

Klickitat County Port District No. 1
RESOLUTION NO. 11-2010

A Resolution of the Port of Klickitat Commission
Establishing an Annual Escalation Rate

WHEREAS, the Port leases property and facilities, provides water, grants concessions, and offers other services and facilities for which it charges a fee; and

WHEREAS, the U.S. Bureau of Labor Statistics (BLS) publishes the Consumer Price Index (CPI) that measures the price of a standard group of goods meant to represent the consumption of a typical urban household; and

WHEREAS, measuring the percentage of change in the (CPI) from one period to the next is a common method of estimating inflation; and

WHEREAS, the Port Commission, at its meeting of August 10, 2010, reviewed the history of Port escalation rates and the CPI options and indexes available for use; and

WHEREAS, after analysis and comparison of these options the Port Commission identified the CPI for All Urban Consumers (known as CPI-U) for All Cities, and All Items and not seasonally adjusted as an appropriate and commonly employed index suitable for use as an escalator;

NOW, THEREFORE, BE IT RESOLVED that the Port Commission hereby supersedes all previous escalation rates and establishes a new annual escalation rate calculated according to the following provisions:

1. The escalation rate shall be based on the Consumer Price Index (CPI) for All Urban Consumers (commonly known as the CPI-U), U.S. City Average, and All Items and Not Seasonally Adjusted as periodically published by the U.S. Department of Labor, Bureau of Labor Statistics (www.bls.gov/cpi), or any subsequent government agency to which such responsibility is assigned.
2. The escalation rate shall be the percentage change between the most recently published Annual figures of the above described CPI at the time of calculation ("A" in the formula below) and the year immediately prior to it ("B" in the formula below).
3. The calculation shall be as follows:

$$\text{Rate} = ((A - B) / B) * 100$$

For example, to calculate the escalation rate applicable to a lease renewing in January 2010, locate the published Annual CPI figures for 2008 (215.303) and 2007 (207.342). Note: Because Annual figures are generally published in February, the 2009 figure would not be available in January 2010 and the 2008 figure would have to be used.

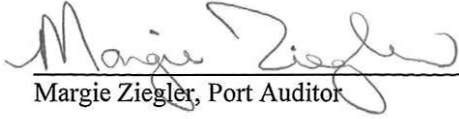
$$((215.303 - 207.342) / 207.342) * 100 = 3.83955$$

The escalation rate is then 3.83955% and a lease rate of \$300 per acre in 2009 would be \$311.52 in 2010 (\$300 * 1.0383955).

4. The escalation rate for leases and any other agreements with a term more than one year shall be calculated and applied upon the anniversary of the lease or agreement.
5. The escalation rate for tariffs, fees, and other proprietary type charges shall be calculated and applied on the first day of January each year.

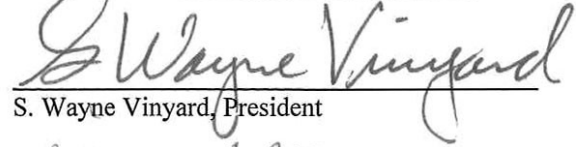
ADOPTED IN OPEN SESSION this 24th day of August, 2010.

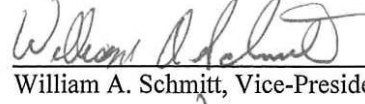
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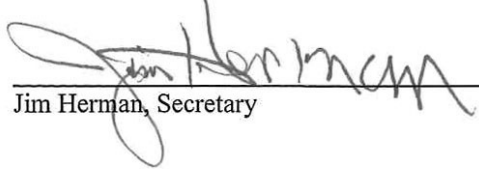

Margie Ziegler, Port Auditor

PORT SEAL

PORT OF KLICKITAT COMMISSION


S. Wayne Vinyard, President


William A. Schmitt, Vice-President


Jim Herman, Secretary