

THE NORTHWEST SEAPORT ALLIANCE
AGENDA MEMORANDUM

MANAGING MEMBERS
ACTION ITEM

Item No.	<u>5E</u>
Date of Meeting	<u>June 6, 2017</u>

DATE: May 5, 2017

TO: Managing Members, The Northwest Seaport Alliance

FROM: John Wolfe, CEO

Project Manager: Lou Paulsen, Director, Strategic Operations Projects and Risk Management

SUBJECT: Cargo Claim Settlement and Release Agreement

A. ACTION REQUESTED

Authorize the NWSA CEO to execute a Settlement and Release Agreement with TOTE Maritime Alaska, Inc. (TOTE) in the amount of \$473,792.

B. BACKGROUND

The NWSA operates certain marine and intermodal terminal facilities in the South Harbor. In December of 2016, the NWSA served as a subcontractor to TOTE during a series of specialized vehicle shipments by rail. During handling of the cargo, damage was sustained resulting in a claim by TOTE against the NWSA in the amount of \$627,234. Subsequent claim evaluation and negotiations resulted in a Settlement and Release agreement which is subject to Managing Member approval under the Master Policy Resolution. The settlement amount represents approximately 75% of the original amount claimed.

Operational procedures have been revised to improve handling of this cargo in the future.

This claim involving the NWSA is part of a larger claim resolved by TOTE via a \$730,138 payment to the cargo owner.

C. FINANCIAL IMPLICATIONS

This settlement amount is payable by the NWSA without insurance contribution and was contemplated in the NWSA's 2016 Financial Statement.

D. ALTERNATIVES CONSIDERED

The NWSA may alternatively litigate this claim. Litigation would result in an uncertain outcome and is not recommended in this instance. This settlement and release agreement will resolve an otherwise disputed claim and releases the NWSA from further liability.

E. ENVIRONMENTAL IMPACTS/REVIEW

None.

F. PREVIOUS ACTIONS/BRIEFINGS

None.