

RESOLUTION NO. 1601

A RESOLUTION setting forth Port policy regarding the rental lease rates and related policies of the Port of Pasco

WHEREAS, the Port owns commercial and industrial properties and from time-to-time leases said property to individuals and companies; and

WHEREAS the Port is authorized by statute to lease all lands owned or controlled by it for such purposes and upon such terms as the Port Commission deems proper; and

WHEREAS, the Port chooses to maintain a listing of ordinary and usual rental lease rates; and

WHEREAS, Port wishes to establish certain policies related to the leasing of its commercial and industrial properties to act as a guideline to help establish lease rates and security requirements;

NOW, THEREFORE, BE IT HEREBY RESOLVED, that the Port revises the following policy regarding the leasing of Port owned property and rental rates for lease thereof:

Section 1.-Rental Lease Rates: The Port of Pasco hereby establishes a schedule of rental lease rates as outlined in Exhibit "A", Exhibit "C" and rental policies as outlined in Exhibit "B" relating to leasing its commercial and industrial properties and related accessory facilities. This schedule of rental lease rates may be reduced, increased, and modified on a case-by-case basis at the Port's discretion, consistent with the Port's purpose of promoting economic development within the Port District and taking into consideration vacancy rates and condition of premises. The Executive Director may reduce or otherwise modify the rental lease rates per the Commission approved incentive policies included in Exhibit "B".

Section 2. –Consumer Price Index Adjustment (CPI): January 1 of each year, without further action by the Port Commission, the lease rates set forth in Exhibits "A" and "C" may be increased as outlined below:

At the beginning of each calendar year, the Rental lease rate may be increased in an amount equal to the product of the Rent times a number equal to the percentage increase in the CPI over a 12-month period, calculated by using the most recently published CPI and the CPI published 12 months earlier. The CPI used shall be based on the data Index of the Bureau of Labor Statistics of the United States Department of Labor for All items in West - Size Class B/C, all urban consumers, not seasonally adjusted.

SECTION 3. – Market Rate Adjustments: At least once every five years, without further action by the Port Commission, the Port staff shall ascertain by appraisal, market analysis or other means the fair rental value of the Port's properties and may modify the rates set forth in Exhibit A. Market survey results will be shared with Port Commission.


SECTION 4. – Utility and Other Charges: Without further action by the Port Commission, the Port shall increase its charges for utility services and similar charges to tenants by the amount of any increased cost to the Port for such items.

SECTION 5. – Tariffs: From time to time, without further action by the Port Commission, the Port Executive Director may increase, decrease, or otherwise adjust, or approve the increase, decrease or adjustment of, the tariff schedule to bring it into conformance with market conditions, or adjust the rates for inflation based on the Consumer Price Index.

SECTION 6. -Effective Date: The effective date of these policies shall be January 1, 2023.

Resolution No. 1576 is hereby rescinded.

PORT OF PASCO COMMISSION


Vicki Gordon, President


Jean Ryckman, Vice-President


Jim Klindworth, Secretary

EXHIBIT "A"

RENTAL LEASE RATES

EFFECTIVE JANUARY 1, 2023

Rates Do Not Include 12.84% Washington State Leasehold Excise Tax.

Big Pasco Industrial Area – Warehouse Lease Rates

| Building ID | Building Address | Leasable Sq Ft | Per Sq Ft. |
|-------------|-----------------------|----------------|------------|
| W1B1 | 1805 E Ainsworth | 43,200 | \$0.3178 |
| W1B2 | 1901 E Ainsworth | 43,200 | \$0.0484 |
| W1B3 | 1941/1951 E Ainsworth | 43,200 | \$0.2665 |
| W1B4 | 2021 E Ainsworth | 43,200 | \$0.3075 |
| W2B1 | 2105 E Ainsworth | 43,200 | \$0.3178 |
| W2B2 | 2201 E Ainsworth | 43,200 | \$0.2665 |
| W2B3 | 2241 E Ainsworth | 43,200 | \$0.2665 |
| W2B4 | 2321 E Ainsworth | 43,200 | \$0.3075 |
| W3B1 | 2405 E Ainsworth | 43,200 | \$0.3075 |
| W3B2 | 2505 E Ainsworth | 43,200 | \$0.2665 |
| W3B3 | 2541 E Ainsworth | 43,200 | \$0.2973** |
| W3B4 | 2699 E Ainsworth | 43,200 | \$0.2973 |
| W4B1 | 2805 E Ainsworth | 43,200 | \$0.2973 |
| W4B2 | 2825 E Ainsworth | 43,200 | \$0.2768 |
| W4B3 | 2841 E Ainsworth | 43,200 | \$0.0484 |
| W4B4 | 2999 E Ainsworth | 43,200 | \$0.3413 |
| W5B1 | 3005 E Ainsworth | 43,200 | \$0.3413 |
| W5B2 | 3105 E Ainsworth | 43,200 | \$0.3112 |
| W5B3 | 3205 E Ainsworth | 43,200 | \$0.2870 |
| W5B4 | 3295 E Ainsworth | 43,200 | \$0.3178 |
| W6B1 | 3305 E Ainsworth | 43,200 | \$0.2973 |
| W6B2 | 3405 E Ainsworth | 43,200 | \$0.2563 |
| W6B3 | 3455 E Ainsworth | 43,200 | \$0.0484 |
| W6B4 | 3599 E Ainsworth | 43,200 | \$0.3075 |
| W7B1 | 1810 E Ainsworth | 43,200 | \$0.3075 |
| W7B2 | 1902 E Ainsworth | 43,200 | \$0.2665 |
| W7B3 | 1940 E Ainsworth | 43,200 | \$0.2665 |
| W7B4 | 2020 E Ainsworth | 43,200 | \$0.2973 |
| W8B1 | 2110 E Ainsworth | 43,200 | \$0.3793 |
| W8B2 | 2202 E Ainsworth | 43,200 | \$0.2665 |
| W8B3 | 2240 E Ainsworth | 43,200 | \$0.2665 |
| W8B4 | 2320 E Ainsworth | 43,200 | \$0.3075 |

APPLICABLE DISCOUNTS*:

| | | | | | | | |
|----|----------------------------|----|---------------------|-----|----------------------------|----|---------------------|
| 4% | for 2 yr term lease | 5% | for 3 yr term lease | 6% | for 4 yr term lease | 7% | for 5 yr term lease |
| 5% | for leasing 4 or more bays | | | 10% | for leasing 8 or more bays | | |

*Discounts also apply with the above term leases to warehouse slabs that are not enclosed warehouse bays.

**This price includes a 15% partial bay surcharge, as this is a “shared” bay.

Big Pasco Industrial Area - Building Lease Rates

| Building ID | Building Address | Leasable Sq Ft | Per Sq Ft |
|-------------|-------------------------|----------------|-----------|
| T131 | 2151 E Dock St | 25,000 | \$0.3625 |
| T179 | 2440/2490 E Ainsworth | 36,000 | \$0.3895 |
| T106 | 1740 E Ainsworth | 3,100 | \$0.3895 |
| T107&T107A | 1715 E Ainsworth | 8,440 | \$0.3895 |
| T208 | 1699 E Ainsworth | 5,129 | \$0.3895 |
| T208A | 1799 E Ainsworth | 4,480 | \$0.3895 |
| T2-75 | 2630-2690 E Ainsworth | 10,920 | \$0.4305 |
| T6-75 | 2550-2590 E Ainsworth | 10,920 | \$0.4305 |
| T-280 | 1830 SE Rd 18 | 6,732 | \$0.3895 |
| T-900 | 3305 E Commerce St | 23,925 | \$0.4920 |
| T-300 | 1952 Dock Street | 3,000 | \$0.3895 |
| T-323 | 2030 E Crane | 1,848 | \$0.2563 |
| T1-2010 | 2926 E Ainsworth | 22,535 | \$1.0250 |
| T3-80 | 2090 E Crane St | 5,000 | \$0.2563 |
| | Paint & Sandblast Booth | | \$0.1538 |

Wharf Building Lease Rates

| Building ID | Building Address | Leasable Sq Ft | Per Sq Ft |
|-------------|------------------|----------------|-----------|
| M301 | 900 W River | 4,750 | \$0.3319 |
| M302 | 602 W Ainsworth | 3,000 | \$0.3075 |
| M303 | 619 W River | 3,000 | \$0.2050 |
| M304 | 669 W River | 2,100 | \$0.2050 |
| M305 | 719 W River | 5,000 | \$0.2050 |
| M306 | 1322 S 8th | 900 | \$0.4795 |
| M307 | 812 W Washington | 2,500 | \$0.3690 |
| M720 | 720 W River | 1,605 | \$0.3378 |

LAND RENT SCHEDULE – BIG PASCO & WHARF

NOTE: Rates do not include Washington State Leasehold Excise Tax at 12.84%

Big Pasco Industrial Center & Marine Terminal (Wharf)

| | Per ac/mo | Per ac/yr |
|---------------------|------------|-------------|
| Less than 1 acre | | |
| Unimproved Land | \$1,041.40 | \$12,496.80 |
| Semi Improved Land | \$1,097.78 | \$13,173.30 |
| Paved | \$1,154.15 | \$13,849.80 |
| 1.0 to 5.0 acres | | |
| Unimproved Land | \$781.05 | \$9,372.60 |
| Semi Improved Land | \$861.00 | \$10,332.00 |
| Paved | \$922.50 | \$11,070.00 |
| More than 5.0 acres | | |
| Negotiable | | |

EXHIBIT "B"

LEASING POLICIES FOR PORT LEASES

LEASE SECURITY POLICY

| <u>Lease Term</u> | <u>Required Security</u> |
|-------------------|--------------------------|
| Month-to-Month | 2 month |
| 1 to 5 years | 4 months* |
| More than 5 years | 6 months |

The required security amount is determined to be the rent, plus leasehold tax, plus utility charges.

The type of security instrument can be either cash deposit, lease bond, money market account, certificate of deposit or savings account. Other types of security instrument, e.g. irrevocable letter of credit, etc. are subject to approval of the Port Commission.

*At the February 10th, 2022, meeting, Port Commissioners approved the following modification to this Exhibit B:

Big Pasco Industrial Center tenants who lease 8 or more bays, have 10 or more years of leasing history in good standing at the Port, and at the discretion of the Commissioners, may have the security deposit amount reduced to two-months' rent, rather than the standard four-month security deposit.

This conforms to R.C.W. 53.08.085.

**PARTIAL BAY RENTAL POLICY
FOR BPIC WAREHOUSES 1- 8**

Space available only on month-to-month basis. Either party may terminate on 20-day notice.

Minimum size rental is 1/6 Bay - 7,200 square feet

Rental rate based on published rent plus:
25% if less than ½ Bay
10% if ½ to ¾ Bay
5% if ¾ Bay to Full Bay

Leased area shall be delineated in lease agreement and also in building.

W3B3 is a “shared” bay and is exempt from the surcharge as it is already incorporated into the published rate per square foot.

NOTE: Existing warehouse tenants are exempt from minimum size rental until such time as they enter into a new lease.

BPIC WAREHOUSE INCENTIVES POLICY FOR WAREHOUSES 1- 8

Ramped Rent:

For "start-up companies" leasing a full warehouse bay, rents may be ramped up each month starting no lower than 50% of published rate for the first month, and increasing over the term of the lease to reach the full published rate on or before the 13th month of the lease.

Free Rent for New Tenants:

One Month free rent for each full bay for a two-year lease or longer to new tenants which are defined as tenants that have not had a lease with the Port of Pasco within the previous three years. Tenant is required to pay Washington State Leasehold Tax on the one month free rent.

Tenant Improvement Allowance:

A tenant improvement allowance of \$0.75/sf is available for generic improvements preapproved by the Port for each full bay rented with a three-year lease or longer.

(Example Calculation: 43,200 sf x \$.75 = \$32,400 tenant allowance)

When warehouse demand increases and occupancy of warehouses reaches 80% or more, these incentives may be suspended by the Executive Director until such time as they are needed again.

EXHIBIT "C"

RENTAL LEASE RATES – TRI-CITIES AIRPORT PROPERTIES EFFECTIVE JANUARY 1, 2023

NOTE: Rates do not include Washington State Leasehold Excise Tax at 12.84%

Tri-Cities Airport Industrial Park Building Lease Rates

| Building ID | Building Address | Leasable Sq Ft | Per Sq Ft. |
|--------------------|-------------------------|-----------------------|-------------------|
| A35 | 3904 Stinson | 6,000 | \$0.2050 |
| A35 | 639 Fairchild | 12,134 | \$0.2050 |
| A35N | 3906 Stinson | 5,400 | \$0.2050 |
| A40 | 641 Fairchild | 7,440 | \$0.2050 |
| A57 | 502 Boeing St. | 6,480 | \$0.3588 |
| A58 | 3420 Swallow | 700 | n/a |
| A58A | 3418 Swallow | 7,000 | \$0.2255 |
| A59 | 3416 Swallow | 2,500 | \$0.2050 |
| A60 | 3412 Swallow | 9,000 | \$0.2050 |
| A60A | 3414 Swallow | 1,000 | \$0.2050 |
| A61 | 3410 Swallow | 9,000 | \$0.2050 |
| A63 | 3405 Stearman | 2,560 | \$0.2050 |
| A68 | 3508 Stearman | 3,575 | \$0.2460 |
| A68 | 3510 Stearman | 6,000 | \$0.2050 |
| A69 | 3602 Stearman | 12,900 | \$0.2460 |
| A69 | 3604 Stearman | 6,000 | \$0.2050 |
| A69 | 3606 Stearman | 3,000 | \$0.2050 |
| A69 | 3608 Stearman | 550 | \$0.2870 |
| A84W | 642 Grumman | 2,500 | \$0.2870 |
| A85 | 3408 Swallow | 15,000 | \$0.3793 |
| A89 | 3606 Swallow | 7,000 | \$0.2870 |
| A92 | 3704 Swallow | 4,896 | \$0.2050 |
| A101N | 3611 Stearman | 5,000 | n/a |
| A101S | 3607 Stearman | 1,000 | n/a |
| A102 | 3404 Swallow | 21,600 | \$0.3075 |
| A107 | 606 Boeing St. | 16,000 | \$0.2050 |
| A116 | 3605 Stearman | 2,948 | \$0.2870 |
| A140 | 3406 Stearman | 3,000 | \$0.3793 |
| A141 | 3409 Stearman | 2,352 | \$0.5228 |
| A1-86 | 3416 Stearman | 4,850 | \$0.8435 |
| A1-91 | 3411 Stearman | 5,000 | \$0.3280 |
| A201 | 3406 Swallow | 7,000 | \$0.2973 |
| A2-74 | 3502 Stearman | 1,200 | n/a |
| A2-87 | 4405 Stearman | 23,625 | \$0.2870 |

Tri-Cities Airport Airfield Building Lease Rates

| Building ID | Building Address | Leasable Sq | | Comments |
|--------------|------------------|-------------|------------|----------------------------------|
| | | Ft | Per Sq Ft. | |
| 142 | 3906 Stearman | 30,000 | \$0.0881 | hangar space |
| 2-01* | 4102 Stearman | 20,000 | \$0.2900 | FBO premises at 4102 Stearman |
| 71 hangar N | 3806 Stearman | 4,000 | \$0.1400 | hangar space |
| 71 hangar S+ | 3804 Stearman | 8,000 | \$0.2700 | hangar, office and storage space |
| 72 hangar N | 4020 Stearman | 6,000 | \$0.0900 | hangar space |
| 72 hangar S+ | 4020 Stearman | 8,104 | \$0.1200 | hangar and office space |
| 72 tower | 4020 Stearman | 5,975 | \$0.1300 | office/tower space |
| 69 hangar+ | 612 Stearman | 14,700 | \$0.1400 | hangar, office and shop space |
| 1-76 (small) | 4326 Stearman | 1,200 | \$0.2000 | T-hangars (small) |
| 1-76 (lg) | 4326 Stearman | 1,900 | \$0.2100 | T-hangar (lg) |
| 1-69 | 4328 Stearman | 1,200 | \$0.2000 | T-hangars (small) |
| 1-69 (lg) | 4328 Stearman | 1,900 | \$0.2100 | T-hangar (lg) |
| 70 | 3704 Stearman | 5,400 | \$0.2900 | FBO premises at 3704 Stearman |

TRI-CITIES AIRPORT LAND RENT SCHEDULE

NOTE: Rates do not include Washington State Leasehold Excise Tax at 12.84%

Tri-Cities Airport Aviation Land Rates

| | Per ac/mo | Per sf/yr |
|---------------------|------------|-----------|
| 0 to .5 acre | \$1,379.40 | \$0.3800 |
| .5 to 1.0 acre | \$1,161.60 | \$0.3200 |
| 1.0 to 2.0 acres | \$943.80 | \$0.2600 |
| More than 2.0 acres | Negotiable | |

Tri-Cities Airport Industrial Park

| | Per ac/mo | Per sf/yr |
|--------------------|-----------|-----------|
| Unimproved Land | \$781.18 | \$0.2152 |
| Semi Improved Land | \$861.00 | \$0.2372 |
| Paved | \$922.50 | \$0.2541 |

Tri-Cities Airport Commercial Business Park Land

| | |
|-------------------------------|---------------|
| Land - per acre/month Minimum | Varies by lot |
|-------------------------------|---------------|