

COMMISSION AGENDA

Item No: 4C

Meeting: 10/25/2018

DATE: October 10, 2018

TO: Port Commission

FROM: John Wolfe, Chief Executive Officer
Sponsor: Tong Zhu, Chief Commercial Officer & Chief Strategy Officer
Project Manager: Scott Francis, Director of Real Estate, Port of Tacoma

SUBJECT: Three-Year Lease with Best Way Trucking, Inc., dba GSC Logistics.
3600 Port of Tacoma, Suite 505, Tacoma, WA

A. ACTION REQUEST

SECOND READING/ADOPTION: Authorization for the Chief Executive Officer or his designee to enter into a three-year lease with Best Way Trucking, Inc. dba GSC Logistics for office space located in the Fabulich Center at 3600 Port of Tacoma Road, Tacoma, WA.

B. BACKGROUND

- GSC Logistics was founded in the Bay Area of California in 1988 and is now headquartered in Oakland, CA.
- GSC expanded into the Pacific Northwest in 2011 with the purchase of Best Way Trucking. Best Way Trucking now operates as GSC Logistics (GSC).
- GSC provides transportation services for ocean and intermodal containers, as well as cross-dock/transload services of both imported and domestic cargos.
- GSC currently operates a yard in Seattle offering drayage and over the road services.
- In 2017 GSC opened an office and a food grade warehouse in Renton, WA.
- GSC now wishes to relocate their Renton office to the Port of Tacoma.

C. PRIMARY LEASE TERMS

- Use: Professional offices.
- Premises: Initial area is 5,356 SF. The premises will increase to 6,507 SF within six months.
- Lease Term: Three (3) years with a mutual option to extend.
- Early access is provided to allow Lessee access to complete tenant improvements and install phone and data services, etc.
- Initial Rent: \$8,926/mo. (\$107,112/yr.). Within six months, rents increase to \$10,845/mo. (\$130,140/yr.).
- Rent Commencement Date: about December 1, 2018
- Rent Escalation: Annual escalation based on CPI-U Seattle-Tacoma-Bellevue.
- Utility Expenses: Lessor responsibility.
- Security Deposit: \$120,874 (one year's rent + leasehold tax)
- Insurance Requirements: \$2 Million General Liability.

D. TIMEFRAME/PROJECT SCHEDULE

Lease First Reading	September 20, 2018
Lease Second Reading	October 25, 2018
Rent Commencement	December 1, 2018
Lease Term	Three Years

E. FINANCIAL SUMMARY

- Initial rents at \$8,926/mo. (\$107,112/yr.)
- Rents increased within six-months to \$10,845/mo. (\$130,140/yr.)

F. ECONOMIC INVESTMENT / JOB CREATION

- This Lease brings 18 new jobs to Tacoma.
- Utilization of unused office space within the Fabulich Building.

G. ENVIRONMENTAL IMPACTS / REVIEW

No environmental impacts.

H. NEXT STEPS

Upon Commission approval of the requested action, the Port Chief Executive Officer or his designee will enter into the Lease which will commence on or about December 1, 2018.