

# STATE OF OREGON

Department of Transportation

Right of Way

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# INTEROFFICE MEMO

**TO:** Darrin Brightman,  
Sr. Equity Portfolio Manager,  
Department of Administrative Services

**DATE:** July 9, 2020

**FROM:** Steve Eck  
Senior Property Agent

**SUBJECT:** Alsea Bay Interpretive Center  
PLAC Review  
PM221A-007

## Purpose

The purpose of this memorandum is to comply with OAR 125-045-0216(3) for your review and authorization to proceed with a conveyance of real property using an alternative analysis as outlined below. The justification and authorization to convey is centered on **ORS 366.395(2), a cost/benefit analysis completed by ODOT Financial Services, DOJ review and recommendation, and value to be received through implementation of a '20 year reversionary interest deed clause'**.

## Brief Background

ODOT, the Oregon Parks and Recreation Department (OPRD), and the City of Waldport Chamber of Commerce entered into the "Alsea Bay Bridge Interpretive Center Management Agreement" on October 11, 1991. ODOT is listed in the agreement as the "owner" and did not assume any specified responsibilities. All management responsibilities (interior and exterior facility, exhibit, and ground maintenance and approving the scheduled hours of operation) were assumed by OPRD. The Waldport Chamber of Commerce assumed responsibility for operating the visitor information center and staffing it with volunteers.

OPRD withdrew from the agreement on September 1<sup>st</sup>, 2017. In the short term, ODOT has assumed OPRD's management role and the unfunded obligations that ensued. The Waldport Chamber of Commerce continues to run the daily operations. Since OPRD's termination, ODOT has funded a janitorial contract, made repairs to the heating system, provided sanitation services, performed grounds maintenance to repair a sidewalk drain, and responded multiple times to service requests such as a fire in the restroom and water

leaks. The ongoing maintenance costs to ODOT have averaged \$25,000 per year and the building requires an estimated \$475,650 in extensive deferred facility repairs.

District 4 is not funded to support this facility and does not have the personnel to take on the management duties. These tasks do not align with ODOT's mission of providing a safe, efficient transportation system. The 27-year old building is in need of heavy maintenance, to include problems with the roof, windows, and walls that developed over the years as the building settled and requires new carpeting, restroom fixtures, doors, and motion sensors. The money used for these repairs also comes out of the funds used to maintain the state's highways, bridges, and transportation features.

The Federal Highway Administration (FHWA) and the Oregon State Historic Preservation Office (SHPO) have recently agreed that the facility is not necessary to fulfill the original environmental impact statement to commemorate the historical significance of the Alsea Bay Bridge. The 1985/86 Memorandum of Agreement between FHWA and SHPO is currently being amended to document the agreement that an informational kiosk (similar to one constructed at the McCullough Bridge in North Bend as an historical mitigation requirement) to be located at the north end of the bridge on State right of way meets the conditions outlined in the original MOA, thus relieving the State of the requirement to house an information center inside the Alsea Bay Interpretive Center. However, there remains a desire by ODOT to retain this facility under the control of local jurisdiction for the continuance of public services, a rest stop for the motoring public traveling on Highway 101, and the continued display of memorabilia from the historic Alsea Bay Bridge.

The City of Waldport signed a Memorandum of Understanding on December 17, 2018 to document their willingness to accept fee title of the facility in an "as is" condition and remove ODOT from all future costs and liabilities. The conditions of that original agreement did not come to fruition and on July 8, 2020, an amendment to the original MOU was created which included a 20 year 'reversionary interest clause' to be included in the deed. The deed clause will in essence require the Grantee to maintain public access to the facility while maintaining historical memorabilia of the historic Alsea Bay Bridge. Non-compliance will result in all right and title in the property to vest back to ODOT. After the 20 year period has expired, this deed clause will automatically terminate.

## **Financial Analysis**

### **Fair Market Value Appraisal**

A fair market value appraisal and rent study was completed by ODOT approved appraiser Luke Leahy on 01/20/2020. The Fair Market Value (FMV) was

determined to be \$300,000, and the estimated Market Rent to be \$2,000 per month.

Page 3 of 5 - Alsea Bay Interpretive Center

### **ODOT Appraisal Review**

Preston Miller from the ODOT Appraisal Review department inspected the property on February 5<sup>th</sup>, 2020. The reviewer did make note of the deferred maintenance needed and concluded that the value was justified and reasonable.

### **Maintenance and Present Value Cost Analysis**

On March 4<sup>th</sup>, 2020, Debra Burger, Fiscal Analyst with ODOT Financial Services Debt and Cost Analysis Unit completed a comprehensive study on the property\*\*. The following represents a snapshot of her analysis:

- \$25,381 annual maintenance costs
- \$1,030,772 Total 20 year future value for all maintenance costs
- \$475,650 in extensive deferred facility repairs required in 2021

Break- even analysis indicate ODOT would sustain a loss in 2021 given the recommended FMV of \$300,000 and the deferred maintenance costs of \$475,650.

### **DOJ Opinion of the Proposed Conveyance**

Jeff Wheeler with the Department of Justice was contacted in regard to ensuring ODOT's fiduciary responsibility to the ensure the Trust Fund will be made whole by a conveyance made with consideration being 'other than cash', or at below the FMV. Through a thoughtful and thorough analysis of the data and laws supporting ODOT's authority to dispose of real property, it was determined that ORS 366.395 (2), as noted below supports ODOT's position to move forward with this conveyance with the consideration being: '....for other valuable consideration'.

### **ORS 366.395**

**366.395 Disposition or leasing of property; sale of forest products.** (1) The Department of Transportation may sell, lease, exchange or otherwise dispose or permit use of real or personal property, including equipment and materials acquired by the department, title to which real or other property may have been taken either in the name of the department, or in the name of the state, and which real or personal property is, in the opinion of the department, no longer needed, required or useful for department purposes, except that real property may be leased when, in the opinion of the department, such real property will not be needed, required or useful for department purposes during the leasing period. The department may exchange property as provided in subsection (3) of this section regardless of whether the property is needed by, required by or useful to the department if, in the judgment of the department, doing so will best serve the interests of the state.

(2) The department may sell, lease, exchange or otherwise dispose of such real or personal property in such manner as, in the judgment of the department, will best serve the interests of the state and will most adequately conserve highway funds or the department's account or fund for the real or personal property.

### **Additional Justification through Reversionary Interest Clause**

To further ensure that ODOT's fiduciary responsibility to the Trust Fund is being made whole and comply with all applicable laws regarding disposition of real property, ODOT will be retaining a reversionary interest in this property.

Quote from Agreement No. 33057, Amendment No. 1 (also included in this packet):

- 1. City understands that a transfer deed for the Alsea Bay Interpretive Center will include a 20-year reversionary clause in which City agrees to maintain a commemorative display to the historic Alsea Bay Bridge that is accessible to the public during normal hours of operation.**

To quantify the value of this service over a twenty year period of time is difficult. However, I have made the following analysis for this report:

Variables *(no inflation factors or building maintenance are included)*

- 1,156 sq ft +/- dedicated to the commemorative display (approximately 1/3 of a 3,468 sq foot building)
- \$8,000 annual rent (1/3 of \$24,000 annual rent)
- \$13,866 annual employee cost (1/3 of 2080 working hours x \$20 per hour available in a year)

Totals

\$160,000(1/3 annual rent x 20 years)

\$277,320 (1/3 annual employee cost x 20 years)

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\$437,320 Estimated Value of a 20 year Reversionary Interest Clause as noted above

FMV value of property: \$300,000

\$437,320 - \$300,000 = **\$137,320** (potential value received above FMV)

## **Recommendation**

The City of Waldport has indicated their willingness to accept transfer of this facility in fee ownership through a Bargain and Sale Deed, with the added provision of a restrictive 'reversionary clause' included for a period of 20 years. Their intention is to use the facility for City and community use, continued use as a Visitors Center for the motoring public, and will continue to provide space for a commemorative historical display marking the historical significance of the Alsea Bay Bridge.

Based on the above analysis, ODOT has determined to declare this property as surplus to ODOT's needs and transfer fee title ownership to the City. The consideration for this conveyance will be for the service provided through the stated reversionary interest and the requirements as noted. This action relieves ODOT of any future expenditures and best serves the interests of the state.

It is the reasoned judgement as determined by ODOT (ORS 366.395) (2), and through the above financial analysis, that it is in the best interests of the State to proceed with a transfer of property ownership to the City of Waldport.

In addition to this summary information, I have provided the Executive Summary of the appraisal; the appraisal review completed by ODOT; MOU 33057; Amendment No. 1 to MOU 33057 (signatures are in process at date of this report, but verbal agreements have been made); and supporting mapping.

Thank you for your consideration in this proposal. Please feel free to contact me if you have additional questions, or require additional information.

*\*\* Full analysis in PDF format is available upon request*

**MEMORANDUM OF UNDERSTANDING**  
Historic Alsea Bay Bridge Interpretive Center  
City of Waldport

THIS MEMORANDUM OF UNDERSTANDING (MOU) is made and entered into by and between the State of Oregon, by and through its **DEPARTMENT of TRANSPORTATION**, hereinafter referred to as "State" or "ODOT," and the **CITY OF WALDPOR**T, by and through its elected officials, hereinafter referred to as "City"; all hereinafter referred to individually or collectively as "Party" or "Parties."

The Parties enter this MOU to document their intentions related to the proposed project described below.

**RECITALS**

1. By the authority granted in Oregon Revised Statute (ORS) 190.110, state agencies may enter into agreements with units of local government or other state agencies for the performance of any or all functions and activities that a Party to the agreement, its officers, or agents have the authority to perform.
2. By the authority granted in ORS 366.395, State may relinquish title to any of its property not needed by it for highway purposes to any other governmental body or political subdivision within the State of Oregon, subject to such restrictions, if any, imposed by deed or other legal instrument or otherwise imposed by State.
3. As part of the Alsea Bay Bridge Replacement in Lincoln County, ODOT entered into a second Supplemental Agreement No. 8393, on January 23, 1987, for extra work to include historic wayside and visitor center facilities. The facility, named the Historic Alsea Bay Bridge Interpretive Center (Center), was built in 1991 and is located at 620 NW Spring Street in Waldport, Oregon. The Center provides a commemorative historical display marking the former Alsea Bay Bridge's historical significance to the State, and fulfilled the State's environmental impact requirement in relation to the Alsea Bay Bridge Replacement.
4. ODOT, the Oregon Parks and Recreation Department (OPRD), and the Waldport Chamber of Commerce entered into Agreement No. 24080, Alsea Bay Bridge Interpretive Center Management Agreement, on October 11, 1991. OPRD withdrew from the agreement on September 1, 2017, terminating the management agreement.
5. City has an interest in obtaining the Center for City and community use and City intends to continue providing space for a commemorative historical display marking the historical significance of Alsea Bay Bridge.

6. State and City have determined that it is to their mutual benefit and to the benefit of the general public to research the transfer of the Center to the City of Waldport.

**NOW THEREFORE**, the premises being in general as stated in the foregoing recitals, it is agreed by and between the Parties hereto as follows:

**TERMS OF UNDERSTANDING:**

1. State and City intend to pursue the transfer of the Alsea Bay Interpretive Center to the City.
2. State intends to research the feasibility of a transfer of the Center with a zero dollar fair market value or zero-cost option to the City, giving the City the right of first refusal.
3. State intends to research the feasibility of a transfer of the Center with the State Historical Preservation Office (SHPO) to ensure the conditions in this MOU are acceptable in commemorating the bridge's history and architectural significance.
4. State and City understand it is the intent of City to take full ownership of the Center in an "as-is" condition if the State can provide a zero-cost option and SHPO approval of the commemorative arrangements in this MOU.
5. State and City understand it is the intent of City to provide space and any necessary maintenance on the Center site (interior or exterior) for a commemorative display that is publically accessible.
6. State and City understand it is the intent of the State to fully fund construction and installation of an agreed upon display.

**GENERAL PROVISIONS**

1. This MOU shall become effective when all required signatures have been obtained.
2. This MOU is not intended to create a legally binding Agreement. This MOU is a nonbinding proposal and is not and should not be construed as a commitment by either Party. Notwithstanding the signing or delivery of the MOU, any past, present or future actions; or approvals by either Party based upon this MOU, neither Party is under any legal obligation with respect to the intentions outlined herein and no binding commitment of any nature whatsoever will be implied.
3. This MOU may be terminated by mutual written consent of both Parties or by either Party with 30 days written notice.
4. This MOU constitutes the entire understanding between the Parties on the subject matter hereof. There are no understandings, agreements, or representations, oral or

written, not specified herein regarding this MOU. No waiver, consent, modification or change of terms of this MOU shall bind either party.

5. State's Project Manager is Brian Morey, District 4 Manager, 3700 Philomath Blvd, Corvallis, Oregon, 97333, phone 541-757-4211, or assigned designee upon individuals' absence. City Project Manager shall be notified in writing of any contact information changes during the term of this MOU.
6. City's Project Manager for this Project is Kerry Kemp, City Manager, City of Waldport, PO Box 1120, Waldport, Oregon, 97394, phone 541-264-7417 or assigned designee upon individual's absence. State Project Manager shall be notified in writing of any contact information changes during the term of this MOU.

**THE PARTIES**, by execution of this MOU, hereby acknowledge that their signing representatives have read this MOU, understand it, and agree to its terms and conditions.

**CITY OF WALDPOR**, by and through its designated officials

By   
City Manager

Date 12/17/18

**APPROVED AS TO FORM**

(If required by local process)

By N/A  
City Legal Counsel

Date \_\_\_\_\_

**City Contact:**

Kerry Kemp, City Manager  
City of Waldport  
PO Box 1120  
Waldport, Oregon 97394  
(541) 264-7417  
Kerry.kemp@waldport.org

**State Contact:**

Brian Morey, District 4 Manager  
3700 Philomath Blvd  
Corvallis, Oregon 97333  
Phone: (541) 757-4211  
Brian.t.morey@odot.state.or.us

**STATE OF OREGON**, by and through its Department of Transportation

By   
District 4 Manager

Date 12/17/18

**APPROVAL RECOMMENDED**

By \_\_\_\_\_  
Region 2 Maintenance and Operations Manager

Date \_\_\_\_\_

**AMENDMENT NUMBER 01**  
**MEMORANDUM OF UNDERSTANDING**  
Historic Alsea Bay Bridge Interpretive Center  
City of Waldport

This is Amendment No. 01 to the Agreement between the **State of Oregon**, acting by and through its Department of Transportation, hereinafter referred to as “State” or “ODOT;” and **City of Waldport**, acting by and through its elected officials, hereinafter referred to as “City,” entered into on December 17, 2018.

It has now been determined by State and Agency that the Agreement referenced above shall be amended to change the obligations and update the language.

1. **Effective Date.** This Amendment shall become effective on the date it is fully executed and approved as required by applicable law.

2. **Amendment to Agreement.**

a. **TERMS OF UNDERSTANDING, Paragraphs 1 through 6, Page 2, which reads:**

1. State and City intend to pursue the transfer of the Alsea Bay Interpretive Center to the City.
2. State intends to research the feasibility of a transfer of the Center with a zero dollar fair market value or zero-cost option to the City, giving the City the right of first refusal.
3. State intends to research the feasibility of a transfer of the Center with the State Historical Preservation Office (SHPO) to ensure the conditions in this MOU are acceptable in commemorating the bridge’s history and architectural significance.
4. State and City understand it is the intent of City to take full ownership of the Center in an “as-is” condition if the State can provide a zero-cost option and SHPO approval of the commemorative arrangements in this MOU.
5. State and City understand it is the intent of City to provide space and any necessary maintenance on the Center site (interior or exterior) for a commemorative display that is publically accessible.
6. State and City understand it is the intent of the State to fully fund construction and installation of an agreed upon display.

**Shall be deleted in its entirety and replaced with the following:**

1. City understands that a transfer deed for the Alsea Bay Interpretive Center will include a 20-year reversionary clause in which City agrees to maintain a commemorative display to the historic Alsea Bay Bridge that is accessible to the public during normal hours of operation.

b. **GENERAL PROVISIONS, Paragraph 6, Page 3, which reads:**

1. City's Project Manager for this Project is Kerry Kemp, City Manager, City of Waldport, PO Box 1120, Waldport, Oregon, 97394, phone 541-264-7417 or assigned designee upon individual's absence. State Project Manager shall be notified in writing of any contact information changes during the term of this MOU.

**Shall be deleted in its entirety and replaced with the following:**

1. City's Project Manager for this Project is Dann Cutter, City Manager, City of Waldport, PO Box 1120, Waldport, Oregon, 97394; phone: 541-563-3561 ext. 16; email: dann.cutter@waldport.org or assigned designee upon individual's absence. State Project Manager shall be notified in writing of any contact information changes during the term of this MOU.
3. **Counterparts.** This Amendment may be executed in two or more counterparts (by facsimile or otherwise) each of which is an original and all of which when taken together are deemed one agreement binding on all Parties, notwithstanding that all Parties are not signatories to the same counterpart.
4. **Original Agreement.** Except as expressly amended above, all other terms and conditions of the original Agreement are still in full force and effect. Agency certifies that the representations, warranties and certifications in the original Agreement are true and correct as of the effective date of this Amendment and with the same effect as though made at the time of this Amendment.

**THE PARTIES**, by execution of this Agreement, hereby acknowledge that their signing representatives have read this Agreement, understand it, and agree to be bound by its terms and conditions.

**Signature Page to Follow**

**CITY OF WALDPOR**T, by and through  
its elected officials

By \_\_\_\_\_  
Mayor

Date \_\_\_\_\_

By \_\_\_\_\_  
City Manager

Date \_\_\_\_\_

**LEGAL REVIEW APPROVAL (If  
required in Agency's process)**

By \_\_\_\_\_  
City Legal Counsel

Date \_\_\_\_\_

**STATE OF OREGON**, by and through  
its Department of Transportation

By \_\_\_\_\_  
District 4 Manager

Date \_\_\_\_\_

**APPROVAL RECOMMENDED**

By \_\_\_\_\_  
Region 2 Maintenance and Operations  
Manager

Date \_\_\_\_\_

**Agency Contact:**

Dann Cutter  
City Manager  
City of Waldport  
PO Box 1120  
Waldport, Oregon 97394  
(541) 563-3561 ext. 16  
dann.cutter@waldport.org

**State Contact:**

Brian Morey  
District 4 Manager  
ODOT  
3700 Philomath Blvd  
Corvallis, Oregon 97333  
(541) 757-4211  
brian.t.morey@odot.state.or.us

January 27, 2020

Regina Thompson  
**ODOT Region 2**  
455 Airport Road  
Building A  
Salem, OR 97301

**RE: Alsea Bay Interpretative Center in Waldport, OR**

In accordance with your request, I have conducted an appraisal of the above captioned property as well as a market rent study to determine a fair market rent for the building. The purpose of this assignment is to estimate the market value of the entire property for a potential sale or lease of the property to the City of Waldport. Consequently, the report is intended to conform to the following standards:

- The scope of work outlined in the Appraisal Specifications Form provided by the client,
- The ODOT Right of Way Manual,
- The ODOT Guide to Appraising Real Property, and
- The Uniform Standards of Professional Appraisal Practice (USPAP).

The analysis presented herein constitutes an “appraisal report” as defined by USPAP Standards Rule 2-2(a). Additionally, ODOT Report Form 14 has been used as a template for this report. Furthermore, no extraordinary assumptions or hypothetical conditions were required for this analysis. The subject property is a 3,468 SF public building designed to be a welcome and historical preservation center telling the story of the original Waldport Bridge as well as the history of local settlement and its influence on the original state highway system. Consequently, it features a unique open design inside with good lighting for exhibits and a welcoming desk with restrooms accessed from the exterior for travelers using the facility as a rest stop. Furthermore, the land included with this transaction consists of the building with a very small surrounding footprint that contains no on-site parking. However, 6 parking stalls that ODOT will retain and maintain will remain along the west side of the building. Furthermore, there is ample nose-in street parking available along NW Maple Street to the southwest as well as defacto parking available from the shared access with the multi-tenant retail center adjoining to the south. Additionally, many commercial properties in downtown coastal communities often do not have on-site parking and rely on street parking and public lots. Therefore, while the property itself does not include parking, there is adequate and normal parking available for a building of this type in the immediate area. Therefore, no major adjustments, extraordinary assumptions or hypothetical conditions were necessary to address the lack of on-site parking. The following table summarizes the requested land value, value “as improved” and estimated market rent on a monthly and annual basis:

<b>Summary of Values &amp; Conclusions</b>	
Value "As Improved"	<b>\$300,000</b>
Land Value	<b>\$60,000</b>
Estimated Monthly Market Rent	<b>\$2,000</b>
Estimated Annual Market Rent	<b>\$24,000</b>

This valuation is subject to the general assumptions and conditions presented in the Addenda. If questions arise, please contact me.

Sincerely,



Luke Leahy, MAI  
Certified General Real Estate Appraiser  
State of Oregon License # C000942

**APPRAISAL REVIEW  
Property Management  
Oregon Dept. of Transportation**

Description Date:

Parcel #	Rights	Area
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File No.:	PM221A-007
Section:	Surplus - Lincoln
Highway:	STW - Statewide
County:	
Review Appraiser:	Preston Miller

**Access:**

**As of this date, the current appraisals on this file are as follows:**

Appraiser	Signature Date	Date of Valuation	Market Value	Appraisal Status
Luke Leahy	January 27, 2020	January 20, 2020	\$300,000	Recommended

I certify that I have no direct, present or contemplated future personal, financial or family interest in the subject property.

My determination has been reached independently based upon appraisals and other factual data of record without improper collaboration or direction. I have visually examined subject property and comparable sales to this extent:

<b>Land:</b>	<b>\$0</b>
<b>Improvements:</b>	<b>\$0</b>
<b>Timber/Crops:</b>	<b>\$0</b>
<b>Other:</b>	<b>\$300,000</b>
<b>TOTAL</b>	<b>\$300,000</b>

The State's appraisals comply with the requirements of "Appraising Real Property," and the "Right of Way Manual." It appears that there is sufficient appraisal background and documentation to support the appraisals. I have taken the following steps to secure clarification or support where needed as described below:

**REVIEW NARRATIVE:**

The following commentary identifies the level of due diligence performed by the reviewer in determining the completeness, adequacy, relevance, appropriateness, and reasonableness of the work under review. This review is based on a field review of the property management appraisal report that was completed by Luke Leahy, MAI. The effective date of this appraisal is December 5, 2019 and the date of the report is January 27, 2020. The report will be used to determine value of the ODOT owned subject property to be sold or leased.

An inspection of the subject property by the review appraiser was completed February 5, 2020. The review appraiser completed a field inspection of the subject property and the comparable sales and comparable lease data. The market area of the subject property spans from Lincoln City, at the northern perimeter, south to Yachats, whereas the subject is a commercially zoned property located in Waldport. The subject market area is essentially the central coast region of Oregon.

**SCOPE OF THE REVIEW:** A review of the appraisal report was conducted to ascertain if the document conforms to the appropriate appraisal standards and guidelines outlined in ODOT's Guide to Real Estate

Appraisal and Chapter 5 of ODOT's Right of Way Manual. The appraisal report utilizes ODOT Report Form 14 as a template for a surplus property management appraisal. The appraisal report was specifically reviewed for compliance with the technical requirements of the aforementioned standards as well as for consistency and mathematical correctness. The review appraiser was qualified by education and experience to conduct this appraisal review.

The reviewer read the report as identified herein, considering the physical features and highest and best use analysis of the subject surplus property, and the neighborhood and surrounding uses. The report was checked for reasonableness, and accuracy, including mathematical calculations. The market data used for support of the value conclusions used in the report were considered and an opinion has been developed as to the applicability of the conclusions. The final reconciliation of value was evaluated for consistency and relevancy. Independent verification of the fee appraisal data was not conducted. However, the reviewer did do a small scale search of available sales and listing data in order to be familiar with the subject market, and to develop a level of comfort for the comparable data presented for analysis.

#### APPRAISAL REVIEW COMMENTARY:

The appraisal identifies the subject surplus property to consist of a 3,468 square foot public building constructed as the Alsea Bay Bridge Interpretive Center, and provides historical information to the public regarding the community and state highway system. The subject includes a 0.15 acre, or 6,708 square foot irregular shaped site, with level topography, that borders the west side of Highway 101 in Waldport. The location is at the north end of the city, with the Alsea Bay Bridge bordering the subject to the north, and adjoins the seawall and beach located across Maple Street to the west. There is no direct vehicular access off Highway 101, with access available by NW Maple Street, a local street accessed from NW Hemlock Street to the south. The appraiser also describes the presence of defacto access and parking available on the adjacent privately owned property to the south. The subject footprint contains no on-site parking, although there are six parking stalls adjoining the west side of the building that will remain and be maintained by ODOT. Furthermore, the property west of Maple Street is all paved public parking maintained by ODOT.

The subject is zoned D-D; Downtown District by the City of Waldport, which is intended for most commercial uses and mixed-use commercial and residential developments that support a pedestrian friendly retail district. The subject property is bounded by Hwy 101 on the east, the Alsea Bay Bridge to the north, SW Maple Street & parking on the west and commercial uses to the south. Additionally, the property has an excellent view of the Alsea Bay Bridge and the bay itself to the north and west. The subject building was constructed in 1991, and features an open floor plan with reception desk, rest stop style restrooms accessed from the exterior, and small janitorial room.

Construction features include concrete exterior walls, hip and gable pitched metal roof, two sets of glass storefront double doors at east and west facing entrances, and a large round window facing north to the bridge. Interior construction features include painted tape and texture walls, commercial grade wall to wall carpet floor coverings, drop acoustical ceiling tiles with flush mounted fluorescent lighting and additional track lighting. Portions of the ceiling feature open wood beams and vaults. Heating and cooling is provided by a commercial grade electric heat pump. Site improvements include well maintained landscaping and concrete sidewalks that facilitate pedestrian access from Highway 101 to the beach and bay access north and west of the subject. As stated, the subject lacks on-site parking, however, ODOT owned and maintained public parking will remain on the west side of the building, in addition to a parking lot of a privately owned multi-tenant commercial building with 11 parking spaces to the south, used by the adjacent businesses and offices. Therefore, there is felt to be adequate parking around the subject to serve the future parking requirements. There is needed maintenance and possible update of the subject building for normal wear items, as well as potentially needing substantial repairs of a leaky roof issue. Although, this is found to be somewhat typical of properties on the coast since they receive more severe weather systems and corrosive salt air, which is also common of the market data used to support a value of the subject.

The scope of work for the assignment was for the appraiser to analyze the subject vacant land value, or site value, subject value as improved, and a market rent study to determine a reasonable market rent for the property. The appraiser incorporates the sales comparison approach and proceeds to first develop an opinion of the subject land using five vacant land comparable sales located in Waldport (Sales 1 & 3), Depoe Bay (Sale 2), and Yachats (Sales 4 & 5). Land Sale 4 was a pending transaction. The five comparables provide a range in

value for the subject land from \$3.28/SF (Sale 5), to \$12.17/SF (Sale 1). Considering the subject most similar to Sales 2 (\$10.96/SF), 3 (\$7.86/SF), and 4 (\$7.92/SF), the appraiser concludes a land value of \$60,000, or \$8.94/SF (\$60,000 / 6,708 SF = \$8.94/SF).

Next, the appraiser proceeds to estimate the current market rent associated with the subject and utilizes five recent lease comparables. The leases provide a range for an estimated annual lease for the subject from \$5.14/SF (Lease 5) to \$11.33/SF (Lease 1). The leases are located in Waldport (Lease 5), and Newport (Leases 1, 2, 3, & 4), whereas the appraiser considers Leases 3 (\$8.31/SF), 4 (\$7.92/SF), & 5 (\$5.14/SF) to be most similar to the subject, and concludes \$7/SF, equating to \$2,000/month, or \$24,000/year (\$24,000 annual rent / 3,468 SF = \$6.92/SF).

Finally, the appraiser analyzes five recent comparable improved sales in order to justify a reasonable value of the subject property, as improved. The improved sales support of a range of value for the subject from \$48/SF (Sale 5), to \$113/SF (Sale 1). The improved sales are located in Waldport (Sale 3), Lincoln City (Sales 1 & 5), and Newport (Sales 2 & 4). It is acknowledged improved Sales 2 & 4 are also market rent comparable Leases 1 & 3, respectively. Putting most weight on Sale 3 (\$85/SF), with added support from Sales 2 (\$89/SF), and 4 (\$82/SF), the appraiser concludes a value near \$85/SF. Concluding a final total subject value of \$300,000, or \$86.51/SF (\$300,000 / 3,468 SF = \$86.51).

It is recognized in this review that the subject property currently serves a public use, and is not a retail or commercial use for profit. The City of Waldport currently operates the present use, and the display information appears to be dominated by history of the specific Alsea Bay area. The City was reportedly a tenant negotiated by the Oregon Parks and Recreation Department, but has since expired and there is no current legal agreement with ODOT. The highest and best use of the subject is concluded for a commercial use as it has a uniquely desirable location within an existing pedestrian oriented retail commercial district of Waldport.

The appraisal report provides adequately supported conclusions of value for the ODOT surplus property appraisal. The concluded values for the subject surplus property of \$300,000, as improved, with \$60,000 allocated to the vacant land, and an annual market rent estimate of \$24,000, appears justified and reasonable. This is the approved market value for the subject property as concurred by appraisal review.

Summary of Value:

Value "As Improved"	\$	300,000
Land Value	\$	60,000
Estimated Monthly Market Rent	\$	2,000
Estimated Annual Market Rent	\$	24,000

Date of Review Report: February 11, 2020

I approve the recommended appraisal and determine Fair Market Value to be: \$300,000

REVIEWING APPRAISER: \_\_\_\_\_



February 14, 2020

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Preston Miller

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DATE OF REVIEW

This review is for internal use only and not to be handed out with the appraisal. This document is exempt from disclosure under the Public Records Law, ORS 192.501(6) and 192.502(1).

MANAGEMENT APPROVAL  
AND  
ACKNOWLEDGEMENT:



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Julie Deglow  
Right of Way Appraisal Reviewer

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February 14, 2020

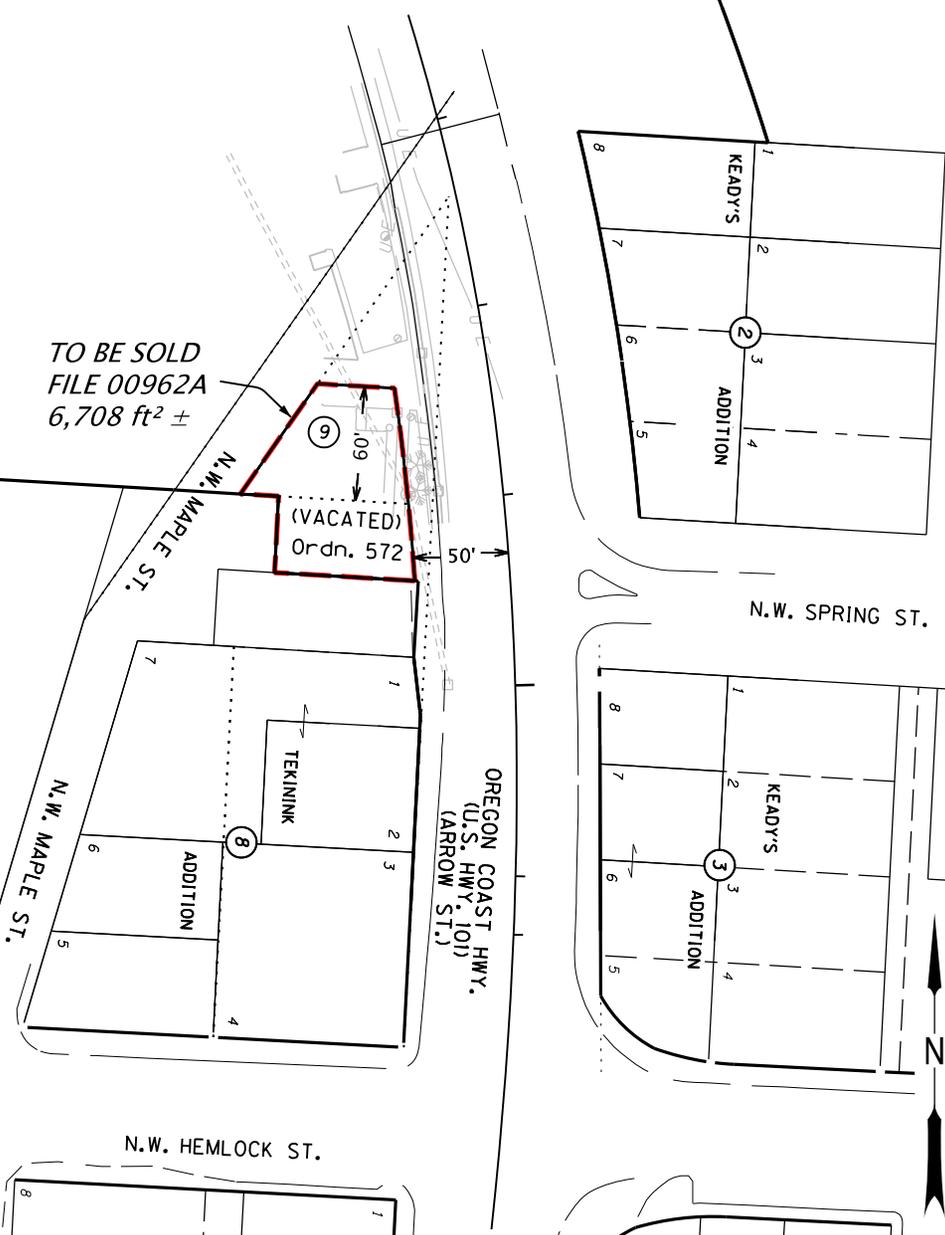
DATE



SEC. 19, T. 13 S., R. 11 W., W.M.

TO BE SOLD  
FILE 00962A  
6,708 ft<sup>2</sup> ±

ALSEA RIVER



**ACTIVE DRAWING**  
THIS DRAWING SHOWS THE PROPOSED  
R/W TO BE SOLD. NOT TO BE  
INCLUDED WITH THE DEED  
SUBJECT TO CHANGE

 <p>OREGON DEPARTMENT OF TRANSPORTATION <b>RIGHT OF WAY ENGINEERING SKETCH MAP</b></p>	SECTION	ALSEA BAY CROSSING	SCALE	1" = 100'
	HIGHWAY	OREGON COAST	DATE	OCTOBER, 2019
	COUNTY	LINCOLN	FILE	000962A
	PURPOSE	SURPLUS SALE	SEE DRAWING 1B-26-24	

SEC. 19, T. 13 S., R. 11 W., W.M.



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	PURPOSE	SURPLUS SALE	SEE DRAWING 1B-26-24	

**To Be Sold**

A parcel of land lying in Block 9 of TEKININK ADDITION to the City of Waldport, Lincoln County, Oregon; said parcel being a portion of that property described in that Warranty Deed to the State of Oregon, by and through its State Highway Commission recorded April 5, 1934 in Book 67, Page 503 of Lincoln County Record of Deeds; said parcel being the South 60.00 feet of said Block 9, when measured perpendicular to the South line, and lying Westerly of a line opposite and 50.00 feet Westerly of the center line of the relocated Oregon Coast Highway, which center line is described in that Warranty Deed to the State of Oregon by and through its Department of Transportation, Highway Division recorded January 25, 1988 in Lincoln County Book of Records in Book 189, Page 1064.

AND ALSO that portion of vacated Spring Street as described in that Ordinance of Vacation No. 572, recorded in Lincoln County Book of Records in Book 226, Page 851; lying Westerly of the aforementioned line.

Said Parcel contains 6,708 sq. ft. more or less.