

MINUTES OF EVERETT PORT COMMISSION
REGULAR MEETING
May 12, 2015

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

CALL TO ORDER: The Regular Commission Meeting of May 12, 2015 was called to order at 5:06 p.m. by Commission President Troy McClelland.

CONSENT AGENDA

- Approval of Regular Meeting Minutes of April 7, 2015, and Regular Meeting Minutes of April 14, 2015;
- Approval of Bills for April 2015

Commissioner Tom Stiger moved to approve the items of the Consent Agenda. Commissioner Glen Bachman seconded the motion. The vote was called for:

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

Motion carried.

1. **CEO/EXECUTIVE DIRECTOR'S REPORT**
Marine Terminals Report – 1st Quarter Report

Marine Terminals Director Walter Seidl reported that for the 1st quarter 2015, the Terminals had 49 port calls as opposed to 36 last year at this time. For tonnage, the Terminals had 184,325 tons through the end of March which exceeded last year; on the container side, the Terminals handled 1,420 containers as opposed to 971 last year at this time.

Port calls are at 26 percent of the goal of 190 through the first quarter, tonnage is at 37 percent of the goal of 494,094 through the first quarter, and containers are at 32 percent of the goal of 7,271 through the first quarter.

Terminal highlights included a crosscutter that was built in Minnesota and shipped to China through the Port of Everett. The unit is designed to take ballast out from underneath the rail tracks and fix the ties and the support under the tracks. This particular model was the first of its kind completely designed for the Chinese market in the mining industry and was worth \$13 million.

Other highlights included cargo that was discharged off of the Westwood Victoria which skipped Tacoma and came to Everett. It discharged the entire eastbound cargo in Everett which consisted of 437 containers and 99 pieces of breakbulk.

Another big project was one for Northern Alberta involving a rock crushing plant. The cargo was staged on Pier 1 waiting to be delivered within curfew times. All loads were extremely wide and very heavy.

Walter Seidl introduced Scott Sullivan, who is taking over the Customer Service Marine Operations position at the Terminals. Scott Sullivan has a lot of experience from his time with Trans Marine, and has done a lot of work in Everett on steel vessels and log vessels - so he knows the area very well.

Taylor Nuccitelli

CEO Les Reardanz announced that Taylor Nuccitelli has passed his Managing Broker’s Exam which will allow the Port to list its own property and do work where the Port would normally have had to hire a broker. Taylor is now licensed to supervise other licensed agents.

Phil Bannan

Former Port of Everett Commissioner and Executive Director Phil Bannan, Sr. was named Entrepreneur of the Year by The Herald.

Community Sponsorships

Les Reardanz reported that each year, the Commission accepts applications for Community sponsorships whereby \$15,000 is distributed to the selected applicants. The Port received four applications this year: The Fourth of July Foundation, Mukilteo Lighthouse Festival Foundation, Fresh Paint and Wheels on the Waterfront. Staff has ranked the applicants as follows:

- Fourth of July Foundation \$5,000
- Mukilteo Lighthouse Festival Foundation \$5,000
- Fresh Paint \$3,500
- Wheels on the Waterfront \$1,500

Commissioner McClelland suggested \$5,000 to the Fourth of July Foundation, \$4,000 to the Mukilteo Lighthouse Festival Foundation, \$4,000 to Fresh Paint and \$2,000 to Wheels on the Waterfront.

Commissioner Stiger commented that when the budget process begins, Port Staff should give consideration to increasing the sponsorship budget.

Commissioner Glen Bachman moved that the Commission authorize sponsorship distributions as follows:

- Fourth of July Foundation \$5,000
- Mukilteo Lighthouse Festival \$4,000
- Fresh Paint \$4,000
- Wheels on the Waterfront \$2,000

Commissioner Tom Stiger seconded the motion. A vote was called for:

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

Motion carried.

2. CHIEF FINANCE OFFICER’S REPORT

1st Quarter Financial Report

Chief Finance Officer John Carter reported that the first quarter in 2015 has been the best first quarter that the Port has had since the start of the recession. Highlights include the following:

- Strong growth in Operating Revenues totaling over \$10.3 million
- Operating Expenses of \$6.7 million – up almost \$2 million from prior year
- Total Port payments were \$19.4 million
- Total Capital Improvement investments \$5.2 million
- Operating Income of \$1.8 million after depreciation

For treasury activities, the total portfolio was at \$27.3 million at the end of the quarter.

3. DEPARTMENT REPORTS

Properties

Development –

Terrie Battuello provided a briefing on the status of the Riverside Business Park, Waterfront Place Central and Preston Point properties, including work performed during the 1st quarter of 2015, and proposed work to occur in the future. A copy of the 2015 performance dashboard is attached hereto as part of the record.

Leasing

Project Manager Taylor Nuccitelli provided a briefing on the leasing side of Properties, including leasing performance and activity during the 1st quarter of 2015. A copy of the 2015 performance dashboard is attached hereto as part of the record.

Marina – 1st Quarter Marina Report

Marina Director Jeff Lindhout provided a briefing on the 2015 first quarter performance for the Marina. Utilization of facilities year to date include Marina slip occupancy was at 80 percent as of the end of April, guest moorage occupancy was at 1,118 (up 550); average storage occupancy was at 89 percent (added 20 new space from last year); work yard occupancy was at 229 (up by 13); travel lift haul outs were at 256 (up by 33); and boat ramp transactions were at 2,463 (up by 509).

Financials through the first quarter include income before depreciation was \$706,227; \$127,479 ahead of budget and \$78,902 ahead of last year. A copy of the 2015 performance dashboard is attached hereto as part of the record.

Central Marina Improvements Phase 2 – Authorization to Bid

Project Manager Brandon Whitaker reported that the Central Marina Improvements Phase 2 project represents the second phase of the Central Marina Improvements strategy. It is necessary for the Port to solicit public works bids at this time to ensure the successful contractor can execute the project within the scheduled timeframe of the 2015/2016 in-water work window. The Port and its consultant team have designed and permitted this project which includes the following primary elements:

- New Central I-Dock;
- Boathouse Realignment and Organization;
- New Bulkhead Segment C;
- Demolition of Central O-Dock and Portion of Central P-Dock;

Port Staff will bring the lowest responsive and responsible bid back for Commission consideration for solicitation of public works bids.

Commissioner Glen Bachman moved that the Commission authorize Staff to solicit public works bids for the Central Marina Improvements Phase 2, I-Dock and Bulkhead Segment C project. Commissioner Tom Stiger seconded the motion. A vote was called for:

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

Motion carried.

Engineering & Planning – 1st Quarter Report

Chief of Engineering & Planning John Klekotka provided a briefing to the Commission on the activity of the 101 individual projects arranged under the 23 initiatives within the 2015 – 2019 Capital Plan. Staff has been making fairly good progress on the Capital program. A copy of the 2015 presentation describing the activity is attached hereto as part of the record.

Other highlights within the Engineering & Planning Department include the transition of Brandon Whitaker as project manager to the Properties Department. Also, in February, Laura Gurley was hired as the Planner to replace Brandon. Staff also conducted the

Consultant Connections meeting where Port Staff reviewed the Capital program for folks in the Engineering & Architectural community to let them know what the Port is doing and what work opportunities might soon be available.

COMMISSION PRESIDENT'S REPORT

Commissioner McClelland said that some positive progress was made on MTCA funds this past week which is very important as it relates to the Port's environmental cleanup work.

The Spring WPPA meeting is this week in Spokane. WPPA is launching their new training academy work.

COMMISSION DISCUSSION

Tom Stiger commented that the boat auction is May 13, the Marina cleanup day is June 6, along with the Relay for Life sponsored by the American Cancer Society. The Waterfront concert series starts the first week of June at the Marina.

Commissioner Bachman said he attended a Trade Development Alliance breakfast recently where they were doing a question and answer period with the newly installed Executive Director for the Port of Seattle, Ted Fick. He describes himself as a results oriented person, and has created an economic development division which includes real estate.

CITIZEN COMMENTS

There were no Citizen comments.

THE REGULAR COMMISSION MEETING was recessed into Executive Session at 6:36 pm - to conclude by 7:00 pm. The purposes of the Executive Session were to discuss with legal counsel: 1) the acquisition of two parcels of real estate for which public discussion could disadvantage the Port's negotiations; and 2) potential litigation matters.

At the conclusion of the Executive Session, no action was 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 7:00 pm.

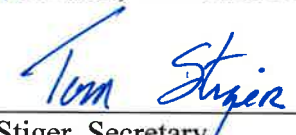
APPROVED: this 9th day of June, 2015.

EVERETT PORT COMMISSION

Troy McClelland, President



Glen Bachman, Vice President



Tom Stiger, Secretary



Port of Everett

ORIGINAL


Port of Everett
Voucher Certification and Approval
for the month of
APRIL
2015

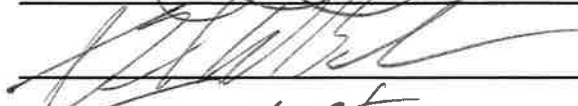
		Total
Claims Voucher Nos	73137 - 73446	\$5,636,827.45
Claims Electronic/Wire Transfers:		
4/8, 4/15, 4/30	Electronic Transfer - Health Equity	\$ 3,436.66
4/1, 4/16	Electronic Transfer - IRS	\$ 209,922.59
4/28	Electronic Transfer - WA St Dept of Rev	\$ 65,067.90
	Total Claims	\$5,915,254.60
Payroll Voucher Nos.	45235 - 45438	\$ 470,121.97
Payroll Wire Transfers:		
4/1, 4/7, 4/14, 4/21, 4/28	PMA Payroll (Longshore Labor)	\$ 619,853.05
	Total Payroll	\$ 1,089,975.02
Wire Transfers:		
1/7	Wire Transfer - Hirofumi Oshio	\$ 5,343.98
Total Payments		\$7,010,573.60

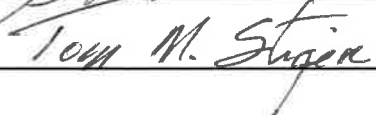
I, the undersigned, do hereby certify under penalty of perjury that the material have been furnished, the services rendered or the labor performed as described herein, that any advance payment is due and payable pursuant to a contract or is available as an option for full or partial fulfillment of a contractual obligation, and that the claim is a just, due an unpaid obligation against the Port of Everett and that I am authorized to authenticate and certify to said claim. Authorize signature

Attest:  _____ Port Auditor

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 the 12th day of May, 2015:

 _____ President

 _____ Vice President

 _____ Secretary



2015 FIRST QUARTER • MARINA GROUP
PERFORMANCE DASHBOARD

COMMISSION GOALS:

- Strong performance in the economic, financial (rate of return) and community and environmental benefit.
- Balance and prioritize needs and effectively maintain current Port assets while developing new projects.

COMMISSION DIRECTED STRATEGIES:

- Develop a Marina Operations and Maintenance Master Plan that coordinates facilities and services, and plans for maintaining and recapitalizing both marinas.
- Continue to evaluate investments in marinas for their cost-effectiveness, given market trends and shifts.
- Enhance marketing efforts of marina facilities.

PERFORMANCE:

<p>Master Plan Development</p> <ul style="list-style-type: none"> ❖ Finalized plans for new marina office ❖ Received 100% design for boathouse relocation project ❖ Completed boathouse condition assessments ❖ Starting work on Craftsman District Phase III plan 	<p>Maintenance Planning</p> <ul style="list-style-type: none"> ❖ Started annual dock resurfacing and floatation project ❖ Initiated recruitment seasonal staff ❖ Continue to work on vehicle maintenance and fleet plan ❖ Initiated planning in connection with the Jetty facilities 	<p>Operating Efficiencies</p> <ul style="list-style-type: none"> ❖ Implemented upgraded marina software to reduce manual processes ❖ Implemented 2015 rates ❖ Increased cash handling efficiency by offering showers in the central docks as part of moorage rates ❖ Maximize yard operation efficiency with new transporter ❖ Completed Electronic Records Management Training
<p>Trends Analysis</p> <ul style="list-style-type: none"> ❖ Completed Maintenance worker level of service analysis; staff capacity exceeds 97% ❖ Initiated service and policies review to evaluate market conditions, costs and improve safety of marina ❖ Developed scope for rate analysis 	<p>Marketing Efforts</p> <ul style="list-style-type: none"> ❖ Completed marketing plan focusing on goals objectives, strategies, target markets, tactics. ❖ New banners throughout the marina ❖ Executing local TV and radio spots ❖ Supported Opening Day events 	<p>Utilization of Facilities YTD</p> <ul style="list-style-type: none"> ❖ 80% marina slip occupancy as of end of April ❖ Guest moorage 1118 (up 550) ❖ Average storage occupancy 89% (added 20 new spaces from last year) ❖ Work Yard Occupancy 229 (up by 13) ❖ Travel Lift hauls-256 (up by 33) ❖ Boat Ramp Transactions 2,463 (up by 509)
<p>Risk Management</p> <ul style="list-style-type: none"> ❖ HAZWOPER training ❖ Annual First Aid CPR training complete ❖ Implemented Crime Reduction Dock Watch Program ❖ Trespass 13 ❖ Reviewing vessel seaworthiness policies 	<p>Sustainability</p> <ul style="list-style-type: none"> ❖ Securing waste oil recycling stations ❖ Storm water testing complete and remain in compliance ❖ ESY cubic yards dredging material removed 	<p>Financials through Quarter End</p> <p>Income before Depreciation:</p> <ul style="list-style-type: none"> ❖ \$706,227 ❖ \$127,479 ahead of budget ❖ \$78,902 ahead of last year



2015 Q1 • LEASING GROUP
PERFORMANCE DASHBOARD

- GOAL:**
- Produce a strong return on investment in economic, financial, community, and environmental benefit
- STRATEGIES:**
- Maximize resources through surplus of unneeded properties
 - Assure all leases provide a strong rate of return in terms of economic, financial or community benefit
 - Maximize lease up of available built space
 - Recruit tenants that support marina activity and upland development.

PERFORMANCE:

<p>LEASE REVENUE -8%</p> <ul style="list-style-type: none"> ❖ Q1 Actual: \$278,132 ❖ Q1 Budgeted: \$304,663 	<p>NEW LEASES 3 new leases</p> <ul style="list-style-type: none"> ❖ All Ocean Services (8 Year Lease) 1,532 SF @ \$18 /SF NNN ❖ OceanGate (5 Year Lease) 3,600 SF @ \$9 / SF NNN ❖ Preston Point lay down yard 	<p>OCCUPANCY 95%</p> <ul style="list-style-type: none"> ❖ 1 Suite Available (suite 116) ❖ 2,532 SF @ \$9 /SF NNN
<p>OPERATING COSTS -42% Below Budgeted Costs</p> <p>Q1 Actual Expense: \$231,048</p> <p>Q1 Budgeted Expense: \$399,546</p>	<p>EFFECIENCY</p> <ul style="list-style-type: none"> ❖ Supported State Auditor lease review process ❖ Streamlined office operations through new office layout ❖ Adjusted reoccurring meeting schedule to maximize capacity 	

Report Notes:

<p>Lease Revenue:</p>	<p>The division is on target for revenue. The finance quarter budget does not reflect the delay for anticipated revenues on percent rent agreements on ground leases. New leases revenues for in Q3/Q4.</p>
<p>New, Renewal, Expansions:</p>	<p>All Ocean lease makes way for improving efficiencies for marina office. Marina office to be relocated.</p>
<p>Occupancy:</p>	<p>Waterfront Place Center has increased occupancy from 40% to 95% SINCE 2014</p>
<p>Operating Cost:</p>	<p>At the end of Q1 Properties is \$168,000 <i>under</i> the budgeted expense budget.</p>



2015 Update and Look-Ahead • DEVELOPMENT PERFORMANCE DASHBOARD

COMMISSION GOALS:

- Continue moving forward with Strategic Plan goals for Waterfront Place Central, Marina facilities and Properties
- Strong performance in the economic, financial (rate of return) and community and environmental benefit
- Continue towards designing the full Waterfront Place Central infrastructure design
- Implement the next strategic phase of the Marina Master Plan
- Implement the strategic directions of the Riverside Business Park and Preston Point properties, ensuring the best use of those assets

COMMISSION DIRECTED STRATEGIES:

PERFORMANCE:

Waterfront Place Central

- ❖ City approved amended PDA
- ❖ Approved selection of A&E team to design infrastructure and public spaces
- ❖ Approved selection of team for marketing and sales of private development for WPC
- ❖ Initiated Task Orders for major design work for all WFP in A&E and Marketing
- ❖ Executed implementing plans and established teams

Riverside Business Park

- ❖ Negotiating trail network implementation
- ❖ Completed soil and soil structure analysis
- ❖ Replaced all pumps in storm system
- ❖ Negotiated understanding with City on storm capacity

Preston Point


- ❖ Leveraged use of the site for revenue generation through new short-term lease

Operational Efficiency

- ❖ Implementation of property and project management tools for streamlined efficiencies


Long Term Real Estate Plan

- ❖ Continued negotiation on land acquisition for energy expansion needed in WFC




2015 – 2019 Port of Everett Capital Plan

- 101 Individual Projects
- Arranged Under 23 “Initiatives”
- Funded vs. Unfunded
- Types of Projects
 - Program
 - Reimbursable
 - Opportunity



We Provide Value: We Create Economic Opportunities



Capital Program by Initiative

Initv. No.	Title	General Status	2015 Budget
1	Waterfront Place Central Master Plan		\$ 11.27M
2	Riverside Business Park		\$ 790K
3	Preston Point		\$ 220K
4	Blue Heron Slough Conservation Bank		\$ 150K
5	Mukilteo Tank Farm		\$ -
6	Leasing New and Existing Spaces		\$ 1.65M

We Provide Value: We Create Economic Opportunities

Capital Program by Initiative

Initv. No.	Title	General Status	2015 Budget
7	Waterfront Center – One Time Capital		\$ 60K
8	Union Slough – One Time Capital		\$ 65K
9	Marina – One Time Capital		\$ 92K
10	Facilities Recap – Jetty Landing		\$ 145K
11	Facilities Recap – Marina Docks		\$ 735K
12	Facilities Planning – Marina Boatyard		\$ 225K

We Provide Value: We Create Economic Opportunities

Capital Program by Initiative

Initv. No.	Title	General Status	2015 Budget
13	Marina Phased Replacement		\$ 768K
14	Portwide Fleet Management		\$ 61K
15	Sediment Management		\$ 258K
16	Terminals Capital & Equip Replacement		\$ 10.39M
17	Terminals Facility Mgmt & Enhancement – Dockside		\$ 7.22M
18	Terminals Facility Mgmt & Enhancement – Upland		\$ 6.94M

We Provide Value: We Create Economic Opportunities