

APPRAISAL REPORT



Surplus Land

City of Fontana Property
Northwest corner of Oleander Avenue
Fontana, California
APN: N/A

Date of Value: October 30, 2023

Date of Report: November 8, 2023

BRI 23-333

BRI BENDER
ROSENTHAL
INCORPORATED

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November 8, 2023

City of Fontana
Engineering Department
Attn: Ricardo Garay
Senior Engineer
8353 Sierra Avenue
Fontana, California 92335

Re: Surplus Land
Northwest corner of Oleander Avenue, Fontana, CA
APN: N/A

Dear Mr. Garay,

As you requested, we have appraised the above identified property. The purpose of the appraisal assignment is to provide an opinion of the fair market value of a surplus land. The client and intended user of this appraisal report is the City of Fontana. The intended use is for internal assessment purposes regarding the potential disposition of the property.

This is a narrative Appraisal Report as defined by USPAP. As such, it fully presents the data, reasoning, and analyses that were used in the appraisal process to develop the appraiser's opinion of value. The depth of discussion contained in this report is specific to the needs of the client and of the intended use stated in this report. The following report sets forth the descriptive and factual data, the assumptions and conditions affecting the appraisal, and the findings and analyses that lead to and support our value opinion. The appraiser is not responsible for unauthorized use of this report. Every effort has been made to conform to the Standards of Professional Practice of the Appraisal Institute, which fully incorporates the Uniform Standards of Professional Appraisal Practice (USPAP). In addition, we have intended to comply with applicable laws. The undersigned conducted the appraisal and prepared the report.

We are pleased to have this opportunity to provide you with professional appraisal services.

BENDER ROSENTHAL, INC.

A handwritten signature in blue ink, appearing to read 'David C. Houghton', is written over a horizontal line.

David C. Houghton, MAI
Certified General Real Estate Appraiser
California Certificate No. AG039402

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PROPERTY IDENTIFICATION AND SUMMARY OF SALIENT FACTS

Appraisal Assignment	To develop an opinion of the fair market value of the surplus portion of roadway in the As-Is condition of the property improved with a paved section of road, as well as the Fee Simple fair market value of the subject property as if unimproved.
Property Location	Northwest corner of Oleander Avenue, Fontana, California 92336
PROPERTY DATA	
Legal Description	The property described herein is in the County of San Bernardino, California. A preliminary title report, which would include a legal description, was not provided to the appraiser for review.
Assessor's Parcel Number	N/A
Owner of Record	City of Fontana
Subject property Area	0.068± acres (3,000± square feet) <i>Source: San Bernardino County Assessors Records</i>
Site Description	The subject property consists of an irregular-shaped lot, used as a section of roadway. The property is improved with paved road.
Access/Frontage	The property has direct access and frontage along Oleander Avenue and Highland Avenue.
Zoning	C-2 – General Commercial
General Plan Designation	C-G -General Commercial
Flood Information	Zone X (unshaded); an area of minimal flood hazard, outside the 1% and 0.2% annual-chance floodplains.

Seismic Information

All areas of California experience seismic activity. According to the State of California Geological Survey Regulatory Maps online application, the subject property is not within a known fault zone.

Toxic Hazards Information

The appraiser did not observe any unusual conditions while performing the inspection. However, Bender Rosenthal, Inc. and the representatives thereof, are not experts in this field. Please refer to Item 16 of the Assumptions and Limiting Conditions. A Phase 1 Environmental Site Assessment Report was not provided.

According to California Geotracker of Hazardous sites, there was a former gas station located within 1,000 feet of the subject property, but it was deemed a completed LUST cleanup site and closed as of May 14, 1993.

Sales History

The Subject property has not sold within the past 5 years. To the best of our knowledge the subject property is not listed for sale.

Opinion of Market Value

\$7,500

Date of Inspection

October 30, 2023

Date of Value

October 30, 2023

Date of Report

November 8, 2023

INTRODUCTION

PURPOSE OF THE APPRAISAL

The appraisal assignment is to develop an opinion of the fair market value of the surplus property for the potential disposition of the property.

CLIENT, INTENDED USE, INTENDED USER OF THE APPRAISAL

The client and intended user is the City of Fontana. The intended use is to assist the client and intended user in its determination of the fair market value of the subject property, identified by the City as surplus property.

SCOPE OF WORK

The City of Fontana intends to possibly sell the subject property as surplus property. This appraisal provides an opinion of the fair market value for the “As-Is” value. The date of value is based on the inspection date, unless noted otherwise in the appraisal. The date of the report is the date the appraisal is transmitted to the client. The value estimates are stated in terms of cash, or terms equivalent to cash.

VALUATION / RESEARCH OVERVIEW

The following is an overview of the valuation process and research involved for the subject property and comparable sales. The valuation of the property involved an investigation and analysis of the neighborhood, as well as the entire regional area, for social, economic, governmental, and environmental forces and trends that affect or could influence property values.

- The property was inspected on October 30, 2023, by David C. Houghton from Bender Rosenthal, Inc.
- Research of the area, community, and neighborhood to determine market influences/conditions.
- Research of public records to verify information about the subject property and comparable sales to ensure they are factually accurate and that there are no terms or additional influences that affect price or value.
- Research of zoning and general plan information obtained from the City of Fontana’s Planning Department and other department websites, and research of the real estate markets.
- Review of applicable soil surveys, flood and seismic hazard areas from appropriate source data.
- Review of public records obtained from the various county governmental agencies including the Planning Department, Assessor’s Office, and Tax Collector’s Office.
- A search of specific property transfers occurring during the past five years was conducted for the subject property.

- Research and analysis of the subject property
- Determination of highest and best use of the property.
- Research of comparable property sales, listings, and offers to purchase or sales involving properties similar to the subject property and within the subject's or competing market areas.
- Interview of comparable property owners and/or brokers.

VALUATION APPROACHES

The appraisal process includes the investigation and analysis of the subject, market, and other relevant data for the purpose of providing an opinion of the defined value for the subject property. All economic forces and factors are considered in arriving at the highest and best use and valuation of the subject property.

There are typically three approaches to value that may be used in the real property valuation process. They are the Sales Comparison Approach, Income Approach, and Cost Approach. Each approach provides an indicated value that is reconciled into a final estimate of value for the subject based on the interests appraised, the defined objective of the valuation and the stated definition of value. An appraisal may include one, two or all three approaches to value based on the data available, the type of property and appraisal valuation problem.

SALES COMPARISON APPROACH

A value indication is derived by comparing the property being appraised to similar properties that have sold recently; making qualitative or quantitative comparisons to the subject; then applying units of comparisons to indicate a value for the subject property or remainder parcel. The sales comparison approach may be used to value improved properties, vacant land, or land being considered as though vacant; it is the most common and preferred method of valuation when an adequate supply of comparable sales is available. Sales, listings and current escrows of comparable sales were considered in this analysis. Primary reliance has been placed on closed sales transactions.

INCOME APPROACH

A value indication is derived for income-producing property by converting its anticipated benefits (cash flows and reversion) into a value for real property interests. Typically, the annual net income is capitalized at a market-derived capitalization rate to estimate the desired value. The income approach is most often used for income producing properties or real estate acquired as an investment.

COST APPROACH

A value indication is derived for a property by estimating the current cost to construct a replacement/reproduction of the existing structure(s); deducting depreciation from all sources; and adding the estimated land value. The cost approach is most often used when valuing properties with new or relatively new improvements and also special use properties.

REPORT TYPE

The appraisal is reported in an Appraisal Report format as defined by USPAP.

SPECIAL ASSIGNMENT CONDITIONS

There were no special assignment conditions given for this appraisal.

DEFINITIONS USED IN THE REPORT

Definition of an Appraisal

Source: The Dictionary of Real Estate Appraisal, Appraisal Institute, 6th Edition P. 10

The act or process of developing an opinion of value, an opinion of value.

Market Value

Source: The Appraisal of Real Estate (Fifteenth Edition), Appraisal Institute, Chicago, Illinois, 2020, P. 48

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 condition's 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.

Extraordinary Assumption

Source: Uniform Standards of Professional Appraisal Practice 2020-2021 Edition, P. 4

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.

Hypothetical Condition

Source: Uniform Standards of Professional Appraisal Practice 2020-2021 Edition, P. 4

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.

Fee Simple Estate

Source: The Dictionary of Real Estate Appraisal, Appraisal Institute, 6th Edition, P. 90

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.

GENERAL ASSUMPTIONS AND LIMITING CONDITIONS

This appraisal report and the value estimates it contains are expressly subject to the following assumptions and/or limiting conditions.

1. Title to the property is marketable.
2. No survey of the property has been made by the appraisers and property lines as they appear on the ground are assumed to be correct.
3. Data, maps, and descriptive data furnished by the client, or his/her representatives are accurate and correct.
4. No responsibility is assumed for matters of law or legal interpretation.
5. No conditions exist that would affect the use and value of the property, which are not discoverable through normal, diligent investigation.
6. The valuation is based on information from sources believed reliable, and that such information is correct and accurately reported.
7. The value estimate is made subject to the purpose, date, and definition of value.
8. The report is to be considered in its entirety and use of only a portion will invalidate the appraisal.
9. This appraisal was made on the premise that there are no encumbrances prohibiting utilization of the property under the appraiser's estimate of highest and best use.
10. Possession of this report or a copy does not carry with it the right of publication, nor may it be used for any purpose by anyone other than the client without the previous written consent of Bender Rosenthal, Inc., and then only with proper qualifications.
11. Disclosure of the contents of this appraisal report is governed by the By-Laws and Regulations of the Appraisal Institute. No part of this narrative report may be reproduced by any means nor disseminated to the public in any way without the prior written consent of Bender Rosenthal, Inc.
12. Any person or entity who obtains or reads this report, or a copy, other than the client specified in this report, expressly assumes all risk of damages to himself or third persons arising out of reliance on this report and waives the right to bring any action based on the appraisal, and neither the appraisers nor the appraisal firm shall have any liability to any such person or entity.
13. The appraiser shall not be required to give testimony or appear in court by reason of this appraisal with reference to the property described in this report unless prior arrangements have been made.
14. No responsibility is assumed for building permits, zone changes, engineering or any other services or duty connected with legally utilizing the subject property.

15. The property appraised may or may not be subject to the Americans with Disabilities Act of 1990 (ADA). Title III of this act provides for penalties for discrimination in failing ". . . to remove architectural barriers . . . in existing facilities [unless] an entity can demonstrate that the removal. . . is not readily achievable. . ." Unless otherwise noted in this appraisal, it is assumed that the property appraised is not substantially impacted by this law.
16. Unless otherwise stated in this report, the existence of hazardous material, which may or may not be present on the property, was not observed by the appraisers. The appraisers have no knowledge of the existence of such materials on or in the property. The appraisers, however, are not qualified to detect such substances. The presence of such substances as asbestos, urea-formaldehyde foam insulation, or other potentially hazardous materials may affect the value of the property. The value estimate is predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required to discover them. The client is urged to retain an expert in this field, if desired.
17. It is assumed that the property appraised is competently managed and marketed.

EXTRAORDINARY ASSUMPTIONS AND HYPOTHETICAL CONDITIONS

Note to Reader: The subject property is subject to the following extraordinary assumptions and/or hypothetical conditions, which might have affected the assignment results.

EXTRAORDINARY ASSUMPTIONS

Based upon information provided by the client the size of the surplus land area is 3,000 square feet in size, which we assume to be correct.

HYPOTHETICAL CONDITIONS

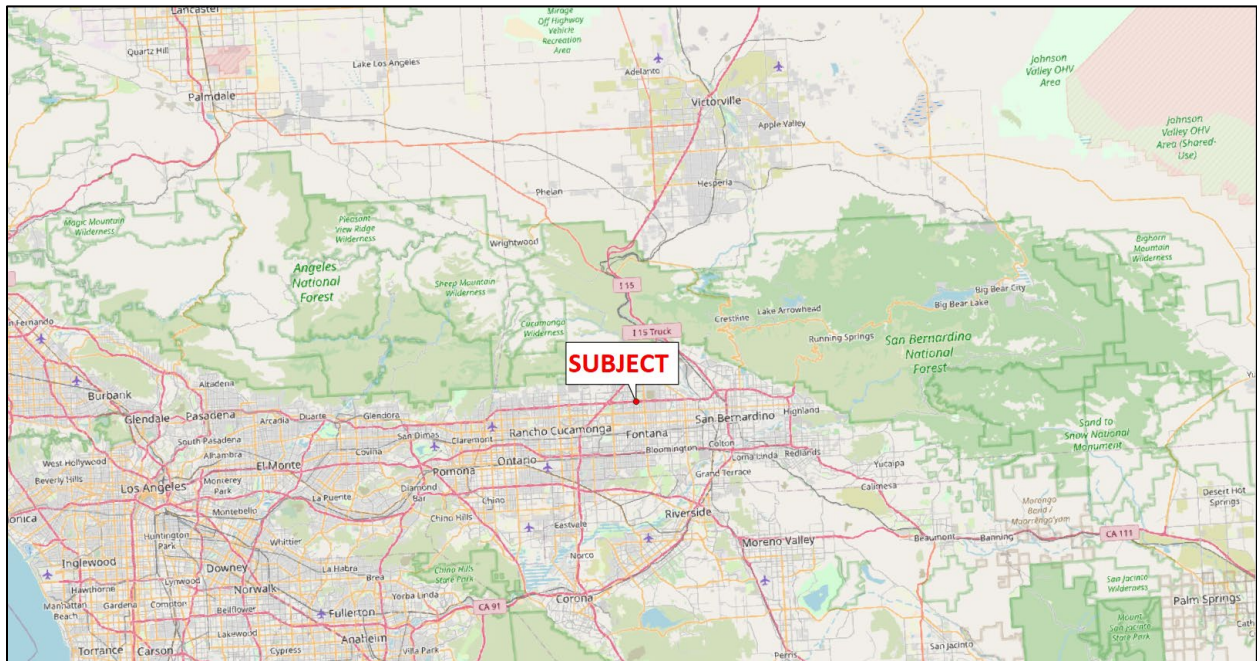
None.

REGIONAL OVERVIEW

GEOGRAPHIC CONSIDERATIONS

The subject property lies within San Bernardino County. This county is a part of the Riverside – San Bernardino – Ontario Metropolitan Statistical Area (MSA). Generally, this area is referred to as the Inland Empire, and it comprises both Riverside and San Bernardino counties. This area covers more than 27,000 square miles and has a population of approximately 4.5 million. Most of the area's population is located in southwestern San Bernardino County and northwestern Riverside County, which are generally adjacent to Orange and Los Angeles Counties. At the end of the 19th century, the Inland Empire was a major center of agriculture, including citrus, dairy, and winemaking. Agriculture declined through the 20th century, and a rapidly growing population, led by families migrating in search of affordable housing, has led to more residential, industrial, and commercial development.

RIVERSIDE-ONTARIO-SAN BERNARDINO MSA REGIONAL MAP



Social, economic, governmental, and environmental forces influence property value since real estate is an immobile asset. In this section, an examination of these locational factors provides the context for the valuation of the subject properties. The subject properties are situated in San Bernardino County. The area analysis begins with regional data and relevant trends.

Physical boundaries between Los Angeles and the Inland Empire (IE) from west to east are the San Jose Hills splitting the San Gabriel Valley from the Pomona Valley, leading to the urban populations centered in the San Bernardino Valley. From the south to north, the Santa Ana Mountains physically divide Orange

County from Riverside County. The Santa Rosa Mountains, as well as the Southern California portion of the Sonoran Desert, physically divide Riverside County from San Diego County. Some definitions for the IE consist of the Chino Valley, Coachella Valley, Cucamonga Valley, Menifee Valley, Murrieta Valley, Perris Valley, San Jacinto Valley, Temecula Valley, Pomona Valley, and Victor Valley.

Incorporated cities within the County of Riverside include Banning, Beaumont, Blythe, Calimesa, Canyon Lake, Cathedral City, Coachella, Corona, Desert Hot Springs, Eastvale, Hemet, Indian Wells, Indio, Jurupa Valley, Lake Elsinore, La Quinta, Menifee, Moreno Valley, Norco, Palm Desert, Palm Springs, Perris, Rancho Mirage, Riverside, San Jacinto, Temecula and Wildomar. The name for the county itself was taken from the City of Fontana, which is the county seat.

Incorporated cities within the county of San Bernardino include Adelanto, Apple Valley, Barstow, Big Bear Lake, Chino Hills, Chino, Colton, Fontana, Grand Terrace, Hesperia, Highland, Loma Linda, Montclair, Needles, Ontario, Rancho Cucamonga, Redlands, Rialto, San Bernardino, Twentynine Palms, Upland, Victorville, Yucaipa and Yucca Valley. The city of San Bernardino serves as the county seat for San Bernardino County.

TRANSPORTATION

Transportation in the region has not kept pace with the rapidly growing county population. Many of the existing freeways were completed in the late 1970s, except for the segment of the Foothill Freeway, State Route 210 (SR-210), between San Dimas and San Bernardino, which was completed in July 2007. However, new freeways or highway "fix-ups" are being planned including the construction of Mid County Parkway between Perris and San Jacinto or the addition of toll lanes on I-15 through heavily urbanized portions of Riverside and San Bernardino counties. Other problems exist, however, including the imbalance between housing and job availability. The Inland Empire population grew as a result of affordable housing, at least relative to the rest of Southern California. However, most of the higher-paying jobs are located in Los Angeles, San Diego and Orange counties. Thus, many workers must drive daily from the Inland Empire to their jobs in these counties – sometimes up to two hours in each direction. As the population increases, traffic congestion is projected to increase.

Unlike many major metropolitan areas, the Inland Empire has minimal public transportation. Due to the large physical size of the region, most people use automobiles for convenient travel. Fewer than 5% of the Inland Empire's working-age residents use public transportation to get to work.

Omnibus in San Bernardino County and Riverside Transit Agency in Riverside County also provide bus service in the area. Currently, however, many of these bus routes run one to two hours apart, and some routes stop service in the early evening or may not run on weekends.

Local agencies are working to increase the use of public transportation in the Inland Empire. Several projects have moved forward and opened in the 2010s to improve transit accessibility in the region. Major projects include the Perris Valley portion of the Metrolink 91/Perris Valley Line, the San Bernardino Transit

Center, and the Omnitrans sbX Green Line, which connects the cities of Loma Linda and San Bernardino, two universities, and the Loma Linda VA Hospital to the San Bernardino Transit Center. In addition to sbX, there are other express services available to public transportation users in the region. RTA operates a BRT-lite system in the RapidLink Gold Line, which runs from UCR to the Corona Transit Center.

The metropolitan area's first rapid transit line, a new bus rapid transit system, was launched in April 2014. The new line, dubbed San Bernardino Express (sbX), offers rapid transit service that functions like light-rails, with stations, designated sbX lanes, and passengers purchasing tickets prior to boarding. Stations are approximately one mile apart with its northern terminus in Verdemon and southern terminus at Loma Linda's VA hospital, passing through downtown San Bernardino and the city's Hospitality Lane Business District. Metrolink offers rail service to Los Angeles, Orange and San Diego Counties.

Two commercial airports serve the Inland Empire. Ontario Airport (ONT) is near the Los Angeles area. Further east in Riverside County is Palm Springs Airport (PSP). Other airports in the Greater Los Angeles area include Los Angeles (LAX), Burbank (BUR), Long Beach (LGB), and Santa Ana (SNA / Orange County). There are also several general aviation airports across the two-county region.

The region is making some progress in developing dedicated bicycle commuter and recreation trails. The largest of these, the Santa Ana River bicycle path, currently connects Corona to Huntington Beach and is eventually projected to stretch for 84 miles to Redlands when completed. A shorter trail exists along the former path of the Pacific Electric Railway from Claremont to Rialto.

CURRENT POPULATION

As of January 1, 2023, the population of Riverside County was 2,439,234 according to the California Department of Finance, making it the fourth-most populous county in California. The table below contains the population estimates as of January 1st for each of the last four years for the State of California, Riverside County, and the four neighboring California counties (San Bernardino to the north, Orange to the west and San Diego and Imperial to the south).

Population by County State Total, Riverside County and Neighboring Counties					
Area	2020	2021	2022	2023	20-23 % Change
California	39,538,223	39,286,510	39,078,674	38,940,231	-0.13%
Riverside County	2,418,185	2,418,727	2,430,976	2,439,234	-1.56%
San Bernardino County (North)	2,181,654	2,179,007	2,180,777	2,182,056	0.87%
Orange County (West)	3,186,989	3,167,783	3,151,946	3,137,164	0.02%
Imperial County (South)	179,702	179,588	178,845	179,476	-0.88%
San Diego County (South)	3,298,634	3,283,113	3,275,435	3,269,755	-1.51%

Source: State of California, Department of Finance, Demographic Research Unit, dated January 1, 2023

FUTURE POPULATION

Population projections indicate that the population in Riverside County from 2023 (estimate) to 2050 (projection) is expected to grow by 20.66% or at a rate of 0.45% per year. It is noted that the department of finance projection figures for 2023 and before differing from the estimated 2020-2023 figures. The 2020-2023 data is considered most reliable for current populations due to the most recent census which took place in 2020. The department of finance project figures give an estimate of the population changes from 2023 to 2050 as presented in the chart on the following page. The state is anticipated to grow at a rate of 9.2% (or 0.34% per year) for this same time. This suggests that the county of Riverside will surpass the projected state average in future growth rates.

Population Projections State Total, Riverside County and Neighboring Counties							
Area	2023	2025	2030	2035	2040	2045	2050
California	40,354,217	41,028,749	41,860,549	42,718,403	43,353,414	43,785,947	44,049,015
Riverside County	2,535,310	2,622,165	2,728,068	2,840,775	2,933,038	3,004,816	3,059,095
San Bernardino County (North)	2,234,540	2,292,597	2,368,002	2,456,262	2,536,592	2,611,160	2,681,796
Orange County (West)	3,227,671	3,259,465	3,291,863	3,314,115	3,315,726	3,299,179	3,268,048
Imperial County (South)	194,510	199,616	206,486	214,817	222,307	229,206	235,339
San Diego County (South)	3,369,636	3,412,460	3,461,883	3,508,919	3,543,663	3,567,892	3,583,006

Source: State of California, Department of Finance, Demographic Research Unit, dated July 1, 2023

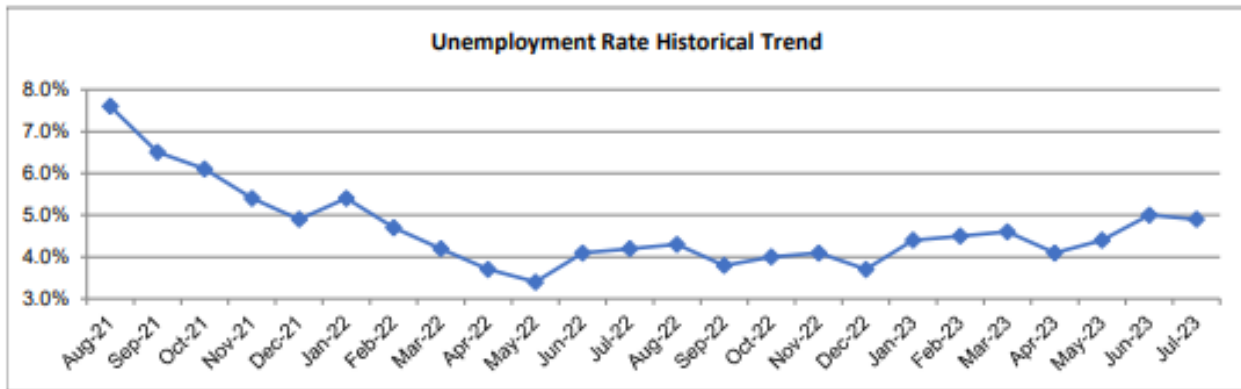
While the Department of finance recorded population drops in many of the surrounding counties from 2020 to 2023, it should be noted that some of the largest population losses were recorded in Los Angeles County, and Riverside County received many of those individuals (individuals moving from higher priced Los Angeles County to lower priced Riverside County). It should be noted that overall, the COVID-19 pandemic had a large impact on births and deaths (fewer births and more deaths), which is also why all counties surveyed above recorded losses during the past several years.

ECONOMIC FORCES

Due to the extensive population growth in the region, job growth is the next step that is being focused on to make sure that those who reside in the county also work in the same county. This is a consequence of the natural pattern of jobs following the labor force and the extensive efforts by local governments, the business community, and educational institutions to stimulate and reinforce new economic activity. The expansion of educational opportunities and complementary programs between education, industry, and the workforce has played a significant part in this economic vitality.

UNEMPLOYMENT

The unemployment rate in the Riverside-San Bernardino-Ontario MSA was 4.9% in July of 2023, down from a revised 5.0% in June 2023, and above the year ago estimate of 4.2%. This compares with an unadjusted unemployment rate of 4.8% for California and 3.8% for the nation during the same period. The unemployment rate was 5.0% in Riverside County, and 4.8% in San Bernardino County. The following table shows monthly unemployment rates in recent years, including 2021 and mid-2023, illustrating the effects of the COVID-19 pandemic.



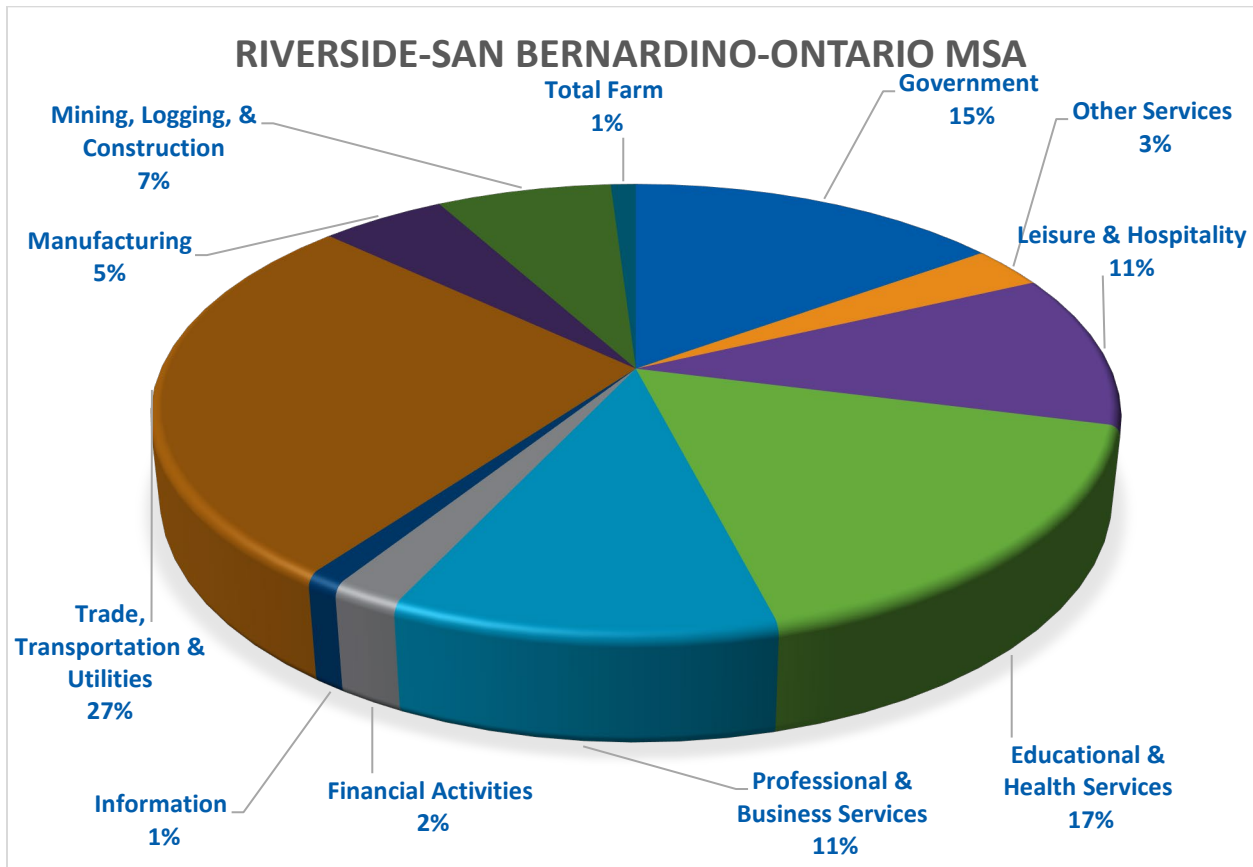
Employment Development Department July 2023.

As previously noted, the sharp increase in unemployment is due to the global pandemic. Despite several spikes, the overall number of COVID-19 cases continued to drop in 2021 as the vaccination rates have increased throughout the state. As this trend continues more and more jobs that were impacted by the pandemic are slowly coming back as the current Covid restrictions continue to ease. The unemployment rate will most likely continue to trend downward throughout the next few years.

INDUSTRY EMPLOYMENT

According to the California Employment Development Department’s (EDD) July 2023 publication (which shows June 2023 data), Riverside-San Bernardino-Ontario MSA gained 17,800 non-farm jobs year to year, and 2,000 agricultural jobs during this same period.

Per the July 2023 statistics provided by EDD, the largest employers in the MSA were Trade, Transportation, and Utilities (27%), Educational and Health Services (17%), Government (15%), and Leisure and Hospitality (11%). Shown on the following pie chart are the leading industries and their respective percentage of the MSA Region’s total employment.



Source: California Employment Development Department, Labor Market Information, Press Release July 2023, Publication

As the MSA reopens the early phases of the COVID-19 Pandemic, the MSA has seen a steady increase in job growth. From June 2022 to July 2023 the largest employment increase was had in the Private Education and Health Services sector (13,800 jobs), followed by the Government sector which added 9,000 jobs over the year. Additional gains were recorded in the Mining, Logging, and Construction sector (4,900 jobs), Professional and Business sector (2,600), Other Services sector (2,600), and the Leisure and Hospitality sector (1,200 jobs).

MAJOR EMPLOYERS

The Riverside-San Bernardino-Ontario MSA Labor market is becoming markedly skilled, primarily due to the availability of intellectual capital afforded by several public and private universities and colleges within the region as well as the numerous colleges and universities in the surrounding Los Angeles, Orange, Riverside, and San Diego Counties. Shown below are the major employers within the MSA region with 1,000 or more employees (provided by the California Employment Development Department).

San Bernardino County			
Employer Name	Location	Industry	No. of Employees
Loma Linda University Med Ctr	Loma Linda	Hospitals	5,000-9,999
Ontario International Airport	Ontario	Airports	5,000-9,999
Amazon Fulfillment Ctr	Redlands	Mail Order Fulfillment Service	1,000-4,999
Amazon Fulfillment Ctr	San Bernardino	Mail Order Fulfillment Service	1,000-4,999
Arrowhead Regional Medical Ctr	Colton	Hospitals	1,000-4,999
Big Bear Mountain Resorts	Big Bear Lake	Resorts	1,000-4,999
Burlington Distribution Ctr	San Bernardino	Distribution Centers (whls)	1,000-4,999
California State Univ Sn	San Bernardino	Schools-Universities & Colleges Academic	1,000-4,999
Dignity Health Cmnty Hosp-Sn	San Bernardino	Hospitals	1,000-4,999
Environmental Systems Research	Redlands	Geographic's Information Systems	1,000-4,999
FedEx Ground	Bloomington	Delivery Service	1,000-4,999
Inland Empire Health Plan	Rancho Cucamonga	Health Plans	1,000-4,999
Mountain High Ski Resort	Wrightwood	Skiing Centers & Resorts	1,000-4,999
Ontario-Montclair School Dist.	Ontario	School Districts	1,000-4,999
Patton State Hospital	Patton	Hospitals	1,000-4,999
Redlands Community Hospital	Redlands	Hospitals	1,000-4,999
San Antonio Regional Hospital	Upland	Hospitals	1,000-4,999
San Bernardino County Sch Supt	San Bernardino	Schools & Educational Services NEC	1,000-4,999
San Bernardino County Sheriff	San Bernardino	County Government-General Offices	1,000-4,999
St Bernardine Medical Ctr	San Bernardino	Hospitals	1,000-4,999
St Mary's Medical Ctr	Apple Valley	Hospitals	1,000-4,999
Transportation Department	San Bernardino	State Government-Transportation Programs	1,000-4,999
YRC Freight	Bloomington	Trucking-Motor Freight	1,000-4,999

Riverside County

Employer Name	Location	Industry	No. of Employees
Abbott Vascular Inc	Temecula	Hospital Equipment & Supplies-Mfrs	1,000-4,999
Agua Caliente Casino Resort Spa	Rancho Mirage	Casinos	1,000-4,999
Amazon Fulfillment Ctr	Moreno Valley	Mail Order Fulfillment Service	1,000-4,999
Collins Aerospace	Riverside	Aircraft Components-Manufacturers	1,000-4,999
Corona City Hall	Corona	City Hall	1,000-4,999
Corona Regional Medical Ctr	Corona	Hospitals	1,000-4,999
Department-Corrections-Rehab	Norco	State Govt-Correctional Institutions	1,000-4,999
Desert Regional Medical Ctr	Palm Springs	Hospitals	1,000-4,999
Eisenhower Health	Rancho Mirage	Hospitals	1,000-4,999
Fantasy Springs Resort Casino	Indio	Casinos	1,000-4,999
J Ginger Masonry	Riverside	Masonry Contractors	1,000-4,999
Kleinfelder Construction Svc	Riverside	Engineers-Structural	1,000-4,999
La Quinta Golf Course	La Quinta	Golf Courses	1,000-4,999
Riverside Community Hospital	Riverside	Hospitals	1,000-4,999
Riverside County Public Health	Riverside	Government Offices-County	1,000-4,999
Riverside University Health	Moreno Valley	Hospitals	1,000-4,999
Southwest Healthcare System	Murrieta	Health Care Management	1,000-4,999
Spa Resort Casino	Palm Springs	Casinos	1,000-4,999
Starcrest Products	Perris	Internet & Catalog Shopping	1,000-4,999
Sun World Intl LLC	Coachella	Fruits & Vegetables-Wholesale	1,000-4,999
Time Rack	Corona	Computer Software	1,000-4,999

Out of the two counties listed it is noted that San Bernardino is home to some larger employers when compared to Riverside County. Further, the industry of ‘Hospitals’ appears on the top 50 list, 13 separate times.

HOUSEHOLD INCOME

As of 2023 (the most recent data available), 37.8% of the County’s households generated income greater than \$100,000 per year. The following table is presented summarizing the 2023 estimated and 2028 projected household income levels for Riverside County.

Income Cohort	2023		2028	
	Number	Percentage	Number	Percentage
<\$15,000	57,974	8.5%	54,207	7.8%
\$15,000 - \$24,999	41,817	6.1%	32,108	4.6%
\$25,000 - \$34,999	41,944	6.2%	34,590	5.0%
\$35,000 - \$49,999	65,168	9.6%	54,969	7.9%
\$50,000 - \$74,999	117,946	17.3%	111,050	16.0%
\$75,000 - \$99,999	98,954	14.5%	101,891	14.7%
\$100,000 - \$149,999	135,952	20.0%	152,854	22.0%
\$150,000 - \$199,999	63,376	9.3%	79,476	11.5%
\$200,000+	58,010	8.5%	72,086	10.4%
Total	681,141	100%	693,231	100%
Avg. Household Income	\$103,499		\$118,590	
Est. Median Household Income	\$78,053		\$87,866	

Source: STDB Data

As can be seen from the table just presented, the estimated 2023 average household income is \$103,499. This particular amount is projected to increase by approximately 13%, which is slightly less than the median household income projected increase of 11%.

CONCLUSION

The Inland Empire is regarded as a robust market in several categories including population growth, job creation, construction, and industrial space absorption. Population projections for the Inland Empire indicate that the population in the region is growing at a much faster pace when compared to the state in general. As positive trends in the region continue and the population increases it is expected to lead to growth for residential, commercial, and industrial markets.

NEIGHBORHOOD DESCRIPTION

GENERAL DESCRIPTION

The subject neighborhood consists of the northern portion of the City of Fontana, directly below the Foothill Freeway Route 210. The neighborhood boundaries can be defined by Foothill Boulevard to the south, Route 210 to the north and the city boundaries to the east and west. The neighborhood has a mix of uses typical of urban areas and is described in more detail in the following pages. A map of the neighborhood is presented below:

NEIGHBORHOOD MAP



ACCESS

Main access routes which connect to the larger metropolitan area include Interstate-10 which runs east/west along the southern portion of the City and the Foothill Freeway (State Route 210), which is located north of the neighborhood and also runs east/west. Multiple thoroughfares provided access through the neighborhood from these highways which include Citrus Avenue, Sierra Avenue and Locust

Avenue which all run north/west. Foothill Boulevard, Arrow Boulevard, Merrill Avenue, Randall Avenue and San Bernardino Avenue all run east/west and also provide access throughout the neighborhood. The subject is located along the neighborhood street Nuevo Avenue and can be accessed via Arrow Boulevard just to the south and Sierra Avenue to the east.

LAND USES

The neighborhood is built out with a mix of land uses typical of urban locations which include commercial, retail, residential and public facilities. Retail and commercial uses are generally located along larger streets in the neighborhood with higher vehicle and foot traffic while single family uses along smaller neighborhood streets. Land uses immediately adjacent to the subject include commercial (car dealers) and retail.

DEMOGRAPHICS

The neighborhood’s population has been generally steady since 2010 which is usual for urban areas which are already predominantly built out. Over the next five years the population is expected to increase by 320 people or by less than 1%.

Neighborhood Demographics			
Population		Income	
2028 Total Population	68,285	2023 Per Capita Income	\$21,114
2023 Total Population	67,965	2023 Median Household Income	\$61,961
2010 Total Population	67,488	2023 Average Household Income	\$78,223
% Population Change 2021-2026	0.47%		
Households By Income (2023)			
Households		< \$15,000	9.0%
2028 Total Households	18,567	\$15,000-\$24,999	8.0%
2023 Total Households	18,353	\$25,000-\$34,999	7.3%
2010 Total Households	16,826	\$35,000-\$49,999	11.4%
% Households Change 2021-2026	1.17%	\$50,000-\$74,999	24.4%
		\$75,000-\$99,999	16.9%
Housing Tenure (2022)		\$100,000-\$149,999	15.2%
% of Renters	52.1%	\$150,000-\$199,999	5.0%
% of Homeowners	45.6%	\$200,000+	2.9%

Source: Site to Do Business

As of 2023 the median household income in the neighborhood is \$61,961 which is substantially below the median household income of the state as a whole which currently sits at approximately \$84,097. Additionally, the neighborhood’s housing tenure includes 52.1% of renters and 45.6% of homeowners.

NEIGHBORHOOD CONCLUSION

Overall, the neighborhood is typical of urban areas which are built out with diverse land uses to serve the community as a whole. The neighborhood's demographics are not expected to change significantly in the coming years as migration from the Los Angeles area is expected to continue. There are several undeveloped parcels in the subject neighborhood which are planned for future commercial development.

COMMERCIAL MARKET OVERVIEW

Given that the property appraised is near various commercially zoned uses and the highest and best use is for commercial property, a discussion of the commercial market is merited. Data was obtained from multiple sources including Colliers, CoStar, and local Metro Listing Services. The following is a discussion of the national commercial trends, as well as the trends observed in the Inland Empire market areas specifically.

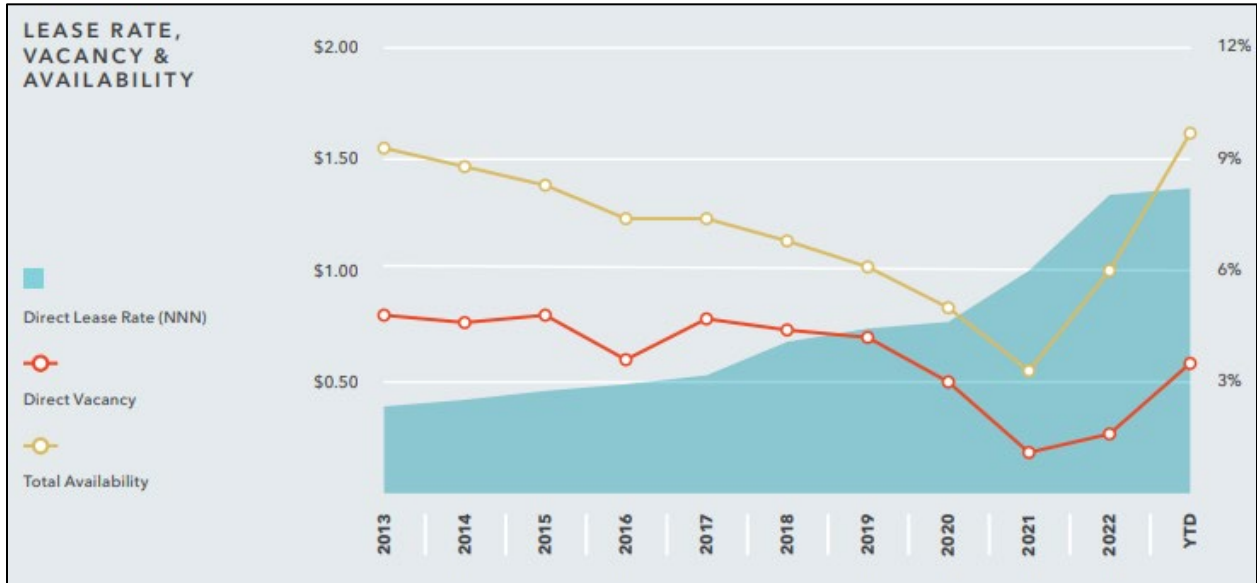
COMMERCIAL MARKET OVERVIEW

Around the globe, economies remain afloat despite months of warning signs, with lingering uncertainties buoyed by pockets of clarity. Global economies continue to face multiple headwinds heading into 2024: the continued conflict in Ukraine, extreme weather catastrophes, population migration trends, a weaker-than-expected economic recovery in Mainland China, and ongoing risks of financial stress from tightening monetary policies.¹ But proactive policy response to the banking turmoil in early 2023, resilient consumer demand, and a stabilization of energy and food prices seem to have settled into the third quarter of 2023.

Facing tightening loan standards, fewer lenders, and higher borrowing costs, commercial real estate buyers could have more difficulty deploying capital for purchases in 2024. Property sales volumes dropped by 59% globally, 63% in the United States, 62% in Europe, and 50% in Asia/Pacific so far through 2023. Already in play was nearly US\$900 billion in loans set to mature over the next two years in the United States. These mortgage maturities could also face difficulties in refinancing in the current lending environment of high borrowing costs and risk-averse lenders. Commercial mortgage-backed securities (CMBS) and collateralized loan obligation lenders are behind more than half of the total loan maturities coming due in 2023 alone.

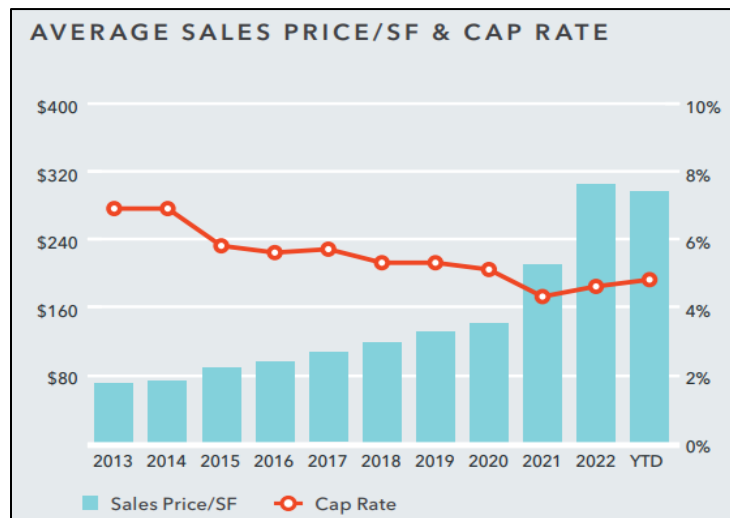
The Inland Empire has emerged as one of the nation's premier logistics industries because of its remarkable expansion during the previous decade, which has elevated it to the third-most profitable industrial market in the US. The primary industrial market of the Inland Empire is ideally situated close to Southern Californian ports, making it simple for companies to distribute goods. Vacancy remains below historical and national levels, but market conditions are gradually deteriorating, particularly the under-construction of the vacant space inventory.

In quarter three of 2023, the Inland Empire Industrial Market experienced a slowdown, but they are still fundamentally stable. Various challenging factors, such as a reduction in consumer spending, sluggish international trade, and an increase in the supply of new industrial space, contributed to negative net absorption and rising vacancies. However, due to several significant factors, including proximity to major ports, a large and expanding population, and a diverse economy, the market is anticipated to remain balanced towards the end of 2023 and into 2024. A rise in interest in sustainable industrial growth is one of the key trends, as is the growing requirement for e-commerce and last-mile logistics space.



Kidder Mathews Q3 2023 Inland Empire Industrial Market Report

Throughout the previous five years, the Inland Empire industrial market has experienced a gradual rise of Lease rates with total availability going from 3% in 2021 to over 9% currently. This commercial and industrial market has seen increases in lease rates but a slowdown of direct vacancy.



Kidder Mathews Q3 2023 Inland Empire Industrial Market Report

BROADER CAPITAL AND ECONOMY MARKET DISCUSSION

Overall, most of 2020 was significantly influenced by the COVID-19 pandemic. The virus quickly spread from Asia through Europe, the United States, and other parts of the world. The United States became the epicenter of the pandemic with the most cases of any country in the world. This has resulted in widespread measures to curb the spread of the virus, including “shelter in place orders” across most of the United

States for self-quarantine. These measures generally restricted non-essential work and/or gatherings. Although stimulus and other policies have been implemented in attempts to guide the economy through the current storm, the overall impacts have been significant. Congress also passed a second and third round of stimulus bills. The long-term economic impacts of the pandemic are still unclear for many industries.

Although there was initially some caution taken by builders who had delayed closings on some lots, particularly in the early weeks of the pandemic in 2021 and early 2022 we have observed a return to builders acquiring new sites and there have been significant price increases both for land (with near term development) and home. Although there has been a recession and there are certain real estate markets that have been significantly impacted, there are large segments of the population who have not been directly economically impacted by the pandemic. For those workers in positions that were easily transitioned to remote work capabilities, they have largely been able to continue work functions from home. It is noted, however, that interest rates have recently risen to the 5% to 6%+ range. Although the Commercial market has remained relatively strong in the 1st-3rd quarters of 2022, as of for the 4th -2nd quarter of 2022-2023, some concerns over the sustainability of price increases, absorption, and new construction are beginning to surface in the broader markets.

In recent months, there has been above target inflation; however, there are varying opinions from economists on inflation risk and its potential impact to the overall economy (local, national, and global economies). Although additional data is needed, recent articles researched as of the middle of the 2023 year suggest that a recession may be on the horizon or may already be underway. The increases in inflation coupled with a potential recession has sparked talk of “stagflation”, an economy with no growth, but high/rising prices.

CONCLUSION OF THE INLAND EMPIRE COMMERCIAL MARKET

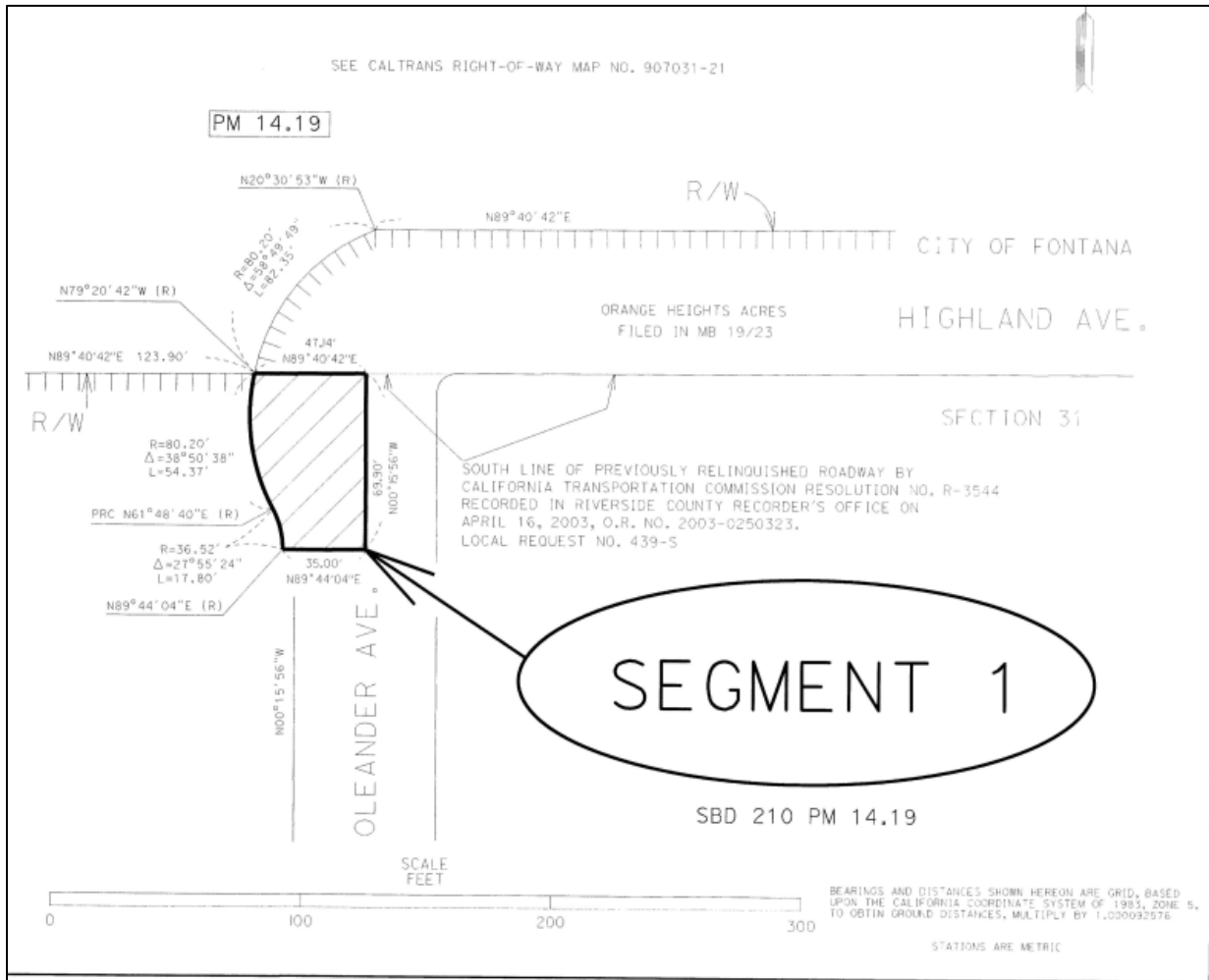
The Inland Empire is regarded as a robust market in several categories including population growth, job creation, construction, and industrial space absorption. The commercial and Industrial projections for the Inland Empire indicate that the Economy in the region is growing but due to the COVID 19 Pandemic and international politics, inflation has increased leading to a higher per square foot market with negative net absorption. As positive and negative trends in the region continue and the overall market for commercial and industrial business increases it is expected to lead to growth and a stabilization of the markets.

IDENTIFICATION OF SUBJECT PROPERTY / PROPERTY DESCRIPTION

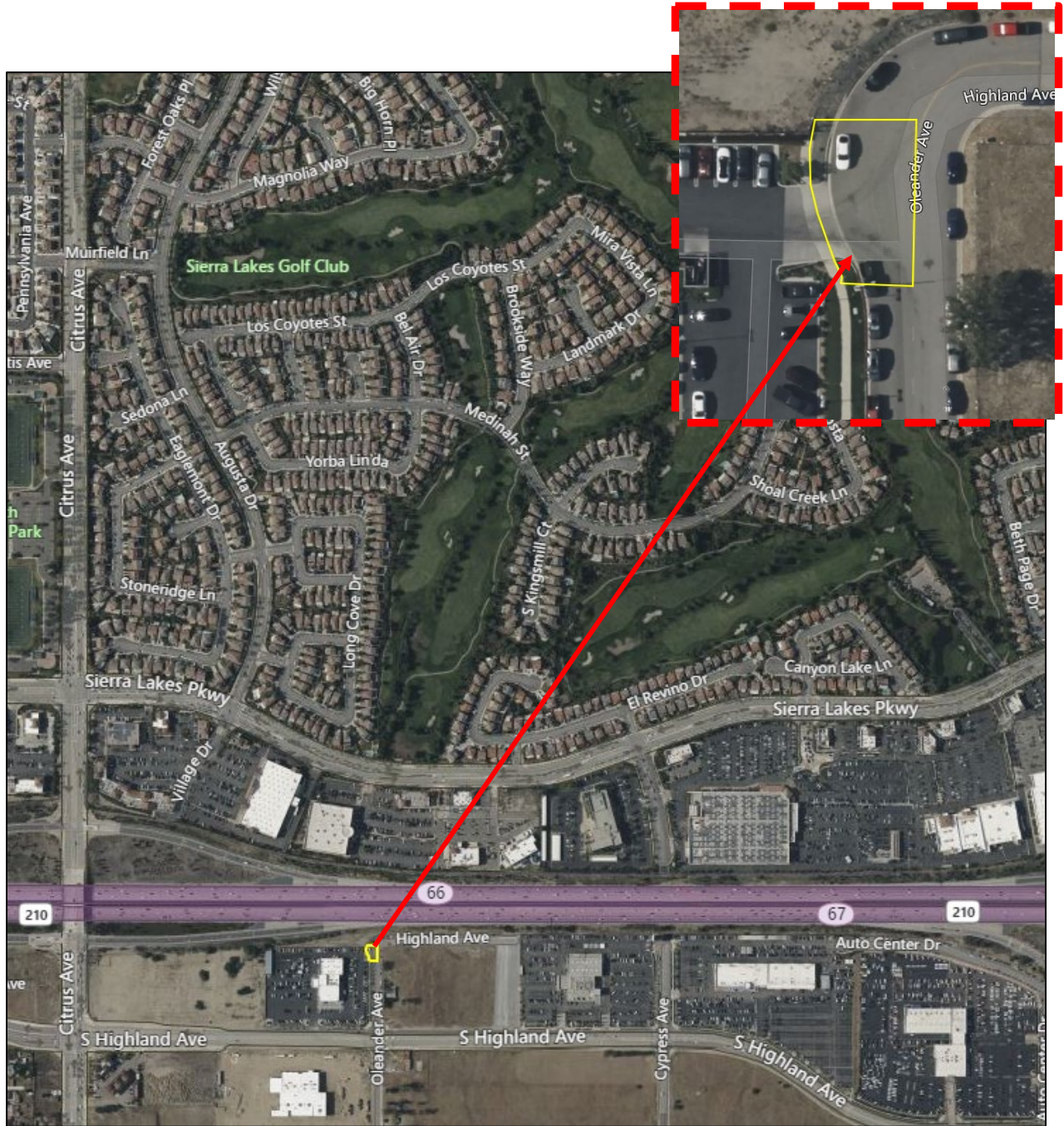
IDENTIFICATION OF SUBJECT PROPERTY

Property Address	Northwest corner of Oleander Avenue, Fontana, California 92336
Assessor's Parcel Number	N/A
Owner	City of Fontana
Owner Title of Interest	Fee Simple
Ownership History	There have been no sales of the Subject property within the past 5 years. To the best of our knowledge the subject property is not listed for sale.
Date of Inspection	October 30, 2023
Date of Value	October 30, 2023
Date of Report	November 8, 2023

ASSESSOR'S SEGMENT MAP



AERIAL PHOTOGRAPH



SUBJECT PROPERTY PHOTOGRAPHS



View of the full space between the road and the surplus land on the left



View of subject facing west from Highland Avenue

SUBJECT PROPERTY PHOTOGRAPHS



View of the surplus land facing northwest.



View of Oleander Avenue facing south.

SUBJECT PROPERTY DESCRIPTION

Size	0.068± acres (3,000± square feet) <i>Source: Client provided information</i>
Shape	Irregular
Frontage / Exposure	The subject property has direct access and exposure on Oleander Avenue and Highland Avenue.
Access	Access to the site is good.
Topography	The topography of the site is level
Utilities	Unknown utilities are available to the site.
Zoning	C-2- Commercial
General Plan Designation	C-G-Commercial
Improvements	The subject property is surplus land that is owned by the City of Fontana. The property is a section of improved paved road.
Lease or Rental Status	Based on our knowledge no lease agreements encumber the subject property.
Easements	A preliminary title report was not provided to the appraiser for review. It is therefore assumed that no exceptions to title exist that adversely impact the subject's value.
Encroachments	None were noted or reported.
Private Restrictions	None known to exist.
Flood Zone	Zone X (unshaded); minimal risk areas outside the 1% and 0.2% annual-chance floodplains.

Seismic Information

The subject parcel is not within an active California fault zone. However, faults may affect the site depending on the characteristics of the earthquake and the location of the epicenter. In general, the effects should be confined to shaking and/or acceleration (shock waves) and potential damage to structures should be minimized by employing adequate design and construction procedures.

Because the County of San Bernardino, and most of the State of California, is a seismically active region, the potential for earthquake-induced hazards must be acknowledged. However, the history of past earthquake activity does not indicate that Riverside County is a particularly hazardous area. Current engineering design and construction practices, such as the Uniform Building Code, provide the opportunity to reduce earthquake related hazards.

Cultural Recreational and Historic Significance

None known or suspected to be present.

Toxic Hazards

The client did not provide a Phase 1 Environmental Site Assessment report. The appraisers did not observe any unusual conditions while performing the inspection. However, Bender Rosenthal, Inc. and the representatives thereof, are not experts in this field. Please refer to Item 16 of the Assumptions and Limiting Conditions.

According to California Geotracker of Hazardous sites, there was a former gas station located within 1,000 feet of the subject property, but it was deemed a completed LUST cleanup site and closed as of May 14, 1993.

Property Tax Data and Projected Taxes

Because the subject property is owned by a body corporate and politic, no property taxes are assessed.

Relinquishment

Relinquishment of highway right of way in the city of Fontana, road 08 - SBD - 210 - pm 14. 19/ 15. 18 request no. 481- S.

Now, therefore, it is voted by the California Transportation Commission that it relinquish, and it does hereby relinquish, to the City of Fontana, effective upon the recordation of a certified copy hereof with the Recorder of San Bernardino County, all of the State of California's right, title and interest in and to said collateral facilities in said City, together with the right of way and appurtenances thereof, described as follows: All that portion of highway right of way in the City of Fontana, County of San Bernardino, State of California, shown as SEGMENT 1 and SEGMENT 2, to be relinquished as indicated on that certain map consisting of 2 sheets, filed for record on May 2, 2017, as Document No. 2017-0182474, in State Highway Map Book No. 18, pages 1 and 2, in the Office of the San Bernardino County Recorder.

OVERALL COMMENTS

The subject is comprised of a 0.068± acre commercial zoned site that is improved with a paved street. If sold on the market in the "As-Is" condition the subject property would be utilized as a roadway or to be expanded into a parking lot. Given the limited size of the parcel and location the property offers significantly limited utility.

HIGHEST AND BEST USE ANALYSIS

Highest and best use may be defined as the reasonably probable use of property that results in the highest value.

There are four criteria used in the highest and best use analysis process. These are:

1. Legally Permissible Use

What uses are permitted legally under existing zoning, building codes, historic district controls, environmental regulations, deed (private) restrictions, and long-term lease provisions on the site in question?

2. Physically Possible Use

What uses of the site are physically possible, given its size, shape, area, terrain, soils composition, accessibility, assembly potential, and risk potential from natural disasters?

3. Financially Feasible Use

Which possible and permissible uses will produce a positive net return to the owner of the property?

4. Maximally Productive Use

Among the feasible uses, which use will produce the highest residual land value consistent with the rate of return warranted by the market for that use?

The property consists of remnant land located in Oleander Drive. The property is only improved with street improvements and no structural improvements; therefore, just the highest and best use as vacant is considered in this analysis.

HIGHEST AND BEST USE OF THE SITE, AS VACANT

LEGALLY PERMISSIBLE USES

Possible uses are constrained by legal restrictions on a property both private and public. As previously discussed, the zoning for the property is C-2 Commercial and the General Plan is for General Commercial. Overall, the legally permissible uses per the zoning and General Plan are for commercial development.

PHYSICALLY POSSIBLE USES

The size, topography, and location are important considerations since these factors affect the types of development that are possible and the economies of scale. The property is level and has access from Oleander Drive. The subject is 3,000± square feet in size with a generally irregular shape. The small size and unique shape limit the overall development potential of the site. Considering the small size the parcel offers significantly limited utility.

Based upon the size and shape of the subject property, the legally permissible uses may not be physically possible.

FINANCIALLY FEASIBLE / MAXIMALLY PRODUCTIVE USES

The next test of highest and best use is financial feasibility. Based on the legal and physical constraints previously discussed, the potential use of the subject property has been limited to residential use. A proposed property improvement must be able to deliver an income return that generates the market value sufficient to pay for the developmental costs, the risks involved, and profit appropriate for the type of development.

The current zoning allows for commercial development; however, commercial development of the site would be not be possible given the small size and unique shape. As a standalone parcel the site offers limited utility. However, if the property were to be assembled with the adjacent parcel to the west some additional value could be created, although marginal.

HIGHEST AND BEST USE CONCLUSION, AS IF VACANT

Considering all the preceding factors, it is concluded that the highest and best use of this site, as vacant, is for assemblage to the adjacent commercial zoned parcel to the west. The most likely buyer for the subject property (as if vacant) would be the adjacent owner or a land speculator.

VALUATION

VALUATION PREMISE

The subject property totals 3,000± square feet in size, located in the City of Fontana. The highest and best use is determined to be for assemblage with adjacent parcel, although the site offer limited utility overall.

The three accepted approaches to value are the Sales Comparison Approach, the Income Approach and the Cost Approach. We have utilized the Sales Comparison Approach to value as the best indication of market value to estimate the value of the land. The Sales Comparison Approach compares the subject property to other vacant sites that have recently sold in the market area and is usually the preferred method of valuation when comparable sales data are available. The cost approach and the income approach will not be utilized as neither is relevant for this assignment. All properties were compared based on a price per square foot, consistent with the market for commercial land. First the subject will be valued as if vacant, then the cost to remove the current improvement will be analyzed.

VALUATION OF THE SUBJECT PROPERTY (LAND ONLY)

SALES COMPARISON APPROACH

The Sales Comparison Approach involves direct comparison of the appraised property with other properties that have sold or have been offered for sale in the open, competitive market. This approach is based upon the principle that a prudent investor would pay no more for real property than the cost of acquiring an equally desirable substitute property of similar utility. While buyers of income-producing properties typically focus on a property's economic characteristics, sales of similar properties analyzed from a physical viewpoint (i.e., based on price per acre or per square foot) can indicate value patterns and trends in the market.

The Sales Comparison Approach requires several steps. They include:

- Researching the market for information on sales transactions, listings, and offers to purchase or sell involving properties that are similar to the subject property.
- Verifying the information by confirming that the data are factually accurate and that the transactions reflect arm's-length, market considerations.
- Selecting the relevant units of comparison and develop a comparative analysis for each.
- Comparing sale properties with the subject property using the elements of comparison and analyze the price of each relative to the subject property.
- Reconciling the various value indications produced from the analysis of comparable sales into a single value indication or a range of values.

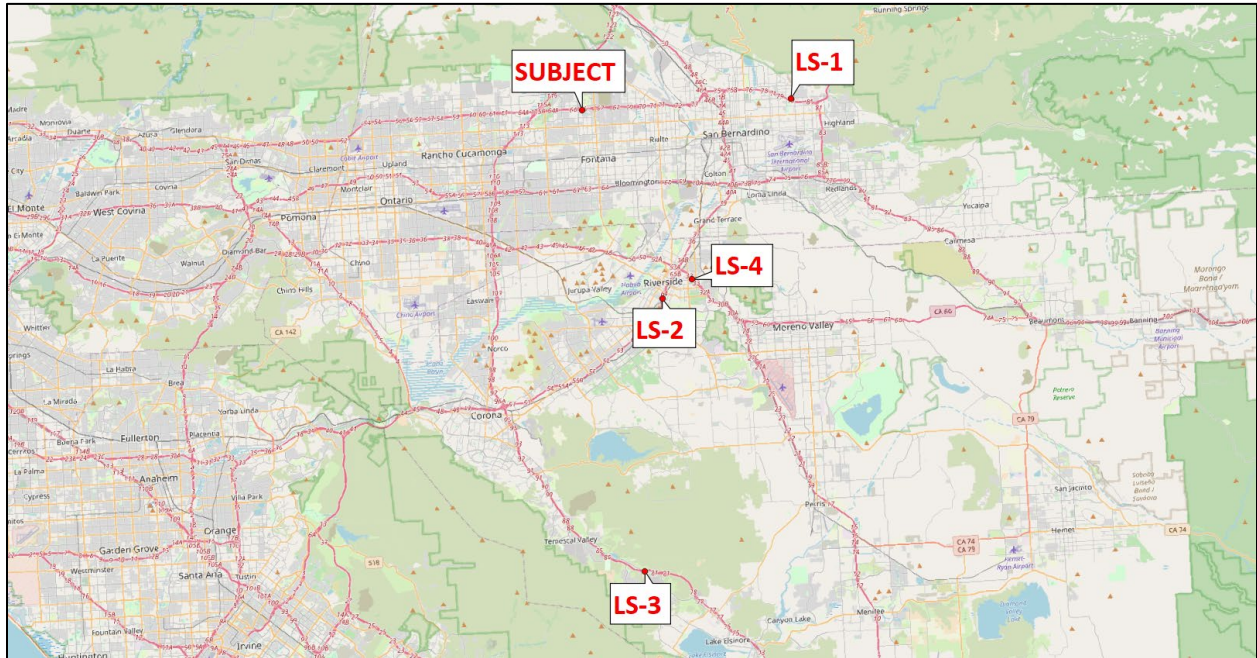
In the Sales Comparison Approach to value, the subject property should be compared to other similar properties that have recently sold in the market area or competing market areas. A concerted effort was made to locate properties that have similar utility for commercial or industrial development for surplus land.

A summary table and a map of the comparable land sales are presented on the following pages, followed by a discussion of the comparable sales and comparison to the subject property.2347

COMPARABLE LAND SALES SUMMARY TABLE

Sale No.	Location	Seller	Sale Date	Sale Price	Zoning	Price Per Sq Ft	Size: Acres
BRI No.	APN(s)	Buyer	Doc. No.				SF
LS-1 9754531	2627 Highland Ave, Highland, California San Bernardino County APN: 1191-111-22	R Dale Ellis And Marsha Ellis Family Trust Akk 320 Superior Ave LLC	3/2023 2023.65935	\$61,000	M1	\$67.78	0.02± 900
LS-2 9597511	3155 Date St, Riverside, California Riverside County APN: 219-103-006	Riverside County Transportation Commission Garcia, Javier	06/2022 2022.372632	\$17,000	M1	\$3.00	0.13± 5,662
LS-3 9296973	Temescal Canyon Road Corona, California Riverside County APN: 394-030-009	The Yoko Reed Revocable Trust Necal Bancorp	01/2019 2019.7011	\$17,257*	M-SC	\$0.14	2.77± 120,661
LS-4 9294729	1505 3 rd Street, Riverside, California Riverside County APN: 250-070-029	State of California Darshankumar Patel	06/2018 2018.259281	\$1,000	C2	\$0.05	0.50± 21,780
SUBJECT	Northwest corner of Oleander Avenue, Fontana, California San Bernardino County APN: N/A	Appraisal	---	---	C2	--	0.068± 3,000

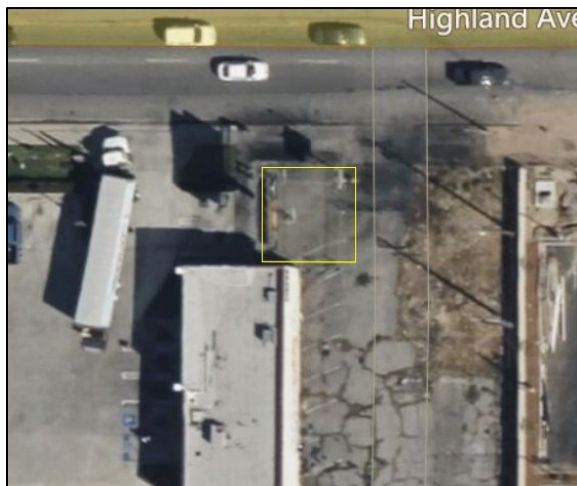
COMPARABLE LAND SALES MAP



DISCUSSION OF SALE COMPARABLES

The property appraised is a site where the highest and best use is for Commercial development for surplus land. Given the physical differences between the comparable sales selected for analysis, the said differences were considered qualitatively.

All of the properties analyzed are fee simple transactions and no significant considerations are merited for property rights. It was reported that the sales were either cash, or cash equivalent and there were no unusual conditions of sale. Additional comparisons between the subject and comparables are discussed as follows.



Comparable Land Sale 1

This is the sale of a 900 square foot industrial lot in San Bernardino, California. This property is located on Highland Ave and is within 0.25 miles from Highway 210. The listing broker confirmed that this property was sold on February 7, 2023 for \$61,000, which amounts to \$67.78 per square foot. The listing agent mentioned that the property contained a lease in place for an existing billboard which is owned by the lessee for a generated income of \$300 per month. There is accessibility from E Highland avenue directly and the property is surrounded by metal chain-link fence.

This comparable sale is the most recent sale and best reflects current market conditions. However, this comparable is improved billboard and generates income from an advertising sign on site. Further, this comparable is significantly smaller than the subject indicating a lower unit of value for the subject. Based on these superior factors, a value well below \$67 per square foot is considered appropriate for the subject.

Comparable Land Sale 2

This site sold August 25, 2022, for \$17,000 or \$3.00 per square foot. According to the buyer they paid all cash in this arms-length transaction with the intention to use the site as yard space as they own a nearby property on Date Street. This is a sale at the end of a cul-de-sac and adjacent to Highway 91. The property is 0.13± acres or 5,662 square feet, however, the western side is within the Highway 91 right of way which leaves approximately 3,717± SF of usable space which is fenced in with a gate. According to the buyer the property is unbuildable due to the shape and size of the site. The property has frontage and legal access along Date Street. The neighborhood is mainly industrial west of the railroad line on Commerce Street, and residential east of the railroad line. The property is zoned I for Industrial, and the general plan is for City Limits. The property has current access to all municipal services.



This comparable sale is larger than the subject, which would indicate a higher value for the subject. However, these inferior attributes are offset given the comparables superior utility overall. Further, the property was purchased for assemblage from the adjacent owner which positively impacted the value. Therefore, this sale indicates a value slightly less than \$3.00 for the subject.



Comparable Land Sale 3

The seller of this property was a Revocable Trust which included three separate parties (each holding percentage ownerships) who transferred the parcel to Rancon Group for a total price of \$3,000. This property is located along Temescal Canyon Road, nestled next to Interstate 15. The property was never listed formally on the market.

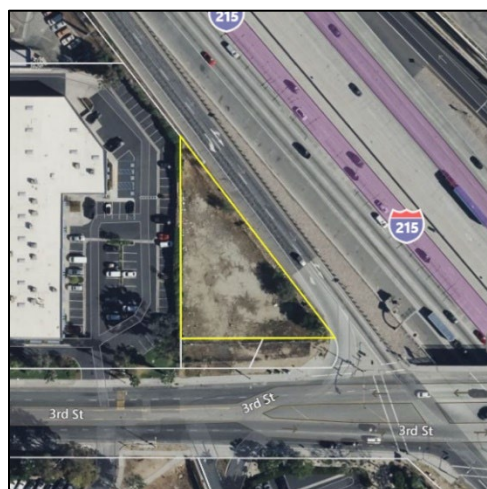
Discussions with the property ownership indicate that they had to track down the prior owners (as the sellers weren't aware they still owned the property, and they thought it went to tax sale). The property

had substantial back-taxes on it at the time of the sale for the amount of \$14,257, which the buyers knew about. The buyers (current owners) paid all closing costs, escrow costs, title costs, and had to also pay the substantial back taxes on the site. Thus, the adjusted or effective sales price equates to \$17,257 or \$0.14 per square foot, given the back taxes. Effectively, this was a transaction involving specific heightened motivations by the buyers. The property is 2.77 acres with a narrow curved rectangular shape with general level topography and access to municipal utilities at the street.

This comparable sale is significantly larger in size, which would indicate a higher unit of value for the subject. Further, the comparable offers an inferior overall location. Overall, a value significantly above \$0.14 per square foot for the subject is appropriate.

Comparable Land Sale 4

This vacant land parcel is situated at 1505 3rd Street in Riverside, California. It is in Riverside County. The surrounding land uses are predominantly office and special purpose in nature. It is located about 2 miles from the center of Riverside. The property is triangular, and its contours are generally level. The seller in the transaction was the State of California and the buyer was Darshankumar Patel. The date of recordation is June 27, 2018. The property sold for \$1,000. This equates to \$2,000 per gross acre or \$0.05 per gross square foot. It is located adjacent to an off-ramp from I-215. It is doubtful Caltrans would allow a curb cut and access to a property within 150 feet of the off-ramp due to traffic flow issues right-in traffic would create. This property sold as the state of California would have allowed no due diligence period prior to closing. The property, to our understanding, sold in a sealed bid process, providing no opportunity for an extended escrow period in which the buyer could perform due diligence while risking only a deposit. For this reason, it sold with a higher amount of risk than is typical for the market.



This property sold with a high-risk assessment which is inferior. Further, this sale is larger than the subject, indicating a higher value for the subject. In addition, the location of the site is too close to the off-ramp to allow for legal access to the site which is inferior to the subject. Overall, this comparable is inferior, indicating a value well above \$0.05 per square foot for the subject.

LAND VALUE CONCLUSION

Based on the previous discussion, the sale comparables indicate a range of value for the subject from approximately \$1,000 per site to \$61,000 per site, as shown in the following table.

Comp No.	Subject Value Less Than / Greater Than	Sale Price Per Sq Ft.	Sale Date	Sales Price	Size (AC)
LS-1	<	\$67.78	3/2023	\$61,000	0.02±
LS-2	<	\$3.00	6/2022	\$17,000	0.13±
<i>Subject Value Indicator Range from \$0.14 to \$3 per square foot.</i>					
LS-3	>	\$0.14	01/2019	\$17,257	2.77±
LS-4	>	\$0.05	06/2018	\$1,000	0.50±

After the comparable sales were analyzed, the subject was bracketed by sales LS-2 and LS-3, respectively \$3.00 and \$0.14 per square foot. LS-3 is located in an inferior location overall and is significantly larger than the subject. LS-2 is most similar in terms of size and location; therefore, more weight is placed on the value indicator of LS-2. Therefore, the subject value is estimated to be \$2.50 per square foot.

FAIR MARKET VALUE CONCLUSION

Value of Subject Property			
\$2.50 x 3,000 Square feet	=	\$	7,500

This concludes the report.

APPENDIX

APPRAISERS' CERTIFICATIONS

APPRAISER'S 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 analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, impartial and unbiased and professional analyses, opinions and conclusions.
3. I have no present or prospective interest in the property that is the subject of this report, and I have no personal interest with respect to the parties involved.
4. I have neither appraised nor provided any service pertaining to the subject property in the past three years.
5. I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
6. My engagement in this assignment was not contingent upon developing or reporting predetermined results.
7. 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.
8. The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice (USPAP).
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 & 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. As of the date of this report, I have completed the continuing education program of the Appraisal Institute.
12. I have made a personal inspection of the property that is the subject of this report.
13. I have not revealed the findings and results of this appraisal to anyone other than the proper officials of the client and I will not do so unless and until authorized by the client, 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.

14. Such appraisal has been made in conformity with the appropriate California laws, Title VI of the 1964 Civil Rights Act, and regulations, policies, and procedures applicable to appraisal of right of way.
15. To the best of my knowledge, no portion of the value of the property appraised consists of items which are non-compensable under the established laws of California. It is my understanding that federal funds may be involved in the project that pertains to the subject of this report.
16. No one provided significant assistance in the preparation of this report.
17. My opinion of the total market value of the appraised property identified in this report was derived without collusion, coercion or direction as to value.



David C. Houghton, MAI

Certified General Real Estate Appraiser

California Certificate No. AG039402

APPRAISERS' QUALIFICATIONS

PROFESSIONAL QUALIFICATIONS



DAVID HOUGHTON, MAI

Appraisal Manager



David Houghton is an Appraisal Manager with Bender Rosenthal (BRI). He has been involved in real estate appraising since 2005 and is a Certified General Appraiser in the State of California. He has professional experience appraising a wide range of property types, including industrial, office, medical office, retail, multifamily, condemnation, right of way, residential subdivisions, and various agricultural/rural residential property types. Between 2007 and 2014 he worked exclusively on low income housing appraisal assignments. While focused on that specialty, David gained experience appraising affordable housing and conducting market studies for Low Income Housing Tax Credit (LIHTC) developers. In 2014, he began working with BRI and has since shifted his focus and expertise into right of way appraisal assignments.

David has appraised properties and completed market studies throughout Southern and Northern California, Washington, Hawaii, and Nevada, with the bulk of the experience in Southern and Northern California.



YEARS OF EXPERIENCE

18 Years (with BRI since 2014)



EDUCATION

BS, Science of Business
Management
University of Phoenix
Phoenix, Arizona



PROFESSIONAL REGISTRATIONS

California Certified General
Real Estate Appraiser
AG 39402



PROFESSIONAL AFFILIATIONS

Northern California Chapter of
Appraisal Institute



DESIGNATIONS

MAI, Appraisal Institute

REPRESENTATIVE VALUATIONS INCLUDE

Office – Existing and proposed office properties in Sacramento Region and Central Valley.

Retail – Existing and proposed retail properties throughout California.

Industrial – Existing and proposed industrial properties in Sacramento Region and Central Valley.

Multi-family – Existing and proposed multi-family properties in Northern and Southern California, the state of Washington, New Mexico, Nevada and Hawaii.

Mixed Use – Existing and proposed mixed use properties in Northern and Southern California.

Subdivision – Proposed residential subdivisions in Sacramento Region and Central Valley.

Eminent Domain – Improved and unimproved properties involving full and partial takings for municipalities, quasi-public companies, and property owners.

Agricultural – Vineyards, dairies, orchards, field/row crop land, and rural residential properties.

Land – Various types of land appraised such as commercial land, retail pad sites, residential land, transitional land, and agricultural/rural residential land.

Multi-family Market Studies – Existing and proposed multi-family LIHTC/ HUD/USDA properties in Northern and Southern California, the state of Washington, New Mexico, Nevada and Hawaii.