

# COMMISSION AGENDA

Item No: 4C

Meeting: 09/21/17

**DATE:** September 6, 2017

**TO:** Port Commission

**FROM:** John Wolfe, Chief Executive Officer

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

**SUBJECT:** Second Reading: Five-Year Lease with Fibres International, Inc.  
401 Alexander Avenue, Tacoma, WA

## A. ACTION REQUEST

**SECOND READING/ADOPTION:** Authorization for the Chief Executive Officer or his designee to enter into a five-year lease with Fibres International, Inc. for the premises located at 401 Alexander Avenue, Tacoma, WA.

## B. BACKGROUND

- Fibres International, Inc. is a current tenant in good standing, with an up-to-date account.
- Current month-to-month lease started 2/15/2017.
- Premises includes approximately 74,798 SF of warehouse, 1,581 SF of office space, and 0.60 acres of yard/parking area.
- Current lease rate is \$27,760/mo. (\$333,124/yr.)
  - \$0.35/per sq. ft. for warehouse space
  - \$1.00/ per sq. ft. for office space

## C. PRIMARY LEASE TERMS

- Use: Administrative office and storage of baled recyclable material for shipment.
- Lease Commencement Date: October 1, 2017
- Lease Premises: 74,798 SF of warehouse, 1,581 SF of office space, and 0.60 acres of yard/parking area.
- Lease Term: five years with one mutually approved five-year extension.
- Initial Rent: \$27,760/mo. (\$333,124/yr.)
- Rent Commencement Date: October 1, 2017
- Rent Escalation: Annual escalation based on CPI-U (limited between 0% - 3% per year)
- Utility Expenses: Lessee responsibility including storm water.
- Security Deposit: \$375,897 (one year's rent + leasehold tax)
- Insurance Requirements:
  - \$2 Million General Liability
  - \$1 Million Auto

### **Shared Maintenance Responsibility**

- Lessee:
  - Mechanical
  - Plumbing
  - Electrical
  - Windows/Doors
- Lessor:
  - Building roof, exterior walls, building foundation
  - Fire suppression
  - Underground utilities

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

|                      |                    |
|----------------------|--------------------|
| Lease First Reading  | August 17, 2017    |
| Lease Second Reading | September 21, 2017 |
| Lease Effective Date | October 1, 2017    |
| Lease Term           | Five Years         |

### **E. FINANCIAL SUMMARY**

- Rent Revenue is \$27,760/mo. (\$333,124/yr.)
- Shared maintenance responsibility.

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

- Retains 2-3 full-time jobs in Tacoma and numerous trucking jobs and related positions.
- Primary supplier of recycled paper products to WestRock, formerly Simpson Paper.
- 100+ containers per month are shipped via the NWSA to China and other Asian destinations.

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

Supports recycling of paper products on the tide flats and throughout the region with pickup services from Bellingham to Olympia.

### **H. NEXT STEPS**

Upon Commission approval of the requested action, the Chief Executive Officer or his designee will enter into the lease which will commence on or about October 1, 2017.

cc: Tong Zhu