



CHELAN COUNTY

# LONG RANGE FACILITIES PLAN

## OPERATIONS CENTER

### PROPERTY TRANSACTIONS UPDATE

November 19, 2018





*“Shaping our utility to do the best, for the most, for the longest”*

# Today's Agenda

- Recap of Term Sheet
- Executed Agreements
- Remaining Agreements
- Next Steps
- Questions
- Motion to Set Surplus Hearing

*“Shaping our utility to do the best, for the most, for the longest”*

# Property Agreements Term Sheet

## Term Sheet Deal Points

- Presented to Commission July 23, 2018
- All transactions and agreements are to be considered as a package
- PUD purchases Horan Property from Port
- Port purchases Confluence Technology Center (CTC) condo units from PUD
- PUD lease of CTC Units and Industrial Building No. 5 (IB No.5)
- Options for Horan Property, HQ/Hawley Property and IB No. 5/6 Property
- Priority use of CTC Video Conference Center
- High Density Load exemption for CTC
- PUD/Port/City Interlocal for Fifth Street/HQ redevelopment planning



*“Shaping our utility to do the best, for the most, for the longest”*



# Property Agreements Properties Involved

## Properties Involved in Transaction

- Undeveloped Port properties totaling 19.05 Acres
- Port Industrial Building #5 – 26,000 square feet
- Port Industrial Building No. 5 and No. 6 Property
- Confluence Technology Center Units LL1 and 201 totaling 19,285 square feet.



*“Shaping our utility to do the best, for the most, for the longest”*

## Property Agreements Executed Agreement

### **Temporary Access Agreement**

- Covered all three parcels comprising the Horan Property and IB No. 5 building
- Allowed PUD to begin due-diligence work on property including environmental, cultural and geotechnical investigation
- Allowed the PUD to evaluate IB No. 5 building for use and remodel needs

### **Lease of Industrial Building No. 5**

- 26,000 square feet of combined office and warehouse space
- Four (4) year lease with two one (1) year options
- Monthly rent of \$16,900, fixed for first four (4) years, CPI adjustment during option years
- Approved by Commission October 1, 2018



*“Shaping our utility to do the best, for the most, for the longest”*

## Property Agreements Purchase and Sale

### **Purchase and Sale Agreement for Horan Property**

- The PUD purchases three parcels of land in the Olds Station area totaling 19.05 acres
- The purchase price has been negotiated at \$10/square foot, as determined by a boundary survey
- The total agreed purchase price is \$8,298,280.00
- Includes 2 Shares of Wenatchee Reclamation irrigation water

### **Purchase and Sale Agreement for CTC Units LL1 and 201**

- The Port purchases the PUD’s two condo units in the CTC (LL1 & 201)
- The negotiated purchase price has been of \$1,400,000
- Leaseback of the units is a condition of the sale
- Requires Surplus by Commission



*“Shaping our utility to do the best, for the most, for the longest”*

## Property Agreements Lease and Priority Use Agreement

### **CTC Condo Units Lease Agreement**

- The PUD leases back the condo units in the CTC (LL1 & 201)
- Existing rights as an owner regarding common elements and limited common areas are preserved as necessary to continue to operate
- Annual rent of \$350,000 plus electricity and gas for the first four-year term Increases to \$500,000 in optional renewal term years five and six.

### **Video Conference Center – Priority Use Agreement**

- The PUD is given priority use for 25% of the available time in Video Conference Center (VCC)
- PUD has the ability to schedule events up to 12 months prior to use
- Encourages collaboration in scheduling to encourage new VCC customers
- Begins Jan 1, 2023 with a nine-year term and annual fixed cost of \$75,000 per year
- Potential renewal option



*“Shaping our utility to do the best, for the most, for the longest”*

## Property Agreements Option Agreements

### **Port Option to Buy-Back Horan Property**

- Port holds first option to purchase the three parcels back under three scenarios:
  1. The PUD chooses not to develop the Horan Property
  2. The PUD does not actively develop the Horan Property within 10 years
  3. The PUD develops the property, but decides to surplus an unused portion in the next 20 years

### **Port Option to Purchase Headquarters (HQ) and/or Hawley St. Properties**

- Port has option for all or a portion of any part of the PUD’s properties at HQ or Hawley
- If only a portion is sought, PUD has the right to accept or reject proposed portion
- Sale price is based on appraised value & option runs for 15 years

### **PUD Option to Purchase IB No. 5/IB No. 6 Property**

- PUD has first option to purchase the property and the two buildings on the property
- Sale price is based on appraised value & option runs for 15 years

*“Shaping our utility to do the best, for the most, for the longest”*

## Property Agreements HDL & Interlocal Agreements

### High Density Load Exemption Agreement

- Provides an exemption to up-front capital charges and related fees and charges for high-density and cryptocurrency loads in CTC
- Applies only to first two (2) Megawatts of load in the building
- Runs for a period of 10 years

### Interlocal Agreement for Fifth Street (HQ) Redevelopment Planning

- Three party agreement between the PUD, Chelan County Port and City of Wenatchee
- Provides for the engagement of a redevelopment consultant team to work with the parties to conduct outreach, develop recommendations and conduct economic feasibility analysis of proposed opportunities for the redevelopment of the HQ Campus
- The total project cost is to be shared equally between the Parties, with a \$75,000 limit for each entity (\$225,000 total)



*“Shaping our utility to do the best, for the most, for the longest”*

## Property Agreements Next Steps

### Surplus Process

- Commission Motion to Establish Surplus Public Hearing for CTC Units
- Publish Notice of Surplus Hearing for December 3, 2018

### December 3 Resolution

- Surplus Declaration for CTC Units
- Approve all remaining property transactions

### Complete Feasibility Work

- Environmental, Cultural, Geotechnical, Land Use, Traffic Impacts, etc

### Closing of Transactions

- Currently set as prior to January 31, 2019 but may be amended to Feb 28, 2019



# Questions



## Proposed December 3, 2018 Resolution

- **Declare CTC Units as Surplus**
- **PUD Purchase of Port owned Horan properties**
- **Port Purchase of PUD owned condo units in CTC**
- **PUD Lease-back of CTC condo units**
- **Port Option to buy back Horan properties**
- **Port Option to purchase HQ and/or Hawley St. properties**
- **PUD Option to purchase IB No. 5 and IB No. 6 property**
- **Priority Use Agreement for CTC Video Conference Center**
- **CTC High Density Load Exception Agreement**
- **Redevelopment Planning Interlocal PUD/City/Port**

**CHELAN COUNTY PUD**  
*Owned By the People We Serve*



*“Shaping our utility to do the best, for the most, for the longest”*

## ■ Surplus Hearing Motion

### **Proposed Surplus Motion**

*“Chelan County PUD Board of Commissioners hereby set a public hearing to take comment on December 3, 2018 at ten o’clock a.m. for the purpose of the proposed sale of Chelan County PUD Confluence Technology Center (CTC) Condominium Units LL1, 201 and related Limited Common Elements, along with two generators, two cooling towers and related appurtenances, as part of an intergovernmental disposition between Chelan County PUD and the Port of Chelan County, and directing staff to publish public notice as required by RCW 39.33.020.”*