

Halberg Pacific Appraisal Service

1507 East Beach Road
Port Angeles, WA 98363
(360) 928-3341

January 29, 2023

Port of Port Townsend

Eric Toews
Port of Port Townsend
P.O. Box 1180, Port Townsend, WA 98368
360-385-0680
Eric@portofpt.com

RE: **Short Family Farm Revision:**

Ladies and Gentlemen:

In response to correspondence regarding the size of the residential improvements and the summation of the value I revised my report dated January 24, 2023.

I used the 2,280 square feet provided by the owner as valid and applied the 782 square feet difference to the daylight basement.

It is important to note that the value of the residential improvements section from page 64 is not intended to stand independently, out of the context of the land comparable sales, three of which were also improved with residences.

In the Correlation and Final Value Estimate on page 66, the \$250,000 positive adjustment for the residential improvements is relative to the improvements on the other comparable sales of agricultural conservation easement properties within the context of those sales' land and total value.

The most reasonable estimate of the market value of the subject property, as of the effective date of this appraisal, **January 16, 2023**, is **\$1,400,000**.

The date of value is January 16, 2023.

If you have any questions regarding this appraisal report, please contact me at (360) 477-3015.

Sincerely,



Greg V. Halberg

APPRAISAL

1594 Center Road
Short Family Farm
Jefferson County, Washington



PREPARED FOR

Port of Port Townsend

PREPARED BY

HALBERG PACIFIC APPRAISAL SERVICE
1507 East Beach Road
Port Angeles, WA 98363

January 2023

Halberg Pacific Appraisal Service

1507 East Beach Road
Port Angeles, WA 98363

(360) 928-3341

January 29, 2023

Port of Port Townsend

Eric Toews

Port of Port Townsend

P.O. Box 1180, Port Townsend, WA 98368

360-385-0680

Eric@portofpt.com

RE: **Short Family Farm**

Ladies and Gentlemen:

In fulfillment of our agreement, I am pleased to transmit herewith my summary appraisal report, covering the value of the Short Family Farm as currently encumbered with a conservation easement in favor of the Jefferson Land Trust. The primary effect of the conservation easement is to prevent selling any portion of the property independently, limit the development of the property to certain defined areas, and preserve its agricultural values.

The most reasonable estimate of the market value of the subject property, as of the effective date of this appraisal, **January 16, 2023**, is **\$1,400,000**.

The date of value is January 16, 2023.

My market value opinions are qualified by certain definitions, limiting conditions, assumptions, and certifications, which are set forth on pages 1, 20, 21 and 22 of the appraisal report.

I inspected and photographed the subject property with the landowner on January 16, 2023. I took aerial photographs of the subject and comparable sale properties on January 22, 2023.

This report was prepared for, and my professional fee billed to the **Port of Port Townsend**.

This appraisal is intended for use by the client, the **Port of Port Townsend**.

The intended use of this appraisal is to assist the **Port of Port Townsend** for a possible voluntary purchase.

It may not be distributed to or relied upon by others without my written permission.

If you have any questions regarding this appraisal report, please contact me at (360) 477-3015.

Sincerely,



Greg V. Halberg

Table Of Contents

Certificate of Appraisal:	1
Summary of Salient Facts and Conclusions.	2
Photographs of Subject Property.	3
Hazardous Materials:	20
Scope of the Appraisal.....	21
Purpose of This Appraisal:.....	21
Intended Users of This Appraisal:	21
Intended Use of This Appraisal:.....	21
Personal Property:	21
Property Rights Appraised:.....	21
Definition of Market Value:	22
Legal Description:	22
Area, City, and Neighborhood Data:.....	22
Site Description:	25
Description of Improvements:.....	26
Fixtures:.....	27
Use History:.....	27
Sales History:.....	27
Rental History:	27
Assessed Value and Annual Tax Load:	27
Zoning and Other Land Use Regulations:	28
Data Analysis and Conclusions	32
Analysis of Highest and Best Use:	32
Land Valuation:.....	33
Contributory Value of the Improvements.....	64
Correlation and Final Value Estimate	66
QUALIFICATIONS OF GREG V. HALBERG	67

Certificate of Appraisal:

The undersigned does hereby certify that, except as otherwise noted in this appraisal report:

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, unbiased, professional analyses, opinions and conclusions.
3. The appraiser has no present or prospective interest in the property that is the subject of this report, and no personal interest or bias with respect to the parties involved.
4. Compensation is not contingent upon the reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event.
5. My analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the Appraisal Foundation's *Uniform Standards of Professional Appraisal Practice*.
6. No one provided significant professional assistance to the person signing this report.
7. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraiser or the firm with which he is connected, shall be disseminated to the public through advertising media, public relations media, news media, sales media or any other public means of communication without the prior written consent and approval of the undersigned.
8. Greg Halberg made a personal inspection of the appraised property which is the subject of this report and all comparable sales used in developing the opinion of value. The date of inspection was January 16, 2023, and the method of inspection was personal observation. The property owner was present during my initial inspection.
9. This appraisal firm previously appraised this property for the purpose of valuing the conservation easement. The previous appraisal was dated April 2015.

Dated: January 29, 2023



Greg V. Halberg
Washington State Certification #1102178

Summary of Salient Facts and Conclusions.

- The Short Family Farm consists of **approximately 253.4 acres** of land in eight separate parcels within Sections 8, 23, and 24, Township 28 North, Range 2 West, W.M., Jefferson County, Washington.
- The existing conservation easement has the effect of combining the eight agriculturally zoned parcels, including the improvements, into **one 253.4-acre parcel**.
- The market value of the **253.4 acres** of land and improvements being appraised is **\$1,400,000**.
- The effective date of this appraisal is **January 16, 2023**.
- I have placed primary reliance on the sales comparison approach.
- The income capitalization approach is not directly applicable in this appraisal report. Income from leases for agricultural use and rental of the homes is not the highest and best use. Any farm income that a potential buyer would achieve would not be the primary reason for the purchase of the property. Derivatives of the income approach have been considered to test the reasonableness of the market value indication found in the sales comparison approach.
- The cost approach was used to determine the contribution of the improvements on the property.

Photographs of Subject Property.

Ground photos were taken by Greg Halberg on January 16, 2023. Oblique aerial photos were taken by Greg Halberg on January 22, 2023. Vertical aerial photos were taken from the Jefferson County website and the work of ADESA LLC in developing an environmental report.



Aerial photo looking north at the Chimacum Valley and the subject.



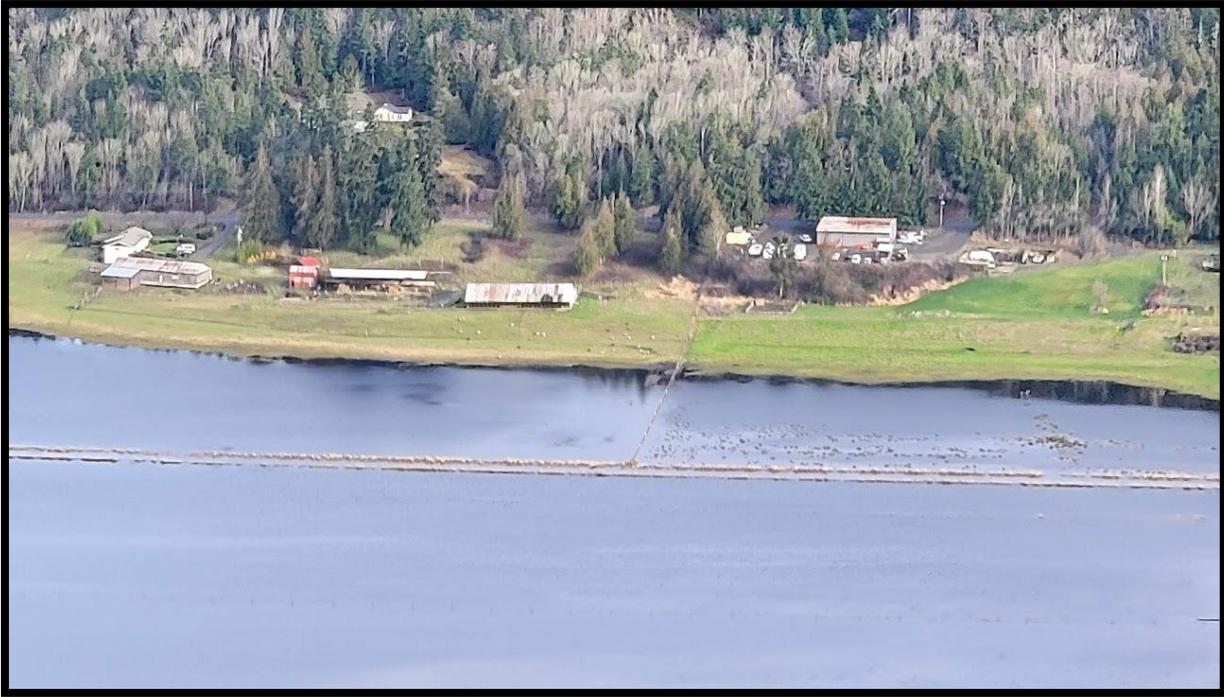
Looking westerly at the subject



The easterly development area



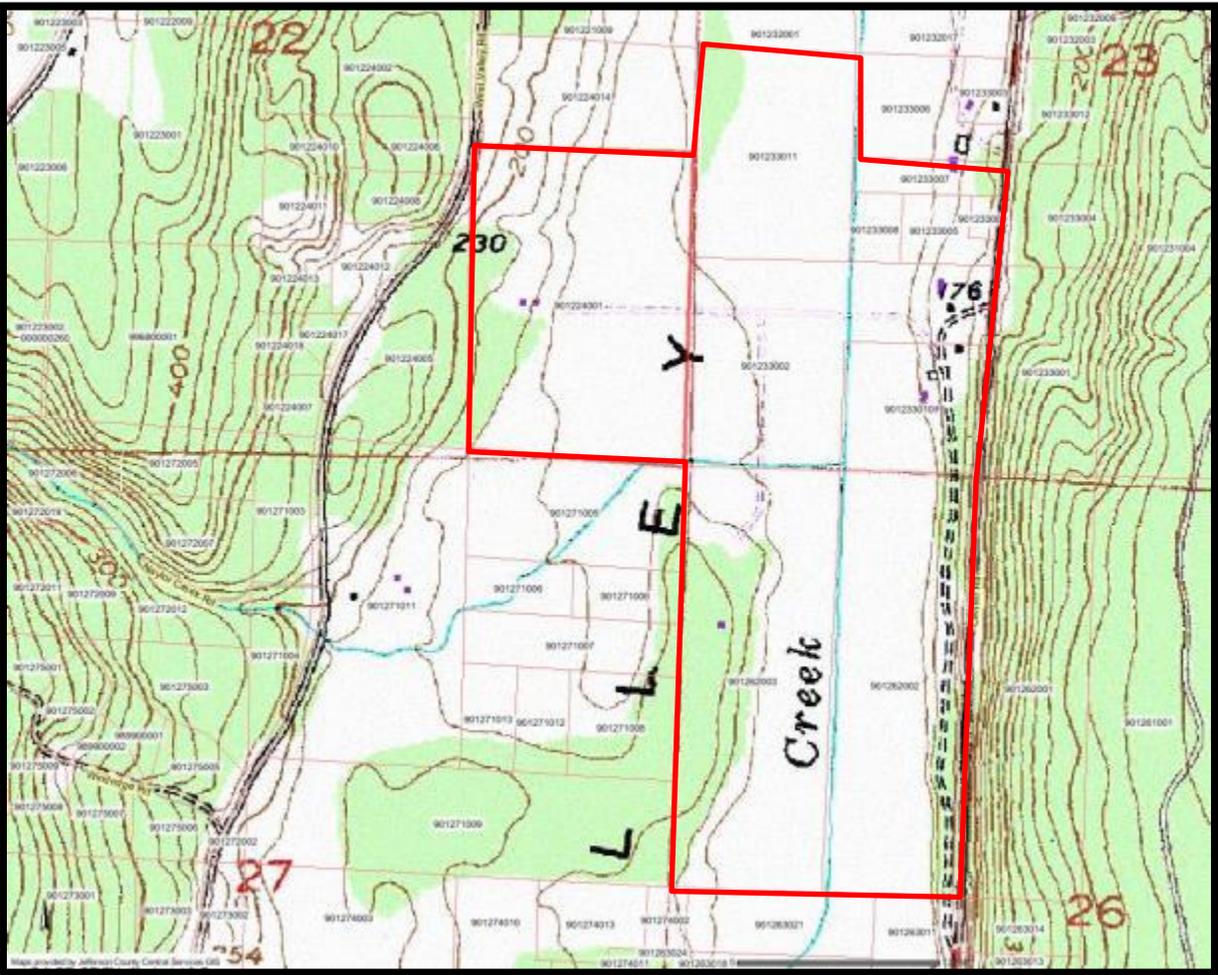
The westerly development area



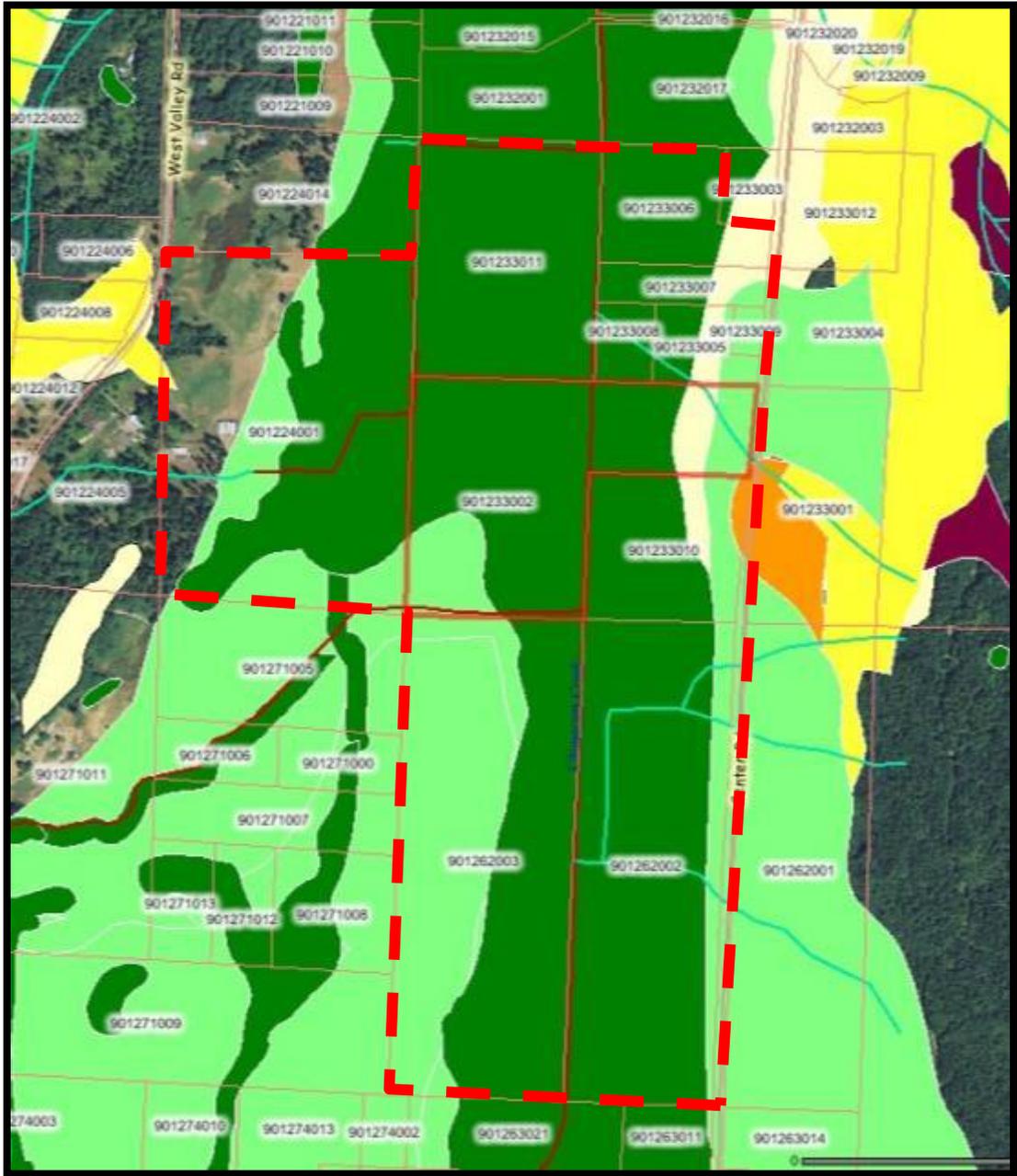
The southerly development area



Aerial photography looking southerly.



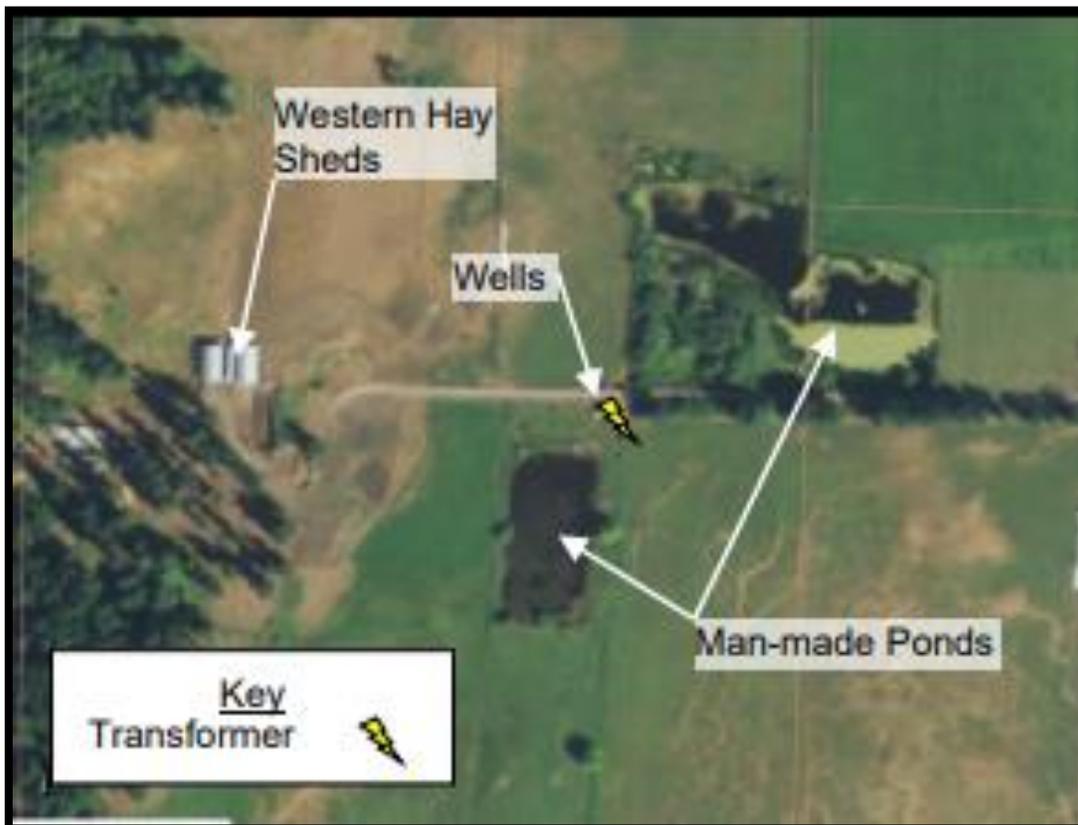
USGS topographic map of the subject,



Jefferson County critical areas map, showing the majority of the property would be within critical areas or buffer.



Schedule of agricultural improvements on the eastern development area.

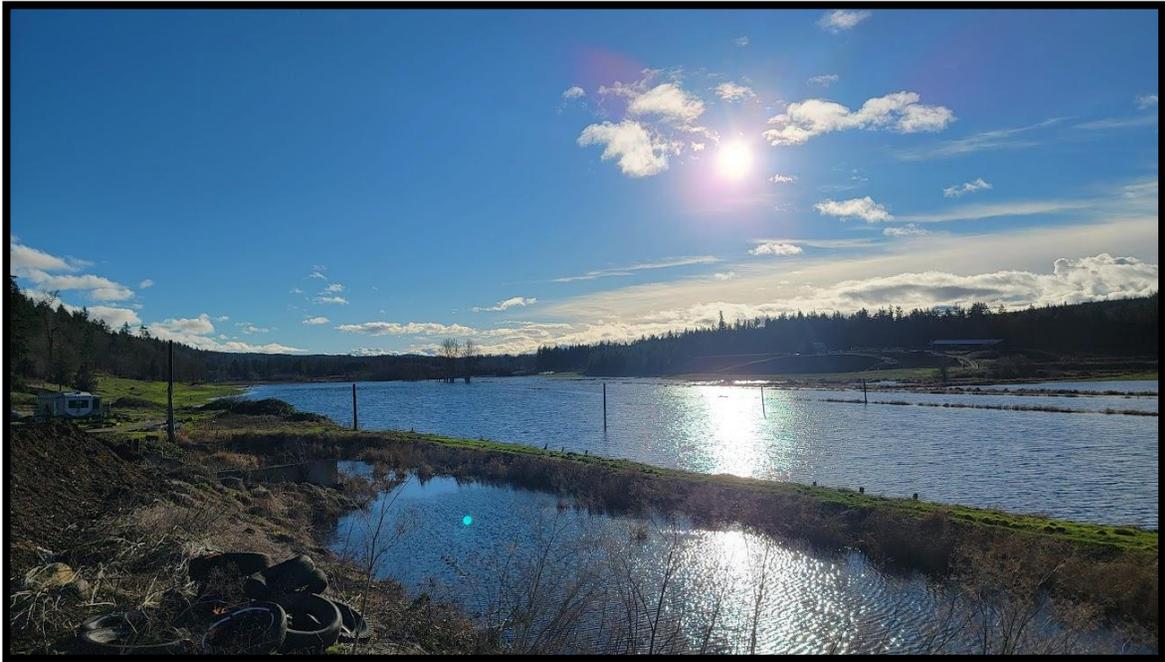




Ground photo looking westerly



Looking southwesterly



Looking southerly.



Looking northwesterly



Equipment shed.



Shop



Commodities shed.



Original Barn built in the 1880's.



Mound shed.



Mound shed.



Milking Parlor.



Lumber shed.



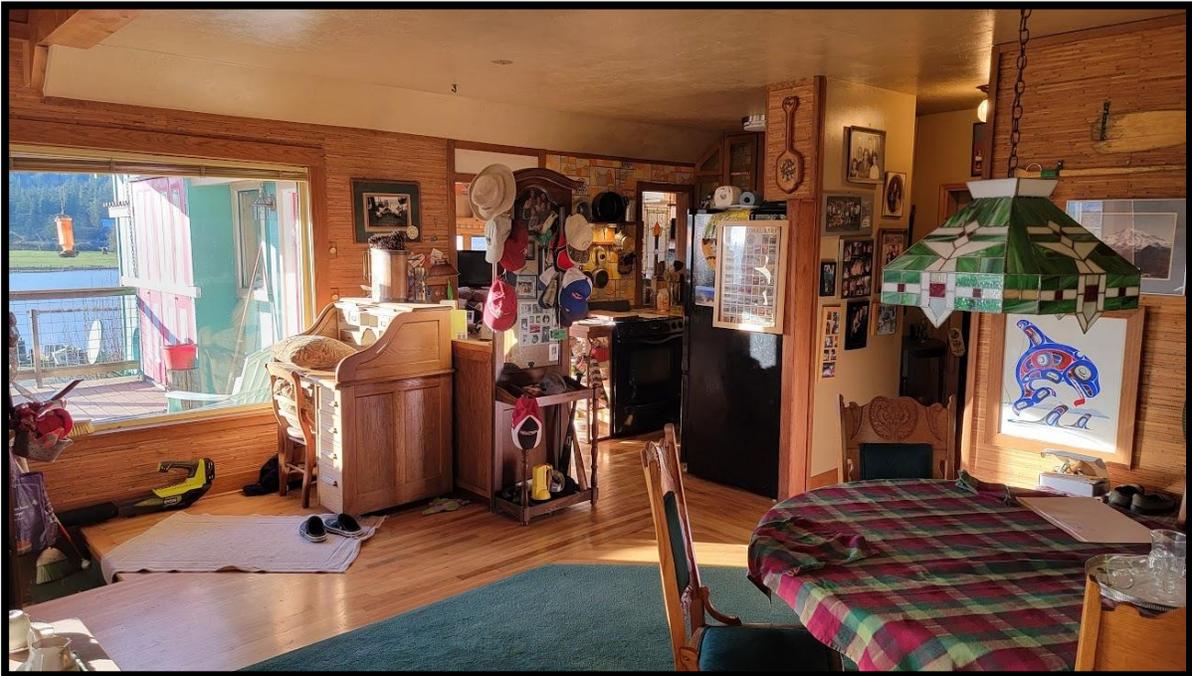
Main residence from the west.



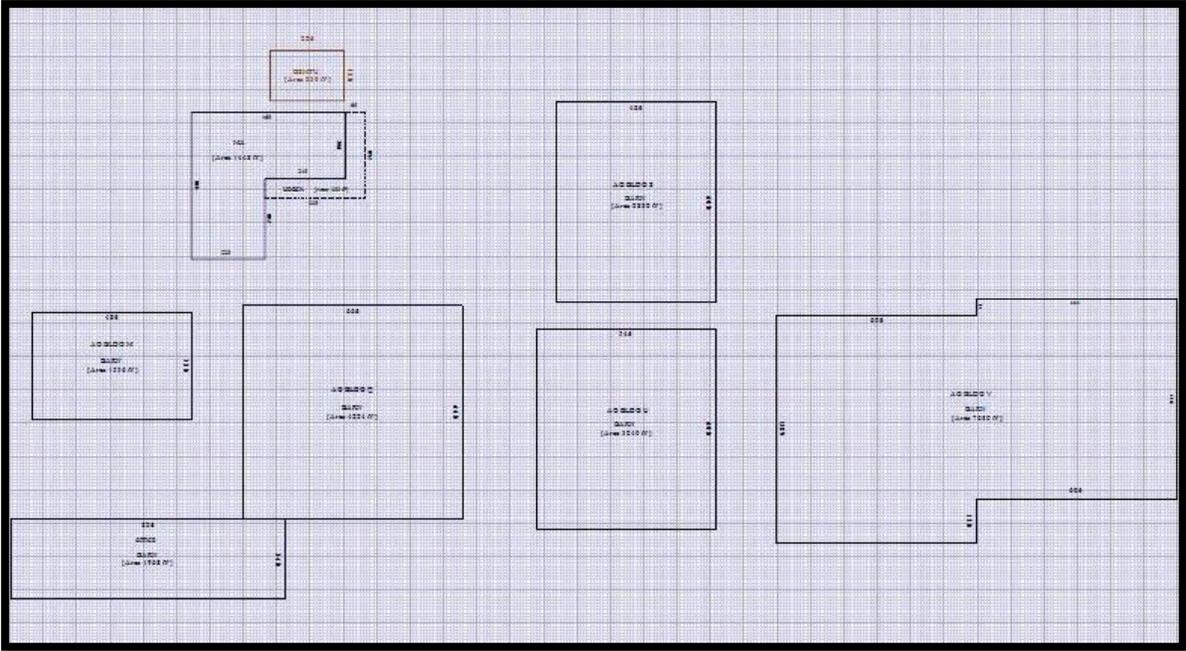
Entrance to the main residence.



North elevation of the main residence.



Interior view of the main residence.



Clallam County sketches of the primary improvements.

Statement of Assumptions and Limiting Conditions

Underlying Assumptions and Contingent Conditions:

The appraiser assumes:

- That any legal descriptions furnished are correct.
- That the title of the property is good.
- That the property will be managed efficiently and maintained properly.
- That any plans furnished are correct.
- That a use permit will be issued consistent with the highest and best use of the property.

This appraisal report is submitted subject to the following contingent conditions:

That no guarantee is made, nor liability assumed for inaccuracies or errors in estimates or opinions identified in this report as being furnished by others.

That no survey of the property has been made by your appraiser and no liability is assumed on matters of a legal character affecting the property, such as title defects, overlapping boundaries, etc.

Any sketches in this report are included to assist the reader in visualizing the property.

Testimony or attendance in court is not required by reason of this appraisal, with reference to the property in question, unless arrangements have previously been made therefore.

This report, or any parts thereof, may not be reproduced in any form without permission of the appraiser.

Hazardous Materials:

Unless otherwise stated in this report, the existence of hazardous material, which may or may not be present on or in the subject property, was not observed by the appraiser. The appraiser has no knowledge of the existence of such materials on or in the property. The appraiser, however, is not qualified to detect such substances. The presence of substances such as asbestos, urea-formaldehyde foam insulation or other potentially hazardous materials may affect the value of the property.

Our market value estimate is predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required to discover them. This appraisal is reliant on the environmental work performed by ADESA LLC for the Port of Port Townsend.

Scope of the Appraisal

The scope of work for this appraisal assignment included a personal inspection of the subject, and an analysis of the highest and best use of the property subject to the conservation easement.

Greg Halberg inspected the property on January 16, 2023.

Mr. Halberg conducted an aerial reconnaissance of the subject and comparable sales on January 22, 2023.

Mr. Halberg conducted an analysis of comparable sales of properties with similar conservation easements on the Olympic Peninsula and Whidbey Island within a twenty-mile radius over the past six years.

Market data was researched using the Northwest Multiple Listing Service and conversations with Realtors and others active in the agricultural and conservation easement market in the market area. Comparable sale properties of similar land in eastern Jefferson County have been weighted more heavily in my analysis. Comparable sale properties in other parts of Clallam, Jefferson, and Island Counties and western Washington have also been considered.

Comparable sales selected were confirmed to the extent possible with one or more parties to the transaction. All comparable sales used in our analysis were inspected by the appraiser.

The cost approach has been applied to determine the contributory value of the improvements.

I researched various agricultural leases in the Chimacum area for comparison by the income approach before concluding that the income approach is not applicable to the subject.

The appraisal report complies with the Uniform Standards of Professional Appraisal Practice (USPAP).

Purpose of This Appraisal:

The purpose of this appraisal is to provide an opinion of the market value, as defined below, of the subject property, as of January 24, 2023.

Intended Users of This Appraisal:

This appraisal is intended for use by the client, the Port of Port Townsend.

Intended Use of This Appraisal:

The intended use of this appraisal is to assist the Port of Port Townsend for possible purchase. This appraisal is not intended for any other use.

Personal Property:

The valuation of the subject property involves the value of real property only and includes no personal property, trade fixtures, or intangible items.

Property Rights Appraised:

This appraisal is made with the understanding that the present ownership of the property is subject to a conservation easement vested in the Jefferson Land Trust. The primary effect of the conservation easement is to prohibit any division, limit the development of the property to certain defined areas, and

preserve its agricultural values. The easement is available through the Jefferson Land Trust or Jefferson County records as Auditor's File Number 600531.

The subject includes water rights at 600 acre-feet per year not to exceed 550 gallons per minute from two wells under terms and conditions of Certificate of Ground Water Right found in Volume 8, on page 3843-A under Ground Water Permit No. 4183, with confirmed dates from April 27, 1956.

Definition of Market Value:

Market Value is defined in the Dictionary of Real Estate, 6th edition, as follows:

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

- Buyer and seller are typically motivated;
- Both parties are well informed or well advised, and acting in what they consider their best interests;
- A reasonable time is allowed for exposure in the open market;
- Payment is made in terms of cash in United States dollars or in terms of 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.

Legal Description:

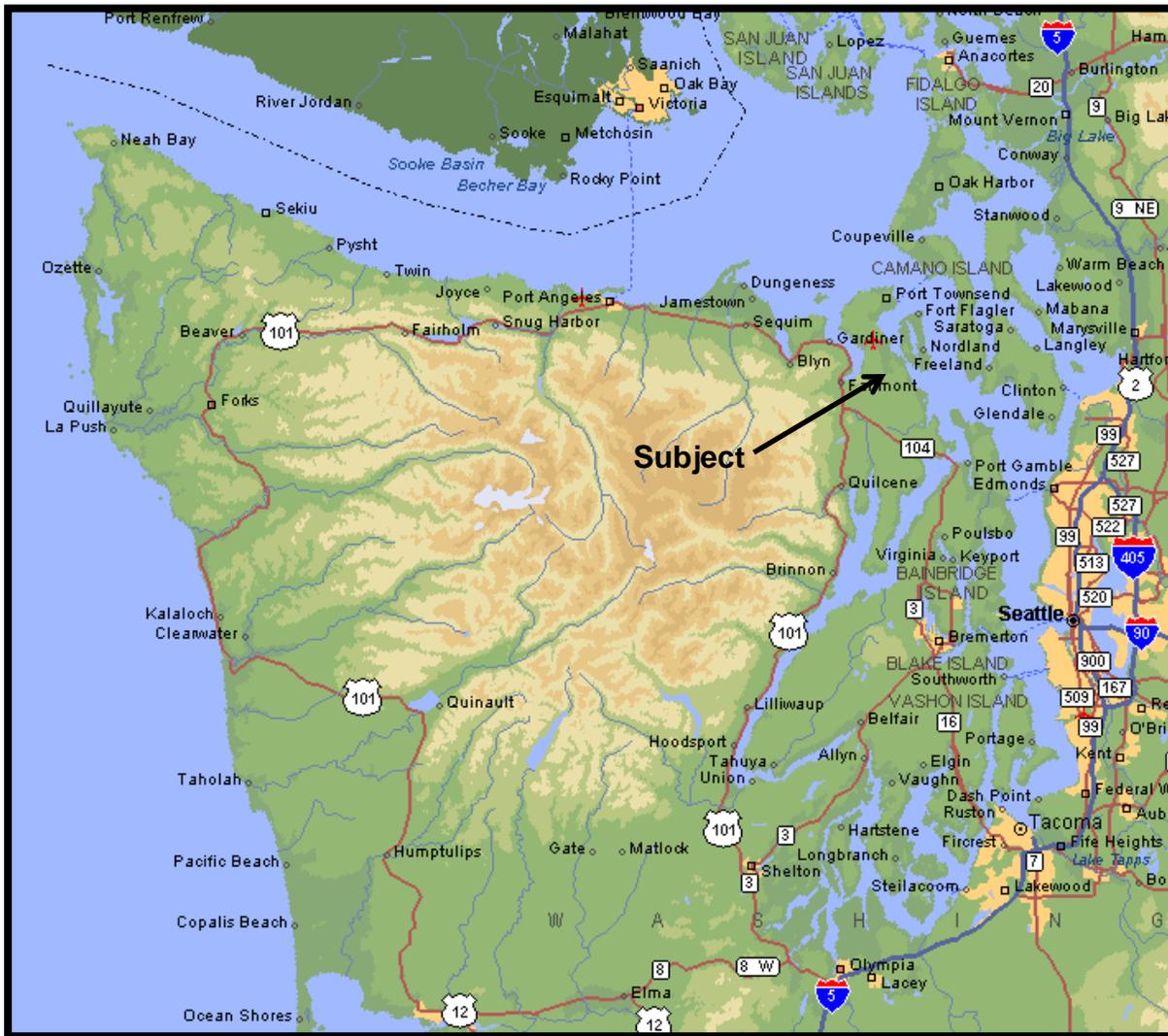
The length metes and bounds legal description is included in the conservation easement available through Jefferson County AF#600531.

Area, City, and Neighborhood Data:

The Short Family Farm is located in eastern Jefferson County, on the North Olympic Peninsula, in the State of Washington. The market area comprises primarily agricultural areas south from Port Townsend to Quilcene. The east boundary of the market area is Hood Canal and Puget Sound. The west boundary is the Olympic Mountains but could include agricultural areas of eastern Clallam County and Whidbey Island.

The area enjoys mild weather, little rainfall due to the Olympic rain shadow, views of the Olympic Mountains, and easy access to mountains, rivers, and saltwater.

Land use in the market area includes residences generally on lots of five acres or larger, some agricultural land, and timber land.



In my opinion, other agricultural areas in northwest Washington such as Snohomish, Skagit, and Whatcom counties have significantly different physical, economic, and transportation characteristics and do not compare well with the subject.

The estimated 2022 population of Jefferson County was 33,605, an increase of 1.9% from 2020. This area has experienced 10.4% growth in population from 2010 to 2020, greater than the state as a whole. This trend is expected to continue. Medical facilities, churches and shopping are found about eight miles north of the subject property in the town of Port Townsend, population 10,148.

The 2020 average annual wage for Jefferson County was \$45,522, below the state's average of \$76,801. Per capita personal income in Jefferson County in 2020 was \$56,585 compared to \$67,126 for the state and \$59,510 for the nation. The median household income in Jefferson County was \$57,693 during the period surveyed between 2016 and 2020. The county's median was less than the state's (\$77,006) and the nation's (\$64,994) over this same period.

The general neighborhood includes an unincorporated area of Jefferson County surrounding Chimacum. The subject is located 1.7 miles south of Chimacum.

Center Road is a major county road connecting Chimacum with Quilcene and Highway 101.

Highway 101 is a major US highway connecting the Olympic Peninsula to Olympia and the southern Puget Sound region. However, as it winds around Hood Canal, it is a slow road.

The unincorporated town of Chimacum consists of Chimacum K-12 Schools, and some neighborhood convenience stores and gas stations, including a local farm store.

Within the market area there are several areas where agriculture has been an historic use.

The Olympic Peninsula has seen a resurgence of agricultural production, particularly in the Dungeness and Chimacum areas. The local food movement has provided a market for locally grown organic agricultural products as well as regional export to the greater Puget Sound area. In the Chimacum area several organic farms are in existence. Some examples are the 160 acre Glendale Farm, which raises organic Black Angus beef; the Red Dog Farm, which began operation in the spring of 2008 as an organic row crop farm on 23.10 acres; the Sunfield Farm School, a private school on a working farm located between Port Townsend and Chimacum; Finn River Farm, an organic blueberry and fruit operation adjacent to the south of the subject, as well as several other farms operating on 5 to 160 acres.

The majority of the agricultural land is centered near Chimacum, but other areas also have working farms. The area has a history of agricultural use and much of the valley is designated prime farmland by Natural Resources Conservation Service's *Soil Survey of Jefferson County, Washington*.

In my opinion, the market for agricultural land is local. The geographic isolation, transportation costs, high residential land values, and lack of agricultural infrastructure make development of industrial scale agriculture very unlikely. Most agricultural parcels are purchased by individuals who first decide they want to live on the Olympic Peninsula, and then find the right property, which almost always includes the right to build a home.

The aerial photographs show the relationship between the subject property and other neighborhood land uses.

Economic Impact on property being appraised:

Market Conditions: The period from 2020 to 2023 was tumultuous in the national, regional, and local real estate market. The pandemic has had the overall effect of increasing demand for properties

in rural areas such as Jefferson County. However, the recent increase in interest rates has slowed demand.

Analyzing recent sales similar to the subject indicates that large agricultural properties in eastern Jefferson County have maintained a consistent value over the past five years. This is due to the general scarcity of similar properties, and the fact that relatively few sales have occurred. Generally, buyers who purchase similar properties anticipate a long-term commitment.

In my opinion, the available data does not support an adjustment for market conditions, and agricultural land prices appear to be relatively stable from late 2016 to the present.

Site Description:

The subject consists of 253.4 acres in eight parcels.

The parcels are summarized in the following table:

Parcel	Size	Zoning	Mapped Critical Areas
901224001	61.52	AP	
901233011	30.31	AP	All wetland
901233008	3.24	AP	
901233005	4.74	AP	
901233002	41.71	AP	80% wetland
901233010	16.63	AP	
901262002	51.27	AP	Almost all wetland
901262003	59.01	AL	
total	253.4		

Access to the property is from Center Road. Access is also available from West Valley Road which forms a portion of the west boundary of the property.

Topography is best described as a low, flat valley. The ridge on the east side is about 190 feet elevation. The west ridge varies from a high of 210 feet in the northern corner to about 185 feet in the southern corner. The center of the valley is 120 feet.

The topography allows for a view of the Olympic Mountains from the eastern portion of the property, and a pastoral view of the Chimacum Valley and farmland from the western portion of the property.

The property is divided by Chimacum Creek, a Class II salmon bearing stream that flows from south to north through the property.

Most of the property is designated critical areas by Jefferson County. Wetlands comprise the majority of the valley floor, mostly along Chimacum Creek and the northwestern portion. This portion of the

property is often seasonally flooded during the winter. Based on my site visit on January 16, 2023, and conversation with Mr. Short, the seasonal flooding has gotten worse over the past several years due to a combination of factors. The reasons include continued infestation with invasive canary grass, the difficulty of clearing the drainage chokepoints annually. The long-term effect of the longer flooding season is detrimental to the health of the soil for agricultural purposes.

Seismic soils are contained on nearly the remaining portion of the property. Only a portion of parcel 901-224-001 is free of critical area restrictions.

Power and telephone are available along Center Road and West Valley Road and are connected to the property.

Water is available from two private wells. Rights to the water are established since April 27, 1956. The water right usage “shall not exceed 550 gallons per minute, 600-acre feet per year for the irrigation of 200 acres and for domestic supply.” The water right certificate is attached in the appendix.

There are three existing man-made ponds on the property that were previously used as manure ponds when the property was used as a dairy. The ponds now provide an attractive visual amenity as well as habitat for waterfowl. The Washington Fish and Wildlife has an agreement with the Shorts to provide hunting access, including disabled access, and hunting opportunities.

Sewage is treated by septic systems.

The soils on the property are as follows:

- Se= Semiahmoo muck (predominant) prime farmland if drained
- Sh= Semiahmoo muck, moderately shallow variant prime farmland if drained
- So= Snohomish silty clay loam prime farmland if drained
- EvC= Everett gravelly sandy loam
- SnC= Sinclair gravelly sandy loam farmland of statewide importance
- KsD= Kitsap gravelly loam (west side of Center Rd.) farmland of statewide importance
- StB= Swantown gravelly sandy loam
- AIC= Alderwood gravelly sandy loam farmland of statewide importance
- CfC= Cassolary sandy loam farmland of statewide importance

Description of Improvements:

The subject is improved with a primary residence, a manufactured home, and fourteen agricultural outbuildings, as shown in the photographs in Section 6.

Power and telephone are available to the residential as well as the agricultural buildings.

Water is provided through two private wells.

Water from the existing 60 foot domestic well is used for the existing agricultural and residential uses. The water volume has been adequate for the existing uses.

The 100-foot irrigation well has an attached water right.

Fixtures:

The valuation of the subject property involves the value of real property only and includes no personal property, trade fixtures, or intangible items.

Use History:

The subject property has historically been used for agricultural purposes. The original farmhouse and barn date from the 1880’s.

Sales History:

The subject property is currently owned by Roger and Sandy Short, husband and wife, and the Valley View Trust, the principal members are the Short family. The property was purchased in the 1930’s.

Rental History:

The subject property has not been rented to my knowledge.

Assessed Value and Annual Tax Load:

The 2022 assessed value and taxes are enumerated in the table below:

Parcel	Size	Improvement Value	Improved land	Unimproved land	Total Value	Taxable Value	Tax Amount
901224001	61.52	\$2916	\$0	\$212000	\$214916	\$14,841	\$164.52
901233011	30.31	\$0	\$0	\$121,240	\$121,240	\$6,820	\$96.10
901233008	3.24	\$0	\$0	\$24,120	\$24,120	1,357	\$44.69
901233002	41.71	\$0	\$21,271	\$70,000	\$242,831	\$99,796	\$790.31
901233010	16.63	\$0	\$20,000	\$118,216	\$252,236	\$141,744	\$1,133.90
901262002	51.27	\$3,798	\$57,500	\$110,858	\$172,156	\$72,384	\$632.39
901262003	59.01	\$0	\$0	\$5,832	\$203,277	\$7,588	\$162.51
Total	263.69	\$6,714	\$98,771	\$662,266	\$1,230,776	\$344,530	\$3,024.42

Zoning and Other Land Use Regulations:

The subject property is zoned Prime Agricultural Lands (AP-20) which allows one home per twenty acres. The AP designation is described extensively below.

Prime Agricultural Lands (AP-20). The purpose of the prime agricultural lands district is to protect and preserve areas of prime agricultural soils for the continued production of commercial crops, livestock, or other agricultural products requiring relatively large tracts of agricultural land. It is intended to preserve and protect the land environment, economy, and lifestyle of agriculture in Jefferson County. These lands must be protected as "agricultural lands of long-term commercial significance." Land designated as Prime Agricultural Land shall meet the following criteria:

- Consist, in substantial proportion, of land with prime agricultural soils as defined by the Natural Resources Conservation Service’s *Soil Survey of Jefferson County, Washington*; and
- Be in regions of the county where commercial agriculture is the current and historically predominant use including but not limited to the following areas
 - Quimper Peninsula
 - Beaver Valley
 - Chimacum Valley
 - Discovery Bay Valley
 - Quilcene River Valley
 - Tarboo Valley
 - Dosewallips Valley
 - West Jefferson County Valleys; and;
- Is not currently served by “urban governmental services”; and
- Is in an area characterized by a substantial proportion of undeveloped parcels of land 20 acres or greater in size; and
- Is outside of any area designated as Master Planned Resort (MPR) or Urban Growth Area (UGA); and
- Is in an area where no existing land uses are present, which will seriously interfere with the successful long term practice of a range of agricultural activities; and
- Does not include land currently designated Rural Forest (RF-40) presently in a parcel size 40 acres or larger, or Commercial Forest (CF-80) or Inholding Forest (IF).

The Prime Agricultural zoning designation allows a variety of agricultural and closely related uses. It restricts most non-agricultural uses. A complete list of Permitted, Conditional, and Prohibited uses is outlined below.

Permitted

Residential Uses:

Accessory dwellings units; co-housing/intentional communities (subject to PRRD overlay in RR districts); single-family residences; transient rental of residence or accessory dwelling unit; and duplexes (subject to meeting underlying density requirements).

Accessory Uses:

Home businesses; cottage industry; hobby kennel.

Commercial Uses:

Bed and breakfast inn (4 to 6 rooms); bed and breakfast residence (1 to 3 rooms); mineral extraction activities (without MRL overlay); mineral extraction activities (with MRL overlay)

(10-acre min. lot size); mineral processing accessory to extraction operations (with MRL overlay).

Conditional Uses

Cottage industry; commercial day care; mineral processing accessory to extraction operations (without MRL overlay); animal shelter; emergency services (police, fire, EMS); parks and playfields; public works maintenance/equipment storage shops; recreational facilities; permanent cultural festival and historic sites; equestrian centers; public display gardens; park and ride lots/transit facilities; major and minor utility developments.

Prohibited

Residential Uses

Caretaker residence (public parks); manufactured/mobile home parks (subject to PRRD overlay in RR districts); multifamily residential units (3+ units); residential care facilities with up to 5 persons; residential care facilities with 6 to 20 persons; nursing/convalescent/assisted living facilities; unnamed residential uses.

Commercial uses:

Automotive service and repair; automotive service and repair (with subordinate auto sales); boat storage, commercial (outside of SMP); boat building and repair; commercial clinics (medical, dental, and vision); convenience and video stores; drinking establishment; eating establishment; small equipment repair; sales and rental services (non agriculture related); construction contractor; commercial food and beverage stands; gas stations; golf courses and driving ranges; grocery stores and gift shops; hotel/motel; indoor entertainment or recreational facility; liquor stores; lumber yards/building supply and materials; mini-storage facilities; personal and professional services; resorts, master planned (new); retail sales and services; vehicle sales; new and used retail (auto and RV); veterinary clinics and hospitals; unnamed commercial uses.

Industrial Uses

Bulk plant or terminal facilities; asphalt and concrete batch plants; heavy equipment sales and rental services; heavy industrial, resource-based; light industrial/manufacturing; food or beverage bottling and/or packaging; outdoor storage yards; recycling center (automobile); wrecking yards and junk (or salvage) yards; unnamed industrial uses.

Essential Public Facilities

Airports (w/o airport EPF overlay); educational facilities (state owned); large-scale regional transportation facilities (state owned); (e.g., freeways, ferry terminals); correctional facilities; solid waste handling and disposal facilities; inpatient substance abuse and mental health facilities; unnamed essential public facilities.

Public Purpose Facilities

Government offices; library; museum; post office; visitor/interpretive center; water/wastewater treatment facilities; cemeteries; religious assembly facilities; unnamed institutional uses.

Small-Scale Recreation and Tourist Uses

Aerial recreational activities (e.g., balloon rides, gliders); animal preserves and game farms with dangerous wild animals; outdoor archery ranges; recreational vehicle parks; outdoor

shooting ranges; recreational off-road vehicle (ORV) and all-terrain vehicle (ATV) parks and recreational areas.

Residential Density and Planned Rural Residential Development

The underlying residential density is one home per twenty acres. Planned rural residential developments (PRRD) are allowed within the AP-20 zoning. A twenty percent density bonus is allowed for cluster developments with density bonuses possible for preservation of Natural, Historical and Cultural Features; Public Service and Facility Availability; Energy Efficiency; Public Recreation Facilities; Environmental Design; Affordable Housing; and other items believed to be suitable by the county.

Where a density bonus is requested under Jefferson County Code (CC [18.15.520](#)), the average density allowed in the underlying district may be exceeded by up to 20 percent of the allowed density for that district and an additional 20 percent for the area in the reserve tract that are designated critical areas. An additional bonus may be granted for the buffer area(s) associated with environmentally sensitive or critical areas that are included within the reserve tract, the bonus shall not exceed 20 percent of the allowed density in the buffer area; and provided further, that the area of land contained in access easements, access panhandles or pipe-stem configurations shall not be included in the area computations.

OTHER LAND USE RESTRICTIONS

Chimacum Creek, a Class 2 stream, bisects the subject property. Standard land use restrictions require a 150-foot buffer zone away from Class 2 streams such as Chimacum Creek.

Certain portions of the subject are classified wetlands. A class I wetland requires a 225-foot buffer zone. Class II wetlands require a 120–180-foot buffer zone.

The regulations to protect fish and wildlife habitat and wetland areas create special problems for some existing farms. Application of standard buffers would place major restrictions on a high proportion of the growing or grazing acreage of many small farmers. Effective, alternative protection to critical areas can be achieved by agricultural “Best Management Practices” (BMPs). Jefferson County has provided special exemptions from buffer requirements for cultivating crops and grazing livestock on existing and ongoing agriculture, as long as best management practices are followed.

To my knowledge, the Short Family Farm is currently in compliance with best management practices in place for the Chimacum Creek watershed.

The final draft of the conservation easement is available through public records.

This appraisal is based on the following rights subservient to the Jefferson Land Trust:

- The right to subdivide the 253.4-acre agricultural property or sell any portion separately.
- All development will be limited to certain defined areas.
- Mining of peat or other surface mineral is prohibited.

The conservation easement requires that any future sale of the property will include the entire **253.4-acre** agricultural area, and extinguishes most development rights on the property, limiting development to three specified areas.

The development rights retained include the right to keep and expand three existing homes in their current location. Other rights retained include the right to build other buildings that support the agricultural purpose of the farm within a restricted area. This right expressly includes the right to develop farm worker housing, as allowed by the Prime Agricultural zoning. Any new construction will be limited to specific areas outlined in the easement. All development will be less than 2% of the total area of the impermeable surfaces.

Data Analysis and Conclusions

Analysis of Highest and Best Use:

In this section of the appraisal process the market is analyzed to determine the highest and best use of the subject property. The conclusions reached here will have a direct impact on the valuation analysis.

Highest and best use is defined as: The highest and most profitable use for which the property is adaptable and needed or likely to be needed in the reasonably near future.

To estimate highest and best use, four elements are considered:

- Possible use:** What uses of the site are physically possible?
- Permissible legal use:** What uses of the site are permitted by zoning and deed restrictions?
- Feasible use:** Which possible and permissible uses will produce a net return to the owner of the site?
- Highest and best use:** Among the feasible uses, which use will produce the highest net return or the highest present worth?

Possible use: The primarily flat topography of the property being appraised does not restrict possible uses. Although a large portion of the subject is wetlands and poor-quality building soils, there appears to be enough buildable land to support the current residential development and agricultural buildings. Possible uses are restricted only by land use regulations, and by terrain features such as creeks, wetlands, and soils incompatible for building.

Permissible use: The existing conservation easement restricts development to the existing building envelope and sale of any individual parcel.

Non-agricultural use would require compliance with fish, wildlife, stream, and wetland buffers.

Feasible use: The subject's size, shape, topography, access, permissible uses and location as well as current land use in the neighborhood indicate that agricultural and residential uses are feasible for the subject land.

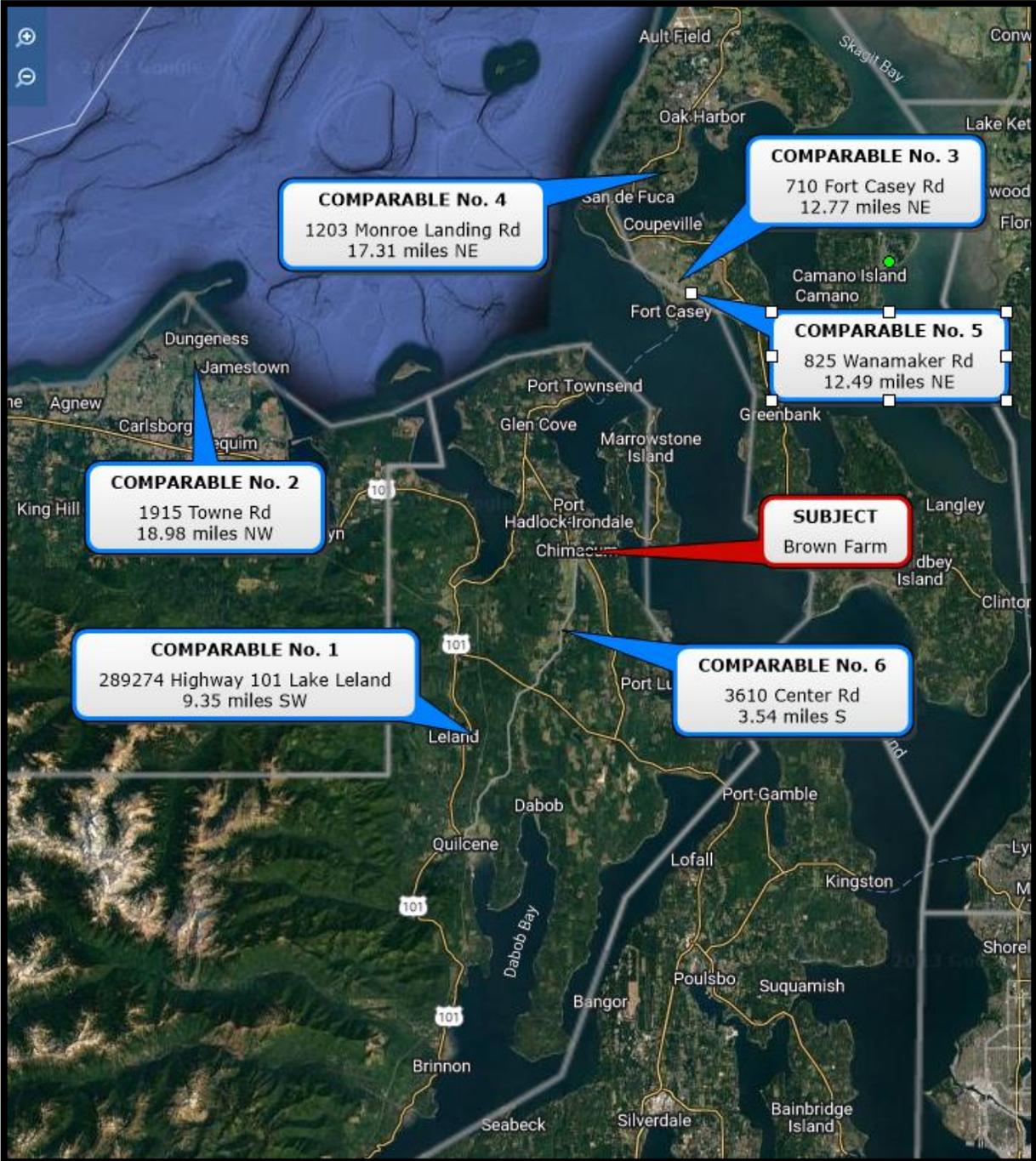
Highest and best use: The highest and best use of the subject property with the proposed conservation easement is for residential and agricultural use consistent with the conservation easement and with the intent of Jefferson County Prime Agricultural zoning.

The right to maintain the existing residences and structures associated with agricultural use is retained. The building area for all structures is limited to an area specified by the conservation easement.

No homesites or parcels are permitted to be sold separately.

Land Valuation:

The relative location of the subject property and the comparable sales is shown below.



COMPARABLE LAND SALE 1:

Summary of Location: 289274 Highway 101 Lake Leland
Proximity to Subject Property: About 9 miles southwest
Assessor's Parcels: 802251001, 802244001

SALE DATA:

Sale Date	June 28, 2022.	Sale Price	\$445,000.
Instrument	Statutory Warranty Deed.	Auditor's File No.	2022-1437323.
Legal Description	Meets and bounds retained in file		
Sellers	Kawanoto Farms, LLC		
Purchaser	Galvis Collective		
Confirmation	Public Records, MLS# 1593185 Bruce Munn 3603014026.		

SITE DATA:

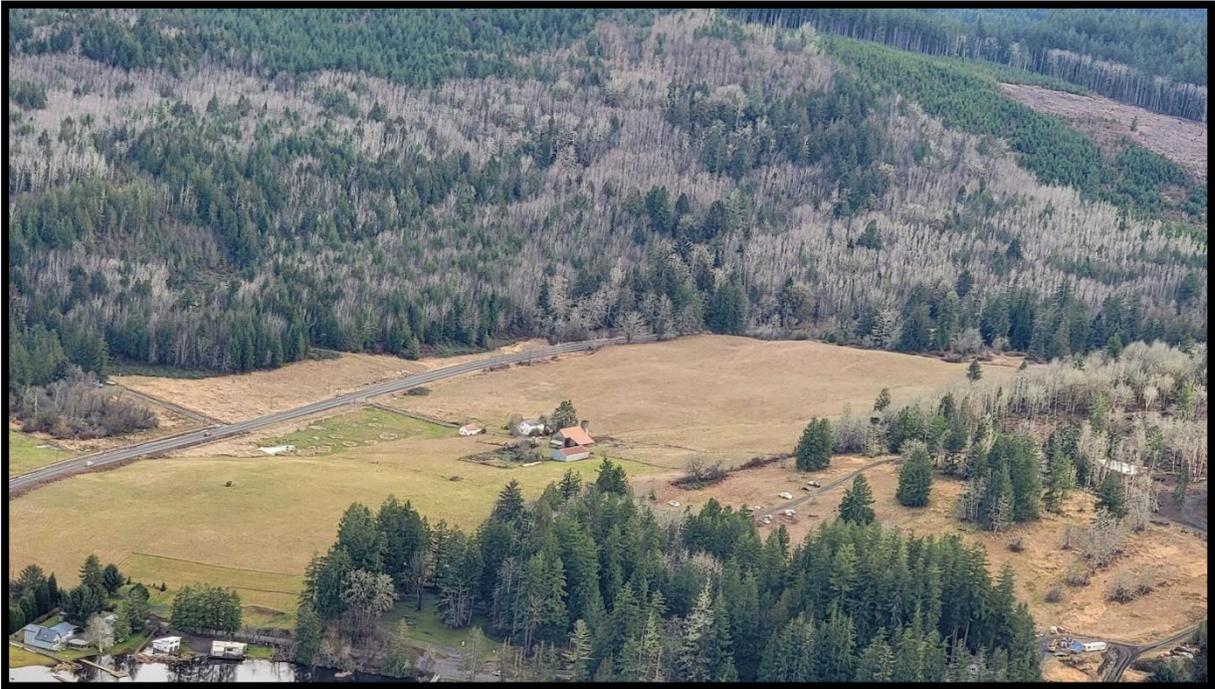
Land Area	148 acres.	Utilities	PUD power, well, septic, irrigation.
Access	Highway 101		
Description	Agricultural and timber land parcel.		
Zoning	Commercial Forest 80 and RR5		

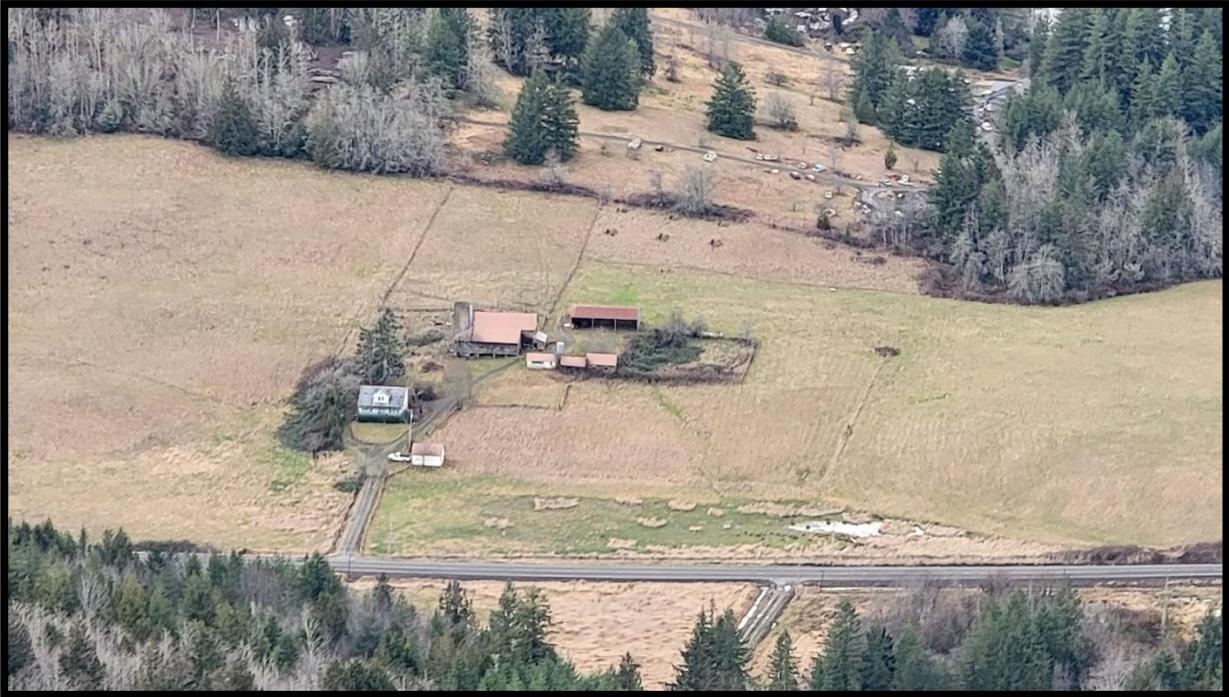
IMPROVEMENTS:

Type	Residence.
Size	1,553 square feet farmhouse with 1,065 square foot unfinished basement.
Age	1938.
Construction	Wood Frame, concrete foundation.
Condition	Good/Fair.
Outbuildings	2,400 square foot barn, 1,540 square foot implement shed, 384 sf detached garage

Analysis \$445,000 purchase price divided by 148 acres is \$3,007 per acre. Originally asking \$999,000.

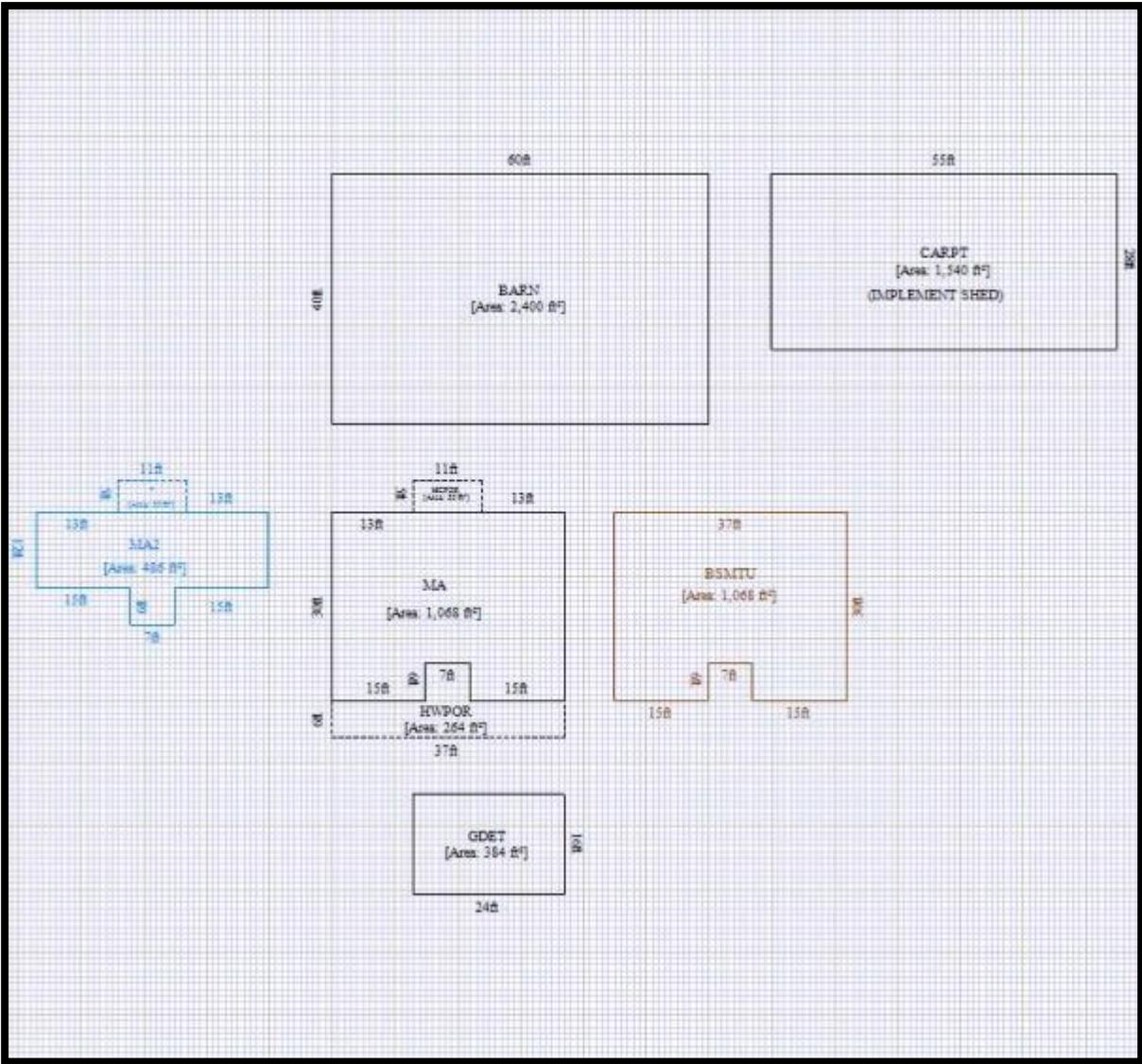
At the time of sale this property is under a conservation easement in perpetuity with the US Navy and Jefferson Land Trust which prevents subdivision and development and restricts the building envelope to the area surrounding the current improvements. The easement was recorded in May 2021 between the owner at the time, the Jefferson Land Trust, and the US Navy.











COMPARABLE LAND SALE 2:

Summary of Location: Dungeness
Proximity to Subject Property: 19 miles northwest
Assessor's Parcels: 043001-210137, 043001-240225, 043001-210165, 043001-210195, 043001-210155

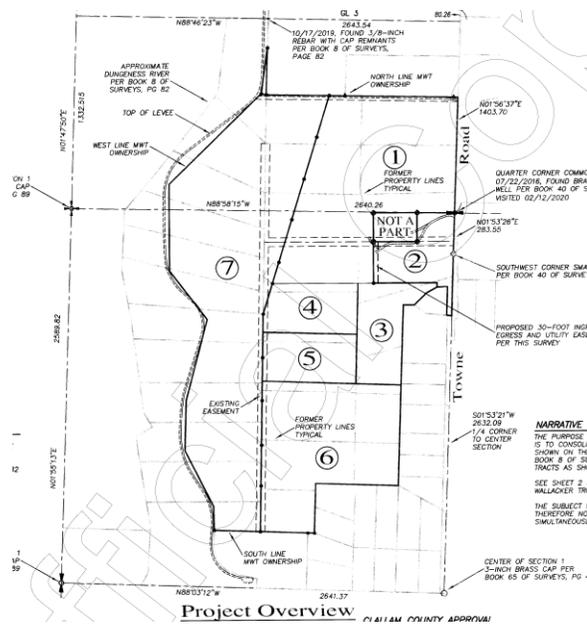
SALE DATA:

Sale Date	May 2, 2022.	Sale Price	\$430,000.
Instrument	Statutory Warranty Deed.	Auditor's File	2022-1437323.
Legal Description	Lots 2,3,4,5, and 6 of Survey Volume 86, page 14, under Clallam County Recording No. 2020 1392500		
Sellers	Olympic Peninsula Conservation Resources LLC		
Purchaser	Ryan McCarthy and Sarah McCarthy, husband and wife		
Confirmation	Public Records, AF#2022-1437323.		

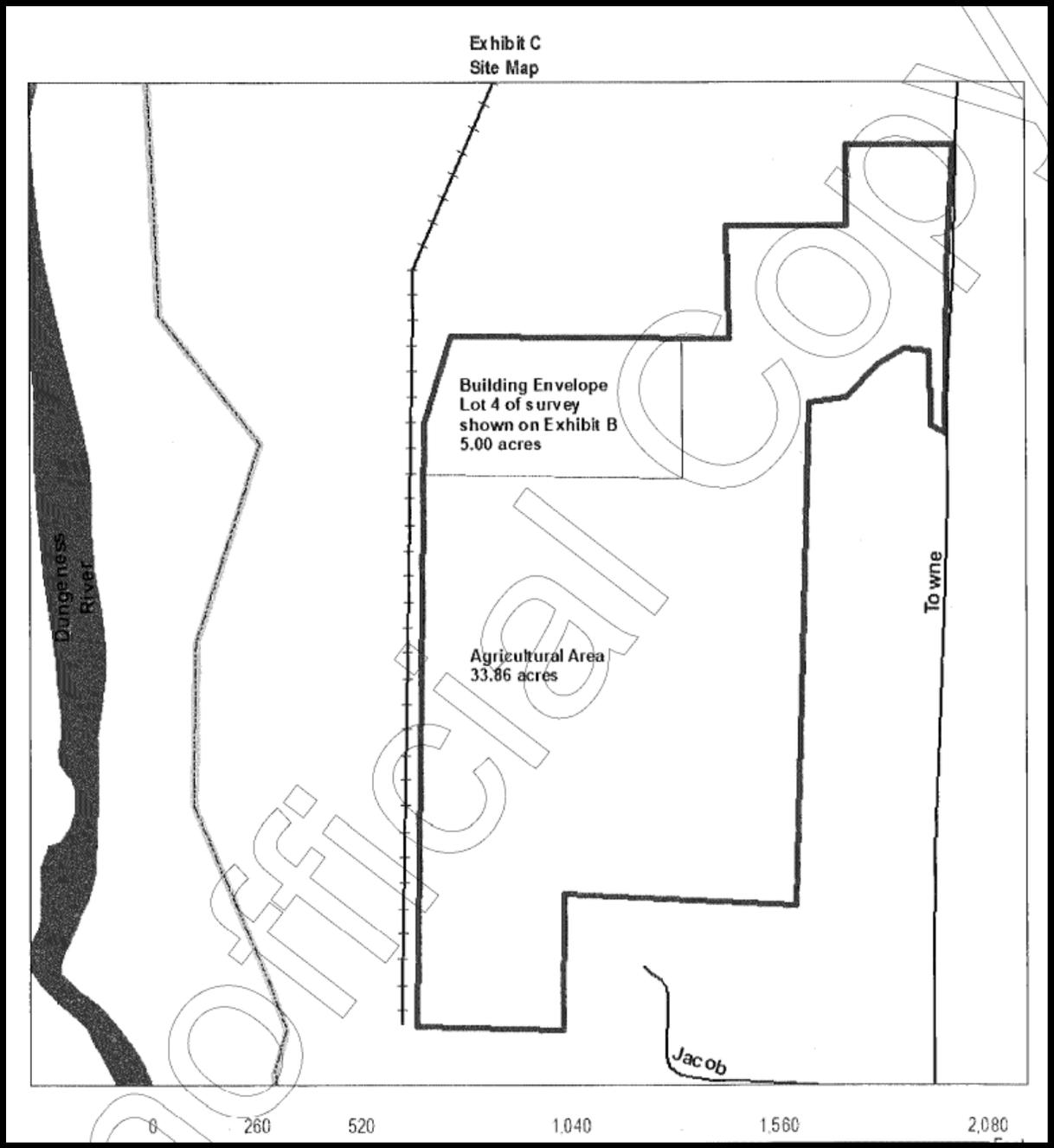
SITE DATA:

Land Area	39 acres.	Utilities	PUD power, well, septic, irrigation.
Access	Town Road		
Description	Agricultural land parcel.		
Zoning	Ag16		

Analysis \$430,000 purchase price divided by 39 acres is \$11,026 per acre.
 Easement was placed on the property in January 2022 for \$220,000, AF#2022-1432947.
 This property is unimproved but has an available homesite.







Certificate of Water Right

THIS IS TO CERTIFY:

That by virtue of a decree of the Superior Court of the State of Washington in and for
Clallam County, made and entered on the 7th day of
March, 1924, and recorded in Volume 21 of the Superior Court
Journal of said County at page 320, from which decree no appeal was taken, and which decree
determined the rights of all known claimants to the use of the waters of
Dungeness River a tributary of Juan de Fuca Strait
DUNGENESS IRRIGATION DISTRICT, SEQUIM, WASHINGTON

is entitled to use, subject to the laws of the State of Washington, the waters of said
DUNGENESS RIVER
for the purpose of irrigation during the period from April 15th
to September 15th each year and for the purpose of stock and domestic
use continuously.

That the amount of water to which said water right is entitled is limited to the quantity which
is reasonably and actually necessary for the purpose aforesaid and shall not exceed
42.0 second feet for the irrigation of 2100 acres of
the lands hereinafter described.

That the date of priority of said water right is Mar. 1921; that
the decree aforesaid establishes said right in Class 13, which said class
includes a total maximum of 42.0 second feet; that the possible
maximum amount of water which is comprehended in rights prior to this right is
557.56 second feet.

That the point of diversion of said water right is as follows:

NE¹ of NE¹ of Section 26, Township 30 North, Range 4 W W M

COMPARABLE LAND SALE 3:

Summary of Location: 710 Fort Casey Road, Coupeville
Proximity to Subject Property: About 13 miles northeast
Assessor's Parcels: R13110-085-1980; R13110-193-2060

SALE DATA:

Sale Date	August 13, 2020.	Sale Price	\$930,000.
Instrument	Statutory Warranty Deed.	Auditor's File	4494676.
Legal Description	Lengthy metes and bounds retained in file.		
Sellers	Eugene Kahn		
Purchaser	Bart Crowder		
Confirmation	Public Records, NWMLS# 1606306 Candace Jordan KW South Whidbey (206) 391-0189.		

SITE DATA:

Land Area	69.94 acres.	Utilities	PUD power, well, septic, irrigation.
Access	Fort Casey Road Paved County		
Description	Agricultural land parcel.		
Zoning	Rural 1:5 with Conservation Easement limits to one dwelling.		

IMPROVEMENTS:

Type	Residence.
Size	1,231 square feet farmhouse with 1,065 square foot unfinished basement.
Age	1938.
Construction	Wood Frame, concrete foundation.
Condition	Good/Fair.
Outbuildings	4,320 square foot barn, 2,484 square foot garage, 288 sf detached garage

Analysis The majority of the land area is level to mildly sloping open pasture at an elevation of 100 to 140 feet, which has reportedly been farmed since the 1850's. The entrance off of Fort Casey Road is lined with trees and there is a small orchard and garden at the farmstead. There are no mapped wetlands of critical areas.

The property enjoys excellent territorial views across the surrounding farmlands with distant views of Mt Rainier, the Cascade and Olympic Mountain ranges and a glimpse of Puget Sound. Improvements include a 1,231 square foot farmhouse and large barn constructed in 1902 – both of which have been extensively remodeled, a newer detached garage, pumphouse and gazebo.

The property is zoned Rural (5-acre minimum lot size), which nominally provides 14 density units. In July 2009, the former owners granted an agricultural conservation easement in favor of WCLT and the US Dept of Agriculture Natural Resources Conservation Services (NRCS) which extinguished all but one residential development right. The existing improvements and construction of any new buildings and structures are confined to a designated building envelope and subject to impervious surface limitations. Subdivision, partition and conversion to any use not compatible with maintaining the opportunity for agricultural activity is prohibited. The agricultural conservation easement includes a provision for a public pedestrian trail easement along the property's northern perimeter, with the decision to construct and maintain a trail to be made at the discretion of

the Grantee, with all costs and management responsibilities entirely borne by the Grantee (WCLT).

The seller, Gene Kahn, is the founder of the Cascadian Farm (one of the first organic food companies in the US, sold to General Mills in 2000) and a Microsoft Board Member. After purchasing the property in 2004, he renovated and updated the small farmhouse and converted the 3,400sf barn (sources for the size vary) into an event/meeting area and library for a large collection of agricultural books. The detached garage/shop was remodeled to house several collector cars, and features two lifts, heated Italian ceramic flooring, and a half-bath living/office area. According to the selling broker, the owner spent over \$500,000 on the barn alone. Based on the interior photographs, it would not be surprising to learn a similar amount was invested in the other two buildings. Attributing any amount close to the owner's remodeling costs would yield little-to-no value left to the land. Clearly, the improvements reflect a high degree of super-adequacy and user-specific features which would not be fully recognized by a buyer in a market sale.

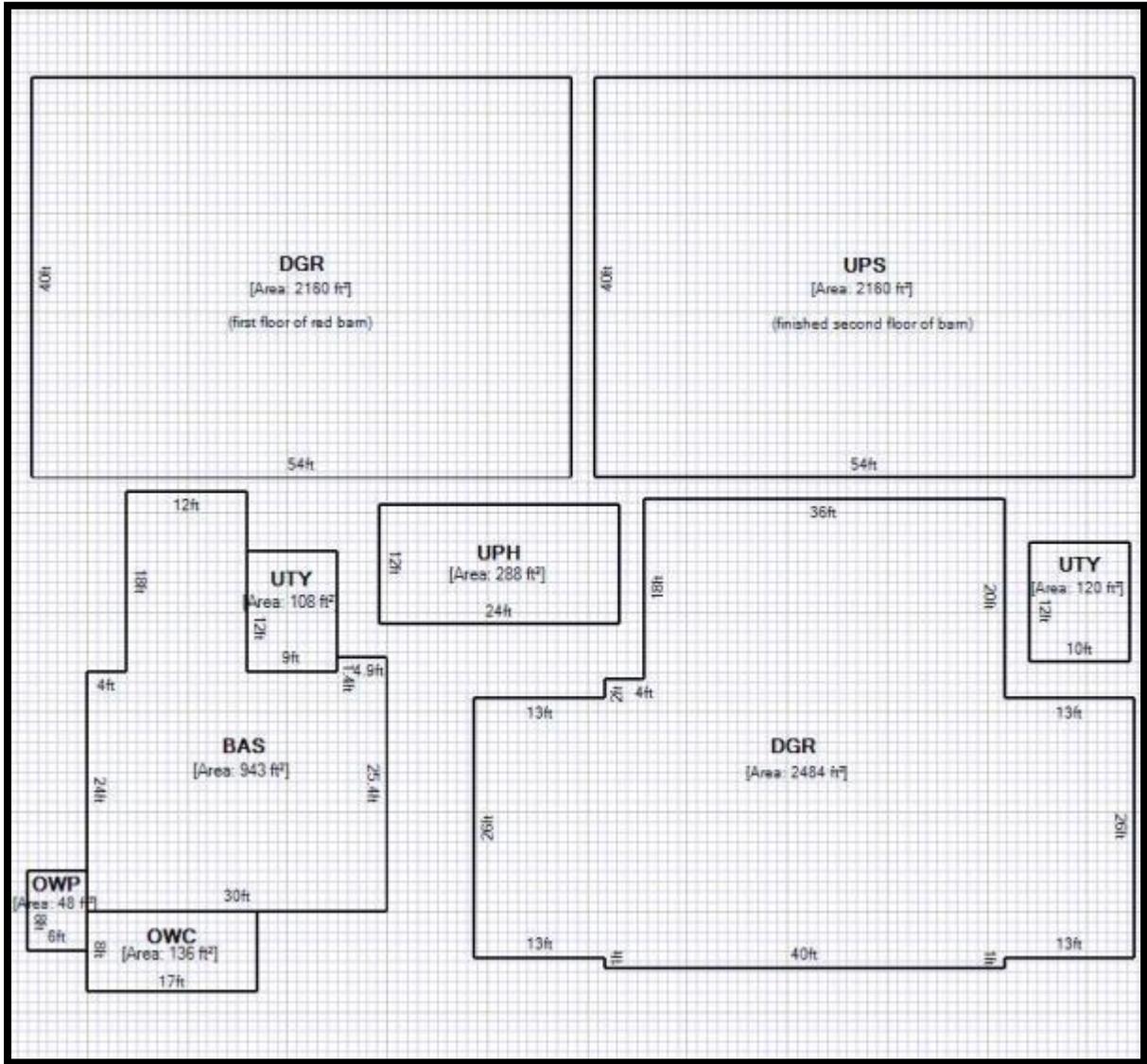
Attributing \$500,000 to the barn remodel and \$200,000 to the garage and residential remodel to the improvements indicates a land value of \$230,000, which is \$3,288 per acre land value.















COMPARABLE LAND SALE 5:

Summary of Location: Wannamaker Road, Coupeville
Proximity to Subject Property: About 13 miles northeast
Assessor's Parcels: R13114-276-0350

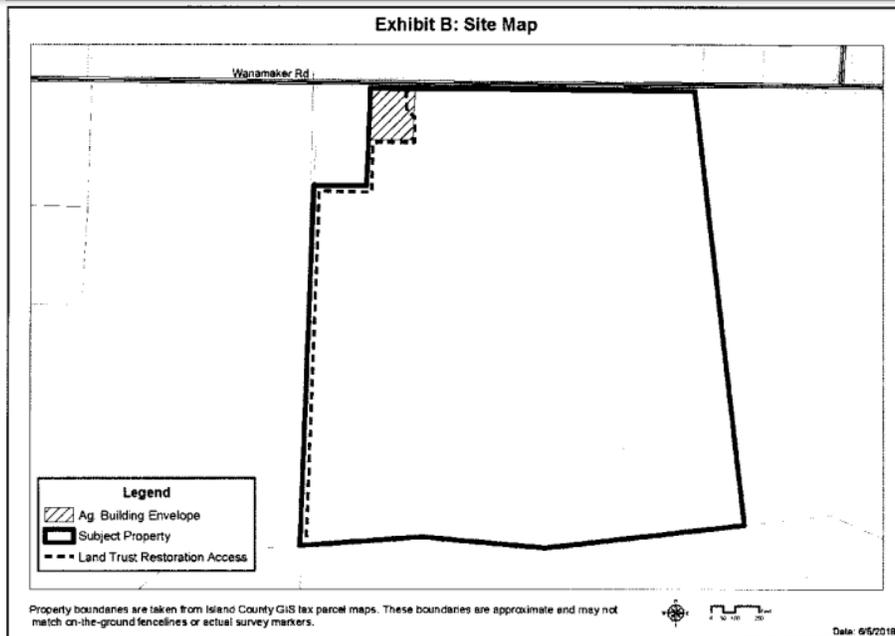
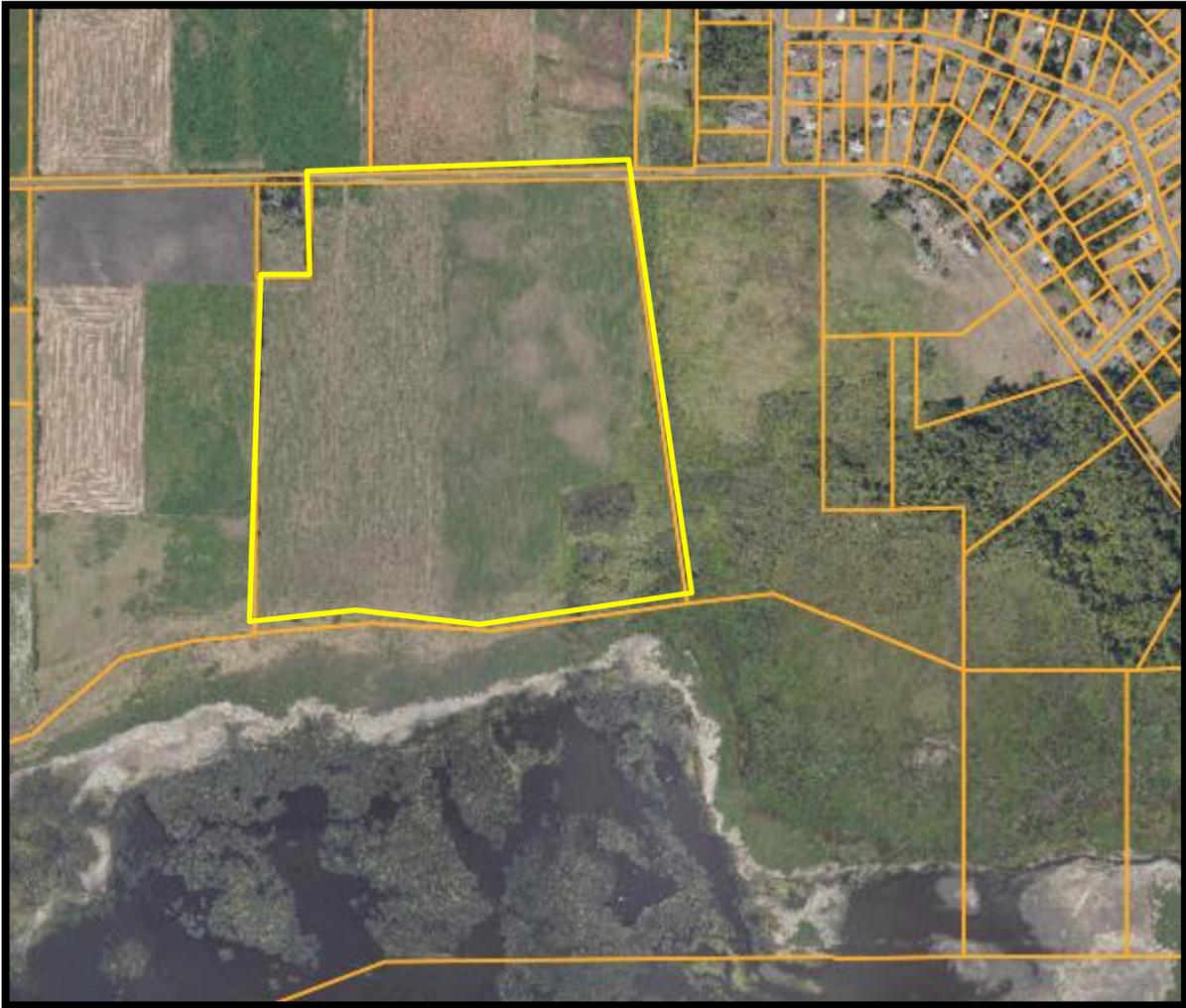
SALE DATA:

Sale Date	August 29, 2018.	Sale Price	\$395,000.
Instrument	Statutory Warranty Deed.	Auditor's File	4451283.
Legal Description	Lengthy metes and bounds		
Sellers	James and Karen McElroy		
Purchaser	Whidbey Land, LLC		
Confirmation	Public Records, NWMLS# 970707 John Chambers (360) 320-2199.		

SITE DATA:

Land Area	71.43 acres.	Utilities	PUD power, well, septic, irrigation.
Access	Wanamaker Road Paved County		
Description	Agricultural land parcel.		
Zoning	Rural 1:5 with Conservation Easement limits to one dwelling.		
Analysis	\$395,000 purchase price divided by 71.43 acres is \$5,530 per acre.		

The easement, placed in 1990, prevents any habitation and animal husbandry. In 1990, the owner sold a conservation easement to the National Park Service which extinguished all but one residential development right and prohibited subdivision and conversion of the productive farmland to nonagricultural uses. Concurrent with this sale, the buyer conveyed a Restrictive Easement to the U.S. Navy which extinguished the last remaining development right (the \$395,000 sale price is based on 1 DU).





COMPARABLE LAND SALE 6:

Summary of Location: 3610 Center Road, Chimacum
Proximity to Subject Property: About 3.5 miles south
Assessor's Parcels: 901341005, 901343001, 901344001 & 901352008

SALE DATA:

Sale Date	June 2, 2017.	Sale Price	\$630,000.
Instrument	Statutory Warranty Deed.	Auditor's File	608778.
Legal Description	Lengthy metes and bounds		
Sellers	Trust for Public Land		
Purchaser	Olympic Land and Farm LLC		
Confirmation	Public Records, Erik Kingfisher, with Jefferson Land Trust		

SITE DATA:

Land Area	153.71 acres.	Utilities	PUD power, well, septic, irrigation.
Access	Center Road Paved County		
Description	Agricultural land parcel.		
Zoning	Prime Agricultural.		

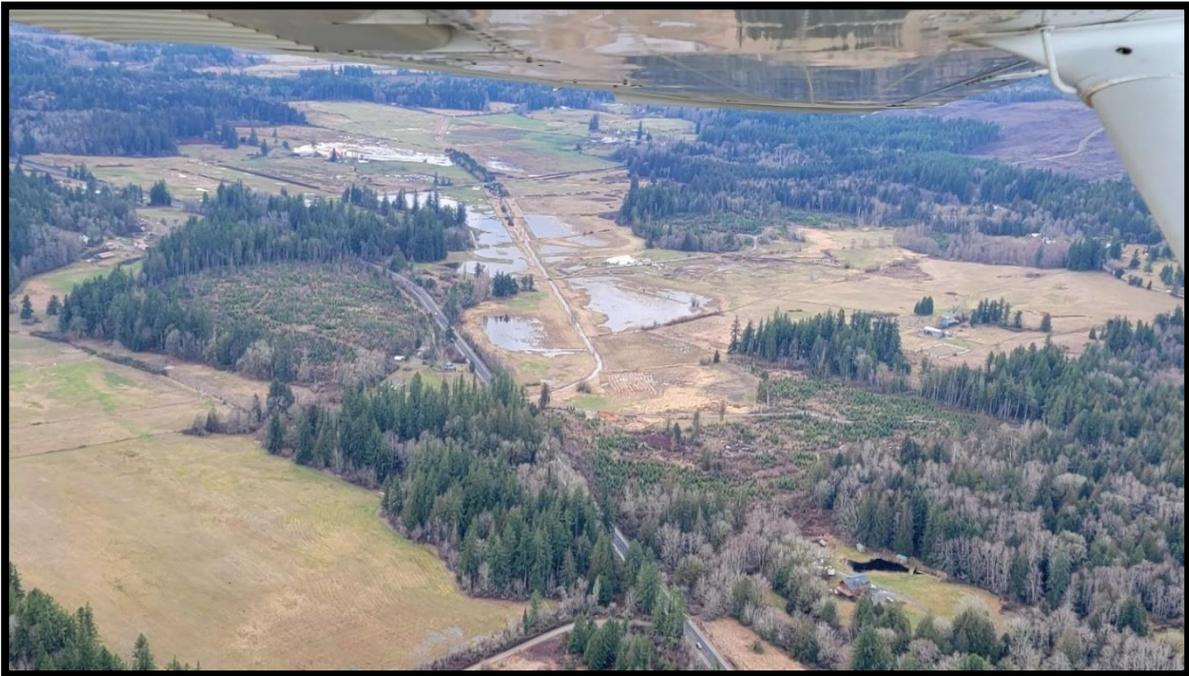
IMPROVEMENTS:

Type	Agricultural and Residence.
Size	2,776 square feet farmhouse.
Age	1915.
Construction	Wood Frame, concrete foundation.
Condition	Good/Fair.
Outbuildings	5,000 square foot barn, 1,540 square foot implement shed, 384 sf detached garage.

Analysis \$630,000 purchase price divided by 153.71 acres is \$4,099 per acre.

This is the old Neudorfer Farm. It was purchased by Merrill and Ring in 2015 for \$1,225,000 and marketable timber removed from 34 acres. It then sold to the Trust for Public Land in 2017 for \$1,050,000. A conservation easement was then purchased for \$420,000 in 2017 and then sold to Olympic Land and Farm LLC for \$630,000.







LAND VALUE:

The market data that we have analyzed consists of six comparable sale properties within about a twenty-five-mile radius of the subject. All these comparable sale properties are encumbered with similar agricultural conservation easements restricting subdivision and development. After the easements, these properties appear to have a highest and best use as high quality, large acreage homesites, with income from farming or timber production as a secondary consideration.

The sales are summarized in the table below:

Sale	Location	Date	Price	Land Value	Size	\$ per acre	land \$/acre
Sale 1	Lake Leland	6/28/2022	\$ 445,000	\$ 345,000	148	\$3,007	\$2,331
Sale 2	Dungeness	5/2/2022	\$ 430,000	\$ 430,000	39	\$11,026	\$11,026
Sale 3	Coupeville	8/13/2020	\$ 930,000	\$ 230,000	69.94	\$13,297	\$3,289
Sale 4	Oak Harbor	1/11/2019	\$ 309,000	\$ 309,000	65.14	\$4,744	\$4,744
Sale 5	Coupeville	8/29/2018	\$ 395,000	\$ 395,000	71.43	\$5,530	\$5,530
Sale 6	3610 Center	6/2/2017	\$ 630,000	\$ 530,000	153.71	\$4,099	\$3,448

Market acceptance of Conservation Easements: The subject and each of the comparable sales are encumbered with a conservation easement that generally preserve agricultural values and restrict subdivision and development. Every conservation easement also allows for reasonable intrusion onto the property by third parties to ensure compliance. Relatively few properties are exchanged with existing easements and market acceptance is mixed. It can be appealing to the right purchaser, but clearly limits the pool of potential buyers. Candace Jordan, the Realtor for Sale 3 indicated that the conservation easement was not a factor, but the property was listed for over a year. Bruce Munn, the Realtor for Sale 1 said that it was a huge negative influence although the purchasers intend to use the property as a working farm and most likely could not afford to buy land to farm with the development rights intact. Even with the reduced price they used their available capital to purchase and restarting the farm has been delayed. Sales 4 and 5 were purchased by conservation entities presumably because no private buyer was interested. Sale 2 was purchased by a conservation entity with development rights and placed the conservation easement, then sold it to a private purchaser.

Overall, the overall effect of the conservation easement is to limit the pool of potential purchasers and make it more difficult to sell.

Zoning and land use adjustment: Each of the sales used in my analysis are agricultural in nature and encumbered with a conservation easement that is more restrictive than the underlying zoning. No adjustment is necessary.

Market Conditions Adjustment: General real estate values have increased very significantly throughout eastern Jefferson County and eastern Clallam County in the past several years. However, the available data for similar small scale agricultural land does not show a marked increase.

After adjusting for individual differences, the available agricultural sales outlined above are reasonably consistent between 2017 and 2023.

In my opinion, no adjustment for market conditions is warranted for this property type, as of the effective date of this appraisal. This opinion is based on the specialized nature and scarcity of large acre parcels; increased interest in local food production (in part due to the economy); the limited number of transactions; and discussion with Realtors.

Parcel Size Adjustment: The comparable sales range in size from 39 acres to 153 acres. All of the sales are large enough to be considered as agricultural properties in the local market. The subject is 253 acres.

My parcel size analysis is skewed by difficulty in determining the relative contribution of the improvements on those sales with buildings.

Conventional wisdom holds that the market value per acre of large parcels is *less than* the market value per acre of smaller parcels. In general, parcels larger in size tend to exchange at a lower unit cost.

Location and Aesthetics Adjustment: Location, view, and aesthetic characteristics of the comparable sale properties and of the subject property have also been considered.

The agricultural sales are all located within twenty-five miles of the subject within a climate area dominated by the rain shadow of the Olympic Mountains. Three sales are located on Whidbey Island. The data pool is too small to make reliable adjustments from matched pairs. Our qualitative adjustments for location, view, and aesthetic characteristics are therefore intuitive and subjective. There is a vibrant and growing local food movement based in the Chimacum Valley. The subject has access to the Chimacum and Port Townsend farmers markets, as well as the greater Puget Sound area. The Coupeville area has similar local food characteristics and transportation obstacles that limit modern large-scale agriculture.

The aesthetics of the subject are similar to the agricultural comparable sales. The subject wetland areas and related suitability for a variety of agricultural uses is inferior without mitigation. All the sales have similar restrictions on subdivision and development with their respective conservation easement.

Improvements Adjustment: The subject is improved with a single-family dwelling unit and multiple agricultural buildings of various ages, condition, and purposes. Several are original to the farmstead and may have historical value.

The utility of the various outbuildings is contingent upon the use of the property and may or may not provide value to any subsequent owners. For example, the buildings devoted to peat farm and soil development are no longer viable due to the restriction of peat harvest in the conservation easement. Whether these structures can be put to alternative use is difficult to determine.

Also due to the significantly larger size of the subject relative to the comparable sales more farm infrastructure is required.

Sale 1, Sale 3, and Sale 6 have existing residential improvements and farm related outbuildings.

Sale 2, Sale 4, and Sale 5 are vacant land sales. There does not appear to be any significant correlation between improved or unimproved per acre values. This suggests that the contributory value of the improvements is low, or at least within the bandwidth of other land related factors that contribute to the value.

Water rights: The subject has a deeded water right for agricultural purposes. Irrigation is a valued asset in the rain shadowed agricultural market area.

Sale 4 has a ground water right claim pending on Whidbey Island apparently from an unrecorded well. Sale 2 has a senior water right from the Dungeness River.

Sales Analysis:

Sale 1 is the most recent purchase of land with a conservation easement in the market area. It sold on June 28, 2022. The sale price was \$445,000 for 148 acres, which is \$3,007 per acre. It had been listed as high as \$999,000 and was fully marketed on the Northwest Multiple Listing Service. The listing agent felt that the easement was a huge detriment to marketing and the property's value.

This property is located along Highway 101 south of the Chimacum area near Lake Leeland. The topography is rolling hills, with no areas within a flood zone or wetland. A little over half of the property is timbered, and forestry uses are permitted by the easement. The purchasers intend to use it as a working farm.

It is improved with a 1,553 square foot farmhouse built in 1938. Other improvements include a 2,400 square foot barn, a 1,540 square foot implement shed, and a 3,840 square foot detached garage.

I allocated \$100,000 of the purchase price to the improvements and \$345,000 to the land, which is \$2,331 per acre.

Of the available sales, this property is the most recent, similar in location, and similar in size. The subject is 105 acres larger which would tend to a lesser per acre value. The subject residential buildings are similar in function. The subject has many more agricultural buildings.

Sale 2 consists of 39 unimproved acres in the lower Dungeness, about 20 miles northwest of the subject. It sold for \$430,000 in May 2022. The easement allows for a 5-acre development area that can include a residence and agricultural buildings. The easement was recorded in January 2022 for \$220,000. This property is located within the flood plain and meander channel of the Dungeness River and has historically been used for hay and cattle. It has a senior water right for irrigation from the Dungeness River.

The per-acre sales price for this property is nearly double that of the other five sales and appears to be anomalously high and I have given Sale 2 less weight in my analysis.

Sale 3 is an August 2020 sale of 69.94 acres located on Whidbey Island about 15 miles north of the subject. The property is mostly flat and prime agricultural soils without wetlands. The previous and current owners lease the agricultural rights to a neighboring farm, using the property for residential use. It has a view of Mt Rainier, the Cascade and Olympic Mountain ranges and a glimpse of Puget Sound.

The improvements include a small original farmhouse, updated but retaining its original character. It also has a 4,320 square barn renovated into two floors for meeting space and a library. The other improvement is a 2,484 square foot garage with mechanical lifts for a car collection. The outbuildings are super-adequate for a typical farm. They do provide an example of a significant aspect of the market for this type of property which is as a trophy, hobby or "gentleman's" farm.

Sale 4 is a 65.14-acre agricultural and forestland property located about 17 miles northeast of the subject on Whidbey Island. It sold in January 2019 for 309,000 (\$4,744/acre). The conservation easement was recorded in 2015 and protects the agricultural, landscape, and habitat values of the property with no commercial timber harvest allowed.

The easement allows for one residence on a 3.5-acre portion of the property. The crop historically has been hay. The land is currently vacant.

Sale 5 is an August 2018 sale of 71.43 acres of agricultural land near Coupeville on Whidbey Island. It sold for \$395,000 which is \$5,530 per acre. This property is vacant. It was purchased by a conservation non-profit. The easement prevents any habitation and animal husbandry. In 1990, the owner sold a conservation easement to the National Park Service which extinguished all but one residential development right and prohibited subdivision and conversion of the productive farmland to

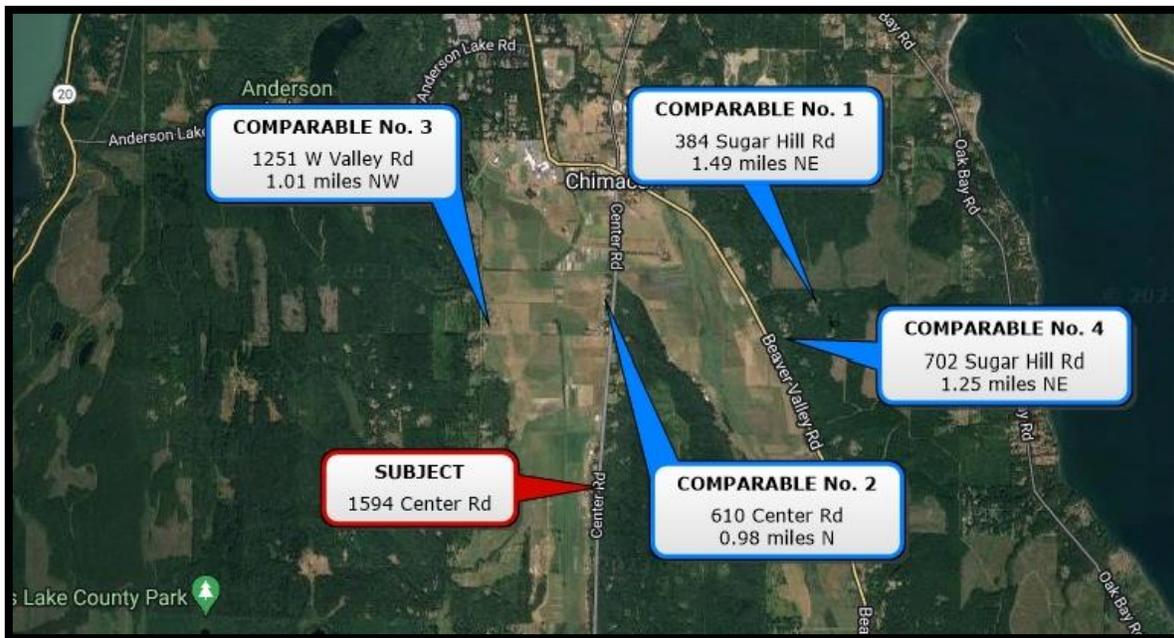
nonagricultural uses. Concurrent with this sale, the buyer conveyed a Restrictive Easement to the U.S. Navy which extinguished the last remaining development right. The \$395,000 sale price is based on one dwelling unit. The purchase price reflects the value with a homesite. It was listed on the NWMLS but expired before the 2018 sale.

Sale 6 is a June 2017 sale of 153.71 acres for \$630,000 which is \$4,099 per acre. Sale 6 is located about 3.5 miles south of the subject along Center Road and the headwaters of Chimacum Creek. The property is mostly rolling pasture. The 1918 farmhouse is in need of maintenance and appears to be a tear down. There are various farm outbuildings including a 5,000 square foot barn. I allocated \$100,000 to the improvements resulting in an adjusted land value of \$3,448.

Contributory Value of the Improvements

The subject is improved with an existing 1,498 square foot residence with a 782 square foot daylight basement for a total of 2,280 square feet of living area. Two singlewide manufactured homes which are considered personal property. There are also fourteen agricultural related outbuilding of various states of repair and utility to the current and potential uses of the property.

To value the residential improvements, I used four recent residential sales on five or more acres within about a mile of the subject.



Sale 1 is a January 18, 2022 sale of a 1,571 square foot residence on 5.85 acres located at 384 Sugar Hill Road. It sold for \$550,000 which is \$350 per square foot of building area.

Sale 2 is a October 14, 2022 sale of a 2,928 square foot residence on 20.88 acres located about one mile north of the subject along Center Road. Much of this property is in the valley floor of Chimacum Creek. The residence is built into the slope, similar to the subject. It sold for \$670,000 which is \$229 per square foot of building area.

Sale 3 is located at 1251 West Valley Road. It sold for \$825,000 on July 29, 2022. This property is on 5.06 acres of pasture land about one mile northwest of the subject. The per square foot value is \$309.

Sale 4 sold for \$712,000 on August 9, 2022. It is located about 1.5 miles east of the subject in a forested 5.06 acre parcel. The improvements are superior to the subject and the unit price is \$346 per square foot.

Overall, these four residential sales indicate a value of \$300 per square foot for the subject on a hypothetical five-acre parcel. Multiplied by the 1,498 square foot subject, with 782 square foot of daylight basement at \$150 per square foot (\$117,300), the total value is \$566,700, rounded to \$565,000.

The subject is also improved with a variety of agricultural related buildings. I used Marshal and Swift Swiftestimator to determine the cost to reproduce the buildings today and then estimated depreciation. Most of the buildings are past their economic life and are specific to aspects of the working farm that may or may not be of use to a potential purchaser.

The environmental report from ADESA LLC indicates the buildings do not contribute to hazardous waste on the property.

The chart below summarizes the agricultural improvement value based on Swiftestimator and my qualitative analysis of their depreciation from all causes.

Building	Date Built	Size	Cost New	Depreciated	Value
Historic Barn	1880	4500	\$ 171,000	95%	\$ 8,550
Mound Shed	1880	5000	\$ 158,600	95%	\$ 7,930
Equipment Storge	1950	4000	\$ 128,840	80%	\$25,768
Lumber Shed	1960	1500	\$ 55,560	80%	\$11,112
South Shed	1960	3500	\$ 100,555	80%	\$20,111
Center Valley Shed	1960	2200	\$ 21,978	60%	\$ 8,791
Western Hay Sheds 1	1960	2500	\$ 24,575	60%	\$ 9,830
Western Hay Shed 2	1960	2500	\$ 24,575	60%	\$ 9,830
Storage Shed	1970	1500	\$ 15,540	80%	\$ 3,108
Covered Storage Shed	1980	6500	\$ 123,825	80%	\$24,765
Commodities Storage Shed	1982	4500	\$ 145,125	80%	\$29,025
Milking Parlor	1985	3400	\$ 235,518	80%	\$47,104
Shop	1989	1600	\$ 63,072	70%	\$18,922
Open air calf shed	1990	4000	\$ 101,240	70%	\$30,372
			\$1,370,003		\$255,217

Correlation and Final Value Estimate

The available sales consist of six sales of agricultural land with conservation easements ranging from 39 acres to 153.71 acres. The unadjusted per acre prices ranged from \$3,007 to \$11,026 per acre.

The subject consists of 253.4 acres of agricultural land with a conservation easement that prohibits subdivision or separate sale of any part and limits development to specified areas of the property. Residential use is allowed with up to three dwelling units.

The subject is improved with an existing residence and two manufactured homes. There are fourteen agricultural related outbuildings of various states of repair and utility to the current and potential uses of the property.

At the time of my inspection in January 2023, significant portions of the property are seasonally flooded due to lack of maintenance of the drainage infrastructure throughout the Chimacum Valley. This has a negative effect on the agricultural value of the subject and may or may not enhance the conservation, recreation, and residential value. According to Mr. Short, if the seasonal flooding continues, the agricultural value may be irrevocably damaged.

Of the available sales, Sale 1, and Sale 6 have existing residential improvements and farm related outbuildings of similar age and utility to the subject. Sale 3 also has residential improvements although the outbuildings have been converted to non-agricultural use with extensive, high-quality renovation.

Sale 1 and Sale 6 are located in the greater Chimacum area with similar climate, soils, and access to markets as well as similar residential or “hobby farm” characteristics. They are also the most similar in size. These sales also had residential farmhouses and barns similar to the subject residence included in the purchase price.

Therefore, I have placed the greatest weight on Sale 1 and Sale 6 with adjusted values of \$2,331 and \$3,448 per acre respectively.

Sale 1, Sale 3, and 4 were also fully marketed on the NWMLS and purchased by private entities. Sale 2 and Sale 6 were also purchased by a private entity.

In my opinion \$3,500 per acre is the most reasonable market value indication for the land. Applied to the 253.4 acres being appraised, this indicates a value of \$886,900, rounded to \$890,000.

Sale 1, Sale 3, and Sale 6 have residential improvements that contributed to their sales price. The residential improvements on Sale 3 are much higher quality after renovation by the previous owner. The residential improvements at the time of sale on Sale 6 appear to have been in much worse condition than the subject. The residential improvements on Sale 1 are 1,553 square feet, 727 square feet smaller including the daylight basement. I adjusted upward \$250,000 for the difference in size, quality, and condition of the residential improvements compared to Sales 1, 3, and 6.

I also adjusted upward \$250,000 for the various agricultural outbuildings present on the subject compared to the comparable sales. I added \$10,000 for the value of the water right relative to the comparable sales. Therefore, the market value of the subject is:

ONE MILLION FOUR HUNDRED THOUSAND DOLLARS

\$1,400,000

I estimate an exposure time of twelve months.

QUALIFICATIONS OF GREG V. HALBERG

Greg V. Halberg is a Washington State Certified General Appraiser.

He has been specializing in property valuation on the Olympic Peninsula since 2006. He has valued commercial and industrial property, land for development, conservation easements, timber land, and high value homes for estates, state, local, and city governments, banks, Land Trusts, and private clients. He was employed by the Washington Department of Natural Resources as a Senior Appraiser from 2019 to 2020 providing a wide variety of valuation services throughout Washington State.

Appraisal courses and seminars that have been completed include:

Appraisal of Mini Storage Properties	May 2022
Uniform Appraisal Standards for Federal Land Acquisitions	April 2022
Uniform Standards of Professional Appraisal Practice January 2016	January 2022
Advanced Concepts and Case Studies	May 2019
Supervisory Appraiser/Trainee Appraiser	October 2018
Seattle Real Estate Conference	October 2018
Small Hotel/ Motel Valuation	May 2018
Appraisal of Medical Office Buildings	May 2018
Uniform Standards of Professional Appraisal Practice	May 2018
Seattle Real Estate Conference	October 2017
Uniform Standards of Professional Appraisal Practice	January 2016
Seattle Real Estate Conference	October 2015
Advanced Concepts and Case Studies	November 2014
Cool Tools: Technology for the Appraisal Office	May 2014
Uniform Standards of Professional Appraisal Practice	January 2014
Seattle Real Estate Conference	September 2013
Water Rights	July 2013
Regression Analysis: Are you prepared?	September 2012
Appraising for the IRS	July 2012
Uniform Standards of Professional Appraisal Practice	November 2009
General Appraiser Report Writing and Case Studies	March 2009
General Appraiser Site Valuation and Cost Approach	March 2008
General Appraiser Sales Comparison Approach	February 2008
General Appraiser Income Approach Part II	November 2007
General Appraiser Income Approach Part I	November 2007
Uniform Appraisal Standards for Federal Land Acquisitions	May 2007
Real Estate Finance, Statistics, and Valuation Modeling	May 2007
General Market Analysis and Highest and Best Use	February 2007
Basic Appraisal Procedures	October 2006
Basic Appraisal Principles	October 2006
Uniform Standards of Professional Appraisal Practice	October 2006

CERTIFICATE RECORD No. 8 PAGE No. 3043-A

STATE OF WASHINGTON, COUNTY OF Jefferson

Certificate of Ground Water Right

Issued in accordance with the provisions of Chapter 208, Laws of Washington for 1945, and amendments thereto, and the rules and regulations of the State Supervisor of Water Resources thereunder.

THIS IS TO CERTIFY That HORRIS W. and LAURA L. SHORT
of Chinook, Washington, has made proof
to the satisfaction of the State Supervisor of Water Resources of Washington, of a right to the use of
the ground waters of 8 two (2) wells
located within SE1/4SE1/4, sec.22 and SE1/4SW1/4
Sec. 23, Twp. 29 N., R. 1 W. M.,
for the purpose of irrigation and domestic supply
under and subject to provisions contained in Ground Water Permit No. 4183 issued by the State
Supervisor of Water Resources and that said right to the use of said ground waters has been perfected
in accordance with the laws of Washington, and is hereby confirmed by the State Supervisor of Water
Resources of Washington and entered of record in Volume 8 at page 3043-A;
that the right hereby confirmed dates from April 27, 1956; that the quantity of ground
water under the right hereby confirmed for the purposes aforesaid, is limited to an amount actually
beneficially used for said purposes, and shall not exceed 550 gallons per minute 100 acre-
foot per year for the irrigation of 200 acres and for domestic supply.

Special provisions required by the Supervisor of Water Resources:

A description of the lands to which such ground water right is appurtenant:

SW1/4SW1/4 (west of road); SW1/4SW1/4; SE1/4SW1/4, sec.23,
NE1/4SE1/4 and SE1/4SE1/4, sec.22; NW1/4NW1/4, sec.26,
all in T.29 N., R.1 W.M.

The right to the use of the ground water aforesaid hereby confirmed is restricted to the lands or
place of use herein described, except as provided in Sections 6 and 7, Chapter 122, Laws of 1929.

WITNESS the seal and signature of the State Supervisor of Water Resources affixed this

7th day of February, 1961.


State Supervisor of Water Resources.