

# RESOLUTION NO. 1457

## A RESOLUTION PROVIDING GUIDELINES IN SETTING TERM OF A LAND LEASE IN CONSIDERATION OF THE LESSEE INVESTMENT IN THE PROPERTY

WHEREAS, the Port of Pasco owns property that is not available for sale but is available for lease; and

WHEREAS, the Port Commission has three primary criteria in evaluating the value of a proposed lease, which include the lease rate, lease term and evaluation of the proposed use in accomplishing the Port's economic development mission.

WHEREAS, to encourage capital intensive development, the Port will need to enter into long-term land leases; and,

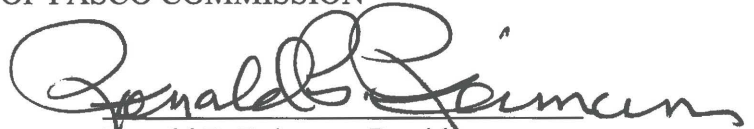
WHEREAS, the Port Commissioners seek to provide guidance to staff on assessing the term of the land lease in comparison with the capital investment made by the lessee.

NOW THEREFORE, BE IT RESOLVED THAT the Port of Pasco Commission adopts the lease term guidelines as provided on the following page; and,

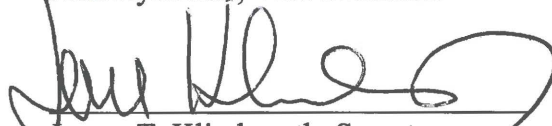
BE IT FURTHER RESOLVED THAT these guidelines are not intended to set firm requirements but are intended to assist staff in the development of long-term land leases and preparation of those leases for Commission review.

ADOPTED this 8<sup>th</sup> day of June, 2017.

PORT OF PASCO COMMISSION

  
Ronald P. Reimann, President

  
Jean Ryckman, Vice-President

  
James T. Klindworth, Secretary

### Lease Term Guidelines

In these guidelines, the term of the lease refers to the initial period of the lease as well as any lessee's unilateral renewals. Investments that involve structures that include extension of utilities to include power, water and sewer would qualify for a minimum term of twenty years. Land leases where the improvements are temporary in nature (fencing, landscaping, etc.) or involve simple structures with no services would not qualify for the minimum. On the other end of the spectrum the maximum lease term is limited by RCW to 75 years on airport property and 80 years on port property. Investment intensity is a measure comparing the size of the area leased versus the dollars invested, which would be expressed in a ratio of investment over area, such as \$100,000/acre.

<b>Investment Intensity</b>	<b>Lease Term</b>	<b>Example Type of Development</b>
Less than \$500,000/acre	No Minimum	Lay down area, covered storage area
Less than \$500,000/acre w/structure	20 years	Shop building w/ utilities, staging area
\$500,000 to \$1,000,000/acre w/reinvestment at year 20	30 years	Shop/office/yard
\$1,000,000 to \$2,000,000/acre w/reinvestment at year 20	40 years	Retail shop with warehouse
\$2,000,000 to \$3,000,000/acre w/reinvestment at year 20 & 40	50 years	Strip mall development
\$3,000,000 to \$4,000,000/acre w/reinvestment at year 20 & 40	60 years	Small box retail
\$4,000,000 to \$5,000,000/acre w/reinvestment at year 20, 40 & 60	70 years	Office complex w/ courtyard
Over \$5,000,000/acre w/reinvestment at year 20, 40 & 60	Maximum	Hotel