

COMMISSION AGENDA

Item No: 5D

Meeting: 04/24/2019

DATE: April 11, 2019

TO: Port Commission

FROM: John Wolfe, Chief Executive Officer

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

Project Manager: Annika Bjorkman, Real Estate Property Manager, Port of Tacoma

SUBJECT: Three-Year Lease with NTR Logistics, LLC
1702 Port of Tacoma Road, Tacoma, WA

A. ACTION REQUESTED – No action is requested at the First Reading. The following Action Request will be made at the May 9, 2019 meeting.

Authorization for the Chief Executive Officer or his designee to enter into a three-year lease with NTR Logistics, LLC for yard space located at 1702 Port of Tacoma Road, Tacoma, WA.

B. BACKGROUND

- NTR Logistics has operated in the Port of Tacoma tideflats since 2012.
- NTR Logistics transloads and hauls tower flanges, hubs, and bed frames for windmills which are imported mostly through WUT and sometimes Husky Terminal.
- NTR has leased this site on a month-to-month lease since November 2018.
- NTR wishes to execute a 3-year lease with two, 1-year mutually approved extensions.

C. PRIMARY LEASE TERMS

- Use: Transloading equipment and truck/trailer parking.
- Premises: 2 acres of yard space.
- Lease Term: Three (3) years with two, one-year mutual options to extend.
- Rent: \$12,000/mo. (\$144,000/yr.)
- Rent Commencement Date: approximately June 1, 2019.
- Rent Escalation: Annual escalation based on CPI-U Seattle-Tacoma-Bellevue.
- Utility Expenses: Lessee responsibility.
- Security Deposit: \$162,490 (one year's rent + leasehold tax)
- Insurance Requirements: \$2 Million General Liability.
- Maintenance and repair responsibilities are Lessee's.

D. TIMEFRAME/PROJECT SCHEDULE

Lease First Reading	April 24, 2019
Lease Second Reading	May 9, 2019
Rent Commencement	June 1, 2019
Lease Term	Three Years

E. FINANCIAL SUMMARY

The monthly rent of \$12,000 or \$144,000 annually is an increase over the budgeted 2019 operating revenue. This is an increase over prior year's actuals which only included two months of rent at this property.

F. ECONOMIC INVESTMENT / JOB CREATION

- This lease retains 5 jobs in Tacoma.
- Continued utilization of Port property.
- NTR transloads about 30 flat racks per month.
- This lease supports the Port's core business of moving international cargo.

G. ENVIRONMENTAL IMPACTS / REVIEW

No environmental impacts.

H. NEXT STEPS

Second Reading scheduled for May 9, 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 June 1, 2019.