

COMMISSION AGENDA

Item No: 4D

Meeting: 7/16/2020

DATE: July 1, 2020

TO: Port Commission

FROM: Eric Johnson, Executive Director

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

SUBJECT: Three-Year Lease with Concrete Technology Corporation
1202 Port of Tacoma Rd., Tacoma, WA 98421

A. ACTION REQUESTED

Authorization for the Executive Director or his designee to enter into a three-year lease with Concrete Technology Corporation for the premises located at 1202 Port of Tacoma Rd., Tacoma, WA.

B. BACKGROUND

- Concrete Technology Corporation (Concrete Tech) was built by Thomas and Author Anderson in 1951, which was the first prestressing concrete girder factory in the country.
- Concrete Tech's facility is located at 1435 and 1414 Port of Tacoma Rd. which is adjacent to the Port's property at 1202 Port of Tacoma Rd.
- Concrete Tech needs additional yard space to store concrete girders.
- Because of the large size of the girders and high cost to move them, the Port's property at 1202 Port of Tacoma Rd. is the prime storage location.
- Concrete Tech has previously leased this location – the last lease term ended in 2016.
- This location is currently leased to Milestone Trailer Leasing, LLC. Concrete Tech has agreed to pay the required cost to relocating Milestone to a new location at 1721 Thorne Rd.

C. PRIMARY LEASE TERMS

- Lease Premises: Approximately 5.8 acres land.
- Use: Storage of concrete girders.
- Lease Commencement Date: Approximately August 1, 2020.
- Lease Term: Three (3) years with three mutually approved one-year extensions.
- Rent: \$34,800/mo. (\$417,600/yr.).
- Rent Escalation: Annual escalation based on CPI-U Seattle-Tacoma-Bellevue.
- Security Deposit: \$471,220 (one-year's rent + leasehold tax).
- Insurance Requirements:
 - \$2 Million general liability
 - \$1 Million auto liability
- All utilities are Lessee's responsibility.
- Lessor Maintenance/Repair Responsibility:

- Primary electrical system
- Fire hydrant inspections and maintenance
- Lessee Maintenance/Repair Responsibility:
 - Yard asphalt surface
 - Storm water system

D. TIMEFRAME/PROJECT SCHEDULE

1 st Reading of Lease	June 18, 2020
2 nd Reading of Lease	July 16, 2020
Lease Commencement	August 1, 2020
Lease Term	Three (3) years

E. FINANCIAL SUMMARY

Initial rent at \$34,800/mo. (\$417,600/yr.) This rent is at market rate and meets scheduled income for this property in the 2020 Budget. ROI for this property is 235%. This use represents the highest and best use of this property.

F. ECONOMIC INVESTMENT / JOB CREATION

Concrete Tech currently employs about 210 local positions. This lease provides increased storage yard area to support increased workloads and additional projects. An additional 50 positions may be added in the next two years. The bridge girders produced at this location support many regional roadway projects that benefit the Port, Port tenants and the whole region.

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 three-year lease with Concrete Technology Corporation, which will commence about August 1, 2020.

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Second Reading: Concrete Technology Corporation Lease 1202 Port of Tacoma Rd.

Presenter:

Scott Francis
Director, Real Estate
Port of Tacoma



Action Request



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Concrete Technology Corporation Lease Location



3

Concrete Technology Corporation Lease Premises



Yard = 5.84 Acres

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- Concrete Tech needs additional yard space to store concrete girders and other products.

Background Continued

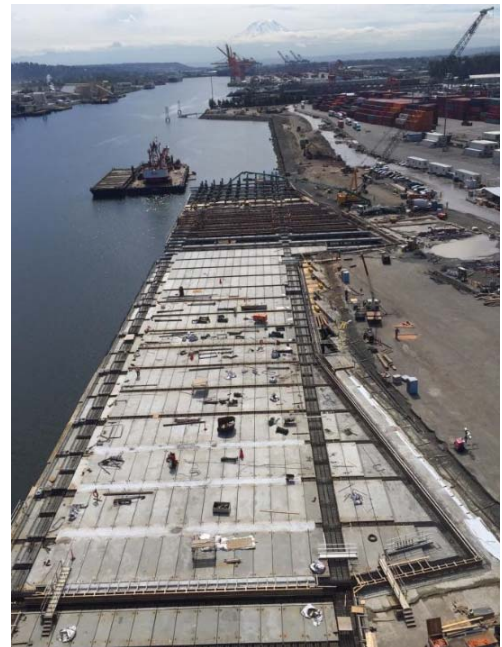


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Concrete Tech Has A Long Term Relationship With The Port of Tacoma



Pier 4 on Husky Terminal



Concrete Technology Corporation Lease Terms



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Concrete Technology Corporation – Lease Terms Continued



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 - Fire hydrant inspections and maintenance
- Lessee Maintenance/Repair Responsibility:
 - Yard asphalt surface
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Concrete Technology Corporation Lease Benefits



- Concrete Tech currently employs about 210 local positions. This lease provides increased storage yards to support increased workloads and additional projects. An additional 50 positions may be added in the next two years.
- The bridge girders produced at this location support many regional roadway projects that benefit the Port, Port tenants and the whole region.

Financial Summary



- This rent is at market rate and meets the scheduled income for this property in the 2020 Budget.
- ROI for this property is 235%.
- This use represents the highest and best use of this property.

Action Request



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