

THE NORTHWEST SEAPORT ALLIANCE
MEMORANDUM

MANAGING MEMBERS
ACTION ITEM

Item No.: 9B
Meeting Date: December 3, 2024

DATE: November 25, 2024

TO: Managing Members

FROM: John Wolfe, CEO

Sponsor: Don Esterbrook, Deputy Executive/Chief Operating Officer

Project Manager: David Myers, Engineering Project Manager II; Curt Stoner, NWSA Sr. Real Estate Manager

SUBJECT: Husky Lease Amendment, Husky Crane Rental Agreement Amendment, FY23 MARAD PIDP Grant Acceptance, and Husky Terminal Expansion Project Authorization

A. ACTION REQUESTED

Request Managing Members of the Northwest Seaport Alliance (NWSA) authorize:

- the Chief Executive Officer or his delegate to execute the Sixth Amendment to the Husky Terminal Lease;
- the Chief Executive Officer or his delegate to execute the Fourth Amendment to the Husky Crane Rental Agreement;
- the acceptance of a Federal Maritime Administration (MARAD) 2023 PIDP Grant in the amount of \$54,233,330 for the Husky Terminal Expansion; and
- project authorization in the amount of \$9,000,000 for a total authorized amount of \$9,350,000, for work associated with the Husky Terminal Expansion Project Identification No. 201201.01.

B. SYNOPSIS

NWSA staff has negotiated a 6th Amendment to the Husky Lease and a 4th Amendment to the Husky Crane Rental Agreement based on the below Terms.

The NWSA has been awarded a MARAD 2023 PIDP grant in the amount of \$54,233,330 toward the Husky Terminal Expansion project. This project has a \$140,125,000 budget as outlined within this memo. Staff is seeking project authorization associated with this project in the amount of \$9,350,000 to allow Tacoma Public Utilities (TPU) to order long lead equipment, to complete design associated with the new power feed to the terminal, and to allow NWSA staff and

consultants to complete the design associated with the relocation of the North Intermodal Yard (NIM) Operations.

C. BACKGROUND

When NWSA staff negotiated the Third Amendment to the Husky Crane Rental Agreement in 2017, Husky agreed to a Crane Hour Rental Minimum Annual Guarantee (MAG) that has proven to be unsustainable given Husky's terminal capacity. This requires a reasonable adjustment to Husky's Crane MAG in return for Husky agreeing to extend their Lease by 5 years and increase their Rent by \$1,850,000 per year. Husky has also agreed to participate in the Gate Efficiency Program which is a valuable performance metric NWSA would like to see included in the Husky Lease and other NWSA Marine Terminal Leases going forward.

Based on the above, the NWSA and Husky have negotiated a Sixth Lease Amendment and a Fourth Amendment to our Crane Rental Agreement based on the below Terms:

Husky will extend their Lease for five years until August 31, 2051.

Effective December 5, 2024, Husky's Rent will increase \$1,850,000 per year.

The Husky Crane Rental Agreement Minimum Annual Guarantee (MAG) will be amended from 16,800 hours to 12,000 hours for the July 1, 2024, to June 30, 2051, periods. Crane hours up to 12,000 hours will be billed at Tariff. Crane hours above 12,000 per year will be billed at 40% of Tariff. If Husky does not meet the Crane Rental MAG, they will pay NWSA the NWSA Tariff Rate multiplied by the shortfall.

Effective December 5, 2024, the Crane and Straddle Carrier Rental Rates will increase by 4.5% in NWSA Tariff 300. NWSA may increase Crane and Straddle Carrier Rates in the NWSA Tariff in the future with Husky being subject to an annual 1% minimum and a 5% maximum increase.

Effective January 1, 2025, Husky will participate in the NWSA Gate Efficiency Program.

Effective upon Shorepower System final commissioning at Husky Terminal, Husky will participate in the NWSA Shorepower Program.

The Port of Tacoma entered into a Lease, with subsequent amendments, with Husky Terminals, Inc. formerly International Terminal Services (ITS) in 2003 for property that includes Terminals 3, 4 and portions of 7 at the Port of Tacoma (South Harbor). This terminal is now licensed to the NWSA. In 2014 the wharf at Terminal 3 was reconstructed to support post-Panamax cranes. In 2016 the wharf at Terminal 4 was demolished, a shoreline clean-up occurred, and a new wharf

structure was constructed in alignment with the structure at Terminal 3 providing 3000 LF of wharf and allowing for the berthing of two post-Panamax vessels.

Following the completion of the work on the wharf structures, eight (8) post-Panamax cranes were purchased and installed to be operated at Terminals 3 and 4 and the existing cranes were demolished. Over the last several years reconstruction of various areas of the yard have been completed and a new stormwater treatment system has been installed. A current project, expected to be completed this month, will provide shore power to the vessels allowing them to be “plugged in” when at berth, resulting in reduced emission of diesel particulate matter (DPM) and greenhouse gases (GHG).

The NWSA, with Husky as a sub-recipient, applied for the MARAD 2023 PIDP Grant to increase terminal efficiency and provide electrification to support additional grounded reefer units and allow for electrification of terminal equipment. By further reconfiguring the yard to align with the wharf and densifying the container stacks the terminal will operate more efficiently, allowing two vessels to be operated simultaneously and reduce carbon emissions. NWSA and Husky will enter a sub-grantee agreement that requires Husky to complete their portion of the project and follow all of the terms and conditions of the grant.

The project has been split into three components as follows:

Component 1 includes the demolition of existing RTG runs and pavement and the reconfiguration of the yard to align with the wharf. It includes new and restored areas of paving, new concrete RTG runways, light pole relocations, striping and fencing. This component will improve truck circulation efficiency which will in turn reduce truck turn and idling times. Thru densification and reconfiguration additional cargo handling capacity will be gained that reduces the at-anchor time of the two vessels by allowing both vessels to be worked at the same time.



Component 2 includes the installation of reefer racks and provides additional power supply to accommodate the new reefers and future electrification of the terminal operating equipment. Completing this component will triple the terminal's refrigerated export capacity from 360 to 1,200 reefer plugs that can take advantage of TPU's 97% carbon-free (renewable) energy grid. The increased on-terminal refrigerated cargo capacity will allow for expanded receiving windows, allowing exports to be more flexible. This provides greater business opportunities, improves efficiency for truckers, potentially lowers transportation costs, reduces wait times for customers, and improves overall service levels.

To support the additional electrical demand for the components noted above and allow for the electrification of some future cargo handling equipment, Tacoma Power will install a new transformer at the Lincoln Avenue Substation and provide a new 13.8 KV service from the substation to the terminal via a route on Thorne Road and E 11th Street.

Component 3 includes the relocation and removal of terminal support facilities to support the flow of cargo through the terminal by creating more efficient paths for trucks thereby reducing truck congestion. These changes will in turn reduce emissions, lower operating costs and increase yard capacity allowing two vessels to be worked simultaneously.



D. PROJECT DESCRIPTION AND DETAILS

Scope of Work

As noted above this project is split into three distinct but related components. All of component 1 and most of components 2 and 3 will be accomplished by Husky.

Project Construction Elements	
Project Component	Construction Element
<u>Component #1</u> Re-Configuration of Container Storage Yard	<ul style="list-style-type: none"> • Demolish rubber-tired gantry (RTG) runs • Relocate utilities, drains, light poles, fire hydrants • Pave and adjust/level terminal grade • Stripe pavement
<u>Component #2</u> Installation of Additional Power Supply and Reefer Racks	<ul style="list-style-type: none"> • Increase off-terminal power supply to support reefer rack & other future terminal power needs • Install 40 reefer racks & power for reefer racks • Reconfigure existing reefer area • Install utilities, fire protection systems and pavement
<u>Component #3</u> Relocation of Terminal Support Facilities	<ul style="list-style-type: none"> • Demolish scale & security buildings, install utilities, construct modular office complex • Demolish North Intermodal Yard (NIM) Tower • Demolish Pier 3 Marine Tower • Relocate Customs & Border Protection radiation portal monitors

The NWSA scope of work associated with this request include:

- The engineering associated with substation improvements and new lines from the substation to the terminal to be completed by TPU.
- The procurement of long lead items including transformer and switchgear needed at the substation by TPU.
- The design and engineering associated with the removal of obsolete structures by the NWSA.
- The design and engineering associated with the relocation of the NIM operations by the NWSA.
- Permitting associated with demolition and construction.

Schedule

Following Grant acceptance and Project Authorization staff and Husky’s team will begin to advance the design for the components of the project.

Component 1 will begin January 1, 2025, and is expected to be complete by August 30, 2025.

Component 2 will begin January 1, 2025, and is expected to be complete by June 30, 2029.

Component 3 will begin January 1, 2025, and is expected to be complete by December 31, 2028.

Prior to moving to construction additional authorization will be requested and updates on completion schedules will be provided.

E. FINANCIAL IMPLICATIONS

Project Cost Details

The table below provides a summary of the items of work to be accomplished in each component. It also provides a breakdown of costs that will be covered by the grant and by the NWSA or Husky. The two lines highlighted in yellow will be accomplished by the NWSA.

	Budget Costs	Fed Cost	Non-Federal Cost	Responsible Party
Component 1: Re-Configuration of Container Storage Yard Demolish				
RTG runs	\$1,100,000	\$495,000	\$605,000	Husky
Relocate utilities, light poles, fire hydrants	\$1,800,000	\$810,000	\$990,000	Husky
Pave and adjust/level terminal grade (Section 1, 3, & 4)	\$22,500,000	\$7,200,000	\$15,300,000	Husky
Stripe pavement	\$900,000	\$405,000	\$495,000	Husky
	\$ 26,300,000	\$ 8,910,000	\$ 17,390,000	
Component 2: Install Additional Power Supply and Reefer Racks				
Install off-terminal power upgrades	\$14,025,000	\$10,000,000	\$4,025,000	NWSA
Install 40 reefer racks & power	\$68,500,000	\$23,975,000	\$44,525,000	Husky
Reconfigure existing reefer area; install utilities (Section 2) Install 8 x sets of RTG runways	\$6,500,000	\$2,925,000	\$3,575,000	Husky
	\$9,000,000	\$2,862,000	\$6,138,000	Husky
	\$98,025,000	\$39,762,000	\$58,263,000	
Component 3: Relocation of Terminal Support Facilities				
Demolish scale & security bldg's & construct NIM operations bldg.	\$10,600,000	\$4,000,000	\$6,600,000	NWSA
Demolish NIM tower	\$1,300,000	\$391,330	\$908,670	Husky
Demolish Pier 3 Marine Tower	\$700,000	\$210,000	\$490,000	Husky
Relocate Customs & Border Protection RPM	\$1,300,000	\$390,000	\$910,000	Husky
Pave and adjust/level terminal grade (Section 4 temp reefer)	\$1,900,000	\$570,000	\$1,330,000	Husky
	\$15,800,000	\$5,561,330	\$10,238,670	
TOTAL	\$ 140,125,000	\$ 54,233,330	\$ 85,891,670	
Federal Grant awarded amount \$54,233,330 - NWSA portion \$14,000,000 - Husky portion \$40,233,330				

	Previous Rquests	This Request	Total Project Cost	Cost to Date	Remaining Cost
Procurement	\$0	\$4,608,064	\$7,500,000	\$0	\$7,500,000
Pre-Design	\$350,000	\$0	\$200,000	\$41,083	\$158,917
Design	\$0	\$4,391,936	\$4,500,000	\$0	\$4,500,000
Construction	\$0	\$0	\$12,425,000	\$0	\$12,425,000
Total	\$350,000	\$9,000,000	\$24,625,000	\$41,083	\$24,583,917

Source of Funds

The 2025-2029 Capital Investment Plan (CIP) Budget allocates \$24,026,000 for this project. The budget will be revised as necessary to accommodate changes in the scope of work and to reflect more accurate cost estimates as the design phase of the project advances. The 2025-2029 operating budget and forecast includes \$14,000,000 from the 2023 PIDP grant spread over 2026 to 2028 to partially offset the NWSA’s capital expense.

The City of Tacoma Council will be voting to remove a utility exemption on the Gross Earning Tax. If this passes it appears it will go into effect in January of 2025. There may still be an exemption associated with utility projects that are specifically for reduction of emissions, which we believe this project would qualify for, however, should it not, this project could be assessed a 7.1% tax on Tacoma Power’s (TPU) work which could increase costs by approximately \$1,000,000. This tax is on top of the 14.2% External Overhead Billing Rate that is also included in TPU’s costs. The current estimated budget includes this anticipated cost increase.

Financial Impact

Assume the utility tax will be enacted and with an estimate economic life of 20 years, the annual depreciation of the project is estimated to be \$1,200,000. The customer at the Husky terminal and North Intermodal Yard provides a combined total estimated of \$51,000,000 revenue in 2025 and is the second largest source of NWSA cash. Approval of this change will result in an approximately \$100,000 reduction of the 2025 budgeted Husky Net income from \$21.9 million to \$21.8 million.

The table below shows the changes of financial measures from current contract based on the volumes of crane hours and rail lifts.

Financial Measures	Approved March 2017*	Proposed at Forecast**	Proposed at MAG**
Net Present Value @ 8.4%	\$21,458,616	\$29,717,033	\$9,611,388
Debt Coverage	2.0	1.8	1.7
Internal Rate of Return	9.0%	9.2%	8.7%
ROA	6.2%	6.1%	4.9%
Payback Period	13	14	14

*Included 11th Street Gate Complex lease revenue & based on forecast volumes

** Included lease revenue of Lot F & 20.9 acres at T7

F. ENVIRONMENTAL IMPACTS/REVIEW

Permitting: All work associated with this project is within the upland portions of the site. Site Development, grade and fill, building and other permits will be applied for and secured from the City of Tacoma prior to construction.

Remediation: Except for light pole foundations most other ground disturbing activities will be shallow and contact with any potential contamination is expected to be minimal. If contamination is encountered appropriate testing and disposal will occur.

Stormwater: While some of the stormwater components such as catch basins will be relocated the system in general will not be impacted. There are no significant modification or impacts anticipated with this work.

Air Quality: During the course of work minor short-term impacts will occur due to the construction activities. Once construction is complete the terminal will function more efficiently, which we anticipate will result in reductions of both diesel particulate matter (DPM) and greenhouse gas (GHG) emissions. This advances the NW Ports Clean Air Strategy and related elements of the NWSA’s Key Strategic Initiatives.

G. ATTACHMENTS

- Husky Sixth Amendment – Draft
- FY23 PIDP Grant Agreement – Draft
- FY23 PIDP NWSA Subgrantee Husky Agreement - Draft
- FY23 PIDP NWSA Letter of Fund Availability

H. PREVIOUS ACTIONS OR BRIEFINGS

<u>Date</u>	<u>Action</u>	<u>Amount</u>
January 17, 2024	Executive Authorization	\$350,000
TOTAL		\$350,000

**SIXTH AMENDMENT TO
LEASE AND OPERATING AGREEMENT
BETWEEN
THE NORTHWEST SEAPORT ALLIANCE
AND
HUSKY TERMINAL AND STEVEDORING, LLC.**

The undersigned hereby make and enter into this Sixth Amendment to the Lease and Operating Agreement between the NORTHWEST SEAPORT ALLIANCE and HUSKY TERMINAL AND STEVEDORING, LLC.

WHEREAS, the Port of Tacoma, as Lessor, and International Transportation Service, Inc., as Lessee, entered into a Lease and Operating Agreement dated August 24, 2004, with respect to certain marine terminal facilities at the Port of Tacoma (the "Lease And Operating Agreement" or "Agreement"); and

WHEREAS, the Port of Tacoma and International Transportation Service, Inc. entered into a First Amendment To Lease And Operating Agreement dated April 1, 2010; and

WHEREAS, the Port of Tacoma and International Transportation Service, Inc. entered into a Second Amendment To Lease And Operating Agreement dated April 26, 2012; and

WHEREAS, International Transportation Service, Inc. assigned its interest in the Lease And Operating Agreement to Husky Terminal and Stevedoring, LLC. effective August 1, 2014; and

WHEREAS, the Port of Tacoma and the Port of Seattle are the Managing Members of The Northwest Seaport Alliance, a Washington port development authority (the "Alliance"), formed for the joint operation, management, and use of certain properties of each such Port by the Alliance, and pursuant to the Alliance agreements, the Port of Tacoma licensed the operation, use and management of the real property and improvements that constitute the Premises under the Lease And Operating Agreement to the Alliance as the manager and agent for the Port of Tacoma effective August 4, 2015, for the purposes and subject to the terms, conditions, and limitations set forth in such agreements, as now in effect or as hereafter amended or adopted, and for purposes of this Amendment, the term "Lessor" shall mean and refer to The Northwest Seaport Alliance and the Port of Tacoma, unless the context clearly requires otherwise; and

WHEREAS, the Alliance and Husky Terminal and Stevedoring, LLC. entered into a Third Amendment To Lease And Operating Agreement dated April 15, 2016; and

WHEREAS, the Alliance and Husky Terminal and Stevedoring, LLC. entered into a Fourth Amendment To Lease And Operating Agreement dated March 12, 2018; and

WHEREAS, the Alliance and Husky Terminal and Stevedoring, LLC. entered into a Fifth Amendment To Lease And Operating Agreement dated May 12, 2019; and

WHEREAS, the parties desire to extend the Husky Lease and Operating Agreement, increase Rent, incorporate a Gate Efficiency Program and incorporate a Shorepower provision and therefore desire to further amend the Lease And Operating Agreement as set forth in this Amendment;

NOW, THEREFORE, for good and valuable consideration the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

1. **Extension of Term.** Section 2(a) (Initial Term) of the Lease And Operating Agreement is hereby amended to provide that the Initial Term is extended Five (5) years and shall terminate on August 31, 2051.

2. **Rental and Preferential Use Fee.** Effective December 5, 2024, Rent shall be additionally increased \$1,850,000 per year, (\$154,166.67 per month) adjusted effective September 1, 2025 and subject to periodic adjustment thereafter in accordance with Section 4(a) below. The fee is also subject to WA State Leasehold Excise Tax as now or hereafter assessed including but not limited to leasehold excise taxes where applicable, presently assessed at 12.84%.

a) **Periodic Adjustment of Rental and Preferential Use Fee.** The rental and preferential use fee provided for in Section 2 above shall be automatically adjusted annually effective as of each September 1st ("Rent Adjustment Date") by the percent change over the one-year period preceding the applicable Rent Adjustment Date in the Consumer Price Index for the Seattle-Tacoma-Bellevue Area, All Items, Not Seasonally Adjusted, 1982-84 = 100, All Urban Consumers (CPI-U), as issued by the U.S. Department of Labor, Bureau of Labor Statistics, or the successor index or closest comparable index if the above index is no longer published. The figure for the month closest to and preceding the applicable Rent Adjustment Date for which CPI-U data is available on the 20th of the month preceding the applicable Rent Adjustment Date, and the 1 year period based on such month, shall be used for the calculation (thus, for a Rent Adjustment Date of September 1, the calculation shall be based on data for June, since the data for August is not available until after the Rent Adjustment Date, and the next earlier month for which data is currently issued is August). Provided, however, that notwithstanding any other provision of this Sixth Amendment or anything else to the contrary in no event will the annual adjustment pursuant to this Section 2(a) be less than a one percent (1%) increase nor greater than a five percent (5%) increase.

3. **Gate Efficiency Program.** In support of Lessor and Lessee's desire to improve cargo flow through the NWSA Gateway, effective February 1, 2025 Lessee hereby incorporates, agrees to be bound by, and shall comply with NWSA Tariff 300 Items 700.000, 700.100, 700.200, 700.300, 700.400 as currently in effect or hereafter amended, issued or replaced. If Lessor dissolves, Lessee will continue to comply with NWSA Tariff 300 Items 700.000,

700.100, 700.200, 700.300, 700.400 until Lessor (or any successor to Lessor's interest hereunder) notifies Lessee of the Port of Tacoma tariff item which will apply in place of NWSA Tariff Items 700.000, 700.100, 700.200, 700.300, 700.400.

4. **Shorepower.** In support of Lessor and Lessee's desire to achieve the NWSA's Clean Air Strategy, Lessee hereby incorporates, agrees to be bound by, and shall comply with NWSA Tariff 300 Item 149.000 and 149.100 as currently in effect or hereafter amended, issued or replaced. If Lessor dissolves, Lessee will continue to comply with NWSA Tariff 300 Item 149.000 and 149.100 until Lessor (or any successor to Lessor's interest hereunder) notifies Lessee of the Port of Tacoma tariff item which will apply in place of NWSA Tariff Item 149.000 and 149.100. Lessee shall not connect the shore power capable vessel to shore power, as Lessor will perform the connection task under NWSA Tariff 300 Item 149.100. Lessee is required to ensure that each container vessel calling or lay berthing at the facility coordinates with Lessor via email at least 48 hours prior to vessel arrival, to allow Lessor to connect each shore power capable vessel to shore power. Lessor will invoice Lessee per the Tariff 300 Item 149.100 for connecting and disconnecting the Shore Power System to vessels.

5. **Savings Clause.** Except to the extent expressly modified by the express terms of this Amendment, all other terms, conditions, and provisions of the Lease And Operating Agreement, the Crane Rental Agreement and all exhibits and attachments thereto, as previously amended, shall remain in full force and effect.

6. **Counterparts.** This Amendment may be executed in counterparts, each of which shall be regarded as an original and all of which together shall constitute one and the same agreement.

SIGNATURES APPEAR ON FOLLOWING PAGES

LESSOR:

**THE NORTHWEST SEAPORT ALLIANCE,
As agent for the PORT OF TACOMA**

By _____

Title _____

Date _____

STATE OF WASHINGTON)
) ss.
COUNTY OF PIERCE)

On this ____ day of _____, 2024, personally appeared before me the undersigned, a Notary Public, in and for the State of Washington, duly commissioned and sworn, _____, to me known to be the _____ of THE NORTHWEST SEAPORT ALLIANCE, a Washington Port Development Authority, as agent for the PORT OF TACOMA, a Washington port district, that executed the foregoing instrument and acknowledged the said instrument to be the free and voluntary act and deed of said entity, for the uses and purposes therein mentioned, and on oath stated that he was authorized to execute the said instrument and that the seal affixed is the corporate seal of said municipal corporation.

WITNESS MY HAND AND OFFICIAL SEAL hereto affixed the day and year first written above.

Signature of Notary Public

Printed Name of Notary Public

My Appointment Expires: _____

LESSEE:

HUSKY TERMINAL AND STEVEDORING, LLC.

By [Signature]

Title President

Date 11/27/2024

STATE OF WASHINGTON)
) ss
COUNTY OF PIERCE)

I certify that I know or have satisfactory evidence that Dustin Stoker is the person who appeared before me, and said person acknowledged that he signed this instrument, on oath stated that he was authorized to execute the instrument and acknowledged it as the President of HUSKY TERMINAL AND STEVEDORING, LLC. to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated: Nov. 27, 2024



[Signature]
Printed Name of Notary: Wendy M Grant
Notary Public in and for the State of Washington
My commission expires on 1/18/28

FOURTH AMENDMENT
TO
CRANE RENTAL AGREEMENT

The Northwest Seaport Alliance (“Alliance”) and Husky Terminal And Stevedoring, LLC. (“Husky”), enter into this Fourth Amendment to the Crane Rental Agreement as of the ___ day of _____, 2024 (this “Amendment”).

Whereas, the Alliance (as licensee of the Port of Tacoma by agreement effective August 4, 2015) and Husky (as assignee of International Transportation Services, Inc. by assignment effective August 1, 2014) are parties to a Restated and Amended Lease and Operating Agreement dated August 24, 2004, as amended, regarding certain marine terminal facilities located at T3/T4 at the Port of Tacoma, Washington; and

Whereas the Alliance (as licensee of the Port of Tacoma by agreement effective August 4, 2015) and Husky (as assignee of International Transportation Services, Inc. by assignment effective August 1, 2014) are parties to a Crane Rental Agreement dated August 24, 2004, as amended by the First Amendment to Crane Rental Agreement dated July 27, 2015, and as amended by a Second Amendment to Crane Rental Agreement dated April 6, 2016, and as amended by a Third Amendment to Crane Rental Agreement dated September 22, 2017, hereinafter referred to as the “Agreement”, which sets forth the terms and conditions upon which the Port will provide cranes for use at such facilities; and

Whereas, the Alliance and Husky desire to amend the Agreement as set forth in this Amendment;

NOW, THEREFORE, based upon the mutual promises and covenants contained herein, the parties agree to amend the Agreement as follows:

1. Crane Rental. Husky shall pay crane rental for use of the cranes at the Premises as follows:
 - (a) For the July 1, 2024 to June 30, 2051 annual periods Husky shall guarantee a minimum annual crane hour rental of 1,500 hours per crane (12,000 total annual hours) for each of the 8 Ship to Shore cranes currently at the Premises. For two months of July and August 2051, Husky shall guarantee a minimum of 2,000 crane hours.
 - (b) For all crane rental hours up to and including 12,000 total annual hours during the July 1, 2024 to June 30, 2051 periods per Year (total aggregate crane rental hours for all cranes at the Premises) the per hour crane rental rate shall be the applicable Tariff rate.
 - (c) For all crane rental hours above 12,000 hours for the July 1, 2024 to June 30, 2051 periods (total aggregate crane rental hours for all cranes at the Premises) the rental rate shall be 40% of the applicable Tariff rate.

- (d) The parties acknowledge that effective December 5, 2024 the Crane and Straddle Carrier Rental Rates will increase by 4.5% in NWSA Tariff 300 Items 227.030 and 227.050. The NWSA may increase the Crane and Straddle Carrier Rental Rates in NWSA Tariff 300 per Section 1(f) below.
 - (e) A Year, for purposes of this Amendment, shall be based on the 12 month period beginning July 1 and ending June 30.
 - (f) The NWSA may, in its sole discretion, increase the Crane and Straddle Carrier rental rates in NWSA Tariff 300 Items 227.030 and 227.050 periodically based on various factors, including but not limited to a 50/50 CPI & Cost of Labor equipment and replacement factor. The CPI factor will be calculated using the annual change April to April for the Seattle Tacoma Bellevue CPI Index. Notwithstanding any tariff rate increases, Husky will only be subject to a single annual increase, subject to a minimum of 1% and a maximum of 5%.
 - (g) In any Year where the minimum annual crane rental is not met, Husky shall pay to the Alliance the Crane Rental rate effective during the same period when any Crane Rental Minimum Annual Guarantee shortfall has occurred, pursuant to the Alliance's applicable tariff, multiplied by the number of crane hours short of the minimum during each Year, which shall be subject to all other terms and conditions in the tariff including applicable interest charges.
 - (h) The above terms to apply through August 31, 2051.
2. Savings Clause. Except to the extent expressly modified by the express terms of this Amendment, all other terms, conditions and provisions of the Agreement shall remain in full force and effect.
3. Counterparts. This Amendment may be executed in counterparts, each of which shall be regarded as an original and all of which together shall constitute one and the same agreement.

SIGNATURES ARE ON FOLLOWING PAGES

LESSOR:

THE NORTHWEST SEAPORT ALLIANCE,
As agent for the PORT OF TACOMA

By _____

Title _____

Date _____

STATE OF WASHINGTON)
) ss.
COUNTY OF PIERCE)

On this ____ day of _____, 2024, personally appeared before me the undersigned, a Notary Public, in and for the State of Washington, duly commissioned and sworn, _____, to me known to be the _____ of THE NORTHWEST SEAPORT ALLIANCE, a Washington Port Development Authority, as agent for the PORT OF TACOMA, a Washington port district, that executed the foregoing instrument and acknowledged the said instrument to be the free and voluntary act and deed of said entity, for the uses and purposes therein mentioned, and on oath stated that he was authorized to execute the said instrument and that the seal affixed is the corporate seal of said municipal corporation.

WITNESS MY HAND AND OFFICIAL SEAL hereto affixed the day and year first written above.

Signature of Notary Public

Printed Name of Notary Public

My Appointment Expires: _____

LESSEE: HUSKY TERMINAL AND STEVEDORING, LLC.

By [Signature]

Title President

Date 11/27/2024

STATE OF WASHINGTON)
) ss
COUNTY OF PIERCE)

I certify that I know or have satisfactory evidence that Dustin Stoker is the person who appeared before me, and said person acknowledged that he signed this instrument, on oath stated that he was authorized to execute the instrument and acknowledged it as the President of HUSKY TERMINAL AND STEVEDORING, LLC. to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated: Nov. 27, 2024



[Signature]

Signature of Notary Public

Wendy M Grant
Printed Name of Notary Public

My Appointment Expires: 1/18/28

TEMPLATE; NOT INTENDED FOR EXECUTION WITHOUT MODIFICATION
Revised 1.29.24

**U.S. DEPARTMENT OF TRANSPORTATION
MARITIME ADMINISTRATION**

**GRANT AGREEMENT UNDER THE
FISCAL YEAR 2023 PORT INFRASTRUCTURE DEVELOPMENT PROGRAM (PIDP)**

MARAD FY 2023 PIDP Grant No. 693JF72444068

702333PIDG 2024 1PT2444068 0000150000 41010 61006600 — \$54,233,330

This agreement is between the United States Department of Transportation Maritime Administration (“**MARAD**”) and the Northwest Seaport Alliance (the “**Recipient**”).

This agreement reflects the selection of the Recipient to receive a PIDP Grant for the Port of Tacoma Husky Terminal Expansion Part One.

The parties therefore agree to the following:

**ARTICLE 1
GENERAL TERMS AND CONDITIONS**

1.1 General Terms and Conditions.

- (a) In this agreement, “**General Terms and Conditions**” means the content of the document titled “General Terms and Conditions Under the Fiscal Year 2023 Port Infrastructure Development Program Grants,” dated October 2nd, 2024, which is available at <https://www.maritime.dot.gov/grants/federal-grant-assistance/federal-grant-assistance>. The General Terms and Conditions reference the information contained in the schedules to this agreement. The General Terms and Conditions are part of this agreement.
- (b) The Recipient states that it has knowledge of the General Terms and Conditions.
- (c) The Recipient acknowledges that the General Terms and Conditions impose obligations on the Recipient and that the Recipient’s non-compliance with the General Terms and Conditions may result in remedial action, terminating of the PIDP Grant, disallowing costs incurred for the Project, requiring the Recipient to refund to MARAD the PIDP Grant, and reporting the non-compliance in the Federal-government-wide integrity and performance system.

**ARTICLE 2
SPECIAL TERMS AND CONDITIONS**

There are no special terms for this award.

2.1 [Special Term Title].

[special term text]

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**SCHEDULE A
ADMINISTRATIVE INFORMATION**

1. Application.

Application Title: Husky Terminal Expansion Part One

Application Date: April 27, 2023

2. Recipient's Unique Entity Identifier.

Recipient's Unique Entity Identifier: NEUCLK4D4PE7

3. Recipient Contact(s).

David Myers
Engineering Project Manager
Port of Tacoma
P.O. Box 1837, Tacoma, WA 98401
253-405-5593
dmyers@portoftacoma.com

Sammi Offield
Grants Administrator
Port of Tacoma
P.O. Box 1837, Tacoma, WA 98401
253-888-4792
soffield@portoftacoma.com

4. Recipient Key Personnel.

None.

5. MARAD Project Contact(s).

Kelly Mitchell-Carroll
Grants and Cooperative Agreement Officer
DOT-Maritime Administration
1200 New Jersey Ave, SE
Washington, DC 20590
MAR-380
W26-422
Mailstop 5
(202) 366-9714
k.mitchell-carroll@dot.gov

and

David Bohnet
Grant Program Manager
DOT – Maritime Administration
1200 New Jersey Ave, SE
Washington, DC 20590
MAR-510
W21-226
Mailstop 3
(202) 366-0586
David.bohnet@dot.gov

6. Payment System.

MARAD Payment System: Delphi eInvoicing System

7. Federal Award Identification Number.

Federal Award Identification Number: 693JF72444068

SCHEDULE B PROJECT ACTIVITIES

1. General Project Description.

The Project will reconfigure the Husky terminal yard for better truck circulation, install roughly 40 reefer racks and related power supplies, and relocate on-terminal structures.

2. Statement of Work.

The project consists of three components: reconfiguring Husky terminal yard to improve truck and yard tractor efficiency; installing 40 reefer racks and power supply; and, relocating the North Intermodal Yard (NIM) Tower and other terminal support structures.

Component 1: Reconfiguration of Container Storage Yard

Construction Elements:

- Demolish rubber-tired gantry (RTG) runs
- Relocate utilities, light poles, fire hydrants
- Pave and adjust/level terminal grade
- Stripe pavement

Component 2: Installation of Reefer Racks and Increase in off terminal Power Supply

Construction Elements:

- Increase off-terminal power supply to support reefer rack & other future terminal power needs
- Install roughly 40 reefer racks and necessary power infrastructure for reefer racks
- Reconfigure and pave existing reefer area
- Install utilities, fire protection systems and pavement
- Install 8 sets of RTG runways

Component 3 – Relocation of Terminal Support Facilities

Construction Elements:

- Construct modular office complex or provide similar facilities to support North Intermodal Yard (NIM) Tower operations
- Install new utilities to support new facilities noted above
- Demolish scale & security building and pave area
- Demolish existing NIM Tower and pave area
- Demolish Pier 3 Marine Tower and pave area
- Relocate Customs & Border Protection radiation portal monitors and pave area.

Current reefer demand exceeds existing terminal capacity. A temporary location needs to be installed to maintain existing service while the yard is being reconfigured. Once the new reefer racks are installed, these temporary reefer plugs will no longer be needed and

will be removed, and the area will be reconfigured and paved to facilitate denser container stacking. The deployment of temporary plugs will be paid for by non-federal funds.

3. Documents Describing Mitigation Activities.

None.

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**SCHEDULE C
AWARD DATES AND PROJECT SCHEDULE**

1. Award Dates.

Budget Period End Date: December 31, 2029

Period of Performance End Date: May 30, 2031

2. Estimated Project Schedule.

Milestone	Schedule Date
Component 1: Reconfiguration of Container Storage Yard (Start Date)	January 1, 2025
Component 2: Installation of Reefer Racks and Increase in off terminal Power Supply (Start Date)	January 1, 2025
Component 3 – Relocation of Terminal Support Facilities (Start Date)	January 1, 2025
Component 1: Reconfiguration of Container Storage Yard (Completion Date)	August 1, 2025
Component 2: Installation of Reefer Racks and Increase in off terminal Power Supply (Completion Date)	June 30, 2029
Component 3 – Relocation of Terminal Support Facilities (Complete Date)	December 31, 2028

3. Special Milestone Deadlines.

None.

**SCHEDULE D
 AWARD AND PROJECT FINANCIAL INFORMATION**

1. Award Amount.

PIDP Grant Amount: \$54,233,330

2. Federal Obligation Information.

Federal Obligation Type: Single

3. Approved Project Budget.

Eligible Project Costs

	Component 1 Reconfiguration of Container Storage Yard	Component 2 Installation of Reefer Racks and Add Power Supply	Component 3 Relocation of Terminal Support Facilities	Total
PIDP Funds:	\$8,910,000	\$39,762,000	\$5,561,330	\$54,233,330
Non-Federal Funds:	\$17,390,000	\$58,263,000	\$10,238,670	\$85,891,670
Total:	\$26,300,000	\$98,025,000	\$15,800,000	\$140,125,000

4. Cost Classification Table.

Cost Classification	Total Costs	Eligible Costs
Administrative and legal expenses	\$1,000,000	\$1,000,000
Land, structures, rights-of-way, appraisals, etc.	\$250,000	\$250,000
Architectural and engineering fees	\$13,500,000	\$13,500,000
Other architectural and engineering fees	\$2,025,000	\$2,025,000
Project inspection fees	\$750,000	\$750,000
Demolition and removal	\$2,500,000	\$2,500,000
Construction	\$76,000,000	\$76,000,000
Equipment	\$4,500,000	\$4,500,000
Miscellaneous	\$1,100,000	\$1,100,000
Contingency	\$38,500,000	\$38,500,000
Project Total	\$140,125,000	\$140,125,000

5. Approved Pre-award Costs

None. MARAD has not approved under this award any requests for the use of non-Federal funds under 46 U.S.C. 54301(a)(10)(B) or any pre-award costs under 2 C.F.R. 200.458. Because unapproved costs incurred before the date of this agreement are not allowable costs under this award, MARAD will neither reimburse those costs under this award nor consider them as a non-Federal cost sharing contribution to this award. Costs incurred before the date of this agreement are allowable costs under this award only if approved in writing by MARAD before being included in the Project costs and documented in this section 5. See section 18.3 of the General Terms and Conditions.

SCHEDULE E CHANGES FROM APPLICATION

Scope:

The Recipient proposed two changes to the original scope of work.

First Change: Removal of Slot Drains

The Recipient proposed removing the installation of slot drains previously included in Component 1. The original plan called for replacing the facility's existing stormwater catch basins with slot drains running the length of the terminal, allowing for gentler grading and supporting denser, taller container storage areas. However, the Recipient stated that, following additional design and engineering, it can achieve the same outcome—denser and taller container stacking—by paving alone. This approach has already been successful in areas of the facility with newer pavement in good condition..

By simply grinding and repaving the existing pavement to eliminate extreme peaks and valleys that hinder taller stacking; while maintaining the current stormwater infrastructure, the Recipient can achieve the desired results faster and more cost-effectively than by installing slot drains. The installation of slot drains would require significant and disruptive changes to the terminal's grading, with elevation shifts of up to 18 inches in some areas. Such changes would prevent the smooth transition of container handling equipment between newly paved and existing areas. Additionally, this part of the original scope was one of the most time-consuming. Removing it will significantly reduce the Project's timeline while still delivering the desired outcome with lower costs and fewer disruptions to operations.

Second Change: Addition of RTG Runways

In place of the reduced paving scope, the Recipient proposed adding eight sets of concrete RTG runways to Component 2, to be constructed in parallel with the RTG Reefer Racks.

The original plan called for the construction of the runways before the start of the PIPD grant project. However, the initial scope required the Recipient to return to the same areas later to install RTG Reefer Rack infrastructure, resulting in double mobilizations and unnecessary interruptions to terminal operations. The Recipient would likely need to tear up freshly laid pavement, and potentially the runways, during this second phase.

It is now necessary to build the RTG runways concurrently with the RTG Reefer Racks to minimize schedule impacts and disruptions to ongoing operations. These two components naturally complement each other, as both involve concrete casting and pouring. Combining them into a single phase will increase overall project efficiency, reduce mobilization and cost, and minimize operational interruptions by avoiding multiple return visits to the same work areas.

Schedule:

The timetable for procurement of the electrical transformers needed at the Tacoma Power Substation has increased by an estimated six (6) months due to the BABA requirements. The scope of work is expected to take four (4) years once initiated to complete all 3 components based on the proposed changes above. The schedule proposed at the time of application was aggressive, and as the Recipient has moved forward with project planning, factors not known at the time of application have been identified and the Recipient has refined the schedule to better depict actual construction times.

Omitting the slot drains and associated pavement grading scope will reduce the construction time from nineteen (19) months to six (6) months.

By constructing the RTG Runways and RTG Reefer Racks in one mobilization, we expect to reduce the previously proposed total project timeline by nine (9) months.

With a January 1, 2025 start date, substantial completion is expected to be June 30, 2029.

The table below compares the Project milestone dates.

Milestone	Application	Agreement
Planned Project Substantial Completion Date:	June 30, 2027	June 30, 2029

Budget:

The project budget was changed due to the changes described in the proposed changes to the scope of work above.

Reduction of \$2.1M in Component 1 with omission of slot drain scope.

\$3.5M reduction in Component 1 - RTG Removal costs based on updated quotes we have received since the application.

Reallocated paving costs from slot drain scope to paving scope and removed section 2 paving from Component 1.

Component 2 increased cost of “Reconfiguring existing Reefer Area” by \$2.9M by including section 2 paving scope of work, previously in Component 1. This paving is contingent on removing old reefer infrastructure once new Reefer Racks come online.

Component 2 increased \$9M by including RTG Runway scope, previously not included in grant scope.

Component 2 increased by \$3.3M for TPU (Tacoma Public Utilities) transformer and other gear costs associated with BABA requirements.

All the changes together increase total project cost from \$125.9M to \$139.1M. These additional costs will be covered with non-federal money.

The table below provides a summary comparison of the Project budget.

Fund Source	Application		Schedule D	
	\$	%	\$	%
Previously Incurred Costs				
Federal Funds	0	0	0	0
Non-Federal Funds	0	0	0	0
Total Previously Incurred Costs	0	0	0	0
Future Eligible Project Costs				
PIDP Funds	56,655,000	45	\$54,233,330	39%
Other Federal Funds	0	0	0	0
Non-Federal Funds	<u>69,245,000</u>	55	\$85,891,670	61%
Total Future Eligible Project Costs	<u>125,900,000</u>	100	\$140,125,000	100
Total Project Costs	125,900,000	100	\$140,125,000	100

Other:

No notable changes from the application beyond scope, schedule, and budget.

**SCHEDULE F
PIDP DESIGNATIONS**

1. Urban or Rural Designation.

Urban-Rural Designation: Urban

2. Capital or Planning Designation.

Capital-Planning Designation: Capital

3. Historically Disadvantaged Community Designation.

HDC Designation: Yes

4. Funding Act.

Funding Act: IJJA FY2023

5. Security Risk Designation.

Security Risk Designation: Low

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**SCHEDULE G
 PIDP PERFORMANCE MEASUREMENT INFORMATION**

Study Area: Port of Tacoma – Husky Terminal

Baseline Measurement Date: [insert date]

Baseline Report Date: [insert date]

Table 1: Performance Measure Table

Measure	Category and Description	Measurement Frequency
Cargo Volume	Economic Competitiveness and Opportunity Total Tons of Cargo Moved per Year (TEU or Short Tons)	Quarterly
Truck Turn Time	Economic Competitiveness and Opportunity Average Truck Turn Time (Hours)	Quarterly
Vessel Turn Time	Economic Competitiveness and Opportunity Average Vessel Turn Time (Hours)	Quarterly)

**SCHEDULE H
CLIMATE CHANGE AND ENVIRONMENTAL JUSTICE IMPACTS**

1. Consideration of Climate Change and Environmental Justice Impacts.

The Recipient states that rows marked with “X” in the following table are accurate:

	The Project directly supports a Local/Regional/State Climate Action Plan that results in lower greenhouse gas emissions. <i>(Identify the plan in the supporting narrative below.)</i>
	The Project directly supports a Local/Regional/State Equitable Development Plan that results in lower greenhouse gas emissions. <i>(Identify the plan in the supporting narrative below.)</i>
	The Project directly supports a Local/Regional/State Energy Baseline Study that results in lower greenhouse gas emissions. <i>(Identify the plan in the supporting narrative below.)</i>
X	The Recipient or a project partner used environmental justice screening tools, such as the Climate & Economic Justice Screening Tool (CEJST), USDOT’s Equitable Transportation Community (ETC) Explorer, or the EPA’s EJSCREEN, to identify environmental justice communities that may be impacted by the Project to minimize adverse impacts of the Project on those communities. <i>(Identify the tool(s) in the supporting narrative below.)</i>
	The Project supports a modal shift in freight or passenger movement to reduce emissions or reduce induced travel demand. <i>(Describe that shift in the supporting narrative below.)</i>
	The Project utilizes demand management strategies to reduce congestion, induced travel demand, and greenhouse gas emissions. <i>(Describe those strategies in the supporting narrative below.)</i>
	The Project incorporates electrification infrastructure, zero-emission vehicle infrastructure, or both. <i>(Describe the incorporated infrastructure in the supporting narrative below.)</i>
	The Project supports the installation of electric vehicle charging stations. <i>(Describe that support in the supporting narrative below.)</i>
	The Project promotes energy efficiency. <i>(Describe how in the supporting narrative below.)</i>
	The Project serves the renewable energy supply chain. <i>(Describe how in the supporting narrative below.)</i>

	The Project improves disaster preparedness and resiliency <i>(Describe how in the supporting narrative below.)</i>
	The Project avoids adverse environmental impacts to air or water quality, wetlands, and endangered species, such as through reduction in Clean Air Act criteria pollutants and greenhouse gases, improved stormwater management, or improved habitat connectivity. <i>(Describe how in the supporting narrative below.)</i>
	The Project repairs existing dilapidated or idle infrastructure that is currently causing environmental harm. <i>(Describe that infrastructure in the supporting narrative below.)</i>
	The Project supports or incorporates the construction of energy- and location-efficient buildings. <i>(Describe how in the supporting narrative below.)</i>
	The Project includes recycling of materials, use of materials known to reduce or reverse carbon emissions, or both. <i>(Describe the materials in the supporting narrative below.)</i>
	The Recipient has taken other actions to consider climate change and environmental justice impacts of the Project. <i>(Describe those actions in the supporting narrative below.)</i>
	The Recipient has not yet taken actions to consider climate change and environmental justice impacts of the Project but, before beginning construction of the Project, will take relevant actions described in schedule B. <i>(Identify the relevant actions from schedule B in the supporting narrative below.)</i>
	The Recipient has not taken actions to consider climate change and environmental justice impacts of the Project and will not take those actions under this award.

2. Supporting Narrative.

Environmental justice tools: The reduction in diesel emissions associated with the Project will benefit port workers, truck drivers serving the facilities, and surrounding communities. In the Tacoma area, diesel exhaust presents the greatest public health risk of all toxic air pollutants. The project location is close to Tacoma’s Downtown, East Side, Hilltop, and Northeast Tacoma neighborhoods as well as the City of Fife. Many of these areas are disproportionately impacted by air pollution due to their proximity to the Port of Tacoma Manufacturing Industrial Center (MIC) and the Interstate-5 corridor. The terminal and the surrounding areas are in the 90-95th percentile according to the Environmental Protection Agency’s EJScreen mapping tool, the second highest range for diesel emissions. The Project is expected to decrease truck emissions over the Project lifetime, benefitting terminal workers, truck drivers and the surrounding

neighborhood zip codes. Many of these zip codes are listed as HDC, Persistent Poverty, and Opportunity zones, and most fall into more than one of these categories.

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**SCHEDULE I
RACIAL EQUITY AND BARRIERS TO OPPORTUNITY**

1. Efforts to Improve Racial Equity and Reduce Barriers to Opportunity.

The Recipient states that rows marked with “X” in the following table are accurate:

	A racial equity impact analysis has been completed for the Project. <i>(Identify a report on that analysis or, if no report was produced, describe the analysis and its results in the supporting narrative below.)</i>
	The Recipient or a project partner has adopted an equity and inclusion program/plan or has otherwise instituted equity-focused policies related to project procurement, material sourcing, construction, inspection, hiring, or other activities designed to ensure racial equity in the overall delivery and implementation of the Project. <i>(Identify the relevant programs, plans, or policies in the supporting narrative below.)</i>
	The Project includes physical-barrier-mitigating land bridges, caps, lids, linear parks, and multimodal mobility investments that either redress past barriers to opportunity or that proactively create new connections and opportunities for underserved communities that are underserved by transportation. <i>(Identify the relevant investments in the supporting narrative below.)</i>
	The Project includes new or improved walking, bicycling infrastructure, reduces automobile dependence, and improves access for people with disabilities and proactively incorporates Universal Design. <i>(Identify the new or improved access in the supporting narrative below.)</i>
	The Project includes new or improved freight access to underserved communities to increase access to goods and job opportunities for those underserved communities. <i>(Identify the new or improved access in the supporting narrative below.)</i>
X	The Recipient has taken other actions related to the Project to improve racial equity and reduce barriers to opportunity. <i>(Describe those actions in the supporting narrative below.)</i>
	The Recipient has not yet taken actions related to the Project to improve racial equity and reduce barriers to opportunity but, before beginning construction of the Project, will take relevant actions described in schedule B. <i>(Identify the relevant actions from schedule B in the supporting narrative below.)</i>
	The Recipient has not taken actions related to the Project to improve racial equity and reduce barriers to opportunity and will not take those actions under this award.

2. Supporting Narrative.

Equity drives the NWSA's commitment to meaningful and authentic public and stakeholder engagement. In April 2021, the ten elected port commissioners who serve as the governing body of the NWSA unanimously adopted the 2020 Northwest Port Clean Air Strategy (NWPCAS). The development of this Strategy, which sets the goal of phasing out all air and climate pollution from seaport activities by 2050 or sooner, was guided by an extensive, 2.5-year stakeholder engagement process that featured work group meetings, webinars, online surveys, and one-on-one consultations with drayage trucking drivers and companies, marine terminal operators, other supply chain partners, local government agencies, tribes, labor unions, near-port residents and community-based organizations, and nonprofit organizations working to advance climate solutions and environmental justice. In alignment with the NWPCAS, the improvements to Husky Terminal funded by the NWSA's FY23 PIDP award will decrease truck emissions over the Project lifetime, benefitting terminal workers, truck drivers and the surrounding neighborhoods.

As part of the 2021-2025 Clean Air Implementation Plan developed by the NWSA to advance the NWPCAS vision and unanimously adopted by Managing Members in December 2021, we committed to further strengthening our public and stakeholder engagement efforts in three ways: 1) publishing a quarterly newsletter called the Ports' Clean Air Quarterly; 2) developing a new web portal to serve as one-stop-shop for information about, and engagement in, port-related clean air and climate solutions (to be launched by the end of 2023; and 3) co-developing and implementing with near-port communities an ongoing engagement framework (also slated for completion by the end of 2024.) These efforts – focused on improving the flow and availability of information, transparency, and trust between the NWSA and its near-port communities and supply chain partners –serve as platforms for continued public and stakeholder engagement.

**SCHEDULE J
LABOR AND WORK**

1. Efforts to Support Good-Paying Jobs and Strong Labor Standards

The Recipient states that rows marked with “X” in the following table are accurate:

	The Recipient or a project partner has adopted the use of project labor agreements in the overall delivery and implementation of the Project. <i>(Identify the relevant agreements and describe the scope of activities they cover in the supporting narrative below.)</i>
	The Recipient or a project partner has adopted the use of registered apprenticeships in the overall delivery and implementation of the Project. <i>(Describe the use of registered apprenticeship in the supporting narrative below.)</i>
	The Recipient or a project partner will provide training and placement programs for underrepresented workers in the overall delivery and implementation of the Project. <i>(Describe the training programs in the supporting narrative below.)</i>
	The Recipient or a project partner will support free and fair choice to join a union in the overall delivery and implementation of the Project by investing in workforce development services offered by labor-management training partnerships or setting expectations for contractors to develop labor-management training programs. <i>(Describe the workforce development services offered by labor-management training partnerships in the supporting narrative below.)</i>
	The Recipient or a project partner will provide supportive services and cash assistance to address systemic barriers to employment to be able to participate and thrive in training and employment, including childcare, emergency cash assistance for items such as tools, work clothing, application fees and other costs of apprenticeship or required pre-employment training, transportation and travel to training and work sites, and services aimed at helping to retain underrepresented groups like mentoring, support groups, and peer networking. <i>(Describe the supportive services and/or cash assistance provided to trainees and employees in the supporting narrative below.)</i>
	The Recipient or a project partner has documented agreements or ordinances in place to hire from certain workforce programs that serve underrepresented groups. <i>(Identify the relevant agreements and describe the scope of activities they cover in the supporting narrative below.)</i>

x	<p>The Recipient or a project partner participates in a State/Regional/Local comprehensive plan to promote equal opportunity, including removing barriers to hire and preventing harassment on work sites, and that plan demonstrates action to create an inclusive environment with a commitment to equal opportunity, including:</p> <ol style="list-style-type: none"> a. affirmative efforts to remove barriers to equal employment opportunity above and beyond complying with Federal law. b. proactive partnerships with the U.S. Department of Labor’s Office of Federal Contract Compliance Programs to promote compliance with EO 11246 Equal Employment Opportunity requirements. c. no discriminatory use of criminal background screens and affirmative steps to recruit and include those with former justice involvement, in accordance with the Fair Chance Act and equal opportunity requirements. d. efforts to prevent harassment based on race, color, religion, sex, sexual orientation, gender identity, and national origin. e. training on anti-harassment and third-party reporting procedures covering employees and contractors; and f. maintaining robust anti-retaliation measures covering employees and contractors. <p><i>(Describe the equal opportunity plan in the supporting narrative below.)</i></p>
	<p>The Recipient has taken other actions related to the Project to create good-paying jobs with the free and fair choice to join a union and incorporate strong labor standards. <i>(Describe those actions in the supporting narrative below.)</i></p>
	<p>The Recipient has not yet taken actions related to the Project to create good-paying jobs with the free and fair choice to join a union and incorporate strong labor standards but, before beginning construction of the Project, will take relevant actions described in schedule B. <i>(Identify the relevant actions from schedule B in the supporting narrative below.)</i></p>
	<p>The Recipient has not taken actions related to the Project to improving good-paying jobs and strong labor standards and will not take those actions under this award.</p>

2. Supporting Narrative.

The NWSA homeports of Tacoma and Seattle are members of the Puget Sound Regional Council (PSRC), the Metropolitan Planning Organizations (MPO) that develops policies and coordinates decisions about regional growth, transportation and economic development planning within King, Kitsap, Pierce and Snohomish counties in Washington State. The NWSA participates in local and regional planning in collaboration with the homeports. The PSRC Regional Economic Strategy, adopted in December of 2021, is designed to establish a strategic blueprint for regional collaboration. The Strategic Direction & Action Plan includes Expanding Economic Opportunity as an

action, highlighting issues that emerged from the strategy development process: equity, childcare, job distribution, and broadband access. The Regional Economic Strategy identifies, and outlines implementation strategies, intended to close the sex, race, and ethnicity gap in earnings, wealth, unemployment, health, and other measures of economic success. Strategic Responses to Expanding Economic Opportunity outlined within the Regional Economic Strategy include E1: Expand equity focus throughout economic development efforts.

Identified near-term actions to expand the equity focus throughout economic development efforts include:

- Leverage PSRCs' newly formed Equity Advisory Committee to begin implementation of the Regional Equity Strategy.
- Support efforts of the recently established state Office of Equity to work with agencies to increase access to opportunities in order to bridge gaps and reduce disparities.
- Meaningfully engage and empower the underserved and historically marginalized in formulating economic development plans and actions.
- Expand the use of community workforce agreements and priority hire programs to expand job access and job quality for underrepresented communities.

The NWSA and the homeports of Seattle and Tacoma have a longstanding commitment to supporting high-quality jobs and expanding access to training and employment, especially for people in low-income and disadvantaged near-port communities. The seaports play a central role in the economic vitality of the Puget Sound region and the State of Washington; combined they support about 125,000 jobs and more than \$12 billion dollars in business activity. The seaports have supported high-quality union jobs for many years. All labor on NWSA cargo terminals is unionized, for example. These well-paying jobs include union mechanics earning an average of \$113,000 annually and union dock workers earning an average of \$172,400 annually.

**SCHEDULE K
CIVIL RIGHTS AND TITLE VI**

1. Recipient Type Designation.

Recipient Type Designation: New

2. Title VI Assessment Information.

Title VI Assessment Completion Date: July 11, 2024

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RECIPIENT SIGNATURE PAGE

The Recipient, intending to be legally bound, is signing this agreement on the date stated opposite that party's signature.

NORTHWEST SEAPORT ALLIANCE

_____ By: _____
Date Signature of Recipient's Authorized Representative

John Wolfe

Chief Executive Officer

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MARAD SIGNATURE PAGE

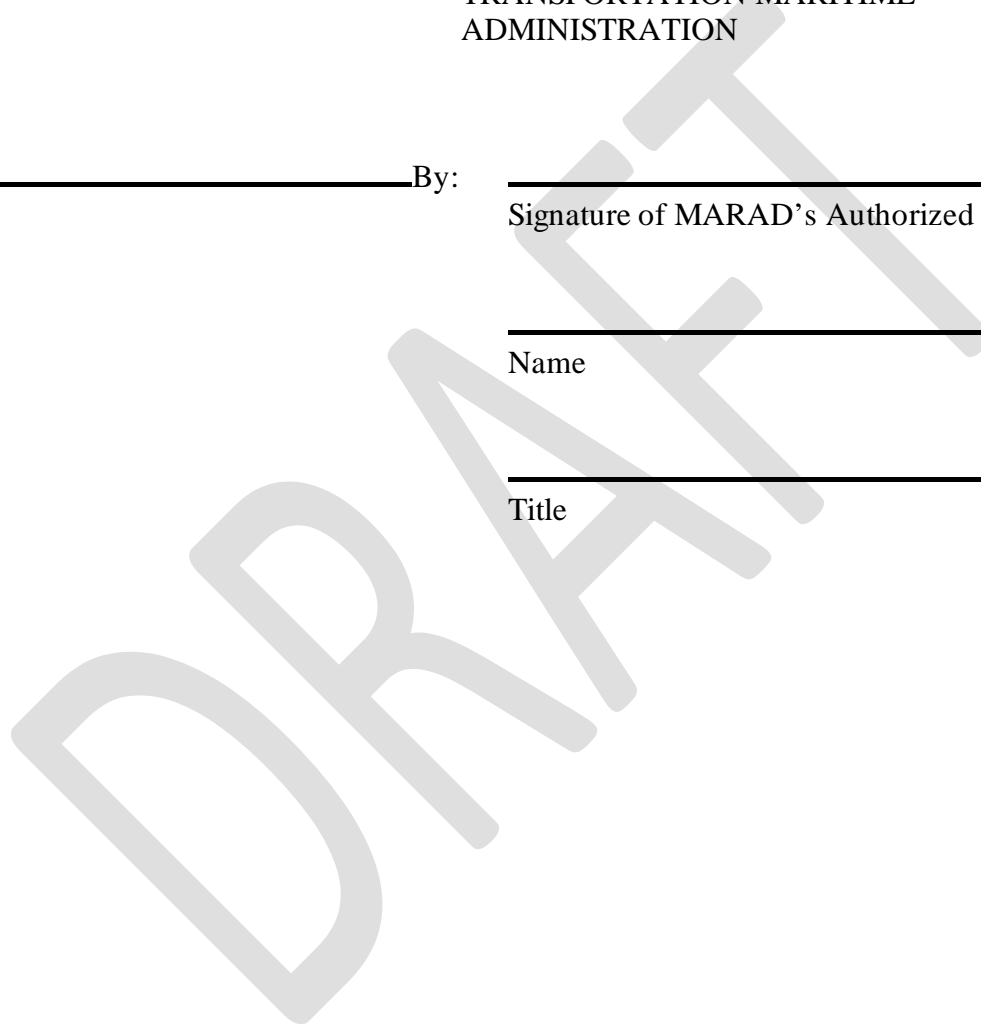
MARAD, intending to be legally bound, is signing this agreement on the date stated opposite that party's signature.

UNITED STATES DEPARTMENT OF
TRANSPORTATION MARITIME
ADMINISTRATION

_____ By: _____
Date Signature of MARAD's Authorized Representative

Name

Title



**FISCAL YEAR 2023
PORT INFRASTRUCTURE DEVELOPMENT PROGRAM GRANT
MARAD FY 2023 PIDP GRANT No. 693JF72444068
SUBAWARD MEMORANDUM OF AGREEMENT (AGREEMENT)**

Between

THE NORTHWEST SEAPORT ALLIANCE (NWSA)

As Recipient

And

Husky Terminal and Stevedoring, LLC

As Subrecipient

This Subaward (the “Agreement” or “Subaward”), between the Northwest Seaport Alliance, as Recipient (Pass-Through Entity; hereinafter referred to as Recipient) and Husky Terminal and Stevedoring, LLC; (hereinafter referred to as Subrecipient) is effective from the date of execution of this agreement until September 30, 2029 (Period of Performance), or such time as the grant award expires as defined by the United States Department of Transportation Maritime Administration (MARAD) deadlines and extensions as applicable. The Period of Performance for this Agreement is from the executed date of this Agreement, until May 30, 2031.

The Recipient is a party to a Port Infrastructure Development Program (PIDP) Grant Agreement (the “Grant Agreement”) with MARAD for the Husky Terminal Expansion Project (the “Project”). A copy of the Grant Agreement will be attached once executed as **Exhibit 1, including MARAD FY 2023 PIDP General Terms and Conditions, Articles 1-26 which is available at [Federal Grant Assistance | MARAD](#)**. This is not a research and development grant. Under the Grant Agreement, the Recipient is responsible for the management and administration of the subaward extended under the Grant Agreement (the “Federal Award”) including the disbursement of all program funds as a pass-through entity. MARAD administers the Federal Award as the grantor.

A PIDP grant in the amount of **\$54,233,330** from MARAD and a Non-Federal Fund Match of **\$85,891,670** has been awarded to the Recipient for an obligation of Federal Funds totaling **\$54,233,330** and a Project total of **\$140,125,000**. MARAD will administrate all relevant funds under the PIDP grant agreement. This arrangement requires the Project to follow additional Buy America requirements and other Federal Funds Requirements, as described in the executed grant agreement, Article 1, General Terms and Conditions found in Exhibit 1. There are no special terms for this award as stated in Article 2 found in Exhibit 1.

The Subrecipient has agreed to competitively advertise, award, and manage the construction of the Husky Terminal Expansion of the Grant Agreement per the grant requirements. For the Recipient to receive the maximum federal reimbursement for the Husky Terminal Expansion (**\$54,233,330**), the Husky Terminal Expansion work performed by the Subrecipient, must total at least **\$40,233,330** Federal funds, **\$75,266,670** Non-Federal funds.

The Recipient and the Subrecipient agree to this arrangement even though it may not reflect the actual cost each party will bear in completing the Project for which they are responsible.

The Subrecipient understands and agrees that the subaward made by this Agreement shall expressly be subject to and incorporate those terms and conditions set forth in and imposed upon the Recipient under the Grant Agreement (**Exhibit 1**) with respect to that portion of work set forth in Schedule B Statement of Work and as further detailed in Exhibit 2 attached hereto (“Subrecipient’s Work”). The Subrecipient shall ensure provisions appropriate to effectuate the purposes of these conditions in all contracts of employment, consultant agreements, and other contracts issued under its approved application and related to Subrecipient’s Work covered by the Grant Agreement.

The Recipient and the Subrecipient mutually agree as follows:

I. Authority and Purpose

A. Authority: This Subaward is undertaken to pass through federal requirements for federal assistance awarded to the Recipient under the Grant Agreement with MARAD No. 693JF72444068

B. Purpose and Amount of Federal Award: This Subaward establishes the terms, conditions, assurances, certifications, scope of work and funding which the Recipient will pass through to the Subrecipient from the Fiscal Year 2023: Port Infrastructure Development Program (hereinafter FY23 PIDP), Federal Award Number **693JF72444068**. The FY2023 PIDP scope of work and budget is identified in **Exhibit 1**, and that portion related to Subrecipient’s Work is incorporated into this Subaward.

Breakdown of the Husky Terminal Expansion Project:

	Component 1 Reconfiguration of Container Storage Yard	Component 2 Installation of Reefer Racks and Add Power Supply	Component 3 Relocation of Terminal Support Facilities	Total
PIDP Funds:	\$8,910,000	\$39,762,000	\$5,561,330	\$54,233,330
Non-Federal Funds:	\$17,390,000	\$58,263,000	\$10,238,670	\$85,891,670
Total:	\$26,300,000	\$98,025,000	\$15,800,000	\$140,125,000

****See Exhibit #4 for component breakdown by responsible party.**

C. Allocation of Grant Funds: See table in Exhibit 4 for allocation of Project costs and grant funds.

Assistance Listing No.	Program Name	Funding Amount
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20.823	Port Infrastructure Development Program	\$54,233,330
Total Federal Funds		\$54,233,330

Assumptions of roles and federal requirements:

- Maritime Administration (MARAD): Federal Awarding agency
- Northwest Seaport Alliance (NWSA): recipient and pass-through entity for Subrecipient funding
- Husky Terminal and Stevedoring, LLC: Subrecipient

II. General Terms and Conditions

- A.** Applicability of MARAD Federal Award Number 693JF72444068 with the Recipient: As a condition of the Subaward, Subrecipient shall specifically adhere to all of the applicable terms, conditions and requirements related to Subrecipient’s Work contained within the Federal Award: [Federal Grant Assistance | MARAD](#). The Subrecipient shall assure that these conditions also apply to all contractors performing work within the scope of the Subaward.
- B.** The Subrecipient acknowledges that the General Terms and Conditions of this Agreement impose obligations to comply and non-compliance with the General Terms and Conditions may result in the Recipient imposing additional conditions. If the Recipient reasonably determines in good faith that noncompliance cannot be remedied by imposing additional conditions, the Recipient may take one or more of the following actions, as appropriate in the circumstances:
1. Temporarily withhold cash payments pending correction of the deficiency by the Sub-recipient or more severe enforcement action by the Federal awarding agency.
 2. Deny payment, use of funds and/or any applicable matching credit for all or part of the cost of the activity or action not in compliance.
 3. Wholly or partly suspend or terminate the Subaward.
 4. Recommend that the Federal awarding agency initiate suspension or debarment proceedings as authorized under 2 CFR part 180.
 5. Withhold further Federal subawards for the Project.
 6. Demand repayment of unallowed or prohibited costs paid under the Subaward including federal funds.
 7. With Subrecipient’s agreement, the Parties may modify the Subaward terms to adjust for effects of the Subrecipients non-compliance.

Notwithstanding the foregoing, Recipient shall not have the right to permanently withhold payments to the Subrecipient, terminate the Subaward or otherwise hold Subrecipient financially responsible for non-compliance unless the Recipient suffers actual losses as a result of Subrecipients non-compliance.

The Subrecipient will perform Subrecipient’s Work as described in this Subaward and in compliance with the Grant Agreement. To receive the maximum federal reimbursement, the total amount for subaward eligible expenses for the Husky Terminal Expansion work performed by Subrecipient, must total at least **\$40,233,330** Federal funds, **\$75,266,670** Non-Federal funds.

III. Additional Requirements

A. Report Requirements The Subrecipient agrees to submit, at such times and in such form as the Recipient may prescribe, reports on the Project (“Reporting Requirements”).

1. Without limiting the generality of the foregoing, Subrecipient shall submit the PIDP Project Quarterly Reports to the Recipient during each quarter that this Agreement is effective. The following reporting period end dates shall be used for quarterly reports: 3/31, 6/30, 9/30, or 12/31. Quarterly reports are due the 10th calendar day after the period end day. If the due date falls on a weekend, the report is due the prior business day. The final performance report must be filed with the Recipient within thirty (30) days after the Period of Performance of the Subaward. The Recipient must receive the final performance report prior to the final claim being paid. The PIDP Project Quarterly Report Instructions and Template are attached hereto as **Exhibit 2**.
2. The Federal Financial Reports (FFR) applicable to the subaward are the SF-270 and invoice summary. Modified SF-270 and invoice summary Instructions and Templates are attached here as **Exhibit 3**.
3. The Subrecipient will submit information in accordance with the guidance provided in the Outcome Performance Measurement Table (found in **Exhibit 1, Schedule G, PIDP Performance Measurement Information**).
4. The Subrecipient will review and certify the Project Quarterly Report and FFR information as accurate prior to submission to the Recipient.
5. In addition to the Reporting Requirements set forth in this Section, Subrecipient shall provide notice to Recipient of any instance or occurrence of non-compliance with the Grant Agreement or the General Terms and Conditions by Subrecipient or its contractors, and Subrecipient shall be responsible to address and resolve any such non-compliance. Notice of non-compliance shall be provided within five (5) business days of Subrecipient's discovery of the non-compliance and shall be made in accord with the Notice requirements of Section VII.C herein."

B. Assignability: The Subrecipient shall not assign or transfer any interest in this Subaward without the prior written consent of the Recipient except as specified herein; for the avoidance of doubt, the Subrecipient may engage subcontractors and affiliates of the Subrecipient to provide services to the Project without the prior written consent of the Recipient.

1. **Continuation Funding:** The Subrecipient understands that the awarding of this Subaward in no way assures or implies continuation of funding beyond the Period of Performance indicated in this Subaward.
2. **Third Party Participation:**
Any contract or agreement that is entered into by the Subrecipient for execution of Project activities or provision of services to the Project shall be subject to applicable federal compliance requirements from the terms and conditions of this Subaward and the uniform guidance. All contracts

and agreements shall provide that the Subrecipient will retain ultimate control and responsibility for the Project and that these conditions shall bind the contractor. In any case, where the Subrecipient enters into a contract with third parties, the Recipient is not a party to such contract and shall not be obligated or liable for any breach of contract or other action in law to any party other than the original Subrecipient under the specific terms of this Agreement.

C. Waiver: It is agreed that the failure of the Recipient to insist upon the strict performance of any provision of this agreement or to exercise any right based upon a breach thereof, or the acceptance of any performance during such a breach, shall not constitute a waiver of any rights assigned to Recipient under this Agreement.

D. Indemnity and Hold Harmless: Subrecipient shall indemnify, defend and hold harmless the Recipient and the NWSA and their officers, directors, employees and agents, from and against all liability, loss, cost or expense (including reasonable attorney's fees) by reason of liability imposed upon the Recipient and/or the NWSA arising out of or related to Subrecipient's failure to perform its obligations under this Agreement, to the extent caused by or contributed to by the misfeasance, malfeasance, negligence or intentional acts of Subrecipient, its officers, agents, or employees.

Recipient shall indemnify, defend and hold harmless the Subrecipient, and its officers, directors, employees and agents, from and against all liability, loss, cost or expense (including reasonable attorney's fees) by reason of liability imposed upon the Subrecipient arising out of or related to Recipient's failure to perform its obligations under this Agreement, to the extent caused by or contributed to by the misfeasance, malfeasance, negligence or intentional acts of the Recipient, its officers, agents, or employees, in the administration of grant funds under this Agreement and the Grant Agreement.

If, as a result of Subrecipient's non-compliance with the terms and conditions of the Agreement, and as a result the Recipient is required to return all or part of the Federal Award to MARAD related to Subrecipient's Work, Subrecipient will defend and indemnify Recipient for any such funds that must be returned to the Federal Agency. Notwithstanding the foregoing, the aggregate liability of Subrecipient arising from its obligations under this Agreement shall not exceed the total amount of grant funds received by Subrecipient under the Subaward.

If for any reason grant funds need to be repaid to the federal government, the Subrecipient and Recipient agree to refund the funds according to the same proportions as outlined under Section I. B of this Agreement for distributions of reimbursements from MARAD for the Project.

Insurance: If the Subrecipient is performing in the capacity of "contractor", the Subrecipient shall maintain and provide evidence of the insurance requirements detailed below.

1. Commercial General Liability insurance on ISO Form CG 00 01 10 01 (or equivalent) for third party property damage, bodily injury, personal and advertising injury, and medical payments in an amount which is not

less than \$1,000,000 (or greater where required by the Recipient) per occurrence. And \$1,000,000 annual aggregate. The insurance shall cover liability arising from premises, operations, independent Subrecipients, products completed operations, personal and advertising injury, and liability assumed under an insured Agreement. The Recipient shall be named as an additional insured for all work arising out of Subrecipient's work.

2. Professional Liability Insurance (Errors and Omissions). The subrecipient shall provide professional liability or errors and omissions insurance in an amount not less than \$1,000,000 million per loss. The policy shall cover the Subrecipient and its employees, and others under the direct supervision of the Subrecipient. If coverage is to be provided on a claims-made basis, the Subrecipient shall warrant that any policy retroactive date precedes the effective date of this Agreement. In addition, continuous coverage must be maintained throughout the Agreement and for one year beyond the completion of the Agreement, or the Subrecipient shall purchase an extended discovery period for not less than one year from the termination of this Agreement.
3. Employers Crime Insurance (Fidelity Bond). Unless waived by the Recipient in writing, Subrecipient shall provide a fidelity bond or crime coverage using ISO Form CR 0027, or an equivalent form. The policy shall cover Subrecipient and Subrecipient's employees for loss resulting from employee dishonesty, theft, fraud, forgery, alteration, funds transfer, and computer fraud. The limits of insurance shall be no less than \$1,000,000 per loss, theft or other wrongful act.

IV. Operational Procedures

A. Project Implementation: Subrecipient agrees to implement the Project according to the Project's Estimated Schedule included in Grant Agreement **693JF72444068 (Exhibit 1, Schedule C, Award Dates and Project Schedule)**. Notice of Project implementation is to be reported within the first sixty (60) days following the complete execution of this agreement.

Expansion of Husky Terminal	
Planned Construction Start Date:	January 1, 2025
Planned Construction Substantial Completion Date:	September 30, 2029

B. Day to Day Administration: The NWSA will be responsible for and provide day-to-day administration and oversight of the Subaward. Key points of contact for Subaward administration are:

David Myers: dymers@portoftacoma.com

Sammi Offield: soffield@portoftacoma.com

C. Accounting Requirements: The Subrecipient agrees to record all Project costs,

both federal and matching share, following generally accepted fund accounting procedures. (US GAAP) A separate account number or cost recording system must separate all Project costs from the Subrecipient's other or general expenditures. Adequate documentation for all Project costs, both federal and matching share must be maintained. Federal share documentation must clearly indicate that the funds expended were the FY2023 PIDP federal funds.

D. Payment and Utilization of Funds: Funds awarded are to be expended only for purposes and activities covered by the Subrecipient's Work and Budget as attached hereto. Project funds (both federal and matching share) may not be expended prior to the date of this Agreement and until MARAD has issued a notice to proceed. Project funds will be made available through a reimbursement procedure as provided by the Recipient's policy and procedure, as per the Invoice Summary Reimbursement and SF270 (**Exhibit 3**).

The Subrecipient will submit the match calculation and budget tracker workbook (report), cost allocation memo, the Invoices Summary Reimbursement worksheet and SF270 form to the NWSA no later than the 10th of every month. Forms should be submitted via a Recipient SharePoint site provided by the Recipient. Subrecipient shall request access via email to the day-to-day administrators.

No payment of funds shall be made to Subrecipient during any period of time within which Subrecipient is in default on filing any informational or financial reports required by the Recipient. All claims for reimbursement must be accompanied with copies of all supporting documentation (i.e. proof of payment, travel vouchers, invoices, narrative to clearly document work achieved for costs indicated on invoice, proof of compliance with procurement policy, proof of work accomplished, etc., as requested). Claims for reimbursement can be submitted as incurred or not less frequently than monthly. Payments will be adjusted to correct previous overpayment and disallowances or underpayments resulting from audit.

Grant Adjustments: The Subrecipient must obtain prior written approval from the Recipient and MARAD for major Project changes. Major Project changes include, but are not limited to: (a) changes of substance in Project activities, designs, or research plans set forth in the approved application; (b) changes or deviations which might alter the Project scope or intent; (c) changes in the Project director and/or key professional personnel identified in the approved application; (d) changes in the approved budget with the exception of those changes permitted in accordance with provisions cited later in this section, and (e) changes in the schedule which result in length of the grant period.

Similarly, equipment not included in the approved budget may not be purchased without prior approval of the Recipient and MARAD. The Subrecipient may, however, deviate from quantities of equipment items in the approved budget as long as (i) the total dollar amount of the equipment budgeted is not exceeded, and (ii) written notification is submitted to the Recipient. Both the Recipient and the Subrecipient shall maintain this notification in the Project file. Subrecipients may not add to the specified equipment list without prior approval of MARAD unless the total dollar amount of the equipment budgeted is not exceeded. Subject to Paragraph V.D, the Recipient may require compensation from the Subrecipient for

Recipient Administration overruns that are actually incurred if caused solely by a Subrecipient delay.

E. Pre-Award Costs: Describe elements that are pre-award costs and include the costs.

None. MARAD has not approved under this award any requests for the use of non-Federal funds under 46 U.S.C. 54301(a)(10)(B) or any pre-award costs under 2 C.F.R. 200.458. Because unapproved costs incurred before the date of this agreement are not allowable costs under this award, MARAD will neither reimburse those costs under this award nor consider them as a non-Federal cost sharing contribution to this award. Costs incurred before the date of this agreement are allowable costs under this award only if approved in writing by MARAD before being included in the Project costs and documented in this section 5. See section 18.3 of the General Terms and Conditions.

F. Procurement Standards, Procedures and Reimbursement: Subrecipient shall adhere to the applicable minimum federal requirements for procurement which is available at: [Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards](#). Subrecipient shall further adhere to any applicable state and local laws and regulations that may pertain to the Subrecipient's activities. Reimbursement procedures for Subrecipients are set forth on **Exhibit 3**.

G. Monitoring: Subrecipient agrees to allow the Recipient, MARAD and any of their designees' reasonable access to the Project Records and Financial Statements upon reasonable written notice during normal business hours for the purposes of monitoring programmatic progress and the financial and business management aspects of the Subaward to ensure that Project objectives are met and funds are spent and accounted for properly. The required access specifically includes inspection of financial and program reports, site-visits, teleconferences and/or such other means necessary for the Recipient to carry out its subrecipient monitoring obligations.

H. Allowable Costs: Subrecipient acknowledges that only certain costs are allowable under the Subaward. The allowable costs are addressed within the documents referenced in Paragraph II.B of this Agreement. The subrecipient will indicate allowable and non-allowable costs for the grant reimbursement in all invoices submitted to the Recipient. MARAD's approval of Recipient's FY23 PIDP Statement of Work neither guarantees that all amounts included within the Justification are allowable nor supersedes or waives the provisions concerning allowable costs.

V. Termination of Grant

A. This Agreement will terminate upon the earlier of: (i) the completion of the Project, or (ii), or such later date if MARAD extends the expiration of or deadlines for the Federal Award as requested by the Recipient.

B. Notwithstanding Paragraph V.A., this Subaward may be earlier terminated, or fund payments suspended by the Recipient where there is a material failure to comply with the terms and conditions of:

- 1.the Subaward application form and attachments;
- 2.this Subaward;
- 3.any applicable state or federal law related to the Subrecipient's Work to which compliance is required; or
- 4.an audit report which includes audit exceptions not answered to the reasonable satisfaction of the Recipient.

Upon such a finding, the Recipient shall promptly notify the Subrecipient in writing to correct any deficiencies found. If said deficiencies are not corrected within thirty days. (30) days, the Recipient will have the right to suspend or cancel this Agreement and the Subaward after furnishing written notice to the Subrecipient.

- C. This Agreement may be terminated by the Subrecipient in the event there is a failure of the Recipient to perform any of its obligations under this Agreement.
- D. Neither party shall be liable in damages or have the right to terminate this Agreement for any delay or default in performing hereunder if such delay or default is caused by conditions beyond its control including, but not limited to Acts of God, Government restrictions, wars, insurrections and/or any other cause beyond the reasonable control of the party whose performance is affected.
- E. Notwithstanding the termination of this Agreement, Subrecipient's obligation to comply with the continuing requirements of all the applicable rules and regulations related to the Subaward as set forth in this Agreement, to account for property acquired with grant funds, to maintain and provide access to any records required under this Agreement, and to indemnify the Recipient as set forth in this Agreement shall specifically survive the expiration or earlier termination of this Agreement.

VI. Conflict of Interest:

The acceptance of this Subaward imposes a number of legal and ethical responsibilities upon Subrecipient and its personnel. Without limiting the generality thereof, Subrecipient's personnel and other officials connected with this grant shall adhere to the Conflict-of-Interest requirements set forth in Uniform Guidance 2 CFR 200.112. The Subrecipient must disclose in writing any potential conflict of interest to the Recipient. The subrecipient and its personnel shall specifically inform themselves about, and otherwise fully comply with, any such requirements. Violations of these standards may result in criminal, civil and/or administrative penalties.

VII. General Provisions

- A. **Dispute Resolution** If a dispute arises out of or relates to this Agreement, or the breach thereof, and if said dispute cannot be settled through negotiation, the parties agree first to try in good faith to settle the dispute by mediation before resorting to litigation or other adversarial dispute resolution process. The mediation is to be conducted in the English language in the city of Tacoma, Washington. All litigation pursued in connection with this agreement shall be in Pierce County, Washington. This Agreement shall be construed and enforced according to the laws of the State of Washington.
- B. **Modification.** No modification, termination or attempted waiver of this

Agreement or any provision hereof shall be valid unless in writing signed by both parties to this Agreement.

- C. Notices.** All notices, requests, demands and other communications required or permitted to be made under this Agreement shall be in writing and shall be given by personal delivery, by certified mail, return receipt requested, or by nationally recognized overnight delivery service, in each case addressed to the party entitled to receive the same at the address specified below. Either party may change the address to which communications are to be sent by giving notice of such change of address in conformity with the provisions of this Section providing for the giving of notice. Notice shall be deemed to be effective, if personally delivered, when delivered; if mailed, at midnight on the third business day after being sent by certified mail; and if sent by nationally recognized overnight delivery service, on the next business day following delivery to such delivery service.

Notices and requests for modifications should be directed to:

For Northwest Seaport Alliance:

David Myers
Engineering Project Manager

PO Box 1837
Tacoma, WA 98421-1837

For Husky Terminal and Stevedoring, LLC

Ryan Lucido
Director–Sustainability,
Security & Facilities
1101 Port of Tacoma Rd
Tacoma, WA 98421

Agreement #:

In witness whereof, the **Northwest Seaport Alliance** and Husky Terminal have executed this Agreement effective as of the date below.

Recipient:
Northwest Seaport Alliance

Signature
John Wolfe
CEO, Northwest Seaport Alliance

Date

Subrecipient:
Husky Terminal and Stevedoring, LLC

Signature
Dustin Stoker
President, Husky Terminal

Date

Agreement #:

Exhibit #1

Insert link to executed MARAD grant agreement once executed.

Agreement #:

Exhibit #2

Insert PIDP Project Quarterly Report Instructions and Template here after Kick-Off Meeting with MARAD.

Agreement #:

Exhibit #3

Insert SF-270 and invoice summary here after Kick-Off Meeting with MARAD.

Exhibit #4

	Total Project Cost	Federal Cost	Non-Federal Cost	Responsible Party
Component 1: Re-Configuration of Container Storage Yard				
#1 Demolish RTG runs	\$1,100,000	\$495,000	\$605,000	Husky
#2 Relocate utilities, light poles, fire hydrants (slot drains removed)	\$1,800,000	\$810,000	\$990,000	Husky
#3 Pave and adjust/level terminal grade (Section 1, 3, & 4)	\$22,500,000	\$7,200,000	\$15,300,000	Husky
#4 Stripe pavement	\$900,000	\$405,000	\$495,000	Husky
	\$ 26,300,000	\$ 8,910,000	\$ 17,390,000	
Component 2: Installation of Additional Power Supply and Reefer Racks				
#5 Install off-terminal power upgrades	\$13,000,000	\$10,000,000	\$3,000,000	Port
#6 Install 40 reefer racks & power	\$68,500,000	\$23,975,000	\$44,525,000	Husky
#7 Reconfigure existing reefer area; install utilities (Section 2)	\$6,500,000	\$2,925,000	\$3,575,000	Husky
#8 Install 8 x sets of RTG runways	\$9,000,000	\$2,862,000	\$6,138,000	Husky
	\$97,000,000	\$39,762,000	\$57,238,000	
Component 3: Relocation of Terminal Support Facilities				
#9 Demolish scale & security buildings, install utilities, construct modular office complex	\$10,600,000	\$4,000,000	\$6,600,000	Port
#10 Demolish NIM tower	\$1,300,000	\$391,330	\$908,670	Husky
#11 Demolish Pier 3 Marine Tower	\$700,000	\$210,000	\$490,000	Husky
#12 Relocate Customs & Border Protection RPM	\$1,300,000	\$390,000	\$910,000	Husky
#13 Pave and adjust/level terminal grade (Section 4 temp reefer) (Previously part of #3)	\$1,900,000	\$570,000	\$1,330,000	Husky
	\$15,800,000	\$5,561,330	\$10,238,670	
TOTAL	\$ 139,100,000	\$ 54,233,330	\$ 84,866,670	



Kelly Mitchell-Carroll
Grants and Cooperative Agreement Officer
DOT-Maritime Administration
1200 New Jersey Ave, SE
Washington, DC 20590

RE: Northwest Seaport Alliance Fiscal Year 2023 *Husky Terminal Expansion Part One* Project

Dear Kelly:

I am pleased to certify that Husky Terminal and Stevedoring, LLC and the Northwest Seaport Alliance (NWSA), through its Joint Venture partners the Port of Tacoma and the Port of Seattle, have sufficient funds available to contribute the shared costs, or matching funds, in the amount of \$85,891,670 for the above-referenced Project and in connection with the FY23 Port Infrastructure Development Program (PIDP) funding awarded in the amount of \$54,233,330 million. The total project cost is \$140,125,000.

Sincerely,


[John Wolfe \(Nov 19, 2024 21:50 PST\)](#)

John Wolfe, Chief Executive Officer
Northwest Seaport Alliance
P.O. Box 2985
Tacoma, WA 98401-2985

Item No.: 9B
Meeting Date: Dec. 3, 2024

Husky 6th Lease Amendment, Husky 4th Crane Rental Agreement Amendment, and PIDP Grant Acceptance and Project Authorization for Husky Expansion Project



THE NORTHWEST
SEAPORT ALLIANCE

SEATTLE + TACOMA

David Myers, Architect, CSI, NCARB
Engineering Project Manager I
Curt Stoner NWSA Sr. Real Estate Manager

1

ACTION REQUESTED

Request Managing Members of the Northwest Seaport Alliance authorize:

- The Chief Executive Officer or his delegate to execute the Sixth Amendment to the Husky Terminal Lease;
- the Chief Executive Officer or his delegate to execute the Fourth Amendment to the Husky Crane Rental Agreement;
- the acceptance of a Federal Maritime Administration (MARAD) 2023 PIDP Grant in the amount of \$54,233,330 for the Husky Terminal Expansion; and
- project authorization in the amount of \$9,000,000 for a total authorized amount of \$9,350,000, for work associated with the Husky Terminal Expansion Project Identification No. 201201.01.



THE NORTHWEST
SEAPORT ALLIANCE
SEATTLE + TACOMA

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Background

When NWSA staff negotiated the Third Amendment to the Husky Crane Rental Agreement in 2017, Husky agreed to a Crane Hour Rental Minimum Annual Guarantee (MAG) that has proven to be unsustainable given Husky's terminal capacity. This requires a reasonable adjustment to Husky's Crane MAG in return for Husky agreeing to extend their Lease by 5 years and increase their Rent by \$1,850,000 per year. Husky has also agreed to participate in the Gate Efficiency Program and Data Sharing Requirement which are valuable performance metrics. NWSA intends to include this in other NWSA Marine Terminal Leases going forward. In addition, Husky will adopt NWSA's Shorepower requirement.

NWSA staff has negotiated a 6th Amendment to the Husky Lease and a 4th Amendment to the Husky Crane Rental Agreement based on the below Terms.

Husky will extend their Lease for five years until August 31, 2051.

Effective December 5, 2024 Husky's Rent will increase \$1,850,000 per year.

The Husky Crane Rental Agreement Minimum Annual Guarantee (MAG) will be amended from 16,800 hours to 12,000 hours for the July 1, 2024 to June 30, 2051 periods. Crane hours up to 12,000 hours will be billed at Tariff. Crane hours above 12,000 per year will be billed at 40% of Tariff. If Husky does not meet the Crane Rental MAG they will pay NWSA the NWSA Tariff Rate multiplied by the shortfall.



3

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Gate Efficiency Program

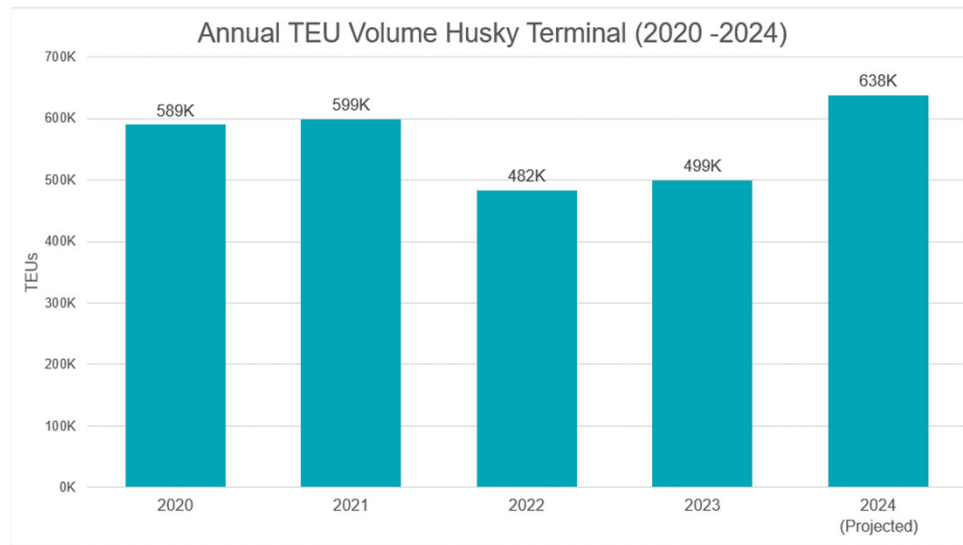
- Improves Trucker Experience through guaranteed 5 Day Gate service and 75-Minute Total Turn Times
- If Monthly total turn times exceed the 75-Minute target, 4 Additional Off-Hour Gates (Hoot, Night & Weekend) will be required the following month
- MTO will charge \$15 Reservation Fee for all transactions
 - The intent of the reservation fee is for it to be spent improving the trucker experience via additional gates.
 - MTO will provide transaction data for validation purposes.
- Additional Benefits of this Program:
 - Reducing Queues and Truck Idle Time
 - Decreases Reservation "No-Shows"
 - Adaptable through Future Tariff Adjustment



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Husky Volume Trend



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Background

- In 2003, the Port of Tacoma entered into a lease of Terminals 3, 4 and portions of Terminal 7 with Husky Terminals, Inc, formerly International Terminal Services (ITS).
- In 2014, the wharf at Terminal 3 was reconstructed to accommodate post-Panamax cranes.
- In 2016, the wharf at Terminal 4 was demolished, a shoreline clean up occurred and a new wharf was constructed in alignment with Terminal 3 to provide 3000 LF of wharf allowing two post Panamax vessels to berth.
- In 2018 and 2019, eight post Panamax cranes were purchased and installed at Terminals 3 and 4.
- Over the last several years additional yard reconfiguration and stormwater treatment projects have been completed.
- Current project scheduled to be complete this month will provide shore power to vessels at berth, supporting the reduction of carbon emissions at the Port.

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Background

- The NWSA, with Husky as a sub-recipient, applied for the MARAD 2023 PIDP Grant to increase terminal capacity, efficiency and provide electrification of terminal equipment.
- This grant along with matching funds from the NWSA and Husky will further reconfigure the yard to align with the wharfs and densify container stacking areas to allow a more efficient yard operation and allow the working of two vessels simultaneously further reducing carbon emissions.
- The NWSA and Husky will enter into a sub-grantee agreement that requires Husky to complete their portion of the project and follow all of the federal grant requirements.



7

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Background

- Component 1 – Reconfiguration of Container Storage Yard
- Component 2 – Installation of Reefer Racks & off terminal power supply



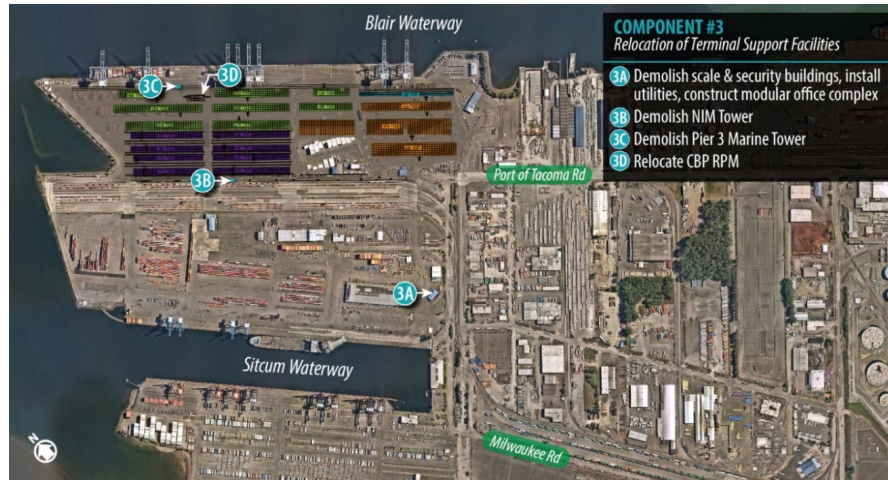
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Background

- Component 3 – Relocation of Terminal Support Facilities.



Project Description and Details

- NWSA scope of work associated with this request
 1. Engineering associated with substation improvements and lines from the substation to the terminal.
 2. Procurement of long lead items
 - a. Transformer
 - b. Switchgear
 3. Design and engineering associated with the demolition of obsolete structures.
 4. Design and engineering associated with the relocation of the NIM Operations.
 5. Permitting associated with demolition and construction.

Project Schedule

- Component 1 will begin January 1, 2025, and is expected to be complete by August 30, 2025.
- Component 2 will begin January 1, 2025, and is expected to be complete by June 30, 2029.
- Component 3 will begin January 1, 2025, and is expected to be complete by December 31, 2028.

Additional authorization will be requested prior to construction for items to be completed by the NWSA.



Project Cost Summary

	Budget Costs	Fed Cost	Non-Federal Cost	Responsible Party
Component 1: Re-Configuration of Container Storage Yard Demolish				
RTG runs	\$1,100,000	\$495,000	\$605,000	Husky
Relocate utilities, light poles, fire hydrants	\$1,800,000	\$810,000	\$990,000	Husky
Pave and adjust/level terminal grade (Section 1, 3, & 4)	\$22,500,000	\$7,200,000	\$15,300,000	Husky
Stripe pavement	\$900,000	\$405,000	\$495,000	Husky
	\$ 26,300,000	\$ 8,910,000	\$ 17,390,000	
Component 2: Install Additional Power Supply and Reefer Racks				
Install off-terminal power upgrades	\$14,025,000	\$10,000,000	\$4,025,000	NWSA
Install 40 reefer racks & power	\$68,500,000	\$23,975,000	\$44,525,000	Husky
Reconfigure existing reefer area; install utilities (Section 2) Install 8 x sets of RTG runways	\$6,500,000	\$2,925,000	\$3,575,000	Husky
	\$9,000,000	\$2,862,000	\$6,138,000	Husky
	\$98,025,000	\$39,762,000	\$58,263,000	
Component 3: Relocation of Terminal Support Facilities				
Demolish scale & security bldg's & construct NIM operations bldg.	\$10,600,000	\$4,000,000	\$6,600,000	NWSA
Demolish NIM tower	\$1,300,000	\$391,330	\$908,670	Husky
Demolish Pier 3 Marine Tower	\$700,000	\$210,000	\$490,000	Husky
Relocate Customs & Border Protection RPM	\$1,300,000	\$390,000	\$910,000	Husky
Pave and adjust/level terminal grade (Section 4 temp reefer)	\$1,900,000	\$570,000	\$1,330,000	Husky
	\$15,800,000	\$5,561,330	\$10,238,670	
TOTAL	\$ 140,125,000	\$ 54,233,330	\$ 85,891,670	

Federal Grant awarded amount \$54,233,330 - NWSA portion \$14,000,000 - Husky portion \$40,233,330



Source of Funds

The 2025-2029 Capital Investment Plan (CIP) Budget allocates \$24,026,000 million for this project.

The table below shows the changes of financial measures from current contract based on the volumes of crane hours and rail lifts.

Financial Measures	Approved March 2017*	Proposed at Forecast**	Proposed at MAG**
Net Present Value @ 8.4%	\$21,458,616	\$29,717,033	\$9,611,388
Debt Coverage	2.0	1.8	1.7
Internal Rate of Return	9.0%	9.2%	8.7%
ROA	6.2%	6.1%	4.9%
Payback Period	13	14	14

*Included 11th Street Gate Complex lease revenue & based on forecast volumes

** Included lease revenue of Lot F & 20.9 acres at T7



ACTION REQUESTED

Request Managing Members of the Northwest Seaport Alliance authorize:

- The Chief Executive Officer or his delegate to execute the Sixth Amendment to the Husky Terminal Lease;
- the Chief Executive Officer or his delegate to execute the Fourth Amendment to the Husky Crane Rental Agreement;
- the acceptance of a Federal Maritime Administration (MARAD) 2023 PIDP Grant in the amount of \$54,233,330 for the Husky Terminal Expansion; and
- project authorization in the amount of \$9,000,000 for a total authorized amount of \$9,350,000, for work associated with the Husky Terminal Expansion Project Identification No. 201201.01.



Project Description and Details

Project Construction Elements	
Project Component	Construction Element
Component #1 Re-Configuration of Container Storage Yard	<ul style="list-style-type: none"> Demolish rubber-tired gantry (RTG) runs Relocate utilities, drains, light poles, fire hydrants Pave and adjust/level terminal grade Stripe pavement
Component #2 Installation of Additional Power Supply and Reefer Racks	<ul style="list-style-type: none"> Increase off-terminal power supply to support reefer rack & other future terminal power needs Install 40 reefer racks & power for reefer racks Reconfigure existing reefer area Install utilities, fire protection systems and pavement
Component #3 Relocation of Terminal Support Facilities	<ul style="list-style-type: none"> Demolish scale & security buildings, install utilities, construct modular office complex Demolish North Intermodal Yard (NIM) Tower Demolish Pier 3 Marine Tower Relocate Customs & Border Protection radiation portal monitors



Financial Summary

	Previous Requests	This Request	Total Project Cost	Cost to Date	Remaining Cost
Procurement	\$0	\$4,608,064	\$7,500,000	\$0	\$7,500,000
Pre-Design	\$350,000	\$0	\$200,000	\$41,083	\$158,917
Design	\$0	\$4,391,936	\$4,500,000	\$0	\$4,500,000
Construction	\$0	\$0	\$12,425,000	\$0	\$12,425,000
Total	\$350,000	\$9,000,000	\$24,625,000	\$41,083	\$24,583,917

