

THE NORTHWEST SEAPORT ALLIANCE
MEMORANDUM

MANAGING MEMBERS
ACTION ITEM

Item No.: 8C
Meeting Date: August 6, 2024

DATE: July 29, 2024
TO: Managing Members
FROM: John Wolfe, CEO

Sponsor: David Morrison, CFO
Project Manager: Calum Tasker, Sr. Financial Analyst

SUBJECT: Dual Action: NWSA and Port of Tacoma Commission - Amendment to the 2024 Inter-Local Agreement (ILA) for Support Services (SLA) By and Between the Port of Tacoma and The Northwest Seaport Alliance.

A. DUAL ACTION REQUESTED

Request the Managing Members of The Northwest Seaport Alliance (NWSA) and the Port of Tacoma Commission approve the First Amendment to the 2024 Inter-Local Agreement for Support Services By and Between the Port of Tacoma and The Northwest Seaport Alliance to include Exhibit POT 21, the NWSA Real Estate Service Directive for Municipal, County, and State – Use of Licensed Property By and Between the Port of Tacoma and The Northwest Seaport Alliance and authorize their respective CEO and Executive Director to sign it.

B. SYNOPSIS

Exhibit POT 21 is the SLA concerning use of NWSA-Licensed Property for Temporary Construction Easements (TCEs). When third-party governmental agencies, such as the Washington State Department of Transportation (WSDOT) or utility companies, require TCEs, payments for the temporary use of NWSA-Licensed Property will only be made to the landowner (Homeport) not to the NWSA. This SLA allows the funds to be transferred to the NWSA from the Homeport to compensate the NWSA for concessions to the lease during the TCE.

C. BACKGROUND

During the budget process, SLAs are developed to document the services provided between the Homeports and the NWSA. The Service Level Agreement that allows

funds received by a Homeport for Temporary Construction Easements on Licensed Property was inadvertently excluded from the signed ILA.

D. FINANCIAL IMPLICATIONS

Financial Impact

A temporary construction easement at Pierce County Terminal will transfer \$102,600 in 2024 paid to the Port of Tacoma by WSDOT to the NWSA.

E. ENVIRONMENTAL IMPACTS / REVIEW

None

F. ATTACHMENTS TO THIS REQUEST

- Proposed First Amendment to the 2024 ILA and Exhibit POT 21– NWSA Real Estate Service Directive for Municipal, County, and State - Use of NWSA-Licensed Property by and between Port of Tacoma and The Northwest Seaport Alliance

G. PREVIOUS ACTIONS OR BRIEFINGS

November 7, 2023 Managing Member approval of the complete 2024 ILA including all other SLAs.

November 21, 2023 Port of Tacoma Commission approval of the complete ILA including all other SLAs.

**FIRST AMENDMENT TO INTER-LOCAL AGREEMENT FOR SUPPORT SERVICES BY AND BETWEEN
THE PORT OF TACOMA AND THE NORTHWEST SEAPORT ALLIANCE**

**First Amendment
Inter-Local Agreement for Support Services By and
Between the Port of Tacoma and The Northwest Seaport Alliance.**

This amendment (the "Amendment") is entered into by and between the Port of Tacoma, a Washington municipal corporation ("POT") and The Northwest Seaport Alliance, a Washington Port Public Authority ("NWSA") (referred to herein individually as "Party" and collectively as the "Parties.").

WHEREAS, on November 30, 2023 the Parties entered into an Interlocal Agreement ("ILA") for Support Services by and Between the Port of Tacoma and The Northwest Seaport Alliance ("the ILA"); and

WHEREAS, through the ILA, The NWSA and POT agreed to provide support services to one another as defined in Service Directive exhibits attached to the ILA for the calendar year 2024; and

WHEREAS, the Service Directive for Municipal, County, and State Use of NWSA-Licensed Property by and between the POT and The NWSA for 2024 was not included in the Services Directive exhibits to the ILA; and

WHEREAS, the Parties desire to amend the ILA to incorporate the 2024 Service Directive as Exhibit POT 21 effective January 1, 2024 and continuing for the remainder of calendar year 2024.

NOW THEREFORE, in accordance with ILA section VII, the Parties agree to amend the ILA to include the attached Exhibit POT-21 NWSA Real Estate Service Directive for Municipal, County, and State Use of NWSA-Licensed Property by and between The Port of Tacoma and The Northwest Seaport Alliance, effective January 1, 2024 through calendar year 2024, as attached. All other terms as set forth in the ILA remain unchanged.

The Northwest Seaport Alliance

Port of Tacoma

John Wolfe
Chief Executive Officer

Eric Johnson
Executive Director

**EXHIBIT POT21 – NWSA Real Estate
Service Directive for Municipal, County, and State
Use of NWSA-Licensed Property
by and between
Port of Tacoma and The Northwest Seaport Alliance**

This document is an Exhibit to the Inter-Local Agreement for Support Services by and Between the Port of Tacoma (POT) and The Northwest Seaport Alliance (NWSA).

1) Purpose:

The purpose of this exhibit is to identify the services provided to The Northwest Seaport Alliance with regard to Support Services listed above for the Port of Tacoma. This exhibit defines the mutually agreed upon scope of services, cost for services, charge methodology, and service level expectations to include performance measures and monitoring. Refer to the governing Inter-Local Agreement for terms under which these services are provided.

2) Time period:

This agreement is for calendar year 2024.

3) Scope of Services to be provided by POT to The NWSA

a) Municipal, county, and state organizations (collectively “Third-Party Users”) occasionally have need for temporary use of property licensed to The NWSA for lay-down, staging, and other activities in support of major capital improvement projects. Such use is formalized via a written agreement typically in the form of a Temporary Construction Easement (TCE). Depending upon the duration, scope of use, and agreement terms, payment by the Third-Party Users for use of the property may be made directly to the POT as the property owner. In such cases, these payment funds should be transferred to The NWSA as licensee/agent for the property. In the year ahead, POT expects to receive funds from the Washington State Department of Transportation (WADOT) relating to a Temporary Construction Easement (TCE) between POT and the Washington State Department of Transportation for the SR 167 Project. NWSA participated in the negotiations. The TCE establishes the amount that WADOT will pay for TCEs on related POT properties including those licensed to NWSA, and NWSA participated in the negotiations. In the event other TCEs are paid directly to PoT for use of NWSA licensed-property, payment for such TCEs shall be transferred by PoT to NWSA pursuant to the terms of this exhibit.

4) Cost for Service and Charge Methodology – POT to The NWSA:

Service Area and Department (Acct if appropriate)	Service Item (from list above)	Method of Charges ¹	Basis for Charge	Hourly Rate, Fixed Percentage or Formula	2024 Budgeted Amount ²
Real Estate Dept #08	3	Project	The charge will be the fair market value for use of the property by the Third-Party Users as determined by an independent appraiser based upon the property attributes and characteristics. Such amount will be incorporated into the use agreement for the property.	100% of actual amount received for use of NWSA-licensed property	\$102,600 and any as yet to be identified amounts

5) Scope of Services to be provided by The NWSA to POT

- a) NWSA Real Estate will negotiate and draft, unless drafted by the Third-Party Users, the agreement by which the Third-Party Users may take temporary occupancy of NWSA-licensed property. The agreement shall state the fee for use of the property to be paid by the Third-Party Users.

6) Cost for Service and Charge Methodology – The NWSA to POT

- a) None.

7) Service Level Expectations:

- a) NWSA Real Estate will provide any necessary services to the POT for these transactions regarding the drafting and negotiation of use agreements.
- b) POT will provide any necessary services to the NWSA to transfer any fee to the NWSA paid directly to the POS for use of NWSA-licensed property.

c) Performance Measures and Metrics:

This section outlines the performance measures and metrics upon which service under this SLA will be assessed. Shared Service Centers and Customers will negotiate the performance metric, frequency, customer and provider service responsibilities associated with each performance measure.

Measurements of the Port of Tacoma activities are critical to improving services and are **the basis for cost recovery** for services provided. The Port of Tacoma and The Northwest Seaport Alliance have identified activities critical to meeting ~~The~~ these performance metrics.

¹ Method Options: Fixed, Project Charges, Fee for Service/Variable. Costs associated with support services will be charged to the POT as follows:

- Fixed allocation – Charged as a fixed allocated percentage or formula that will be applied monthly to the actual expenditures.
- Project Charges – Charged to specific projects based on current procedures.
- Fee for Service/Variable – Charges will be tracked and charged based on level of use monthly at rates agreed to when need for service is determined.

² Preliminary budget amount – subject to final budget approval.

³ Type of Measure Options:

- Time Based – measure is time bound – duration, frequency, by a specific date, etc...
- Management – measure dealing with or controlling issues, communications, or staff
- Accuracy – measure to have a specified level of accuracy to be measurable
- Other – measure that doesn't fit into category above

NWSA's business requirements and have agreed upon how these activities will be assessed.

Service Area	Type of Measure ³	Performance Measure (SMART - Specific, Measurable, Achievable, Relevant, Time Bound)	Target
Real Estate	Management	Real Estate will negotiate and draft, unless drafted by the Third-Party Users, the agreement by which the Third-Party Users may take temporary occupancy of NWSA-licensed property. The agreement shall state the fee for use of the property to be paid by the Third-Party Users.	Agreement(s) finalized prior to commencement date for property use.

8) Primary Contacts:

- a) NWSA – Jim Vo
- b) POT – Debbie Shepack

It is expected that the identified contact people will communicate frequently, to coordinate the work, to confirm that services are being provided in a manner that meets service level expectations, and to evaluate monthly financial performance of actual vs. projected spending.