

# COMMISSION AGENDA

Item No: 8C

Meeting: 6/18/2020

**DATE:** June 3, 2020

**TO:** Port Commission

**FROM:** Eric Johnson, Executive Director

Sponsor: Tong Zhu, Chief Commercial Officer & Chief Strategy Officer  
Project Manager: Scott Francis, Director of Real Estate

**SUBJECT:** Three-Year Lease with Milestone Trailer Leasing, LLC  
1721 Thorne Road, Tacoma, WA 98421

**A. ACTION REQUESTED – No action is requested at the First Reading. The following Action Request will be made at the July 16, 2020 meeting.**

Authorization for the Executive Director or his designee to enter into a three-year lease with Milestone Trailer Leasing, LLC for the premises located at 1721 Thorne Road, Tacoma, WA.

**B. BACKGROUND**

- Milestone Trailer Leasing, LLC was formed in 2001 and is headquartered in St. Charles, Missouri. They have 25+ locations across the U.S.
- Milestone is one of the nation's largest lessors of transportation equipment, with a combined fleet of approximately 85,000 chassis, trailers and domestic containers.
- Since February 2019, Milestone has leased 1202 Port of Tacoma Road on a month-to-month basis.
- Milestone would like to extend their lease to a three-year term.
- To accommodate Concrete Technology's request to lease the property at 1202 Port of Tacoma Road, Milestone has agreed to relocate and lease the property located at 1721 Thorne Road.

**C. PRIMARY LEASE TERMS**

- Lease Premises: Approximately six (6) acres land.
- Use: Equipment storage, rental and leasing of trailers and chassis, and minor repairs on Milestone owned equipment.
- Lease Commencement Date: Approximately August 1, 2020.
- Lease Term: Three (3) years.
- Rent: \$36,000/mo. (\$432,000/yr.).
- Rent Escalation: Annual escalation based on CPI-U Seattle-Tacoma-Bellevue.
- Security Deposit: \$487,469 (one-year's rent + leasehold tax).
- Insurance Requirements:
  - \$2 Million general liability.
  - \$1 Million pollution liability.
  - \$1 Million auto liability.
- All utilities are Lessee's responsibility.

- Lessor Maintenance/Repair Responsibility:
  - Plumbing backflow annual test.
  - Fire hydrant inspections and maintenance.
  - Bioswale maintenance.
- Lessee Maintenance/Repair Responsibility:
  - Storm water system.
  - Mobile office maintenance.
  - Asphalt/gravel surface maintenance and repair.
- Relocation costs paid by Concrete Tech
  - Equipment drayage.
  - Mobile office relocation and setup.
  - Utilities installed on site for mobile office.
  - New gate installed to accommodate truck traffic.

#### **D. TIMEFRAME/PROJECT SCHEDULE**

1 <sup>st</sup> Reading of Lease	June 18, 2020
2 <sup>nd</sup> Reading of Lease	July 16, 2020
Lease Commencement	August 1, 2020
Lease Term	Three (3) years

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

Initial rent at \$36,000/mo. (\$432,000/yr.). This rent exceeds the scheduled income for this property in the 2020 Budget.

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

Four positions will be relocated to this location. Milestone supports many truck driving positions in the area through their equipment leasing operations. Having a readily available equipment lease fleet supports the efficient movement of cargo through the Port.

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

No environmental impacts.

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

- The Second Reading is currently scheduled for the July 16, 2020 Commission Meeting.
- Upon Commission approval the Lease is scheduled to start approximately August 1, 2020.

Item No.: 8C  
Date of Meeting: June 18, 2020

# First Reading: Milestone Trailer Leasing, LLC Lease 1721 Thorne Road

Presenter:

Scott Francis  
Director, Real Estate  
Port of Tacoma



## Action Request



**No action is requested at the First Reading. The following Action Request will be made at the July 16, 2020.**

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# Milestone Trailer Leasing, LLC Lease Location



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# Milestone Trailer Leasing, LLC Lease Premises



- Lease Area = 6 Acres
- Not in Lease Area = 2.3 Acres

## Background



- Milestone Trailer Leasing, LLC was formed in 2001 and is headquartered in St. Charles, Missouri. They have 25+ locations across the U.S.
- Milestone is one of the largest lessors of transportation equipment, with a combined fleet of approximately 85,000 chassis, trailers and domestic containers.
- Since February 2019, Milestone has leased 1202 Port of Tacoma Road on a month-to-month basis.
- Milestone would like to extend their lease to a three-year term.

## Background Continued



- To accommodate Concrete Technology's request to lease the property at 1202 Port of Tacoma Road, Milestone has agreed to relocate and lease the property located at 1721 Thorne Road.

# Milestone Trailer Leasing, LLC Operations



## Milestone Trailer Leasing, LLC Lease Terms



- Lease Premises: Approximately 6 acres land.
- Use: Storage, rental and leasing of trailers and chassis, and minor repairs of empty trailers and Milestone owned chassis.
- Lease Commencement Date: Approximately August 1, 2020.
- Lease Term: Three (3) years.
- Rent: \$36,000/mo. (\$432,000/yr.).
- Rent Escalation: Annual escalation based on CPI-U Seattle-Tacoma-Bellevue.
- Security Deposit: \$487,469 (one-year's rent + leasehold tax).

## Milestone Trailer Leasing, LLC – Lease Terms Continued



- Insurance Requirements:
  - \$2 Million general liability.
  - \$1 Million pollution liability.
  - \$1 Million auto liability.
- All utilities are Lessee's responsibility.
- Lessor Maintenance/Repair Responsibility:
  - Plumbing backflow annual test.
  - Fire hydrant inspections and maintenance.
  - Bioswale maintenance.
- Lessee Maintenance/Repair Responsibility:
  - Storm water system.
  - Mobile office maintenance.
  - Asphalt/gravel surface maintenance and repair.

## Milestone Trailer Leasing, LLC Lease Terms Continued



- Relocation costs paid by Concrete Tech:
  - Equipment drayage.
  - Mobile office relocation and setup.
  - Utilities installed on site for mobile office.
  - New gate installed to accommodate truck traffic.

## Milestone Trailer Leasing, LLC Lease Benefits



- Four positions will be relocated to this location.
- Milestone supports many truck driving positions in the area through their equipment leasing operations.
- Having a readily available equipment lease fleet supports the efficient movement of cargo through the Port.
- This rent exceeds the scheduled income for this property in the 2020 Budget.



## Action Request

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