

PORT OF PORT TOWNSEND AGENDA COVER SHEET

MEETING DATE	October 12, 2022
AGENDA ITEM	<input type="checkbox"/> Consent <input type="checkbox"/> 1 st Reading <input type="checkbox"/> 2 nd Reading <input type="checkbox"/> Regular Business <input checked="" type="checkbox"/> Informational
AGENDA TITLE	Informational Items
STAFF LEAD	Eron Berg, Executive Director
REQUESTED	<input checked="" type="checkbox"/> Information <input type="checkbox"/> Motion/Action <input type="checkbox"/> Discussion
ATTACHMENTS	<ul style="list-style-type: none">• Port Contracts Update• <u>Lease Update</u>

PORT OF PORT TOWNSEND

AGENDA MEMO

DATE: 10/6/2022
TO: Commission
FROM: Sue Nelson, Lease & Contracts Administrator
SUBJECT: October 12, 2022, Lease Briefing

ISSUE

The purpose of this memo is to keep the Commission informed about existing, planned, and potential leases.

BACKGROUND

As of the beginning of this month the Port has **41** land leases, **39** building leases, **37** rentals.

Vacant properties include Boat Haven: 2601 Washington Street (Rubicon Yachts departing Nov 30); northeastern half of the Point Hudson Duplex

DISCUSSION

New Agreements:

Lease Amendments:

Exercising Options:

Assignments/Assumptions:

- Holt 'J' Hangar Assignment to Puget Sound Express, Inc.

Terminated/Expired Agreements:

- Jefferson Co's MRW facility has closed effective 9/30/22

License & Use Agreement:

- Port Angeles Marathon Association, "Run the Peninsula" 1-day run. License to park cars for overflow parking and for placement of port-a-potties near west-end restroom.

October Rent Increases:

- ***CPI Increase (4.6%):*** Andersen Machine; L-Hangar; Marine Resources Consultants; Sunrise Coffee; Spruce Goose; Scow Bay Boats; Jefferson County (Commission Building); Puget Sound Express-"J" Hangar
- ***Market Rate Increase:*** Marina Café-outdoor dining; PT Brewing-outdoor dining
- ***Step Increase:***

Miscellaneous:

- The License Agreement for Gatheringplace in the Nomura Building expires 10/31/22. We are in the process of writing a month-to-month rental agreement at market rate. Also discussing a new rental agreement for the southern end of the duplex located at Point Hudson.
- Pete Stein and Erik Fahlstrom have received a grant from the NW Cooperative Development Center for legal and accounting consulting on forming a cooperative, which they hope to have in place by the end of the year.
- Three long-time tenants have expressed interest in the building that Rubicon is vacating Nov 30.

ATTACHMENTS

1. 2022 Lease List

RECOMMENDATIONS

For information only.

PORT OF PORT TOWNSEND LEASE LISTING

QUILCENE - PROPERTY	OCTOBER 2022			
LEASE NAME	Lease Amount	Lease Expiration	NEXT CPI/ Step Incr.	REMARKS
Canterbury, Ray	<i>fluctuates</i>	N/A		<i>Water rights.</i>
Coast Seafoods	\$5,494.92	12/31/2039	1/1/2023	Land lease.
Coast Seafoods	<i>fluctuates</i>			<i>Water.</i>
Quilcene Harbor Yacht Club	\$ 227.92	11/30/2019	12/1/2022	The fate of the building is a subject of the Quilcene planning process. Working twds new agreement.
Quilcene Harbor Yacht Club	<i>fluctuates</i>			<i>Water.</i>
Quilcene Village Store	\$ 120.07	Mo/Mo	9/1/2023	Rental of kayak rack & ground it sits on. Mo-to-mo agrmnt.

PORT OF PORT TOWNSEND LEASE LISTING

Boat Haven - PROPERTY	OCTOBER 2022			
LEASE NAME	Lease Amount	Lease Expiration	NEXT CPI/STEP Incr.	REMARKS
Admiral Ship Supply	1,860.13	1/31/2025*	2/1/2023	*One 5-yr option available.
Andersen Machine Shop	281.44	9/30/2027	10/1/2023	Land lease.
Andersen Machine Shop	59.62	Mo/Mo	6/1/2023	228 sf additional land for storage adjacent shop. 30 day notice for rate increases.
Armstrong Consolidated LLC (Washington)	9,041.51	Mo/Mo	30-day notice	30-day notice for rate increases.
Armstrong Consolidated LLC (Washington)	445.83	Mo/Mo	30-day notice	Additional space upstairs.
Armstrong Consolidated LLC (10th St)	3,140.29	8/31/2023*	9/1/2023	*One 1-yr option remains. Assignment of Dave's Mobile Welding Lease.
Armstrong Consolidated LLC (10th St land)	730.08	Mo/Mo	30-day notice	Land rental-ground in front of building.
Blue Moose Café	673.20	10/31/2026*	11/1/2022	*5-yr option available. 24-mo step to market. Step increase.
Blue Moose Café	117.04	Mo/Mo	30-day notice	Seasonal outdoor dining area. Plans to end in October.
Church of BuVu	100.00	License		Sept 25 Fun run charity event. Collected \$100 one-time fee.
Crown Castle (cell tower)	17,928.21/yr	6/30/2025*	6/1/2023	*One 5-yr option remains. Pay one mo in arrears..
Crown Castle - AT&T Sub-Lease	939.12		9/1/2022	Annual lease renewal. 6.5% annual increase 9/2019-9/2022. Pay one mo in arrears.
Eagle Harbor Marine	274.59	Mo/Mo	9/1/2022	Land rental. 30-day notice for rent increases.
EDC Team Jefferson	836.03	Mo/Mo	7/1/2023	2nd floor Nomura Bldg (767 sf). 30--day notice for rent increases.
Ernst R. Baird (Haven Boatworks)	900.88	2/28/2029	3/1/2023	Land lease. Includes 6' x 50' Lumber rack.
Fine Yacht Interiors	1,368.84	5/31/2025*	6/1/2023	*One 3-yr option remains. Exercised 2nd option 6/1/22-5/31/25.
Flye, Todd dba On The Flye	375.47	1/31/2025	2/1/2023	Land lease-temporary structure. No options remain.
Gatheringplace	185.95	10/31/2022	N/A	Nomura Bldg, ground floor. License Agrmnt-"Raven Room", Nomura Bldg-Disabled trainging-dog biscuits. License eff. April 1, 2021.
Goolden, Leo (Sampson Boat Co)	1,039.36	Mo/Mo	6/1/2023	30-day notice for increases. (M/V Tally Ho project-up to 2 yrs.) MR applied.
Haven Boatworks	1,269.22	Mo/Mo	1/1/2023	Former J&S Bldg., Haines St. 30-day notice for rent increases.
Jefferson County (Commission Bldg)	1,846.38	9/30/2026	10/1/2023	5-yr. 180 day termination notice-either party.
Jeremy Johnson Photography	171.13	Mo/Mo	30-day notice	2nd floor office #2F, Nomura Building.
Jochems Property Mgmt.	326.47	10/31/2026	1/1/2024	Land lease. CPI every two years, next 1/1/2024.
Johnson Fabrication	1,912.54	Mo/Mo	9/1/2023	New mo-mo rental.
Katz, Alan	906.66	Mo/Mo	30-day notice	Land lease, business w/temporary shelters. Formerly Dave Thompson's space.
Key City Fish Co. (10th Street-seafood mrkt)	1,927.51	8/31/2023	9/1/2023	Seafood market.
Key City Fish Co. (Haines PL-refrigeration)	775.10	11/30/2024*	12/1/2022	*Two 5-yr options available.
Kimmel's Crab Shack	2,267.91	4/30/2049	5/1/2023	Land lease. MR.
NW Maritime Center (Marine Thrift)	614.34	1/31/2023*	2/1/2023	*Two-1-yr options remain.
NW School of Wooden BoatBuilding	533.23	6/30/2026*	7/1/2023	*One 5-yr option available. 25% of prevailing rate. Lease supersedes rent agrmnt.
Octopus Gardens Diving	1,011.20	6/30/2026	1/1/2023	24 mo. stepped rent to achieve market rate.
Olympic Boat Transport LLC	51.68	Mo/Mo	2/1/2023	Relocated crane next to Pete's Marine w/new mo-mo agreement, smaller footprint.
Pete Stein & Compass Woodwork	5,282.40	5/31/2026*	12/1/2022	*One 5-yr option available. Amended lease includes Bldg 2 & 3. 18-mo step rent.
Pete Stein & Compass Woodwork	98.32	Mo/Mo	30-day notice	40'x8' land & 7'x8' land for equipment.
Pete's Marine Metals	1,565.40	7/31/2023*	8/1/2023	*Two 1-yr options available.
Port Angeles Marathon Assoc.	200.00	10/15/2022		1-day run 10/15. Licensed to park cars in yard and place port-a-potties.
Port Townsend Fuel Dock LLC	650.00	6/30/2024*	N/A	*One 5-yr term remains. 2% flowage fee pays rent. MR applies.
PT Furniture Clinic	616.99	1/31/2023*	2/1/2023	*Two 1-yr options remain.
PT Sailing Assoc. - License	431.79/yr	8/31/2023*	N/A	*Zero options remain. Use of land near Octopus Dive for sailing activities. CPI.
PT Sailing Assoc.	119.95	Mo/Mo	9/1/2023	Use of land near Octopus Dive for storage container.
Port Townsend Shipwrights, Inc.	6,307.54	7/31/2050	8/1/2023	Land lease. Market rate incr 8/1/30-every 10 yrs.
PT Rigging	511.33	3/31/2030	4/1/2023	Land lease. 4.6% CPI applied.
Pt Townsend Yacht Club	295.44	2/28/2026	3/1/2027	Land lease.
Revision Marine	2,020.22	12/31/2024	1/1/2023	Bldg/Land lease
Rubicon Yachts, LLC	1,515.00	11/30/2022	N/A	New 1-yr lease, effective December 1, 2021.
Sail Port Townsend	191.16	Mo/Mo	5/1/2023	2nd floor office #2-D, Nomura Bldg.
Sands, Guy & Kim (PT Brewing Co.)	3,436.78	5/31/2026*	6/1/2023	*Two 5-yr options remain. Bldg & Land.
Sands, Guy & Kim (PT Brewing Co)	162.00	Mo/Mo	10/1/2023	600 sf outdoor dining area.
Scow Bay Boats	521.34	9/30/2023*	10/1/2023	*One 3-yr option. Land lease-temporary structure.
Sea J's Café (Estate of Florence Jevne)	1,119.94	Mo/Mo	6/1/2023	Mo/Mo Building & Land agreement.
Sitewise Design PLLC	160.23	Mo/Mo	6/1/2023	Mo/Mo building agreement for small office 2-H in Nomura Bldg..
Skookum Corporation	915.01	3/31/2026*	4/1/2023	Annual step increases/*one 5-yr option/renting 3,036 sf lower floor, Nomura Bldg.
Sunrise Coffee	1,905.19	9/30/2031*	10/1/2023	*Two 5-yr options available. Deposit balance-6 installments.
Takaki, Jennifer (Marina Café)	576.00	12/31/2026	1/1/2023	5-year lease, stepped rent to achieve MR in 18 mos. Deposit in full.
Takaki, Jennifer (Marina Café)	106.92	Mo/Mo	10/1/2023	396 sf outdoor dining ara. CPI applies.
Tree Ring, LLC	130.68	Mo/Mo	3/1/2023	New month/month agreement-small office (2-G) upstairs, Nomura Bldg.
University of WA - Sea Grant	224.64	Mo/Mo	4/1/2023	Office 2-E, Nomura Bldg. Tenancy begins 3/15/22-pro-rated rent.
U. S. Coast Guard	5,570.38	9/30/2023	10/1/2023	Annual lease renewal & step increases.

PORT OF PORT TOWNSEND LEASE LISTING

Point Hudson - PROPERTY	OCTOBER 2022			
LEASE NAME	Lease Amount	Lease Expiration	NEXT CPI/STEP Incr.	REMARKS
Best Coast Canvas	1,976.94	7/31/2023*	8/1/2023	Armory Bldg. *Exercised 2nd of 3 1-yr options (8/1/22-7/31/23)
Brion Toss Yacht Rigging	887.76	8/31/2024	9/1/2023	Armory Bldg. 5-yr lease, no options.
Brooks, Cindy	37.80	Mo/Mo	N/A	54 sf floor in Armory Bldg thru June to work on wherry for 70/48 race
Commanders Beach House	2,277.52	4/30/2025	5/1/2023	Assignment to D & N Dionne. CPI applied.
Doc's Marina Grill / TNT Restaurants LLC	3,074.53	4/30/2027	5/1/2023	Exercised last 5-yr option 5/1/22-4/30-27. Wants a new 10-yr lease.MR
Fortune Teller Art	374.88	Mo/Mo	8/1/2023	Office #2, Main Bldg., Point Hudson. 30 day notice for increases
GatheringPlace	N/A	7/31/2004	N/A	Southern half of duplex. Leasehold exempt - Non-profit
Hagen Designs	600.77	Mo/Mo	4/1/2023	Archive rm, Main Bldg. Short term. MR applied.
Hanson of Port Townsend Inc.	361.69	5/31/2023*	6/1/2023	Armory Bldg. *Two 1-yr options remain: 6/22 , 6/23, 6/24.
Hudson Point Café	1,584.53	6/30/2025*	7/1/2023	Main Bldg. *One 5-yr option available.
Hudson Point Café Office #10, Main Bldg.	276.14	Mo/Mo	7/1/2023	Main Bldg. Restaurant view office.
Hudson Point Café Office #8	248.53	Mo/Mo	7/1/2023	Main Bldg. Restaurant storage, non-view office.
Hudson Point Café	117.73			Main Bldg - common area fee-restroom cleaning/stocking
Marine Resources Consultants Inc.	514.44	9/30/2024*	10/1/2023	Armory Bldg. *Used last option.
Marine Surveys & Assessments	1,548.94	3/31/2024	4/1/2023	Cupola House. Scheduled step increases.
Mark Kielty Design	276.14	Mo/Mo	8/1/2023	Main Bldg., small view office.
Mark Kielty Design	7.77			PH Main Bldg - common area fee-restroom cleaning/stocking
Northwest Maritime Center	1,399.03	6/30/2051	7/1/2023	Former Landfall site-plan to build 3000 sf classroom.
Northwest Maritime Center (Swan Hotel)	516.00/yr	auto renew	6/1/2024	License-encroachment. MR every 3-yrs. Port may term w/180-day notice
Puget Sound Express	1,106.50	12/31/2025	1/1/2023	No options remain.
Schooner Martha Foundation	756.29	12/31/2024*	1/1/2023	*One 5-yr option available.
SEA Green Partners d/b/a SEA Marine	2,301.15	4/30/2027*	5/1/2023	*One 5-yr option. Armory Bldg-Upstairs sail loft space.
Shanghai Restaurant	2,472.01	10/31/2026	11/1/2022	No options remain.
Shanghai Restaurant	174.90			PH Main Bldg - common area fee-restroom cleaning/stocking
Shannon Partners LLC (SEA Marine)	2,345.28	6/30/2027	7/1/2023	Ground lease for SEA Marine facility.
The Artful Sailor	503.50	11/30/2023*	12/1/2022	Armory Bldg. *One 1-yr options remain.
The Artful Sailor	429.80	Mo/Mo	2/1/2023	Armory Bldg. Expanding shop to include small shop north. of current shop
U.S. Customs	3,034.75	12/20/2027	GSA determines	Hospital Bldg. Accepted 5-yr option 12/2022 - 12/2027
Uptown Dental Clinic	260.00	Mo/Mo	11/1/2022	Northern half of duplex, second floor, 90 sf office.
Washington Dept. of Fish & Wildlife	8,430.97	3/21/2024*	N/A	Hospital Bldg. *One 5-yr option.
Whittiker, LLC	\$ 275.88	Mo/Mo	8/1/2023	Office #1, Main Bldg., Point Hudson. 30 day notice for increases

PORT OF PORT TOWNSEND LEASE LISTING

JCIA - PROPERTY	OCTOBER 2022			
LEASE NAME	Lease Amount	Lease Expiration	NEXT CPI/ Step Incr.	REMARKS
A Hangar Condo Association	1,108.08	11/20/2045	12/1/2022	Land lease. Hangars 'E' & 'F'.
Aurora Aircraft Maint & Restoration	523.49	10/31/2026*	11/1/2022	*One 5-yr option remains.
Aurora Aircraft Maint & Restoration		12/31/2023	N/A	Fuel Concession. If Erickson replaces tank, one more 5-yr option available. Port is paid 2%/fuel sales for lease.
Broderson, Dennis	58.28	2/28/2016	3/1/2023	T-hangar pad LEASE T-403(Q) '22 adopted rate appld (7c/sf)
Browning, Scott & Lori	100.00/yr	ann. auto renew	8/1/2023	Periodic tree & shrub removal.
Dow Jeffery & Jorja	362.16	12/31/2028	8/1/2023	Land lease. Hangar 'D'.
Eber, Lorenz	60.00	Mo/Mo	12/1/2022	T-hangar pad, #T-404(P)
Erickson, Warren & Karen	173.65	7/26/2057	3/1/2023	Land lease. Hangar '4-B'.
G Hangar Condo Assoc.	560.44	6/9/2047	7/1/2023	Land lease.
Grandy, Richard	174.16	7/26/2057	3/1/2023	Land lease. Hangar '4-A'.
H-Hangar Corp., Inc.	520.95	6/22/2049	7/1/2023	Land lease.
Hangar C Group LLC	518.78	4/30/2053	12/1/2022	Settled 2/25/21: Amend #6: Ext. term.
Hood Canal Aviation LLC/Jim Piper	173.65	7/26/2057	3/1/2023	Land lease. Hangar '4-C'.
JEFFCO Hangar Assoc., Inc.	682.14	11/30/2041	12/1/2022	11,369 sf, hangar site 'I'.
K-Hangar Assoc. @ JCIA	530.59	4/25/2049	5/1/2023	Land lease. CPI applied.
L Hangar Condo Assoc @JCIA	612.27	10/31/2048	10/1/2023	Land lease.
Lemanski, Tom & Linda	70.00	Mo/Mo	3/1/2023	T-hangar pad, T-405. 2022 adopted rate applied (7c/sf)
Morrison, Neil/Lark Leasing	174.17	4/30/2053	5/1/2023	Land lease. Hangar 'N-North'. CPI applied.
Morrison, Neil	174.17	4/30/2053	5/1/2023	Land lease. Hangar 'N-South'. CPI applied.
Northrup, Mildred/Hopkins	70.00	Mo/Mo	3/1/2023	T-hangar pad, T-406(M). 2022 adopted rate applied (7c/sf)
NW Hangars LLC	1,778.99	7/26/2057	3/1/2023	Land lease. Hangars '7' & '8'.
Port Townsend Aero Museum	395.39	7/31/2052*	5/1/2023	*One 25-yr option. Museum bldg-land lease.
Port Townsend Aero Museum	338.90	7/31/2052*	5/1/2023	*One 25-yr opt. Museum bldg-land lease (expan.). CPI appl.
Port Townsend Aero Museum	582.92	7/31/2052*	5/1/2023	*One-25 yr option. Maintenance bldg-land lease. CPI appl.
Port Townsend Aero Museum	231.78	4/30/2053	5/1/2023	M' Hangar. Separate land lease. CPI applied.
Port Townsend Aero Museum	70.00	Mo/Mo	5/1/2023	T-hangar pad, T-400(S). MR applied.
Port Townsend Aircraft Services	293.09	6/30/2035*	7/1/2023	*Two 10-yr options.
Pratt Sr., David	70.00	Mo/Mo	3/1/2023	T-hangar pad, T-401(N). 2022 adopted rate applied (7c/sf)
Puget Sound Express-J Hangar Lease	255.81	10/1/2050	10/1/2023	Assignment-Land lease to Puget Sound Express.
Scheall, Daniel	58.28	2/28/2026	3/1/2023	T-hangar pad LEASE T-402(O)'22 adopted rate appld (7c/sf)
Spruce Goose	228.63	9/30/2029*	10/1/2023	*Two 5-yr options. CPI/MR apply.
Station Prairie	525.00	4/30/2072	5/1/2023	Hangar site pad #5.
Wexman, Scott & Diana Levin	252.48	3/31/2053	4/1/2023	Land lease. Hangar 'O'. 4.6% CPI applied.