

# COMMISSION AGENDA

Item No: 4B

Meeting: 12/19/2019

**DATE:** December 4, 2019

**TO:** Port Commission

**FROM:** Eric Johnson, Executive Director  
Sponsor: Tong Zhu, Chief Commercial Officer & Chief Strategy Officer  
Project Manager: Scott Francis, Director, Real Estate, Port of Tacoma

**SUBJECT:** Five-Year Lease with Thermo Fluids, Inc.  
1851 Alexander Avenue, Tacoma, WA

## A. ACTION REQUESTED

Authorization for the Executive Director or his designee to enter into a five-year lease with Thermo Fluids, Inc. for warehouse, office, and yard space located at 1851 Alexander Avenue, Tacoma, WA.

## B. BACKGROUND

- Thermo Fluids, Inc., founded in 1993 and headquartered in Scottsdale, AZ., operates throughout the Western U.S.
- Thermo Fluids, Inc. is a subsidiary of Clean Harbors, Inc., the largest environmental recycling company in North America.
- Thermo Fluids, Inc. is the largest producer of recycled commercial oil in the Western United States. They are also one of the largest recyclers of used vehicle antifreeze.
- Thermo Fluids provides services to many Port tenants and customers including Georgia Pacific, Seaport Sound Terminal (Targa Sound Terminal), Kirby Corporation, and Matson.
- The Port facility at 1851 Alexander has been vacant for over two years.

## C. PRIMARY LEASE TERMS

- Use: Office, warehouse, parking, maintenance of vehicles and equipment, and storage of emergency response equipment for both marine and land cleanup operations.
- Premises: 2.31 acres of yard, 6,175 sf warehouse, 1,181 sf office, and 3,289 sf covered area.
- Lease Term: Five (5) years with one mutually approved five-year extension.
- Rent: \$18,024.50/mo. (\$216,294/yr.).
- Rent Commencement Date: Approximately January 1, 2020.
- Rent Escalation: Annual escalation based on CPI-U Seattle-Tacoma-Bellevue.
- Security Deposit: \$244,066 (one year's rent + leasehold tax).
- Insurance Requirements:
  - \$5 Million general liability
  - \$5 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 Responsibility:
  - Minor electrical repairs
  - Secondary plumbing
  - Storm water system

#### **D. TIMEFRAME/PROJECT SCHEDULE**

Lease First Reading	November 25, 2019
Lease Second Reading	December 19, 2019
Rent Commencement	January 1, 2020
Lease Term	Five Years

#### **E. FINANCIAL SUMMARY**

This lease puts a non-performing asset to work and creates new rent revenue in the amount of \$18,024.50/mo. (\$216,294/yr.) for this property.

#### **F. ECONOMIC INVESTMENT / JOB CREATION**

- Ten jobs will be relocated to this facility from Sumner with potential for new jobs as they grow.
- Readily available recycling services and spill response services support businesses on the tide flats and in the region.

#### **G. ENVIRONMENTAL IMPACTS / REVIEW**

- Emergency spill response equipment for both marine and land spills will be stored and deployed from this facility.
- Trained emergency response personnel will work out of this facility.
- Providing convenient locations to collect used oil and antifreeze to be recycled is good for the environment.

#### **H. NEXT STEPS**

Upon Commission approval of the requested action, the Executive Director or his designee will enter into the Lease which will commence about January 1, 2020.