CITY OF
BAINBRIDGE ISLAND

CITY COUNCIL REGULAR BUSINESS MEETING
TUESDAY, MARCH 26, 2019

BAINBRIDGE ISLAND CITY HALL
280 MADISON AVENUE N.
BAINBRIDGE ISLAND, WASHINGTON

AGENDA

1. **CALL TO ORDER/ROLL CALL - 6:00 PM**

2. **EXECUTIVE SESSION**

   2.A Pursuant to RCW 42.30.110(1)(g) to review the performance of a public employee, 20 Minutes

   2.B Pursuant to RCW 42.30.110(1)(i), to discuss with legal counsel matters relating to litigation or potential litigation to which the city, the governing body, or a member acting in an official capacity is, or is likely to become, a party, when public knowledge regarding the discussion is likely to result in an adverse legal or financial consequence to the agency, 20 Minutes

3. **PLEDGE OF ALLEGIANCE / APPROVAL OF AGENDA / CONFLICT OF INTEREST DISCLOSURE - 6:40 PM**

4. **PUBLIC COMMENT - 6:45 PM**

5. **MAYOR'S REPORT - 7:00 PM**

6. **CITY MANAGER'S REPORT - 7:05 PM**

7. **PRESENTATION(S)**

   7.A (7:10 PM) Proclamation Declaring April 2, 2019, as "National Service Recognition Day" - Mayor Medina, 5 Minutes
   National Service Recognition Day Proclamation 2019

   7.B (7:15 PM) Proclamation Declaring March 2019 as "Brain Injury Awareness Month" - Mayor Medina, 5 Minutes
   Brain Injury Awareness Month Proclamation 2019

8. PUBLIC HEARING(S)

8.A (7:20 PM) Public Hearing on Ordinance No. 2019-10, Relating to the Extension of Moratorium for Certain Developments - Planning, 20 Minutes
Ordinance No. 2019-10 Extending the Development Moratorium
Exhibit A to Ord 2019-10 re Work Plan Schedule for Moratorium on Certain Developments
20190308 Moratorium work program status report
Development_Moratorium_Summary_Effective_20181121.pdf
Ordinance_No._2018-43_Amending_the_Moratorium_Approved_111318.pdf

9. CLOSED RECORD PROCEEDING

9.A (7:40 PM) Resolution No. 2019-16 - Pleasant Beach Village II Final Subdivision - Planning, 10 Minutes
Resolution No. 2019-16 Pleasant Beach Village II Final Subdivision
Exhibit A Compliance Notation Report.pdf
Exhibit B Final Plat Pleasant Beach Village II.pdf
Exhibit C Subdivision Performance Agreement and Bond.pdf
Exhibit D Hearing Examiner Decision.pdf

10. UNFINISHED BUSINESS

10.A (7:50 PM) Purchase and Sale Agreement for Harrison Medical Building - Executive, 20 Minutes
Harrison Site PSA - Signed By Owner.pdf
Signed Letter of Intent - Harrison Building.pdf
Jul 2018 Appraisal - Harrison Bldg - Colliers
Aug 2018 Appraisal - Harrison Bldg - SHH
Nov 2018 Rev Appraisal - Harrison Bldg - Colliers
Jan 2019 Appraisal - Harrison Bldg - Kidder Mathews

10.B (8:10 PM) Amendment to Rescind the Interlocal Agreement With Kitsap Public Utility District for Community WiFi - Executive, 10 Minutes
Notice of Discontinuation from Bob Hunter, KPUD General Manager
Amendment No. 1 to COBI-KPUD WIFI ILA
COBI-KPUD WIFI ILA (Executed 10-9-18)

10.C (8:20 PM) Resolution No. 2019-14, Supporting the Green New Deal - Councilmember Tirman, 15 Minutes
Resolution No. 2019-14 Supporting Green New Deal

10.D (8:35 PM) Olympic Drive Non-Motorized Improvements Project Professional Services Agreement with Exeltech Consulting for Support Services - Public Works, 10 Minutes
Professional Services Agreement with Exeltech Consulting, Inc.

10.E (8:45 PM) Proposal to Purchase "Hand in Hand" Artwork - Executive, 10 Minutes
Public Art Committee's "Hand in Hand" Purchase Proposal
Photo of "Hand in Hand"

10.F (8:55 PM) "Something New" Public Art Program Continuation and Budget Appropriation - Executive, 10 Minutes
Public Art Subfund Estimates and "Something New" Budget Slides
March 5, 2019 "Something New" Phase 2 Proposal

10.G (9:05 PM) Adopt MultiYear Workplan for Comprehensive Plan Implementation - Executive, 10 Minutes
Overall Schedule Matrix.docx
Land Use Element Q1-2019.docx
Economic Element Q1-2019.docx
Environmental Element Q1-2019.docx
Water Resources Element Q1-2019.docx
Housing Element Q1-2019.docx
Transportation Element Q1-2019.docx
Capital Facilites Element Q1-2019.docx
Utilities Element Q1-2019.docx
Cultural Element Q1-2019.docx
Human Services Element Q1-2019.docx

11. NEW BUSINESS

11.A (9:15 PM) Ordinance No. 2019-06 Amending the 2019-2020 Biennial Budget and CIP to provide for Harrison Building and Site Purchase - Finance, 10 Minutes
Ordinance No. 2019-06 Police & Court Facility Budget and CIP Amendment
Exhibit A to Ordinance No. 2019-06 - Police Court Project Budget Amendment
Exhibit B to Ordinance No. 2019-06
Exhibit C to Ordinance No. 2019-06

11.B (9:25 PM) Resolution No. 2019-15, Delegating Authority to Designate Certain Expenditures for Potential Reimbursement from Bonds That May Be Authorized in the Future - Executive, 10 Minutes
Resolution 2019-15, Delegating Authority to Designate Certain Expenditures for Potential Reimbursement from Bonds That May Be Authorized in the Future
Background Information Related to IRS Guidelines

11.C (9:35 PM) Olympic Drive Non-Motorized Improvements Project Professional Services Agreement with MIG SVR for Support Services - Public Works, 10 Minutes
Professional Services Agreement with MIG-SVR

12. CONSENT AGENDA

12.A (9:45 PM) Agenda Bill for Consent Agenda 5 Minutes

12.B Accounts Payable and Payroll
Payroll.pdf
Report to Council of Cash Disbursements 03-27-19.pdf

12.C City Council Study Session Minutes, March 5, 2019
City Council Study Session Minutes, March 5, 2019.pdf

12.D City Council Regular Business Meeting Minutes, March 12, 2019
City Council Regular Business Meeting Minutes, March 12, 2019.pdf

12.E Environmental Technical Advisory Committee 2018 Annual Report and 2019 Work Plan, 5 Minutes
Environmental Technical Advisory Committee 2018 Report & 2019 Work Plan

12.F Interlocal Agreement with Kitsap County for Reimbursable Work - Public Works, 5 Minutes
KC-118-19 - ILA with City of Bainbridge Island for Reimbursable Services

12.G Slope Mower Purchase - Public Works, 5 Minutes
Harper 72LC Slope Mower - Overview

12.H 2019 Shore Friendly Program Request for Grant Proposals - Planning, 5 Minutes
2019 Shore Friendly Program RFP

13. COMMITTEE REPORTS

13.A (9:50 PM) Committee Reports,
Climate Change Advisory Committee February 6, 2019
Environmental Technical Advisory Committee January 17, 2019 Minutes
Environmental Technical Advisory Committee February 28, 2019 Minutes
Ethics Board February 22, 2019 Minutes

14. FOR THE GOOD OF THE ORDER - 9:55 PM

15. ADJOURNMENT - 10:05 PM

GUIDING PRINCIPLES

Guiding Principle #1 - Preserve the special character of the Island, which includes downtown Winslow's small town atmosphere and function, historic buildings, extensive forested areas, meadows, farms, marine views and access, and scenic and winding roads supporting all forms of transportation.

Guiding Principle #2 - Manage the water resources of the Island to protect, restore and maintain their ecological and hydrological functions and to ensure clean and sufficient groundwater for future generations.

Guiding Principle #3 - Foster diversity with a holistic approach to meeting the needs of the Island and the human needs of its residents consistent with the stewardship of our finite environmental resources.

Guiding Principle #4 - Consider the costs and benefits to Island residents and property owners in making land use decisions.

Guiding Principle #5 - The use of land on the Island should be based on the principle that the Island's environmental resources are finite and must be maintained at a sustainable level.

Guiding Principle #6 - Nurture Bainbridge Island as a sustainable community by meeting the needs of the present without compromising the ability of future generations to meet their own needs.

Guiding Principle #7 - Reduce greenhouse gas emissions and increase the Island's climate resilience.

Guiding Principle #8 - Support the Island's Guiding Principles and Policies through the City's organizational and operating budget decisions.

City Council meetings are wheelchair accessible. Assisted listening devices are available in Council Chambers. If you require additional ADA accommodations, please contact the City Clerk's Office at 206-780-8604 or cityclerk@bainbridgewa.gov by noon on the day preceding the meeting.

CITY OF BAINBRIDGE ISLAND

City Council Regular Business Meeting Agenda Bill

MEETING DATE: March 26, 2019 **ESTIMATED TIME:** 20 Minutes

AGENDA ITEM: Pursuant to RCW 42.30.110(1)(g) to review the performance of a public employee,

STRATEGIC PRIORITY: Good Governance

PRIORITY BASED BUDGETING PROGRAM:

AGENDA CATEGORY: Discussion **PROPOSED BY:** City Council

RECOMMENDED MOTION:
Executive session discussion.

SUMMARY:
Executive session discussion.

FISCAL IMPACT:

Amount:	
Ongoing Cost:	
One-Time Cost:	
Included in Current Budget?	

BACKGROUND:

ATTACHMENTS:

FISCAL DETAILS:

Fund Name(s):

Coding:

CITY OF BAINBRIDGE ISLAND

City Council Regular Business Meeting Agenda Bill

MEETING DATE: March 26, 2019 **ESTIMATED TIME:** 20 Minutes

AGENDA ITEM: Pursuant to RCW 42.30.110(1)(i), to discuss with legal counsel matters relating to litigation or potential litigation to which the city, the governing body, or a member acting in an official capacity is, or is likely to become, a party, when public knowledge regarding the discussion is likely to result in an adverse legal or financial consequence to the agency,

STRATEGIC PRIORITY: Good Governance

PRIORITY BASED BUDGETING PROGRAM:

AGENDA CATEGORY: Discussion **PROPOSED BY:** Executive

RECOMMENDED MOTION:
Executive Session discussion.

SUMMARY:
Executive Session discussion.

FISCAL IMPACT:

Amount:	
Ongoing Cost:	
One-Time Cost:	
Included in Current Budget?	

BACKGROUND:

ATTACHMENTS:

FISCAL DETAILS:

Fund Name(s):

Coding:

CITY OF BAINBRIDGE ISLAND

City Council Regular Business Meeting Agenda Bill

MEETING DATE: March 26, 2019 **ESTIMATED TIME:** 5 Minutes

AGENDA ITEM: (7:10 PM) Proclamation Declaring April 2, 2019, as "National Service Recognition Day" - Mayor Medina,

STRATEGIC PRIORITY: Healthy and Attractive Community

PRIORITY BASED BUDGETING PROGRAM:

AGENDA CATEGORY: Proclamation **PROPOSED BY:** Executive

RECOMMENDED MOTION:

I move to authorize the Mayor to sign the proclamation declaring April 2, 2019, as "National Service Recognition Day" and add this proclamation to the list of annual proclamations that may be signed by the Mayor without further Council action.

SUMMARY:

Council consideration of the attached proclamation declaring April 2, 2019, as "National Service Recognition Day" as well as the addition of this proclamation to the list of annual proclamations that may be signed by the Mayor without further Council action.

FISCAL IMPACT:

Amount:	
Ongoing Cost:	
One-Time Cost:	
Included in Current Budget?	

BACKGROUND:

ATTACHMENTS:

National Service Recognition Day Proclamation 2019

FISCAL DETAILS:

Fund Name(s):

Coding:

CITY OF
BAINBRIDGE ISLAND

PROCLAMATION

WHEREAS, service to others is a hallmark of the American character, and central to how we meet our challenges. Cities across the nation are increasingly turning to national service and volunteerism as a cost-effective strategy to meet city needs; and

WHEREAS, national service participants address the most pressing challenges facing our cities, from educating students for the jobs of the 21st century and supporting veterans and military families to providing health services and helping communities recover from natural disasters; and

WHEREAS, national service expands economic opportunity by creating more sustainable, resilient communities and providing education, career skills, and leadership abilities for those who serve; and

WHEREAS, national service participants serve in more than 60,000 locations across the country, bolstering the civic, neighborhood, and faith-based organizations that are so vital to our economic and social well-being; and

WHEREAS, national service represents a unique public-private partnership that invests in community solutions and leverages non-federal resources to strengthen community impact and increase the return on taxpayer dollars; and

WHEREAS, national service participants demonstrate commitment, dedication, and patriotism by making an intensive commitment to service, a commitment that remains with them in their future endeavors; and

WHEREAS, the Corporation for National and Community Service shares a priority with mayors nationwide to engage citizens, improve lives, and strengthen communities; and is joining with the National League of Cities, City of Service, and mayors across the country to recognize the impact of service on the Mayors' Day of Recognition for National Service on April 2, 2019.

NOW, THEREFORE, I, Kol Medina, Mayor of the City of Bainbridge Island, on behalf of the City Council, do hereby proclaim April 2, 2019, as

NATIONAL SERVICE RECOGNITION DAY

in the City of Bainbridge Island, and encourage residents to recognize the positive impact of national service in our city; to thank those who serve; and to find ways to give back to their communities.

DATED this 26th day of March, 2019

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Kol Medina, Mayor

CITY OF BAINBRIDGE ISLAND

City Council Regular Business Meeting Agenda Bill

MEETING DATE: March 26, 2019 **ESTIMATED TIME:** 5 Minutes

AGENDA ITEM: (7:15 PM) Proclamation Declaring March 2019 as "Brain Injury Awareness Month" - Mayor Medina,

STRATEGIC PRIORITY: Healthy and Attractive Community

PRIORITY BASED BUDGETING PROGRAM:

AGENDA CATEGORY: Proclamation **PROPOSED BY:** Executive

RECOMMENDED MOTION:

Presentation only.

SUMMARY:

The attached proclamation declares March 2019 as "Brain Injury Awareness Month." It is one of the approved annual proclamations that the Mayor may sign without further Council action.

FISCAL IMPACT:

Amount:	
Ongoing Cost:	
One-Time Cost:	
Included in Current Budget?	

BACKGROUND:

ATTACHMENTS:

Brain Injury Awareness Month Proclamation 2019

FISCAL DETAILS:

Fund Name(s):

Coding:

CITY OF
BAINBRIDGE ISLAND

PROCLAMATION

WHEREAS, a traumatic brain injury is a contributing factor to a third of all injury-related deaths in the United States and is the leading cause of death and disability in children and young adults; and

WHEREAS, according to the Brain Injury Association of America, each year an estimated 2.5 million children and adults in the United States sustain a traumatic brain injury (TBI) and another 795,000 individuals sustain an acquired brain injury (ABI) from nontraumatic causes. TBIs can affect the functionality of the brain – affecting thinking, reasoning, and memory; and

WHEREAS, most traumatic brain injuries could be prevented with the top causes including, falls, car crashes, struck by/against events, and assaults; and

WHEREAS, traumatic brain injury is the signature injury of war, presenting new challenges for members of the military and their families; and

WHEREAS, an injury that happens in an instant can bring a lifetime of physical, cognitive and behavior challenges; and

WHEREAS, because of a lack of awareness about brain injury and the difficulty of diagnosing brain injury, many persons with brain injury live for years without recognizing and dealing with their injuries; and

WHEREAS, early, equal and adequate access to care greatly increases the overall quality of life and will enable individuals to return to home, school, work and community; and

WHEREAS, the State of Washington established the Washington Traumatic Brain Injury Strategic Partnership Advisory Council to create a comprehensive plan to help individuals with traumatic brain injuries meet their needs; and

WHEREAS, March has been designated as Brain Injury Awareness Month to promote public awareness of the extent, causes, consequences, treatment and prevention of brain injury;

NOW THEREFORE I, Kol Medina, Mayor of the City of Bainbridge Island, on behalf of the City Council, do hereby proclaim March 2019 as

BRAIN INJURY AWARENESS MONTH

in the City of Bainbridge Island and encourage all citizens to join me in this special observance.

SIGNED this 26th day of March, 2019.

_____
Kol Medina, Mayor

CITY OF BAINBRIDGE ISLAND

City Council Regular Business Meeting Agenda Bill

MEETING DATE: March 26, 2019 **ESTIMATED TIME:** 20 Minutes

AGENDA ITEM: (7:20 PM) Public Hearing on Ordinance No. 2019-10, Relating to the Extension of Moratorium for Certain Developments - Planning,

STRATEGIC PRIORITY: Green, Well-Planned Community

PRIORITY BASED BUDGETING PROGRAM:

AGENDA CATEGORY: Ordinance **PROPOSED BY:** Planning & Community Development

RECOMMENDED MOTION:

Conduct a public hearing on Ordinance No. 2019-10.

Potential Motion following the public hearing:

I move to approve Ordinance No. 2019-10 and thereby extend the current moratorium on certain development for an additional six months.

SUMMARY:

As considered by the City Council most recently at its March 19, 2019 meeting, the moratorium on certain development is currently set to expire on April 8, 2019. At the March 5, 2019 Council meeting and during moratorium work program and status report updates, staff has indicated that there remains unfinished work related to the moratorium on certain development. The Council directed staff to prepare a draft ordinance and to schedule a public hearing to consider a possible extension of the moratorium for an additional six months.

At the Council's March 12, 2019 meeting, the Council set the public hearing on Ordinance No. 2019-10 for this meeting (March 26). The public hearing will be conducted at this March 26 meeting, and the Council will consider the testimony provided in the public hearing and may adopt Ordinance No. 2019-10 and thereby extend the moratorium for an additional six months.

ATTACHMENTS:

1. Ordinance No. 2019-10 Extending Development Moratorium
2. Exhibit A to Ordinance No. 2019-10 - Moratorium Work Plan Schedule
3. Moratorium work program status report
4. Development Moratorium Summary
5. Ordinance No. 2018-43 Amending the Moratorium

FISCAL IMPACT:	
Amount:	
Ongoing Cost:	
One-Time Cost:	
Included in Current Budget?	

BACKGROUND:

As last considered by the City Council at its March 19, 2019 meeting, the proposed ordinance, Ordinance No. 2019-10, would extend the current moratorium on certain development for an additional six months, which would extend the moratorium to October 3, 2019, unless the Council decided to terminate the moratorium earlier based on completion of remaining tasks on the moratorium work plan. Although the Council, Planning Commission, Design Review Board, other Council advisory bodies, and City staff have accomplished many tasks on the moratorium work plan, work is ongoing on several tasks and additional time is needed to complete those tasks.

At this meeting on March 26, 2019, the Council will conduct a public hearing on Ordinance No. 2019-10 regarding the possible extension of the moratorium. The current moratorium is scheduled to expire on April 8, 2019.

Following the public hearing, the Council may adopt Ordinance No. 2019-10 and thereby extend the moratorium for an additional six months.

ATTACHMENTS:

Ordinance No. 2019-10 Extending the Development Moratorium

Exhibit A to Ord 2019-10 re Work Plan Schedule for Moratorium on Certain Developments

20190308 Moratorium work program status report

Development_Moratorium_Summary_Effective_20181121.pdf

Ordinance_No._2018-43_Amending_the_Moratorium_Approved_111318.pdf

FISCAL DETAILS:

Fund Name(s):

Coding:

ORDINANCE NO. 2019-10

AN ORDINANCE of the City of Bainbridge Island, Washington, adopted pursuant to RCW 35A.63.220 and RCW 36.70A.390; amending Ordinance No. 2018-43; providing for severability; leaving the effective date of the moratorium unchanged; and extending the moratorium for six months until October 3, 2019.

WHEREAS, on January 9, 2018, the City Council enacted Ordinance No. 2018-02 and thereby established a temporary emergency moratorium on the acceptance and processing of certain Permit Applications, as defined in Section 2 of Ordinance No. 2018-02; and

WHEREAS, the City Council and City staff received feedback and comment from individuals related to the moratorium and, based partly on that feedback and comment, the Council determined that certain exclusions to the moratorium needed to be amended to clarify the Council's intent regarding such exclusions; and

WHEREAS, on January 16, 2018, the Council enacted Ordinance No. 2018-03, which amended Ordinance No. 2018-02 to clarify some of the exclusions; and

WHEREAS, the Council and City staff received additional feedback and comment from individuals related to the moratorium and, based partly on that feedback, the Council determined that further amendment was necessary to clarify which types of activities are subject to the moratorium, and which activities are excluded from the moratorium; and

WHEREAS, on February 15, 2018, the Council enacted Ordinance No. 2018-05, which amended and restated Ordinance No. 2018-02 and Ordinance No. 2018-03; and

WHEREAS, based on additional information and consideration related to educational facilities and preschools, as well as related to the applicability of the moratorium in the Mixed Use Town Center/Central Core Overlay District, on March 13, 2018, the Council approved Ordinance No. 2018-09 to further clarify which types of activities are subject to the moratorium, and which activities are excluded from the moratorium; and

WHEREAS, this moratorium was imposed, in part, to allow the City Council and City staff adequate time to complete the Critical Areas Ordinance Update process, and to address the Council's concerns about the City's development review process, standards, and guidelines, as well as regarding affordable housing related issues; and

WHEREAS, the Council adopted the Critical Areas Ordinance Update (Ordinance No. 2018-01) on February 27, 2018, and the updated Critical Areas Ordinance took effect on April 23, 2018; and

WHEREAS, critical areas within the City's shoreline jurisdiction are regulated by the City's shoreline master program (see, e.g., Chapter 16.12 BIMC, RCW 36.70A.480(3)(b)); and

WHEREAS, integration of applicable critical areas regulations into the shoreline master program is essential to ensuring adequate protection of critical areas within the shoreline jurisdiction and no net loss of shoreline ecological functions; and

WHEREAS, regulations for critical areas within the City's shoreline jurisdiction are in the process of being updated through an amendment of the City's shoreline master program consistent with the Shoreline Management Act and that amendment process was ongoing as of July 9, 2018, which was the original date that the moratorium was set to expire, and that process continues to be ongoing; and

WHEREAS, the City Council approved Ordinance 2018-14 on April 24, 2018, amending the development moratorium in order to have the provisions of Section 3.B. only apply within the City's shoreline jurisdiction areas (Chapter 16.12 BIMC); and

WHEREAS, a number of moratorium priorities were identified at a joint meeting of the City's Design Review Board and Planning Commission on February 22, 2018, including the following:

(1) Revise review procedures for preliminary subdivisions to include the Design Review Board and Planning Commission in process; and

(2) Analyze alternatives to decision-making authority for the Design Review Board, Planning Commission, and Hearing Examiner for subdivisions, conditional use permits, and site plan and design review; and

(3) Identify specific development standards to review/revise in Chapters 18.12 and 18.15 of the Bainbridge Island Municipal Code; and

(4) Initiate rewrite of subdivision design standards in Chapter 17.12 of the Bainbridge Island Municipal Code; and

WHEREAS, at the April 3, 2018, City Council study session, the City's Department of Planning and Community Development provided a briefing on the Design Review Board and Planning Commission joint meeting wherein the Council authorized staff to proceed with a work plan addressing the priorities identified at the joint meeting; and

WHEREAS, on April 2 and 23, May 7 and 21, June 4 and 18, August 6 and 20, September 4 and 17, and October 15, 2018, the City's Design Review Board discussed alternatives for revisions to the City's land use review procedures and/or subdivision design guidelines; and

WHEREAS, on March 22, May 10, June 7, 14, and 21, July 12 and 26, August 9, 23, and 30, September 13 and 27, October 25, November 8 and 29, and December 13, 2018, as well as on January 10, and February 13 and 28, 2019, the City's Planning Commission discussed alternatives for revisions to the City's land use review procedures, subdivision design guidelines, and/or subdivision standards; and

WHEREAS, the City provided legal background on the roles of land use bodies, presented in a memorandum from attorney James E. Haney (outside legal counsel for the City) entitled, "*Roles of City Council, Planning Commission, Design Review Board, and Hearing Examiner in Land Use Permits,"* dated June 1, 2018, and the City Council had a special workshop related to land use review procedures on August 27, 2018; and

WHEREAS, the City's Planning Commission completed their review of land use review procedures and forwarded their recommendations on those issues to the City Council, and on December 11, 2018, the Council enacted Ordinance No. 2018-20 related to revisions and updates to the City's land use review procedures; and

WHEREAS, as part of the Planning Commission's review and consideration of the City's subdivision review procedures, design guidelines, and standards, the Commission has been considering a proposed ordinance, Ordinance No. 2019-03; and

WHEREAS, on February 13, 2019, and continuing to February 28, 2019, the Planning Commission conducted a public hearing on Ordinance No. 2019-03, and subsequently forwarded the proposed ordinance and their recommendations to the City Council; and

WHEREAS, each of the multiple Design Review Board and Planning Commission meetings as described above included an opportunity for public comment on the alternatives for revisions to the City's subdivision guidelines, standards, dimensional standards, and/or land use review procedures; and

WHEREAS, the City Council reviewed and considered proposed updates to the City's subdivision regulations at regularly scheduled meetings on September 4 and 11, October 9, and December 4, 2018, and January 22, 2019; and

WHEREAS, the City Council is in the process of considering the Planning Commission's recommendations related to proposed updates to the City's subdivision regulations as included in Ordinance No. 2019-03, including at the Council's meeting on March 19, 2019, and the Council will consider those subdivision regulations further at subsequent meetings; and

WHEREAS, City staff is working with the Design Review Board and a consultant team related to updating the City's Design Guidelines (BIMC 18.18.030) more generally (i.e., the design guidelines that aren't included in the separate effort described above related to design guidelines for subdivisions), and that work is not expected to be completed until the end of July 2019; and

WHEREAS, on June 12, 2018, the City Council authorized the execution of a professional services agreement to conduct an economic market analysis and feasibility study regarding a new inclusionary zoning program and updates to the City's Transfer of Development Rights program, both of which address affordable housing related issues; and

WHEREAS, on July 24, 2018, the Affordable Housing Task Force ("AHTF") presented its final report to the City Council and the Council discussed the recommendations more thoroughly on August 21, 2018; and

WHEREAS, on October 2 and December 4, 2018, the City Council received a project update on the economic market analysis from the consultant (ECONorthwest/Forterra) related to inclusionary zoning and possible updates to the City's Transfer of Development program; and

WHEREAS, on February 19, 2019, the City Council reviewed and provided direction to staff related to the ECONorthwest/Forterra final report and the AHTF report recommendations, and the Council discussed the status of the Council's Affordable Housing Ad Hoc Committee; and

WHEREAS, City staff members are currently working on prioritizing and organizing work on the inclusionary zoning and other AHTF report recommendations which were endorsed by the Council at its February 19, 2019, meeting and work is ongoing in this effort; and

WHEREAS, on February 27, 2018, the City Council was provided with a moratorium work program; and

WHEREAS, on April 10, May 22, June 5, June 19, July 17, August 21, September 4 and 18, October 2 and 16, November 6 and 20, and December 4, 2018, as well as on January 15, February 5 and 19, and March 5 and 19, 2019, the City Council was provided further moratorium work program status report updates; and

WHEREAS, on June 26, 2018, the City Council held a public hearing and approved Ordinance 2018-23, extending the development moratorium for another 90 days until October 9, 2018; and

WHEREAS, on September 25, 2018, the City Council held a public hearing and approved Ordinance 2018-41, and thereby extended the development moratorium for another six (6) months, and in so doing narrowed the moratorium to remove two-lot short subdivisions in which there is an existing single-family residence from the moratorium; and

WHEREAS, on October 16, 2018, the City Council discussed integrating critical area regulations into the Shoreline Master Program (Chapter 16.12 BIMC) and made the policy decision to not apply new Aquifer Recharge Protection Area regulations (BIMC 16.20.100) within the City's shoreline jurisdiction areas; and

WHEREAS, as a result of that policy decision, and the City Council's affirmation on October 23, 2018, that the moratorium should be narrowed in that manner, the Council directed staff to prepare an ordinance to entirely remove Section 3.B. (which, in effect, applied the Aquifer Recharge Protection Area regulations in the City's shoreline jurisdiction areas) from the moratorium; and

WHEREAS, on October 23, 2018, the City Council discussed additional revisions to the development moratorium, including related to excluding from the moratorium certain permit applications for development in the Business/Industrial zoning district, and the Council directed staff to prepare an ordinance to narrow the moratorium accordingly; and

WHEREAS, on October 23, 2018, the City Council also discussed potentially further narrowing provisions of the moratorium related to applications for new short subdivisions that the Council had previously narrowed, and the Council decided to not take such action at that time pending the Planning Commission's ongoing but not yet completed work related to subdivisions, including new subdivision design guidelines and revised subdivision standards and review procedures; and

WHEREAS, on October 23, 2018, the City Council also discussed issues related to making condominiums out of accessory dwelling units ("ADUs") and common ownership of ADUs, and the Council directed staff to work on possible revisions to the BIMC to allow the Council to further consider the common ownership issue related to ADUs; and

WHEREAS, given that the Washington State Legislature is considering in the current legislative session bills that would impact the regulation of ADUs, the City is awaiting possible action by the Legislature because such action could impact the City's efforts on this issue; and

WHEREAS, on November 13, 2018, the City Council approved Ordinance 2018-43, and thereby narrowed the moratorium as requested by the Council and described above related to entirely removing Section 3.B. (which, in effect, applied the Aquifer Recharge Protection Area regulations in the City's shoreline jurisdiction areas) from the moratorium, and broadening an exclusion related to certain Major Site Plan and Design Review and Major Conditional Use Permit proposals to include in that exclusion such proposals for properties located in the Business/Industrial District; and

WHEREAS, although the City has been working to address the land use issues identified in the development moratorium, as described above, the work is ongoing and not yet completed; and

WHEREAS, the City possesses land use jurisdiction and regulatory authority over the City's incorporated lands; and

WHEREAS, the moratorium promotes the public good and is necessary for the protection of public health, property, safety, and welfare, and the public emergency on which this moratorium was imposed continues to exist and this ordinance does not change the basis for that declaration of emergency, except as described above, nor the effective date of the moratorium, which is January 9, 2018.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF BAINBRIDGE ISLAND, WASHINGTON, DO ORDAIN AS FOLLOWS:

Section 1. Findings of Fact. The recitals set forth above are hereby adopted as additional and supplemental findings of fact to the City Council's initial findings of fact in support of the moratorium, as established by Ordinance Nos. 2018-02, 2018-03, 2018-05, 2018-09, 2018-14, 2018-23, 2018-41, and 2018-43.

Section 2. Public Hearing. Pursuant to RCW 35A.63.220 and RCW 36.70A.390, the City Council conducted a public hearing on this extension of the moratorium at its meeting on March 26, 2019, and took public testimony and considered further findings of fact.

Section 3. Moratorium Amended. The moratorium is hereby amended, as also stated in Section 6 below, to extend the moratorium until October 3, 2019, which is six (6) months beyond the current duration of the moratorium, based on an effective date of this ordinance of April 3, 2019.

Section 4. Moratorium Work Plan. As provided for under RCW 35A.63.220 and RCW 36.70A.390, the City may renew a moratorium for one or more six-month periods if a work plan has been developed, a public hearing has been held, and findings of fact have been made, and the City has thereby previously extended the moratorium as described herein based on the work plan that has been developed and the findings of fact that have been made in this ordinance and the previous ordinances related to this moratorium, and the City is hereby renewing and extending the moratorium for an additional six months based on an updated work plan (see attached Exhibit A), conducting another public hearing, and adopting additional findings of fact as stated in this ordinance.

Section 5. Severability. Should any section, paragraph, sentence, clause, or phrase of this ordinance, or its application to any person or circumstance, be declared unconstitutional or otherwise invalid for any reason, or should any portion of this ordinance be preempted by state or federal law or regulation, such decision or preemption shall not affect the validity of the remaining portions of this ordinance or its application to other persons or circumstances.

Section 6. No Change to Basis for Declaration of Emergency; Effective Date; Duration. This ordinance shall take effect and be in force five (5) days from and after its passage and publication as required by law. Provided, that this ordinance is not intended to change the basis of the emergency declarations stated in the moratorium ordinances which preceded this ordinance, Ordinance Nos. 2018-02, 2018-03, 2018-05, 2018-09, 2018-14, 2018-23, 2018-41, and 2018-43, except as described in the "Whereas" clauses of this ordinance. Pursuant to *Matson v. Clark County Board of Commissioners*, 79 Wn. App. 641 (1995), non-exhaustive underlying facts necessary to support the emergency declarations adopted as part of the enactment of this moratorium were included in the "Whereas" clauses of Ordinance No. 2018-02 and Ordinance No. 2018-03, and were restated and supplemented in Ordinance No. 2018-05 and Ordinance No. 2018-09, and Ordinance Nos. 2018-14, 2018-23, 2018-41, and 2019-43, as well as in this ordinance, and those "Whereas" clauses are adopted as findings of fact. This ordinance amending the moratorium shall remain effective for the updated period as established for the moratorium, which is currently scheduled to expire based on this ordinance on October 3, 2019, unless terminated earlier by the City Council. This ordinance does not change the effective date of the moratorium, which is January 9, 2018. The Council may, at its sole discretion, renew the

moratorium for one or more six (6) month periods in accordance with state law. This ordinance or a summary thereof consisting of the title shall be published in the official newspaper of the City.

PASSED by the City Council this _____ day of _____, 2019.

APPROVED by the Mayor this _____ day of _____, 2019.

_____
Kol Medina, Mayor

ATTEST/AUTHENTICATE:

_____
Christine Brown, City Clerk

FILED WITH THE CITY CLERK	March 15, 2019
PASSED BY THE CITY COUNCIL	_____, 2019
PUBLISHED:	_____, 2019
EFFECTIVE DATE:	_____, 2019
ORDINANCE NO:	2019-10

Attached: Exhibit A (Work Plan)

Exhibit A

Moratorium on Certain Developments Work Plan Schedule, Ordinance No. 2019-10
(April – October 2019)

Work Program Item	Description
Subdivision Standards	Revise the subdivision standards to result in residential development that reflects Comprehensive Plan goals and policies included in the land use, housing, and environmental elements.
Design Guidelines	Update and improve the design guidelines and review process to result in higher quality development that reflects the Island's values and character.
Conditional Use / Site Plan Decision Criteria	Revise criteria to reduce subjectivity in decision-making and better ensure outcomes consistent with the Comprehensive Plan.
Affordable Housing	Develop an affordable housing work program in response to Inclusionary Zoning / Transfer of Development Rights and Affordable Housing Task Force reports.

Moratorium Topic	Status	Timeline
Critical Areas Ordinance (CAO)	The development moratorium was amended by the City Council on April 24, 2018 to continue to apply within the City's shoreline jurisdiction areas (Ordinance 2018-14). This effectively applied the aquifer recharge protection area (ARPA) requirement in the shoreline, although the change did not apply other provisions of the CAO update within the shoreline. At its October 16, 2018 study session, the Council made the policy decision to not include the ARPA requirement in the shoreline area. This policy decision means that "Part B" of the moratorium could be removed. On November 13, 2018, the Council adopted Ordinance 2018-43 (effective date November 21) removing "Part B" (i.e., the ARPA requirement) from the moratorium. The City has a Shoreline Master Program (SMP) Amendment in process to integrate the updated critical areas regulations into the SMP.	On September 11, 2018, the City Council held a public hearing on the SMP amendment. The Council held study sessions on October 2 and 16, 2018, and is continuing to consider the amendment at subsequent Council meetings (see below). The Public Comment Period expired on November 9, 2018. The joint state/local review process requires that the draft amendment and a summary of response to comments be transmitted to the Department of Ecology within 30 days after the end of the Public Comment Period. City staff has requested an extension for this transmittal until January 31, 2019. In the meantime, comments are still being accepted and considered by staff and the Council as part of the Council's ongoing consideration of the SMP amendment. On November 27, 2018, the Council discussed the SMP amendment relating to integration of critical area regulations and regarding nonconforming structures, uses, and lots. On December 11, 2018, the Council discussed this matter and instructed staff to prepare a resolution to transmit the SMP amendment to

		the Department of Ecology for its SMA consistency review. On January 8, 2019, the Council passed Resolution No. 2019-05 approving the draft amendment and authorizing staff to transmit the proposed SMP amendment to the Department of Ecology for initial review. The draft SMP amendment is expected to be transmitted to Ecology in February. Ecology then sends back the draft amendment with recommended changes and the Council locally adopts the amendment. It is then sent back to Ecology for final approval. The amendment process is expected to be completed in late spring/early summer 2019.
Status on March 8, 2019:	Complete: CAO update effective outside shoreline jurisdiction. Incomplete: Applicability of CAO update within shoreline jurisdiction.	

Moratorium Topic	Status	Timeline
Subdivisions	The Planning Commission is reviewing three topics related to subdivisions: • Creation of design guidelines • Revisions to subdivision standards • Revisions to review process, decision criteria, and decision-making authority The Planning Commission completed its review of new subdivision design guidelines. The Planning Commission forwarded recommendations to the City Council related to the review process and decision-making authority. Additional recommendations to the Council are forthcoming. The Council accepted the Planning Commission recommendations related to the role of the Planning Commission and Design Review Board in reviewing and making recommendations on preliminary decisions on subdivisions. However, the Council did not agree to the Planning Commission's recommendation that the Council be the decision-maker for preliminary decisions on subdivisions (i.e., preliminary plat approval).	Anticipated next steps include: March 19: CC first reading (staff transmittal of Planning Commission recommendation) March 26: CC discussion *The anticipated schedule assumes the moratorium will be extended past its current expiration date of April 8, 2019. On September 27, October 25, and November 8, 2018, the Planning Commission met to discuss subdivision standards and the review process. The Planning Commission continued its discussion in November and December 2018, and in January 2019. On October 23, 2018, the City Council held a public hearing related to Planning Commission/DRB review and recommended roles. The Council deferred taking action until receiving all of the forthcoming Planning Commission recommendations on subdivision design guidelines, standards, review process, and decision criteria. On December 4, 2018, the Council discussed Ordinance 2018-20, related to revisions to land use review procedures for major

	On September 25, 2018, the Council removed two-lot short subdivisions in which there is an existing single-family residence from the moratorium with the adoption of Ordinance 2018-41.	projects, including subdivisions, and on December 11, 2018, held a public hearing and approved the ordinance. On January 8, 2019, the Council adopted Resolution No. 2019-02, updating the administrative manual to address development review process code amendments in Chapter 2.16, BIMC.
Status on March 8, 2019:	Complete: Ordinance 2018-20 approved by the City Council on December 11, 2018, related to revisions to land use review procedures for major projects, including subdivisions. Incomplete: Planning Commission review of revised subdivision standards.	

Moratorium Topic	Status	Timeline
Design Guidelines Update (related to Site Plan and Design Review and Conditional Use Permits).	A RFQ for professional services was published and closed on August 17, 2018. On October 23, 2018, the City Council authorized a professional services agreement with Framework to produce an updated set of design guidelines (Chapter 18.18 BIMC).	The consultant will meet with the Design Review Board on March 18 to discuss the existing conditions report and preliminary recommendations for design guidelines. On November 13, 2018, a kick-off meeting with the consultant was held with the Design Review Board. On December 19, 2018, focus groups met to discuss design guideline perceptions, issues, problems, and ideas. On January 30, 2019, a Design Guideline Update Open House was held. On February 5, 2019, the Design Guideline Update project consultant briefed the Council. The consultant will update the Council again in early April. The update to the City's Design Guidelines is expected to be completed before mid-year 2019.
Status on March 8, 2019:	Complete: Consultant professional services agreement approved, kick-off meeting held with the DRB, design guideline open house held, City Council briefed. Incomplete: Update design guidelines.	

Moratorium Topic	Status	Timeline
Review Process for Land Use Permits (related to Subdivisions, Site Plan and Design Review, and Conditional Use Permits).	The Planning Commission and Design Review Board discussed this topic at their meetings beginning in May and continuing through December 2018. A Planning Commission public hearing is tentatively scheduled for January 2019. The Planning Commission provided recommendations to the City Council related to roles and responsibilities for the Planning Commission, Design Review Board, and the Council and the legislative review process for amending the BIMC.	On October 23, 2018, the City Council held a public hearing related to the Planning Commission and Design Review Board's land use review roles and responsibilities (Ordinance 2018-20). The Council deferred taking action until receiving all of the forthcoming Planning Commission recommendations on land use review procedures. At its December 4, 2018 meeting, the Council discussed Ordinance No. 2018-20, regarding revisions to BIMC Title 2 related to land use review approval bodies and procedures. On December 11, 2018, the Council held a public hearing and approved the ordinance. On January 8, 2019, the Council adopted Resolution No. 2019-02, updating the administrative manual to address development review process code amendments in Chapter 2.16, BIMC. Planning Commission review of decision criteria for site plan and design review and

		conditional use permits is scheduled for March 14, 2019. The anticipated schedule for City Council discussion and action assumes the SPR/CUP decision criteria will not be adopted before the moratorium's current expiration date of April 8, 2019. The City Council is currently scheduled to discuss this topic at their April 2, 2019 meeting.
Status on March 8, 2019:	Complete: Ordinance 2018-20 approved by the City Council on December 11, 2018, related to new roles and responsibilities for the Planning Commission and Design Review Board, review procedures for subdivisions, site plan and design review, and conditional use permits, and revisions to the legislative review process for amending the BIMC. Incomplete: Revisions to Chapter 2.16 BIMC related to decision criteria for site plan and design review and conditional use permits.	

Moratorium Topic	Status	Timeline
Affordable Housing	The Affordable Housing Task Force completed review of its draft final report to the City Council at its meeting on July 11, 2018. On June 12, 2018, the Council approved a contract with ECONorthwest to conduct an economic market analysis and feasibility study regarding a new inclusionary zoning program and updates to the City's Transfer of Development Rights program. On November 13, 2018, the Council dissolved the Affordable Housing Task Force and created a Council Ad Hoc Committee for Affordable Housing. On January 22, 2019, the City Council Affordable Housing Ad Hoc Committee met. On February 5, 2019, the Committee reviewed a draft of the ECONorthwest final report.	The Affordable Housing Task Force Report with recommendations was presented to the City Council on July 24, 2018 and was discussed further at the August 21, 2018 Council Study Session. Council study sessions were held on October 2 and December 4, 2018, to receive an update on the economic market analysis from ECONorthwest. On February 19, 2019, the City Council reviewed and provided staff direction on the ECONorthwest / Forterra final report, the Affordable Housing Task Force report recommendations, and discussed the status of the City Council Affordable Housing Ad Hoc Committee. City staff is working on prioritizing and organizing work on the inclusionary zoning and other AHTF report recommendations endorsed by City Council on February 19, 2019.
Status on March 8, 2019:	Complete: City Council discussion and endorsement of *Priority* and *Quick Wins* recommendations from the AHTF Report. Incomplete: Implementation/approval of AHTF recommendations, including adoption of inclusionary zoning regulations.	

Moratorium Topic	Status	Timeline
Business/Industrial (B/I) zoning district	The Council revisited the inclusion of the B/I zoning district in the moratorium and determined that the results of the moratorium work plan would not have a significant impact on land use applications in that zoning district. On October 23, 2018, the Council made the policy decision to remove from the moratorium certain restrictions related to the B/I zoning district. On November 13, 2018, the Council adopted Ordinance 2018-43 (effective date November 21) exempting from the moratorium B/I zoning district Major Site Plan and Design Review and Major Conditional Use permit proposals.	During their November 13, 2018 discussion of Ordinance 2018-43, the Council discussed whether commercial subdivisions in the B/I zone should be subject to the moratorium. The Council will discuss at a future meeting whether B/I zoning district commercial subdivisions should also be exempt from the moratorium.* * There likely is not any added benefit to removing B/I commercial subdivisions from the moratorium early. The new subdivision standards are nearing completion, and the new standards will apply to commercial subdivisions, as do the already adopted subdivision process changes. The City has not held any preapplication conferences for commercial subdivisions in the B/I zone that would indicate a commercial subdivision application is being prepared.
Status on March 8, 2019:	Complete: Ordinance 2018-43 adopted, thereby exempting B/I zoning district Major Site Plan and Design Review and Major Conditional Use permit proposals from the moratorium. Incomplete: Policy decision regarding whether B/I zoning district subdivisions should be exempt from moratorium.	

Moratorium Topic	Status	Timeline
Accessory Dwelling Units	On October 23, 2018, the City Council considered whether the City can prohibit, regulate, or otherwise discourage property owners from making condominiums out of accessory dwelling units (ADUs) located on their property.	On October 23, 2018, the Council directed staff to prepare for the Council's consideration an ordinance to require common ownership of ADUs. This issue has been deferred to a future City Council meeting while waiting for the 2019 WA State Legislature to act on proposed ADU bills.
Status on March 8, 2019:	Complete: Began discussions on ADU condominiums. Incomplete: Policy decision deferred to Q1 2019.	

CITY OF BAINBRIDGE ISLAND

November 21, 2018

DEVELOPMENT MORATORIUM SUMMARY: Effective beginning January 9, 2018 until April 8, 2019. (Ordinance No. 2018-02, amended by Ordinance Nos. 2018-03, 2018-05, 2018-09, 2018-14, 2018-23, ~~&~~ 2018-41 & 2018-43)

Development Activity PROHIBITED During the Moratorium:

A. All applications for new short subdivisions (BIMC 2.16.070), except two-lot short subdivisions in which there is an existing single-family residence, new preliminary long subdivisions (BIMC 2.16.125), and new large lot subdivisions (BIMC 2.16.080).

B. Major Site Plan and Design Review and Major Conditional Use Permit proposals that are not otherwise subject to this moratorium and that did not, before the effective date of the moratorium, have a pre-application conference on the Planning Department's calendar. Provided, that the moratorium does not apply to Major Site Plan and Design Review and Major Conditional Use Permit proposals for properties located in the Mixed Use Town Center/Central Core Overlay District or the Business/Industrial District.

EXCEPTIONS to the Above Development Activities Prohibited During the Moratorium:

A. Permits and approvals for affordable housing projects that qualify as Housing Design Demonstration Project (HDDP) Tier 3 projects pursuant to BIMC 2.16.020.Q. and Table 2.16.020.Q-1, and

B. Permits and approvals for government facilities and structures; educational facilities and preschools; wireless communication facilities; and emergency medical and disaster relief facilities.

ORDINANCE NO. 2018-43

AN ORDINANCE of the City of Bainbridge Island, Washington, adopted pursuant to RCW 35A.63.220 and RCW 36.70A.390; amending Ordinance No. 2018-41 to narrow the development moratorium; providing for severability; and leaving the effective date and duration of the moratorium unchanged.

WHEREAS, on January 9, 2018, the City Council enacted Ordinance No. 2018-02 and thereby established a temporary emergency moratorium on the acceptance and processing of certain Permit Applications, as defined in Section 2 of Ordinance No. 2018-02; and

WHEREAS, the City Council and City staff received feedback and comment from individuals related to the moratorium and, based partly on that feedback and comment, the Council determined that certain exclusions to the moratorium needed to be amended to clarify the Council's intent regarding such exclusions; and

WHEREAS, on January 16, 2018, the Council enacted Ordinance No. 2018-03, which amended Ordinance No. 2018-02 to clarify some of the exclusions; and

WHEREAS, the Council and City staff received additional feedback and comment from individuals related to the moratorium and, based partly on that feedback, the Council determined that further amendment was necessary to clarify which types of activities are subject to the moratorium, and which activities are excluded from the moratorium; and

WHEREAS, on February 15, 2018, the Council enacted Ordinance No. 2018-05, which amended and restated Ordinance No. 2018-02 and Ordinance No. 2018-03; and

WHEREAS, based on additional information and consideration related to educational facilities and preschools, as well as related to the applicability of the moratorium in the Mixed Use Town Center/Central Core Overlay District, on March 13, 2018, the Council approved Ordinance No. 2018-09 to further clarify which types of activities are subject to the moratorium, and which activities are excluded from the moratorium; and

WHEREAS, this moratorium was imposed, in part, to allow the City Council and City staff adequate time to complete the Critical Areas Ordinance Update process, and to address the Council's concerns about the City's development review process, standards, and guidelines, as well as regarding affordable housing related issues; and

WHEREAS, the Council adopted the Critical Areas Ordinance Update (Ordinance No. 2018-01) on February 27, 2018, and the updated Critical Areas Ordinance took effect on April 23, 2018; and

WHEREAS, critical areas within the City's shoreline jurisdiction are regulated by the City's shoreline master program (see, e.g., Chapter 16.12 BIMC, RCW 36.70A.480(3)(b)); and

WHEREAS, integration of applicable critical areas regulations into the shoreline master program is essential to ensuring adequate protection of critical areas within the shoreline jurisdiction and no net loss of shoreline ecological functions; and

WHEREAS, regulations for critical areas within the City's shoreline jurisdiction are in the process of being updated through an amendment of the City's shoreline master program consistent with the Shoreline Management Act and that amendment process was ongoing as of July 9, 2018, which was the original date that the moratorium was set to expire; and

WHEREAS, the City Council approved Ordinance 2018-14 on April 24, 2018, amending the development moratorium in order to have the provisions of Section 3.B. only apply within the City's shoreline jurisdiction areas (Chapter 16.12 BIMC); and

WHEREAS, a number of moratorium priorities were identified at a joint meeting of the City's Design Review Board and Planning Commission on February 22, 2018, including the following:

(1) Revise review procedures for preliminary subdivisions to include the Design Review Board and Planning Commission in process; and

(2) Analyze alternatives to decision-making authority for the Design Review Board, Planning Commission, and Hearing Examiner for subdivisions, conditional use permits, and site plan and design review; and

(3) Identify specific development standards to review/revise in Chapters 18.12 and 18.15 of the Bainbridge Island Municipal Code; and

(4) Initiate rewrite of subdivision design standards in Chapter 17.12 of the Bainbridge Island Municipal Code; and

WHEREAS, at the April 3, 2018, City Council study session, the City's Department of Planning and Community Development provided a briefing on the Design Review Board and Planning Commission joint meeting wherein the Council authorized staff to proceed with a work plan addressing the priorities identified at the joint meeting; and

WHEREAS, on May 7 and 21, June 4 and 19, July 16, August 6 and 20, and on September 4, 2018, the City's Design Review Board discussed alternatives for revisions to the City's subdivision standards, dimensional standards, and land use review procedures; and

WHEREAS, during May through November 2018, the City's Planning Commission discussed alternatives for revisions to the City's subdivision guidelines, standards, dimensional standards, and land use review procedures; and

WHEREAS, the City's Planning Commission has completed its review of land use review procedures and forwarded the recommendations on these issues to the City Council, but

has not completed its review of revisions to the City's subdivision guidelines, standards, and dimensional standards; and

WHEREAS, City staff, working with the Design Review Board, has selected a consultant team to provide professional services to update the City's Design Guidelines (BIMC 18.18.030), which is work that is not expected to be completed until the end of July 2019; and

WHEREAS, each of the multiple Design Review Board and Planning Commission meetings as described above included an opportunity for public comment on the alternatives for revisions to the City's subdivision guidelines, standards, dimensional standards, and land use review procedures; and

WHEREAS, the City provided legal background on the roles of land use bodies, presented in a memorandum from attorney James E. Haney (outside legal counsel for the City) entitled, "*Roles of City Council, Planning Commission, Design Review Board, and Hearing Examiner in Land Use Permits,*" dated June 1, 2018, and the City Council had a special workshop related to land use review procedures on August 27, 2018; and

WHEREAS, on June 12, 2018, the City Council authorized the execution of a professional services agreement to conduct an economic market analysis and feasibility study regarding a new inclusionary zoning program and updates to the City's Transfer of Development Rights program, both of which address affordable housing related issues, and on October 2, 2018, the Council received a project update briefing, and a final report is expected to be presented to the Council in December 2018; and

WHEREAS, the Affordable Housing Task Force presented its final report to the City Council on July 24, 2018, and the Council discussed the recommendations more thoroughly on August 21, 2018; and

WHEREAS, on February 27, 2018, the City Council was provided with a moratorium work program; and

WHEREAS, on April 10, May 22, June 5, June 19, July 17, August 21, September 4 and 18, October 2 and 16, and November 6, 2018, the City Council was provided moratorium work program status report updates; and

WHEREAS, on June 26, 2018, the City Council held a public hearing and approved Ordinance 2018-23, extending the development moratorium for another 90 days until October 9, 2018; and

WHEREAS, on September 25, 2018, the City Council held a public hearing and approved Ordinance 2018-41, and thereby extended the development moratorium for another six (6) months until April 8, 2019, unless the Council takes further action before such date, and in so doing narrowed the moratorium to remove two-lot short subdivisions in which there is an existing single-family residence from the moratorium; and

WHEREAS, on October 16, 2018, the City Council discussed integrating critical area regulations into the Shoreline Master Program (Chapter 16.12 BIMC) and made the policy decision to not apply new *Aquifer Recharge Protection Area* regulations (BIMC 16.20.100) within the City's shoreline jurisdiction areas; and

WHEREAS, as a result of that policy decision, and the City Council's affirmation on October 23, 2018, that the moratorium should be narrowed in that manner, the Council directed staff to prepare an ordinance to entirely remove Section 3.B. (which, in effect, applied the Aquifer Recharge Protection Area regulations in the City's shoreline jurisdiction areas) from the moratorium; and

WHEREAS, on October 23, 2018, the City Council discussed additional revisions to the development moratorium, including excluding from the moratorium certain permit applications for development in the Business/Industrial zoning district, and the Council directed staff to prepare an ordinance to narrow the moratorium accordingly; and

WHEREAS, on October 23, 2018, the City Council also discussed potentially further narrowing provisions of the moratorium related to applications for new short subdivisions that the Council had previously narrowed, and the Council decided to not take such action at this time pending the Planning Commission's ongoing but not yet completed work related to subdivisions, including new subdivision design guidelines and revised subdivision standards and review procedures; and

WHEREAS, on October 23, 2018, the City Council also discussed issues related to making condominiums out of accessory dwelling units ("ADUs") and common ownership of ADUs, and the Council directed staff to work on possible revisions to the BIMC to allow the Council to further consider the common ownership issue related to ADUs; and

WHEREAS, although the City has been working to address the land use issues identified in the development moratorium, as described above, the work is ongoing and not yet completed; and

WHEREAS, the City possesses land use jurisdiction and regulatory authority over the City's incorporated lands; and

WHEREAS, the moratorium promotes the public good and is necessary for the protection of public health, property, safety, and welfare, and the public emergency on which this moratorium was imposed continues to exist and this ordinance does not change the basis for that declaration of emergency, except as described above, nor the effective date of the moratorium, which is January 9, 2018.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF BAINBRIDGE ISLAND, WASHINGTON, DO ORDAIN AS FOLLOWS:

Section 1. Findings of Fact. The recitals set forth above are hereby adopted as additional and supplemental findings of fact to the City Council's initial findings of fact in support of the

moratorium, as established by Ordinance Nos. 2018-02, 2018-03, 2018-05, 2018-09, 2018-14, 2018-23, and 2018-41.

Section 2. Moratorium Amended. Section 3 of Ordinance No. 2018-05, as amended by Ordinance Nos. 2018-09, 2018-14, and 2018-41, is hereby further amended as follows related to the activities to which the moratorium applies:

~~B. Structures, buildings, and land use permits and approvals in the R-1, R-2, and R-0.4 zones within the City's shoreline jurisdiction areas (see Chapter 16.12 BIMC):~~

~~(i) That will result in less than 65% of the subject property being retained as native vegetation; or~~

~~(ii) That will result in reducing the native vegetation on the subject property by any amount if that property had native vegetation existing on less than 65% of the property as of the effective date of the moratorium.~~

~~(iii) Provided, that this Section B does not apply to complete land use applications (see BIMC Table 2.16.010-1) that were submitted prior to the effective date of the moratorium, and to the resultant site work and associated approvals related to such complete land use applications.~~

C. Major Site Plan and Design Review and Major Conditional Use Permit proposals that are not otherwise subject to this moratorium and that did not, before the effective date of the moratorium, have a pre-application conference on the Planning Department's calendar. Provided, that the moratorium does not apply to Major Site Plan and Design Review and Major Conditional Use Permit proposals for properties located in the Mixed Use Town Center/Central Core Overlay District or the Business/Industrial District.

Section 3. Moratorium Work Plan. As provided for under RCW 35A.63.220 and RCW 36.70A.390, the City may renew a moratorium for one or more six-month periods if a work plan has been developed, a public hearing has been held, and findings of fact have been made, and the City has thereby previously extended the moratorium as described herein based on the work plan that has been developed and the findings of fact that have been made in this ordinance and the previous ordinances related to this moratorium.

Section 4. Severability. Should any section, paragraph, sentence, clause, or phrase of this ordinance, or its application to any person or circumstance, be declared unconstitutional or otherwise invalid for any reason, or should any portion of this ordinance be preempted by state or federal law or regulation, such decision or preemption shall not affect the validity of the remaining portions of this ordinance or its application to other persons or circumstances.

Section 5. No Change to Basis for Declaration of Emergency; Effective Date; Duration. This ordinance shall take effect and be in force five (5) days from and after its passage and publication as required by law. Provided, that this ordinance is not intended to change the basis of the emergency declarations stated in the seven moratorium ordinances which preceded

this ordinance, Ordinance Nos. 2018-02, 2018-03, 2018-05, 2018-09, 2018-14, 2018-23, and 2018-41, except as described in the "Whereas" clauses of this ordinance. Pursuant to *Matson v. Clark County Board of Commissioners*, 79 Wn. App. 641 (1995), non-exhaustive underlying facts necessary to support the emergency declarations adopted as part of the enactment of this moratorium were included in the "Whereas" clauses of Ordinance No. 2018-02 and Ordinance No. 2018-03, and were restated and supplemented in Ordinance No. 2018-05 and Ordinance No. 2018-09, and Ordinance Nos. 2018-14, 2018-23, and 2018-41, as well as in this ordinance, and those "Whereas" clauses are adopted as findings of fact. This ordinance amending the moratorium shall remain effective for the period as established for the moratorium, which is currently scheduled to expire on April 8, 2019, unless terminated earlier by the City Council. This ordinance does not change the effective date of the moratorium, which is January 9, 2018. The Council may, at its sole discretion, renew the moratorium for one or more six (6) month periods in accordance with state law. This ordinance or a summary thereof consisting of the title shall be published in the official newspaper of the City.

PASSED by the City Council this 13th day of November, 2018.

APPROVED by the Mayor this 13th day of November, 2018.

Kol Medina, Mayor

ATTEST/AUTHENTICATE:

Christine Brown, City Clerk

FILED WITH THE CITY CLERK	November 8, 2018
PASSED BY THE CITY COUNCIL	November 13, 2018
PUBLISHED:	November 16, 2018
EFFECTIVE DATE:	November 21, 2018
ORDINANCE NO:	2018-43

CITY OF BAINBRIDGE ISLAND

City Council Regular Business Meeting Agenda Bill

MEETING DATE: March 26, 2019 **ESTIMATED TIME:** 10 Minutes

AGENDA ITEM: (7:40 PM) Resolution No. 2019-16 - Pleasant Beach Village II Final Subdivision - Planning,

STRATEGIC PRIORITY: Green, Well-Planned Community

PRIORITY BASED BUDGETING PROGRAM:

AGENDA CATEGORY: Resolution **PROPOSED BY:** Planning & Community Development

RECOMMENDED MOTION:

I move to approve Resolution No. 2019-16 relating to approval of the Pleasant Beach Village II Final Long Subdivision.

SUMMARY:

This relates to Resolution No. 2019-16 regarding the Pleasant Beach Village II Final Long Subdivision. Pleasant Beach Village received Preliminary Long Subdivision approval on June 27, 2017. Application for Final Long Subdivision was submitted in April 2018. A decision on the Final Long Subdivision application is required by the City Council in accordance with BIMC 2.16.160.

FISCAL IMPACT:

Amount:	
Ongoing Cost:	
One-Time Cost:	
Included in Current Budget?	

BACKGROUND:

PBPBS, LLC, requests final subdivision approval of a 22-lot plat on 4.83 acres on Baker Hill Road in the Lynwood Center planning area. The proposed development includes 10 detached and 12 townhouse-style residential units, along with open space areas. The Hearing Examiner entered his final order and decision of approval for the preliminary subdivision application, with conditions, on June 27, 2017.

In accordance with the provisions of BIMC 2.16.160, this is a closed record proceeding and is thereby a quasi-judicial matter. Pursuant to BIMC 2.16.160.H, the City Council shall approve the final long subdivision if it determines:

1. That the conditions imposed through preliminary subdivision have been met; and

2. Bonds or other assurance devices, if any, by their essential terms assure completion of all plat improvements; and

3. The requirements of state law, the BIMC, the Comprehensive Plan, and any other applicable ordinances in effect at the time of preliminary plat approval have been satisfied by the subdivider.

ATTACHMENTS:

Resolution No. 2019-16 Pleasant Beach Village II Final Subdivision

Exhibit A Compliance Notation Report.pdf

Exhibit B Final Plat Pleasant Beach Village II.pdf

Exhibit C Subdivision Performance Agreement and Bond.pdf

Exhibit D Hearing Examiner Decision.pdf

FISCAL DETAILS:

Fund Name(s):

Coding:

RESOLUTION NO. 2019-16

A RESOLUTION of the City of Bainbridge Island, Washington, approving the Pleasant Beach Village II Final Subdivision.

WHEREAS, the final subdivision application for Pleasant Beach Village II creates 22 lots for development of 22 residential units on 4.83 acres of land located on Baker Hill Road; and

WHEREAS, on June 27, 2017, the Hearing Examiner entered a decision of approval for the preliminary subdivision application, with conditions; and

WHERAS, on April 13, 2018, the Kitsap Public Health District reviewed the final subdivision and forwarded a recommendation for approval to the Department of Planning and Community Development; and

WHERAS, on February 22, 2019, the City Engineer reviewed the final subdivision and forwarded a recommendation for approval to the Department of Planning and Community Development; and

WHEREAS, on March 8, 2019, the Department of Planning and Community Development issued its Compliance Notation Report and thereby evaluated compliance with the conditions imposed on the preliminary subdivision and other applicable ordinances and forwarded its recommendation for final subdivision approval to the City Council; and

WHEREAS, on March 26, 2019, the City Council conducted a closed record proceeding regarding the Pleasant Beach Village final subdivision.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF BAINBRIDGE ISLAND, WASHINGTON, DOES RESOLVE AS FOLLOWS:

Section 1. All conditions imposed by the approved preliminary subdivision have been met, as set forth in the Compliance Notation Report from the Department of Planning and Community Development.

Section 2. The bonds and assurance devices submitted by the applicant adequately assure completion of all required plat improvements.

Section 3. The Pleasant Beach Village II final subdivision satisfies the requirements of state law, the Bainbridge Island Municipal Code, the City's Comprehensive Plan, and all other applicable ordinances in effect at the time of preliminary plat approval.

Section 4. The Mayor is authorized to inscribe the City Council's approval on the face of the final plat; provided, that upon approval of the final plat, the Council may direct and authorize another member of the Council to inscribe the Council's approval on the face of the final plat.

PASSED by the City Council this _____ day of March, 2019.

APPROVED by the Mayor this _____ day of March, 2019.

_____
Kol Medina, Mayor

ATTEST/AUTHENTICATE:

_____
Christine Brown, City Clerk

FILED WITH THE CITY CLERK:	March 21, 2019
PASSED BY THE CITY COUNCIL:	March _____, 2019
RESOLUTION NO.	2019-16

CITY OF BAINBRIDGE ISLAND

Department of Planning and Community Development

COMPLIANCE NOTATION REPORT – PLEASANT BEACH VILLAGE II

Date: March 8, 2019

To: Gary Christensen, Director

From: David Greetham, Senior City Planner

Project: Pleasant Beach Village II Final Subdivision

File Number: PLN 13880F FSUB

Applicant: PBPBS, LLC
4699 Woodson Way, STE 309
Bainbridge Island, WA 98110

Request: Final approval of a 22-lot subdivision

Location: South of Baker Hill Road in the Lynwood Center planning area, a portion of Government Lot 5 (NE ¼, NE ¼), Sec. 04, T. 24 N R. 2E, W.M.

The Pleasant Beach Village II (formerly Pleasant Beach Village) preliminary subdivision was approved by the Hearing Examiner on June 27, 2017, subject to the conditions below. The final plat application was reviewed in compliance with BIMC 2.16.160: The City Engineer reviewed the final subdivision to determine compliance with legal requirements and recommends approval; The Kitsap Public Health District reviewed the final subdivision and also recommends approval. The Bainbridge Island Fire Department has reviewed the final subdivision and has no outstanding concerns which would prohibit final subdivision approval. The Department of Planning and Community Development evaluated compliance with the conditions imposed on the preliminary subdivision and other applicable ordinances.

As annotated in **bold font**, the conditions are satisfied, and final plat approval is recommended.

SEPA CONDITIONS:

1. No clearing or grading for roads, drainage facilities, trails or other subdivision improvement shall occur until a plat utilities permit has been submitted, reviewed, and approved by the City for phase in which the work is to be completed.

   A plat utilities permit has been obtained for site work. (Reference: PU20632)

2. All areas outside of the allowed buildings and impervious surfaces shall be retained in native vegetation, landscaped, or covered with mulch or straw prior to October 1st of each year.

   Cleared areas were covered with straw as required.

3. Public Works finds that the proposed activity is likely to cause measurable degradation of surface water quality without a proper temporary erosion and sedimentation control plan (TESCP). Therefore prior to any construction within this subdivision a TESCP shall be submitted and approved by the City. Construction shall be restricted to the dates occurring between May 1 and September 30 unless a wet weather erosion control plan is submitted and approved prior to construction.

   The required TESCP plan has been submitted, approved, and implemented on site.

4. All graded material removed from the subdivision shall be hauled to and deposited at City approved locations. (Note: local regulations require that a grade/fill permits is obtained for any grading or filling of 50 cubic yards of material or more, and a SEPA Threshold Determination is required for any fill over 100 cubic yards.)

   The applicant obtained a grade and fill permit to move and deposit graded materials. (Reference: BLD20632 GAF)

5. To mitigate impacts on air quality during earth moving activities, contactors shall conform to Puget Sound Clean Air Agency Regulations, which insure that reasonable precautions are taken to avoid dust emissions. (Section 16.08.040, BIMC)

   Water trucks were utilized for dust mitigation compliance during earth moving activities.

6. Prior to final plat approval, approval from the Kitsap County Health District much be obtained.

   The Kitsap Public Health District has reviewed the final plat and signed off with no comments. (Reference: April 13, 2018 Memorandum from Kitsap Public Health) The Health Officer will also sign the face of the plat prior to recording.

7. On site mobile fueling from temporary tanks is prohibited unless the Applicant provides and is granted approval for a Permit and Best Management Plan that addresses proposed location, duration, containment, training, vandalism and cleanup. (Reference 1, Uniform Fire Code 7904.5.4.2.7 and 2. Department of Ecology, Stormwater Management Manual, August 2001, see Volume IV "Source Control BMP's for Mobile Fueling of Vehicles and Heavy Equipment".) (Chapter 173-304 WAC).

   The applicant is not utilizing on-site mobile fueling.

8. To mitigate any noise impacts, all construction activities must comply with BIMC 16.16.025 Limitation on Construction Activities.

   The contractor is subject to all applicable noise standards for bonded items not yet completed.

9. All lighting within the subdivision shall comply with the City's Lighting Ordinance, BIMC Chapter 15.34.

   Lighting shall comply with applicable City standards.

10. Contractor is required to stop work and immediately notify the Department of Planning and Community Development and the Washington State Office of Archaeology and Historic Preservation if any historical or archaeological artifacts are uncovered during excavation or construction.

    Site excavation has been completed and no historical or archaeological artifacts were encountered.

11. To mitigate transportation impacts, the applicant shall install a multi-use non-motorized trail improvement for the length of the property's Baker Hill frontage. The trail improvement shall be consistent with the trails standard.

    The required non-motorized trail has been installed along Baker Hill Road, between Lynwood Center Road and Blakely Heights Drive.

12. To ensure a safe walking path for students walking from the development to Blakely School, the three-foot gravel shoulder from the end of the non-motorized trail on the subject property to the intersection of Baker Hill Road and Blakely Heights Drive shall be refurbished with a new gravel shoulder meeting City guidelines.

    The required shoulder improvements have been completed.

13. Approved street names, traffic regulatory signs, and accessible mailbox locations that do not restrict pedestrian access must be shown on the plat utilities plans, which shall be submitted and approved prior to final plat.

    The applicant's plan showing the required items has been submitted and approved by the Department of Public Works.

14. Public and private improvements, facilities, and infrastructure, on and off the site, that are required for the subdivision shall be completed, and have final inspection and approval prior to final plat approval. Approval of public facilities will be shown by a formal letter of acceptance from the City Engineer. An assurance device acceptable to the City may be used (in lieu of physical completion) to secure and provide for the completion of necessary facilities. Any such assurance device shall be in place prior to final plat approval, and shall

enumerate in detail the items being assured and shall require that all such items will be completed and approved by the City within one year of the date of final plat approval. While lots created by the recording of the final plat may be sold, no occupancy of any structure will be allowed until the required improvements are formally accepted by the City. Additionally a prominent note on the face of the final plat drawing shall state: "The lots created by this plat are subject to conditions of an assurance device held by the city for the completion of certain necessary facilities. Building permits may not be issued and/or occupancy may not be allowed until such necessary facilities are completed and approved by the City of Bainbridge Island. All purchasers shall satisfy themselves as to the status of completion of the necessary facilities."

The Department of Public Works Engineering Division has provided a memorandum stating that the applicant has provided assurance bonding for construction of all remaining civil improvements. (Reference: Memorandum from Peter Corelis dated February 22, 2019 and Performance Agreement dated December 21, 2018)

PROJECT CONDITIONS:

15. The Pleasant Beach Village BLA (PLN13880G BLA) shall be recorded prior to submittal of the Final Plat application.

    The final Boundary Line Adjustment (BLA) has been recorded. (Reference: Recording number 201707250253)

16. Except for modifications reflecting compliance with these conditions of approval, the final subdivision shall substantially conform to the plans date-stamped received on the following dates: Landscape plans, December 9, 2016; Preliminary plat sheets C-1 and C-2, dated May 30, 2017.

    The December 9, 2016 landscape (buffer planting) plan has been adhered to. Preliminary sheets C-1 and C-2 are the preliminary plat and subdivision plan review, respectively. The final versions of sheets C-1 and C-2 substantially conform the original plans, with minor modifications to the open space as directed by the City. Sheets C-1 and C-2 reflect a required utility easement and increased buffers as directed by the City.

17. Prior to any construction activities, the applicant shall obtain the appropriate permits from the City of Bainbridge Island, including but not limited to, clearing, grading, and/or building permits.

    The appropriate construction permits have been obtained by the applicant. (Reference: Plat Utilities Permit PU20632 and Grading Permit BLD20632 GAF)

18. The final plat shall comply with the following conditions of the Fire Marshall: A. The proposed project shall comply with all provision of the adopted Fire Code. B. Dotson Loop water system shall be connected to the Pitts Path water line and a flow test shall be conducted prior to "fire final" of any occupancy. C. The fire hydrant locations along Ridge Lane shall be approved by the Fire Marshal prior to their installation and prior to final plat

approval. D. Fire hydrants shall be of an approved type and located with the approval of the Fire Marshal.

The Fire Marshall has provided a memorandum stating that the requirements for the installation of fire hydrants have been met, and there are no outstanding concerns which would prohibit the approval of the final subdivision. (Reference: April 8, 2018 Memorandum from Luke Carpenter, Bainbridge Island Fire Department)

19. a. The preliminary subdivision approval is subject to the following conditions of the City's Development Engineer: a. Civil construction plans, sections, profiles and details for all roads, roadway storm drainage facilities, and water facilities, and appurtenances, prepared by the developer's engineer shall be submitted to the City for review and approval. Approval is granted when a Plat Utilities Permit is issued by the City. The Plat Utilities Permit shall be obtained prior to final subdivision approval. Civil construction will be required before building permits shall be issued. In lieu of completion of improvements, the City Engineer may accept any assurance device, in an amount and in a form determined by the City, but not to exceed 125 percent of the established cost of completing the infrastructure that secures and provides for the actual construction and installation of the improvements or the performance of the conditions within one year, or such additional time as the City Engineer determines is appropriate after final plat approval.

    b. Engineer certified as-built construction plans will be provided by the applicant prior to final plat approval.

    c. A Developers Extension Agreement must be competed with the City for utilities and roadways that will be dedicated to the City.

    d. Prior to any construction activities, the applicant shall apply for a Department of Ecology General Stormwater Construction Permit (Construction Permit) or extend the existing Permit. Any jobsite one acre or greater in size must comply with NPDES Phase II Department of Ecology requirements by applying for this permit.

    e. Provide all discharge monitoring reports (DMS) data required by the NPDES permit to PWAdmin@bainbridgewa.gov at the same frequency as required by the Construction Permit.

    f. Turbidity/Transparency Benchmark Values and Triggers 1) If the discharge turbidity is 26 NTU and above the permittee must: i. Review the stormwater pollution prevention plan (SWPPP) for compliance with the NPDES Special Condition S9 and make appropriate revisions within 7 days of the date the discharge exceeded the benchmark. ii. Immediately begin the process to fully implement and maintain appropriate source control and/or treatment best management practices (BMPs) as soon as possible, addressing the problems within 10 days the discharge exceeded the benchmark. If installation of necessary treatment BMPs is not feasible within 10 days, the City may approve additional time when the permittee requests an extension within the initial 10-day response period. iii. Level One Corrective Actions- Operational Source Control BMPs 1) If the 25 NTU benchmark is

exceeded for any quarter of the project duration, within 10 days the permittee must implement NEW (not existing) Chapter II-4-Best Management Practices Standards and Specifications II-4.1 Source Control BMPs from the 2014 Ecology Stormwater Management Manual for Western Washington (SWMMWW). 2) Provide a map of where these BMPs are being implemented and maintained until final site stabilization is approved by the City and Department of Ecology. iv. Level Two Corrective Actions- Runoff Conveyance and Treatment BMPs. 1) If they 25 NTU benchmark is exceeded for any two quarters of the project duration, within 20 days the permittee must implement NEW (not existing) Chapter II-4-Best Management Practice Standards and Specifications II-4.2 Runoff Conveyance and Treatment BMPs from the 2014 Ecology SWMMWW. 2) Provide a map of where these BMPs are being implemented and maintained until final site stabilization is approved by the City and Department of Ecology. v. Level Three and Four Corrective Actions- Runoff Conveyance and Treatment BMPs. 1) If the 25 NTU benchmark is exceeded for any three of four quarters of the project duration, within 10 days the permittee must implement NEW (not existing) Chapter II-4-Best Management Practices Standards and Specifications II-4.2 Runoff Conveyance and Treatment BMPs from the 2014 Ecology SWMMWW. For quarter three and four new BMPS must include BMP C250: Construction Stormwater Chemical Treatment , or BMP C251: Construction Stormwater Filtration per the 2014 Ecology SWMMWW requirements. 2) Provide a map of where these BMPs are being implemented and maintained until final site stabilization is approved by the City and Department of Ecology. vi. Document BMP implementation and maintenance- this documentation must be provided to PWAdmin@bainbridgewa.gov within 10 days or within a City and Department of Ecology approved deadline.

g. A binding unlimited reservation and approval to connect to sewer is required prior to final subdivision.

h. An approved deviation to the City of Bainbridge Island Urban Local Access Street Standard, Drawing No. 7-050 has been provided by the applicant. The roadway shown on the proposed plan, will have a 30-foot right-of-way, sidewalk on one side of the roadway, a greater than 12 percent slope in some locations and a centerline radius that is less than standard. The deviation was approved by the City's Public Works Director.

i. All lot closures shall be staked with three-quarter inch galvanized iron pipe and locator stakes. A survey of the property must be completed and submitted with the final plat application.

J. A right-of-way (ROW) construction permit will be required prior to any construction activities within the right-of-way. The ROW permit will be subject to separate conditions and bonding requirements.

The City Development Engineer has provided a memorandum stating that the final subdivision complies with City standards, the applicant has provided assurance bonding for all remaining civil improvements, and that the final subdivision is recommended for approval. (Reference: Memorandum from Peter Corelis dated February 22, 2019 and Performance Agreement dated December 21, 2018)

20. Prior to final plat approval, the applicant shall install low impact fencing as defined in BIMC 17.28.020.30 along the south open space boundary of Tract A.

    The required low impact fencing is included in the assurance device. (Reference: Subdivision Performance Agreement dated December 21, 2018 and performance bond no. PB10324000072)

21. Prior to final plat approval, the applicant shall install open space signs every 100 feet along the interior borders of open space Tracts A, B, C and D, designed to provide protection for these open space tracts that are to remain in protected native vegetation.

    The required signage is included in assurance device. (Reference: Subdivision Performance Agreement dated December 21, 2018 and performance bond no. PB10324000072)

22. Open Space signage and fencing must be maintained in perpetuity and required locations of fencing and signage shall be noted on the face of plat.

    The signage and fencing must be maintained in perpetuity as required. Open space tracts and easements are depicted on the face of the plat. Final signage and fencing locations have not yet been determined but are included in the assurance device. (Reference: Subdivision Performance Agreement dated December 21, 2018 and performance bond no. PB10324000072)

23. A final Open Space Management Plan (OSMP) shall be recorded with the final plat and the OSMP shall be referenced on the face of the plat. The final OSMP shall be modified within the proposed CC&Rs to clearly identify Section 6.5 as an Open Space Management Plan. Also, the plan shall be modified to prohibit agricultural uses, septic systems and active recreation within open space Tracts A, B, and C.

    The final open space plan has been submitted and will be recorded with the final plat.

24. Lot coverage of 25% shall be allocated as follows and noted on the face of the plat: 2,389 square feet per lot.

    This condition is noted on the final plat.

25. The following setbacks shall be noted and depicted on the final plat (note: the building envelopes on the preliminary plat need to be modified to reflect these setbacks properly): Building to Building (on-site):min 10 feet; Building to exterior subdivision boundary line: min 15 feet; Building to right-of-way (Baker Hill Road): min 40 feet; Building to other streets (internal right-of-way): min 15 feet; Building to Open Space: min 10 feet; Building to Trail: min 10 feet.

    The required setbacks are noted on the final plat.

26. The plat shall provide a 10-foot wide partial screen landscape buffer along Baker Hill Road and a 15-foot wide full screen landscape buffer along the east property line consistent with the prior Site Plan and Design Approval for the Blossom Hill/Pleasant Beach Village Development. Prior to final plat approval, the buffer shall be planted to required landscaping standards (BIMC 18.15.010.D.4) or planting assured as provided in BIMC 18.15.010.H. The buffer shall be maintained for the life of the project.

    The required buffers are delineated on the final plat map.

27. The following conditions shall be listed on the final plat: Applicable portions of Conditions 1-5;7-10; 14; and 22-16.

    The conditions are listed on the final plat.

PLAT OF PLEASANT BEACH VILLAGE II

A PORTION OF THE NE 1/4, NE 1/4, SECTION 4, TOWNSHIP 24 NORTH, RANGE 2 EAST, W.M.
CITY OF BAINBRIDGE ISLAND, KITSAP COUNTY, WASHINGTON

DEDICATION

KNOW ALL MEN BY THESE PRESENTS THAT ___PBPBS, LLC___ , A WASHINGTON LIMITED LIABILITY COMPANY, OWNER IN FEE SIMPLE OF THE LAND PLATTED HEREIN, HEREBY DECLARE THIS PLAT TO THE USE OF THE PUBLIC FOREVER ALL STREETS, ROADS, AND EASEMENTS SHOWN ON THE PLAT AND THEREOF FOR ANY AND ALL PUBLIC PURPOSES, NOT INCONSISTENT WITH THE USE THEREOF FOR PUBLIC HIGHWAY PURPOSES; ALSO THE RIGHT TO MAKE ALL NECESSARY SLOPES FOR CUTS AND FILLS UPON THE LOTS SHOWN ON THIS PLAT IN THE REASONABLE ORIGINAL GRADING OF ALL THE STREETS AND ROADS SHOWN HERE-ON; ALSO THE RIGHT TO DRAIN ALL STREETS, ROADS AND EASEMENTS OVER AND ACROSS ANY LOT OR LOTS WHERE THE STORM WATER RUN IS IN NATURAL DRAINAGE AFTER THE STREET OR STREETS ARE GRADED. DIMENSIONS AND USES OF ALL LOTS EMBRACED IN THIS PLAT ARE SUBJECT TO AND SHALL BE IN CONFORMITY WITH THE CITY OF BAINBRIDGE ISLAND MUNICIPAL CODE. THE OWNERS HEREOF, AND THEIR SUCCESSORS AND ASSIGNS, HEREBY WAIVE ALL CLAIMS FOR DAMAGES AGAINST ANY GOVERNMENTAL AUTHORITY ARISING FROM THE CONSTRUCTION AND MAINTENANCE OF PUBLIC FACILITIES AND PUBLIC PROPERTY WITHIN THIS PLAT.

IN WITNESS HEREOF I HAVE HEREUNTO SET MY HAND AND SEAL THIS _____DAY OF _____, 20_____, A.D.

_____
PBPBS, LLC BY:

ACKNOWLEDGEMENTS

STATE OF WASHINGTON)
) §
COUNTY OF KITSAP)

ON THIS DAY PERSONALLY APPEARED BEFORE ME _____ , TO ME KNOWN TO BE THE _____ OF PBPBS,LLC, A WASHINGTON LIMITED LIABILITY COMPANY THAT EXECUTED THE FOREGOING DECLARATION AND ACKNOWLEDGE THAT THEY SIGNED THE SAME AS THEIR FREE AND VOLUNTARY ACT. GIVEN UNDER MY HAND AND OFFICIAL SEAL THIS_____DAY OF_____ 20_____,

_____
NOTARY PUBLIC IN AND FOR THE STATE WASHINGTON

MY COMMISSION EXPIRES:_____

RESTRICTIONS

A HOMEOWNERS ASSOCIATION AND PROTECTIVE COVENANTS, CONDITIONS, AND RESTRICTIONS WILL BE ESTABLISHED TO ENSURE PERPETUAL MAINTENANCE OF PRIVATE ROADS, PRIVATE STORM DRAINAGE FACILITIES, RECREATIONAL FACILITIES AND COMMON OPEN SPACE AND WILL BE RECORDED SEPARATELY FROM THIS DOCUMENT.

FILING CERTIFICATE

FILED FOR RECORD AT THE REQUEST OF_____ ON _____, 20_____, AT_____ MINUTES PAST_____AND RECORDED IN VOLUME_____OF PLATS, PAGES_____, RECORDS OF KITSAP COUNTY, WASHINGTON.

_____
KITSAP COUNTY AUDITOR

ATTEST: _____
DEPUTY

SURVEYOR'S CERTIFICATE

I ___JOHN KIEFFER___, REGISTERED AS A PROFESSIONAL LAND SURVEYOR BY THE STATE OF WASHINGTON, CERTIFY THAT THIS SUBDIVISION IS BASED ON AN ACTUAL SURVEY OF THE LAND DESCRIBED HEREIN, CONDUCTED BY ME OR UNDER MY SUPERVISION, DURING THE PERIOD OF _____, 20 _____, THROUGH _____, 20 _____, THAT THE DISTANCES, COURSES, AND ANGLES SHOWN HEREON CORRECTLY; AND THE LOT CORNERS HAVE BEEN STAKED ON THE GROUND AS DEPICTED HEREON.

JOHN D. KIEFFER
STATE OF WASHINGTON
36801
REGISTERED
PROFESSIONAL LAND SURVEYOR

02-25-19

APPROVALS

APPROVED BY THE DIRECTOR OF PLANNING AND COMMUNITY DEVELOPMENT

THIS _____ DAY OF _____, 20_____, A.D.

_____
DIRECTOR OF PLANNING AND COMMUNITY DEVELOPMENT,
CITY OF BAINBRIDGE ISLAND

APPROVED BY THE CITY ENGINEER

THIS _____ DAY OF _____, 20_____, A.D.

_____
CITY ENGINEER,
CITY OF BAINBRIDGE ISLAND

APPROVED BY THE CITY COUNCIL OF BAINBRIDGE ISLAND

THIS _____ DAY OF _____, 20_____, A.D.

_____
MAYOR,
CITY OF BAINBRIDGE ISLAND

COUNTY TREASURER'S CERTIFICATE

I,_____TREASURER OF KITSAP COUNTY, WASHINGTON, HEREBY CERTIFY THAT ALL TAXES ON THE ABOVE PROPERTY ARE FULLY PAID UP TO AND INCLUDING THE YEAR 20_____ , A.D.

_____
KITSAP COUNTY TREASURER

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Silverdale, Washington 98383
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PLAT OF PLEASANT BEACH VILLAGE II

A PORTION OF THE NE 1/4, NE 1/4, SECTION 4, TOWNSHIP 24 NORTH, RANGE 2 EAST, W.M.
CITY OF BAINBRIDGE ISLAND, KITSAP COUNTY, WASHINGTON

FOUND STANDARD KITSAP COUNTY MONUMENT IN CASE (MAY 2007)

BASIS OF BEARING NORTH 00°58'29" EAST ALONG THE EAST LINE OF SECTION 4, TOWNSHIP 24, RANGE 2 EAST

S88°39'03"E 439.99'

CALCULATED MONUMENT POSITION

1 4707-000-001-0007 | 2 4707-000-002-0006 | 3 4707-000-003-0005 | 4 4707-000-004-0004 | 5 4707-000-005-0003 | 6 4707-000-006-0002 | 7 4707-000-007-0001

BLAKELY HEIGHTS SUBDIVISION AS RECORDED IN VOLUME 18, PAGE 42, RECORDS OF KITSAP COUNTY, WA

FOUND CONCRETE MONUMENT w/ BRASS DISC (MAY 2007)

S00°58'29"W 504.61' | 1929.08'

NON-CLEARING BUFFER

210.00' | 30' | 30' | 125.00'

100' WELL BUFFER AFN 201705240025

042402-1-054-2005 SHORT PLAT PER AFN 9209030073

PROPOSED EASEMENT FOR WATER TRANSMISSION LINE TO K.P.U.D.

OPEN SPACE TRACT C

10' BUFFER PER AF# 9209030072 & 9209030073

125.00' | 92.76' | 15' | 15'

EASEMENT FOR WATER TRANSMISSION PER AFN 201705240026

20'

ROSALIND ROAD NE (PUBLIC-DEDICATED)

S58°12'25"W 153.65'

30' RIGHT OF WAY

PARCEL J 042402-1-104-2005 UN-PLATTED

PARCEL H 042402-1-103-2006 PBPBS LLC

TEMPORARY CONSTRUCTION SLOPE EASEMENT

S88°39'03"E 9.51'

30.00' | S00°58'29"W 180.00' | 163.88'

16.12' | 15.25'

10' PROPOSED PEDESTRIAN & UTILITY EASEMENT

EASEMENT FOR UNDERGROUND ELECTRIC SYSTEM 10' WIDE OVER AS-BULT SYSTEM IN THESE 20' WIDE STRIPS AF# 9407180027

OPEN SPACE TRACT B

30'

105.91'

13 14 15 16 17 18 19 20 21 22

S85°43'02"W 30.00'

OPEN SPACE TRACT D

100' EX WELL BUFFER

332502-4-033-2009

332502-4-013-2003

OPEN SPACE EASEMENT

Δ=19°23'51" R=125.00' L=42.32'

30' RIGHT OF WAY

OPEN SPACE EASEMENT

NE DOTSON LOOP (PUBLIC-DEDICATED) 428.28'

S57°40'00"W 48.71'

N08°23'15"W

N11°00'36"E 51.73'

15' PROPOSED SANITARY SEWER EASEMENT TO C.O.B.I.

S73°04'10"W 52.18'

(PUBLIC)

N52°13'35"W 51.83'

S73°04'10"W 61.27'

N16°55'50"W 6.46'

NE BAKER HILL ROAD

N88°39'03"W 2064.19'

S88°39'03"E 165.85'

10' STORM DRAINAGE EASEMENT TO H.O.A. FOR MAINTENANCE

OPEN SPACE TRACT A

1 2 3 4 5 6 7 8 9 10 11 12

PARCEL G 042402-1-102-2007 PBPBS LLC

10' PEDESTRIAN & UTILITY EASEMENT TO C.O.B.I., K.P.U.D., & P.S.E.

10' STORM DRAINAGE EASEMENT TO H.O.A. FOR MAINTENANCE

OPEN SPACE TRACT E

N16°55'50"W 86.06'

(PRIVATE)

BIO-RETENTION CELL EASEMENT MAINTAINED BY H.O.A.

332502-4-016-2000

N11°00'36"E 318.78'

363.12'

N08°23'15"W

10' STORM DRAINAGE EASEMENT TO H.O.A. FOR MAINTENANCE

50' 10' PUBLIC PEDESTRIAN EASEMENT LOCATED WITHIN THE DELINEATED NORTHERLY 50' PER AF# 200808270234

10' BUFFER PER AF# 9209030072 & 9209030073

EXCLUSIVE USE EASEMENT PER A.F.N. 201708100215.

EXCLUSIVE USE EASEMENT PER A.F.N. 201708100215.

ACCESS EASEMENT PER AFN 201708100217

FOUND STANDARD KITSAP COUNTY MONUMENT IN CASE (MAY 2007)

8212-000-000-0007
RESIDENCES AT PLEASANT BEACH CONDOMINIUM VOLUME 9, PAGES 248-256 & VOLUME 10, PAGES 11-19 & VOLUME 10, PAGES 20-26 & VOLUME 10, PAGES 37-53 & VOLUME 10, PAGES 54-59

NE DOTSON LOOP (PRIVATE)

PITTS PATH (PRIVATE)

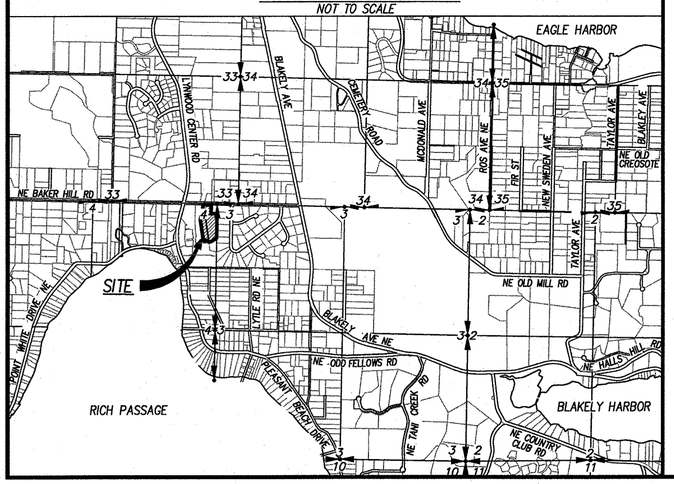
RECREATIONAL USE EASEMENT PER AFN 201708100216

100' EX WELL BUFFER PER AF# 200306200242

PARCEL E 042402-1-100-2009

LOCATION MAP

NOT TO SCALE



LEGEND

- FOUND SECTION CORNER MONUMENT (AS NOTED)
- SET 2" IRON PIPE FILLED w/ CONCRETE w/ NAIL AND L.S. SHINER AND 8" CONCRETE COLLAR

50 0 25 50 100
(IN FEET)
1 inch = 50 ft.

DESCRIPTION

RESULTANT PARCELS G AND H OF BOUNDARY LINE ADJUSTMENT RECORDED UNDER AUDITOR'S FILE Nos. 201707250252 and 201707250253, AND AS DEPICTED ON SURVEY RECORDED UNDER AUDITOR'S FILE No. 201707250255, IN VOLUME 84 OF SURVEYS, PAGE 181, BEING A PORTION OF GOVERNMENT LOT 5, SECTION 4, TOWNSHIP 24 NORTH, RANGE 2 EAST, W.M., IN KITSAP COUNTY, WASHINGTON.

JOHN D. KIENAST — STATE OF WASHINGTON — 36801 — REGISTERED PROFESSIONAL LAND SURVEYOR

02-25-19

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Silverdale, Washington 98383
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PLAT OF PLEASANT BEACH VILLAGE II

A PORTION OF THE NE 1/4, NE 1/4, SECTION 4, TOWNSHIP 24 NORTH, RANGE 2 EAST, W.M.
CITY OF BAINBRIDGE ISLAND, KITSAP COUNTY, WASHINGTON

BASIS OF BEARING NORTH 00°58'29" EAST ALONG THE EAST LINE OF SECTION 4, TOWNSHIP 24, RANGE 2 EAST

NE BAKER HILL ROAD

FOUND A&G 3/4" IRON PIPE w/ PLUG

10' BUFFER PER AF# 9209030072 & 9209030073

50' 10' PUBLIC PEDESTRIAN EASEMENT LOCATED WITHIN THE DELINEATED NORTHERLY 50' PER AF# 200808270234

10' STORM DRAINAGE EASEMENT TO H.O.A. FOR MAINTENANCE

OPEN SPACE TRACT A

BIO-RETENTION CELL EASEMENT MAINTAINED BY H.O.A.

EASEMENT FOR UNDERGROUND ELECTRIC SYSTEM 10' WIDE OVER AS-BUILT SYSTEM IN THESE 20' WIDE STRIPS AF# 9407180027

15' REAR YARD SETBACK (TYPICAL)

10' PEDESTRIAN & UTILITY EASEMENT (SEE EASEMENT RESERVATIONS SHT. 6)

15' FRONT YARD SETBACK (TYPICAL)

OPEN SPACE TRACT B

EXCLUSIVE USE EASEMENT PER A.F.N. 201708100215

8212-000-000-0007

RESIDENCES AT PLEASANT BEACH CONDOMINIUM VOLUME 9, PAGES 248-256 & VOLUME 10, PAGES 11-19 & VOLUME 10, PAGES 20-26 & VOLUME 10, PAGES 37-53 & VOLUME 10, PAGES 54-59

5' SIDE YARD SETBACK (TYPICAL)

NE DOTSON LOOP

ROSALIND ROAD NE

OPEN SPACE ESMNT

15' FRONT YARD SETBACK (TYPICAL)

10' PEDESTRIAN & UTILITY EASEMENT (SEE EASEMENT RESERVATIONS SHT. 6)

5' SIDE YARD SETBACK (TYPICAL)

OPEN SPACE TRACT C

EASEMENT FOR WATER TRANSMISSION PER AFN 201705240026

TEMPORARY CONSTRUCTION SLOPE EASEMENT PER A.F.N.

NON-CLEARING BUFFER

10' BUFFER PER AF# 9209030072 & 9209030073

100' WELL BUFFER AFN 201705240025

042402-1-054-2005 SHORT PLAT PER AFN 9209030073

BLAKELY HEIGHTS SUBDIVISION AS RECORDED IN VOLUME 18, PAGE 42, RECORDS OF KITSAP COUNTY, WA

LEGEND

- FOUND SECTION CORNER MONUMENT
- CALCULATED SECTION CORNER MONUMENT
- SET 2" IRON PIPE FILLED w/ CONCRETE w/ NAIL AND L.S. SHINER AND 8" CONCRETE COLLAR
- SET 1.17" DIAMETER BRONZE DISC. FLUSH IN CENTERLINE OF ROAD IN CONCRETE "MAP LTD - 36801"
- SET 3/4" IRON PIPE w/ STANDARD L.S. PLUG - "JDK 36801"
- SET 2" BRASS DISC IN CONCRETE IN MONUMENT CASE
- FOUND CORNER (AS NOTED)

C.O.B.I. - CITY OF BAINBRIDGE ISLAND

H.O.A. - HOMEOWNERS ASSOCIATION

SEE SHEET 4 OF 6

LINE TABLE		
LINE	BEARING	DISTANCE
L-1	S19°59'09"W	23.22'
L-2	N88°39'03"W	85.19'
L-3	S88°39'03"E	10.55'
L-4	N88°39'03"W	76.02'
L-5	S88°39'03"E	10.55'
L-6	S19°59'19"W	3.79'
L-7	S11°00'36"W	34.18'
L-8	N88°39'03"W	73.62'

LINE TABLE		
LINE	BEARING	DISTANCE
L-9	S88°39'03"E	10.14'
L-10	N88°39'03"W	73.62'
L-11	S88°39'03"E	10.14'
L-12	S11°00'36"W	19.13'
L-13	S54°04'14"W	10.00'
L-14	N81°15'03"E	85.15'
L-15	S81°15'03"W	10.45'

CURVE TABLE			
CURVE	DELTA (Δ)	RADIUS	LENGTH
C-1	74°13'47"	24.46'	31.69'
C-2	8°58'43"	145.54'	22.81'
C-3	13°37'01"	145.54'	34.59'

20 0 10 20 40
(IN FEET)
1 inch = 20 ft.

JOHN D. KIEFER — STATE OF WASHINGTON — 36801 — REGISTERED PROFESSIONAL LAND SURVEYOR
02-25-19

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PLAT OF PLEASANT BEACH VILLAGE II

A PORTION OF THE NE 1/4, NE 1/4, SECTION 4, TOWNSHIP 24 NORTH, RANGE 2 EAST, W.M.
CITY OF BAINBRIDGE ISLAND, KITSAP COUNTY, WASHINGTON

SEE SHEET 3 OF 6

BASIS OF BEARING NORTH 00°58'29" EAST ALONG THE EAST LINE OF SECTION 4, TOWNSHIP 24, RANGE 2 EAST

8212-000-000-0007

RESIDENCES AT PLEASANT BEACH CONDOMINIUM VOLUME 9, PAGES 248-256 & VOLUME 10, PAGES 11-19 & VOLUME 10, PAGES 20-26 & VOLUME 10, PAGES 37-53 & VOLUME 10, PAGES 54-59

EXCLUSIVE USE EASEMENT PER A.F.N. 201708100215.

LEGEND

- FOUND SECTION CORNER MONUMENT
- CALCULATED SECTION CORNER MONUMENT
- SET 2" IRON PIPE FILLED w/ CONCRETE w/ NAIL AND L.S. SHINER AND 8" CONCRETE COLLAR
- SET 1.17" DIAMETER BRONZE DISC. FLUSH IN CENTERLINE OF ROAD IN CONCRETE "MAP LTD - 36801"
- SET ¾" IRON PIPE w/ STANDARD L.S. PLUG - "JDK 36801"
- SET 2" BRASS DISC IN CONCRETE IN MONUMENT CASE
- FOUND CORNER (AS NOTED)

C.O.B.I. - CITY OF BAINBRIDGE ISLAND

H.O.A. - HOMEOWNERS ASSOCIATION

4 5 6 7 8 9 21 20 19 18 17 16 2 3 4

Δ=13°14'14" R=135.54' L=31.31'
Δ=6°09'37" R=135.54' L=14.57'
Δ=19°23'51" R=135.54' L=45.89'
Δ=19°23'51" R=125.00' L=42.32'
Δ=19°23'51" R=105.54' L=35.73'
Δ=4°51'27" R=608.46' L=51.59'
Δ=37°10'05" R=608.46' L=394.71'
Δ=4°46'23" R=608.46' L=50.69'
Δ=4°43'30" R=608.46' L=50.18'
Δ=4°43'35" R=608.46' L=50.01'
Δ=4°43'35" R=608.46' L=50.01'
Δ=3°01'03" L=443.99'
Δ=2°47'52" R=608.46' L=29.71'
Δ=41°21'51" R=615.00'
Δ=29°52'59" R=638.46'

10' STORM DRAINAGE EASEMENT TO H.O.A. FOR MAINTENANCE

10' PEDESTRIAN & UTILITY EASEMENT (SEE EASEMENT RESERVATION SHT. 6)

15' FRONT YARD SETBACK (TYPICAL)

15' REAR YARD SETBACK (TYPICAL)

5' SIDE YARD SETBACK (TYPICAL)

OPEN SPACE EASEMENT (TYPICAL)

NON-CLEARING BUFFER 15'

EASEMENT FOR WATER TRANSMISSION LINE TO K.P.U.D. 15'

10' BUFFER PER AF# 9209030072 & 9209030073 10'

OPEN SPACE TRACT C

ROSALIND ROAD NE

NE DOTSON LOOP

BLAKELY HEIGHTS SUBDIVISION AS RECORDED IN VOLUME 18, PAGE 42, RECORDS OF KITSAP COUNTY, WA

SEE SHEET 5 OF 6

LINE TABLE		
LINE	BEARING	DISTANCE
L-16	N82°15'35"E	80.96'
L-17	S82°15'35"W	10.04'
L-18	S08°23'15"E	36.65'
L-19	N81°36'45"E	88.36'
L-20	S81°36'45"W	10.00'

LINE TABLE		
LINE	BEARING	DISTANCE
L-21	N81°36'45"E	88.36'
L-22	S81°36'45"W	10.00'
L-23	N81°36'45"E	88.36'
L-24	S81°36'45"W	10.00'
L-25	N81°36'45"E	88.36'

LINE TABLE		
LINE	BEARING	DISTANCE
L-26	S81°36'45"W	10.00'
L-27	N81°15'03"E	106.73'
L-28	S81°15'03"W	10.22'
L-29	N81°15'03"E	115.42'
L-30	S81°15'03"W	10.08'

LINE TABLE		
LINE	BEARING	DISTANCE
L-31	N81°15'03"E	119.84'
L-32	S81°15'03"W	10.01'
L-33	N81°15'03"E	115.05'
L-34	S81°15'03"W	15.01'
L-35	N81°15'03"E	116.08'

LINE TABLE		
LINE	BEARING	DISTANCE
L-36	S81°15'03"W	10.08'

CURVE TABLE			
CURVE	DELTA (Δ)	RADIUS	LENGTH
C-3	13°37'01"	145.54'	34.59'

20 0 10 20 40
(IN FEET)
1 inch = 20 ft.

JOHN D. KIEL 36801 STATE OF WASHINGTON REGISTERED PROFESSIONAL LAND SURVEYOR
02-25-19

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PLAT OF PLEASANT BEACH VILLAGE II

A PORTION OF THE NE 1/4, NE 1/4, SECTION 4, TOWNSHIP 24 NORTH, RANGE 2 EAST, W.M.
CITY OF BAINBRIDGE ISLAND, KITSAP COUNTY, WASHINGTON

SEE SHEET 4 OF 6

BASIS OF BEARING NORTH 00°58'29" EAST ALONG THE EAST LINE OF SECTION 4, TOWNSHIP 24, RANGE 2 EAST

EXCLUSIVE USE EASEMENT PER A.F.N. 201708100215.

8212-000-000-0007

RESIDENCES AT PLEASANT BEACH CONDOMINIUM VOLUME 9, PAGES 248-256 & VOLUME 10, PAGES 11-19 & VOLUME 10, PAGES 20-26 & VOLUME 10, PAGES 37-53 & VOLUME 10, PAGES 54-59

LEGEND

- FOUND SECTION CORNER MONUMENT
- CALCULATED SECTION CORNER MONUMENT
- SET 2" IRON PIPE FILLED w/ CONCRETE w/ NAIL AND L.S. SHINER AND 8" CONCRETE COLLAR
- SET 1.17" DIAMETER BRONZE DISC. FLUSH IN CENTERLINE OF ROAD IN CONCRETE "MAP LTD - 36801"
- SET ¾" IRON PIPE w/ STANDARD L.S. PLUG - "JDK 36801"
- SET 2" BRASS DISC IN CONCRETE IN MONUMENT CASE
- FOUND CORNER (AS NOTED)

C.O.B.I. - CITY OF BAINBRIDGE ISLAND

H.O.A. - HOMEOWNERS ASSOCIATION

50 0 25 50 100
(IN FEET)
1 inch = 50 ft.

LINE TABLE		
LINE	BEARING	DISTANCE
L-36	N81°36'45"E	88.36'
L-37	S81°36'45"W	10.00'
L-38	N81°36'45"E	88.36'
L-39	S81°36'45"W	10.00'
L-40	N81°36'45"E	88.36'
L-41	S81°36'45"W	10.00'
L-42	S08°23'15"E	48.68'
L-43	N81°36'45"E	82.53'
L-44	S81°36'45"W	10.50'
L-45	N73°04'10"E	61.27'
L-46	N81°15'03"E	107.92'
L-47	S81°15'03"W	10.18'
L-48	S02°03'27"W	46.47'
L-49	N81°15'03"E	98.72'
L-50	S81°15'03"W	10.16'
L-51	N81°15'03"E	89.07'
L-52	S81°15'03"W	5.00'
L-53	S81°15'03"W	10.00'
L-54	S58°12'25"W	53.71'

CURVE TABLE			
CURVE	DELTA (Δ)	RADIUS	LENGTH
C-4	21°19'45"	23.46'	8.73'
C-5	60°07'40"	23.46'	24.62'
C-6	0°46'39"	326.45'	2.52'
C-7	1°05'06"	326.45'	6.18'
C-8	66°47'12"	39.46'	45.99'
C-9	113°24'20"	15.00'	29.69'

9, 10, 11, 12, 13, 14, 15, 16

NE DOTSON LOOP

ROSALIND ROAD NE

15' FRONT YARD SETBACK (TYPICAL)

15' REAR YARD SETBACK (TYPICAL)

5' SIDE YARD SETBACK (TYPICAL)

10' PEDESTRIAN & UTILITY EASEMENT (SEE EASEMENT RESERVATIONS SHT. 6)

10' STORM DRAINAGE EASEMENT TO H.O.A. FOR MAINTENANCE

OPEN SPACE EASEMENT

OPEN SPACE TRACT E

OPEN SPACE TRACT D

15' SANITARY SEWER EASEMENT TO C.O.B.I.

10' BUFFER PER AF# 9209030072 & 9209030073

NON-CLEARING BUFFER

BLAKELY HEIGHTS SUBDIVISION AS RECORDED IN VOLUME 18, PAGE 42, RECORDS OF KITSAP COUNTY, WA

PARCEL J
042402-1-104-2005
UN-PLATTED

FOUND CONCRETE MONUMENT w/ BRASS DISK (MAY 2007)

DETAIL
SCALE: 1" = 5'

SEE DETAIL

JOHN D. KLEIN
STATE OF WASHINGTON
36801
REGISTERED
PROFESSIONAL LAND SURVEYOR

02-25-09

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PLAT OF PLEASANT BEACH VILLAGE II

A PORTION OF THE NE 1/4, NE 1/4, SECTION 4, TOWNSHIP 24 NORTH, RANGE 2 EAST, W.M.
CITY OF BAINBRIDGE ISLAND, KITSAP COUNTY, WASHINGTON

NOTES

1. THIS SURVEY MEETS MINIMUM REQUIREMENT STANDARDS PER WAC 332-130-090.
2. FIELD PROCEDURES ACCOMPLISHED RUNNING CONTROL TRAVERSES AND RADIAL CORNER STAKE OUT WITH A THREE SECOND THEODOLITE, E.D.M. AND CALIBRATED STEEL MEASURING TAPE.
3. OPEN SPACE TRACTS AND EASEMENTS ARE COMMUNITY OPEN SPACE AND ARE HEREBY DEDICATED TO THE PLEASANT BEACH VILLAGE II HOMEOWNERS ASSOCIATION.
4. AN OPEN SPACE MANAGEMENT PLAN HAS BEEN PREPARED TO ADDRESS MAINTENANCE AND PROTECTION OF THOSE PORTIONS OF OPEN SPACE IN THE PLAT OF PLEASANT BEACH VILLAGE HELD IN COMMON OWNERSHIP.
5. THE USE, PURPOSE, AND MAINTENANCE OF OPEN SPACE TRACTS AND EASEMENTS ARE FURTHER CONDITIONS AND RESTRICTED BY DOCUMENTS RECORDED SEPARATELY FROM THIS DOCUMENT.
6. NO BUILDINGS OR IMPERVIOUS SURFACES SHALL BE CONSTRUCTED IN THE COMMON OPEN SPACE AREAS.
7. ALL LOTS ARE OBLIGATED TO ACCEPT ROAD DRAINAGE AT THE NATURAL LOCATIONS AFTER THE GRADING OF THE STREETS ARE COMPLETED.
8. ALL ROOF AND YARD DRAINS MUST BE DIRECTED SO AS TO NOT ADVERSELY AFFECT ADJACENT PROPERTIES.
9. TOTALED PLATTED AREA: 4.83 AC.
   PERCENTAGE OF PLAT WITHIN OPEN SPACE: 19.86%
10. OPEN SPACE SIGNAGE SHALL BE INSTALLED AND MAINTAINED BY THE PLEASANT BEACH VILLAGE MASTER ASSOCIATION IN COMPLIANCE WITH CITY OF BAINBRIDGE ISLAND MUNICIPAL CODE.

EASEMENT RESERVATIONS

PBPBS, LLC HEREBY GRANTS, CONVEYS AND QUIT CLAIMS TO PUGET SOUND ENERGY, K.P.U.D. No. 1, ANY UTILITY COMPANY, THE CITY OF BAINBRIDGE ISLAND, PLEASANT BEACH VILLAGE II HOMEOWNERS ASSOCIATION, AND ANY CABLE TELEVISION COMPANY PROVIDING CABLE SERVICE TO THE PLAT OF PLEASANT BEACH VILLAGE, THEIR RESPECTIVE SUCCESSORS AND ASSIGNS, A NON-EXCLUSIVE EASEMENT UNDER, ACROSS, THROUGH AND UPON A 'TEN FOOT UTILITIES AND MAINTENANCE EASEMENT" ADJACENT TO THE PUBLIC ROADWAY ON EACH LOT FOR THE PURPOSE OF INSTALLATION, PLACEMENT, CONSTRUCTION, RENEWAL, OPERATION, USE AND MAINTENANCE OF UNDERGROUND CONDUITS, CABLE, PIPELINE AND WIRES, TOGETHER WITH THE NECESSARY FACILITIES AND OTHER EQUIPMENT APPURTENANT THERETO, FOR THE PURPOSE OF PROVIDING SERVICE TO THE PLAT OF PLEASANT BEACH VILLAGE II WITH ELECTRIC, WATER, TELEPHONE, DRAINAGE, GAS AND CABLE SERVICE, TOGETHER WITH THE RIGHT OF REASONABLE ACCESS TO SAID PROPERTY AND TO ENTER UPON ALL TRACTS AND LOTS LOCATED WITHIN THE PLAT OF PLEASANT BEACH VILLAGE II TO FACILITATE THE PURPOSES SET FORTH HEREIN. TO THE EXTENT REASONABLE AND PRACTICAL, ANY SUCH UTILITY SHALL BE REQUIRED, AS A CONDITION OF THE EASEMENT GRANTED HEREIN TO RESTORE THE EASEMENT AREAS FOLLOWING INSTALLATION, MAINTENANCE OR REPAIR TO THE CONDITION EXISTING PRIOR TO SAID ACTIVITY. WITHIN THE "TEN FOOT UTILITIES AND MAINTENANCE EASEMENT" NO STRUCTURE, PLANTING OR OTHER MATERIAL SHALL BE PLACED OR PERMITTED TO REMAIN WHICH MAY DAMAGE EXISTING FACILITIES OR INTERFERE WITH THE PURPOSE HEREIN STATED.

CONDITIONS OF APPROVAL

(NUMBERING IS CONSISTENT WITH C.O.B.I. PLEASANT BEACH VILLAGE PRELIMINARY SUBDIVISION CONDITIONS; FILE No: PLN 13880F SUB)

7. RESPONSIBILITY AND EXPENSE FOR MAINTENANCE OF STREETS SERVING LOTS WITHIN THIS SHORT PLAT / SUBDIVISION SHALL REST WITH THE LOT OWNERS UNLESS SUCH ROADS HAVE BEEN ACCEPTED BY THE CITY.
8. THE LOTS CREATED BY THIS PLAT ARE SUBJECT TO CONDITIONS OF AN ASSURANCE DEVICE HELD BY THE CITY FOR THE COMPLETION OF CERTAIN NECESSARY FACILITIES. BUILDING PERMITS MAY NOT BE ISSUED AND/OR OCCUPANCY MAY NOT BE ALLOWED UNTIL SUCH NECESSARY FACILITIES ARE COMPLETED AND APPROVED BY THE CITY OF BAINBRIDGE ISLAND. ALL PURCHASERS SHALL SATISFY THEMSELVES AS TO THE STATUS OF COMPLETION OF THE NECESSARY FACILITIES.
14. WHILE LOTS CREATED BY THE RECORDING OF THE FINAL PLAT MAY BE SOLD, NO OCCUPANCY OF ANY STRUCTURE WILL BE ALLOWED UNTIL THE REQUIRED IMPROVEMENTS ARE FORMALLY ACCEPTED BY THE CITY. ADDITIONALLY, A PROMINENT NOTE ON THE FACE OF THE FINAL PLAT DRAWING SHALL STATE: "THE LOTS CREATED BY THIS PLAT ARE SUBJECT TO CONDITIONS OF AN ASSURANCE DEVICE HELD BY THE CITY FOR THE COMPLETION OF CERTAIN NECESSARY FACILITIES. BUILDING PERMITS MAY NOT BE ISSUED AND/OR OCCUPANCY MAY NOT BE ALLOWED UNTIL SUCH NECESSARY FACILITIES ARE COMPLETED AND APPROVED BY THE CITY OF BAINBRIDGE ISLAND. ALL PURCHASERS SHALL SATISFY THEMSELVES AS TO THE STATUS OF COMPLETION OF THE NECESSARY FACILITIES."
23. A FINAL OPEN SPACE MANAGEMENT PLAN (OSMP) SHALL BE RECORDED WITH FINAL PLAT AND THE OSMP SHALL BE REFERENCED ON THE FACE OF THE PLAT. THE FINAL OSMP SHALL BE MODIFIED WITHIN THE PROPOSED CC&R'S TO CLEARLY IDENTIFY THE SECTION 6.5 AS AN OPEN SPACE MANAGEMENT PLAN. ALSO, THE PLAN SHALL BE MODIFIED TO PROHIBIT AGRICULTURAL USES, SEPTIC SYSTEMS AND ACTIVE RECREATION WITHIN OPEN SPACE TRACTS A, B, AND C.
24. LOT COVERAGE OF 25 PERCENT SHALL BE ALLOCATED AS FOLLOWS AND NOTED ON THE FACE OF THE PLAT: 2,389 SQUARE FEET PER LOT.
25. THE FOLLOWING SETBACKS SHALL BE NOTED AND DEPICTED ON THE FINAL PLAT (NOTE: THE BUILDING ENVELOPES ON

BUILDING TO BUILDING (ON-SITE)	MINIMUM 10 FEET
BUILDING TO EXTERIOR SUBDIVISION BOUNDARY LINE	MINIMUM 15 FEET
BUILDING TO RIGHT-OF-WAY (BAKER HILL ROAD)	MINIMUM 40 FEET
BUILDING TO OTHER STREETS (INTERNAL RIGHT-OF-WAY)	MINIMUM 15 FEET
BUILDING TO OPEN SPACE	MINIMUM 10 FEET
BUILDING TO TRAIL	MINIMUM 10 FEET

JOHN D. KIEKER — STATE OF WASHINGTON — 36801 REGISTERED PROFESSIONAL LAND SURVEYOR
02-25-19

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SUBDIVISION PERFORMANCE AGREEMENT

THIS SUBDIVISION PERFORMANCE AGREEMENT (this "Agreement") is entered into between PBPBS, LLC ("Applicant") and the City of Bainbridge Island, Washington (the "City").

1. The Applicant has applied for approval of a development known as Pleasant Beach Village (City File No. PLN13880F FSUB). As a condition of approval, the City has required various improvements in accordance with Chapter 2.16 of the Bainbridge Island Municipal Code ("BIMC") and an approved plat plan. Pursuant to Section 2.16.160(L), the City Council has determined that a performance assurance device by one of the methods described below for 12 months[1] will adequately protect the interests of the City.

2. The performance assurance device must be in the amount of 125 percent of the improvements to be installed, which is the sum of $167,451.25. The Applicant at its option shall file with the City as security for performance of the improvements (check appropriate method below):

_____ a. An assignment of funds on deposit in bank account (Acct. No. _____);

_____ b. An assignment of existing construction loan proceeds (Acct. No. _____);

_____ c. An irrevocable letter of credit issued by a federal or state chartered bank having a banking office in the State of Washington (Acct. No. _____);

_____ d. A cash deposit (Check No. _____);

__X__ e. A performance bond (Bond No. __PB10324000072__).

3. If the Applicant fails to complete the subdivision improvements described in paragraph 1 above to the satisfaction of the City, the City shall take all steps necessary to enforce the security device listed in paragraph 2. Funds received by the City from the security device shall be used solely for the purpose of completing the subdivision improvements described in paragraph 1. If the funds received by the City from the security device are insufficient to pay in full for the subdivision improvements, the City shall pay the additional cost of the improvements, and the applicant shall reimburse the City for the additional cost. If the applicant does not pay the additional cost to the City within 60 days of demand, the additional cost shall constitute a lien upon the real property described in City File No. PLN13880F FSUB, upon the filing by the City of such a lien.

[1] Within 1 year or such additional time as the City Engineer determines after final plat approval.

the funds received by the City from the security device exceed the actual cost of the subdivision improvements required to be completed by the City, any surplus remaining following completion of the improvements shall be returned to the order of the applicant and the surety or bank, if applicable.

4. If either party is required to file suit to enforce this Agreement or to enforce or collect on any security provided pursuant to this agreement, the prevailing party shall be entitled to recover all reasonable costs and attorneys' fees incurred therein.

5. This Agreement shall be binding on the heirs, assigns, successors, administrators, and executors of the parties.

6. This Agreement shall be governed by and construed in accordance with the laws of the State of Washington.

DATED this 21 day of December, 2018

CITY OF BAINBRIDGE ISLAND

By _____

Barry Loveless
City of Bainbridge Island
Public Works Director

PBPBS, LLC
(Applicant)

By _____

Kelly MacDonald
Governor

SUBDIVISION PERFORMANCE BOND

BOND NO.: PB10324000072

WHEREAS, PBPBS, LLC (the "Principal") has applied for approval of a development known as Pleasant Beach Village II (City File No. PLN13880F FSUB). As a condition of approval, the City has required various improvements in accordance with Chapter 2.16 of the Bainbridge Island Municipal Code ("BIMC") and an approved plat plan (the "Plan").

WHEREAS, pursuant to Section 2.16.160(L) BIMC, the City Council has determined that a performance bond will adequately protect the interests of the City.

NOW THEREFORE, the undersigned Principal and Philadelphia Indemnity Insurance Company, a corporation authorized to transact surety business in the State of Washington (hereinafter referred to as the "Surety"), agree and bind themselves, their heirs, executors, administrators and assigns, unto the City in the amount of One Hundred Sixty-Seven Thousand Four Hundred Fifty-One and 25/100 Dollars ($167,451.25), that being 125 percent of the established costs of completing the infrastructure, according to the following terms and conditions.

1. The Principal and Surety agree that in the event the improvements are not installed within one year in accordance with the Plan and Section 2.16.160(L) of the Bainbridge Island Municipal Code, then the Surety shall, within 20 days demand of the City make a written commitment to the City that it will either:

(a) remedy the default itself with reasonable diligence pursuant to a time schedule acceptable to the City, or

(b) tender to the City within an additional 10 days the amount necessary, as determined by the City, for the City to remedy the default, up to the total bond amount.

The Surety shall then fulfill its obligations under this bond, according to the option it has selected.

If the Surety elects option (b), then upon completion of the remedy the City shall notify the Surety of the actual costs of the remedy. The City shall return, without interest, any overpayment made by the Surety, and the Surety shall pay to the City any actual costs which exceed the City's estimate, limited to the bond amount.

2. If the Principal fails to install the improvements within the time period requested by the City, the City's employees and agents are hereby authorized to enter onto said property and to perform such work. This provision shall not be construed as creating any obligation on the part of the City or its representatives.

3. In the event any lawsuit is instituted to enforce the terms of this bond or to determine the rights of any party hereunder, the prevailing party in such litigation shall be entitled to recover from the losing party its costs, including reasonable attorneys' fees, incurred as a result of such lawsuit.

4. This bond shall remain in full force and effect until the obligations secured hereby have been fully performed and until released in writing by the City at the request of the Surety or the Principal.

Sealed and dated this 18th day of December, 2018.

PRINCIPAL: PBPBS, LLC

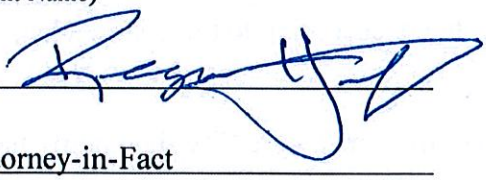
By: Kelly MacDonald
(Print Name)

Signature:

Title: Governor

SURETY: Philadelphia Indemnity Insurance Company

By: Regan Hupf
(Print Name)

Signature: 

Title: Attorney-in-Fact

Address: 1325 Fourth Ave, Ste 2100

Seattle, WA 98101

Attachments: Original Surety Power of Attorney

PHILADELPHIA INDEMNITY INSURANCE COMPANY
One Bala Plaza, Suite 100
Bala Cynwyd, PA 19004-0950

Power of Attorney

KNOW ALL PERSONS BY THESE PRESENTS: That **PHILADELPHIA INDEMNITY INSURANCE COMPANY** (the Company), a corporation organized and existing under the laws of the Commonwealth of Pennsylvania, does hereby constitute and appoint **Regan Hupf, Kathleen Maria Moss, Matthew Benoit and Kyaw Swar of MCM Insurance Services LLC**, its true and lawful Attorney-in-fact with full authority to execute on its behalf bonds, undertakings, recognizances and other contracts of indemnity and writings obligatory in the nature thereof, issued in the course of its business and to bind the Company thereby, in an amount not to exceed **$50,000,000**.

This Power of Attorney is granted and is signed and sealed by facsimile under and by the authority of the following Resolution adopted by the Board of Directors of PHILADELPHIA INDEMNITY INSURANCE COMPANY on the 14th of November, 2016.

RESOLVED: That the Board of Directors hereby authorizes the President or any Vice President of the Company: (1) Appoint Attorney(s) in Fact and authorize the Attorney(s) in Fact to execute on behalf of the Company bonds and undertakings, contracts of indemnity and other writings obligatory in the nature thereof and to attach the seal of the Company thereto; and (2) to remove, at any time, any such Attorney-in-Fact and revoke the authority given. And, be it

FURTHER RESOLVED: That the signatures of such officers and the seal of the Company may be affixed to any such Power of Attorney or certificate relating thereto by facsimile, and any such Power of Attorney so executed and certified by facsimile signatures and facsimile seal shall be valid and binding upon the Company in the future with respect to any bond or undertaking to which it is attached.

IN TESTIMONY WHEREOF, PHILADELPHIA INDEMNITY INSURANCE COMPANY HAS CAUSED THIS INSTRUMENT TO BE SIGNED AND ITS CORPORATE SEALTO BE AFFIXED BY ITS AUTHORIZED OFFICE THIS 27TH DAY OF OCTOBER, 2017.

(Seal)

Robert D. O'Leary Jr., President & CEO
Philadelphia Indemnity Insurance Company

On this 27th day of October, 2017, before me came the individual who executed the preceding instrument, to me personally known, and being by me duly sworn said that he is the therein described and authorized officer of the **PHILADELPHIA INDEMNITY INSURANCE COMPANY**; that the seal affixed to said instrument is the Corporate seal of said Company; that the said Corporate Seal and his signature were duly affixed.

COMMONWEALTH OF PENNSYLVANIA
NOTARIAL SEAL
Morgan Knapp, Notary Public
Lower Merion Twp., Montgomery County
My Commission Expires Sept 25, 2021
MEMBER, PENNSYLVANIA ASSOCIATION OF NOTARIES

(Notary Seal)

Notary Public: Morgan Knapp
residing at: Bala Cynwyd, PA
My commission expires: September 25, 2021

I, Edward Sayago, Corporate Secretary of PHILADELPHIA INDEMNITY INSURANCE COMPANY, do hereby certify that the foregoing resolution of the Board of Directors and the Power of Attorney issued pursuant thereto on the 27th day of October, 2017 are true and correct and are still in full force and effect. I do further certify that Robert D. O'Leary Jr., who executed the Power of Attorney as President, was on the date of execution of the attached Power of Attorney the duly elected President of PHILADELPHIA INDEMNITY INSURANCE COMPANY.

In Testimony Whereof I have subscribed my name and affixed the facsimile seal of each Company this 14th day of Dec, 20 18.

Edward Sayago, Corporate Secretary
PHILADELPHIA INDEMNITY INSURANCE COMPANY

BEFORE THE HEARING EXAMINER
FOR THE CITY OF BAINBRIDGE ISLAND

In the Matter of an Application for a Preliminary Subdivision for	)	**PLN13880F SUB**
PLEASANT BEACH VILLAGE	)	**FINDINGS OF FACT, CONCLUSIONS OF LAW AND ORDER**
Creating 22 Lots on 4.83 Acres With Associated Open Space and Public Roads, south of NE Baker Hill Road.	)	

SUMMARY

Applicant:	PBPBS LLC P.O. Box 10159 Bainbridge Island, WA 98110
Location:	Bordering the south side of NE Baker Hill Road within a portion of NE1/4NE1/4 Sec. 4, T24N, R2E, W.M.
Comp Plan:	Open Space Residential
Zoning:	R-5
Summary of Proposal:	To subdivide two lots totaling 4.83 acres into 22 lots with associated open space and public roads.
SEPA Compliance:	Mitigated Determination of Non-Significance (MDNS) issued March 22, 2017. No appeals.
Public Hearing:	June 8, 2017. Testimony by Staff, Applicant's Representative and two members of the public. No opposition.
Decision:	The application is approved, subject to conditions.

FINDINGS OF FACT

1. PBPBS LLC seeks to subdivide two lots consisting of 4.83 acres into 22 lots with associated open space and public roads.

2. The property is located south of NE Baker Hill Road near the south end of the island on land within a portion of NE1/4NE1/4 Sec. 4. T24N, R2E. W.M.

3. The two lots that comprise the site are 2.15 and 2.68 acres in size. The land is currently vacant, although as part of a previously approved development (Blossom Hill), the applicant has installed road, sewer, water and stormwater infrastructure.

4. The Comprehensive Plan designation of the site is Open Space Residential. The zoning of the site is R-5 as is the zoning of the neighboring properties to the west and south. Properties to the east and to the north (across Baker Hill Road) are zoned R-1.

5. The adopted subarea plan for the Lynwood Center Special Planning Area applies to the subject parcels. The plan recommends that R-5 zoned parcels continue to allow up to five units per acre if the units are served by public sewer. The proposed subdivision shall be subject to a binding letter of sewer availability being provided prior to final plat.

6. The main access to the site will be from the north, off of Baker Hill Road. The entry branches into a loop which will border all of the building lots and eventually lead back to the entry point. Bordering the west side of the loop (Upper Dotson Loop) will be 12 single family dwellings. Along the east side of the loop (Ridge Road) will be another 10 single family dwellings. The loop road will be dedicated to the public.

7. At the southeast corner of the property will be another road access connecting the private Lower Dotson Loop and Pitts Path to Lynwood Center Road.

8. The project is installing sidewalk along all of the internal roads. A multi-use non-motorized trail is to be provided for the property's Baker Hill Road frontage. To ensure a safe walking path from the development to Blakely School the three-foot gravel shoulder from the end of the non-motorized trail on the subject property to the intersection of Baker Hill Road and Blakely Heights Drive is to be refurbished with new gravel shoulder.

9. The City Engineer determined that the capacity of transportation facilities affected by the proposed development is equal to or greater than the capacity required to maintain the level of service standard for the impact of the development. A Certificate of Concurrency was issued for the project.

10. The proposed open space will include a sizeable tract along the east side of Ridge Road, a roadside buffer easement along the east side of Upper Dotson Loop, and four smaller tracts near the east and west boundaries of the plat. The open space areas will include trail connections to off-site properties and to Blakely Elementary school.

11. The large open space tract along the eastern property line will provide a buffer of native vegetation between the subdivision and existing single-family development to the east.

12. The designated open space tracts will be in common ownership, managed by a homeowner's association. The buffer easement will be part of lots #13-21 and may be used as private yards, but will be protected by covenant and easement terms.

13. The CC&R's shall contain and clearly identify an Open Space Management Plan. The plan shall prohibit agricultural uses, septic systems and active recreation with open space tracts.

14. The planned provisions for open space meet applicable standards, including the requirement for a maximum of 25 percent of the lot area of the property subdivided to be designated as open space.

15. The site is wooded and slopes from east to west offering views over Lynnwood Center and Rich Passage. While there are no critical areas, there are some significant slopes requiring review and analysis by a geotechnical engineer.

16. Environmental review as conducted pursuant to the State Environmental Policy Act. A Mitigated Determination of Non-Significance (MDNS) was issued. This decision was not appealed. An environmental impact statement need not be prepared.

17. As conditioned, the proposed plat meets density and lot area requirements. Setback and lot coverage standards can be met and will be shown on the face of the plat. A landscape buffer is to be planted and maintained in conformance with roadside buffer standards.

18. The City Engineer reviewed the plans and recommended approval of the preliminary plat, as conditioned. She found that the proposal conforms to stormwater requirements, will not cause undue burden on the drainage basin, and will not unreasonably interfere with the use and enjoyment of downstream properties. She also found that streets and pedestrian ways are coordinated with streets serving adjacent properties and are adequate to accommodate anticipated traffic; that the water and sewer system has sufficient capacity to serve the plat; and that the preliminary plat conforms to Bainbridge Island design and construction standards with the exception of right-of-way for which a variation was approved.

19. The Examiner concurs with the City Engineer's findings and expressly finds that public utilities and services adequate to accommodate the demands of the development are available.

20. Consulted departments and agencies have no objections to the proposed subdivision. Their comments are reflected in conditions of approval.

21. The Staff analyzed this proposal in light of the preliminary long subdivision decision criteria (BMC 12.16.125.H). As conditioned, they found that the planned development will be

consistent with the standards. The Hearing Examiner concurs with this analysis and adopts the same. The Staff Report is by this reference incorporated herein as thought fully set forth.

22. The Staff adequately responded to public testimony and public correspondence. In particular Staff has noted that all proposed houses within the subdivision will have to comply with the zoning building height which is currently 25 feet. Moreover, the proposed landscaping along the eastern edge of the property is sensitive to views. Most of the trees and shrubs are either low growing or are narrow and cylindrical.

23. Any conclusion herein which may be deemed a finding is hereby adopted as such.

CONCLUSIONS OF LAW

1. The Hearing Examiner has jurisdiction over this proceeding.

2. The requirements of SEPA have been met.

3. As conditioned herein, the proposed preliminary plat meets the requirements of RCW 58.17.110. Adequate provision is made for the public health, safety and welfare and for the public use and interest.

4. As conditioned herein, the proposed preliminary plat meets the relevant provisions of the Bainbridge Island land use code in general, and BIMC 2.16.125(H) in particular.

5. Any finding herein which may be deemed a conclusion is hereby adopted as such.

CONDITIONS

SEPA Conditions

Earth

1. No clearing or grading for roads, drainage facilities, trails or other subdivision improvement shall occur until a plat utilities permit has been submitted, reviewed, and approved by the City for phase in which the work is to be completed.

2. All areas outside of the allowed buildings and impervious surfaces shall be retained in native vegetation, landscaped, or covered with mulch or straw prior to October 1st of each year.

3. Public Works finds that the proposed activity is likely to cause measurable degradation of surface water quality without a proper temporary erosion and sedimentation control plan (TESCP). Therefore prior to any construction within this subdivision a TESCP shall be submitted and approved by the City. Construction shall be restricted to the dates occurring between May1 and September 30 unless a wet weather erosion control plan is submitted and approved prior to construction.

4. All graded materials removed from the subdivision shall be hauled to and deposited at City approved locations. (Note: local regulations require that a grade/fill permits is obtained for any grading or filling of 50 cubic yards of material or more, and a SEPA Threshold Determination is required for any fill over 100 cubic yards.)

Air

5. To mitigate impacts on air quality during earth moving activities, contractors shall conform to Puget Sound Clean Air Agency Regulations, which insure that reasonable precautions are taken to avoid dust emissions. (Section 16.08.040, BIMC)

Environmental Health

6. Prior to final plat approval, approval from the Kitsap County Health District must be obtained.

7. On site mobile fueling from temporary tanks is prohibited unless the Applicant provides and is granted approval for a Permit and Best Management Plan that addresses proposed location, duration, containment, training, vandalism and cleanup. (Reference 1, Uniform Fire Code 7904.5.4.2.7 and 2. Department of Ecology, Stormwater Management Manual, August 2001, see Volume IV "Source Control BMP's for Mobile Fueling of Vehicles and Heavy Equipment".) (Chapter 173-304 WAC)

Noise

8. To mitigate any noise impacts, all construction activities must comply with BIMC 16.16.025 Limitation of Construction Activities.

Light and Glare

9. All lighting within the subdivision shall comply with the City's Lighting Ordinance, BIMC Chapter 15.34.

Historic and Cultural Preservation

10. Contractor is required to stop work and immediately notify the Department of Planning and Community Development and the Washington State Office of Archaeology and Historic Preservation if any historical or archaeological artifacts are uncovered during excavation or construction.

Transportation

11. To mitigate transportation impacts, the applicant shall install a multi-use non-motorized trail improvement for the length of the property's Baker Hill frontage. The trail improvement shall be consistent with the trails standard.

12. To ensure a safe walking path for students walking from the development to Blakely School, the three-foot gravel shoulder from the end of the non-motorized trail on the subject property to the intersection of Baker Hill Road and Blakely Heights Drive shall be refurbished with a new gravel shoulder meeting City guidelines.

13. Approved street names, traffic regulatory signs, and accessible mailbox locations that do not restrict pedestrian access must be shown on the plat utilities plans, which shall be submitted and approved prior to final plat.

Public Services

14. Public and private improvements, facilities, and infrastructure, on and off the site, that are required for the subdivision shall be completed, and have final inspection and approval prior to final plat approval. Approval of public facilities will be shown by a formal letter of acceptance from the City Engineer. An assurance device acceptable to the City may be used (in lieu of physical completion) to secure and provide for the completion of necessary facilities. Any such assurance device shall be in place prior to final plat approval, and shall enumerate in detail the items being assured and shall require that all such items will be completed and approved by the City within one year of the date of final plat approval. While lots created by the recording of the final plat may be sold, no occupancy of any structure will be allowed until the required improvements are formally accepted by the City. Additionally a prominent note on the face of the final plat drawing shall state:

> **"The lots created by this plat are subject to conditions of an assurance device held by the city for the completion of certain necessary facilities. Building permits may not be issued and/or occupancy may not be allowed until such necessary facilities are completed and approved by the City of Bainbridge Island. All purchasers shall satisfy themselves as to the status of completion of the necessary facilities."**

Project Conditions

15. The Pleasant Beach Village BLA (PLN13880G BLA) shall be recorded prior to submittal of the Final Plat application.

16. Except for modifications reflecting compliance with these conditions of approval, the final subdivision shall substantially conform to the plans date-stamped received on the following dates: Landscape plans, December 9, 2016; Preliminary plat sheets C-1 and C-2, dated May 30, 2017.

17. Prior to any construction activities, the applicant shall obtain the appropriate permits from the City of Bainbridge Island, including but not limited to, clearing, grading, and/or building permits.

18. The final plat shall comply with the following conditions of the Fire Marshal:

A. The proposed project shall comply with all provision of the adopted Fire Code.

B. Dotson Loop water system shall be connected to the Pitts Path water line and a flow test shall be conducted prior to "fire final" of any occupancy.

C. The fire hydrant locations along Ridge Lane shall be approved by the Fire Marshal prior to their installation and prior to final plat approval.

D. Fire hydrants shall be of an approved type and located with the approval of the Fire Marshal.

19. The preliminary subdivision approval is subject to the following conditions of the City's Development Engineer:

General

a. Civil construction plans, sections, profiles and details for all roads, roadway storm drainage facilities, and water facilities, and appurtenances, prepared by the developer's engineer shall be submitted to the City for review and approval. Approval is granted when a Plat Utilities Permit is issued by the City. The Plat Utilities Permit shall be obtained prior to final subdivision approval. Civil construction will be required before building permits shall be issued. In lieu of completion of improvements, the City Engineer may accept any assurance device, in an amount and in a form determined by the City, but not to exceed 125 percent of the established cost of completing the infrastructure that secures and provides for the actual construction and installation of the improvements or the performance of the conditions within one year, or such additional time as the City Engineer determines is appropriate after final plat approval.

b. Engineer certified as-built construction plans will be provided by the applicant prior to final plat approval.

c. A Developers Extension Agreement must be completed with the City for utilities and roadways that will be dedicated to the City.

Stormwater

d. Prior to any construction activities, the applicant shall apply for a Department of Ecology General Stormwater Construction Permit (Construction Permit) or extend the existing Permit. Any jobsite one acre or greater in size must comply with NPDES Phase II Department of Ecology requirements by applying for this permit.

e. Provide all discharge monitoring report (DMS) data required by the NPDES permit to PWAdmin@bainbridgewa.gov at the same frequency as required by the Construction Permit.

f. Turbidity/Transparency Benchmark Values and Triggers

1) If the discharge turbidity is 26 NTU and above the permittee must:

i. Review the stormwater pollution prevention plan (SWPPP) for compliance with the NPDES Special Condition S9 and make appropriate revisions within 7 days of the date the discharge exceeded the benchmark.

ii. Immediately begin the process to fully implement and maintain appropriate source control and/or treatment best management practices (BMPs) as soon as possible, addressing the problems within 10 days of the date the discharge exceeded the benchmark. If installation of necessary treatment BMPs is not feasible within 10 days, the City may approve additional time when the permittee requests an extension within the initial 10-day response period.

iii. **Level One Corrective Actions—Operational Source Control BMPs**

1) If the 25 NTU benchmark is exceeded for any quarter of the project duration, within 10 days the permittee must implement NEW (not existing) Chapter II-4-Best Management Practices Standards and Specifications II-4.1 Source Control BMPs from the 2014 Ecology Stormwater Management Manual for Western Washington (SWMMWW).

2) Provide a map of where these BMPs are being implemented and maintained until final site stabilization is approved by the City and Department of Ecology.

iv. **Level Two Corrective Actions—Runoff Conveyance and Treatment BMPs**

1) If the 25 NTU benchmark is exceeded for any two quarters of the project duration, within 20 days the permittee must implement NEW (not existing) Chapter II-4-Best Management Practices Standards and Specifications II-4.2 Runoff Conveyance and Treatment BMPs from the 2014 Ecology SWMMWW.

2) Provide a map of where these BMPs are being implemented and maintained until final site stabilization is approved by the City and Department of Ecology.

v. **Level Three and Four Corrective Actions—Runoff Conveyance**

and Treatment BMPs

1) If the 25 NTU benchmark is exceeded for any three or four quarters of the project duration, within 10 days the permittee must implement NEW (not existing) Chapter II-4-Best Management Practices Standards and Specifications II-4.2 Runoff Conveyance and Treatment BMPs from the 2014 Ecology SWMMWW. For quarter three and four new BMPS must include BMP C250: Construction Stormwater Chemical Treatment, or BMP C251: Construction Stormwater Filtration per the 2014 Ecology SWMMWW requirements.

2) Provide a map of where these BMPs are being implemented and maintained until final site stabilization is approved by the City and Department of Ecology.

vi. Document BMP implementation and maintenance—this documentation must be provided to PWAdmin@bainbridgewa.gov within 10 days or within a City and Department of Ecology approved deadline.

Sewer

g. A binding unlimited reservation and approval to connect to sewer is required prior to final subdivision.

Traffic and Roads

h. An approved deviation to the City of Bainbridge Island Urban Local Access Street Standard, Drawing No. 7-050 has been provided by the applicant. The roadway shown on the proposed plan, will have a 30-foot right-of-way, sidewalk on one side of the roadway, a greater than 12 percent slope in some locations and a centerline radius that is less than standard. The deviation was approved by the City's Public Works Director.

Other

i. All lot corners shall be staked with three-quarter inch galvanized iron pipe and locator stakes. A survey of the property must be completed and submitted with the final plat application.

j. A right-of-way (ROW) construction permit will be required prior to any construction activities within the right-of-way. The ROW permit will be subject to separate conditions and bonding requirements.

20. Prior to final plat approval, the applicant shall install low impact fencing as defined in BIMC 17.28.020.30 along the south open space boundary of Tract A.

21. Prior to final plat approval, the applicant shall install open space signs every 100 feet along the interior borders of open space Tracts A, B, C, and D, designed to provide protection for these open space tracts that are to remain in protected native vegetation.

22. Open space signage and fencing must be maintained in perpetuity and required locations of fencing and signage shall be noted on the face of the plat.

23. A final Open Space Management Plan (OSMP) shall be recorded with the final plat and the OSMP shall be referenced on the face of the plat. The final OSMP shall be modified within the proposed CC&Rs to clearly identify Section 6.5 as an Open Space Management Plan. Also, the plan shall be modified to prohibit agricultural uses, septic systems and active recreation within open space Tracts A, B, and C.

24. Lot coverage of 25 percent shall be allocated as follows and noted on the face of the plat: 2,389 square feet per lot.

25. The following setbacks shall be noted and depicted on the final plat (note: the building envelopes on the preliminary plat need to be modified to reflect these setbacks properly):

Building to building (on-site)	Minimum 10 feet
Building to exterior subdivision boundary line	Minimum 15 feet
Building to right-of-way (Baker Hill Road)	Minimum 40 feet
Building to other streets (internal right-of-way)	Minimum 15 feet
Building to Open Space	Minimum 10 feet
Building to Trail	Minimum 10 feet

26. The plat shall provide a 10-foot wide partial screen landscape buffer along Baker Hill Road and a 15-foot wide full screen landscape buffer along the east property line consistent with the prior Site Plan and Design Approval for the Blossom Hill/Pleasant Beach Village Development. Prior to final plat approval, the buffer shall be planted to required landscaping standards (BIMC 18.15.010.D.4) or planting assured as provided in BIMC 18.15.010.H. The buffer shall be maintained for the life of the project.

27. The following conditions shall be listed on the final plat: Applicable portions of Conditions 1-5; 7-10; 14; and 22-16.

ORDER

The application for preliminary subdivision approval for Pleasant Beach Village (PLN 13880F SUB) is approved, subject to the conditions set forth above.

SO ORDERED, this 27th, day of June, 2017.

Wick Dufford

Wick Dufford, Hearing Examiner Pro Tempore

CITY OF BAINBRIDGE ISLAND

City Council Regular Business Meeting Agenda Bill

MEETING DATE: March 26, 2019 **ESTIMATED TIME:** 20 Minutes

AGENDA ITEM: (7:50 PM) Purchase and Sale Agreement for Harrison Medical Building - Executive,

STRATEGIC PRIORITY: Reliable Infrastructure and Connected Mobility

PRIORITY BASED BUDGETING PROGRAM:

AGENDA CATEGORY: Contract **PROPOSED BY:** Executive

RECOMMENDED MOTION:

I move to authorize the City Manager to execute the purchase and sale agreement for the Harrison Medical Center Building and site for a purchase price of $8,975,000.

SUMMARY:

At the City Council Business Meeting on January 29, 2019, the Council authorized the City Manager to execute a Letter of Intent to purchase the Harrison Medical Center Building and site. The property is located at 8804 Madison Avenue North, Bainbridge Island, Washington. The property includes a 3.13 acre parcel and an existing two-story building with approximately 18,000 square feet of space. The purchase price is $8,975,000. The City intends to renovate the building to provide replacement facilities for both the Police Department and Municipal Court. Based on feasibility studies performed in 2018, the approximate cost for the complete project, including property purchase and renovations, is estimated to be $20 million.

FISCAL IMPACT:

Amount:	$8,975,000
Ongoing Cost:	TBD
One-Time Cost:	$8,975,000
Included in Current Budget?	Yes

BACKGROUND:

This decision represents a significant milestone in the City's multi-year effort to plan for the replacement of the Police Station and Municipal Court. More detail on that process can be found on the City webpage for this project: http://www.ci.bainbridge-isl.wa.us/528/Police-Facility-Planning

In late January, the City executed a “letter of intent” to purchase the Harrison Medical Center Building and site. Once the purchase is finalized, the City will retrofit the building to meet “essential facility” standards and provide 18,000 square feet of space for the Police and Court functions. The combined estimate for the property purchase and the renovation is roughly $20 million.

This project is likely to be the most significant financial investment the City will make in the next 20 years. The decision to purchase this property and to renovate the building follows several years of professional and detailed analysis. In 2018, the City performed an extensive review of the building and confirmed that it is feasible to retrofit for the Police and Court functions. The building also provides some opportunity to accommodate future needs, since it was developed to include the possibility for a future, two-story addition of roughly 8,000 square feet.

For planning purposes, this project was included in the Approved 2019-2020 Budget at a total cost of $20 million. The attached purchase and sale agreement describes the specific terms for the transaction, including earnest money, timing for occupancy and contingencies.

To inform the decision to purchase this property, the City considered four separate appraisals that were completed by three different certified appraisers. The results of these appraisals were:

-- Appraisal by Colliers International (paid by City): Valuation = $7.52 million. Completed in July, 2018.

-- Appraisal by SH&H (paid by CHI Franciscan): Valuation = $9.70 million. Completed in August, 2018.

-- Revised appraisal by Colliers International (paid by City): Valuation = $7.60 million. Completed in November, 2018.

-- Appraisal by Kidder Mathews (paid by City): Valuation range = $7,040,000 to $8,500,000. Completed in January, 2019.

Each of these appraisals is available on the Police/Municipal Court Project Page of the City's website: http://www.ci.bainbridge-isl.wa.us/528/Police-Facility-Planning

Next Steps:

Once the purchase agreement is executed, the City will have 60 days to complete various due diligence/feasibility study tasks as outlined in the agreement. Beyond that time, the current owner is permitted up to eight additional months of occupancy in order to complete renovations to their new facility. The purchase will close no later than eight months after the end of the due diligence/feasibility period. This means the latest that closing is expected to occur would be 10 months after the execution of the agreement. The City will not pay the remainder of the purchase price until that time.

During this period, the City will move forward with additional planning for the building renovations, including work to develop more detailed designs, to refine renovation cost estimates, and to prepare construction bid

documents. It is anticipated that the tasks needed to be ready to issue construction bid documents will take approximately six to nine months, and so a target timeline for completion of bid documentation is Q4-2019 to Q1-2020.

ATTACHMENTS:

Harrison Site PSA - Signed By Owner.pdf

Signed Letter of Intent - Harrison Building.pdf

Jul 2018 Appraisal - Harrison Bldg - Colliers

Aug 2018 Appraisal - Harrison Bldg - SHH

Nov 2018 Rev Appraisal - Harrison Bldg - Colliers

Jan 2019 Appraisal - Harrison Bldg - Kidder Mathews

FISCAL DETAILS:

Fund Name(s): General Fund

Coding:

REAL ESTATE PURCHASE AND SALE AGREEMENT

This Real Estate Purchase and Sale Agreement ("**Agreement**") is entered into as of March 13, 2019 between **HARRISON MEDICAL CENTER**, a Washington nonprofit corporation ("**Seller**"), and **THE CITY OF BAINBRIDGE ISLAND**, a Washington municipal corporation ("**Buyer**"). The date on which the last party executes this Agreement will be the "**Effective Date**" of this Agreement.

RECITALS

Seller is the owner of certain Property (as defined below) located in Bainbridge Island, Washington, which it currently uses to operate a medical clinic and for related purposes.

Buyer desires to acquire the Property in order to develop a new public safety building and for related Buyer's uses.

The parties are entering into this Agreement in order to set forth the terms on which Seller is willing to sell and Buyer is willing to purchase the Property.

AGREEMENT

Seller and Buyer agree as follows:

1. **Property**. Seller agrees to sell and convey to Buyer and Buyer agrees to purchase from Seller, subject to the terms and conditions in this Agreement, the following:

1.1 **Land**. That parcel of real property located at 8804 Madison Avenue North in the City of Bainbridge Island, Kitsap County, Washington, and legally described in Exhibit A attached to this Agreement, together with all mineral, oil, gas, hydrocarbon substances, development rights, air rights, water rights, and water stock owned by Seller relating to the real property; all easements and rights of way owned by Seller that are appurtenant to the real property or any improvements on the real property, and any appurtenance, or the operation, use or enjoyment of any of the foregoing, all rights of Seller in and to streets, sidewalks, alleys, driveways, parking areas, and adjacent areas used in connection with the real property and any land lying in the bed of any existing or proposed street adjacent to the land (collectively the "**Land**");

1.2 **Improvements**. All buildings, fixtures, structures, and landscaping that remain a part of the Real Property (as defined in this Section 1) and other improvements located upon the Land (the "**Improvements**");

1.3 **Plans and Permits.** The following items to the extent they are within Seller's possession or control: all surveys of, and environmental reports with respect to, the Real Property; all plans, specifications, engineering drawings, and prints relating either to the construction of the Improvements or to future development and expansion of existing Improvements (the "**Plans**"); all keys for the Property, identified by lock; copies of all historical books and records of Seller relating to the ownership and operation of the Property; all licenses and permits pertaining to the Property, to the extent assignable (the "**Permits**"); and all warranties upon the Improvements.

The Land and Improvements that constitute real property are collectively referred to in this Agreement as the "**Real Property**." All of the property described in this Section 1, both real and personal, is collectively referred to in this Agreement as the "**Property**."

2. **Deposit; Purchase Price.**

2.1 **Deposit.** Upon mutual execution of this Agreement, Buyer will deposit with Chicago Title of Washington, 4717 S 19th St, Suite 101, Tacoma, Washington 98409, Attn: Shelley Anderson (the "**Title Company**"), as escrow agent for the closing of this transaction, the amount of $50,000.00 (the "**Deposit**"). The Deposit will be non-refundable to Buyer, except in the event of a default by Seller under this Agreement or as otherwise provided in this Agreement. The Deposit will be held by the Title Company for the benefit of the parties under the terms of this Agreement. Interest will accrue for the benefit of Buyer on that portion of the Deposit being held by the Title Company. If, however, Buyer forfeits the Deposit to Seller under the terms of this Agreement, then all interest accrued on the Deposit will be paid to Seller. The entire amount of the Deposit will be applicable to the Purchase Price at closing.

2.2 **Purchase price.** The total purchase price for the Property (the "**Purchase Price**") will be $8,975,000.00, of which the Deposit is a part. The Purchase Price will be paid to Seller in cash through escrow at closing.

3. **ALTA Survey.** Buyer's obligation to purchase the Property will be subject to Buyer's approval, prior to the expiration of the Feasibility Study Period (as defined in Section 6.2.1), of a survey of the Real Property (the "**Survey**"). Buyer will obtain the Survey at Buyer's cost.

4. **Assignment of Plans, Permits and Contracts.** As of the Closing Date, Seller will assign to Buyer and Buyer will assume all Plans and Permits and any service contracts Buyer determines, in its sole discretion, that it will assume, which assignment will be in the form attached to this Agreement as Exhibit B. Buyer will notify Seller before the expiration of the Feasibility Study Period of Buyer's determination of which service contracts it will assume. Prior to closing, Seller will terminate all service contracts Buyer does not elect to assume.

5. **Title to Real Property.**

5.1 **Conveyance.** At closing, Seller will convey to Buyer fee simple title to the Real Property by duly executed and acknowledged bargain and sale deed (the "**Deed**"), free and clear of all defects and encumbrances and subject only to those exceptions that Buyer approves under Section 5.2 (the "**Permitted Exceptions**") and matters that would be evident on the face of an ALTA/ACSM Land Title Survey.

5.2 **Preliminary commitment.** Buyer will order a preliminary commitment for an owner's extended coverage policy of title insurance in the amount of the Purchase Price to be issued by the Title Company and accompanied by copies of all documents referred to in the commitment (the "**Preliminary Commitment**"). Buyer will advise Seller by written notice what exceptions to title, if any, are disapproved by Buyer (the "**Disapproved Exceptions**") prior to the end of the Feasibility Study Period. If Buyer fails to give Seller written notice prior to the end of the Feasibility Study Period, Buyer will have approved the exceptions to title shown on the

Preliminary Commitment except for monetary encumbrances. Monetary encumbrances (other than nondelinquent ad valorem property taxes) placed by or on behalf of Seller, or of which Seller is or should be aware, are disapproved whether or not Buyer gives any notice. Monetary encumbrances not placed by or on behalf of Seller, or of which Seller is unaware (each, an "**Outside Encumbrance**"), shall be deemed Disapproved Exceptions if the same are objected to by Buyer in writing. Seller will have five business days after receipt of Buyer's notice to give Buyer notice that (a) Seller will remove the Disapproved Exceptions or (b) Seller elects not to remove the Disapproved Exceptions. If Seller fails to give Buyer notice before the expiration of the five business day period, Seller will have elected not to remove the Disapproved Exceptions. Notwithstanding anything to the contrary in this Agreement, Seller will remove from title on or before the Closing Date all monetary encumbrances and liens other than those approved by Buyer; provided, however, that the parties agree to cooperate (including, if necessary, to extend the Closing Date) to facilitate the removal by Seller of any Outside Encumbrance.

If Seller elects not to remove any nonmonetary Disapproved Exceptions, Buyer will have until the expiration of the Feasibility Study Period to notify Seller of Buyer's election either to proceed with the purchase and take the Property subject to those Disapproved Exceptions, or to terminate this Agreement. Seller will not be obligated to agree to remove any nonmonetary Disapproved Exception, but if Seller does give notice that it will cause one or more nonmonetary Disapproved Exceptions to be removed and then fails to remove any of them from title on or before the Closing Date, Buyer will have the right to either (i) elect to terminate this Agreement by written notice to Seller or (ii) proceed with the purchase, in which event the Closing Date shall be extended for a period not to exceed 10 business days, during which time the parties shall negotiate a mutually acceptable reduction in the Purchase Price; provided, however, that if the parties cannot mutually agree to such reduction within the 10-day period, then Buyer will have the option to either (A) elect to terminate this Agreement by written notice to Seller or (B) proceed with the purchase of the Property with no reduction in the Purchase Price.

If the Title Company issues a supplement to the Preliminary Commitment, the procedure in this Section 5.2 will apply to the supplement, except that Buyer will have seven days to notify Seller of its disapproval of any new exceptions, and Seller will have five business days to give Buyer notice that Seller will either remove or not remove any new Disapproved Exceptions.

If Buyer elects to terminate this Agreement under this Section 5.2, the escrow will be terminated; the Deposit must be returned immediately to Buyer, all documents and other funds will be returned to the party who deposited them; and neither party will have any further rights or obligations under this Agreement except as otherwise provided in this Agreement. Seller and Buyer will share equally any costs of terminating the escrow and any cancellation fee for the Preliminary Commitment.

5.3 **Title policy**. Seller will cause the Title Company to issue to Buyer at closing an ALTA standard coverage owner's policy of title insurance (2006 Form) insuring Buyer's title to the Real Property in the full amount of the Purchase Price, subject only to the Permitted Exceptions (the "**Title Policy**"). The Title Policy must be dated as of the Closing Date. Buyer may request that the Title Company issue an extended coverage policy of title insurance and may request endorsements to the Title Policy, but the receipt of extended coverage and endorsements will be at Buyer's sole cost and will not be a condition to closing.

6. Conditions to Closing

6.1 **Due diligence materials**. Seller will provide to Buyer, or make available to Buyer for inspection, as soon as possible (but in any event no later than three business days after the Effective Date) all materials that exist and that are in Seller's actual possession or that Seller knows exist and to which Seller has access, that are relevant to the evaluation and investigation of the Property (collectively, the "**Due Diligence Materials**"). If Seller thereafter discovers any additional items that should have been included among the Due Diligence Materials, Seller will promptly deliver them to Buyer. Buyer acknowledges that Seller makes no representation as to the accuracy or completeness of Due Diligence Materials which are provided "as-is". Due Diligence Materials will include:

(a) copies of any existing and proposed easements, covenants, restrictions, agreements or other documents that, to Seller's knowledge, affect title to the Property and that are not disclosed by the Preliminary Commitment;

(b) all surveys, plats or plans relating to the Property;

(c) all existing service contracts pertaining to items such as janitorial, trash removal, maintenance, snow removal, laundry service, extermination and similar services;

(d) all agreements for the rental of equipment used in connection with the normal operation of the Property;

(e) all warranties and guarantees affecting any portion of the Property;

(f) notice of any existing or threatened litigation affecting or relating to the Property and copies of any pleadings with respect to that litigation;

(g) all Permits; and

(h) (i) all environmental assessment reports with respect to the Property that were performed or are being performed by or for Seller, (ii) any raw data that relates to the environmental condition of the Property, (iii) any governmental correspondence, orders, requests for information or action and other legal documents that relate to the presence of hazardous or toxic materials on, in or under the Property, and (iv) any other information material to the environmental condition or potential contamination of the Property.

6.2 **Feasibility Study**

6.2.1 **Feasibility Study Period**. On or before 60 days from the Effective Date of this Agreement (the "**Feasibility Study Period**"), Buyer will conduct an inspection of the Property and a review of the information relating to the Property and satisfy itself with respect to the condition of and other matters related to the Property and its suitability for Buyer's intended use (the "**Feasibility Study**"). If Buyer determines that a Phase II environmental survey is necessary, Buyer will have the right to extend the Feasibility Study

Period by 15 days by giving written notice to Seller on or before the last day of the initial 60-day period.

The Feasibility Study may include all inspections and studies Buyer determines are necessary or desirable, in its sole discretion. Buyer and Buyer's agents, representatives, consultants, architects and engineers ("**Agents**") will have the right, from time to time, from and after the date of this Agreement, to enter onto the Property and make borings, drive test piles and conduct any other tests and studies that may be necessary or desirable to ascertain the condition and suitability of the Property for Buyer's intended use, upon reasonable notice to Seller. All tests and inspections must be performed in a manner not disruptive to the operation of the Property. Seller may appoint a representative to be present during any such testing or inspection. Buyer will be responsible for the conduct of its employees and Agents, and will be liable to Seller for any loss or damage to the Property arising from Buyer's or Agent's activities on the Property. Buyer will maintain and cause its Agents to maintain standard insurance covering its or their activities on the Property. Buyer will not permit any liens or encumbrances to be placed against the Property arising out of or in connection with Buyer's exercise of this right of entry and will cause any liens or encumbrances to be promptly released. Buyer will restore the Property to Seller's reasonable satisfaction following any testing.

6.2.2 **Termination of agreement.** Buyer will have the right to terminate this Agreement during and at the conclusion of the Feasibility Period if, in Buyer's sole discretion, the Property is not suitable for Buyer's intended use. Buyer will deliver written notice to Seller on or before the expiration of the Feasibility Study Period notifying Seller either of Buyer's (a) satisfaction with or waiver of its Feasibility Study and election to proceed to closing or (b) election to terminate this Agreement. If Buyer fails to deliver written notice to Seller on or before the expiration of the Feasibility Study Period, that failure to deliver a notice will constitute an election by Buyer to terminate this Agreement. If Buyer terminates this Agreement under this Section 6.2.2 (by notice or by failure to give notice), the Deposit will be returned to Buyer, this Agreement will terminate, and Seller and Buyer will be released from all further obligation or liability under this Agreement, except as otherwise specified by this Agreement.

6.2.3 **Studies and reports.** Seller acknowledges that Buyer is a municipal corporation and may release information it obtains in connection with its evaluation of the Property in connection with the public process of funding and constructing public facilities. If Buyer elects not to purchase the Property, Buyer will return to Seller all Due Diligence Materials (but may keep copies of those materials if Buyer is required to do so pursuant to applicable laws or regulations; provided, however, that Buyer's retention of any such materials shall be subject to the confidentiality requirement set forth in this paragraph). If Seller requests copies of the written reports and studies prepared for Buyer in connection with its Feasibility Study, then Buyer will deliver to Seller copies of the final reports and studies. Buyer will, in that event, cooperate reasonably with Seller to coordinate Seller's communications with the consultants. But Buyer will not be obligated to bear any costs or expend more than a reasonable period of time in doing so. Notwithstanding anything in this Section or any other provision of this Agreement, Buyer will release confidential or proprietary information of Seller that is in Buyer's possession only to the extent required by law and, if permitted by law, only after providing reasonable advance written notice to Seller.

6.3 **Buyer's contingencies.** Buyer's obligation to purchase the Property is expressly contingent upon the following:

6.3.1 **Feasibility Study.** Buyer's approval, prior to the expiration of the Feasibility Study Period, of the suitability of the Property as a result of the Feasibility Study in accordance with Section 6.2.2;

6.3.2 **Survey.** Buyer's review and approval, prior to expiration of the Feasibility Study Period, of the Survey described in Section 3;

6.3.3 **Environmental condition.** Buyer's approval, prior to the expiration of the Feasibility Study Period, of the environmental condition of the Property under Section 11;

6.3.4 **Title Policy.** Buyer's receipt of the Title Company's firm commitment to issue the Title Policy at Closing as described in Section 5;

6.3.5 **City Council Approval.** The approval by the City Council of the City of Bainbridge Island of the purchase of the Property (the "**City Council Approval**"); provided, however, that if Seller has executed and delivered to Buyer this Agreement and thereafter the City Council Approval and Buyer's execution and delivery to Seller of this Agreement is not completed on or before April 30, 2019, Seller shall have the right to terminate this Agreement upon written notice to Buyer;

6.3.6 **Representations and warranties.** All of Seller's representations and warranties contained in or made under this Agreement being materially true and correct when made and as of the Closing Date;

6.3.7 **Seller's compliance.** Seller's timely performance of all of its obligations under this Agreement. Buyer will give Seller notice of any failure on Seller's part to perform obligations under Seller's warranties made in Section 10.1 and those obligations required of it and, other than closing, for which no cure period will apply, Seller will have a period of time that is reasonable under the circumstance to cure its nonperformance; and

6.3.8 **No Material Adverse Change.** Buyer's confirmation that there has been no material adverse change in the condition of the Property from the date Buyer waived its Feasibility Study contingency. Buyer will perform an inspection of the Property no earlier than 14 days before Closing to determine whether any material adverse change has occurred.

The foregoing conditions are collectively referred to in this Agreement as "**Buyer's Contingencies.**"

6.4 **Satisfaction/waiver of Buyer's contingencies.** Buyer's Contingencies are solely for the benefit of Buyer. If any of Buyer's Contingencies are not timely satisfied, Buyer will have the right, at its sole election, either to waive any of them in writing and proceed with the purchase or to terminate this Agreement. If Buyer elects to terminate this Agreement, the escrow will be terminated, the Deposit must immediately be returned to Buyer, all documents and other funds will be returned to the party who deposited them, and neither party will have any further rights or obligations under this Agreement, except as otherwise provided in this

Agreement, and except that each party will pay one-half (1/2) of the cost of terminating the escrow.

6.5 **Seller's Contingencies.** Seller's obligations to sell the Property and perform this Agreement are expressly contingent upon the following ("Seller's Contingencies"):

6.5.1 **Representations and warranties.** All of Buyer's representations and warranties contained in or made under this Agreement being materially true and correct when made and as of the Closing Date;

6.5.2 **Buyer's compliance.** Buyer's timely performance of all of its obligations under this Agreement. Seller will give Buyer notice of any failure on Buyer's part to perform obligations under Buyer's warranties made in Section 10.3 and those obligations required of it and, other than closing, for which no cure period will apply, Buyer will have a period of time that is reasonable under the circumstance to cure its nonperformance.

The foregoing conditions are collectively referred to in this Agreement as "**Seller's Contingencies**."

6.6 **Satisfaction/waiver of Seller's contingencies.** Seller's Contingencies are solely for the benefit of Seller. If any of Seller's Contingencies are not timely satisfied, Seller will have the right, at its sole election, either to waive any of them in writing and proceed with the purchase or to terminate this Agreement. If Seller elects to terminate this Agreement, the escrow will be terminated, the Deposit will be returned to Buyer, all documents and other funds will be returned to the party who deposited them, and neither party will have any further rights or obligations under this Agreement, except as otherwise provided in this Agreement, and except that each party will pay one-half (1/2) of the cost of terminating the escrow.

7. **Closing**.

7.1 **Closing date.** This transaction will be closed in escrow by the Title Company acting as escrow agent ("**Escrow Agent**"). The closing will be held at the offices of Escrow Agent on the later to occur of (a) that day that is 15 days after the satisfaction of the last of Buyer's conditions to be satisfied, or (b) that day that is four months after Seller's receipt of permits necessary for the construction of the premises into which Seller intends to relocate its healthcare practice, in each case subject to the satisfaction of Seller's Contingencies (the "**Closing Date**"). Seller will apply for such permits within 20 days of Buyer waiving its Feasibility Study contingency and will diligently pursue the permits. Notwithstanding the foregoing, Closing must occur no later than eight months after the end of Buyer's Feasibility Study Period (the "**Outside Closing Date**"). If closing does not occur on or before the Outside Closing Date, or any later date agreed to in writing by both Seller and Buyer, Escrow Agent will immediately terminate the escrow, forward the Deposit to the party entitled to receive it under this Agreement and return all documents to the party that deposited them.

7.2 **Closing**.

7.2.1 **Seller's escrow deposits**. On or before the Closing Date, Seller will deposit into escrow the following:

(a) the duly executed and acknowledged Deed;

(b) a duly executed and completed Real Estate Excise Tax Affidavit;

(c) the Assignment of Plans and Permits described in Section 4;

(d) a non-foreign affidavit under Section 1445 of the Internal Revenue Code;

(e) any other documents, instruments, records, correspondence and agreements called for under this Agreement that have not previously been delivered;

(f) a certificate reaffirming as of the Closing Date that all of Seller's representations and warranties under this Agreement are true and correct; and

(g) any keys to the Property that are in Seller's possession or control.

7.2.2 **Buyer's escrow deposits.** On or before the Closing Date, Buyer will deposit into escrow the following:

(a) cash in an amount sufficient to pay the Purchase Price, plus Buyer's share of closing costs;

(b) a duly executed and completed Real Estate Excise Tax Affidavit;

(c) the Assignment of Plans and Permits described in Section 4;

(d) any other documents or instruments Buyer is obligated to provide under this Agreement in order to close this transaction; and

(e) a certificate reaffirming as of the Closing Date that all of Buyer's representations and warranties under this Agreement are true and accurate.

7.2.3 **Additional instruments and documentation**. Seller and Buyer will each deposit any other instruments and documents that are reasonably required by Escrow Agent or otherwise required to close the escrow and consummate the purchase and sale of the Property in accordance with this Agreement.

7.3 **Closing costs.**

7.3.1 **Seller's costs.** Seller will pay the premium for a standard coverage owner's policy of title insurance in the full amount of the Purchase Price, State of Washington real estate excise taxes applicable to the sale, one-half of Escrow Agent's escrow fee and all of Seller's attorneys' fees.

7.3.2 **Buyer's costs.** Buyer will pay the additional premium, if any, attributable to the extended coverage owner's policy of title insurance (if elected by Buyer) and any endorsements requested by Buyer, the cost of recording the Deed, one-half of Escrow Agent's escrow fee and all of Buyer's attorneys' fees.

7.4 **Foreign Investment in Real Property Tax Act.** The parties agree to comply in all respects with Section 1445 of the Internal Revenue Code and the regulations issued under the Code (the "**Regulations**"). Seller will deliver to Buyer through escrow a non-foreign certificate as prescribed by the Regulations, properly executed and in form and content satisfactory to Buyer. If Seller fails or refuses to deliver the nonforeign certificate, or if Buyer receives notice, or has actual knowledge, that the non-foreign certificate is false, a tax equal to 10% of the Purchase Price will be withheld through escrow and paid by Escrow Agent to the Internal Revenue Service in the manner prescribed by the Regulations, unless withholding is reduced or excused in the manner prescribed by the Regulations.

In the event of any withholding, Seller's obligations to deliver title and close this transaction will not be excused or otherwise affected.

8. **Adjustments and Prorations.** The following adjustments and prorations will be made as of 12:01 a.m. on the Closing Date (with Buyer either responsible for or entitled to a credit for, as the case may be, the actual Closing Date).

8.1 **Property taxes.** All property taxes payable in the year of closing and assessments approved by Buyer, if any, will be prorated as of the Closing Date.

8.2 **Utilities.** All gas, electric and other utility charges will be prorated as of the Closing Date.

8.3 **Accounts payable.** Except as may be otherwise agreed by Seller and Buyer in writing, all sums due for accounts payable that were owing or incurred in the maintenance or operation of the Property prior to the Closing Date will be paid by Seller on or prior to the Closing Date, or adequate provisions reasonably satisfactory to Buyer will be made in respect to that payment. Buyer will furnish to Seller for payment, promptly following receipt, any bills to be paid by Seller and Seller will pay those bills in a timely manner. Except as may otherwise be agreed to by Seller and Buyer in writing, all accounts payable incurred on or after the Closing Date with respect to the Property will be paid by Buyer.

9. **Seller's Covenants.**

9.1 **Covenant to operate and maintain.** Up to the Closing Date, Seller will maintain, repair, manage and operate the Property in a businesslike manner in accordance with Seller's prior practices, and Seller will not dissipate or allow any waste of any portion of the

Property. Up to the Closing Date, Seller will keep the Property insured in accordance with Seller's prior practices.

9.2 **Relocation of Seller**. From the Effective Date through Closing, Seller will diligently pursue the permits with the City of Bainbridge Island for and the construction of premises in which to relocate its medical practice.

9.3 **Leases and contracts prior to closing**. Seller will not enter into any leases or contracts that will bind the Buyer or the Property after Closing without the prior written consent of Buyer.

10. **Representations and Warranties.**

10.1 **Seller's representations and warranties**. Seller represents and warrants to Buyer as follows:

(a) Seller has full power and authority to convey the Property to Buyer.

(b) To Seller's knowledge, there is no litigation pending or threatened against Seller (or any basis for any claim) that arises out of the ownership of the Property and that might materially and detrimentally affect the ability of Seller to perform its obligations under this Agreement, including the obligation to convey the Property in accordance with Section 5.1.

(c) Seller is a Washington nonprofit corporation duly organized and validly existing under the laws of the state of Washington. This Agreement and all documents executed by Seller that are to be delivered to Buyer at closing are, or at the time of closing will be, (i) duly authorized, executed and delivered by Seller, (ii) legal, valid and binding obligations of Seller, (iii) sufficient to convey title (if they purport to do so), and (iv) in compliance with all provisions of all agreements and judicial orders to which Seller is a party or to which Seller or all or any portion of the Property is subject.

(d) Seller has received no notice of any default or breach by Seller under any covenants, conditions, restrictions, rights of way or easements that may affect Seller in respect to the Property or may affect the Property or any portion thereof and, to Seller's knowledge, no default or breach now exists.

(e) To Seller's knowledge, there has been no default or any claim of default and no event has occurred that with notice or lapse of time or both would constitute a default under any contract affecting the Property.

(f) There are no leases, licenses or rights of occupancy affecting any part of the Property that will survive Closing, and there are no written or oral promises, understandings or agreements between Seller and any other party with respect to the Property that have not been disclosed by Seller as part of the materials provided to Buyer.

(g) Seller is not a foreign person as defined in Section 1445 of the Internal Revenue Code.

If any of the representations or warranties of Seller contained in this Section 10.1 are discovered by either Seller or Buyer to be materially untrue at any time prior to or as of the Closing Date, then the party discovering that fact will notify the other party within five business days of its discovery. Seller will have five business days after notifying Buyer or receiving notice from Buyer of any misrepresentation to cure that misrepresentation. If Seller is unable to cure the misrepresentation to conform to the requirements of this Agreement within the five business day period, then within three business days of the expiration of that cure period, Buyer may elect to terminate this Agreement. If Buyer elects to terminate under this paragraph, the Deposit will be returned to Buyer, and all parties will be released from all obligations under this Agreement, except as otherwise expressly set forth in this Agreement. Seller's representations and warranties in this Section 10.1 will survive the Closing as set forth in Section 20 below. After that time, the representations and warranties will automatically expire and will no longer have any effect. In this Agreement, "**Seller's knowledge**" means the actual knowledge of Robert Cross and Wade J. Moberg without duty to investigate. Seller represents and warrants that Robert Cross and Wade J. Moberg are the persons knowledgeable with respect to Seller as to the matters covered by the representations and warranties in this Section 10.1. No personal liability or obligation may be asserted against or is in any manner assumed by Robert Cross or Wade J. Moberg, however, and any liability or obligation will remain solely the liability and obligation of Seller as specified in this Agreement.

10.2 **"AS-IS" Sale; Limitation; Disclaimer Notice.** Under this Agreement, Buyer and its representatives (including environmental consultants, architects and engineers) have been or will be afforded the right and opportunity to enter upon the Property and to make any inspections of the Property and matters related to the Property, including the conduct of soil, environmental and engineering tests, as Buyer and its representatives desire. Buyer acknowledges that notwithstanding any prior or contemporaneous oral or written representations, statements, documents or understandings, this Agreement constitutes the entire understanding of the parties with respect to the subject matter hereof and supersedes any prior or contemporaneous oral or written representations, statements, documents or understandings. Buyer further acknowledges that, except as set forth in Section 10.1 or the conveyance documents neither Seller, nor any principal, agent, attorney, employee, broker or other representative ("Representative") of Seller has made any representations or warranties of any kind whatsoever regarding the Property, either express or implied. Buyer is not relying upon any representation, warranty, statement or assertion by Seller or any Representative, regarding, and Buyer understands that there are no warranties express or implied made by Seller with respect to, the condition or value of the Property. Except as described in Section 10.1 or the conveyance documents, Buyer is acquiring the Property in wholly an "AS-IS" condition with all faults.

10.3 **Buyer's representations and warranties.** Buyer represents and warrants to Seller as follows:

(a) Buyer is a municipal corporation under the laws of the state of Washington and, upon approval by the City Council of the City of Bainbridge Island, this Agreement is a valid and legally binding obligation of Buyer, enforceable according to its terms; and all documents executed by Buyer that are to be delivered to Seller at closing are, or at the time of closing will be (i) duly authorized, executed and delivered by Buyer, (ii) legal, valid and binding obligations of Buyer, and (iii) in compliance with all provisions of all agreements and judicial orders to which Buyer is a party or to which Buyer is subject.

(b) In connection with its Feasibility Study, Buyer will inspect those aspects of the Property, including its physical condition, that Buyer determines are necessary in order to make a determination whether to purchase the Property in accordance with this Agreement.

(c) To Buyer's knowledge, there is no litigation pending or threatened against Seller (or any basis for any claim) that would materially and detrimentally affect the ability of Buyer to perform its obligations under this Agreement, including the obligation to acquire the Property;

(d) To Buyer's knowledge, there are no written or oral promises, understandings or agreements between Buyer and any other party regarding the acquisition, ownership or use of the Property by any healthcare provider other than Seller that have not been disclosed by Buyer, and Buyer will not, subject to all requirements to which Buyer is subject under applicable law, transfer or permit ownership or use of the Property by any healthcare provider subsequent to the Closing Date; and

(e) As of the date of this Agreement, Buyer is not aware of any default by Seller of any representation or warranty in this Agreement.

Buyer's representations and warranties in this Section 10.3 will survive the Closing as set forth in Section 20. In this Agreement, "**Buyer's knowledge**" means the actual knowledge of Morgan Smith without duty to investigate. Buyer represents and warrants that Morgan Smith is the person knowledgeable with respect to Buyer as to the matters covered by this Section 10.3. No personal liability or obligation may be asserted against or is in any manner assumed by Morgan Smith, however, and any liability or obligation will remain solely the liability and obligation of Buyer as specified in this Agreement.

11. **Environmental inspection**. During the Feasibility Study Period, Buyer will have the right to take soil and water samples (including groundwater samples) from the Property, and to test and analyze those samples to determine the extent of any contamination of the soils and water (including groundwater) on or about the Property. If, based on the results of those inspections or tests, Buyer determines that the condition of the Property is unsatisfactory or if Buyer believes that its ownership of the Property would expose Buyer to unacceptable risks of government intervention or liability to third parties, Buyer may, without liability, terminate this Agreement. If Buyer does so, the Deposit will be returned to Buyer, and all parties will be released from all obligations under this Agreement, except as otherwise expressly set forth in this Agreement.

12. **Casualty Loss**. Following the occurrence of any event prior to the Closing Date, causing damage to or destruction of the Property or any portion of the Property, Seller will promptly notify Buyer of that event. Under those circumstances, the provisions of this Section 12 will apply.

12.1 **Minor casualty loss**. If the amount of any casualty loss referred to above in this Section 12 is not more than $50,000.00, the obligation of each party under this Agreement will continue, notwithstanding any casualty, and the rights to all insurance proceeds collected by reason of that loss and not collected prior to closing will, at closing, be assigned to Buyer. The

Purchase Price will be paid without reduction by reason of the loss. Buyer and Seller will, under those circumstances, cooperate in the settlement of the claims, and any proceeds collected prior to closing will, consistent with the circumstances, be applied to any reconstruction of the Property or be credited to Buyer at closing.

12.2 **Substantial casualty loss.** If the amount of any casualty loss is more than $50,000.00, Seller shall notify Buyer within 10 days following the occurrence of such casualty of its election to either (i) repair and restore the Property to a condition as near as possible to that existing prior to such casualty, in which case the Closing Date shall be extended for a reasonable time (but not more than 90 days unless otherwise agreed to in writing by Seller and Buyer) to allow Seller to complete such repair and restoration (provided that in no event shall Seller be required to repair or restore the Property in excess of insurance proceeds actually received) or (ii) not repair or restore the Property, in which event Buyer may terminate this Agreement by giving written notice of termination to Seller within 10 days after receipt of Seller's notice of its election not to repair or restore the Property. If this Agreement is terminated by Buyer in accordance herewith, the Deposit will be returned to Buyer and all parties will be released form all obligations under this Agreement, except as otherwise expressly set forth in this Agreement.

12.3 **Eminent domain.** If at any time after the Effective Date, Seller receives any notice of any condemnation proceedings, or other proceedings in the nature of eminent domain, it will promptly send a copy of the notice to Buyer. If all or any part of the Property is taken by condemnation or eminent domain and (a) the value of the portion of the Property taken exceeds $50,000.00, or (b) the area taken exceeds 10% of the area of the Property, or (c) the taking has a material adverse effect on the access to the Property, then Buyer may, upon written notice to Seller, elect to terminate this Agreement. If Buyer does so, the Deposit will be returned to Buyer, and all parties will be released from all obligations under this Agreement, except as otherwise expressly set forth in this Agreement. If all or any portion of the Property is condemned or taken by eminent domain and Buyer does not terminate this Agreement, then Seller will assign to Buyer all of Seller's rights to any award or damages of any kind to which Seller may be entitled by reason of the exercise of the power of condemnation or eminent domain with respect to the Property or any portion of the Property.

13. **Possession.** Seller will deliver possession of the Property to Buyer on the Closing Date, vacant, free of any occupancy, encumbrances or title exceptions other than the Permitted Exceptions and with all personal property removed.

14. **Events of Default.**

14.1 **By Seller.** If there is a default by Seller under this Agreement (including a breach of any representation, warranty or covenant), Buyer will be entitled, in addition to all other remedies available at law or in equity, to (a) seek specific performance of Seller's obligations under this Agreement or (b) terminate this Agreement by written notice to Seller and Escrow Agent. If Buyer terminates this Agreement under this Section 14.1, Seller will reimburse Buyer the reasonable costs incurred by Buyer in performing its Feasibility Study on the Property up to a maximum amount of $50,000. Seller will reimburse Buyer's costs within 15 days of Buyer's delivering to Seller a statement of those costs, along with reasonable supporting documentation. In addition, the escrow will be terminated, the entire Deposit must immediately be returned to Buyer, all documents will be immediately returned to the party who deposited

them and, except for Seller's reimbursement of Buyer's costs, neither party will have any further rights or obligations under this Agreement, except as otherwise provided in this Agreement except that Seller will pay any costs of terminating the escrow and any cancellation fee for the Preliminary Commitment. Notwithstanding anything to the contrary contained in this Agreement, in no event will Buyer be entitled to recover any consequential, speculative, or punitive damages from Seller.

14.2 **By Buyer**. In the event that Buyer fails, without legal excuse, to complete the purchase of the Property, or if there is a breach of any representation, warranty, or covenant of Buyer contained herein, Seller will be entitled to retain the Deposit, and Buyer will reimburse Seller, within 15 days following Buyer's delivery of written evidence demonstrating the same, the full amount of Seller's reasonable, actual, out-of-pocket damages incurred as a result of such failure or breach by Buyer. After such reimbursement by Buyer, neither party will have any further rights or obligations under this Agreement, except as otherwise provided in this Agreement, except that Buyer will be responsible for the payment of any costs of terminating the escrow and any cancellation fee for the Preliminary Commitment. Notwithstanding anything to the contrary contained in this Agreement, in no event will Seller be entitled to recover any consequential, speculative, or punitive damages from Buyer.

15. **Notices**. Any notice under this Agreement must be in writing and be personally delivered, delivered by recognized overnight courier service or given by mail or via facsimile. Any notice given by mail must be sent, postage prepaid, by certified or registered mail, return receipt requested. All notices must be addressed to the parties at the following addresses or at any other addresses as the parties may from time to time direct in writing:

To **Seller**:
Wade J. Moberg
CHI Regional Director, Real Estate Services
Franciscan Administrative Center – Market
1149 Market Street, MS 10-06
Tacoma, WA 98401-2197
Facsimile No. (253) 428-8485

with a copy to:
Robert Cross
Vice President
Strategy, Growth & Development
1145 Broadway Plaza
Suite 1000
Tacoma, WA 98402
Facsimile No. (253) 680-8899

with a copy to:
Vice President Legal Services and
Regional General Counsel
1717 South J Street, MS 07-00
Tacoma, WA 98405
Facsimile No. (253)680-4056

To **Buyer**:	City of Bainbridge Island 280 Madison Avenue North Bainbridge Island, WA 98110-1812 Attn: Morgan Smith, City Manager Facsimile No. (206) 780-8600
with a copy to:	Thomas A. Barkewitz Alston, Courtnage & Bassetti LLP 1420 Fifth Avenue, Suite 3650 Seattle, WA 98101-4011 Facsimile No. (206) 623-1752

Any notice will have been given for all purposes under this Agreement, if personally delivered, when delivered, and if delivered by courier service, one business day after deposit with the courier service, and if mailed, two business days after deposit at any post office in the United States of America, and if delivered via facsimile, the same day as verified, except that any verification that occurs after 5:00 p.m. on a business day, or at any time on a Saturday, Sunday or holiday, will be effective as of 9:00 a.m. on the following business day.

16. **Brokers and Finders**. Neither party has had any contact or dealings regarding the Property, or any communication in connection with the subject matter of this transaction, through any licensed real estate broker or other person who can claim a right to a commission or finder's fee as a procuring cause of the purchase and sale contemplated by this Agreement. If any other broker or finder perfects a claim for a commission or finder's fee based upon any other contract, dealings or communication, the party through whom the broker or finder makes her or his claim will be responsible for that commission or fee and will release and hold the other party harmless from any liability, cost or damages (including attorneys' fees and costs) arising out of that claim.

17. **Conflicts of Interests**. No member, official or employee of the City may make any decision relating to this Agreement that affects her or his personal interests or the interests of any corporation, partnership or association in which she or he is directly or indirectly interested.

18. **Non-Liability of City Officials Employees, and Agents.** No member, official, employee or agent of the City of Bainbridge Island will be personally liable to Seller, or any successor in interest, in the event of any default or breach by Buyer or for any amount which may become due to Seller or successor or on any obligation under the terms of this Agreement.

19. **Amendments**. This Agreement may be amended or modified only by a written instrument executed by Seller and Buyer.

20. **Continuation and Survival of Representations and Warranties**. All representations and warranties by the respective parties contained in this Agreement or made in writing under this Agreement are intended to and will remain true and correct as of the time of Closing, will be material and will survive the execution and delivery of this Agreement and the delivery of the Deed and transfer of title for a period of 12 months from the date of closing. After that time, the representations and warranties will automatically expire and will no longer

have any effect. The representations and warranties, however, are not assignable and do not run with the land, except as may be expressly provided in this Agreement or contained in a written instrument signed by the party to be charged.

21. **Governing Law**. This Agreement will be governed by and construed in accordance with the laws of the state of Washington.

22. **Entire Agreement**. This Agreement and the exhibits attached to it constitute the entire agreement between the parties with respect to the purchase and sale of the Property, and supersede all prior letters of intent, agreements and understandings between the parties relating to the subject matter of this Agreement.

23. **Attorney Fees**. If either party fails to perform any of its obligations under this Agreement or if a dispute arises concerning the meaning or interpretation of any provision of this Agreement, the defaulting party or the party not substantially prevailing in the dispute, as the case may be, will pay any and all costs and expenses incurred by the other party in enforcing or establishing its rights under this Agreement, including court costs and reasonable attorney fees incurred in connection with any federal, state or bankruptcy court proceeding.

24. **Time of the Essence**. Time is of the essence of this Agreement.

25. **Exclusivity**. Seller will not market the Property or offer the Property for sale to any other party during the term of this Agreement.

26. **Waiver**. Neither Seller's nor Buyer's waiver of the breach of any covenant under this Agreement will be a waiver of the breach of any other covenants or a waiver of a subsequent breach of the same covenant.

27. **Nonmerger**. The terms and provisions of this Agreement will not merge in, but will survive, the closing of the transaction contemplated under this Agreement.

28. **Negotiation and Construction**. This Agreement and each of its terms and provisions have been specifically negotiated between the parties, and the language in all parts of this Agreement will, in all cases, be construed according to its fair meaning and not strictly for or against either party.

29. **Calculation of Time Periods**. Unless otherwise specified, in computing any period of time described in this Agreement, the day of the act or event after which the designated period of time begins to run is not to be included and the last day of the period so computed is to be included, unless the last day is a Saturday, Sunday or legal holiday. The final day of any period will end at 5 p.m., Pacific Time.

30. **Property Disclosures.** Whether or not the Property is zoned for residential use, Buyer acknowledges and agrees it does not intend to use the Property for residential purposes. Buyer and Seller acknowledge that the Real Property constitutes "Commercial Real Estate" as defined in RCW 64.06.005. In accordance with RCW 64.06.10, Buyer waives receipt of the Seller disclosure statement required under RCW 64.06 for transactions involving the sale of commercial real estate, except to the extent that the answer to any of the questions in the section entitled "Environmental" would be "yes".

31. **"Including".** The term "including" or "includes" in this Agreement means "including but not limited to".

32. **Exhibits.** The following exhibits are attached to and made a part of this Agreement by this reference.

EXHIBIT A — Legal Description

EXHIBIT B — Assignment of Plans and Permits

[signatures on following page]

SELLER

HARRISON MEDICAL CENTER, a
Washington nonprofit corporation

By: _____
Name: Ketul Patel
Title: CEO, Franciscan Health Ventures

By: _____
Name: Mike Fitzgerald
Title: CFO, Franciscan Health Ventures

BUYER

THE CITY OF BAINBRIDGE ISLAND, a
Washington municipal corporation

By_____
Morgan Smith, City Manager

EXHIBIT A

Legal Description

RESULTANT PARCEL B OF BOUNDARY LINE ADJUSTMENT RECORDED UNDER AUDITOR'S FILE NO. 200812160018, AND AS DEPICTED ON SURVEY RECORDED UNDER AUDITOR'S FILE NO. 200812160017, IN VOLUME 71 OF SURVEYS, PAGE 186, RECORDS OF KITSAP COUNTY, WASHINGTON, DESCRIBED AS FOLLOWS:

THAT PORTION OF THE SOUTHWEST QUARTER OF SECTION 23, TOWNSHIP 25 NORTH, RANGE 2 EAST, W.M., CITY OF BAINBRIDGE ISLAND, KITSAP COUNTY, WASHINGTON DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHWEST CORNER OF SAID SUBDIVISION; THENCE ALONG THE NORTH LINE THEREOF, SOUTH 88°43"48' EAST 427.59 FEET TO THE TRUE POINT OF BEGINNING; THENCE LEAVING SAID NORTH LINE, SOUTH 01°16'12" WEST 110.01 FEET; THENCE SOUTH 69°49'32" WEST 133.52 FEET; THENCE SOUTH 12°32'07" WEST 175.45 FEET TO THE SOUTH LINE OF THE NORTH ONE-HALF OF THE NORTH ONE-HALF OF THE NORTHWEST QUARTER OF THE SOUTHWEST QUARTER OF SAID SECTION 23; THENCE ALONG SAID SOUTH LINE, SOUTH 88°44'41" EAST 594.70 FEET TO THE SOUTHWESTERLY RIGHT OF WAY OF SR 305; THENCE NORTHWESTERLY ALONG SAID RIGHT OF WAY TO A POINT ON THE NORTH LINE OF THE SOUTHWEST QUARTER OF SAID SECTION 23; THENCE ALONG SAID NORTH LINE NORTH 88°43'48" WEST 186.03 FEET TO THE TRUE POINT OF BEGINNING; TOGETHER WITH AND SUBJECT TO EASEMENTS, RESTRICTIONS AND RESERVATIONS OF RECORD.

Tax Parcel No. 232502-3-083-2002

EXHIBIT B

Assignment of Plans and Permits

This Assignment of Rights is made as of March 13, 2019 by and between **HARRISON MEDICAL CENTER**, a Washington nonprofit corporation ("**Assignor**") and **THE CITY OF BAINBRIDGE ISLAND**, a Washington municipal corporation ("**Assignee**"). All initial capitalized terms used in this Agreement not defined in this Agreement will have the meanings provided such terms in that certain Real Estate Purchase and Sale Agreement dated as of March 13, 2019 between Assignor and Assignee (the "**Purchase Agreement**").

FOR VALUABLE CONSIDERATION, the receipt and sufficiency of which are acknowledged, Assignor grants, sells, transfers and assigns unto Assignee all of the right, title and interest of Assignor in, to and under any and all of the following items, to the extent that they are related to that certain real property located in the City of Bainbridge Island, Kitsap County, Washington which is more particularly described in Exhibit A hereto (the "**Property**") in accordance with the terms and conditions of the Purchase Agreement:

(a) all Plans and Permits (as defined in the Purchase Agreement);

(b) all service contracts approved by Assignee and described in Exhibit B attached to this Assignment;

(c) all warranties, guarantees and indemnities from, by or against any contractor, subcontractor, manufacturer, supplier or laborer or other service provider relating to the Property or the improvement thereof, if any, to the extent assignable; and

(d) all intangible property used or useful in connection with the Property or the improvements thereon, to the extent assignable.

Assignor expressly disclaims all warranties as to the assets conveyed by this Assignment, except that it warrants that its interest in any contracts conveyed by this Assignment is free of liens and encumbrances arising from or under Assignor. Assignee accepts the foregoing assignment as of the date of this Assignment.

The provisions of this Assignment will be binding upon, and will inure to the benefit of, the successors and assigns of Assignor and Assignee, respectively.

This Assignment will be governed by and construed in accordance with the laws of the State of Washington.

This Assignment may be executed in any number of counterparts, each of which will be deemed an original, but all of which when taken together will constitute one and the same instrument.

Dated March 13, 2019

ASSIGNOR

HARRISON MEDICAL CENTER, a
Washington nonprofit corporation

By: _____
Name: Ketul Patel
Title: CEO, Franciscan Health Ventures

By: _____
Name: Mike Fitzgerald
Title: CFO, Franciscan Health Ventures

ASSIGNEE

THE CITY OF BAINBRIDGE ISLAND, a
Washington municipal corporation

By_____
Morgan Smith, City Manager

Exhibit A to Assignment of Plans and Permits

Legal Description

RESULTANT PARCEL B OF BOUNDARY LINE ADJUSTMENT RECORDED UNDER AUDITOR'S FILE NO. 200812160018, AND AS DEPICTED ON SURVEY RECORDED UNDER AUDITOR'S FILE NO. 200812160017, IN VOLUME 71 OF SURVEYS, PAGE 186, RECORDS OF KITSAP COUNTY, WASHINGTON, DESCRIBED AS FOLLOWS:

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Tax Parcel No. 232502-3-083-2002

Exhibit B to Assignment of Plans and Permits

Service Contracts

January 29, 2019

Wade J. Moberg
CHI Regional Director, Real Estate Services
Franciscan Administrative Center – Market
1149 Market Street, MS 10-06
Tacoma, WA 98401-2197

Re: Harrison Medical Center Building, 8804 Madison Avenue North, Bainbridge Island, Washington

Dear Mr. Moberg:

We are pleased to submit this letter of intent, which outlines the conditions under which the City of Bainbridge Island ("**Buyer**") will negotiate with Harrison Medical Center ("**Seller**") for the purchase of the property described below. Buyer and Seller acknowledge this letter of intent is merely an expression of interest and does not create a binding agreement, nor does it contain many of the essential elements of the purchase and sale transaction under consideration. A binding agreement will not exist unless and until both parties have executed a binding purchase and sale agreement (the "**Agreement**").

1. **Property Description.** The property consists of approximately 3.13 acres located at 8804 Madison Avenue North in Bainbridge Island, Washington (the "**Property**"). The Property is legally described in Exhibit A attached to this letter.

2. **Purchase Price.** The Purchase Price for the Property will be $8,975,000, payable in cash at closing.

3. **Earnest Money Deposit.** Upon mutual execution of a binding Agreement, Buyer will place in escrow with the Tacoma, Washington office of Chicago Title Company of Washington (the "**Title Company**") an earnest money deposit in the sum of $50,000. The entire earnest money deposit will be applicable to the Purchase Price at closing. The earnest money deposit will be refundable to Buyer if Buyer terminates the Agreement during the Feasibility Period, for the failure of any condition to closing, or for Seller's default.

4. **Contingencies.** Buyer's obligation to purchase the Property will be contingent upon Buyer's satisfaction in its sole discretion with the results of Buyer's due diligence investigation to be completed within 60 days after mutual execution of the Agreement (the "**Feasibility Period**"). Buyer will have the right to extend the Feasibility Period by 15 days if necessary to perform a Phase II environmental survey of the Property. Seller will provide Buyer copies of or access to all documents and information regarding the Property for Buyer's review.

5. **City Council Approval.** Buyer's obligation to purchase the Property will be conditioned on approval by the City Council of the City of Bainbridge Island in accordance with State and local laws.

6. **Title and Closing Costs**. Buyer will order a title commitment for an extended form of owner's policy of title insurance from the Title Company. Buyer will review the title commitment and, before the end of the Feasibility Period, will notify Seller of any title exceptions to which Buyer objects. Title will be conveyed by statutory warranty deed free of any encumbrances or title exceptions except those approved by Buyer as permitted exceptions. An extended form of owner's policy of title insurance will be issued by the Title Company to Buyer at closing. At closing, Seller will pay: (a) the real estate excise tax on the sale of the Property; (b) one half the escrow fee; and (c) an amount equal to the standard premium charged by the Title Company for the title policy in the face amount of the Purchase Price. At closing, Buyer will pay: (i) an amount equal to the extended coverage portion of the title insurance premium and the cost of any endorsements to the title policy required by Buyer; and (ii) one half the escrow fee.

7. **Covenants and Representations and Warranties**. The Agreement will contain typical and customary covenants regarding the ongoing operation of the Property and typical and customary representations and warranties from the Seller. Within the two week period before Closing, Buyer will have the right to inspect the Property to determine whether there has been any adverse material change in the condition of the Property from the date Buyer waived its feasibility contingency. If there has been any adverse material change, Buyer will give Seller written notice, and Seller will have 30 days to take any corrective actions that may be necessary. If Seller fails to correct the material adverse change within the 30-day period, Buyer may terminate the Agreement.

8. **Relocation of Seller**. From the date of execution of the Agreement through Closing, Seller will diligently pursue the permits for and the construction of premises in which to relocate its medical practice.

9. **Risk of Loss**. The Agreement will contain typical and customary provisions regarding casualty and condemnation.

10. **Closing**. Closing will occur through escrow, with the Title Company acting as the escrow agent, on the later to occur of (a) that day that is 15 days after the satisfaction of the last of Buyer's conditions to be satisfied, or (b) that day that is four months after Seller's receipt of permits necessary for the construction of the premises into which Seller intends to relocate its healthcare practice. Seller will apply for such permits within 20 days of Buyer waiving its feasibility contingency and will diligently pursue the permits. Notwithstanding the foregoing, closing must occur no later than eight months after the end of Buyer's Feasibility Period. Taxes, utilities, and other operating costs of the Property will be pro-rated at closing.

11. **Brokers**. Neither Seller nor Buyer is being represented by a broker in connection with the transaction contemplated under this letter of intent.

12. **Binding Effect**. Except for the confidentiality provisions in Section 12 below, which will be binding on both Seller and Buyer, the provisions of this letter of intent will not be binding on Seller or Buyer, and neither Buyer nor Seller will have any obligations with respect to the Property until the Agreement is signed.

12. **Confidentiality**. Seller and Buyer agree that neither Seller nor Buyer will disclose to any third party the terms of this letter or of the negotiations for the Agreement, except as may be required by any applicable law. This provision will not limit disclosure to Buyer's prospective partners or lenders, or to the agents, consultants and attorneys retained by Seller or Buyer in connection with the purchase and sale of the Property. This provision will survive termination of this letter; provided, however, that Seller and Buyer acknowledge and agree that the Buyer may disclose this letter as required by the Public Records Act, RCW 42.56.260, following termination of this letter.

If this letter of intent meets with your approval, please indicate your acceptance of the foregoing by executing this letter of intent where indicated below and returning it to me on or before 5:00 p.m. on _____, 2019. Upon our receipt of the countersigned letter of intent prior to that time, we will begin drafting a purchase and sale agreement for your review. If a copy of this letter is not received by the time specified above, then the terms of this letter of intent will expire.

Sincerely,

CITY OF BAINBRIDGE ISLAND,
a Washington municipal corporation

By: _____
Name: MORGAN SMITH
Title: CITY MANAGER

Agreed to and accepted on Jan. 29, 2019

HARRISON MEDICAL CENTER,
a Washington non-profit corporation

By: _____
Name: Ian G. Worden
Title: Chief operating officer

Exhibit A

Legal Description

RESULTANT PARCEL B OF BOUNDARY LINE ADJUSTMENT RECORDED UNDER AUDITOR'S FILE NO. 200812160018, AND AS DEPICTED ON SURVEY RECORDED UNDER AUDITOR'S FILE NO. 200812160017, IN VOLUME 71 OF SURVEYS, PAGE 186, RECORDS OF KITSAP COUNTY, WASHINGTON, DESCRIBED AS FOLLOWS:

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BEGINNING AT THE NORTHWEST CORNER OF SAID SUBDIVISION; THENCE ALONG THE NORTH LINE THEREOF, SOUTH 88°43"48' EAST 427.59 FEET TO THE TRUE POINT OF BEGINNING; THENCE LEAVING SAID NORTH LINE, SOUTH 01°16'12" WEST 110.01 FEET; THENCE SOUTH 69°49'32" WEST 133.52 FEET; THENCE SOUTH 12°32'07" WEST 175.45 FEET TO THE SOUTH LINE OF THE NORTH ONE-HALF OF THE NORTH ONE-HALF OF THE NORTHWEST QUARTER OF THE SOUTHWEST QUARTER OF SAID SECTION 23; THENCE ALONG SAID SOUTH LINE, SOUIH 88°44'41" EAST 594.70 FEET TO THE SOUTHWESTERLY RIGHT OF WAY OF SR 305; THENCE NORTHWESTERLY ALONG SAID RIGHT OF WAY TO A POINT ON THE NORTH LINE OF THE SOUTHWEST QUARTER OF SAID SECTION 23; THENCE ALONG SAID NORTH LINE NORTH 88°43'48" WEST 186.03 FEET TO THE TRUE POINT OF BEGINNING; TOGETHER WITH AND SUBJECT TO EASEMENTS, RESTRICTIONS AND RESERVATIONS OF RECORD.

Tax Parcel No. 232502-3-083-2002

BAINBRIDGE URGENT CARE BUILDING

8804 Madison Ave N
Bainbridge Island, Washington 98110

APPRAISAL REPORT

Date of Report: July 16, 2018

Colliers File #: SEA180459

PREPARED FOR
Doug Schulze
City Manager
City of Bainbridge Island
280 Madison Ave N
Bainbridge Island, WA 98110

PREPARED BY
COLLIERS INTERNATIONAL
VALUATION & ADVISORY SERVICES

LETTER OF TRANSMITTAL

COLLIERS INTERNATIONAL
VALUATION & ADVISORY SERVICES

1325 4th Avenue, Suite 1900
Seattle, WA 98101 USA
MAIN +1 206 343 7477
FAX +1 206 682 7207
WEB www.colliers.com/valuationadvisory

July 16, 2018

Doug Schulze
City Manager
City of Bainbridge Island
280 Madison Ave N
Bainbridge Island, WA 98110

RE: Bainbridge Urgent Care Building
8804 Madison Ave N
Bainbridge Island, Washington 98110

Colliers File #: SEA180459

Mr. Schulze:

This appraisal report satisfies the scope of work and requirements agreed upon by City of Bainbridge Island and Colliers International Valuation & Advisory Services. At the request of the client, this appraisal is presented in an Appraisal Report format as defined by *USPAP* Standards Rule 2-2(a). My appraisal format provides a summary description of the appraisal process, subject and market data and valuation analyses.

The purpose of this appraisal is to develop an opinion of the As-Is Market Value of the subject property's fee simple interest. The following table conveys the final opinion of market value of the subject property that is developed within this appraisal report:

VALUE TYPE	INTEREST APPRAISED	DATE OF VALUE	VALUE
As-Is Market Value	Fee Simple	June 14, 2018	$7,520,000

The subject is an Office (Medical Office) property totaling 17,042 SF of NRA located on a 3.13-acre site at 8804 Madison Ave N in Bainbridge Island, Washington. The improvements were built in 2014, are in good/excellent condition and have a remaining economic life of 45 years based on my estimate.

The subject property was built-to-suit for and is fully occupied by Harrison Urgent Care as owner/user. The subject includes a small area of surplus land on which the building could someday use for expansion.

Sometime in the fall of 2017, the current owner approached the City of Bainbridge Island (client) to suggest the idea that the subject property might make a good candidate to retrofit for the City's police and municipal court. (It is well known that the City has been searching for a new location for its police and municipal court.) The City

Colliers International Valuation & Advisory Services, and certain of its subsidiaries, is an independently owned and operated business and a member firm of Colliers International Property Consultants, an affiliation of independent companies with over 500+ offices throughout more than 68 countries worldwide.

Council is researching the potential cost to retrofit the subject property for its use, which is expected to be presented in mid-July, and ordered this appraisal for my opinion of its current, As Is market value as part of their due diligence. The specific scope of work for this assignment, as requested by the client, is to provide this value, without consideration to future (retrofitting) use. Thus, the subject is valued to its highest and best use, which is concluded to be continued use as a two-story medical building.

The analyses, opinions and conclusions communicated within this appraisal report were developed based upon the requirements and guidelines of the current Uniform Standards of Professional Appraisal Practice (USPAP), the requirements of the Code of Professional Ethics and the Standards of Professional Appraisal Practice of the Appraisal Institute.

The report, in its entirety, including all assumptions and limiting conditions, is an integral part of, and inseparable from, this letter. *USPAP* defines an Extraordinary Assumption as, “an assumption, directly related to a specific assignment, as of the effective date of the assignment results, which, if found to be false, could alter the appraiser’s opinions or conclusions”. *USPAP* defines a Hypothetical Condition as, “that which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis”.

The Extraordinary Assumptions and/or Hypothetical Conditions that were made during the appraisal process to arrive at my opinion of value are fully discussed below. I advise the client to consider these issues carefully given the intended use of this appraisal, as their use might have affected the assignment results.

EXTRAORDINARY ASSUMPTIONS

No Extraordinary Assumptions were made for this assignment.

HYPOTHETICAL CONDITIONS

No Hypothetical Conditions were made for this assignment.

RELIANCE LANGUAGE

My opinion of value reflects current conditions and the likely actions of market participants as of the date of value. It is based on the available information gathered and provided to us, as presented in this report, and does not predict future performance. Changing market or property conditions can and likely will have an effect on the subject's value.

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The signature below indicates my assurance to the client that the development process and extent of analysis for this assignment adhere to the scope requirements and intended use of the appraisal. If you have any specific questions or concerns regarding the attached appraisal report, or if Colliers International Valuation & Advisory Services can be of additional assistance, please contact the individuals listed below.

Sincerely,

COLLIERS INTERNATIONAL
VALUATION & ADVISORY SERVICES

David W. Pfleeger, MAI
Valuation Services Director
Certified General Real Estate Appraiser
State of Washington License #1102040
+1 206 965 1140
david.pfleeger@colliers.com

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REPORT ORGANIZATION

PROPERTY AND ASSIGNMENT OVERVIEW

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ASSUMPTIONS & LIMITING CONDITIONS

ADDENDA

Professional Service Agreement
Kitsap County Assessor Reports
Valuation Glossary
Qualifications of Appraiser
Qualifications of Colliers International Valuation & Advisory Services

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GENERAL INFORMATION

Property Name	Bainbridge Urgent Care Building
Property Type	Office - Medical Office
Address	8804 Madison Ave N
City	Bainbridge Island
State	Washington
Zip Code	98110
County	Kitsap
Core Based Statistical Area (CBSA)	Seattle-Tacoma-Bellevue, WA
Market	Kitsap County
Submarket	Bainbridge Island
Latitude	47.642573
Longitude	-122.518853
Number Of Parcels	1
Assessor Parcel	232502-3-083-2002
Total Assessed Value	$4,969,700
Census Tract Number	0909.00

SITE INFORMATION

Land Area	**Acres**	**Square Feet**
Usable	3.02	131,551
Unusable	0.00	0
Excess	0.00	0
Surplus	0.11	4,800
Total	**3.13**	**136,351**

Topography	Sloping below street grade
Shape	Irregular
Access	Average
Exposure	Average/Good
Current Zoning	Residential 8 – Eight units per acre (5,400 sq. ft.) (R-8)
Flood Zone	Zone X (Unshaded)
Seismic Zone	Very High Risk

IMPROVEMENT INFORMATION

Net Rentable Area (NRA)	17,042 SF
Gross Building Area SF (GBA)	18,385 SF
Floor Plate SF	9,092 SF
Total Number Of Stories	2
Year Built	2014
Quality	Good/Excellent
Condition	Good/Excellent
Building Class	C
Air-Conditioned %	100%
Load Factor	0%
Type Of Construction	Wood and steel
Land To Building Ratio	7.4 : 1
Site Coverage Ratio	6.7%
Parking Type	Surface
Number of Parking Spaces	73
Parking Ratio (Spaces/1,000SF NRA)	4.3/1,000 SF NRA

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HIGHEST & BEST USE

As Vacant	Multi-Family Residential
As Improved	Continued Use As Medical Office

EXPOSURE TIME & MARKETING PERIOD

Exposure Time	12 Months or Less
Marketing Period	12 Months or Less

TENANCY INFORMATION

Tenancy	Single-Tenant Owner-Occupied	
Occupancy	100.0%	
Occupied SF	17,042 SF	
Vacant SF	0 SF	
Number of Tenants in Occupancy	1	
Number Of Vacant Spaces	0	
Direct Capitalization NOI	$432,163	
Total Market Income (Occupied Space)	$28.00/SF	NNN

VALUATION SUMMARY

VALUATION INDICES	AS-IS MARKET VALUE
INTEREST APPRAISED	**FEE SIMPLE**
DATE OF VALUE	**JUNE 14, 2018**
INCOME CAPITALIZATION APPROACH	
Direct Capitalization	**$7,520,000**
Direct Capitalization $/SF	$441/SF
NOI Proforma	$432,163
NOI $/SF	$25.36/SF
Capitalization Rate	5.75%
INCOME CONCLUSION	**$7,520,000**
Income Conclusion $/SF	$441/SF
SALES COMPARISON APPROACH	
SALES CONCLUSION	**$7,580,000**
Sales Conclusion $/SF	$445/SF
FINAL VALUE CONCLUSION	
FINAL VALUE	**$7,520,000**
$/SF	$441/SF
Implied Capitalization Rate	5.75%

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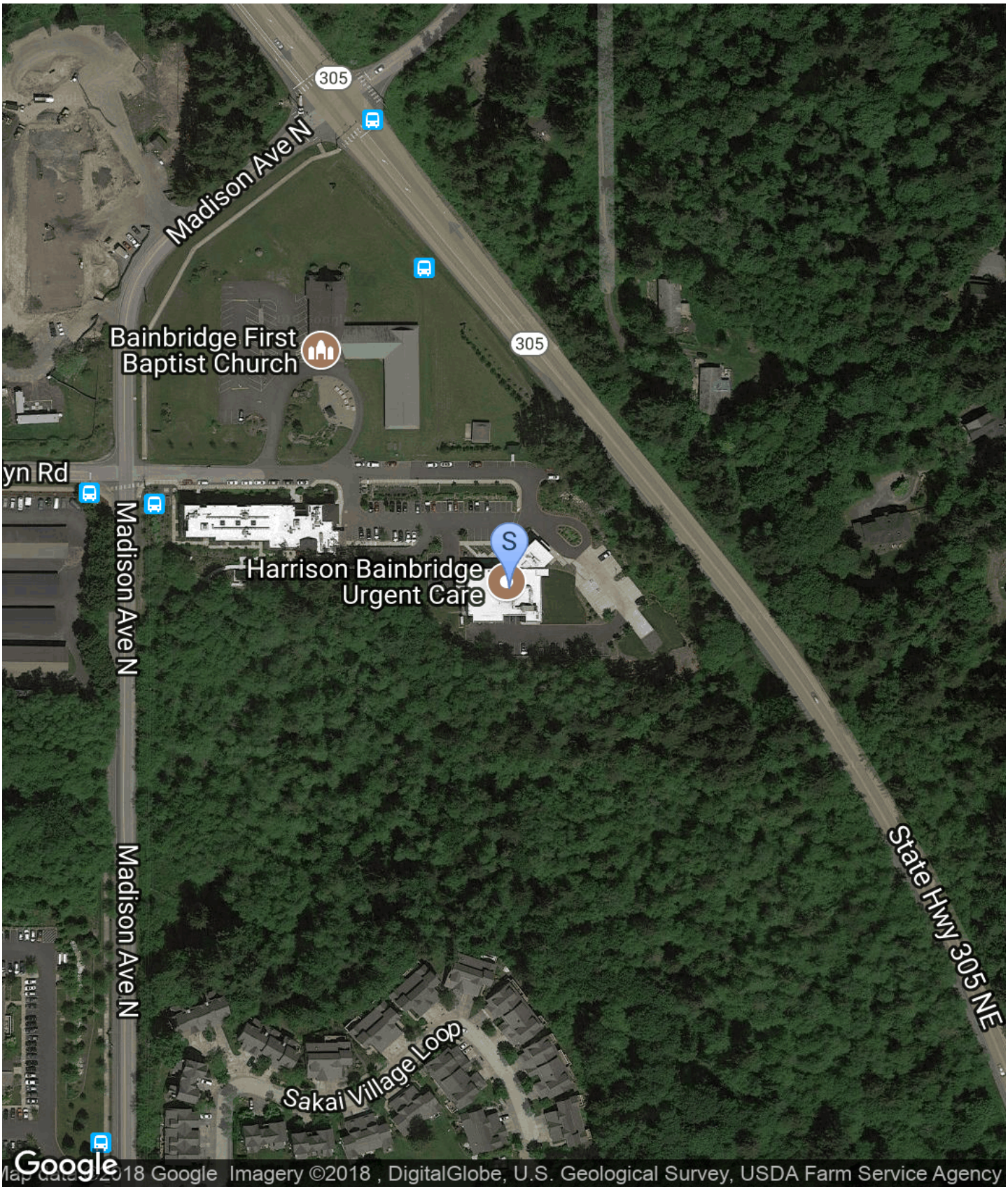
AERIAL PHOTOGRAPH



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SUBJECT PHOTOGRAPHS

NORTH EXTERIOR

EAST EXTERIOR

SE CORNER

SW CORNER

MAIN FLOOR RECEPTION

MAIN FLOOR SAMPLE HALL/WAITING

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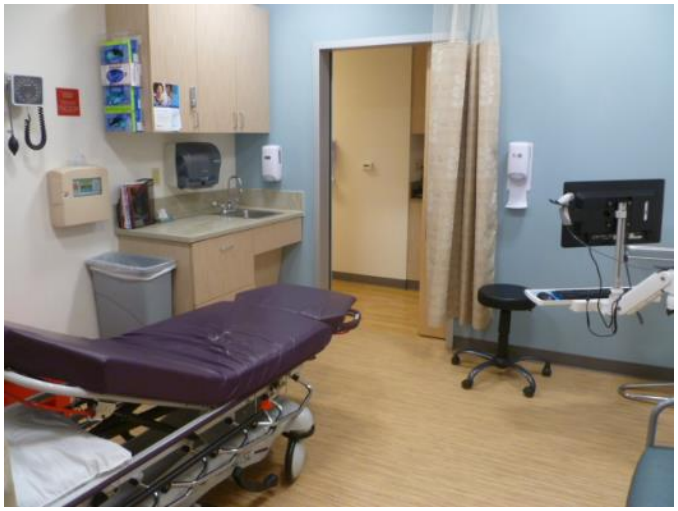


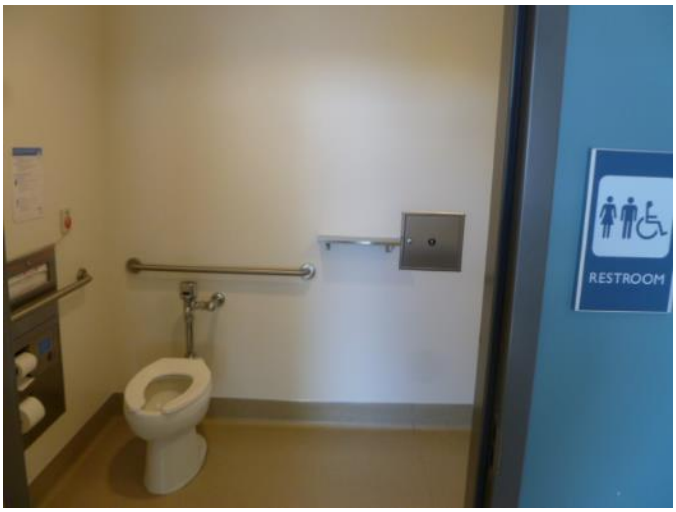
MAIN FLOOR SAMPLE EXAM ROOM

MAIN FLOOR X-RAY ROOM

MAIN FLOOR KITCHENETTE/BREAK ROOM

MAIN FLOOR CENTRAL WORKSTATIONS

MAIN FLOOR MEDS/CLEAN/UTILITY ROOM



MAIN FLOOR RESTROOM

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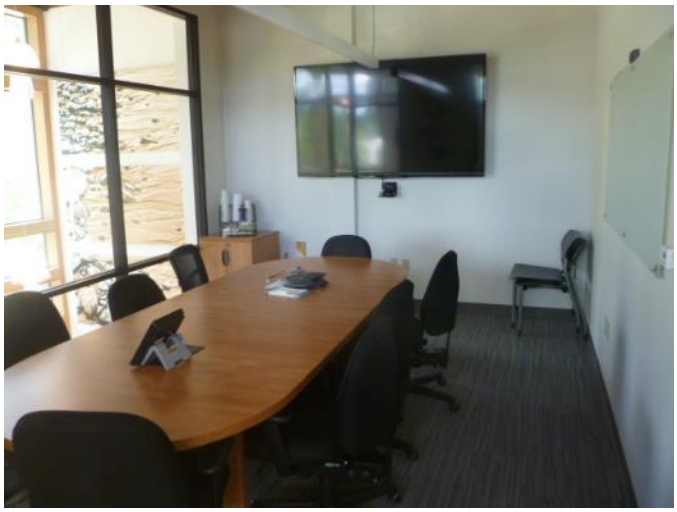
INTERIOR STAIRWELL (NEAR RECEPTION)

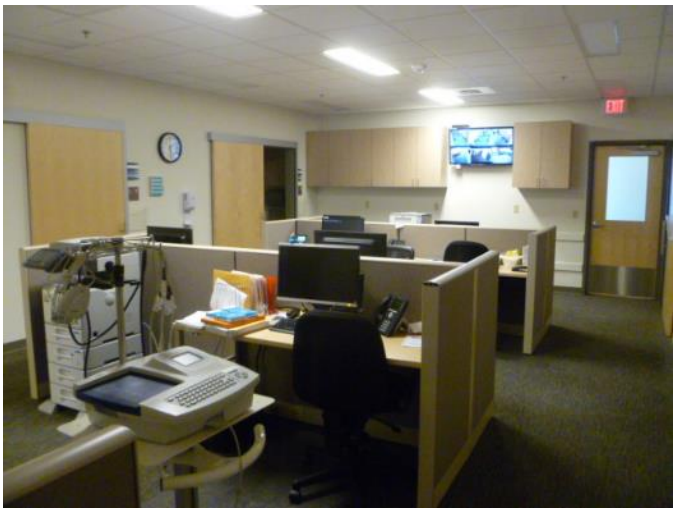
INTERIOR STAIRWELL AT SE CORNER



UPPER FLOOR CONFERENCE ROOM

UPPER FLOOR HALL/WAITING

UPPER FLOOR SAMPLE EXAM ROOM



UPPER FLOOR CENTRAL WORKSTATION

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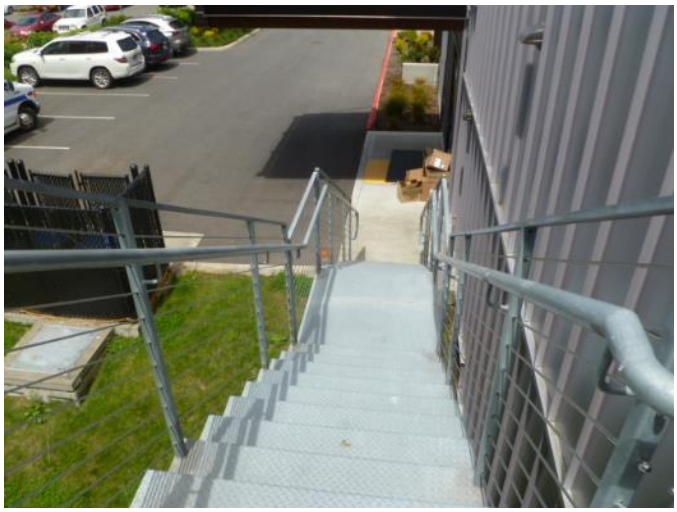
UPPER FLOOR – SAMPLE LOCKERS IN HALL

UPPER FLOOR OFFICE



EXTERIOR STAIRS

BACKUP GENERATOR

SUBJECT ACCESS ROAD VIEWING WEST

MADISON AVE N – VIEWING SOUTH

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PROPERTY IDENTIFICATION

The subject is an Office (Medical Office) property totaling 17,042 SF NRA located on a 3.13-acre site at 8804 Madison Ave N in Bainbridge Island, Kitsap County, Washington. The assessor's parcel number is: 232502-3-083-2002.

The legal description of the subject property is presented in the Addenda.

SCOPE OF WORK

The scope of work for this appraisal assignment is outlined below:

- The appraiser analyzed the regional and local area economic profiles including employment, population, household income, and real estate trends.
- The appraiser confirmed and analyzed legal and physical features of the subject, and how they impact the functionality and overall competitive position of the property.
- The appraiser completed an office supply/demand market analysis of the Kitsap County market and Bainbridge Island sub-market. Conclusions were drawn regarding the subject property's competitive position given its physical and locational characteristics, the prevailing economic conditions and external influences.
- The appraiser conducted Highest and Best Use analysis and conclusions were drawn for the highest and best use of the subject property As-Vacant and As-Improved.
- The appraiser confirmed and analyzed financial features of the subject property. This information, as well as trends established by confirmed market indicators, was used to forecast performance of the subject property.
- Selection of the valuation methods was based on the identifications required in USPAP relating to the intended use, intended users, definition and date of value, relevant property characteristics and assignment conditions. This appraisal developed the Income (Direct Capitalization) and Sales Comparison approaches to value, which were adjusted and reconciled as appropriate.
- Reporting of this appraisal is in an Appraisal Report format as required in USPAP Standard 2. The appraiser's analysis and conclusions are summarized within this document.
- I understand the Competency Rule of USPAP and the author of this report meets the standards.
- No one provided significant real property appraisal assistance to appraiser signing this certification.

SOURCES OF INFORMATION

The following sources were contacted to obtain relevant information:

SOURCES OF INFORMATION

ITEM	SOURCE
Tax Information	Kitsap County Tax Assessor
Zoning Information	City of Bainbridge Island Zoning Code
Site Size Information	Site Plan
Building Size Information	Mr. John Elsw ick, First Health (Ow ner's Rep)
New Construction	City of Bainbridge Island / Kitsap County
Flood Map	InterFlood
Demographics	Pitney Bow es/Gadberry Group - GroundView®
Comparable Information	See Comparable Datasheets for details
Legal Description	Grant Deed from RealQuest
Other Property Data	Kitsap County Property Records
Plans	City of Bainbridge Island

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SUBJECT PROPERTY INSPECTION

The following table illustrates the Colliers International professionals involved with this appraisal report and their status related to the property inspection.

SUBJECT PROPERTY INSPECTION			
APPRAISER	INSPECTED	EXTENT	DATE OF INSPECTION
David W. Pfleeger, MAI	Yes	Interior/Exterior	June 14, 2018

CLIENT IDENTIFICATION

The client of this specific assignment is City of Bainbridge Island.

PURPOSE

The purpose of this appraisal is to develop an opinion of the As-Is Market Value of the subject property's fee simple interest.

INTENDED USE

The intended use of this appraisal is to assist the client in making internal business decisions: to consider acquisition of the property.

INTENDED USERS

City of Bainbridge Island is the only intended user of this report. Use of this report by Third-Parties and other unintended users is not permitted. This report must be used in its entirety. Reliance on any portion of the report independent of others, may lead the reader to erroneous conclusions regarding the property values. Unless approval is provided by the authors no portion of the report stands alone.

ASSIGNMENT DATES

Date of Report	July 16, 2018
Date of Inspection	June 14, 2018
Valuation Date - As-Is	June 14, 2018

PERSONAL INTANGIBLE PROPERTY

No personal property or intangible items are included in this valuation.

PROPERTY AND SALES HISTORY

Current Owner

The subject title is currently recorded in the name of Harrison Medical Center, as recorded in of the Kitsap County Assessor Records.

Three-Year Sales History

The subject has not been sold in the past three years.

Subject Sale Status

The subject is not currently listed for sale. However, sometime in the fall of 2017, the current owner approached the City of Bainbridge Island (client) to explore its interest to purchase the subject property for its police and municipal court. The City is exploring feasibility of this offer. Reportedly no terms or price have been established.

DEFINITIONS OF VALUE

Given the scope and intended use of this assignment, the definition of Market Value is applicable. The definition of Market Value, along with all other applicable definitions for this assignment, is located in the Valuation Glossary section of the Addenda.

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PROPERTY RIGHTS APPRAISED

The property rights appraised constitute the fee simple interest.

VALUE SCENARIOS

The valuation scenarios developed in this appraisal report include the As-Is Market Value of the subject property's fee simple interest.

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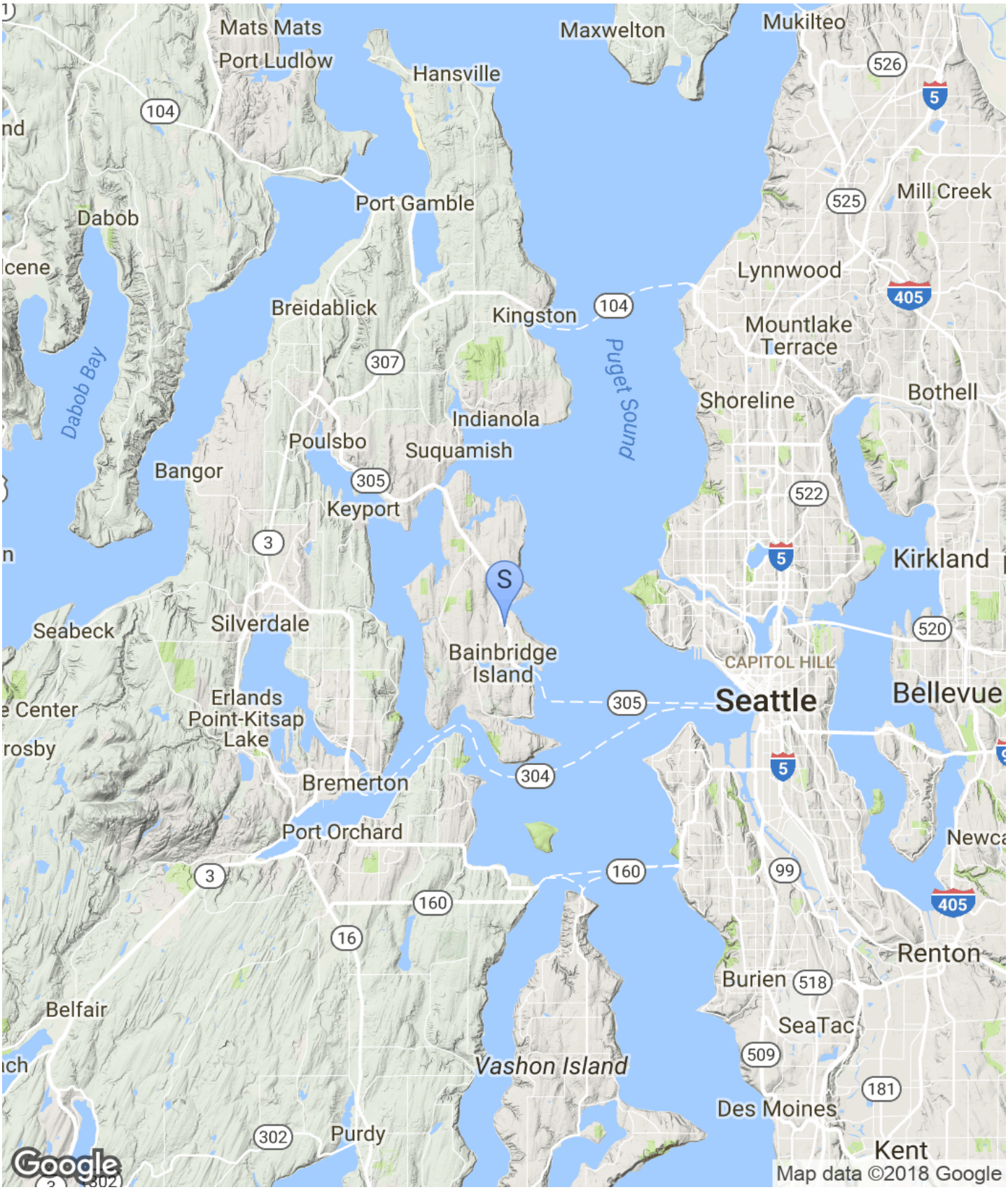
REGIONAL MAP



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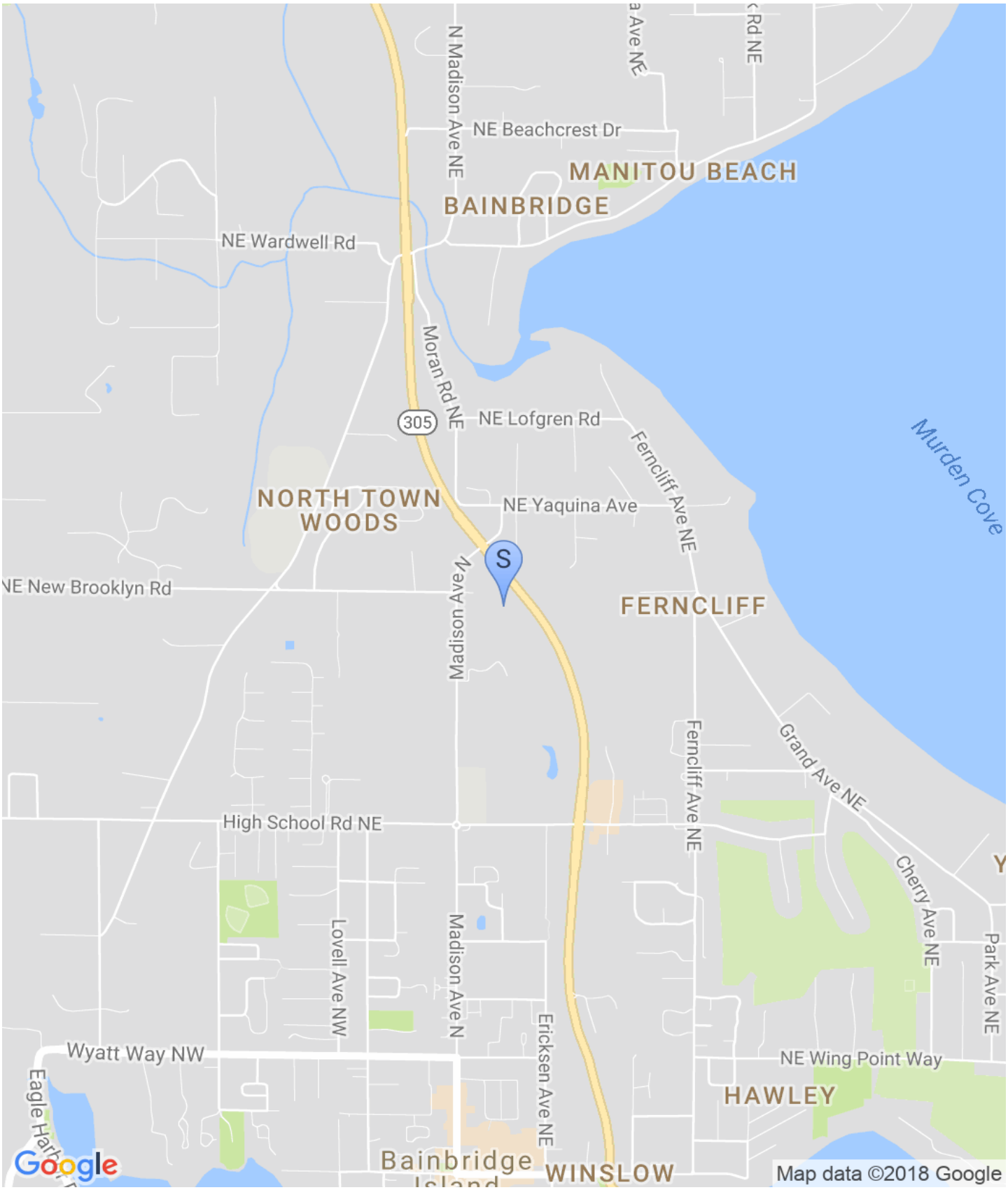
LOCAL AREA MAP



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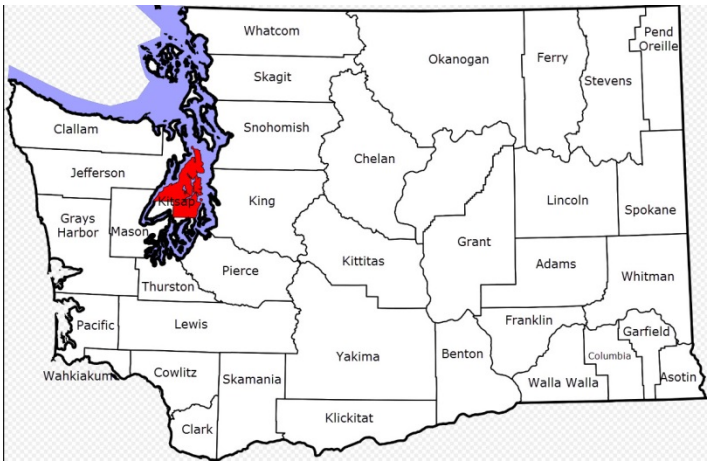
REGIONAL ANALYSIS

Kitsap County is located in Washington State, across Puget Sound from Seattle, 35 minutes by ferry from downtown Seattle and approximately 30 minutes by car from downtown Tacoma. With the exception of Bainbridge and Blake Islands, Kitsap County is essentially a peninsula, bounded by water on three sides. Jefferson County lies to the west and north across Hood Canal; Island, King, and Snohomish counties lie to the north and east, across Puget Sound; and Mason and Pierce counties border directly to the southwest and southeast, respectively. The county seat is Port Orchard and the largest city is Bremerton.



DEMOGRAPHIC ANALYSIS

The following is a demographic study of the region sourced by *Pitney Bowes/Gadberry Group - GroundView®*, an on-line resource center that provides information used to analyze and compare the past, present, and future trends of geographical areas. Demographic changes are often highly correlated to changes in the underlying economic climate. Periods of economic uncertainty necessarily make demographic projections somewhat less reliable than projections in more stable periods. These projections are used as a starting point, but we also consider current and localized market knowledge in interpreting them within this analysis. Please note that our demographics provider sets forth income projections in constant dollars which, by definition, reflect projections after adjustment for inflation. We are aware of other prominent demographic data providers that project income in current dollars, which do not account for inflation. A simple comparison of projections for a similar market area made under the constant and current dollar methodologies can and likely will produce data points that vary, in some cases, widely. Further, all forecasts, regardless of demographer methodology(ies), are subjective in the sense that the reliability of the forecast is subject to modeling and definitional assumptions and procedures.

Population

According to Pitney Bowes/Gadberry Group - GroundView®, a Geographic Information System (GIS) Company, Kitsap County had a 2017 total population of 270,591 and experienced an annual growth rate of 1.1%, which was lower than the Washington annual growth rate of 1.4%. The county accounted for 3.6% of the total Washington population (7,416,492). Within the county the population density was 673 people per square mile compared to the lower Washington population density of 110 people per square mile and the lower United States population density of 90 people per square mile.

POPULATION

YEAR	US	WA	COUNTY
2010 Total Population	308,745,538	6,724,540	251,133
2017 Total Population	325,389,970	7,416,492	270,591
2022 Total Population	338,156,319	8,039,375	298,172
2010 - 2017 CAGR	0.8%	1.4%	1.1%
2017 - 2022 CAGR	0.8%	1.6%	2.0%

Source: Pitney Bowes/Gadberry Group - GroundView®

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POPULATION DENSITY			
YEAR	US	WA	COUNTY
2017 Per Square Mile	90	110	673
2022 Per Square Mile	94	119	741

Source: Pitney Bowes/Gadberry Group - GroundView®

The 2017 median age for the county was 38.96, which was 2.82% older than the United States median age of 37.86 for 2017. The median age in the county is anticipated to grow by 0.44% annually, increasing the median age to 39.83 by 2022.

MEDIAN AGE			
YEAR	US	WA	COUNTY
2017	37.86	37.57	38.96
2022	38.51	38.11	39.83
CAGR	0.34%	0.29%	0.44%

Source: Pitney Bowes/Gadberry Group - GroundView®

Household Trends

The 2017 number of households in the county was 100,846. The number of households in the county is projected to grow by 0.8% annually, increasing the number of households to 104,992 by 2022. The 2017 average household size for the county was 2.59, which was -0.80% smaller than the United States average household size of 2.61 for 2017. The average household size in the county is anticipated to grow by 1.18% annually, raising the average household size to 2.75 by 2022.

NUMBER OF HOUSEHOLDS			
YEAR	US	WA	COUNTY
2017	121,586,527	2,800,684	100,846
2022	126,270,369	2,977,816	104,992
CAGR	0.8%	1.2%	0.8%

Source: Pitney Bowes/Gadberry Group - GroundView®

AVERAGE HOUSEHOLD SIZE			
YEAR	US	WA	COUNTY
2017	2.61	2.60	2.59
2022	2.61	2.65	2.75
CAGR	0.03%	0.41%	1.18%

Source: Pitney Bowes/Gadberry Group - GroundView®

Kitsap County had 31.85% renter occupied units, compared to the higher 36.25% in Washington and the higher 34.84% in the United States.

HOUSING UNITS			
	US	WA	COUNTY
Owner Occupied	65.16%	63.75%	68.15%
Renter Occupied	34.84%	36.25%	31.85%

Source: Pitney Bowes/Gadberry Group - GroundView®

The 2017 median household income for the county was $65,487, which was 16.7% higher than the United States median household income of $56,114. The median household income for the county is projected to grow by 0.6% annually, increasing the median household income to $67,410 by 2022.

As is often the case when the median household income levels are higher than the national average, the cost of living index is also higher. According to the American Chamber of Commerce Researchers Association (ACCRA Cost of Living Index, the Seattle-Tacoma-Bellevue, WA County's cost of living is 110.9 compared to the national

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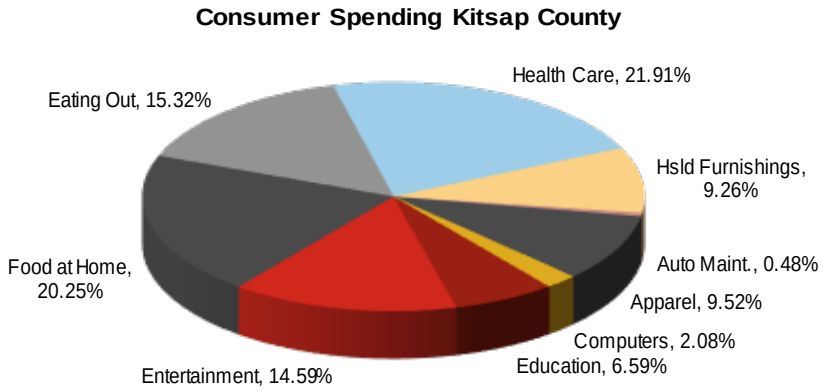
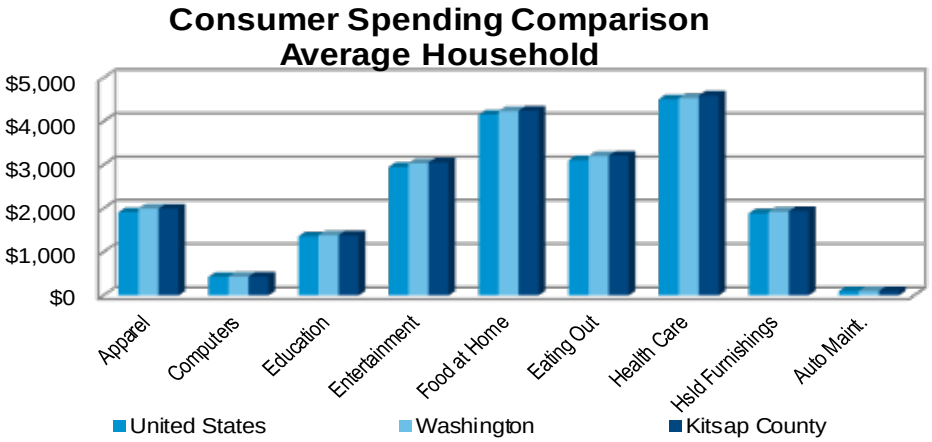
average score of 100. The ACCRA Cost of Living Index compares groceries, housing, utilities, transportation, health care and miscellaneous goods and services for over 300 urban areas.

MEDIAN HOUSEHOLD INCOME			
YEAR	US	WA	COUNTY
2017	$56,114	$63,209	$65,487
2022	$59,476	$65,621	$67,410
CAGR	1.2%	0.8%	0.6%

Source: Pitney Bowes/Gadberry Group - GroundView®





EMPLOYMENT

Total employment has increased annually over the past decade in the state of Washington by 0.8% and decreased annually by 0.3% in the county. From 2016 to 2017 unemployment decreased in Washington by 0.5% and decreased by 0.6% in the county. In the state of Washington unemployment has decreased over the previous month by 0.5% and decreased by 0.2% in the county.

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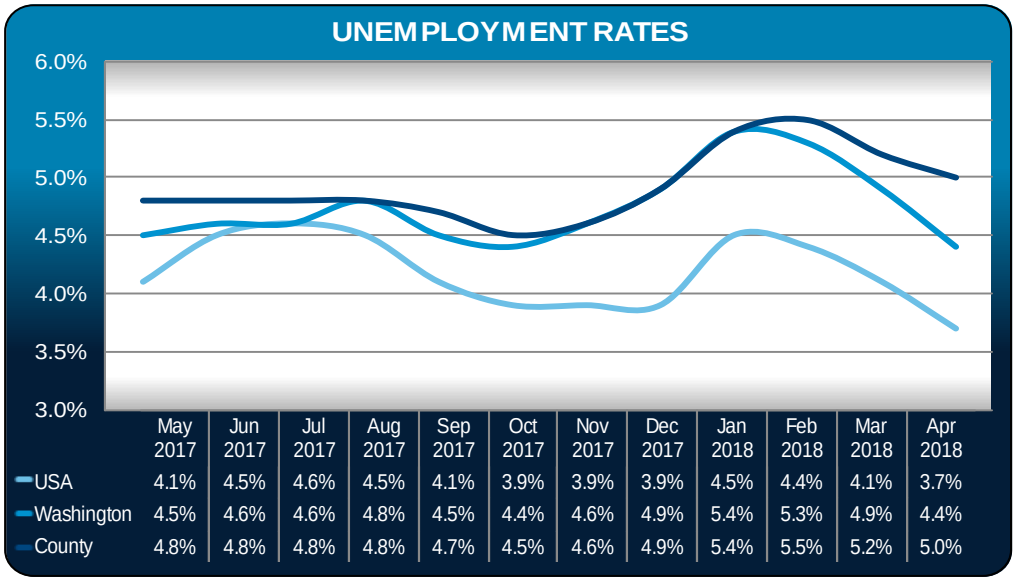
EMPLOYMENT & UNEMPLOYMENT STATISTICS 2008 - 2017

	TOTAL EMPLOYMENT				UNEMPLOYMENT RATE		
	Washington		Kitsap County, WA		United States*	Washington	Kitsap County, WA
Year	Total	% Δ Yr Ago	Total	% Δ Yr Ago			
2008	3,291,309	1.5%	118,172	1.0%	5.8%	5.4%	5.3%
2009	3,211,649	(2.4%)	115,796	(2.0%)	9.3%	9.2%	7.8%
2010	3,160,544	(1.6%)	110,230	(4.8%)	9.6%	10.0%	8.6%
2011	3,140,190	(0.6%)	107,470	(2.5%)	8.9%	9.3%	8.4%
2012	3,189,271	1.6%	106,945	(0.5%)	8.1%	8.1%	7.9%
2013	3,219,842	1.0%	105,488	(1.4%)	7.4%	7.0%	7.2%
2014	3,275,753	1.7%	106,632	1.1%	6.2%	6.1%	6.1%
2015	3,345,496	2.1%	108,912	2.1%	5.3%	5.7%	5.6%
2016	3,444,126	2.9%	111,669	2.5%	4.9%	5.3%	5.5%
2017	3,547,430	3.0%	115,166	3.1%	4.4%	4.8%	4.9%
CAGR	**0.8%**	-	**(0.3%)**	-	-	-	-

Source: U.S. Bureau of Labor Statistics *Unadjusted Non-Seasonal Rate



ECONOMY

Kitsap County supports an economy based on public sector Department of Defense jobs, as well as over 10,000 Uniform service personnel are based in the County. U.S. Navy centers at Bremerton, Keyport and Bangor dominate the economy of the county demonstrated by more than $22.2 billion in defense contracts in 2014 as stated by the state of Washington Employment Security Department's Regional overview. The county also supports a thriving gaming industry with large casinos located on tribal properties, a major medical center and a regional retail hub which attracts shoppers from Kitsap as well as surrounding counties. The following is a list of top employers across Kitsap County:

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TOP EMPLOYERS

EMPLOYER NAME	EMPLOYEES	INDUSTRY
Naval Base Kitsap	33,800	Government
Harrison Medical Center	1,956	Medical
Washington State	1,740	Retail
Central Kitsap School District	1,446	Education
Olympic College	1,314	Education
South Kitsap School District	176	Education
Kitsap County	1,122	Government
Port Madison Enterprises	980	Other
North Kitsap School District	855	Education
Bremerton School District	2,750	Education

Source: Kitsap Economic Alliance

SUMMARY

Being located only a half hour ferry ride from Seattle and a half hour drive from Tacoma, Kitsap County generally follows the trends of the larger Puget Sound area and more specifically the Seattle-Tacoma-Bellevue MSA. However, the strong military presence adds a level of economic stability not found in other areas of the Puget Sound region. Though, despite the strong military presence, the county has a slightly higher unemployment rate than the rest of Washington State. However, overall employment stability is expected to continue in both the short and long-term horizons.

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LOCAL AREA ANALYSIS

In this section of the report, I provide details about the local area and describe the influences that bear on the real estate market as well as the subject property. Below are insights into the local area based on fieldwork, interviews, demographic data and experience working in this market.

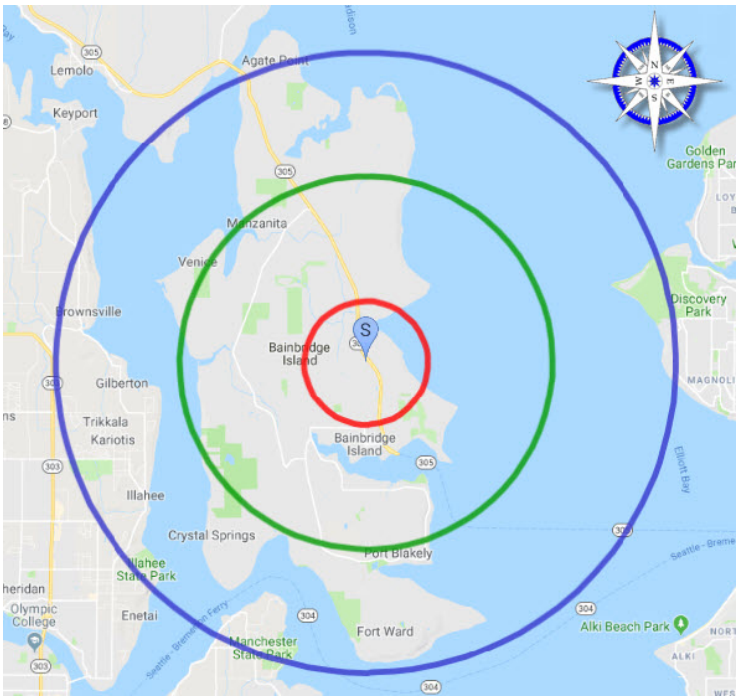
LOCAL AREA PROFILE

The subject property is located at the northern fringe of the primary commercial district on the City of Bainbridge Island, Washington, within Kitsap County. The property occupies an interior site off Madison Ave just south of its intersection with Highway 305. This area was formerly known as the city of Winslow, and is still referred to as Winslow by locals. The name was officially changed to the City of Bainbridge Island in 1991 following the annexation of the remainder of the island by the city. The Washington State Ferry Terminal is located ~1.5 miles to the south.

Although located in Kitsap County, Bainbridge Island is strongly tied to the Seattle market, as reflected in the fact that more than 70 percent of the island's wage earners commute to Seattle for work. There is evidence to suggest an increasing number of residents avoid the commute and work on the island, often in home offices or executive size office space. This tele-commuting trend has been facilitated by the improvements in office technology.

DEMOGRAPHIC PROFILE

Below is a demographic study of the area, sourced by *Pitney Bowes/Gadberry Group - GroundView*®, an on-line resource center that provides information used to analyze and compare the past, present, and future trends of properties and geographical areas. Please note that our demographics provider sets forth income projections in constant dollars which, by definition, reflect projections after adjustment for inflation. We are aware of other prominent demographic data providers that project income in current dollars, which do not account for inflation. A simple comparison of projections for a similar market area made under the constant and current dollar methodologies can and likely will produce data points that vary, in some cases, widely. Further, all forecasts, regardless of demographer methodology(ies), are subjective in the sense that the reliability of the forecast is subject to modeling and definitional assumptions and procedures.



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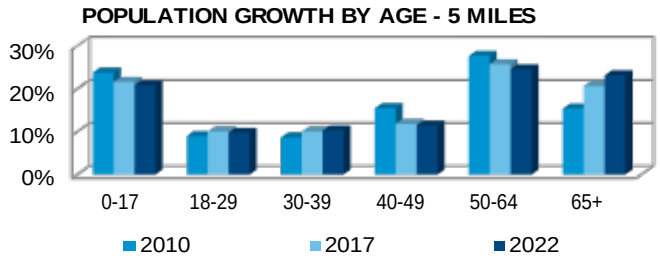
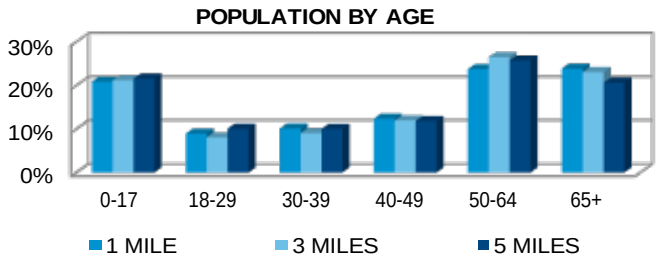
LOCAL AREA DEMOGRAPHICS

DESCRIPTION	1 MILE	3 MILES	5 MILES	DESCRIPTION	1 MILE	3 MILES	5 MILES
POPULATION				**AVERAGE HOUSEHOLD INCOME**			
2000 Population	2,858	14,537	28,903	2017	$126,027	$138,609	$130,496
2010 Population	3,787	16,716	32,515	2022	$141,676	$158,900	$148,630
2017 Population	3,993	17,623	34,518	Change 2017-2022	12.42%	14.64%	13.90%
2022 Population	4,476	19,433	37,986	**MEDIAN HOUSEHOLD INCOME**			
Change 2000-2010	32.51%	14.99%	12.50%	2017	$105,132	$103,607	$92,105
Change 2010-2017	5.44%	5.43%	6.16%	2022	$107,022	$106,181	$94,235
Change 2017-2022	12.10%	10.27%	10.05%	Change 2017-2022	1.80%	2.48%	2.31%
POPULATION 65+				**PER CAPITA INCOME**			
2010 Population	651	2,889	4,998	2017	$52,304	$56,833	$50,923
2017 Population	954	4,068	7,131	2022	$55,369	$61,473	$54,818
2022 Population	1,190	5,011	8,797	Change 2017-2022	5.86%	8.16%	7.65%
Change 2010-2017	46.54%	40.81%	42.68%	**2017 HOUSEHOLDS BY INCOME**			
Change 2017-2022	24.74%	23.18%	23.36%	<$15,000	6.7%	6.1%	5.5%
NUMBER OF HOUSEHOLDS				$15,000-$24,999	7.2%	5.6%	6.5%
2000 Households	1,209	5,812	11,168	$25,000-$34,999	7.4%	5.6%	5.4%
2010 Households	1,665	6,993	13,069	$35,000-$49,999	4.7%	7.9%	8.2%
2017 Households	1,685	7,095	13,411	$50,000-$74,999	12.9%	13.7%	15.5%
2022 Households	1,779	7,381	13,946	$75,000-$99,999	7.9%	9.4%	13.1%
Change 2000-2010	37.72%	20.32%	17.02%	$100,000-$149,999	24.6%	21.2%	18.5%
Change 2010-2017	1.20%	1.46%	2.62%	$150,000-$199,999	14.9%	13.3%	12.2%
Change 2017-2022	5.58%	4.03%	3.99%	$200,000 or greater	13.8%	17.2%	15.2%
HOUSING UNITS (2017)				**MEDIAN HOME VALUE**	$496,934	$528,515	$450,159
Owner Occupied	1,103	5,141	10,352	**AVERAGE HOME VALUE**	$587,096	$615,453	$555,911
Renter Occupied	565	1,898	3,083	**HOUSING UNITS BY UNITS IN STRUCTURE**			
HOUSING UNITS BY YEAR BUILT				1, detached	1,051	5,054	10,496
Built 2010 or later	50	146	237	1, attached	209	418	529
Built 2000 to 2009	621	1,720	2,499	2	26	126	227
Built 1990 to 1999	364	1,443	2,623	3 or 4	21	64	104
Built 1980 to 1989	185	1,105	1,901	5 to 9	97	338	498
Built 1970 to 1979	165	943	3,049	10 to 19	55	256	367
Built 1960 to 1969	120	580	902	20 to 49	121	369	374
Built 1950 to 1959	67	328	546	50 or more	68	235	248
Built 1940 to 1949	26	288	655	Mobile home	20	175	585
Built 1939 or earlier	86	542	999	Boat, RV, van, etc.	0	5	7

Source: Pitney Bowes/Gadberry Group - GroundView®





Income levels are higher on Bainbridge Island than those of Kitsap County as a whole and are more similar to high-income areas of Seattle. Significant growth occurred over the period between 2000 and 2010. This slowed considerably over the next six years (2010 – 2017), but is expected to continue at a slightly faster pace over the next five-year period.

The ESRI data shown above is based on concentric circles. A more accurate representation of population on Bainbridge Island is available from the State of Washington Office of Financial Management. The entire island is incorporated so the following figures are more reliable in terms of island population trends. According to OFM, the estimated 2017 population of Bainbridge Island was 23,950.

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Transportation Routes

Major traffic arteries are shown in the chart below:

MAJOR ROADWAYS & THOROUGHFARES			
HIGHWAY	**DIRECTION**	**FUNCTION**	**DISTANCE FROM SUBJECT**
Highway 305	north-south	Local Highway	This is within a half mile of the subject property.
Ferry Terminal			This is within 2 miles of the subject property.
SURFACE STREETS	**DIRECTION**	**FUNCTION**	**DISTANCE FROM SUBJECT**
Madison Ave N	north-south	Primary Arterial	This is just down the street from the subject property.
High School Rd	east-west	Secondary Arterial	This is within a half mile of the subject property.
Wyatt Way N	east-west	Secondary Arterial	This is within a mile of the subject property.
Winslow Way	east-west	Primary Arterial	This is within a mile of the subject property.

The primary commercial arterials in the immediate area are Winslow Way and Madison Avenue. Other main commercial corridors include: High School Road, Wyatt Avenue, and Ericksen Avenue. Highway 305 is the only state highway on the Island and connects Winslow and the ferry terminal to the Agate Bridge at the north end of the Island.

Downtown Bainbridge (or Winslow) is made up of multiple and varied commercial developments that include a wide range of restaurants, shops, and services. The main portion of Winslow downtown includes adaptive re-use of early 20th century commercial buildings. In addition, new infill development has been ongoing. Several of these newer developments include a residential condominium component. Public transportation is available throughout the area, with several bus stops along Madison Ave, north of Winslow Way.

Ferry Ridership

The Seattle-Bainbridge Island run is the busiest in the state ferry system. According to the Washington State Ferries Traffic Statistics Rider Segment Report, the Seattle-Bainbridge ferry reported a total of 6,429,853 riders in 2016. This was a slight (+1.1%) increase over the prior year and represents 26.6% of total ridership in the State ferry system. (The next closest ferry is Seattle-Bremerton, representing 11.3% of total ridership.) As of 2nd quarter 2017, total ridership is 3,065,856. The fare for a single foot passenger is currently $8.35 (round trip). Last year, foot passengers represented 45%, or nearly half of all ridership on the Seattle-Bainbridge run, versus 29% of total ridership for the State.

Residential Development

Bainbridge Island is primarily a residential community with supporting commercial uses, although the majority of residents work off-island. Residential property includes primarily single-family homes with some of the highest priced properties in the greater Seattle region. The Winslow area also includes condominium and apartment uses. The median home value for single-family residences in the subject's 3-mile radius is $528,515. As of Summer 2018, the residential market locally is strong with homes selling quickly, and at times at prices higher than the asking price. A lack of inventory appears to be one of the main catalysts, particularly in downtown Winslow, where demand is strong.

Apartment developments on Bainbridge were generally built in 2000 and earlier and consist of garden style facilities. These uses are located almost exclusively within the Winslow area. Although development came to a standstill in 2010, recent condominium projects have generally been successful. The range of condominium housing styles is broad and includes attached townhouses, detached cottages, and flats in mid-rise buildings.

Bainbridge's most recent residential project is Grow Community. Located at the southeast corner of Wyatt Way and Grow Ave SW, on the edge of the commercial center, Grow Community is a net-zero energy (sustainable) development incorporating principals of new urbanism that focuses on energy efficiency in an interactive pedestrian-oriented, multigenerational community. Grow is currently the largest solar-ready planned community in the state of Washington. The first three green prefabricated model homes opened for tours in October 2012.

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These three homes will be joined by two more home options as well as a series of townhouse rentals. All told, the Grow Community will feature 50 single-family homes and 82 rental apartments in small clusters of buildings centered around shared green spaces and community gardens known as “micro-neighborhoods” called the Village, the Grove, and the Park. The Village has sold out, the Grove is currently selling and renting, and the Park is currently selling. The entire development will be connected by a network of walking and biking trails – see site map below.

Commercial and Industrial Development

The Island Gateway development at the northwest corner of Winslow Way and Hwy. 305 offers almost 40,000 SF of Class A retail and office space and a Children’s Discovery Museum (KiDiMU). The NW Art Museum and additional retail space were completed in 2013. This is a substantial project, at one of the most visible corners on Bainbridge Island. Across the street, at the SWC of Highway 305 and Winslow Way, a group of volunteers recently converted a former gas station site into a gateway park.

On High School Road, Island Village is a large shopping center anchored by Safeway and Rite Aid. Typical medical and professional office uses are also located in both commercial districts.

In August 2015 the Town & Country Market completed its four phase renovation project. In addition to a new, two story design with improved layout and flow, increased seating, a new sushi counter and expanded Culinary

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Resources Center providing daily food samples & recipes, the 56-year building has been retrofitted with new, energy-efficient equipment.

Industrial uses on Bainbridge are relatively minimal, with pockets along Sportsman Club Road, Day Road, and Miller Road. The few industrial uses on the island are light industrial, small manufacturing or flex, high-tech space. The most notable industrial use is the Washington State Ferry repair yard located on Eagle Harbor, west of the Ferry terminal. The former Wyckoff creosote plant at Bill Point on the south side of Eagle Harbor is now gone, but the environmental problem left behind is classified as a superfund site, and is in the process of being remediated. There has been debate about what will happen with this unique piece of waterfront property with excellent views of Seattle once the remediation work is completed.

Community Services

Community services and facilities are readily available in the surrounding area. These include public services such as fire stations, hospitals, police stations, and schools (all ages). The subject property is located in the Bainbridge Island School District School District. Bainbridge Island is well known for its public school system. The schools are consistently ranked among the top five public systems in Washington State. Public schools include three elementary schools, two middle schools (one opened in early 2000), and a high school located on High School Road. GreatSchools.org is an online resource that rates every school district and school on a scale of one to ten based on test scores. They also track parents rating of the school on a one to five scale. The chart details the local school districts and high schools ratings nearest to the subject.

SCHOOL DISTRICTS

SCHOOL DISTRICT	GREATSCHOOLS RATING	NUMBER OF SCHOOLS					
		ELEMENTARY	MIDDLE	HIGH	PUBLIC	CHARTER	TOTAL
Bainbridge Island School District	9	6	5	3	10	0	10

HIGH SCHOOLS

HIGH SCHOOLS	GREATSCHOOLS RATING	PARENT RATING	SCHOOL TYPE	GRADES SERVED	DISTANCE FROM SBJ.	CITY LOCATION	TOTAL ENROLLMENT
Bainbridge Special Education Services	-	1	public	PK-12	0.30 miles	Bainbridge Island	34
Bainbridge High School	10	4	public	9-12	0.42 miles	Bainbridge Island	1,261
Eagle Harbor High School	8	5	public	9-12	0.54 miles	Bainbridge Island	145
Olympic High School	6	4	public	9-12	6.93 miles	Bremerton	1,168
East Side Alternative School	-	5	public	10-12	6.94 miles	Bremerton	66
Residential Consortium	-	-	public	PK-12	6.97 miles	Seattle	37
Ck Online Academy	-	-	public	9-12	6.99 miles	Bremerton	29
Ballard High School	9	4	public	9-12	7.17 miles	Seattle	1,669
Bremerton High School	3	4	public	9-12	7.36 miles	Bremerton	1,238
Morgan Center School	-	-	public	10-12	7.40 miles	Bremerton	-

Source: GreatSchools.org

In addition, there are a number of parks, golf courses, and other recreational facilities in the area. Winslow Way recently received an extensive underground utility and paving upgrade from Madison to SR 305.

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SUBJECT PROPERTY ANALYSIS

The following discussion draws context and analysis on how the subject property is influenced by the local and immediate areas.

Subject Property Analysis

The uses adjacent to the property are noted below:

- **North -** Bainbridge First Baptist Church
- **South -** Vacant, Undeveloped Land
- **East -** SR 305 Then Single Family Residential
- **West -** Madrona House Assisted Living & Memory Care Facility, Madison Ave N, Then Self Storage

Access

The subject site has frontage and access on a short access road off Madison Ave N. and frontage, but not direct access, on SR 305. Based on my field work, the subject's access is rated average compared to other properties with which it competes.

Visibility

The subject is clearly visible in both directions along its access road and visible to southbound traffic only on Madison Ave, where visibility is blocked by trees and the adjacent memory care & assisted living facility. The visibility of the property is hampered by trees to traffic on SR 305. In comparison to competitive properties, the subject property has average/good visibility.

Subject Conclusion

Trends in the local and immediate areas, adjacent uses and the property's specific location features indicate an overall positive external influence for the subject, which is concluded to have an average corner position in context of competing properties.

SUMMARY

In summary, Bainbridge Island is predominantly a residential area with strong sense of community mixed with a wider variety of available arts, recreation, goods, and services than are typically found in the suburbs. While Bainbridge Island benefits from its direct ferry linkage with Seattle, the physical separation by Puget Sound creates a sense of being removed from the bustle of the city, which adds to its appeal. Condition and appeal of the area are generally excellent. Income and property values are high. As of mid-2018, like most areas, the housing market appears to be strong. In the long term, fundamentals are strong for both housing and commercial real estate values.

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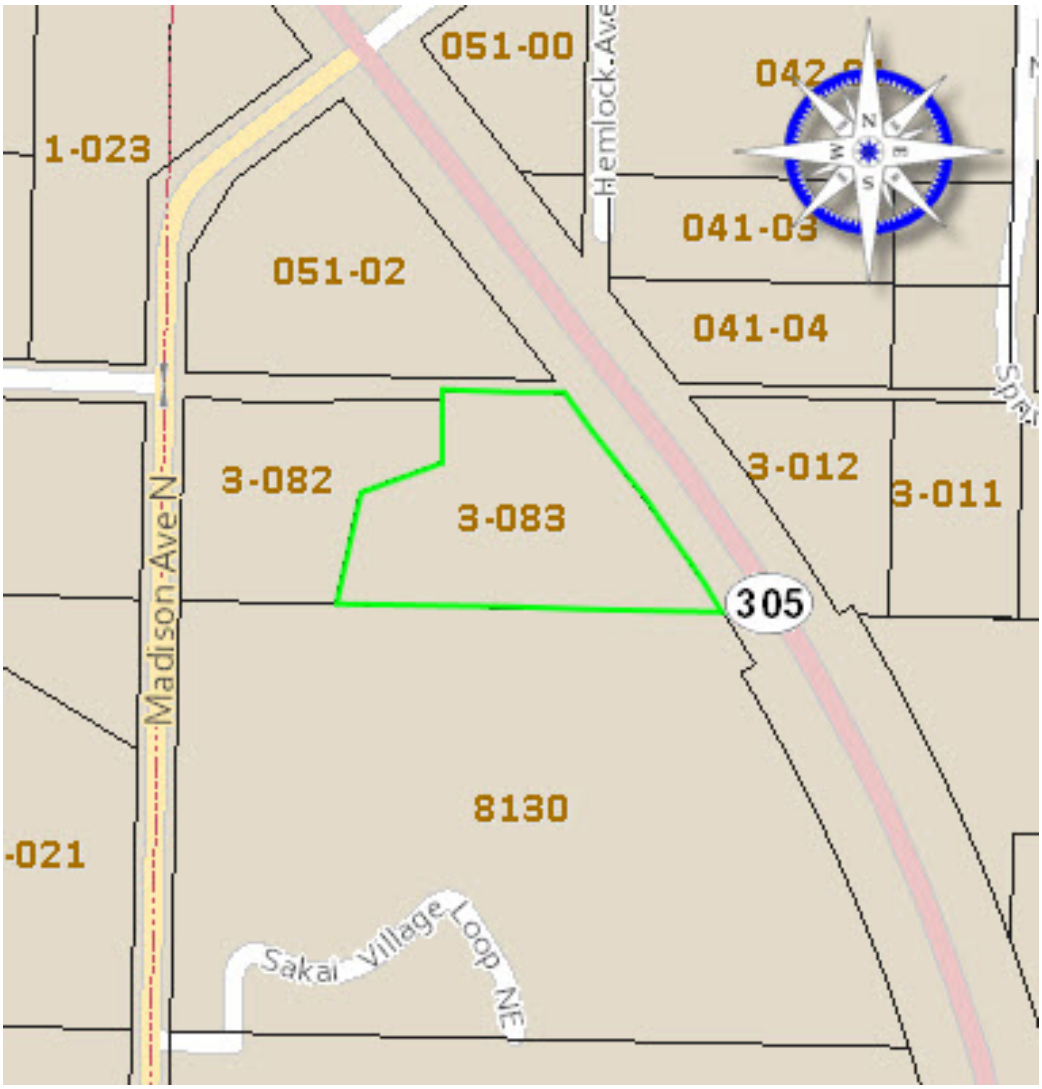
PARCEL MAP



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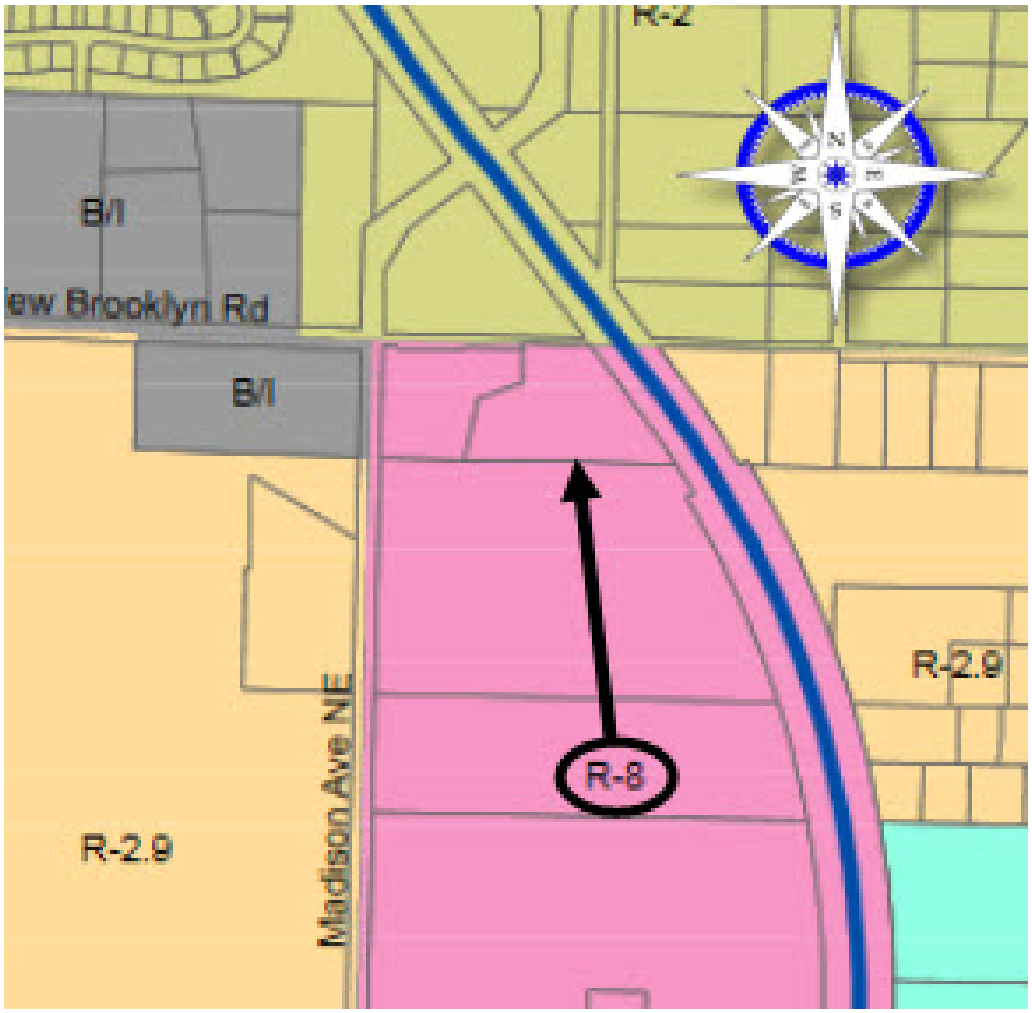
ZONING MAP



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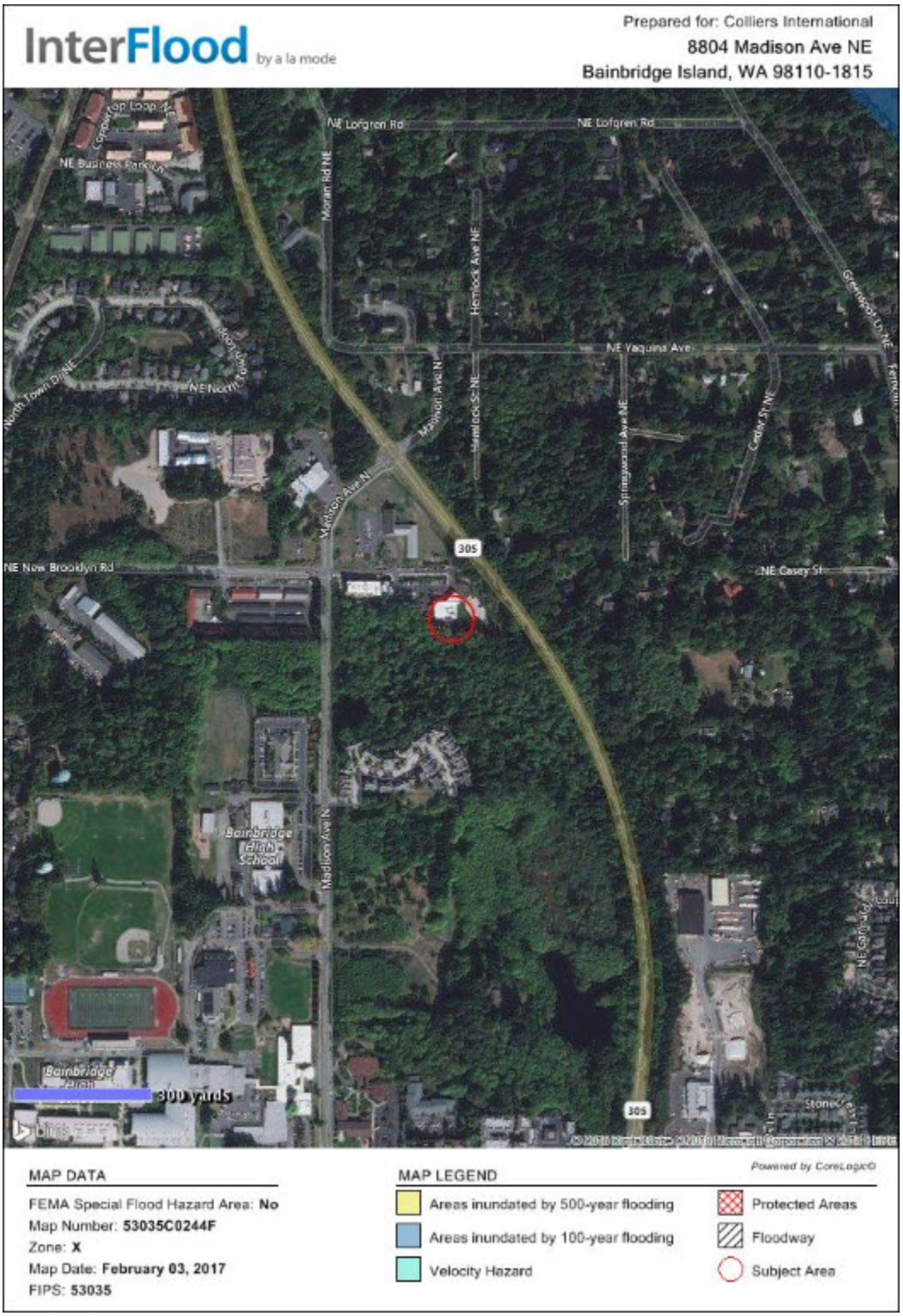
FLOOD MAP



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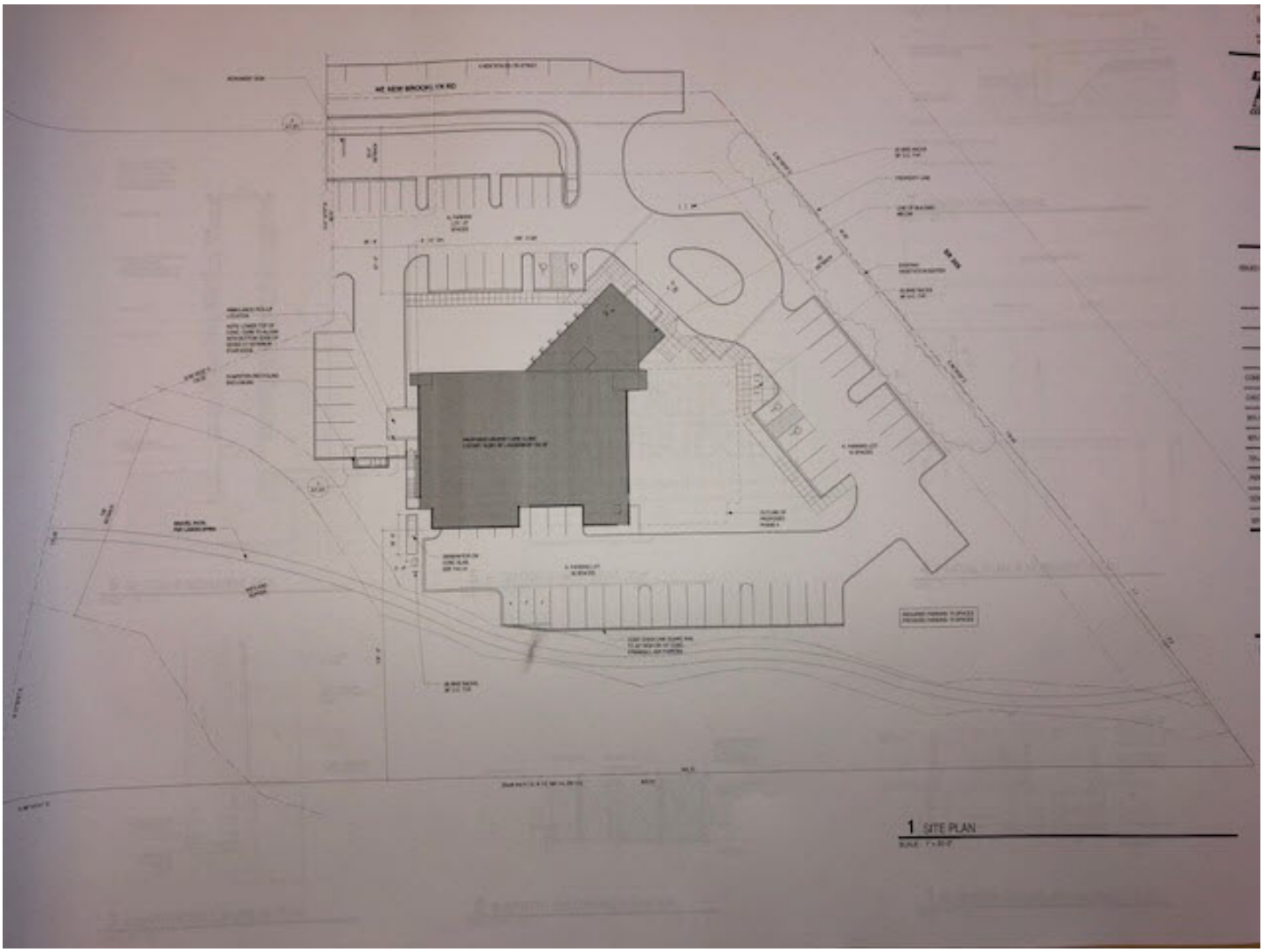
SITE PLAN



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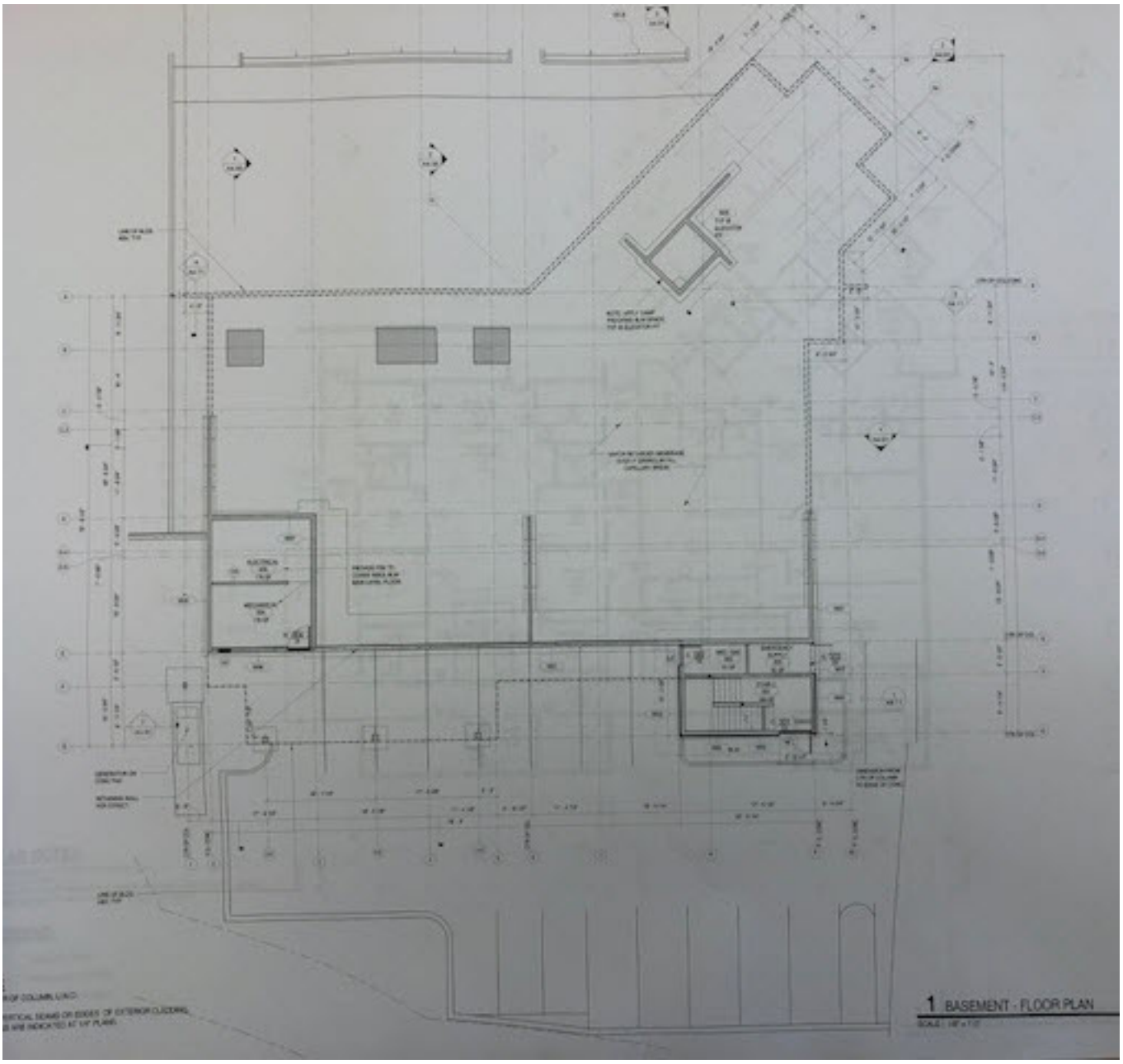
BUILDING PLAN - BASEMENT



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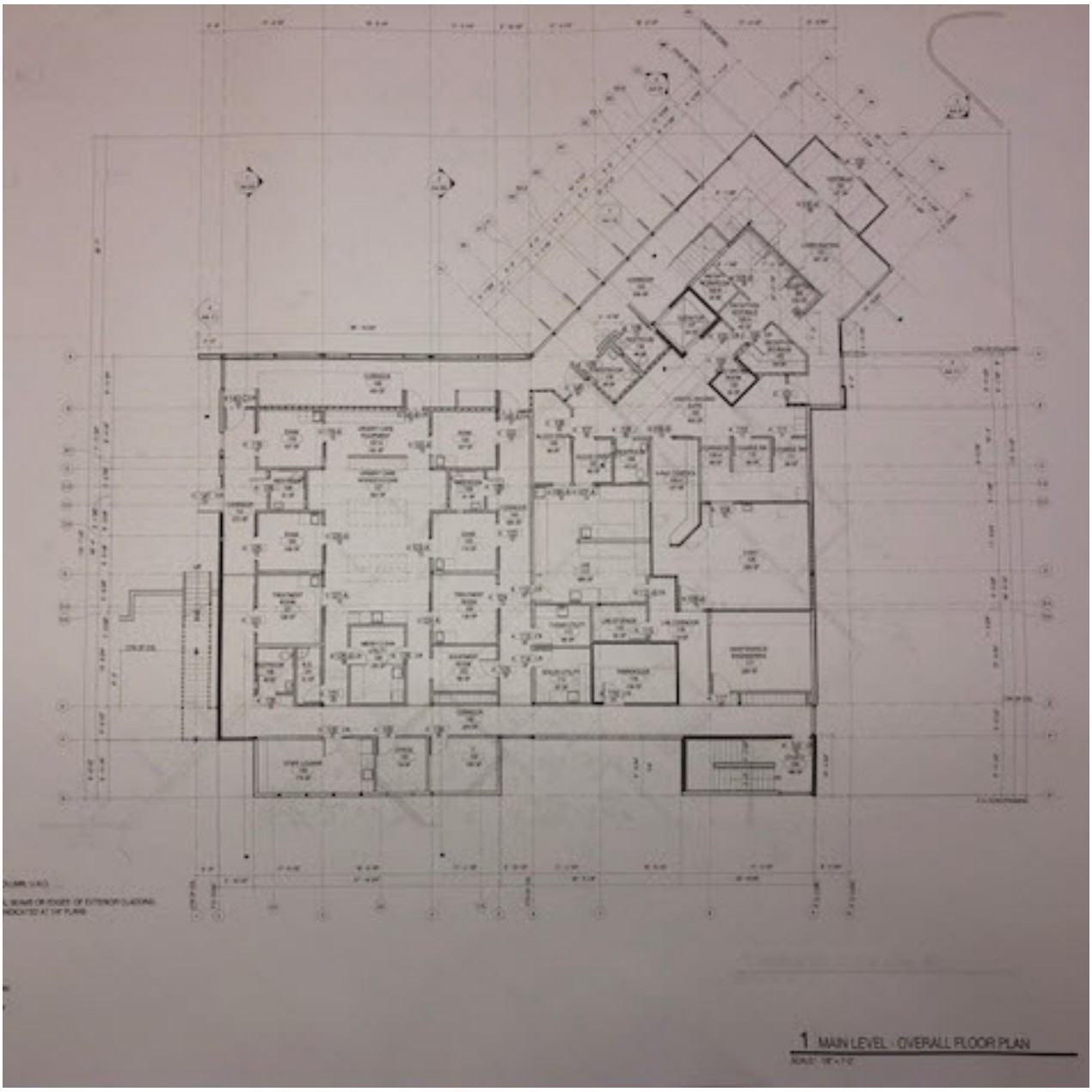
BUILDING PLAN – MAIN FLOOR



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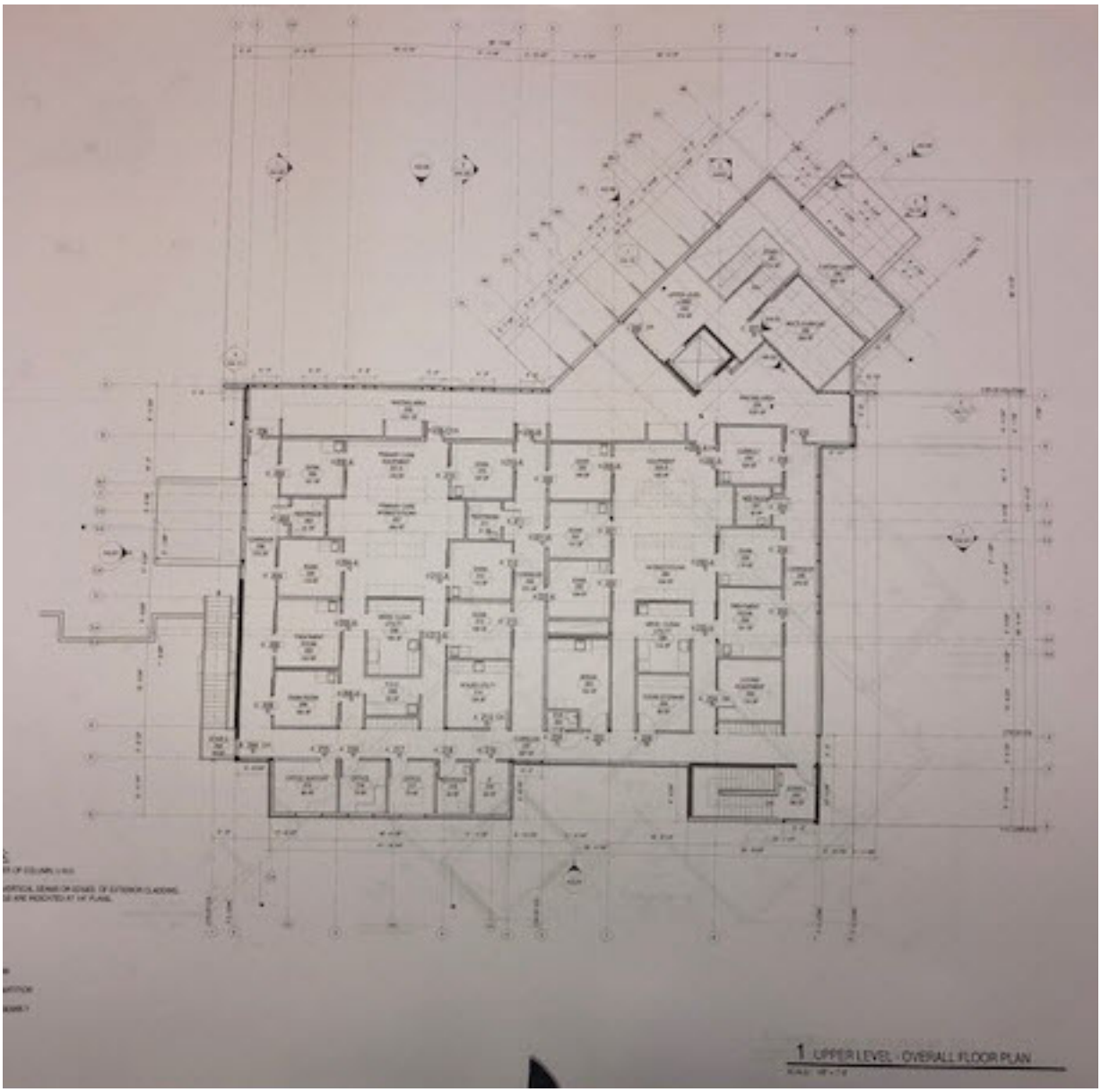
BUILDING PLAN – UPPER FLOOR



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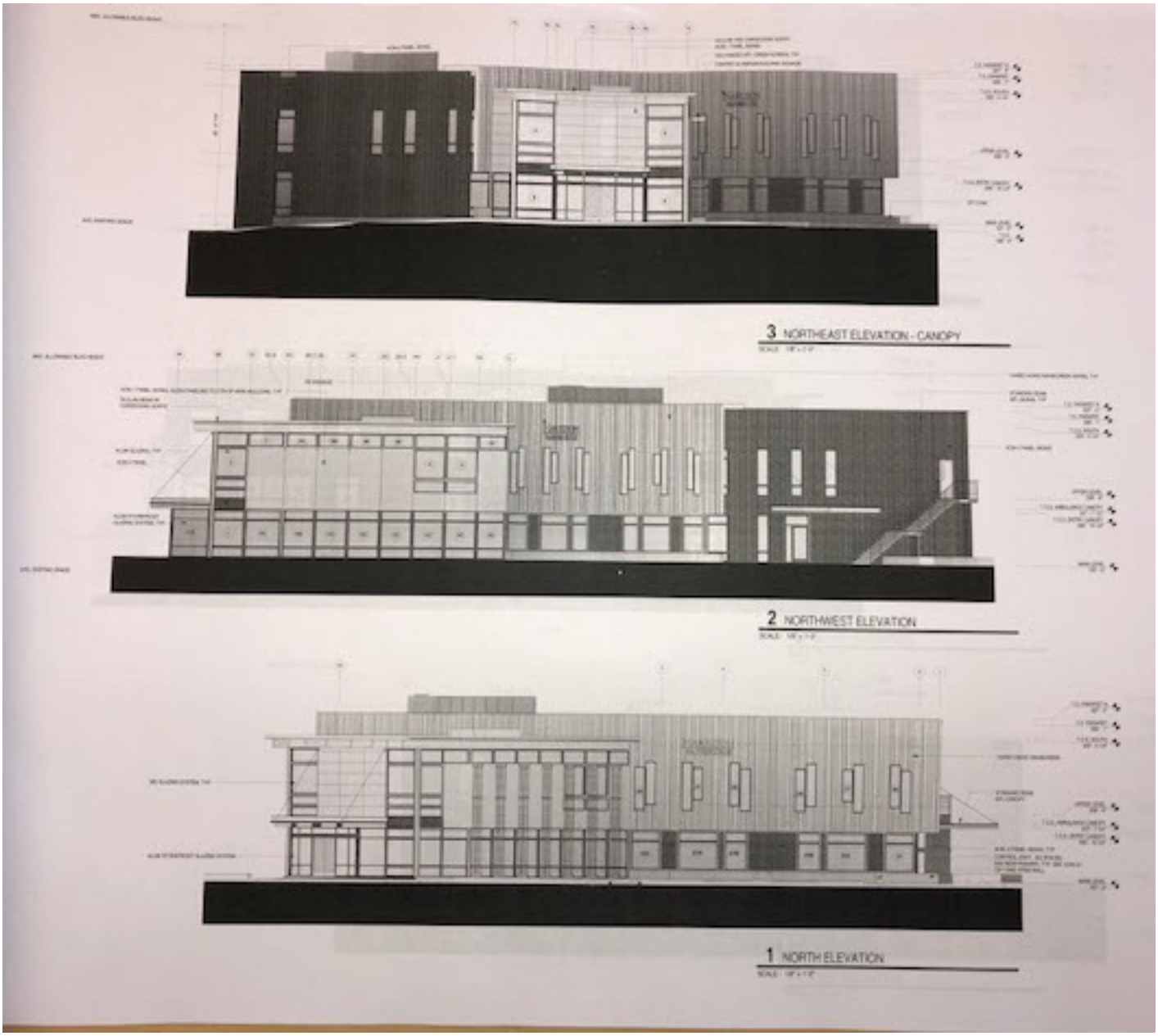
ELEVATIONS – NORTH



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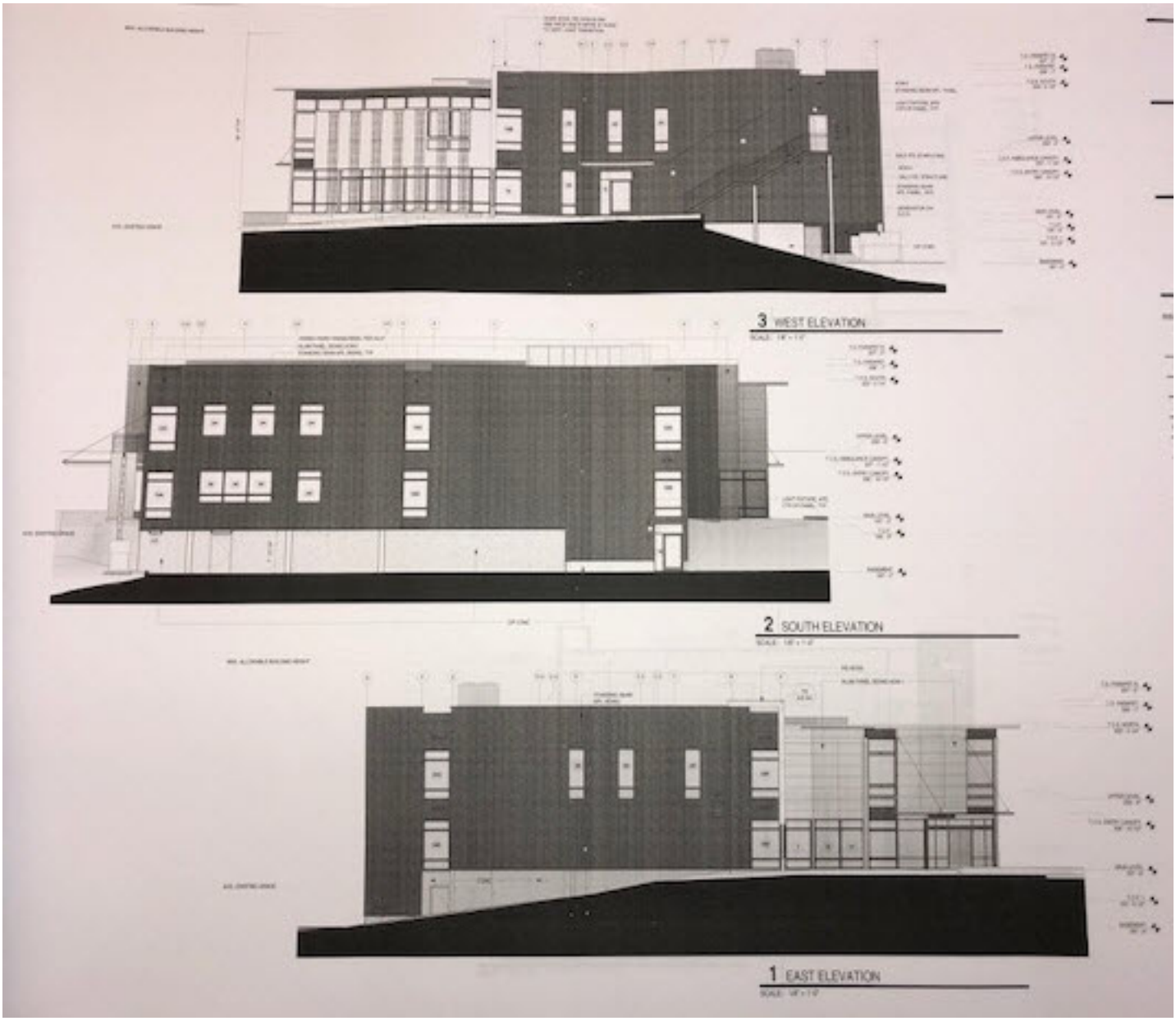
ELEVATIONS – EAST, WEST, SOUTH



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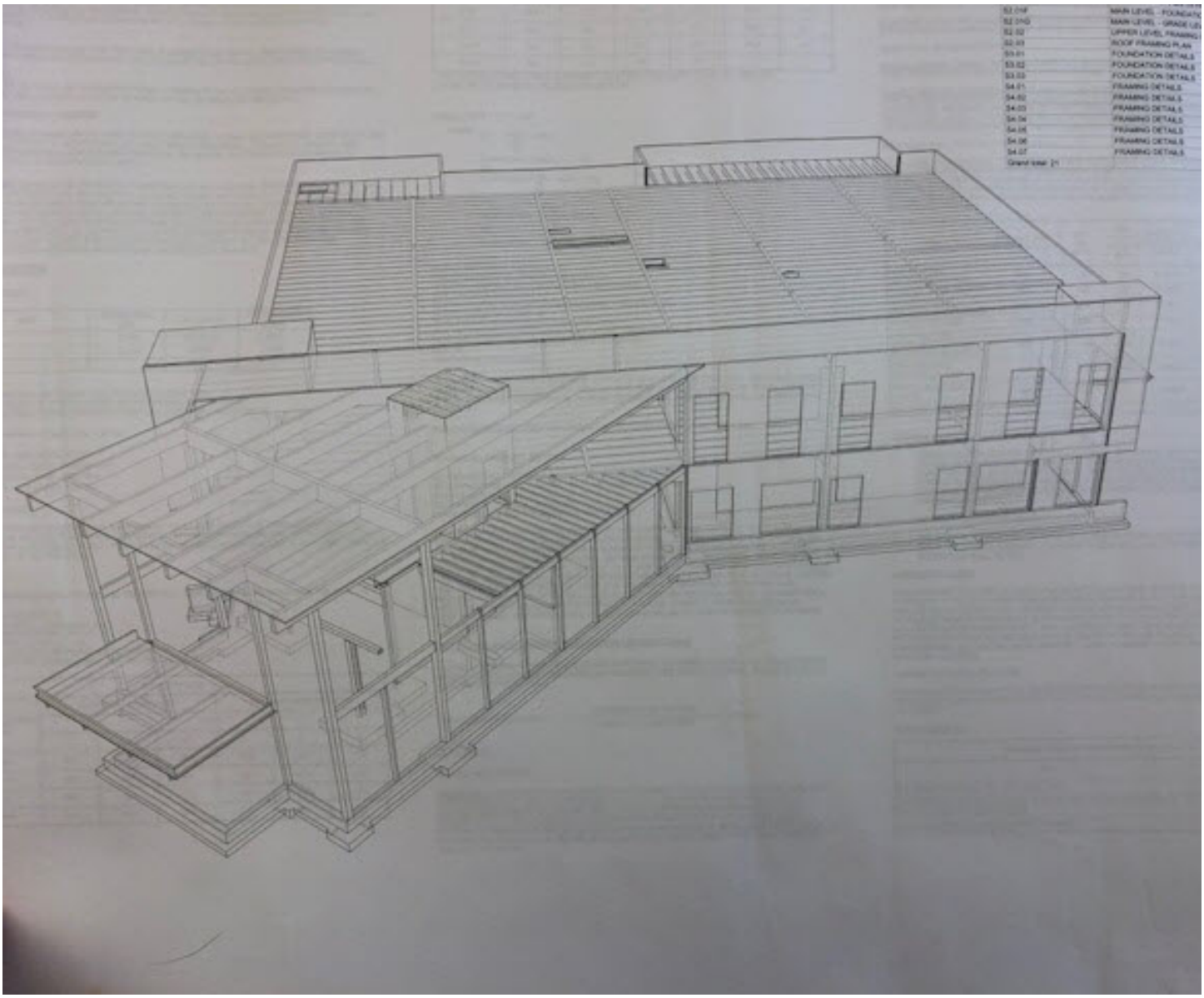
RENDERING



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SITE DESCRIPTION

General Description

The subject site consists of 1 parcel. As noted below, the subject site has 131,551 SF (3.02 AC) of land area. The area is estimated based on the assessor's parcel map, and may change if a professional survey determines more precise measurements. There is an approximately (80' x 60' based on Google Earth aerial measurement tools) 4,800-SF grassy area of surplus land on the east side of the building that allows for future potential expansion. The location and small size of this expansion area is such that it's contributory value is considered in the overall capitalization rate analysis in the Income Approach (with future possible expansion considered a positive attribute placing downward pressure on the cap rate) and in the site coverage ratio in the Sale Comparison Approach. Going forward, our valuation analyses will utilize the usable site area. The following discussion summarizes the subject site size and characteristics.

Assessor Parcel 232502-3-083-2002

Number Of Parcels 1

Land Area	**Acres**	**Square Feet**
Primary Parcel	3.02	131,551
Unusable Land	0.00	0
Excess Land	0.00	0
Surplus Land	0.11	4,800
Total Land Area	**3.13**	**136,351**

Shape Irregular - See Plat Map For Exact Shape

Topography Sloping below street grade

Drainage Assumed Adequate

Utilities All available to the site

Street Improvements

Street	Direction	No. Lanes	Street Type	Curbs	Sidewalks	Streetlights	Center Lane	Gutters
Madison Ave N	Secondary Street	two-way	two-lane	connector street	✓	✓	✓	
SR 305	Primary Street	two-way	three-lane	major arterial			✓	✓

Frontage ~375' on access road off Madison Ave N & ~415' on SR 305

Accessibility **Average** - The subject is accessed via a shared road with the adjacent assisted living & memory care facility off Madison Ave N. Access to SR 305 is less than a quarter mile to the north at a signalized intersection on Madison Ave.

Exposure **Average/Good** - The subject occupies an interior lot that is partially visible to Madison Ave N. Although the subject parcel has frontage along SR 305, the site has limited visibility to highway traffic due to a vegetation buffer of mature trees between the building and the highway.

Seismic Very High Risk

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Flood Zone	Zone X (Unshaded). This is referenced by Community Number 530307, Panel Number 53035C0244F, dated February 03, 2017. Zone X (unshaded) is a moderate and minimal risk area. Areas of moderate or minimal hazard are studied based upon the principal source of flood in the area. However, buildings in these zones could be flooded by severe, concentrated rainfall coupled with inadequate local drainage systems. Local stormwater drainage systems are not normally considered in a community's flood insurance study. The failure of a local drainage system can create areas of high flood risk within these zones. Flood insurance is available in participating communities, but is not required by regulation in these zones. Nearly 25-percent of all flood claims filed are for structures located within these zones. Minimal risk areas outside the 1-percent and .2-percent-annual-chance floodplains. No BFEs or base flood depths are shown within these zones. (Zone X (unshaded) is used on new and revised maps in place of Zone C.)
Site Rating	Overall, the subject site is considered an average/good medical office site balancing its limited exposure with its proximity to the highway, downtown Winslow, the ferry terminal, and other commercial development.
Easements	A preliminary title report was not available for review. The subject shares an access road with the adjacent assisted living & memory care facility. During the on-site inspection, no adverse easements or encumbrances were noted. This appraisal assumes that there is no negative value impact on the subject improvements. If questions arise regarding easements, encroachments, or other encumbrances, further research is advised.
Soils	A detailed soils analysis was not available for review. Based on the development of the subject, it appears the soils are stable and suitable for the existing improvements.
Hazardous Waste	We have not conducted an independent investigation to determine the presence or absence of toxins on the subject property. If questions arise, the reader is strongly cautioned to seek qualified professional assistance in this matter. Please see the Assumptions and Limiting Conditions for a full disclaimer.

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IMPROVEMENT DESCRIPTION

The information presented below is a basic description of the existing improvements using sources deemed dependable for this analysis. It is assumed that there are no hidden defects, and that all structural components are functional and operational, unless otherwise noted.

The subject was built-to-suit for and is fully occupied by an urgent care clinic, featuring typical medical layout with reception, 24 exam rooms with sinks and cabinetry, offices, central workstations, staff break rooms, medical/clean/utility rooms, conference room, lockers, restrooms, and an exterior backup generator. The subject does not have any surgical or procedure rooms.

There are two interior stairwells, an elevator, and one exterior stairwell. The basement includes a mechanical/fire room and a medical gas room, neither of which is included as rentable area. The building's main and upper floors include an enclosed interior stairwell at the SE corner and an elevator totaling ~310 SF, which is not included as Net Rentable Area. The interior stairwell adjacent to the reception area is open (photo shown earlier) and thus considered Rentable Area.

Property Type	Office - Medical Office
Design	Single-Tenant Owner-Occupied - 1 Tenant Space
Number of Buildings	1
Number of Stories	2
Net Rentable Area (NRA)	17,042 SF
Gross Building Area (GBA)	18,385 SF
Floor Plate	9,092 SF
Load Factor	0%
Percent Air Conditioned	100%
Building Class	C
Site Coverage Ratio	6.7%
Land to Building Ratio	7.4 : 1
Parking	73 (Surface) 4.3/1,000 SF NRA
Year Built	2014
Age/Life Analysis	
Actual Age	4 Years
Effective Age	5 Years
Economic Life	50 Years
Remaining Life	45 Years
Quality	Good/Excellent
Condition	Good/Excellent

MULTIPLE BUILDING DESCRIPTION GRID

BUILDING	GBA	NRA	SITE COV	YEAR BUILT	EFF. AGE	ECON. LIFE	REM. LIFE	STORIES	BLDG CLASS	QUALITY	CONDITION
Basement	723	0		2014	5	50	45	2	C	Good/Excellent	Good/Excellent
Ground Floor	9,092	8,782	7%	2014	5	50	45	2	C	Good/Excellent	Good/Excellent
Second Floor	8,570	8,260		2014	5	50	45	2	C	Good/Excellent	Good/Excellent
TOTAL	**18,385**	**17,042**									

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Basic Construction	Wood and steel
Foundation	Poured concrete slab
Framing	Wood and steel
Exterior Walls	Varied Howd Rainscreen and Standing Seem Metal Siding
Roof	Sealed membrane
Insulation	Assumed to be standard and to code for both walls and ceilings
Heating	Forced Air (no gas on the Island)
Air Conditioning	Central HVAC
Lighting	Variety of fluorescent lighting in varying forms of recessed, track, and pendant - to suit user's needs
Interior Walls	Painted drywall
Electrical	Multiple panels providing three phase 120/208V 100 Amp service with 110V outlets - assumed adequate and to-code
Ceilings	Primarily 2 x 2 acoustical tile - wood in main reception
Windows	Double pane glass windows in aluminum frames
Doors	Automatic double door system at main entrance with glass in metal frame. Interior doors are primarily solid core wood. Exam doors are on sliders.
Flooring	Variety of floor coverings, primarily wood and commercial grade carpet
Plumbing	Standard plumbing for a medical office building with sinks in exam rooms
Fire Protection	The subject has a fire sprinkler system.
Elevators	One-2-stop elevator with 3,000-lb capacity
Landscaping	Asphalt paving, concrete sidewalks, concrete curbing, pole mounted lights and low maintenance sprinklered landscaping
Signage	In addition to building-mounted signage, there is a monument style sign along Madison Avenue that the subject shares with the adjacent memory care facility (lower left) and a monument style sign on the access road in front of the subject building (lower right).

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Parking	The subject property has an asphalt paved parking lot that is in good condition. The subject's parking lot provides a total of ~73 surface parking stalls, which equates to a parking ratio of 4.3 spaces per 1,000 SF NRA. This meets minimum required by municipal code and is in line with comparable medical office properties with parking ratios that are typically at 4 to 5 per 1,000 SF.
Deferred Maintenance	The subject property was built in 2014 and is in good/excellent condition. Based on my interview with the property owner representative, and onsite inspection, no observable deferred maintenance exists.
Functional Design	The subject improvements were built-to-suit for and offer good utility to the medical office tenant. The site coverage ratio is low which reflects some surplus expansion land. The parking ratio is within market standards and the layout is functional with interior halls connecting the central workstations with the exam rooms. The halls also serve as waiting areas. The interior finishes are very good quality with very good appeal. Overall, the subject has a functional design considering the site and building configurations.

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ASSESSMENT & TAXATION

The subject property is located within Kitsap County. The assessed value and property tax for the current year are summarized in the following table.

ASSESSMENT & TAXES						
Tax Year	2018				Tax Rate	$10.8064
Tax Rate Area	0215				Taxes Current	Yes
Taxes SF Basis	Net Rentable Area					
APN	**LAND**	**IMPV**	**TOTAL**	**EXEMPTIONS**	**TAXABLE**	**BASE TAX**
232502-3-083-2002	$411,310	$4,558,390	$4,969,700	$0	$4,969,700	$53,705
Totals	**$411,310**	**$4,558,390**	**$4,969,700**	**$0**	**$4,969,700**	**$53,705**
Total/SF	**$24.14**	**$267.48**	**$291.61**	**$0.00**	**$291.61**	**$3.15**
Additional Tax Charges						
Noxious Weed						$2.16
Storm Water Mgmt Assmt						$2,760.00
Total Additional Tax Charges						**$2,762.16**
Total Additional Tax Charges Per SF						**$0.16**
Total Base Tax & Additional Tax Charges						**$56,467**
Total Base Tax & Additional Tax Charges Per SF						**$3.31**

Source: Kitsap County Assessment & Taxation

Subject Property Analysis

Assessment cycles are between one and six years depending on the county. The subject is in Kitsap County. All real property in Kitsap County is physically inspected at least once every six years on a cyclical basis. In addition, assessed values are updated countywide on an annual basis by statistical analysis. If properties in a particular area consistently sell for more or less than the assessed value, the assessment roll will be adjusted to reflect real estate market conditions in that area. If the character of property changes because of remodeling, additions, subdivisions, etc., a new value is determined.

The total assessment for the subject property is $4,969,700 or $272.00/SF. There are no exemptions in place. Total taxes for the property are $56,467 or $3.09/SF. The 2018 assessment is approximately 66% of the As Is Value conclusion. This is a slightly low but reasonable ratio. Actual taxes applying the 2018 assessment and tax levy rate are applied in the Direct Capitalization Summation Table. According to the Kitsap County Assessor's Office, real estate taxes for the subject property are current as of the date of this report.

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ZONING ANALYSIS

The zoning characteristics for the subject property are summarized below:

ZONING SUMMARY	
Municipality Governing Zoning	City of Bainbridge Island Planning & Zoning Department
Current Zoning	Residential 8 – Eight units per acre (5,400 sq. ft.) (R-8)
Zone Purpose	The purpose of the R-8 zone is to provide for medium-density residential areas in pleasant, uncongested surroundings allowing for the maximum amenities for the occupants.
Permitted Uses	Agriculture, crop; Single-Family Dwelling; Multifamily Dwellings; Foster Home; Small Group Living Facility; Group Care Facility (conditional); Community Garden; Park, Passive Recration; Family Day Care Home; Wireless Communication Facilities.
Conditional Uses	Group Care Facility; Educational Facility; Governmental Facility; Religious Facility; Park, Active Recreation; Recreation, Outdoor Acitivty; Day Care Center; Health Care Facility; Club; Cultural Facility; Bed and Breakfast (3+ bedrooms); Veternarian Clinic or Office; Park and Ride Lot, Shared Use; Small Wind Energy Generator; Solar Panel; Utility, Primary.
Accessory Uses	Public Communications Tower; Accessory Composting Bin; Accessory Dwelling Unit (outside shoreline jurisdiction); Accessory Rain Garden/Swale; Accessory Rainwater Harvesting Barrel; Accessory Small Wind Generator; Accessory Solar Panel; Accessory Utilities; Bed and Breakfast (1 - 2 bedrooms); Minor Home Occupations; Nonagricultural Accessory Uses and Structures (not otherwise listed);
Conditiona Accessory Uses	Accessory Dwelling Unit (within shoreline jurisdiction); Major Home Occupations;
Temporary Uses	Temporary Construction Building; Temorpary Container Storage; Temporary Public Events Gatherings; Temporary Homeless Encampment
Current Use	Medical Office
Is Current Use Legally Permitted?	Yes via conditional use permit

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ZONING REQUIREMENTS	
Conforming Use	The existing improvements represent a non-conforming use within this zone that is allowed via a conditional use permit.
Minimum Site Area (SF)	5,000 SF
Minimum Lot Width (SF)	60 SF
Minimum Lot Depth (SF)	60 SF
Roadside Buffer Hwy 305	50' Full Screen/35' Minimum
Front (Feet)	0
Minimum Yard Setbacks	
Front (Feet)	25 (2 stories or less)
Rear (Feet)	15 (2 stories or less)
Side (Feet)	5 min., 15 total
Side (Feet) - Building to Building	0
Building to Exetrior Plat Boundary Line	15
Building to SR 305 right-of-way	75
Building to other arterial	40
Building to other streets	15
Building to trail, open space	10
Maximum Density (Units/Acre)	5,400 : 1
Bonus Density (Units/Acre)	3,630 : 1
Maximum Site Coverage	25%
Bonus	40%
Maximum Building Height	35 Feet
Bonus for Nonresidential Uses If Conditional Use Permit Conditions Met	40 Feet
Parking Requirement	
Spaces Per 1,000 SF	4.0
Spaces Required	68
Spaces Provided	73

Source: City of Bainbridge Island Planning & Zoning Department

Zoning Conclusions

Based on the interpretation of the zoning ordinance, the subject property is an allowed, conditional use. Based on an interview with the City of Bainbridge Island Department of Planning and Community Department, the subject could be rebuilt if destroyed.

Detailed zoning studies are typically performed by a zoning or land use expert, including attorneys, land use planners, or architects. The depth of our analysis correlates directly with the scope of this assignment, and it considers all pertinent issues that have been discovered through our due diligence. We note that this appraisal is not intended to be a detailed determination of compliance, as that determination is beyond the scope of this real estate appraisal assignment.

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MARKET ANALYSIS

This section provides an overview of office supply/demand conditions for the Kitsap County Market and Bainbridge Island Submarket, market participant interviews and transaction trends. These findings are used to support my conclusions for the competitive position, general vacancy and exposure period for the subject property.

Market Area Identification
The subject is located in the Bainbridge Island office submarket within the Kitsap County office market. The subject is located on the northern fringe of Winslow area, in downtown Bainbridge. This is a mature, built-out commercial area.

Tenant/ Buyer Profile
Tenants on Bainbridge Island are primarily local businesses. The subject offers off-street parking, which is a competitive advantage in a market where parking is sometimes limited, at an average location in relatively close proximity to SR 305, downtown Bainbridge near shops and restaurants, and within a couple miles of the ferry terminal. Although the current medical office was approved as a conditional use, the location and layout is appealing to office users. The surplus land makes the subject attractive as it offers the subject future potential expansion potential.

As discussed with the client, there are limited number of large office users on the Island. Three such users include:

- **Virginia Mason** medical clinic, which just relocated into a new building at the Visconsi development, and thus is an unlikely candidate to purchase the subject. (The owner of the older building on Winslow Way recently vacated by Virginia Mason is considering a major redevelopment project. According the leasing agent, Ms. Cheryle Elmquist, there has been strong interest from smaller users for space in this building but any new leasing is currently on hold. Thus, this building may offer competitive medical office space in the market should the owner decide not to redevelop or decide to redevelop with a mixed-use project that includes medical space);
- **Swedish Primary Care** which is occupies ~11,000 SF at its current location on Hildebrand Rd, which is too small to occupy the entire subject building and would require some additional lease-up;
- **Avalara** who occupied ~18,000 SF in the Island Gateway project until recently relocating to downtown Seattle. As of mid-2018, nearly off this space has been re-leased, which serves as a proxy for the subject under the investor scenario. Due to the relatively small area of commercial zoned land, and mature build out, this tenant's relocation likely also serves as a model for future companies that become successful and outgrow it space in Winslow.

Lacking a large potential market of owner/users, besides City Government, it's speculative that the subject would sell to another owner/user. The alternative would be a sale to an investor would purchase with the expectation of retrofitting into multi-tenant space and re-leasing. As discussed with the client, an additional valuation scenario is included in this report that models an investor purchase of a vacant building and incorporates lease-up discounts for absorption costs such as rent loss, expense carry, leasing commission, and concessions (Tis and/or free rent). A discount for the cost to convert/retrofit is not included as this is speculative and beyond the scope of this assignment. It is my understanding from the client that the Bainbridge Island City Council is researching the potential cost to retrofit the subject property for its use, which is expected to be presented in mid-July 2018. This cost would likely need to be deduced from that value scenario once a reliable estimate is provided.

KITSAP COUNTY OFFICE MARKET

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The following is an analysis of supply/demand trends in the larger Kitsap County Office Market using information provided by CoStar, widely recognized as a credible source for tracking market statistics. The table below presents historical data for key market indicators.

KITSAP COUNTY HISTORICAL STATISTICS (LAST TEN YEARS)

PERIOD	SUPPLY	NEW CONSTRUCTION	NET ABSORPTION	VACANCY	ASKING RENT
2008	4,885,336 SF	56,574 SF	(54,028) SF	8.4%	$17.19/SF
2009	4,998,973 SF	113,637 SF	(22,284) SF	9.7%	$16.71/SF
2010	5,034,441 SF	35,468 SF	38,101 SF	11.3%	$17.33/SF
2011	5,080,339 SF	45,898 SF	99,275 SF	10.0%	$17.53/SF
2012	5,102,335 SF	21,996 SF	17,515 SF	9.4%	$17.05/SF
2013	5,091,735 SF	0 SF	(20,466) SF	10.2%	$17.42/SF
2014	5,101,735 SF	10,000 SF	100,365 SF	9.3%	$17.54/SF
2015	5,124,169 SF	22,434 SF	116,139 SF	7.4%	$18.03/SF
2016	5,124,169 SF	0 SF	2,645 SF	6.7%	$17.40/SF
2017	5,136,169 SF	12,000 SF	(44,749) SF	7.4%	$16.73/SF
CAGR	0.5%	-	-	-	(0.3%)

*Supply numbers based on information which is amended/updated on an on-going basis by Costar.
Source: Costar®

Over the past ten years the Kitsap County Office market was stable where there was generally balance in prevailing Office supply/demand conditions. Over this time period the market inventory increased by 6.8%. Further there was slight positive absorption (4.8% change). After reaching a low of 3.3% at the peak of the previous real estate cycle in 2007, vacancy jumped by nearly 5% in 2008 and remained higher through 2016. The average asking rent has generaly remained in a range of $17 to $18/SF NNN.

The following table summarizes the trailing four quarter performance of the Kitsap County market.

KITSAP COUNTY TRAILING FOUR QUARTER PERFORMANCE

PERIOD	SUPPLY	NEW CONSTRUCTION	NET ABSORPTION	VACANCY	ASKING RENT
2017 Q2	5,124,169 SF	0 SF	(24,193) SF	7.3%	$16.89/SF
2017 Q3	5,136,169 SF	12,000 SF	(16,947) SF	7.8%	$16.57/SF
2017 Q4	5,136,169 SF	0 SF	15,298 SF	7.5%	$16.22/SF
2018 Q1	5,136,169 SF	0 SF	(9,806) SF	7.6%	$16.84/SF

Source: Costar®

Over the past four quarters the Kitsap County office market has experienced limited growth of supply. These key factors have resulted in negative overall net absorption, an increase of vacancy, and a decrease of asking rent in the marketplace.

Key supply/demand statistics for the most recent quarter, last year and historical averages are summarized below.

KITSAP COUNTY MARKET TREND ANALYSIS

	Q1 2018	2017	Last 10
Total SF	5,136,169	5,136,169	5,067,940
Vacant SF	392,636	377,508	453,935
Market Vacancy	7.6%	7.4%	9.0%
Construction Growth Rate	0.0%	0.2%	0.5%
Absorption Rate	(0.2%)	(0.9%)	0.5%
Average Asking Rent/SF	$16.84	$16.73	$17.29

Source: Costar®

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Kitsap County Market Conclusion

Based on the preceding analysis, the Kitsap County Office market demonstrates generally sound fundamentals. Analysis of supply and demand factors indicate the market is stable with no evidence to prove this will change any time soon. The greatest strength of the market appears to be its strong absorption trends. The greatest weakness of the market appears to be its high vacancy rates. The subject is well positioned on Bainbridge Island within the Kitsap County market.

BAINBRIDGE ISLAND OFFICE SUBMARKET OVERVIEW

The following is an analysis of supply/demand trends in the Bainbridge Island Office Submarket using information provided by CoStar. The table below presents historical data for key market indicators.

BAINBRIDGE ISLAND HISTORICAL STATISTICS (LAST TEN YEARS)

PERIOD	SUPPLY	NEW CONSTRUCTION	NET ABSORPTION	VACANCY	ASKING RENT
2008	492,433 SF	0 SF	13,496 SF	4.6%	$18.98/SF
2009	504,190 SF	11,757 SF	(5,424) SF	7.5%	$18.62/SF
2010	534,374 SF	30,184 SF	19,714 SF	9.4%	$15.70/SF
2011	534,374 SF	0 SF	10,725 SF	8.5%	$17.25/SF
2012	534,374 SF	0 SF	(3,775) SF	7.4%	$15.54/SF
2013	534,374 SF	0 SF	2,766 SF	8.9%	$15.18/SF
2014	544,374 SF	10,000 SF	6,099 SF	10.7%	$18.06/SF
2015	544,374 SF	0 SF	20,022 SF	8.0%	$18.61/SF
2016	544,374 SF	0 SF	16,742 SF	3.7%	$18.34/SF
2017	556,374 SF	12,000 SF	295 SF	3.6%	$17.03/SF
CAGR	1.2%	-	-	-	(1.1%)

*Supply numbers based on information which is amended/updated on an on-going basis by Costar.
Source: Costar®

The market on Bainbridge was fairly active from 2006 to early 2008 for both owner-user office space (condominium or fee simple) and investors, but slowed from late 2008 thru 2012. Although the national economy showed signs of recovery in 2012, sales and leasing activity remained slow in Winslow. In 2013 downtown Winslow stabilized following the recession. By fall 2014, occupancies returned to typically high levels along Winslow Way and Madison Avenue and as of mid-2018, demand appears to have returned to pre-recession levels as evidenced by low vacancy and strong market activity.

Over the past ten years the Bainbridge Island Office market was somewhat strong where there was generally balance in prevailing Office supply/demand conditions. Over this time period the market inventory significantly increased by 13.0%. Further there was significant positive absorption (16.4% change), moderate decrease in the vacancy rate (-1.0% change) and decrease of the asking average rent (-10.3% change).

Downtown Winslow

The Costar data emphasizes larger office properties and may understate the competitive supply because of the many small office buildings in the Bainbridge market. However, overall trends are instructive. The data reports a relatively steady growth with stable to decreasing vacancy and narrow range of average asking rents (excluding 2007).

Areas within Winslow where office development has been active in the past include: Ericksen Avenue; the Eagle Harbor waterfront; and Hildebrand Lane. A small but not insignificant fraction of Bainbridge Island office space is comprised of converted residences, especially along Ericksen Avenue and to a lesser extent along Madison Avenue.

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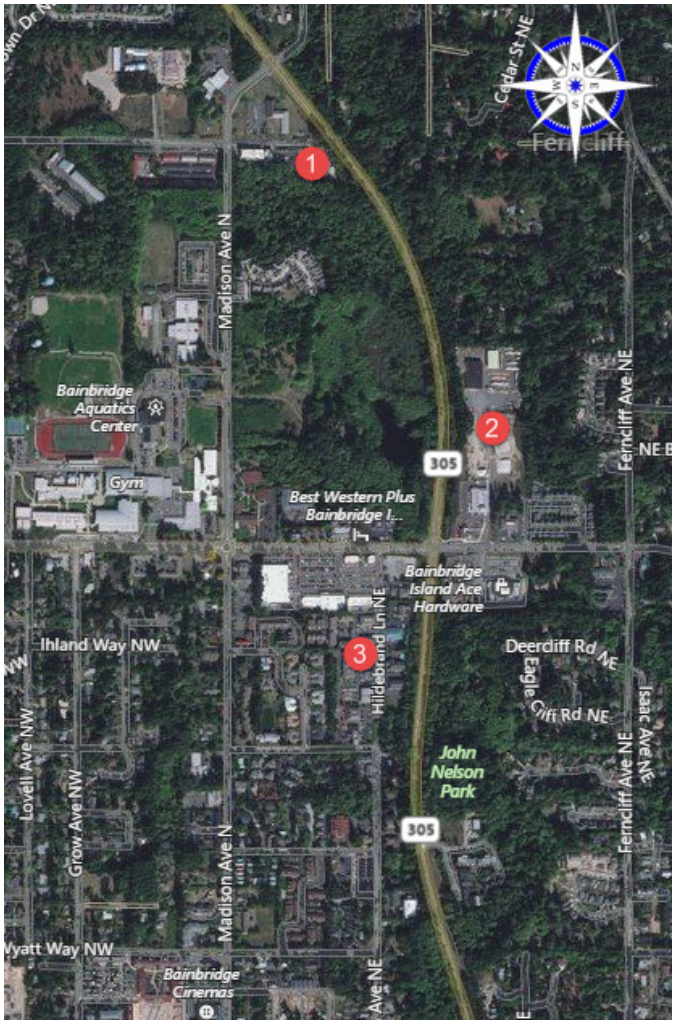
Along the Winslow Way corridor there is a broad range of commercial office and retail product, including but not limited to: real estate brokerage offices, professional and medical (including Virginia Mason clinic) offices, Town and Country Market, small retail mall, restaurants, art galleries, banks, and several retail shops.

Over time, office and retail uses are beginning to expand out from these two main concentrations along intersecting routes; Madison Avenue north and south from Winslow Way, and Hildebrand Lane from High School Road. The High School Road retail node includes a Safeway-anchored retail center as well as other retail.

Several mixed-use projects incorporating commercial space were built in Winslow between 2005 and 2008, including: The Pavilion (60,377 SF), The Winslow (16,664 SF), Harbor Square (10 commercial condos totaling 15,600 SF), Seabreeze (7,072 SF), Madison Square North, Hildebrand Village, Wyatt Way Courtyard (8 office condos totaling 6,946 SF), and Madrone Village (5,987 SF). These projects represent a significant portion of commercial space in this market. In the opinion of many local market participants, the area experienced an unprecedented commercial real estate boom from 2005 to 2008. The Pavilion (shown at right) is a mixed-use, multi-tenant (office, retail, and cinema) shopping center that anchors the Madison Ave. corridor.



This (2005-'08) was a very strong period in the market, mirroring larger regional trends. Most of the new projects absorbed fairly quickly. At the time, market vacancy was low, and rents were relatively high. These large projects also took down most of the few remaining key sites in the Winslow commercial area, and it is unlikely Bainbridge will see another wave of development on this scale.

Developing

In 2012, a large proposed project at the northeast corner of the intersection of NE High School Road and Highway 305 was announced. The developer, Visconsi Companies Ltd., received approval to build a new mixed-use shopping center (Wintergreen Walk), despite some local opposition. The development company, based in Pepper Pike, Ohio, builds community shopping centers and has completed more than 80 projects across the country, including with Walgreens drug stores.

The shopping center includes five parcels totaling 8.16 acres. Newly completed buildings include a 14,475-SF Walgreens and a Key Bank and an approximately 29,000-SF **Virginia Mason** medical clinic. This is a primary competitor to the subject and is identified on the map at left as No 2.

No 1 is the subject (**Harrison Urgent Care**), which is ar approximately 17,000-SF medical building.

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No 3 is small medical node anchored by **Swedish Primary Care** clinic, which occupies ~11,000 SF. This is just south of the Island's primary shopping center, **Island Village**, located across Madison Ave between High School Road and SR 305. This ~97,500-SF Safeway-anchored shopping center draws from the entire island and is the main grocery store alternative to Town & Country. This center includes 5 buildings and several national credit tenants such as Rite Aid, Starbucks, and Subway.

The following table summarizes the trailing four quarter performance of the Bainbridge Island submarket.

BAINBRIDGE ISLAND TRAILING FOUR QUARTER PERFORMANCE

PERIOD	SUPPLY	NEW CONSTRUCTION	NET ABSORPTION	VACANCY	ASKING RENT
2017 Q2	544,374 SF	0 SF	(9,710) SF	3.9%	$18.27/SF
2017 Q3	556,374 SF	12,000 SF	11,526 SF	3.9%	$15.89/SF
2017 Q4	556,374 SF	0 SF	(3,196) SF	4.5%	$15.64/SF
2018 Q1	556,374 SF	0 SF	11,731 SF	2.3%	$16.59/SF

Source: Costar®

Over the past four quarters the Bainbridge Island office market has remained strong, showing an increase of supply. There was also positive net absorption, decrease in vacancy rates and decrease of asking rent in the marketplace.

Key supply/demand statistics for the most recent quarter, last year and historical averages are summarized below.

BAINBRIDGE ISLAND MARKET TREND ANALYSIS

	Q1 2018	2017	Last 10
Total SF	556,374	556,374	532,362
Vacant SF	13,049	20,029	38,506
Market Vacancy	2.3%	3.6%	7.2%
Construction Growth Rate	0.0%	2.2%	1.2%
Absorption Rate	2.1%	0.1%	1.4%
Average Asking Rent/SF	$16.59	$17.03	$17.33

Source: Costar®

Bainbridge Island Submarket Conclusion

Based on the preceding analysis, the Bainbridge Island Office market demonstrates somewhat strong fundamentals. Analysis of supply and demand factors indicate the market is currently stable with no evidence to prove this will change any time soon. The greatest strength of the market appears to be its low vacancy and positive absorption trends. There are no observed weaknesses of the market that stand out.

Kitsap County Office Market & Bainbridge Island Office Submarket Conclusion

Office supply/demand considerations were analyzed for the Kitsap County Market and Bainbridge Island Submarket, both of which exhibit overall sound fundamentals, although the Bainbridge Island submarket has experienced lower vacancy and specifically, downtown Winslow is more tied to the Seattle market than broader Kitsap County. Investors would recognize these conditions as having positive influence on the subject when contemplating purchase of the subject, which is a freestanding, two-story office property.

SUBJECT PROPERTY ANALYSIS

The subject's competitive position significantly influences marketability. The subject is an Office (Medical Office) property totaling 17,042 SF of NRA located on a 3.13-acre site at 8804 Madison Ave N in Bainbridge Island, Washington. Adequate parking has been an ongoing challenge for commercial buildings located in or near downtown Winslow. A benefit of the subject office building is an above-average parking ratio. Other amenities viewed positively include: very good quality interior finishes with large, open reception area, ADA restrooms, and surplus land for additional parking and/or potential future expansion.

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Overall vacancy rates are currently low at 2.3 percent. The current owner/user has well-maintained the building. From an investor standpoint, there is limited supply of investment real estate on an island which is mainly thought of as a residential community. This is viewed positively from an investor standpoint because cap rates have remained relatively low. Long term trends in the commercial real estate market on Bainbridge Island are viewed positively. Overall the subject is concluded to have a **very good** competitive position and **very good marketability** to both owner/users and investors – either under a sale-leaseback or vacant with conversion to multi-tenant scenario.

EXPOSURE TIME & MARKETING PERIOD

Exposure time is best established based the recent history of marketing periods for comparable sales, discussions with market participants and information from published surveys. The following table summarizes the information that was taken into consideration to develop an estimate of exposure time and marketing period for the subject property:

EXPOSURE TIME & MARKETING PERIOD

SOURCE	QUARTER	RANGE	AVG	LAST Q	LAST YR
PriceWaterhouse Coopers					
National Medical Office Buildings	2Q 18	1.0 to 12.0	4.8	4.8	4.8
Pacific Northwest Office	2Q 18	1.0 to 9.0	4.1	4.1	4.9
Comparable Sales Dataset		1.0 to 6.0	3.2		
AVERAGE		**1.0 to 9.0**	**4.0**	**4.5**	**4.9**

The preceding information generally supports an exposure time range from 1 to 12 months for Office (Medical Office) properties. The availability of acquisition financing also factors into exposure time and marketing period. My review of the local capital market indicates that adequate financing options would have been available to consummate a sale of the subject on the date of value.

Based on our analysis of the subject property and investigation of substitute properties in the marketplace, the subject property is considered to have very good overall buyer appeal with a very good competitive position if the asset was exposed to the open market.

Exposure Time Conclusion
12 Months Or Less

Marketing Period Conclusion
12 Months Or Less

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HIGHEST AND BEST USE ANALYSIS

This section develops the highest and best use of the subject property as-vacant and as-improved. The highest and best use, or most probable use, must be legally permissible, physically possible, financially feasible, and maximally productive.

As-Vacant Analysis

Permitted uses of the subject's Residential 8 – Eight units per acre (5,400 sq. ft.) (R-8) zoning were listed in the Zoning Analysis section. This zone allows a variety of residential uses. Most commercial uses, including office, are prohibited. Regarding physical characteristics, the subject site is irregular in shape and has sloping topography with average access and average/good exposure. The subject site has frontage on an access road. The immediate area is developed with a mix of special purpose uses, including memory care, church, fire station, and self-storage, with single-family residential development removed from arterials.

Based on my observations of land development trends for sites with similar zoning and physical characteristics as the subject and analysis of current supply/demand trends, the highest and best use of the subject site as-vacant is multi-family residential .

As-Improved Analysis

The subject's Office (Medical Office) use (as-improved) is a non-conforming conditional use. The legal factors influencing the highest and best use of the subject property do not support the existing medical use without a conditional use permit. The subject's improvements were constructed in 2014 and have a remaining economic life of 45 years based on my estimate. The project is of good/excellent quality construction and in good/excellent condition, with a functional medical office layout. Legal, physical, locational and marketability factors support the existing use as the highest and best use of the subject site.

In addition to legal, physical and locational considerations, analysis of the subject property as-improved requires the treatment of alternative uses for the property. The five possible alternative treatments of the property are demolition, expansion, renovation, conversion, and the subject's use "as-improved".

- **Demolition** Based on the As Is market value concluded in this report, the underlying land would have to equate to a unit value of ~$60/SF. The assessed land value of the subject site is $411,862 ($3.13/SF) and land values on the Island typically range from $10 to $30/SF. The subject improvements contribute significant value above the current land value. At this time, market conditions do not warrant redevelopment. Therefore, demolition is not applicable in this case.
- **Expansion** The subject property comprises approximately 3.13 acres (136,351 SF) and is improved with a **Medical Office**. The subject site includes a small, undeveloped section of land just east of the building that wad included for future potential expansion, if needed. The current owner/user likely doesn't consider expansion a viable option at this time.
- **Renovation/Conversion** The subject was built-to-suit for and is fully occupied by the current owner/user. The building is only 3 years old and has a functional layout for its intended medical office use. In the fall of 2017 the current owner approached the City of Bainbridge Island (client) to suggest the idea that the subject property might make a good candidate to retrofit for the City's police and municipal court. The City Council is researching the potential cost to retrofit the subject property for its use, which is expected to be presented in mid-July 2018. The specific scope of work for this assignment, as requested by the client, is to provide an As Is value, without consideration to future (retrofitting) use.
- **Continued Use "As-Is"** The final option is the continued use of the property "As-Is." From an income standpoint the subject is fully occupied by a medical owner/user and would have very good marketability to an investor under the terms of a sale-leaseback. Overall supply/demand conditions have been relatively

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strong in the Bainbridge Island submarket. Among the five alternative uses, continued use as a medical office is supported to be its Highest and Best Use.

Marketability Factors

In general, an office supply/demand conditions and immediate market area trends support viable short and long-term operations of the subject's current use as-improved. The subject was concluded to have very good marketability to both owner/users and investors.

As-Improved Conclusion

Among the five alternative uses, continued use as medical office is the Highest and Best Use of the subject property as-improved.

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VALUATION METHODS

The following presentation of the appraisal process deals directly with the valuation of the subject property. The paragraphs below describe the standard approaches to value that were considered for this analysis.

Income Approach

The two fundamental methods of this valuation technique include Discounted Cash Flow and Direct Capitalization.

Characteristics specific to the subject property warrant that this valuation technique is developed. Development of the Income Approach is a specific scope requirement of this assignment. The subject is an investment property; therefore, the Income Approach represents the decision making process of knowledgeable buyers and sellers of this property type. The Direct Capitalization method is used in this analysis. Discounted Cash Flow analysis does not contribute substantially to estimating value beyond the direct capitalization method and is not used in this analysis.

Sales Comparison Approach

Characteristics specific to the subject property warrant that this valuation technique to be developed. Development of the Sales Comparison Approach is a specific scope requirement of this assignment. Sufficient sales data is available to provide a credible value estimate by the Sales Comparison Approach. Based on this reasoning, the Sales Comparison Approach is presented within this appraisal.

Land Valuation

Characteristics specific to the subject property do not warrant that a site value is developed. Development of the subject site value is not a specific scope requirement of this assignment. Therefore, this appraisal does not provide valuation of the subject site.

Cost Approach

Characteristics specific to the subject property do not warrant that this valuation technique is developed. Development of the Cost Approach is not a specific scope requirement of this assignment. Knowledgeable buyers and sellers typically do not rely on this valuation technique for income-producing properties similar to the subject. Based on the preceding information, the Cost Approach will not be presented.

Reconciliation of Value Conclusions

The Income (Direct Capitalization) and Sales Comparison approaches are used to value the subject property, which will be reconciled into the final opinion of market value in the Analysis of Value Conclusions section.

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INCOME APPROACH

As previously discussed within the Valuation Methods section, the Direct Capitalization method is used in this analysis, and Discounted Cash Flow analysis is not developed.

Direct Capitalization

The first step in the direct capitalization method is to estimate the subject's durable rental income through reconciliation of the subject's in-place lease terms and market rent analysis. Next, I analyze other income items including reimbursements and miscellaneous revenue. Then, vacancy allowance and operating expenses are estimated based on analysis of the subject and market indicators. Finally, the resulting net operating income is capitalized at an appropriate supported rate. The implied value may be adjusted to account for non-stabilized conditions or required capital expenditures to reflect an as is value.

Rental Income Analysis

In this section, I developed an opinion of the subject's rental income through examination of subject lease terms and market rent analysis. The rental income conclusion was reconciled taking into account such items as durability of in-place contract rents, lease escalations and market terms as measured by rent comparables.

Subject Lease Analysis

The subject property owner-occupied and is therefore unencumbered by an arm's length lease. The market rent conclusion is based on an analysis of comparable leased properties.

Market Rent Analysis

This section examines competitive comparable properties within the marketplace to establish our opinion of market rent for the subject property. This allows for a comparison of the subject property's contract to what is attainable in the current market.

Adjustment Process

Quantitative adjustments are made to the comparable leases. The following adjustments or general market trends were considered for the basis of market rent analysis.

Transactional Adjustments	If warranted, the comparable leases were adjusted for varying lease structures. There are variances in expense structures for office leases in this market. Three of these are found in the comparables: (1) a Full Service structure, whereby the landlord is responsible for all operating expenses; (2) a Gross lease structure, whereby the landlord is responsible for all expenses except reserves and interior janitorial/cleaning; and (3) a Triple Net (NNN) structure whereby the landlord pays miscellaneous non-reimbursable fees and structural maintenance, and the tenants pay directly and/or reimburse their proportionate share of all other operating expenses including taxes, insurance, utilities, repairs & maintenance, and management. Four of the office comparables are based on a NNN structure, one is based on a full service structure, and one is based on a gross structure. **Market rent is based on NNN structure**. The two non-triple net leases are adjusted to NNN in the Rent Summation Table.
Concession Adjustment	Any adjustment for rent concessions and/or tenant improvement allowance is considered qualitatively. This methodology does not take into account amortization of rental increases over the lease term.

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Property Adjustments	Quantitative percentage adjustments were made for location and physical characteristics such as size, age, condition, exposure and parking ratio. It should be stressed that the adjustments are subjective in nature and are meant to illustrate our logic in deriving a value opinion for the subject site.
Tenant Space Adjustments	The lease comparables were further adjusted to the subject to account for tenant space specific characteristics such as size and space functionality.

The following table summarizes the market conditions adjustment applied in this analysis.

MARKET CONDITIONS ADJUSTMENT			
Per Year As Of	June 2018	(As-Is)	3%

The analysis applies an upward market conditions adjustment of 3% annually reflecting the conditions between the oldest comparable lease date up through the effective valuation date.

Analysis of Comparable Medical Leases

The Medical lease analysis is used to derive an opinion of market rent for the Medical MLA category. The following pages present a summation table of the comparables selected for this analysis, a location map and comparable photographs, the lease comparable adjustment process and my market rent conclusion.

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MEDICAL LEASE SUMMATION TABLE

COMPARABLE	SUBJECT	LEASE 1	LEASE 2	LEASE 3	LEASE 4	LEASE 5
Name	Bainbridge Urgent Care Building	Confidential	San Juan Building	Swedish Medical Building	Swedish Medical Building	Virginia Mason
Address	8804 Madison Ave N	-	900 Winslow Way E, Ste 200	945 Hildebrand Ln NE, Ste 220	945 Hildebrand Ln NE	1344 Wintergreen Lane NE
City	Bainbridge Island	Bainbridge Island	Bainbridge Island	Bainbridge Island	Bainbridge Island	Bainbridge Island
State	WA	WA	WA	WA	WA	WA
Zip	98110	98110	98110	98110	98110	98110
PHYSICAL INFORMATION						
Property Type	Office	Office	Office	Office	Office	Office
NRA	17,042	4,465	12,712	39,789	39,789	29,720
Occupancy	100%	100%	90%	97%	97%	100%
Location	Average	Average/Good	Good	Average/Good	Average/Good	Average/Good
Quality	Good/Excellent	Average/Good	Good	Good	Good	Good/Excellent
Condition	Good/Excellent	Average/Good	Good	Average	Good	Good/Excellent
Exposure	Average/Good	Average/Good	Good	Average/Good	Average/Good	Average/Good
Access	Average	Average/Good	Good	Average/Good	Average/Good	Average/Good
Appeal	Good/Excellent	Average	Average	Good	Good	Good
Parking Spaces	73	20	18	70	70	N/Av
Parking Ratio	4.3	4.5	1.42	1.8	1.8	Adequate
Year Built	2014	1983	2001	2000	2000	2017
Year Renovated	-	-	-	-	-	-
LEASE INFORMATION						
Tenant Name		Dentist	Ramirez & Walker Inc.	Kitsap PT	Swedish Primary Care	Virginia Mason
Commencement Date		9/1/2015	6/1/2016	11/1/2017	2/1/2016	5/1/2018
Lease Status		Signed	Listing	Signed	Signed	Signed
Rate Type		Full Service	Gross	NNN	NNN	NNN
Size (SF)		2,500	1,132	3,383	11,000	29,720
Term (Yrs)		3	3	5	20	10
Rent ($/SF/Yr.)		$25.40	$29.15	$22.00	$28.00	$32.00
Adj ($/SF/Yr.)		($6.00)	($5.00)	-	-	-
Adj Rent ($/SF/Yr.)		$19.40	$24.15	$22.00	$28.00	$32.00
Avg. Escalation/Yr		5.0%	2.0%	3.0%	-	-
Concessions		-	4 Mos.	6 Mos.	0	0
TI's ($/SF)		-	-	-	-	Yes
Options		-	-	-	-	-
NNN		-	$8.80	7.50	7.50	$10 to $12

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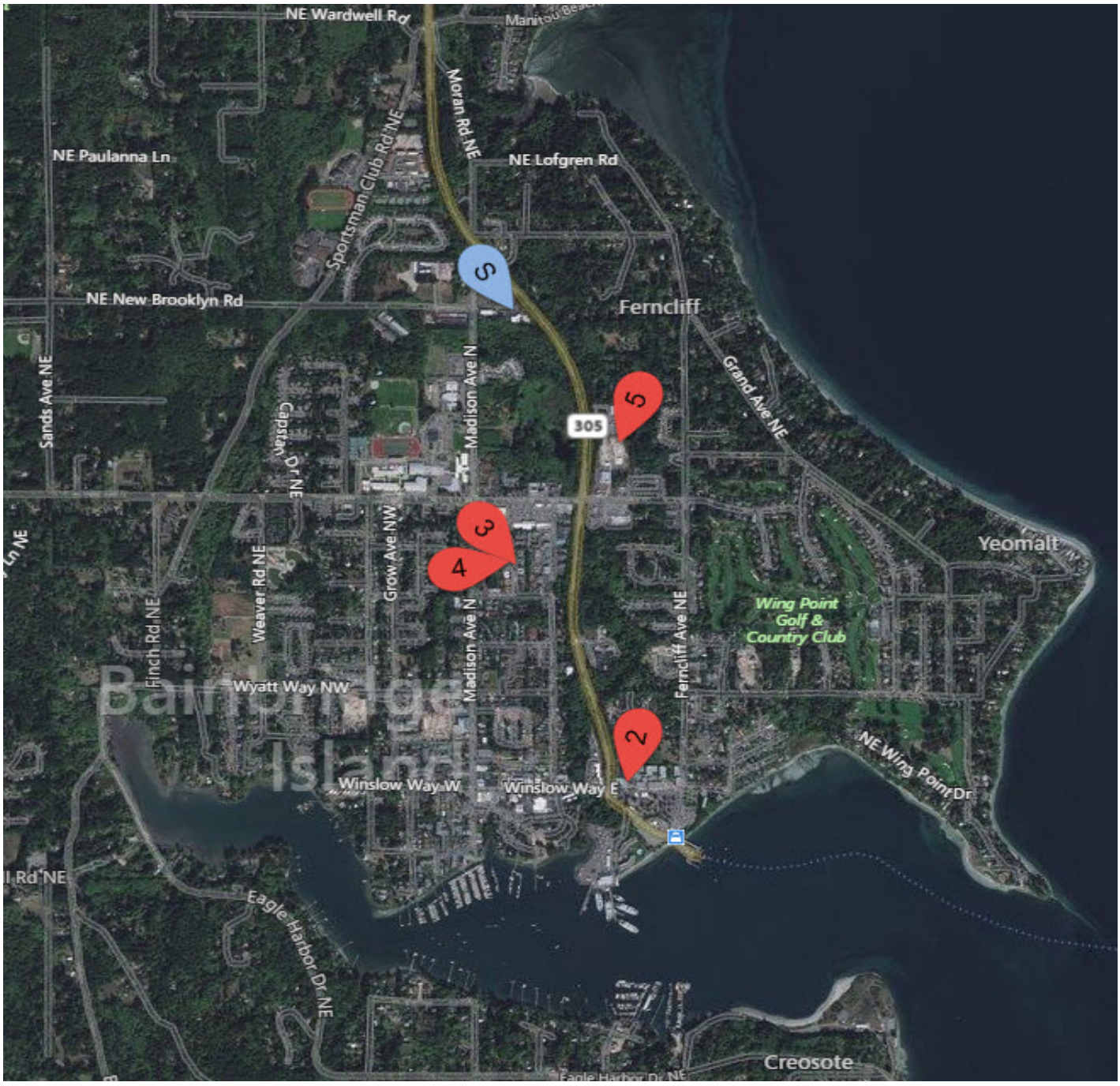
RENT COMPARABLE LOCATION MAP



COMPARABLE KEY

COMP	DISTANCE	NAME	ADDRESS	TENANT	LEASE DATE	SF	$/SF
SUBJECT	-	Bainbridge Urgent Care E	8804 Madison Ave N, Bainbridge Island, WA	-	-	-	$28.00
No. 1		Confidential	, Bainbridge Island, WA	Dentist	9/1/2015	2,500	$25.40
No. 2		San Juan Building	900 Winslow Way E, Ste 200, Bainbridge Isla	Ramirez & Walker Inc.	6/1/2016	1,132	$29.15
No. 3	0.6 Miles	Swedish Medical Building	945 Hildebrand Ln NE, Ste 220, Bainbridge Isl	Kitsap PT	11/1/2017	3,383	$22.00
No. 4	0.6 Miles	Swedish Medical Building	945 Hildebrand Ln NE, Bainbridge Island, WA	Swedish Primary Care	2/1/2016	11,000	$28.00
No. 5	0.6 Miles	Virginia Mason	1344 Wintergreen Lane NE, Bainbridge Island	Virginia Mason	5/1/2018	29,720	$32.00

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COMPARABLE MEDICAL RENT PHOTOGRAPHS

CONFIDENTIAL

COMPARABLE 1

COMPARABLE 2

COMPARABLE 3

COMPARABLE 4

COMPARABLE 5

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MEDICAL LEASE ADJUSTMENT TABLE

COMPARABLE	SUBJECT	LEASE 1	LEASE 2	LEASE 3	LEASE 4	LEASE 5
Name	Bainbridge Urgent Care Building	Confidential	San Juan Building	Swedish Medical Building	Swedish Medical Building	Virginia Mason
Address	8804 Madison Ave N	-	900 Winslow Way E, Ste 200	945 Hildebrand Ln NE, Ste 220	945 Hildebrand Ln NE	1344 Wintergreen Lane NE
City	Bainbridge Island	Bainbridge Island	Bainbridge Island	Bainbridge Island	Bainbridge Island	Bainbridge Island
LEASE INFORMATION						
Tenant Name		Dentist	Ramirez & Walker Inc.	Kitsap PT	Swedish Primary Care	Virginia Mason
Commencement Date		9/1/2015	6/1/2016	11/1/2017	2/1/2016	5/1/2018
Lease Status		Signed	Listing	Signed	Signed	Signed
Rate Type		Full Service	Gross	NNN	NNN	NNN
Size (SF)		2,500	1,132	3,383	11,000	29,720
Term (Yrs)		3.0	3.0	5.0	20.0	10.0
Rent ($/SF/Yr.)		$25.40	$29.15	$22.00	$28.00	$32.00
Adj ($/SF/Yr.)		($6.00)	($5.00)	-	-	-
Adj Rent ($/SF/Yr.)		$19.40	$24.15	$22.00	$28.00	$32.00
Avg. Escalation/Yr		5.0%	2.0%	3.0%	-	-
Concessions		-	4 Mos.	6 Mos.	0	0
TI's ($/SF)		-	-	-	-	Yes
TRANSACTIONAL ADJUSTMENTS						
Lease Type		$0.00	$0.00	$0.00	$0.00	$0.00
Concessions[1]		$0.00	$0.00	$0.00	$0.00	$0.00
Market Conditions		9%	6%	2%	7%	0%
Subtotal Eff Rent		$21.15	$25.60	$22.44	$29.96	$32.00
PROPERTY ADJUSTMENTS						
Location	Average	Average/Good	Good	Average/Good	Average/Good	Average/Good
Adjustment		-5%	-10%	-5%	-5%	-5%
Quality	Good/Excellent	Average/Good	Good	Good	Good	Good/Excellent
Adjustment		10%	5%	5%	5%	0%
Condition	Good/Excellent	Average/Good	Good	Average	Good	Good/Excellent
Adjustment		10%	5%	15%	5%	0%
Exposure	Average/Good	Average/Good	Good	Average/Good	Average/Good	Average/Good
Adjustment		0%	-5%	0%	0%	0%
Access	Average	Average/Good	Good	Average/Good	Average/Good	Average/Good
Adjustment		-5%	-10%	-5%	-5%	-5%
Parking Ratio	4.3	4.5	1.42	1.8	1.8	Adequate
Adjustment		0%	5%	5%	5%	0%
Age	2014	1983	2001	2000	2000	2017
Adjustment		5%	5%	5%	5%	0%
Subtotal Property Adj		15%	-5%	20%	10%	-10%
TENANT SPACE ADJUSTMENTS						
Size (Tenant)	17,042	2,500	1,132	3,383	11,000	29,720
Adjustment		0%	0%	0%	0%	0%
Subtotal Tenant Adj		0%	0%	0%	0%	0%
TOTAL ADJUSTED RENT		**$24.32**	**$24.32**	**$26.93**	**$32.96**	**$28.80**

STATISTICS	UNADJUSTED	ADJUSTED
LOW	$22.00	$24.32
HIGH	$32.00	$32.96
MEDIAN	$28.00	$26.93
AVERAGE	$27.31	$27.47

[2] Market Conditions Adjustment - Compound annual change in market conditions: 3%
Date of Value (for adjustment calculations): 6/14/18

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Medical Lease Analysis

The lease comparables represent 3 medical/dental office leases, one physical therapy lease, and one professional office lease, all located in Winslow. Overall, the lease comparables show a range of $22.00/SF to $32.00/SF Triple Net, with an average of $27.31/SF. Due to factors such as more intense cabinetry, plumbing, and in some cases higher cost features such as lead-lined walls, **medical/dental space** typically requires more expensive build out than professional office space. As such, rents are generally higher and leases tend to be longer term.

Due to the higher cost **medical/dental build out**, the amount and source of tenant improvements often have a significant impact on rents. When a tenant pays for additional improvements out-of-pocket, the base rent is not affected. However, if the cost is initially taken on by the landlord, most often they are amortized into the life of the lease. In some cases, the tenant agrees to pay for additional TIs up front, which places downward pressure on rent. This was reportedly the case with Swedish (No 4), who paid $100,000 ($9/SF) out of pocket in finish out.

Lease comparables 1 is an upper floor dental space in an older, inferior quality building in inferior condition. Upward adjustments are applied for age, quality, and condition. This building occupies a slightly superior location that has slightly superior access closer to downtown Winslow with similar parking.

Lease comparable 2 is a slightly inferior (good) quality professional office building in slightly inferior (good) condition. Upward adjustments are applied for quality and condition. This building occupies a slightly superior location directly across from the ferry terminal with slightly superior access and exposure. Thus, downward locational adjustments are applied. Upward adjustments are applied for inferior parking and older age.

Lease comparable 3 and 4 are in the same building. As a slightly older building in slightly inferior condition, upward adjustments are applied. No 3 has lower cost (physical therapy) build out and thus is considered average condition.

No 5 is the new clinic built for Virginia Mason located north of High School Road just east of SR 305. This is a similar quality building in similar condition. The adjustments are for slightly inferior (non-highway) exposure but slightly superior overall location due to its closer proximity to downtown Winslow and the ferry terminal.

The lease comparables bracket the subject in size, ranging from 1,132 to 29,720 SF. According to Cheryl Elmquist, local property manager and leasing agent, there generally is no size discount for medical space. This is evident the fact the 2nd highest comparable rate (No 5) is paid by the tenant in the largest space. No adjustment is applied for size.

MEDICAL SPACE MARKET RENT CONCLUSION

The lease comparables show a range of $24.32/SF to $32.96/SF Triple Net, adjusted to NNN, after adjustments. Primary emphasis is allocated to Lease 5 ($28.80). There is speculation that, if Harrison were to sell its building, it would relocate its clinic into this comparable. (The subject owner's representative was unable to confirm or deny this rumor due to nondisclosure.) Consideration is also given to the overall average of $27.47/SF. A rounded mid-range market rent of **$28.00/SF NNN** is concluded and applied to the subject net rentable area. (The market generally does not appear to apply a size discount for medical space. The same market rent and operating expense conclusions are applied in the alternate investor and multi-tenant scenario presented at the end of the Income Approach.)

The following table summarizes the analysis of the comparables leases and the Medical market rent conclusion.

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MEDICAL LEASE CONCLUSION TABLE								
	LEASE	ADJUSTMENT				NET	GROSS	OVERALL
LEASE	RATE	TRANSACTIONAL[1]	ADJUSTED	PROPERTY[2]	FINAL	ADJ %	ADJ %	COMPARISON
1	$25.40	($4.25)	$21.15	15%	**$24.32**	-4%	44%	SECONDARY
2	$29.15	($3.55)	$25.60	-5%	**$24.32**	-17%	51%	SECONDARY
3	$22.00	$0.44	$22.44	20%	**$26.93**	22%	42%	SECONDARY
4	$28.00	$1.96	$29.96	10%	**$32.96**	18%	37%	SECONDARY
5	$32.00	$0.00	$32.00	-10%	**$28.80**	-10%	10%	PRIMARY
LOW	**$24.32**					**AVERAGE**		**$27.47**
HIGH	**$32.96**					**MEDIAN**		**$26.93**
		AVERAGE CONTRACT	**ASKING**	**ACHIEVABLE MRKT RANGE**			**NNN**	**CONCLUSION**
Medical		**-**	**-**	**$24.32 - $32.96**				**$28.00**

[1]Cumulative [2]Additive (Includes Tenant Adjustments)

POTENTIAL GROSS RENT

My analysis and conclusions of the subject's potential gross rent are detailed as follows:

POTENTIAL GROSS RENT	
Market Rent	$28.00
Expense Structure	Triple Net
Contract or Market	Market
POTENTIAL GROSS RENT CONCLUSION	
Annual	$477,176
PSF (YR.)	$28.00
PSF (MO.)	$2.33

INCOME & EXPENSE ANALYSIS

In this section, I estimate vacancy and credit loss and applicable operating expenses. Historical operations of the subject property were requested but not provided. The expense conclusions are based on the medical office expense comparables.

Additional Revenue

Based on my analysis of the subject's historical operations, there are no additional revenue generators present.

Expense Reimbursements

My analysis and conclusions of the subject's expense reimbursements are detailed as follows:

TOTAL REIMBURSEMENT INCOME				
YEAR	TOTAL	$/SF	%EGI	ANALYSIS
PROFORMA	$140,000	$8.21	23.9%	Reimbursements for the triple net lease include: real estate taxes, property insurance, repairs & maintenance, utitlies not paid directly, and management fees.

These reimbursements were based on the operating expenses, rounded down to account for slippage, that are concluded later in the Income Approach.

VACANCY AND CREDIT LOSS

This category accounts for the time period between occupants, as well as possible prolonged vacancies under slow market conditions. This assignment reflects the probable stabilized vacancy during the economic life of the property and not necessarily the current or short-term vacancy. Investors are typically using 5% as a stabilized vacancy. There are no published surveys in this market. As described in the Market Analysis, professional office vacancy on Bainbridge Island has Market vacancy has ranged between 3.6% and 10.7% over the past ten years and most recently at 2.3% as of Q1 2018.

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The market has stabilized. The subject is a good/excellent quality medical office building at an average location. The building is in good/excellent condition and is fully occupied by an owner/user. Noting current market trends and perceived long-term strong market conditions, a vacancy and credit loss of **5.0%** is concluded and applied to the office space.

VACANCY & CREDIT LOSS	
General Vacancy & Credit Loss	5.0%
Total	5.0%

ANALYSIS OF OPERATING EXPENSES

The following chart summarizes comparable expenses used in this analysis.

EXPENSE COMPARABLES

COMPARABLE	COMP 1	COMP 2	COMP 3	COMP 4	COMP 5	COMP 6	LOW	HIGH	AVG
City	Burien	Bothell	Tacoma	Olympia	Puyallup	B. Island	-	-	-
State	WA	WA	WA	WA	WA	WA	-	-	-
Expense Year	2017	2016	2015	2016	2016	2015	2015	2017	2016
Actual/Budget	Budget	Actual	Actual	Actual	Actual	Budget	-	-	-
Net Rentable Area	2,596	14,105	25,781	31,104	26,431	4,465	2,596	31,104	17,414
Building Type	Med/Dental	Med/Dental	Medical	Medical	Med/DDS/Gen	Gen/Dental	-	-	-
Year Built	1976	2007	2006	1980	2009	1983	1976	2009	1994
EFFECTIVE GROSS INCOME	$33.00	$36.76	$33.85	$26.30	$35.17	N/Av	$26.30	$36.76	$33.02
EXPENSE ITEMS	**$/SF**	**$/SF**	**$/SF**	**$/SF**	**$/SF**	**$/SF**	**LOW**	**HIGH**	**AVG**
Real Estate Taxes	$3.84	$2.85	$2.84	$1.50	$3.36	$1.78	$1.50	$3.84	$2.70
Property Insurance	$0.79	$0.21	$0.18	$0.20	$0.13	$1.00	$0.13	$1.00	$0.42
Repairs and Maintenance	$0.92	$1.24	$1.72	$2.07	$1.21	$0.75	$0.75	$2.07	$1.32
Utilities	$1.59	Pd Dir.	$3.43	$2.31	$2.42	$2.20	$1.59	$3.43	$2.39
Management Fees	$0.77	$0.92	$1.83	$0.97	$1.77	$0.56	$0.56	$1.83	$1.14
%EGI	*2.3%*	*2.5%*	*5.4%*	*3.7%*	*5.0%*	-	*2.3%*	*5.4%*	*3.8%*
Misc. Non-Reimbursable	$1.61	$0.49	$0.00	$0.38	$0.04	$0.25	$0.00	$1.61	$0.46
Reserves	-	-	-	-	-	-	$0.00	$0.00	-
TOTAL EXPENSES ($/SF)	**$9.52**	**$5.71**	**$10.00**	**$7.43**	**$8.93**	**$6.54**	$5.71	$10.00	$8.02

CONCLUSION OF OPERATING EXPENSES

In the following section I discuss the individual expense conclusions for the subject property.

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EXPENSE ANALYSIS & CONCLUSIONS

REAL ESTATE TAXES

	SUBJECT			EXPENSE COMPS		
YEAR	TOTAL	$/SF	%EGI	COMP	$/SF	%EGI
				1	$3.84	11.6%
				2	$2.85	7.8%
				3	$2.84	8.4%
				4	$1.50	5.7%
				5	$3.36	9.6%
				6	$1.78	0.0%
CONCLUSION	$56,467	$3.31	9.6%	AVG	$2.70	7.2%

ANALYSIS

The concluded taxes are based on the 2018 assessment and levy rate to reflect current taxes of the subject. Please refer to the Assessments and Taxes section for additional details.

PROPERTY INSURANCE

	SUBJECT			EXPENSE COMPS		
YEAR	TOTAL	$/SF	%EGI	COMP	$/SF	%EGI
				1	$0.79	2.4%
				2	$0.21	0.6%
				3	$0.18	0.5%
				4	$0.20	0.8%
				5	$0.13	0.4%
				6	$1.00	0.0%
CONCLUSION	$6,817	$0.40	1.2%	AVG	$0.42	0.8%

ANALYSIS

This expense includes all premiums and costs incurred for insurance covering structures, public liability, rental value, equipment and bonding of employees. The conclusion is based on the expense comparable information.

REPAIRS AND MAINTENANCE

	SUBJECT			EXPENSE COMPS		
YEAR	TOTAL	$/SF	%EGI	COMP	$/SF	%EGI
				1	$0.92	2.8%
				2	$1.24	3.4%
				3	$1.72	5.1%
				4	$2.07	7.9%
				5	$1.21	3.4%
				6	$0.75	0.0%
CONCLUSION	$25,563	$1.50	4.4%	AVG	$1.32	3.8%

ANALYSIS

This expense covers the cost of all other routine maintenance and repairs including routine maintenance and repairs to the roof, pest control and equipment maintenance. The conclusion is based on the expense comparable information.

UTILITIES

	SUBJECT			EXPENSE COMPS		
YEAR	TOTAL	$/SF	%EGI	COMP	$/SF	%EGI
				1	$1.59	4.8%
				2	-	-
				3	$3.43	10.1%
				4	$2.31	8.8%
				5	$2.42	6.9%
				6	$2.20	0.0%
CONCLUSION	$38,345	$2.25	6.5%	AVG	$2.39	6.1%

ANALYSIS

This expense consists of the cost of all electricity and gas utilities used in the common area of the subject including exterior lighting, as well as water/sewer, and garbage. The conclusion is based on the expense comparable information.

MANAGEMENT FEES

	SUBJECT			EXPENSE COMPS		
YEAR	TOTAL	$/SF	%EGI	COMP	$/SF	%EGI
				1	$0.77	2.3%
				2	$0.92	2.5%
				3	$1.83	5.4%
				4	$0.97	3.7%
				5	$1.77	5.0%
				6	$0.56	0.0%
CONCLUSION	$17,590	$1.03	3.0%	AVG	$1.14	3.2%

ANALYSIS

Management fees typically range from 2 to 5 percent of Effective Gross Income (EGI). Fees on the higher end of the range are charged for properties with high degree of turnover, and those which would require more intensive management and oversight. As a two-story building leased to a single user, a fee of 3.0% is reasonable.

MISC. NON-REIMBURSABLE

	SUBJECT			EXPENSE COMPS		
YEAR	TOTAL	$/SF	%EGI	COMP	$/SF	%EGI
				1	$1.61	4.9%
				2	$0.49	1.3%
				3	$0.00	0.0%
				4	$0.38	1.4%
				5	$0.04	0.1%
				6	$0.25	0.0%
CONCLUSION	$7,669	$0.45	1.3%	AVG	$0.46	1.3%

ANALYSIS

This expenses reflect miscellaneous items that are not captured in any of the above expenses, and are not reimbursed by the tenant. The conclusion is based on the expense comparable information.

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RESERVES	SUBJECT			EXPENSE COMPS		
YEAR	TOTAL	$/SF	%EGI	COMP	$/SF	%EGI
				1	-	-
				2	-	-
				3	-	-
				4	-	-
				5	-	-
				6	-	-
CONCLUSION	**$1,704**	**$0.10**	**0.3%**	**AVG**	-	-

ANALYSIS

This cost serves as an acknowledgment that major structural or mechanical elements of a property will depreciate and require periodic rebuilding or replacement. In surveys such as PWC investors typically cite a range of about $0.05 to $0.25/SF. The subject was built in 2014 and is in good/excellent condition. The concluded is amount based on $0.10/SF of the subject's building area.

TOTAL EXPENSES	LOW	HIGH
SUBJECT HISTORICAL $/SF	N/Av	N/Av
EXPENSE COMPARABLES $/SF	$5.71	$10.00
SUBJECT HISTORICAL %EGI	N/Av	N/Av
EXPENSE COMPARABLES%EGI	15.5%	29.5%
TOTAL EXPENSES $/SF	$9.05	
TOTAL EXPENSES %EGI	26.3%	
TOTAL EXPENSES	**$154,154**	

CONCLUSION

Total projected expenses are displayed at left and in the Direct Capitalization Summation Table at the end of this section. The concluded expenses are based on a triple net lease structure and are supported by the expense comparables.

DEVELOPMENT OF CAPITALIZATION RATE

In developing my opinion of the capitalization rate, also known as overall rate (OAR), the following techniques were used:

- Comparable Sales
- Investor Surveys
- Band of Investment Technique

Comparable Sales

The following table presents a summary of the comparable sales used ahead in the Sales Comparison Approach (Nos 1-6), and the capitalization rates from each of those sales. I have included additional sales (Comparables 7 and 8) from Bainbridge Island to further support capitalization rate trends for the subject property.

CAPITALIZATION RATE COMPARABLES (OAR)

	NAME	CITY	ST	SALE DATE	YR BLT	NRA	$/SF	SALE PRICE	NOI	NOI/SF	CAP RATE
1	Franciscan Medical Pavilion	Auburn	WA	May 12, 2016	2014	37,480	$323	$12,089,200	$710,845	$18.97	5.88%
2	15 Lake Bellevue	Bellevue	WA	March 29, 2016	1999	35,200	$358	$12,600,000	$756,000	$21.48	6.00%
3	Skagit Northwest Orthopedics	Mount Vernon	WA	November 15, 2017	2001	19,904	$366	$7,279,158	$473,145	$23.77	6.50%
4	The Everwood Medical Center	University Place	WA	October 7, 2016	2006	18,626	$306	$5,700,000	$370,500	$19.89	6.50%
5	San Juan Building	Bainbridge Island	WA	May 23, 2016	2001	12,712	$347	$4,410,000	$184,027	$14.48	4.34%
6	Evergreen Eye Center	Federal Way	WA	January 7, 2016	1995	10,007	$487	$4,875,000	$289,575	$28.94	5.94%
7	Bainbridge Bldg.	Bainbridge Island	WA	August 1, 2017	1991	21,740	$207	$4,490,000	$224,500	$10.33	5.00%
8	Ericksen Avenue Office Park	Bainbridge Island	WA	August 7, 2017	1988	11,280	$222	$2,500,000	$143,750	$12.74	5.75%
LOW				January 7, 2016							**4.34%**
HIGH				November 15, 2017							**6.50%**
AVERAGE				November 7, 2016							**5.74%**
MEDIAN				July 30, 2016							**5.91%**
CONCLUDED CAPITALIZATION RATE (OAR)											**5.75%**

These six medical office and two Bainbridge Island professional office comparables show cap rates in a range of about 4.34 to 6.50%. Historically commercial properties on Bainbridge Island have tended to sell at lower cap rates than comparable properties elsewhere in Kitsap County. Sales of income properties had been slow on the Island for several years post-recession (2009-2015), resulting in few transactions from to draw a comparison. On a broader regional and national basis, overall cap rates have remained low.

According to Mr. Kelly Muldrow, local broker with Windermere, investors in the local market will not purchase based on pro forma numbers. In other words, if a building is not stabilized, there is not much interest. The cap

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rate conclusion is based on a stabilized subject property. Further, Landlords tend not to sell in this market unless they can achieve an overall rate to their liking, which has contributed to the dearth of leased fee transactions over the last few years, and is reflected in the fact the 3 Bainbridge sales in the chart above show an overall average rate of 5.03%. Local activity has picked up in the last year, as evidenced by the two supplemental comparables presented in the Sales Comparison Approach (Nos 7-8).

The subject is fully occupied by an owner/user. Thus, an overall cap rate implies a sale-leaseback, or similar quality, medical office user. As noted, due to more intense cabinetry, plumbing, and in some cases higher cost features such as lead-lined walls, medical/dental space typically requires more expensive build out than professional office space. As such, rents are generally higher and leases tend to be longer term. This is taken into consideration for the subject property.

Placing upward pressure on the overall cap rate is the location off an access road with partially hampered visibility and the large building size for the market. Placing downward pressure on risk is that this is good/excellent quality building in good/excellent condition in a strong market. In addition, the subject includes a small area of surplus land on which the building could someday use for expansion, which is viewed favorably.

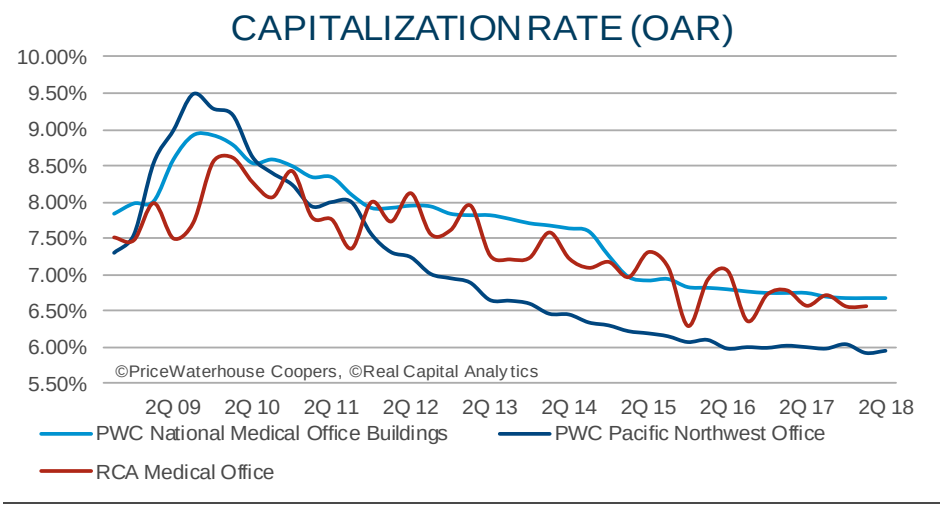
Balancing broker comments, historically rates, overall national trends, the strength of the subject's appeal and its average location, with strong consideration for Comps 5, 7 and 8, a cap rate near the overall average, of **5.75%,** is concluded.

Investor Surveys

The following table provides capitalization rate statistics as surveyed by investors that I considered to be relevant to the subject property and my independent market participant survey.

CAPITALIZATION RATE SURVEYS (OAR)

SOURCE	QUARTER	RANGE	AVG	LAST Q	LAST YR
PriceWaterhouse Coopers					
National Medical Office Buildings	2Q 18	4.50% to 10.00%	6.69%	6.69%	6.76%
Pacific Northwest Office	2Q 18	4.20% to 9.00%	5.96%	5.93%	6.01%
Real Capital Analytics					
Medical Office	1Q 18		6.56%	6.55%	6.77%
AVERAGE		**4.35% to 9.50%**	**6.40%**	**6.39%**	**6.51%**



Consideration the strength of the subject market with limited supply, typically high demand, and barriers to entry, an overall rate below the national averages is anticipated.

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Band of Investment Technique

Most properties are purchased with debt and equity capital; therefore, the overall capitalization rate must satisfy the market return requirements of both investment positions. Available financing information from lenders and the sales comparables indicates the following terms:

BAND OF INVESTMENT ASSUMPTIONS	
Loan Amortization Period	25 Years
Interest Rate	4.50%
Loan-to-Value (LTV) Ratio	70%
Mortgage Constant	6.67%

Equity dividend rates vary depending upon motivations of buyers and financing terms. The previous terms and an appropriate equity dividend rate are used in the Band of Investments calculations, which are presented on the following chart.

BAND OF INVESTMENT CALCULATION					
Mortgage Component	70%	x	6.67%	=	4.669%
Equity Component	30%	x	4.00%	=	1.200%
Indicated Capitalization Rate					5.869%
INDICATED CAPITALIZATION RATE					**5.87%**

Capitalization Rate Conclusion

For investments of the subject's general size and price, and when sales activity is brisk with relative market stability, the Market Extraction Method is most often relied upon by buyers and sellers to develop cap rate decisions. In this analysis, recent sales data was available indicating reasonable support for the capitalization rate developed by the Market Extraction Method, concluded at **5.75%.**

National Survey data has limited direct application for the subject property; however, it helps establish general macro trends for this type of investment property.

The Band of Investments technique employs reasonable mortgage and equity rates, and is given some consideration.

Taking all factors into consideration, the following table summarizes the various capitalization rate indicators and provides the final capitalization rate conclusion.

CAPITALIZATION RATE CONCLUSION (OAR)							
SOURCE	**QUARTER**	**RANGE**			**AVG**	**LAST Q**	**LAST YR**
Comparable Sales		4.34%	to	6.50%	5.74%	-	-
Bainbridge Island Comparable Sales		4.34%	to	5.75%	5.03%	-	-
Investor Surveys	2Q 18	4.35%	to	9.50%	6.40%	6.39%	6.51%
Band of Investment Technique					5.87%	-	-
AVERAGE		4.34%	to	7.25%	5.76%	6.39%	6.51%
CAPITALIZATION CONCLUSION (LEASED FEE)					**5.75%**		

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DIRECT CAPITALIZATION CONCLUSION – STABILIZED PROPERTY

The table below summarizes the direct capitalization method and the Income Approach Value conclusion.

DIRECT CAPITALIZATION SUMMATION TABLE - O/U

INCOME ITEMS	%PGI	%EGI	$/SF(MO.)	$/SF(YR.)	TOTAL
Base Contract Income			$2.33	$28.00	$477,176
TOTAL RENTAL INCOME			$2.33	$28.00	$477,176
REIMBURSEMENTS					
NNN			$0.68	$8.21	$140,000
TOTAL REIMBURSEMENTS			$0.68	$8.21	$140,000
POTENTIAL GROSS INCOME (PGI)	**100.0%**	**105.3%**	**$3.02**	**$36.21**	**$617,176**
VACANCY & CREDIT LOSS					
Rental Income		(5.0%)	($0.12)	($1.40)	($23,859)
Other Income		(5.0%)	($0.03)	($0.41)	($7,000)
TOTAL VACANCY & CREDIT LOSS		(5.0%)	($0.15)	($1.81)	($30,859)
EFFECTIVE GROSS INCOME (EGI)	**95.0%**	**100.0%**	**$2.87**	**$34.40**	**$586,317**
EXPENSE ITEMS					
Real Estate Taxes	(9.1%)	(9.6%)	($0.28)	($3.31)	($56,467)
Property Insurance	(1.1%)	(1.2%)	($0.03)	($0.40)	($6,817)
Repairs and Maintenance	(4.1%)	(4.4%)	($0.13)	($1.50)	($25,563)
Utilities	(6.2%)	(6.5%)	($0.19)	($2.25)	($38,345)
Management Fees	(2.9%)	(3.0%)	($0.09)	($1.03)	($17,590)
Misc. Non-Reimbursable	(1.2%)	(1.3%)	($0.04)	($0.45)	($7,669)
Reserves	(0.3%)	(0.3%)	($0.01)	($0.10)	($1,704)
TOTAL EXPENSES	(25.0%)	(26.3%)	($0.75)	($9.05)	($154,154)
NET OPERATING INCOME (NOI)	**70.0%**	**73.7%**	**$2.11**	**$25.36**	**$432,163**
Capitalization Rate					5.75%
Capitalized Value					$7,515,885
INDICATED VALUE				**$441/SF**	**$7,520,000**

Rounded to nearest $10,000

ADJUSTMENTS TO VALUE

As of the effective valuation date, the subject property was stabilized and there were no observable deferred maintenance items present. Based on analysis of the subject property, there were no value adjustments required in developing my opinion of the As-Is Market Value.

AS IS VALUE IF SOLD TO INVESTOR

The above analysis reflects the As Is value of the subject property based on stabilized occupancy, or essentially under a sale-leaseback scenario. As discussed with the client, an alternate scenario is that the current medical tenant vacate, and the vacant property is sold to an investor, which would require lease up costs. The following discussion summarizes my value adjustments under this scenario.

Lease-Up Analysis

If the subject were to be sold to an investor as a vacant building, lease-up costs associated with the subject achieving stabilization would be warranted in arriving to the As-Is Market Value. As discussed in the market analysis, there are essentially three larger medical care providers in the market, one of which (Harrison) occupies the subject, one of which (VM) just relocated into a brand new building, and the other (Swedish) which occupies ~11,000 SF in a relatively new building. It's possible Swedish might consider relocating into the subject building, if Harrison were to vacate. However, this would still require an investor to fill ~6,000 SF of space.

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A more probable scenario is the other 2 larger medical providers remain at their current locations, and an investor would be required to fill the entire subject building with smaller practitioners or similar users. A discussion with local market participants suggests there is strong demand from a variety of potential medical/dental tenants, such as optometrist, orthodontist/dentist, chiropractor, physical therapist, and imaging. A variety of high end professional office tenants such as attorneys and investment companies would also be possible candidates to fill the subject building. The typical size for medical/dental tenants in this market is ~2,000 to 2,500 SF. Ms. Elmquist estimated she could lease the entire subject property by leasing 2,000 SF at a time in several stages over an approximately 18 to 24-month timeframe – even if the recently vacated former Virginia Mason building were to re-lease to smaller medical users.

Based on my research of prevailing supply/demand conditions and the subject's competitive position in the marketplace, I have projected a period of 24 months for the subject vacant space to be leased. This absorption period has been deemed reasonable by local market participants.

The following table summarizes my analysis of lease-up costs for the vacancy. The lease-up cost analysis calculates rent loss, $5/SF in tenant improvements, standard 5% leasing commissions and no free rent based on market leasing assumptions suggested by market activity.

The lease-up costs reflect the actual costs associated with leasing up the vacant space. When warranted an additional provision for entrepreneurial profit is used to mirror investor behavior related to risks of investing in a property with vacancy. The subtotaled lease-up costs were adjusted 15.0% to account for entrepreneurial profit incentive.

LEASE-UP COSTS

VACANT		MARKET RENT		RENT LOSS		EXPENSE	TENANT IMPV.		LEASING COMMISSION			FREE RENT		TOTAL
SUITE	SF	$/MO	$/YR	MONTH	COST	CARRY	TI $/SF	COST	TERM	FEE	COST	MOS.	COST	COST
1	2,500	$2.17	$26.00	6	$32,500	$10,269	$5	$12,500	5	5%	$16,250	0	$0	$71,519
2	2,500	$2.17	$26.00	9	$48,750	$15,403	$5	$12,500	5	5%	$16,250	0	$0	$92,903
3	2,500	$2.17	$26.00	12	$65,000	$20,537	$5	$12,500	5	5%	$16,250	0	$0	$114,287
4	2,500	$2.17	$26.00	15	$81,250	$25,672	$5	$12,500	5	5%	$16,250	0	$0	$135,672
5	2,500	$2.17	$26.00	18	$97,500	$30,806	$5	$12,500	5	5%	$16,250	0	$0	$157,056
6	2,500	$2.17	$26.00	24	$130,000	$41,075	$5	$12,500	5	5%	$16,250	0	$0	$199,825
7	2,500	$2.17	$26.00	24	$130,000	$41,075	$5	$12,500	5	5%	$16,250	0	$0	$199,825
SUBTOTAL					**$585,000**	**$184,837**		**$87,500**			**$113,750**		**$0**	**$971,087**
Entrepreneurial Profit @ 15.0%														$145,663
TOTAL LEASE UP COSTS														**$1,120,000**

Rounded to nearest $10,000

INCOME APPROACH CONCLUSION – IF SOLD TO INVESTOR AS A VACANT BUILDING

The table below summarizes the direct capitalization method and the Income Approach Value conclusion, if the property were sold to an investor as a vacant building. As noted, there generally is no size discount for medical space. The same market rent and operating expense conclusions are applied in this scenario. Due to the slightly higher risk of maintaining a stabilized occupancy with several smaller tenants, a slightly higher overall capitalization rate of 6.00% is reasonable.

A discount for the cost to convert/retrofit is not included as this is speculative and beyond the scope of this assignment. It is my understanding from the client that the Bainbridge Island City Council is researching the potential cost to retrofit the subject property for its use, which is expected to be presented in mid-July 2018. This cost would likely need to be deduced from that value scenario once a reliable estimate is provided. As anticipated, the As Is Value based on a vacant building purchase by an investor is lower than the As Is Value indicated by the purchase of a fully occupied building.

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DIRECT CAPITALIZATION SUMMATION TABLE - INVESTOR

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Rental Income		(5.0%)	($0.12)	($1.40)	($23,859)
Other Income		(5.0%)	($0.03)	($0.41)	($7,000)
TOTAL VACANCY & CREDIT LOSS		(5.0%)	($0.15)	($1.81)	($30,859)
EFFECTIVE GROSS INCOME (EGI)	**95.0%**	**100.0%**	**$2.87**	**$34.40**	**$586,317**
EXPENSE ITEMS					
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Property Insurance	(1.1%)	(1.2%)	($0.03)	($0.40)	($6,817)
Repairs and Maintenance	(4.1%)	(4.4%)	($0.13)	($1.50)	($25,563)
Utilities	(6.2%)	(6.5%)	($0.19)	($2.25)	($38,345)
Management Fees	(2.9%)	(3.0%)	($0.09)	($1.03)	($17,590)
Misc. Non-Reimbursable	(1.2%)	(1.3%)	($0.04)	($0.45)	($7,669)
Reserves	(0.3%)	(0.3%)	($0.01)	($0.10)	($1,704)
TOTAL EXPENSES	(25.0%)	(26.3%)	($0.75)	($9.05)	($154,154)
NET OPERATING INCOME (NOI)	**70.0%**	**73.7%**	**$2.11**	**$25.36**	**$432,163**
Capitalization Rate					6.00%
Capitalized Value					$7,202,723
INDICATED VALUE				**$422/SF**	**$7,200,000**
Lease- Up Costs					**From Lease-Up Analysis**
Rent Loss	(94.8%)	(99.8%)	($2.86)	($34.33)	($585,000)
Expense Carry	(29.9%)	(31.5%)	($0.90)	($10.85)	($184,837)
Tenant Improvements	(14.2%)	(14.9%)	($0.43)	($5.13)	($87,500)
Leasing Commissions	(18.4%)	(19.4%)	($0.56)	($6.67)	($113,750)
Free Rent	0.0%	0.0%	-	-	$0
Total Lease-Up Costs	(157.3%)	(165.6%)	($4.75)	($56.98)	($971,087)
Entrepreneurial Profit	(23.6%)	(24.8%)	($0.71)	($8.55)	($145,663)
TOTAL LEASE-UP COSTS	(180.9%)	(190.5%)	($5.46)	($65.53)	($1,116,751)
INDICATED VALUE				**$357/SF**	**$6,080,000**

Rounded to nearest $10,000

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SALES APPROACH

The Sales Comparison Approach analyzes comparable sales by applying transactional and property adjustments to bracket the subject property within an appropriate unit value comparison. The most relevant unit of comparison is the price per square foot of NRA, as it best reflects the analysis used by buyers and sellers in this market for improved properties with similar design and utility. I completed a thorough search for similar improved sales in terms of property type, location, physical characteristics, and date of sale. Overall, the sales selected represent the best comparables available for this analysis.

Adjustment Process

The following adjustments or general market trends were considered for the basis of valuation.

Transactional Adjustments

Dollar adjustments to the comparable sales were considered and made when warranted for transactional adjustments including property rights transferred, financing terms, conditions of sale, expenditures after purchase and market conditions. The following table summarizes the market conditions adjustment applied in this analysis.

MARKET CONDITIONS ADJUSTMENT			
Per Year As Of	June 2018	(As-Is)	3%

The analysis applies an upward market conditions adjustment of 3% annually reflecting the conditions between the oldest comparable sale date up through the effective valuation date.

Property Adjustments

Quantitative percentage adjustments are also made for location and physical characteristics such as size, age, site and parking ratios, access, exposure, quality and condition, as well as other applicable elements of comparison. Where possible the adjustments applied are based on paired data or other statistical analysis. It should be stressed that the adjustments are subjective in nature and are meant to illustrate my logic in deriving a value opinion for the subject site.

Presentation

The following Sales Summation Table, Location Map and Data Sheets summarize the improved sales data. Following these items, the comparable sales are adjusted for applicable elements of comparison and the opinion of value by the Sales Comparison Approach is concluded.

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IMPROVED SALES SUMMATION TABLE

COMPARABLE	SUBJECT	COMPARABLE 1	COMPARABLE 2	COMPARABLE 3	COMPARABLE 4	COMPARABLE 5	COMPARABLE 6
Name	Bainbridge Urgent Care Building	Franciscan Medical Pavilion	15 Lake Bellevue	Skagit Northwest Orthopedics	The Everwood Medical Center	San Juan Building	Evergreen Eye Center
Address	8804 Madison Ave N	205 10th St NE	15 Lake Bellevue Drive	1500 Continental Place	7210 40th St W	900 Winslow Way E	34719 6th Ave S
City	Bainbridge Island	Auburn	Bellevue	Mount Vernon	University Place	Bainbridge Island	Federal Way
State	WA	WA	WA	WA	WA	WA	WA
Zip	98110	98002	98005	98273	98466	98110	98003
County	Kitsap	King	King	Skagit	Pierce	Kitsap	King
APN	232502-3-083-2002	072105-9046	398652-0030	P114427	0220154103	812500-0002-0001	2021049178
PHYSICAL INFORMATION							
Property Type	Office	Office	Office	Office	Office	Office	Office
GBA (SF)	18,385	37,480	35,200	19,904	18,626	12,712	10,007
NRA (SF)	17,042	37,480	35,200	19,904	18,626	12,712	10,007
Land Area (AC)	3.1	2.6	1.3	1.7	1.4	1.0	0.9
Land Area (SF)	136,351	112,286	56,710	72,310	59,242	43,500	37,640
L:B Ratio	7.4	3.0	1.6	3.6	3.2	3.4	3.8
Location	Average	Average	Good	Average/Good	Average	Average/Good	Good
Quality	Good/Excellent	Good	Average/Good	Average/Good	Average/Good	Average/Good	Good
Condition	Good/Excellent	Good	Good	Average/Good	Average/Good	Good	Good
Exposure	Average/Good	Average	Average/Good	Average/Good	Average	Good	Good
Access	Average	Average	Good	Average/Good	Average	Average/Good	Good
Parking Ratio	4.3	4-5	4	5.25	2.98	1.42	4.71
Year Built	2014	2014	1999	2001	2006	2001	1995
Site Coverage	7%	17%	31%	28%	12%	29%	13%
SALE INFORMATION							
Date		5/12/2016	3/29/2016	11/15/2017	10/7/2016	5/23/2016	1/7/2016
Status		Recorded	Recorded	Recorded	Recorded	Recorded	Recorded
Recording Number		201605120887	201603291764	11150077	201610070248	-	201601070691
Marketing Period		-	-	6 Mos.	4 Mos.	2 Mos.	3 Mos.
Rights Transferred		Leased Fee	Leased Fee	Leased Fee	Leased Fee	Leased Fee	Leased Fee
Transaction Price		$12,089,200	$12,600,000	$7,279,158	$5,700,000	$4,410,000	$4,725,000
Analysis Price		$12,089,200	$12,600,000	$7,279,158	$5,700,000	$4,410,000	$4,875,000
$/SF NRA		**$323**	**$358**	**$366**	**$306**	**$347**	**$487**
NOI/SF NRA	**$25.36**	**$18.97**	**$21.48**	**$23.77**	**$19.89**	**$14.48**	**$28.94**
Occupancy	100.0%	86.3%	100.0%	100.0%	100.0%	90.0%	100.0%
Capitalization Rate		**5.88%**	**6.00%**	**6.50%**	**6.50%**	**4.34%**	**5.94%**

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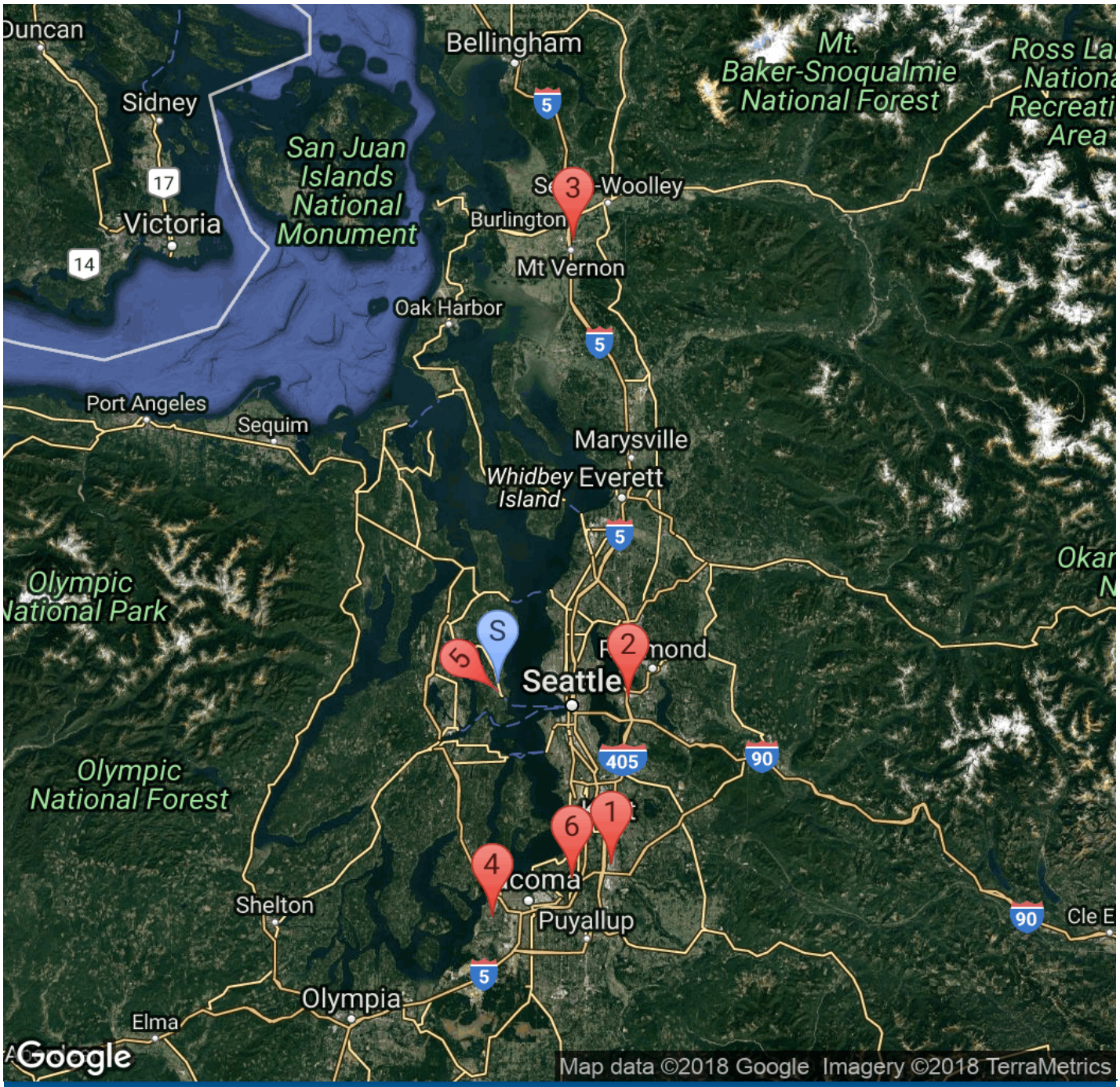
SALES LOCATION MAP



COMPARABLE KEY

COMP	DISTANCE	NAME	ADDRESS	OCC.	SALE DATE	OAR	$/SF
SUBJECT	-	Bainbridge Urgent Care Building	8804 Madison Ave N, Bainbridge Island, WA	100.0%	-	-	$445
No. 1	26.3 Miles	Franciscan Medical Pavilion	205 10th St NE, Auburn, WA	86.3%	5/12/2016	5.88%	$323
No. 2	15.7 Miles	15 Lake Bellevue	15 Lake Bellevue Drive, Bellevue, WA	100.0%	3/29/2016	6.00%	$358
No. 3	55.4 Miles	Skagit Northw est Orthopedics	1500 Continental Place, Mount Vernon, WA	100.0%	11/15/2017	6.50%	$366
No. 4	29.2 Miles	The Everw ood Medical Center	7210 40th St W, University Place, WA	100.0%	10/7/2016	6.50%	$306
No. 5	1.3 Miles	San Juan Building	900 Winslow Way E, Bainbridge Island, WA	90.0%	5/23/2016	4.34%	$347
No. 6	25.9 Miles	Evergreen Eye Center	34719 6th Ave S, Federal Way, WA	100.0%	1/7/2016	5.94%	$487

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COMPARABLE SALES PHOTOGRAPHS

COMPARABLE 1

LOCATION INFORMATION	
Name	Franciscan Medical Pavilion
Address	205 10th St NE
City, State, Zip Code	Auburn, WA, 98002
County	King
MSA	Seattle-Tacoma-Bellevue, WA Metropolitan S
APN	072105-9046
SALE INFORMATION	
Buyer	JJW Group LLC
Seller	Auburn Market, LLC
Transaction Date	05/12/2016
Transaction Status	Recorded
Transaction Price	$12,089,200
Analysis Price	$12,089,200
Recording Number	201605120887
Rights Transferred	Leased Fee
Financing	Loan from Bank
Conditions of Sale	1031 Exchange
PHYSICAL INFORMATION	
Gross Building Area (GBA)	37,480
Leasable Area (NRA)	37,480
Number of Buildings	1
Year Built	2014
No. of Floors	2
% of Office Build-out	100%
Class	A
Quality	Good
Condition	Good
Appeal	Average/Good
Building Structure	Metal/Block
Exterior	Concrete
Site Size	2.6 Acres (112,286 SF)
Zoning	C-1
Shape	Irregular
Topography	Level
Access	Average
Exposure	Average
Site Coverage (SF)/Ratio	16.7%

FRANCISCAN MEDICAL PAVILION

ANALYSIS INFORMATION	
Price per SF	$323
Adjusted Price per SF	$445
Capitalization Rate	5.88%

CONFIRMATION		
Name	Scott Clements	
Company	Orion Commercial Partners	
Source	Seller's Broker	
Date / Phone Number	12/6/2016	+1 206 445 7664

REMARKS

Property is located north of 10th St NE and east of B St. SE in Auburn, WA. This transaction represents the sale of a medical building known as the Franciscan Medical Pavilion and located in the King County, Seattle/Puget Sound Market. The sale consisted of a reinforced concrete, 37,480 square feet, two-story medical facility. The asset was delivered in February, 2014 and sits on approximately 2.5777 acres or 112,286 square feet. The occupancy was at 86% at the time of sale. The capitalization rate was 5.88% based on actual income. The buyer acquired the asset on May 12, 2016 for a confirmed sale price of $12,089,200 which equates to about $323 price per square foot. The on-market and escrow periods were not disclosed. Concurrent to the sale, the buyers obtained a loan with First Federal Savings & Loan Assoc. of Port Angeles for a balance of $9,225,000. The difference between the loan amount and the sale price was $2,864,200 (possible down payment/equity).

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COMPARABLE 2

LOCATION INFORMATION

Name	15 Lake Bellevue
Address	15 Lake Bellevue Drive
City, State, Zip Code	Bellevue, WA, 98005
County	King
APN	398652-0030

SALE INFORMATION

Buyer	Costacos Family Limited Partnership
Seller	Taylor Development
Transaction Date	03/29/2016
Transaction Status	Recorded
Transaction Price	$12,600,000
Analysis Price	$12,600,000
Recording Number	201603291764
Rights Transferred	Leased Fee
Financing	All Cash
Conditions of Sale	Arms-Length

PHYSICAL INFORMATION

Gross Building Area (GBA)	35,200
Leasable Area (NRA)	35,200
Number of Buildings	1
Year Built	1999
No. of Floors	2
Parking Spaces / Ratio	140 (4/1,000 SF NRA)
% of Office Build-out	100%
Quality	Average/Good
Condition	Good
Appeal	Good
Site Size	1.3 Acres (56,710 SF)
Access	Good
Exposure	Average/Good
Site Coverage (SF)/Ratio	31.0%

15 LAKE BELLEVUE

ANALYSIS INFORMATION

Price per SF	$358
Adjusted Price per SF	$421
Capitalization Rate	6.00%

CONFIRMATION

Name	Lex Wieneke	
Company	Trinity Real Estate	
Source	Buyer's Broker	
Date / Phone Number	06/9/2016	+1 206 957 9600

REMARKS

15 Lake Bellevue is a waterfront property with views of Lake Bellevue and the downtown Bellevue skyline. The property also provides access to I-405 and Bellevue CBD as well as proximity to Whole Foods, Pump House and other restaurants and amenities. The building has showers and lockers. The building is equipped with tremendous power with 1600 AMPS, 120/208 volts, 3-phase service. The HVAC system is a Trance, Vari-Trac VAV system with 115-ton capacity. The tele/data rooms are 24-hour cooled. Cat-5 cabling has been installed to all offices and cubicles. A 6,000-square-foot waterfront deck, with multiple access points from the first floor, surrounds the building. This is an investor sale that was an off-market direct deal. The buyer was involved with a 1031 sale and the broker estimated a cap rate around 6.0%. The professional office tenants profile in the building are about half the building was leased long-term to a larger tenant and the other half had stable cash flows for about the next 3.5 years.

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COMPARABLE 3

LOCATION INFORMATION

Name	Skagit Northwest Orthopedics
Address	1500 Continental Place
City, State, Zip Code	Mount Vernon, WA, 98273
County	Skagit
MSA	Mount Vernon-Anacortes, WA Metropolitan
APN	P114427

SALE INFORMATION

Buyer	Brighton Square LLC
Seller	NWOS Properties LLC
Transaction Date	11/15/2017
Transaction Status	Recorded
Transaction Price	$7,279,158
Analysis Price	$7,279,158
Recording Number	11150077
Rights Transferred	Leased Fee
Financing	Conventional
Conditions of Sale	Sale-Leaseback
Marketing Time	6 Months

PHYSICAL INFORMATION

Gross Building Area (GBA)	19,904
Leasable Area (NRA)	19,904
Number of Buildings	1
Year Built	2001
No. of Floors	1
% of Office Build-out	100%
Class	C
Quality	Average/Good
Condition	Average/Good
Appeal	Good
Building Structure	Masonry/Steel
Exterior	Concrete
Site Size	1.7 Acres (72,310 SF)
Zoning	Commercial
Shape	Rectangular
Topography	Level
Access	Average/Good
Exposure	Average/Good
Site Coverage (SF)/Ratio	27.5%

SKAGIT NORTHWEST ORTHOPEDICS

ANALYSIS INFORMATION

Price per SF	$366
Adjusted Price per SF	$448
Capitalization Rate	6.50%

CONFIRMATION

Name	Confidential
Company	
Source	
Date / Phone Number	06/1/2018

REMARKS

This is the sale and leaseback of a medical office facility in Mount Vernon, Washington. The property was reportedly sold at a capitalization rate of 6.50%. All tenants are related to orthopedics.

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COMPARABLE 4

LOCATION INFORMATION

Name	The Everw ood Medical Center
Address	7210 40th St W
City, State, Zip Code	University Place, WA, 98466
County	Pierce
MSA	Seattle-Tacoma-Bellevue, WA
APN	0220154103

SALE INFORMATION

Buyer	Marshall Longtin
Seller	The Rush Companies
Transaction Date	10/7/2016
Transaction Status	Recorded
Transaction Price	$5,700,000
Analysis Price	$5,700,000
Recording Number	201610070248
Rights Transferred	Leased Fee
Financing	Conventional
Conditions of Sale	Arms-Length
Marketing Time	4 Months

PHYSICAL INFORMATION

Gross Building Area (GBA)	18,626
Leasable Area (NRA)	18,626
Number of Buildings	1
Year Built	2006
No. of Floors	3
Parking Spaces / Ratio	76 (2.98/1,000 SF NRA)
% of Office Build-out	100%
Class	B
Quality	Average/Good
Condition	Average/Good
Appeal	Average/Good
Building Structure	Masonry
Exterior	Brick
Site Size	1.4 Acres (59,242 SF)
Zoning	MU
Shape	Rectangular
Topography	Slight slope
Access	Average
Exposure	Average
Site Coverage (SF)/Ratio	12.2%

THE EVERWOOD MEDICAL CENTER

ANALYSIS INFORMATION

Price per SF	$306
Adjusted Price per SF	$433
Capitalization Rate	6.50%

CONFIRMATION

Name	Danny Kruse	
Company	The Rush Companies	
Source	Seller's Representative	
Date / Phone Number	10/8/2016	+1 425 870 5805

REMARKS

This property w as 100% leased at the time of sale and w as 76% occupied by Franciscan Medical Group and the remaining area w as leased to Light Dental Studios of University Place. The seller reported that the property had a Capitalization Rate of 6.5% based on proforma NOI, w hich w as only slightly higher than the capitalization rate based on the actual income at the time of sale.

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COMPARABLE 5

LOCATION INFORMATION

Name	San Juan Building
Address	900 Winslow Way E
City, State, Zip Code	Bainbridge Island, WA, 98110
County	Kitsap
APN	812500-0002-0001

SALE INFORMATION

Buyer	Edmund G. III & John K. Ellis
Transaction Date	05/23/2016
Transaction Status	Recorded
Transaction Price	$4,410,000
Analysis Price	$4,410,000
Rights Transferred	Leased Fee
Financing	Assumed Debt
Conditions of Sale	Arms-Length
Marketing Time	2 Months

PHYSICAL INFORMATION

Gross Building Area (GBA)	12,712
Leasable Area (NRA)	12,712
Number of Buildings	1
Year Built	2001
Parking Spaces / Ratio	18 (1.42/1,000 SF NRA)
% of Office Build-out	100%
Class	A
Quality	Average/Good
Condition	Good
Appeal	Average
Building Structure	Wood
Site Size	1.0 Acres (43,500 SF)
Access	Average/Good
Exposure	Good
Site Coverage (SF)/Ratio	29.2%

SAN JUAN BUILDING

ANALYSIS INFORMATION

Price per SF	$347
Adjusted Price per SF	$442
Capitalization Rate	4.34%

CONFIRMATION

Name	Kelly Muldrow	
Company	Windermere RE	
Source	Seller's Broker	
Date / Phone Number	10/18/2017	+1 206 949 3420

REMARKS

This is a three-story office building located at the northeast corner of Winslow Way and Ferncliff Ave. (across from the ferry terminal). This is a good quality building. Landlord gave tenant $5,000 credit in lieu of TIs. Asking rent for 3 vacant spaces range from $18.50 to $19.50/SF NNN.

Buyer is an investor. Property was a condo interest (residential penthouse also onsite). It sold fully leased by 7 tenants with an average rent generally consistent with market at $18.50/SF. Cap rate reported by selling broker at 4.34% based on actual income.There was some near term rollover in Yr 1. a different tenant ended up expanding into the rollover space, but that was not known at the time of sale.

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COMPARABLE 6

LOCATION INFORMATION

Name	Evergreen Eye Center
Address	34719 6th Ave S
City, State, Zip Code	Federal Way, WA, 98003
County	King
APN	2021049178

SALE INFORMATION

Buyer	Guardian Capital Management LLC
Seller	Jarstad Family LLC
Transaction Date	01/7/2016
Transaction Status	Recorded
Transaction Price	$4,725,000
Analysis Price	$4,875,000
Recording Number	201601070691
Rights Transferred	Leased Fee
Conditions of Sale	Arms-Length
Marketing Time	3 Months

PHYSICAL INFORMATION

Gross Building Area (GBA)	10,007
Leasable Area (NRA)	10,007
Number of Buildings	1
Year Built	1995
No. of Floors	2
Parking Spaces / Ratio	38 (4.71/1,000 SF NRA)
% of Office Build-out	100%
Quality	Good
Condition	Good
Appeal	Average/Good
Building Structure	Wood
Exterior	Concrete
Site Size	0.9 Acres (37,640 SF)
Zoning	OP
Shape	Rectangular
Topography	Slight slope
Access	Good
Exposure	Good
Site Coverage (SF)/Ratio	13.3%

EVERGREEN EYE CENTER

ANALYSIS INFORMATION

Price per SF	$487
Adjusted Price per SF	$443
Capitalization Rate	5.94%

CONFIRMATION

Name	Patricia Mangano	
Company	Guardian Capital Management LLC	
Source	Buyer's Representative	
Date / Phone Number	10/4/2017	+1 425 493 0329

REMARKS

This property is located near the entrance to the St Francis Medical Center campus off S 348th St. The property is a single-tenant medical office building that is improved for an ophthalmology practice that specializes in cataract surgery & LASIK. This property was purchased by an investor. The tenant recently renewed their lease. While specific lease terms were not provided, the capitalization rate indicates a lease rate of approximately $30 per SF, NNN. The buyer assumed an $150,000 tenant improvement allowance liability. The sale price was adjusted upward.

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IMPROVED SALES ADJUSTMENT TABLE

COMPARABLE	SUBJECT	COMPARABLE 1	COMPARABLE 2	COMPARABLE 3	COMPARABLE 4	COMPARABLE 5	COMPARABLE 6
Name	Bainbridge Urgent Care Building	Franciscan Medical Pavilion	15 Lake Bellevue	Skagit Northwest Orthopedics	The Everwood Medical Center	San Juan Building	Evergreen Eye Center
Address	8804 Madison Ave N	205 10th St NE	15 Lake Bellevue Drive	1500 Continental Place	7210 40th St W	900 Winslow Way E	34719 6th Ave S
City, State	Bainbridge Island, WA	Auburn, WA	Bellevue, WA	Mount Vernon, WA	University Place, WA	Bainbridge Island, WA	Federal Way, WA
SALE INFORMATION							
Date		5/12/2016	3/29/2016	11/15/2017	10/7/2016	5/23/2016	1/7/2016
Status		Recorded	Recorded	Recorded	Recorded	Recorded	Recorded
Rights Transferred		Leased Fee	Leased Fee	Leased Fee	Leased Fee	Leased Fee	Leased Fee
Analysis Price		$12,089,200	$12,600,000	$7,279,158	$5,700,000	$4,410,000	$4,875,000
$/SF NRA		$323	$358	$366	$306	$347	$487
NOI/SF NRA	$25.36	$18.97	$21.48	$23.77	$19.89	$14.48	$28.94
Occupancy	100.0%	86.3%	100.0%	100.0%	100.0%	90.0%	100.0%
TRANSACTIONAL ADJUSTMENTS							
Property Rights		0%	0%	0%	0%	0%	0%
Conditions of Sale		0%	0%	0%	0%	0%	0%
Financing		0%	0%	0%	0%	0%	0%
Expenditures After the Sale		0%	0%	0%	0%	0%	0%
Market Conditions[1]		6%	7%	2%	5%	6%	7%
Subtotal Transactional Adj Price		$342	$383	$373	$321	$368	$521
PROPERTY ADJUSTMENTS							
Location	Average	Average	Good	Average/Good	Average	Average/Good	Good
Adjustment		0%	-10%	-5%	0%	-5%	-10%
Size	17,042	37,480	35,200	19,904	18,626	12,712	10,007
Adjustment		5%	5%	0%	0%	0%	-5%
Quality	Good/Excellent	Good	Average/Good	Average/Good	Average/Good	Average/Good	Good
Adjustment		5%	10%	10%	10%	10%	5%
Condition	Good/Excellent	Good	Good	Average/Good	Average/Good	Good	Good
Adjustment		5%	5%	10%	10%	5%	5%
Exposure	Average/Good	Average	Average/Good	Average/Good	Average	Good	Good
Adjustment		5%	0%	0%	5%	-5%	-5%
Access	Average	Average	Good	Average/Good	Average	Average/Good	Good
Adjustment		0%	-10%	-5%	0%	-5%	-10%
Parking Ratio	4.3	4-5	4	5.25	2.98	1.42	4.71
Adjustment		0%	0%	0%	5%	5%	0%
Age	2014	2014	1999	2001	2006	2001	1995
Adjustment		0%	5%	5%	5%	5%	5%
Occupancy	100.0%	86.3%	100.0%	100.0%	100.0%	90.0%	100.0%
Adjustment		5%	0%	0%	0%	5%	0%
Site Coverage	7%	17%	31%	28%	12%	29%	13%
Adjustment		5.0%	5%	5%	0%	5%	0%
Subtotal Property Adjustment		30%	10%	20%	35%	20%	-15%
TOTAL ADJUSTED PRICE		**$445**	**$421**	**$448**	**$433**	**$442**	**$443**

STATISTICS	UNADJUSTED	ADJUSTED
LOW	$306	$421
HIGH	$487	$448
MEDIAN	$353	$443
AVERAGE	$365	$439

[1] Market Conditions Adjustment: 3%
Date of Value (for adjustment calculations): 6/14/18

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SALES COMPARABLE ANALYSIS

The sales include five medical office properties located in the greater Puget Sound and one professional office (No 5) located on Bainbridge Island.

The comparables range from $306/SF to $487/SF, with an average of $365/SF, prior to adjustment. Adjustments are applied for differences in location, size, quality, condition, exposure, access, parking ratio, and age, some of which are discussed in further detail below.

The comparable sales bracket the subject tin size, ranging from 10,007 to 37,480 SF. Smaller buildings place upward pressure on price/SF. Thus, a downward adjustment is applied to No 6, which is more than 5,000 SF smaller than the subject. Conversely, an upward adjustment is applied to Nos 1 and 2, which are more than 5,000 SF larger than the subject.

A primary strength of the subject is its very good quality and condition. All six of the comparable buildings slightly inferior quality buildings in slightly inferior condition. Upward adjustments are applied.

Locational adjustments are applied for access, exposure, and overall location.

Medical office users rely on available off-street parking. We have applied an upward adjustment to Nos 3 and 4, which offer inferior off-street parking.

The subject was built in 2014. An upward adjustment is applied to buildings more than 10 years older to reflect higher cost of ongoing maintenance typically required to maintain older structures (even if they have been renovated over time, the original structure reflects the original date of construction).

A low site coverage ratio suggests room for future expansion. The subject has surplus land for possible future expansion, as reflected in its low site coverage ratio. An adjustment is applied to properties with more than 7% differential in site coverage with larger ratios requiring an upward adjustment.

After adjustment, the range narrows to $421 to $448/SF, with an average of $437/SF.

SALES COMPARISON APPROACH CONCLUSION

Factors considered for properties in the Winslow market area include availability of parking, proximity to ferry, harbor views, and history of strong investor demand for commercial properties – two of which benefit the subject.

Primary emphasis is placed on No 1 ($445/SF), which is most similar to the subject and has the least overall gross adjustment of 36 percent. Based on the above analysis, a unit value of **$445/SF** is reasonable and applied to the subject.

The following table summarizes the analysis of the comparables, reports the reconciled price per NRA value conclusion, and presents the concluded value of the subject property.

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SALES COMPARISON APPROACH CONCLUSION (NRA)

COMP	ANALYSIS PRICE	ADJUSTMENT TRANSACTIONAL[1]	ADJUSTED	PROPERTY[2]	FINAL	NET ADJ %	GROSS ADJ %	OVERALL COMPARISON
1	$323	6%	$342	30%	**$445**	38%	36%	PRIMARY
2	$358	7%	$383	10%	**$421**	18%	57%	SECONDARY
3	$366	2%	$373	20%	**$448**	22%	42%	PRIMARY
4	$306	5%	$321	35%	**$433**	42%	40%	PRIMARY
5	$347	6%	$368	20%	**$442**	27%	56%	SECONDARY
6	$487	7%	$521	-15%	**$443**	-9%	52%	SECONDARY
LOW	**$421**					**AVERAGE**		**$439**
HIGH	**$448**					**MEDIAN**		**$443**

	SUBJECT SF		$/SF CONCLUSION		VALUE
INDICATED VALUE	**17,042**	**x**	**$445/SF**	**=**	**$7,580,000**

[1]Cumulative [2]Additive

Rounded to nearest $10,000

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RECONCILIATION OF VALUE CONCLUSIONS

The Analysis of Value Conclusions is the final step in the appraisal process and involves the weighing of the individual valuation techniques in relationship to their substantiation by market data, and the reliability and applicability of each valuation technique to the subject property. The following table summarizes the opinions of the As-Is Market Value of the subject property's fee simple interest.

Based on the overall quality of the data and analyses, and considering the decision-making process of the typical buyer profile (under a sale-leaseback scenario) of the subject asset, primary emphasis was placed on the Income Approach, which is well supported by the Sales Comparison Approach, and is reflected in my final opinion of market value below.

My opinion of value reflects current conditions and the likely actions of market participants as of the date of value. It is based on the available information gathered and provided to us, as presented in this report, and does not predict future performance. Changing market or property conditions can and likely will have an effect on the subject's value.

ANALYSIS OF VALUE CONCLUSIONS	
VALUATION INDICES	**AS-IS MARKET VALUE**
INTEREST APPRAISED	**FEE SIMPLE**
DATE OF VALUE	**JUNE 14, 2018**
Sales Comparison Approach	$7,580,000
Income Approach	$7,520,000
FINAL VALUE CONCLUSION	**$7,520,000**
$/SF	$441/SF
Implied Capitalization Rate	5.75%
Exposure Time	12 Months or Less
Marketing Period	12 Months or Less

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

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions of the signer are limited only by the reported assumptions and limiting conditions, and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- The signer of this report has no present or prospective interest in the property that is the subject of this report, and no personal interest with respect to the parties involved.
- David W. Pfleeger, MAI has performed no services, as an appraiser or in any other capacity regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.
- The signer is not biased with respect to the property that is the subject of this report or to the parties involved with this assignment.
- The engagement in this assignment was not contingent upon developing or reporting predetermined results.
- The compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- The reported analysis, opinions, and conclusions were developed, and this report has been prepared, in conformity with the *Uniform Standards of Professional Appraisal Practice* and the *Code of Professional Ethics and Standards of Professional Appraisal* Practice of the Appraisal Institute.
- David W. Pfleeger, MAI inspected the property that is the subject of this report.
- No one provided significant real property appraisal assistance to appraiser signing this certification.

The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.

As of the date of this report David W. Pfleeger, MAI completed the continuing education program for Designated Members of the Appraisal Institute.

July 16, 2018
Date

David W. Pfleeger, MAI
Valuation Services Director
Certified General Real Estate Appraiser
State of Washington License #1102040
+1 206 965 1140
david.pfleeger@colliers.com

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This appraisal is subject to the following assumptions and limiting conditions:

- The appraiser may or may not have been provided with a survey of the subject property. If further verification is required, a survey by a registered surveyor is advised.
- We assume no responsibility for matters legal in character, nor do we render any opinion as to title, which is assumed to be marketable. All existing liens, encumbrances, and assessments have been disregarded, unless otherwise noted, and the property is appraised as though free and clear, under responsible ownership, and competent management.
- The exhibits in this report are included to assist the reader in visualizing the property. We have made no survey of the property and assume no responsibility in connection with such matters.
- Unless otherwise noted herein, it is assumed that there are no encroachments, zoning, or restrictive violations existing in the subject property.
- The appraiser assumes no responsibility for determining if the property requires environmental approval by the appropriate governing agencies, nor if it is in violation thereof, unless otherwise noted herein.
- Information presented in this report has been obtained from reliable sources, and it is assumed that the information is accurate.
- This report shall be used for its intended purpose only, and by the party to whom it is addressed. Possession of this report does not include the right of publication.
- The appraiser may not be required to give testimony or to appear in court by reason of this appraisal, with reference to the property in question, unless prior arrangements have been made therefore.
- The statements of value and all conclusions shall apply as of the dates shown herein.
- There is no present or contemplated future interest in the property by the appraiser which is not specifically disclosed in this report.
- Without the written consent or approval of the author neither all, nor any part of, the contents of this report shall be conveyed to the public through advertising, public relations, news, sales, or other media. This applies particularly to value conclusions and to the identity of the appraiser and the firm with which the appraiser is connected.
- This report must be used in its entirety. Reliance on any portion of the report independent of others, may lead the reader to erroneous conclusions regarding the property values. Unless approval is provided by the author no portion of the report stands alone.
- The valuation stated herein assumes professional management and operation of the buildings throughout the lifetime of the improvements, with an adequate maintenance and repair program.
- The liability of Colliers International Valuation & Advisory Services, its principals, agents, and employees is limited to the client. Further, there is no accountability, obligation, or liability to any third party. If this report is placed in the hands of anyone 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 costs incurred to discover or correct any deficiency in the property.
- The appraiser is not qualified to detect the presence of toxic or hazardous substances or materials which may influence or be associated with the property or any adjacent properties, has made no investigation or analysis as to the presence of such materials, and expressly disclaims any duty to note the degree of fault Colliers International Valuation & Advisory Services and its principals, agents, employees, shall not be liable for any costs, expenses, assessments, or penalties, or diminution in value, property damage, or personal

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injury (including death) resulting from or otherwise attributable to toxic or hazardous substances or materials, including without limitation hazardous waste, asbestos material, formaldehyde, or any smoke, vapors, soot, fumes, acids, alkalis, toxic chemicals, liquids, solids or gasses, waste materials or other irritants, contaminants or pollutants.

- The appraiser assumes no responsibility for determining if the subject property complies with the *Americans with Disabilities Act* (*ADA*). Colliers International Valuation & Advisory Services, its principals, agents, and employees, shall not be liable for any costs, expenses, assessments, penalties or diminution in value resulting from non-compliance. This appraisal assumes that the subject meets an acceptable level of compliance with *ADA* standards; if the subject is not in compliance, the eventual renovation costs and/or penalties would negatively impact the present value of the subject. If the magnitude and time of the cost were known today, they would be reduced from the reported value conclusion.
- An on-site inspection of the subject property was conducted. No evidence of asbestos materials on-site was noted. A Phase 1 Environmental Assessment was not provided for this analysis. This analysis assumes that no asbestos or other hazardous materials are stored or found in or on the subject property. If evidence of hazardous materials of any kind occurs, the reader should seek qualified professional assistance. If hazardous materials are discovered and if future market conditions indicate an impact on value and increased perceived risk, a revision of the concluded values may be necessary.
- A detailed soils study was not provided for this analysis. The subject's soils and sub-soil conditions are assumed to be suitable based upon a visual inspection, which did not indicate evidence of excessive settling or unstable soils. No certification is made regarding the stability or suitability of the soil or sub-soil conditions.
- This analysis assumes that the financial information provided for this appraisal, including rent rolls and historical income and expense statements; accurately reflect the current and historical operations of the subject property.

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Professional Service Agreement
Kitsap County Assessor Reports
Valuation Glossary
Qualifications of Appraiser
Qualifications of Colliers International Valuation & Advisory Services

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SH&H
VALUATION AND CONSULTING

APPRAISAL REPORT

HARRISON BAINBRIDGE URGENT CARE BUILDING

8804 MADISON AVENUE NORTH
BAINBRIDGE ISLAND, WASHINGTON 98110

SH&H FILE 14417.12

SH&H
VALUATION AND CONSULTING

August 30, 2018

Wade J. Moberg
CHI Regional Director, Real Estate Services
Franciscan Administrative Center – Market
1149 Market Street, MS-10-06
Tacoma, Washington 98401

RE: Appraisal Report
Harrison Bainbridge Urgent Care
8804 Madison Avenue North
Bainbridge Island, Washington 98110
SH&H File 14417-18

Dear Mr. Moberg:

At your request, we are providing you with an appraisal relevant to the above referenced property. This report was prepared in accordance with, and is intended to conform to, the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute, which includes the Uniform Standards of Professional Appraisal Practice (USPAP) as promulgated by The Appraisal Foundation.

The subject property has a Madison Avenue North address; however, it is located along the southerly side of Northeast New Brooklyn Road within the City of Bainbridge Island. The site has exposure along State Route 305, is irregular in shape and contains an area of 131,552 square feet. The property is improved with a two-story, wood-frame with structural steel medical center. The structure was built in 2014 and contains a rentable area of 17,042 square feet. The property is 100% owner-occupied and was originally developed as an urgent care facility. The subject is commonly known as Harrison Bainbridge Urgent Care.

6419 Lakewood Drive West | Tacoma, Washington 98467 | p. 253.564.3230 | f. 253.564.3143

The purpose of this appraisal is to prepare and submit a supported opinion of the "as is" market value of the fee simple interest in the subject property as of the date of inspection. Based on the analysis and conclusions contained herein, it is the opinion of the appraisers that the "as is" market value of the fee simple interest in the subject property, as of the date of inspection, August 2, 2018, is:

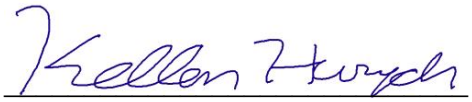
NINE MILLION SEVEN HUNDRED THOUSAND DOLLARS

$9,700,000

The appraisal report that follows summarizes the assignment, describes the area and the subject property, and explains the valuation techniques and reasoning leading to the final opinions of market value. As in the case of any narrative appraisal, the reader's attention is directed to the underlying Assumptions and Limiting Conditions that are included in the accompanying report.

Respectfully submitted,

Matt Minarck, MAI
State of Washington Certification 1101115



Kellen E. Hurych, Associate
State of Washington Certification 1101923

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SUBJECT PHOTOGRAPHS

**SOUTHERLY VIEW OF MADISON AVENUE NORTH,
NORTHEAST NEW BROOKLYN ROAD IS TO THE LEFT**

**NORTHERLY VIEW OF MADISON AVENUE NORTH,
NORTHEAST NEW BROOKLYN ROAD IS TO THE RIGHT**

**WESTERLY VIEW OF NORTHEAST NEW BROOKLYN ROAD,
THE SUBJECT PROPERTY IS TO THE LEFT**

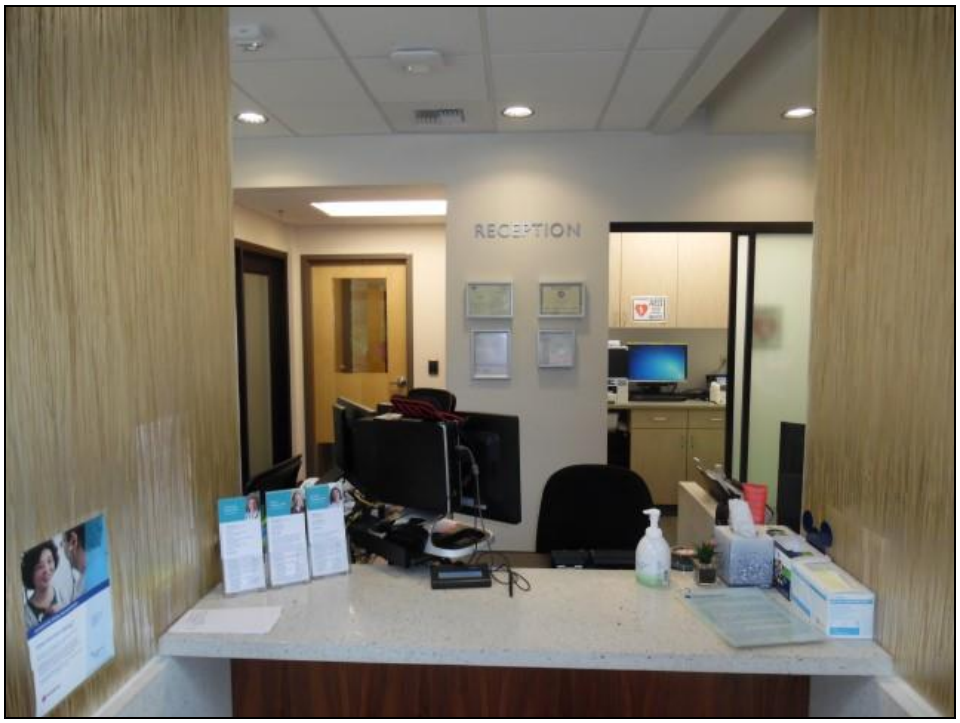
**EASTERLY VIEW OF NORTHEAST NEW BROOKLYN ROAD,
THE SUBJECT PROPERTY IS TO THE RIGHT**

NORTHERLY ELEVATION OF THE SUBJECT PROPERTY

SOUTHEASTERLY VIEW OF THE SUBJECT PROPERTY

SOUTHWESTERLY VIEW OF THE SUBJECT PROPERTY

SOUTHERLY ELEVATION



VIEW OF THE RECEPTION AREA

VIEW OF THE HALLWAY CORRIDOR ON THE MAIN LEVEL

PATIENT WAITING AREA

X-RAY ROOM

STORAGE CLOSET

HALLWAY/EMPLOYEE LOCKERS

TYPICAL EXAM ROOM (MAIN LEVEL)

ANOTHER EXAM ROOM (MAIN LEVEL)

LAB AREA (MAIN LEVEL)

MAIN STAIRWELL

HALLWAY CORRIDOR (SECOND FLOOR)

PRIVATE OFFICE (SECOND FLOOR)

EXAM ROOM 4 (SECOND FLOOR)

EXAM ROOM 3 (SECOND FLOOR)

EMPLOYEE LOUNGE (SECOND FLOOR)

HALLWAY CORRIDOR (SECOND FLOOR)

SECOND FLOOR TRAINING AREA

SECOND FLOOR CONFERENCE ROOM

FACTUAL DESCRIPTION

This appraisal report is intended to comply with the reporting requirements of the Uniform Standards of Professional Appraisal Practice. The depth of discussion contained in this report is specific to the needs of the client stated within this report.

APPRAISERS Matt Minarck, MAI
Kellen E. Hurych, Associate
SH&H Valuation and Consulting
6419 Lakewood Drive West
Tacoma, WA 98467

CLIENT Wade J. Moberg
CHI Regional Director, Real Estate Services
Franciscan Administrative Center - Market
1149 Market Street, MS-10-06
Tacoma, Washington 98401

PROPERTY IDENTIFICATION

Harrison Bainbridge Urgent Care
8804 Madison Avenue North
Bainbridge Island, Washington 98110

EXPOSURE TIME / MARKETING TIME

The indicated exposure time (i.e., the length of time the subject property would have been exposed for sale in the market had it sold at the market value concluded in this analysis as of the date of this valuation) would have been twelve months or less. The estimated marketing time (i.e., the amount of time it would probably take to sell the subject property if exposed in the market beginning on the date of this valuation) is also estimated to be twelve months or less. These conclusions are based on sales of similar type properties in the market.

MOST PROBABLE BUYER

The most probable purchaser of the subject property is an owner-user or an investor.

INTENDED USE AND USER OF THE APPRAISAL

This appraisal report is intended to be used by the client, CHI Franciscan, for asset decision making purposes.

Intended Use is defined as: *"The use(s) of an appraiser's reported appraisal or appraisal review assignment results, as identified by the appraiser based on communication with the client at the time of the assignment."*[1]

Intended User is defined as: *"The client and any other party as identified, by name or type, as users of the appraisal or appraisal review report, by the appraiser based on communication with the client at the time of the assignment."*[2]

A **Client** is defined as: *"The party or parties who engage, by employment or contract, an appraiser in a specific assignment."*[3]

LEGAL DESCRIPTION

The legal descriptions according Kitsap County, is as follows:

232502-3-083-2002

*Except taxable portion to 232502-3-083-2101 (per Dor Reg. No. 00184-020) resultant parcel B of boundary line adjustment recorded under auditor's file number 200812160018, and as depicted on survey recorded under auditor's file number 200812160017, in volume 71 of surveys, page 186, records of Kitsap County, Washington, described as follows: that portion of the southwest quarter of Section 23, Township 25 north, Range 2 east, W.M., City of Bainbridge Island, Kitsap County, Washington described as follows: beginning at the northwest corner of said subdivision; thence along the north line thereof, south 88*43'48" east 427.59 feet to the true point of beginning; thence leaving said north line, south 01*16'12" west 110.01 feet; thence south 69*49'32" west 133.52 feet; thence south 12*32'07" west 175.45 feet to the south line of the north one-half of the north one-half of the northwest quarter of the southwest quarter of said Section 23; thence along said south line south 88*44'41" east 594.70 feet to the southwesterly right of way of SR 305; thence northwesterly along said right of way to a point on the north line of the southwest quarter of said Section 23; thence along said north line north 88*43'48" west 186.03 feet to the true point of beginning; together with and subject to easements, restrictions and reservations of record.*

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[1] *Uniform Standards of Professional Appraisal Practice, 2018-2019 Edition,* Appraisal Standards Board, The Appraisal Foundation, Washington D.C., p. 5.

[2] *Ibid*., p. 5.

[3] *Ibid*., p. 4.

232502-3-083-2101

Taxable portion from 232502-3-083-20002.

PROPERTY RIGHTS APPRAISED

The subject property is appraised as to the Fee Simple interest. The fee simple interest 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.*[4]

EFFECTIVE DATES OF VALUATION

Date of Report:	**August 30, 2018**
Date of Inspection:	**August 2, 2018**
Date of "As Is" Market Value Estimate:	**August 2, 2018**

PURPOSE OF THE APPRAISAL

The purpose of this appraisal is to estimate the "as is" market value of the fee simple interest in the subject property as of the date of inspection.

DEFINITION OF MARKET VALUE

Market Value is defined as "*the most probable price, as of a specified date, in cash, or in terms equivalent to cash, or in other precisely revealed terms, for which the specified property rights should sell after reasonable exposure in a competitive market under all conditions requisite to a fair sale, with the buyer and seller each acting prudently, knowledgeably, and for self-interest, and assuming that neither is under undue duress."*[5]

DEFINITION OF AS IS MARKET VALUE

"The estimate of the market value of real property in its current physical condition, use, and zoning as of the appraisal date."[6]

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4 *The Dictionary of Real Estate Appraisal*, 6th *Edition,* Appraisal Institute, Chicago, 2015, p. 90.

5 *Ibid*, p. 141.

6 *Ibid*, p. 13.

SCOPE

The scope of the assignment relates to the fieldwork, inspection, research, and analysis conducted for preparation and valuation of the subject property's estimated market value. This appraisal process involved inspecting the subject property on August 2, 2018 with the facility manager, Mei-Lin Defawe (206-855-7600). Financial, statistical and demographic data was gathered using various informational systems such as MetroScan, and CoStar Realty Information Inc. Comparable information relating to sales and listings of similar type properties in the subject's market area was confirmed directly with individuals who were involved in the specific transactions.

In order to best estimate the value of the property, the potential highest and best use was researched as of the appraisal date. Within this appraisal, all three approaches (Income, Cost, and Sales Comparison) to value were considered. The subject property is an existing medical office building constructed in 2014. In the subject's instance, the replacement cost of the existing structure would not typically be a consideration of a knowledgeable purchaser; rather, a potential buyer or seller of this property would consider the strengths and weaknesses of the potential future income stream relevant to the property or the cost to obtain an existing substitute. Because of these considerations the use of the Cost Approach for valuing the subject property was considered, but found not applicable and therefore was not utilized. The Income and Sales Comparison Approaches to value are utilized for purposes of estimating value.

PERSONAL PROPERTY

The value conclusion for this appraisal is relevant to the real property only, and does not include any furniture, trade fixtures, machinery, equipment, or any element considered to be personal property.

SALES HISTORY

Ownership of the subject property is currently vested with Harrison Medical Center, who has owned the property since August 16, 2013. The current owner purchased the vacant site for $1,750,000. Since the sale the property has been short platted, and the adjacent parcel has been developed with a multifamily development. To the best or our knowledge, the subject property is not listed for sale or under contract to be purchased. It is our understanding that the City of Bainbridge Island is interested in acquiring the subject property.

UNAVAILABILITY OF INFORMATION

We were not provided with a site-specific soils/geotechnical study, title report, or environmental site assessment within the time frame of this assignment. Therefore, any issues which might be raised if this information were available are not known or considered.

LOCATION DESCRIPTION

Neighborhoods are affected by social, economic, governmental, and environmental forces which influence property values in the vicinity of the subject property which, in turn, directly affect the value of the subject property itself. The boundaries of a neighborhood identify the physical area that influences the value of the subject property. They are typically identified by determining the area within which the subject property being appraised and the surrounding properties are impacted by complementary land uses and market trends.

The subject of this report is located on Bainbridge Island, in Kitsap County, Washington. The downtown commercial core of Bainbridge Island is less than one mile southerly of the subject. The Seattle ferry landing is located near the southeasterly area of the downtown core, providing daily ferry service between Bainbridge Island and downtown Seattle.

The City of Winslow was incorporated in 1947, and in 1991 the unincorporated areas of Bainbridge Island joined with Winslow to create the City of Bainbridge Island. Bainbridge Island is located within the Central Puget Sound Basin, easterly of the Kitsap Peninsula and westerly across the Puget Sound from the City of Seattle. The island has 53 miles of shoreline, a land area of 27.78 square miles, and maximum dimensions of five miles east-west and ten miles north-south.

From the ferry terminal in the Winslow area, Bainbridge Island is a thirty-five minute ferry crossing time (between docks) to downtown Seattle on the Washington State ferry system; actual commute times are somewhat to significantly longer, depending on commuter volume and waiting/loading time. This run is the busiest ferry route in the state's system, carrying 6,528,640 in 2017, which is a 1.5% increase over 2016. This translates to 18,135 passengers per day. The ferry system's main repair and maintenance facility is located on the island, at Eagle Harbor in Winslow.

The major transportation route for the island is SR 305, which connects Winslow with Poulsbo on the mainland eleven miles to the northwest, by way of Agate Pass Bridge, and which begins at the ferry terminal connecting Winslow with downtown Seattle. Although bus service is also provided by Kitsap County Transit, the ferry system is the major public transportation system in the area, and many of Winslow area residents use the ferry as foot passengers or utilize a commuters' parking lot adjacent to the ferry terminal (located generally across Winslow Way East).

SUBJECT PROPERTY
Old Fort Townsend SP
Nordland
South Whidbey SP
Irondale
Port Hadlock
Anderson Lake SP
Chimacum
Freeland
Langley
Marysville
Lake Stevens
Everett
Clinton
Possession Sound
Mukilteo
Snohomish
Port Ludlow
Hansville
Puget Sound
Shine Tidelands SP
Port Gamble
Quilcene
Olympic NF
Kitsap Memorial SP
Kingston
Lynnwood
Bothell
Kenmore
Woodinville
St Edwards SP
Dabob Bay
Indianola
Poulsbo
Suquamish
Naval Submarine Base (Bangor)
Keyport
Fay Bainbridge SP
Brinnon
Pleasant Harbor SP
Hood Canal
Seabeck
Silverdale
Rollingbay
Bainbridge Island
Winslow
Port Orchard
Tracyton
Kirkland
Redmond
Sammamish
Medina
Bellevue
Seattle
Lake Sammamish
Bremerton
WEST SEATTLE FWY
Mercer Island
Lake Sammamish SP
Port Orchard
South Colby
Southworth
Duwamish Waterway
Renton
Seahurst
Square Lake SP
Belfair
Vashon
Olalla
Belfair SP
Burley
Maple Valley
Burton
Allyn
Hood Canal
Twanoh SP
Wauna
Kent
Redondo
Vaughn
Gig Harbor
Grapeview
Federal Way
Deadmans Island SP
RUSTON WAY
Haley SP
Jarrell Cove SP
Lakebay
Hale Passage
Tacoma
Pacific
Muckleshoot Indian Reservation
Milton
Fox Island
Hope
University Place
McMicken Island SP
Jemma Beach SP
Lake Tapps

AREA MAP

Although located in Kitsap County, Bainbridge Island is strongly influenced by the Seattle metropolitan market area, as reflected by the fact that approximately forty percent of the island's wage earners commute by ferry to work in downtown Seattle.

The character of Bainbridge Island is primarily single-family residential with several residential condominium projects located in the Winslow area. A significant proportion of the detached single-family homes are custom-built, and are oriented to water views, or are situated on large wooded parcels.

In the Winslow area, commercial development is located primarily along Madison Avenue, the main north/south arterial, where the town's movie theater and a major health club are located. Most commercial development and an older grocery store are on Winslow Way West and East, the main east/west arterial, and on Ericksen Avenue, where office development is more prevalent. Major commercial uses are also located to the north of town, at the intersection of High School Road and SR 305, the site of a newer grocery- and drugstore-anchored shopping center.

Bainbridge Island is the home of Bainbridge Graduate Institute, founded by Gifford Pinchot III, which offers MBA and certification programs to graduate students. It is known for its MBA in sustainability coursework. The MBA course was granted accreditation by the Accrediting Council for Independent Colleges and Schools (ACICS).

LOCATION MAP

Demographic Analysis

A demographic analysis of the subject neighborhood is presented below, with the survey area comprised of one, three and five-mile rings around the location of the subject property. A map of the demographic ring study survey area is shown on the following page. Population trends within the survey area are summarized in the following chart:

POPULATION SUMMARY

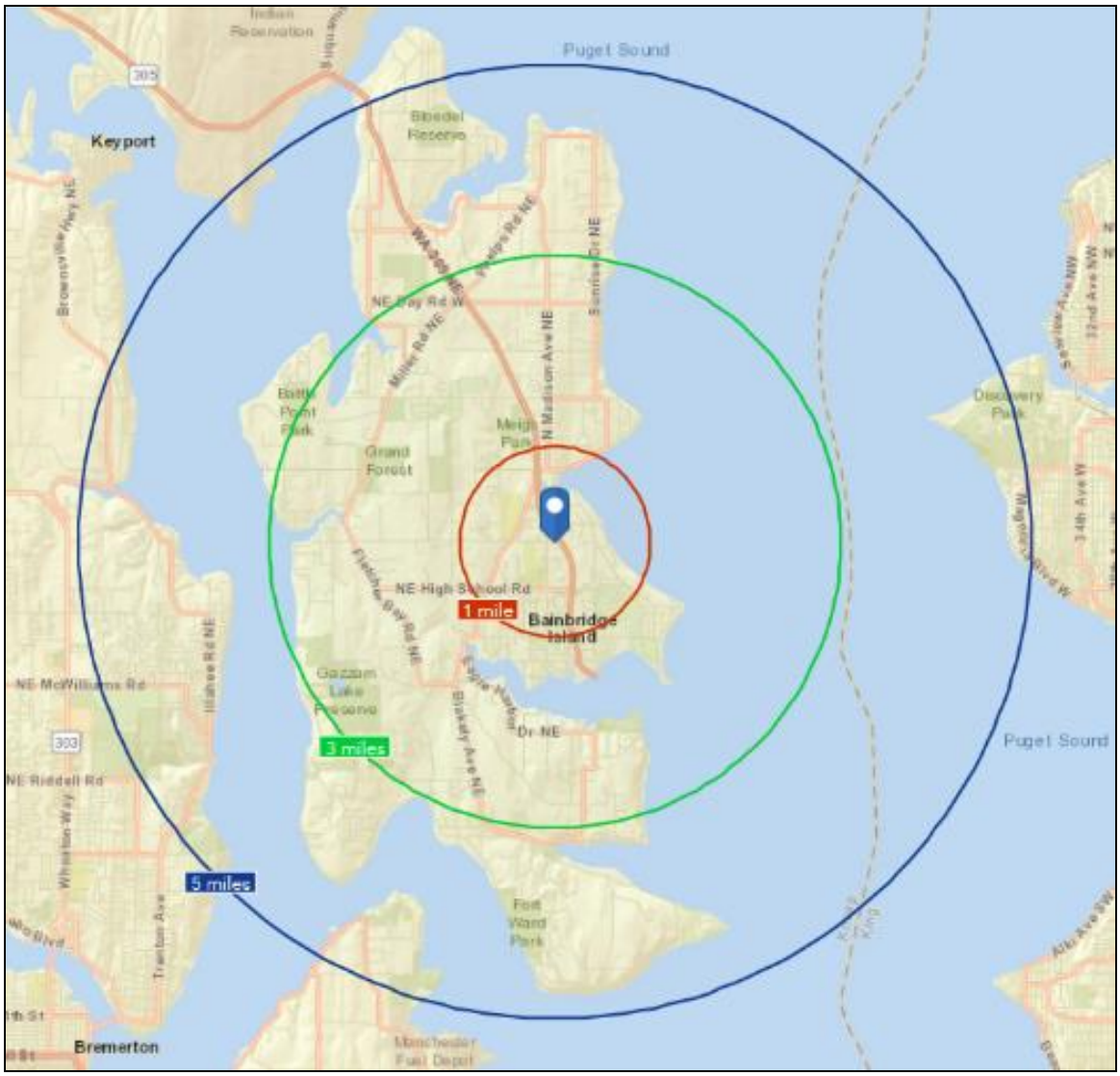
ONE-MILE RADIUS Year	Source	Population	Total Change (%)	Average Annual Change (%)
2010	Census	4,449	N/A	N/A
2018	Estimate	4,756	6.90%	0.99%
2023	Projection	5,065	6.50%	1.30%

THREE-MILE RADIUS Year	Source	Population	Total Change (%)	Average Annual Change (%)
2010	Census	17,013	N/A	N/A
2018	Estimate	18,177	6.84%	0.98%
2023	Projection	19,233	5.81%	1.16%

FIVE-MILE RADIUS Year	Source	Population	Total Change (%)	Average Annual Change (%)
2010	Census	34,079	N/A	N/A
2018	Estimate	35,846	5.19%	0.74%
2023	Projection	37,516	4.66%	0.93%

Source: Esri

The total population during the survey period indicates upward trends in all three areas over the last five years. Overall, the population in the area is projected to increase over the next five years, which is viewed positive for the subject property.



DEMOGRAPHIC STUDY MAP

In summary, the subject property is located on Bainbridge Island. It is a generally self-sufficient community with a variety of neighborhood and public uses, which benefits from its unique combination of accessibility to the downtown Seattle employment core, about thirty-five minutes away by ferry travel, as well as a more rural single-family detached or a condominium/attached home lifestyle.

PROPERTY DESCRIPTION

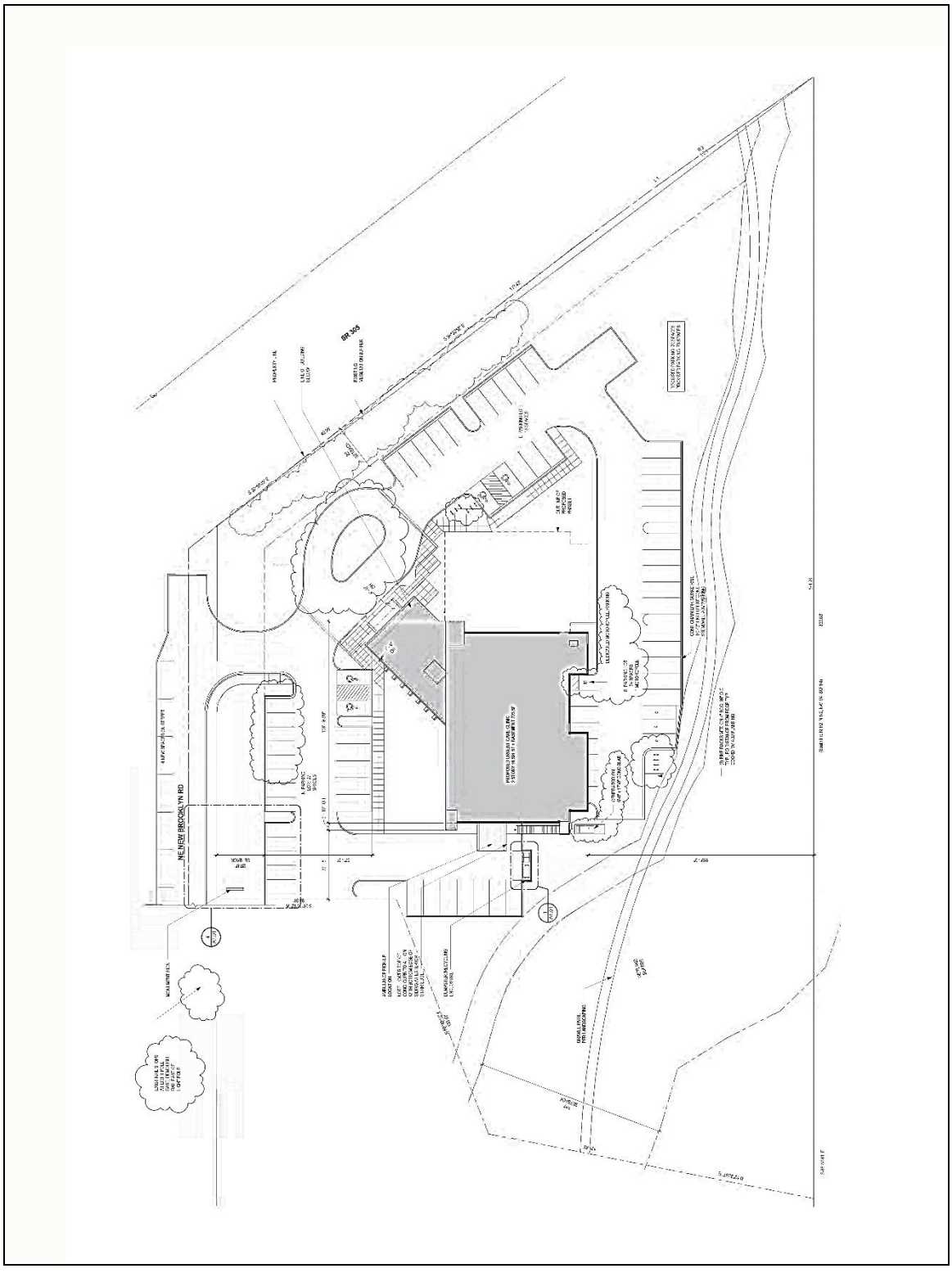
The site and improvement descriptions are derived from on-site inspections, public records, and conversations with individuals familiar with the subject property.

Site Description

The subject site contains an area of 131,552 square feet. The site is improved with a two-story, wood-frame with structural steel, single tenant medical office building containing a rentable area of 17,042 square feet. An aerial view of the subject property is shown on the following page, with the approximate boundaries of the subject property outlined in red. A site plan follows the aerial. Further details of the subject site area are provided as follows:

Location:	The subject property is located along the southerly side of Northeast New Brooklyn Road and easterly of Madison Avenue North.
Street Address:	8804 Madison Avenue North Bainbridge Island, Washington 98110
Area:	According to Kitsap County records, the subject site contains an area of 131,552 square feet, or approximately 3.02 acres.
Frontage:	The subject property has visibility along State Route 305 and adequate frontage along Northeast New Brooklyn Road.
Access:	The site is accessed from Northeast New Brooklyn Road.
Street Improvements:	Northeast New Brooklyn Road
Type:	Two-way, two-lane
Surface:	Asphalt
Curbs:	Yes
Sidewalks:	Yes
Street Parking:	None
Center Turn Lane:	None

AERIAL VIEW OF SUBJECT SITE
SUBJECT PROPERTY OUTLINED IN RED



SITE PLAN

Street Improvements:	Madison Avenue North
Type:	Two-way, two-lane street
Surface:	Asphalt
Curbs:	None
Sidewalks:	Easterly side only
Street Parking:	None
Center Turn Lane:	None

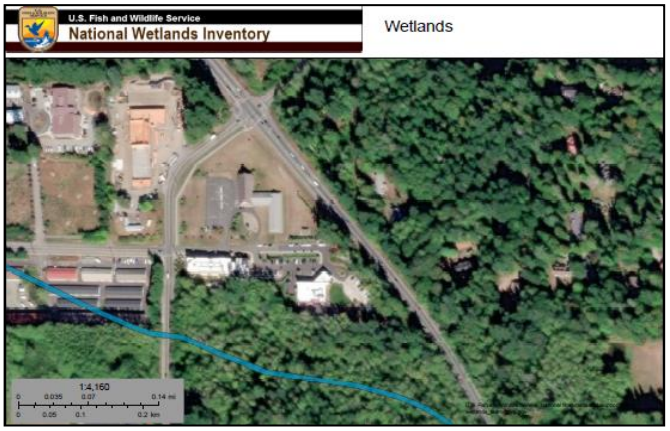
Topography & Coverage: The site slopes downward in a southerly direction. The area not covered by the building is either paved for parking and circulation or professionally landscaped.

Utilities: All public utilities are available to the subject property.

Flood Plain: Per the Federal Emergency Management Agency's Flood Insurance Rate Map, Community Map 530350244F (effective date February 3, 2017), the subject site is described as an area outside of the 100 and 500-year floodplain. The flood map is located on the following page with the subject property identified by a red icon.

Soils: A soils report was not provided in the course of this assignment. We are not aware of any unusual soil conditions that impact the highest and best use.

Wetlands: According to the U.S. Fish and Wildlife Service National Wetlands Inventory, there are no wetlands located on the subject property, which is shown in the exhibit below.



RiskMeter

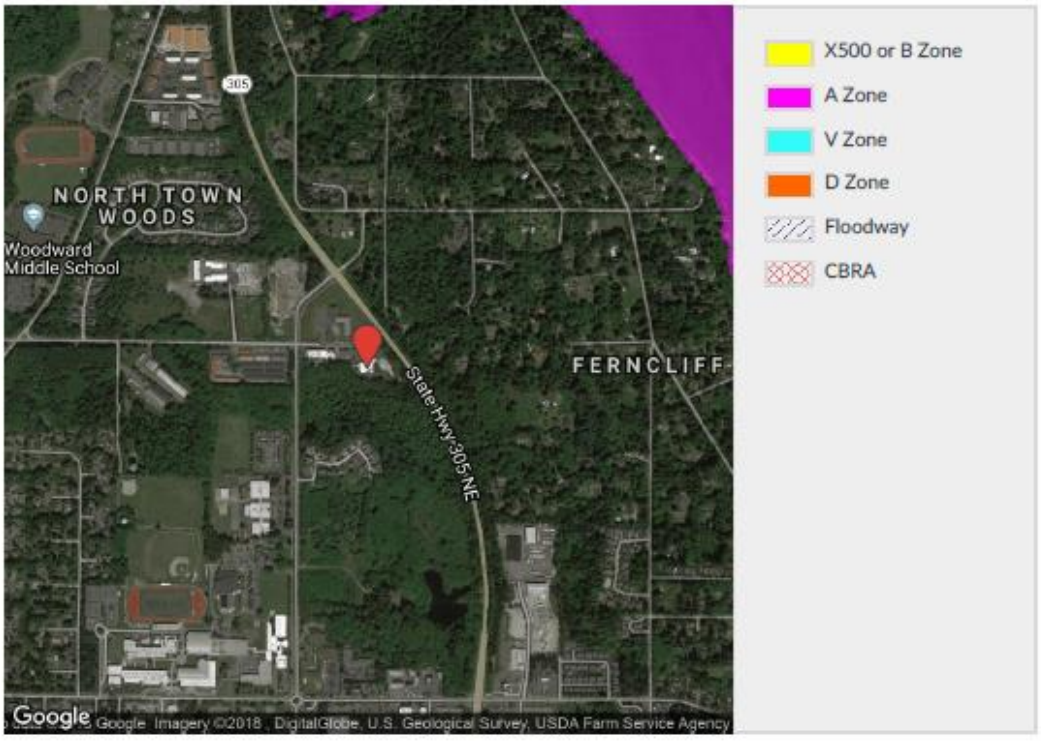
8804 MADISON AVE NE BAINBRIDGE ISLAND, WA 98110

LOCATION ACCURACY: Excellent

Flood Zone Determination Report

Flood Zone Determination: OUT

PANEL DATE	February 03, 2017	MAP NUMBER	530350244F



FLOOD MAP

Easements/Encroachments: We were not provided with a title report in the course of this assignment. The subject property is likely encumbered by typical utility easements, which are common and not considered adverse. We are not aware of any unusual easements that would impact the highest and best use.

Land to Building Ratio: Based on the area of the site, and the building area the subject's land to building ratio is 7.72:1 (131,552 sq. ft. / 17,042 sq. ft.). The land to building ratio is typical of medical office buildings and there is no quantifiable excess or surplus land. The land to building ratio is adequate to support the highest and best use.

Abutting Properties:

Southerly:	Vacant Land
Easterly:	State Route 305
Westerly:	Multifamily residential
Northerly:	Church

Earthquake Zone: The International Building Code (IBC) is the adopted building code effective in the state of Washington. The IBC uses the Seismic Design Category (SDC), which is a function of three parameters: ground motion, soil type, and building occupancy. The higher the category (A is lowest, F is highest), the more stringent the structural requirements. The typical SDC in the Puget Sound is a "D" (intended to withstand an earthquake of 7 to 8 on the Richter Scale) or more stringent rating, but because these parameters interact, the actual category varies. Although the determination of the actual category is the subject of a detailed seismic condition study, which is not available in this case, there do not appear to be any obvious atypical seismic conditions relative to the subject property.

Environmental Concerns:	We have not been provided an environmental assessment for the subject property. We are not aware of any environmental issues impacting the subject property.
Parking:	The subject property is improved with a medical facility containing an area of 17,042 square feet. According to the City of Bainbridge Island municipal code, parking is required at four stalls per 1,000 square feet. Therefore, the required parking is 69 stalls (17,042 sq. ft./1,000 sq. ft.)(4 stalls). As 73 stalls have been provided, the subject is a legal conforming use based on parking. Parking appears adequate to support the highest and best use.

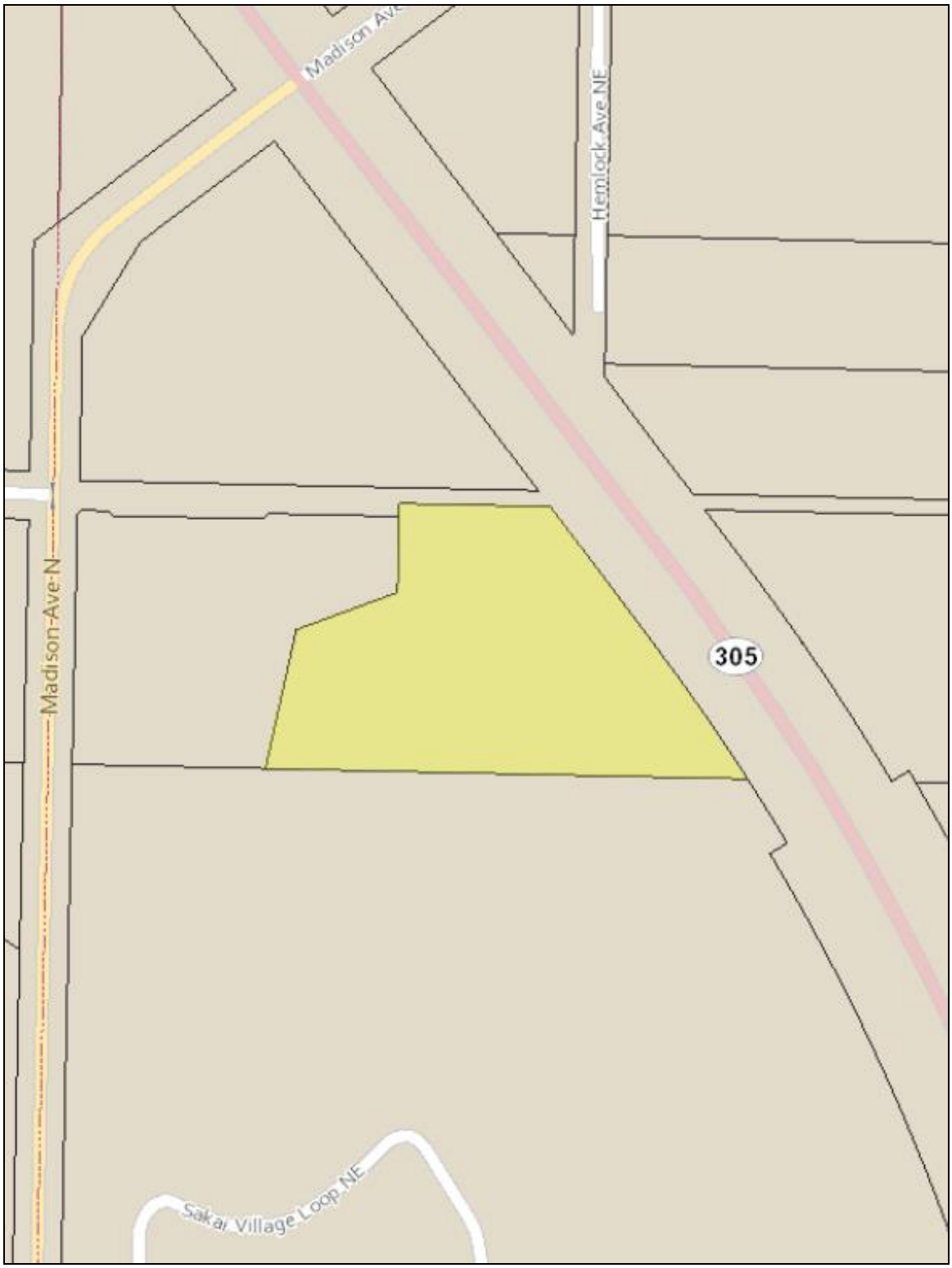
TAXES AND ASSESSMENTS

The subject property is carried on the Kitsap County Tax and Assessment roll under two assessor's parcel numbers. Current tax and assessment information for the subject property is summarized in the chart below, with the subject property highlighted on the assessor's map on the following page.

KITSAP COUNTY ASSESSOR DATA

Parcel	Land Value	Improvement Value	Total Value	2018 Taxes W/O Exemption	2018 Actual Taxes
232502-3-083-2002	$28,790	$2,657,210	$2,686,000	$29,026.07	$2,762.00
232502-3-083-2101	$382,520	$1,941,180	$2,323,700	$24,680.80	$24,680.80
TOTAL	**$411,310**	**$4,598,390**	**$5,009,700**	**$53,706.87**	**$27,442.80**

The 2018 taxes are based on the 2017 assessment. The subject property is partially exempt from paying real estate taxes and is only paying for storm water management for Parcel 232502-3-083-2002. The 2018 assessed value, used to calculate the 2019 real estate taxes, remains unchanged. According to the Kitsap County Treasurer the taxes are paid current. Experience has shown that the assessed value is often an unreliable indicator of market value, despite the assessor's mandate to assess all properties at 100% of market value, which appears to be the case with the subject property.



ASSESSOR'S PARCEL MAP

ZONING

The subject property is zoned R-8 (Residential 8) by the City of Bainbridge Island. *"The purpose of the R-8 zone is to provide for medium-density residential areas in pleasant, uncongested surroundings allowing for the maximum amenities for the occupants."* Permitted uses include, but are not limited to: agricultural crop production, single-family dwellings, multifamily dwellings, foster homes, small group senior living facilities and parks.

The subject property was granted a conditional use permit according to Lara Lant (206-780-3770), the Permit Specialist with the City of Bainbridge Island. Therefore, the subject's current use is a legal non-conforming use. Relevant pages of the zoning code are located within the Addenda.

DESCRIPTION OF IMPROVEMENTS

The subject site is improved with a wood-frame with structural steel, two-story medical facility containing a rentable area of 17,042 square feet. There is a small basement area located within the stairwell, which leads to the southerly parking lot. The state-of-the-art building was constructed in 2014 for single tenant occupancy. The property was built for the Franciscan medical group, who has owner occupied the property since construction. The first floor is demised with a lobby, reception area, digital imaging, x-ray area, lab area, maintenance/engineering, storage room, utility rooms, equipment rooms, treatment/exam rooms, staff lounge and offices. The second floor is accessed from three stairwells and one elevator. The second floor is comprised of a lobby, conference room, exam rooms, employee workstations, storage rooms, break room and offices. Floor plans are located on the following pages for reference.

Total Building Area: According to the architectural plans provided the first floor contains an area of 8,782 square feet and the second floor contains an area of 8,260 square feet, for a combined area of 17,042 square feet, which is summarized in the following table.

BUILDING AREA

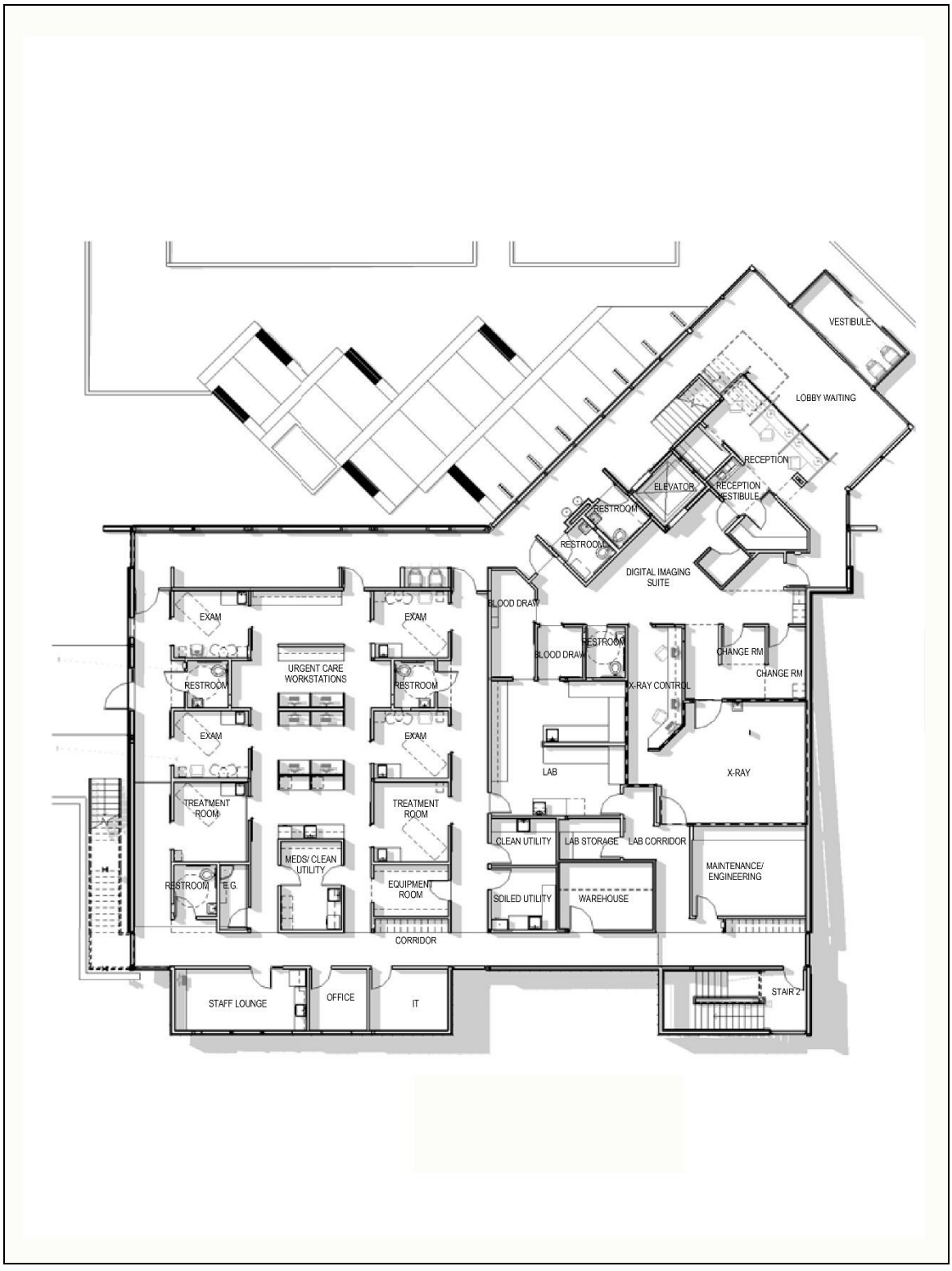
	Rentable Sq. Ft.
First Floor	8,782
Second Floor	8,260
Total Building Area	**17,042**

Foundation: Concrete slab.

Floor Structure: Reinforced concrete slab on grade with wood-frame and structural steel for the second floor.

Construction: The building consists of wood-frame and structural steel construction.

Interior Walls: The interior walls are painted gypsum board.



FLOOR PLAN – FIRST FLOOR

Ceilings:	The ceilings are a combination of acoustical ceiling tiles, gypsum board and wood.
Roof:	The roof is flat with a membrane cover over rigid insulation.
Sprinklers:	The building is sprinklered.
Floor Cover:	The floor covering consists of vinyl, commercial grade carpeting and wood laminate.
HVAC:	The building is heated and cooled by roof mounted heat pumps.
Doors:	Metal-frame glass pedestrian doors.
Windows:	Metal-frame, insulated windows.
Restrooms:	There are five restrooms on the first floor and two restrooms on the second floor.
Elevator:	The building is served by an elevator.
Stairwells:	The building is served by two interior and one exterior stairwell.
Quality of Construction:	Excellent
Condition:	Good
Year Built:	2014
Total Economic Life:	50 years, based on Marshall Valuation Service, Section 97, Page 13 for medical office.
Actual Age:	4 years.
Effective Age:	Estimated 2 years.

FLOOR PLAN – SECOND FLOOR

Remaining Economic Life:	48 years. This does not necessarily represent the actual remaining economic life of the subject improvements, but rather the arithmetic difference between the estimated life expectancy and the estimated effective age.
Site Improvements:	Asphalt paved, lighted parking lot with professionally landscaped areas around the perimeter of the building and site.
Americans with Disabilities Act (ADA) Compliance:	The construction of the subject property post-dates the American with Disabilities Act of 1990 (ADA). It appears that the subject property is salable without undue costs relevant to ADA requirements.

HIGHEST AND BEST USE

In order to estimate the value of the subject property, the potential highest and best use of the property as of the date of the report was researched. Highest and best use can be defined as: the reasonably probable and legal use of vacant land or improved property, which is physically possible; appropriately supported, financially feasible, and that results in the highest value. This analysis includes a discussion of the highest and best use of the property as though vacant and as improved.

HIGHEST AND BEST USE AS THOUGH VACANT

The "highest and best use" of land or a site assumes that a parcel of land is vacant or that it can be made vacant through the demolition of any improvements. The question to be answered in the analysis of this type of highest and best use is, "If the land is vacant, what use would be made of it? That is, what type of building or other improvements (if any) should be constructed on the land?" The first item to be addressed is the scope of legally permissible uses.

Legally Permitted Use

The first test of highest and best use is to determine what is *legally permissible*, or what can legally be constructed on the subject property. The subject is zoned R-8 (Residential 8) by the City of Bainbridge Island. The zoning allows most single family and multifamily uses.

Physically Possible Use

The next test of highest and best use is the physical possibility of constructing a legally permissible improvement on the site. The subject property's size and existing topography appear to be sufficient to accommodate most of the allowed legal uses. There is adequate access provided to the subject site. The property contains a total site area of 131,552 square feet, large enough to accommodate a multiplicity of uses consistent with its size. In addition, all utilities necessary for development are available to the site. Furthermore, the site is not known to be negatively impacted by adverse soil conditions or wetlands, nor is it situated within an identified flood plain. There does not appear to be any site limitations, such as unusual easements, etc., that would limit development on the subject site. Thus, it appears that the subject property can physically support the variety of uses that are legally permitted, with its only physical limitation being the size of the site. A physically possible use is some form of residential use.

Financially Feasible Use

The third test is for financial feasibility. A project's financial feasibility is measured by whether the project can produce a positive return on the investment. The factor having the most weight in determining the highest and best use is the feasibility of the use, primarily supported by perceived demand. The subject site has visibility along State Route 305, a primary highway in the area. The immediate area is a mixed-use node consisting of multifamily residential, single family residential, a church and a self-storage facility. Based on the principle of conformity, the most financially feasible use of the subject site as vacant is for some type of multifamily use.

Maximally Productive Use

The fourth test of highest and best use is maximum productivity. This test is to determine which use will generate the greatest rate of return or value for the property. The primary use which has passed the three previous tests is to develop the site with a multifamily use that is in conformity with the surrounding properties. Based upon the factors addressed in this discussion, the maximally productive use and the highest and best use of the property as though vacant, is to develop the site with a multifamily use.

HIGHEST AND BEST USE AS IMPROVED

As with analyzing the highest and best use of the subject site as though vacant, the four key criteria that a property must satisfy to qualify as the highest and best use as improved is discussed.

Legally Allowed Use

The subject site is improved with a single tenant medical facility containing a rentable area of 17,042 square feet. The site is zoned R-8 (Residential 8) by the City of Bainbridge Island and the current use is a legal non-conforming use. A conditional use permit was granted by the city prior to the development of the property.

Physically Possible Use

The subject is an existing medical office building that was constructed in 2014. Based on our physical inspection of the property, the structure is of excellent quality construction and in good condition. The site has adequate access to Northeast New Brooklyn Road as well as the surrounding area. The site provides an adequate maneuvering and parking area and the property exhibits an overall adequate level of utility. The subject's land to building ratio is 7.72:1, which is within the range of similarly developed properties in the greater market. There do not appear to be any other physical limitations that preclude the current use of the property. Based on the characteristics of the property, the current use is a physically possible use.

Financially Feasible Use

The subject property is located on Bainbridge Island and the subject's neighborhood is mostly a residential community with commercial uses along primary arterials. The subject property is 100% owner-occupied and was originally developed as an urgent care facility. In order to determine the demand for office space, it is necessary to discuss the office market.

Market Overview

The subject property is located within the City of Bainbridge Island, which is influenced by the Kitsap County office market. According to the current CoStar report, as of the second quarter of 2018, the state of the office market is as follows:

Between 2013 and 2017 the existing inventory increased by 0.88%. Over the last five years vacancy has ranged from 6.4% to 10.0%. The vacancy level is above the 5.0% benchmark for the area; however, the subject continues to outperform the market. Quoted mean rental rates have ranged from $15.79 per square foot to $16.33 per square foot, net. Although, the market vacancy is above the benchmark the office market in general is stable. The office market over the past five years is delineated in the following chart.

KITSAP COUNTY
MARKET HISTORICAL STATISTICS (2013-2017)

Period	Total Buildings	Existing Sq.Ft. Inventory	Total Vacant	Net Sq.Ft. Absorption	Added Sq.Ft. of Inventory	Total Average Rate
2013	517	5,066,658	10.0%	(20,366)	0	$15.79/Net
2014	518	5,076,658	8.3%	100,465	10,000	$16.23/Net
2015	519	5,099,092	6.5%	113,740	22,434	$16.18/Net
2016	519	5,099,092	6.4%	2,645	0	$16.33/Net
2017	520	5,111,092	7.4%	(44,749)	12,000	$16.28/Net
% Difference		**0.88%**				

Source: CoStar August 2018

Over the past four quarters the office market has had no change in inventory. Vacancy rates have ranged from 7.3% to 7.7%. The subject property, which has a history of high occupancy, is outperforming the submarket in general based on this metric. Rental rates have ranged from $16.09 per square foot to $16.28 per square foot. These rates, for the most part, are relevant to conventional office properties. As the subject property is a state-of-the-art medical facility it would be anticipated to achieve a rent well above the range.

KITSAP COUNTY
MARKET HISTORICAL STATISTICS (Past 4 Quarters)

Period	Total Buildings	Existing Sq.Ft. Inventory	Total Vacant	Net Sq.Ft. Absorption	Added Sq.Ft. of Inventory	Total Average Rate
2017 3Q	520	5,111,092	7.7%	(16,947)	12,000	$16.23/Net
2017 4Q	520	5,111,092	7.4%	15,298	0	$16.28/Net
2018 1Q	520	5,111,092	7.5%	(9,806)	0	$16.20/Net
2018 2Q	520	5,111,092	7.3%	7,391	0	$16.09/Net
% Difference		0.0%				

Source: CoStar August 2018

Kitsap County Office Market Conclusion, Macro Survey

Inventory, vacancy, absorption and average quoted rental rates, are all summarized on the following exhibit for the year ending 2017 as compared to year ending 2016, suggesting an increase in vacancy over the last year, which is shown in the following chart.

KITSAP COUNTY
OFFICE MARKET TREND ANALYSIS

	2017	2016	Percent Difference
Total Inventory, Sq.Ft.	5,111,092	5,076,658	0.68%
Vacancy, Sq.Ft.	378,221	324,906	
Market Vacancy, Sq.Ft.	7.40%	6.40%	15.63%
Average Quoted Rates/Sq.Ft.	$17.39	$16.74	3.88%

Source: CoStar August 2018

VACANCY ANALYSIS FOR SUBJECT PROPERTY

Costar provides insight into market trends, and is a useful tool for this purpose; however, the vacancy rates quoted are notoriously an unreliable indicator of an appropriate rate to apply when utilizing direct capitalization techniques in real property valuation. This is because Costar information contains a fair amount of raw data, with new construction in

the absorption phase included with stabilized properties, non-problem properties, and problem properties. An analysis of supply and demand indicators suggest that the office market as a whole is relatively stable. The Costar information, however, is broad in scope, and does not isolate data points specific to the subject neighborhood.

A superior source for appropriately determining a stabilized vacancy rate is to consider the performance of the actual rental comparables utilized in the following valuation process, in which several are considered. The four rent comparables indicate a range in occupancy from 96% to 100%. Overall, the continued use of the subject property as a medical facility is a financially feasible use.

Maximally Productive Use

The primary use which has passed the three previous tests is the continued use of the subject as a single-tenant medical office facility. The subject represents a viable commercial property with adequate access. Based upon the points addressed in this discussion, the maximally productive use, and thus the highest and best use of the subject property as improved, is to continue the current use as a medical facility.

PROPERTY VALUATION

The Income Approach, Cost Approach, and Sales Comparison Approach are the three basic techniques or approaches to value when appraising real property. Properties similar to the subject can typically be analyzed based on all three approaches.

The Income Approach to value is a technique whereby the net income of an income-producing property is capitalized at a rate that provides a return of interest on the money invested and a recapture of the capital investment in the improvement over a reasonable term of the investment. Another way of stating this is that the capitalization rate converts the income stream into value.

The Cost Approach requires the appraisers to estimate the reproduction or replacement cost new of the buildings, subtract the depreciation due to all causes, and then add the value of the land. However, in the case of the subject property, the Cost Approach is not considered to be a reliable indicator of value and for properties similar to the subject, this approach is more relevant at the time of development in terms of determining project feasibility. Because of these considerations, in our opinion, the use of the Cost Approach, as it relates to the valuation for the existing improvement, was found not appropriate or applicable, and therefore was not utilized.

The Sales Comparison Approach involves direct comparisons of the property being appraised to similar properties that have sold in the same or in a similar market in order to derive a market value indication for the property being appraised.

Therefore, while all three approaches were considered, the two most relevant (Income Approach and Sales Comparison Approach) are utilized in valuing the subject property. The valuation analysis follows, beginning with the Income Approach.

INCOME APPROACH

The Income Approach arrives at an estimate of value by estimating the future operation from current market data. Under the principle of substitution, value tends to be set by the necessary investment to acquire, without undue delay, a comparable substitute income property offering an equally desirable return on investment. Gross rental schedules, vacancy and collection losses, fixed expenses, operating expenses, and replacement reserves are estimated if applicable, to result in an estimate of net income. This net income is converted to an estimate of value by a capitalization process. The method and technique of capitalization is determined by the nature of the property in the market, and the rates employed are based on demonstrated rates found in the market. Typically, a stabilized Net Operating Income (NOI) is estimated and capitalized by a market derived Overall Rate to convert the income stream into value.

The first step in the development of a reasonable net income stream relevant to the real property is an estimate of the Potential Gross Income (PGI) expectancy. In arriving at an estimate of Potential Gross Income the quantity, quality, and durability of income is addressed. Allowance for vacancy is estimated from the market, and relates to Potential Gross Income. The lease structure in the market ranges from net to full service. As of the effective appraisal date, the subject property is 100% owner-occupied. The rent comparables utilized herein are all leased on a net basis, wherein the owner is only responsible for structural reserves and the tenants are responsible for all other expenses. This is the lease formant utilized herein.

Our initial search focused on the immediate area; however, as there are few similar new medical office facilities in the immediate vicinity, it was necessary to expand our search. The results of the rent survey are summarized in the following chart, with a location map on the following page which shows the relative location of each comparable rental to the subject. Each comparable rental is then discussed individually and accompanied by a photograph. The five rent comparables summarized in the table below are considered to provide support in establishing market rental rates for the subject property. Per the request of the representative, the specific property details for Rent Comparable R-5 are kept confidential; however, the appraisers are knowledgeable of the property. All of the comparables are on a net lease format, wherein the owner is only responsible for structural reserves and the tenants are responsible for all other expenses including professional management.

RENTAL COMPARABLES

Sale	Location	Lease Type	Area (Sq.Ft.)	Annual Rent $/Sq.Ft.
R-1	Clear Creek Medical Building 9800 Levin Road Northwest Silverdale, WA	Net	1,876 4,637	$20.00 $24.00
R-2	Westsound Orthopedics 4409 Northwest Anderson Hill Road Silverdale, WA	Net	19,184	$26.01
R-3	Milgard Medical Pavilion 11511 Canterwood Boulevard Northwest Gig Harbor, WA	Net	Varies	$27.00 $31.00
R-4	Recovery Innovations 2150 Freeman Road East Fife, WA	Net	14,504	$38.84
R-5	Medical Office (confidential) Bainbridge Island/Poulsbo Area	Net	30,000 to 50,000	$43.60

COMPARABLE RENTS MAP

RENT COMPARABLE R-1

Property Identification	
Record ID	5413
Property Type	Office Building
Property Name	Clear Creek Medical
Address	9800 Levin Road Northwest, Silverdale, Kitsap County, Washington 98383
Location	Two blocks northerly of Northwest Bucklin Hill Road, on the easterly side of Levin Road Northwest
Assessor's Parcel Number	16250131242003
Physical Data	
Land Size	1.730 acres or 75,359 sq. ft.
Rentable Area	26,127sq.ft.
Construction Type	Wood Framed
Roof Type	Seamless Steel
Foundation	Concrete
Electrical	Adequate
HVAC	Electric
Sprinklers	Yes
Stories	Two
Year Built	2005
Condition	Good
General Lease Data	
Tenant Size	1,876 sq. ft. to 10,952 sq. ft.
General Tenant Summary	
Verification	Garet Gartin, Leasing Agent, (360) 731-6439; Other Source: Rent Roll
Rent Analysis	
Actual Rent	$20.00/sq.ft. - $30.46/sq.ft.
Analysis Rent	$20.00/sq.ft. - $24.00/sq.ft.
Occupancy	100%

Remarks

This property is located in a professional and medical office neighborhood of Silverdale, about a half mile from the Harrison Medical Center. The building contains a total rentable area of 26,127 square feet and is demised into six tenant spaces. The land to building ratio equates to 2.88:1 (75,359 sq.ft / 26,127 sq.ft.).

The Surgery Center of Silverdale is the largest tenant, occupying 10,952 square feet at a rate of $30.46 per square foot on a net basis. The lease escalates every August 1 by the CPI. This tenant space includes operatory build-out. The remaining tenant spaces include medical build-out. The four in-place tenants, occupying units ranging in size from 1,876 square feet to 4,637 square feet, began leases at $24.00 per square foot. Each of these leases is on a 12-year term with annual 2.5% escalations. The remaining tenant space contains an area of 2,654 square feet. A new tenant began a lease around October 1, 2017 at a rate of $20.00 per square foot. The tenant did not receive a tenant improvement allowance and no free rent. The lease is on a 5-year term.

All of the leases in the building are on a net format wherein the landlord is responsible for reserves only. As the subject property does not have surgical build-out, the tenant spaces at $20.00 and $24.00 per square foot are utilized in the analysis to follow.

CLEAR CREEK MEDICAL BUILDING
9800 LEVIN ROAD NORTHWEST

RENT COMPARABLE R-2

Property Identification

Record ID	5594
Property Type	Medical Office
Property Name	Westsound Orthopedics Building
Address	4409 NW Anderson Hill Road, Silverdale, Kitsap County, Washington 98383
Location	Southwesterly corner of the intersection of NW Anderson Hill and Provost Road NW, westerly of Highway 3
Assessor's Parcel Number	172501-3-013-2006

Physical Data

Land Size	4.64 Acres or 202,118 sq. ft.
Rentable Sq. Ft.	19,184 sq. ft.
Construction Type	Structural Steel
Roof Type	Metal
Foundation	Concrete slab
Electrical	Adequate
HVAC	Adequate
Sprinklers	Yes
Stories	1
Year Built	2007
Condition	Good

General Lease Data

Tenant	Franciscan Medical Group
Typical Lease Term	10 years
Lease Type	Net
Tenant Size	19,182 sq. ft.

General Tenant Summary

Verification	Will Frame, Broker; 253-722-1412
Tenant Expenses	All but structural reserves

Rent Analysis

Actual Rent	$26.01/sq. ft.
Occupancy	100%

Remarks

The comparable is located along Northwest Anderson Hill Road in Silverdale. The single-tenant building was construed in 2007 and contains a rentable area of 19,184 square feet. Franciscan Medial Group leased the entire building on July 1, 2016 and the lease will terminate June 30, 2026. The lease is on a net basis, wherein the tenant is responsible for all expenses, except for structural reserves. The rent is as follows:

July 1, 2016 - June 30, 2017	$25.00 per square foot
July 1, 2017 - June 30, 2018	$25.50 per square foot
July 1, 2018 - June 30, 2019	**$26.01 per square foot**
July 1, 2019 - June 30, 2020	$26.53 per square foot
July 1, 2020 - June 30, 2021	$27.06 per square foot

Adjusted to Market

WESTSOUND ORTHOPEDICS BUILDING
4409 NORTHWEST ANDERSON HILL ROAD

RENT COMPARABLE R-3

Property Identification

Record ID	5595
Property Type	Medical Office
Property Name	Milgard Medical Pavilion
Address	11511 Canterwood Boulevard Northwest, Gig Harbor, Pierce County, Washington 98332
Assessor's Parcel Number	3001140030

Physical Data

Land Size	0.69 Acres or 30,056 sq. ft.
Total Sq. Ft.	92,797 sq. ft.
Construction Type	Fireproof Steel
Roof Type	Flat
Foundation	Concrete slab
Electrical	Adequate
HVAC	Adequate
Sprinklers	Yes
Stories	4
Year Built	2007
Condition	Good

General Tenant Summary

Owner	Welltower Inc
Verification	Roland Van Loan, broker; 800-551-4977
Tenant Expenses	All but structural reserves

Rent Analysis

Actual Rent	$27.00 - $31.00/sq. ft.
Occupancy	96%

Remarks

The Milgard Medical Pavilion is located along Canterwood Boulevard Northwest in Gig Harbor, Washington adjacent to St. Anthony's Hospital. The four-story building was constructed in 2007 and contains a total building area of 92,797 square feet. The broker indicated the suites vary in size and the rents typically range from $27.00 to $31.00 per square foot, net wherein the owner is only responsible for structural reserves. The most recent lease will commence is November of 2018 for a 13,786 square foot suite. The suite was in shell condition and the owner provided a $70 per square foot tenant improvement allowance. The lease is for a 10-year term with a base rent of $27.00 per square foot, net. The broker indicated the owner was motivated to lease the first-generation space; therefore, they were willing to accept a lower rent, when compared to other suites within the building. The lease escalates annually at 3.0%.

MILGARD MEDICAL PAVILION
11511 CANTERWOOD BOULEVARD

RENT COMPARABLE R-4

Property Identification

Record ID	5596
Property Type	Medical Office
Property Name	Recovery Innovations Center
Address	2150 Freeman Road East, Fife, Pierce County, Washington 98424
Assessor's Parcel Number	0420082099

Physical Data

Land Size	0.99 Acres or 43,124 sq. ft.
Rentable Sq. Ft.	14,504 sq. ft.
Construction Type	Masonry
Roof Type	Flat
Foundation	Concrete slab
Electrical	Adequate
HVAC	Heat Pump
Sprinklers	Yes
Stories	One
Year Built	2012
Condition	Good

General Lease Data

Tenant	Recovery Innovations
Tenant Size	14,504 sq. ft.

General Tenant Summary

Verification	Marv Kaercher, owner; 206-725-9600
Tenant Expenses	All but structural reserves

Rent Analysis

Actual Rent	$38.84/sq. ft.
Occupancy	100%

Remarks

The comparable is located along Freeman Road in Fife. The single-tenant building was construed in 2012 and contains a rentable area of 14,504 square feet. Recovery Innovations leased the entire building on April 26, 2012 for a ten-year term. The lease is on a net basis, wherein the tenant is responsible for all expenses, except for structural reserves. The rent is as follows:

April 26, 2017 - April 25, 2018	$37.71 per square foot
April 26, 2018 - April 25, 2019	**$38.84 per square foot**
April 26, 2019 - April 25, 2020	$40.01 per square foot
April 26, 2020 - April 25, 2021	$41.21 per square foot
April 26, 2021 - April 25, 2022	$42.44 per square foot

RECOVERY INNOVATIONS CENTER
2150 FREEMAN ROAD EAST

RENT COMPARABLE R-5

Property Identification

Record ID	5601
Property Type	Medical Office
Property Name	Medical Center
Address	Bainbridge Island/Poulsbo Market Area, Kitsap County

Physical Data

Rentable Sq. Ft.	30,000 to 50,000 sq. ft.
Roof Type	Flat
Foundation	Concrete slab
Electrical	Adequate
HVAC	Adequate
Sprinklers	Yes
Year Built	Recent
Condition	Good

General Lease Data

Typical Lease Term	15 years
Lease Type	Net
Tenant Size	30,000 to 50,000 sq. ft.

General Tenant Summary

Verification	Confidential

Rent Analysis

Actual Rent	$43.60/sq. ft.
Occupancy	100%

Remarks

The comparable is located within the Bainbridge Island/Poulsbo market area. Per the request of the representative the specific property details are kept confidential; however, the appraisers are knowledgeable of the property. The facility was built within the last several years and contains a rentable area of 30,000 to 50,000 square feet and is situated on a two to three-acre site. The medical facility is leased to a single tenant for a 15-year term with five options to extend the lease to 30 years in 2018. The base rent is $43.60 per square foot, net and escalates 10% every five years. The owner is only responsible for structural reserves.

Analysis of the Rental Comparables

The rents for the comparables range from $20.00 to $43.60 per square foot, per year on a rentable area basis. The individual comparables are now analyzed, noting superior and inferior attributes relative to the subject property. In all of the comparables, the furniture, fixtures and equipment are owned by the tenant. All the comparables are analyzed on a net lease format wherein the owner is responsible for structural reserves.

Within each rental property description, a comparison to the subject property (positive and negative) has been discussed. The adjustments are based on locational influences (*Location*), the size of the comparable tenant units (*Size*), the overall age and appeal of the property (*Age/Quality/Condition*), and lastly the land-to-building ratio and functionality of the site (*Site Utility/Parking*). The following discussion simulates the thought process a prudent and knowledgeable purchaser might use if involved in comparing the rental comparables to the subject property. The chart below summarizes the adjustment process, which is then discussed.

RENT COMPARABLES

Comparable Number		R-1	R-2	R-3	R-4	R-5
Analysis Rental Rate		$20.00-$24.00	$26.01	$27.00-$31.00	$38.84	$43.60
Location	Bainbridge Island	Similar	Similar	Similar	Inferior	Superior
Adjustment					+	-
Tenant Size (Sq.Ft.)	17,042	1,876-4,637	19,184	Varies	14,504	30,000 to 50,000
Adjustment		-				+
Age/Condition/Quality	Average	Inferior	Inferior	Inferior	Similar	Superior
Adjustment		+ + +	+ + +	+		-
Site Utility/Parking	Average	Inferior	Similar	Inferior	Inferior	Similar
Adjustment		+		+	+	
Total Adjustment		**Upward**	**Upward**	**Upward**	**Upward**	**Downward**

Location

The subject property is located along Northeast New Brooklyn Road on Bainbridge Island. R-1 through R-3 have similar locations when compared to the subject; therefore, no adjustments are required. R-4 has an inferior location when compared to the subject resulting in an upward adjustment. Comparable R-5 is superior to the subject, requiring a downward adjustment.

Tenant Size

The subject property is demised for single tenant occupancy and contains a rentable area of 17,042 square feet. R-1 has smaller suites when compared to the subject, which suggests a downward adjustment, as smaller suites generally rent for a higher amount per square foot. No other adjustments for size are warranted.

Improvement Age/Condition/Quality

The subject was constructed in 2014 and is in good condition for its age. R-1 through R-3 are inferior to the subject in terms of age/condition/quality; therefore, upward adjustments are necessary. Comparable R-4 is similar to the subject while R-5 is adjusted downward for being superior to the subject.

Site Utility

The subject property has average site utility. R-1, R-3 and R-4 are inferior to the subject in terms of site utility; therefore, upward adjustments are made. No other adjustments are required.

Market Rent Conclusion

The five rent comparables indicate a range from $20.00 to $43.60 per square foot, net. The subject is a newer state-of-the-art facility; therefore, a rent at the upper end of the comparable range would be appropriate. Overall, the subject property would achieve a rent above R-4 at $38.84 per square foot, but below R-5 at $43.60 per square foot. Considering all factors, we conclude to a rent of $40.00 per square foot.

Potential Gross Income

Based on our income projections, the subject's potential gross income is estimated as follows:

POTENTIAL GROSS INCOME

	RENTABLE SQ.FT.	MONTHLY RENT	ANNUAL RENT	ANN. RENT $/SQ.FT.
POTENTIAL GROSS INCOME	17,042	$56,807	$681,680	$40.00

Internal calculations reflect a greater mathematical accuracy than shown.

The lease structure utilized herein is a net lease format wherein the owner is only responsible for structural reserves and the tenant is responsible for all other expenses.

Vacancy

Typically an allowance for vacancy is calculated to protect the income stream during tenant turnover, or when multitenant short term leases are being considered in a competitive area where a survey gives an indication of current vacancy in comparable properties. The subject property is demised for single-tenant occupancy. Considering all factors, a vacancy and collection loss allowance of 5.0% is concluded.

Reserve for Replacements

This is a non-cash item estimated for analysis purposes, as typically an owner of non-investment grade property (value less than $5 million) will not maintain an actual fund for replacement of capital items such as roof replacement or parking lot paving. In the past, this expense typically totaled between 1% and 5% of Effective Gross Income (EGI). However, market participants have more recently adopted a revised standard, based on a unit per rentable square foot which currently ranges from about $0.10 to $0.25 per square foot per year. Based on the overall age, condition, and use of the property, an amount equal to $0.20 per square foot of the rentable area is allocated towards this expense category.

Net Operating Income

Based on the preceding income and expense projections, the reconstructed operating statement for the subject property is reproduced in the following chart, and results in a stabilized net operating income (NOI) of **$644,188.**

RECONSTRUCTED OPERATING STATEMENT

	Area (sq.ft.)	Rent (sq.ft.)	Annual
Potential Gross Income	17,042	$40.00	$681,680
Vacancy	5.00%		$34,084
Effective Gross Income			**$647,596**
Expenses	**% of EGI**	**$/sq. ft.**	**Total**
Reserves	0.53%	$0.20	$3,408
Total Expenses	**0.53%**	**$0.20**	**$3,408**
Net Operating Income			**$644,188**

Internal calculations reflect a greater mathematical accuracy than show n.

The next step to be taken is to complete the capitalization procedure and transform the stabilized income stream into a market value estimate.

Capitalization Rate

Capitalization is defined by the *Appraisal Institute* as a process that translates a net income projection into an indication of value. The connecting link is a rate that reflects the return necessary to attract investment capital. Hence, the selection of an appropriate rate represents a critical factor in the capitalization process. There are various techniques for selecting the rate. One of the most common rate selection methods is to divide the net income by the sales price of comparable improved sales. This rate is known as the overall rate. Return on investment and applicable capital recaptures are not individually identified, but are inherent in the overall rate.

The capitalization process previously discussed is considered the best and most direct method. To this end, three of the four sales analyzed in the Sales Comparison Approach provided sufficient income data for deriving an overall rate. To augment this data, we have provided one additional overall rate comparable. The comparables are arranged in ascending order, based on the ooverall rate indications.

OVERALL RATE COMPARABLES

Sale	Location	Sale Date	Analysis Price	Net Income	Overall Rate
S-4	34719 6th Ave S, Federal Way, WA	Dec-15	$4,725,000	$262,892	5.56%
S-2	9800 Levin Road NW, Silverdale, WA	Aug-17	$9,600,000	$610,506	6.36%
S-1	4409 NW Anderson Hill Rd, Silverdale, WA	Sep-17	$6,966,500	$456,483	6.55%
OAR-1	9633 Levin Road Northwest, Silverdale, WA	Jan-18	$5,150,000	$357,853	6.95%
	Indicated Mean Overall Rate				**6.36%**
	Indicated Median Overall Rate				**6.46%**

The sales tabulated show an overall rate (OAR) range of from 5.56% to 6.95%, with an indicated mean of 6.36% and median rate of 6.46%. Excluding S-4 which is the oldest sale, the comparables indicate a narrower range from 6.36% to 6.95% with a mean 6.62% and median of 6.55%. We have also considered the *Price Waterhouse Cooper Real Estate Investor Survey*, which reports the second quarter of 2018 overall capitalization rates nationwide; we consider the category most relevant to the subject, Seattle Office Market.

SEATTLE OFFICE MARKET

	Current	Last Quarter	1 Year Ago
Range	4.20% - 9.00%	4.10% - 8.00%	4.25% - 8.00%
Mean	5.86%	5.72%	5.82%
Change (Basis Points)		+14	+4

Source: PWC Real Estate Investor Survey™ Second Quarter 2018

Seattle Office Market Overall Cap Rates are reported at a mean of 5.86% with a range from 4.20% to 9.00%. The overall rate has increased by 14 basis points over the prior quarter and by four basis points over the previous year. It should be noted that the PWC Survey tends to focus on large, institutional grade investment properties, which attract a different category of market participant. This point notwithstanding, the survey shows a trend that overall rates are stable. The local sales are given greater consideration in this instance.

The subject property has been adequately maintained and is a state-of-the-art facility. The risk profile for the subject is considered to be relatively low for this property type. Based on this data and given the attributes of the subject property, an overall rate of 6.50% is supported. The capitalization process, based on the projected income stream for the subject property, is summarized in the following chart.

VALUE INDICATION
BY THE INCOME APPROACH

Net Operating Income	**$644,188**
Overall rate	6.50%
Indicated value	$9,910,585
Rounded Value Indication	**$9,910,000**

Internal calculations reflect a greater mathematical accuracy than shown

"As Is" Market Value Estimate as of
August 2, 2018, by the Income Approach: $9,910,000

SALES COMPARISON APPROACH

The Sales Comparison Approach involves the process of comparing improved properties which have recently sold with the subject property, noting and adjusting for similarities and dissimilarities between the comparable sale and the subject. The actual comparison process involves adjustments to reflect the degree of similarity between the comparable properties and the subject property in terms of the time of sale, location, physical characteristics (including quality, condition, and size), and utility (including other physical characteristics such as land-to-building ratio and the adequacy of parking space available to visitors, zoning, topography, and the like). Within this approach, comparable sales data is analyzed in order to formulate a value estimate for the subject property.

A search was made to locate recently sold, similarly improved office properties in the subject's immediate and greater market area. Four improved comparables were selected and provide a reasonable basis for the analysis. These sales are delineated in the chart below with a location map following the chart identifying the location of the improved sales relative to the subject property. The comparables are arranged in ascending order based on each property's unit sale price per square foot of rentable area.

IMPROVED SALES COMPARABLES

Sale	Location	Sale Date	Analysis Price	Area (Sq.Ft.)	$/Sq.Ft.
S-1	Westsound Orthopedics Building 4409 Northwest Anderson Hill Road Silverdale, WA	Sep-17	$6,966,500	19,184	$363.14
S-2	Clear Creek Medical Building 9800 Levin Road Northwest Silverdale, WA	Aug-17	$9,600,000	26,127	$367.44
S-3	Central Park 1980 112th Avenue Northeast Bellevue, WA	Jun-17	$5,703,000	11,640	$489.95
S-4	Evergreen Eye Care 34719 6th Avenue South Federal Way, WA	Dec-15	$4,725,000	9,181	$514.65

SALE COMPARABLES MAP

COMPARABLE SALE S-1

Property Identification

Record ID	6854
Property Type	Medical Office
Property Name	Westsound Orthopedics Building
Address	4409 NW Anderson Hill Road, Silverdale, Kitsap County, Washington 98383
Location	Southwesterly corner of the intersection of NW Anderson Hill and Provost Road NW, westerly of Highway 3
Assessor's Parcel Number	172501-3-013-2006
Instrument	Special Warranty Deed

Sale Data

Grantor	Bare Bones, LLC
Grantee	HCII-4409 NW Anderson Hill Road, LLC
Sale Date	September 22, 2017
Auditor's File Number	201709220158
Property Rights	Leased Fee
Sale History	No other sales in prior five years
Verification	Will Frame, Broker; 253-722-1412
Sale Price	$6,950,000
Upward Adjustment	$16,500 (Deferred Maintenance)
Analysis Price	$6,966,500

Land Data

Land Size	4.64 Acres or 202,118 sq. ft.
Front Footage	NW Anderson Hill Road; Provost Road NW;
Zoning	HTC Highway Tourist Commercial
Topography	Sloped
Utilities	All public utilities available
Shape	Rectangular
Landscaping	Yes

General Physical Data

Building Type	Multitenant
Rentable Sq. Ft.	19,184 sq. ft. (not incl. park garage)
Construction Type	Structural Steel
Roof Type	Metal
Foundation	Concrete slab
Sprinklers	Yes
Stories	1
Year Built	2007
Condition	Good

Income Analysis

Potential Gross Income	$489,192
Vacancy	$24,460 (5.0% of PGI)
Effective Gross Income	$464,732
Expenses	$8,249 (1.78% of EGI)
Net Operating Income	$456,483

Indicators

Analysis Price/Sq. Ft.	$363.14/sq. ft.
Floor Area Ratio	0.09
Land to Building Ratio	17.72:1
Occupancy at Sale	100%
Gross Income Multiplier	14.24
Eff. Gross Income Multiplier	14.99
Expenses/Sq. Ft.	$0.43
Overall Rate	6.55%
Net Operating Income/Sq. Ft.	$23.79

Remarks

This is the sale of a medical office building located in Silverdale. The property is located outside of the medical oriented area of Silverdale but has exposure to Highway 3. The property has a high land to building ratio of 17.72:1; however, the southerly half of the site is undevelopable due to the presence of a creek and wetlands. This ratio also does not include the area of the parking garage.

The site is improved with a single-tenant medical office building containing a rentable area of 19,184 square feet. The building is one-story with a below grade parking garage that contains an approximate area of 13,200 square feet and 40 parking stalls. There are an additional 57 surface stalls. The building was historically owner occupied and operated as Westsound Orthopedics. However, prior to the sale in 2016 a lease began with Franciscan Medical Group as the tenant. At the time of sale, the tenant was paying a lease rate of $25.50 per square foot on a net basis. In the income and expense data above, the expenses are relevant to the difference between the operating expenses ($6.75/sq.ft.) and the reimbursed expenses ($6.32/sq.ft.).

According to the broker, the buyer was responsible for $15,000 in deferred maintenance, primarily relevant to some siding that needed to be repaired. An amount of 10% for entrepreneurial profit is added to the $15,000 and the sale price is adjusted upward by $16,500 ($15,000)(1.10).

The property was listed for $7,300,000 in March 2017. The sale price of $6,950,000 is 95% of the list price.

4409 NW ANDERSON HILL ROAD

WESTSOUND ORTHOPEDICS BUILDING

COMPARABLE SALE S-2

Property Identification

Record ID	6855
Property Type	Medical Office
Property Name	Clear Creek Medical Building
Address	9800 Levin Road NW, Silverdale, Kitsap County, Washington 98383
Location	Between Levin Road NW and Mickelberry Road
Assessor's Parcel Number	162501-3-124-2003
Instrument	Special Warranty Deed

Sale Data

Grantor	Medical Partners LLC
Grantee	HCII-9800 Levin Road NW, LLC
Sale Date	August 28, 2017
Auditor's File Number	201708280247
Property Rights	Leased Fee
Verification	Will Frame, Broker; 253-722-1412
Sale Price	$9,600,000

Land Data

Land Size	1.73 Acres or 75,359 sq. ft.
Front Footage	Levin Road NW;
Zoning	RC Regional Center
Topography	Relatively level, sloped along westerly border
Utilities	All available
Shape	Irregular

General Physical Data

Building Type	Multi-Tenant
Rentable Sq. Ft.	26,127 sq. ft.
Construction Type	Masonry
Roof Type	Metal
Foundation	Concrete
Stories	2
Year Built	2005
Condition	Good

Income Analysis

Net Operating Income	$610,506

Indicators

Sale Price/Sq. Ft.	$367.44/sq. ft.
Floor Area Ratio	0.35
Land to Building Ratio	2.88:1
Occupancy at Sale	90%
Overall Rate	6.36%
Net Operating Income/Sq. Ft.	$23.37

Remarks

This is the sale of a medical office building located in a medically oriented area of Silverdale. The site is improved with a two-story building containing a rentable area of 26,127 square feet, according to the rent roll, with a below-grade parking garage. The building is in good condition with above average finishes and includes a surgery center.

The tenants at the time of sale include: Cole Aesthetic Center (plastic and reconstructive surgery), Surgery Center of Silverdale, Retina Center Northwest, and Silverdale Eye Physicians. The building was nearly 90% occupied at the time of sale with one vacant unit containing an area of 2,654 square feet, which was leased within a month of the closing of the sale. The building is considered stabilized for this analysis. The NOI provided includes a vacancy of 11% to account for the vacant unit at the time of sale. Upon the sale, four of the tenants began leases at a rate of $24.00 per square foot, net. The lease to the surgery center commenced in 2011 and was at a rate of $30.46 per square foot, net, at the time of sale.

9800 LEVIN ROAD NORTHWEST

CLEAR CREEK MEDICAL BUILDING

COMPARABLE SALE S-3

Property Identification

Record ID	7013
Property Type	Office Building
Property Name	Central Park
Address	1980 112th Avenue Northeast, Bellevue, King County, Washington 98004
Location	E of 112th Ave NE & W of I-405
Assessor's Parcel Number	242770-0050

Sale Data

Grantor	Griffin Property Holdings, LLC
Grantee	Presbyterian Retirement Communities Northwest
Sale Date	June 21, 2017
Auditor's File Number	20170623002035
Property Rights	Fee Simple
Verification	Alex Wheatley, Kidder Mathews; 425-450-1124
Sale Price	$5,703,000

Land Data

Land Size	1.02 Acres or 44,422 sq. ft.
Zoning	O
Topography	Level
Utilities	Available
Shape	Irregular
Landscaping	Adequate
Rail Service	None
Fencing	None

General Physical Data

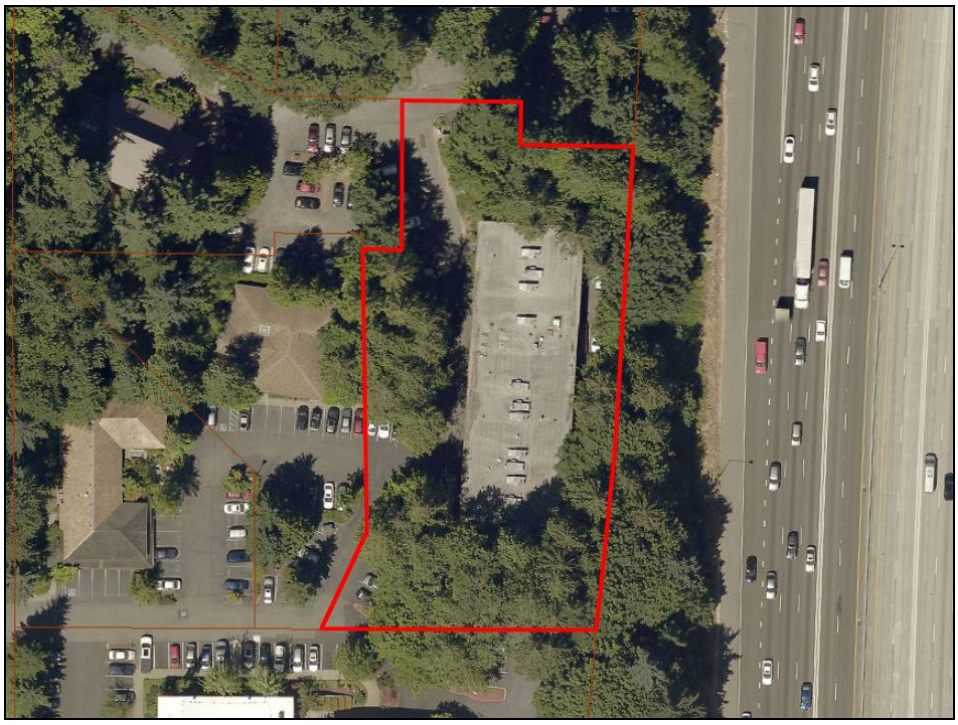
Building Name	Central Park
Building Type	Single Tenant
Rentable Sq. Ft.	11,640 sq. ft.
Construction Type	Wood-frame
Roof Type	Flat
Foundation	Concrete Slab
Electrical	Adequate
HVAC	Heat Pump
Sprinklers	None
Stories	Two
Year Built	1979/renovated
Condition	Good

Indicators

Sale Price/Sq. Ft.	$489.95/sq. ft.
Floor Area Ratio	0.26
Land to Building Ratio	3.82:1

Remarks

The comparable is located along 112th Avenue in Bellevue, Washington within a multi-building office park. The two-story, wood-frame structure was built in 1979 and has been updated over the years. The property underwent a significant renovation in 2012 and was in good condition at the time of sale. The property has 44 parking stalls of which 22 are covered. There are eight storage lockers within the parking area.



1980 112TH AVENUE NORTHEAST

CENTRAL PARK

COMPARABLE SALE S-4

Property Identification

Record ID	6446
Property Type	Medical Office
Property Name	Evergreen Eye Center
Address	34719 6th Avenue South, Federal Way, King County, Washington 98003
Location	North of South 348th Street and West of 6th Avenue South
Assessor's Parcel Number	2021049178

Sale Data

Grantor	Jarstad Family LLC
Grantee	Guardian Capital Management LLC
Sale Date	December 28, 2015
Auditor's File Number	20160107000691
Property Rights	Leased Fee
Financing	Cash to Seller
Verification	David Butler; 206-445-7665
Sale Price	$4,725,000

Land Data

Land Size	0.86 Acres or 37,640 sq. ft.
Front Footage	225 ft 6th Avenue South; 160 ft South 348th Street
Utilities	Adequate
Shape	Rectangular

General Physical Data

Building Name	Evergreen Eye Center
Building Type	Single Tenant
Rentable Sq. Ft.	9,181 sq. ft.
Construction Type	Wood Frame
Electrical	Assumed Adequate
HVAC	Heat pump
Sprinklers	Yes
Stories	2
Year Built	1995 Remodeled 2005
Condition	Good

Income Analysis

Potential Gross Income	$361,992
Vacancy	$18,100 5% of PGI
Effective Gross Income	$343,892
Expenses	$81,000 23.6% of EGI
Net Operating Income	$262,892

Indicators

Sale Price/Sq. Ft.	$514.65/sq. ft.
Floor Area Ratio	0.24
Land to Building Ratio	4.1:1
Occupancy at Sale	100%
Gross Income Multiplier	13.05

Eff. Gross Income Multiplier	13.74
Expenses/Sq. Ft.	$8.82
Overall Rate	5.56%
Net Operating Income/Sq. Ft.	$28.63

Remarks

This is the sale of a property improved with a two-story medical office building located in Federal Way. The building was completed in 1995 with recent renovations in 2005. The site area is approximately 37,640 square feet and the gross building area is 9,181 square feet. The main floor is approximately 5,515 square feet, and the basement area is approximately 3,666 square feet. The land to building ratio is 4.10:1 (37,640 sq. ft. total area / 9,181 sq. ft. building area). The site is further improved with landscaping and a paved asphalt parking lot containing approximately 40 spaces (2 ADA-accessible). Additional off-site street parking is available on 6th Avenue South, adjacent to the building. Parking appears to be adequate to support the current use as a medical facility. The building is accessed by a driveway along 6th Avenue South.

Prior to the sale, the building was owner-occupied by the founding physician of the Evergreen Eye Center, John Jarstad, under Jarstad Family, LLC. The ownership interest was sold by Jarstad Family LLC to Guardian Capital Management, LLC, who purchased the property for the purpose of investment. Evergreen Eye Center continues operations at the facility, now operating under a net lease of $28.08 square foot per year. Under the lease terms, the owner is responsible for property management and building reserves.

The sale was confirmed with an actual net operating income of $280,992. The confirmed net operating income amount did not include a calculation for vacancy, so for comparison to the subject property, a 5% vacancy rate is imputed into the expenses for this analysis. After adjustments, the analysis net operating income is $262,892.

34719 6TH AVENUE SOUTH

EVERGREEN EYE CENTER

Analysis of Comparable Sales

One of the more desirable comparison methods is to consider the physical units of comparison, exclusive of any reference to income potential. This method is generally considered preferable because it is a direct comparison of physical units only and tends to isolate this approach from the income approach utilized earlier in this report.

The subject property is an existing single-tenant office building. The property contains a rentable building area of 17,042 square feet.

Price Per Square Foot of Building Method

A basic principle in the valuation of real estate is that no two properties are identical, which means that adjustments are necessary to reflect the various differences of the properties being considered. We have applied an adjustment process to the comparables, with an adjustment chart presented in the analysis to follow. The adjustment process allows us to consider the thought process often followed by buyers and sellers in comparing different properties. Within the discussion of each sale detailed herein, the sales' characteristics are noted and compared to the subject, resulting in conclusions of the need for positive or negative adjustments to the indicated unit prices of the comparables. The top of the chart accounts for quantitative adjustments. After completing the quantitative adjustments, we will apply qualitative adjustments, either positive or negative, to account for physical differences between the comparables and the subject property.

There are seven common elements of comparison that should be considered in the sales comparison analysis. These are: *Real property rights conveyed; Financing terms; Condition of sale; Buyer Expenditures, Market conditions (Date of sale); and Location and Physical characteristics.* The first three elements of comparison are similar for all the comparables utilized herein and are therefore not considered. In analyzing the *Location and Physical characteristics,* adjustments may be made for some dissimilarities among the comparables, primarily *location* (quality of commercial district, access), *age/condition (*condition of the property*), quality* (the overall quality of construction*), size* (total building size as compared to the subject, and *utility* (land to building ratios, zoning, parking, etc.).

Quantitative Adjustments

The property rights conveyed, financing, and conditions of sale for all of the comparables are similar to the subject, needing no adjustments. S-1 requires an upward adjustment for deferred maintenance. No other adjustments are warranted.

Market Conditions

The next quantitative adjustment to consider is for market conditions. In analyzing the influence of the market conditions at the time of sale of the comparables in relation to the market conditions as of the date of appraisal, the key factor is the passage of time. More specifically, the question to be answered in its simplest form is whether there is any trend in general prices through time. The *Date of sale* for the comparables ranges from December of 2015 to August of 2017. Overall, market conditions continue to improve; therefore, an upward adjustment of 3.0% annually, or 0.25% per month is made to the comparables.

The adjusted range of the comparables is from $372.24 to $554.54 per square foot. The chart on the following page simulates the thought process involved in comparing the sale comparables to the subject property. This chart is presented as an aid in depicting the positive and negative influences that impact the market value of office properties in this market segment.

SALES COMPARISON ANALYSIS

Comparable Number	Subject	**S-1**	**S-2**	**S-3**	**S-4**
Sale Price		$6,950,000	$9,600,000	$5,703,000	$4,725,000
Property Rights Conveyed	Fee Simple	Leased Fee	Leased Fee	Fee Simple	Leased Fee
Adjustment		$0	$0	$0	$0
Adjusted Price		$6,950,000	$9,600,000	$5,703,000	$4,725,000
Financing	Cash to Seller	Cash to Seller	Cash to Seller	Cash to Seller	Cash to Seller
Adjustment		$0	$0	$0	$0
Adjusted Price		$6,950,000	$9,600,000	$5,703,000	$4,725,000
Conditions of Sale	Arms Length	Arms Length	Arms Length	Arms Length	Arms Length
Adjustment		$0	$0	$0	$0
Adjusted Price		$6,950,000	$9,600,000	$5,703,000	$4,725,000
Buyer Expenditures	N/A	Deferred Maint.	None	None	None
Adjustment		$16,500	$0	$0	$0
Adjusted Price		$6,950,000	$9,600,000	$5,703,000	$4,725,000
Date of Value	Aug-18	Sep-17	Aug-17	Jun-17	Dec-15
Months Since Sale		11	12	13	31
Adjustment	3%	2.75%	3.00%	3.25%	7.75%
Adjusted Price		$7,141,125	$9,888,000	$5,888,348	$5,091,188
Analysis Price		$7,141,125	$9,888,000	$5,888,348	$5,091,188
Improvement Area (Sq.Ft.)	17,042	19,184	26,127	11,640	9,181
Analysis Price/Sq.Ft.		$372.24	$378.46	$505.87	$554.54
Qualitative Adjustments					
Location	Bainbridge Island	Similar	Similar	Superior	Similar
Adjustment				-	
Age/Condition	Average	Inferior	Inferior	Inferior	Similar
Adjustment		+ + +	+ + +	+ +	
Quality	Average	Similar	Similar	Similar	Similar
Adjustment					
Improvement size (sq.ft.)	17,042	19,184	26,127	11,640	9,181
Adjustment				-	- -
Utility (Land to Building Ratio)	7.72:1	10.54:1	2.88:1	3.82:1	4.10:1
Adjustment			+	+	+
Total Adjustment		**Upward**	**Upward**	**Upward**	**Downward**

The adjustment process is now discussed.

Location

The subject property is located within the City of Bainbridge Island. S-3 is located within Bellevue, which is superior to the subject resulting in a downward adjustment. No other adjustments are warranted.

Age/Condition

The subject property is generally in good overall condition. All of the comparables are inferior to the subject in terms of age/condition; therefore, varying upward adjustments are necessary.

Quality

The subject property is categorized as excellent quality construction. All of the comparables are similar to the subject in terms of quality; therefore, no adjustments are made.

Size

The subject property contains a rentable building area of 17,042 square feet. The four comparables range in size from 9,181 square feet to 26,127 square feet. S-3 and S-4 are smaller than the subject in terms of size. Therefore, downward adjustments are made as smaller properties typically sell for a higher amount per square foot, all else equal. No other adjustments are warranted.

Utility (Land to Building Ratio)

The subject has a land to building ratio of 7.72:1. S-1 has a land to building ratio of 10.54:1, which is attributed to wetlands/associated buffers. Overall, the comparable has a similar utility when compared to the subject; therefore, no adjustment is necessary is in this instance. The remaining comparables are inferior to the subject requiring upward adjustments.

Conclusion

The four comparables indicate a range of from $372.24 per square foot to $554.54 per square foot. Overall, the subject would achieve a unit value above S-3 at $505.87 per square foot, but slightly below S-4 at $554.54 per square foot. Considering all factors, we conclude to a unit value of $550.00 per square foot, which results in a value indication by the Sales Comparison Approach calculated as follows:

VALUE INDICATION
BY THE SALES COMPARISON APPROACH

Improvement Area (Sq.Ft.)	$/Sq.Ft.	Indicated Value
17,042	$550.00	$9,373,100
Value Indication		**$9,370,000**

Internal calculations reflect a greater mathematical accuracy than show n

"As Is" Market Value Estimate as of
August 2, 2018, by the Sales Comparison Approach: $9,370,000

Three independent approaches to value were considered in order to determine the market value of the fee simple interest in the subject property, with the Income and Sales Comparison Approaches being the most relevant. The resultant value indications for the subject property as of the date of inspection, August 2, 2018, are as follows:

VALUE INDICATIONS

Income Approach	**$9,910,000**
Cost Approach	**N/A**
Sales Comparison Approach	**$9,370,000**

In developing an opinion of the market value for the subject property, two approaches to value, the Income Approach and Sales Comparison Approach, were utilized with both approaches proving meaningful for comparison. As the subject property could be leased or owner-occupied we have given weight to both approaches with slightly more weight to the Income Approach. Therefore, it is our opinion that the "As Is" market value of the fee simple interest in the subject property, as of August 2, 2018, is:

NINE MILLION SEVEN HUNDRED THOUSAND DOLLARS

$9,700,000

CERTIFICATION

We certify that, to the best of our knowledge and belief:

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 represent our personal, impartial and unbiased professional analyses, opinions, and conclusions.

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

4. We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.

5. Our engagement in this assignment was not contingent upon developing or reporting predetermined results.

6. 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 directly related to the intended use of this appraisal.

7. Matt Minarck, MAI and Kellen E. Hurych have made personal inspections of the property that is the subject of this report.

8. No one provided significant real property appraisal assistance to the persons signing this report in the preparation of and research contained within this report.

9. The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and the Standards of Professional Appraisal Practice of the Appraisal Institute, which include the Uniform Standards of Professional Appraisal Practice.

10. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.

11. This appraisal assignment was not based on a requested minimum valuation, a specific valuation, or an approval of a loan.

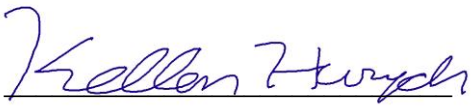
12. The appraisers are competent and qualified to perform the appraisal assignment.

13. We have not performed services as appraisers, or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.

14. The Appraisal Institute conducts a voluntary program of continuing education for its designated members. MAIs and SRAs who meet the minimum standards of this program are awarded periodic educational certification. As of the date of this report, Matt Minarck, MAI, has completed the continuing education program for Designated Members of the Appraisal Institute.

15. As of the date of this report, Kellen E. Hurych has completed the Standards and Ethics Educational Requirement of the Appraisal Institute for Candidates for Designation.

Matt Minarck, MAI
State of Washington Certification 1101115



Kellen E. Hurych
State of Washington Certification 1101923

MATTHEW A. MINARCK, MAI

EDUCATION:

Tacoma Community College - Associate of Arts and Sciences

Central Washington University - Bachelor of Arts in Law and Justice

MILITARY:

United States Army - Enlistment 1985 - 1989, 2nd Battalion, 75th Infantry Regiment, Ranger (Airborne), Fort Lewis, Washington, - Honorable Discharge.

PROFESSIONAL DESIGNATION:

MAI, Appraisal Institute

PROFESSIONAL EDUCATION:

Real Estate Appraisal Principles
Real Estate Appraisal Procedures
Basic Income Capitalization
Advanced Income Capitalization
General Applications
Standards of Professional Practice Parts A & B
Highest and Best Use/Market Analysis
Advanced Sales Comparison and Cost Approach
Report Writing/Valuation Analysis
Advanced Applications
Uniformed Appraisal Standards for Federal Land Acquisitions
Appraising the Appraisal
Understanding Environmental Contamination in Real Estate
Going Concerns and Multidisciplinary Appraisals
Ted Whitmer Comprehensive Appraisal Workshop
Supervisor - Trainee Course for Washington
Marshall and Swift Cost Approach – Commercial

CERTIFICATIONS:

General Classification - Washington State Certified Real Estate Appraiser
Certification 1101115 (Expiration Date June 17, 2018)

EXPERIENCE:

Partner – SH&H Valuation and Consulting (formerly Strickland, Heischman, and Hoss), Tacoma, WA
(1999 to present)

APPRAISAL EXPERIENCE INCLUDES:

Agricultural Land
Apartments
Automobile Dealerships
Bank Branches
Marinas
Cold Storage/Food Processing Facilities
Conservation Easements
Gas Station/C-Stores
Hotels/Motels
Shopping Centers
Offices (Professional and Medical)
Office/Warehouse Properties
Residential
Restaurants
Retail
Right-of-Way
Subdivisions
Storage Complexes
Oil Refineries
Waterfront Properties

COMPLETED APPRAISAL ASSIGNMENTS FOR:

Parallel Commercial Capitol
Interwest Bancorp
Zion First National Bank
Kitsap Bank
AmSouth Bank
Columbia Bank
Mt. Rainier National Bank
Key Bank
Union Bank
Washington Mutual Bank
Valley Bank
Amresco Independent Funding, Inc.
City of Tacoma
Jesse Engineering
Wells Fargo
Continental Savings Bank
South Sound Bank
Union Bank of California
WA State Department of Natural Resources
Redmond National Bank
King County Department of Transportation
Bank of America
Security State Bank
U.S. Bank
Timberland Savings Bank
Anchor Savings Bank
City of Olympia
Morse Investment

City of Gig Harbor
Port of Tacoma
City of Yakima
Whidbey Island Bank
Commencement Bank
Harborstone Credit Union
Sunwest Bank
Umpqua Bank
Russell Foundation
First Federal
Puyallup Tribe of Indians
Washington State Department of Transportation
Jesse Engineering
Pierce County
Timberland Bank
First Savings Bank NW
Anchor Bank
The Rush Companies
Thurston First Bank
Heritage Bank

PARTIAL LIST OF WASHINGTON COUNTIES APPRAISED IN:

Clallam County
Cowlitz County
Jefferson County
King County
Kitsap County
Lewis County
Mason County
Pierce County
Skagit County
Snohomish County
Thurston County
Whatcom County
Yakima County

KELLEN E. HURYCH

GENERAL EDUCATION

Washington State University, Bachelor of Business Administration with a Major in Real Estate

Relevant Coursework
- Real Estate Principles
- Real Estate Finance
- Real Estate Valuation
- Real Estate Investment
- Real Estate Law

Pierce College, Associates of Arts and Science

CERTIFICATIONS

Washington State Certified General Real Estate Appraiser
Certification 1101923
Issue Date: March 18, 2008

PROFESSIONAL EXPERIENCE

Real Estate Appraiser with Cornerstone Consulting Group (2005-2006)
Real Estate Appraiser with Kidder Mathews (2006-2010)
Property Manager with Kalles Properties (2011-2012)
Review Appraiser with Opus CMC (2012-2012)
Real Estate Appraiser and Consultant with Strickland, Heischman and Hoss (2012-2015)
Real Estate Appraiser and Consultant with SH&H Valuation and Consulting (2016-current)

PROFESSIONAL ASSOCIATIONS

Candidate for Designation, Appraisal Institute

APPRAISAL INSTITUTE COURSES & EXAMINATIONS COMPLETED

Appraisal Institute Courses
- WA Real Estate Law for Appraisers
- Uniform Standards of Professional Practice (USPAP
- General Market Analysis and Highest & Best Use
- General Appraiser Report Writing and Case Studies
- Appraising the Appraisal: Appraisal Review
- Business Practices and Ethics
- Basic Appraisal Procedures
- Basic Income Capitalization
- Basis Appraisal Principals

PARTIAL LIST OF PROPERTY TYPES APPRAISED

Apartments
Automobile Dealerships
Automobile Repair Facilities
Banks
Bowling Alleys
Business Parks
Carwashes
Churches
Commercial Land
Commercial Subdivisions
Daycare centers
Food processing plans
Gas Stations/Convenience Stores
Hotels/Motels
Industrial Properties
Cold Storage
Race Track
Farms
Shopping Centers
Leasehold Interest
Medical Offices
Mixed-use properties
Private Schools
Professional Offices
Residential Land
Residential Subdivisions
Restaurants
Retail Properties
Self-Storage Facilities
Single family residences
Lumber yards
Auditoriums
Recycling Facilities
Airplane Hangers
Manufacturing facilities
Espresso Kiosk
Mushrooms Farms

APPRAISAL EXPERIENCE IN THE FOLLOWING WASHINGTON COUNTIES

Benton County
Clallam County
Cowlitz County
Franklin County
Grant County
Grays Harbor County
Jefferson County
King County
Kitsap County
Kittitas County
Grant County
Lewis County
Mason County
Pacific County
Pierce County
Skagit County
Snohomish County
Thurston County
Whatcom County
Yakima County
Spokane County

PARTIAL LIST OF CLIENTS FOR WHICH I HAVE COMPLETED APPRAISALS

BECU
Bank of America
Timberland Bank
First Federal Bank
Harborstone Credit Union
UniBank
Bank of the Pacific
Kitsap Credit Union
Commencement Bank
Bank of the West
Sound Credit Union
The Bank of Washington
Heritage Bank
Puget Sound Bank
California Trust Bank
Pacific Crest Savings Bank
Mountain Pacific Bank
Whidbey Island Bank
Wells Fargo – RETECHS
Columbia Bank
American West Bank
CTBC Bank Corp. (USA)
Security State Bank
Peoples Bank
Department of Veterans Affairs
Anchor Bank
Taiwan Cooperative Bank
US Bank
Umpqua Bank
Pacific Crest Savings Bank
CUSG/CU Services Group
Weinstine & Riley, P.S.
Seattle Bank
HomeStreet Bank
JP Morgan Chase Bank, N.A.
Sunwest Bank
Housing Capital Company
Washington Federal

ASSUMPTIONS AND LIMITING CONDITIONS

Unless noted otherwise in the body of the report, this appraisal is subject to the following assumptions and limiting conditions.

1. No responsibility is assumed for legal or title considerations. Title to the subject property is marketable and free and clear of all liens, encumbrances, encroachments, easements and restrictions. The property is assumed to be under responsible ownership and competent management and is assumed available for its highest and best use.

2. There are no existing judgments or pending or threatened litigation that impact the value of the property.

3. There are no hidden or undisclosed conditions of the land or of the improvements that impact the value of the property.

4. Information, public and private, relevant to sale price indications is assumed to be correct.

5. The property is in compliance with all applicable building, environmental, zoning, and other federal, state and local laws, regulations and codes.

6. Information, estimates and opinions contained in the report, obtained from others, including third-party sources, are assumed to be reliable and have not been independently verified and no warranty is given for accuracy.

7. An appraisal is inherently subjective and represents our opinion as to the value of the property appraised.

8. The conclusions stated in our appraisal apply only as of the effective date of the appraisal, and no representation is made as to the effect of subsequent events.

9. No changes in any federal, state or local laws, regulations or codes (including, without limitation, the Internal Revenue Code) are anticipated.

10. When environmental impact studies are not provided in conjunction with the appraisal, we reserve the right to revise or rescind any of the value opinions based upon any subsequent environmental impact studies. If any environmental impact statement is required by law, the appraisal assumes that such statement will be favorable and will be approved by the appropriate regulatory bodies.

11. Unless otherwise agreed to in writing, we are not required to give testimony, respond to any subpoena or attend any court, governmental or other hearing with reference to the property without compensation relative to such additional employment.

12. We have made no survey of the property and assume no responsibility in connection with such matters. Any sketch or survey of the property included in this report is for illustrative purposes only and should not be considered to be scaled accurately for size. The appraisal covers the property as described in this report, and the areas and dimensions set forth are assumed to be correct.

13. No opinion is expressed as to the value of subsurface oil, gas or mineral rights, if any, and we have assumed that the property is not subject to surface entry for the exploration or removal of such materials, unless otherwise noted in our appraisal.

14. We accept no responsibility for considerations requiring expertise in other fields. Such considerations include, but are not limited to, legal descriptions and other legal matters such as legal title, geologic considerations such as soils and seismic stability, and civil, mechanical, electrical, structural and other engineering and environmental matters.

15. The distribution of the total valuation in the report between land and improvements applies only under the reported highest and best use of the property. The allocations of value for land and improvements must not be used in conjunction with any other appraisal and are invalid if so used. The appraisal report shall be considered only in its entirety. No part of the appraisal report shall be utilized separately or out of context.

16. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraisers, or any reference to the Appraisal Institute) shall be disseminated through advertising media, public relations media, news media or any other means of communication (including without limitation prospectuses, private offering memoranda and other offering material provided to prospective investors) without the prior written consent of the person signing the report.

17. Any income and expense estimates contained in the appraisal report are used only for the purpose of estimating value and do not constitute predictions of future operating results.

18. If the property is subject to one or more leases, any estimate of residual value contained in the appraisal may be particularly affected by significant changes in the condition of the economy, of the real estate industry, or of the appraised property at the time these leases expire or otherwise terminate.

19. No consideration has been given to personal property located on the premises or to the cost of moving or relocating such personal property; only the real property has been considered.

20. The current purchasing power of the dollar is the basis for the value stated herein. We have assumed that no extreme fluctuations in economic cycles will occur.

21. The analyses contained in the report necessarily incorporate numerous estimates and assumptions regarding property performance, general and local business and economic conditions, the absence of material changes in the competitive environment and other matters. Some estimates or assumptions, however, inevitably will not materialize, and unanticipated events and circumstances may occur; therefore, actual results achieved during the period covered by our analysis will vary from our estimates, and the variations may be material. The *Americans with Disabilities Act (ADA)* became effective in the 1990s. We have not made a specific survey or analysis of the property to determine whether the physical aspects of the improvements meet the *ADA* accessibility guidelines. We claim no expertise in *ADA* issues, and render no opinion regarding compliance of the subject with *ADA* regulations. Inasmuch as compliance matches each owner's financial ability with the cost to cure the non-conforming physical characteristics of a property, a specific study of both the owner's financial ability and the cost to cure any deficiencies would be needed for the Department of Justice to determine compliance.

22. No studies have been provided to us indicating the presence or absence of hazardous materials on the subject property or in the improvements, and our valuation is predicated upon the assumption that the subject property is free and clear of any environmental hazards including, without limitation, hazardous wastes, toxic substances and mold. No representations or warranties are made regarding the environmental condition of the subject property and the person signing the report shall not be responsible for any such environmental conditions that do exist or for any engineering or testing that might be required to discover whether such conditions exist. Because we are not experts in the field of environmental conditions, the appraisal report cannot be considered as an environmental assessment of the subject property.

23. The person signing the report may have reviewed available flood maps and may have noted in the appraisal report whether the subject property is located in an identified Special Flood Hazard Area. We are not qualified to detect such areas and therefore do not guarantee such determinations. The presence of flood plain areas and/or wetlands may affect the value of the property, and the value conclusion is predicated on the assumption that wetlands are non-existent or minimal.

24. The appraisal report and the value conclusion within the appraisal is predicated upon the assumption that the satisfactory completion of construction, repairs or alterations will be performed in a workmanlike manner.

25. It is expressly acknowledged that in any action which may be brought against SH&H Valuation and Consulting, or their respective officers, owners, managers, directors, agents, subcontractors or employees (the "SH&H Valuation and Consulting Parties"), arising out of, relating to, or in any way pertaining to this engagement, the appraisal reports, or any estimates or information contained therein, the “SH&H Valuation and Consulting Parties” shall not be responsible or liable for an incidental or consequential damages or losses, unless the appraisal was fraudulent or prepared with gross negligence. It is further acknowledged that the collective liability of the “SH&H Valuation and Consulting Parties” in any such action shall not exceed the fees paid for the preparation of the appraisal report unless the appraisal was fraudulent or prepared with gross negligence. Finally, it is acknowledged that the fees charged herein are in reliance upon the foregoing limitations of liability.

26. SH&H Valuation and Consulting, an independently owned and operated company, has prepared the appraisal for the specific purpose stated elsewhere in the report. The intended use of the appraisal is stated in the report. The use of the appraisal report by anyone other than the Client is prohibited except as otherwise provided. Accordingly, the appraisal report is addressed to and shall be solely for the Client's use and benefit unless we provide our prior written consent. We expressly reserve the unrestricted right to withhold our consent to your disclosure of the appraisal report (or any part thereof including, without limitation, conclusions of value and our identity), to any third parties. Stated again for clarification, unless our prior written consent is obtained, no third party may rely on the appraisal report (even if their reliance was foreseeable).

27. The conclusions contained in this report are estimates based on known current trends and reasonably foreseeable future occurrences. These estimates are based partly on property information, data obtained in public records, interviews, existing trends, buyer-seller decision criteria in the current market, and research conducted by third parties, and such data are not always completely reliable. SH&H Valuation and Consulting and the undersigned are not responsible for these and other future occurrences that could not have reasonably been foreseen on the effective date of this assignment. Furthermore, it is inevitable that some assumptions will not materialize and that unanticipated events may occur that will likely affect actual performance. While we are of the opinion that our findings are reasonable based on current market conditions, we do not represent that these estimates will actually be achieved, as they are subject to considerable risk and uncertainty. Moreover, we assume competent and effective management and marketing for the duration of the projected holding period of this property.

28. Any prospective value estimates presented in this report are estimates and forecasts which are prospective in nature and are subject to considerable risk and uncertainty. In addition to the contingencies noted in the preceding paragraph, several events may occur that could substantially alter the outcome of our estimates such as, but not limited to changes in the economy, interest rates, and capitalization rates, behavior of consumers, investors and lenders, fire and other physical destruction, changes in title or conveyances of easements and deed restrictions, etc. It is assumed that conditions reasonably foreseeable at the present time are consistent or similar with the future.

29. The value estimate herein is subject to these and to any other assumptions or conditions set forth in the body of this report but which may have been omitted from this list of Assumptions and Limiting Conditions.

EXTRAORDINARY ASSUMPTION AND/OR HYPOTHETICAL CONDITION

1) **Extraordinary Assumption:** *"an assignment-specific assumption as of the effective date regarding uncertain information used in an analysis which, if found to be false, could alter the appraiser's opinions or conclusions."*[7] Extraordinary Assumptions assume as fact otherwise uncertain information about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in analysis.

There are no extraordinary assumptions relevant to this appraisal.

2) **Hypothetical Condition:** *"a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis."*[8] A Hypothetical Condition assumes conditions contrary to known facts about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in analysis.

There are no hypothetical conditions relevant to this appraisal.

[7] *Uniform Standards of Professional Appraisal Practice, 2018-2019 Edition,* Appraisal Standards Board, The Appraisal Foundation, Washington D.C., p. 4.

[8] Ibid., p. 4.

ADDENDA

SH&H
VALUATION AND CONSULTING

July 24, 2018

Wade J. Moberg
CHI Regional Director, Real Estate Services
Franciscan Administrative Center - Market
1149 Market Street
MS 10-06
Tacoma, WA 98401-2197

Re: Appraisal Report
Harrison Bainbridge Urgent Care
8804 Madison Avenue North
Bainbridge Island, WA 98110

Dear Mr. Moberg:

I am providing this engagement letter as the basis for appraisal services relevant to the above referenced property. Per our conversation, the purpose of the appraisal is to provide you with an estimate of the market value, "as is," as of the date of my inspection. The report will be prepared in conformity with the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute, which includes the Uniform Standards of Professional Appraisal Practice (USPAP).

The fee for the report is $6,500. The report will be provided to you within thirty-five (35) days from the date of engagement, assuming all information needed for the completion of the appraisal is provided in a timely manner. Any additional consultation or litigation support will be billed at a rate of $275.00 per hour. The appraisal process will be implemented upon receipt of a signed copy of this letter. The appraisal fee will be due upon completion and delivery of the report. Please contact me if you have any questions.

Sincerely,

Matt Minarck, MAI

Engagement Letter Accepted: _____ 7/24/18
Client Signature Date

Wade Moberg 7/24/18

STATE OF WASHINGTON

DEPARTMENT OF LICENSING – BUSINESS AND PROFESSIONS DIVISION

THIS CERTIFIES THAT THE PERSON OR BUSINESS NAMED BELOW IS AUTHORIZED AS A

CERTIFIED GENERAL REAL ESTATE APPRAISER

MATTHEW A MINARCK
3907 42ND STREET CT NW
GIG HARBOR WA 98335

COPY

1101115	05/20/2003	06/17/2020
License Number	Issued Date	Expiration Date

Pat Kohler

Pat Kohler, Director

PL-630-159 (R/3/16)

STATE OF WASHINGTON

DEPARTMENT OF LICENSING – BUSINESS AND PROFESSIONS DIVISION

THIS CERTIFIES THAT THE PERSON OR BUSINESS NAMED BELOW IS AUTHORIZED AS A

CERTIFIED GENERAL REAL ESTATE APPRAISER

KELLEN ERIK HURYCH
6419 LAKEWOOD DRIVE WEST
TACOMA WA 98467

COPY COPY COPY COPY

1101923	03/18/2008	05/17/2019
License Number	Issued Date	Expiration Date

Pat Kohler

Pat Kohler, Director

PL-630-159 (R/3/16)

Chapter 18.06
ZONING DISTRICTS

Sections:

Part I. General Provisions

18.06.005 Intent.
18.06.010 Districts established.

Part II. Residential Districts

18.06.020 Purpose of individual residential districts.

Part III. Mixed Use Districts

18.06.030 Mixed Use Town Center zone.
18.06.040 High School Road zone I and II districts.
18.06.050 Neighborhood center.

Part IV. Other Districts

18.06.060 Business/industrial.
18.06.070 Water-dependent industrial zone.
18.06.080 Fort Ward historic overlay.
18.06.090 R-SSF overlay.

Part V. Zoning District Boundaries

18.06.100 Zoning district boundaries.

Part I. General Provisions

18.06.005 Intent.

This section establishes the zoning districts used in Bainbridge Island, the purpose of each zoning district, and in some cases basic information about the zoning district. (Ord. 2011-02 § 2 (Exh. A), 2011)

18.06.010 Districts established.

To implement the purposes of this title, the city shall be divided into zones that segregate existing land uses and coordinate policies for land uses outlined in the comprehensive plan of the city. The zoning districts, district names and abbreviations shown in the table below are hereby established.

District Type	Abbreviation	District Name

District Type	Abbreviation	District Name
Residential	R-0.4	Residential 0.4 – One unit per 2.5 acres (100,000 sq. ft.)
	R-1	Residential 1 – One unit per acre (40,000 sq. ft.)
	R-2	Residential 2 – Two units per acre (20,000 sq. ft.)
	R-2.9	Residential 2.9 – Two and nine-tenths units per acre (15,000 sq. ft.)
	R-3.5	Residential 3.5 – Three and one-half units per acre (12,500 sq. ft.)
	R-4.3	Residential 4.3 – Four and three-tenths units per acre (10,000 sq. ft.)
	R-5	Residential 5 – Five units per acre (8,500 sq. ft.)
	R-6	Residential 6 – Six units per acre (7,260 sq. ft.)
	R-8	Residential 8 – Eight units per acre (5,400 sq. ft.)
	R-14	Residential 14 – 14 units per acre (3,100 sq. ft.)
Mixed Use Town Center	CC	Central Core Overlay
	MA	Madison Avenue Overlay
	EA	Ericksen Avenue Overlay
	Gate	Gateway Overlay

G. Residential 5 (R-5). The purpose of the R-5 zone is to provide for residential uses having community improvements and facilities normally associated with urban area development. Five units per acre are permitted only for properties served by both public water and sanitary sewer.

H. Residential 6 (R-6). The purpose of the R-6 zone is to provide for a medium-density residential neighborhood in a unique, nonurban environment.

I. Residential 8 (R-8). The purpose of the R-8 zone is to provide for medium-density residential areas in pleasant, uncongested surroundings allowing for the maximum amenities for the occupants.

J. Residential 14 (R-14). The purpose of the R-14 zone is to provide areas of high-density residential development located near planned community centers and other areas that are to be served by public utilities in the near future, that can support both public utility systems necessary for the protection of the environment and allow the maximum amenity for a large number of residences. (Ord. 2011-02 § 2 (Exh. A), 2011)

Part III. Mixed Use Districts

18.06.030 Mixed Use Town Center zone.

A. Purpose. The purpose of the Mixed Use Town Center zone is to implement the Mixed Use Town Center sections of the comprehensive plan. The Mixed Use Town Center should strengthen the vitality of downtown Winslow as a place for people to live, shop and work, to provide a strong residential component, and to encourage a lively community during both the day and night. The Mixed Use Town Center zone includes five overlay districts that allow diverse types of housing, shopping, civic facilities, recreation and employment. The mix of land uses promotes a pedestrian atmosphere, enhances the viability of the town center, and allows development in a manner that is harmonious with the scale of the town center. Land uses that require outdoor storage or that have an auto orientation, such as drive-through establishments, are not permitted within the Mixed Use Town Center.

1. Central Core Overlay District. The central core overlay district is the most intense district within the Mixed Use Town Center. Within this overlay district, residential uses are encouraged, but exclusive office and/or retail uses are permitted.

2. Ericksen Avenue Overlay District. The purpose of the Ericksen Avenue overlay district is to preserve the unique and historical features of the Ericksen Avenue neighborhood and should provide for a mix of residential and small-scale nonresidential development. Retail development is permitted only on the ground floor, while residential or residential and office development is permitted in the upper floors. Historic (pre-1920) single-family residential structures on Ericksen may be converted to nonresidential use. However, any additions to the structure must be added to the rear and must be compatible with the character of the original structure.

3. Madison Avenue Overlay District. The purpose of the Madison Avenue overlay district is to provide for a mix of residential and small-scale nonresidential development. Within the Madison Avenue overlay district, all retail and office development shall include a residential component. Retail development is permitted only on the ground floor. Residential development is only required for buildings greater than one story in height.

B. Performance Standards. All uses allowed in the WD-I district shall conform to the performance standards listed in BIMC 18.09.050 as well as the following:

1. Pollution. Pollution prevention and water quality protection shall be required of all development and operations of facilities that are located within the shoreline jurisdiction by employing current best management practices and best available facilities practices and procedures for marine facilities in accordance with Chapters 15.20 and 15.22 BIMC.

2. Noise. See BIMC 18.06.030.B.1.

3. Lighting. Lighting standards set forth in BIMC 18.15.040 shall apply to the WD-I district. (Ord. 2016-28 § 10, 2016; Ord. 2011-02 § 2 (Exh. A), 2011)

18.06.080 Fort Ward historic overlay.

A. Purpose. The Fort Ward historic overlay district is intended to recognize the historic nature of the Fort Ward area and maintain and integrate its historic elements into the community. BIMC 18.24.110 identifies buildings of historic interest in the Fort Ward historic overlay district, establishes incentives for maintaining and rehabilitating the historic character of these buildings, and establishes the standards and process for historic rehabilitation.

B. Use Standards. The Fort Ward historic overlay district is not included in the BIMC 18.09.020 use table because uses in the Fort Ward historic districts are the same as those in the underlying zone district.

C. Development Standards. Development standards, bonus densities, and review procedures are outlined in BIMC 18.24.110. (Ord. 2011-02 § 2 (Exh. A), 2011)

18.06.090 R-8SF overlay.

A. Purpose. The purpose of the R-8SF overlay district as designated on the official zoning map is to provide for medium density, single-family residential areas in pleasant, uncongested surroundings allowing for the maximum amenities for the occupants. This district is also intended to serve as a receiving area for the transfer of development rights (TDRs).

B. Use Standards. The R-8SF overlay district is not included in the BIMC 18.09.020 use table because the uses in the R-8SF districts are the same as those in the R-8 district, with the exception that multifamily dwellings are not permitted in the R-8SF overlay district. (Ord. 2011-02 § 2 (Exh. A), 2011)

Part V. Zoning District Boundaries

18.06.100 Zoning district boundaries.

A. Zoning boundaries indicated as approximately following the center lines of streets, highways and freeways shall be construed to follow such center lines.

B. Zoning boundaries indicated as approximately following platted lot lines shall be construed as following such lot lines.

C. The portion of water bodies abutting to the city between the uplands fronting thereon and over any tidelands or shorelands intervening between such upland boundary and any such waters to the

Table 18.09.020 Use Table

"P" = Permitted Use	"A" = Accessory Use	Additional use restrictions for Chapters 16.12 and 16.20 BIMC may apply to shoreline or critical area properties
"C" = Conditional Use	"CA" = Conditional Accessory Use	
Blank = Prohibited Use	"T" = Temporary Use	

ZONING DISTRICT / USE CATEGORY/TYPE	R-0.4	R-1	R-2	R-2.9	R-3.5	R-4.3	R-5	R-6	R-8	R-14	Winslow Mixed Use Town Center					HSR I and II	NC	B/I	WD-I	Use-Specific Standards BIMC 18.09.030
											CC	MA	EA	Gate	Ferry [1]					
PRINCIPAL USES																				
AGRICULTURAL																				
Note: Agricultural uses may be subject to additional requirements in BIMC 16.12.040.E, Forest Practices.																				
All agricultural uses are subject to the critical area regulations in Chapter 16.20 BIMC.																				
Agricultural uses are not allowed within the shoreline jurisdiction pursuant to Chapter 16.12 BIMC.																				
Agriculture, Animal	P	P	P	C	C	C	C										P			A-1
Agriculture, Crop	P	P	P	P	P	P	P	P	P	P							P			A-2
Agriculture Research Facility	C	C	C																	A-3
Agricultural Processing																P		P		
RESIDENTIAL																				
Note: Residential uses may be subject to additional requirements in BIMC 16.12.040.I, Residential Development.																				
Household Living																				
Single-Family Dwelling	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P			B-1
Single-Family Dwelling existing on April 15, 1996											P	P	P							B-1
Multifamily Dwellings	C	C	C	C	C	C	P	C	P	P	P	P	P	P	P	P	P			B-2
Commercial/Residential Mixed Use Developments											P	P	P	P	P	P	P	P		B-3
Group Living																				
Foster Home	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P		P			
Small Group Living Facility	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P			
Group Care Facility	C	C	C	C	C	C	C	C	C	P	P	P	P	P	C	P	P	C	C	
PUBLIC AND INSTITUTIONAL																				
Community and Educational Facilities																				
Educational Facility	C	C	C	C	C	C	C	C	C	P	P	P	P	C	C	P	C	C	C	C-1
Governmental Facility	C	C	C	C	C	C	C	C	C	P	P	P	P	C	C	P	C	C	C	C-2
Religious Facility	C	C	C	C	C	C	C	C	C	P	P	P	P	C	C	P	C	C	C	C-3
Parks and Park-Related																				
Note: Parks and park-related uses may be subject to additional requirements in BIMC 16.12.040.H, Recreational Development.																				
Community Garden	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P			C-4
Park, Active Recreation	P	P	P	C	C	C	C	C	C	C	P	P	P	P	P	P	P		P	
Park, Passive Recreation	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P		P	
Recreation Activity, Indoor	C	C	C	C	C	C	C	C	C	C	P	P	P	P	P	P	C	C	P	

"P" = Permitted Use	"A" = Accessory Use	Additional use restrictions for Chapters 16.12 and 16.20 BIMC may apply to shoreline or critical area properties
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ZONING DISTRICT / USE CATEGORY/TYPE	R-0.4	R-1	R-2	R-2.9	R-3.5	R-4.3	R-5	R-6	R-8	R-14	Winslow Mixed Use Town Center					HSR I and II	NC	B/I	WD-I	Use-Specific Standards BIMC 17.09.030
											CC	MA	EA	Gate	Ferry [1]					
Recreation Activity, Outdoor	P	C	C	C	C	C	C	C	C	C	C	C	C	C	C	C	C	C	P	
Other Public and Institutional																				
Cemetery	C	C	C																	
Day Care Center	C	C	C	C	C	C	C	C	C	C	P	P	P	P	P	P	P	P		C-5
Family Day Care Home	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P			C-6
Health Care Facility	C	C	C	C	C	C	C	C	C	P	P	P	P	P	C	P	P	C		C-7
CULTURAL AND ENTERTAINMENT																				
Artist Studio											P	P	P	P	P	P	P	P		
Club	C	C	C	C	C	C	C	C	C	C	P	P	P	P	P	P	P			
Commercial Amusement											P	P	P	P	P	P	C			
Cultural Facility	C	C	C	C	C	C	C	C	C	C	P	P	P	P	P	P	C	C	C	
Entertainment Facility											P					P	C			
COMMERCIAL SALES AND SERVICE																				
Note: Commercial Sales and Service uses may be subject to additional requirements in BIMC 17.12.040.D, Commercial Development.																				
Accommodation																				
Bed and Breakfast (3+ bedrooms)	C	C	C	C	C	C	C	C	C	C	P	P	P	P	P	P	P			
Inn											P	P	P	P	P	P	P			
Hotel											C			C	C	P				D-1
Animal Sales and Service																				
Equestrian Facility	C																	P		
Kennel, Indoor	C																	P		
Kennel, Outdoor	C																	C		
Veterinarian Clinic or Office	C	C	C	C	C	C	C	C	C	P	P	P	P	P	C	P	C	P		
Food and Beverage																				
Formula Take-Out Restaurant																P				D-2
Restaurant											P	P	P	P	P	P	P			
Food Service Establishment																		P		D-3
Mobile Retail Food Establishment											P	P	P	P	P	P	P	P	P	D-4
Offices and Services																				
Personal Service											P	P	P	P	P	P	P			D-5
Professional Service											P	P	P	P	P	P	P	C		D-6
Retail																				
Commuter-Oriented Retail Sales															P					D-7

"P" = Permitted Use	"A" = Accessory Use	Additional use restrictions for Chapters 16.12 and 16.20 BIMC may apply to shoreline or critical area properties
"C" = Conditional Use	"CA" = Conditional Accessory Use	
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ZONING DISTRICT / USE CATEGORY/TYPE	R-0.4	R-1	R-2	R-2.9	R-3.5	R-4.3	R-5	R-6	R-8	R-14	Winslow Mixed Use Town Center					HSR I and II	NC	B/I	WD-I	Use-Specific Standards BIMC 17.09.030
											CC	MA	EA	Gate	Ferry [1]					
Open-Air Sales for Garden Supply	C	C	C														P			
Retail Sales											P	P	P	P		P	P			D-8
PRIVATE MOTOR VEHICLE-RELATED																				
Note: Private motor vehicle-related uses may be subject to additional requirements in BIMC 16.12.030.C.6, Transportation Facilities.																				
Auto Repair Services																C	C			E-1
Car Wash Facility, Manual or Automatic																C	C	C		
Commercial Parking Structure											C									
Commercial Parking, Surface											P			P						E-2
Ferry Commuter Parking											P			P	P					E-3
Gasoline Service Station																C	C			
Motor Vehicle Sales																C				E-4
Noncommuter Ferry Parking														C						E-5
Park and Ride Facility/Lot	C	C	C													C	C	C	C	E-6
Park and Ride Lot, Shared Use	C	C	C	C	C	C	C	C	C	C						C	C	C	C	E-7
Small Engine Repair																C	C			
Transport and Delivery Service																P	C	P		E-8
Motor Vehicle-Related Services, Not Including Retail and Not Otherwise Listed																C				
UTILITY AND TELECOMMUNICATIONS																				
Note: Utility and telecommunications uses may be subject to additional requirements in BIMC 16.12.030.C.7.																				
Monopole or Lattice Tower	P																	P		
Small Wind Energy Generator	C	C	C	C	C	C	C	C	C	C	C	C	C	C	C	C	P/C	P/C	P/C	F-1
Solar Panel	C	C	C	C	C	C	C	C	C	C	C	C	C	C	C	C	C	C	C	
Utility, Primary	C	C	C	C	C	C	C	C	C	C	C	C	C	C	C	C	C	P	C	F-2
Public Communications Tower	P	P	A	A	A	A	A	A	A	A	A	A	A	A	A	A	A	P	A	F-3
Wireless Communication Facilities, Facility I	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	
Wireless Communication Facilities, Facility II	P										P	P	P	P	P	P	P	P	P	

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ZONING DISTRICT / USE CATEGORY/TYPE	R-0.4	R-1	R-2	R-2.9	R-3.5	R-4.3	R-5	R-6	R-8	R-14	Winslow Mixed Use Town Center					HSR I and II	NC	B/I	WD-I	Use-Specific Standards BIMC 18.09.030
											CC	MA	EA	Gate	Ferry [1]					
Wireless Communication Facilities, Facility III	P																	P	P	
INDUSTRIAL USES																				
Note: Industrial uses may be subject to additional requirements in BIMC 16.12.040.F, Industrial Development.																				
Manufacturing and Production																				
Manufacturing, Small-Scale																	C	P		
Manufacturing, Light																		P		
Manufacturing, General																		C		
Mining and Quarrying	C	C	C																	G-1
Research and Development																		P		
Waste and Salvage																				
Recycling Center	C	C									C				C		C	C		G-2
Waste Transfer Facility	C																			G-3
Warehouse and Freight Movement																				
Commercial Moving and Freight Terminal																		C		
Self-Service Storage Facility																	C	P		G-4
Warehouse																		P		
Ferry- and Waterfront-Related																				
Note: Ferry- and waterfront-related uses may be subject to additional requirements in BIMC 16.12.040.C, Boating Facilities; and 16.12.050.C, Overwater Structures.																				
Barge Moorage and Off-Load Ships																			C	H-1
Boat Building																			C	H-2
Boat Repair Facility																			P	H-3
Cross Harbor Passenger-Only Ferry Terminal and Associated Parking																			C	
Dry Storage for Boats and Marine Equipment																			P	
Ferry Terminal and Associated Docks, Ramps, Walkways, Trails, Waiting Rooms, and Holding Areas															P					
Ferry Slips and Repair Facility																			P	H-4
Marine Rental and Sales																			P	
Marine Way																			C	

"P" = Permitted Use	"A" = Accessory Use	Additional use restrictions for Chapters 16.12 and 16.20 BIMC may apply to shoreline or critical area properties
"C" = Conditional Use	"CA" = Conditional Accessory Use	
Blank = Prohibited Use	"T" = Temporary Use	

ZONING DISTRICT / USE CATEGORY/TYPE	R-0.4	R-1	R-2	R-2.9	R-3.5	R-4.3	R-5	R-6	R-8	R-14	Winslow Mixed Use Town Center					HSR I and II	NC	B/I	WD-I	Use-Specific Standards BIMC 18.03.030
											CC	MA	EA	Gate	Ferry [1]					
Pleasure and Commercial Vessel Moorage																			P	
Small Boat Haul-Out Facility																			P	
Water-Related Supply and Retail Sale																			P	
ACCESSORY USES																				
Accessory Agricultural Education	A	A	A	A	A	A	A										A			I-1
Accessory Agricultural Retail, Minor	A	A	A	A	A	A	A										A			I-2
Accessory Agricultural Retail, Major	CA	CA	CA	CA	CA	CA	CA										CA			I-3
Accessory Agricultural Special Event	A	A	A	A	A	A	A										A			I-4
Accessory Agricultural Tourism	A	A	A	A	A	A	A										A			
Accessory Composting Bin	A	A	A	A	A	A	A	A	A	A	A	A	A	A	A	A	A	A	A	
Accessory Dwelling Unit (outside shoreline jurisdiction)	A	A	A	A	A	A	A		A	A	A	A	A	A	A	A	A			I-5
Accessory Dwelling Unit (within shoreline jurisdiction)	CA	CA	CA	CA	CA	CA	CA		CA	CA							CA			I-5
Accessory Agricultural Processing and Livestock and Poultry Slaughtering	A	A	A	A	A	A	A										A		A	I-6
Accessory On-Site Treatment and Storage Facilities for Hazardous Wastes																	A	A	A	I-7
Accessory Outdoor Storage																	A	A	A	I-8
Accessory Rain Garden/Swale	A	A	A	A	A	A	A	A	A	A	A	A	A	A	A	A	A	A	A	
Accessory Rainwater Harvesting Barrel	A	A	A	A	A	A	A	A	A	A	A	A	A	A	A	A	A	A	A	I-9
Accessory Small Wind Energy Generator	A	A	A	A	A	A	A	A	A	A	A	A	A	A	A	A	A	A	A	I-10
Accessory Solar Panel	A	A	A	A	A	A	A	A	A	A	A	A	A	A	A	A	A	A	A	
Accessory Uses to Agriculture (not otherwise listed)	A	A	A	A	A	A	A										A			

"P" = Permitted Use	"A" = Accessory Use	Additional use restrictions for Chapters 16.12 and 16.20 BIMC may apply to shoreline or critical area properties
"C" = Conditional Use	"CA" = Conditional Accessory Use	
Blank = Prohibited Use	"T" = Temporary Use	

ZONING DISTRICT / USE CATEGORY/TYPE	R-0.4	R-1	R-2	R-2.9	R-3.5	R-4.3	R-5	R-6	R-8	R-14	Winslow Mixed Use Town Center					HSR I and II	NC	B/I	WD-I	Use-Specific Standards BIMC 18.09.030
											CC	MA	EA	Gate	Ferry [1]					
Accessory Utilities	A	A	A	A	A	A	A	A	A	A	A	A	A	A	A	A	A	A	A	I-11
Bed and Breakfast (1 – 2 bedrooms)	A	A	A	A	A	A	A	A	A	A							A			
Minor Home Occupations	A	A	A	A	A	A	A	A	A	A	A	A	A	A	A	A	A			I-12
Major Home Occupations	CA	CA	CA	CA	CA	CA	CA	CA	CA	CA	CA	CA	CA	CA	CA	CA	CA			I-13
Nonagricultural Accessory Uses and Structures (not otherwise listed)	A	A	A	A	A	A	A	A	A	A	A	A	A	A	A	A	A	A	A	I-14
TEMPORARY USES																				
Temporary Construction Building	T	T	T	T	T	T	T	T	T	T	T	T	T	T	T	T	T	T	T	J-1
Temporary Container Storage	T	T	T	T	T	T	T	T	T	T	T	T	T	T	T	T	T	T	T	J-2
Temporary Commercial Parking											T	T	T	T	T	T				J-3
Temporary Public Events or Gatherings	T	T	T	T	T	T	T	T	T	T	T	T	T	T	T	T	T	T		J-4
Temporary Ferry Commuter Parking											T			T	T					J-5
Temporary Noncommuter Parking															T					J-6
Temporary Seasonal Sales	T	T	T								T				T	T	T	T		J-7
Temporary Homeless Encampment	T	T	T	T	T	T	T	T	T	T	T	T	T	T	T	T	T	T	T	J-8
MARIJUANA-RELATED USES																				
Marijuana Retailer																		P		K
Marijuana Processor																		P		K
Marijuana Producer																		P		K
Collective Garden																				

[1] In the ferry terminal district, all development shall include at least 10 percent of landscaped or naturally vegetated open space. Parking may be located under the open space. Development south of Winslow Way shall include pedestrian walkways that connect to Winslow Way East and Olympic Drive Southeast, and/or that align with Cave Avenue and Ferncliff Avenue.

(Ord. 2017-14 § 2 (Exh. A), 2017; Ord. 2017-02 § 1, 2017; Ord. 2015-10 § 1 (Exh. A), 2015; Ord. 2014-14 § 1 (Exh. A), 2014; Ord. 2014-26 § 1 (Exh. A), 2014; Ord. 2013-25 § 4 (Exh. A), 2013; Ord. 2012-12 § 1, 2012; Ord. 2011-17 § 1, 2011; Ord. 2011-02 § 2 (Exh. A), 2011)

18.09.030 Use-specific standards.

Regardless of whether a use is allowed as a permitted ("P") use or as a conditional ("C") use and regardless of the zoning district in which the use is located there may be additional standards that are applicable to the use, and the use must comply with such standards except as authorized by this code. The existence of these use specific standards is noted in the column headed "Use Specific Standards" in Table 18.09.020, which cross-references the section of the code that imposes the additional standard.

6419 Lakewood Drive West, Tacoma, WA 98467
p. 253.564.3230 | f. 253.564.3143

DRAFT

BAINBRIDGE URGENT CARE BUILDING

8804 Madison Ave N
Bainbridge Island, Washington 98110

APPRAISAL REPORT

Date of Report: November 5, 2018

Colliers File #: SEA180459

PREPARED FOR
Doug Schulze
City Manager
City of Bainbridge Island
280 Madison Ave N
Bainbridge Island, WA 98110

PREPARED BY
COLLIERS INTERNATIONAL
VALUATION & ADVISORY SERVICES

LETTER OF TRANSMITTAL

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November 5, 2018

Doug Schulze
City Manager
City of Bainbridge Island
280 Madison Ave N
Bainbridge Island, WA 98110

RE: Bainbridge Urgent Care Building
8804 Madison Ave N
Bainbridge Island, Washington 98110

Colliers File #: SEA180459

Mr. Schulze:

This appraisal report satisfies the scope of work and requirements agreed upon by City of Bainbridge Island and Colliers International Valuation & Advisory Services. At the request of the client, this appraisal is presented in an Appraisal Report format as defined by *USPAP* Standards Rule 2-2(a). My appraisal format provides a summary description of the appraisal process, subject and market data and valuation analyses.

The purpose of this appraisal is to develop an opinion of the As-Is Market Value of the subject property's fee simple interest. The following table conveys the final opinion of market value of the subject property that is developed within this appraisal report:

VALUE TYPE	INTEREST APPRAISED	DATE OF VALUE	VALUE
As-Is Market Value	Fee Simple	June 14, 2018	$7,600,000

The subject is an Office (Medical Office) property totaling 17,042 SF of NRA located on a 3.13-acre site at 8804 Madison Ave N in Bainbridge Island, Washington. The improvements were built in 2014, are in good/excellent condition and have a remaining economic life of 45 years based on my estimate.

The subject property was built-to-suit for and is fully occupied by Harrison Urgent Care as owner/user. The subject includes a small area of surplus land on which the building could someday use for expansion.

Sometime in the fall of 2017, the current owner approached the City of Bainbridge Island (client) to suggest the idea that the subject property might make a good candidate to retrofit for the City's police and municipal court. (It is well known that the City has been searching for a new location for its police and municipal court.) The City

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Council is researching the potential cost to retrofit the subject property for its use, which is expected to be presented in mid-July, and ordered this appraisal for my opinion of its current, As Is market value as part of their due diligence. The specific scope of work for this assignment, as requested by the client, is to provide this value, without consideration to future (retrofitting) use. Thus, the subject is valued to its highest and best use, which is concluded to be continued use as a two-story medical building.

The analyses, opinions and conclusions communicated within this appraisal report were developed based upon the requirements and guidelines of the current Uniform Standards of Professional Appraisal Practice (USPAP), the requirements of the Code of Professional Ethics and the Standards of Professional Appraisal Practice of the Appraisal Institute.

The report, in its entirety, including all assumptions and limiting conditions, is an integral part of, and inseparable from, this letter. *USPAP* defines an Extraordinary Assumption as, “an assumption, directly related to a specific assignment, as of the effective date of the assignment results, which, if found to be false, could alter the appraiser’s opinions or conclusions”. *USPAP* defines a Hypothetical Condition as, “that which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis”.

The Extraordinary Assumptions and/or Hypothetical Conditions that were made during the appraisal process to arrive at my opinion of value are fully discussed below. I advise the client to consider these issues carefully given the intended use of this appraisal, as their use might have affected the assignment results.

EXTRAORDINARY ASSUMPTIONS

No Extraordinary Assumptions were made for this assignment.

HYPOTHETICAL CONDITIONS

No Hypothetical Conditions were made for this assignment.

RELIANCE LANGUAGE

My opinion of value reflects current conditions and the likely actions of market participants as of the date of value. It is based on the available information gathered and provided to us, as presented in this report, and does not predict future performance. Changing market or property conditions can and likely will have an effect on the subject's value.

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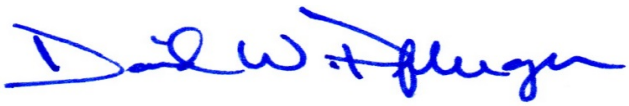
The signature below indicates my assurance to the client that the development process and extent of analysis for this assignment adhere to the scope requirements and intended use of the appraisal. If you have any specific questions or concerns regarding the attached appraisal report, or if Colliers International Valuation & Advisory Services can be of additional assistance, please contact the individuals listed below.

Sincerely,

COLLIERS INTERNATIONAL
VALUATION & ADVISORY SERVICES



David W. Pfleeger, MAI
Valuation Services Director
Certified General Real Estate Appraiser
State of Washington License #1102040
+1 206 965 1140
david.pfleeger@colliers.com

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REPORT ORGANIZATION

PROPERTY AND ASSIGNMENT OVERVIEW

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CERTIFICATION OF APPRAISAL

ASSUMPTIONS & LIMITING CONDITIONS

ADDENDA

Professional Service Agreement
Kitsap County Assessor Reports
Valuation Glossary
Qualifications of Appraiser
Qualifications of Colliers International Valuation & Advisory Services

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GENERAL INFORMATION

Property Name	Bainbridge Urgent Care Building
Property Type	Office - Medical Office
Address	8804 Madison Ave N
City	Bainbridge Island
State	Washington
Zip Code	98110
County	Kitsap
Core Based Statistical Area (CBSA)	Seattle-Tacoma-Bellevue, WA
Market	Kitsap County
Submarket	Bainbridge Island
Latitude	47.642573
Longitude	-122.518853
Number Of Parcels	1
Assessor Parcel	232502-3-083-2002
Total Assessed Value	$4,969,700
Census Tract Number	0909.00

SITE INFORMATION

Land Area	**Acres**	**Square Feet**
Usable	3.02	131,551
Unusable	0.00	0
Excess	0.00	0
Surplus	0.11	4,800
Total	**3.13**	**136,351**
Topography	Sloping below street grade	
Shape	Irregular	
Access	Average	
Exposure	Average/Good	
Current Zoning	Residential 8 – Eight units per acre (5,400 sq. ft.) (R-8)	
Flood Zone	Zone X (Unshaded)	
Seismic Zone	Very High Risk	

IMPROVEMENT INFORMATION

Net Rentable Area (NRA)	17,042 SF
Gross Building Area SF (GBA)	18,385 SF
Floor Plate SF	9,092 SF
Total Number Of Stories	2
Year Built	2014
Quality	Good/Excellent
Condition	Good/Excellent
Building Class	C
Air-Conditioned %	100%
Load Factor	0%
Type Of Construction	Wood and steel
Land To Building Ratio	7.4 : 1
Site Coverage Ratio	6.7%
Parking Type	Surface
Number of Parking Spaces	73
Parking Ratio (Spaces/1,000SF NRA)	4.3/1,000 SF NRA

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HIGHEST & BEST USE

As Vacant	Multi-Family Residential
As Improved	Continued Use As Medical Office

EXPOSURE TIME & MARKETING PERIOD

Exposure Time	12 Months or Less
Marketing Period	12 Months or Less

TENANCY INFORMATION

Tenancy	Single-Tenant Owner-Occupied	
Occupancy	100.0%	
Occupied SF	17,042 SF	
Vacant SF	0 SF	
Number of Tenants in Occupancy	1	
Number Of Vacant Spaces	0	
Direct Capitalization NOI	$567,012	
Total Market Income (Occupied Space)	$36.00/SF	NNN

VALUATION SUMMARY

VALUATION INDICES	**AS-IS MARKET VALUE**
INTEREST APPRAISED	**FEE SIMPLE**
DATE OF VALUE	**JUNE 14, 2018**
INCOME CAPITALIZATION APPROACH	
Direct Capitaliation - Investor	**$7,270,000**
Direct Capitalization $/SF	$427/SF
NOI Proforma	$567,012
NOI $/SF	$33.27/SF
Capitalization Rate	6.75%
Direct Capitalization - Sale/Leaseback	**$9,070,000**
Direct Capitalization $/SF	$532/SF
NOI Proforma	$567,012
NOI $/SF	$33.27/SF
Capitalization Rate	6.25%
INCOME CONCLUSION	**$7,600,000**
Income Conclusion $/SF	$446/SF
SALES COMPARISON APPROACH	
SALES CONCLUSION	**$7,580,000**
Sales Conclusion $/SF	$445/SF
FINAL VALUE CONCLUSION	
FINAL VALUE	**$7,600,000**
$/SF	$446/SF
Implied Capitalization Rate	7.46%

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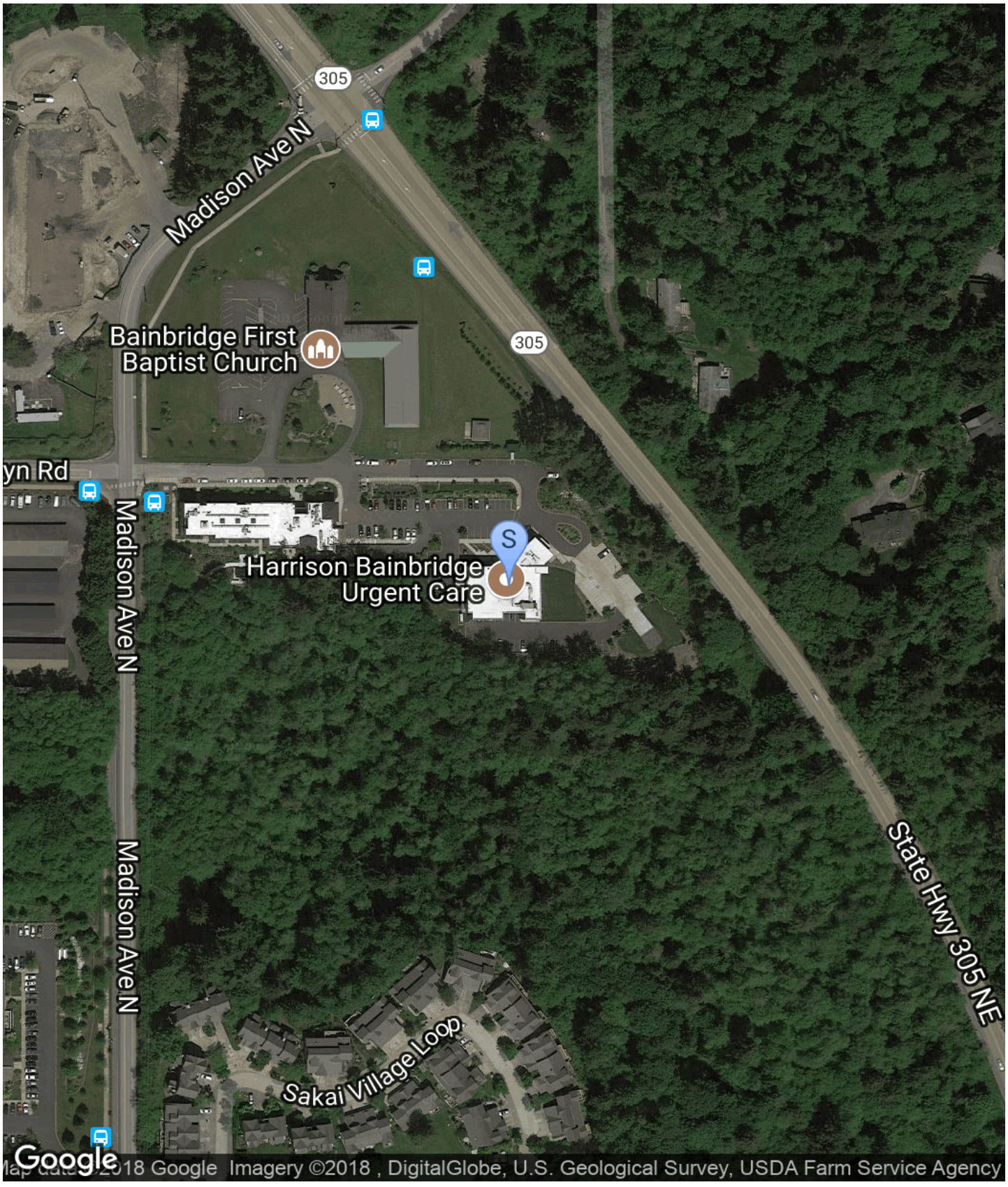
AERIAL PHOTOGRAPH



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SUBJECT PHOTOGRAPHS

NORTH EXTERIOR

EAST EXTERIOR

SE CORNER

SW CORNER

MAIN FLOOR RECEPTION

MAIN FLOOR SAMPLE HALL/WAITING

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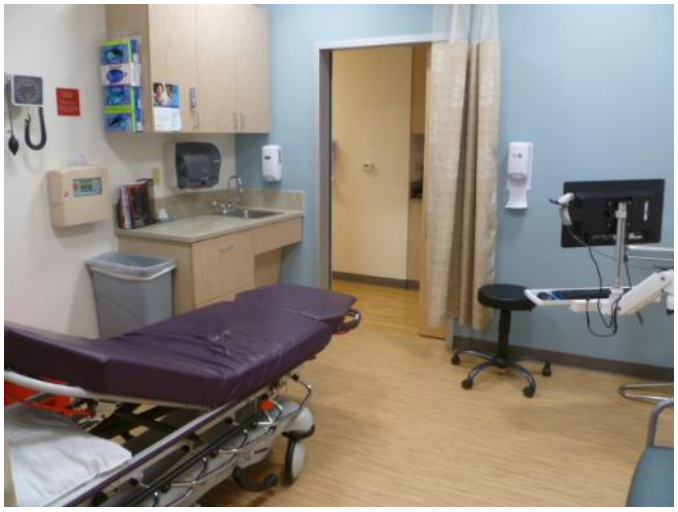


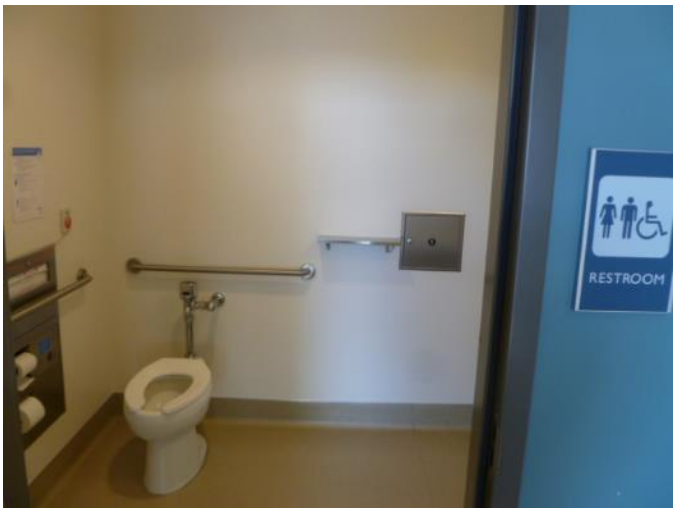
MAIN FLOOR SAMPLE EXAM ROOM

MAIN FLOOR X-RAY ROOM

MAIN FLOOR KITCHENETTE/BREAK ROOM

MAIN FLOOR CENTRAL WORKSTATIONS

MAIN FLOOR MEDS/CLEAN/UTILITY ROOM



MAIN FLOOR RESTROOM

320

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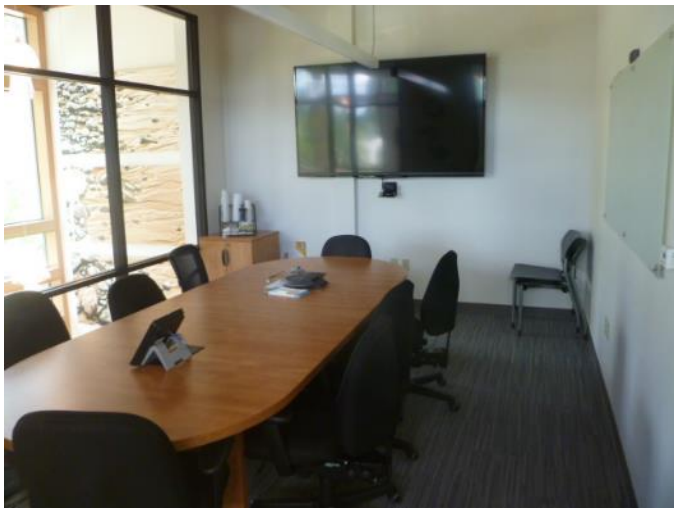
INTERIOR STAIRWELL (NEAR RECEPTION)

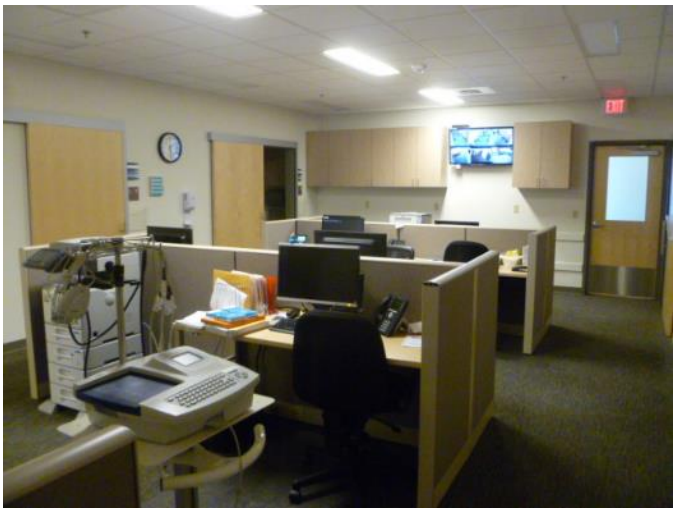
INTERIOR STAIRWELL AT SE CORNER



UPPER FLOOR CONFERENCE ROOM

UPPER FLOOR HALL/WAITING

UPPER FLOOR SAMPLE EXAM ROOM



UPPER FLOOR CENTRAL WORKSTATION

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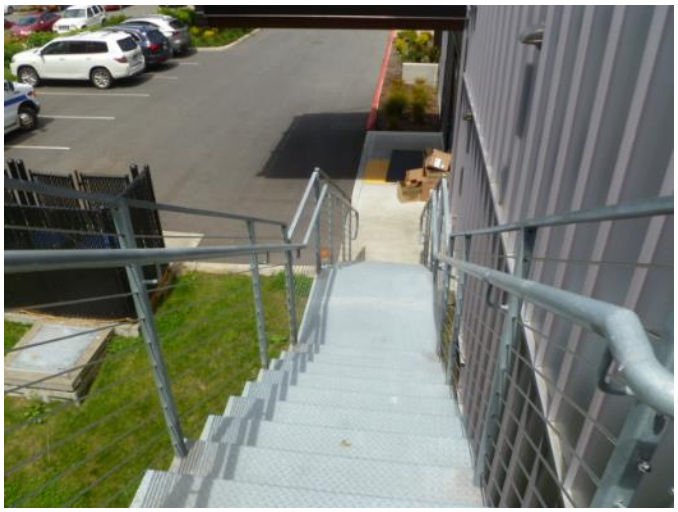
UPPER FLOOR – SAMPLE LOCKERS IN HALL

UPPER FLOOR OFFICE



EXTERIOR STAIRS

BACKUP GENERATOR

SUBJECT ACCESS ROAD VIEWING WEST

MADISON AVE N – VIEWING SOUTH

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PROPERTY IDENTIFICATION

The subject is an Office (Medical Office) property totaling 17,042 SF NRA located on a 3.13-acre site at 8804 Madison Ave N in Bainbridge Island, Kitsap County, Washington. The assessor's parcel number is: 232502-3-083-2002.

The legal description of the subject property is presented in the Addenda.

SCOPE OF WORK

The scope of work for this appraisal assignment is outlined below:

- The appraiser analyzed the regional and local area economic profiles including employment, population, household income, and real estate trends.
- The appraiser confirmed and analyzed legal and physical features of the subject, and how they impact the functionality and overall competitive position of the property.
- The appraiser completed an office supply/demand market analysis of the Kitsap County market and Bainbridge Island sub-market. Conclusions were drawn regarding the subject property's competitive position given its physical and locational characteristics, the prevailing economic conditions and external influences.
- The appraiser conducted Highest and Best Use analysis and conclusions were drawn for the highest and best use of the subject property As-Vacant and As-Improved.
- The appraiser confirmed and analyzed financial features of the subject property. This information, as well as trends established by confirmed market indicators, was used to forecast performance of the subject property.
- Selection of the valuation methods was based on the identifications required in USPAP relating to the intended use, intended users, definition and date of value, relevant property characteristics and assignment conditions. This appraisal developed the Income (Direct Capitalization) and Sales Comparison approaches to value, which were adjusted and reconciled as appropriate.
- Reporting of this appraisal is in an Appraisal Report format as required in USPAP Standard 2. The appraiser's analysis and conclusions are summarized within this document.
- I understand the Competency Rule of USPAP and the author of this report meets the standards.
- No one provided significant real property appraisal assistance to appraiser signing this certification.

SOURCES OF INFORMATION

The following sources were contacted to obtain relevant information:

SOURCES OF INFORMATION

ITEM	SOURCE
Tax Information	Kitsap County Tax Assessor
Zoning Information	City of Bainbridge Island Zoning Code
Site Size Information	Site Plan
Building Size Information	Mr. John Elsw ick, First Health (Ow ner's Rep)
New Construction	City of Bainbridge Island / Kitsap County
Flood Map	InterFlood
Demographics	Pitney Bow es/Gadberry Group - GroundView®
Comparable Information	See Comparable Datasheets for details
Legal Description	Grant Deed from RealQuest
Other Property Data	Kitsap County Property Records
Plans	City of Bainbridge Island

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SUBJECT PROPERTY INSPECTION

The following table illustrates the Colliers International professionals involved with this appraisal report and their status related to the property inspection.

SUBJECT PROPERTY INSPECTION			
APPRAISER	INSPECTED	EXTENT	DATE OF INSPECTION
David W. Pfleeger, MAI	Yes	Interior/Exterior	June 14, 2018

CLIENT IDENTIFICATION

The client of this specific assignment is City of Bainbridge Island.

PURPOSE

The purpose of this appraisal is to develop an opinion of the As-Is Market Value of the subject property's fee simple interest.

INTENDED USE

The intended use of this appraisal is to assist the client in making internal business decisions: to consider acquisition of the property.

INTENDED USERS

City of Bainbridge Island is the only intended user of this report. Use of this report by Third-Parties and other unintended users is not permitted. This report must be used in its entirety. Reliance on any portion of the report independent of others, may lead the reader to erroneous conclusions regarding the property values. Unless approval is provided by the authors no portion of the report stands alone.

ASSIGNMENT DATES

Date of Report	November 5, 2018
Date of Inspection	June 14, 2018
Valuation Date - As-Is	June 14, 2018

PERSONAL INTANGIBLE PROPERTY

No personal property or intangible items are included in this valuation.

PROPERTY AND SALES HISTORY

Current Owner
The subject title is currently recorded in the name of Harrison Medical Center, as recorded in of the Kitsap County Assessor Records.

Three-Year Sales History
The subject has not been sold in the past three years.

Subject Sale Status
The subject is not currently listed for sale. However, sometime in the fall of 2017, the current owner approached the City of Bainbridge Island (client) to explore its interest to purchase the subject property for its police and municipal court. The City is exploring feasibility of this offer. Reportedly no terms or price have been established.

DEFINITIONS OF VALUE

Given the scope and intended use of this assignment, the definition of Market Value is applicable. The definition of Market Value, along with all other applicable definitions for this assignment, is located in the Valuation Glossary section of the Addenda.

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PROPERTY RIGHTS APPRAISED

The property rights appraised constitute the fee simple interest.

VALUE SCENARIOS

The valuation scenarios developed in this appraisal report include the As-Is Market Value of the subject property's fee simple interest.

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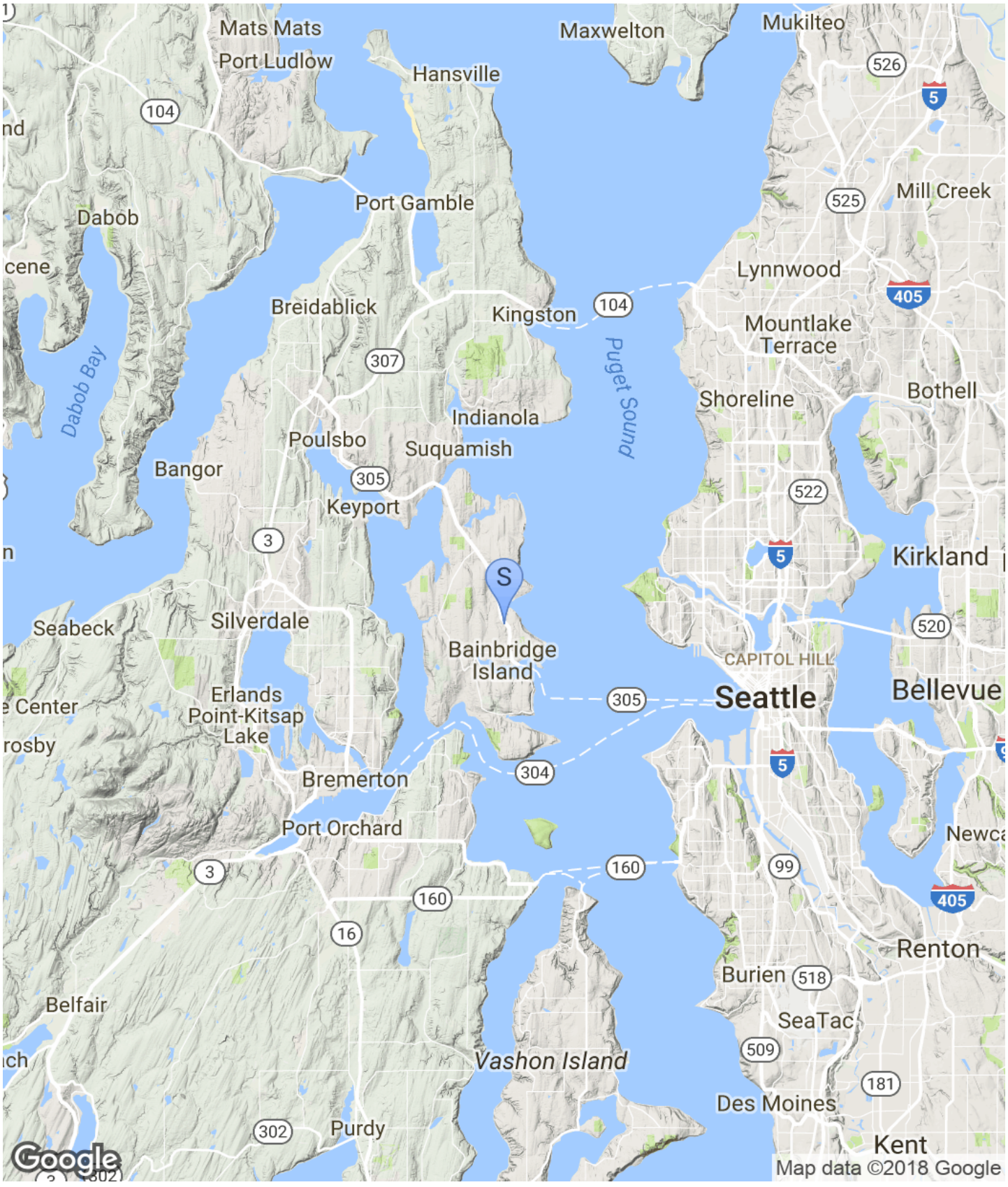
REGIONAL MAP



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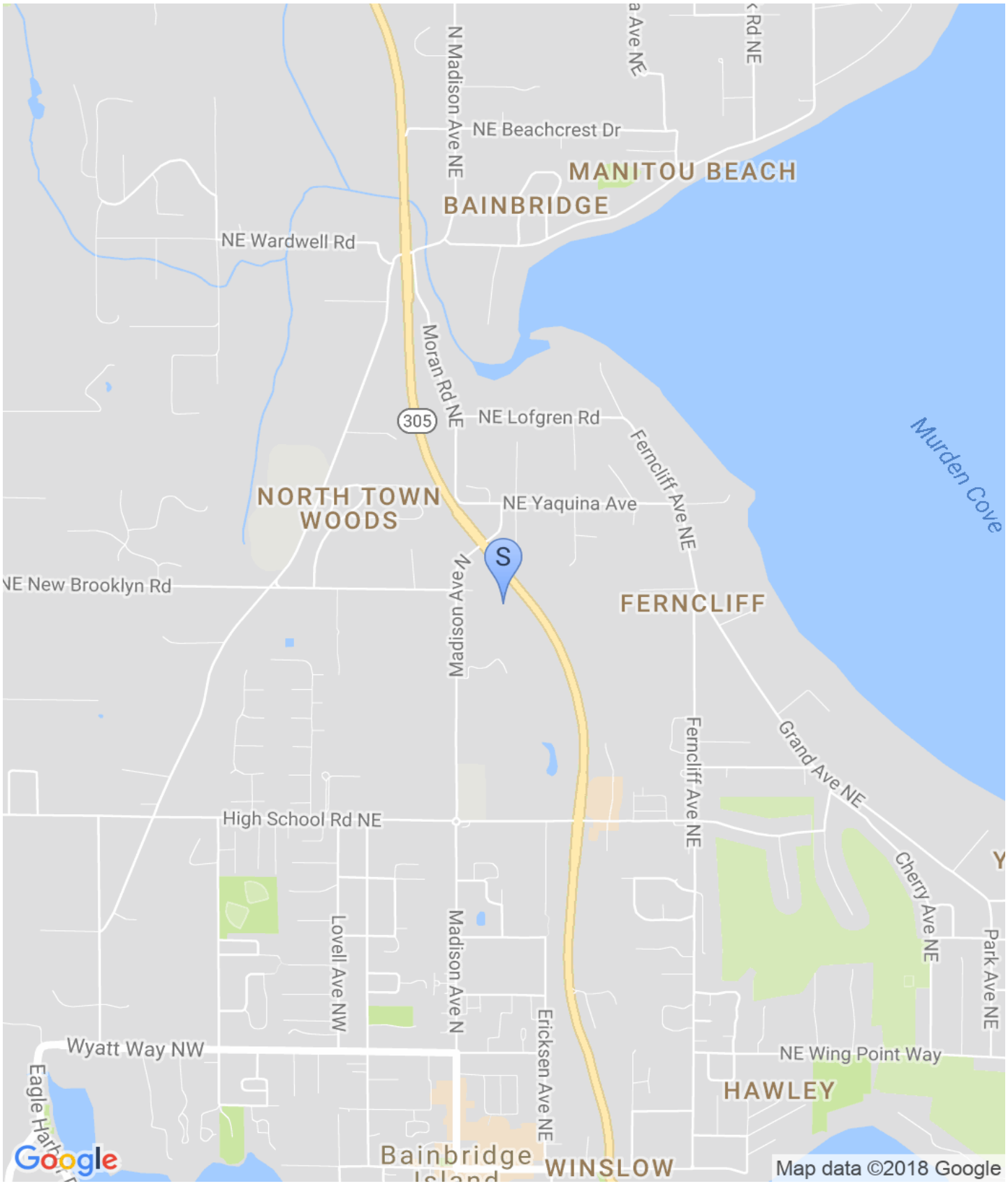
LOCAL AREA MAP



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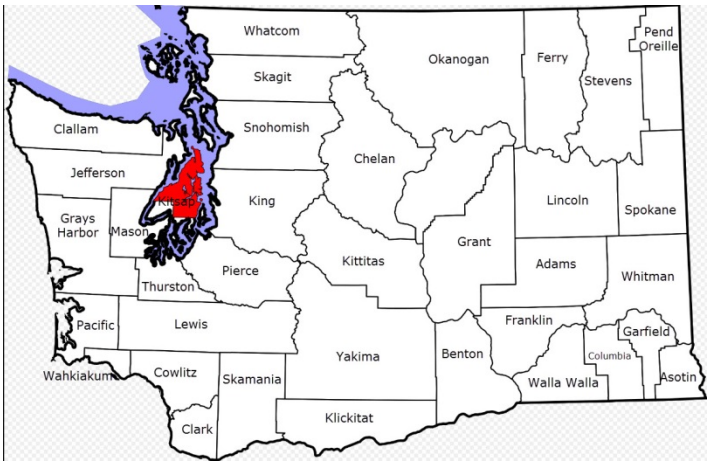
REGIONAL ANALYSIS

Kitsap County is located in Washington State, across Puget Sound from Seattle, 35 minutes by ferry from downtown Seattle and approximately 30 minutes by car from downtown Tacoma. With the exception of Bainbridge and Blake Islands, Kitsap County is essentially a peninsula, bounded by water on three sides. Jefferson County lies to the west and north across Hood Canal; Island, King, and Snohomish counties lie to the north and east, across Puget Sound; and Mason and Pierce counties border directly to the southwest and southeast, respectively. The county seat is Port Orchard and the largest city is Bremerton.



DEMOGRAPHIC ANALYSIS

The following is a demographic study of the region sourced by *Pitney Bowes/Gadberry Group - GroundView®*, an on-line resource center that provides information used to analyze and compare the past, present, and future trends of geographical areas. Demographic changes are often highly correlated to changes in the underlying economic climate. Periods of economic uncertainty necessarily make demographic projections somewhat less reliable than projections in more stable periods. These projections are used as a starting point, but we also consider current and localized market knowledge in interpreting them within this analysis. Please note that our demographics provider sets forth income projections in constant dollars which, by definition, reflect projections after adjustment for inflation. We are aware of other prominent demographic data providers that project income in current dollars, which do not account for inflation. A simple comparison of projections for a similar market area made under the constant and current dollar methodologies can and likely will produce data points that vary, in some cases, widely. Further, all forecasts, regardless of demographer methodology(ies), are subjective in the sense that the reliability of the forecast is subject to modeling and definitional assumptions and procedures.

Population

According to Pitney Bowes/Gadberry Group - GroundView®, a Geographic Information System (GIS) Company, Kitsap County had a 2017 total population of 270,591 and experienced an annual growth rate of 1.1%, which was lower than the Washington annual growth rate of 1.4%. The county accounted for 3.6% of the total Washington population (7,416,492). Within the county the population density was 673 people per square mile compared to the lower Washington population density of 110 people per square mile and the lower United States population density of 90 people per square mile.

POPULATION

YEAR	US	WA	COUNTY
2010 Total Population	308,745,538	6,724,540	251,133
2017 Total Population	325,389,970	7,416,492	270,591
2022 Total Population	338,156,319	8,039,375	298,172
2010 - 2017 CAGR	0.8%	1.4%	1.1%
2017 - 2022 CAGR	0.8%	1.6%	2.0%

Source: Pitney Bowes/Gadberry Group - GroundView®

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POPULATION DENSITY			
YEAR	US	WA	COUNTY
2017 Per Square Mile	90	110	673
2022 Per Square Mile	94	119	741

Source: Pitney Bowes/Gadberry Group - GroundView®

The 2017 median age for the county was 38.96, which was 2.82% older than the United States median age of 37.86 for 2017. The median age in the county is anticipated to grow by 0.44% annually, increasing the median age to 39.83 by 2022.

MEDIAN AGE			
YEAR	US	WA	COUNTY
2017	37.86	37.57	38.96
2022	38.51	38.11	39.83
CAGR	0.34%	0.29%	0.44%

Source: Pitney Bowes/Gadberry Group - GroundView®

Household Trends

The 2017 number of households in the county was 100,846. The number of households in the county is projected to grow by 0.8% annually, increasing the number of households to 104,992 by 2022. The 2017 average household size for the county was 2.59, which was -0.80% smaller than the United States average household size of 2.61 for 2017. The average household size in the county is anticipated to grow by 1.18% annually, raising the average household size to 2.75 by 2022.

NUMBER OF HOUSEHOLDS			
YEAR	US	WA	COUNTY
2017	121,586,527	2,800,684	100,846
2022	126,270,369	2,977,816	104,992
CAGR	0.8%	1.2%	0.8%

Source: Pitney Bowes/Gadberry Group - GroundView®

AVERAGE HOUSEHOLD SIZE			
YEAR	US	WA	COUNTY
2017	2.61	2.60	2.59
2022	2.61	2.65	2.75
CAGR	0.03%	0.41%	1.18%

Source: Pitney Bowes/Gadberry Group - GroundView®

Kitsap County had 31.85% renter occupied units, compared to the higher 36.25% in Washington and the higher 34.84% in the United States.

HOUSING UNITS			
	US	WA	COUNTY
Owner Occupied	65.16%	63.75%	68.15%
Renter Occupied	34.84%	36.25%	31.85%

Source: Pitney Bowes/Gadberry Group - GroundView®

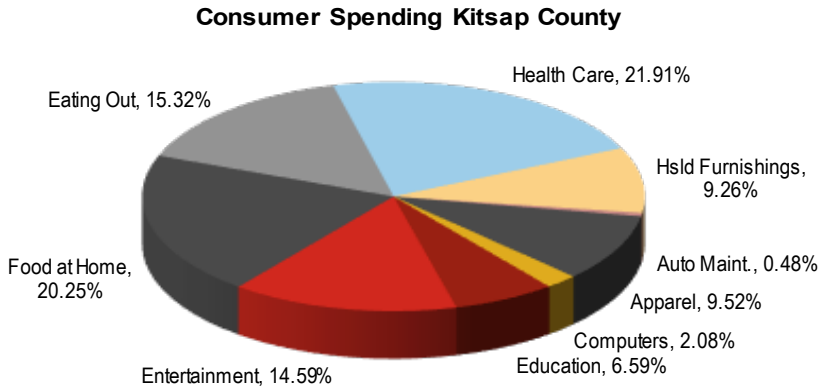
The 2017 median household income for the county was $65,487, which was 16.7% higher than the United States median household income of $56,114. The median household income for the county is projected to grow by 0.6% annually, increasing the median household income to $67,410 by 2022.

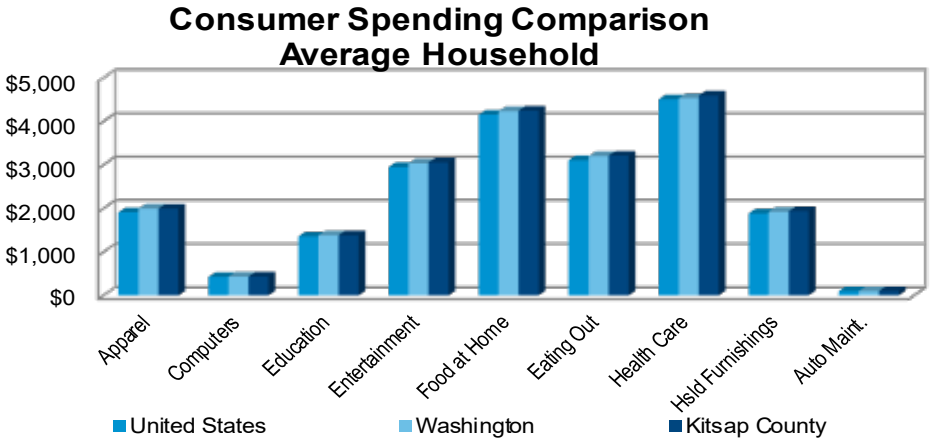
As is often the case when the median household income levels are higher than the national average, the cost of living index is also higher. According to the American Chamber of Commerce Researchers Association (ACCRA 329 Cost of Living Index, the Seattle-Tacoma-Bellevue, WA County's cost of living is 110.9 compared to the national

average score of 100. The ACCRA Cost of Living Index compares groceries, housing, utilities, transportation, health care and miscellaneous goods and services for over 300 urban areas.

MEDIAN HOUSEHOLD INCOME			
YEAR	US	WA	COUNTY
2017	$56,114	$63,209	$65,487
2022	$59,476	$65,621	$67,410
CAGR	1.2%	0.8%	0.6%

Source: Pitney Bowes/Gadberry Group - GroundView®





EMPLOYMENT

Total employment has increased annually over the past decade in the state of Washington by 0.8% and decreased annually by 0.3% in the county. From 2016 to 2017 unemployment decreased in Washington by 0.5% and decreased by 0.6% in the county. In the state of Washington unemployment has decreased over the previous month by 0.5% and decreased by 0.2% in the county.

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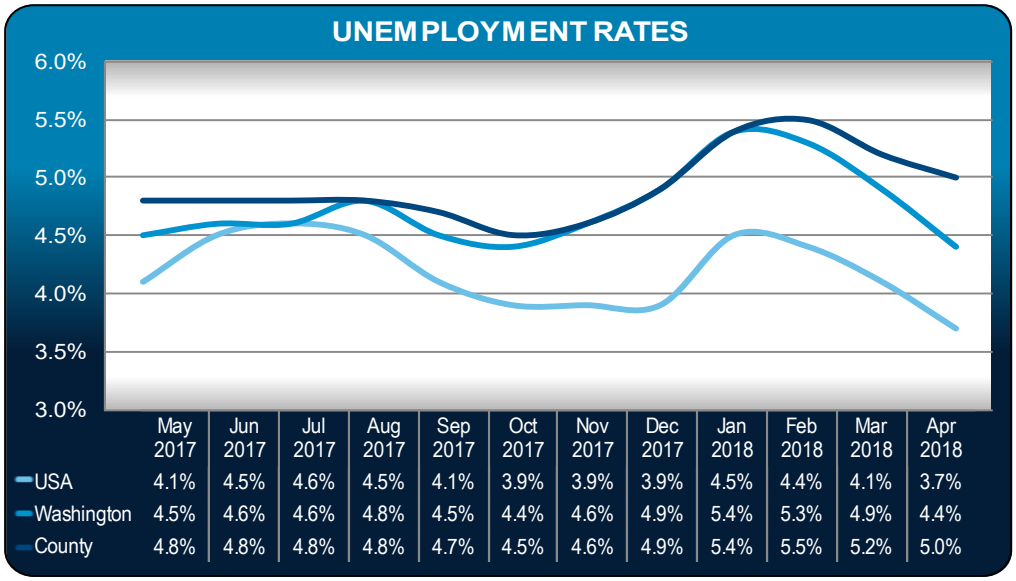
EMPLOYMENT & UNEMPLOYMENT STATISTICS 2008 - 2017

	TOTAL EMPLOYMENT				UNEMPLOYMENT RATE		
	Washington		Kitsap County, WA		United States*	Washington	Kitsap County, WA
Year	Total	% Δ Yr Ago	Total	% Δ Yr Ago			
2008	3,291,309	1.5%	118,172	1.0%	5.8%	5.4%	5.3%
2009	3,211,649	(2.4%)	115,796	(2.0%)	9.3%	9.2%	7.8%
2010	3,160,544	(1.6%)	110,230	(4.8%)	9.6%	10.0%	8.6%
2011	3,140,190	(0.6%)	107,470	(2.5%)	8.9%	9.3%	8.4%
2012	3,189,271	1.6%	106,945	(0.5%)	8.1%	8.1%	7.9%
2013	3,219,842	1.0%	105,488	(1.4%)	7.4%	7.0%	7.2%
2014	3,275,753	1.7%	106,632	1.1%	6.2%	6.1%	6.1%
2015	3,345,496	2.1%	108,912	2.1%	5.3%	5.7%	5.6%
2016	3,444,126	2.9%	111,669	2.5%	4.9%	5.3%	5.5%
2017	3,547,430	3.0%	115,166	3.1%	4.4%	4.8%	4.9%
CAGR	**0.8%**	-	**(0.3%)**	-	-	-	-

Source: U.S. Bureau of Labor Statistics *Unadjusted Non-Seasonal Rate



ECONOMY

Kitsap County supports an economy based on public sector Department of Defense jobs, as well as over 10,000 Uniform service personnel are based in the County. U.S. Navy centers at Bremerton, Keyport and Bangor dominate the economy of the county demonstrated by more than $22.2 billion in defense contracts in 2014 as stated by the state of Washington Employment Security Department's Regional overview. The county also supports a thriving gaming industry with large casinos located on tribal properties, a major medical center and a regional retail hub which attracts shoppers from Kitsap as well as surrounding counties. The following is a list of top employers across Kitsap County:

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TOP EMPLOYERS		
EMPLOYER NAME	EMPLOYEES	INDUSTRY
Naval Base Kitsap	33,800	Government
Harrison Medical Center	1,956	Medical
Washington State	1,740	Retail
Central Kitsap School District	1,446	Education
Olympic College	1,314	Education
South Kitsap School District	176	Education
Kitsap County	1,122	Government
Port Madison Enterprises	980	Other
North Kitsap School District	855	Education
Bremerton School District	2,750	Education

Source: Kitsap Economic Alliance

SUMMARY

Being located only a half hour ferry ride from Seattle and a half hour drive from Tacoma, Kitsap County generally follows the trends of the larger Puget Sound area and more specifically the Seattle-Tacoma-Bellevue MSA. However, the strong military presence adds a level of economic stability not found in other areas of the Puget Sound region. Though, despite the strong military presence, the county has a slightly higher unemployment rate than the rest of Washington State. However, overall employment stability is expected to continue in both the short and long-term horizons.

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LOCAL AREA ANALYSIS

In this section of the report, I provide details about the local area and describe the influences that bear on the real estate market as well as the subject property. Below are insights into the local area based on fieldwork, interviews, demographic data and experience working in this market.

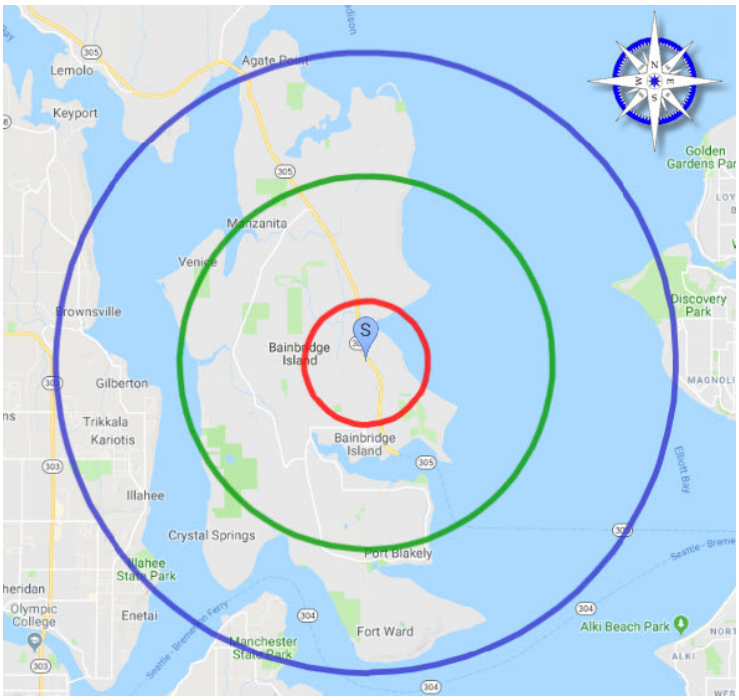
LOCAL AREA PROFILE

The subject property is located at the northern fringe of the primary commercial district on the City of Bainbridge Island, Washington, within Kitsap County. The property occupies an interior site off Madison Ave just south of its intersection with Highway 305. This area was formerly known as the city of Winslow, and is still referred to as Winslow by locals. The name was officially changed to the City of Bainbridge Island in 1991 following the annexation of the remainder of the island by the city. The Washington State Ferry Terminal is located ~1.5 miles to the south.

Although located in Kitsap County, Bainbridge Island is strongly tied to the Seattle market, as reflected in the fact that more than 70 percent of the island's wage earners commute to Seattle for work. There is evidence to suggest an increasing number of residents avoid the commute and work on the island, often in home offices or executive size office space. This tele-commuting trend has been facilitated by the improvements in office technology.

DEMOGRAPHIC PROFILE

Below is a demographic study of the area, sourced by *Pitney Bowes/Gadberry Group - GroundView®*, an on-line resource center that provides information used to analyze and compare the past, present, and future trends of properties and geographical areas. Please note that our demographics provider sets forth income projections in constant dollars which, by definition, reflect projections after adjustment for inflation. We are aware of other prominent demographic data providers that project income in current dollars, which do not account for inflation. A simple comparison of projections for a similar market area made under the constant and current dollar methodologies can and likely will produce data points that vary, in some cases, widely. Further, all forecasts, regardless of demographer methodology(ies), are subjective in the sense that the reliability of the forecast is subject to modeling and definitional assumptions and procedures.



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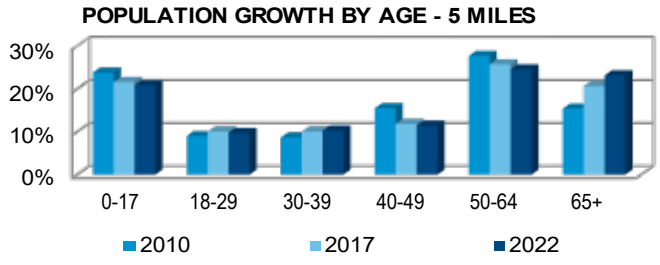
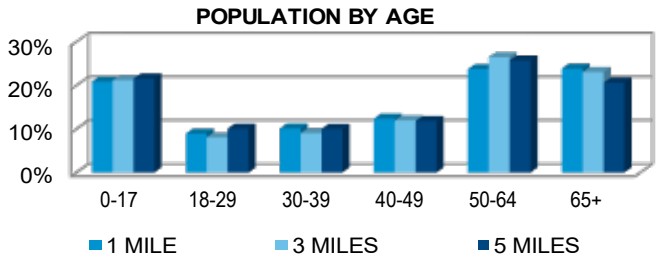
LOCAL AREA DEMOGRAPHICS

DESCRIPTION	1 MILE	3 MILES	5 MILES
POPULATION			
2000 Population	2,858	14,537	28,903
2010 Population	3,787	16,716	32,515
2017 Population	3,993	17,623	34,518
2022 Population	4,476	19,433	37,986
Change 2000-2010	32.51%	14.99%	12.50%
Change 2010-2017	5.44%	5.43%	6.16%
Change 2017-2022	12.10%	10.27%	10.05%
POPULATION 65+			
2010 Population	651	2,889	4,998
2017 Population	954	4,068	7,131
2022 Population	1,190	5,011	8,797
Change 2010-2017	46.54%	40.81%	42.68%
Change 2017-2022	24.74%	23.18%	23.36%
NUMBER OF HOUSEHOLDS			
2000 Households	1,209	5,812	11,168
2010 Households	1,665	6,993	13,069
2017 Households	1,685	7,095	13,411
2022 Households	1,779	7,381	13,946
Change 2000-2010	37.72%	20.32%	17.02%
Change 2010-2017	1.20%	1.46%	2.62%
Change 2017-2022	5.58%	4.03%	3.99%
HOUSING UNITS (2017)			
Owner Occupied	1,103	5,141	10,352
Renter Occupied	565	1,898	3,083
HOUSING UNITS BY YEAR BUILT			
Built 2010 or later	50	146	237
Built 2000 to 2009	621	1,720	2,499
Built 1990 to 1999	364	1,443	2,623
Built 1980 to 1989	185	1,105	1,901
Built 1970 to 1979	165	943	3,049
Built 1960 to 1969	120	580	902
Built 1950 to 1959	67	328	546
Built 1940 to 1949	26	288	655
Built 1939 or earlier	86	542	999

DESCRIPTION	1 MILE	3 MILES	5 MILES
AVERAGE HOUSEHOLD INCOME			
2017	$126,027	$138,609	$130,496
2022	$141,676	$158,900	$148,630
Change 2017-2022	12.42%	14.64%	13.90%
MEDIAN HOUSEHOLD INCOME			
2017	$105,132	$103,607	$92,105
2022	$107,022	$106,181	$94,235
Change 2017-2022	1.80%	2.48%	2.31%
PER CAPITA INCOME			
2017	$52,304	$56,833	$50,923
2022	$55,369	$61,473	$54,818
Change 2017-2022	5.86%	8.16%	7.65%
2017 HOUSEHOLDS BY INCOME			
<$15,000	6.7%	6.1%	5.5%
$15,000-$24,999	7.2%	5.6%	6.5%
$25,000-$34,999	7.4%	5.6%	5.4%
$35,000-$49,999	4.7%	7.9%	8.2%
$50,000-$74,999	12.9%	13.7%	15.5%
$75,000-$99,999	7.9%	9.4%	13.1%
$100,000-$149,999	24.6%	21.2%	18.5%
$150,000-$199,999	14.9%	13.3%	12.2%
$200,000 or greater	13.8%	17.2%	15.2%
MEDIAN HOME VALUE	$496,934	$528,515	$450,159
AVERAGE HOME VALUE	$587,096	$615,453	$555,911
HOUSING UNITS BY UNITS IN STRUCTURE			
1, detached	1,051	5,054	10,496
1, attached	209	418	529
2	26	126	227
3 or 4	21	64	104
5 to 9	97	338	498
10 to 19	55	256	367
20 to 49	121	369	374
50 or more	68	235	248
Mobile home	20	175	585
Boat, RV, van, etc.	0	5	7

Source: Pitney Bowes/Gadberry Group - GroundView®





Income levels are higher on Bainbridge Island than those of Kitsap County as a whole and are more similar to high-income areas of Seattle. Significant growth occurred over the period between 2000 and 2010. This slowed considerably over the next six years (2010 – 2017), but is expected to continue at a slightly faster pace over the next five-year period.

The ESRI data shown above is based on concentric circles. A more accurate representation of population on Bainbridge Island is available from the State of Washington Office of Financial Management. The entire island is incorporated so the following figures are more reliable in terms of island population trends. According to OFM, the estimated 2017 population of Bainbridge Island was 23,950.

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Transportation Routes

Major traffic arteries are shown in the chart below:

MAJOR ROADWAYS & THOROUGHFARES			
HIGHWAY	**DIRECTION**	**FUNCTION**	**DISTANCE FROM SUBJECT**
Highway 305	north-south	Local Highway	This is within a half mile of the subject property.
Ferry Terminal			This is within 2 miles of the subject property.
SURFACE STREETS	**DIRECTION**	**FUNCTION**	**DISTANCE FROM SUBJECT**
Madison Ave N	north-south	Primary Arterial	This is just down the street from the subject property.
High School Rd	east-west	Secondary Arterial	This is within a half mile of the subject property.
Wyatt Way N	east-west	Secondary Arterial	This is within a mile of the subject property.
Winslow Way	east-west	Primary Arterial	This is within a mile of the subject property.

The primary commercial arterials in the immediate area are Winslow Way and Madison Avenue. Other main commercial corridors include: High School Road, Wyatt Avenue, and Ericksen Avenue. Highway 305 is the only state highway on the Island and connects Winslow and the ferry terminal to the Agate Bridge at the north end of the Island.

Downtown Bainbridge (or Winslow) is made up of multiple and varied commercial developments that include a wide range of restaurants, shops, and services. The main portion of Winslow downtown includes adaptive re-use of early 20th century commercial buildings. In addition, new infill development has been ongoing. Several of these newer developments include a residential condominium component. Public transportation is available throughout the area, with several bus stops along Madison Ave, north of Winslow Way.

Ferry Ridership

The Seattle-Bainbridge Island run is the busiest in the state ferry system. According to the Washington State Ferries Traffic Statistics Rider Segment Report, the Seattle-Bainbridge ferry reported a total of 6,429,853 riders in 2016. This was a slight (+1.1%) increase over the prior year and represents 26.6% of total ridership in the State ferry system. (The next closest ferry is Seattle-Bremerton, representing 11.3% of total ridership.) As of 2nd quarter 2017, total ridership is 3,065,856. The fare for a single foot passenger is currently $8.35 (round trip). Last year, foot passengers represented 45%, or nearly half of all ridership on the Seattle-Bainbridge run, versus 29% of total ridership for the State.

Residential Development

Bainbridge Island is primarily a residential community with supporting commercial uses, although the majority of residents work off-island. Residential property includes primarily single-family homes with some of the highest priced properties in the greater Seattle region. The Winslow area also includes condominium and apartment uses. The median home value for single-family residences in the subject's 3-mile radius is $528,515. As of Summer 2018, the residential market locally is strong with homes selling quickly, and at times at prices higher than the asking price. A lack of inventory appears to be one of the main catalysts, particularly in downtown Winslow, where demand is strong.

Apartment developments on Bainbridge were generally built in 2000 and earlier and consist of garden style facilities. These uses are located almost exclusively within the Winslow area. Although development came to a standstill in 2010, recent condominium projects have generally been successful. The range of condominium housing styles is broad and includes attached townhouses, detached cottages, and flats in mid-rise buildings.

Bainbridge's most recent residential project is Grow Community. Located at the southeast corner of Wyatt Way and Grow Ave SW, on the edge of the commercial center, Grow Community is a net-zero energy (sustainable) development incorporating principals of new urbanism that focuses on energy efficiency in an interactive pedestrian-oriented, multigenerational community. Grow is currently the largest solar-ready planned community in the state of Washington. The first three green prefabricated model homes opened for tours in October 2012.

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These three homes will be joined by two more home options as well as a series of townhouse rentals. All told, the Grow Community will feature 50 single-family homes and 82 rental apartments in small clusters of buildings centered around shared green spaces and community gardens known as “micro-neighborhoods” called the Village, the Grove, and the Park. The Village has sold out, the Grove is currently selling and renting, and the Park is currently selling. The entire development will be connected by a network of walking and biking trails – see site map below.

Commercial and Industrial Development

The Island Gateway development at the northwest corner of Winslow Way and Hwy. 305 offers almost 40,000 SF of Class A retail and office space and a Children’s Discovery Museum (KiDiMU). The NW Art Museum and additional retail space were completed in 2013. This is a substantial project, at one of the most visible corners on Bainbridge Island. Across the street, at the SWC of Highway 305 and Winslow Way, a group of volunteers recently converted a former gas station site into a gateway park.

On High School Road, Island Village is a large shopping center anchored by Safeway and Rite Aid. Typical medical and professional office uses are also located in both commercial districts.

In August 2015 the Town & Country Market completed its four phase renovation project. In addition to a new, two story design with improved layout and flow, increased seating, a new sushi counter and expanded Culinary

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Resources Center providing daily food samples & recipes, the 56-year building has been retrofitted with new, energy-efficient equipment.

Industrial uses on Bainbridge are relatively minimal, with pockets along Sportsman Club Road, Day Road, and Miller Road. The few industrial uses on the island are light industrial, small manufacturing or flex, high-tech space. The most notable industrial use is the Washington State Ferry repair yard located on Eagle Harbor, west of the Ferry terminal. The former Wyckoff creosote plant at Bill Point on the south side of Eagle Harbor is now gone, but the environmental problem left behind is classified as a superfund site, and is in the process of being remediated. There has been debate about what will happen with this unique piece of waterfront property with excellent views of Seattle once the remediation work is completed.

Community Services

Community services and facilities are readily available in the surrounding area. These include public services such as fire stations, hospitals, police stations, and schools (all ages). The subject property is located in the Bainbridge Island School District School District. Bainbridge Island is well known for its public school system. The schools are consistently ranked among the top five public systems in Washington State. Public schools include three elementary schools, two middle schools (one opened in early 2000), and a high school located on High School Road. GreatSchools.org is an online resource that rates every school district and school on a scale of one to ten based on test scores. They also track parents rating of the school on a one to five scale. The chart details the local school districts and high schools ratings nearest to the subject.

SCHOOL DISTRICTS

SCHOOL DISTRICT	GREATSCHOOLS RATING	NUMBER OF SCHOOLS					
		ELEMENTARY	MIDDLE	HIGH	PUBLIC	CHARTER	TOTAL
Bainbridge Island School District	9	6	5	3	10	0	10

HIGH SCHOOLS

HIGH SCHOOLS	GREATSCHOOLS RATING	PARENT RATING	SCHOOL TYPE	GRADES SERVED	DISTANCE FROM SBJ.	CITY LOCATION	TOTAL ENROLLMENT
Bainbridge Special Education Services	-	1	public	PK-12	0.30 miles	Bainbridge Island	34
Bainbridge High School	10	4	public	9-12	0.42 miles	Bainbridge Island	1,261
Eagle Harbor High School	8	5	public	9-12	0.54 miles	Bainbridge Island	145
Olympic High School	6	4	public	9-12	6.93 miles	Bremerton	1,168
East Side Alternative School	-	5	public	10-12	6.94 miles	Bremerton	66
Residential Consortium	-	-	public	PK-12	6.97 miles	Seattle	37
Ck Online Academy	-	-	public	9-12	6.99 miles	Bremerton	29
Ballard High School	9	4	public	9-12	7.17 miles	Seattle	1,669
Bremerton High School	3	4	public	9-12	7.36 miles	Bremerton	1,238
Morgan Center School	-	-	public	10-12	7.40 miles	Bremerton	-

Source: GreatSchools.org

In addition, there are a number of parks, golf courses, and other recreational facilities in the area. Winslow Way recently received an extensive underground utility and paving upgrade from Madison to SR 305.

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SUBJECT PROPERTY ANALYSIS

The following discussion draws context and analysis on how the subject property is influenced by the local and immediate areas.

Subject Property Analysis
The uses adjacent to the property are noted below:

- **North -** Bainbridge First Baptist Church
- **South -** Vacant, Undeveloped Land
- **East -** SR 305 Then Single Family Residential
- **West -** Madrona House Assisted Living & Memory Care Facility, Madison Ave N, Then Self Storage

Access
The subject site has frontage and access on a short access road off Madison Ave N. and frontage, but not direct access, on SR 305. Based on my field work, the subject's access is rated average compared to other properties with which it competes.

Visibility
The subject is clearly visible in both directions along its access road and visible to southbound traffic only on Madison Ave, where visibility is blocked by trees and the adjacent memory care & assisted living facility. The visibility of the property is hampered by trees to traffic on SR 305. In comparison to competitive properties, the subject property has average/good visibility.

Subject Conclusion
Trends in the local and immediate areas, adjacent uses and the property's specific location features indicate an overall positive external influence for the subject, which is concluded to have an average corner position in context of competing properties.

SUMMARY

In summary, Bainbridge Island is predominantly a residential area with strong sense of community mixed with a wider variety of available arts, recreation, goods, and services than are typically found in the suburbs. While Bainbridge Island benefits from its direct ferry linkage with Seattle, the physical separation by Puget Sound creates a sense of being removed from the bustle of the city, which adds to its appeal. Condition and appeal of the area are generally excellent. Income and property values are high. As of mid-2018, like most areas, the housing market appears to be strong. In the long term, fundamentals are strong for both housing and commercial real estate values.

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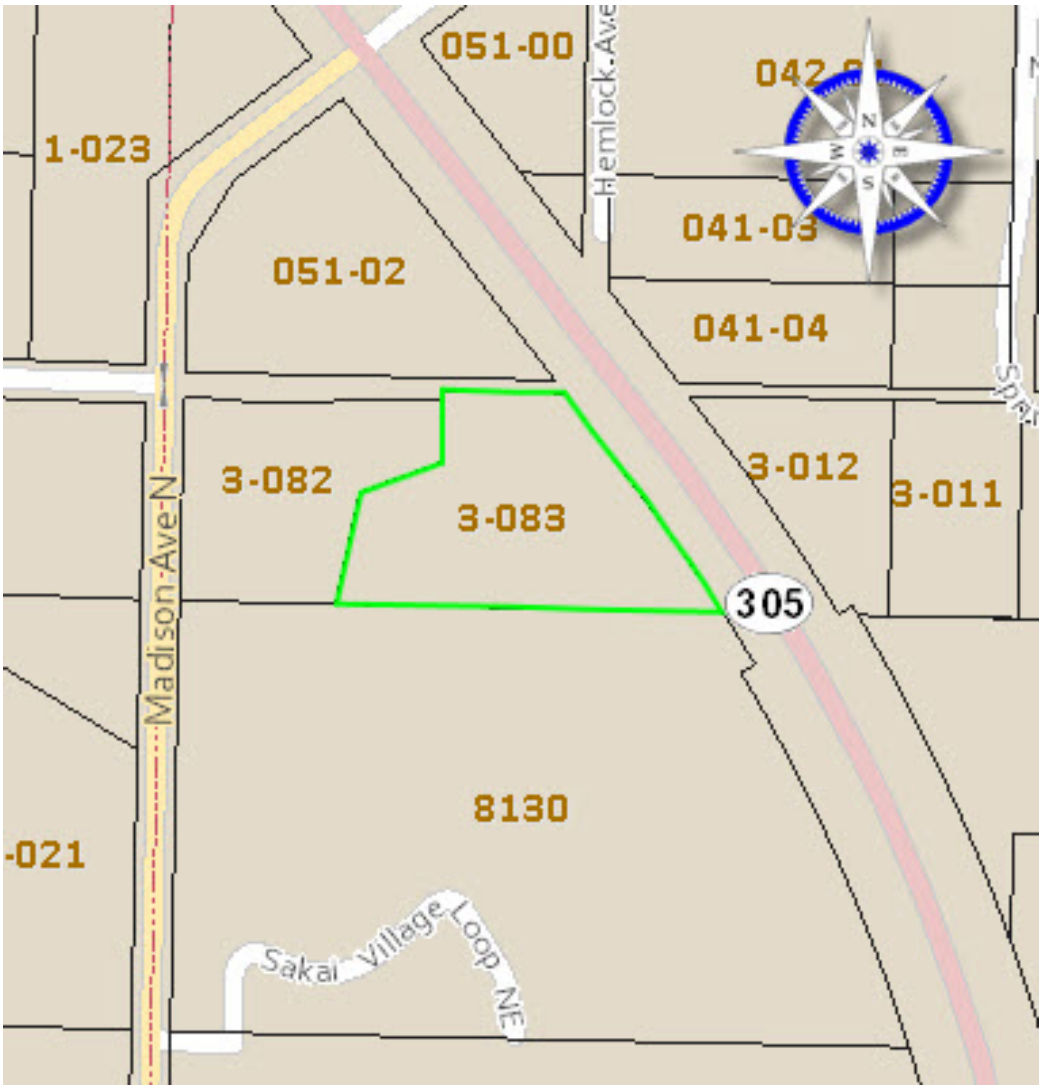
PARCEL MAP



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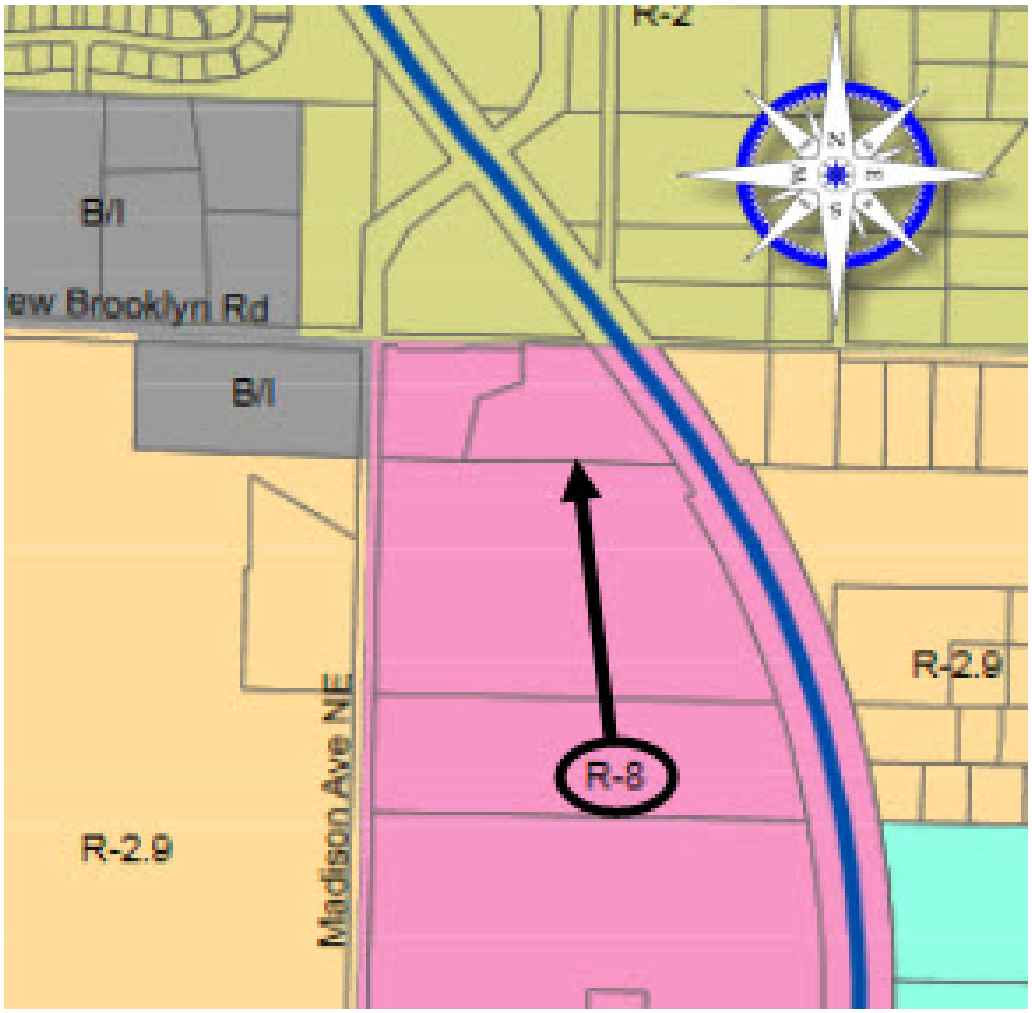
ZONING MAP



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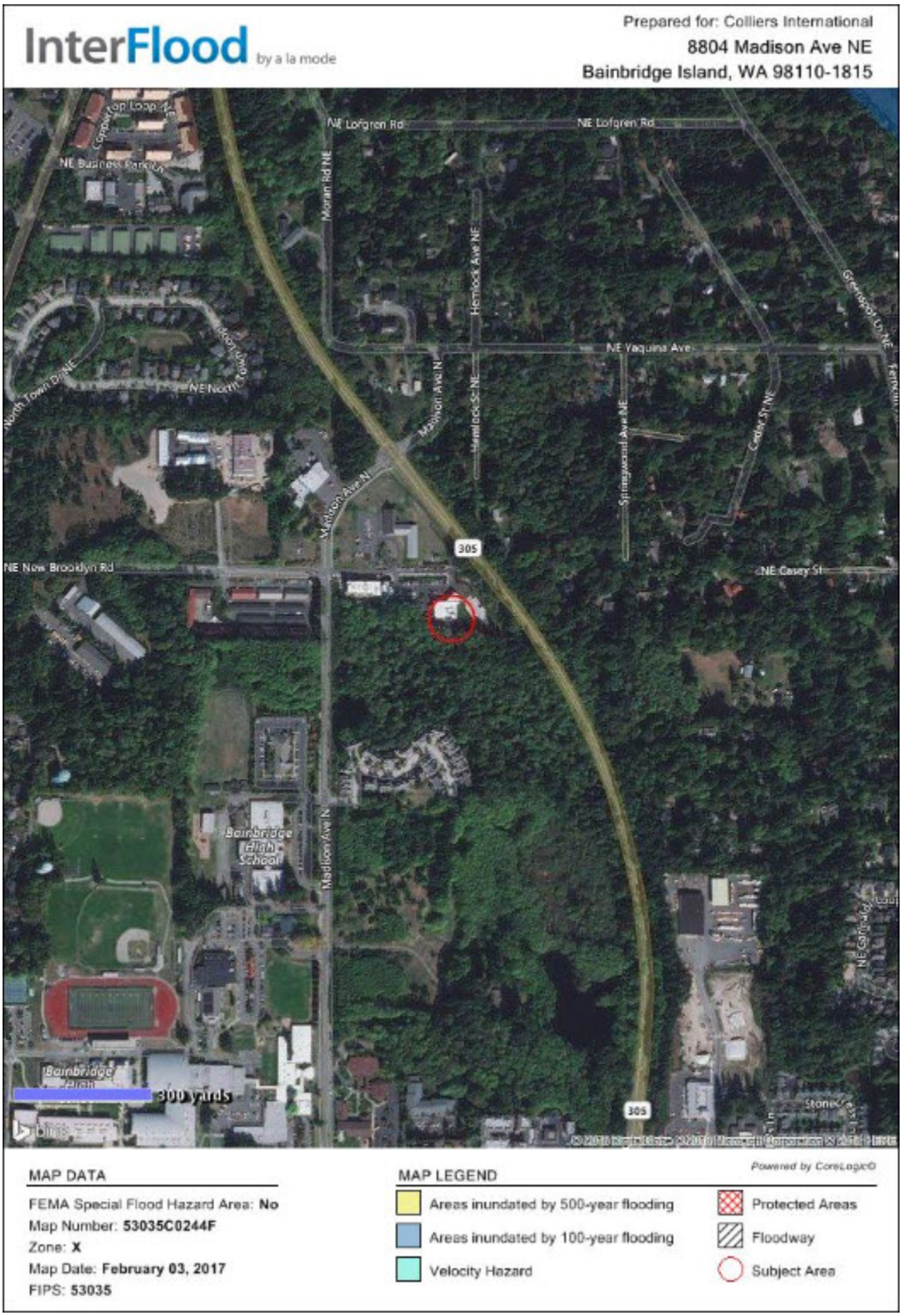
FLOOD MAP



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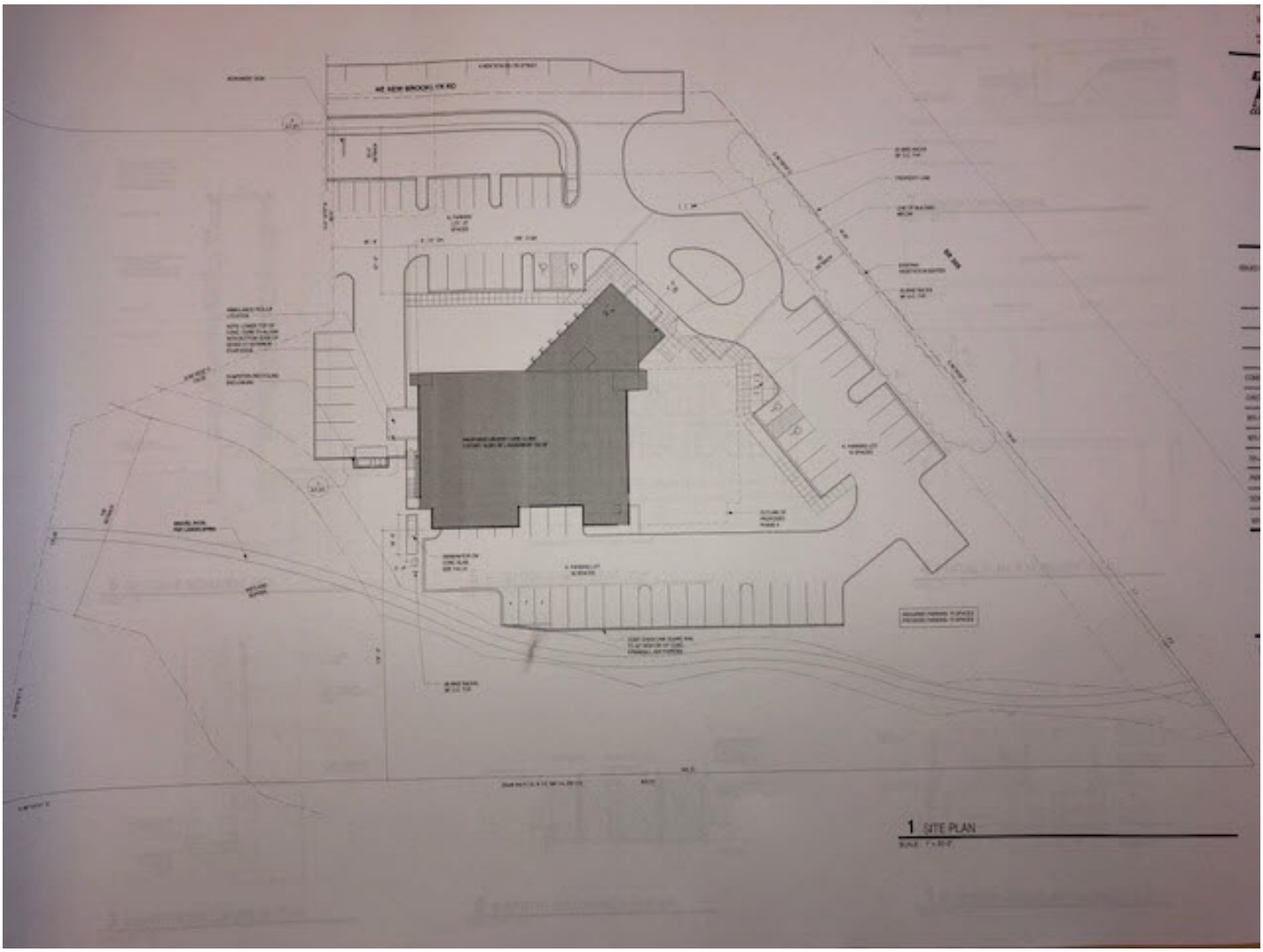
SITE PLAN



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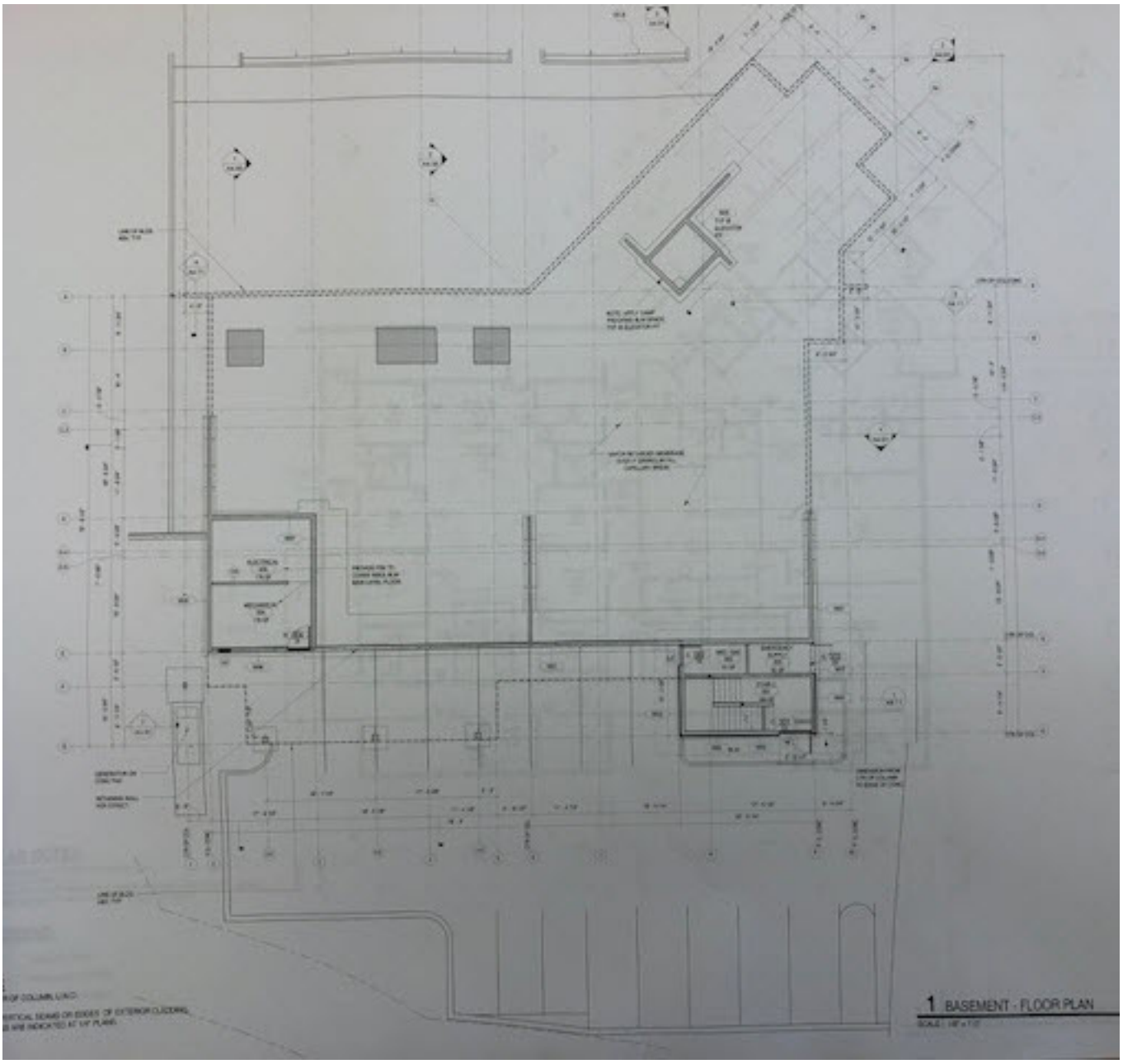
BUILDING PLAN - BASEMENT



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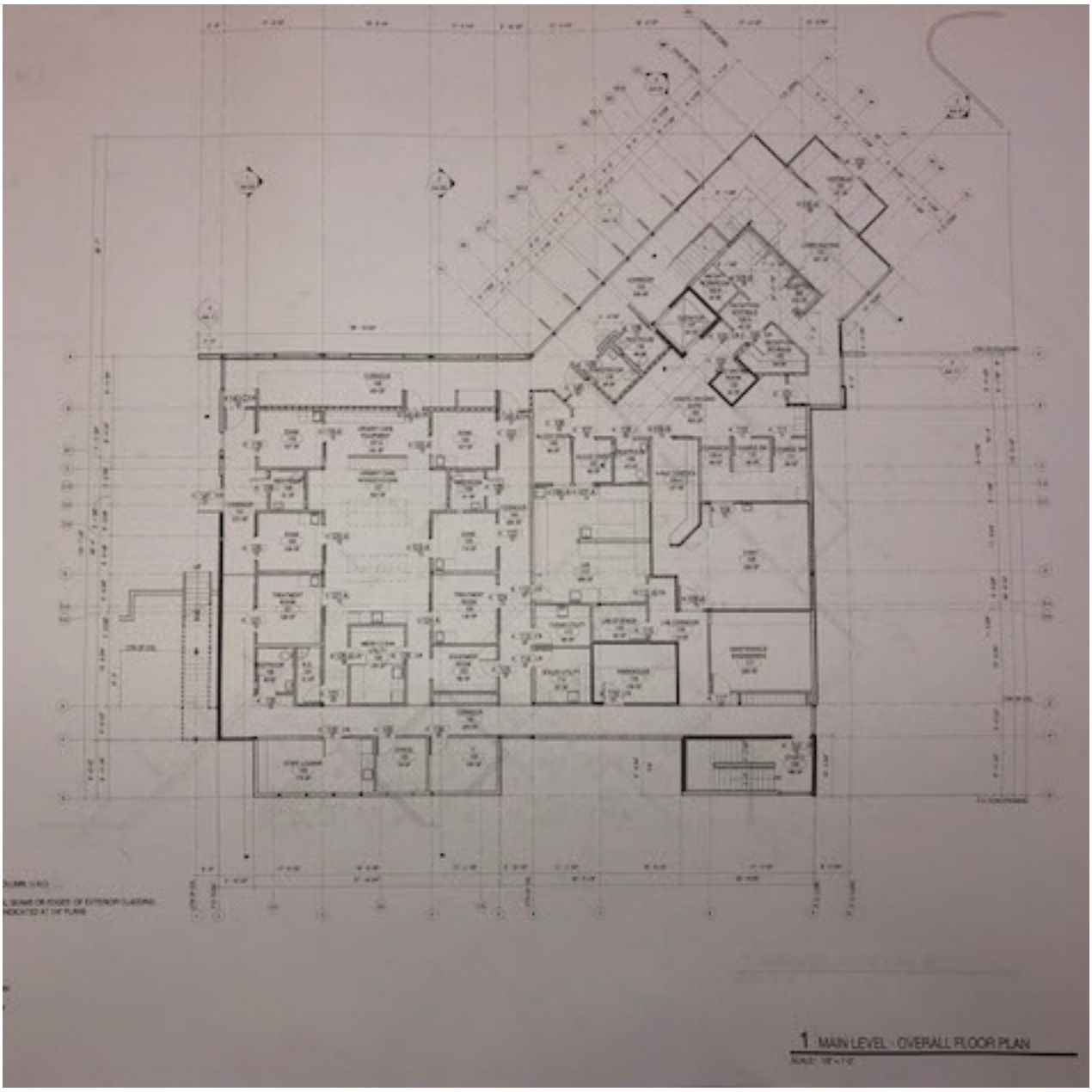
BUILDING PLAN – MAIN FLOOR



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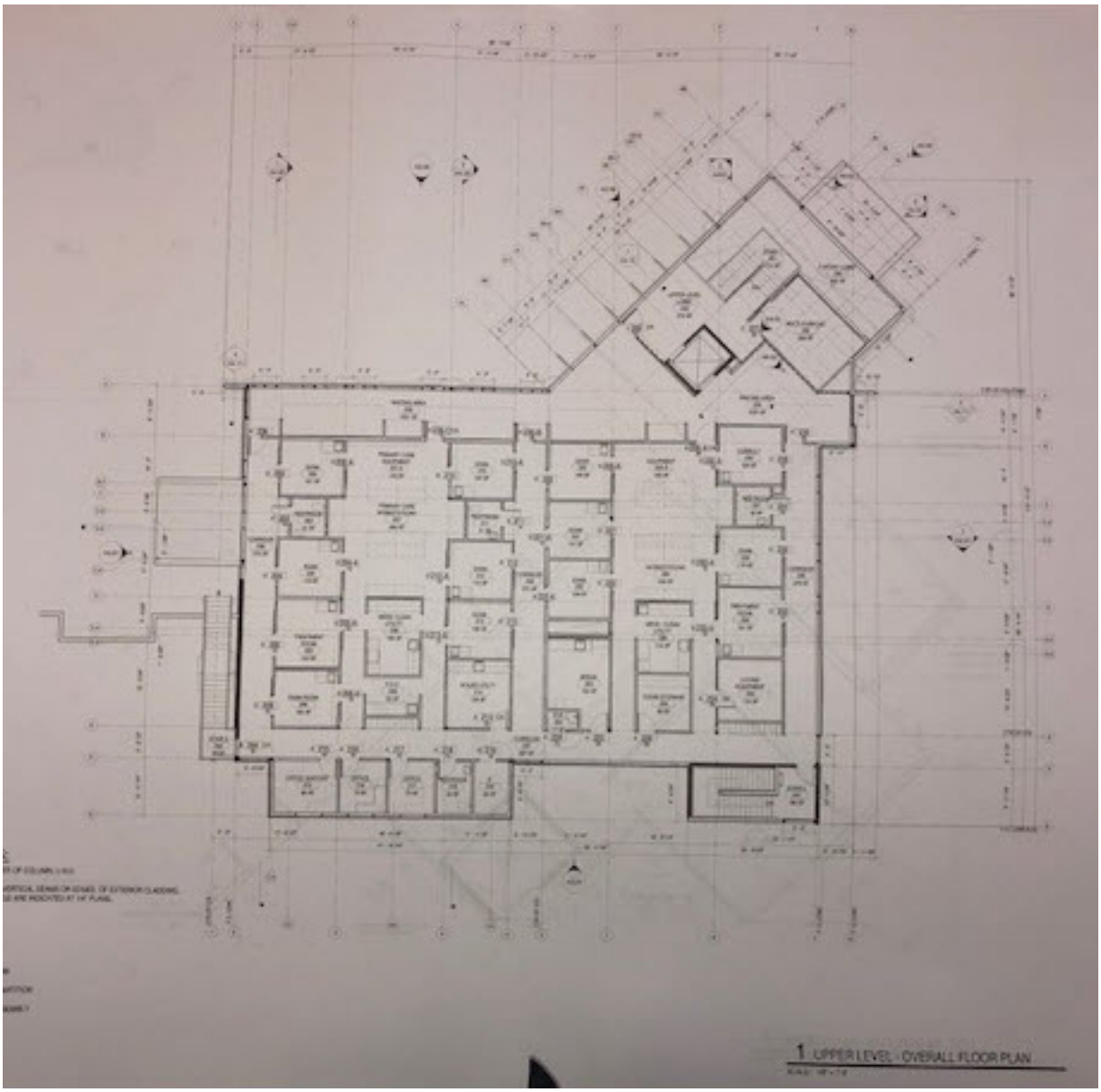
BUILDING PLAN – UPPER FLOOR



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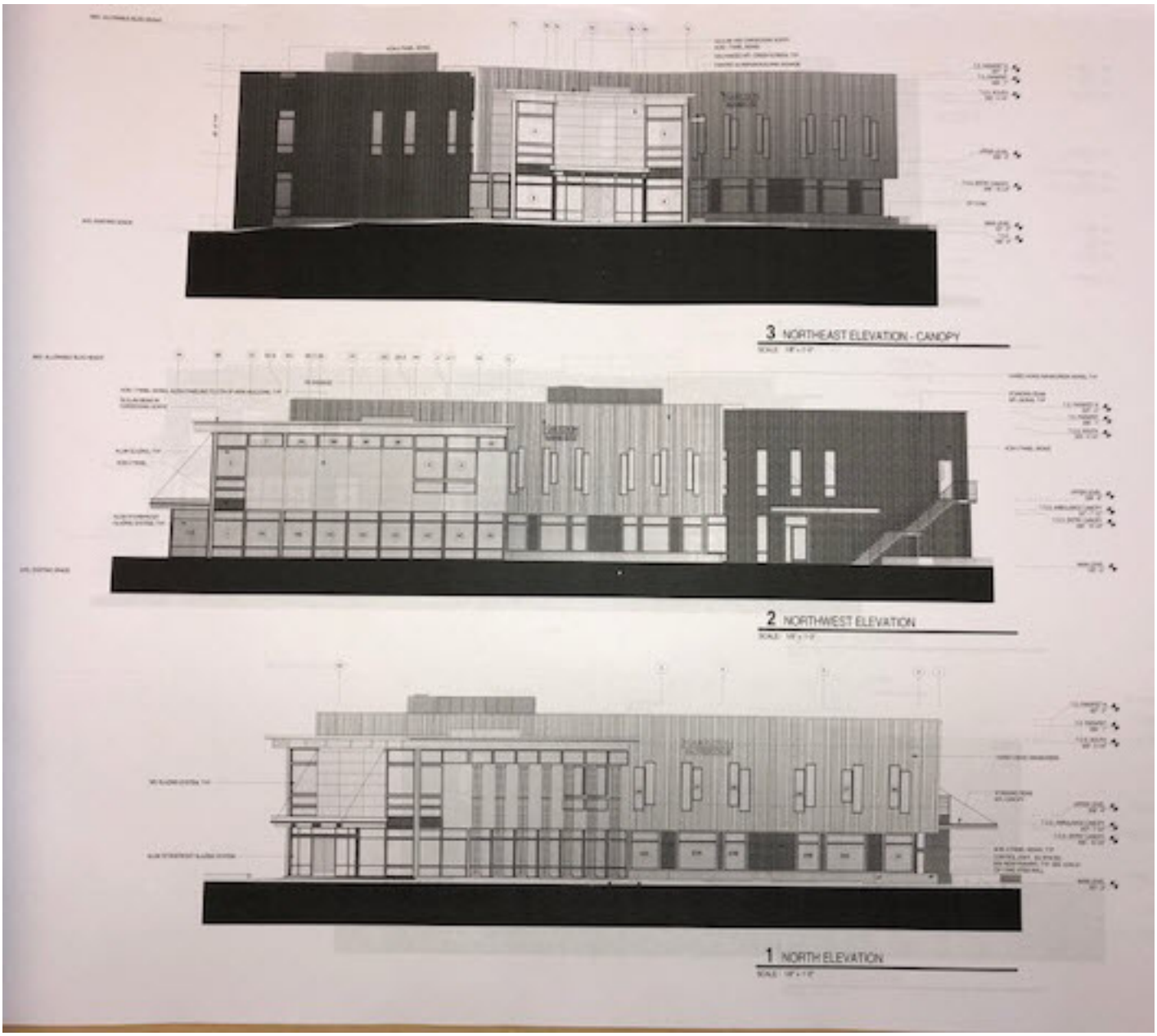
ELEVATIONS – NORTH



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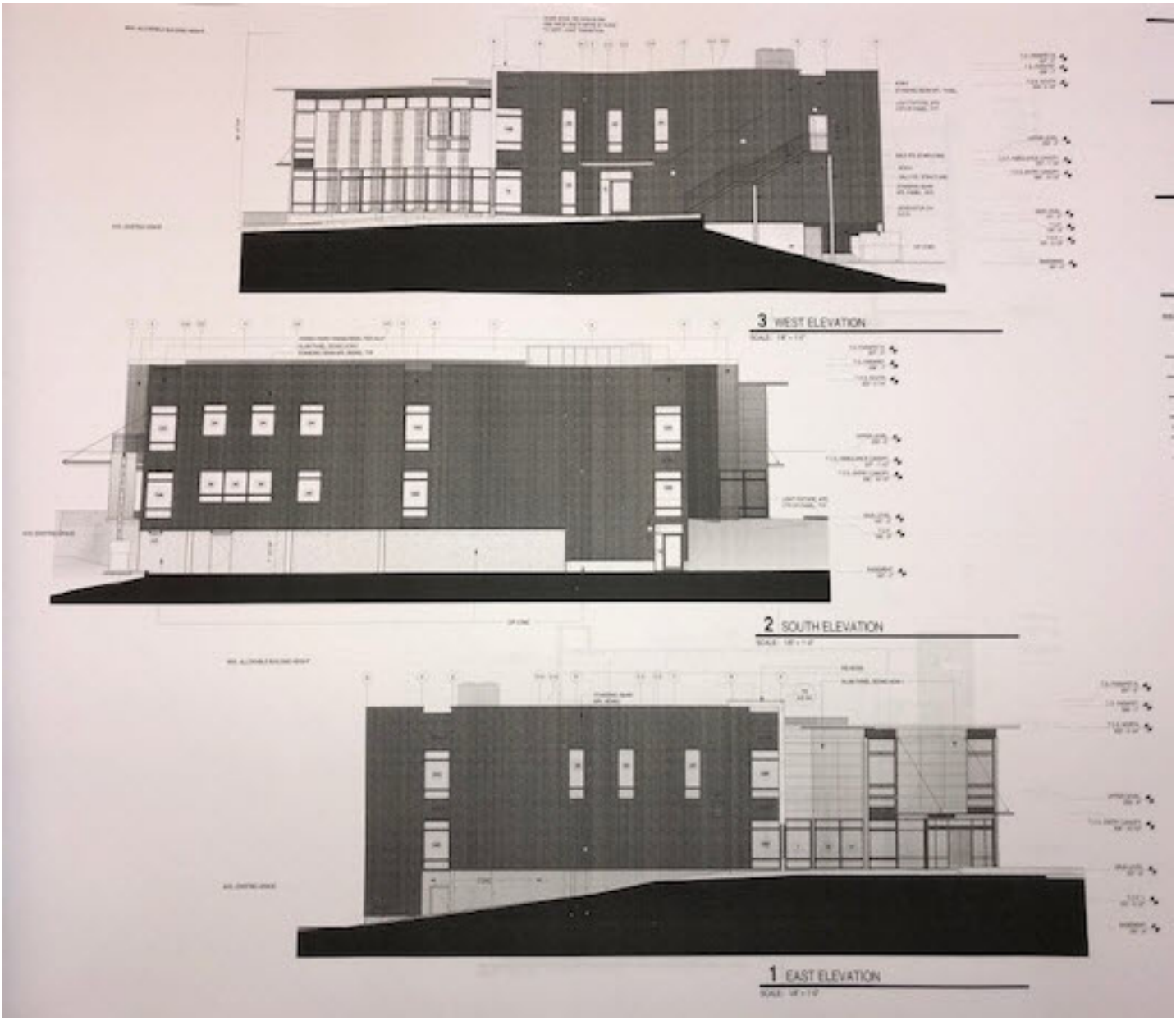
ELEVATIONS – EAST, WEST, SOUTH



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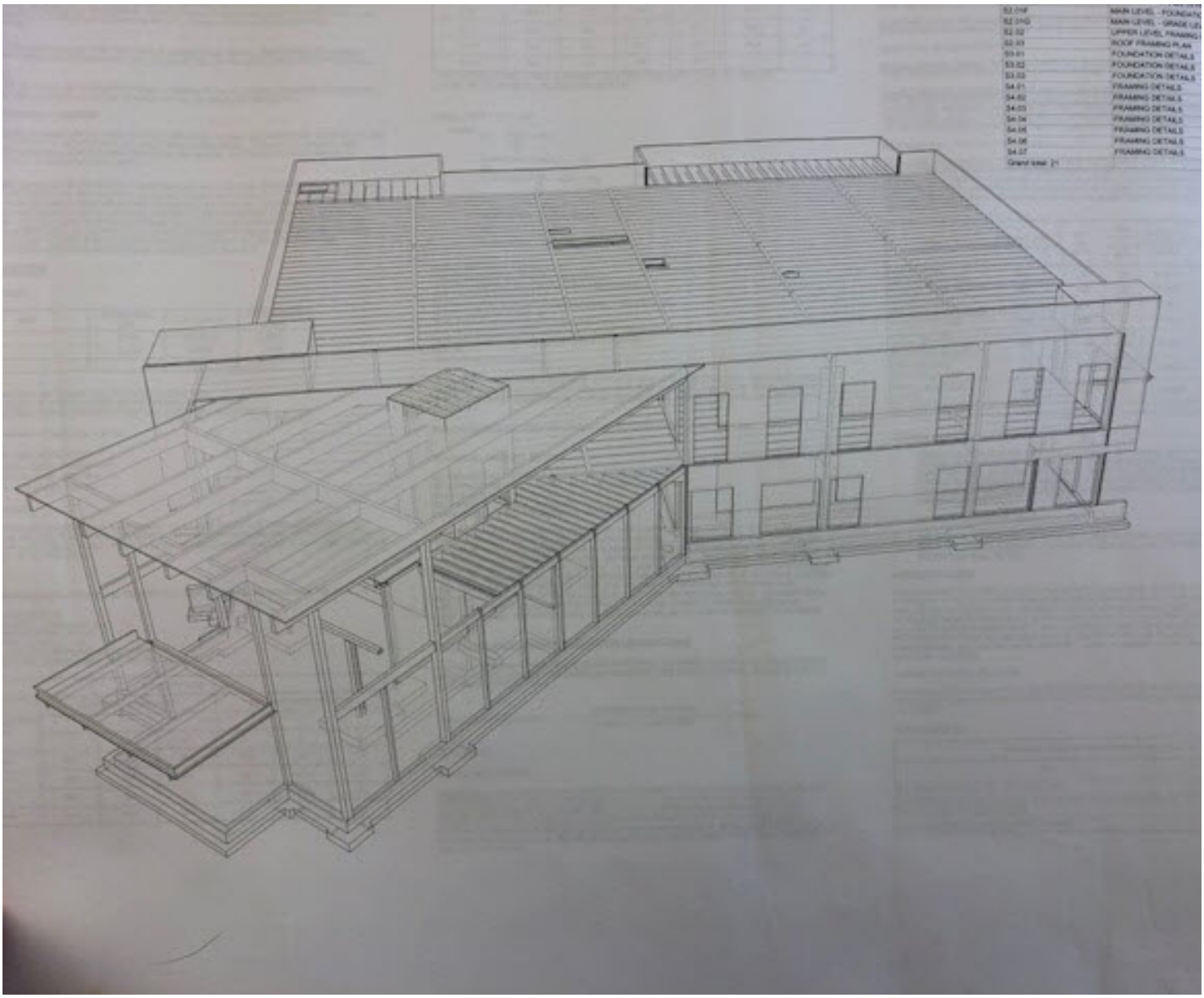
RENDERING



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SITE DESCRIPTION

General Description

The subject site consists of 1 parcel. As noted below, the subject site has 131,551 SF (3.02 AC) of land area. The area is estimated based on the assessor's parcel map, and may change if a professional survey determines more precise measurements. There is an approximately (80' x 60' based on Google Earth aerial measurement tools) 4,800-SF grassy area of surplus land on the east side of the building that allows for future potential expansion. The location and small size of this expansion area is such that it's contributory value is considered in the overall capitalization rate analysis in the Income Approach (with future possible expansion considered a positive attribute placing downward pressure on the cap rate) and in the site coverage ratio in the Sale Comparison Approach. Going forward, our valuation analyses will utilize the usable site area. The following discussion summarizes the subject site size and characteristics.

Assessor Parcel 232502-3-083-2002

Number Of Parcels 1

Land Area	**Acres**	**Square Feet**
Primary Parcel	3.02	131,551
Unusable Land	0.00	0
Excess Land	0.00	0
Surplus Land	0.11	4,800
Total Land Area	**3.13**	**136,351**

Shape Irregular - See Plat Map For Exact Shape

Topography Sloping below street grade

Drainage Assumed Adequate

Utilities All available to the site

Street Improvements

Street	**Direction**	**No. Lanes**	**Street Type**	Curbs	Sidewalks	Streetlights	Center Lane	Gutters
Madison Ave N	Secondary Street	two-way	two-lane	connector street	✓	✓	✓	
SR 305	Primary Street	two-way	three-lane	major arterial			✓	✓

Frontage ~375' on access road off Madison Ave N & ~415' on SR 305

Accessibility

Average - The subject is accessed via a shared road with the adjacent assisted living & memory care facility off Madison Ave N. Access to SR 305 is less than a quarter mile to the north at a signalized intersection on Madison Ave.

Exposure

Average/Good - The subject occupies an interior lot that is partially visible to Madison Ave N. Although the subject parcel has frontage along SR 305, the site has limited visibility to highway traffic due to a vegetation buffer of mature trees between the building and the highway.

Seismic Very High Risk

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Flood Zone	Zone X (Unshaded). This is referenced by Community Number 530307, Panel Number 53035C0244F, dated February 03, 2017. Zone X (unshaded) is a moderate and minimal risk area. Areas of moderate or minimal hazard are studied based upon the principal source of flood in the area. However, buildings in these zones could be flooded by severe, concentrated rainfall coupled with inadequate local drainage systems. Local stormwater drainage systems are not normally considered in a community's flood insurance study. The failure of a local drainage system can create areas of high flood risk within these zones. Flood insurance is available in participating communities, but is not required by regulation in these zones. Nearly 25-percent of all flood claims filed are for structures located within these zones. Minimal risk areas outside the 1-percent and .2-percent-annual-chance floodplains. No BFEs or base flood depths are shown within these zones. (Zone X (unshaded) is used on new and revised maps in place of Zone C.)
Site Rating	Overall, the subject site is considered an average/good medical office site balancing its limited exposure with its proximity to the highway, downtown Winslow, the ferry terminal, and other commercial development.
Easements	A preliminary title report was not available for review. The subject shares an access road with the adjacent assisted living & memory care facility. During the on-site inspection, no adverse easements or encumbrances were noted. This appraisal assumes that there is no negative value impact on the subject improvements. If questions arise regarding easements, encroachments, or other encumbrances, further research is advised.
Soils	A detailed soils analysis was not available for review. Based on the development of the subject, it appears the soils are stable and suitable for the existing improvements.
Hazardous Waste	We have not conducted an independent investigation to determine the presence or absence of toxins on the subject property. If questions arise, the reader is strongly cautioned to seek qualified professional assistance in this matter. Please see the Assumptions and Limiting Conditions for a full disclaimer.

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IMPROVEMENT DESCRIPTION

The information presented below is a basic description of the existing improvements using sources deemed dependable for this analysis. It is assumed that there are no hidden defects, and that all structural components are functional and operational, unless otherwise noted.

The subject was built-to-suit for and is fully occupied by an urgent care clinic, featuring typical medical layout with reception, 24 exam rooms with sinks and cabinetry, offices, central workstations, staff break rooms, medical/clean/utility rooms, conference room, lockers, restrooms, and an exterior backup generator. The subject does not have any surgical or procedure rooms.

There are two interior stairwells, an elevator, and one exterior stairwell. The basement includes a mechanical/fire room and a medical gas room, neither of which is included as rentable area. The building's main and upper floors include an enclosed interior stairwell at the SE corner and an elevator totaling ~310 SF, which is not included as Net Rentable Area. The interior stairwell adjacent to the reception area is open (photo shown earlier) and thus considered Rentable Area.

Property Type	Office - Medical Office
Design	Single-Tenant Owner-Occupied - 1 Tenant Space
Number of Buildings	1
Number of Stories	2
Net Rentable Area (NRA)	17,042 SF
Gross Building Area (GBA)	18,385 SF
Floor Plate	9,092 SF
Load Factor	0%
Percent Air Conditioned	100%
Building Class	C
Site Coverage Ratio	6.7%
Land to Building Ratio	7.4 : 1
Parking	73 (Surface) 4.3/1,000 SF NRA
Year Built	2014
Age/Life Analysis	
Actual Age	4 Years
Effective Age	5 Years
Economic Life	50 Years
Remaining Life	45 Years
Quality	Good/Excellent
Condition	Good/Excellent

MULTIPLE BUILDING DESCRIPTION GRID

BUILDING	GBA	NRA	SITE COV	YEAR BUILT	EFF. AGE	ECON. LIFE	REM. LIFE	STORIES	BLDG CLASS	QUALITY	CONDITION
Basement	723	0		2014	5	50	45	2	C	Good/Excellent	Good/Excellent
Ground Floor	9,092	8,782	7%	2014	5	50	45	2	C	Good/Excellent	Good/Excellent
Second Floor	8,570	8,260		2014	5	50	45	2	C	Good/Excellent	Good/Excellent
TOTAL	**18,385**	**17,042**									

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Basic Construction	Wood and steel

Foundation	Poured concrete slab
Framing	Wood and steel
Exterior Walls	Varied Howd Rainscreen and Standing Seem Metal Siding
Roof	Sealed membrane
Insulation	Assumed to be standard and to code for both walls and ceilings
Heating	Forced Air (no gas on the Island)
Air Conditioning	Central HVAC
Lighting	Variety of fluorescent lighting in varying forms of recessed, track, and pendant - to suit user's needs
Interior Walls	Painted drywall
Electrical	Multiple panels providing three phase 120/208V 100 Amp service with 110V outlets - assumed adequate and to-code
Ceilings	Primarily 2 x 2 acoustical tile - wood in main reception
Windows	Double pane glass windows in aluminum frames
Doors	Automatic double door system at main entrance with glass in metal frame. Interior doors are primarily solid core wood. Exam doors are on sliders.
Flooring	Variety of floor coverings, primarily wood and commercial grade carpet
Plumbing	Standard plumbing for a medical office building with sinks in exam rooms
Fire Protection	The subject has a fire sprinkler system.
Elevators	One-2-stop elevator with 3,000-lb capacity
Landscaping	Asphalt paving, concrete sidewalks, concrete curbing, pole mounted lights and low maintenance sprinklered landscaping
Signage	In addition to building-mounted signage, there is a monument style sign along Madison Avenue that the subject shares with the adjacent memory care facility (lower left) and a monument style sign on the access road in front of the subject building (lower right).

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Parking

The subject property has an asphalt paved parking lot that is in good condition. The subject's parking lot provides a total of ~73 surface parking stalls, which equates to a parking ratio of 4.3 spaces per 1,000 SF NRA. This meets minimum required by municipal code and is in line with comparable medical office properties with parking ratios that are typically at 4 to 5 per 1,000 SF.

Deferred Maintenance

The subject property was built in 2014 and is in good/excellent condition. Based on my interview with the property owner representative, and onsite inspection, no observable deferred maintenance exists.

Functional Design

The subject improvements were built-to-suit for and offer good utility to the medical office tenant. The site coverage ratio is low which reflects some surplus expansion land. The parking ratio is within market standards and the layout is functional with interior halls connecting the central workstations with the exam rooms. The halls also serve as waiting areas. The interior finishes are very good quality with very good appeal. Overall, the subject has a functional design considering the site and building configurations.

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ASSESSMENT & TAXATION

The subject property is located within Kitsap County. The assessed value and property tax for the current year are summarized in the following table.

ASSESSMENT & TAXES						
Tax Year	2018				Tax Rate	$10.8064
Tax Rate Area	0215				Taxes Current	Yes
Taxes SF Basis	Net Rentable Area					
APN	**LAND**	**IMPV**	**TOTAL**	**EXEMPTIONS**	**TAXABLE**	**BASE TAX**
232502-3-083-2002	$411,310	$4,558,390	$4,969,700	$0	$4,969,700	$53,705
Totals	**$411,310**	**$4,558,390**	**$4,969,700**	**$0**	**$4,969,700**	**$53,705**
Total/SF	**$24.14**	**$267.48**	**$291.61**	**$0.00**	**$291.61**	**$3.15**
Additional Tax Charges						
Noxious Weed						$2.16
Storm Water Mgmt Assmt						$2,760.00
Total Additional Tax Charges						**$2,762.16**
Total Additional Tax Charges Per SF						**$0.16**
Total Base Tax & Additional Tax Charges						**$56,467**
Total Base Tax & Additional Tax Charges Per SF						**$3.31**

Source: Kitsap County Assessment & Taxation

Subject Property Analysis

Assessment cycles are between one and six years depending on the county. The subject is in Kitsap County. All real property in Kitsap County is physically inspected at least once every six years on a cyclical basis. In addition, assessed values are updated countywide on an annual basis by statistical analysis. If properties in a particular area consistently sell for more or less than the assessed value, the assessment roll will be adjusted to reflect real estate market conditions in that area. If the character of property changes because of remodeling, additions, subdivisions, etc., a new value is determined.

The total assessment for the subject property is $4,969,700 or $272.00/SF. There are no exemptions in place. Total taxes for the property are $56,467 or $3.09/SF. The 2018 assessment is approximately 59% of the As Is Value conclusion. This is a slightly low but reasonable ratio. Actual taxes applying the 2018 assessment and tax levy rate are applied in the Direct Capitalization Summation Table. According to the Kitsap County Assessor's Office, real estate taxes for the subject property are current as of the date of this report.

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ZONING ANALYSIS

The zoning characteristics for the subject property are summarized below:

ZONING SUMMARY	
Municipality Governing Zoning	City of Bainbridge Island Planning & Zoning Department
Current Zoning	Residential 8 – Eight units per acre (5,400 sq. ft.) (R-8)
Zone Purpose	The purpose of the R-8 zone is to provide for medium-density residential areas in pleasant, uncongested surroundings allowing for the maximum amenities for the occupants.
Permitted Uses	Agriculture, crop; Single-Family Dwelling; Multifamily Dwellings; Foster Home; Small Group Living Facility; Group Care Facility (conditional); Community Garden; Park, Passive Recration; Family Day Care Home; Wireless Communication Facilities.
Conditional Uses	Group Care Facility; Educational Facility; Governmental Facility; Religious Facility; Park, Active Recreation; Recreation, Outdoor Acitivty; Day Care Center; Health Care Facility; Club; Cultural Facility; Bed and Breakfast (3+ bedrooms); Veternarian Clinic or Office; Park and Ride Lot, Shared Use; Small Wind Energy Generator; Solar Panel; Utility, Primary.
Accessory Uses	Public Communications Tower; Accessory Composting Bin; Accessory Dwelling Unit (outside shoreline jurisdiction); Accessory Rain Garden/Swale; Accessory Rainwater Harvesting Barrel; Accessory Small Wind Generator; Accessory Solar Panel; Accessory Utilities; Bed and Breakfast (1 - 2 bedrooms); Minor Home Occupations; Nonagricultural Accessory Uses and Structures (not otherwise listed);
Conditiona Accessory Uses	Accessory Dwelling Unit (within shoreline jurisdiction); Major Home Occupations;
Temporary Uses	Temporary Construction Building; Temorpary Container Storage; Temporary Public Events Gatherings; Temporary Homeless Encampment
Current Use	Medical Office
Is Current Use Legally Permitted?	Yes via conditional use permit

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ZONING REQUIREMENTS	
Conforming Use	The existing improvements represent a non-conforming use within this zone that is allowed via a conditional use permit.
Minimum Site Area (SF)	5,000 SF
Minimum Lot Width (SF)	60 SF
Minimum Lot Depth (SF)	60 SF
Roadside Buffer Hwy 305	50' Full Screen/35' Minimum
Front (Feet)	0
Minimum Yard Setbacks	
Front (Feet)	25 (2 stories or less)
Rear (Feet)	15 (2 stories or less)
Side (Feet)	5 min., 15 total
Side (Feet) - Building to Building	0
Building to Exetrior Plat Boundary Line	15
Building to SR 305 right-of-way	75
Building to other arterial	40
Building to other streets	15
Building to trail, open space	10
Maximum Density (Units/Acre)	5,400 : 1
Bonus Density (Units/Acre)	3,630 : 1
Maximum Site Coverage	25%
Bonus	40%
Maximum Building Height	35 Feet
Bonus for Nonresidential Uses If Conditional Use Permit Conditions Met	40 Feet
Parking Requirement	
Spaces Per 1,000 SF	4.0
Spaces Required	68
Spaces Provided	73

Source: City of Bainbridge Island Planning & Zoning Department

Zoning Conclusions

Based on the interpretation of the zoning ordinance, the subject property is an allowed, conditional use. Based on an interview with the City of Bainbridge Island Department of Planning and Community Department, the subject could be rebuilt if destroyed.

Detailed zoning studies are typically performed by a zoning or land use expert, including attorneys, land use planners, or architects. The depth of our analysis correlates directly with the scope of this assignment, and it considers all pertinent issues that have been discovered through our due diligence. We note that this appraisal is not intended to be a detailed determination of compliance, as that determination is beyond the scope of this real estate appraisal assignment.

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MARKET ANALYSIS

This section provides an overview of office supply/demand conditions for the Kitsap County Market and Bainbridge Island Submarket, market participant interviews and transaction trends. These findings are used to support my conclusions for the competitive position, general vacancy and exposure period for the subject property.

Market Area Identification
The subject is located in the Bainbridge Island office submarket within the Kitsap County office market. The subject is located on the northern fringe of Winslow area, in downtown Bainbridge. This is a mature, built-out commercial area.

Tenant/ Buyer Profile
Tenants on Bainbridge Island are primarily local businesses. The subject offers off-street parking, which is a competitive advantage in a market where parking is sometimes limited, at an average location in relatively close proximity to SR 305, downtown Bainbridge near shops and restaurants, and within a couple miles of the ferry terminal. Although the current medical office was approved as a conditional use, the location and layout is appealing to office users. The surplus land makes the subject attractive as it offers the subject future potential expansion potential.

As discussed with the client, there are limited number of large office users on the Island. Three such users include:

- **Virginia Mason** medical clinic, which just relocated into a new building at the Visconsi development, and thus is an unlikely candidate to purchase the subject. (The owner of the older building on Winslow Way recently vacated by Virginia Mason is considering a major redevelopment project. According the leasing agent, Ms. Cheryle Elmquist, there has been strong interest from smaller users for space in this building but any new leasing is currently on hold. Thus, this building may offer competitive medical office space in the market should the owner decide not to redevelop or decide to redevelop with a mixed-use project that includes medical space);
- **Swedish Primary Care** which is occupies ~11,000 SF at its current location on Hildebrand Rd, which is too small to occupy the entire subject building and would require some additional lease-up;
- **Avalara** who occupied ~18,000 SF in the Island Gateway project until recently relocating to downtown Seattle. As of mid-2018, nearly off this space has been re-leased, which serves as a proxy for the subject under the investor scenario. Due to the relatively small area of commercial zoned land, and mature build out, this tenant's relocation likely also serves as a model for future companies that become successful and outgrow it space in Winslow.

Lacking a large potential market of owner/users, besides City Government, it's speculative that the subject would sell to another owner/user. The alternative would be a sale to an investor would purchase with the expectation of retrofitting into multi-tenant space and re-leasing. As discussed with the client, an additional valuation scenario is included in this report that models an investor purchase of a vacant building and incorporates lease-up discounts for absorption costs such as rent loss, expense carry, leasing commission, and concessions (Tis and/or free rent). A discount for the cost to convert/retrofit is not included as this is speculative and beyond the scope of this assignment. It is my understanding from the client that the Bainbridge Island City Council is researching the potential cost to retrofit the subject property for its use, which is expected to be presented in mid-July 2018. This cost would likely need to be deduced from that value scenario once a reliable estimate is provided.

KITSAP COUNTY OFFICE MARKET

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The following is an analysis of supply/demand trends in the larger Kitsap County Office Market using information provided by CoStar, widely recognized as a credible source for tracking market statistics. The table below presents historical data for key market indicators.

KITSAP COUNTY HISTORICAL STATISTICS (LAST TEN YEARS)

PERIOD	SUPPLY	NEW CONSTRUCTION	NET ABSORPTION	VACANCY	ASKING RENT
2008	4,885,336 SF	56,574 SF	(54,028) SF	8.4%	$17.19/SF
2009	4,998,973 SF	113,637 SF	(22,284) SF	9.7%	$16.71/SF
2010	5,034,441 SF	35,468 SF	38,101 SF	11.3%	$17.33/SF
2011	5,080,339 SF	45,898 SF	99,275 SF	10.0%	$17.53/SF
2012	5,102,335 SF	21,996 SF	17,515 SF	9.4%	$17.05/SF
2013	5,091,735 SF	0 SF	(20,466) SF	10.2%	$17.42/SF
2014	5,101,735 SF	10,000 SF	100,365 SF	9.3%	$17.54/SF
2015	5,124,169 SF	22,434 SF	116,139 SF	7.4%	$18.03/SF
2016	5,124,169 SF	0 SF	2,645 SF	6.7%	$17.40/SF
2017	5,136,169 SF	12,000 SF	(44,749) SF	7.4%	$16.73/SF
CAGR	0.5%	-	-	-	(0.3%)

*Supply numbers based on information which is amended/updated on an on-going basis by Costar.
Source: Costar®

Over the past ten years the Kitsap County Office market was stable where there was generally balance in prevailing Office supply/demand conditions. Over this time period the market inventory increased by 6.8%. Further there was slight positive absorption (4.8% change). After reaching a low of 3.3% at the peak of the previous real estate cycle in 2007, vacancy jumped by nearly 5% in 2008 and remained higher through 2016. The average asking rent has generaly remained in a range of $17 to $18/SF NNN.

The following table summarizes the trailing four quarter performance of the Kitsap County market.

KITSAP COUNTY TRAILING FOUR QUARTER PERFORMANCE

PERIOD	SUPPLY	NEW CONSTRUCTION	NET ABSORPTION	VACANCY	ASKING RENT
2017 Q2	5,124,169 SF	0 SF	(24,193) SF	7.3%	$16.89/SF
2017 Q3	5,136,169 SF	12,000 SF	(16,947) SF	7.8%	$16.57/SF
2017 Q4	5,136,169 SF	0 SF	15,298 SF	7.5%	$16.22/SF
2018 Q1	5,136,169 SF	0 SF	(9,806) SF	7.6%	$16.84/SF

Source: Costar®

Over the past four quarters the Kitsap County office market has experienced limited growth of supply. These key factors have resulted in negative overall net absorption, an increase of vacancy, and a decrease of asking rent in the marketplace.

Key supply/demand statistics for the most recent quarter, last year and historical averages are summarized below.

KITSAP COUNTY MARKET TREND ANALYSIS

	Q1 2018	2017	Last 10
Total SF	5,136,169	5,136,169	5,067,940
Vacant SF	392,636	377,508	453,935
Market Vacancy	7.6%	7.4%	9.0%
Construction Growth Rate	0.0%	0.2%	0.5%
Absorption Rate	(0.2%)	(0.9%)	0.5%
Average Asking Rent/SF	$16.84	$16.73	$17.29

Source: Costar®

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Kitsap County Market Conclusion

Based on the preceding analysis, the Kitsap County Office market demonstrates generally sound fundamentals. Analysis of supply and demand factors indicate the market is stable with no evidence to prove this will change any time soon. The greatest strength of the market appears to be its strong absorption trends. The greatest weakness of the market appears to be its high vacancy rates. The subject is well positioned on Bainbridge Island within the Kitsap County market.

BAINBRIDGE ISLAND OFFICE SUBMARKET OVERVIEW

The following is an analysis of supply/demand trends in the Bainbridge Island Office Submarket using information provided by CoStar. The table below presents historical data for key market indicators.

BAINBRIDGE ISLAND HISTORICAL STATISTICS (LAST TEN YEARS)

PERIOD	SUPPLY	NEW CONSTRUCTION	NET ABSORPTION	VACANCY	ASKING RENT
2008	492,433 SF	0 SF	13,496 SF	4.6%	$18.98/SF
2009	504,190 SF	11,757 SF	(5,424) SF	7.5%	$18.62/SF
2010	534,374 SF	30,184 SF	19,714 SF	9.4%	$15.70/SF
2011	534,374 SF	0 SF	10,725 SF	8.5%	$17.25/SF
2012	534,374 SF	0 SF	(3,775) SF	7.4%	$15.54/SF
2013	534,374 SF	0 SF	2,766 SF	8.9%	$15.18/SF
2014	544,374 SF	10,000 SF	6,099 SF	10.7%	$18.06/SF
2015	544,374 SF	0 SF	20,022 SF	8.0%	$18.61/SF
2016	544,374 SF	0 SF	16,742 SF	3.7%	$18.34/SF
2017	556,374 SF	12,000 SF	295 SF	3.6%	$17.03/SF
CAGR	1.2%	-	-	-	(1.1%)

*Supply numbers based on information which is amended/updated on an on-going basis by Costar.
Source: Costar®

The market on Bainbridge was fairly active from 2006 to early 2008 for both owner-user office space (condominium or fee simple) and investors, but slowed from late 2008 thru 2012. Although the national economy showed signs of recovery in 2012, sales and leasing activity remained slow in Winslow. In 2013 downtown Winslow stabilized following the recession. By fall 2014, occupancies returned to typically high levels along Winslow Way and Madison Avenue and as of mid-2018, demand appears to have returned to pre-recession levels as evidenced by low vacancy and strong market activity.

Over the past ten years the Bainbridge Island Office market was somewhat strong where there was generally balance in prevailing Office supply/demand conditions. Over this time period the market inventory significantly increased by 13.0%. Further there was significant positive absorption (16.4% change), moderate decrease in the vacancy rate (-1.0% change) and decrease of the asking average rent (-10.3% change).

Downtown Winslow

The Costar data emphasizes larger office properties and may understate the competitive supply because of the many small office buildings in the Bainbridge market. However, overall trends are instructive. The data reports a relatively steady growth with stable to decreasing vacancy and narrow range of average asking rents (excluding 2007).

Areas within Winslow where office development has been active in the past include: Ericksen Avenue; the Eagle Harbor waterfront; and Hildebrand Lane. A small but not insignificant fraction of Bainbridge Island office space is comprised of converted residences, especially along Ericksen Avenue and to a lesser extent along Madison Avenue.

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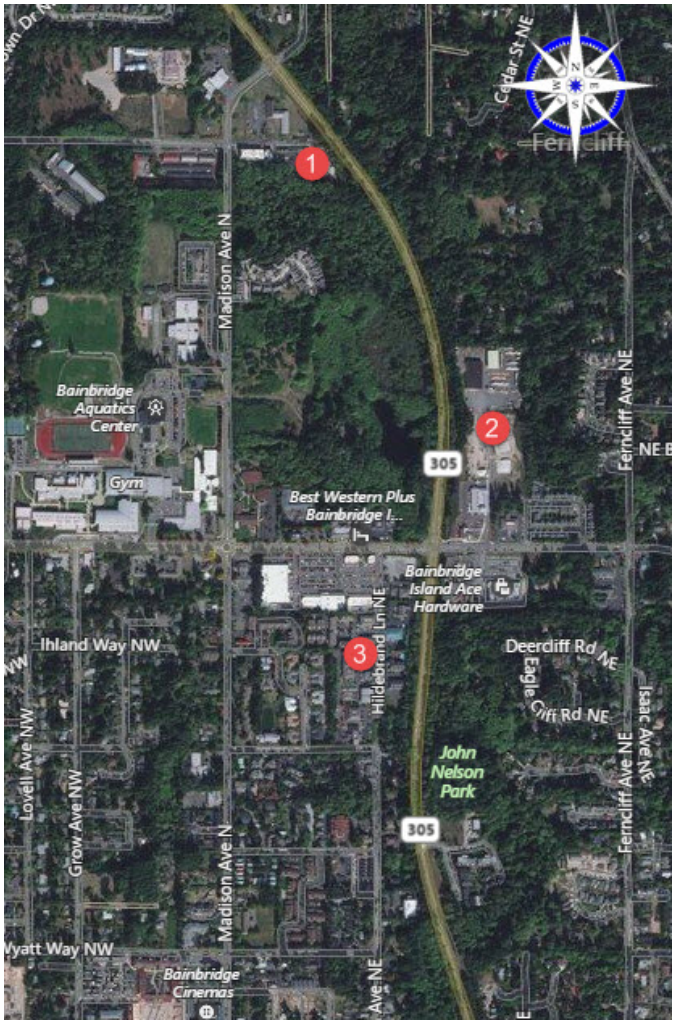
Along the Winslow Way corridor there is a broad range of commercial office and retail product, including but not limited to: real estate brokerage offices, professional and medical (including Virginia Mason clinic) offices, Town and Country Market, small retail mall, restaurants, art galleries, banks, and several retail shops.

Over time, office and retail uses are beginning to expand out from these two main concentrations along intersecting routes; Madison Avenue north and south from Winslow Way, and Hildebrand Lane from High School Road. The High School Road retail node includes a Safeway-anchored retail center as well as other retail.

Several mixed-use projects incorporating commercial space were built in Winslow between 2005 and 2008, including: The Pavilion (60,377 SF), The Winslow (16,664 SF), Harbor Square (10 commercial condos totaling 15,600 SF), Seabreeze (7,072 SF), Madison Square North, Hildebrand Village, Wyatt Way Courtyard (8 office condos totaling 6,946 SF), and Madrone Village (5,987 SF). These projects represent a significant portion of commercial space in this market. In the opinion of many local market participants, the area experienced an unprecedented commercial real estate boom from 2005 to 2008. The Pavilion (shown at right) is a mixed-use, multi-tenant (office, retail, and cinema) shopping center that anchors the Madison Ave. corridor.



This (2005-'08) was a very strong period in the market, mirroring larger regional trends. Most of the new projects absorbed fairly quickly. At the time, market vacancy was low, and rents were relatively high. These large projects also took down most of the few remaining key sites in the Winslow commercial area, and it is unlikely Bainbridge will see another wave of development on this scale.

Developing

In 2012, a large proposed project at the northeast corner of the intersection of NE High School Road and Highway 305 was announced. The developer, Visconsi Companies Ltd., received approval to build a new mixed-use shopping center (Wintergreen Walk), despite some local opposition. The development company, based in Pepper Pike, Ohio, builds community shopping centers and has completed more than 80 projects across the country, including with Walgreens drug stores.

The shopping center includes five parcels totaling 8.16 acres. Newly completed buildings include a 14,475-SF Walgreens and a Key Bank and an approximately 29,000-SF **Virginia Mason** medical clinic. This is a primary competitor to the subject and is identified on the map at left as No 2.

No 1 is the subject (**Harrison Urgent Care**), which is ar approximately 17,000-SF medical building.

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No 3 is small medical node anchored by **Swedish Primary Care** clinic, which occupies ~11,000 SF. This is just south of the Island's primary shopping center, **Island Village**, located across Madison Ave between High School Road and SR 305. This ~97,500-SF Safeway-anchored shopping center draws from the entire island and is the main grocery store alternative to Town & Country. This center includes 5 buildings and several national credit tenants such as Rite Aid, Starbucks, and Subway.

The following table summarizes the trailing four quarter performance of the Bainbridge Island submarket.

BAINBRIDGE ISLAND TRAILING FOUR QUARTER PERFORMANCE

PERIOD	SUPPLY	NEW CONSTRUCTION	NET ABSORPTION	VACANCY	ASKING RENT
2017 Q2	544,374 SF	0 SF	(9,710) SF	3.9%	$18.27/SF
2017 Q3	556,374 SF	12,000 SF	11,526 SF	3.9%	$15.89/SF
2017 Q4	556,374 SF	0 SF	(3,196) SF	4.5%	$15.64/SF
2018 Q1	556,374 SF	0 SF	11,731 SF	2.3%	$16.59/SF

Source: Costar®

Over the past four quarters the Bainbridge Island office market has remained strong, showing an increase of supply. There was also positive net absorption, decrease in vacancy rates and decrease of asking rent in the marketplace.

Key supply/demand statistics for the most recent quarter, last year and historical averages are summarized below.

BAINBRIDGE ISLAND MARKET TREND ANALYSIS

	Q1 2018	2017	Last 10
Total SF	556,374	556,374	532,362
Vacant SF	13,049	20,029	38,506
Market Vacancy	2.3%	3.6%	7.2%
Construction Grow th Rate	0.0%	2.2%	1.2%
Absorption Rate	2.1%	0.1%	1.4%
Average Asking Rent/SF	$16.59	$17.03	$17.33

Source: Costar®

Bainbridge Island Submarket Conclusion

Based on the preceding analysis, the Bainbridge Island Office market demonstrates somewhat strong fundamentals. Analysis of supply and demand factors indicate the market is currently stable with no evidence to prove this will change any time soon. The greatest strength of the market appears to be its low vacancy and positive absorption trends. There are no observed weaknesses of the market that stand out.

Kitsap County Office Market & Bainbridge Island Office Submarket Conclusion

Office supply/demand considerations were analyzed for the Kitsap County Market and Bainbridge Island Submarket, both of which exhibit overall sound fundamentals, although the Bainbridge Island submarket has experienced lower vacancy and specifically, downtown Winslow is more tied to the Seattle market than broader Kitsap County. Investors would recognize these conditions as having positive influence on the subject when contemplating purchase of the subject, which is a freestanding, two-story office property.

SUBJECT PROPERTY ANALYSIS

The subject's competitive position significantly influences marketability. The subject is an Office (Medical Office) property totaling 17,042 SF of NRA located on a 3.13-acre site at 8804 Madison Ave N in Bainbridge Island, Washington. Adequate parking has been an ongoing challenge for commercial buildings located in or near downtown Winslow. A benefit of the subject office building is an above-average parking ratio. Other amenities viewed positively include: very good quality interior finishes with large, open reception area, ADA restrooms, and surplus land for additional parking and/or potential future expansion.

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Overall vacancy rates are currently low at 2.3 percent. The current owner/user has well-maintained the building. From an investor standpoint, there is limited supply of investment real estate on an island which is mainly thought of as a residential community. This is viewed positively from an investor standpoint because cap rates have remained relatively low. Long term trends in the commercial real estate market on Bainbridge Island are viewed positively. Overall the subject is concluded to have a **very good** competitive position and **very good marketability** to both owner/users and investors – either under a sale-leaseback or vacant with conversion to multi-tenant scenario.

EXPOSURE TIME & MARKETING PERIOD

Exposure time is best established based the recent history of marketing periods for comparable sales, discussions with market participants and information from published surveys. The following table summarizes the information that was taken into consideration to develop an estimate of exposure time and marketing period for the subject property:

EXPOSURE TIME & MARKETING PERIOD

SOURCE	QUARTER	RANGE	AVG	LAST Q	LAST YR
PriceWaterhouse Coopers					
National Medical Office Buildings	2Q 18	1.0 to 12.0	4.8	4.8	4.8
Pacific Northwest Office	2Q 18	1.0 to 9.0	4.1	4.1	4.9
Comparable Sales Dataset		1.0 to 6.0	3.2		
AVERAGE		**1.0 to 9.0**	**4.0**	**4.5**	**4.9**

The preceding information generally supports an exposure time range from 1 to 12 months for Office (Medical Office) properties. The availability of acquisition financing also factors into exposure time and marketing period. My review of the local capital market indicates that adequate financing options would have been available to consummate a sale of the subject on the date of value.

Based on our analysis of the subject property and investigation of substitute properties in the marketplace, the subject property is considered to have very good overall buyer appeal with a very good competitive position if the asset was exposed to the open market.

Exposure Time Conclusion
12 Months Or Less

Marketing Period Conclusion
12 Months Or Less

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HIGHEST AND BEST USE ANALYSIS

This section develops the highest and best use of the subject property as-vacant and as-improved. The highest and best use, or most probable use, must be legally permissible, physically possible, financially feasible, and maximally productive.

As-Vacant Analysis
Permitted uses of the subject's Residential 8 – Eight units per acre (5,400 sq. ft.) (R-8) zoning were listed in the Zoning Analysis section. This zone allows a variety of residential uses. Most commercial uses, including office, are prohibited. Regarding physical characteristics, the subject site is irregular in shape and has sloping topography with average access and average/good exposure. The subject site has frontage on an access road. The immediate area is developed with a mix of special purpose uses, including memory care, church, fire station, and self-storage, with single-family residential development removed from arterials.

Based on my observations of land development trends for sites with similar zoning and physical characteristics as the subject and analysis of current supply/demand trends, the highest and best use of the subject site as-vacant is multi-family residential .

As-Improved Analysis
The subject's Office (Medical Office) use (as-improved) is a non-conforming conditional use. The legal factors influencing the highest and best use of the subject property do not support the existing medical use without a conditional use permit. The subject's improvements were constructed in 2014 and have a remaining economic life of 45 years based on my estimate. The project is of good/excellent quality construction and in good/excellent condition, with a functional medical office layout. Legal, physical, locational and marketability factors support the existing use as the highest and best use of the subject site.

In addition to legal, physical and locational considerations, analysis of the subject property as-improved requires the treatment of alternative uses for the property. The five possible alternative treatments of the property are demolition, expansion, renovation, conversion, and the subject's use "as-improved".

- **Demolition** Based on the As Is market value concluded in this report, the underlying land would have to equate to a unit value of ~$60/SF. The assessed land value of the subject site is $411,862 ($3.13/SF) and land values on the Island typically range from $10 to $30/SF. The subject improvements contribute significant value above the current land value. At this time, market conditions do not warrant redevelopment. Therefore, demolition is not applicable in this case.
- **Expansion** The subject property comprises approximately 3.13 acres (136,351 SF) and is improved with a **Medical Office**. The subject site includes a small, undeveloped section of land just east of the building that wad included for future potential expansion, if needed. The current owner/user likely doesn't consider expansion a viable option at this time.
- **Renovation/Conversion** The subject was built-to-suit for and is fully occupied by the current owner/user. The building is only 3 years old and has a functional layout for its intended medical office use. In the fall of 2017 the current owner approached the City of Bainbridge Island (client) to suggest the idea that the subject property might make a good candidate to retrofit for the City's police and municipal court. The City Council is researching the potential cost to retrofit the subject property for its use, which is expected to be presented in mid-July 2018. The specific scope of work for this assignment, as requested by the client, is to provide an As Is value, without consideration to future (retrofitting) use.
- **Continued Use "As-Is"** The final option is the continued use of the property "As-Is." From an income standpoint the subject is fully occupied by a medical owner/user and would have very good marketability to an investor under the terms of a sale-leaseback. Overall supply/demand conditions have been relatively

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strong in the Bainbridge Island submarket. Among the five alternative uses, continued use as a medical office is supported to be its Highest and Best Use.

Marketability Factors

In general, an office supply/demand conditions and immediate market area trends support viable short and long-term operations of the subject's current use as-improved. The subject was concluded to have very good marketability to both owner/users and investors.

As-Improved Conclusion

Among the five alternative uses, continued use as medical office is the Highest and Best Use of the subject property as-improved.

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VALUATION METHODS

The following presentation of the appraisal process deals directly with the valuation of the subject property. The paragraphs below describe the standard approaches to value that were considered for this analysis.

Income Approach

The two fundamental methods of this valuation technique include Discounted Cash Flow and Direct Capitalization.

Characteristics specific to the subject property warrant that this valuation technique is developed. Development of the Income Approach is a specific scope requirement of this assignment. The subject is an investment property; therefore, the Income Approach represents the decision making process of knowledgeable buyers and sellers of this property type. The Direct Capitalization method is used in this analysis. Discounted Cash Flow analysis does not contribute substantially to estimating value beyond the direct capitalization method and is not used in this analysis.

Sales Comparison Approach

Characteristics specific to the subject property warrant that this valuation technique to be developed. Development of the Sales Comparison Approach is a specific scope requirement of this assignment. Sufficient sales data is available to provide a credible value estimate by the Sales Comparison Approach. Based on this reasoning, the Sales Comparison Approach is presented within this appraisal.

Land Valuation

Characteristics specific to the subject property do not warrant that a site value is developed. Development of the subject site value is not a specific scope requirement of this assignment. Therefore, this appraisal does not provide valuation of the subject site.

Cost Approach

Characteristics specific to the subject property do not warrant that this valuation technique is developed. Development of the Cost Approach is not a specific scope requirement of this assignment. Knowledgeable buyers and sellers typically do not rely on this valuation technique for income-producing properties similar to the subject. Based on the preceding information, the Cost Approach will not be presented.

Reconciliation of Value Conclusions

The Income (Direct Capitalization) and Sales Comparison approaches are used to value the subject property, which will be reconciled into the final opinion of market value in the Analysis of Value Conclusions section.

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INCOME APPROACH

As previously discussed within the Valuation Methods section, the Direct Capitalization method is used in this analysis, and Discounted Cash Flow analysis is not developed.

Direct Capitalization

The first step in the direct capitalization method is to estimate the subject's durable rental income through reconciliation of the subject's in-place lease terms and market rent analysis. Next, I analyze other income items including reimbursements and miscellaneous revenue. Then, vacancy allowance and operating expenses are estimated based on analysis of the subject and market indicators. Finally, the resulting net operating income is capitalized at an appropriate supported rate. The implied value may be adjusted to account for non-stabilized conditions or required capital expenditures to reflect an as is value.

Rental Income Analysis

In this section, I developed an opinion of the subject's rental income through examination of subject lease terms and market rent analysis. The rental income conclusion was reconciled taking into account such items as durability of in-place contract rents, lease escalations and market terms as measured by rent comparables.

Subject Lease Analysis

The subject property owner-occupied and is therefore unencumbered by an arm's length lease. The market rent conclusion is based on an analysis of comparable leased properties.

Market Rent Analysis

This section examines competitive comparable properties within the marketplace to establish our opinion of market rent for the subject property. This allows for a comparison of the subject property's contract to what is attainable in the current market.

Adjustment Process

Quantitative adjustments are made to the comparable leases. The following adjustments or general market trends were considered for the basis of market rent analysis.

Transactional Adjustments	If warranted, the comparable leases were adjusted for varying lease structures. There are variances in expense structures for office leases in this market. Three of these are found in the comparables: (1) a Full Service structure, whereby the landlord is responsible for all operating expenses; (2) a Gross lease structure, whereby the landlord is responsible for all expenses except reserves and interior janitorial/cleaning; and (3) a Triple Net (NNN) structure whereby the landlord pays miscellaneous non-reimbursable fees and structural maintenance, and the tenants pay directly and/or reimburse their proportionate share of all other operating expenses including taxes, insurance, utilities, repairs & maintenance, and management. Four of the office comparables are based on a NNN structure, one is based on a full service structure, and one is based on a gross structure. **Market rent is based on NNN structure**. The two non-triple net leases are adjusted to NNN in the Rent Summation Table.
Concession Adjustment	Any adjustment for rent concessions and/or tenant improvement allowance is considered qualitatively. This methodology does not take into account amortization of rental increases over the lease term.

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Property Adjustments	Quantitative percentage adjustments were made for location and physical characteristics such as size, age, condition, exposure and parking ratio. It should be stressed that the adjustments are subjective in nature and are meant to illustrate our logic in deriving a value opinion for the subject site.
Tenant Space Adjustments	The lease comparables were further adjusted to the subject to account for tenant space specific characteristics such as size and space functionality.

The following table summarizes the market conditions adjustment applied in this analysis.

MARKET CONDITIONS ADJUSTMENT			
Per Year As Of	June 2018	(As-Is)	3%

The analysis applies an upward market conditions adjustment of 3% annually reflecting the conditions between the oldest comparable lease date up through the effective valuation date.

Analysis of Comparable Medical Leases

The Medical lease analysis is used to derive an opinion of market rent for the Medical MLA category. The following pages present a summation table of the comparables selected for this analysis, a location map and comparable photographs, the lease comparable adjustment process and my market rent conclusion.

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MEDICAL LEASE SUMMATION TABLE

COMPARABLE	SUBJECT	LEASE 1	LEASE 2	LEASE 3	LEASE 4	LEASE 5
Name	Bainbridge Urgent Care Building	Confidential	San Juan Building	Swedish Medical Building	Swedish Medical Building	Medical Office
Address	8804 Madison Ave N	-	900 Winslow Way E, Ste 200	945 Hildebrand Ln NE, Ste 220	945 Hildebrand Ln NE	Confidential
City	Bainbridge Island	Bainbridge Island	Bainbridge Island	Bainbridge Island	Bainbridge Island	Bainbridge/Poulsbo
State	WA	WA	WA	WA	WA	WA
Zip	98110	98110	98110	98110	98110	-
PHYSICAL INFORMATION						
Property Type	Office	Office	Office	Office	Office	Office
NRA	17,042	4,465	12,712	39,789	39,789	30,000 to 50,000
Occupancy	100%	100%	90%	97%	97%	100%
Location	Average	Average/Good	Good	Average/Good	Average/Good	Average/Good
Quality	Good/Excellent	Average/Good	Good	Good	Good	Good/Excellent
Condition	Good/Excellent	Average/Good	Good	Average	Good	Good/Excellent
Exposure	Average/Good	Average/Good	Good	Average/Good	Average/Good	Average/Good
Access	Average	Average/Good	Good	Average/Good	Average/Good	Average/Good
Appeal	Good/Excellent	Average	Average	Good	Good	Good
Parking Spaces	73	20	18	70	70	N/Av
Parking Ratio	4.3	4.5	1.42	1.8	1.8	Adequate
Year Built	2014	1983	2001	2000	2000	Recent
Year Renovated	-	-	-	-	-	-
LEASE INFORMATION						
Tenant Name		Dentist	Ramirez & Walker Inc.	Kitsap PT	Swedish Primary Care	Confidential
Commencement Date		9/1/2015	6/1/2016	11/1/2017	2/1/2016	-
Lease Status		Signed	Listing	Signed	Signed	Signed
Rate Type		Full Service	Gross	NNN	NNN	NNN
Size (SF)		2,500	1,132	3,383	11,000	30,000 to 50,000
Term (Yrs)		3	3	5	20	15
Rent ($/SF/Yr.)		$25.40	$29.15	$22.00	$28.00	$43.60
Adj ($/SF/Yr.)		($6.00)	($5.00)	-	-	-
Adj Rent ($/SF/Yr.)		$19.40	$24.15	$22.00	$28.00	$43.60
Avg. Escalation/Yr		5.0%	2.0%	3.0%	-	10%./5 Yrs
Concessions		-	4 Mos.	6 Mos.	0	0
TI's ($/SF)		-	-	-	-	Yes
Options		-	-	-	-	Yes
NNN		-	$8.80	7.50	7.50	-

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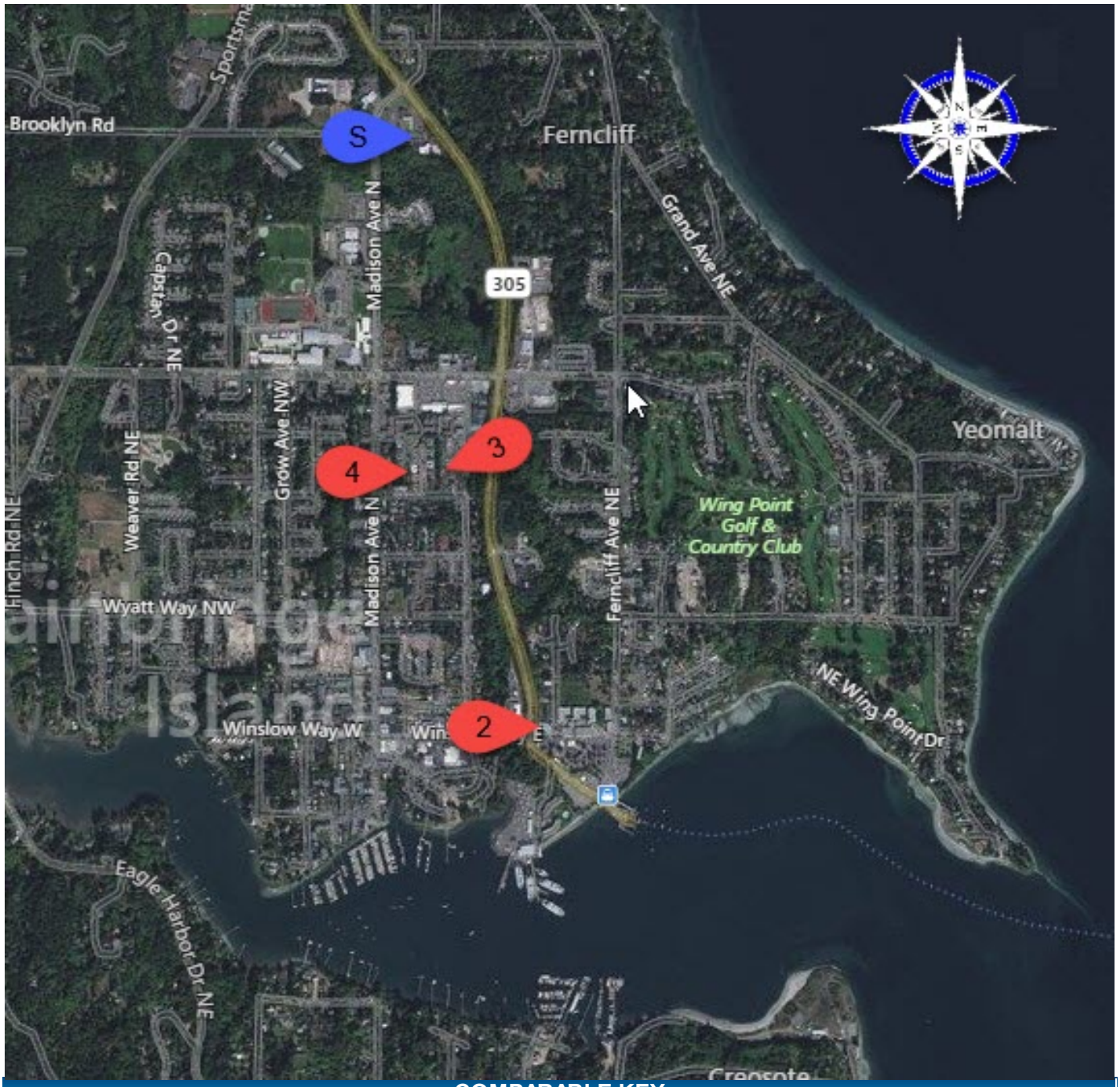
RENT COMPARABLE LOCATION MAP



COMPARABLE KEY

COMP	DISTANCE	NAME	ADDRESS	LEASE DATE	SF	$/SF
SUBJECT	-	Bainbridge Urgent Care Building	8804 Madison Ave N, Bainbridge Island, WA	-	-	$36.00
No. 1		Confidential	, Bainbridge Island, WA	9/1/2015	2,500	$25.40
No. 2	1.2 Miles	San Juan Building	900 Winslow Way E, Ste 200, Bainbridge Island, WA	6/1/2016	1,132	$29.15
No. 3	0.6 Miles	Swedish Medical Building	945 Hildebrand Ln NE, Ste 220, Bainbridge Island, WA	11/1/2017	3,383	$22.00
No. 4	0.6 Miles	Swedish Medical Building	945 Hildebrand Ln NE, Bainbridge Island, WA	2/1/2016	11,000	$28.00
No. 5		Medical Office	Confidential, Bainbridge/Poulsbo Area, WA			$43.60

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COMPARABLE MEDICAL RENT PHOTOGRAPHS

CONFIDENTIAL

COMPARABLE 1

COMPARABLE 2

COMPARABLE 3

COMPARABLE 4

CONFIDENTIAL

COMPARABLE 5

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MEDICAL LEASE ADJUSTMENT TABLE

COMPARABLE	SUBJECT	LEASE 1	LEASE 2	LEASE 3	LEASE 4	LEASE 5
Name	Bainbridge Urgent Care Building	Confidential	San Juan Building	Swedish Medical Building	Swedish Medical Building	Medical Office
Address	8804 Madison Ave N	-	900 Winslow Way E, Ste 200	945 Hildebrand Ln NE, Ste 220	945 Hildebrand Ln NE	Confidential
City	Bainbridge Island	Bainbridge Island	Bainbridge Island	Bainbridge Island	Bainbridge Island	Bainbridge/Poulsbo
LEASE INFORMATION						
Tenant Name		Dentist	Ramirez & Walker Inc.	Kitsap PT	Swedish Primary Care	Confidential
Commencement Date		9/1/2015	6/1/2016	11/1/2017	2/1/2016	-
Lease Status		Signed	Listing	Signed	Signed	Signed
Rate Type		Full Service	Gross	NNN	NNN	NNN
Size (SF)		2,500	1,132	3,383	11,000	30,000 to 50,000
Term (Yrs)		3.0	3.0	5.0	20.0	15.0
Rent ($/SF/Yr.)		$25.40	$29.15	$22.00	$28.00	$43.60
Adj ($/SF/Yr.)		($6.00)	($5.00)	-	-	-
Adj Rent ($/SF/Yr.)		$19.40	$24.15	$22.00	$28.00	$43.60
Avg. Escalation/Yr		5.0%	2.0%	3.0%	-	10%./5 Yrs
Concessions		-	4 Mos.	6 Mos.	0	0
TI's ($/SF)		-	-	-	-	Yes
TRANSACTIONAL ADJUSTMENTS						
Lease Type		$0.00	$0.00	$0.00	$0.00	$0.00
Concessions[1]		$0.00	$0.00	$0.00	$0.00	$0.00
Market Conditions		9%	6%	2%	7%	0%
Subtotal Eff Rent		$21.15	$25.60	$22.44	$29.96	$43.60
PROPERTY ADJUSTMENTS						
Location	Average	Average/Good	Good	Average/Good	Average/Good	Average/Good
Adjustment		-5%	-10%	-5%	-5%	-5%
Quality	Good/Excellent	Average/Good	Good	Good	Good	Good/Excellent
Adjustment		10%	5%	5%	5%	0%
Condition	Good/Excellent	Average/Good	Good	Average	Good	Good/Excellent
Adjustment		10%	5%	15%	5%	0%
Exposure	Average/Good	Average/Good	Good	Average/Good	Average/Good	Average/Good
Adjustment		0%	-5%	0%	0%	0%
Access	Average	Average/Good	Good	Average/Good	Average/Good	Average/Good
Adjustment		-5%	-10%	-5%	-5%	-5%
Parking Ratio	4.3	4.5	1.42	1.8	1.8	Adequate
Adjustment		0%	5%	5%	5%	0%
Age	2014	1983	2001	2000	2000	Recent
Adjustment		5%	5%	5%	5%	0%
Subtotal Property Adj		15%	-5%	20%	10%	-10%
TENANT SPACE ADJUSTMENTS						
Size (Tenant)	17,042	2,500	1,132	3,383	11,000	30,000 to 50,000
Adjustment		0%	0%	0%	0%	0%
Subtotal Tenant Adj		0%	0%	0%	0%	0%
TOTAL ADJUSTED RENT		**$24.32**	**$24.32**	**$26.93**	**$32.96**	**$39.24**

STATISTICS	UNADJUSTED	ADJUSTED
LOW	$22.00	$24.32
HIGH	$43.60	$39.24
MEDIAN	$28.00	$26.93
AVERAGE	$29.63	$29.55

[2] Market Conditions Adjustment - Compound annual change in market conditions: 3%
Date of Value (for adjustment calculations): 6/14/18

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Medical Lease Analysis

The lease comparables represent 3 medical/dental office leases, one physical therapy lease, and one professional office lease, four of which are located in Winslow. Overall, the lease comparables show a range of $22.00/SF to $43.50/SF Triple Net, with an average of $29.63/SF. Due to factors such as more intense cabinetry, plumbing, and in some cases higher cost features such as lead-lined walls, **medical/dental space** typically requires more expensive build out than professional office space. As such, rents are generally higher and leases tend to be longer term.

Due to the higher cost **medical/dental build out**, the amount and source of tenant improvements often have a significant impact on rents. When a tenant pays for additional improvements out-of-pocket, the base rent is not affected. However, if the cost is initially taken on by the landlord, most often they are amortized into the life of the lease. In some cases, the tenant agrees to pay for additional TIs up front, which places downward pressure on rent. This was reportedly the case with Swedish (No 4), who paid $100,000 ($9/SF) out of pocket in finish out.

Lease comparables 1 is an upper floor dental space in an older, inferior quality building in inferior condition. Upward adjustments are applied for age, quality, and condition. This building occupies a slightly superior location that has slightly superior access closer to downtown Winslow with similar parking.

Lease comparable 2 is a slightly inferior (good) quality professional office building in slightly inferior (good) condition. Upward adjustments are applied for quality and condition. This building occupies a slightly superior location directly across from the ferry terminal with slightly superior access and exposure. Thus, downward locational adjustments are applied. Upward adjustments are applied for inferior parking and older age.

Lease comparable 3 and 4 are in the same building. As a slightly older building in slightly inferior condition, upward adjustments are applied. No 3 has lower cost (physical therapy) build out and thus is considered average condition.

No 5 is located within the Bainbridge Island/Poulsbo market area. Per the request of the representative the specific property details are kept confidential; however, the appraisers are knowledgeable of the property. The facility was built within the last several years and contains a rentable area of 30,000 to 50,000 square feet and is situated on a two to three-acre site. The medical facility is leased to a single tenant for a 15-year term with five options to extend the lease to 30 years in 2018. The base rent is $43.60 per square foot NNN (the owner is only responsible for structural reserves) and escalates 10% every five years. This is a similar quality building in similar condition. The adjustments are for slightly inferior (non-highway) exposure but slightly superior overall location due to its closer proximity to downtown Winslow and the ferry terminal.

The lease comparables bracket the subject in size, ranging from 1,132 to 50,000 SF. According to Cheryle Elmquist, local property manager and leasing agent, there generally is no size discount for medical space. This is evident the fact the 2nd highest comparable rate (No 5) is paid by the tenant in the largest space. No adjustment is applied for size.

MEDICAL SPACE MARKET RENT CONCLUSION

The lease comparables show a range of $24.32/SF to $39.24/SF adjusted to NNN, after adjustments. Primary emphasis is allocated to Lease 5 ($39.24) which has the lowest overall adjustment. It is noted that No 5 is a new, build-to-suit project that potentially is more a reflection of cost than what a medical tenant is willing to pay for 2nd generation space that would likely require some retrofitting or renovating. Thus, strong consideration is also given to Lease 4 ($32.96/SF), which is also a large medical space, and is located in the same market. A rounded mid-range market rent of **$36.00/SF NNN** is concluded and applied to the subject net rentable area. (The market generally does not appear to apply a size discount for medical space. The same market rent and operating

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expense conclusions are applied in the alternate investor and multi-tenant scenario presented at the end of the Income Approach.)

The following table summarizes the analysis of the comparables leases and the Medical market rent conclusion.

MEDICAL LEASE CONCLUSION TABLE

LEASE	LEASE RATE	ADJUSTMENT TRANSACTIONAL[1]	ADJUSTED	PROPERTY[2]	FINAL	NET ADJ %	GROSS ADJ %	OVERALL COMPARISON
1	$25.40	($4.25)	$21.15	15%	**$24.32**	-4%	44%	SECONDARY
2	$29.15	($3.55)	$25.60	-5%	**$24.32**	-17%	51%	SECONDARY
3	$22.00	$0.44	$22.44	20%	**$26.93**	22%	42%	SECONDARY
4	$28.00	$1.96	$29.96	10%	**$32.96**	18%	37%	PRIMARY
5	$43.60	$0.00	$43.60	-10%	**$39.24**	-10%	10%	PRIMARY
LOW	**$24.32**					**AVERAGE**		**$29.55**
HIGH	**$39.24**					**MEDIAN**		**$26.93**

	AVERAGE CONTRACT	ASKING	ACHIEVABLE MRKT RANGE	NNN	CONCLUSION
Medical	-	-	**$24.32 - $39.24**		**$36.00**

[1]Cumulative [2]Additive (Includes Tenant Adjustments)

POTENTIAL GROSS RENT

My analysis and conclusions of the subject's potential gross rent are detailed as follows:

POTENTIAL GROSS RENT	
Market Rent	$36.00
Expense Structure	Triple Net
Contract or Market	Market
POTENTIAL GROSS RENT CONCLUSION	
Annual	$613,512
PSF (YR.)	$36.00
PSF (MO.)	$3.00

INCOME & EXPENSE ANALYSIS

In this section, I estimate vacancy and credit loss and applicable operating expenses. Historical operations of the subject property were requested but not provided. The expense conclusions are based on the medical office expense comparables.

Additional Revenue

Based on my analysis of the subject's historical operations, there are no additional revenue generators present.

Expense Reimbursements

My analysis and conclusions of the subject's expense reimbursements are detailed as follows:

TOTAL REIMBURSEMENT INCOME

YEAR	TOTAL	$/SF	%EGI	ANALYSIS
PROFORMA	$150,000	$8.80	20.7%	Reimbursements for the triple net lease include: real estate taxes, property insurance, repairs & maintenance, utitlies not paid directly, and management fees.

These reimbursements were based on the operating expenses, rounded down to account for slippage, that are concluded later in the Income Approach.

VACANCY AND CREDIT LOSS

This category accounts for the time period between occupants, as well as possible prolonged vacancies under slow market conditions. This assignment reflects the probable stabilized vacancy during the economic life of the

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property and not necessarily the current or short-term vacancy. Investors are typically using 5% as a stabilized vacancy. There are no published surveys in this market. As described in the Market Analysis, professional office vacancy on Bainbridge Island has Market vacancy has ranged between 3.6% and 10.7% over the past ten years and most recently at 2.3% as of Q1 2018.

The market has stabilized. The subject is a good/excellent quality medical office building at an average location. The building is in good/excellent condition and is fully occupied by an owner/user. Noting current market trends and perceived long-term strong market conditions, a vacancy and credit loss of **5.0%** is concluded and applied to the office space.

VACANCY & CREDIT LOSS	
General Vacancy & Credit Loss	5.0%
Total	5.0%

ANALYSIS OF OPERATING EXPENSES

The following chart summarizes comparable expenses used in this analysis.

EXPENSE COMPARABLES

COMPARABLE	COMP 1	COMP 2	COMP 3	COMP 4	COMP 5	COMP 6	LOW	HIGH	AVG
City	Burien	Bothell	Tacoma	Olympia	Puyallup	B. Island	-	-	-
State	WA	WA	WA	WA	WA	WA	-	-	-
Expense Year	2017	2016	2015	2016	2016	2015	2015	2017	2016
Actual/Budget	Budget	Actual	Actual	Actual	Actual	Budget	-	-	-
Net Rentable Area	2,596	14,105	25,781	31,104	26,431	4,465	2,596	31,104	17,414
Building Type	Med/Dental	Med/Dental	Medical	Medical	Med/DDS/Gen	Gen/Dental	-	-	-
Year Built	1976	2007	2006	1980	2009	1983	1976	2009	1994
EFFECTIVE GROSS INCOME	$33.00	$36.76	$33.85	$26.30	$35.17	N/Av	$26.30	$36.76	$33.02
EXPENSE ITEMS	**$/SF**	**$/SF**	**$/SF**	**$/SF**	**$/SF**	**$/SF**	**LOW**	**HIGH**	**AVG**
Real Estate Taxes	$3.84	$2.85	$2.84	$1.50	$3.36	$1.78	$1.50	$3.84	$2.70
Property Insurance	$0.79	$0.21	$0.18	$0.20	$0.13	$1.00	$0.13	$1.00	$0.42
Repairs and Maintenance	$0.92	$1.24	$1.72	$2.07	$1.21	$0.75	$0.75	$2.07	$1.32
Utilities	$1.59	Pd Dir.	$3.43	$2.31	$2.42	$2.20	$1.59	$3.43	$2.39
Management Fees	$0.77	$0.92	$1.83	$0.97	$1.77	$0.56	$0.56	$1.83	$1.14
%EGI	*2.3%*	*2.5%*	*5.4%*	*3.7%*	*5.0%*	-	*2.3%*	*5.4%*	*3.8%*
Misc. Non-Reimbursable	$1.61	$0.49	$0.00	$0.38	$0.04	$0.25	$0.00	$1.61	$0.46
Reserves	-	-	-	-	-	-	$0.00	$0.00	-
TOTAL EXPENSES ($/SF)	**$9.52**	**$5.71**	**$10.00**	**$7.43**	**$8.93**	**$6.54**	$5.71	$10.00	$8.02

CONCLUSION OF OPERATING EXPENSES

In the following section I discuss the individual expense conclusions for the subject property.

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EXPENSE ANALYSIS & CONCLUSIONS

REAL ESTATE TAXES

	SUBJECT			EXPENSE COMPS		
YEAR	TOTAL	$/SF	%EGI	COMP	$/SF	%EGI
				1	$3.84	11.6%
				2	$2.85	7.8%
				3	$2.84	8.4%
				4	$1.50	5.7%
				5	$3.36	9.6%
				6	$1.78	0.0%
CONCLUSION	$56,467	$3.31	7.8%	AVG	$2.70	7.2%

ANALYSIS

The concluded taxes are based on the 2018 assessment and levy rate to reflect current taxes of the subject. Please refer to the Assessments and Taxes section for additional details.

PROPERTY INSURANCE

	SUBJECT			EXPENSE COMPS		
YEAR	TOTAL	$/SF	%EGI	COMP	$/SF	%EGI
				1	$0.79	2.4%
				2	$0.21	0.6%
				3	$0.18	0.5%
				4	$0.20	0.8%
				5	$0.13	0.4%
				6	$1.00	0.0%
CONCLUSION	$6,817	$0.40	0.9%	AVG	$0.42	0.8%

ANALYSIS

This expense includes all premiums and costs incurred for insurance covering structures, public liability, rental value, equipment and bonding of employees. The conclusion is based on the expense comparable information.

REPAIRS AND MAINTENANCE

	SUBJECT			EXPENSE COMPS		
YEAR	TOTAL	$/SF	%EGI	COMP	$/SF	%EGI
				1	$0.92	2.8%
				2	$1.24	3.4%
				3	$1.72	5.1%
				4	$2.07	7.9%
				5	$1.21	3.4%
				6	$0.75	0.0%
CONCLUSION	$25,563	$1.50	3.5%	AVG	$1.32	3.8%

ANALYSIS

This expense covers the cost of all other routine maintenance and repairs including routine maintenance and repairs to the roof, pest control and equipment maintenance. The conclusion is based on the expense comparable information.

UTILITIES

	SUBJECT			EXPENSE COMPS		
YEAR	TOTAL	$/SF	%EGI	COMP	$/SF	%EGI
				1	$1.59	4.8%
				2	-	-
				3	$3.43	10.1%
				4	$2.31	8.8%
				5	$2.42	6.9%
				6	$2.20	0.0%
CONCLUSION	$38,345	$2.25	5.3%	AVG	$2.39	6.1%

ANALYSIS

This expense consists of the cost of all electricity and gas utilities used in the common area of the subject including exterior lighting, as well as water/sewer, and garbage. The conclusion is based on the expense comparable information.

MANAGEMENT FEES

	SUBJECT			EXPENSE COMPS		
YEAR	TOTAL	$/SF	%EGI	COMP	$/SF	%EGI
				1	$0.77	2.3%
				2	$0.92	2.5%
				3	$1.83	5.4%
				4	$0.97	3.7%
				5	$1.77	5.0%
				6	$0.56	0.0%
CONCLUSION	$21,760	$1.28	3.0%	AVG	$1.14	3.2%

ANALYSIS

Management fees typically range from 2 to 5 percent of Effective Gross Income (EGI). Fees on the higher end of the range are charged for properties with high degree of turnover, and those which would require more intensive management and oversight. As a two-story building leased to a single user, a fee of 3.0% is reasonable.

MISC. NON-REIMBURSABLE

	SUBJECT			EXPENSE COMPS		
YEAR	TOTAL	$/SF	%EGI	COMP	$/SF	%EGI
				1	$1.61	4.9%
				2	$0.49	1.3%
				3	$0.00	0.0%
				4	$0.38	1.4%
				5	$0.04	0.1%
				6	$0.25	0.0%
CONCLUSION	$7,669	$0.45	1.1%	AVG	$0.46	1.3%

ANALYSIS

This expenses reflect miscellaneous items that are not captured in any of the above expenses, and are not reimbursed by the tenant. The conclusion is based on the expense comparable information.

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RESERVES	SUBJECT			EXPENSE COMPS		
YEAR	TOTAL	$/SF	%EGI	COMP	$/SF	%EGI
				1	-	-
				2	-	-
				3	-	-
				4	-	-
				5	-	-
				6	-	-
CONCLUSION	**$1,704**	**$0.10**	**0.2%**	**AVG**	-	-

ANALYSIS

This cost serves as an acknowledgment that major structural or mechanical elements of a property will depreciate and require periodic rebuilding or replacement. In surveys such as PWC investors typically cite a range of about $0.05 to $0.25/SF. The subject was built in 2014 and is in good/excellent condition. The concluded is amount based on $0.10/SF of the subject's building area.

TOTAL EXPENSES	LOW	HIGH
SUBJECT HISTORICAL $/SF	N/Av	N/Av
EXPENSE COMPARABLES $/SF	$5.71	$10.00
SUBJECT HISTORICAL %EGI	N/Av	N/Av
EXPENSE COMPARABLES%EGI	15.5%	29.5%
TOTAL EXPENSES $/SF	$9.29	
TOTAL EXPENSES %EGI	21.8%	
TOTAL EXPENSES	**$158,324**	

CONCLUSION

Total projected expenses are displayed at left and in the Direct Capitalization Summation Table at the end of this section. The concluded expenses are based on a triple net lease structure and are supported by the expense comparables.

DEVELOPMENT OF CAPITALIZATION RATE

In developing my opinion of the capitalization rate, also known as overall rate (OAR), the following techniques were used:

- Comparable Sales
- Investor Surveys
- Band of Investment Technique

Comparable Sales

The following table presents a summary of the comparable sales used ahead in the Sales Comparison Approach (Nos 1-6), and the capitalization rates from each of those sales. I have included additional sales (Comparables 7 and 8) from Bainbridge Island to further support capitalization rate trends for the subject property.

CAPITALIZATION RATE COMPARABLES (OAR)

	NAME	CITY	ST	SALE DATE	YR BLT	NRA	$/SF	SALE PRICE	NOI	NOI/SF	CAP RATE
1	Franciscan Medical Pavilion	Auburn	WA	May 12, 2016	2014	37,480	$323	$12,089,200	$710,845	$18.97	5.88%
2	15 Lake Bellevue	Bellevue	WA	March 29, 2016	1999	35,200	$358	$12,600,000	$756,000	$21.48	6.00%
3	Skagit Northwest Orthopedics	Mount Vernon	WA	November 15, 2017	2001	19,904	$366	$7,279,158	$473,145	$23.77	6.50%
4	The Everwood Medical Center	University Place	WA	October 7, 2016	2006	18,626	$306	$5,700,000	$370,500	$19.89	6.50%
5	San Juan Building	Bainbridge Island	WA	May 23, 2016	2001	12,712	$347	$4,410,000	$184,027	$14.48	4.34%
6	Evergreen Eye Center	Federal Way	WA	January 7, 2016	1995	10,007	$487	$4,875,000	$289,575	$28.94	5.94%
7	Bainbridge Bldg.	Bainbridge Island	WA	August 1, 2017	1991	21,740	$207	$4,490,000	$224,500	$10.33	5.00%
8	Ericksen Avenue Office Park	Bainbridge Island	WA	August 7, 2017	1988	11,280	$222	$2,500,000	$143,750	$12.74	5.75%
LOW				January 7, 2016							**4.34%**
HIGH				November 15, 2017							**6.50%**
AVERAGE				November 7, 2016							**5.74%**
MEDIAN				July 30, 2016							**5.91%**
CONCLUDED CAPITALIZATION RATE (OAR)											**6.25%**

These six medical office and two Bainbridge Island professional office comparables show cap rates in a range of about 4.34 to 6.50%. Historically commercial properties on Bainbridge Island have tended to sell at lower cap rates than comparable properties elsewhere in Kitsap County. Sales of income properties had been slow on the Island for several years post-recession (2009-2015), resulting in few transactions from to draw a comparison. On a broader regional and national basis, overall cap rates have remained low.

According to Mr. Kelly Muldrow, local broker with Windermere, investors in the local market will not purchase based on pro forma numbers. In other words, if a building is not stabilized, there is not much interest. The cap

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rate conclusion is based on a stabilized subject property. Further, Landlords tend not to sell in this market unless they can achieve an overall rate to their liking, which has contributed to the dearth of leased fee transactions over the last few years, and is reflected in the fact the 3 Bainbridge sales in the chart above show an overall average rate of 5.03%. Local activity has picked up in the last year, as evidenced by the two supplemental comparables presented in the Sales Comparison Approach (Nos 7-8).

The subject is fully occupied by an owner/user. Thus, an overall cap rate implies a sale-leaseback, or similar quality, medical office user. As noted, due to more intense cabinetry, plumbing, and in some cases higher cost features such as lead-lined walls, medical/dental space typically requires more expensive build out than professional office space. As such, rents are generally higher and leases tend to be longer term. This is taken into consideration for the subject property.

Placing upward pressure on the overall cap rate is the location off an access road with partially hampered visibility and the large building size for the market. Placing downward pressure on risk is that this is good/excellent quality building in good/excellent condition in a strong market. In addition, the subject includes a small area of surplus land on which the building could someday use for expansion, which is viewed favorably.

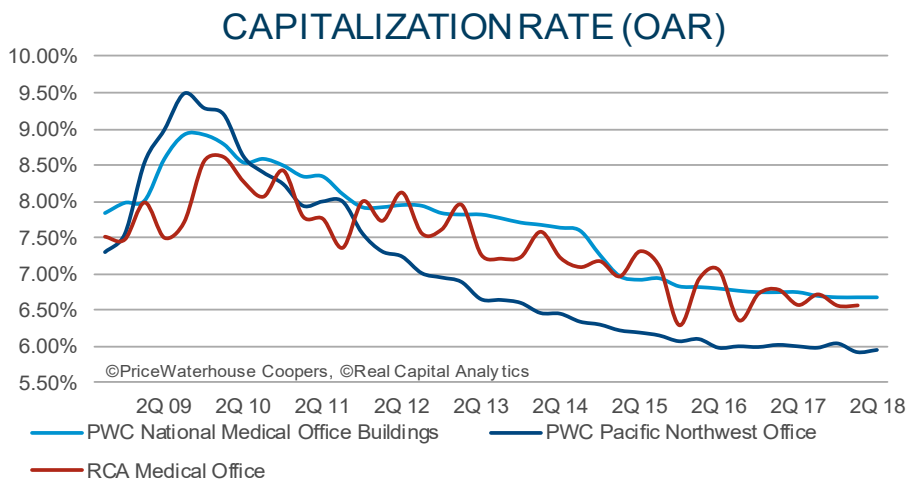
Balancing broker comments, historical rates (low), overall national trends (rising rate), the strength of the subject's appeal and its average location, and with strong consideration for upward pressure on risk due to the building's large size in a small market and high market rent, a cap rate near the high end of the range, of **6.25%,** is concluded.

Investor Surveys

The following table provides capitalization rate statistics as surveyed by investors that I considered to be relevant to the subject property and my independent market participant survey.

CAPITALIZATION RATE SURVEYS (OAR)

SOURCE	QUARTER	RANGE	AVG	LAST Q	LAST YR
PriceWaterhouse Coopers					
National Medical Office Buildings	2Q 18	4.50% to 10.00%	6.69%	6.69%	6.76%
Pacific Northwest Office	2Q 18	4.20% to 9.00%	5.96%	5.93%	6.01%
Real Capital Analytics					
Medical Office	1Q 18		6.56%	6.55%	6.77%
AVERAGE		**4.35% to 9.50%**	**6.40%**	**6.39%**	**6.51%**



Consideration the strength of the subject market with limited supply, typically high demand, and barriers to entry an overall rate at or slightly below the national averages is anticipated.

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Band of Investment Technique

Most properties are purchased with debt and equity capital; therefore, the overall capitalization rate must satisfy the market return requirements of both investment positions. Available financing information from lenders and the sales comparables indicates the following terms:

BAND OF INVESTMENT ASSUMPTIONS	
Loan Amortization Period	25 Years
Interest Rate	4.75%
Loan-to-Value (LTV) Ratio	70%
Mortgage Constant	6.84%

Equity dividend rates vary depending upon motivations of buyers and financing terms. The previous terms and an appropriate equity dividend rate are used in the Band of Investments calculations, which are presented on the following chart.

BAND OF INVESTMENT CALCULATION					
Mortgage Component	70%	x	6.84%	=	4.789%
Equity Component	30%	x	6.00%	=	1.800%
Indicated Capitalization Rate					6.589%
INDICATED CAPITALIZATION RATE					**6.59%**

Capitalization Rate Conclusion

For investments of the subject's general size and price, and when sales activity is brisk with relative market stability, the Market Extraction Method is most often relied upon by buyers and sellers to develop cap rate decisions. In this analysis, recent sales data was available indicating reasonable support for the capitalization rate developed by the Market Extraction Method, concluded at **6.25%.**

National Survey data has limited direct application for the subject property; however, it helps establish general macro trends for this type of investment property.

The Band of Investments technique employs reasonable mortgage and equity rates, and is given some consideration.

Taking all factors into consideration, the following table summarizes the various capitalization rate indicators and provides the final capitalization rate conclusion.

CAPITALIZATION RATE CONCLUSION (OAR)							
SOURCE	**QUARTER**	**RANGE**			**AVG**	**LAST Q**	**LAST YR**
Comparable Sales		4.34%	to	6.50%	5.74%	-	-
Bainbridge Island Comparable Sales		4.34%	to	5.75%	5.03%	-	-
Investor Surveys	2Q 18	4.35%	to	9.50%	6.40%	6.39%	6.51%
Band of Investment Technique					6.59%	-	-
AVERAGE		4.34%	to	7.25%	5.94%	6.39%	6.51%
CAPITALIZATION CONCLUSION (LEASED FEE)					**6.25%**		

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DIRECT CAPITALIZATION CONCLUSION – STABILIZED PROPERTY

The table below summarizes the direct capitalization method and the Income Approach Value conclusion.

DIRECT CAPITALIZATION SUMMATION TABLE - O/U

INCOME ITEMS	%PGI	%EGI	$/SF(MO.)	$/SF(YR.)	TOTAL
Base Contract Income			$3.00	$36.00	$613,512
TOTAL RENTAL INCOME			$3.00	$36.00	$613,512
REIMBURSEMENTS					
NNN			$0.73	$8.80	$150,000
TOTAL REIMBURSEMENTS			$0.73	$8.80	$150,000
POTENTIAL GROSS INCOME (PGI)	**100.0%**	**105.3%**	**$3.73**	**$44.80**	**$763,512**
VACANCY & CREDIT LOSS					
Rental Income		(5.0%)	($0.15)	($1.80)	($30,676)
Other Income		(5.0%)	($0.04)	($0.44)	($7,500)
TOTAL VACANCY & CREDIT LOSS		(5.0%)	($0.19)	($2.24)	($38,176)
EFFECTIVE GROSS INCOME (EGI)	**95.0%**	**100.0%**	**$3.55**	**$42.56**	**$725,336**
EXPENSE ITEMS					
Real Estate Taxes	(7.4%)	(7.8%)	($0.28)	($3.31)	($56,467)
Property Insurance	(0.9%)	(0.9%)	($0.03)	($0.40)	($6,817)
Repairs and Maintenance	(3.3%)	(3.5%)	($0.13)	($1.50)	($25,563)
Utilities	(5.0%)	(5.3%)	($0.19)	($2.25)	($38,345)
Management Fees	(2.9%)	(3.0%)	($0.11)	($1.28)	($21,760)
Misc. Non-Reimbursable	(1.0%)	(1.1%)	($0.04)	($0.45)	($7,669)
Reserves	(0.2%)	(0.2%)	($0.01)	($0.10)	($1,704)
TOTAL EXPENSES	(20.7%)	(21.8%)	($0.77)	($9.29)	($158,324)
NET OPERATING INCOME (NOI)	**74.3%**	**78.2%**	**$2.77**	**$33.27**	**$567,012**
Capitalization Rate					6.25%
Capitalized Value					$9,072,192
INDICATED VALUE				**$532/SF**	**$9,070,000**

Rounded to nearest $10,000

ADJUSTMENTS TO VALUE

As of the effective valuation date, the subject property was stabilized and there were no observable deferred maintenance items present. Based on analysis of the subject property, there were no value adjustments required in developing my opinion of the As-Is Market Value.

AS IS VALUE IF SOLD TO INVESTOR

The above analysis reflects the As Is value of the subject property based on stabilized occupancy, or essentially under a sale-leaseback scenario. As discussed with the client, an alternate scenario is that the current medical tenant vacate, and the vacant property is sold to an investor, which would require lease up costs. The following discussion summarizes my value adjustments under this scenario.

Lease-Up Analysis

If the subject were to be sold to an investor as a vacant building, lease-up costs associated with the subject achieving stabilization would be warranted in arriving to the As-Is Market Value. As discussed in the market analysis, there are essentially three larger medical care providers in the market, one of which (Harrison) occupies the subject, one of which (VM) just relocated into a brand new building, and the other (Swedish) which occupies ~11,000 SF in a relatively new building. It's possible Swedish might consider relocating into the subject building, if Harrison were to vacate. However, this would still require an investor to fill ~6,000 SF of space.

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A more probable scenario is the other 2 larger medical providers remain at their current locations, and an investor would be required to fill the entire subject building with smaller practitioners or similar users. A discussion with local market participants suggests there is strong demand from a variety of potential medical/dental tenants, such as optometrist, orthodontist/dentist, chiropractor, physical therapist, and imaging. A variety of high end professional office tenants such as attorneys and investment companies would also be possible candidates to fill the subject building. The typical size for medical/dental tenants in this market is ~2,000 to 2,500 SF. Ms. Elmquist estimated she could lease the entire subject property by leasing 2,000 SF at a time in several stages over an approximately 18 to 24-month timeframe – even if the recently vacated former Virginia Mason building were to re-lease to smaller medical users.

Based on my research of prevailing supply/demand conditions and the subject's competitive position in the marketplace, I have projected a period of 24 months for the subject vacant space to be leased. This absorption period has been deemed reasonable by local market participants.

The following table summarizes my analysis of lease-up costs for the vacancy. The lease-up cost analysis calculates rent loss, $5/SF in tenant improvements, standard 5% leasing commissions and no free rent based on market leasing assumptions suggested by market activity.

The lease-up costs reflect the actual costs associated with leasing up the vacant space. When warranted an additional provision for entrepreneurial profit is used to mirror investor behavior related to risks of investing in a property with vacancy. The subtotaled lease-up costs were adjusted 15.0% to account for entrepreneurial profit incentive.

LEASE-UP COSTS

VACANT		MARKET RENT		RENT LOSS		EXPENSE	TENANT IMPV.		LEASING COMMISSION			FREE RENT		TOTAL
SUITE	SF	$/MO	$/YR	MONTH	COST	CARRY	TI $/SF	COST	TERM	FEE	COST	MOS.	COST	COST
1	2,500	$2.17	$26.00	6	$32,500	$11,002	$5	$12,500	5	5%	$16,250	0	$0	$72,252
2	2,500	$2.17	$26.00	9	$48,750	$16,503	$5	$12,500	5	5%	$16,250	0	$0	$94,003
3	2,500	$2.17	$26.00	12	$65,000	$22,004	$5	$12,500	5	5%	$16,250	0	$0	$115,754
4	2,500	$2.17	$26.00	15	$81,250	$27,506	$5	$12,500	5	5%	$16,250	0	$0	$137,506
5	2,500	$2.17	$26.00	18	$97,500	$33,007	$5	$12,500	5	5%	$16,250	0	$0	$159,257
6	2,500	$2.17	$26.00	24	$130,000	$44,009	$5	$12,500	5	5%	$16,250	0	$0	$202,759
7	2,500	$2.17	$26.00	24	$130,000	$44,009	$5	$12,500	5	5%	$16,250	0	$0	$202,759
SUBTOTAL					**$585,000**	**$198,040**		**$87,500**			**$113,750**		**$0**	**$984,290**
Entrepreneurial Profit @ 15.0%														$147,644
TOTAL LEASE UP COSTS														**$1,130,000**

Rounded to nearest $10,000

INCOME APPROACH CONCLUSION – IF SOLD TO INVESTOR AS A VACANT BUILDING

The table below summarizes the direct capitalization method and the Income Approach Value conclusion, if the property were sold to an investor as a vacant building. As noted, there generally is no size discount for medical space. The same market rent and operating expense conclusions are applied in this scenario. Due to the slightly higher risk of maintaining a stabilized occupancy with several smaller tenants, a slightly higher overall capitalization rate of 6.75% is reasonable.

A discount for the cost to convert/retrofit is not included as this is speculative and beyond the scope of this assignment. It is my understanding from the client that the Bainbridge Island City Council is researching the potential cost to retrofit the subject property for its use, which is expected to be presented in mid-July 2018. This cost would likely need to be deduced from that value scenario once a reliable estimate is provided. As anticipated, the As Is Value based on a vacant building purchase by an investor is lower than the As Is Value indicated by the purchase of a fully occupied building.

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DIRECT CAPITALIZATION SUMMATION TABLE - INVESTOR

INCOME ITEMS	%PGI	%EGI	$/SF(MO.)	$/SF(YR.)	TOTAL
Base Contract Income			$3.00	$36.00	$613,512
TOTAL RENTAL INCOME			$3.00	$36.00	$613,512
REIMBURSEMENTS					
NNN			$0.73	$8.80	$150,000
TOTAL REIMBURSEMENTS			$0.73	$8.80	$150,000
POTENTIAL GROSS INCOME (PGI)	**100.0%**	**105.3%**	**$3.73**	**$44.80**	**$763,512**
VACANCY & CREDIT LOSS					
Rental Income		(5.0%)	($0.15)	($1.80)	($30,676)
Other Income		(5.0%)	($0.04)	($0.44)	($7,500)
TOTAL VACANCY & CREDIT LOSS		(5.0%)	($0.19)	($2.24)	($38,176)
EFFECTIVE GROSS INCOME (EGI)	**95.0%**	**100.0%**	**$3.55**	**$42.56**	**$725,336**
EXPENSE ITEMS					
Real Estate Taxes	(7.4%)	(7.8%)	($0.28)	($3.31)	($56,467)
Property Insurance	(0.9%)	(0.9%)	($0.03)	($0.40)	($6,817)
Repairs and Maintenance	(3.3%)	(3.5%)	($0.13)	($1.50)	($25,563)
Utilities	(5.0%)	(5.3%)	($0.19)	($2.25)	($38,345)
Management Fees	(2.9%)	(3.0%)	($0.11)	($1.28)	($21,760)
Misc. Non-Reimbursable	(1.0%)	(1.1%)	($0.04)	($0.45)	($7,669)
Reserves	(0.2%)	(0.2%)	($0.01)	($0.10)	($1,704)
TOTAL EXPENSES	(20.7%)	(21.8%)	($0.77)	($9.29)	($158,324)
NET OPERATING INCOME (NOI)	**74.3%**	**78.2%**	**$2.77**	**$33.27**	**$567,012**
Capitalization Rate					6.75%
Capitalized Value					$8,400,178
INDICATED VALUE				**$493/SF**	**$8,400,000**
Lease- Up Costs					**From Lease-Up Analysis**
Rent Loss	(76.6%)	(80.7%)	($2.86)	($34.33)	($585,000)
Expense Carry	(25.9%)	(27.3%)	($0.97)	($11.62)	($198,040)
Tenant Improvements	(11.5%)	(12.1%)	($0.43)	($5.13)	($87,500)
Leasing Commissions	(14.9%)	(15.7%)	($0.56)	($6.67)	($113,750)
Free Rent	0.0%	0.0%	-	-	$0
Total Lease-Up Costs	(128.9%)	(135.7%)	($4.81)	($57.76)	($984,290)
Entrepreneurial Profit	(19.3%)	(20.4%)	($0.72)	($8.66)	($147,644)
TOTAL LEASE-UP COSTS	(148.3%)	(156.1%)	($5.54)	($66.42)	($1,131,934)
INDICATED VALUE				**$427/SF**	**$7,270,000**

Rounded to nearest $10,000

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RECONCILIATION OF INCOME APPROACH VALUES

The following table summarizes the opinions for market value that were developed by the Direct Capitalization method of the Income Approach under two scenarios: sale-leaseback and to vacant building to an investor. Of the two approaches, the sale of a vacant building to an investor is the most likely because the project was built-to-suit for the current owner/user. Therefore, the reconciled value below places primary emphasis on vacant building to an investor scenario.

VALUATION INDICES	AS-IS MARKET VALUE
INTEREST APPRAISED	**FEE SIMPLE**
DATE OF VALUE	**JUNE 14, 2018**
INCOME CAPITALIZATION APPROACH	
Direct Capitaliation - Investor	**$7,270,000**
Direct Capitalization $/SF	$427/SF
NOI Proforma	$567,012
NOI $/SF	$33.27/SF
Capitalization Rate	6.75%
Direct Capitalization - Sale/Leaseback	**$9,070,000**
Direct Capitalization $/SF	$532/SF
NOI Proforma	$567,012
NOI $/SF	$33.27/SF
Capitalization Rate	6.25%
INCOME CONCLUSION	**$7,600,000**
Income Conclusion $/SF	$446/SF

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SALES APPROACH

The Sales Comparison Approach analyzes comparable sales by applying transactional and property adjustments to bracket the subject property within an appropriate unit value comparison. The most relevant unit of comparison is the price per square foot of NRA, as it best reflects the analysis used by buyers and sellers in this market for improved properties with similar design and utility. I completed a thorough search for similar improved sales in terms of property type, location, physical characteristics, and date of sale. Overall, the sales selected represent the best comparables available for this analysis.

Adjustment Process

The following adjustments or general market trends were considered for the basis of valuation.

Transactional Adjustments

Dollar adjustments to the comparable sales were considered and made when warranted for transactional adjustments including property rights transferred, financing terms, conditions of sale, expenditures after purchase and market conditions. The following table summarizes the market conditions adjustment applied in this analysis.

MARKET CONDITIONS ADJUSTMENT			
Per Year As Of	June 2018	(As-Is)	3%

The analysis applies an upward market conditions adjustment of 3% annually reflecting the conditions between the oldest comparable sale date up through the effective valuation date.

Property Adjustments

Quantitative percentage adjustments are also made for location and physical characteristics such as size, age, site and parking ratios, access, exposure, quality and condition, as well as other applicable elements of comparison. Where possible the adjustments applied are based on paired data or other statistical analysis. It should be stressed that the adjustments are subjective in nature and are meant to illustrate my logic in deriving a value opinion for the subject site.

Presentation

The following Sales Summation Table, Location Map and Data Sheets summarize the improved sales data. Following these items, the comparable sales are adjusted for applicable elements of comparison and the opinion of value by the Sales Comparison Approach is concluded.

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IMPROVED SALES SUMMATION TABLE

COMPARABLE	SUBJECT	COMPARABLE 1	COMPARABLE 2	COMPARABLE 3	COMPARABLE 4	COMPARABLE 5	COMPARABLE 6
Name	Bainbridge Urgent Care Building	Franciscan Medical Pavilion	15 Lake Bellevue	Skagit Northwest Orthopedics	The Everwood Medical Center	San Juan Building	Evergreen Eye Center
Address	8804 Madison Ave N	205 10th St NE	15 Lake Bellevue Drive	1500 Continental Place	7210 40th St W	900 Winslow Way E	34719 6th Ave S
City	Bainbridge Island	Auburn	Bellevue	Mount Vernon	University Place	Bainbridge Island	Federal Way
State	WA	WA	WA	WA	WA	WA	WA
Zip	98110	98002	98005	98273	98466	98110	98003
County	Kitsap	King	King	Skagit	Pierce	Kitsap	King
APN	232502-3-083-2002	072105-9046	398652-0030	P114427	0220154103	812500-0002-0001	2021049178
PHYSICAL INFORMATION							
Property Type	Office	Office	Office	Office	Office	Office	Office
GBA (SF)	18,385	37,480	35,200	19,904	18,626	12,712	10,007
NRA (SF)	17,042	37,480	35,200	19,904	18,626	12,712	10,007
Land Area (AC)	3.1	2.6	1.3	1.7	1.4	1.0	0.9
Land Area (SF)	136,351	112,286	56,710	72,310	59,242	43,500	37,640
L:B Ratio	7.4	3.0	1.6	3.6	3.2	3.4	3.8
Location	Average	Average	Good	Average/Good	Average	Average/Good	Good
Quality	Good/Excellent	Good	Average/Good	Average/Good	Average/Good	Average/Good	Good
Condition	Good/Excellent	Good	Good	Average/Good	Average/Good	Good	Good
Exposure	Average/Good	Average	Average/Good	Average/Good	Average	Good	Good
Access	Average	Average	Good	Average/Good	Average	Average/Good	Good
Parking Ratio	4.3	4-5	4	5.25	2.98	1.42	4.71
Year Built	2014	2014	1999	2001	2006	2001	1995
Site Coverage	7%	17%	31%	28%	12%	29%	13%
SALE INFORMATION							
Date		5/12/2016	3/29/2016	11/15/2017	10/7/2016	5/23/2016	1/7/2016
Status		Recorded	Recorded	Recorded	Recorded	Recorded	Recorded
Recording Number		201605120887	201603291764	11150077	201610070248	-	201601070691
Marketing Period		-	-	6 Mos.	4 Mos.	2 Mos.	3 Mos.
Rights Transferred		Leased Fee	Leased Fee	Leased Fee	Leased Fee	Leased Fee	Leased Fee
Transaction Price		$12,089,200	$12,600,000	$7,279,158	$5,700,000	$4,410,000	$4,725,000
Analysis Price		$12,089,200	$12,600,000	$7,279,158	$5,700,000	$4,410,000	$4,875,000
$/SF NRA		**$323**	**$358**	**$366**	**$306**	**$347**	**$487**
NOI/SF NRA	**$33.27**	**$18.97**	**$21.48**	**$23.77**	**$19.89**	**$14.48**	**$28.94**
Occupancy	100.0%	86.3%	100.0%	100.0%	100.0%	90.0%	100.0%
Capitalization Rate		**5.88%**	**6.00%**	**6.50%**	**6.50%**	**4.34%**	**5.94%**

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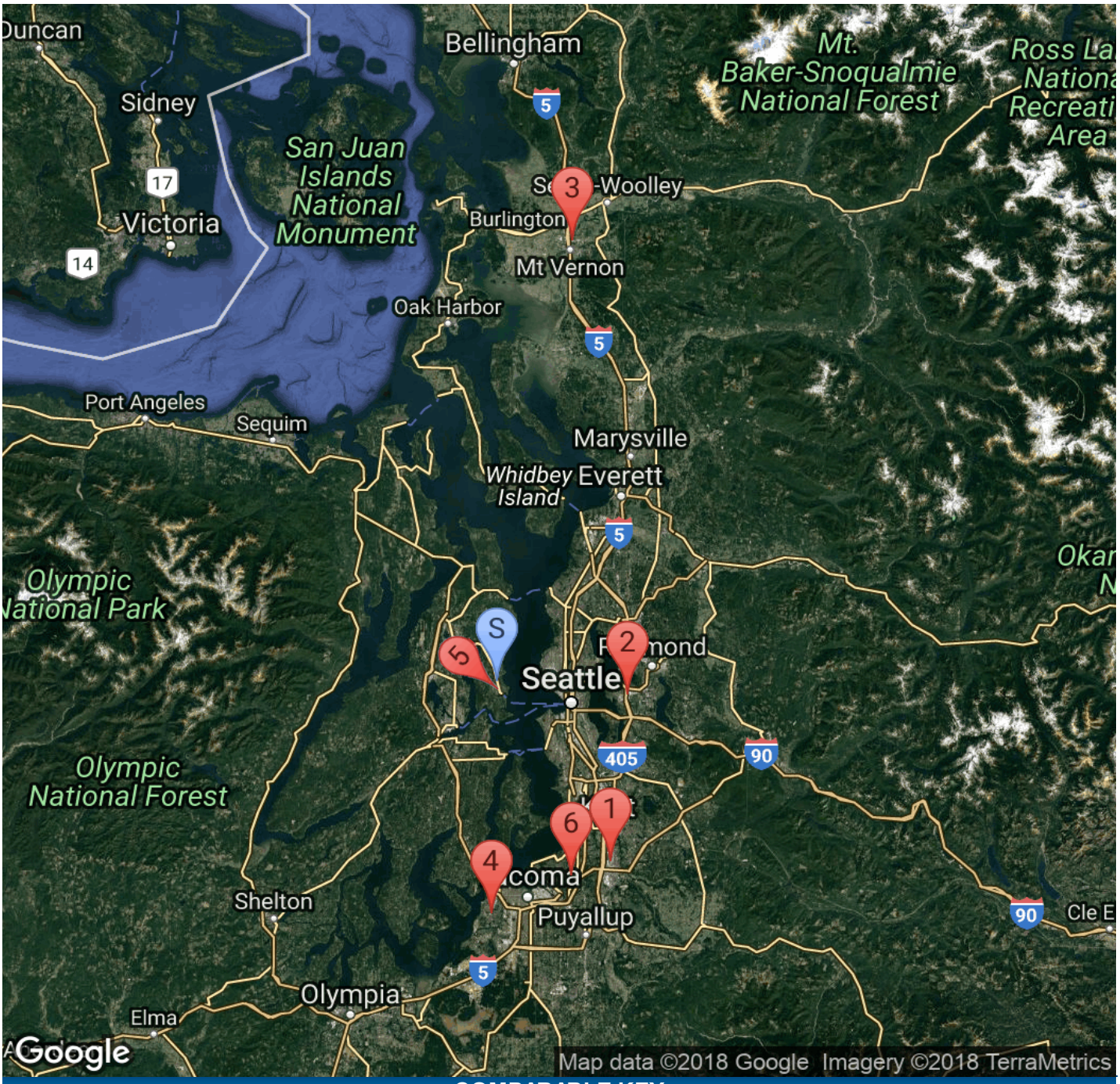
SALES LOCATION MAP



COMPARABLE KEY

COMP	DISTANCE	NAME	ADDRESS	OCC.	SALE DATE	OAR	$/SF
SUBJECT	-	Bainbridge Urgent Care Building	8804 Madison Ave N, Bainbridge Island, WA	100.0%	-	-	$445
No. 1	26.3 Miles	Franciscan Medical Pavilion	205 10th St NE, Auburn, WA	86.3%	5/12/2016	5.88%	$323
No. 2	15.7 Miles	15 Lake Bellevue	15 Lake Bellevue Drive, Bellevue, WA	100.0%	3/29/2016	6.00%	$358
No. 3	55.4 Miles	Skagit Northwest Orthopedics	1500 Continental Place, Mount Vernon, WA	100.0%	11/15/2017	6.50%	$366
No. 4	29.2 Miles	The Everwood Medical Center	7210 40th St W, University Place, WA	100.0%	10/7/2016	6.50%	$306
No. 5	1.3 Miles	San Juan Building	900 Winslow Way E, Bainbridge Island, WA	90.0%	5/23/2016	4.34%	$347
No. 6	25.9 Miles	Evergreen Eye Center	34719 6th Ave S, Federal Way, WA	100.0%	1/7/2016	5.94%	$487

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COMPARABLE SALES PHOTOGRAPHS

COMPARABLE 1

LOCATION INFORMATION

Name	Franciscan Medical Pavilion
Address	205 10th St NE
City, State, Zip Code	Auburn, WA, 98002
County	King
MSA	Seattle-Tacoma-Bellevue, WA Metropolitan S
APN	072105-9046

SALE INFORMATION

Buyer	JJW Group LLC
Seller	Auburn Market, LLC
Transaction Date	05/12/2016
Transaction Status	Recorded
Transaction Price	$12,089,200
Analysis Price	$12,089,200
Recording Number	201605120887
Rights Transferred	Leased Fee
Financing	Loan from Bank
Conditions of Sale	1031 Exchange

PHYSICAL INFORMATION

Gross Building Area (GBA)	37,480
Leasable Area (NRA)	37,480
Number of Buildings	1
Year Built	2014
No. of Floors	2
% of Office Build-out	100%
Class	A
Quality	Good
Condition	Good
Appeal	Average/Good
Building Structure	Metal/Block
Exterior	Concrete
Site Size	2.6 Acres (112,286 SF)
Zoning	C-1
Shape	Irregular
Topography	Level
Access	Average
Exposure	Average
Site Coverage (SF)/Ratio	16.7%

FRANCISCAN MEDICAL PAVILION

ANALYSIS INFORMATION

Price per SF	$323
Adjusted Price per SF	$445
Capitalization Rate	5.88%

CONFIRMATION

Name	Scott Clements	
Company	Orion Commercial Partners	
Source	Seller's Broker	
Date / Phone Number	12/6/2016	+1 206 445 7664

REMARKS

Property is located north of 10th St NE and east of B St. SE in Auburn, WA. This transaction represents the sale of a medical building known as the Franciscan Medical Pavilion and located in the King County, Seattle/Puget Sound Market. The sale consisted of a reinforced concrete, 37,480 square feet, two-story medical facility. The asset was delivered in February, 2014 and sits on approximately 2.5777 acres or 112,286 square feet. The occupancy was at 86% at the time of sale. The capitalization rate was 5.88% based on actual income. The buyer acquired the asset on May 12, 2016 for a confirmed sale price of $12,089,200 which equates to about $323 price per square foot. The on-market and escrow periods were not disclosed. Concurrent to the sale, the buyers obtained a loan with First Federal Savings & Loan Assoc. of Port Angeles for a balance of $9,225,000. The difference between the loan amount and the sale price was $2,864,200 (possible down payment/equity).

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COMPARABLE 2

LOCATION INFORMATION

Name	15 Lake Bellevue
Address	15 Lake Bellevue Drive
City, State, Zip Code	Bellevue, WA, 98005
County	King
APN	398652-0030

SALE INFORMATION

Buyer	Costacos Family Limited Partnership
Seller	Taylor Development
Transaction Date	03/29/2016
Transaction Status	Recorded
Transaction Price	$12,600,000
Analysis Price	$12,600,000
Recording Number	201603291764
Rights Transferred	Leased Fee
Financing	All Cash
Conditions of Sale	Arms-Length

PHYSICAL INFORMATION

Gross Building Area (GBA)	35,200
Leasable Area (NRA)	35,200
Number of Buildings	1
Year Built	1999
No. of Floors	2
Parking Spaces / Ratio	140 (4/1,000 SF NRA)
% of Office Build-out	100%
Quality	Average/Good
Condition	Good
Appeal	Good
Site Size	1.3 Acres (56,710 SF)
Access	Good
Exposure	Average/Good
Site Coverage (SF)/Ratio	31.0%

15 LAKE BELLEVUE

ANALYSIS INFORMATION

Price per SF	$358
Adjusted Price per SF	$421
Capitalization Rate	6.00%

CONFIRMATION

Name	Lex Wieneke	
Company	Trinity Real Estate	
Source	Buyer's Broker	
Date / Phone Number	06/9/2016	+1 206 957 9600

REMARKS

15 Lake Bellevue is a waterfront property with views of Lake Bellevue and the downtown Bellevue skyline. The property also provides access to I-405 and Bellevue CBD as well as proximity to Whole Foods, Pump House and other restaurants and amenities. The building has showers and lockers. The building is equipped with tremendous power with 1600 AMPS, 120/208 volts, 3-phase service. The HVAC system is a Trance, Vari-Trac VAV system with 115-ton capacity. The tele/data rooms are 24-hour cooled. Cat-5 cabling has been installed to all offices and cubicles. A 6,000-square-foot waterfront deck, with multiple access points from the first floor, surrounds the building. This is an investor sale that was an off-market direct deal. The buyer was involved with a 1031 sale and the broker estimated a cap rate around 6.0%. The professional office tenants profile in the building are about half the building was leased long-term to a larger tenant and the other half had stable cash flows for about the next 3.5 years.

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COMPARABLE 3

SKAGIT NORTHWEST ORTHOPEDICS

LOCATION INFORMATION

Name	Skagit Northwest Orthopedics
Address	1500 Continental Place
City, State, Zip Code	Mount Vernon, WA, 98273
County	Skagit
MSA	Mount Vernon-Anacortes, WA Metropolitan
APN	P114427

SALE INFORMATION

Buyer	Brighton Square LLC
Seller	NWOS Properties LLC
Transaction Date	11/15/2017
Transaction Status	Recorded
Transaction Price	$7,279,158
Analysis Price	$7,279,158
Recording Number	11150077
Rights Transferred	Leased Fee
Financing	Conventional
Conditions of Sale	Sale-Leaseback
Marketing Time	6 Months

PHYSICAL INFORMATION

Gross Building Area (GBA)	19,904
Leasable Area (NRA)	19,904
Number of Buildings	1
Year Built	2001
No. of Floors	1
% of Office Build-out	100%
Class	C
Quality	Average/Good
Condition	Average/Good
Appeal	Good
Building Structure	Masonry/Steel
Exterior	Concrete
Site Size	1.7 Acres (72,310 SF)
Zoning	Commercial
Shape	Rectangular
Topography	Level
Access	Average/Good
Exposure	Average/Good
Site Coverage (SF)/Ratio	27.5%

ANALYSIS INFORMATION

Price per SF	$366
Adjusted Price per SF	$448
Capitalization Rate	6.50%

CONFIRMATION

Name	Confidential
Company	
Source	
Date / Phone Number	06/1/2018

REMARKS

This is the sale and leaseback of a medical office facility in Mount Vernon, Washington. The property was reportedly sold at a capitalization rate of 6.50%. All tenants are related to orthopedics.

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COMPARABLE 4

LOCATION INFORMATION

Name	The Everw ood Medical Center
Address	7210 40th St W
City, State, Zip Code	University Place, WA, 98466
County	Pierce
MSA	Seattle-Tacoma-Bellevue, WA
APN	0220154103

SALE INFORMATION

Buyer	Marshall Longtin
Seller	The Rush Companies
Transaction Date	10/7/2016
Transaction Status	Recorded
Transaction Price	$5,700,000
Analysis Price	$5,700,000
Recording Number	201610070248
Rights Transferred	Leased Fee
Financing	Conventional
Conditions of Sale	Arms-Length
Marketing Time	4 Months

PHYSICAL INFORMATION

Gross Building Area (GBA)	18,626
Leasable Area (NRA)	18,626
Number of Buildings	1
Year Built	2006
No. of Floors	3
Parking Spaces / Ratio	76 (2.98/1,000 SF NRA)
% of Office Build-out	100%
Class	B
Quality	Average/Good
Condition	Average/Good
Appeal	Average/Good
Building Structure	Masonry
Exterior	Brick
Site Size	1.4 Acres (59,242 SF)
Zoning	MU
Shape	Rectangular
Topography	Slight slope
Access	Average
Exposure	Average
Site Coverage (SF)/Ratio	12.2%

THE EVERWOOD MEDICAL CENTER

ANALYSIS INFORMATION

Price per SF	$306
Adjusted Price per SF	$433
Capitalization Rate	6.50%

CONFIRMATION

Name	Danny Kruse	
Company	The Rush Companies	
Source	Seller's Representative	
Date / Phone Number	10/8/2016	+1 425 870 5805

REMARKS

This property w as 100% leased at the time of sale and w as 76% occupied by Franciscan Medical Group and the remaining area w as leased to Light Dental Studios of University Place. The seller reported that the property had a Capitalization Rate of 6.5% based on proforma NOI, w hich w as only slightly higher than the capitalization rate based on the actual income at the time of sale.

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COMPARABLE 5

LOCATION INFORMATION

Name	San Juan Building
Address	900 Winslow Way E
City, State, Zip Code	Bainbridge Island, WA, 98110
County	Kitsap
APN	812500-0002-0001

SALE INFORMATION

Buyer	Edmund G. III & John K. Ellis
Transaction Date	05/23/2016
Transaction Status	Recorded
Transaction Price	$4,410,000
Analysis Price	$4,410,000
Rights Transferred	Leased Fee
Financing	Assumed Debt
Conditions of Sale	Arms-Length
Marketing Time	2 Months

PHYSICAL INFORMATION

Gross Building Area (GBA)	12,712
Leasable Area (NRA)	12,712
Number of Buildings	1
Year Built	2001
Parking Spaces / Ratio	18 (1.42/1,000 SF NRA)
% of Office Build-out	100%
Class	A
Quality	Average/Good
Condition	Good
Appeal	Average
Building Structure	Wood
Site Size	1.0 Acres (43,500 SF)
Access	Average/Good
Exposure	Good
Site Coverage (SF)/Ratio	29.2%

SAN JUAN BUILDING

ANALYSIS INFORMATION

Price per SF	$347
Adjusted Price per SF	$442
Capitalization Rate	4.34%

CONFIRMATION

Name	Kelly Muldrow	
Company	Windermere RE	
Source	Seller's Broker	
Date / Phone Number	10/18/2017	+1 206 949 3420

REMARKS

This is a three-story office building located at the northeast corner of Winslow Way and Ferncliff Ave. (across from the ferry terminal). This is a good quality building. Landlord gave tenant $5,000 credit in lieu of TIs. Asking rent for 3 vacant spaces range from $18.50 to $19.50/SF NNN.

Buyer is an investor. Property was a condo interest (residential penthouse also onsite). It sold fully leased by 7 tenants with an average rent generally consistent with market at $18.50/SF. Cap rate reported by selling broker at 4.34% based on actual income.There was some near term rollover in Yr 1. a different tenant ended up expanding into the rollover space, but that was not known at the time of sale.

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COMPARABLE 6

LOCATION INFORMATION

Name	Evergreen Eye Center
Address	34719 6th Ave S
City, State, Zip Code	Federal Way, WA, 98003
County	King
APN	2021049178

SALE INFORMATION

Buyer	Guardian Capital Management LLC
Seller	Jarstad Family LLC
Transaction Date	01/7/2016
Transaction Status	Recorded
Transaction Price	$4,725,000
Analysis Price	$4,875,000
Recording Number	201601070691
Rights Transferred	Leased Fee
Conditions of Sale	Arms-Length
Marketing Time	3 Months

PHYSICAL INFORMATION

Gross Building Area (GBA)	10,007
Leasable Area (NRA)	10,007
Number of Buildings	1
Year Built	1995
No. of Floors	2
Parking Spaces / Ratio	38 (4.71/1,000 SF NRA)
% of Office Build-out	100%
Quality	Good
Condition	Good
Appeal	Average/Good
Building Structure	Wood
Exterior	Concrete
Site Size	0.9 Acres (37,640 SF)
Zoning	OP
Shape	Rectangular
Topography	Slight slope
Access	Good
Exposure	Good
Site Coverage (SF)/Ratio	13.3%

EVERGREEN EYE CENTER

ANALYSIS INFORMATION

Price per SF	$487
Adjusted Price per SF	$443
Capitalization Rate	5.94%

CONFIRMATION

Name	Patricia Mangano	
Company	Guardian Capital Management LLC	
Source	Buyer's Representative	
Date / Phone Number	10/4/2017	+1 425 493 0329

REMARKS

This property is located near the entrance to the St Francis Medical Center campus off S 348th St. The property is a single-tenant medical office building that is improved for an ophthalmology practice that specializes in cataract surgery & LASIK. This property was purchased by an investor. The tenant recently renewed their lease. While specific lease terms were not provided, the capitalization rate indicates a lease rate of approximately $30 per SF, NNN. The buyer assumed an $150,000 tenant improvement allowance liability. The sale price was adjusted upward.

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IMPROVED SALES ADJUSTMENT TABLE

COMPARABLE	SUBJECT	COMPARABLE 1	COMPARABLE 2	COMPARABLE 3	COMPARABLE 4	COMPARABLE 5	COMPARABLE 6
Name	Bainbridge Urgent Care Building	Franciscan Medical Pavilion	15 Lake Bellevue	Skagit Northwest Orthopedics	The Everwood Medical Center	San Juan Building	Evergreen Eye Center
Address	8804 Madison Ave N	205 10th St NE	15 Lake Bellevue Drive	1500 Continental Place	7210 40th St W	900 Winslow Way E	34719 6th Ave S
City, State	Bainbridge Island, WA	Auburn, WA	Bellevue, WA	Mount Vernon, WA	University Place, WA	Bainbridge Island, WA	Federal Way, WA
SALE INFORMATION							
Date		5/12/2016	3/29/2016	11/15/2017	10/7/2016	5/23/2016	1/7/2016
Status		Recorded	Recorded	Recorded	Recorded	Recorded	Recorded
Rights Transferred		Leased Fee	Leased Fee	Leased Fee	Leased Fee	Leased Fee	Leased Fee
Analysis Price		$12,089,200	$12,600,000	$7,279,158	$5,700,000	$4,410,000	$4,875,000
$/SF NRA		$323	$358	$366	$306	$347	$487
NOI/SF NRA	$33.27	$18.97	$21.48	$23.77	$19.89	$14.48	$28.94
Occupancy	100.0%	86.3%	100.0%	100.0%	100.0%	90.0%	100.0%
TRANSACTIONAL ADJUSTMENTS							
Property Rights		0%	0%	0%	0%	0%	0%
Conditions of Sale		0%	0%	0%	0%	0%	0%
Financing		0%	0%	0%	0%	0%	0%
Expenditures After the Sale		0%	0%	0%	0%	0%	0%
Market Conditions[1]		6%	7%	2%	5%	6%	7%
Subtotal Transactional Adj Price		$342	$383	$373	$321	$368	$521
PROPERTY ADJUSTMENTS							
Location	Average	Average	Good	Average/Good	Average	Average/Good	Good
Adjustment		0%	-10%	-5%	0%	-5%	-10%
Size	17,042	37,480	35,200	19,904	18,626	12,712	10,007
Adjustment		5%	5%	0%	0%	0%	-5%
Quality	Good/Excellent	Good	Average/Good	Average/Good	Average/Good	Average/Good	Good
Adjustment		5%	10%	10%	10%	10%	5%
Condition	Good/Excellent	Good	Good	Average/Good	Average/Good	Good	Good
Adjustment		5%	5%	10%	10%	5%	5%
Exposure	Average/Good	Average	Average/Good	Average/Good	Average	Good	Good
Adjustment		5%	0%	0%	5%	-5%	-5%
Access	Average	Average	Good	Average/Good	Average	Average/Good	Good
Adjustment		0%	-10%	-5%	0%	-5%	-10%
Parking Ratio	4.3	4-5	4	5.25	2.98	1.42	4.71
Adjustment		0%	0%	0%	5%	5%	0%
Age	2014	2014	1999	2001	2006	2001	1995
Adjustment		0%	5%	5%	5%	5%	5%
Occupancy	100.0%	86.3%	100.0%	100.0%	100.0%	90.0%	100.0%
Adjustment		5%	0%	0%	0%	5%	0%
Site Coverage	7%	17%	31%	28%	12%	29%	13%
Adjustment		5.0%	5%	5%	0%	5%	0%
Subtotal Property Adjustment		30%	10%	20%	35%	20%	-15%
TOTAL ADJUSTED PRICE		**$445**	**$421**	**$448**	**$433**	**$442**	**$443**

STATISTICS	UNADJUSTED	ADJUSTED
LOW	$306	$421
HIGH	$487	$448
MEDIAN	$353	$443
AVERAGE	$365	$439

[1] Market Conditions Adjustment: 3%
Date of Value (for adjustment calculations): 6/14/18

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SALES COMPARABLE ANALYSIS

The sales include five medical office properties located in the greater Puget Sound and one professional office (No 5) located on Bainbridge Island.

The comparables range from $306/SF to $487/SF, with an average of $365/SF, prior to adjustment. Adjustments are applied for differences in location, size, quality, condition, exposure, access, parking ratio, and age, some of which are discussed in further detail below.

The comparable sales bracket the subject tin size, ranging from 10,007 to 37,480 SF. Smaller buildings place upward pressure on price/SF. Thus, a downward adjustment is applied to No 6, which is more than 5,000 SF smaller than the subject. Conversely, an upward adjustment is applied to Nos 1 and 2, which are more than 5,000 SF larger than the subject.

A primary strength of the subject is its very good quality and condition. All six of the comparable buildings slightly inferior quality buildings in slightly inferior condition. Upward adjustments are applied.

Locational adjustments are applied for access, exposure, and overall location.

Medical office users rely on available off-street parking. We have applied an upward adjustment to Nos 3 and 4, which offer inferior off-street parking.

The subject was built in 2014. An upward adjustment is applied to buildings more than 10 years older to reflect higher cost of ongoing maintenance typically required to maintain older structures (even if they have been renovated over time, the original structure reflects the original date of construction).

A low site coverage ratio suggests room for future expansion. The subject has surplus land for possible future expansion, as reflected in its low site coverage ratio. An adjustment is applied to properties with more than 7% differential in site coverage with larger ratios requiring an upward adjustment.

After adjustment, the range narrows to $421 to $448/SF, with an average of $439/SF.

SALES COMPARISON APPROACH CONCLUSION

Factors considered for properties in the Winslow market area include availability of parking, proximity to ferry, harbor views, and history of strong investor demand for commercial properties – two of which benefit the subject.

Primary emphasis is placed on No 1 ($445/SF), which is most similar to the subject and has the least overall gross adjustment of 36 percent. Based on the above analysis, a unit value of **$445/SF** is reasonable and applied to the subject.

The following table summarizes the analysis of the comparables, reports the reconciled price per NRA value conclusion, and presents the concluded value of the subject property.

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SALES COMPARISON APPROACH CONCLUSION (NRA)

COMP	ANALYSIS PRICE	ADJUSTMENT TRANSACTIONAL[1]	ADJUSTED	PROPERTY[2]	FINAL	NET ADJ %	GROSS ADJ %	OVERALL COMPARISON
1	$323	6%	$342	30%	**$445**	38%	36%	PRIMARY
2	$358	7%	$383	10%	**$421**	18%	57%	SECONDARY
3	$366	2%	$373	20%	**$448**	22%	42%	SECONDARY
4	$306	5%	$321	35%	**$433**	42%	40%	SECONDARY
5	$347	6%	$368	20%	**$442**	27%	56%	SECONDARY
6	$487	7%	$521	-15%	**$443**	-9%	52%	SECONDARY
LOW	**$421**					**AVERAGE**		**$439**
HIGH	**$448**					**MEDIAN**		**$443**

	SUBJECT SF		$/SF CONCLUSION		VALUE
INDICATED VALUE	**17,042**	**x**	**$445/SF**	**=**	**$7,580,000**

[1]Cumulative [2]Additive

Rounded to nearest $10,000

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RECONCILIATION OF VALUE CONCLUSIONS

The Analysis of Value Conclusions is the final step in the appraisal process and involves the weighing of the individual valuation techniques in relationship to their substantiation by market data, and the reliability and applicability of each valuation technique to the subject property. The following table summarizes the opinions of the As-Is Market Value of the subject property's fee simple interest.

Based on the overall quality of the data and analyses, and considering the decision-making process of the typical buyer profile (under a sale-leaseback scenario) of the subject asset, primary emphasis is placed on the Income Approach. The subject is currently fully occupied by an owner/user and would appeal also appeal to a partial owner/user. Thus, some consideration is given to the Sales Comparison Approach, which is reflected in my final opinion of market value below.

My opinion of value reflects current conditions and the likely actions of market participants as of the date of value. It is based on the available information gathered and provided to us, as presented in this report, and does not predict future performance. Changing market or property conditions can and likely will have an effect on the subject's value.

ANALYSIS OF VALUE CONCLUSIONS	
VALUATION INDICES	**AS-IS MARKET VALUE**
INTEREST APPRAISED	**FEE SIMPLE**
DATE OF VALUE	**JUNE 14, 2018**
Sales Comparison Approach	$7,580,000
Income Approach	$7,600,000
FINAL VALUE CONCLUSION	**$7,600,000**
$/SF	$446/SF
Implied Capitalization Rate	7.46%
Exposure Time	12 Months or Less
Marketing Period	12 Months or Less

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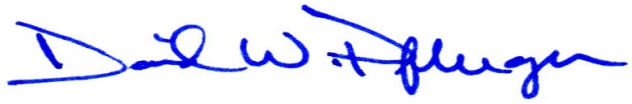
I certify that, to the best of my knowledge and belief:

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions of the signer are limited only by the reported assumptions and limiting conditions, and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- The signer of this report has no present or prospective interest in the property that is the subject of this report, and no personal interest with respect to the parties involved.
- David W. Pfleeger, MAI has performed no services, as an appraiser or in any other capacity regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.
- The signer is not biased with respect to the property that is the subject of this report or to the parties involved with this assignment.
- The engagement in this assignment was not contingent upon developing or reporting predetermined results.
- The compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- The reported analysis, opinions, and conclusions were developed, and this report has been prepared, in conformity with the *Uniform Standards of Professional Appraisal Practice* and the *Code of Professional Ethics and Standards of Professional Appraisal* Practice of the Appraisal Institute.
- David W. Pfleeger, MAI inspected the property that is the subject of this report.
- No one provided significant real property appraisal assistance to appraiser signing this certification.

The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.

As of the date of this report David W. Pfleeger, MAI completed the continuing education program for Designated Members of the Appraisal Institute.



November 5, 2018
Date

David W. Pfleeger, MAI
Valuation Services Director
Certified General Real Estate Appraiser
State of Washington License #1102040
+1 206 965 1140
david.pfleeger@colliers.com

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This appraisal is subject to the following assumptions and limiting conditions:

- The appraiser may or may not have been provided with a survey of the subject property. If further verification is required, a survey by a registered surveyor is advised.
- We assume no responsibility for matters legal in character, nor do we render any opinion as to title, which is assumed to be marketable. All existing liens, encumbrances, and assessments have been disregarded, unless otherwise noted, and the property is appraised as though free and clear, under responsible ownership, and competent management.
- The exhibits in this report are included to assist the reader in visualizing the property. We have made no survey of the property and assume no responsibility in connection with such matters.
- Unless otherwise noted herein, it is assumed that there are no encroachments, zoning, or restrictive violations existing in the subject property.
- The appraiser assumes no responsibility for determining if the property requires environmental approval by the appropriate governing agencies, nor if it is in violation thereof, unless otherwise noted herein.
- Information presented in this report has been obtained from reliable sources, and it is assumed that the information is accurate.
- This report shall be used for its intended purpose only, and by the party to whom it is addressed. Possession of this report does not include the right of publication.
- The appraiser may not be required to give testimony or to appear in court by reason of this appraisal, with reference to the property in question, unless prior arrangements have been made therefore.
- The statements of value and all conclusions shall apply as of the dates shown herein.
- There is no present or contemplated future interest in the property by the appraiser which is not specifically disclosed in this report.
- Without the written consent or approval of the author neither all, nor any part of, the contents of this report shall be conveyed to the public through advertising, public relations, news, sales, or other media. This applies particularly to value conclusions and to the identity of the appraiser and the firm with which the appraiser is connected.
- This report must be used in its entirety. Reliance on any portion of the report independent of others, may lead the reader to erroneous conclusions regarding the property values. Unless approval is provided by the author no portion of the report stands alone.
- The valuation stated herein assumes professional management and operation of the buildings throughout the lifetime of the improvements, with an adequate maintenance and repair program.
- The liability of Colliers International Valuation & Advisory Services, its principals, agents, and employees is limited to the client. Further, there is no accountability, obligation, or liability to any third party. If this report is placed in the hands of anyone 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 costs incurred to discover or correct any deficiency in the property.
- The appraiser is not qualified to detect the presence of toxic or hazardous substances or materials which may influence or be associated with the property or any adjacent properties, has made no investigation or analysis as to the presence of such materials, and expressly disclaims any duty to note the degree of fault Colliers International Valuation & Advisory Services and its principals, agents, employees, shall not be liable for any costs, expenses, assessments, or penalties, or diminution in value, property damage, or personal

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injury (including death) resulting from or otherwise attributable to toxic or hazardous substances or materials, including without limitation hazardous waste, asbestos material, formaldehyde, or any smoke, vapors, soot, fumes, acids, alkalis, toxic chemicals, liquids, solids or gasses, waste materials or other irritants, contaminants or pollutants.

- The appraiser assumes no responsibility for determining if the subject property complies with the *Americans with Disabilities Act* (*ADA*). Colliers International Valuation & Advisory Services, its principals, agents, and employees, shall not be liable for any costs, expenses, assessments, penalties or diminution in value resulting from non-compliance. This appraisal assumes that the subject meets an acceptable level of compliance with *ADA* standards; if the subject is not in compliance, the eventual renovation costs and/or penalties would negatively impact the present value of the subject. If the magnitude and time of the cost were known today, they would be reduced from the reported value conclusion.
- An on-site inspection of the subject property was conducted. No evidence of asbestos materials on-site was noted. A Phase 1 Environmental Assessment was not provided for this analysis. This analysis assumes that no asbestos or other hazardous materials are stored or found in or on the subject property. If evidence of hazardous materials of any kind occurs, the reader should seek qualified professional assistance. If hazardous materials are discovered and if future market conditions indicate an impact on value and increased perceived risk, a revision of the concluded values may be necessary.
- A detailed soils study was not provided for this analysis. The subject's soils and sub-soil conditions are assumed to be suitable based upon a visual inspection, which did not indicate evidence of excessive settling or unstable soils. No certification is made regarding the stability or suitability of the soil or sub-soil conditions.
- This analysis assumes that the financial information provided for this appraisal, including rent rolls and historical income and expense statements; accurately reflect the current and historical operations of the subject property.

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Professional Service Agreement
Kitsap County Assessor Reports
Valuation Glossary
Qualifications of Appraiser
Qualifications of Colliers International Valuation & Advisory Services

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PROFESSIONAL SERVICE AGREEMENT

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June 5, 2018

David W. Pfleeger, MAI
Valuation Services Director
Direct +1 206.965.1140
David.pfleeger@colliers.com

Morgan Smith
Deputy City Manager
City of Bainbridge Island
280 Madison Ave N
Bainbridge Island, WA 98110

RE: Harrison Bainbridge Urgent Care Building

Dear Ms. Smith

Thank you for considering Colliers International Valuation & Advisory Services, LLC for the assignment identified in the attached Professional Service Agreement. Please sign one copy of the agreement and return it to me, thereby indicating your authorization for us to proceed with this assignment and your acceptance of the attached Terms and Conditions.

PROFESSIONAL SERVICE AGREEMENT

("Agreement")

Project	Harrison Bainbridge Urgent Care Building ("Property")
Location	8804 Madison Ave N, Bainbridge Island, WA 98110
Project Description	Appraisal of Real Property
Parties	Colliers International Valuation & Advisory Services, LLC (CIVAS) and **City of Bainbridge Island (herein at times referred to as "Client')**
Intended Users	The appraisal will be prepared for **City of Bainbridge Island.** No other users are intended. The appraisal will be addressed to: Doug Schulze City Manager City of Bainbridge Island 280 Madison Ave N Bainbridge Island, WA 98110 **It should be noted that if this engagement is directly with the owner of the Property, typically the Appraisal may not be accepted by many federally insured lenders due to FIRREA Compliance, limiting the use of this report for many potential lenders. Should this potentially impact your source of lenders, we recommend engagement be directed by a Federally Insured Lender.**
Intended Use	The purpose of this appraisal is to **consider acquisition of the property.** The report is not intended for any other use.
Purpose	To Determine the As Is Market Value
Type of Appraisal	CIVAS will produce an **Appraisal Report** in which the appraiser's analysis and conclusions will be summarized and/or stated within this document.

Colliers International Valuation & Advisory Services, and certain of its subsidiaries, is an independently owned and operated business and a member firm of Colliers International Property Consultants, an affiliation of independent companies with over 500+ offices throughout more than 63 countries worldwide.

Rights Appraised	Fee Simple Interest
Date of Value	Date of inspection
Scope of Work	CIVAS and/or its designated affiliate will provide the Appraisal in accordance with USPAP, and the Code of Ethics and Certifications Standards of the Appraisal Institute and State Licensing Laws. CIVAS will inspect the property, research relevant market data, and perform analysis to the extent necessary to produce credible appraisal results. Based on our discussions with the Client, the Client has requested the following valuation scenarios: **As Is.** CIVAS anticipates developing the following valuation approaches: › Income Capitalization Approach › Sales Comparison Approach **Please note if it's a requirement per your underwriting or guidelines to have all approaches to value, although some approaches may be limited in application.** The scope of work will be included in the Appraisal. A copy of the Assumptions and Limiting Conditions, which appear in the Appraisal, is available upon request.
Delivery	**Three Weeks (June 26, 2018)**
Professional Fee	**$6,000.**
Expenses	Fees include all associated expenses.
No. of Reports	One (1) Electronic **Draft** Appraisal, One (1) Electronic **Final** Appraisal and, if needed, Two (2) printed Color Final Appraisal (at the request of Client)
Retainer	**0%**
Payment Terms	CIVAS will invoice Client for the Appraisal for the remainder of the fee at the completion of the assignment. Final payment is due and payable within five (5) business days upon delivery of the electronic copy of the Final Appraisal or within thirty (30) days of your receipt of our Draft Appraisal, whichever is sooner. If a Draft Appraisal is requested, the fee is considered earned upon delivery of our Draft Appraisal.
Acceptance Date	These specifications are subject to modification if this Agreement is not accepted within 3 business days from the date of this letter.

Terms and Conditions
The attached Terms and Conditions and Specific Property Data Request are deemed a part of this Agreement as though set forth in full herein. The following is a list of information we will need to begin our analysis. Please forward with the Agreement or as soon as possible.

- Survey with Legal Description & Site Size
- Title Report (if available)
- Wetland Delineation Map (if applicable)
- Engineering studies, soil tests or environmental assessments (if available)
- Ground lease (if applicable)
- Existing Building or Improvement Plans
- Individual Floor or Unit Plans
- Details on any Sale, Contract, or listing of the property in the past 3 years (if applicable)
- Construction Cost/Budget (within past 3 years, if applicable)
- Property Condition Report (if applicable)
- Details regarding the historical and future replacement schedule (i.e., carpets, appliances, cabinetry, laundry facilities, HVAC, etc.)
- Capital improvements history (2 years) & budget
- Three year & YTD Income & Expenses
- Detailed current rent roll indicating any vacant units and in-place rents
- Details regarding any pending changes to the rent roll
- Details regarding any concessions currently being offered for new and existing tenants
- Marketing plan and/or local competitive study, if available
- Copy of recent Appraisals or Market Studies, if available
- Name and telephone number of property contact for physical inspection and additional information needed during the appraisal process
- Property Contact Morgan Smith: 206-780-8620

In addition to the items requested above, please forward any additional materials you would consider relevant in the analysis of the subject property.

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CONTINUED

Our ability to honor the terms of this Agreement will require Client's response within three (3) business days. If you have questions regarding the enclosed, please feel free to contact me. CIVAS appreciates this opportunity to be of service to you on this assignment and looks forward to serving you. If you have additional questions, please contact us.

I, Morgan Smith, agree to the above stated terms and authorize Colliers International Valuation & Advisory Services, LLC to prepare the above referenced appraisal.

Date: 6/5/18

Morgan Smith
Deputy City Manager, City of Bainbridge Island

Respectfully,

Colliers International Valuation & Advisory Services, LLC

David Pfleeger, MAI
Valuation Services Director
Direct +1 206.965.1140
David.pfleeger@colliers.com

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TERMS AND CONDITIONS

"T&C"

1) The Appraisal will be subject to Colliers International Valuation & Advisory Services, LLC's ("CIVAS") Assumptions and Limiting Conditions that are incorporated into each appraisal, and any Extraordinary Assumptions and Hypothetical Conditions that may be incorporated into each appraisal.
2) Any capitalized, non-defined words shall have the same meaning as defined in the Agreement to which these T&Cs are attached.
3) Client is defined as the party signing the Agreement and shall be responsible for payment of the fees stipulated in the Agreement. Payment of the fee for the Appraisal is not contingent on the appraised value(s) or the outcome of the report(s). Additional fees will be charged on an hourly basis for any work that may exceed the scope of this proposal, including performing additional valuation scenarios, additional research, and conference calls, meetings, deposition preparation, deposition, trial testimony or travel that may exceed the time allotted by CIVAS for an assignment of this nature. If CIVAS is requested to cease working on the Appraisal for any reason prior to the completion of the appraisal(s), CIVAS will be entitled to bill the Client for the time spent to date at CIVAS' hourly rates for the personnel involved. The Client will be billed a minimum $500 or at a rate of $250 per hour for associate time, $300 per hour for valuation services director, $400 per hour for managing director, and $450 per hour for executive managing director. If the Client delays completion of the assignment beyond ninety (90) days, the fee may be renegotiated. This may result in the total fee exceeding the original agreed fee agreed upon cost.
4) The fees and expenses shall be due CIVAS as agreed to in the Agreement and these T&Cs. Client agrees to pay all fees and expenses, including attorney's fees, incurred by CIVAS in connection with the collection or attempted collection of the fees and expenses. In the event Client fails to make payments when due and payable, then from the date due and payable until paid the amount due and payable, shall bear interest at 1.5% per month or the maximum rate permitted in the state in which the CIVAS office executing the Agreement is located, whichever is greater.
5) The fee is due upon delivery of the final report or within thirty (30) days of your receipt of the draft report, whichever is sooner. If a draft is requested, the fee is considered earned upon delivery of our draft report.
6) In the event that either party commences any legal action relating to the provisions of the Agreement, including collection, the prevailing party shall be entitled to its actual attorneys' fees and costs, including those incurred upon appeal. The Agreement shall be governed by and construed in accordance with the laws of the state where the CIVAS office executing the Agreement is located. The venue of any action arising out of the Agreement shall be the county where the CIVAS office executing the Agreement is located. Client will have up to fourteen (14) days from receipt of the Draft Appraisal to review and communicate its review to CIVAS. CIVAS reserves the right to bill Client for additional appraisal efforts that may arise from the Client not responding within with this time period.
7) All statements of fact in the Appraisal which are used as the basis of the CIVAS' analyses, opinions, and conclusions will be true and correct to the best of the CIVAS' knowledge and belief. CIVAS does not make any representation or warranty, express or implied, as to the accuracy or completeness of the information or the state of affairs of the Property furnished to CIVAS by Client.
8) CIVAS shall have no responsibility for legal matters, questions of survey or title, soil or subsoil conditions, engineering, or other similar technical matters. The Appraisal will not constitute a survey of the Property analyzed.
9) Client shall provide CIVAS with such materials with respect to the Appraisal as requested by CIVAS and which are in the possession or under the control of Client. Client shall provide CIVAS with sufficient access to the Property to be analyzed and hereby grants permission for entry, unless discussed in advance to the contrary.
10) The data gathered in the course of the Appraisal (except data furnished by Client) and the Appraisal prepared pursuant to the Agreement are, and will remain, the property of CIVAS. With respect to data provided by Client, such data shall be confidential, and CIVAS shall not disclose any information identified as confidential furnished to CIVAS. Notwithstanding the foregoing, CIVAS is authorized by Client to disclose all or any portion of the Appraisal and the related data to appropriate representatives of the Appraisal Institute if such disclosure is required to enable CIVAS to comply with the Bylaws and Regulations of such Institute as now or hereafter in effect.
11) Unless specifically noted, CIVAS does not assume any duty to analyze or examine the Property or adjacent property for the possible presence of toxic and/or hazardous substances or materials (including but not exclusive to asbestos, PCB transformers, or other toxic, hazardous, or contaminated substances and/or underground storage tanks (hazardous material), or the cost of encapsulation or removal thereof) and accepts no liability regarding the issue. If such materials exist, CIVAS defers to the expertise of professionals specifically trained in analyzing the cost to remediate, which will not be a part of the appraisal fee proposal. The Appraisal will contain a comprehensive disclaimer to this effect.
12) CIVAS understands that there is no major or significant deferred maintenance in the Property which would require the expertise of a professional cost estimator or contractor. If such repairs are needed, the estimates are to be prepared by others, and are not a part of the fee contemplated in the Agreement.
13) Client acknowledges that CIVAS is being retained hereunder as an independent contractor to perform the services described herein and nothing in the Agreement shall be deemed to create any other relationship between Client and CIVAS. The Agreement shall be deemed concluded and the services hereunder completed upon delivery to Client of the Appraisal discussed herein.

14) In the event of any dispute between Client and CIVAS relating to this Agreement, or CIVAS' or Client's performance hereunder, CIVAS and Client agree that such dispute shall be resolved by means of binding arbitration in accordance with the commercial arbitration rules of the American Arbitration Association, and judgment upon the award rendered by the arbitrator(s) may be entered in any court of competent jurisdiction. Depositions may be taken and other discovery obtained during such arbitration proceedings to the same extent as authorized in civil judicial proceedings in the state where the CIVAS office executing this Agreement is located. The arbitrator(s) shall be limited to awarding compensatory damages and shall have no authority to award punitive, exemplary or similar type damages. The prevailing party in the arbitration proceeding shall be entitled to recover from the losing party its reasonable expenses, including the costs of arbitration proceeding, and reasonable attorneys' fees.

15) Client agrees that its only remedy for losses or damages relating to the Agreement shall be limited to the amount of the appraisal fee paid by the Client. Should the Client, or any other entitled party, make a claim against CIVAS, its directors, officers, employees and other affiliates and shareholders, relating to this engagement or the appraisal(s), the maximum damages recoverable from CIVAS, its directors, officers, employees and other affiliates and shareholders, shall be the amount of funds actually collected by CIVAS under the Agreement, and no claim shall be made for any consequential or punitive damages.

16) If CIVAS or any of its employees receives a subpoena or other judicial notification to produce documents or provide testimony involving the Appraisal in connection with a lawsuit or related proceeding, CIVAS will notify the Client of receipt of the subpoena or notification. However, if CIVAS is not part of the lawsuit or proceedings, Client agrees to compensate CIVAS for the professional time required and to reimburse CIVAS for the expenses incurred in responding to any such subpoena or judicial notification, including any attorneys' fees, as they are incurred. CIVAS is to be compensated at the prevailing hourly rates of the personnel responding to the subpoena or command for testimony.

17) If expert witness testimony is required in connection with the Appraisal, the following hourly rates will apply. The Client will be billed at the rate of $250 per hour for associate time, $350 per hour for valuation services director, $400 per hour for managing director, and $450 per hour for executive managing director. The hourly billings pertain to court preparation, waiting and travel time, document review and preparation (excludes appraisal report) and all meetings related to court testimony.

18) Client shall indemnify and hold CIVAS, its parent, subsidiaries, affiliates, its officers, directors, employees and agents ("CIVAS Indemnities"), fully harmless against all losses, damages, claims, and expenses of any kind whatsoever (including costs and reasonable attorneys' fees), sustained or incurred by a third party as a result of the negligence or intentional acts or omissions of Client (including any failure to perform any duty imposed by law), any misrepresentation, distortion or if Client fails to provide complete and accurate information to CIVAS, for which recovery is sought against the CIVAS Indemnities by that third party; however, such obligation to defend and indemnify shall not apply to the extent caused by the negligent act or willful misconduct of CIVAS. Client shall indemnify and hold CIVAS Indemnities harmless from any claims, expenses, judgments or other items or costs arising as a result of the Client's failure or the failure of any of the Client's agents to provide a complete copy of the Appraisal to any third party. LIMITATION OF LIABILITY. EXCEPT FOR THE INDEMNIFICATION PROVISION ABOVE, ANYTHING IN THE AGREEMENT TO THE CONTRARY NOTWITHSTANDING, UNDER NO CIRCUMSTANCES WHATSOEVER SHALL EITHER PARTY BE LIABLE TO THE OTHER FOR ANY SPECIAL, CONSEQUENTIAL, PUNITIVE, OR INCIDENTAL DAMAGES OF ANY KIND WHATSOEVER. EXCEPT FOR IN NO EVENT WHATSOEVER SHALL CIVAS' TOTAL LIABILITY TO CLIENT FOR DIRECT DAMAGES UNDER THE AGREEMENT OR ANY OTHER DAMAGES WHATSOEVER EXCEED IN THE AGGREGATE THE TOTAL SUM OF FUNDS RECEIVED BY CIVAS FROM CLIENT.

19) The Appraisal and the name Colliers International Valuation & Advisory Services may not be used in any marketing or investment material or offering memoranda without CIVAS' prior written consent. CIVAS, its employees and appraisers have no liability to any recipients of any prepared material, and disclaim all liability to any party other than the Client.

20) Unless CIVAS consents in writing, the Appraisal cannot be used by any party or for any purpose other than the Client for the purposes specified in the Agreement. Should the Client provide a copy of this Appraisal to any person or entity not authorized by CIVAS in writing, Client hereby agrees to hold CIVAS, its directors, officers, employees and other affiliates and shareholders, harmless from all damages, expenses, claims and costs, including any attorney's fees. The Client acknowledges that any opinions and conclusions expressed by the professionals of CIVAS pursuant to the Agreement are made as employees and not as individuals. CIVAS' responsibility is limited to the Client, and the use of the Appraisal or related product by third parties shall be solely at the risk of the Client and/or third parties.

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General

Parcel #: 232502-3-083-2002

8804 MADISON AVE N
BAINBRIDGE ISLAND, WA 98110

Taxpayer Name	HARRISON MEDICAL CENTER
Mailing Address	2520 CHERRY AVE BREMERTON, WA 98310 *(Change Mailing Address)*
Parcel No.	232502-3-083-2002
Account ID	2520120
Site Address	8804 MADISON AVE N BAINBRIDGE ISLAND, WA 98110
Status	Active
Property Class	651- Medical/dental offices

Land & Location

Parcel #: 232502-3-083-2002

8804 MADISON AVE N
BAINBRIDGE ISLAND, WA 98110

Site Address	8804 MADISON AVE N BAINBRIDGE ISLAND, WA 98110
Jurisdiction - Tax Code Area	City of Bainbridge Island - 0215
Zoning	Incorporated City
Sec-Twn-Rng-Qtr	Sec 23 Township 25 Range 2E SW Qtr
Acres	3.02 (approx. 131,551 sq. ft.)
Land where Account is Located	N/A
Latitude	47.64248601
Longitude	-122.51879728

Last Inspected	12/15/15
View Rating	N/A
Waterfront	No
Property Use	651- Medical/dental offices
Neighborhood	9303606 - Central Bainbridge-COM

Buildings & Improvements

Parcel #: 232502-3-083-2002

8804 MADISON AVE N
BAINBRIDGE ISLAND, WA 98110

Commercial Property (C01)
Use: Medical Office
Year Built: 2014
Size: 17,548

Sales History

Parcel #: 232502-3-083-2002

8804 MADISON AVE N
BAINBRIDGE ISLAND, WA 98110

Sale Date	Price ($)	Excise No.	Instrument	Other Accounts
08/16/2013	1,750,000	2013EX05724	Statutory/Warranty Deed	No

Splits & Merges

Parcel #: 232502-3-083-2002

8804 MADISON AVE N
BAINBRIDGE ISLAND, WA 98110

Action #	2009-0021
Date	1/9/2009
Type	Merge/Split
Reason	Boundary Line Adjustment

New Parcels

232502-3-082-2003 232502-3-083-2002

Original Parcels

232502-3-013-2007 232502-3-014-2006 232502-3-015-2005

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Tax Description

Parcel #: 232502-3-083-2002

8804 MADISON AVE N
BAINBRIDGE ISLAND, WA 98110

RESULTANT PARCEL B OF BOUNDARY LINE ADJUSTMENT RECORDED UNDER AUDITOR'S FILE NO. 200812160018, AND AS DEPICTED ON SURVEY RECORDED UNDER AUDITOR'S FILE NO. 200812160017, IN VOLUME 71 OF SURVEYS, PAGE 186, RECORDS OF KITSAP COUNTY, WASHINGTON, DESCRIBED AS FOLLOWS: THAT PORTION OF THE SOUTHWEST QUARTER OF SECTION 23, TOWNSHIP 25 NORTH, RANGE 2 EAST, W.M., CITY OF BAINBRIDGE ISLAND, KITSAP COUNTY, WASHINGTON DESCRIBED AS FOLLOWS: BEGINNING AT THE NORTHWEST CORNER OF SAID SUBDIVISION; THENCE ALONG THE NORTH LINE THEREOF, SOUTH 88*43'48" EAST 427.59 FEET TO THE TRUE POINT OF BEGINNING; THENCE LEAVING SAID NORTH LINE, SOUTH 01*16'12" WEST 110.01 FEET; THENCE SOUTH 69*49'32" WEST 133.52 FEET; THENCE SOUTH 12*32'07" WEST 175.45 FEET TO THE SOUTH LINE OF THE NORTH ONE-HALF OF THE NORTH ONE-HALF OF THE NORTHWEST QUARTER OF THE SOUTHWEST QUARTER OF SAID SECTION 23; THENCE ALONG SAID SOUTH LINE, SOUTH 88*44'41" EAST 594.70 FEET TO THE SOUTHWESTERLY RIGHT OF WAY OF SR 305; THENCE NORTHWESTERLY ALONG SAID RIGHT OF WAY TO A POINT ON THE NORTH LINE OF THE SOUTHWEST QUARTER OF SAID SECTION 23; THENCE ALONG SAID NORTH LINE NORTH 88*43'48" WEST 186.03 FEET TO THE TRUE POINT OF BEGINNING; TOGETHER WITH AND SUBJECT TO EASEMENTS, RESTRICTIONS AND RESERVATIONS OF RECORD.

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Receipts

Parcel #: 232502-3-083-2002

8804 MADISON AVE N
BAINBRIDGE ISLAND, WA 98110

Fund	Tax	Other	Interest	Penalty	Total
Date: 3/29/2018 - Receipt: 015391 - Tax Year: 2018					
Noxious Weed Asmt	0.00	1.08	0.00	0.00	1.08
City of B.I. SSWM	0.00	1,380.00	0.00	0.00	1,380.00
Total	**0.00**	**1,381.08**	**0.00**	**0.00**	**1,381.08**
Date: 10/18/2017 - Receipt: 143947 - Tax Year: 2017					
Noxious Weed Asmt	0.00	1.08	0.00	0.00	1.08
City of B.I. SSWM	0.00	1,267.50	0.00	0.00	1,267.50
Total	**0.00**	**1,268.58**	**0.00**	**0.00**	**1,268.58**
Date: 4/17/2017 - Receipt: 026562 - Tax Year: 2017					
Noxious Weed Asmt	0.00	1.08	0.00	0.00	1.08
City of B.I. SSWM	0.00	1,267.50	0.00	0.00	1,267.50
Total	**0.00**	**1,268.58**	**0.00**	**0.00**	**1,268.58**
Date: 10/14/2016 - Receipt: 131568 - Tax Year: 2016					
Noxious Weed Asmt	0.00	1.08	0.00	0.00	1.08
City of B.I. SSWM	0.00	1,100.70	0.00	0.00	1,100.70
Total	**0.00**	**1,101.78**	**0.00**	**0.00**	**1,101.78**
Date: 4/29/2016 - Receipt: 095646 - Tax Year: 2016					
Noxious Weed Asmt	0.00	1.08	0.00	0.00	1.08
City of B.I. SSWM	0.00	1,100.70	0.00	0.00	1,100.70
Total	**0.00**	**1,101.78**	**0.00**	**0.00**	**1,101.78**
Date: 9/29/2015 - Receipt: 123240 - Tax Year: 2015					
Real Property Tax	6,144.06	0.00	0.00	0.00	6,144.06
Noxious Weed Asmt	0.00	1.08	0.00	0.00	1.08
City of B.I. SSWM	0.00	73.38	0.00	0.00	73.38
Total	**6,144.06**	**74.46**	**0.00**	**0.00**	**6,218.52**
Date: 4/10/2015 - Receipt: 021262 - Tax Year: 2015					
Real Property Tax	6,144.06	0.00	0.00	0.00	6,144.06
Noxious Weed Asmt	0.00	1.08	0.00	0.00	1.08
City of B.I. SSWM	0.00	73.38	0.00	0.00	73.38
Total	**6,144.06**	**74.46**	**0.00**	**0.00**	**6,218.52**
Date: 10/15/2014 - Receipt: 129644 - Tax Year: 2014					
Real Property Tax	1,873.08	0.00	0.00	0.00	1,873.08

[Click here to Pay by Credit Card - ***2.5% fee***]
[Click here to Pay by E-Check - ***$1.50 fee***]

[Click here to Print]

Meredith R. Green, CPA
MAKE REMITTANCES PAYABLE TO:
Kitsap County Treasurer
614 Division Street, MS-32
Port Orchard, WA 98366

2018 WEB TAX STATEMENT

Printed:06/18/2018

HARRISON MEDICAL CENTER
2520 CHERRY AVE
BREMERTON, WA 98310-4270

Account Number	** For Informational Purposes Only **
232502-3-083-2002	Account ID 2520120
	Taxpayer Name: HARRISON MEDICAL CENTER

GENERAL TAX DISTRIBUTION

2017	2018
2017 Total: $.00	**2018 Total: $.00**

Tax Property Description

23252E
RESULTANT PARCEL B OF BOUNDARY LINE ADJUSTMENT RECORDED UNDER AUDITOR'S FILE NO. 200812160018, AND AS DEPICTED ON SURVEY RECORDED UNDER AUDITOR'S FILE NO. 200812160017, IN VOLUME 71 OF SURVEYS, PAGE 186, RECORDS OF KITSAP COUNTY, WASHINGTON, DESCRIBED AS FOLLOWS: THAT PORTION OF THE SOUTHWEST QUARTER OF SECTION 23, TOWNSHIP 25 NORTH, RANGE 2 EAST, W.M., CITY OF BAINBRIDGE ISLAND, KITSAP COUNTY, WASHINGTON DESCRIBED AS FOLLOWS: BEGINNING AT THE NORTHWEST CORNER OF SAID SUBDIVISION; THENCE ALONG THE NORTH LINE THEREOF, SOUTH 88*43'48" EAST 427.59 FEET TO THE TRUE POINT OF BEGINNING; THENCE LEAVING SAID NORTH LINE, SOUTH 01*16'12" WEST 110.01 FEET; THENCE SOUTH 69*49'32" WEST 133.52 FEET; THENCE SOUTH 12*32'07" WEST 175.45 FEET TO THE SOUTH LINE OF THE NORTH ONE-HALF OF THE NORTH ONE-HALF OF

VALUE INFORMATION FOR TAX

	2017	2018
Land:	$373,910	**$411,310**
Buildings, etc.:	$4,595,790	**$4,558,390**
TOTAL VALUE:	$4,969,700	**$4,969,700**
TOTAL TAXABLE VALUE:(Land + Buildings, etc. minus Qualifying Exemptions)	$0	**$0**

Current Taxes	2017	2018
ASSESSMENT		
Noxious Weed	$2.16	$2.16
Stormwater Management	$2,535.00	$2,760.00
Asmt Total	$2,537.16	$2,762.16

2018 General Property Tax + Assessments = $2,762.16

Levy Code **0215**
[Click here for Levy Information]

General Levy Rate per $1000
10.8064

Voted Rate -- 31.1 % Voter Approved

Parcel Location: 8804 MADISON AVE N

TOTAL AMOUNT DUE: $1,381.08

First half taxes paid after April 30th will incur interest plus penalty computed on the FULL year amount (RCW 84.56.020).

Account Number:232502-3-083-2002 (2520120)

Parcel Location: 8804 MADISON AVE N

SECOND HALF - Pay or Postmark by October 31

If you did not make a first half payment or pay the delinquent taxes listed, if any, call (360) 337-7135 for delinquent tax, interest and penalty due. Delinquent payments received without interest and penalty will be returned.
See Treasurer Information

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	TAX YEAR	Prev Tax Owing	Interest/ Penalty	TOTAL Full	TOTAL Half
Current:	2018				$1,381.08
			Amount Due:		$1,381.08

HARRISON MEDICAL CENTER
2520 CHERRY AVE
BREMERTON, WA 98310-4270

Make Remittance Payable To
Kitsap County Treasurer - 614 Division Street, MS-32 Port Orchard, WA 98366

Tax, Levies & Assessments

Parcel #: 232502-3-083-2002

8804 MADISON AVE N
BAINBRIDGE ISLAND, WA 98110

Tax Year:	2018
Tax Code Area:	0215
Tax Status:	Taxable
Taxable Value:	0

Levy Title	Voted?	Levy Rate	Tax Amount
CITY OF BAINBRIDGE ISL BONDS	**Y**	**0.081961**	**0.00**
CITY OF BAINBRIDGE ISLAND	N	0.994464	0.00
COUNTY CONSERVATION FUTURES	N	0.040848	0.00
COUNTY CURRENT EXPENSE	N	0.940859	0.00
COUNTY MENTAL HEALTH	N	0.025000	0.00
COUNTY VETERANS RELIEF	N	0.013000	0.00
FIRE DIST NO 2 EXPENSE	N	0.854191	0.00
FIRE DIST NO 2 BONDS	**Y**	**0.147445**	**0.00**
FIRE DIST NO. 2 EMERG MED	N	0.349641	0.00
METRO PARKS - ISLAND BOND	**Y**	**0.164552**	**0.00**
METRO PARKS - ISLAND GENERAL	N	0.705337	0.00
PUBLIC UTILITY DIST NO 1 GENERAL	N	0.068160	0.00
REGIONAL LIBRARY GENERAL	N	0.431689	0.00
SCHOOL DIST NO 303 CAPITAL	**Y**	**0.293148**	**0.00**
SCHOOL DIST NO 303 GO BOND	**Y**	**1.285854**	**0.00**
SCHOOL DIST NO 303 SPECIAL	**Y**	**1.389008**	**0.00**

Tax Year:	2017 ▼
Tax Code Area:	0215
Tax Status:	Taxable
Taxable Value:	0

Levy Title	Voted?	Levy Rate	Tax Amount
CITY OF BAINBRIDGE ISL BONDS	**Y**	**0.087971**	**0.00**
CITY OF BAINBRIDGE ISLAND	N	1.059941	0.00
COUNTY CONSERVATION FUTURES	N	0.043511	0.00
COUNTY CURRENT EXPENSE	N	1.004677	0.00
COUNTY MENTAL HEALTH	N	0.025000	0.00
COUNTY VETERANS RELIEF	N	0.013000	0.00
FIRE DIST NO 2 EXPENSE	N	0.891500	0.00
FIRE DIST NO 2 BONDS	**Y**	**0.167862**	**0.00**
FIRE DIST NO. 2 EMERG MED	N	0.372707	0.00
METRO PARKS - ISLAND BOND	**Y**	**0.115012**	**0.00**
METRO PARKS - ISLAND GENERAL	N	0.749999	0.00
PUBLIC UTILITY DIST NO 1 GENERAL	N	0.074108	0.00
REGIONAL LIBRARY GENERAL	N	0.353368	0.00
SCHOOL DIST NO 303 CAPITAL	**Y**	**0.320399**	**0.00**
SCHOOL DIST NO 303 GO BOND	**Y**	**1.354414**	**0.00**
SCHOOL DIST NO 303 SPECIAL GENL	**Y**	**1.414856**	**0.00**

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Unless specified otherwise, these definitions were extracted from the following sources or publications:

The Dictionary of Real Estate Appraisal, Sixth Edition, Appraisal Institute, Chicago, Illinois, 2015 *(Dictionary).*

Uniform Standards of Professional Appraisal Practice, 2018-2019 Edition (USPAP).

The Appraisal of Real Estate, Fourteenth Edition, Appraisal Institute, Chicago, Illinois, 2013 *(14th Edition)*.

Absolute Net Lease

A lease in which the tenant pays all expenses including structural maintenance, building reserves, and management; often a long-term lease to a credit tenant. *(Dictionary)*

Ad Valorem Tax

A real estate tax based on the assessed value of the property, which is not necessarily equivalent to its market value. *(14th Edition)*

Aggregate of Retail Values (ARV)

The sum of the separate and distinct market value opinions for each of the units in a condominium; subdivision development, or portfolio of properties, as of the date of valuation. The aggregate of retail values does not represent the value of all the units as sold together in a single transaction; it is simply the total of the individual market value conclusions. Also called *sum of the retail values*. *(Dictionary)*

Arm's-length Transaction

A transaction between unrelated parties who are each acting in his or her own best interest. *(Dictionary)*

As-Is Market Value

The estimate of the market value of real property in its current physical condition, use, and zoning as of the appraisal date. *(Dictionary)*

Assessed Value

The value of a property according to the tax rolls in ad valorem taxation; may be higher or lower than market value, or based on an assessment ratio that is a percentage of market value. *(14th Edition)*

Average Daily Room Rate (ADR)

In the lodging industry, the net rooms revenue derived from the sale of guest rooms divided by the number of paid occupied rooms. *(Dictionary)*

Band of Investment

A technique in which the capitalization rates attributable to components of an investment are weighted and combined to derive a weighted-average rate attributable to the total investment. *(Dictionary)*

Cash-Equivalent Price

The price of a property with nonmarket financing expressed as the price that would have been paid in an all-cash sale. *(Dictionary)*

Common Area

The total area within a property that is not designed for sale or rental but is available for common use by all owners, tenants, or their invitees, e.g., parking and its appurtenances, malls, sidewalks, landscaped areas, recreation areas, public toilets, truck and service facilities. *(Dictionary)*

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Contract Rent

The actual rental income specified in a lease. *(14th Edition)*

Cost Approach

A set of procedures through which a value indication is derived for the fee simple interest in a property by estimating the current cost to construct a reproduction of (or replacement for) the existing structure, including an entrepreneurial incentive; deducting depreciation from the total cost; and adding the estimated land value. Adjustments may then be made to the indicated fee simple value of the subject property to reflect the value of the property interest being appraised. *(14th Edition)*

Curable Functional Obsolescence

An element of depreciation; a curable defect caused by a flaw in the structure, materials, or design, which can be practically and economically corrected. *(Dictionary)*

Debt Coverage Ratio (DCR)

The ratio of net operating income to annual debt service, which measures the relative ability of a property to meet its debt service out of net operating income; also called *debt service coverage ratio (DSCR)*. *(Dictionary)*

Deferred Maintenance

Items of wear and tear on a property that should be fixed now to protect the value or income-producing ability of a property. (*Dictionary)*

Depreciation

In appraisal, a loss in property value from any cause; the difference between the cost of an improvement on the effective date of the appraisal and the market value of the improvement on the same date. *(Dictionary)*

Direct Costs

Expenditures for the labor and materials used in the construction of improvements; also called *hard costs*. *(Dictionary)*

Discounted Cash Flow (DCF) Analysis

The procedure in which a discount rate is applied to a set of projected income streams and a reversion. The analyst specifies the quantity, variability, timing, and duration of the income streams and the quantity and timing of the reversion, and discounts each to its present value at a specified yield rate. *(Dictionary)*

Discount Rate

A rate of return on capital used to convert future payments or receipts into present value; usually considered to be a synonym for *yield rate*. *(Dictionary)*

Disposition Value

The most probable price that a specified interest in property should bring under the following conditions:

1. Consummation of a sale within a specified time, which is shorter than the typical exposure time for such a property in that market.

2. The property is subjected to market conditions prevailing as of the date of valuation.

3. Both the buyer and seller are acting prudently and knowledgeably.

4. The seller is under compulsion to sell.

5. The buyer is typically motivated.

6. Both parties are acting in what they consider their best interests.

7. An adequate marketing effort will be made during the exposure time.

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8. Payment will be made in cash in U.S. dollars (or the local currency) or in terms of financial arrangements comparable thereto.

9. 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.

This definition can also be modified to provide for valuation with specified financing terms. *(Dictionary)*

Easement

The right to use another's land for a stated purpose. Access or right-of-way easements may be acquired by private parties or public utilities. Governments may be the beneficiaries of easements placed on privately owned land that is dedicated to conservation, open space, or preservation. *(14th Edition)*

Economic Life

The period over which improvements to real property contribute to property value. *(Dictionary)*

Effective Age

The age of property that is based on the amount of observed deterioration and obsolescence it has sustained, which may be different from its chronological age. *(Dictionary)*

Effective Date

The date on which the appraisal or review opinion applies (SVP) *(Dictionary)*

Effective Gross Income (EGI)

The anticipated income from all operations of the real estate after an allowance is made for vacancy and collection losses and an addition is made for any other income. *(Dictionary)*

Effective Gross Income Multiplier (EGIM)

The ratio between the sale price (or value) of a property and its effective gross income. *(Dictionary)*

Effective Rent

The rental rate net of financial concessions such as periods of free rent during the lease term and above or below-market tenant improvements (TIs). *(14th Edition)*

Eminent Domain

The right of government to take private property for public use upon the payment of just compensation. The Fifth Amendment of the U.S. Constitution, also known as the *takings clause*, guarantees payment of just compensation upon appropriation of private property. *(Dictionary)*

Entrepreneurial Incentive

The amount an entrepreneur expects to receive for his or her contribution to a project. Entrepreneurial incentive may be distinguished from entrepreneurial profit (often called *developer's profit*) in that it is the expectation of future profit as opposed to the profit actually earned on a development or improvement. *(Dictionary)*

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Entrepreneurial Profit

A market-derived figure that represents the amount an entrepreneur receives for his or her contribution to a project and risk; the difference between the total cost of a property (cost of development) and its market value (property value after completion), which represents the entrepreneur's compensation for the risk and expertise associated with development. An entrepreneur is motivated by the prospect of future value enhancement (i.e., the entrepreneurial incentive). An entrepreneur who successfully creates value through new development, expansion, renovation, or an innovative change of use is rewarded by entrepreneurial profit. Entrepreneurs may also fail and suffer losses. *(Dictionary)*

Excess Land

Land that is not needed to serve or support the existing improvement. The highest and best use of the excess land may or may not be the same as the highest and best use of the improved parcel. Excess land has the potential to be sold separately and is valued separately. *(Dictionary)*

Excess Rent

The amount by which contract rent exceeds market rent at the time of the appraisal; created by a lease favorable to the landlord (lessor) and may reflect unusual management, unknowledgeable or unusually motivated parties, a lease execution in an earlier, stronger rental market, or an agreement of the parties. Due to the higher risk inherent in the receipt of excess rent, it may be calculated separately and capitalized or discounted at a higher rate in the income capitalization approach. *(14th Edition)*

Expense Stop

A clause in a lease that limits the landlord's expense obligation, which results in the lessee paying any operating expenses above a stated level or amount. *(Dictionary)*

Exposure Time

The estimated length of time that the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal; Comment: Exposure time is a retrospective opinion based on an analysis of past events assuming a competitive and open market. *(Dictionary)*

External Obsolescence

A type of depreciation; a diminution in value caused by negative external influences and generally incurable on the part of the owner, landlord, or tenant. The external influence may be temporary or permanent. *(Dictionary)*

Extraordinary Assumption

An assignment-specific assumption as of the effective date regarding uncertain information used in an analysis which, if found to be false, could alter the appraiser's opinions or conclusions. Uncertain information might include physical, legal, or economic characteristics of the subject property; or conditions external to the property, such as market conditions or trends; or the integrity of data used in an analysis. An extraordinary assumption may be used in an assignment only if:

- It is required to properly develop credible opinions and conclusions;
- The appraiser has a reasonable basis for the extraordinary assumption;
- Use of the extraordinary assumption results in a credible analysis; and
- The appraiser complies with disclosure requirements set forth in USPAP for extraordinary assumptions. (USPAP)

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Fair Market Value

In nontechnical usage, a term that is equivalent to the contemporary usage of *market value*.

As used in condemnation, litigation, income tax, and property tax situations, a term that is similar in concept to market value but may be defined explicitly by the relevant agency. (*Dictionary*)

Feasibility Analysis

A study of the cost-benefit relationship of an economic endeavor. *(USPAP)*

Fee Simple Estate

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. *(Dictionary)*

Floor Area Ratio (FAR)

The relationship between the above-ground floor area of a building, as described by the zoning or building code, and the area of the plot on which it stands; in planning and zoning, often expressed as a decimal, e.g., a ratio of 2.0 indicates that the permissible floor area of a building is twice the total land area. *(Dictionary)*

Functional Obsolescence

The impairment of functional capacity of improvements according to market tastes and standards. *(Dictionary)*

Functional Utility

The ability of a property or building to be useful and to perform the function for which it is intended according to current market tastes and standards; the efficiency of a building's use in terms of architectural style, design and layout, traffic patterns, and the size and type of rooms. (*Dictionary*)

Furniture, Fixtures, and Equipment (FF&E)

Business trade fixtures and personal property, exclusive of inventory. *(Dictionary)*

Going-concern

An established and operating business having an indefinite future life. *(Dictionary)*

Going-concern Value

An outdated label for the market value of all the tangible and intangible assets of an established and operating business with an indefinite life, as if sold in aggregate; more accurately termed the *market value of the going concern or market value of the total assets of the business. (Dictionary)*

Gross Building Area (GBA)

Total floor area of a building, excluding unenclosed areas, measured from the exterior of the walls of the above-grade area. This includes mezzanines and basements if and when typically included in the market area of the type of property involved. *(Dictionary)*

Gross Leasable Area (GLA) - Commercial

Total floor area designed for the occupancy and exclusive use of tenants, including basements and mezzanines; measured from the center of joint partitioning to the outside wall surfaces. *(Dictionary)*

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Gross Living Area (GLA) - Residential

Total area of finished, above-grade residential area; calculated by measuring the outside perimeter of the structure and includes only finished, habitable, above-grade living space. (Finished basements and attic areas are not generally included in total gross living area. Local practices, however, may differ.) *(Dictionary)*

Highest & Best Use

The reasonably probable use of property that results in the highest value. The four criteria that the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity. The use of an asset that maximizes its potential and that is possible, legally permissible, and financially feasible. The highest and best use may be for continuation of an asset's existing use or for some alternative use. This is determined by the use that a market participant would have in mind for that asset when formulating the price that it would be willing to bid (IVS). *(Dictionary)*

Hypothetical Condition

A condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis. Hypothetical conditions are contrary to known facts about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis. *(USPAP)*

Income Capitalization Approach

In the income capitalization approach, an appraiser analyzes a property's capacity to generate future benefits and capitalizes the income into an indication of present value. The principle of anticipation is fundamental to this approach. Techniques and procedures from this approach are used to analyze comparable sales data and to measure obsolescence in the cost approach. (*14th Edition)*

Incurable Functional Obsolescence

An element of depreciation; a defect caused by a deficiency or superadequacy in the structure, materials, or design that cannot be practically or economically corrected as of the effective date of the appraisal. *(Dictionary)*

Indirect Costs

Expenditures or allowances for items other than labor and materials that are necessary for construction, but are not typically part of the construction contract. Indirect costs may include administrative costs, professional fees, financing costs and the interest paid on construction loans, taxes and the builder's or developer's all-risk insurance during construction, and marketing, sales, and lease-up costs incurred to achieve occupancy or sale. Also called *soft costs*. *(Dictionary)*

Insurable Replacement Cost

The cost estimate, at current prices as of the effective date of valuation, of a substitute for the building being valued, using modern materials and current standards, design and layout for insurance coverage purposes guaranteeing that damaged property is replaced with a new property (i.e., depreciation is not deducted). *(Dictionary)*

Valuation Glossary

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Interim Use

The temporary use to which a site or improved property is put until a different use becomes maximally productive. *(Dictionary)*

Investment Value

The value of a property to a particular investor or class of investors based on the investor's specific requirements. Investment value may be different from market value because it depends on a set of investment criteria that are not necessarily typical of the market. *(Dictionary)*

Liquidation Value

The most probable price that a specified interest in real property should bring under the following conditions:

1. Consummation of a sale within a short time period.
2. The property is subjected to market conditions prevailing as of the date of valuation.
3. Both the buyer and seller are acting prudently and knowledgeably.
4. The seller is under extreme compulsion to sell.
5. The buyer is typically motivated.
6. Both parties are acting in what they consider to be their best interests.
7. A normal marketing effort is not possible due to the brief exposure time.
8. Payment will be made in cash in U.S. dollars (or the local currency) or in terms of financial arrangements comparable thereto.
9. 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.

This definition can also be modified to provide for valuation with specified financing terms. *(Dictionary)*

Leased Fee Interest

The ownership interest held by the lessor, which includes the right to receive the contract rent specified in the lease plus the reversion right when the lease expires. *(Dictionary)*

Leasehold Interest

The right held by the lessee to use and occupy real estate for a stated term and under the conditions specified in the lease. *(Dictionary)*

Legally Nonconforming Use

A use that was lawfully established and maintained, but no longer conforms to the use regulations of its current zoning; also known as a *grandfathered use*. *(Dictionary)*

Market Area

The geographic region from which a majority of demand comes and in which the majority of competition is located. Depending on the market, a market area may be further subdivided into components such as primary, secondary, and tertiary market areas. *(Dictionary)*

Market Rent

The most probable rent that a property should bring in a competitive and open market reflecting all conditions and restrictions of the lease agreement, including permitted uses, use restrictions, expense obligations, term. concessions, renewal and purchase options, tenant improvements (TIs). *(14th Edition)*

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Market Study

An analysis of the market conditions of supply, demand, and pricing for a specific property type in a specific area. (*Dictionary)*

Market Value (Interagency Guidelines)

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:

1. buyer and seller are typically motivated;

2. both parties are well informed or well advised, and acting in what they consider their own best interests;

3. a reasonable time is allowed for exposure in the open market;

4. payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and

5. the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

(Interagency Appraisal and Evaluation Guidelines, December 10, 2010, Federal Register, Volume 75 Number 237, Page 77472)

Marketability Analysis

The study of how a specific property is expected to perform in a specific market. A marketability analysis expands on a market analysis by addressing a specific property.*(Dictionary)*

Neighborhood Analysis

The objective analysis of observable or quantifiable data indicating discernible patterns of urban growth, structure, and change that may detract from or enhance property values; focuses on four sets of considerations that influence value: social, economic, governmental, and environmental factors. *(Dictionary)*

Net Operating Income (NOI)

The actual or anticipated net income that remains after all operating expenses are deducted from effective gross income but before mortgage debt service and book depreciation are deducted. Note: This definition mirrors the convention used in corporate finance and business valuation for EBITDA (earnings before interest, taxes, depreciation, and amortization). *(14th Edition)*

Obsolescence

One cause of depreciation; an impairment of desirability and usefulness caused by new inventions, changes in design, improved processes for production, or external factors that make a property less desirable and valuable for a continued use; may be either functional or external. *(Dictionary)*

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Off-site Costs

Costs incurred in the development of a project, excluding on-site costs such as grading and construction of the building and other improvements; also called *common costs* or *off-site improvement costs*. *(Dictionary)*

On-site Costs

Costs incurred for the actual construction of buildings and improvements on a particular site. *(Dictionary)*

Overage Rent

The percentage rent paid over and above the guaranteed minimum rent or base rent; calculated as a percentage of sales in excess of a specified breakeven sales volume. *(14th Edition)*

Overall Capitalization Rate (OAR)

The relationship between a single year's net operating income expectancy and the total property price or value. *(Dictionary)*

Parking Ratio

The ratio of parking area or parking spaces to an economic or physical unit of comparison. Minimum required parking ratios for various land uses are often stated in zoning ordinances.*(Dictionary)*

Potential Gross Income (PGI)

The total income attributable to property at full occupancy before vacancy and operating expenses are deducted. *(Dictionary)*

Potential Gross Income Multiplier (PGIM)

The ratio between the sale price (or value) of a property and its annual potential gross income. *(Dictionary)*

Present Value (PV)

The value of a future payment or series of future payments discounted to the current date or to time period zero. *(Dictionary)*

Prospective Opinion of Value

A value opinion effective as of a specified future date. The term does not define a type of value. Instead, it identifies a value opinion as effective at some specific future date. An opinion of value as of a prospective date is frequently sought in connection with projects that are proposed, under construction, or under conversion to a new use, or those that have not achieved sellout or a stabilized level of long-term occupancy. *(Dictionary)*

Qualitative Adjustment

An indication that one property is superior, inferior, or the same as another property. Note that the common usage of the term is a misnomer in that an adjustment to the sale price of a comparable property is not made. Rather, the indication of a property's superiority or inferiority to another is used in relative comparison analysis, bracketing, and other forms of qualitative analysis. *(Dictionary)*

Quantitative Adjustment

A numerical (dollar or percentage) adjustment to the indicated value of the comparable property to account for the effect of a difference between two properties on value. *(Dictionary)*

Rentable Area

The amount of space on which the rent is based; calculated according to local practice. *(Dictionary)*

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Replacement Cost

The estimated cost to construct, at current prices as of a specific date, a substitute for a building or other improvements, using modern materials and current standards, design, and layout. *(Dictionary)*

Reproduction Cost

The estimated cost to construct, at current prices as of the effective date of the appraisal, an exact duplicate or replica of the building being appraised, using the same materials, construction standards, design, layout, and quality of workmanship and embodying all the deficiencies, superadequacies, and obsolescence of the subject building. *(Dictionary)*

Retrospective Value Opinion

A value opinion effective as of a specified historical date. The term *retrospective* does not define a type of value. Instead, it identifies a value opinion as being effective at some specific prior date. Value as of a historical date is frequently sought in connection with property tax appeals, damage models, lease renegotiation, deficiency judgments, estate tax, and condemnation. Inclusion of the type of value with this term is appropriate, e.g., "retrospective market value opinion." *(Dictionary)*

Sales Comparison Approach

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

Scope of Work

The type and extent of research and analysis in an appraisal or appraisal review assignment. Scope of work includes, but is not limited to:

The extent to which the property is identified;

The extent to which tangible property is inspected;

The type and extent of data researched; and

The type and extent of analysis applied to arrive at opinions or conclusions. *(USPAP)*

Shopping Center Types

Neighborhood Shopping Center: The smallest type of shopping center, generally with a gross leasable area of between 30,000 and 100,000 square feet. Typical anchors include supermarkets. Neighborhood shopping centers offer convenience goods and personal services and usually depend on a market population support of 3,000 to 40,000 people.

Community Shopping Center: A shopping center of 100,000 to 400,000 square feet that usually contains one junior department store, a variety store, discount or department store. A community shopping center generally has between 20 and 70 retail tenants and a market population support of 40,000 to 150,000 people.

Regional Shopping Center: A shopping center of 300,000 to 900,000 square feet that is built around one or two full-line department stores of approximately 200,000 square feet each plus small tenant spaces. This type of center is typically supported by a minimum population of 150,000 people.

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Shopping Center Types (cont.)

Super-Regional Center: A large center of 600,000 to 2.0 million square feet anchored by three or more full-line department stores. This type of center is typically supported by a population area of 300,000 people. *(14th Edition)*

Superadequacy

An excess in the capacity or quality of a structure or structural component; determined by market standards. *(Dictionary)*

Surplus Land

Land that is not currently needed to support the existing use but cannot be separated from the property and sold off for another use. Surplus land does not have an independent highest and best use and may or may not contribute value to the improved parcel. *(Dictionary)*

Tenant Improvements (TIs)

1. Fixed improvements to the land or structures installed for use by a lessee.

2. The original installation of finished tenant space in a construction project; subject to periodic change for succeeding tenants. *(Dictionary)*

Triple Net Lease

An alternative term for a type of net lease. In some markets, a net net net lease is defined as a lease in which the tenant assumes all expenses (fixed and variable) of operating a property except that the landlord is responsible for structural maintenance, building reserves, and management. Also called *NNN*, *triple net lease*, or *fully net lease*. *(Dictionary)*

Usable Area

The area that is actually used by the tenants measured from the inside of the exterior walls to the inside of walls separating the space from hallways and common areas. *(Dictionary)*

Useful Life

The period of time over which a structure or a component of a property may reasonably be expected to perform the function for which it was designed. *(Dictionary)*

Vacancy and Collection Loss

A deduction from potential gross income (PGI) made to reflect income deductions due to vacancies, tenant turnover, and non-payment of rent; also called *vacancy and credit loss* or *vacancy and contingency loss*. *(Dictionary)*

Yield Capitalization

A method used to convert future benefits into present value by 1) discounting each future benefit at an appropriate yield rate, or 2) developing an overall rate that explicitly reflects the investment's income pattern, holding period, value change, and yield rate. *(Dictionary)*

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EDUCATION AND QUALIFICATIONS

Bachelor of Arts in English and Mass Communications, Principia College, Elsah, IL, 1993

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Prior to joining CIVAS in April 2007, David served as a Regional Manager of Planned Giving and Development at the world headquarters for The First Church of Christ, Scientist in Boston, MA and as an Admissions Officer at the Shanghai American School in Shanghai, China.

A common theme underlying David's varied background includes his strong analytical and communication skills, both instrumental to the appraisal industry. Mentored by Reid Erickson, David has undertaken a broad range of property types and locations throughout the state of Washington.

David is a member of The Appraisers' Coalition of Washington and an MAI with the Appraisal Institute.

EXPERIENCE

Valuation Services Director, Colliers International Valuation & Advisory Services, Seattle, Washington, 2007 to Present

AREAS OF SPECIALIZATION

Eastern Washington Real Estate

Retail Properties

PROFESSIONAL MEMBERSHIPS AND ACCREDITATIONS

Member of Appraisal Institute, designated September 2014

THE MYKENT REAL ESTATE & APPRAISAL SCHOOL

Basic Appraisal Principles

Basic Appraisal Procedures

USPAP

Real Estate Finance, Statistics, and Valuation Modeling

APPRAISAL INSTITUTE COURSES

General Appraiser Sales Comparison Approach

Advanced Market Analysis and Highest and Best Use

General Appraiser Site Valuation and Cost Approach

General Appraiser Income Approach: Part 1

General Appraiser Income Approach: Part 2

General Appraiser Report Writing and Case Studies

Income Property Valuation (Elective) Basic Principles of Appraising

Advanced Sales Comparison and Cost Approaches

Advanced Income Approach

Business Practices and Ethics

Advanced Concepts & Case Studies

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Pat Kohler, Director

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Experience That Counts

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Self-Storage
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Net Lease
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Subdivisions
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GSA Properties
Special Use Properties
Telecommunications

Real estate valuations play a pivotal role in today's business climate. An accurate and well supported opinion of property value can mean the difference between reaching a critical goal—securing a loan, closing a sale, reporting to investors, choosing the best asset—or failing to achieve it altogether.

Colliers Valuation & Advisory Services' reports are designed to deliver insight into a property's fundamentals, its competition and the overall market dynamics affecting value. A solid valuation report can be a strategic asset for investors, lenders and owners, provided that it addresses both a property's unique characteristics and the most current market conditions.

Commitment to high-end client service, coupled with Colliers International's unparalleled market intelligence and resources, differentiates us as the firm of choice in the real estate industry.

PROFESSIONALS

Our professionals share a commitment to deliver the highest level of service and consistent results. We go the extra mile for our clients, whether this means meeting a tight deadline or working with a complex and challenging property.

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Our unmatched report creation technology speeds appraisals through the pipeline. This secure, centralized production system generates a wide range of reports and high volume portfolio orders without delays.

INFORMATION

Today's business climate places valuation in a more pivotal position than ever before. All our appraisals are evaluated and approved by an experienced review team to ensure our clients receive concise and timely appraisals. With clear, prompt reporting and a comprehensive, big picture approach, Colliers International's Valuation and Advisory reports give our clients the information they need to make better business decisions.

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Appraisal Report

Harrison Bainbridge Urgent Care | Bainbridge Island, WA

as of January 10, 2019

Latitude: 47.64249° N

Longitude: -122.51880° W

Prepared for

City of Bainbridge
Morgan Smith, Deputy City Manager

Prepared by

Andrew T. Robinson, MAI

KM Job A18-1283

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January 18, 2019

Mr. Morgan Smith, Deputy City Manager
City of Bainbridge
280 Madison Avenue N
Bainbridge, WA 98110

RE: Harrison Bainbridge Urgent Care
8804 Madison Avenue N
Bainbridge Island, WA 98110

Dear Mr. Smith:

At your request, I prepared an appraisal of the above-referenced property, which is described in the attached report. As requested, I provide an opinion of the market value of the fee simple interest in the subject real estate as of January 10, 2019. I inspected the property and obtained data regarding other similar real estate in the area. This report has been prepared in conformance with the current Uniform Standards of Professional Appraisal Practice (USPAP). In addition, our services comply with and are subject to the Code of Professional Ethics and Standards of Professional Practice of the Appraisal Institute. This report will be used by the City of Bainbridge for prospective purchase decisions.

As a result of my analysis, I conclude that the market values, subject to the limiting conditions and extraordinary assumptions contained herein, are:

As-Is (if 100.0% occupied as leaseback or to user) as of January 10, 2019..... $8,500,000
As-Is (if 100.0% vacant to an investor) as of January 10, 2019 ..... $7,040,000

Market data indicates that for comparable properties, the most common sale transaction involves a lease of the majority or all of the space for ten years. This would create a leased fee interest under a sale/leaseback or would be a fee simple interest for a user of 100% of the space.

Respectfully submitted,

Andrew T. Robinson, MAI
State-certified General Real Estate
Appraiser #1100592

ATR/ds

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Certification

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

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 is our personal, impartial, and unbiased professional analyses, opinions, and conclusions.
3) I have no present or prospective interest in the property that is the subject of this report, and no personal interest with respect to the parties involved.
4) I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
5) My engagement in this assignment was not contingent upon developing or reporting predetermined results.
6) My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
7) The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.
8) I made a personal inspection of the interior and exterior of the property that is the subject of this report.
9) I have not provided professional appraisal or consulting services concerning the subject property within the past three years.
10) No one provided significant real property appraisal assistance to the persons signing this certification.
11) The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.
12) The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
13) As of the date of this report I, Andrew T. Robinson, MAI, have completed the continuing education program for Designated Members of the Appraisal Institute.

Andrew T. Robinson, MAI
State-certified General Real Estate
Appraiser #1100592

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Limiting Conditions

Limiting conditions specific to this appraisal are:

11) Physical dimensions for the property were taken from public records or from information provided, and the appraisers assume no responsibility in connection with such matters.

2) I assume that there are no hidden or unapparent conditions of the property, subsoil, or structures (including asbestos, soil contamination, or unknown environmental factors) that render it more or less valuable. No responsibility is assumed for such conditions or for arranging the studies that may be required to discover them.

3) No responsibility is assumed for the legal description or for matters including legal or title considerations.

4) The information identified in this report as being furnished by others is believed to be reliable, but no warranty is given for its accuracy.

5) The appraiser is not required to give testimony or attendance in court by reason of this appraisal unless arrangements have previously been made.

6) The allocation of total value to land, buildings, or any fractional part or interest as shown in this report, is invalidated if used separately in conjunction with any other appraisal.

7) Valuation Advisory Services is a subsidiary of Kidder Mathews, a full service commercial real estate brokerage firm. On occasion, employees or agents of the firm have interests in the property being appraised. When present, interests have been disclosed, and the report has been made absent of any influence from these parties.

RESTRICTION UPON DISCLOSURE & USE:
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, or any reference to the Appraisal Institute or to the MAI designation) 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 appraiser. No part of this report or any of the conclusions may be included in any offering statement, memorandum, prospectus, or registration without the prior written consent of the appraiser.

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ADDENDUM
Letter of Engagement
Appraiser's Experience Data

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Summary of Appraisal

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Summary of Appraisal

Identity of Property	Harrison Bainbridge Urgent Care 8804 Madison Avenue N Bainbridge Island, WA 98372
Property Description	The subject is a two-story medical office building that was constructed in 2014. The building contains a rentable area of 18,385 sq ft and is 100% owner occupied. The subject is just south of the intersection of Madison Avenue N and SR 305, north of the Bainbridge commercial district and 1.5 miles north of the Washington State ferry terminal. The site contains a gross area of 136,351 sq ft and a usable area of 86,257 sq ft. The difference is the sloping south and southwest portion of the site that is in the setback of a stream and wetlands. There are 73 parking stalls, a ratio of 3.97/1,000 sq ft. The property is zoned R-8 - Residential 8 by the City of Bainbridge Island. The subject appears to be a legally conforming use with a conditional use permit for the medical clinic.
Highest & Best Use	**As If Vacant** Residential at allowed density of eight dwelling units per acre **As Improved** Continued use as medical office
Scope	Narrative appraisal with sales comparison and income capitalization approaches to value.
Intended User/Use of Appraisal	City of Bainbridge / purchase decisions
Property Rights Appraised	Fee Simple Estate
Extraordinary Assumptions	None
Hypothetical Conditions	None
Existing Lease Encumbrances	The property is owner occupied and there are no leases in place.

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Strengths and Weaknesses

Strengths:

- New construction with good quality and street appeal
- Good access for Bainbridge Island residents
- Good condition
- Potential for small expansion

Weaknesses:

- South portion of site is not usable due to required setbacks for stream and wetlands
- Parking is adequate at 4/1,000 sq ft but it is at the low end of the range of 4-5/1,000 sq ft seen for medical office. This would limit expansion as pure medical space.
- Limited street exposure

Approaches to Value & Final Value Opinions

Approaches to Value	Value	Comments
Sales Comparison	$8,300,000	$451/sq ft
Income Capitalization	$8,600,000	6.37% cap rate
Value Opinion - User/Leaseback	**$8,500,000**	$462/sq ft
Shortfall if vacant to investor	-$1,460,000	$79/sq ft
Value Opinion - 100% vacant	**$7,040,000**	Investor purchase

Market data indicates that for comparable properties, the most common sale transaction involves a lease of the majority or all of the space for ten years. This would create a leased fee interest under a sale/leaseback or would be a fee simple interest for a user of 100% of the space.

Date of Report January 18, 2019

Date of Inspection January 10, 2019

Effective Date of Appraisal January 10, 2019

Exposure Time Three to nine months

Marketing Time Three to nine months

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Aerial Parcel Map above, aerial view looking north below

Aerial views of the property looking west (above) and south (below)

Subject Photographs

View looking southeast from entry drive to Madrona Assisted Living, which is adjacent to west of subject.

North elevation from entry off access drive

North and west elevations from north parking area

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Subject Photographs

East elevation from east parking area.

East and south elevations

Main entry

Subject Photographs

Looking west along access drive toward intersection with Madison Avenue N, with subject to left, Madrona Assisted living in background left and church to right.

Looking east along access drive from intersection with Madison Avenue N.

Looking south along Madison Avenue N from intersection with New Brooklyn Road and access drive to subject.

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Subject Photographs

Entry, patient check in

Entry

Internal stair to second floor, elevator to right out of photo

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Subject Photographs

Ground floor corridor between office and exam rooms

Ground floor X-ray

Ground floor lab

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Subject Photographs

Urgent care workstations on ground floor, flanked by exam and treatment rooms.

2nd level stair and elevator landing with conference room to right

2nd level corridor flanked by exam rooms and offices

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Subject Photographs

2nd floor workstations flanked by exam rooms

Exam room 7

Provider office

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Introduction

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Introduction

Identity of Property

The subject is a two-story medical office building that was constructed in 2014. The building contains a rentable area of 18,385 sq ft and is 100% owner occupied. The site contains a gross area of 136,351 sq ft and a usable area of 86,257 sq ft. The difference is the sloping south and southwest portion of the site that is in the setback of a stream. There are 73 parking stalls, a ratio of 3.97/1,000 sq ft.

Address

8804 Madison Avenue N
Bainbridge Island, WA 98372

Legal Description

According to the building plans on file with the City of Bainbridge, the legal description is as follows:

Resultant Parcel B of Boundary Line Adjustment recorded under auditors file no. 200812160018, and as depicted on survey recorded under auditors file no. 200812160017, in volume 71 of surveys, page 186, records of Kitsap County, Washington, described as follows: That portion of the southwest quarter of Section 23, Range 2 East, W.M. City of Bainbridge Island, Kitsap County, Washington, described as follows: Beginning at the northwest corner of said subdivision; thence along the north line thereof, south 88 degrees 43'48" east 427.59 feet to the true point of beginning; thence leaving said north line, south 1 degree 16'12" west 110.01 feet; thence south 69 degrees 49'32" west 133.52 feet; thence south 12 degrees 32'07" west 175.45 feet to the south line of the north one half of the north one half of the northwest quarter of the southwest quarter of said section 23; thence south along said south line, south 88 degrees 44'41" east 594.70 feet to the southwesterly right of way of SR 305; thence northwesterly along said right of way to a point on the north line of the southwest quarter of said section 23; thence along said north line north 88 degrees 43'48" west 186.03 feet to the true point of beginning; together with and subject to easements, restrictions and reservations of record.

Assessor Parcel Numbers

232502-3-083-2101 and 232502-3-083-2002 - Kitsap County

There is one parcel/site but the County has assigned two parcel numbers for two accounts. The accounts are split to separate the portion that is receiving the non-profit exemption and the portion that is not. It was an administrative split because the County's systems can't have a non-taxable portion and a fully taxable portion on the same account.

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Ownership History

The subject is owned by Harrison Medical Center, which purchased the site in August 2013 for $1.75 million, or $13/sq ft and constructed the improvements in 2014. The subject is not listed for sale. However, the City of Bainbridge and the owner have been exploring a sale where the owner would vacate and the City would acquire the property. No formal offers have been made. Outside of this activity, I am not aware of any offers to purchase or sell the subject in the last three years.

Property Rights Appraised

This is an appraisal of the fee simple estate. The definition of "fee simple estate" is as follows:

> *A freehold (ownership interest) where the possessory interest has been granted to another party by creation of a contractual landlord-tenant relationship (i.e., a lease).*

Source: The Dictionary of Real Estate Appraisal, Fifth Edition. Chicago: Appraisal Institute, 2015.

Purpose of Appraisal

The purpose of this appraisal is to estimate market value of the subject property. The term "Market Value" is defined as:

> *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 the buyer under conditions whereby:*
>
> *a. the buyer and seller are typically motivated;*
>
> *b. both parties are well informed or well advised, and acting in what they consider their own best interests;*
>
> *c. a reasonable time is allowed for exposure in the open market;*
>
> *d. payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and*
>
> *e. 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.*

Source: Code of Federal Regulations, Title 12, Part 34C, Section 34.42 [g].

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Scope of Appraisal

The subject is appraised based on the following scope of work.

- The subject is an 86,257 usable sq ft site improved with a two-story medical office building containing with small storage basement containing 18,385 sq ft.
- The subject was inspected January 10, 2019.
- Medical office properties are purchased by owner users or investors when leased. I consider all three traditional methods of value within this report, but because of the lack of emphasis on cost by market participants, have not used the cost approach. Exclusion of the cost approach does not limit the reliability of the value conclusion.
- The research of data included both general and specific data. Sources of general data that are included in the market trends and neighborhood description were obtained from various private and governmental sources.
- Specific data concerning the subject was obtained from various sources including the client (floorplans on file and zoning), and Kitsap County (site area, assessed values and real estate taxes).
- Data compiled in the analysis of the building sales was obtained from CBA (Commercial Broker Association), Costar, public records, as well as our own in-house data files. Rental data was obtained from owners or their representatives on similar properties.
- The Sales Comparison Approach is based on an analysis of improvement value per gross leasable area. The area of research of comparable property sales was the Puget Sound area of Western Washington in as similar as possible neighborhoods.
- The Income Approach is based on market rent. The estimate of market rent is based on a search of medical office properties in the Puget Sound region. Income also includes an estimate of reimbursable expenses for a triple-net lease. Appropriate deductions for vacancy and expenses were applied to arrive at a net operating income. The net operating income is then capitalized based on a correlation of market-derived cap rate from comparable investor sales.

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- All of the sales and rental data was confirmed with a party involved in the transaction and/or through public records and each was inspected.
- The reconciliation and final value opinion is based on which approach is the best indicator of value for the subject.

Intended Use & Intended Users	City of Bainbridge / purchase decisions
Extraordinary Assumptions	None
Hypothetical Conditions	None
Date of Report	January 18, 2019
Date of Inspection	January 10, 2019
Effective Date of Appraisal	January 10, 2019

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Market Overview

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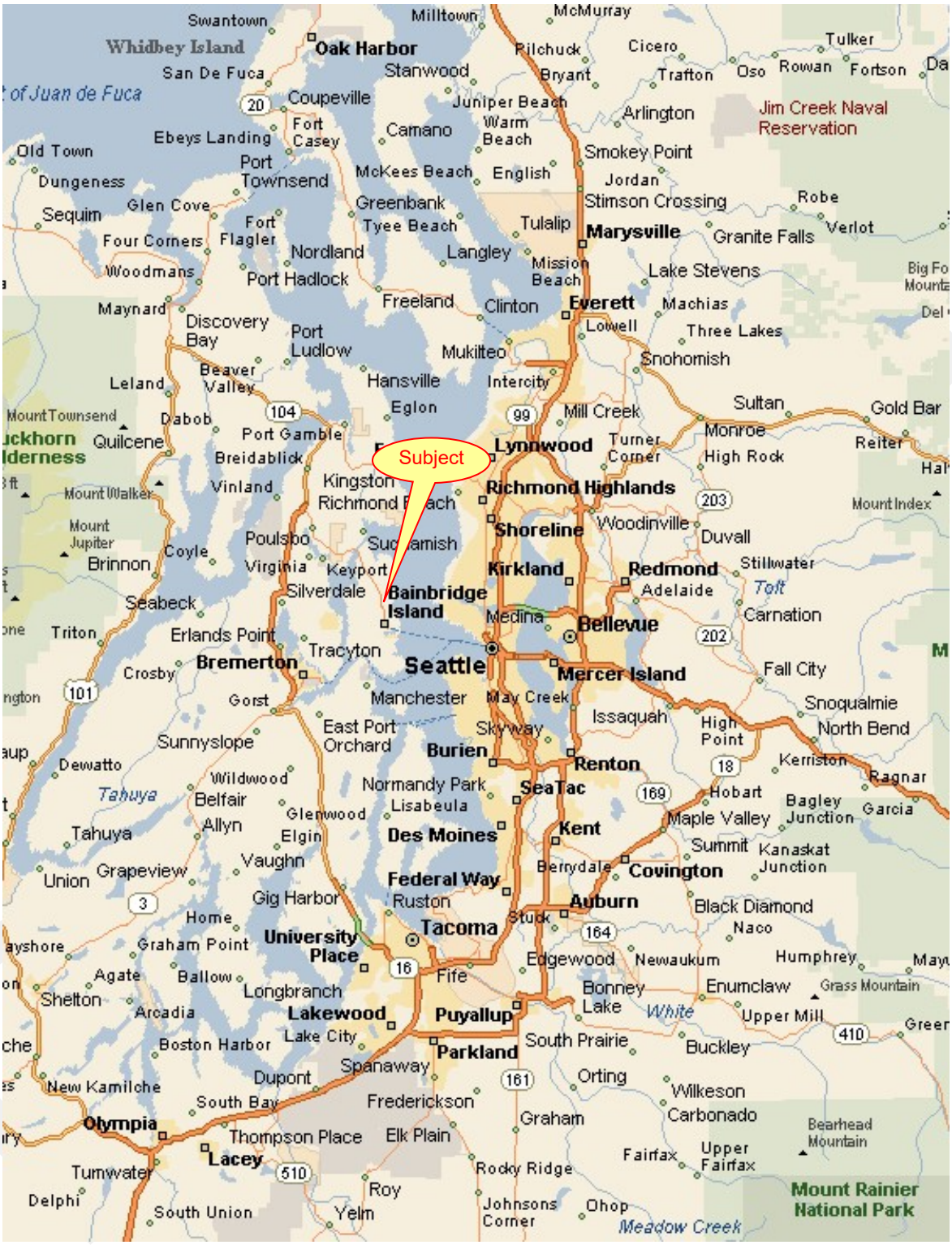

Regional Map

Regional Economy

Introduction

The subject is located in the Puget Sound region of western Washington. The core of the market is comprised of King, Snohomish, and Pierce counties. Thurston is at the south end and Kitsap is on the west side.

Regional Overview

The Puget Sound region continues to be one of the best performing areas of the nation. Employment growth was nearly double (93%) the national average in 2017 following 79% higher in 2016, 38% in 2015 and 47% in 2014 and 65% in 2013. Since the depth of the recession in early 2010, the region had added 295,600 new jobs through the end of 2017. Year over year (June 2017-June 2018) has gained 38,871 jobs, a slowing of job growth from earlier YoY results this year. Growth has continued to be strong in the region's tech businesses, but also in the lower wage categories. No significant negative effect resulted from increases in State and Seattle minimum wages. The retail category has done well as retail sales have improved for 29 quarters year over year. Employment growth was 2.8% to 3.2% over the past five years. Forecasts show a slowing to 2.4% in 2018 and 1.0% in 2019. The prospect of Amazon creating a second and equal headquarters would slow their growth in the Puget Sound in coming years, a significant change from the past 10 years.

Regional and National Economic Indicators

										Forecast	
Annual Change	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Puget Sound Region											
Employment	-4.9%	-1.7%	1.6%	2.3%	2.8%	2.8%	3.0%	3.2%	2.5%	2.4%	1.0%
Personal Income	-1.6%	2.5%	6.1%	4.9%	2.6%	6.2%	4.4%	7.5%	4.1%	4.6%	5.1%
Consumer Price Index	0.6%	0.3%	2.6%	2.5%	1.3%	1.8%	1.4%	2.2%	3.0%	1.9%	2.3%
Housing Permits	-50.1%	31.5%	11.9%	51.8%	8.9%	16.9%	22.5%	-4.9%	8.5%	-7.1%	-11.2%
Population	1.5%	1.0%	1.0%	1.3%	1.4%	1.4%	1.7%	1.7%	1.5%	1.4%	1.2%
United States											
Employment	-4.4%	-0.7%	1.2%	1.7%	1.7%	1.9%	2.1%	1.8%	1.6%	1.5%	1.2%
Personal Income	-1.7%	3.7%	5.1%	4.2%	2.0%	4.4%	4.4%	2.4%	3.1%	4.5%	4.9%
Consumer Price Index	-0.3%	1.6%	3.2%	2.1%	1.5%	1.6%	0.1%	1.3%	2.1%	2.6%	2.2%
Housing Starts	-38.4%	5.6%	4.5%	28.0%	18.7%	7.8%	10.7%	6.1%	2.8%	8.6%	2.9%

Source: The Puget Sound Economic Forecaster, June 2018

With the strong employment growth and geographic constraints, the region is in demand for national and international investors. Apartments remain at a plateau at the peak of the cycle as prices continue to increase even as a large number of new units were delivered to the market and rent growth has started to moderate. Most of the office based employment growth has occurred in the Seattle and Bellevue CBDs in King County, and these two markets have seen the bulk of new development. Industrial

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real estate has strong occupancy and high prices with institutions looking for traditional warehouse product and owner users dominating close-in Seattle markets. The retail market is strong in core trade areas. Daily needs retail—food and drugs—is the strongest sector. New home inventories are low and infill construction is active.

Population

During the past 40 years, the population of Washington has grown by an average of approximately 20% per decade, according to the Puget Sound Regional Council (PSRC). The five counties that comprise the Central Puget Sound Region and account for 59% of Washington's 2018 population (7,427,570) experienced a population increase of 13.7% during the previous decade. The region's growth rate was 1.7% in 2018, 2.0% in 2017, 2.2% in 2016, and 1.6% in 2015, with in-migration fueled by job growth. The lower population growth in 2018 mirrors the slightly lower year over year region wide growth rate

Employment

Regional employment is at an all-time high, well above the previous high in 2009. The recovery began in 2011. Year over year region wide employment growth for June 2018 was modest at 1.8%; 1.9% in King, Snohomish and Thurston, 1.7% in Pierce and 0.3% in Kitsap.

Non-Farm Employment

	Jun-17		Jun-18	
County	Jobs	Unemp.	Jobs	Unemp.
King	1,182,631	3.9%	1,204,627	3.7%
Snohomish	403,384	4.3%	410,948	4.0%
Pierce	391,944	5.2%	398,585	5.1%
Thurston	126,822	4.8%	129,197	4.7%
Kitsap	115,306	4.8%	115,600	4.6%
Region	2,220,087	4.3%	2,258,957	4.1%

Source: Washington State Employment Security Department

In the individual projections, King and Snohomish showed the fastest recovery. Pierce and Thurston took more time with the cutback of government jobs kicking the rate back up in 2012. In January, State Farm announced they will be leaving Tacoma by the end of 2018. 1,400 jobs will be lost, although 600 of these are relocating to DuPont, so overall, a net loss of 800 jobs in the County.

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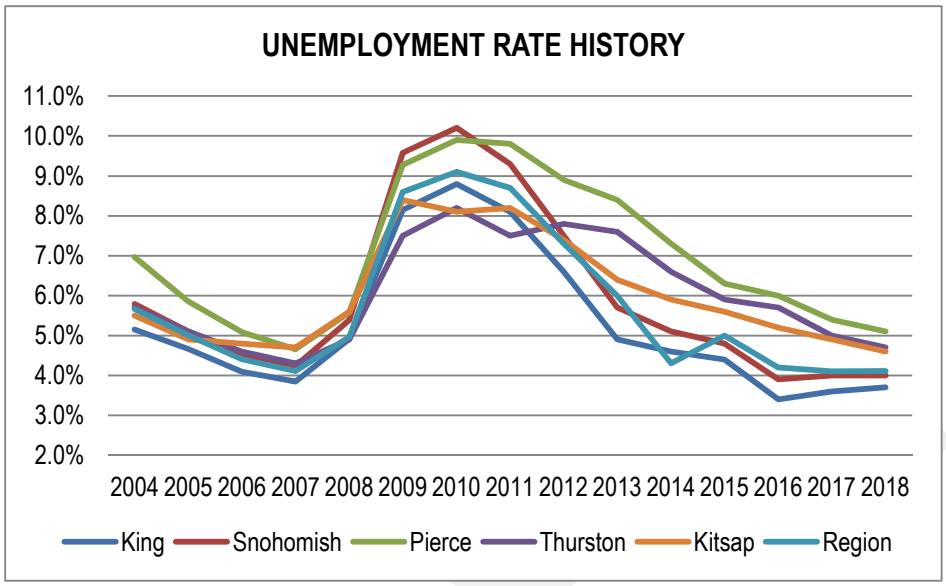

Source: Washington State Employment Security Department

The unemployment rate has leveled off but remains near-historic low levels that continue to decline, moderated slightly by the return to the labor force of those persons uncounted (unemployed but not actively seeking employment) and under-employed, both of whom are not reflected in the current calculation.

Amazon has been the biggest single contributor to employment growth. The company's employment in the state is about 45,000, with more than 30,000 in the Seattle CBD. Amazon continues to hire and fill office space. That plan was underlined by the completion of two 1.1 million sq ft office buildings for its own use, the starting of a third, and additional leases signed for over for 1.35 million sq ft in other Seattle projects. As mentioned above, Amazon is now finalizing the selection of a second headquarters location. Amazon plans for Seattle and the new headquarter site will house about 50,000 employees each at build-out. Microsoft had more local employees at 47,113 as of June 2017 and their growth rate is positive, but slower. Amazon's created a tech hub in Seattle that has now prompted significant local expansions by Facebook, Google, Tableau, Zillow, Apple, eBay and Alibaba.

The region's largest employer remains Boeing with a total of 65,829 in Washington as of the beginning of January 2018, down nearly 5,300 jobs in 2017. Almost all of those employees are in King, Snohomish, and Pierce counties. Boeing employment was 6.3% of the region's total in 1997. This had declined to 3.0% as of December 2017 (the company now will report employees by state only on an annual basis). There is less hope of future growth as Boeing continues to diversify in other states.

Economic Indicators

The finance, insurance, and real estate (FIRE) and construction sectors have recovered as commercial and residential construction continues to expand. Manufacturing losses were led by those Boeing jobs, with a myriad of smaller companies cutting back by smaller amounts. Many of those Boeing jobs have now been lost. Retail job gains follow the increases in retail sales volume. Sales growth continues its fifth plus year of increases with a robust gain in 2016. Growth was strongest in 2014, tapering slightly in 2015 and again in 2016. Retail sales in 2017 were up 6.5%, and also up 9.7% through the first three months of 2018.

Washington State Retail Sales ($,000)								
	2018	2017	2016	2015	2014	2013	2012	2011
4Q		41,415,190	38,412,020	35,933,056	33,372,252	31,172,889	29,435,885	27,890,822
3Q		41,310,158	38,497,518	35,845,087	33,249,625	28,788,875	28,766,782	27,293,863
2Q		38,657,150	36,795,596	33,883,425	30,973,320	28,998,096	26,803,035	25,613,078
1Q	37,550,231	34,215,275	32,364,927	29,712,715	27,248,916	25,985,522	24,028,170	22,943,062
Total		155,597,773	146,070,061	135,374,283	124,844,113	114,945,382	109,033,872	103,740,825

Source: Washington State Department of Revenue

Personal income increased an average of 4.7% between 2010 and 2016, spiking at 6.2% in 2014 and dropping to 4.4% in 2015, but increasing to 7.5% in 2016 before settling back at 4.1% in 2017. The forecast for 2018 is to be slightly higher at 4.6% and 5.1% in 2019. These gains are amplified by low inflation, which averaged 1.9% over the past five years. The CPI did increase 3.0% in 2017, and then back to the 1.9% average increase in 2018 and up to 2.3% 2019.

Regional Housing Market

The housing market has shown varying levels of recovery, based on location and price point. Sales started to recover in 2012 with a 20% increase in King and Snohomish Counties. Pierce County remained soft, increasing only 3.5%, reflecting a lack of job growth. Values also first started to recover in 2012. These trends have continued through 2017. Median prices in King County increased by 14.4% over 2016, with new home sales up 7.1% Snohomish was up 13.0% (also up 8.6% in new home sales) and Pierce gained momentum, up 11.6% (up 20.8% in new home sales). Smaller increases were experienced in Kitsap and Thurston counties. Sales volume in December 2017 totaled $3.34 billion, up 15.2% from one year ago. Sales volume in March 2018 was $3.38 billion up 9% from one year ago. This growth is across the board, felt in all five counties.

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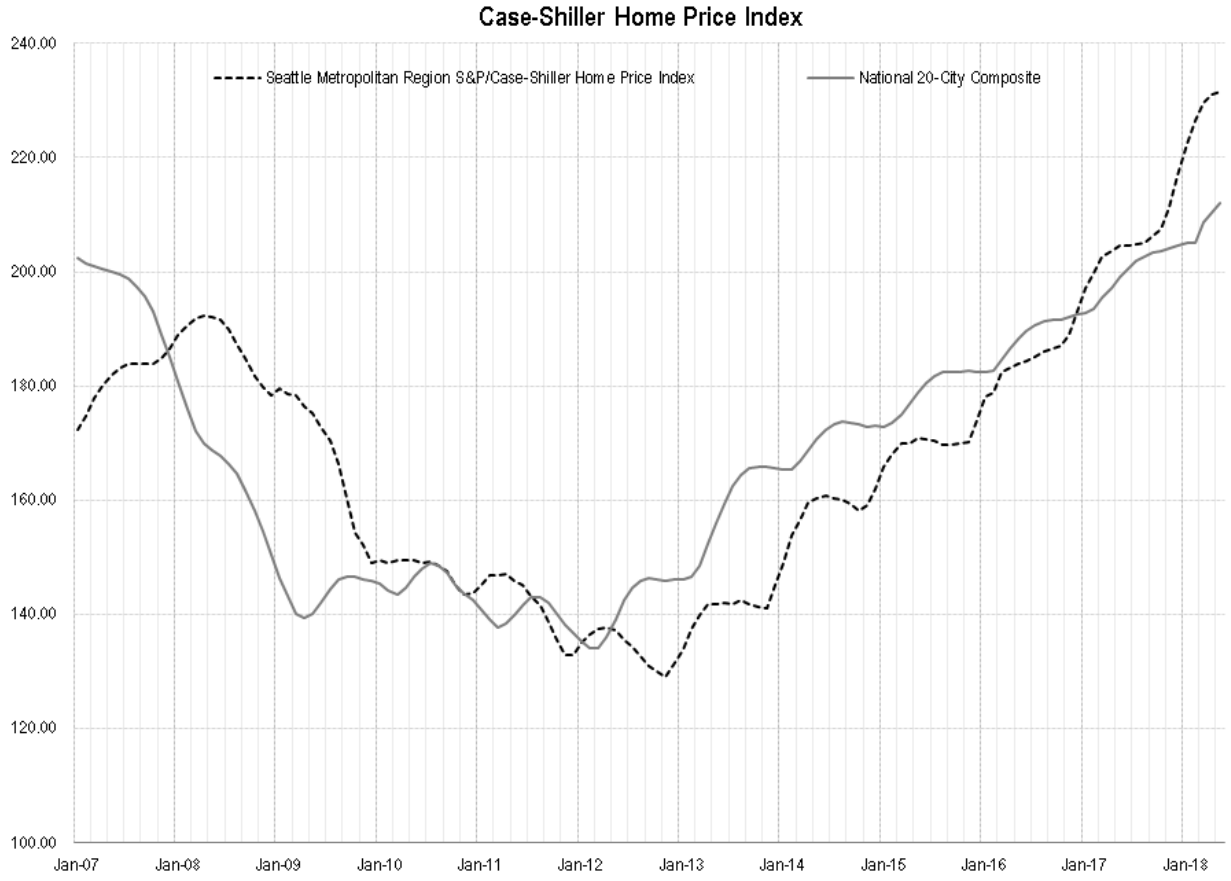

Standard & Poor's Case-Shiller Index improved for each month since May 2012 except for some minor seasonal dips showing 10.3% average annual appreciation between 2012 and 2017. Prices surpassed the peak reached in July 2007 in March 2016. As of May 2018, the Seattle index was 257.19, up 14.2% over the past 12 months and now 21.8% above the 2007 peak. The national prices are also increasing and are now back to 4.8% over their 2007 0.2% peak, showing 6.0% improvement over the past 12 months. Improvement was stronger in Seattle's close-in neighborhoods and on the Eastside around Bellevue. In those markets, inventory levels are low, but very recently are increasing, reducing pressure on prices.

Housing-permit activity increased by 16.9% in 2014 and 22.5% in 2015, then dropped -4.9% in 2016. Activity picked back up in 2017, increasing by 8.5%. That trend is expected to reverse in 2018 and 2019, falling by -7.1% and -11.2% respectively as single-family and multi-family developers work through projects already in the pipeline. Slowing those starts are the forecasts of decreasing employment growth and increasing interest rates.

Commercial Real Estate Markets

The region ranks in the top five national investment markets. Class A core apartments, office, retail, and industrial properties are all still high on the institutional buyers' list. Demand continues although pricing has become somewhat more cautious. Vacancy rates in the region are as follows:

Regional Vacancy Rates-August 2018

Segment	Seattle	King	Pierce	Snohomish	Kitsap	Thurston
Office	6.5%	7.0%	6.1%	7.4%	7.5%	3.8%
Industrial	1.9%	2.9%	3.3%	3.6%	0.7%	2.5%
Apartment	5.5%	5.5%	3.8%	4.0%	4.3%	4.3%
Retail	2.7%	3.0%	4.1%	4.3%	5.2%	3.1%

Source: CoStar

Rent growth in the apartment market has moderated over the past three quarters, but buyers remain active and prices strong increase as cap rates remain very low, tied to low interest rates and the low perceived risk. This will be tested as new construction deliveries peak in 2019/2020 in both the apartment and office categories. The apartment market continues to expand with nearly 19,000 units under construction in the region. The bulk of those are in larger projects in the area around the Seattle CBD, but development has increased in the suburban markets as well.

The office market has seen most demand in the core markets like Seattle and Bellevue CBDs. Amazon is building for itself and remains one of the top lessees as well for Seattle. Developers are building space for Facebook, Google, and Tableau, with projects in Seattle, Bellevue and Kirkland.

Industrial leasing is strong. After a slight slowdown in the 1st quarter of 2018, it picked up significantly in the 2nd quarter. Rents continue to increase. Retail has shown improvement, with vacancy down and rental rates moving up in stable and strong trade areas. Both industrial and retail markets have been buoyed by increased retail sales.

The lodging market saw improvement, reflecting the tourist draw of the region and strong conference business. However, occupancy rates are beginning to decline slowly in areas with rapid hotel development. Long term, each sector's expansion is limited by available land, a major reason that investors rank the region so highly.

Investors have begun to back off on some pricing parameters with fewer rent spikes and increased terminal capitalization rates as eventual interest

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rate growth is acknowledged. That factor will likely have an effect on going-in rates at the next increase as the previous one was absorbed via lower equity return. Many investors do not plan to repeat that adjustment.

Area Market Summary

The long-term outlook for the region continues to be better than most markets nationwide. The recovery has been strong for five years. Job growth in 2017 was 2.5% following the 3.2% growth in 2016. Additional growth is forecast but the anticipated rate will be lower in 2019 and much lower in 2020. Retail sales have increased between 6.5% and 8.6% per year between 2014 and 2017 with 2017 at the low end of that range. Through the first quarter of 2018 picked some of that slack showing an increase of 9.7%. The region is expected to outperform most of the nation, based on the diversified core of the economy anchored by Microsoft, Amazon and Boeing. Even though Microsoft and Boeing shed jobs in 2014 and 2015 (and Boeing again in 2016 and 2017), those losses were covered by the growth of Amazon and other tech companies. The impact of Amazon's second headquarters on the regional economy remains to be seen, but it is certain to moderate growth.

Most of the local real estate markets are in some level of ascendance, or extended peak-plateau. Apartments remain perched at a high plateau. Pending supply is a major concern and there are some initial signs of vacancy increase and flattening rent growth. Still there are limited signs of any significant descent any time soon. Investment activity continues to increase primarily in the best quality properties in all categories by institutional investors. Sales have increased in the value-add sector of the office, apartment, and retail markets as the returns available on Class A properties are squeezed by high demand.

Slowing job growth in 2018 will test the apartment market since a large number of units are scheduled for completion in 2018 to 2019. This should have less effect on the office and retail categories where demand for space tends to lag job growth by a few quarters. The real estate markets in the region have solid fundamentals due to the broad-based economy.

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Medical Office Market Analysis

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Medical Office Market Analysis

National Medical Office Trends & Conclusions

According to Marcus & Millichap's Second Half 2018 Medical Office Report, strong demographics keep demand high despite continued uncertainty. The new tax law passed in December 2017 will remove a critical piece of the Affordable Care Act (ACA), the individual mandate, but the impact on healthcare coverage will be smaller than originally anticipated, according to current Congressional Budget Office (CBO) estimates. While some decline in coverage rates could impact medical office demand as patient visits fall due to fewer covered individuals, especially for preventative care, many other demand factors remain in place. An aging population, federal government subsidizing premiums for those with low to moderate income, and other key pieces of the original legislation remain intact. Despite uncertainty over future changes, the healthcare law will likely remain in place, consolidation and expansion in the industry continues, signaling confidence among providers in the segment. The aging baby boomers have helped increase demand of medical services.

There is some uncertainty whether the healthcare law may be repealed, impacting the availability of healthcare to many Americans; however, demographic factors continue to demand an increase of medical services. Since the inception of the Affordable Care Act (ACA), nearly 90% of the U.S. population has insurance coverage compared to 84% in 2010. This, coupled with aging baby boomers, has increased demand of medical services substantially. By 2028 the 65+ age category will total over 20 million people, accounting for over 20% of the population. The increase of medical demand by this aging population has caused some concern over a shortage of medical providers. This is being met somewhat with an increase in healthcare employment of 307,000 new jobs added over the last 12 months. Jobs with the greatest increase included physicians and general practitioners at 27% since 2009.

Consolidation has remained a key factor in shaping the medical office real estate market. One of the main shifting trends in healthcare service is a rise in outpatient services and procedures, which has encouraged development outside of the hospital campus setting and closer to where patients live.

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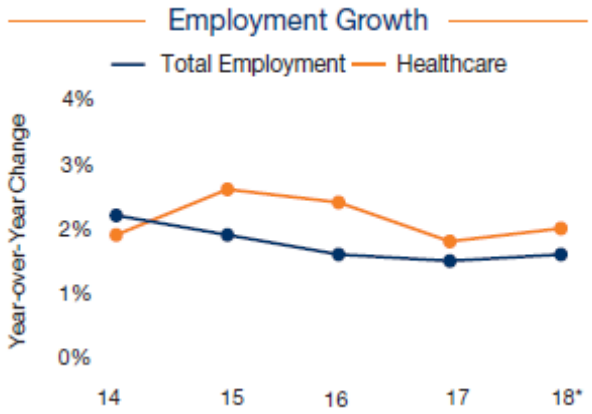

Investment Activity

Consolidation within the industry has resulted in major medical providers or hospital systems owning a number of medical office properties. When marketed, these assets are being packaged into portfolios that typically attract attention from REITs and private equity funds. First year returns for these portfolios have compressed amid strong investor demand, often in the high 5% to low 6% margin.

Private physician groups are considering sale-leaseback opportunities of medical office assets, cashing in on increased equity as property values have risen over the past few years. Investors typically require a guarantee on these transactions. A competitive bidding environment has also helped these physicians obtain favorable pricing; however, it should be noted that private physician groups typically trade 100 basis points higher than assets leased by major medical groups.

The assets currently in greatest demand are single-tenant medical office buildings from both private and institutional buyers.

Stabilized multi-tenant medical office assets in primary and secondary markets are sought after by investors, and on-campus buildings have achieved initial returns in the mid-5% to 6% range. Comparable off-campus assets have compressed over the past few years with investors expecting a similar return.

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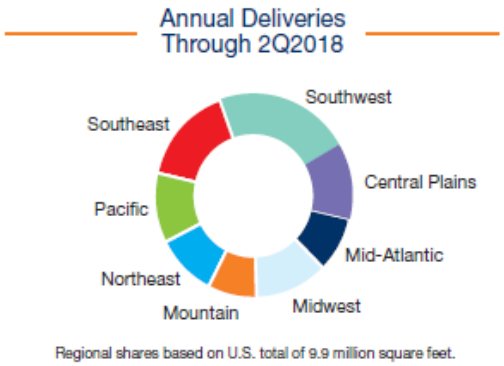
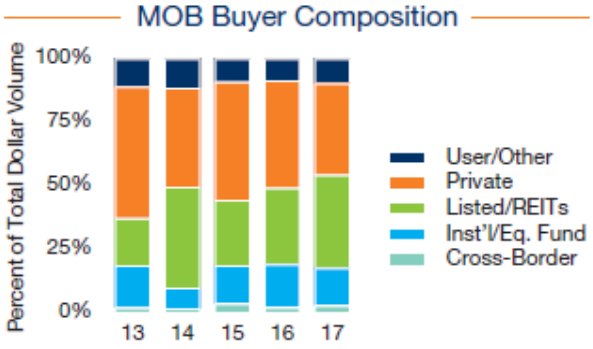


Regional shares based on U.S. total of 9.9 million square feet.



Based on trans. of $2.5M+ (excludes entity-level and partial-interest sales)

Construction & Vacancy Trends

On the development side, development has continued to focus on off-campus locations for new medical space further away from hospitals due to the consolidation of space and trends in patient care. As a result, medical office developers completed 4.1 million sq ft in the first six months of 2018 with an anticipated annual delivery of 9.9 million sq ft of for 2018, slightly below the previous year of 10.8 million square feet.

The Southeast and Southwest regions received the bulk of deliveries over the past 12 months, with more than one million square feet coming online in each the Central Plans, Midwest, and Pacific regions. In 2017, nearly 2.2 million sq ft of medical office space was completed.

Medical office deliveries remain at less than half of peak levels achieved before 2010 when more than 20 million sq ft was added in a single year. Since then, a slower steady pace of new supply over the past few years has been met with strong demand as absorption is concentrated in recently completed properties. Vacancy appears to be stabilizing with the last four quarters experiencing an increase of 10 bp in vacancy; however, current vacancy of 8.4% still remains near the ten year low. The only region that did not experience an increase in vacancy is the Mountain region with vacancy dropping 60 bp year over year to 11.1%. The Central Plains area recorded the lowest vacancy rate in the U.S. at 5.4% in the 2Q 2018.

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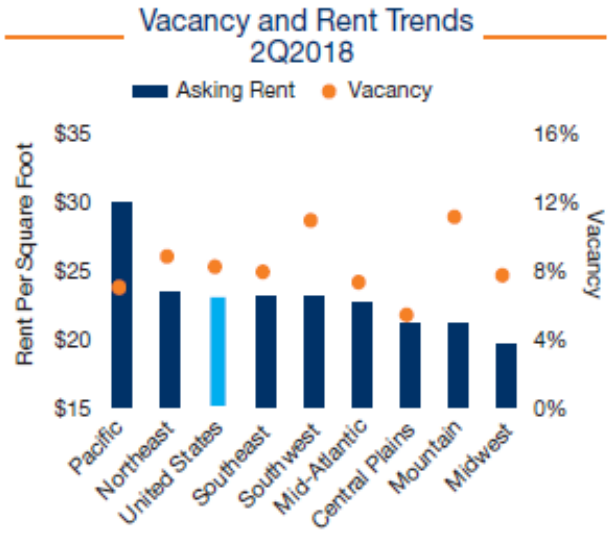

Rental Trends

Rents have been on an upward trend, increasing by 0.9% since the middle of 2017, reaching $23.18/sq ft. Consolidation is keeping pressure on rental growth rates. Markets experiencing the greatest growth in rents are the Central Plains and Southeast regions, increasing at rates greater than 3.0% over the past year. The highest rents in the US were realized in the Pacific region at $29.89/sq ft.

2018 Medical Office Building Forecast

According to Marcus & Millichap, the following represents expected trends through the remainder of 2018.

Construction: Medical office construction tapers during 2018 as 9.9 million sq ft of space is scheduled for completion. The Southeast and Midwest regions will lead deliveries again this year.

Vacancy: Medical office vacancy is up 10 bp; however, this remains close to the ten year low. The Pacific Northwest is slightly below the middle of the pack below 8.0%. High vacancy in select Mountain and Southwest region markets keeps vacancy elevated.

Asking Rent: Average rent for medical office properties rises at a modest pace again this year, inching up 0.9% to $23.18/sq ft. The highest medical office rents are on the Pacific region, while the Central Plains and Midwest regions offer the most affordable rental rates in the country, hovering around $20/sq ft this year.

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Washington State Medical Trends

Locally, the primary health providers, Swedish, Overlake, Evergreen, UW Physicians, the PolyClinic, and Kaiser Permanente (formerly Group Health) have opened up satellite clinics in various suburban communities and have been more aggressively advertising on radio and television. The end result is that the medical demand favors modern buildings, driving down vacancy and pushing rents up at the expense of older less efficient medical office buildings. That said, the growing involvement of hospitals and health systems in lease negotiations likely will put some lids on future rent growth as the major providers often have both the size and credit working in their favor. Based on these changing elements, older medical office properties, at least the multi-tenant facilities that are occupied by independent practices will likely bear the brunt of tenant attrition due to industry consolidation and physician retirement. This will increase the risk of re-tenanting many older buildings upon rollover and likely create a gap in pricing and cap rates between older and newer buildings.

In the larger urban areas, such as Seattle and Tacoma, rapidly increasing rental rates in the late 1990s and early 2000 meant that landlords were often unwilling to commit to long-term leases, anticipating greater income growth from conventional office tenants. Consequently, medical office space was further protected from the overbuilding that took place during this time, which bodes well for future prospects of this property type. Working in concert with these trends, the cost of housing drove more middle-income residents to the suburbs, particularly south into south King County and Pierce County due to the availability of land, resulting in relatively affordable housing. As these population centers have grown, services have had to keep pace and development of medical facilities in smaller cities has increased.

On the Eastside, the medical office market has been historically clustered around Overlake Hospital adjacent to the Bellevue CBD and Evergreen Hospital in the Totem Lake neighborhood of Kirkland. These campuses are nearly built-out after adding several new buildings in the past several years. As expanding residential development pushed population eastward, the need for another hospital has become apparent. Prior to the full hospital campus being justified, medical office development was active in both Issaquah and Redmond. Developments completed in the past ten years include a new Evergreen facility, completed in 2011 at Bella Bottega (49,474 sq ft), Swedish Hospital's new ambulatory surgical center and ER on Union Hill Road in Redmond and Group Health's nearly 32,000 sq ft of space in the Offices at River Park, in 2010.

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In Issaquah, Proliance, Issaquah Medical Building and HighMark were completed in the past ten years, along with Swedish's 17.8-acre Issaquah Highlands campus, which includes a new 175-bed hospital with an adjacent ambulatory care wing and a 172,654-sq ft supportive medical office/clinic building. Swedish also has new additions in Seattle, namely the 83,064 sq ft Ballard medical building that interconnects to Swedish Ballard Hospital completed in 2011. Evergreen also opened a new 23,515 sq ft facility in Woodinville in 2011. Kaiser Permanente, completed a 240,000 sq ft campus in Renton on the former Longacres Race Track site in 2016 and 2017. The two buildings house administrative, lab, pharmacy, and warehouse operations.

In Seattle, Swedish plans to add almost 600,000 sq ft to its First Hill Campus by adding two 17-story towers by 2019. Proximate to this, Healthcare Realty Trust has proposed a 130,000, six-story medical office development at 515 Minor Avenue, with construction slated to begin in January 2019. HRT is also planning an 189,000 sq ft addition to the UW Valley Medical Campus in Renton, with construction slated to commence in December 2018.

BAINBRIDGE MARKET

The Bainbridge office market is comprised of 62 properties and 529,083 sq ft. This is a relatively small size per property, with most under 10,000 sq ft. The vacancy is 1.7%, below the five-year average of 5.5%. The total available space is 1.7%, well below the five-year average of 6.4%. There is no pure office under construction. The most recent office projects are Building 11 of Coppertop Business Park and 500 Winslow, built in 2017 and 2014, respectively. The average time on the market is less than six months. The market has seen mild absorption in 2018. The five-year average net absorption is 9,103 sq ft per year. The average asking rent is $19.74/sq ft full service, which is higher than the five-year average. Rents have been growing but because of the low amount of vacant space, the average asking rent is driven by lower quality space that tends to be vacant.

The medical office market on the island is fragmented. Virginia Mason had occupied a large building in downtown Bainbridge Island, but moved to new building north of Walgreens. The new building is not included in the Costar inventory and new construction yet. The former space is in need of retrofit and the owner is contemplating options. Swedish occupies medical space south of Safeway. Harrison (subject) has an urgent care facility to the north along Madison Avenue N. An office building along Knechtel offers space to medical tenants, as do a number of other office buildings between Winslow and High School Road NW.

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Bainbridge Office Market

Availability	Survey	5-Year Avg
Gross Rent Per SF	$19.74	$18.24
Vacancy Rate	1.7%	5.5%
Vacant SF	9,103	28,368
Availability Rate	1.7%	6.4%
Available SF	9,103	33,597
Sublet SF	0	0
Months on Market	5.9	15.4

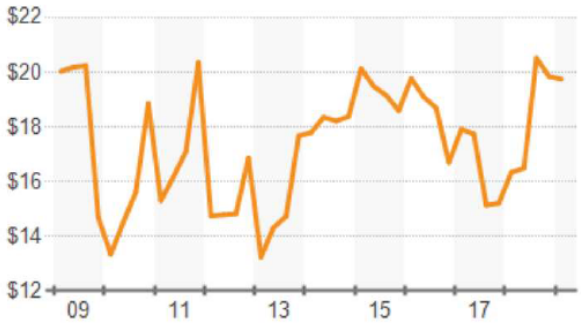
Inventory	Survey	5-Year Avg
Existing Buildings	62	61
Existing SF	529,083	520,183
12 Mo. Const. Starts	0	6,000
Under Construction	0	1,700
12 Mo. Deliveries	0	4,632

Demand	Survey	5-Year Avg
12 Mo. Absorption SF	15,677	10,891
12 Mo. Leasing SF	10,499	14,554

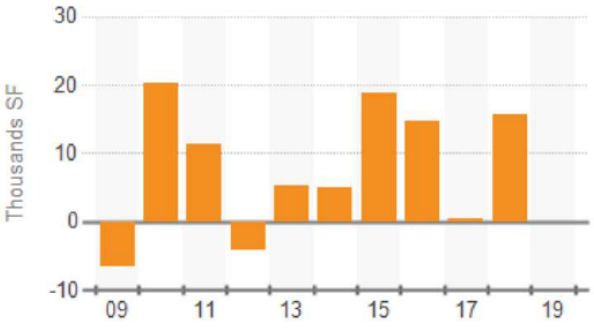
Sales	Past Year	5-Year Avg
Sale Price Per SF	$227	$189
Asking Price Per SF	$516	$291
Sales Volume (Mil.)	$8.5	$5.1
Cap Rate	-	9.8%

Vacancy Rate

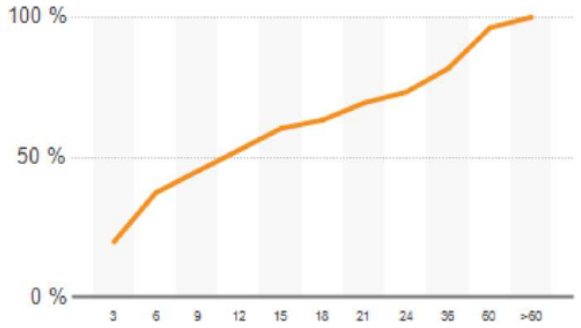
Gross Asking Rent Per SF



Net Absorption



Probability of Leasing in Months



Kidder Mathews

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1/14/2019

Except for the former Virginia Mason Building, there is very little medical office space available for lease in the market and it usually takes the form of office space converted to a medical use. Costar does not include the subject or the new Virginia Mason building in its inventory. The subject is included as a health care property, which also includes senior homes like the adjacent Madrona House assisted living center. No other medical clinics are included as health care. Costar has not picked up the new Virginia Mason clinic at all. If the subject and Virginia Mason are included, the inventory increases to about 567,000 sq ft and vacancy declines slightly to 1.6%.

Conclusion

The subject is one of two new medical clinics on Bainbridge Island. It was built in 2014 and more recently Virginia Mason occupied a build-to-suit near the intersection of High School Road and SR 305. Both are good quality and street appeal. The following office market and medical trends are anticipated:

- Moderate new leasing
- Moderately increasing rents
- Continuing modest vacancy declines
- Strong investment demand for Class A properties
- Increased owner-user activity
- Stabilization of medical space demand
- Growth in local healthcare jobs
- Increased medical investments

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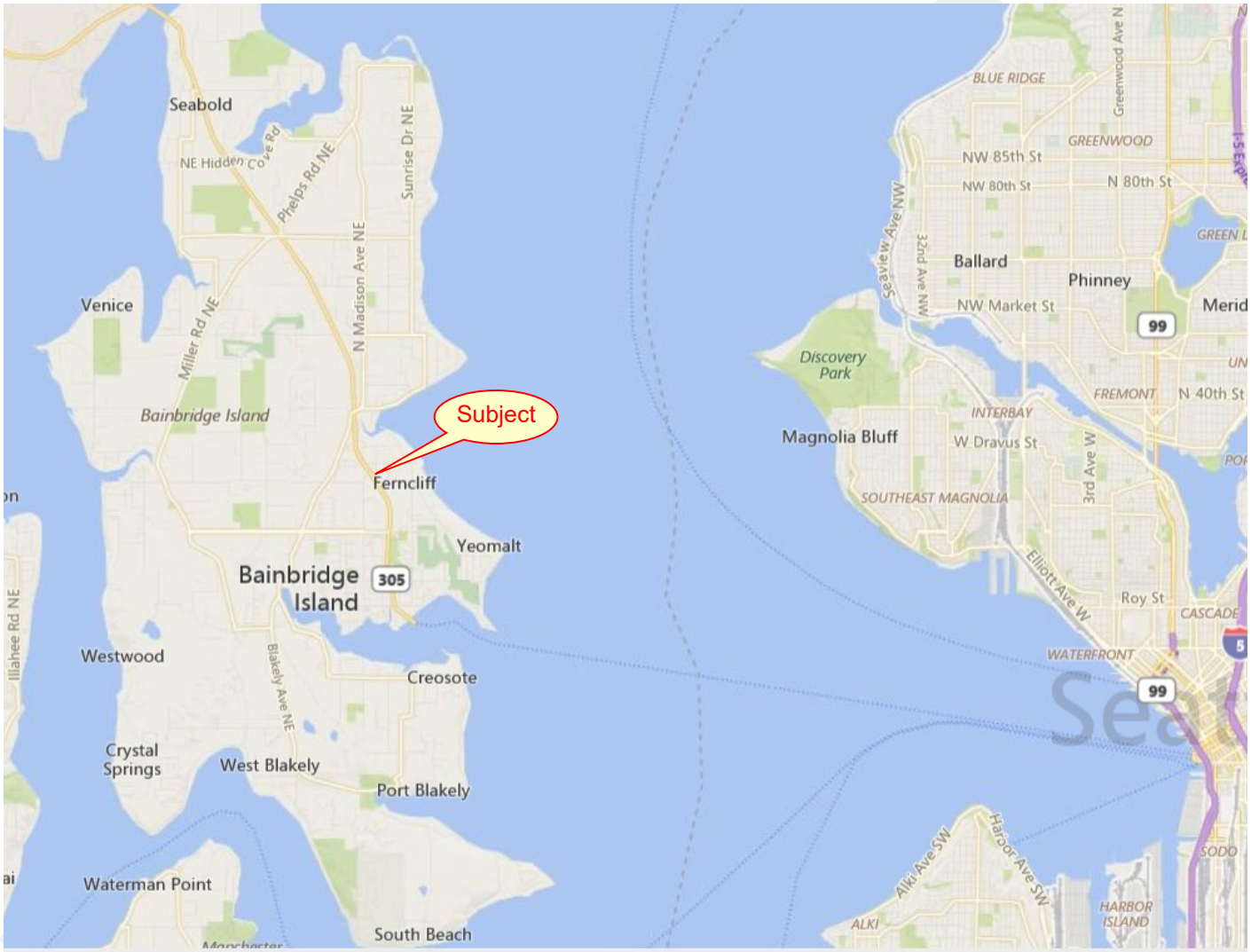

Neighborhood Map

Neighborhood Description

The property is north of downtown Bainbridge Island (formerly known as Winslow), 1.5 miles northwest of the Washington State Ferry Terminal. Neighborhood uses include schools, churches, storage and residential ranging from apartments to homes on acreage.

Madison Avenue N runs north from the town center to an intersection with SR 305 that is just north of the subject. Between High School Road and New Brooklyn Road are the High School, an elementary school and a private elementary school. A middle school is about ¼ mile northwest on the west side of Sportsman Club Road. Modern commercial properties flank High School Road NW east of Madison Avenue N. The largest property is Island Village, anchored by Safeway and Rite Aid. This center anchors several smaller commercial uses as well. A hotel is across the street to the north with other commercial service and office buildings to the south. East of SR 305 are Ace, Walgreens, Key Bank, Virginia Mason, McDonalds, and a lumber store.

There has been significant new residential construction, with several projects in the neighborhood. The largest is Bainbridge Landing, a 107-unit apartment plus 24 townhomes just north of the ferry terminal that is expected to open in April 2019. Grow Village is building the final phases of a 76 unit apartment and townhome community and 48 townhomes are under construction at Madrona Lane close to downtown. Some 42 units are planned for the site at the northeast corner of Madison Avenue N and Wyatt Way and 32 townhouse and single-family homes are underway further north on Madison Avenue N. This is in addition to the developments by Quadrant Homes along Weaver Road. NE (19 homes) and Denova Homes along Finch Road NW (12 homes).

All of these projects were approved before the City of Bainbridge Island placed a moratorium on new construction early in 2018. That moratorium was initially set to expire in November but has now been extended through April 2019. At this point, only preliminary planning can proceed. Further, there is a historic tree preservation effort to eliminate the cutting of trees of significance. This has the effect of reducing the usable area of some sites and also extending the development process. Demand for all types, specifically commercial, office and residential, continues to be strong and is expected to continue into the near future. However, the moratorium will create a gap in the development pipeline, extending the under-supply.

Demographics

The details of the one, three and five-mile rings are outlined as follows:

Demographic Summary

	Radius From Subject			Bainbridge	Kitsap
	1-Mile	3-Mile	5-Mile	Island	County
Population					
2018 Total Population	6,511	17,435	36,828	24,388	266,795
2023 Total Population	6,966	18,463	38,496	25,654	279,334
Annual Growth (2018-2023)	1.36%	1.15%	0.89%	1.02%	0.92%
Median Age	50.7	50.4	47.6	50.6	40.5
Households/Housing					
Number of Households	2,942	6,923	14,024	9,470	97,220
Average Household Size	2.03	2.33	2.48	2.41	2.49
Number of Housing Units	3,372	8,051	15,923	11,066	112,957
% Owner Occupied	54.60	67.00	70.80	69.20	62.50
% Tenant Occupied	38.80	24.80	21.50	21.30	28.50
% Vacant	6.60	8.20	7.70	9.50	9.00
Median Housing Value	$610,978	$739,207	$585,520	$730,173	$346,301
Income/Employment					
Per Capita Income	$62,151	$72,648	$57,751	$71,056	$37,189
Average Household Income	$129,183	$171,125	$143,768	$172,208	$94,306

Source: STDB January 2019

This is a suburban density community with an above average income profile. The density in the three mile ring is 17,435 residents, which is expected to grow to 18,463 residents in 2023. The median age is 50.4 in the three mile ring with a median household income of $171,125. The three mile ring includes most of the surrounding residential areas.

RETAIL MARKET

The retail market is a mix of pure retail projects and mixed-use projects. Winslow is the primary node, anchored by the successful Town & Country Market food store and a popular mix of storefronts flanking Winslow Way. High School Road was developed later and is more traditional suburban retail with better parking ratios. The anchors here are Safeway, Rite Aid, Walgreens and Ace Hardware. The retail market is 605,537 sq ft in 55 properties. Vacancy is low at 3.2%, slightly above the five-year average of 2.6%. The available rate is 3.8% current and 2.9% for the five year average. The average asking rent is $23.03/sq ft and this is below the five-year average of $23.64/sq ft. Most properties have seen normal rent growth of 2% to 3% per year and the decrease in the average asking rent is a function of the lower quality of the space that tends to be available. Good quality spaces on prime arterials or shadow anchored is typically $28 to $40/sq ft. Newer pure retail properties include build-to-suits for Walgreens and Key Bank at the northeast corner of High School Road and SR 305. New mixed-use developments typically have ground floor retail space.

SUBJECT'S COMPETITIVE POSITION

The subject is one of two new medical clinics on Bainbridge Island. It was built in 2014 and more recently Virginia Mason occupied a build-to-suit near the intersection of High School Road and SR 305. Both are good quality and street appeal. Both have good access but limited street exposure. Both are better quality than most of the commercial product.

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Property Description

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Parcel Map

Critical Areas Map

Property Description

Site Description

ADDRESS	8804 Madison Avenue N Bainbridge Island, WA 98372
SITE DIMENSIONS & LAND AREA	Shape: Irregular Frontage: 375' along Madison Avenue N access drive, 415' along SR 305 Size: 136,351 sq ft gross and 86,257 sq ft usable Sources: Plat map from county assessor The difference between the gross and usable site areas is based on a measurement of that portion of the site that lies within the critical areas overlay as a setback from the stream that runs south of the site. This area is shown on the aerial above.
STREETS, ACCESS & EXPOSURE	The site is between Madison Avenue N and SR 305. Access is off of Madison Avenue N, from an access drive that extends east, effectively an eastward extension of New Brooklyn Road. Madison Avenue N is a two lane right of way with one lane in each direction. The street does not have curbs, gutters or sidewalks. There is no access off SR 305, but there is good exposure. Access and exposure are good.
TOPOGRAPHY & SOIL CONDITIONS	The usable area of the site has a gentle slope. The south part of the site slopes more steeply, with a drop of 20 to 25 ft from the building footprint elevation. A geotech survey was not provided so exact soil conditions are not known. It is assumed that the soils are of sufficient load bearing capacity so that pilings are not needed for building construction.
EARTHQUAKE ZONE	Normal for region
UTILITIES	All available
ZONING	The property is zoned R-8, Residential 8, by the City of Bainbridge Island. The purpose of the R-8 zone is to provide for medium-density residential areas in pleasant, uncongested surroundings allowing for the maximum amenities for the occupants. Permitted uses include, but are not limited to: agricultural crop production, single-family, multifamily, foster homes, small group senior living facilities and parks. Medical office is a conditional use.

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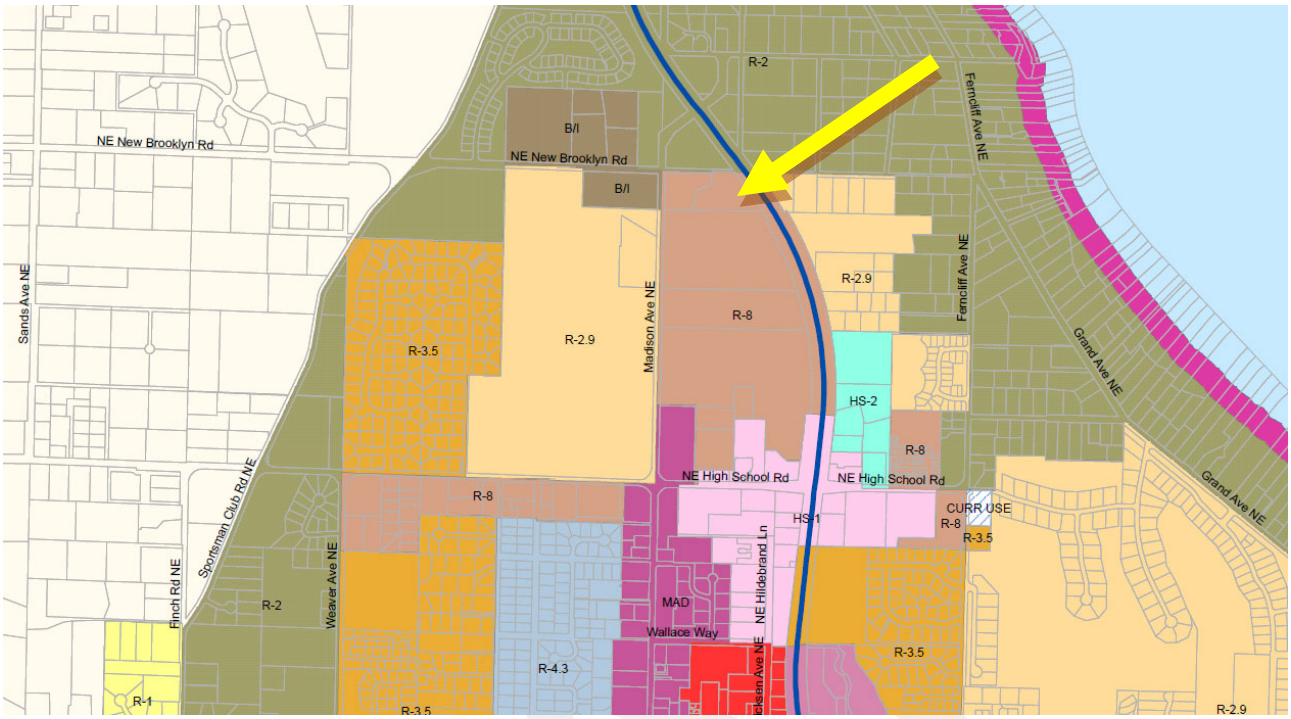

The subject was granted a conditional use permit according to Lara Lant (206-780-3770), the Permit Specialist with the City of Bainbridge Island. Therefore, the subject's current use is a legal non-conforming use. Development standards are as follows:

Minimum Lot Width	50 ft
Minimum Lot Depth	70 ft
Minimum Lot Area	4,000 sq ft
Side Yard Setbacks	60 ft
Rear Yard Setback	15 ft
Maximum Coverage	12.5%
Maximum Building Height (except Hospitals)	35 ft
Minimum Landscaping Coverage	20%

Minimum parking requirements for medical uses are 3.3/1,000 sq ft. The subject includes 73 stalls, a ratio of 3.97/1,000 sq ft, which exceeds the minimum requirement. The south and southwest parts of the site are within a critical areas overlay requiring a setback from the stream to the south of the site. This is shown on the aerial at the beginning of this section and this area of the site is not developable. The medical clinic appears to be a legally conforming use based on basic development standards.

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EASEMENTS, ENCROACHMENTS, COVENANTS & RESTRICTIONS

No title report was provided. The subject shares access from Madison Avenue N via a private access drive that is effectively and eastward extension of New Brooklyn Road. Six of the subject's 73 stalls are in the access drive right of way. The parking lots for the subject and the adjacent Madrona House assisted living center are connected, so I assume there is shared access. The subject has signage at the northwest corner of the Madrona House site, so this may be a beneficial use easement encumbering that site.

FLOOD ZONE

Map No. 530350244F
Effective: February 3, 2017
Zone: The subject is in Zone X, outside the 500-year floodplain.

ASSESSOR'S INFORMATION

The assessed value and tax history is presented on the following table. The assessed value for 2019 has been released but the 2019 taxes will not be known until February 2019.

Real Estate Tax Analysis

Levy Area: 0215
Current Mill Rate: $10.806431 /$1,000

	Assessed Values				Taxes & Fees			
Parcel No.	Total	Land	Building	Taxes	SWM	Weed	Cons	Total
232502-3-083-2101	$2,388,620	$388,920	$1,999,700					
232502-3-083-2002	$2,685,210	$124,770	$2,560,440			TBD		
2019 Total	$5,073,830	$513,690	$4,560,140					
			Levy Rate:	TBD				

	Assessed Values				Taxes & Fees			
Parcel No.	Total	Land	Building	Taxes	SWM	Weed	Cons	Total
232502-3-083-2101	$2,283,700	$382,520	$1,901,180	$24,678.65	$0.00	$2.14	$0.00	$24,680.79
232502-3-083-2002	$2,686,000	$28,790	$2,657,210	$29,026.07	$2,760.00	$2.00	$0.00	$31,788.07
2018 Total	$4,969,700	$411,310	$4,558,390	$53,704.72	$2,760.00	$4.14	$0.00	$56,468.86
			Levy Rate:	$10.806431				

	Assessed Values				Taxes & Fees			
Parcel No.	Total	Land	Building	Taxes	SWM	Weed	Cons	Total
232502-3-083-2101	$2,283,700	$347,740	$1,935,960	$23,213.95	$0.00	$2.14	$0.00	$23,216.09
232502-3-083-2002	$2,686,000	$26,170	$2,659,830	$27,303.35	$2,535.00	$2.16	$0.00	$29,840.51
2017 Total	$4,969,700	$373,910	$4,595,790	$50,517.30	$2,535.00	$4.30	$0.00	$53,056.60
			Levy Rate:	$10.165060				

	Assessed Values				Taxes & Fees			
Parcel No.	Total	Land	Building	Taxes	SWM	Weed	Cons	Total
232502-3-083-2101	$0	$0	$0	$0.00	$0.00	$0.00	$0.00	$0.00
232502-3-083-2002	$1,262,740	$330,960	$931,780	$13,548.42	$2,201.40	$2.16	$0.00	$15,751.98
2016 Total	$1,262,740	$330,960	$931,780	$13,548.42	$2,201.40	$2.16	$0.00	$15,751.98
			Levy Rate:	$10.729382				

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There is one parcel/site but the County has assigned two parcel numbers for two accounts. The accounts are split to separate the portion that is receiving the non-profit exemption and the portion that is not. It was an administrative split because the County's systems can't have a non-taxable portion and a fully taxable portion on the same account.

Assessed values are typically in a range of 70% to 90% of market. The 2019 assessment is 60% of the concluded value, so taxes are below the normal range. In the income approach, projected real estate taxes are based on an estimated 75% of market value at the current mill rate plus other fees.

RECOGNIZED ENVIRONMENTAL CONDITIONS

Phase II: No
Source: Not available
RECs: Assume no impact

Conclusion

The site is gently sloping for the usable area. The south portion that is not usable slopes more steeply, but it is not usable due to required critical areas setbacks as opposed to slope. The shape and size of the usable part of the site allows good utility. There are no significant adverse physical constraints. The site can physically accommodate the majority of uses allowed under zoning and is conducive to its highest and best use.

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Improvement Description

SOURCES

Inspection: Yes
Public Records: Yes
Floorplans: I reviewed plans on file with the City of Bainbridge Island prepared by Coates Design Architects. The construction set is dated February 22, 2014.

TYPE

Masonry, Class “D” wood frame construction, good to excellent quality

BUILDING AREA

The Kitsap County Assessor indicates the building contains 17,548 sq ft, but does not include a breakdown between the floors. According to the plans, the rentable area totals 18,385 sq ft with 9,092 sq ft on the first floor, 8,570 sq ft is on the second floor and 723 sq ft on the basement level. The building height to the roof parapet is 30’, excluding the basement. The first floor is 12’ and the second floor is 14’.

YEAR BUILT

2014

ECONOMIC LIFE

50 years (from Marshall Valuation Service)

ACTUAL / EFF. AGE

The chronologic age is four years. The effective age is estimated at four years.

REMAINING ECONOMIC LIFE

46 years, which can be extended with normal remodeling and replacement of shorter lived items such as the roof, HVAC, etc.

DENSITY RATIOS

The density ratios based on the gross and usable site areas are:

	Gross	Usable
Site Coverage:	6.7%	10.5%
Floor Area Ratio:	0.13	0.21
Land-to-Building:	7.42	4.69

BUILDING SYSTEMS

Interior	There is vinyl wood flooring throughout the waiting area, hallways, exams rooms and breakroom with and tile in restrooms. The ceilings are drop acoustic tiles with fluorescent lighting.
HVAC	Roof mounted units
Electrical	Typical and adequate for office and medical office
Elevator	Yes, one elevator serving the two main levels

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Sprinkler	Yes
Quality	Good to Excellent

ADA COMPLIANCE

I was not been provided with any ADA compliance studies or reports for the property. It is reasonable to assume that the building meets all ADA standards as it was constructed in 2014.

FF&E

This is an appraisal of the real estate only and no allowance has been made for any furniture, fixtures and equipment (FF&E).

SITE IMPROVEMENTS & PARKING

Parking: 73 spaces – 69 full size and four compact. The parking area is mostly asphalt paved except a portion for 14 stalls near the main entry that is paved with permeable concrete. Three of the stalls are tuck under the main level footprint at the basement level on the south side. There are four ADA stalls. Six of the stalls are on the access drive at the north end. There is parking for 14 bikes.

Ratio: 3.97/1,000 sq ft including the storage area.

Landscaping: The site has landscaping buffers around all four property lines. There is a lawn area on the east side of the building for future expansion. There are rain garden systems for the landscaping areas. The unusable south portion of the site has been left as a native growth buffer area. The eastern area nearest SR 305 is also left as a native growth buffer area.

SIGNAGE

Signage is placed on the building and there is a monument sign near the northwest corner of the site on the access drive. There is a monument sign at the southeast corner of Madison Avenue N and New Brooklyn Road that is shared between the subject and Madrona House assisted living center.

LAYOUT, DESIGN FEATURES AND FUNCTIONAL UTILITY

The subject has a functional, efficient design. Each floor includes to pods with central workstations flanked by exam and treatment rooms with restrooms interspersed. The west pod on the ground floor is dedicated to urgent care with blood draw and lab rooms. The east pod on the ground floor is dedicated to x-ray with a control room, changing room and restroom. There are smaller offices for providers on the south side. The upper floor pods are both dedicated to general practices. The entry is around the perimeter with restrooms and a waiting room more centrally located. The main entry is at the northeast corner with a patient check in

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at the lobby and open stair and elevator just west from here. The lobby is open to the second floor. At the second floor top of the stairs is a multipurpose room. There are rooms for clean and soiled utilities on each level. There are IT rooms on each level.

The plans identify an area adjacent to the east of the current floorplate for a possible future expansion. This currently a grass area. It could allow perhaps 3,000 to 4,000 sq ft of expansion area on two levels. The expansion could be 3,750 sq ft with no parking added if the subject were to just meet the zoning required level of parking at 3.3 stalls per 1,000 sq ft. However, this would fall below the market standard range of 4.0 stalls at the low end up to 5.0 stalls per 1,000 sq ft for the most functional medical properties. If this were to occur, additional parking would need to be created.

The property has bike parking as required by zoning but there are no locker rooms or showers for employees that might ride to work.

Conclusion

The subject is a good to excellent quality, wood frame medical office building with adequate parking.

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Highest & Best Use

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Highest & Best Use

"Highest & Best Use" is defined by the Appraisal Institute as:

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

Source: The Dictionary of Real Estate Appraisal, Sixth Edition. Chicago: Appraisal Institute, 2015.

As If Vacant

Legally permissible use of the site under the R-8 zoning includes residential, with medical as a conditional use. The adjacent properties include residential, assisted living, church and fire station. The church and fire station are uses that do not determine economic feasibility. The usable portion of the site supports all of the legally allowed uses. Speculative development would be possible for residential development. Commercial development like a medical office, would only be done on a build-to-suit basis.

Given the above and considering the surrounding uses and site characteristics, the highest and best use of the subject site as if vacant is to hold in the interim, with eventual development residential use.

As Improved

The Highest and Best Use of a property as improved identifies the use of the property that can be expected to produce the highest overall return to the property. Uses of a property as improved include:

"as-is"
demolition
renovation
addition
conversion

The building adds value to the site. It could be slightly expanded if the expansion were general office that required less parking or as medical office if additional parking could be fit into the usable portion of the site. The highest and best use is continued operation as-is.

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Property Valuation

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Sales Comparison Photographs

Sale 1

Sale 2

Sale 3

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Sales Comparison Photographs

Sale 4

Sale 5

Sale 6

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Sale Comparison Map

MARKET COMPARISON SUMMARY

No.	Name & Location	Buyer/Seller/Source	Year	Land Land:Bldg.	Building Parking	Sale Date	Sale Price	$/sq ft	NOI/sq ft Cap Rate	Comments
1.	**Franciscan Medical Pavilion** 205 10th St NE Auburn	JJW Group LLC Auburn Market, LLC *Scott Clements, Orion, 206-445-7664*	2014	111,705 2.98	37,480 5.1/1Ksf	May-16	$12,089,200	$323	$20.07 6.22%	Not listed, off-market sale. 83% leased with seller guarantee on 8% vacant for 18 months. NOI based on 91% leased plus guarantee.
2.	**Skagit NW Orthopedics** 1500 Continental Place Mount Vernon	Brighton Square LLC NWOS Properties LLC *Blake Boatman, ReMax, 360-647-1313*	2001	103,382 5.19	19,904 7.0/1Ksf	Nov-17 Excess land:	$7,300,000 -$300,000 $7,000,000	$367 $352	$23.36 6.37% 6.64%	Sale with 10-year leaseback at $24.75/sq ft with 2% annual escalations. NOI based on 5% vacancy and reserves.
3.	**Doctors Clinic Portfolio** 2011 NW Myhre Place 9398 Ridgetop Blvd Silverdale	Anchor Properties Viewmont Properties *Marcus Yamamoto, CBRE, 206-292-6062*	2006 1990	194,278 3.81	51,038 4.1/1Ksf	Jan-19	$17,600,000	$345	$21.28 6.17%	2 buildings, 1990 and 2006. Older building was renovated in 2014. Listed unpriced, on market for 7 months. 96% leased.
4.	**Westsound Orthopedics** 4409 NW Anderson Hill Road Silverdale	HCII-4409 NW Anderson Hill Road, LLC Bare Bones, LLC *Will Frame, KM, 253-722-1412*	2007	54,070 2.82 *usable site*	19,184 5.1/1Ksf	Sep-17	$6,950,000	$362	$23.79 6.57%	List at $7.50M, on market 6 months. 57 surface stalls, 40 stalls in garage. 4.6 acres gross site area, 1.9 acres usable. Single tenant.
5.	**Clear Creek Medical Building** 9800 Levin Road NW Silverdale	HCII-9800 Levin Road NW, LLC Medical Partners LLC *Dave Ruggiero, NKF, 201-460-5117*	2005	75,359 2.88	26,127 5.5/1Ksf	Aug-17	$9,600,000	$367	$23.37 6.36%	List unpriced, 6 mos on market. 89% leased by 4 tenants. ASC in 42% at higher rent of $30 /sq ft with balance at $24/sq ft.
6.	**Virginia Mason Medical Center** 19116 33rd Ave W Lynnwood	Clise Lynnwood LLC VM Lynnwood LLC *Marcus Yamamoto, CBRE, 206-292-6062*	2001	66,211 2.36	28,080 4.2/1Ksf	Apr-17	$13,650,000	$486	$30.50 6.27%	Single tenant, sold between investors. 2 stories over below grade parking.
	Subject 8804 Madison Avenue N Bainbridge Island		2014	86,257 4.69 *usable site*	18,385 4.0/1Ksf	Appraisal Jan-19 Reconciled:	$8,090,000 $8,460,000 $8,300,000	$440 to $460 $451	$29.81 6.77% 6.48% 6.60%	

Sales Comparison Approach

Introduction

The Sales Comparison Approach is based on the premise that market value of the property is directly related to recent sale prices of competitive properties and the availability of substitute properties with similar utility and desirability. The most similar sales of properties within this area were investigated and compared to the subject. A summary of pertinent details to the comparable sales selected is presented on the facing table with a location map and photographs on the preceding pages.

Comparisons

The primary area considered in my search for comparable sales is the Puget Sound region of Western Washington. Within these markets, there were numerous sales of medical office buildings. The comparisons range from $323 to $486/sq ft.

Sale 1

Sale 1 is the Franciscan Medical Clinic in Auburn. This is between Lowes to the north and Fred Meyer to the south, about ½ mile north of Auburn Multicare hospital. Kids Country is adjacent to the west and Heritage Bank across the street to the south. There are some subsidized housing apartments adjacent to the west of Fred Meyer. A fire station and a building for Green River Community College are just to the northeast. The parking is on both the north and sides. The north side parking flows into adjacent lots for Lowes and Green River CC. This is a partial build-to-suit with Franciscan leasing the upper floor and a portion of the ground floor (71% of the building) on a ten year term at $23/sq ft with 2.5% annual escalations. BECU and Edward Jones leased smaller spaces on the ground floor at $24 and $29/sq ft, respectively for a total of 83% leased. The owner considered listing the property but it was never officially put on the market. Instead, it sold to an investor represented by one of the prospective listing brokers for $12.09 million in May 2016. The seller guaranteed rent on 8% of the building vacancy, but not all of the vacancy. Based on this guarantee for effectively 91% leased, NOI is a 6.22% cap rate.

Sale 2

Sale 2 is the Northwest Orthopedic Surgical Building in Mount Vernon. The building contains 19,904 sq ft, of which 5,800 sq ft is an ambulatory surgical center. The building was constructed in 2001 and renovated and expanded in 2004. The site area is 134,165 sq ft. The larger 72,163 sq ft site that supports the building is at the northeast corner of Continental Pl. and Roosevelt Ave. The parking ratio for the main lot is 4.2 stalls per 1,000 sq ft. There are two excess land parcels across the street at the

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northwest corner of Continental Pl. and Roosevelt Ave. The corner parcel is vacant. The parcel to the north of these is paved for 57 stalls of parking. In November 2017, the property was sold for $7.3 million, which includes all three parcels. Deducting the excess land, the analysis price for the improvements and supporting land is $7,000,000 or $352/sq ft. The purchase price was based on an appraisal. The seller leased back the property at $24.75/sq ft with 2% annual escalations over a ten year term. The rent covers the main parcel and the north lot across the street, providing strong parking of 7/1,000 sq ft. With no deducts for vacancy, this is a cap rate of 6.64%.

Sale 3

Sale 3 is the Doctors Clinic portfolio in Silverdale, which sold in early January 2019. The portfolio consists of two buildings a few blocks to the west and southwest of Harrison Hospital. These are buildings owned by the Doctors Clinic. The older one is known as Ridgetop West and was built in 1990 at the southwest corner of Ridgetop Boulevard NW and Mickelberry Road NW. It is two stories with surrounding surface parking. It was remodeled in 2014, including a new roof. The newer one is known as Cavalon Place One. It is on the west side of NW Myhre Road, between Ridgetop Boulevard and Bucklin Hill Road. It was built in 2007, with three stories of medical office over one level of below grade parking. The portfolio is 100% leased with 82.5% leased to Franciscan Medical Group, a wholly owned and operated subsidiary of CHI Franciscan. Cavalon Place One has a parking ratio of 3.5/1,000 sq ft. Ridgetop West is better at 5.8/1,000 sq ft. The combined average is 4.1/1,000 sq ft. Cavalon Place One is south of two like scale buildings, the matched pair Cavalon Place Two and the Kitsap Credit Union building north of that. Apartments are adjacent to the west and east. Ridgetop West is adjacent to the north of Kitsap Children's Clinic. A restaurant is at the northwest corner of the intersection, Wells Fargo and a retail building are at the northeast and southeast corners. Further north are more retail with Best Buy, Costco, Trader Joes and Bed Bath Beyond. The Doctors Clinic's physicians provide professional services on behalf of Franciscan Medical Group in the Properties. Franciscan Medical Group signed new ten-year leases with three five-year renewal options upon closing. The remainder of the portfolio is leased to Morgan Stanley through July 2022. Overall, the weighted average remaining lease is about nine years. Total occupancy was 96%. The portfolio was brought to the market unpriced in mid-2018 and included two parcels of surplus land totaling 2.09 acres. After a typical marketing campaign, a purchase agreement was negotiated in late 2018 with Anchor Properties. The sale closed in January 2019 for $17.6 million and did not include the surplus land. The sale equals $345/sq ft with a 6.17% cap rate.

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Sale 4

Sale 4 is Westsound Orthopedics in Silverdale. The property is just west of Highway 3 at the southwest corner of NW Anderson Hill Road and Provost Road NW. NW Anderson Hill Road runs under the freeway and connects with the main commercial district of Silverdale. There are freeway interchanges within a mile to the north and south. The area west of the freeway is less developed. There is a gas station and c-store across the street at the northwest corner. There is a Harley Davidson dealership to the south. Further south are some self-storage and light industrial properties. Land use to the west is residential. Like the subject, the property has a high land to building ratio with the south portion of the site undevelopable due to a creek and wetlands. The site is improved with a single-tenant medical building containing 19,184 sq ft on one-story over a below grade garage that contains 38 parking stalls. Access to the garage is from Provost Road NW. There are 57 surface stalls at the main level accessed off NW Anderson Hill Road. The west part of the building has a higher ceiling height. The property was developed by an orthopedic group that later became part of CHI Franciscan. CHI executed a ten year lease at $23.79/sq ft with annual escalations. The property was listed for sale in March 2017 at $7.3 million and sold in September 2017 at $6.95 million. The cap rate on income with no vacancy or reserves is 6.57%.

Sale 5

Sale 5 is the Clear Creek Medical Building in Silverdale. This is a block north of Bucklin Hill Road on Levin Road. Levin Road is flanked by a few like size office and medical office buildings. It is ½ mile southwest of Harrison Medical Center. The building is two stories over below grade parking. It also has extensive surface parking at the main level. There is shared access across some of the adjacent properties, allowing customers to come and go from Mickelberry Road to the east. The two-story building contains 26,127 sq ft not including the below-grade parking garage. The building was developed by a partnership of doctors and Harrison hospital. It is in good condition with above average finishes and includes a surgery center. The parking ratio is 5.5/1,000 sq ft, with 31 spaces in the below garage and the balance on a surface lot flanking the north, east and south of the building. The tenants at the time of sale include Cole Aesthetic Center (plastic and reconstructive surgery), Surgery Center of Silverdale, Retina Center Northwest and Silverdale Eye Physicians. The property was listed unpriced in late 2016 and the building was 90% occupied with one vacant unit containing 2,654 sq ft. 42% of the building is leased to Surgery Center of Silverdale on a 15-year term with 9.5 years remaining. The surgery center rent is $30.46/sq ft with annual escalations. The other three tenants executed 12 year leases to commence at the sale at $24/sq ft with 2.5% annual

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escalations. The single vacancy leased within a month of the sale. The NOI based on income in place and a $0.20/sq ft reserve provides a cap rate of 6.36%.

Sale 6

Sale 6 is the Virginia Mason Clinic in the Alderwood Mall area of Lynnwood. It is on 33rd Avenue W, a few blocks south of the west entry to the mall. I-5 access is from interchanges at 196th Street to the south and 44th Ave W further southwest. There are several office and medical office buildings along 33rd Avenue W, which defines the west side of the mall. Simrad Fisheries is a flex building adjacent to the south. There are two medical dental buildings adjacent to the north. Redstone Corporate Center and Alderwood Business Center are two larger Class A office projects to the north. Further south are a couple of furniture stores and at the northeast corner of 33rd Ave W and Alderwood Mall Boulevard is Alderwood Town Center, anchored by Michaels and Marshalls. The two story building includes basement parking and was completed in 2001. Virginia Mason occupies the entire building with several practices operating out of the facility, all of which is clinic space. In April 2017, an investor purchased the building for $13,650,000 or $486/sq ft and a cap rate of 6.25%.

Comparative Analysis

The comparisons are adjusted for typical elements of comparison. Most of the properties had market exposure. The exception was Sale 1, which was technically off-market but where the owner had contemplated listing the property and where one of these prospective brokers brought a buyer. The comparisons are adjusted for time at a rate of 4% per year to the effective date. The location adjustments consider proximity to hospitals, demographics, traffic counts, access and exposure. Age adjustments consider the date of original construction and more recent remodels. Adjustments are made for varying levels of parking and land to building ratios. Quality adjustments consider the construction of each property, which is good to excellent quality for most of the buildings. Sales 2, 3 and 4 are adjusted upward. Downward adjustments for function are made to sales 2 and 5 for the surgery centers that are higher cost and therefore higher rent. Downward adjustment for tenancy is made to sale 6.

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Sales Approach Adjustment Grid

Name / No.	$/sf	Conditions Motivation	Sale Date	Current Indicator	Location	Age	Size	Parking/ LTB	Quality	Function	Tenancy	Final Indicators
Franciscan Medical Pavilion		0%	11%	11%	5%	0%	0%	-3%	15%	5%	5%	27%
1.	$323	$0	$34	$357	$18	$0	$0	($11)	$54	$18	$18	$453
Skagit NW Orthopedics		0%	5%	5%	25%	5%	0%	-10%	15%	-10%	-5%	20%
2.	$367	$0	$17	$384	$96	$19	$0	($38)	$58	($38)	($19)	$460
Doctors Clinic Portfolio		0%	0%	0%	5%	10%	0%	0%	10%	0%	0%	25%
3.	$345	$0	$0	$345	$17	$34	$0	$0	$34	$0	$0	$431
Westsound Orthopedics		0%	5%	5%	5%	5%	0%	-3%	5%	0%	-5%	7%
4.	$362	$0	$19	$381	$19	$19	$0	$5	$19	$0	($19)	$424
Clear Creek Medical Building		0%	5%	5%	5%	7%	0%	-5%	0%	-5%	0%	2%
5.	$367	$0	$20	$388	$19	$27	$0	($19)	$0	($19)	$0	$395
Virginia Mason Medical Center		0%	7%	7%	-20%	15%	0%	0%	0%	0%	-5%	-10%
6.	$486	$0	$34	$520	($104)	$78	$0	$0	$0	$0	($26)	$468

Average:	$439
Median:	$442
Conclusion:	$451

Conclusion

After adjustments the comparables indicate a range from $395 to $468/sq ft, averaging $439 with a median of $442. Given current market conditions and after considering all factors, the evidence best supports a value between $440 and $460/sq ft for the subject. These indicate a range of value between $8,090,000 and $8,460,000 and cap rates on market rent from 6.48% to 6.77%.

Considering all of the factors, I conclude to a market value, as of January 10, 2019, as follows:

18,385 sq ft @ $451 sq ft	$8,300,000
Cap Rate:	6.60%

Market data indicates that for comparable properties, the most common sale transaction involves a lease of the majority or all of the space for ten years. This would create a leased fee interest under a sale/leaseback or would be a fee simple interest for a user of 100% of the space. The conclusion above aligns with these two scenarios. I will analyze the potential impact on value if the property were to sell to partial user or if completely vacant to an investor in the reconciliation section.

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Income Capitalization Approach

Introduction

Income-producing real estate is typically purchased as an investment and, from the investor's point of view; earning power is the critical element affecting property value. The Income Capitalization Approach consists of methods and techniques used to analyze a property's capacity to generate income and convert this income into value.

This approach provides a value indication for the property by estimating a net income stream through an analysis of the marketplace including past performance levels as well as projections for the future. Generally, the Income Capitalization Approach utilizes two methods: 1) a direct capitalization of the net operating income; and 2) a discounting of the future cash flows and reversion into a present value estimate. The discounted cash flow analysis accounts for the timing, frequency, and magnitude of variable cash flows. It is particularly appropriate when a property is not currently operating at a stabilized level resulting from either recent construction, renovation, or a significant alteration. It is also appropriate when property is affected by a change in management, marketing strategy, or a variation in economic or market conditions. The direct capitalization approach is particularly appropriate when the subject property is located in a stable market. In this appraisal, only the direct capitalization analysis is used to determine the property's value. With income estimated at market for both spaces, there are no unusual cash flow attributes that require a DCF model.

Lease Encumbrance (Contract Rent)

The property is 100.0% owner occupied. There are no leases.

Comparable Rental Data

To estimate market rent, I consider medical office properties in Kitsap County and other comparable locations. The pertinent details are summarized on the preceding table with a map and pictures on the preceding pages.

Rental rates for medical office are typically quoted on an annual, per sq ft of leasable area NNN basis. In some cases, rents are full service but the market has been moving away from this format for many years. In estimating market rent for the subject, factors to consider are rental rates, rent escalations, lease terms, expense structures, concessions, and tenant improvements. Each of these factors is interrelated and combines for a total rent package.

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Rent Comparable Photos

Rental 1

Rental 3

Rental 4

Rent Comparable Photos

Rental 5

Rental 6

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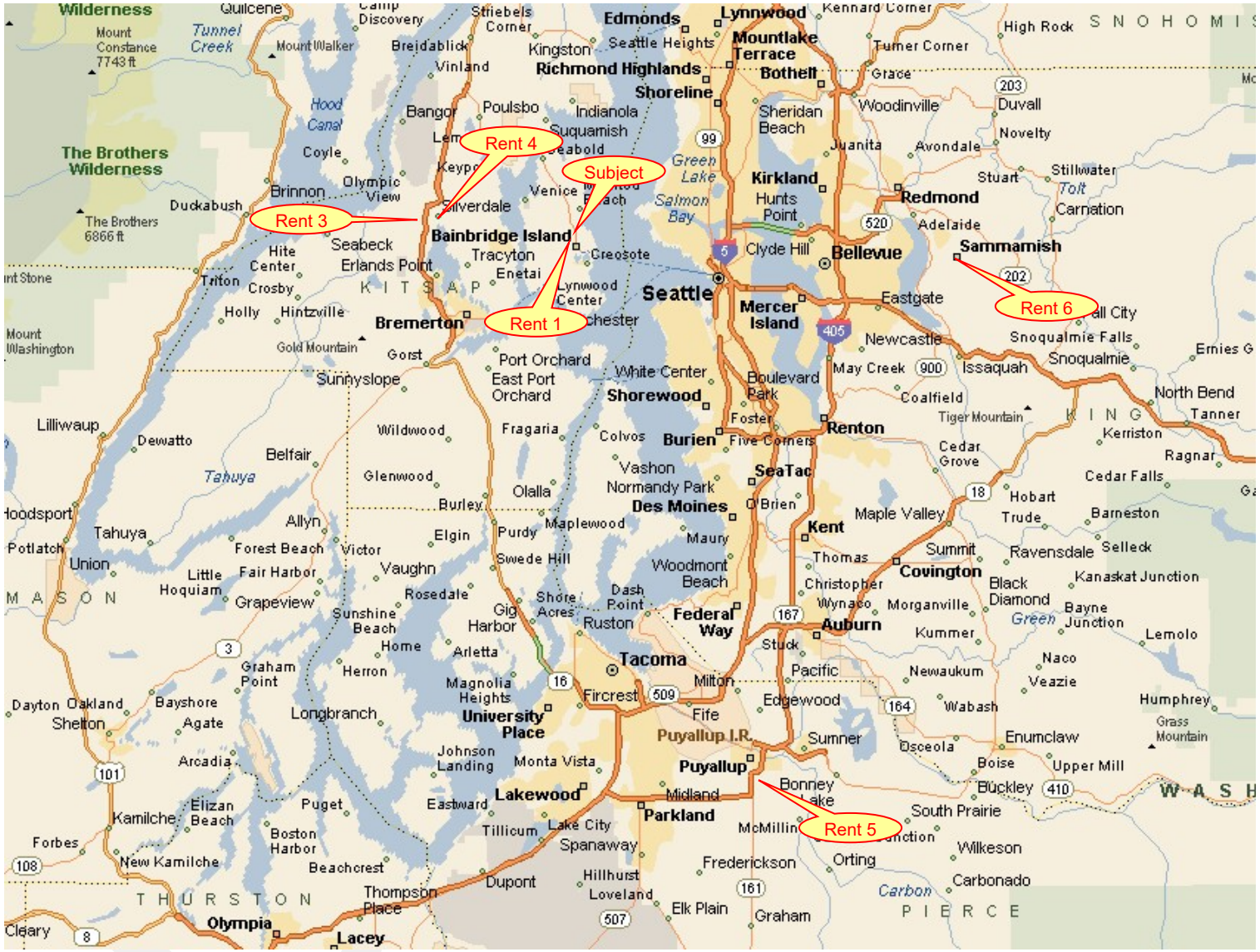
Rent 4
Subject
Rent 3
Rent 1
Rent 6
Rent 5
Bainbridge Island
Bremerton
Seattle
Bellevue
Tacoma
Olympia
Lacey
Kirkland
Redmond
Renton
Kent
Auburn
Federal Way
Puyallup
Lakewood
Parkland
Des Moines
Burien
SeaTac
Shoreline
Edmonds
Lynnwood
Mountlake Terrace
Issaquah
Sammamish
Mercer Island
Covington
Maple Valley
Enumclaw
Sumner
Milton
Fife
Puyallup I.R.
University Place
Gig Harbor
Port Orchard
Silverdale
Poulsbo
Kingston
Richmond Highlands
Woodinville
Duvall
Carnation
Snoqualmie
North Bend
Black Diamond
Ravensdale
Kanaskat Junction
Lilliwaup
Belfair
Shelton
Union
Potlatch
Hoodsport
Allyn
Tahuya
Grapeview
Longbranch
Key Peninsula
Vashon
Maury Island
Olympic Peninsula
Cascade Foothills
Mount Rainier
Mount Constance 7743 ft
The Brothers 6866 ft
The Brothers Wilderness
Tunnel Creek
Hood Canal
Salmon Bay
Green Lake
Lake Washington
Lake Sammamish
Carbon
Grass Mountain
Mount Washington
Gold Mountain
Tiger Mountain
Cedar Grove
Cedar Falls
Ragnar
Kerriston
Tanner
Ernies G
Snoqualmie Falls
Newcastle
Eastgate
Bellevue
Clyde Hill
Hunts Point
Sheridan Beach
Juanita
Kirkland
Woodinville
Duvall
Novelty
Avondale
Stuart
Stillwater
Tolt
Carnation
Adelaide
Redmond
Sammamish
Issaquah
Snoqualmie
Coalfield
Renton
Tukwila
Seattle
Mercer Island
Eastgate
Bellevue
Lynnwood
Edmonds
Shoreline
Richmond Highlands
Kingston
Seattle Heights
Mountlake Terrace
Bothell
Grace
Turner Corner
High Rock
Kennard Corner
Quilcene
Discovery
Striebels Corner
Breidablick
Vinland
Mount Walker
Bangor
Poulsbo
Indianola
Suquamish
Seabold
Keyport
Lemolo
Naco
Veazie
Humphrey
Wabash
Edgewood
Pacific
Newaukum
Kummer
Stuck
Morganville
Wynoca
Christopher
Thomas
Summit
Ravensdale
Selleck
Barneston
Trude
Hobart
Maple Valley
Kent
O'Brien
Foster
Five Corners
Tiger Mountain
Coalfield
Boulevard Park
May Creek
Newcastle
Eastgate
Mercer Island
Seattle
Lynnwood Center
Creosote
Tracyton
Enetai
Seabeck
Erlands Point
Hite
Center
Triton
Crosby
Holly
Hintzville
Bremerton
Gorst
Sunnyslope
Port Orchard
East Port Orchard
White Center
Shorewood
Burien
Colvos
Fragaria
Wildwood
Glenwood
Burley
Olalla
Normandy Park
Des Moines
Maplewood
Purdy
Swede Hill
Woodmont Beach
Dash Point
Ruston
Federal Way
Shore Acres
Rosedale
Vaughn
Elgin
Victor
Forest Beach
Fair Harbor
Little Hoquiam
Grapeview
Sunshine Beach
Home
Arletta
Herron
Graham Point
Magnolia Heights
University Place
Fircrest
Tacoma
Milton
Fife
Puyallup I.R.
Puyallup
Sumner
Edgewood
Pacific
Auburn
Kent
Des Moines
Burien
SeaTac
Vashon
Normandy Park
Maury Island
Olympic Peninsula
Cascade Foothills
Mount Rainier
Lake Washington
Lake Sammamish
Carbon
Grass Mountain
Johnson Landing
Monta Vista
Midland
Parkland
Lakewood
Eastward
Tillicum
Lake City
Spanaway
Puget
Boston Harbor
Beachcrest
Dupont
Thompson Place
Hillhurst
Loveland
Elk Plain
Graham
Frederickson
Orting
McMillin
Bonney Lake
South Prairie
Wilkeson
Carbonado
Buckley
Boise
Upper Mill
Osceola
Enumclaw
Arcadia
Elizan Beach
Kamilche
New Kamilche
Forbes
Cleary
Olympia
Lacey
Thompson Place
Dupont

Rent Comparison Summary

No.	Building/Address	Age Bldg Sq Ft Stories	Suite Sq Ft	Term	Start Date	Base Yr Rent / Ann. Esc.	Expenses	TIA	Comments/Confirmation
1.	**Bainbridge Health & Wellness**	2000	10,924	84 Mos	Sep-17	$24.00	NNN	$4.73	Ground floor. Renewal with $1/sq ft/yr escalations in years
	945 Hildebrand	20,491				See Comments	$8.23		2 and 3 and 3%/yr for years 4-7.
	Bainbridge	2	3,382	120 Mos	Oct-18	$16.00	NNN	$22.17	New tenant lease to PT on 2nd floor. Flat for years 1-3,
						See Comments	$8.23		$21/sq ft year 4, CPI in year 5-10, NTE 2.5% for 6-10.
									Cheryl Elmquist, PM, 206-780-5007
2.	**Confidential**	New	>25,000	180 Mos	2018	$43.60	NNN	$180.18	BTS, 4/1,000 sq ft parking. TI is 1st gen over dark shell
		>25,000				10% every 5 yrs	N/Disc		delivery.
	Suburban	2							*Confidential*
3.	**Westsound Orthopedics**	2007	19,184	120 Mos	Sep-17	$25.00	NNN	As-Is	Sale leaseback to CHI Franciscan. 5.1/1,000 sq ft parking. 5-
	4409 NW Anderson Hill Road	19,184				2.0%	N/Disc		yrs at 2%/yr, market in year 6.
	Silverdale	1							*Will Frame, KM, 253-722-1412*
4.	**Clear Creek Medical Building**	2005	12,521	12 Yrs	Aug-17	$24.00	NNN	As-Is	Sale leaseback by sellers. 5.5/1,000 sq ft parking.
	9800 Levin Road NW	26,127				2.5%	$12.87		
	Silverdale	2							*Dave Ruggiero, NKF, 201-460-5117*
5.	**Good Samartian Medical Bldg**	2011	9,038	62 Mos	May-16	$30.00	NNN	$40.00	Lease to MultiCare with two months of free rent. Building is
	401 15th Ave. SE	83,268				2.0%	$11.27		on hospital campus.
	Puyallup	4							*Steve Offenbecher, KWO, 253-850-5574*
6.	**The Village at Sammamish**	2017	4,957	120 Mos	Aug-17	$42.00	NNN	$80.00	1st gen lease to hospital chain for clinic. 3.6/1,000 sq ft
	22630 SE 4th	31,084				10% yr 6	$11.67		parking, mix of structure and open.
	Sammamish	3	7,170	120 Mos	Aug-17	$38.50	NNN	$70.00	1st gen lease to pediatrics practice
						$1/sq ft/yr	$11.67		*Rick Parks, TRF, 206-985-0107*
	Harrison Bainbridge Urgent Care	2014	9,092	5 Yrs		$33.00	NNN	$20.00	TI is for new tenant in 2nd generation space on 10-year
	8804 Madison Avenue N	18,385	to						term.
	Bainbridge Island	2	8,570						

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RENT 1

Bainbridge Health & Wellness Center is a mixed-use property consisting of 19 commercial and multifamily apartment buildings adjacent to the south of Island Village, a retail center anchored by Safeway and Rite Aid. The buildings were developed in phases from 1996 to 2006. There is 56,594 sq ft of commercial space with retail or service space on the ground floor and office space on the 2nd floors. The largest tenant is Swedish Health Services on the ground floor of 945 Hildebrand. This was originally a Doctors Clinic but the practice was taken over by SHS, which assumed the lease. A seven-year extension started in September 2017 at $24/sq ft with $1/sq ft escalations in the first two years and then 3% annual escalations. The renewal TI was $4.77/sq ft. The most recent new tenant lease is to Kitsap Physical Therapy, which leased a smaller 3,383 sq ft space on the second floor of the same building. This space had been vacant for some time and the owner discounted the rent to $16.00/sq ft for the first three years before bumping up to $21/sq ft in year four. For the balance of the term there are traditional CPI escalations. The TI allowance was $22/sq ft. If one considers the discounted rent for years one through three, the additional concession is about $11.50/sq ft. This building has a good location in the neighborhood but it has no street exposure. The building has one level of below grade parking with 30 stalls plus surface parking on the sides. The parking ratio is 3.4 stalls per 1,000 sq ft.

RENT 2

Rent 2 is a new build-to-suit medical clinic in a suburban location with similar demographics access, exposure and parking. The tenant is a regional hospital chain and the lease is for 15-years with 10% escalations every five years, with multiple options on the same escalation profile. The building construction is superior quality but otherwise similar with two floors and an elevator. The lessor delivery included all site improvements, all entitlements and soft costs, a dark shell and a $180/sq ft allowance on top of that for completion of the interior. These interior improvements included all interior walls, ceilings and floors, plumbing, electrical and HVAC. The lessor also paid leasing and tenant brokerage commissions. The tenant's only costs were for design and permit fees for TIs, low voltage cabling for internal communications, exterior signage on the building and security and intercom systems. For some of the tenant items, if the lessor's delivery turned out to be less than the $180/sq ft allowance, the tenant could apply the costs for these to that. If costs exceeded $180/sq ft, rent would be adjusted at a factor of 9.0% of the excess amount. The lessor delivered a near turnkey building.

RENT 3

Westsound Orthopedics was discussed in the preceding section. The building was developed by the user group, which was either purchased by or partnered with CHI Franciscan before the property was sold. The seller

agreed to a leaseback for ten years starting at $25.00/sq ft with 2% annual escalations.

RENT 4 The Good Samaritan Medical Building is adjacent to MultiCare Good Samaritan Hospital. The building was constructed in 2011 and is fully leased. The MultiCare lease commenced in May 2016 for a 62-month term with two months free rent. The rate started at $30.00/sq ft NNN with 2.0% annual increases. The tenant received a $40/sq ft TI allowance.

RENT 5 Clear Creek Medical Building was discussed in the preceding section. The building was developed by a partnership of physicians and Harrison Hospital. The sellers agreed to leasebacks for ten years starting at $24.00/sq ft with 2.5% annual escalations.

RENT 6 Village at Sammamish is a new mixed use development in Sammamish. The retail component is anchored by Met Market. The medical office component is multitenant, including a clinic for Overlake Hospital and several physician groups in a variety of disciplines such as pediatrics, physical therapy, optometry and dentistry. The property is at the northwest corner of 228th and 4th, near three high schools (Eastlake, Eastside Catholic and Skyline). The retail competes with a retail center to the north anchored by Safeway, Trader Joes and Bartell. The retail components front the two streets and the office is on the northwest part of the site. There is a mix of surface and garage parking. The medical offices range from 2,000 to 7,170 sq ft. The leases shown include the two largest tenants. First generation TIs over a warm shell range from $70 to $80/sq ft. Lease terms are all ten years with multiple options.

Rent Adjustment Grid

Name / No.	$/sf	Date	Current Indicator	Location	Age	Size	Parking/ LTB	Quality	Function	Tenancy	Final Indicators
Bainbridge Health & Wellness		4%		0%	15%	0%	0%	20%	0%	0%	35%
1.	$24.00	$1.00	$25.00	$0.00	$3.75	$0.00	$0.00	$5.00	$0.00	$0.00	$33.75
Confidential		0%	0%	0%	-2%	0%	-1%	-20%	0%	0%	-23%
2.	$43.60	$0.00	$43.60	$0.00	($0.87)	$0.00	($0.44)	($8.72)	$0.00	$0.00	$33.57
Westsound Orthopedics		4%		5%	5%	0%	-3%	20%	0%	0%	27%
3.	$25.00	$1.01	$26.01	$1.30	$1.30	$0.00	($0.78)	$5.20	$0.00	$0.00	$33.03
Clear Creek Medical Building		3%	3%	5%	7%	0%	-5%	0%	0%	0%	7%
4.	$24.00	$0.60	$24.60	$1.23	$1.72	$0.00	$5.00	$0.00	$0.00	$0.00	$32.55
Good Samartian Medical Bldg		4%	4%	-5%	5%	0%	-3%	10%	0%	0%	7%
5.	$30.00	$1.20	$31.20	($1.56)	$1.56	$0.00	($0.94)	$3.12	$0.00	$0.00	$33.38
The Village at Sammamish		3%	3%	-5%	0%	0%	0%	-15%	0%	0%	-20%
6.	$38.50	$1.00	$39.50	($1.98)	$0.00	$0.00	$0.00	($5.93)	$0.00	$0.00	$31.60

Average:	$32.98
Median:	$33.21
Conclusion:	$33.00

The table above outlines the adjustments for each rent comparison. The date adjustments show the current rent. Location adjustments consider demographics, access and exposure. Age adjustments consider relative depreciation. Parking adjustments consider each ratio. Quality considers construction cost. After adjustment, the comparisons indicate an average of $32.98/sq ft.

Rent Estimate

For the subject, I estimate market rent at $33.00/sq ft. The basement storage is estimated at $12.00/sq ft. The following table shows the projected market rent.

BASE RENTAL SUMMARY

					Appraiser's Forecast	
	Component	%	Sq Ft	%	Annual	$/SF
1	First Floor	49.5%	9,092	50.7%	$300,036	$33.00
2	Second Floor	46.6%	8,570	47.8%	$282,810	$33.00
3	Basement	3.9%	723	1.5%	$8,676	$12.00
	Total	100.0%	18,385	100.0%	$591,522	$32.17

The estimates are a year one rent, which is estimated to have a ten-year term with 3% annual escalations. I estimate TIs at $20/sq ft with two to three months of free rent for a new tenant, and no rent concessions for a renewal. Leasing commissions are estimated at $1/sq ft per year of lease term for a new tenant, half that for a renewal.

Other Income

In a typical lease, the tenant will either pay directly or reimburse normal operating expenses. All normal operating expenses are projected to be recovered.

Expenses

Operating expenses include real estate taxes, insurance, management and common area maintenance charges. Common area maintenance includes utilities, repairs and maintenance, roads and grounds and security and life safety.

I was not provided historical operating statements for the subject. Consequently, I consider typical operating expenses for other medical office properties.

Expenses range from $6.90 to $13.41/sq ft. The low end is a medical office building in Tumwater that did not include the full utility expense as most utilities are paid directly by the tenants. For the subject, expenses are estimated at $12.16/sq ft. Taxes are based 75% of market and the 2018 mill rate and other fees. Management is 3.0% of effective gross income. It is in

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the middle of the range of 2% to 4% of EGI, which considers the size and tenancy. Other line items are based on the comparables.

Expense Comparable Summary

	Exp No. 1 $/SF	Exp No. 2 $/SF	Exp No. 3 $/SF	Exp No. 4 $/SF	Exp No. 5 $/SF	Average $/SF	Subject Projection $	$/SF
Effective Gross Income	$15.06	$38.96	$22.80	$32.22	$24.90	$26.79	$774,362	$42.12
Expenses								
Utilities & Waste Removal	$0.91	$3.72	$2.53	$2.80	$1.91	$2.37	$43,572	$2.37
Repairs & Maintenance	$0.49	$3.95	$2.59	$0.29	$4.29	$2.32	$42,653	$2.32
Landscaping/Grounds	$0.61	$0.81	$0.93	$3.44	$1.21	$1.40	$25,739	$1.40
Management	$1.35	$1.63	$0.68	$0.82	$1.04	$1.10	$23,231	$1.26
Security & Life Safety	Incl above	Incl above	$0.21	Incl above	Incl above	$0.21	$1,664	$0.09
Real Estate Taxes	$2.70	$2.29	$2.54	$2.60	$2.34	$2.49	$71,660	$3.90
Insurance	$0.84	$1.01	$1.10	$0.60	$0.55	$0.82	$15,076	$0.82
Miscellaneous	$0.00	$0.00	$0.00	$0.56	$0.00	$0.11	$0	$0.00
Total	$6.90	$13.41	$10.58	$11.11	$11.34	$10.67	$223,596	$12.16
Mgmt Fee % of EGI	8.96%	4.18%	2.98%	2.55%	4.18%	4.12%	3.00%	

Non-Recoverable Expenses

Although the property is triple net, there will be some level of attention necessary with respect to collection of rent and payment of financing, oversight of any issues that might arise between the tenant and the landlord and annual accounting and miscellaneous professional fees (legal, inspections, etc.). These are not reimbursable, but are simply natural ownership expenses. The estimate is $0.05/sq ft.

Reserves

Based on interviews with buyers and brokers in the area, structural reserves range from $0.10 to $0.15/sq ft. The amount of reserves depends on the age and condition of the property, as well as buyer's preference. I estimate a reserve of $0.10/sq ft. The low end of this range is only enough to cover roof replacement. A conservative reserve that fully accounted for roof, HVAC, and perhaps parking resealing would be closer to $0.20/sq ft. However, most roof, parking, and HVAC repairs can be passed through.

Direct Capitalization

The direct capitalization technique relies on the capitalization of the stabilized net operating income by a cap rate extracted from market sales. The cap rate is the ratio of net operating income to sale price.

Cap Rate Comparisons

The direct sale comparisons show 6.17% to 6.64% cap rates. The following table summarizes cap rates from medical office properties in the Puget Sound region. The broader market has a wider range of cap rates, from as low as 4.16% to as high as 8.04%. The low end has below market rents in place. The high end is a new build-to-suit for a recovery center. It has a very high rent for the purpose built construction. The average cap rate is 6.11%. For just 2018, the average is 5.86%.

Property	City	Year	Sq ft	Date	Price	Cap
Mount Baker Kidney Center	Bellingham	2002	20,400	List	$7,500,000	6.20%
W WA Medical Group	Everett	2007	14,668	List	$9,250,000	5.80%
Valley View Medical	Renton	2009	38,000	List	$9,100,000	7.20%
Northpointe Medical Building	Spokane	1994	34,965	List	$5,100,000	6.59%
Doctors Clinic Portfolio	Sulverdale	1990/06	51,038	Jan-19	$17,600,000	6.17%
Sydney Medical Plaza	Mill Creek	1981/05	22,034	Dec-18	$8,250,000	6.21%
Northup Place	Bellevue	1991	12,805	Oct-18	$6,900,000	5.09%
BBJP	Bellevue	1979/Ren	14,410	Sep-18	$8,065,000	6.00%
Mill Creek Pavilion	Mill Creek	1983/Ren	26,126	Sep-18	$9,500,000	6.50%
Maple Building 2	Redmond	1982	6,925	Jul-18	$3,500,000	4.16%
Juanita Professional Plaza Condo	Kirkland	1969/Ren	1,186	Jun-18	$643,000	6.62%
Medical Center of Issaquah	Issaquah	1988	40,319	Jun-18	$15,115,000	6.24%
Olympic Medical Center	Bellevue	1978	15,274	May-18	$7,750,000	5.03%
Summit Health	Bellevue	1982	12,125	May-18	$5,740,000	5.91%
9th Street Medical Plaza	Vancouver	2007	25,463	Apr-18	$6,300,000	7.15%
Romero Professional Building	Bothell	1987	9,744	Apr-18	$3,000,000	6.25%
Factoria Dental	Bellevue	1981	21,218	Jan-18	$5,280,000	5.10%
Recovery Innovations Center	Fife	2012	14,504	Nov-17	$6,800,000	8.04%
Eastview Professional	Bellevue	1987	26,597	Nov-17	$12,700,000	4.92%
Skagit NW Orthopedic	Mount Vernon	2001	19,904	Nov-17	$7,000,000	6.64%
Westsound Orthopedic	Silverdale	2007	19,184	Sep-17	$6,950,000	6.57%
Clear Creek Medical Building	Silverdale	2005	26,127	Aug-17	$9,600,000	6.36%
Woodinville Medical Center	Woodinville	1991/Ren	32,407	Jul-17	$12,590,000	6.69%
Mill Creek Clinic	Mill Creek	1988	14,749	Jul-17	$4,650,000	6.26%
Multicare Marysville Urgent Care	Marysville	2017	3,900	Jun-17	$2,450,000	5.70%
2420 Medical	Tacoma	1980	29,870	Jun-17	$6,000,000	5.70%
Rainier Orthopedic	Puyallup	2004	31,921	May-17	$17,450,000	6.30%
Virginia Mason	Lynnwood	2001	28,080	Apr-17	$13,650,000	6.25%
Sound Urological Associates	Edmonds	2000	4,857	Feb-17	$2,200,000	6.16%
Redmond Medical Center	Redmond	1985	40,512	Mar-17	$23,400,000	5.20%
Stevens Health Center	Edmonds	1972/06	30,088	Oct-16	$9,750,000	5.87%
Everwood Medical	University Place	2006	22,000	Oct-16	$5,700,000	6.50%
Aurora Village Medical Center	Shoreline	1965	23,624	Sep-16	$5,820,000	6.75%
Factoria Medical Clinic	Bellevue	1987	16,999	Jun-16	$7,050,000	6.15%
Franciscan Medical Pavilion	Auburn	2013	37,480	May-16	$12,089,000	6.33%
Valley Professional Center	Renton	1983	46,600	Apr-16	$21,600,000	5.99%
Meridian Medical Pavilion	Seattle	2006	69,700	Mar-16	$38,300,000	5.50%
Seattle Veterinary Specialists	Kirkland	1989	19,283	Mar-16	$10,400,000	6.12%
Evergreen Eye Center	Federal Way	1995/Ren	9,181	Jan-16	$4,725,000	5.46%
South Kitsap Medical Center	Port Orchard	2009	68,049	May-15	$17,725,577	6.00%
Doctors Clinic	Silverdale	2004	63,517	May-15	$16,074,423	6.00%

Value Conclusion

The subject is a good to excellent quality medical office building in a suburban market with good demographics. An appropriate cap rate range of 6.25% to 6.50% produces a value range of $8,430,000 to $8,770,000. This is reconciled to $8,600,000, a cap rate of 6.37%. The reconciled value considers the following:

- Rent is projected at market
- The scale is appealing to owner users (clinics) and investors.
- The Bainbridge office market, including medical office, is stable with vacancy below 5% for the last three years.
- Bainbridge has constraints to supply and excellent demographics
- Parking is at the low end of the market preferred ratio

Market data indicates that for comparable properties, the most common sale transaction involves a lease of the majority or all of the space for ten years. This would create a leased fee interest under a sale/leaseback or would be a fee simple interest for a user of 100% of the space. The conclusion above aligns with these two scenarios. I will analyze the potential impact on value if the property were to sell to partial user or if completely vacant to an investor in the reconciliation section.

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DIRECT CAPITALIZATION SUMMARY

INCOME	Sq Ft	Appraiser's Forecast Annual	$/SF
First Floor	9,092	$300,036	$33.00
Second Floor	8,570	$282,810	$33.00
Basement	723	$8,676	$12.00
Base Rental Income	**18,385**	**$591,522**	**$32.17**
Recoveries			
CAM	100%	$113,629	$6.18
Management/Administrative Surcharge	100%	$23,231	$1.26
Property Taxes	100%	$71,660	$3.90
Insurance	100%	$15,076	$0.82
Sub-totaled Recoveries	100%	$223,596	$12.16
Other Income			
Storage Rent		$0	$0.00
Other Income		$0	$0.00
Sub-totaled Other		$0	$0.00
POTENTIAL GROSS INCOME (PGI)		$815,118	$44.34
VACANCY & COLLECTION	-5.0%	($40,756)	($2.22)
EFFECTIVE GROSS INCOME (EGI)		$774,362	$42.12
EXPENSES			
Utilities		$43,572	$2.37
Repairs & Maintenance		$42,653	$2.32
Landscaping & Grounds		$25,739	$1.40
Management	3.0%	$23,231	$1.26
Security & Life Safety		$1,664	$0.21
Real Estate Taxes		$71,660	$3.90
Insurance		$15,076	$0.82
Miscellaneous		$0	$0.00
RECOVERABLE EXPENSES		$223,596	$12.16
NON-RECOVERABLE EXPENSES			
Other Owner Expense		$919	$0.05
TOTAL EXPENSES		$224,515	$12.21
Reserve For Replacement		$1,839	$0.10
NOI AFTER RESERVES		**$548,008**	$29.81
INDICATED VALUE - Fee Simple			
NOI after reserves capitalized at:	6.25%	$8,770,000	$477
	6.50%	$8,430,000	$459
Stabilized, Reconciled:	**6.37%**	**$8,600,000**	**$468**

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Reconciliation & Final Value Opinions

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Reconciliation & Final Value Opinions

Value Opinion

The approaches to value indicate the following values for the subject:

Approaches to Value	Value	Comments
Sales Comparison	$8,300,000	$451/sq ft
Income Capitalization	$8,600,000	6.37% cap rate

COST APPROACH

The Cost Approach is particularly appropriate when the subject is new construction in an active market. The primary weakness of the Cost Approach is that it does not fully take into consideration supply and demand conditions. More importantly, most buyers and sellers do not focus on this approach for primary valuation. This is a secondary approach and not needed for a credible value opinion.

SALES COMPARISON APPROACH

The Sales Comparison Approach is based upon comparable transactions. This approach is normally a strong indicator of value when adequate sales data are available. This approach is a good measure of market activity when recent sales are available and, like the Income Capitalization Approach, this approach responds quickly to changes in the marketplace. There are sufficient sales that can be further adjusted for comparison. Consequently, this approach is given emphasis in the value opinion.

INCOME APPROACH

The Income Capitalization Approach is a strong indicator of value for income-producing properties. The primary strength is that income and operating levels respond quickly, if not immediately, to conditions in the market. Rent is based on market rent. Expenses are estimated based on similar medical office properties. Investment rates are based on similar suburban medical office sales. The Income Approach is given more emphasis in determining value for the subject.

Conclusion - Stabilized

Both approaches are considered reliable and both would be considered by typical buyers (users and investors). With more emphasis on the Income Approach, I conclude to a fee simple value as of January 10, 2019, of:

$8,500,000

The stabilized market value is the value to an investor if leased back by the existing owner/user or the value to a like user. Every direct sale comparison considered was purchased by an investor. In four of the six

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sales, the sellers leased back the majority of all of the space for ten year terms. These comparisons were selected for newer vintage, scale, quality, location and current transaction timing. There are no sales of comparable properties sold vacant, which is not unexpected since these properties are typically developed by users or for tenants on a build-to-suit basis. This would be the maximum discount.

If the property were to sell vacant to an investor, the investor would typically require a discount for re-leasing the space. If the property were to sell to a user that did not need all of the space, some discount would probably be needed to reposition the space for more than single tenant use. This would be less of a discount than an investor.

From the current owner's perspective, the maximum value would be a sale to another owner user clinic. Based on the market data, this is possible but not widely demonstrated. Consequently, I show the potential impact on value of a sale to an investor.

SHORTFALL ANALYSIS - If vacant to an investor

RECONCILED STABILIZED VALUE		**$8,500,000**
Total Rentable Area		18,385
Stabilized Occupancy (95%)	*100.0%*	18,385
Less leased Sq Ft	*0%*	-
Available	*100%*	18,385
Deductions to complete absorption	18,385 sq ft	
Absorption Estimate - months		12.0
Straight-line Average downtime		6.0
Lost Rent at Market ($/sf/mo)	$2.68	$295,761
Free Rent (3 mos.)	$2.68	$147,881
Monthly NNN Rate	$1.01	$111,798
Commissions ($1/sq ft/yr	$13.49	$248,040
Tenant Improvements	$20.00	$367,700
Subtotal		$1,171,180
Entrepreneurial Profit	25%	$292,795
Total Absorption Deductions (rounded)		**$1,460,000**
RECONCILED AS IS VALUE (Rounded)		**$7,040,000**

The vacancy shortfall includes rent loss, expense recovery loss, leasing commissions and new tenant TIs for second generation space. The lost rent is based on straight-line absorption over the course of one year. Six months downtime is close to the current average time of the market for the Bainbridge market (5.9 months) and less than the five year average

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of 15 months. Leasing commissions assume 5.0% for the first five years and 2.5% for years six through ten. On top of these costs, an investor would require compensation for the risk of taking on an unstabilized asset. Value add investors want the property to be worth more than the as-is cost plus the vacancy shortfall. The level of entrepreneurial profit required will range widely depending on risk. Factors lower risk include the new, high quality construction of the subject and the barriers to entry for new development on Bainbridge. Factors for higher risk consider the size of the clinic and the potential need to split up the space. I estimate a 25% margin. The total shortfall for an investor purchase of a 100% vacant building is $1,460,000.

The following table shows the impact on value for a purchase by a partial user. This same buyer would have some of the same motivation of an investor, but would only need to lease half the building under this scenario. I have increased the TI to $30/sq ft, with the $10/sq ft difference allocated for dividing the building for another tenant. This would most efficiently be done on a floor by floor basis.

SHORTFALL ANALYSIS - If 50% vacant to user

RECONCILED STABILIZED VALUE		**$8,500,000**
Total Rentable Area		18,385
Stabilized Occupancy (95%)	*100.0%*	18,385
Less User Sq Ft	*50%*	9,193
Available	*50%*	9,193
Deductions to complete absorption	9,193 sq ft	
Absorption Estimate - months		12.0
Straight-line Average downtime		6.0
Lost Rent at Market ($/sf/mo)	$2.68	$147,881
Free Rent (3 mos.)	$2.68	$73,940
Monthly NNN Rate	$1.01	$55,899
Commissions ($1/sq ft/yr	$13.49	$124,020
Tenant Improvements	$30.00	$275,775
Subtotal		$677,515
Entrepreneurial Profit	25%	$169,379
Total Absorption Deductions (rounded)		**$850,000**
RECONCILED AS IS VALUE (Rounded)		**$7,650,000**

The shortfall for a partial user would be $850,000.

Value to Partial User and Investor if Vacant

The vacancy shortfalls to investors and partial users show that a fee simple value can change depending on use or reuse of the property. The market data does not lend itself to a precise conclusion in determining what the most likely outcome for the subject would be in the event the current owner sold the property and did not lease back all or a majority of the space, which shows that leased fee is the most common type of transaction.

Exposure Time

The definition of "exposure time" is as follows:

> *The estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal; a retrospective opinion based upon an analysis of past events assuming a competitive and open market.*

Source: The Dictionary of Real Estate Appraisal, Sixth Edition. Chicago: Appraisal Institute, 2015.

Exposure time is estimated at three to nine months, with an additional two to four months for escrow closing. This is consistent with the times seen for the comparisons.

Marketing Time

The definition of "marketing time" is as follows:

> *An estimate of the amount of time it might take to sell an interest in real property at its estimated market value during the period immediately after the effective date of an appraisal.*

Source: The Dictionary of Real Estate Appraisal, Sixth Edition. Chicago: Appraisal Institute, 2015.

The marketing time is three to nine months, consistent with the estimated marketing time.

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ADDENDUM

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Letter of Engagement

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Kidder Mathews

December 12, 2018

Morgan Smith, Deputy City Manager
City of Bainbridge Island
280 Madison Avenue N
Bainbridge Island, WA 98110

Via e-mail - msmith@bainbridgewa.gov

RE: Engagement of Services – Appraisal Report

Dear Ms. Smith:

We are pleased to have the opportunity to furnish appraisal services involving the Harrison Bainbridge Urgent Care located at 8804 Madison Avenue N in Bainbridge Island, Washington. The purpose of this letter is to confirm the scope of our services for this engagement, our office practices and policies.

We will prepare an appraisal report using an appraisal process in accordance with the appraisal reporting standards of the Uniform Standards of Professional Appraisal Practice (USPAP) of the Appraisal Foundation. It will contain the descriptions, comparative data, analyses, conclusions and exhibits generally considered essential to a documented appraisal report. In addition, our services will comply with and be subject to the Code of Professional Ethics and Standards of Professional Practice of the Appraisal Institute. The intended user) of this appraisal is the City of Bainbridge Island. The intended use of this appraisal is for a prospective acquisition.

The scope of the assignment will be to:

- Inspect the subject premises and comparable properties
- Sales comparison and income capitalization approaches to value
- USPAP compliant narrative appraisal report

The cost of the appraisal will be This fee is based on the scope and timing of our analysis as outlined in this letter. If the scope of analysis changes during the appraisal process, the change could alter the cost. At the stated fee you will receive an electronic copy of the report in PDF format. You may request up to two optional hard copies without additional charge by checking the box by the signature block. Additional hard copies will be available at nominal expense (billed at $75/hour for administrative staff's time), but it is helpful if we know of your copy requirements at the time we begin work on the project. It is our custom to accept a 50 percent retainer at the time we are authorized to proceed. Payment for our services is due no later than 30 days following delivery of the completed reports. Any past-due accounts bear interest at the rate of 1% per month.

Because of the nature of our business, it is difficult to quote a precise delivery date for the completed report. However, we anticipate delivery of the report will be made within five weeks from the date we receive from you a signed copy of this engagement letter authorizing us to proceed.

Either party may terminate this engagement for any reason upon written notification delivered any time prior to completion of the project. Upon such termination, you remain obligated to pay us promptly for all charges for services rendered to date, as well as for all charges incurred as a result of termination.

601 Union Street, Suite 4720 Seattle, WA 98101 T 206.205.0200 F 206.205.0220 kiddermathews.com

We do not anticipate that any disputes will arise out of our relationship with you. However, if any dispute should arise about our services or fees or any other aspect of our relationship, we and you agree to seek a fair negotiated resolution. If this is not successful, all disputes shall be resolved by binding arbitration in Seattle under the American Arbitration Association ("AAA") Commercial Arbitration Rules with Expedited Procedures in effect on the date hereof. The arbitrator may award attorneys' fees and costs to the prevailing party.

If you agree with these terms of engagement and wish us to proceed, please sign where indicated below and return the letter together with your check for representing the retainer.

Very truly yours,

KIDDER MATHEWS

Andrew T. Robinson, MAI
Senior Vice President

Check if two hard copy reports are required: ☐

ACCEPTED & AGREED this 12 day of December, 2018:

121218 Harrison Bainbridge Urgent Care/sh

Request for Information

In order to complete the proposed appraisal, we will require the following information. Please send the information to the address below or contact me to discuss other delivery arrangements. Please feel free to call if you have any questions.

1. Title report
2. ALTA survey
3. Prior appraisals (if available)
4. Architectural plans and specifications (as available)
5. Phase I
6. Leases
7. 2019 expense budget – real estate expenses only: real estate taxes, building insurance, HVAC, landscaping, etc.
8. Expense history (2015, 2016, 2017 and YTD 2018)
9. Any purchase and sale agreements, offers to purchase or listings within the past five years
10. Property contact
11. Recent or planned capital repairs
12. Any additional information you consider pertinent

Andy Robinson, MAI
Kidder Mathews
601 Union St., Suite 4720
Seattle, WA 98101
andyr@kiddermathews.com
206.205.0204

Appraiser's Experience Data

DRAFT

Andrew T. Robinson, MAI

Senior Vice President
Valuation Advisory Services

601 Union Street, Suite 4720
Seattle, WA 98101
T 206.205.0204
F 206.205.0220
andyr@kiddermathews.com

CAREER SUMMARY

- 1987 – Graduated from the University of Washington with a Bachelor of Arts degree in Business Administration – Finance
- 1990 – Began his appraisal career with Shorett & Riely under the tutelage of Keith Riely, MAI and Larry Shorett, MAI
- 1994 – Founded the Valuation and Appraisal Services division for Kidder Mathews with Peter Shorett, MAI
- 1996 – Awarded the MAI designation of the Appraisal Institute
- 1997 – Founded Terra Property Analytics
- 2006 – Returned to Kidder Mathews

LICENSES

- State of Washington Certified General Real Estate Appraiser (No. 1100592)
- State of Oregon Certified General Real Estate Appraiser (No. C000566)
- State of Idaho General Real Estate Appraiser (No. CGA-2143)
- State of California Certified General Real Estate Appraiser (No. AG044537)

APPRAISAL INSTITUTE

Has been active with the Seattle Chapter of the Appraisal Institute as Education Chair, Programs Chair, Board of Directors, Regional Representative and point person for the Retail segment of the annual Fall Conference.

EXPERIENCE

Appraisals have been prepared on a number of property types including retail properties of all types, apartments, condominiums, offices, medical offices, industrial, health science laboratories, hotels, golf courses, marinas, athletic clubs, ground leases, piers, master-planned developments and vacant land. Experience with partial interests, air rights, conservation and land use agreements and condemnation. Recognized as expert witness for appraisals in Washington with retail properties and development land in conjunction with bankruptcy, contract disputes, and tax appeals. Experienced arbitrator for market rent establishment. Appraisal experience in Washington, Oregon, California, Alaska, Idaho, Nevada and British Columbia, Canada.

DRAFT

Andrew T. Robinson, MAI continued

CLIENT LIST

CORPORATE

A. America Furniture
American Stores Properties, Inc.
Associated Petroleum Products
Bellevue Athletic Club
BIG Shopping Centers
Boeing Realty Corp.
Bunge Foods
Costco
DD Aerospace
Franciscan Health Services
Genetic Systems
Health Science Properties
Holmes Freight Lines
JCR Development Company
KCTS Channel Nine
Kimco
Kohl's
Lineage Logistics
Lonestar Industries, Inc.
Lowes Home Improvement
Olympic Property Group
Retail Properties of America
Ritchie Brothers Auctioneers
Rottler Manufacturing
Sabey Company
Seattle Times
Target
Union Pacific Realty Corp.
Universal Avionics
Walgreens
Western Power & Equipment
Vulcan

FINANCIAL

Aid Association for Lutherans
AIG Mortgage Finance
Allstate Insurance
American Express Financial Corp.
American National Bank
Bank of America
Bank of Nova Scotia
Banner Bank
BECU
CIBC World Markets
Citicorp Real Estate
Commerce Bank of Washington
First Alexander Hamilton Life Insurance
GE Financial Assurance
GMAC Commercial Mortgage
Guardian Life Insurance Company
Heritage Bank
HomeStreet Bank
Insignia Financial Corp.
JPMorgan Chase Bank
Key Bank
Manufacturers Life Insurance Co.
Merrill Lynch Mortgage Capital
Morgan Stanley Mortgage Capital
MUFG Union Bank
Nationwide Insurance Co.
New York Common Retirement Fund
Pacific Continental Bank
Peoples Bank
PNC National Bancorp
Prudential Insurance Company
Safeco Insurance
Security Mutual Life Insurance Co.
Skagit Bank
Sound Credit Union
Standard Mortgage Investors
Teachers Insurance & Annuity Assoc.
Transamerica Realty Services
United Presidential Life Insurance
US Bank
Washington Federal
Washington First International Bank
Washington Trust
Wells Fargo
Zions Bank

LEGAL

Barokas Martin Ahlers & Tomlinson
Beresford Booth Demaray & Trompeter
Culp, Guterson & Grader
Garvey Schubert Barer
Hacker & Willig, Inc., P.S.
Jamin, Ebell, Bolger & Gentry
Lane Powell Spears Lubersky
Ogden, Murphy Wallace
Slinde Nelson Stanford
Socius Law Group PLLC

MUNICIPAL

City of Burien
City of Maple Valley
City of Seattle
City of Yakima
Federal Deposit Insurance Corp.
Kent Public School District
King County Rural Library System
Port of Seattle
University of Washington
Washington State University

REALTY ADVISOR

AEW Realty Advisors
AMB Realty Advisors
American Life
Bentall Kennedy
Institutional Property Resources
Los Angeles County Employees Retirement System
Murphy Favre Properties
PM Realty Advisors
SSR Realty Advisors
Times Square Realty Investors
Washington Capital
Weingarten Realty Investors

DRAFT

STATE OF WASHINGTON

DEPARTMENT OF LICENSING – BUSINESS AND PROFESSIONS DIVISION

THIS CERTIFIES THAT THE PERSON OR BUSINESS NAMED BELOW IS AUTHORIZED AS A

CERTIFIED GENERAL REAL ESTATE APPRAISER

ANDREW T ROBINSON
601 UNION ST, STE 4720
SEATTLE WA 98101

COPY COPY COPY

1100592	05/12/1995	02/25/2019
License Number	Issued Date	Expiration Date

Pat Kohler

Pat Kohler, Director

PL-630-159 (R/3/16)

CITY OF BAINBRIDGE ISLAND

City Council Regular Business Meeting Agenda Bill

MEETING DATE: March 26, 2019 **ESTIMATED TIME:** 10 Minutes

AGENDA ITEM: (8:10 PM) Amendment to Rescind the Interlocal Agreement With Kitsap Public Utility District for Community WiFi - Executive,

STRATEGIC PRIORITY: Good Governance

PRIORITY BASED BUDGETING PROGRAM:

AGENDA CATEGORY: Interlocal Agreement **PROPOSED BY:** Executive

RECOMMENDED MOTION:

I move to forward Amendment No. 1 to the Interlocal Agreement with Public Utility District No. 1 of Kitsap County as presented for approval with the April 9, 2019 Consent Agenda.

SUMMARY:

On September 25, 2018, the Council authorized the City Manager to execute an ILA with KPUD for the transfer of a public WiFi system. The ILA was executed on October 9, 2018. Following the execution of this agreement, it has become evident that the City lacks the resources to successfully operate the WiFi system. On March 26, 2019, the City Council is asked to consider approval of an Amendment No. 1 to the ILA, which would rescind the ILA before a transfer of the WiFi system to the City occurs.

FISCAL IMPACT:

Amount:	
Ongoing Cost:	
One-Time Cost:	
Included in Current Budget?	

BACKGROUND:

In 2013, Kitsap County Public Utility District No. 1 ("KPUD") installed a public WiFi system within the downtown core area (the "System"). The System provides a free public internet connection to areas in proximity of Winslow Way and parts of Madison Avenue. At the time the system was created, it was intended that the System ownership and operation would eventually transfer to the Bainbridge Island Chamber of Commerce.

However, the Chamber of Commerce has confirmed that they are not able to accept this responsibility as originally planned.

On September 11, 2018, the City Council considered an Interlocal Agreement ("ILA") with KPUD under which the System would be transferred from KPUD to the City and the City would take over responsibility for the operation and maintenance of the System. On September 25, 2018, the Council authorized the City Manager to execute the ILA with KPUD, and the ILA was executed on October 9, 2018.

Following execution of the ILA, it became evident that the City does not have the capacity to successfully operate the System going forward. The System consists of 22 Mesh Wireless System Assets (the "Equipment") located throughout the downtown core. The Equipment is out of date and no longer covered under warranty. The location of each component of the Equipment is authorized under the term of a separate license or easement agreement, and so each separate agreement would need to be renegotiated. In addition, KPUD has reported that the City can expect 1-2 illegal downloads each month from the System that the City would need to address. After evaluating the System, and following further review of the legal issues and complexity of the physical equipment and locations, City staff have concluded that City ownership and management of this system would entail significant staff resources with limited benefit to the general public.

KPUD staff have been supportive during the City's reconsideration of this agreement, and have helped to provide background information and details of KPUD's experience with the System. Once the City indicated that it planned to propose to rescind the agreement, KPUD began to proactively provide information to the community regarding the prospect that the System would be removed. Throughout March, KPUD has been providing notice to users of the System that KPUD will power down the System as of April 1, 2019, and will proceed to remove the equipment beginning May 1, 2019. For more information, see the Notice of Discontinuation from Bob Hunter, KPUD General Manager.

ATTACHMENTS:

Notice of Discontinuation from Bob Hunter, KPUD General Manager

Amendment No. 1 to COBI-KPUD WIFI ILA

COBI-KPUD WIFI ILA (Executed 10-9-18)

FISCAL DETAILS:

Fund Name(s):

Coding:

KPUD
CONNECTING KITSAP

Kitsap PUD
1431 Finn Hill Road
PO Box 1989
Poulsbo, WA 98370
360.779.7656
Fax 360.779.3284

February 25, 2019

FEB 26 '19 PM 3:48

Morgan Smith
City Manager
City of Bainbridge Island
280 Madison Avenue North
Bainbridge Island, WA 98110

Kitsap PUD Downtown Wi-Fi project – Notice of Discontinuation

Dear Ms. Smith,

Kitsap PUD began a wireless mesh pilot project in downtown Bainbridge Island over four years ago. The project was designed to provide internet access to individuals using the downtown Winslow area on a transient basis, while Kitsap PUD evaluated the model. The project originally was designed to have a community organization manage the system and use the landing page to encourage business in Winslow. We have completed our evaluation and are ready to end the project.

As you are aware, Kitsap PUD had planned on transitioning the equipment, through an Interlocal Agreement (ILA), to the City of Bainbridge to manage instead of decommissioning the system. We understand that the City is no longer able to support the operations and maintenance of the system and has requested that we rescind the executed ILA. Therefore, Kitsap PUD will begin the process of decommissioning the network. We will power down the network as of April 1st, 2019, with removal of equipment to begin after May 1st.

Thank you for your support during this project and providing space on City owner building roof tops. We did learn a great deal about the equipment capabilities, costs of operations and usage during this time. We will coordinate with the appropriate personnel the removal of these devices.

Sincerely,

Bob Hunter
General Manager
Kitsap Public Utility District

CC: Mayor Kol Medina, City of Bainbridge Island

AMENDMENT NO. 1 TO THE INTERLOCAL AGREEMENT BETWEEN PUBLIC UTILITY DISTRICT NO. 1 OF KITSAP COUNTY AND THE CITY OF BAINBRIDGE ISLAND FOR TRANSFER OF WIFI NETWORK

1. **Parties**. This Amendment No. 1 ("Amendment") to the Interlocal Agreement ("Agreement") is made and entered into by and between the City of Bainbridge Island ("COBI") and Public Utility District No. 1 of Kitsap County ("PUD"). Both of these parties are municipal corporations organized under the laws of the State of Washington.

2. **Purpose of Amendment**. Following execution of the Agreement, COBI has determined that it is not able to support the operations and maintenance of the WiFi network located in downtown Winslow (the "System"). The purpose of this Amendment is to terminate the Agreement such that no transfer by PUD of the System to COBI occurs.

3. **Termination**. The Agreement is hereby terminated immediately upon the execution of this Amendment. PUD shall retain ownership of the System and COBI shall not take ownership of, operate, or maintain the System.

4. **Effect of Amendment**. To the extent that any provision of the Agreement conflicts with the provisions of this Amendment, this Amendment shall govern and control.

IN WITNESS WHEREOF, the parties have executed this Amendment as of the later of the signature dates included below.

CITY OF BAINBRIDGE ISLAND	**PUBLIC UTILITY DISTRICT NO. 1 OF KITSAP COUNTY**
Date:_____	Date:_____
By:_____	By:_____
Morgan Smith, City Manager	Debra Lester President, Board of Commissioners
	ATTEST: _____ Clerk for Board of Commissioners

INTERLOCAL AGREEMENT BETWEEN PUBLIC UTILITY DISTRICT NO. 1 OF KITSAP COUNTY AND THE CITY OF BAINBRIDGE ISLAND FOR TRANSFER OF WIFI NETWORK

1. **Parties.** This interlocal agreement ("Agreement") is made and entered into by and between the City of Bainbridge Island ("COBI") and Public Utility District No. 1 of Kitsap County ("PUD"). Both of these parties are municipal corporations organized under the laws of the State of Washington and make this Agreement pursuant to the Interlocal Cooperation Act, Chapter 39.34 RCW.

2. **Purpose of Agreement.** This Agreement provides for transfer by PUD of its WiFi network in downtown Winslow to COBI.

3. **Description of the System.** The PUD's WiFi network in downtown Winslow (the "System") consists of a mesh wireless network and wireless access points that provide the public with access to the WiFi network and then to the internet. **Exhibit A** to this Agreement contains a list of system assets. Some of those assets are mounted on buildings owned by private landowners and are allowed by leases or licenses.

4. **COBI Responsibilities**. COBI shall take ownership of the System and agrees to operate and maintain the System for as long as COBI, in its sole discretion, decides that the System has value to the public that exceeds its cost of operation. COBI also agrees to obtain the consent of lessors and licensors to allow the assignment from PUD to COBI of the right to mount System assets on buildings owned by private landowners.

5. **PUD Responsibilities**. PUD agrees that it will transfer the System to COBI by bill of sale and provide all documents in its possession on the assets being transferred. PUD will also provide records of all easements and licenses related to the placement of System assets. PUD will provide a connection from the new COBI controller to the root access points. The bill of sale will transfer the System and related assets under the following warranties and terms:

    A. PUD is the lawful owner of the System, has the good right and authority to convey the System to COBI, and will defend the title of COBI to the System against the claims and demands of all persons;
    B. At the time that the System is transferred to COBI, the System is in proper working condition, order, and repair; and
    C. The System is free from all liens and encumbrances.

6. **Indemnification.** COBI agrees to hold harmless PUD from any and all claims which may be made arising out of or related to COBI's operation of the System after the transfer.

7. **Insurance.** COBI agrees to have in full force and affect any and all insurance policies (or other forms of casualty and liability coverage) as necessary for the System after its transfer.

8. **Jurisdiction and Venue.** This Agreement is governed by the laws of the State of Washington. Venue for any legal action arising from a dispute under this contract is in the Superior Court for Kitsap County, Washington.

9. **Non-Discrimination.** Parties shall not discriminate in any manner related to this Agreement on the basis of race, color, national origin, sex, sexual orientation, religion, age, marital status, or disability in employment of the provision of services.

10. **Severability**. If any provision of the Agreement shall be held invalid, the remainder of this Agreement shall not be affected thereby if such remainder would then continue to serve the purposes and objectives of all parties.

11. **Entire Agreement.** This Agreement, including **Exhibit A**, constitutes the entire agreement between Parties. Any modifications or amendments to this Agreement shall be in writing and shall be signed by each party.

12. **Compliance with RCW 39.34.040.** Pursuant to RCW 39.34.040, this Agreement shall be filed with the Kitsap County Auditor.

13. **No Separate Entity.** It is not contemplated that, as a result of this Agreement, any property, real or personal, will be jointly acquired by the parties to this Agreement. This Agreement does not establish or create a separate fund or legal entity. Neither party is authorized to bind the other to any contract or obligation. Each party to this Agreement shall be responsible for its own budgeting.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the later of the signature dates included below.

CITY OF BAINBRIDGE ISLAND

Date: 09/26/2018

By: _____

~~Douglas Schulze~~ Ellen Schroer
Acting City Manager

PUBLIC UTILITY DISTRICT NO. 1 OF KITSAP COUNTY

Date: 9/9/18

By: _____

President
Board of Commissioners

ATTEST:

_____
Clerk for Board of Commissioners

Exhibit A

Kitsap PUD - Downtown Winslow - Mesh Wireless System Assets

	Device Name	Description	Model
1	Winslow TAC Sign	Winslow Town and Country Sign	zf7782
2	Winslow SPArch	Winslow Sean Parker Architects	zf7782
3	Winslow Performing Arts	Winslow Performing Arts	zf7782
4	Winslow Pavilion South	Winslow Pavilion South	zf7782
5	Winslow Pavilion North	Winslow Pavilion North	zf7782
6	Winslow Mall West	North West Corner Winslow Mall	zf7782
7	Winslow Mall South	Winslow Mall South End	zf7782
8	Winslow Mall East	North East Corner Winslow Mall	zf7782
9	Winslow KiDiMu	Winslow Kids Discovery Museum	zf7782
10	Winslow Island Fitness	Winslow Island Fitness	zf7782
11	Winslow Is Gateway	Winslow Bainbridge Island Gateway	zf7782
12	Winslow Green West	Winslow Green West	zf7782
13	Winslow Green North	Winslow Green North	zf7782
14	Winslow COC South	Winslow COC South	zf7782
15	Winslow COC North	Winslow COC North	zf7782
16	Winslow City Hall Tower	Winslow City Hall Tower	zf7782
17	Winslow BHRE	Winslow Bainbridge Homes Real Estate	zf7782
18	Winslow BHM East	Winslow Bainbridge Historical Museum E	zf7782
19	Winslow BHM	Bainbridge Historical Museum W	zf7782
20	Winslow Barber Shop	Winslow Sandy's Barber Shop	zf7782
21	Winslow Bainbridge Police Station	Bainbridge PD AP	zf7782
22	Winslow Bainbridge Electric	Bainbridge Electric AP	zf7782

City Council Regular Business Meeting Agenda Bill

MEETING DATE: March 26, 2019 **ESTIMATED TIME:** 15 Minutes

AGENDA ITEM: (8:20 PM) Resolution No. 2019-14, Supporting the Green New Deal - Councilmember Tirman,

STRATEGIC PRIORITY: Green, Well-Planned Community

PRIORITY BASED BUDGETING PROGRAM:

AGENDA CATEGORY: Resolution **PROPOSED BY:** Executive

RECOMMENDED MOTION:

I move to forward Resolution No. 2019-14 for approval with the April 9, 2019 Consent Agenda.

SUMMARY:

Consideration of Resolution No. 2019-14, which proposes to voice support for the Green New Deal brought forward by Rep. Ocasio-Cortez and Sen. Markey.

FISCAL IMPACT:

Amount:	
Ongoing Cost:	
One-Time Cost:	
Included in Current Budget?	

BACKGROUND:

On March 5, 2019, the City Council first discussed a resolution relating to the Green New Deal and forwarded consideration of the resolution to the March 26, 2019 Unfinished Business Agenda.

ATTACHMENTS:

Resolution No. 2019-14 Supporting Green New Deal

FISCAL DETAILS:

Fund Name(s):

Coding:

RESOLUTION NO. 2019-14

A RESOLUTION of the City of Bainbridge Island, Washington, supporting Rep. Ocasio-Cortez and Sen. Markey's resolution to recognize the responsibility of the Federal Government to create a Green New Deal and to recognize that local environmental and social organizations such as Climate Action Bainbridge and Indivisible Bainbridge urge its passage.

WHEREAS, an Intergovernmental Panel on Climate Change report, dated October 2018, and the National Climate Assessment, dated November 2018, found that climate change is causing extreme weather events that threaten lives and infrastructure, climate change at or above two degrees Celsius will cause trillions of dollars in economic losses from wildfire, severe storm and sea level rise, and damage to national infrastructure, and that climate change will lead to mass migrations and threaten our national security; and

WHEREAS, human activity in the United States has been a leading cause of climate change, and the United States has the ability and obligation to lead in reversing the cataclysmic impacts of climate change; and

WHEREAS, presently the environmental, health, and social costs of carbon emissions are not included in prices for fossil fuels, but rather these externalized costs are borne directly and indirectly by all Americans and global citizens, and in passing Resolution 2017-04, the Council affirmed its support for the U.S. Congress to craft legislation to price carbon since a rising price on carbon will be an important element of addressing climate change; and

WHEREAS, people in the United States, especially women and people of color, are experiencing shorter lives because of lifetime exposure to polluted water, air, and soil; and

WHEREAS, stagnating wages and severe income inequality cannot be overcome because of increasingly expensive education, housing, and transportation; and

WHEREAS, the New Deal policies during the Great Depression contributed to the emergence of a strong middle class after the massive investment of taxpayer dollars and federal borrowing that were needed to mobilize our country's economy.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF BAINBRIDGE ISLAND DOES RESOLVE AS FOLLOWS:

Section 1. That the Federal Government should take immediate action to prevent the worst effects of climate change by adopting a ten-year mobilization effort to:

a) Encourage investment in renewable energy sources to generate electricity and discourage investment in fossil fuels for energy production, with the goal of achieving net-zero greenhouse gas emissions by 2030; and
b) Improve public transportation infrastructure to encourage sustainable transportation efforts, thereby reducing pollution; and
c) Encourage research and investment in battery technology for electric cars, in new technologies to remove and sequester CO_2 and other greenhouse gases from the atmosphere, in recycling, in solar, wind, and tidal energy production, and in new energy technologies.

Section 2. That, with the intent to close the income inequality gap and to prepare U.S. citizens for living wage jobs enabling them to live in affordable and safe housing, the Federal Government efforts to prevent the worst effects of climate change shall:

a) Be developed with the publicly transparent cooperation and consent of the affected communities; and
b) Focus on rural and urban communities that have been historically under-served and marginalized; and
c) Create sustainable and living wage jobs with family and medical leave, universal health care, paid time off, and retirement security; and
d) Hire from within the affected polluted and carbon dependent communities to restore ecosystems, clean up hazardous waste, upgrade existing buildings for energy efficiency, and build the green infrastructure required to power the U.S. economy for the next century.

Section 3. The City Council publicly endorses the Green New Deal and H.R. 763, the Energy Innovation and Carbon Dividend Act. The Energy Innovation and Carbon Dividend Act of 2019, H.R. 763, specifies that, in order to protect low and middle income citizens from the economic impact of rising prices due to a price on carbon, equal monthly per-person dividend payments shall be made to all American households (½ payment per child under 19 years old) each month from the fossil fuel fees collected. The total value of all monthly dividend payments shall represent 100% of the net carbon fees collected per month. The Council encourages the Washington State Congressional Delegation to respectively co-sponsor and publicly support H.R. 763 and the Green New Deal.

Section 4. The City Council urges all voters on Bainbridge Island and throughout Washington State to encourage their federal elected officials to support H.R. 763 and the Green New Deal.

PASSED by the City Council this ___ day of _____, 2019.

APPROVED by the Mayor this ___ day of _____, 2019.

By: _____
Kol Medina, Mayor

ATTEST/AUTHENTICATE:

By: _____
Christine Brown, CMC, City Clerk

FILED WITH THE CITY CLERK: March 15, 2019
PASSED BY THE CITY COUNCIL: _____, 2019
RESOLUTION NO. 2019-14

CITY OF BAINBRIDGE ISLAND

City Council Regular Business Meeting Agenda Bill

MEETING DATE: March 26, 2019 **ESTIMATED TIME:** 10 Minutes

AGENDA ITEM: (8:35 PM) Olympic Drive Non-Motorized Improvements Project Professional Services Agreement with Exeltech Consulting for Support Services - Public Works,

STRATEGIC PRIORITY: Reliable Infrastructure and Connected Mobility

PRIORITY BASED BUDGETING PROGRAM:

AGENDA CATEGORY: Contract **PROPOSED BY:** Public Works

RECOMMENDED MOTION:

I move to approve the Professional Services Agreement with Exeltech Consulting Inc. in the amount of $105,653.00 for Olympic Drive Non-Motorized Improvements Project support services.

SUMMARY:

The WSDOT Local Agency Agreement (LAA) for the Olympic Drive Non-Motorized Improvements Project requires the City to obtain construction administration/inspector support services for the project. Requests for qualifications for construction administration/inspector construction support services (with federal funding experience) were advertised in January 2019. City staff reviewed the requests for qualifications received from the solicitation and determined that Exeltech Consulting Inc. is the most qualified consultant to perform the requested services.

FISCAL IMPACT:

Amount:	$105,653.00
Ongoing Cost:	
One-Time Cost:	$105,653.00
Included in Current Budget?	Yes

BACKGROUND:

The WSDOT Local Agency Agreement (LAA) for the Olympic Drive Non-Motorized Improvements Project requires the City to obtain construction administration/inspector support services for the project, including:

- Knowledge and use of regulations and processes for Federal and State funding and Local Agency Guidelines (LAG) requirements during construction.
- Working knowledge of WSDOT's Standard Specifications for Road, Bridge, and Municipal Construction and materials manual 2018 Edition.
- Knowledge to perform submittal review, approvals, auditing and quality assurance.
- Ability to assemble progress estimates and payment documentation and prevailing wage requirements.
- Knowledge of equal opportunity requirements (DBE).
- Knowledge of material and workmanship acceptance.
- Knowledge of environmental regulations.
- Knowledge and application of traffic control requirements.

Requests for qualifications for construction administration/inspector construction support services (with federal funding experience) were advertised in January 2019. Statements of qualifications were received on February 22, 2019. On March 12, 2019, the Council discussed the need for this professional services agreement and forwarded consideration of this item to the March 26, 2019 Council Meeting. City staff have determined that Exeltech Consulting Inc. is the most qualified consultant to perform the requested services.

ATTACHMENTS:

Professional Services Agreement with Exeltech Consulting, Inc.

FISCAL DETAILS:

Local Funds for MUNIS Project #00596. Costs are variable and not able to be predicted at this time.

Fund Name(s): Capital Construction Fund

Coding:

Local Agency A&E Professional Services Cost Plus Fixed Fee Consultant Agreement

Agreement Number:

Firm/Organization Legal Name (do not use dba's): Exeltech Consulting Inc.	
Address 2127 5th Avenue, Seattle WA 98121	Federal Aid Number TAP 0305-021
UBI Number 601-266-522	Federal TIN or SSN Number
Execution Date	Completion Date
1099 Form Required ☐ Yes ☐ No	Federal Participation ☐ Yes ☐ No
Project Title Olympic Drive NM Improvements	
Description of Work The consultant will inspect on-site construction methods, products, materials, and activities for conformance with the project plans, specifications, Contract documents, submittals and applicable codes and design standards with the ROM. Any non- conformances, deviations, defects or deficiencies observed will be documented and communicated to the City of Bainbridge. (see attached scope descriptions)	
☐ Yes ☑ No DBE Participation ☐ Yes ☐ No MBE Participation ☐ Yes ☐ No WBE Participation ☐ Yes ☐ No SBE Participation	Total Amount Authorized: $105,653.00 Management Reserve Fund: Maximum Amount Payable:

Index of Exhibits

Exhibit A Scope of Work
Exhibit B DBE Participation
Exhibit C Preparation and Delivery of Electronic Engineering and Other Data
Exhibit D Prime Consultant Cost Computations
Exhibit E Sub-consultant Cost Computations
Exhibit F Title VI Assurances
Exhibit G Certification Documents
Exhibit H Liability Insurance Increase
Exhibit I Alleged Consultant Design Error Procedures
Exhibit J Consultant Claim Procedures

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Agreement Number:

THIS AGREEMENT, made and entered into as shown in the "Execution Date" box on page one (1) of this AGREEMENT, between the
hereinafter called the "AGENCY," and the "Firm / Organization Name" referenced on page one (1) of this AGREEMENT, hereinafter called the "CONSULTANT."

WHEREAS, the AGENCY desires to accomplish the work referenced in "Description of Work" on page one (1) of this AGREEMENT and hereafter called the "SERVICES;" and does not have sufficient staff to meet the required commitment and therefore deems it advisable and desirable to engage the assistance of a CONSULTANT to provide the necessary SERVICES; and

WHEREAS, the CONSULTANT represents that they comply with the Washington State Statutes relating to professional registration, if applicable, and has signified a willingness to furnish consulting services to the AGENCY.

NOW, THEREFORE, in consideration of the terms, conditions, covenants, and performance contained herein, or attached and incorporated and made a part hereof, the parties hereto agree as follows:

I. General Description of Work

The work under this AGREEMENT shall consist of the above-described SERVICES as herein defined, and necessary to accomplish the completed work for this project. The CONSULTANT shall furnish all services, labor, and related equipment and, if applicable, sub-consultants and subcontractors necessary to conduct and complete the SERVICES as designated elsewhere in this AGREEMENT.

II. General Scope of Work

The Scope of Work and projected level of effort required for these SERVICES is described in Exhibit "A" attached hereto and by this reference made a part of this AGREEMENT. The General Scope of Work was developed utilizing performance based contracting methodologies.

III. General Requirements

All aspects of coordination of the work of this AGREEMENT with outside agencies, groups, or individuals shall receive advance approval by the AGENCY. Necessary contacts and meetings with agencies, groups, and/or individuals shall be coordinated through the AGENCY. The CONSULTANT shall attend coordination, progress, and presentation meetings with the AGENCY and/or such State, Federal, Community, City, or County officials, groups or individuals as may be requested by the AGENCY. The AGENCY will provide the CONSULTANT sufficient notice prior to meetings requiring CONSULTANT participation. The minimum required hours or days' notice shall be agreed to between the AGENCY and the CONSULTANT and shown in Exhibit "A."

The CONSULTANT shall prepare a monthly progress report, in a form approved by the AGENCY, which will outline in written and graphical form the various phases and the order of performance of the SERVICES in sufficient detail so that the progress of the SERVICES can easily be evaluated.

The CONSULTANT, any sub-consultants, and the AGENCY shall comply with all Federal, State, and local laws, rules, codes, regulations, and all AGENCY policies and directives, applicable to the work to be performed under this AGREEMENT. This AGREEMENT shall be interpreted and construed in accordance with the laws of the State of Washington.

Participation for Disadvantaged Business Enterprises (DBE) or Small Business Enterprises (SBE), if required, per 49 CFR Part 26, shall be shown on the heading of this AGREEMENT. If DBE firms are utilized at the commencement of this AGREEMENT, the amounts authorized to each firm and their certification number will be shown on Exhibit "B" attached hereto and by this reference made part of this AGREEMENT. If the Prime CONSULTANT is a DBE certified firm they must comply with the Commercial Useful Function (CUF) regulation outlined in the AGENCY's "DBE Program Participation Plan" and perform a minimum of 30% of the total amount of this AGREEMENT. It is recommended, but not required, that non-DBE Prime CONSULTANTS perform a minimum of 30% of the total amount of this AGREEMENT.

The CONSULTANT, on a monthly basis, is required to submit DBE Participation of the amounts paid to all DBE firms invoiced for this AGREEMENT.

All Reports, PS&E materials, and other data furnished to the CONSULTANT by the AGENCY shall be returned. All electronic files, prepared by the CONSULTANT, must meet the requirements as outlined in Exhibit "C – Preparation and Delivery of Electronic Engineering and other Data."

All designs, drawings, specifications, documents, and other work products, including all electronic files, prepared by the CONSULTANT prior to completion or termination of this AGREEMENT are instruments of service for these SERVICES, and are the property of the AGENCY. Reuse by the AGENCY or by others, acting through or on behalf of the AGENCY of any such instruments of service, not occurring as a part of this SERVICE, shall be without liability or legal exposure to the CONSULTANT.

Any and all notices or requests required under this AGREEMENT shall be made in writing and sent to the other party by (i) certified mail, return receipt requested, or (ii) by email or facsimile, to the address set forth below:

If to AGENCY:
Name: Patricia Jenkins
Agency: City of Bainbridge
Address: 280 Madison Ave N
City: Bainbridge Island State: WA Zip: 98110
Email: pjenkins@bainbridgewa.gov
Phone: 206-780-3746
Facsimile:

If to CONSULTANT:
Name: Santosh Kuruvilla
Agency: Exeltech Consulting Inc.
Address: 2127 5th Ave
City: Seattle State: WA Zip: 98121
Email: santosh@xltech.com
Phone: 206-713-1241
Facsimile:

IV. Time for Beginning and Completion

The CONSULTANT shall not begin any work under the terms of this AGREEMENT until authorized in writing by the AGENCY. All work under this AGREEMENT shall be completed by the date shown in the heading of this AGREEMENT titled "Completion Date."

The established completion time shall not be extended because of any delays attributable to the CONSULTANT, but may be extended by the AGENCY in the event of a delay attributable to the AGENCY, or because of unavoidable delays caused by an act of GOD, governmental actions, or other conditions beyond the control of the CONSULTANT. A prior supplemental AGREEMENT issued by the AGENCY is required to extend the established completion time.

V. Payment Provisions

The CONSULTANT shall be paid by the AGENCY for completed SERVICES rendered under this AGREEMENT as provided hereinafter. Such payment shall be full compensation for SERVICES performed or SERVICES rendered and for all labor, materials, supplies, equipment, and incidentals necessary to complete SERVICES, specified in Section II, "Scope of Work". The CONSULTANT shall conform to all applicable portions of 48 CFR Part 31 (www.ecfr.gov). The estimate in support of the Cost Plus Fixed Fee amount is attached hereto as Exhibits "D" and "E" and by this reference made part of this AGREEMENT.

A. Actual Costs: Payment for all consulting services for this PROJECT shall be on the basis of the CONSULTANT'S actual cost plus a fixed fee. The actual cost shall include direct salary cost, indirect cost rate, and direct non-salary costs.

1. Direct (RAW) Labor Costs: The Direct (RAW) Labor Cost is the direct salary paid to principals, professional, technical, and clerical personnel for the time they are productively engaged in work necessary to fulfill the terms of this AGREEMENT. The CONSULTANT shall maintain support data to verify the direct salary costs billed to the AGENCY.

2. Indirect Cost Rate (ICR) Costs: ICR Costs are those costs, other than direct costs, which are included as such on the books of the CONSULTANT in the normal everyday keeping of its books. Progress payments shall be made at the ICR rates shown in attached Exhibits "D" and "E" of this AGREEMENT. Total ICR payment shall be based on Actual Costs. The AGENCY agrees to reimburse the CONSULTANT the actual ICR costs verified by audit, up to the Maximum Total Amount Payable, authorized under this AGREEMENT, when accumulated with all other Actual Costs.

   A summary of the CONSULTANT'S cost estimate and the ICR percentage is shown in Exhibits "D" and "E", attached hereto and by this reference made part of this AGREEMENT. The CONSULTANT (prime and all sub-consultants) will submit to the AGENCY within six (6) months after the end of each firm's fiscal year, an ICR schedule in the format required by the AGENCY (cost category, dollar expenditures, etc.) for the purpose of adjusting the ICR rate for billings received and paid during the fiscal year represented by the ICR schedule. It shall also be used for the computation of progress payments during the following year and for retroactively adjusting the previous year's ICR cost to reflect the actual rate. The ICR schedule will be sent to Email: ConsultantRates@wsdot.wa.gov.

   Failure to supply this information by either the prime CONSULTANT or any of their sub-consultants shall cause the AGENCY to withhold payment of the billed ICR costs until such time as the required information is received and an overhead rate for billing purposes is approved.

   The AGENCY's Project Manager and/or the Federal Government may perform an audit of the CONSULTANT'S books and records at any time during regular business hours to determine the actual ICR rate, if they so desire.

3. Direct Non-Salary Costs: Direct Non-Salary Costs will be reimbursed at the Actual Cost to the CONSULTANT. These charges may include, but are not limited to, the following items: travel, printing, long distance telephone, supplies, computer charges and fees of sub-consultants. Air or train travel will be reimbursed only to economy class levels unless otherwise approved by the AGENCY. The CONSULTANT shall comply with the rules and regulations regarding travel costs (excluding air, train, and rental car costs) in accordance with WSDOT's Accounting Manual M 13-82, Chapter 10 – Travel Rules and Procedures, and revisions thereto. Air, train, and rental car costs shall be reimbursed in accordance with 48 Code of Federal Regulations (CFR) Part 31.205-46 "Travel Costs." The billing for Direct Non-Salary Costs shall include an itemized listing of the charges directly identifiable with the PROJECT. The CONSULTANT shall maintain the original supporting documents in their office. Copies of the original supporting documents shall be supplied to the AGENCY upon request. All above charges must be necessary for the services provided under this AGREEMENT.

4. Fixed Fee: The Fixed Fee, which represents the CONSULTANT'S profit, is shown in attached Exhibits "D" and "E" of this AGREEMENT. This fee is based on the Scope of Work defined in this AGREEMENT and the estimated person-hours required to perform the stated Scope of Work. In the event the CONSULTANT enters into a supplemental AGREEMENT for additional work, the supplemental AGREEMENT may include provisions for the added costs and an appropriate additional fee. The Fixed Fee will be prorated and paid monthly in proportion to the percentage of work completed by the CONSULTANT and reported in the Monthly Progress Reports accompanying the billings. Any portion of the Fixed Fee earned but not previously paid in the progress payments will be covered in the final payment, subject to the provisions of Section IX entitled "Termination of Agreement."
5. Management Reserve Fund (MRF): The AGENCY may desire to establish MRF to provide the Agreement Administrator with the flexibility to authorize additional funds to the AGREEMENT for allowable unforeseen costs, or reimbursing the CONSULTANT for additional work beyond that already defined in this AGREEMENT. Such authorization(s) shall be in writing and shall not exceed the lesser of $100,000 or 10% of the Total Amount Authorized as shown in the heading of this AGREEMENT. The amount included for the MRF is shown in the heading of this AGREEMENT. This fund may not be replenished. Any changes requiring additional costs in excess of the MRF shall be made in accordance with Section XIII, "Extra Work."
6. Maximum Total Amount Payable: The Maximum Total Amount Payable by the AGENCY to the CONSULTANT under this AGREEMENT shall not exceed the amount shown in the heading of this AGREEMENT. The Maximum Total Amount Payable is comprised of the Total Amount Authorized, and the MRF. The Maximum Total Amount Payable does not include payment for Extra Work as stipulated in Section XIII, "Extra Work." No minimum amount payable is guaranteed under this AGREEMENT.

B. Monthly Progress Payments: The CONSULTANT may submit billings to the AGENCY for reimbursement of Actual Costs plus the ICR and calculated fee on a monthly basis during the progress of the work. Such billings shall be in a format approved by the AGENCY and accompanied by the monthly progress reports required under Section III, "General Requirements" of this AGREEMENT. The billings will be supported by an itemized listing for each item including Direct (RAW) Labor, Direct Non-Salary, and allowable ICR Costs to which will be added the prorated Fixed Fee. To provide a means of verifying the billed Direct (RAW) Labor costs for CONSULTANT employees, the AGENCY may conduct employee interviews. These interviews may consist of recording the names, titles, Direct (RAW) Labor rates, and present duties of those employees performing work on the PROJECT at the time of the interview.

C. Final Payment: Final Payment of any balance due the CONSULTANT of the gross amount earned will be made promptly upon its verification by the AGENCY after the completion of the work under this AGREEMENT, contingent, if applicable, upon receipt of all PS&E, plans, maps, notes, reports, electronic data and other related documents which are required to be furnished under this AGREEMENT. Acceptance of such Final Payment by the CONSULTANT shall constitute a release of all claims for payment, which the CONSULTANT may have against the AGENCY unless such claims are specifically reserved in writing and transmitted to the AGENCY by the CONSULTANT prior to its acceptance. Said Final Payment shall not, however, be a bar to any claims that the AGENCY may have against the CONSULTANT or to any remedies the AGENCY may pursue with respect to such claims.

The payment of any billing will not constitute agreement as to the appropriateness of any item and at the time of final audit; all required adjustments will be made and reflected in a final payment. In the event that such final audit reveals an overpayment to the CONSULTANT, the CONSULTANT will refund such overpayment to the AGENCY within thirty (30) calendar days of notice of the overpayment. Such refund shall not constitute a waiver by the CONSULTANT for any claims relating to the validity of a finding by the AGENCY of overpayment. The CONSULTANT has twenty (20) working days after receipt of the final POST AUDIT to begin the appeal process to the AGENCY for audit findings.

D. Inspection of Cost Records: The CONSULTANT and their sub-consultants shall keep available for inspection by representatives of the AGENCY and the United States, for a period of six (6) years after receipt of final payment, the cost records and accounts pertaining to this AGREEMENT and all items related to or bearing upon these records with the following exception: if any litigation, claim or audit arising out of, in connection with, or related to this AGREEMENT is initiated before the expiration of the six (6) year period, the cost records and accounts shall be retained until such litigation, claim, or audit involving the records is completed.

An interim or post audit may be performed on this AGREEMENT. The audit, if any, will be performed by the State Auditor, WSDOT's Internal Audit Office and/or at the request of the AGENCY's Project Manager.

VI. Sub-Contracting

The AGENCY permits subcontracts for those items of SERVICES as shown in Exhibit "A" attached hereto and by this reference made part of this AGREEMENT.

The CONSULTANT shall not subcontract for the performance of any SERVICE under this AGREEMENT without prior written permission of the AGENCY. No permission for subcontracting shall create, between the AGENCY and sub-consultant, any contract or any other relationship.

Compensation for this sub-consultant SERVICES shall be based on the cost factors shown on Exhibit "E" attached hereto and by this reference made part of this AGREEMENT.

The SERVICES of the sub-consultant shall not exceed its maximum amount payable identified in each sub-consultant cost estimate unless a prior written approval has been issued by the AGENCY.

All reimbursable direct labor, indirect cost rate, direct non-salary costs and fixed fee costs for the sub-consultant shall be negotiated and substantiated in accordance with section V "Payment Provisions" herein and shall be memorialized in a final written acknowledgement between the parties.

All subcontracts shall contain all applicable provisions of this AGREEMENT, and the CONSULTANT shall require each sub-consultant or subcontractor, of any tier, to abide by the terms and conditions of this AGREEMENT. With respect to sub-consultant payment, the CONSULTANT shall comply with all applicable sections of the STATE's Prompt Payment laws as set forth in RCW 39.04.250 and RCW 39.76.011.

The CONSULTANT, sub-recipient, or sub-consultant shall not discriminate on the basis of race, color, national origin, or sex in the performance of this AGREEMENT. The CONSULTANT shall carry out applicable requirements of 49 CFR Part 26 in the award and administration of DOT-assisted contracts. Failure by the CONSULTANT to carry out these requirements is a material breach of this AGREEMENT, which may result in the termination of this AGREEMENT or such other remedy as the recipient deems appropriate.

VII. Employment and Organizational Conflict of Interest

The CONSULTANT warrants that they have not employed or retained any company or person, other than a bona fide employee working solely for the CONSULTANT, to solicit or secure this contract, and that it has not paid or agreed to pay any company or person, other than a bona fide employee working solely for the CONSULTANT, any fee, commission, percentage, brokerage fee, gift, or any other consideration, contingent upon or resulting from the award or making of this contract. For breach or violation of this warrant, the AGENCY shall have the right to annul this AGREEMENT without liability or, in its discretion, to deduct from this AGREEMENT price or consideration or otherwise recover the full amount of such fee, commission, percentage, brokerage fee, gift, or contingent fee.

Any and all employees of the CONSULTANT or other persons while engaged in the performance of any work or services required of the CONSULTANT under this AGREEMENT, shall be considered employees of the CONSULTANT only and not of the AGENCY, and any and all claims that may arise under any Workmen's

Compensation Act on behalf of said employees or other persons while so engaged, and any and all claims made by a third party as a consequence of any act or omission on the part of the CONSULTANT's employees or other persons while so engaged on any of the work or services provided to be rendered herein, shall be the sole obligation and responsibility of the CONSULTANT.

The CONSULTANT shall not engage, on a full- or part-time basis, or other basis, during the period of this AGREEMENT, any professional or technical personnel who are, or have been, at any time during the period of this AGREEMENT, in the employ of the United States Department of Transportation or the AGENCY, except regularly retired employees, without written consent of the public employer of such person if he/she will be working on this AGREEMENT for the CONSULTANT.

VIII. Nondiscrimination

During the performance of this AGREEMENT, the CONSULTANT, for itself, its assignees, sub-consultants, subcontractors and successors in interest, agrees to comply with the following laws and regulations:

- Title VI of the Civil Rights Act of 1964 (42 U.S.C. Chapter 21 Subchapter V § 2000d through 2000d-4a)
- Federal-aid Highway Act of 1973 (23 U.S.C. Chapter 3 § 324)
- Rehabilitation Act of 1973 (29 U.S.C. Chapter 16 Subchapter V § 794)
- Age Discrimination Act of 1975 (42 U.S.C. Chapter 76 § 6101 *et. seq.*)
- Civil Rights Restoration Act of 1987 (Public Law 100-259)
- American with Disabilities Act of 1990 (42 U.S.C. Chapter 126 § 12101 *et. seq.*)
- 23 CFR Part 200
- 49 CFR Part 21
- 49 CFR Part 26
- RCW 49.60.180

In relation to Title VI of the Civil Rights Act of 1964, the CONSULTANT is bound by the provisions of Exhibit "F" attached hereto and by this reference made part of this AGREEMENT, and shall include the attached Exhibit "F" in every sub-contract, including procurement of materials and leases of equipment, unless exempt by the Regulations or directives issued pursuant thereto.

IX. Termination of Agreement

The right is reserved by the AGENCY to terminate this AGREEMENT at any time with or without cause upon ten (10) days written notice to the CONSULTANT.

In the event this AGREEMENT is terminated by the AGENCY, other than for default on the part of the CONSULTANT, a final payment shall be made to the CONSULTANT for actual hours charged and any appropriate fixed fee percentage at the time of termination of this AGREEMENT, plus any direct non-salary costs incurred up to the time of termination of this AGREEMENT.

No payment shall be made for any SERVICES completed after ten (10) days following receipt by the CONSULTANT of the notice to terminate. If the accumulated payment made to the CONSULTANT prior to Notice of Termination exceeds the total amount that would be due when computed as set forth in paragraph two (2) of this section, then no final payment shall be due and the CONSULTANT shall immediately reimburse the AGENCY for any excess paid.

If the services of the CONSULTANT are terminated by the AGENCY for default on the part of the CONSULTANT, the above formula for payment shall not apply.

In the event of a termination for default, the amount to be paid to the CONSULTANT shall be determined by the AGENCY with consideration given to the actual costs incurred by the CONSULTANT in performing SERVICES to the date of termination, the amount of SERVICES originally required which was satisfactorily completed to

date of termination, whether that SERVICE is in a form or a type which is usable to the AGENCY at the time of termination, the cost to the AGENCY of employing another firm to complete the SERVICES required and the time which may be required to do so, and other factors which affect the value to the AGENCY of the SERVICES performed at the time of termination. Under no circumstances shall payment made under this subsection exceed the amount, which would have been made using the formula set forth in paragraph two (2) of this section.

If it is determined for any reason that the CONSULTANT was not in default or that the CONSULTANT's failure to perform is without the CONSULTANT's or its employee's fault or negligence, the termination shall be deemed to be a termination for the convenience of the AGENCY. In such an event, the CONSULTANT would be reimbursed for actual costs and appropriate fixed fee percentage in accordance with the termination for other than default clauses listed previously.

The CONSULTANT shall, within 15 days, notify the AGENCY in writing, in the event of the death of any member, partner, or officer of the CONSULTANT or the death or change of any of the CONSULTANT's supervisory and/or other key personnel assigned to the project or disaffiliation of any principally involved CONSULTANT employee. The CONSULTANT shall also notify the AGENCY, in writing, in the event of the sale or transfer of 50% or more of the beneficial ownership of the CONSULTANT within 15 days of such sale or transfer occurring. The CONSULTANT shall continue to be obligated to complete the SERVICES under the terms of this AGREEMENT unless the AGENCY chooses to terminate this AGREEMENT for convenience or chooses to renegotiate any term(s) of this AGREEMENT. If termination for convenience occurs, final payment will be made to the CONSULTANT as set forth in the second and third paragraphs of this section.

Payment for any part of the SERVICES by the AGENCY shall not constitute a waiver by the AGENCY of any remedies of any type it may have against the CONSULTANT for any breach of this AGREEMENT by the CONSULTANT, or for failure of the CONSULTANT to perform SERVICES required of it by the AGENCY. Forbearance of any rights under the AGREEMENT will not constitute waiver of entitlement to exercise those rights with respect to any future act or omission by the CONSULTANT.

X. Changes of Work

The CONSULTANT shall make such changes and revisions in the completed work of this AGREEMENT as necessary to correct errors appearing therein, without additional compensation thereof. Should the AGENCY find it desirable for its own purposes to have previously satisfactorily completed SERVICES or parts thereof changed or revised, the CONSULTANT shall make such revisions as directed by the AGENCY. This work shall be considered as Extra Work and will be paid for as herein provided under section XIII "Extra Work."

XI. Disputes

Any disputed issue not resolved pursuant to the terms of this AGREEMENT shall be submitted in writing within 10 days to the Director of Public Works or AGENCY Engineer, whose decision in the matter shall be final and binding on the parties of this AGREEMENT; provided however, that if an action is brought challenging the Director of Public Works or AGENCY Engineer's decision, that decision shall be subject to judicial review. If the parties to this AGREEMENT mutually agree, disputes concerning alleged design errors will be conducted under the procedures found in Exhibit "J". In the event that either party deem it necessary to institute legal action or proceeding to enforce any right or obligation under this AGREEMENT, this action shall be initiated in the Superior Court of the State of Washington, situated in the county in which the AGENCY is located. The parties hereto agree that all questions shall be resolved by application of Washington law and that the parties have the right of appeal from such decisions of the Superior Court in accordance with the laws of the State of Washington. The CONSULTANT hereby consents to the personal jurisdiction of the Superior Court of the State of Washington, situated in the county in which the AGENCY is located.

XII. Legal Relations

The CONSULTANT, any sub-consultants, and the AGENCY shall comply with all Federal, State, and local laws, rules, codes, regulations and all AGENCY policies and directives, applicable to the work to be performed under this AGREEMENT. This AGREEMENT shall be interpreted and construed in accordance with the laws of the State of Washington.

The CONSULTANT shall defend, indemnify, and hold The State of Washington (STATE) and the AGENCY and their officers and employees harmless from all claims, demands, or suits at law or equity arising in whole or in part from the negligence of, or the breach of any obligation under this AGREEMENT by, the CONSULTANT or the CONSULTANT's agents, employees, sub consultants, subcontractors or vendors, of any tier, or any other persons for whom the CONSULTANT may be legally liable; provided that nothing herein shall require a CONSULTANT to defend or indemnify the STATE and the AGENCY and their officers and employees against and hold harmless the STATE and the AGENCY and their officers and employees from claims, demands or suits based solely upon the negligence of, or breach of any obligation under this AGREEMENT by the STATE and the AGENCY, their agents, officers, employees, sub-consultants, subcontractors or vendors, of any tier, or any other persons for whom the STATE and/or the AGENCY may be legally liable; and provided further that if the claims or suits are caused by or result from the concurrent negligence of (a) the CONSULTANT or the CONSULTANT's agents, employees, sub-consultants, subcontractors or vendors, of any tier, or any other persons for whom the CONSULTANT is legally liable, and (b) the STATE and/or AGENCY, their agents, officers, employees, sub-consultants, subcontractors and or vendors, of any tier, or any other persons for whom the STATE and or AGENCY may be legally liable, the defense and indemnity obligation shall be valid and enforceable only to the extent of the CONSULTANT's negligence or the negligence of the CONSULTANT's agents, employees, sub-consultants, subcontractors or vendors, of any tier, or any other persons for whom the CONSULTANT may be legally liable. This provision shall be included in any AGREEMENT between CONSULTANT and any sub-consultant, subcontractor and vendor, of any tier.

The CONSULTANT shall also defend, indemnify, and hold the STATE and the AGENCY and their officers and employees harmless from all claims, demands, or suits at law or equity arising in whole or in part from the alleged patent or copyright infringement or other allegedly improper appropriation or use of trade secrets, patents, proprietary information, know-how, copyright rights or inventions by the CONSULTANT or the CONSULTANT's agents, employees, sub-consultants, subcontractors or vendors, of any tier, or any other persons for whom the CONSULTANT may be legally liable, in performance of the Work under this AGREEMENT or arising out of any use in connection with the AGREEMENT of methods, processes, designs, information or other items furnished or communicated to STATE and/or the AGENCY, their agents, officers and employees pursuant to the AGREEMENT; provided that this indemnity shall not apply to any alleged patent or copyright infringement or other allegedly improper appropriation or use of trade secrets, patents, proprietary information, know-how, copyright rights or inventions resulting from STATE and/or AGENCY's, their agents', officers' and employees' failure to comply with specific written instructions regarding use provided to STATE and/or AGENCY, their agents, officers and employees by the CONSULTANT, its agents, employees, sub-consultants, subcontractors or vendors, of any tier, or any other persons for whom the CONSULTANT may be legally liable.

The CONSULTANT's relation to the AGENCY shall be at all times as an independent contractor.

Notwithstanding any determination by the Executive Ethics Board or other tribunal, the AGENCY may, in its sole discretion, by written notice to the CONSULTANT terminate this AGREEMENT if it is found after due notice and examination by the AGENCY that there is a violation of the Ethics in Public Service Act, Chapter 42.52 RCW; or any similar statute involving the CONSULTANT in the procurement of, or performance under, this AGREEMENT.

The CONSULTANT specifically assumes potential liability for actions brought by the CONSULTANT's own employees or its agents against the STATE and /or the AGENCY and, solely for the purpose of this indemnification and defense, the CONSULTANT specifically waives any immunity under the state industrial insurance law, Title 51 RCW. This waiver has been mutually negotiated between the Parties.

Unless otherwise specified in this AGREEMENT, the AGENCY shall be responsible for administration of construction contracts, if any, on the project. Subject to the processing of a new sole source, or an acceptable supplemental AGREEMENT, the CONSULTANT shall provide On-Call assistance to the AGENCY during contract administration. By providing such assistance, the CONSULTANT shall assume no responsibility for: proper construction techniques, job site safety, or any construction contractor's failure to perform its work in accordance with the contract documents.

The CONSULTANT shall obtain and keep in force during the terms of this AGREEMENT, or as otherwise required, the following insurance with companies or through sources approved by the State Insurance Commissioner pursuant to Title 48 RCW.

Insurance Coverage

A. Worker's compensation and employer's liability insurance as required by the STATE.

B. Commercial general liability insurance written under ISO Form CG 00 01 12 04 or its equivalent with minimum limits of one million dollars ($1,000,000.00) per occurrence and two million dollars ($2,000,000.00) in the aggregate for each policy period.

C. Business auto liability insurance written under ISO Form CG 00 01 10 01 or equivalent providing coverage for any "Auto" (Symbol 1) used in an amount not less than a one million dollar ($1,000,000.00) combined single limit for each occurrence.

Excepting the Worker's Compensation Insurance and any Professional Liability Insurance, the STATE and AGENCY, their officers, employees, and agents will be named on all policies of CONSULTANT and any sub-consultant and/or subcontractor as an additional insured (the "AIs"), with no restrictions or limitations concerning products and completed operations coverage. This coverage shall be primary coverage and non-contributory and any coverage maintained by the AIs shall be excess over, and shall not contribute with, the additional insured coverage required hereunder. The CONSULTANT's and the sub-consultant's and/or subcontractor's insurer shall waive any and all rights of subrogation against the AIs. The CONSULTANT shall furnish the AGENCY with verification of insurance and endorsements required by this AGREEMENT. The AGENCY reserves the right to require complete, certified copies of all required insurance policies at any time.

All insurance shall be obtained from an insurance company authorized to do business in the State of Washington. The CONSULTANT shall submit a verification of insurance as outlined above within fourteen (14) days of the execution of this AGREEMENT to:

Name: Patricia Jenkins
Agency: City of Bainbridge
Address: 280 Madison Ave N
City: Bainbridge Island State: WA Zip: 98110
Email: pjenkins@bainbridgewa.gov
Phone: 206-780-3746
Facsimile:

No cancellation of the foregoing policies shall be effective without thirty (30) days prior notice to the AGENCY.

The CONSULTANT's professional liability to the AGENCY, including that which may arise in reference to section IX "Termination of Agreement" of this AGREEMENT, shall be limited to the accumulative amount of the authorized AGREEMENT amount or one million dollars ($1,000,000.00), whichever is greater, unless the limit of liability is increased by the AGENCY pursuant to Exhibit H. In no case shall the CONSULTANT's professional liability to third parties be limited in any way.

The parties enter into this AGREEMENT for the sole benefit of the parties, and to the exclusion of any third party, and no third party beneficiary is intended or created by the execution of this AGREEMENT.

The AGENCY will pay no progress payments under section V "Payment Provisions" until the CONSULTANT has fully complied with this section. This remedy is not exclusive; and the AGENCY may take such other action as is available to it under other provisions of this AGREEMENT, or otherwise in law.

XIII. Extra Work

A. The AGENCY may at any time, by written order, make changes within the general scope of this AGREEMENT in the SERVICES to be performed.

B. If any such change causes an increase or decrease in the estimated cost of, or the time required for, performance of any part of the SERVICES under this AGREEMENT, whether or not changed by the order, or otherwise affects any other terms and conditions of this AGREEMENT, the AGENCY shall make an equitable adjustment in the: (1) maximum amount payable; (2) delivery or completion schedule, or both; and (3) other affected terms and shall modify this AGREEMENT accordingly.

C. The CONSULTANT must submit any "request for equitable adjustment," hereafter referred to as "CLAIM," under this clause within thirty (30) days from the date of receipt of the written order. However, if the AGENCY decides that the facts justify it, the AGENCY may receive and act upon a CLAIM submitted before final payment of this AGREEMENT.

D. Failure to agree to any adjustment shall be a dispute under the section XI "Disputes" clause. However, nothing in this clause shall excuse the CONSULTANT from proceeding with the AGREEMENT as changed.

E. Notwithstanding the terms and conditions of paragraphs (A.) and (B.) above, the maximum amount payable for this AGREEMENT, shall not be increased or considered to be increased except by specific written supplement to this AGREEMENT.

XIV. Endorsement of Plans

If applicable, the CONSULTANT shall place their endorsement on all plans, estimates, or any other engineering data furnished by them.

XV. Federal Review

The Federal Highway Administration shall have the right to participate in the review or examination of the SERVICES in progress.

XVI. Certification of the Consultant and the Agency

Attached hereto as Exhibit "G-1(a and b)" are the Certifications of the CONSULTANT and the AGENCY, Exhibit "G-2" Certification Regarding Debarment, Suspension and Other Responsibility Matters - Primary Covered Transactions, Exhibit "G-3" Certification Regarding the Restrictions of the Use of Federal Funds for Lobbying and Exhibit "G-4" Certificate of Current Cost or Pricing Data. Exhibit "G-3" is required only in AGREEMENT's over one hundred thousand dollars ($100,000.00) and Exhibit "G-4" is required only in AGREEMENT's over five hundred thousand dollars ($500,000.00.) These Exhibits must be executed by the CONSULTANT, and submitted with the master AGREEMENT, and returned to the AGENCY at the address listed in section III "General Requirements" prior to its performance of any SERVICES under this AGREEMENT.

XVII. Complete Agreement

This document and referenced attachments contain all covenants, stipulations, and provisions agreed upon by the parties. No agent, or representative of either party has authority to make, and the parties shall not be bound by or be liable for, any statement, representation, promise or agreement not set forth herein. No changes, amendments, or modifications of the terms hereof shall be valid unless reduced to writing and signed by the parties as a supplement to this AGREEMENT.

XVIII. Execution and Acceptance

This AGREEMENT may be simultaneously executed in several counterparts, each of which shall be deemed to be an original having identical legal effect. The CONSULTANT does hereby ratify and adopt all statements, representations, warranties, covenants, and AGREEMENT's contained in the proposal, and the supporting material submitted by the CONSULTANT, and does hereby accept this AGREEMENT and agrees to all of the terms and conditions thereof.

XIX. Protection of Confidential Information

The CONSULTANT acknowledges that some of the material and information that may come into its possession or knowledge in connection with this AGREEMENT or its performance may consist of information that is exempt from disclosure to the public or other unauthorized persons under either chapter 42.56 RCW or other local, state or federal statutes ("State's Confidential Information"). The "State's Confidential Information" includes, but is not limited to, names, addresses, Social Security numbers, e-mail addresses, telephone numbers, financial profiles, credit card information, driver's license numbers, medical data, law enforcement records (or any other information identifiable to an individual), STATE and AGENCY source code or object code, STATE and AGENCY security data, non-public Specifications, STATE and AGENCY non-publicly available data, proprietary software, State security data, or information which may jeopardize any part of the project that relates to any of these types of information. The CONSULTANT agrees to hold the State's Confidential Information in strictest confidence and not to make use of the State's Confidential Information for any purpose other than the performance of this AGREEMENT, to release it only to authorized employees, sub-consultants or subcontractors requiring such information for the purposes of carrying out this AGREEMENT, and not to release, divulge, publish, transfer, sell, disclose, or otherwise make it known to any other party without the AGENCY's express written consent or as provided by law. The CONSULTANT agrees to release such information or material only to employees, sub-consultants or subcontractors who have signed a nondisclosure AGREEMENT, the terms of which have been previously approved by the AGENCY. The CONSULTANT agrees to implement physical, electronic, and managerial safeguards to prevent unauthorized access to the State's Confidential Information.

Immediately upon expiration or termination of this AGREEMENT, the CONSULTANT shall, at the AGENCY's option: (i) certify to the AGENCY that the CONSULTANT has destroyed all of the State's Confidential Information; or (ii) returned all of the State's Confidential Information to the AGENCY; or (iii) take whatever other steps the AGENCY requires of the CONSULTANT to protect the State's Confidential Information.

As required under Executive Order 00-03, the CONSULTANT shall maintain a log documenting the following: the State's Confidential Information received in the performance of this AGREEMENT; the purpose(s) for which the State's Confidential Information was received; who received, maintained and used the State's Confidential Information; and the final disposition of the State's Confidential Information. The CONSULTANT's records shall be subject to inspection, review, or audit upon reasonable notice from the AGENCY.

The AGENCY reserves the right to monitor, audit, or investigate the use of the State's Confidential Information collected, used, or acquired by the CONSULTANT through this AGREEMENT. The monitoring, auditing, or investigating may include, but is not limited to, salting databases.

Violation of this section by the CONSULTANT or its sub-consultants or subcontractors may result in termination of this AGREEMENT and demand for return of all State's Confidential Information, monetary damages, or penalties.

It is understood and acknowledged that the CONSULTANT may provide the AGENCY with information which is proprietary and/or confidential during the term of this AGREEMENT. The parties agree to maintain the confidentiality of such information during the term of this AGREEMENT and afterwards. All materials containing such proprietary and/or confidential information shall be clearly identified and marked as "Confidential" and shall be returned to the disclosing party at the conclusion of the SERVICES under this AGREEMENT.

The CONSULTANT shall provide the AGENCY with a list of all information and materials it considers confidential and/or proprietary in nature: (a) at the commencement of the term of this AGREEMENT; or (b) as soon as such confidential or proprietary material is developed. "Proprietary and/or confidential information" is not meant to include any information which, at the time of its disclosure: (i) is already known to the other party; (ii) is rightfully disclosed to one of the parties by a third party that is not acting as an agent or representative for the other party; (iii) is independently developed by or for the other party; (iv) is publicly known; or (v) is generally utilized by unaffiliated third parties engaged in the same business or businesses as the CONSULTANT.

The parties also acknowledge that the AGENCY is subject to Washington State and federal public disclosure laws. As such, the AGENCY shall maintain the confidentiality of all such information marked proprietary and/or confidential or otherwise exempt, unless such disclosure is required under applicable state or federal law. If a public disclosure request is made to view materials identified as "Proprietary and/or confidential information" or otherwise exempt information, the AGENCY will notify the CONSULTANT of the request and of the date that such records will be released to the requester unless the CONSULTANT obtains a court order from a court of competent jurisdiction enjoining that disclosure. If the CONSULTANT fails to obtain the court order enjoining disclosure, the AGENCY will release the requested information on the date specified.

The CONSULTANT agrees to notify the sub-consultant of any AGENCY communication regarding disclosure that may include a sub-consultant's proprietary and/or confidential information. The CONSULTANT notification to the sub-consultant will include the date that such records will be released by the AGENCY to the requester and state that unless the sub-consultant obtains a court order from a court of competent jurisdiction enjoining that disclosure the AGENCY will release the requested information. If the CONSULTANT and/or sub-consultant fail to obtain a court order or other judicial relief enjoining the AGENCY by the release date, the CONSULTANT shall waive and release and shall hold harmless and indemnify the AGENCY from all claims of actual or alleged damages, liabilities, or costs associated with the AGENCY's said disclosure of sub-consultants' information.

XX. Records Maintenance

During the progress of the Work and SERVICES provided hereunder and for a period of not less than six (6) years from the date of final payment to the CONSULTANT, the CONSULTANT shall keep, retain and maintain all "documents" pertaining to the SERVICES provided pursuant to this AGREEMENT. Copies of all "documents" pertaining to the SERVICES provided hereunder shall be made available for review at the CONSULTANT's place of business during normal working hours. If any litigation, claim or audit is commenced, the CONSULTANT shall cooperate with AGENCY and assist in the production of all such documents. "Documents" shall be retained until all litigation, claims or audit findings have been resolved even though such litigation, claim or audit continues past the six (6) year retention period.

For purposes of this AGREEMENT, "documents" means every writing or record of every type and description, including electronically stored information ("ESI"), that is in the possession, control, or custody of the CONSULTANT, including, without limitation, any and all correspondences, contracts, AGREEMENT 's, appraisals, plans, designs, data, surveys, maps, spreadsheets, memoranda, stenographic or handwritten notes, reports, records, telegrams, schedules, diaries, notebooks, logbooks, invoices, accounting records, work sheets, charts, notes, drafts, scribblings, recordings, visual displays, photographs, minutes of meetings,

tabulations, computations, summaries, inventories, and writings regarding conferences, conversations or telephone conversations, and any and all other taped, recorded, written, printed or typed matters of any kind or description; every copy of the foregoing whether or not the original is in the possession, custody, or control of the CONSULTANT, and every copy of any of the foregoing, whether or not such copy is a copy identical to an original, or whether or not such copy contains any commentary or notation whatsoever that does not appear on the original.

For purposes of this AGREEMENT, "ESI" means any and all computer data or electronic recorded media of any kind, including "Native Files", that are stored in any medium from which it can be retrieved and examined, either directly or after translation into a reasonably useable form. ESI may include information and/or documentation stored in various software programs such as: Email, Outlook, Word, Excel, Access, Publisher, PowerPoint, Adobe Acrobat, SQL databases, or any other software or electronic communication programs or databases that the CONSULTANT may use in the performance of its operations. ESI may be located on network servers, backup tapes, smart phones, thumb drives, CDs, DVDs, floppy disks, work computers, cell phones, laptops or any other electronic device that CONSULTANT uses in the performance of its Work or SERVICES hereunder, including any personal devices used by the CONSULTANT or any sub-consultant at home.

"Native files" are a subset of ESI and refer to the electronic format of the application in which such ESI is normally created, viewed, and /or modified.

The CONSULTANT shall include this section XX "Records Maintenance" in every subcontract it enters into in relation to this AGREEMENT and bind the sub-consultant to its terms, unless expressly agreed to otherwise in writing by the AGENCY prior to the execution of such subcontract.

In witness whereof, the parties hereto have executed this AGREEMENT as of the day and year shown in the "Execution Date" box on page one (1) of this AGREEMENT.

Signature	Date
Signature	Date

Any modification, change, or reformation of this AGREEMENT shall require approval as to form by the Office of the Attorney General.

Project No.

INSPECTION ACTIVITIES
The CONSULTANT will inspect on-site construction methods, products, materials, and activities for conformance with the project plans, specifications, contract documents, submittals and applicable codes and design standards with the ROM. Any non- conformances, deviations, defects or deficiencies observed will be documented and communicated to the CLIENT

The CONSULTANT's Project Inspector will be on site to observe contractors work. Inspector's activities will be summarized in an Inspector's Daily Report.

CONSULTANT Inspector will review & document the following:
• Acceptance of materials
• Field Note Records
• Inspector Daily Reports
• Traffic Control

Materials Testing
The CONSULTANT will coordinate and manage materials testing required on the Project. The CONSULTANT will document and evaluate results of testing, and address deficiencies.
The CONSULTANT will subcontract with Krazan & Associates to perform necessary field and lab testing of embankment compaction, HMA, subgrade compaction, asphalt compaction, granular materials, and other materials requiring testing, and Hot Mix Asphalt (HMA). Testing will be performed by the CONSULTANT's sub consultant for those items requiring physical acceptance testing in accordance with the project plans and specifications. Testing will be done according to the Local Agency Guidelines (LAG) and the WSDOT Construction Manual (as modified by the LAG manual). Specifically, this includes Table 9-3.7 of the WSDOT CN Manual as modified by Section 52.3 Quality Control of the LAG.

Engineering Fee Estimate Date: 2/28/2019
City of Bainbridge Island Prepared By: Paul Matera
Olympic Drive Non-Motorized Improvements
Construction Management Services

LABOR COSTS :
Labor Resources Labor-hours Salary Rate Cost
2 Project Inspector (PI) 600 Hrs. @ $139.53 = $83,718.00

Travel =$9,075.00
Misc. =$360.00
Materials Testing=$12,500.00

Agreement Number:

Exhibit B
DBE Participation

Agreement Number:

Exhibit C
Preparation and Delivery of Electronic Engineering and Other Data

In this Exhibit the agency, as applicable, is to provide a description of the format and standards the consultant is to use in preparing electronic files for transmission to the agency. The format and standards to be provided may include, but are not limited to, the following:

I. Surveying, Roadway Design & Plans Preparation Section

A. Survey Data

N/A

B. Roadway Design Files

N/A

C. Computer Aided Drafting Files

N/A

D. Specify the Agency's Right to Review Product with the Consultant

E. Specify the Electronic Deliverables to Be Provided to the Agency

F. Specify What Agency Furnished Services and Information Is to Be Provided

II. Any Other Electronic Files to Be Provided

III. Methods to Electronically Exchange Data

A. Agency Software Suite

B. Electronic Messaging System

C. File Transfers Format

Exhibit D
Prime Consultant Cost Computations

Agreement Number:

Exhibit E
Sub-consultant Cost Computations

There isn't any sub-consultant participation at this time. The CONSULTANT shall not sub-contract for the performance of any work under this AGREEMENT without prior written permission of the AGENCY. Refer to section VI "Sub-Contracting" of this AGREEMENT.

Exhibit F
Title VI Assurances

During the performance of this AGREEMENT, the CONSULTANT, for itself, its assignees, and successors in interest agrees as follows:

1. Compliance with Regulations: The CONSULTANT shall comply with the Regulations relative to non-discrimination in federally assisted programs of the AGENCY, Title 49, Code of Federal Regulations, Part 21, as they may be amended from time to time (hereinafter referred to as the "REGULATIONS"), which are herein incorporated by reference and made a part of this AGREEMENT.

2. Non-discrimination: The CONSULTANT, with regard to the work performed during this AGREEMENT, shall not discriminate on the grounds of race, color, sex, or national origin in the selection and retention of sub-consultants, including procurement of materials and leases of equipment. The CONSULTANT shall not participate either directly or indirectly in the discrimination prohibited by Section 21.5 of the REGULATIONS, including employment practices when this AGREEMENT covers a program set forth in Appendix B of the REGULATIONS.

3. Solicitations for Sub-consultants, Including Procurement of Materials and Equipment: In all solicitations either by competitive bidding or negotiations made by the CONSULTANT for work to be performed under a sub-contract, including procurement of materials or leases of equipment, each potential sub-consultant or supplier shall be notified by the CONSULTANT of the CONSULTANT's obligations under this AGREEMENT and the REGULATIONS relative to non-discrimination on the grounds of race, color, sex, or national origin.

4. Information and Reports: The CONSULTANT shall provide all information and reports required by the REGULATIONS or directives issued pursuant thereto, and shall permit access to its books, records, accounts, other sources of information, and its facilities as may be determined by the AGENCY, the STATE, or the Federal Highway Administration (FHWA) to be pertinent to ascertain compliance with such REGULATIONS, orders and instructions. Where any information required of a CONSULTANT is in the exclusive possession of another who fails or refuses to furnish this information, the CONSULTANT shall so certify to the AGENCY, the STATE, or the FHWA as appropriate, and shall set forth what efforts it has made to obtain the information.

5. Sanctions for Non-compliance: In the event of the CONSULTANT's non-compliance with the non-discrimination provisions of this AGREEMENT, the AGENCY shall impose such AGREEMENT sanctions as it, the STATE, or the FHWA may determine to be appropriate, including, but not limited to:
   - Withholding of payments to the CONSULTANT under this AGREEMENT until the CONSULTANT complies, and/or;
   - Cancellation, termination, or suspension of this AGREEMENT, in whole or in part.

6. Incorporation of Provisions: The CONSULTANT shall include the provisions of paragraphs (1) through (5) in every subcontract, including procurement of materials and leases of equipment, unless exempt by the REGULATIONS, or directives issued pursuant thereto. The CONSULTANT shall take such action with respect to any sub-consultant or procurement as the STATE, the AGENCY, or FHWA may direct as a means of enforcing such provisions including sanctions for non-compliance.

   Provided, however, that in the event a CONSULTANT becomes involved in, or is threatened with, litigation with a sub-consultant or supplier as a result of such direction, the CONSULTANT may request the AGENCY enter into such litigation to protect the interests of the STATE and/or the AGENCY and, in addition, the CONSULTANT may request the United States enter into such litigation to protect the interests of the United States.

Agreement Number:

Exhibit G
Certification Documents

Exhibit G-1(a)	Certification of Consultant
Exhibit G-1(b)	Certification of _____
Exhibit G-2	Certification Regarding Debarment, Suspension and Other Responsibility Matters - Primary Covered Transactions
Exhibit G-3	Certification Regarding the Restrictions of the Use of Federal Funds for Lobbying
Exhibit G-4	Certificate of Current Cost or Pricing Data

Exhibit G-1(a) Certification of Consultant

I hereby certify that I am the and duly authorized representative of the firm of

whose address is

and that neither the above firm nor I have:

a) Employed or retained for a commission, percentage, brokerage, contingent fee, or other consideration, any firm or person (other than a bona fide employee working solely for me or the above CONSULTANT) to solicit or secure this AGREEMENT;

b) Agreed, as an express or implied condition for obtaining this contract, to employ or retain the services of any firm or person in connection with carrying out this AGREEMENT; or

c) Paid, or agreed to pay, to any firm, organization or person (other than a bona fide employee working solely for me or the above CONSULTANT) any fee, contribution, donation, or consideration of any kind for, or in connection with, procuring or carrying out this AGREEMENT; except as hereby expressly stated (if any);

I acknowledge that this certificate is to be furnished to the
and the Federal Highway Administration, U.S. Department of Transportation in connection with this AGREEMENT involving participation of Federal-aid highway funds, and is subject to applicable State and Federal laws, both criminal and civil.

Consultant (Firm Name)

Signature (Authorized Official of Consultant)

Date

Exhibit G-1(b) Certification of

I hereby certify that I am the:

☐

☐ Other

of the , and
or its representative has not been required, directly or indirectly as an express or implied condition in connection with obtaining or carrying out this AGREEMENT to:

a) Employ or retain, or agree to employ to retain, any firm or person; or

b) Pay, or agree to pay, to any firm, person, or organization, any fee, contribution, donation, or consideration of any kind; except as hereby expressly stated (if any):

I acknowledge that this certificate is to be furnished to the
and the Federal Highway Administration, U.S. Department of Transportation, in connection with this AGREEMENT involving participation of Federal-aid highway funds, and is subject to applicable State and Federal laws, both criminal and civil.

Signature

Date

Exhibit G-2 Certification Regarding Debarment, Suspension and Other Responsibility Matters - Primary Covered Transactions

I. The prospective primary participant certifies to the best of its knowledge and belief, that it and its principals:

A. Are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from covered transactions by any Federal department or agency;

B. Have not within a three (3) year period preceding this proposal been convicted of or had a civil judgment rendered against them for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (Federal, State, or local) transaction or contract under a public transaction; violation of Federal or State anti-trust statues or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, or receiving stolen property;

C. Are not presently indicted for or otherwise criminally or civilly charged by a governmental entity (Federal, State, or local) with commission of any of the offenses enumerated in paragraph (1)(b) of this certification; and

D. Have not within a three (3) year period preceding this application / proposal had one or more public transactions (Federal, State and local) terminated for cause or default.

II. Where the prospective primary participant is unable to certify to any of the statements in this certification, such prospective participant shall attach an explanation to this proposal.

Consultant (Firm Name)

Signature (Authorized Official of Consultant)

Date

Exhibit G-3 Certification Regarding the Restrictions of the Use of Federal Funds for Lobbying

The prospective participant certifies, by signing and submitting this bid or proposal, to the best of his or her knowledge and belief, that:

1. No Federal appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of any Federal agency, a Member of Congress, an officer or employee of Congress, or any employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative AGREEMENT, and the extension, continuation, renewal, amendment, or modification of Federal contract, grant, loan or cooperative AGREEMENT.

2. If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any Federal agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant, loan or cooperative AGREEMENT, the undersigned shall complete and submit Standard Form - LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions.

   This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by Section 1352, Title 31, U.S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than $10,000.00, and not more than $100,000.00, for each such failure.

   The prospective participant also agrees by submitting his or her bid or proposal that he or she shall require that the language of this certification be included in all lower tier sub-contracts, which exceed $100,000, and that all such sub-recipients shall certify and disclose accordingly.

Consultant (Firm Name)

Signature (Authorized Official of Consultant)

Date

Exhibit G-4 Certificate of Current Cost or Pricing Data

This is to certify that, to the best of my knowledge and belief, the cost or pricing data (as defined in section 2.101 of the Federal Acquisition Regulation (FAR) and required under FAR subsection 15.403-4) submitted, either actually or by specific identification in writing, to the Contracting Officer or to the Contracting Officer's representative in support of * are accurate, complete, and current as of **.

This certification includes the cost or pricing data supporting any advance AGREEMENT's and forward pricing rate AGREEMENT's between the offer or and the Government that are part of the proposal.

Firm:

Signature

Title

Date of Execution***:

*Identify the proposal, quotation, request for pricing adjustment, or other submission involved, giving the appropriate identifying number (e.g. project title.)
**Insert the day, month, and year, when price negotiations were concluded and price AGREEMENT was reached.
***Insert the day, month, and year, of signing, which should be as close as practicable to the date when the price negotiations were concluded and the contract price was agreed to.

Agreement Number:

Exhibit H
Liability Insurance Increase

To Be Used Only If Insurance Requirements Are Increased

The professional liability limit of the CONSULTANT to the AGENCY identified in Section XII, Legal Relations and Insurance of this Agreement is amended to $.

The CONSULTANT shall provide Professional Liability insurance with minimum per occurrence limits in the amount of $.

Such insurance coverage shall be evidenced by one of the following methods:

- Certificate of Insurance.
- Self-insurance through an irrevocable Letter of Credit from a qualified financial institution.

Self-insurance through documentation of a separate fund established exclusively for the payment of professional liability claims, including claim amounts already reserved against the fund, safeguards established for payment from the fund, a copy of the latest annual financial statements, and disclosure of the investment portfolio for those funds.

Should the minimum Professional Liability insurance limit required by the AGENCY as specified above exceed $1 million per occurrence or the value of the contract, whichever is greater, then justification shall be submitted to the Federal Highway Administration (FHWA) for approval to increase the minimum insurance limit.

If FHWA approval is obtained, the AGENCY may, at its own cost, reimburse the CONSULTANT for the additional professional liability insurance required.

Notes: Cost of added insurance requirements: $.

- Include all costs, fee increase, premiums.
- This cost shall not be billed against an FHWA funded project.
- For final contracts, include this exhibit.

Exhibit I
Alleged Consultant Design Error Procedures

The purpose of this exhibit is to establish a procedure to determine if a consultant's alleged design error is of a nature that exceeds the accepted standard of care. In addition, it will establish a uniform method for the resolution and/or cost recovery procedures in those instances where the agency believes it has suffered some material damage due to the alleged error by the consultant.

Step 1 Potential Consultant Design Error(s) is Identified by Agency's Project Manager

At the first indication of potential consultant design error(s), the first step in the process is for the Agency's project manager to notify the Director of Public Works or Agency Engineer regarding the potential design error(s). For federally funded projects, the Region Local Programs Engineer should be informed and involved in these procedures. (Note: The Director of Public Works or Agency Engineer may appoint an agency staff person other than the project manager, who has not been as directly involved in the project, to be responsible for the remaining steps in these procedures.)

Step 2 Project Manager Documents the Alleged Consultant Design Error(s)

After discussion of the alleged design error(s) and the magnitude of the alleged error(s), and with the Director of Public Works or Agency Engineer's concurrence, the project manager obtains more detailed documentation than is normally required on the project. Examples include: all decisions and descriptions of work; photographs, records of labor, materials and equipment.

Step 3 Contact the Consultant Regarding the Alleged Design Error(s)

If it is determined that there is a need to proceed further, the next step in the process is for the project manager to contact the consultant regarding the alleged design error(s) and the magnitude of the alleged error(s). The project manager and other appropriate agency staff should represent the agency and the consultant should be represented by their project manager and any personnel (including sub-consultants) deemed appropriate for the alleged design error(s) issue.

Step 4 Attempt to Resolve Alleged Design Error with Consultant

After the meeting(s) with the consultant have been completed regarding the consultant's alleged design error(s), there are three possible scenarios:

- It is determined via mutual agreement that there is not a consultant design error(s). If this is the case, then the process will not proceed beyond this point.
- It is determined via mutual agreement that a consultant design error(s) occurred. If this is the case, then the Director of Public Works or Agency Engineer, or their representatives, negotiate a settlement with the consultant. The settlement would be paid to the agency or the amount would be reduced from the consultant's agreement with the agency for the services on the project in which the design error took place. The agency is to provide LP, through the Region Local Programs Engineer, a summary of the settlement for review and to make adjustments, if any, as to how the settlement affects federal reimbursements. No further action is required.
- There is not a mutual agreement regarding the alleged consultant design error(s). The consultant may request that the alleged design error(s) issue be forwarded to the Director of Public Works or Agency Engineer for review. If the Director of Public Works or Agency Engineer, after review with their legal counsel, is not able to reach mutual agreement with the consultant, proceed to Step 5.

Step 5 Forward Documents to Local Programs

For federally funded projects all available information, including costs, should be forwarded through the Region Local Programs Engineer to LP for their review and consultation with the FHWA. LP will meet with representatives of the agency and the consultant to review the alleged design error(s), and attempt to find a resolution to the issue. If necessary, LP will request assistance from the Attorney General's Office for legal interpretation. LP will also identify how the alleged error(s) affects eligibility of project costs for federal reimbursement.

- If mutual agreement is reached, the agency and consultant adjust the scope of work and costs to reflect the agreed upon resolution. LP, in consultation with FHWA, will identify the amount of federal participation in the agreed upon resolution of the issue.
- If mutual agreement is not reached, the agency and consultant may seek settlement by arbitration or by litigation.

Exhibit J
Consultant Claim Procedures

The purpose of this exhibit is to describe a procedure regarding claim(s) on a consultant agreement. The following procedures should only be utilized on consultant claims greater than $1,000. If the consultant's claim(s) are a total of $1,000 or less, it would not be cost effective to proceed through the outlined steps. It is suggested that the Director of Public Works or Agency Engineer negotiate a fair and reasonable price for the consultant's claim(s) that total $1,000 or less.

This exhibit will outline the procedures to be followed by the consultant and the agency to consider a potential claim by the consultant.

Step 1 Consultant Files a Claim with the Agency Project Manager

If the consultant determines that they were requested to perform additional services that were outside of the agreement's scope of work, they may be entitled to a claim. The first step that must be completed is the request for consideration of the claim to the Agency's project manager.

The consultant's claim must outline the following:

- Summation of hours by classification for each firm that is included in the claim;
- Any correspondence that directed the consultant to perform the additional work;
- Timeframe of the additional work that was outside of the project scope;
- Summary of direct labor dollars, overhead costs, profit and reimbursable costs associated with the additional work; and
- Explanation as to why the consultant believes the additional work was outside of the agreement scope of work.

Step 2 Review by Agency Personnel Regarding the Consultant's Claim for Additional Compensation

After the consultant has completed step 1, the next step in the process is to forward the request to the Agency's project manager. The project manager will review the consultant's claim and will met with the Director of Public Works or Agency Engineer to determine if the Agency agrees with the claim. If the FHWA is participating in the project's funding, forward a copy of the consultant's claim and the Agency's recommendation for federal participation in the claim to the WSDOT Local Programs through the Region Local Programs Engineer. If the claim is not eligible for federal participation, payment will need to be from agency funds.

If the Agency project manager, Director of Public Works or Agency Engineer, WSDOT Local Programs (if applicable), and FHWA (if applicable) agree with the consultant's claim, send a request memo, including backup documentation to the consultant to either supplement the agreement, or create a new agreement for the claim. After the request has been approved, the Agency shall write the supplement and/or new agreement and pay the consultant the amount of the claim. Inform the consultant that the final payment for the agreement is subject to audit. No further action in needed regarding the claim procedures.

If the Agency does not agree with the consultant's claim, proceed to step 3 of the procedures.

Step 3 Preparation of Support Documentation Regarding Consultant's Claim(s)

If the Agency does not agree with the consultant's claim, the project manager shall prepare a summary for the Director of Public Works or Agency Engineer that included the following:

- Copy of information supplied by the consultant regarding the claim;
- Agency's summation of hours by classification for each firm that should be included in the claim;
- Any correspondence that directed the consultant to perform the additional work;
- Agency's summary of direct labor dollars, overhead costs, profit and reimbursable costs associated with the additional work;
- Explanation regarding those areas in which the Agency does/does not agree with the consultant's claim(s);
- Explanation to describe what has been instituted to preclude future consultant claim(s); and
- Recommendations to resolve the claim.

Step 4 Director of Public Works or Agency Engineer Reviews Consultant Claim and Agency Documentation

The Director of Public Works or Agency Engineer shall review and administratively approve or disapprove the claim, or portions thereof, which may include getting Agency Council or Commission approval (as appropriate to agency dispute resolution procedures). If the project involves federal participation, obtain concurrence from WSDOT Local Programs and FHWA regarding final settlement of the claim. If the claim is not eligible for federal participation, payment will need to be from agency funds.

Step 5 Informing Consultant of Decision Regarding the Claim

The Director of Public Works or Agency Engineer shall notify (in writing) the consultant of their final decision regarding the consultant's claim(s). Include the final dollar amount of the accepted claim(s) and rationale utilized for the decision.

Step 6 Preparation of Supplement or New Agreement for the Consultant's Claim(s)

The agency shall write the supplement and/or new agreement and pay the consultant the amount of the claim. Inform the consultant that the final payment for the agreement is subject to audit.

Exhibit A
Scope of Services

City of Bainbridge Island
Olympic Drive Non-Motorized Improvement Project
Construction Administration and Inspection Services

February 2019

Prepared by:
Exeltech Consulting, Inc
8729 Commerce Pl Dr NE
Lacey, WA 98516

exeltech

Scope of Services
City of Bainbridge Island
Construction Inspection Only Services

The City of Bainbridge Island (CITY) is the Contracting Agency for this scope of work. Exeltech Consulting, Inc. (CONSULTANT) shall work under the CITY's Project Engineer/Project Manager to provide inspection services for Olympic Drive Non-Motorized Improvement Project. No administrative oversight, support or tracking is anticipated, as this will be provided by others.

Project Description

CONSULTANT will provide Construction Inspection for the Olympic Drive Non-Motorized Improvement Project. The proposed project includes pavement restoration of existing vehicular travel lanes, the addition of shoulder improvements to accommodate pedestrian and cyclists, signage, pavement markings, a wall on one side of the street, installation of a water main and abandonment of the existing asbestos main, traffic signal improvements, and associated drainage improvements. The extent of the work on Olympic Drive includes the intersection at Winslow south to just south of Harborview. A portion of the project extends down Harborview to replace the watermain to the waterfront trail head. The project also includes coordination with Puget Sound Energy to move several poles.

Project Assumptions

The following is a list of the CONSULTANT's assumptions that will serve as the baseline for project work:

- Project duration is (75) working days with an additional (2) days for pre-construction preparation and (3) days for project closeout.
- Contractor's work is anticipated to take place in single shifts of 8 to 10 hours per day, 5 days per week.
- NTP for construction will occur April 2019 with Substantial Completion by July 4, 2019
- The CONSULTANT will provide a Project Inspector, for the project duties as defined below.
- Project will conform to regulations and processes for Federal and State funded and LAG requirements during construction
- Project is expected to conform to WSDOT's Standard Specifications for Road, Bridge, and Municipal Construction and materials manual 2018 Edition
- On-site safety is the sole responsibility of the contractor.
- Observations/Inspections by the Construction Inspector will not in any way relieve the Contractor from its obligations to perform the Work in accordance with the Contract Documents.

- Services will be performed in accordance with the WSDOT Local Agency Guidelines (LAG) and the WSDOT Construction Manual. Forms to be used will be WSDOT standard forms or equivalent approved by H&LP.
- Project construction is assumed to be continuous, without a suspension or shutdown.
- The CITY will prepare for and lead the Preconstruction Conference.
- The CITY will make timely payment of invoices (within 30 days of approved invoice).
- Project inspection documentation will be maintained in the CONSULTANT's Lacey Office. At the completion of the project, the original project documentation will be transferred to the CLIENT.
- Access to a temporary on-site office work space with internet access will be provided by the CITY or Contractor for the CONSULTANT Project Inspectors use.
- Services not explicitly included in this scope of services are excluded.

1. PROJECT MANAGEMENT

The Project Management task includes controlling scope, schedule, and budget during the course of the project by communicating with project team members. Communications will include emails, electronic and hard copy documentation control, monthly invoicing, and coordination of project deliverable submittals with the project team members and CLIENT.

Deliverable(s):

- Monthly progress invoice

2. PRECONSTRUCTION ACTIVITIES

Preconstruction activities include time for the CONSULTANT's Project Inspector to attend the preconstruction conference. The preparation of construction administration project files, and review of project plans, specifications and estimates will be conducted by others.

Deliverables:

- None

3. INSPECTION ACTIVITIES

The CONSULTANT will inspect on-site construction methods, products, materials, and activities for conformance with the project plans, specifications, contract documents, submittals and applicable codes and design standards with the ROM. Any non-conformances, deviations, defects or deficiencies observed will be documented and communicated to the CLIENT

a. The CONSULTANT's Project Inspector will be on site to observe contractors work. Inspector's activities will be summarized in an Inspector's Daily Report.

b. CONSULTANT Inspector will review & document the following:

- Acceptance of materials
- Field Note Records
- Inspector Daily Reports
- Traffic Control

Deliverables:

- Field Note Records
- Inspector Daily Reports

4. Materials Testing

The CONSULTANT will coordinate and manage materials testing required on the Project. The CONSULTANT will document and evaluate results of testing, and address deficiencies.

The CONSULTANT will subcontract with Krazan & Associates to perform necessary field and lab testing of embankment compaction, HMA, subgrade compaction, asphalt compaction, granular materials, and other materials requiring testing, and Hot Mix Asphalt (HMA). Testing will be performed by the CONSULTANT's sub consultant for those items requiring physical acceptance testing in accordance with the project plans and specifications. Testing will be done according to the Local Agency Guidelines (LAG) and the WSDOT Construction Manual (as modified by the LAG manual). Specifically, this includes Table 9-3.7 of the WSDOT CN Manual as modified by Section 52.3 Quality Control of the LAG.

EXHIBIT B
PAYMENT

EXELTECH CONSULTING, INC. **Sheet 1 of 3**
Engineering Fee Estimate **Date: 2/28/2019**
City of Bainbridge Island **Prepared By: Paul Matera**
Olympic Drive Non-Motorized Improvements
Construction Management Services

LABOR COSTS :

	Labor Resources	Labor-hours		Salary Rate		Cost
1	*Sr. Project Manager (SPM)	0	Hrs. @	$230.00	=	$0.00
2	Project Inspector (PI)	600	Hrs. @	$139.53	=	$83,718.00
3	*Office Engineer (OE)	0	Hrs. @	$113.53	=	$0.00
4	*QA/QC Oversight	0	Hrs. @	$197.00	=	$0.00
		600	**Hrs.**			
			Labor Subtotal		=	**$83,718.00**

DIRECT NON-LABOR COSTS ANTICIPATED :

Travel	=	$9,075.00
Testing Lab	=	$12,500.00
Miscellaneous	=	$360.00
Direct Non-Labor Costs Subtotal	=	**$21,935.00**

EXELTECH ESTIMATED INSPECTION COSTS = **$105,653.00**

* These items are not in the current budget, as requested by the client. If these items are requested, or the project hours exceed those indicated above, the unit rates shown will be used as a basis for any additional fees.

EXHIBIT B

PAYMENT

EXELTECH CONSULTING, INC. **Sheet 2 of 3**

Engineering Fee Estimate **Date: 2/28/2019**

City of Bainbridge Island **Prepared By: Paul Matera**

Olympic Drive Construction Management Support

DIRECT NON-LABOR COSTS

			0.00				
			600.00				
TRAVEL	Number of Trips	Miles per Trip	0.00	$ per Unit			
1. Vehicle	75	160	0.00	$0.575		=	$6,900.00
2 Sounder & Ferry Round Trip	75			$29.00		=	$2,175.00
					TRAVEL TOTAL		**$9,075.00**

MISCELLANEOUS EXPENSES

1. Express Mail	16	ea. @	$10.00	=	$160.00
2. Photocopying	1,000	ea. @	$0.20	=	$200.00
			MISC. EXPENSES TOTAL		**$360.00**
			TOTAL		**$9,435.00**

EXHIBIT B
PAYMENT

EXELTECH CONSULTING, INC.
Engineering Fee Estimate **Sheet 3 of 3**
City of Bainbridge Island **Date: 2/28/2019**
Olympic Drive Non-Motorized Improvements **Prepared By Paul Matera**
Construction Management Services

PROJECT LABOR-HOUR ESTIMATE

		Labor-hour Resources					
		SPM	PI	OE	QA/QC		Total
1	Project Management	0					0
2	Preconstruction Activities			0			0
3	Inspection Activities		600				600
4	Quality Assurance Activities				0		0
	Total of hours :	0	600	0	0	0	600

CITY OF BAINBRIDGE ISLAND

City Council Regular Business Meeting Agenda Bill

MEETING DATE: March 26, 2019 **ESTIMATED TIME:** 10 Minutes

AGENDA ITEM: (8:45 PM) Proposal to Purchase "Hand in Hand" Artwork - Executive,

STRATEGIC PRIORITY: Healthy and Attractive Community

PRIORITY BASED BUDGETING PROGRAM:

AGENDA CATEGORY: Discussion **PROPOSED BY:** Executive

RECOMMENDED MOTION:

I move to ratify the Council's prior decision to purchase of "Hand in Hand" for $13,000 with funds from the Public Art Subfund and to authorize the City Manager to negotiate and execute an agreement for the purchase of the artwork.

SUMMARY:

The "Hand in Hand" artwork is one of three pieces of artwork installed as part of the City's 2018 Something New Public Art Program. This artwork was installed in Waterfront Park in 2018. On March 5, 2019, the Public Art Committee (PAC) presented the City Council with their recommendation that the City purchase the artwork and leave it in place as a permanent installation.

FISCAL IMPACT:

Amount:	$13,000
Ongoing Cost:	
One-Time Cost:	$13,000
Included in Current Budget?	Yes

BACKGROUND:

The "Hand in Hand" artwork is one of three pieces of artwork installed as part of the City's 2018 Something New Public Art Program. This artwork was installed in Waterfront Park in 2018.

On March 5, 2019, the City Council considered the recommendation from the Public Art Committee (PAC) that the City purchase the "Hand in Hand" artwork and leave it in place as a permanent installation. In order to

provide the public an opportunity to comment on the purchase, the proposed purchase has been scheduled for additional City Council consideration on March 26, 2019.

ATTACHMENTS:

Public Art Committee's "Hand in Hand" Purchase Proposal

Photo of "Hand in Hand"

FISCAL DETAILS:

The current estimated fund balance at year-end 2020 for the Public Art Subfund is $137,000. PAC recommends purchase of this piece of artwork for $13,000 to add to the City's Public Art collection. There are sufficient funds and budget in the Public Art Subfund to support this purchase.

Fund Name(s): Other

Coding:

Public Art Committee

Proposal for Purchase of “Hand in Hand” Sculpture

arts & humanities bainbridge | public art

CITY OF BAINBRIDGE ISLAND

Arts & Humanities Bainbridge

Hand in Hand
Artist: Will Robinson

- Purchase for inclusion in COBI's Public Art Portfolio
- Cost $ 13,000
- Sculpture to remain in its current location

580

Why add Hand in Hand to the Public Art Portfolio?

- Sculpture is a wonderful stand alone piece and / or introduction to a possible future sculpture garden
- Design is aesthetically pleasing and accessible, both figuratively and abstractly
- Shape and scale of sculpture perfectly fit the site
- Material, varied texture and color used are appropriate for the location
- Beautifully presented on layered bases

581

Public Art Fund

Public Art Fund Balance	
2019 Project Funding	$50,000
2019 Proposed Expenditures	
1. Something New Phase Two	$25,768
2. “Hand in Hand” Purchase	$13,000

582

PAC Proposal For Purchase March 2019

PAC Proposal

The Public Art Committee recommends:

Bainbridge Island City Council approve the purchase of “Hand in Hand” sculpture as an addition to COBI’s permanent Public Art Portfolio.

583

arts & humanities bainbridge | public art

PAC Proposal For Purchase March 2019

CITY OF BAINBRIDGE ISLAND

City Council Regular Business Meeting Agenda Bill

MEETING DATE: March 26, 2019 **ESTIMATED TIME:** 10 Minutes

AGENDA ITEM: (8:55 PM) "Something New" Public Art Program Continuation and Budget Appropriation - Executive,

STRATEGIC PRIORITY: Healthy and Attractive Community

PRIORITY BASED BUDGETING PROGRAM:

AGENDA CATEGORY: Discussion **PROPOSED BY:** Executive

RECOMMENDED MOTION:

I move to ratify the Council's prior decision to approve the expenditure of $13,000 from the Public Art Subfund for the "Something New" Public Art Program in 2019 and $26,000 in 2020.

SUMMARY:

The "Something New" Public Art Program was first approved in 2017, with three pieces of artwork installed in 2018 as a one-year pilot project. On March 5, 2019, members of the Public Art Committee (PAC) presented information to the City Council on the results of the "Something New" pilot year (2018). The PAC further recommended that the City extend the program and expand the total number of sites from three to five. Council decided to approve extension of the program for five years, and to provide three new sites in 2019 for program expansion in 2020.

FISCAL IMPACT:

Amount:	$13,000
Ongoing Cost:	
One-Time Cost:	$13,000
Included in Current Budget?	Yes

BACKGROUND:

In February 2017, the Public Art Committee (PAC), a subcommittee of the Arts and Humanities Bainbridge (AHB) Board, presented the City Council with a proposal for a new public art program titled “Something New.” The project involved installation of three permanent plinths (bases) in the downtown Winslow area to be used tc

display artwork from various artists on a one-year rotating schedule. In September 2017, the City Council approved $26,000 of funding from the City's Public Art Subfund to support a one-year pilot of the project.

Project management for construction and installation of the bases for the artwork has been the responsibility of staff in the Public Works Department. The recruitment and selection of artists is the responsibility of PAC, with support from AHB.

Using a jury process, PAC solicited for and selected three artwork pieces, which were installed in June 2018. The artwork is located on the south side of Winslow Way at Ericksen, in Waterfront Park, and at the terminus of Madison Avenue.

The schedule provided by AHB and PAC in May of 2018 included a Council review of the "Something New" pilot phase in the second half of 2018, to determine whether to propose continuing the program going forward. This planned review was delayed until Q1-2019.

On March 5, 2019, PAC proposed, and Council indicated support for, increasing the number of sites for the "Something New" program from three sites to five. This proposal can be supported within the existing Public Art funding of $50,000 included in the 2019 and 2020 budgets. The expansion in the number of sites will require one-time resources for project management and construction from Public Works. The expansion in the number of sites going forward will require a minimal increase in ongoing support from Legal and Executive staff, who manage the artwork agreements and associated requirements.

ATTACHMENTS:

Public Art Subfund Estimates and "Something New" Budget Slides

March 5, 2019 "Something New" Phase 2 Proposal

FISCAL DETAILS:

The first year of "Something New" has been delivered to date within the established budget of $28,600. Any unspent funds will remain in the Public Art Subfund for future eligible uses.

Current plans are as follows:

2019 - two sites for new artwork (existing plinths)

2020 - five sites for new artwork (two existing plinths, one new site at City Hall, two new plinths)

As shown in the attached budget slides, the "Something New" program has a proposed budget of $13,000 in 2019 and $25,750 in 2020. If this funding is approved, the estimated fund balance at year-end 2020 for the Public Art Subfund would be $138,000.

Fund Name(s): Other

Coding:

	Estimated Beginning Balance	Estimated City Funding	Estimated Expenses	Estimated Ending Fund Balance
2018	$81,835	$56,598	$42,466	$95,967
2019	$95,967	[A] $86,000	[B] $59,500	$122,017
2020	$122,017	[C] $64,000	[D] $48,250	$138,267

[A] Assumes $10,000 for 2018 2% for Public Art; $24,000 for AHB support; $50,000 for project funding; $2,000 for interest earnings

[B] Assumes $10,000 for major repairs; $24,000 for AHB support; $13,000 for Hand in Hand purchase; $13,000 for Something New (2 sites)

[C] Assumes $12,000 for AHB support; $50,000 for project funding; $2,000 for interest earnings

[D] Assumes $10,000 for major repairs; $12,000 for AHB support; $25,750 for Something New (5 sites)

Something New Program Budget

	Budget 2018	Budget 2019	Budget 2020
Community Outreach	$ 500	$ -	$ -
Bases	$ 12,000	$ -	$ 8,000
City Permits	$ 2,400	$ -	$ -
Engineering (COBI)	$ 1,200	$ -	$ -
Infrastructure Subtotal	$ 16,100	$ -	$ 8,000
Art Call	$ 450	$ 450	$ 600
Honorariums	$ 3,400	$ 2,400	$ 5,400
Peoples' Choice	$ 1,000	$ 1,000	$ 1,000
Promotion & Publicity	$ 2,000	$ 5,000	$ 5,000
Opening Reception	$ 2,000	$ 2,000	$ 2,000
Artwork Plaques	$ 450	$ 300	$ 750
Art Rotation	$ 600	$ 600	$ 600
Expense Subtotal	$ 9,900	$ 11,750	$ 15,350
Total Infrastructure and Expenses	$ 26,000	$ 11,750	$ 23,350
10% Contingency	$ 2,600	$ 1,200	$ 2,400
Total	*$28,600*	*$12,950*	*$25,750*

Public Art Committee

Something New

Arts & Humanities Bainbridge

March 2019

Something New Pilot Recap & Review

- Early Outreach to Community
  - BIDA meeting, Public meeting at City Hall and two commuter round trip ferry rides.
- Public Works Support
  - Partnership with Mark Epstein included multiple meetings to design and build initial pedestals.
- Initial Artist Call well received
- Delivered project below budgeted costs
- Public Response to People's Choice low
- Anecdotal public responses very positive
- Additional investment in promotion and marketing requested for Phase Two

Something New Pilot Budget

* COBI internal expenses, not charged to the public art sub fund

	Budget 2018	Actual 2018
Community Outreach	500	244
Bases	12,000	7,600
City Permits	2,400	0
Engineering (COBI)	1,200	15,500*
Infrastructure Subtotal	**16,100**	**7,844**
Art Call	450	525
Honorariums	3,400	3,400
Peoples Choice	1,000	1,000
Insurance	0	0
Promotion & Publicity	2,000	1,635
Opening Reception	2,000	1,000
Artwork Plaques	450	233
Art Rotation Exp's	600	0
Expense Subtotal	**9,900**	**7,793**
Total Infra and Expenses	26,000	15,637
10% Contingency	2,600	1,564
Total	28,600	17,201

Something New 2019 Timeline

2019 Timeline

March
- PAC proposal to City Council
- Design new pedestals with Public Works
- PAC posts Call for Art

April
- Submission Deadline
- Jury selects new artwork
- People's Choice winner 2018 publicized

May
- Art selections presented to City Council
- Artists notified of selections
- Contracts signed by artists

June
- SN Phase One art de-installed
- SN Phase Two art installed
- Podcast recorded
- Peoples Choice voting begins

July
- SN Phase celebration during First Friday Art Walk

August
- Publish Website pages (interviews and podcasts)

	Estimated Beginning Balance	Estimated City Funding	Estimated Expenses	Estimated Ending Fund Balance
2018	$81,835	$56,598	$42,466	$95,967
2019	$106,785	[A] $86,000	[B] $34,000	$147,967
2020	$158,785	[C] $64,000	[D] $22,000	$189,967

[A] Assumes $10,000 for 2018 2% for Public Art; $24,000 for AHB support; $50,000 for project funding; $2,000 for interest earnings

[B] Assumes $10,000 for major repairs; $24,000 for AHB support

[C] Assumes $12,000 for AHB support; $50,000 for project funding; $2,000 for interest earnings

[D] Assumes $10,000 for major repairs; $12,000 for AHB support

Proposal for Phase Two

Proposed Locations

Left: City Hall entrance (to replace Gayle Bard piece)
Middle: Waterfront Park (playground area)
Right: Waterfront Park (main lawn hillside)

Proposed Phase Two Timeline

2019 Timeline

Summer/Fall

- Planning for 2020 cycle
- Consider potential additional bases

CITY OF BAINBRIDGE ISLAND

City Council Regular Business Meeting Agenda Bill

MEETING DATE: March 26, 2019 **ESTIMATED TIME:** 10 Minutes

AGENDA ITEM: (9:05 PM) Adopt MultiYear Workplan for Comprehensive Plan Implementation - Executive,

STRATEGIC PRIORITY: Green, Well-Planned Community

PRIORITY BASED BUDGETING PROGRAM:

AGENDA CATEGORY: Discussion **PROPOSED BY:** Executive

RECOMMENDED MOTION:

I move to adopt the MultiYear Workplan for Comprehensive Plan Implementation.

SUMMARY:

At the January 15, 2019 Study Session, the City Council reviewed a draft version of a multiyear workplan to respond to the 54 "Implementing Actions" identified in the City's Comprehensive Plan (adopted February, 2017). The purpose of this document is to track progress on completed and planned activities, and to help communicate about the work the City will do in these areas over a five- to ten-year period.

At its January 15, 2019 Study Session, the City Council reviewed these materials and expressed support for the use of this format/tool for communication and planning. Since then, staff have completed minor revisions to the content to reflect the most current information about work in progress and items that have been completed. As discussed in January, staff have provided a forward-looking schedule for the near/mid-term (2019-2022). At this time, given the nature and scope of the work, it is not meaningful to attempt to portray workplans further out into the future.

The request at this time is for City Council to formally adopt this workplan. The current version of these documents will then be posted to the City's website.

Going forward, staff will provide updates to these documents twice a year, as part of the broader City reporting on financial and workplan results. This reporting will be delivered at midyear (as of June 30) and at year-end (as of December 31).

FISCAL IMPACT:

Amount:	
Ongoing Cost:	

One-Time Cost:	
Included in Current Budget?	Yes

BACKGROUND:

ATTACHMENTS:

Overall Schedule Matrix.docx

Land Use Element Q1-2019.docx

Economic Element Q1-2019.docx

Environmental Element Q1-2019.docx

Water Resources Element Q1-2019.docx

Housing Element Q1-2019.docx

Transportation Element Q1-2019.docx

Capital Facilites Element Q1-2019.docx

Utilities Element Q1-2019.docx

Cultural Element Q1-2019.docx

Human Services Element Q1-2019.docx

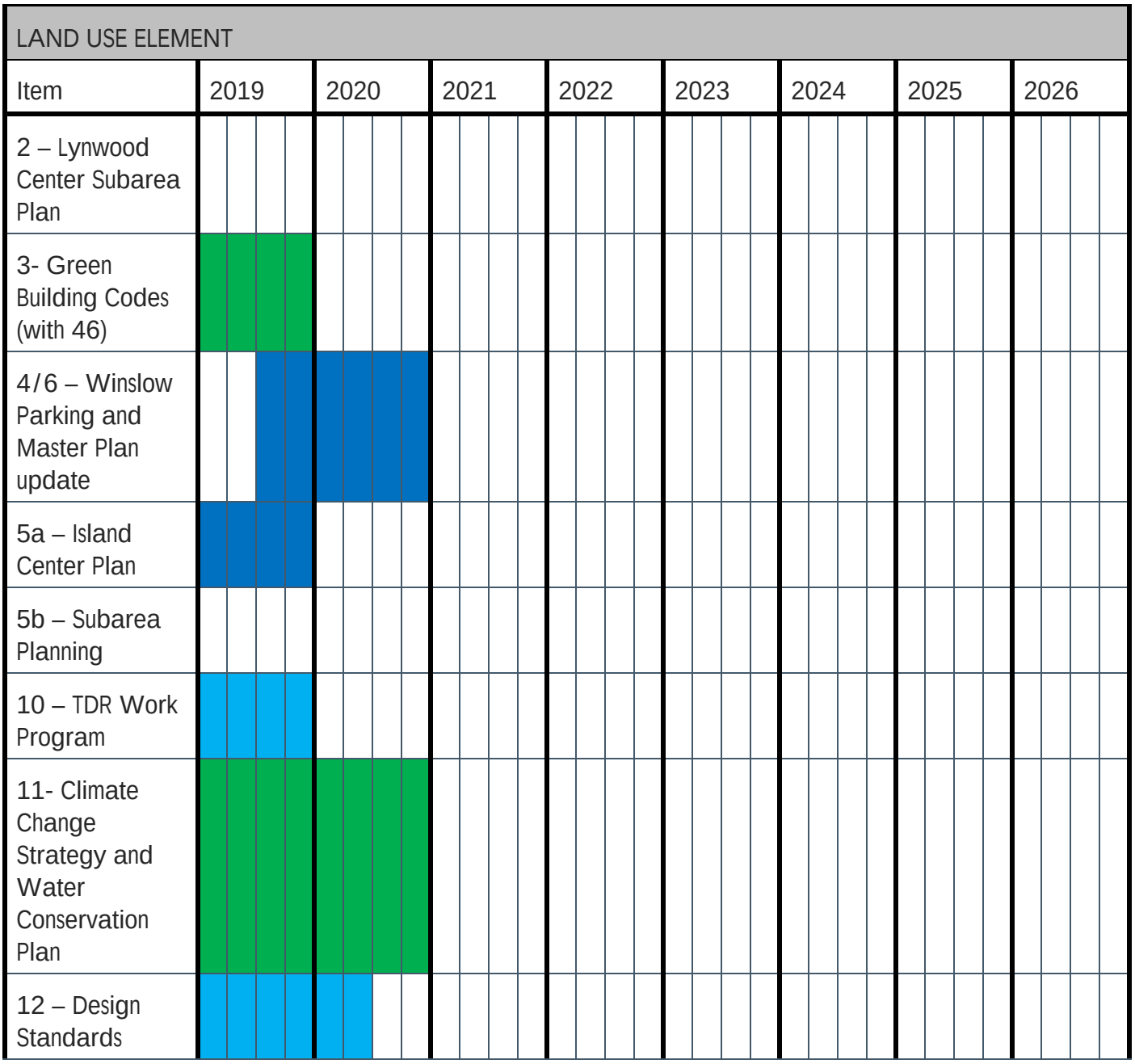
FISCAL DETAILS:

Fund Name(s):

Coding:

Work Plan Schedule

The following work plan shows how the implementing actions of the Comprehensive Plan are scheduled for review and action. This schedule is tentative and sensitive to changes related to: work program additions, staffing levels, community priorities, and other factors. The colors on the schedule help to identify topic-related work groups. A key to the work group colors is shown below. Additional details on the work program items can be found in each topic specific section of the Implementing Action Work Program document.



Work Group Key

- Environment and Climate Work
- Subarea Plans Work
- Community and Land Use Work

ECONOMIC DEVELOPMENT ELEMENT								
Item	2019	2020	2021	2022	2023	2024	2025	2026
13 – Economic Development Strategy								
14 – Support for Agriculture (with 20)								
15 – Parking for Business								
16 – Non-Motorized Streetscape Standards								

Work Group Key

- Subarea Plans Work
- Community and Land Use Work
- Transportation Work

ENVIRONMENTAL ELEMENT								
Item	2019	2020	2021	2022	2023	2024	2025	2026
18 – Sustainability and Conservation Regulations								
19 – Climate Change Policy								
20 – Agricultural Resource Land (with 14)								
22 – Vegetation Management								
23 – Climate Change Education								
24 – Pest and Weed Management Coordination								
25 – Coordination on Climate Change								

Work Group Key

- Environment and Climate Work
- Environment and Water Resources Work
- Community and Land Use Work

WATER RESOURCES ELEMENT																								
Item	2019				2020				2021				2022				2023				2024				2025				2026			
26 – Aquifer Conservation																														
27 – Groundwater Management Plan																														
28 – Adaptive Management of Water Resources																														
29 – Public Education on Water Resources																														
30 – Seawater Intrusion Regulations																														
31 – Coordination for Water Resources																														

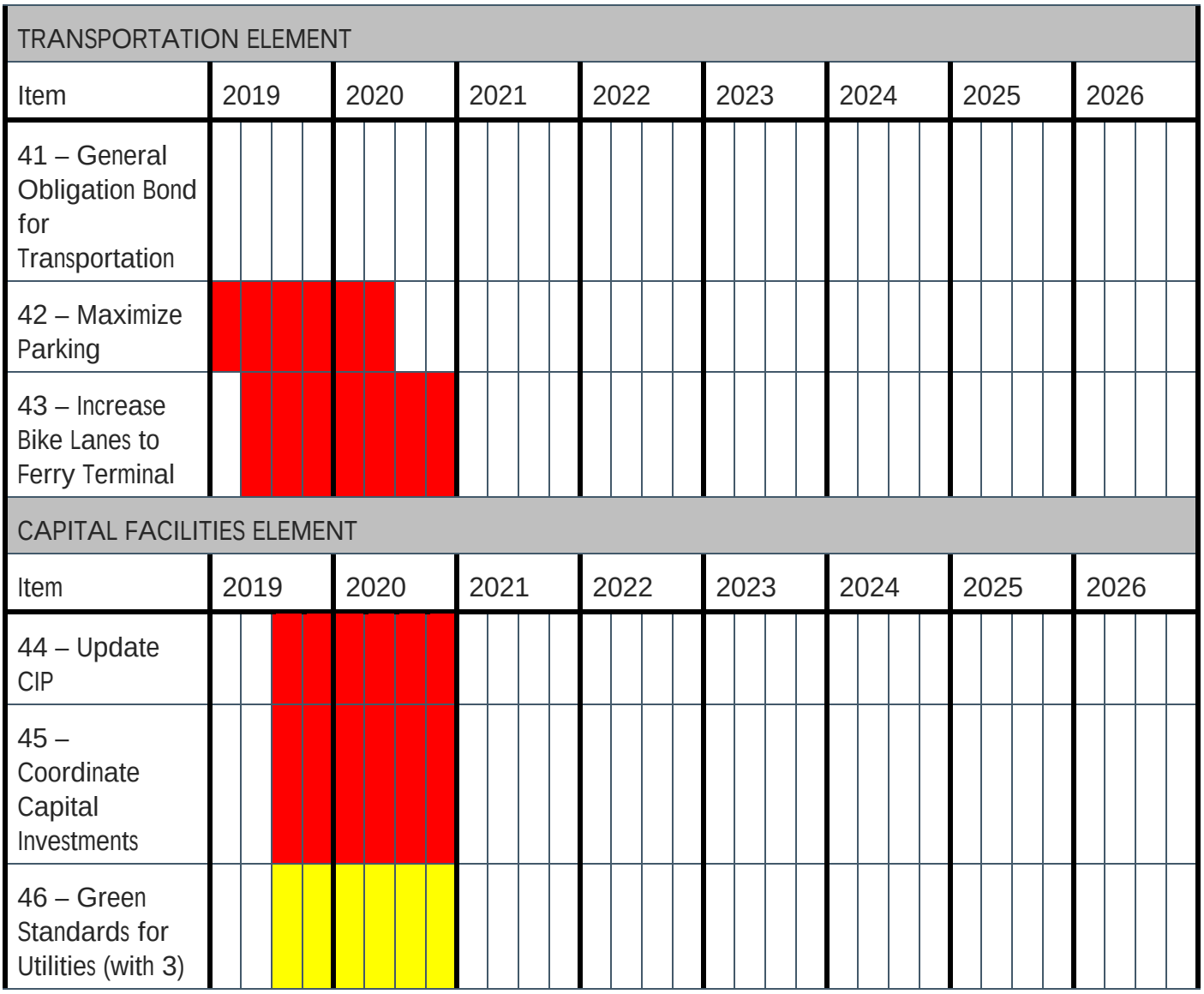
Work Group Key

Environment and Water Resources Work

HOUSING ELEMENT								
Item	2019	2020	2021	2022	2023	2024	2025	2026
33 – Housing Diversity (with 52)								
34 – Partner on Affordable Housing								
35 – Eliminate Financial Barrier to Affordable Housing								
37 – Live-aboard Housing								
38 – Financial Resources for Affordable Housing								
39 – Reduce Multi-Family Housing Costs								
40 – Regional Housing Action								

Work Group Key

- Environment and Climate Work
- Housing Work



Work Group Key

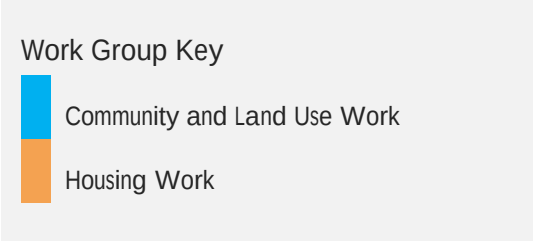
- Transportation Work
- Utilities Work

UTILITIES ELEMENT																																
Item	2019				2020				2021				2022				2023				2024				2025				2026			
47 – Periodic Review of Utility Services																																
48 – Sewer Tertiary Treatment and Greywater																																
49/51 – Consolidation of Water Systems																																
50 – High Speed Internet																																

Work Group Key

Utilities Work

CULTURAL ELEMENT								
Item	2019	2020	2021	2022	2023	2024	2025	2026
52 – Living Spaces for Artists (with 33)								
HUMAN SERVICES ELEMENT								
Item	2019	2020	2021	2022	2023	2024	2025	2026
53/54 – Human Services								



Land Use Element

Work Items and Schedule

LAND USE WORK ITEM SUMMARY TABLE

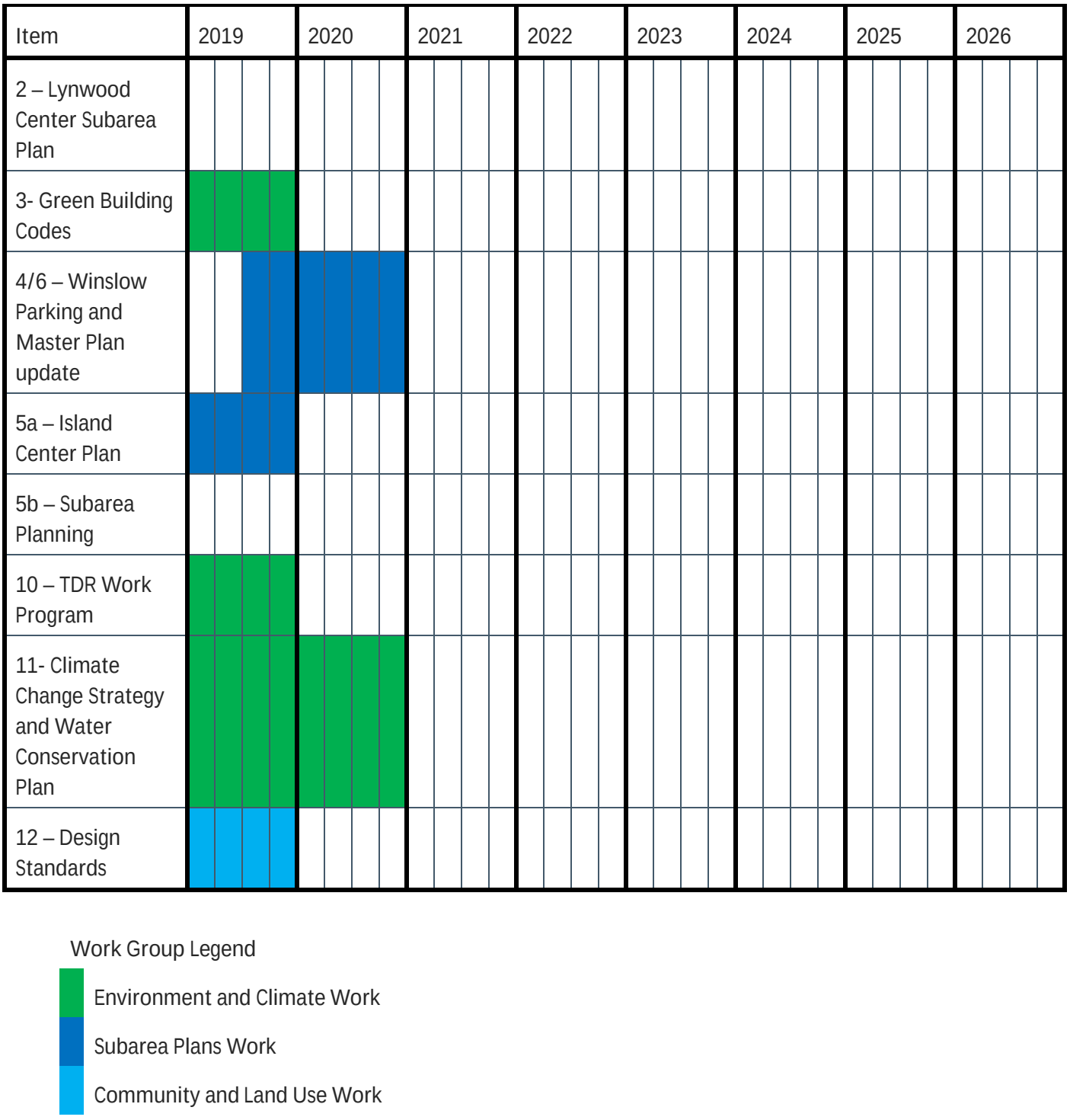
	Implementing Actions	Tasks to Complete	Tasks in Progress	Completed Tasks
1	High Priority LU Action #1 Complete a thorough review of all Bainbridge Island codes to ensure that they implement and are consistent with the Comprehensive Plan.		• Code Consistency Work Program • Moratorium Review Work • Code Update: Process Efficiency Work (BIMC 2.16)	
2	High Priority LU Action #2 Review and update the Lynwood Center Subarea Plan.	Update Lynwood Neighborhood Center Plan & develop related code updates		
3	High Priority LU Action #3 Amend the City's development code to implement green building codes. Utilize lessons learned from communities of comparable environmental and socioeconomic characteristics to implement green building codes which address issues such as site sustainability, water use efficiency, energy use efficiency, indoor environmental quality, and the impact on the atmosphere, materials and resources by buildings.		Building Official: Integrate climate change factors into green building and development standards. Will need to coordinate with Design Review Board and Climate Change Advisory Committee	
4	High Priority LU Action #4 Encourage development of adequate parking to support Winslow facilities and services.	Update Winslow Master Plan		Winslow Parking Study (Public Works, 2018)

	Implementing Actions	Tasks to Complete	Tasks in Progress	Completed Tasks
5	High Priority LU Action #5 Adopt a multi-year planning work program for adopting the subarea plans for Island Center, Rolling Bay, Sportsman Triangle and Day Road.	City Council: Develop a schedule for subarea planning: • 2020: Begin the next subarea planning process: Rolling Bay Neighborhood Center Subarea plan; or Sportsman Triangle Center Subarea plan; or Day Road Center Subarea Plan	Island Center Subarea Planning began in Dec0 2017 and is estimated to be completed by the end of 2019.	
6	High Priority LU Action #6 Update the Winslow Mixed Use Town Center Master Plan in order to facilitate progress on the Housing Priorities that can best be accommodated in an area with an existing urban character, urban facilities, services and multi-modal transportation options.	Update Winslow Master Plan	Council Review of Inclusionary Zoning & Transfer of Development Rights Report by ECONorthwest/Forterra in February 2019. Council review will continue in Spring 2019.	Winslow Parking Study (Public Works, 2018)
7	High Priority LU Action #7 Consider development of a new Conservation Village land use regulation to incentivize creation of a new housing pattern that consolidates and dedicates open space.	Not Necessary Anymore: Subsequent CAO/ARPA regulations make conservation village concept unnecessary.		
8	High Priority LU Action #8 Identify discrete sections of the Land Use Code and land use approval process, that can be enhanced to improve the quality of development, eliminate confusion, and reduce		• Subdivision Design Standards (estimated Council approval April 2019) • Site Plan Review and Conditional Use Permit Decision	Land Use Review Procedures revised (Ordinance 2018-20) in December 2018

	Implementing Actions	Tasks to Complete	Tasks in Progress	Completed Tasks
	redundancy and delays in the permitting process.		Criteria (estimated Council approval April 2019) • Design Guidelines Update Project	
9	High Priority LU Action #9 Create more efficient and effective review processes, including the roles and best practices and procedures for the Planning Commission, Design Review Board and Hearing Examiner.			Land Use Review Procedures revised (Ordinance 2018-20) in December 2018
10	High Priority LU Action #10 Evaluate the reasons why the City's PDR and TDR programs have not been successful and explore ways to make them functional to meet City objectives.	Improve City's TDR/PDR program Code (BIMC Chapter 18.27), Outreach and Administration	Council Review of Inclusionary Zoning & Transfer of Development Rights Report by ECONorthwest/Forterra in February 2019. Council review will continue in Spring 2019.	
11	Medium Priority LU Action #11 (Policy LU 2.5) Prepare a Bainbridge Island Climate Change Strategy and Water Conservation Plan.	• Groundwater Management Plan • Bainbridge Island Climate Change Strategy	City Green House Gas (GHG) Inventory	City GHG Inventory contract awarded.
12	Other Priority LU Action #12 Review and update design standards and guidelines for the neighborhood centers.		Design Guidelines Update Project in Process.	

Items completed or nearing completion

LAND USE DRAFT SCHEDULE



Land Use Action #1

Priority:

High Priority LU Action #1 Complete a thorough review of all Bainbridge Island codes to ensure that they implement and are consistent with the Comprehensive Plan.		
Department Lead: Planning and Community Development	Support: Public Works	
Action Affects: ▪ Work Program ▪ -- ▪ --	Notes: This item describes the work program for all of the code updates listed in these implementation sheets.	
Tasks:	Dependencies:	Status:
1-1 Code Consistency Work Program		In Progress 2019
1-2 Code Update: Moratorium Review Work		In Progress 2019
1-3 Internal Process Efficiency Work		In Progress 2019

2 Land Use Action #2

Priority:

High Priority LU Action #2 Review and update the Lynwood Center Subarea Plan.		
Department Lead: Community Development	Support: Public Works	
Action Affects: ▪ Plan/Strategy ▪ BI Municipal Code ▪ Budget--	Notes:	
Tasks:	Dependencies:	Status:
2-1 Update Lynwood Neighborhood Center Plan and develop related code amendments		Not started

3 Land Use Action #3

Priority:

High Priority LU Action #3 Amend the City's development code to implement green building codes. Utilize lessons learned from communities of comparable environmental and socioeconomic characteristics to implement green building codes which address issues such as site sustainability, water use efficiency, energy use efficiency, indoor environmental quality, and the impact on the atmosphere, materials and resources by buildings.		
Department Lead: Community Development	Support: Public Works	
Action Affects: ▪ Building Code & BI Municipal Code ▪ -- ▪ --	Notes:	
Tasks:	Dependencies:	Status:
3-1 Integrate climate change factors into green building and development standards	Group with the work on Capital Facilities Action #3. Coordination with Climate Change Advisory Committee and Design Review Board.	Estimated Start 2019

4 Land Use Action #4

Priority:

High Priority LU Action #4 Encourage development of adequate parking to support Winslow facilities and services.		
Department Lead: Community Development	Support: Public Works	
Action Affects: ▪ Plan/Strategy ▪ BI Municipal Code ▪ --	Notes:	
Tasks:	Dependencies:	Status:
4-1 Winslow Parking Study		Completed 2018
4-2 Update the Winslow Town Center Plan	Group with the work on LU Action #6	Estimated Start 2019
4-3 Develop related code amendments		Estimated Start 2020

5A Land Use Action #5A

Priority:

High Priority LU Action #5 Adopt a multi-year planning work program for adopting the subarea plans for Island Center, Rolling Bay, Sportsman Triangle and Day Road. Note 5a = Island Center, 5b = other subarea plans	
Department Lead: Community Development	Support: Public Works
Action Affects: ▪ Plan/Strategy ▪ BI Municipal Code ▪ Budget	Notes:

Tasks:	Dependencies:	Status:
5A Island Center Subarea Planning		In Progress 2019

5B Land Use Action #5B

Priority:

High Priority LU Action #5 Adopt a multi-year planning work program for adopting the subarea plans for Island Center, Rolling Bay, Sportsman Triangle and Day Road. Note 5a = Island Center, 5b = other subarea plans	
Department Lead: Community Development	Support: Public Works
Action Affects: ▪ Work Program ▪ Plan/Strategy ▪ BI Municipal Code ▪ Budget	Notes:

Tasks:	Dependencies:	Status:
5B-1 Develop a schedule for subarea planning.		Estimated Start 2020
5B-2 Create a Rolling Bay Neighborhood Center Subarea Plan		Estimated Start TBD
5B-3 Create a Sportsman Triangle Center Subarea Plan		Estimated Start TBD
5B-4 Create a Day Road Center Subarea Plan		Estimated Start TBD

6 Land Use Action #6

Priority:

High Priority LU Action #6 Update the Winslow Mixed Use Town Center Master Plan in order to facilitate progress on the Housing Priorities that can best be accommodated in an area with an existing urban character, urban facilities, services and multi-modal transportation options.

Department Lead: Community Development	Support: Public Works	
Action Affects: ▪ Plan/Strategy ▪ BI Municipal Code ▪ --	Notes:	
Tasks:	**Dependencies:**	**Status:**
6-1 Update the Winslow Town Center Plan	Group with the work on LU Action #4. Inclusionary Zoning and TDR Policy Discussion	Estimated Start 2019
6-3 Winslow Parking Study		Completed 2018

7 Land Use Action #7

Priority:

High Priority LU Action #7 Consider development of a new Conservation Village land use regulation to incentivize creation of a new housing pattern that consolidates and dedicates open space.

Department Lead: Community Development	Support: --	
Action Affects: ▪ BI Municipal Code ▪ --	Notes: Conservation Village land use regulations not necessary anymore: Subsequent CAO/ARPA regulations make conservation village concept unnecessary	
Tasks:	**Dependencies:**	**Status:**
NA		

8 Land Use Action #8

Priority:

High Priority LU Action #8 Identify discrete sections of the Land Use Code and land use approval process, that can be enhanced to improve the quality of development, eliminate confusion, and reduce redundancy and delays in the permitting process.

Department Lead: Community Development	Support: --	
Action Affects: ▪ BI Municipal Code ▪ -- ▪ --	Notes:	
Tasks:	**Dependencies:**	**Status:**
8-1 Moratorium Review Code Work, Subdivision Design Standards		In Progress, Estimated Completion April 2019
8-2 Land Use Review Procedures Revised (Ordinance 2018-20)		Completed December 2018
8-3 Internal Process Efficiency Work		Ongoing
8-4 Design Guidelines Update Project		In Progress, Estimated Completion Summer 2019
8-5 Update to Site Plan Review and Conditional Use Permit Decision Criteria		In Progress, Estimated Completion Summer 2019

9 Land Use Action #9

Priority:

High Priority LU Action #9 Create more efficient and effective review processes, including the roles and best practices and procedures for the Planning Commission, Design Review Board and Hearing Examiner.

Department Lead: Community Development	Support: --	
Action Affects: ▪ BI Municipal Code ▪ -- ▪ --	Notes:	
Tasks:	**Dependencies:**	**Status:**
9-1 Land Use Review Procedures Revised (Ordinance 2018-20)		Completed December 2018

10 Land Use Action #10

Priority:

High Priority LU Action #10 Evaluate the reasons why the City's PDR and TDR programs have not been successful and explore ways to make them functional to meet City objectives.		
Department Lead: Community Development	Support: --	
Action Affects: ▪ BI Municipal Code ▪ -- ▪ --	Notes:	
Tasks:	Dependencies:	Status:
10-1 Improve City's TDR/PDR program Code (BIMC Chapter 18.27) Outreach and Administration	ECONorthwest/Forterra Report with Recommendations on Inclusionary Zoning and TDR Programs	In Progress 2019

11 Land Use Action #11

Priority:

Medium Priority LU Action #11 (Policy LU 2.5) Prepare a Bainbridge Island Climate Change Strategy and Water Conservation Plan.		
Department Lead: Public Works	Support: PCD, Finance & Executive	
Action Affects: ▪ Plan/Strategy ▪ -- ▪ --	Notes:	
Tasks:	Dependencies:	Status:
11-1 Adopt Groundwater Management Plan		Estimated Start 2019
11-2 Adopt Bainbridge Island Climate Change Strategy	City Greenhouse Gas Inventory (GHG) started Spring 2019	-- --

12 Land Use Action #12

Priority:

Other Priority LU Action #12 Review and update design standards and guidelines for the neighborhood centers.		
Department Lead: Community Development	Support: Public Works	
Action Affects: ▪ BI Municipal Code ▪ -- ▪ --	Notes:	
Tasks:	Dependencies:	Status:
12-1 Design Guidelines Update Project		In Progress, Estimated Completion Summer 2019

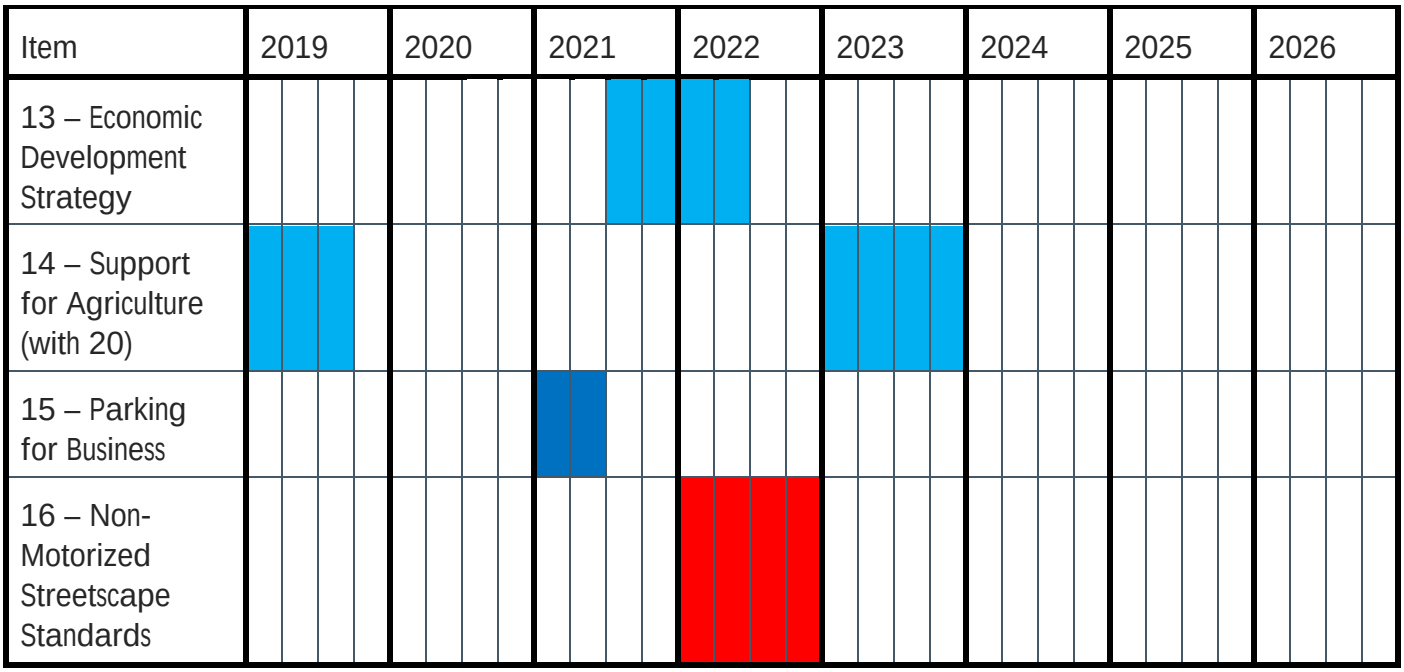
Economic Development Element

Work Items and Schedule

ECONOMIC DEVELOPMENT WORK ITEM SUMMARY TABLE

	Implementing Actions	Tasks to Complete	Tasks in Progress	Completed Tasks
13	High Priority EC Action #1 Adopt and maintain an Economic Development Strategy to coordinate public and private efforts to grow and sustain a healthy economy on the Island.	Begin plan development		
14	High Priority EC Action #2 Continue efforts to promote and support agriculture as a component of the Island's economy, landscape and culture.	Develop strategy for agriculture Develop code amendments	TDR Work Program	
15	High Priority EC Action #3 Assure that adequate parking is available to support businesses.	Begin strategy development		
16	High Priority EC Action #4 Identify capital projects and streetscape standards to implement Policy EC 11.1, to improve non-motorized facility links between the ferry terminal, downtown Winslow, and the harbor.	Capital Improvement Plan Update Transportation Improvement Plan Update Update streetscape standards		

ECONOMIC DEVELOPMENT DRAFT SCHEDULE



Work Group Legend

- Subarea Plans Work
- Community and Land Use Work
- Transportation Work

13 Economic Development Action #1

Priority: 4

High Priority EC Action #1 Adopt and maintain an Economic Development Strategy to coordinate public and private efforts to grow and sustain a healthy economy on the Island. NOTE: SAME AS HS ACTION #4.

Department Lead: Community Development	Support: Executive
Action Affects: ▪ Plan/Strategy ▪ -- ▪ --	Notes:

Tasks:	Dependencies:	Status:
13-1 Develop an Economic Development Strategy		Estimated Start 2021
		-- --
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14 Economic Development Action #2

Priority: 4

High Priority EC Action #2 Continue efforts to promote and support agriculture as a component of the Island's economy, landscape and culture.

Department Lead: Community Development	Support: Executive
Action Affects: ▪ Plan/Strategy ▪ BI Municipal Code ▪ --	Notes:

Tasks:	Dependencies:	Status:
14-1 TDR Work Program		In Progress 2018
14-2 Review Master Lease for Public Farmland		In Progress 2019
14-2 Develop Agricultural Strategy		Estimated Start 2023
14-3 Code update: o Review use and development standards to ensure they support the policies on local agricultural use. o Review zoning standards and uses to ensure they support and that they do not conflict with agricultural uses.	Group code updates with with EN Action #4	Estimated Start 2023
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15 Economic Development Action #3

Priority: 2

High Priority EC Action #3 Assure that adequate parking is available to support businesses.

Department Lead: Community Development	Support: Public Works
Action Affects: ▪ Plan/Strategy ▪ BI Municipal Code ▪ --	Notes: Chris Hammer has met with downtown businesses to begin to gather input on parking.

Tasks:	Dependencies:	Status:
15-1 Winslow Parking Study		Completed 2018
15-2 Implement Medium Term Strategies		In Progress 2019
15-3 Develop a Parking Strategy	LU Action #4 has code updates that implement this action, in part.	Estimated Start 2021
'15-4 Code Updates: • Updates related to the Parking Strategy • Table 18.15.020-2: add a standard for commercial and non-residential uses for Madison Avenue Overlay, Ericksen Avenue Overlay, Gateway Overlay. • 18.15.020.B.12: A CUP may not be needed for shared parking in order to promote sustainability and shared parking where possible. Parking reductions should be considered along with the primary permit, do not add additional burden of review. • Table 18.15.020-2 Footnote 3: Need graphic to show radii from Ferry Terminal District. • Table 18.15.020.D 3 Delete comma after "serve."		-- --
		-- --
		-- --

16 Economic Development Action #4

Priority: 4

High Priority EC Action #4 Identify capital projects and streetscape standards to implement Policy EC 11.1, to improve non-motorized facility links between the ferry terminal, downtown Winslow, and the harbor.

Department Lead: Public Works	Support: --
Action Affects: ▪ Capital Improvements Plan ▪ Transportation Improvements Plan ▪ BI Municipal Code	Notes:

Tasks:	Dependencies:	Status:
16-1 Capital Improvement Plan Update		Estimated Start 2022
16-2 Transportation Improvement Plan Update		Estimated Start 2022
16-3 Update Streetscape Standards		Estimated Start 2022
		-- --
		-- --

Environmental Element

Work Items and Schedule

ENVIRONMENTAL WORK ITEMS SUMMARY TABLE

	Implementing Actions	Tasks to Complete	Tasks in Progress	Completed Tasks
17	High Priority EN Action #1 When updating the City's Critical Areas Ordinance, integrate the precautionary principle and mitigation sequencing to protect and preserve natural resources.			Critical Area Ordinance Update 2018
18	High Priority EN Action #2 Integrate sustainability and conservation into regulations.	Develop methodology for integration		
19	High Priority EN Action #3 Consider climate change in all relevant City decisions, including capital projects, budgeting, staffing, and program creation.	Develop methodology for considering climate change in City decisions. Consider use of EcoAdapt's Climate Change Adaptation Certification (CCAC) tool Coordinate with Public Works		
20	High Priority EN Action #4 Consider creating a new "Agricultural Resource Land" (ARL) designation consistent with WAC 365-190-050, and consider designating City-owned farmland ARL.	Consider Comprehensive Plan amendment through application process If ARL designation implemented, develop code amendments	Comprehensive Plan Amendment application	Pre-application waiver application (approved)
21	High Priority EN Action #5 Incorporate low impact development principles, goals, and approaches into all land use and development codes. NOTE: SAME ACTION IN WATER RESOURCES ELEMENT	Consider revisions to setbacks (BIMC 18.12) to accommodate LID per Herrera's 2017 recommendation. Consider revisions for water quality section of SMP re: direct discharge (BIMC 16.12)	Revisions to Design and Construction Specifications and Standards (Public Works) Refer to Public Works/Water Resources team work plan	

	Implementing Actions	Tasks to Complete	Tasks in Progress	Completed Tasks
		Support Public Works as needed		
22	High Priority EN Action #6 Review and update BIMC 16.22 Vegetation Management and other City tree regulations and programs.	Revisions to BIMC 16.18	Revisions to BIMC 16.18	Repeal of BIMC 16.22
	High Priority EN Action #7 Evaluate the reasons why the City's PDR and TDR programs have not been successful and explore ways to make them functional to meet City objectives. NOTE: SAME ACTION IN LAND USE ELEMENT	See Land Use Element		
23	Medium Priority EN Action #8 Improve City outreach programs to educate the public about how they can protect and enhance natural resources and respond to climate change.	Consider options for outreach program		
24	Medium Priority EN Action #9 Coordinate with other agencies to promote safe and sustainable pest and weed management.	Consider options for partnerships and coordination		
25	Other EN Action #10 Coordinate with organizations and governments at all levels to prepare for and respond to climate change.	Develop protocol for coordination with CCAC Consider use of EcoAdapt's Climate Change Adaptation Certification (CCAC) tool Support City Council development of Climate Action Plan		

☐ Items completed.

ENVIRONMENT DRAFT SCHEDULE

Item	2019	2020	2021	2022	2023	2024	2025	2026
18 – Sustainability and Conservation Regulations								
19 – Climate Change Policy								
20 – Agricultural Resource Land (with 14)								
22 – Vegetation Management								
23 – Climate Change Education								
24 – Pest and Weed Management Coordination								
25 – Coordination on Climate Change								

Work Group Legend

- Environment and Climate Work
- Environment and Water Resources Work
- Community and Land Use Work

17 Environmental Action #1

Priority: Completed

High Priority EN Action #1 When updating the City's Critical Areas Ordinance, integrate the precautionary principle and mitigation sequencing to protect and preserve natural resources.		
Department Lead: Community Development	Support: --	
Action Affects: ▪ BI Municipal Code ▪ -- ▪ --	Notes:	
Tasks:	Dependencies:	Status:
17-1 Update Critical Areas Ordinance		Completed 2017
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18 Environmental Action #2

Priority: 3

High Priority EN Action #2 Integrate sustainability and conservation into regulations.

Department Lead: Community Development	Support: Public Works, CCAC
Action Affects: ▪ BI Municipal Code ▪ -- ▪ --	Notes:

Tasks:	Dependencies:	Status:
18-1 Review code with climate change and sustainability lens: o Integrate recommendations from the Climate Change Advisory Group. o Examine PSRC and other agency grant requirements for language and requirement consistencies regarding GHGs. o Establish GHG targets.	LU Action #3 Green Building Codes also implements this action. Recommendations of the Climate Change Advisory Group. Results of the GHG inventory study.	Estimated Start 2019
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19 Environmental Action #3

Priority: 2

High Priority EN Action #3 Consider climate change in all relevant City decisions, including capital projects, budgeting, staffing, and program creation.

Department Lead: Executive	Support: Community Development, Public Works, CCAC
Action Affects: ▪ Policies and Procedures ▪ -- ▪ --	Notes:

Tasks:	Dependencies:	Status:
19-1 Review City policies and procedures.	Recommendations of the Climate Change Advisory Group.	Estimated Start 2019
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20 Environmental Action #4

Priority: 4

High Priority EN Action #4 Consider creating a new "Agricultural Resource Land" (ARL) designation consistent with WAC 365-190-050, and consider designating City-owned farmland ARL.

Department Lead: Community Development	Support: --
Action Affects: ▪ Plan/Strategy ▪ BI Municipal Code ▪ --	Notes:

Tasks:	Dependencies:	Status:
20-1 Amend Comprehensive Plan	Group with EC Action #2	In progress
20-2 Update Code		
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21 Environmental Action #5

Priority: Completed

High Priority EN Action #5 Incorporate low impact development principles, goals, and approaches into all land use and development codes. NOTE: SAME AS WR ACTION 3.

Department Lead: Public Works	Support: Community Development	
Action Affects: ▪ BI Municipal Code ▪ -- ▪ --	Notes:	
Tasks:	Dependencies:	Status:
Update BIMC 15.19 and 15.20 as needed		Estimated Start 2019
Update BIMC 18.12 and 18.15 as needed		Estimated Start 2019
Update DCSS document		Estimated Start 2019
		-- --
		-- --

22 Environmental Action #6

Priority: 3

High Priority EN Action #6 Review and update BIMC 16.22 Vegetation Management and other City tree regulations and programs.

Department Lead: Community Development	Support: --
Action Affects: ▪ BI Municipal Code ▪ -- ▪ --	Notes:

Tasks:	Dependencies:	Status:
Repeal BIMC 16.22		Complete
Update BIMC 16.18 and 18.15		In progress
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23 Environmental Action #8

Priority: 4

Medium Priority EN Action #8 Improve City outreach programs to educate the public about how they can protect and enhance natural resources and respond to climate change.

Department Lead: Community Development	Support: Executive
Action Affects: ▪ Outreach/Engagement ▪ -- ▪ --	Notes:

Tasks:	Dependencies:	Status:
23-1 Start Outreach Program		Estimated Start 2020
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24 Environmental Action #9

Priority: 5

Medium Priority EN Action #9 Coordinate with other agencies to promote safe and sustainable pest and weed management.

Department Lead: Community Development	Support: --
Action Affects: ▪ Partnership ▪ -- ▪ --	Notes:

Tasks:	Dependencies:	Status:
24-1 Convene Partnership		Estimated Start 2019
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25 Environmental Action #10

Priority: 4

Other EN Action #10 Coordinate with organizations and governments at all levels to prepare for and respond to climate change.

Department Lead: Community Development	Support: Executive, Public Works
Action Affects: ▪ Partnership ▪ Plan/Strategy ▪ --	Notes:

Tasks:	Dependencies:	Status:
Develop strategy		Estimated Start 2019
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		-- --

Water Resources Element

Work Items and Schedule

WATER RESOURCES WORK ITEM SUMMARY TABLE

	Implementing Actions	Tasks to Complete	Tasks in Progress	Completed Tasks
26	High Priority WR Action #1 Adopt aquifer conservation zoning regulations and innovative permit review processes designed to protect the Island's surface and ground waters.			Critical Areas Ordinance Updated approved in February 2018 added new Aquifer Resource Protection Area (ARPA) regulations.
27	High Priority WR Action #2 Adopt an Island-wide Groundwater Management Plan. Take the actions necessary- capital improvements, code changes, etc.- to capture, clean and re-infiltrate as much stormwater as reasonably possible.		Groundwater Management Plan	
	High Priority WR Action #3 Incorporate Low Impact Development principles, goals and approaches into all land use and development codes.	NOTE: SAME ACTION IN ENVIRONMENTAL ELEMENT See Environment Element Action #5		
28	High Priority WR Action #4 Apply adaptive management to assure that land use on the Island will continue to be adequately served by the available water resources.		• Groundwater Management Plan • Water Resource Inventory Area (WRIA #15) Watershed Enhancement & Recovery committee convened and meeting regularly.	• Critical Areas Ordinance Updated approved in February 2018 added new Aquifer Resource Protection Area (ARPA) regulations. • Coordinated Water System Plan

29	Medium Priority WR Action #5 Launch a program of public education about how individual actions can help protect the quality and quantity of the Island's surface and groundwaters.		• Groundwater Management Plan • Partner with Bainbridge Island Watershed Council on ongoing education and outreach.	•City *State of the Island's Waters (2nd edition)* completed Spring 2019 •Annual groundwater monitoring data reports published
30	Medium Priority WR Action #6 Consider adopting seawater intrusion regulations in coordination with Kitsap County.	Consider if seawater intrusion regulations are necessary	• WRIA #15 ground convened and meeting regularly • Groundwater Management Plan	• Coordinated Water System Plan • Annual groundwater monitoring program monitors for seawater intrusion.
31	Other Priority WR Action #7 Work with other jurisdictions and the environmental and development communities to promote programs and projects to protect the Island's surface and ground waters.		• Local Integrating Organization (LIO)/Puget Sound Partnership convened and meeting regularly • WRIA #15 ground convened and meeting regularly.	Coordinated Water System Plan Springbrook Creek Watershed Assessment Project Partnership with BI Land Trust

WATER RESOURCES DRAFT SCHEDULE

Work Group Legend

Environment and Water Resources Work

26 Water Resources Action #1

Priority: Completed

High Priority WR Action #1 Adopt aquifer conservation zoning regulations and innovative permit review processes designed to protect the Island's surface and ground waters.		
Department Lead: Planning and Community Development	Support: Public Works	
Action Affects: ▪ BI Municipal Code ▪ Policies and Procedures ▪ --	Notes:	
Tasks:	Dependencies:	Status:
26-1 Critical Area Ordinance Update	Stormwater regulations and Site Assessment Review	Completed 2017

27 Water Resources Action #2

Priority:

High Priority WR Action #2 Adopt an Island-wide Groundwater Management Plan. Take the actions necessary- capital improvements, code changes, etc.- to capture, clean and re-infiltrate as much stormwater as reasonably possible.		
Department Lead: Public Works	Support: Planning and Community Development	
Action Affects: ▪ Plan/Strategy ▪ Capital Improvements Plan ▪ BI Municipal Code	Notes:	
Tasks:	Dependencies:	Status:
27-1 Adopt Groundwater Management Plan	Environmental Technical Advisory Committee Review High Priority Water Resource Action #1 and #4 dependent upon plan completion	Estimated Start 2019

28 Water Resources Action #4

Priority:

High Priority WR Action #4 Apply adaptive management to assure that land use on the Island will continue to be adequately served by the available water resources.	
Department Lead: Public Works	Support: Community Development--
Action Affects: ▪ City Program ▪ -- ▪ --	Notes:

Tasks:	Dependencies:	Status:
28-1 Develop Monitoring Program	Groundwater Management Plan	Estimated Start 2019--
28-2 Water Resource Inventory Area (WRIA #15) Watershed Enhancement & Recovery committee convened and meeting regularly		In process
28-3 CAO new Aquifer Resource Protection Area (ARPA) regulations.		Completed
28-4 Coordinated Water System Plan		Completed

29 Water Resources Action #5

Priority:

Medium Priority WR Action #5 Launch a program of public education about how individual actions can help protect the quality and quantity of the Island's surface and groundwaters.	
Department Lead: Public Works	Support:
Action Affects: ▪ Outreach/Engagement ▪ City Program ▪ --	Notes:

Tasks:	Dependencies:	Status:
29-1 Groundwater Outreach and Education	Groundwater Management Plan	GMP underway
29-2 Partner with Bainbridge Island Watershed Council on ongoing education and outreach		Ongoing
29-3 City *State of the Island's Waters (2nd edition)* completed Spring 2019		Completed

30 Water Resources Action #6

Priority:

Medium Priority WR Action #6 Consider adopting seawater intrusion regulations in coordination with Kitsap County.

Department Lead: Public Works	Support: Planning and Community Development
Action Affects: ▪ BI Municipal Code ▪ -- ▪ --	Notes:

Tasks:	Dependencies:	Status:
30-1 WRIA #15 convened and meeting regularly		Ongoing
30-2 Coordinated Water System Plan		Complete
30-3 City annual groundwater monitoring program monitors for seawater intrusion		Ongoing
30-4 Consider if Seawater intrusion regulations are necessary	Groundwater Management Plan Group with code changes for WR Action #4 County cooperation	GMP underway

31 Water Resources Action #7

Priority:

Other Priority WR Action #7 Work with other jurisdictions and the environmental and development communities to promote programs and projects to protect the Island's surface and ground waters.

Department Lead: Community Development	Support: --
Action Affects: ▪ Partnership ▪ -- ▪ --	Notes:

Tasks:	Dependencies:	Status:
31-1 Local Integrating Organization (LIO)/Puget Sound Partnership convened and meeting regularly	Cooperation with other jurisdictions.	Ongoing
31-2 WRIA #15 convened and meeting regularly		Ongoing

31-3 Coordinated Water System Plan		Complete
31-4 Springbrook Creek Watershed Assessment Project partnership with BI Land Trust		Complete

Housing Element

Work Plan Items and Schedule

HOUSING WORK PLAN ITEM SUMMARY TABLE

	Implementing Actions	Tasks to Complete	Tasks in Progress	Completed Tasks
32	High Priority HO Action #1 Set targets for increasing the supply of moderately priced and affordable housing, measure progress, and if insufficient progress is being made toward meeting the housing targets, determine what actions are not working and make appropriate adjustments.		Staff working on monitoring and reporting program	Comprehensive Plan set targets (see Housing Element HO Goals 1 & 2)
33	High Priority HO Action #2 Amend the City's development code to facilitate an increase in the diversity of housing types and supply of affordable housing.	• Mandatory inclusionary housing ordinance • Implementation of Affordable Housing Task Force (AHTF) Priority & Quick Win Recommendations	• Council will continue to discuss Inclusionary Zoning and "Tiny Homes" in Spring 2019. • Work program to address AHTF Recommendations	• Council review of AHTF Final Report. • Inclusionary Zoning & TDR Economic Analysis Report by ECONorthwest/Forterra in February 2019
34	High Priority HO Action #3 Partner with other jurisdictions, the development community, and nonprofit organizations to increase the diversity of housing types and supply of affordable housing.	Formal partnerships	Kitsap Regional Coordinating Council (KRCC) AHTF organized in January 2019.	
35	High Priority HO Action #4 Consider actions that can be taken to reduce financial barriers that inhibit the desired increase in diverse and affordable housing.	• Mandatory inclusionary housing ordinance • Implementation of Affordable Housing Task Force (AHTF)	Council consideration of Multi-family property tax exemption (MFTE) and other recommendations as AHTF Report Recommendation and Analysis in	• Council review of AHTF Final Report. • Inclusionary Zoning & TDR Economic Analysis Report by ECONorthwest/

	Implementing Actions	Tasks to Complete	Tasks in Progress	Completed Tasks
		Priority & Quick Win Recommendations	ECONorthwest and Forterra Report	Forterra in February 2019
36	High Priority HO Action #5 Create a short-term (60-90 days) citizen affordable housing task force to consider the revised Housing Element and provide specific recommendation for near term action.			AHTF appointed in July 2017. Final Report and Recommendations completed July 2018.
37	High Priority HO Action #6 Review and revise City regulations related to permissible live-aboard capacity in City marinas.		• Max. percentage of live-aboards in private marinas to be reviewed during SMP periodic review • City re-organization of Eagle Harbor Open Water marina.	
38	Medium Priority HO Action #7 Focus additional city and other financial resources to help increase the supply of affordable housing.		Council discussion of AHTF Report Priority & Quick Win Recommendations including staffing, public land, and City Housing Trust Fund (HTF).	HTF in Approved City Budget.
39	Medium Priority HO Action #8 Look for ways to reduce the cost of multifamily housing, particularly affordable housing. NOTE: Same Tasks as Action 4	• Mandatory inclusionary housing ordinance • Implementation of Affordable Housing Task Force (AHTF) Priority & Quick Win Recommendations	Council consideration of MFTE and other recommendations as AHTF Report Recommendation and Analysis in ECONorthwest and Forterra Report	• Council review of AHTF Final Report. • Inclusionary Zoning & TDR Economic Analysis Report by ECONorthwest/ Forterra in February 2019
40	Other Priority HO Action #9 Identify ways to achieve local results with and through regional actions.	Develop a regional housing plan.	Kitsap Regional Coordinating Council (KRCC) AHTF organized in January 2019.	

Work items nearing completion.

HOUSING DRAFT SCHEDULE

Item	2019	2020	2021	2022	2023	2024	2025	2026
33– Housing Diversity								
34 – Partner on Affordable Housing								
35 – Eliminate Financial Barrier to Affordable Housing								
37 – Live-aboard Housing								
38 – Financial Resources for Affordable Housing								
39 – Reduce Multi-Family Housing Costs								
40 – Regional Housing Action								

Work Group Legend

- Housing Work
- Environment and Climate Work

32 Housing Action #1

Priority: Completed

High Priority HO Action #1 Set targets for increasing the supply of moderately priced and affordable housing, measure progress, and if insufficient progress is being made toward meeting the housing targets, determine what actions are not working and make appropriate adjustments.

Department Lead: Community Development	Support: --
Action Affects: ▪ Plan/Strategy ▪ -- ▪ --	Notes:

Tasks:	Dependencies:	Status:
32-1 Set affordable housing targets.		Completed 2017
		-- --
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		-- --
		-- --

33 Housing Action #2

Priority:

High Priority HO Action #2 Amend the City's development code to facilitate an increase in the diversity of housing types and supply of affordable housing. NOTE: SAME AS HS ACTION #3.

Department Lead: Community Development	Support: --
Action Affects: ▪ BI Municipal Code ▪ -- ▪ --	Notes:

Tasks:	Dependencies:	Status:
33-1 Inclusionary Housing Ordinance	LU Action #6 depends on inclusionary housing work to be completed	Preliminary work begun 2018, continues through 2019
33-2 Update codes and create procedures to increase housing diversity.	Cultural Action #1 promotes living space for artists.	In process 2019-2020 Live/work unit type housing added as permitted in B/I zone in 2018.

34 Housing Action #3

Priority:

High Priority HO Action #3 Partner with other jurisdictions, the development community, and nonprofit organizations to increase the diversity of housing types and supply of affordable housing.

Department Lead: Community Development	Support: --
Action Affects: ▪ Partnership ▪ -- ▪ --	Notes:

Tasks:	Dependencies:	Status:
34-1 Kitsap Regional Coordinating Council (KRCC) Affordable Housing Task Force formed		Formed and began meeting in January 2019

35 Housing Action #4

Priority:

High Priority HO Action #4 Consider actions that can be taken to reduce financial barriers that inhibit the desired increase in diverse and affordable housing.

Department Lead: Community Development	Support: Finance
Action Affects: ▪ BI Municipal Code ▪ -- ▪ --	Notes:

Tasks:	Dependencies:	Status:
35-1 Mandatory inclusionary housing ordinance		Economic Analysis Completed; Inclusionary Zoning ordinance work started in 2019
35-2 Consider adoption of MFTE		Estimated Start 2019
35-3 Consider reduction of fees or permit streamlining for ADUs and affordable housing projects		Estimated Start 2019

36 Housing Action #5

Priority:

High Priority HO Action # 5 Create a short-term (60-90 days) citizen affordable housing task force to consider the revised Housing Element and provide specific recommendation for near term action.

Department Lead: Community Development	Support: --
Action Affects: ▪ Work Program ▪ -- ▪ --	Notes:

Tasks:	Dependencies:	Status:
36-1 Convene Affordable Housing Task Force and issue recommendations.		Completed 2018

37 Housing Action #6

Priority:

High Priority HO Action #6 Review and revise City regulations related to permissible live-aboard capacity in City marinas.

Department Lead: Community Development	Support: Executive, Public Works
Action Affects: ▪ BI Municipal Code ▪ -- ▪ --	Notes:

Tasks:	Dependencies:	Status:
37-1 Integrate into the Shoreline Master Program periodic review.	SMP periodic review process (which includes review and approval by the Department of Ecology).	In Progress 2019
37-2 City re-organization of Eagle Harbor Open Water marina	Permit with Department of Natural Resources	In Progress 2019

38 Housing Action #7

Priority:

Medium Priority HO Action #7 Focus additional city and other financial resources to help increase the supply of affordable housing.

Department Lead: Community Development	Support: Finance and Public Works
Action Affects: ▪ Budget, Capital Projects ▪ -- ▪ --	Notes:

Tasks:	Dependencies:	Status:
38-1 Consider resources to support affordable housing such as options for constructing affordable housing on public land and the use of Housing Trust Fund grants.		HTF funded as part of City's biennial budget.
38-2 Develop permanent staff support for affordable housing		

39 Housing Action #8

Priority:

Medium Priority HO Action #8 Look for ways to reduce the cost of multifamily housing, particularly affordable housing.

Department Lead: Community Development	Support: Finance
Action Affects: ▪ Plan/Strategy ▪ BI Municipal Code ▪ --	Notes: Same tasks as Action #4

Tasks:	Dependencies:	Status:
39-1 Mandatory inclusionary housing ordinance		Economic Analysis Completed; Inclusionary Zoning ordinance work started in 2019
39-2 Consider adoption of MFTE		Estimated Start 2019
39-3 Consider reduction of fees or permit streamlining for ADUs and affordable housing projects		Estimated Start 2019

40 Housing Action #9

Priority:

Other Priority HO Action #9 Identify ways to achieve local results with and through regional actions.

Department Lead: Community Development	Support: --
Action Affects: ▪ Partnership ▪ Plan/Strategy ▪ --	Notes: Same as Action #3

Tasks:	Dependencies:	Status:
40-1 Convene meeting with regional partners. Kitsap Regional Coordinating Council (KRCC) Affordable Housing Task Force formed		Formed and began meeting in January 2019

Transportation Element

Work Items and Schedule

TRANSPORTATION WORK PROGRAM ITEM SUMMARY

	Implementing Actions	Tasks to Complete	Tasks in Progress	Completed Tasks
41	High Priority TR Action #1 Accelerate accomplishment of the Goals of the Transportation Element by considering a General Obligation Bond to finance the build-out of needed transportation infrastructure over the next five years.	Transportation ballot measure completed		2018 SAFE Levy ballot measure was voted down by voters
42	High Priority TR Action #2 Work with Kitsap Transit and Island business owners to maximize parking and non-motorized opportunities for employees and customers in commercial districts.	Convene working group	Implementation of short-term parking study recommendations	2017 Parking Study completed by consultant
43	High Priority TR Action #3 Substantially increase the quality and quantity of bike lanes connecting neighborhood centers to Winslow and the Ferry Terminal.	Complete plan for improvements	Developing RFQ for Sustainable Transportation plan	2019 City Council authorized funding for plan

TRANSPORTATION DRAFT SCHEDULE

Item	2019	2020	2021	2022	2023	2024	2025	2026
41 – General Obligation Bond for Transportation								
42 – Maximize Parking								
43 – Increase Bike Lanes to Ferry Terminal								

Work Group Legend

Transportation Work

41 Transportation Action #1

Priority: 3

High Priority TR Action #1 Accelerate accomplishment of the Goals of the Transportation Element by considering a General Obligation Bond to finance the build-out of needed transportation infrastructure over the next five years.

Department Lead: Public Works	Support: Finance
Action Affects: ▪ Budget ▪ -- ▪ --	Notes:

Tasks:	Dependencies:	Status:
41-1 Develop Transportation Ballot Measure		Completed 2018
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42 Transportation Action #2

Priority: 4

High Priority TR Action #2 Work with Kitsap Transit and Island business owners to maximize parking and non-motorized opportunities for employees and customers in commercial districts.

Department Lead: Public Works	Support: Community Development
Action Affects: ▪ Partnership ▪ -- ▪ --	Notes:

Tasks:	Dependencies:	Status:
42-1 Convene Working Group		Estimated Start 2019
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43 Transportation Action #3

Priority: 4

High Priority TR Action #3 Substantially increase the quality and quantity of bike lanes connecting neighborhood centers to Winslow and the Ferry Terminal.

Department Lead: Public Works	Support: --
Action Affects: ▪ Transportation Improvements Plan ▪ -- ▪ --	Notes:

Tasks:	Dependencies:	Status:
43-1 Complete new Non-Motorized Transportation Plan		Estimated Start 2019
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Capital Facilities Element

Work Plan Items and Schedule

CAPITAL FACILITIES WORK PROGRAM ITEM SUMMARY

	Implementing Actions	Tasks to Complete	Tasks in Progress	Completed Tasks
44	High Priority CFE Action #1 Implement the priorities in the Capital Facilities Element through the adopted Capital Improvement Program.	Develop a work program for updating the CIP		
45	High Priority CFE Action #2 Coordinate the City's plans and capital investment programs with those of other jurisdictions responsible for providing and maintaining capital facilities on the Island.	Update the CIP		
46	Medium Priority CFE Action #3 During the review of the Land Use Code, identify and adopt amendments that will facilitate achieving the objectives of both the City and the utility service providers.	Update public works design standards to integrate sustainability and green building into utilities requirements		

CAPITAL FACILITIES DRAFT SCHEDULE

Item	2019	2020	2021	2022	2023	2024	2025	2026
44 – Update CIP								
45 – Coordinate Capital Investments								
46 – Green Standards for Utilities (with 3)								

Work Group Legend

- Environment and Climate Work
- Utilities Work

44 Capital Facilities Element Action #1 Priority: 3

High Priority CFE Action #1 Implement the priorities in the Capital Facilities Element through the adopted Capital Improvement Program.

Department Lead: Public Works	Support: --	
Action Affects: ▪ Work Program ▪ -- ▪ --	Notes:	
Tasks:	Dependencies:	Status:
44-1 Develop work program for Capital Improvement Plan update.	Other items that should be on this work program: o High Priority CFE Action #2 o High Priority Utility Action #2	Estimated Start 2020
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		-- --
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45 Capital Facilities Element Action #2

Priority: 4

High Priority CFE Action #2 Coordinate the City's plans and capital investment programs with those of other jurisdictions responsible for providing and maintaining capital facilities on the Island.

Department Lead: Public Works	Support: --
Action Affects: ▪ Capital Improvements Plan ▪ -- ▪ --	Notes:

Tasks:	Dependencies:	Status:
45-1 Update the Capital Improvement Plan	High priority CFE Action #1 work program.	Estimated Start 2019
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46 Capital Facilities Element Action #3

Priority: 5

Medium Priority CFE Action #3 During the review of the Land Use Code, identify and adopt amendments that will facilitate achieving the objectives of both the City and the utility service providers.

Department Lead: Public Works	Support: --
Action Affects: ▪ BI Municipal Code ▪ -- ▪ --	Notes:

Tasks:	Dependencies:	Status:
46-1 Update public works design standards to integrate sustainability and green building into utilities requirements.	Group with work on Land Use Action #3.	Estimated Start 2020
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Utilities Element

Work Plan Items and Schedule

UTILITIES WORK PLAN ITEM SUMMARY

	Implementing Actions	Tasks to Complete	Tasks in Progress	Completed Tasks
47	High Priority U Action #1 Develop a process for periodic review of Island utility services.	Develop and implement a periodic review program	UAC recommendation present to City Council March 2019	UAC developed recommended review process
48	High Priority U Action #2 Support the development of sewer tertiary treatment and sewer greywater systems.	Complete study	Develop RFQ for study consultant	City Council funded study in 2019-2020 budget
49	High Priority U Action #3 Facilitate cooperation among or consolidation of water systems.	Convene a working group Create a unified set of regulations for island water systems	Intertie between KPUD and City Rockaway systems in 2019.	Discussion with KPUD and private water systems at UAC in 2018. City consolidated Casey St. system in 2017.
50	High Priority U Action #4 Continue the investigation of the creation of an Island-wide high-speed internet service.	Initiate strategy development	Developing franchise agreement for ISP to operate in City ROW.	Discussions between KPUD and ISP regarding barriers to implementation.
51	Medium Priority U Action #5 Proactively encourage, study, and facilitate consolidation of water systems to manage water resources and systems more efficiently, economically and safely.	Groundwater Management Plan	Discussions with KPUD regarding cooperative approach to GWMP.	City Council funded GWMP in 2019-20 budget

UTILITIES DRAFT SCHEDULE

Item	2019				2020				2021				2022				2023				2024				2025				2026			
47 – Periodic Review of Utility Services																																
48 – Sewer Tertiary Treatment and Greywater																																
49/51 – Consolidation of Water Systems																																
50 – High Speed Internet																																

Work Group Legend

Utilities Work

47 Utilities Action #1

Priority: 5

High Priority U Action #1 Develop a process for periodic review of Island utility services.

Department Lead: Public Works	Support: --
Action Affects: ▪ City Program ▪ -- ▪ --	Notes:

Tasks:	Dependencies:	Status:
47-1 Develop and implement a periodic review program.		City Council funded study in 2019-2020 budget
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48 Utilities Action #2

Priority: 4

High Priority U Action #2 Support the development of sewer tertiary treatment and sewer greywater systems.

Department Lead: Public Works	Support: --
Action Affects: ▪ Complete Study ▪ -- ▪ --	Notes:

Tasks:	Dependencies:	Status:
48-1 Study feasibility of tertiary treatment at WWTP		Develop RFQ for study consultant in 2019
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49 Utilities Action #3

Priority: 4

High Priority U Action #3 Facilitate cooperation among or consolidation of water systems.

Department Lead: Public Works	Support: --	
Action Affects: ▪ Plan/Strategy ▪ BI Municipal Code ▪ --	Notes:	
Tasks:	**Dependencies:**	**Status:**
49-1 Convene a working group that includes representatives of Group A and Group B water systems, the Fire Marshal, and the Public Works department.	Include consideration of Medium Priority Utilities Action #5 in this work.	Estimated Start 2021
49-2 Create a unified set of regulations for island water systems: o Improve the review process for water system projects to improve consistency and clarity. Currently there is a differential review process based on system ownership, type of construction, and use of right-of-way. o Determine uniform water system standards for design, construction, and fire flow for island water systems. o Review and update fire code to provide clarity on water system upgrades and for new development. o Review and clarify utilities and right of way uses in section 10-15 water line requirements. o Clarify 20.04.110 to reflect Fire Marshal's current approach for residential construction and the upgrade of water systems.		Estimated Start 2022
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50 Utilities Action #4

Priority: 5

High Priority U Action #4 Continue the investigation of the creation of an Island-wide high-speed internet service.

Department Lead: Community Development	Support: --
Action Affects: ▪ Plan/Strategy ▪ -- ▪ --	Notes:

Tasks:	Dependencies:	Status:
50-1 Initiate Strategy Development.		Estimated Start 2024
		-- --
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		-- --

51 Utilities Action #5

Priority: 4

Medium Priority U Action #5 Proactively encourage, study, and facilitate consolidation of water systems to manage water resources and systems more efficiently, economically and safely.

Department Lead: Public Works	Support: --
Action Affects: ▪ Plan/Strategy ▪ -- ▪ --	Notes:

Tasks:	Dependencies:	Status:
51-1 Develop a strategy for consolidating water systems.	Include with High Priority Utilities Action #3.	Estimated Start 2021
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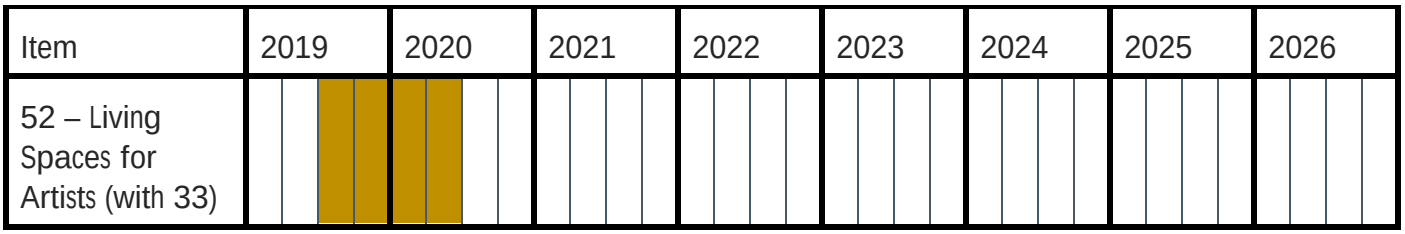
Cultural Element

Work Plan Item and Schedule

CULTURAL WORK PLAN ITEM SUMMARY

	Implementing Actions	Tasks to Complete	Tasks in Progress	Completed Tasks
52	High Priority CU Action #1 Consider work and living space for artists when modifying housing regulations or commercial use regulations.	Code update to allow live/work space for artists		

CULTURAL DRAFT SCHEDULE



Work Group Legend

Housing Work

52 Cultural Action #1

Priority: 2

High Priority CU Action #1 Consider work and living space for artists when modifying housing regulations or commercial use regulations.

Department Lead: Community Development	Support: --
Action Affects: ▪ BI Municipal Code ▪ -- ▪ --	Notes:

Tasks:	Dependencies:	Status:
52-1 Code update to allow live/work space for artists.	Include in the Housing Action #2 code work.	Estimated Start 2019
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Human Services Element

Work Plan Items and Schedule

HUMAN SERVICES WORK PLAN ITEMS SUMMARY

	Implementing Actions	Tasks to Complete	Tasks in Progress	Completed Tasks
53	High Priority HS Action #1 The City Council shall consider human service funding through the biennial budget process.	Review human services funding during budget process		
54	High Priority HS Action #2 Periodically update the Community Needs Assessment. Use the results to inform City funding decisions and promote community discussion about human service needs to increase empathy and understanding.	Update community needs assessment Review human services program funding Develop public education campaign		
	Medium Priority HS Action #3 Amend the City's development code and create public/private partnerships to increase the diversity of housing types and supply of affordable housing. NOTE: SAME ACTION IN HOUSING ELEMENT.	See Housing Element		
	Medium Priority HS Action #4 Adopt and maintain and Economic Development Strategy to coordinate public and private efforts to grow and sustain a healthy economy on the Island. NOTE: SAME ACTION IN ECONOMIC ELEMENT.	See Economic Development		

HUMAN SERVICES DRAFT SCHEDULE

Item	2019	2020	2021	2022	2023	2024	2025	2026
53/54 – Human Services								

Work Group Legend

Community and Land Use Work

53 Human Services Action #1

Priority: 4

High Priority HS Action #1 The City Council shall consider human service funding through the biennial budget process.

Department Lead: Community Development	Support: Finance	
Action Affects: ▪ Budget ▪ -- ▪ --	Notes:	
Tasks:	**Dependencies:**	**Status:**
53-1 Review human services funding as part of budget process.	Coordinate with High Priority Human Services Action #2.	Estimated Start Q2 2020
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675

54 Human Services Action #2

Priority: 4

High Priority HS Action #2 Periodically update the Community Needs Assessment. Use the results to inform City funding decisions and promote community discussion about human service needs to increase empathy and understanding.

Department Lead: Community Development	Support: --	
Action Affects: ▪ Policies and Procedures ▪ -- ▪ --	Notes:	
Tasks:	**Dependencies:**	**Status:**
54-1 Update the Community Needs Assessment.	Coordinate with High Priority Human Services Action #2.	Estimated Start Q2/3 2020
54-2 Review Human Services funding to inform 2021-2022 award cycle.		Estimated Start Q2/3 2020
		-- --
		-- --

CITY OF BAINBRIDGE ISLAND

City Council Regular Business Meeting Agenda Bill

MEETING DATE: March 26, 2019 **ESTIMATED TIME:** 10 Minutes

AGENDA ITEM: (9:15 PM) Ordinance No. 2019-06 Amending the 2019-2020 Biennial Budget and CIP to provide for Harrison Building and Site Purchase - Finance,

STRATEGIC PRIORITY: Safe City

PRIORITY BASED BUDGETING PROGRAM:

AGENDA CATEGORY: Ordinance **PROPOSED BY:** Finance & Administrative Services

RECOMMENDED MOTION:

I move to forward for approval with the Consent Agenda on April 9, 2019, Ordinance No. 2019-06, amending the 2019-2020 biennial budget and the Capital Improvement Plan and providing for funding to purchase the Harrison Medical Center building and site, which was a budget appropriation that was uncertain at the time the 2019-2020 biennial budget was adopted.

SUMMARY:

The 2019-2024 Capital Improvement Plan assumed a total of $20.0 million for the Police and Municipal Court Building project, which includes $10.0 million in existing City funds and $10.0 million in long-term financing. Of the $10.0 million in existing City funds, $3.1 million was appropriated in previous years. This ordinance provides $6,900,000 in additional budget authority to bring this portion of the appropriation to $10.0 million, which corresponds with the previously-presented plan.

FISCAL IMPACT:

Amount:	$6,900,000
Ongoing Cost:	
One-Time Cost:	$6,900,000
Included in Current Budget?	Yes

BACKGROUND:

The 2019-2024 Capital Improvement Plan assumed a total of $20.0 million for the Police and Municipal Court Building project. This included $10.0 million that would be appropriated by the end of 2018. However, the existing 2019-2020 budget for the Police/Court facility includes only $3.1 million from prior years. The attached

ordinance appropriates the remaining $6.9 million. This brings the total appropriation for the project to $20.0 million, which aligns with information previously presented to the City Council for this project.

These funds will be used as follows:

-- Roughly $400,000 previously spent on studies, site assessment, and preliminary designs for various sites.

-- $8,975,000 for purchase of the Harrison Medical Building property.

-- $625,000 available for next steps in design and planning.

ATTACHMENTS:

Ordinance No. 2019-06 Police & Court Facility Budget and CIP Amendment

Exhibit A to Ordinance No. 2019-06 - Police Court Project Budget Amendment

Exhibit B to Ordinance No. 2019-06

Exhibit C to Ordinance No. 2019-06

FISCAL DETAILS:

This ordinance appropriates $6.0 million from the General Fund and $900,000 from the Real Estate Excise Tax Fund.

Fund Name(s): Other

Coding:

ORDINANCE NO. 2019-06

AN ORDINANCE of the City of Bainbridge Island, Washington, amending the 2019-2020 biennial budget and the Capital Improvement Plan and providing for funding for a police and court facility, which is a budget appropriation that was uncertain at the time the 2019-2020 biennial budget was adopted.

WHEREAS, on November 22, 2016, the City Council adopted the 2017-2018 biennial budget which included 2018 funding for the proposed police and court facility site purchase; and

WHEREAS, on November 28, 2017, the City Council adopted the mid-biennium budget modification for 2018 which removed funding for the proposed police and court facility site purchase due to delays in the site selection process; and

WHEREAS, on November 27, 2018, the City Council adopted the 2019-2020 biennial budget via Ordinance No. 2018-39, which did not include funding for the proposed police and court facility site purchase due to uncertainty related to which site would be selected for purchase for the facility; and

WHEREAS, on January 29, 2019, the City Council authorized the City Manager to sign a letter of intent for the purchase of the Harrison Medical Center Building and site in the amount of $8,975,000 for the proposed police and court facility; and

WHEREAS, on March 26, 2019, the City Council authorized the City Manager to execute the purchase and sale agreement for the Harrison Medical Center Building and site in the amount of $8,975,000 for the police and court facility; and

WHEREAS, the 2019-2024 Capital Improvement Plan assumed a total of $20.0 million for the Police and Municipal Court Building project, which included $10.0 million that would be appropriated by the end of 2018, and that due to changing circumstances, that funding was not appropriated as planned; and

WHEREAS, the existing 2019-2020 budget for the police and court facility includes $3.1 million from prior years, $5.0 million in 2019, and $5.0 million in 2020, and this ordinance will appropriate the remaining $6.9 million, which will bring the total appropriation for the project to $20.0 million, which aligns with information previously presented to the City Council for this project.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF BAINBRIDGE ISLAND, WASHINGTON, DOES ORDAIN AS FOLLOWS:

Section 1. Ordinance No. 2018-39, the 2019-2020 biennial budget, and the Capital Improvement Plan are each amended as shown on the attached Exhibits A, B, and C.

Section 2. The City's Finance Director is authorized and directed by this ordinance to make the necessary changes to the 2019-2020 biennial budget and the Capital Improvement Plan. The Finance Director is further directed to make sufficient interfund equity transfers from the appropriate funds to cover the added amounts authorized by this ordinance.

Section 3. Severability. Should any section, paragraph, sentence, clause, or phrase of this ordinance, or its application to any person or circumstance, be declared unconstitutional or otherwise invalid for any reason, or should any portion of this ordinance be preempted by state or federal law or regulation, such decision or preemption shall not affect the validity of the remaining portions of this ordinance or its application to other persons or circumstances.

Section 4. This ordinance shall take effect and be in force five days from and after its passage, approval, and publication as required by law.

PASSED by the City Council this _____ day of April, 2019.

APPROVED by the Mayor this _____ day of April, 2019.

_____
Kol Medina, Mayor

ATTEST / AUTHENTICATE:

_____
Christine Brown, CMC, City Clerk

FILED WITH THE CITY CLERK:	March 22, 2019
PASSED BY THE CITY COUNCIL:	_____, 2019
PUBLISHED:	_____, 2019
EFFECTIVE DATE:	_____, 2019
ORDINANCE NO:	2019-06

Exhibit A to Ordinance No. 2019-06

2019 BUDGET AMENDMENTS
Presented to City Council March 26, 2019
Approved on April _____, 2019

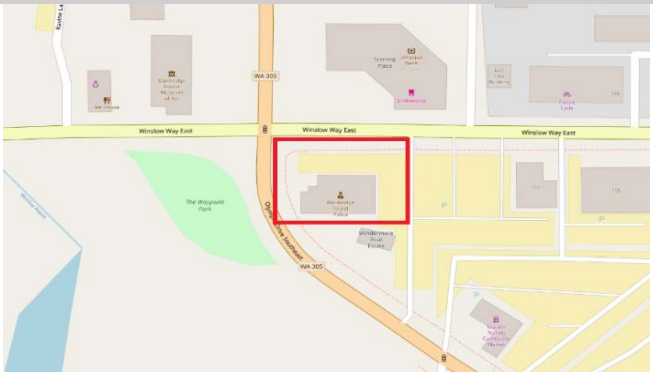
SUBJECT	DESCRIPTION	FUND / Department	AMOUNT	Change to Appropriation	On-going
Police and Municipal Court Building Project	This item increases appropriation authority in alignment with budget assumptions for the Police and Municipal Court Building. This amendment does not increase previously-presented budgeted amounts for this project.	General Fund / Public Works	$ 6,000,000	Increase	No
	TOTAL GENERAL FUND 2019 EXPENDITURE INCREASE		**$ 6,000,000**		

Police and Municipal Court Building Project	This item increases appropriation authority in alignment with budget assumptions for the Police and Municipal Court Building. This amendment does not increase previously-presented budgeted amounts for this project.	REET / Public Works	$ 900,000	Increase	No
	TOTAL REET FUND 2019 EXPENDITURE INCREASE		**$ 900,000**		

Project: Police and Municipal Court Building (Quarterly Project Status)

Location: to be determined 00724

Project Description



Description: This project provides for a replacement Police Station and relocated Municipal Court.

Capital Funding (1000's)

	Prior Yrs.	2019	2020	Subsequent	Total
FUNDING SOURCES (1000's)					
General Fund	$ 3,100,000	$ 6,000,000	$ -	$ -	$ 9,100,000
REET	-	900,000	-	-	$ 900,000
Long-term debt	-	5,000,000	5,000,000	-	$ 10,000,000
	$ 3,100,000	**$ 11,900,000**	**$ 5,000,000**	**$ -**	**$ 20,000,000**

Budget Notes

	Amount	Source	Description
Original budget	$ 500,000	2015 CIP	Original project authorization
Budget Amendments	2,600,000	2017 CIP	CIP update to project
	6,900,000	Ordinance 2019-06	Align appropriation and plan
	5,000,000	2019 CIP	2019 Adopted Budget
	5,000,000	2020 CIP	2020 Adopted Budget
Total Project Budget	**$ 20,000,000**		

Financial Update

	Spending through March 21, 2019 Life to Date Budget	Life to Date Actuals	Encumbrances	Actuals + Encumbrances	Remaining
General Fund	$ 20,000,000	$ 403,072	$ 3,075	$ 406,147	$ 19,593,853

Current Project Status

Council has authorized City Manager to pursue a purchase and sale agreement for the Harrison Building.

Project: Police and Municipal Court Facility (Project Page from Adopted Budget Book) **Number:** 00724
Location: TBD

Project Description

Description: This project provides for the replacement of the Police Station and relocation of the Municipal Court.

Benefit: Replacement Police facility will provide adequate space for current and future departmental needs, while correcting numerous space, structural, and security deficiencies in the current facility. New Court facility will replace existing leased space, which marginally meets current requirements and will create operational efficiencies by being co-located with the Police Station.

Schedule: Site selection process underway.

Capital Funding (1000's)

	Prior Yrs.	2019	2020	2021	2022	2023	2024	2025-2038	Total
FUNDING SOURCES (1000's)									
General Fund	$3,100	$6,000	$0	$0	$0	$0	$0	$0	$9,100
REET Fund	$0	$900	$0	$0	$0	$0	$0	$0	$900
Sewer Fund	$0	$0	$0	$0	$0	$0	$0	$0	$0
SSWM Fund	$0	$0	$0	$0	$0	$0	$0	$0	$0
Federal Grant	$0	$0	$0	$0	$0	$0	$0	$0	$0
Long-Term Debt	$0	$5,000	$5,000	$0	$0	$0	$0	$0	$10,000
Sub-total	**$3,100**	**$11,900**	**$5,000**	**$0**	**$0**	**$0**	**$0**	**$0**	**$20,000**
FUNDING USES (1000's)									
Design/Land Acquisition	$3,100	$6,900	$0	$0	$0	$0	$0	$0	$10,000
Construction	$0	$5,000	$5,000	$0	$0	$0	$0	$0	$10,000
Sub-total	**$3,100**	**$11,900**	**$5,000**	**$0**	**$0**	**$0**	**$0**	**$0**	**$20,000**

Estimated Impact on Future Operating Budget (1000's)

	Prior Yrs.	2019	2020	2021	2022	2023	2024	2025-2038	Total
Operating				$100	$100	$100	$100	$1,400	$1,800
Debt Service		$360	$720	$720	$720	$720	$720	$10,080	$14,040
Sub-total	**$0**	**$360**	**$720**	**$820**	**$820**	**$820**	**$820**	**$11,480**	**$15,840**

CITY OF BAINBRIDGE ISLAND

City Council Regular Business Meeting Agenda Bill

MEETING DATE: March 26, 2019 **ESTIMATED TIME:** 10 Minutes

AGENDA ITEM: (9:25 PM) Resolution No. 2019-15, Delegating Authority to Designate Certain Expenditures for Potential Reimbursement from Bonds That May Be Authorized in the Future - Executive,

STRATEGIC PRIORITY: Reliable Infrastructure and Connected Mobility

PRIORITY BASED BUDGETING PROGRAM:

AGENDA CATEGORY: Resolution **PROPOSED BY:** Executive

RECOMMENDED MOTION:

I move to forward Resolution No. 2019-15 for approval with the April 9, 2019 Consent Agenda.

SUMMARY:

As the City continues to work on the Police and Municipal Court Building Project, the preparation for eventual financing decisions has begun. Proposed Resolution No. 2019-15 would authorize the Deputy City Manager or Finance Director to designate certain expenditures for potential reimbursement from bonds that may be authorized by the City Council in the future. Resolution No. 2019-15 does not authorize the City to issue bonds, nor does it authorize any new spending. In accordance with IRS regulations, this type of resolution may cover eligible expenditures incurred up to 60 days prior to the date of the resolution's approval. Staff is presenting it now in advance of the planned acquisition date of the Harrison Building.

FISCAL IMPACT:

Amount:	
Ongoing Cost:	
One-Time Cost:	
Included in Current Budget?	Yes

BACKGROUND:

The City's budgeted approach to financing the Police and Municipal Court Building includes use of both existing City fund balance and proceeds from a bond issue. While the mix of funding sources has not yet been determined, some bond funding is in the plan.

Proposed Resolution No. 2019-15 would allow the City to designate certain qualifying expenditures for potential reimbursement by filing a form of official intent, attached as Exhibit A to Resolution No. 2019-15. This form becomes part of the public record.

Once a form of official intent is filed, the City may subsequently use bond proceeds to reimburse expenditures that have occurred prior to the issuance of the bonds. This designation allows use of the bond proceeds for eligible project expenses for design, construction, or acquisition related to the project that occurred up to 60 days before the approval of the resolution. If adopted, Resolution No. 2019-15 would not require the City to designate or reimburse earlier expenditures, but would instead allow flexibility in the City's financial management as the project continues. Resolution No. 2019-15 also does not authorize issuance of any bonds and does not affect the budget for the project.

Staff recommends approval of this resolution as part of the City's preparation for project financing. It will allow staff to determine if reimbursement of prior expenses is the most cost effective and low risk use of City funds.

ATTACHMENTS:

Resolution 2019-15, Delegating Authority to Designate Certain Expenditures for Potential Reimbursement from Bonds That May Be Authorized in the Future

Background Information Related to IRS Guidelines

FISCAL DETAILS:

This resolution does not authorize expenditure or bond issuance.

Fund Name(s):

Coding:

RESOLUTION NO. 2019-15

A RESOLUTION of the City of Bainbridge Island, Washington, authorizing the Deputy City Manager or Finance Director to designate certain expenditures for potential reimbursement from bonds that may be authorized and approved for issuance by the City Council in the future.

WHEREAS, the City of Bainbridge Island, Washington, ("City") issues tax-exempt and tax-advantaged obligations from time to time (including bonds, leases, and lines of credit) for the purpose of financing its governmental activities; and

WHEREAS, the United States Department of the Treasury has promulgated regulations limiting the ability of the City to use the proceeds of tax-exempt and taxable Build America Bond obligations for reimbursement of prior expenditures; and

WHEREAS, the regulations permit the City to appoint one or more officials for the purpose of identifying and qualifying capital projects for reimbursement purposes.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF BAINBRIDGE ISLAND DOES RESOLVE AS FOLLOWS:

Section 1. *Appointment of Deputy City Manager and Finance Director*. Pursuant to U.S. Treasury Regulation Section 1.150-2(e)(1), the City Council hereby designates and appoints the Deputy City Manager and Finance Director (or such officer of the City who succeeds to substantially all of the responsibilities of those offices) of the City as the responsible officials for the purpose of issuing statements of official intent in compliance with U.S. Treasury Regulation Section 1.150-2.

Section 2. *Statements of Official Intent*. Upon a determination by the Deputy City Manager or Finance Director that the costs of a particular capital project may be reimbursed from the proceeds of a tax-exempt or tax-advantaged obligation(s) of the City, the Deputy City Manager or Finance Director is authorized and directed to execute a certificate of official intent substantially in the form attached hereto as **Exhibit A**, which may be modified with information required under U.S. Treasury Regulation Section 1.150-2 for a particular project. Each certificate so executed shall become a part of the official records of the City available for public inspection and review.

No capital projects will be undertaken unless such projects have been previously approved in the customary manner by the City Council and the execution of any intent certificate shall not obligate the City to issue any debt, all of which shall require separate and additional official approval by the City Council.

PASSED by the City Council this ___ day of _____, 2019.

APPROVED by the Mayor this ___ day of _____, 2019.

By: _____
Kol Medina, Mayor

ATTEST/AUTHENTICATE:

By: _____
Christine Brown, CMC, City Clerk

FILED WITH THE CITY CLERK: _____, 2019
PASSED BY THE CITY COUNCIL: _____, 2019
RESOLUTION NO. 2019-15

CERTIFICATE

I, the undersigned Clerk of the City of Bainbridge Island, Washington, (the "City") and keeper of the records of the City Council (the "Council"), DO HEREBY CERTIFY:

1. That the attached Resolution No. 2019-15 is a true and correct copy of a resolution of the Council, as finally adopted at a regular meeting of the Council held on the ____ day of _____, 2019, and duly recorded in my office.

2. That said meeting was duly convened and held in all respects in accordance with law, and to the extent required by law, due and proper notice of such meeting was given; that a legal quorum was present throughout the meeting and a legally sufficient number of members of the Council voted in the proper manner for the passage of said Resolution; that all other requirements and proceedings incident to the proper adoption of said Resolution have been fully fulfilled, carried out, and otherwise observed; and that I am authorized to execute this certificate.

IN WITNESS WHEREOF, I have hereunto set my hand this ____ day of _____, 2019.

_____
Christine Brown, CMC, City Clerk

(SEAL)

EXHIBIT A

FORM OF OFFICIAL INTENT CERTIFICATE

Pursuant to Resolution No. 2019-15 of the City Council of the City of Bainbridge Island, Washington, (the "City") the undersigned Deputy City Manager or Finance Director of the City hereby states as follows:

SECTION 1. The City reasonably expects to reimburse the expenditures described herein with the proceeds of debt to be incurred by the City (the "Reimbursement Bonds").

SECTION 2. The maximum principal amount of Reimbursement Bonds expected to be issued is $10,000,000.00.

SECTION 3. The expenditures with respect to which the City reasonably expects to be reimbursed from the proceeds of Reimbursement Bonds are for the Police and Municipal Court Building.

Dated this ____ day of _____, 2019.

_____
Deputy City Manager/Finance Director

SUMMARY OF INTERNAL REVENUE SERVICE REIMBURSEMENT BOND GUIDELINES

INTRODUCTION

If the rules described in this memorandum are followed, reimbursement bond proceeds will be treated as "spent" when they are allocated to reimburse an issuer or a private activity bond conduit borrower for prior capital expenditures. This will free the reimbursement bond proceeds from federal tax rules such as the arbitrage rebate requirements. These rules may apply to only a portion of a bond issue.

Definition of Reimbursement Bond

A reimbursement bond is the portion of a bond issue used to reimburse the issuer or conduit borrower for an original expenditure made before the reimbursement bonds are issued and paid from a source other than a reimbursement bond.

Short Summary

The issuer or conduit borrower must declare official intent to issue bonds to reimburse itself not later than 60 days after payment of the original expenditure.

- The issuer must declare official intent if the reimbursement bond is a private activity bond (other than a qualified 501(c)(3) bond, a qualified mortgage bond, a qualified student loan bond or a qualified veterans' mortgage bond). For other types of bonds, either the issuer or the conduit borrower may declare official intent.

- Reimbursement bond proceeds must be allocated to payment for the original expenditure within 18 months after the expenditure was paid or the financed property was placed in service (whichever is later), but in no event more than three years after the original expenditure was paid (these time limits are longer for certain under-$5 million bond issuers).

- If the issuer qualifies for the arbitrage rebate exception for small governmental issuers that expect to issue $5,000,000 or less of bonds in the calendar year, reimbursement bond proceeds must be allocated to payment for the original expenditure within three years after the expenditure was paid or the financed property was placed in service (whichever is later).

- The expenditure financed with reimbursement bond proceeds must be a capital expenditure, an issuance cost for the reimbursement bonds, an extraordinary working capital item, a grant, a qualified student loan or a qualified veterans' mortgage loan.

- Certain de minimis preliminary expenditures may be paid earlier than 60 days before declaration of official intent, and the 18-month or three-year maximum reimbursement period does not apply to these items.

Effective Date

The new reimbursement rules apply to bonds issued after June 30, 1993.

No Application to Certain Bonds

The 60 day official intent declaration requirement and the timing of issuance of the reimbursement bonds do not apply to the smaller of $100,000 or five percent of the bond proceeds. Original expenditures up to this amount may be reimbursed with bond proceeds without following the reimbursement bond rules.

Similarly, the 60 day official intent declaration requirement and the 18-month or three year maximum reimbursement period does not apply to preliminary expenditures of up to 20% of the issue price of the reimbursement bonds. Preliminary expenditures include architectural, engineering, surveying, soil testing, reimbursement bond issuance, and similar costs that are incurred before commencement of acquisition, construction or rehabilitation of the financed property. Land acquisition, site preparation and other costs incident to commencement of construction do not constitute preliminary expenditures.

PRELIMINARY REQUIREMENTS

This section describes the requirements that bond issuers or conduit borrowers must meet within 60 days of paying any original expenditure that they intend to reimburse with tax-exempt bond proceeds.

Official Intent Declaration Requirement

The municipal issuer or ultimate borrower of the bond proceeds must declare "official intent" for the original expenditure within 60 days of paying the expenditure. This official intent may be made before any expenditures are paid. The points that must be covered in the official intent declaration are as follows:

- The declaration of official intent may be made in any reasonable form including a resolution of the issuer, action of an authorized person or specific legislative authorization for a particular project.

- The declaration of official intent must contain a general functional description of the project, property or program to be financed by the reimbursement bonds (for example, "school building renovation," "highway capital improvement program"). A project description is sufficient if it identifies, by name and functional purpose, the fund or account from which the original expenditure is paid (for example, "parks and recreation fund--recreational facility capital improvement program").

- The declaration of official intent must state the maximum principal amount of debt expected to be issued (or incurred) for the project.

Timing Requirement for Official Intent Declaration

The issuer or the conduit borrower must declare its official intent within 60 days of making the original expenditure with respect to which it will issue reimbursement bonds. The official intent declaration may be adopted before any expenditures are made.

Type of Property Requirement

The expenditure to be reimbursed must be a "capital" expenditure. A capital expenditure is any cost of a type that is properly chargeable to a capital account (or would be so chargeable with a proper election) under general federal income tax principles. Most working capital cannot be financed with the proceeds of reimbursement bonds. Original expenditures for extraordinary, non-recurring items that are not customarily payable from current revenues, such as casualty losses or extraordinary legal judgments in amounts in excess of reasonable insurance coverage may be financed with reimbursement bond proceeds. In addition, costs of issuance of the reimbursement bonds may be financed as can grants, qualified student loans, qualified mortgage loans or qualified veterans' mortgage loans.

Reasonableness Requirement

On the date of adoption of the official intent declaration, the issuer or conduit borrower must have a reasonable expectation that it will reimburse the original expenditure with proceeds of the reimbursement bonds. Official intent declarations made as a matter of course or in amounts substantially in excess of the amounts expected to be necessary for the project are not reasonable. Similarly, a pattern of failing to reimburse original expenditures covered by official intent declarations is evidence of unreasonableness.

REFINANCING RULES

Rules prohibit reimbursement bond proceeds from being applied to pay principal or interest on an obligation that financed an original expenditure. Prior reimbursement bonds may be refunded if the prior reimbursement bonds met the reimbursement requirements in effect on the date they were issued.

BOND ISSUANCE REQUIREMENTS

There are certain bond issuance and proceeds allocation requirements that must be met at the time of issuance of the reimbursement bonds.

Timing Requirements for Reimbursement Bonds

Reimbursement bonds must be issued and bond proceeds allocated to reimburse the issuer or conduit borrower not later than the date that is 18 months after:

(a) the date the original expenditure was paid, or

(b) the date that the project to be financed was placed in service.

but in no event more than three years after the original expenditure was paid.

In the case of governmental units with general taxing powers that expect to issue no more than $5 million of governmental bonds in the calendar year, reimbursement bonds that are not private activity bonds must be issued within three years of the date the original expenditure was paid or within three years after the property is placed in service.

Allocation Requirement

In order for reimbursement bond proceeds to be treated as expended, the bond proceeds must be "allocated" to the expenditures on the books and records of the issuer or conduit borrower. The allocation must result in the bond proceeds being relieved from all restrictions or covenants contained in the bond documents and state law. An allocation made within 30 days of issuance of the reimbursement bonds may be treated as made on the date of issuance of the reimbursement bonds.

An allocation is invalid and does not result in an expenditure of reimbursement bond proceeds if, within one year after the allocation, money corresponding to the proceeds of the reimbursement bonds allocated to the original expenditure are used to create a sinking fund, pledged fund or otherwise establish an account that has a nexus to the governmental purpose of the reimbursement bonds resulting in the creation of replacement funds.

Reasonable Changes to Project

The rules allow reasonable deviations between the project descriptions contained in the intent resolutions and the actual projects financed by the reimbursement bond proceeds. The project actually financed must be reasonably related in function to the project described in the official intent declaration.

CITY OF BAINBRIDGE ISLAND

City Council Regular Business Meeting Agenda Bill

MEETING DATE: March 26, 2019 **ESTIMATED TIME:** 10 Minutes

AGENDA ITEM: (9:35 PM) Olympic Drive Non-Motorized Improvements Project Professional Services Agreement with MIG SVR for Support Services - Public Works,

STRATEGIC PRIORITY: Reliable Infrastructure and Connected Mobility

PRIORITY BASED BUDGETING PROGRAM:

AGENDA CATEGORY: Contract **PROPOSED BY:** Public Works

RECOMMENDED MOTION:

I move to forward the Professional Services Agreement with MIG SVR for support services with the Olympic Drive Non-Motorized Improvements Project for approval with the April 9, 2019 Consent Agenda.

SUMMARY:

Consideration of a professional services agreement with MIG SVR to provide project management for the Olympic Drive Non-Motorized Improvements Project, including monthly progress reports, weekly technical coordination, site visits, submittal review support, and contractor request for information review and response. MIG SVR would also support arborist, geotech, structural, and signalization guidance throughout construction.

FISCAL IMPACT:

Amount:	$80,824.00
Ongoing Cost:	
One-Time Cost:	$80,824.00
Included in Current Budget?	Yes

BACKGROUND:

Moore Iacofano Goltsman Inc., dba MIG SVR, is willing to perform construction administration support services for the Olympic Drive Non-Motorized Project. Under the proposed professional services agreement, MIG SVR would provide project management for the Olympic Drive Non-Motorized Improvements Project, including monthly progress reports, weekly technical coordination, site visits, submittal review support, and contractor request for information review and response. MIG SVR would also support arborist, geotech, structural, and signalization guidance throughout construction.

ATTACHMENTS:

Professional Services Agreement with MIG-SVR

FISCAL DETAILS:

Local funds for MUNIS project # 00596. Costs are varable and not able to be predicted at this time.

Fund Name(s): Capital Construction Fund

Coding:

AGREEMENT FOR PROFESSIONAL SERVICES

THIS AGREEMENT FOR PROFESSIONAL SERVICES ("Agreement") is entered into between the City of Bainbridge Island, a Washington State municipal corporation, ("City") and Moore Iacofano Goltsman, Inc., a California corporation, d/b/a MIG SvR (formerly known as SvR Design Company) ("Consultant").

WHEREAS, the City needs professional services in connection with construction administration support and outreach for the Olympic Drive Nonmotorized Improvements Project; and

WHEREAS, the Consultant has the expertise and experience to provide said services and is willing to do so in accordance with the terms and conditions of this Agreement.

NOW, THEREFORE, in consideration of the mutual covenants, conditions, promises, and agreements set forth herein, it is agreed by and between the City and the Consultant as follows:

1. SERVICES BY CONSULTANT

The Consultant shall provide the professional services as defined in this Agreement and as necessary to accomplish the scope of services attached hereto as **Attachment A** and incorporated herein by this reference as if set forth in full. The Consultant shall furnish all services, labor, and related equipment to conduct and complete the work, except as specifically noted otherwise in this Agreement.

2. TERM AND TERMINATION OF AGREEMENT

A. This Agreement shall become effective upon execution by both parties and shall continue in full force and effect until December 31, 2019, unless sooner terminated by either party as provided below.

B. This Agreement may be terminated by either party without cause upon thirty (30) days' written notice to the other party. In the event of termination, all finished or unfinished documents, reports, or other material or work of the Consultant pursuant to this Agreement shall be submitted to the City, and the Consultant shall be entitled to just and equitable compensation at the rate set forth in Section 3 for any satisfactory work completed prior to the date of termination.

3. PAYMENT

A. The City shall pay the Consultant for such services:

[X] Hourly, plus actual expenses, in accordance with **Attachment A**, but not more than a total of Eighty Thousand Eight Hundred Twenty-Four Dollars ($80,824.00);
[ ] Fixed Sum: _____;
[ ] Other: $_____, for all services performed and incurred under this Agreement, to be billed monthly in equal amounts.

B. The Consultant shall submit, in a format acceptable to the City, monthly invoices for services performed in a previous calendar month. Each project and each task within a project shall be the subject of a separate invoice. The Consultant shall maintain time and expense records and provide them to the City upon request.

C. The City shall pay all invoices by mailing a City check within sixty (60) days of receipt of a proper invoice from the Consultant.

D. If the services rendered do not meet the requirements of this Agreement, the Consultant shall correct or modify the work to comply with this Agreement. The City may withhold payment for such work until it meets the requirements of this Agreement.

4. INSPECTION AND AUDIT

The Consultant shall maintain all books, records, documents, and other evidence pertaining to the costs and expenses allowable under this Agreement in accordance with generally accepted accounting practices. All such books and records required to be maintained by this Agreement shall be subject to inspection and audit by representatives of the City and/or the Washington State Auditor at all reasonable times, and the Consultant shall afford the proper facilities for such inspection and audit. Representatives of the City and/or the Washington State Auditor may copy such books, accounts, and records if necessary to conduct or document an audit. The Consultant shall preserve and make available all such books of account and records for a period of three (3) years after final payment under this Agreement. In the event that any audit or inspection identifies any discrepancy in such financial records, the Consultant shall provide the City with appropriate clarification and/or financial adjustments within thirty (30) calendar days of notification of the discrepancy.

5. INDEPENDENT CONTRACTOR

A. The Consultant and the City understand and expressly agree that the Consultant is an independent contractor in the performance of each and every part of this Agreement. The Consultant expressly represents, warrants, and agrees that the Consultant's status as an independent contractor in the performance of the work and services required under this Agreement is consistent with and meets the six-part independent contractor test set forth in RCW 51.08.195. The Consultant, as an independent contractor, assumes the entire responsibility for carrying out and accomplishing the services required under this Agreement. The Consultant shall make no claim of City employment nor shall the Consultant claim any related employment benefits, social security, and/or retirement benefits.

B. The Consultant shall be solely responsible for paying all taxes, deductions, and assessments, including but not limited to federal income tax, FICA, social security tax, assessments for unemployment and industrial injury, and other deductions from income which may be required by law or assessed against either party as a result of this Agreement. In the event the City is assessed a tax or assessment as a result of this Agreement, the Consultant shall pay the same before it becomes due.

C. The City may, during the term of this Agreement, engage other independent contractors to perform the same or similar work that the Consultant performs hereunder.

D. The Consultant shall obtain a business license and, if applicable, pay business and occupation taxes pursuant to Title 5 of the Bainbridge Island Municipal Code.

6. NONDISCRIMINATION AND COMPLIANCE WITH LAWS

A. The Consultant agrees not to discriminate against any employee or applicant for employment or any other person in the performance of this Agreement because of race, creed, color, national origin, marital status, sex, sexual orientation, age, disability, or other circumstance prohibited by federal, state, or local law or ordinance, except for a bona fide occupational qualification.

B. The Consultant shall comply with all federal, state, and local laws and ordinances applicable to the work to be done under this Agreement.

C. Violation of this Section 6 shall be a material breach of this Agreement and grounds for cancellation, termination, or suspension by the City, in whole or in part, and may result in ineligibility for further work for the City.

7. OWNERSHIP OF WORK PRODUCT

All data, materials, reports, memoranda, and other documents developed under this Agreement, whether finished or not, shall become the property of the City and shall be forwarded to the City in hard copy and in digital format that is compatible with the City's computer software programs.

8. GENERAL ADMINISTRATION AND MANAGEMENT

The City Manager of the City, or designee, shall be the City's representative, and shall oversee and approve all services to be performed, coordinate all communications, and review and approve all invoices, under this Agreement.

9. HOLD HARMLESS AND INDEMNIFICATION

A. The Consultant shall defend, indemnify, and hold the City, its officers, officials, employees, and volunteers harmless from any and all claims, injuries, damages, losses, or suits including attorney fees, arising out of or resulting from the acts, errors, or omissions of the Consultant in performance of this Agreement, except for injuries and damages caused by the sole negligence of the City.

B. Should a court of competent jurisdiction determine that this Agreement is subject to RCW 4.24.115, then, in the event of liability for damages arising out of bodily injury to persons or damages to property caused by or resulting from the concurrent negligence of the Consultant and the City, its officers, officials, employees, and volunteers, the Consultant's liability, including the duty and cost to defend hereunder, shall be only to the extent of the Consultant's negligence. It is further specifically and expressly understood that the indemnification provided

herein constitutes the Consultant's waiver of immunity under Industrial Insurance, Title 51 RCW, solely for the purposes of this indemnification. This waiver has been mutually negotiated by the parties. The provisions of this section shall survive the expiration or termination of this Agreement.

C. The City's inspection or acceptance of any of the Consultant's work when completed shall not be grounds to void, nullify, and/or invalidate any of these covenants of indemnification.

D. Nothing contained in this Agreement shall be construed to create a liability or a right of indemnification in any third party.

10. INSURANCE

The Consultant shall maintain insurance as follows:

[X] Commercial General Liability as described in **Attachment B**.
[X] Professional Liability as described in **Attachment B**.
[X] Automobile Liability as described in **Attachment B**.
[X] Workers' Compensation as described in **Attachment B**.
[ ] None.

11. SUBLETTING OR ASSIGNING CONTRACT

This Agreement, or any interest herein or claim hereunder, shall not be assigned or transferred in whole or in part by the Consultant to any other person or entity without the prior written consent of the City. In the event that such prior written consent to an assignment is granted, then the assignee shall assume all duties, obligations, and liabilities of the Consultant as stated herein.

12. EXTENT OF AGREEMENT/MODIFICATION

This Agreement, together with attachments or addenda, represents the entire and integrated Agreement between the parties and supersedes all prior negotiations, representations, or agreements, either written or oral. This Agreement may be amended, modified, or added to only by written instrument properly signed by both parties.

13. SEVERABILITY

A. If a court of competent jurisdiction holds any part, term, or provision of this Agreement to be illegal or invalid, in whole or in part, the validity of the remaining provisions shall not be affected, and the parties' rights and obligations shall be construed and enforced as if the Agreement did not contain the particular provision held to be invalid.

B. If any provision of this Agreement is in direct conflict with any statutory provision of the State of Washington, that provision which may conflict shall be deemed inoperative and null and void insofar as it may conflict, and shall be deemed modified to conform to such statutory provision.

14. FAIR MEANING

The terms of this Agreement shall be given their fair meaning and shall not be construed in favor of or against either party hereto because of authorship. This Agreement shall be deemed to have been drafted by both of the parties.

15. NONWAIVER

A waiver by either party hereto of a breach by the other party hereto of any covenant or condition of this Agreement shall not impair the right of the party not in default to avail itself of any subsequent breach thereof. Leniency, delay, or failure of either party to insist upon strict performance of any agreement, covenant, or condition of this Agreement, or to exercise any right herein given in any one or more instances, shall not be construed as a waiver or relinquishment of any such agreement, covenant, condition, or right.

16. NOTICES

Unless stated otherwise herein, all notices and demands shall be in writing and sent or hand-delivered to the parties at their addresses as follows:

To the City:	City of Bainbridge Island 280 Madison Avenue North Bainbridge Island, WA 98110 Attention: City Manager
To the Consultant:	MOORE IACOFANO GOLTSMAN, INC. 615 Second Ave, Suite 280 Seattle, WA 98104 Attention: Nathan Polanski

or to such addresses as the parties may hereafter designate in writing. Notices and/or demands shall be sent by registered or certified mail, postage prepaid, or hand-delivered. Such notices shall be deemed effective when mailed or hand-delivered at the addresses specified above.

17. SURVIVAL

Any provision of this Agreement which imposes an obligation after termination or expiration of this Agreement shall survive the term or expiration of this Agreement and shall be binding on the parties to this Agreement.

18. GOVERNING LAW

This Agreement shall be governed by and construed in accordance with the laws of the State of Washington.

19. VENUE

The venue for any action to enforce or interpret this Agreement shall lie in the Superior Court of Washington for Kitsap County, Washington.

20. COUNTERPARTS

This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same Agreement.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the later of the signature dates included below.

MOORE IACOFANO GOLTSMAN, INC.	CITY OF BAINBRIDGE ISLAND
Date:_____	Date:_____
By:_____	By:_____
Name_____	Morgan Smith, City Manager
Title_____	
Tax I.D. #_____	
City Bus. Lic. #_____	

ATTACHMENT A
SCOPE OF SERVICES

Exhibit A
Olympic Drive Non-Motorized Improvement Project -
Construction Administration Support and Outreach Materials

Scope of Work | Fee			March 4, 2019
Task 1 - Construction Administration Support		**Hours**	**Subtask Fee**
Note: The scope and fee for Task 1 assumes day to day construction management will be completed by a Construction Management firm hired by the City and their work will include daily construction observation, coordination with the Contractor and City, testing, up keep of as-builts, and other typical CM duties for the duration of the construction.			
1.1	Provide project management including coordination with project team, preparing monthly progress reports and invoices. The budget assumes a project length of 6 months.	31	$ 5,525.00
1.2	Weekly technical coordination - calls with COBI during construction including up to 8 on-site meetings and site visits.	50	$ 8,410.00
1.3	Pre-construction meeting - prepare for and attend meeting with City and Contractor	8	$ 1,320.00
1.4	Site visits - Up to 8 site visits as requested by COBI to coordinate for and review proposed improvements. Items to review could include: tree and vegetation protection fencing installation; review temporary traffic control; tree/root observation during excavation and installation of proposed improvements; subgrade review for retaining wall; power undergrounding; rain garden installation; etc	62	$ 9,570.00
1.5	Submittal review support - technical submittal review led by COBI; this task assumes up to 8 submittal reviews for non-standard items (e.g. green pavement marking), landscape, irrigation, and other items as requested by the City.	40	$ 6,360.00
1.6	Contractor RFI review and response - Includes review and responses for up to 15 Contractor RFIs	50	$ 7,590.00
1.7	Preliminary and final civil and landscape punchlist	18	$ 2,640.00
	MIG|SvR Task 1 subtotal		**$ 41,415.00**
Task 2 - Outreach Materials		**Hours**	**Subtask Fee**
Notes: The scope and fee for Task 2 assumes the following - Review process to include - (1) Review of the site plan illustration, (1) Review of trifold text, (1) Review of first design draft of the trifold; (1) Final review and approval of the trifold design draft; (1) Review of the poster - Materials will be branded to match the City brand. - Printing is not included; all printing will be done by the City. MIG|SvR will provide final editable and PDF files to the City.			
2.1	Develop three outreach materials to support the City's community outreach and education to help people understand the proposed improvements, including: 1. Tri-fold brochure to help people understand the stafety improvements being implmented on Olympic Drive, including visuals. Brochure will include: What people walking, biking and driving should know; Why and where bike boxes are being installed; What the new bike lanes and bike signals are; etc. 2. 11x17 poster to hang on the ferry that includes: a brief overview of the project, what people can expect (e.g. detours), anticipated construction timing, and where to find additional information (e.g. City website; sign up for project updates) 3. 24x36 board graphic that includes: a simple redering of the site plan and images of what improvements will look like (e.g. bike boxes, pavement markings, signage) Deliverables: 1. Print ready files for an 8.5 x 11 full-color trifold brochure 2. Print ready files for 11 x 17 full-color poster 3. Print ready files of illustrative intersection graphic sized for a 24x36 presentation board	69	$ 10,910.00
Subconsultants			
	Tree Solutions - Scope includes: pre-construction meeting attendance; monitoring exploratory trench for roots along retaining wall alignment prior to construction (assume one field day); monitoring trench excavation and root pruning for retaining wall during construction (assume two field days); miscellaneous pruning monitoring (assume one site visit); general consultation and review.	44	$ 9,812.00
	GeoEngineers - Scope includes submittal review, attendance at preconstruction meeting, and three site visits to evaluate subgrade and backfill.	39	$ 7,227.00
	Swenson Say Faget - Scope includes time to review contractor RFIs **and submittals**	12	$ 2,750.00
	Concord - Scope includes attendance at up to 4 site meetings and review of 4 submittals and 4 RFIs	40	$ 6,710.00
	Subconsultant Subtotal	**135**	**$ 26,499.00**
	Reimbursable Expenses		**$ 2,000.00**
	CONSULTANT TEAM TOTAL		$ 80,824.00

ATTACHMENT B
INSURANCE REQUIREMENTS

A. Insurance Term

The Consultant shall procure and maintain for the duration of the Agreement insurance against claims for injuries to persons or damage to property which may arise from or in connection with the performance of the work hereunder by the Consultant, its agents, representatives, or employees.

B. No Limitation

The Consultant's maintenance of insurance as required by the Agreement shall not be construed to limit the liability of the Consultant to the coverage provided by such insurance, or otherwise limit the City's recourse to any remedy available at law or in equity.

C. Minimum Scope of Insurance

The Consultant shall obtain insurance of the types and coverage described below:

1. Automobile Liability insurance covering all owned, non-owned, hired, and leased vehicles. Coverage shall be written on Insurance Services Office (ISO) form CA 00 01 or a substitute form providing equivalent liability coverage.

2. Commercial General Liability insurance shall be at least as broad as ISO occurrence form CG 00 01 and shall cover liability arising from premises, operations, stop-gap liability, independent contractors, and personal injury and advertising injury. The City shall be named as an additional insured under the Consultant's Commercial General Liability insurance policy with respect to the work performed for the City using an additional insured endorsement at least as broad as ISO CG 20 26.

3. Workers' Compensation coverage as required by the Industrial Insurance laws of the State of Washington.

4. Professional Liability insurance appropriate to the Consultant's profession.

D. Minimum Amounts of Insurance

The Consultant shall maintain the following insurance limits:

1. Automobile Liability insurance with a minimum combined single limit for bodily injury and property damage of $1,000,000 per accident.

2. Commercial General Liability insurance shall be written with limits no less than $1,000,000 each occurrence, $2,000,000 general aggregate.

3. Professional Liability insurance shall be written with limits no less than $1,000,000 per claim and $1,000,000 policy aggregate limit, as applicable.

E. Other Insurance Provision

The Consultant's Automobile Liability and Commercial General Liability insurance policies are to contain, or be endorsed to contain, that they shall be primary insurance as respect to the City. Any insurance, self-insurance, or self-insured pool coverage maintained by the City shall be excess of the Consultant's insurance and shall not contribute with it.

F. Acceptability of Insurers

Insurance is to be placed with insurers with a current A.M. Best rating of not less than A:VII.

G. Verification of Coverage

Before commencing work and services, the Consultant shall provide to the person identified in Section 8 of the Agreement a Certificate of Insurance evidencing the required insurance. The Consultant shall furnish the City with original certificates and a copy of the amendatory endorsements, including but not necessarily limited to the additional insured endorsement, evidencing the insurance requirements of the Consultant before commencement of the work. The City reserves the right to request and receive a certified copy of all required insurance policies.

H. Notice of Cancellation

The Consultant shall provide the City with written notice of any policy cancellation within two business days of their receipt of such notice.

I. Failure to Maintain Insurance

Failure on the part of the Consultant to maintain the insurance as required shall constitute a material breach of contract, upon which the City may, after giving five (5) business days' notice to the Consultant to correct the breach, immediately terminate this Agreement or, at its discretion, procure or renew such insurance and pay any and all premiums in connection therewith, with any sums so expended to be repaid to the City on demand, or at the sole discretion of the City, offset against funds due the Consultant from the City.

J. City Full Availability of Consultant Limits

If the Consultant maintains higher insurance limits than the minimums shown above, the City shall be insured for the full available limits of Commercial General and Excess or Umbrella liability maintained by the Consultant, irrespective of whether such limits maintained by the Consultant are greater than those required by this Agreement or whether any certificate of insurance furnished to the City evidences limits of liability lower than those maintained by the Consultant.

CITY OF BAINBRIDGE ISLAND

City Council Regular Business Meeting Agenda Bill

MEETING DATE: March 26, 2019 **ESTIMATED TIME:** 5 Minutes

AGENDA ITEM: (9:45 PM) Agenda Bill for Consent Agenda

STRATEGIC PRIORITY: Good Governance

PRIORITY BASED BUDGETING PROGRAM:

AGENDA CATEGORY: Consent Agenda **PROPOSED BY:** Executive

RECOMMENDED MOTION:
I move to approve the Consent Agenda as presented.

SUMMARY:
Consider approval of the following Consent Agenda items:
A. Accounts Payable and Payroll
B. City Council Study Session Minutes, March 5, 2019
C. City Council Regular Business Meeting Minutes, March 12, 2019
D. Environmental Technical Advisory Committee 2018 Annual Report and 2019 Work Plan
E. Interlocal Agreement with Kitsap County for Reimbursable Work - Public Works
F. Slope Mower Purchase - Public Works
G. 2019 Shore Friendly Program Request for Grant Proposals - Planning

FISCAL IMPACT:

Amount:	
Ongoing Cost:	
One-Time Cost:	
Included in Current Budget?	

BACKGROUND:

ATTACHMENTS:

FISCAL DETAILS:

Fund Name(s):

Coding:

CITY OF BAINBRIDGE ISLAND

City Council Regular Business Meeting Agenda Bill

MEETING DATE: March 26, 2019 **ESTIMATED TIME:**

AGENDA ITEM: Accounts Payable and Payroll

STRATEGIC PRIORITY: Good Governance

PRIORITY BASED BUDGETING PROGRAM:

AGENDA CATEGORY: Consent Agenda **PROPOSED BY:** Finance & Administrative Services

RECOMMENDED MOTION:
Approve with Consent Agenda.

SUMMARY:
Approve with Consent Agenda.

FISCAL IMPACT:

Amount:	
Ongoing Cost:	
One-Time Cost:	
Included in Current Budget?	

BACKGROUND:

ATTACHMENTS:

Payroll.pdf

Report to Council of Cash Disbursements 03-27-19.pdf

FISCAL DETAILS:

Fund Name(s):

Coding:

PAYROLL

PAYROLL CHECK RUN: 3 - 20 - 2019

Run Type	Run Date	Check # Sequence	Comments	Amount
Normal	3/20/2019	044252 - 044374	P/R check run - direct deposit	315,292.74
Normal	3/20/2019	108901 - 108904	P/R check run - regular	12,034.47
Vendor	3/20/2019	108905 - 108914	P/R vendor check run	127,292.33
Vendor	3/20/2019	N/A	P/R vendor ACH	237.50
EFTPS	3/20/2019	N/A	Federal Tax Electronic Transfer	125,541.82
			TOTAL:	**580,398.86**

Prepared and Reviewed by: Deborah Lee Date 3/19/19

Deborah Lee

I, the undersigned, do hereby certify under penalty of perjury that the materials have been furnished, the services rendered or the labor performed as described herein and that the claim is a just, due and unpaid obligation against the City of Bainbridge Island, and that I am authorized to authenticate and certify to said claim.

Date 3/19/19

Kimberly M. Dunscombe, Budget Manager

ACCOUNTS PAYABLE REPORT TO CITY COUNCIL OF CASH DISBURSEMENTS

CHECK RUN: March 11, 2019 - March 25, 2019
CITY COUNCIL: March 12, 2019 - March 26, 2019

Last check from previous run: 350029 dated 03/13/19 issued to Zee Medical Service in the amount of $117.07

Payment Type	Check Date	Check Number	Department/Vendor/Description	Amount
EFT	N/A	N/A		N/A
ACH	N/A	N/A		N/A
ACH	N/A	N/A		N/A
VOID	3/13/19	349955	PCD/Gary Christensen/print error	N/A
Manual	3/7/18	350030	PW/Bainbridge Disposal/Senior Center - Commons garbage service	257.98
Manual	3/8/19	350031	Puget Sound Energy/City Hall utilities - January 2019	5,841.91
Manual	3/8/19	350032	US Bank/Credit card purchases - February 2019	21,622.68
Manual	3/8/19	350033	PCD/AT&T OneNet Service/Fax long distance - March 2019	0.64
Manual	3/12/19	350034	CenturyLink/Citywide phone services - March 2019	1,103.59
Manual	3/12/19	350035	POL/Kody Snodgrass Memorial/K9 tracking dog "Whitney"	7,500.00
Manual	3/12/19	350036	FIN/Pitney Bowes/Postage machine lease Q1 2019	1,036.08
Manual	3/12/19	350037	Puget Sound Energy/Citywide utilities - February 2019	27,864.20
Manual	3/12/19	350038	PW/Toshiba Financial/O&M E-Studio4555C copier lease	273.60
Manual	3/14/19	350039	Bainbridge Arts and Crafts/Q4 2018 LTAC	1,250.00
Manual	3/20/19	350167	Verizon Wireless/Citywide cellphone services - February 2019	3,517.73
Manual	3/20/19	350168	North Kitsap Tourism/Q3-4 2018 LTAC	5,000.00
			Manual Checks and Electronic Disbursements	**75,268.41**
Regular Run	3/27/19	350040-350166	**Regular Check Run**	**265,114.40**
				340,382.81
Retainage Release	N/A	N/A		N/A
Travel Advance	N/A	N/A		N/A

Prepared and Reviewed by _____ Carrie Christianson, Senior Accounting Technician

I, the undersigned, do hereby certify under penalty of perjury that the materials have been furnished,

_____ 3/21/19

Ron Logghe, Interim Accounting Manager — Date

RL VOID

KW
3/6/19

CASH ACCOUNT: 635 111100 CASH

CHECK NO	CHK DATE	TYPE	VENDOR	NAME	VOUCHER	INVOICE	INV DATE	PO	CHECK RUN	NET
						INVOICE DTL DESC				
349955	03/13/2019	VOID	8388	GARY R. CHRISTENSEN	229499	03/04/19	03/04/2019			-25.64
Invoice: 03/04/19							PCD/SILVERDALE CITY/CO PLNG DIR TRAVEL REIMB			
						-25.64 61011581 543100	PCD - C/E ADMIN TRAVEL EXPENSE			

CHECK 349955 TOTAL: -25.64

NUMBER OF CHECKS 1 *** CASH ACCOUNT TOTAL *** -25.64

	COUNT	AMOUNT
TOTAL VOIDED CHECKS	1	25.64

*** GRAND TOTAL *** -25.64

Issued check in error.

Sent original Travel Claim Reimb. form to payroll dept. for processing

JOURNAL ENTRIES TO BE CREATED

CLERK: fintemp

YEAR PER JNL / SRC ACCOUNT / EFF DATE	JNL DESC	REF 1	REF 2	REF 3	ACCOUNT DESC / LINE DESC	T	OB	DEBIT	CREDIT
2019 3 74									
APP 001-213000					GENERAL - ACCOUNTS PAYABLE				25.64
03/13/2019	349955	VOID			AP CASH DISBURSEMENTS JOURNAL				
APP 635-111100					CASH			25.64	
03/13/2019	349955	VOID			AP CASH DISBURSEMENTS JOURNAL				
					GENERAL LEDGER TOTAL			25.64	25.64
APP 631-130000					DUE TO/FROM CLEARING				25.64
03/13/2019	03/10/19	VOID							
APP 001-130000					GENERAL - DUE TO/FROM CLEARING			25.64	
03/13/2019	03/10/19	VOID							
					SYSTEM GENERATED ENTRIES TOTAL			25.64	25.64
					JOURNAL 2019/03/74 TOTAL			51.28	51.28

JOURNAL ENTRIES TO BE CREATED

FUND / ACCOUNT	YEAR	PER	JNL	EFF DATE	ACCOUNT DESCRIPTION	DEBIT	CREDIT
001 GENERAL FUND	2019	3	74	03/13/2019			
001-130000					GENERAL - DUE TO/FROM CLEARING	25.64	
001-213000					GENERAL - ACCOUNTS PAYABLE		25.64
					FUND TOTAL	25.64	25.64
631 CLEARING FUND	2019	3	74	03/13/2019			
631-130000					DUE TO/FROM CLEARING		25.64
635-111100					CASH	25.64	
					FUND TOTAL	25.64	25.64

JOURNAL ENTRIES TO BE CREATED

FUND		DUE TO	DUE FROM
001	GENERAL FUND		25.64
631	CLEARING FUND	25.64	
	TOTAL	25.64	25.64

** END OF REPORT - Generated by Khammy Wahaus **

Manual

KW
3/7/19

CASH ACCOUNT: 635 111100 CASH

CHECK NO	CHK DATE	TYPE	VENDOR	NAME	VOUCHER	INVOICE	INV DATE	PO	CHECK RUN	NET
						INVOICE DTL DESC				
350030	03/07/2019	PRTD	47	BAINBRIDGE DISPOSAL	229533	0000841636	02/28/2019	M030719		257.98
	Invoice: 0000841636						PW/SEN CTR - COMMONS GARBAGE SVC			
					257.98	91011755 547900	GG-C/E-COMMONS-GARBAGE			
								CHECK 350030 TOTAL:		257.98
						NUMBER OF CHECKS 1		*** CASH ACCOUNT TOTAL ***		257.98

	COUNT	AMOUNT
TOTAL PRINTED CHECKS	1	257.98

*** GRAND TOTAL *** 257.98

JOURNAL ENTRIES TO BE CREATED

CLERK: fintemp

YEAR PER JNL SRC ACCOUNT EFF DATE JNL DESC REF 1 REF 2 REF 3	ACCOUNT DESC LINE DESC	T OB	DEBIT	CREDIT
2019 3 86				
APP 001-213000	GENERAL - ACCOUNTS PAYABLE		257.98	
03/07/2019 M030719 030719	AP CASH DISBURSEMENTS JOURNAL			
APP 635-111100	CASH			257.98
03/07/2019 M030719 030719	AP CASH DISBURSEMENTS JOURNAL			
	GENERAL LEDGER TOTAL		257.98	257.98
APP 631-130000	DUE TO/FROM CLEARING		257.98	
03/07/2019 M030719 030719				
APP 001-130000	GENERAL - DUE TO/FROM CLEARING			257.98
03/07/2019 M030719 030719				
	SYSTEM GENERATED ENTRIES TOTAL		257.98	257.98
	JOURNAL 2019/03/86 TOTAL		515.96	515.96

JOURNAL ENTRIES TO BE CREATED

FUND / ACCOUNT	YEAR	PER	JNL	EFF DATE	ACCOUNT DESCRIPTION	DEBIT	CREDIT
001 GENERAL FUND	2019	3	86	03/07/2019			
001-130000					GENERAL - DUE TO/FROM CLEARING		257.98
001-213000					GENERAL - ACCOUNTS PAYABLE	257.98	
					FUND TOTAL	257.98	257.98
631 CLEARING FUND	2019	3	86	03/07/2019			
631-130000					DUE TO/FROM CLEARING	257.98	
635-111100					CASH		257.98
					FUND TOTAL	257.98	257.98

JOURNAL ENTRIES TO BE CREATED

FUND		DUE TO	DUE FROM
001	GENERAL FUND		257.98
631	CLEARING FUND	257.98	
	TOTAL	257.98	257.98

** END OF REPORT - Generated by Khammy Wahaus **

Manual

KW
3/8/19

CASH ACCOUNT: 635 111100 CASH

CHECK NO	CHK DATE	TYPE	VENDOR NAME	VOUCHER	INVOICE	INV DATE	PO	CHECK RUN	NET
					INVOICE DTL DESC				
350031	03/08/2019	PRTD	1205 PUGET SOUND ENERGY	229636	CITY HALL - JAN 2019	03/01/2019		M030719	5,841.91
	Invoice: CITY HALL - JAN 2019				CITY HALL - JAN 2019				
				5,841.91	91011189 547100 GG-C/E-CITY HALL-ELECTRIC				
						CHECK 350031 TOTAL:			5,841.91
					NUMBER OF CHECKS 1	*** CASH ACCOUNT TOTAL ***			5,841.91

	COUNT	AMOUNT
TOTAL PRINTED CHECKS	1	5,841.91

*** GRAND TOTAL *** 5,841.91

JOURNAL ENTRIES TO BE CREATED

CLERK: fintemp

YEAR PER JNL SRC ACCOUNT EFF DATE JNL DESC REF 1 REF 2 REF 3	ACCOUNT DESC LINE DESC	T OB	DEBIT	CREDIT
2019 3 98				
APP 001-213000	GENERAL - ACCOUNTS PAYABLE		5,841.91	
03/08/2019 M030719 030719	AP CASH DISBURSEMENTS JOURNAL			
APP 635-111100	CASH			5,841.91
03/08/2019 M030719 030719	AP CASH DISBURSEMENTS JOURNAL			
	GENERAL LEDGER TOTAL		5,841.91	5,841.91
APP 631-130000	DUE TO/FROM CLEARING		5,841.91	
03/08/2019 M030719 030719				
APP 001-130000	GENERAL - DUE TO/FROM CLEARING			5,841.91
03/08/2019 M030719 030719				
	SYSTEM GENERATED ENTRIES TOTAL		5,841.91	5,841.91
	JOURNAL 2019/03/98 TOTAL		11,683.82	11,683.82

JOURNAL ENTRIES TO BE CREATED

FUND / ACCOUNT	YEAR	PER	JNL	EFF DATE	ACCOUNT DESCRIPTION	DEBIT	CREDIT
001 GENERAL FUND	2019	3	98	03/08/2019			
001-130000					GENERAL - DUE TO/FROM CLEARING		5,841.91
001-213000					GENERAL - ACCOUNTS PAYABLE	5,841.91	
					FUND TOTAL	5,841.91	5,841.91
631 CLEARING FUND	2019	3	98	03/08/2019			
631-130000					DUE TO/FROM CLEARING	5,841.91	
635-111100					CASH		5,841.91
					FUND TOTAL	5,841.91	5,841.91

JOURNAL ENTRIES TO BE CREATED

FUND		DUE TO	DUE FROM
001	GENERAL FUND		5,841.91
631	CLEARING FUND	5,841.91	
	TOTAL	5,841.91	5,841.91

** END OF REPORT - Generated by Khammy Wahaus **

Manual
KW
3/8/19

CASH ACCOUNT: 635 111100 CASH

CHECK NO	CHK DATE	TYPE	VENDOR NAME	VOUCHER	INVOICE	INV DATE	PO	CHECK RUN	NET
					INVOICE DTL DESC				
350032	03/08/2019	PRTD	7314 US BANK	229560	01/18/19-JB	02/25/2019		USBFEB19	230.90
	Invoice: 01/18/19-JB				POL/ALASKA AIRLINES/RT AIRFAIR ILEETA CONF				
				230.90	53011212 443410 POLICE - C/E PATROL TRAINING				
				229561	01/28/19-JB-A	02/25/2019		USBFEB19	125.00
	Invoice: 01/28/19-JB-A				POL/ALASKA AIRLINES/TRIP CHANGE FEE ILEETA CONF				
				125.00	53011212 443410 POLICE - C/E PATROL TRAINING				
				229562	01/31/19-JB	02/25/2019		USBFEB19	15.00
	Invoice: 01/31/19-JB				POL/CENTURYLINK FIELD/EVENT TICKET SEATTLE BOAT				
				15.00	54025212 543100 MARINE-TRAVEL				
				229563	01/30/19-JB	02/25/2019		USBFEB19	14.94
	Invoice: 01/30/19-JB				POL/PEOPLE'S BURGER/LUNCH				
				14.94	54025212 543100 MARINE-TRAVEL				
				229564	02/01/19-JB	02/25/2019		USBFEB19	15.00
	Invoice: 02/01/19-JB				POL/CENTURYLINK FIELD/EVENT TICKET SEATTLE BOAT				
				15.00	54025212 543100 MARINE-TRAVEL				
				229565	01/31/19-JB-A	02/25/2019		USBFEB19	13.55
	Invoice: 01/31/19-JB-A				POL/PEOPLE'S BURGER/LUNCH				
				13.55	54025212 543100 MARINE-TRAVEL				
				229566	01/24/19-CB	02/25/2019		USBFEB19	27.47
	Invoice: 01/24/19-CB				EXCC/SHELL OIL/ORCMA MEETING				
				27.47	36011143 443410 CLERK-GF-TRAINING				
				229567	01/28/19-CB	02/25/2019		USBFEB19	210.00
	Invoice: 01/28/19-CB				EXCC/IIMC/ANNUAL DUES				
				210.00	36011143 549100 CLERK-DUES/SUBSCR/MEMBRSHPS				
				229568	01/28/19-CB-A	02/25/2019		USBFEB19	50.00
	Invoice: 01/28/19-CB-A				EXCC/IIMC/MMC APPLICATION				
				50.00	36011143 549100 CLERK-DUES/SUBSCR/MEMBRSHPS				
				229569	01/28/19-CB-B	02/25/2019		USBFEB19	139.50
	Invoice: 01/28/19-CB-B				EXCC/ATTORNEY & NOTARY SUPPLY/NOTARY RENEWAL				
				139.50	36011143 549100 CLERK-DUES/SUBSCR/MEMBRSHPS				
				229570	02/20/19-CB	02/25/2019		USBFEB19	175.00
	Invoice: 02/20/19-CB				EXCC/WAPRO/SPRING TRAINING CONF				
				175.00	36011143 443410 CLERK-GF-TRAINING				
				229571	01/28/19-BB	02/25/2019		USBFEB19	326.37
	Invoice: 01/28/19-BB				POL/FAIRMONT HOTEL/LODGING CHIEF HORN @IACP CONF				
				326.37	51011214 443410 PD-C/E-ADMIN-TRAINING				
				229572	01/29/19-BB	02/25/2019		USBFEB19	187.46
	Invoice: 01/29/19-BB				POL/AMAZON/TRIJICON NIGHT SIGHT, CELLO SLEVES				
				129.70	53011212 531100 PD-C/E-PATROL SUPPLIES				
				57.76	51011211 531100 PD-C/E-ADM-SUPPLIES				

CASH ACCOUNT: 635 111100 CASH

CHECK NO	CHK DATE	TYPE	VENDOR NAME	VOUCHER	INVOICE	INV DATE	PO	CHECK RUN	NET
					INVOICE DTL DESC				
				229573	02/01/19	02/25/2019		USBFEB19	174.38
Invoice: 02/01/19					POL/AMAZON/TACTICAL CONTRO PANT X2				
				174.38	51011191 520000 PD-C/E-PROP RM-BENEFITS				
				229574	02/08/19-BB	02/25/2019		USBFEB19	31.05
Invoice: 02/08/19-BB					POL/OPTICS PLANET/EARPIECE FOR TOVAR				
				31.05	53011212 531100 PD-C/E-PATROL SUPPLIES				
				229575	02/13/19-BB	02/25/2019		USBFEB19	35.00
Invoice: 02/13/19-BB					POL/PAYPAL/HAM RADIO OP TRNG FOR PEO LUNDGREN				
				35.00	51011217 443410 PD-C/E-PARKING ENF-TRAINING				
				229576	02/21/19-BB	02/25/2019		USBFEB19	50.00
Invoice: 02/21/19-BB					POL/FBI LEEDA/ANNUAL DUES - HORN				
				50.00	51011211 549100 PD-C/E-ADM-DUES/SUBCR/MEMBRSHP				
				229577	02/01/19-GC	02/25/2019		USBFEB19	26.89
Invoice: 02/01/19-GC					PCD/YACHT CLUB BROILER/PLANNING DIRECTOR'S LUNCH				
				26.89	61011581 543100 PCD - C/E ADMIN TRAVEL EXPENSE				
				229578	02/22/19-GC	02/25/2019		USBFEB19	113.30
Invoice: 02/22/19-GC					PCD/ALASKA AIRLINES/APA CONF				
				113.30	61011584 443410 PCD - C/E ADM TRAINING				
				229579	02/19/19-TC	02/25/2019		USBFEB19	125.00
Invoice: 02/19/19-TC					PCD/WABO REGONLINE/2019 WABO ANNUAL EDU: GH				
				125.00	62471594 443410 BLDG - BLDG TRAINING TRAVEL				
				229580	02/04/19-KD	02/25/2019		USBFEB19	1.00
Invoice: 02/04/19-KD					EX/CANVA/GRAPHIC - CITY HALL CLOSURE				
				1.00	31011572 549900 EX-GF-OUTREACH-MISC				
				229581	02/14/19-KD	02/25/2019		USBFEB19	1.00
Invoice: 02/14/19-KD					EX/CANVA/GRAPHIC - NEWSLETTER				
				1.00	31011572 549900 EX-GF-OUTREACH-MISC				
				229582	02/13/19-KD	02/25/2019		USBFEB19	31.32
Invoice: 02/13/19-KD					EX/HARBOR PUBLIC HOUSE/DINNER - NEWSLETTER DISCUSS				
				31.32	31011572 539100 EX-GF-OUTREACH-MEALS/EVENTS				
				229583	01/29/19-KE	02/25/2019		USBFEB19	423.60
Invoice: 01/29/19-KE					POL/TRAVELOCITY/RT TO MINNEAPOLIS P/UP K9				
				423.60	53011212 443410 POLICE - C/E PATROL TRAINING				
				229584	01/28/19-JH	02/25/2019		USBFEB19	24.01
Invoice: 01/28/19-JH					POL/WESTSIDE PIZZA/SQUAD PIZZA (CITY MGR VISIT)				
				24.01	53011212 539100 PD-C/E-PATROL-WORKED MEALS				
				229585	02/13/19-DJ	02/25/2019		USBFEB19	52.32
Invoice: 02/13/19-DJ					POL/EAGLE HARBOR BOOKS/BINNIE MAPS X2				
				52.32	51011215 531100 POLICE - C/E FACIL SUPPLIES				

CASH ACCOUNT: 635 111100 CASH

CHECK NO	CHK DATE	TYPE	VENDOR NAME	VOUCHER	INVOICE	INV DATE	PO	CHECK RUN	NET
					INVOICE DTL DESC				
				229586	02/21/19-DJ	02/25/2019	USBFEB19		183.81
Invoice: 02/21/19-DJ					POL/KUIU/TALUS HYBRID SWAT PANT				
				183.81	53011212 520000 POLICE - C/E PATROL BENEFITS				
				229587	02/21/19-GK	02/25/2019	USBFEB19		392.25
Invoice: 02/21/19-GK					POL/AMAZON/TRL WEAPON LIGHT				
				392.25	53011212 531100 PD-C/E-PATROL SUPPLIES				
				229588	01/05/19-RL	02/25/2019	USBFEB19		30.00
Invoice: 01/05/19-RL					LEGAL/WSAMA/MEMBERSHIP: RS				
				30.00	32011152 549100 LGL-GF-DUES & SUBSCRIPTIONS				
				229589	01/28/19-RL	02/25/2019	USBFEB19		39.71
Invoice: 01/28/19-RL					EX/WETSIDE PIZZA/DINNER MTG W/POLICE				
				39.71	31011131 531100 EX-GF-SUPPLIES				
				229590	02/19/19	02/25/2019	USBFEB19		100.00
Invoice: 02/19/19					CC/BI CHAMBERCOMMERCE/ISLANDS HONOR BANQUET-MEDINA				
				100.00	11011116 543100 COUNCIL-TRAVEL/MEALS/LODGING				
				229591	02/19/19-RL-A	02/25/2019	USBFEB19		100.00
Invoice: 02/19/19-RL-A					CC/BI CHAMBER COMMERCE/ISLAND HONORS BANQUET : LS				
				100.00	11011116 543100 COUNCIL-TRAVEL/MEALS/LODGING				
				229592	02/22/19-RL	02/25/2019	USBFEB19		245.00
Invoice: 02/22/19-RL					LEGAL/WSAMA/2019 WSAMA SPRING CONF : RS				
				245.00	32011154 443410 LGL-GF-TRAINING				
				229593	2/22/19-RL-A	02/25/2019	USBFEB19		175.00
Invoice: 2/22/19-RL-A					LEGAL/WARPO/2019 WARPO SPRING CONF: RS				
				175.00	32011154 443410 LGL-GF-TRAINING				
				229594	02/08/19-AS	02/25/2019	USBFEB19		320.46
Invoice: 02/08/19-AS					EX/AMAZON/MOTOROLA RADIOS FOR WFR				
				320.46	31011256 531100 EX-GF-EMERG PREP-SUPPLIES				
				229595	02/08/19-AS-A	02/25/2019	USBFEB19		-86.36
Invoice: 02/08/19-AS-A					EX/AMAZON/IRIS TOTE - RETURN				
				-86.36	31011256 531100 EX-GF-EMERG PREP-SUPPLIES				
				229596	02/08/19-AS-B	02/25/2019	USBFEB19		53.36
Invoice: 02/08/19-AS-B					EX/LAKESHORE/PEOPLE CUTOUTS FOR CERT				
				53.36	31011256 531100 EX-GF-EMERG PREP-SUPPLIES				
				229597	01/29/19-JL	02/25/2019	USBFEB19		483.00
Invoice: 01/29/19-JL					LEGAL/WSBA/LICENSE RENEWAL				
				483.00	32011152 549150 LGL-CERTIFICATIONS/LICENSES				
				229598	01/29/19-JL-A	02/25/2019	USBFEB19		12.08
Invoice: 01/29/19-JL-A					LEGAL/WSBA/LICENSE RENEWAL SERVICE FEE				
				12.08	32011152 549150 LGL-CERTIFICATIONS/LICENSES				

CASH ACCOUNT: 635 111100 CASH

CHECK NO	CHK DATE	TYPE	VENDOR NAME	VOUCHER	INVOICE	INV DATE	PO	CHECK RUN	NET
					INVOICE DTL DESC				
				229599	01/30/19-CL	02/25/2019		USBFEB19	36.86
Invoice: 01/30/19-CL						PCD/CLICK2MAIL/LEGAL NOTICE POSTCARDS			
				36.86	63470586 544000	CUR-DEV-ZONING-ADV			
				229600	02/06/19-CL	02/25/2019		USBFEB19	513.00
Invoice: 02/06/19-CL						PCD/CLICK2MAIL/LEGAL NOTICE POSTCARDS			
				513.00	63470586 544000	CUR-DEV-ZONING-ADV			
				229601	02/08/19-CL	02/25/2019		USBFEB19	92.61
Invoice: 02/08/19-CL						PCD/AMAZON/GENERAL OFFICE SUPPLIES			
				92.61	61011581 531100	PCD - C/E ADMIN SUPPLIES			
				229602	02/16/19-CL	02/25/2019		USBFEB19	31.06
Invoice: 02/16/19-CL						PCD/CLICK2MAIL/LEGAL NOTICE POSTCARDS			
				31.06	63470586 544000	CUR-DEV-ZONING-ADV			
				229603	02/20/19-CL	02/25/2019		USBFEB19	16.10
Invoice: 02/20/19-CL						PCD/CLICK2MAIL/LEGAL NOTICE POSTCARDS			
				16.10	63470586 544000	CUR-DEV-ZONING-ADV			
				229604	02/20/19-CL-A	02/25/2019		USBFEB19	18.03
Invoice: 02/20/19-CL-A						PCD/CLICK2MAIL/LEGAL NOTICE POSTCARDS			
				18.03	63470586 544000	CUR-DEV-ZONING-ADV			
				229605	02/22/19-CL	02/25/2019		USBFEB19	44.53
Invoice: 02/22/19-CL						PCD/AMAZON/GENERAL OFFICE SUPPLIES			
				44.53	61011581 531100	PCD - C/E ADMIN SUPPLIES			
				229606	02/06/19-DM	02/25/2019		USBFEB19	401.12
Invoice: 02/06/19-DM						PW/STORE SUPPLY WAREHOUSE/C.H. SLATWALL			
				401.12	73011183 531100	O&M-C/E-CH FAC-SUPPLIES			
				229607	01/27/19-EP	02/25/2019		USBFEB19	3.50
Invoice: 01/27/19-EP						POL/ROUTE 66 PIZZA/LUNCH - MARINE SHOW			
				3.50	54025212 539100	MARINE-WORKED MEALS			
				229608	01/28/19-EP	02/25/2019		USBFEB19	6.00
Invoice: 01/28/19-EP						POL/WSDOT/BRIDGE TOLL - MARINE SHOW			
				6.00	54025212 543100	MARINE-TRAVEL			
				229609	02/06/19-EP	02/25/2019		USBFEB19	15.35
Invoice: 02/06/19-EP						POL/WSDOT/FERRY TO SEATTLE (SAMPLES TO LAB)			
				15.35	52011212 543100	PD-INV-TRAVEL/MEALS/LODGING			
				229610	02/06/19-EP-A	02/25/2019		USBFEB19	15.35
Invoice: 02/06/19-EP-A						POL/WSDOT/RETURN PASSAGE			
				15.35	52011212 543100	PD-INV-TRAVEL/MEALS/LODGING			
				229611	02/19/19-EP	02/25/2019		USBFEB19	26.20
Invoice: 02/19/19-EP						POL/SAFEWAY/FUEL			
				26.20	52011212 532000	PD DET-C/E-FUEL			

CASH ACCOUNT: 635 111100 CASH

CHECK NO	CHK DATE	TYPE	VENDOR NAME	VOUCHER	INVOICE	INV DATE	PO	CHECK RUN	NET
					INVOICE DTL DESC				
				229612	01/25/19-JR	02/25/2019		USBFEB19	875.00
Invoice: 01/25/19-JR					PCD/REGONLINE/WABO ANNUAL EDU: JL, BH, CW, JH				
				875.00	62471594 443410	BLDG - BLDG TRAINING TRAVEL			
				229613	02/01/19-JR	02/25/2019		USBFEB19	900.00
Invoice: 02/01/19-JR					PCD/STORAGE98110/ARCHIVE STORAGE UNIT RENTAL				
				900.00	61470581 545000	PCD - DEV ADMIN RENTS & LEASES			
				229614	01/28/19-JR	02/25/2019		USBFEB19	250.00
Invoice: 01/28/19-JR					PCD/WABO-REGONLINE/WABO ANNUAL EDU: DE				
				250.00	62471594 443410	BLDG - BLDG TRAINING TRAVEL			
				229615	01/29/19-JR	02/25/2019		USBFEB19	355.00
Invoice: 01/29/19-JR					PCD/NORTH CENTRAL WA ICC/CONF ATTENDANCE				
				355.00	62471594 443410	BLDG - BLDG TRAINING TRAVEL			
				229616	02/07/19-JR	02/25/2019		USBFEB19	100.00
Invoice: 02/07/19-JR					PCD/AWC PLANNING DIRECTORS/MEMBERSHIP DUES: GC				
				100.00	61470581 549100	PCD - DEV ADMIN DUES/SUBSCR			
				229617	02/21/19-JR	02/25/2019		USBFEB19	60.79
Invoice: 02/21/19-JR					PCD/AMAZON/FOOTSTOOL LUMBAR SUPPORT: AH				
				60.79	63470588 531100	CUR - DEV DEV PLAN OFC SUPPLY			
				229618	02/20/19-WS	02/25/2019		USBFEB19	114.50
Invoice: 02/20/19-WS					POL/AMAZON/KENWOOD HELICAL ANTENNA X10				
				114.50	53011212 531100	PD-C/E-PATROL SUPPLIES			
				229619	01/26/19-BS	02/25/2019		USBFEB19	129.38
Invoice: 01/26/19-BS					POL/THE CHANDLERY/EMERG BILGE PUMP & HOSE FOR M11				
				129.38	54025212 531100	MARINE - SUPPLIES			
				229620	02/24/19-BS	02/25/2019		USBFEB19	113.96
Invoice: 02/24/19-BS					POL/AMAZON/MARINE SUPPLIES				
				113.96	54025212 531100	MARINE - SUPPLIES			
				229621	02/06/19-CS	02/25/2019		USBFEB19	60.82
Invoice: 02/06/19-CS					POL/SAFEWAY/SNACKS FOR CITIZENS' ACADEMY				
				60.82	51011211 53110000589	PD-COMM OUTREACH-SUPPLIES			
				229623	02/16/19-CS	02/25/2019		USBFEB19	50.00
Invoice: 02/16/19-CS					POL/BIMPRD/BANNER HANGING FEES				
				50.00	51011211 54110000589	PD-COMM OUTREACH-PROF SVC			
				229624	02/12/19-JS	02/25/2019		USBFEB19	383.12
Invoice: 02/12/19-JS					PCD/HILTON HOTEL/AP CONF ROOM DEPOSIT - JS				
				383.12	61011584 443410	PCD - C/E ADM TRAINING			
				229625	02/12/19-JS-A	02/25/2019		USBFEB19	383.12
Invoice: 02/12/19-JS-A					PCD/HILTON HOTEL/APA CONF ROOM DEPOSIT : HW				
				383.12	63011586 443410	CUR - C/E TRAINING TRAVEL			

CASH ACCOUNT: 635 111100 CASH

CHECK NO	CHK DATE	TYPE	VENDOR NAME	VOUCHER	INVOICE	INV DATE	PO	CHECK RUN	NET
					INVOICE DTL DESC				
				229626	02/13/19-JS	02/25/2019	USBFEB19		735.00
Invoice: 02/13/19-JS					PCD/APA CONF/CONF REGISTRATION				
				735.00	61011584 443410 PCD - C/E ADM TRAINING				
				229627	02/13/19-HW	02/25/2019	USBFEB19		785.00
Invoice: 02/13/19-HW					PCD/APA/NATIONAL PLANNING CONF				
				785.00	63011586 443410 CUR - C/E TRAINING TRAVEL				
				229628	02/13/19-KB	02/25/2019	USBFEB19		38.02
Invoice: 02/13/19-KB					TOWN & COUNTRY/COFFEE & SNACKS CIVIL SVC INTERVIEW				
				38.02	91011211 531100 GG-C/E-CIVIL SVC-OFC SUP				
				229629	01/30/19-SM	02/25/2019	USBFEB19		577.69
Invoice: 01/30/19-SM					IT/AMAZON/UNINTERRUPTIBLE POWER SUPPLY				
				577.69	81011881 535500 IT - C/E COMPUTER PARTS & EQ				
				229630	01/30/19-SM-A	02/25/2019	USBFEB19		489.91
Invoice: 01/30/19-SM-A					IT/ATLAS PHONES/DESKTOP PHONES - 2				
				489.91	81011881 535500 IT - C/E COMPUTER PARTS & EQ				
				229631	02/07/19-SM	02/25/2019	USBFEB19		1,197.91
Invoice: 02/07/19-SM					IT/RAKUTEN/SURFACE LAPTOP - 1				
				1,197.91	81011881 535500 IT - C/E COMPUTER PARTS & EQ				
				229632	02/07/19-SM-A	02/25/2019	USBFEB19		216.87
Invoice: 02/07/19-SM-A					IT/AMAZON/LAPTOP CASE, DOCK & ADAPTER				
				216.87	81011881 535500 IT - C/E COMPUTER PARTS & EQ				
				229633	02/18/19-SM	02/25/2019	USBFEB19		19.00
Invoice: 02/18/19-SM					IT/ACUITY SCHEDULING/WEBSITE CALENDAR SCHEDULING				
				19.00	81011881 548500 IT - C/E COMPUTER SUPPORT				
				229634	02/18/19-SM-A	02/25/2019	USBFEB19		5,470.14
Invoice: 02/18/19-SM-A					IT/LIFESIZE INC/CHAMBERS MTG REMOTE CONNECT 10 LIC				
				5,470.14	81031881 53550000567 PEG CAP FUNDING-NON CAP ITEMS				
				229635	02/21/19-SM	02/25/2019	USBFEB19		71.89
Invoice: 02/21/19-SM					IT/AMAZON/CELL PHONE BATTERIES - 5				
				71.89	81011881 535500 IT - C/E COMPUTER PARTS & EQ				
				229637	02/02/19-MS	02/25/2019	USBFEB19		315.00
Invoice: 02/02/19-MS					EX/WCMA/ANNUAL MEMBERSHIP				
				315.00	31011131 549100 EX-GF-DUES/SUBCR/MEMBERSH				
				229638	02/02/19-MS-A	02/25/2019	USBFEB19		329.00
Invoice: 02/02/19-MS-A					EX/ICMA/2019 WEST COAST REGIONAL CONF				
				329.00	31011134 443410 EX-GF-TRAINING				
				229639	02/02/19-MS-B	02/25/2019	USBFEB19		608.00
Invoice: 02/02/19-MS-B					EX/ALASKA AIRLINES/2019 WEST COAST REGIONAL CONF				
				608.00	31011134 443410 EX-GF-TRAINING				

CASH ACCOUNT: 635 111100 CASH

CHECK NO	CHK DATE	TYPE	VENDOR NAME	VOUCHER	INVOICE	INV DATE	PO	CHECK RUN	NET
					INVOICE DTL DESC				
				229641	02/06/19-KJ	02/25/2019	USBFEB19		75.00
Invoice: 02/06/19-KJ					EXCC/WMCA/CLERK DUES				
				75.00	36011143 549100	CLERK-DUES/SUBSCR/MEMBRSHPS			
				229642	01/30/169-ES	02/25/2019	USBFEB19		315.00
Invoice: 01/30/169-ES					EX/WCMA/MEMBERSHIP				
				315.00	31011131 549100	EX-GF-DUES/SUBCR/MEMBERSH			
				229643	01/28/19-KS	02/25/2019	USBFEB19		50.55
Invoice: 01/28/19-KS					FIN/TOWN&COUNTRY/STAFF MTG SNACKS				
				50.55	41011141 531100	FIN - C/E ADMIN SUPPLIES			
				229644	02/01/19-KG	02/25/2019	USBFEB19		80.00
Invoice: 02/01/19-KG					ENG/BLDG IND ASSOC/LID COURSE #2: PN, AQ, PC, CS				
				80.00	72431831 443410	ENG - SSWM ADM TRAINING			
				229645	02/01/19-KG-A	02/25/2019	USBFEB19		115.00
Invoice: 02/01/19-KG-A					ENG/CASCADE BICYCLE CLUB/WA BIKE SUMMIT - EPSTEIN				
				115.00	72111436 443410	ENG - ACCESS TRANS TRAINING			
				229646	02/07/19-KG	02/25/2019	USBFEB19		35.99
Invoice: 02/07/19-KG					ENG/APWA/APWA - PW POSTERS				
				35.99	72011321 531100	ENG - C/E ADMIN SUPPLIES			
				229647	02/07/19-KG-A	02/25/2019	USBFEB19		20.69
Invoice: 02/07/19-KG-A					ENG/AMAZON/BROTHER LABEL MAKER TAPE REFILLS				
				20.69	72011321 531100	ENG - C/E ADMIN SUPPLIES			
				229648	02/08/19-KG	02/25/2019	USBFEB19		40.62
Invoice: 02/08/19-KG					ENG/AMAZON/CLASSIFICATION FOLDERS				
				40.62	72011321 531100	ENG - C/E ADMIN SUPPLIES			
				229649	02/09/19-KG	02/25/2019	USBFEB19		13.91
Invoice: 02/09/19-KG					ENG/AMAZON/FIGURINES FOR SWWM DIRAMA - COLLIER				
				13.91	72431831 542450	ENG-SSWM-ADM-OUTREACH			
				229650	02/13/19-KG	02/25/2019	USBFEB19		8.02
Invoice: 02/13/19-KG					ENG/PAYPAL-EBAY/FIGURINES FOR SWWM DIORAMA - SC				
				8.02	72431831 542450	ENG-SSWM-ADM-OUTREACH			
				229651	02/18/19-KG	02/25/2019	USBFEB19		76.29
Invoice: 02/18/19-KG					ENG/AMAZON/FLASHLIGHTS - CADY, BINDERS				
				76.29	72011321 531100	ENG - C/E ADMIN SUPPLIES			
				229652	02/23/19-KG	02/25/2019	USBFEB19		17.43
Invoice: 02/23/19-KG					ENG/AMAZON/RUBBER STAMP - BAAS				
				17.43	72011321 531100	ENG - C/E ADMIN SUPPLIES			
				229653	02/23/19-KG-A	02/25/2019	USBFEB19		54.49
Invoice: 02/23/19-KG-A					ENG/AMAZON/MONITOR STAND - EPSTEIN				
				54.49	72011321 531100	ENG - C/E ADMIN SUPPLIES			

CASH ACCOUNT: 635 111100 CASH

CHECK NO	CHK DATE	TYPE	VENDOR	NAME	VOUCHER	INVOICE	INV DATE	PO	CHECK RUN	NET
							INVOICE DTL DESC			
					229654	02/23/19-KG-B	02/25/2019		USBFEB19	54.49
Invoice: 02/23/19-KG-B							ENG/AMAZON/MONITOR STAND - COLLIER			
					54.49	72011321 531100	ENG - C/E ADMIN SUPPLIES			
					229655	01/25/19-CK	02/25/2019		USBFEB19	29.96
Invoice: 01/25/19-CK							PW/EVERGREEN PACIFIC PUBLISH/3 TIDE GRAPH CALENDAR			
					29.96	73637891 531100	OFFICE SUPPLIES			
					229656	01/28/19-CK	02/25/2019		USBFEB19	60.00
Invoice: 01/28/19-CK							PW/PMI/2019 MEMBER RENEWAL			
					60.00	73637891 549100	DUES/SUBSCRIPTIONS			
					229657	02/11/19-CK	02/25/2019		USBFEB19	42.88
Invoice: 02/11/19-CK							PW/AMAZON/LIGHT BULB			
					42.88	73421355 531100	WIN COLL-SUPPLIES			
					229658	02/14/19-CK	02/25/2019		USBFEB19	16.34
Invoice: 02/14/19-CK							PW/ADOBE/PRO SUBSCRIPTION			
					16.34	73411345 549100	DUES/SUBSCRIPTIONS			

CHECK 350032 TOTAL: 21,622.86

NUMBER OF CHECKS 1 *** CASH ACCOUNT TOTAL *** 21,622.86

	COUNT	AMOUNT
TOTAL PRINTED CHECKS	1	21,622.86

*** GRAND TOTAL *** 21,622.86

JOURNAL ENTRIES TO BE CREATED

CLERK: fintemp

YEAR PER JNL / SRC ACCOUNT / EFF DATE	JNL DESC	REF 1	REF 2	REF 3	ACCOUNT DESC / LINE DESC	T	OB	DEBIT	CREDIT
2019 3 99									
APP 001-213000					GENERAL - ACCOUNTS PAYABLE			17,975.91	
03/08/2019	USBFEB19	030819			AP CASH DISBURSEMENTS JOURNAL				
APP 635-111100					CASH				21,622.86
03/08/2019	USBFEB19	030819			AP CASH DISBURSEMENTS JOURNAL				
APP 407-213000					ACCOUNTS PAYABLE			3,280.84	
03/08/2019	USBFEB19	030819			AP CASH DISBURSEMENTS JOURNAL				
APP 403-213000					ACCOUNTS PAYABLE			101.93	
03/08/2019	USBFEB19	030819			AP CASH DISBURSEMENTS JOURNAL				
APP 101-213000					STREETS - ACCOUNTS PAYABLE			115.00	
03/08/2019	USBFEB19	030819			AP CASH DISBURSEMENTS JOURNAL				
APP 631-213000					ACCOUNTS PAYABLE			89.96	
03/08/2019	USBFEB19	030819			AP CASH DISBURSEMENTS JOURNAL				
APP 402-213000					ACCOUNTS PAYABLE			42.88	
03/08/2019	USBFEB19	030819			AP CASH DISBURSEMENTS JOURNAL				
APP 401-213000					ACCOUNTS PAYABLE			16.34	
03/08/2019	USBFEB19	030819			AP CASH DISBURSEMENTS JOURNAL				
					GENERAL LEDGER TOTAL			21,622.86	21,622.86
APP 631-130000					DUE TO/FROM CLEARING			21,532.90	
03/08/2019	USBFEB19	030819							
APP 001-130000					GENERAL - DUE TO/FROM CLEARING				17,975.91
03/08/2019	USBFEB19	030819							
APP 407-130000					DUE TO/FROM CLEARING				3,280.84
03/08/2019	USBFEB19	030819							
APP 403-130000					DUE TO/FROM CLEARING				101.93
03/08/2019	USBFEB19	030819							
APP 101-130000					STREETS - DUE TO/FROM CLEARING				115.00
03/08/2019	USBFEB19	030819							
APP 402-130000					DUE TO/FROM CLEARING				42.88
03/08/2019	USBFEB19	030819							
APP 401-130000					DUE TO/FROM CLEARING				16.34
03/08/2019	USBFEB19	030819							
					SYSTEM GENERATED ENTRIES TOTAL			21,532.90	21,532.90
					JOURNAL 2019/03/99 TOTAL			43,155.76	43,155.76

JOURNAL ENTRIES TO BE CREATED

FUND / ACCOUNT	YEAR	PER	JNL	EFF DATE / ACCOUNT DESCRIPTION	DEBIT	CREDIT
001 GENERAL FUND	2019	3	99	03/08/2019		
001-130000				GENERAL - DUE TO/FROM CLEARING		17,975.91
001-213000				GENERAL - ACCOUNTS PAYABLE	17,975.91	
				FUND TOTAL	17,975.91	17,975.91
101 STREET FUND	2019	3	99	03/08/2019		
101-130000				STREETS - DUE TO/FROM CLEARING		115.00
101-213000				STREETS - ACCOUNTS PAYABLE	115.00	
				FUND TOTAL	115.00	115.00
401 WATER OPERATING FUND	2019	3	99	03/08/2019		
401-130000				DUE TO/FROM CLEARING		16.34
401-213000				ACCOUNTS PAYABLE	16.34	
				FUND TOTAL	16.34	16.34
402 SEWER OPERATING FUND	2019	3	99	03/08/2019		
402-130000				DUE TO/FROM CLEARING		42.88
402-213000				ACCOUNTS PAYABLE	42.88	
				FUND TOTAL	42.88	42.88
403 STORM & SURFACE WATER FUND	2019	3	99	03/08/2019		
403-130000				DUE TO/FROM CLEARING		101.93
403-213000				ACCOUNTS PAYABLE	101.93	
				FUND TOTAL	101.93	101.93
407 BUILDING & DEVELOPMENT FUND	2019	3	99	03/08/2019		
407-130000				DUE TO/FROM CLEARING		3,280.84
407-213000				ACCOUNTS PAYABLE	3,280.84	
				FUND TOTAL	3,280.84	3,280.84
631 CLEARING FUND	2019	3	99	03/08/2019		
631-130000				DUE TO/FROM CLEARING	21,532.90	
631-213000				ACCOUNTS PAYABLE	89.96	
635-111100				CASH		21,622.86
				FUND TOTAL	21,622.86	21,622.86

JOURNAL ENTRIES TO BE CREATED

FUND		DUE TO	DUE FROM
001	GENERAL FUND		17,975.91
101	STREET FUND		115.00
401	WATER OPERATING FUND		16.34
402	SEWER OPERATING FUND		42.88
403	STORM & SURFACE WATER FUND		101.93
407	BUILDING & DEVELOPMENT FUND		3,280.84
631	CLEARING FUND	21,532.90	
	TOTAL	21,532.90	21,532.90

** END OF REPORT - Generated by Khammy Wahaus **

Manual

KW

3/8/19

CASH ACCOUNT: 635 111100 CASH

CHECK NO	CHK DATE	TYPE	VENDOR	NAME	VOUCHER	INVOICE	INV DATE	PO	CHECK RUN	NET
						INVOICE DTL DESC				
350033	03/08/2019	PRTD	1235	AT&T ONENET SERVICE	229659	1269706870	03/01/2019	M030819		.64
Invoice: 1269706870						PCD/FAX LONG DIST MAR19				
					.64	91011189 542100	GG-C/E-CITY HALL-PHONE			
								CHECK 350033 TOTAL:		.64
						NUMBER OF CHECKS 1		*** CASH ACCOUNT TOTAL ***		.64

	COUNT	AMOUNT
TOTAL PRINTED CHECKS	1	.64

*** GRAND TOTAL *** .64

JOURNAL ENTRIES TO BE CREATED

CLERK: fintemp

YEAR PER JNL SRC ACCOUNT EFF DATE JNL DESC REF 1 REF 2 REF 3	ACCOUNT DESC LINE DESC	T OB	DEBIT	CREDIT
2019 3 106				
APP 001-213000	GENERAL - ACCOUNTS PAYABLE		.64	
03/08/2019 M030819 030819	AP CASH DISBURSEMENTS JOURNAL			
APP 635-111100	CASH			.64
03/08/2019 M030819 030819	AP CASH DISBURSEMENTS JOURNAL			
	GENERAL LEDGER TOTAL		.64	.64
APP 631-130000	DUE TO/FROM CLEARING		.64	
03/08/2019 M030819 030819				
APP 001-130000	GENERAL - DUE TO/FROM CLEARING			.64
03/08/2019 M030819 030819				
	SYSTEM GENERATED ENTRIES TOTAL		.64	.64
	JOURNAL 2019/03/106 TOTAL		1.28	1.28

JOURNAL ENTRIES TO BE CREATED

FUND / ACCOUNT	YEAR	PER	JNL	EFF DATE	ACCOUNT DESCRIPTION	DEBIT	CREDIT
001 GENERAL FUND	2019	3	106	03/08/2019			
001-130000					GENERAL - DUE TO/FROM CLEARING		.64
001-213000					GENERAL - ACCOUNTS PAYABLE	.64	
					FUND TOTAL	.64	.64
631 CLEARING FUND	2019	3	106	03/08/2019			
631-130000					DUE TO/FROM CLEARING	.64	
635-111100					CASH		.64
					FUND TOTAL	.64	.64

JOURNAL ENTRIES TO BE CREATED

FUND		DUE TO	DUE FROM
001	GENERAL FUND		.64
631	CLEARING FUND	.64	
	TOTAL	.64	.64

** END OF REPORT - Generated by Khammy Wahaus **

Manual
@ 3/12/19

CASH ACCOUNT: 635 111100 CASH

CHECK NO	CHK DATE	TYPE	VENDOR	NAME	VOUCHER	INVOICE	INV DATE	PO	CHECK RUN	NET
							INVOICE DTL DESC			
350034	03/12/2019	PRTD	551	CENTURYLINK	229667	0225MAR19	03/02/2019	M031219		104.10
Invoice: 0225MAR19							O&M FIRE ALARM MONIT			
					104.10	91011897 542100	GG-C/E-O&M YARD FAC-PHONE			
					229668	0456MAR19	03/02/2019	M031219		69.99
Invoice: 0456MAR19							VILLAGE SEWER PUMP TELEM			
					69.99	91421891 542100	GG-SWR-FAC-PHONE			
					229669	0754MAR19	03/02/2019	M031219		72.94
Invoice: 0754MAR19							FLETCHER BAY WELL TELE			
					72.94	91411891 542100	GG-WTR-FAC-PHONE			
					229670	1745MAR19	03/02/2019	M031219		50.01
Invoice: 1745MAR19							C.H. ELEVATOR SVC LINE			
					50.01	91011189 542100	GG-C/E-CITY HALL-PHONE			
					229671	3736MAR19	03/02/2019	M031219		104.10
Invoice: 3736MAR19							C.H. FIRE ALARM MONIT			
					104.10	91011189 542100	GG-C/E-CITY HALL-PHONE			
					229672	5211MAR19	03/02/2019	M031219		188.16
Invoice: 5211MAR19							POL PHN SVCS			
					188.16	91011215 542100	GG-C/E-PD-PHONE			
					229673	8731MAR19	03/02/2019	M031219		51.64
Invoice: 8731MAR19							COMMONS FIRE ALARM MONIT			
					51.64	91011755 542100	GG-C/E-COMMONS-PHONE			
					229674	9136MAR19	03/02/2019	M031219		142.23
Invoice: 9136MAR19							C.H. SECURITY ALARM MONIT			
					142.23	91011189 542100	GG-C/E-CITY HALL-PHONE			
					229675	9791MAR19	03/02/2019	M031219		137.80
Invoice: 9791MAR19							POL T.I. MANDUS TELCOM			
					137.80	91011215 542100	GG-C/E-PD-PHONE			
					229676	9840MAR19	03/02/2019	M031219		50.35
Invoice: 9840MAR19							HEAD OF BAY WELL TELE			
					50.35	91411891 542100	GG-WTR-FAC-PHONE			
					229677	9858MAR19	03/02/2019	M031219		50.35
Invoice: 9858MAR19							SANDS AVE WELL TELE			
					50.35	91411891 542100	GG-WTR-FAC-PHONE			
					229751	5996MAR19	03/07/2019	M031219		81.92
Invoice: 5996MAR19							E-PHONE @ WFP DOCK			
					81.92	91011757 542100	GG-GF-WFP DOCK-PHONE			
							CHECK 350034 TOTAL:			1,103.59

CASH ACCOUNT: 635 111100 CASH

CHECK NO	CHK DATE	TYPE	VENDOR	NAME	VOUCHER	INVOICE	INV DATE	PO	CHECK RUN	NET
							INVOICE DTL DESC			
350035	03/12/2019	PRTD	8702	KODY SNODGRASS MEMOR	229678	20190306	03/06/2019		M031219	7,500.00
	Invoice: 20190306						POL/K9 TRACKING DOG "WHITNEY"			
					7,500.00	53011212 53110000962	TRACKING CANINE-SUPPLIES			
							CHECK	350035 TOTAL:		7,500.00
350036	03/12/2019	PRTD	420	PITNEY BOWES INC	229679	3308298879	02/27/2019		M031219	1,036.08
	Invoice: 3308298879						FIN/POSTAGE MACHINE LEASE Q1 2019			
					1,036.08	44011141 545000	RENTS & LEASES - OPERATING			
							CHECK	350036 TOTAL:		1,036.08
350037	03/12/2019	PRTD	1205	PUGET SOUND ENERGY	229681	828FEB19	03/04/2019		M031219	181.22
	Invoice: 828FEB19						TAYLOR WELLS LID17 PH1			
					181.22	91415345 547100	GG-ROCKAWAY BCH-UTILITIES			
					229683	IL3FEB19	03/04/2019		M031219	29.87
	Invoice: IL3FEB19						ROUNDABOUT HS/MADISON IMPR			
					29.87	91111263 547100	GG-STRT-STREET LIGHTING-UTIL			
					229684	647FEB19	03/04/2019		M031219	45.47
	Invoice: 647FEB19						STREET LIGHTS/TRAFFIC CONTR			
					45.47	91111263 547100	GG-STRT-STREET LIGHTING-UTIL			
					229685	IL9FEB19	03/04/2019		M031219	108.31
	Invoice: IL9FEB19						MADISON AVE S			
					108.31	91111263 547100	GG-STRT-STREET LIGHTING-UTIL			
					229686	285FEB19	03/04/2019		M031219	236.01
	Invoice: 285FEB19						SPS NORTHTOWN/SPORTSMAN			
					236.01	91421355 547100	GG-SWR-ELECTRIC			
					229687	735FEB19	03/04/2019		M031219	70.12
	Invoice: 735FEB19						SHANNON DR/WFP DOCK			
					70.12	91011768 547100	GG-C/E-PARKS-ELECTRIC			
					229688	182FEB19	03/04/2019		M031219	61.59
	Invoice: 182FEB19						MUNI COURT-METER E6			
					61.59	91011255 547100	GG-C/E-COURT BLDG-ELECTRIC			
					229689	058FEB19	03/04/2019		M031219	54.29
	Invoice: 058FEB19						NE HIDDEN COVE-7315			
					54.29	91011897 547100	GG-C/E-O&M YARD FAC-ELECTRIC			
					229690	973FEB19	03/04/2019		M031219	128.37
	Invoice: 973FEB19						OC RESERVOIR LID17 PH2			
					128.37	91415345 547100	GG-ROCKAWAY BCH-UTILITIES			
					229691	558FEB19	03/04/2019		M031219	3,000.47

CASH ACCOUNT: 635 111100 CASH

CHECK NO	CHK DATE	TYPE	VENDOR NAME	VOUCHER	INVOICE	INV DATE	PO	CHECK RUN	NET
						INVOICE DTL DESC			
					Invoice: 558FEB19	7315 NE HIDDEN COVE RD			
				3,000.47	91011897 547100	GG-C/E-O&M YARD FAC-ELECTRIC			
				229692	336FEB19	03/04/2019	M031219		157.77
					Invoice: 336FEB19	SLS-9 ISLAND TERRACE			
				157.77	91421355 547100	GG-SWR-ELECTRIC			
				229693	IL11FEB19	03/04/2019	M031219		21.05
					Invoice: IL11FEB19	STREET LIGHTS WW MAD TO 305			
				21.05	91111263 547100	GG-STRT-STREET LIGHTING-UTIL			
				229694	520-330FEB19	03/04/2019	M031219		45.33
					Invoice: 520-330FEB19	210 WINSLOW WAY E IRRIGATION			
				45.33	91011768 547100	GG-C/E-PARKS-ELECTRIC			
				229695	8232FEB19	03/04/2019	M031219		10.42
					Invoice: 8232FEB19	BRIEN DR N/BOOTH EL PANEL			
				10.42	91011768 547100	GG-C/E-PARKS-ELECTRIC			
				229696	682-B-FEB19	03/04/2019	M031219		28.74
					Invoice: 682-B-FEB19	MUNIC PARKING LOT-MADISON/MADRONE			
				28.74	91111263 547100	GG-STRT-STREET LIGHTING-UTIL			
				229697	736FEB19	03/04/2019	M031219		87.84
					Invoice: 736FEB19	SHANNON DR/WFP RESTRM			
				87.84	91011768 547100	GG-C/E-PARKS-ELECTRIC			
				229698	040-581FEB19	03/04/2019	M031219		146.31
					Invoice: 040-581FEB19	3900 HALLS HILL RD PUMP			
				146.31	91421355 547100	GG-SWR-ELECTRIC			
				229699	884FEB19	03/04/2019	M031219		116.72
					Invoice: 884FEB19	SLS FERRY TERMINAL-692 KLICKITAT			
				116.72	91421355 547100	GG-SWR-ELECTRIC			
				229700	111FEB19	03/04/2019	M031219		547.04
					Invoice: 111FEB19	POLICE STATION-METER 2			
				547.04	91011215 547100	GG-C/E-PD-ELECTRIC			
				229701	717FEB19	03/04/2019	M031219		300.52
					Invoice: 717FEB19	POLICE STATION-METER 1			
				300.52	91011215 547100	GG-C/E-PD-ELECTRIC			
				229702	520-374FEB19	03/04/2019	M031219		66.68
					Invoice: 520-374FEB19	SIGNAL @ 108 OLYMPIC DR			
				66.68	91111264 547100	GG-STREET-TRAF CONTROL-UTILITY			
				229703	520-136FEB19	03/04/2019	M031219		2,634.39
					Invoice: 520-136FEB19	HOB BOOSTER PUMP/WELL-7290 WW			
				2,634.39	91411345 547100	GG-WTR-ELECTRIC			
				229704	IL5FEB19	03/04/2019	M031219		100.30

CASH ACCOUNT: 635 111100 CASH

CHECK NO	CHK DATE	TYPE	VENDOR NAME	VOUCHER	INVOICE	INV DATE	PO	CHECK RUN	NET
					INVOICE DTL DESC				
Invoice: IL5FEB19					COMMODORE OFF HS @ OLYMPIC				
				100.30	91111263 547100 GG-STRT-STREET LIGHTING-UTIL				
				229705	021FEB19	03/04/2019	M031219		101.51
Invoice: 021FEB19					SLS-3 TREATMENT PLANT				
				101.51	91421355 547100 GG-SWR-ELECTRIC				
				229706	291FEB19	03/04/2019	M031219		14.37
Invoice: 291FEB19					HEAD OF BAY WELL FIELD				
				14.37	91411345 547100 GG-WTR-ELECTRIC				
				229707	031FEB19	03/04/2019	M031219		141.10
Invoice: 031FEB19					SLS-6 LOVELL LOWER				
				141.10	91421355 547100 GG-SWR-ELECTRIC				
				229708	IL12FEB19	03/04/2019	M031219		73.89
Invoice: IL12FEB19					STREET LIGHTS WW 305-FRNCLF				
				73.89	91111263 547100 GG-STRT-STREET LIGHTING-UTIL				
				229709	573FEB19	03/04/2019	M031219		12.51
Invoice: 573FEB19					COMMODORE/HS RESERVOIR				
				12.51	91411345 547100 GG-WTR-ELECTRIC				
				229710	040-714FEB19	03/04/2019	M031219		10.42
Invoice: 040-714FEB19					7095 NE TWIN PONDS RD				
				10.42	91021182 547100 GG-OS-PROP MNGT-ELECTRIC				
				229711	206FEB19	03/04/2019	M031219		431.81
Invoice: 206FEB19					4586 POINT WHITE DR NE				
				431.81	91421355 547100 GG-SWR-ELECTRIC				
				229712	256FEB19	03/04/2019	M031219		428.68
Invoice: 256FEB19					SLS-8 HWY 305/HARBORVIEW				
				428.68	91421355 547100 GG-SWR-ELECTRIC				
				229713	636FEB19	03/04/2019	M031219		98.38
Invoice: 636FEB19					SLS-7 WING POINT WAY-4296				
				98.38	91421355 547100 GG-SWR-ELECTRIC				
				229714	888FEB19	03/04/2019	M031219		293.23
Invoice: 888FEB19					NE HIGH SCHOOL RD PUMP				
				293.23	91411345 547100 GG-WTR-ELECTRIC				
				229715	658FEB19	03/04/2019	M031219		70.35
Invoice: 658FEB19					SLS-4 IRENE/LOWER HAWLEY				
				70.35	91421355 547100 GG-SWR-ELECTRIC				
				229716	520-298FEB19	03/04/2019	M031219		311.98
Invoice: 520-298FEB19					SLS-5 WW/SUNDAY COVE				
				311.98	91421355 547100 GG-SWR-ELECTRIC				
				229717	640FEB19	03/04/2019	M031219		15.64

CASH ACCOUNT: 635 111100 CASH

CHECK NO	CHK DATE	TYPE	VENDOR NAME	VOUCHER	INVOICE	INV DATE	PO	CHECK RUN	NET
					INVOICE DTL DESC				
			Invoice: 640FEB19		BRIEN DR S/BOOTH EL PANEL				
				15.64	91011768 547100 GG-C/E-PARKS-ELECTRIC				
				229718	983FEB19	03/04/2019	M031219		11.38
			Invoice: 983FEB19		MILLER RD NE BEACON				
				11.38	91111264 547100 GG-STREET-TRAF CONTROL-UTILITY				
				229719	067FEB19	03/04/2019	M031219		10.42
			Invoice: 067FEB19		MADISON PARKING LOT				
				10.42	91111263 547100 GG-STRT-STREET LIGHTING-UTIL				
				229720	IL7FEB19	03/04/2019	M031219		74.48
			Invoice: IL7FEB19		MADISON PRJ HS TO WINSLOW II.				
				74.48	91111263 547100 GG-STRT-STREET LIGHTING-UTIL				
				229721	466FEB19	03/04/2019	M031219		10.42
			Invoice: 466FEB19		MADISON/HS RAINBRINGER				
				10.42	91111264 547100 GG-STREET-TRAF CONTROL-UTILITY				
				229722	093FEB19	03/04/2019	M031219		2,814.04
			Invoice: 093FEB19		FLETCHER BAY WELL FIELD				
				2,814.04	91411345 547100 GG-WTR-ELECTRIC				
				229723	444FEB19	03/04/2019	M031219		919.00
			Invoice: 444FEB19		BI COMMONS-402 BJUNE				
				919.00	91011755 547100 GG-C/E-COMMONS-ELECTRIC				
				229724	461FEB19	03/04/2019	M031219		6,161.52
			Invoice: 461FEB19		WWTP-1220 DONALD PL				
				6,161.52	91425358 547100 GG-WWTP-ELECTRIC				
				229725	WW&305FEB19	03/04/2019	M031219		512.18
			Invoice: WW&305FEB19		WINSLOW WAY & 305				
				512.18	91111264 547100 GG-STREET-TRAF CONTROL-UTILITY				
				229726	831FEB19	03/04/2019	M031219		2,265.88
			Invoice: 831FEB19		SANDS AVE NE WELL FIELD				
				2,265.88	91411345 547100 GG-WTR-ELECTRIC				
				229727	797FEB19	03/04/2019	M031219		250.49
			Invoice: 797FEB19		MUNI COURT-METER E3				
				250.49	91011255 547100 GG-C/E-COURT BLDG-ELECTRIC				
				229728	247FEB19	03/04/2019	M031219		42.61
			Invoice: 247FEB19		SSWM/DECANT FAC				
				42.61	91435838 547100 GG-DECANT-ELECTRIC				
				229729	143FEB19	03/04/2019	M031219		10.42
			Invoice: 143FEB19		REITAN ROAD/WELCOME TO BI				
				10.42	91111264 547100 GG-STREET-TRAF CONTROL-UTILITY				
				229730	IL1FEB19	03/04/2019	M031219		218.24

CASH ACCOUNT: 635 111100 CASH

CHECK NO	CHK DATE	TYPE	VENDOR NAME	VOUCHER	INVOICE	INV DATE	PO	CHECK RUN	NET
					INVOICE DTL DESC				
			Invoice: IL1FEB19		ERCKSN/MDSN/WNSLW/KNTCHL				
				218.24	91111263 547100 GG-STRT-STREET LIGHTING-UTIL				
				229731	710FEB19	03/04/2019	M031219		303.63
			Invoice: 710FEB19		SLS-2 VILLAGE CENTER				
				303.63	91421355 547100 GG-SWR-ELECTRIC				
				229732	893FEB19	03/04/2019	M031219		697.70
			Invoice: 893FEB19		MUNI STREET LIGHTING				
				697.70	91111263 547100 GG-STRT-STREET LIGHTING-UTIL				
				229733	040-751FEB19	03/04/2019	M031219		10.64
			Invoice: 040-751FEB19		520 ERICKSEN AVE PRV				
				10.64	91411345 547100 GG-WTR-ELECTRIC				
				229734	SPRINGFEB19	03/04/2019	M031219		51.40
			Invoice: SPRINGFEB19		SPRINGRIDGE RD/HANSEN HILL				
				51.40	91111263 547100 GG-STRT-STREET LIGHTING-UTIL				
				229735	LYNCTRFEB19	03/04/2019	M031219		84.57
			Invoice: LYNCTRFEB19		4238 LYNWOOD CTR RD, BLOSSOM HILL				
				84.57	91111263 547100 GG-STRT-STREET LIGHTING-UTIL				
				229736	NKLYN&MADFEB19	03/04/2019	M031219		13.80
			Invoice: NKLYN&MADFEB19		NEW BROOKLYN & MAD AVE ST LT				
				13.80	91111263 547100 GG-STRT-STREET LIGHTING-UTIL				
				229737	2360-MADFEB19	03/04/2019	M031219		13.80
			Invoice: 2360-MADFEB19		2360 MAD AVE N-E ENTRANCE ST LT				
				13.80	91111263 547100 GG-STRT-STREET LIGHTING-UTIL				
				229738	MAD&ORDFEB19	03/04/2019	M031219		13.80
			Invoice: MAD&ORDFEB19		MAD AVE, ORDWAY CROSS ST LT				
				13.80	91111263 547100 GG-STRT-STREET LIGHTING-UTIL				
				229739	BKLYN&NTOWNFEB19	03/04/2019	M031219		13.80
			Invoice: BKLYN&NTOWNFEB19		NEW BROOKLYN & N TOWN ST LT				
				13.80	91111263 547100 GG-STRT-STREET LIGHTING-UTIL				
				229740	WING&AZALEAFEB19	03/04/2019	M031219		11.36
			Invoice: WING&AZALEAFEB19		WING PT & AZALEA AVE ST LT				
				11.36	91111263 547100 GG-STRT-STREET LIGHTING-UTIL				
				229741	W.OFMAD-PH1FEB19	03/04/2019	M031219		944.46
			Invoice: W.OFMAD-PH1FEB19		W/ OF MADISON BAINBRIDGE CO PH1				
				944.46	91111263 547100 GG-STRT-STREET LIGHTING-UTIL				
				229742	E/OFMAD-PH2FEB19	03/04/2019	M031219		1,874.23
			Invoice: E/OFMAD-PH2FEB19		E OF MAD-BAINBRIDGE CO PH2				
				1,874.23	91111263 547100 GG-STRT-STREET LIGHTING-UTIL				
				229743	MAD&H.S.FEB19	03/04/2019	M031219		43.81

CASH ACCOUNT: 635 111100 CASH

CHECK NO	CHK DATE	TYPE	VENDOR	NAME	VOUCHER	INVOICE	INV DATE	PO	CHECK RUN	NET
							INVOICE DTL DESC			
	Invoice: MAD&H.S.FEB19						MAD AVE/HS AVE ST LT			
					43.81	91111263 547100	GG-STRT-STREET LIGHTING-UTIL			
					229744	2665FEB19	03/04/2019	M031219		214.20
	Invoice: 2665FEB19						301 SHANNON DR - WFP			
					214.20	91011768 547100	GG-C/E-PARKS-ELECTRIC			
					229745	2681FEB19	03/04/2019	M031219		10.42
	Invoice: 2681FEB19						BJUNE WTRFRT PL BOOTH EL PANEL #4			
					10.42	91011768 547100	GG-C/E-PARKS-ELECTRIC			
					229746	2996FEB19	03/04/2019	M031219		22.00
	Invoice: 2996FEB19						965 WEAVER RD NW			
					22.00	91411345 547100	GG-WTR-ELECTRIC			
					229747	3010FEB19	03/04/2019	M031219		23.76
	Invoice: 3010FEB19						BJUNE WTRFRT PK BOOTH EL PANEL#3			
					23.76	91011768 547100	GG-C/E-PARKS-ELECTRIC			
					229748	3028FEB19	03/04/2019	M031219		11.78
	Invoice: 3028FEB19						BJUNE WTRFRT PL BOOTH EL PANEL #2			
					11.78	91011768 547100	GG-C/E-PARKS-ELECTRIC			
					229749	3044FEB19	03/04/2019	M031219		10.42
	Invoice: 3044FEB19						278 WINSLOW WAY E KIOSK			
					10.42	91011739 547100	COMM EVENTS-ELECTRICITY			
					229750	3051FEB19	03/04/2019	M031219		10.84
	Invoice: 3051FEB19						BJUNE WTRFRT PK BOOTH EL PANEL #1			
					10.84	91011768 547100	GG-C/E-PARKS-ELECTRIC			
								CHECK	350037 TOTAL:	27,864.20
350038	03/12/2019	PRTD	6714	TOSHIBA FINANCIAL SE	229752	24373193	03/04/2019	M031219		273.60
	Invoice: 24373193						O&M/E-STUDIO4555C COPIER LEASE			
					273.60	73637891 545000	RENTS & LEASES - OPERATING			
								CHECK	350038 TOTAL:	273.60

NUMBER OF CHECKS 5 *** CASH ACCOUNT TOTAL *** 37,777.47

	COUNT	AMOUNT
TOTAL PRINTED CHECKS	5	37,777.47

*** GRAND TOTAL *** 37,777.47

JOURNAL ENTRIES TO BE CREATED

CLERK: cchristianson

YEAR PER JNL / SRC ACCOUNT / EFF DATE / JNL DESC / REF 1 / REF 2 / REF 3	ACCOUNT DESC / LINE DESC	T	OB	DEBIT	CREDIT
2019 3 147					
APP 001-213000	GENERAL - ACCOUNTS PAYABLE			15,050.63	
03/12/2019 M031219 031219	AP CASH DISBURSEMENTS JOURNAL				
APP 635-111100	CASH				37,777.47
03/12/2019 M031219 031219	AP CASH DISBURSEMENTS JOURNAL				
APP 402-213000	ACCOUNTS PAYABLE			8,775.76	
03/12/2019 M031219 031219	AP CASH DISBURSEMENTS JOURNAL				
APP 401-213000	ACCOUNTS PAYABLE			8,550.29	
03/12/2019 M031219 031219	AP CASH DISBURSEMENTS JOURNAL				
APP 101-213000	STREETS - ACCOUNTS PAYABLE			5,084.58	
03/12/2019 M031219 031219	AP CASH DISBURSEMENTS JOURNAL				
APP 403-213000	ACCOUNTS PAYABLE			42.61	
03/12/2019 M031219 031219	AP CASH DISBURSEMENTS JOURNAL				
APP 631-213000	ACCOUNTS PAYABLE			273.60	
03/12/2019 M031219 031219	AP CASH DISBURSEMENTS JOURNAL				
	GENERAL LEDGER TOTAL			37,777.47	37,777.47
APP 631-130000	DUE TO/FROM CLEARING			37,503.87	
03/12/2019 M031219 031219					
APP 001-130000	GENERAL - DUE TO/FROM CLEARING				15,050.63
03/12/2019 M031219 031219					
APP 402-130000	DUE TO/FROM CLEARING				8,775.76
03/12/2019 M031219 031219					
APP 401-130000	DUE TO/FROM CLEARING				8,550.29
03/12/2019 M031219 031219					
APP 101-130000	STREETS - DUE TO/FROM CLEARING				5,084.58
03/12/2019 M031219 031219					
APP 403-130000	DUE TO/FROM CLEARING				42.61
03/12/2019 M031219 031219					
	SYSTEM GENERATED ENTRIES TOTAL			37,503.87	37,503.87
	JOURNAL 2019/03/147 TOTAL			75,281.34	75,281.34

JOURNAL ENTRIES TO BE CREATED

FUND / ACCOUNT	YEAR	PER	JNL	EFF DATE	ACCOUNT DESCRIPTION	DEBIT	CREDIT
001 GENERAL FUND	2019	3	147	03/12/2019			
001-130000					GENERAL - DUE TO/FROM CLEARING		15,050.63
001-213000					GENERAL - ACCOUNTS PAYABLE	15,050.63	
					FUND TOTAL	15,050.63	15,050.63
101 STREET FUND	2019	3	147	03/12/2019			
101-130000					STREETS - DUE TO/FROM CLEARING		5,084.58
101-213000					STREETS - ACCOUNTS PAYABLE	5,084.58	
					FUND TOTAL	5,084.58	5,084.58
401 WATER OPERATING FUND	2019	3	147	03/12/2019			
401-130000					DUE TO/FROM CLEARING		8,550.29
401-213000					ACCOUNTS PAYABLE	8,550.29	
					FUND TOTAL	8,550.29	8,550.29
402 SEWER OPERATING FUND	2019	3	147	03/12/2019			
402-130000					DUE TO/FROM CLEARING		8,775.76
402-213000					ACCOUNTS PAYABLE	8,775.76	
					FUND TOTAL	8,775.76	8,775.76
403 STORM & SURFACE WATER FUND	2019	3	147	03/12/2019			
403-130000					DUE TO/FROM CLEARING		42.61
403-213000					ACCOUNTS PAYABLE	42.61	
					FUND TOTAL	42.61	42.61
631 CLEARING FUND	2019	3	147	03/12/2019			
631-130000					DUE TO/FROM CLEARING	37,503.87	
631-213000					ACCOUNTS PAYABLE	273.60	
635-111100					CASH		37,777.47
					FUND TOTAL	37,777.47	37,777.47

JOURNAL ENTRIES TO BE CREATED

FUND		DUE TO	DUE FROM
001	GENERAL FUND		15,050.63
101	STREET FUND		5,084.58
401	WATER OPERATING FUND		8,550.29
402	SEWER OPERATING FUND		8,775.76
403	STORM & SURFACE WATER FUND		42.61
631	CLEARING FUND	37,503.87	
	TOTAL	37,503.87	37,503.87

** END OF REPORT - Generated by Carrie L. Christianson **

Manual
CC 3/14/19

CASH ACCOUNT: 635 111100 CASH

CHECK NO	CHK DATE	TYPE	VENDOR	NAME	VOUCHER	INVOICE	INV DATE	PO	CHECK RUN	NET
						INVOICE DTL DESC				
350039	03/14/2019	PRTD	5202	BAINBRIDGE ARTS & CR	229797	Q4-2018	01/15/2019	M031419		1,250.00
	Invoice: Q4-2018					Q4 2018 LTAC: OFF ISLAND ADVERTIS				
					1,250.00	91140573 541100 GG-TOUR-PROF SERVICES				
								CHECK 350039 TOTAL:		1,250.00
						NUMBER OF CHECKS 1		*** CASH ACCOUNT TOTAL ***		1,250.00

	COUNT	AMOUNT
TOTAL PRINTED CHECKS	1	1,250.00

*** GRAND TOTAL *** 1,250.00

JOURNAL ENTRIES TO BE CREATED

CLERK: cchristianson

YEAR PER JNL SRC ACCOUNT EFF DATE JNL DESC REF 1 REF 2 REF 3	ACCOUNT DESC LINE DESC	T OB	DEBIT	CREDIT
2019 3 177				
APP 104-213000	CIVIC IMPR - ACCOUNTS PAYABLE		1,250.00	
03/14/2019 M031419 031419	AP CASH DISBURSEMENTS JOURNAL			
APP 635-111100	CASH			1,250.00
03/14/2019 M031419 031419	AP CASH DISBURSEMENTS JOURNAL			
	GENERAL LEDGER TOTAL		1,250.00	1,250.00
APP 631-130000	DUE TO/FROM CLEARING		1,250.00	
03/14/2019 M031419 031419				
APP 104-130000	CIVIC IMPR DUE TO/FROM CLEAR'G			1,250.00
03/14/2019 M031419 031419				
	SYSTEM GENERATED ENTRIES TOTAL		1,250.00	1,250.00
	JOURNAL 2019/03/177 TOTAL		2,500.00	2,500.00

JOURNAL ENTRIES TO BE CREATED

FUND / ACCOUNT	YEAR	PER	JNL	EFF DATE	ACCOUNT DESCRIPTION	DEBIT	CREDIT
104 CIVIC IMPROVEMENT FUND	2019	3	177	03/14/2019			
104-130000					CIVIC IMPR DUE TO/FROM CLEAR'G		1,250.00
104-213000					CIVIC IMPR - ACCOUNTS PAYABLE	1,250.00	
					FUND TOTAL	1,250.00	1,250.00
631 CLEARING FUND	2019	3	177	03/14/2019			
631-130000					DUE TO/FROM CLEARING	1,250.00	
635-111100					CASH		1,250.00
					FUND TOTAL	1,250.00	1,250.00

JOURNAL ENTRIES TO BE CREATED

FUND		DUE TO	DUE FROM
104	CIVIC IMPROVEMENT FUND		1,250.00
631	CLEARING FUND	1,250.00	
	TOTAL	1,250.00	1,250.00

** END OF REPORT - Generated by Carrie L. Christianson **

Manual

KW
3/20/19

CASH ACCOUNT: 635 111100 CASH

CHECK NO	CHK DATE	TYPE	VENDOR	NAME	VOUCHER	INVOICE	INV DATE	PO	CHECK RUN	NET
						INVOICE DTL DESC				
350167	03/20/2019	PRTD	1485	VERIZON WIRELESS	229851	9825327743	03/01/2019		M031919	3,517.73
Invoice: 9825327743							FEB19 CITYWIDE CELLPHONE SVCS			
					3,517.73	91011189 542100	GG-C/E-CITY HALL-PHONE			
							CHECK 350167 TOTAL:			3,517.73
						NUMBER OF CHECKS 1	*** CASH ACCOUNT TOTAL ***			3,517.73

	COUNT	AMOUNT
TOTAL PRINTED CHECKS	1	3,517.73

*** GRAND TOTAL *** 3,517.73

JOURNAL ENTRIES TO BE CREATED

CLERK: fintemp

YEAR PER JNL SRC ACCOUNT EFF DATE JNL DESC REF 1 REF 2 REF 3	ACCOUNT DESC LINE DESC	T OB	DEBIT	CREDIT
2019 3 232				
APP 001-213000	GENERAL - ACCOUNTS PAYABLE		3,517.73	
03/20/2019 M031919 031919	AP CASH DISBURSEMENTS JOURNAL			
APP 635-111100	CASH			3,517.73
03/20/2019 M031919 031919	AP CASH DISBURSEMENTS JOURNAL			
	GENERAL LEDGER TOTAL		3,517.73	3,517.73
APP 631-130000	DUE TO/FROM CLEARING		3,517.73	
03/20/2019 M031919 031919				
APP 001-130000	GENERAL - DUE TO/FROM CLEARING			3,517.73
03/20/2019 M031919 031919				
	SYSTEM GENERATED ENTRIES TOTAL		3,517.73	3,517.73
	JOURNAL 2019/03/232 TOTAL		7,035.46	7,035.46

JOURNAL ENTRIES TO BE CREATED

FUND / ACCOUNT	YEAR PER	JNL	EFF DATE / ACCOUNT DESCRIPTION	DEBIT	CREDIT
001 GENERAL FUND	2019 3	232	03/20/2019		
001-130000			GENERAL - DUE TO/FROM CLEARING		3,517.73
001-213000			GENERAL - ACCOUNTS PAYABLE	3,517.73	
			FUND TOTAL	3,517.73	3,517.73
631 CLEARING FUND	2019 3	232	03/20/2019		
631-130000			DUE TO/FROM CLEARING	3,517.73	
635-111100			CASH		3,517.73
			FUND TOTAL	3,517.73	3,517.73

JOURNAL ENTRIES TO BE CREATED

FUND		DUE TO	DUE FROM
001	GENERAL FUND		3,517.73
631	CLEARING FUND	3,517.73	
	TOTAL	3,517.73	3,517.73

** END OF REPORT - Generated by Khammy Wahaus **

Manual
KW
3/20/19

CASH ACCOUNT: 635 111100 CASH

CHECK NO	CHK DATE	TYPE	VENDOR	NAME	VOUCHER	INVOICE	INV DATE	PO	CHECK RUN	NET
						INVOICE DTL DESC				
350168	03/20/2019	PRTD	8219	NORTH KITSAP TOURISM	229996	157/160/163	12/31/2018	M032019		5,000.00
Invoice: 157/160/163						Q3-4 2018 LTAC: MARKET PLAN & EVENT				
					5,000.00	91140573 541100 GG-TOUR-PROF SERVICES				
								CHECK 350168 TOTAL:		5,000.00
						NUMBER OF CHECKS 1		*** CASH ACCOUNT TOTAL ***		5,000.00

	COUNT	AMOUNT
TOTAL PRINTED CHECKS	1	5,000.00

*** GRAND TOTAL *** 5,000.00

JOURNAL ENTRIES TO BE CREATED

CLERK: fintemp

YEAR PER JNL SRC ACCOUNT EFF DATE JNL DESC REF 1 REF 2 REF 3	ACCOUNT DESC LINE DESC	T OB	DEBIT	CREDIT
2019 3 233				
APP 104-213000	CIVIC IMPR - ACCOUNTS PAYABLE		5,000.00	
03/20/2019 M032019 032019	AP CASH DISBURSEMENTS JOURNAL			
APP 635-111100	CASH			5,000.00
03/20/2019 M032019 032019	AP CASH DISBURSEMENTS JOURNAL			
	GENERAL LEDGER TOTAL		5,000.00	5,000.00
APP 631-130000	DUE TO/FROM CLEARING		5,000.00	
03/20/2019 M032019 032019				
APP 104-130000	CIVIC IMPR DUE TO/FROM CLEAR'G			5,000.00
03/20/2019 M032019 032019				
	SYSTEM GENERATED ENTRIES TOTAL		5,000.00	5,000.00
	JOURNAL 2019/03/233 TOTAL		10,000.00	10,000.00

JOURNAL ENTRIES TO BE CREATED

FUND / ACCOUNT	YEAR	PER	JNL	EFF DATE / ACCOUNT DESCRIPTION	DEBIT	CREDIT
104 CIVIC IMPROVEMENT FUND	2019	3	233	03/20/2019		
104-130000				CIVIC IMPR DUE TO/FROM CLEAR'G		5,000.00
104-213000				CIVIC IMPR - ACCOUNTS PAYABLE	5,000.00	
				FUND TOTAL	5,000.00	5,000.00
631 CLEARING FUND	2019	3	233	03/20/2019		
631-130000				DUE TO/FROM CLEARING	5,000.00	
635-111100				CASH		5,000.00
				FUND TOTAL	5,000.00	5,000.00

JOURNAL ENTRIES TO BE CREATED

FUND		DUE TO	DUE FROM
104	CIVIC IMPROVEMENT FUND		5,000.00
631	CLEARING FUND	5,000.00	
	TOTAL	5,000.00	5,000.00

** END OF REPORT - Generated by Khammy Wahaus **

Regular
KW
3/20/19

CASH ACCOUNT: 635 111100 CASH

CHECK NO	CHK DATE	TYPE	VENDOR NAME	VOUCHER	INVOICE	INV DATE	PO	CHECK RUN	NET
					INVOICE DTL DESC				
350040	03/27/2019	PRTD	5 ACE HARDWARE	229534	43102/1	03/05/2019		03/24/19	45.75
	Invoice: 43102/1				PW/INSTA-FLO DRAIN CLEANER				
				45.75	73011183 531100	O&M-C/E-CH FAC-SUPPLIES			
				229535	43078/1	03/04/2019		03/24/19	19.60
	Invoice: 43078/1				PW/GRAFFITI REMOVER, GOOF OFF SPRAY				
				19.60	73111427 531100	OFFICE SUPPLIES			
				229536	43086/1	03/04/2019		03/24/19	22.86
	Invoice: 43086/1				PW/PIC HANG STRIP				
				22.86	73011215 531100	O&M-C/E-POLICE FAC-SUPPLIES			
				229537	43082/1	03/04/2019		03/24/19	18.52
	Invoice: 43082/1				PW/FASTENERS, ELECTRICAL SUPPLIES				
				18.52	73011215 531100	O&M-C/E-POLICE FAC-SUPPLIES			
				229538	43064/1	03/01/2019		03/24/19	26.99
	Invoice: 43064/1				PW/SHOP TOWELS, HOUSEHOLD SPRAYER				
				26.99	73431835 531100	OFFICE SUPPLIES			
				229753	43136/1	03/09/2019		03/24/19	113.79
	Invoice: 43136/1				PW/BATTERIES				
				113.79	73011189 531100	O&M - C/E FACIL OFC SUPPLIES			
				229754	43127/1	03/08/2019		03/24/19	45.57
	Invoice: 43127/1				PW/TOOLS, NUTDRIVERS, HEX KEYS				
				45.57	73421355 531100	WIN COLL-SUPPLIES			
				229755	43124/1	03/07/2019		03/24/19	17.40
	Invoice: 43124/1				PW/PLUMBING SUPPLIES				
				17.40	73637945 531100	O&M ALLOC-SWEEPER-SUPPLIES			
				229756	43108/1	03/06/2019		03/24/19	15.97
	Invoice: 43108/1				PW/KEYS (7), HARDWARE				
				15.97	73011183 531100	O&M-C/E-CH FAC-SUPPLIES			
				229757	43094/1	03/05/2019		03/24/19	20.96
	Invoice: 43094/1				PW/GLOVES, CLAMPS				
				20.96	73421355 531100	WIN COLL-SUPPLIES			
				229955	43202/1	03/15/2019		03/24/19	15.79
	Invoice: 43202/1				PW/SCREWS AND FASTENERS				
				15.79	73011183 531100	O&M-C/E-CH FAC-SUPPLIES			
				229956	43150/1	03/12/2019		03/24/19	5.22
	Invoice: 43150/1				PW/NITELITE BULB				
				5.22	73011215 531100	O&M-C/E-POLICE FAC-SUPPLIES			
				229957	43166/1	03/13/2019		03/24/19	48.91
	Invoice: 43166/1				PW/PAINT AND SUPPLIES, SIMPLE GREEN				
				48.91	73020769 531100	O&M-ROAD ENDS-SUPPLIES			

CASH ACCOUNT: 635 111100 CASH

CHECK NO	CHK DATE	TYPE	VENDOR	NAME	VOUCHER	INVOICE	INV DATE	PO	CHECK RUN	NET
						INVOICE DTL DESC				
					229958	43169/1	03/13/2019		03/24/19	100.26
	Invoice: 43169/1					PW/PUMP TRANSFER, GARDEN HOSE				
					100.26	73411345 531100 OFFICE SUPPLIES				
					229959	43126/1	03/08/2019		03/24/19	60.03
	Invoice: 43126/1					PW/HEAT SHRINK, CONNECTORS				
					60.03	73425358 531100 O&M-WWTP-SUPPLIES				
					229960	42821/1	02/01/2019		03/24/19	8.71
	Invoice: 42821/1					PW/LED 60W BULB				
					8.71	73411345 531100 OFFICE SUPPLIES				
					229961	43111/1	03/06/2019		03/24/19	87.36
	Invoice: 43111/1					PW/ELBOWS, CONNECTORS, COUPLINGS				
					87.36	73425358 531100 O&M-WWTP-SUPPLIES				
					229962	42617/1	01/08/2019		03/24/19	52.58
	Invoice: 42617/1					PW/HEX KEY SET, WALL PLATE				
					52.58	73011183 531100 O&M-C/E-CH FAC-SUPPLIES				
								CHECK 350040 TOTAL:		726.27
350041	03/27/2019	PRTD	2201	ACTION COMMUNICATION	229759	1902054	02/08/2019		03/24/19	336.30
	Invoice: 1902054					PW/VEH 255 RADIO INSTALL				
					336.30	73111944 66400000720 ROADSIDE MOWER ACQ-EQ				
								CHECK 350041 TOTAL:		336.30
350042	03/27/2019	PRTD	7726	AIR MANAGEMENT SOLUT	229760	0001127872	02/28/2019		03/24/19	247.98
	Invoice: 0001127872					PW/CH SHOWER HEAT PUMP REPAIR				
					247.98	73011183 54810000707 CH HVAC-REPAIRS				
					229761	0001127488	01/31/2019		03/24/19	1,602.62
	Invoice: 0001127488					PW/WASTE OIL FIRED BOILER TRBLSHT				
					1,602.62	73011897 54810000707 PWY HVAC-REPAIRS				
					229762	0001127413	01/31/2019		03/24/19	1,094.08
	Invoice: 0001127413					PW/WASTE OIL FIRED BOILER REPAIR				
					1,094.08	73011897 54810000707 PWY HVAC-REPAIRS				
					229763	0001126869	12/15/2018		03/24/19	1,885.33
	Invoice: 0001126869					PW/WASTE OIL FIRED BOILER REPR				
					1,885.33	73011897 54810000707 PWY HVAC-REPAIRS				
								CHECK 350042 TOTAL:		4,830.01
350043	03/27/2019	PRTD	863	INTERSTATE BATTERIES	229764	22056668	03/07/2019		03/24/19	127.48
	Invoice: 22056668					PW/BATTERIES FOR #17				
					63.74	73111423 531100 OFFICE SUPPLIES				

CASH ACCOUNT: 635 111100 CASH

CHECK NO	CHK DATE	TYPE	VENDOR	NAME	VOUCHER	INVOICE	INV DATE	PO	CHECK RUN	NET
							INVOICE DTL DESC			
					63.74	73111427 531100	OFFICE SUPPLIES			
					229787	22056486	02/25/2019		03/24/19	528.43
				Invoice: 22056486			PW/BATTERIES			
					198.84	73111423 531100	OFFICE SUPPLIES			
					198.84	73111427 531100	OFFICE SUPPLIES			
					130.75	73011483 531100	O&M-GF-MECH SHOP-SUPPLIES			
							CHECK	350043 TOTAL:		655.91
350044	03/27/2019	PRTD	7994	PENINSULA SERVICES	229832	88723	02/28/2019		03/24/19	64.00
				Invoice: 88723			POL/MOBILE SHREDDING			
					64.00	51011211 541100	PD-C/E-ADM-PROF SVCS			
					229833	88722	02/28/2019		03/24/19	64.00
				Invoice: 88722			CRT/MOBILE SHREDDING SVCS			
					64.00	21011125 541100	COURT - PROFESSIONAL SERVICES			
							CHECK	350044 TOTAL:		128.00
350045	03/27/2019	PRTD	8991	ALLIANCE 2020, INC	229765	567830	02/28/2019		03/24/19	132.40
				Invoice: 567830			HR/BACKGROUND CHECKS			
					132.40	33011161 541100	HR-C/E-PROF SVCS			
							CHECK	350045 TOTAL:		132.40
350046	03/27/2019	PRTD	8014	ALSTON, COURTNAGE &	229834	118041	02/28/2019		03/24/19	760.00
				Invoice: 118041			ENG/PROF SVCS: HARRISION BLDG			
					760.00	72311942 64110000724	PD/COURT BLDG-PROF SVCS/DESIGN			
							CHECK	350046 TOTAL:		760.00
350047	03/27/2019	PRTD	7166	AMERICAN MESSAGING	229766	W4104492TC	03/01/2019		03/24/19	85.24
				Invoice: W4104492TC			PW/MESSAGING SERVICES			
					85.24	73637891 542100	O&M - ALLOC FACIL TELEPHONE			
							CHECK	350047 TOTAL:		85.24
350048	03/27/2019	PRTD	4710	ASSOCIATED PETROLEU	229767	1389140-IN	02/26/2019		03/24/19	983.93
				Invoice: 1389140-IN			PW/422 GAL UNLEADED			
					983.93	73638932 532000	O&M-FUEL ALLOC TO OTH DEPTS			
					229768	1389139-IN	02/26/2019		03/24/19	331.26
				Invoice: 1389139-IN			PW/99.2 GAL UNLEADED			
					331.26	73638893 532000	O&M-FUEL USE-ALLOCATION			
					229769	1392461-IN	02/25/2019		03/24/19	923.32

CASH ACCOUNT: 635 111100 CASH

CHECK NO	CHK DATE	TYPE	VENDOR NAME	VOUCHER	INVOICE	INV DATE	PO	CHECK RUN	NET
					INVOICE DTL DESC				
	Invoice: 1392461-IN			229770	1387611-IN	02/21/2019		03/24/19	681.30
				923.32	91011897 547200	PW/700.7 GAL PROPANE GG-C/E-O&M YARD FAC-PROPANE			
	Invoice: 1387611-IN			229771	1387612-IN	02/21/2019		03/24/19	546.73
				681.30	73638893 532000	PW/235 GAL DIESEL O&M-FUEL USE-ALLOCATION			
	Invoice: 1387612-IN			229772	1386412-IN	02/19/2019		03/24/19	889.29
				546.73	73638932 532000	PW/254 GAL UNLEADED O&M-FUEL ALLOC TO OTH DEPTS			
	Invoice: 1386412-IN			229773	1386413-IN	02/19/2019		03/24/19	954.91
				889.29	73638893 532000	PW/316.3 GAL DIESEL O&M-FUEL USE-ALLOCATION			
	Invoice: 1386413-IN			229963	1391234-IN	03/07/2019		03/24/19	749.34
				954.91	73638932 532000	PW/449.1 GAL UNLEADED O&M-FUEL ALLOC TO OTH DEPTS			
	Invoice: 1391234-IN			229964	1391233-IN	03/07/2019		03/24/19	357.22
				749.34	73638932 532000	PW/279 GAL REGULAR FUEL O&M-FUEL ALLOC TO OTH DEPTS			
	Invoice: 1391233-IN			229965	1390626-IN	03/05/2019		03/24/19	579.11
				357.22	73638893 532000	PW/108.5 GAL DEISEL FUEL O&M-FUEL USE-ALLOCATION			
	Invoice: 1390626-IN			229966	1390627-IN	03/05/2019		03/24/19	1,203.99
				579.11	73638893 532000	PW/196 GAL DIESEL FUEL O&M-FUEL USE-ALLOCATION			
	Invoice: 1390627-IN			229967	1400021-IN	03/11/2019		03/24/19	1,020.75
				1,203.99	73638932 532000	PW/475 GAL REGULAR FUEL O&M-FUEL ALLOC TO OTH DEPTS			
	Invoice: 1400021-IN			1,020.75	91011897 547200	747.5 GAL PROPANE FUEL GG-C/E-O&M YARD FAC-PROPANE			
						CHECK 350048 TOTAL:			9,221.15
350049	03/27/2019	PRTD	7821 AUS WEST LOCKBOX	229774	1991144703	03/07/2019		03/24/19	53.99
	Invoice: 1991144703			53.99	73638893 589310	PW/LAUNDRY SERVICE LAUNDRY SERVICES			
	Invoice: 1991134539			229775	1991134539	02/28/2019		03/24/19	53.99
				53.99	73638893 589310	PW/LAUNDRY SERVICE LAUNDRY SERVICES			
	Invoice: 1991103978			229776	1991103978	02/07/2019		03/24/19	53.99
						PW/LAUNDRY SERVICE			

CASH ACCOUNT: 635 111100 CASH

CHECK NO	CHK DATE	TYPE	VENDOR	NAME	VOUCHER	INVOICE	INV DATE	PO	CHECK RUN	NET
						INVOICE DTL DESC				
					53.99	73638893 589310	LAUNDRY SERVICES			
					229968	1991154699	03/14/2019		03/24/19	53.99
				Invoice: 1991154699			PW/LAUNDRY SERVICES			
					53.99	73638893 589310	LAUNDRY SERVICES			
							CHECK	350049 TOTAL:		215.96
350050	03/27/2019	PRTD	9146	ARCHIVESOCIAL, INC	229543	6780	02/22/2019		03/24/19	2,388.00
				Invoice: 6780			IT/SOCIAL MEDIA ARCHIVE			
					2,388.00	81011881 548500	IT - C/E COMPUTER SUPPORT			
							CHECK	350050 TOTAL:		2,388.00
350051	03/27/2019	PRTD	2138	ASPECT CONSULTING LL	229778	32376	02/19/2019	21700132	03/24/19	1,634.75
				Invoice: 32376			EVALUATE WATER RIGHTS			
					1,634.75	73411345 54110000868	WATER RIGHTS-PROF SVCS			
							CHECK	350051 TOTAL:		1,634.75
350052	03/27/2019	PRTD	1159	AUTOGLASS PLUS INC	229969	WO B0040905	03/01/2019		03/24/19	163.50
				Invoice: WO B0040905			PW/INSTALL SIDE WINDOW IN LOADER			
					163.50	73111252 54810001000	2019 STORM RESP-STRT-REPAIRS			
							CHECK	350052 TOTAL:		163.50
350053	03/27/2019	PRTD	4365	AUTOMATIC FUNDS TRAN	229539	106995	02/28/2019		03/24/19	793.01
				Invoice: 106995			FIN/STATEMENT PREP & MAIL			
					172.55	43411341 541100	FIN - WATER ADMIN PROF SERVICE			
					172.55	43421351 541100	FIN - SEWER ADMIN PROF SERVICE			
					223.95	91411891 542500	GG-WTR-FAC-POSTAGE			
					223.96	91421891 542500	GG-SWR-FAC-POSTAGE			
					229779	BAIN1902028	02/28/2019		03/24/19	646.25
				Invoice: BAIN1902028			FIN/REMIT PROCESSING: B&O			
					646.25	41011141 541100	FIN - C/E ADMIN PROF SERVICES			
							CHECK	350053 TOTAL:		1,439.26
350054	03/27/2019	PRTD	54	BAINBRIDGE RENTAL IN	229780	W/O#44908	03/08/2019		03/24/19	182.37
				Invoice: W/O#44908			PW/CHAIN SAW REPAIR			
					182.37	73111427 548100	O&M-ACCESS RDSIDE R&M			
					229781	CON#45581	03/11/2019		03/24/19	74.10
				Invoice: CON#45581			PW/PRUNER, TRIMMER LINE			
					74.10	73011189 531100	O&M - C/E FACIL OFC SUPPLIES			

CASH ACCOUNT: 635 111100 CASH

CHECK NO	CHK DATE	TYPE	VENDOR NAME	VOUCHER	INVOICE	INV DATE	PO	CHECK RUN	NET
					INVOICE DTL DESC				
				229783	W/O#44798	03/08/2019		03/24/19	126.69
Invoice: W/O#44798					PW/SAW REPAIR				
				126.69	73431835 548100 REPAIRS & MAINTENANCE				
				229785	CON#45461	03/08/2019		03/24/19	14.54
Invoice: CON#45461					PW/AIR FILTER, FILTER COVER				
				14.54	73111427 531100 OFFICE SUPPLIES				
				229786	CON#45409	03/07/2019		03/24/19	87.19
Invoice: CON#45409					PW/BLACK CHAPS 36"				
				87.19	73637891 531100 OFFICE SUPPLIES				
							CHECK 350054 TOTAL:		484.89
350055	03/27/2019	PRTD	55 SOUND PUBLISHING, IN	229788	7903870-2275215	02/28/2019		03/24/19	325.00
Invoice: 7903870-2275215					EX/ALMANAC				
				325.00	31011572 542450 EX-GF-OUTREACH-ADV				
				229836	7903870-A	02/28/2019		03/24/19	252.25
Invoice: 7903870-A					PCD/AD: CONTINUED PUBLIC HEARING				
				252.25	63470586 544000 CUR-DEV-ZONING-ADV				
				229837	7903870-B	02/28/2019		03/24/19	140.50
Invoice: 7903870-B					PCD/AD: HAYLA MIDDLE SCHOOL				
				140.50	63470586 544000 CUR-DEV-ZONING-ADV				
							CHECK 350055 TOTAL:		717.75
350056	03/27/2019	PRTD	55 SOUND PUBLISHING, IN	229540	BIR845491	02/22/2019		03/24/19	80.28
Invoice: BIR845491					PCD/PUBLIC HEARING NOTICE SUBDIVISION UPDATE				
				80.28	63470586 544000 CUR-DEV-ZONING-ADV				
				229541	BIR845446	02/22/2019		03/24/19	69.65
Invoice: BIR845446					PCD/PLN51083 VAR SSDE				
				69.65	63470586 544000 CUR-DEV-ZONING-ADV				
				229542	BIR845442	02/22/2019		03/24/19	69.65
Invoice: BIR845442					PCD/NOTICE OF APP BLD23763 ADU				
				69.65	63470586 544000 CUR-DEV-ZONING-ADV				
				229791	BIR846380	03/01/2019		03/24/19	129.86
Invoice: BIR846380					PCD/DNS ORD 2019-03				
				129.86	63470586 544000 CUR-DEV-ZONING-ADV				
							CHECK 350056 TOTAL:		349.44
350057	03/27/2019	PRTD	55 SOUND PUBLISHING, IN	229835	7903900	02/28/2019		03/24/19	82.50
Invoice: 7903900					POL/CLASSIFIEDS : PROPERTY				
				82.50	51011191 544000 PD-C/E-PROP RM-ADVERTISING				

CASH ACCOUNT: 635 111100 CASH

CHECK NO	CHK DATE	TYPE	VENDOR	NAME	VOUCHER	INVOICE	INV DATE	PO	CHECK RUN	NET
							INVOICE DTL DESC			
								CHECK 350057 TOTAL:		82.50
350058	03/27/2019	PRTD	57	BAY HAY & FEED	229970	1406968	03/12/2019		03/24/19	43.49
	Invoice: 1406968						PW/HOLSTER BELT/CLIP			
					43.49	73011189 531100	O&M - C/E FACIL OFC SUPPLIES			
								CHECK 350058 TOTAL:		43.49
350059	03/27/2019	PRTD	9159	BRUCE BEALL	229971	SEP 19-08	03/18/2019		03/24/19	200.00
	Invoice: SEP 19-08						POL/REFUND OF DEPOSIT - SALT WATTA REGATTA			
					200.00	62238 386000	PARK/DOCK USE DEPOSIT			
								CHECK 350059 TOTAL:		200.00
350060	03/27/2019	PRTD	9150	BILL POINT HOMEOWNER	229792	2/15/19	03/12/2019		03/24/19	150.00
	Invoice: 2/15/19						FIN/DAMAGE DEPOSIT 3/11/19			
					150.00	41625860 586000	SC/COMMONS ROOM DEP-DISBURSEME			
								CHECK 350060 TOTAL:		150.00
350061	03/27/2019	PRTD	7453	DAVID MILLER	229838	6406	02/27/2019		03/24/19	199.00
	Invoice: 6406						POL/COUNTER AMBUSH: KOON			
					199.00	53011212 443410	POLICE - C/E PATROL TRAINING			
								CHECK 350061 TOTAL:		199.00
350062	03/27/2019	PRTD	1341	BLUE SKY PRINTING	229793	129626	02/15/2019		03/24/19	24.53
	Invoice: 129626						POL/DESIGN WORK			
					24.53	51011211 541100	PD-C/E-ADM-PROF SVCS			
					229839	129908	03/13/2019		03/24/19	78.79
	Invoice: 129908						POL/BUSINESS CARDS: JH, SW			
					78.79	51011211 531100	PD-C/E-ADM-SUPPLIES			
								CHECK 350062 TOTAL:		103.32
350063	03/27/2019	PRTD	9153	ROSS J. CAMPBELL	229798	601696032	03/14/2019		03/24/19	65.00
	Invoice: 601696032						RENEWAL FEE REFUND			
					65.00	01132 321900	C/E BL INITIAL & RENEWAL			
								CHECK 350063 TOTAL:		65.00

CASH ACCOUNT: 635 111100 CASH

CHECK NO	CHK DATE	TYPE	VENDOR	NAME	VOUCHER	INVOICE	INV DATE	PO	CHECK RUN	NET
						INVOICE DTL DESC				
350064	03/27/2019	PRTD	8253	CHS NORTHWEST	229799	32942/H	03/07/2019		03/24/19	456.12
Invoice: 32942/H						PW/50LB COARSE SALT BAGS (49)				
					456.12	73637892 531100 O&M-ALLOC-WTR-CONSUMABLES				
								CHECK 350064 TOTAL:		456.12
350065	03/27/2019	PRTD	8491	CHUCKALS, INC.	229840	980726-0	03/11/2019		03/24/19	90.23
Invoice: 980726-0						CRT/CLEAR TAPE, FOLDERS, INDEX 3-RING				
					90.23	21011125 531100 COURT - SUPPLIES				
								CHECK 350065 TOTAL:		90.23
350066	03/27/2019	PRTD	9118	CHURCHMOUSE YARNS &	229841	03/12/19	03/12/2019		03/24/19	13.32
Invoice: 03/12/19						POL/REFUND OF PARKING				
					13.32	01136 362500 FAC & PARKING RENTAL-LONG TERM				
								CHECK 350066 TOTAL:		13.32
350067	03/27/2019	PRTD	102	CITY OF BAINBRIDGE I	229802	RETREQ1-921	03/08/2019	21900008	03/24/19	1,912.83
Invoice: RETREQ1-921						RET - OLD TMT PLANT PUMP STAT.				
					1,912.83	72423434 66300000921 OLD WWTP LIFT STA IMPR-CONSTR				
								CHECK 350067 TOTAL:		1,912.83
350068	03/27/2019	PRTD	104	CITY OF BREMERTON	229852	BKAT000472	03/01/2019		03/24/19	2,840.75
Invoice: BKAT000472						IT/BKAT - MAR'19				
					2,840.75	81011881 542420 IT-C/E-TELEVISTED COUNCIL MEET				
								CHECK 350068 TOTAL:		2,840.75
350069	03/27/2019	PRTD	1921	CNA SURETY	229842	68363519-2019	03/15/2019		03/24/19	165.00
Invoice: 68363519-2019						2019 NOTARY INSURANCE				
					15.00	31029476 546000 EX-INS SFUND-MISC INS				
					15.00	31029476 546000 EX-INS SFUND-MISC INS				
					15.00	31029476 546000 EX-INS SFUND-MISC INS				
					15.00	31029476 546000 EX-INS SFUND-MISC INS				
					15.00	41029476 546000 FIN - INS RISK XFER INSURANCE				
					15.00	61029147 546000 PCD - INS INSURANCE				
					15.00	61029147 546000 PCD - INS INSURANCE				
					15.00	71029147 546000 PW - INS INSURANCE				
					15.00	71029147 546000 PW - INS INSURANCE				
					15.00	71029147 546000 PW - INS INSURANCE				
					15.00	71029147 546000 PW - INS INSURANCE				

CASH ACCOUNT: 635 111100 CASH

CHECK NO	CHK DATE	TYPE	VENDOR	NAME	VOUCHER	INVOICE	INV DATE	PO	CHECK RUN	NET
				INVOICE DTL DESC						
								CHECK	350069 TOTAL:	165.00
350070	03/27/2019	PRTD	2624	COASTAL GEOLOGIC SER	229804	19-038	03/06/2019		03/24/19	13,319.15
Invoice: 19-038							MANITOU PARK BLVD SHORELINE ST			
					13,319.15	72111421 54110000952	MANITOU PARK RD-DESIGN/ENG			
								CHECK	350070 TOTAL:	13,319.15
350071	03/27/2019	PRTD	4513	WASTE MANAGEMENT	229942	0049215-2588-9	03/01/2019		03/24/19	50.00
Invoice: 0049215-2588-9							RECERT FEE SPW			
					50.00	91435838 54790000618	GG-DECANT-SPOILS DISPOSAL			
								CHECK	350071 TOTAL:	50.00
350072	03/27/2019	PRTD	8111	COMMUNITY SOLAR SOLU	229805	FEB19-A	03/01/2019		03/24/19	128.35
Invoice: FEB19-A							FEB2019 SOLAR NET METERING			
					128.35	91011189 54500000627	CH SOLAR-NET METERING PYMTS			
								CHECK	350072 TOTAL:	128.35
350073	03/27/2019	PRTD	8564	WILLIAM E COOPER	229806	3-2019	03/12/2019		03/24/19	134.00
Invoice: 3-2019							LEOFF 1 REIMB FEB 19			
					134.00	91029211 521500	POLICE - INS ADD MEDICAL COSTS			
								CHECK	350073 TOTAL:	134.00
350074	03/27/2019	PRTD	9157	CREATIVE COURSES, LL	229844	595	02/26/2019		03/24/19	3,200.00
Invoice: 595							ENG/CESCL INSTRUCTOR FEE: SC			
					3,200.00	72431832 54110000664	ST DOE SSWM-PROF SVCS			
								CHECK	350074 TOTAL:	3,200.00
350075	03/27/2019	PRTD	7144	DTMICRO, INC	229544	4259	02/15/2019		03/24/19	136.25
Invoice: 4259							IT/POLICE NETWORK CONNECT W/KITSAP COUNTY MAR'19			
					136.25	91011215 542100	GG-C/E-PD-PHONE			
								CHECK	350075 TOTAL:	136.25
350076	03/27/2019	PRTD	9148	REBECCA PILLSBURY	229974	593	03/19/2019		03/24/19	2,962.50
Invoice: 593							EX/MARCH NEWSLETTER			
					2,962.50	31011572 54110001015	NEWSLETTER-PROF SVCS			
								CHECK	350076 TOTAL:	2,962.50

CASH ACCOUNT: 635 111100 CASH

CHECK NO	CHK DATE	TYPE	VENDOR	NAME	VOUCHER	INVOICE	INV DATE	PO	CHECK RUN	NET
							INVOICE DTL DESC			
350077	03/27/2019	PRTD	1625	EMP INDUSTRIES, INC	229975	14867	02/28/2019		03/24/19	477.88
Invoice: 14867							PW/30' HOSE & NOZZLE ASSEMBLY			
					477.88	73011768 531100	O&M-C/E-PARKS-SUPPLIES			
							CHECK 350077 TOTAL:			477.88
350078	03/27/2019	PRTD	8870	EN POINTE TECHNOLOGI	229545	900164034	02/01/2019		03/24/19	5,783.45
Invoice: 900164034							IT/MICROSOFT SOFTWARE LICENSING TRUE-UP			
					5,783.45	81011881 548500	IT - C/E COMPUTER SUPPORT			
							CHECK 350078 TOTAL:			5,783.45
350079	03/27/2019	PRTD	7510	EXPERIAN	229808	CD1911001945	02/22/2019		03/24/19	92.65
Invoice: CD1911001945							POL/INFO SERVICES			
					92.65	52011212 549100	PD-C/E-INV-DUES/SUBSCR/MEMBRSH			
							CHECK 350079 TOTAL:			92.65
350080	03/27/2019	PRTD	1953	FERGUSON ENTERPRISES	229809	6992527	03/01/2019		03/24/19	313.19
Invoice: 6992527							PW/URINAL SUPPLIES: WFP			
					313.19	73011768 531100	O&M-C/E-PARKS-SUPPLIES			
							CHECK 350080 TOTAL:			313.19
350081	03/27/2019	PRTD	1953	FERGUSON ENTERPRISES	229546	0742411	02/22/2019		03/24/19	2,062.45
Invoice: 0742411							PW/MERCH - SEWER INV			
					2,062.45	411 141100	WATER - INVENTORY			
					229547	0734420	02/07/2019		03/24/19	1,920.87
Invoice: 0734420							PW/MERCH - SEWER INV			
					317.82	421 141100	SEWER-INVENTORY			
					1,603.05	411 141100	WATER - INVENTORY			
					229548	0738063	02/07/2019		03/24/19	361.91
Invoice: 0738063							PW/VARIOUS PVC'S			
					361.91	73431835 531100	OFFICE SUPPLIES			
					229549	0738056	02/07/2019		03/24/19	357.72
Invoice: 0738056							PW/BEEHIVE FRAME & GRATE			
					357.72	73431835 531100	OFFICE SUPPLIES			
					229810	0735536	01/25/2019		03/24/19	124.01
Invoice: 0735536							PW/VALVES & METERS			
					124.01	411 141100	WATER - INVENTORY			

CASH ACCOUNT: 635 111100 CASH

CHECK NO	CHK DATE	TYPE	VENDOR	NAME	VOUCHER	INVOICE	INV DATE	PO	CHECK RUN	NET
							INVOICE DTL DESC			
								CHECK 350081 TOTAL:		4,826.96
350082	03/27/2019	PRTD	1953	FERGUSON ENTERPRISES	229811	SC40512	02/28/2019		03/24/19	16.35
Invoice: SC40512							PW/SERVICE CHARGE			
					16.35	73411345 531100	OFFICE SUPPLIES			
					229812	SC40537	02/28/2019		03/24/19	6.17
Invoice: SC40537							PW/SERVICE CHARGE			
					6.17	73411345 531100	OFFICE SUPPLIES			
								CHECK 350082 TOTAL:		22.52
350083	03/27/2019	PRTD	9151	FERNCLIFF VILLAGE AS	229813	3/11/19	03/11/2019		03/24/19	150.00
Invoice: 3/11/19							FIN/DAMAGE DEPOSIT REFUND			
					150.00	41625860 586000	SC/COMMONS ROOM DEP-DISBURSEME			
								CHECK 350083 TOTAL:		150.00
350084	03/27/2019	PRTD	9158	NICK FOSTER	229903	0304195847	03/04/2019		03/24/19	64.31
Invoice: 0304195847							PW/HL7 FOCUSING HEADLAMP			
					64.31	73638935 531100	O&M-STD ALLOCATION-SUPPLIES			
								CHECK 350084 TOTAL:		64.31
350085	03/27/2019	PRTD	2096	GRAY & OSBORNE INC	229845	17	03/04/2019	21700158	03/24/19	1,170.35
Invoice: 17							PCD/WATER SYSTEM DESIGN IMPRVMENTS			
					1,170.35	72413434 64110000819	WATER IMPR PROJECTS 2017-ENG			
								CHECK 350085 TOTAL:		1,170.35
350086	03/27/2019	PRTD	8809	GREYSTONE TACTICAL	229846	201800105	11/20/2018		03/24/19	150.00
Invoice: 201800105							POL/LEUPOLD MOUNT X3			
					150.00	53011212 531100	PD-C/E-PATROL SUPPLIES			
								CHECK 350086 TOTAL:		150.00
350087	03/27/2019	PRTD	1517	GUARDIAN SECURITY SY	229847	891522	03/01/2019		03/24/19	239.00
Invoice: 891522							POL/ALARM MONITORING			
					239.00	51011215 541100	POLICE - C/E FACIL PROF SVCS			
								CHECK 350087 TOTAL:		239.00
350088	03/27/2019	PRTD	8846	H.W. LOCHNER, INC.	229853	7	03/07/2019	21800064	03/24/19	4,178.59
Invoice: 7							ENG/FOCUSTED TRAFFIC STUDY			
					4,178.59	72111444 54110000922	FOCUSED TRAFFIC STUDY-PROF SVC			

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CHECK NO	CHK DATE	TYPE	VENDOR	NAME	VOUCHER	INVOICE	INV DATE	PO	CHECK RUN	NET
						INVOICE DTL DESC				
					229854	6	02/06/2019	21800064	03/24/19	439.45
Invoice: 6						ENG/FOCUSTED TRAFFIC STUDY				
					439.45	72111444 54110000922 FOCUSED TRAFFIC STUDY-PROF SVC				
								CHECK	350088 TOTAL:	4,618.04
350089	03/27/2019	PRTD	6190	GARY HARPER CONSTRUC	229814	PAYREQ1-921	03/08/2019	21900007	03/24/19	39,786.86
Invoice: PAYREQ1-921						OLD TMT PLANT-PUMP STATION RE				
					39,786.86	72423434 66300000921 OLD WWTP LIFT STA IMPR-CONSTR				
								CHECK	350089 TOTAL:	39,786.86
350090	03/27/2019	PRTD	4850	HOME DEPOT CREDIT SE	229977	3012016	03/01/2019		03/24/19	139.36
Invoice: 3012016						PW/LAMP STRIP LIGHT, DEWALT SET				
					139.36	73011215 531100 O&M-C/E-POLICE FAC-SUPPLIES				
								CHECK	350090 TOTAL:	139.36
350091	03/27/2019	PRTD	9152	HP INC.	229817	60877821	02/22/2019		03/24/19	218.57
Invoice: 60877821						POL/MARINE DOCKING STATION				
					218.57	54025212 531100 MARINE - SUPPLIES				
								CHECK	350091 TOTAL:	218.57
350092	03/27/2019	PRTD	8027	INFORMATION STATION	229551	1121709-R	02/19/2019		03/24/19	350.00
Invoice: 1121709-R						EX/AM RADIO RENT FEB - MAR 19				
					350.00	31011256 54500000830 EMERG AM RADIO STATION-RENTS				
					229978	1121709-S	03/15/2019		03/24/19	350.00
Invoice: 1121709-S						EX/AM RADIO RENT MAR - APR 19				
					350.00	31011256 54500000830 EMERG AM RADIO STATION-RENTS				
								CHECK	350092 TOTAL:	700.00
350093	03/27/2019	PRTD	2501	INTERNATIONAL CODE C	229818	3226098	03/01/2019		03/24/19	325.00
Invoice: 3226098						PCD/MEMBERSHIP RENEWAL - TC				
					325.00	62471591 549100 BLDG - BLDG DUES/SUBSCRIPTIONS				
								CHECK	350093 TOTAL:	325.00
350094	03/27/2019	PRTD	280	INTEGRA CHEMICAL COM	229979	0130483-IN	03/13/2019		03/24/19	1,355.09
Invoice: 0130483-IN						PW/CHLOR TABLETS				
					1,355.09	73637892 531100 O&M-ALLOC-WTR-CONSUMABLES				

CASH ACCOUNT: 635 111100 CASH

CHECK NO	CHK DATE	TYPE	VENDOR	NAME	VOUCHER	INVOICE	INV DATE	PO	CHECK RUN	NET
						INVOICE DTL DESC				
							CHECK 350094 TOTAL:			1,355.09
350095	03/27/2019	PRTD	8381	INVINTUS MEDIA, INC	229855	7718	03/04/2019		03/24/19	87.74
Invoice: 7718							IT/STREAMING MEDIA HOSTING - FEB'19			
					87.74	81011881 548500	IT - C/E COMPUTER SUPPORT			
					229856	7702	02/20/2019		03/24/19	614.18
Invoice: 7702							IT/STREAMING MEDIA HOSTING JAN'19			
					614.18	81011881 548500	IT - C/E COMPUTER SUPPORT			
							CHECK 350095 TOTAL:			701.92
350096	03/27/2019	PRTD	1826	JOHNSON CONTROLS FIR	229820	41207631	10/12/2018	21800084	03/24/19	6,209.00
Invoice: 41207631							CH PANIC ALARM REPLACEMENT			
					6,209.00	73011183 54110000865	CH PANIC ALARMS UPGRADE-PRF SV			
							CHECK 350096 TOTAL:			6,209.00
350097	03/27/2019	PRTD	7482	JUDGE PLUMBING CO/JP	229821	18-951	02/20/2019		03/24/19	1,700.24
Invoice: 18-951							PW/CH & WFP PLUMBING REPAIRS			
					651.82	73011768 548100	O&M-C/E-PARKS-R&M			
					383.54	73011183 548100	O&M-C/E-CH FAC-REPAIRS			
					664.88	73011897 548100	O&M-C/E-PWYD FAC-REPAIRS			
							CHECK 350097 TOTAL:			1,700.24
350098	03/27/2019	PRTD	5275	KAISER PERMANENTE	229822	67925999	02/28/2019		03/24/19	125.00
Invoice: 67925999							PW/CDL MED EXAM: TP			
					125.00	73431835 541100	PROFESSIONAL SERVICES			
							CHECK 350098 TOTAL:			125.00
350099	03/27/2019	PRTD	7961	KATY BIGELOW, ARBORI	229980	5491	03/13/2019		03/24/19	343.75
Invoice: 5491							PW/MULTIPLE TREE ASSESSMENT - WYATT WAY			
					343.75	73111427 54110000354	TREE PRES/REMOVAL-RD-PROF SVCS			
							CHECK 350099 TOTAL:			343.75
350100	03/27/2019	PRTD	333	KITSAP COUNTY AUDITO	229823	434938	02/28/2019		03/24/19	107.00
Invoice: 434938							ENG/STORM DRAINAGE ESMT			
					107.00	72431831 541100	ENG - SSWM ADM PROF SVCS			
					229825	434595	02/26/2019		03/24/19	105.00
Invoice: 434595							ENG/MAINT & OP COVENANT			
					105.00	72431831 541100	ENG - SSWM ADM PROF SVCS			

CASH ACCOUNT: 635 111100 CASH

CHECK NO	CHK DATE	TYPE	VENDOR	NAME	VOUCHER	INVOICE	INV DATE	PO	CHECK RUN	NET
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								CHECK 350100 TOTAL:		212.00
350101	03/27/2019	PRTD	4740	KITSAP COUNTY PUBLIC	229552	2771	02/28/2019		03/24/19	4,590.00
	Invoice: 2771						PW/10,200 GAL SALT BRINE			
					4,590.00	73111252 53110001000	2019 STORM RESP-STRT-SUPPLIES			
					229553	2770	02/28/2019		03/24/19	2,160.00
	Invoice: 2770						PW/4,800 GAL SALT BRINE			
					2,160.00	73111252 53110001000	2019 STORM RESP-STRT-SUPPLIES			
								CHECK 350101 TOTAL:		6,750.00
350102	03/27/2019	PRTD	1971	KELLEY IMAGING SYSTE	229827	IN499695	03/05/2019		03/24/19	904.27
	Invoice: IN499695						ENG/CONTRACT OVERAGES			
					904.27	72011321 545000	ENG - C/E ADMIN RENTS & LEASES			
					229859	IN500195	03/06/2019		03/24/19	759.08
	Invoice: IN500195						CRT/COLOR OVERAGE CHARGES			
					759.08	21011125 545000	COURT - RENTS & LEASES - OPER			
								CHECK 350102 TOTAL:		1,663.35
350103	03/27/2019	PRTD	1971	KELLEY IMAGING SYSTE	229826	24373194	03/04/2019		03/24/19	279.04
	Invoice: 24373194						POL/COPIER LEASE			
					279.04	51011211 545000	PD-C/E-ADMIN RENTS/LEASE			
					229857	24426080	03/12/2019		03/24/19	239.26
	Invoice: 24426080						PCD/E-STUDIO4555C COPIER LEASE			
					239.26	61470581 545000	PCD - DEV ADMIN RENTS & LEASES			
								CHECK 350103 TOTAL:		518.30
350104	03/27/2019	PRTD	8135	MIDWEST MOTOR SUPPLY	229828	6977547	03/08/2019		03/24/19	197.18
	Invoice: 6977547						PW/DRILLS			
					197.18	73638935 531100	O&M-STD ALLOCATION-SUPPLIES			
								CHECK 350104 TOTAL:		197.18
350105	03/27/2019	PRTD	8546	KITSAP 911 PUBLIC AU	229860	BIPD2019-04	03/15/2019		03/24/19	10,970.17
	Invoice: BIPD2019-04						POL/CALL CENTER SVCS			
					3,291.05	52011286 551000	POLICE - C/E - INVEST CENCOM			
					7,679.12	53011286 551000	POLICE - C/E PATROL CENCOM			
								CHECK 350105 TOTAL:		10,970.17

CASH ACCOUNT: 635 111100 CASH

CHECK NO	CHK DATE	TYPE	VENDOR	NAME	VOUCHER	INVOICE	INV DATE	PO	CHECK RUN	NET
						INVOICE DTL DESC				
350106	03/27/2019	PRTD	1884	KITSAP SUN	229830	KS2193901-2019	03/15/2019		03/24/19	455.04
	Invoice: KS2193901-2019						ENG/SUBX RENEWAL KS2193901			
					455.04	72011321 549100	ENG - C/E ADMIN MISCELLEANEOUS			
							CHECK	350106 TOTAL:		455.04
350107	03/27/2019	PRTD	309	KITSAP TIRE CENTER I	229831	219765	03/01/2019		03/24/19	974.08
	Invoice: 219765						PW/TIRES: BALANCE INSTALL, DISP			
					473.51	73111423 531100	OFFICE SUPPLIES			
					473.50	73111427 531100	OFFICE SUPPLIES			
					27.07	91011897 547900	GG-C/E-O&M YARD FAC-GARBAGE			
							CHECK	350107 TOTAL:		974.08
350108	03/27/2019	PRTD	6577	LAKESIDE INDUSTRIES	229981	78983	02/28/2019		03/24/19	2,417.40
	Invoice: 78983						EZ STREET ASPHALT			
					2,417.40	990 141100	MERCHANDISE			
							CHECK	350108 TOTAL:		2,417.40
350109	03/27/2019	PRTD	8566	KURT R. LATIMORE	229861	19-5	03/11/2019		03/24/19	990.00
	Invoice: 19-5						PCD/2018 LOS NUMBERS			
					990.00	61011585 541100	PROFESSIONAL SERVICES			
							CHECK	350109 TOTAL:		990.00
350110	03/27/2019	PRTD	5011	LEXISNEXIS RISK SOLU	229862	1272084-20190228	02/28/2019		03/24/19	54.50
	Invoice: 1272084-20190228						POL/INFORMATION SERVICES			
					54.50	52011212 549100	PD-C/E-INV-DUES/SUBSCR/MEMBRSH			
							CHECK	350110 TOTAL:		54.50
350111	03/27/2019	PRTD	9129	LTI, INC	229863	SLT-318341	02/07/2019		03/24/19	1,308.31
	Invoice: SLT-318341						PW/SOLID SODIUM CHLORIDE			
					1,308.31	990 141100	MERCHANDISE			
					229864	SLT-318342	02/07/2019		03/24/19	1,660.65
	Invoice: SLT-318342						PW/SOLID SODIUM CHLORIDE			
					1,660.65	990 141100	MERCHANDISE			
							CHECK	350111 TOTAL:		2,968.96
350112	03/27/2019	PRTD	6333	MASCO PETROLEUM	229982	0192617	03/12/2019		03/24/19	1,122.70
	Invoice: 0192617						PW/USEDOIL			
					1,122.70	73638935 531100	O&M-STD ALLOCATION-SUPPLIES			

CASH ACCOUNT: 635 111100 CASH

CHECK NO	CHK DATE	TYPE	VENDOR	NAME	VOUCHER	INVOICE	INV DATE	PO	CHECK RUN	NET
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							CHECK	350112 TOTAL:		1,122.70
350113	03/27/2019	PRTD	9147	MICROTRACE LLC	229865	19-0055-1	03/06/2019		03/24/19	6,129.14
Invoice: 19-0055-1							POL/SOIL ANALYSIS I18-00120			
					6,129.14	52011212 541100	POLICE - C/E INVEST PROF SVCS			
							CHECK	350113 TOTAL:		6,129.14
350114	03/27/2019	PRTD	8375	MOORE IACOFANO GOLTS	229983	0057124	02/07/2019		03/24/19	3,279.13
Invoice: 0057124							ENG/OLYMPIC DRIVE MODIFICATIONS TO			
					3,279.13	72334951 64110000596	SR305-OLYMPIC NM-ENG/DESIGN			
							CHECK	350114 TOTAL:		3,279.13
350115	03/27/2019	PRTD	7038	MOON SECURITY SERVIC	229867	968678	02/28/2019		03/24/19	918.00
Invoice: 968678							CRT/HOUSE ARREST MONITORING FEB19			
					918.00	21011232 545000	COURT-ELECT HOME DET'N-EQ RENT			
							CHECK	350115 TOTAL:		918.00
350116	03/27/2019	PRTD	9149	WARD MURPHY	229868	03/10/19	03/11/2019		03/24/19	150.00
Invoice: 03/10/19							FIN/SEN CTR DAMAGE DEPOSIT REFUND			
					150.00	41625860 586000	SC/COMMONS ROOM DEP-DISBURSEME			
							CHECK	350116 TOTAL:		150.00
350117	03/27/2019	PRTD	4815	NATIONAL ASSOCIATION	229869	5791	03/07/2019		03/24/19	40.00
Invoice: 5791							POL/RENEWAL: SHEILDS			
					40.00	53011212 549100	PD-C/E-PATROL-DUES/SUBCR/MEMBR			
					229870	5733	03/05/2019		03/24/19	40.00
Invoice: 5733							POL/RENEWAL: TOVAR			
					40.00	53011212 549100	PD-C/E-PATROL-DUES/SUBCR/MEMBR			
							CHECK	350117 TOTAL:		80.00
350118	03/27/2019	PRTD	4965	NATIONAL SAFETY INC	229871	0495948-IN	02/08/2019		03/24/19	169.17
Invoice: 0495948-IN							PW/LED RECHARGEABLE BLACK LIGHT			
					169.17	73638594 66400000907	2018-LIGHT DUTY P/U-WTR/SWR			
							CHECK	350118 TOTAL:		169.17

CASH ACCOUNT: 635 111100 CASH

CHECK NO	CHK DATE	TYPE	VENDOR	NAME	VOUCHER	INVOICE	INV DATE	PO	CHECK RUN	NET
						INVOICE DTL DESC				
350119	03/27/2019	PRTD	7831	NORDLAND CONSTRUCTIO	229872	PAYREQ13-668	02/28/2019	21700046	03/24/19	10,923.72
	Invoice: PAYREQ13-668					ENG/STO-WINSLOW TO HS RD				
					10,923.72	72334562 66300000668 STO PH 2&4-CONSTR				
								CHECK 350119 TOTAL:		10,923.72
350120	03/27/2019	PRTD	8286	SUPERINTENDENT OF P	229873	14905	03/08/2019		03/24/19	132.75
	Invoice: 14905					POL/FINGERPRINTING				
					132.75	65438 386110 AGENCY-FINGERPRINT REV TO SPI				
					229874	14903	03/07/2019		03/24/19	44.25
	Invoice: 14903					POL/FINGERPRINTING				
					44.25	65438 386110 AGENCY-FINGERPRINT REV TO SPI				
					229875	14893	03/07/2019		03/24/19	132.75
	Invoice: 14893					POL/FINGERPRINTING				
					132.75	65438 386110 AGENCY-FINGERPRINT REV TO SPI				
					229876	14886	03/07/2019		03/24/19	132.75
	Invoice: 14886					POL/FINGERPRINTING				
					132.75	65438 386110 AGENCY-FINGERPRINT REV TO SPI				
					229877	14891	03/07/2019		03/24/19	88.50
	Invoice: 14891					POL/FINGERPRINTING				
					88.50	65438 386110 AGENCY-FINGERPRINT REV TO SPI				
								CHECK 350120 TOTAL:		531.00
350121	03/27/2019	PRTD	2623	PAPE MACHINERY	229984	11349097	02/28/2019		03/24/19	488.30
	Invoice: 11349097					PW/WINDOWPANE				
					488.30	73111252 53110001000 2019 STORM RESP-STRT-SUPPLIES				
					229985	11371360	03/11/2019		03/24/19	-488.30
	Invoice: 11371360					PW/WINDOWPANE				
					-488.30	73111252 53110001000 2019 STORM RESP-STRT-SUPPLIES				
					229986	11363341	03/08/2019		03/24/19	359.02
	Invoice: 11363341					PW/WINDOWPANE				
					359.02	73111252 53110001000 2019 STORM RESP-STRT-SUPPLIES				
								CHECK 350121 TOTAL:		359.02
350122	03/27/2019	PRTD	7153	PORT MADISON ENTERPR	229879	65921	01/17/2019		03/24/19	276.46
	Invoice: 65921					PW/11.17 3/4 MINUS GRANITE				
					276.46	990 141100 MERCHANDISE				

CASH ACCOUNT: 635 111100 CASH

CHECK NO	CHK DATE	TYPE	VENDOR	NAME	VOUCHER	INVOICE	INV DATE	PO	CHECK RUN	NET
						INVOICE DTL DESC				
								CHECK	350122 TOTAL:	276.46
350123	03/27/2019	PRTD	5225	PND ENGINEERS INC	229880	1902154	02/22/2019		03/24/19	146.89
Invoice: 1902154							PW/OPEN WATER MARINA DESIGN			
						146.89 73311475 64110000790	OWM-5 ADD'L BUOYS-DESIGN			
								CHECK	350123 TOTAL:	146.89
350124	03/27/2019	PRTD	8403	POLICEONE.COM	229881	53513 REV. 1	03/13/2019		03/24/19	990.00
Invoice: 53513 REV. 1							POL/TASER INSTRUCTOR X2			
						990.00 53011212 443410	POLICE - C/E PATROL TRAINING			
								CHECK	350124 TOTAL:	990.00
350125	03/27/2019	PRTD	79	PORT OF BROWNSVILLE	229882	102909	02/20/2019		03/24/19	363.90
Invoice: 102909							POL/MARINE FUEL			
						363.90 54025212 532000	MARINE - FUEL			
								CHECK	350125 TOTAL:	363.90
350126	03/27/2019	PRTD	360	PROBUILD COMPANY LLC	229883	1739016	02/27/2019		03/24/19	235.13
Invoice: 1739016							PW/PAINT, QUICKSET CEMENT			
						235.13 73431835 531100	OFFICE SUPPLIES			
					229987	1740268	03/11/2019		03/24/19	31.63
Invoice: 1740268							PW/WINDOW BOLT, SUPPLIES			
						31.63 73011183 531100	O&M-C/E-CH FAC-SUPPLIES			
								CHECK	350126 TOTAL:	266.76
350127	03/27/2019	PRTD	1205	PUGET SOUND ENERGY	229884	9932FEB19	03/08/2019		03/24/19	10.42
Invoice: 9932FEB19							184 WINSLOW WAY E			
						10.42 91011739 547100	COMM EVENTS-ELECTRICITY			
					229885	3319FEB19	03/08/2019		03/24/19	33.54
Invoice: 3319FEB19							PW/CASEY ST WATER METER			
						33.54 73416345 547100	CASEY STREET WTR-ELECTRICITY			
								CHECK	350127 TOTAL:	43.96
350128	03/27/2019	PRTD	8892	PULSE TECHNOLOGY PAR	229886	2240	03/11/2019		03/24/19	1,030.00
Invoice: 2240							POL/HANDHELD RADAR MPH			
						799.00 53011212 53110000716	PD-WASPC-EQ GRANTS			
						231.00 53011212 531100	PD-C/E-PATROL SUPPLIES			

CASH ACCOUNT: 635 111100 CASH

CHECK NO	CHK DATE	TYPE	VENDOR	NAME	VOUCHER	INVOICE	INV DATE	PO	CHECK RUN	NET
						INVOICE DTL DESC				
							CHECK	350128 TOTAL:		1,030.00
350129	03/27/2019	PRTD	7187	RANDOLPH BAUER	229887	1903187	02/28/2019		03/24/19	90.00
Invoice: 1903187							PW/1 @ HIDDEN COVE			
					90.00	73011897 545000	O&M-C/E-PWYD FAC-RENTS			
					229888	1903191	02/28/2019		03/24/19	90.00
Invoice: 1903191							PW/1 @ NE VINCENT			
					90.00	73435838 545000	O&M-DECANT-RENTS			
					229889	1903185	02/28/2019		03/24/19	180.00
Invoice: 1903185							PW/2 @ EAGLE HARBOR			
					180.00	73011768 545000	O&M-C/E-PARKS-OP LEASES			
					229890	1903189	02/28/2019		03/24/19	90.00
Invoice: 1903189							PW/1 @ CRESOTE			
					90.00	73011768 545000	O&M-C/E-PARKS-OP LEASES			
							CHECK	350129 TOTAL:		450.00
350130	03/27/2019	PRTD	7602	REBECCA DEAN PLLC	229554	1024	03/01/2019		03/24/19	5,161.00
Invoice: 1024							HR/LEGAL SVCS FEB 19			
					5,161.00	33011161 541100	HR-C/E-PROF SVCS			
							CHECK	350130 TOTAL:		5,161.00
350131	03/27/2019	PRTD	6685	REGIONAL DISPOSAL CO	229891	0000155430	02/28/2019		03/24/19	3,897.77
Invoice: 0000155430							PW/BIOSOLIDS DISPOSAL			
					3,897.77	73425358 54790100551	BIOSOLIDS WASTE DISPOSAL			
					229892	0000155336	02/15/2019		03/24/19	736.29
Invoice: 0000155336							PW/BIOSOLIDS DISPOSAL			
					736.29	73425358 54790100551	BIOSOLIDS WASTE DISPOSAL			
					229893	0000155123	01/15/2019		03/24/19	4,470.74
Invoice: 0000155123							PW/BIOSOLIDS DISPOSAL			
					4,470.74	73425358 54790100551	BIOSOLIDS WASTE DISPOSAL			
							CHECK	350131 TOTAL:		9,104.80
350132	03/27/2019	PRTD	7965	REGIONAL TOXICOLOGY	229843	13342	03/01/2019		03/24/19	166.39
Invoice: 13342							CRT/STAT SWABS - 25 BOXES			
					166.39	21011125 531100	COURT - SUPPLIES			
							CHECK	350132 TOTAL:		166.39

CASH ACCOUNT: 635 111100 CASH

CHECK NO	CHK DATE	TYPE	VENDOR	NAME	VOUCHER	INVOICE	INV DATE	PO	CHECK RUN	NET
						INVOICE DTL DESC				
350133	03/27/2019	PRTD	8058	RWC INTERNATIONAL LL	229894	134962M	02/26/2019		03/24/19	2,838.39
Invoice: 134962M							PW/TANK FUEL, STRAP ASSY, BRACKET			
						1,164.20 73111423 531100	OFFICE SUPPLIES			
						1,674.19 73111427 531100	OFFICE SUPPLIES			
							CHECK 350133 TOTAL:			2,838.39
350134	03/27/2019	PRTD	617	S & B INC	229895	25113A	03/05/2019		03/24/19	970.10
Invoice: 25113A							PW/FIELD SVC, S&B POWER SUPPLY			
						970.10 73415345 548100	REPAIRS			
							CHECK 350134 TOTAL:			970.10
350135	03/27/2019	PRTD	9154	SEAMARK LAW GROUP PL	229896	630365	03/15/2019		03/24/19	13.32
Invoice: 630365							POL/REFUND ON PARKING			
						13.32 01136 362500	FAC & PARKING RENTAL-LONG TERM			
							CHECK 350135 TOTAL:			13.32
350136	03/27/2019	PRTD	7385	CHARLES P. SHANE	229897	002091	03/11/2019		03/24/19	56.25
Invoice: 002091							LEGAL/PUB DEF SVC MAR 19			
						56.25 32011281 541113	LGL-PUBLIC DEFENDER			
							CHECK 350136 TOTAL:			56.25
350137	03/27/2019	PRTD	4689	SITESTAR DONOBI INTE	229555	6793698/6796231	03/01/2019		03/24/19	6,175.00
Invoice: 6793698/6796231							IT/WAN, ISP QTRLY APR-JUNE '19			
						6,175.00 81011881 545000	IT - C/E RENTS & LEASES			
							CHECK 350137 TOTAL:			6,175.00
350138	03/27/2019	PRTD	2035	SIX ROBBLEES INC	229899	2-701911-1	03/08/2019		03/24/19	120.05
Invoice: 2-701911-1							PW/MARKERS			
						120.05 73111252 53110001000	2019 STORM RESP-STRT-SUPPLIES			
					229900	2-702958	03/04/2019		03/24/19	293.98
Invoice: 2-702958							PW/DEXTER			
						293.98 73111423 531100	OFFICE SUPPLIES			
					229901	2-703186	03/04/2019		03/24/19	546.02
Invoice: 2-703186							PW/LED BEACON PULSE			
						273.01 73111423 531100	OFFICE SUPPLIES			
						273.01 73111427 531100	OFFICE SUPPLIES			

CASH ACCOUNT: 635 111100 CASH

CHECK NO	CHK DATE	TYPE	VENDOR	NAME	VOUCHER	INVOICE	INV DATE	PO	CHECK RUN	NET
						INVOICE DTL DESC				
								CHECK	350138 TOTAL:	960.05
350139	03/27/2019	PRTD	7173	SKILLINGS CONNOLLY I	229902	11688	03/01/2019		03/24/19	26,522.93
Invoice: 11688							ENG/SPORTSMAN CLUB & NEW BROOKLYN			
					26,522.93	72321953 64110000715	SP CLUB/NB INTERSECTN-DESIGN			
								CHECK	350139 TOTAL:	26,522.93
350140	03/27/2019	PRTD	8855	SOUND LAW CENTER	229904	2212	02/05/2019		03/24/19	3,482.50
Invoice: 2212							HEX/PROF SVC			
					3,482.50	34470586 54111001014	GALBREATH RUEX/VAR PLN50996			
								CHECK	350140 TOTAL:	3,482.50
350141	03/27/2019	PRTD	9065	SOUNDWEST ENGINEERIN	229905	05-01-04	03/05/2019		03/24/19	247.50
Invoice: 05-01-04							ENG/COUNTRY CLUB BULKHEAD & CULVER			
					247.50	72111425 54110000781	CO CLUB RD BULKHEAD R&M-PRO SV			
					229906	05-01-03	02/13/2019		03/24/19	1,155.00
Invoice: 05-01-03							ENG/COUNTRY CLUB BULKHEAD & CULVER			
					1,155.00	72111425 54110000781	CO CLUB RD BULKHEAD R&M-PRO SV			
								CHECK	350141 TOTAL:	1,402.50
350142	03/27/2019	PRTD	8132	SPECTRA LABORATORIES	229907	19-01201	02/27/2019		03/24/19	21.16
Invoice: 19-01201							PW/WINWTR TESTING			
					21.16	73411345 54110000391	LAB SVCS-WATER			
					229908	19-01449	03/07/2019		03/24/19	21.16
Invoice: 19-01449							PW/ROCKAWAY BEACH TESTING			
					21.16	73415345 54110000391	LAB SVCS-WATER ROCKAWAY			
					229909	19-01451	03/07/2019		03/24/19	21.16
Invoice: 19-01451							PW/ECOLI TESTING			
					21.16	73011897 54110000391	LAB SVCS-PWY FAC			
					229910	19-01450	03/07/2019		03/24/19	105.80
Invoice: 19-01450							PW/WINWTR TESTING			
					105.80	73411345 54110000391	LAB SVCS-WATER			
								CHECK	350142 TOTAL:	169.28
350143	03/27/2019	PRTD	2467	STAPLES	229911	3470116353	03/02/2019		03/24/19	143.50
Invoice: 3470116353							EX,FIN/OFFICE SUPPLIES			
					71.75	31011131 531100	EX-GF-SUPPLIES			
					71.75	41011141 531100	FIN - C/E ADMIN SUPPLIES			

CASH ACCOUNT: 635 111100 CASH

CHECK NO	CHK DATE	TYPE	VENDOR NAME	VOUCHER	INVOICE	INV DATE	PO	CHECK RUN	NET
					INVOICE DTL DESC				
				229912	3407116362	03/02/2019		03/24/19	53.40
Invoice: 3407116362						LEGAL/LETTER PAD			
				53.40	32011152 531100	LGL-GF-SUPPLIES			
				229913	3407116360	03/02/2019		03/24/19	36.09
Invoice: 3407116360						EX,FIN/OFFICE SUPPLIES			
				22.38	31011131 531100	EX-GF-SUPPLIES			
				13.71	41011141 531100	FIN - C/E ADMIN SUPPLIES			
				229914	3407116355	03/02/2019		03/24/19	20.55
Invoice: 3407116355						FIN/STEEL VERTICAL ORG			
				20.55	41011141 531100	FIN - C/E ADMIN SUPPLIES			
				229915	3407116358	03/02/2019		03/24/19	235.88
Invoice: 3407116358						EX,FIN/TONER, KLEENEX			
				35.67	31011131 531100	EX-GF-SUPPLIES			
				200.21	41011141 531100	FIN - C/E ADMIN SUPPLIES			
				229916	3407115356	03/02/2019		03/24/19	140.03
Invoice: 3407115356						EX,LEGAL/OFFICE SUPPLIES			
				56.17	31011131 531100	EX-GF-SUPPLIES			
				83.86	32011152 531100	LGL-GF-SUPPLIES			
				229917	3407116361	03/02/2019		03/24/19	177.99
Invoice: 3407116361						EX,FIN,LEGAL/OFFICE SUPPLIES			
				17.43	31011131 531100	EX-GF-SUPPLIES			
				20.96	41011141 531100	FIN - C/E ADMIN SUPPLIES			
				139.60	32011152 531100	LGL-GF-SUPPLIES			
				229918	3407116406	03/02/2019		03/24/19	83.78
Invoice: 3407116406						ENG/BOSTITCH ELECTRIC STAPLER			
				83.78	72011321 531100	ENG - C/E ADMIN SUPPLIES			
				229919	3407116404	03/02/2019		03/24/19	79.35
Invoice: 3407116404						ENG/OFFICE SUPPLIES			
				79.35	72011321 531100	ENG - C/E ADMIN SUPPLIES			
				229920	3407116403	03/02/2019		03/24/19	58.04
Invoice: 3407116403						ENG/OFFICE SUPPLIES			
				58.04	72011321 531100	ENG - C/E ADMIN SUPPLIES			
				229921	3407116402	03/02/2019		03/24/19	11.00
Invoice: 3407116402						ENG/6 FT EXTENSION CORD			
				11.00	72011321 531100	ENG - C/E ADMIN SUPPLIES			
				229922	3407116401	03/02/2019		03/24/19	5.44
Invoice: 3407116401						ENG/MAGNETIC WHITEBOARD			
				5.44	72011321 531100	ENG - C/E ADMIN SUPPLIES			
				229923	3407116400	03/02/2019		03/24/19	25.63
Invoice: 3407116400						ENG/KLEENEX, POST-IT			
				25.63	72011321 531100	ENG - C/E ADMIN SUPPLIES			

CASH ACCOUNT: 635 111100 CASH

CHECK NO	CHK DATE	TYPE	VENDOR	NAME	VOUCHER	INVOICE	INV DATE	PO	CHECK RUN	NET
						INVOICE DTL DESC				
					229924	3407116474	03/02/2019		03/24/19	69.91
Invoice: 3407116474							PCD/HEAVY DUTY DATE STAMP			
					69.91	61011581 531100	PCD - C/E ADMIN SUPPLIES			
					229925	3407116476	03/02/2019		03/24/19	722.81
Invoice: 3407116476							PCD/OFFICE SUPPLIES			
					722.81	62471591 531100	BLDG - BLDG OFFICE SUPPLIES			
					229926	3407116477	03/02/2019		03/24/19	423.47
Invoice: 3407116477							PCD/PRESSBOARD FOLDERS			
					423.47	62471591 531100	BLDG - BLDG OFFICE SUPPLIES			
					229927	3407116475	03/02/2019		03/24/19	39.69
Invoice: 3407116475							PCD/COPIER PAPER			
					39.69	61011581 531100	PCD - C/E ADMIN SUPPLIES			
					229928	3407116522	03/02/2019		03/24/19	1,056.53
Invoice: 3407116522							POL/TONER, DRY EARSE BOARD, OFFICE SUPPLIES			
					528.27	51011211 531100	PD-C/E-ADM-SUPPLIES			
					211.31	52011212 531100	POLICE - C/E INVEST SUPPLIES			
					316.95	53011212 531100	PD-C/E-PATROL SUPPLIES			
					229988	3407116445	03/02/2019		03/24/19	192.92
Invoice: 3407116445							PW/OFFICE SUPPLIES			
					192.92	73637891 531100	OFFICE SUPPLIES			
					229989	3407116446	03/02/2019		03/24/19	6.51
Invoice: 3407116446							PW/BLACK WHITEBOARD MARKER			
					6.51	73637891 531100	OFFICE SUPPLIES			
							CHECK 350143 TOTAL:			3,582.52
350144	03/27/2019	PRTD	2122	STERICYCLE INC	229929	3004604914	02/28/2019		03/24/19	10.36
Invoice: 3004604914							POL/BIOHAZARD DISPOSAL			
					10.36	51011211 541100	PD-C/E-ADM-PROF SVCS			
							CHECK 350144 TOTAL:			10.36
350145	03/27/2019	PRTD	8244	SUPPLYWORKS	229930	479926495	02/26/2019		03/24/19	2,171.14
Invoice: 479926495							PW/CLEANING SUPPLIES			
					2,171.14	73637948 531100	O&M ALLOC-CITY WIDE SUPPLIES			
							CHECK 350145 TOTAL:			2,171.14
350146	03/27/2019	PRTD	9155	SURPLUS AMMO & ARMS,	229931	19-0094	03/08/2019		03/24/19	428.22
Invoice: 19-0094							POL/PRACTICE AMMO			
					428.22	53011212 531100	PD-C/E-PATROL SUPPLIES			

CASH ACCOUNT: 635 111100 CASH

CHECK NO	CHK DATE	TYPE	VENDOR	NAME	VOUCHER	INVOICE	INV DATE	PO	CHECK RUN	NET
				INVOICE DTL DESC						
							CHECK	350146 TOTAL:		428.22
350147	03/27/2019	PRTD	8199	SYSTEMS FOR PUBLIC S	229932	34904	02/13/2019		03/24/19	730.84
Invoice: 34904				POL/DASH CAM INSTALL X1						
				730.84 53011212 54110000956 AXON CAMERA SYSTEMS-PROF SVCS						
							CHECK	350147 TOTAL:		730.84
350148	03/27/2019	PRTD	565	TACOMA SCREW PRODUCT	229933	14318165	03/06/2019		03/24/19	11.45
Invoice: 14318165				PW/COWHIDE DRIVER GLOVE						
				11.45 73638935 531100 O&M-STD ALLOCATION-SUPPLIES						
					229990	14318192	03/06/2019		03/24/19	352.89
Invoice: 14318192				PW1/2" CHAIN SHACKLE W/ROUND PIN						
				352.89 73111252 53110001000 2019 STORM RESP-STRT-SUPPLIES						
							CHECK	350148 TOTAL:		364.34
350149	03/27/2019	PRTD	4819	THOMSON REUTERS - WE	229934	839909448	03/01/2019		03/24/19	531.62
Invoice: 839909448				LEGAL/INFO SVC FEB 19						
				531.62 32011152 549100 LGL-GF-DUES & SUBSCRIPTIONS						
							CHECK	350149 TOTAL:		531.62
350150	03/27/2019	PRTD	6714	TOSHIBA FINANCIAL SE	229935	24426079	03/12/2019		03/24/19	353.16
Invoice: 24426079				PCD/E-STUDIO6560C COPIER LEASE						
				353.16 61470581 545000 PCD - DEV ADMIN RENTS & LEASES						
							CHECK	350150 TOTAL:		353.16
350151	03/27/2019	PRTD	558	TOWN & COUNTRY MARKE	229993	03/19/19	03/19/2019		03/24/19	79.60
Invoice: 03/19/19				EX/BOXED LUNCHES						
				79.60 31011131 541100 EX-GF-PROF SERVICES						
							CHECK	350151 TOTAL:		79.60
350152	03/27/2019	PRTD	4929	TYLER TECHNOLOGIES I	229556	045-252786	03/01/2019		03/24/19	8,364.00
Invoice: 045-252786				IT/EXECUTIME ANNUAL MAINT						
				8,364.00 81011881 548500 IT - C/E COMPUTER SUPPORT						
							CHECK	350152 TOTAL:		8,364.00
350153	03/27/2019	PRTD	7441	URBAN FORESTRY SERVI	229994	44-19	02/04/2019		03/24/19	5,731.25
Invoice: 44-19				PW/SHADE COVENANT CRAWFORD PROPER						
				5,731.25 73011593 54110000998 SHADE COVENANT-PROF SVCS						

CASH ACCOUNT: 635 111100 CASH

CHECK NO	CHK DATE	TYPE	VENDOR	NAME	VOUCHER	INVOICE	INV DATE	PO	CHECK RUN	NET
						INVOICE DTL DESC				
					229995	98-19	03/07/2019		03/24/19	87.50
Invoice: 98-19							PW/SHADE COVENANT CRAWFORD PROPER			
					87.50	73011593 54110000998	SHADE COVENANT-PROF SVCS			
								CHECK 350153 TOTAL:		5,818.75
350154	03/27/2019	PRTD	1152	USA BLUE BOOK	229937	826257	02/28/2019		03/24/19	55.60
Invoice: 826257							PW/MAGNESIUM CHLORIDE			
					55.60	73425358 531100	O&M-WWTP-SUPPLIES			
					229938	825097	02/27/2019		03/24/19	348.69
Invoice: 825097							PW/HACH PH BUFFER, SCILOGEX			
					348.69	73425358 531100	O&M-WWTP-SUPPLIES			
								CHECK 350154 TOTAL:		404.29
350155	03/27/2019	PRTD	5402	VIRTUAL GRAFFITI INC	229939	837439	03/11/2019		03/24/19	2,460.45
Invoice: 837439							IT/EMAIL ARCHIVE SYSTEM ANNUAL MAINT			
					2,460.45	81011881 548500	IT - C/E COMPUTER SUPPORT			
								CHECK 350155 TOTAL:		2,460.45
350156	03/27/2019	PRTD	7420	WA ST DEPT OF ENTERP	229941	15117681	06/26/2018		03/24/19	26.25
Invoice: 15117681							PW/DOL REPORT OF SALE FILING FEE			
					26.25	73011483 549100	O&M-GF-MECH SHOP-LIC/DUES			
								CHECK 350156 TOTAL:		26.25
350157	03/27/2019	PRTD	4104	WA ST FERRIES	229557	RK325502	02/28/2019		03/24/19	276.95
Invoice: RK325502							FEB19 WAVE2GO FERRY CHARGES			
					47.70	72011321 543100	ENG - C/E ADMIN TRAVEL EXPENSE			
					229.25	73011189 543100	O&M-FAC-TRAVEL/MEALS/LODGING			
								CHECK 350157 TOTAL:		276.95
350158	03/27/2019	PRTD	4626	WASHINGTON STATE UNI	229878	38150275	03/06/2019		03/24/19	350.00
Invoice: 38150275							POL/PIEPC CONF: LUNDGREN			
					350.00	51011217 443410	PD-C/E-PARKING ENF-TRAINING			
								CHECK 350158 TOTAL:		350.00
350159	03/27/2019	PRTD	4297	WACE TREASURER ORLAN	229940	3/15/19	03/15/2019		03/24/19	40.00
Invoice: 3/15/19							PCD/2019 SPRING CONF: AP			
					40.00	65011597 443410	CODE - C/E TRAINING EXPENSE			

CASH ACCOUNT: 635 111100 CASH

CHECK NO	CHK DATE	TYPE	VENDOR	NAME	VOUCHER	INVOICE	INV DATE	PO	CHECK RUN	NET
						INVOICE DTL DESC				
							CHECK	350159 TOTAL:		40.00
350160	03/27/2019	PRTD	8390	WEST HILLS FORD MAZD	229946	109737	03/04/2019		03/24/19	118.92
Invoice: 109737							PW/HOSE - RADIATOR			
					59.46	73111423 531100	OFFICE SUPPLIES			
					59.46	73111427 531100	OFFICE SUPPLIES			
					229947	109562	02/22/2019		03/24/19	359.32
Invoice: 109562							POL/ROTOR ASY BRAKE			
					359.32	53011212 531100	PD-C/E-PATROL SUPPLIES			
					229948	109503	02/20/2019		03/24/19	48.27
Invoice: 109503							PW/MOULDING BUMPER			
					48.27	73111252 53110001000	2019 STORM RESP-STRT-SUPPLIES			
							CHECK	350160 TOTAL:		526.51
350161	03/27/2019	PRTD	9160	WEST SOUND PLUMBING	229991	8260	03/11/2019		03/24/19	168.96
Invoice: 8260							PW/ASSESSED CLOG @ 370 BRIEN BLDG			
					168.96	73011755 548100	O&M-COMMONS REPAIRS			
							CHECK	350161 TOTAL:		168.96
350162	03/27/2019	PRTD	2064	WEST SOUND WORKFORCE	229949	38954	03/04/2019		03/24/19	1,193.55
Invoice: 38954							FIN/TEMP HIRE HRS: KW			
					1,193.55	41011141 515000	FIN - C/E ADMIN SALARY TEMP			
					229950	38615	02/25/2019		03/24/19	883.43
Invoice: 38615							FIN/TEMP HIRE HRS: KW			
					883.43	41011141 515000	FIN - C/E ADMIN SALARY TEMP			
							CHECK	350162 TOTAL:		2,076.98
350163	03/27/2019	PRTD	499	WESTBAY AUTO PARTS I	229943	435167	03/08/2019		03/24/19	68.33
Invoice: 435167							PW/GASKET PUNCH			
					68.33	73421355 531100	WIN COLL-SUPPLIES			
					229944	434421	03/05/2019		03/24/19	71.77
Invoice: 434421							PW/RADIATOR HOSE			
					35.89	73111423 531100	OFFICE SUPPLIES			
					35.88	73111427 531100	OFFICE SUPPLIES			
					229945	433931	03/04/2019		03/24/19	55.13
Invoice: 433931							PW/LAMPS, MINIATURE LAMP			
					55.13	990 141100	MERCHANDISE			

CASH ACCOUNT: 635 111100 CASH

CHECK NO	CHK DATE	TYPE	VENDOR	NAME	VOUCHER	INVOICE	INV DATE	PO	CHECK RUN	NET
						INVOICE DTL DESC				
							CHECK	350163 TOTAL:		195.23
350164	03/27/2019	PRTD	7221	WING POINT PROPERTIE	229951	PLN50804B	03/07/2019		03/24/19	1,590.00
Invoice: PLN50804B							PCD/FEE REFUND PLN50804B CUP			
					1,590.00	47047 345810	ZONING & SUBDIVISION FE			
							CHECK	350164 TOTAL:		1,590.00
350165	03/27/2019	PRTD	8550	WOODBROOK NATIVE PLA	229992	213520NN	02/22/2019		03/24/19	1,494.42
Invoice: 213520NN							PW/COASTAL STRAWBERRY, WESTERN SWORD FERN			
					1,494.42	73011768 531100	O&M-C/E-PARKS-SUPPLIES			
							CHECK	350165 TOTAL:		1,494.42
350166	03/27/2019	PRTD	2607	ZEE MEDICAL SERVICE	229558	68371608	03/04/2019		03/24/19	83.25
Invoice: 68371608							PW/SEN CTR - FIRST AID RESTOCK			
					83.25	73011755 531100	O&M-COMMONS SUPPLIES			
					229559	68371598	03/01/2019		03/24/19	269.69
Invoice: 68371598							PW/FIRST AID RESTOCK			
					269.69	73637891 531100	OFFICE SUPPLIES			
					229952	68371604	03/04/2019		03/24/19	88.77
Invoice: 68371604							POL/FIRST AID RESTOCK			
					88.77	51011211 531100	PD-C/E-ADM-SUPPLIES			
					229953	68371601	03/01/2019		03/24/19	170.98
Invoice: 68371601							CRT/FIRST AID RESTOCK			
					170.98	21011125 531100	COURT - SUPPLIES			
							CHECK	350166 TOTAL:		612.69

NUMBER OF CHECKS 127 *** CASH ACCOUNT TOTAL *** 265,114.40

	COUNT	AMOUNT
TOTAL PRINTED CHECKS	127	265,114.40

*** GRAND TOTAL *** 265,114.40

JOURNAL ENTRIES TO BE CREATED

CLERK: fintemp

YEAR PER JNL / SRC ACCOUNT / EFF DATE	JNL DESC	REF 1	REF 2	REF 3	ACCOUNT DESC / LINE DESC	T	OB	DEBIT	CREDIT
2019 3 231									
APP 001-213000					GENERAL - ACCOUNTS PAYABLE			96,368.85	
03/27/2019	03/24/19	032719			AP CASH DISBURSEMENTS JOURNAL				
APP 635-111100					CASH				265,114.40
03/27/2019	03/24/19	032719			AP CASH DISBURSEMENTS JOURNAL				
APP 101-213000					STREETS - ACCOUNTS PAYABLE			33,371.23	
03/27/2019	03/24/19	032719			AP CASH DISBURSEMENTS JOURNAL				
APP 403-213000					ACCOUNTS PAYABLE			4,785.44	
03/27/2019	03/24/19	032719			AP CASH DISBURSEMENTS JOURNAL				
APP 402-213000					ACCOUNTS PAYABLE			52,205.36	
03/27/2019	03/24/19	032719			AP CASH DISBURSEMENTS JOURNAL				
APP 631-213000					ACCOUNTS PAYABLE			13,699.15	
03/27/2019	03/24/19	032719			AP CASH DISBURSEMENTS JOURNAL				
APP 401-213000					ACCOUNTS PAYABLE			8,274.36	
03/27/2019	03/24/19	032719			AP CASH DISBURSEMENTS JOURNAL				
APP 301-213000					ACCOUNTS PAYABLE			41,632.67	
03/27/2019	03/24/19	032719			AP CASH DISBURSEMENTS JOURNAL				
APP 407-213000					ACCOUNTS PAYABLE			7,878.39	
03/27/2019	03/24/19	032719			AP CASH DISBURSEMENTS JOURNAL				
APP 622-213000					ACCOUNTS PAYABLE			650.00	
03/27/2019	03/24/19	032719			AP CASH DISBURSEMENTS JOURNAL				
APP 901-213000					ACCOUNTS PAYABLE			5,717.95	
03/27/2019	03/24/19	032719			AP CASH DISBURSEMENTS JOURNAL				
APP 650-213000					ACCOUNTS PAYABLE			531.00	
03/27/2019	03/24/19	032719			AP CASH DISBURSEMENTS JOURNAL				
					GENERAL LEDGER TOTAL			265,114.40	265,114.40
APP 631-130000					DUE TO/FROM CLEARING			251,415.25	
03/27/2019	03/24/19	032719			GENERAL - DUE TO/FROM CLEARING				96,368.85
APP 001-130000									
03/27/2019	03/24/19	032719			STREETS - DUE TO/FROM CLEARING				33,371.23
APP 101-130000									
03/27/2019	03/24/19	032719			DUE TO/FROM CLEARING				4,785.44
APP 403-130000									
03/27/2019	03/24/19	032719			DUE TO/FROM CLEARING				52,205.36
APP 402-130000									
03/27/2019	03/24/19	032719			DUE TO/FROM CLEARING				8,274.36
APP 401-130000									
03/27/2019	03/24/19	032719			DUE TO/FROM CLEARING				41,632.67
APP 301-130000									
03/27/2019	03/24/19	032719			DUE TO/FROM CLEARING				7,878.39
APP 407-130000									
03/27/2019	03/24/19	032719			DUE TO/FROM CLEARING				650.00
APP 622-130000									
03/27/2019	03/24/19	032719			DUE TO/FROM CLEARING				5,717.95
APP 901-130000									

JOURNAL ENTRIES TO BE CREATED

YEAR PER JNL SRC ACCOUNT	EFF DATE	JNL DESC	REF 1	REF 2	REF 3	ACCOUNT DESC / LINE DESC	T	OB	DEBIT	CREDIT
	03/27/2019	03/24/19	032719							
APP 650-130000						DUE TO/FROM CLEARING				531.00
	03/27/2019	03/24/19	032719							
						SYSTEM GENERATED ENTRIES TOTAL			251,415.25	251,415.25
						JOURNAL 2019/03/231 TOTAL			516,529.65	516,529.65

JOURNAL ENTRIES TO BE CREATED

FUND / ACCOUNT	YEAR PER	JNL	EFF DATE	ACCOUNT DESCRIPTION	DEBIT	CREDIT
001 GENERAL FUND	2019 3	231	03/27/2019			
001-130000				GENERAL - DUE TO/FROM CLEARING		96,368.85
001-213000				GENERAL - ACCOUNTS PAYABLE	96,368.85	
				FUND TOTAL	96,368.85	96,368.85
101 STREET FUND	2019 3	231	03/27/2019			
101-130000				STREETS - DUE TO/FROM CLEARING		33,371.23
101-213000				STREETS - ACCOUNTS PAYABLE	33,371.23	
				FUND TOTAL	33,371.23	33,371.23
301 CAPITAL CONSTRUCTION FUND	2019 3	231	03/27/2019			
301-130000				DUE TO/FROM CLEARING		41,632.67
301-213000				ACCOUNTS PAYABLE	41,632.67	
				FUND TOTAL	41,632.67	41,632.67
401 WATER OPERATING FUND	2019 3	231	03/27/2019			
401-130000				DUE TO/FROM CLEARING		8,274.36
401-213000				ACCOUNTS PAYABLE	8,274.36	
				FUND TOTAL	8,274.36	8,274.36
402 SEWER OPERATING FUND	2019 3	231	03/27/2019			
402-130000				DUE TO/FROM CLEARING		52,205.36
402-213000				ACCOUNTS PAYABLE	52,205.36	
				FUND TOTAL	52,205.36	52,205.36
403 STORM & SURFACE WATER FUND	2019 3	231	03/27/2019			
403-130000				DUE TO/FROM CLEARING		4,785.44
403-213000				ACCOUNTS PAYABLE	4,785.44	
				FUND TOTAL	4,785.44	4,785.44
407 BUILDING & DEVELOPMENT FUND	2019 3	231	03/27/2019			
407-130000				DUE TO/FROM CLEARING		7,878.39
407-213000				ACCOUNTS PAYABLE	7,878.39	
				FUND TOTAL	7,878.39	7,878.39
622 EXPENDABLE TRUST FUND	2019 3	231	03/27/2019			
622-130000				DUE TO/FROM CLEARING		650.00
622-213000				ACCOUNTS PAYABLE	650.00	
				FUND TOTAL	650.00	650.00
631 CLEARING FUND	2019 3	231	03/27/2019			

JOURNAL ENTRIES TO BE CREATED

FUND / ACCOUNT	YEAR	PER	JNL	EFF DATE	ACCOUNT DESCRIPTION	DEBIT	CREDIT
631-130000					DUE TO/FROM CLEARING	251,415.25	
631-213000					ACCOUNTS PAYABLE	13,699.15	
635-111100					CASH		265,114.40
					FUND TOTAL	265,114.40	265,114.40
650 AGENCY FUND	2019	3	231	03/27/2019			
650-130000					DUE TO/FROM CLEARING		531.00
650-213000					ACCOUNTS PAYABLE	531.00	
					FUND TOTAL	531.00	531.00
901 CITY-WIDE REPORTING FUND	2019	3	231	03/27/2019			
901-130000					DUE TO/FROM CLEARING		5,717.95
901-213000					ACCOUNTS PAYABLE	5,717.95	
					FUND TOTAL	5,717.95	5,717.95

JOURNAL ENTRIES TO BE CREATED

FUND		DUE TO	DUE FROM
001	GENERAL FUND		96,368.85
101	STREET FUND		33,371.23
301	CAPITAL CONSTRUCTION FUND		41,632.67
401	WATER OPERATING FUND		8,274.36
402	SEWER OPERATING FUND		52,205.36
403	STORM & SURFACE WATER FUND		4,785.44
407	BUILDING & DEVELOPMENT FUND		7,878.39
622	EXPENDABLE TRUST FUND		650.00
631	CLEARING FUND	251,415.25	
650	AGENCY FUND		531.00
901	CITY-WIDE REPORTING FUND		5,717.95
	TOTAL	251,415.25	251,415.25

** END OF REPORT - Generated by Khammy Wahaus **

CITY OF BAINBRIDGE ISLAND

City Council Regular Business Meeting Agenda Bill

MEETING DATE: March 26, 2019 **ESTIMATED TIME:**

AGENDA ITEM: City Council Study Session Minutes, March 5, 2019

STRATEGIC PRIORITY: Good Governance

PRIORITY BASED BUDGETING PROGRAM:

AGENDA CATEGORY: Consent Agenda **PROPOSED BY:** Executive

RECOMMENDED MOTION:
Approve with Consent Agenda

SUMMARY:
Consider approval of meeting minutes.

FISCAL IMPACT:

Amount:	
Ongoing Cost:	
One-Time Cost:	
Included in Current Budget?	

BACKGROUND:

ATTACHMENTS:

City Council Study Session Minutes, March 5, 2019.pdf

FISCAL DETAILS:

Fund Name(s):

Coding:

CITY OF
BAINBRIDGE ISLAND

CITY COUNCIL STUDY SESSION
TUESDAY, MARCH 5, 2019

MEETING MINUTES

1) CALL TO ORDER / ROLL CALL

Mayor Medina called the meeting to order at 6:01 p.m. in Council Chambers.

Mayor Medina, Deputy Mayor Schneider and Councilmembers Blossom, Deets, Nassar, Peltier and Tirman were present.

2) EXECUTIVE SESSION

2.A **Pursuant to RCW 42.30.110(1)(i), to discuss with legal counsel matters relating to litigation or potential litigation to which the city, the governing body, or a member acting in an official capacity is, or is likely to become, a party, when public knowledge regarding the discussion is likely to result in an adverse legal or financial consequence to the agency.**
Cover Page

[added] Pursuant to RCW 42.30.110(1)(f), to receive and evaluate complaints or charges brought against a public officer or employee.

Mayor Medina adjourned the meeting to an executive session at 6:03 p.m. pursuant to RCW 42.30.110(l)(i) and RCW 42.30.110(l)(f). Mayor Medina extended the executive session until 7:10 p.m. Council returned from executive session at 7:01 p.m. and Mayor Medina re-convened the meeting with the aforementioned Councilmembers at 7:02 p.m.

3) APPROVAL OF AGENDA/ CONFLICT OF INTEREST DISCLOSURE

Councilmember Tirman requested a discussion on a Green New Deal resolution.

Councilmember Deets requested a discussion on the Public Safety Committee.

Councilmember Schneider requested more time for discussion on Item 5.D. (Sustainable Transportation Request for Qualifications)

Councilmember Peltier moved and Councilmember Tirman seconded to approve the agenda as amended. The motion was approved by unanimous consent.

There were no conflicts of interest disclosed.

4) MAYOR'S REPORT

Mayor Medina mentioned the April 10 Washington State Department of Transportation Highway 305 open house to be held in Council Chambers.

Mayor Medina commented the property owner is responsible for snow removal on sidewalks.

5) UNFINISHED BUSINESS

5.A Update on Moratorium - Planning

Cover Page
20190222 Moratorium work program status report.docx
Ordinance No. 2018-43 Amending the Moratorium Approved 111318.pdf
Development Moratorium Summary Effective 20181121.pdf

Planning Director Christensen introduced the agenda item and provided an update on the moratorium work plan and timelines.

5.B Shoreline Master Program Periodic Review Process Public Participation Program and Work Plan - Planning

Cover Page
20190226_SMP_PPP_and_WP.docx

Senior Planner Carr introduced the agenda item and requested authorization to move forward with the program.

MOTION: I move to forward the SMP periodic review public participation program and work plan for approval to the March 12, 2019 Agenda under unfinished business.
Tirman/Nassar: The motion carried unanimously, 7-0.

5.C Amendment No. 2 to the Interlocal Agreement with the Washington State Department of Licensing to Increase Bainbridge Island's Portion of the State Vehicle License Fee from $20 to $30 - Finance

Cover Page
Amendment No. 2 to the ILA with the WA DOL

Interim Accounting Manager Logghe introduced the agenda item.

MOTION: I move to forward Amendment No. 2 to the Interlocal Agreement with the Washington State Department of Licensing for approval with the March 12, 2019 Consent Agenda.
Nassar/Tirman: Motion carried 6 – 1.

AYES: Sarah Blossom, Rasham Nassar, Matt Tirman, Joe Deets, Leslie Schneider, Kol Medina
NOES: Ron Peltier
ABSENT: None
ABSTAIN: None

5.D Sustainable Transportation Request for Qualifications - Public Works
Cover Page
Sustainable Transportation RFQ

Engineering Project Manager Epstein introduced the agenda item. Council discussed the evaluation criteria and makeup of the selection committee.

AMENDED MOTION: I move to forward the Sustainable Transportation Request for Qualifications for approval with the March 12, 2019 Consent Agenda with recommended edits.
Nassar/Schneider: The motion carried unanimously.

6) NEW BUSINESS

6.A Public Art Committee - Something New Phase 1 Report and Phase 2 Proposal - Executive
Cover Page
SN Phase 2 for CC 03052019

Carl Sussman and Sean Parker of the Public Arts Committee provided a presentation on their proposal.

Council agreed to extend the project for five more years.

6.B Public Art Committee Proposal to Purchase Art - Executive
Cover Page
Photo of "Hand in Hand"
Hand in Hand Purchase Proposal

Mayor Medina provided a brief introduction of the agenda item.

MOTION: I move to approve the purchase of the artwork "Hand in Hand" for $13,000 and support this expenditure with the Public Art Subfund and to authorize the City Manager to draft and execute an agreement to effectuate the purchase of the artwork.
Peltier/Deets: The motion was approved by unanimous consent.

6.C Ordinance No. 2019-05 Revising the BIMC Sewer Code to Allow a Limited Number of Onsite Systems in Sewer Service Areas - Public Works
Cover Page
Ordinance No. 2019-05 Relating to Sewer Connection Requirements

Public Works Director Loveless introduced the agenda item.

MOTION: I move to forward for approval with the March 12, 2019, Consent Agenda, Ordinance No. 2019-05 Relating to onsite systems and the Sewer Code with an amendment to Section 1.D, subsection 5, the number of blackwater onsite treatment units allowed by the City's sewer service area to the equivalent of 100 residential ERU's.
Peltier/Schneider: Motion carried 6 – 1.

AYES: Ron Peltier, Rasham Nassar, Matt Tirman, Joe Deets, Leslie Schneider, Kol Medina
NOES: Sarah Blossom
ABSENT: None
ABSTAIN: None

6.D Green New Deal Resolution [added]

Councilmember Tirman introduced the draft resolution and asked Council to consider it further at a City Council meeting in March.

6.E Public Safety Committee [added]

Councilmember Deets introduced the agenda item regarding the Public Safety Committee. Councilmember Deets will return to Council with a memorandum laying out the need to reconstitute the committee.

7) CITY COUNCIL DISCUSSION

7.A Proposal on Tiny Homes - Councilmember Nassar

Cover Page
SampleTinyHousesPresentation.pdf
Tiny-Homes-submittal-requirementsfresno.pdf
tinyhousesnantucketFYI.pdf
Affordable Housing Task Force Final Report and Appendices.pdf

Councilmember Nassar led a discussion on Tiny Homes.

8) FUTURE COUNCIL AGENDAS

8.A Future Council Agendas

Cover Page
City Council Regular Business Meeting 031219
City Council Study Session 031919
City Council Regular Business Meeting 032619

Councilmember Peltier asked to add a discussion on community solar projects and Council agreed to add it to the March 19, 2019 Study Session agenda.

Deputy Mayor Schneider mentioned the Multi-Modal Transportation Advisory Committee has requested time on the March 26, 2019 agenda.

Councilmember Tirman would like to have a conversation on all non-recyclable and non-compostable food containers by June 2019.

9) FOR THE GOOD OF THE ORDER

Councilmember Nassar is working on a Rights of Nature ordinance with Councilmember Peltier.

Deputy Mayor Schneider is organizing a reception for the homeless photo exhibit for the first Friday in April.

10) ADJOURNMENT

Mayor Medina adjourned the meeting at 10:05 p.m.

_____
Kol Medina, Mayor

_____
Kelly Jahraus, Deputy City Clerk

CITY OF BAINBRIDGE ISLAND

City Council Regular Business Meeting Agenda Bill

MEETING DATE: March 26, 2019 **ESTIMATED TIME:**

AGENDA ITEM: City Council Regular Business Meeting Minutes, March 12, 2019

STRATEGIC PRIORITY: Good Governance

PRIORITY BASED BUDGETING PROGRAM:

AGENDA CATEGORY: Consent Agenda **PROPOSED BY:** Executive

RECOMMENDED MOTION:
Approve with Consent Agenda.

SUMMARY:
Consider approval of meeting minutes.

FISCAL IMPACT:

Amount:	
Ongoing Cost:	
One-Time Cost:	
Included in Current Budget?	

BACKGROUND:

ATTACHMENTS:

City Council Regular Business Meeting Minutes, March 12, 2019.pdf

FISCAL DETAILS:

Fund Name(s):

Coding:

CITY OF
BAINBRIDGE ISLAND

CITY COUNCIL REGULAR BUSINESS MEETING
TUESDAY, MARCH 12, 2019

MEETING MINUTES

1) CALL TO ORDER/ROLL CALL/PLEDGE OF ALLEGIANCE

Mayor Medina called the meeting to order at 6:02 p.m. in Council Chambers.

Mayor Medina, Deputy Mayor Schneider and Councilmembers Blossom, Peltier, Nassar, Deets, and Tirman were present.

2) EXECUTIVE SESSION

2.A Pursuant to RCW 42.30.110(1)(i), to discuss with legal counsel matters relating to litigation or potential litigation to which the city, the governing body, or a member acting in an official capacity is, or is likely to become, a party, when public knowledge regarding the discussion is likely to result in an adverse legal or financial consequence to the agency and pursuant to RCW 42.30.110(1)(f) to receive and evaluate complaints or charges brought against a public officer.
Cover Page

Mayor Medina adjourned the meeting to an executive session at 6:03 p.m. pursuant to RCW 42.30.110(l)(i) and RCW 42.30.110(l)(f). Mayor Medina extended the executive session until 6:55 p.m. Council returned from executive session at 7:01 p.m.

3) APPROVAL OF AGENDA / CONFLICT OF INTEREST DISCLOSURE

Mayor Medina reconvened the meeting at 7:02 p.m.

Deputy Mayor Schneider requested that Item 10.I on the Consent Agenda be pulled for more discussion.

Councilmember Peltier moved and Councilmember Nassar seconded to approve the agenda as amended. The motion was approved by unanimous consent. There were no conflicts of interest disclosed.

4) PUBLIC COMMENT

Sal DeRosalia commented on the removal of a councilmember liaison from the Race Equity Task Force.

Michael Zigich spoke regarding the February 28 Planning Commission meeting and amendments to the Shoreline Management Plan.

Dick Haugan commented on climate change.

5) MAYOR'S REPORT

Mayor Medina stated that action was taken at last week's March 5 study session without benefit of public comment. The material will be in the March 26 agenda packet and the public will have an opportunity to comment.

Mayor Medina mentioned the Washington State Department of Transportation open house on April 10 in Council Chambers.

6) CITY MANAGER'S REPORT

City Manager Smith mentioned water main flushing and two opportunities to serve on Kitsap County Boundary Review Board and the Kitsap Transit Advisory Board.

7) PRESENTATION(S)

7.A Environmental Technical Advisory Committee 2018 Annual Report and 2019 Work Plan

Cover Page
Environmental Technical Advisory Committee 2018 Report & 2019 Work Plan

Charlie Kratzer, chair of the Environmental Technical Advisory Committee, presented the 2018 report and 2019 work plan.

MOTION: I move to forward the Environmental Technical Advisory Committee's 2018 report and 2019 work plan, as presented, for acceptance with the March 26, 2019 Consent Agenda.
Blossom/Deets: The motion was approved by unanimous consent.

8) UNFINISHED BUSINESS

8.A Ordinance No. 2019-04, Updating the City's Sign Code - Planning

Cover Page
PCD Staff Memo
Reed v. Gilbert Article
Sign Code Update PowerPoint
Draft - Ordinance No. 2019-04, Updating the City's Sign Code
Exhibit A - Updated Chapter 15.08 Bainbridge Island Municipal Code - Redline

Code Compliance Officer Pool and Deputy City Attorney Sepler addressed Council and provided a presentation on the sign code update.

Public Comment
Robert Jacobson commented on the sandwich boards on Winslow Way.

Pam Cole commented to wheelchair accessibility.

MOTION: I move to direct staff to revise draft Ordinance No. 2019-04 to include the City's current sandwich board regulations and then return to Council at a future study session for discussion with a redlined version of the ordinance.
Blossom/Tirman: The motion carried unanimously, 7-0.

8.B Kitsap Humane Society's Recommended Updates to the City's Animal Control Code

Cover Page
Kitsap Humane Society's Animal Control Code Recommendations

Deputy City Attorney Sepler introduced the agenda item. Eric Stevens, Executive Director for the Kitsap Humane Society, and Animal Control Officer Chase Connolly addressed council.

MOTION: I move to direct staff to prepare an ordinance to adopt Kitsap Humane Society's recommended updates to the City's Animal Control Code.
Blossom/Deets: The motion carried unanimously, 7-0.

8.C Shoreline Master Program Periodic Review Process Public Participation Program and Work Plan - Planning

Cover Page
20190226_SMP_PPP_and_WP.docx

Senior Planner Carr introduced the agenda item.

Mack Pearl, Planning Commission member, commented on net loss,

Bill Chester, Chair of the Planning Commission, asked to change the schedule for the public participation program allowing no net loss to be the first item discussed.

Senior Planner Carr answered questions from Council.

MOTION: I move to approve the SMP periodic review public participation program and work plan.
Tirman/Schneider: The motion carried unanimously, 7-0.

9) NEW BUSINESS

9.A Interlocal Agreement with Kitsap County for Reimbursable Work - Public Works

Cover Page
KC-118-19 - ILA with City of Bainbridge Island for Reimbursable Services

Public Works Director Loveless introduced the agenda item.

MOTION: I move to forward the Interlocal Agreement with Kitsap County for Reimbursable Work for approval with the March 26, 2019 Consent Agenda.
Nassar/Deets: The motion carried unanimously, 7-0.

9.B Slope Mower Purchase - Public Works

Harper 72LC Slope Mower - Overview
Cover Page

Public Works Director Loveless introduced the agenda item.

MOTION: I move to forward the purchase of a Harper 72LC Slope Mower, canopy, and winch in the amount of $57,275.59 for approval with the March 26, 2019 Consent Agenda.
Nassar/Deets: The motion was approved by unanimous consent.

9.C Decommission Topiary Art Piece at City Hall - Executive

Cover Page
PAC Minutes 1.9.19
Bard Letter to PAC
Photo of Bard Topiary at City Hall
Photo of Damage to Bard Topiary at City Hall
1998 Artwork Commission Agreement

Deputy City Manager Schroer introduced the agenda item.

MOTION: I move to affirm the recommendation from the Public Art Committee and the artist to remove and destroy the topiary artwork located adjacent to City Hall.
Blossom/Peltier: The motion carried unanimously, 7-0.

9.D Olympic Drive Non-Motorized Improvements Professional Services Agreement for Support Services - Public Works

Cover Page
Olympic Drive Construction Administration/Inspector Support Services RFQ

Public Works Director Loveless introduced the agenda item.

MOTION: I move to forward consideration of the Olympic Drive Non-Motorized Improvements Professional Services Agreement for Support Services to the March 26, 2019 Unfinished Business Agenda.
Blossom/Tirman: The motion was approved by unanimous consent.

9.E 2019 Shore Friendly Program Request for Grant Proposals - Planning

Cover Page
2019 Shore Friendly Program RFP

Senior Planner Carr introduced the agenda item.

MOTION: I move to forward authorization for staff to submit a proposal in response to the 2019 Shore Friendly Program Request for Grant Proposals for approval with the March 26, 2019 Consent Agenda.
Nassar/Schneider: The motion was approved by unanimous consent.

9.F Schedule a Public Hearing on Ordinance No. 2019-10, Related to the Extending the Moratorium on Certain Development Activities - Planning

Cover Page

Planning Director Christensen introduced the agenda item asking Council to schedule the public hearing.

MOTION: I move to schedule a public hearing on March 26, 2019, related to Ordinance No. 2019-10, which would extend the moratorium on certain development activities for 180 days.
Schneider/Nassar: The motion carried unanimously, 7-0.

9.G **Sustainable Transportation Request for Qualifications - Public Works** [pulled from Consent Agenda]
Cover Page
Sustainable Transportation RFQ

Deputy Mayor Schneider introduced the agenda item. Following Council discussion, this item will be placed on the March 19, 2019 Study Session agenda.

10) CONSENT AGENDA

10.A **Agenda Bill for Consent Agenda**
Cover Page

10.B **Accounts Payable and Payroll**
Cover Page
Report to Council of Cash Disbursements 03-13-19.pdf
Payroll.pdf

Accounts Payable: check number 349889 from previous run = $257.36; manual check number sequence 349890 – 349900 = $81,242.81; regular check number sequence 349901 – 350029 = $601,058.92; retainage release = $1,380.68; EFT = $5,810.16; ACH 333 – 334 = $4,160.67. Total disbursement = $692,272.56.

Payroll: normal direct deposit check sequence 044128 - 044251 = $292,278.48; regular payroll check sequence 108880 – 108881 = $3,888.00; vendor check run sequence 108882 – 108896 = $313,011.30; ACH = $308.69; Federal Tax Electronic Funds Transfer = $111,726.98; miscellaneous payroll numbers 108897 – 108899 = $2,520.08 Total disbursement = $723,784.14.

10.C **City Council Study Session Minutes, February 19, 2019**
Cover Page
CCMIN 021919 STUDY SESSION

10.D **City Council Regular Business Meeting Minutes, February 26, 2019**
Cover Page
CCMIN 022619 BUSINESS

10.E **Design Review Board 2018 Annual Report and 2019 Work Plan**
Cover Page
Design Review Board 2018 Annual Report & 2019 Work Plan

10.F **Climate Change Advisory Committee 2018 Annual Report and 2019 Work Plan**
Cover Page
Climate Change Advisory Committee 2018 Annual Report and 2019 Work Plan

10.G **Historic Preservation Commission 2018 Annual Report and 2019 Work Plan**
Cover Page
Historic Preservation Commission 2018 Annual Report and 2019 Work Plan

10.H Amendment No. 2 to the Interlocal Agreement with the Washington State Department of Licensing to Increase Bainbridge Island's Portion of the State Vehicle License Fee from $20 to $30 - Finance
Cover Page
Amendment No. 2 to the ILA with the WA DOL

10.I Sustainable Transportation Request for Qualifications [moved up as new item 9.G]

10.J Ordinance No. 2019-05 Revising the BIMC Sewer Code to Allow a Limited Number of Onsite Systems in Sewer Service Areas - Public Works
Cover Page
Ordinance No. 2019-05 Relating to Sewer Connection Requirements

MOTION: I move to approve the consent agenda as amended.
Nassar/Deets: The motion was approved by unanimous consent.

11) COMMITTEE REPORTS

11.A Committee Reports
Cover Page
Public Safety Committee Minutes, December 13, 2018
Ethics Board Minutes, January 14, 2019
Marine Access Committee Minutes, January 14, 2019
Utility Advisory Committee Minutes, January 23, 2019
Utility Advisory Committee Minutes, February 13, 2019

12) FOR THE GOOD OF THE ORDER

Councilmember Nassar mentioned the Cultural Funding Advisory Committee needing one more Council liaison.

Councilmember Deets mentioned the organization of a Poulsbo-Bainbridge-Suquamish Tribe meeting.

Councilmember Tirman sought approval to disband the Town Square Subcommittee.

Councilmember Blossom requested that Council hold off on the formation of any new committees until after the spring retreat.

The Council spring retreat will be held on Friday, May 31, 2019.

13) ADJOURNMENT

Mayor Medina adjourned the meeting at 10:10 p.m.

_____
Kol Medina, Mayor

_____
Kelly Jahraus, Deputy City Clerk

CITY OF BAINBRIDGE ISLAND

City Council Regular Business Meeting Agenda Bill

MEETING DATE: March 26, 2019 **ESTIMATED TIME:** 5 Minutes

AGENDA ITEM: Environmental Technical Advisory Committee 2018 Annual Report and 2019 Work Plan,

STRATEGIC PRIORITY: Good Governance

PRIORITY BASED BUDGETING PROGRAM:

AGENDA CATEGORY: Presentation **PROPOSED BY:** Executive

RECOMMENDED MOTION:

Approve with Consent Agenda.

SUMMARY:

Consider approval of the committee's 2018 annual report and 2019 work plan.

FISCAL IMPACT:

Amount:	
Ongoing Cost:	
One-Time Cost:	
Included in Current Budget?	

BACKGROUND:

ATTACHMENTS:

Environmental Technical Advisory Committee 2018 Report & 2019 Work Plan

FISCAL DETAILS:

Fund Name(s):

Coding:

MEMORANDUM

TO: COBI City Council

FROM: Environmental Technical Advisory Committee (ETAC)

DATE: February 25, 2019

SUBJECT: Report on ETAC's 2018 Report and 2019 Work Plan

2018 Report

1. Proposal for development of a Groundwater Management Plan (GWMP) for Bainbridge Island

    - Development of a GWMP was in the 2016 Comp Plan – High Priority Water Resources Action #2 states: "Adopt an island-wide Groundwater Management Plan. Take actions necessary – capital improvements, code changes, etc. – to capture, clean and re-infiltrate as much stormwater as reasonably possible."
    - ETAC began working on a background document in support of a GWMP in late 2017
    - After many iterations, ETAC submitted a 32-page document to the Council on 11/1/18
    - ETAC members presented the proposal to the Council at 11/6/18 meeting and answered questions
    - ETAC submitted a letter to the Council on 11/19/18 in support of a GWMP and retention of the COBI Water Resources Specialist position, along with a proposed budget for the GWMP
    - The Council approved of an ETAC proposal to develop a Groundwater Fact Sheet for Bainbridge Island at their 12/11/18 meeting

2. Review of Habitat Management Plans (HMPs)

    - ETAC has been asked to review HMPs occasionally in the past by COBI planners. The role of the ETAC reviews was never very clear in the past and ETAC requested more clarification on the review role in an email to COBI on 11/9/18. In response, COBI agreed to provide more lead time for ETAC to make a review and promised more follow-up after the review process. To facilitate their review process, ETAC set up a sub-group of 4 members to work on these reviews and include the COBI planner in their discussions.
    - Robbins HMP – ETAC was initially asked to review in October 2017. The project was changed and a new HMP was referred to ETAC in September 2018; ETAC

had some questions and requested follow-up but there has been no response since.

- Satoris HMP – ETAC was initially asked to review in August 2018, but there was no follow-up and a coordinated review did not happen.
- Marks and Maione HMP – ETAC subgroup worked with the COBI planner and a coordinated review was submitted by ETAC on 11/15/18.

2019 Work Plan

1. Groundwater Fact Sheet

    - Draft a 1-page (front and back) fact sheet
    - Get the draft reviewed by KPUD and USGS
    - Revise and submit to the Council for approval
    - Post on COBI website and print copies

2. COBI staff liaison

    - ETAC needs a replacement for Christy Carr, preferably a staff person with expertise in environmental issues

3. GWMP process

    - Help COBI in some way with the two-year hydrogeologist position and contracting out for modeling expertise
    - Coordinate a community kickoff event with COBI communications staff
    - Provide quarterly updates to the Council on the progress of the GWMP

4. Review HMPs

    - Coordinate with the new COBI natural resources specialist to provide outside reviews through the ETAC subgroup on HMP reviews

5. Review Suzuki plans (if requested by the Council)

    - Provide reviews of Suzuki development plans as requested by the Council, especially as follow-up to past ETAC work on Suzuki environmental issues

6. Provide information on stormwater treatment (if requested by the Council)

- Provide technical information pursuant to the $100K approved in the budget for a study of methods to remove contaminants from stormwater before it discharges to Puget Sound

7. Provide information on tertiary wastewater treatment (if requested by the Council)

    - Provide technical information pursuant to the $100K approved in the budget for a study of methods to remove contaminants of emerging concern before they are discharged to Puget Sound

CITY OF BAINBRIDGE ISLAND

City Council Regular Business Meeting Agenda Bill

MEETING DATE: March 26, 2019 **ESTIMATED TIME:** 5 Minutes

AGENDA ITEM: Interlocal Agreement with Kitsap County for Reimbursable Work - Public Works,

STRATEGIC PRIORITY: Reliable Infrastructure and Connected Mobility

PRIORITY BASED BUDGETING PROGRAM:

AGENDA CATEGORY: Interlocal Agreement **PROPOSED BY:** Public Works

RECOMMENDED MOTION:

Approve with Consent Agenda.

SUMMARY:

City Council to consider approval of the Interlocal Agreement with Kitsap County for Reimbursable Work.

FISCAL IMPACT:

Amount:	As Needed Basis
Ongoing Cost:	
One-Time Cost:	
Included in Current Budget?	Yes

BACKGROUND:

Pursuant to Chapter 39.34 RCW, the City Public Works Operations & Maintenance Division desires to have a cooperative agreement in place with Kitsap County to perform certain types of public work projects, allow use of specialized equipment owned by Kitsap County, and/or for the procurement of certain supplies or materials unrelated to a public works project.

Typical type of requests include:

- Purchase salt brine for winter roadway deicing.

- Use of specialized equipment for road maintenance operations.
- Assistance with pump trucks, educator trucks to manage sewer flows in an emergency situation.

The proposed ILA is for a period of 5-years and replaces a previously expired ILA with Kitsap County. When services, equipment, or materials are needed, City staff will provide the County a request for services, equipment, or materials. In turn, the County will provide said services, equipment, or materials and invoice the City after completion.

ATTACHMENTS:

KC-118-19 - ILA with City of Bainbridge Island for Reimbursable Services

FISCAL DETAILS: Work varies by year and has included multiple funds such as streets, water, and sewer. In recent years expenditures have ranged from approximately $5,000 to $10,000 annually.

Fund Name(s): Streets Fund

Coding:

INTERLOCAL AGREEMENT KC-118-19 BETWEEN
KITSAP COUNTY AND THE CITY OF BAINBRIDGE ISLAND
REIMBURSABLE WORK PERFORMED BY
KITSAP COUNTY PUBLIC WORKS

This Interlocal Agreement ("Agreement") is made and entered into pursuant to the provisions of Chapter 39.34 RCW by and between the County of Kitsap (hereinafter "the County") and the City of Bainbridge Island (hereinafter "COBI"), collectively the Parties.

I. INCORPORATION OF RECITALS

The foregoing Recitals are incorporated in full and made part of this Agreement by this reference.

1. **WHEREAS**, the County has a Department of Public Works ("the Department") which employs persons who specialize in certain types of public works projects, and which also owns certain types of specialized equipment;

2. **WHEREAS**, COBI may from time to time find it advantageous or desirable to ask Kitsap County Department of Public Works to perform certain public works projects, allow COBI to use certain types of specialized equipment, or to provide certain supplies or materials unrelated to a public works project;

3. **WHEREAS**, the County and COBI will benefit from cooperation in public works projects, use of certain specialized equipment, and procurement of certain supplies or materials unrelated to a public works project in this manner; and

4. **WHEREAS**, Chapter 39.34 RCW provides that local jurisdictions may enter into cooperative agreements for their mutual benefit;

Now, therefore, the County and COBI, through their respective legislative bodies, do hereby agree as follows:

1. **PURPOSE OF AGREEMENT**
The purpose of this Agreement is to provide for cooperation between County and COBI by allowing COBI to request the Department to perform certain public works projects, allow COBI to use certain types of specialized equipment, or to provide certain supplies or materials unrelated to a public works project.

2. **ADMINISTRATION OF AGREEMENT**
This Agreement does not establish or create a separate or joint board. Except as provided in this Agreement, the County shall be the Administrator, within the meaning of RCW 39.34.030(4). No joint property shall be acquired, held, or disposed of. Any real or personal property used in the joint or cooperative undertaking shall be considered to be and remain the property of the party who purchased such real or personal property.

3. **DURATION OF AGREEMENT**
This Agreement shall take effect upon execution by the Parties and shall remain in effect for five (5) years from date of execution by the County.

4. **COMPLETE AGREEMENT**
This Agreement represents the entire agreement between the Parties and supersedes all prior oral and written agreements. This Agreement may not be amended or extended except by an instrument of writing executed by the Parties, with the same formalities that apply to this Agreement.

5. **REQUEST BY THE CITY OF BAINBRIDGE ISLAND**
Whenever COBI desires to obtain work from the Department pursuant to this Agreement, COBI shall make a request for said work or equipment in writing upon a form supplied by the County, a copy of which is attached and incorporated to this Agreement as Attachment "A".

6. **REVIEW OF REQUEST**
The requested scope of work will be reviewed by the Kitsap County Director of Public Works (the "Director"), or his designee, to ensure that the requested work can be completed in a timely and efficient manner by the County. The Director, or his designee, shall have sole final decision-making authority as to the manpower and equipment required to fulfill the request.

7. **FULLFILLMENT OF REQUEST**
If the Director approves the request, the County will perform the work in the time and manner convenient to the Department. It is understood that the requested work will not negatively impact the County's business.

8. **COUNTY EMPLOYEES**
County employees assigned to public works projects pursuant to this Agreement, remain employees of the County at all times and shall perform the work requested under sole supervision of the County. County employees shall use only approved equipment and materials in performance of public works projects pursuant to this Agreement.

9. **FINANCIAL RESPONSIBILITY**
Except as may be otherwise set forth in this Agreement, COBI shall be solely responsible for all costs pertaining to the requested public works project and shall be responsible for administration of all grant funds, if any, related to the COBI project. In addition, COBI shall be solely responsible for all costs pertaining to the use of certain specialized equipment or the provision of certain supplies or materials unrelated to a public works project under this Agreement. The cooperative undertakings of the Parties shall be financed as provided herein. Each party shall separately establish and maintain a budget for its own functions.

10. **REIMBURSEMENT**
COBI shall reimburse the County for all costs of direct and indirect labor (including fringe benefits), administration, equipment rental, engineering, materials and supplies procured pursuant to this Agreement. The County shall submit a statement to COBI after performance or delivery and COBI

shall refund the County within thirty (30) days of receipt.

11. **TERMINATION OF AGREEMENT**
Either Party to this Agreement may elect to terminate this Agreement for any reason by delivering written notice to the other Party at least ninety (90) days from the date of termination. Notice shall be achieved under the terms stated in Section 16 of this Agreement. In the event of termination, the County shall be compensated for the actual costs incurred by the County up to an including the date of termination.

12. **REMEDIES**
In the event either Party exercises its option to terminate prior to the completion of the work, and the non-terminating Party alleges breach, the sole and exclusive remedy available to the non-terminating Party shall be specific performance.

13. **PROCEDURE FOR REMEDIES**
Before exercising any available remedies, including the Dispute Resolution provisions in Section 14, the Party alleging breach shall follow the procedure below:

A. Notice of Violation: In the event that the Party believes that the other party has not complied with the terms of this Agreement and is a defaulting Party, the Party shall notify the Defaulting Party in writing, by certified mail, of the nature of the alleged non-compliance.

B. The Defaulting Party's Right to Cure or Respond: The Defaulting Party shall have ten (10) days from receipt of notice of violation to (i) respond to the non-defaulting Party, or (ii) to cure such default or in the event that the default cannot be cured within the ten (10) day period, initiate acts or action to remedy such default in a reasonable time. The duty to cure includes the duty to cure all harm caused by the acts of omissions of the Defaulting Party. At the end of the ten (10) day period, the Defaulting Party shall provide the non-defaulting Party timely notice, (i) of the action taken to cure the default, (ii) if the default has not been cured, an explanation for why the default has not been cured and the projected date for cure; (iii) and if the default is disputed, a detailed explanation of the basis of the dispute.

C. If the non-defaulting Party determines in good faith that the Defaulting Party did not cure or initiate steps to cure to the non-defaulting Party's satisfaction, after the notice required herein was provided, then the Party may exercise its available remedies after complying with the Dispute Resolution provisions of Section 14.

14. **DISPUTE RESOLUTION**
In the event that a dispute is not resolved after following the Procedure for Remedies outlined under Section 13 of this Agreement, the Parties shall attempt to resolve it in the following manner before pursing any other remedies available to either party: The Parties will each appoint one member to a Dispute Board and those members will jointly appoint a third member. The Dispute Board will evaluate the dispute and attempt in good

faith to resolve the dispute. The Dispute Board's determination shall be non-binding.

15. **CHOICE of LAW and VENUE**

This Agreement shall be governed by the laws of the State of Washington, both as to interpretation and performance. Any action at law, suit in equity, or other judicial proceeding for the enforcement of this Agreement may be instituted in a court of competent jurisdiction in Kitsap County, Washington.

16. **NOTICES**

All notices and other written communications required by this Agreement shall be in writing and, except as expressly provided elsewhere in this Agreement, shall be deemed delivered by personal delivery, or at a time of mailing, if mailed by first class, postage pre-paid and addressed to the Party at the address provided below, or at such address as a Party may designate at any time in writing:

To Kitsap Public Works:	To CITY OF BAINBRIDGE ISLAND:
Jacques Dean	Dave Marquis
M & O Program Manager	Public Works Supervisor
Kitsap County PW Dept.	City of Bainbridge Island
614 Division St, MS-26	7305 NE Hidden Cove Road
Port Orchard, WA 98366	Bainbridge Island, WA 98110-1812
(360) 337-4671	(206) 780-3587

17. **NON-DISCRIMINATION**

No Party in the performance of this Agreement shall discriminate against any person on the basis of race, color, creed, religion, national origin, age, sex, marital status, sexual orientation, veteran status, disability, or other circumstance prohibited by federal, state, or local law. The Parties shall comply with Title VI of the Civil Rights Act of 1964, P.L. 88 354 and Americans with Disabilities Act of 1990.

18. **SEVERABILITY**

If any section, subsection, paragraph or provision of this Agreement is determined to be illegal, invalid or unconstitutional by any court or agency of competent jurisdiction, such determination shall have no effect on the validity of any other section, subsection, paragraph or provision of this Agreement, all of which will remain in full force and effect for the term of this Agreement.

19. **MODIFICATION**

This Agreement represents the entire agreement of the Parties. No change, termination, or attempted waiver of any of the provisions of this Agreement shall be binding on any of the Parties unless executed in writing by authorized representatives of each of the Parties. This Agreement shall not be modified, supplemented, or otherwise affected by the course of dealings between the Parties.

20. **INSURANCE**

The County, at its own expense, shall provide and keep in force Commercial General Liability Insurance against claims for bodily injury, death or property damage occurring as a result of the County's performance under this Agreement, with a combined single limit coverage of not less than One Million and 00/100 Dollars ($1,000,000.00) per occurrence. Such insurance shall name COBI as an additional insured.

The insurance requirements set forth in this Section 20 shall be deemed to be minimum coverages and limits and shall not be construed in any way as a limitation on the other party's duty to carry adequate insurance or on each party's liability for losses or damages under this Agreement.

21. **HOLD HARMLESS**

COBI shall defend, indemnify and hold harmless at COBI's sole expense, Kitsap County, its elected and appointed officials, officers, employees and agents, from and against any and all claims, actions, demands, losses, damages, liabilities and costs, including, but not limited to, attorney's fees and litigation costs, arising out of the performance of COBI under this agreement, whether the demand, loss or claim is due to the negligence of the COBI, its elected and appointed officials, officers, employees, or agents, except that in no event COBI be liable for injury or damages to the extent caused by the negligence or willful misconduct of the County, its elected or appointed officials, officers, employees or agents.

Kitsap County shall defend, indemnify and hold harmless at the County's sole expense, COBI, its elected and appointed officials, officers employees and agents, from and against any and all claims, actions, demands, losses, damages, liabilities and costs, including, but not limited to, attorney's fees and litigation costs, arising out of the County's performance under this Agreement, whether the demand, loss or claim is due to the negligence of the County, its elected and appointed officials, officers, employees, or agents, except that in no event shall the County be liable for injury or damages to the extent caused by the negligence or willful misconduct of COBI, its elected or appointed officials, officers, employees or agents.

This Section 21 shall survive termination of this Agreement.

22. **WAIVER**

Neither the waiver by any of the Parties hereto of a breach of or a default under any of the provisions of this Agreement, nor the failure of either of the Parties, on one or more occasions, to enforce any of the provisions of this Agreement or to exercise any right or privilege hereunder will thereafter be construed as a waiver of any subsequent breach or default of a similar nature, or as a waiver of any such provisions, rights or privileges hereunder.

23. **FORCE MAJEURE**

Nonperformance by a Party, other than payment of any amounts due hereunder by the Parties, shall not operate as a default under or breach of the terms of this Agreement to the extent and for so long any such nonperformance is due to: strikes or other labor disputes; prevention or prohibition by law; the loss or injury to products in transit; an Act of God; or war or other cause beyond the control of such party.

24. **ASSIGNMENT and SUCCESSORS in INTEREST**

Except as otherwise provided herein, no Party may assign, subcontract, or delegate any right or obligation under this Agreement, in whole or in part, without the express prior written consent of the other Party. This Agreement shall inure to the benefit of and be binding upon each party's successors and assigns.

25. **COUNTERPARTS**

This Agreement may be executed in any number of counterparts or, if mutually agreeable to the undersigned authorized signatories for the Parties, through the exchange by facsimile or other electronic means of duly-signed duplicates hereof, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

26. **SECTIONS and HEADINGS**

The division of this Agreement into sections and subsections and the insertion of headings are for convenience of reference only and do not affect the interpretation of this Agreement. Unless otherwise indicated, references in this Agreement to an article, section, subsection or schedule are to the specified article, section or subsection of or schedule to this Agreement.

27. **FILING**

The County will, pursuant to RCW 39.34.040, cause this Agreement to be filed with the Kitsap County Auditor upon full execution by the Parties.

28. **WARRANTY OF AUTHORITY**

Each person or Party subscribing to this Agreement expressly warrants this it has full authority to do so.

DATED this _____ day of _____, 2019.

CITY OF BAINBRIDGE ISLAND

_____
MORGAN SMITH, City Manager

_____
Date

Approved as to Form:

_____

BOARD OF COUNTY COMMISSIONERS
KITSAP COUNTY, WASHINGTON

_____
EDWARD E.

_____
CHARLOTTE GARRIDO, Commissioner

_____
ROBERT GELDER, Commissioner

ATTEST:

_____
Dana Daniels, Clerk of the Board

ATTACHMENT "A"

REQUEST AND AGREEMENT
FOR WORK, EQUIPMENT, AND/OR MATERIALS AND SUPPLIES PROVIDED
BY THE KITSAP COUNTY DEPARTMENT OF PUBLIC WORKS

The undersigned hereby requests that the Kitsap County Department of Public Works perform the following described public works project, allow the use of the following described specialized equipment, and/or provide the following described supplies and materials to the agency shown below. It is understood that this request will be completed at the convenience of the Kitsap County Department of Public Works and that the undersigned agency will reimburse all costs.

DESCRIPTION OF WORK, EQUIPMENT, AND/OR MATERIALS AND SUPPLIES REQUESTED:

_____
_____
_____

Estimate Attached: Yes No

Projected Completion Date: _____

Total Cost Not to Exceed $_____

The undersigned certifies that sufficient budgeted funds are available to cover the cost of the requested work, equipment, and/or supplies and materials, and that payment to the Kitsap County Department of Public Works will be made promptly unless otherwise modified in this agreement.

REQUESTING AGENCY: _____

Address: _____

Phone: _____ FAX: _____

Requested by: _____ _____
Name (Please Print) Title (Please Print)

Signature: _____ Date: _____

ACTION OF KITSAP COUNTY PUBLIC WORKS

APPROVED BY: _____ **DATE:** _____
Kitsap County Public Works Director or Designee

CITY OF BAINBRIDGE ISLAND

City Council Regular Business Meeting Agenda Bill

MEETING DATE: March 26, 2019 **ESTIMATED TIME:** 5 Minutes

AGENDA ITEM: Slope Mower Purchase - Public Works,

STRATEGIC PRIORITY: Reliable Infrastructure and Connected Mobility

PRIORITY BASED BUDGETING PROGRAM:

AGENDA CATEGORY: Contract **PROPOSED BY:** Public Works

RECOMMENDED MOTION:

Approve with Consent Agenda.

SUMMARY:

City Council to consider the purchase of the Harper 72LC Slope Mower, canopy, and winch in the amount of $57,275.59.

FISCAL IMPACT:

Amount:	$57,275.59
Ongoing Cost:	
One-Time Cost:	$57,275.59
Included in Current Budget?	Yes

BACKGROUND:

The Equipment Capital Improvement Program budget for 2019 is $60,000.00. City staff propose the purchase of a Harper 72LC Slope Mower, canopy, and winch from Turfstar Western via the Washington State Department of Enterprise Services in the amount of $57,275.59. The slope mower will be used to maintain approximately forty storm water ponds.

City staff participated in a demonstration of Kitsap County's Harper 72LC Slope Mower and has determined that it is the best fit for the City's needs.

Pursuant to RCW 43.19.648, most vehicles purchased by the City after June 1, 2018, shall, to the extent practicable, operate on electricity or biofuel. The City is not aware of any battery-only or hybrid electric vehicle equivalents to the Harper 72LC available through state procurement or on the open market. Propane and natural gas vehicles or conversation packages were not considered because the City does not currently have the infrastructure to fuel such vehicles. Instead, the Harper 72LC is standard with a diesel engine that is approved for use of up to 20% biodiesel. The purchase of the Harper 72LC Slope Mower would therefore comply with the requirements of RCW 43.19.648.

ATTACHMENTS:

Harper 72LC Slope Mower - Overview

FISCAL DETAILS:

The 2019 Equipment CIP includes this mower at $60,000.00.

Fund Name(s): SSWM Fund

Coding:

Date: February 19, 2019

Quotation for City Of Bainbridge Island

Quote No:8051136-00

Prepared For:	Aaron Claiborne	Quote No:	8051136-00
	City Of Bainbridge Island	**iQuote No:**	09950
	280 Madison Ave N	**Sales Person:**	Shawn Frisbee
	Bainbridge Island, WA 98110		shawn.frisbee@turfstar.com
			206-501-7248

Washington State Contract Pricing #10212

Summary

Configuration Name	Qty	Unit Price	Sub Total	Sales Tax	Total
010-ATM-72LC AT Mower Diesel 30.2HP	1	$48,833.10	$48,833.10	$4,394.98	$53,228.08
Canopy	1	$874.80	$874.80	$78.73	$953.53
Freight/Shipping	1	$205.00	$205.00	$18.46	$223.46
Winch	1	$2,633.50	$2,633.50	$237.02	$2,870.52
Totals:			**$52,546.40**	**$4,729.19**	**$57,275.59**

HARPER TURF EQUIPMENT

ATM SERIES

HARPER®
TURF EQUIPMENT

powered by HARPER INDUSTRIES, INC.

ALL TERRAIN MOWER SERIES

GSA Contract Holder
Contract GS-06F-0027K

822

TWO*to*SIX INCH DECKHEIGHT*ADJUSTMENT*

The adjustable deck height varies from 2-6”, offering greater flexibility in cut heights.

*34°SLOPE*CAPABILITY

The ATM 72LC, self-levels up to 34°, allowing the operator to remain in a safe setting.

72"DECKWIDTH

With a cut width of 6 feet, the ATM 72LC allows for fewer passes and greater efficiency.

GREATER SAFETY AND COMFORT THAN CONVENTIONAL TRACTORS

The combined features of the ATM 72LC increase safety, stability and productivity.

The automatic self-leveling system of the ATM 72LC keeps the operator, engine and controls vertical for mowing on slopes up to 34°, depending on turf conditions. The two halves of the 72” deck float independently for a quality cut in ditches, over crowns, and on uneven terrain. Hydrostatic drive and power steering combined with excellent visibility make this machine nimble and efficient.

HILLSIDE MOWER

ATM 72LC

SPECIFICATIONS ATM 72LC

Engine	30.2 HP @ 3000 RPM gross rating: Yanmar Liquid Cooled Diesel Engine - 61.9 ft. lb. Torque, Industrial Use Rating, 3 Cylinder	**Parking brake**	Hand operated
Electrical system	12 Volt, 45 Amp Electrical System	**Seat**	Adjustable suspension seat with arm rests and seat belt
Blade drive	Direct hydraulic - no belts or gear boxes	**Fuel capacity**	13 Gallon (U.S.)
Ground drive	Oilgear® Hydrostatic Transmission, Parker® Wheel Motors	**Hydraulic oil capacity**	Reservoir 8 Gallon (U.S.) with Hydraulic oil cooler
Speed control	Foot-operated speed control - self centering to neutral	**System filter**	Hydraulic filter, 10 micron with indicator
Ground speed	0-11 MPH ground speed	**Cutting width**	72”
Weight	2,400 lbs.	**Inside turning radius**	24” diameter
Deck caster tire	11” X 4.00 X 5” - foam filled	**Cutting height**	Adjustable from 2” to 6”
Drive tire	25” X 12.5 X 12” - all terrain tread	**Safety**	Certified ROPS with hazard lights, meets ANSI/OPEI B7 1.4 Standards
Stabilizer tire	16.5” X 6.5 X 8” - foam filled	**Overall dimensions**	107” length, 74” width, 91” height
Gauges	Engine oil pressure and temp., hydraulic oil shut-down protection, volt and hour meters, water temperature, and fuel level	**Rear discharge**	Two 36” decks, independently free flotation
Leveling	Automatic hydraulic self-leveling to 34 degrees with Manual Override mounted on arm rest	**Deck construction**	Rugged, reinforced 10 gauge steel
Deck lift	Hydraulic lift with switch on dash	**Frame**	Formed and welded steel

SPECIFICATIONS ATM 162HD

Engine	99 HP, Turbocharged Cummins liquid cooled diesel engine, displacement: 3.3 liters, 200 cu. in., 220ft. lb. torque, fully pressurized lubrication system & 5.5 gal. cooling system	**Brakes**	Mechanically applied, hydraulics released parking brake
Electrical system	12 Volt, 95 Amp automotive type	**Steering**	Steering wheel with power steering
Blade drive	Direct hydraulic motor, with load sense pump	**Fuel capacity**	30 Gallon (U.S.)
Ground drive	Sauer Danfoss hydrostatic transmission with joystick control, three Poclain Twin-Lock wheel motors for drive wheels (6631 ft-lbs torque)	**Weight**	9,500 lbs. (wet)
Speed control	Joystick-operated speed control	**Mower blades**	3 pairs of swinging blades
Ground speed	0-19 MPH ground speed, High/Low range	**Mower deck**	7 gauge reinforced steel; three floating decks with rear discharge, hydraulic deck lift
Cutting height	Adjustable from 4.5-7.5”	**Overall dimensions**	178” length, 150” wide, 137” high with cab
Cutting width	144 inches	**Standard equipment**	Cab w/ROPS, A/C, heater, AM/FM radio, CD player
Gauge wheels	16.5” X 6.5 X 8”, foam filled	**Warranty**	1 year, unlimited hours
Drive tires	Three drive tires with all-terrain tread (320/80 R18)	**Transport**	102” width with hydraulic deck lift and fold with safety lockouts
Leveling	Automatic self-leveling plus manual control	**Frame**	Welded steel
Seat	Adjustable air ride seat, with arm rests and seat belt	**Gauges/lights**	Tachometer, Engine Oil Pressure, Water Temp, Fuel Gauge, Volt and Hour Meters, Hydraulic Reservoir Temp, Hydraulic Reservoir Temp, Hydraulic Filter Plugging Indicator, Deck Motor Load Indicator

The manufacturer reserves the right to make changes in engineering, design, and specifications or add improvements at any time without notice or obligation

HARPER® INDUSTRIES, INC
151 E. Hwy. 160 • Harper, Kansas 67058
Phone: 620.896.7381 • Toll-Free: 1.800.835.1042
sales@harperindustries.com • www.harperturfequipment.com

CITY OF BAINBRIDGE ISLAND

City Council Regular Business Meeting Agenda Bill

MEETING DATE: March 26, 2019 **ESTIMATED TIME:** 5 Minutes

AGENDA ITEM: 2019 Shore Friendly Program Request for Grant Proposals - Planning,

STRATEGIC PRIORITY: Green, Well-Planned Community

PRIORITY BASED BUDGETING PROGRAM:

AGENDA CATEGORY: Discussion **PROPOSED BY:** Planning & Community Development

RECOMMENDED MOTION:

Approve with Consent Agenda.

SUMMARY:

Staff is requesting authorization to apply for grant funding through the 2019 Shore Friendly Program. It is likely the City will partner with Kitsap County on a single grant application.

FISCAL IMPACT:

Amount:	
Ongoing Cost:	
One-Time Cost:	
Included in Current Budget?	

BACKGROUND:

The Shore Friendly Program is a brand developed to encourage forgoing or removing shoreline armor and is grounded in social marketing research conducted in the Puget Sound. The program is a partnership among Washington Department of Fish and Wildlife, Washington Department of Natural Resources, and National Estuary Program funding. The Shore Friendly Program is part of Puget Sound's Estuary and Salmon Restoration Program (ESRP), a process-based ecosystem restoration and protection program.

The Shore Friendly Program seeks to:

- Reduce shoreline armor and restore habitat.
- Engage and inspire behavior change by private landowners and communities through grant incentives.
- Fund project sites with the greatest ecological gain while also supporting community engagement.

Grants are available for local “Shore Friendly” eligible organizations in order to initiate new programs or continue existing programs that provide incentives and support to Puget Sound marine shoreline residential landowners. These programs will incentivize landowners to voluntarily remove armoring, forgo armoring, build new homes back further than required, and/or use soft shore alternatives. Programs must target on-the-ground projects with landowners to remove or forgo hard armoring, and strive to produce measurable results in terms of a reduction in armoring.

The Department of Planning and Community Development budget and work plan include enhanced efforts around shoreline stewardship. This outside funding would significantly expand the City’s capacity and further our efforts on shoreline stewardship efforts and the Shoreline Master Program Restoration Plan.

The deadline for applications is April 15, 2019.

ATTACHMENTS:

2019 Shore Friendly Program RFP

FISCAL DETAILS: Matching grant dollars are not required. However, applicants are expected to demonstrate the intent and capacity to continue program activities beyond the grant funding period.

Fund Name(s):

Coding:

Shore Friendly Program

REQUEST FOR GRANT PROPOSALS:

Local Shore Friendly Programs

January 31, 2019

Local Shore Friendly Programs

REQUEST FOR GRANT PROPOSALS

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IMPORTANT DATES

January 31, 2019	**Request for grant proposals released**
February 28, 2019	**Questions due for Q&A document**
Mid – March 2019	**Q&A document posted**
April 15, 2019	**Proposals due at 12:00 p.m. (PST)**
May 1 – 10, 2019	**Applicant presentations to review team**
May 2019	**Announce selected programs**
June 1 – August 31, 2019 ***Approximately***	**Grant agreements negotiated and awarded**
July 1, 2019 – June 30, 2021	**Initial contract implementation**
July 1, 2019 – June 30, 2025 ***Approximately***	**Program implementation**

This grant opportunity is provided by the Estuary and Salmon Restoration Program's (ESRP) Shore Friendly program led by the Washington Department of Fish and Wildlife (WDFW) and the Recreation and Conservation Office (RCO). ESRP is funded by the Washington State Legislature to restore Puget Sound nearshore ecosystem function and is recognized as an ongoing program in the Puget Sound Action Agenda.

WDFW reserves the right to amend this solicitation for administrative or technical purposes, or to make no awards. Application materials and amendments are posted on the ESRP website at http://www.pugetsoundnearshore.org/esrp/application_materials.html. **Please check this site periodically for updates.**

OVERVIEW

Purpose

The purpose of this Request for Proposals is to initiate new or expand existing programs that provide incentives to Puget Sound shoreline residential landowners to voluntarily remove shoreline armor, forgo armoring, build new homes further back from the shoreline than required, and/or use soft shore armor replacement alternatives when stabilization is required to protect landward structures. Programs must target on-the-ground projects with landowners to remove or forgo hard armoring, and strive to produce measureable results in terms of a reduction in armoring. Programs must also be consistent with the results and recommendations of an existing social marketing strategy and demonstrate how it will be utilized. Please see the ESRP website for social marketing strategy resources developed specifically for the Shore Friendly program. This grant opportunity is focused only on **residential marine shoreline landowners in the Puget Sound.**

Background

Beach Systems

Shoreline armoring, including bulkheads (seawalls) and rock revetments, interferes with ecological processes that create and maintain shoreline habitat. Substantial benefits are derived by restoring or protecting sources of sand and gravel that supply Puget Sound beaches, or removing barriers to sediment transport in large beach systems. Throughout the Puget Sound region, residential clearing and shoreline stabilization, coupled with the impacts of sea level rise, affect the sustainability of nearshore processes and threaten high value habitat, including areas where forage fish spawn. Reducing the amount of armored shoreline is critical to Puget Sound recovery. It is one of the ecosystem recovery targets described in the Puget Sound Action Agenda. In many cases, alternatives to hard shoreline armoring are available that reduce impacts on beach habitat and offer protection of shoreline property, where needed.

Social Marketing

Social marketing is a process that uses marketing principles and techniques to influence behavior change in target audiences that will benefit society as well as individuals. It focuses on changing behaviors by overcoming the barriers to the behavior, achieving desired benefits, then measuring the impacts of the social marketing efforts. Social marketing strategies that encourage voluntary stewardship among shoreline landowners can be used to complement regulatory, education, restoration, and other efforts that seek to protect Puget Sound beaches.

The *Social Marketing Strategy to Reduce Puget Sound Shoreline Armoring* (SMS) project, completed in 2014, was developed to identify how to support landowners in reducing hard shoreline armoring on their residential properties along Puget Sound's marine shorelines. It describes how to overcome barriers and motivate landowners to voluntarily choose alternatives to hard armoring. It included extensive audience research and identified approaches, messages, and incentives that can motivate residential shoreline landowners. In the project, residential shoreline landowners were divided into nine segments based on the characteristics of their property including presence of armor, home presence, and erosion potential. Appropriate strategies were identified for each segment.

Shore Friendly
A key recommendation of the SMS was to develop a Puget Sound region-wide Shore Friendly campaign using consistent messages and approaches that can be tailored and implemented by independent organizations at a local level. This consistency will support changing social norms around shoreline armoring across Puget Sound. Although all grant recipients must demonstrate how they will use Shore Friendly in their proposed programs, the approach is flexible and can be integrated into existing programs and adapted to local needs.

Eligibility

Program applicants may be local, state or tribal governments, Puget Sound conservation districts, and non-governmental organizations. Shore Friendly programs must focus on residential marine shoreline properties along Puget Sound, including Hood Canal and the Strait of Juan de Fuca. Freshwater shoreline properties are not eligible.

Program Period

Successful programs will be awarded a six-year agreement that identifies the local shore friendly program as eligible to receive funding through this opportunity, as well as a two-year funding contract to complete activities between July 2019 and June 2021, depending on funding availability. Additional grant funds will be awarded during the six-year agreement as funding allows. Initial contract work must be completed by June 30, 2021. See Funding Information for details.

PROGRAM SCOPE

Definitions

The following are definitions of terms for the purposes of this grant opportunity.

- Shoreline armoring**:** Structures that are typically rigid and permanent, and are placed on the upper beach and at the toe of bluffs typically to stabilize the shoreline and reduce erosion. Hard armoring is referred to using a variety of terms in the Puget Sound region, including bulkhead, seawall, revetment, and rockery.
- Soft shore alternatives: Shoreline protection designs that use indigenous materials such as gravel, sand, or logs in designs that have some degree of flexibility, mimicking natural processes. They typically entail applying beach nourishment, large logs, or both, to beach/storm berms to buffer erosion, re-sloping/re-grading bluffs that are actively eroding, and various combinations of the these techniques to reduce shore erosion with minimal impacts to nearshore ecosystem processes.
- Incentive: A monetary or non-monetary benefit or service provided to overcome specific barriers and/or motivate desired behaviors.

Program Design

Grants will be provided to initiate new or expand existing programs that provide incentives to residential marine shoreline landowners to voluntarily remove armoring, forgo armoring, build new homes further back from the shoreline than required, and/or use soft shore alternatives. Although programs can be tailored to the unique communities across Puget Sound, successful proposals will be designed to implement the results and recommendations of the SMS project or other existing local social marketing strategies or research that focuses on reducing shoreline armoring. If resources other than the SMS project are used to inform a proposal, applicants should clearly describe those resources. Applicants are encouraged to review all project materials available on the ESRP's website.

Proposals must integrate the Shore Friendly brand and messaging focused on helping landowners reduce hard shoreline armor while addressing concerns about erosion risk. Co-branding with current programs and local adaptation is allowed. Successful applicants will be provided brand guidelines and sample materials for their use. Please visit ShoreFriendly.org for more information about Shore Friendly.

For a given geographic area, Shore Friendly Program applicants are encouraged to strategically collaborate with other partner organizations to develop a joint proposal that demonstrates programmatic efficiencies while prioritizing the delivery of services to landowners. Competing applications for similar geographic areas are discouraged.

Key Proposal Elements

Proposals will be evaluated on a program and budget narrative, a budget worksheet, a landowner decision-support conceptual map/flowchart, and any additional supporting documents that cover five specific criteria categories; incentive program design, ecological importance to Puget Sound recovery, program readiness and probability of success, cost justification, and local and regional priority alignment. Details are provided in the Proposal Submittal and Proposal Review Process sections.

Eligible activities

Two categories of eligible activities are described below: eligible activities for state capital funds and eligible activities under non-capital funding sources (which is a current funding gap). Both types of activities should be addressed in the proposal as is necessary to achieve the proposed program's vision for the protection, restoration, and improvement of beach processes through shoreline armor prevention or removal.

Example eligible activities (capital)

- Program administration, including coordination, data tracking and reporting;
- Direct monetary incentives for landowners, which may include:
    - Permit application costs;
    - Cost-share incentive grants for design services and construction
        - for bulkhead removal and restoration
        - for shoreline habitat improvements
- Non-monetary incentives for landowner
    - Technical assistance (site visits and reports from program staff, geotechnical experts, cultural resource consultants, and other relevant disciplines)
    - Permit coordination
    - Program implementation oversight

Example eligible activities (non-capital)

- Landowner/community workshops and engagement activities
- Influencer (contractors, real estate agents, others) workshops
- Development and distribution of outreach materials (mailers, flyers, social media, and other relevant communication tools)
- Social marketing and behavior change research

FUNDING INFORMATION

Funding approach

ESRP is seeking proposals that describe base funding needed to efficiently implement local Shore Friendly program activities, and demonstrate how both minimum and ideal funding levels would complete prioritized activities and produce measurable results. Although the agreements will span a six-year period, funding may vary depending on Washington State legislative appropriations.

Funding history

The Puget Sound Marine and Nearshore Grant Program (PSMNGP) funded five marine landowner incentive programs with National Estuary Program (NEP) Geographic Funds beginning in 2014. These programs piloted the application of social marketing strategies and the Shore Friendly brand to local areas across Puget Sound. A subsequent PSMNGP award, as well as additional NEP funds from the Habitat Strategic Initiative, then provided opportunities for the five programs to refine and adapt their approaches. NEP funds are not intended for long-term programmatic funding. Because of the effectiveness of the Shore Friendly approach and the strong alignment with ESRP's nearshore restoration and protection goals, ESRP

decided to adopt the Shore Friendly program in order to continue this program into the future. ESRP included this support in the 2019-21 ESRP Investment Plan.

Anticipated Funding Level

WDFW's intention is to fully fund the Shore Friendly Program as is feasible; seeking to coordinate across local, state, and federal funding sources. A maximum of $1.72 million[1] was included as part of ESRP's 2019-2021 capital funding request to support two years of local Shore Friendly program implementation. The Washington State Governor's 2019-2021 capital budget includes a recommendation to partially fund Shore Friendly programs for one year in Puget Sound through the Recreation and Conservation Office. $810,000 (excluding funds set aside for WDFW program administration) is recommended in the WA State Governor's Capital Budget for multiple awards as of the time of this RFP. Awards will be distributed to multiple Shore Friendly programs as funding allows. The award amount will depend on its potential impact and geographic extent. WDFW will work with successful applicants to negotiate funding levels for individual Shore Friendly contracts.

Funding partnerships

The ESRP Investment Plan process can be used to identify opportunities with other state and federal partnership funding mechanisms (e.g., NOAA, SRFB, and EPA for example) as part of a coordinated investment strategy. Funding has been distributed in previous years to ESRP projects where other funding programs, core criteria, and project outcomes are in alignment.

Providing matching resources is not required, however providing matching resources could improve the overall cost-effectiveness of a proposal. In addition, the intent of this grant opportunity is to benefit Puget Sound beyond the period of grant funding. Program sponsors are expected to demonstrate the organization's intent and capacity to continue program activities beyond the funding agreement period.

Method for Reimbursement

ESRP's Shore Friendly program requires *deliverables-based* contracts, which means grantees are reimbursed the fixed price for completing specific deliverables identified in the contract. *Once the grantee has completed and provided a deliverable — and ESRP has accepted it — ESRP will reimburse the grantee for the pre-stated cost of that deliverable.*

Not all tasks, however, can be easily turned into a deliverable before payment is made, and ESRP will work with awardees to find the method that works best for the tasks in the contract.

The Recreation and Conservation Office will administer grant agreements with successful applicants. Applicants should note that after awards are announced, the grant recipient will be responsible for providing program information in RCO's PRISM. ESRP will provide awardees with detailed instructions.

[1] Additionally, the full ESRP funding request would support $500,000 in small grants, which could include support for parcel-scale shoreline projects identified through Shore Friendly efforts.

PROPOSAL SUBMITTAL

A complete proposal will include:

1. **The narrative (program and budget) as provided on ESRP's website as a fillable PDF.**
2. **The budget worksheet.**
3. **Landowner decision-support conceptual map/flowchart.**
4. **A single PDF of any additional attachments.**

Please see guidance below for instructions on how to complete the application and budget documents, as well as information about providing any optional attachments. If you are including attachments, please *combine them all into a single PDF* to be provided with the application. **Be sure to provide all materials required for a complete proposal.**

1. Narrative *(fillable PDF)*

The proposal narrative will be completed in the fillable PDF template provided on ESRP's website. The narrative includes each of the Shore Friendly program's screening criteria, with space to respond and create a program and budget narrative. See Proposal Review Process to review the screening criteria, and below for details regarding budget. Required items to include in the program narrative:

- Describe discrete tasks and deliverables (*specific things developed or produced*) of the proposed program so that there is a clear understanding of what would be accomplished via the grant agreement. Each task should have one or more deliverables. Include the cost per deliverable and completion date in the budget worksheet.
- Identify priority segments of the population in the local area to be served, as well as target behaviors and proposed incentive strategies. For example, a Shore Friendly program might target properties with existing hard armor in low erosion areas, and might promote armor removal with technical assistance and cost share opportunities.
- Identify mechanisms (such as conservation easements or deed restrictions) that will provide long-term protection of incentive investments in ecological benefits to Puget Sound. For example, if a program includes providing financial assistance to landowners to remove hard armor, the proposal should describe the legal mechanisms that will ensure that the benefits to Puget Sound are not lost by new hard armor being installed.
- Describe your program team
    - Summarize who would be involved with implementation of the proposed program and their respective roles. Identify the name and organization of the grant recipient, as well as anyone the grant recipient would partner with to implement the program. Clearly indicate if any partners would be sub-contractors.
- Statement of qualifications
    - Provide organizational experience relating to the proposed activities and objectives.
    - Describe how the expertise, qualifications, and knowledge of key staff (including any contracted resources) will enable them to successfully implement the program.

- Demonstrate and provide examples of successful implementation of past incentive programs by your organization in similar size, scope, and relevance to the proposed program. Describe whether and how you were able to successfully complete and manage the agreements within the original budget and schedule.

2. Budget Worksheet *(MS Excel spreadsheet)*

The budget worksheet and narrative document together provide a complete overview of the proposed budget. Use the information provided below to:

Provide the **total cost** for each deliverable and the cost breakdown for the objects, such as personnel, travel, etc., using the template provided. Costs of work performed by any sub-contractors/partners to the applicant must be indicated in "contractual." Both capital and non-capital activities, separated by cost and deliverable, should be included in this worksheet in order for ESRP to accurately seek other funding sources. This budget worksheet must describe the two year funding request.

- 'Personnel' refers to wages and salaries for staff engaged in program implementation. Narrative should break down costs by staff type, by rates, and hours. Identify roles for program managers and key staff.
- 'Fringe Benefits' are those costs employers incur for providing a package of benefits beyond salary or wages, and can be described as a percentage of wage costs.
- 'Travel' should include the method used to calculate travel costs (mileage rate; estimated miles traveled). Costs must not exceed the Washington State per diem rates.
- 'Equipment' includes items with a value greater than $5000 per unit and a useful life more than 1 year. Items with a unit cost of less than $5000 are deemed to be supplies, pursuant to 40 CFR 31.3 and 30.2. If applicable, provide an itemized list of equipment and indicate why it is more economical to purchase rather than lease.
- 'Supplies' are material costs that are not equipment. Please describe quantities and unit costs of supplies.
- 'Contractual' costs may not be finalized at the time of application. Individual contracts should be itemized with a brief description of scope, recipient's qualifications, the basis for the estimate (engineers estimate, firm fixed bid, etc.) and the status of the contract (bid documents prepared, RFP released, etc.).
- 'Other' costs should be described by the nature of the expense and the method of estimation.

The following costs are **not** eligible for funding.

- Proposal submittal costs
- Management Fees or similar charges in excess of the direct costs and indirect costs. Expenses added to the direct costs in order to accumulate and reserve funds for ongoing business expenses, unforeseen liabilities, or for similar costs not allowable under this agreement.
- Mitigation Requirements or obligatory compensation incurred by the sponsor or a third-party. Funding, however, may be provided for actions associated with compensation or mitigation, if those elements are above and beyond the

mitigation requirements and can be easily isolated from the required mitigation activities.
- Lobbying or litigation against Federal, State or local Governments
- Ordinary operating expenses of local government, such as the salaries and expenses of a mayor, city council member, city attorney, etc., overtime differential paid to employees of local government, and permits and fees required by federal, state, or local regulations.
- Bad debts, uncollected accounts or claims
- Alcoholic beverages
- Interest and other financial costs
- Raffle, door, or other prizes unless authorized by ESRP

Although not required, if applicable, proposals should describe in the budget (bottom of worksheet) matching dollars or resources that would be used to leverage the grant dollars, thereby improving the cost effectiveness of the program for ESRP and increasing the benefit to Puget Sound.

3. Landowner decision-support conceptual map/flowchart

Applicants must create a conceptual model or flow chart that clearly articulates the strategy that the proposed Shore Friendly Program will implement to engage landowners and achieve the goals of the program. Create a visual demonstration of the vision for the program. This **decision-support conceptual map/flowchart** of work will likely not exceed 1-2 pages in length.

4. Additional attachments (optional)

Supporting documents may be provided in order to improve reviewers' ability to evaluate proposals. ***Please combine any additional attachments into a single PDF.***

- A resume or curriculum vitae for program managers and key technical staff.
- Photographs or other graphics that illustrate past experience working with landowners to reduce shoreline armoring.
- Letters from partners or other stakeholders committing to contribute resources that support program success.

Submittal Format

Complete proposals should be received by **12:00 PM (Noon), Monday April 15, 2019.** *Proposals received after this time may be rejected.* Please send complete applications to: esrp@dfw.wa.gov.

All files should be decipherable when printed on standard letter size paper. These files can be delivered via one or more e-mails. Each e-mail should be less than 10 megabytes. All submittals received via e-mail will be provided with confirmation of receipt within 2 business days. WDFW is not responsible for e-mail system malfunctions or other factors which prevent successful delivery of proposals prior to the published due date. Applicants are encouraged to submit materials sufficiently in advance of deadlines, and request return receipt notification of successful e-mail message delivery.

WDFW may choose to not review or inform applicants of the completeness of applications prior to the grant opportunity close date. Proposals deemed incomplete or otherwise ineligible will not be reviewed

and evaluated, and the applicants will be notified within two business days of the ineligibility determination.

Communications regarding the submitted proposal's eligibility or evaluation will be completed by e-mail. WDFW is not responsible for lack of response following successful e-mail transmission to the two e-mail addresses provided by the applicant.

All discussion of award funding level, scope, and program implementation schedules are preliminary until grant agreements are finalized. The applicant assumes full risks for any costs incurred prior to selection of programs and subsequent execution of grant agreements. The program description, award, and award scope may differ from the proposal.

PROPOSAL REVIEW PROCESS

Proposals will first be reviewed by ESRP staff to determine if they are responsive to this Request for Proposals. Proposals may be rejected as non-responsive if they do not include all required information and documents, and/or if the proposed program does not:

- Reflect the intent of the RFP.
- Address how efforts will result in the restoration and protection of ecosystem processes as identified by ESRP and PSNERP technical reports.
- Identify long-term protection mechanisms, if direct financial incentives to landowners are proposed.
- Meet any other stated requirements.
- Incorporate the use of the Shore Friendly campaign for relevant elements.

An advisory review panel made up of individuals with subject-matter expertise will review, evaluate, and rank responsive proposals. Eligible applicants will have the opportunity to present their proposals to the review panel in early May 2019. ESRP will then select proposals for funding.

Evaluation Criteria

Eligible proposals will be evaluated against the criteria listed below. Points will be awarded based on how well each evaluation criterion or sub-criterion is addressed.

1) Incentive Program Design (35 points)

Ideal proposals will describe a programmatic approach that has a high likelihood of leading to a reduction (through prevention or restoration) of hard armor.

Criterion	Points
Clearly identify priority segments of the population in the local area to be served, and propose incentive strategies to effectively achieve target behaviors and address the relevant barriers and motivators.	10

Describe how your program will effectively implement results and recommendations of the Social Marketing Strategy project and/or lessons learned from past program implementation, and incorporate the Shore Friendly brand.	10
Clearly identify how your program effectiveness will be measured using appropriate measures/monitoring, and will build performance measurement and adaptive management into the scope of work.	10
Describe a clear vision for continuing and adapting the program over the six-year contract period and demonstrated commitment by entities with authority to use outcomes of the program beyond life of the grant.	5
TOTAL POINTS	**35**

2) Ecological Importance To Puget Sound Recovery (30 points)

Ideal programs will incorporate the best available science into the delivery of incentives to landowners.

Criterion	**Points**
Demonstrate how available information on ecosystem processes at the regional or local scale is incorporated into the selection of landowners to receive incentives.	10
Demonstrate an understanding of threats to Puget Sound habitat and species from shoreline armoring, and make a clear and compelling case that proposed activities and guidance to landowners would improve protection or restoration of shoreline processes identified by ESRP and PSNERP technical reports.	15
Demonstrate the integration of climate change resilience best practices into the program design, such as how this information will inform selection of landowners to receive incentives.	5
TOTAL POINTS	**30**

3) Program Readiness & Probability of Success (20 Points)

Ideal programs will be poised to implemented quickly and have a strong track record of successfully delivering marine landowner incentives.

Criterion	Points
Describe how key program staff have the expertise and qualifications to successfully accomplish tasks and activities, as well as demonstrated relevant experience.	5
Demonstrate successes in developing and implementing site-specific landowner incentive programs.	5
Explain how proposed partnerships are effective and will contribute to achieving program goals.	5
Provide a program activities schedule that is realistic and can be achieved by June 30, 2021. Demonstrate a readiness to proceed and to implement priority program activities.	5
TOTAL POINTS	**20**

4) Cost Justification (10 points)

Ideal programs will have clear budgets that are appropriate for the type of actions proposed in the given location.

Criterion	Points
Describe a complete budget that provides a fair estimate of all elements required for successful implementation of proposed activities.	5
Explain how non-state funding sources are leveraged to maximize landowner engagement and participation in site-scale incentive activities.	5
TOTAL POINTS	**10**

5) Local and Regional Priority Alignment (5 Points)

Ideal programs will address priorities identified in local and regional planning documents.

Criterion	Points
Describe how the proposal is consistent with Local Integrating Organization (LIO) Plans or other local priorities.	5
TOTAL POINTS	**5**

QUESTIONS

Questions about this grant opportunity should be sent to esrp@dfw.wa.gov. Questions received by February 28, 2019 will be answered and responses posted on the ESRP Grant Application and Material page: http://www.pugetsoundnearshore.org/esrp/application_materials.html. Any other communication will be considered unofficial and non-binding. Applicants are to rely on written statements issued by the ESRP.

CITY OF BAINBRIDGE ISLAND

City Council Regular Business Meeting Agenda Bill

MEETING DATE: March 26, 2019 **ESTIMATED TIME:**

AGENDA ITEM: (9:50 PM) Committee Reports,

STRATEGIC PRIORITY: Good Governance

PRIORITY BASED BUDGETING PROGRAM:

AGENDA CATEGORY: Report **PROPOSED BY:** Executive

RECOMMENDED MOTION:
Information only.

SUMMARY:
Recent committee reports are provided for information only.

FISCAL IMPACT:

Amount:	
Ongoing Cost:	
One-Time Cost:	
Included in Current Budget?	

BACKGROUND:

ATTACHMENTS:

Climate Change Advisory Committee February 6, 2019

Environmental Technical Advisory Committee January 17, 2019 Minutes

Environmental Technical Advisory Committee February 28, 2019 Minutes

Ethics Board February 22, 2019 Minutes

FISCAL DETAILS:

Fund Name(s):

Coding:

CITY OF
BAINBRIDGE ISLAND

CLIMATE CHANGE
ADVISORY COMMITTE
FEBRUARY 6, 2019
CITY HALL
280 MADISON AVENUE
NORTH
BAINBRIDGE ISLAND, WA 98110

MINUTES

Present: Committee members Derik Broekhoff, Michael Cox, Lara Hansen, Gary Lagerloef, David McCaughey, Nora Ferm Nickum, Deborah Rudnick, James Rufo-Hill; Council Liaison Joe Deets
Absent: Committee member Michelle McClure
Public: Deborah Weinmann, David Brown, Fran Korten

1. The meeting was called to order at 6:25 pm.

2. Minutes from the previous meeting (January 16) were approved.

3. Public Comment
   - David Brown is the new outreach coordinator for Puget Sound Energy for Kitsap County.
   - Fran Korten said climate change is the most important issue of our time.

4. Draft 2019 Work Plan
   - We discussed potential mitigation targets, which later this year could be presented for public comment and presented to the Council for adoption.
   - Subgroups for further work on potential targets:
     - Mitigation: David, Mike, Derik, and Gary
     - Citizen engagement: Deb, Nora, and David
     - Adaptation: Lara and Deb
   - Ultimately our recommendation to Council should include whether or not the City should use offsets to reach its targets.

5. Election of New Chair
   - Michael Cox was elected as the new committee chair. David McCaughey was elected as vice chair. They will have a one-year term in those positions starting March 1, 2019.

6. Updates and Other Business
   - The Committee presentation to Council will be on Tuesday, Feb. 26.
   - Debbie Weinmann is a Western Washington University extension student studying policy, and she is available as a resource to us to help with things like research.
   - Michael has been asked to talk to some classes at Woodward Middle School; James, Lara, and Deb can join as needed.
   - Lara presented the "Drink like you live here" concept for promoting the use of only reusable cups.
   - Deb and Lara are presenting at a *Wells to Whales: Protecting our Waters* conference on March 10 from 1-5 p.m. at Islandwood. Registration is on the Islandwood website.

7. The meeting was adjourned at 7:45 pm.

3/20/2019

Co-Chair Date

CITY OF
BAINBRIDGE ISLAND

ENVIRONMENTAL TECHNICAL
ADVISORY COMMITTEE
REGULAR MEETING
JANUARY 17, 2019

MINUTES

Call to Order at 3:04 PM

Member Attendees: Karl Shearer, Casey Schmidt, Charlie Kratzer, Melanie Keenan, Juan Rovalo (by phone), and Dylan Frazer.

COBI Staff: None

Council Liaison: Rasham Nassar

No conflicts of interest disclosed.

Minutes approved with one modification. In this modification it was noted that ETAC hasn't been tasked with anything new regarding the Suzuki property, although we are available if necessary.

Council Liaison Report

- Rasham discussed the details of two meetings that had occurred since our last ETAC meeting that included setting priorities for 2019, and a focus on climate change.

ETAC Chair's Report

- Charlie and Rasham discussed the necessity of putting ETAC on the agenda to discuss our workplan to the Council.
- It was suggested that this occur during the study session on February 5th and that we should present with UAC.
- In a previous meeting, Council approved a Bainbridge groundwater fact sheet to be created by ETAC. The existing GWMP sub-group (Charlie, Casey, Melanie, and Juan) was tasked with the fact sheet.
- A collaboration with Sustainable Bainbridge and the Watershed Council on the fact sheet was suggested.

Groundwater Management Plan Discussion

- There was a discussion of the job description for the new hire who will work on the GWMP. It was suggested that we look at an old COBI job description.
- A potential meeting of the GWMP subgroup with KPUD was discussed.
- A discussion ensued surrounding how modeling runs would be incorporated given that there was no funding approved for this part of ETAC's proposed plan.
- The water monitoring program that Christian Berg presented on recently was discussed. ETAC suggested that we explore expanding this program by perhaps partnering with IslandWood for water levels, and asking KPUD for shared equipment and employee help.

CITY OF
BAINBRIDGE ISLAND

ENVIRONMENTAL TECHNICAL
ADVISORY COMMITTEE
REGULAR MEETING
JANUARY 17, 2019

Salmon Aquaculture Discussion

- Karl discussed an upcoming meeting to discuss salmon aquaculture surrounding the island.
- The Dept. of Ecology drafted new standards for salmon farms.
- Cooke Seafood is attempting to re-open their fish pens after the temporary moratorium expires.

Meeting adjourned at 4:37 PM.

3/21/19

Charlie Kratzer, Chair 3/21/19

CITY OF
BAINBRIDGE ISLAND

ENVIRONMENTAL TECHNICAL
ADVISORY COMMITTEE
REGULAR MEETING
FEBRUARY 28, 2019

MINUTES

Call to Order at 3:02 PM.

Member Attendees: Karl Shearer, Casey Schmidt, Charlie Kratzer, Juan Rovalo, Dylan Frazer, Jason Flowers, and Steve Saepoff.

COBI Staff: None

Council Liaison: Rasham Nassar

Council Liaison Report

- The status of the Suzuki property was discussed; which is currently on hold. There was a discussion on the number of units for the Suzuki property and the fact that there was a financial feasibility study in progress.
- The importance of a sustainable, independent water supply was discussed referencing this language in the Comprehensive plan.

Chair Report

- The groundwater fact sheet was discussed.
  - It will be a one-page document, front and back and it should be reviewed by KPUD
  - Discussed in the document will be categories including; what is groundwater, the six island aquifers, sole source aquifer designation, seawater intrusion, water budget, future scenarios and sustainability, early warning levels and safe yield, importance of monitoring network, GWMP development, and next steps.
  - The figures to include were discussed
- The upcoming environmental conference at IslandWood put on by the Association of Bainbridge Communities was discussed because Charlie will talk in a break-out session on the GWMP.
  - A bio was requested from each ETAC member to include in this presentation
- 2018 accomplishments and 2019 work plan were discussed, two aspects added related to stormwater and contaminants of emerging concern
  - The ETAC work plan and accomplishments will be presented at the March 12th City Council meeting
- The necessity of a staff liaison was discussed.
- Juan discussed the idea of including other COBI committees on relevant topics, or having a meeting with the chair of other councils (e.g. climate change)
- Charlie sent an email to COBI staff on Feb 16th asking what is happening with GWMP
- Council changed GWMP to a 2-year full-time position, reducing the process to two years.

Karl discussed the presentation on aquaculture:

- State presentation, require more comprehensive monitoring, discharge permit, etc.
- Aquaculture of non-native species terminated by 2021
  - Cooke Seafood is using Steelhead
  - Cooke Seafood is suing the state
- Shoreline management act regulates impact of salmon farm

Meeting adjourned at 4:37 PM.

3/21/19
Charlie Kratzer, Chair 3/21/19

COBI ETHICS BOARD
Special Meeting
February 22, 2019

Minutes

1. Call to order. Meeting was called to order at 6:00 pm. Present were Scott Wilder, Maradel Gale, Suzanne Keel-Eckmann, Ingrid Billies, and Joe Deets, Council representative. Members of the public attending: Ron Peltier, Nancy Fortner, Bob Fortner, Sarah Sydor, Steve Kersten, Mary Clare Kersten.

2. Changes or Additions to Agenda. After Item 12, Suzanne would like to discuss the study session from the City Council meeting.

3. Disclosure of conflicts of interest. None.

4. Minutes of the January 2019 meeting were accepted as submitted.

5. Communications. Suzanne spoke with Scott and Maradel with regard to getting up to speed with new role as Chair, as well as Joe Levan, Christine Brown, Robbie Sepler, Joe Deets, Kol Medina. Maradel met with Brian Strully, Scott spoke with Robbie Sepler.

6. Public Comment. Ron Peltier gave a summary of the Conflict of Interest complaint directed at him and wants to know how the Board arrived at their determination. No other comments from members of the public.

7. Remand Ethics Complaint 2018-04. The Ethics Board has not ever had a remand. Suzanne spoke at length with Joe Levan regarding this. Scott is drafting the remand response. Scott is confident the response will be drafted by the March18 Ethics Board meeting.

8. Tirman Advisory Opinion Request. Maradel led a discussion of this Advisory Opinion Request. The Board approves of the draft the way it is written.

9. Advisory Opinion Requests Re: Nassar Property Matter. Maradel recommended that the Board wait to learn about the City Code Compliance and that may resolve the issue and the Board may not address this. The Board agrees with this common-sense approach.

10. Training Update. Scott and Suzanne will give training to the Race Equity Task Force.

11. 2018 Annual Report/2019 Work Plan. These will be presented to the City Council at their March 26 meeting. Maradel will send Scott a bulleted list of work plan items.

12. Items for the Next Meeting Agenda. Proposed changes to the Ethics Code. Request for Advisory Opinion 2019-04. Change or addition item to the Agenda: Suzanne led a discussion regarding the City Council to modify Ethics Program Article 1.

13. Next Meeting Date: March 18, 2019.

14. Adjournment: 6:56 pm.

Suzanne Keel-Eckmann, Chair