

THE NORTHWEST SEAPORT ALLIANCE
MEMORANDUM

MANAGING MEMBERS
BRIEFING MEMO

Item No.: 3B

Date of Meeting: February 26, 2019

DATE: February 16, 2019

TO: Managing Members

FROM: John Wolfe, NWSA CEO

SUBJECT: Direction for NWSA CEO & POS Executive Director to Enter Into Interlocal Agreement—Use of Terminal 46

A. ACTION REQUESTED

Northwest Seaport Alliance (“NWSA”) Managing Members and the Port of Seattle (“POS”) are asked to approve a Motion, by Dual Action vote, directing the NWSA Chief Executive Officer and the POS Executive Director to enter into an Interlocal Agreement to set forth the terms under which the Port of Seattle will use a portion of Terminal 46, which is currently licensed to the NWSA.

B. BACKGROUND

The NWSA Managing Members, in support of the modernization of Terminal 5 and the marine cargo business in the Puget Sound Gateway, have determined that NWSA marine cargo realignment supports use of a portion of Terminal 46 for other maritime uses. POS is currently reviewing development of a new cruise berth and facility, including the use of Terminal 46 for its location. An Interlocal Agreement (ILA) between the NWSA and the POS will facilitate the joint use of Terminal 46 for the benefit of future marine cargo operations on the majority of Terminal 46 and the additional cruise berth and facility.

C. FINANCIAL IMPLICATIONS

Addressed in North Harbor Strategy Commercial Agreements

D. TEXT OF THE MOTION

The Managing Members hereby direct the NWSA Chief Executive Officer and the POS Commission hereby direct the POS Executive Director to enter into an Interlocal Agreement for the Port of Seattle to use of a portion of Terminal 46. The ILA will set forth the specific terms for use of T-46 based on the following principles.

- POS will have use of 1500 linear feet on the north portion of the west-facing berth and the use of approximately 29 acres of the Terminal 46 on the north portion (the “Premises”).
- POS will compensate the NWSA an amount equivalent to the minimum annual guaranteed (“MAG”) rent associated with the current lease on Terminal 46. Port of Seattle will begin payment in 2020. This Payment will increase at two percent per annum.
- POS will have access to the Premises no later than January 2020; use as a cruise terminal is expected to begin in 2022. The term of the ILA shall be twenty (20) years from the commencement of Cruise Terminal Operations, with options to extend.
- The NWSA and the POS will each be responsible for any future capital improvements on their respective terminal premises. Mutually agreed capital investments to common use facilities such as Terminal 46 access points will be shared pro-rata.
- The NWSA and POS will develop the specific cooperative terms for multi-use operations of Terminal 46 and for the use of any shared facilities, such as gate access.
- The ILA will set forth all necessary detail for the terms of use and for the responsibilities of the POS and the NWSA for the multi-use operations of Terminal 46.