

# COMMISSION AGENDA

Item No: 5B

Meeting: 05/09/2019

**DATE:** April 23, 2019

**TO:** Port Commission

**FROM:** John Wolfe, Chief Executive Officer

Sponsor: Tong Zhu, Chief Commercial Officer & Chief Strategy Officer

Project Manager: Annika Bjorkman, Real Estate Property Manager, Port of Tacoma

**SUBJECT:** Three-Year Lease with NTR Logistics, LLC  
1702 Port of Tacoma Road, Tacoma, WA

## A. ACTION REQUESTED

Authorization for the Chief Executive Officer or his designee to enter into a three-year lease with NTR Logistics, LLC for yard space located at 1702 Port of Tacoma Road, Tacoma, WA.

## B. BACKGROUND

- NTR Logistics has operated in the Port of Tacoma tideflats since 2012.
- NTR Logistics transloads and hauls tower flanges, hubs, and bed frames for windmills which are imported mostly through WUT and sometimes Husky Terminal.
- NTR has leased this site on a month-to-month lease since November 2018.
- NTR now wishes to execute a 3-year lease with two, 1-year mutually approved extensions.

## C. PRIMARY LEASE TERMS

- Use: Transloading equipment and truck/trailer parking.
- Premises: 2 acres of yard space.
- Lease Term: Three (3) years with two, one-year mutual options to extend.
- Rent: \$12,000/mo. (\$144,000/yr.)
- Rent Commencement Date: approximately June 1, 2019.
- Rent Escalation: Annual escalation based on CPI-U Seattle-Tacoma-Bellevue.
- Utility Expenses: Lessee responsibility.
- Security Deposit: \$162,490 (one year's rent + leasehold tax)
- Insurance Requirements: \$2 Million General Liability.
- Maintenance and repair responsibilities are Lessee's.

## D. TIMEFRAME/PROJECT SCHEDULE

|                      |                |
|----------------------|----------------|
| Lease First Reading  | April 24, 2019 |
| Lease Second Reading | May 9, 2019    |
| Rent Commencement    | June 1, 2019   |
| Lease Term           | Three Years    |

#### **E. FINANCIAL SUMMARY**

The monthly rent of \$12,000 or \$144,000 annually is an increase over the budgeted 2019 operating revenue. This is an increase over prior year's actuals which only included two months of rent at this property.

#### **F. ECONOMIC INVESTMENT / JOB CREATION**

- This lease retains 5 jobs in Tacoma.
- Continued utilization of Port property.
- NTR transloads about 30 flat racks per month.
- This lease supports the Port's core business of moving international cargo.

#### **G. ENVIRONMENTAL IMPACTS / REVIEW**

No environmental impacts.

#### **H. NEXT STEPS**

Upon Commission approval of the requested action, the Port Chief Executive Officer or his designee will enter into the Lease which will commence on June 1, 2019.