

Item #: 6E  
Date: 3/21/23

# WJR Tacoma, LLC Lease

1602 Marine View Drive

**Gloria Fletcher, Sr. Manager of Real Estate and  
Economic Development**

Port of Tacoma Regular Commission Meeting

March 21, 2023



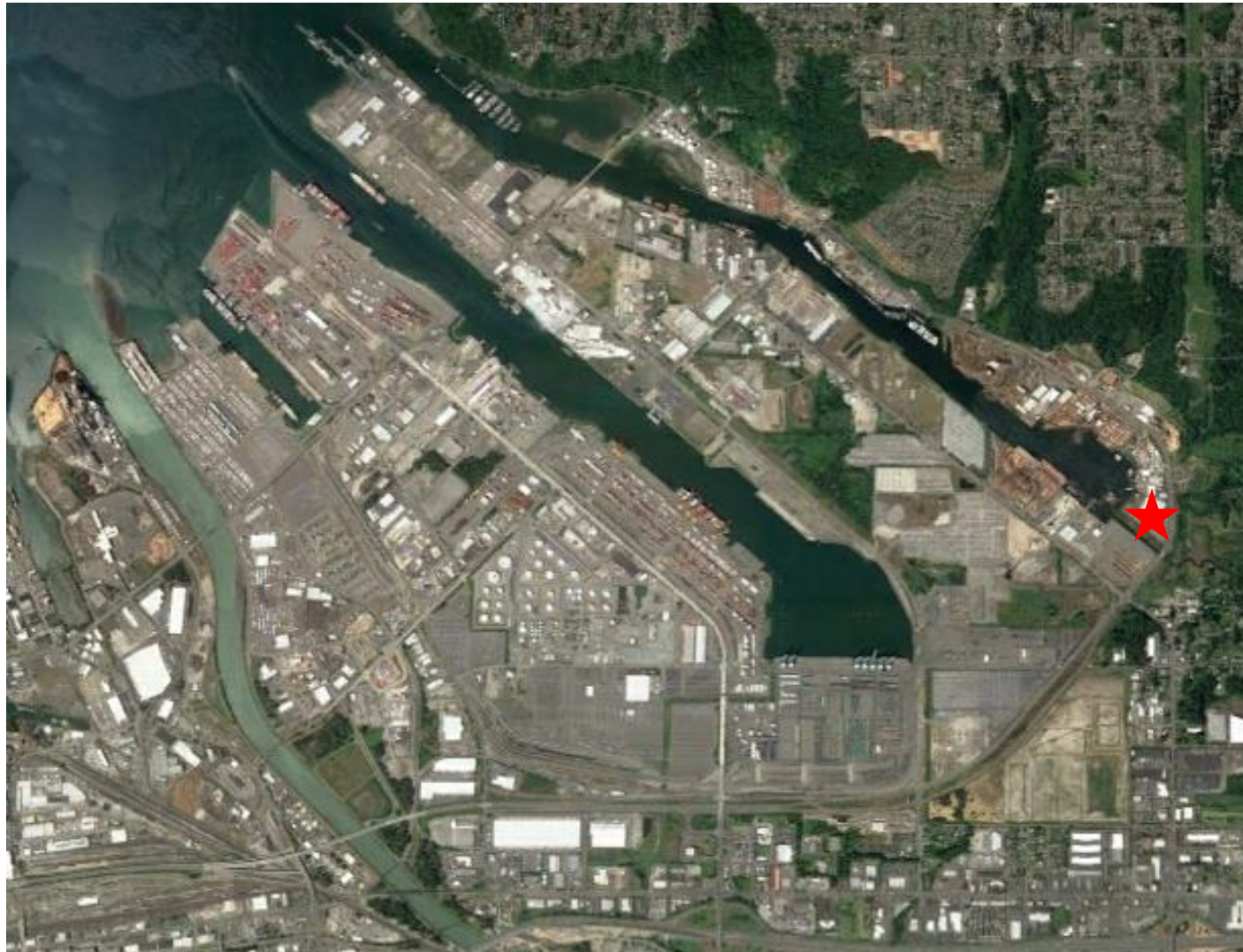
# Action Requested



Authorize Executive Director or his designee to:

1. Terminate the current 5.43-acre Lease with WJR Tacoma LLC for the premises located at 1602 Marine View Drive.
2. Terminate the current 3.31-acre Lease with Calbag Tacoma LLC for the premises located at 1602 Marine View Drive.
3. Enter into a new Lease with a termination date of December 31, 2045, and one thirty-year extension period with WJR Tacoma, LLC for an 8.74- acre premises located at 1602 Marine View Drive.

# WJR & Calbag Lease Location



# Current Lease Premises



# Combined Lease Premises



# Background



- In 1996, WJR (Calbag) leased five acres via a 50-year lease with an option to extend an additional 30-years.
- In 2018, Calbag (WJR) agreed to lease 3.31-acres at this location through June 30, 2023, with four five-year extensions subject to mutual acceptance.
- The remaining .43 acres added, via the 5<sup>th</sup> addendum, to WJR (Calbag)'s original five-acre lease that expires in 2046.
- WJR has requested to combine the 5.43-acre lease and the 3.31-acre lease into one lease totaling 8.74-acres. The new lease will have the same general terms and conditions as the 1996 lease that expires in 2045.

# Lease Terms



- **Premises:** Approximately 8.74 acres of land located at 1602 Marine View Drive.
- **Use:** Metal recycling facility provided that the southerly 3.31 acres may only be used for storage of tools, equipment, boxed and finished goods (bailed products), and employee parking.
- **Effective date:** Estimated at April 1, 2023.
- **Term:** Through December 31, 2045, with one option to extend an additional 30-years.

# Lease Terms Continued



- **Rent:** \$40,763.76/mo. (\$489,165.12/yr.) plus leasehold excise tax (same rent currently received).
  - On July 1, 2023, the rent will increase to \$45,398.62/mo.
- **Rent Escalation:** Adjusted January 1, 2026, and every five-years thereafter to market rent as determined by an MAI-designated appraiser selected by the Port of Tacoma.



# Lease Term Comparison



	Current Lease	New Lease
Premises	8.74 acres via 2 leases	Combined
Term	7/3/1996-7/2/2046 + 1, 30 year extension option	4/1/2023-12/31/2045 + 1, 30 year extension option
Rent	\$40,763.76, increasing to 45,398.62 in July, 2023	Same
Escalation	Both leases escalate by CPI annually	Rent adjustment every 5 years based on the greater of: <ul style="list-style-type: none"> <li>• Appraised value</li> <li>• Average CPI</li> <li>• 12.5%</li> </ul>
Other	Inconsistent lease terms between leases	Consistent terms and condition for both parcels

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# Questions & Discussion



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