

MINUTES OF EVERETT PORT COMMISSION SPECIAL MEETING

June 16, 2009

PRESENT:

Philip B. Bannan	President
Michael F. Hoffmann	Vice President
Constance M. Niva	Secretary
John M. Mohr	Executive Director
Brad Cattle	Port Attorney

Absent: Chief Finance Officer Karen Clements was absent due to business travel.

CALL TO ORDER: The meeting was called to order at 9:00 a.m. by Commission President Phil Bannan.

APPROVAL OF MINUTES:

Commissioner Michael Hoffmann moved to approve the Work Session Minutes of May 5, 2009; Port Commission Regular Meeting Minutes of May 12, 2009; and the May 12, 2009 Minutes of the Industrial Development Corporation. Commissioner Connie Niva seconded the motion. A vote was called for:

Vote: 3-0

Yes: Bannan, Hoffmann, Niva

No: None

Abstained: None

Motion carried.

1. EXECUTIVE DIRECTOR'S REPORT

Southeast Marina Reopening Celebration

Executive Director John Mohr reminded the Commission and public that the Southeast Marina Reopening Celebration will take place on June 19, 2009 at 11:30 a.m. at the South Marina Promenade near Lombardi's Restaurant. The event will include a brief program and hot dog lunch.

Martin & Associates – Economic Impacts of the Port of Everett

John Martin of Martin & Associates presented his results of the Economic Impact Study prepared for the Port of Everett, utilizing 2008 figures. He reported that the new study reflects strong results for the Port of Everett with respect to the contribution to the local economy. The purpose of the study was to measure the baseline impacts of the Port's three lines of business: the marine cargo operations, the property tenants and the marina activity, all of which generate business revenue in the local economy, as well as in the larger regional area.

In 2008, the Port of Everett generated the following economic impacts in the local and state economies: 31,080 total direct, induced and indirect jobs were supported by activity at the Port of Everett; a total of \$2.7 billion of total wages and salaries and local consumption expenditures were created in the local and regional economy by the activity at the Port of Everett; local businesses received \$3.6 billion of revenue; a total of \$600 million of local purchases were made due to the Port activity which supported the indirect jobs; and the Port of Everett cargo, marina and tenant activity generated \$246.8 million in state and local tax revenue. The State of Washington received approximately \$160 million of this tax revenue, with the local governments receiving the balance.

John Martin emphasized that the Port of Everett is a very significant economic engine in both the local and state economies.

2. CHIEF ADMINISTRATIVE OFFICER'S REPORT

12th Street Marina Memorandum of Agreement – Deconstruction of Collings Building – Resolution No. 914

Chief Administrative Officer Jerry Heller presented Resolution No. 914 to the Port Commission regarding deconstruction of the Collins Building. In 2005, the development of the Collins Building was added as a fourth alternative to the Port's North Marina Redevelopment project planning documents. At the time, the Port was moving forward with the 12th Street Marina Redevelopment project, and permitting applications were filed

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with the Corps of Engineers for the project. An engineering study was performed which resulted in a Memorandum of Agreement that was signed in August of 2005. There was also an economic and financial analysis done during 2005 as part of the Corps of Engineers permitting process. Three scenarios were studied for purposes of development of the Collins building: 1) a public purpose building; 2) a straight commercial building; and 3) a marine commercial building. The cost scenarios ranged between \$12 - \$13 million. The value that was determined by the economic analysis ranged between \$2 - \$5 million. The permit was issued and the Memorandum of Agreement (MOA) was signed with the Corps of Engineers. Signatories on the MOA were the Corps of Engineers and the State Historic Preservation Officer. The Port was an invited signatory, and the two concurring signatories to the document were Historic Everett and Washington Trust for Historic Preservation.

The signing of the Memorandum of Agreement in 2005 established numerous obligations that the Port had to satisfy, many of which were satisfied during this timeframe. In 2008, John Mohr sent a letter to the Corps of Engineers and identified the four remaining issues left to be addressed: 1) maintenance of the building; 2) ongoing redevelopment effort for the Interpretive Program; and 4) the Mitigation Strategy for deconstruction of the Collins Building.

Currently, the Port has letters from the Corps of Engineers confirming that the Port has satisfied all of its obligations under the Memorandum of Agreement. In November 2008, the Port sent a letter to the Corps of Engineers indicating that the Port had satisfied its obligations for the maintenance responsibilities on the building. In a letter dated January 2, 2009 to the Port of Everett, the Corps determined that the Port had satisfied its redevelopment requirements. The Interpretive Program is an ongoing program and will not be completed by the end of the MOA, but by agreement among the Port and the Consulting Parties, the project will continue over the next five years.

The last compliance issue was the preparation of a Mitigation Strategy for deconstruction of the Collins Building. The Mitigation Strategy was finalized after a number of meetings with the consulting parties, and after a public open house where comments were received. The comments of the consulting parties, as well as those of the public, were incorporated into the Mitigation Strategy, and that document was filed with the Corps of Engineers on May 15, 2009. Last week, the Port received a letter from the Corps dated June 11, 2009, which states that the Port's Mitigation Strategy is in compliance with the requirements of the Memorandum of Agreement. At this point, the Port is in a position of having complied with all of the requirements of the Memorandum of Agreement.

Jerry Heller summarized the contents of the findings and resolved sections of Resolution No. 914 for the Commission.

Commissioner Niva said should this proposal pass today, there are some elements of the building that could be utilized in other projects. Jerry Heller said that Steve Bennick, the deconstruction consultant, has identified the columns, beams and windows as re-useable and desirable. The way the building was constructed and the type of material that was used in the building make the rest of it difficult to reuse. John Mohr stated that he and Commissioner Hoffmann have had direct communication with a representative of the City of Everett Administration regarding the reuse of some of the building elements for the development of a community farmer's market.

Commissioner Connie Niva moved to adopt Resolution No. 914 finding that the Port has complied with the terms of the 12th Street Marina Redevelopment Project Memorandum of Agreement, and authorize the Port to fully implement paragraph 1.D.2 of said Memorandum of Agreement. Commissioner Michael Hoffmann seconded the motion.

Citizen Comments

Ed Morrow, Everett, commented on the importance of saving the Collins Building and turning it into a farmer's market.

Richard Sullivan, Everett, commented that the Collins Building does not cost the Port anything to keep, and there is no immediate demand to remove the building now that the

Port Gardner Wharf development project has been placed on hold. He commented that the greater issue would be to get the community to work together with the Port. Richard Sullivan requested 60 days from the Port Commission for the consideration of alternative options.

Mark Olson, Everett, applauded the Commission and Port staff for the interpretive program, but asked for it to be taken one step further by saving the Collins Building from deconstruction. He also requested a 60-day period for the Commission to take alternative options into consideration.

Jeff Hall, Everett, commented that the quickest way to destroy a community is by getting rid of its history. He supports the idea to have more of a public process and to put the breaks on the project to deconstruct the Collins Building.

Chris Moore, Washington Trust for Historic Preservation, commented that the Port has followed and fulfilled the requirements set forth by the Memorandum of Agreement and that Washington Trust accepts the Port's Mitigation Strategy for the Collins Building, but has issues with other elements such as budget and the implementation process of the Mitigation Strategy.

Valerie Steel, Historic Everett, echoed the comments of Chris Moore and commented that there are options available if the Collins Building is retained. Valerie offered a breakdown of the current estimate of deconstruction costs and provided reasons why these costs could be lowered. She suggested Martin & Associates do an impact study of the Collins Building if it was redeveloped.

Dan Kiko, Everett, commented on the passion he sees from the general public, and suggested preserving the building for younger generations. He also supported the 60-day extension.

Charlene Rawson, Everett, commented that the Collins Building is not in the way of the future Port Gardner Wharf project and asked for a 60-day extension.

Annie Lyman, Everett, suggested allowing a vote by the people on the issue.

Petty Toepel, Everett, commented that the MOA was loosely written and supported the request of a 60-day extension period.

Commissioner Connie Niva said she will be voting to adopt Resolution No. 914. No one has come before the Commission with a business plan other than Richard Sullivan's initial plan that failed. To make the building useable by the public is an extremely expensive proposition. Nobody has come forth with a business proposal to raise those revenues in order to reconstruct the Collins Building. The time has been spent, the issues have been discussed, the extra time has been given for Richard Sullivan's proposal for redevelopment, and it is time to resolve this issue so the Port can move on to other business that it needs to be involved in. Commissioner Niva said she would be voting in favor of adopting Resolution No. 914.

Commissioner Michael Hoffmann said that the 60-day extension seemed reasonable.

Commissioner Phil Bannan said he's been involved with the building since before the Port purchased the property from Hulbert Mill. When the building was purchased, there were tenants in it, but the rents were miniscule. It was difficult to find tenants to pay market rates. The Port spent \$75,000 just to paint the building red. There is no foundation and the pilings are rotten. The Port has searched for ways to put the building to some use, but it would take millions of dollars to make it safe. It is an old building that has outlived its usefulness and it is the Commission's role to guard the public's purse.

A vote was called for:

Vote: 2-1

Yes: Bannan, Niva

No: Hoffmann

Abstained: None

Motion Passed.

Interpretive Program

Communications Administrator Lisa Lefeber reported that the Interpretive Program was developed as part of the Memorandum of Agreement (MOA) for the 12th Street Redevelopment project. The MOA established the scope for the work calling for a program that adequately captures the site's history in the lumber and shingle, commercial fishing and boat building industries in the North Marina area. Staff went out for requests for qualifications in September of last year, and the Port and its consulting parties, Historic Everett and Washington Trust, helped staff develop a short list of qualifications. In February 2009, the Port Commission approved a contract with the consulting parties to implement the Interpretive Program. In March, Staff received three qualified firm proposals for the project. In April, the Consulting parties and Port staff met with the firms selected, resulting in a unanimous decision to hire Belt Collins for the project.

Belt Collins was established in 1953. They take a tourism and economic development approach to historical interpretation and are well know for their Liberty Island project in New York.

The purpose of the program is to respectfully and adequately honor the heritage of the lumber and shingle mills, commercial fishing and boat building industries on the Everett waterfront. The Port hired Larry and Jack O'Donnell to prepare a comprehensive history that will be used to create the interpretive program. Port staff will work to develop a master plan. The program will be implemented over a five-year time period.

With the Commission's consideration, Lisa Lefeber requested that the Commission award the North Marina Redevelopment Interpretive Program contract to Belt Collins in an amount not-to-exceed \$400,000.

Commissioner Michael Hoffmann moved to award the Interpretive Program contract to Belt Collins in an amount not-to-exceed \$400,000. Commissioner Connie Niva seconded the motion. A vote was called for:

Vote: 3-0

Yes: Bannan, Hoffmann, Niva

No: None

Abstained: None

Absent: None

3. OPERATIONS REPORT

Marine Park – Parking Fees

Chief Operating Officer Carl Wollebek announced that parking fees at the 10th Street Marine Park would not be implemented until next year.

Marine Terminals Report

Marine Terminals Director Dave Madill provided an update on Marine Terminals activity for the month of May. There were gains in both the tonnage and container statistics. Port calls were down by two, but equal to last year's figures for April. Tonnage for general cargo was up.

On the container side, the Port loaded 340 containers onto a vessel going to the Northern Slope of Russia. At Mt. Baker Terminal, the Port handled 199 containers, 107 containers went into the terminal and 92 containers were loaded back.

4. PROPERTIES REPORT

Hoffman Contract Amendment

Chief of Properties and Development Larry Crawford reported that the Collins Building deconstruction would allow expansion of the Craftsman District Boatyard. Once the boatyard is expanded, current Port and tenant uses that presently encumber cleanup of the North Marina Redevelopment area, as required by the Department of Ecology - Puget Sound Initiative cleanup process, will be relocated to the expanded boatyard.

Hoffman Construction, as the Port's General Contractor Construction Manager (GCCM) will manage the bidding and deconstruction process under the direction of the Port and its consultant, Re-Use Consulting. The Maximum Allowable Construction Contract (MACC) amendment, based on the current scope, including identification and removal of hazardous materials, is \$400,000. The action being requested is to formalize the action set forth in Resolution No. 914 and to request that the Commission authorize the Executive Director to amend Hoffman Construction's GCCM contract for the bidding, award and deconstruction management of the Collins Building in the MACC amount of \$400,000.

Commissioner Connie Niva moved as presented. Commissioner Phil Bannan seconded the motion. A vote was called for:

Vote: 3-0
Yes: Bannan, Hoffmann, Niva
No: None
Abstained: None

Motion carried.

5. APPROVAL OF BILLS

For the month of May 2009, Claims Voucher Nos. 52065 - 52340 in the amount of \$2,679,525.68, Claims Wire Transfers, IRS, in the amount of \$116,179.52, Union Bank of California in the amount of \$8,931.50, Payroll Voucher Nos. 30505 - 30708, in the amount of \$311,113.35, and Payroll Wire Transfers, PMA Payroll (Longshore Labor) in the amount of \$113,583.18, with the total amount of \$3,229,333.23, were presented to the Port Commission for approval of payment by Senior Accountant Robert Marion.

Commissioner Connie Niva moved to approve payment of the vouchers for the month of May 2009. Commissioner Michael Hoffmann seconded the motion. A vote was called for:

Vote: 3-0
Yes: Hoffmann, Niva, Bannan
No: None
Abstained: None

Motion carried.

6. COMMISSIONER COMMENTS

There were no Commissioner comments.

7. CITIZEN COMMENTS

There were no Citizen comments.

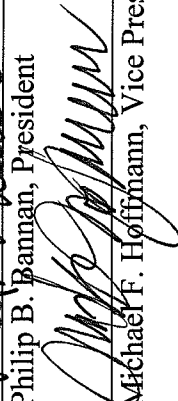
THE MEETING WAS RECESSED INTO EXECUTIVE SESSION at 10:34 a.m. for approximately 45 minutes to discuss with legal counsel a pending litigation matter and the Port Commission strategy to be taken during the course of collective bargaining that is currently in progress. At the conclusion of the Executive Session, there will not be action taken by the Commission and there will not be any announcement. The Commission meeting will be adjourned at the conclusion of the Executive Session. No action was taken.

THE REGULAR MEETING was adjourned at 11:20 a.m.

APPROVED: this 14th day of July 2009. EVERETT PORT COMMISSION

By:


Philip B. Bannan, President


Michael F. Hoffmann, Vice President

Constance M. Niva, Secretary



Port of Everett

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Port of Everett
Voucher Approval List
for the month of
MAY
2009

We, the undersigned Commissioners of the Port of Everett, Snohomish County, Washington, do hereby certify the following vouchers/warrants have been certified and approved for payment this 16th day of June, 2009:

Claims Voucher Nos 52065 - 52340	Total	
Claims Wire Transfers:		\$ 2,679,525.68
5/1, 5/18	Wire Transfer - IRS	\$ 116,179.52
5/22	Wire Transfer - Union Bk of Calif	\$ 8,931.50
	Total Claims	\$ 2,804,636.70
Payroll Voucher Nos. 30505 - 30708		\$ 311,113.35
Payroll Wire Transfers:		
5/6, 5/13, 5/20, 5/27	PMA Payroll (Longshore Labor)	\$ 113,583.18
	Total Payroll	\$ 424,696.53
Total Expenditures		\$ 3,229,333.23

Philip B. Bannan President
Cheryl A. Anderson Vice President
Christy L. Miller Secretary

Attest: James M. White Port Auditor
 Executive Director