

THE NORTHWEST SEAPORT ALLIANCE
MEMORANDUM

MANAGING MEMBERS
ACTION ITEM

Item No. 4A
Date of Meeting August 14, 2018

DATE: July 31, 2018

TO: Managing Members

FROM: John Wolfe, CEO

Sponsor: Tong Zhu, Chief Commercial Officer & Chief Strategy Officer

Project Manager: Curt Stoner, Sr. Manager NWSA Real Estate

SUBJECT: Food Express Term Lease 3701 Taylor Way Rail Spur

A. ACTION REQUESTED

Request Managing Members of the Northwest Seaport Alliance (NWSA) authorization for the Chief Executive Officer or their delegate to sign a five-year term lease with Food Express Inc. for approximately 0.4 acres of land including a rail spur at 3701 Taylor Way, Tacoma, WA

B. BACKGROUND

- Food Express is one of the nation's largest milled flour and corn starch drayage companies. Food Express transloads and delivers approximately 22M pounds of flour per day in the western US.
- Food Express's use of a rail spur on the UPRR Kent WA Auto Facility has been recently terminated.
- Tacoma Rail and Arrow Storage are temporarily providing Food Express transloading rail space.

C. SYNOPSIS

- The rail spur at 3701 Taylor Way is assigned to NWSA.
- Food Express needs a rail spur to receive 4-6 bulk rail cars of bakery flour per week and pneumatically transload it into specialized over the road trailers for local delivery to Mission Foods in Fife, WA.
- Food Express has inspected the premises, found them acceptable and has agreed to pay \$28,800 annual rent and invest \$126,000 to upgrade the rail

infrastructure to Federal Railroad Administration standards as a Tenant Improvement.

- No alterations or improvements funded by the NWSA are required. Other material lease terms are listed in the attached draft lease term sheet

D. FINANCIAL IMPLICATIONS

There is no capital investment or operating expense associated with establishing this lease. There is no expected capital investment needed during the five-year lease.

Financial Impact

This lease will provide \$28,800 of additional revenue to the NWSA with no required investment.

E. ALTERNATIVES CONSIDERED AND THEIR IMPLICATIONS

- **No Action Alternative:** The premises and rail spur are currently unusable and not leasable in their present condition
- **Recommended Action:** Authorize the Chief Executive Officer or their delegate to sign a five-year Term Lease with Food Express Inc. for approximately 0.4 acres of land including a rail spur at 3701 Taylor Way, Tacoma, WA

F. ENVIRONMENTAL IMPACTS / REVIEW

- **Permitting:** Will be a component of Lessee's Tenant Improvement Request
- **Remediation:** Not expected to be required.
- **Stormwater:** Permit to be held by NWSA with BMPs the responsibility of Lessee.
- **Air Quality:** No issues anticipated. Lessee will be in compliance with all Air Quality standards. Pneumatic transloading eliminates fugitive dust.

G. ATTACHMENTS TO THIS REQUEST

- Computer slide presentation.
- Draft Lease Term Sheet
- Draft Lease Exhibit A Premises Diagram

H. PREVIOUS ACTIONS OR BRIEFINGS

None