

COMMISSION AGENDA

Item No: 3B

Meeting: 08/17/17

DATE: August 3, 2017

TO: Port Commission

FROM: John Wolfe, Chief Executive Officer
Sponsor: Tong Zhu, Chief Commercial Officer, Container & Real Estate
Project Manager: Scott Francis, Director of Real Estate, Port of Tacoma

SUBJECT: First Reading: Five-Year Lease with Fibres International, Inc.
401 Alexander Avenue, Tacoma, WA

A. FUTURE ACTION REQUEST: No action is requested at the First Reading. The following Action Request will be made at the September 21, 2017 meeting.

Authorization for the Chief Executive Officer or his designee to enter into a five-year lease with Fibres International, Inc. for the premises located at 401 Alexander Avenue, Tacoma, WA.

B. BACKGROUND

- Fibres International, Inc. is a current tenant in good standing, with an up-to-date account.
- Current month-to-month lease started 2/15/17.
- Premises include approximately 74,798 SF of warehouse, 1,581 SF of office space, and 0.60 acre of yard/parking area.
- Current lease rate is \$27,760/mo. (\$333,124/yr.)

C. PRIMARY LEASE TERMS

- Use: Administrative office and storage of baled recyclable material for shipment
- Lease Commencement Date: October 1, 2017
- Lease Premises: 74,798 SF of warehouse, 1,581 SF of office space, and 0.60 acre of yard/parking area
- Lease Term: Five years with one mutually approved five-year extension
- Initial Rent: \$27,760/mo. (\$333,124/yr.)
- Rent Commencement Date: October 1, 2017
- Rent Escalation: Annual escalation based on CPI-U (limited between 0% - 3% per year)
- Utility Expenses: Lessee responsibility, including stormwater
- Security Deposit: \$375,897 (one year's rent + leasehold tax)
- Insurance Requirements:
 - \$2 Million General Liability
 - \$1 Million Auto
- Lessee Maintenance Responsibilities:
 - Mechanical
 - Plumbing
 - Electrical
 - Windows/Doors

- Lessor Maintenance Responsibilities:
 - Building roof, exterior walls, building foundation
 - Fire suppression
 - Underground utilities

D. TIMEFRAME/PROJECT SCHEDULE

Lease First Reading	August 17, 2017
Lease Second Reading	September 21, 2017
Lease Effective Date	October 1, 2017
Lease Term	Five Years

E. FINANCIAL SUMMARY

- Rent Revenue is \$27,760/mo. (\$333,124/yr.)
- Minimal maintenance and repair obligation required by the Port

F. ECONOMIC INVESTMENT / JOB CREATION

- Retains two to three full-time jobs in Tacoma and numerous trucking jobs and related positions.
- Primary supplier of recycled cardboard to WestRock, formerly Simpson Paper.
- 100+ containers per month are shipped via the NWSA to China and other Asian destinations.

G. ENVIRONMENTAL IMPACTS / REVIEW

Supports recycling of cardboard products on the tideflats and throughout the region with pickup services from Bellingham to Olympia.

H. NEXT STEPS

Upon Commission approval of the requested action, the Chief Executive Officer or his designee will enter into the lease, commencing on or about October 1, 2017.

cc: Tong Zhu