

MINUTES OF EVERETT PORT COMMISSION
COMBINED MEETING
August 4, 2015

PRESENT: Via Teleconf. 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: Commission Vice President Glen Bachman called the meeting to order at 5:02 p.m.

Announcements

Commissioner Bachman noted that Commissioner McClelland would be participating in the meeting telephonically in accordance with Resolution No. 1019. 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.

Chief Finance Officer John Carter said that the Commission has not received the Approval of Bills for July and asked the Commissioners to remove the Approval of Bills from the Consent Agenda. The Commission concurred.

CONSENT AGENDA

- Approval of Regular Meeting Minutes of July 7, 2015 and Regular Meeting Minutes of July 14, 2015

Commissioner Tom Stiger moved to approve the items of the Consent Agenda for August 4, 2015. Commissioner Troy McClelland seconded the motion. A vote was called for:

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

Motion carried.

1. CEO/EXECUTIVE DIRECTOR'S REPORT

Model Toxic Control Act (MTCA)

Executive Director Les Reardanz reported that for the MTCA account, the Legislature put in \$65 million of project funding for new projects or those that had ended their contracts during the last biennium, along with approximately \$200 million of appropriations for old projects. Staff has learned that the assumption the Legislature used was a 20 percent burn rate of the re-appropriated money that then would give them a sufficient amount to cover the \$65 million in new money. The Department of Ecology believes that the burn rate will be higher than 20 percent, and therefore, the \$65 million that is remaining may not be able to be fully funded. Ecology is now in the process of considering its options which include either delaying the Department of Ecology projects giving everybody across the \$65 million projects a 20 percent cut across the board, or funding them in priority order down until they reach the cut line (20 percent off of \$65 million would be approximately \$40 million). The Port would be okay as the cut line for the Port would be approximately \$20 million. Staff is working closely with Ecology to make sure they follow the prioritization list and that they stick to what they said they would do. WPPA is engaged in the issue as well as some ports. Staff will keep the Commission comprised.

August Commission Meeting

Les Reardanz reminded the Commissioners and public that the second meeting in August has been canceled. A single meeting will be held on August 4, 2015.

United Way Campaign – Resolution No. 1029

Les Reardanz reminded the Commission that each year, the Port participates in the United Way Campaign. Resolution No. 1029 allows Staff to participate in the 2015 United Way Campaign, and authorizes up to \$500.00 to be spent on incidental costs associated with the campaign. Additionally, Resolution No. 1029 authorizes a one-time \$1,000.00 sponsorship in recognition of the 75th Anniversary of United Way. Les Reardanz asked the Commission to adopt Resolution No. 1029.

Commissioner Tom Stiger moved to adopt Resolution No. 1029 as presented and authorized Port Staff to participate in the United Way Campaign for 2015. Commissioner Troy McClelland seconded the motion. A vote was called for:

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

Motion carried.

International Travel

Les Reardanz reported that Governor Inslee is having a Trade Mission to Japan and Korea from August 28 – September 5, 2015. The visit will include Japan and Korea and it has a special aerospace component to visit aerospace manufacturers in both Korea and Japan. It is important for the Port of Everett to be represented in this Trade Mission, and Commissioner Bachman has indicated that he has the ability through his work to be able to perform this travel. Les Reardanz asked the Commission to authorize Commissioner Glen Bachman to participate in the Trade Mission to Japan and Korea.

Commissioner Tom Stiger moved to authorize the international travel of Commissioner Glen Bachman to participate in the Governor’s Trade Mission to Japan and Korea from August 28 – September 5, 2015. Commissioner Troy McClelland seconded the motion. A vote was called for:

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

Motion carried.

2. CHIEF FINANCE OFFICER’S REPORT

Ken Scott

Chief Finance Officer John Carter introduced Ken Scott who is the Port’s new IT technician.

Resolution No. 1030 – Amendment to Resolutions 712 as Amended by Resolution No. 872 Regarding the Coverage Requirement and Rate Covenant for Parity Bonds

John Carter provided a high level overview of the proposed Revenue Bond issue and introduced Resolution No. 1030 that amends the Revenue Bond Master Resolution which was originally approved on August 6, 1996 and amended on May 1, 2007. Resolution 1030 amends the Master Resolution to modify the covenant for Debt Service Coverage from 135% of Maximum Debt Service to 125% of Maximum Outstanding Debt Service once the outstanding 2007 revenue bonds are no longer outstanding. John Carter asked the Commission to adopt the resolution as presented.

Commissioner Tom Stiger moved to adopt Resolution No. 1030 amending Resolution No. 712, and as amended by Resolution No. 872 to modify the covenant for Debt Service Coverage from 135% of Maximum Debt Service to 125% of Maximum Outstanding Debt Service once the outstanding 2007 revenue

bonds are no longer outstanding. Commissioner Troy McClelland seconded the motion. A vote was called for:

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

Motion carried.

Resolution No. 1031 – Authorization of Sale of Series 2015 Revenue Bonds

Chief Finance Officer John Carter reported that the Port Commission approved the 2015-2019 Capital Improvement Plan which included a preliminary funding plan. Within that plan, Port Staff developed a funding plan which included the issuance of \$10 million in Revenue Bonds. Resolution No. 1031 authorizes the issuance of bonds for the purpose of paying for and reimbursing the Port for projects completed within the comprehensive scheme of harbor improvements.

Port Bond Counsel Cynthia Weed, K&L Gates, added that Resolution No. 1031 is the resolution that authorizes the issuance of the series 2015 revenue bonds in the principal amount of \$10 million.

Upon Discussion, Commissioner Tom Stiger moved to adopt Resolution No. 1031 authorizing the issuance of the 2015 Port Revenue Bonds in the principal amount of \$10 million. Commissioner Troy McClelland seconded the motion. A vote was called for:

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

Motion carried.

Budget Schedule

John Carter provided an overview of the budget schedule. The original schedule showed that the 2nd Quarter Financial Report would be provided today. Since there was only one meeting in August, Staff determined that it would be more efficient to send the reports to the Commission in August and then have the reports on the September agenda for any follow up questions. A copy of the budget schedule is attached hereto as part of the record.

3. DEPARTMENT REPORTS

Properties

Everett Yacht Service & Repair Lease

Project Manager Taylor Nuccitelli reported that Everett Yacht Service & Repair (EYSR) is a marine service company supporting the Port of Everett Marina and is looking to expand their current 1,000 square foot space to 2,500 square feet in Suite 116. EYSR will continue to pay their current market lease rate of \$9.00 per square foot with 3 percent annual increases. The Lease includes access to the Boatyard area adjacent to Suite 116. Access to the Boatyard will generate \$350 a month to the Marina Program. The Security Deposit of \$5,625 is equal to three months rent. Port Staff is recommending that the Commission approve the new Lease document with the inclusion of the Boatyard access area as presented.

Commissioner Tom Stiger moved to authorize the Executive Director to approve the Everett Yacht Service & Repair Lease agreement including the Boatyard access, substantially as presented. Commissioner Troy McClelland seconded the motion. A vote was called for:

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

Motion carried

Projects

Pier 3 Utility Upgrades – Contract Award

Project Engineer Steve Hager reported that Pier 3 is over 42 years old having been constructed in 1973. The utilities serving the pier, including water, power, and communications have deteriorated and need replacement. This is consistent with the Port’s business resiliency and infrastructure maintenance goals.

The Port Commission authorized Staff to solicit public works bids for the project, and on July 23rd, five bids were received. The lowest responsive bid was from McClure & Sons in the amount of \$606,267.48.

Upon discussion, Commissioner Tom Stiger moved to award the Pier 3 Utility Upgrades contract to McClure & Sons in the amount of \$606,267.48, including Washington State Sales Tax (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.

South Terminal Wharf

Chief of Engineering & Planning John Klekotka reported that upgrades to the north end of the South Terminal wharf were necessary to support heavy roll-on/roll-off (Ro/Ro) cargoes. The project increased the live load capacity of the northern most 140 feet of the wharf from 500 pounds per square foot (psf) to 1,000 psf by driving new piling through the deck of the Wharf and constructing new pile caps under the wharf to add supplemental support. The project also rehabilitated the existing pile caps beneath the wharf to restore their original capacity.

In August 2014, the Commission authorized Staff to prepare bid solicitations for the supply of steel pipe piles, and for the construction of the wharf improvements. The bid for the pile supply contract was awarded to Skyline Steel, and the wharf improvement contract was awarded to IMCO General Construction. Work began in late November 2014, and was completed in June 2015.

There were two change orders on the project: 1) a small change order for removal of rock riprap which was in the way of under pier work in the amount of \$14,765.49; and 2) a larger change order in the total amount of \$191,000.00 for the extensive repairs to existing corroded rebar inside the existing pile caps. The second item was in addition to \$39,000.00 in the original bid. There were also some other unit price overruns and underruns, with a net underrun of \$82,747.34. The total final amount of the work, including change orders and underruns was \$2,685,406.16, including Washington State Sales Tax (WSST), which is approximately 5.3 percent over the original award amount.

John Klekotka requested that the Commission accept the project as complete and authorize Staff to close the contract in the final total amount of \$2,685,406.16, including WSST.

Commissioner Tom Stiger moved that the Commission accept the South Terminal Wharf Upgrades for Ro/Ro contract with IMCO General Construction as complete, and authorize Staff to close out the contract in the final total amount of \$2,685,406.16, 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.

Commission President's Report

There was no Commission President's report.

Commission Discussion

Commissioner Glen Bachman reminded the public to give generously in honor of the 75th anniversary of the United Way program.

Commissioner Bachman added that he attended an EASC meeting recently whereby Congresswoman Delbene gave an update on important issues such as TPP and Ex-Im Bank. Some good news for Snohomish County is that there is \$700 million budgeted our way for a number of items, so there should be a good economic outcome.

The transportation package was the biggest item that came out of Olympia this year and is good news for the Port. Glen Bachman said he will be attending the WCIT annual luncheon. Congresswoman Delbene will be in attendance, as well as the President of the National Retail Federation and others to discuss international trade.

Commissioner Bachman reminded the Commission and Staff that he would not be in attendance for the first Commission meeting in September nor the first Commission meeting in October due to business travel and a previously scheduled vacation.

Commissioner Bachman added that he and his wife attended a SeaFair reception on the USS Boxer which was the carrier that received Captain Phillips after he was kidnapped by the Somali pirates.

Commissioner Stiger said he attended a Communication presentation at the Port recently which was really well received.

Commissioner Stiger commented that the Fresh Paint Art Festival is August 15-16, 2015 at the South Marina, which is a community event that the Port sponsors. On August 29, the Derby season kicks off with the Soldiers for Salmon fishing derby. Marina Director Jeff Lindhout said the America's Cup Tour selected the Port of Everett to be one of the stops in the Puget Sound before heading back to California – it is a 137 foot vessel and modern replica of the original America's Cup vessel. The ship will be at the Port on Friday, August 14 at the South Visitor Dock and will be offering free tours from 1 – 3pm, and then will hold a sailing from 4 – 7 pm whereby tickets are \$75 for adults. Following those events there will be a free multi-media presentation at the Everett Yacht Club at 7:30 pm.

Commissioner McClelland said that Snohomish County had a meaningful and successful legislative session for Snohomish County for which the Port is a partner.

Citizen Comments

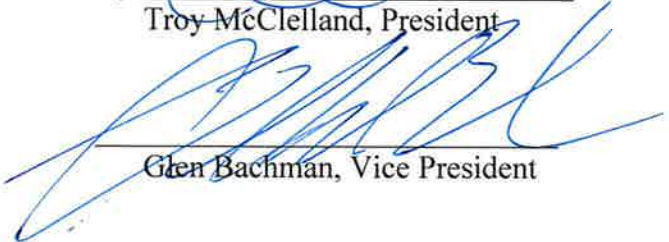
There were no Citizen comments.

No Executive Session was held.

THE REGULAR MEETING WAS ADJOURNED at 6:16 p.m.

APPROVED this 8th day of September, 2015. EVERETT PORT COMMISSION

By: 
Troy McClelland, President


Glen Bachman, Vice President

Tom Stiger, Secretary

DRAFT Budget Schedule

2016 Preliminary Operating Budget schedule with 2016-2020 CIP plan

	Commission Meetings (bold)	Activity
June 9, 2015	Commission Regular Meeting	Commission update on 2014 CIP status
June 15, 2015		CIP project proposal forms available
July 15, 2015		Departments Turn in CIP Projects
July/Aug 2015		CIP's Reviewed by Engineering and Planning and Finance
July 15, 2015		CEO/CFO establish preliminary guidelines for Operating Budget
July 20, 2015		Chiefs review guidelines for Operating Budget
August 4, 2015	Commission Regular Meeting	CFO presents 2nd qtr Financial Report
August 4, 2015	Commission Regular Meeting	Commission update on 2014 CIP status
August 4, 2015	Commission Regular Meeting	Commissioners review broad assumptions for Operating budget
August 5, 2015	9 AM - 2 PM	Dept. CIP Presentations - Internal first draft
August 8, 2015		Operating Budget assumptions distributed
August 8, 2015		Operating Budget worksheets open to staff
August, 2015		Departments prepare 2015 Operating Budgets
September 1, 2015	Commission Regular Meeting	Commission meeting Preliminary CIP introduction
Sept. 2-8, 2015		Commissioners receive one on one briefing on CIP proposals
September 8, 2015		Departments turn in proposed Operating Budgets
September 8, 2015		Departments modifications to CIP due.
September 11, 2015		CFO meet with CEO to go over 1st draft-2015 budget and develop financing plan
Sept. 14-18 2015		Chiefs meet individually with CFO and CEO on Department budget
September 18, 2015		Directive on any required modifications sent to Chiefs
Sept 28-Sept 30, 2015		Chiefs refine preliminary budget
September 30, 2015		Staff work session
October 2, 2015		Draft Preliminary budget reviewed with ED
October 6, 2015	Commission Regular Meeting	Preliminary budget discussion with Commission
October 13, 2015	Commission Regular Meeting	Further discussions with Commission, Invite Public Comment
Oct. 14-Oct 19, 2015		Chiefs Review/ Finalize Consolidated Budget
October 20, 2015		Publish 1st notice of Public hearing
October 20, 2015		Summary Consolidated Budget published on website
October 20, 2015		Post to website draft Budget Resolutions
October 19-23. 2015		Commissioners receive one on one briefing on Consolidated budget
October 19-23. 2015		Commissioners receive instructions for proposing budget amendments
October 20, 2015		Citizen Budget Guide available
October 20, 2015		Release Summary Preliminary Budget to Public
October 20, 2015		Copies of detailed budget available to public if requested.
October 29, 2015		Commissioner proposed budget amendments due
October 30, 2015		Publish 2nd notice of Public Hearing and draft Budget Resolutions
November 10, 2015	Commission Regular Meeting	Present Consolidated Budget, budget resolutions and take public comment
November 17, 2015	Commission Regular Meeting	Budget and Tax Resolutions presented for approval, hold public hearing
December 1, 2015	Commission Regular Meeting	Final meeting to approve budget if necessary
December 7, 2015		Deadline to File Budget & Tax Levy with Snohomish Co.