

MINUTES OF EVERETT PORT COMMISSION WORK SESSION
November 2, 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 5:00 p.m.

1. EXECUTIVE DIRECTOR'S REPORT

Holiday on the Bay – December 11, 2010

Executive Director John Mohr announced that Holiday on the Bay will be held at the Marina on Saturday, December 11, 2010 from 1:00 – 6:00 pm. The event will begin with a Holiday Farmers' Market, a Radio Disney AM 1250 Holiday Program, a School Holiday Music Program, tree lighting and lighted boat parade.

Commissioner Mark Wolken said he would represent the Port Commission at the event on the 11th.

Veteran's Day

The Port offices will be closed on November 11, 2010 in recognition of the Veteran's Day Holiday.

Redistricting

The Port will be redrawing the internal Commissioner District boundaries for the Port District as part of the results of the 2010 Census. The population data will be forwarded to the Port by the Auditor's Office and it will be the Port's responsibility to finalize an approved boundary plan by December 31, 2011.

December Commission Meetings

The Port will hold a single combined Commission meeting on December 7, 2010 at 5 p.m. in its existing location at 2911 Bond Street, Ste. 109, Everett. On December 10, the Port's Administrative Offices will be closed to accommodate the move from the Bond Street building to the Waterfront Center Facility. The Administrative Offices will be open at the new facility on December 13, 2010.

Sustainability Report

Port staff will present the Port's Sustainability Report at the December 7, 2010 combined meeting. The report is the result of Commissioner Hoffmann's direction for the Port to track its sustainability efforts. For the past 8 months, Port staff has been working on collecting and organizing the data for the Sustainability Report to develop the baseline document. Brandon Whitaker of Port staff has led this team effort. The goal of the report is to broadcast all areas of the sustainable operations of the Port and to provide quantitative measurement so that performance can be tracked going forward.

John Mohr reported that Port staff is on track for the process of gathering relevant information related to the North Marina Redevelopment effort. Senior Planner Graham Anderson is leading the effort and will provide information to the Commission during the January Commission meetings.

2. DEPARTMENT REPORTS

Marina

Jim Hebert of Hebert Research provided an in-depth Marina forecast for the Port's Marinas. Some of the study findings included:

- ~ Boating tends to have a generational divide. Most boaters are over the age of 50;
- ~ The Port should offer the option of internet service for boaters;
- ~ A grocery store and "grab and go" style restaurant are needed at the marina;

ORIGINAL

- ~ The Port of Everett ranks high in customer service;
- ~ The average length of stay at the marina is 23 years;
- ~ Develop more inviting signage and short-term moorage rentals;
- ~ Continue with dock improvements;
- ~ Moorage rates are a deterrent;
- ~ Nearby shopping and transportation is needed; and
- ~ Marina users appreciated the high level of public access offered.

The study concluded that due to the economy, long, slow growth is the forecast for the Everett area, but recreational boating will eventually recover.

Commissioner Troy McClelland said that the report will be a valuable tool in the Port's strategic planning for its Marinas.

Properties – Weyerhaeuser Building Update

Properties Manager Steve Hager reported that the Weyerhaeuser Building was moved to its current location in 1983. A substantial investment was put into the building at that time by the local community in restoration efforts. The Everett Chamber of Commerce occupied the building up to 2003, and the Port is now performing deferred maintenance on the building and is in the process of replacing the roof and replacing the HVAC system. The project budget is \$400,000. Future work will include exterior painting, the installation of an elevator and sprinkler system, and other maintenance items.

The Port is planning to have the building open to accommodate some of the events scheduled for the Holiday on the Bay on December 11. Unless more work is performed on the building, there is limited use for the building.

Projects

10th Street Boat Launch Maintenance Dredging

Chief of Engineering & Planning John Klekotka reported that significant siltation occurred in the lower Snohomish River during 2008 and 2009. In early 2009, river flooding caused the depositing of material into the Boat Launch basin that rendered the launch almost unusable during low tides. During 2009, Port staff, engineers and environmental scientists conducted sediment characterization and obtained permits to dredge approximately 30,000 cubic yards of sediment and dispose of the material at the Port Gardner Deep Water Disposal Site. Staff also obtained a grant from the Federal Emergency Management Agency (FEMA) to cover costs for 3,750 cubic yards of the work. The project was bid in late 2009 and awarded to KC Equipment in the amount of \$588,915.60, including Washington State Sales Tax (WSST). KC Equipment began the work in January 2010, and dredged 21,960 cubic yards by February 15.

John Klekotka reported that there was a significant event during the project, which was the asserted prohibition by a regulatory agency of using flat-decked barges for disposal. During the bid phase, the Port understood from the permitting agencies that the flat-decked barges would be allowed to be used and issued an addendum for clarification purposes. During the course of the work, the Port was contacted by one of the permitting agencies whereby that agency had reversed its earlier position. This resulted in the Port's inability to request an extension for the work, and the Port was also unable to finish the work during the summer. The contractor did manage to get 21,960 cubic yards of material. Also, the contractor had a claim associated with the flat-decked barge change and asserted this changed its work sequence.

Port attorney Brad Cattle said that KC Equipment alleged that it incurred additional costs due to the shut down over a weekend when the permitting agencies decided that the flat-decked barge could not be used. The Port asked KC Equipment to substantiate its claim on two different occasions and asked for clarifying information, which it did not provide. The Port then denied KC Equipment's claim. The Port also terminated the KC Equipment contract per the terms of the contract and sent them their final check for payment, which it has

cashed. The Port believes the matter is final and believes that the timeframe for KC Equipment to initiate a formal legal challenge by filing a lawsuit under the terms and conditions of the contract has passed. Port staff is submitting this project to the Commission for final close-out at this time.

John Klekotka also reported that there was a minor change order to do dragging work to smooth out some of the bumps and fill in some of the low spots which was in the amount of \$8,000.

Staff requested that the Commission accept the project as complete and authorize Staff to close-out the contract with KC Equipment, LLC in the amount of \$463,234.70.

Commissioner Mark Wolken moved to accept the 10th Street Boat Launch Maintenance Dredging project as complete and authorize Staff to close out the contract with KC Equipment, LLC in the total amount of \$463,234.70, including WSST. Commissioner Troy McClelland seconded the motion. A vote was called for:

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

Motion carried.

Puget Sound Air Emission Inventory – Interlocal Agreement

Brandon Whitaker of the Engineering & Planning Department announced that he would be providing a full report on the Puget Sound Air Emissions Inventory at the November 9 Commission Meeting.

Ameron / Hulbert Consulting Contract

Erik Gerking of the Engineering & Planning Department reported that the Port is under an Agreed Order with the Washington State Department of Ecology for the completion of a Remedial Investigation and Feasibility Study and Draft Cleanup Action Plan at the North Marina Ameron / Hulbert Site. The site includes the Ameron International leasehold, and other adjacent portions of the Port's North Marina redevelopment property. Modification No. 3 covers costs associated with conducting the Remedial Investigation, which will require a majority of the 2011 calendar year, and possibly 2012 depending on the testing results.

The current potentially liable parties (PLPs) responsible for the Site include the Port of Everett, Ameron, Hulberts, and Oldcastle. The Port is working with the PLPs under a Cooperation and Participation Agreement and is responsible for leading the process. The Agreement allows a legal framework to allow PLP participation in the cleanup process which results in higher than normal project expenses. A portion of the budget for Modification No. 3 is established for PLP coordination.

The modification for Remedial Investigation services is estimated at \$442,100, which consists of a base scope of \$232,900 and a budget for follow-on remedial investigation services of \$209,200. The modification also includes a supplemental budget for previous services of 410,000. This anticipates additional future scopes of services to include remaining requirements of the Agreed Order and future cleanup action at the site.

The existing Professional Services Agreement (PSA) for the project has a current limitation of \$338,400. The requested modification to Landau Associates agreement will add an additional \$452,100 for a new total of \$790,500. The Port's costs for this work are reimbursed at a rate of 50 percent through grant funds from the Department of Ecology. Sufficient grant funds are currently allocated for this project in the Port's grant agreement.

Staff believes that the competitive solicitation process would not be cost effective – the current scope of services will build upon the previous work completed by Landau Associates conducted under Port direction. Port staff completed a thorough due diligence process, including a detailed internal review of the modification request, a third party peer review, and a labor rate comparison. The basic conclusion of this process is that Landau Associates Modification No. 3 request is appropriate and necessary.

Staff recommends that the Commission review the modification to the existing PSA and supplemental peer review information for consideration of approval during the subsequent commission meeting scheduled for November 9, 2010. Staff further recommends that the Commission consider an approval for an exemption from the competitive solicitation process for the work identified in the modification and for possible future modifications necessary to complete the work required under the Agreed Order or future Consent Decree.

Commissioner Troy McClelland asked what the benefit would be in approving the follow-on budget amount of \$209,200 now, as opposed to when it is actually needed. Erik Gerking said that Staff anticipates there will be additional scopes beyond the \$232,900 amount budgeted and it would speed the process if the follow-on budget was available to move the subsequent phases of investigation forward in the process.

Commissioner McClelland said he wanted some time to review the additional budget for the RIFS and wants to better understand the benefits before next week's meeting.

COMMISSION PRESIDENT'S REPORT

Commissioner Michael Hoffmann said he would provide information to the Commission regarding a format for an Economics Discussion.

COMMISSION DISCUSSION

Commissioner Hoffmann asked the Commission to consider the Port's underlying principles when making a decision such as the tax levy rate. Both Commissioners Wolken and McClelland agreed that as the Port goes through its strategic planning process, many areas will be considered including the Port's tax levy rate.

CITIZEN COMMENTS

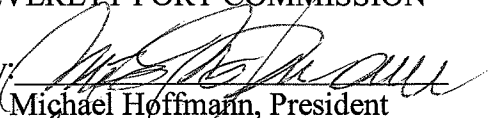
Former Commissioner and long-time Marina tenant Don Hopkins, Jr. expressed concern about the reduced Marina occupancy, staff layoffs and reduction in summer help at the Marina. He asked the Commissioners to look at other ways to save dollars in the budget and save the jobs.

Richard Cook, Marina tenant, invited the Commissioners to participate in the Marina User Forum and Dock Captain meetings. He also said he was sorry to see staff being laid off.

There was no Executive Session.

THE WORK SESSION WAS ADJOURNED at 7:16 p.m.

APPROVED: THIS 7th day of December 2010. EVERETT PORT COMMISSION

By: 
Michael Hoffmann, President


Mark Wolken, Vice President


Troy McClelland, Secretary