



THE NORTHWEST
SEAPORT ALLIANCE
Gateway to Solutions

Item No.: 5F
Meeting: 6/06/17

Husky Terminal Third Amendment to the Crane Rental Agreement

Presenter: Tom Bellerud
Director, Container Business Development

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.



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.



Background

- In support of the NWSA Strategic Business Plan, Goal 1A1, the redevelopment of the General Central Peninsula will enable this highly capable 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 supporting these strategic investments.



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
 - 18,001 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.



Key Terms

- 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.





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General Central Peninsula

Terminal Expansion & Redevelopment

Olympic
Container Terminal
(OCT)
54 AC

Sitcum Waterway

APM Terminals
135 AC

North Intermodal Yard (NIM)

Husky
Terminal
93 AC

Blair Waterway

South Intermodal Yard (SIM)

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