

Item No.: 4A
Date of Meeting: December 19, 2019

Second Reading: KAG West, LLC Lease – 401 Alexander Avenue

Presenter:

Scott Francis
Director, Real Estate
Port of Tacoma



Action Request



Authorization for the Executive Director or his designee to enter into a three-year lease with KAG West, LLC for the premises located at 401 Alexander Ave., Tacoma, WA.

KAG West, LLC – Lease Location



KAG West, LLC – Lease Premises



-  Parking = .25 Acres
-  Yard = 2.05 Acres
-  Warehouse = 14,753 SF
-  Office = 3,614 SF
-  Yard, Common .1 Acres

Background



- KAG West, LLC, was founded in 1997 and is headquartered in North Canton, Ohio.
- KAG is North America's largest tank truck transporter and logistics provider. They operate out of approximately 300 terminal and satellite locations in the United States, Canada and Mexico.
- Since 2016, KAG has leased this premises on a month-to-month basis.
- KAG's account with the Port is in good standing.
- KAG provides local service to Sea-Tac International Airport, Boeing, Pierce County, King County, and Costco.

Background



- KAG has been recognized by the Commercial Vehicle Safety Alliance for their commitment to commercial vehicle safety.
- KAG now wishes to convert their month-to-month lease to a three-year lease term and lease additional office space in Building 326.

KAG West, LLC – Lease Terms



- Lease Premises: Approximately 14,753 square feet of warehouse space, 3,614 square feet of office space, 2.4 acres of parking and yard space.
- Use: Vehicle parking, tractor and trailer parking, shop maintenance on tractors and trailers, and general administrative office functions.
- Lease Commencement: Approximately January 1, 2020.
- Lease Term: Three (3) years with two (2) mutually approved one-year extensions.
- Rent: \$20,400/mo. (\$244,800/yr.).
- Rent Escalation: Annual escalation based on CPI-U Seattle-Tacoma-Bellevue.
- Security Deposit: \$276,242 (one-year's rent + leasehold tax).

KAG West, LLC – Lease Terms Continued



- Insurance Requirements:
 - \$2 Million general liability
 - \$2 Million pollution liability
 - \$1 Million auto liability
- All utilities are Lessee's responsibility.
- Lessor Maintenance/Repair Responsibility:
 - Major building electrical system
 - HVAC maintenance and repair
 - Fire suppression system
 - Exterior wall/roof/doors/windows
 - Primary plumbing system
- Lessee Maintenance/Repair Responsibility:
 - Minor electrical repairs
 - Secondary plumbing
 - Storm water system

KAG West, LLC – Lease Benefits



- Rents received meet budgeted revenues for the lease premises.
- Sixty-five employees work at this Port of Tacoma location including 15 new administrative positions that will be relocated from Federal Way.

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