

COMMISSION AGENDA

Item No: 7E

Meeting: 4/21/22

DATE: March 24, 2022
TO: Port Commission
FROM: Eric Johnson, Executive Director
Sponsor: Scott Francis, Director, Real Estate
Project Manager: Annika Bjorkman, Real Estate Property Manager
SUBJECT: Second Reading Guy F. Atkinson Construction Land Lease: 3600 Port of Tacoma Road, Tacoma, WA

A. ACTION REQUESTED:

Authorization for the Executive Director or his designee to enter into a three-year lease with two mutually approved one-year extensions with Guy F. Atkinson Construction, LLC. for a .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 have improved the efficient movement of freight to and from the Port of Tacoma while reducing congestion on local roads and highways. These projects include SR-16 Westbound Nalley Valley Interchange, Tacoma I-5 south bound project, 70th Ave overpass, two overpasses near JBLM, and SR-509.
- 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.
- Currently Atkinson is leasing 14,556 square feet of office space in the Fabulich Center on a three-year lease with two mutually approved one-year extensions.
- To support their increased workforce at the Fabulich Center, Atkinson now wishes to execute a three-year lease with two mutually approved one-year extensions for .52-acres of parking area at the Fabulich Center.

C. PRIMARY LEASE TERMS

- Use: Personal and company vehicle parking (work trucks – no equipment).
- Premises: Approximately .52 acres of parking area.
- Lease Term: Three (3) years with two one-year mutually approved extensions.
- 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 First Reading	March 17, 2022
Lease Second Reading	April 21, 2022
Lease 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

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.