

COMMISSION AGENDA

Item No: 4E

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 Milestone Trailer Leasing, LLC
1721 Thorne Road, Tacoma, WA 98421

A. ACTION REQUESTED

Authorization for the Executive Director or his designee to enter into a three-year lease with Milestone Trailer Leasing, LLC for the premises located at 1721 Thorne Road, Tacoma, WA.

B. BACKGROUND

- Milestone Trailer Leasing, LLC was formed in 2001 and is headquartered in St. Charles, Missouri. They have 25+ locations across the U.S.
- Milestone is one of the nation's largest lessors of transportation equipment, with a combined fleet of approximately 85,000 chassis, trailers and domestic containers.
- Since February 2019, Milestone has leased 1202 Port of Tacoma Road on a month-to-month basis.
- Milestone would like to extend their lease to a three-year term.
- To accommodate Concrete Technology's request to lease the property at 1202 Port of Tacoma Road, Milestone has agreed to relocate and lease the property located at 1721 Thorne Road.

C. PRIMARY LEASE TERMS

- Lease Premises: Approximately six (6) acres land.
- Use: Equipment storage, rental and leasing of trailers and chassis, and minor repairs on Milestone owned equipment.
- Lease Commencement Date: Approximately August 1, 2020.
- Lease Term: Three (3) years.
- Rent: \$36,000/mo. (\$432,000/yr.).
- Rent Escalation: Annual escalation based on CPI-U Seattle-Tacoma-Bellevue.
- Security Deposit: \$487,469 (one-year's rent + leasehold tax).
- Insurance Requirements:
 - \$2 Million general liability
 - \$1 Million pollution liability
 - \$1 Million auto liability
- All utilities are Lessee's responsibility.

- Lessor Maintenance/Repair Responsibility:
 - Plumbing backflow annual test.
 - Fire hydrant inspections and maintenance.
 - Bioswale maintenance.
- Lessee Maintenance/Repair Responsibility:
 - Storm water system.
 - Mobile office maintenance.
 - Asphalt/gravel surface maintenance and repair.
- Relocation costs paid by Concrete Tech
 - Equipment drayage.
 - Mobile office relocation and setup.
 - Utilities installed on site for mobile office.
 - New gate installed to accommodate truck traffic.

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 \$36,000/mo. (\$432,000/yr.). This rent exceeds the scheduled income for this property in the 2020 Budget. ROI for this property is 19%. This use represents the highest and best use of this property.

F. ECONOMIC INVESTMENT / JOB CREATION

Four positions will be relocated to this location. Milestone supports many truck driving positions in the area through their equipment leasing operations. Having a readily available equipment lease fleet supports the efficient movement of cargo through the Port.

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 Milestone Trailer Leasing, LLC which will commence about August 1, 2020.

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Second Reading: Milestone Trailer Leasing, LLC Lease 1721 Thorne Road

Presenter:

Scott Francis
Director, Real Estate
Port of Tacoma



Action Request



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Milestone Trailer Leasing, LLC Lease Location



Milestone Trailer Leasing, LLC Lease Premises



- Lease Area = 6 Acres
- Not in Lease Area = 2.3 Acres

Background



- Milestone Trailer Leasing, LLC was formed in 2001 and is headquartered in St. Charles, Missouri. They have 25+ locations across the U.S.
- Milestone is one of the largest lessors of transportation equipment, with a combined fleet of approximately 85,000 chassis, trailers and domestic containers.
- Since February 2019, Milestone has leased 1202 Port of Tacoma Road on a month-to-month basis.
- Milestone would like to extend their lease to a three-year term.

Background Continued



- To accommodate Concrete Technology's request to lease the property at 1202 Port of Tacoma Road, Milestone has agreed to relocate and lease the property located at 1721 Thorne Road.

Milestone Trailer Leasing, LLC Operations



Milestone Trailer Leasing, LLC Lease Terms



- Lease Premises: Approximately 6 acres land.
- Use: Storage, rental and leasing of trailers and chassis, and minor repairs of empty trailers and Milestone owned chassis.
- Lease Commencement Date: Approximately August 1, 2020.
- Lease Term: Three (3) years.
- Rent: \$36,000/mo. (\$432,000/yr.).
- Rent Escalation: Annual escalation based on CPI-U Seattle-Tacoma-Bellevue.
- Security Deposit: \$487,469 (one-year's rent + leasehold tax).

Milestone Trailer Leasing, LLC – Lease Terms Continued



- Insurance Requirements:
 - \$2 Million general liability.
 - \$1 Million pollution liability.
 - \$1 Million auto liability.
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- Lessor Maintenance/Repair Responsibility:
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- Lessee Maintenance/Repair Responsibility:
 - Storm water system.
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Milestone Trailer Leasing, LLC Lease Terms Continued



- Relocation costs paid by Concrete Tech:
 - Equipment drayage.
 - Mobile office relocation and setup.
 - Utilities installed on site for mobile office.
 - New gate installed to accommodate truck traffic.

Milestone Trailer Leasing, LLC Lease Benefits



- Four positions will be relocated to this location.
- Milestone supports many truck driving positions in the area through their equipment leasing operations.
- Having a readily available equipment lease fleet supports the efficient movement of cargo through the Port.

Financial Summary



- This rent exceeds the scheduled income for this property in the 2020 Budget.
- ROI for this property is 19%.
- This use represents the highest and best use of this property.

Action Request



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