

PORT OF TACOMA COMMISSION
STAFF BRIEFING MEMO



Item No: 6C
Meeting Date: 4/11/2023

DATE: March 21, 2023
TO: Port of Tacoma Commission
FROM: Eric Johnson, Executive Director
Sponsor: Alisa Praskovich, Chief, Special Projects & Commission Relations
Project Manager: Shannon Bartlett, Real Estate Property Manager
SUBJECT: Three-Year Lease with Motive Power Marine, LLC at 401 Alexander Ave

A. BRIEFING REQUESTED

No action is requested at the First Reading. The following Action Request will be made at the May 4, 2023 meeting.

Authorization for the Executive Director or his designee to enter into a three-year lease with Motive Power Marine, LLC for the premises including approximately 3.6 acres of yard space, 0.80-acre boat ramp, 1,593 square feet of office space, 340 square feet of warehouse storage, 0.17-acre parking, and 275 square feet of restrooms, located at 401 Alexander Avenue, Tacoma, WA. (Section III.B.2 of the Master Policy Resolution requires two readings for new leases other than at the Fabulich Center.)

B. BACKGROUND

- Since 2017, Motive Power has leased the premises on a month-to-month basis
- Currently, there are 21 employees which include Steel Welders, Pipe Fitters, Laborers, Painters, and Scaffolding
- Motive Power now wishes to convert their month-to-month lease to a three-year lease term
- Motive Power has been in business since 2012 and has had year-over-year growth since inception
- Motive Power Marine's E-Port Shipyard is Washington State's first fully permitted shipyard since 1992

C. PRIMARY LEASE TERMS

- Lease Premises: Includes a approximately 3.6 acres of yard space, 0.80-acre boat ramp, 1,593 square feet of office space, 340 square feet of warehouse storage, 0.17-acre parking, and 275 square feet of restrooms, located at 401 Alexander Avenue, Tacoma, WA.
- Use: Hauling and launching of vessels; and upland repair, inspection, deconstruction, and maintenance of vessels to include painting, sanding, and welding.
- Lease effective date: June 1, 2023

- Lease Term: Three years with two, three-year extensions upon mutual approval
- Rent: \$32,545.30/month (\$390,544.00/year)
- Rent Escalation: Annual escalation based on CPI-U-Seattle-Tacoma-Bellevue
- Security Deposit: \$440,689.00 (one year's rent + leasehold tax)
- Insurance Requirements:
 - \$2 Million general liability
 - \$5 Million pollution liability
 - \$1 Million auto liability
- All utilities are Lessee's responsibility
- Lessee Maintenance / Repair Responsibility:
 - Minor building electrical system repairs
 - Secondary plumbing system: sinks, toilets, fixtures, minor leaks, plugs
 - Interior door repairs and roll up door repairs and maintenance
 - Storm water system cleanout
- Lessor Maintenance Responsibility:
 - Major building electrical system repairs
 - Building, roof, gutters, and exterior walls
 - Primary plumbing system
 - Fire suppression system

D. TIMEFRAME/PROJECT SCHEDULE

1st Reading of Lease	April 11, 2023
2nd Reading of Lease	May 4, 2023
Lease Commencement Date	June 1, 2023

E. FINANCIAL SUMMARY

This Lease produces \$32,545.30 per month (\$390,543.60 per year). This rent schedule meets the budgeted rent for this property.

F. ECONOMIC INVESTMENT / JOB CREATION

Eighteen employees work at this Port of Tacoma location.

G. ENVIRONMENTAL IMPACTS / REVIEW

No environmental impacts.

H. NEXT STEPS

The second reading is currently scheduled for May 4, 2023. Upon Commission approval of the requested action, the Port Executive Director or his designee will enter into the Lease which will commence on June 1, 2023.