

COMMISSION AGENDA

Item No: 5C

Meeting: 05/09/2019

DATE: April 25, 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: Lease Amendment with Federal Maritime Commission.
3600 Port of Tacoma Road, Suite 508, Tacoma, WA 98424

A. ACTION REQUESTED – No action is requested at the First Reading. The following Action Request will be made at the next Port of Tacoma Commission meeting.

Authorization for the Chief Executive Officer or his designee to enter into a three-year lease amendment with Federal Maritime Commission for office space located in the Fabulich Center at 3600 Port of Tacoma Road, Tacoma, WA.

B. BACKGROUND

- The Federal Maritime Commission (FMC) is the independent federal agency responsible for regulating the U.S. international ocean transportation system for the benefit of U.S. exporters, importers, and the U.S. consumer.
- FMC has leased 451 square feet of office space at the Fabulich Center since July 1, 2009.
- Their current lease terminates June 30, 2019.
- Federal Maritime Commission now wishes to extend their lease for three additional years.

C. PRIMARY LEASE TERMS

- Use: Professional offices.
- Premises: Approximately 451 rentable square feet.
- Lease Term: three (3) years. FMC can terminate with 90 days' notice after July 1, 2020 (original lease language).
- Rent: \$853.75/mo. (\$10,245/yr. at \$22.72/sf.)
- Rent Commencement Date: July 1, 2019.
- Rent Escalation: 3% annually.
- Utility Expenses: Lessor's responsibility.
- Security Deposit: State law allows the Port to sign a lease with the Government without a security deposit requirement.
- Building maintenance and repair: Lessor's responsibility.

D. TIMEFRAME/PROJECT SCHEDULE

Lease First Reading

May 9, 2019

Lease Second Reading

June 13, 2019

Lease Commencement

July 1, 2019

E. FINANCIAL SUMMARY

The monthly rent of \$853.75 or \$10,245.00 annually is an increase over the budgeted 2019 operating revenue. This is an increase over prior year's actuals.

F. ECONOMIC INVESTMENT / JOB CREATION

- This lease retains 2 job in Tacoma.
- Continued utilization of Fabulich Building office space.
- The FMC supports the Port's core business of moving international marine cargo.

G. ENVIRONMENTAL IMPACTS / REVIEW

No environmental impacts.

H. NEXT STEPS

The Second Reading is currently scheduled for June 13, 2019. Upon Commission approval of the requested action, the Port's Chief Executive Officer or his designee will enter into the Lease Amendment which will commence on July 1, 2019.