

AGENDA REPORT

Ordinance: Authorize the Executive Director to Execute a Lease with Pacific Trailer Repair Services, LLC dba as United Intermodal Services at the Former Union Pacific Roundhouse Property, With a Term Expiring June 30, 2022, Resulting in Total Annual Revenue Averaging \$704,500. **(Maritime)**

MEETING DATE: 4/9/2020

AMOUNT: Average \$704,500 per year (FY 2020 through FY 2022) Revenue

PARTIES INVOLVED: Pacific Trailer Repair Services, LLC dba as United Intermodal Services, Seattle, WA
Kevin Shumate, Director of Administration

SUBMITTED BY: John C. Driscoll, Director of Maritime

APPROVED BY: Danny Wan, Executive Director

ACTION TYPE: Ordinance

EXECUTIVE SUMMARY

The Port executed a lease agreement with United Intermodal Services in 2017 with a term ending on April 30, 2022. Later in 2017, United Intermodal Services was acquired by Rail Management Services, LLC and became part of one of its subsidiaries, Pacific Trailer Repair Services, LLC. Based on the acquisition, United Intermodal Services is now Pacific Trailer Repair Services, LLC, dba as United Intermodal Services. Staff requests the Board's authorization to execute a new lease agreement with Pacific Trailer Repair Services, LLC dba as United Intermodal Services, with an expiration date of June 30, 2022.

BACKGROUND

United Intermodal Services (UIS) has been a tenant of the Port since 2001, mostly under month-to-month Space Assignment agreements. The company provides important container depot services to both the shipping lines and shipping customers of the Port. Its services include container storage, container repair, reefer pre-tripping, container preparation for export and container cleaning after import. In 2016, the Port relocated UIS from an 11-acre site at the former OAB area to 6 acres at the Port's Roundhouse Property (Roundhouse), in the Port's Maritime Area (Seaport). See Exhibit A.

In 2017, the Port executed a 5-year lease with UIS for the 6-acre site at the Roundhouse, which provided for a negotiated rent averaging \$683,000 annually and an expiration date of April 21, 2022, with no options to extend. The Board approved the lease with UIS in April 2017 (Port Ordinance No. 4409). UIS was later acquired by Rail Management Services, LLC and became one of its subsidiaries, Pacific Trailer Repair Services, LLC dba as United Intermodal Services (PTRS). The lease with UIS was never amended to reflect this change in ownership. Staff wishes to properly identify PTRS as the tenant, and also wishes to extend the term of the lease through June 30, 2022 to align with the Port's fiscal year.

ANALYSIS

PTRS currently occupies the 6-acre parcel at the Roundhouse, and staff believes that continuation of PTRS as a Port tenant is important to Seaport operations and revenues. In the new lease with PTRS, Staff proposes to generally honor the terms of the lease with UIS, with a few minor changes:

- Effective date of June 1, 2020.
- Leasehold area remains at 6 acres.
- Monthly rent starts at \$58,598.
- Lease term is extended from April 21, 2022 to June 30, 2022 to align with the Port's fiscal year.
- Monthly rent continues to increase annually by 3%, but the increases take effect on July 1 instead of May 1 of each contract year, also to align with the Port's fiscal year. The first monthly rent increase occurs on July 1, 2021.

BUDGET & STAFFING

The proposed lease with PTRS has no impact on adopted FY 2019-20 Maritime Division operating revenue budget. Expected monthly and annual revenues through the final term of the proposed lease are shown below.

	FY 19-20*	FY 20-21	FY 21-22	TOTAL (FY20-FY22)
Average Monthly Rent	\$56,891	\$58,598	\$60,356	\$58,615 (average)
Annual Revenue	\$686,104	\$703,171	\$724,267	\$2,113,542

*Note: Includes 3% increase in monthly rent effective May 1, 2020 pursuant to terms of existing agreement. Next increase would be July 1, 2021.

The proposed action does not have any staffing impact.

MARITIME AVIATION PROJECT LABOR AGREEMENT (MAPLA)

The action to approve the Lease Agreement does not fall within the scope of the Port of Oakland Maritime and Aviation Project Labor Agreement (MAPLA) and the provisions of the MAPLA do not apply to this action.

STRATEGIC PLAN

The action described herein would help the Port achieve the following goals and objectives in the Port's Strategic Business Plan (2018-2022).

<https://www.portofoakland.com/wp-content/uploads/Port-of-Oakland-Strategic-Plan.pdf>

Goal: Grow Net Revenue

Goal: Improve Customer Service

LIVING WAGE

Living wage requirements will apply to this lease agreement if the tenant employs 21 or more employees working on Port-related work and the tenancy agreement generates more than \$50,000 annually.

SUSTAINABILITY

PTRS has not proposed any development in the leased area. However, the proposed Lease incorporates the updated "Environmental Responsibilities" Exhibit, which requires PTRS to adhere to any Maritime Air Quality Improvement (MAQIP) 2020 and Beyond Plan requirements.

ENVIRONMENTAL

The proposal to execute a lease agreement with PTRS for container services at the Roundhouse property was reviewed in accordance with the requirements of the California Environmental Quality Act (CEQA). Section 15301 of the CEQA Guidelines exempts from CEQA the leasing of existing public or private structures involving negligible or no expansion of existing or former use. No further environmental review is required.

GENERAL PLAN

This action does not change the use of any existing facility, make alterations to an existing facility, or create a new facility; therefore, a General Plan conformity determination pursuant to Section 727 of the City of Oakland Charter is not required.

OWNER-CONTROLLED INSURANCE PROGRAM (OCIP)

The Owner Controlled Insurance Program (OCIP) does not apply to the matters addressed by this Agenda Report as they are not capital improvement construction projects.

OPTIONS

Staff has identified the following options for the Board's consideration:

1. Authorize the Executive Director to Execute a Lease with Pacific Trailer Repair Services, LLC dba as United Intermodal Services as described in this Agenda Report. **This is the recommended action.**
2. Authorize a lease with Pacific Trailer Repair Services, LLC dba as United Intermodal Services under different terms.
3. Do not Authorize the Executive Director to Execute a Lease with Pacific Trailer Repair Services, LLC dba as United Intermodal Services. Under this option, Staff must terminate existing UIS lease, and UIS must vacate the premises.

RECOMMENDATION

Staff recommends that the Board authorize the Executive Director to Execute a Lease with Pacific Trailer Repair Services, LLC dba as United Intermodal Services for approximately 6 acres at the Roundhouse Property through June 30, 2022, generating approximately \$704,500 of annual rent, as described in this Agenda Report.

Exhibit A

Site Map



Exhibit A

Pacific Trailer Repair Services, LLC dba as United Intermodal Services

Legend

Pacific Trailer Repair Services, LLC

