COMMISSION
AGENDA MEMORANDUM | **Item No.** 8i

ACTION ITEM | **Date of Meeting** October 14, 2025

DATE: September 23, 2025

TO: Stephen P. Metruck, Executive Director

FROM: Jennifer Maietta, Director, Real Estate Asset Management
Jessica Carlson, Senior Real Estate Manager

SUBJECT: **Fishermen's Terminal Trowbridge LLC Term Lease**

ACTION REQUESTED

Request Commission authorization for the Executive Director to execute a ten (10) year term lease, with Trowbridge, LLC at Fishermen's Terminal in its substantiative form as presented.

EXECUTIVE SUMMARY

This is a term lease with Trowbridge, LLC ("Trowbridge") for the former Fishing Vessel Owner's site at Fishermen's Terminal which has been vacant since 2021. Trowbridge Innovations is a West Coast contractor, marine service provider, and product supplier in the maritime sector. They will be investing approximately $2M to bring the warehouse/office space back to a functional state. The improvements will include additional upgrades to the floating docks, marine ways and yard area.

JUSTIFICATION

Trowbridge is a financially strong, maritime small business, that has been in operation for 10+ years with over 30 years of experience. Trowbridge is a West Coast contractor, marine service provider, and product supplier in the maritime sector. This tenant will continue to provide services and jobs within the maritime industry, bringing 35-50 jobs through this lease. They also intend to sublease a portion of the warehouse to Walrus Boat Recycling, a non-profit organization dedicated to saving and upcycling boats while tackling a variety of socioeconomic and environmental challenges.

The former Fishing Vessel Owner's (FVO) site at Fishermen's Terminal has been vacant since 2021. FVO declared bankruptcy which resulted in receivership. Ultimately the parties agreed upon a settlement amount. During the receivership the Port did not have access to the Premises and vandalism occurred during this time. The current warehouse/office is effectively unusable in its current condition due to FVO deferred maintenance and being stripped of interior equipment and improvements over time requiring significant investment by the Port. Other portions of the property are at the end of their useful life such as the electrical and utility infrastructure, floating docks and marine ways. The benefit of this site is its access to the waterway and large yard area. Trowbridge will be investing approximately two million dollars ($2,000,000) into the warehouse/office space. The improvements will include additional upgrades to the floating docks, marine-ways and concrete pier. The 18,483sf warehouse requires electrical, plumbing, HVAC, building envelope restoration. Additionally, Trowbridge will secure the property with their own security personnel.

Summary of Lease Terms:

Premises	Total Premises is 182,804/sf inclusive of 136,138/sf submerged lands, 28,183/sf yard area, and 18,483/sf warehouse/office space located within Fishermen's Terminal.
Term	Ten (10) Years
Commencement	November 1, 2025
Due diligence period	Thirty (30) days period following the Commencement Date, Lessee shall have the right to review the environmental conditions of the Premises. • One-time right to terminate by written notice to Lessor prior to end of 30-day Due Diligence Period. • Otherwise, upon the expiration of the Due Diligence Period, the Lessee fully accepts the Premises in its present condition.
Rent Commencement	Rent shall commence May 1, 2026; upon conclusion of due diligence period and Lessee shall accept Premises in an as is condition.
Base Rent	$11,225.43/Month plus 3% annual escalation, and 12.84% Leasehold Excise Tax • The base rent is market rate for the yard and submerged lands. • The warehouse/office rent is abated during the term of the lease as the buildings are in a non-functional state.
Security Deposit	Security deposit is $35,757
Tenant Improvement Allowance	Tenant Improvement Allowance in an amount not to exceed $500,000. • TI to include, but not limited to, electrical, mechanical (HVAC), plumbing, lighting, fire system, and interior office shell repairs to flooring, drop ceiling, insulation and floating dock repairs December 1, 2026, which may be extended at Port's sole discretion.

Insurance	General Liability: $5M/per occurrence and $10M aggregate Automobile Liability Insurance: $1M/per occurrence Protection & Indemnity Liability Insurance: $1M/per occurrence
Maintenance & Repair	Tenant responsibility. Port shall have no responsibility to maintain.
Utilities	Tenant responsible for all utilities costs associated with Premises.

ALTERNATIVES AND IMPLICATIONS CONSIDERED

Alternative 1 – Reject the Lease proposal.

Cost Implications: This alternative would have the Port continuing to be financially responsible for improvements, maintenance and security of the premises

Pros:

(1) None

Cons:

(1) The Port would not see the substantial increase in revenue from rent.
(2) We would not be supporting a Maritime Industry business and employment.
(3) The Port would continue to pay for vacancy and buildings would continue to deteriorate– including security, safety, and maintenance of the premises.

This is not the recommended alternative.

Alternative 2 – Agree to the Terms of the Agreement

Cost Implications: $500,000 in Tenant Improvement Reimbursement.

Pros:

(1) Increase to Port revenue.
(2) More Maritime jobs and customers.
(3) Long term well established maritime business activating the premises, which has been vacant since 2021.
(4) Financial responsibility for improvements as well as maintenance and security of the space are borne by the Tenant.

Cons:

(1) None

This is the recommended alternative

FINANCIAL IMPLICATIONS

The tenant improvement allowance will be recovered within the first 4.03 years of the term.

Financial Analysis and Summary

Project cost for analysis	Tenant Improvement Allowance: $500,000
Business Unit (BU)	Portfolio Management
Effect on business performance (NOI after depreciation)	The lease generates approximately $1.5M over the course of the primary term (10 years)
IRR/NPV (if relevant)	NPV= $585K TI Allowance Payback=4.03 years

ATTACHMENTS TO THIS REQUEST

(1) Draft Term Lease
(2) Presentation slides