed upon by the parties.

Seller: City of Moscow
221 E 2nd St
Moscow ID 83843

Buyer: Board of Regents of the University of Idaho
Vice President for Finance and Administration
875 Perimeter Dr MS 3168
Moscow ID 83844-3168

Site: 118 E 4th St, Moscow ID 83843 (Assessor's Parcel #RPM0001003005AA)

Price: $975,000

Financing: Cash at closing.

Contingencies: Contingencies established in purchase and sale agreement shall be limited to reasonable buyer due diligence and subject to established policies for approval by Board of Regents.

Closing: Subject to contingencies of purchase and sale agreement but estimated to be no later than September 30, 2021.

This letter is not intended to be contractual in nature. It is only an expression of the basis on which the SELLER and BUYER would consider entering into a purchase agreement. Neither party shall be obligated unless and until a formal written purchase agreement is duly executed by authorized representatives of both parties and delivered to each party. This letter of intent shall expire upon execution of a purchase and sale agreement by parties or September 30, 2021 whichever comes first.

Agreed and Accepted:

SELLER:

City of Moscow

Date Signed: 6-24-21

BUYER:

Board of Regents of the University of Idaho
Brian Foisy, Vice President, for Finance & Admin

Date Signed: 5/17/21

A REAL ESTATE APPRAISAL COMPANY

Appraisal Report

Moscow Police Department Building

114 E. 4th Street
Moscow, ID 83843

Effective Date of Value: March 05, 2021

Report Date: March 12, 2021

GVA File No: 2021-038

Prepared for:

City of Moscow
Attn: Bill J. Belknap
Deputy City Supervisor, Community Planning and Design, City of Moscow Executive Director, Moscow Urban Renewal Agency
221 E. Second Street
Moscow, ID 83843

Prepared by:

Gem Valley Appraisal Services, Inc.
Sarah E. Miles, MAI
828 S. Washington Street, Ste. D
Moscow, ID 83843

828 S. Washington, Suite D *208-882-7200*
Moscow, ID 83843 *www.gemvalleyappraisal.com*

City of Moscow March 12, 2021
Attn: Bill J. Belknap
Deputy City Supervisor, Community Planning and Design,
City of Moscow Executive Director, Moscow Urban Renewal Agency
221 E. Second Street
Moscow, ID 83843

RE: Appraisal report of a single-tenant 9,308-sqft commercial office building currently occupied by the Moscow Police Department located at 114 E. 4th Street, Moscow, Latah County, Idaho.

Dear Client:

In accordance with your letter of engagement dated January 15, 2021, I have analyzed the real property referenced above to estimate the current market value–as defined by the Appraisal Foundation – of the "as-is" Fee Simple Estate, as of March 5,2021, the last date on which the subject property was personally inspected as set forth herein.

The subject property is a class C masonry construction single-tenant office building that was estimated to be built in 1936. The gross building area is 9,308-sqft on a 9,375-sqft or 0.22 +/- acre site area. Please refer to the site and improvement sections of this report of this report for a more detailed description.

This appraisal analysis is prepared in accordance with the Uniform Standards of Professional Appraisal Practice as set forth by the Appraisal Foundation, compliant with the Financial Institutions Reform, Recovery and Enforcement Act. I understand that you, City of Moscow, in care of Bill Belknap, Deputy City Supervisor, as my client, intend to use of this appraisal for internal decision-making purposes. The intended user of this report is to be the City of Moscow. No others may rely on the information and opinions expressed in this report.

The date of the report is March 12, 2021. This is a complete appraisal analysis in which all applicable valuation analyses have been developed. The results are described in the following appraisal report and exhibits addendum. The report presents a complete discussion of the data, reasoning, and analysis that were used in the appraisal process to develop our opinion of value, which is sufficient to meet your needs. Your intended use warrants this disclosure of the data, reasoning, and analysis used to develop the opinion of value.

On March 5, 2021, the subject property was personally inspected by Sarah E. Miles, MAI. I have investigated the market for this type of property as well as other pertinent facts affecting value. Based on my examination and study of the property and the competing market, and subject to limiting conditions contained in the body of this report, I have formed the following conclusion of the above referenced property:

Market Value:
"As Is" Fee Simple Interest
Effective Date of Value: March 5, 2021
Conclusion of Value: $975,000

The opinion of value stated above, as well as every other element of this appraisal, are qualified in their entirety by the Contingent and Limiting Conditions set forth in this appraisal report and which is an integral part of the appraisal. Reference the Purpose, Function, Scope of this report for any hypothetical conditions or extraordinary assumptions.

Respectfully submitted,

Sarah E. Miles

Sarah E. Miles, MAI
WA Certified General Appraiser, CGA-1101701
ID Certified General Appraiser, CGA-1436
Licenses expire: ID: 8/9/2021 & WA: 8/9/2021

Table of Contents:

Purpose, Function, Scope of the Appraisal:

Client:

City of Moscow
Attn: Bill J. Belknap
Deputy City Supervisor, Community Planning and Design,
City of Moscow Executive Director, Moscow Urban Renewal Agency
221 E. Second Street
Moscow, ID 83843

Indented Users:

The intended user of this report is to be the City of Moscow, in care of Bill Belknap, Deputy City Supervisor. No other person(s) is authorized to use this report.

Appraiser(s):

Sarah E. Miles, MAI

Intended Use:

The intended use of this appraisal is to determine the current 'as is' market value estimate of the subject property for internal decision-making purposes. No other intended use is authorized without the prior written consent of the client and appraiser.

Report Type:

Appraisal Report

Purpose of Analysis:

The type and extent of this analysis is to develop an opinion of the current 'as is' market value of the subject property. This analysis includes the Sales Comparison and Income Approaches to value.

Effective Date of the Appraisal:

March 5, 2021

Date of the Report:

March 12, 2021

Property Interest Appraised:

Fee Simple Estate.

Property Characteristics:

Existing building/improvements.

Scope of Research & Analysis:

- ✓ Inspected subject site area.
- ✓ Inspected exterior and interior of existing improvements.
- ✓ Subject is a tax-exempt property. No assessed values, property taxes, or property information is available with Latah County.
- ✓ Researched comparable data provided by CoStar, local MLS system, and other sources.
- ✓ Gathered and analyzed data necessary to develop the Income Approach.
- ✓ Gather and analyzed data to develop the Sales Comparison Approach.
- ✓ The Cost Approach to value was considered but not applied.
- ✓ Please reference the Valuation Methodology section of this report for further explanation of the approaches to value used in this report.

Special Appraisal Problem:

None

Extraordinary Assumptions and Hypothetical Conditions:

The value conclusions are subject to the following extraordinary assumptions that may affect the assignment results. an extraordinary assumption is uncertain information accepted as fact. If the following assumption is found to be false as of the effective date of the appraisal, this may have an impact on value, and we reserve the right to modify our value conclusion.

1. None invoked.

The value conclusions are based on the following hypothetical conditions that may affect the assignment results. A hypothetical condition is a condition contrary to known fact on the effective date of the appraisal but is supposed for the purpose of analysis.

1. None invoked.

Current Owners:

City of Moscow

Lease:

To my knowledge the subject property is unencumbered by any leases.

Parcel Number(s):

The subject is currently owned by the City of Moscow and is tax-exempt. The parcel number assigned to the subject property by Latah County is RPM0001003005AA.

Legal Description:

Lots Five (5) and Six (6) in Block Three (3) of the Original Town of Moscow as shown by the recorded plat thereof EXCEPTING THEREFROM Commencing at the northwest corner of said Lot Six (6), thence East along the North line of said lot, 62.5 feet; thence South 10 feet; thence West 62.5 feet, thence North 10 feet to the place of beginning.

Sales History:

A title commitment was not provided by the client. The conveyances of record history for the subject property is listed below:

Instrument: Warranty Deed #241441 (Book 163/Page 185)

Instrument Date: May 15, 1968

Grantor: W. L. Korter

Grantee: City of Moscow

Pending Transactions:

To my knowledge there are no pending transactions associated with the subject property.

Listing Details:

To my knowledge there are no active listings associated with the subject property.

Furniture, Fixtures, & Equipment (FF&E):

FF&E is categorized as business trade fixtures and personal property, exclusive of inventory. No FF&E was included in this estimation of value.

Exposure/Marketing Time:

Based on current supply and demand, as well as the unemployment rate for the Moscow area, the anticipated exposure and marketing time to commence a sale of the property is estimated to be 6 months or less, reasoning discussed further in the report.

Market Value:

Market Value applied herein can be found listed in the definition section.

Definitions:

All definitions are listed in the Addenda section of this report.

Sarah E. Miles Certification of Value:

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

- ❖ The statements of fact contained in this report are true and correct and no important facts have been withheld.
- ❖ The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and my personal, unbiased professional analyses, opinions, and conclusions.
- ❖ I have no present or prospective interest in the property that is the subject of this report, and I have no personal interest or bias with respect to the parties involved.
- ❖ I have not performed a previous appraisal of the subject property; an appraisal review involving the subject property; nor an appraisal consulting assignment involving the subject property within the three years prior to this assignment; nor any other services related to the subject property.
- ❖ My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- ❖ The Appraisal Assignment was not based on a requested minimum valuation, specific valuation, or the approval of a loan.
- ❖ 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 researched each of the comparable sales relied upon in making said appraisal that is the subject of this report. The subject and the comparable sales relied upon in making said appraisal were as represented in said appraisal.
- ❖ On March 5, 2021, I personally inspected the subject of this report. I relied on aerial imagery for visual representation for the comparable sales contained herein. I did not personally inspect each comparable sale.
- ❖ No one provided significant real property appraisal assistance to the person signing this certification.
- ❖ The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- ❖ That my opinion of the property rights in the subject property, are set forth as follows and are based upon my independent appraisal and the exercise of my professional judgment.
- ❖ As of the date of this report, Sarah E. Miles, MAI has completed the Standards and Ethics Education Requirement of the Appraisal Institute for Designated Membership.

Based on my examination and study of the subject property and the competing market, and subject to limiting conditions contained in the body of this report, I have formed the following conclusion as the current market value of the above referenced property:

Market Value:

"As Is" Fee Simple Estate

Effective Date of Value: March 5, 2021

Conclusion of Value: $975,000

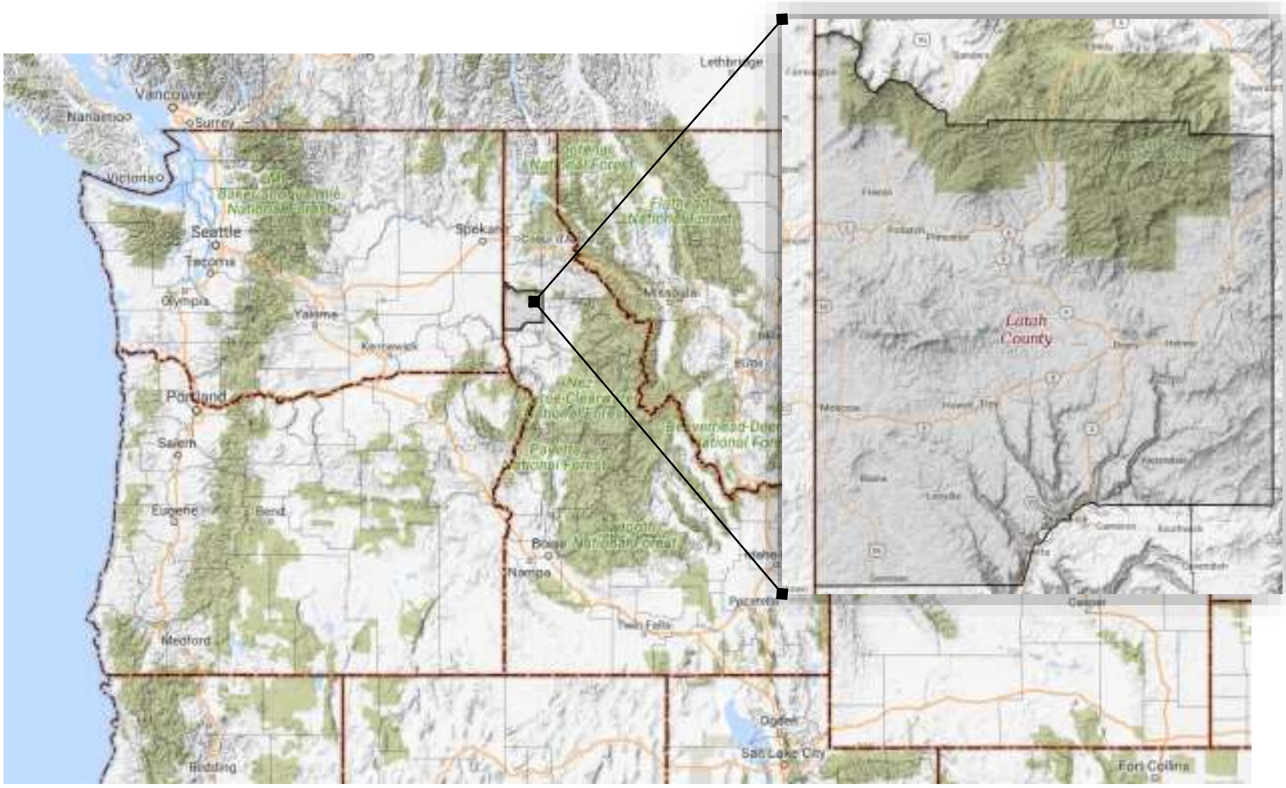
The opinion of value stated above, as well as every other element of this appraisal, are qualified in their entirety by the Contingent and Limiting Conditions set forth in this appraisal report and which is an integral part of the appraisal. Reference the Purpose, Function, Scope of this report for any hypothetical conditions or extraordinary assumptions.

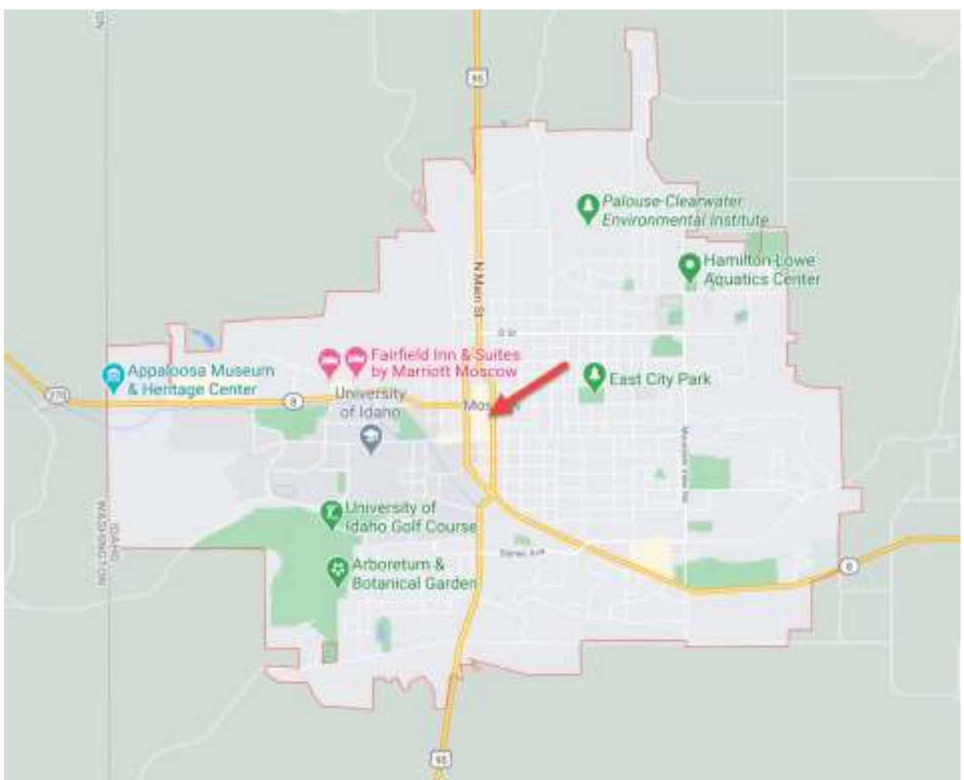
Respectfully submitted,

Sarah E. Miles

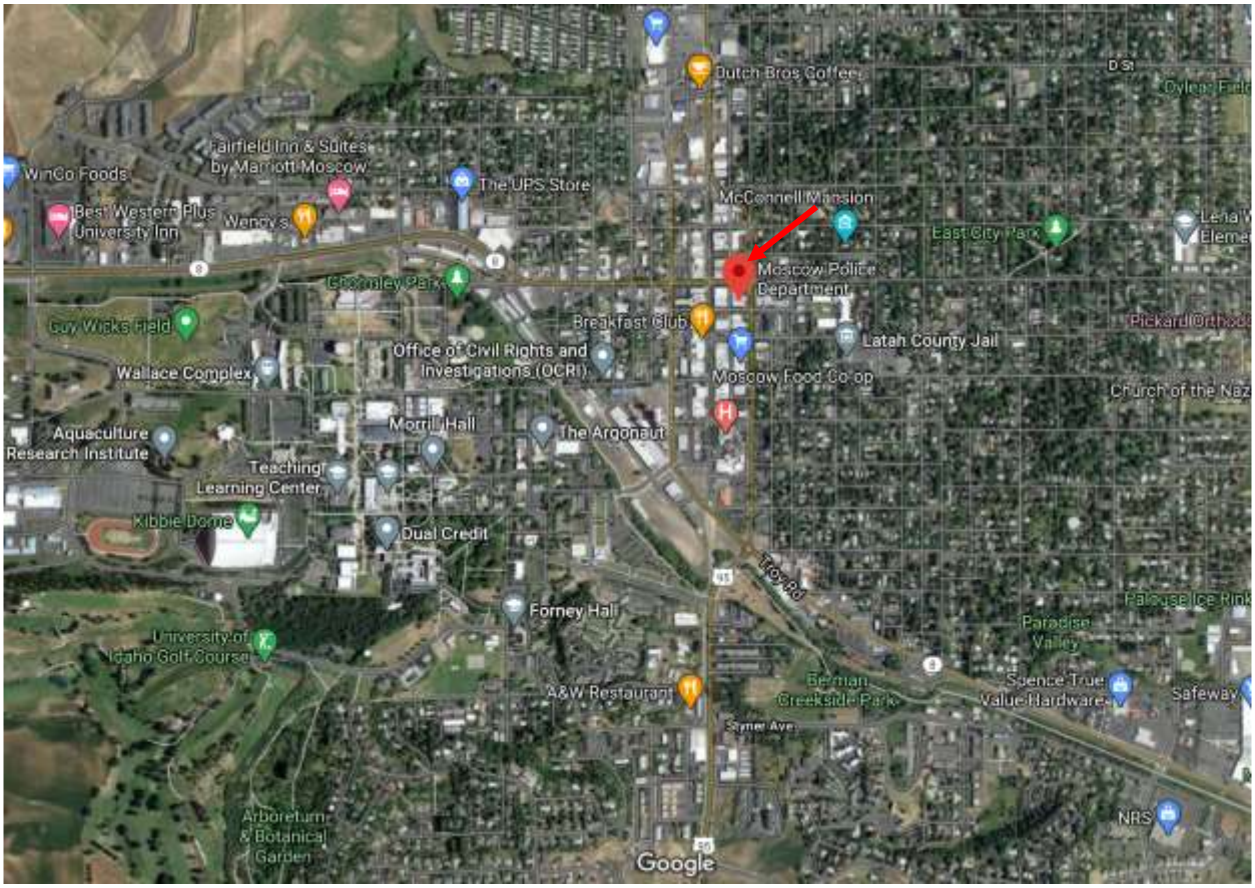
Sarah E. Miles, MAI
WA Certified General Appraiser, CGA-1101701
ID Certified General Appraiser, CGA-1436
Licenses expire: ID: 8/9/2021 & WA: 8/9/2021
Signature Date: *March 12, 2021*

Regional Location Map:





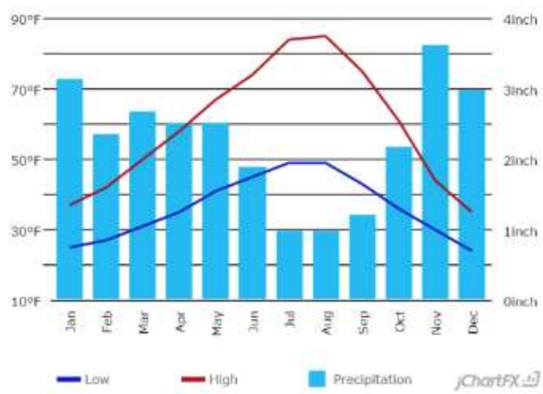
Immediate Neighborhood:



Market Area, City, & Neighborhood Description:

A property is a fixed and integral part of its region and its neighborhood, and as such cannot be treated as an entity separate from its environment. Thus, the value of real property is not intrinsic, but is influenced by surrounding forces and shares its future with the region and specific neighborhood in which it is located. The major population center associated with this parcel is Moscow, Idaho, the county seat for Latah County. Latah County is located in north central Idaho. The secondary major population center is Pullman, Washington only six miles to the West. Moscow is home to the University of Idaho and Pullman is home to Washington State University, both have major impact on the economics of this region.

Land Form & Climate – West Latah County consists of rolling hills predominantly used for dry crop wheat and legume production. East Latah County is the Clearwater National Forest and is a major timber-producing area. The 4-season climate is moderate, with normally cold winters and low-humidity in the summer. Moscow gets 24 inches of rain per year; the US average is 37. Snowfall is 50 inches. The average US city gets 25 inches of snow per year. The number of days with any measurable precipitation is 117. On average, there are 169 sunny days per year. The July high is around 83 degrees. The January low is 23.



Boundaries and Access – Access to Moscow is primarily provided by US-95 and SH-8. US-95 is a north-south U.S. Highway near the western border of the state of Idaho, stretching from Oregon to British Columbia. SR8 runs from the state line to the west, at the edge of Moscow, all the way out to Elk River, Idaho, in Clearwater County, about fifty miles away.

The following is a general summary of Moscow's real estate development structure:

<u>Commercial Districts</u>:

Downtown (CBD) - Owner-occupied small retail stores, restaurants, and entertainment venues fill Moscow's downtown, as well as major banks and small professional offices. Many buildings include apartment units on upper floors. Gritman Medical Center anchors the south end of downtown.

95 North - Retail stores including Rosauers Grocery Store with Sonic Drive-in, Walgreens, Moscow Building Supply, and Meineke Mufflers make up most of this commercial district, though some offices exist and Rodeo Drive inline retail center. Vacant commercial development land to the north of Moscow Building Supply.

95 South - University Housing Developments, Service Centers for farm and auto service, Agriculture grain storage and Early Bird Building Supply.

East SR 8 (Troy Highway) - Strip malls and eating establishments fill the north side of SR8 here. Eastside Marketplace, a neighborhood mall; two bank branches, and Spence Hardware and Farm Supply store. Alturas Technology Park and a housing development fills the rest of the area south of Eastside Marketplace.

West SR 8 (Pullman Road) - Strip malls and car-accessed establishments fill the north side of SR8 here. Palouse mall, a few big box stores, hotels, gas stations, and some medical offices fill the rest of the area. The University of Idaho is located on the south side of SR8 here.

<u>Residential Districts:</u>

NW - The Northwest quarter of Moscow is one of the most significant multi-family areas in Moscow. Though some single-family dwellings exist, typically those further from SR8, this is a major residential center, primarily for student due to the location of the University directly across SR8.

SW - University housing takes up both the Northern side and Southeast corner of the University land. South of the university are apartment complexes and single-family residences. Most of the apartment complexes are along US-95.

NE - The heart of Moscow's single-family residential district is the NE quarter of Moscow. Land-use is predominately single-family with strong development in 1980's, 1990's, and early 200's in Moser Estates and Rolling Hills, with newer developments in Southgate and Camden Court.

SE - A large apartment complex was constructed along US-95, geared toward the student population of the University of Idaho. There is a second large apartment complex at the corner of Highway 95 and Highway 8. Between

95 and SR8 along Styner Ave is another Multi-Family area.

Economic Development - According to the latest December 2020 Work Force Trends that is provided by the Idaho Department of Labor, the county's per capita income in 2019 was $41,833, 2019 median household income was $49,158, and the November 2020 civilian labor force was 20,273.

Latah County Economic Overview

Civilian Labor Force (Nov 2020)	20,273
Unemployment Rate (Nov 2020)	4.4%
Population (2019)	39,505
Median Household Income (2019)	$49,158
Per Capita Personal Income (2019)	$41,833
Poverty Rate (2019)	18.1%

The chart below lists the 2019 top employers in Latah County and are all located in the Moscow area.

Employer	Ownership	Range
University Of Idaho	State Gov	1,000+
Gritman Medical Center	Private	500 - 999
Moscow School Dist #281	Local Gov	250 - 499
City Of Moscow	Local Gov	100 - 249
Payroll Tax #08740	Private	100 - 249
Bennett Lumber Products	Private	100 - 249
Latah County	Local Gov	100 - 249
Evangelical Lutheran	Private	100 - 249
Disability Action Center-Northwest	Private	100 - 249
Northwest River Supplies Inc	Private	100 - 249

NOTE: Only employers that have given the Department permission to release employment range data are listed. Source: Idaho Department of Labor

UI Overview – As one of the largest employers in the county and Moscow, educational services, accounted for 31% of all Moscow employed people in the 2019 Industry Employment and Wages produced by the Idaho Department of Labor – most employed by University of Idaho, a land-grant institution in Moscow and is classified by the prestigious Carnegie Foundation as high research activity. University of Idaho students are a big part of Moscow's overall population and economic activity.

The coronavirus pandemic reduced enrollment at the University of Idaho and Washington State University this fall. About 9,050 students enrolled on the Moscow campus this fall, about 3% lower than the 9,328 enrolled in fall 2019. Fewer recent Idaho high school graduates enrolled for fall semester. The number of first-year, first-time students from Idaho fell by 61, or 5.7%. Student retention held at 77%. International student enrollment fell 29% from 652 in 2019 to 464 in

2020. Offsetting some of the other losses, new graduate student enrollment rose 4%.

Government Services – Latah County is governed by an elected Board of County Commissioners. The City of Moscow serves as the county seat. The city of Moscow has an elected mayor, an elected five-member council, and an appointed administrative officer – the city supervisor.

Zoning – There is a strong emphasis on farmland preservation in Latah County, which limits new construction outside of existing population centers. Latah County Planning and Zoning regulates the Latah County Comprehensive Land Use. Between 75% and 80% of land in Latah County is privately owned. The predominant land use is timber and dry crop agriculture in Agriculture/Forest Zone.

Taxes – The State of Idaho imposes a state income tax. The combined state and local excise tax rate as of March 2021, was 6% according to the Tax Foundation website. Property taxes support local government's operating funds and a significant portion of K-12 education with mill-levy over-rides.

Regional Economics – The Palouse relies on agriculture and higher education for its economic base. Latah County dominates the Wheat and Lentil of Idaho. The City of Moscow, excluding the agriculture sector, is the primary trade, cultural, and population center for the County. The college towns of Moscow and Pullman, Washington forma dominant economic unit referred to as the "University Cities" because they each contain their state's respective Land-Grand University.

Industry & Trade – With the assistance of economic development organizations such as the Palouse Knowledge Corridor (PKC), the Clearwater Economic Development Council, Moscow Chamber of Commerce, Palouse Economic Development Council, and Latah Economic Development Council – the regional community has made strides in facilitating the expansion of existing business and the recruitment of new industry. Growth of research firms has been particularly significant, fueled by the growth of EMSI and local college graduates.

Employment Trends – Per the most recent information provided by the Idaho Department of Labor and Indicators Northwest, Latah County was ranked 11th – from most to least – among the 44 counties in Idaho. The University of Idaho provides a fourth of the county's jobs. Enrollment at the University is a major driver of retail, tourism, construction, and service jobs in the Moscow area. Its relatively slow enrollment growth has slowed economic growth in the county over the last dozen years or so.

North central Idaho's manufacturing sector showed even more resilience in the pandemic than the state's manufacturing sector. While U.S. manufacturing jobs in September fell 5% between February and September, Idaho manufacturing jobs grew 0.5%. Idaho was one of only three states with manufacturing growth. The region's manufacturing employment grew an estimated 4.5% between February and September, as manufacturers added more than 200 jobs. Record high prices for lumber in the past few months buoyed sawmill jobs. The region's largest manufacturer, Clearwater Paper in Lewiston, benefited from strong demand for toilet paper and other paper products. The national ammunition shortage and a surge in gun purchases raised employment at Vista Outdoors ammunition plant in Lewiston and some gun and gun parts manufacturers in the region. Aluminum jet boat builders in Lewiston and Orofino also have expanded as the coronavirus increased interest in outdoor recreation.

No industrial sector has experienced more devastation from coronavirus than the leisure and hospitality sector, which includes restaurants, bars, lodging and amusement and recreation. North central Idaho's leisure and hospitality jobs fell 8.3%, from 4,800 in September 2019 to 4,400 in September 2020. While many leisure and hospitality businesses have restored the employment, they lost last spring, others are still struggling. Among the businesses suffering the most were those that host conventions and other meetings, rely more on business travelers and serve a high proportion of travelers who come here as commercial airplane passengers. Moscow, where tourism primarily revolves around events and conferences at the University of Idaho and Washington State University, has especially been hard hit. The coronavirus-caused shutdown of all cruises to Clarkston has hurt many Lewiston businesses that catered to the high-end customers those brought. On the other hand, many lodging operations, golf courses and businesses serving hikers, campers, whitewater enthusiasts, anglers and hunters saw a surge in demand this summer and fall, as Americans escaped to the great outdoors.

The pandemic caused changes in business activity in November. As coronavirus cases surged, Idaho moved back to Stage 2 on Nov. 13. Under the Stage 2 restrictions, all Idaho businesses can continue to operate while following precautions. Bar and restaurant patrons must be seated to be served, masks are required in long-term care facilities and all indoor and outdoor gatherings are limited to a maximum of 10 people. Washington State also imposed restrictions effective Nov. 17. Retailers are limited to 25 percent occupancy. Bars and fitness centers faced bans on having customers inside. At the same time, consumers once again began stockpiling toilet paper, disinfectant wipes and other items. The increased purchasing resulted in some local stores hiring additional staff to meet increased demand. Some stores reinstated quotas on high-demand products. In addition, the advent of winter also makes it more difficult for restaurants to provide outdoor options that allow them to accommodate more customers while keeping them socially distant. *Source: Idaho Department of Labor.*

Population Trends – Latah County's population rose 6% from 37,244 in 2010 to 39,505 in 2019, while the U.S. population grew 7% Idaho's grew 15%. Because of the students at the University of Idaho, 26% of the county's population is 20 to 29 years old while 14% of the U.S. population is.

Moscow, the county seat, had a population of 25,702 in 2019. The populations of other cities were 965 in Genesee, 895 in Troy, 814 in Potlatch, 601 in Juliaetta, 516 in Deary, 305 in Kendrick, 258 in Bovill and 188 in Onaway.

Analysis of Moscow and Latah County's Current Economic Conditions

Current statistics that are being focused on as relevant economic indicators include unemployment, retail spending, and changes in housing values/stock. The local economy, particularly in Moscow, is considered healthier than the national indicators.

Unemployment – People are counted as unemployed if they are at least 16 years old, are without a job and available for work, and have recently made specific efforts to find employment. The unemployment rate is the number of unemployed as a percent of the entire labor force. The County's unemployment rate has historically been exceptionally low because of the stability of university employment, the abundance of full-time students not in the job market, an agricultural base that does not require a large labor force, and few migrant workers. Seasonal variations in unemployment typically result from significant layoffs caused by the annual summer slow-down in business due to summer break for the universities. The coronavirus and subsequent stay at home orders for Latah County has hit the labor force especially hard this year.

Latah County, ID's monthly unemployment rate was 3.8% in December 2020, down from 4.4% in November 2020. Idaho as a whole was 4.4% during this same time. Local employment is most significantly tied to University of Idaho.

Current Retail Spending – In the past few years there were a few business closures in the area, Vern Eide Ford of Moscow, Office Depot, Hastings, Macy's Department Store, Smokey Mountain Pizzeria, Firehouse Grill & Pub, Quad Cities Nissan, and Jack-n-the box restaurant. Walmart remodeled and reopened their store after closing it for over a year with original intent of going dark after opening an 180,000-sf store in Pullman. Moscow has a highly active core anchored by Moscow Food Co-op and St. Andrews College.

Current Land Use and Commercial Trends:

An analysis of the overall commercial real estate marketplace indicates that this market is healthy with regards to Moscow's commercial areas. As shown in the table on the following pages new commercial construction permits appear to fluctuate with business deciding to renovate older well-established buildings. Moscow is a university town with good employment stability, and typically economic and/or real estate downturns have less of an effect compared to regional or national markets. The overall current Moscow commercial market vacancy rate is estimated between 5% to 8% with multiple refurbished spaces in Moscow's CBD recently occupied.

The Moscow area has experienced moderate and mostly stable growth in the past few years. Based on the following, commercial growth remains relatively active. The current anticipated commercial construction project at the corner of 6th and Jackson in the Moscow Urban Renewal District has been delayed due to the coronavirus pandemic. Construction of the three-story, 29,000 Sq Ft building, a two-story 2,300 Sq Ft structure, a 25-space parking lot, a rooftop with a sky bridge and an extension of the University of Idaho's Hello Walk is now expected to begin early next year.

- Petco that took over a portion of the old Office Depot in the Palouse Mall.
- Renovation of older grain terminal into a three-tenant strip mall at the corner of US-95 and SH-8.
- Former Time Warner Building was renovated into the new Potlatch Federal Credit Union on Pullman Rd.
- Commercial building renovated into the Rants & Raves Brewery located at 310 N. Jackson St.
- Renovated Anchor Building located at 106 N. Main Street houses the new Lodgepole Restaurant and Humble Burger.
- Marshalls open in the former Hastings.
- Ulta Beauty Supply opened in the former Joanne's.
- Joanne's opened in their new location in the Palouse Mall.
- Hunga Dunga Brewing Company in the renovated former Stookey's Seed Property.
- $6 Million Gritman Medical Office building located on South Main Street.
- Mixed-Use Property located at 402 6th Street. Two tenant street retail with residential above.
- Vandal Diner restaurant located at the corner of west 3rd street and south Jackson street.
- Sonic Restaurant located in the northeast corner of the Rosauers parking lot.
- Red Bento opened a second location in the in the Palouse Mall. They will occupy the former space of Super China Buffet.
- Moscow Hotel and Garden Lounge building was purchased in 2018 and a portion of the interior ground floor was in the works to be renovated to make room for the new Sangria Grille, however the former US Bank building next door was purchased in 2019 with the plans to relocated Sangria Grille from the Palouse Mall Parking Lot to the main floor of this building. The second level of the former US Bank building will be

converted to commercial office spaces. The Moscow Hotel and Garden Lounge building will still be occupied by the Garden Lounge and apartments on the above floors.

- The former Jack in the Box restaurant located at 710 W. Pullman Road was demolished in January of 2019 and MOD Pizza was constructed.
- City council approved a parkland exchange between the Indian Hills Trading Company and the City of Moscow. The city has acquired a 4.09-acre hillside and the city is designing a new edible forest-harvest park that will be known as the Harvest Park.
- Construction has begun on the 2.31-acre parcel located on the SE corner of the intersection of South Main Street and Southview Avenue. This site will be the new location of the Moscow police station. This facility will include a two-story, 16,500-sf building with a 2,700-sf outbuilding that would be used as storage.
- The former Tidyman's grocery store (45,000 +/- SF) was remodeled and completely refurbished and is now the 150,000 Sq. Ft. Northwest River Supply warehouse/corporate offices, and showroom.
- 2,900-sf Washington Trust Bank branch located at 222 Troy Road.
- New Idaho Federal Credit Union building will be between 5,000 – 5,500 square feet and will be located in the former Nissan dealership that is located at 525 W. Third Street.
- New headquarters for Emsi, a four-story 70,000 Sq. Ft. building on 3.7-acres. This building will house more than 500 employees.
- The city of Moscow annexed 154-acres purchased by Schweitzer Engineering Laboratories (SEL) property immediately south of the city line in November. It is not yet known what SEL will do with this property, but company officials reported that it will be put to use withing the next five years.
- The former Emsi building at 409 S. Jackson is being marketed by Keimle-Hagood for sale or lease, offering 21,600 square feet of modern office space. The space can be demised to 16,600 SF and 5,000 SF sections.
- The former Salvation Army building at 315 S. Jackson has been converted to modern office space for Populi, Inc., a software company providing web-based solutions for higher education college management.
- The former NRS warehouse was purchased for the new location of the Palouse Ice Rink
- The City of Moscow has purchased the 7,500 SF Haddock Building at Washington Street and 5th Street being remodeled as the new Moscow City Office Building for employees currently in the Mann Building with occupancy planned for July 2021.

Land Use and Homogeneity:

Land Use Regulations within the delineated boundaries of the subject neighborhood is a mixture of single family residential, multi-family residential, University of Idaho Campus, and central business.

Residential/Multi-Family Trends:

Single-family residential development has been on the increase as the housing market continues to recover. In 2019, 33 new single-family homes were permitted for construction which is slightly lower than in 2018 which was at 37 permitted and even with the year 2017.

It is anticipated that single-family residential construction levels will continue to increase as demand has been strong with new subdivisions (such as Rolling Hills 8th Addition, Indian Hills 6th Addition and Southgate 3rd Addition) that have been completed to provide further opportunities for new single-family housing in Moscow.

The greatest area of multi-family growth in the past three years has been along Farm Road, White Avenue, Joseph Street, and Indian Hills Drive which includes a variety of low-income apartments, high density moderate housing, and upper-end development on the hillsides that have better views. High density moderately priced (+/- $200K) developments tend to be in the flat-lands, evidenced by the Tiempo Development. The overall current Moscow vacancy rate for multi-family properties is estimated at 5%.

There are also several larger multi-family developments in the area that have been completed or are near completion.

- ❖ Silver Creek Apartments: 18 units situated in 3 buildings and 24 unit situated in 4 buildings, all along White Avenue.
- ❖ Kestrel Development has a 120-unit apartment complex that was completed in multiple phases located on the 2300 block of E. Whitman Avenue.
- ❖ Indian Hills Apartments: Phase I and Phase II have been completed that includes 60 units situated in 4 three-story buildings.
- ❖ Apartments located a 210 Farm Road and includes a total of 48 units contained in a three-story apartment complex. These include 12 one-bedroom units and 36 two-bedroom units.
- ❖ CA Ventures, a major student housing developer based in Chicago has completed construction of the "Identity on Main" development. There is a 72-unit main apartment building with leasing office and common areas for exercising and studying. Adjacent to that is a 3,000-sf commercial space building that houses the new Pizza Hut. There is also three, four-story townhome buildings that hold 20 units each.

Current Investment Property Financing

75% to 80% loan-to-value ratios	Monthly payments
6.5% to 7.00% nominal annual interest rates	5-year average rate adjustment
5-year and 30-year amortization terms	1.35 to 1.5 debt coverage ratio

Moscow Building Permit Trend Tables

New Commercial Building Permits			New SFR Building Permits			New Multi-Family Building Permits		
Year	**#**	**Value**	**Year**	**#**	**Value**	**Year**	**#**	**Value**
2014	12	$7,913,164	**2014**	21	$4,941,673	**2014**	66 Units	$6,687,120
2015	3	$6,985,000	**2015**	32	$7,323,383	**2015**	44 Units	$4,409,987
2016	4	$1,296,376	**2016**	31	$7,597,757	**2016**	31 Units	$3,899,606
2017	9	$11,247,552	**2017**	33	$8,426,009	**2017**	117 Units	$15,302,686
2018	3	$634,068	**2018**	37	$9,247,287	**2018**	96 Units	$10,608,899
2019	5	$2,750,046	**2019**	33	$9,480,320	**2019**	26 Units	$4,368,756
2020	7	$17,910,676	**2020**	41	$11,803,731	**2020**	14 Units	$1,886,080

Source: www.moscow.id.us; as of December 2020, the most current up to date information.

According to the monthly construction permits listed on the City of Moscow website, in the year 2020, the total new construction building permits issued in the City of Moscow were approximately 11% for commercial structures, 23% were for multi-family dwellings and the remaining 66% were single family dwellings.

Conclusion:

The economic activity of Moscow is intertwined with the neighboring city of Pullman, Washington. These two cities are the commercial hub for the agricultural/timber areas of the Palouse region. Both Moscow and Pullman are home to the only land-grant universities located in the states of Idaho and Washington. Demographics and Social influences in Moscow are tied to the University of Idaho. I have studied current data, including pending sales, active listings, the most recent sales, and surveys with local market participants.

Property Description:

Location:

The subject property is located on the northwest corner of E. 4th Street and S. Washington Street in the central business corridor of downtown Moscow. Approximately 220 feet south of the lighted intersection of S. Washington Street and E. 3rd Street and is currently occupied by the Moscow Police Department. The physical address of the subject property is 114 E. 4th Street, Moscow, Latah County, Idaho 83843.

Size/Shape:

The improved site area is one city tax parcel consisting of 9,375 +/- sf or 0.22-acres and is predominantly rectangular in shape, as shown in the aerial map above.

Access & Visibility:

The subject is well located in the downtown Moscow central business corridor area. The improvements have public access from E. 4th Street and S. Washington Street and the public alleyway that runs north to south from E. 4th Street to E. 3rd Street along the subject's westerly lot line. There is 125-feet of road frontage to E. 4th Street and 80-feet of road frontage to S. Washington Street.

Topography/Soils:

The subject's site area is level at street grade. Per USDA NRCS, the soil type that is predominantly present is Latahco silt loam, 0 to 3% slopes.

Elevation:

According to the NRSC web soil survey results the elevation range for the site area is between 2,310 to 2,880 feet. The estimated center point elevation of site improvements is 2,583-feet.

Site Improvements:

The subject is currently improved with a 9,308-sf concrete block frame commercial office building that is currently occupied by the Moscow Police Department. Additional site improvements include concrete curb and wide sidewalks, Mercury vapor street lighting, and city owned trees, and planter boxes.

Utilities: Typical utilities for a commercial office/retail facility.

Service	Provider	Adequacy
Water	City of Moscow	Available
Sewer	City of Moscow	Available
Electricity	Avista	Available
Propane Gas	Avista	Available
Telephone	Spectrum & Others	Available
Internet	Multiple	Available
Waste-Refuse	Latah Sanitation	Available

Surrounding Properties:

North: Moscow's commercial business district, Keeney Brothers Music Center, Peck's Shoe Clinic, and E. 3rd Street.

South: Moscow's commercial business district, E. 4th Street, Opportunities Unlimited, Hodge & Associates, Northwest Wado-ryu Karate, and The Yarn Underground.

East: Moscow's commercial business district, S. Washington Street, and office/retail facilities.

West: Moscow's commercial business district, public alleyway, State Farm office building, and Champions Bar.

Liens and Easements of Record:

A title commitment was not provided by the client. The last conveyances of record was Warranty Deed #241441 recorded on May 15, 1968. Common easements of record include electrical, gas, sanitary, water, and public utilities and do not have a negative impact on value. There were no indications of any adverse easements or encroachments.

Environmental Concerns or Hazards:

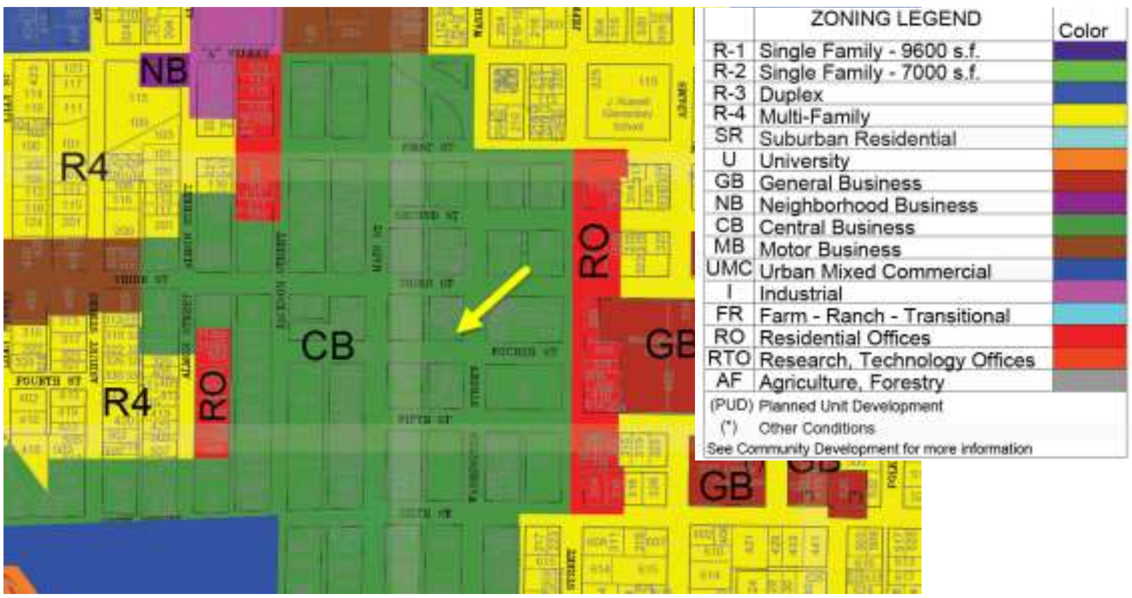
An environmental assessment was not provided. There were no known hazards or concerns noted at the time of inspection. Appraisers do not perform technical environmental inspections and the services of a professional engineer for this purpose are recommended. This statement is restricted to the Assumptions and Limiting Conditions section of this report.

Zoning:

The subject is zoned CB: Central Business. The intent of this district is to provide a location for groups of compatible commercial uses having the common characteristic of not involving more than incidental and minimal assembly, fabrication or storage of commodities; for example, establishments dispensing retail commodities, and those providing professional and personal services to the individual. Eating/drinking establishments and professional, financial business, and medical offices are permitted a use. The subject appears to be legally conforming.

- ✓ Minimum lot area: None
- ✓ Minimum yard requirements: None
- ✓ Maximum Height of Structures: Sixty-five feet
- ✓ Parking Requirement: Off-street parking is not required within the CB Zoning District.

We are not experts in the interpretation of zoning ordinances. An appropriately qualified land use attorney should be engaged if a determination of compliance with zoning is required. The full central business can be found at https://www.ci.moscow.id.us/469/Zoning-Code



Assessed Value and Taxes:

The subject is currently owned by the City of Moscow and is tax-exempt. The assigned county tax parcel number is RPM0001003005AA.

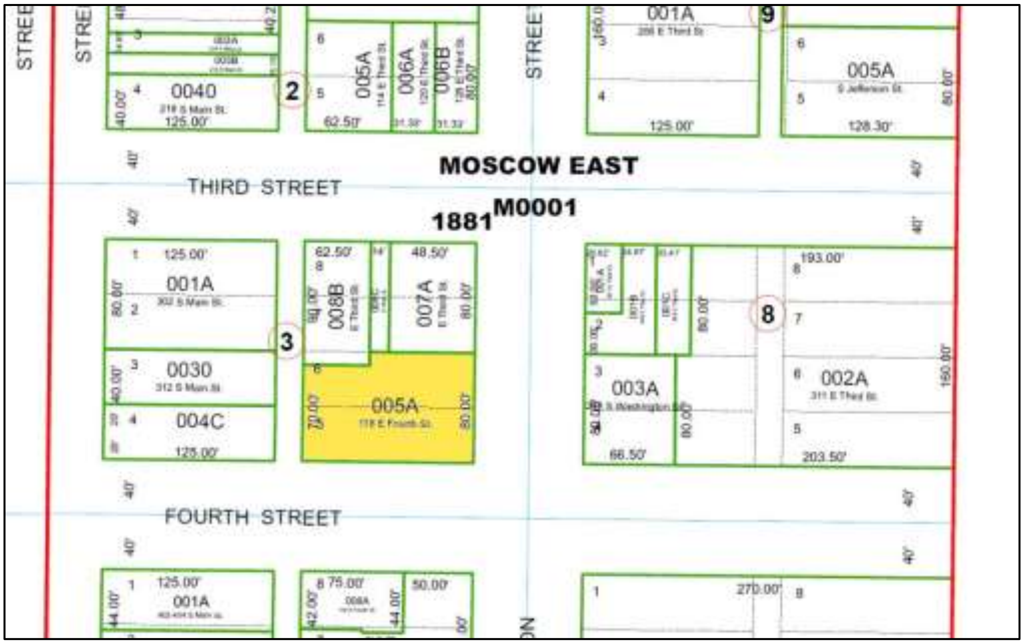
Parking:

Off-street parking is not required within the CB Zoning District. There are no off-street parking spaces located to the subject property. There are nine street parking spaces located on E. 4th Street, designated for the Moscow Police Department use. Once the Moscow Police Department vacates the subject property these designated street parking spaces will revert back to public use.

Legal Description:

Lots Five (5) and Six (6) in Block Three (3) of the Original Town of Moscow as shown by the recorded plat thereof EXCEPTING THEREFROM Commencing at the northwest corner of said Lot Six (6), thence East along the North line of said lot, 62.5 feet; thence South 10 feet; thence West 62.5 feet, thence North 10 feet to the place of beginning.

Plat Map:

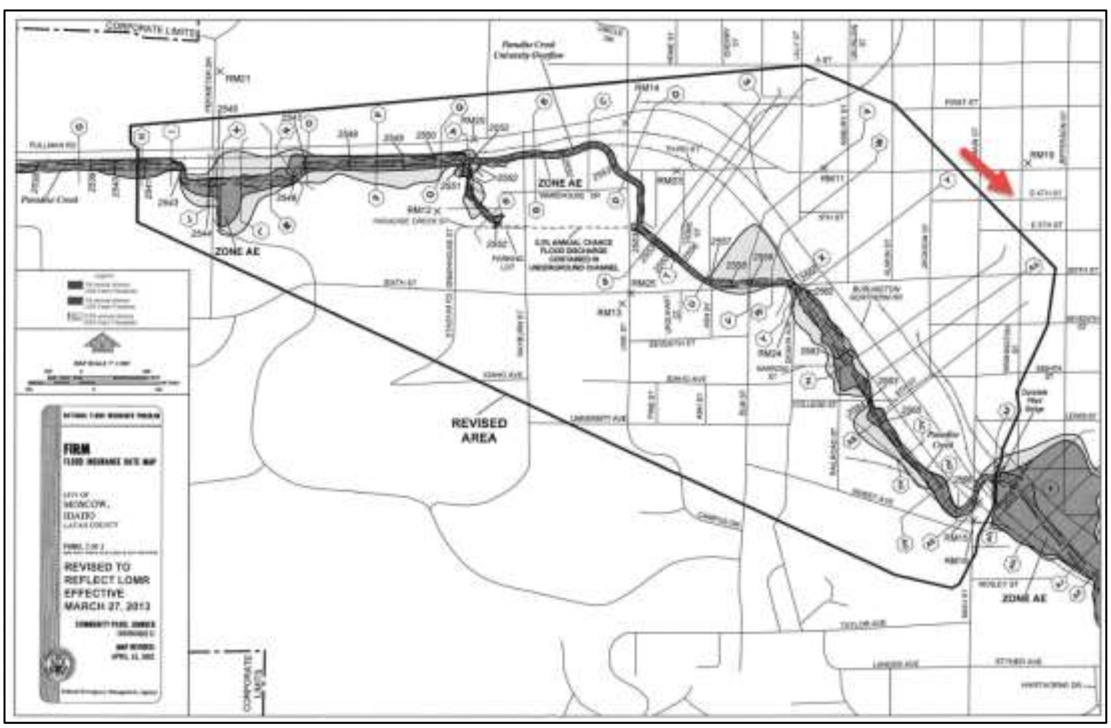


Aerial Plat Map:

Topography:

Flood Zone:

According to the FEMA Flood Map Service Center map number 1600900002D, effective on 04/15/2002 the subject property is not located within a flood hazard area. For insurance purposes, a surveyor should be contacted to verify the exact zone by a flood evaluation certificate, as well as its impact on insurance.



Subject Photographs – Taken March 5, 2021:

Front View – Southeast Corner

E. 4th Street Looking West

East Side Along S. Washington Street

S. Washington Street Looking South

Rear View – Northeast Corner

West Side/Front View – Southwest Corner

West View – Public Alleyway

Representative Interior Photo

Representative Interior Photo

Representative Interior Photo

Representative Interior Photo

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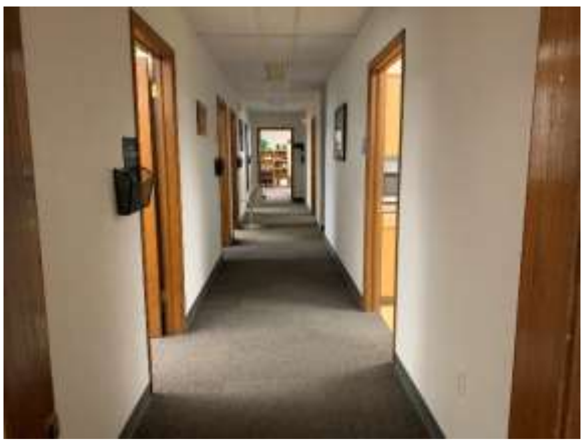
Representative Interior Photo

Representative Interior Photo



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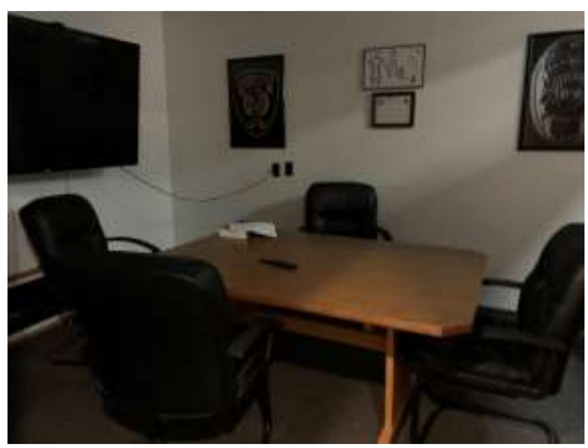

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Improvements Description:

As of the effective date of value the subject of this analysis consists of an average quality Class C masonry construction (CMU) single tenant commercial office building that is located at 114 E. 4th Street, Moscow, ID. This structure has a gross building area of 9,308-sf and was estimated to be built in 1936. Subject is currently occupied by the Moscow Police Department until that time that their new two-story, 16,500-sf building is complete. The anticipated use of the subject property is office space for the City of Moscow.

Property Type:

Single tenant average quality Class C masonry construction commercial office building.

Gross Building Area:

9,308-sqft gross building area that is equal to net rentable area.

Year Built:

This is a tax-exempt property. According to the original floor plans provided the subjects estimated year built is 1936.

Improvement Age:

Actual Age: 85 Years

Effective Age: 26 Years

Age Life: 65 - 75 Years

Remaining Economic Age Life: 39 - 49 Years

Number of floors:

One floor.

Land-to-Building Ratio:

9,308-SF total building footprint represents 99% of the 0.22-acre usable site coverage. Land to building ratio is 1.01:1.

<u>Exterior Construction Detail:</u>

Construction/Frame: Class C masonry construction (CMU) with wood frame interior construction in average overall condition.

Foundation: Concrete slab on grade foundation.

Exterior: Crushed rock type stucco finish over concrete.

Roof: Flat built-up roofing system with Elastomer rolled coating that was updated in July of 2015.

Gutters and Downspouts: Roof scupper drainage system.

Windows: Fixed pane Aluminum casement windows.

Doors: Fixed pane Aluminum casement storefront with security glass.

Elevator: None.

Additional Items: Three entry vestibules.

Interior Construction Detail:

At the time of inspection, the interior of this commercial building was heavily delineated. Reference the following sketch for building floor plan layout.

- **Floor:** Combination of carpet and commercial vinyl in average overall condition.
- **Walls:** Painted and textured drywall in average overall condition.
- **Trim:** Mixture of painted wood and rubber base trim in average overall condition.
- **Ceiling:** Acoustic ceiling tiles in average overall condition.
- **Restrooms:**
    - Two full restrooms with commercial Linoleum flooring in average overall condition and painted sheetrock surround that each contain one sink and one toilet.
    - Two restrooms with vinyl flooring in average overall condition and ceramic tile surround. One restrooms contains one sink and one toilet, and another restroom contains one sink, one toilet, and urinal.
    - Restroom with shower contains two sinks, two urinals, shower stall, and toilet. Commercial vinyl flooring in average overall condition and painted sheetrock surround.
- Breakroom: Vinyl flooring in average condition, built-in cabinetry, Formica counter tops, double sink, and refrigerator.

Mechanical Systems:

HVAC: Two larger roof mounted HVAC systems that were replaced in October 2013 with one older roof mounted HVAC system.

Electrical: Typical electrical system for high security office use.

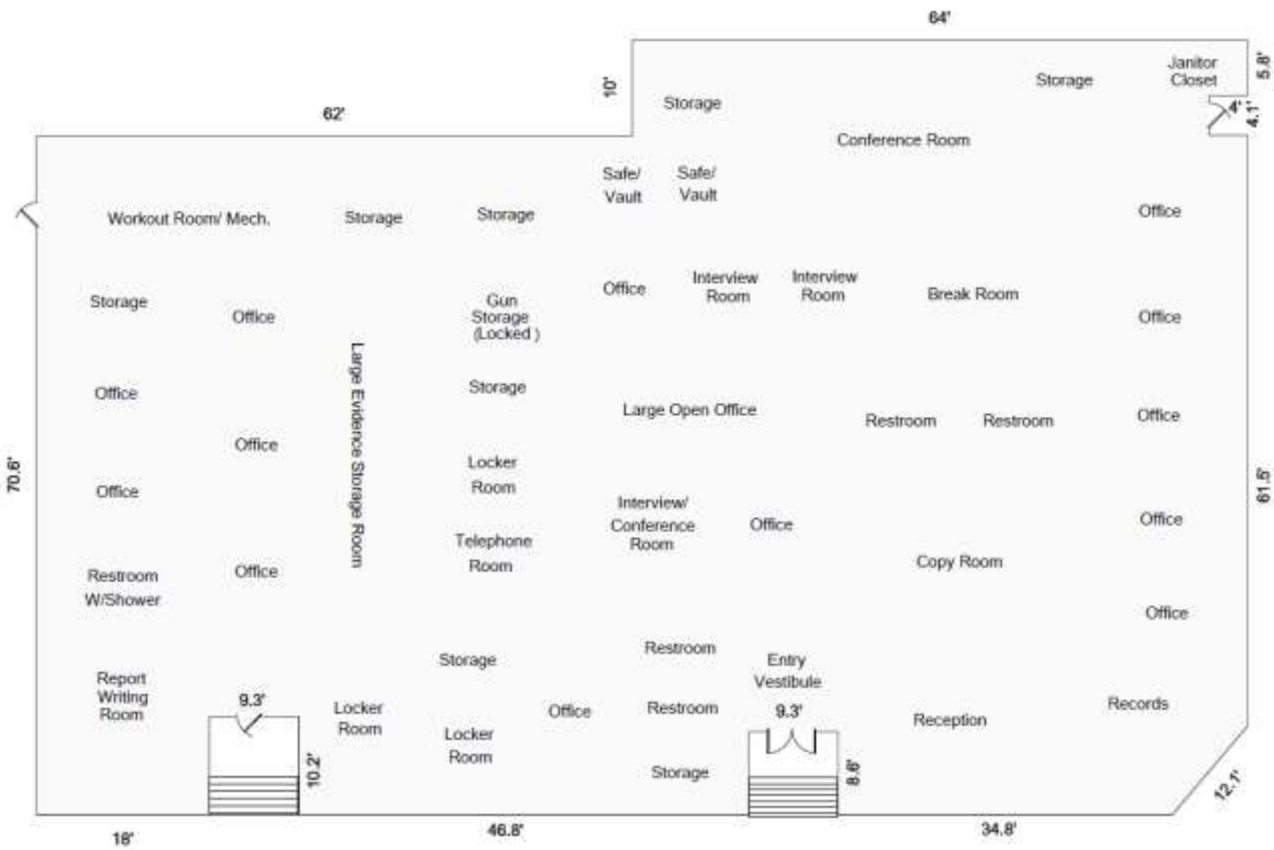
Sprinklers: None noted.

Security: Full building security system.

Utilities: Improvements are connected to all public utilities.

Additional: Commercial backup generator, new within the previous five years.

Floor Plan:


64'
62'
10'
5.8'
4'
4.1'
Storage
Janitor Closet
Storage
Conference Room
Safe/ Vault
Safe/ Vault
Workout Room/ Mech.
Storage
Storage
Office
Storage
Office
Gun Storage (Locked)
Office
Interview Room
Interview Room
Break Room
Office
Large Evidence Storage Room
Storage
Large Open Office
Restroom
Restroom
Office
Office
Office
Locker Room
70.6'
61.5'
Office
Interview/ Conference Room
Office
Office
Telephone Room
Copy Room
Restroom W/Shower
Office
Office
Storage
Restroom
Entry Vestibule
Report Writing Room
9.3'
Locker Room
Office
Restroom
9.3'
Reception
Records
Locker Room
10.2'
Storage
8.6'
12.1'
18'
46.8'
34.8'

Highest and Best Use:

Highest and Best use may be defined as, *"The reasonably probable use of property that results in the highest value."* (Appraisal Institute, 2020)

The analysis of highest and best use can be thought of as the logical end of a spectrum of market analysis procedures, running from the study of a property's market area, through more detailed marketability studies into the financial analysis of alternatives to determine the most profitable use, and finally to the reconciliation and formal conclusion of highest and best use, the timing of that use, and the most probable buyer. All these forms of analysis are interrelated processes that measure the economic potential of alternative uses of real estate. (Appraisal Institute, 2020)

Purpose

Creates the foundation for identifying the sub-market, including comparable sales I will use to establish value. Determines what, if any, of the whole and/or part(s) of site and/or proposed improvements that is super adequate and/or inadequate and consider them accordingly.

HIGHEST AND BEST USE ANALYSIS OF THE VACANT SITE

Vacant Site Features

Access	The site has public access from East Fourth Street, South Washington Street, and a public alleyway running along the westerly lot line.
Zoning	The building parcel is zoned CBD – Central Business District.
Size	9,375 SF
Public Road Frontage	Roughly 128 +/- feet along East Fourth Street and 84 +/- feet along South Washington Street.
Depth	Measuring from East Fourth Street, site depth varies; refer to the Property Description section of this report.
Easement	A title policy was not provided in connection with this assignment. No easements or exceptions are noted outright in the most recent deed of record.
Net Useable Area (SF)	Equal to total site area.
Shape	Predominantly Rectangular
Topography	Level at street grade; the subject is not located in a flood zone.
Utilities	All utilities are in place, provided by Avista Utilities and the City of Moscow.

1) Legally permissible: In order to consider highest and best use of the property, I have first determined which uses are legally permissible. These include:

- Private restrictions
- Zoning
- Building codes
- Historic district controls
- Environmental regulations
- Long-term leases

Private restrictions and deed restrictions relate to the covenants under which properties are acquired. These restrictions may prohibit certain uses or specify building setbacks, heights, and types of materials. If deed restrictions conflict with zoning laws or building codes, the most restrictive guidelines usually prevail. Utility easements are a private restriction, however, are consistent with use and do not adversely affect the site use.

The subject is zoned CB – Central Business District. The intent of the CB zoning is to provide a location for groups of compatible commercial uses having the common characteristic of not involving more than incidental and minimal assembly, fabrication or storage of commodities; for example, establishments dispensing retail commodities, and those providing professional and personal services to the individual. The CB zoning district is the most intensive commercial zoning district. To promote pedestrian use, unbroken, street level, commercial frontage is encouraged in this zoning district. The subject's current use as a retail/restaurant facility or office is permitted outright. There are no minimum lot requirements, yard requirements or open space requirements. The maximum height of any structure cannot exceed 65'.

2) Physically possible: The size, shape, topography, soil structure and accessibility affect the uses that are practical for the site. The subject is level, 100% usable, and consists of 9,375 SF and is predominantly rectangular in shape. The site is not located in a flood zone. The site square footage has the utility and size to accommodate the existing structure. Site size and shape are the predominant limitations to physically possible developments.

3) Financially feasible: In considering financial feasibility, I have considered which uses are likely to produce an income or return on investment that will satisfy operating expenses, financial obligations, and capital amortization.
On-site parking is highly limited in downtown Moscow and is not considered an essential factor in the highest and best use but is a valuable commodity. The subject does not have off-street parking as currently developed. Use as either restaurant, service, office or retail are considered maximally productive alternatives for the site 'as though' vacant. Considering the subject's Moscow CBD location and proximity to the University of Idaho campus, commercial office, retail or restaurant/retail are all financially feasible uses.

4) Maximally productive: The use that produces the highest residual land value consistent with the rate of return warranted by the market for that use. (Appraisal Institute, The Appraisal of Real Estate, fourteenth Edition.)

Based on the location of the site in an area of conforming uses, adequate access, the logical and financially feasible highest and best use 'as though vacant' would be as a commercial development site, office, retail or restaurant/retail oriented based on the high exposure and high volume of pedestrian traffic. Sixth Street, Main Street and Third Street are predominantly retail oriented, with more office use existing along Washington and Jackson Streets. The immediate neighborhood is predominantly retail and office oriented.

HIGHEST AND BEST USE AS IMPROVED

Features	Improvements
Square Footage	9,308 SF of net rentable square footage equal to gross building area.
Design	One story, single tenant office facility, heavily demised with several offices, storage, conference rooms, break rooms, five restrooms, locker rooms, report writing, reception, records room, etcetera, with specialized tenant improvements relative to the existing use as the Moscow Police Department Office Building.
Height	Estimated at 16' to sill plate.
Site Coverage	Overall, there is a 99% site coverage ratio; 1:1 land to building ratio.
Current Use	City of Moscow Police Department office building.
Construction	The original construction is overall Average Class C, with average interior condition and no known needed repairs of structural deficiencies. Plumbing, mechanical, and electrical systems have been upgraded over the years. The roof membrane was replaced in 2015; two of the HVAC units were installed in October of 2013. The generator is new within the past five years.
Existing Use	Single tenant office building, heavily demised for current use.
Layout	Heavily demised for current use; please refer to the Improvement Description section of this report for a current schematic.
Off Street Parking	Not typical to downtown Moscow properties, the subject property does not include any off-street parking.

1) Legally permissible: The utilization of the existing improvements is consistent with uses in the area and are in conformance with the existing private restrictions and zoning ordinances, therefore legally permissible. Historic district controls, and environmental regulations are not applicable. No zoning changes are anticipated.

2) Physically Possible: The physical considerations of the site for the use of commercial development have been explored in highest and best use of the site “as though vacant” and in the site description of this report. The appraiser has reported that the access, exposure, truncating properties, topography and availability of utilities lend to the physical suitability of the site as a commercial development site. The site is suitable and well qualified for the existing site improvements.

3) Financially Feasible: The market rents in the area indicate potential additional income value to expand or convert the existing office property to an alternative use. Financially feasible alternative uses are determined by feasibility analyses, which is outside the scope of this assignment. The trend for redevelopment of downtown Moscow properties – in some cases down to the building shell – has been occurring over the past several years.

4) Maximally productive: In analyzing alternative uses under "physically possible" above, consideration to other uses was based on identifying uses that would produce a higher benefit to the existing property, which includes 9,308 SF of gross SF of building area, of which 100% is utilized as a single-tenant office building for the City of Moscow Police Department. The subject has two storefront entries and was previously a two-tenant facility. Maximally productive use is most likely as a two-tenant facility, considering a general lack of local demand for a 9,308 SF single tenant office building. The highest and best use conclusion is continued use in a commercial retail or office capacity, and potentially demising the space. The existing tenant improvements are highly delineated for specialized use by the current occupant and are second-plus generation. Alternative uses would most likely require updating and reconfiguration of the existing space.

Valuation Methodology:

Real property appraisal is the systematic acquisition, classification, analysis and presentation of data toward the goal of arriving at a reliable estimate of value of a subject property. To this point, I have presented a summary report of important facts and conclusions, a state of assumptions and underlying conditions, and relevant definitions such as the effective date of value estimate, the property rights being appraised, and the type of value sought. I have presented a discussion of strengths and weaknesses of the property. There are three commonly accepted approaches used in valuing real estate, defined as follows:

Cost Approach—One of the three traditional appraisal approaches to estimating value. In this approach, value is based on adding the contributing value of any improvements (after deduction for accrued depreciation) to the value of the land as if it were vacant based on its highest and best use. If the interest appraised is other than fee simple, additional adjustments may be necessary for non-realty interest and/or the impact of existing leases or contracts. Based on the age of the improvements, the cost approach is not considered applicable.

Sales Comparison Approach—One of the three traditional appraisal approaches to estimating value. Value is estimated by comparing similar properties that have sold recently to the subject property. Formerly referred to as the "market approach". The sales comparison approach is fully developed herein to arrive at an 'as is' market value.

Income Approach—One of the three traditional appraisal approaches to estimating value. In this approach, value is based on the present value of future benefits of property ownership. In direct capitalization, a single year's income is converted to a value indication using a capitalization rate. In yield capitalization, future cash flows are estimated and discounted to a present value using an appropriate discount rate. The income approach is fully developed herein using direct capitalization to arrive at the value conclusion 'as is.'

Sales Comparison Approach to Value:

Introduction

The sales comparison approach is the process in which a market value estimate is derived by analyzing the market for similar properties and comparing these properties to the subject property.

The appraisal principles that apply to the sales comparison approach are:

- Anticipation
- Change
- Supply and demand
- Substitution
- Balance
- Externalities

Procedure

The market has been researched to obtain information on the most recent sales transactions that are similar to the subject as defined by highest and best use of the property and meet the definition of "Arm's length Transactions," defined in the introduction. Information is verified by confirming that the data is factually correct.

Acceptable methods are used to analyze and adjust data to make the sales similar to the subject. Matched paired sales provides a basis for quantitative adjustments by comparing one sale to another and isolating the differences of value contribution for market condition, time, rights conveyed, conditions of sale as well as physical characteristics. The contribution is then applied to adjust the sales property unit of comparison to make it similar to the subject.

Selection of relevant units of comparison, price per SF of gross rentable area, is determined by evaluating the consistency and market acceptance of relevant per-unit indications. Using these elements of comparison derived from the comparable sales, adjustments are made appropriately. Adjusted values are reconciled to establish a value indication or range of value. Gross rentable area includes all usable area by the tenant.

Method and Analysis

General characteristics were analyzed by available units of comparison after analyzing and extrapolating quantitative adjustments, shown in dollar or percentage amounts. Where quantitative adjustments cannot be extracted, qualitative adjustments are applied at (+) and/or (-) comparison. Offsetting values are the same as "equal to" or (=).

Qualitative analysis recognizes the inefficiencies of real estate markets and the difficulty in expressing adjustments with mathematical precision. The appraiser, therefore, has explained the logic applied in arriving at the adjustment.

Sales Considered

Sales collected and analyzed for consideration are on the following pages. Sales of this type are somewhat limited because of the size of market area. The sales comparison approach is considered a "rule of thumb" indication of value and was given some weight in the final concluded value.

All sales have been summarized, adjusted, and are presented in spreadsheet format following the sales summary sheets and location map. These sales are analyzed and adjusted to conclude a final estimate of value on a price/SF of net rentable square footage.

Comparable Sale 1

GVA
A REAL ESTATE APPRAISAL COMPANY

Record Number 458

Property Type Commercial

Property Type & Address

Property Name	Haddock Building	**Primary Land**	CBD
Address	504 S. Washington St.	**City**	Moscow, ID
County	Latah	**Zip**	83843

Transaction Summary

Sale Price	$875,000.00	**Sale Date**	9/24/2020
$ Condition Adj	$0.00	**Adj $ Price**	$875,000.00
Adjusted $/Acr	$0	**$/SF Building**	$117.47
Instrument No.	WD 608924	**DOM**	0
Seller	Gritman Medical Park LLC	**Buyer**	City of Moscow

Site

Site Dimensions	125 x 80
Site Area in Acres	0.23
Site Area in Square Feet	10,000.00
Land Use Zone	Central Business District
Siting	Corner
Site View	Commercial

Physical Overview

Site Improvements in	Small non-conforming parking lot, peripheral landscaping, sidewalks
Utilities Available	All Available; City Services
Topography	Level at Street Grade
Access	Public - 5th Street and Washington Street

Building Information

Year Built	1995	**Construction Quality**	Above Average Class C
Floors	2		
GBA (SF)	7,449.00		
Common & Public Area SF	0		
SF/% Retail	0%	**SF/% Office**	100%
SF/% WH	0%	**SF/% Apt**	0%

Income/Expense Information

Cap Rate	6.05%	**PGI**	$88,676
EGIM	10.66	**EGI**	$82,025.00
		NOI	$52,994.00
Expenses	$29,031.00		
% Expenses	35.00%		

Legal/Transaction Detail

Tax Parcel ID	RPM0001006001AA
Assessed Land Value	$160,800.00
Assessed Imprv. Value	$635,000
Real Estate Taxes	$13,125.52
Financing	Cash
At Market Transaction?	Yes
Property Rights	Fee Simple
Confirmed By	Ruby Miles Stroschein, MAI
Confirmed With	Buyer, Seller, Deed, Files
Date Inspected	5/15/2015

Additional Comments

Previously purchased by Gritman Medocal Center in 2015. Gritman was interested in a separate unrelated vacant parcel of land that was owned by the same seller (Christ Church). Seller agreed to sell Gritman the land if they would also purchase this office building with a rent-back agreement at $10/SF NN. Gritman ultimately sold the property to the City of Moscow. The building is being remodeled for future use as a city employee office building. Sales price is $117.47/SF. Purchase price from 03/312015 was $750,000, 2.84% annualized increase over a 5.5 year time period.

Comparable Sale 2

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Record Number 456

Property Type Commercial

Property Type & Address

Property Name	Former Salvation Army	**Primary Land**	Commercial
Address	315 S. Jackson St.	**City**	Moscow, ID
County	Latah	**Zip**	83843

Transaction Summary

Sale Price	$750,000.00	**Sale Date**	3/31/2020
$ Condition Adj	$0.00	**Adj $ Price**	$750,000.00
Adjusted $/Acr		**$/SF Building**	$75.00
Instrument No.	WD 604799	**DOM**	291
Seller	The Salvation Army, a California Corp	**Buyer**	315 S. Jackson, LLC

Site

Site Dimensions	Irr x Irr
Site Area in Acres	0.43
Site Area in Square Feet	18,880.00
Land Use Zone	Central Business District
Siting	Interior
Site View	Commercial

Physical Overview

Site Improvements in	Paved Parking Lot
Utilities Available	All available; City Services
Topography	Level at Street Grade
Access	S. Jackson Street - Public

Building Information

Year Built	1959	**Construction Quality**	Class C
Floors	1		
GBA (SF)	10,000.00		
Common & Public Area SF	0		
SF/% Retail	100%	**SF/% Office**	0%
SF/% WH	0%	**SF/% Apt**	0%

Income/Expense Information

Cap Rate	7.15%	**PGI**	$86,241
EGIM	9.15	**EGI**	$86,241.00
		NOI	$53,589.00
Expenses	$28,340.00		
% Expenses	34.59%		

Legal/Transaction Detail

Tax Parcel ID	RPM0540002004AA & RPM0540002041AA
Assessed Land Value	$219,880.00
Assessed Imprv. Value	$607,200
Real Estate Taxes	13641.42
Financing	Cash Equivelancy
At Market Transaction?	Yes
Property Rights	Fee Simple
Confirmed By	Sarah E Miles, MAI
Confirmed With	CH, Broker, CoStar
Date Inspected	3/4/2021

Additional Comments

Building was in shell condition at the time of sale. Purchased and fully remodeled as Class A office space. OAR reconstructed using market income and expense terms commensurate with a tenant paying for tenant improvements to rehabilitate shell space. Asking price was $850,000.

Comparable Sale 3

GVA
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Record Number 455

Property Type Commercial

Property Type & Address

Property Name	The Hope Center	**Primary Land**	Commercial
Address	1212 W. Pullman Road	**City**	Moscow, ID
County	Latah	**Zip**	83843

Transaction Summary

Sale Price	$820,000.00	**Sale Date**	2/12/2021
$ Condition Adj	$0.00	**Adj $ Price**	$820,000.00
Adjusted $/Acr	$0	**$/SF Building**	$100.99
Instrument No.	612484	**DOM**	0
Seller	Connelly Family Limited Partnership	**Buyer**	Hope Center Moscow, Inc.

Site

Site Dimensions	Irr x Irr
Site Area in Acres	1.28
Site Area in Square Feet	55,738.00
Land Use Zone	Motor Business
Siting	Interior
Site View	Commercial; U of I Ball Fields

Physical Overview

Site Improvements in	Paved Parking
Utilities Available	All Available, City Services
Topography	Level at Street Grade
Access	Public - W. Pullman Rd.

Building Information

Year Built	1968	**Construction Quality**	Avg. Class C
Floors	1		
GBA (SF)	8,120.00		
Common & Public Area SF	0		
SF/% Retail	100%	**SF/% Office**	0%
SF/% WH	0%	**SF/% Apt**	0%

Income/Expense Information

Cap Rate	5.46%	**PGI**	$69,292
EGIM	12.2	**EGI**	$67,213.00
		NOI	$44,739.00
Expenses	$22,474.00		
% Expenses	33.44%		

Legal/Transaction Detail

Tax Parcel ID	ROM00000075855A & RPM00000075900I
Assessed Land Value	$224,400.00
Assessed Imprv. Value	$402,578
Real Estate Taxes	10341.06
Financing	Cash Equivalency
At Market Transaction?	Yes
Property Rights	Fee Simple
Confirmed By	Sarah Miles, MAI
Confirmed With	Rob Cassetto, Dave Sutherla
Date Inspected	3/4/2021

Additional Comments

The original building constructed in 1968 contained 8,120 SF. In 2019, the tenant at the time (The Hope Center, who purchased the building) constructed an additional 6,240 SF of building area. The Hope Center owned this portion of the building, although it sat on landlord owned land. The County stated that the Hope Center owned this portion of the building, which was tax exempt, and thus the tenant was not required to pay real estate taxes on that portion of the building. While the building was actually 14,360 SF at the time of sale, the above analysis is of the 8,120 SF building and 55,738 SF of site area purchased by the tenant. Land value assessment does not reflect both parcels (only 27,413 SF); assessments/taxes are prior to tax exempt status.

Comparable Sale 4

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Record Number 446	**Property Type** Commercial

Property Type & Address

Property Name	Park Place Plaza	**Primary Land**	Commercial
Address	1150 Alturas, Suites 10	**City**	Moscow
County	Latah	**Zip**	83843

Transaction Summary

Sale Price	$257,300.00	**Sale Date**	4/7/2020
$ Condition Adj	$0.00	**Adj $ Price**	
Adjusted $/Acr		**$/SF Building**	$119.95
Instrument No.	608944	**DOM**	7
Seller	Pioneer Exchange Accommodation Titleholder, LLC	**Buyer**	Rodney and Jenny Story

Site

Site Dimensions	Irr x Irr
Site Area in Acres	0.96
Site Area in Square Feet	41,720.00
Land Use Zone	Research, Technology, Offic
Siting	Corner
Site View	Commercial

Physical Overview

Site Improvements in	Paved parking, lighting, sidewalks, curbs, & gutters
Utilities Available	All available, City Services
Topography	Level at street grade
Access	Public - Alturas Drive

Building Information

Year Built	2002	**Construction Quality**	
Floors	1		
GBA (SF)	2,145.00		
Common & Public Area SF	0		
SF/% Retail		**SF/% Office**	100%
SF/% WH		**SF/% Apt**	

Income/Expense Information

Cap Rate	7.12%	**PGI**	$29,678
EGIM	9.13	**EGI**	$28,194.00
		NOI	$18,326.00
Expenses	$9,868.00		
% Expenses	35.00%		

Legal/Transaction Detail

Tax Parcel ID	See Below
Assessed Land Value	$44,800.00
Assessed Imprv. Value	$203,500
Real Estate Taxes	$4,095.18
Financing	Conventional
At Market Transaction?	Yes
Property Rights	Fee Simple
Confirmed By	Sarah E. Miles, MAI
Confirmed With	CH, Deed, MLS, Inspected
Date Inspected	1/5/2021

Additional Comments

This sale is for units 102, 103, and 105. The buyer already owned units 101, 104, and 108. Unit 102 parcel number is RPM96450000102A, unit 103 parcel number is RPM96450000103A, and unit 105 parcel number is RPM96450000105A. Alturas park office condominiums, limited market exposure, history of use restrictions. These condominiums do not have the heavy use restrictions that highly limited available demand in Phase II. Average quality, average overall condition. Combined suites consist of 2,145 SF. Shared paved parking. PGI stated above includes $12.00/SF base rent plus $2.00/SF CAMS. Expenses are based on a 35% overall expense ratio plus a 5% vacancy allowance.

Comparable Sale 5

GVA

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Record Number 344

Property Type Commercial

Property Type & Address

Property Name	Neely's Travel Service	**Primary Land**	Commercial
Address	524 S. Main St.	**City**	Moscow
County	Latah	**Zip**	83843

Transaction Summary

Sale Price	$360,000.00	**Sale Date**	1/31/2017
$ Condition Adj	$0.00	**Adj $ Price**	$360,000.00
Adjusted $/Acr		**$/SF Building**	$129.49
Instrument No.	583670	**DOM**	0
Seller	Gregory & Bradley Neely	**Buyer**	Mullin, Daniel & Linda

Site

Site Dimensions	55.18 x 59
Site Area in Acres	0.075
Site Area in Square Feet	3,258.00
Land Use Zone	CB Central Business
Siting	Corner
Site View	Commercial CBD

Physical Overview

Site Improvements in	Street Lighting, concrete sidewalks, curbing, street parking only
Utilities Available	All available; city services
Topography	Level at street grade
Access	Public - Alley & Main St.

Building Information

Year Built	1958	**Construction Quality**	Avg. Class C
Floors	1		
GBA (SF)	2,780.00		
Common & Public Area SF	146		
SF/% Retail	19%	**SF/% Office**	76%
SF/% WH	0%	**SF/% Apt**	0%

Income/Expense Information

Cap Rate	6.45%	**PGI**	$33,890
EGIM	15.5	**EGI**	$32,196.00
		NOI	$23,214.00
Expenses	$8,982.00		
% Expenses	27.90%		

Legal/Transaction Detail

Tax Parcel ID	RPM0001005006AA
Assessed Land Value	$75,000.00
Assessed Imprv. Value	$160,000
Real Estate Taxes	4463.9
Financing	Conventional
At Market Transaction?	Yes
Property Rights	Fee Simple
Confirmed By	Sarah Miles, MAI
Confirmed With	Appraisal, Deed, Inspection
Date Inspected	11/18/2016

Additional Comments

2,780 SF one story commercial building in downtown Moscow on a 3,258 SF lot. The building was constructed in 1945, 1958, and 1968. At the time of sale, the large suite (2,118 SF) was utilized as a travel service office; the small suite (516 SF) is a donut shop. The office space has dated TI. Unit A was built in 1945. Unit B was then added in 1958 and then unit C was added in 1968. At the time of inspection Neely's Travel Agency occupied unit's A & C. Upon the purchase of the subject, the travel agency will be leaving. Buyers plan on using this space as an office/architectural firm. Unit B was occupied by Buy the Dozen Donut Shop. Built-up flat roofing system that was not viewed. According to the owner the roof tar paper was replaced

Comparable Sale 6

A REAL ESTATE APPRAISAL COMPANY

Record Number 374

Property Type Commercial

Property Type & Address

Property Name	Moscow Water Department	**Primary Land**	Commercial
Address	201 N. Main Street	**City**	Moscow
County	Latah	**Zip**	83843

Transaction Summary

Sale Price	$422,214.00	**Sale Date**	7/31/2018
$ Condition Adj	$0.00	**Adj $ Price**	$422,214.00
Adjusted $/Acr	$0	**$/SF Building**	$111.67
Instrument No.	593683 W18	**DOM**	0
Seller	Magyar Investments Inc.	**Buyer**	City of Moscow

Site

Site Dimensions	80' x 125'
Site Area in Acres	0.23
Site Area in Square Feet	10,000.00
Land Use Zone	MB Motor Business
Siting	Corner Lot
Site View	Moscow's North CBD

Physical Overview

Site Improvements in	Paved parking, landscaping, sidewalks, lighting, curbs, gutters
Utilities Available	All available, city services
Topography	Level at Street Grade
Access	West A Street

Building Information

Year Built	1963	**Construction Quality**	Avg. Class C
Floors	2		
GBA (SF)	3,781.00		
Common & Public Area SF	0		
SF/% Retail	0%	**SF/% Office**	100%
SF/% WH	0%	**SF/% Apt**	0%

Income/Expense Information

Cap Rate	7.99%	**PGI**	$51,440
EGIM	12.52	**EGI**	$48,868.00
		NOI	$33,717.00
Expenses	$15,151.00		
% Expenses	31.00%		

Legal/Transaction Detail

Tax Parcel ID	RPM054000B021AA
Assessed Land Value	$160,800.00
Assessed Imprv. Value	$135,890
Real Estate Taxes	4816.68
Financing	Cash
At Market Transaction?	Yes
Property Rights	Fee Simple
Confirmed By	Sarah Miles, MAI
Confirmed With	Deed, Assessor, City, Files
Date Inspected	8/14/2018

Additional Comments

The subject improvements consist of an atypically designed class C CMU commercial office building located at 201 N. Main Street, Moscow, ID. This commercial building consists of 3,781 sf of gross building area which is comprised of five offices, reception area, vault, two restrooms, storage areas, mechanical room, and conference room on main floor with five offices on second floor. The subject is currently occupied the City of Moscow's Water Department. The tenant was the buyer. Actual lease data at the time of sale shown above.

Comparable Sale 7

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Record Number 399	**Property Type** Commercial

Property Type & Address

Property Name	Chris'Appliances	**Primary Land**	Commercial
Address	337 N. Main St.	**City**	Moscow
County	Latah	**Zip**	83843

Transaction Summary

Sale Price	$375,000.00	**Sale Date**	9/29/2018
$ Condition Adj	$0.00	**Adj $ Price**	$375,000.00
Adjusted $/Acr	$0	**$/SF Building**	$98.06
Instrument No.		**DOM**	46
Seller	Kappler, Cgeorge & Karen	**Buyer**	Forzera LLC

Site

Site Dimensions	40 x 125
Site Area in Acres	0.1136
Site Area in Square Feet	4,950.00
Land Use Zone	Commercial
Siting	Corner Lot
Site View	Commercial - Rosaurs

Physical Overview

Site Improvements in	Paved Parking (minimal), sidewalks, gutter
Utilities Available	All available, city services
Topography	Level at street grade
Access	East D Street

Building Information

Year Built	1995	**Construction Quality**	Avg. D/Pole
Floors	0		
GBA (SF)	3,824.00		
Common & Public Area SF	0		
SF/% Retail	30%	**SF/% Office**	0%
SF/% WH	70%	**SF/% Apt**	0%

Income/Expense Information

Cap Rate	4.93%	**PGI**	$29,240
EGIM	13.5	**EGI**	$27,778.00
		NOI	$18,505.00
Expenses	$9,273.00		
% Expenses	33.38%		

Legal/Transaction Detail

Tax Parcel ID	RPM054000A001BA
Assessed Land Value	$90,000.00
Assessed Imprv. Value	$125,000
Real Estate Taxes	3690.94
Financing	Cash Equivelancy
At Market Transaction?	Yes
Property Rights	Fee Simple
Confirmed By	Sarah Miles, MAI
Confirmed With	Broker, MLS 98701413, CH
Date Inspected	11/26/2018

Additional Comments

3,824 SF of GBA pole building with 2,924 SF on the main level and 30 x 30 SF above the office. Built in 1995. OAR is developed using market constructed data. 4,950 SF lot; the building faces Rosaurs Grocery Store.

Comparable Sale 8

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Record Number 457

Property Type Commercial

Property Type & Address

Property Name	S. Grand Ave. Multi-Tenant Bldg	**Primary Land**	Commercial
Address	1220-1234 S. Grand Av	**City**	Pullmlan, WA
County	Whitman	**Zip**	99163

Transaction Summary

Sale Price	$1,500,000.00	**Sale Date**	11/25/2020
$ Condition Adj	$0.00	**Adj $ Price**	$1,500,000.00
Adjusted $/Acr		**$/SF Building**	$103.24
Instrument No.	762687	**DOM**	375
Seller	Wysup Properties LLC	**Buyer**	Real Life Ministries LLC

Site

Site Dimensions	Irr x Irr
Site Area in Acres	1.12
Site Area in Square Feet	48,787.00
Land Use Zone	Commercial
Siting	Interior
Site View	S. Grand Commercial Corridor

Physical Overview

Site Improvements in	Large Paved Parking Lot
Utilities Available	All Available, City Services
Topography	Moderate Slope ASG, then Level
Access	S. Grand Ave. - Public

Building Information

Year Built	1981	**Construction Quality**	Avg. Class C
Floors	1		
GBA (SF)	14,529.00		
Common & Public Area SF	0%		
SF/% Retail	0%	**SF/% Office**	20%
SF/% WH	80%	**SF/% Apt**	0%

Income/Expense Information

Cap Rate	6.10%	**PGI**	$125,098
EGIM	12.62	**EGI**	$118,843.00
		NOI	$91,532.00
Expenses	$27,311.00		
% Expenses	22.98%		

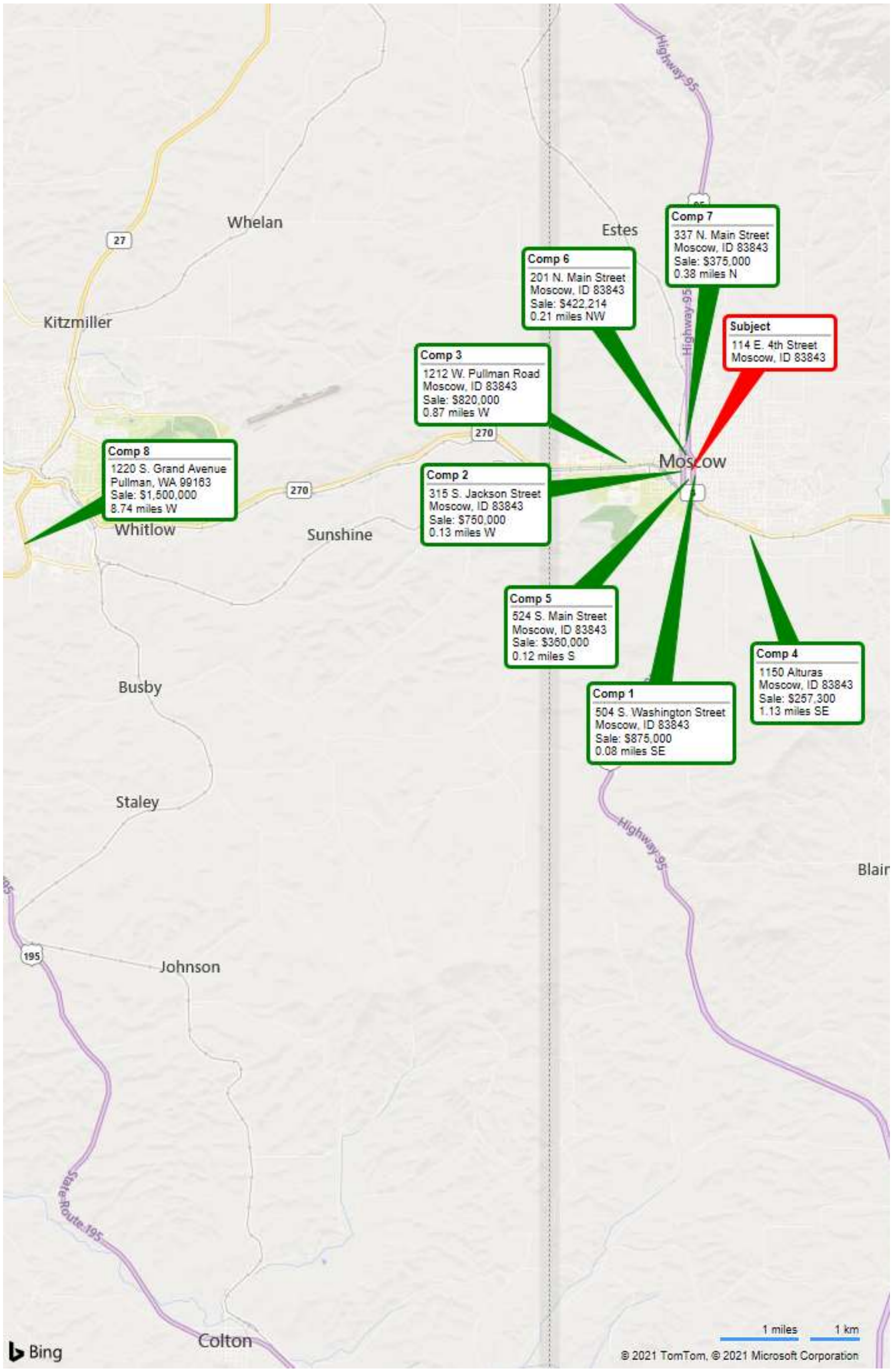
Legal/Transaction Detail

Tax Parcel ID	814800000000007, 0008, 0009
Assessed Land Value	$501,000.00
Assessed Imprv. Value	$1,692,936
Real Estate Taxes	$4905.00
Financing	Cash Equivelancy
At Market Transaction?	Yes
Property Rights	Leased Fee & Fee Simple
Confirmed By	Sarah Miles, MAI
Confirmed With	CoStar, Agent, CH
Date Inspected	3/5/2021

Additional Comments

Estimated at 20% office, 80% shell at the time of sale. "Shell" space allocated as warehouse in building breakdown. Extensive frontage to Grand Avenue, extensive parking. Currently delineated into four spaces. Asking price was $2,750,000. OAR reconstructed using market income and expense terms commensurate with a tenant paying for tenant improvements to rehabilitate shell space component. 2021 assessment and tax information above is per Whitman County Taxsifter. Currently partially exempt; prior taxes were $4,905.14 in 2019 per agent. Stewart Title's lease is $2,125/month on 1,416 SF or $18.00/SF/Yr. This tenant pays all own utilities (MG). Reimbursments calculated on 90% of building.

Improved Sales Location Map:



Improved Sales Analysis

The following is a discussion of accepted qualitative and market derived quantitative adjustments, and an explanation of the adjustment process.

Property Rights - The transaction price of a sale is always based on the real property interest conveyed. In this instance, an adjustment for this attribute was not considered necessary. Within this market, the investor's perspective is typically one of the following:

- Investment for return only: most typical to neighborhood shopping centers and other multi-tenant facilities. The investor is strictly interested in the net rental returns and future return on investment.
- Owner/user: more typical to single tenant type facilities. Our firm has confirmed several local area sales where the "investor" purchased a facility for use or was leasing the facility and purchased the property from the landlord. In essence, the investment was in lieu of future rental payments (return on investment), and most typically an expectation of positive reversionary value (return of investment).

Due to owner-user influence for the sales used herein, an adjustment for ramp up/vacancy is not considered necessary.

Conditions of Sale - Adjustments made for conditions of sale usually reflect atypical motivations of the buyer and seller at the time of conveyance. A sale may be transacted at a below market price if the seller needs cash in a hurry. A financial, business, or family relationship between the parties may also affect the price of property. When non-market conditions of sale are detected in a transaction, the sale must be thoroughly researched before an adjustment is made. Based upon the research performed, it is believed that all of the comparable sales involved regular arms-length transactions without the presence of duress or adverse market influence. A conditions of sale adjustment is not applicable.

Financing Terms - Prices paid in acquiring property may differ significantly due to the financing involved, if any. Cash or cash equivalencies are the basis of value, whereas extended, above market interest rate and/or leverage investor term sales generally represent the higher portion of a sales price range. None of the sales required adjustments for financing terms.

Market Conditions/Time - Market conditions may change between the time of sale of a comparable property and the date of the appraisal of the subject property. Changed market conditions often result from various causes, such as inflation, changing demand, and changing supply. Time itself is not the cause for the adjustment. The comparable sales occurred between 2017 – 2021. With stable to increasing rents and decreasing capitalization rates over this time period, as published by the quarterly PwC reports, the changing factor (implied) is increasing sales prices. Where somewhat limited local match-paired data is available to derive a local market time trend, I have concluded a rate of 2.84%/year as a combination of inflation data and predominantly from the match paired sale time adjustment derived from comparable sale 1 (further explained on the comparable sale data sheet). While market conditions have certainly improved for all property types in recent years, the change in volume of transactions is more apparent in the commercial and multi-family markets. Price appreciation is apparent in the single-family residential market.

Summary of Comparable Sales & Adjustments

The comparable sales are analyzed with respect to location, building size, finish, condition, and with some respect to land to building ratios. Typically, an adjustment is not warranted for excess site area that does not support the function of the improvements. Land to building ratio adjustments were not derived from the marketplace for the sales used herein. For the most part, a location adjustment was not derived for the sales used herein, with most sales being located on Moscow's primary arterials. Comparable sale 4 is located in the Alturas Business Park. While this property's location is not in the area of the Park with greater use restrictions, this is considered a secondary location with an upward adjustment of 5% applied based on commensurate rental rate differences. Comparable sale 8 is located on South Grand Avenue in Pullman; however, a location adjustment was not derived for this sale. With two exceptions, all properties have mostly similar construction quality, with no adjustments deemed applicable for this physical characteristic. Comparable sale 1 is superior in construction quality; this property was adjusted downward by -10% using Marshall and Swift data for superior construction quality. Comparable sale 7 is inferior in construction quality and adjusted upward by 10% using similar methodology.

Differences in condition are adjusted for by 1% for each year difference in effective age; this is a market derived value with supporting data contained in our work files. The only other adjustment applied herein is for finish on sales 24. While the subject's tenant improvements (TI) are second-plus generation and will likely require a fairly significant remodel for an alternative use, comparable sale 2's shell condition at the time of sale requires an upward adjustment for finish applied at +15%. The Alturas Park office sale (comparable 4) has superior TI condition not adequately reflected in the effective age adjustment, applied at -10%. Overall, net percent adjustments are within acceptable parameters for the local market, where single tenant sales volume is comparatively limited.

Inverse Size: typically, larger buildings sell for less per SF compared to smaller buildings, which is a reflection of diminishing marginal return. Because this adjustment tends to be fairly significant, the comparable sales were intentionally chosen to portray a variety of building sizes, and adequately bracket the subject's NRSF. The diminishing marginal return relationship is not linear; i.e., the sales price per SF will not eventually approach $0/SF. The inverse size relationship is analyzed following the sales grid.

Analysis Grid

The above direct comparable improved sales have been analyzed and compared with the subject property. We have considered adjustments in the areas of:

- Property Rights Sold
- Economic Trends (time)
- Financing
- Location
- Conditions of Sale
- Physical Characteristics

Below is a sales comparison grid displaying the subject property, the comparable sales and the adjustments applied.

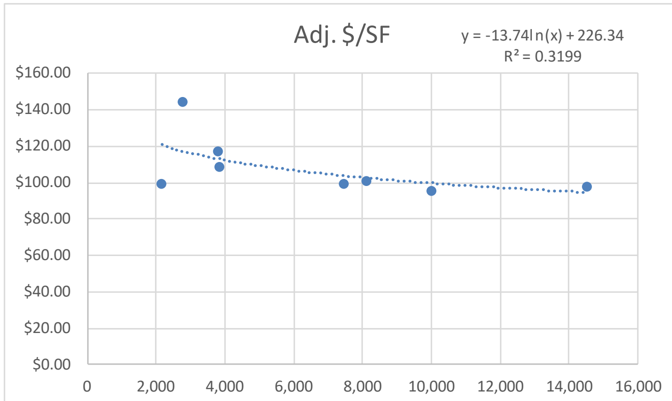
Comparable Sales Adjustment Grid

SALES COMPARISON IMPROVED					
Comp No.	**Subject**	**1**	**2**	**3**	**4**
Property Name	Moscow Police Department	Haddock Building	Former Salvation Army Building	The Hope Center	Office Condominiums at Alturas Park
Address	114 4th Street	504 S. Washington Street	315 S. Jackson Street	1212 W. Pullman Road	1150 Alturas Drive, Moscow, ID (101, 104 & 108)
City	Moscow	Moscow	Moscow	Moscow	Moscow
State	ID	ID	ID	ID	ID
County	Latah	Latah	Latah	Latah	Latah
Analysis Date	3/5/2021	9/24/2020	3/31/2020	2/12/2021	4/7/2020
Sale Price	NA	$875,000	$750,000	$820,000	$257,300
Size GBA	9,308	7,449	10,000	8,120	2,145
Finished/Analysis NRSF	9,308	7,449	10,000	8,120	2,145
Land Area (SF)	9,375	10,000	18,880	55,738	Condominium - Shared
Land Area (Acre)	0.22	0.23	0.43	1.28	Shared 0.96 Acre
Land to Bldg Ratio	1.01	1.34	1.89	6.86	Sufficient for Use
SP/SF (NRSF)	NA	$117.47	$75.00	$100.99	$119.95
Property Rights	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple
Financing	Equated to Cash Equivelancy	Cash Equivelancy	Cash Equivelancy	Cash Equivelancy	Cash Equivelancy
Conditions of Sale	Arms Length	Arms Length	Arms Length	Arms Length	Arms Length
Year Built	Est. 1936	1995	1959	1968	2002
Age ATOS	85	25	61	53	18
Effective Age	26	20	35	26	12
% Office	100%	100%	0%	0%	100%
% Retail	0%	0%	100%	100%	0%
% Storage/Warehouse	0%	0%	0%	0%	0%
% Apartment	0%	0%	0%	0%	0%
Quantitative Adjustments					
Property Rights		0.00%	0.00%	0.00%	0.00%
Financing Terms		0.00%	0.00%	0.00%	0.00%
Conditions of Sale		0.00%	0.00%	0.00%	0.00%
Months Elapsed		5	11	1	11
Market Conditions/Time		1.27%	2.64%	0.18%	2.59%
Adj Price/NRSF		$118.96	$76.98	$101.17	$123.06
Location/Exposure/Neighborhood Comp:		0.00%	0.00%	0.00%	5.00%
Qualitative Analysis		Not Derived	Not Derived	Not Derived	Inferior
Effective Age		-6.00%	9.00%	0.00%	-14.00%
Qualitative Analysis		Superior	Inferior	Similar	Superior
Construction/Functionality		-10.00%	0.00%	0.00%	0.00%
Qualitative Analysis		Superior	Not Derived	Not Derived	Not Derived
Adjustment for Finish		0.00%	15.00%	0.00%	-10.00%
Qualitative Analysis		Second Gen. TI	Shell Condition At Time of Sale	Second Gen. TI	Superior TI Condition
Net Percent Adjustment		-16.00%	24.00%	0.00%	-19.00%
Total Adjusted Price/NRSF		**$99.92**	**$95.46**	**$101.17**	**$99.68**

SALES COMPARISON IMPROVED				
Comp No.	**5**	**6**	**7**	**8**
Property Name	Neely's Travel Building	Moscow Water Department	Chris' Appliances	Former Wysup Bldg.; Multi-Tenant Space
Address	524 S. Main Street	201 N. Main Street	337 N. Main Street	1220-1234 S. Grand Ave.
City	Moscow	Moscow	Moscow	Pullman
State	ID	ID	ID	WA
County	Latah	Latah	Latah	Whitman
Analysis Date	1/31/2017	7/31/2018	9/28/2018	11/25/2020
Sale Price	$360,000	$422,214	$375,000	$1,500,000
Size GBA	2,780	3,781	3,824	14,529
Finished/Analysis NRSF	2,780	3,781	3,824	14,529
Land Area (SF)	3,258	10,000	4,950	48,787
Land Area (Acre)	0.07	0.23	0.11	1.12
Land to Bldg Ratio	1.17	2.64	1.29	3.36
SP/SF (NRSF)	$129.50	$111.67	$98.06	$103.24
Property Rights	Fee Simple	Fee Simple	Fee Simple	FS & LF
Financing	Cash Equivelancy	Cash Equivelancy	Cash Equivelancy	Cash Equivelancy
Conditions of Sale	Arms Length	Arms Length	Arms Length	Arms Length
Year Built	1958	1963	1995	1981
Age ATOS	59	55	23	39
Effective Age	26	24	20	20
% Office	76%	100%	0%	0%
% Retail	19%	0%	30%	20%
% Storage/Warehouse	0%	0%	70%	80%
% Apartment	0%	0%	0%	0%
Quantitative Adjustments				
Property Rights	0.00%	0.00%	0.00%	0.00%
Financing Terms	0.00%	0.00%	0.00%	0.00%
Conditions of Sale	0.00%	0.00%	0.00%	0.00%
Months Elapsed	49	31	29	3
Market Conditions/Time	11.64%	7.38%	6.92%	0.79%
Adj Price/NRSF	$144.56	$119.90	$104.85	$104.06
Location/Exposure/Neighborhood Comp:	0.00%	0.00%	0.00%	0.00%
Qualitative Analysis	Not Derived	Not Derived	Not Derived	Not Derived
Effective Age	0.00%	-2.00%	-6.00%	-6.00%
Qualitative Analysis	Similar	Similar Overall	Superior	Superior
Construction/Functionality	0.00%	0.00%	10.00%	0.00%
Qualitative Analysis	Not Derived	Not Derived	Inferior	Not Derived
Adjustment for Finish	0.00%	0.00%	0.00%	0.00%
Qualitative Analysis	Average/Fair Office; Accounted for in Eff. Age	Dated Office	Ptl. Shop Space; Not Derived for Subject 2nd Gen. TI	Ptl. Warehouse Space; Not Derived for Subject 2nd Gen. TI
Net Percent Adjustment	0.00%	-2.00%	4.00%	-6.00%
Total Adjusted Price/NRSF	**$144.56**	**$117.51**	**$109.04**	**$97.81**

Inverse Size Analysis

Based on the p-value and t-statistic, the inverse size relationship is not statistically significant at a 95% confidence interval based on the data used herein. The R-squared value is interpreted as 32% of the variation in adjusted $/NRSF is attributable to differences in total net rentable square footage. Although the relationship is not statistically significant, a trend does appear to exist between the size of the building and adjusted price/SF.



SUMMARY OUTPUT

Regression Statistics	
Multiple R	0.565619294
R Square	0.319925186
Adjusted R Square	0.206579383
Standard Error	14.560762
Observations	8

ANOVA

	df	*SS*	*MS*	*F*	*Significance F*
Regression	1	598.4270214	598.4270214	2.822558742	0.14394902
Residual	6	1272.09474	212.0157899		
Total	7	1870.521761			

	Coefficients	*Standard Error*	*t Stat*	*P-value*	*Lower 95%*	*Upper 95%*	*Lower 95.0%*	*Upper 95.0%*
Intercept	226.3379041	70.53950214	3.208668863	0.018397863	53.73396034	398.9418479	53.73396034	398.9418479
LN (NRSF)	-13.74343856	8.180388147	-1.680047244	0.14394902	-33.76012726	6.273250142	-33.76012726	6.273250142

Active Listings

The subject property is located in the heart of downtown Moscow in the CBD and within good proximity of the University of Idaho campus in an area that is fully built up with very low commercial vacancies. Active Moscow commercial listings – excluding properties with businesses included in the sale listing – include the following:

- ✓ 123/125 E. Third Street: $817,000 asking price, building constructed in 1897 and is an older Class C building with two tenant spaces. This building consists of 3,502 SF and has been on the market for 8 days. The asking price of $233.30/SF is not consistent with closed sale data.
- ✓ 230 W. E Street: $1,090,000 asking price, building constructed in 2014 and is a newer Class S steel building used as a motor sports business. This building consists of 10,765 SF and has been on the market for 231 days. The asking price of $101.25/SF is consistent with closed sale data.

- ✓ 317 W. 6th Street (University Pointe) – $2,800,000 asking price, Class A building constructed in 2003 and is a multi-tenant retail and office facility. The building consists of 25,025 SF and has been on the market for 961 days. The asking price of $111.89/SF is consistent with closed sale data.

Final Value Indication, Sales Approach

Excluding the higher outlier, the sales approach indicates a range of value between $95.46/SF to $117.51/SF. The high indication of $144.56/SF is from the former Neely's Travel building, which was purchased for redevelopment as an architectural building that has yet to come to fruition.

Considering the subject's location, size, HVAC and roofing upgrades, lack of on-site parking, and existing tenant improvements, I have concluded the value of the subject property from the sales approach placing 50% weight on the median indicator and 50% weight on the mid-point indicator.

Statistic:	Value/NRSF:
Low:	$95.46
High:	$144.56
Median:	$100.55
Average:	$108.14
Model Indication:	Not Statistically Significant
Concluded:	$104.35
Overall:	$971,246
ROUNDED TO:	**$970,000**

The market value indication of the subject property from the sales approach to value, analysis of the subject's fee simple estate, is **$970,000**, rounded, as of 03/05/2021.

Income Approach to Value:

The Income Capitalization Approach is based on the principle that the value of a property is indicated by the net return to the property, or what is also known as the present worth of future benefits. This approach analyzes both the property's capacity to produce an income stream and the risk associated with it. This approach focuses on the principles of anticipation and change in their association with supply and demand. The future benefits of income producing properties is the net income before debt service and depreciation.

The income stream is derived from long-term lease agreements of typically three to five years with renewal options experienced in this market. The occupancy is based on 12 monthly income streams to accumulate an annual income that is analyzed on the basis of NOI (net operating income) before taxes and debt service.

A history of income and expenses has been collected on comparable lease properties to conclude a reliable basis for expenses. In converting the income stream to a value, two common methods are most commonly recognized. These are:

1. Direct Capitalization: net operating income is divided by an overall rate market capitalization rate; and
2. Discounted Cash Flow: traditional DCF uses anticipated future net income streams and a reversionary value are discounted to an opinion of net present value at a chosen yield rate (internal rate of return, or hurdle rate).

The subject's net income will be derived from comparable commercial property market rental income, less all operating expenses, including reserves. Within this analysis, the projected net income has been capitalized through the direct capitalization method and by applying an analysis of published (PwC) rates, rates derived from comparable sales, among other rate indications. The steps involved in capitalizing the subject's net operating income are as follows:

1. Develop the subject's Potential Gross Income (PGI) through analysis of the subject's actual historic income and an analysis of competitive current market income rates.
2. Estimate and deduct vacancy and collection losses to develop the Effective Gross Income (EGI).
   Develop and subtract operating expenses to derive the Net Operating Income (NOI).
   Develop the appropriate capitalization rate (R_o).
   Divide the net operating income by the capitalization rate for an estimate of value through the income approach.

With three to five-year lease agreements that often renew for additional three to five-year periods, the office market typically operates on a longer-term basis. While this decreases risk in a dynamic market, it allows the market to permeate through sporadic market adjustments that occur when rents are based on short-term leases.

Sources of information for the reconstructed income and expense statement include market rent levels for the subject using comparisons to comparable rental properties in the immediate rental market. The following rental comparables and table summarizes rental figures from the properties considered to be competing for the occupancy type as the subject.

Existing Lease Summary

The subject property is not encumbered by an existing lease.

Determination of Market Rent

The following leases were researched and analyzed to determine an 'at market' lease rate to apply to the subject property in developing the income approach to value.

Lease Comparable 1

News-Review Publishing Co., Inc., Gritman Federal Building, E. 5th St., Moscow ID

Location Data

Location:	220 E. 5th St., Moscow, ID 83843 (Suites 314 & 320)
County:	Latah
APN:	RPM0001006007A; 7001A
Market Type:	Medium

Property Data

Type:	Multi-Tenant Office
OER (% of EGI):	20% - 35% typical to NNN leases
Market Vacancy:	5% - 8% Overall
Space Analyzed:	2,251 SF
# Units:	20+ total; suites 314 & 320 this analysis
Year Built:	1972 – 1973
No. of Stories:	3
Condition:	Average
Amenities:	Paved Parking

Lease Data

Confidential:	No	2017 Contract Rate:	$10.66/SF/YR
Confirmed By:	Ruby Stroschein, MAI	Rate:	Annual
Conformed With:	Gritman Medical Center	Date of Lease:	06/01/2019
Lessor Name:	Gritman Medical Center	Term of Lease:	Ending 05/31/2022
Lessee Name:	News-Review Publishing Co., Inc.	Renewal Options:	Two terms of three years each
Lease Type:	FS (full service)	Lease Options:	Renewals Typical

Property Remarks:

Gritman Federal Building located on East 5th Street. Overall building vacancy is 30% - plus, partially indicative of deferred maintenance and/or second-plus generation tenant improvements. This analysis is of one of the larger third floor office suites occupied by News-Review Publishing Co., Inc. 12 off-street parking spaces dedicated to this tenant. Rent is $2,000/month.

Lease Comparable 2

Latah Soil & Water, Gritman Federal Building, E. 5th St., Moscow ID

Location Data

Location:	220 E. 5th St., Moscow, ID 83843 (Suites 208 & 208A)
County:	Latah
APN:	RPM0001006007A; 7001A
Market Type:	Medium

Property Data

Type:	Multi-Tenant Office
OER (% of EGI):	20% - 35% typical to NNN leases
Market Vacancy:	5% - 8% Overall
Space Analyzed:	2,070 SF
# Units:	20+ total; suites 208 & 208A this analysis
Year Built:	1972 – 1973
No. of Stories:	3
Condition:	Average
Amenities:	Paved Parking

Lease Data

Confidential:	No	2017 Contract Rate:	$12.75/SF/YR
Confirmed By:	Ruby Stroschein, MAI	Rate:	Annual
Conformed With:	Gritman Medical Center	Date of Lease:	11/01/2019 – 10/31/2020
Lessor Name:	Gritman Medical Center	Term of Lease:	Currently renewing month to
Lessee Name:	Latah Soil and Water.	Renewal Options:	month on same terms
	FS (full service)	Lease Options:	Typical
Lease Type:			

Property Remarks:
Gritman Federal Building located on East 5th Street. Overall building vacancy is 30% - plus, partially indicative of deferred maintenance and/or second-plus generation tenant improvements. This analysis is of one of the larger second floor office suites occupied by Latah Soil and Water. 10 off-street parking spaces dedicated to this tenant. Expired annual lease is currently renewing month-to-month on same terms. Rent is $2,200/month.

Lease Comparable 3

Palouse Juice & Panhandle Cone and Coffee, Downtown Moscow ID

Location Data

Location:	509 & 511 S. Main St., Moscow, ID 83843
County:	Latah
APN:	RPM10400010010A
Market Type:	Medium

Property Data

Type:	Commercial-Retail Equivalent
OER (% of EGI):	20% - 35% typical to NNN leases
Market Vacancy:	5% - 8% Overall
Space Analyzed:	PJ: 1,607 SF; Panhandle: 1,600 SF
# Units:	2
Year Built:	1947
No. of Stories:	1
Condition:	Very Good
Amenities:	Paved Parking

Lease Data

Confidential:	No
Confirmed By:	Sarah E. Miles, MAI
Conformed With:	Lease/Landlord/Broker
Lessor Name:	Rheingans, Philip & Heather
Lessee Name:	Palouse Juice, LLC & Panhandle Cone & Coffee
Lease Type:	NNN
2019 Contract Rate:	PJ: $14.08/SF/YR; Panhandle: $13.00/SF/YR
Rate:	Annual (Avg. = $13.54/SF)
Date of Lease:	PJ: 5 YR beginning 07/2017
Term of Lease:	Panhandle: 3 YR beg. 10/2018 PJ: 5 Years
Renewal Options:	None
Lease Options:	NA

Property Remarks:

Suite 509 fully updated. Tenant paid for all TI finishes; landlord provided new electrical panel, primer plaster wall, frame and sheet rock demising wall to the ceiling, create an ADA restroom, run fabric HVAC ducting through space and black out the ceiling. Base rent years 1-2 is $1,725; after the second year, 3% annual increase will be added. Basement is included in base rent. 2017: $1,725. 2018: $1,725. 2019: $1,776.75. 2020: $1,830.05. **2021: $1,884.95.** Current rate = $14.08/SF. Expense pass thru: $1.98/SF.

Suite 511: Asking rent is $12.96/SF NNN; good office finish. Leased at $13.00/SF NNN starting November 2018 for three years ending November 2021. No escalations noted. Suite was slightly smaller than 1,600 SF; marketed and leased under presumption of 1,600 SF suite.

Lease Comparable 4

Renaissance Mall Suite, W. Pullman Rd., Moscow ID

Location Data

Location:	660-672 W. Pullman Rd., Moscow, ID 83843
County:	Latah
APN:	RPM00000078215A; 78205A
Market Type:	Medium

Property Data

Type:	Commercial-Retail Equivalent
OER (% of EGI):	20% - 35% typical to NNN leases
Market Vacancy:	5% - 8% Overall
Space Analyzed:	1,500 SF
# Units:	1 – analyzed; strip retail center
Year Built:	1994
No. of Stories:	1
Condition:	Above Average
Amenities:	Paved Parking

Lease Data

Confidential:	No	2017 Contract Rate:	$9.60/SF/YR
Confirmed By:	Sarah E. Miles, MAI	Rate:	Annual
Conformed With:	Broker Justin Rasmussen	Date of Lease:	05/17/2019
Lessor Name:	Moston Partners LLC	Term of Lease:	5 Yrs. Ending 05/2024
Lessee Name:	Palouse Juice, LLC & RebsFabStash	Renewal Options:	None Specified
Lease Type:	NNN	Lease Options:	Renewals Typical

Property Remarks:

18,000 SF strip retail building known as the Renaissance Mall on West Pullman Road. Asking rent was $14.00/SF NNN. Contracted rent is $9.60/NNN with $5.00/SF in CAMs (pass through expense to the tenant). Term is starting 05/17/19 running through 05/16/2024. Concessions of two months free rent. No escalations noted. Site has 54 free surface spaces. Suite 670.

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Lease Comparable 5

Suite 102, University Pointe, Downtown Moscow, ID

Location Data

Location:	Suite 102, 317 W. 6th St. Moscow, ID 83843
County:	Latah
APN:	RPM00000180045A
Market Type:	Medium

Property Data

Type:	Commercial-Office Equivalent
OER (% of EGI):	20% - 35% typical to NNN leases
Market Vacancy:	5% - 8% Overall
Space Analyzed:	Net Rented Area = Suite 102: 2,041 SF
# Units:	1 analyzed
Year Built:	2003
No. of Stories:	2
Condition:	Very Good
Amenities:	Paved Parking, Common Area

Lease Data

Confidential:	No
Confirmed By:	Sarah E. Miles, MAI
Conformed With:	CoStar, Wayne Browning (agent for building)
Lessor Name:	Cobb Irrevocable Trust; Cobb, Lawrence
Lessee Name:	H&R Block
Lease Type:	Adj. to NNN (see comments)
2018 Contract Rate:	$12.00/SF NNN, $16.96/SF FS
Rate-Mo. or Annual:	Annual
Date of Lease:	October 2018
Term of Lease:	Five Years Expiring Oct. 2023
Lease Renewal:	None Noted
Lease Options:	Renewals are typical

Property Remarks:

Building contains multi-tenant restaurant/retail/office on the lower level with professional office suites on the second level in the University Pointe building on Moscow's West Sixth Street, located between Moscow's CBD and the University of Idaho campus. There are 62 parking spaces for a ratio of 2.48 spaces per 1,000 SF of building. Building size is 25,025 SF. Zoning is Motor business. Land area is 1.28 Acres. GBA is 25,025 SF. There are a total of 18 Suites, with anchor tenants being Domino's Pizza, H&R Block, Shook-Leavitt Insurance, and others. Populi, major 2nd-story tenant is moving to newly remodeled main level space on South Jackson. The base Gross Lease Rate is $12.00/SF. Added to the base lease rate is $4.96/SF in CAMS, to arrive at a Full-Service gross lease of $16.96/SF. According to the property manager, Wayne Browning, all units in the building are leased based on these terms. Tenants pay a gross lease rate of $16.96/SF, 4.96/SF allocated to CAMS. Two 2nd Story professional office space, 971 SF and 5,275 SF are being vacated. One main-floor suite on the back side, 1,366 SF is currently vacant. The building has been for sale for over two years for $2.9 million, or $116/SF.

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Lease Comparable 6

Storm Cellar, Downtown Moscow ID

Location Data	
Location:	504 S. Main St., Moscow, ID 83843
County:	Latah
APN:	RPM00010050010AA
Market Type:	Medium

Property Data	
Type:	Commercial-Retail or Office Equivalent
OER (% of EGI):	20% - 35% typical to NNN leases
Market Vacancy:	5% - 8% Overall
GBA	4,814
# Units:	1
Year Built:	1968
No. of Stories:	1
Condition:	Average
Amenities:	Paved Parking, Courtyards, Common Restrooms 2 tenants

Lease Data			
Confidential:	No	2018 Contract Rate:	$7.48/SF; $11.69 Adj. to Market
Confirmed By:	Sarah E. Miles, MAI	Rate Mo. or Annual:	Annual
Conformed With:	Leases/Landlord	Date of Lease:	2 Years
Lessor Name:	Rheingans, Philip & Heather	Term of Lease:	Exp. 05/30/2019
		Renewal Options:	None
Lessee Name:	Storm Cellar	Lease Options:	None
Lease Type:	NNN		

Property Remarks:

The subject property is currently leased by Auston and Laura Storm, DBA The Storm Cellar. The following is a summary of the current lease: Landlord: Rheingans. Tenant: Auston and Laura Storm, DBA The Storm Cellar. Lease date: 09/07/2018. Term: June 1, 2017 – 05/30/2019. Net Leasable Area: 4,814 SF based on exterior measurements taken on-site. Rent: $3,000/month; $7.48/SF/YR. Expense terms: NNN. Escalations: None. Tenant and owner are friends, with a lower than market rental rate contracted. Adjustment for non-arm's length arrangement is $4.21/SF, confirmed, 2018-106.

GVA
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Lease Comparable 7

Eastside Marketplace 3,400 SF Lease – 1420 S. Blaine Street, Moscow, ID

Location Data

Location:	1420 S. Blaine Street, Suites 19 & 20, Moscow, ID
County:	Latah
APN:	RPM00000177370A
Market Type:	Medium

Property Data

Type:	Eastside Marketplace – Retail, some Office
OER (% of EGI):	NNN 20% – 35% Typical
Market Vacancy:	5% - 8% Overall
GBA (SF):	164,381 Overall, 3,400 SF suite this analysis
Number of Units:	31 +/- Overall, 1 suite this analysis
Year Built:	1979
No. of Stories:	1
Condition:	Average

Amenities: Paved Parking

Lease Data

Confidential Lease:	No	Initial Year Contract Rate:	$10.94/SF NNN
Confirmed By:	Sarah E Miles, MAI	Rate Annually:	Annually/SF
Confirmed With:	CoStar; Justin Rasmussen	Date of Lease:	Starting Dec. 2018
Lessor Name:	Real Life Ministries - Moscow	Term of Lease:	5 Years Ending Dec. 2023
Lessee Name:	Karma Indian Cuisine	Lease Renewal Options	Options to renew
Lease Type:	NNN	Lease Options:	Not specified

Property Remarks & Lease Comments:

The existing improvements consist of five single story buildings (one large neighborhood retail center and four satellite buildings), which are known as the Eastside Market Place located at 1420 S. Blaine Street, Moscow, ID. The total site area is approximately 656,014 SF or 15.06 +/- acres. The five buildings that are situated on the subject property were built in 1977, 1978, 1979, 1999, and 1998 with actual ages ranging from 15 to 36 years. Based on the condition of each building the weighted average year built is 1979. Karma Indian Cuisine occupies a second-generation restaurant space totaling roughly 3,400 SF. Asking rent was $12.00/NNN. Contracted rent is level at $10.94/NNN. Concessions included 5 months free rent.

Comparable Lease 8

Lodgepole Restaurant, Humble Burger, & Carlton Construction Office, Downtown Moscow ID

Location Data

Location:	102, 104, and 106 N. Main St., Moscow, ID 83843
County:	Latah
APN:	RPM0330001007AA
Market Type:	Medium

Property Data

Type:	Commercial-Retail Equivalent
OER (% of EGI):	20% - 30% typical to NNN leases
Market Vacancy:	5% - Downtown Moscow
GBA	• 4,041 SF; see below
# Units:	3; NRSF = 3,836
Year Built:	1925; rem. 2014/2016
No. of Stories:	1
Condition:	Very Good
Amenities:	Paved Parking, Courtyards, Common Restrooms 2 tenants

Lease Data

Confidential:	No	2018 Contract Rate:	$12.96/SF/YR Weighted Avg.
Confirmed By:	Sarah E. Miles, MAI	Rate Mo. or Annual:	Annual
Conformed With:	Leases/Landlord	Date of Lease:	2-3 Years; see below
Lessor Name:	Rheingans, Philip & Heather	Term of Lease:	See Below
		Renewal Options:	See Below
Lessee Name:	See below	Lease Options:	See Below
Lease Type:	NNN		

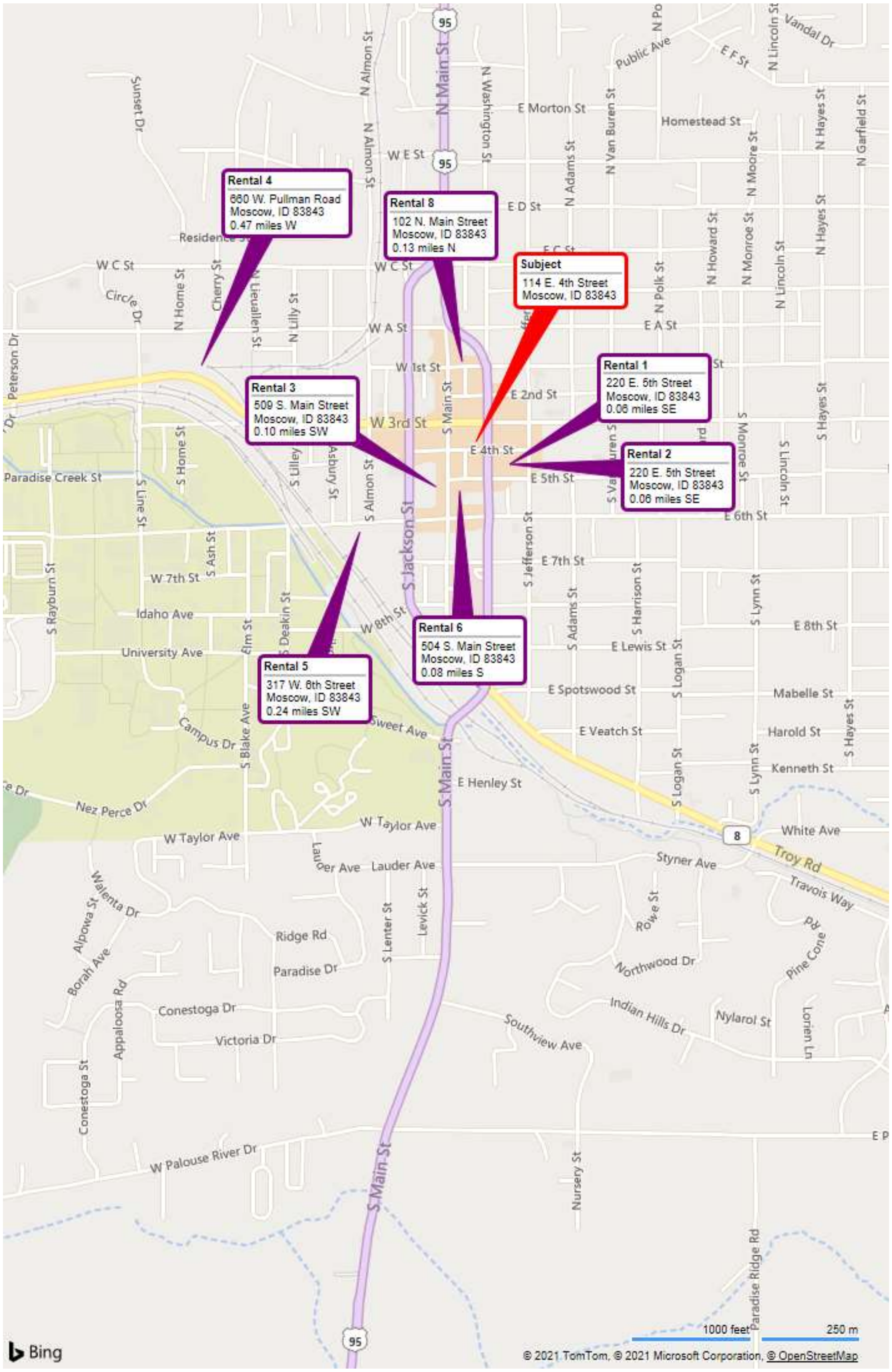
Property Remarks:

Lodgepole Restaurant: Year built – Est. 1925, Complete Remodel 2014. Unit Size – 2,150 SF plus 2,000 SF Outdoor Patio. 2015 Base Mo. Rent - $2,300.00/mo., NNN. Lessor – The Anchor LLC, an Idaho Corp.; Lessee – Barham Hospitality Group Incorporate DBA Lodgepole. Lease Term – 3 Years after the commencement Date. Commenced 04/01/2015 (original term), current term commenced 04/01/2018. Escalations – Annual CPI increase, computed based on the prior year's CPI, at each renewal period (level during terms, increased at one years' CPI at renewal). Cannot be less than 3% or more than 5%. Options – Three (3) Three-Year Options. Current Rent - $2,369/month or **$13.22/SF/YR.**

Humble Burger: remodeled 2014. Unit size – 1,270 SF plus 900 SF outdoor patio. Lessee – Humble Burger, Nate Wolff. Lease term – 3 years commencing 04/01/2015. Options – two (2) Three-Year Options. Current Rent - $1,275/month or **$12.05/SF/YR**. Escalations – Annual CPI increase, computed based on the prior year's CPI, at each renewal period (level during terms, increased at one years' CPI at renewal).

Carlton Construction (Tim Mortimore, Tenant): remodeled 2016. Unit size – 416 SF. Lease Term – 2 years beginning 05/01/2016. Renewal – one period of 2 years (current term). No escalations noted. $500/month, **$14.42/SF/YR.** Common restrooms shared by Carlton Construction and Humble Burger.

Comparable Lease Location Map:



Comparable Analysis

It will be necessary to address these factors through relative comparison (qualitative adjustments) to determine whether the subject's ***adjusted*** rent should be higher or lower than that of the comparable. When a comparable is considered superior to the subject, a lower rent is indicated, and when inferior, a higher rent is suggested.

Based on the preceding, we have prepared the following adjustment grid which summarizes each of the required adjustments to the comparables. Note that superior characteristics require downward adjustments whereas, inferior characteristics require upward adjustments.

SUMMARY OF RENTAL COMPS WITH ADJUSTMENTS

Comp No.	Subject	1	2	3	4	5	6	7	8
Property Name	Moscow Police Department	Office Space, Gritman Federal Building	Office Space, Gritman Federal Building	Palouse Juice & Panhandle Cone & Coffee	Suite at Renaissance Mall	Suite at University Pointe	The Storm Cellar	Eastside Markstplace Suite	Lodgepole Restaurant, Hunble Burger, Carlton Construction
Address	114 East 4th Street	220 E. 5th Street, Suites 314 & 320	220 E. 5th Street, Suites 208 & 208A	509/511 S. Main Street	670 W. Pullman Road	317 W. 6th Street, Suite 102	504 S Main St.	1420 S. Blaine St., Suites 19 & 20	102, 104, & 106 N. Main St.
City & State	Moscow, ID	Moscow, ID	Moscow, ID	Moscow, ID	Moscow, ID	Moscow, ID	Moscow, ID	Moscow, ID	Moscow, ID
Size GBA (or space analyzed)	9,308	2,251	2,070	1,607 SF & 1,600 SF	1,500	2,041	4,814	3,400	4,041
NRSF	9,308	2,251	2,070	1,607	1,500	2,041	4,814	3,400	3,836
Year Built	Est. 1936	1972-1973	1972-1973	1947	1994	2003	1968	1979	1925
Type of Lease	Adj. to NNN	FS	FS	NNN	NNN	NNN	NNN	NNN	NNN
Analysis Base Lease Rate	Subject Not Leased	$10.66	$12.75	$13.54	$9.60	$12.00	$11.69	$10.94	$12.96
Effective Age of Suite Finish	20	20	20	4	12	6	18	16	4
Lease Term	Subject Not Leased	3 Years	Month to Month off of Original Lease	3 - 5 Years	5 Years	5 Years	2 Years	5 Years	2-3 Years
Quantitative Adjustments									
Expense Structure	Adj. to NNN	-21.11%	-17.65%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Lease Offering Vs. Closed	Adj. to Closed	Closed	Closed	Closed	Closed	Closed	Closed	Closed	Closed
Non Real Estate Items	No FFE Included in Lease Rate	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Market Conditions/Time	Not Derived	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Adj. Lease Rate/NRSF	Subject Not Leased	$8.41	$10.50	$13.54	$9.60	$12.00	$11.69	$10.94	$12.96
Location	East 4th Street	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Qualitative Analysis	Downtown Moscow	3rd Story Federal Bldg.	2nd Story Federal Bldg.	Downtown Moscow	Renaissance Mall	Downtown Moscow	Downtown Moscow	Eastside Marketplace	Downtown Moscow
Physical	1% Per Yr. Diff	0%	0%	-16%	-8%	-14%	-2%	-4%	-16%
Qualitative Analysis		Similar	Similar	Superior	Superior	Superior	Similar	Superior	Superior
Finish or TI	Single Tenant Office Building	0%	0%	0%	0%	0%	0%	0%	-10%
Qualitative Analysis	Avg. Office	Office	Office	Restaurant Retail	Office	Office	Fair Open Retail	2nd Gen. Restaurant Retail	Restaurant Retail, Higher End
Total Adjusted $/SF of NRSF	Subject Not Leased	**$8.41**	**$10.50**	**$11.37**	**$8.83**	**$10.32**	**$11.46**	**$10.50**	**$9.59**

Adjustments are made to the rental rates of the comparables to compensate for differences between physical characteristics of each lease comparable (location, condition, suite finish, etcetera) and the subject. A general discussion of the adjustments considered is provided below and in the following pages.

Expense Structure – based on location, use, and building age/condition, it is anticipated that the lease structure for the subject property would be triple net (NNN) in this market considering typical tenancy. As such, all leases contracted under full service (FS), gross or modified gross (MG) lease arrangements are adjusted to reflect a market lease rate equivalent to NNN expense terms. However, the market is somewhat mixed between NNN and MG lease structures. Six of the eight lease arrangements operated NNN (triple net); the MG lease comparable was adjusted to reflect the tenant paying real estate taxes, insurance, in-unit utilities and W/S/G. This is the expense structure adjustment on the grid for MG and FS lease arrangements – the respective cost expressed as a percent of the comparable lease rate. The calculation is based on each respective property's actual real estate expense, plus a market allowance for property insurance. Please refer to the lease datasheets for discussion of the adjustment to arrive at an NNN or MG equivalent rental rate. Please note that expense structure is relative to the rental rate. If the tenant is expected to participate in more of the building expenses or reimburse the landlord, they would expect to pay a proportionately lower rent.

Market Conditions/Time – Not derived based on market data.

Physical - Physical characteristics typically used in comparison are location, size, age, and building condition. A finish or quality adjustment was not derived based on the rental comparable properties used herein, outside of that captured by the effective age of the suite finishes. The one exception is for the Lodgepole lease (comparable rental 8), with higher end restaurant retail finish adjusted at -10%. Average office and average retail are predominantly interchangeable in this market, with no adjustment indicated based on lease rates. Each lease was adjusted on a similar basis for condition as is typically included in a local sales approach analysis, which is 1% per year difference in the effective age of the suite finish (as opposed to building overall, which is applied in the sales approach). A location adjustment was not derived based on the existing use of the subject property and comparable lease properties utilized herein.

The only other physical adjustment necessary is for the inverse price relationship, where the more additional footage rented, generally the less paid per square foot. The relationship is not linear – i.e., the price/SF is not going to approach zero as the building continues to get larger. The data was modeled, and an inverse size relationship is not statistically significant based on the leases analyzed herein.

Comparable	Adj. Rent/SF
1	$8.41
2	$10.50
3	$11.37
4	$8.83
5	$10.32
6	$11.46
7	$10.50
8	$9.59
Median:	$10.41
Average:	$10.12
Low:	$8.41
High:	$11.46
Existing Lease Rate:	Subject Not Leased
Concluded Market:	**$10.12**

Concluded Market Rental Rate

For second generation-plus existing office space, the market lease rate indicators range from $8.41/SF to $11.46/SF, with a mid-point of 10.12/SF. The data is consistent, with the concluded market lease rate for the subject at $10.12/SF. This concluded lease rate captures the subject's building size and existing finishes.

Relative to the concluded market lease rate, expense terms are applied NNN with the tenant paying all expenses with the exception of building capital expenditures. The lease comparable properties were adjusted to reflect NNN lease terms. Durations are typically 3 – 5 years, with more current leases contract closer to three years.

Direct Capitalization Technique

Direct capitalization is a method used to convert an estimate of a single year's income expectancy, or an annual average of several years' income expectancies, into an indication of value in one step. Typically, the value indication is derived by dividing the income estimate by an appropriate rate. This capitalization rate is known as an overall rate.

Vacancy & Collection Loss

The next step in the Income Approach is to estimate the loss in income due to vacancy and collection losses. In concluding to a vacancy and collection loss factor for the subject, consideration has been given to immediate and citywide markets. The following national and Boise retail market statistics are published by Cushman & Wakefield for the fourth quarter of 2020, Boise being the closest market to Moscow.

Economic indications for office properties remain unsure following the Covid-19 pandemic. The macroeconomic office rate versus overall vacancy is trending at $20/SF NNN and 8% vacancy, generally trending first generation office space.

An analysis of the overall commercial real estate marketplace – specifically with respect to Moscow's smaller and larger buildings – indicates that this market is fairly healthy. Moscow is a university town with good employment stability, and typically economic and/or real estate downturns have less of an effect compared to regional or national markets. There are not significant or noticeable vacancies in Moscow, with the only historic general exception being at the Eastside Marketplace. Moscow's CBD is vibrant and healthy, with good proximity to the University of Idaho campus. The newest strip retail facility in Moscow leased up relatively quickly (anchored by Inland Cellular and located on W. Pullman Road), and the local market was not oversupplied with this type of real estate as compared to many other communities in the Inland Northwest. At the Palouse Empire Mall, Marshal's, Petco, and Staples filled the big box vacancies left by Office Depot and Hastings. The primary big box vacancy at the mall is the former Macy's. Otherwise, there are no large buildings vacant in Moscow at this time, and there are no notable vacancies or areas of vacancies in the marketplace. Considering the subject's existing tenant improvements, as well as general lack of demand for larger existing office space without dedicated parking, a 10% vacancy allowance is applied herein. While properties like the subject tend to be contracted on longer term leases, once vacated at a larger relative 9,308 SF single tenant office space, it typically takes a longer marketing period to secure a lease considering existing tenant improvements.

Expense Analysis

There are three categories of expenses, which are to be considered in the operation of a typical income property: fixed, operating, and reserves for replacement. In order to determine the reasonableness of the subject's historical, as well as, projected operating expenses, assuming a stabilized occupancy, we have held discussions with local real estate brokers and property managers and have made comparisons with other retail centers.

Fixed expenses include real estate taxes and insurance. They are so designated because they do not fluctuate with occupancy. Furthermore, nonpayment of taxes could result in loss of the property, and nonpayment of insurance does not meet the test of prudence in the preservation of wealth.

In addition to the fixed expenses, there are other costs incurred in the operation of the property. These operating expenses are considered necessary for the preservation of the asset's income-producing potential. Operating expenses for a typical income property include management, utilities, janitorial, building maintenance, supplies, legal and accounting, and additional items including advertising.

The third expense category is reserves for replacement. It is a fact that short-lived building components will require periodic replacement over the economic life of the subject property. The prudent investor would set aside a portion of the project income each year so that adequate funds are available for such capital replacement. The required reserves for replacement should be typical of similar properties for the remainder of the economic life of the improvements. This appraisal is subject to some property improvements as described in the Improvements Description section. The additional allocation of 5% of base EGI is for future annual reserve requirements.

Variable Expenses

Variable expenses are necessary to maintain the production of income from the operation of a property and generally include utilities, common area maintenance, administration, repair, miscellaneous cost and management.

Net Operating Income

Net operating income is effective gross income less all applicable operating expenses.

Other Non-Reimbursable Costs

Other expense items borne by the landlord which are related to leasing of the property are the costs of finishing space to suit the needs of the tenant, the cost of commissions paid to leasing agents and reserves (discussed following).

<u>Leasing Commissions</u>

A leasing commission expense was not included in this analysis, where it is not typical in the local market. When a broker's commission is included, recent conversations with local brokers indicate a 1.5% commission rate on the annual base rents. Leasing commissions are often considered 'below the line' expenses and are not included herein.

Capitalization Rate

The following is the current data reported by PwC Investor Survey (third quarter 2020 being the most available to the Appraisal Institute members.) Office and retail capitalization rates have experienced declines in cap rates for several years – primarily driven by the low cost of debt for all property types. The effect of the Covid-19 pandemic is yet to be fully understood on office property vacancy rates, lease rates, as well as capitalization rates. The current macroeconimic indication for office capitalization rates are up 4 basis points to 5.59% from the prior quarter with a current range of 3.75% - 7.50%. The discount rate is indicated at 7.38% with a residual cap rate at 5.88%. The PwC Survey generally represents 'best prioperties'.

Economic Indicators | PwC Real Estate Investor Survey, Q3 2020

	Regional Mall		CBD Office		Warehouse		Apartment	
	Q3 2020	Q2 2020	Q3 2020	Q2 2020	Q3 2020	Q2 2020	Q3 2020	Q2 2020
Discount Rate (IRR)[a]								
Range (%)	5.75 – 15.00	5.75 – 15.00	5.50 – 12.00	5.50 – 12.00	5.25 – 7.50	5.25 – 7.50	5.00 – 10.00	5.00 – 10.50
Average (%)	7.75	7.75	7.38	7.16	6.13	6.14	6.83	6.89
Change (bps)		0		+22		–1		–6
Overall Cap Rate (OAR)[a]								
Range (%)	4.50 – 15.00	4.50 – 15.00	3.75 – 7.50	3.75 – 7.50	3.40 – 7.00	3.40 – 7.00	3.50 – 8.00	3.50 – 8.00
Average (%)	6.93	6.95	5.59	5.55	4.84	4.84	5.22	5.19
Change (bps)		–2		+4		0		+3
Residual Cap Rate								
Range (%)	4.20 – 15.00	4.50 – 15.00	5.00 – 7.50	5.00 – 7.50	4.50 – 7.00	4.50 – 7.00	4.00 – 8.00	4.00 – 8.50
Average (%)	7.25	7.68	5.88	5.91	5.48	5.49	5.61	5.64
Change (bps)		–43		–3		–1		–3

[a] Rate on unleveraged, all-cash transactions. Definitions: bps — basis points. Discount Rate (IRR) — internal rate of return in an all-cash transaction, based on annual year-end compounding. Overall Cap Rate (OAR) — initial rate of return in an all-cash transaction. Residual Cap Rate — overall capitalization rate used in calculation of residual price; typically applied to the NOI in the year following the forecast. Survey involves institutional-grade properties. Source: PwC Real Estate Investor Survey; personal survey conducted by PwC during July 2020. For subscription information, please email us-pwcsurvey@pwc.com.

Capitalization Rate Conclusion

There are eight OAR indications from the comparable sales, as detailed in my workfile, some of which were extracted using market terms. The range (excluding the low outlier) is from 5.46 to 7.99%, with a median of 6.45% and a midpoint of 6.62%. The best reflective property to conclude the subject's capitalization rate is from comparable sale 2 at 7.15%. This is the capitalization rate applied herein given any likely alternative user would require redevelopment of the interior space.

Capitalization Rate Indications	
Comparable 1	6.05%
Comparable 2	7.15%
Comparable 3	5.46%
Comparable 4	7.12%
Comparable 5	6.45%
Comparable 6	7.99%
Comparable 7	4.93%
Comparable 8	6.10%
Minimum (Excl. Low Outlier):	5.46%
Maximum:	7.99%
Median (Excl. Outlier):	*6.45%*
Mid-Point (Excl. Outlier):	*6.62%*
Concluded:	*7.15%*

Property Expenses

Market expenses are summarized as follows:

- The subject is currently tax exempt. An analysis of the comparable sales indicates an 'at market' tax expense at $1.45/SF. This is the rate applied herein.
- Market insurance rates range from $0.30 - $0.40 per SF of finished office space. Applying a rate of $0.30/SF to the finished square footage equates to a rate of $2,792/year for real estate only.
- The subject property is a larger single-tenant commercial building with no common areas. Management expenses typically range from 5% to 6% of EGI depending on the tenancy type and typical lease durations. A management expense rate of 5% was applied in this analysis.
- Professional services are typically for legal costs and tax preparation. An allocation of $1,000 was included in this analysis.
- Repairs and maintenance are estimated at $0.30/SF/year, applied to the gross building area.
- Utilities, Water, Sewer, Garbage: the concluded market lease rate is commensurate to an NNN expense arrangement, where these items are considered the tenant's direct expense.
- Miscellaneous expenses are equal to 1.5% of EGI. This includes the cost of utilities during vacancies.

- Replacement reserves are equal to 5% of EGI and are commensurate to intensity of use, age of the building, and the finish level/TI and anticipation of replacement items in the longer term.

Reiteration of Reimbursements

Reimbursed expenses commensurate with NNN lease terms are taxes, insurance, and 50% of the repairs and maintenance. This amount is shown in the Recoveries & CAM line item. While many NNN leases explicitly state that maintenance is the responsibility of the tenant, it is often deferred back to the landlord upon lease expiration. The final expense ratio is 30.33%. I felt it unnecessary to include a small allocation for water/sewer and electricity/heat during vacancies as this could be considered a portion of miscellaneous expenses. The expense ratio is consistent with properties with improvements of similar age.

Income Approach Conclusion

DIRECT CAPITALIZATION SUMMARY			
Analysis Date:	Mar-21		
NRSF	9,308		
Income Breakdown		**Annual Income**	**% Of PGI**
Rental Income	$10.12/SF	$ 94,197	84.19%
Percentage Rent		$ -	0.00%
Recoveries & CAM		$ 17,685	15.81%
Parking Income		$ -	0.00%
Other Income		$ -	0.00%
Potential Gross Income (PGI)		**$ 111,882**	**100.00%**
Vacancy and Collection Loss	**-10.0%**	**$ (11,188)**	
Effective Gross Income (EGI)		**$ 100,694**	**90.00%**
Expense Breakdown		**Annual Expense**	**Per NRSF**
Real Estate Taxes	13.40%	$ 13,497	$ 1.45
Property Insurance	$0.30/SF	$ 2,792	$ 0.30
Management	5.00%	$ 4,474	$ 0.48
Professional Services	Lump Sum	$ 1,000	$ 0.11
Repairs & Maintenance	$0.30/SF	$ 2,792	$ 0.30
Replacement Reserves	5% of Base EGI	$ 4,474	$ 0.48
Miscellaneous	1.5% of EGI	$ 1,510	$ 0.16
Stabilization Expenses			
Total Expenses		$ 30,541	$ 3.28
Expense Ratio (Expenses/EGI)		**30.33%**	
Net Operating Income (NOI)		**$ 70,153**	$ 7.54
Capitalization Rate		**7.15%**	
Value		**$ 981,167**	
Less Cost to Cure		**$ -**	
Overall:		**$ 981,167**	**$ 105.41**

Based on the preceding analysis, the indicated market value of the subject property from the income approach, fee simple estate, is **$980,000** as of 03/05/2021.

Reconciliation and Value Conclusion:

In this section of the report, the appraisers bring together all of the data gathered during the appraisal, culminating with their opinion of the most probable value. It is in this section; they summarize their thoughts about the property to reconcile the value indicators into a final conclusion. Your attention is directed to the following which summarizes the value estimates presented throughout this report.

Market Value Indicators, Fee Simple Estate:

The current market value indications of the subject as of 03/05/2021 are as follows:

➢	Cost approach	Not Developed
➢	Sales comparison approach:	$970,000 – 50% Weight
➢	Income approach:	$980,000 – 50% Weight
➢	RECONCILED:	**$975,000**

Placing equal weight on the results of the sales and income approaches, the final concluded market value of the subject property is $975,000 as of 03/05/2021.

Addenda:

Assumptions and Limiting Conditions

Definitions

Company Information

Appraiser(s) Qualifications

Letter of Engagement

Assumptions and Limiting Conditions:

This appraisal report has been made with the following general assumptions:

- The appraisers assume no responsibility for matters of a legal nature affecting the property appraised or the title thereto, nor do the appraisers render any opinion as to the title, which is assumed to be good and marketable unless otherwise stated.

- The property is appraised free and clear of any or all liens or encumbrances unless otherwise stated.

- The property is appraised as though under responsible ownership and competent property management.

- The information furnished by others is believed to be reliable, but no warranty is given for its accuracy

- All engineering studies are assumed to be correct. The plot plans and illustrative material in this report are included only to help the reader visualize the property

- It is assumed that there are no hidden or unapparent conditions of the property, subsoil, or structures that render it more or less valuable. No responsibility is assumed for such conditions or for obtaining the engineering studies that may be required to discover them.

- It is assumed that there is full compliance with all applicable federal, state, and local environmental regulations and laws unless noncompliance is stated, defined, and considered in the appraisal report.

- It is assumed that all applicable zoning and use regulations and restrictions have been complied with, unless nonconformity has been stated, defined, and considered in the appraisal report.

- It is assumed 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.

- It is assumed that the utilization of the land and improvements is within the boundaries or property lines of the property described and that there is no encroachment or trespass unless noted in the report.

- Unless otherwise stated in this report, the existence of hazardous material, including but not limited to, asbestos, polychlorinated biphenyls, petroleum leakage or agricultural chemicals which may or may not be present on the property, were not called to the attention of, nor were they 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 as listed above, or substances such as asbestos, urea-formaldehyde foam insulation, chemical or toxic waste, or other potentially hazardous materials may affect the value of the property. The value estimate is predicted on the assumption that there is no such material on or in the property, or on or in adjoining properties that would cause a loss in value to the property being appraised. No responsibility is assumed for any such conditions or for any expertise or engineering knowledge required discovering them. The client is urged to retain an expert in this field, if desired. During the course of the property inspection, there was no evidence of problems.

- The Americans with Disabilities Act (ADA) became effective January 26, 1992. The appraiser has not made a specific compliance survey or analysis of the property to determine whether or not it is in conformity with the various detailed requirements of ADA. It is possible that a compliance survey of the property and a detailed analysis of the requirements of the ADA would 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 impact upon the value of the property. Since the appraiser has no direct evidence relating to this issue, possible non-compliance with the requirements of ADA was not considered in estimating the value of the property.

This appraisal report has been made with the following general limiting conditions:

- Any allocation of the total value estimated in this report between the land and the improvements applies only under the stated program of utilization. The separate values allocated to the land and buildings must not be used in conjunction with any other appraisal and are invalid if so used.

- Possession of this report, or a copy thereof, does not carry with it the right of publication.

- The appraiser, by reason of this appraisal, is not required to give further consultation or testimony or to be in attendance in court with reference to the property in questions unless arrangements have been previously made.

- Neither all nor any part of the contents of this report shall be disseminated to the public through advertising, public relations, news, sales or other media without the prior written consent and appraisal of the appraiser.

- The forecasts, projections, or operating estimates contained herein are based on current market conditions, anticipated short-term supply and demand factors, and a continued stable economy. These forecasts are, therefore, subject to change with future conditions.

- The report is prepared for the sole use and benefit of the named client. Neither this report, nor any of the information contained herein shall be used or relied upon for any purpose by any person or entity other than the named client. The appraiser is not responsible for the unauthorized use of this report.

Company Information:

Company Information

Company Name:	Gem Valley Appraisal Services, Inc.
Tax Id Number:	81-4674818
Mailing/Physical Address:	828 S. Washington, Suite D Moscow, Idaho 83843
Name of Contact Person:	Ruby M. Stroschein, MAI - CGA Appraiser Sarah Miles, MAI - CGA Appraiser Tammy Stamper - Office Manager
Office Phone:	208-882-7200
Cell Phones:	208-596-0979 - R. Stroschein 208-301-4784 - Sarah Miles
Business Email:	ruby@gemvalleyappraisal.com sarah@gemvalleyappraisal.com tammy@gemvalleyappraisal.com

Definitions:

Gross Building Area (GBA) is the total floor area of a building, excluding unenclosed areas, measured from the exterior of the walls of the above-grade area. This includes mezzanines and basements if and when typically included in the market area of the type of property involved.

1. Gross leasable area plus all common area.
2. For residential space, the total area of all floor levels measured from the exterior of the walls and including the superstructure and substructure basement; typically, does not include garage space.

Gross Leasable Area (GLA) is the amount of area leased and occupied by tenants; relates to determination of common area expenses for vacant space in a shopping center. If stipulated in the lease, landlords may calculate a tenant's pro rata share for expense reimbursement based on the percentage of GOLA.

Gross or Full-Service Lease is a lease in which the landlord receives stipulated rent and is obligated to pay all of the property's operating and fixed expenses

Modified Gross Lease is a lease in which the landlord receives stipulated rent and is obligated to pay all of the property's operating and fixed expenses; also called full-service lease.

Net Lease/Triple Net Lease an alternative term for a type of net lease. In some markets, a net net net lease is defined as a lease in which the tenant assumes all expenses (fixed and variable) of operating a property except that the landlord is responsible for structural maintenance, building reserves, and management; also called NNN Lease, triple net lease.

Rentable Area for office buildings, the tenant's pro rata portion of the entire office floor, excluding elements of the building that penetrate through the floor to the areas below. The rentable area of a floor is computed by measuring to the inside finished surface of the dominant portion of the permanent building walls, excluding any major vertical penetrations of the floor. Alternatively, the amount of space on which the rent is based; calculated according to local practice.

Usable Area 1) For office buildings, the actual occupiable area of a floor or an office space; computed by measuring from the finished surface of the office side of corridor and other permanent walls, to the center of partitions that separate the office from adjoining usable areas, and to the inside finished surface of the dominant portion of the permanent outer building walls. Sometimes called *net building area* or *net floor area*. 2) The area that is actually used by the tenants measured from the inside of the exterior walls to the inside of walls separating the space from hallways and common areas.

Extraordinary Assumption: an assumption, directly related to a specific assignment, as of the effective date of the assignment results, which, if found to be false, could alter the appraiser's opinions or conclusions.

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.

Fee Simple Estate is the 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.

Leased Fee Estate is an ownership interest held by the lessor, which includes the right to receive the contract rent specified in the lease plus the reversionary right when the lease expires.

Leasehold Interest is the interest held by the lessee (tenant or renter) through a lease transferring specified rights, including the right of use and occupancy, for a stated term under certain conditions.

Market Value: The most probable price which a property should bring in a competitive and open market under all condition's 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 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.1

1 Board of Governors of the Federal Reserve System (FRS), 12 CFR Part 225; Federal Deposit Insurance Corporation (FDIC), 12 CFR Part 323; National Credit Union Administration (NCUA), 12 CFR Part 722; Office of the Comptroller of the Currency (OCC), 12 CFR 34.42(f); Office of Thrift Supervision (OTS), 12 CFR 564.2(f); and the Resolution Trust Corporation (RTC), 12 CFR Part 1608. Washington, D.C.: Federal Register, Vol 55, No. 251, pages 53610-53618; Monday, December 31, 1990.

Market Rent is the most probable rent that a property should bring in a competitive and open market reflecting the conditions and restrictions of specific lease agreement, including the rental adjustment and revaluation, permitted uses, use restrictions, expense obligations, term, concessions, renewal and purchase options and tenant improvements.

Highest and Best Use In appraising real property: 1) The reasonably probable use of property that results in the highest value. The four criteria that the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity. 2) The use of an asset that maximizes its potential and that is possible, legally permissible, and financially feasible. Th highest and best use may be for continuation of an asset's exiting use or for some alternative use. This is determined by the use that a market participant would have in mind for the asset when formulating the price that it would be willing to bid. 3) The highest and most profitable use for which the property is adaptable and needed or likely to be needed in the reasonably near future. (Uniform Appraisal Standards for Federal Land Acquisitions).

Improvements Buildings or other relatively permanent structures or infrastructure (e.g., sewer lines, water lines, roads) located on, or attached to, land.

Exposure Time 1) The time a property remains on the market. 2) 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. Comment: Exposure time is a retrospective opinion based on an analysis of past events assuming a competitive and open market.

Marketing Time A type of value that is the major focus of most real property appraisal assignments. Both economic and legal definitions of market value haven developed and refined. Marketing time differs from exposure time, which is always presumed to precede the effective date of an appraisal. In the Uniform Standards of Professional Appraisal Practice as follows: A type of value, stated as an opinion, that presumes the transfer of a property (i.e., a right of ownership or a bundle of such rights), as of a certain date, under specific conditions set forth in the definition of the term identified by the appraiser as applicable in an appraisal.

USPAP, 2020-21 Edition and the Dictionary of Real Estate Appraisal, Sixth Edition.

Appraiser's Qualifications:

SARAH E. MILES, MAI

STATE CERTIFIED GENERAL APPRAISER, IDAHO & WASHINGTON

sarah@gemvalleyappraisal.com

Specialized Real Estate Appraisal Education

- Completion of the Fundamentals of Apartment Appraising by Appraisal Institute, July 2020
- Understanding and Appraising Residential REOs, July 2020
- Completion of the Uniform Appraisal Standards for Federal Land Acquisitions (Yellow Book) Course, June 2019
- Completion of the Uniform Standards of Professional Appraisal Practice course as required by the Departments of Licensure for Idaho & Washington every 24 months
- Completion of the Business Practice & Ethics course on a five-year cycle as required by the Appraisal Institute
- Online Residential Site Valuation and Cost Approach, July 2018, continuing education
- Eminent Domain and Condemnation, July 2018, continuing education
- Advanced Income Capitalization, Lafayette, CA, November 2015: continuing education
- Thinking Outside the Form, August 2015: continuing education
- Forecasting Revenue, August 2015: continuing education
- Residential Market Analysis and Highest & Best Use, August 2014: continuing education
- The Discounted Cash Flow Model: Concepts, Issues and Applications, July 2013: continuing education
- Feasibility, Market Value, Investment Timing: Option Value, August 2012: continuing education
- Comparative Analysis, August 2012: continuing education
- Data Verification Methods, August 2012: continuing education
- Analyzing Tenant Credit Risk & Commercial Lease Analysis, Post Falls, Idaho, August 2011: continuing education
- Appraising Convenience Stores, August 2011: continuing education
- Real Estate Finance Statistics and Valuation Modeling, July 2010: continuing education
- Analyzing Distressed Real Estate, June 2009: continuing education
- Rates & Ratios: Making Sense of GIMs, OARs, and DCF, June 2009: continuing education
- General Demonstration Report Workshop, Appraisal Institute, Boston, MA 2008: workshop attendance & continuing education
- Report Writing and Valuation Analysis, Appraisal Institute, Boise, ID 2007: successful completion of course and exam
- Appraisal Institute's Advanced Sales Comparison and Cost Approach Examination, Clarkston, WA, 2007: successfully challenged the course
- Highest and Best Use and Market Analysis, Appraisal Institute, Seattle, WA, 2006: successful completion of course and exam
- Advanced Income Capitalization, Appraisal Institute, Spokane, WA, 2005: successful completion of course and exam
- Advanced Applications, Appraisal Institute, Pleasanton, CA, 2003: successful completion of course and exam
- Appraisal Principles, Appraisal Institute, Atlanta, GA, 2003: successful completion of course and exam
- USPAP & Ethics, American Society of Appraisers, Idaho Falls, ID, 2003: successful completion of course and exam
- Graduate level Econometrics, University of Idaho, Moscow, ID, 2002: 'A' final grade
- Real Estate Finance, Idaho State University, Pocatello, ID, 2001: 'A' final grade

<u>College Education: Idaho State University</u> *Pocatello, Idaho*
Graduated in 2001 with a Bachelors of Business Administration Degree
Major: Business Finance
Minor: Economics
GPA: 3.79, graduated with high honors

<u>Graduate Courses Completed: University of Idaho</u> *Moscow, Idaho*
Master's Research & Thesis, Econometrics, Environmental & Natural Resource Economics, Fundamentals of Research, Security Analysis, Agricultural Trade & Development, Mathematical Economics

<u>Employment</u>
2002 – Present, 1995 – 1998 *Moscow, Idaho*
Gem Valley Appraisal Services, Inc.
- Business Owner
- MAI Designated, Appraisal Institute
- Certified General Appraiser, Idaho, and Washington
- Over eighteen years of commercial, agricultural, special use, small income, and single family residential real estate appraisal experience
- Real estate consulting and statistical modeling
- Appraiser expert witness in real property tax appeals, deposition, and litigation
- Federal land acquisitions

2001 – 2003 *Moscow, Idaho*
University of Idaho
- Researcher and Data Analyst for the Idaho Transportation Department Proximity Damages Study
- Collect data on residential properties in the state of Idaho for statistical analysis
- Conclude diminution of value to properties due to state highway projects using multiple regression

2001 (Academic Fall Semester) *Idaho Falls, Idaho*
Farm Credit Services
- Paid Academic Internship
- Analyzed and interpreted earnings statements and balance sheets for various agriculture entities
- Worked specifically with special credits to derive solutions in strained credit situations
- Performed field visits with customers to obtain financial information and conduct collateral inspections

Other Experience
March 2012: Co-Instructor, Multiple Regression Analysis for The Idaho Association of Assessment Personnel. Moscow, ID.

October 2011: Presenter, Multiple Regression Use in Farm Appraising. Washington ASFMRA Fall Conference. Pullman, WA.

Professional Publications

"Valuation of Indirect Losses Due to Proximity Damages on Residential Property in Idaho." Research report submitted to Idaho Transportation Department, co-authored with Ruby Stroschein, MAI and Dr. James Nelson, University of Idaho. Report is currently being used as a template by WCRER in WashDOT proximity damage research grant. In addition, I instructed three state-wide regression courses on use of the model in practice.

Other

- Experienced in the development of statistical models using real estate data
- Former City Council Member, City of Kendrick, Idaho (six years ending 2020)
- Experienced with all major appraisal software packages, word processors, spreadsheets, and statistical software
- Completion of Private Pilot Certificate: 75 hours in a single-engine airplane

Division of Occupational and Professional Licenses
Department of Self Governing Agencies
The person named has met the requirements for licensure and is entitled under the laws and rules of the State of Idaho to operate as a(n)

CERTIFIED GENERAL APPRAISER

SARAH ELIZABETH MILES
828 S WASHINGTON ST STE D
MOSCOW ID 83843

Susan E. Buxton
Division Admin

CGA-1436
Number

08/09/2021
Expires

STATE OF WASHINGTON

CERTIFIED GENERAL REAL ESTATE APPRAISER

SARAH E MILES
GEM VALLEY APPRAISALS
828 S WASHINGTON ST STE D
MOSCOW ID 83843

1101701
License Number

08/09/2021
Expiration Date

Teresa Berntsen, Director

Letter of Engagement:

Gem Valley Appraisal Services, Inc.
828 S. Washington Street, Suite D
Moscow, ID 83843

GVA
A REAL ESTATE APPRAISAL COMPANY

City of Moscow
Attn: Bill J. Belknap
Deputy City Supervisor, Community Planning and Design, City of Moscow
Executive Director, Moscow Urban Renewal Agency
221 E. Second Street
Moscow, ID 83843
208.883.7011

January 15, 2021

RE: Current market value appraisal report of the commercial office building located at 114 4th Street, Moscow, ID 83843. Further identified as parcel number RPM0001003005AA.

Dear Client,

In accordance with your request, Gem Valley Appraisal will determine a current market value on the above referenced property utilizing all applicable approaches to value and analysis. The reporting format utilized will be summary narrative including all pertinent data and supporting documentation.

The real property interest to be appraised will have a date of value at the time of inspection (unless otherwise specified) in *Fee Simple Interest* under open market conditions. The purpose of this appraisal is to conclude an "as-is" market value for internal decision-making purposes of the above-named client. No other use and purpose is authorized for this report. The user of this report is to be the City of Moscow, in care of Bill Belknap, Deputy City Supervisor. No other person(s) is authorized to use this report.

Said appraisal, where applicable, shall meet requirements set forth Section 49 Code of Federal Regulation (CFR) Part 24.103(d)(1). The analysis and report shall be completed in accordance with the 2020-21 Uniform Standards of Professional Appraisal Practice (USPAP) edition except where jurisdictional exceptions apply. Gem Valley Appraisal is required by USPAP to state that we have not appraised the subject property within the last three years. The reported analyses, opinions, and conclusions are limited only by the reported assumptions, limiting conditions, and legal instructions, and they are my personal, unbiased professional analyses, opinions, and conclusions.

I have no present or prospective interest in the property that is the subject of this report, and I have no personal interest or bias with respect to the parties involved.

828 South Washington, Suite D
Moscow, ID 83843
VOICE: 208-882-7200 ~ FAX: 208-883-9788
tammy@gemvalleyappraisal.com

The fee for this appraisal will be $4,000 and will be completed no later than March 12, 2021, provided we receive the information necessary to complete the report in a timely fashion. One digital copy and one color hardcopy will be delivered to the clients at that time. Any additional copies must be requested upon return of signed letter of engagement with the understanding additional original color copies of the report are $15/copy.

<u>The appraisal fee can be paid by Visa or MasterCard at our Moscow office with the understanding that a 2.75% charge will be added to the appraisal fee, or alternatively paid by credit card over the phone with a 3.5% additional fee.</u>

I will sign the appraisal report as the primary appraiser and shall personally inspect the subject and comparable properties used in the report. All additional persons assisting in the collection of data and/or analysis of the appraisal shall be identified in the report.

Both the turn time and fee are subject to change should pertinent information arise after this agreement is made that significantly increase the complexity of the assignment.

Thank you for the opportunity to be of service to you.

Sarah E. Miles

Sarah E. Miles, MAI
Gem Valley Appraisal Services

Bill Belknap Digitally signed by Bill Belknap Date: 2021.01.15 15:38:13-08'00'

City of Moscow
C/O Bill Belknap, Deputy City Supervisor

828 South Washington, Suite D
Moscow, ID 83843
VOICE: 208-882-7200 ~ FAX: 208-883-9788
tammy@gemvalleyappraisal.com

Fee Schedule – 2021

Any additional scope of work, including appraisal analysis, consulting, deposition preparation, testimony, or court/trial (including travel) will be assessed at a charge of $250/hour.

DEFINITIONS

Market Value is defined as:

The most probable price which a property should bring in a competitive and open market under all condition's 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 specified date and the passing of title from seller to buyer under conditions whereby:

1. buyer and seller area typically motivated.
2. both parties are well informed and well advised and acting in what they consider their own best interest.
3. a reasonable time is allowed for exposure in the open market.
4. payment is made in terms of case in US 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.

HIGHEST AND BEST USE may be defined as :

"The reasonably probably and legal use of vacant land or an improved property that is physically possible, appropriately supported, financially feasible, and 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. Alternatively, the probably use of land or improved property – specific with respect to the user and timing of the use – that is adequately supported and results in the highest present value. P. 306."

IMPROVEMENTS: Buildings or other relatively permanent structures or infrastructure (e.g., sewer lines, water lines, roads) located on, or attached to, land.

FEE SIMPLE ESTATE: is the 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.

LEASED FEE ESTATE: is an ownership interest held by the lessor, which includes the right to receive the contract rent specified in the lease plus the reversionary right when the lease expires.

LEASEHOLD ESTATE: is the interest held by the lessee (tenant or renter) through a lease transferring specified rights, including the right of use and occupancy, for a stated term under certain conditions.

USPAP, 2020-21 Edition; Dictionary of Real Estate Appraisal, Sixth Edition; and The Appraisal of Real Estate, Fifteenth Edition.

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