

COMMISSION AGENDA

Item No: 6A
Meeting: 2/2/2023

DATE: January 19, 2022
TO: Port Commission
FROM: Eric Johnson, Executive Director
Sponsor: Alisa Praskovich, Chief, Special Projects & Commission Relations
Project Manager: Shannon Bartlett, Real Estate Property Manager
SUBJECT: Three-Year Lease with Afar Logistics LLC at 2810-A Marshall Avenue

A. ACTION REQUESTED - No action is requested at the First Reading. The following Action Request will be made at the February 21, 2023 meeting.

Authorization for the Executive Director or his designee to enter into a three-year lease with Afar Logistics LLC for the premises including approximately 34,801 sf of warehouse, 1,181 sf of office, 1.34 acres of yard and parking area, and 0.33 acres of common driveway area located at 2810-A Marshall Avenue, Tacoma, WA. (Section III.B.2 of the Master Policy Resolution requires two readings for new leases other than at the Fabulich Center.)

B. BACKGROUND

- Afar has been in business since 2009 and has been servicing the Port of Seattle and Port of Tacoma areas for 14 years.
- Afar is looking to expand in Tacoma by leasing the warehouse by providing warehousing and transloading services. This will create 10 jobs for warehouse, office personnel, forklift operators, and yard jockey driving positions.
- Afar Trucking Inc. has leased yard space from the NWSA at Terminal 10 (multi-tenanted site) from January 1, 2016, to December 9, 2022.
- Afar is now a sub-tenant at T-10, subleasing from Ray-Mont Logistics. Afar uses T-10 for truck and chassis storage.
- Afar has a strong tenancy history with the NWSA and their account consistently remained in good standing.

C. PRIMARY LEASE TERMS

- Lease Premises: Includes approximately 34,801 sf of warehouse, 1,181 sf of office, 1.34 acres of yard and parking area, and 0.33 acres of common driveway area located at 2810-A Marshall Avenue.
- Use: Warehousing and transloading from ocean containers to over the road trucks for inland transportation.
- Lease effective date: March 1, 2023
- Lease Term: Three years with two, one-year extensions upon mutual approval
- Rent: \$32,620.00/month (\$391,440/year)
- Rent Escalation: Annual escalation based on CPI-U-Seattle-Tacoma-Bellevue

- Security Deposit: \$441,701.00 (one year's rent + leasehold tax)
- Insurance Requirements:
 - \$2 Million general liability
 - \$1 Million auto liability
- All utilities are Lessee's responsibility
- Lessee Maintenance / Repair Responsibility:
 - Minor building electrical system repairs
 - Secondary plumbing system: sinks, toilets, fixtures, minor leaks, plugs
 - Interior door repairs and roll up door repairs and maintenance
 - Storm water system cleanout
- Lessor Maintenance Responsibility:
 - Major building electrical system repairs
 - Building, roof, gutters, and exterior walls
 - Primary plumbing system
 - Fire suppression system
 - Fencing and gates maintenance repair

D. TIMEFRAME/PROJECT SCHEDULE

1 st Reading of Lease	February 2, 2023
2 nd Reading of Lease	February 21, 2023
Lease Commencement Date	March 1, 2023

E. FINANCIAL SUMMARY

This Lease produces \$32,620.00 rent per month (\$391,440 per year). This rent schedule meets the budgeted rent for this property.

F. ECONOMIC INVESTMENT / JOB CREATION

Ten employees will work at this Port of Tacoma location.

G. ENVIRONMENTAL IMPACTS / REVIEW

No environmental impacts.

H. NEXT STEPS

The Second Reading is currently scheduled for February 21, 2023. Upon Commission approval of the requested action, the Port Executive Director or his designee will enter into the Lease which will commence on March 1, 2023.