

# COMMISSION AGENDA

Item No: 7E

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 Land Lease: 3600 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 April 21, 2022 meeting:**

Authorization for the Executive Director or his designee to enter into a three-year lease with Guy F. Atkinson Construction, LLC. For .52-acre parking area at 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, 70<sup>th</sup> 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 at 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. They have requested a new three-year office lease for 14,556 square feet.
- To support their increased workforce at the Fabulich Center, Atkinson now wishes to execute a three-year lease for 0.52-acres of parking area.

## C. PRIMARY LEASE TERMS

- Use: Company vehicle parking (work trucks – no equipment).
- Premises: Approximately 0.52 acres of parking area.
- Lease Term: Three (3) years.

- Lease Commencement Date: May 1, 2022.
- Rent: \$3,380/mo. (\$40,560/yr.)
- Rent Commencement: Upon tenant improvement completion.
- Rent Escalation: Annually by CPI-U.
- Initial Security Deposit: \$45,768.00 (one year's rent + leasehold tax).
- Insurance Requirements:
  - \$2 Million general liability.
  - \$1 Million auto liability.
- Utility Expenses: Lessee's responsibility.
- Parking area to be improved by Atkinson via the Port's Tenant Improvement process.

**D. TIMEFRAME/PROJECT SCHEDULE**

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

**E. FINANCIAL SUMMARY**

- Parking area rent upon tenant improvement completion: \$3,380/mo. (\$40,560/yr.)
- Tenant responsible for parking area improvement cost.
- This lease supports Atkinson's office lease in the Fabulich Center that generates \$316,045/yr.
- This new parking area utilizes unimproved property at the Fabulich Center.

**F. ECONOMIC INVESTMENT/ JOB CREATION**

- This Lease supports Atkinson/WSDOT estimated 75 employees working at the Fabulich Center.
- Preserves 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**

- The Second Reading is currently scheduled for the April 21, 2022 Commission Meeting.
- Upon Commission approval of the requested action, the Executive Director or his designee will enter into the Lease which will commence on about May 1, 2022.