

REQUEST FOR PROPOSALS

WEST HYLEBOS TERMINAL

3401 Taylor Way, Tacoma, WA 98421

RFP Issue Date: November 9, 2020

Proposal Due Date: January 11, 2021



THE NORTHWEST SEAPORT ALLIANCE | nwseaportalliance.com

The Northwest Seaport Alliance is a marine-cargo operating partnership of the Port of Tacoma and the Port of Seattle.



**THE NORTHWEST
SEAPORT ALLIANCE**

SEATTLE + TACOMA

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1. Introduction and Background

THE NORTHWEST SEAPORT ALLIANCE

The Northwest Seaport Alliance (the “NWSA”), is a Washington port development authority acting on behalf of the Port of Seattle and Port of Tacoma. The two ports created the partnership in 2015 to unify management of their respective marine cargo facilities and businesses to strengthen the Puget Sound gateway and attract more marine cargo and jobs for the region. The NWSA is the first of its kind in North America.

The alliance is governed by the two ports as equal members (“Managing Members”), with each Managing Member acting through its elected commissioners. The Managing Members appoint the Chief Executive Officer who carries out policies, leads employees and oversees NWSA programs. The Ports of Tacoma and Seattle remain separate organizations that retain ownership of their respective assets. The two ports licensed the management and operations of their respective marine cargo terminals to the NWSA, including the West Hylebos Terminal.

The NWSA now represents the 4th largest container gateway in North America and continues to increase its cargo volumes each year.

West Hylebos terminal Background

The NWSA’s West Hylebos Terminal located on Taylor Way in the Tacoma Tidelands began operating as a Weyerhaeuser Export Log Facility in the mid-1970s. It was operated by Weyerhaeuser until it was purchased by the Port of Tacoma in September 2007. Its most recent tenant was Merrill & Ring who also operated it as an Export Log Yard.

Management of the West Hylebos Terminal was assigned to the NWSA by the Port of Tacoma in 2015 and the NWSA has full oversight responsibility for the facility. As part of the NWSA’s long term strategy for the Gateway, the West Hylebos Terminal is being marketed to prospective tenants for both water dependent and marine industrial use.

The NWSA envisions the West Hylebos Terminal as a water dependent single user or multi-user maritime transportation and marine industrial facility that supports cargo flow for the Gateway.

The NWSA’s primary objectives for the Tacoma Harbor include:

- Develop strategic terminals consistent with the NWSA 10-year strategic business plan to support future vessel needs in a financially and environmentally sustainable manner
- Realign container cargoes while keeping terminal operations fluid
- Retain, grow and diversify long-term cargo portfolio and volumes
- Retain and grow maritime, manufacturing and export jobs

Offering Highlights

Unique Opportunity

A waterside marine terminal situated within one of the largest container gateways in North America rarely becomes available for long-term use. The world’s largest shipping lines connect our harbors with major ports throughout the Asia Pacific, Oceania, Latin America, the Mediterranean, Middle East, Europe, Alaska and Hawaii. As the closest U.S. port to Asia and frequent first and last port of call on

international ocean services, shippers can count on faster transits and greater flexibility from NWSA routings. The gateway also handles more than 80% of containerized ocean shipments between the lower 48 states and Alaska and we are a primary gateway for cargo to Hawaii.

Prime location within the Puget Sound

The West Hylebos Terminal is located on the Blair Peninsula in the Tacoma Tideflats industrial area with Rail Yard facilities located nearby and easy access to I-5 and SR 509 for north and south-bound travel, and SR 18 for eastbound travel; the West Hylebos Terminal is within 25 miles of Boeing Field and 22 miles of Seattle-Tacoma International airport and other major logistics operations.

A premier port complex investing for the future

The NWSA has made over \$500 million in investments in its container terminals and infrastructure to handle “Ultra Large Container Vessels.” With the development of Terminal 5 now underway, more business is being attracted to the gateway. Further investments are being made to promote cargo growth including more big ship ready terminals, expanded rail connections and technology solutions. The region also supports easily accessible intermodal choices and transload warehouses with skilled labor. Since the inception of the NWSA in 2015, the gateway continues to increase its cargo volumes year over year.

2. Overview and Site Specifications

This is a Request for Proposals to develop a water-borne marine cargo and/or other marine-industrial business at the West Hylebos Terminal in support of the NWSA.

The Northwest Seaport Alliance Vision

The long-term vision for the West Hylebos Terminal is for it to support water-borne marine cargo and/or other marine industrial business in support of the NWSA Gateway. As part of its 10-year strategic business plan, the NWSA seeks to diversify its business portfolio through a long-term lease with a business partner in good financial standing, experience with water-borne and/or marine industrial businesses and a commitment to strengthening and growing the Pacific Northwest economy.

Long-term Use:

Priority will be given to a Long-term (minimum 10-year or greater) lease for the 23-acre site, but the NWSA will consider options to lease a portion of the full terminal. The NWSA desires water-borne marine cargo business activity for this Site. Though not exhaustive, the following are examples of desired cargo types:

- Bulk
- Breakbulk
- Ro-Ro
- Project cargo
- Cargo staging and other supporting services such as cold storage and transloading facilities
- Chassis storage yard and chassis repair facilities

Terminal Overview

Address: 3401 Taylor Way, Tacoma, WA 98421

Terminal Area:

The terminal is roughly 23 acres with approximately 1,030 lineal feet of berth at minus 32 feet MLLW. The wharf height is 18.0' MLLW and has a uniform load of 600 psf.

There is a log debarker currently located on-site that takes up about 2 acres of terminal space. This could be removed during redevelopment to free up more space for tenants.

Terminal Highlights:

- ±23-acres
- 1,030' dock at a depth of -32' MLLW (Pier Height: 18' MLLW; Load Capacity: 600 PSF)
- 2 gated entry/exit points to the site
- Lighted, fenced yard paved with asphalt and designed to support maritime/cargo handling loads
- Utilities scaled for maritime and heavy industrial use
- Close proximity to marine terminals, rail and major freeways (I-5, SR-509, SR 18)
- Access to the 2nd largest warehouse market on the West Coast
- Located on Tacoma's heavy-haul corridor
- Current transportation improvements in the area include the City of Tacoma's Taylor Way Rehabilitation and the WA State Department of Transportation's SR 167 Completion Project

Potential Expansion Opportunity: The Arkema Yard, directly north of and adjacent to the West Hylebos Terminal, owned by the Port of Tacoma, has the potential to accommodate development opportunities requiring a larger footprint than offered at the West Hylebos Terminal.

Zoning:

The West Hylebos terminal is zoned as Port Maritime & Industrial "PMI" and Port Industrial Area Shoreline District "S-10". See the City of Tacoma for more information on allowed uses in these two zones.

Transaction Type:

- Priority will be given to a Long-term lease (minimum 10-year or greater) for the 23-acre site, and consideration will be given to lease the full terminal. Additional consideration will be given to sub-dividing the property for lease as shown in Exhibits B through E with the preferred options being Exhibits B and C.
- Short-term Interim leases of 1 to 3 years or month-to-month leases will be considered on a case by case basis with a 5-acre minimum.
- The NWSA would lease the property in an "as is, where is" condition.

SITE DESCRIPTION AND SPECIFICATIONS

Wharf

The terminal has an approximate total of 1,030 lineal feet of berth with -32 feet of berth depth at MLLW. The wharf is rated at 600 PSF with an elevation of 18.0 +/- feet above MLLW. The terminal is located off the Hylebos Waterway, a federal channel that is maintained at -30 feet MLLW.

Yard Area: Approximately 23 Acres

Buildings: There are seven structures located on the terminal. Many of these structures are small and could easily be removed.

Stormwater Treatment: The West Hylebos Terminal has a state of the art stormwater treatment facility available to accommodate the most demanding industrial uses.

SITE CHARACTERISTICS

Access and Transportation

Primary vehicle access: The site is accessed by Taylor Way, a freight corridor for the Blair-Hylebos Peninsula. Taylor Way is currently undergoing a road rehabilitation project that will better handle heavy truck traffic, reduce congestion at the SR 509/Taylor Way intersection, improve emergency services in the area, and provide pedestrian facilities. There are three driveways on Taylor Way that provide access to the site. These driveways will not be modified as part of the Taylor Way Rehabilitation project. Use of these driveways will depend on future tenants and their intended use of the facilities. The access areas within the terminal may be considered as a common area.

Rail access: The NWSA Tacoma Harbor is served by two Class I railroads including BNSF Railway and Union Pacific Railroad and has switching service provided by Tacoma Rail. The site has easy access to nearby railyards and has approximately 1000 feet of existing rail track running along Taylor Way. There are currently no rail facilities located on site that tie into the rail network but rail facilities could be added as part of a development plan.

Highway access: The site benefits from close-in proximity to key freight corridors including I-5, SR-509, and the SR-167 project that is underway.

Zoning and Regulatory Review

Respondents should be aware of City of Tacoma Zoning and Development. The West Hylebos Terminal is located in the Port of Tacoma Area and it is guided by the Container Port Element of One Tacoma, the City's comprehensive plan. Development of this site is regulated by the Tacoma Municipal Code.

The West Hylebos Terminal is a waterfront lot. It is zoned both "PMI" Port Maritime Industrial District and "S-10" Shoreline District-Port Industrial. This zoning supports all industrial uses except those that are prohibited by City Charter. Areas zoned PMI are also designated as heavy industrial. This designation is characterized by higher levels of noise and odors, large-scale production, large buildings and sites, extended operating hours, and heavy truck traffic. This designation requires access to major transportation corridors, often including heavy-haul truck routes and rail facilities. Commercial and institutional uses are limited and residential uses are generally prohibited.

Permitting

Permitting would be dependent on any development plans. Multiple uses without any development actions that are consistent with zoning would not require any permitting.

Environmental

An air emissions study may be required depending upon use to comply with appropriate regulatory mandates including National Ambient Air Quality standards. Air emissions from vessels, cargo handling equipment and trucks must be minimized using cleaner technologies and best practices to meet the standards. The NWSA implemented the Clean Truck Program in an effort to reduce air emissions from trucks servicing the NWSA international cargo container terminals and will be expanded to include other terminals such as the West Hylebos Terminal.

Stormwater

Many marine industrial operations require an Industrial Stormwater General Permit ("ISGP") administered by the State of Washington Department of Ecology to meet Federal Clean Water Act requirements. This Site is currently covered by the Municipal Storm Separate Storm Sewer (MS4) permit under the Federal National Pollutant Discharge Elimination System (NPDES) program. Lessee will be required to provide the NWSA with a Stormwater Pollution Prevention Plan (SWPPP) to meet the MS4 Permit requirement. Activities such as vehicle maintenance, mobile fueling, and equipment cleaning on the wharf or upland areas trigger additional permits such as an ISGP for the terminal. However, if the Lessee's proposed use does trigger ISGP coverage, the Lessee shall be fully responsible for permit compliance. A General Construction Stormwater Permit will be required for any proposed site construction.

The site is served by one storm water treatment system. If the site is subdivided there will need to be some cooperation between tenants to separate their lease holds unless additional subsurface infrastructure is added to the site.

3. Proposal Requirements and Submission Process

Submission of Responses

Responses to this RFP are due **on or before 5PM PST, Monday, January 11, 2021.**

REQUIRED: The NWSA is requiring electronic responses.

Electronic responses must include in the subject line "RFP – West Hylebos Terminal" and should be sent to: realestate@nwseaportalliance.com.

E-mail responses should be no larger than 10MB or sent in separate responses clearly labeled email 1 of 3, email 2 of 3, email 3 of 3, etc. DO NOT submit .ZIP files or "Drop Box" documents as they will be rejected. Proposals shall be formatted in searchable PDF format. The NWSA is not responsible for the Respondent's technical difficulties in submitting responses electronically. Late submissions of responses may not be evaluated.

OPTIONAL: Written paper responses are optional, in addition to e-mailed responses, and should be mailed or dropped off at the front desk to:

The Northwest Seaport Alliance
Attn: RFP – West Hylebos Terminal
One Sitcum Plaza
Tacoma, WA 98421

All costs associated with the preparation, submittal and delivery of a response and any presentation materials are the responsibility of the respondent.

Proposers shall promptly notify the NWSA of ambiguities, inconsistencies, or errors, if any, which they may discover upon examination of the RFP terms and conditions.

RESPONSE REQUIREMENTS

Responses should, at a minimum, include the following:

Respondent Qualifications:

- Description of the Respondent, business ownership structure and qualifications

Proposed Lease and Financial Terms:

- Length of initial lease term and any extension options;
- Lease commencement date;
- Annual rent (may be fixed, or fixed and variable);
- Annual rent escalation;
- Ability to perform under the proposed lease terms

Proposed Business Activity and Development Concept:

- Include a narrative description and conceptual site plan, if applicable, of any proposed use, cargo type(s) and/or development concept. For any development concept, describe the intended source of capital required for the development of the Site.

Economic and Environmental Impact:

- Describe the estimated economic and environmental impact of the proposed business activity and/or development concept, including job creation.

The NWSA is willing to entertain innovative concepts provided they comply with existing land-use conditions.

Response Guidance

The following comments are intended to assist in the formulation of the proposal:

Lease Terms Guidance

- **Condition of Site:** The West Hylebos Terminal is provided on an “As-is, Where-is” condition, with all faults and defects, known and unknown, without warranty or representation of any kind or character by the NWSA, and the lessee will be responsible for any further improvements to the Site.
- **Lease Term:**
Long-term: The NWSA envisions an initial lease term of 10 years with consideration of up to three (3) 5-year options to extend, subject to the mutual agreement of the parties. The NWSA is willing to consider a longer-term lease should significant capital investment be required of the Lessee.
Short-term: Short-term Interium uses of one (1) to three (3) years for a minimum of five (5) acres of yard space or greater will be considered on a month-to-month or term lease with 30-day termination rights.
- **Expenses:** The NWSA desires an “absolute net” lease structure in which the lessee is responsible for all capital, operating and maintenance costs related to the Site.
- **Rent:** The NWSA will entertain proposals for a rent structure with a fixed and potential variable rate component based on cargo volume or gross revenue. The variable rate could be subject to a minimum annual guarantee (MAG). The NWSA considers a minimum of \$6500 per acre per month as being the current fair market rent for the West Hylebos Terminal.
- **Leasehold Excise Tax:** In lieu of property taxes, lessee will pay Washington State leasehold excise tax, which is currently equal to 12.84% of applicable base monthly rent. The NWSA expects that the 3 acre apron area will be made available to the lessee under a preferential use agreement, allowing the NWSA to have secondary use rights. It is anticipated that 75% of the monthly payment will be attributed to the apron area and is not subject to leasehold tax by law because it is under a preferential use agreement. The remaining 25% of the monthly payment will be considered monthly rent and will be subject to leasehold tax.
- **Preferred Use:** The NWSA prefers a water dependent use for the facility but will consider non-water dependent uses that align with our goals of increasing cargo flow efficiency and cargo volumes. NWSA prefers a single water dependent user but will consider multiple users that have compatible businesses.
- **Secondary Berth Rights:** The NWSA will retain the right of secondary use of the 1030’ berth area.

- **Security Deposit:** Lessee will provide a security deposit equal to nine-months or twelve-months base rent *plus leasehold excise tax* depending on the nature of the proposed operation consistent with NWSA policies. The form of payment is subject to the NWSA's approval.
- **Brokerage Commission:** The NWSA is not represented by a broker in this transaction and lessee is responsible for any commissions to brokers that it hires. The NWSA prefers direct engagement with the lessee.
- **Insurance:** The lessee shall be required to secure and maintain liability and other appropriate insurances during the term of the lease and extensions thereof. The NWSA and the Port of Tacoma shall be named as additional insured and be provided at least forty-five (45) days' prior written cancellation notice.

Desired Qualifications and Business Activities

The NWSA seeks respondents with good financial standing, experience with water-borne and/or marine industrial businesses and a commitment to strengthening and growing the Pacific Northwest economy.

The NWSA desires water-borne marine cargo business activity for this Site. Though not exhaustive, the following are examples of desired cargo types:

- Bulk
- Breakbulk
- Ro-Ro
- Project cargo
- Cargo staging and other supporting services such as cold storage and transloading facilities
- Chassis storage yard and chassis repair facilities

Other Guidance

The NWSA is the managing entity and issuer of this RFP and any questions and responses must be directed to the NWSA.

- **Build to Suit:** The NWSA is not offering a Build to Suit option but is willing to consider Build to Suit options from interested parties who have very strong financial backing.
- **Due Diligence Period:** For leasing proposals that require extensive Due Diligence the NWSA is willing to consider a reduced rate rental period of up to six months.

SELECTION PROCESS

Schedule*

EVENT	ANTICIPATED DATE
RFP Issue Date	November 9, 2020 ☐
West Hylebos Terminal Tour	TBD
Questions Due to NWSA	November 30, 2020 ☐
NWSA Answers to Questions	December 11, 2020 ☐
Proposals Due	January 11, 2021 @ 5PM (PST) ☐
Agreement Execution	First Quarter, 2021

**This Schedule is subject to change by the NWSA at its sole discretion. All Respondents will be notified of any changes and/or modification made to this schedule.*

Rating Scale

The selection process is based upon the “Response Requirements” section above and weighted in terms of importance as follows:

ITEM	CATEGORY	POINTS
1	Respondent Qualifications	30
2	Proposed Lease and Financial Terms	30
3	Proposed Business Activity and Development Concept	20
4	Economic and Environmental Impact	20
TOTAL POINTS		100

The NWSA intends to enter into a non-binding Letter of Intent (“LOI”) with the RFP awardee while lease terms are finalized. In the event that a non-binding LOI cannot be finalized with the top ranked respondent within 60 days after the RFP award date the NWSA reserves the right, in its sole discretion, to enter into negotiations with the next-highest-ranked respondent, call for new proposals, or discontinue this selection process.

Any term lease resulting from this RFP shall be subject to Final Approval by the Managing Members of the NWSA.

Communication and Questions

All questions and requests for clarification and/or interpretation regarding this RFP shall all be submitted in writing by email to: realestate@nwseaportalliance.com.

Respondents are strongly encouraged to submit any and all questions and requests as soon as practicable. Written responses to questions from Respondents will be provided to all potential Respondents who have registered to receive e-mail correspondence for this RFP via the NWSA web site (<https://www.nwseaportalliance.com>). **Final questions concerning the RFP must be received by the NWSA no later than 12:00 noon (PST), on Friday, November 27, 2020.** Questions received after this date will not be considered. Responses to questions will be provided on an interim basis and final responses will be provided December 11, 2020.

Competitive Integrity

The NWSA maintains a neutral competitive environment for all respondents to protect the integrity of the selection process. A potential respondent, or anyone on its behalf, may only contact the authorized NWSA representative concerning this RFP from the release date until the NWSA executes an agreement. Any communication concerning the content of this RFP by a potential or actual respondent, or anyone on its behalf, with any NWSA or Port-elected official or employee other than the NWSA representative may result in the rejection of that respondent's response.

NWSA Rights

The NWSA reserves the right to accept or reject any or all responses in their entirety or in part and to waive informalities and minor irregularities and to contract as the best interest of the NWSA may require. During the evaluation process, if the NWSA determines that a particular requirement may be modified or waived and still allow the NWSA to substantially meet its needs, then the requirement(s) may be modified or waived. The NWSA reserves the right to contact any Respondent to seek clarification, to ask any or all Respondents to submit additional information, or to request modified responses after the submission deadline.

Public Disclosure

As a public agency, the NWSA is subject to the Washington State Public Records Act, Chapter 42.56, Revised Code of Washington (RCW). As such, the NWSA may be required to disclose information provided in respondent's response. If Respondent seeks to prevent the disclosure of its documents as part of a public disclosure request, Respondent shall be responsible for and bear all costs of taking legal action to prevent the disclosure. In no event shall the NWSA be liable to Respondent for disclosure of Respondent's documents the NWSA deems disclosable under Chapter 42.56 RCW.

EXHIBIT A – NWSA W Hylebos Terminal Existing Conditions

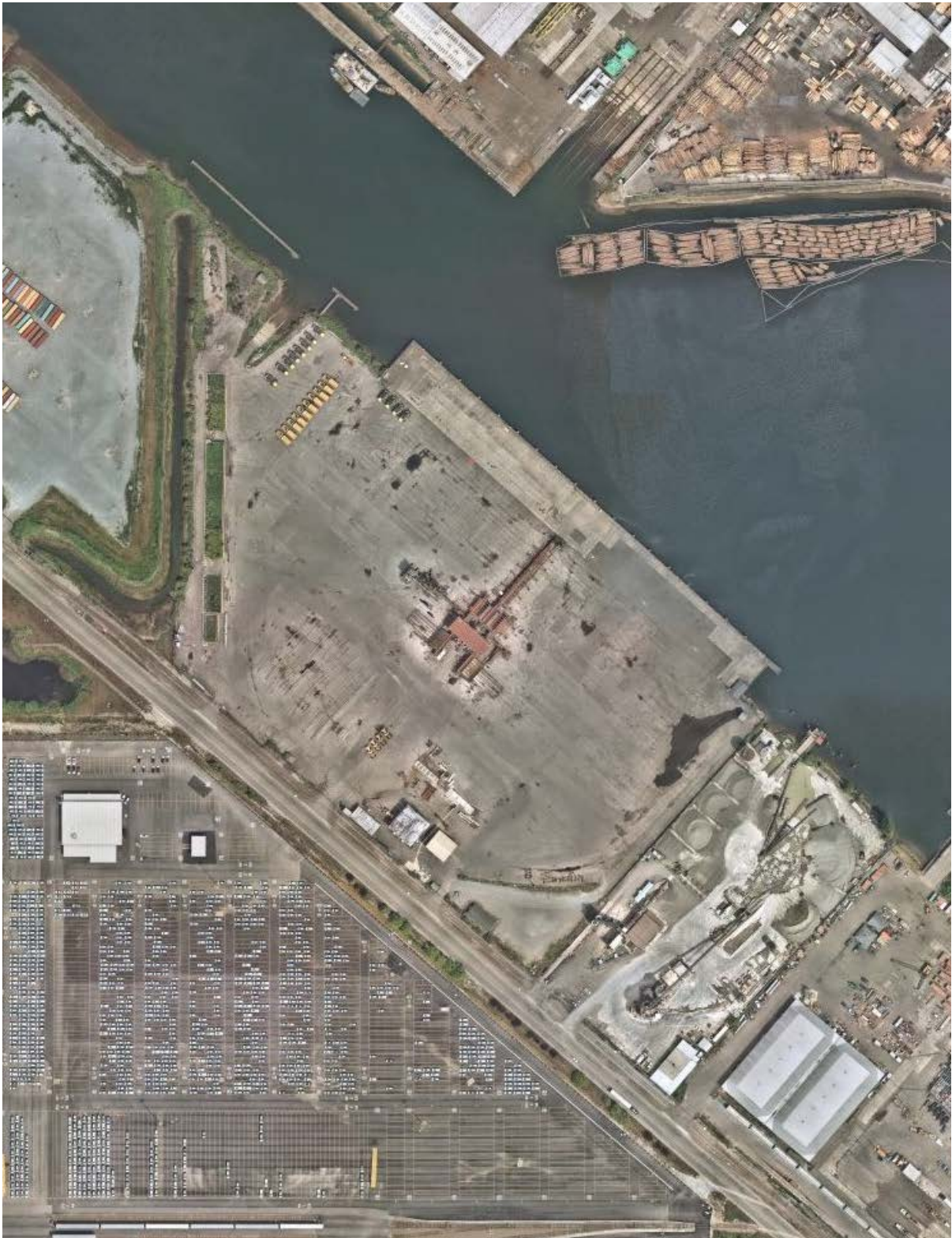


EXHIBIT B – NWSA W Hylebos Terminal: Optional Water/Land Split Near-Term

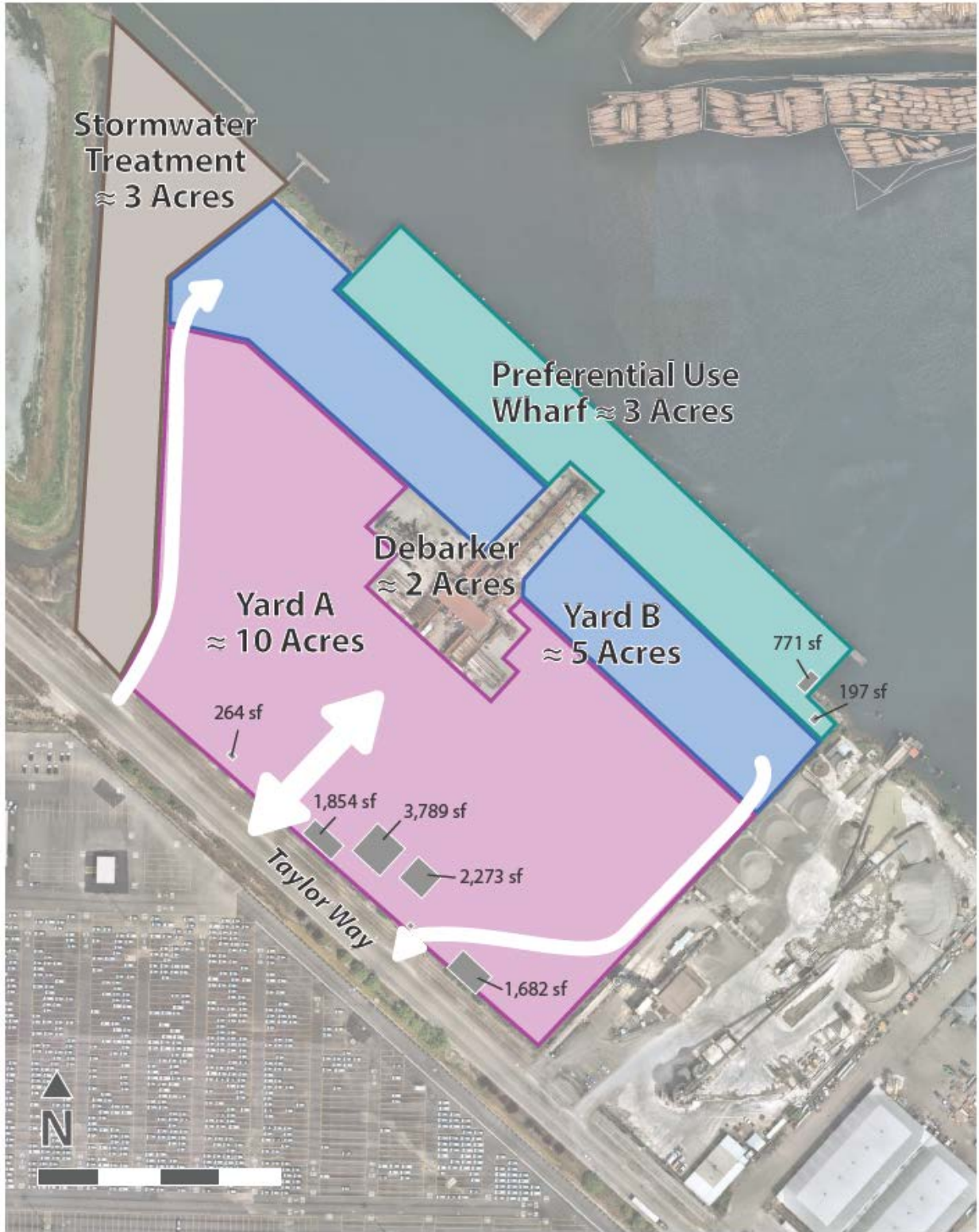


EXHIBIT C – NWSA W Hylebos Terminal: Optional Water/Land Split Long-Term



EXHIBIT D – NWSA W Hylebos Terminal: Optional North/South Split Near-Term



EXHIBIT E – NWSA W Hylebos Terminal: Optional North/South Split Long-Term

