

ITEM NO: 7a\_Supp  
DATE OF MEETING : April 6, 2010



# Real Estate Division Inventory

Port of Seattle Commission  
April 6, 2010

# Assessment Protocol

- Honor principles of the Century Agenda
- Determine Income from Operations (IFO)/Net Operating Income (NOI) for each property
- Establish range of investment/investor criteria
- Apply criteria to individual properties
- Establish a range of estimated property values
- Identify specific attributes that affect individual properties
- Describe obstacles that hinder individual properties

- Encourage manufacturing and industrial growth
- Use of levy funds for community benefit and provide infrastructure that advances trade and commerce
- Advance land use that supports light industry, utilities, freight hauling and public transportation
- Assign priorities based upon a tiered system:
  - Tier 1—Direct uses (cargo and cruise terminals)
  - Tier 2—Indirect uses (World Trade Center, ERC)
  - Tier 3—Unrestricted uses (Tsubota, CEM)

# Valuation Principles

- Rent assumptions:
  - Projections based on current rates increased by inflation
  - Building occupancies based on 2010 Budget average occupancy
- Expense assumptions:
  - Actual expenses where appropriate/2008 BOMA Experience Exchange Report (most current available)
  - Future years increased by inflation
- Cap rates:
  - 7.5%-9.5% @ 25 basis point increments
- Discount rates:
  - 8.0%-10.0% @ 25 basis point increments

# Valuation Principles

- Land sites
  - Based on land values from other port owned sites for which there was a recent appraisal
- Inflation assumption: 2.5%/year over 10 years
- Applied capital improvement expenditures consistent with plan of finance
- **Assumes all sites environmentally clean**
- Yields a range of estimated values and are indicative rather than conclusive

# Portfolio Management

\$'s in Thousands

PROPERTY	LOW VALUE	HIGH VALUE
Harbor Marina Corporate Center	12,749	17,172
Terminal 34	2,401	3,078
Pier 2	2,990	5,554
Terminal 5 SE (Chelan Café/Mission to Seafarers)	(62)	(31)
World Trade Center West	11,582	15,181
Bell Street Garage	16,658	21,454
Central Waterfront	25,593	34,101
CEM	9,110	9,110
Sub Total:	\$81,021	\$105,619

# Harbor Services

\$'s in Thousands

PROPERTY	LOW VALUE	HIGH VALUE
<b>Bell Harbor Marina</b>	Bell Harbor Marina value imbedded in totals	Bell Harbor Marina value imbedded in Central Waterfront totals
<b>Shilshole Bay Marina</b>	<b>53,452</b>	<b>71,261</b>
<b>Harbor Island Marina</b>	<b>1,700</b>	<b>1,700</b>
<b>Sub Total:</b>	<b>\$55,152</b>	<b>\$72,961</b>

\$'s in Thousands

PROPERTY	LOW VALUE	HIGH VALUE
<b>Real Estate Development</b>		
Terminal 91 Uplands	67,039	80,659
Tsubota Steel	2,619	4,863
Sub Total:	\$69,658	\$85,522
<b>Facilities Management</b>		
Pier 69	15,500	22,621
Sub Total:	\$15,500	\$22,621



# Tier 1 Properties

\$'s in Thousands

PROPERTY	LOW VALUE	HIGH VALUE
Bell St. Pier (Central Waterfront Project)	25,593	34,101
<b>Sub Total:</b>	<b>\$25,593</b>	<b>\$34,101</b>

# Tier 2 Properties

\$'s in Thousands

PROPERTY	LOW VALUE	HIGH VALUE
Harbor Marina		
Corporate Center	12,749	17,172
Pier 2	2,990	5,554
World Trade Ctr West	11,582	15,181
Bell Street Garage	16,658	21,454
Bell Harbor Marina	Bell Harbor Marina value imbedded in totals	Bell Harbor Marina value imbedded in Central Waterfront totals
Shilshole Bay Marina	53,452	71,261
Pier 69	15,500	22,621
<b>Sub Total:</b>	<b>\$109,931</b>	<b>\$153,243</b>

# Tier 3 Properties

\$'s in Thousands

PROPERTY	LOW VALUE	HIGH VALUE
<b>Terminal 34</b>	2,401	3,078
<b>Terminal 5 SE (Chelan Café/Mission to Seafarers)</b>	0 (62)	925 (31)
<b>Harbor Island Marina</b>	1,700	1,700
<b>Terminal 91 Uplands</b>	67,039	80,659
<b>Tsubota Steel</b>	2,619	4,863
<b>CEM</b>	9,110	9,110
<b>Sub Total:</b>	<b>\$82,807</b>	<b>\$99,379</b>

# Total Values by Operating Group

\$'s in Thousands

PROPERTY GROUP	LOW VALUE	HIGH VALUE
<b>Portfolio Management</b>	\$81,021	\$105,619
<b>Harbor Services (Rec Boating)</b>	\$55,152	\$72,961
<b>Real Estate Development</b>	\$69,658	\$85,522
<b>Pier 69 Facilities Management</b>	\$15,500	\$22,621
<b>Total:</b>	<b>\$221,331</b>	<b>\$286,723</b>

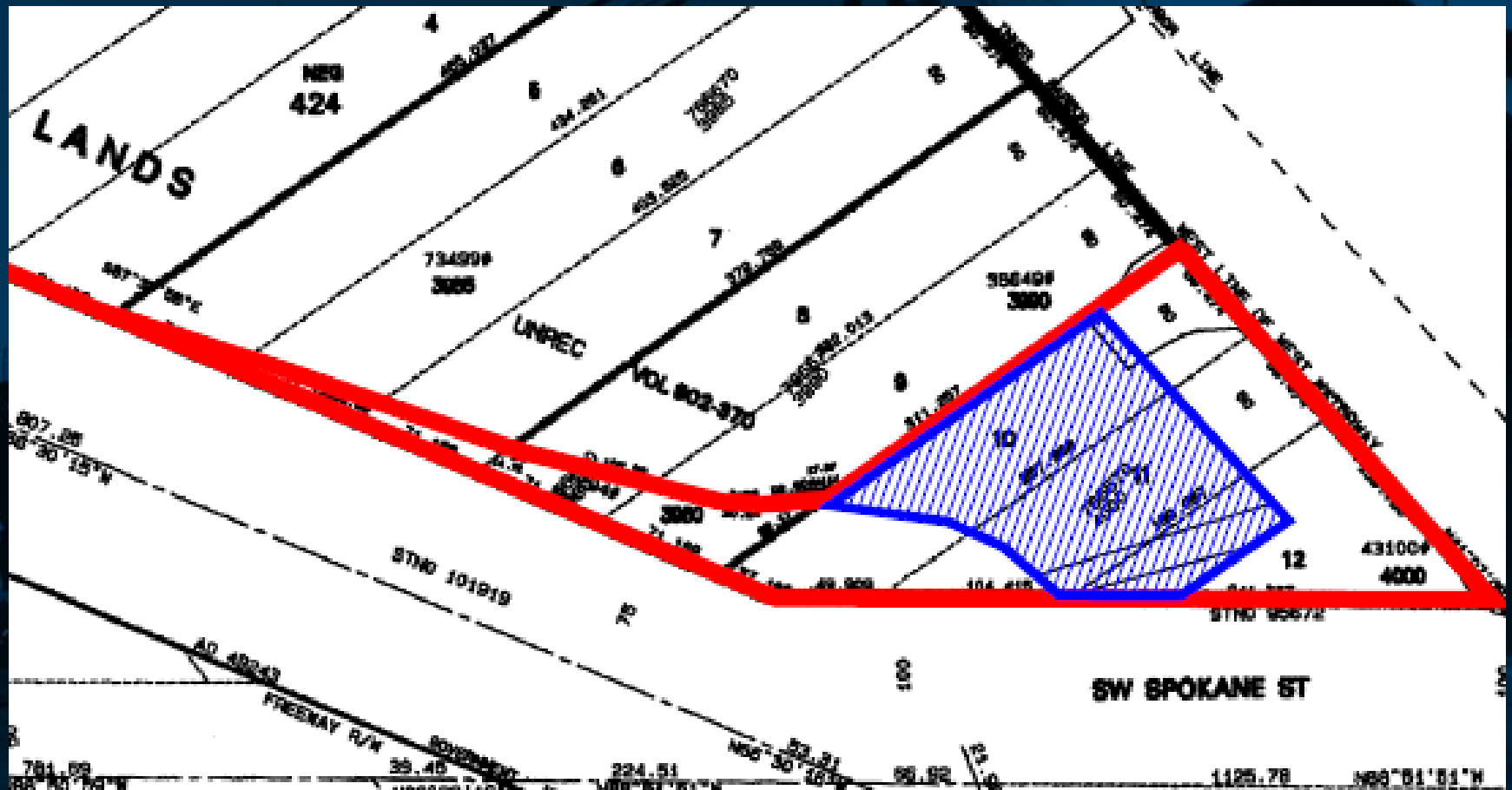
- Shilshole legal limitations/State legislative authority
- Bell Harbor Marina limitations/MUP/funding
- Bell St. Pier (Central Waterfront Project) includes P-66 Cruise Terminal
- Excludes sales/brokerage costs
- Assumes environmentally clean
- Results in loss of 7 public access points
- Does not recognize allocations of \$10.6MM (\$8.6MM net) includes
  - Corporate ~ \$5.9MM
  - Real Estate ~ \$3.9MM
  - CDD/Seaport ~ \$0.8MM

# Preliminary Property Recommendations

- Pier 34 Market for Sale
- T-5 SE Market for Sale
  - (Chelan Café/Mission to Seafarers)
- Harbor Island Marina Market for Sale
- Tsubota Market for Lease
- T-91 Uplands Market for Lease
- CEM Continue current lease negotiations
  
- Bell St. Pier (Central Waterfront Project) Maintain
- WTC West Maintain
- WTC Garage Maintain
- Harbor Marina Corp Center Maintain
- Pier 2 Maintain
- Shilshole Bay Marina Maintain
- Pier 69 Maintain

# T-5 SE and Easement

(Mission to Seafarers)



# T-5 SE

(Chelan Café)

