

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

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

<b>Item No.</b>	<u>8C</u>
<b>Date of Meeting</b>	<u>February 6, 2024</u>

**DATE:** January 9, 2024

**TO:** Managing Members

**FROM:** John Wolfe, CEO

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

**Project Manager:** Brittney Kigara, Real Estate Manager  
Erin DeBroux, Interim Director, Real Estate

**SUBJECT:** T-106W Second Addendum to Interlocal Agreement and Third Amendment to Lease with ConGlobal Industries, LLC

**A. ACTION REQUESTED**

The following requests for authorization are related to reimbursing ConGlobal Industries, LLC (“ConGlobal”) for a mobile office trailer move (“the Move”) at Terminal 106 West (“T-106W”).

**1. First Addendum to Interlocal Agreement (Dual Action Vote):**

Request Managing Members of The Northwest Seaport Alliance (“NWSA”) to authorize the Chief Executive Officer or their delegate to enter into a Second Addendum to Interlocal Agreement (“ILA”) between the Port of Seattle and The Northwest Seaport Alliance regarding the Port of Seattle’s use of a portion of Terminal 106 West, to increase the reimbursable cost to the NWSA for reasonable and appropriate cost to reimburse ConGlobal to move its mobile office trailer in the amount of \$12,000.00, bringing the total not to exceed amount to \$171,000.00, plus applicable Washington State sales tax.

Jointly request Commissioners of the Port of Seattle (“POS”) to authorize the Executive Director or their delegate to enter into a Second Addendum to Interlocal Agreement between the POS and the NWSA regarding the POS’s use of a portion of Terminal 106 West, to increase the reimbursable cost to the NWSA for the reasonable and appropriate cost to reimburse ConGlobal to move

its mobile office trailer in an amount of \$12,000.00, bringing the total not to exceed amount to \$171,000.00, plus applicable Washington State sales tax.

**2. Third Amendment to Lease, ConGlobal Industries, LLC (NWSA Managing Member Vote):**

Request Managing Members of the NWSA to authorize the Chief Executive Officer or their delegate to enter into a Third Amendment to Lease between the NWSA as Lessor and ConGlobal Industries, LLC as Lessee at Terminals 106 West and 108, to increase the reimbursable cost to ConGlobal for the reasonable and appropriate cost to move the mobile office trailer in an amount of \$12,000.00, bringing the total not to exceed amount to \$171,000.00, plus applicable Washington State sales tax.

**B. SYNOPSIS**

T-106W is a multi-tenant premises, respectively managed by the NWSA and POS based on the allocated acreage between entities. POS issued and awarded a Request for Proposal to redevelop a portion of T-106W, which included a need to widen the ingress/egress options on the premises. Such widening will impact the current NWSA licensed property known as T-106W and its current tenant, ConGlobal by removing 10,797 square feet from ConGlobal's premises and relocating the fence. It is the intent of the NWSA and POS that ConGlobal be reimbursed for costs it incurs as a result of the redevelopment work, and reimbursement to ConGlobal in the amount of \$159,000.00 was previously and jointly approved by the NWSA Managing Members and POS Commission.

The NWSA and POS now seek to increase the previously approved reimbursement costs to ConGlobal for the Move incurred by ConGlobal to make them whole in accordance with the First Amendment and ILA. Costs will initially be reimbursed to ConGlobal by the NWSA, and the POS will then reimburse the NWSA for these costs as a part of the overall Project costs.

To formalize the increased reimbursement costs related to the Move, approval and execution of the proposed Second Addendum to ILA and Third Amendment to the ConGlobal Lease is required.

**C. BACKGROUND**

T-106W is an approximate 31.23-acre site with approximately 10 of the total acres licensed to NWSA, of which ConGlobal leases 8.7 acres out of the NWSA licensed acreage.

POS and ConGlobal entered into a 12-year lease commencing January 1, 2015 (dated June 8, 2015) and terminating December 31, 2026 for certain premises located at Terminals 106 and 108 (the Lease), the Lease was amended by a First Amendment to Lease (dated August 16, 2021).

POS commenced redevelopment of a portion of T-106W, which included widening of the roadway. Such work resulted in the removal of 10,797 square feet from ConGlobal's premises, resetting of the fence, and agreement by the NWSA and POS that ConGlobal's premises and any improvements thereon would be restored to the same or better condition at no cost to ConGlobal.

The Managing Members, during the April 6, 2021 Managing Member meeting, approved the First Amendment to Lease with ConGlobal. This First Amendment, which was conditioned upon the NWSA and POS entering into an ILA), formalized use of the area to be removed from ConGlobal's premises for use by Port of Seattle and its tenant(s) while addressing restoration of ConGlobal's premises, along with the condition that ConGlobal's remaining premises would be restored to the same or better condition. The ILA, approved by the Managing Members and jointly by POS during the May 4, 2021 Managing Member meeting, approved the widening the roadway in conjunction with the POS T-106W redevelopment project.

It was acknowledged by the NWSA and POS that due to the resetting of the fence, ConGlobal's shop building will become inaccessible for truck deliveries required for its operation without relocation of the adjacent mobile office building. ConGlobal agreed to perform the work to move the mobile office subject to being reimbursed. The Managing Members jointly with the Port of Seattle Commissioners, during the August 1, 2023 Managing Member meeting, approved the First Addendum to ILA and Second Amendment to Lease with ConGlobal for reimbursement cost to move ConGlobal's mobile office.

#### **1. Second Addendum to Interlocal Agreement:**

The Managing Members jointly with the Commissioners of POS, during the August 1, 2023 Managing Member meeting, approved the First Addendum to Interlocal Agreement between the NWSA and POS, where POS agreed to reimburse the NWSA for the cost to reimburse ConGlobal for the Move in the amount to exceed \$159,000.00.

The cost of the Move has increased due to labor and material costs increasing since the approval of the First Addendum to ILA, and the NWSA now seeks to increase the approved amount of the reimbursement to ConGlobal by \$12,000.00 to make them whole.

**The base terms of the Second Addendum to Interlocal Agreement:**

- POS agrees to increase the reimbursable cost to the NWSA for the reasonable and appropriate cost to reimburse ConGlobal to move its mobile office (inclusive of project design, permitting, materials, labor and other costs associated with the Move) by \$12,000.00, bringing the total not to exceed amount to \$171,000.00 plus applicable Washington State sales tax. All other provisions of Section 1 Reimbursement as found in the First Addendum to the ILA dated August 4, 2023 will remain in effect.
- To ensure the Project is not unduly delayed, ConGlobal shall commence the relocation of the mobile office no later than March 1, 2024. Should ConGlobal not commence the relocation work by March 1, 2024, POS may commence with the remaining Project work and neither the NWSA or POS shall be responsible or liable for any impact to accessibility for truck deliveries to ConGlobal's shop building or for any additional costs incurred by ConGlobal beyond the Not To Exceed Amount.

**2. Third Amendment to Lease, ConGlobal Industries, LLC**

The Managing Members, during the August 1, 2023 Managing Member meeting, approved the Second Amendment to Lease between the NWSA and ConGlobal, where the NWSA agreed to reimburse Lessee for the reasonable and appropriate cost to move the mobile office (inclusive of project design, permitting, materials, labor and other cost associated with the Move) in the amount not to exceed \$159,000.00 plus applicable Washington State sales tax.

The cost to relocate the mobile office has increased since approval of the Second Amendment to Lease, and the NWSA now seeks to increase the approved amount of reimbursement to ConGlobal by \$12,000.00 to make them whole.

**The base terms of the Third Amendment to Lease are as follows:**

- The NWSA agrees to increase the reimbursable cost for the reasonable and appropriate cost to move the mobile office (inclusive of project design, permitting, materials, labor and other cost associated with the Move) by \$12,000.00, bringing the total not to exceed amount to \$171,000.00 ("Not To Exceed Amount") plus applicable Washington State sales tax.
- To ensure the Project is not unduly delayed, ConGlobal shall commence the relocation of the mobile office no later than March 1, 2024. Should ConGlobal not commence the relocation work by March 1, 2024, POS may commence with the remaining Project work and neither the NWSA or POS shall be responsible or liable for any impact to accessibility for truck deliveries to ConGlobal's shop

building or for any additional costs incurred by ConGlobal beyond the Not To Exceed Amount.

#### **D. FINANCIAL IMPLICATIONS**

##### ***Source of Funds***

The POS will bear all costs and expense related to the Move and Project, at no cost to the NWSA, as part of the overall Project cost.

##### ***Financial Impact***

The ILA Addendum is revenue neutral for the NWSA; The POS will reimburse the NWSA for the relocation costs of the Move incurred by ConGlobal to make it whole with no financial impact to the NWSA.

#### **E. ENVIRONMENTAL**

- Permitting: Any required permits will be acquired by ConGlobal and their Contractor.
- Remediation: No impact.
- Stormwater: No impact.
- Air Quality: No impact.

#### **F. ATTACHMENTS TO THIS REQUEST**

- Interlocal Agreement
- First Addendum to Interlocal Agreement
- Second Addendum to Interlocal Agreement
- First Amendment to Lease, ConGlobal Industries, LLC
- Second Amendment to Lease, ConGlobal Industries, LLC
- Third Amendment to Lease, ConGlobal Industries, LLC

#### **G. PREVIOUS ACTIONS OR BRIEFINGS**

On August 1, 2023, the Managing Members and jointly, the Port of Seattle Commissioners approved the First Addendum to Interlocal Agreement between the NWSA and POS for the purpose of reimbursing the NWSA for the reasonable and appropriate cost to reimburse ConGlobal to move its mobile office trailer, in the amount not to exceed \$159,000.00 plus applicable Washington State sales tax. The Managing Members separately approved the Second Amendment to Lease between the NWSA and ConGlobal to reimburse ConGlobal for the cost to relocate its mobile

trailer, in the amount not to exceed \$159,000.00 plus applicable Washington State sales tax.

On May 4, 2021, the Managing Member and jointly, the Port of Seattle Commissioners approved the Interlocal Agreement between the NWSA and POS for the purposes of widening the roadway in conjunction with the POS T-106W redevelopment project.

On April 6, 2021, the Managing Members approved the First Amendment to the Lease Agreement by and between the NWSA and ConGlobal for its lease premises modification conditioned upon the NWSA and POS entering into an ILA to formalize use of the area to be removed from CGI's premises for use by Port of Seattle and its tenant(s).