

# ACTION ITEM MEMO

Port of Tacoma Commission



Item No: 6H  
Meeting Date: 1/22/25

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**DATE:** January 14, 2025  
**TO:** Port of Tacoma Commission  
**FROM:** Eric Johnson, Executive Director  
Sponsor: Debbie Shepack, Sr. Director, Real Estate  
Project Manager: Tyra Dieffenbach, Sr. Manager, Real Estate  
**SUBJECT:** Christensen, Inc. - New Lease (1<sup>st</sup> Reading)

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**A. ACTION REQUESTED**

There is no action requested at this time. The following action will be requested at the February 19, 2025 commission meeting:

Authorization for the Executive Director or his designee to enter into a new lease with Christensen, Inc located at 2002 Stewart Street, Tacoma WA. The premises consists of approximately 1.88 acres of yard space with 1,914 square feet of office space.

**Strategic Plan Initiative:** EV-2.

**B. BACKGROUND**

Port Parcel 39 (2002 Stewart Street) is located at the corner of Lincoln Avenue and Stewart Street. Christensen, Inc. began leasing .68 acres of the site, in addition to the office space, on month-to-month basis in 2016. Rent for the space in 2016 started at \$5,291/month (\$1,891 for office & \$3,400 for .68 acres of land).

In 2024, Christensen approached the Port and asked to lease the remaining acreage. In August 2024 an amendment to the month-to-month lease was executed to expand the leasehold to the full, usable site.

Christensen sees the value of their presence in the Tacoma tide flats and has proposed a tenant improvement request that totals approximately \$200,000 in site improvements and infrastructure. In conjunction with this work, Christensen would like to execute a 5-year lease agreement.

**C. PRIMARY LEASING TERMS**

- The site consists of approximately 1.88 acres of land and 1,914 sq. feet of office space
- Use of the property is:

- Office Space
- Parking
- Dispatching loaded and/or empty fueling trucks, propane trucks and transport fleet
- Storage of empty propane tanks and other associated items.
- Term of the lease is 5-years with the option to extend for one additional five-year term.
- Monthly rent is proposed on a set schedule over 5-year terms, escalating by 4% year-over-year as follows:

March 2025	March 2026	March 2027	March 2028	March 2029
\$14,352.00	\$14,926.08	\$15,523.12	\$16,144.05	\$16,789.81

- If the optional 5-year renewal term is executed, rent will be adjusted to reflect current market rates.
- Security Deposit is equal to 12 months rent plus leasehold excise tax. The initial amount is \$194,337.56.

**D. TIMEFRAME/PROJECT SCHEDULE**

First Reading	January 22, 2025
Second Reading	February 19, 2025
Lease Commencement Date	March 1, 2025

**E. FINANCIAL SUMMARY**

- Rent effective March 1, 2025 - \$14,352.00 per month / \$172,224 per year.
- Monthly rent increases every year by 4% with adjustment to fair market value during optional renewal period.

**Financial Impacts:** By transitioning Christensen off a month-to-month lease and on to the proposed lease, revenue will increase by \$6,624 in year one. In addition, the current month-to-month lease only increases by CPI each year, the proposed 4% increase per year is higher than the projected CPI increase.

**F. ECONOMIC INVESTMENT / JOB CREATION**

Christensen, Inc. has 19 employees at this site (approximately 10 jobs per acre) and over 420 jobs company wide. With the proposed term lease and tenant improvements, more jobs will be added locally.

**G. ENVIRONMENTAL IMPACTS / REVIEW**

No known environmental impacts.

**H. NEXT STEPS**

Second reading is slated for February 19, 2025. Upon commission approval of the requested action, the Port Executive Director, or his designee will enter into the new lease with Christensen, Inc. which will commence on March 1, 2025.