

Item No.: 9A\_Supp  
Date of Meeting: December 6, 2022

# Thorne Road Properties Interlocal Agreement



**THE NORTHWEST**  
SEAPORT ALLIANCE  
SEATTLE + TACOMA

Andre Elmaleh  
Sr. Manager, Business Development

# ACTION REQUESTED

DUAL ACTION VOTE: NWSA and Port of Tacoma:

Request Managing Members of the Northwest Seaport Alliance (NWSA) and Port of Tacoma Commission to authorize the Chief Executive Officer and Executive Director or their delegates to enter into an interlocal agreement (ILA) between the Port of Tacoma and The Northwest Seaport Alliance for the “Thorne Road Properties” in substantially the same form as presented.



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# Background

- The Northwest Seaport Alliance needs space to support the Automobile business
- The Domestic Container business is continuing to expand
- Maximizes the use of and existing asset, the South Intermodal Yard



# Background

- The Port owns and manages the Thorne Road Properties
- The NWSA seeks Thorne Road Properties in support of NWSA business include leasing the Premises to NWSA customers as the Permitted Use.
- The Port seeks replacement rental income from the NWSA for the month-to-month Port tenants that will be displaced by the NWSA's use of the Thorne Road Properties.
- Current Port tenants are all under month-to-month agreements, and the Port has provided proper and timely notices of termination pursuant to those month-to-month leases.



# Key terms of the Proposed ILA

- Aim of the ILA is to memorialize the compensation to be paid by NWSA to the Port for the NWSA's use of the Thorne Road Properties for the Permitted Use and to memorialize the parties' intention that the NWSA's use of the Premises shall be revenue neutral to the Port.
- Retroactive to December 5, 2022,. the NWSA will have the use of approximately 5.3 acres
- NWSA's right to use the Premises includes the right to access, construct, modify, and maintain the Premises or otherwise assign or sublease its rights in alignment with the Permitted Use (including to lease, sublease, license to others).



# Key terms of the Proposed ILA, Cont.

- The term indefinite, subject to termination upon 30 days' notice from one party to the other.
- The NWSA to pay a monthly sum equal to \$34,450.00, adjusted annually by applicable CPI increase and may not be adjusted downward.
- The NWSA responsible for any future capital improvements, repairs and/or maintenance on the Premises.
- The NWSA responsible for the stormwater utility fees and the ongoing maintenance, cost and repair of any issues pertaining to stormwater
- Mutual indemnity clause.



# Thorne Road Properties Location



# Financial Implications

- The domestic intermodal business at Lot M is forecasted to produce approximately \$1.5M of income in 2023. This is after an estimated \$1.5M of additional drayage expense due to the loss of Lot M for the auto first point of rest. The two home ports will receive 50% of the Income which is \$ 750,000 based on the budget/forecast.
- The NWSA will pay the POT approximately \$400,000 per year per the ILA. The POT revenue from Thorne Road Properties will decrease by approximately \$200,000 as a result.
- The cost to the NWSA to lease the Thorne Road Properties is expected to be offset by a reduction in expense for drayage of autos from T7 to Thorne Road vs T7 to Portac or other properties further from T7. It is also offset by the income from the domestic intermodal business at Lot M.





# Alternatives Considered and Their Implications

- No Action Alternative: The NWSA will potentially not meet the demand for Automobile first place of rest property
- Recommended Action: Authorize the Interlocal Agreement between The Northwest Seaport Alliance and the Port of Tacoma



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