
Date: May 22, 2024

Appraisal Review: 24-0008R
FISCAL No: 13299

To: Mark Stanley, Executive Officer
San Gabriel and Lower Los Angeles Rivers and Mountains Conservancy
100 N. Old San Gabriel Canyon Road, Azusa, CA 91702

From: Department of General Services
Real Property Services Section (RPSS) - Appraisal Unit
707 Third Street, 5th Floor, West Sacramento, CA 95605

Subject: APPRAISAL REVIEW – LCWA Site 1 and Synergy Oil Site 2 Land Exchange
San Gabriel and Lower Los Angeles Rivers and Mountains Conservancy
Los Cerritos Wetlands, Los Angeles County
Appraisal Firm – The Dore Group
Real Estate Interest Appraised – Encumbered Fee Simple
Values Under Review – \$18,030,000 (Site 1) and \$15,310,000 (Site 2)
Effective Date of Value – May 1, 2024
Date of Appraisal Report – May 17, 2024

I have performed an appraisal review of the above-referenced appraisal report. The review process was conducted within the context of market conditions expressed in the appraisal report and does not rely on the introduction of new information. The scope of work in this assignment is limited to review of the appraisal report and preparation of this appraisal review memorandum. In performing this review, I have formed an opinion as to:

- Completeness of the report.
- Adequacy and relevance of comparable data.
- Propriety of adjustments to the comparable data.
- Appropriateness of the appraisal methods and techniques employed.
- Appropriateness and reasonableness of the analyses, opinions, and conclusions.

The content, analysis, and conclusions stated in the report under review are sufficiently in compliance with applicable Department of General Services (DGS) Appraisal Specifications. The market value opinion of \$18,030,000 for Site 1 and \$15,310,000 for Site 2 rendered in the appraisal report provided are concluded to be adequately supported and credible. This review applies to the ownership as of the effective date of the appraisal and the assumptions and limiting conditions presented within the appraisal report and this appraisal review memorandum.



Gregory L. Bach, MAI
Senior Real Estate Officer

Attachment

SUMMARY OF FACTS, CHARACTERISTICS AND CONCLUSIONS

Fair Market Value Opinions	\$18,030,000 (LCWA - Site 1), \$15,310,000 (Synergy Oil - Site 2)
Interest Appraised	Fee fee simple Interest as encumbered and subject to a land exchange agreement (Draft Version 5-10-2024) including a condition of title relating to referenced Mitigation Bank Site, Revegetation Site and Public Access Improvement Site that are to be encumbered with a conservation easement that is anticipated to be recorded on or before the closing of the pending land exchange.
Date of Appraisal Report	May 17, 2024
Effective Date of Value	May 1, 2024
Appraisal Prepared by	Lance Dore, MAI, FRICS (AG 003696) 3990 Old Town Avenue, Suite B104, San Diego, CA 92110 (619) 933-5040
Date of Review	May 22, 2024
Review Client	San Gabriel and Lower Los Angeles Rivers and Mountains Conservancy 100 N. Old San Gabriel Canyon Road, Azusa, CA 91702
Intended Users	This report is intended for use only by the State of California. Use of this report by others is not intended.
Purpose of Review	The purpose of the review is to determine the credibility of the final opinion of market value for use in a potential real estate transaction by the State of California.

Scope of the Review Process	
Entire appraisal report was read thoroughly.	Yes
All pertinent mathematical calculations were verified.	Yes
Reasonableness and accuracy of DCF analysis, and appropriateness of software, were verified.	N/A
Appraised property was field reviewed.	No
Comparable market data reported in the appraisal under review were field reviewed.	No
Limited confirmation of market data reported in the appraisal under review was attempted through public records.	Yes
Full confirmation of market data reported in the appraisal under review was attempted.	No
Additional comparable market data were researched and analyzed by the review appraiser.	No
All known pertinent information was included in the reporting of the results of this appraisal review.	Yes
The preparation of an Amended Value Analysis (Corrective Review) was required.	No

PROPERTY INFORMATION

Location	LCWA Site 1 – 4.87± net acres of industrial land at the northeast corner of 2nd Street and Studebaker Road, Long Beach, CA 90803
	Synergy Oil Site 2 – 150.50± net acres of land at the northwest corner of 2nd Street and Studebaker Road, Long Beach, Los Angeles County, CA 90803
	<p>The subject property is identified in the appraisal as two separate sites. LCWA Site 1 that is approximately 4.87 net acres or 212,137 square feet in size and Synergy Oil Site 2 containing about 150.50 net acres, or 6,555,780 square feet. Site 1 consists of one legal parcel of land located at the northeast corner of 2nd Street and Studebaker Road, in the City of Long Beach, and can be identified as Assessor Parcel Number APN 7237-019-809. Site 2 consists of seven legal adjacent parcels that include 147.50 acres of wetlands and 3.00 acres of disturbed land available for future development assuming Coastal Commission approval under current zoning and objectives of the City's general plan. It is located at the northwest corner of 2nd Street and Studebaker Road, in the City of Long Beach. The 150.50 acres is identified by Assessor Parcel Numbers 7237-017-010, 7237017-011, 7237-017-012, 7237-017-013, 7237-017-014, 7237-017-018, and 7237-017-019.</p>
	<p>Parcelquest.com indicates Site 1 size at 4.063 acres and Site 2 size at 150.426 acres. The appraiser noted that the acreage is based on a Land Title Survey prepared by Guida Surveying Inc. These land areas are assumed to be reasonably accurate by the appraiser and were relied upon in the valuation of both subject properties.</p>
Assessor Parcel Numbers / Land Areas	<p>Site 1: 7237-019-809 / 4.87 Acres Site 2: 7237-017-010 / 0.12 Acres Site 2: 7237-017-011 / 6.97 Acres Site 2: 7237-017-012 / 1.75 Acres Site 2: 7237-017-013 / 118.98 Acres Site 2: 7237-017-014 / 11.18 Acres Site 2: 7237-017-018 / 1.19 Acres Site 2: 7237-017-019 / 10.31 Acres</p>
County	Los Angeles
Vesting	Site 1 LCWA Site. Per PTR (Order No. 997-30046857-H-BB7) prepared by Fidelity National Title Company, dated April 22,

2024, and amended May 3, 2024, the owner is Los Cerritos Wetlands Authority.

Site 2 Synergy Site. Per PTR (Order No. 010-30051785-H-BB7) prepared by Fidelity National Title Company, dated March 29, 2024, the owner is Los Cerritos Wetlands, LLC.

Ownership History

Based upon public records, the subject property Site 1 (LCWA Site) transferred easements on March 14, 2023, Quitclaim Deed #2023-0161202 from ZEWCT to Los Cerritos Wetlands Authority. The subject property Site 2 (Synergy Oil Site) totaling 157.85 acres and including nine parcels was sold on December 11, 2013, from Synergy Oil & Gas LLC to Los Cerritos Wetlands LLC (Grant Deed 2013-1748575). This includes the transfer of 7237-020-003 and totals 157.85 acres. As stated in the appraisal, the sale price was undisclosed. According to public records, the subject (Site 1 and Site 2) has not sold in the last three years.

Shapes

Site 1: Rectangular / Site 2: Irregular

Access

Average

Topography

Site 1: The topography consists of level terrain. Overall, elevation ranges approximately from 9 to 15 feet, with an average elevation of 11 feet. The average slope is 0.8% and -17.2%.

Site 2: The topography consists of level terrain. Overall, elevation ranges approximately from 0 to 11 feet, with an average elevation of 3 feet. The average slope is 2.0% and -1.8%.

Building Improvements

Site 1 is not improved.

Site 2 is not improved, except for the oil and gas operations that use equipment for extraction purposes. Valuation of relating to equipment and oil and gas operations or any other business activity including the sale of mitigation credits is beyond the scope of the appraisal valuation assignment and this appraisal review.

Personal Property

No personal property was included in the valuation of the two subject properties.

Leases

LCWA Site1 is currently under a lease agreement. The original lease agreement was signed between Los Cerritos Wetlands Authority and Ellis Equipment, Inc. on September 11, 2020. As of October 1, 2023, the lease agreement has

been extended for one year until September 30, 2024, with a monthly rent of \$3,933.

Synergy Oil Site 2 is under an oil and gas lease contract.

Valuation of the leased fee interests is beyond the scope of the appraisal assignment.

Utilities	Electricity: Southern California Edison (SCE) Natural Gas: City of Long Beach Water: Long Beach Water Department Sewer: Long Beach Water Department Utility service is typical for the area and believe to be adequate to support the current uses as well as future uses under the highest and best use as estimated for the appraisals.
Zoning / Jurisdiction	Site 1: SP-2-Ind (Industrial Site) / City of Long Beach Site 2 : SP-2-CHWR (Coastal Habitat/Wetlands/Recreation) / City of Long Beach
General Plan	Site 1: The General Plan use designation is Industrial use which includes all industrial activities: light industrial research parks, warehousing or storage activities, industrial manufacturing and machining operations. This land use designation conforms to current zoning. Site 2: The General Plan use designation is Open Space. This designation allows for parks, beaches, golf courses, marinas, flood control channels and basins, rivers, utility rights-of-way, oil islands, inland bodies of nature, nature preserves, marine habitats, estuaries, wetlands, and lagoons. Limited commercial recreation uses that supplement recreation services and complement existing programming and facilities. This land use designation conforms to the current zoning.
Preliminary Title Report	The subject property is located within the Coastal Zone. Any future development on either subject property in the coastal zone is only allowed with a coastal development permit. Preliminary title reports were reviewed by the appraiser and included in the Addenda section to the appraisal report. It was reported that none of the noted easements or other exceptions to title negatively affect marketability and/or probable market value. If it is later reported that there are negative issues of title as of the date of value, adjustment to the fair market values rendered in the appraisal report may warrant adjustment.

Encroachments	None noted within the report. If it is later reported that there are encroachments that have a negative impact on the subject, value adjustment may be warranted.
Flood Hazard	Site 1: FEMA Special Flood Hazard Area: No Map Number: 06073C1988G, Zone: X500 Map Date: April 21, 2021
	Site 2: FEMA Special Flood Hazard Area: Yes Map Number: 06073C1988G, Zone: AE Map Date: April 21, 2021
Special Hazards:	California has a history of earthquake activity, and no specific representation is intended relating to possible future seismic risk. Value consideration relating to this issue is believed to be inherently included in the data base relied upon to arrive at fair market value.
Environmental	Property appraised as if there are no environmental site hazards.
Region / Neighborhood Comment	There are no negative area conditions noted that pose a negative influence on fair market value as defined for the appraisal.
Extraordinary Assumption	An extraordinary assumption is defined as an assumption, directly related to a specific assignment, as of the effective date of the assignment results, which if found to be false, could alter the appraiser's opinions or conclusions.
	<u>Comment:</u> Extraordinary assumptions presume as fact otherwise uncertain information about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis. <i>Source: USPAP</i>
	The following Extraordinary Assumptions were made for the appraisal by the appraiser.
	<ul style="list-style-type: none">• I have assumed that Site 2 "Synergy Oil Site" is clear of all environmental contamination and below-ground improvements. This is based on the Indemnity Agreement which requires the seller/owner to indemnify LCWA for any claims arising from third parties related to claims that wastes generated from any Company Parties' activities or omissions were not properly disposed of by the Company Parties. See Addenda.

- I have assumed that the transitional use for the future visitor center is for continued use by Lyon Living Development on a 3.0± acre parcel.
- I have assumed, the parties Los Cerritos Wetlands, LLC, a California Limited Liability Company ("Optionee"), and the Los Cerritos Wetlands Authority, a joint exercise of powers agency established pursuant to Government Code Section 6500 et seq. ("LCWA") adhere to the Option Agreement (and Amendments) for an exclusive option to acquire the LCWA property (5.1-acre parcel of undeveloped property) in exchange for the transfer of the Los Cerritos Wetlands, LLC property (154-acre operating oil field) to LCWA.

There are no additional extraordinary assumptions made for this appraisal review memorandum.

Hypothetical Condition

Hypothetical condition is defined as 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.

Comment: Hypothetical conditions are contrary to known facts about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis. *Source: USPAP*

The appraisal is not subject to a Hypothetical Condition. There are no additional hypothetical conditions made in this appraisal review memorandum.

Implied Dedication

Implied dedication is the public's right to use the property based on historical prescriptive use. This was not discussed within the appraisal report. This issue is technically a legal matter which is ultimately beyond the scope of this appraisal review assignment as well as the expertise of the appraisal.

Market Value Definition

California Code of Civil Procedures Section 1263.320)

a) The Fair Market Value of the property taken is the highest price on the date of valuation that would be agreed to by a seller, being willing to sell but under no particular or urgent necessity for so doing, nor obliged to sell, and a buyer, being ready, willing and able to buy but under no particular necessity for so doing, each dealing with the other with full knowledge of

all the uses and purposes for which the property is reasonably adaptable and available.

b) The Fair Market Value of property taken for which there is no relevant, comparable market is its value on the date of valuation as determined by any method of valuation that is just and equitable.

HIGHEST AND BEST USE

Under recognized appraisal theory, the validity of highest and best use requires that the following elements or tests must apply to the property under appraisal:

1. The use must be physically possible.
2. The use must be legally permissible.
3. The use must be financially feasible.
4. The use must provide maximum profitability to the property.

Highest and Best Use – As If Vacant

The maximally productive use is that use which provides the greatest return and the most profitable alternative. Physically the subject sites would not specifically preclude a number of development types. The legally permissible use or zoning allows for limited uses subject to Coastal Commission approval. From the legally permissible and the financially feasible uses for Site 1 is an industrial oriented project. From the legally permissible and the financially feasible uses for Site 2 would likely be limited to recreation, open space, and wetlands with minimal building development potential on approximately 3.00 acres. The final analysis presented in the appraisal report indicates that the maximally productive use of the subject acreage is consistent with these uses and are estimated as follows:

Site 1: LCWA
As Vacant: Industrial Use
As Improved: N/A

Site 2: Synergy Oil
As Vacant: Recreation/Open Space/Conservation
Wetlands with limited industrial oriented development
on about 3.00 acres.
As Improved: N/A

. Highest and Best Use – As Improved There are no building improvements to consider for valuation purposes.

Highest and Best Use Conclusions	Based on the four tests listed, the highest and best use conclusions presented in the appraisal are reasonably supported and credible.
Approach to Value – Site 1	Sales Comparison Approach was used exclusively to arrive at fair market value based on the estimated highest and best use conclusion. Data analysis includes six land comparables that are all closed transactions. The land data were researched through a number of sources including, but not limited to, the county recorder's office, market data services, published reports, and personal contacts. Comparisons of the comparables are made to the subject relative to differences or similarities in time, location, physical characteristics, and sales conditions. Percentage or dollar adjustments are then made to the selling and/or listing price of each comparable for property rights, financing, time of sale, and unusual sales conditions; quantitative comparisons are made for physical differences between each comparable and the subject. A range of values are developed and correlated to arrive fair market value for Site 1. Based on comparative analysis, a unit land value of \$85.00 per square foot or \$18,030,000 (212,137.20 Square Feet x \$85.00 per square foot, rounded) is concluded. Exclusion of a Cost Approach and Income Approach is reasonable regarding valuation of vacant land.
Approach to Value – Site 2	Due to the nature of the Site 2 property, it was necessary to expand the market search to include adjacent and nearby counties to provide an adequate data base for Sales Comparison Approach analysis purposes. This effort resulted in locating six closed transactions of reasonably similar property that as reported were purchased for open space and/or recreation and wetlands. After comparative analysis, a unit land price of \$55,000 per acre or \$8,110,000 (147.50 acres x \$55,000 per acre, rounded) is concluded for wetlands. Exclusion of a Cost Approach and Income Approach is reasonable regarding valuation of vacant land.

The same data properties relied upon to arrive fair market value for subject Site 1 are also used to arrive at a contributory value of a 3.00+ acre portion of the Site 2 that as reported assumes it is suitable for industrial oriented development. Based on the analysis presented, a contributory value of \$7,200,000 is concluded. Adding this amount to the wetlands value results in a combined fair market value of \$15,310,000.

SUMMARY OF FAIR MARKET VALUE CONCLUSIONS

Valuation Scenario	Date of Value	Property Rights Appraised	Appraisal Fair Market Value Conclusions	Amended Fair Market Value Conclusions*
Site 1 – LCWA Fair Market Value	May 1, 2024	Encumbered Fee Simple	\$18,030,000	N/A
Site 2 – Synergy Oil Fair Market Value	May 1, 2024	Encumbered Fee Simple	\$15,310,000	N/A
*If the reviewer amends the appraisal to a different value conclusion, the reviewer must adhere to the requirements of Standard 1 of the <i>USPAP</i> . conclusion.				
Personal property or other non-realty components of value included in the Appraiser's estimate(s) of value?				None

Fair market value opinions are subject to the Assumptions and Limiting Conditions and the Extraordinary Assumptions noted in the Appraisal Report. In addition, this Appraisal Review is also subject to the following list of Assumptions and Limiting Conditions.

REVIEW MEMORANDUM ASSUMPTIONS AND LIMITING CONDITIONS

This review memorandum is subject to the Extraordinary Assumptions listed previously in this memorandum and the Assumptions and Limiting Conditions presented in the appraisal report under review and the following:

- 1) The appraiser, in the process of conducting the analysis, relied upon information provided by third party professionals. The reviewer appraisers are unable to prove the reliability of such data and, by reference, accept no responsibility for the accuracy of such data.
- 2) The property appraised was valued as if free and clear of bond indebtedness. If it is later reported that this is not the case, value adjustment may be warranted.
- 3) This review assumes clear and marketable title, with no easements, encroachments, or encumbrances that pose a negative market value influence.
- 4) This appraisal review assumes professional competent property management and maintenance.
- 5) If the presence of such substances, such as asbestos, ureaformaldehyde, foam insulation, or other hazardous substances or environmental conditions, may affect the value of the property, the market value opinion is predicated on the assumption that there is no such condition on or in the property or in such proximity thereto that it 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. If questions in these areas are critical to the decision process of the client and intended user of this review memorandum, the advice of competent engineering or environmental

consultants should be obtained and considered. If engineering or environmental consultants retained should report negative factors, of a material nature, relative to the condition of the property, such negative information could have a substantial negative impact on market value.

REVIEWER'S COMMENTS AND RECOMMENDATION

It is concluded for this review the estimated highest and best use conclusions are reasonably accurate assessments based on the four tests of highest and best use. The market data presented in the appraisal report were appropriately selected and analyzed by the appraiser to support the final opinions of fair market value rendered. The analysis and conclusions stated in the report under review are in compliance with applicable Department of General Services Appraisal Specifications. The market value opinions of \$18,030,000 (LCWA - Site 1) and \$15,310,000 (Synergy Oil - Site 2) stated in the appraisal report are concluded to be adequately supported and credible. This review applies to the encumbered fee simple ownership as of May 1, 2024.

CERTIFICATION

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

1. The statements of fact contained in this review report are true and correct.
2. The reported analyses, opinions, and conclusions in this review report are limited by the reported assumptions and limiting conditions and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
3. I have no present or prospective interest in any of the properties presented in this report and no personal interest with respect to the parties involved.
4. I have performed no services, as an appraiser or in any other capacity, regarding the properties presented in this report within the three-year period immediately preceding acceptance of this assignment.
5. I have no bias with respect 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 is not contingent on an action or event resulting from the analyses, opinions, or conclusions in this review or from its use.
8. My compensation for completing this assignment is not contingent upon the development or reporting of predetermined assignment results or assignment results that favor the cause of the client, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this report.
9. My analysis, opinions, and conclusions as developed are intended to be in conformity with the *Uniform Standards of Professional Appraisal Practice (USPAP)*.
10. I did not make a personal inspection of the subject property that is the subject of this report.
11. No one provided assistance to the person signing this certification.
12. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representative.
13. I have completed the continuing education program for Designated Members of the Appraisal Institute.
14. I have met the requirements for certification as a general real estate appraiser in the State of California and permitted to use the title "Certified General Real Estate Appraiser", BRE Appraiser Identification Number AG002832. The issuance date of the State license is May 20, 2024, and is valid until May 19, 2026.



Gregory L. Bach, MAI