

MINUTES OF EVERETT PORT COMMISSION
REGULAR MEETING
September 1, 2015

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

ABSENT: Commissioner Glen Bachman's absence was excused as he was traveling on Port business.

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

1. CEO/EXECUTIVE DIRECTOR'S REPORT

Announcements

CEO/Executive Director Les Reardanz reported that Commissioner Glen Bachman was out for business travel with the Governor's Trade Mission to Korea and Japan on behalf of the Port of Everett.

November Commission Meetings

The November 3, 2015 meeting is cancelled due to the conflict with the annual meeting of the American Association of Port Authorities. A regular meeting will be held on November 10, and then a Special Meeting on November 17 to make up for the November 3rd meeting.

Wind Storm

Les Reardanz thanked Staff for their efforts in keeping damage to a minimum during the wind storm this past weekend.

Legislative Update

State

Director of Communications & Policy Lisa Lefebber provided an update on some residual legislative activity that has occurred after the session ended in July whereby the Port of Everett had \$7 million on the line in the capital budget as part of the state legislative program. In mid-August, Port Staff was disheartened to receive an email from the Department of Ecology saying that due to cash flow uncertainty, they were suspending issuing any new grant agreements until further notice. The Port issued its last invoice to the Department of Ecology (DOE) in May. This puts the Port in a very poor position.

Staff is in the process of scheduling a meeting with the Department Director and wanted to make the Commission aware of the situation. Staff will report back to the Commission as information becomes available.

Les Reardanz added that Staff has had discussions with Senior Staff at the DOE and they are at this point sticking by not issuing any new grant agreements for this biennium while they await the new budget forecast, which is due out the week of September 14. DOE estimates that they did not collect \$5 million that they had projected that they would collect last month due to declining oil prices. The assumption for the burn rate on the re-appropriations and with the lack of revenue coming in, DOE is afraid that they won't have the money.

As reported, Staff is scheduling a meeting with the Department Director to talk this through. This is very disconcerting for the Port of Everett, because if Ecology does end up prioritizing the re-appropriated projects ahead of the "new" appropriations (which is the category that the Port of Everett falls in), that could spend all of the money and not leave any money for the new appropriations.

Washington Public Ports Association is aware of the issue.

2. CHIEF, LEGAL AFFAIRS REPORT

Recreational Use Immunity – Resolution No. 1032

Chief of Legal Affairs Paul Brachvogel reported that RCW 4.24.210 affords immunity to landowners, including the Port of Everett, against claims for injuries unintentionally occurring in connection with a claimant's use of Port property that is held open free of charge for use by the public.

The Port's Comprehensive Scheme calls for the public's recreational use of the Port's proposed integrated trail system, and other space held open for recreational use by the public. While an official act of the Commission is not legally necessary in order to invoke the immunity, resolutions such as this are helpful during the adjustment of claims and litigation to demonstrate the Commission's official policy concerning recreational use of its property; and, its intent to invoke the immunity when appropriate.

Staff will bring the matter back before the Commission at next week's meeting.

No Hunting Resolution No. 1033

Paul Brachvogel advised the Commission that the Port has had problems with visitors to Jetty Island and other Port property engaging in hunting in violation of the City of Everett code which prohibits all hunting within the City limits. It has become necessary to post the area, and others, to help reduce the extent of unlawful hunting.

Resolution No. 1033 authorizes the posting of signs on Port property where county or city codes prohibit hunting; and, that in doing so, the Commission does not intend to reduce the immunity afforded under RCW 4.24.210.

Staff will bring the matter back before the Commission at next week's meeting.

3. CHIEF FINANCE OFFICER'S REPORT

Bond Sale

Chief Finance Officer John Carter reported that the Port's underwriter, Piper Jaffrey, successfully sold revenue bonds totaling just under \$10 million on August 26, 2015. The bonds will be delivered and the funds received on September 10. The bonds were sold as Port revenue bonds and were rated as A1 by Moody's Investor Services. The bonds were insured against default by Assured Guaranty.

The bonds were sold on a 20 year level amortization, and there will be approximately \$680,000 per year annual debt service, including principal and interest. The coupons on the bonds ranged from 2% to 4 % and were sold with premium pricing ranging from 101 % and 113 % of the face value. The net true interest cost, including all fees, was 3.256 %.

It was a very successful bond sale. Total proceeds from the sale were \$9,997,171.40. A bond reserve fund was set up in the amount of \$449,445.46. Total expenses were in the amount of \$194,448.32 with net project funds in the total amount of \$9,353,277.62.

Preliminary CIP Introduction

John Carter provided a high level overview of the 2016 Capital Improvement Plan including changes to the budget process; summary of capital budget initiatives; preliminary CIP totals, capital budget by individual initiative and budget schedule. A copy of the budget schedule is attached as part of the record.

Banking RFP Update

John Carter said that Staff went out for the Requests for Proposals for new banking services and included three areas of services for consideration, including generic banking services, merchant services and a purchasing card proposal. The

Port received five banking proposals. Staff did an extensive review and has narrowed the proposals down to three banks to interview. Staff will bring back a recommendation to the Commission during the October meetings.

4. DEPARTMENT REPORTS

Projects

Terminal Rail Upgrades

Chief of Engineering & Planning John Klekotka reported that Staff previously (in late 2013) 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 2014, M&N began the study work for various terminal railroad alignments. After studying various alternatives and discussing these options with the BNSF Railway, it was determined that the scope of the project should have four basic parts divided into two phases as follows:

- 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 M&N to coordinate track work with the 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. The Commission authorized Staff to advertise for public works bids, and construction bids were opened on August 20. Only two bids were received on the project, with the low bid from Granite Construction in the amount of \$2,504,109 and the high bid from Pellco Construction in the amount of \$2,989,345. The engineer's estimate was \$2,064,982. All amounts included Washington State Sales Tax (WSST).

In August 2013, the Commission accepted a loan from the WSDOT Rail Bank program in the amount of \$900,000. Since then, the loan has been modified to change the loan end date, and to finance an additional \$911,715 for the South Terminal Wharf Upgrades for Ro/Ro project.

John Klekotka indicated that Port Staff is requesting two actions: 1) to authorize an amendment to the Rail Bank Loan with WSDOT in the amount of \$1,350,000, and 2) to award the construction contract for phase 1 of the project to Granite Construction in the amount of \$2,504,108.88, which includes WSST.

Commissioner Tom Stiger moved that the Commission authorize the CEO/Executive Director to execute Amendment No. 3 to the WSDOT Rail Bank Loan No. 1050 in the amount of \$1,350,000. Commissioner Troy McClelland seconded the motion. A vote was called for:

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

Motion carried.

After discussion, Commissioner Tom Stiger moved that the Commission award the Terminal Rail Upgrades Phase 1 project to Granite Construction in the amount of \$2,504,108.88, including WSST. Commissioner Troy McClelland seconded the motion. A vote was called for:

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

Motion carried.

Dunlap Bulkhead Renovation Contract Update

John Klekotka reported that there has been limited interest from bidders in the Dunlap Bulkhead Renovation project. This is the project to rehabilitate the bulkhead at Dunlap- Towing’s lease area, and the work includes reconstructing the whaler beam, reconnecting some of the tiebacks, restoring some pavement, rebuilding a manhole where backfill material is being lost, putting in some electrical conduits, rebuilding a waterline and installing a couple of new fender piles.

Les Reardanz added that before presenting this matter for action to the Commission, John Klekotka had wanted to meet with the bidder to make sure the bid was solid. It turns out that John Klekotka has already met with the bidder and is ready for the Commission to consider taking action.

John Klekotka reiterated that the Port only received the one bid, and the engineer’s estimate was slightly over \$900,000, including WSST. The low bid came in at \$627,000, including WSST, and was the only bid submitted. Staff wanted to bring the contractor in for a pre-award meeting and evaluation because Staff wanted to make sure that the contractor understood the plans and specifications fully and understood the requirements and was comfortable standing behind their bid.

Staff discussed the work items with the contractor who said they had actually performed similar work in the past, and that they did not have any issues, nor did the contractor think it was risky. The Port has worked with the contractor previously and they did good work.

John Klekotka said that the Staff recommendation was to go ahead and proceed with the award.

Commissioner Tom Stiger moved that the Commission award the construction contract for the Dunlap Bulkhead Renovation project to Razz Construction Company in the amount of \$626,971.80, including WSST. Commissioner Troy McClelland seconded the motion. The vote was called for:

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

Motion carried.

Commission President’s Report

Commissioner Troy McClelland echoed the Executive Director’s thank you to the Staff for their hard work during the recent storm.

Commission Discussion

Commissioner Stiger congratulated the Communications Staff on the Marine Terminal brochure that was recently produced.

Citizen Comments

There were no Citizen comments.

THE REGULAR MEETING was recessed into Executive Session at 6:41 p.m. for approximately 20 minutes - to conclude by 7:00 p.m. The purposes of the Executive Session were to discuss with legal counsel the acquisition of real estate, for which public discussion could disadvantage the Port’s negotiations; and to consider the negotiations concerning real property which may be leased or sold when public discussions would disadvantage the Port.

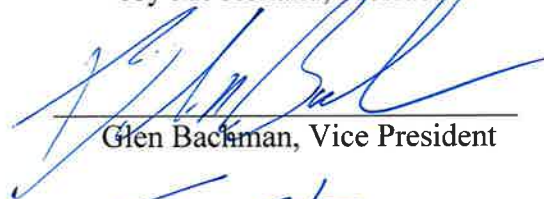
At the conclusion of the Executive Session, there was no action taken by the Commission and there were no announcements. The Regular Meeting was adjourned at the conclusion of the Executive Session.

THE REGULAR MEETING WAS ADJOURNED at 7:00 p.m.

APPROVED this 13th day of October, 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		Chief's 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		Chief's 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		Chief's 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.