

THE NORTHWEST SEAPORT ALLIANCE
MEMORANDUM

MANAGING MEMBERS
FIRST READING

Item No.	5C
Date of Meeting	May 5, 2020

DATE: April 20, 2020

TO: Managing Members

FROM: John Wolfe, CEO
Sponsor: Tong Zhu, Chief Commercial and Strategy Officer
Project Manager: Mike Campagnaro, Director, Alliance Real Estate
Jennifer Maietta, Senior Mgr. Alliance Real Estate

SUBJECT: The Northwest Seaport Alliance (NWSA)'s Master License Agreement with FOSS – Terminal 46 Extension

A. ACTION REQUESTED – No action is requested at the First Reading. The following Action Request will be made at the June 2, 2020 meeting.

First Reading: Foss Master License Agreement Extension – Request Managing Members of The Northwest Seaport Alliance (NWSA) authorization for the Chief Executive Officer or their delegate to approve a one (1) year extension of the Master License Agreement with Foss for Terminal 46.

B. BACKGROUND

- The Master License concept for Terminal 46 (similar to the Terminal 5 Master License) was established to allow The Northwest Seaport Alliance the ability to have continued and sustained interim maritime activity at Terminal 46 during and following the departure of Total Terminals International, LLC (TTI) from the Terminal.
- The NWSA Managing Members approved the termination of the TTI lease on April 2, 2019. TTI had its last vessel call in June of 2019 with the lease officially terminating on December 31, 2019. Prior to the lease termination, the NWSA exercised its secondary user rights under the TTI lease and entered into the Master License Agreement with Foss Maritime Company, LLC.
- The NWSA Master License agreement provides Foss the flexibility to respond to spot opportunities for handling vessels and cargo. Foss submits a Temporary License request for each opportunity to the NWSA. Upon approval, a Temporary License is issued for each request.
- The Master License with Foss Maritime is a non-exclusive agreement. It does not give Foss any exclusive rights to any portion of the Terminal. The NWSA retains the ability to use or lease any portion of the Terminal covered by the Foss Master License, provided that area is not in use under a previously approved Temporary License.

- Related to T46 yet separately, The NWSA and the Port of Seattle (POS) entered into an Interlocal Agreement (ILA) commencing January 1, 2020 allowing the POS to develop a cruise terminal on the north 29 acres of the terminal including 1450 feet of berth. The ILA, as amended, allows the NWSA to continue utilizing 29 acres through the Master Licenses Agreement as approved by the POS. Revenue generated by Temporary Licenses in these areas passes to the POS.
- Foss, under the Master License has been able to keep Terminal 46 active with several maritime related uses to date to include, but not limited to, vessel and barge lay berth/moorage, equipment storage and Pacific Maritime Association (PMA) Longshore training.
- The Foss Master License at Terminal 46 (T46) commenced on July 26, 2019 and terminates on June 30, 2020. Foss as provided written notification to the NWSA under the current agreement that it would like to extend the Master License for an additional 12 months pending the approval of the Managing Members.

C. PRIMARY LICENSE TERMS

- Use: Vessel layberth provisioning, outfitting, repair, or for a cargo terminal which means a transportation facility in which quantities of goods or cargo are stored, transferred to other carriers or stored outdoors in order to transfer them to other locations and may include accessory warehouses, railroad yards, storage yards, and offices.
- Lease Term: One (1) year with one mutually approved one-year extension.
- Option to Terminate: The NWSA has the right to terminate Master License upon 90-days notification to Foss.
- Fee Structure: Predetermined rates for berth space, yard area and use of buildings are established in the Master License (attached to this Memorandum).
- Non-exclusive Use: Foss is only allowed use of the Terminal by licensed areas approved by the NWSA through the Temporary Licenses.
- Security Deposit: Fifty-Thousand Dollars (\$50,000.00)
- Insurance Requirements:
 - \$5 Million general liability
 - \$1 Million auto liability
- Utilities: Foss shall be liable for payment of any utilities consumed, either directly to utility suppliers or as pro-rated by the NWSA to multiple users. Dockage utilities used by Vessels are billed back to the Foss.
- Maintenance Responsibility: All maintenance and repair of Temporary Premises are the sole cost and expense of Foss.
- Environmental/Stormwater: Foss shall comply with all city state and local municipal rules, regulations, ordinances, permits and Best Management Practices required for water quality pollution and prevention and stormwater.

D. TIMEFRAME/PROJECT SCHEDULE

License Agreement First Reading	May 5, 2020
License Agreement Second Reading	June 2, 2020
Commencement Date	July 1, 2020
License Term	One Year with one (1) 1-year mutual option

E. FINANCIAL SUMMARY

The fee structure is based upon the type of use detailed in the Master License (attached to this memorandum) and described as stated above.

In order to maintain the terminals, the NWSA incurs regular fixed expenses including stormwater utility, utilities, security, maintenance and insurance costs. These FIXED EXPENDITURES occur with or without the Foss Master License. Accordingly, below is the budgeted 2020 NWSA revenue for the FOSS Master License, which will help offset the estimated NWSA expenditures for 2020 as follows:

- 2020 NWSA Projected Revenue through the Foss Master License (Budgeted)

T46 Master License Revenue: \$ 500,000

T46 Fixed Expenses: \$1,020,300*

*According to the ILA this amount represents the NWSA portion (66.5%) of T46 expenses and does not include the POS portion (33.5%) of T46 expenses.

F. ECONOMIC INVESTMENT/JOB CREATION

- No investment into the property required.
- Foss Maritime employs 3 ½ to 4 full-time employees in the day-to-day management of the Master License Agreements for Terminal 5 and Terminal 46 to include Sales / Marketing, Operations, Regulatory (USCG), Billing, Legal and Insurance.
- Additional jobs are created by the labor requirements for certain temporary licenses on an as needed basis. In these instances, Foss contracts directly with third-party providers for labor services which have included, but are not limited to, stevedoring services.

Current license activity includes Pacific Maritime Association (PMA) Training for new employees directly supporting the maritime industry.

G. ENVIRONMENTAL IMPACTS / REVIEW

- Licensee agrees to comply with all applicable rules and regulations of the Licensor pertaining to the Temporary Premises in existence or hereafter promulgated for water quality and pollution prevention, for the general safety and convenience of the Licensor, its various tenants, invitees, licensees and the general public.
- Licensee will comply with all requirements of the City ordinance and Ecology regulations and permits, including compliance with state Industrial General Stormwater Permits or the Phase I Municipal Permits.
- No activity under the Master License requires a stormwater permit.

H. NEXT STEPS

Second Reading is scheduled for June 2, 2020. Upon Commission approval of the requested action, the Executive Director or his designee will enter into the License Agreement which will commence July 1, 2020.



Item No.: 5C
Date of Meeting: May 5, 2020

First Reading: Terminal 46 Foss Master License Agreement - Extension

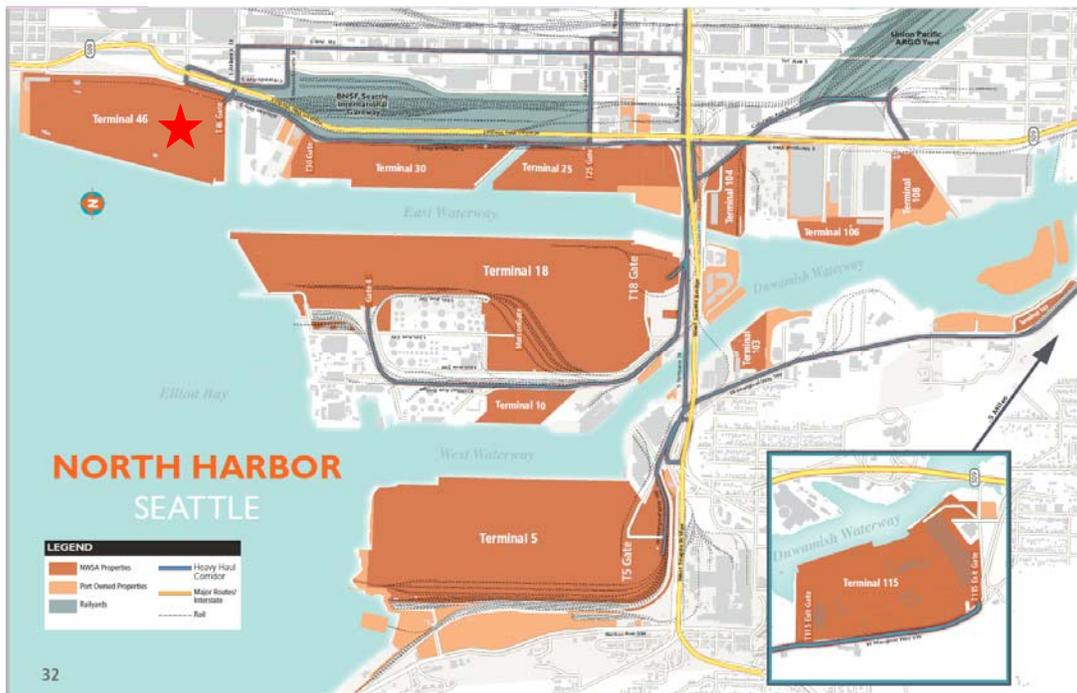
Presenter: Jennifer Maietta
Sr. Real Estate Manager

Action Requested

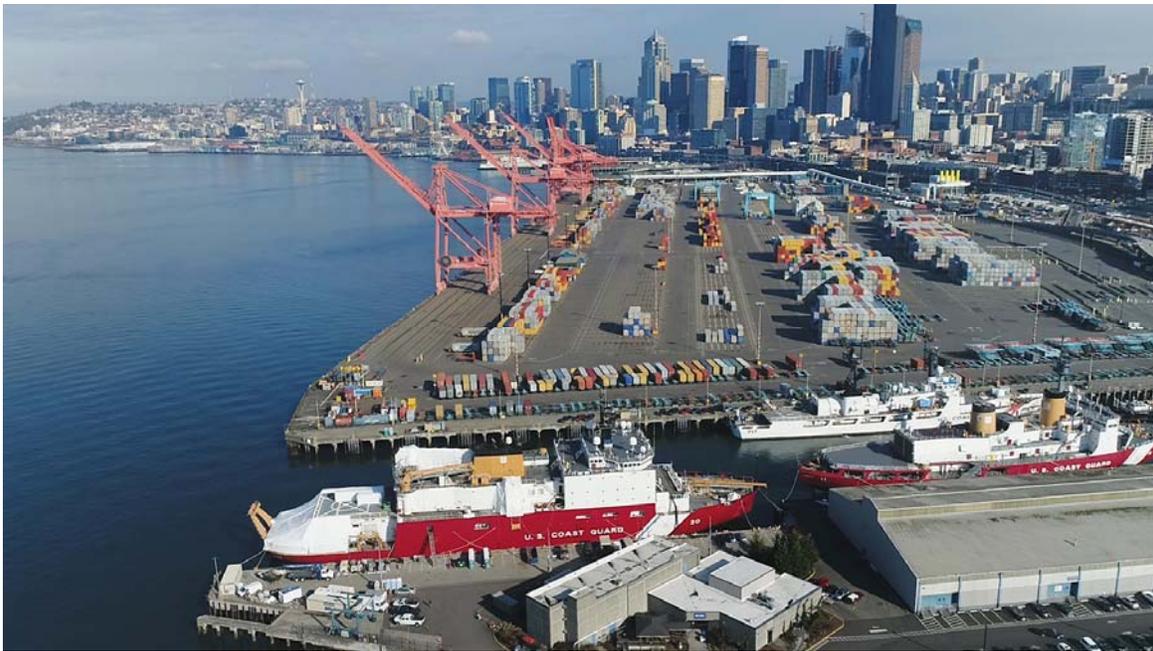
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Terminal 46



Terminal 46



Foss Master License Location Terminal 46



- Port of Seattle Boundary
- Dept. of Natural Resources, Port Management Agreement
- NWSA Boundary
- Inner Harbor Line
- - - Outer Harbor Line
- - - Federal Channel Waterway

TERMINAL 46



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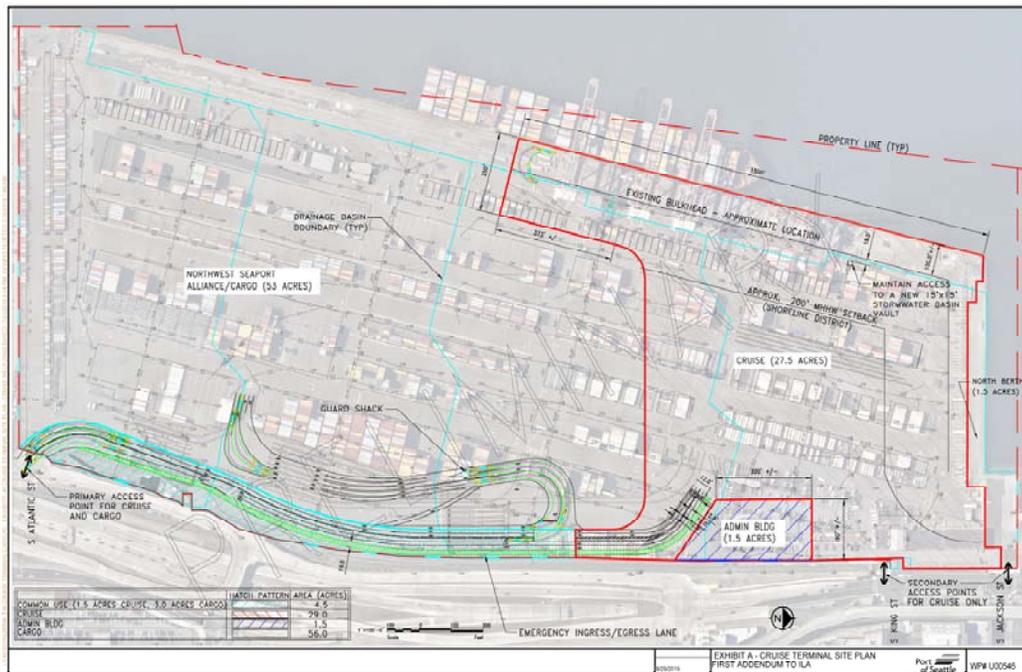
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Foss Master License POS Cruise (ILA) Area



Foss Master License NWSA Marine Cargo Area



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TERM	DESCRIPTION
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Insurance Requirements	\$5 Million general liability; \$1 Million auto liability
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Maintenance	All maintenance and repair of Temporary Premises are the sole cost and expense of Foss.
Environmental & Stormwater	Foss shall comply with all city state and local municipal rules, regulations, ordinances, permits and Best Management Practices required for water quality pollution and prevention and stormwater.

Financial Summary

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Foss Master License Benefits

- Temporary License activities provide a presence on the terminal, as opposed to being vacant, while the NWSA seeks a long-term maritime use.
- The revenue generated by the Master License Agreement off-sets re-occurring costs to maintain the terminal.
- Foss Maritime employs 3 ½ to 4 full-time employees in the day-to-day management of the Master License Agreements for Terminal 5 and Terminal 46 to include Sales / Marketing, Operations, Regulatory (USCG), Billing, Legal and Insurance.
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