

# ACTION ITEM MEMO

Port of Tacoma Commission



Item No: 6A  
Meeting Date: 7/15/25

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**DATE:** June 25, 2025  
**TO:** Port of Tacoma Commission  
**FROM:** Eric Johnson, Executive Director  
Sponsor: Alisa Praskovich, Chief Strategic Projects and Commission Relations  
Project Manager: Einar Roden, Sr. Manager, Real Estate and Business Development  
**SUBJECT:** Silverback Industries, LLC Lease (1<sup>st</sup> Reading)

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**A. ACTION REQUESTED**

No action is requested at this first reading. At the second reading, expected to occur on August 19, 2025, the following action will be requested:

Authorization for the Executive Director or his designee to enter into a new four-year lease with Silverback Industries, LLC, for the premises including a new pre-engineered metal warehouse building consisting of approximately 12,000 square feet and 1 acre of yard area, located at 401 E. Alexander Ave, Tacoma Washington.

**Strategic Plan Initiative:** EV-1.

**B. BACKGROUND**

Silverback Industries, LLC (dba Silverback Marine) is a designer and builder of military landing craft and patrol vessels, as well as skiffs, towboats, and workboats. They have been a tenant at the Earley Business (EBC) since April 2021 and currently occupy a portion of Building 407 which is scheduled to be demolished in September 2026. (estimated). The Port has proposed building Silverback a new metal building provided they contribute \$750,000 towards the overall costs of the structure. A \$350,000 payment was made to the Port on March 26, 2025. Future contributions include \$200,000 on September 1, 2026 (subject to Port Commission approval of the new lease and all required building permits received), and \$200,000 upon receipt of a Certificate of Occupancy. If the new building cannot be completed by the Port, Silverback will receive a full refund of their monetary contributions.

On April 15, 2025, Port Commission authorized utility, restrooms, and modular office building construction work associated with the EBC Temporary Tenant Relocation in the amount of \$3,333,000, for a total project authorized amount of \$6,557,000, Project ID #101686.01. Silverback Industries, LLC is a tenant in good standing.

**C. TIMEFRAME/PROJECT SCHEDULE**

1 <sup>st</sup> Reading of Lease Extension	July 15, 2025
2 <sup>nd</sup> Reading of Lease Extension	August 19, 2025
New Metal Building Completion	September 1, 2026 (Estimated Date)
Lease Commencement Date	September 1, 2026 (Estimated Date)

**D. PRIMARY LEASE TERMS**

- Lease Premises: Approximately 12,000 SF of warehouse space and 1 acre of yard.
- Use: The Premises may be used for the building and storage of aluminum boats. No fuel storage or equipment fueling is allowed on the Premises.
- Lease Commencement Date: The lease will commence upon the Metal Building's completion and the issuance of a Certificate of Occupancy by the City of Tacoma, estimated to occur on or around September 1, 2026.
- Lease Term: Four (4) years with a right to extend upon mutual agreement between the parties.
- Rent Calculation:
  - 1<sup>st</sup> Year Rent: \$2,000.00 / month plus Leasehold Excise Tax
  - 2<sup>nd</sup> Year Rent: Adjusts based upon CPI-U
  - 3<sup>rd</sup> Year Rent: Adjusts based upon CPI-U
  - 4<sup>th</sup> Year Rent: Adjusts based upon CPI-U
- The initial rent of \$2,000.00/per month takes into consideration Silverback's cash contribution of \$750,000 for the new temporary building.
- Security Deposit: \$6,771.00, which is three (3) months' rent + leasehold excise tax. This is a variance from our Master Policy, which requires twelve (12) months' rent deposit. The variance is mitigated by \$750,000 in contributions from the tenant, who will have a large financial stake in this structure and will be inclined to take good care of it.
- Insurance Requirements:
  - \$2 Million general liability
  - \$1 Million auto liability
- Lessor Maintenance/Repair Responsibility:
  - All electrical repairs and light bulb replacements
  - Freeze protection of plumbing and electrical systems
  - HVAC maintenance and repairs
  - Fire suppression system
  - Plumbing system (primary and secondary)
  - Fire hydrant
  - Roof
  - Exterior walls and exterior paint
  - Exterior doors, windows, handles, and lock repair maintenance
  - Asphalt / gravel surface repair and maintenance
  - Fencing and gates maintenance and repair
  - Vegetation management

- Fencing and Gates
- Storm water system repair
- Lessee Maintenance/Repair Responsibility:
  - Data, communications, and security systems
  - Interior doors repair and maintenance
  - Dock levelers
  - Stormwater systems
  - All tenant improvements
  - Janitorial services and pest control

**E. ECONOMIC INVESTMENT / JOB CREATION**

Six employees work at Silverback and there will be a need for additional employees as the company continues to grow. This amounts to six jobs per acre of land.

**F. ENVIRONMENTAL IMPACTS / REVIEW**

No known environmental impacts.

**G. ALTERNATIVE ANALYSIS**

Alternative 1 - Proceed with the new lease as described herein.

Alternative 2 - Refund the tenant's contribution and don't proceed with the construction of the new metal building, potentially resulting in the termination of the current lease when the existing building is scheduled for demolition.

Alternative 1 is the recommended option.

**H. NEXT STEPS**

Proceed with the second reading at the next Commission meeting on August 19, 2025. Upon Commission approval of the requested action after the second reading, the Port Executive Director or his designee will enter into a new four-year lease with Silverback Industries, LLC, which will commence when construction of the new metal building is complete and a Certificate of Occupancy has been issued by the City of Tacoma.