

Ordinance No. 84-04

Whereas, having numerous county owned properties on the tax rolls costs the County money but in many circumstances serves no meaningful public purpose, and

Whereas, there is a substantial need for more active management of county owned property, and

Whereas, RCW 36.34.005 allows Counties to adopt alternative procedures for the comprehensive management of County property, and

Whereas, the County held a duly advertised public hearing on the adoption of this ordinance on September 21, 2004, and


Whereas, the current procedures do not provide for much administrative flexibility in the sale management and sale of personal and real property owned by the County,

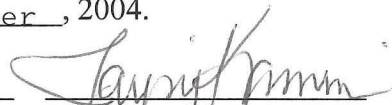
Whereas, County employees carefully reviewed the property management ordinances of Lewis County, Clark County, and in a limited way, King County, and provisions of those ordinances are incorporated into this ordinance, NOW THEREFORE,

BE IT RESOLVED by the Board of County Commissioners for Mason County that the County adopts changes to chapter 3.40 of the Mason County Code (property management and disposal) as depicted on exhibit A to this ordinance.


Adopted and passed this 21st day of September, 2004.


Herb Baze, Commissioner


Wesley Johnson, Chair


Jayni Kamin, Commissioner

Clerk of the Board:


Rebecca Rogers

Approved as to form:

 DPA
Mason County Prosecuting Attorney

**Chapter 3.40
MANAGEMENT AND
DISPOSITION
OF PROPERTY**

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3.40.005 Purpose.

Except to the extent otherwise provided
for herein, this chapter supersedes the
provisions of RCW Chapter 36.34;
PROVIDED, that the county shall retain
all powers now or hereinafter granted by
RCW Chapter 36.34.

This chapter shall be construed in
accordance with, and all county property
management activities shall be guided

by, the following declaration of policy and purpose:

- (1) To provide efficient management and protection for all county controlled properties;
- (2) To insure the maximum return of all sales, rentals or leases of county controlled properties, except as otherwise provided for herein; and
- (3) To dispose of all property which is not required for county purposes.

Article I. Definitions

3.40.010 Batch.

“Batch” means a number of personal properties of a like kind, serving a similar purpose.

3.40.020 Board of county commissioners (board).

“Board of county commissioners (board)” means the governing authority of Mason County, for purposes of Chapter 36.32 RCW

3.40.030 . ER and R manager.

The ER and R manager shall be responsible for administering the provisions of this chapter as relating to management of surplus personal property with a value of less than \$5,000.

3.40.040 Emergency.

“Emergency” means an occurrence whereby county personal property would suffer material injury, loss or damage by delay of action.

3.40.050 Estimated market value.

“Estimated market value” means the probable sale value of personal property as between a willing seller, who desires but is not required to sell and a willing purchaser, who desires but is not required to buy, assuming both are

knowledgeable as to all uses to which the personal property can be put.

3.40.060 Expendable property.

“Expendable property” means that personal property which, when committed to the purpose intended, has its usefulness consumed and thereafter has no further value.

3.40.070 Worthless property.

“Worthless property” means personal property which, when processed in the manner most advantageous to the county, cannot be sold for an amount sufficient to recoup the cost of sale or disposal.

Article II. ER and R manager

3.40.080 Established - Designated.

The board hereby establishes and designates the ER and R manager with the duty to supervise all responsibilities of county surplus personal property with a value less than \$5,000 entrusted to the E R and R department pursuant to this chapter.

3.40.090 Duties.

The E R and R manager has the duty once every three months to determine whether the personal property entrusted to the ER and R department is actually surplus personal property. To declare personal property as surplus, the ER and R manager shall find that no other county department has a need for the property; conversely, and upon finding such a need, the ER and R manager shall transfer control of the property to that department at such value as is required by law.

- (1) Upon finding that the personal property is surplus, the ER and R

manager shall determine if the property has sale value and should be sold.

(2) Upon making a finding that the personal property is surplus, has sale value or should be sold or upon a finding of need, the ER and R manager shall submit such findings to the board for approval of the findings.

3.40.100 Assistants.

The ER and R manager shall have the authority to engage such employees, and obtain such services of public and private persons or entities, not in conflict with state and county laws and ordinances, respectively, as are required to perform the duties of management.

Article III. Surplus Personal Property of Less Than \$5,000 in Value

3.40.110 Disposition options.

Upon board approval of findings that an item of personal property with an estimated value of less than \$5,000 is surplus, the ER and R manager shall evaluate and select one of the following dispositions as most advantageous to the county:

- (1) Trade-in for property that meets current or future needs of the county;
- (2) Lease to a nongovernmental entity;
- (3) Sale or lease to another governmental entity; or
- (4) Sale to the public.

3.40.120 Surplus notification.

Each county department shall promptly advise the ER and R manager when it considers any personal property of less than \$5,000 in value to be surplus to its needs. Upon having been determined surplus by the ER and R manager, such property shall then become the responsibility of such ER and R manager. However, if a county

department has expended or worthless personal property, it need not initially contact the ER and R manager. Instead, the county department shall dispose of the expended or worthless personal property as authorized in MCC 3.40.130.

3.40.130 Worthless property - Disposal.

Where personal property is determined to be expended or worthless by the ER and R manager or a department in which the property is located, the property shall be disposed of in the most cost efficient manner as determined by the ER and R manager or department in which the property is located.

(1) The ER and R manager or department responsible for the disposal shall record the description of the item and the manner in which the expended or worthless property was disposed of. The records of disposed expended or worthless personal property shall be provided to and maintained by each department

(2) No county official or employee, nor anyone of their immediate family, as that term is legally understood, may receive the disposed of personal property that was determined to be expended or worthless.

3.40.140 Administrative process.

The ER and R manager shall be responsible for the administrative process of inventorying and disposing of surplus personal property. Each individual department shall be responsible for identifying property of that department

3.40.150 Sale - Notice.

If the ER and R manager determines that sale to the public by public auction, private means or any other manner is the

disposition most advantageous to the county, the notice requirements apply as stated in subsections (1) and/or (2) of this section.

(1) The ER and R manager shall publish notice of the sale at least one time in the official newspaper of the county, and not less than five calendar days prior to the sale.

(a) The advertisement may describe the items to be sold generally rather than particularly and, where applicable, by lot rather than by item.

(b) The advertisement shall advise interested purchasers where the items to be sold will be available for public inspection.

(2) Where the cost of administration, advertisement, storage and transportation of the property would significantly reduce its net value, the manager may so find and thereby waive the requirement for advertising. For purposes of public notice, the manager shall post a notice of the items for sale in a conspicuous place within the county courthouse where such public notices and information are posted, not less than three days prior to the sale of such items and identifying the time and place for the sale.

3.40.160 Payment methods.

Sales of surplus personal property with a value of less than \$5,000 must be paid in cash, certified check or cashier's check prior to county release of sold properties. A private auctioneer may accept payment in terms that are acceptable to the auctioneer.

(1) Failure to comply with the terms of sale by a purchaser will result in forfeiture of any and all monies paid.

(2) In no case shall property title be transferred by the county until the purchase price for such property has been fully paid to the county.

(3) The proceeds from the sale of personal property with a value of less than \$5,000 shall be deposited into the current expense fund, unless the property sold was funded by another fund in which case the sale proceeds will remain with the proprietary fund from which the original price was paid.

(4) The sale proceeds and appropriate documentation shall be provided to the Mason County Treasurer's office within five business days following the sale. The Board shall be advised of the results of the sale by the ER and R manager.

Article IV. Surplus Personal Property of \$5,000 or Greater in Value

3.40.170 Property management.

All county surplus personal property with an estimated value of \$5,000 or greater shall be managed by the board and by the elected and appointive officers therein, and held, used, leased, licensed and sold pursuant to this chapter and the laws of the state of Washington.

3.40.180 Surplus notification.

Each county department and official shall promptly advise the board when any personal property with an estimated value of \$5,000 or greater is surplus to its needs, and the board shall thereafter determine if the property is surplus.

(1) To declare personal property as surplus the board shall find that no other county department has a need for the property, conversely, and upon finding such a need, the board shall transfer control of the property to that department at such value as is required by law.

(2) Upon board findings that the personal property is surplus, the board shall evaluate each and select one of the

following dispositions as most advantageous to the county:

- (a) Trade-in for property that meets current or future needs of the county;
- (b) Lease to a nongovernmental entity;
- (c) Sale or lease to another governmental entity; or
- (d) Sale to the public by public auction or contract for the sale of such items at public auction.

(3) Upon a determination that personal property with a value of \$5,000 or greater is surplus, the board shall appraise the property and establish an estimate of the market value by appropriate means and exercise its best judgment to make a good faith determination as to the value or lack of value of the property.

3.40.190 Aggregating surplus property.

Except (1) where the cost of administering, storing and transporting the property to a central public sale exceeds the fair market value of the property, or (2) when an emergency is declared by the board, the board shall consolidate and aggregate all personal property for disposal as described in MCC 3.40.220, on the quarter-year or as often as is practicable. The aggregate value of the property to be disposed of shall determine the method of disposition under this chapter as being the most advantageous to the county.

3.40.200 Sales procedures.

If the board determines that a sale of the county surplus personal property with a value of \$5,000 or greater is most advantageous to the county, the board shall then follow the procedures and provisions set forth below.

(1) The board shall solely advertise the sale of personal property for sale with an

estimated fair market value of \$5,000 or more.

(2) The board may sell such property at public sale, following publication of notice of sale in the official newspaper of the county at least once a week for two consecutive weeks. The last notice must appear not less than five calendar days prior to the sale date.

(3) Where the board has found an emergency to exist, such reasonable notice as is commensurate with the fact of the emergency shall be given for the purpose of providing the public with knowledge of the sale and to establish value. Such notice may include notification of appropriate segments of the press and telephonic communication with a potential purchaser.

(4) No notice shall be required for sale to a governmental agency.

3.40.210 Award to highest bidder - Exceptions.

All sales of county surplus personal property shall be made to the highest responsible bidder at public sale, with the following exceptions:

(1) The board may dispose of or lease county surplus personal property with a value of \$5,000 or more to another governmental agency and may acquire property for the county from another governmental agency by negotiation, upon such terms as may be agreed upon and for such consideration as may be deemed by the board as adequate compensation in compliance with RCW 43.09.210.

(2) The board finds an emergency to exist, as defined within this chapter.

(3) The board may trade in personal property belonging to the county when purchasing replacement property, when such purchase is made on award

following advertised call for sealed bids or pursuant to other lawful regulation.

(a) On any call for sealed bids wherein in the county has elected to trade in property, a notice shall be included in the call for bids that the county has for sale or trade in property of a specified type, description and quantity which will be sold or traded in on the same day and hour that the bids will be opened on the property to be purchased.

(b) Any person may bid for the purchase of such trade-in property and any supplier may include within its offer to supply an offer to accept the designated county trade-in property by setting forth in the bid the amount of such allowance.

(c) In determining the lowest and best bid, the county shall consider the net cost to the county after trade-in allowances have been deducted.

(d) The county may accept the bid of any bidder without trade in of the county property, but may not require any such bidder to purchase the county property without awarding the bidder the purchase contract.

(e) Anyone may make an offer for the purchase of the used equipment on a bid of the new equipment and the county shall consider such offers in relation to the trade-in allowances offered to determine the best sale and purchase combination for the county.

3.40.220 Bid rejection.

The board may, if it deems such action to be for the best public interest, reject any and all bids, either written or oral, and withdraw the county property from sale.

3.40.230 No minimum bids – Negotiated sales.

Where there is no bid within the advertised terms for the advertised

minimum value on the property, the county may withdraw the property from sale and thereafter negotiate the sale of the withdrawn property, provided:

- (1) The negotiated price is higher than the highest rejected bid;
- (2) That the public has two weeks' notice by at least one advertisement in the official newspaper of the county; and
- (3) That the public has an opportunity to compete for purchase by offer of more favorable price on the terms negotiated.

3.40.240 Payment methods.

Sales of personal property must be paid in cash, certified check or cashier's check prior to county release of sold properties.

- (1) Failure to comply with the terms of sale by a purchaser will result in forfeiture of any and all monies paid.
- (2) In no case shall property title be transferred by the county until the purchase price for such property has been fully paid to the county.
- (3) The county treasurer is authorized to establish such funds and accounts as may be necessary to deposit personal property sales and proceeds until final disposition of the property.
- (4) The county shall deposit personal property sales proceeds with a value of \$5,000 or more to the fund from which the original price was paid.
- (5) The sale proceeds and appropriate documentation shall be provided to the Mason County treasurer's office no later than 5 business days.

3.40.250 Purchaser information.

The name and mailing address of each purchaser or recipient, and the particulars of the sale or transfer in accordance with RCW 36.32.210, shall be promptly transmitted to the board as a record of such sale.

Article V. Real Property Sales
3.40.260 Real Property Management.

(1) Property Manager.

There is hereby established the position of Property Manager who shall be appointed by and serve at the pleasure of the Board. The Property Manager shall perform those duties delegated to such position under this chapter. The duties and functions of the Property Manager may be assigned and/or delegated to an existing employee, such as but not limited to, the facilities manager and the budget director. Such duties and functions may be jointly held by more than two or more employees of the County. To the extent reasonably practicable, the Property Manager shall maintain, with the assistance of the controlling departments, a perpetual inventory of all property, including tax title property, owned or leased by the County, except for road rights-of-way, showing at a minimum the method of acquisition, departmental custodianship, estimated value, special characteristics, improvements, and present and potential uses.

(2) Property Management Committee. There is hereby established a property management committee, to be composed of the Property Manager, one representative of the Planning Department, one representative of the Public Works Department and one representative of the Health Department. A representative of the Treasurer's Office and the Assessor's Office shall also be part of the committee if those offices so choose to help. The Property Manager shall serve as the chair of the committee, unless he or she delegates. The Committee may adopt rules for the conduct of its business, shall establish meeting times, and shall provide advice

and recommendations to the County Board of Commissioners.

3.40.270 Real estate property - Purchase and authority.

(1) The County Administrator, the Director of Community Development, and the Public Works Engineer if County Road funds are to be used, is authorized to accept on behalf of Mason County the following conveyances of interest in real property to Mason County:

(a) Conveyances not involving the direct expenditure of county funds made to satisfy conditions of short plat, conditional use permit, site plan or other county land use approval; PROVIDED, that acceptance of plat dedications shall be processed in accordance with RCW 58.17.165 through 58.17.170;

(b) Conveyances of real property for county road projects, road improvement districts, stormwater control, sanitary sewer rights-of-way, park projects, critical/sensitive lands and planned acquisitions/incentive programs approved by the board;

(2) The Administrator, Director, and Public Works Engineer shall report to the Board at least monthly regarding conveyances accepted pursuant to this section. Such report shall include a general description of each parcel acquired, the land use approval or project with which such acquisition is associated, and the purchase price, if any. A copy shall be provided to the Property Manager, so that proper tracking of County real property may occur.

3.40.280 Real Property Disposition-- Authorized when.

(1) Whenever it is for the best interests of the county and the people thereof that

any part or parcel of property, whether real, personal or mixed, belonging to the county, including tax title land, should be sold or leased, the county shall sell or lease such property under the limitations and restrictions and in the manner provided in the chapter.

(2) In making such sales, the county may sell any timber, mineral or other resources on any land owned by the county separate and apart from the land in the same manner and upon the same terms and conditions as provided in this chapter for the sale of real property. However, any such timber, mineral or other resources may be sold as personal property, in the manner provided by this chapter.

3.40.290 Surplus property disposition-Board approval considerations.

(1) Whenever, in the opinion of the property manager, any county real property is surplus to the needs of the county, the property manager shall so advise the board, making appropriate recommendation for the possible use, sale, lease or other disposition of such property. The property manager shall consult the property management committee and the office or department last using such property before so advising the board. Possible uses to be considered by the property manager shall include:

- (a) Potential uses by other county offices and departments;
- (b) Exchange or trade-in for publicly or privately owned property needed by the county;
- (c) Sale or lease to other governmental agencies;
- (d) Lease to nongovernmental parties;
- (e) Retention by the county if a parcel is within an environmentally sensitive area,

a floodplain, a slide hazard property or another area whose public ownership is in the public interest;

(f) Sale by public auction or sale by realtor.

(2) If the board concludes that the property is surplus to the foreseeable needs of the county, the board may authorize the sale or other disposition of such property as provided for in this chapter.

3.40.300 Notice of Real Property Sale and sale of Real Property.

(1) The Treasurer's Office may conduct a public auction and/or sale. If the Property Manager elects, the Property Manager may conduct a public auction and/or sale. Both the Treasurer's Office and the Property Manager are authorized to hire an auctioneer to conduct a public auction and/or sale.

(2) Whomever handles the auction and/or sale shall handle the notice of sale. Notice of the sale of surplus county real property, which describes the property, its legal description, street address if any, the terms of sale, and the time, place and manner of sale, shall be published once each week for two successive weeks in a newspaper of the county, the last date of publication being at least five (5) days before the date of sale.

3.40.310 Sale--Highest responsible bidder.

(1) All sales of county property shall be made to the highest responsible bidder at public sale, except where different provisions are made in this chapter.

(2) On sales for cash, the highest bidder shall be deemed responsible. In determining the highest responsible bidder for other sales and for leases, the property manager may consider the price

and terms bid, and financial responsibility of the bidder, and previous experience, if any, of the county with the bidder.

3.40.320 Exempted transactions designated.

The following transactions are exempted from the provisions of Sections MCC 3.40.150, MCC 3.40.270 through 3.40.310, and MCC 3.40.360 through 3.40.380:

(2) Intergovernmental Transactions. The board may sell or lease county property to another governmental agency by negotiation, upon such terms as may be agreed upon and for such consideration as may be deemed adequate by the board.

(3) Private Exchange. The board may authorize the exchange of surplus county real property for privately owned real property, subject to the provisions of this subsection; PROVIDED, that the exchange of tax title lands shall be governed by RCW 36.35.050. The value of the real property to be exchanged by the county and the value of the real property to be received by the county shall be determined by qualified independent appraiser(s), except that on-staff appraisers may be utilized where the property value does not exceed one hundred thousand dollars (\$100,000). Unless the value of the real property to be exchanged is more than five (5) times the value of the real property to be received, the board may approve the exchange and specify whether the difference in value, if any, shall be paid in cash at closing or be paid pursuant to an appropriate real estate contract or deed of trust.

(4) Trade-ins.

(a) The county may trade in property belonging to the county when

purchasing other property. If the county elects to trade in property, it shall include in its call for bids on the property to be purchased a notice that the county has for sale or trade-in property of a specified type, description and quantity which will be sold or traded in on the same day and hour that the bids on the property to be purchased are opened. Any bidder may include in its offer to sell, an offer to accept the designated county property in trade by setting forth in the bid the amount of such allowance.

(b) In determining the lowest and best bid, the county shall consider the net cost to the county after trade-in allowances have been deducted. The county may accept the bid of any bidder without trade-in of the county property, but may not require any such bidder to purchase the county property without awarding the bidder the purchase contract. The county shall consider offers in relation to the trade-in allowances offered to determine the next best sale and purchase combination for the county.

(5) Emergency. In the event of an emergency, when the interest or property of the county would suffer material injury or damage by disposition in accordance with the foregoing provisions, the board, upon declaring the existence of such an emergency, may authorize the property manager to sell or lease such property upon such terms and procedures as to the board may appear to be in the public interest.

(6) Unmarketable Parcels. A parcel of surplus real property, which in and of itself would have little utilitarian value because of its size or shape, may be offered and sold to owners of adjoining properties by private negotiation with the Property Manager.

(7) Limited-Use Parcels--Covenant Restrictions. Where restrictive covenants, dedication limitations, grant conditions or other legally enforceable restraints, including such restraints placed upon property by the county, limit use of surplus property to a specific public purpose, such property may be conveyed by negotiation upon such terms and conditions as are consistent with such restraint and based upon an opinion of value from a member of the Institute of Real Estate Appraisers or a professional appraiser having similar ethical and professional standards.

(8) Limited-Use Parcels--Restrictive Characteristics. Property determined to be surplus to the immediate needs of the county, but which because of its location, configuration or other characteristic is especially and uniquely suitable for a particular quasi-public use requiring special legal, financial or technical qualifications, all as determined by the board, may be sold or leased through a public request for proposal process.

(9) Public Purpose Leases. The board may enter into rental agreements for the use of county property with bona fide nonprofit organizations wherein the organization is to make improvements or provide services to further a recognized county purpose. The agreement may be for less than fair market rental so long as the general public is not unreasonably restricted from access to the improvements or services so provided.

(10) Short-Term Rentals. The property manager or the custodial officer or department may permit use of county facilities by a third party for up to seventy-two (72) hours upon such terms as may be mutually agreed upon; PROVIDED, that such use furthers a county purpose.

(11) Established Rental Value. Where the fair market rental value of county real property has been established by the property manager in the case of rentals of less than one thousand five hundred dollars (\$1,500) per month, or by a member of the American Institute of Real Estate Appraisers, or a professional appraiser having similar ethical and professional qualifications, in the case of rentals of one thousand five hundred dollars (\$1,500) or more per month, in accordance with accepted appraisal methods and standards, such property may be leased by private negotiation at no less than the value so established.

(13) Real Estate Broker Services. Notwithstanding any other provisions set forth in this chapter, if in the judgment of the board of county commissioners the sale of real property of the county would be facilitated and a greater value realized through the use of the services of licensed real estate brokers or by such other method as is determined to most likely result in the receipt of full value for such property, a contract for such services may be negotiated and concluded; PROVIDED, that a minimum sales price for such property shall be set by a member of the American Institute of Real Estate Appraisers or professional appraiser having similar ethics and professional qualifications.

(14) Public Purpose Sales. The board may convey title to county real property to a bona fide nonprofit corporation to be improved and utilized in perpetuity to further a recognized county purpose; PROVIDED, the conveyance document(s) shall contain appropriate contract provisions and/or deed or deed of trust restrictions and covenants relating to timing of improvements, disposition of revenue, accessibility by

the general public, nondiscrimination, compliance with laws, removal of liens, and reversion of title.

(15) Mineral Rights. The sale or lease of mineral rights for extraction of aggregate on county property as a portion of a larger project to prepare such property for future public use may be by request for proposals.

(16) Acquisition, disposition and exchanges associated county road projects which were previously authorized by the Board.

(17) The disposal of useless and no-known-value easements.

(18) Vacations of roads pursuant to chapter 36.87 RCW.

3.40.330 Title transfer.

In no case shall title be transferred until the purchase price has been paid.

3.40.340 Disposition of proceeds of sale.

The Mason County Treasurer is authorized to establish such funds and accounts as may be necessary to deposit sales proceeds until final disposition. After reimbursement of appropriate funds, funds from the sale of real property shall be deposited into the appropriate fund.

Article VI. Property Leases

3.40.350 Lease of surplus real property - Authority to lease - manner of awarding lease.

(1) Mason County may lease any county real property and tax title property and the appurtenances thereto for a year or term of years under the limitations and restrictions and in the manner provided herein. Fair market rental value shall be the basis for all such leases, with the same to be awarded upon the best available terms and conditions.

(2) The board, after finding it to be in the best interest of the county that real property should be leased, shall authorize the leasing of real property. Property proposed for lease should be reviewed by public works, risk management, planning and parks.

3.40.360 Lease of county real property appraisal - Private negotiation.

(1) Where the lease value of an individual parcel or parcels within a classification have been established by appraisal by a member of the American Institute of Real Estate Appraisers or a member of an association having equivalent ethical and professional standards, in accordance with the profession then property may be leased by private negotiation at the values so established and subject to the further terms required by this chapter; provided, that where the lease value is less than \$10,000 then a current assessor's appraisal or other evidence of value may be utilized as a basis for privately negotiated terms.

(2) Where general law contains less stringent requirements for leasing than by bidding such provision may be followed with respect to property to which such law applies. Where private negotiation is not authorized by this section, then the lease, modification, extension or renewal shall be awarded by the board following competitive bidding or auction.

3.40.370 Lease of county real property - Competitive bidding considered - Reservation of right to reject all bids.

When a lease of county real property is to be awarded through competitive bidding, the lease shall be awarded to the highest responsible bidder; provided, that wherein there is reason to believe

that the highest acceptable bid is not the best rental obtainable, all bids may be rejected and the county may call for new bids or enter into direct negotiations to achieve the best possible rental. Each bid with the name of the bidder shall be recorded by the Property Manager, and each record with the name and address of the successful bidder and the amount of the successful bid, shall, after awarding of the lease, be open to public inspection at the property management section. In determining highest responsible bidder, in addition to rental, the following elements shall be given consideration:

- (1) The character, integrity, and reputation of the bidder;
- (2) The previous and existing compliance by the bidder with the terms of other leases of Mason County real property and the laws relating thereto;
- (3) Such other information as may be relevant to the decision to award the lease.

3.40.380 Application to lease - Procedures to be followed by prospective lessees.

All applications to lease Mason County real property or proposed leases shall be submitted to the board of county commissioners in the manner prescribed by the section. The county may require that a bid bond, in the form of a cashier's or certified check, accompany each application or bid. In case the lands applied for are leased to another, the deposit shall be returned to the applicant, but if the party making application fails or refuses to comply with the terms of this application and to execute the lease, the deposit shall be forfeited to the county, and be deposited in to the appropriate fund.

3.40.390 Lease provisions - Limitations as to term, improvements or alternative rent assignment.

(1) Mason County may lease real property for a term of years and upon such terms and conditions as may be deemed in the best interests of the public and the county; provided, that no lease shall not be for longer than 20 years; provided further that when the board determines it to be in the best public interest, real property necessary to the support or expansion of an adjacent facility may be leased to the lessee of the adjacent facility, but not to exceed 35 years, or to the owner of an adjacent facility for a term not to exceed 35 years; provided, further, that when the board determines it to be in the best public interest, where the property to be leased is improved or is to be improved, and the value of the improvement is or will be at least equal to the value of the property to be leased, and will thereafter be county property, the county may lease such property for a term not to exceed 35 years; provided, further, that where the property to be leased is to be used for major airport, industrial or commercial purposes, requiring extensive improvements, the county may lease such property for a term equal to the estimated useful life of the improvements, but not to exceed 50 years.

(2) The lessee shall not improve or alter the leased property in any manner without the prior written consent of the county but shall, before making any improvements or alterations, submit plans and designs therefor to the county for approval. Unless otherwise stipulated, all improvements or alterations erected or made on the leased property shall, on expiration or sooner termination of the lease, belong to the

county without compensation to lessee; provided, however, that the county shall have the option, to be exercised on expiration or sooner termination of the lease, to require the lessee to remove any or all such improvements or alterations. If the lessee fails substantially to make the improvements or alterations required by the lease, the lease may be terminated and all rentals paid shall be forfeited to the county.

(3) The rent of all leases of county real property shall be based upon fair market rental value and no lease shall be assigned or subleased without approval by the county in writing.

3.40.400 Rental readjustment requirement-Long-term leases.

(1) Any lease of county owned property for a term of longer than five years shall contain a provision requiring the lessee to permit the rental to be adjusted and fixed by Mason County every five years; provided, that any lease may provide for more frequent readjustments. When the lease permits the county to adjust the rent, Mason County will give lessee written notice of the adjusted rent, in accordance with the terms of the lease. The rent as adjusted shall take effect no sooner than as provided by the lease and then 30 days after date of said notice unless lessee, within 30 days following receipt of notice from Mason County gives written notice of rejection of the adjusted rent. If lessee and the county cannot agree upon the rental adjustment, the rent for the period will be adjusted by arbitration. Lessee and the county will select one disinterested arbitrator each, and the two selected arbitrators will select a third. If the two arbitrators have not selected a third arbitrator within 30 days after the selection of the last selected of the two, either lessee or

county may apply to the presiding judge of the Superior Court in Mason County for the appointment of a third arbitrator. Each arbitrator will be a member of the American Institute of Real Estate Appraisers, or of the association having equivalent ethical and professional standards.

(2) If a licensing requirement for real estate appraisers is imposed by any legislation, each arbitrator will also be so licensed. The three arbitrators will determine a fair rent for the premises based upon the fair market rental value of the property, as previously defined. The decision of a majority of the arbitrators will bind both lessee and county. At the conclusion of the arbitration, the arbitrators will submit written reports to the lessee and county. The cost of the arbitration will be divided equally between lessee and the county.