COVER MEMO	
Briefing Date/Time:	November 23, 2026
Staff Contact/Title:	Mike Reid, Community and Economic Development Director, 360.764.5395, miker@portolympia.com)
Subject:	Airport FBO Building Surplus and Sale, Vesper Aviation Ground Lease, and Glacier Aviation Lease Termination
Purpose:	☐ Information Only ☒ Decision Needed

Type of Agenda Item:

- Action

Background:

Glacier Aviation has operated the Fixed Base Operator (FBO) at Olympia Regional Airport and done business with the Port since 2004 under three Port leases: Hangar 51, the FBO Building, and Airlift NW. Its owners are retiring and selling the business to OLM Hangar and FBO LLC, a Washington limited liability company doing business as Vesper Aviation. This is a change in operator, not a change in function or activities.

The transaction has three linked parts: a new 30-year Ground Lease with Vesper that replaces Glacier's three leases; the sale of the Port-owned FBO building improvements under a Purchase and Sale Agreement (PSA), which under RCW 53.08.090 requires the Commission first to declare the building surplus and then to authorize its sale; and the termination of Glacier's leases. The Port keeps fee title to all of the land. The Commission received advisory briefings on October 26 (Surplus) and November 9 (Lease and Sale Transactions) 2026, and the attached documents reflect that feedback.

Summary and Financial Impact:

The attached Ground Lease, PSA (Exhibit G to the Lease), Termination and Surrender Agreement, and resolutions contain the full terms. Highlights:

- **Ground Lease:** About 2.85 acres for 30 years, with two 10-year renewal options that Vesper may exercise only if it is not in default. First-year rent is $67,260 ($0.59 per square foot), triple-net, increasing 15% every five years, plus Leasehold Excise Tax. Lease security is $75,896.18.
- **Use:** Aeronautical use is primary, subject to the Port's Minimum Standards. The Lease approves no new development and states that it grants no right to build a Major Improvement.
- **Improvements, three levels of approval (Sections 18.1 and 19.1):**

    - **Minor alterations:** Non-structural work costing $50,000 or less in any 12 months that does not affect the building envelope, roof, foundation, or building systems and needs no building permit. No Port approval is needed; Vesper notifies the Port within 30 days.
    - **Port-approved alterations:** All other work short of a Major Improvement, such as a roof replacement, system upgrades, or façade work, needs the Executive Director's written approval.
    - **Major Improvements:** A new building, an increase in building footprint or floor area, demolition, added hangar units or apron, or a change to the FAA-approved Airport Layout Plan needs approval by the Port Commission at a public meeting. Approval may come with conditions, including a lease amendment addressing rent, term, or security.
    - **For all levels:** Port approvals may not be unreasonably withheld, conditioned, or delayed, and they do not replace SEPA review, City of Tumwater permits, or FAA review. Rebuilding after a fire or other casualty to the same footprint and use is a Port-approved alteration.
- **FBO building sale:** $102,000 for the building improvements only, with a deed restriction limiting use to aeronautical, aviation-related, or complementary purposes. Closing occurs within 30 days after rent begins. If the sale does not close, the Lease terminates.
- **Surplus declaration:** The Executive Director has certified under RCW 53.08.090 that the FBO building is no longer needed for port district purposes (attached). Resolution No. 2026-10 declares the building surplus to the Port's needs and finds its sale in the public interest. The land stays in Port ownership, the building remains a fixed base operator facility under the Port's Comprehensive Scheme of Harbor Improvements and Airport Master Plan Update, and the building reverts to the Port when the ground lease ends, so no amendment to the Comprehensive Scheme is required.
- **Authorization of sale:** Resolution No. 2026-11 authorizes the sale of the building to OLM Hangar and FBO LLC at fair market value and authorizes the Port's managing officials to sign the PSA and related documents.
- **Glacier termination:** Glacier's three leases end on the day Vesper's Lease begins, so FBO service continues without a break. Glacier conveys its hangars and fuel tanks directly to Vesper, and the Port settles Glacier's final rent, taxes, and fees before returning its security.
- **Community value:** The transaction keeps about 15 aviation jobs, a flight school that graduates about 10 career pilots a year, and Airlift Northwest's Olympia air medical base in place under a current lease.

- **Financial impact:** First-year rent of $67,260 compares with $55,035 under Glacier's three leases today, and base rent over the initial term totals about $2.94 million. The building sale brings $102,000 in one-time airport revenue, building maintenance costs move to Vesper, and the transaction requires no Port capital outlay.

Affected Parties:

Vesper Aviation and Glacier Aviation; pilots, aircraft owners, and flight students, whose services continue without interruption; Airlift Northwest, which operates its Olympia air medical base on the leasehold; and neighboring airport tenants who share access and parking.

Alignment with Vision 2050:

- **Goal 6, Maximize the economic and community value of the Olympia Regional Airport in accordance with airport master plan and FAA regulations.** The Commission unanimously adopted this goal for the airport at its July retreat. The transaction keeps FBO, fueling, flight training, and air medical services in place under a current lease with stronger FAA and operating provisions.
- **Goal 9, Develop a long-term finance strategy.** The Lease provides escalating ground rent for 30 years and shifts building maintenance and capital costs to the tenant.

Environmental Considerations and Review:

The Port has determined that the transaction is categorically exempt under WAC 197-11-800(5) because the property stays in the same aeronautical and FBO use. Any future construction will receive its own SEPA review when proposed.

Alternatives Considered:

- **Approve the transaction (recommended).** Keeps FBO services in place, replaces three older leases with one current lease, and secures long-term ground rent.
- **Ground lease only, with the Port keeping the FBO building.** The Port would keep the building's maintenance and capital costs.
- **Decline the transaction.** Glacier's sale would likely not go forward, putting its services and jobs at risk, and the Port would still need to resolve two holdover leases.

Staff Recommendation:

Staff recommend that the Commission take two separate actions, in this order:

Motion 1: Move to adopt Resolution No. 2026-10, declaring the FBO building improvements at 7645 Old Highway 99 SE no longer needed for port district purposes and surplus to the Port's needs under RCW 53.08.090.

Motion 2: Move to (1) adopt Resolution No. 2026-11, authorizing the sale of the FBO building improvements to OLM Hangar and FBO LLC; (2) approve the Ground Lease with OLM Hangar and FBO LLC, including the FBO Building Purchase and Sale Agreement attached as Exhibit G; (3) approve the Termination and Surrender Agreement with Glacier Aviation, Inc.; and (4) authorize the Executive Director to execute these documents and take all actions necessary to complete the transaction.

Document(s) Attached:

- Certification of Surplus Property under RCW 53.08.090, Executive Director, November 16, 2026
- Resolution No. 2026-10, Declaring the Airport FBO Building Surplus
- Resolution No. 2026-11, Authorizing the Sale of the Airport FBO Building
- Ground Lease with OLM Hangar and FBO LLC, with Exhibits A through G (Exhibit G is the FBO Building PSA)
- Termination and Surrender Agreement with Glacier Aviation, Inc.