

MINUTES OF EVERETT PORT COMMISSION REGULAR MEETING
May 5, 2015

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

CALL TO ORDER: The meeting was called to order at 5:09 p.m.

1. CEO/EXECUTIVE DIRECTOR'S REPORT

Announcements

CEO Les Reardanz reported that the Farmer's Market will be open Sunday, May 10 from 11 – 4 pm, and will run through October 18, 2015.

Naval Station Everett is getting three destroyers to replace the frigates that are retiring. The destroyers will arrive throughout 2016. That is good news for the Port and the community.

The Port recently hosted National Kid to Work Day whereby the Port had 10 employees bring their kids to work during the day which was a fun day for everyone. Port Staff provided a welcome, a waterfront history hunt, the opportunity to shadow their parents to see what they did. There was a lunch provided and a short tour of the Marine Terminals. The kids also got to watch the Travelift activity. Staff received positive feedback from both kids and parents.

Legislative Update

Director of Public Affairs Lisa Lefeber said that the Legislature is in special session for 30 days. The Port's two main priorities are getting the capital investment for the rail terminal project, as well as the Model Toxics Control Act (MTCA) funding for the environmental cleanups. For the rail project, indications are that the project has regional support, so Staff is hopeful to get funding in the capital budget with regards to the rail.

The real concern is about the MTCA funding. The House is holding firm to its \$5 million funding for MTCA. Lisa Lefeber said that she and CEO Les Reardanz are traveling to Olympia on May 6 to meet with Representative Dunshee and others to explain the severity of the issue. The Port has \$7.2 million for matching grant funds from the Department of Ecology for the next two years leveraging about \$14 million in environmental cleanups. Staff is concerned that the project list that was proposed were thought to be new starts. The correct fact is that the Port has been making aggressive progress towards completing the cleanups as directed by the Port Commission, and the Port has been integrating the cleanups with economic development plans. The Port has actually spent the money that has been allocated for the projects, and the only thing that is being reallocated in the House budget are carryover projects. At the \$5 million funding level, it would literally put the Port in a situation where it would not be able to continue the cleanups.

The Senate side is funded in excess of the Governor's budget at \$79 million; and in that case, the Port of Everett's projects would be funded as the Port needs between \$20 – 25 million in new cleanup funds, or appropriated cleanup funds for the Port's projects to be funded. The challenge with the Senate budget is that it assumes a shift and transfer from the ASARCO cleanup settlement account which the Port was party to in a bankruptcy proceeding with the State of Washington to get the bankruptcy dollars and settlement from ASARCO. In 2007, a special cleanup account was set up on the state level. The account has been borrowed against in the past, and there are provisos to ensure that the money would be paid back with interest.

Les Reardanz re-emphasized the importance of MTCA; and that Staff will be driving to Olympia tomorrow to push on retaining the MTCA funds. The underpinning of the Port's strategic framework is based on the state mandate that the Port has adapted to and the state wants ports to plan, execute and spend those funds. The Port of Everett has been doing that and now it feels like the Port is being penalized for doing what the state has asked ports to do.

Commissioner McClelland said that if the House is going to change their stance, the Port will have to give them the language that allows them to change their position. Staff concurred.

Lisa Lefeber said that on a positive note, the IDD levy passed the legislature and was signed by the Governor last week. This provides additional flexibility by allowing the Commission to use the second IDD levy and spread it out over 20 years as opposed to a higher tax rate for 6 years. This creates a very good financing tool for the Port industry as a whole, going forward.

Economic Impact Report

Dr. John Martin provided a study of the economic impacts for the Port of Everett whereby the study found that Port operations supported 35,130 regional jobs in 2014, which was up 133 jobs from 2012, according to an independent analysis by Pennsylvania-based Martin Association.

The study also found the Port's marine cargo and industrial properties support 33,376 direct, indirect and induced jobs, while the marina and Waterfront Place support 1,753 direct, indirect and induced jobs. Dr. Martin noted that the Port continues to be a significant economic generator in the region and was able to maintain its economic contribution, despite the economic recession. Port activity also contributes:

- \$373 million in state and local taxes; \$220.8 million was collected at the state level, and \$152.2 million at the local level
- \$583 million in local purchases
- Personal wages and local consumption related to the port-sector increased to \$3.9 billion, with the average annual salary of those directly employed by port-related businesses equating to \$86,703.

The Port of Everett has a very ambitious capital investment strategy that is designed to create additional economic opportunities and jobs for the region. In the next five years, the Port is expected to invest \$134.2 million in capital projects, \$44.5 million this year alone. The construction activity will support approximately 3,300 temporary construction jobs over the next five years.

2. CHIEF FINANCE OFFICER'S REPORT

Status of State Audit

Chief Finance Officer John Carter reported that the State Auditors left and they will be finishing up their report offsite. The Auditors would like to do an audit exit conference with one of the Commissioners during the week of May 18.

Les Reardanz respectfully recommended that the Commission President attend both the audit entrance conference and audit exit conference each year. The Commission concurred. Staff will work with the parties to secure the date and time for the meeting.

Future Debt Issuance

John Carter reminded the Commission that when the Port passed the 2015 budget, a 5-year financing plan was incorporated into the document, including that the Port should be in the public market for bonding.

As such, Staff has been talking with some underwriters about possibly going out this summer for either \$10 million or \$20 million in financing. It is likely that

interest rates will be rising this fall, making the summer more attractive for financing.

John Carter said that he wanted to alert the Commission that he was having those conversations with the underwriters.

Marina Software

John Carter also added that the Marina has just gone “live” with the new Marina software. Jeff Lindhout and his staff implemented the new software over a very busy weekend and did a very good job.

3. DEPARTMENT REPORTS

Projects

Terminal Rail Upgrades – Phase 1 – Authorization to Bid

On behalf of the Engineering & Planning Department, CEO Les Reardan reported that in late 2013, Port Staff conducted a formal consultant selection process for the South Terminal Wharf and Rail Upgrades project, resulting in the selection of Moffatt & Nichol Engineers. In February 2014, a professional services agreement was entered into with Moffatt & Nichol to begin study work for various terminal railroad alignments. For the purposes of project accounting and managing various funding sources, a separate contract was executed with Moffatt & Nichol for the wharf upgrades project.

After studying various alternatives and discussing the options with the BNSF Railway, it was determined that the scope of the project should be divided into two phases:

- Phase 1:
 - Rehabilitate the existing Track 104
 - Extend the existing Track 115 around the bulk loadout between Bond Street and Hewitt Avenue
- Phase 2:
 - Construct two new siding tracks in South Terminal

The Port has been working with Moffatt & Nichol to coordinate track work with the BNSF, and have likewise been coordinating with the City of Everett regarding utility conflicts and relocation needs. Moffatt & Nichol are nearly complete with the 100 percent plans, specifications, and estimate, and Engineering & Planning Staff is in the process of assembling the package for public works bidding for Phase 1 of the project.

Les Reardanz asked the Commission to authorize staff to solicit public works bids.

Commissioner Glen Bachman moved to authorize Staff to solicit public works bids for the Terminal Rail Upgrades – Phase 1 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.

Commission President’s Report

Commissioner McClelland reported that his recent trip to Washington DC was valuable. The visit to the Department of Transportation as it relates to Tiger Grants was very important as it strengthened the ideas that our state priorities are correct, and it also strengthened the ideas that they interact. The Model Toxics Control Act (MTCA) and the Tiger Grants are linked. They are either mutually supportive or mutually harmful.

The Navy's destroyers are big news and the partnership between the Port of Everett and Naval Station Everett is strong.

Commission Discussion

Commissioner Glen Bachman reported that he attended the Puget Sound Regional Council's Annual Board meeting for the election of new officers, board members and approval of the annual budget. The Port was one of the voting delegates. Also, a panel discussion was held on the light rail program headed for the Puget Sound area. The "backbone" proposed first for the light rail is from Tacoma through Lynnwood and then up to Everett.

Glen Bachman added that he will be attending a breakfast meeting with the Trade Development Meeting on May 6, and Ted Fick, the new CEO of the Port of Seattle, will be the keynote speaker.

Citizen Comments

John Lynker, Everett, commented that he has had a boat in the Marina since September 2008, and is advocating for a greater and a more integrated City of Everett Police presence in the Everett Marina area as a result of a recent incidence that he experienced. Port of Everett Security are courteous, professional and very responsive, but they are not the police.

Commissioner McClelland responded that the Commission certainly wants to have the Marina be safe for tenants, boaters and the community. Commissioner McClelland thanked Mr. Lynker for introducing his request and asked Port Marina Staff to coordinate with him.

NO EXECUTIVE SESSION was held.

THE REGULAR COMMISSION MEETING WAS ADJOURNED at 6:13 p.m.

APPROVED: THIS 9th day of June, 2015.

EVERETT PORT COMMISSION

By:


Troy McClelland, President


Glen Bachman, Vice President


Tom Stiger, Secretary