

Calbag Tacoma, LLC Lease – 1602 Marine View Drive

Presenter:

Scott Francis
Director, Real Estate
Port of Tacoma

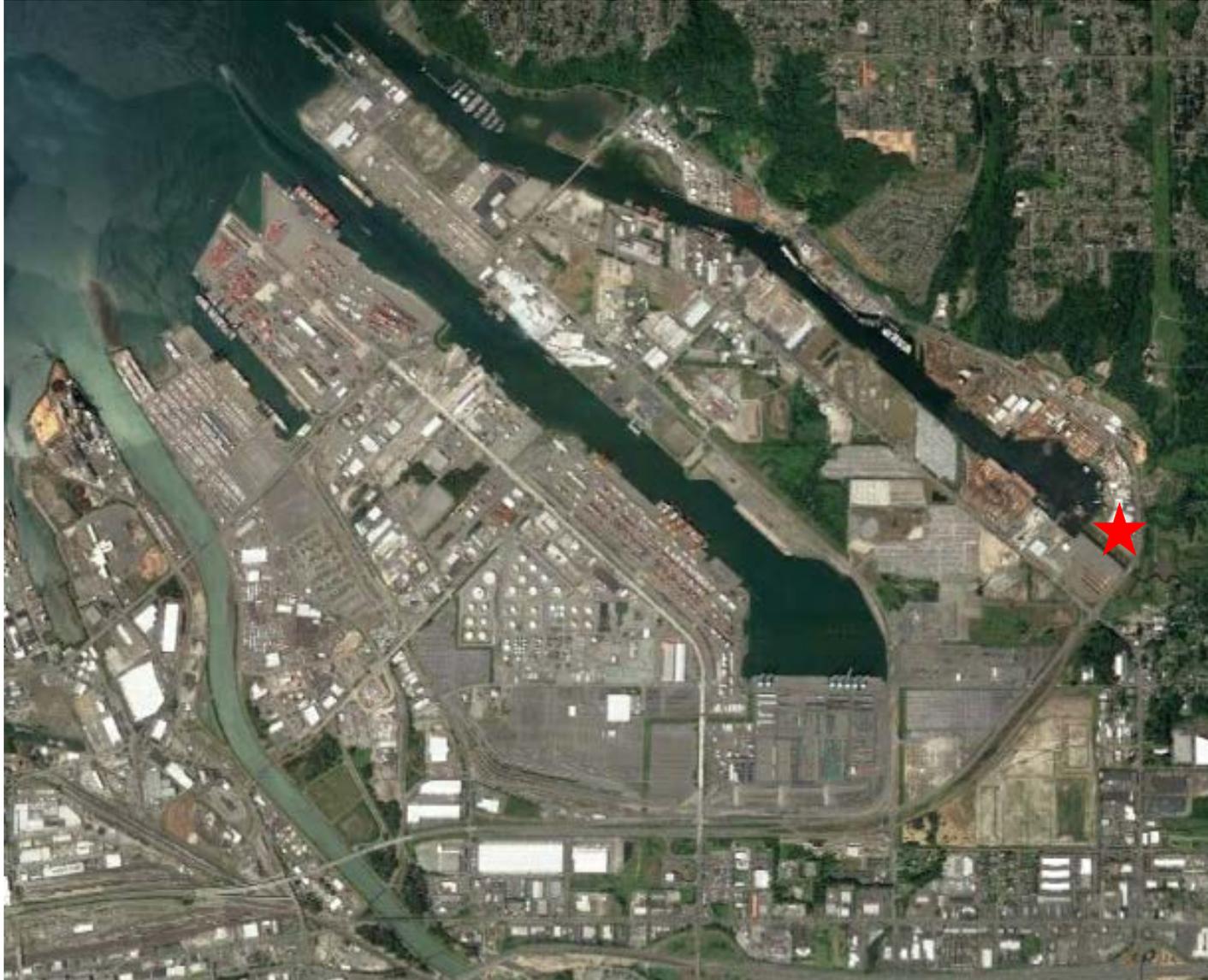


Action Requested



Authorize Chief Executive Officer or his designee to enter into a five-year lease with four five-year mutually approved extension options with Calbag Tacoma, LLC for the 3.31- acre premises located at 1602 Marine View Drive, Tacoma, WA, and to waive the second reading, which is otherwise required for Port of Tacoma lease approvals pursuant to Commission Master Policy on Delegation of Authority, Section III. B. 2.

Calbag Tacoma, LLC – Lease Location



Calbag Tacoma, LLC – Lease Premises



WJR Tacoma, LLC – Lease Premises



Background



- The Port acquired this property in 1940.
- Calbag Tacoma, LLC (and/or affiliate companies) leased this property 2005 through March 2016.
- Calbag Tacoma, LLC is an affiliate company of WJR Tacoma, LLC. WJR currently has a 5.43 acre lease on the adjacent area located at 1602 Marine View Drive. This lease term lasts to 2046, and it provides a 30-year extension option.
- This property is a non-performing asset that has been vacant for over two-years.
- The premises access is limited by high speed traffic and elevation change.
- The capped yard is only suitable for light industrial use.

Lease Terms



- Lease Premises: Approximately 3.31 acres of land located at 1602 Marine View Drive.
- Use: Storage of tools, equipment, boxed and finished goods (bailed products), and employee parking.
- Lease effective date: August 1, 2018.
- Lease Term: Five-years with four five-year mutually approved extensions.
- Rent: \$11,534/mo. (\$138,408/yr.) plus leasehold excise tax.
- Security Deposit: \$156,189 (one year's rent + leasehold tax)

Lease Terms Continued



- Insurance Requirements:
 - \$2 Million general liability
 - \$1 Million auto liability
- All utilities are Lessee's responsibility.
- All site maintenance is the responsibility of Lessee.
- Lessee is responsible for the stormwater system.

Lease Benefits



- Eliminates the need for an estimated \$400,000 stormwater system modification.
- This use represents the highest and best use of this property.
- Utilization of a non-performing asset.
- This lease supports numerous jobs in Tacoma. Currently Calbag employs 24 people at this site. However, at their 2015 peak, they employed 53 people. Calbag also supports numerous other businesses, transportation services and recyclers in the area. In addition, Calbag ships an average of 60 containers through the Port each month.

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