

COVER MEMO

Briefing Date/Time:	June 22, 2026
Staff Contact/Title:	James Sommer, Public Works Program Manager, 360.528.8005, JamesS@PortOlympia.com
Subject:	Contract Award: Building Tenant Improvements (Port HQ)
Purpose:	<input checked="" type="checkbox"/> Information Only <input type="checkbox"/> Decision Needed

Type of Agenda Item:

- Advisory – No decision required.
- This item will be brought back before the commission on July 13, 2026 as an Action agenda item.

Background:

In October 2024, the Port was approached by Port lessee Challain Inc., owners of the 200 Market Street, Olympia, WA building, regarding a potential sale of the Dancing Goats coffee roaster and tasting room facility. After an initial walk-through and assessing its potential, Port leadership agreed to begin due diligence for purchase of the building.

In November 2024, the Port's 2025 operating and capital budget was approved. Since the opportunity to purchase the building arose so late in the annual budget process, the Port included a capital budget placeholder line item of 1.75 million dollars for future potential tenant improvements.

In January 2025, the Port and Challain Inc. commissioned a building valuation and began negotiating a purchase and sale agreement. The Port Commission was briefed on the intent to purchase the building and convert it into the new Port headquarters, replacing leased administration offices.

In February 2025, the Port completed a full building inspection as part of the due diligence process. Staff also requested and received final Commission approval to move forward with the purchase.

In April 2025, Port staff began working with Thomas Architecture Studios to complete space programming and develop conceptual designs. During this process, staff identified an opportunity to consolidate maintenance staff into the new building, further reducing the Port's long-term lease and rental expenses. Consultation with the City of Olympia Community Planning & Economic Development Department during this same

timeframe revealed the upgrades and improvements required to meet current building codes so they could be incorporated into the design.

In September 2025, Port staff and Thomas Architecture Studios provided a project update to the Port Commission. With future commissioners in attendance, the briefing covered the rationale behind the purchase of the building, staff input on the design, and a walkthrough of the conceptual layout.

From September 2025 through June 2026, Port staff worked with Thomas Architecture Studios to complete final tenant improvement designs. The resulting plan consolidates multiple Port operations into a single facility and eliminates the Port's significant annual lease expenses.

Tenant Improvements Contract Overview:

Timeline:

- 6/1/2026 – Bids solicited
- 6/11/2026 – Pre-bid site visit
- 6/30/2026 @ 3pm – Submission deadline
- 6/30/2026 – Public bid opening
- 7/13/2026 – Commission approval via Action agenda item

Total cost of the contract award – based on the lowest responsive, responsible bidder – will be provided to the Commission on July 13 subsequent to completion of bid evaluation. As of Monday June 15, there were 144 “unique document takers” with 8 bid submissions in progress.

This project expense is included in the approved 2026 capital budget, with the expectation that a portion of construction expenses will be incurred in 2027.

Alignment with Vision 2050:

Focus Area #3:

- Sustainability, Administration, Communications, and Engagement

Goal #8 – Administration:

- Improve the Port’s ability to make decisions, resolve issues, achieve its objectives and mission, and implement Vision 2050 recommendations to become an innovative economic development leader.

Action Item #44:

- Be transparent in budget planning and align actions with Vision 2050 goals.

Alternatives Considered:

The Port has considered other alternatives, ultimately deciding to move forward with a tenant improvement of the 200 Market Street building to turn it into the new Port HQ.

1. Continue renting or leasing space for Port staff and Commission meetings.
 - At the time, the Port was paying approximately 450,000 dollars per year in rent for staff offices, Commission meeting room, and a maintenance shop.
 - If the Port chose *not* to use the Dancing Goats building as its headquarters, leasing it to a tenant was estimated to generate roughly 55,000 dollars per year in revenue. While beneficial, this revenue did not offset the long-term savings achieved by consolidating Port operations into a single Port-owned facility.
2. Construct a new building for Port staff and Commission meeting spaces.
 - The Port previously explored a “Waterfront Center” concept to meet similar needs.
 - A preliminary feasibility study estimated costs at more than 20 million dollars, with limited tenant interest to help offset construction and operating expenses.

Staff Recommendation:

At the July 13 Commission meeting, Port staff will recommend the Commission award the Building Tenant Improvements (Port HQ) contract to the lowest, responsive, responsible bidder.

Document(s) Attached:

None