

MINUTES OF EVERETT PORT COMMISSION  
REGULAR MEETING  
May 6, 2014

PRESENT:	Tom Stiger	President
	Troy McClelland	Vice President
	Glen Bachman	Secretary
	John Mohr	Executive Director
	John Carter	Chief Finance Officer
	Brad Cattle	Port Attorney

CALL TO ORDER: The Regular Commission Meeting of May 6, 2014 was called to order at 5:00 p.m. by Commission President Tom Stiger.

Commission President Tom Stiger approved of Commissioner Troy McClelland's participation in the meeting via teleconference.

CONSENT AGENDA FOR MAY 6, 2014

- Joint Stormwater Study – Port of Everett Agreement with WPPA

Commissioner Glen Bachman moved to approve the Consent Agenda for May 6, 2014. Commissioner Stiger seconded the motion. A vote was called for:

Vote:	3-0
Yes:	Bachman, McClelland, Stiger
No:	None
Abstained:	None

Motion carried.

1. EXECUTIVE DIRECTOR'S REPORT

**American Association of Port Authorities (AAPA) – Commissioners Seminar**

Executive Director John Mohr reported that AAPA is holding a Commissioners Seminar on June 3 - 5, 2014 in Seattle. Commissioner Bachman and Commissioner McClelland are registered for the seminar, and John Mohr said that he and Commissioner McClelland are part of a panel discussion on June 4. John Mohr asked the Commissioners to consider shifting the Commission meetings out one week during June so that the first meeting would be held on June 10 and the second meeting would be held on June 17 to facilitate the Commission's participation in the AAPA Commissioners Seminar.

John Mohr said that Staff will bring the matter back to the Commission at next week's meeting after the Commission has had time to review their calendars.

**Resolution No. 1010 – Delegation of Authority in Absence of Executive Director**

Executive Director John Mohr presented Resolution No. 1010 that identifies the delegated authority in the absence of the Executive Director and updates, supersedes and repeals Resolution No. 898 in its entirety.

Resolution No. 1010 provides that the Deputy Executive Director, in the absence of the Executive Director, has the Executive Director's full authority. The remaining designees on the list have reduced authority, although they can act with specific authorization from the Executive Director if they need to go beyond the limited authority that they have.

John Mohr recommended that the Commission adopt Resolution No. 1010 as presented.

Commissioner Glen Bachman moved to adopt Resolution No. 1010 identifying delegated authority in the absence of the Executive Director and repealing Resolution No. 898 in its entirety. Commissioner Troy McClelland seconded the motion. A vote was called for:

Vote:	3-0
Yes:	Bachman, McClelland, Stiger
No:	None
Abstained:	None

Motion carried.

ORIGINAL

2. CHIEF FINANCE OFFICER'S REPORT

**Financial Guidelines**

Chief of Finance John Carter presented the Financial Guidelines to the Port Commission. The Financial Guidelines are a foundational document providing guidance on the Port's financial operational management policies, the formal debt policy, and the formal investment policy. The purpose for the financial guidelines is to basically state the financial philosophy of the Port, to assist in framing the Port's financial management priorities, and to inform the Port's daily management as well as the budgeting processes.

John Carter said he would like to continue to review the Financial Guidelines with the Commission and come back in June for approval so that the document can be used for the Port's budget process.

**Equipment Financing Update**

John Carter reported that Staff included in the 2014 budget a long-term lease proposal of \$11.8 million for equipment at the Terminals – to be financed through a Master Lease Program. Staff went out with an RFP in March and received responses in April. Staff short listed the 9 proposals down to 4, and then selected 2 firms to be interviewed – Peoples Bank and Bank of America. Subsequently, after the interviews, there was a series of questions that Staff asked them to respond. Staff concluded that the Bank of America had the most attractive proposal. Staff has been working with the Port's bond counsel, Cynthia Weed, in reviewing the Master Lease documentation to make sure that all is in order before presenting the document to the Commission.

John Carter said that he would like to get the financing in place so that the Port is ready to acquire the equipment.

Staff chose Bank of America due to their leasing experience, low interest rates, fixed rates and no additional fees. Bank of America did not ask for a formal pledge of the Port's revenue bonds or general obligation revenue debt. Overall, Staff felt that Bank of America's proposal was the most favorable to the Port.

Staff will bring the Master Lease documentation back to the Commission in June.

**1<sup>st</sup> Quarter Financial Report**

Chief Finance Officer John Carter provided a brief summary of the Port's 1<sup>st</sup> Quarter Financial Report.

**Operating Summary**

- Revenues totaled \$6.62 million (up 1% from 2013);
- Expenses totaled \$4.69 million (up 2% for the period);
- Operating income before depreciation of \$1.93 million (down \$39 thousand)

**Non-Operating Summary**

- Revenue of \$540 thousand, Grant receipts of \$592 thousand;
- Non-operating expenses of \$372 thousand (down from \$418 thousand);

As of March 31, 2014 the Port had \$28.4 million in Cash and Investments (down 4%);

**Capital Expenditures**

- The Port spent just \$1.14 million during the quarter on a variety of capital and environmental remediation projects.

3. DEPARTMENT REPORTS

**Properties**

**Riverside Business Park Infrastructure Transfer**

Chief of Business Development Terrie Battuello reported that a mutually beneficial agreement is proposed between the City of Everett and the Port of Everett with respect to the City's interest in obtaining a water easement from the Port and to the Port's interest in transferring responsibility for the maintenance and operation of public infrastructure such as roads, sewers, and storm water systems and their appurtenances within the Riverside Business Park.

The controlling document for this transaction is the General Transfer Agreement (GTA). The GTA sets in motion a number of transactions needed to meet the goals of the transaction. Each utility system has a unique set of tasks to conclude before its transfer. The GTA secures the City's agreement to accept Port infrastructure as soon as critical steps are taken by the Port.

The following actions are to be taken by the Port to achieve the goal of transferring each system:

**Bridge and roadways and street lights - \$98,000 plus easement.** A throw fence of approximately \$56,000 must be built by the Port to allow pedestrian access to the bridge. The road passes through a private parcel. An easement allowing for the conversion of the road from private to public is needed from an adjacent owner. Additionally, an easement must be provided to the City granted by the BNSF at a cost of \$42,000 paid for by the Port.

**Sewer System - \$10,000 plus easement values** – Three additional easements across property that was previously owned by Weyerhaeuser must be acquired for transfer to the City. The anticipated value of these easements is a matter for negotiation. Additionally, the tenants and owners of property within the Riverside Association will need to approve portions of the transfer agreement. A valve must be installed between the Port's ownership of the sewer system and the County parcel at a cost of approximately \$10,000.

**Stormwater and detention pond system - \$100,000** - Easements from two Riverside lot owners and pond and pump station maintenance are needed. The pond will need to be addressed as described in the maintenance transfer agreement and routine maintenance performed on the pump stations. The expected cost is \$100,000.

The agreement divides responsibility for possible environmental conditions. The City is aware of the impairments at the site, and has agreed to comply with Port soil handling guidelines. The City will pay for costs that would not otherwise be incurred except for their development of the water pipeline. The Port has provided the same level of indemnity it provided to Snohomish County when they bought a Riverside parcel from the Port.

Terrie Battuello asked the Commission to authorize the Executive Director to approve the General Transfer Agreement and its supporting documents substantially as presented.

Commissioner Stiger remarked that Terrie Battuello did meet with the Commissioners individually on this matter so the Commission has had a chance to review the documents.

Port attorney Brad Cattle added that if the Commission approves the requested action, the Commission is approving the General Transfer Agreement and the Exhibits substantially as presented. There will be some additional discussions with the City and there may be some minor edits to the documents. It is a significant document that casts a path that says the Port will do certain things if the City does certain things and so it sets forth a bunch of steps that each of the parties is required to take. The Port and City both benefit from the agreement that creates enforceable obligations.

Commissioner Glen Bachman moved that the Commission authorize the Executive Director to approve and sign the General Transfer Agreement and its supporting documents substantially as presented. Commissioner Troy McClelland seconded the motion. A vote was called for:

Vote:	3-0
Yes:	Bachman, McClelland, Stiger
No:	None
Abstained:	None

Motion carried.

**RMC Architect – Modification to Professional Services Agreement**

Terrie Battuello reported that RMC Architects and their consulting team have worked with the Port over the last two years to develop the in water and uplands strategic plan for Waterfront Center Central. Both plans have been completed. Based on the City’s pre-application review of Waterfront Place project, additional unanticipated processes required by the City’s “major modification” process triggered additional exhibit preparation and analysis. RCW has prepared a work scope that they anticipate will support the Port through to the formal application. Following formal application, the Port would anticipate initiating project design of infrastructure and begin to market the project to the development community.

Terrie Battuello recommended that the Commission approve Modification No. 2 to the RMC Architect Personal Services Agreement.

Commissioner Glen Bachman moved that the Commission approve Contract Modification No. 2 as presented. Commissioner Troy McClelland seconded the motion. A vote was called for:

Vote:	3-0
Yes:	Bachman, McClelland, Stiger
No:	None
Abstained:	None

Motion carried.

**Operations**

**Marine Terminal 1<sup>st</sup> Quarter Report**

Marine Terminals Director Dave Madill reported that during the 1<sup>st</sup> quarter of 2014, the Terminals attained 20 percent of goal in Port calls, 33 percent of goal in tonnage, and 18 percent of goal in containers.

Comparing 1<sup>st</sup> quarter of 2014 to last year at this time, Port calls are down by 1 call; tonnage is up considerably due to the return of the log business; and containers are up compared to the same time last year.

Dave Madill said Staff spent a lot of time handling breakbulk cargo during the 1<sup>st</sup> quarter of 2014. Also, Case New Holland is back and the Port has already had two shipments received and shipped for the customer. A train shipment is also due in the next couple of days carrying cargo similar to last year’s agricultural equipment. Staff will also be doing the washing and prepping of the units and making sure that they are spotless so that when they go on board the vessel they are ready to come off in showroom condition in China.

Other work at the Terminals has included ferry and barge work by Vigor Marine.

**Marina Report**

Marina Director Jeff Lindhout reported that as required, the proposed 2014 Marina Rates and Regulations were presented at the February 11<sup>th</sup> Commission, notice was posted for 60 days on the Port’s web site, the rates were presented at the Marina work group meeting and also posted at the gate houses and in the Marina office, and notice was published in the Port’s newsletter. Based upon these postings, there was limited public feedback on the regulations and very limited feedback on the rates. The Port of Everett has not had a rate increase in several years, and as such Jeff said that he felt the 2 percent rate increase was somewhat expected by the tenants.

Recent activity at the Marina included a rowing and kayaking race on April 19 through Sound Rowers, the 133 foot Adventurous Schooner was at the South Visitor Dock April 26 – 29 offering free dockside tours. Mill Town Sailing had their largest swap meet on April 26. The Heroes Half Marathon was April 27 which was an annual event honoring the military and their families. Last weekend was the opening weekend for boating. The Mukilteo Yacht Club was at the South Visitor’s Dock this year.

Other planned events include the Farmer’s Market which opens on May 18 at 11am, and National Marina Day / Marina Cleanup Day will be held on June 14 this year.

Commissioner Glen Bachman said that he was hearing very positive comments about the Maintenance Staff from some of the Marina tenants.

**Projects Update**

**Marine Terminal Pavement Upgrades 2014 – Authorization to Bid**

Chief of Engineering & Planning John Klekotka reported that in order to continue with smooth and efficient terminal operations, and to minimize wear and tear on cargo handling equipment, ongoing pavement upgrades are necessary. Pavement overlays and patches have been performed throughout the Terminal areas in 2012 and 2013, (no work was performed in 2011). In the 2014 budget, the Commission authorized a total project budget of \$640,000 for work to upgrade Terminal pavements. The planned focus for 2014 will be the South Terminal yard, with other minor work in Pacific Terminal as well.

John Klekotka requested that the Commission authorize the solicitation of public works bids for the Marine Terminal Pavement Upgrades 2014 project.

Commissioner Glen Bachman moved that the Commission authorize the solicitation of public works bids for the Marine Terminal Pavement Upgrades 2014 project. Commissioner Troy McClelland seconded the motion. A vote was called for:

Vote:	3-0
Yes:	Bachman, McClelland, Stiger
No:	None
Abstained:	None

Motion carried.

**Pier 1 Oil / Water Separator Vault Upgrades – Authorization to Award**

John Klekotka reported that a large underground vault was constructed in 1992 to collect and treat stormwater prior to discharging it into Puget Sound. Part of this treatment system consists of oil coalescing plates which cause oil to separate from stormwater and float to the surface where it can be extracted and properly disposed. Currently, the coalescing plates are the original ones installed in the vault in the early 1990s. In 2009, the plates were inspected and found to be caked with oily matter. An attempt was made to clean the plates to prolong their life, but was unsuccessful. Replacement of the plates is necessary to keep the vault functioning properly and to assure that stormwater discharge quality is being met.

Port Staff was authorized to solicit public works bids on March 4, 2014. Bids were opened on April 8, 2014 with Gary Harper Construction as the low bidder at \$491,727.650, including Washington State Sales Tax. The engineer's estimate was \$570,024.00. Project completion should be late summer of 2014.

John Klekotka requested that the Commission award the public works contract for the Pier 1 Oil/Water Separator Vault Upgrades to Gary Harper Construction in the total contract amount of \$491,727.60, including WSST.

Normally, Staff likes to do work in the fall and the winter at the Terminals, but Staff wanted to coordinate this type of work during the dry season of the year.

Commissioner Glen Bachman moved to award the public works contract for the Pier 1 Oil/Water Separator Vault Upgrades to Gary Harper Construction in the total contract amount of \$491,727.60, including WSST. Commissioner McClelland seconded the motion. A vote was called for:

Vote:	3-0
Yes:	Bachman, McClelland, Stiger
No:	None
Abstained:	None

Motion carried.

**COMMISSION PRESIDENT'S REPORT**

Commissioner Stiger said it was a busy weekend at the Terminals and at the Marina with all of the activities.

**COMMISSION DISCUSSION**

Commissioner Bachman said he attended a Community Partners outreach event for Providence Hospital which was a great event. He also attended a Trade Relations Committee meeting in Seattle where approximately 3 dozen Mandarin speaking individuals attended the meeting who were looking to expand outside of China. The EASC did a great presentation where the Port of Everett was featured prominently. In June, the Institute of Real Estate Management will be convening at the Port of Everett and in activities in and around the Everett area, including a presentation from the EASC.

**CITIZEN COMMENTS**

There were no Citizen comments.

THE REGULAR COMMISSION MEETING was recessed into Executive Session at 6:58 pm - to conclude by 7:30 pm. The purposes of the Executive Session were to discuss with legal counsel 1) a potential lease of real estate when public knowledge of negotiations would disadvantage the Port; 2) a litigation matter; and 3) two claims that have been filed.

At the conclusion of the Executive Session, there was no action taken by the Commission and there were no announcements. The Regular Meeting was adjourned at the conclusion of the Executive Session.

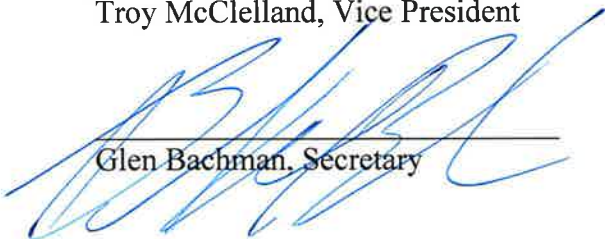
THE REGULAR COMMISSION MEETING WAS ADJOURNED at 7:30 p.m.

APPROVED: this 17<sup>th</sup> day of June, 2014.

EVERETT PORT COMMISSION

  
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Tom Stiger, President

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Troy McClelland, Vice President

  
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Glen Bachman, Secretary