

**Port of Olympia Citizen Advisory Committee**

**Real Estate Investment Report**

**February 2, 2012**

**Background:**

One of the Port of Olympia's primary business units revolves around the leasing of land that the Port owns on Olympia's waterfront and the properties associated with and adjacent to the Olympia Regional Airport in Tumwater.

In 2006 the Port of Olympia Commissioners passed Resolution 2006-06 and subsequently updated and clarified in Resolution 2008-4 (Appendix A), often referred to as the Real Estate Reinvestment Resolution. The purpose of the resolution was to recognize that on occasion the Port may sell real property and *"it is in the best interest of the Port to reinvest the proceeds from real property sales in new real property assets that will derive economic benefit to the community"*.

By mandate of Resolution 2006-06 and due to the fact that the Port has an active business line in Real Estate leasing it is right to acknowledge that the Port will invest in and acquire real estate.

**Real Estate Committee Assignment and work plan:**

Acknowledging that the Port will make investments in real estate the Port of Olympia Citizen Advisory Committee was tasked with: *Recommend criteria for selecting real estate acquisitions with the objective of furthering economic development of industrial and public service facilities.*<sup>1</sup>

The Advisory Committee formed a Subcommittee to develop criteria. The Subcommittee plan was to generate criteria and then apply the criteria to a specific potential acquisition as a demonstration of the criteria utility. To accomplish the step the Subcommittee met with Port staff to see what had previously been used to evaluate acquisition opportunities and interviewed other peer Ports to see what method they use to evaluate real estate investment opportunities.

A more detailed work plan can be found as Appendix B.

**Findings:**

In meeting with current and former Port staff it was learned that staff does have a document that can be used as a "Site Evaluation Consideration/Feasibility Consideration" checklist ([Appendix C](#)). The document is series of questions ranging from technical in nature to broader public policy level questions.

Examples of a technical question are:

- Is a wetland study available?
- Is the property within the Urban Growth Boundary?

Examples of a public policy question are:

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<sup>1</sup> Assignment discussed at Port of Olympia Commission meeting on 10/11/2010 and clarified at joint Commission and Citizen Advisory Committee on 4/20/2011. Meetings minutes available at [www.portolympia.com](http://www.portolympia.com).

- Is there community support for intended use?
- Does the site allow fulfillment of the Port's role as economic catalyst and facilitator such as job creation and business unit synergy?

The Port had utilized a version of these criteria in assessing the viability of the Grand Mound Project (Appendix D). Appendix D is included in this report as an example of using the criteria in site selection.

The subcommittee also contacted other Ports on the West Coast of the United States to determine if they had implemented any policy or criteria related to the evaluation and investment in Real Estate. Ports in Vancouver, Grays Harbor, Bellingham, Everett and Stockton California were contacted. Coincidentally none of the Ports that were contacted had documented procedures pertaining to the evaluation of real estate investments.

The Port of Grays Harbor did share a method in which the annually solicit requests of interest from property owners that are looking to sell their property to the Port. It is the opinion of the subcommittee that this process would be too cumbersome and taxing to staff.

Recommendation:

The committee has produced a series of "Public Policy Considerations" that is made of eleven questions and statements pertaining to a potential acquisition opportunity. They are as follows:

1. Does the property take into account if the acquisition and/or its redevelopment generate predictable and sustainable revenue streams that, as a minimum amortize the investment.
2. Contemplate adding stimuli to this property such as a buyer/lessee receiving incentives for job creation and/or investment level.
3. Consider whether this property will be offered for sale and/or lease or lease only.
4. Take into account if this property is located in a high unemployment or economically disadvantaged area of the county and how will this issue be addressed if acquisition is completed.
5. Identify environmental, social or economic benefits to the community through acquisition/redevelopment/clean up.
6. Consider if this property possesses other rights that would add value to the Port or the community such as water rights, wildlife corridors, wetlands, rail lines, mineral rights, renewal energy opportunities, etc.
7. Analyze if this property has strategic value to the community by being a key component in a development, parcel assemblage or community infrastructure.
8. All evaluations will include exit strategies.
9. Identify opportunities to expand or enter new Port business lines.
10. Assess how this property be marketed by the Port. (Will it be integrated into the current Port property marketing plan or promoted as a separate property?)

It is the recommendation of the subcommittee that these "Public Policy Considerations" be included into the already existing "Site Evaluation Criteria" (exhibit C) and formalized as the procedure for Real Estate Investment .

Appendices:

- A) Resolutions 2006-6 and Resolution 2008-4
- B) Work Plan
- C) Site Evaluation Consideration/Feasibility Consideration Checklist
- D) Grand Mound Project Report