

MINUTES OF EVERETT PORT COMMISSION
REGULAR MEETING
July 14, 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 July 14, 2015 was called to order at 5:11 p.m. by Commission Vice President Glen Bachman.

Announcements

Commissioner Bachman noted that Commissioner McClelland would be participating in the meeting telephonically in accordance with Resolution No. 1019, Section 5, and his participation was previously approved by the Port Commission Vice President after Staff verified that there would be a physical quorum at the Commission meeting. Resolution No. 1019 does allow for the remote participation by phone, provided that the Port has a full phone connection, the conversation is audible, and the minutes are able to be recorded.

Executive Director Les Reardanz added that Commissioner McClelland will be calling into the meeting at approximately 5:30 pm.

Commissioner Bachman announced that Chief Finance Officer John Carter asked to have Resolution No. 1028 – Petty Cash and Travel Advance Funds - added to the agenda for Commission consideration at today's meeting. The Commission concurred.

CONSENT AGENDA

- Approval of Regular Meeting Minutes of June 2, 2015; Regular Meeting Minutes of June 9, 2015; and Industrial Development Corporation Annual Meeting Minutes of June 2, 2015
- Approval of Bills for June 2015
- Washington State Dept. of Natural Resources (DNR) Site Use Authorization for Port Gardner Open Water Dredge Disposal

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

Vote:	2-0
Yes:	Stiger, Bachman
No:	None
Abstained:	None

Motion carried.

1. **CEO/EXECUTIVE DIRECTOR'S REPORT**
Ocean Research College Academy (ORCA)

Mikayla Monroe of the ORCA program provided a presentation on the anthropogenic influences on planktonic and sediment concentrations of zinc and copper in Possession Sound to determine levels of heavy metals and the stability of the Possession Sound food web.

Sediment sample areas included Mukilteo, Dolphin 1 in Central Possession Sound, Buoy and Delta. Samples were sent to the Everett Environmental Lab for heavy metal analysis including copper, lead, zinc, arsenic, cadmium and mercury.

The Mukilteo site is the closest to the Mukilteo Ferry Terminal and the students hypothesized that because of the daily traffic of riders going back and forth, there would be a higher concentration of copper and zinc.

Results of the testing determined that the river sites exhibited the highest concentration of metals because the river weaves its way through agriculture and various human influences that create composites. The Mukilteo Ferry Terminal had the lowest concentration of zinc – even lower than the Central Possession Sound.

Mikaya Monroe suggested that future expansion of this study may include isotopic analysis to investigate sources of metals. Studies will also be conducted on harbor seal and river otter fur for tracing heavy metals. Eel grass studies will also be conducted for heavy metals and in future years, students can monitor the Mukilteo Multimodal project for heavy metal concentrations.

August Meetings

Executive Director Les Reardanz reminded the Commissioners and public that the Port is holding a single Commission meeting on August 4, 2015. The August 11th meeting has been cancelled.

November Meetings

Les Reardanz added that the November 3rd Commission meeting conflicts with the American Association of Port Authorities (AAPA) annual meeting and asked the Commission to consider holding the Port meetings on November 10 and 17 to allow Staff to attend the AAPA annual convention.

Commissioners Stiger, Bachman and McClelland concurred with holding the meetings on November 10 and 17. The November 3rd meeting is cancelled.

State Legislature

Public Affairs Director Lisa Lefeber reported that the Legislature concluded the special session on July 10 and it was the longest Legislative session in state history.

The Port did receive \$1 million in the capital budget for the Marine Terminal Rail Investments project; the \$1.3 million freight rail loan was fully funded; the transportation package was passed; and the Port received its \$7.2 million in matching funds from the remedial action grant account at \$65 million.

The Mukilteo Multi-modal facility was fully funded; and the Marine Tourism Bill passed. The Port was awarded \$250,000 for its capital budget request for the Mukilteo Tank Farm cleanup.

2. CHIEF FINANCE OFFICER'S REPORT

Debt Financing Update

Chief Finance Officer John Carter reported that Staff has been working for the past two months in preparation of a revenue bond issue. The schedule is moving forward and Staff is anticipating issuing bonds the second week of August. With that schedule, Staff would bring before the Commission the final bond resolution on August 4. Staff is continuing to work on the Official Statement which will be the primary document supporting the issuance of the bonds. The Official Statement should be in its final form by the end of next week and then the marketing phase can begin. Moody's Investors Services will be at the Port of Everett on July 29 which begins the marketing phase of the process, and Commissioner McClelland and Executive Director Les Reardanz will be attending the meeting.

John Carter added that this is a revenue bond issue primarily reimbursing the Port for existing revenue generating projects that have already been in place or are in progress. It is anticipated that the bond issue will be \$10 million with a 20 year revenue bond issue.

Resolution No. 1028 – Petty Cash and Travel Advance Funds

John Carter said that with the growth of the up-front costs for travel, the Port’s fund of \$5,000 at times is fully depleted and so employees have to wait to get a reimbursement for their travel expenditures. Staff is asking that the travel advance fund be increased from \$5,000 to \$7,500.

John Carter asked the Commission to approve Resolution No. 1028 which is amending Resolution No. 954.

Commissioner Stiger moved to approve Resolution No. 1028 amending Resolution No. 954 as presented. Commissioner Glen Bachman seconded the motion. A vote was called for:

Vote:	2-0
Yes:	Stiger, Bachman
No:	None
Abstained:	None

Motion carried.

3. DEPARTMENT REPORTS

Properties

Seas the Day – Assignment of Lease

Project Manager Taylor Nuccitelli reported that Seas the Day Café is a current tenant at the Waterfront Center suite 104. The shop has been operated by the Owners Nancy and Morgan Livingston. Their lease began in 2012.

The current tenants (Livingstons) are desirous of assigning their lease with the Port to new owners Young Kim and Joo Yeon Kim. Young and his wife Joo Yeon have been owner operator of cafes, markets and deli’s since 1994. They have more than twenty years of retail and food service operation and business management experience focusing on customer service and cleanliness. The lease assignment does not release the current ownership of Seas the Day from their lease obligations but gives the Port additional security in adding the new ownership party.

Port Staff is advancing this Lease Assignment to the Commission with its recommendation for approval of the Lease Assignment document and asked the Commission to authorize the Executive Director to approve the Seas the Day Lease Assignment substantially as presented.

Commissioner Stiger moved to approve the Lease Assignment from Nancy and Morgan Livingston to Young Kim and Joo Yeon Kim and authorized the Executive Director to sign the Lease Assignment as presented by Staff. Commissioner Glen Bachman seconded the motion. A vote was called for:

Vote:	2-0
Yes:	Stiger, Bachman
No:	None
Abstained:	None

Motion carried

Commissioner Troy McClelland joined the meeting via conference call at 5:43 pm.

Burlington Northern Santa Fe/POE Overpass Agreement

Port Attorney Brad Cattle reported that the Commission previously approved a General Transfer Agreement for the Riverside Business Park allowing for certain access and utility appurtenances to transfer from Port to City of Everett ownership, thereby saving the Port costs of operation, maintenance and replacement. The transfer was negotiated in exchange for a permanent water line easement provided by the Port to the City. One such feature to transfer is a bridge suspended over Burlington Northern Santa Fe Railroad (BNSF) tracks. The transfer of the bridge involves several steps, the first of which is accomplished through an Overpass Agreement between the Port and BNSF Railroad.

In order to execute the transfer to the City, the bridge crossing over the railroad will be converted from a private to a public railroad crossing. To obtain BNSF approval for the change, they require a safety fence to be installed. The agreement provides the Port access for the construction of a “throw fence” on the bridge over the rail which is the initial step to converting the overcrossing. Once the fence has been installed and approved by BNSF, the City has agreed to sign an Easement document with BNSF (Exhibit B to the Overcrossing Agreement) and the Port will complete another document conveying the Overcrossing to the City. BNSF has approved the agreement and the transfer for a fee of \$42,000 for the BNSF easement and \$2,000 for BNSF administrative costs. The cost of the fence is included in the budget for this capital project and will be initiated once this agreement is in place.

Port Attorney Cattle recommended that the Commission approve the Overcrossing Agreement with BNSF substantially as presented and authorize the Port CEO/Executive Director to sign it.

Commissioner Tom Stiger moved to approve the Overcrossing Agreement with BNSF substantially as presented and authorized the Executive Director to sign it. Commissioner Glen Bachman seconded the motion. A vote was called for:

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

Motion carried.

Riverside Business Park – Owners Association/Property Management Services

Chief of Business Development Terrie Battuello reported that the Riverside Business Park Owners Association contract for administrative services provides the Association with services that have previously been provided solely by the Port. The purpose of this agreement is to create a bright line between the Port’s management of the property for the purposes of cost sharing with the individual parcel owners through the Association. Establishing this program now allows the Port to provide clear answers to prospective tenants. The agreement will include procurement, site management, maintenance, financial services and planning. The agreement provides payment for services and reimbursement of expenses based on the work plan and budget approved by the Association Board each year. The agreement can be terminated by either party at any time, and otherwise runs five years.

Terrie Battuello asked the Commission for a motion to authorize the Port Commission President to execute an Agreement with the Riverside Business Park Owners Association substantially as presented and providing certain goods and services for the efficient and orderly completion of the Association’s maintenance responsibility and the overall management of the Association.

Commissioner Tom Stiger moved that the Commission authorize the Port Commission President to execute an Agreement with the Riverside Business Park Owners Association substantially as presented to provide certain goods and services for the efficient completion of the Association’s maintenance responsibility and the overall management of the Association. Commissioner Glen Bachman seconded the motion. A vote was called for:

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

Motion carried.

Waterfront Place Central Development –

Terrie Battuello provided a briefing on the status of the Waterfront Place Central Development. The fence signs and the banners are up including new signs on the building itself to mark the Waterfront Place branding. The last remaining on-site graphic

is an interpretive sign project that is planned that will walk people through and around the pier. The public will be able to look at the signs to see where they are in relationship to the future project. The Port has issued the RFQ for qualifications for the first site –issued on Friday – with some coverage in the paper, and which was the subject of the grand opening event last week whereby 150 people were in attendance for the Project Office/Marina Office opening and Port report.

Terrie reported that she and Brandon Whitaker provided a presentation to the City of Everett Historical Commission about the Weyerhaeuser project. This is the project where the Port would move the Weyerhaeuser Building from its current location out to the end of the pier to be the anchor of Box Car Park. The Historical Commission kept Port Staff about an hour asking questions and displayed excitement about the project.

Staff has been doing a lot of outreach with Robert Holmes to the development community. Staff has been meeting with people that are well known in both housing, hotels, restaurants and retail and have been conducting tours of the site. The response has been overwhelming. Many of those people have come as a favor to Robert Holmes and have left believers in the Port's project.

Brandon Whitaker has been hard at work on the PND projects and has completed 30 percent design on Fisherman's Harbor and the Master Utility Design. Staff has recently met with E & P and gotten their comments and now are working toward 60 percent design completion. The 30 percent design has also been completed for the Weyerhaeuser relocation project. Currently, Staff is working on the next 18 months worth of scope for PND and Miller Hall so that it can dove-tail with the CIP approval.

Looking forward, in September Graham Anderson and the team will bring back the Shoreline Master Plan Amendment to the City Council to reduce the setback for housing to 100 feet from 200 feet. This is the actual final decision that City Council has to make. The Shoreline Master Plan Amendment has gone through a public process with Ecology, and there were no comments received by the public. The matter will be going back to the City Council in September.

As to the Requests for Qualifications, Staff is asking for people who are interested in putting together a team for parcels A-9 and 10 which are the 204 apartments over retail with parking. After receiving responses, Staff will shortlist the developers to invite proposals for a housing development on those two lots. Staff is doing direct recruitment on the remainder of the parcels in Fisherman's Harbor, except for the hotel whereby Staff would like to do another RFQ or RFP process. The RFQ is well displayed on the internet, the Port's website, in mailings and social media.

Projects

Mill A – Amendment to GeoEngineer's Contract

Director of Environmental Cleanups Erik Gerking reported that Port Staff is seeking Commission authorization for a professional services agreement (PSA) modification for the Mill-A Cleanup Site environmental engineering contract with GeoEngineers. The modification is for ongoing technical support services and reflects a project that integrates terminal development needs with cleanup action needs to accomplish a strategic outcome. The contract provides services for completing:

- Engineering Design for the Interim Cleanup Dredging Action (i.e., "Dredge the Wedge")
- First Phase of the Sediment Remediation Investigation
- Integrating Cleanup with Terminal Enhancements

The contract includes two categories of services: 1) services that are closely associated to the Mill-A cleanup requirements (cleanup work), and 2) services that are more closely associated with terminal enhancements (non-cleanup work). The cleanup work, which represents a majority of the costs of this contract, is partially supported by external funding through the Weyerhaeuser cooperation and cost sharing agreement and the Ecology Remedial Action Grant. There is no external funding available for the non-cleanup work, so these services will be covered directly by the Port.

For the cleanup work, 60 percent of the costs are covered by Weyerhaeuser under the cooperation and cost sharing agreement. The remaining 40 percent of the costs are eligible for grant reimbursement under the Port's Remedial Action Grant with Ecology at a rate of 50-percent. As a result, the Port is responsible for 20 percent of the costs for the cleanup work. The non-cleanup work represents approximately 10 percent of the contract. In summary, under this contract modification, the Port is expected to be responsible for approximately \$250,000 of the \$958,113.

Port Staff completed a thorough due diligence process, including a detailed internal review of the contract proposal and a third party peer review. The conclusion of the process was that GeoEngineers' proposal was appropriate and necessary.

Erik Gerking asked the Commission to approve Modification No. 6 to the professional services agreement with GeoEngineers for the Mill-A cleanup project in the amount of \$958,113, including Washington State Sales Tax (WSST).

Commissioner Tom Stiger moved that the Commission approve Modification No. 6 to the professional services agreement with GeoEngineers for the Mill-Cleanup project in the amount of \$958,113, including WSST. Commissioner Troy McClelland seconded the motion. A vote was called for:

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

Motion carried.

Terminal Rail Upgrades, Phase 1 – Construction Support Services Contract Approval

Chief of Engineering & Planning John Klekotka 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 alternatives and discussing the options with the BNSF Railway, it was determined that the scope of the project should have four basic parts 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 BNSF and have likewise been coordinating with the City of Everett regarding utility conflicts and relocation needs. The plans, specifications and estimate for Phase 1 have been completed and the Commission authorized Staff to advertise for public works bids, and the project bid period is currently open.

In anticipation of the construction contract award, Staff is requesting Commission approval of a construction phase support services contract amendment with Moffatt & Nichol. Services under the proposed contract modification will include periodic site inspections and attendance at construction progress meetings, review of soils conditions during construction, addressing contractor requests for information, reviewing contractor material and product submittals, solving field issues, assisting the Port with change order negotiations and completing as-built/record drawings.

John Klekotka requested that the Commission authorize Contract Modification No. 6 for construction phase support services to Professional Services Agreement with Moffatt & Nichol in the amount of \$112,200.

Commissioner Tom Stiger moved to authorize Modification No. 6 for construction phase support services to Professional Services Agreement with Moffatt & Nichol in the amount of \$112,200. Commissioner McClelland seconded the motion. A vote was called for:

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

Motion carried.

COMMISSION PRESIDENT'S REPORT

Commissioner Bachman reported that the Port Report/EASC/Grand Opening combination was a great success. The harbor cruise was very interesting.

COMMISSION DISCUSSION

Commissioner Stiger said that the ILWU has opened the registry for additional longshore help. The total number will exceed 100. The bulk of that number will be casuals, but there will be some A and B men, and this is subject to final negotiations with the PMA. This is great news and reflects on the level of activity at the Marine Terminals.

CITIZEN COMMENTS

There were no Citizen comments.

No Executive Session was held.

THE REGULAR COMMISSION MEETING was adjourned at 6:34 p.m.

APPROVED: this 4th day of August, 2015.

EVERETT PORT COMMISSION

Troy McClelland, President



Glen Bachman, Vice President



Tom Stiger, Secretary



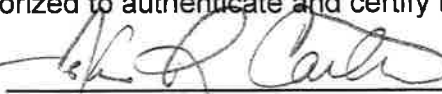
Port of Everett

ORIGINAL

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

		Total
Claims Voucher Nos	73726 - 74067	\$2,920,260.81
Claims Electronic/Wire Transfers:		
6/1, 6/15, 6/30	Electronic Transfer - Health Equity	\$ 4,781.35
6/2, 6/16	Electronic Transfer - IRS	\$ 202,589.72
6/24	Electronic Transfer - WA St Dept of Rev	\$ 63,578.19
Total Claims		\$3,191,210.07
Payroll Voucher Nos.	45553 - 75888	\$ 720,769.04
Payroll Wire Transfers:		
6/2, 6/9, 6/16, 6/23, 6/30	PMA Payroll (Longshore Labor)	\$ 923,832.31
Total Payroll		\$ 1,644,601.35
Wire Transfers:		
6/16, 6/29	Wire Transfer - Bank of New York Investments	\$ 3,819,100.00
6/8	Wire Transfer - Bank of America	\$ 390,093.62
Total Payments		\$9,045,005.04

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 14th day of July, 2015:

President

Vice President

Tom Stepien
Secretary