

# New 6-month Term Lease between the Puyallup Tribe of Indians and The Northwest Seaport Alliance



**THE NORTHWEST**  
SEAPORT ALLIANCE  
SEATTLE + TACOMA

Presenter: Curt Stoner, Sr. Real Estate Manager

# ACTION REQUESTED

Request Managing Members of the Northwest Seaport Alliance (NWSA) authorization for the Chief Executive Officer or their delegate to enter into a new 6-month term lease agreement with automatic month-to-month renewals for up to 12-months for East Blair-1 between the Puyallup Tribe of Indians and the NWSA in a combined total amount not to exceed \$762,600.



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# EB1 Expanded Site





# Background

- This lease allows NWSA to consolidate its breakbulk business at East Blair-1 (EB-1) and minimize the need for utilizing a highly congested Terminal 7 (T-7) acres for storage, and in some cases, requiring our customers to make a double call T-7 and EB-1.
- The expansion to Tribal acres adjacent to EB-1 allows NWSA to accommodate current valued customers and attract incremental new business opportunities.
- The additional acreage improves operational capability by consolidating breakbulk cargoes in a single facility, providing more efficient management of cargo flows, and reduces the need to employ additional labor and management at two separate facilities. This site will also allow handling of surge volumes at a single terminal during this high-volume period. Labor is experiencing improved and safer cargo and truck flows within the yard as a result of having additional operating space.
- Consolidation of breakbulk business at EB-1 allows for the opportunity to secure a new container lease at T-7 which will lease approx. 30 acres and utilize our existing cranes.



# Background

- The sum of the funds for the prior combined Initial Agreement and month-to-month Lease Extension (18-months) approved during the December 6, 2022 Managing Member meeting was a total of \$762,600 (\$5,000 per acre/month plus 10% Tribal Leasehold Tax equal to \$40,700 per month) including a \$30,000 maintenance and repair contingency.
- Rent for the New Agreement (6-months) has been adjusted to market rate and is \$7,500 per acre per month plus 10% Tribal Leasehold Tax equal to \$61,050 per month.
- NWSA continues to be responsible for maintenance and repairs (M&R). Thus, the request for the M&R Contingency of \$30,000 remains. The NWSA anticipates requiring an additional 6-months of automatic month-to-month renewals with the combined term and renewals not to exceed a total of 12-months.

<b>NEW AGREEMENT (7.4/acres)</b>	<b>Monthly</b>	<b>Annual</b>
Annual Rent/Tribal Leasehold Tax	\$ 61,050	\$ 732,600
M&R Contingency		\$ 30,000
<b>12-MONTH TOTAL</b>		<b>\$ 762,600</b>

This request is for an amount not to exceed \$762,600 for the New Agreement for 12-months retroactive to February 1, 2023.

Terms	Base terms of the New Agreement remain the same as the Initial Agreement, except for the Term and Rent as shown in bold below.
Lessor/Tenant	Lessor: Puyallup Tribe of Indians Lessee: NWSA
Premises	7.4 Acre Parcel of tribal land located at 2340 Alexander Avenue adjacent to EB-1
Term	<b>6-months retroactive to February 1, 2023, and then automatically renews on a month-to-month basis thereafter</b>
Rent	<b>Base rent is \$7,500 per acre per month plus 10% Tribal Leasehold Tax</b> <input type="checkbox"/> <b>\$55,500 per month or \$61,050 per month including 10% Tribal LET</b> <input type="checkbox"/> <b>\$732,600 per year including Tribal LET (excluding \$30K M&amp;R Contingency)</b> <b>Rent may escalate 12-months after the Commencement Date by CPI not exceed 4%</b>
Security Deposit	None
Maintenance and Repairs	Responsibility of the Lessee. Requesting an additional contingency of \$30,000 for M&R
Utilities	None - Responsibility of Lessee if any
Environment/Hazardous Waste	Lessee to comply with all applicable environmental laws now existing or hereafter enacted or amended during the term of this Agreement.

# Financial Implications

The NWSA's Break Bulk business at EB1 and Terminal 7 has grown from 2021 to 2022 by approximately \$4.8 million from \$12.7M to \$17.5M. This growth has resulted in an increase in income of \$1.5M from \$3.4M to \$4.9M. To support this growth, Break Bulk vessels have had to be serviced at both T7 and EB1, resulting in longshore at both terminals at a cost of up to \$100,000 per week per terminal. The additional acres at EB1, along with the paving of graveled portions, is expected to help reduce double calls and increase utilization of longshore at EB1, potentially increasing the margin of the business. Actual cost prevention will depend on the timing of ship calls and volume of cargo. The NWSA Public Tariff NO. 300 will be adjusted to offset the \$2500/acre per month increase in the rental rate.



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