

THE NORTHWEST SEAPORT ALLIANCE
MEMORANDUM

MANAGING MEMBERS
ACTION ITEM

Item No.: 9F
Meeting Date: June 2, 2026

DATE: May 15, 2026
TO: Managing Members
FROM: John Wolfe, CEO

Sponsor: Tong Zhu, Chief Commercial & Strategy Officer
Project Manager: Erin Light, Sr. Real Estate Manager

SUBJECT: T18 Transtainer Runs Project – Budget & Allowance Increase Authorization Request

A. ACTION REQUESTED

Request the Managing Members of The Northwest Seaport Alliance (NWSA) grant an increased project authorization in the amount of \$1,645,000, for a total authorized amount of \$5,645,000, for work associated with the Terminal 18 Transtainer Runs Project Identification No. N10563.

B. SYNOPSIS

The NWSA and SSAT entered into a Tenth Amendment to Lease at Terminal 18 (the “10th Amendment”) effective August 6, 2024. This 10th Amendment, among other items, provided terms under which SSAT could complete a Transtainer Runs Project (the “TRP”). In accordance with these terms, SSAT was to initially fund the TRP, with NWSA to reimburse SSAT for actual TRP costs up to but not exceeding \$4,000,000. Following completion of the TRP, SSAT will pay the NWSA monthly installment payments for ten years as Capital Improvements Rent as compensation. This request increases the amount of the project.

C. BACKGROUND

As part of the 10th Amendment, project terms and requirements were included for SSAT to complete a TRP capital improvement. It was agreed that SSAT would perform all work to complete the TRP at its initial and sole cost. The NWSA would reimburse SSAT for all actual costs incurred in connection with completion of this

project, and SSAT would then reimburse the NWSA with an additional monthly rental amount, less any project soft costs for Port of Seattle project management.

At the time the 10th Amendment was executed, SSAT identified the project cost to be \$4,000,000. However, since this time, actual project costs have been greater than anticipated. SSAT anticipates the TRP will be completed in August 2026 at an amount not to exceed \$5,645,000. This increase is due to a complex permitting review process, and unexpected complications arising from subsurface conduit that needed to be constructed around. Of this total revised amount, it is estimated that up to \$175,000 of the total amount will be for Port of Seattle staff time for project management support, including invoice processing, contract reviews, and other project related guidance. These costs are separate from the construction management costs under SSA's control and should be allocated to the NWSA as has been the standard practice and will not be subject to reimbursement by SSAT. The initial \$4,000,000 request did not include these costs.

Section 5.2 of the 10th Amendment provides:

Once the TRP Plans have been completed such that a final TRP Budget can be established, if the final cost of the TRP Work exceeds \$4,000,000.00, the Parties will meet and confer to determine an increase in the TRP Budget and final Allowance to cover the anticipated full costs of the TRP Work.

As final costs can be estimated at this point in the project with greater accuracy, staff recommends increasing the TRP Budget and final Allowance to \$5,645,000. Following completion of the TRP and final Actual Costs, NWSA and SSAT will confirm and formalize the final projects' costs via a letter signed by both parties. The confirmed final TRP costs will not exceed the amount of increase approved by the Managing Members pursuant to this action item, and as such, neither a letter commitment nor lease amendment will be brought for further Managing Member action.

In addition, SSAT will provide an amortization schedule showing the amortization of the Actual Costs for the TRP at an interest rate equal to six percent (6%) per annum, calculated in the Actual Cost Statement from Lessee for a period of ten (10) years. SSAT shall reimburse NWSA monthly through the payment of Capital Improvements Rent, being the equal installments shown on the applicable Amortization Schedule for the TRP.

D. FINANCIAL IMPLICATIONS

Source of Funds

The funds for this project will be provided by the Homeports through the standard Capital project funding process. The 2025-2030 Capital Investment Plan Budget included a total of \$4,000,000 for this project.

Financial Impact

The NWSA will collect approximately \$729,000 in extra rent per annum, for a 10-year period, to recover the allowable cost of this project plus a 6% rate of return. The estimated \$5.645 million project cost will be capitalized and depreciated over a 20-year life at \$282,250 per year in depreciation expense. This will be offset by the special revenue of \$729,000 per year

E. PREVIOUS ACTIONS OR BRIEFINGS

- August 6, 2024 Managing Member action request to approval 10th amendment to Terminal 18 lease with SSAT

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SEATTLE + TACOMA

Presenter Name: Erin Light
Presenter Title: Sr. Real Estate Manager

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Background

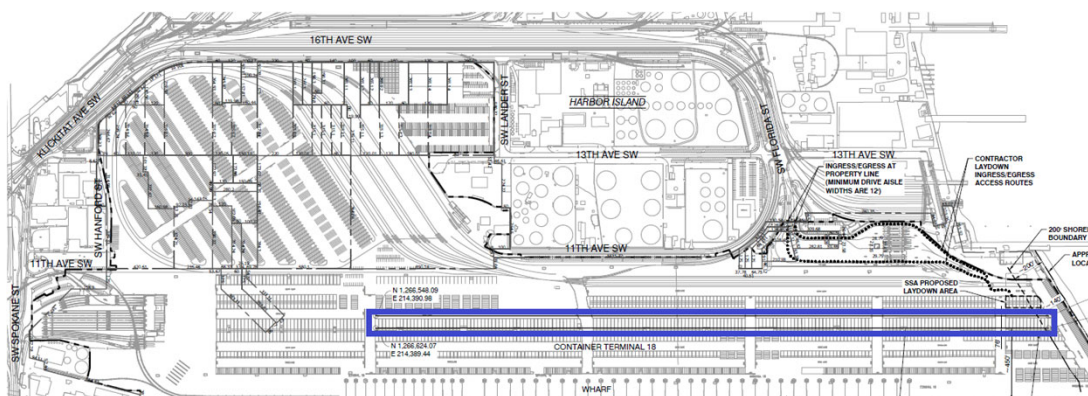
- NWSA and SSAT entered into a 10th Amendment to Lease effective August 6, 2024
 - Provided terms under which SSAT could completed a Transtainer Runs capital improvement project
 - SSAT to manage, complete, and pay all project costs
 - NWSA to reimburse SSAT for all actual costs up to but not exceeding \$4 million
 - SSAT to reimburse NWSA monthly through the payment of Capital Improvements Rent, less project management soft costs
- Final project costs will exceed \$4 million
- Requesting authorization to increase reimbursement amount



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Background - Aerial



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Background

- 10th Amendment provides that the NWSA and SSAT are to agree upon an increase to the project budget and allowance should the final cost exceed \$4 million
 - Project costs regarding permitting and construction around subsurface conduit greater than anticipated
- As the project is near completion, final costs are able to be estimated with greater accuracy
- Staff recommend increasing the authorized TRP Budget and Allowance to \$5,645,000
 - NWSA responsible for project management costs of \$175,000

Background

- Following completion of TRP, NWSA & SSA will formalize final project costs via a letter
 - Amount will not exceed any approved increase via this action
 - Letter will not be brought for further Managing Member approval, nor will Lease be amended
- SSAT will provide amortization schedule showing amortization of Actual Costs of TRP + interest rate equal to 6% per annum, over 10-year term
- SSAT shall reimburse NWSA monthly via payment of Capital Improvement Rent

Financial Implications

Source of Funds

The funds for this project will be provided by the Homeports through the standard Capital project funding process. The 2025-2030 Capital Investment Plan Budget allocates \$4,000,000 for this project.

Financial Impact

The NWSA will collect \$729,000 in extra rent per annum, for a 10-year period, to recover the allowable costs of this project plus a 6% rate of return. The \$5.645 million project cost will be capitalized and depreciated over a 20-year life at \$282,250 per year in depreciation expense. This will be offset by the special revenue of \$729,000 per year



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