

Wheeler Osgood Property Opportunities Update on Port Parcels 92 and 94

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Wheeler Osgood Property Opportunities



Port Parcels 92 & 94



Port Parcel 94 – Wheeler Osgood

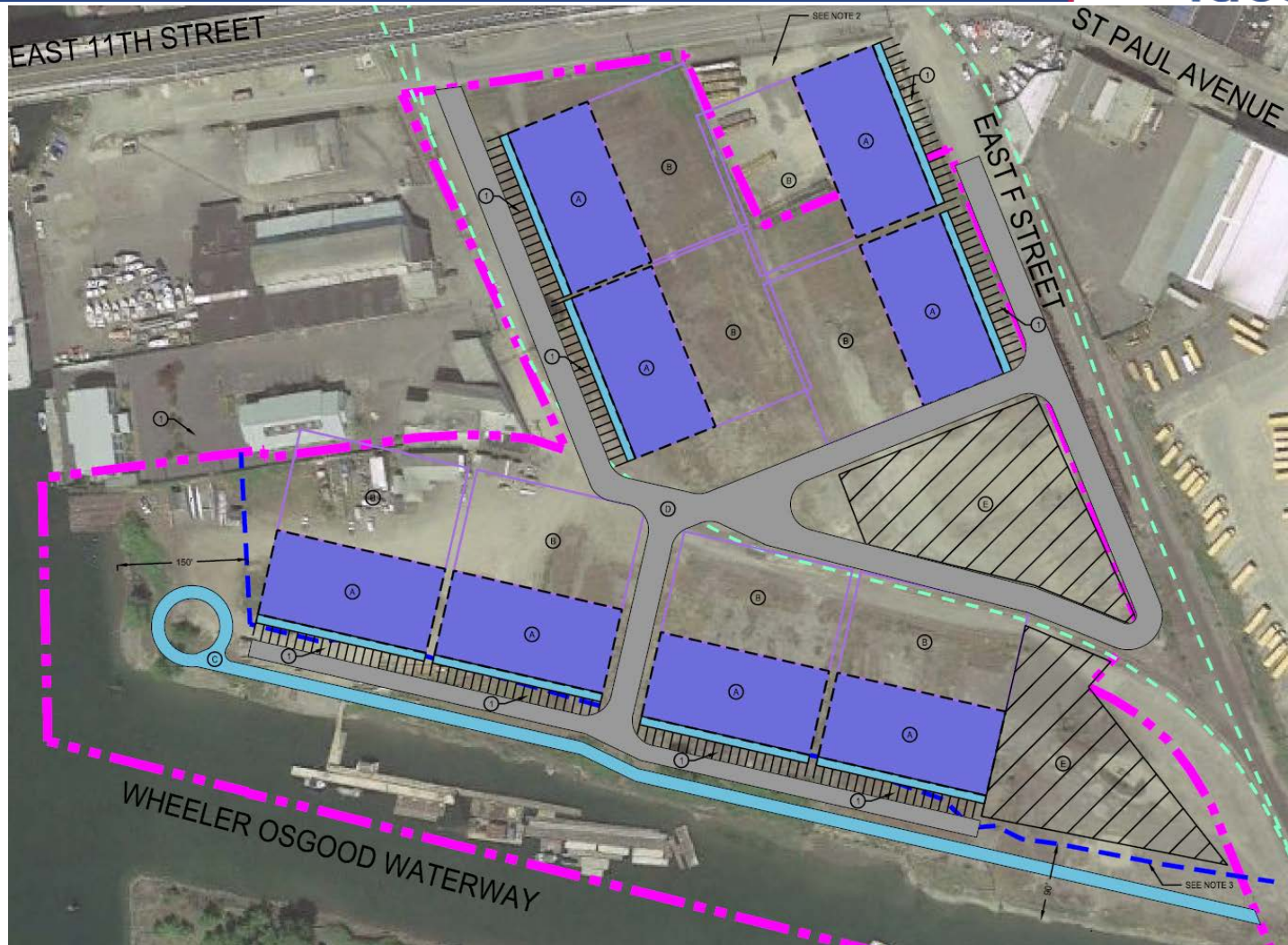


Port Parcel 94 – Wheeler Osgood



- In 2007, the Port purchased Tax Parcels 8950001052 and 0320041040 known as 1203 East D Street, Tacoma, WA 98421 for a purchase price of \$10,335,000.
- These two parcels known as Port Parcel 94 total approximately 17.26 acres with approximately 15 usable acres that are split into two 7-8 acre parcels by an active rail spur.
- Currently this property is vacant except for a month to month lease with Marine Floats for two acres and use of the waterway.
- Considerable development interest has been received from the development community.
- The Port is prepared to issue an RFP for the development of this property.

Development Option: Multi Use Buildings Site Layout



LEGEND

	PARKING LOT		EXISTING TRACK		NEW BUILDING FOOTPRINT		WHEELER OSGOOD PARCEL OUTLINE
	ACCESS ROAD		RAILROAD EASEMENT				
	SIDEWALK		SHORELINE SETBACK				

Development Option: Multi-Use Building



- Efficient construction
- Flexible design
- Suitable for Office, Warehouse, Biotech
- May be repurposed
- Efficient lease allocation

Development Option: Multi-Use Buildings



Port Parcel 92 – 459/465 E. 15th Street



Port Parcel 92 – 459/465 E. 15th Street



- In 2006, the Port purchased Tax Parcels 0320041051 and 0320041052 respectively known as 459 E. 15th Street and 465 E. 15th Street, Tacoma, WA 98421 for a combined purchase price of \$3,400,000.
- These two parcels known as Port Parcel 92 total approximately 4.42 acres.
- Property improvements include four buildings.
 - Two vacant buildings are scheduled for demolition at an estimated cost of \$650,000.
 - Sound Lumber leases a 13,500 sf building on a month-to-month term for \$3883/mo.
 - Demolition costs for all four buildings is conservatively estimated at \$1,550,000.

BNSF Rail Company – East 15th Street



BNSF Rail Company – East 15th Street



- The BNSF Railway Company owns the waterfront property surrounding Port Parcel 92.
 - BNSF has indicated they may consider selling this property.
 - The BNSF property is involved in the Foss Waterway environmental clean-up.
 - Acquisition of this property requires considerable environmental review.
- Acquisition of the BNSF property is needed to for a water related use.

Buildings Scheduled for Demolition



459 E. 15th Street – Building A



459 E. 15th Street – Building B



Urban Accessories – 465 E. 15th Street



Urban Accessories – 465 E. 15th Street



- Urban Accessories (foundry) leases a 22,000 sf building on a month to month term for \$7800/mo.
 - This building was constructed in 1945 and requires considerable repairs and improvements to keep it operational.
 - The property is covered with dust and slag from the foundry.
- The location of this building impacts development opportunities for the remainder of the property.

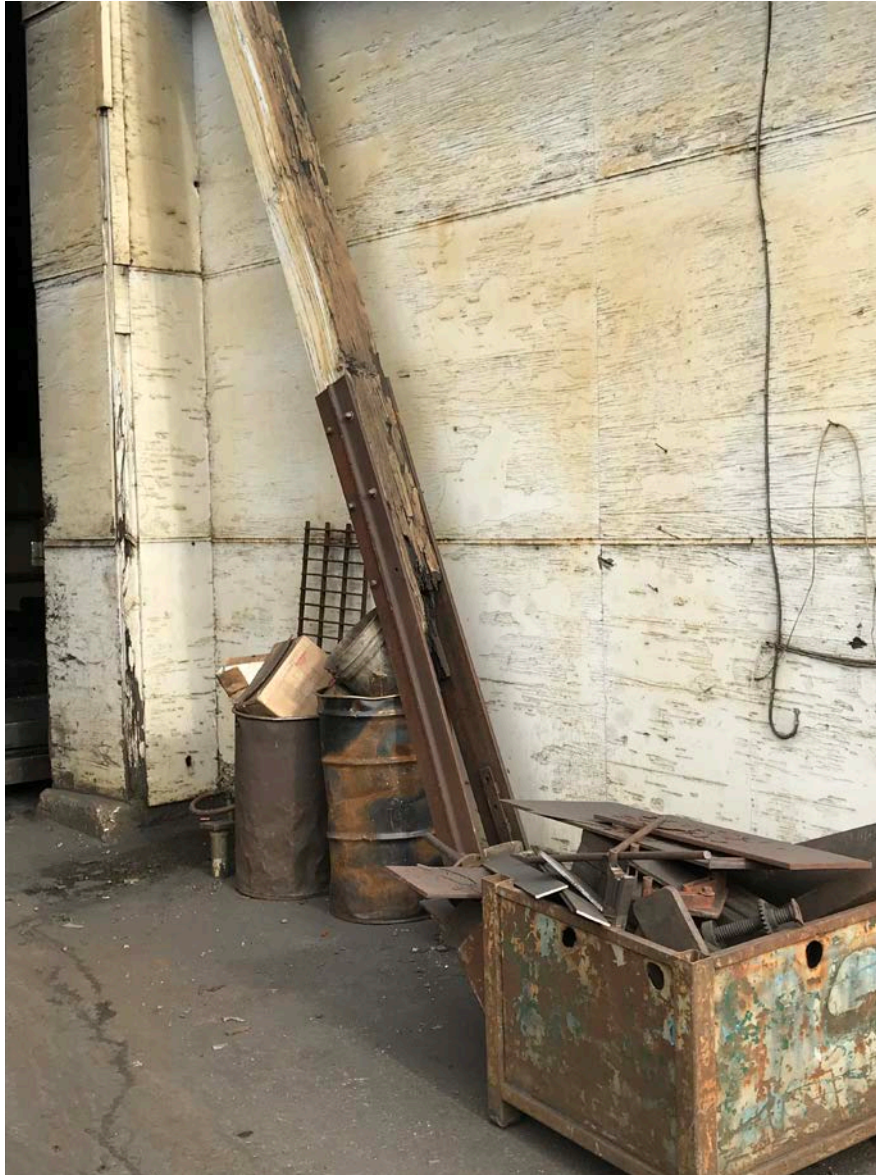
Urban Accessories – 465 E. 15th Street



Urban Accessories – 465 E. 15th Street



Urban Accessories – 465 E. 15th Street



South Wheeler Osgood Development Opportunities



- Surplus and sell the property with specific use restrictions.
- Initiate an RFP for a long-term lease with specific development criteria.
- Demolish unusable buildings and lease the land for short-term use until a long-term plan is determined.

459 E. 15th Street Scenario Comparison



Scenario 1: Demo Buildings & Lease Land

Scenario 2: Sell Property As Is:

Scenario 3: Demo Buildings, Lease Land & Purchase BNSF Property

Assumptions

Projected Cost (Current Values):

Net Book Value (10/31/17)	\$2,517,260	\$2,517,260	\$2,517,260
BNSF Purchase	n/a	n/a	\$800,000
Project Costs	\$1,550,000	\$0	\$1,550,000
Total Project Cost	\$4,067,260	\$2,517,260	\$4,867,260

5 Year Cash Flow:

Cash Inflow	\$1,248,970	\$2,000,000	\$1,717,333
Cash Outflow	(\$1,550,000)	\$0	(\$2,350,000)
5 Year Total Cash Flow	(\$301,030)	\$2,000,000	(\$632,667)

Balance Sheet Impact:

2018 Write Off	(\$589,636)	(\$517,260)	(\$589,636)
	(Building value)	(Building & Land)	(Building value)

Lease Terms:

Lease Terms in Years	20	0	20
2018 Rentable Acreage	4.0	4.0	6.0
2018 Annual Land Rent Per Acre	\$60,000	\$0	\$55,000

Results

Financial Model:

NPV (Discounted @ 10%)	(\$1,270,528)	(\$699,078)	(\$1,103,216)
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Wheeler Osgood Vision Discussion

