



CITY OF  
BAINBRIDGE ISLAND

MEMORANDUM

TO: Honorable Mayor and Council

FROM: Blair King, City Manager

SUBJECT: Evaluation of Purchase Price for 8804 Madison Avenue

DATE: January 25, 2022

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On February 9, 2021, the City Council passed a motion to review process options to evaluate the “valuation method used to determine the purchase price of the Harrison property and whether it comported with industry standards.”

Pursuant to this motion, the City Manager sought appraisers with a MAI designation to conduct an evaluation of the purchase price appraisals. Mr. Murray Brackett of CBRE of Seattle, who is described by his colleagues as the “go-to” appraiser for difficult assignments, has been identified as an expert who can assist the City Council in addressing this issue. Mr. Brackett has no previous experience or involvement with the 8804 Madison Avenue N. transaction.

Mr. Brackett is an MAI designated appraiser. MAI stands for Member Appraisal Institute. Appraisal Institute confers the designation and are highly sought after. MAI designation means the person has experience and education required to achieve the designation. MAI designation is the highest standing for appraisers and is usually the standard required for appraisers to be qualified as a court qualified expert.

Based upon the City Manager’s understanding of the City Council’s objectives with regard to evaluating the purchase price and process for 8804 Madison Avenue, it is recommended that the Council authorize the City Manager to engage Mr. Brackett, to address the following premise:

*“The City of Bainbridge Island purchased a 18,000 sq foot building on 3.13 acres, with a street address of 8804 Madison Avenue N., for a purchase price of \$8,975,000. The city now wishes to analyze the steps it took to establish the purchase price to ensure that it operated according to best professional standards.”*

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Mr. Brackett will help address the question of whether the classification of the building as a medical office was a “fair” highest and best use determination from which to estimate value. As a consumer of appraisal service, was the city correct to accept this as the highest and best use?

It is noted that the city used four different appraisals that were completed by three different appraisers:

- Colliers International dated July 16, 2018 (paid by city/buyer)
- SH&H dated August 30, 2018 (paid by seller)
- Colliers International dated November 5, 2018 (paid by city/buyer)
- Kidder Mathews dated January 10, 2019 (paid by city/buyer)

The appraisals ranged from \$7,040,000 to \$9,700,000.

If the Council directs the City Manager to engage Mr. Brackett, the focus will be on the appraisal process, appraisal instructions, standards for highest and best use, estimations of discount, and values. It will not focus on the purchase and negotiation process. This is a different question that requires a different set of skills, primarily that of a real estate broker.

The City of Bainbridge Island used outside legal counsel to assist in preparing an offer letter and to review the purchase contract for 8804 Madison Avenue. The city did not use the services of a real estate broker to negotiate the transaction or recommend appraisal firms. However, outside legal counsel did assist with the purchase negotiations. If the Council wishes to critique the “business element” of the transaction, then a different scope of work will be required.

Costs for this engagement will be \$375 per hour. A minimum of \$3,000 is required. The engagement will not exceed \$30,000 and is expected to cost less. It is assumed that the engagement will be no longer than 60 days. Costs will be attributed as a Police /Court project expense.



CITY OF  
BAINBRIDGE ISLAND

REGULAR CITY COUNCIL BUSINESS MEETING  
TUESDAY, FEBRUARY 9, 2021

MEETING MINUTES EXCERPT

**7.B Discussion of Potential Future Council Agenda Items - Police/Court Facility Costs**

Cover Page

Proposal from Councilmember Pollock.docx

Police Facilities Comparison Chart.pdf

Councilmember Pollock introduced the agenda item.

**MOTION:** I move to schedule a discussion of the Police/Court facility cost for the next business meeting of the City Council and to form an ad hoc committee comprised of myself, the Mayor should be involved, and I would suggest Joe Deets on it because he has been involved in this, to form an ad hoc committee to work with the City Manager to bring a discussion of it and so to provide a framework for what we are going to discuss.

**Pollock/Fantroy-Johnson:** The motion failed 3 – 4.

AYES: Rasham Nassar, Michael Pollock, Brenda Fantroy-Johnson  
NOES: Joe Deets, Leslie Schneider, Kirsten Hytopoulos, Christy Carr  
ABSENT: None  
ABSTAIN: None

**MOTION:** I move to add to an upcoming agenda the following, that we will review process options for evaluating the following aspects of the police court project: (1) the valuation method used to determine the purchase price of the Harrison property and whether it comported with industry standards, and (2) the reliability of cost projections for construction of the project as designed and what steps the city can take to ensure the project comes in on budget.

**Hytopoulos/Schneider:** The motion carried unanimously, 7-0.

Mayor Nassar adjourned the meeting for a break at 9:01 p.m. and reconvened the meeting at 9:08 p.m.



# S. Murray Brackett, MAI

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## Client Summary

- Various Cities
- Counties
- Airports
- Port Districts
- Financial Institutions
- Corporations/Non-Profits
- Conservation Entities
- Attorneys

## Education

- Bachelor degree in Business Administration from Western Washington University
- All courses requisite for the MAI designation by the Appraisal Institute.

## Professional Experience

Mr. Brackett has been Appraising Real Property since 1985 and is currently a Director with CBRE in the Valuation Advisory Services division. He was formerly a partner with ABS Valuation for over 20 years. Professional responsibilities include the full range of commercial, industrial, residential product, including complex land valuations up to 100,000 acres in size. A considerable portion of his work involves partial acquisitions relating to eminent domain and conservation easements. In addition, a wide variety of Aviation related appraisals have been completed, including Ground lease revaluation efforts, Appraisals of leasehold positions in Hangars and other buildings, aviation easements and property for airport expansion. Improved and unimproved valuations have been performed for acquisitions in fee, leased fee and leasehold interests, and various partial interest assignments such as conservation easements, utility easements, subsurface, air rights and minority interest acquisitions. UASFLA-compliant Appraisals have been prepared for a wide variety of agencies on a wide range of property types. Mr. Brackett has qualified as an expert witness in King, Kitsap, Pierce County Superior Courts, US District Court and Federal Bankruptcy Court. Geographic experience includes Washington, Oregon, Idaho, California, Nebraska, Iowa, Kansas, South Dakota, Alaska and British Columbia.

## Clients Represented

### Government

- Cities:** Anacortes, Arlington, Auburn, Bellevue, Bothell, Burien, Everett, Kenmore, Kent, Kirkland, Leavenworth, Lk Forest Park, Lynnwood, Maple Valley, Mount Vernon, North Bend, Port Angeles, Puyallup, Renton, Seattle, Snoqualmie, Tacoma, Woodinville.
- Counties:** Island, King, Kitsap, Pierce, Skagit, Thurston, Snohomish, Whatcom
- Airports:** Sea-Tac, Boeing Field, Paine Field, Renton Municipal, Auburn, Arlington, Bellingham, Olympia, William Fairchild, Sanderson Field, Felts Field, Centralia/Chehalis, Bremerton, Pullman, Orcas Island, Friday Harbor.

# PROFILE

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Other: Ports of Everett, Grays Harbor, Anacortes, Seattle, Shelton, Olympia, Bremerton, Port Angeles, Friday Harbor. Washington State DNR, Wa.St. Parks, WSDOT (approved appraiser), U.S. IRS, FAA, Sound Transit, USACE, US Navy. Numerous School Districts.

## Financial Institutions

Bank of America, US Bancorp, KeyBank, Wells Fargo Trust, Commerce Bank, Homestreet, Umpqua, Charter Bank, Union Bank.

## Corporations/NonProfits

Weyerhaeuser, WRECO, Tramco, Plum Creek, McDonalds Corp., PSE, Development Services of America, Lowe Enterprises, PACCAR, Hancock Natural Resources Group, The Trust for Public Land, Forterra, HDR, Sierra Pacific, Quadrant, Port Blakely, CH2M-Hill, Parsons Brinckerhoff, New Ventures Group, Williams Pipeline, Manke lumber, Fletcher General, Costco, Nucor Steel.

## Attorneys

Prosecuting Attorneys of numerous Cities and Counties, as well as Miller Nash, Williams & Williams, Karr Tuttle, Chmelik, Sitkin & Davis, PRK Livengood, Hillis Clark, Kenyon Disend, Perkins Coie, K&L Gates, Inslee Best, Tousley Brain Stephens, Davis Wright Tremaine, Pacifica Law Group, Betts Patterson Mines, Williams Kastner, Foster Garvey.

## **Other Experience**

### Instructor

- Runstad Real Estate Certification Program, University of Washington – Current
- IRWA – Previously Qualified as Level 3 Facilitator
- Former Income Property Appraisal Course Instructor, LWVT, Kirkland, Wa.

### Presentations

- November 2019: Anatomy of an Appraisal Trial, The Seminar Group
- December 2014: Appraising Airports and Airplane Hangars, AI
- September 2009: Valuation of Airport Properties, WAMA
- October 2003: The Valuation of Non-Water Dependent Properties, WPMA

## **Professional Affiliations**

- Appraisal Institute. Received MAI Designation May 2, 1997 (member # 11,258)
- Past President, Seattle Chapter of the Appraisal Institute, 2003
- IRWA. Current Chapter Treasurer
- Washington Airport Manager's Association (WAMA) – Associate Member