

First Reading: Trident Seafoods Corporation Lease - 401 Alexander Ave

Presenter:

Scott Francis
Director, Real Estate
Port of Tacoma

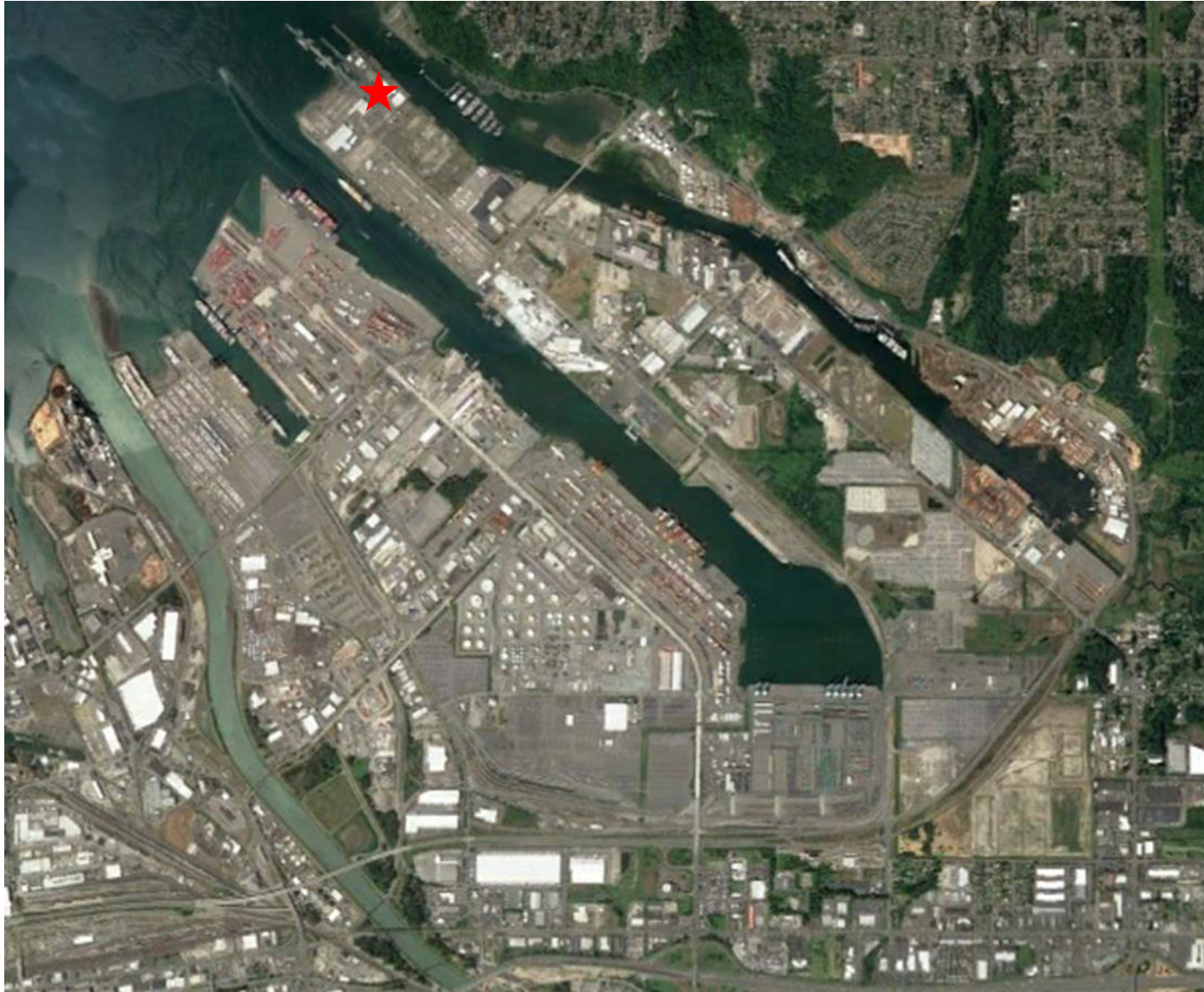


Future Action Requested

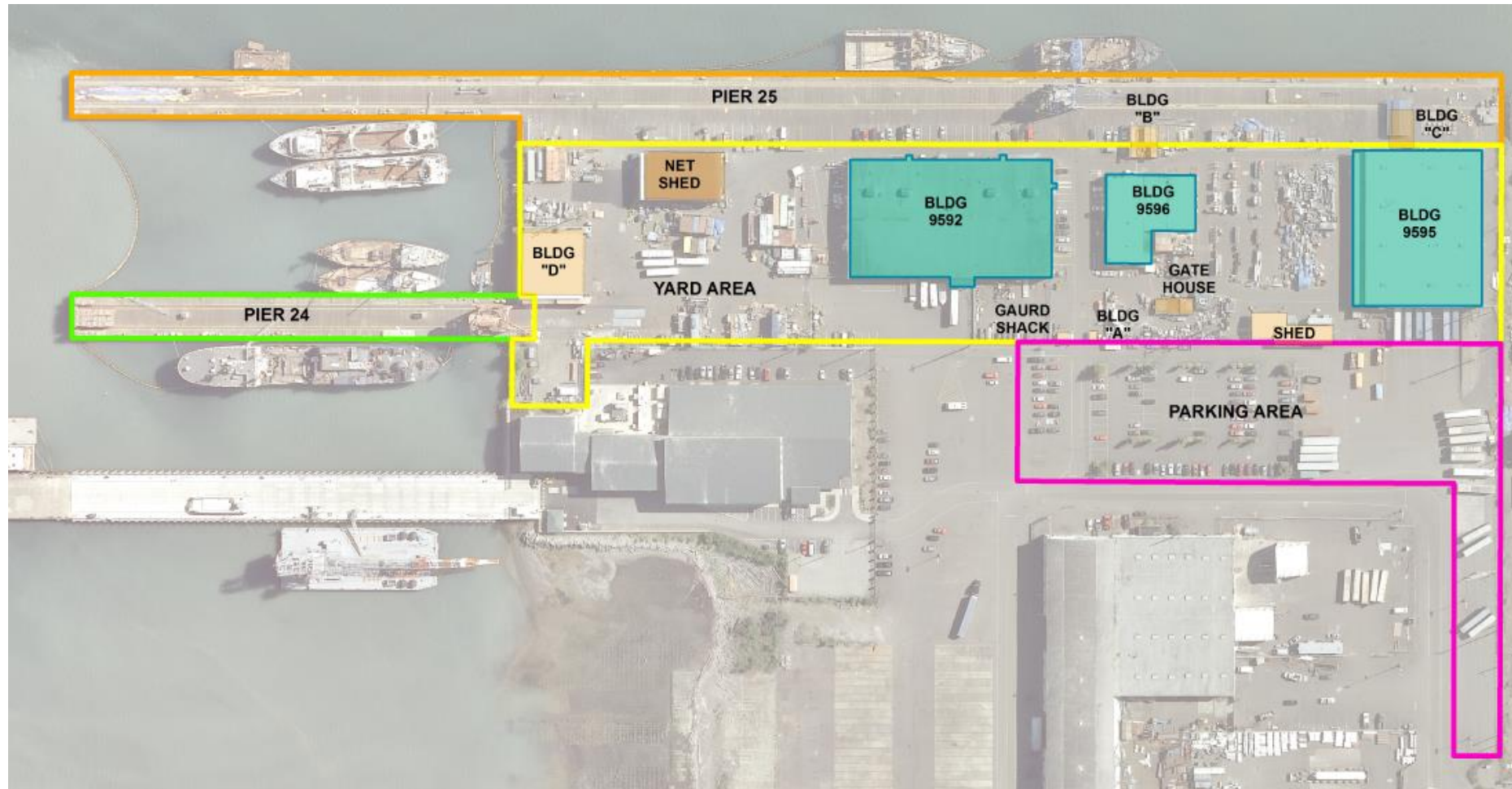


Authorize the Chief Executive Officer or his designee to enter into a 20-year lease with Trident Seafoods Corporation for the premises located at 401 Alexander Avenue, Tacoma, WA.

Trident – Lease Location



Trident – Lease Premises



Background



- Current lease started 8/3/1995
 - Premises includes Piers 24 and 25, surrounding yard area, existing buildings, and the parking areas.
 - Current lease terminated 4/30/16 and has continued on a month to month basis.
 - Current lease rate is \$86,250/mo. (\$1,035,000/yr.)
 - Annual maintenance costs are approximately \$300,000.
 - Port is responsible for maintenance and repair costs for terminal including piers and buildings.
 - Two Whirley cranes were declared surplus and sold to Trident via public auction in 2015.

Trident issued an RFP for a long-term terminal lease on 10-21-13:

- The Port responded to the RFP on March 13, 2014.
- In August 2015, Trident selected the Port of Tacoma as their long-term home, and indicated they wanted to negotiate a new long-term lease in which Trident would invest in the capital improvements required to keep the facility operational.

Trident – Lease Terms



- Use: office, warehouse, dock operations for fishing fleet
- Lease Commencement Date: approximately January 1, 2017.
- Lease Premises: same as current lease including Piers 24 and 25, buildings, and yard areas
- Lease term: 20 years with two mutually approved 5 year extensions
- Initial rent: \$64,253/mo. (\$771,036/yr.)
- Rent commencement date: October 1, 2018

Trident – Lease Terms Continued



- Security Deposit: \$870,037 (one year rent + leasehold tax)
- Rent Escalation: based on CPI-U (limited between 0% - 3% annual range)
- Utility expenses: Lessee responsibility including storm water
- Insurance requirements:
 - \$2 Million general liability
 - \$2 Million pollution
 - \$1 Million auto
- Lessee may use existing Port permits required for pile replacement and repair.

Trident – Lease Terms Continued



- Lessee maintenance responsibilities:
 - Maintenance, repairs and improvements for piers
 - Roof replacement for Buildings 592 & 595 shall be completed within two years.
 - Part and material costs for building repairs
 - Part and material cost to repair and maintain the fire suppression systems in buildings and on piers.

- Lessor maintenance responsibilities:
 - Labor to maintain buildings excluding roof repairs.
 - Repairs and maintenance for underground utilities.
 - Labor costs to repair and maintain the fire suppression systems in buildings and on piers.

Lease Benefits



- Retain 100-200 jobs in Tacoma.
- Additional jobs will be generated during capital improvement projects.
- Extend the useful life of marine terminal facility.
- The Port has minimal maintenance responsibilities.
- Long-term income stream continued without Port capital improvement requirements.
- This lease is the highest and best use of the property.
- Trident also leases additional warehouse space on the Port.
- Trident supports many local businesses.

Future Action Requested:

Authorize the Chief Executive Officer or his designee to enter into a 20-year lease with Trident Seafoods Corporation for the premises located at 401 Alexander Avenue, Tacoma, WA.

Second Reading is scheduled for the Friday, February 17th Commission Meeting.