

MINUTES OF EVERETT PORT COMMISSION
REGULAR MEETING
January 12, 2016

PRESENT: Glen Bachman President
 Tom Stiger Vice President
 Troy McClelland Secretary
 Les Reardanz Executive Director
 John Carter Chief Finance Officer
 G. Paul Carpenter Port Attorney

ABSENT: Port attorney Brad Cattle was absent due to a previously scheduled vacation.

CALL TO ORDER: Commission President Glen Bachman called the meeting to order at 5:03 p.m.

CONSENT AGENDA

- Approval of Regular Meeting Minutes of December 8, 2015

Chief Finance Officer John Carter reported that he needed to pull the Approval of Bills for December 2015 from the Consent Agenda as they have not been finalized. The December bills will be presented for approval at the next Commission meeting. The Commission concurred.

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

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

Motion carried.

1. CEO/EXECUTIVE DIRECTOR'S REPORT

City of Everett Tourism Grant (Hotel/Motel Tax Fund Grant)

Executive Director Les Reardanz reported that the City of Everett has just released a tourism grant application process that has a quick turnaround of February 1 for the application to be submitted. Staff will be seeking \$10,000 through the tourism grant to help offset the Marina marketing budget for the outdoor movies for this summer. Part of the grant application process is that the Port Commission would need to approve the application for the grant and the submittal date is February 1, 2016. Staff respectfully requests that the Commission authorize the Executive Director to sign the application for the City of Everett tourism grant.

Commissioner McClelland moved to approve the City of Everett Tourism Grant of \$10,000. Commissioner Tom Stiger seconded the motion. A vote was called for:

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

Motion carried.

Port 2 Business Event

Les Reardanz announced that a Port 2 Business event is planned for January 21, 2016 at the Port of Everett. The purpose of the event is to provide face-to-face time for consultants/contractors with Port Staff, the opportunity to learn about upcoming opportunities for the coming year as well as long-term goals of the

Port, and learn how to do business with the Port. Approximately 200 people have signed up for the event so far.

American Association of Port Authorities (AAPA)

For Commission scheduling purposes, Les Reardanz said that the AAPA Spring conference is scheduled for the 1st week of April which conflicts with the April 5th Commission meeting. Several Port Staff will be attending the meeting so Les Reardanz asked the Commission to consider cancelling the April 5 Commission meeting. If a second meeting is needed, Staff will bring back the matter for discussion. Commission Bachman said that he has a conflict for April 5 as he will be flying back from China on that date.

Les Reardanz reiterated that Port Staff will cancel the meeting for April 5, will look for another date for a meeting, if needed, and will move forward with the meeting on April 12 as scheduled. The Commission concurred.

Joint County Legislative Agenda

Les Reardanz reported that each year, the Port of Everett has joined with Snohomish County, Snohomish County cities, Economic Alliance and SCCIT to prepare a Joint County Legislative Agenda. Port Staff does seek the Commission's approval of this agenda as the Port's logo will be part of the agenda and wants to make sure that the Commission has endorsed the agenda.

Public Affairs Director Lisa Lefeber said the Joint County Legislative Agenda expresses the regional priorities of the entities described by Les Reardanz. There are four main items on the agenda as follows:

- 1) Transportation & Infrastructure
- 2) Competitiveness
- 3) Education & Workforce
- 4) Health & Human Services

The Port's priorities under Transportation & Infrastructure include work to ensure the preservation, sustainability, and reliability of funding in the Model Toxics Control Act (MTCA) Account for environmental cleanup projects.

One of the things that the group is trying to do is develop an efficient delivery of the projects that were implemented by the Connecting Washington package, and so one of the things that the legislature has asked Snohomish County is to put together its own prioritized list of projects so that if there is a need for certain projects to move up in certain timeframes, that it is done in a coordinated approach.

The Snohomish County group recognizes that local firms need supportive policies and programs to complete and succeed at the state, national and global level through maintaining the aerospace and high tech business incentives including reinstatement of the research and development tax incentive, as well as a big interest in supporting rural innovation programs.

The group supports investments into educational programs that provide the region with a competitive work force. This includes funding for a sustainable agriculture/food systems degree program at the WSU University Center in Everett; a marine engineering program at UW Bothell; and a new STEM building at Edmonds Community College.

The City of Everett has been very active in their streets initiative and is advocating for tools and funding at the local level to reduce homelessness, assist those suffering from mental health problems and chemical dependency, and reduce crime. This is a new category on the agenda for this year.

One thing that is noticeably absent from the list of priorities is advocating for the Sound Transit 3 (ST3) project to go to Paine Field and Everett. The Alliance has said that the ST3 project is not on this list because it is not up for legislative

action; however, the group is working on incorporating the project into the policy priorities which are not ready yet.

On January 27, it is Washington Public Ports/Washington Maritime Federation Day in Olympia which will provide opportunities to advocate for these legislative priorities with the legislators.

Commissioner Troy McClelland moved that the Port of Everett Commission approve the 2016 combined Legislative Agenda for Snohomish County as presented. Commissioner Tom Stiger seconded the motion. A vote was called for:

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

Motion carried.

Preparing for Larger Ships

“Preparing for Larger Ships” was held over from the previous meeting for further discussion as necessary. However, there were no further questions or discussion from the Commissioner.

Commissioner Committee Assignments

Les Reardanz commented that in putting together the Committee information that the Commissioners submitted, everything flowed well together with the exception of Puget Sound Regional Council Freight Mobility Roundtable whereby both Commissioners McClelland and Bachman had signed up as the representative for the committee.

In response, Commissioner McClelland said he would be happy to be the backup for Commissioner Bachman on this committee. The Commission concurred.

2. CHIEF, LEGAL AFFAIRS REPORT

Resolution No. 1046 Revising the Port of Everett’s Policies and Procedures under the Washington State Environmental Policy Act (SEPA)

As presented at last week’s Commission meeting, Chief of Legal Affairs Paul Brachvogel reported that Resolution No. 1046 amends and updates the Port of Everett’s SEPA Policies and Procedures consistent with the Department of Ecology’s uniform statewide SEPA rules and supersedes Resolution No. 614 in its entirety. A comment opportunity was provided to the public through the posting of the Commission agenda item on the Port’s website and through a mailing to the Port’s SEPA mailing list. The only comment received was a request to be taken off of the SEPA mailing list. Paul Brachvogel asked the Commission to adopt Resolution No. 1046 as presented.

Commissioner Troy McClelland moved to adopt Resolution No. 1046 which amends and updates the Port of Everett’s SEPA Policies and Procedures consistent with the Department of Ecology’s statewide SEPA rules. Commissioner Tom Stiger seconded the motion. A vote was called for:

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

Motion carried.

3. DEPARTMENT REPORTS

Properties

Purchase & Sale Agreement for Approximately 9.68 Acres at Riverside Business Park

Chief of Business Development Terrie Battuello provided a briefing to the Commission on a potential sale of property at the Riverside Business Park as follows:

In 2015, the Port Commission held a policy discussion establishing the goals of the Port to sell or ground lease Riverside Business Park (RBP) for the purpose of job creation and tax growth. At this time, the Port administration requests and recommends the Commission consider a Purchase and Sale Agreement for the sale of all of Lot 6 and portions of Lot 5, totaling approximately 9.68 gross acres of real property.

Panattoni is one of the largest industrial developers in the United States and the local Seattle office has been named NAIOP's Industrial Developer of the Year in Puget Sound. Their primary focus is to build industrial buildings for users but they also do a large amount of office and retail development. During the last development cycle, the Seattle office has developed nearly 8 million square feet of commercial space including projects in Everett. Panattoni has been interviewed by the Port's team who found that Panattoni is well recognized nationally and locally as a quality industrial development firm with a solid record of performance in job creation and financial stability.

The deal points for the Purchase and Sale Agreement (PSA) include the following:

The price of the property is \$6.75 per usable square foot of land (approximately \$2.852 million). The PSA is secured by a \$100,000 Deposit Note deposited at the time of the execution of the PSA and held in Escrow until the end of the Study Period when it will be converted by the buyer into cash. The Study Period allows the buyer to conduct 90 days of study and have access to the site, after which an option to extend the Study for up to three 30 day periods is provided. To exercise the extension, the Buyer must make an additional deposit of \$20,000 for each extension. All deposits are applicable to the purchase price unless the agreement is terminated without breach by the Buyer. The Buyer will pay the remainder of the purchase price in cash at close of escrow. The PSA also includes a Port indemnity.

Before the expiration of the due diligence period and before escrow closes when the final land area is determined, the Port will hold a public hearing to surplus and amend its Comprehensive Scheme of Harbor Improvements to reflect the disposal of this site. The decision to sell or lease the property is consistent with the Commission's direction to staff in 2015 and supports the objectives approved by the Commission. Panattoni has provided a preliminary site plan for its development of the property to support speculative development of light industrial space. Terrie Battuello asked the Commission to authorize the Executive Director to approve the Purchase and Sale Agreement with Panattoni for approximately 9.68 acres substantially as presented.

Upon discussion, Commissioner Troy McClelland moved to authorize the Port's CEO to approve the Purchase and Sale Agreement with Panattoni, dba PDC Seattle LLC for approximately 9.68 acres at \$6.75 per square foot substantially as presented, and as approved by the Port's attorney. Commissioner Tom Stiger seconded the motion. A vote was called for:

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

Motion carried.

Waterfront Place Central Update

Terrie Battuello provided an overview on Waterfront Place Central including work completed during the last quarter of 2015, status of 2016 Work Plan, design, construction, Public Works, Recruitment and Finance.

Looking ahead in the construction area, Staff will be completing Bulkhead C and Dock I and the work is being managed by Willie Watson and Elise Gronewald in the E&P Department. Staff is also working to complete the interim public access projects which will provide a great picnic shelter at Jetty Landing Park and at Boxcar Park, and a new plaza at the South Marina. In the third quarter, Staff will go out to bid in the February/March timeframe for the completion of the Weyerhaeuser relocation process.

For the design team, this involves completing 100 percent design of Fisherman's Harbor, and Staff will be working this year to complete 90 percent design of the remainder of the project to be able to submit the binding site plan before the expiration of that requirement by the City. Staff will also complete the utility master design for the whole site to make it easier for developers to go in and pull their utility permit. Staff is reviewing the utilities load assessment – the capacity for water, sewer, storm, power and working on identifying a substation site to have enough electricity for Waterfront Place to be completely built out. Staff is developing a plan to relocate the fuel tanks for the Marina gas station as the tanks are at the end of their useful life. Staff will complete the binding site plan this year for submittal next year, and are working on some additional shoreline permits to make sure that the Port is fully entitled and ready to go as development occurs.

The sales group has been subdivided into housing, hotel and restaurants and there will also be an office focus. Staff has been working with an estimator on parking to develop use and density to optimize cost of parking and develop port-preferred parking solutions. Staff continues to interview interested housing developers to find the best fit.

For the restaurant mix, Staff has been working with the restaurant consultant and developing collateral materials and initiating outreach for the plan that has been created. Staff anticipates starting to make LOIs and deals in 2016 and 2017.

Work is being done to identify restaurant sites and locations for Fisherman's Harbor, and Staff has developed a list of restaurants that might be a good fit. Staff is also working to develop a mix type, food concept mix and target brands.

For the hotels, a marketing study has been developed and shows that the hotels would be successful. Staff has developed site information and a draft Request for Qualifications (RFQ) and anticipate issuing the RFQ in February. It will take three to four months to identify developers. There is an extremely high interest level in the hotels as hotels are at their peak in the history of development.

Staff is working on updating the pro forma for the project with the goal of having it complete for the next budget process in mid-2016.

Staff has been working with Cord Media on the marketing plan. This year, Staff plans to do improvements to the website, build on the Port's social media presence, provide more outreach through speaking, case studies and earned media and award applications; and Staff plans to continue to build the brand story joint marketing with the Marina.

Work is well underway to design Pacific Rim Plaza and work has started for Boxcar Park. When the Weyerhaeuser Building is moved to Boxcar Park, it will help to preserve the history and heritage of the Weyerhaeuser Company and the wood products industry. The building is the key to activating Boxcar Park and the end of the pier by bringing year-round use to the location. The lawns around the building on all sides will create a center. It is anticipated that marine clubs

will hold boating classes, the ORCA program will hold lectures and other groups will use this as an important Snohomish County location.

The Commissioners thanked Terrie Battuello for the update.

Projects Update

Terminal Rail Upgrades Phase 2 – Approval of Professional Services Agreement with Moffatt & Nichol Engineers

Chief of Engineering & Planning John Klekotka reported that in 2013, Port Staff conducted a formal consultant selection process for the South Terminal Wharf and Rail Upgrades, resulting in the selection of Moffatt & Nichol Engineers (M&N). In February 2014, a professional services agreement was entered into with M&N 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 M&N for the wharf upgrades project.

After studying various alternatives and discussing these options with the BNSF Railway, it was determined that the scope of the project would 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

Engineering work for the Phase 1 project was completed last summer and the construction contract was awarded by the Commission to Granite Construction Co. last September. Construction is currently underway, with expected completion by the end of the first quarter. Port Staff is recommending proceeding with the Phase 2 work and has requested an engineering proposal from M&N. Engineering work will include additional geotechnical site investigation, design of the horizontal and vertical track alignment, utility relocations, grading and paving, permit support services, final plans, technical specifications and construction cost estimate, and support to Staff during the bidding process. Construction phase engineering support services are not included at this time.

Port Staff is requesting Commission approval of the professional engineering services agreement in the amount of \$324,745.

Commissioner Troy McClelland moved that the Commission approve the Professional Services Agreement with Moffat & Nichol for Terminal Rail Upgrades Phase 2 project in the amount of \$324,745. Commissioner Tom Stiger seconded the motion. A vote was called for:

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

Motion carried.

Commission President's Report

Commissioner Bachman said he has been receiving a number of positive comments about the work being done on the Waterfront Place Central project.

An Economic Forecast briefing is scheduled for Thursday morning, Jan. 14, at the Weston in Seattle. This is the 43rd year for the group's forecast, so it should be well attended.

Port Staff will visit Olympia on January 27 for Ports Day and to visit with legislators.

The Seattle Boat Show is the last Friday of the month.

On February 5, Dave Somers and Kevin Klein will give a presentation of their vision for Snohomish County at Lombardi's in Mill Creek.

Snohomish County has a very active and forward moving tourism bureau. Commissioner Bachman said the Port should take full advantage of their efforts.

Commission Discussion

There was no further Commission discussion.

Citizen Comments

There were no Citizen comments.

THE REGULAR MEETING was recessed into Executive Session at 6:12 pm – to conclude by 7:30 p.m. The purposes of the Executive Session are to discuss with legal counsel 1) the acquisition of real estate for which public discussions could disadvantage the Port's negotiations; and 2) two potential litigation matters.

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 7:30 p.m.

APPROVED this 9th day of February, 2016.

EVERETT PORT COMMISSION

By: 

Glen Bachman, President



Tom Stiger, Vice President

Troy McClelland, Secretary