

7/22/08

T. Port of Siuslaw

M E M O R A N D U M

JOINT MEETING WITH PORT OF SIUSLAW COMMISSIONERS AND LANE COUNTY COMMISSIONERS

SUBJECT: 40 acre parcel transferred to Port of Siuslaw by Lane County.

ISSUE: Conditions contained in the deed call for reversion of the property to the County if the property has not been improved with the required and agreed upon infrastructure by ten years after the property was transferred to the Port. Further, that the Port could sell all or parts of the property without compensating the County, provided that the defined improvements had been made. The ten year period from date of transfer will occur on September 11, 2008. The Port and the County have not yet agreed on whether the conditions to prevent reversion have been met. The Port asserts that it would be imprudent and "premature" to place infrastructure on the property that may not fit the needs of business which might most profitably utilize the site and infrastructure.

MEETING PURPOSE: To discuss the expectations of the parties concerning development of the property by the Port.

To discuss possible amendment of the deed conditions to better clarify expectations for development of the property.

To discuss possible parameters for amending the deed conditions to provide the respective staffs with direction for further negotiations and present a proposal to the respective Boards. More clarity might be provided as to whether the parties envision additional infrastructure placement prior to conveyances of parcels. If not, how might the agreement be restructured to better meet current needs.

HISTORY: The Port's and County's collaboration to develop the property began in the late 1980's.

In February, 1991, the County Commissioners issued order no. 91-2-13-2. This order affirmed the County's support for the concept of development by the Port, in partnership with the County in the form of the use of County road funds, of the Northern 40 acres of the landfill property as a marine industrial park and designated the property for industrial use.

In the fall of 1993, at a joint meeting of the Florence City Council and the Board of County Commissioners, development of the property was discussed. At that meeting, the County requested that all interested parties - the City, the Port and private citizens, get together and discuss the matter to determine what would be the best use of the subject property for the citizens of Florence. The City Council recommended that the property be developed by the Port as an industrial park.

In February 1998, pursuant to Order 98-2-3-2, the County Commissioners authorized the transfer of the property to the Port with conditions.

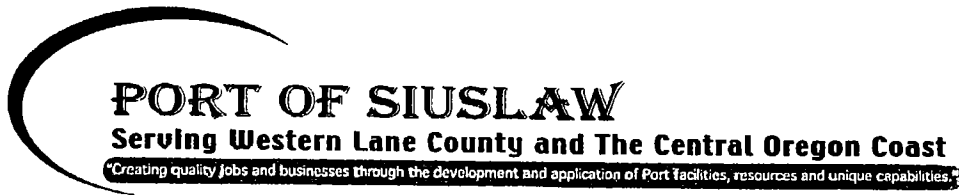
ATTACHMENTS:

Deed Conditions
June 9, 2008 Letter From Mark Freeman, Port Manager
Assessor's Map

CONDITIONS FOR CONVEYANCE OF COUNTY PROPERTY TO THE PORT OF SIUSLAW

1. The property herein has been conveyed to grantee for the purpose of grantee developing and using the property in a manner consistent with ORS 777.250.
2. Should grantee sell, transfer or otherwise convey any, or all, of its interest in the property, or develops, uses, or causes the property to be used in a manner not consistent with ORS 777.250, grantee shall pay grantor the greater of any consideration received for the property by grantee or the fair market value of the property. Payment shall be based on the unimproved value of the property.
3. The fair market value of the property shall be determined by an independent appraiser, paid for by grantee, as of the date of any transfer, sale, conveyance or change in use of the property not consistent with condition #1 above. The appraiser shall be selected by grantee from a list prepared by grantor with a minimum of three appraisers reasonably qualified to perform the appraisal. Grantee shall make payment to grantor pursuant to condition # 2 above within thirty (30) days of the appraiser's report.
4. Grantee may sell, transfer or otherwise convey any, or all of its interest in the property without compensating grantor provided that the property has been improved with infrastructure capable of supporting further development of the property with buildings, structures and other facilities and improvements which can be used for the conduct of commerce consistent with ORS 777.250. Grantee will continue to be subject to condition #2 above if the sale, transfer or conveyance results in the property not being used pursuant to ORS 777.250.
5. Infrastructure shall be defined as provisions for water, sewage, drainage, roads, power, communication and other similar facilities.
6. A sale, transfer or conveyance of the grantee's interest in the property shall include, but not be limited to, sales by contract, assignments, purchase option agreements, partnership agreements, foreclosure, condemnation and leasehold agreements.
7. The property shall revert to grantor if, after a period of ten years has expired from the date of transfer, the property has not been improved with the infrastructure noted in condition #4 and the property remains in essentially the same condition as it was on the date of transfer of the property by the grantor to the grantee.
8. These conditions shall be binding for a period of 15 years from the date of transfer by grantor to grantee.
9. These conditions shall expire immediately upon payment to the grantor of the greater of any consideration received by grantee from a sale, transfer or conveyance of grantee's interest in the property or the fair market value of the property.
10. These conditions may be amended by mutual consent of the grantor and grantee with any amendments being duly recorded in the deed records of Lane County.
11. Notwithstanding conditions 2 and 4, grantee may trade a portion of the Northwest corner of the herein conveyed property for an approximately 100 foot x 200 foot area of land located West of, and

adjacent to, the Southern boundary of the herein conveyed property and extending across Rhododendron Drive to the Siuslaw River. Grantee (Port of Siuslaw) shall pay to grantor (Lane County) the difference in value, if any, between the exchanged properties if the value of the herein conveyed property is greater than that of the property for which it is being exchanged. The terms and conditions above shall immediately attach to any property acquired by grantee (Port of Siuslaw) in this manner with the terms and conditions above immediately expiring on the portion of the herein conveyed property used for an exchange.



9 June 2008

Lane County Board of Commissioners
125 East 8th Ave
Eugene OR 97401

Gentlemen,

The Port of Siuslaw appreciates this opportunity to discuss the challenges surrounding the 40 acre parcel and the deed language with you. The Port seeks to resolve the issue(s) surrounding the property gifted to it by quitclaim deed and recorded on 11 September 1998. While we do believe that the Port has satisfied the terms of the deed, we wish to maintain a good working relationship with the County and to arrive at a mutually agreeable solution at the earliest possible time so both our governing bodies can move forward and get businesses established in an area of Lane County that is in great need of diversified development.

We submit, and believe that the County agrees, that the original agreement could be construed by some as vague and ambiguous and that there are alternatives to litigating on the deed, including:

1. Entering into a new agreement with clearer, more attainable deed restrictions;
2. Amending the original deed with more clearly defined language;
3. Extending the agreement an additional one to five years and include more clearly defined language.

The Current Deed Language

The Port understands that the County has a different interpretation of the deed restrictions than the Port. The Port agrees that the language could be clearer. Clearer language would allow the Port to develop the property for the good of our entire area.

It appears the County interprets the current restrictions to require actual placement of permanent infrastructure, such as roads or buildings, on the property. All interpretation issues aside, it's critical to the Port that the County understands that premature placement of roads or buildings on the property—without a buyer's input—would significantly hinder the Port's ability to sell the property. We cannot now know what types of roads will be needed and where. To prematurely construct roads or other infrastructure would be unwise, limit developer uses, raise allegations of poor business judgment and be a potential waste of public funds.

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From the Port's conversations with the real estate development community, we have learned it is a development "norm" to have utilities at the edge of an industrial property. That is, prematurely constructing roads and placing utilities can be detrimental and undermine potential uses of a site.

In one example, the Port of Cascade Locks put in infrastructure including roads and utilities and had the property sit undeveloped for a time. When the property was chosen by the developer, this infrastructure had to be dug up to suit the needs of the identified developer.

Port Improvement and Development Activities

To ensure that the County has a complete understanding of the Port's development activities on the property, below we provide you with highlights and a complete list of the improvements and development activity on the property. We are also providing you with a list of the future planned improvements and development activities.

Accomplished Improvements and Development Activities

1. On 26 October 2007, the Port secured "shovel ready" status from the State of Oregon. Certification was achieved in coordination with LCOG with a Port outlay of \$5,000 to complete this process. This property is now on the Oregon Prospector web site. The entire property can now be served with whatever power, water and telecommunication needs that are required.
2. By June 2006, improvements of over \$496,000 have been made to the site encompassing 12.6 of the 40 acres. A portion of the work done to the site was in exchange for the Port allowing the property to be used as a fill site for the Florence Airport project. A detailed list is attached.
3. Native American archeologists certified this site and this work cost \$4,096.
4. Port personnel have planted vegetation on the property over the years in order to stabilize the area. This includes hundreds of trees worth over \$6,000.
5. The Port of Siuslaw in FY08 had allocated \$20,000 for Rhododendron Drive interchange improvements that include utility hook ups.
6. Access to the lower part of the property and the provision for a future road has been planned for and funds have been allocated to achieve that goal in the amount of \$8,000.
7. Power, water, sewer and storm water are available at the edge of the property.
8. Secured Siuslaw River frontage for a western property line along Rhododendron Drive thereby ensuring better access for vehicles, utilities or other uses.
9. Storm water service already exists through 1,000 feet of the site. This includes 12 inch storm drains, manholes, pollution control manhole and a storm drain outfall.

- 10 The property has been further graded and compacted. This includes April 2008 grading and compaction work near the Pacific View Drive cul de sac, valued at \$48,000.
- 11 Effected a re-zoning of the property from Marine Industrial to Industrial, which allows a greater range of allowable uses.
- 12 A preliminary site plan was completed in 2005 for streets, building sites and utilities.

In summary, the Port has had over \$587,000 (detailed in items 1-10 above) worth of work done or allocated to this site to prepare this parcel for development. It is now capable of supporting development. It is a "clean slate" for the tenant or developer to accomplish almost anything.

Planned Port Improvements and Development Activities:

1. The Port will secure a professional survey of the land in order to best gauge the placement of utilities and future road(s) as interest develops.
2. The Port will secure estimates and timelines from contractors and the City of Florence to understand just how long it would take to install infrastructure to serve a customer(s).
3. The Port will assemble a marketing plan and task the Port Manager with efforts to attract business customers to the property.

The Port Requests Continued Formal Discussions with the Commission

The Port understands that members of the Commission view our development actions regarding the property as insufficient. Some members of the Commission have clearly communicated their desire to have more done on the property.

To that end, the Port would welcome the opportunity to sit down with your staff and policymakers to further discuss how our two governments can come to an agreement regarding the deed requirements. Specifically, what further development actions would the Commission require from the Port? Commission staff and policymaker guidance regarding this issue would be highly valued.

Sincerely,



Mark Freeman
Port Manager

cc. Mr. Jeff Turk
Port of Siuslaw Commissioners
Ms. Christy Monson, Speer Hoyt PC

PACIFIC VIEW INDUSTRIAL PARK
40 ACRE PARCEL
INVESTMENTS

DATE	CHK#	TO	FOR	AMOUNT
04/08/98	10955	Wobbe & Associates, Inc.	Minor partition-40 acres from 120 parcel	475.00
09/08/98	11296	Wobbe & Associates, Inc.	Minor partition-40 acres from 120 parcel	3,277.50
02/18/04	1948	Wobbe & Associates, Inc.	Surveying-Property Line Adjustment for property trade	2,035.75
04/21/04	2037	Speer, Hoyt, Jones, Feinman, Poppe, Wolf & Griffith	Property Line Adjustment & Property Trade Agreement	222.50
05/19/04	2096	Speer, Hoyt, Jones, Feinman, Poppe, Wolf & Griffith	Bargain and Sale Deeds for property trade	145.91
08/18/04	2334	Wobbe & Associates, Inc.	Property Line Adjustment & recording fees	814.00
09/15/04	2362	Speer, Hoyt, Jones, Feinman, Poppe, Wolf & Griffith	Bargain and Sale Deeds for property trade	148.04
09/27/06	3840	Peachtree Business Products, Inc.	Signs-No trespassing/dumping	487.00
			Sub-total	7,605.70
06/12/06	Pd by COF		Site Infrastructure Work	488,588.48
			Total Investment To-date	496,194.18

CENTURY WEST ENGINEERING
CONSTRUCTION COST ESTIMATE

CITY OF FLORENCE

FLORENCE MUNICIPAL AIRPORT
OBSTRUCTION REMOVAL
VALUE OF WORK CONSTRUCTED ON PORT PROPERTY

June, 2006

Bid Item	Description	Unit	Estimated Quantity	Unit Price	Total Cost
1	Mobilization	LS	1	\$32,430.00	\$32,430.00
2	Temporary Flagging Marking and Signing	LS	0	\$0.00	\$0.00
3	Construction Staking	LS	0	\$0.00	\$0.00
4	Clearing and Grubbing	ACRE	12.66	\$900.00	\$11,394.00
5	Clearing	ACRE	0.0	\$0.00	\$0.00
6	Unclassified Excavation and Embankment	CY	117,284	\$3.22	\$377,654.48
7	Mulching-Onsite Material	ACRE	0.0	\$0.00	\$0.00
8	Mulching-Imported Straw	ACRE	12.66	\$1,050.00	\$13,293.00
9	Seeding-Dry Application	ACRE	12.66	\$200.00	\$2,532.00
10	Seeding-Hydroseeding	ACRE	0.0	\$0.00	\$0.00
11	Sprigging	ACRE	0.0	\$0.00	\$0.00
12	Jute Netting	SY	0	\$0.00	\$0.00
13	Pavement Marking Removal	SF	0	\$0.00	\$0.00
14	Pavement Marking	SF	0	\$0.00	\$0.00
15	Storm Drain Manhole	EA	3	\$2,300.00	\$6,900.00
16	Pollution Control MH	EA	1	\$4,100.00	\$4,100.00
17	12-inch Storm Drain (AWWA C 900, PVC)	LF	1,015	\$39.00	\$39,585.00
18	Storm Drain Outfall	EA	1	\$700.00	\$700.00
19	Remove Existing Runway Light Fixture	EA	0	\$0.00	\$0.00
20	Replace Lens in Existing Light Fixture	EA	0	\$0.00	\$0.00
TOTAL					\$488,588.48

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11/2/2007 3:04 PM
Florence Airport-Cost Estimate-Obstruction removal-Port Values

