

Port of Ridgefield

Project Outline

The Port of Ridgefield owns an industrial site that will be redeveloped in the next 5 to 10 years, not sooner. In the meantime, the Port wanted to avoid making investments that would be lost on redevelopment, but they wanted revenue until redevelopment was possible.

Challenge

The Port owns an industrial site that will be redeveloped in the next 5 to 10 years, not sooner. In the meantime, the Port wanted to avoid making investments that would be lost on redevelopment, but they wanted revenue until redevelopment was possible. 130,000 SF wood processing facility, which included steam heated dry kilns, was part of a 210,000 SF, 40 acre facility owned by the Port of Ridgefield. Site attracted only undercapitalized wood production companies, each of whom encountered business failure.

In 2000, facility was vacant and in serious despair but had permanently installed processing equipment. The space was part of a facility that was facing a \$50 million environmental remediation.

The Port commissioners, as landlords, had become weary of investing in a rundown property for tenants that had a tendency to go broke. The commissioners hoped to begin redevelopment of the site but no master plan existed.

Approach

Scott Fraser contacted a wood products engineering consultant, HCMA Consulting Group, Inc. who had worked on the site on behalf of several of the previous tenants. They used their consulting experience to recommend improvements that were necessary for operations to continue. And that involved a minimum investment that could be fully amortized over the initial 5-year term of the proposed lease. The principals of HCMA formed a new venture to be the Tenant. They focused on a high-margin hardwood market niche instead of depending on high volume/low margin processing.

The commissioner's concerns about the Port making additional investments were addressed by the Tenant's paying for all of the mission critical investments in exchange for a rent offset.



**Lake River Industrial Site
Ridgefield, WA**

Services Provided

Landlord Representation
Owner Representation

Port of Ridgefield Continued

Results

- Early results of the master planning process showed that if the tenant's 5 year extension were exercised, redevelopment could be phased around the tenant's continued use.
- A competitive lease rate was negotiated, which included the ongoing terms that needed to be successful.
- The Port's site was improved without use of Port funds; the Port controls the sectors of its property needed for future redevelopment.
- The Port now has a higher quality tenant than before.
- The Port's NNN rental income for this space increased by over 50%.



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