



Development Analysis 2018- Future Development Land

C1-BARMAN

The Barman property is the gateway to the waterfront. It is zoned C2 and has excellent views of the entire waterfront. The site is small and the resultant building is also small due to access and parking needs. This lot is not part of the refinement plan and therefore does not have the stringent use requirements.

Infrastructure needs: Utilities are to the site or very close. Access would need to be configured.

Opportunity: There is a high amount of interest in commercial space on the waterfront. Building out the Barman property would provide excellent cash flow, a great return over time, diversity as high end commercial space and likely high employee numbers.

Site size	Zoning	Shovel ready date	Max build size
35,283	C2	20?	20,000



Land Lease VS Sale							
Market interest	Proposed use	Proposed action	Land sale price PSF	Total land sale	Land Lease price/sf	Annual land lease payment	20 yr total lease income (2% increase)
med- high	Office/retail	Develop/Sell	\$ 15.00	\$ 529,245.00	.80/sf/yr	\$ 28,226.40	\$ 685,617.00

Development Pro-Forma						
Total construction cost	Initial investment (20% down)	Lease rate	NOI	total 20 yr cash flow	20 year ave cash flow	20 Year IRR
\$ 6,524,000.00	\$ 1,304,800.00	\$ 1.85	\$ 405,936.77	\$ 2,359,111.00	\$ 117,955.58	13%

Income analysis	rate/sf		
20,000	\$ 1.85	12	\$444,000.00
Vacancy/Credit loss		3%	-\$13,320.00
Potential Gross income			\$430,680.00
<i>All reimbursibles passed through, assuming MNN/lease</i>			
Non-reimb salary expense		6%	-\$25,840.80
Reserves		2%	-\$8,613.60
Operating expenses			-\$34,454.40
Net Operating Income			\$396,225.60

Development Costs	psf	total
landscaping	\$ 200.00	\$ 4,000,000.00
Site prep	\$ 10.00	\$ 200,000.00
parking	\$ 10.00	\$ 400,000.00
Hard costs total	20	\$ 3,000.00
Soft costs	30% h	\$ 69.90
Contingency	10%	\$ 15.53
Total Costs		\$ 6,524,000.00

Ratio	Financed	Port investment	Annual payment	20 year ROI	20 yr Ave cash flow
80/20	\$ 5,219,200.00	\$ 1,304,800.00	\$ 387,828.00	13%	\$117,955.58

	Cash Flow Model										
	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	
Operating Income											
Potential Gross Rent	\$455,100.000	\$466,477.50	\$478,139.44	\$490,092.92	\$502,345.25	\$514,903.88	\$527,776.47	\$540,970.89	\$554,495.16	\$568,357.54	
Vacancy/Credit loss	-\$13,719.60	-\$14,131.19	-\$14,555.12	-\$14,991.78	-\$15,441.53	-\$15,904.78	-\$16,381.92	-\$16,873.38	-\$17,379.58	-\$17,900.97	
Operating Expenses	\$441,380.400	\$ 452,346.31	\$ 463,584.31	\$ 475,101.15	\$ 486,903.72	\$ 498,999.10	\$ 511,394.55	\$ 524,097.51	\$ 537,115.58	\$ 550,456.57	
<i>assumes MNN/lease</i>											
Salary expenses	-\$26,616.02	\$ (27,414.50)	\$ (28,236.94)	\$ (29,084.05)	\$ (29,956.57)	\$ (30,855.27)	\$ (31,780.92)	\$ (32,734.35)	\$ (33,716.38)	\$ (34,727.87)	
Reserves	-\$8,827.61	-\$9,046.93	-\$9,271.69	-\$9,502.02	-\$9,738.07	-\$9,979.98	-\$10,227.89	-\$10,481.95	-\$10,742.31	-\$11,009.13	
NOI	\$405,936.768	\$415,839.371	\$425,982.165	\$436,370.932	\$447,011.596	\$457,910.217	\$469,385.739	\$480,881.207	\$492,656.885	\$504,719.566	
Less Debt Service	\$ (387,828.00)	\$ (387,828.00)	\$ (387,828.00)	\$ (387,828.00)	\$ (387,828.00)	\$ (387,828.00)	\$ (387,828.00)	\$ (387,828.00)	\$ (387,828.00)	\$ (387,828.00)	
CIP budget	\$ (10,000.00)	\$ (10,000.00)	\$ (10,000.00)	\$ (10,000.00)	\$ (10,000.00)	\$ (10,000.00)	\$ (10,000.00)	\$ (10,000.00)	\$ (10,000.00)	\$ (10,000.00)	
Cash Flow	\$8,108.768	\$18,011.371	\$28,154.165	\$38,542.932	\$49,183.596	\$60,082.217	\$71,557.739	\$83,053.207	\$94,828.885	\$106,891.566	



Development Analysis 2018- Future Development Land

C2-Lot B2

Lot B2 is on the Nichols Basin side of lot one and cannot be sold per Port policy. A commercial business may be located here that will draw traffic to this portion of the basin.

Infrastructure needs: Infrastructure will need to be brought to the site and 1st will need to be moved. The lot is large, but the buildable allowance is quite small. The design and construction will likely be high end to reflect the location value.

Opportunity: It may be a highly marketable deal for land lease or build to suit and will be an anchor location for the waterfront recreation and pedestrian interfaces.

Site size	Zoning	Shovel ready date	Max build size
66,900	C2	20-?	9,925



Land Lease VS Sale						
Market interest	Proposed use	Land sale price PSF	Total land sale	Land Lease price/sf	Annual land lease payment	20 yr total lease income (2% increase)
?	Office/Retail	Port policy-no water adjacent sales		.70/sf yr	\$ 5,600.00	\$ 136,065.00

Development Pro-Forma					
Total construction cost	Initial investment (20% down)	Lease rate	NOI	20 year ave cash flow	20 Year IRR
\$ 3,512,827.50	\$ 702,565.50	\$ 1.85	\$ 201,446.12	\$ 31,133.60	10%

Income Analysis	sf	rate/sf/mo	
	9,925	\$ 1.85	12 \$220,335.00
	Vacancy/Credit loss		3% -\$6,610.05
Potential Gross income			\$213,724.95
<i>All reimbursibles passed through, assuming NNN lease</i>			
Non-reimbursible salary expense			6% -\$12,823.50
Reserves		2%	-\$4,274.50
Operating expenses			-\$17,098.00
Net Operating Income			\$196,626.95

Development Costs		per sf cost
Office/retail	200	\$ 200.00
landscaping		\$ 10.00
Site prep	10%	\$ 6.62
parking	30 stalls	\$ 3,000.00
Hard costs total		\$ 2,573,500.00
Soft costs	30% hard	\$ 25.74
Soft and hard total		\$ 3,345,550.00
Contingency	5% hard+	\$ 5.58
Total Development cost		\$ 117.09 \$ 3,512,827.50

Permanent financing loan at 4.25%, 20 year fixed				
Ratio	Financed	Port investment	Annual payment	20 year ROI
80/20	\$ 2,810,262.00	\$ 702,565.50	\$ 208,824.00	10%

	Cash Flow Model										
	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	
Operating Income											
Potential Gross Rent	\$225,843.375	\$231,489.46	\$237,276.70	\$243,208.61	\$249,288.83	\$255,521.05	\$261,909.08	\$268,456.80	\$275,168.22	\$282,047.43	
Vacancy/Credit loss	-\$6,608.35	-\$7,012.60	-\$7,222.98	-\$7,439.57	-\$7,662.86	-\$7,892.75	-\$8,129.53	-\$8,373.41	-\$8,624.62	-\$8,883.35	
Effective Gross income	\$219,035.024	\$224,476.86	\$230,053.72	\$235,768.94	\$241,625.97	\$247,628.30	\$253,779.55	\$260,083.39	\$266,543.61	\$273,164.07	
<i>assumes NNN lease</i>											
Salary expenses	-\$13,208.20	\$ (13,604.45)	\$ (14,012.58)	\$ (14,432.96)	\$ (14,865.95)	\$ (15,311.93)	\$ (15,771.28)	\$ (16,244.42)	\$ (16,731.76)	\$ (17,233.71)	
Reserves	-\$4,380.70	-\$4,489.34	-\$4,601.07	-\$4,715.38	-\$4,832.52	-\$4,952.57	-\$5,075.59	-\$5,201.67	-\$5,330.87	-\$5,463.28	
Operating Expenses	-\$17,588.90	-\$18,116.57	-\$18,660.07	-\$19,219.87	-\$19,796.46	-\$20,390.36	-\$20,846.87	-\$21,446.09	-\$22,062.63	-\$22,696.99	
NOI	\$201,446.121	\$206,360.288	\$211,393.649	\$216,549.075	\$221,829.504	\$227,237.945	\$232,932.673	\$238,637.299	\$244,480.979	\$250,467.084	
Less Debt Service	\$ (208,824.00)	\$ (208,824.00)	\$ (208,824.00)	\$ (208,824.00)	\$ (208,824.00)	\$ (208,824.00)	\$ (208,824.00)	\$ (208,824.00)	\$ (208,824.00)	\$ (208,824.00)	
CIP budget	\$ (10,000.00)	\$ (10,000.00)	\$ (10,000.00)	\$ (10,000.00)	\$ (10,000.00)	\$ (10,000.00)	\$ (10,000.00)	\$ (10,000.00)	\$ (10,000.00)	\$ (10,000.00)	
Cash Flow	-\$17,377.879	-\$12,463.712	-\$7,430.351	-\$2,274.925	\$3,005.504	-\$6,586.055	\$14,108.673	\$19,813.299	\$25,656.979	\$31,643.084	



Development Analysis 2018- Future Development Land

LI2-Lot D2

Lot D2 is on a highly desirable corner. Developing the site to something comparable to the new development on 2nd street would create synergy and connection between the two developments. This corner is located excellently for a business who wants high visibility and seasonal traffic. Although LI, this site will likely built-out maximizing high end flexible use space

Infrastructure needs: The utilities are very close and may be able to brought to the site now. Access will be off Portway. Per Port policy, this parcel could be sold, leased or developed.

Opportunity: There has been steady interest in the site over the past number of years.

Site size	Zoning	Shovel ready date	Max build size
27,700	IL	20-?	20,100



Land Lease VS Sale

Market interest	Proposed use	Land sale price PSF	Total land sale	Land Lease price/sf	Annual land lease payment	20 yr total lease income (2% increase)
med-high	Flex office	\$ 15.00	\$ 415,500.00	.70/sf yr	\$ 19,600.00	\$ 476,228.00

Development Pro-Forma

Total construction cost	Initial investment (20% down)	Lease rate	NOI	20 year ave cash flow	20 Year IRR
\$ 6,225,628.50	\$ 1,245,125.70	\$ 1.75	\$ 385,914.21	\$ 97,710.90	12%

Income Analysis	sf	rate/sf/mo	
	20,100	\$ 1.75	12 \$422,100.00
			Vacancy/Credit los 3% -\$12,663.00
Potential Gross income			\$409,437.00
<i>All reimbursibles passed through, assuming NNN lease</i>			
Non-reimbursibl salary expense		6%	-\$24,566.22
Reserves		2%	-\$8,188.74
Operating expenses			-\$32,754.96
Net Operating Income			\$376,682.04

Development Costs	per sf cost	
Flex landscaping	\$ 190.00	\$ 3,819,000.00
Site prep parking	\$ 10.00	\$ 300,000.00
	10%	\$ 12.73
Hard costs total	20 stalls: \$ 3,000.00	\$ 381,900.00
		\$ 60,000.00
Soft costs	30% har	\$ 4,560,900.00
Soft and hard total		\$ 45.61
Contingency	5% hard	\$ 1,368,270.00
Total Development cost	\$ 9.88	\$ 296,458.50
		\$ 5,929,170.00
		\$ 207.52
		\$ 6,225,628.50

Permanent financing loan at 4.25%, 20 year fixed			
Ratio	Financed	Port investment	Annual payment 20 year ROI
80/20	\$ 4,980,502.80	\$ 1,245,125.70	\$ 374,632.00 12%

	Cash Flow Model									
	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Operating Income										
Potential Gross Rent	\$432,652.500	\$443,468.81	\$454,555.53	\$465,919.42	\$477,567.41	\$489,506.59	\$501,744.26	\$514,287.86	\$527,145.06	\$540,323.69
Vacancy/Credit loss	-\$13,042.89	-\$13,494.18	-\$13,837.20	-\$14,252.32	-\$14,679.89	-\$15,120.28	-\$15,573.89	-\$16,041.11	-\$16,522.34	-\$17,018.01
Effective Gross income	\$419,609.610	\$430,034.64	\$440,718.33	\$451,667.10	\$462,887.52	\$474,386.31	\$486,170.36	\$498,246.75	\$510,622.72	\$523,305.67
<i>assumes NNN lease</i>										
Salary expenses	-\$25,303.21	\$ (26,062.30)	\$ (26,844.17)	\$ (27,649.50)	\$ (28,478.98)	\$ (29,333.35)	\$ (30,213.35)	\$ (31,119.75)	\$ (32,053.35)	\$ (33,014.95)
Reserves	-\$8,392.19	-\$8,600.69	-\$8,814.37	-\$9,033.34	-\$9,257.75	-\$9,487.73	-\$9,723.41	-\$9,964.94	-\$10,212.45	-\$10,466.11
Operating Expenses	-\$33,695.40	-\$34,706.26	-\$35,747.45	-\$36,819.87	-\$37,924.47	-\$39,062.20	-\$39,936.76	-\$41,084.69	-\$42,265.80	-\$43,481.06
NOI	\$385,914.211	\$395,328.375	\$404,970.882	\$414,847.231	\$424,963.051	\$435,324.105	\$446,233.605	\$457,162.066	\$468,356.917	\$479,824.614
Less Debt Service	\$ (374,632.00)	\$ (374,632.00)	\$ (374,632.00)	\$ (374,632.00)	\$ (374,632.00)	\$ (374,632.00)	\$ (374,632.00)	\$ (374,632.00)	\$ (374,632.00)	\$ (374,632.00)
CIP budget	\$ (10,000.00)	\$ (10,000.00)	\$ (10,000.00)	\$ (10,000.00)	\$ (10,000.00)	\$ (25,000.00)	\$ (10,000.00)	\$ (10,000.00)	\$ (10,000.00)	\$ (10,000.00)
Cash Flow	\$1,282.211	\$10,696.375	\$20,338.882	\$30,215.231	\$40,331.051	\$35,692.105	\$61,601.605	\$72,530.066	\$83,724.917	\$95,192.614



Development Analysis 2018- Future Development Land

LI 1- Jensen South

Jensen South is a small section of ground just south of the Jensen building. There is currently an old structure here that is used as storage. Redeveloping This site into a marketplace with small producers and artisans may fit well in the neighborhood and provide a way to develop this underutilized area with a modest investment.

Infrastructure needs: Infrastructure is to the site but will need to be stubbed out. Parking is on site as well.

Opportunity: Building out the Jensen South property would provide excellent cash flow, a great return over time, diversity as high-end flex space and likely high employee numbers. There is known market interest in this site particularly as it is ready to develop with utilities and access to the site.

Site size	Zoning	Shovel ready date	Max build size
15,350	IL	2019	8,000



Land Lease VS Sale

Maximum buildable sf	Market interest	Proposed use	Land sale price PSF	Total land sale	Land Lease price/sf	Annual land lease payment	20 yr total lease income (2% increase)
8,000	High	Flex office	\$ 15.00	\$ 230,250.00	.70/sf/yr	\$ 5,600.00	\$ 136,065.00

Development Pro-Forma

Total construction cost	Initial investment (20% equity)	Lease rate	NOI yr 1	Cash flow Y1	20 year ave annual cash flow	20 Year IRR w sale assumption
\$ 2,352,000.00	\$ 470,400.00	\$ 1.75	\$153,597.70	\$ 3,773.70	\$ 39,337.35	12%

Income Analysis	sf	rate/sf	
	8,000	\$1.75	12
Vacancy/Credit loss			3%
			\$168,000.00
Potential Gross income			-\$5,040.00
<i>All reimbursibles passed through, assuming MNW lease</i>			
Non-reimbursible salary expense		6%	-\$9,777.60
Reserves		2%	-\$3,259.20
Operating expenses			-\$13,036.80
Net Operating Income			\$149,923.20

Development Costs			
Flex office	125-175	\$	190.00
landscaping		\$	10.00
Site prep	10%	\$	10.00
parking	20	\$	3,000.00
costs total		\$	1,812,000.00
Soft costs	30% hard cost	\$	67.95
hard total		\$	543,600.00
Contingen	10%	\$	6.04
Total Building Development cost		\$	84.56
		\$	2,536,800.00

Permanent financing loan at 4.25%, 20 year fixed			
Ratio	Financed	Port investment	Annual payment
80/20	\$ 1,881,600.00	\$ 470,400.00	\$ 139,824.00
			12%

Cash Flow Model											
Operating Income	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Potential Gross Rent	\$172,200.00	\$176,505.00	\$180,917.63	\$185,440.57	\$190,076.58	\$194,828.49	\$199,699.21	\$204,691.69	\$209,808.98	\$215,054.20	
Vacancy/Credit loss	-\$5,191.20	-\$5,346.94	-\$5,507.34	-\$5,672.56	-\$5,842.74	-\$6,018.02	-\$6,198.56	-\$6,384.52	-\$6,576.05	-\$6,773.34	
Operating Expenses	\$167,008.800	\$ 171,158.06	\$ 175,410.28	\$ 179,768.00	\$ 184,233.84	\$ 188,810.47	\$ 193,500.64	\$ 198,307.17	\$ 203,232.92	\$ 208,280.86	
<i>assumes MNW lease</i>											
Salary expenses	-\$10,070.93	\$ (10,373.06)	\$ (10,684.25)	\$ (11,004.77)	\$ (11,334.92)	\$ (11,674.97)	\$ (12,025.21)	\$ (12,385.97)	\$ (12,757.55)	\$ (13,140.28)	
Reserves	-\$3,340.18	-\$3,423.16	-\$3,508.21	-\$3,595.36	-\$3,684.68	-\$3,776.21	-\$3,870.01	-\$3,966.14	-\$4,064.66	-\$4,165.62	
NOI	\$153,597.696	\$157,344.627	\$161,182.441	\$165,113.326	\$169,139.523	\$173,263.326	\$177,605.415	\$181,955.051	\$186,410.713	\$190,974.971	
Less Debt Service	\$ (139,824.00)	\$ (139,824.00)	\$ (139,824.00)	\$ (139,824.00)	\$ (139,824.00)	\$ (139,824.00)	\$ (139,824.00)	\$ (139,824.00)	\$ (139,824.00)	\$ (139,824.00)	
CIP budget	\$ (10,000.00)	\$ (10,000.00)	\$ (10,000.00)	\$ (10,000.00)	\$ (10,000.00)	\$ (10,000.00)	\$ (10,000.00)	\$ (25,000.00)	\$ (10,000.00)	\$ (10,000.00)	
Cash Flow	#### \$3,773.696	\$7,520.627	\$11,358.441	\$15,289.326	\$19,315.523	\$23,439.326	\$27,781.415	\$17,131.051	\$36,586.713	\$41,150.971	



Development Analysis 2018- Future Development Land

M1- JWBP

This site is 3 acres in the John Webber Business Park. It is currently vacant land. The parcel itself is oddly configured with an existing wetland on the corner and 2 separate developable areas, one east and one west of the central jog. The Port is currently undertaking a wetland mitigation permit for the eastern section of the parcel as it is wet in the spring and difficult to access. The western most 20,000 sf could be developed into one small industrial building.

Infrastructure needs: Utilities will need to be brought across the creek with the bridge and are stubbed out at the end of the existing access drive. There is a road to the creek with no access over to the developable parcel.

Opportunity: Developing this parcel would provide little cash flow and will be a small building.

Site size	Zoning	Shovel ready date	Max build size
28314	M2	20-?	10,000



Land Lease VS Sale

Market interest	Proposed use	Land sale price PSF	Total land sale	Land Lease price/sf	Annual land lease payment	20 yr total lease income (2% increase)
High	Flex warehouse	\$ 4.00	\$ 113,256.00	0.20/sf/yr	\$ 5,662.80	\$ 137,571.00

Development Pro-Forma

Total construction cost	Initial investment (20% down)	Lease rate	NOI	Cash flow Y1	total 20 yr cash flow	20 year ave cash flow	20 Year IRR
\$ 1,405,530.00	\$ 281,106.00	\$ 0.70	\$ 76,798.85	\$ (16,757.15)	\$ 427,533.00	\$ 4,024.68	8%

Income Analysis	sf	rate/sf/mo	12	\$84,000.00
	10,000	\$ 0.70		
	Vacancy/Credit loss		3%	-\$2,520.00
Potential Gross income				\$81,480.00
<i>All reimbursibles passed through, assuming MNN/lease</i>				
Non-reimbursible	salary expense		6%	-\$4,888.80
	Reserves		2%	-\$1,629.60
Operating expenses				-\$6,518.40
Net Operating Income				\$74,961.60

Permanent financing loan at 4.25%, 20 year fixed				
Ratio	Financed	Port investment	Annual payment	20 year ROI
80/20	\$1,124,424.00	\$ 281,106.00	\$ 83,556.00	8%

Development Costs		per sf cost
Traditional landscaping	100-150	\$ 90.00
Site prep parking	10%	\$ 3.00
Hard costs total	8 stalls	\$3,000.00
Soft costs	15% hard c	\$ 5.82
Soft and hard total		\$ 1,338,600.00
Contingency	5% hard+soft	\$ 66,930.00
Total development costs		\$ 1,405,530.00

Cash Flow Model											
	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	
Operating Income											
Potential Gross Rent	\$86,100.00	\$88,252.50	\$90,458.81	\$92,720.28	\$95,038.29	\$97,414.25	\$99,849.60	\$102,345.84	\$104,904.49	\$107,527.10	
Vacancy/Credit loss	-\$2,555.60	-\$2,673.47	-\$2,753.67	-\$2,836.28	-\$2,921.37	-\$3,009.01	-\$3,099.28	-\$3,192.26	-\$3,288.03	-\$3,386.67	
Operating Expenses	\$83,504.40	\$ 85,579.03	\$ 87,705.14	\$ 89,884.00	\$ 92,116.92	\$ 94,405.24	\$96,750.32	\$99,153.58	\$101,616.46	\$104,140.43	
<i>assumes MNN lease</i>											
Salary expenses	-\$5,035.46	\$ (5,186.53)	\$ (5,342.12)	\$ (5,502.39)	\$ (5,667.46)	\$ (5,837.48)	\$ (6,012.61)	\$ (6,192.99)	\$ (6,378.78)	\$ (6,570.14)	
Reserves	-\$1,670.09	-\$1,711.58	-\$1,754.10	-\$1,797.68	-\$1,842.34	-\$1,888.10	-\$1,935.01	-\$1,983.07	-\$2,032.33	-\$2,082.81	
NOI	\$76,798.848	\$78,672.313	\$80,591.220	\$82,556.663	\$84,569.761	\$86,631.663	\$88,802.707	\$90,977.526	\$93,205.357	\$95,487.485	
Less Debt Service	\$ (66,204.00)	\$ (66,204.00)	\$ (66,204.00)	\$ (66,204.00)	\$ (66,204.00)	\$ (66,204.00)	\$ (66,204.00)	\$ (66,204.00)	\$ (66,204.00)	\$ (66,204.00)	
CIP budget	\$ (10,000.00)	\$ (10,000.00)	\$ (10,000.00)	\$ (10,000.00)	\$ (10,000.00)	\$ (10,000.00)	\$ (10,000.00)	\$ (10,000.00)	\$ (10,000.00)	\$ (10,000.00)	
Cash Flow	\$594,848	\$2,468,313	\$4,387,220	\$6,352,663	\$8,365,761	\$10,427,663	\$12,598,707	\$14,773,526	\$17,001,357	\$19,283,485	



Development Analysis 2018- Future Development Land

M3 Lower Mill 902

This site is the largest site in the Lower Mill development. It is currently going through a wetland permit process so that the entire site can be utilized. There is access off Hwy 35 and excellent visibility. The site is zoned for most industrial uses that occur in Hood River County and is an attractive parcel.

Industrial needs: Utilities are to the site. There is 20,000 cubic yards of dirt that is budgeted to be moved and rough graded in 2018 along with the wetland mitigation. A fairly large building could be placed on the site with significant yard space left over.

Opportunity: A number of businesses have expressed interest in a site this size. Interest in this property has been high.

Site size	Zoning	Shovel ready date	Max build size
212,137	M2	2019	70,000



Land Lease VS Sale						
Market interest	Proposed use	Proposed action	Total land sale	Land Lease price/sf	Annual land lease payment	20 yr total lease income (no increase)
High	Flex warehouse	Sell	\$ 1,134,934.02	.25/sf/yr	\$ 53,034.30	\$ 1,060,686.00

Development Pro-Forma					
Total construction cost	Initial investment (20% down)	Lease rate	NOI	20 year ave cash flow	20 Year IRR
\$ 2,910,075.00	\$ 582,015.00	\$ 0.65	\$ 142,626.43	\$ (1,770.74)	9%

Income analysis	Sf	rate/sf/yr	
	70,000	\$ 0.65	12
			\$546,000.00
	Vacancy/Credit lo	3%	
			-\$16,380.00
Potential Gross income			\$529,620.00
<i>All reimbursibles passed through, assuming NNN/lease</i>			
Non-reimbursible salary expense	6%		-\$31,777.20
Reserves	2%		-\$10,592.40
Operating expenses			-\$42,369.60
Net Operating Income			\$487,250.40

Construction Cost	psf	total
landscaping	\$ 100.00	\$ 7,000,000.00
Site prep	\$ 5.00	\$ 150,000.00
parking	10%	23.33
	30 stalls	\$ 3,000.00
Hard costs total		\$7,940,000.00
Soft costs	15% har	\$ 39.70
		\$1,191,000.00
Soft and hard total		\$9,131,000.00
Contingency	5% hard	\$ 15.22
		\$ 456,550.00
Total Development cost		\$ 9,587,550.00

Permanent financing loan at 4.25%, 20 year fixed			
Ratio	Financed	Port investment	Annual payer 20 year ROI
80/20	\$ 7,670,040.00	\$ 1,917,510.00	\$ 576,939.00
			9%

Cash Flow Model											
	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	
Operating Income											
Potential Gross Rent	\$559,650.000	\$573,641.25	\$587,982.28	\$602,681.84	\$617,748.88	\$633,192.61	\$649,022.42	\$665,247.98	\$681,879.18	\$698,926.16	
Vacancy/Credit loss	-\$16,871.40	-\$17,377.54	-\$17,898.87	-\$18,435.83	-\$18,988.91	-\$19,558.58	-\$20,145.33	-\$20,749.69	-\$21,372.18	-\$22,013.35	
Operating Expenses	\$542,778.600	\$556,263.71	\$570,083.41	\$584,246.00	\$598,759.97	\$613,634.03	\$628,877.09	\$644,498.29	\$660,507.00	\$676,912.81	
<i>assumes NNN/lease</i>											
Salary expenses	-\$32,730.52	\$ (33,712.43)	\$ (34,723.80)	\$ (35,765.52)	\$ (36,838.48)	\$ (37,943.64)	\$ (39,081.95)	\$ (40,254.41)	\$ (41,462.04)	\$ (42,705.90)	
Reserves	-\$10,855.57	-\$11,123.27	-\$11,401.67	-\$11,684.92	-\$11,975.20	-\$12,272.68	-\$12,577.54	-\$12,889.97	-\$13,210.14	-\$13,538.26	
	-\$43,586.09	-\$44,893.67	-\$46,240.48	-\$47,627.70	-\$49,056.53	-\$50,528.22	-\$51,659.49	-\$53,144.37	-\$54,672.18	-\$56,244.16	
NOI	\$499,192.512	\$511,370.037	\$523,842.932	\$536,618.309	\$549,703.449	\$563,105.808	\$577,217.598	\$591,353.916	\$605,834.818	\$620,668.655	
Less Debt Service	\$ (576,939.00)	\$ (576,939.00)	\$ (576,939.00)	\$ (576,939.00)	\$ (576,939.00)	\$ (576,939.00)	\$ (576,939.00)	\$ (576,939.00)	\$ (576,939.00)	\$ (576,939.00)	
CIP budget	\$ (10,000.00)	\$ (10,000.00)	\$ (10,000.00)	\$ (10,000.00)	\$ (10,000.00)	\$ (10,000.00)	\$ (10,000.00)	\$ (10,000.00)	\$ (10,000.00)	\$ (10,000.00)	
Cash Flow	-\$87,746.488	-\$75,568.963	-\$63,096.068	-\$50,320.691	-\$37,235.551	-\$23,833.192	-\$9,721.402	\$4,414.916	\$18,895.818	\$33,729.655	



Development Analysis 2018- Future Development Land

M2 Lower Mill 1015

Lot 1015 is a small lot in the Lower mill industrial development. It spans across Neal Mill Creek Road with two small sections bordering the rail siding. There is potential to access rail shipping from these two areas. The site has access off Neal Mill Creek road. Due to its small buildable size a smaller building could be constructed here.

Infrastructure needs: All utilities are to the site. There is no additional work that needs to be completed for the site to be ready, barring the negotiations with Crystal Springs. This is a highly functional industrial site appropriate for most industrial uses.

Opportunity: interest has been high for these lots.

Site size	Zoning	Shovel ready date	Max build size
60984	M2	2018	20,000



Land Lease VS Sale

Market interest	Proposed use	Land sale price PSF	Total land sale	Land Lease price/sf	Annual land lease payment	20 yr total lease income (2% increase)
High	Flex warehouse	\$ 5.00	\$ 304,920.00	.25/sf/yr	\$ 15,246.00	\$ 370,437.00

Development Pro-Forma

Total construction cost	Initial investment (20% down)	Lease rate	NOI	20 year ave cash flow	20 Year IRR
\$ 2,910,075.00	\$ 582,015.00	\$ 0.65	\$ 142,626.43	\$ (1,770.74)	7%

Income Analysis	sf	rate/sf/mo	
	20,000	\$ 0.65	12 \$156,000.00
		Vacancy/Credit loss	3% -\$4,680.00
Potential Gross income			\$151,320.00
<i>All reimbursibles passed through, assuming MNM/lease</i>			
Non-reimbursible	salary expense	6%	-\$9,079.20
	Reserves	2%	-\$3,026.40
Operating expenses			-\$12,105.60
Net Operating Income			\$139,214.40

Construction costs		per sf cost
traditional Industrial	100-150	\$ 100.00
landscaping		\$ 5.00
Site prep	10%	\$ 6.67
parking	20 stalls	\$ 3,000.00
Hard costs total		\$ 2,410,000.00
Soft costs	15% harc	\$ 12.05
Soft and hard total		\$ 2,771,500.00
Contingency	5% hard+	\$ 4.62
Total Building Development cost		\$ 97.00
		\$ 2,910,075.00

Permanent financing loan at 4.25%, 20 year fixed				
Ratio	Financed	Port investment	Annual payment	20 year ROI
80/20	\$ 2,328,060.00	\$ 582,015.00	\$ 172,992.00	7%

Cash Flow Model										
	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Operating Income										
Potential Gross Rent	\$159,900.00	\$163,897.50	\$167,994.94	\$172,194.81	\$176,499.68	\$180,912.17	\$185,434.98	\$190,070.85	\$194,822.62	\$199,693.19
Vacancy/Credit loss	-54,820.40	-54,965.01	-55,113.96	-55,267.38	-55,425.40	-55,588.16	-55,755.81	-55,928.48	-56,106.34	-56,289.53
Operating Expenses	\$155,079.600	\$ 158,932.49	\$ 162,880.98	\$ 166,927.43	\$ 171,074.28	\$ 175,324.01	\$179,679.17	\$184,142.37	\$188,716.28	\$193,403.66
<i>assumes MNM lease</i>										
Salary expenses	-\$9,351.58	\$ (9,632.12)	\$ (9,921.09)	\$ (10,218.72)	\$ (10,525.28)	\$ (10,841.04)	\$ (11,166.27)	\$ (11,501.26)	\$ (11,846.30)	\$ (12,201.69)
Reserves	-53,101.59	-53,178.65	-53,257.62	-53,338.55	-53,421.49	-53,506.48	-53,593.58	-53,682.85	-53,774.33	-53,868.07
	-\$12,453.17	-\$12,826.76	-\$13,211.57	-\$13,607.91	-\$14,016.15	-\$14,436.63	-\$14,759.85)	-\$15,184.11)	-\$15,620.62)	-\$16,069.76)
NOI	\$142,626.432	\$146,105.725	\$149,669.409	\$153,319.517	\$157,058.128	\$160,887.374	\$164,919.314	\$168,958.262	\$173,095.662	\$177,333.901
Less Debt Service	\$ (172,992.00)	\$ (172,992.00)	\$ (172,992.00)	\$ (172,992.00)	\$ (172,992.00)	\$ (172,992.00)	\$ (172,992.00)	\$ (172,992.00)	\$ (172,992.00)	\$ (172,992.00)
CIP budget	\$ (10,000.00)	\$ (10,000.00)	\$ (10,000.00)	\$ (10,000.00)	\$ (10,000.00)	\$ (10,000.00)	\$ (10,000.00)	\$ (10,000.00)	\$ (10,000.00)	\$ (10,000.00)
Cash Flow	-\$40,365.568	-\$36,886.275	-\$33,322.591	-\$29,672.483	-\$25,933.872	-\$22,104.626	-\$18,072.686	-\$14,033.738	-\$9,896.338	-\$5,658.099



Development Analysis 2018- Future Development Land

C4 Marina Park

Marina park currently hosts both the Chamber and DMV buildings, the Marina green and access to the South Basin dock. This is a commercially zoned piece of a large waterfront parcel that is currently underutilized for commercial development.

Infrastructure needs: All utilities are to the site. It is uncertain where the new bridge will land and the site may be impacted by that final location. Access to I-84 and the bridge make this location excellent for public bodies and services.

Opportunity: Interest continues to be high for waterfront commercial space. It's high visibility and potentially an excellent project in the future.

Site size	Zoning	Shovel ready date	Max build size
106722	C2	20-?	40,000



Land Lease VS Sale

Market interest	Proposed use	Land sale price PSF	Total land sale	Land Lease price/sf	Annual land lease payment	20 yr total lease income (2% increase)
?	Office/retail	Port policy-no water adjacent sales		.60/sf/yr	\$ 61,462.20	\$ 1,493,365.00

Development Pro-Forma

Total construction cost	Initial investment (20% down)	Lease rate	NOI	20 year ave cash flow	20 Year IRR
\$ 12,585,300.00	\$ 2,517,060.00	\$ 1.70	\$ 811,873.54	\$ 183,774.58	12%

Income analysis	sf	rate/sf/mo	
	40,000	\$ 1.85	12 \$888,000.00
Vacancy/Credit loss			3% -\$26,640.00
Potential Gross Income			\$861,360.00
<i>All reimbursibles passed through, assuming NNN lease</i>			
Non-reimbursib salary expense		6%	-\$51,681.60
Reserves		2%	-\$17,227.20
Operating expenses			-\$68,908.80
Net Operating Income			\$792,451.20

Construction Costs	per sf cost	
landscaping	\$ 200.00	\$ 8,000,000.00
Site pre parking 40 stalls	\$ 10.00	\$ 300,000.00
	\$ 26.67	\$ 800,000.00
	\$ 3,000.00	\$ 120,000.00
Hard costs total		\$ 9,220,000.00
Soft co; 30% hard cost	\$ 92.20	\$ 2,766,000.00
Soft and hard total		\$ 11,986,000.00
Conting 5% hard+soft	\$ 19.98	\$ 599,300.00
Total Development cos	\$ 419.51	\$ 12,585,300.00

Permanent financing loan at 4.25%, 20 year fixed				
Ratio	Financed	Port investment	Annual payment	20 year ROI
80/20	\$ 10,068,240.00	\$ 2,517,060.00	\$ 757,331.00	12%

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Cash Flow Model										
Operating Income										
Potential Gross Rent	\$910,200.00	\$932,955.00	\$956,278.88	\$980,185.85	\$1,004,690.49	\$1,029,807.76	\$1,055,552.95	\$1,081,941.77	\$1,108,990.32	\$1,136,715.08
Vacancy/Credit loss	-\$27,439.20	-\$28,262.38	-\$29,110.25	-\$29,883.55	-\$30,683.06	-\$31,509.55	-\$32,363.84	-\$33,246.75	-\$34,159.16	-\$35,091.93
Effective Gross Income	\$882,760.80	\$904,692.62	\$927,168.63	\$950,202.29	\$973,807.43	\$997,998.20	\$1,022,789.11	\$1,048,195.02	\$1,074,231.16	\$1,100,913.14
assumes NNN lease										
Salary expenses	-\$53,232.05	\$(54,829.01)	\$(56,473.88)	\$(58,168.10)	\$(59,913.14)	\$(61,710.53)	\$(63,561.85)	\$(65,468.70)	\$(67,432.77)	\$(69,455.75)
Reserves	-\$17,655.22	-\$18,093.85	-\$18,543.37	-\$19,004.05	-\$19,476.15	-\$19,959.96	-\$20,455.78	-\$20,953.90	-\$21,464.62	-\$22,018.26
Operating Expenses	-\$70,887.26	-\$73,013.88	-\$75,204.30	-\$77,460.43	-\$79,784.24	-\$82,177.77	\$(84,017.63)	\$(86,432.60)	\$(88,917.39)	\$(91,474.01)
NOI	\$811,873.536	\$831,678.742	\$851,964.329	\$872,741.865	\$894,023.192	\$915,820.435	\$938,771.478	\$961,762.413	\$985,313.771	\$1,009,439.131
Less Debt Service	\$(757,331.00)	\$(757,331.00)	\$(757,331.00)	\$(757,331.00)	\$(757,331.00)	\$(757,331.00)	\$(757,331.00)	\$(757,331.00)	\$(757,331.00)	\$(757,331.00)
CIP budget	\$(10,000.00)	\$(10,000.00)	\$(10,000.00)	\$(10,000.00)	\$(10,000.00)	\$(10,000.00)	\$(10,000.00)	\$(10,000.00)	\$(10,000.00)	\$(10,000.00)
Cash Flow	\$44,542.536	\$64,347.742	\$84,633.329	\$105,410.865	\$126,692.192	\$148,489.435	\$171,440.478	\$194,431.413	\$177,982.771	\$242,108.131



Development Analysis 2018- Future Development Land

LI4 Maritime East

The Maritime East has great views, proximity to the park amenities and truck access. It's a visible site which currently hosts a functional industrial building. That building has reached the end of its life and will be demolished in the next 5 years. Planning for redevelopment is challenging with a site that is industrially zoned with no cross street synergy. Staff is currently working with Livermore architects on conceptual design options This cut sheet analyzes a more flex warehouse use.

Infrastructure needs: Infrastructure is to the site. It will need to be stubbed out to individual buildings. A main stormwater line runs through the western half and will have to be navigated.

Opportunities: There is high interest in this site.

Site size	Zoning	Shovel ready date	Max build size
2 acres	LI	2019	30,000



Land Lease VS Sale

Market interest	Proposed use	Land sale price PSF	Total land sale	Land Lease price/sf	Annual land lease payment	20 yr total lease income (2% increase)
High	Flex warehouse	Port policy-no water adjacent sales		.50/sf/yr	\$ 43,560.00	\$ 1,058,399.00

Development Pro-Forma

Total construction cost	Initial investment (20% down)	Lease rate	NOI	20 year ave cash flow	20 Year IRR
\$ 8,640,450.00	\$ 1,728,090.00	\$ 1.25	\$ 411,422.40	\$ (15,192.37)	7%

Income Analysis	sf	rate/sf/mo	
	30,000	\$ 1.25	12
			\$450,000.00
	Vacancy/Credit los	3%	
			-\$13,500.00
Potential Gross Income			\$436,500.00
<i>All reimbursibles passed through, assuming NNN lease</i>			
Non-reimbursibl salary expense		6%	-\$26,190.00
Reserves		2%	-\$8,730.00
Operating expenses			-\$34,920.00
Net Operating Income			\$401,580.00

Construction Costs	per sf cost	total
landscaping	\$ 180.00	\$ 5,400,000.00
Site prep	10%	\$ 300,000.00
parking	30 stalls	\$ 540,000.00
Hard costs total		\$ 90,000.00
Soft costs	30% harc	\$ 63.30
Soft and hard total		\$ 1,899,000.00
Contingency	5% hard	\$ 13.72
Total Development cost		\$ 288.02
		\$ 8,640,450.00

Permanent financing loan at 4.25%, 20 year fixed			
Ratio	Financed	Port investment	Annual payment
80/20	\$ 6,912,360.00	\$ 1,728,090.00	\$ 519,946.00
			7%

Cash Flow Model										
	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Operating Income										
Potential Gross Rent	\$461,250.000	\$472,781.25	\$484,600.78	\$496,715.80	\$509,133.70	\$521,862.04	\$534,908.59	\$548,281.30	\$561,988.34	\$576,038.04
Vacancy/Credit loss	-\$13,905.00	-\$14,322.15	-\$14,751.81	-\$15,194.37	-\$15,650.20	-\$16,119.71	-\$16,603.30	-\$17,101.40	-\$17,614.44	-\$18,142.87
Effective Gross Income	\$447,345.000	\$458,459.10	\$469,848.97	\$481,521.43	\$493,483.50	\$505,742.33	\$518,305.29	\$531,179.91	\$544,373.90	\$557,895.17
<i>assumes NNN lease</i>										
Salary expenses	-\$26,975.70	\$ (27,784.97)	\$ (28,618.52)	\$ (29,477.08)	\$ (30,361.39)	\$ (31,272.23)	\$ (32,210.40)	\$ (33,176.71)	\$ (34,172.01)	\$ (35,197.17)
Reserves	-\$8,946.90	-\$9,169.18	-\$9,396.98	-\$9,630.43	-\$9,869.67	-\$10,114.85	-\$10,366.11	-\$10,623.60	-\$10,887.48	-\$11,157.90
Operating Expenses	-\$35,922.60	-\$37,000.28	-\$38,110.29	-\$39,253.59	-\$40,431.20	-\$41,644.14	-\$42,876.50	-\$44,130.31	-\$45,459.49	-\$46,835.07
NOI	\$411,422.400	\$421,458.822	\$431,738.680	\$442,267.837	\$453,052.293	\$464,098.193	\$475,728.790	\$487,379.601	\$499,314.411	\$511,540.100
Less Debt Service	\$ (519,946.00)	\$ (519,946.00)	\$ (519,946.00)	\$ (519,946.00)	\$ (519,946.00)	\$ (519,946.00)	\$ (519,946.00)	\$ (519,946.00)	\$ (519,946.00)	\$ (519,946.00)
CIP budget	\$ (10,000.00)	\$ (10,000.00)	\$ (10,000.00)	\$ (10,000.00)	\$ (10,000.00)	\$ (10,000.00)	\$ (10,000.00)	\$ (10,000.00)	\$ (10,000.00)	\$ (10,000.00)
Cash Flow	-\$118,523.600	-\$108,487.178	-\$98,207.320	-\$87,678.163	-\$76,893.707	-\$80,847.807	-\$54,217.210	-\$42,566.399	-\$30,631.589	-\$18,405.900



Development Analysis 2018- Future Development Land

LI4 Maritime West

The Maritime West has great views, proximity to the park amenities and truck access. It's a visible site which currently hosts a functional industrial building. That building has reached the end of its life and will be demolished in the next 5 years. Planning for redevelopment is challenging with a site that is industrially zoned with no cross street synergy. Staff is currently working with Livermore architects on conceptual design options This cut sheet analyzes a flex production use.

Infrastructure needs: Infrastructure is to the site. It will need to be stubbed out to individual buildings. A main stormwater line runs through the western half and will have to be navigated.

Opportunities: There is high interest in this site.

Site size	Zoning	Shovel ready date	Max build size
2 acres	IL	2019	40,000



Land Lease VS Sale						
Market interest	Proposed use	Land sale price PSF	Total land sale	Land Lease price/sf	Annual land lease payment	20 yr total lease income (2% increase)
High	Flex production	Port policy-no water adjacent sales		.50/sf/yr	\$ 43,560.00	\$ 1,058,399.00

Development Pro-Forma					
Total construction cost	Initial investment (20% down)	Lease rate	NOI	20 year ave cash flow	20 Year IRR
\$ 11,793,600.00	\$ 2,358,720.00	\$ 1.54	\$ 675,829.86	\$ 165,969.96	11%

Income analysis	sf	rate/sf/mo	
	40,000	\$ 1.54	12
Vacancy/Credit loss			3%
Potential Gross income			\$739,200.00
			-\$22,176.00
			\$717,024.00
<i>All reimbursibles passed through, assuming NNN lease</i>			
Non-reimbursible salary expense		6%	-\$43,021.44
Reserves		2%	-\$14,340.48
Operating expenses			-\$57,361.92
Net Operating Income			\$659,662.08

Construction Costs	per sf cost
landscaping	\$ 187.50
Site prep	\$ 10.00
parking	\$ 25.00
Hard costs total	\$ 3,000.00
Soft costs 30% hard cost	\$ 86.40
Soft and hard total	\$ 11,232,000.00
Contingent 5% hard+soft	\$ 18.72
Total Development cost	\$ 393.12

Ratio	Financed	Port investment	Annual payment	20 year ROI
80/20	\$ 9,434,880.00	\$ 2,358,720.00	\$ 676,740.00	11%

	2018	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Operating Income											
Potential Gross Rent	\$757,680.00	\$776,622.00	\$796,037.55	\$815,938.49	\$836,336.95	\$857,245.37	\$878,676.51	\$900,643.42	\$923,159.51	\$946,238.50	
Vacancy/Credit loss	-\$22,841.28	-\$23,526.52	-\$24,232.31	-\$24,959.28	-\$25,708.06	-\$26,479.30	-\$27,273.68	-\$28,091.89	-\$28,934.65	-\$29,802.69	
Effective Gross Income	\$734,838.720	\$753,095.48	\$771,805.24	\$790,979.21	\$810,628.89	\$830,766.07	\$851,402.83	\$872,551.53	\$894,224.86	\$916,435.81	
<i>assumes NNN lease</i>											
Salary expenses	-\$44,312.08	\$ (45,641.45)	\$ (47,010.69)	\$ (48,421.01)	\$ (49,873.64)	\$ (51,369.85)	\$ (52,910.94)	\$ (54,498.27)	\$ (56,133.22)	\$ (57,817.22)	
Reserves	-\$14,696.77	-\$15,061.91	-\$15,436.10	-\$15,813.58	-\$16,212.58	-\$16,615.32	-\$17,028.06	-\$17,451.03	-\$17,884.50	-\$18,328.72	
Operating Expenses	-\$59,008.86	-\$60,779.12	-\$62,602.50	-\$64,480.57	-\$66,414.99	-\$68,407.44	-\$69,939.00	-\$71,949.30	-\$74,017.72	-\$76,145.93	
NOI	\$675,829.862	\$692,316.358	\$709,202.739	\$726,498.633	\$744,213.900	\$762,358.632	\$781,463.825	\$800,602.225	\$820,207.139	\$840,289.871	
Less Debt Service	\$ (676,740.00)	\$ (676,740.00)	\$ (676,740.00)	\$ (676,740.00)	\$ (676,740.00)	\$ (676,740.00)	\$ (676,740.00)	\$ (676,740.00)	\$ (676,740.00)	\$ (676,740.00)	
CIP budget	\$ (10,000.00)	\$ (10,000.00)	\$ (10,000.00)	\$ (10,000.00)	\$ (10,000.00)	\$ (10,000.00)	\$ (10,000.00)	\$ (10,000.00)	\$ (10,000.00)	\$ (10,000.00)	
Cash Flow	-\$10,910.138	\$5,576.358	\$22,462.739	\$39,758.633	\$57,473.900	\$75,618.632	\$94,723.825	\$113,862.225	\$93,467.139	\$153,549.871	

Cash Flow Model



Development Analysis 2018- FDO Analysis Summary

APPENDIX A- Existing building summary

Staff created a 10-year cash flow analysis for each building which includes: current leases and terms, expirations, current expenses and income, current capital expenditures as reflected in the 30-year model. The building portfolio, excluding the airport, consists of 8 multi-tenanted buildings, with a total square footage of 186,885. The average building age is 38.4 years. The portfolio vacancy rate is currently 1%.

	Industrial				Commercial				
	Big 7	Wasco	Maritime	Jensen	Halyard	Timber Inc.	DMV	Chamber	Average/Total
Age	67	13	52	50	7	30	44	44	38.4 Avg Years Old
SF	41,671	15,309	38,400	53,582	19,846	10,000	2,320	5,757	186,885 Total SF
Blended Rate	\$0.58	\$0.87	\$0.55	\$0.67	\$0.93	\$0.82	\$1.86	\$1.27	\$0.94 Avg Rent (/SF/Mo)
NOI	\$132,778	\$48,718	\$109,440	\$193,135	\$114,338	\$23,229	(\$21,487)	\$9,117	\$609,267 Total NOI
OER	78%	75%	59%	55%	72%	74%	146%	90%	81% Avg OER
Projected Cash Flow (10-yr average)	\$112,250	\$48,907	\$112,870	(\$18,432)	\$107,253	\$19,018	(\$199)	\$7,066	\$388,733

Over the past three years, Staff has determined that our lease rates are mostly in line with the private market. However, our costs have outstripped our income and continue to rise. To keep up with operating expenses, we recommend a reevaluation of our lease structures. By implementing a lease structure improvement strategy as leases expire, the Port can gain significant cash flows. For example, increasing the number of reimbursable expenses will shift the expense burden away from the Port. A thorough lease improvement strategy will keep lease rates in line and recover more operating expenses to ultimately improve building performance and provide cash flows that are reasonable. The table below shows how performance (could?) improve over time.

	2019	2022	2024
Income	\$1,915,699	\$1,756,319	\$1,653,940
Expenses	\$1,294,722	\$1,152,314	\$881,659
NOI	\$620,977	\$604,005	\$772,280
Cash Flow	\$224,977	\$344,005	\$372,280

Additionally, staff performed a Discounted Cash Flow analysis on each building with a probable cap rate. This resulted in a potential sales price. The three buildings that the Board has looked at selling in the past are shown here. The idea was that if we sell a building, we could potentially capitalize another project. However, the buildings that would sell all contribute significant cash flow to the Port and, for that reason, are not recommended for a sale at this time.

	Current NOI	Cap rate	Sales price
Big 7	\$130,100.00	9	\$ 1,445,555.56
Wasco	\$ 47,982.00	8	\$ 599,775.00
Halyard	\$112,066.00	8	\$ 1,400,825.00



Development Analysis 2018-Existing Buildings

Big 7

Big 7 is a flex building that houses mostly established businesses with varying space needs and some start-ups. It is a 4-story building with little parking, an awkward roll up door, varying column spacing and roof height. For these reasons, the tenant spaces are functionally challenging. However, due to the below average rents that we charge and the building's great location, businesses tend to stay long term.



Performance: This building provides significant cash flow (\$112,000 10-year average) when fully occupied, even though the rental rates are slightly below market. There is currently a 1,300 sf vacancy.

Improvements needed: The largest upcoming capital intensive improvement needed is the roof. A non-structural replacement is needed and will be budgeted in the upcoming year for around \$300,000. Otherwise, the building also needs minor upgrading, i.e. carpet, bathrooms, keying, power refiguring and landscaping. It could be redeveloped with significant investment into a more useable and resilient structure.

Address:	600 Industrial Street
Property Size (acres):	0.89 acres
Building Age/Year Remodeled:	70 years old Built in the 1940's
Building Size (Square Feet):	42,000 sf
Zone:	LI
Construction Type:	Concrete tilt up
Current Use:	Flex



Tenant List				
Name	SF	blended rate	Term	Renewals
Electronics Assemblers	20031	0.59	10/31/2019	10/31/2024
Gorge Net	4948	0.62	none	10/31/2023
Big Y	4074	0.48	1/31/2018	1/31/2018
Real Carbon	3800	0.71	1/31/2019	1/31/2019
Soniq	2495	0.6	9/31/22	9/31/2023
Peterson	500	0.5	month to month	

Development Analysis 2018-Existing Buildings

Income Analysis	sf	rate/sf/mo	
Vacancy/Credit loss	35848	\$ 0.57	\$245,000.00
Reimbursable-utilities		NA	\$56,900.00
Reimbursable-Taxes			\$19,900.00
Effective Gross Income			\$321,800.00
Reimbursible			\$67,000.00
not currently passed through			\$45,000.00
Maintenance (fixed & misc)			\$18,000.00
Taxes			\$9,200.00
not currently passed through			\$3,000.00
Insurance			\$3,000.00
not currently passed through			\$49,500.00
Professional Services			NA
Non-reimbursible			NA
Salary Expense			\$191,700.00
Reserves			\$190,100.00
Net Operating Income			0.60



NOI \$132,778
Cap Rate 7.5
Sales price \$1,770,373

	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Operating Income										
Potential Gross Rent	\$251,125.00	\$257,403.13	\$263,838.20	\$270,434.16	\$277,195.01	\$284,124.89	\$291,228.01	\$298,508.71	\$305,971.43	\$313,620.71
Vacancy/Credit loss	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Reimbursible utilities	\$58,607.00	\$ 60,365.21	\$ 62,176.17	\$ 64,041.45	\$ 65,962.69	\$ 67,941.58	NA	NA	NA	NA
Reimbursible Taxes	\$20,497.00	\$ 21,111.91	\$ 21,745.27	\$ 22,397.63	\$ 23,069.55	\$ 23,761.64	NA	NA	NA	NA
Effective Gross Income	\$330,229.00	\$ 338,880.25	\$347,759.64	\$356,873.23	\$366,227.26	\$375,828.10	\$382,491.17	\$389,553.45	\$296,792.28	\$304,212.09
Utilities	\$69,010.00	\$ 71,080.30	\$ 73,212.71	\$ 75,409.09	\$ 77,671.36	\$ 80,001.50	NA	NA	NA	NA
Maintenance	\$46,350.00	\$ 47,740.50	\$ 49,172.72	\$ 50,647.90	\$ 52,167.33	\$ 53,732.35	NA	NA	NA	NA
Taxes	\$18,540.00	\$ 19,096.20	\$ 19,669.09	\$ 20,259.16	\$ 20,866.93	\$ 21,492.94	NA	NA	NA	NA
Insurance	\$9,476.00	\$ 9,760.28	\$ 10,053.09	\$ 10,354.68	\$ 10,665.32	\$ 10,985.28	NA	NA	NA	NA
Professional services	\$3,090.00	\$ 3,182.70	\$ 3,278.18	\$ 3,376.53	\$ 3,477.82	\$ 3,582.16	NA	NA	NA	NA
Salary expenses	\$50,985.00	\$ 52,514.55	\$ 54,089.99	\$ 55,712.69	\$ 57,384.07	\$ 59,105.59	NA	NA	NA	NA
Reserves	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Operating Expenses	\$197,451.00	\$203,374.53	\$209,475.77	\$215,760.04	\$222,232.84	\$228,899.83	\$235,728.27	\$242,712.58	\$249,852.12	\$257,142.86
NOI	\$132,778.00	\$135,505.715	\$138,283.871	\$141,113.196	\$143,994.421	\$146,928.279	\$149,928.279	\$153,000.00	\$156,142.11	\$159,359.23
Less Debt Service										
CIP budget	\$ (200,000.00)	\$ (86,000.00)	\$ (25,000.00)	\$ (25,000.00)	\$ (25,000.00)	\$ (25,000.00)	\$ (50,000.00)			
Cash flow	-\$67,222.00	\$49,505.715	\$113,283.871	\$116,113.196	\$118,994.421	\$96,928.279	\$165,962.590	\$171,057.261	\$176,270.167	\$181,603.989