

MINUTES OF EVERETT PORT COMMISSION
REGULAR MEETING
November 10, 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: Commission Secretary Tom Stiger called the meeting to order at 5:08 p.m.

Commission President Troy McClelland participated in the meeting by teleconference until his arrival at 5:30 p.m. No action items were discussed or taken during the teleconference.

1. **CEO/EXECUTIVE DIRECTOR'S REPORT**

Wheels on the Waterfront

Daun Brown provided a brief overview of this year's Wheels on the Waterfront event that was held on September 12, 2015 at the North Marina. Mr. Brown said that the event raised \$13,750 on behalf of Providence General Foundation's Cancer Patient Assistance Fund. Special thanks goes to the Port of Everett, Providence General Foundation & Cancer Partnership, Harbor Marine, Brien Ford and all of the community sponsors.

Next year's event is scheduled for September 10, 2016 at the Port of Everett Marina.

November Commission Meetings

Executive Director Les Reardanz announced that the Port will be holding a Special Meeting on Monday November 16, 2015 at 5:30 pm in the Blue Heron Room to hold the continued public hearing on the 2016 Budget.

For the month of December, Les Reardanz said that Staff was recommending holding a single meeting on December 8, 2015. The Commission concurred. Les Reardanz added that Staff will cancel the meeting for December 1 and hold the regular meeting on December 8, 2015.

Holiday on the Bay

Holiday on the Bay is scheduled for Saturday, December 5, 2015 at the North Marina for a full day of holiday events. The public is invited to participate.

Historic Weyerhaeuser Building Move

Les Reardanz announced that the Port of Everett is currently preparing the Weyerhaeuser Building to be relocated to Boxcar Park to become a vital element of the Port of Everett's Waterfront Place Central mixed-use development. Boxcar Park will feature the re-opened Weyerhaeuser Building as an outdoor performance venue and marina clubhouse by 2020.

Travel to Japan

Carl Wollebek is in Japan for meetings, and Les Reardanz said that he and Walter Seidl leave November 11 to fly to Japan to join Carl Wollebek to participate in the ECL 10th anniversary of direct shipments.

AAPA Awards

At the American Association of Port Authorities annual conference, the Port of Everett won communication awards for its Interpretive Program and the Port's new website. Kudos to the Communications team!

North Puget Sound Small Business Summit

Port Staff participated in a North Puget Sound Small Business Summit at the Key Arena recently. There were 750 attendees and 125 exhibitors. Congresswoman Delbene was the keynote speaker at the event.

Commissioner McClelland

Les Reardanz congratulated Troy McClelland on his recent re-election to the Port Commission.

2. CHIEF FINANCE OFFICER'S REPORT

3rd Quarter Financial Report

Chief Finance Officer John Carter provided an overview of the 3rd Quarter Financial Report. He reported that revenues continue to be well over budget compared to last year with overall revenues totaling \$32.6 million through September. This is a 43 percent increase over 2014. Revenues reflect a 60 percent increase year over year in Marine Terminals revenue, as well as a 9 percent increase in Marina activity and a 5 percent increase in leasing activity.

Operating Expenses rose corresponding with revenues increasing to \$24.8 million (51 percent increase over 2014).

Net Operating Income before depreciation grew to \$7.8 million (\$2.2 million after depreciation). Non-Operating Income fell to \$713 thousand due to higher public access expenses and interest costs on debt.

Total Net Income is 19 percent higher than last year with a bottom line year to date of \$2.9 million.

Due to the issuance of \$10 million of tax-exempt Revenue Bonds during the 3rd quarter, total outstanding indebtedness grew to \$51.1 million.

Cash and Investments grew to \$36.2 million. Of this total, about half is invested in short term liquid investments while the remainder is invested in governmental bonds.

3. PRESENTATION OF 2016 CONSOLIDATED BUDGET

Chief Finance Officer John Carter provided an overview of the 2016 budget process, the operating budget, the capital budget, the funding strategy and the budget schedule. The budget includes a one-year operating budget, a five-year capital plan by initiative, a three year funding commitment and a five year financing strategy.

The Port of Everett's 2016 budget of \$78 million is designed to position the Port to implement its capital initiative portfolio. The budget assumes a slight decline in seaport activities and modest growth in the marina and real estate divisions.

The budget is based off \$32.1 million in operating revenues, \$4.8 million in non-operating revenue (including a 1 percent growth in property taxes), and \$9.4 million in grants and third party payments. These revenues, along with cash reserves and anticipated borrowings, will pay for all operating costs and \$45.9 million in environmental cleanups and capital investments.

John Carter said that the Port Commission will open the public hearing on November 10 to receive comments, and continue the public hearing to November 16, when the Commission will consider adoption of the final 2016 Port Budget.

Commissioner Troy McClelland opened the Public Hearing at 6:27 pm to hear comments on the 2016 Operating Budget, the 2016 Capital Improvement Budget and the 2016 Property Tax Levy.

Commissioner McClelland asked for public comments. No public comments were received.

Hearing no public comments, Commissioner Troy McClelland continued the public hearing at 6:28 pm to November 16, 2015. Commissioner McClelland noted that public comments can be submitted on-line, by email or telephone, at the Port Administration office, and at the Special Meeting on November 16, 2015.

4. DEPARTMENT REPORTS

Marine Terminals

Marine Terminals Director Walter Seidl provided comments on the 3rd Quarter 2015 Marine Terminals recap. For port calls, the Terminals are higher than last year at this time with 143 vessel calls as opposed to 134 a year ago. There was an increase in ship activity with a decrease in barge activity due to more direct shipments coming to Everett on Westwood. The Port continues to see strong shipments for the aerospace industry between Japan and Everett.

The overall tonnage levels have decreased and the Terminals are at 64% of goal for the year. The proppant business has decreased, and the Alaska exploration business represents low tonnage but high man hour business – even though it brings the port a lot of revenue, it isn't being registered in the tonnage categories. Activity remains brisk. Staff did a lot of work for the Canadian markets this year. The Port is experiencing continued effects of shifting of imports supporting the oil and gas industries from heavier bulk products to lighter structural products. The Terminals completed two large import project cargoes of structural steel destined for Alberta, Canada during the period and completed the seasonal agricultural machinery exports to China.

Looking ahead for the balance of 2015, the Terminals will be loading a log vessel in the 4th quarter, aerospace remains strong and the Port anticipates commencement of cement imports by barge from Canada in the 4th quarter. The Port will also complete the demobilization of Alaska oil and gas assets. However, it is believed that the overall tonnage will be below goal by years end.

Containers are at 100% of goal at the end of the 3rd quarter. The Terminals completed the annual seasonal support of a Russian gold mine and Australian exports continued to be strong. Staff anticipates this sector to remain strong through the end of the year.

Properties

Riverside Business Park – Approval of Interlocal with Tulalip Tribe for the Reimbursement of Damages / Riverside Business Park – Approval of Public Access Agreement for Roads and Trails

Chief of Business Development Terrie Battuello reported that in 1999, a Shoreline Substantial Development Plan was permitted by the City for the Riverside Business Park, and it did have some requirements for off-site public access and on-site public access in the form of a connected trail network. It is Staff's goal to get these requirements implemented by 2019 which would be the Port's 20th anniversary with the project. Port Attorney Brad Cattle will be speaking to the required implementing documents.

Last year the Commission approved the transfer of utilities to the City and consideration for a waterline easement to provide the Tulalip Tribes with a hundred year water supply from the City of Everett. In exchange for the easement through the Port's property, the Port has received the ability to transfer roads, the bridge, pump stations, sewer pond, etc. so that it can be carried as a public asset and spread across the board rather than a port asset.

Port Attorney Brad Cattle reported that the Interlocal Agreement goes back to an agreement that the Commission has already approved, and that is the General Transfer Agreement that the Commission approved with the City of Everett. The General Transfer Agreement had a certain amount of exhibits that went with it, and Exhibit 6 was the Tulalip Waterline Easement. The Interlocal Agreement essentially allows the Port and Tulalip Tribes to implement the installation of the waterline that is going to be installed through the Tulalip Waterline Easement.

This is one further step within the General Transfer Agreement. The Interlocal Agreement says that when the Tribes come in and install their waterline, they are going to create some damage to the existing sidewalks, and it provides for reimbursement for the damaged sidewalk areas. The Tribes will construct curb, gutter and subsurface areas that will allow the Port then to come in and install the surface and the trail area. In the Waterline Easement, there is an indemnity that covers the area where the work will be done and so the Port is protected.

Staff is recommending that the Commission approve the Interlocal Agreement and authorize the CEO/Executive Director to sign the Agreement as it has been presented to you.

Commissioner Tom Stiger moved to authorize the Executive Director to approve the Interlocal Agreement regarding the Everett Tulalip Waterline Pipeline construction documents substantially as presented. Commissioner Glen Bachman seconded the motion. A vote was called for:

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

Motion carried.

Port Attorney Brad Cattle reported that the Public Access Agreement for Roads and Trails with the City of Everett has a number of implementing documents, easements and covenants. The Public Access Agreement derives from the Shoreline Permit from 1999. The Agreement is a result of a long series of discussions and negotiations that began many years ago. The agreement sequences the future public access to be developed. The Port has a schedule for the public access that it will be installing. The developer(s) will be installing public access. If it is water dependent development, there are certain contingencies for that, and if non-water dependent, there are certain contingencies for that. The Agreement is very practical in its approach.

Staff is recommending that the Commission authorize the CEO/Executive Director to sign the Riverside Business Park Public Access Agreement for Roads and Trails and associated documents with the City of Everett substantially as presented.

Commissioner Tom Stiger moved to authorize the Executive Director to sign the Riverside Business Park Public Access Agreement and the supporting and implementing documents substantially as presented. 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 – 3rd Quarter Report

Project Manager Taylor Nuccitelli reported the following highlights for the 3rd quarter relating to the Waterfront Place Central Development:

- The City of Everett approved the Shoreline Master Plan Amendment allowing housing within 100 feet of the shoreline which is a big accomplishment for Fisherman's Harbor;
- Completed 60% design on the Utility Master Plan, Fisherman's Harbor, and the Weyerhaeuser move;
- Staff executed the Bulkhead C project with the boathouse relocations.

Riverside Business Park

- Completed negotiations on public access trail agreements with the City of Everett;

Commissioner McClelland added that in 2016, that is actually when Staff prepares for and performs the move of the Weyerhaeuser Building to Boxcar Park; and then in 2020, the Port will open the Weyerhaeuser Building in its most substantial manner in probably 34 years.

3rd Quarter Leasing Report

Taylor Nuccitelli reported that lease revenue was up two percent over budget for the 3rd quarter, and substantially under in operating costs by 30% because there are now no brokerage fees.

During the 3rd quarter, ArrowCat and Everett Yacht Service & Repair expanded their respective leases in both square footage and lease terms, and All Ocean Services commenced a new 8 year lease for 1,500 square feet.

Waterfront Place is now 100 % occupied.

3rd Quarter Marina Report

Marina Director Jeff Lindhout reported that the 3rd quarter was very busy with the boathouse moves on top of the normal activity at the Marina.

With the business plan development, Staff has been working with Paul Sorenson of BST Associates to conduct demand and rate studies for the purpose of the sustainability of the marina. Rate evaluations are being developed to support upcoming rate adjustments precipitated by increased utility costs.

For maintenance planning, the first group of Journeymen completed their electrical safety training recently. The Port of Everett also pumped 2,088,815 gallons of sewage in 2015 and was reimbursed over \$18,000 from the State of Washington. The Operations group has completed their hazwoper training.

For operating efficiencies, Staff moved into the new Marina Office in July which has helped to improve the customer experience and office flow. Under a seaworthiness program, Staff conducted outreach to 40 poorly maintained vessels with a 50 % response rate. Staff also revised cash handling procedures at the fuel dock under the direction of the Finance Department. Staff has completed a draft live-aboard policy which is currently under review.

New boat sales are up by 26% in 2015 which was reported by Paul Sorenson of BST Associates. Occupancy range for marinas in the King and Snohomish County areas has been between 84% and 94% and the Port of Everett remains in line with this trend. The overall occupancy for the 3rd quarter has been the highest since 2008.

Marketing efforts included four major special events, television and radio ads. Also, Staff is in the process of developing the 2016 marketing plan. The Port has done some drone photos of the Marina basins which will be put into postcards for marketing purposes, including the boat show.

Moorage occupancy was up from 81.3% to 84.5% - with a high of 98% during the month of August. The percentage of boats in the work yard was up 4% over last year. Boat launch transactions were up 8% over last year; fuel dock gallons sold rose 5%; guest moorage was up by 24% over last year; and at the Travelift, the percentage was up by 3% over last year.

Projects

Marine Terminals Fender Pile Replacement 2015/2016 – Contract Award

Chief of Engineering & Planning John Klekotka reported that in order to provide adequate berthage for marine vessels, the Port continually replaces deteriorated timber fender piles at various locations at the Marine Terminals. For the past five years, only 18 to 20 piles had been replaced per year, and the work was performed under the Small Public Works process. For the present cycle of work, Port Staff has identified up to 40 piles for replacement.

The existing timber piles will be extracted and replaced with steel pipe piles with high-density polyethylene plastic sleeves. In addition to pile replacement, areas where the fender system is broken or deteriorated will be reconstructed or repaired.

The Commission authorized bidding the project on October 6, 2015. Port Staff is requesting the Commission award the project contingent upon adoption of the 2016 CIP budget.

Port Staff requests the Commission award the contract for the Marine Terminals Fender Pile Replacement 2015/2016 project to American Construction Co. in the amount of \$345,159.36, including Washington State Sales Tax (WSST), subject to final approval of the 2016 budget.

Commissioner Glen Bachman moved that the Commission award the contract for the Marine Terminals Fender Pile Replacement 2015/2016 project to American Construction Co. in the amount of \$345,159.36, including WSST, subject to final approval of the 2016 budget. Commissioner Tom Stiger seconded the motion. A vote was called for:

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

Motion carried.

3rd Quarter Engineering & Planning Projects Report

Chief of Engineering & Planning John Klekotka provided the 3rd Quarter Engineering & Planning report to the Commission, including major expenditures that were predominantly design related as follows:

- Terminal Rail Upgrades – Design work completed and project advertised for bids;
- Central Marina Improvements Phase 2 – Design work was completed and the project awarded to Bergerson Construction.
- Waterfront Place Central Infrastructure – Ongoing engineering work for roadways, utility systems, and public areas;
- Waterfront Center Tenant Improvements – Work was completed under four different job orders with Burton Construction (BCI) under the Job Order Contract (JOC);

John Klekotka also provided the status of the 23 capital projects by initiatives to the Commission.

Also noteworthy, a new engineering/construction project manager, Willie Watson, was hired to run the Central Marina Improvements project. Staff also has continued tracking the Port Element of the City of Everett Comprehensive Plan and the South Terminal Zoning Boundary through the City Planning Commission and City Council approval process. Staff has also initiated an evaluation/feasibility study of the Green Marine Environmental Certification Program for applicability to the Port's Marine Terminals with assistance from EnviroChem.

Commission President's Report

Commissioner Troy McClelland appreciated the fact that there is a final plan for the Weyerhaeuser Building.

There is a Move Washington Celebration on November 18 from 10:30 – 11:30 am where Governor Inslee will attend and celebrate the transportation projects in Snohomish County that were budgeted. Commissioner McClelland said that he and Mayor Stephanson will get to unveil the 41st Street Freight Corridor sign.

Commission Discussion

Commissioner Stiger said that the final piece of the financing for the Mukilteo Terminal was approved – it was a Tiger Grant.

Citizen Comments

There were no Citizen comments.

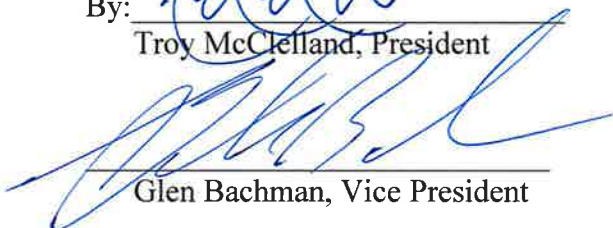
THE REGULAR MEETING was recessed into Executive Session at 7:18 p.m. for approximately 20 minutes - to conclude by 7:40 p.m. The purpose of the Executive Session was to discuss with legal counsel and to consider negotiations concerning real property which may be leased or sold when public discussions would disadvantage the Port, and to discuss collective bargaining negotiations that are currently in progress.

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 MEETING WAS ADJOURNED at 7:40 p.m.

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

By: 
Troy McClelland, President


Glen Bachman, Vice President


Tom Stiger, Secretary