

COMMISSION AGENDA

Item No: 4F

Meeting: 9/26/2019

DATE: September 11, 2019
TO: Port Commission
FROM: Eric Johnson, Executive Director
Sponsor: Tong Zhu, Chief Commercial Officer & Chief Strategy Officer
Project Manager: Annika Bjorkman, Real Estate Property Manager
SUBJECT: Three-Year Lease with Pac-Van, Inc.
1701 Port of Tacoma Road, Tacoma, WA 98421

A. ACTION REQUESTED – No action is requested at the First Reading. The following Action Request will be made at the October 17, 2019 meeting.

Authorization for the Executive Director or his designee to enter into a three-year lease with Pac-Van, Inc. for the 9.18-acre premises located at 1701 Port of Tacoma Road, Tacoma, WA.

B. BACKGROUND

- The Port purchased this property in 2016.
- Pac-Van has leased the premises on a month-to-month basis since January 1, 2019, and is in good standing.
- Pac-Van, Inc. now wishes to convert their month-to-month lease to a three-year lease.
- Pac-Van, Inc. was founded in 1993 in Indianapolis, IN. They currently have operations in 34 states. Their primary business is the sale, repair and leasing of containers, modular office units and water storage tanks.

C. PRIMARY LEASE TERMS

- Lease Premises: Includes approximately 7,112 SF of shop; 2,097 SF of office; 9,209 SF of yard/parking; and 8.77 acres of yard space located at 1701 Port of Tacoma Road.
- Use: Sale, repair and leasing of containers, modular office units and water storage tanks.
- Lease effective date: November 1, 2019
- Lease Term: Three (3) years.
- Rent: \$57,988/mo. (\$695,856/yr.)
- Rent Escalation: Annual escalation based on CPI-U Seattle-Tacoma-Bellevue.
- Security Deposit: \$785,211 (one year's rent + leasehold tax)
- Insurance Requirements:
 - \$2 Million general liability
 - \$2 Million pollution liability
 - \$1 Million auto liability
- All utilities are Lessee's responsibility.

- Lessee Maintenance/Repair Responsibility:
 - Windows/doors
 - Storm water system cleanout
 - Mechanical components
 - Minor electrical/plumbing repairs

- Lessor Maintenance Responsibility:
 - Building roof, gutters and exterior walls
 - Primary plumbing system
 - Fire suppression system
 - Underground utilities

D. TIMEFRAME/PROJECT SCHEDULE

1 st Reading of Lease	September 26, 2019
2 nd Reading of Lease	October 17, 2019
Lease Commencement Date	November 1, 2019

E. FINANCIAL SUMMARY

This Lease produces \$57,988 rent per month (\$695,856 per year). This rent schedule meets the budgeted rent for this property.

F. ECONOMIC INVESTMENT / JOB CREATION

Sixteen employees work at this Port of Tacoma location.

G. ENVIRONMENTAL IMPACTS / REVIEW

No environmental impacts.

H. NEXT STEPS

The Second Reading is currently scheduled for October 17, 2019. Upon Commission approval of the requested action, the Port Executive Director or his designee will enter into the Lease which will commence on November 1, 2019.