

COMMISSION AGENDA

Item No: 5D

Meeting: 06/13/2019

DATE: May 29, 2019

TO: Port Commission

FROM: John Wolfe, Chief Executive Officer

Sponsor: Tong Zhu, Chief Commercial Officer & Chief Strategy Officer

Project Manager: Annika Bjorkman, Real Estate Property Manager, Port of Tacoma

SUBJECT: Lease Amendment with Federal Maritime Commission.
3600 Port of Tacoma Road, Suite 508, Tacoma, WA 98424

A. ACTION REQUESTED

Authorization for the Executive Director or his designee to enter into a three-year lease amendment with Federal Maritime Commission for office space located in the Fabulich Center at 3600 Port of Tacoma Road, Tacoma, WA.

B. BACKGROUND

- The Federal Maritime Commission (FMC) is an independent federal agency responsible for regulating the U.S. international ocean transportation system for the benefit of U.S. exporters, importers and the U.S. consumer.
- FMC has 6 Area Representative offices: Houston, Los Angeles, New Orleans, New York, Seattle (Tacoma) and South Florida.
- FMC reviews and monitors agreements between ocean carriers and Marine Terminal Operators to ensure they do not cause substantial increases in transportation costs or decreases in transportation services.
- FMC has leased 451 square feet of office space at the Fabulich Center since July 1, 2009.
- The current FMC lease terminates June 30, 2019.
- Federal Maritime Commission now wishes to extend their lease for three additional years.

C. PRIMARY LEASE TERMS

- Use: Professional offices.
- Premises: Approximately 451 rentable square feet.
- Lease Term: three (3) years. FMC can terminate with 90 days' notice after July 1, 2020 (original lease language).
- Rent: \$853.75/mo. (\$10,245/yr. at \$22.72/sf.)
- Rent Commencement Date: July 1, 2019.
- Rent Escalation: 3% annually.
- Utility Expenses: Lessor's responsibility.
- Security Deposit: State law allows the Port to sign a lease with the Government without a security deposit requirement.
- Building maintenance and repair: Lessor's responsibility.

D. TIMEFRAME/PROJECT SCHEDULE

Lease First Reading	May 9, 2019
Lease Second Reading	June 13, 2019
Lease Commencement	July 1, 2019

E. FINANCIAL SUMMARY

The monthly rent of \$853.75 or \$10,245.00 annually is an increase over the budgeted 2019 operating revenue. This is an increase over prior year's actuals.

F. ECONOMIC INVESTMENT / JOB CREATION

- This lease retains 2 job in Tacoma.
- Continued utilization of Fabulich Building office space.
- The FMC supports the Port's core business of moving international marine cargo.

G. ENVIRONMENTAL IMPACTS / REVIEW

No environmental impacts.

H. NEXT STEPS

Upon Commission approval of the requested action, the Port's Executive Director or his designee will enter into the Lease Amendment which will commence on July 1, 2019.