

# COMMISSION AGENDA

Item No: 2C

Meeting: 07/18/19

**DATE:** July 3, 2019

**TO:** Port Commission

**FROM:** Eric Johnson, Executive Director  
Sponsor: Tong Zhu, Chief Commercial Officer & Chief Strategy Officer  
Project Manager: Scott Francis, Director, Real Estate

**SUBJECT:** WJR Tacoma, LLC Sublease Agreement to Calbag Tacoma, LLC for the property located at 1602 Marine View Drive, Tacoma, WA.

## **A. ACTION REQUESTED – CONSENT AGENDA**

Request Commission approval for the Executive Director or his designee to approve a Sublease Agreement between WJR Tacoma, LLC (Sublessor) and Calbag Tacoma, LLC (Sublessee) for the 5.43-acre Lease located at 1602 Marine View Drive, Tacoma, WA.

## **B. BACKGROUND**

- The Port acquired the property located at 1602 Marine View Drive, Tacoma, WA in 1940.
- The parcel is split into two separate leased areas – 5.43 acres and 3.31 acres.
  - The 5.43-acre area is leased by Calbag Tacoma, LLC to July 4<sup>th</sup>, 2046 with one 30-year extension.
  - The 3.31-acre area is leased by WJR Tacoma, LLC to June 30<sup>th</sup>, 2023 with four five-year mutually approved extensions.
- WJR Tacoma, LLC and Calbag Tacoma, LLC are affiliate companies with similar ownership.
- Uses permitted in the sublease area include a Lessee owned building; office space; and the recycling, warehousing, storage and processing of scrap metals.
- Both leases are in good standing.

## **C. TIMEFRAME / PROJECT SCHEDULE (TENATIVE)**

Upon Commission approval and the subsequent approval of the Sublease Agreement by the Executive Director, the Sublease Agreement will be effective until one-day before the expiration of the term of the Base Lease (including any approved extension periods), unless sooner terminated in accordance of the Sublease terms.

## **D. FINANCIASUMMARY**

There is no financial impact to the Port of Tacoma. All rents and terms of the Base Lease remain unchanged. WJR Tacoma, LLC (Sublessor) continues to be bound by all of its obligations under the Base Lease. Sublessor and Sublessee shall each be responsible for the performance of all terms and conditions of the Sublease.

**E. ECONOMIC INVESTMENT / JOB CREATION**

WJR and Calbag support numerous jobs in Tacoma. Currently, about 30 full-time employees work at this site. However, at their 2015 peak, 53 employees were employed at this location. Calbag also supports numerous other businesses, transportation services and recyclers in the area. In addition, Calbag ships an average of about 60 containers through the Port each month.

**F. ENVIRONMENTAL IMPACTS / REVIEW**

There is no environmental impact. All terms and conditions of the Base Lease remain unchanged. The use of the property is unchanged.

**G. NEXT STEPS**

Upon Commission approval, the Executive Director or his designee will approve the Sublease Agreement between from WJR Tacoma, LLC (Sublessor) and Calbag Tacoma, LLC (Sublessee).