

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

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

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

**DATE:** May 15, 2017

**TO:** Managing Members, The Northwest Seaport Alliance

**FROM:** John Wolfe, Chief Executive Officer

**Sponsor:** Don Esterbrook, Deputy CEO

**Project Manager:** Tom Bellerud, Director, Container Business Development

**SUBJECT:** Husky Terminal Third Amendment to the Crane Rental Agreement

**A. ACTION REQUESTED**

Authorize the Northwest Seaport Alliance (NWSA) CEO or his delegate to sign the Third Amendment to the Crane Rental Agreement between the NWSA and Husky Terminal and Stevedoring, Inc.

**B. BACKGROUND**

- Husky Terminal first began operations in Tacoma in the early 1980s as a joint venture of ITS and Cooper/T. Smith as a combined container and break bulk facility at Terminal 7.
- The North Intermodal Yard opened in 1981, and was the First On-Dock Rail Yard on the West Coast.
- Current Husky lease at T-4 originated in 2004 for a 20-year term with a Commencement Date of 2005, which was later amended to add an additional one (1) year to the term.
- A Crane Rental Agreement is also in place between The Northwest Seaport Alliance and Husky Terminal and Stevedoring Inc., covering the same term as the lease agreement.
- In support of the NWSA Strategic Business Plan, Goal 1A1, the redevelopment of the General Central Peninsula will enable this highly capable terminal complex to work two ultra-large vessels simultaneously.
- The terminal upgrades necessary to support these larger vessels require significant investment in the wharf, power upgrades, CY enhancements, an enhanced gate structure and the acquisition of Super Post-Panamax (SPPM) cranes.

- The NWSA staff and ITS/Husky management successfully negotiated a 20-year extension to the Husky Lease and Operating Agreement in April, 2016 supporting these strategic investments.

**C. KEY TERMS:**

- Addition of four (4) Super Post Panamax Cranes
- Crane rental rate per tariff
- Tiered minimum annual guarantee of crane hours:
  - 11,000 annual crane rental hours, three (3) years effective 2019
  - 14,000 annual crane rental hours, three (3) years effective 2022
  - 16,800 annual crane rental hours, years 2025 – 2046
- Crane rental incentive for hours 16,801 and above:
  - 16,801 – 18,000 @ 75% of tariff
  - 18,801 and above @ 70% of tariff
- For any year ITS is short of the MAG minimum, the shortfall penalty requires ITS to pay the tariff rate multiplied by the shortfall hours.
- Upon delivery and commissioning of the new Super Post Panamax cranes, the existing cranes at Husky will be removed within one year.
- Port Maintenance, under our current labor agreement, will continue to provide all crane maintenance on the new cranes.

**D. FINANCIAL IMPLICATIONS**

Including the request for funds and authorization to purchase four (4) additional cranes, this agreement meets or exceeds the NWSA Financial Requirements.

**E. ENVIRONMENTAL IMPACTS/REVIEW**

Meets or exceeds all regulatory and/or compliance regulations.

**F. ECONOMIC IMPACT**

This agreement provides retention of 240 direct labor jobs.