

Item No.: 4B

Date of Meeting: December 19, 2019

Second Reading: Thermo Fluids, Inc. Lease – 1851 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 five-year lease with Thermo Fluids, Inc. for warehouse, office, and yard space located at 1851 Alexander Avenue, Tacoma, WA.

Thermo Fluid, Inc. – Lease Location



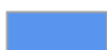

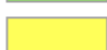


Thermo Fluids, Inc. – Lease Premises



Alexander Avenue

Unit Type

	Building, Covered Area = 3,289 SF
	Building, Office = 1,181 SF
	Building, Warehouse = 6,175 SF
	Yard = 2.31 Acres
	Yard, Parking = .24 Acres

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 (formerly Targa Sound Terminal), Kirby Corporation, and Matson.
- The Port facility at 1851 Alexander has been vacant for over two years.

Thermo Fluids, Inc.— 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, five-year mutually approved extension.
- Rent: \$18,024.50/mo. (\$216,294/yr.).
- Rent Commencement: Approximately January 1, 2020.
- Rent Escalation: Annual escalation based on CPI-U Seattle-Tacoma-Bellevue.

Thermo Fluids, Inc. – Lease Terms Continued



- 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.

Thermo Fluids, Inc. – Lease Terms Continued



- 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

Thermo Fluids, Inc. – Lease Benefits



- 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.).
- Ten jobs will be relocated to this facility.
- Readily available recycling services support businesses on the tide flats and in the region.
- Trained emergency response personnel will work out of this facility providing support to Port operations and tenants.

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