

COMMISSION AGENDA

Item No: 5B

Meeting: 12/20/18

DATE: December 5, 2018

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: Two-Year Lease with Evergreen Shipping Agency (America) Corporation
3600 Port of Tacoma Road, Suite 303, Tacoma, WA

A. ACTION REQUESTED

SECOND READING/ADOPTION: Authorization for the Chief Executive Officer or his designee to enter into a two-year lease with Evergreen Shipping Agency (America) Corporation for office space located in the Fabulich Center at 3600 Port of Tacoma Road, Tacoma, WA.

B. BACKGROUND

- Evergreen Shipping Agency has operated the Pierce County Terminal since February 1, 2005.
- Evergreen's terminal lease at Pierce County Terminal includes approximately 140 acres.
- Evergreen handles about 432,000 TEU's per year and has about 104 vessel port calls per year.
- Evergreen has been a tenant at the Fabulich Center since January 1, 2009.
- The current lease terminates December 31, 2018.
- Evergreen wishes to execute a new lease for Suite 303 at the Fabulich Center.

C. PRIMARY LEASE TERMS

- Use: Professional offices.
- Premises: Approximately 899 rentable square feet.
- Lease Term: Two (2) years with three one-year extensions with mutual approval.
- Rent: \$1,498/mo. (\$17,979/yr.)
 - \$20/per square foot annually.
- Rent Commencement Date: January 1, 2019.
- Rent Escalation: Annual escalation based on CPI-U Seattle-Tacoma-Bellevue.
- Utility Expenses: Lessor responsibility.
- Security Deposit: \$20,289 (one year's rent + leasehold tax)
- Insurance Requirements: \$2 Million General Liability.
- All maintenance and repair responsibilities are Lessor's.

D. TIMEFRAME/PROJECT SCHEDULE

Lease First Reading	November 29, 2018
Lease Second Reading	December 20, 2018
Rent Commencement	January 1, 2019
Lease Term	Two Years

E. FINANCIAL SUMMARY

Initial rent at \$1,498/mo. (\$17,979/yr.)

F. ECONOMIC INVESTMENT / JOB CREATION

- This lease retains 2 jobs in Tacoma.
- Continued utilization of office space in the Fabulich Center.
- Evergreen provides marine transportation services that support the Port's core business of moving international containerized cargo.

G. ENVIRONMENTAL IMPACTS / REVIEW

No environmental impacts.

H. NEXT STEPS

Upon Commission approval of the requested action, the Port Chief Executive Officer or his designee will enter into the Lease which will commence on January 1, 2019.