

Item No.: 4B
Meeting: 10/03/17



THE NORTHWEST
SEAPORT ALLIANCE
Gateway to Solutions

West Sitcum Terminal Lease

Presenter: Tom Bellerud
Director, Business Development

Action Requested

Authorize The Northwest Seaport Alliance (NWSA) CEO or his delegate to sign a 10-year Term Lease Agreement with Stevedoring Services of America Terminals (SSAT) for the West Sitcum Terminal in Tacoma, Washington.



Exhibit A – West Sitcum Terminal

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EXHIBIT A - DRAFT

WEST SITCUM TERMINAL
 1002 MILWAUKEE WAY
 TACOMA, WA 98421
 PORT PARCEL: 40, 41

SHEET: 1 OF 1
PURPOSE: LEASE EXHIBIT
DATE: 9/5/2017
AUTHOR: Brian Archer

- WEST SITCUM TERMINAL (135 Acres)**
- 21 Buildings = 219,591 SF TOTAL
 - West Sitcum Terminal**
 - NWSA Boundary
 - SSA Boundary
 - NWSA AREA = 27 Acres**
 - NWSA Yard Area = 27 Acres
 - SSA AREA = 108 Acres**
 - SSA Container Terminal = 82.4 Acres
 - Preferential Use Pier = 12.6 Acres
 - Matson Sublease Area = 13 Acres

The boundary calculations within this map are to be considered PRELIMINARY and subject to change following survey work performed and legal descriptions are applied by a licensed land surveyor.



DISCLAIMER: The information included on this map has been compiled by Port of Tacoma staff from a variety of sources and is subject to change without notice. These data are intended for informational purposes and should not be considered authoritative for engineering, navigational, legal and other site-specific uses. The Port of Tacoma makes no representations or warranties, express or implied, as to accuracy, completeness, timeliness, or rights to the use of such information.



THE NORTHWEST SEAPORT ALLIANCE
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Background

- APM Terminals (APMT) and its predecessors have provided terminal operations services at the West Sitcum Terminal since 1985.
- Earlier this year, Matson advised that they are terminating their Terminal Services Agreement with APMT effective 12/31/2017.
- APMT subsequently gave the NWSA notice of an earlier lease termination effective 09/30/2017.
- SSAT intends to assume Matson stevedoring operations at the West Sitcum Terminal effective 10/01/2017.
- Matson has two weekly services to and from Alaska, serving three ports in that critically important market.
- NWSA and SSAT have negotiated a new 10-year lease (see key terms).



Key Terms

- 108 acres of land including 2,200 feet of preferential use berth.
- 10-year lease commencing 10/01/2017 and terminating 12/31/2027.
- The proposed lease includes two (2) five-year renewal options, subject to mutual agreement of Lessor and Lessee.
- \$155,208 per month for rent and \$465,625 per month for preferential use, which are competitive with other domestic terminals.
- Security deposit equal to 12 months of rent & preferential use which totals \$7,689,145.
- The NWSA and SSAT have shared responsibility for maintenance work.
- NWSA consent is required prior to SSAT soliciting international cargo.



Key Terms, continued

- NWSA is holding a new stormwater permit until the construction of the West Sitcum Terminal stormwater treatment system is complete and the system has successfully passed 20 sampling events.
- At that time, SSAT will assume the Industrial Stormwater General Permit and hold it from the time of system turnover through contract termination.
- SSAT contributes \$4,000,000 to the Stormwater Treatment System.



Financial Implications & Economic Impact

- This lease exceeds the Managing Member's designated internal rate of return. Operating cash flow is positive in each year of the lease and the payback period is estimated to be four (4) years.
- Jobs to be retained: West Sitcum Terminal and Matson's operations together support in excess of 200 jobs.



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