COVER MEMO

Briefing Date/Time:	July 13, 2026
Staff Contact/Title:	Mike Reid, Director of Community and Economic Development, 360.764.5395, MikeR@portolympia.com
Subject:	Evergreen Business Capital Lease Amendment No. 6
Purpose:	☐ Information Only ☒ Decision Needed

CONSENT ITEM

Tenant Snapshot:
Lease Name: Evergreen Business Capital
Leased Address: 711 78th Ave SW Tumwater, WA 98501
Lease Type: Land
Lease Effective Date: 4/25/1986
Original Term: 30 years + 20 year option
Use: Small Scale Industrial Building
Employees: Approx 21 within 5 businesses

Background:
The Square One Building was first conceived in 1985 and titled the Evergreen-Thurston County Incubator Jobs Project. It was a joint project with Evergreen Community Development Association (now Evergreen Business Capital), Thurston County Economic Development Council, Peat Marwick, Thurston County Department of Employment and Training, the Port of Olympia and facilitated with a grant from the US Office of Community Services, a division of the US Department of Health and Human Services.

The project was to construct a building to create new light manufacturing jobs in Thurston County which at the time had an unemployment rate of 15.3%. Building space was to be leased out at below-market rents to tenants in labor-intensive industries. A full-time incubator manager was hired that would coordinate job training and business assistance services and the Port of Olympia would fulfill the landlord functions.

By providing affordable space and hands-on business assistance, the project aimed to give new and early-stage manufacturers time, support, and stability to survive and grow, while creating permanent jobs for low-income residents.

The building was built with the aid of grants and donations from the partnership. Over forty years later, it continues to function as a light industrial building leased to tenants at slightly below-market rents on leased land from the Port of Olympia. Most of the tenants have been in occupancy for many years. It does not currently function as an incubator or with active participation from the original partners. Evergreen, as the owner of the building, remained as the landlord and property manager.

The building currently has five tenants with approximately 21 employees. The businesses range anywhere from a food processing business focusing on smoked salmon to a custom paint coating business. The land lease is located in the New Market Industrial Campus at 711 78th Ave SW, Tumwater WA. The current lease term is June 1, 2021 through May 30, 2031 with one 5-year option remaining. Evergreen Business Capital has and remains in good standing throughout the term of their lease.

Evergreen Business Capital now desires to amend the terms and conditions of the lease and requests an additional 25 years to their existing lease. The extended terms would begin on June 1, 2036 and end on May 31, 2061. The rent rate and surety requirement is also being adjusted to reflect the then current Commission rate.

In addition, the requirement that the tenant at their expense provide improvements consistent with the City of Tumwater requirements along 78th Street shall be added to the lease. If the Premises does not have the standard frontage improvements such as curbs, sidewalks, and street trees then the Tenant will need to provide how and when they will be developed over the course of the additional term. They shall be completed within the first five years of the first term extension and no later than May 31, 2041. The rest and remainder of the original lease shall remain in full force and effect.

Summary and Annual Financial Impact:

- Current monthly lease payment: $7,027.50
    - Annual: $84,330.00
- Anticipated 2031 monthly payment: $7,730.25
    - Annual: $92,763.00
- 2036-2061: Adjusted to then Commission approved rate and at least 3% increase over the current with a 10% escalation every 5 years thereafter

Alignment with Vision 2050:

This lease amendment supports multiple Vision 2050 goals by advancing long-term economic development within the Port's New Market Industrial Campus. Extending the lease term enables the Port to retain and expand a stable business presence, consistent with Vision 2050 goals to grow manufacturing, logistics, and service-sector employment, support small and emerging businesses, and catalyze economic opportunities in partnership with local jurisdictions. The subleases with the existing five tenants strengthens regional job creation and aligns with Vision 2050's emphasis on leveraging Port properties for family-wage employment and sustainable business growth.

The required frontage improvements on 78th Avenue reinforce Vision 2050's goals around incorporating sustainability and community-benefit considerations in development and ensuring Port properties meet long-term infrastructure expectations.

Environmental Considerations:

The lease premises are located within the Port's New Market District. Our tenant actively works with the Department of Ecology and the City of Tumwater to follow environmental regulations.

Alternatives Considered

1. Approve Evergreen Business Capital, LLC Lease Amendment #6.

Result: The Port's existing tenant gains more flexibility in how to manage and proceed with the asset increasing the likelihood that the asset will continue to operate in its existing capacity and a commitment to install frontage improvements and pedestrian connectivity is added to the transaction.

2. Do not approve Evergreen Business Capital Lease Amendment #6.

Result: The Tenant is limited to its original term that would will expire in 2036 which will likely limit the functionality of the building and reduce the predictability to the existing tenants.

Staff Recommendation:

Approve lease amendment No. 6 as presented.

Documents Attached:

Copy of Lease Amendment #6