

Mike Retzloff Appraisal Service

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To Mr. Larry Doss
Mr. Jon Stone
509 J Street
Eureka, CA

Date: June 10, 2024

Invoice No. 1

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Payment Due DUE UPON RECEIPT.

Description	Quantity	Price	Amount
Appraisal Report APN 001-193-007-000			
515 J Street, Eureka, CA	1	\$4,500.00	\$4,500.00
		Subtotal	\$4,500.00
		Shipping	\$0.00
		Tax	0.00%
		TOTAL	\$4,500.00

Appraisal Report

FOR:

MR. JON STONE
MR. LARRY O. DOSS
509 J ST
EUREKA, CA 95501

OF:

DOSS & STONE PROFESSIONAL BUILDING
APN 001-193-007-000
515 J STREET
EUREKA, CA 95501

AS OF:

APRIL 18, 2024

MIKE RETZLOFF
MIKE RETZLOFF APPRAISAL SERVICE
4709 PATRICIA DRIVE
EUREKA, CA. 95503-6422

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**Mike Retzloff Appraisal Service
4709 Patricia Drive
Eureka, California
95503-6422**

June 10, 2024

Mr. Larry O. Doss
Mr. Jon Stone
509 J Street
Eureka, California 95501

Re: APN 001-193-007-000
515 J Street Eureka, CA 95501

Dear Mr. Doss and Mr. Stone,

Pursuant to your request, I have made a careful investigation and analysis of the above cited property.

My purpose has been to arrive at an estimate of the market value of the real estate noted above to assist you in your negotiations with the County of Humboldt to arrive at a reasonable sales price for the property as of April 18, 2024.

By reason of my investigation and virtue of my experience, I am of the opinion that the market value of the fee simple interest in the subject property, "as is," and subject to the contingent and limiting conditions presented in the attached appraisal report, is:

\$1,496,000
One Million Four Hundred Ninety-Six Thousand Dollars

On the following pages, you will find information upon which my conclusion is based.

If any additional information is needed, or if I can be of further assistance, please do not hesitate to call on me.

Sincerely,

Michael L. Retzloff
Appraiser
AG007269
MLR/vh

CERTIFICATION

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

1. I have no present or contemplated future interest in the real estate that is subject to this appraisal report.
2. I have no personal interest or bias with respect to the subject matter of this appraisal report or the parties involved.
3. To the best of my knowledge and belief, the statements of fact contained in this appraisal report, upon which the analyses, opinions, and conclusions expressed, herein, are based, are true and correct.
4. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions are my personal, impartial, and unbiased professional analyses, opinions, and conclusions. This appraisal report sets forth all the limiting conditions (imposed by the terms of my assignment or the undersigned) affecting the analyses, opinions, and conclusions contained in this report.
5. This report has been made in conformity with and is subject to the Code of Professional Ethics and Standards of Professional Conduct of the Appraisal Institute, the USPAP, and the Uniform Standards for Federal Land Acquisitions.
6. My engagement in this assignment was not contingent upon developing or reporting a predetermined result.
7. My compensation for completing this assignment is not contingent upon the development or reporting a predetermined value or direction of 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.
8. No one provided significant professional assistance to the person signing this report. I made a personal inspection of the subject property on April 18, 2024 and other occasions.
10. I have not performed services, as an appraiser or in any other capacity, regarding the subject property within the three year period immediately preceding the agreement to perform this assignment.
11. The concluded market value estimate on April 18, 2024, is as follows:

Market Value of 515 J Street, Eureka, CA - APN 001-193-007-000, Humboldt County:

\$1,496,000

One Million Four Hundred Ninety-Six Thousand Dollars



Michael L. Retzloff, Appraiser
Appraiser/AG007269

June 10, 2024

Date

CONTINGENT AND LIMITING CONDITIONS:

1. The appraiser assumes no responsibility for matters of a legal nature affecting the property appraised as to the title, which is assumed to be good and marketable. The property is appraised as though under responsible ownership.
2. Any sketch in the report may show approximate dimensions and is included only to assist the reader in visualizing the property. The appraiser has made no survey of the property.
3. The legal description furnished to the appraiser is assumed to be correct, and the title is assumed to be readily marketable.
4. The appraiser is not required to give testimony or appear in court because of having made the appraisal unless prior arrangements have been made previously therefore.
5. Any distribution of the valuation in the report between land and improvements applies only under the existing program of utilization. The separate valuations for land and buildings must not be used in conjunction with any other appraisal, and are invalid if so used.
6. The appraiser assumes that there are no hidden or unapparent conditions of the property, subsoil, or structures, which would render it more or less valuable. The appraiser assume no responsibility for such conditions, or for engineering which might be required to discover such factors.
7. Information, estimates, and opinions furnished to the appraiser, and contained in the report, were obtained from sources considered to be reliable, and are believed true and correct. However, no responsibility for accuracy of such items furnished the appraiser can be assumed by the appraiser.
8. Neither all, nor any part of the contents of the report, or copy thereof, (including conclusions as to the property value, the identity of the appraiser, professional designations, reference to any professional appraisal organizations, or the firm with which the appraiser is associated shall be used for any purpose by anyone but the client specified in the report, the mortgagee or its successors and assigns, mortgage insurers, consultants, professional appraisal organizations, any state or federally approved financial institution, and department, agency, or instrumentality of the United States or any state or the District of Columbia, without written consent of the appraiser.
9. It is understood that this is a tentative appraisal in the case that should any other facts be discovered in regard to the appraisal property or should any new legal opinion be forthcoming, the appraiser reserves the right to change the value conclusion presented in the report.
10. Responsible ownership and competent management are assumed.
11. The American with Disabilities Act (ADA) became affective January 26, 1992. The subject was built to ADA standards in effect at the time of construction. For properties with building structures, this Act has relevance. I have not made a specific compliance survey and analysis of this property (regardless of whether the subject property structures are existing or proposed) to determine whether or not it is in conformity with the various detailed requirements of the ADA. It is possible, but unlikely, that a compliance survey of the property, together with a detailed analysis of the requirements of the ADA,

CONTINGENT AND LIMITING CONDITIONS (continued):

could reveal that the property is not in compliance with one or more of the requirements of the Act. If so, this fact could have a negative effect upon the value of the property. Since I have no direct evidence relating to this issue, I did not consider possible noncompliance with the requirements of ADA in estimating the value of the property. Special note: This may not be adequate if "readily achievable" barrier removal items are obvious and should have been identified. Most all new construction of nonresidential properties is ADA compliant by law.

12. Although certain projections may be made within this report, this report *is not* a feasibility analysis of the subject project.

13. The projection of income and expenses, as well as absorption levels, are not predictions of the future. Rather they are the best estimate of current market thinking of what future trends might be. No warranty of representation is made that these projections will materialize. The real estate market is constantly fluctuating due to economic, governmental, and social externalities. It is not the task of the appraiser to estimate the conditions of a future real estate market, but rather to reflect what the investment community envisions for the future, and upon what assumption future investment decisions are based.

14. Where discounted cash flow analysis is utilized, it has been prepared on the basis of the information and assumptions stipulated in this appraisal report. The achievement of any financial projections will be affected by fluctuating economic conditions and is dependent upon the occurrence of other future events that cannot be assured. Therefore, the actual results achieved may well vary from the projections and such variation may be material.

15. The concluded value estimate determined herein assumes cash in U.S. Dollars or cash equivalent financing terms based on conventional financing terms and interest rates typically available in northern California for properties of this type.

16. Property values are influenced by a large number of external factors. The information in this report comprises the pertinent data considered necessary to support the value estimate. I have not knowingly withheld any pertinent facts, but I do not guarantee that I have knowledge of all factors which might influence the value of the subject property. Due to rapid changes in the external factors, the value estimate is considered reliable only as of the effective date of the appraisal.

17. To the best of my knowledge and belief there are no underground storage tanks at the subject property. There is an above ground propane storage tank at the rear of the property. This report assumes that the subject real estate is clean, or not contaminated with hazardous waste, either as a result of negligence or accident.

18. The value is estimated under the assumption that there will be no international or domestic political, economic, or military actions that will seriously affect property values on a nationwide basis.

19. The liability of the appraiser, Michael L. Retzloff, is limited to the Clients (Lauren Galbraith, Attorney at Law, at Farella Braun + Martel LLP) only and to the amount of the fee actually paid for the services rendered, as liquidated damages, if any related dispute arises. Further, there is no accountability, obligation, or liability to any third party. If this report is placed in the hands of anyone

CONTINGENT AND LIMITING CONDITIONS (continued):

other than the Client, the Client shall make such party aware of all limiting conditions and assumptions of the assignment and related discussions. The appraiser is in no way responsible for any cost incurred to discover and correct any deficiencies of any type present in the property, physically, financially, and/or legally. The Client also agrees that in case of a lawsuit (brought by a lender, partner, or part owner in any form of ownership, tenancy, or any other party), the Client will hold the appraiser completely harmless from and against any liability, loss, cost, or expense incurred, or suffered by the client in such action, regardless of its outcome.

20. This appraisal report has been prepared for the exclusive benefit of Larry O. Doss and Jon Stone for the purpose of estimating the current market value of the subject property as of April 18, 2024. It may not be used or relied upon by any other party. Any party who uses or relies upon any information in this report, without the appraiser's written consent, does so at his/her own risk.

21. This Appraisal Report is intended to comply with the requirements set forth in the Uniform Standards of Professional Practice for an Appraisal Report. As such, it might include only summarized discussions of the data, reasoning and analyses that were used in the appraisal process to develop the appraiser's opinion of value. The information contained in this report is specific to the needs of the client and for the intended use stated in this report. The appraiser is not responsible for unauthorized use of this report.

22. I have personally inspected the subject property and viewed the improvements. Information on the subject property was supplied by the Client or property owner and further information was gathered from public records and my own data files. If any building dimensions were physically gathered, the square footage estimates are approximate.



Michael L. Retzloff, Appraiser
AG007269

June 10, 2024

Date

UNDERLYING ASSUMPTIONS AND CONTINGENT CONDITIONS

For the purpose of this study, it is assumed that:

1. The legal description is correct.
2. There are no liens, encumbrances or defects of title.
3. The property is efficiently managed.
4. The present zoning will remain in force.
5. The study is to be used whole, not in part. No part of it shall be used in conjunction with any other appraisal and is invalid if so used.
6. A survey was not made of the property.
7. The appraiser herein by reason of this study is not required to give testimony in court with reference to the subject property unless otherwise previously arranged.
8. The possession of this report, or copy thereof, does not carry with it the right of publication, nor may it be used for any purpose by anyone but the client, without the previous written consent of the appraiser.
9. The subject property was reported to be clean and free of hazardous or toxic waste and underground storage tanks. As a limiting condition of this appraisal report, the appraiser assumes that the subject property is, in fact, clean and free of hazardous or toxic waste in order for the valuation to be valid.



Michael L. Retzlöff, Appraiser
AG007269

June 10, 2024

Date

RESTRICTIONS UPON DISCLOSURE, COPIES, PUBLICATION, DISTRIBUTION AND USE OF THE APPRAISAL REPORT

Disclosure of the contents of this appraisal report is governed by the By-laws and Regulations of the Appraisal Institute.

Possession of the report or any copy thereof does not carry with it the right of publication, nor may it be used for any other purpose or any function other than its intended use, as stated in the body of the report. The appraisal fee represents compensation only for analytical services provided by the appraiser. The appraisal report remains the property of the appraiser, though it may be used by the client in accordance with the assumptions and limiting conditions within the body of the report.

Neither all nor any part of the contents of this report (especially any conclusions as to value, or any reference to the MAI designation, or other designations, or the Appraisal Institute,) shall be disseminated to the public through advertising media, public relations media, news media, or any other means of communication without prior written consent and approval of the undersigned.

The appraisal is to be used only in its entirety and no part shall be used without the whole report.

All conclusions and opinions concerning the analysis as set forth in the report of comparables sales were prepared by the appraiser whose signature appears on the appraisal report, unless it is indicated that one or more appraisers is acting as a "review appraiser."

No change of any item in the report shall be made by anyone other than the appraiser.

The appraiser shall bear no responsibility for any unauthorized changes.



Michael L. Retzloff, Appraiser

June 10, 2024

Date

INTRODUCTION

PURPOSE, USE, AND FUNCTION OF THE APPRAISAL

The purpose this appraisal is to estimate the current market value of the real estate at 515 “J” Street in Eureka, California, in its “as is” condition. No personal property or equipment is considered in this report.

PROPERTY RIGHT APPRAISED

The property right appraised is the fee simple interest in the of the subject real estate.

DEFINITION OF MARKET VALUE AND OTHER RELEVANT DEFINITIONS

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

The buyer and seller are typically motivated;

Both parties are well informed or well advised and each is acting in what they consider their own best interest;

A reasonable time is allowed for exposure in the open market;

Payment is made in terms of cash in US Dollars or financial arrangements comparable thereto; and

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.

(12 C.F.R. Part 34.42(g); 55 *Federal Register* 34696, August 24, 1990, as amended at 57 *Federal Register* 12202, April 9, 1992; 59 *Federal Register* 29499, June 7, 1994.

Real Estate is defined as *physical land and appurtenances affixed to the land.*

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

Leased Fee Estate is defined as *an ownership interest held by a landlord with the right of use and occupancy conveyed by lease to others; the rights of lessor or the leased fee owner and leased fee are specified by contract terms contained in the lease.*

Leasehold Estate is defined as *the right held by the lessee to use and occupy real estate for a stated term and under certain conditions specified in the lease.*

(The Dictionary of Real Estate Appraisal, American Institute of Real Estate Appraisers, Seventh Edition)

All other real estate terms used in this report may be referenced by either ***The Dictionary of Real Estate Appraisal, Seventh Edition***, or ***The Appraisal of Real Estate***, Ninth or Tenth Edition, by the same publisher.

SALE HISTORY OF THE SUBJECT PROPERTY

The subject parcel is one of two parcels, APNs 001-193-001-000 and 001-193-007-000 that were owned by John W. Cooper, Jr. for years and his law office occupied the subject building at 515 “J” Street, Eureka, California (APN 001-193-007) building for decades. As I remember the subject building, there was a built-in garage on the east side, the law office was on the first floor south of the garage, and a living quarters was on the second floor. The second floor later became many small offices. The Cooper Mortuary (Chapel of the Ferns) was across the alley at 509 “J” Street, Eureka, California (001-193-001).

On July 20, 1995, Mr. Cooper transferred ownership of both properties to the Cooper Family Trust, with the Trustees being John W. Cooper, Jr. and Laverne E. Cooper. The property remained under the same ownership until November 17, 2010, when Jon and Mary Stone/Larry O. and Cassanda Doss purchased for it for \$750,000. The buyers put down \$150,000 cash with the Cooper Family Trust carrying a \$600,000 trust deed/mortgage. At the time of sale, the Stone's had a 95% interest in the property and the Doss's had a 5% share in the two properties. The current owners have retained ownership of both properties since they purchased the properties. Any transaction that far back is too old to be relevant to the valuation of the subject as of the current date of valuation.

DATE OF VALUATION

April 18, 2024

DATE OF THE REPORT

June 10, 2024

SCOPE OF THE ASSIGNMENT

The scope of this assignment is to inspect the subject property, conduct an investigation of market data, and prepare a narrative appraisal report. The "subject property" is defined as the real estate only.

The scope of the assignment includes but is not limited to the following:

1. Inspection of the subject property, review of the plans and specifications if the subject is a proposed construction project, and review of legal title information.
2. Examination of the current zoning, General Plan for the community, and any proposed future uses in the area.
3. Interviews with persons considered knowledgeable about real estate values, sales, rental rates, and trends in the community.
4. Collection of market data from various sources relating to sale activity of vacant land, residential, and commercial properties, leases, rents, expenses, and marketability of comparable leased space in the general vicinity of the subject property.
5. Documentation and verification of recent comparable sale data.
6. Analysis of data and correlation of findings into a final estimate of value. Thus, the scope of the appraisal requires physical inspection of the subject property and its surrounding neighborhood, the collection, verification, and analysis of comparable data to estimate the highest and best use of the subject and the defined value required by the client. The Valuation Method section of this report describes the techniques used in the analytical processes required to determine the defined values. All data used in this report are from sources believed to be reliable.

PROPERTY INSPECTION

I am familiar with the subject property and appraised it decades ago. I visited the property many times when Fidelity National Title Company operated there. Until my recent engagement, I have not performed any services on the property for decades. More specifically, I have not performed any services on the subject property nor appraised it during the last three years prior to my recent engagement. Since April 18, 2024, when I last fully inspected the subject property, I have inspected the subject site a few times for verification of data. My last exterior inspection was May 30, 2024.

APPRAISAL PREMISE

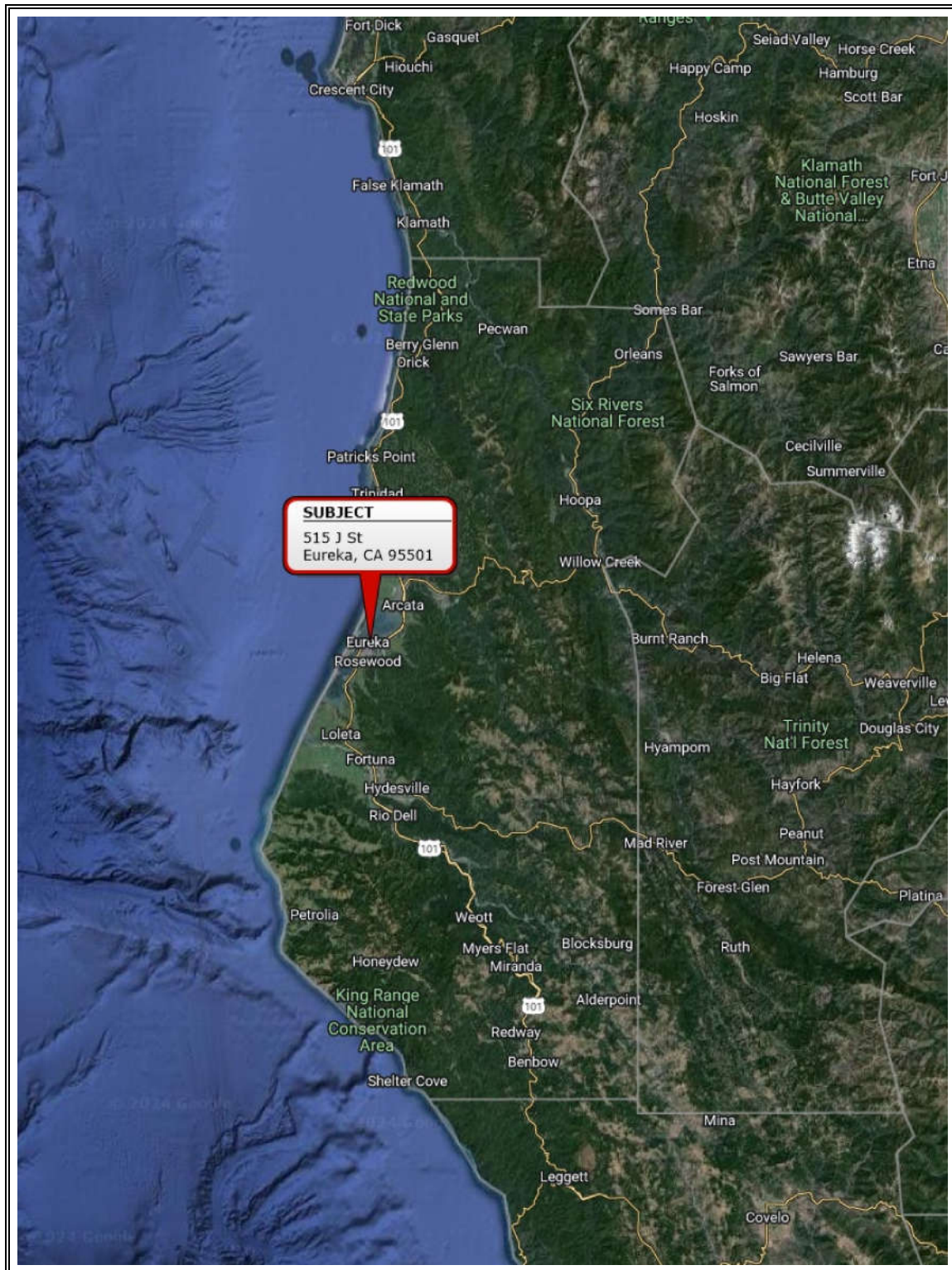
The subject property is valued in this report consists of a single parcel of land with one large commercial building and other improvements, as of the date of my last full inspection as

specified in this report. No FFE (fixtures, furniture, & equipment) or personal property is valued in this report.

INTENDED USE / INTENDED USER OF THIS APPRAISAL REPORT

This report is being used by the current owners to arrive at a reasonable sales price for the subject property to aid in negotiations with the County of Humboldt. The intended users of this report are Jon and Mary Stone as well as Larry O. and Cassandra Doss. There are no other intended users. If other persons gain possession of this appraisal report, it does not make those persons “intended users” of this report. This report is copyrighted.

Area Map



4709 Patricia Drive ▪ Eureka, California, 95503-6422

Page 5 ▪ Phone 707-444-3015 ▪ Fax 707-444-3602

HUMBOLDT COUNTY AREA

Humboldt County contains roughly 2.3 million acres of primarily mountainous land with the exception of the low elevation coastal plain surrounding Humboldt Bay. More than 75% of the county is timberland, ranch land, farm land, or state and national park land. The remaining portion of the county has undergone residential, industrial, and/or commercial development of some sort.

The area's largest urban centers are Fortuna, Eureka, and Arcata. Each of these cities has experienced rapid growth over the last ten years or so but this growth has begun to slow. Unincorporated McKinleyville, which is about five miles north of Arcata, has experienced the most overall growth in the county due primarily to the availability of buildable land. Eureka is the largest of the urban centers and is the hub city for commercial, governmental, and other services. Fortuna, which has abundant vacant land, and Arcata follow McKinleyville and Eureka in growth.

Eureka was founded in 1850 and incorporated in 1856. It is roughly 270 miles north of San Francisco, California and 450 miles south of Portland, Oregon. About 70% of the population of Humboldt County lies within a 30-mile radius of Eureka. Over the years, the population in Humboldt County has shown moderate, almost constant growth since 1960. The 2020 Census data for Humboldt County is the last to be published. Below are population estimates that have been provided to the public by Census data, State Department of Finance, or various media over the years. Although not in the table, Arcata's 2020 population was 18,266 which is a slight increase over the 17,814 counted in 2017 and 17,231 in 2010. Fortuna's population was 11,296 in 2010 and 12,135 in 2020.

POPULATION GROWTH

<u>Year</u>	<u>Humboldt</u>	<u>Eureka</u>
1960	104,892	28,137
1970	109,692	24,377
1980	108,525	24,153
1985	113,000	24,600
1990	120,310	27,025
2000	128,100	27,750
2006	128,956	28,606
2007	131,022	28,606
2008	131,022	28,606
2010	134,623	28,606
2017	136,754	27,002
2020	136,101	26,938

The local weather is characterized by moderate temperatures, frequent fog, and moderate to heavy precipitation. The mean rainfall is about 40 inches and the rainy season usually occurs

between late October and early May. Snowfall is characteristic of the mountain areas during the winter months but rarely occurs in the coastal plains where urban centers are located. The late 1980's and early 1990's were characterized by drought-like conditions that were part of a worldwide pattern of change in weather conditions and climate. In more recent years, weather patterns have resumed or exceeded normal wet patterns observed in the past. The last two years have been fairly wet in Humboldt County compared to other regions of the state.

Transportation into the Eureka / Fortuna / Arcata area is via two major highways. U.S. Highway 101 connects these cities with San Francisco to the south and Portland to the north. State Highway 299 connects the Humboldt Bay area to Redding and Interstate 5 on the east. Air transportation to and from the area is provided by airlines operating out of the Arcata/Eureka airport (actually located in McKinleyville which is 17 miles north of Eureka and 31 miles from Fortuna and Ferndale). Daily flights are available to the San Francisco Bay, Sacramento, and Los Angeles areas via United Air Lines Express / Skywest. Flights to other areas are available on a more limited basis. For a while, Delta Airlines, served the Eureka/Arcata area and provided a direct link to Salt Lake City, which is a hub for Delta flights throughout the nation. Delta was not satisfied with the number of passengers they carried from Humboldt County and stopped serving the area. Humboldt County has since been trying to lure a new airline to provide additional service to the area, so far with no takers. This airline service issue is not unique to Humboldt County but until a new airline comes on-line, travelers will probably continue to drive to metropolitan San Francisco or Sacramento for major flights. The Eureka/Arcata Airport runway has been lengthened and new safety barriers are to be placed at the end of the runways. The ILS system is reportedly being upgraded after being damaged in the runway lengthening construction effort. The recent remodeling of the airport building has completed.

Approximately 20 trucking firms, plus United States Postal Service, United Parcel Service, and Federal Express adequately provide freight transportation in Humboldt County. Because some parts of State Highway 101 and State Highway 299 have narrow two lane passage routes and tight turns, STAA (Surface Transportation Assistance Act of 1982) trucks are restricted from passage at several places. This act requires states to allow certain longer trucks on a network of federal highways, referred to as the "National Network" (NUN). An "STAA" truck is, in many cases, longer than a "California Legal" truck, and may operate only on specific highways within California. Considering the fuel costs, the STAA trucks operate at higher efficiency than "California Legal" trucks; this fact impacts the bottom line of many businesses that rely on freight service. Whereas an occasional Greyhound bus is seen traveling through Eureka and elsewhere in Humboldt County, there is no Greyhound bus service terminal in Humboldt County. Travelers picked up by bus must make an odd, time-consuming trip all the way to San Francisco or other major cities to catch another bus going to the desired destinations. On a periodic basis, Amtrak runs a bus to the San Francisco Bay area and allows for some bus transportation service.

The North Coast Railroad Authority, now a quasi-government organization, worked steadily over the years to restore rail freight service and passenger transportation in the area. At one time, the North Coast Railroad Authority partnered with the Humboldt Bay Harbor, Recreation, and Conservation District to apply to the California Transportation Commission for a

share of Proposition 1B bond money. The project was designed to restore competitive rail service at the north end of the line, relieve highway congestion, and make navigation in the bay safer and more efficient. So far, due to lack of funding, nothing positive has happened for rail development and it remains a hot button issue as a transportation asset in Humboldt County.

Humboldt Bay is the second largest deep water port in California. This bay permits ocean freight service to and from the Eureka / Arcata / Fortuna area and is a port for fishing vessels and general harbor recreation. Over the years, there has been much debate but little action on how to best use this significant alternate transportation asset (Humboldt Bay). Most of the ocean freight to date has been timber exports (primarily pulp) out of the area, particularly to Pacific Rim countries. Logs are reportedly still being exported to China from Humboldt Bay. Tourist passenger transportation via oceangoing vessels was initiated in 1994. A few other ocean going liners have made stops here since that time but this ship based tourism has yet to develop into a regular activity. David Hull, while he was CEO of the Harbor District, strongly advocated the feasibility of expanding shipping in Humboldt Bay. When Mr. Hull retired, the incoming Harbor District CEO, Jack Crider, was a seasoned professional in developing harbor related use and employment. However, Mr. Crider left the Harbor District without accomplishing much. Mr. Larry Oetker is the most recent CEO of the Harbor District. To date, much effort has been expended but there has been little return. About 10 years ago, the Humboldt Bay shipping channels were deepened in anticipation of the new generation of larger ships loading and unloading freight at local dock facilities. Dredging to deepen the bay channels up to 48 feet deep began in 1998 when shoaling was particularly bad. After another heavy shoaling period, dredging was initiated and completed during the summer of 2002. Some maintenance dredging is periodically needed to maintain the shipping channel depths for deep draft ocean going vessels. Right now the only deep draft vessels calling on the port are ships moving pulp from Samoa to China. As of 2022, the bay dredging will be initiated at some point in the near future due to heavy shoaling from expected heavy storms. The latest goal of the Harbor District is to upgrade its dock facilities and build new infrastructure for a full fledged shipping terminal facility that is capable of serving deep draft vessels. The goal is to bring in project cargo, bulk cargo, and cruise shipping lines to the area at a steady rate, creating high paying jobs for local residents. The Samoa Peninsula has more than enough industrial land to store and move cargo and cargo containers but lacks a running railroad to move such cargo to major cities, meaning only trucks can be used for such service. The restoration of rail service to the area is vital to the Harbor District's proposal to develop the shipping terminal facility. A rail system is the most efficient and cost effective means of transporting the bulk and project cargo containers to other facilities as needed. Rail development has stalled but various organizations are working to restore the north coast rail service, possibly by rerouting the railroad tracks to other easement areas. No recent news on the harbor development goals has been issued in regards to the shipping terminal plan.

For many years, the economy of the Humboldt County region was based on the timber, fishing, and tourist industries, but these industries, while still important to the economy as a whole, have taken a back seat to emerging industries. Environmental restraints, mergers, and acquisitions have consolidated the once mighty timber industry from a large number of smaller firms to a handful today. Some of the surviving firms are among the largest in the nation, while

the others are still small businesses. The last remaining local pulp mill on the Samoa Peninsula was been shuttered for good many years ago for lack of financial backing to restart operations. This was a severe blow to a once highly profitable industry and major employer. The fishing industry still employs around 400 people, many of whom are second or third generation fishermen, and brings in close to \$50 million into the local economy annually. The main constraints on the fishing industry are a decreasing fish supply due to over fishing. In an effort to increase fish populations, certain temporary government constraints have been instituted over the years. In 2003, the federal buyback program bought 91 fishing vessels to reduce the number of vessels in the trawler fleet. The top ten species of local fish in terms of economic value are Dungeness crab, Chinook salmon, Albacore tuna, Sable fish, Dover sole, Pink shrimp, Tanner crab, Pacific whiting, Petrale sole, and Black rockfish. The fishing industry, plus local, federal, and state governments are all working hard to regain water flows to rivers to further increase the fish populations in local streams so that regulations will be eased in the near future. Right now, most of the north coast rivers are looking good, and reports are indicating slightly increased numbers of salmon this year. With the expected heavy rains due this winter, the rivers should be in better shape than last year. In recent years, tourism has brought in as much as \$257,000,000 and supported around 4,820 jobs in Humboldt County. Special events such as Reggae on the River, Blues by the Bay, the Humboldt County Jazz festival, the world renown Kinetic Sculpture Race, convention groups, the vast area of natural beauty in this sector of the north coast of California, available outdoor sporting activities, the slower pace of living, and moderate climate have continued to bring tourists to the area over the years. Some of the local art and music festivals generate as much as \$600,000 in sales activity in 2 to 3 day cycles. The importance of the tourist industry is evidenced by the increasing occupancy taxes at a large number of lodging facilities and by taxable sales from tourist related activity.

In the past, agriculture, in the form of beef and dairy ranching, was a major source of employment, but has been on a slight downward path because of a decrease in government subsidies, high cost of labor, and high unemployment insurance. Beef and dairy ranching are still very important to the economy as new specialty agriculture products are emerging and bringing in additional dollars from outside the county. Aquaculture, a special form of agriculture, has been increasingly important to the local economy and shipments for some products are worldwide. Both floriculture and horticulture have become very important to the local economy over the last decade or so. Greenhouse and nursery plants are being shipped worldwide. Lily bulb farming has been the most prolific of the horticulture operations with historic sales of around \$35,000,000 or more a year but this industry is now facing stiff international competition and is set on folding operations. Crop farming, with many farmers certified for organic produce, has been growing in importance in terms of employment and some crops sold out of the area.

The state and federal governments have directly and indirectly impacted the local economy in terms of employing large numbers of people.

The 800,000 +/- square foot regional Bayshore Mall in Eureka has significantly impacted the retail employment situation since its late 1987 opening. Some retail trade that previously left the county for selection reasons is being recaptured by this mall; the result has been an increase in retail employment. A Costco warehouse / wholesale / discount retail outlet was built several

years ago and has increased selection of retail items, employed significant numbers of local people, and helped keep the flow of money in the Humboldt County area. The very large WINCO FOODS, a discount food store on the Eureka Mall, employs many people. The former Ray's Food Place went out of business and became a Sportsman's outlet and the Party Place opened next to that. TARGET Corp. developed a large retail store at the old Montgomery Ward site at the north end of town and it opened for business in early October 2004 and has been doing very well since. Eureka Natural foods opened up a large new store on Broadway several years ago and appears very profitable. The North Coast Co-op has been very successful at both its Eureka and Arcata locations. Several other retail development projects have been completed along Broadway over the last several years.

Additional retail trade appears to be resurgent in "downtown" Eureka, the historical civic, retail and financial center which many retail businesses abandoned in favor of the Bayshore Mall. Redevelopment of the downtown Eureka area is readily apparent. A few years ago, a portion of a large retail store in downtown was redeveloped into a bank and parking lot. The Arkley Center for Performing Arts group purchased the old Sweasy Theatre building portion of the property for the purpose of creating a performing arts center. This beautiful performing arts center is now doing business. The conversion of the square block sized old Big Loaf Bakery at "4th" and Commercial Streets into a large food cooperative is another prime example of redevelopment. A few old buildings have been or are being demolished to make way for additional parking, and other old buildings are being restored and modernized as necessary. This is apparent along "4th" and "5th" Streets in Eureka. The three story, all masonry construction, "Old Town Bar and Grill" building has been seismic retrofitted and mostly filled with professional office spaces on the upper floors with retail establishments on the first. Considerable new development has occurred along Broadway over the last few years, including a local Oil Stop, an expanding local health food store, In-N-Out Burger, KFC, El Pueblo Mexican restaurant and grocery store (not yet completed), and other smaller stores. A new Starbucks is planned for the site of a razed motel near In-N-Out Burger and a four store retail or fast food building was built behind In-N-Out Burger. A big eight theater movie complex was converted from a former Safeway (and later a Pay-N-Pak store) at Broadway and Cedar Streets and has been open for business for many years but has been struggling to get to full speed since the Covid-19 pandemic issues interrupted business cycles. These development efforts, along with others, show that many retailers are indeed trending away from the Bayshore Mall in Eureka. The once bustling interior mall has lost several tenants over the last few years but still has some major retail anchors. Then again, several downtown Eureka buildings, mostly office buildings but some are former retail buildings, have been vacant for the last year or two or more. Retail trade also appears resurgent in the Arcata, McKinleyville, and Fortuna areas. A quick drive through any of these communities reveals an increasing number of new buildings that support retail businesses and housing or both. The only problem now is that some retail sales have slowed during a time when the national economy has also slowed down or been erratic in trends, and unemployment is somewhat low. Some small retail stores have gone out of business in the last few years. Others are just starting up but finding it hard to sell products with Internet competition from giants like Amazon. There have been several light industrial structures developed in Arcata, McKinleyville, and Fortuna over the last several years. The Aldergrove Industrial Park in Arcata is almost completely built up with only a few undeveloped lots available. Several properties have been commanding premiums on the

market with the new MMIZ zoning developed for the Cannabis industry. However, heavy regulations and heavy fines have severely impacted the Cannabis industry over the last few years and many big time players have vanished from the line up of retail and manufacturing outlets.

Over the last ten years or so, the Humboldt County economy has diversified. See the pie chart showing the industry bases published by the State EDD-LMI, QCEW in 2006. While seemingly dated, this pie chart data is still referenced and used by various government agencies today. This pie chart shows that the state, federal, and municipal governments make up the largest sector of the economy. Forestry and logging (11%), health services (11%), retail (10%), education and research (8%), K-12 education (7%), construction (6%), financial activities (5%), tourism (5%), professional and business services (5%), manufacturing (4%), other services (3%), transportation, warehouse and utilities (2%), information technology (1%), wholesale (1%), dairy (1%), arts and culture (1%), specialty agriculture (1%), fishing (fisheries, fish processing, aquaculture) (1%), and domestic services (1%), follow in that order. These figures remain about the same today but don't consider the impact the Cannabis industry is having in the county in terms of production, manufacturing, and distribution. While nationwide sales of Cannabis products are not surging at the moment, the industry is too new to fully quantify any future impact it will have in the Humboldt Bay region. About all that can be said is that, at some point, the impact is expected to be so big that the Cannabis industry may become the largest ever for our region. The 2021 State QCEW annual report indicates that there are 5,653 establishments employing 35,491 people, generating an annual payroll of \$1,667,826,441.

The Humboldt County Workforce Investment Board indicates that there are seven most promising areas for economic and workforce development that have shown the most significant growth in the number of firms, number of jobs, and real wages (i.e., adjusted for inflation). The seven industries are diversified health care, building and systems construction and management, specialty agriculture, food and beverages manufacturing, investment support services, management and innovation services, and niche manufacturing. These seven areas make up 39% of the regions private sector employment and 53% of the private sector wages. The number of firms in these sectors has increased by 23% since 1990 and they grew by 37% during the same period. It appears that these industries will continue to grow over time, becoming even more important to the local economy. Unemployment in Humboldt County dropped below 10% for the first time in 1986 and averaged about 7.8% until early 1992. In the 2005-2007 period, unemployment decreased to the 4.5% to 6.5% range in both Humboldt County and Eureka. Unemployment in Eureka has typically been 1% to 2% below the county average since 1984 while other local cities have slightly higher unemployment rates. In the near future, as modern technology allows people to work in the region regardless of location, the employment picture should remain diverse, and fluctuation in unemployment averages should be within the ranges documented below.

PERCENT RATE OF UNEMPLOYMENT

<u>Year</u>	<u>Humboldt County</u>	<u>Eureka</u>
1984	11.7%	10.0%
1985	10.6%	8.9%
1986	9.1%	7.7%
1987	7.6%	6.4%
1988	7.8%	6.6%
1989	7.9%	6.6%
1990	7.7%	6.2%
1991	9.1%	8.0%
1992	10.6%	9.9%
1993	9.7%	9.8%
1994	8.7%	8.9%
1995	8.5%	8.2%
1996	9.2%	9.2%
1997	7.2%	7.8%
1998	7.2%	8.0%
1999	5.3%	5.3%
2001	6.3%	6.4%
2002	6.2%	6.2%
2003	6.7%	6.8%
2004	6.4%	6.6%
2005	5.4%	5.7%
2006	4.5%	4.7%
2007	6.3%	6.5%
2008	10.0%	10.3%
2009	11.6%	11.2%
2010	12.1%	12.4%
2011	12.3%	11.3%
2012	9.4%	9.8%
2013	8.5%	9.1%
2014	7.9%	7.9%
2015	5.3%	5.2%
2016	4.6%	4.3%
2017	3.5%	3.3%
2018	3.9%	3.4%
2019	3.3%	2.7%
2020	7.8%	7.5%
2021	4.1%	7.4%
2022	3.2%	3.2%

In 2010, unemployment figures reportedly exceeded 12.0% for the County and 12.4% for the State. For 2011, unemployment figures were reportedly about 11.3% for the County and 12.3% for the State. In 2012, unemployment was in the 9.4% to 9.8% range. Statewide, jobs have not been added at a very fast pace; in fact, California is third highest on the list of states that lost jobs for the year of 2013. For all of California, the average jobless rate from January 2014 to January 2015 is estimated at 6.6% for all of 2014 while Humboldt County and Eureka remain about 7.9% per current EDD estimates. Low employment coupled with low job creation can be interpreted as a moderately severe economic downturn by most and a slow down by some. In fact, the job growth rate projected for the county is -1.2% for 2015. Unemployment was at 4.3% for Eureka and 4.6% for Humboldt County in December 2016. Today, unemployment figures are roughly 3.2% for Eureka and 3.2% for the county. The Workforce Investment Board data is older and certainly doesn't include the Cannabis industry in its studies but its pie chart visual is the best I have seen. The current unemployment rates for 2022 are lower than the historical annual average of 7.16. Based on the "help wanted" posters in the windows of many businesses in the county, it appears that there are more jobs than there are people that want to do those jobs. It could be that many job seekers are simply not interested in some job openings.

Given the currently strong demand for rental housing in the Humboldt Bay area, the vacancy rate does not appear to be affected significantly by any job losses over the last several of years. There appears to be limited supply as developers have continued to develop additional apartment housing, and existing rental rates in some areas keep climbing as vacancies drop. The vacancy rate appears to be as low as 1% for some Humboldt Bay cities and Arcata's vacancy rate is below that. One bedroom units show the greatest increase in rents. Increasing enrollment at both the newly designated California State Polytechnic University Humboldt and College of the Redwoods has a lot to do with the low vacancy rate but it also appears that people are migrating out of more populated areas to a quieter, uncongested life in Humboldt County. The rental housing shortage in Arcata has prompted the former Humboldt State University to develop some 200 new apartment units on the campus. Kurt Kramer has completed several large apartment complexes in the Sunset District and another large apartment complex was developed down the Street on Foster Avenue. In addition new apartment complex is being developed very close to the Kramer project. The completion of these units and many in the Eureka and McKinleyville areas in recent years has impacted the quality of the tenant mix that has led to very low vacancies over the years. High rents have resulted in waiting lists for housing in Arcata, McKinleyville, and Eureka in particular. How to interpret this is not clear at this point but this refers to both student housing and other non-student potential tenants into consideration. Arcata rents have typically been the highest among the Humboldt Bay area cities and the quality of many of the older units can be rated average to fair or poor. No recent studies have been done to determine new vacancy factors yet. However, given the high cost of single family housing in Humboldt County, it has been reported by economists in various media that it is now cheaper to rent compared to buying housing April 2002 to October 2006, residential sales activity was very strong. The median sales price in March 2006 was \$349,500 according the local MLS. In Arcata, the low median sales price was \$119,000 in June 1999 while the high was \$608,000 in April of 2006. The pace of existing homes sales was well under 60 days for more than a few years. After that, there was a slow increase in sales and median sales prices up to around 2008, after which there was two year period of slow decline in housing values. By 2010, the low median sales price

in Arcata was \$262,000 while the high was \$363,662 in May. Within a 3 mile radius, there were 90 Arcata sales in 2011 with an average sales price of \$297,000, a low price of \$125,000 and a high price of \$1,125,000. For all 98 Arcata sales within this same radius in 2012, the average sales price was \$295,428, which is fairly consistent with the 2011 year. In Eureka, the high median sales price was \$345,000 in February 2006. In August 2010, the low Eureka median sales price was \$237,500 which is down from the \$245,600 reported for January. For awhile, housing values trended toward stabilization. Until August, sales activity was up for summer months of 2010. Sales activity picked up again in September. For all 392 sales within a five mile radius in Eureka for 2012, the average sales price was \$224,442, which is considerably lower than Arcata's for the same period. For the 2010 to 2011 period, property values in the more populated areas of Humboldt County have bounced around a bit but were trending towards stabilization. For most of 2012, there was much more stabilization in values. Even with a decreased number of single family sales activity, vacancy rates of rental housing remained low. From 2012 to the beginning of 2016, the average residential sale price in Arcata was \$303,722. During this time, the median residential sale price in Arcata was \$282,500 and the average days on the market (DOM) was 64 days. From 2012 to the beginning of 2016, the average residential sale price in Eureka was \$226,530 and the median residential sale price was \$215,000. During this time, the average DOM was 71 for Eureka area. Over the last three years, the Arcata and Eureka areas show that average sale prices and median sale prices have increased considerably over the previous three years, while DOM has decreased. From 2016 to 2019, the average sale price in Arcata was \$368,987 and the median sale price was \$342,000. Also during this period of time, the average DOM in Arcata during this period was 43 days. At the end of 2019, the average sale price in Arcata jumped from \$369,725 in 2018 to \$380,527. In Eureka, the average sale price jumped from \$291,133 to \$307,187. Fortuna's average sale price jumped from \$330,069 in 2018 to \$331,188 in 2019. McKinleyville's average sale price rose from \$351,289 to \$377,301 during the same period. In 2020, the average sale price of homes in Arcata rose to \$448,283, Eureka rose to \$345,994, Fortuna to \$362,157, and McKinleyville to \$417,630. Average sale prices continued to rise in 2021 with Arcata at \$506,873, Eureka at \$406,017, Fortuna at \$423,370, and McKinleyville at \$499,232. Average sale prices to date for 2022 show Arcata at \$676,857, Eureka at \$466,553, Fortuna at \$461,996, and McKinleyville at \$561,680. While the national news kept saying the housing market in 2022 was in a bust cycle with declines, the above sales show the reverse is true for Humboldt County. However, for the first 8 months of 2023, declines in average sale prices are showing up. Arcata's average sale price is now \$551,862, Eureka's is \$437,401, McKinleyville's is \$524,871, and Fortuna's is \$468,068. These average sale prices remain very high for our market.

Although the current economic cycle is has been very positively impacting the single family housing market and other elements of the economy, local multiple family, industrial, commercial properties have been selling more quickly than any time since 2007. In 2021 the average sale price for multifamily residential property in Arcata was \$1,046,846 which amounts to a 130% increase over 2020. Eureka showed an average sale price of \$492,825 in multifamily residential property (MFR), an increase of 34% over 2020. Fortuna's MFR average was \$538,429, a 60% increase over 2020. McKinleyville's \$517,182 MFR average sale price increased 23% over 2020. For the first eight months of 2023, the average sale statistic for the

Arcata MFR is now at \$998,250 (+6%), Eureka is at \$430,574 (-4%), Fortuna is at \$572,600 (+22%) and McKinleville is at \$462,200 (-15%).

While local retail and commercial properties have been more sensitive to the loss of tenants, distressed sales in these sectors have been rare to nonexistent except for properties that have been poorly maintained. Of the 165 commercial sales in Humboldt County since January 2016, the average sales price was \$596,588 in 2016 for 42 sales, \$804,423 for 48 sales in 2017, \$661,175 for 57 sales in 2018, and \$1,079,000 for 18 sales during the first four months of 2019, has been almost double what it was over the last year. In 2020, the annual average sale price was \$1,314,438 for Arcata with an inventory of 21 sales; Eureka showed an average annual sale price of \$737,965 with 66 sales; Fortuna showed an average annual sale price of \$540,500 with 25 sales; McKinleyville had an inventory of 11 but no sales for all of 2020. For 2021, the average annual sale price of commercial properties in Arcata was \$1,352,222 for 24 sales; average annual sale price in Eureka was \$840,180 for 72 sales; Fortuna showed an average annual sale price of \$694,700 for 27 sales; and McKinleyville had an average annual sale price of \$179,933 for 11 sales. Commercial property average annual sales price in 2022 for Arcata is \$2,280,220 with 18 sales; Eureka is at \$618,796 with 56 sales; Fortuna is at \$1,071,571 with 19 sales; and McKinleyville's average sale price is \$858,333 with 8 sales in 2022. The upward trends in value for commercial property for the four largest micropolitan areas of Humboldt County is clear.

The supply of these nonresidential types of property is much more limited than single family housing and values appear to be rising quickly, especially for the commercial /industrial/ manufacturing sector.

Many commercial, industrial, specialty product, and retail oriented businesses seem to have come into existence throughout the Humboldt Bay area during the last decade. There is still some undeveloped commercial and industrial land available despite applications for or actual granting of permits for various developments. The pace of development is more or less a direct result of the local economic situation, which has greatly improved over the last three years, or due to the lack of suitably zoned land in desired locations. Considering the current population growth, potential stabilization of the major industries, growth in expanding niche manufacturing, specialty agriculture, expanding food and beverage products, diversified health care, management and innovation services, building and systems construction and maintenance, retail and tourist industries, and potential for new industrial growth to the area, the overall outlook for the Humboldt Bay area communities appears to be very positive. The only constraints to exponential growth are the lack of trained workforce personnel, geographical isolation of the area, and the current low unemployment rate.

During the 2020 to mid-2021 years, the U.S. economy was growing at the fastest rate in history. This economic upsurge appears to be the result of the cutting of tax rates prior to January 2021, the removal of stringent government regulations that have hamstrung the economy in the past, a rise in consumer confidence, housing rebounding, unemployment decreasing, and banks lending at a reasonable pace. Since around mid 2021, the economy was starting to slow down as 30 year mortgage interest rates were raised significantly by the Fed. In August 2023, 30 year mortgage interest rates were being quoted in the 6.1 to 7.5% range for purchasing homes as

opposed to the low 2.96% in 2021. It is reasonable to believe that the economic boom period is losing steam and may continue to remain in the doldrums until the economy takes off after mortgage interests rates are lowered to more palpable rates and the overall economy starts improving. One thing seems to be certain at this point in time is that housing and nonresidential real estate prices still remain stubbornly high regardless of mortgage rate volatility

Location

Humboldt County is a fairly large, coastal influenced area in the far northwest part of California. It is an irregular shaped, heavily wooded area with mountainous terrain located on the Pacific Ocean. The county encompasses an estimated 2,593,610 acres of land making up an area of 4,053 square miles. Humboldt County is served by State Highway 101, which is the main north / south interstate highway; by State Highway 299, a two lane, east / west directional highway running from Arcata to Redding; and by State Highway 36, a two lane east / west directional highway running from Alton (near Fortuna) to Red Bluff. The county, by virtue of its location and vast forest and ranch lands, remains geographically isolated from the large urban areas in other parts of California.

Governmental Forces

Eureka is the largest incorporated city in Humboldt County. It is the county seat and center of most business, civic, and social activity. The cities of Eureka, Arcata, Blue Lake, Fortuna, Ferndale, Rio Dell and Trinidad all have manager/city council type governments, including mayors. The county has a general law type of government. The County of Humboldt is run by a five member Board of Supervisors, each elected to four year terms.

By virtue of county and city locations relative to the Pacific coast, many development projects must be approved by the California Coastal Commission and/or the agency affiliated with the Environmental Quality Act. Most projects involving use or service to the public seem to move quickly through this process while private uses seem to move at a much slower pace.

Population

The 2020 population estimate for the county, based on the US Census Bureau statistics, was 136,101 people. The most recent unofficial population estimate was 136,463. The problem with the Census, is that there are vast numbers of individuals that are unaccounted for due to the remote and inaccessible areas they live in.

After years of negative growth in the county, growth in the area during the 2020-2021 period steadily increased if one looks at the number of apartment buildings that have been built and rented out. Residential growth has increased the most as evidenced by the high sales pace of homes and the low vacancy rates in most areas of the county due to the lack of available housing.

New construction, which is very sensitive to interest rate changes, has slowed a lot due to the recent rise in mortgage interest rates, materials availability, and worker shortages but has not stopped altogether. A lack of suitable building land in some areas has developers demolishing existing structures to build new, better designed, more efficient structures. Housing demand in a broad spectrum of price ranges has been up considerably, given the current low inventory. For the Humboldt County marketing area, the current sales volume of single family homes was higher in all of 2022 than it was anytime over the last several decades. However, even with the later decreased single family sales activity and apartment construction activity, vacancy rates of rental housing remain very low. The rental housing market remains reasonably strong and the current vacancy factor is estimated at less than 2% in the county and less than 1% in Arcata. Rental rates in Arcata have continued to increase because of limited supply and the large increase in the student population brought about by the popularity of Cal Poly Humboldt. This is true for most units in Eureka and other areas as well. College of the Redwoods also brings in a large student population which influences rental demand in Eureka and Fortuna areas.

Economic Forces

Eureka's economy has been primarily based on the timber and fishing industries over the years which offered good paying, reliable jobs without requiring a formal education or specialized skill sets. Alternate agricultural products played a significant role in the local economy from the 1980s to around 2020 but over regulation has reduced that role to a slow death. Efforts by the Humboldt County government and seven incorporated city governments have been steering away from timber and fishing industries as employment centers, and concentrating on emerging industries to diversify the local economy. Growth of light many manufacturing concerns, commercial concerns, and the change in California State University Humboldt's status to California State Polytechnic University Humboldt over the last few years have all put Eureka on the map for locals and visitors alike. Diversification efforts also include food services, woodworkers, artists /craftspersons, and others. As far as timber-related concerns are considered, the outlook for the timber industry is dependent on the outcome of various environmental issues gripping the state and nation, federal and state legislative proposals concerning forestry practices on public lands, and the ability to extract natural resources from public and private holdings. With the emergence of the destructive fires that California has experienced in the last few years and particularly in 2018, California has moved away from the heavy regulation of the timber industry and is now allowing some timber harvests without permits. This may help the timber industry significantly but it is too early to say whether or not the timber industry will recover enough to become a dominant player in the Humboldt County economy like it was during its heyday period.

The growing popularity of Cal Poly Humboldt and College of the Redwoods has also positively impacted the local economy in terms of jobs, housing, tourism, and retail consumption. Student enrollment keeps increasing over time and this trend is expected to continue.

Given the City of Eureka's steadfast involvement in promoting commercial and industrial growth and the potential stabilization of the timber products industry, job growth, taxable sales,

and the economic health of the city is expected to increase gradually as new businesses come into the picture. Right now, with the national economy in a recession, growth will most likely slow at some point.

The business districts of Eureka are centered around the Broadway/Highway 101 corridor through Eureka but there are other areas like Henderson Center, Myrtle town, and Cutten that have slowly transitioning to larger business districts due to the growing housing developments surrounding those areas driving demand for services. Residential buildings and scattered businesses are to the north, south, east and west of these areas. Residential development has been steady and housing prices remain high. More recently, Eureka has experienced a significant drop in residential sales activity as rising mortgage interest rates and rising transportation costs have provoked many potential buyers to pause and demand concessions which have resulted in the failure of many sales transactions. Most of the commercial and industrial development consists of one or two story buildings with limited or sufficient parking while more recently, some three and four story buildings with and without parking have been developed. Commercial and industrial vacancies have been low for the last few years but the office building vacancies have been stubbornly high. Many companies have been trying to get their employees to return to the office environment with some success. Some employers are offering hybrid plans that make workers come into the office at least three workdays per week and two at home. There is some optimism that the demand for rental office spaces will pick up. In contrast, the sales of office properties have been reasonably strong. Some would be renters have bought office buildings at very high prices and completely remodeled those buildings or made some kind of significant alteration to the properties. There are many motels and inns, several bed and breakfast inns, many small and large restaurants, retail boutique shops, bars, several banks, three large malls, drug stores, a few post offices, several hardware stores, building supply stores, automotive repair concerns, and various light and heavy industrial concerns that seem to be doing quite well in this economy.

Outside the city limits, to the north, south, east, and west are primarily single family residences, with dairy or cattle ranches to the south, east, and north, and timberlands surrounding the coastal areas. In the surrounding mountains, there are many small residential estates, small ranches, and some large livestock and timber ranches. Residential growth has been primarily to the east and south of the city limits, with tract style homes being developed in in-lying areas. Development of large custom homes on oversize acreage has been the trend in the mountain areas surrounding Eureka and other nearby cities.

Over the decades, the largest contributor to the economic base in the Eureka area has been government offices, services, tourism, fishing, and light manufacturing followed by the growing, harvesting, and processing of timber, general agricultural crops, alternate agricultural crops, specialty agriculture, and aquaculture. Other contributions to the economy include the grazing of sheep and cattle, small scale agricultural operations, dairy operations, and craftsman or cottage businesses. At least one large wind mill company and one company trying to capture ocean wave energy to convert to electrical energy have been trying to gain foothold in the county to make the area an energy producer serving many areas.

According to the *California Agricultural Resource Directory 2007*, Humboldt County ranked 35th in the state in agricultural production (without timber) with a total of \$126,807,000. In 2007 the county ranked 36th with a total production of \$123,155,000. Including timber production, the total agricultural production was \$320,170,000 for the year 2005 (25th) and \$294,783,000 (26th). In 2008-2009, the total agriculture products estimate dropped to \$134,380,000 for Humboldt County, placing the county at 35th in the state. In 2015, Humboldt County generated \$196,790,000 in agricultural production and moved its ranking to 33. In 2016 and 2017, agricultural production climbed to \$255,681,000 and moved up to a 32 and 31 in the state ranking system. Again, this latest economic contribution does not account for alternate agricultural products, which when added to the estimates probably puts California at \$300,000,000 or so production range.

The top 10 agricultural products in Humboldt County are (1) Nursery products, (2) Milk market, (3) Cattle and calves, (4) Milk manufacturing, (5) Energy biomass, (6) Range pasture, (7) Livestock, (8) Irrigated pasture, (9) Silage, (10) Livestock products. Ferndale leads in the milk market and milk manufacturing categories. Humboldt Creamery at Fernbridge is a major employer in Humboldt County and does world wide business with milk and milk products. Not mentioned in the top products list is aquaculture, which has been around for years and is just now getting attention as an economic force of the future for its role in providing foods for the world. Several large aquaculture based foreign entities have been working hard to develop their industry in Humboldt Bay.

Cannabis production has long been an illicit and very profitable agricultural operation but legalization and government over regularization have decimated the industry to a few large players. Large corporate entities seem to be taking over the Cannabis industry and driven product prices down to the point where profitability for both big and small operations has suffered.

Tourism has long been a source of income to the area and now ecotourism appears to be getting off to a strong start as an economic activity.

NON-MANUFACTURING EMPLOYMENT

Non-manufacturing employment is based primarily on retail, medical services, visitor/tourist services, and government. All employee numbers in survey are estimates that change over time.

<u>FIRM</u>	<u>EMPLOYEES</u>	<u>TYPE OF BUSINESS</u>
Cal Poly Humboldt	2,000+	University
County of Humboldt	350	Government
Eureka City Schools	592	Government
College of the Redwoods	275	Public Education
Cal-Trans (District 1)	500	Transportation
Providence Health	1,500	Medical Services
Safeway Stores, Inc. (District 1)	350	Retail Groceries
United States Post Office	350	Postal/Parcel Service
Pacific Gas & Electric Company	350	Utilities
City of Eureka	310	City Government
Redwood Restaurants & Supply	275-325	Food Service
Redwood Memorial Hospital	250	Medical Service
Northern Humboldt High School	200	Public Education
Lumberjack Enterprises- HSU	175	Student Services
Kohl's	120	Department Store
Sun Valley Bulb Farms, Inc.	125-150	Agricultural
Security National Properties	115	Financial / Real Estate
Red Lion Motor Inn	125	Hotel
City of Arcata	100	City Government
Harper Motor/Mid-City Motors	100	Automobiles
SBC	100	Telephone, Communications
Redwood Coast Trucking	100	Trucking
Don E. Nolan Trucking	80-110	Trucking
Wayne Bare Trucking	75-100	Trucking
Coast Central Credit Union	85	Financial Services
McMurray & Sons Roofing and Supply	80	Construction Services
Redwoods United	225	Misc. Services
Pinkerton's	210	Guard Services

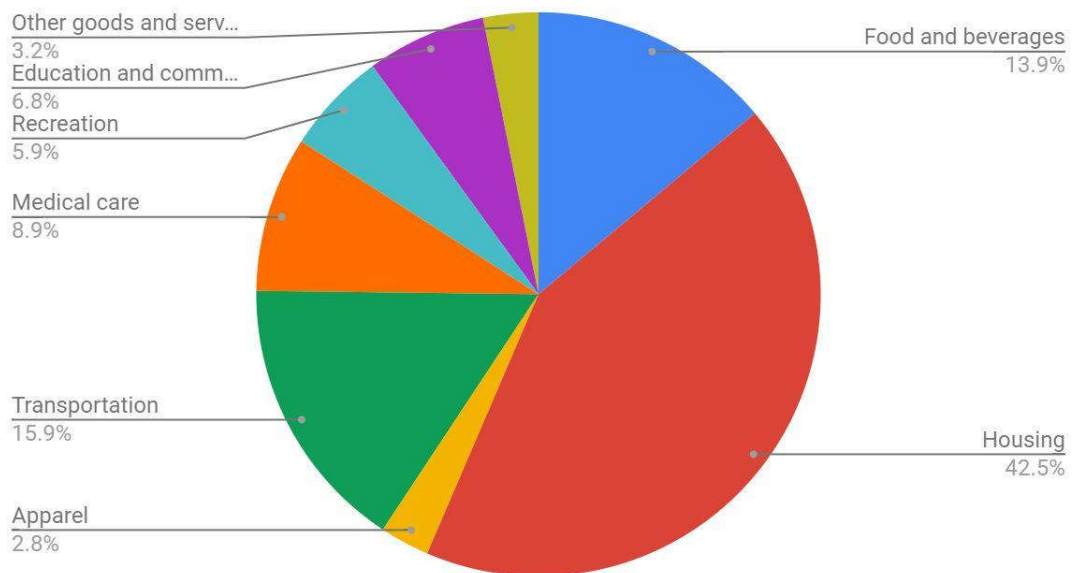
MANUFACTURING EMPLOYMENT

There are over 200 manufacturing plants in the community area, employing a total that averages 7,000 workers. Leading group of products are timber-related businesses, seafood's, and agricultural. The largest manufacturing firms in the community area are:

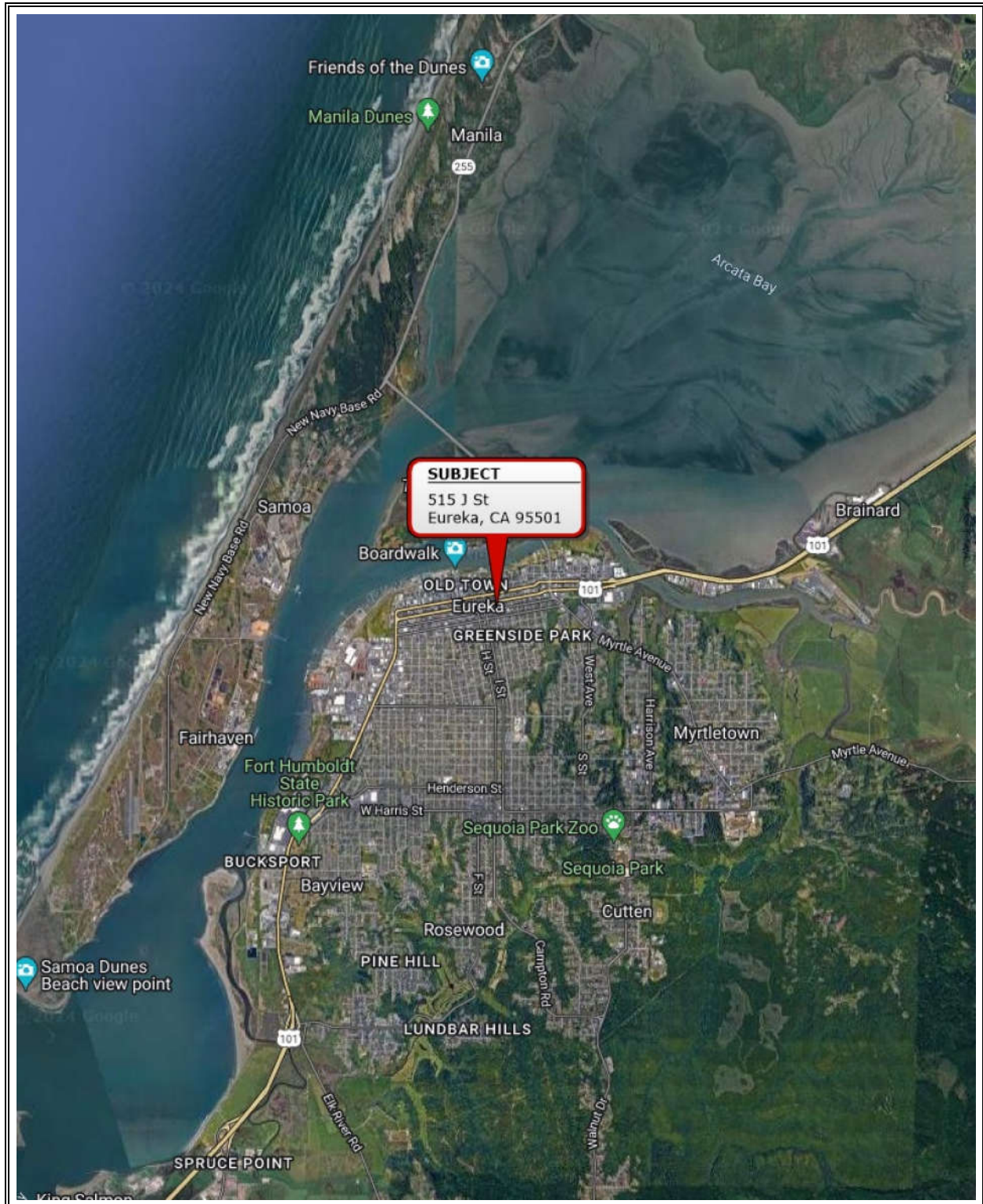
<u>FIRM</u>	<u>EMPLOYS</u>	<u>PRODUCES</u>
Mendocino Redwood Co.	1,000	Lumber
Simpson Timber Co.	840	Lumber
Pacific Clears	250	Lumber
Schmidbauer,- Inc.	225	Lumber
Sierra Pacific Industries	150	Lumber
Pacific Choice Seafoods	100-250	Seafood
Times-Standard	125	Regional Daily Newspaper
Humboldt Creamery Association	75-100	Milk Products
Coast Oyster Co.	70-75	Seafood

Major Employers in Humboldt County CA Pie Chart

Category Weights



Neighborhood Map



4709 Patricia Drive ▪ Eureka, California, 95503-6422

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NEIGHBORHOOD

The general neighborhood encompasses all of Eureka and its outlying areas. More specifically, the subject neighborhood is a part of the loosely bounded the “downtown” Eureka area. The subject property is situated 130 linear feet south from the southeast corner of “5th” and “J” Streets and is on the northeast corner of “6th” and “J” Streets in Eureka, California.

The subject neighborhood is something like a civic center. Lying to the east of Eureka’s commercial center and to the west of the commercial strips that line both sides of “4th” and “5th” Streets all the way to the Eureka Slough. The neighborhood has undergone a slow but steady conversion to legal, government, financial institutions, retail, personal care, and professional offices for the last five decades or so. Vacant lots and razed residences have given way to office buildings, some of which are one story and others of which have more than one story. Many middle aged, older residences, and multifamily residences have undergone conversion to office use or store use. One multifamily building was moved from its original "J" street location to the northwestern corner of “6th” and “G” Streets; three units were converted to office use with the last unit remaining for residential use. This trend should continue indefinitely over time. The County of Humboldt has been trying to buy land and buildings near the courthouse building for several years now.

Broadway Street (Broadway) is essentially the overlay of the separate north and south bound routes of Highway 101 as the highway passes through Eureka. The Highway 101 overlay makes Broadway a very high traffic street and visibility is very high for all properties fronting on the street. Broadway begins at the Herrick Avenue overpass, which is the southern entrance to and exit from Eureka, and ends at “4th” and “5th” Streets. From there, “4th” and “5th” Streets make up the respective south and north bound lanes of Highway 101 which passes through downtown Eureka. Along “5th” Street, “4th” Street, and south of “4th” Street, the neighborhood is mostly commercial in character. West of "C" Street, between “3rd” and "4th" Streets, the neighborhood goes from commercial to light industrial to industrial. North of “C” Street, the neighborhood becomes mixed commercial and multifamily residential. As one goes north beyond the Myrtle Avenue and Highway 101 intersection the neighborhood is mostly commercial with some mixed residential and multifamily residential uses. Beyond the Eureka Slough, the neighborhood is a mix of commercial and light industrial uses.

The once flourishing Bayshore Mall is on the south side of Broadway a few miles southwest from the subject property. When the Bayshore Mall opened in 1987 many retail businesses in Old Town and downtown Eureka relocated to the mall. Those that stayed either survived or went out of business and created some vacancies in downtown and Old Town. Over time, some Bayshore tenants left for less expensive commercial and retail spaces elsewhere in downtown, Old Town and other Eureka locations. The mall ownership has changed hands a few times over the years. The Brookfield Property Partners were the last owners. The mall has had rudderless management for several years, maintenance deteriorated and many tenants left. By May 2021, there was a friendly foreclosure and the Brookfield group “handed back” the mall property to creditors. The mall still has some good anchors and stores in place and shoppers still

support those remaining businesses. However, the high vacancy in the retail spaces is readily apparent with a quick walk through the mall corridors.

Over the last 10 years or so, there have been periods of rapid growth and revitalization of commercial structures along Broadway Street and Highway 101. Pierson's Building Supply recently bought Chin's Restaurant & Motel to get control of the garden shop land leased from Chin's. Pierson Building Supply has been expanding its operation for years and this is the latest acquisition. Next door to Pierson's, a Day's Inn was constructed several years ago. After the razing of multiple residential and some commercial structures, Bayshore Inn and Marie Calender's were developed immediately south of the Bayshore Mall. About a block south of the Bayshore Mall property, the former Pete's Super Market, last called El Pueblo Market, was severely damaged in a fire and razed to make way for the development of a new Mexican food market and small restaurant, after a couple of years of delays. Across the street from Marie Calender's, the McDonald's fast food restaurant was completely remodeled. Further south of the Mall, a self storage facility and a motor sports facility were developed. A few blocks north of the Mall, a large In 'N' Out Burger restaurant was developed and several small fast food restaurants (Chipolte, Mod Pizza, and Sourdough & Company sandwich shop) came into being shortly afterwards. A new KFC restaurant opened on the east side of Broadway. At the southwest corner of West Hawthorne and Broadway, a new 4-story Home2 Suites by Hilton is under construction and is expected to be complete by August 2024. A very large Holiday Inn Express was developed years at Wabash and Broadway has been operational for several years. Several structures have been razed on both sides of Broadway over the last few years. At the north end of Broadway, a Wendy's fast foot outlet was torn down and a new Wendy's was redeveloped at the site.

Given the proximity of the subject to the Bayshore Mall, the Victoria Place Mall, the Eureka Mall, government offices, financial institutions, shopping, services, and recreational facilities, the appeal of the subject neighborhood should remain strong for years to come. Growth in the subject neighborhood is expected to continue gradually, with most of the growth being in office, retail, services, or retail conversions, bars, or other new development. Any future changes to the neighborhood are likely to be a continued mix of uses that remain complementary. The steady growth pattern of the area over the last five years shows that investors still view the subject neighborhood as value good value at this time. The huge influx of students and professors to the newly anointed California State Polytechnic University, Humboldt, is undoubtedly the catalyst behind the most recent commercial and housing developments.

The general growth pattern of all of Eureka has been somewhat rapid over the last few years. Low interest rates were a significant factor in driving sales to higher levels than observed prior to 2020. While Eureka is largely built up, there is still some vacant land available to develop, but not too much for any specific type of use. Most of the growth has been the result of demolishing existing buildings and redeveloping the properties with mixed use structures or uses that are a higher use than before. Values of homes, industrial buildings, commercial buildings, and multi-family housing have, over the last three years, risen to new peaks for the most part. Single family and multifamily inventories remain low while asking prices and property values remain high for the market. Commercial, industrial, special purpose properties, and multiple

family housing are more limited in supply and still exhibit reasonably good demand at times and lackluster demand at other times.

Redevelopment has been on the rise as land gets more scarce and higher uses displace outmoded uses. Market values of homes, industrial buildings, commercial buildings, and multifamily housing are expected to continue to show good investment value. Whereas the outlook on the overall U.S. economy is mixed at the moment, the outlook for continued growth in the neighborhood appears to be good.

SITE DATA

VESTING

Stone, Jon and Mary; Doss, Larry O. and Cassandra

ASSESSOR'S PARCEL IDENTIFICATION

The Assessor's Parcel No. is 001-193-007-000.

LEGAL DESCRIPTION

The legal description of the subject property is as follows:

The land referred to herein is situated in the City of Eureka, County of Humboldt, State of California, and is described as follows:

Lots #7 and #8 in Block 61 of the City of Eureka according to the Map thereof on file at the office of the County Recorder of Humboldt County, California, Book 1 of Maps, Page 16.

See the Assessor's Parcel Map in this report for a visual representation.

ZONING

The subject parcel is zoned "DT," Downtown, which is a more recent mixed use zoning designation that closely follows the original "OR-AR," Office Residential - Architectural Review designation of the subject but is more lenient in many ways. The Downtown zoning overlay is an arbitrary designation that also contains areas that were once zoned "CS" or Service Commercial. The Downtown zoning district was designed to maintain, promote, enhance, and build upon Eureka's Downtown as a center for residents, businesses, the arts, and tourism. The Downtown designation allows for many types of residential, office, retail, restaurant, lodging, artisan manufacturing, and commercial uses.

The "DT" municipal regulation specifies no minimum or maximum lot size and allows structures to occupy an entire lot with no front, side, or rear yard setbacks. The maximum structure height is 100 feet unless the director makes an exception. No on-site parking is required. Permitted main building types are too numerous to list here but it is safe to say that the code is fairly flexible. An outline of permitted uses and development standards for the general "DT" zoning is in the Addenda. Architectural review may required for development in the immediate subject area.

COASTAL ZONING

The subject property is not situated in a coastal permit zone.

FLOOD HAZARD ZONE/EARTHQUAKE ZONE

According to the Flood Insurance Rate Map (FIRM) panel 06023C0845G, revised by FEMA on June 21, 2017, the subject site, as a unit, is not located within an identified flood hazard area as indicated by its "Zone X" designation. Furthermore, the property sustained no damage during the devastating 1964 Flood. The subject site is outside of the tsunami inundation zone and not in an area that is subject to inundation by seiche or mudflow.

GEOLOGIC HAZARDS

According to the State of California fault zone maps, the subject property is not situated within a geologic hazard area. It is not in the Alquist-Priolo fault zone.

Clearly, the structure on the subject site has withstood numerous significant seismic events during its lifetime without any significant damage.

PROPERTY TAX RATE

The subject parcel is in Tax Rate Area 003-002. The tax rate for this parcel is 1.0541%.

TAX DATA

Assessed values are as follows (according to the 2023-2024 Assessor's Roll):

<u>PARCEL</u>	<u>ITEM</u>	<u>VALUE</u>
001-193-007-000	Land	\$184,708
	Improvements	\$299,389
	Other	<u>\$0</u>
	Total	\$484,097

The 2023-2024 taxes on subject parcel 001-193-007-00 is \$5,107.18.

UTILITIES

<i>ELECTRICITY</i>	Pacific Gas & Electric
<i>GAS</i>	Pacific Gas & Electric
<i>TELEPHONE SERVICE</i>	ATT, Various Cellular Providers
<i>WATER</i>	City of Eureka
<i>SEWER</i>	City of Eureka
<i>GARBAGE COLLECTION</i>	Recology

POLICE PROTECTION

City of Eureka Police Department. The Humboldt County Sheriff's Department provides backs up service to the Eureka Police Department when necessary.

FIRE PROTECTION

City of Eureka Fire Protection District

PRESENT USE

The subject property was used as professional office space for decades prior to its remodeling. The remodeled subject is still being used as professional office space today.

CENSUS TRACT INFORMATION

The subject property is within Census Tract # 06.023.5.00/1

LAND SIZE / DIMENSIONS

See the Assessor's parcel map in this report for visual representations, any given dimensions, and physical orientation of the subject property lot.

Using the Assessor data, the subject parcel size is as follows:

APN 001-193-007 - 0.3030 acres (13,200 square feet.)

Dimensions for the subject parcel are 120 linear feet by 110 linear feet. The parcel is rectangular in shape.

LOCATION

The subject property is located in the City of Eureka, County of Humboldt, State of California, 130 linear feet off the southeastern corner of “5th” and “J” Streets and at the northeastern corner of “6th” and “J” Streets in Eureka, California. More specifically, the subject is located at 515 “J” Street, Eureka, California.

See the Location Map in this report for visualization.

FRONTAGE AND VISIBILITY

The subject property, APN 001-193-007, fronts 110.00 linear feet on the east line of “J” Street and 120.00 linear feet on “6th” Street. The subject also fronts on 120 linear feet on the south line of the paved alley joining “J” and “K” Streets.

These frontage figures are based on the subject’s legal description, the Humboldt County GIS map, and Humboldt County Assessors map.

The subject parcel’s visibility from “5th” Street (State Highway 101 N.), “J” Street, and “6th” Street is very high. Given that the Courthouse, many County offices, and the Humboldt County Jail are virtually across the street from the subject, visibility of the subject building is greatly enhanced.

ACCESS

US Highway 101 is classified as an important north-south arterial and is designated as a truck route in the General Plan Transportation Element. In California, US Highway 101 begins at the Oregon Border and ends in the Burbank/Los Angeles area at the southern part of the State. As Highway 101 N. and Highway 101 S. traverse through Eureka, the highway overlays Broadway Street, “4th” Street, and “5th” Street. The subject can be accessed from the right lane of the one-way, three-lane section, of US Highway 101 N. (“5th” Street) and a right turn on “J” Street.

The subject can be accessed from its frontages on both “6th” and “J” Streets. There are two curb cuts allowing access from “6th” Street. In addition, the subject can be accessed from the alleys joining “I” and “J” Streets and “J” and “K” Streets.

Given the above, the subject’s access is considered very good to excellent.

TERRAIN

The subject parcel is mostly level or mild sloped down towards the north and appears to be close to street grade elevation. Elevations are around 50 feet on the south line area ("6th" Street). Elevations at the north line area bordering the alley between "J" and "K" Streets are about 48 feet.

DRAINAGE

The subject appears to be graded to direct water away from the subject buildings towards "J" Street where culverts collect almost all of the drainage from the subject property and channel water to the city storm drain system. The south side of the subject building is about 2 feet lower than the parking lot elevation and there is a drainage culvert under the sidewalk. Rain drains from the subject building direct water underground from the culvert to "J" Street.

There are sidewalks and curbs along both "6th and "J" Streets. The alley between "J" and "K" Streets slopes down to the west at "J" Street. There are drainage culverts at the corners of both "6th" and "J" Streets and "5th" and "J" Streets for storm water runoff. Drainage is generally directed towards "J" Street from the subject property.

I have been to the subject site in wet weather on multiple occasions and have never witnessed any drainage problems at the property.

EASEMENTS AND ENCUMBRANCES

A Preliminary Title Report has not been provided by any title company. Therefore, I am unaware of any easements, encumbrances, or right-of-ways affecting the subject property. If any should exist, none are believed to be detrimental to the subject's value.

HAZARDOUS WASTE / SOIL TOXICITY

According to the sources of information available on the CalEPA Cortese List (www.calepa.ca.gov), including the State Water Resources Control Board (SWRCB) Geotracker website (geotracker.waterboards.ca.gov) and the California Department of Toxic Substances Control (DTSC) Envirostor Database (envirostor.dtsc.ca.gov), the subject property is not located on a site containing hazardous materials.

To the best of my knowledge, the subject parcel has never had soil contamination or an underground storage tank. For the purposes of this report, the subject property is considered free and clear of all possible soil contamination and any other negative environmental influence. For the record, I am not an expert in the hazardous waste field and recommend advice from more

qualified persons if more specific information is desired. The appraiser assumes no responsibility for the discovery or remediation of any negative environmental influences.

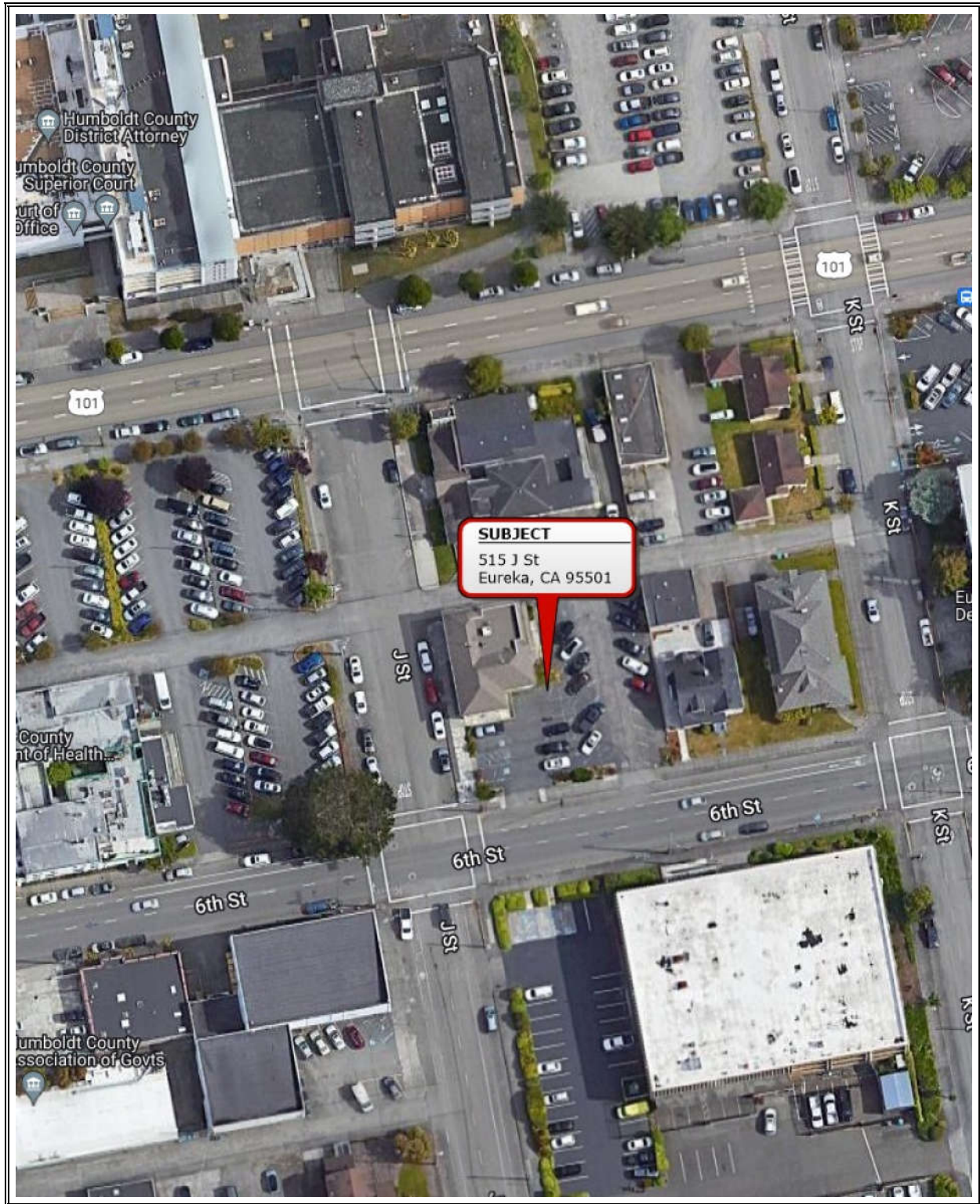
OTHER SPECIAL HAZARDS

None are known or assumed.

PRIVATE LAND USE RESTRICTIONS

None are known or assumed.

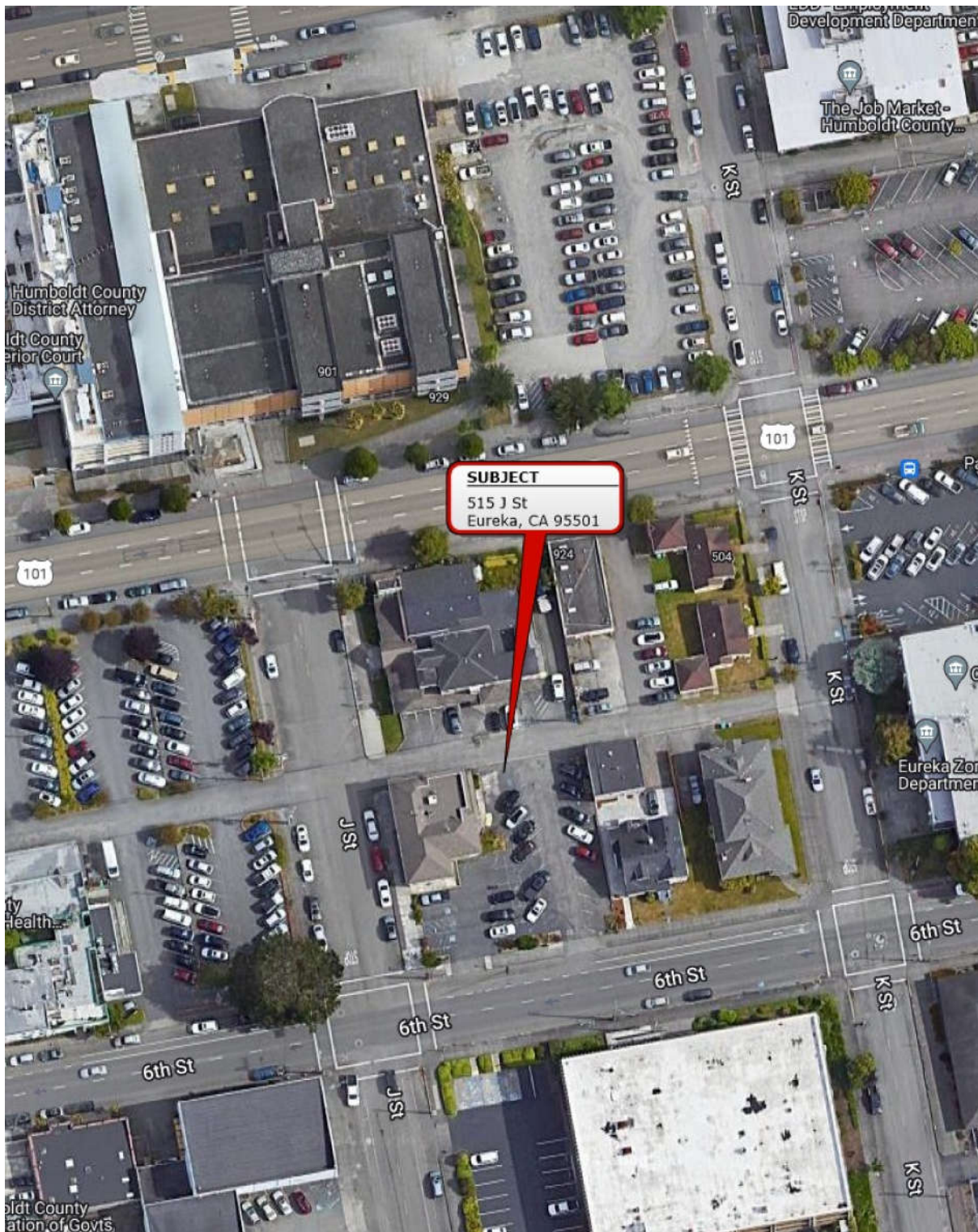
Location Map



4709 Patricia Drive ▪ Eureka, California, 95503-6422

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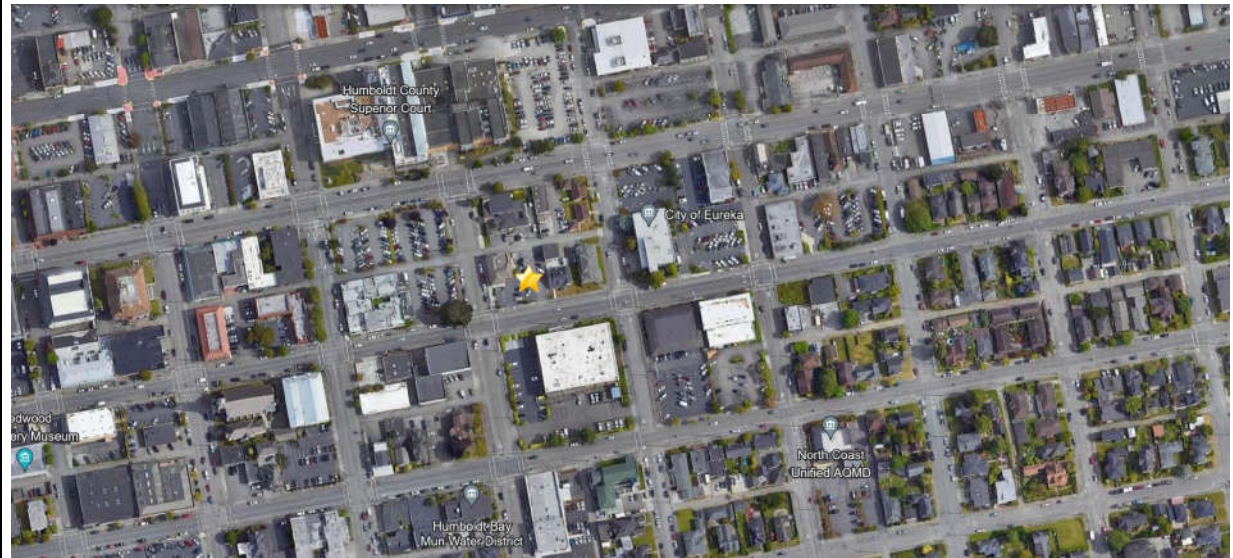
Close-Up Aerial of Subject Property



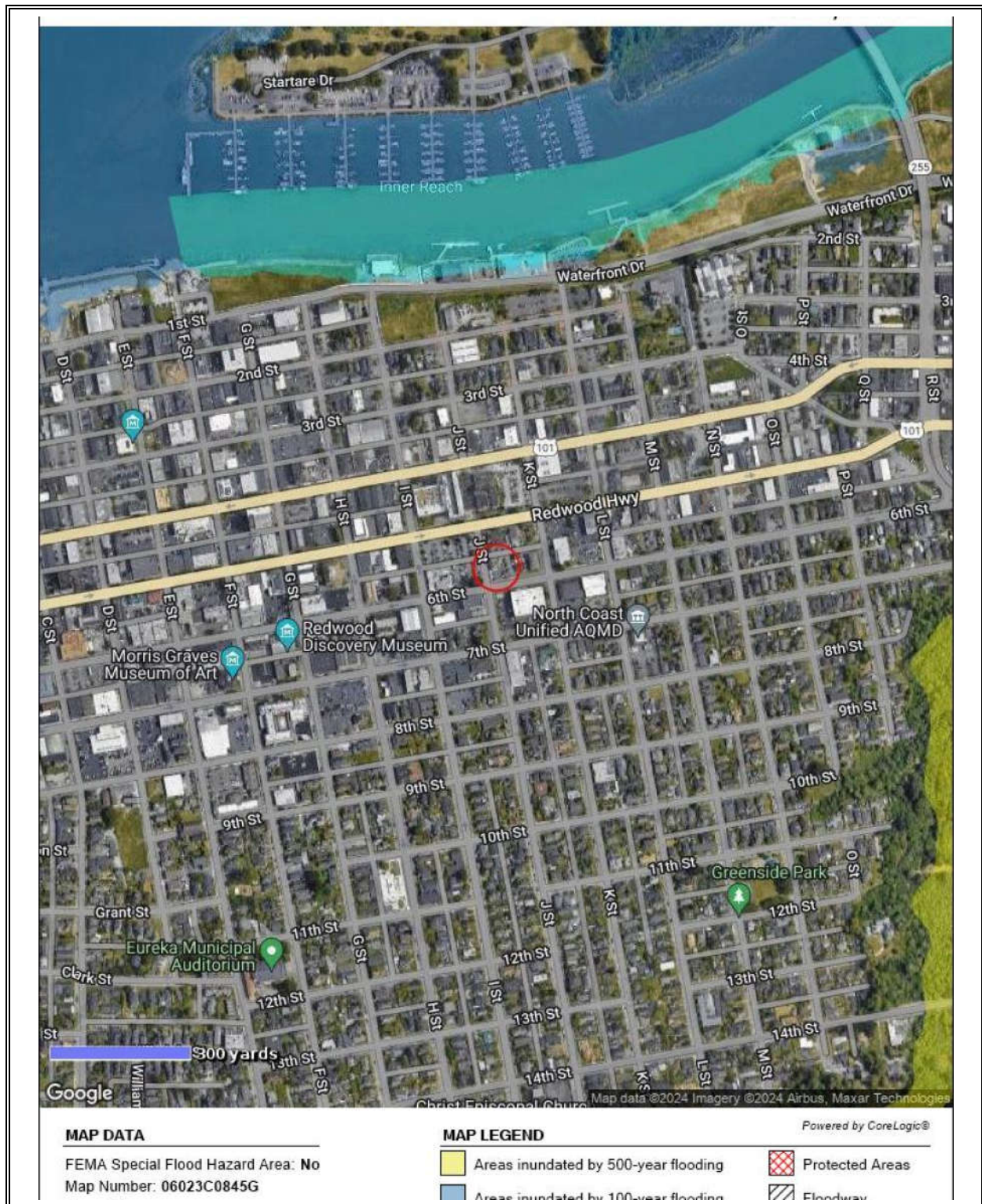
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LOCATION MAP 2



Flood Map



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Assessor's Map Bk.1, Pg.19
County of Humboldt, CA.

CITY OF EUREKA

001-19

1"=100'

25' 50' 100'

June 16, 2022

ASSessor's PARCEL MAP

THIS MAP WAS PREPARED FOR
ASSESSMENT PURPOSES ONLY.
NO WARRANTY IS MADE FOR
THE ACCURACY OF THE DATA SHOWN.
A PROFESSIONAL SURVEYOR MAY NOT
COMPLY WITH LOCAL, STATE, OR
FEDERAL REQUIREMENTS.

RS BK. 55, SURVEYS PG.145
RS BK. 57, SURVEYS PG. 16
PM3530 BK.34 OF PARCEL MAPS, PG139-140
PM3620 BK.36 OF PARCEL MAPS, PG. 69-70

NOTE - Assessor's Block Numbers Shown in Ellipses
Assessor's Parcel Numbers Shown in Circles.

ZONE MAP



DESCRIPTION OF IMPROVEMENTS

See the various photographs of the subject building in the photograph section of this report. The building sketch gives the basic floor plans and approximate sizes of the delineated areas.

The subject building is a two-story wood frame structure on a slab foundation that was built in 1952 and operated as a law office and residence until it was remodeled in the early 1980s to convert the second floor to offices. In 2011, the entire subject building stripped to its studs, the floor plan was changed for modern functional utility, and it was converted into good quality professional office space. The gross building area is 4,504 square feet.

Exterior siding of the building is Hardi-Plank lapped cement board except for the north side which has Hardi-Panel siding. The roof surface is composition shingle. Aluminum gutters and rain drains direct water underground to the "J" Street storm drain. Exterior doors are a glass in metal frame double action doors at the 1st floor entrance and two insulated metal doors on the east side of south wall. The main entrance to the south side 2nd floor professional office space has a single wood frame door with glass in the frame. Single insulated metal doors are on the south and east sides of the building to provide access to the 2nd story professional offices (Unit B and Unit C). Exterior windows are tempered glass dual glazed windows in vinyl frames. Natural lighting and ventilation from the windows are sufficient. The foundation is slab.

The layout of the first floor offices, or Suite "A," is well designed and handicap accessible front entrance from the "J" Street sidewalks. All walls are textured and painted sheetrock. All trim work is painted wood. Almost all offices have a combination of drywall and interior window space while some have both interior and exterior window areas. Most interior doors are glass in painted solid wood frames. Floor coverings are wall to wall carpeting in all offices and hallways. The waiting room/reception area is at the southwest corner area and a large conference room is at the southeast corner area. There is one main north-south hallway which connects the reception/ waiting room/conference room with the various offices and two short hallways, one going east to the parking lot and connecting with two offices, and one going south from the east hallway to a small office or break room. There are two centrally located half bathrooms on the east side of the main hallway. Both bathrooms were designed to meet handicap accessibility standards at the time of the remodeling and neither appear to have been upgraded since. Floor coverings and wainscot areas in the bathrooms are all tile. The bathroom floor areas have centrally located drains. Bathroom doors are solid 6 panel doors with no window area. North of the two bathrooms is a large work area with two divided work spaces with desks and a cabinet/storage area that is somewhat impeded by a large supporting column. The cabinets are stained hickory and have a Formica countertop. Light fixtures are a combination of ceiling suspended T-8 LED tube fixtures and recessed LED flood lighting. Smoke/CO detectors are hard wired and spaced per fire regulations. Burglar alarm motion detectors are strategically placed throughout the suite. Ducted, natural gas fired, forced air heating is distributed via ceiling mounted registers. An electric breaker panel is mounted on a east hallway wall for quick access. Wall mounted, battery powered emergency flood lights are evident in the main and east hallways.

The second floor of the building has two small suites containing professional office space. Suite "B" is at the southeast corner of the 2nd floor and Suite "C" makes up the north portion of the 2nd floor. These two suites can only be accessed by a covered exterior stairway on the east side of the building.

Suite "B" is "L" shaped and contains 1,036 square feet of professional office space. This suite has two executive offices with a half bathroom separating them and a large reception/work area joining them. Ceilings and walls in the reception/employee work area, executive offices, and bathroom are textured and painted sheetrock. Ceiling height throughout the suite appears to be 8 feet. Trim work is all painted wood. Interior doors to the executive offices are glass in painted solid wood frames. The ADA compliant half bathroom has a 6-panel, solid core fiberglass door, tile floor, and the wainscot area on two sides of the toilet is also tile. Other than that, the bathroom finish is similar to the offices. Natural lighting is provided by the abundant window areas. Artificial lighting is provided by ceiling mounted T-8 LED tubes in the offices and recessed flood lights in the reception/work area. Floor coverings are stained wood luxury vinyl or wood laminate. Ceiling mounted smoke/CO alarms and wall mounted motion detector burglar alarms are evident throughout the office space. The circuit panel breaker system is on the wall in the larger of the two executive offices. The smaller executive office has plumbing roughed in for a sink but lacks a sink fixture. Heating is via a ducted, gas-fired forced air unit and distributed from ceiling mounted registers. The water heater for this suite is an on-demand system located in the attic.

Suite "C" is a rectangular shaped 1,166 square foot space on the north side of the building. This space is accessed from the north stairway on the east side. This professional office space has textured and painted walls and ceilings, and primarily has wall to wall carpeting. The ceiling area height is 8 feet. There is long hallway from the entry door to the large work area. A break room is off the hallway and has no door. The break room finish is textured and painted drywall with painted wood trim work. There is a 6 foot long wood stained wood cabinet with Formica counter top and a stainless steel sink. Lighting is by ceiling mounted T-8 LED tubes. The break room floor is sheet vinyl. A half-bathroom is adjacent to the west of the break room and is accessed from the break room via a 6-panel, solid core fiberglass door. The bathroom floor is vinyl, walls and ceiling are textured and painted sheetrock, trim work is painted wood. There is a vinyl wainscot on the two walls closest to the toilet. There has been an attempt to remove the vinyl wainscot as some of the sides of the vinyl has been curled back. West of the half bathroom is an information technology (IT) room. The IT room is accessible from the work area on the "J" Street side of the building. All electrical wiring is controlled by a breaker panel in the IT room. Heating is provided by a ducted, gas fired forced air system and distributed via ceiling mounted registers. The water heater for this suite is an on-demand system located in the attic. Hard wired, ceiling mounted smoke/CO detectors are evenly dispersed in the open work areas of the suite but are not in the break room or bathroom. The Suite "C" space is good quality office space with a simple, open floor plan, and is in good overall condition.

The front southwestern corner of the building has an approximately 182 square cantilevered canopy at the entrance to Suite "A." The canopy has a low peaked, hip style roof

with composition shingle surfacing, aluminum gutters, and painted wood trim. This canopy is not ornate but it is very functional.

The asphalt paved parking lot is striped for 24 cars. The east side parking lot off of "6th" Street has 17 of those parking spaces, 9 on one side and 8 on the other side. The west side parking lot off "6th" & "J" Streets has 7 parking spaces, including 2 handicap parking spaces and one standard parking space on the "J" Street side and 4 spaces on the interior. The current stall striping is badly faded. Parking lot circulation appears to be from the original design and the stalls should be re-striped for greater efficiency. All drainage from the subject parking lot appears to be directed to "6th" and "J" Streets.

The covered stairway to the upstairs suites contains 116 square feet of stair space. The east side covered deck to Suite "B" has 75 square feet and the south side covered deck has 45 square feet. The covered decks and stairs are fenced in and have metal security doors on the south and east entrances.

The subject's landscaping is minimal and average in quality.

[illegible]

HIGHEST AND BEST USE

The highest and best use of the subject property may be defined as that use from among reasonably probable and legal alternative uses, found to be physically possible, appropriately supported, financially feasible, and which results in the highest land value. Implied within this definition is the recognition of the contribution of that specific use to the community environment or to community development goals in addition to wealth maximization of individual property owners. (Real Estate Appraisal Terminology, The American Institute of Real Estate Appraisers and the Society of Real Estate Appraisers, 1975).

The criteria for highest and best use include any use of the land, from among reasonably probable alternative uses, that is legally permissible, physically possible, financially feasible, and results in the highest value. More than one use may fit the legally permissible, financially feasible, and physically possible criteria but usually only one class of uses will satisfy these three criteria and result in the highest value for real estate at any point in time. The contribution of a specific use to the community environment or development goals, more often than not, results in the wealth maximization of the property owner(s).

As vacant land, most of the legally permissible uses available to the subject property are probably both physically possible and financially feasible, with the exception of any project requiring a much greater land area than afforded by the subject site. Market demand indicates that any duplication of existing uses in the immediate area may not be financially feasible. Use of the subject site for automotive or boat sales, service and/or repair shop, various retail sales facilities, personal services, miscellaneous automotive repair facilities, offices, and restaurant use all appear to be financially feasible uses, as does holding the site for investment purposes. Use as a large department store of some kind seems reasonable but there are already several large vacant stores at the Bayshore Mall and other smaller malls that offer strong competition for this type of use. Thus, not all alternative uses can bring the most return to the land if developed. Uses that make no sense include lodging facilities, storage garages, clubs and lodges, and theater uses. Considering the site size and maximum return, as well as the physically possible, legally permissible, and financially feasible uses of the subject site, the development of a small retail facility for a nationally based brand probably has great potential for income generation. The subject does not have enough land for a large store but probably has enough room for a 7-Eleven, or another type of branded convenience store. Demand for professional office space has been somewhat sluggish since 2020 but has been improving significantly the last two years or so. The high visibility location of the subject across the street from the courthouse, county offices, and county parking lot, and within 1 block of the City of Eureka offices, as well as sufficient room for on-site parking, most likely would be a deciding factor for most professional office seekers. This opinion is also supported by the subject's location just off of a main traffic artery and the subject's successful history of use professional office space for attorneys, court reporters, paralegals, and others over the years. The exposure afforded to professional office space amidst a large number and variety of government and service related businesses is very desirable. The frontage on "J" Street, which is more lightly traveled than the Broadway/Highway 101 arterial for the most part, is supplementary access and provides additional visibility for any professional office entity. At the moment, demand in the subject area along the Broadway/Highway 101

corridor appears to be primarily for restaurants, retail stores, lodging facilities, and various services. In fact, a Mexican restaurant/grocery store and 4-story Home2 Suites by Hilton are in the process of being completed on the west side of Broadway, and a new Starbucks development has just completed a slab and exterior walls for its building on the east side. Demand immediately off the highway tends to be for stores, fast food entities, offices, and services. Thus, given the subject's location just off the heavily traveled Broadway/US 101 corridor, proximity to the courthouse and city hall, its visibility, size, terrain characteristics, and availability of on-site parking, the highest and best use for the subject property as vacant, at this time, is for professional office use.

The original subject improvements were successfully used for decades as professional office space. The current owners purchased the property in November 2010 with a plan in place to completely remodel the building to current building codes and raise the quality to good or better. The building was stripped to its studs on every side but the north side, which was left in place so the development could be classified as a "remodel" instead of "new construction." The interior floor plan was modified to maximize functional utility and raise the 1st floor ceiling height to the minimum 12 feet required by the DT code, while leaving the 2nd floor ceiling height at 8 feet. The subject building's exterior design is very simple but attractive, clean and professional. The interior space of both floors has good functional utility and is attractive. Overall, the subject's office space is good to very good quality. Although on-site parking is not a requirement under the DT code, the available parking is sufficient for professional office use.

The existing improvements, zoning and strategic proximity to existing government entities point to government offices or professional office use as the highest and best use for the subject property. Given the subject's location, 2-story building design, building size, condition of the improvements, site size, available parking, high visibility, and street frontage, no other use of the existing improvements would likely bring in as great a capital return to the land over time. Thus, the highest and best use for the subject property, as improved, is for its continued use as professional office space at this time. Given the surrounding uses, young effective age, the construction quality, the current design, and high visibility, the current professional office use meets the physically possible, financially feasible, legally permissible, and maximally productive criteria noted above.

VALUATION METHOD

There are three standard approaches to value. These are the Cost Approach, Income Approach, and Sales Comparison Approach.

COST APPROACH

Typically, to arrive at the value by the cost approach, the current replacement cost of the improvements is estimated, the depreciation from all causes deducted, and the value of the land, as if vacant, added. This approach will not be utilized due to the wide fluctuations in construction costs for this type of property at this time. Furthermore, the cost approach is not needed to reach a credible valuation of the subject property.

INCOME APPROACH

This technique utilizes anticipated net income, which is processed to indicate the capital amount of investment that produces that income. When there are ample rental, occupancy, expense, and capitalization data with which to conduct a proper income approach, this approach has proven to be a reliable indicator of value. This is the first valuation approach that will be used to value the subject.

SALES COMPARISON APPROACH

This market data approach utilizes market transactions of similarly improved commercial land or, lacking any meaningful comparables that are closely similar, more extensively improved properties, by analyzing and comparing them to the subject property.

This is the second approach that will be employed to value the subject

Income Approach

Contract Rents

The subject has a single tenant at this time, the County of Humboldt (County), and the tenant rents all of the suites for its various departments. The lease term commenced on November 1, 2023 and the term was a for a period of 4 years. The county has the option to extend the lease for an additional 4 year term after the first lease terminates, providing that the County gives a 120 day advance written notice to extend the lease. Any holdover by he County beyond the end of the lease changes the tenancy to a month to month agreement. The agreed upon rent was \$7,806.75 per month. This breaks down to a rent of \$1.73 per square foot.

Professional Office Space Rent Comparables

Professional office rentals tend to be leased or rented by local companies with small and large staffing requirements. Rental rates for various professional office spaces in the Eureka and Arcata areas were investigated.

Rent Comparable 1: 420-430 "N" Street, Eureka

This is the rental of nearly mixed use space in downtown Eureka at 420 - 430 "N" Street. The main building was originally built as restaurant and later became a laundromat and small retail store. The second structure on the property is a tiny Dutch Bros. Coffee drive through building at 430 "N" Street. The main building could serve equally well as professional office space if desired. The property was on the market for 36 days. The 3,658 square foot main building was the former Deb's Drive-in and restaurant which was popular for several decades. The main building's original design was modern at the time it was built. It has a slab foundation, rough sawn Redwood board and batten siding with large, single pane plate glass windows, a slab foundation, and a torch down roof. The former restaurant was later unevenly partitioned into two suites, one of which is a large laundromat on the north side, and the other of which is a small market specializing in Mexican food and drink products on the south side. The interiors of both units are typical painted wood and textured and painted drywall with painted wood trim. Floor coverings are the original asphalt tile floors, some of which is damaged and should be replaced. The laundromat portion has dropped acoustical tile ceilings which hide the former beamed and vaulted wood ceilings while the market ceilings are original vaulted, painted pine wood tongue and groove and have wood beams. There are two half bathroom which are used to service both businesses. The former kitchen still remains in place in the market unit. The original building was in average condition at sale time. Quality was average. The small building on the south parcel is dedicated to a coffee drink specialty operation. The approximately 364 square foot coffee drive-through structure has a stucco exterior accented with painted wood trim, metal roof with metal gutters, dual glazed windows and slab foundation. The drive-through building has all utilities but it is not hooked up to natural gas service. The drive-through building is maybe 10-15 years old. This small building is actually an attractively designed prefabricated building built to

Dutch Bros. Coffee specifications. The building has been lowered and secured to a slab about a foot below the parking lot elevation. This small building meets all codes for that type of operation, including professional drywall interior finish, kitchen, and half bathroom. The floors are tile. The small coffee drive-through building's condition at sale time was good overall. Quality is about good by today's standards. The rectangular shaped smaller parcel where the former restaurant sits has frontage on "4th" and "N" Streets and very high visibility. The restaurant building is completely surrounded by asphalt pavement. The natural slope of the land is slightly down to the north towards "4th" Street. The parcel with the coffee drive through-building is larger and "L" shaped. It has frontage on "5th" and "N" Streets and also has very high visibility. The property is fenced on the entire west line but is open on the rest of the perimeter. Parking is ample for about 25 cars. The remaining yard area that is not paved consists of small landscaped areas. The location is excellent. Visibility is very high. Access is very good. The original restaurant building commands a rent of \$2,800 per month, net, or \$0.77 per square foot, from the market/laundromat which are operated by the same tenant. The market/laundromat lease will end in 2026 and will probably extend to 2030 when the buyer will demolish the original restaurant building and redevelop the property. The ground lease where Dutch Bros. Coffee's drive-through building is brings in a rent of \$3,189.91 per month, net, or \$8.64 per square foot. Dutch Bros. Coffee wants a 20 year extension when its five year lease ends in 2027. The combined rents of the buildings on the land total \$5,989.91 per month. This amounts to \$1.49 per square foot per month, net, for the combined building areas. The gross rent equivalent is roughly \$1.79 per month, plus utilities.

Rent Comparable 2: 827 Bayside Road, Arcata

This comparable is single building designed for solely professional office space. The location is 827 Bayside Road off of Crescent Way in the Sunnybrae area of eastern Arcata. The property fronts on 65 linear feet of Bayside Road and has high visibility. The building is very close to Murphy's Market, Ace Hardware and other retail services. The 1,766 square foot, single story building was built in 1984 and has a slab foundation, lapped wood siding, dual glazed windows, composition shingle roof, aluminum gutters and rain drains. Its interior finish includes sheet vinyl flooring with cove base trim, textured and painted drywall walls and ceilings, recessed flood lights, stained wood trim work with stained wood wainscot, metal exterior doors and door frames, wood interior doors and door frames. Some areas have dropped acoustic tile ceilings with recessed fluorescent lighting. The floor plan includes a large reception room, 5 exam or office rooms, a large office, two handicap accessible rest rooms, and a break room. Interior and exterior maintenance has been very good. In August 2022, this space rented for \$2,260 per month NNN. The gross equivalent rent would be approximately \$2,712 per month, or \$1.54 per square foot per month, plus utilities.

Rent Comparable 3: 930 "3rd" Street, Eureka, CA

This comparable is single building designed for solely professional office space. This is the 30 year old, two story, professional office building at the southwestern corner of "3rd" and

“K” Streets. The building is on a flat to mild sloping, 13,200 square foot rectangular lot with access to both “3rd” Street and the alley (Pioneer Alley) to both “J” and “K” Streets. Location is average to good overall. Visibility is high. Foot traffic is medium to high. It has frontage on “3rd” Street, frontage on “K” Street is 110 linear feet and the alley on the south. On-site parking is sufficient for 27 vehicles including a single handicap accessible space. There is a cyclone fence on the west line and part of the south line. Off-site parking is abundant. Built in 1991, the 8,500 square foot building is a wood frame structure with tongue and groove Redwood siding, dual glazed windows, and built-up roof. The foundation is concrete slab. There is a large covered concrete walkway on the entire west and south sides of the building, making up roughly 740 square feet. The building is well insulated. The interior finish is typical textured and painted sheetrock walls and ceilings are dropped acoustic tile. Natural lighting from abundant windows supplement the recessed fluorescent fixtures in the offices and entryway. All trim work is stained wood and all doors but the glass entry door are stained wood. Flooring is wall to wall carpet throughout with vinyl in the handicap bathrooms. Cove base floor trim is dominant. Heating is provided by gas fired forced air units. The annual adjusted gross rent on this building was reported as \$134,886, which breaks down to \$1.32 per square foot plus utilities. For many years, this property has had a major problem with the homeless camping out under the covered concrete walkways and leaving garbage on the premises.

Rental Comparable 4: 434 “7th” Street, Eureka, CA

This is an attractive and well designed, 9,908 square foot, two-story, professional office building at the SWC of 7th and “F” Streets built and developed by Fred Lundblade. The building is situated on a mildly sloping, mostly asphalt paved, 14,000 square foot lot. Location is good overall, visibility is high. Access is very good. Frontage on “F” Street and frontage on “7th” Street are ample. Parking is designed for 18 vehicles and on-site circulation is sufficient. Off-site parking is more than sufficient. Land to building ratio is 1.7. Foot traffic is higher than typical due to being across the street from Eureka Inn and the Morris Graves Museum of Art and being within a block or two from restaurants, stores, and shopping. It is a steel reinforced, wood frame building with stucco exterior siding, dual glazed windows, combination of concrete tile and built-up roofing, and five inch thick slab foundation. The interior finish is highly ornamental with high ceilings. Interior finish is good to very good quality with textured and painted drywall, ornamental trim work, raised panel doors, dropped acoustical tile ceilings, and recessed fluorescent lighting. Air conditioning is excellent. There are two suites on the first floor, one on the east side and on the west side, making up 4,908 square feet. The eastern suite is smaller than the western suite. There is a common hallway area containing two half bathrooms, and the common stairway to the second floor. The eastern suite has five offices and single conference room radiating around the reception desk area. There are two lobby areas, a kitchenette, and two half bathrooms under the stairway. The western suite has a similar layout but has more offices. An elevator is in place for accessibility to the second floor. There is one large suite on the second floor. The second floor has 5,000 square feet of area with eight offices, a library room, conference room, kitchen/break room, men’s and women’s rest rooms, and janitorial room. The building was constructed in 1997. Ignoring any contractual rent rate increases, Mr. Lundblade

reported that the building had a multi-year net lease at \$1.30 per square foot at sale time in 2021. The comparable's gross equivalent rent is \$1.56 per square foot per month plus utilities.

Rent Comparable 5: 1315 "4th" Street, Eureka, CA

This is the 8,500 square foot, two story, upscale office building that is at the northeast corner of "4th" and "M" Streets. This building is pure office space with the first floor areas having high ceilings with abundant window space and the 2nd floor office space having large window areas for natural lighting and fresh air. The building is on a 16,800 square foot lot with 120 linear feet of frontage on "N" Street and 140 linear feet of frontage on "4th" Street. The lot is all mild sloping land. The building has color toned stucco siding, dual glazed windows, a built-up roof, and a heavy slab foundation. The exterior has been well maintained over the years and looks very good. The building was built in 2006 and has been well maintained. The building has typical textured and painted sheetrocked walls with high ceilings with dropped acoustical tiles. Ornate painted trim work and solid wood stained doors along with stained wood doors with glass panels are in place. Bathrooms are handicap accessible and centrally located on both floors. Stairways are at the center east sides of the building. There is once centrally located elevator. Floor coverings are high quality carpeting with carpet floor trim and tile. Lighting is recessed fluorescent and suspended incandescent. Three roof mounted heat pumps provide air conditioning throughout. There are multiple offices and conference rooms, a library room, and very large entry room with tile floors on the first floor. The second floor offices and rest rooms are similar quality but are more compact. There are 28 parking stalls including two handicap stalls. More recently the entire parking lot has been fenced to provide security. Zoning is DT, Downtown. L/B ratio is 1.98. The APN is 001-222-005-000. Various agencies of the State of California occupy the entire building. Lease term was not given but is believed to be 5 years with an option to renew for 5 years. The lease includes janitorial service and is a gross lease at \$15,000 per month. This breaks down to \$1.82 per square foot per month.

Analysis Of Professional Office Rents:

At \$1.79 per month plus utilities, Rent Comparable 1 is smaller in size compared to the subject. Location and frontage on both sides of Highway 101 give the comparable an edge. The comparable has somewhat higher visibility than the subject. On the other hand, the subject is much newer and superior in design, appeal, quality, functional utility, and condition. On-site parking is roughly equivalent. On the balance, the subject and comparable are closely similar. The subject rent should be no less than the \$1.79 per square foot per month paid for the comparable.

Rent Comparable 2, the professional office space in Sunnybrae at \$1.54 gross equivalent rent per month, is very small, very well maintained space with less parking. The rental has good design, is good quality, has high visibility, and high foot traffic. The higher quality subject, with its location, parking, frontage should command a unit rent that is much more than the \$1.54 per square foot plus utilities paid for this small building.

Rent Comparable 3, the professional office space at \$1.32 per square foot per month plus utilities, is larger, older, and inferior in overall condition compared to the subject. Location across the street from the courthouse and proximity to Highway 101 strongly favors the subject. The subject is higher quality office space and superior overall design. In addition, the subject has higher visibility, more foot traffic, and significantly more vehicular traffic. The subject's smaller size clearly gives the subject a strong advantage in terms of unit rent. Given the general superiority of the subject, the subject's unit rent should greatly exceed the \$1.32 per square foot plus utilities paid for this comparable.

Office Rent Comparable 4, the professional office space at \$1.56 per square foot gross equivalent rent per month, is more than twice the size of the subject, which gives the subject a very strong advantage in terms of unit rent. The comparable has less on-site parking, its location is close but inferior, its frontage is less significant, and its visibility is inferior than the subject. On the other hand, the comparable is better quality and has superior design. Given the above, the smaller subject, should easily command a unit rent that is beyond the \$1.56 per square foot plus utilities indicated by this building.

Office Rent Comparable 5 is higher quality office space that is larger than the subject. Frontage favors the comparable a bit but visibility is roughly equivalent. The subject's superior location at the heart of the civic center of Eureka is superior to the comparable's. Furthermore, the subject's small size gives the subject a strong advantage in terms of unit value. In my opinion, the subject's monthly rental rate should approximate the \$1.82 per square foot plus utilities indicated by the comparable.

The five comparable rentals indicate a fair rental rate for the subject property between the \$1.32 per square foot per month indicated by Rental 3 to more than the \$1.82 per square foot per month indicated by Rental 5. Rental 2 and Rental 4 both indicate that a unit rent of more than \$1.56 is reasonable. Rental 1 supports a unit rent of \$1.79 while Rental 5 shows the subject's unit rent should be at close to \$1.82. I estimate an economic market rent of \$1.80 per square foot per month plus utilities for the well located subject professional office building.

$$4,504 \text{ SF} \times \$1.80 \text{ Per SF/Mo.} = \$8,107.20$$

For simplicity, I round this to:

\$8,107 per month plus utilities

Economic Income

The economic gross monthly income from the rental rate for the subject building's professional office space amounts to:

\$8,107 per month.

EFFECTIVE GROSS ANNUAL INCOME

\$8,107 per mo. x 12 mos. = \$97,284

ESTIMATED VACANCY AND COLLECTION LOSS FACTOR

The subject has a multiple year lease in effect with a good quality government tenant and is in a very good location. I estimate a vacancy factor of 1% to be fair for the subject as a result.

\$97,284 Ann. Inc. x 0.01 Vacancy = \$973

Deduct the vacancy factor:

\$97,284 - \$973 = \$96,311

ESTIMATED ANNUAL EXPENSES

Gross rents mean all expenses of building maintenance, insurance, and taxes to the landlord. I estimate the following annual property owner expenses.

Property Taxes:	\$14,000
Insurance	\$4,000
Repairs & Maintenance	\$1,000
Reserves	\$1,000
Management, Legal, & Accounting:	<u>\$1,500</u>
Total	\$21,500

Expenses amount to 22% of the Effective Net Income \$21,500

NET ANNUAL INCOME

\$96,311 (ENI) - \$21,500 = \$74,811

CAPITALIZATION RATE

Direct capitalization of net income requires that an overall rate be derived from the market.

Consider the following sales:

In Eureka a two story, wood frame, 9,908 square foot professional office building on a 14,000 square foot parcel (APN 001-114-006) at the southwestern corner of "7th" and "F" Streets in Eureka sold for \$2,400,000 on September 30, 2021. The good quality, 24 year old building looks modern and was in good overall condition at sale time. The owner reported that the building had a multi-year net lease at \$1.30 per square foot at sale time in 2021. Thus, the net annual income was \$154,565. Given this comparable's great size, I estimate the vacancy factor at 5% at the sale time which leaves an effective net income of \$146,837. Dividing that by the sale price indicates an overall capitalization rate of 0.0612. The owner stated his capitalization rate was in the range of 5% to 6% at sale time.

Rent Comparable 1 above was a true triple net property with no expenses and had a net operating income of \$71,878.86 at sale time. Estimating a vacancy rate of 2% given its great location reduces that amount to \$70,160. Dividing that by the \$1,200,000 sale price indicates a capitalization rate of 0.5850.

At 525 "7th" Street, Eureka, a 3,158 square foot professional office building on 13,200 square feet of land sold for \$749,500 on September 23, 2021. This building was fully occupied prior to the sale. The gross economic rent was \$1.25 per square foot, or \$3,947 per month, or \$47,370 annually. Taking out 2% for vacancy, or \$947, leaves a effective annual income of \$46,423. Deducting 25% for estimated expenses leaves a net annual income of \$34,817. Dividing that by the sale price indicates a capitalization rate of 0.4650.

The subject's location is across Highway 101 from the Humboldt County Courthouse that is coveted by attorneys and other professionals. I estimate a capitalization rate of 0.500 to be fair for the subject.

CAPITALIZATION OF NET INCOME

$$\$74,811 \text{ (Net Annual Income)} \quad / \quad 0.0500 \text{ (OAR)} \quad = \quad \$1,496,220$$

Which I round to \$1,496,000.

INCOME APPROACH VALUE ESTIMATE

\$1,496,000

One Million Four Hundred Ninety Six Thousand Dollars

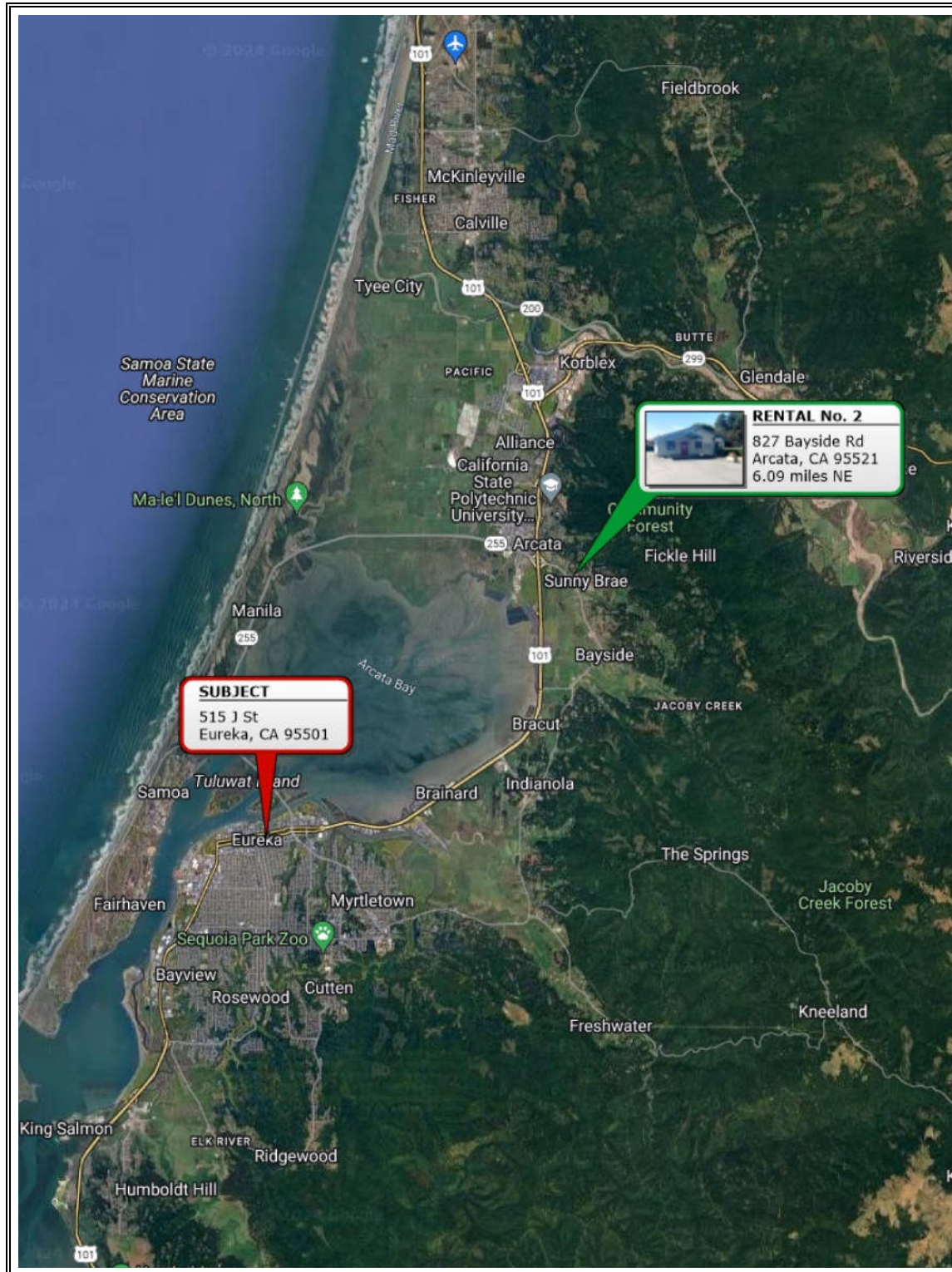
COMPARABLE RENTAL MAP 1



4709 Patricia Drive ▪ Eureka, California, 95503-6422

Page 54 ▪ Phone 707-444-3015 ▪ Fax 707-444-3602

COMPARABLE RENTAL MAP 2



4709 Patricia Drive ▪ Eureka, California, 95503-6422

Page 55 ▪ Phone 707-444-3015 ▪ Fax 707-444-3602

SALES COMPARISON APPROACH:

RECAPITULATION OF SUBJECT PROPERTY FEATURES

The subject building is an 4,504 square foot, two story professional office structure on approximately 13,200 square feet of Downtown zoned land. The subject building is a wood frame structure on a slab foundation, has a combination of Hardi-Lap and Hardi-Plank cement composite siding, dual glazed windows and composition shingle roof with aluminum gutters and rain drains. The subject was stripped to the studs in 2011 and totally remodeled. Today, about 13 years later, the subject building still looks like it is 2-3 years old. The parking lot is old and should be rebuilt and re-striped for more efficient circulation but it is still sufficient for parking 24 cars, as is. Generally speaking, the current building improvements are in good to very overall condition. The location is very good, visibility is very high. Access is good to excellent. The L/B ratio is 2.93. Frontage on "J Street is 110 linear feet; frontage on is 120 linear feet; frontage on the alley joining "J" and "K" Streets is 120 linear feet.

COMPARABLE SALES

Sale 1: Former Deb's Drive-in Restaurant:

On August 23, 2022, a 3,658 square foot, 73 year old, single story commercial structure (originally built a restaurant and later became a laundromat and small retail store) at 420 "N" Street and a tiny Dutch Bros. Coffee drive-through building at 430 "N" Street in Eureka sold for \$1,200,000, cash. The property was on the market for 36 days. The larger building was the home for the former Deb's Drive-in restaurant which was popular for decades. It's original design was modern at the time it was built and the building had an odd shaped perimeter. The old building has rough sawn Redwood board and batten siding with large, single pane plate glass windows, a slab foundation, and a torch down roof. The former restaurant was later unevenly partitioned into two suites, one of which is a large laundromat on the north side, and the other of which is a small market specializing in Mexican food and drink products on the south side. The interiors of both units are typical painted wood and textured and painted drywall with painted wood trim. Floor coverings are the original asphalt tile floors, some of which is damaged and should be replaced. The laundromat portion has dropped acoustical tile ceilings which hide the former beamed and vaulted pine wood ceilings while the market ceilings are original painted pine wood ceilings and have wood beams. Two half bathrooms serve both the market and laundromat, which are operated by a single tenant. The former kitchen still remains in place in the market unit. The building was in average condition at sale time. Quality is average. The small building on the south parcel is dedicated to a coffee specialty operation and is maybe 10-15 years old. This small building is actually a premanufactured building that was attractively designed to Dutch Bros. Coffee specifications. This premanufactured building has been lowered and secured to the ground, has all utility hookups except natural gas. The small building meets all local building codes for that type of operation, including professional interior finish in the kitchen and half

bathroom and utility hookups. A ductless heat pump provides climate control for the building. The drive-through building's condition at sale time was good overall. Quality is good by today's standards. The rectangular shaped smaller parcel where the former restaurant sits has dimensions of 61.5 feet by 120 feet and contains 7,376 square feet. The original restaurant building is completely surrounded by asphalt pavement. The natural slope of the land is slightly down to the north towards "4th" Street. The parcel with the small drive-through building is larger and "L" shaped. It contains 21,684 square feet and is mostly level with drainage being directed towards "N" Street, "4th" Street, and "5th" Street. The combined property is fenced on the entire west line but is open on the rest of the perimeter. Parking is sufficient for about 25 cars. The remaining yard area that is not paved consists of small landscaped areas. The location is excellent. Visibility is very high. Access is good from the south bound lane of Highway 101 (4th Street), the north bound lane of Highway 101 (5th Street), and either side of "N" Street. Frontage on "N" Street is 240 linear feet; frontage on 5th Street is 120 linear feet; frontage on "4th" Street is 121.5 linear feet. L/B ratio is 7.94. APNs are 001-226-003-000 and 001-226-004-000. Zoning was CS, Service Commercial, but is now DT, Downtown. The sellers were the Lynne V. Hill Trust and Francis D. and Christine M. Driscoll. The buyer was JB Eureka LLC (from Pacific Palisades, California). The unit sale price amounts to \$328.05 per square foot of building on the land. The document number is 2022R15614.

Sale 2: 930 "3rd" Street, Eureka CA

This is the March 9, 2021 sale of a 30 year old, two story, professional office building at the southwestern corner of "3rd" and "K" Streets. The building is on a flat to mild sloping, 13,200 square foot rectangular lot with access to both "3rd" Street and the alley (Pioneer Alley) to both "J" and "K" Streets. Location is average to good overall. Visibility is high. Foot traffic is medium to high. Frontage on "3rd" St is 120 linear feet; frontage on "K" Street is 110 linear feet. Frontage on the alley between "J" and "K" Streets is 120 linear feet. Access is very good. On-site parking is sufficient for 26 vehicles including a single handicap accessible space. There is a cyclone fence on the west line and part of the south line. Off-site parking is abundant. Built in 1991, the 8,500 square foot building is a wood frame structure with tongue and groove Redwood siding, dual glazed windows, and built-up roof. The foundation is concrete slab. There is a large covered concrete walkway on the entire west and south side of the building, which is the face the parking lot (west) and alley (south) sides of the building. An exterior stairway is on the south side of the building. There are 10 offices in the building, which prior to the recent sale, was occupied by State of California employees for decades. An interior stairway leads to the 2nd floor offices. The building is well insulated. The interior finish is typical textured and painted sheetrock walls and ceilings are dropped acoustic tile. Natural lighting from abundant windows supplement the recessed fluorescent fixtures in the offices and entryway. All trim work is stained wood and all doors but the glass entry door are stained wood. Flooring is wall to wall carpet throughout with vinyl in the handicap bathrooms. Cove base floor trim is dominant. Heating was provided by three forced air heaters. The condition of the building at sale time was good. Zoning was OR-AR, Office-Residential, Architectural Review but is now DT, Downtown. The APN is 001-175-009. The L/B ratio is 1.55. The sale price was \$1,190,000. The unit sale price breaks down to \$140.00 per square foot. Terms were cash. The market exposure was 193 days. There was a prior sale on

January 22, 2018 when the Gross Family LLC purchased the building for all cash. The buyer was the Yurok Tribe. The seller was the Gross Family LLC. The document number is 2021R005345.

Sale 3: 434 "7th" Street, Eureka, CA

This is the September 30, 2021 sale of an attractive and well designed, 9,908 square foot, two-story, professional office building at the SWC of 7th and "F" Streets. The building is situated on a mildly sloping, mostly asphalt paved, 14,000 square foot lot. Location is good overall, visibility is high. Access is very good. Frontage on "F" Street is 120 linear feet, and frontage on "7th" Street is 140 linear feet. Parking is designed for 18 vehicles and on-site circulation is sufficient. Off-site parking is ample. Land to building ratio is 1.7. Foot traffic is higher than typical. The building was constructed in 1997. It is a steel reinforced, wood frame building with stucco exterior siding, dual glazed windows, combination of concrete tile and built-up roofing, and five inch thick slab foundation. The interior finish is highly ornamental with high ceilings. Interior finish is good to very good quality with textured and painted drywall, ornamental trim work, raised panel doors, dropped acoustical tile ceilings, and recessed fluorescent lighting. Air conditioning is excellent. There are two suites on the first floor, one on the east side and on the west side, making up 4,908 square feet. The eastern suite is smaller than the western suite. There is a common hallway area containing two half bathrooms, and the common stairway to the second floor. The eastern suite has five offices and single conference room radiating around the reception desk area. There are two lobby areas, a kitchenette, and two half bathrooms under the stairway. The western suite has a similar layout but has more offices. There is one large suite on the second floor accessible by an elevator and stairway. The second floor has 5,000 square feet of area with eight offices, a library room, conference room, kitchen/break room, men's and women's rest rooms, and janitorial room. Zoning was CC-LW, Central Commercial Live-Work but this has recently been changed to DT, Downtown. L/B ratio is 1.41. The APN is 001-111-06. The sale price was \$2,400,000. The sale price breaks down to \$242.43 per square foot. Market exposure was 1 day. Terms were cash. The sellers were Area 1 on Aging and Lundblade & Co., Inc. The buyer was the United Indian Health Care Services, Inc. The document number is 2021R21802.

Sale 4: Goldan Office Building:

This sale is located off the corner of 7th and "F" Streets, at 525 "7th" Street in Eureka. The property sits on the north side of "7th" Street between "F" Street on the west and "G" Street on the east. It consists of two parcels of land, APNs 001-153-004-000 and 001-153-005-000, the first of which contains a 3,158 square foot, one story commercial office building with an 835 square foot basement, and the second of which contains the parking lot. Frontage on the east line of "F" Street is 110 linear feet. Frontage on "7th" Street is 160 linear feet. The sale also has 160 linear feet of frontage on the alley on the property's north line. The asphalt paved parking lot is striped for 30 cars including 2 handicap accessible stalls. The building has a concrete perimeter foundation, has stucco exterior walls, torch down roof, and mostly single glazed windows. Metal scuppers and rain drains were in place. Interior finish includes wood paneled walls, textured and

painted drywall walls and ceilings, stained wood and painted trim detail, wall to wall carpeting, laminate, and vinyl floor coverings. There are 2 half bathrooms and a lounge area, 9 offices, and 2 conference rooms. The functional utility of the building was good. All rooms are accessible from a long main hallway while the bathrooms, lounge and one office were joined by a small hallway branching off the long hallway. Overall condition was average to good. The land to building ratio is 5.0. The property sold on September 23, 2021 for \$749,500 cash. Throwing in the basement area, the price per square foot of building on the land was \$237.33. The buyer was United Indian Health Services. The sellers were Glen and Shelle Goldan. The buyer bought out the remaining term of the tenant's lease at the time. The buyer has since enlarged the building, gutted the interior, and redesigned the floor plan. The building will look new when done. The buyer also built a new, redesigned parking lot with attractive landscaping.

Sale 5: 622 "H" Street, Eureka

This is the July 16, 2021 sale of the 18,754 square foot, two story, upscale professional office building that long housed prestigious law firms over the years. This building is pure office space with the first floor areas having high ceilings with abundant window space and the 2nd floor office space having bay window areas for natural lighting and fresh air. The building is on a 13,200 square foot lot with 110 linear feet of frontage on "H" Street and 120 linear feet of frontage on "7th" Street, and 120 linear feet on the paved alley joining "H" and "G" Streets. The lot is all mild to medium west sloping land. The building has shiplap Redwood siding, dual glazed windows, a built-up roof, and a heavy slab foundation. The exterior has been well maintained over the years and looks very good. The sale building was originally built in 1930 but the interior office space was totally remodeled and modernized in the 1980s. Then building has typical sheetrocked walls with high ceilings. Ornate trim work and wood stained doors are in place. Bathrooms are handicap accessible. Floor coverings are high quality carpeting and sheet vinyl. Lighting is fluorescent. Air conditioning is evenly dispersed through the building. There are multiple offices and conference rooms, a library room, and very large entry room on the first floor. The second floor offices and rest rooms are similar quality but are more compact. There is no on-site parking. Zoning was OR-AR, Office Residential with Architectural Review but is now DT, Downtown. L/B ratio is 0.70. The APN is 001-152-004-000. The sale price was \$2,975,000. The down payment was \$775,000. The balance of \$2,200,000 was financed with a conventional loan via Redwood Capital Bank. This breaks down to a unit sale price of \$158.63 per square foot. Terms were conventional. The seller was Steve Moser. The buyers were Daniel and Rosa Mulligan.

ANALYSIS OF COMPARABLE SALES:

Sale 1, at \$328.05 per square foot, is older than the subject, has a superior land to building ratio, has more frontage, and has superior visibility compared to the subject. On the other hand, the subject is superior in quality, higher in appeal, has a younger effective age, and is far superior in both functional utility and condition. Overall, the sale has the advantage. The subject should be worth something less than the \$328.05 per square foot paid for Sale 1.

Sale 2 is a somewhat dated sale of a much larger office structure compared to the subject. The subject has equivalent frontage but has a superior location, superior L/B ratio, is superior in quality, and is partially security fenced. The subject's small size gives the subject a significant advantage in terms of unit value over the sale. Market conditions today are clearly superior to market conditions in 2021. The subject should be worth more than double the \$140.00 unit value of Sale 2 based on location, size, and market conditions alone.

Sale 3 is a good to very good quality office structure. Location favors the subject, which is off Highway 101 N and is surrounded by government facilities and parking. In addition, the subject has more significant frontage and superior visibility. The subject's L/B ratio is twice that of the sale. The subject is about half the size of the sale which gives the subject a strong advantage in terms of unit value and, due to total remodeling, the subject is effectively newer. Market conditions also favor the subject. On the other hand, the sale has better design and is superior in quality to partially offset. The smaller subject unit value should clearly be much higher than the \$242.43 indicated by this large building.

Sale 4 is smaller, older, similar quality, pure office space with more parking and a basement. The subject's location is superior to the sale's. The subject is much newer, is superior in condition, and has superior functional utility compared to the sale. Given the size differential between the subject and sale, the smaller sale has the advantage in terms of unit value. In addition, the L/B ratio strongly favors the sale. Overall, the subject is superior and should be worth well above the \$237.33 per square foot indicated by this sale.

Sale 5 is another higher quality, but significantly larger, pure office structure on a high visibility corner lot in Eureka. Locations are different but are roughly equal. The sale has similar visibility but has no parking. The only significant differences are in design, quality, and size. Given the great size of Sale 5 alone, the subject's unit value should be more than double the \$158.63 per square foot paid for this sale.

Three of the five comparable sales are much larger than the subject but are similar in location, quality, and visibility. Sale 3 is most similar in quality to the subject but is not as well located, and is much larger in size. Sale 1 is the least similar in location and is older, lower quality construction that has a different functional character than pure office space but could easily be converted to office use. Sale 2 is generally inferior to the subject. Sale 4 is a smaller, older, and lower quality building. Sale 5 is a very large structure that is superior in quality but it lacks parking and is too large to be good comparable.

Given the above, I estimate a unit value of \$325.00 per square foot of building on the land to be fair for the subject office/warehouse component.

SALES COMPARISON APPROACH VALUE ESTIMATE

$$4,504 \text{ Square Feet} \quad \times \quad \$325.00 \text{ Per SF} \quad = \quad \$1,463,800$$

4709 Patricia Drive ▪ Eureka, California, 95503-6422

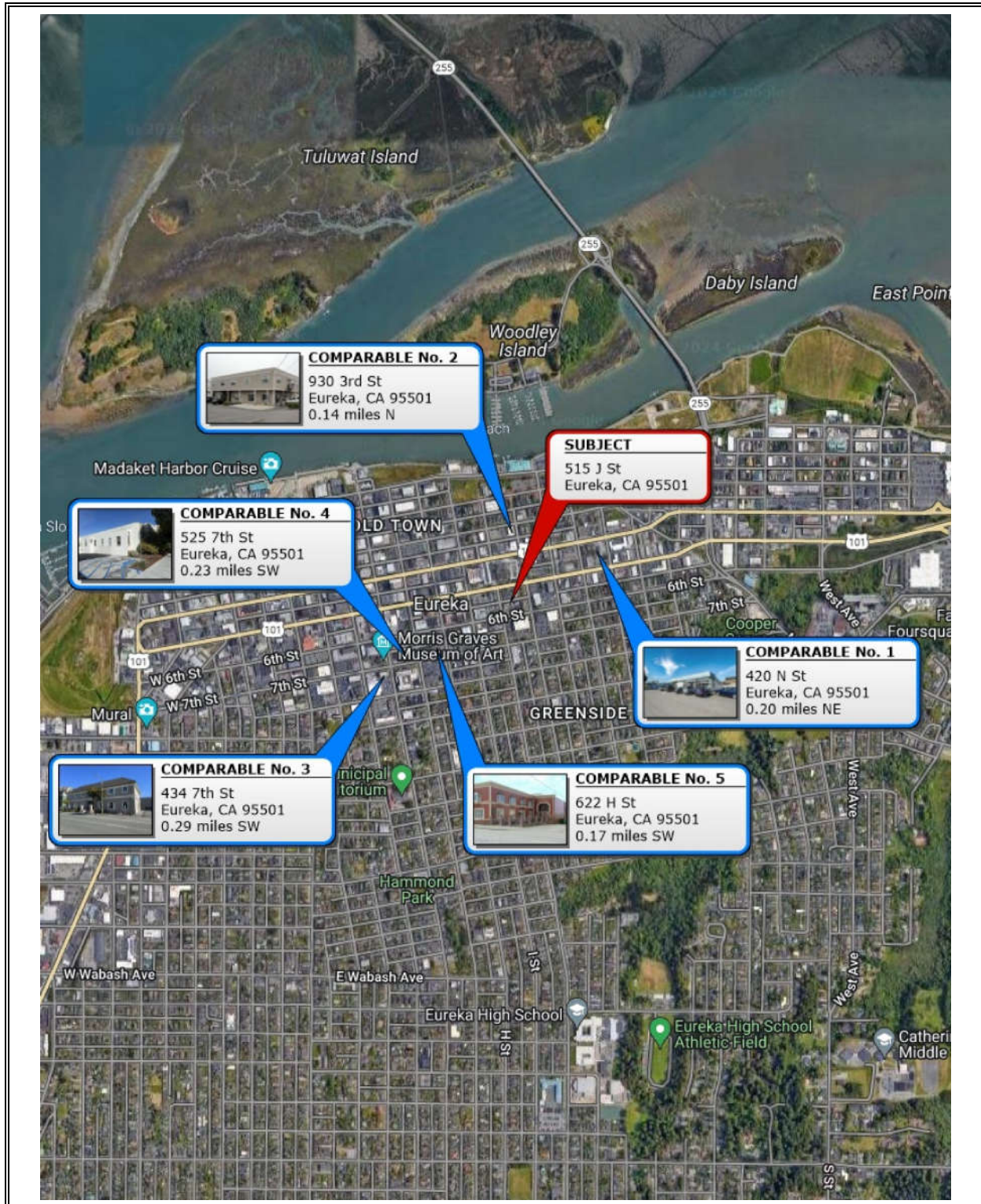
Page 60 ▪ Phone 707-444-3015 ▪ Fax 707-444-3602

I round this to:

\$1,465,000

One Million Four Hundred Sixty Five Thousand Dollars

Comparable Sales Map 1



VALUE CONCLUSION

INCOME APPROACH

\$1,496,000

SALES COMPARISON APPROACH

\$1,465,000

The two approaches to value indicate a fairly tight range in value between \$1,465,000 and \$1,496,000 for the good quality subject property.

Both the Income Approach and Sales Comparison Approach are supported by reasonably good data and are in good agreement with each other. The selected comparables provided consistent metrics by which to derive a reliable Income Approach value for the subject. Likewise, the Sales Comparison Approach value estimate was derived from reasonably good quality data in the local inventory of sales. I view the Income Approach value estimate to be strong given the data researched. I view the Sales Comparison Approach value estimate as strongly supportive of a high end value for the subject.

Therefore, as of the April 18, 2024 effective date of this appraisal report, I estimate the value of the fee simple interest in the subject property, subject to the assumptions and limiting conditions stated in this report, to be:

\$1,496,000

One Million Four Hundred Ninety-Six Thousand Dollars.

ADDENDA

DT Zoning Description

Client	Doss, Larry O.				
Property Address	515 J St				
City	Eureka	County	Humboldt	State	CA Zip Code 95501
Owner	Stone, Jon & Doss, Larry O.				

(P) *Landscaping*. See § 155.328 (Landscaping).

(Ord. 885-C.S., passed 5-21-19; Am. Ord. 902-C.S., passed 8-18-20; Am. Ord. 916-C.S., passed 7-6-21; Am. Ord. 931-C.S., passed 2-15-22; Am. Ord. 951-C.S., passed 10-17-23)

§ 155.208 MIXED-USE ZONING DISTRICTS.

§ 155.208.010 PURPOSE OF MIXED-USE ZONING DISTRICTS.

(A) *General*. The purposes of the mixed-use zoning districts are to:

- (1) Protect, enhance and build upon Eureka's unique identity, historic character and sense of community;
- (2) Promote a compact development pattern with high-intensity activity centers, infill development, adaptive reuse of existing buildings and redevelopment of vacant lots and underutilized properties;
- (3) Encourage a mix of commercial, residential, professional office and civic land uses;
- (4) Accommodate a broad range of commercial uses to serve the community and allow properties to quickly respond to evolving market opportunities over time;
- (5) Promote a diversity of multi-family housing choices in higher density mixed-use settings, especially on upper floors;
- (6) Provide a pedestrian-friendly environment while accommodating the needs of automobiles where appropriate;
- (7) Promote transportation alternatives, reduce the reliance on automobiles and increase opportunities to walk, bike or take transit to destinations;
- (8) Foster a diverse and resilient local economy, friendly to new business investment and the creation and retention of quality jobs;
- (9) Encourage growth in the city's tax base to support city services and infrastructure; and
- (10) Provide attractive and well-designed streetscapes, buildings, parking and public spaces.

(B) *Specific*.

(1) *Downtown (DT)*. The DT Zoning District maintains, promotes, enhances and builds upon Eureka's Downtown as a vibrant center for residents, businesses, the arts, local/regional visitors and out-of-town tourists. Vertical mixed-use development with a diversity of uses promote daytime and evening activity, including residential, cultural, lodging, civic, professional office, entertainment, retail and other customer-serving and employment-intensive uses. Multi-story buildings built to lot lines fully utilize available land and support a high-intensity economic and cultural center for the surrounding region. Existing buildings are fully utilized with uses that serve residents, employees, visitors and the broader region. A diversity of building types and architectural styles, many with active ground-floor uses, support a vibrant pedestrian environment and active and inviting public spaces.

(2) *Downtown West (DW)*. The DW Zoning District is an extension of the Downtown (DT) Zoning District with a broader range of allowed land uses to further encourage investment and development and to provide a transition zone from Broadway to Downtown.

(3) *Service Commercial (SC)*. The SC Zoning District is an intensive commercial district primarily located in or adjacent to highly visible areas, and provides for local, regional and visitor needs. Development accommodates vehicles in a manner that supports an attractive streetscape and pedestrian-friendly environment. The SC Zoning District allows a broad variety and scale of retail, office, restaurants, lodging, entertainment, outdoor sales, large product retail sales, storage, warehousing, wholesale and limited residential uses.

(4) *Henderson Center (HC)*. The HC Zoning District is a pedestrian-oriented limited-scale neighborhood shopping district primarily serving residents in nearby neighborhoods. Pedestrian-scale buildings with active street-facing storefronts close to the sidewalk create an active and inviting public realm. Single-family residential homes converted to retail and office uses retain their residential character and buffer nearby residences from higher intensity uses.

(5) *Neighborhood Commercial (NC)*. The NC Zoning District provides places for limited-scale convenience retail, restaurants, offices, professional services and other customer-serving uses to meet the daily needs of nearby residents, workers and visitors. The form and intensity of development supports an active pedestrian environment and is compatible with neighboring residential properties. Limited residential mixed-use development contributes to neighborhood vitality and safe and attractive streetscapes.

(6) *Wabash Avenue (WA)*. The WA Zoning District provides an area for limited-scale commercial uses to serve the community in the western half of Eureka. Over time, existing properties will be modified and redeveloped to create a more robust neighborhood-oriented and pedestrian-friendly shopping and professional service-related corridor.

(7) *Office Residential (OR)*. The OR Zoning District provides areas for customer-serving and non-customer-serving professional offices, clinics and related retail and services, as well as residential uses. The OR District allows a mix of single-family and multi-family housing, offices, converted residential buildings and lodging where the intent is to generally retain the character, scale and form of the residential neighborhood. The OR Zoning District provides a mix of office and residential uses in an environment with a different character and lower intensity than the other mixed-use commercial districts of the city.

Exterior Photographs 1

Client	Doss, Larry O.					
Property Address	515 J St					
City	Eureka	County	Humboldt	State	CA	Zip Code 95501
Owner	Stone, Jon & Doss, Larry O.					



J St N



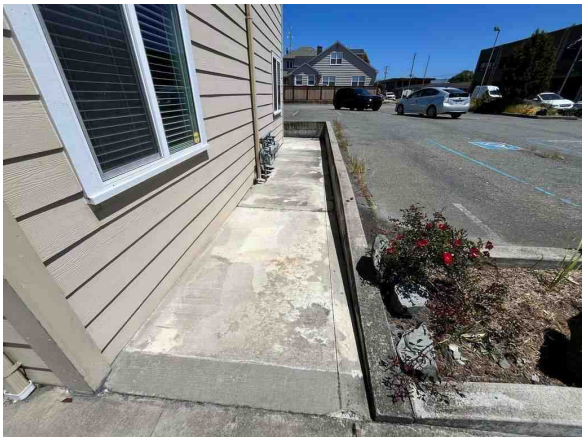
J St S



Front of Subject from J St



Front SWC of Subject



Sidewalk/Drainage Culvert on South Side of Subject - looking E
(Note: rain drains go under the sidewalk - left & middle picture area)



Sidewalk/Drainage Culvert on South Side of Subject - looking NW
from Parking Lot
(Note: approximately 2 feet below the parking lot elevation)

Exterior Photographs 2

Client	Doss, Larry O.					
Property Address	515 J St					
City	Eureka	County	Humboldt	State	CA	Zip Code 95501
Owner	Stone, Jon & Doss, Larry O.					



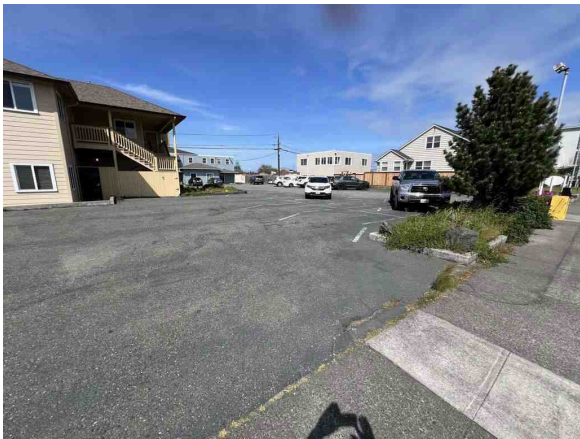
6th St E



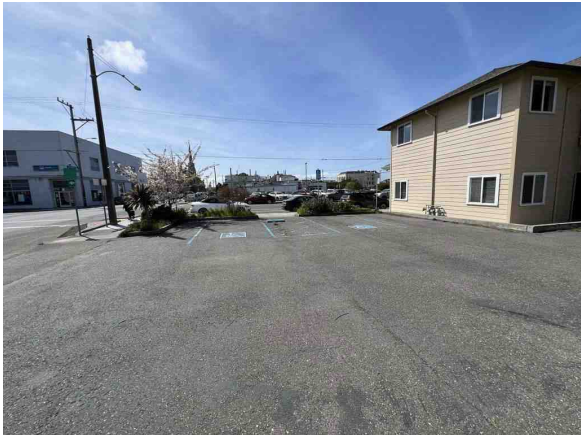
6th St W



South Side of Subject from 6th St



Access to Subject South Parking Lot from 6th St



Subject South Side Parking Lot looking W to J St



Rear SEC of Subject from South Side Parking Lot

Exterior Photographs 3

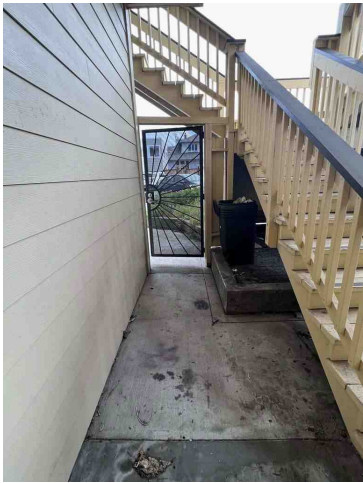
Client	Doss, Larry O.					
Property Address	515 J St					
City	Eureka	County	Humboldt	State	CA	Zip Code 95501
Owner	Stone, Jon & Doss, Larry O.					



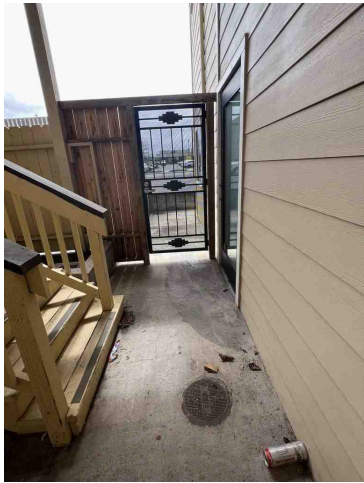
East Side of Subject from East Side Parking Lot - looking W



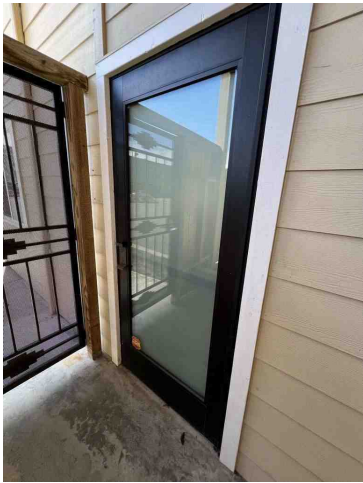
Second Floor Entrance on East Side of Subject



Ground Level Security Door on East Side of Subject to Second Floor Stairway



Ground Level Security Door on South Side of Subject to Second Floor Stairway



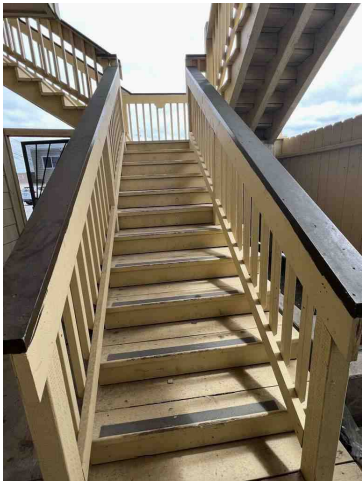
Exterior Door on east side of Subject from first floor Meeting Room. Note the security gate for the stairways on left.



Water Meter on east side of Subject (Note: to the right of the stairway to the upper suites)

Exterior Photographs 4

Client	Doss, Larry O.					
Property Address	515 J St					
City	Eureka	County	Humboldt	State	CA	Zip Code 95501
Owner	Stone, Jon & Doss, Larry O.					



Stairway to Second Floor Suites - looking E



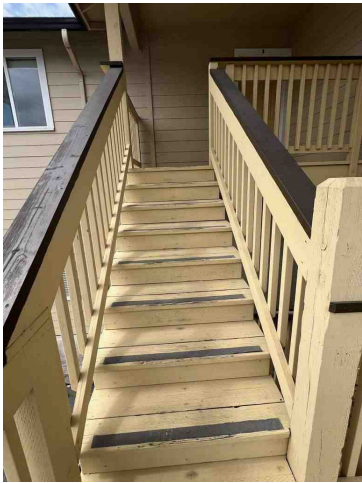
Second Floor Landing looking N to Deck 2 & Suite C



Second Floor Deck 2 looking N into Suite C



Second Floor Deck 2 looking S to 6th St



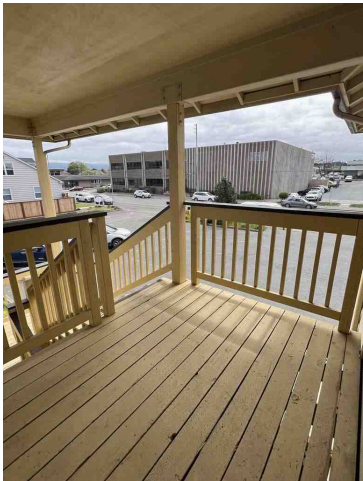
Second Floor Landing looking W to Deck 1



Second Floor Deck 1 looking NW to Suite B

Exterior Photographs 5

Client	Doss, Larry O.					
Property Address	515 J St					
City	Eureka	County	Humboldt	State	CA	Zip Code 95501
Owner	Stone, Jon & Doss, Larry O.					



Second Floor Deck 1 looking SE to 6th St



Looking down to Stairway from Second Floor Deck 1



Subject East Side Parking Lot looking S to 6th St from Alley



Rear NEC of Subject from Alley



Alley - looking E



Front NWC of Subject from J St

Interior Photographs 1

Client	Doss, Larry O.					
Property Address	515 J St					
City	Eureka	County	Humboldt	State	CA	Zip Code 95501
Owner	Stone, Jon & Doss, Larry O.					



First Floor Waiting Room



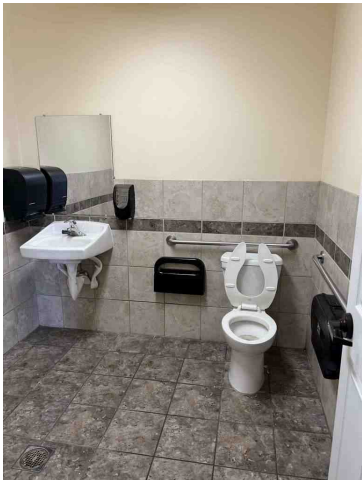
First Floor Waiting Room/Reception



First Floor Meeting Room



First Floor Meeting Room



First Floor BA 1



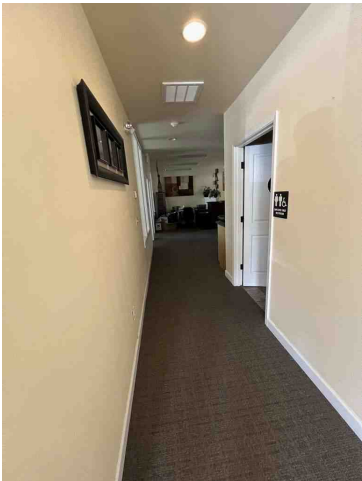
First Floor Room 101

Interior Photographs 2

Client	Doss, Larry O.					
Property Address	515 J St					
City	Eureka	County	Humboldt	State	CA	Zip Code 95501
Owner	Stone, Jon & Doss, Larry O.					



Looking to Reception/Waiting Room from Room 101



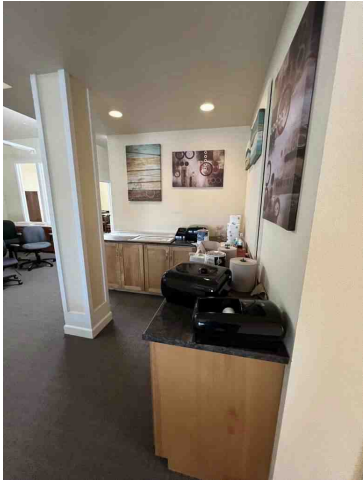
First Floor Hall 1



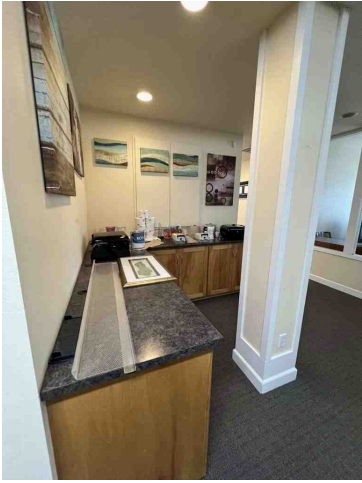
First Floor BA 2



First Floor Open Work Area



First Floor Open Area Cabinets



First Floor Open Area Cabinets

Interior Photographs 3

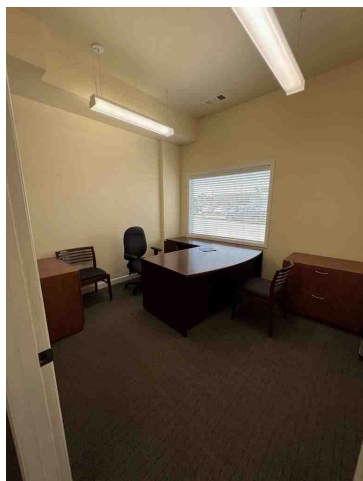
Client	Doss, Larry O.					
Property Address	515 J St					
City	Eureka	County	Humboldt	State	CA	Zip Code 95501
Owner	Stone, Jon & Doss, Larry O.					



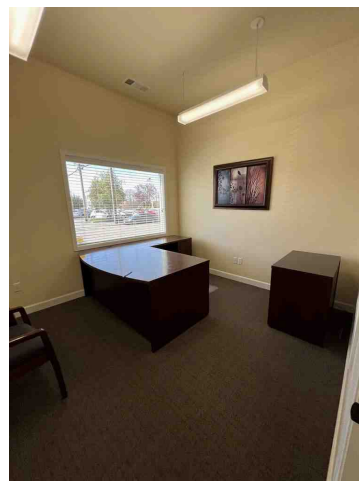
First Floor Open Area looking to Room 102 (left) & Room 103 (right)



First Floor Open Area looking to Hall 1 & Waiting Room/Reception



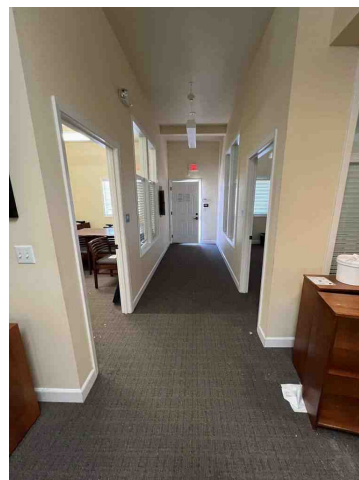
First Floor Room 102



First Floor Room 103



First Floor Open Area - Work Area 1 (left) & Work Area 2 (right)



First Floor Hall 3 from Open Area

Interior Photographs 4

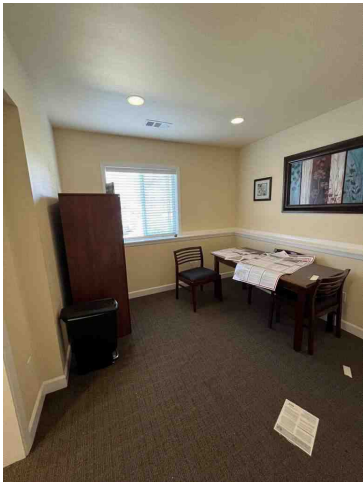
Client	Doss, Larry O.					
Property Address	515 J St					
City	Eureka	County	Humboldt	State	CA	Zip Code 95501
Owner	Stone, Jon & Doss, Larry O.					



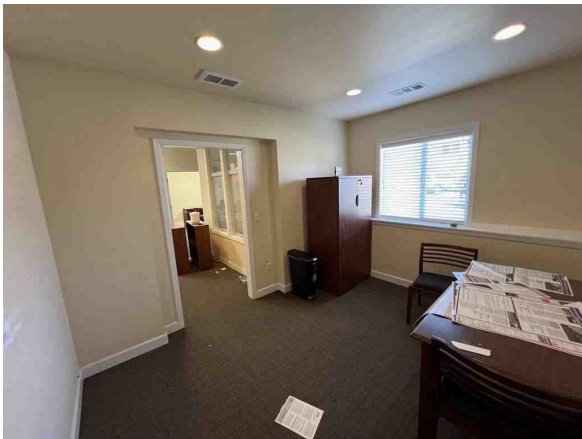
First Floor Hall 2 from Open Area



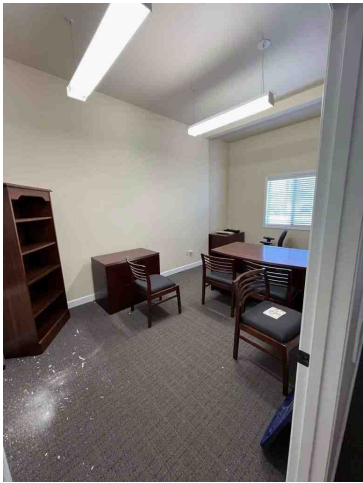
First Floor Hall 2 (right) & Hall 3 (left) both in view



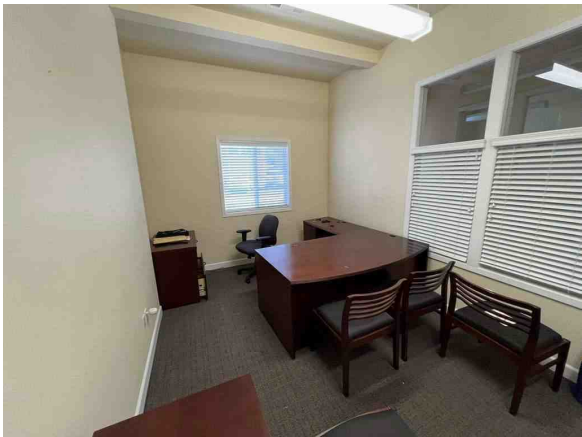
First Floor Room 106 off Hall 2



First Floor Room 106 looking to Hall 2



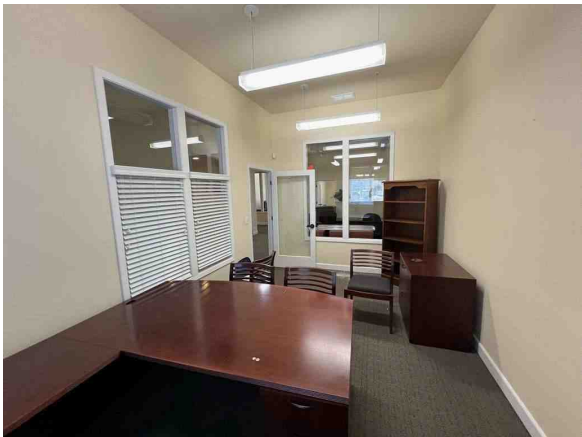
First Floor Room 104 off Hall 3



First Floor Room 104

Interior Photographs 5

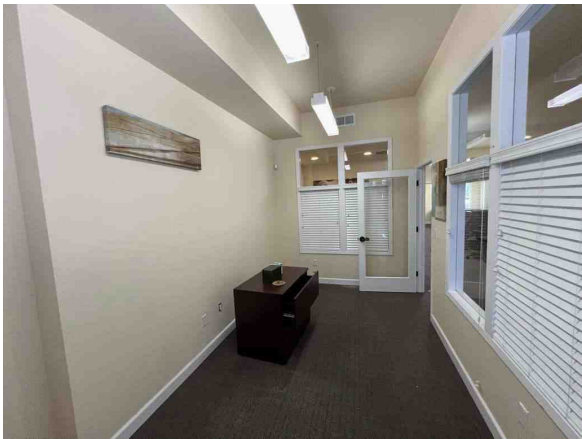
Client	Doss, Larry O.					
Property Address	515 J St					
City	Eureka	County	Humboldt	State	CA	Zip Code 95501
Owner	Stone, Jon & Doss, Larry O.					



First Floor Room 104



First Floor Room 105 off Hall 3



First Floor Room 105



Second Floor Suite B Reception & Work Area



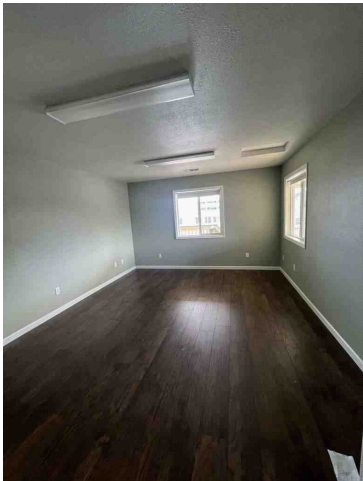
Second Floor Suite B Room 200



Second Floor Suite B Room 200

Interior Photographs 6

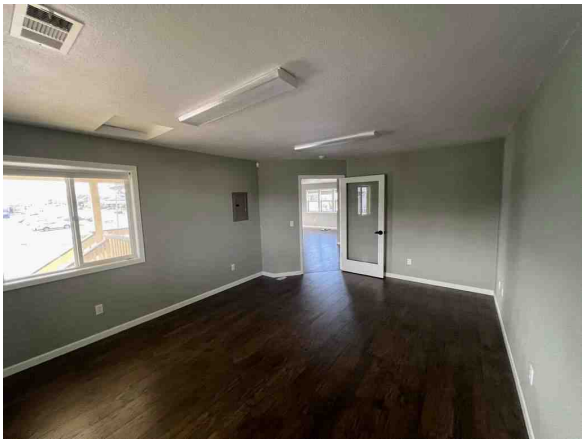
Client	Doss, Larry O.					
Property Address	515 J St					
City	Eureka	County	Humboldt	State	CA	Zip Code 95501
Owner	Stone, Jon & Doss, Larry O.					



Second Floor Suite B Room 201



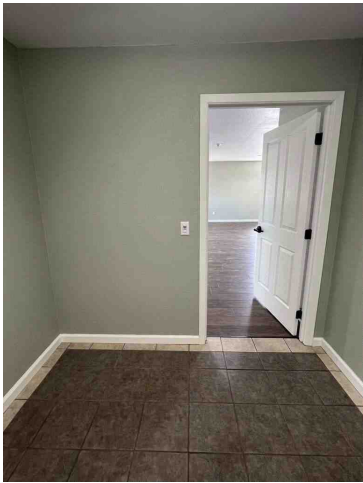
Second Floor Suite B Room 201



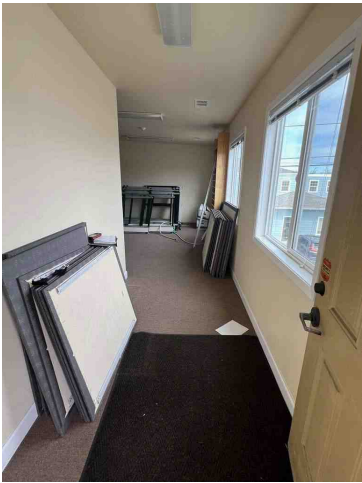
Second Floor Suite B Room 201
(Note: scuttle to attic in ceiling)



Second Floor Suite B BA



Second Floor Suite B BA looking to Reception & Work Area



Entrance to Second Floor Suite C Work Area

Interior Photographs 7

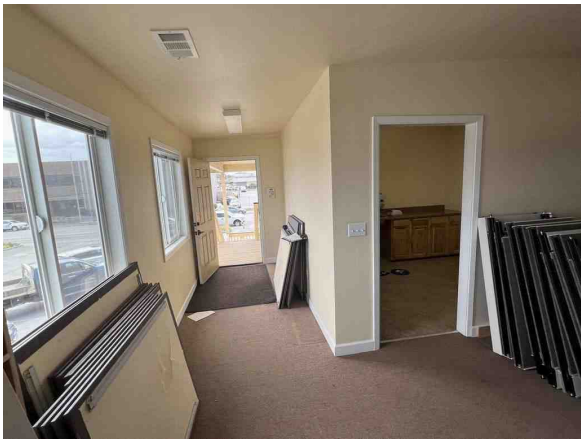
Client	Doss, Larry O.					
Property Address	515 J St					
City	Eureka	County	Humboldt	State	CA	Zip Code 95501
Owner	Stone, Jon & Doss, Larry O.					



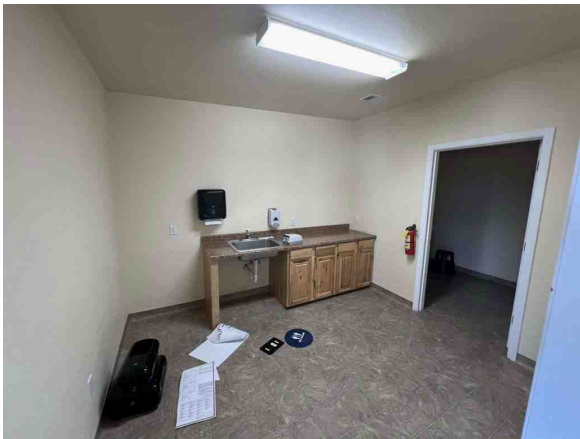
Second Floor Suite C Work Area
(Note: hardwired smoke alarms visible)



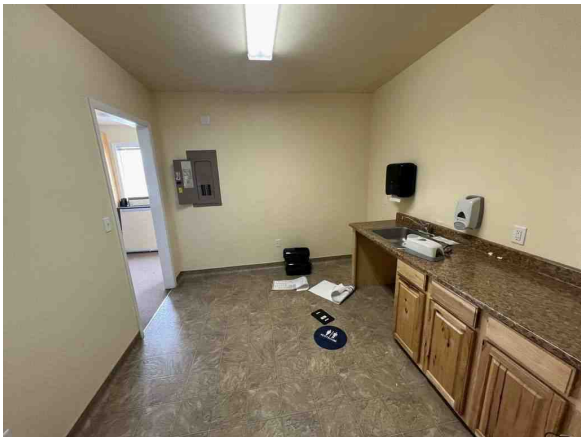
Second Floor Suite C Work Area



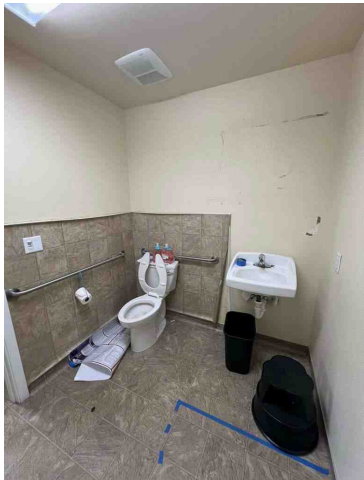
Second Floor Suite C Work Area looking to Entrance
(Note: doorway to Break Room on right)



Second Floor Suite C Break Room



Second Floor Suite C Break Room



Second Floor Suite C BA
(Note: vinyl wall surround has been pulled back by tenant & marks on wall/floor are from tenant)

Interior Photographs 8

Client	Doss, Larry O.					
Property Address	515 J St					
City	Eureka	County	Humboldt	State	CA	Zip Code 95501
Owner	Stone, Jon & Doss, Larry O.					



Pulled back vinyl wainscot in Second Floor Suite C BA



Pulled back vinyl wainscot in Second Floor Suite C BA



Second Floor Suite C Work Area
(Note: hardwired smoke alarms; ceiling mounted fluorescent light fixtures; county parking lot in view)



Second Floor Suite C Work Area
(Note: hardwired smoke alarms; ceiling mounted fluorescent light fixtures; J St visible through windows)



Second Floor Suite C IT Room



Security System nerve center in Second Floor Suite C IT Room
(Note: hardwired smoke alarm visible on ceiling)

Rental Photo Page

Client	Doss, Larry O.					
Property Address	515 J St					
City	Eureka	County	Humboldt	State	CA	Zip Code 95501
Owner	Stone, Jon & Doss, Larry O.					



Rental 1

420/430 N St



Rental 2

827 Bayside Rd



Rental 3

930 3rd St

Rental Photo Page

Client	Doss, Larry O.					
Property Address	515 J St					
City	Eureka	County	Humboldt	State	CA	Zip Code 95501
Owner	Stone, Jon & Doss, Larry O.					



Rental 4

434 7th St



Rental 5

1315 4th St

Comparable Photo Page

Client	Doss, Larry O.						
Property Address	515 J St						
City	Eureka	County	Humboldt	State	CA	Zip Code	95501
Owner	Stone, Jon & Doss, Larry O.						



Comparable Sale 1

420 - 430 N St



Comparable Sale 2

930 3rd St



Comparable Sale 3

434 7th St

Comparable Photo Page

Client	Doss, Larry O.						
Property Address	515 J St						
City	Eureka	County	Humboldt	State	CA	Zip Code	95501
Owner	Stone, Jon & Doss, Larry O.						



Comparable Sale 4

525 7th St



Comparable Sale 5

622 H St



Business, Consumer Services & Housing Agency
BUREAU OF REAL ESTATE APPRAISERS
REAL ESTATE APPRAISER LICENSE

Michael L. Retzloff

has successfully met the requirements for a license as a residential and commercial real estate appraiser in the State of California and is, therefore, entitled to use the title:

"Certified General Real Estate Appraiser"

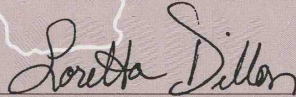
This license has been issued in accordance with the provisions of the Real Estate Appraisers' Licensing and Certification Law.

BREA APPRAISER IDENTIFICATION NUMBER:

AG 007269

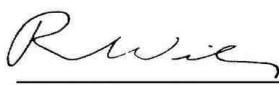
Effective Date: September 26, 2022

Date Expires: September 25, 2024


Loretta Dillon, Deputy Bureau Chief, BREA

3067488

THIS DOCUMENT CONTAINS A TRUE WATERMARK - HOLD UP TO LIGHT TO SEE "CHAIN LINK"

CERTIFICATE OF INSURANCE					
Producer: LIA ADMINISTRATORS & INSURANCE SERVICES P.O. Box 1319 Santa Barbara, CA 93102-1319			Issue Date: 12/27/2023 This Certificate is issued as a matter of information only and confers no rights upon the Certificate Holder. This Certificate does not amend, extend or alter the coverage afforded by the policy below.		
Insured: 111439 RETZLOFF, MIKE APPRAISAL SERVICE Michael L. Retzloff 4709 Patricia Drive Eureka, CA 95503 Fax Number: 707-444-3602			<p style="text-align: center;"><u>COMPANY AFFORDING COVERAGE</u></p> <p style="text-align: center;">Aspen American Insurance Company</p> <div style="text-align: center;">  _____ Authorized Representative </div>		
<p>This is to certify that the policy of insurance listed below has been issued to the Insured named above for the policy period indicated. Notwithstanding any requirement, term of condition of any contract or other document with respect to which this Certificate may be issued or may pertain, the insurance afforded by the policy described herein is subject to all the terms, exclusions and conditions of such policy. Limits shown may have been reduced by paid claims.</p> <p>DISCLAIMER: This certificate of insurance does not affirmatively or negatively amend, extend, or alter the coverage afforded by the insurance policy.</p>					
TYPE OF INSURANCE	POLICY NUMBER	EFFECTIVE DATE	EXPIRATION DATE	LIMITS	
Professional Liability	AAI005072-09	02/12/2024	02/12/2025	Each Claim General Aggregate	\$ 1,000,000 \$ 2,000,000
Description of Operations/Locations/Special Items: REAL ESTATE APPRAISERS PROFESSIONAL LIABILITY INSURANCE					
Certificate Holder: RETZLOFF, MIKE APPRAISAL SERVICE Michael L. Retzloff 4709 Patricia Drive Eureka, CA 95503			Cancellation: SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.		

LIA0001 (11/97)

Insured Copy