



**COMMISSION  
AGENDA MEMORANDUM**

**Item No.** 8f

**ACTION ITEM**

**Date of Meeting** February 9, 2021

**DATE:** January 22, 2021

**TO:** Stephen P. Metruck, Executive Director

**FROM:** Dan Thomas, Chief Financial Officer  
Tom Tanaka, Deputy General Counsel

**SUBJECT: Revision of 2021 NWSA Service Agreement for Portfolio Management**

**Amount of this request:** \$0

**Total estimated project cost:** \$0

**ACTION REQUESTED**

Request Commission authorization for the Executive Director to execute a revision of the 2021 service agreement for Portfolio Management, which is a part of the interlocal agreement (ILA) between the Port of Seattle (the Port) and the Northwest Seaport Alliance (NWSA) to allow Port staff to provide services to the NWSA for 2021.

**EXECUTIVE SUMMARY**

The Ports of Seattle and Tacoma provide various support services to the NWSA. These support services are provided through interlocal agreements (ILAs) between the NWSA and the homeports that are approved as part of the annual budget process, and the cost of the support services are included in both the ports' and the NWSA's 2021 budgets. Subsequent to the approval of the Port of Seattle's ILA last November, the NWSA has hired a new lease administration specialist and wishes to transfer additional lease administration duties from the Port of Seattle to the NWSA. As a result of this transfer the cost allocation to the NWSA for Port of Seattle Portfolio Management services will be reduced accordingly.

**JUSTIFICATION**

Since the NWSA has hired additional staff to handle lease administration responsibilities, less support for these services is needed from the Port of Seattle's Portfolio Management function. As a result, Port staff will no longer provide property management services including lease management, property management, tenant management, and insurance and surety compliance for the NWSA's North Harbor properties. The current service agreement needs to be revised to reflect this change.

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**DETAILS**

The NWSA needs support and services from both ports in order to carry out its various administrative functions and operations. Each port has executed an ILA with the NWSA to allow the ports to provide those services for 2021. The Port of Seattle’s 2021 budget included the budgeted amounts for the proposed ILA service agreements with the NWSA.

The NWSA recently hired a new staff position to take on some of the lease administration responsibilities that have been performed since 2015 by Portfolio Management. The Port has discussed this with the NWSA and has reached agreement to reduce the scope of the service agreement for Portfolio Management.

For NWSA-licensed properties in King County, Port staff will no longer provide property management services including lease management, property management, tenant management, and insurance and surety compliance management.

Port staff will continue to provide utility administration services including processing of utility invoices and billing of tenants for their share of utility expense with as well as reimbursement of tenants paying utility providers directly where Port or other tenants are also using those services. Services also include budgeting for relevant utility revenue and expense accounts, and monitoring/paying for City of Seattle street use permits.

**FINANCIAL IMPLICATIONS**

As a result of this change the allocated cost to the NWSA from Portfolio Management will be reduced from \$194,000 to \$104,000, a \$90,000 reduction, which will be reabsorbed by the Port of Seattle.

**ADDITIONAL BACKGROUND**

None

**ATTACHMENTS TO THIS REQUEST**

- (1) Attachment A (redlined revision of the 2021 Service Agreement for Portfolio Management).

**PREVIOUS COMMISSION ACTIONS OR BRIEFINGS**

November 10, 2020 – Request Commission authorization for the Executive Director to execute an interlocal agreement with the Northwest Seaport Alliance.