

MINUTES OF EVERETT PORT COMMISSION WORK SESSION  
May 1, 2012

PRESENT:

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

CALL TO ORDER: Commissioner Troy McClelland called the meeting to order at 5:12 p.m.

Commissioner McClelland reported that due to heavy traffic, Commissioner Hoffmann will be about 10 minutes late for the meeting.

CONSENT AGENDA FOR MAY 1, 2012

- Hitachi Crane Motors – Request for Proposals
- Surplus Boat Auction – Resolution No. 970

Commissioner Tom Stiger moved to approve the items of the Consent Agenda for May 1, 2012. Commissioner McClelland seconded the motion. A vote was called for:

Vote: 2-0

Yes: McClelland, Stiger

No: None

Abstained: None

Motion carried.

1. EXECUTIVE DIRECTOR'S REPORT

Executive Director John Mohr reported that Port staff continues to gather information regarding the Kimberly Clark property. Staff has been working with a commercial realtor to gather some additional information, and as more information comes forth, Staff will be prepared to make a recommendation to the Commission.

2. CHIEF ADMINISTRATIVE OFFICER'S REPORT

Chief Administrative Officer Les Reardanz presented the proposed Strategic Planning schedule to the Commission. In September and October 2012, the 2013 strategic goals would be established that coincide with the budget timeframe in November. In December 2012 staff will come back before the Commission to provide the final report as to how the Port performed on the 2011-2012 strategic goals. As part of establishing the 2013 goals, Port staff will update the Commission to determine if new goals should be considered.

The strategic planning process will occur throughout the 2013 calendar year. At the Commission retreat, staff is proposing that a major portion of the retreat be devoted to the strategic plan in getting direction and guidance from the Commission.

Commissioner Hoffmann inquired if this is when the Commission and staff will discuss the vision and mission statements. Les Reardanz said the vision and mission statements would be part of the overall update in 2013. The September – October 2012 timeframe would be for establishing the goals for 2013.

Commissioner McClelland said it was his recollection from the Retreat that the visioning conversation would occur as part of the September – October 2012 strategic discussion so that the goals align with the vision.

Commissioner McClelland suggested that staff should collect comments from the Commissioners to make sure everyone is viewing the language the same, and then

provide an update to the Commission next week, or next month if staff needs additional time.

**U.S. Air Force Interim Lease – Mukilteo Tank Farm**

Les Reardanz said the Port currently uses approximately 1-1/4 acres of the Mukilteo Tank Farm property for the operation of the Mt. Baker Terminal which includes a strip for ingress and egress to the terminal, the storage yard and parking for the operation. The Air Force needs to insure that it has a lease document that the Port is using the property in a legal manner. The term for the proposed lease is based on a federal fiscal year, October 1 to September 30, and would run through April 30, 2016 to allow for the transfer of the property to the Port. The land that it covers includes the storage yard, the utilities, and parking as well as the ingress and egress to the terminal. Rather than a cash rent there is an in-kind rent which is a \$50,000 security fence to be installed along the old government pier. The purpose is to insure that there are no trespassers on the pier for liability purposes. It is a one time in-kind payment throughout the term of the lease and the improvements do transfer to the Port at that time. The Air Force is also getting leases from other users on the property such as Sound Transit, NOAA and others.

Les Reardanz respectfully requested that the Commission move to authorize the Executive Director to enter into the lease with the U.S. Air Force for approximately 1.24 acres of land on the Mukilteo Tank Farm property for the operation of the Mt. Baker Terminal and ingress and egress access to the Terminal for the storage yard and parking.

Commissioner Michael Hoffmann moved as presented. Commissioner Stiger seconded the motion. A vote was called for:

Vote: 3-0

Yes: Hoffmann, Stiger, McClelland

No: None

Abstained: None

Motion carried.

**Community Sponsorship Presentations**

Public Affairs Administrator Lisa Lefebber reported that the Port has received four community sponsorship requests for 2012 as follows:

- Fourth of July Festival: \$5,000
- Waterfront Concert Series: \$2,000
- Mukilteo Lighthouse Festival: \$10,000
- Mukilteo Visitor Center: \$5,000

A representative from each group made a brief presentation to the Commission on the community benefits supporting their respective requests.

Lisa Lefebber provided the Commission with a copy of the Port's Economic Development and Tourism Policy and indicated that the Port's community sponsorship budget for 2012 is in the amount of \$12,000. Port staff will come back before the Commission at the May 8<sup>th</sup> Regular Meeting and ask the Commission for their funding recommendations for each of the sponsorship requests.

3. DEPARTMENT REPORTS

**Projects Update – Marina Maintenance Dredging Phase 1 – Contract Closeout**

Chief of Engineering & Planning John Klekotka reported that silt deposition from the lower Snohomish River causes shoaling in various areas of the Port's Marina and the area in the vicinity of the Fuel Dock, and was last dredged during the 2001/2002 in-water work window. In November 2011, the Commission awarded the contract for the dredging of a planned quantity of 20,000 cubic yards to

Pacific Pile & Marine. In January 2012, Port staff informed the Commission that the pre-dredge survey indicated a significant additional volume of material had deposited in the dredge area since the 2008 bathymetric survey. In February 2012, the Port Commission authorized a change order for Pacific Pile & Marine to dredge the newly projected volume of 37,700 cubic yards. In late February, after a one week work-window extension was granted by the permitting agencies, Pacific Pile & Marine completed dredge operations in the project area, with a final surveyed pay volume of 30,498 cubic yards, at a total final cost of \$1,029,931, including WSST.

Staff requests that the Commission accept the Marina Maintenance Dredging, Phase 1 project as complete and authorize Staff to close out the contract with Pacific Pile & Marine in the final total amount of \$1,029,931, including WSST.

Commissioner Stiger inquired about the Phase 2 dredging. John Klekotka said that Staff is actively working on the project with sediment sampling and testing of the sediments and then coordinating with the agencies to ascertain how the Port will proceed so that staff can take advantage of as much material going to open water disposal as possible rather than having it go upland. Also, some of the dredging could depend on how the Marina District Master Plan turns out, and depending on what finally gets recommended, certain areas may be less of a priority than how they are perceived currently.

Commissioner Stiger inquired about the in-water cleanup of the Everett Shipyard site. John Klekotka indicated that at this time, Staff doesn't know how that will be packaged, but in general terms, Phase 2 would be the mid-area to the north, and then Phase 3 was thought to be the Everett Shipyard area that is along the bulkhead. The timeline for the Phase 2 dredging is in the fall of 2013.

Commissioner Michael Hoffmann moved to accept the Marina Maintenance Dredging, Phase 1 project as complete and authorized Staff to close out the contract with Pacific Pile & Marine in the final total amount of \$1,029,931, including WSST. Commissioner Stiger seconded the motion. The vote was called for:

Vote: 3-0

Yes: McClelland, Hoffmann, Stiger

No: None

Abstained: None

Motion carried.

#### **Everett Shipyard Site, Building Demolition**

John Klekotka reported that Staff opened 11 bids on April 25, 2012 for the Everett Shipyard Site, Building Demolition project. The base bid ranged from a low of \$294,000 to a high of \$799,000, with an engineer's estimate of \$825,000. There were also additives which were the old Scuttlebutt building and the Mall Building. Considering both of the additives, the range was from about \$447,000 up to \$1.1 million, with an engineer's estimate slightly more than \$1.1 million. All of the numbers include sales tax. Staff is still in the process of evaluating the bids and checking out the low bidder's references. The low bidder is a fairly new firm so staff will conduct a bid evaluation to get more information. Staff is hopeful to bring this matter back to the Commission at next week's meeting, but if Staff doesn't meet that goal, then staff will bring the matter back next month to request the award.

#### **Commission President's Report**

Commissioner McClelland said the Port of Everett continues to be highlighted for its great work in terms of the Boeing Company and aerospace, and noted that he has seen the highlights and congratulated Staff on their continued support of aerospace in the region.

#### **Commission Discussion**

Commissioner Stiger said he's been watching the group that is working at Union Slough and said they are doing a great job in cleaning up the area. John Mohr said it is a group that has been organized through People for Puget Sound and they have a group of trained volunteers doing the work. Keeley O'Connell is the local representative for the group. The Port has worked closely with People for Puget Sound and has provided mulch and plantings, and the volunteers provide the labor and make the facility work well. They also do similar projects on Jetty Island. Lisa Lefebvre said the group had an earth day event at Union Slough this past Saturday and Boeing was the primary sponsor for the labor force that helped with the cleanup. The reports that came back were favorable in that the event was well attended and a lot of progress was made. Brandon Whitaker helped with the coordination along with the Port's Marina facilities group.

Commissioner McClelland said he previously had a chance to spend part of a day with the group and was impressed by how much material work was done and how the region is benefited by the group's efforts.

### **Citizen Comments**

Jeff Lalone, Bayside Marine, inquired about the Port's interest in Kimberly Clark. John Mohr commented that Port staff has been working to get information on the sale of the property. On Friday, Kidder Mathews was announced as the official representative for Kimberly Clark in the sale of the property. Port staff has toured the site with Kidder Mathews to get information. At this point, there is no announced price, nor is there any announcement as to what the cleanup is going to be. Port staff knows that there are two major parts to the cleanup, the in-water and the upland, but at this point the Port does not know what the cleanup entails. Cleanups can get expensive relatively quickly and make the property unavailable, and they can reduce the utility of the property. The Commission has been very clear that they want staff to get as much information on the site as possible, and staff is trying to get the information before making any recommendation back to the Commission. The Port did submit a letter to the City of Everett indicating the Port's interest in the City maintaining the property as a marine facility and pointing out the attributes of the site, including the federal channel, current zoning, the fact that it is located between two secured facilities, and the fact that it has not only exceptional utilities, but also exceptional rail and highway access.

John Mohr indicated that he was currently working with some commercial real estate folks to try to get a better set of information as to what they see is the value of the property; and if the Commission were to move forward, what the best acquisition strategy would be.

Commissioner McClelland said the Port is trying to get the full information to be able to better understand the property. Clearly there are marine uses that make the property interesting to the Port. Staff is working hard to get the information and has stayed well coordinated with the City of Everett.

Harold Quimby, Mukilteo, asked for further clarification of the Port's lease with the U.S. Air Force for property at the Mukilteo Tank Farm. John Mohr responded that the Air Force is leasing a portion of the Mukilteo Tank Farm property to the Port for the operation of the Mt. Baker Terminal. The Port is also paying for access at the Mt. Baker Terminal to be able to use the roadway down to the Terminal. In lieu of paying cash for the lease, the Port is making a one-time in-kind payment by installing a security fence across the government pier to prevent trespassers. The Port is using 1-1/4 acres of Mt. Baker Terminal where the aerospace containers are being off-loaded and on-loaded. The Port is paying for the use of the property and the access through the Tank Farm to the Mt. Baker Terminal. For clarification purposes, the removal of the government pier is estimated to be somewhere between \$6 - \$10 million.

Commissioner Hoffmann commented that language in the lease refers to an annual payment of \$50,000. Les Reardanz said it is \$50,000 over the term of the

lease, or in this case, once the security fence is installed, the payment is complete through the term of the lease.

Commissioner McClelland said there is a question about the term *\$50,000 per year* in the lease. Les Reardanz said that staff could ask the Air Force to pull the language “per year” out if that would be better clarification. Commissioner McClelland said it would be helpful to clarify that piece of language.

THE WORK SESSION WAS RECESSED into Executive Session at 6:03 pm for approximately 30 minutes. The purpose of the Executive Session is to discuss with legal counsel a potential litigation matter, to consider the negotiations concerning a piece of real property which may be leased when public discussions would disadvantage the Port, and the strategy to be taken by the Port Commission during the course of collective bargaining that is currently in progress. At the conclusion of the Executive Session, no action was taken by the Commission and no announcements were made.

At 6:30 p.m., Port counsel Brad Cattle extended the Executive Session to 6:35 p.m.

THE WORK SESSION WAS ADJOURNED at 6:35 p.m.

APPROVED this 12<sup>th</sup> day of June, 2012.

EVERETT PORT COMMISSION

By:   
Troy McClelland, President

  
Michael Hoffmann, Vice President

  
Tom Stiger, Secretary