

COMMISSION AGENDA

Item No: 7D

Meeting: 3/17/22

DATE: February 22, 2022

TO: Port Commission

FROM: Eric Johnson, Executive Director

Sponsor: Scott Francis, Director, Real Estate

Project Manager: Annika Bjorkman, Real Estate Property Manager

SUBJECT: Guy F. Atkinson Construction Office Lease at 3600 Port of Tacoma Road, Tacoma, WA

A. ACTION REQUESTED:

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

B. BACKGROUND

- Guy F. Atkinson Construction, LLC (Atkinson), a subsidiary of Clark Construction Group, located in Golden, Colorado has been building our nation's infrastructure since 1926, serving both public and private-sector clients.
- Atkinson and Clark Construction Group employ 4,200 employees across the country.
- Atkinson is one of the most experienced and diverse heavy civil contractors in the country, with a portfolio that includes major highway expansions, mining and tunneling operations, and some of the world's largest bridges and dams.
- Atkinson has worked on many WSDOT projects that improve the efficient movement of freight to and from the Port of Tacoma and reduce congestion on local roads and highways. These projects include SR-16 Westbound Nalley Valley Interchange, Tacoma I-5 south bound project, 70th Ave overpass, two overpasses near JBLM, and SR-509 Veterans Way.
- Atkinson was recently awarded the design-build contract for the SR-167 Completion Project connection between I-5 and SR-509.
- Atkinson has leased office space in the Fabulich Center for the past three-years.
- Atkinson is currently leasing 9,615 sf of office space in the Fabulich Center on a month-to-month lease.
- Atkinson now wishes to execute a three-year lease for 14,556 square feet of office space at the Fabulich Center.

C. PRIMARY LEASE TERMS

- Use: Professional offices
- Premises: Approximately 14,556 sf of office space
- Lease Term: three (3) years.
- Office Rent: \$26,337/mo. (\$316,045/yr.)
- Lease Commencement Date: April 1, 2022.
- Rent Escalation: Annually by CPI-U.

- Initial Security Deposit: \$356,626.00 (one year's rent + leasehold tax)
- Insurance Requirements: \$2 Million General Liability.
- Utility Expenses: Lessor responsibility.
- Building maintenance and repair: Lessor responsibility
- Space improvements: Remove some interior walls to open areas and make more usable.

D. TIMEFRAME/PROJECT SCHEDULE

Lease Reading	March 17, 2022
Rent Commencement	April 1, 2022
Lease Term	Three Years

E. FINANCIAL SUMMARY

- Revenues estimated at \$26,337/mo. (\$316,045/yr.).
- Office space improvement cost estimated at \$56,417 (1.9-month payoff).
- This office lease is also related to a separate parking area lease that generates an additional \$3,380/mo. (\$40,560/yr.).

F. ECONOMIC INVESTMENT/ JOB CREATION

- This lease brings 30 new jobs to Tacoma.
- Atkinson/WSDOT will have about 75 employees working at the Fabulich Center.
- This lease utilizes unused office space and increases Fabulich Center occupancy to 93% (including Port occupied suites).
- Supports Atkinson as a long-term land and office tenant at the Port of Tacoma.
- This lease supports the SR-167 Completion Project.

G. ENVIRONMENT IMPACTS / REVIEW

No environmental impacts.

H. NEXT STEPS

Upon Commission approval of the requested action, the Executive Director or his designee will enter into the lease, which will commence on about April 1, 2022.