

2017

Restricted Appraisal Report

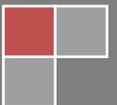
report prepared for:
City of Tracy

market value reported as of:
March 13, 2017



Former Westside Market
729-741 N. Central Avenue
Tracy, CA 95376
APN: 235-068-06

prepared by:
Michael E. Lockard, MAI, R/W-AC
1239 S. Highland Avenue
Ripon, CA 95366





Right of Way Valuation Services

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March 23, 2017

Joshua Ewen
Management Analyst
City of Tracy
333 Civic Center Plaza
Tracy, CA 95376

Re: Estimate of Market Value
Commercial Land Less Demolition Costs
729-741 N. Central Avenue, Tracy, CA 95376
APN: 235-068-06

Dear Mr. Ewen:

Pursuant to our agreement, an appraisal has been made of the "as is" market value of the commercial property located at 729-741 N. Central Avenue within the downtown area of the City of Tracy. The subject property is improved with commercial building with significant seismic and renovation costs. In the analysis of the highest and best use of the subject, the value of the property "as improved" was judged to be less than the value of the property "as if vacant." Therefore, the highest and best use of the subject property is to demolish the existing commercial building improvements for future development. Attached are the seismic, building renovation, and demolition cost estimates provided by Shah Kawasaki Architects dated January 14, 2013. The client is advised to obtain current competitive cost estimates before reaching a business decision to dispose of the property.

I have completed an inspection of the property, gathered pertinent information, comparable listings, sales, and other data relevant to the assignment. All data was analyzed to reach my conclusion. This appraisal is prepared in a Restricted Use Report format, as set out in the Uniform Standards of Professional Appraisal Practice guidelines, which contains an estimate of market value and a description of the subject property. This Restricted Use Appraisal Report is to assist the buyer with a basis of market value for disposition purposes. The current "as is" market value of the property includes deductions for demolition costs. This reporting format provides the client with minimal descriptive information and the Appraiser's opinions and conclusions set forth in this report cannot be relied upon or understood properly without additional information contained in the Appraiser's work file.

The effective date of the market value estimate is as of March 13, 2017, the last date of inspection. It is subject to the assumptions and limiting conditions herein.

Sincerely,

A handwritten signature in blue ink that reads "Michael E. Lockard".

Michael E. Lockard, MAI, R/W-AC

Certified General Real Estate Appraiser AG011733

SUMMARY OF SALIENT FACTS

Property Name	Former Westside Market	
Location	729-741 N. Central Avenue Tracy, CA 95376	
Assessor's Parcel Number	235-068-06	
Property History		
Current Owner	City of Tracy	
Previous Sale Date	08/11/11	
Previous Sale Price	\$650,000	
Highest and Best Use		
As Though Vacant	Commercial Development	
As Improved	Demolish Structure for Commercial Development	
Property Rights Appraised		
	Fee Simple Interest	
Land Area	0.24 AC	10,500 SF
Zoning / General Plan	CBD / Downtown	
Improvements		
Property Type	Commercial	
Number of Buildings / Stories	1 / 1	
Net Rentable Area / Gross Building Area	6,168 SF / 8,885 SF	
Basement	5,600 SF	
Year Built / Condition	1912 / Fair	
Repair & Lease-up Cost Estimates		
*Cold Shell with Minimum Seismic Renovation	\$763,310	
*Warm Shell with Minimum Seismic Renovation	\$1,241,336	
Total Lease-up Cost	\$180,000+	
Estimated Exposure Time	9 months or less	

Hypothetical Market Value As Though Vacant	March 13, 2017		
Cost Approach			N/A
Sales Comparison Approach	10,500 SF	\$23.00 SF	\$241,500
Income Capitalization Approach			N/A

CONCLUDED MARKET VALUE (COMMERCIAL LAND)

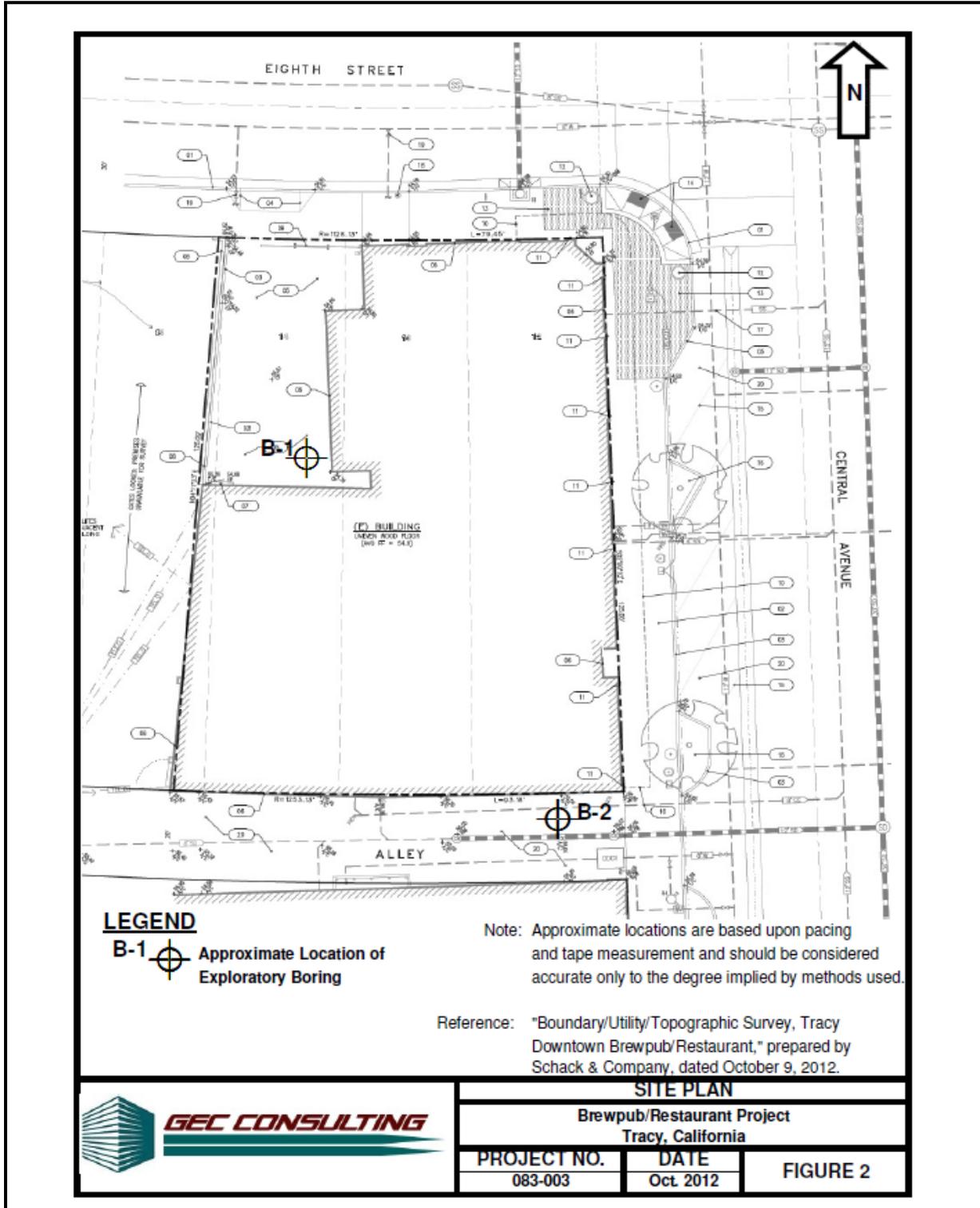
Appraisal Premise	Interest Appraised	Date of Value	Value
As Though Vacant	Fee Simple Interest	March 13, 2017	\$241,500
**Demolition Costs			\$78,938
As Is	Fee Simple Interest	March 13, 2017	\$162,562
Rounded			\$162,000

Compiled by RowLand Valuation

* Based on Feasibility Study Prepared by Shah Kawasaki Architects (1-14-13)

** Includes 15% Contingency/Profit

SITE / FLOOR PLAN



SUBJECT PHOTOS



FRONT VIEW OF SUBJECT ALONG N. CENTRAL AVENUE FROM THE SOUTH



FRONT VIEW OF SUBJECT FROM W. 8TH STREET



REAR VIEW OF BUILDING FROM THE NORTH



REAR BUILDING OF BUILDING FROM THE SOUTH

Purpose of the Appraisal: This appraisal was completed for the purpose of presenting my opinion of the “as is” fee simple market value of the subject.

Intended Use: For use by the City of Tracy in establishing a price for disposition. This report is not intended for any other user or use. The Appraiser is not responsible for any unauthorized use of this report.

Scope of Work: The intent of this appraisal assignment is to conduct an investigation approximating the thoroughness of a typical user considering buying a commercial retail building on the open market in the subject’s market area. The property was inspected to determine the size, condition, and utility. Searches of public records and commercial listing and sale services were employed to obtain data. Brokers, appraisers, and owners of competing commercial properties were interviewed to assist in marking estimates of market value and market conditions, both general and specific to the subject area. Relevant property sales and rents were researched and confirmed to the extent possible.

Date of Valuation: The subject property was last inspected on March 13, 2017. This appraisal is based on market conditions as of March 13, 2017, the effective date of market value.

Definitions

Market Value¹

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

- a. Buyer and Seller are typically motivated;
- b. Both parties are well informed and well advised, and each acting in what he considers his own best interest;
- 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 property sold unaffected by special financing or sales concessions granted by anyone associated with the sale.

In summary, the term "market value" infers a sale of the subject property without conditions, for cash or financing equivalent to cash, on the date of valuation, assuming the property had been exposed to the market for a reasonable time before the date of valuation.

Fee Simple Interest

Absolute ownership unencumbered by any other interest or estate, subject only to the four powers of government.

¹ Federal Register, vol. 55, no. 163, August 22, 1990, pages 34228 and 34229; also 12 CFR 323.4 of FDIC.

“As Is” Condition

The actual physical, legal and economic condition of a property, without hypothetical assumptions, as of the valuation date.

Report Format: The Appraiser has concluded that the appraisal report format is a Restricted Use Report. The intent of this format is to minimize those reporting areas that are already known to the client. As a result, the Appraiser’s opinions and conclusions set forth in this report cannot be understood completely without additional information in the Appraisal file and cannot be relied upon by anyone other than the intended users.

Limiting Conditions and Assumptions: This appraisal report and the conclusion presented herein are expressly subject to the following assumptions and conditions:

1. No responsibility is assumed for legal or title considerations. Title to the property is assumed to be good and marketable unless otherwise stated in this Report.
2. The property is appraised free and clear of any or all liens and encumbrances unless otherwise stated in this Report.
3. Responsible ownership and competent property management are assumed unless otherwise stated in this Report.
4. The information furnished by others is believed to be reliable. However, no warranty is given for its accuracy.
5. Sketches and photographs contained in this Report are included to assist the reader in visualizing properties & no survey has been made of the property in the report.
6. The Appraiser assumes no responsibility for discovery of hidden or non-apparent conditions of the property, subsoil, or the structures that render it more or less valuable. Encroachment of real property improvements is assumed to not exist. No responsibility is assumed for arranging for engineering studies or a survey, which may be required to discover these conditions.
7. It is assumed that there is full compliance with all applicable Federal, State, and local environmental regulations and laws unless otherwise stated in this Report.
8. It is assumed that all applicable zoning and use regulations and restrictions have been complied with, unless non-conformity has been stated, defined, and considered in this Appraisal Report.
9. It is assumed that all required licenses, certificates of occupancy, or other legislative or administrative authority from any local, state, or national governmental or private entity or organization have been or can be obtained or renewed for any use on which the value opinions contained in this Report are based.
10. The Appraiser is not a soil expert. The existing soil and substructure has been assumed adequate for existing or proposed uses unless contrary information is provided and contained in this report. It is advisable to have a soils analysis and report completed by a qualified soils engineer or other qualified expert so that any interested party will become knowledgeable as to the important soils information including seismic data, soil contaminants, type of fill if any or other relevant matters.
11. Unless otherwise stated in this Report, the subject property is appraised without a specific compliance survey having been conducted to determine if the property is or is not in conformance with the requirements of the Americans with Disabilities Act. The presence of architectural and communications barriers that are structural in nature that would restrict access by disabled individuals may adversely affect the property’s value, marketability, or utility.

12. Possession of this Report, or a copy thereof, does not carry with it the right of publication. It may not be used for any purpose by any person other than the party to whom it is addressed without the written consent of the Appraiser, and in any event, only with proper written qualification and only in its entirety.
13. The delivery and/or possession of this Report does not require the Appraiser to attend or give testimony at any meeting, public hearing, pretrial conference, deposition or court trial unless there is a written agreement between the Appraiser and the party possessing or relying on this report or requesting such services.
14. Neither all nor any part of the contents of this Report (*especially any conclusions as to value, the identity of the Appraisers, or the firm with which the Appraiser is connected*) shall be disseminated to the public through advertising, public relations, news sales, or other media.

Special Assumptions and Limiting Conditions:

- The Appraiser relied upon the cost estimates prepared by Shah Kawasaki Architects, dated January 14, 2013. The client is advised to obtain current and competitive seismic and renovation cost estimates before making a business decision.
- The Appraiser relied upon the building size calculations cited in the feasibility study prepared by Shah Kawasaki Architects, which based on the appraiser's preliminary calculations and review of Assessor's data was accepted as correct for this appraisal.
- The Appraisal Report is for the sole use of the Client for determining the market value of the real property.
- This is a Restricted Use Report, which is intended to comply with the reporting requirements set forth under Standards Rule 2-2(c) of the Uniform Standards of Professional Appraisal Practice. As such, it does not include the discussions of the data, reasoning, and analyses that were used in the appraisal process to develop the Appraiser's opinion of value. This Appraisal Report cannot be fully supporting data and analysis is retained in the Appraiser's file. The information contained in this report is specific to the needs of the client and for the intended use stated in this report. The Appraiser is not responsible for unauthorized use of this report.

Certification of Appraiser

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

The statements of fact contained in the Appraisal Report are true and correct, and the information upon which the opinions expressed therein are based is correct; subject to the Limiting Conditions therein set forth.

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

I completed an appraisal of the subject property for the City of Tracy on January 29, 2015. Otherwise, I have performed no services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.

I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.

My engagement in this assignment was not contingent upon developing or reporting predetermined results.

My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directed related to the intended use of this appraisal.

My analysis, opinions, and conclusions were developed, and this report has been prepared, in conformity with the *Uniform Standards of Professional Appraisal Practice*.

I have made a personal inspection of the property that is the subject of this report.

No one provided significant real property appraisal assistance to the person signing this certification.

The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.

I have not revealed the findings and results of such appraisal to anyone other than the proper officials of the acquiring agency and I will not do so until so authorized by said officials, or until I am required to do so by due process of law, or until I am released from this obligation by having publicly testified as to such findings.

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, Michael E. Lockard, MAI, has completed the continuing education program of the Appraisal Institute.

As of the date of this report, Michael E. Lockard, R/W-AC, has completed the continuing education program of the International Right of Way Association.

I hereby certify that in my opinion of the Market Value of the property rights appraised as described in this report are shown in the Valuation Summary and that these opinions and conclusions were made subject to the Assumptions and Limiting Conditions in this report and without collusion, coercion or direction from anyone as to value.

3/23/2017
Date


Michael E. Lockard, MAI, R/W-AC
Certified General Real Estate Appraiser #AG011733

ADDENDUM



Downtown Brewpub / Restaurant Project

City of Tracy

Feasibility Study

TRACY DOWNTOWN BREWPUB & RESTAURANT

SKA Job # 12707

Client

City of Tracy
Development Services Department
333 Civic Center Plaza
Tracy, CA 95376

Andrew Malik, Development Services Director
Scott Claar Associate Planner (Project Manager)

Design Team Members

Shah Kawasaki Architects
Architects and Prime Consultant
1111 Broadway, Suite 1650
Oakland, CA 94607
Alan Kawasaki, Principal
Jigna Desai, Designer

ZFA Structural Engineers
Structural Engineers
1212 Fourth Street, Suite Z
Santa Rosa, CA 95404
Kevin Zucco, Principal
Luke Wilson, Engineer

Schack & Company
Civil / Survey Engineers
1025 Central Avenue
Tracy, CA 95376
Daniel Schack, Principal
Richard Paulsen, Project Manager
Scott Schendel, Engineer

GEC Consulting
Geotechnical Engineers
367 Civic Drive, Ste 10
Pleasant Hill, CA 94523
Marlene Jackson, Principal Engineer

Cumming Corporation
Cost Estimators
475 Sansome Street, Suite 740
San Francisco, CA 94111
Sean McDermott, Senior Cost Manager

Introduction

In August of 2011 the City of Tracy purchased the property located at 729/741 Central Avenue in Tracy for the purposes of renovating the building and revitalizing the downtown area.

The property consists of a 8,885 square foot ground floor building (6,168.5 sf original building and 2,716.5 sf addition), a 500 square foot mezzanine, a 5,600 square foot basement and a 290 square foot storage shed. The building sits upon a 10,278.27 square foot lot (see attached as-built drawings prepared by Shah Kawasaki Architects and survey prepared by Schack and Company).

The southern end (729 Central) of the building is currently occupied by the Tracy Performing Arts Foundation. The northern end (741 Central) was previously occupied by the West Side Market.



729/741 Central Avenue



The Westside Market was formerly entered from the corner of Central Avenue and Eighth Street.

In December of 2011, the City published a request for Letters of Interest with the aim of attracting a brewpub/restaurant to the property. In January of 2012 a letter of interest was received from Ruth McGowan's Brewpub in Cloverdale, CA. The City has entered into negotiations with the Ruth McGowan's.

Shah Kawasaki Architects has been retained by the City to prepare a feasibility study to establish a brewpub/restaurant on the property. In order to initiate this study, the team first completed a survey and geotechnical study. This was then followed by a first pass at the project including site visits, structural alternatives, an initial attempt to describe likely core and shell upgrades, preparation of an initial budget and discussions with the City to further refine the projects scope and schedule. Should the project be deemed by the City to be feasible, a detailed development of the design would occur in subsequent phases of the project. The scope of work for this feasibility study is to:

- Complete a Topographic, Boundary and Utility Survey for the project site.
- Provide a Geotechnical Field Investigation, laboratory testing, analysis and report.
- After initial on-site investigation, code analysis and collaboration with the City, determine a reasonable level of retrofit to increase seismic performance of the existing building.
- Prepare a CAD base drawing for the project.
- Participate in discussions regarding scope, budget and schedule for the project.
- Provide narrative descriptions of other building improvements for use in cost estimation.
- Complete a rough order of magnitude cost estimate for retrofitting the building or complete a rough order of magnitude cost for an equivalent newly constructed building.

Existing Building Description

The existing property is roughly rectangular in shape and is bound by Eighth Street to the north, Central Avenue to the east, an alley to the south and residential properties to the west. The building orients toward Central Avenue which is a primary retail and commercial thoroughfare. The Tracy's Grand Theatre Center for the Arts is located on the block to the immediate south. There are numerous small retail stores, commercial establishments and a few restaurants located along Central Avenue to the north and south. The building's L-shaped floor plan occupies nearly the entire lot with the exception of an open space in the north-west corner.

Records of the original construction cannot be found, however by visual observation it appears that the building was originally constructed along Central Avenue, and that an addition was made to the south-west. This is evidenced both by construction joints, differing parapet heights, and differing approaches to construction. The "original" building is constructed over a 7'-6" foot high concrete wall basement and the roof is supported by perimeter concrete/masonry walls and interior wood columns that bear on the basement walls.



The roof cornice at the north west corner of the building is slightly sagging and need additional support



Cornice detail



Diagonal cracking in brick masonry walls at rear addition



Aluminum storefront and wood infill between plaster covered concrete columns



The brick at the rear addition is mostly left exposed and painted

The “addition” is lacking a full basement and the roof is supported by perimeter and interior brick bearing walls. The addition’s bearing walls has diagonal cracks and the addition appears to be settling differentially from the original building.

The exterior of the concrete and brick walls are covered with cement plaster, except for the west and north walls of the addition in which the brick is exposed and painted. The Central Avenue façade consists of single pane aluminum storefront windows and wood panels between cement plaster covered concrete columns. There is a green fabric awning which extends the length of Central Avenue, and a portion of Eighth Street. These awning cover the existing clearstory windows. As would be expected of an older structure, the paint over the stucco has built up over the years, and is separating or bubbling from the cement plaster in several areas. The wood infill between the exterior concrete columns have shrunk in several areas causing gaps between the infill and the columns.



The existing awnings are covering the clearstory windows



The wood infill between the concrete columns along Central Avenue have shrunk causing gaps in several areas



There is a shallow attic space between the roof and ceiling joists

The roofing system consists of a shallow wood framed attic. The top portion of the attic is sloped and supports the roof sheathing above. The lower portion of the attic is horizontal and either cement plaster or gyp board is adhered to the bottom to form a ceiling.

The roofing itself is single-ply white monolithic membrane which appears intact. There are numerous areas where the membrane has lost adhesion with the wood roof below.

The building is un-insulated with the exception of batt insulation as noted below.

The West Side Market tenant space has an acoustical ceiling tile suspended below the original cement plaster ceiling. The acoustical tile supports fiberglass batt insulation and conceals the HVAC and electrical distribution system. There are miscellaneous interior partitions along the western wall of the West Side Market tenant space which may have contained restrooms and storage areas. Two separate stairs lead to partial mezzanines containing an office and what appears to be an additional storage area.

The Tracy Performing Arts Foundation is an unimproved tenant space with the exception of a restroom at the western end. The space is subdivided by temporary partial height walls and curtains and contains a small stage at its center. There are two interior brick masonry bearing walls supporting the roof of the "addition". The northern bearing wall has cracks and the tenant is not occupying the northern 1/3 of the addition due to concerns over its structural stability.

While this evaluation does not include a detailed survey of the buildings existing mechanical and electrical systems (as both will presumably be replaced), it is noted by the architects that the existing building has four rooftop units. Electrical panels were observed in the basements which appear to have been installed after the original construction. The mechanical, electrical and plumbing systems to the Performing Arts Foundation are operational, though to what degree and consistency is unknown. It is also unknown whether the mechanical, electrical and plumbing systems to the West Side Market space are operational as they were turned off during the site visits.



Single ply white roofing membrane



The single ply roofing has lost adhesion in several areas. Note bubbling in valley and to left of valley.

Building Code

The building was likely originally designed for M Mercantile or B Business Occupancy groups. The proposed use is a restaurant/brewpub (Occupancy Group A-2 Assembly). In accordance with section 3408.1 of the 2010 California Building Code, the City of Tracy's Building Official will need to approve the building's use for the change in occupancy. The City Building Official has noted that should the A-2 portion of the remodeled building exceed 5,000 square feet, the building will need to have a sprinkler fire protection system.

Using the current code, the building would be classified as Type V-B construction, as it has unprotected wood framed construction. It is unknown how the building was classified when originally constructed.

In accordance with Table 1604.5 of the Code, the building is a structural Occupancy Category II building and will remain a Category II building providing the building, or portion thereof, does not exceed 300 occupants. Should it remain a Category II building, structural upgrades to the building are voluntary provided no structural alterations are included in the new design. Any individual altered elements are subject to current code requirements through load path to foundation.

Existing Building Core and Shell Improvements

The City wishes to renovate the building to make it viable for the prospective brew pub / restaurant tenant, and to act as a catalyst for the revitalization of the downtown area. In doing so, the City wishes to achieve the greatest value for its investment.

In reviewing the condition of the existing facility, the consultancy team felt that the "addition" at the rear of the building should be removed as its renovation cost would exceed the cost of a new replacement. In addition, the wooden storage shed should be removed as it has little value. It is recommended that the original building structure (6,168.5 square feet) be retained and that additions, non-structural interior partitions, interior finishes and outdated MEP systems be removed.

A building's core and shell consists of its exterior envelope, permanent interior rooms (mechanical, electrical and restrooms) structural system and mechanical electrical and plumbing (MEP) infrastructure. The City could offer the building for lease either as a "warm shell" or a "cold shell". As a warm shell, the City would complete the restrooms, install the HVAC (heating, ventilation and air conditioning), main "trunk" duct runs, and insulate the building. As a cold shell these would not be provided. There are advantages and disadvantages to either approach. Should the City provide a warm shell, the tenant will have less cost to complete the remaining interior improvements. The City could place the restrooms and HVAC units at locations that would allow the building to be leased as either at restaurant or retail store in the future. On the other hand, by not completing the restrooms and HVAC, the tenant would have greater flexibility in the restaurant and kitchen layout.

This report will first look at the cost of renovating the building's "cold shell" then will seek to determine the approximate cost of the additional warm shell improvements. To improve the cold shell, the following is recommended:

- Remove existing 2,716.5 square foot addition, and 290 square foot shed at rear of building. Add new exterior wall on column line C between lines 4 and 8 consisting of 7/8" cement plaster over exterior sheathing board over 6" structural steel stud framing.



Sand blast paint off of existing walls and remove loose plaster.

- Sandblast paint off of existing cement plaster walls, remove loose cement plaster, repair plaster including re-detailing of decorative columns and building corners, prime, add elastomeric (VIP) undercoating, and 2 coats of acrylic latex paint.
- Remove existing windows, wood paneling, and wood infill structure between exterior cement plaster columns along Central Avenue and at Eighth Street. At each 12 ft high bay add an intermediate horizontal 10" deep steel tube header at approximately 8 feet above grade spanning between the cement plaster columns. Support with 12' high intermediate steel columns where span exceeds 14ft. Coordinate with structural framing. Infill with storefront below and a true divided light clearstory above. All glazing to use insulated glass.
- Replace all exterior doors.
- Remove all non-load bearing partitions from interior. Remove existing suspended acoustical tile ceilings. Remove all interior finishes. Remove all existing electrical, plumbing and HVAC systems including ground floor, attic and basement.
- Provide (1) main electrical room accessible from rear alley, (1) fire service riser room accessible from rear alley.
- Replace existing roof membrane with new TPO single ply roof over R-30 rigid insulation.
- Replace existing parapet flashing with new flashing.
- Repair and structurally reinforce Cornice at north-west corner of building which is sagging.
- Provide (1) layer of Type X gyp board to underside of ground floor framing to provide (1) hour fire separation between basement and ground floor.
- Provide (2) entry access points to basement from alley side of building.
- Provide new water service connection to building.
- Provide new gas service connection to building.
- Re-route existing 400 amp electrical service running from existing transformer to meters currently mounted to addition to new electrical room to be located at south west corner of building.
- Pave and stripe new parking at rear alley, remove fence and gate located at north-west corner of property, provide curb cut in sidewalk at south west corner of property.

Should the City wish to complete the building as a "warm shell" the following items should be added to the project:

- Provide (8) single occupancy ADA accessible restrooms,
- Run 4" sanitary sewer connections at basement to restrooms and provide caps for future tenant connections. Provide a grease trap for the restaurant kitchen connection.
- Remove (4) existing HVAC units, unused vents, pipes, hatches from roof and repair substrate. Install (4) new HVAC units.
- Install 3" rigid insulation to inside face of exterior masonry walls above cement plaster ceiling.
- Install 6" steel furring studs to inside face of exterior walls and fill with R-19 batt insulation.

Structural System and Materials Observations

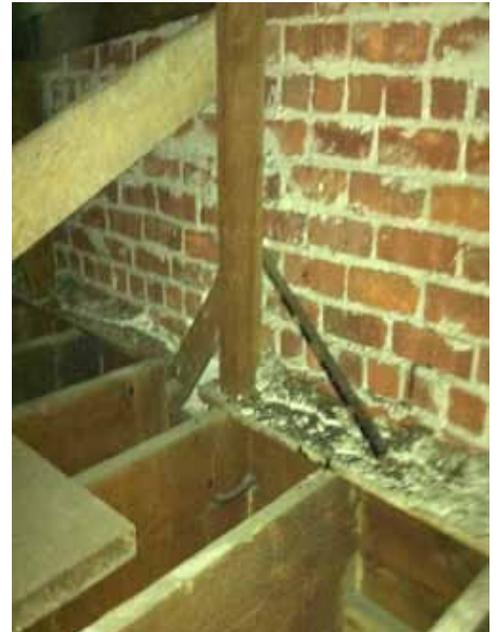
The main portion of the structure is rectangular in plan and fronts both street elevations. The additions were added at the back elevation and consist of a large brick addition and a smaller wood shed.

The main portion roof sheathing and structural diaphragm appears to have plywood (not confirmed) over 1x6 straight sheathing. The current code does not allow significant diaphragm values for this type of construction where the plywood was likely added over the 1x for roofing purposes without proper nailing.

2x6 roof rafters at 24"oc running the long direction of the building create the sloped roof framing. 2x sloped stud 'pony' walls at 8'oc support the 2x6's. The pony walls are supported by 2x14 flat ceiling joists at 16"oc running the long direction of the building. The ceiling joists are supported by girders or transverse bearing walls at approximately 20'oc.



Typical roof and ceiling framing



Brick parapet above concrete wall at ledger with wall anchor

The perimeter walls are cast-in-place concrete. Reinforcing in the concrete walls is unknown. The concrete walls extend to the top of the ceiling joists. Brick parapets extend above the top of the concrete walls above the ceiling joists.

The ceiling rafters are anchored to the top of the concrete walls with 'government anchors' at 4' to 8'oc irregular spacing. The roof rafters are anchored to the brick parapet with government anchors at approximately 8'oc. Some government anchors have bearing plates at the exterior of the walls which perform better than embedded anchors. Bearing plates were not able to be verified in the field due to trim and finishes. Government anchors provide a minimal level of wall anchorage but the mechanism and connections are archaic compared to current wall anchorage requirements.

The main portion of the building has 2x14 floor joists at 16"oc over a full basement. The floor sheathing is 1x6 diagonal sheathing. The basement walls are cast-in-place concrete with unknown reinforcing. Foundations are assumed to be shallow spread footings but this is un-verified. The roof columns are aligned over interior concrete basement walls. The interior concrete basement walls are discontinuous and irregular in plan.



Wall anchor at roof framing



Diagonal cracking in brick masonry walls at rear addition

The addition portion at the rear of the building is constructed of similar roof framing and wall anchorage construction. However, the addition walls are brick masonry. Based on the cracking that has occurred in the walls, the masonry is assumed un-reinforced. The ground floor is concrete slab-on-grade with marginal performance and cracking. There is no basement at this area and foundations are assumed to be shallow spread footings. This portion of the building is in dis-repair and exhibits diagonal cracking in numerous locations. This portion of the structure is a liability.

The wood framed shed at the rear of the building is in significant dis-repair, supplies no structural value to the building, and is a liability.



Wood shed rear addition

Structural Recommendations

The following concept remodel narratives are based on the as-built drawings provided by SKA November 2012. Based on the proposed occupancy of the building, the structural occupancy category of the building is not increased and no structural retrofit is required. Therefore, the structural improvements are voluntary unless the gravity or lateral force resisting systems are altered.

The included Geotechnical Investigation Report revealed susceptibility to liquefaction on this site which may incur substantial settlements and differential settlements. Per team meeting with the City and the fact that no structural retrofit is required, a voluntary seismic upgrade is recommended and presented as Options 1 and 1A. It is important to note that the existing structural seismic reinforcing system or any element cannot be altered more than 10% without triggering code compliance.

Complete mitigation of the liquefaction risk would involve significant basement and foundation work. This level of retrofit is rational along with a current code level upgrade to the entire structure. These additional measures are included for information as Option 2.

Refer to the attached plan documents for options and recommendations.

OPTION 1 & 1A: MINIMUM RECOMMENDED VOLUNTARY SEISMIC UPGRADE

These options includes the following recommendations for a minimum structural upgrade to the structure relevant to protect life safety but not mitigate liquefaction risk as noted by the geotechnical report. Structural improvements are included to increase the life safety performance of the structure. The intent of this upgrade is to acknowledge the liquefaction risk and associated differential settlement, and to provide for voluntary life-safety performance improvements to the structure. If liquefaction occurs, the building could be largely un-useable.

- Remove un-reinforced brick masonry 'addition' portion of the building
- Remove the wood constructed shed addition at the back of the building
- Infill strategic existing openings and openings cut into concrete walls after original construction with reinforced and connected cast-in-place concrete or shotcrete

- Reinforce any openings cut into existing concrete walls with steel columns at jambs
- Investigate reinforcing in existing walls
- Provide steel frame or concrete shear wall elements at the front elevation and middle demising wall
- Provide new reinforced basement walls and foundations as needed to support new frames or shear walls
- Add framed wall at back where currently open to the addition area
- Provide steel roof diaphragm collector at full length of back wall
- Provide steel brackets at all roof and floor beam to post connections
- Verify existing and add new wall to roof anchor connections at ceiling joists and roof rafters including 12' minimum plywood at ceiling joist perimeter
- Provide parapet bracing where parapet extends 18" or more taller than roof framing
- Investigate, test, and evaluate existing basement wall and foundations for strength
- Review and locally strengthen floor framing as needed

OPTION 2: CURRENT CODE SEISMIC AND FOUNDATION UPGRADE INCLUDING LIQUEFACTION RISK MITIGATION

This alternate provides additional information that would be required for a current code compliant upgrade to the building as well mitigation of the liquefaction risk as noted by the geotechnical report.

- All items from Option 1
- Provide new roof sheathing diaphragm throughout
- Provide new steel beam and columns at interior perimeter of building for alternate gravity support
- Provide new steel braced frames or concrete shear walls at each perimeter wall and middle interior demising wall
- Provide new structural slab at basement
- Provide new strengthened reinforced grade beam/basement wall foundation grid at basement
- Provide reinforced strengthened basement walls as needed based on further evaluation and testing.



The parking along Central could be removed and replaced with an exterior dining area

OPTION 3: DEMOLISH AND REPLACE BUILDING

- Demolish and replace entire building
- Provide new basement concrete mat slab foundation
- Provide new concrete basement walls
- Provide new wood framed building and ground floor with strategic structural steel beams, columns, and braces as needed to support the architectural design
- Shoring of soil at basement walls could be required

Improvement to Facades and Streetscape

It is the City's desire to utilize the project to stimulate and revitalize the development of the downtown area. To act as a catalyst for this development, this project will include articulation of the facades facing Central Avenue and streetscape amenities that may include the following or other ideas:

- Removal of the parking directly in front of the property along Central Avenue and replacement with an outdoor dining area consisting of a low decorative fencing along three sides, brick paving, street lights, and additional trees.
- Removal of the fabric awning which is currently obstruction the clearstory windows. Replacement with metal canopies at an 8 ft high elevation that allow light to enter the tenant spaces from the clearstory windows.
- Providing deeper and enlarged recessed storefront entrees.
- Provide additional articulation and material enhancements to facades.

A budget is included in the cost estimate for improvements to the facades and streetscape. Potential design alternatives will be investigated in the subsequent design phases.

Rough Order of Magnitude (ROM) Cost Estimates

The attached cost estimates contained in Exhibit E provides rough order of magnitude construction costs for four options:

- Option 1: Cold Shell with Minimum Seismic Renovation (\$763,310): This option provides for the renovation of the building to a “cold shell” of a new and refurbished condition. The building would be seismically improved to protect life safety, but will likely be rendered unusable after a major earthquake.
- Option 1A: Warm Shell with Minimum Seismic Renovation (\$1,241,336): This option provides for the renovation of the building to a “warm shell of a new and refurbished condition. It will have all the features of Option 1, with the addition of new restrooms, HVAC roof-top units and building insulation. The building would be seismically improved to protect life safety, but will likely be rendered unusable after a major earthquake.
- Option 2: Warm Shell with Current Code Seismic Renovation (\$1,647,041). This option provides for the renovation of the building to a “warm shell of a new and refurbished condition. The building would be seismically improved to protect life safety and reduce risks due to liquefaction. The building would have a greater chance of being reusable after a major earthquake.
- Option 3: New Replacement Building (\$2,261,591). This option is shown for comparative purposes and is based on demolishing the existing building and reconstructing it as a new warm shell of the same configuration and a better or equal performance as Option 2 above.

In addition to the above options, the City has inquired with the design team as to what could be a reasonable budget should the City wish to make improvements to the facades and streetscape. As contained in the cost estimate, the total for all items currently envisioned would be approximately \$177,000.

Construction costs represent the majority of the total costs associated with a projects development. In addition to construction costs, other typical development costs include contingencies, design consultant fees, design support during construction, inspection and construction management, and City-wide management. According to City staff, these “soft costs” typically add 50% to the construction costs. As example, should the City decide to proceed with Option 1 above, and include additional façade and streetscape enhancements, the total project cost would be $(\$763,310 + 177,000) \times 150\% = \$1,410,465$.

Conclusions and Recommendations

The City wishes to renovate the building to make it viable for a prospective brew pub / restaurant, to use the development as a catalyst for the renovation of the downtown area, and to achieve the greatest value for its investment.

A key finding of this study is that the existing building's foundations are resting on a 12 to 13 foot layer of silty sand. This sand layer is subject to liquefaction during a seismic event. It is probable that the distressed condition of the rear "addition" has been caused by the differential settlement of the silty sand below the building. The damage to the addition is significant, and it is the opinion of the consultancy team that the cost of repairing the addition exceeds the cost of a new structure.

While seismically upgrading the remaining building is not required by code, the City staff and consultancy team collectively recommend that the City provide for voluntary life-safety improvements to the structure as represented by either Options 1 or 1A. These options are intended to improve protection to occupants while they exit the building during a major earthquake, however, these options will not prevent the building from settling differentially. The building will likely be unusable after a major earthquake. Option 2 would upgrade the building to not settle differentially, however its cost approaches the cost of a total building replacement (Option 3).

As it remains a goal of the City to utilize this development as a catalyst for the renovation of the downtown area, it is recommended that an additional budget of \$177,000 be set aside for improvements to the facades and streetscape.

Taking all of the above into consideration, and including soft costs, and façade/ streetscape improvements, the total project cost for Option 1 (cold shell) will be approximately \$1.4 million, and the total project costs for Option 1A (warm shell) will be approximately \$2.1 million. These options have the greatest likelihood of achieving the City's goals (including value) for the project.

The discovery of silty sand below the building and the potential of liquefaction during a seismic event, remains a significant consideration for the project.

RowLand Valuation

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Michael E. Lockard, MAI, R/W-AC ***Industry experience since 1992***

Current Responsibilities

Michael E. Lockard started **RowLand Valuation**, in 2011, with 20 years of prior commercial real estate and Right of Way/Eminent Domain valuation experience. Mr. Lockard specializes in regulatory compliant, full and partial acquisition appraisal and review assignments for public improvement projects. Based on over 300 completed appraisals for public agencies and owners, Michael has the skills and knowledge to provide reliable judgments for unique acquisition scenarios.

Prior Experience

Michael E. Lockard joined **Associated Right of Way Services, Inc.**, in 2006, to perform appraisals for full and partial acquisitions assignments on improved and unimproved properties for public improvement projects. The scope of his work included commercial, industrial, multi-family, and single family residential properties for local and state transportation projects, pipelines, sewer, flood control, and various local and regional public facilities. Work for public agencies was performed in conformance with the Uniform Relocation Assistance and Real Property Acquisition Policies Act, Uniform Standards of Professional Appraisal Practice, California Department of Transportation (CALTRANS), and State and Federal guidelines.

Prior to joining AR/WS, Mr. Lockard was a Senior Real Estate Appraiser with **CB Richard Ellis, Inc.**, where he appraised complex income producing properties: regional shopping centers; retail-related uses including movie theatres; industrial-related properties including high cube manufacturing and waterfront cold storage facilities; multi-family residential uses including rent restricted complexes; large mobile home parks; transitional land holdings; and speculative investment properties. Valuation of property rights included fee simple, leased fee, leasehold, and ground rent; appraisals were prepared primarily for lending or acquisition purposes.

Mr. Lockard's experience includes an additional 8 years as Commercial Real Estate Appraiser for the **Bank of Stockton** and **Robert Ford & Associates**, where he handled general and special use properties such as professional and medical offices; retail shopping centers; proposed office and industrial condominium projects; subdivisions; research & development, warehouse & distribution, and industrial manufacturing facilities; multi-family apartments; and agricultural lands. Additionally, Mr. Lockard performed valuations on restaurants, motels, theatres, churches, banks, mini-storage facilities, mobile home parks, service stations, fraternal lodges, food processing facilities, and agricultural packing, as well as mixed-use developments, and transitional residential and commercial land.

Education

California State University of San Diego, Bachelor of Science (Major: Real Estate, Minor: Economics)
Mr. Lockard continues his education in matters of real property appraisal, acquisition, relocation, engineering, and law through the Appraisal Institute, the International Right of Way Association, and other professional organizations to broaden his scope of knowledge and provide higher levels of service.

Designation, Certifications, and License

MAI, Designated Member, Appraisal Institute



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Industry experience since 1992

Designation, Certifications, and License

MAI, Designated Member, Appraisal Institute
R/W-AC, Right of Way Appraisal Certified, International Right of Way Association
Certified General Real Estate Appraiser, State of California, #AG011733 (Expires 8-2-2017)
DBE, California Department of Transportation (Firm ID# 41986)
MBE, California Public Utilities Commission (Expires 10-25-2016)

Appraisal Institute (AI) Leadership

2016 President, Executive Officer, Northern California Chapter, Appraisal Institute
2013-2016 Board of Directors, Northern California Chapter, Appraisal Institute
2015-2016 Regional Representative, Northern California Chapter, Appraisal Institute
Finance Chair, Northern California Chapter, Appraisal Institute
Past Chair of Central Valley Sierra Branch, Appraisal Institute
Past Chair of Central Valley Spring Conference, Appraisal Institute

Mr. Lockard has served as conference chair and moderator for Appraisal Institute educational offerings concerning Right of Way/Eminent Domain, Conservation Easements, and Commercial Real Estate topics.

Related Course Work:

i. The Appraisal Institute

Condemnation Appraising: Principles & Applications; Uniform Appraisal Standards for Federal Land Acquisitions; Estimating Loss in Value; The Appraiser as an Expert Witness (Preparation and Testimony); Litigation Appraising (Specialized Topics); Appraising the Appraisal (Appraisal Review-General); Advanced Applications; Advanced Cost & Sales Comparison Approaches; Advanced Capitalization; Highest & Best Use Analysis; Basic Income Capitalization; Report Writing & Valuation Analysis; Basic Valuation Procedures; Residential Case Studies; Uniform Standards of Professional Practice; Special Purpose Properties; Subdivision Valuation; Arbitration; Attacking and Defending an Appraisal in Litigation; Conservation and Historic Preservation Easements; Wetlands; Waterways; and Unusual Land Valuation Issues; Green Building Valuation; Appraising Partial Interests; Vineyard Valuation; Hypothetical Conditions and Extraordinary Assumptions; and Farmland Mitigation & Preservation/Conservation Easements.

ii. IRWA

Easement Valuation; The Appraisal of Partial Acquisitions; Reviewing Appraisals in Eminent Domain; Corridor Valuation; Principles of Real Estate Appraisal; Principles of Land Acquisition; Alternative Dispute Resolution; Computing Replacement Housing Payments; and, Ethics and the Right of Way Profession.

iii. College (California State University, San Diego)

Bachelor in Science (Real Estate); Law of Real Property; Urban Planning; Land Markets & Real Estate Analysis; Real Estate Investment Analysis; Theory of Real Property Valuation; Real Estate Finance; Geography of Cities; and, Real Estate Principles.