

COMMISSION AGENDA

Item No: 5D

Meeting: 01/24/2019

DATE: January 9, 2019
TO: Port Commission
FROM: John Wolfe, Chief Executive Officer
Sponsor: Tong Zhu, Chief Commercial Officer & Chief Strategy Officer
Project Manager: Scott Francis, Director, Real Estate, Port of Tacoma
SUBJECT: Three-Year Lease with Guy F. Atkinson Construction, LLC.
3600 Port of Tacoma Road, Suites 200, 208, 209, and 210, Tacoma, WA

A. ACTION REQUESTED – No action is requested at the First Reading. The following Action Request will be made at the February 21, 2019 meeting.

Authorization for the Chief Executive Officer or his designee to enter into a three-year lease with Guy F. Atkinson Construction, LLC. for office space located in the Fabulich Center at 3600 Port of Tacoma Road, Tacoma, WA.

B. BACKGROUND

- Guy F. Atkinson Construction, LLC (Atkinson), a subsidiary of Clark Construction Group, was founded in 1926. Their corporate headquarters are located in Golden, Colorado.
- Atkinson is a contractor working on the I-5 expansion project.
- Atkinson is currently leasing 9,615 sq. ft. in the Fabulich Center on a month to month lease.
- Atkinson now wishes to convert their month to month lease to a long-term lease.

C. PRIMARY LEASE TERMS

- Use: Professional offices.
- Premises: Approximately 9,615 rentable square feet.
- Lease Term: three (3) years.
- Rent: \$16,425.63/mo. (\$197,107/yr.)
- Rent Commencement Date: March 1, 2019.
- Rent Escalation: Annual 2.5% increase.
- Utility Expenses: Lessor responsibility.
- Security Deposit: \$222,416 (one year's rent + leasehold tax)
- Insurance Requirements: \$2 Million General Liability.
- Building maintenance and repair: Lessor's responsibility.

D. TIMEFRAME/PROJECT SCHEDULE

Lease First Reading	January 24, 2019
Lease Second Reading	February 21, 2019
Lease Commencement	March 1, 2019

E. FINANCIAL SUMMARY

- Initial rent at \$16,425.63/mo. (\$197,107/yr.)
- This lease revenue is new revenue that was not included in the 2019 operating budget.

F. ECONOMIC INVESTMENT / JOB CREATION

- This lease brings 35 new jobs to Tacoma.
- Continued utilization of Fabulich Building office space.

G. ENVIRONMENTAL IMPACTS / REVIEW

No environmental impacts.

H. NEXT STEPS

The Second Reading is scheduled for February 21, 2019. Upon Commission approval of the requested action, the Port Chief Executive Officer or his designee will enter into the Lease which will commence on March 1, 2019.