

MINUTES OF EVERETT PORT COMMISSION WORK SESSION

August 3, 2010

PRESENT:

Michael F. Hoffmann	President
Mark Wolken	Vice President
Troy McClelland	Secretary
John Mohr	Executive Director
Karen Clements	Chief Fin. Officer
Brad Cattle	Port Attorney

CALL TO ORDER: Commission President Michael Hoffmann called the meeting to order at 5:01 p.m.

1. EXECUTIVE DIRECTOR'S REPORT

Professional Finance Officer Award

Executive Director John Mohr reported that the Washington Finance Officers Association notified him that Karen Clements has once again earned the Professional Finance Officer Award for the State of Washington for achieving educational and professional excellence. She has been the recipient of this award for 21 years.

The Port Commission congratulated Karen Clements on the award and recognized her many accomplishments, including 13 consecutive clean audits from the State of Washington.

SBX Maintenance Project

John Mohr reported that he was notified by Captain Corey of Naval Station Everett (NSE) that there is an Environmental Assessment process being performed for the normal service and repair of the Missile Defense Agency (MDA) Sea-Based X-Band Radar System (SBX). Three sites are being considered for the maintenance work - San Diego, Naval Station Everett and Todd Pacific Shipyards. Captain Corey confirmed that the operation of the SBX would not interfere with Port operations and that X-Band Radar would not be operating. However, normal operating radars would be operating on the vessel which could cause some interference with garage doors and car door openers. If Naval Station Everett is the chosen site, the SBX would be in port during a planned absence of the USS Abraham Lincoln. Once the Environmental Assessment has been prepared, it can be used in the future for the maintenance of the SBX at any one of those three locations assuming that all three of them could be made acceptable under the Environmental Assessment process. The Port will be submitting comments under the EA process about the continued operation of the Port's facilities.

Governance Structure

Port attorney Brad Cattle presented draft explanatory statements for the two propositions regarding the Port's Governance Structure for placement in the Voter's Pamphlet for the November 2010 General Election. These explanatory statements will be filed with the auditor's office on August 10, 2010.

Executive Director John Mohr asked the Commission to address the appointment process for the Pro and Con Committees for each ballot proposition. He reported that the process can be done by appointment of members from the Port Commission with a maximum of three individuals, or it can be passed to the Auditor's Office who would then use their best efforts to appoint the Pro and Con Committees for each of the propositions. The Committee members would then author statements for the Voter's Pamphlet.

Brad Cattle said the Auditor would like to have the appointments by August 10, 2010, but the morning of August 11 would be acceptable.

Commissioner Hoffmann stated he preferred that the Auditor appoint the Committees. Commissioner Wolken inquired if the Auditor normally appointed

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the Committees. Brad Cattle said he would make an inquiry with the Auditor's office and report back to the Commission.

Brad Cattle said if the Commission decides to appoint the committee members, the names and position explanatory statements need to be submitted to the Auditor by the August 10/11 timeframe. The committees would then write the pro/con statements and submit them by August 24 to the Auditor's office. If the Commission decides to make the appointments, the names need to be submitted by the August 10/11 timeframe.

The Commission deferred this matter to the August 10, 2010 meeting and directed staff to obtain more information about the actual appointment process from the Auditor's office, and to contact interested individuals for the proposed committees for Commission consideration.

Brad Cattle clarified that the Commission direction to staff is to research what is the typical process of local governments that sponsor measures, and to have staff contact individuals and provide proposed names of interested volunteers for the Committees at the August 10 Commission meeting. The Commission will decide at the August 10 meeting whether to appoint the committee members or forward the information to the Auditor's Office for completion of the process. The Commission concurred.

2. CHIEF ADMINISTRATIVE OFFICER'S REPORT

Everett Maritime Bankruptcy Update

Chief Administrative Officer Jerry Heller reported that he will attend a hearing in Chicago Illinois on August 5 regarding whether the automatic stay should be lifted and whether Everett Maritime should be required to pay the Master Option Consideration that is owed to the Port.

Mukilteo Tank Farm Update

Jerry Heller reported that the Air Force has issued its Environmental Assessment (EA) for the transfer of the Mukilteo Tank Farm to the Port of Everett. The Port has submitted its comments in response to the EA which include concerns about the restrictive provisions of the Covenants that would run with the land. At the time the Port submitted its comments, a request was made that a copy of all comments received by the Air Force be sent to the Port.

3. CHIEF FINANCE OFFICER'S REPORT

Property Insurance

Chief Finance Officer Karen Clements reported that the Port's insurance broker, Debbie Bovee with Alliant Insurance, will present the Port's property insurance renewal at the August 10 Commission meeting.

2011 – 2015 Capital Improvement Projects

The proposed 2011 – 2015 Capital Improvement Projects (CIPs) will be presented at the August 10 Commission meeting. The Commission will not be asked to approve the CIP budget on August 10, as that request will be made later during the October meetings.

Environmental Reserve Account Report

Karen Clements presented the annual Environmental Reserve Account report to the Commission. Per Port Commission Policy, 10 percent of the property tax levy is reserved in the Environmental Reserve Account for projects or programs that benefit the environmental. From the years 2000 through 2009, the Port expended in excess of \$13 million on environmental projects and programs. The 10 percent of property taxes placed in the Environmental Reserve Account from 1996 through 2009 totaled \$4,762,769, and the balance in the account was \$401,822 at December 31, 2009, before it was allocated against the environmental projects and programs.

The annual accounting is attached as part of the record.

4. OPERATIONS REPORT

Marine Terminals Report

Marine Terminals Director Dave Madill said the Port was up one vessel call during the month of July compared to the same time last year. For year to date, the Port is down 8 vessel calls, and tonnage is down by 8 percent. Containers are down due to the anticipated reduction in Boeing cargo.



At Mt. Baker Terminal, 63 containers were moved in with 60 containers going out.

5. PROPERTIES REPORT

Waterfront Center - Furnishings

Properties Director Larry Crawford reported that the Port has the opportunity as a secondary purchaser on an existing New York State contract with Global Furniture Group to obtain a volume discount for acquisition of furniture and wall systems for the Waterfront Center facility. Global will contract with our local Everett Office Furniture as dealer for delivery and installation, as well as support services throughout the design process.

The contract with Global Furniture Group specifically calls for the Evolve Furniture Group line, and includes providing furniture, wall panel systems, and adaptable data/power configurations for the new Port Administration Office, Marina Office, and multipurpose community event/commission room. The Evolve line of furniture is made from highly recycled and environmentally friendly materials and supports the Port's environmental and sustainability goals. The summary of costs submitted by Global Furniture, before final review by the Port, indicates net cost for the furniture amounting to \$221,432.42, installation estimation is \$25,440, and \$22,712.26 for Washington State Sales Tax (WSST), for an estimated contract amount of \$269,584.68. The total amount represents a 63 percent reduction off the list price, due to the subcontract with the New York State contract.



Larry Crawford asked for Commission authorization to contract with Global Furniture Group for the Evolve Furniture Group line to provide furniture, wall systems, and data/power configuration for the new Port Administration Office, Marina Office, and multi-purpose community event/commission room, in the approximate amount of \$269,584.68.

Commissioner Mark Wolken moved as presented. Commissioner Troy McClelland seconded the motion. A vote was called for:

Vote: 3-0

Yes: McClelland, Hoffmann, Wolken

No: None

Abstained: None

Motion carried.

6. PROJECTS UPDATE

Pier 3 Pile Repairs, 2010 – Cathodic Protection – Call for Bids

Chief of Engineering & Planning John Klekotka reported that structural piling supporting Pier 3 require repairs in order to maintain the pier in a serviceable condition, and periodic performance of the repairs is required to be performed by the Port under the Port's contract with Lehigh Cement. The Port's engineers recommend adding corrosion protection for the bare steel batter piles. A total of 138 steel piles would be protected with the addition of two sacrificial anodes per pile.



Permits have been applied for and received from the Washington State Dept. of Fish & Wildlife, with the Corps permit expected by the end of August, 2010. Port staff is working with its engineers to finalize the design. Staff is requesting that the Commission approve the call for bids for the Pier 3 Pile Repairs 2010 –

Catholic Protection project. The proposal is that the Port would bid the project in late August, open the bids in September, and bring the results back to the Commission for award in October, with the work occurring in November through January, 2011.

Commissioner Mark Wolken moved to approve the call for bids for the Pier 3 Pile Repairs 2010 – Catholic Protection project. Commissioner Troy McClelland seconded the motion. A vote was called for:

Vote: 3-0
Yes: McClelland, Hoffmann, Wolken
No: None
Abstained: None

Motion carried.

7. COMMISSIONER COMMENTS

Commissioner Troy McClelland commented that Port staff took an innovative approach to find the vehicle in the New York State contract for the new Waterfront Center Facility, given how challenging and difficult it is to purchase office furniture. The price of the furniture and the inclusion of the walls appear to be a great value. Troy McClelland thanked staff for their hard work on this project.

Commissioner Michael Hoffmann commented that he attended the recent WPPA Commissioner's seminar and will provide information to the Commission on meeting structure.

8. CITIZEN COMMENTS

There were no citizen comments.

THE MEETING WAS RECESSED into Executive Session at 5:41 pm for approximately one hour to discuss with legal counsel current negotiations pertaining to a property lease for which public discussion could disadvantage the Port's position, and to discuss with legal counsel issues pertaining to real property in which the Port holds an interest.

At the conclusion of the Executive Session, there were no announcements, and there was no action taken by the Commission.

At 6:45 p.m., the Port's Chief Finance Officer extended the Executive Session to 7:15 p.m.

THE WORK SESSION WAS ADJOURNED at 7:18 p.m.

APPROVED: THIS 14th day of September 2010. EVERETT PORT COMMISSION

By: 
Michael Hoffmann, President


Mark Wolken, Vice President


Troy McClelland, Secretary

Port of Everett

●●MEMORANDUM●●

DATE: July 27, 2010

TO: Port Commissioners
John Mohr, Executive Director
Graham Anderson

FROM: Karen Clements, Chief Finance Officer *Ka*

RE: Environmental Reserve Account

Per Port Commission policy 10% of the property tax levy is reserved in the Environmental Reserve Account for projects and/or programs that benefit the environment. This began with tax collections in 1996.

The attached spreadsheet lists environmental projects and programs from 2000 through 2009. During this ten-year period the Port expended in excess of \$13 million on environmental projects and programs.

The 10% of property taxes placed in the Environmental Reserve Account from 1996 through 2009 totaled \$4,762,769, and the balance in the account was \$401,822 at December 31, 2009 before it was allocated against the environmental projects and programs as shown on the attached spreadsheet.

Please let me know if you have any questions.

Port of Everett Environmental Reserve Account

	2000 - 2002	2003	2004	2005	2006	2007	2008	2009	Total thru 12/31/09
CIP Projects									
19-002-01 S Terminal Woodwaste Removal		2,498			17,973	155,433	408,934		584,838
10-007-01 Creosote Pile Replacement		65,191	66,427	167,971					299,589
10-011-01 Terminal Stormwater Upgrades								95,918	95,918
10-016-01 EMS South Terminal Stormwater Swale							126,142	98,113	224,255
10-025-01 Pacific Terminal Storm Drainage Improvements								287	287
18-002-99 Jetty Island Creosote Pile Removal			32,632						32,632
18-004-03 RBTF Quiet Zone						19,619	11,378	234,661	265,658
20-037-01 Marina Stormwater Improvements								27,251	27,251
50-001-99 Biringier Mitigation Bank		67,984	6,943	5,779	3,427	12,041	7,620	54,510	158,304
30-003-17 N M R 3 Env Cleanup			62,841	366,423	2,568,369	2,725,808	147,075		5,870,516
30-012-xx Puget Sound Initiative							1,339,978	1,857,934	3,197,912
50-002-99 Union Slough Mitigation Site	1,334,702	2,466							1,337,169
20-025-01 Sani Pumpout ADA Float		28,099							28,099
30-003-99 Union Slough Mitigation Site Expansion				449,815	15,717				465,532
50-005-01 Jetty Island Upgrades			499	10,446	26,717	86,247	83	752	124,743
50-007-01 Lower Settling Basin Expansion				4,020	28,024	54,952	62,285	150,102	299,383
	1,334,702	166,239	169,341	1,004,453	2,660,227	3,054,100	2,103,495	2,519,528	13,012,085
Corps of Eng. Co-op Bull Trout Study				62,500					62,500
NCD post-constr water qual monitoring		7,900		8,669					16,569
12th St Marina & N Marina ESA Salmon migration study				12,000					12,000
Environmental Management System (EMS)					61,105	61,741	41,998	44,235	209,078
Environmental Partnerships - People for Puget Sound, ORCA							9,234	3,334	12,568
Coord. Jetty Island Beach Enhancement w/Dredge Material					14,978				14,978
	0	7,900	0	83,169	76,083	61,741	51,232	47,569	327,693
Total	1,334,702	174,139	169,341	1,087,622	2,736,310	3,115,841	2,154,727	2,567,097	13,339,778
Environmental Reserve Account									
10% of Property Tax Collections:									
Balance at 12-31-09								410,822	
Spent during 2008								2,567,097	
Balance at 1-1-10								0	
Total 10% Collected through 12-31-2009									4,762,769
Spent through 12-31-2009									13,339,778