

COMMISSION AGENDA

Item No: 4C

Meeting: 12/17/2020

DATE: December 2, 2020

TO: Port Commission

FROM: Eric Johnson, Executive Director
Sponsor: Eric Johnson, Executive Director
Project Manager: Scott Francis, Director of Real Estate

SUBJECT: One Year Lease Extension with McKinney Vehicle Services, Inc.
3600 Port of Tacoma Road, Suites 308 and 311, Tacoma, WA

A. ACTION REQUESTED – CONSENT AGENDA

Authorization for the Executive Director or his designee to enter into a one-year lease extension with McKinney Vehicle Services, Inc. for premises located at 3600 Port of Tacoma Rd, Tacoma WA 98424.

B. BACKGROUND

- For over 30 years, McKinney Vehicle Services, Inc. has supplied the western United States, Arizona, Colorado, Utah and Texas with trailer equipment and service.
- McKinney has leased suites 308 & 311 in the Fabulich Center since January 1, 2019.
- Their current lease terminates December 31, 2020.
- McKinney would like to extend their current lease by one-year to December 31, 2021.

C. PRIMARY LEASE TERMS

- Lease Premises: Approximately 3,443 rentable SF in Suites 308 & 311.
- Use: Professional offices.
- Lease Commencement Date: January 1, 2021.
- Lease Term: One (1) year.
- Rent: \$6,283/mo. (\$75,396/yr.)
- Rent Escalation: Annual escalation based on CPI-U Seattle-Tacoma-Bellevue.
- Security Deposit: \$85,083 (one-year's rent + leasehold tax).
- Insurance Requirements: \$2 Million general liability.
- All utilities are Lessor's responsibility.
- Lessor Maintenance/Repair Responsibility:
 - Lessor to maintain building to include roof, exterior walls, and common areas.
- Lessee Maintenance/Repair Responsibility:
 - All tenant improvements.
 - Secondary Plumbing.
 - Phone, data, and any security systems in premises.

D. TIMEFRAME/PROJECT SCHEDULE

Lease Reading	December 17, 2020
Lease Commencement	January 1, 2021
Lease Term	One (1) Year

E. FINANCIAL SUMMARY

Initial rent is \$6,283/mo. (\$75,396/yr.)

F. ECONOMIC INVESTMENT / JOB CREATION

This lease supports eight jobs at this location. McKinney supports many truck driving positions through their equipment rental operations. Having a readily available equipment lease fleet supports the efficient movement of cargo through the Port of Tacoma.

G. ENVIRONMENTAL IMPACTS / REVIEW

No environmental impacts.

H. NEXT STEPS

Upon Commission approval of the requested action, the Port Executive Director or his designee will enter into a one-year lease extension with McKinney Vehicle Services, Inc., which will commence about January 1, 2021.