

MINUTES OF EVERETT PORT COMMISSION
REGULAR MEETING
February 9, 2016

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

CALL TO ORDER: Commission President Glen Bachman called the meeting to order at 5:02 p.m.

Commissioner Bachman announced that Commissioner McClelland would be participating in the meeting telephonically in accordance with Resolution No. 1041.

CONSENT AGENDA

- Approval of Regular Meeting Minutes of January 5, 2016; and Approval of Regular Meeting Minutes of January 12, 2016;
- Approval of Bills for December 2015
- Approval of Bills for January 2016

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

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

Motion carried.

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

Notice of Intent to Pursue Acquisition of the Kimberly Clark Property

Executive Director Les Reardanz reported that the Port has been doing due diligence on possible acquisition of the Kimberly-Clark (K-C) property which is adjacent to our Seaport. The Port needed time to do its due diligence in order to understand the complex parcel. Since the Mill has closed, the Port has enunciated two primary interests in the Kimberly-Clark property; one is to make sure that the jobs that were lost were restored; and also to protect the economic vitality of the Seaport and the adjacent Navy property as well. The Port wants to make sure that there are compatible uses on the property that advance the economic vitality of the those two important facilities.

With the property recently coming back on the market, Port Staff now believes that it is an opportune time to acquire the property for maritime commerce and public purposes which are consistent with the Port's statutory authority under RCW 53 for ports, as well as in furtherance of the mission to help create economic opportunities. The Port is a special use governmental entity with economic development authorities to operate maritime facilities. The Port is a deep water port and functions well to meet the economic and maritime facility functions. Ninety percent of the Port's revenues come from operating revenues as opposed to property taxes.

The goals for acquisition include 1) to make sure that the Port acquires the property in a way to allow the site to be preserved waterfront industrial land with deep water access. The Port needs the property for the expansion of the Port, to preserve and enhance the Port's economic opportunities into the future that will help generate family wage jobs; 2) the Port wants to insure that it will have compatible uses with Naval Station Everett and the City of Everett, as well as our

Seaport; and 3) to make sure that the property aligns with the Commission's objective on environmental cleanup of the waterfront as well.

The Port is committed to working with Kimberly-Clark to try to agree on a purchase and sale agreement that would be mutually beneficial to both parties as the Port moves forward. However, Port Staff is asking the Commission for direction to allow Port Staff the flexibility to bring forward the processes and procedures for eminent domain if the Port is not able to come to an agreement with K-C.

The environmental site conditions of the property are subject to negotiations with Kimberly-Clark and the Port wants to make sure that there is an equitable distribution of responsibility. The Port's acquisition of the property does not mean that there are not taxes and other dollars generated from the Port ownership and activities to the city, county and state. Port lessees pay a leasehold excise tax of 12.84 percent and that is designed by the Department of Revenue to be in lieu of property taxes. The Port also believes that the public's interest is best served by a maritime use that furthers port purposes, generates high wage paying jobs and takes advantage of the natural deep water access while simultaneously preserving compatibility with the adjacent Navy base. Maritime facilities have a higher average multiplier effect as they relate to jobs and tax collections. The average annual salaries of those employed by port related businesses exceeds \$86,000 per year. With 60 percent of all jobs in Snohomish County tied to trade, the Port plans to utilize the majority of the property for support of movement of international cargoes in our region that helps support the 60 percent of jobs tied to trade in Snohomish County. Currently, the Port is nearing its capacity and this provides an opportunity for the Port to continue to grow the maritime operations for the region and also insure the long-term viability and security with the Naval base.

The Port is currently evaluating the phasing strategy for improvements that would be needed to our existing facilities to allow for the 1,000 foot berth, and how that potential land acquisition enhances the Port's ability to meet those requirements into the future.

Port Staff is asking for the authorization to proceed with the required processes and procedures to acquire the Kimberly-Clark property through negotiated purchase or through the eminent domain process. The Port is committed with working with Kimberly-Clark to try to find a mutually agreeable resolution to this property, and do believe that it belongs in Port ownership to help support those issues that were talked about in generating jobs, supporting the 60 percent of jobs that are tied to trade and making sure that this area gets cleaned up appropriately and taking advantage of the natural deep water access.

Mayor Ray Stephanson encouraged the Port Commission to act on the Executive Director's recommendation to acquire the Kimberly-Clark property. Growing the maritime industry in the city of Everett is important to Everett's long-term economic vitality. Everett is blessed with aerospace and that is a big part of the Port's business as well as our second largest employer, Naval Station Everett. Clearly, losing Kimberly-Clark as an economic engine in this community in 2012 was a blow to all of us in this community. The Mayor said it has been his long-term belief and the zoning obviously reflects this, that growing maritime industry more successfully is in our collective best interest. Mayor Stephanson said he applauded the Port for considering acquiring this property. Last year, the Port business was the best it has been since the year 2000 and the Port is blessed with an incredible Staff. The Port is a big part of growing the economy in this City, and the Mayor encouraged the Port to act on this and move forward to acquire the K-C property. The Navy wants predictability in terms of the redevelopment of this property, and they are an important part of the regional economy, as they bring about \$500,000 in wages and benefits to Everett and Snohomish County every year.

Mayor Stephanson said good for the Port for considering the purchase of K-C and it was a very smart move. With the Port's record of job growth, this will be another very fine addition to the Port's inventory.

Patrick Pierce of Economic Alliance Snohomish County spoke in support of the Port's acquisition of the K-C property. The Port of Everett is an economic engine for both Snohomish County and the state of Washington and supports much of the activity at Boeing's facility at Paine Field. By acquiring this property, the Port improves its ability to manage a variety of cargoes, both aerospace and otherwise, and the proposed action will strengthen the competitiveness of Snohomish County moving forward. As mentioned, Naval Station Everett is both a strategic asset to the nation, but also a significant employer here in Snohomish County, and given the proximity of the property to Naval Station Everett, adjacent land uses must be appropriate to protect national security and maintain our reputation as welcoming hosts to the Navy's most important ships and inventory.

The Port continues to be a great neighbor to Naval Station Everett, and should the Port acquire the property, it could only continue to strengthen the relationship and the community's position as a homeport community. This proposed action seems to be a very good path forward turning this property back into a source of good paying jobs for many families here in Everett and Snohomish County.

Brian Lust of Kimberly-Clark, site manager, commented that he was asked by K-C to read a prepared statement as follows:

"We read with interest your public statement regarding the desire to obtain the K-C property on the Everett waterfront adjacent to the Port by any means necessary. While we welcome the Port's interest in the property and appreciate the Port's stated willingness to work cooperatively with K-C to develop a mutual beneficial purchase and sale agreement, the Port's statement regarding the potential use of eminent domain does raise a number of questions for K-C. As the Port is aware, K-C is currently actively marketing the property to interested buyers in an ongoing effort to bring commerce and employment back to the Everett waterfront which K-C believes is in the interest shared by both the Port and the City of Everett. By asserting the prospect of eminent domain in such a high profile manner, is the Port's intention to quell private marketing activity and discourage K-C's efforts to sell the property to any party other than the Port of Everett? K-C would appreciate the Port's clarification as to whether or not the Port intends to preclude private employers from operating on the property in the future. If not, K-C wants to be able to continue pursuing transactions with one or more private parties that would be compatible with the Port's expected long-term use of K-C's former Everett mill property. In that regard, please identify the Port's intended use or uses for the property so that K-C can continue marketing the property to private parties in a way that is compatible with the Port's plans."

Commissioner Bachman asked for public comment.

There were no public comments.

Commission Discussion

Commissioner Bachman commented that 60 percent of Everett's population is trade dependent. The location for the property lends itself perfectly for its likelihood to be able to repositioned and reutilized making way for good paying jobs. The Navy is comfortable with the Port's potential acquisition, as well as other entities.

Commissioner Stiger added that for any Commission action, the comments about eminent domain from Mr. Lust should be considered. The Port has been negotiating with Kimberly-Clark since 2012, and then there has also been some joint venture proposals with Saltchuck and others, and there has been ample opportunity for K-C to market the property. Commissioner Stiger said he realized that having eminent domain hanging over K-C makes it difficult to continue to

market the property, but it would be a last resort for the Port. It is a fair statement. However, the Port wants to proceed by taking some action tonight to at least start this process which has been ongoing for several years. The Port will continue to negotiate in good faith.

Commissioner McClelland reiterated that the Port will continue to negotiate in good faith. Eminent domain would be a last resort.

Commissioner Tom Stiger moved to direct the Port's CEO/Executive Director and his Staff to proceed with the required processes and procedures to acquire the Kimberly-Clark property through a negotiated purchase or through the eminent domain process. A vote was called for:

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

Motion carried.

Commission/Retreat Meetings

CEO Les Reardanz respectfully requested that the Commission postpone the tentatively scheduled March 7 Retreat in order that Staff may review an alternatives analysis for phasing, timing and financing the potential K-C purchase with the other two initiatives so that Staff can bring back to the Commission a more substantive discussion. The Commission concurred.

2. CHIEF FINANCE OFFICER'S REPORT

Port 2 Business 2016

Maija Lampinen, Port Staff, reported on the Port 2 Business networking event that was held in January. This year's casual networking event was held January 21 in the Blue Heron Room from 4 – 6 pm. In addition to the 20 plus Staff members, there were 150 participants from various trades and disciplines.

Staff provided consultants, contractors and suppliers the opportunity to meet with Port Staff face-to-face to provide the opportunity to meet the individuals without having to schedule individual meet and greets. Staff also provided the attendees information about the Port in terms what the Port is doing and how to do business with the Port.

The attendees were provided a list of upcoming Port projects for 2016 as well as a handout on how to do business with the Port.

3. PREPARING FOR LARGER SHIPS

Lisa Lefeber, Port Staff, reported that Staff is taking a look at the phasing, timing and sequencing of the critical infrastructure investments. Lisa said that she and John Carter will be traveling to Washington DC to meet with various federal agencies to find out and evaluate the different financing options on both federal loans, grant opportunities and also working with the Port's Everett harbor and Snohomish River navigation channel in meetings with the US Army Corps of Engineers.

The Port has strengthened the first phase of the South Terminal. Staff is currently working on the cleanup action for Mill-A which essentially is a cap and fill project that would get the Port approximately 1,400 lineal feet of dock extension at the South Terminal and 960 feet of dock at Pacific Terminal. The project that is moving forward in final design right now is the double rail spur which will allow the Port to handle rail cargoes more efficiently. Staff will provide more information at next month's meeting.

4. DEPARTMENT REPORTS

Properties – Waterfront Place Central Update

Project Manager Brandon Whitaker presented a brief presentation of the entitlement process for the Waterfront Place Central project that Staff has already achieved or is currently pursuing, including the overarching master permits, project level permits breakdown, parking summary and entitlements review tools.

For the Master Permits, the Port currently has a Master Shoreline Substantial Development Permit with the City of Everett which dates back 10 years. Port Staff is working to renew the next Master Shoreline Permit for Waterfront Place Central which will tackle all of the infrastructure, esplanade work, and some residential that falls within the shoreline zone. This would be another 10-year Master Permitting process. By pursuing and acquiring the master permits, it saves the Port and future developers months and months of lead time, and environmental review and planning and permitting.

In addition to entitlements, Staff is working on a parking management plan for Fisherman’s Harbor. Each development of Waterfront Place Central will have a parking strategy that is built upon itself as the Port moves forward. Phase 1 is setting the table for the initial phase and future phases, and is balancing the need of residential parking, making sure the Port maintains and insures the dedicated Marina parking, interim parking, as well as balancing and allowing flex areas for construction projects, and also management and enforcement of the parking areas.

In the initial SEPA environmental review process, Staff was able to create a mitigation matrix so that when developers are coming down the road and they’ve got proposals on board, the matrix is a quick checklist item that they can use and reference all of the available mitigation measures that they may need to employ with their projects. Additionally, the design guidelines checklist, allows the Port, the City and developers to go through and make sure that all of the requirements are instituted into their proposal. This will save all three parties a considerable amount of time once the Port gets to that phase.

Marina – Boat Auction – Resolution No. 1047

Marina Director Jeff Lindhout reported that the Port is currently in possession of 10 vessels, 9 various dinghies and miscellaneous boating related gear impounded along with one of the vessels which. The vessels/dinghies/gear were identified as abandoned or owned by persons responsible for outstanding fees to the Port. Port Staff wishes to advertise and conduct an online auction March 1 – 9, 2016. Owners of the property have received notice of impound and process of auctioning. Additionally, vessels which lack sufficient value to support the repayment of debt through secondary post-auction sale, or deemed unseaworthy/inoperable that would be at risk returning to the Marina are scrapped under the provisions of law that allow the Port to dispose of them.

Jeff Lindhout asked the Commission to approve Resolution No. 1047 allowing the auction to move forward.

Commissioner Tom Stiger moved to adopt Resolution No. 1047 authorizing Port Staff to advertise and proceed with the public sale of vessels/dinghies and boating related gear abandoned through the non-payment of moorage/storage fees under RCW 53.08. A vote was called for:

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

Motion carried.

Seattle Boat Show

Jeff Lindhout reported that the 9-day Seattle Boat Show was well attended. The Port had two VIP events, the Uncorked night and the Sails and Ales night, both of

which were well attended. The Port also had a promotion at the show in a drawing for a 3-day weekend package to provide boaters with an opportunity to use the activity barge, the BBQ, gift certificates to the restaurants and to see all there is to do at the Port of Everett. There were numerous positive comments received about the facility.

Commission President's Report

Commissioner Bachman said he was attending a 3-day conference for the Pacific Northwest Aerospace Conference. Thirteen nations were in attendance and comments were based around historic and global aircraft manufacturing clusters. Snohomish County was one of the sponsors of the event.

Commission Discussion

Commissioner Stiger commented that the Port just received the announcement from WPPA about their educational scholarship which is \$1,500 and is awarded each spring. The selection is made by the WPPA Executive Committee. Dillon Diedrich, the son of Carolyn Diedrich, received the award three years ago.

Commissioner Stiger inquired about the Port's policy with hiring dependents of Port employees. Les Reardanz said the prior policy has been revised, and dependents of Port employees are now eligible for summer employment and intern opportunities. However, the Port needs to make sure that there are no supervisory relationships with the employment.

Lisa Lefeber reported that on March 11, the Port is providing community bus tours which travel through the working waterfront and Waterfront Place. There are three sessions and an RSVP and ID are required. For those interested, please sign up on the Port's website.

Citizen Comments

There were no Citizen comments.

THE REGULAR MEETING was recessed into Executive Session at 6:00 pm – to conclude by 6:20 p.m. The purpose of the Executive Session was to discuss with legal counsel the acquisition of real estate for which public discussions could disadvantage the Port's negotiations.

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 6:20 p.m.

APPROVED this 8th day of March, 2016.

EVERETT PORT COMMISSION

By: 
Glen Bachman, President


Tom Stiger, Vice President


Troy McClelland, Secretary




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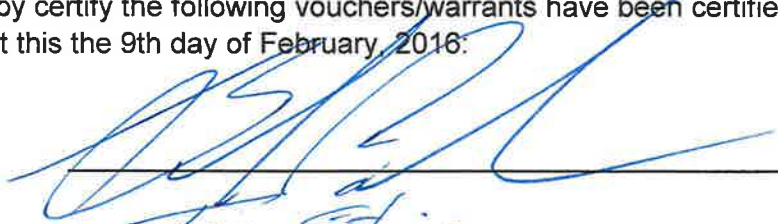
**Port of Everett
Voucher Certification and Approval
for the month of
DECEMBER
2015**


		Total
Claims Voucher Nos	75717 - 76217	\$3,963,065.64
Claims Electronic/Wire Transfers:		
12/15, 12/30	Electronic Transfer - Health Equity	\$ 2,599.47
12/1, 12/31	Electronic Transfer - IRS	\$ 294,186.73
12/24	Electronic Transfer - WA St Dept of Rev	\$ 72,526.22
	Total Claims	\$4,332,378.06
Payroll Voucher Nos.	47029 - 47338	\$ 489,100.45
Payroll Wire Transfers:		
12/1, 12/8, 12/15, 12/22, 12/29	PMA Payroll (Longshore Labor)	\$ 335,049.82
	Total Payroll	\$ 824,150.27
Wire Transfers:		
12/4	Wire Transfer - Bank of America Lease Pmt	\$ 390,093.62
12/14	Wire Transfer -Hirofumi Oshio	\$ 2,210.43
Total Payments		\$5,548,832.38

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 9th day of February, 2016:

 _____ President

 _____ Vice President

_____ Secretary



ORIGINAL

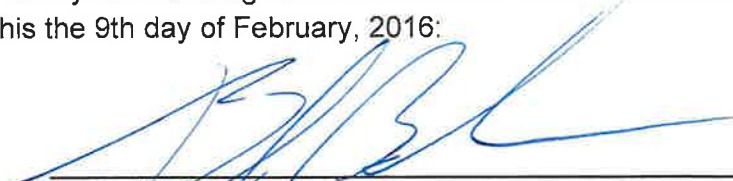
**Port of Everett
Voucher Certification and Approval
for the month of
JANUARY
2016**


		Total
Claims Voucher Nos	76218 - 76547	\$3,409,829.44
Claims Electronic/Wire Transfers:		
1/12, 1/14, 1/15	Electronic Transfer - Health Equity	\$ 171,147.15
1/26	Electronic Transfer - IRS	\$ 97,079.44
1/26	Electronic Transfer - WA St Dept of Rev	\$ 57,294.93
	Total Claims	\$3,735,350.96
Payroll Voucher Nos.	47339 - 47443	\$ 229,274.49
Payroll Wire Transfers:		
1/5, 1/12, 1/20, 1/26	PMA Payroll (Longshore Labor)	\$ 117,967.21
	Total Payroll	\$ 347,241.70
Wire Transfers:		
	Wire Transfer -Hirofumi Oshio	\$ 1,673.13
Total Payments		\$4,084,265.79

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

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