

Date of Meeting: January 3, 2017
Item No.: 5D



**THE NORTHWEST
SEAPORT ALLIANCE**
Gateway to Solutions

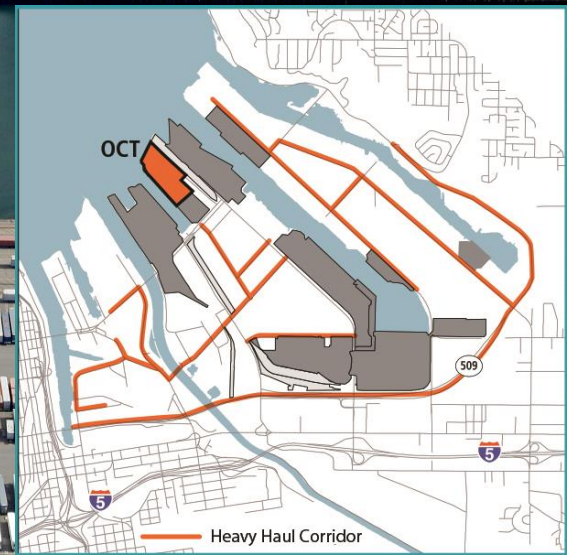
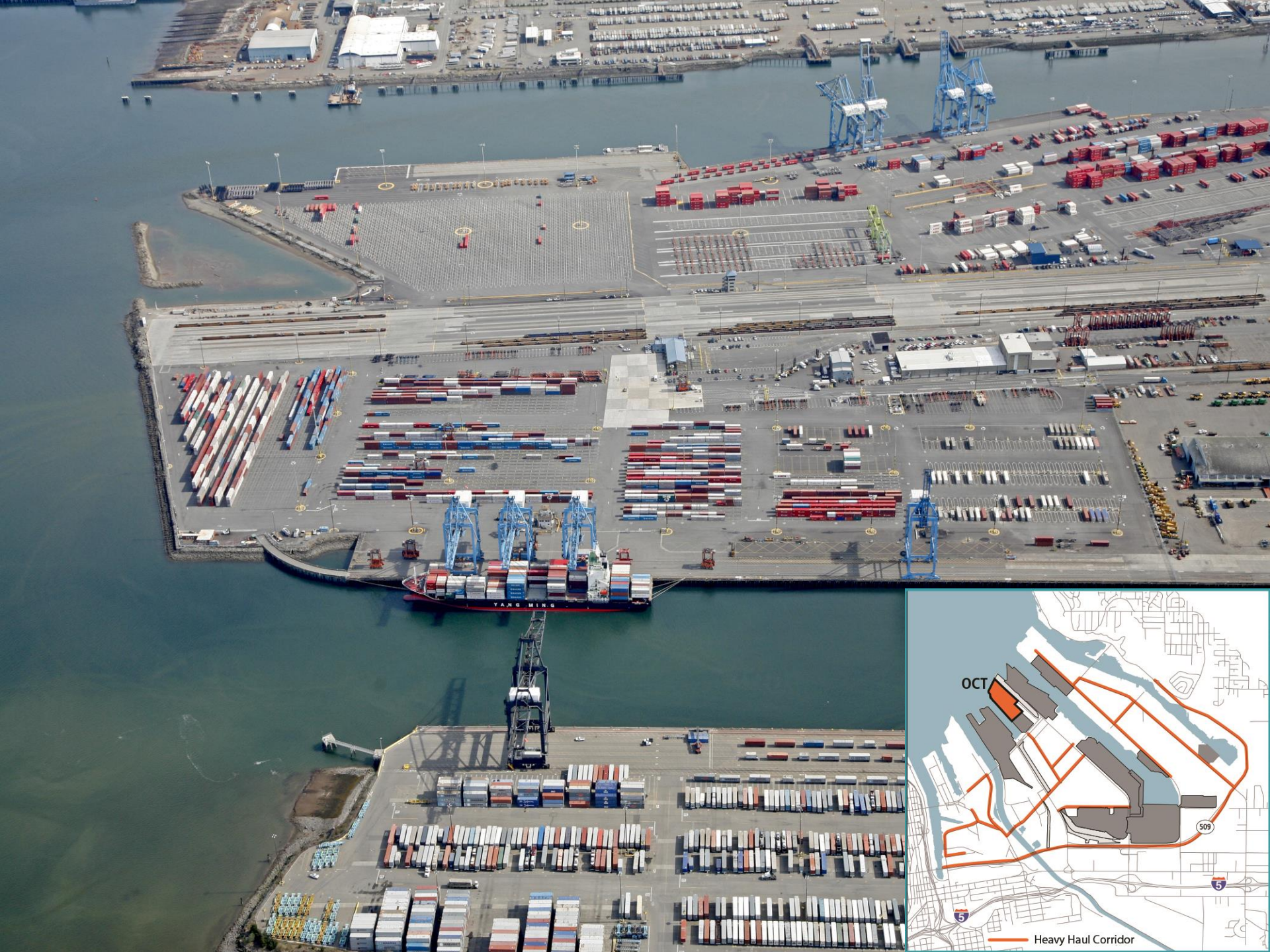
Ports America Group (PAG) Terminal 7D One-Year Term Lease

Presenter: Tom Bellerud
Director, Container Business Development

Action Requested

Authorize the Northwest Seaport Alliance (NWSA) CEO or his delegate to execute the PAG T7D Lease and Operating Agreement.





Background

- PAG owns 30% of ITS Husky and its subsidiary, West Coast Terminal and Stevedore (WCTS), which is the Terminal Operating Company on the General Central Peninsula.
- PAG has expressed need for a one-year term Lease and Operating Agreement (LOA) on the existing OCT footprint effective 7/1/17 to serve K Line exports, Westwood Shipping, and other various container stevedoring opportunities that may arise out of formation of THE Alliance vessel sharing agreement (VSA).



Key Terms

- Same 54 acre Premises and 1100' berth as current OCT footprint
- LOA year 7/1/17 to 6/30/18 – one-year term with no renewal option.
- Blended Rental and Preferential Use Fee of \$75K per acre per year (PAPY). The rate is reflective of the condition and capability of the leased asset.
- Crane Rental at 1500 hr. MAG per crane with allowed volume discounts consistent with other crane rental agreements.
- The net operating income, as a result of this one-year agreement, is around \$5 million which is equivalent to \$92,592.00 per acre per year.



Financial Implications & Economic Impact

- With expected terminal operations and forecasted container volumes, which are higher than the Crane Rental MAG, this agreement is expected to provide income comparable with the budgeted income in the 2017-2018 budget. No additional capital investment is needed to obtain this income, and the agreement limits the Alliance's liability on equipment capital investments if the older cranes need repair.
- Maintain and grow THE Alliance related jobs and economic activity in the gateway.



Action Requested

Authorize the Northwest Seaport Alliance (NWSA) CEO or his delegate to execute the PAG T7D Lease and Operating Agreement.