

**THE NORTHWEST SEAPORT ALLIANCE**  
**MEMORANDUM**

**MANAGING MEMBERS**  
**ACTION ITEM**

**Item No.** 9A  
**Date of Meeting** June 4, 2024

**DATE:** June 4, 2024

**TO:** Managing Members

**FROM:** John Wolfe, CEO

**Sponsor:** Tong Zhu, Chief Commercial & Strategy Officer

**Project Manager:** Andre Elmaleh, Sr. Manager, Commercial

Curt Stoner, Sr. Manager, NWSA Real Estate, Commercial

**SUBJECT:** Interlocal Agreement (ILA) for month-to-month agreement at 4012 SR 509 S Frontage Rd., Tacoma, WA (Progress Rail Site)

**A. ACTION REQUESTED**

Dual Action - The Northwest Seaport Alliance (NWSA) – Port of Tacoma (Port)

Request authorization from the Managing Members for its CEO, and from the Port of Tacoma Commission for its Executive Director, or their delegates, to enter into an Interlocal Agreement in substantially the same form as presented regarding the month-to-month use of approximately eight acres located at 4012 SR 509 S Frontage Rd., Tacoma, Washington (Progress Rail Site) starting June 5, 2024.

**B. SYNOPSIS**

Wallenius Wilhelmsen Solutions (WWS) is the NWSA's largest importer of high and heavy cargo through the gateway. The cargo typically arrives on roll-on/roll-off (Ro/Ro) vessels at EB-1 as well as in international containers. WWS leases the Pony Lumber Site located on Taylor Way where the finished high and heavy cargo is taken and value-added services are performed before sending to dealerships. In November, WWS opened a dedicated container operation in Fife. WWS anticipates containers to arrive at Husky Terminal and then get drayed to the Fife facility where it is devanned, assembled, stored and eventually released to customers. Both the Pony Lumber and Fife facilities are currently at full capacity. WWS urgently needs eight more acres of storage space in the Tideflats area to accommodate its cargo growth. The NWSA does not currently have space available to meet the customer demand; and the Port of Tacoma has eight acres of off-site storage property at 4012 SR 509 S Frontage Rd., Tacoma (Progress Rail Site). WWS wants to enter a short-

term lease with the NWSA for the use of eight acres at the Progress Rail Site, owned by the Port of Tacoma and not licensed to the NWSA.

Staff proposes an interlocal agreement whereby Port of Tacoma allows NWSA to utilize the Progress Rail Site for WWS's additional storage needs, on a short term, month-to-month basis. NWSA would in turn lease the area on a short term, month-to-month basis to WWS's subsidiary, Keen, in a revenue neutral transaction.

### **C. KEY TERMS OF PROPOSED ILA AND ASSOCIATED LEASE**

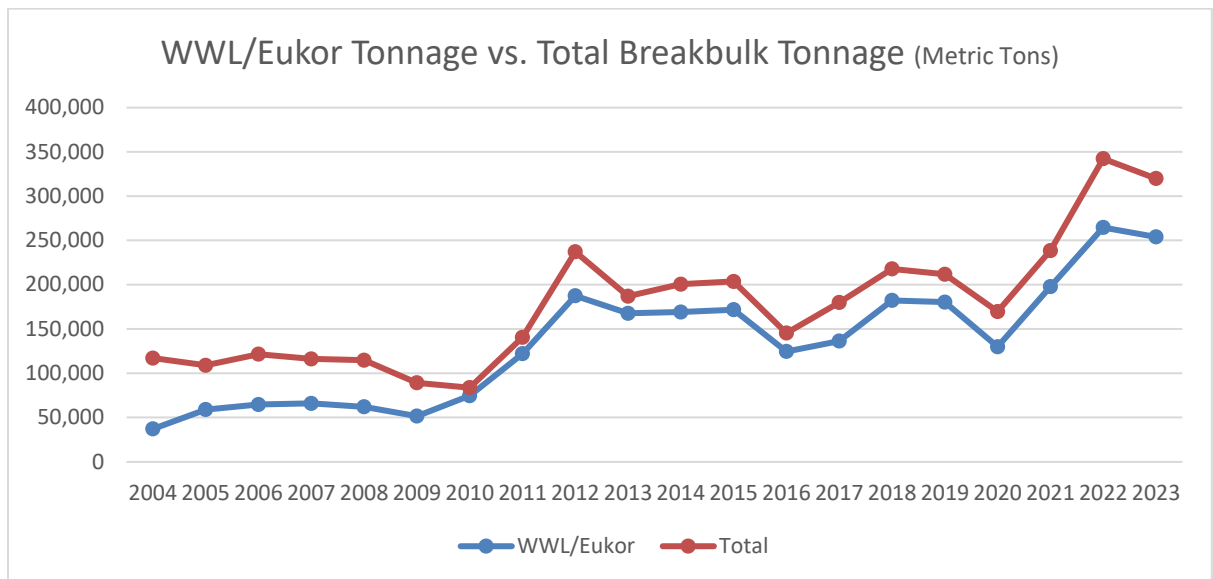
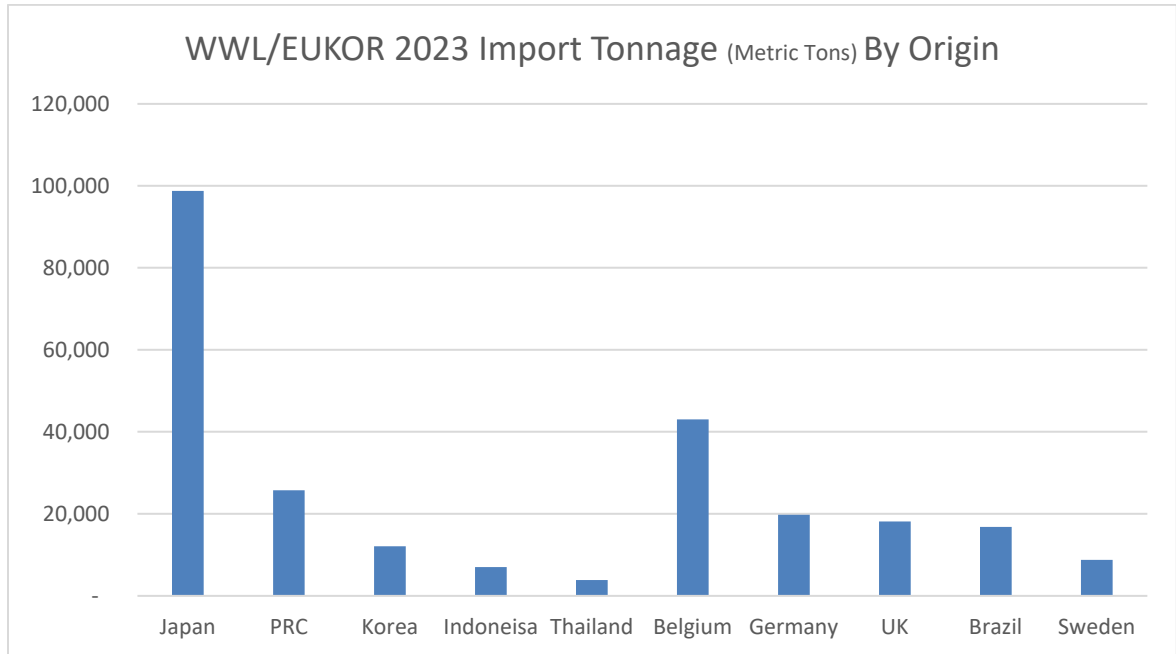
- Duration: Month-to-month beginning on June 5, 2024, with a 30-day termination provision by either party. Intended to be a short-term agreement.
- Remuneration: \$60,000 per month which equates to \$7,500 per acre/per month plus Lease Hold Excise Tax for use of approximately 8 acres. June 2024 will be prorated.
- Location: 4012 SR 509 S Frontage Rd, Tacoma, WA 98421
- Site Preparation, Improvements and Utilities:
  - I. Initial site preparation: lighting, fencing and cleaning will be the responsibility of the Port.
  - II. Capital improvements, if any, will be the responsibility of the NWSA.
  - III. The NWSA will have no maintenance and repair cost responsibility nor will Keen Transport.
  - IV. Utilities will be paid by the NWSA and billed back to Keen Transport Inc. the NWSA

NWSA staff has reached tentative agreement with Keen, subject to the approval of this pending Interlocal Agreement that would transfer all of the Port of Tacoma's responsibilities to the NWSA for approximately 8-acres at the referenced Progress Rail Site. Under the NWSA Master Policy on Delegation of Authority, the NWSA CEO has been granted the authority to sign month-to-month agreements with tenants, such as Keen, and authorization for the Keen lease is not being requested from the Managing Members.

### **D. BACKGROUND**

In February 2009, WWS opened the first high and heavy processing facility in Tacoma. To support this new venture WWL created a new eastbound vessel string

doubling the number of port calls and tonnage through the South Harbor. The eastbound string has been so successful for WWS and the NWSA that it is the dominant supplier of cargo to our gateway.



Due to the growth of the high and heavy cargo processing, WWS relocated from the Thorne Rd. location to Lower Portac. With the addition of the Evergreen Terminal truck queue, WWS relocated to their current facility, the Pony Lumber site. While at this site, WWS began receiving containers, and processing. However, due to the growth of both container and non-container high and heavy business, they relocated

the container operation to Fife, freeing the Pony Lumber Site to focus solely on finished high and heavy cargo.



## **E. FINANCIAL IMPLICATIONS**

The NWSA will experience net zero direct financial impact. The NWSA will enter into a lease agreement (pending Managing Member approval of this ILA) to lease the property to a customer at the exact same monthly rate as the NWSA will pay the Port of Tacoma. The lease to the NWSA customer may facilitate additional revenue through additional container cargo volumes.

## **F. ENVIRONMENTAL IMPACTS / REVIEW**

**Stormwater:** This site is currently covered by the Port of Tacoma Phase I Municipal Stormwater Permit administered by the NWSA.

**Permitting:** There are wetlands on site. Use of the currently compacted gravel/paved surfaces avoids disturbance of the wetlands and their buffers. Any expansion of gravel or paved surfaces will require environmental review and permitting. Port staff have contracted for a wetland delineation that will clearly establish current wetland and buffer boundaries.

**G. ATTACHMENTS TO THIS REQUEST**

- Draft ILA between the Port of Tacoma and The Northwest Seaport Alliance regarding Use of 4012 SR 509 S Frontage Rd., Tacoma, WA 98421

**H. PREVIOUS ACTIONS OR BRIEFINGS**

- 9/1/2020: 12<sup>th</sup> Amendment to Wallenius Wilhelmsen Logistics, Americas Service Agreement
- 2/6/2018: 11<sup>th</sup> Amendment to Wallenius Wilhelmsen Logistics, Americas Service Agreement (10 Year VSA)

**INTERLOCAL AGREEMENT  
BETWEEN THE PORT OF TACOMA AND THE NORTHWEST SEAPORT ALLIANCE  
REGARDING USE OF PROPERTY AT 4012 SR 509 S FRONTAGE RD, TACOMA,  
WA 98421**

This Interlocal Agreement (“Agreement”) is entered into this \_\_\_\_ day of 2024, by and between the Port of Tacoma (“Port”), a public port district organized under the laws of the State of Washington, and The Northwest Seaport Alliance (“NWSA”), a Washington Port Public Development Authority (collectively, the “Parties”), as authorized by RCW 39.34 (the Interlocal Cooperation Act) and the Port Joint Powers authority RCW 53.08.240.

**RECITALS**

**WHEREAS**, the Port owns the property which is the subject of this Agreement; and

**WHEREAS**, the respective Commissions of the Port and the Port of Seattle are the two Managing Members of NWSA, and the NWSA was formed to operate, manage, and use certain real properties owned by each such port; and

**WHEREAS**, the Port owns and manages the property located at 4012 SR 509 S FRONTAGE RD, TACOMA, WA 98421 in the City of Tacoma (referred to herein as the “the Premises”), and NWSA seeks to utilize the Premises in order to further lease the Premises to NWSA customer Keen Transport, Inc. (“Keen”) (the “Permitted Use”); and

**WHEREAS**, the Port supports the NWSA’s use of the Premises for NWSA cargo business, provided that the Port is paid fair market value rent from NWSA its use of the Premises; and

**WHEREAS**, the Parties wish to memorialize the compensation to be paid by NWSA to the Port for NWSA’s use of the Premises for the Permitted Use.

**AGREEMENT**

**NOW, THEREFORE**, in consideration of the mutual promises, benefits, and obligations hereinafter set forth, the Parties agree as follows:

1. **Premises.** Effective June 5, 2024, NWSA will have the use of approximately 8 acres of yard space and two buildings located at 4012 SR 509 S FRONTAGE RD, TACOMA, WA 98421 in Tacoma, Pierce County, Washington, as depicted on Exhibit A (the “Premises”). NWSA’s right to use the Premises includes the

right to access, construct, modify, and maintain the Premises for purposes of subletting to NWSA tenant Keen, in furtherance of the Permitted Use described above. NWSA's right to use the Premises for any other purpose besides the Permitted Use is subject to agreement by the Port, which agreement shall not unreasonably be withheld or delayed.

2. **Term of Agreement.** This Agreement shall be on a month-to-month basis beginning on June 5, 2024, and may be terminated by notice of thirty (30) days or more preceding the end of the monthly rental period at which termination is proposed, given by one party to the other. Additionally, this Agreement shall terminate contemporaneously with any termination of the sublease between Keen and NWSA, notice of which shall be provided to the Port as soon as practicable upon notice of termination being provided to or from Keen.
3. **Compensation to Port.** On June 5, 2024, and on the first of each month for the remaining term thereafter, NWSA shall pay to the Port a monthly sum equal to \$60,000.00 ("Use Fee") calculated at the rate of \$7500/acre/month. The Use Fee shall be prorated for any partial month of occupancy at the Premises.
4. **Preparation of Site and Improvements.**
  - A. The Port shall be responsible to ensure that the Premises are in basic good working order to include: ensuring that lighting is working properly; and repair or installation of fencing (as applicable). The Port's obligations under this Section 4.A shall cease once electricity has been restored to the Premises. The Port has graded and placed gravel on some areas of the Premises. No additional gravel or grading will be performed by the Port and the Premises and buildings including in the 8 acres shall be accepted by the NWSA in "as-is condition". No repair or upgrades to the existing buildings will be performed by the Port.
  - B. Other than as provided in Section 4.A, NWSA accepts the Premises, including all buildings in their present condition, and any additional improvements at the Premises necessary for handling of non-container cargo, such as cabling, striping, yard improvements, grading and/or placement of gravel, placement of Ecology blocks, or other customer requirements shall be the responsibility of the NWSA.
5. **Capital Improvements and Maintenance.** The NWSA will be responsible for any future capital improvements, repairs and/or maintenance on the Premises during the term of this Agreement. Any and all modifications, upgrades, maintenance and repair of the Premises shall be the responsibility of NWSA. The NWSA shall obtain prior written approval from the Port, not unreasonably withheld, for any modifications and/or capital improvements to the Premises. Any tenant improvements by a NWSA customer Keen shall be required to follow the Port's Tenant Improvement Process.

6. **Scheduled Demolition Adjacent to Premises.** NWSA acknowledges the Port and/or its contractors have scheduled demolition of several buildings outside the Premises but adjacent to the leasehold area and within the fenced boundary of the property. This demolition is scheduled to begin in approximately September 2024. Should the property still be under lease to Keen, access for truck and vehicles will be allowed by the Port and/or its contractors through the Premises and to the area of demolition. This access will be coordinated with the NWSA, and access will not be unreasonably withheld, conditioned, or delayed. NWSA will arrange access through an area determined by the NWSA as to not interfere with current operations on the property but that which allows proper ingress and egress for all trucks and vehicles required to access the Property during the demolition period. In the event the Port's demolition work reduces the useable acreage in the Premises, the monthly Use Fee will be reduced on a pro rata basis.
7. **Utilities.** Other than stormwater and electricity, there are no other current utilities serving the Premises. The NWSA shall be responsible for any stormwater utility fees for the Premises to be paid directly by or charged to the NWSA. In addition, NWSA shall be responsible for the ongoing maintenance, cost and repair of any issues pertaining to stormwater drainage resulting from the use of the Premises.

## 8. Miscellaneous

- A. **Third Party Beneficiaries.** This Agreement does not create any rights, claims, or benefits inuring to any person that is not a party hereto, and it does not create or establish any third-party beneficiary hereto.
- B. **Binding Effect.** This Agreement shall be binding upon and inure to the benefit of the Parties, and their legal representatives, successors, and permitted assigns.
- C. **Severability.** If any provision of this Agreement shall be held to be invalid, illegal, or unenforceable, the validity, legality, and enforceability of the remaining provisions shall not in any way be affected or impaired thereby. The Parties agree to use good faith efforts to replace such invalid or unenforceable provision of this Agreement with a valid and enforceable provision that will achieve, to the extent possible, the purposes of such invalid or unenforceable provision. If the Parties cannot reach a mutually agreeable and enforceable replacement for such invalid, illegal, or unenforceable provision, the balance of the Agreement shall be interpreted as if such provision were so excluded so as reasonably to effectuate the intent of the Parties.
- D. **Notices.** Unless otherwise specified herein, all notices, consents, approvals, reports, designations, requests, waivers, elections, and other communications authorized or required to be given pursuant to this



Agreement shall be in writing and shall be given or made (and shall be deemed to have been duly given or made upon receipt) by personal hand-delivery, by facsimile transmission, by electronic mail, by mailing the same in a sealed envelope, certified first-class mail, postage prepaid, return receipt requested, or by air courier guaranteeing overnight delivery, sent to the addresses on Schedule 3 of the NWSA Charter (as such may be updated by notice from time to time).

**E. Usage Generally; Interpretation.**

1. The captions and headings of this Agreement are for convenience of reference only and shall not affect the interpretation of this Agreement.
2. Any statute or law defined or referred to herein means such statute or law as from time to time amended, modified, or supplemented, including by succession of comparable successor statutes.

**F. Entire Agreement.** This Agreement embodies the entire agreement of the Parties and supersedes all prior agreements and understandings between the Parties with respect to the subject matter herein.

**G. Counterparts.** This Agreement may be executed in any number of counterparts, including by electronic transmission or facsimile, each of which shall be deemed an original, but all of which shall constitute one and the same instrument.

**H. Amendments.** The terms and provisions of this Agreement may only be modified or amended at any time and from time to time by mutual agreement of the Parties.

**I. Further Assurances.** Each Party shall execute and deliver any additional documents and instruments and perform any additional acts that the Parties determine to be necessary or appropriate to effectuate and perform the provisions of this Agreement.

**J. Governing Law.** This Agreement shall be governed and construed in accordance with the laws of the State of Washington, without regard to the conflicts of law principles thereof. Generally, in the event of a conflict, the following sources of authority shall prevail in descending order of supremacy: (i) Washington state law and regulation, including the Port Joint Powers statute (RCW 53.08.240), the Port Development Authority, Chapter 53.57 RCW; and this Agreement; (ii) any policies of the NWSA; and (iii) any policies of the Port.

**K. Costs, Fees and Expenses.** Each Party shall bear any legal and other

costs, fees and expenses incurred by such party in connection with the negotiation and preparation of this Agreement and the transactions contemplated hereby.

- L. Waivers.** No waiver of any breach of any of the terms of this Agreement shall be effective unless such waiver is made expressly in writing and executed and delivered by the party against whom such waiver is claimed. No waiver of any breach shall be deemed to be a further or continuing waiver of such breach or a waiver of any other or subsequent breach. Except as otherwise expressly provided herein, no failure on the part of any party to exercise, and no delay in exercising, any right, power, or remedy hereunder, or otherwise available in respect hereof at law or in equity, shall operate as a waiver thereof, nor shall any single or partial exercise of such right, power, or remedy by such party preclude any other or further exercise thereof, or the exercise of any other right, power, or remedy.
- M. Ratification.** Acts taken in conformity with this Agreement prior to its execution are hereby ratified and affirmed.
- N. Execution and Filing of Agreement.** Upon execution by both Parties, each such signed original shall constitute a binding Agreement upon both Parties. In accordance with RCW 39.34.040, a copy of this Agreement shall be recorded in the Office of the Pierce and King County Auditors or posted by both Parties on their respective websites. This Agreement will not take effect until it has been successfully recorded or posted in either location.
- O. Assignment.** Other than the NWSA's right to lease, sublease, license, permit occupancy or otherwise assign its rights in furtherance of the Permitted Use as described in Section 1 above, neither Party to this Agreement shall have the right to convey, assign, apportion or otherwise transfer any and all of its rights, obligations, conditions, and interests under this Agreement, without the prior written approval of the other.
- P. Independent Municipal Governments.** The Parties hereto are independent governmental entities, and nothing herein shall be construed to limit the independent government powers, authority or discretion of the governing bodies of each Party.
- Q. Legal Obligations.** This Agreement does not relieve either Party of any obligation or responsibility imposed upon it by law.
- R. Timely Performance.** The requirements of this Agreement shall be carried out in a timely manner according to a schedule negotiated by and satisfactory to the Parties.
- S. Records and Audit.** During the term of this Agreement, and for a period not

less than six (6) years from the date of termination, records and accounts pertaining to the work of this Agreement and accounting therefore shall be kept by each Party and shall be available for inspection and audit by representatives of either Party and any other entity with legal entitlement to review said records. If any litigation, claim, or audit is commenced, the records and accounts along with supporting documentation shall be retained until all litigation, claims, or audit finding has been resolved, even though such litigation, claim, or audit continues past the six-year (6) retention period. This provision is in addition to and is not intended to supplant, alter or amend records retention requirements established by applicable state and federal laws.

**T. Limits of Financial Obligations/Property Ownership.** Except as provided above, each Party shall finance its own conduct of responsibilities under this Agreement. No ownership of property will transfer as a result of this Agreement.

**U. Effective Date & Termination.** This Agreement shall be effective upon signature by both Parties and a copy being recorded with the respective County Auditors or posted on both Parties' web sites as authorized by RCW.39.34.040 ("Effective Date") and shall continue indefinitely unless terminated in accordance with Section 2 of this Agreement.

**V. Indemnification and Hold Harmless.**

1. The NWSA releases the Port from, and shall defend, indemnify, and hold the Port and its agents, employees, and/or officers harmless from and against all claims, demands, suits at law or equity, actions, penalties, losses, damages, or costs, of whatsoever kind or nature, made by or on behalf of the NWSA and/or its agents, employees, officers, contractors and/or subcontractors, arising out of or in any way related to the NWSA's performance of its obligations under this Agreement, unless and except to the extent the same be caused in whole or in part by the negligence or willful conduct of the Port or its agents, employees, and/or officers.
2. The NWSA shall defend, indemnify, and hold the Port and its agents, employees, and/or officers harmless from and against all claims, demands, suits at law or equity, actions, penalties, losses, damages, or costs, of whatsoever kind or nature, made by or on behalf of any third parties and/or their agents, employees, officers, contractors and/or subcontractors, arising out of or in any way related to the NWSA's performance of its obligations under this Agreement, unless and except to the extent the same be caused in whole or in part by the negligence or willful conduct of the Port or its agents, employees, and/or officers.
3. The Port releases the NWSA from, and shall defend, indemnify, and hold the NWSA and its agents, employees, and/or officers harmless from and against all claims, demands, suits at law or equity, actions, penalties, losses, damages, or costs, of whatsoever kind or nature, made by or on behalf of

the NWSA and/or its agents, employees, officers, contractors and/or subcontractors, arising out of or in any way related to the Port's performance of its obligations under this Agreement, unless and except to the extent the same be caused in whole or in part by the negligence or willful conduct of the NWSA or its agents, employees, and/or officers.

4. The Port shall defend, indemnify, and hold the NWSA and its agents, employees, and/or officers harmless from and against all claims, demands, suits at law or equity, actions, penalties, losses, damages, or costs, of whatsoever kind or nature, made by or on behalf of any third parties and/or their agents, employees, officers, contractors and/or subcontractors, arising out of or in any way related to the Port's performance of its obligations under this Agreement, unless and except to the extent the same be caused in whole or in part by the negligence or willful conduct of the NWSA or its agents, employees, and/or officers.
5. Each Party specifically assumes liability for actions brought by its own employees against the other Party and for that purpose each Party specifically waives, as respects the other parties only, any immunity under the Worker's Compensation Act, RCW Title 51.
6. The Parties recognize that this waiver was the subject of mutual negotiation. In the event any Party incurs attorney's fees, costs or other legal expenses to enforce the provisions of this Agreement against the other Party, all such fees, costs and expenses shall be recoverable by the substantially prevailing Party.
7. No liability shall attach to any of the Parties by reason of entering into this Agreement except as expressly provided herein.
8. The provisions of this Section V.(a)-(h) shall survive any termination or expiration of this Agreement.

[SIGNATURE PAGES FOLLOW]

**PORT OF TACOMA**

**THE NORTHWEST SEAPORT ALLIANCE**

By: \_\_\_\_\_  
Eric Johnson  
Its: Executive Director

By: \_\_\_\_\_  
John Wolfe  
Its: Chief Executive Officer

Date: \_\_\_\_\_

Date: \_\_\_\_\_

Approved as to form:

Approved as to form:

\_\_\_\_\_  
By: Heather L. Burgess  
General Counsel, Port of Tacoma

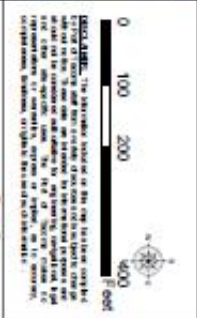
\_\_\_\_\_  
By: Dana Henderson  
General Counsel, NWSA



**EXHIBIT A**  
 KEEN TRANSPORT INC  
 4012 SR609 S FRONTAGE RD  
 TACOMA, WA 98421  
 PORT PARCEL: 34

SHEET: 1 OF 1  
 PURPOSE: LEASE  
 DATE: 5/24/2024  
 AUTH OR: Brian Archer

- No Access
- Building Outlines
- Parcel 34 = 20 Acres
- Usable Area = 8 Acres
- Yard, Common



# Interlocal Agreement for 4012 SR 509 S Frontage Rd., Tacoma (Progress Rail Site)



THE NORTHWEST  
SEAPORT ALLIANCE

SEATTLE + TACOMA

Tong Zhu: Chief Commercial and Strategy Officer  
David Morrison: Chief Financial Officer

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## ACTION REQUESTED

### ***Dual Action - The Northwest Seaport Alliance (NWSA) – Port of Tacoma (Port)***

Request authorization from the Managing Members for its CEO, and from the Port of Tacoma Commission for its Executive Director, or their delegates, to enter into an Interlocal Agreement in substantially the same form as presented regarding the month-to-month use of approximately eight acres located at 4012 SR 509 S Frontage Road, Tacoma, Washington (Progress Rail Site) starting June 5, 2024.

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## Background

- Wallenius Wilhelmsen Solutions (WWS) is the largest importer of High and Heavy cargo into the NWSA gateway
- The Breakbulk line of business is part of the NWSA's diversified business portfolio
- WWS has expanded their business offerings through the NWSA to include assembly of High and Heavy cargo which arrives in containers
- To support WWS and the High and Heavy BCOs utilizing the NWSA, additional acreage is needed. NWSA does not have suitable property for WWS.
- Port of Tacoma has eight acres of off-site storage property at 4012 SR 509 S Frontage Rd. , Tacoma (Progress Rail Site)



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## Key Terms of Proposed ILA

- Month to Month Agreement beginning June 5, 2024 (June will be prorated) with 30 termination notice by either party
- Remuneration: \$60,000/month, \$7,500/Acre/Month
- 8 acres
- Location: 4012 SR 09 S Frontage, Rd, Tacoma, WA 98421
- Responsibilities:
  - Port of Tacoma: Initial Site Preparation.
  - The NWSA: Capital improvements if any.



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## Key Terms of Lease with Keen

- Month to Month Agreement beginning June 5, 2024 (June will be prorated) with 30 termination notice by either party
- Remuneration: \$60,000/month, \$7,500/Acre/Month, Plus Leasehold Excise Tax
- 8 acres
- Location: 4012 SR 09 S Frontage, Rd, Tacoma, WA 98421
- Responsibilities:
  - Port of Tacoma: Initial Site preparation
  - NWSA: Capital Improvements , if any



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## Progress Rail Site

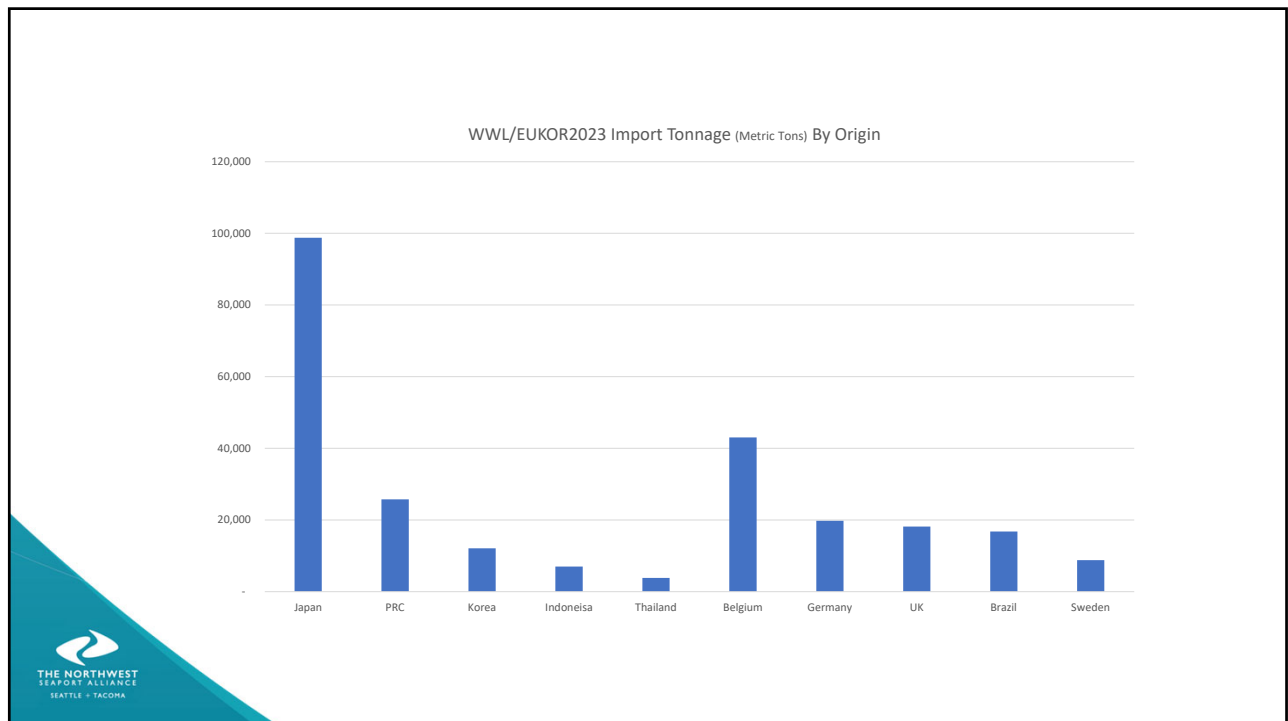


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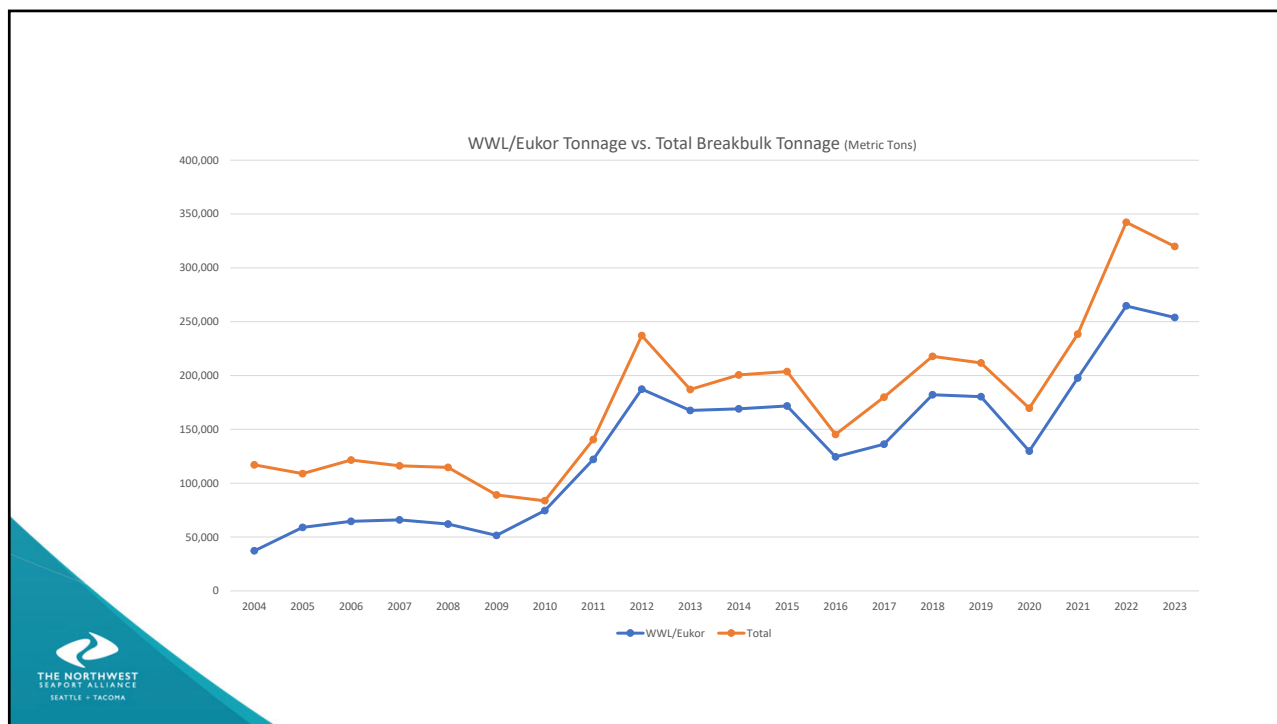
# WWS properties currently in use including the proposed Progress Rail Site



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## Progress Rail Financial Summary

- Net Zero Direct impact to the NWSA
  - The NWSA will pay the Port of Tacoma \$60,000/month
  - The NWSA will collect from the tenant \$60,000/month
  
- NWSA Indirect Revenue
  - This ILA supports the continued relationship with WWS which may increase revenue through additional tonnage at EB1
  
- POT Revenue
  - The POT will recognize \$60,000/month in direct lease revenue
  - The POT may recognize additional revenue from the NWSA if additional volume is processed at EB1 by WWS

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## Environmental Impacts / Review

- Stormwater: This site currently has an active Industrial Stormwater General Permit administered by NWSA.
- Permitting: Any expansion of current gravel/paved footprint will require wetland delineation, permitting and potentially mitigation.



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## ACTION REQUESTED

### ***Dual Action - The Northwest Seaport Alliance (NWSA) – Port of Tacoma (Port)***

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