



PORT OF HOOD RIVER COMMISSION
MEETING AGENDA
May 15, 2018
Marina Center Boardroom

Upon conclusion of Budget Committee Meeting

1. Call to Order
2. Modifications, Additions to Agenda
3. Public Comment (5 minutes per person per subject; 30-minute limit)
4. Consent Agenda
 - a. Approve Minutes of May 1 Regular Session (*Jana Scoggins – Page 3*)
 - b. Approve Amendment No. 1 to Contract with Southwest Washington RTC for EIS RFP Solicitation Services Not to Exceed \$1,960 (*Kevin Greenwood – Page 7*)
 - c. Approve Accounts Payable for Attorney Services Per Summary for \$13,099 in Total. (*Fred Kowell – Page 11*)
5. Reports, Presentations and Discussion Items
 - a. Real Estate Portfolio Analysis Final Report (*Anne Medenbach – Page 19*)
 - b. Financial Report for the Nine Months Ended March 31, 2018 (*Fred Kowell – Page 89*)
 - c. Bridge Replacement Project Update (*Kevin Greenwood – Page 101*)
6. Director's Report (*Michael McElwee – Page 149*)
7. Commissioner, Committee Reports
 - a. Waterfront Recreation Committee, May 9 - Sheppard
8. Action Items
 - a. Approve Contract with Beam Excavating, Inc. for Paving Jensen Beach Parking Lot, Not to Exceed \$104,903.25 (*Michael McElwee – Page 155*)
 - b. Approve Waterfront Parking Fee & Penalty Schedule for 2018 (*Michael McElwee – Page 181*)
9. Commission Call

Executive Session under ORS 192.660(2)(e) Real Estate Negotiations.

10. Possible Action
11. Adjourn

If you have a disability that requires any special materials, services, or assistance, please contact us at 541-386-1645 so we may arrange for appropriate accommodations.

*The chair reserves the opportunity to change the order of the items if unforeseen circumstances arise. The Commission welcomes public comment on issues not on the agenda during the public comment period. With the exception of factual questions, the Commission does not immediately discuss issues raised during public comment. The Commission will either refer concerns raised during public comment to the Executive Director for a response or will request that the issue be placed on a future meeting agenda. People distributing copies of materials as part of their testimony should bring **10 copies**. Written comment on issues of concern may be submitted to the Port Office at any time.*

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**Port of Hood River Commission
Meeting Minutes of May 1, 2018 Regular Session
Marina Center Boardroom
5:00 p.m.**

THESE MINUTES ARE NOT OFFICIAL until approved by the Port Commission at the next regular meeting.

Present: Commissioners Hoby Streich, Brian Shortt, Ben Sheppard, John Everitt and David Meriwether; Legal Counsel Jerry Jaques; from staff, Michael McElwee, Fred Kowell, Genevieve Scholl, Anne Medenbach, Kevin Greenwood, and Jana Scoggins.
Absent: None
Media: None

- 1. CALL TO ORDER:** President Streich called the meeting to order at 5:01 p.m.
- 2. MODIFICATIONS, ADDITIONS TO AGENDA:** Item (4) Public Comment and item (5) Consent Agenda were moved after Item (2) Modifications, Additions to Agenda. Item (6.b) has been moved to (6.a). The Airport Advisory Committee meeting has been postponed. Hard copy contracts for (9.a) and (9.b) were provided at the meeting.
- 3. PUBLIC COMMENT:** Tammy Kaufman, Husum Resident, recognized the public outreach efforts the Port has been focusing on in local communities. Kaufman emphasized the need for constant outreach on the Washington side of the river, in regards to the Port’s bridge replacement efforts.

4. CONSENT AGENDA:
a. Approve Minutes of April 17 Spring Planning Work Session and Regular Session.
Motion: Move to approve Consent Agenda.
Move: Everitt
Second: Shortt
Discussion: None
Vote: **Aye:** Unanimous
MOTION CARRIED

5. OPEN PUBLIC HEARING ON DRAFT ADMINISTRATIVE RULES GOVERNING PUBLIC PRIVATE PARTNERSHIPS RELATED TO BRIDGE REPLACEMENT: Kevin Greenwood, Bridge Replacement Project Director, and Steve Siegel, Siegel Consulting, provided a brief overview of the changes made to the Draft Administrative Rules during the public review period. Several specific comments were received from transportation professionals and P3 specialists. In addition, ODOT reviewed the rules and found that they substantially conform to the ODOT Rules, as required by the statute. Siegel reviewed the specific revisions involving establishing limitations in the Rules regarding the types of P3 arrangements the Port will consider; streamlining the process by eliminating inefficiencies; and restricting public disclosure of Submissions and the Evaluation Panel’s report until after the Agreement is executed, to the extent permitted by law.

No in-person comment was received during the public hearing.

6. REPORTS, PRESENTATIONS AND DISCUSSION ITEMS:
a. **Bridge Replacement Project Update:** Kevin Greenwood commented that staff focuses its public outreach effort in local communities, and the Bridge Replacement Advisory Group continues to have members appointed by the various public agencies. Greenwood stated that the Port thanks the members of the EIS Evaluation Committee for reviewing and scoring the Environmental Impact Study proposals. This requires significant amount of time and commitment; currently three proposals were received. In addition, Greenwood reported that Lowell Clary has produced a list of financial criteria that can serve as the foundation for developing models. Greenwood stated the preliminary cost estimate for bridge replacement prepared by Mott McDonald. Their report will be shared in a future meeting.

b. Expo DDA Lot 6 Parking Analysis: Michael McElwee, Executive Director, reported that Amendment #7 to the Amended and Re-Stated Disposition & Development Agreement (DDA), approved at December 17, 2017 meeting shifted the Lot #6 schedule forward about one year and required the Port and Key Development to complete a detailed parking analysis that would be the basis for a decision by the Port whether to allow Lot #6 to remain as Key’s parking resource, the location for a small distribution building, or re-purchased by the Port under the terms of the DDA. McElwee stated that the parking study is now complete and it strongly indicated that Lot #6 provides an important parking resource for area businesses. Commission recommended that Staff prepare a report about specific alternatives.

Commissioner Sheppard exited the meeting at 6:20 p.m.

c. Spring Planning Discussion: Michael McElwee reported that due to time constraints during the April 17, 2018 Spring Planning Work Session, the Commission deferred the Future Focus discussion item to this meeting. Discussion occurred about the importance of being involved with other agencies and sectors in the community to help support one another. This kind of regional collaboration could open doors to economic development, transit, and other resource sharing opportunities. Other key points included applying the Port’s expertise in electronic tolling technology to other realms and exploring real estate development opportunities.

7. EXECUTIVE DIRECTOR’S REPORT: Michael McElwee recognized the time and effort of the Budget Committee members and the Commission at the Spring Planning Work Session and commented that the discussion was extremely helpful in providing direction to staff on key issues and in budget preparation efforts. McElwee further reported that over 3,440 BreezeBy accounts have been created since January 1, 2018. The summer meeting of PNWA will occur in Clarkson, WA on June 25-27. Implementation of the Waterfront Parking Plan is well underway. Cruise Ships are now docking in the Marina Basin on their summer/fall schedule. Additionally, new cameras on the Bridge are being installed at multiple locations and should be completed by May 4.

8. COMMISSIONER, COMMITTEE REPORT: Commissioner Shortt emphasized the importance of each board member’s opinion and apologized for an unintentional scrutiny of the board for not having a unanimous vote at the last meeting.

9. ACTION ITEMS:

a. Approve Contract with S2 Contractors, Inc. for Paving East Portion of West Jensen Building Parking Lot. A quote solicitation for paving of the eastern half of the west Jensen Building parking lot was issued on April 4, sent to four paving contractors. S2 Contractors, Inc. was the apparent low bidder.

Motion: Approve Contract with S2 Contractors Inc. for the paving of the eastern half of the west Jensen Building parking lot, not to exceed \$97,121.00.

Move: Meriwether

Second: Shortt

Discussion: None

Vote: **Aye:** Streich, Shortt, Meriwether, Everitt **Absent:** Sheppard

MOTION CARRIED

b. Approve Contract for Stadleman Waterline Improvement Project: The Stadleman Waterline Improvement Project went out to bid on April 10th. Two contractors, Crestline Construction and Beam Excavating, attended the mandatory pre-bid walk-through and submitted bids. Due to the quick contract time on this project, it is important to award the contract before the next Commission meeting on the 15th.

Motion: Approve contract with Crestline Construction Company LLC for the Stadleman Waterline Extension in an amount not to exceed \$343,650,00, barring no protests.

Move: Meriwether

Second: Shortt

Discussion: None

Vote: **Aye:** Streich, Shortt, Meriwether, Everitt **Absent:** Sheppard

MOTION CARRIED

c. Approve Service Contract with Kapsch TraffiCom USA for Tolling System Hardware Service Not to Exceed \$43,662. With the installation of the Kapsch transponder readers, antennas, and lane equipment, the Port also received a service contract that will expire at the end of May 2018. Having a service contract allows the Port to respond to a hardware failure immediately by having the hardware configured to communicate with the back office system, avoiding potentially length delays & outages.

Motion: Approve service contract with Kapsch TraffiCom USA for tolling system hardware service not to exceed \$43,662, subject to legal counsel review.

Move: Shortt

Second: Everitt

Discussion: Discussion occurred about the indemnity clause and confidentiality language in the contract, and Commission requested additional legal counsel review.

Vote: **Aye:** Streich, Shortt, Meriwether, Everitt **Absent:** Sheppard

MOTION CARRIED

d. Approve Port Resolution No. 2017-18-5 Adopting Personnel Policies as Defined. The Port has not made any significant updates to the Employee Handbook since 1994. The Employee Handbook provides the Personnel Policies and Procedures for the Port. Staff has worked with HR Answers in updating our Employee handbook to incorporate the latest changes in employment laws and review changes regarding paid leave days, compensation for accrued vacation days, step and longevity compensation program, and on-call compensation.

Motion: Approve Resolution 2017-18-5 adopting Port personnel policies as defined in the Employee Handbook.

Move: Shortt

Second: Everitt

Discussion: None

Vote: **Aye:** Streich, Shortt, Meriwether, Everitt **Absent:** Sheppard

MOTION CARRIED

10. COMMISSION CALL: None.

11. CLOSE PUBLIC HEARING: President Streich closed the public hearing on the draft Administrative Rules governing Public Private Partnerships related to Bridge Replacement at 7:37 p.m.

12. EXECUTIVE SESSION: President Streich recessed Regular Session at 7:37 p.m. to call the Commission into Executive Session under ORS 192.660 (2)(e) Real Estate Negotiations.

13. POSSIBLE ACTION: None

14. ADJOURN:

- Motion:** Motion to adjourn the meeting.
 - Move:** Shortt
 - Second:** Everitt
 - Discussion:** None
 - Vote:** **Aye:** Streich, Shortt, Meriwether, Everitt **Absent:** Sheppard
- MOTION CARRIED**

The meeting was adjourned at 7:54 p.m.

Respectfully submitted,

Jana Scoggins

ATTEST:

Hoby Streich, President, Port Commission

John Everitt, Secretary, Port Commission

Commission Memo



Prepared by: Kevin Greenwood
Date: May 15, 2018
Re: RTC Services Agreement
Amendment No. 1

The SW Washington Regional Transportation Council (RTC) has been a partner with the Port of Hood River and the Gorge community by providing services related to transportation planning and facilitation since the late 1990s.

The Port entered into a Master Interlocal Services Agreement (ISA) with the RTC on January 9, 2018. The project has stayed on schedule, but extensive public contracting, public meeting and scoring scenario discussions with legal counsel were not accounted for in the original cost estimate.

Amendment No. 1 (attached) takes into account the additional time in amending the original Request for Proposal and Scope of Work based upon legal review of public contracting and meeting laws.

This amendment will add \$1,960 of service with a total amount not to exceed \$11,960. Services provided by RTC by this Amendment will be reimbursed from the \$5 million grant from the State of Oregon identified in the 2017 Transportation Bill.

RECOMMENDATION: Approve Amendment No. 1 to the Master Interlocal Services Agreement with Southwest Washington Regional Transportation Council for EIS RFP project management services related to bridge replacement, not to exceed \$1,960.

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**AMENDMENT NO. 1
TO INTERLOCAL SERVICES AGREEMENT**

This Amendment No. 1 to the Master Interlocal Services Agreement (“Contract”) is entered into this **15th day of May, 2018** by and between Southwest Washington Regional Transportation Council (“RTC”) and the Port of Hood River (“Port”), an Oregon Special District.

RECITALS:

WHEREAS, RTC and Port entered into a Contract and Work Order 01-2018 dated January 9, 2018 for activities associated with consultant selection process for the Hood River Bridge Final Environmental Impact Statement (“Project”); and

WHEREAS, the original contract included developing objectives, drafting the Scope of Work, advertising notices, developing the Request for Proposals (“RFP”), organizing the consultant interviews, and facilitate the scoring; and

WHEREAS, the time required to review, edit, respond to bidders questions, incorporate legal review and public contracting process was not adequately considered in the initial proposal; and

WHEREAS, an additional 14.5 hrs. of work is needed to complete the Contract due to the legal review and management adjustments to the RFP; and

WHEREAS, all terms used in this Amendment No. 1 have the meaning given to them as in the original Contract, except as amended hereby.

NOW THEREFORE, Port and RTC agree to carry out the additional services for an additional amount not to exceed **\$1,960** for a total contract amount not to exceed **\$11,960** plus reasonable reimbursable expenses; and

Port and Contractor agree to extend the term of the contract through July 31, 2018.

IN WITNESS WHEREOF, the parties hereto have caused Amendment No. 1 to be duly executed the day and year first above written.

**SW Washington
Regional Transportation Council**

Port of Hood River

Matt Ransom
Executive Director
P.O. Box 1366
Vancouver, WA 98666-1366

Michael S. McElwee
Executive Director
1000 E. Port Marina Drive
Hood River OR 97031

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Commission Memo



Prepared by: Fred Kowell
Date: May 15, 2018
Re: Accounts Payable Requiring Commission Approval

Jaques Sharp	\$3,460.00
Attorney services per attached summary	
Schwabe Williamson Wyatt	\$9,639.00
Attorney services per attached summary	
TOTAL ACCOUNTS PAYABLE TO APPROVE	\$13,099.00

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JAQUES SHARP

— ATTORNEYS AT LAW —

205 3RD STREET / PO BOX 457
HOOD RIVER, OR 97031
(Phone) 541-386-1311 (Fax) 541-386-8771

CREDIT CARDS ACCEPTED

HOOD RIVER, PORT OF
1000 E. PORT MARINA DRIVE
HOOD RIVER OR 97031

Page: 1
May 02, 2018
Account No: PORTOHaM

	Previous Balance	Fees	Expenses	Advances	Payments	Balance
MISCELLANEOUS MATTERS JJ	1,160.00	1,300.00	0.00	0.00	-1,160.00	\$1,300.00
ORDINANCE #24	0.00	80.00	0.00	0.00	0.00	\$80.00
WATER ISSUES ODELL (Crystal Springs Water District	800.00	0.00	0.00	0.00	-800.00	\$0.00
GLIDER CONCESSION -AIRPORT	600.00	440.00	0.00	0.00	-600.00	\$440.00
AIRPORT DEVELOPMENT (Tac-Aero)	100.00	0.00	0.00	0.00	-100.00	\$0.00
SOUTH RUNWAY PROJECT	440.00	80.00	0.00	0.00	-440.00	\$80.00
DDA AIRPORT GRANT SOUTH TAXIWAY	700.00	0.00	0.00	0.00	-700.00	\$0.00
P3 - BRIDGE	540.00	400.00	0.00	0.00	-540.00	\$400.00
OVERWEIGHT TRUCK ENFORCEMENT	20.00	340.00	0.00	0.00	-20.00	\$340.00
WATERFRONT PARKING	1,340.00	800.00	0.00	0.00	-1,340.00	\$800.00

HOOD RIVER, PORT OF

Account No: M: P:

	Previous Balance	Fees	Expenses	Advances	Payments	Balance
ORDINANCE 25 (Airport rules)	0.00	20.00	0.00	0.00	0.00	\$20.00
P3 COMMITTEES	40.00	0.00	0.00	0.00	-40.00	\$0.00
FEIS	2,600.00	0.00	0.00	0.00	-2,600.00	\$0.00
	20.00	0.00	0.00	0.00	-20.00	\$0.00
	<u>8,360.00</u>	<u>3,460.00</u>	<u>0.00</u>	<u>0.00</u>	<u>-8,360.00</u>	<u>\$3,460.00</u>

THIS STATEMENT REFLECTS SERVICES PROVIDED AND PAYMENTS RECEIVED THROUGH THE 30th OF APRIL UNLESS OTHERWISE STATED

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Salem, OR
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Mountain View, CA

TAX ID# IRS-93-1130272

April 30, 2018

JERRY JAQUES
GENERAL COUNSEL, PORT OF HOOD RIVER
MICHAEL S. MCELWEE
EXECUTIVE DIRECTOR
PORT OF HOOD RIVER
1000 E. PORT MARINA DRIVE
HOOD RIVER, OR 97031

Client/Matter #: 106226-238542
Invoice #: 1521035

Re: Hood River Bridge Replacement Project

FOR LEGAL SERVICES RENDERED

DATE	INDV	HOURS	DESCRIPTION OF SERVICES
03/02/18	WJO	2.10	Research of Oregon Public Meetings law re: application to RFP evaluation committee
03/03/18	WJO	1.80	Further research re: Oregon Public Meetings laws and evaluation committee meetings with focus on organization of evaluation committee
03/04/18	WJO	2.70	Detailed legal research of evaluation committee ability to interview proposers and how to limit the number of interviews
03/08/18	WJO	3.70	Detailed review of sample contract for use in RFP with written comments to client representative
03/12/18	WJO	3.30	Comments on latest draft of RFP including redline
03/13/18	WJO	3.30	Completed modifications to sample contract for use with RFP and delivered to client
03/20/18	WJO	.20	Checked with client on status of engineering RFP

William J. Ohle	17.10 hrs at	472.50 \$/hr = \$	8,079.75
SUBTOTAL CURRENT FEES	17.10 hours	=	\$8,079.75
TOTAL FEES AND COSTS			\$8,079.75

TERMS: DUE AND PAYABLE UPON RECEIPT.

AMOUNTS UNPAID MORE THAN 30 DAYS AFTER INVOICING ARE SUBJECT TO A LATE PAYMENT CHARGE OF 9% PER ANNUM.
IOLTA PARTICIPANTS - PROCEEDS SUPPORT PUBLIC INTEREST OBJECTIVES OF THE LAW FOUNDATIONS.

ATTORNEY-CLIENT COMMUNICATION, PRIVILEGED AND CONFIDENTIAL.

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Eugene, OR
Mountain View, CA

Invoice # 1521035
Page 2
C/M #: 106226-238542

TAX ID# IRS-93-1130272

PREVIOUS OUTSTANDING INVOICES

DATE	INVOICE #	AMOUNT	CREDITS	BALANCE
03/22/18	1515250	\$1559.25	\$.00	\$1559.25

PREVIOUS BALANCE \$1,559.25

FINAL SUMMARY

SUBTOTAL CURRENT FEES	\$8,079.75
TOTAL CURRENT INVOICE	\$8,079.75
PREVIOUS OUTSTANDING INVOICES	\$1,559.25
TOTAL AMOUNT DUE (CURRENT & PREVIOUS)	\$9,639.00

THIS INVOICE REPLACES INVOICE 1520086 DATED 4/20/18

TERMS: DUE AND PAYABLE UPON RECEIPT.

AMOUNTS UNPAID MORE THAN 30 DAYS AFTER INVOICING ARE SUBJECT TO A LATE PAYMENT CHARGE OF 9% PER ANNUM.
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Mountain View, CA

TAX ID# IRS-93-1130272

April 30, 2018

JERRY JAQUES
GENERAL COUNSEL, PORT OF HOOD RIVER
MICHAEL S. MCELWEE
EXECUTIVE DIRECTOR
PORT OF HOOD RIVER
1000 E. PORT MARINA DRIVE
HOOD RIVER, OR 97031

Client/Matter #: 106226-238542
Invoice #: 1521035

Re: Hood River Bridge Replacement Project

REMITTANCE ADVICE

PREVIOUS OUTSTANDING INVOICES

DATE	INVOICE #	AMOUNT	CREDITS	BALANCE
03/22/18	1515250	\$1559.25	\$.00	\$1559.25

PREVIOUS BALANCE \$1,559.25

TERMS: DUE AND PAYABLE UPON RECEIPT.

AMOUNTS UNPAID MORE THAN 30 DAYS AFTER INVOICING ARE SUBJECT TO A LATE PAYMENT CHARGE OF 9% PER ANNUM.
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TAX ID# IRS-93-1130272

FINAL SUMMARY

SUBTOTAL CURRENT FEES	\$8,079.75
TOTAL CURRENT INVOICE	\$8,079.75
PREVIOUS OUTSTANDING INVOICES	\$1,559.25
TOTAL AMOUNT DUE (CURRENT & PREVIOUS)	\$9,639.00

THIS INVOICE REPLACES INVOICE 1520086 DATED 4/20/18

CREDIT CARD/DEBIT CARD AUTHORIZATION

CIRCLE: VISA/MC/AMEX/DISCOVER AMT\$ _____ CARD# _____

EXP. DATE _____ 3 OR 4 DIGIT SECURITY CODE _____ PHONE# _____

CARDHOLDER NAME, IF DIFFERENT _____ INVOICE# _____

CARDHOLDER ADDRESS _____ CLIENT/MATTER# _____

WJO

TERMS: DUE AND PAYABLE UPON RECEIPT.

AMOUNTS UNPAID MORE THAN 30 DAYS AFTER INVOICING ARE SUBJECT TO A LATE PAYMENT CHARGE OF 9% PER ANNUM.
IOLTA PARTICIPANTS - PROCEEDS SUPPORT PUBLIC INTEREST OBJECTIVES OF THE LAW FOUNDATIONS.

ATTORNEY-CLIENT COMMUNICATION, PRIVILEGED AND CONFIDENTIAL.

Commission Memo



Prepared by: Anne Medenbach
Date: May 15, 2018
Re: Real Estate Portfolio Report

The Port undertook a Real Estate portfolio analysis and strategic planning process beginning in February of 2018. The goal of this effort was to devise a management strategy for the Port's existing buildings and remaining developable land. The process included two workshops with the Board and a final report.

On March 20, staff and EcoNW, the contracted project consultants, conducted the first workshop which introduced the framework for the process and outlined the deliverables. Policy assumptions and criteria were presented for input and as a basis for the direction of the strategy.

The second workshop was held during the April 3rd Commission meeting that clarified the assumptions and criteria, reviewed the analysis completed by staff and assessed near-term actions. During the Spring Planning work session on April 17th, final recommendations were provided for consideration for the 2018/19 budget.

Based on input received from the Commission, staff worked with EcoNW to compile the final report; attached. The final report as well as the tools that staff used for the analysis are meant to be utilized on an annual basis for review of next steps for development of existing buildings and developable land. The strategy and recommendations provided in the final report may change over time but set a base structure for a portfolio management strategy that can be used for the long term.

RECOMMENDATION: Discussion.

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Real Estate Asset Strategy



May 2018

Prepared by: Port of Hood River & EcoNW

Port of Hood River
1000 E. Port Marina Dr.
Hood River, OR 97031

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APPENDIX 11

BACKGROUND AND PURPOSE

The Port of Hood River (The Port) maintains a property portfolio that includes vacant land and improved properties with leased buildings. The Port wants to maximize the management of these properties in a way that achieves the Port's policy goals. Port staff, with the assistance of the consulting firm ECONorthwest, have developed a **Real Estate Asset Strategy** to guide decision-making in the near and mid-term. This *Strategy* shows the overall picture of the Port's real estate portfolio by providing (1) a baseline understanding of existing building characteristics and performance and (2) an assessment of the development potential for vacant undeveloped Port-owned properties.

To inform the strategy, Port staff used market information and other assumptions to complete detailed analyses on both existing building performance and potential new development on vacant Port land.

Over the next several years, the Port will revisit the Strategy and refine its recommendations as decisions emerge and the bridge replacement effort is clarified.

This document is organized as follows:

- **Port Property Holdings.** This section provides a summary of the Port's existing buildings and vacant land holdings.
- **Real Estate Asset Strategy.** This section provides a framework for the Port's property related decision-making. It summarizes the Port's policy goals, the local real estate market context, and a set of development strategy options that the Port Commission can consider for real estate development in the near to mid-term. Finally, this section documents the Port Commission's direction to staff regarding real estate holdings and development for Fiscal Year 2018-2019.

There are several appendices that provide supplemental information to this strategy:


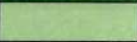
- Appendix A. Property Detail Cut Sheets
- Appendix B. Property Leasing Strategy
- Appendix B. Methods

PORT PROPERTY HOLDINGS

The Port currently owns five types of properties: Industrial, Commercial, Open space/recreational, the Marina, and the airport. The Port has 208,000 square feet of building space within these five property types. Because the Port owns numerous properties—both existing properties with leased buildings and vacant developable land—there are potentially many development options for the Port Commission to consider.






AIRPORT PROPERTIES



Identifier	Name	Square Feet	Map Key
AD1	Commercial Hangars	60,000	
AD2	Box Hangars	30,000	

ODELL PROPERTIES



Identifier	Name	Square Feet	Map Key
M2	Lower Mill-1015	60,984	
LM- MOU	1011 & 1017	206,038	
M3	Lower Mill-902	212,137	
M1	JWBP	28,314	
JWBP	Timber Incubator	10,000	

WATERFRONT PROPERTIES



Identifier	Name	Square Feet	Map Key
Wasco	Wasco Building	13,310	
Big 7	Big 7 Building	41,670	
LI3	Maritime East	87,120	
LI4	Maritime West	87,120	
Maritime	Maritime Building	38,400	
Hal	Halyard Building	20,000	
LI1	Jensen S	15,350	
LI2	Lot D2	27,700	
Jensen	Jensen Building	53,582	
C1	Barman	35,283	
C2	B2	27,700	
C4	Marina Park	106,722	
Marina Park	DMV Building	2,320	
Marina Park	Chamber Building	5,757	

REAL ESTATE ASSET STRATEGY

The Port of Hood River derives much of its operating income from cash flows associated with its property assets. For this reason, the Port desires to think strategically about its property portfolio. This is an important exercise; careful management of the Port's real assets will not only maintain current cash flows, but may open up investment opportunities and enable actions that perpetuate the Port's economic development mission.

This section describes the framework for how Port Staff evaluated the Port's real estate portfolio, both at the individual property level, and also from an entire portfolio perspective. Additionally, this section documents the process by which Port Staff presented options for near-term property related actions to the Port Commission and, ultimately, the decisions made by the Port Commission regarding those actions.

This section is intentionally organized to walk the reader through the real estate asset strategy—the core components of which are; (1) the Port's Policy Assumptions; and (2) a set of property-focused criteria. Later in this section, we document the process undertaken to recommend near-term actions to the Port Commission, and the results the Commission's deliberation and direction.

PORT POLICY ASSUMPTIONS

To have a strategy, one must have guiding principles or assumptions to identify and guide actions. Drawing from the Port's bylaws and other strategic documents, Port Staff developed seven "Strategic Policy Assumptions." The intention of these Policy Assumptions is not to define individual actions, but to, at a high level, state the goals the Port is trying to achieve when making property related decisions. The Policy Assumptions can be thought of as general guidelines for all real estate asset related decision-making.

The seven Policy Assumptions are presented below:

STRATEGIC POLICY ASSUMPTIONS

1. Balance financial return with other economic development objectives.
2. Increase real estate portfolio revenue and decrease financial reliance on the Bridge.
3. Maintain a broad portfolio to ensure that businesses at all stages have space to grow.
4. Consider projects that leverage the Port's public sector resources and capabilities.
5. Develop and manage each property to maintain its separate financial sustainability.
6. Consider regional priorities and needs when making portfolio decisions.
7. Adhere to the Port's financial policies.

The policy assumptions reflect the Port's roles as an incubator for economic development in the Hood River area and a responsible steward of its properties. They balance the Port's desire to support Hood River area businesses at all stages of growth, with the need for the organization to be financially

resilient in the face of fluctuating market cycles and concerns regarding an over-reliance on the income from the Hood River Bridge.

Port Staff presented draft policy assumptions to the Port Commission during the March 22nd, 2018 work session. With input from the Commission and after consideration and discussion, staff brought amended policy assumptions to the Port Commission work session on April 3rd, 2018. The Port Commission confirmed the amended policy assumptions during the April 3rd meeting, and directed Port staff to use the amended assumptions going forward.

The policy assumptions presented above are the amended and final versions for fiscal year 2018/19. In future years, it may be appropriate for the Port Commission to reconsider one, several, or all of the policy assumptions. Changes to Port owned assets, major swings in economic or market conditions, or unforeseen events, may require an adjustment or reconsideration.

EVALUATION CRITERIA

In addition to the policy assumptions described in the previous section, specific criteria are needed to thoroughly examine and decide on property-level actions. Moreover, where the policy assumptions are a high-level guide for the Port's approach to its real estate assets, the Port staff can use the evaluation criteria to evaluate each property's qualities and determine individual property actions.

Like the policy assumptions, Port staff created draft lists of evaluation criteria, presented them to the Port Commission for consideration, and then amended them as directed. There are two sets of evaluation criteria, shown below.

- The first set is for consideration of existing buildings. The existing building criteria poses questions about the buildings current cash flows, contribution to the Port's goals, and the potential for future earnings or redevelopment.
- The second set of criteria is for "Future Development Opportunities" or FDOs. These are Port-owned properties that may be suitable for new development or redevelopment (e.g. vacant land or a property with an aging building). The FDO criteria is almost solely focused on the property's future capacity for development and the potential results of that development.

EXISTING BUILDING ASSESSMENT

1. Does this property contribute to the Port's revenue?
2. What is the property's need for future capital investment?
3. What is the potential for redevelopment?
4. To what degree does this property fill an important market niche or need?
5. Does this property contribute to a diverse property portfolio?
6. What is the marketability of the property?

FUTURE DEVELOPMENT EVALUATION

1. What is the estimated development cost?
2. What are the risk factors in developing this property?
3. What is the job creation potential for this property?
4. What is the potential for this project to become a catalyst for other local projects?
5. What is the potential for this property to increase the Port's revenue base?
6. Does this property contribute to the Port's diverse property portfolio?
7. How would developing this property affect the Port's debt capacity?
8. What is the ideal timing to develop this property?

DECISION MATRIX

The policy assumptions provide the general guide for the Port’s asset strategy and the evaluation criteria provide a tool for individual property to property decision-making; how can all of the Port’s properties then be evaluated side by side? To accomplish this task, Port staff worked with ECONorthwest to develop a decision matrix for both existing buildings and FDOs.

These decision matrices allow for a portfolio-wide view of existing buildings and FDOs—displaying the relative strength of each criterion side by side. Decision matrices are commonly used to encourage properties in need of action to “float to the top”, i.e. rank higher, in the aggregate, than all other properties. Here, Port staff is using the matrices differently. Port staff created a matrix for each set of properties, existing buildings and FDOs, and their corresponding criteria. They then used spotlight colors—green, yellow, and red—to show how well each property performed under each criterion. Here the point is less the aggregate “score” of each property, but a reflection on where each property stands in relation to its equivalents. Moreover, with finite resources, the Port has limited property investment options, the matrices are designed to help identify which properties may deserve the most attention, and how each property fits into the entire Port portfolio. Therefore, properties at the top of the list may warrant the most attention, but others farther down the list may require less pressing actions.

Using the evaluation criteria, Port staff analyzed each property—existing buildings and FDOs—and filled out the corresponding matrix. Port staff then brought the preliminary matrices to the Port Commission for comment and review during the April 3rd Port Commission Meeting.

The final matrices for fiscal year 2018/19 are discussed below.

EXISTING BUILDINGS

Exhibit 1 shows a summary of how the Port’s existing buildings perform for each criterion. The properties are ordered from best performance to weakest performance. Although the criteria evaluation exercise is qualitative in nature, the ranking of properties helps one understand the relative strength of each property.

Exhibit 1: Existing Building Analysis Summary

Property Name	Significant Cash Flow	High Demand	Provides Diversity	Highly Marketable	Low Capital Investment Need	High Redev't Potential
Maritime	Green	Green	Red	Green	Red	Green
Jensen	Red	Green	Green	Green	Red	Yellow
Wasco	Green	Green	Red	Green	Green	Red
Halyard	Green	Green	Red	Green	Yellow	Red
Big 7	Green	Green	Green	Yellow	Red	Yellow
Timber Inc.	Yellow	Green	Red	Green	Yellow	Yellow
Chamber	Red	Green	Red	Green	Yellow	Green
DMV	Red	Green	Red	Green	Yellow	Green

Source: Port of Hood River staff analysis

FUTURE DEVELOPMENT OPPORTUNITIES

The future development opportunities (FDOs) matrix in **Exhibit 2** is similar to the existing conditions matrix, however the framing is focused on the development potential for each FDO. In contrast to the analysis of existing buildings, the FDO evaluation is focused on future development potential.

Exhibit 2: Future Development Opportunities Analysis Summary

Name	#	Equity Req't under \$1.5m	Significant Cash Flow	Significant Job Potential	Immediate Opportunity	Shovel Ready	Provides Diversity	Fills Need	Catalyzes Development	Meets Return Req't
Maritime East	IL3	🟡	🟢	🟢	🟢	🟢	🟢	🟢	🟢	🟢
S. Jensen	IL1	🟢	🟢	🟢	🟡	🟡	🟢	🟢	🔴	🟢
Lot D2	IL2	🟢	🟢	🟢	🟡	🔴	🟢	🟡	🟢	🟢
Lower Mill 1015	M2	🟢	🟡	🟡	🟡	🟢	🟢	🟢	🟡	🟡
Lot B2	C2	🟢	🟢	🟢	🔴	🔴	🟢	🟢	🟡	🟢
Barman	C1	🟢	🟢	🟢	🔴	🔴	🟢	🟢	🔴	🟢
John Webber BP	M1	🟢	🟢	🟢	🔴	🔴	🟢	🟢	🔴	🟢
Lower Mill 902	M3	🟢	🟢	🟢	🔴	🔴	🟢	🟢	🔴	🟢
Maritime West	IL4	🟡	🟡	🟢	🟡	🔴	🟢	🟢	🟡	🟡
Marina Park	C3	🔴	🟢	🟢	🔴	🔴	🟢	🟢	🟡	🟢
Airport Box	AD2	🟢	🔴	🔴	🟡	🔴	🟢	🟢	🟢	🔴
Airport Commercial	AD1	🔴	🔴	🟡	🔴	🔴	🟢	🟡	🟢	🔴

Source: Port of Hood River staff analysis

Property related actions will be discussed in the next section of the report.

RECOMMENDATIONS AND ACTIONS, FISCAL YEAR 2018/19

This section provides a summary of Fiscal Year 2018/19 recommendations for existing buildings and properties with future development opportunities based on the qualitative evaluation process outlined in the previous two sections and analysis by Port staff. This is a "working document", meaning that the Port Commission will revisit the recommendations outlined in this section each year (starting in 2019), with new information from Port staff based on market conditions, property inquiries, and other factors.

EXISTING BUILDINGS

The Port's portfolio of existing buildings, excluding the airport and marina, consists of eight multi-tenanted buildings. Understanding what stage each of the Port's buildings are at can help Port staff to be aware of potential future outlays or property repositioning options. All buildings follow a standard life cycle:

- **Retain/Maintain:** One to 20-year-old buildings that are stable cash producers. May need minor repairs (paint, flooring, doors).
- **Remodel:** 25- to 50-year-old buildings with major building system replacements required (Roof, HVAC, siding, windows).
- **Redevelop (FDO):** 40- to 50+-year-old buildings that need major structural repairs/changes.
- **Sell:** A building with a location or use that no longer fits with mission of the Port. Selling of the asset would fund a project that fits mission.

Exhibit 3 summarizes the life cycle stage and property performance for each of the Port's existing buildings. For existing buildings, most of the Port's long-term leases are expiring over the next five years. For buildings that will not be undergoing redevelopment, the recommendation is: **renegotiate these into triple net leases**. While rental rates will not necessarily increase to be in line with the market (except for the Jensen Building), the Port will be able to pass through actual operating expenses. This change will increase the Port's net operating income, essentially doubling income at two buildings and improving performance for others.

The Maritime site is shown as both an existing building and an FDO. The site is large, and the proposal is to construct a building to the east of the existing building and keep the existing building functioning until such time as it makes sense to demolish and rebuild. The S. Jensen site is a portion of land that has a small, decrepit building and vacant land that could host a new building while keeping the existing large Jensen building in place.

Exhibit 3: Recommendation Summary for Existing Buildings

Property Name	Life Cycle Stage	FY 2019 Action	Significant Cash Flow	High Demand	Provides Diversity	Highly Marketable	Low Capital Investment Need	High Redev't Potential
Maritime	Maintain/Redevelop	Develop Excess land- FDO	Green	Green	Red	Green	Red	Green
Jensen	Maintain	Develop excess land- FDO	Red	Green	Green	Green	Red	Yellow
Wasco	Maintain	Maintain	Green	Green	Red	Green	Green	Red
Halyard	Maintain	Maintain	Green	Green	Red	Green	Yellow	Red
Big 7	Remodel	New Roof	Green	Green	Green	Yellow	Red	Yellow
Timber Inc.	Remodel	Minor repairs	Yellow	Green	Red	Green	Yellow	Yellow
Chamber	Remodel	Roof repairs	Red	Green	Red	Green	Yellow	Green
DMV	Remodel	Maintain	Red	Green	Red	Green	Yellow	Green

DEVELOPMENT OPTIONS

Exhibit 4 summarizes near- and long-term recommendations for each FDO property, along with any immediate actions. This table is divided into properties with immediate actions and properties with long-term actions. There are four properties with immediate actions: Maritime East, South Jensen, the Lower Hanel Mill Lots, and the Airport Box property.

Exhibit 4: Recommendation Summary for Future Development Opportunities

Name	#	Recommendation		Immediate Actions
		Near-term	Long-term	
Immediate Actions				
Maritime East	LI4	Develop	Hold	<ul style="list-style-type: none"> Budget for A & E in 2018/19 and construction in 2019/20 Revise lease with HRD Begin MOU negotiations
S. Jensen	LI1	Develop	Hold	<ul style="list-style-type: none"> Budget for A & E and site preliminaries in 2018/19 Market the site for potential build to suit development 2019/20 Enter into negotiations with parties 2019/20 Budget for construction in 2020/21
Lower Hanel Mill 902, 1011, 1017 & 1015	LI2	Sell	N/A	<ul style="list-style-type: none"> Complete Stadleman water line extension Finalize DDA with Neal Creek Forest Products Complete wetland mitigation and fill project
Airport Box	A1	Land Lease	Develop	<ul style="list-style-type: none"> Survey and prepare the site Market the site
Long-Term Actions				
Maritime West	LI4	Hold	Develop	<ul style="list-style-type: none"> Demolish existing building
Lot D2- Lot 1 LI	LI2	Hold	Land / Building Lease/Sell	<ul style="list-style-type: none"> Infrastructure needed
Lot B2- Lot 1-LI with commercial Overlay	C2	Hold	Land / Building Lease/Sell	<ul style="list-style-type: none"> Infrastructure needed
John Webber Business Park	M1	Hold	Sell	<ul style="list-style-type: none"> Complete wetland fill Extend utilities
Marina Park	C4	Hold	Develop	
Barman	C1	Hold	Sell/Develop/Lease	Clarify access
Airport Commercial	A1	Hold	Land Lease/Develop	<ul style="list-style-type: none"> Complete COVI infrastructure extensions Complete south side underground utilities

APPENDIX

A. PROPERTY CUTSHEETS

This appendix provides a two-page profile of each of the Port's properties, including analysis of existing property performance, a land lease vs. sale analysis, a cash flow model, and (for some properties) a pro forma model showing the performance of a potential redevelopment project on the property.

B. EXISTING BUILDING STRATEGY

This appendix provides a narrative regarding a lease strategy for existing building and how that strategy impacts performance.

C. METHODS

This appendix describes how Port Staff and ECONorthwest reviewed the Port's portfolio of properties. This section also provides a listing of real estate definitions and assumptions that the team used to conduct the analysis.



Development Analysis 2018- FDO Analysis Summary

APPENDIX A- FDO Summary

Staff conducted multiple types of analysis on the Port's owned, vacant, buildable land. All lands were included. Much work has been done regarding building sizes, infrastructure requirements, use and construction types etc. Walker Macy and EconW have done extensive work on market and construction rates for waterfront, specifically lot 1 development. Staff used this previous work to analyze the properties.

Assumptions	Flex warehouse	Flex Production	Flex office	Office/retail
Lease rate/sf	\$ 1.25	\$ 1.54	\$ 1.75	\$ 1.85
Hard cost/sf	\$ 180.00	\$ 187.50	\$ 190.00	\$ 200.00
off waterfront-lease rate	\$ 0.70	\$ 0.75	\$ 0.95	
Hard cost/sf	\$ 100.00	\$ 110.00	\$ 125.00	

Staff wanted to evaluate each property with three options in mind: Sell, Lease or develop. To do that, many assumptions were made and the local market was evaluated. These numbers are helpful in that they provide a broad picture of each properties investment potential and assist with the weighing of each option.

All of the properties have been surveyed and infrastructure needs are mostly known. Preliminary architecture has been done for most and the remainder, staff has a decent idea of what can fit on site with set back and parking requirements. There are cut sheets provided for each property, however, a roll up of that information is provided here as a summary.

Land Lease VS Sale

Property ID	Property Name	Total sf	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)
AD1	Airport	Commercial Hangars	60,000	Med	warehouse/tech	Cannot sell, Federally obligated		.40/sf/yr	\$ 24,000.00	\$ 583,136.00
AD2	Airport	Box Hangars	30,000	Med	Storage	Cannot sell, Federally obligated		.25/sf/yr	\$ 7,500.00	\$ 182,230.00
C1	Barman	35,283	20000	High	Office/retail	\$ 15.00	\$ 529.25	.80/sf/yr	\$ 28.23	\$ 685,617.00
IL1	Jensen South	15,350	8,000	High	Flex office	\$ 15.00	\$ 230,250.00	.70/sf/yr	\$ 5,600.00	\$ 136,065.00
M1	JWBP	28,314	10,000	High	Flex warehouse	\$ 4.00	\$ 113.26	.20/sf/yr	\$ 5.66	\$ 137,571.00
IL2	Lot 1- below	375,922	134,150			\$ 15.00	\$ 5,638.83	.70/sf/yr	\$107,320.00	\$ 2,607,594.00
IL2	Lot D2	27,700	20,100	High	Flex office	\$ 15.00	\$ 415,500.00	.70/sf/yr	\$ 19,600.00	\$ 476,228.00
C2	Lot B2	26,571	9,925	High	Office/retail	Port policy-no water adjacent sale		.70/sf/yr	\$ 8,000.00	\$ 194,379.00
C3	Lot B1	7,000	6,580	High	Office/Retail	Port policy-no water adjacent sale		.70/sf/yr	\$ 5,600.00	\$ 136,065.00
M2	Lower Mill-1015	60,984	20,000	High	Flex warehouse	\$ 5.00	\$ 304,920.00	.25/sf/yr	\$ 15,246.00	\$ 370,437.00
M3	Lower Mill-902	212,137	80,000	High	Flex warehouse	\$ 5.25	\$ 1,113,719.25	.25/sf/yr	\$ 53,034.25	\$ 1,288,587.00
M4	Lower Mill-Neal Creek	206,038	70,000	High	Manufacturing	\$ 5.00	\$ 1,030,190.00	.25/sf/yr	\$ 51,509.50	\$ 1,251,533.00
IL3	Maritime East	87,120	30,000	High	Flex production	Port policy-no water adjacent sale		.50/sf/yr	\$ 43,560.00	\$ 1,058,399.00
IL4	Maritime West	87,120	30,000	High	Flex warehouse	Port policy-no water adjacent sale		.50/sf/yr	\$ 43,560.00	\$ 1,058,399.00
C4	Marina Park	106,722	40,000	Med	Office/retail	Port policy-no water adjacent sale		.60/sf/yr	\$ 61,462.20	\$ 1,493,361.00
		730424.24	418755.00			Total land sales	\$ 3,100,860.58		\$446,025.84	\$ 11,659,601.00



Development Analysis 2018- FDO Analysis Summary

Development Pro-Forma

Property Name	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	NPV on sale	Cap rate	cash on cash (after Debt service)	20yr IRR with no sale	NPV no sale
AD1 Airport	\$ 4,576,500.00	\$ 915,300.00	0.70	\$230,396.54	\$ (41,643.46)	\$ (13,064.23)	6%	\$ 2,511,446.00	8%	-1%	-4.87%	\$ (1,650,831.00)
AD2 Airport	\$ 3,375,000.00	\$ 675,000.00	0.45	\$148,112.06	\$ (54,980.94)	\$ (19,401.69)	5%	\$ 155,458.00	9%	-3%	-16.74%	\$ (1,005,669.00)
C1 Barman	\$ 6,524,000.00	\$ 1,304,800.00	1.85	\$405,936.77	\$ 8,108.77	\$ 117,955.58	13%	\$ 4,234,521.00	7%	9%	4.03%	\$ 5,584.00
IL1 Jensen South	\$ 2,596,800.00	\$ 507,360.00	1.75	\$153,597.70	\$ (7,194.30)	\$ 97,850.39	15%	\$ 3,590,856.00	7.5%	19%	3.38%	\$ (94,296.00)
M1 JWBP Lot 1	\$ 1,405,530.00	\$ 281,106.00	0.70	\$ 76,798.85	\$ 594.85	\$ 21,376.68	11%	\$ 689,450.00	8%	8%	3.08%	\$ (31,611.00)
IL2 Lot D2	\$ 6,225,628.50	\$ 1,245,125.70	1.75	\$385,914.21	\$ 1,282.21	\$ 97,710.90	12%	\$ 3,790,998.00	8%	8%	3.28%	\$ (111,742.00)
C2 Lot B2	\$ 3,512,827.50	\$ 702,565.50	1.85	\$201,446.12	\$ (17,377.88)	\$ 30,383.60	10%	\$ 1,689,204.00	7%	4%	-1.51%	\$ (412,200.00)
C3 Lot B1										#DIV/0!		
M2 Lower Mill-1015	\$ 2,910,075.00	\$ 582,015.00	0.70	\$159,597.70	\$ (29,394.30)	\$ 6,919.35	7%	\$ 823,131.00	7.5%	1%	-5.52%	\$ (563,243.00)
M3 Lower Mill-902	\$ 9,587,550.00	\$ 1,917,510.00	0.70	\$537,591.94	\$ (49,347.06)	\$ 89,625.74	10%	\$ 3,883,799.00	8%	5%	0.41%	\$ (971,884.00)
IL3 Maritime East	\$ 8,978,287.50	\$ 1,795,657.50	1.54	\$506,872.40	\$ (43,403.60)	\$ 85,756.47	10%	\$ 2,757,768.00	8%	5%	-28.00%	\$ (886,628.00)
IL4 Maritime West	\$ 8,308,125.00	\$ 1,661,625.00	1.25	\$411,422.40	\$ (96,525.60)	\$ 13,384.85	8%	\$ 4,370,867.00	7.5%	1%	-6.99%	\$ (1,779,480.00)
C4 Marina Park	\$ 12,585,300.00	\$ 2,517,060.00	1.85	\$811,873.54	\$ 44,542.54	\$ 258,236.16	13%	\$ 21,011,857.00	7%	10%	5.72%	\$ 566,860.00



Development Analysis 2018- Future Development Land

A1- Airport Box Hangars

There are three locations that the Port could develop box hangars, as shown on the 2018 Airport Layout Planx hangars are smaller than commercial hangars and are meant for storage of one or multiple planes, not for business use. The areas shown below could host box hangars, but not T-hangars and are probably not ideal for commercial hangars due to access, size constraints or location.

Infrastructure needs: Utilities would have to be brought to all but the south location. The eastern most site is zoned EFU and would have to undergo a zone change.

Opportunity: There is a 40+ t hangar wait list as well as an unknown amount of seemingly intense interest in storage hangars such as these.

Site size	Zoning	Shovel ready date	Max build size	Number of bldgs
3 acres	AD	2019-?	30,000	17



Land Lease VS Sale					
Market interest	Land sale price PSF	Total land sale	Land Lease price/sf	Annual land lease payment	20 yr total lease income (2% increase)
Med-High	Cannot sell, Federally obligated		.25/sf/yr	\$ 7,500.00	\$ 182,230.00

Development Pro-Forma					
Total construction cost	Initial investment (20% down)	Lease rate	NOI	20 year ave cash flow	20 Year IRR
\$ 3,645,000.00	\$ 729,000.00	\$ 0.40	\$ 131,655.17	\$ (56,000.00)	2%

Income Analysis	sf	rate/sf/mo	units
	30,000	\$ 0.40	12
Vacancy/Credit loss			3%
Potential Gross Income			
<i>All reimbursibles passed through, assuming NNN lease</i>			
Non-reimbursible salary expense		6%	
Reserves		2%	
Operating expenses			
Net Operating Income			

Development Costs	psf	total
landscaping	\$ 80.00	\$ 2,400,000.00
Site prep	10%	\$ 240,000.00
parking	20	\$ 60,000.00
costs total		\$ 2,700,000.00
Soft costs 30% hard cost		\$ 810,000.00
hard total		\$ 3,510,000.00
Contingent	5%	\$ 175,500.00
Total Development cost		\$ 3,685,500.00

Ratio	Financed	Port investment	Annual payment	20 year ROI
80/20	\$ 2,916,000.00	\$ 729,000.00	\$ 219,341.00	2%

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Cash Flow Model										
Operating Income										
Potential Gross Rent	\$147,600.00	\$151,290.00	\$155,072.25	\$158,949.06	\$162,922.78	\$166,995.85	\$171,170.75	\$175,450.02	\$179,836.27	\$184,332.17
Vacancy/Credit loss	-\$4,449.60	-\$4,583.09	-\$4,720.58	-\$4,862.20	-\$5,008.06	-\$5,158.31	-\$5,313.06	-\$5,472.45	-\$5,636.62	-\$5,805.72
Operating Expenses	\$143,150.400	\$ 146,706.91	\$ 150,351.67	\$ 154,086.86	\$ 157,914.72	\$ 161,837.55	\$165,857.69	\$169,977.57	\$174,199.65	\$178,526.46
<i>assumes NNN lease</i>										
Salary expenses	-\$8,632.22	\$ (8,891.19)	\$ (9,157.93)	\$ (9,432.66)	\$ (9,715.64)	\$ (10,007.11)	\$ (10,307.33)	\$ (10,616.55)	\$ (10,935.04)	\$ (11,263.09)
Reserves	-\$2,863.01	-\$2,994.14	-\$3,007.03	-\$3,081.74	-\$3,158.29	-\$3,236.75	-\$3,317.15	-\$3,399.55	-\$3,483.99	-\$3,570.53
NOI	\$131,655.168	\$134,866.823	\$138,156.378	\$141,525.708	\$144,976.734	\$148,511.422	\$152,233.213	\$155,961.472	\$159,780.611	\$163,692.832
Less Debt Service	\$ (219,341.00)	\$ (219,341.00)	\$ (219,341.00)	\$ (219,341.00)	\$ (219,341.00)	\$ (219,341.00)	\$ (219,341.00)	\$ (219,341.00)	\$ (219,341.00)	\$ (219,341.00)
CIP budget			\$ (10,000.00)							
Cash Flow	-\$87,685.832	-\$84,474.177	-\$81,184.622	-\$87,815.292	-\$74,364.266	-\$70,829.578	-\$67,107.787	-\$73,379.528	-\$59,560.389	-\$65,648.168



Development Analysis 2018- Future Development Land

A1- Airport Commercial Hangars

There are two locations that the Port could develop commercial hangars, one is shown below, the other is on the south side adjacent to the proposed HTCAI hangars. These hangars are meant to house aviation related businesses and be similar to a standard industrial flex space with office and hangar areas.

Infrastructure needs: The north side hangar utilities will be stubbed out at the site using the Connect 6 grant funds. The south side has all utilities adjacent and will need to extend them across the road as well as underground the power and improve the storm pipe system.

Timing: The north side will be shovel ready by summer of 2019. The south side could be ready near the same time.

Opportunity: A market test will be needed once a direction is known. There is stated high interest but no serious conversations currently. Marketing will allow the Port to gauge the level of actual interest in these properties.

Site size	Zoning	Shovel ready date	Max build size
35,283	AD	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)
Med-High	Warehouse/Tech	Cannot sell, Federally obligated		.40/sf/yr	\$ 12,000.00	\$ 291,568.00

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
\$ 4,981,500.00	\$ 996,300.00	\$ 0.75	\$ 246,853.44	\$ 890,723.55	\$ 7,516.18	8%

Income Analysis			
	sf	rate/sf	
	30,000	\$ 0.75	12
			\$270,000.00
	Vacancy/Credit loss		3%
			-\$8,100.00
	Potential Gross income		\$261,900.00
<i>All reimbursibles passed through, assuming NNN lease</i>			
	Non-reimbursible salary expense		6%
			-\$15,714.00
	Reserves		2%
			-\$5,238.00
	Operating expenses		-\$20,952.00
	Net Operating Income		\$240,948.00

Development Costs			
		psf	total
	landscaping	\$	100.00
		\$	10.00
	Site prep	\$	10.00
		\$	300,000.00
	parking	\$	30
		\$	3,000.00
	Hard costs total		\$ 3,690,000.00
	Soft cost 30% hard cost	\$	36.90
		\$	1,107,000.00
	Soft and hard total		\$ 4,797,000.00
	Contingent	\$	5%
		\$	6.15
		\$	184,500.00
	Total Building Development	\$	166.05
		\$	4,981,500.00

Permanent financing loan at 4.25%, 20 year fixed				
Ratio	Financed	Port investment	Annual payment	20 year ROI
80/20	\$ 3,985,200.00	\$ 996,300.00	\$ 296,136.00	8%

Cash Flow Model										
	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Operating Income										
Potential Gross Rent	\$276,750.00	\$283,668.75	\$290,760.47	\$298,029.48	\$305,480.22	\$313,117.22	\$320,945.15	\$328,968.78	\$337,193.00	\$345,622.83
Vacancy/Credit loss	-\$6,343.00	-\$8,593.29	-\$8,851.09	-\$9,116.62	-\$9,390.12	-\$9,671.82	-\$9,961.98	-\$10,260.84	-\$10,568.66	-\$10,885.72
Operating Expenses	\$268,407.000	\$ 275,075.46	\$ 281,909.38	\$ 288,912.86	\$ 296,090.10	\$ 303,445.40	\$310,983.18	\$318,707.94	\$326,624.34	\$334,737.10
<i>assumes NNN lease</i>										
Salary expenses	-\$16,185.42	\$ (16,670.98)	\$ (17,171.11)	\$ (17,686.25)	\$ (18,216.83)	\$ (18,763.34)	\$ (19,326.24)	\$ (19,906.03)	\$ (20,503.21)	\$ (21,118.30)
Reserves	-\$5,368.14	-\$5,501.51	-\$5,638.19	-\$5,778.26	-\$5,921.80	-\$6,068.91	-\$6,219.66	-\$6,374.16	-\$6,532.49	-\$6,694.74
NOI	\$246,853.440	\$252,875.293	\$259,043.208	\$265,360.702	\$271,831.376	\$278,458.916	\$285,437.274	\$292,427.761	\$299,588.647	\$306,924.060
Less Debt Service	\$ (259,116.00)	\$ (259,116.00)	\$ (259,116.00)	\$ (259,116.00)	\$ (259,116.00)	\$ (259,116.00)	\$ (259,116.00)	\$ (259,116.00)	\$ (259,116.00)	\$ (259,116.00)
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	-\$22,262.560	-\$16,240.707	-\$10,072.792	-\$3,755.298	\$2,715.376	\$9,342.916	\$16,321.274	\$23,311.761	\$30,472.647	\$37,808.060