

MINUTES OF EVERETT PORT COMMISSION
REGULAR MEETING
September 8, 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: The Regular Commission Meeting of September 8, 2015 was called to order at 5:04 p.m. by Commission President Troy McClelland.

CONSENT AGENDA

- Approval of Combined Meeting Minutes of August 4, 2015;
- Approval of Bills for July 2015 and August 2015;

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

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

Motion carried.

1. CEO/EXECUTIVE DIRECTOR'S REPORT

Announcements

CEO/Executive Director Les Reardanz reminded the Commission that for the October 6, 2015 meeting, there will be two Commissioners present. Commissioner Bachman will be out of the country on personal business.

In November, the Commission cancelled the November 3rd meeting due to a conflict with the American Association of Port Authorities annual convention. A regular meeting will be held on November 10, and then a Special meeting has been discussed for November 17, but a conflict has come up with the Washington Public Ports Association annual meeting. Upon discussion, the Commissioners agreed to hold the Special Meeting on Monday, November 16 at 5:30 p.m.

City of Everett Comprehensive Plan Update – Port Element

Port Staff has been working with the City of Everett to get a Marine Port Element in the City's Comprehensive Plan that would define what the Port is about, what the Port does, where the Port is headed in the future – and all relating to the Marine Terminal expansion plans through the adopted Marine Terminal Master Plan.

The City of Everett has agreed that it is a good idea to have a Port Element in the City's Comprehensive Plan. The benefits include protecting the marine core area for a container port and port related industrial uses, efficient access for freight corridors, minimizing and mitigating potential land use conflicts on the edges of the marine core area, identifying key transportation corridor improvements, consistency between the Port's Comprehensive Scheme and the City's Comprehensive Plan, as well as some flexibility for the City and Port to work together on securing economic opportunities going forward.

As part of the steps to implement this process, the Everett Planning Commission is holding a public hearing for the City's Comprehensive Plan on September 15. The City Council is scheduled for a presentation of the City's Comprehensive Plan the end of October. Per statute, before the City Council hears the matter, the Port Commission needs to adopt a resolution supporting the Port Element.

Staff will bring a resolution supporting the Port Element for Commission review in October.

2. CHIEF FINANCE OFFICER'S REPORT

2nd Quarter Financial Report

Chief Finance Officer John Carter provided a short summary of the Port's financial position as of June 30, 2015. The Port had a very strong quarter that has resulted in the Port being substantially ahead of budget and ahead of last year in both Operating Revenues as well as Operating Income. Total Operating Revenues through June 30 are \$23.1 million.

The Marine Terminal Revenues are 80% above those recorded at this time last year. The Marina is running 9% above last year while the Property Revenues are flat year over year. Overall, Operating Revenues grew by 58% over that recorded for the first 6 months of 2014.

With the increased activity, the Port saw a substantial increase in Operating Expenses with total Operating costs recorded at \$16.3 million. Longshore labor hired through the PMA totaled \$4.5 million, which is 370% of that spent for this line item last year. Due to higher revenues, most expense line items are running well ahead of that recorded last year.

Operating Income before depreciation exceeded \$6.8 million for the period (after depreciation income was \$3.1 million). The Operating Income was very strong with an increase year to date over 2014 of \$2.5 million. The Operating margin, as a percentage of Revenues, held steady at 29.5%.

Non-operating Revenue was slightly less than that recorded for the period in 2014, at \$2.5 million. Non-operating income for the first 6 months was \$1.6 million.

After accounting for depreciation, total income for the Port for the first 6 months was \$4.7 million, compared to \$2.6 million in 2014.

3. CHIEF, LEGAL AFFAIRS REPORT

Recreational Use Immunity – Resolution No. 1032

Previously discussed at last week's meeting, Chief of Legal Affairs Paul Brachvogel presented Resolution No. 1032, which is a resolution of the Port Commission authorizing recreational use for certain port property.

Upon discussion, Commissioner Glen Bachman moved to adopt Resolution No. 1032 as presented. Commissioner Tom Stiger seconded the motion. A vote was called for:

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

Motion carried.

No Hunting Resolution No. 1033

Previously discussed at last week's meeting, Paul Brachvogel presented Resolution No. 1033, a resolution prohibiting hunting on property owned by the Port of Everett.

Upon discussion, Commissioner Glen Bachman moved to adopt Resolution No. 1033 as presented. Commissioner Tom Stiger seconded the motion. A vote was called for:

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

Motion carried.

4. DEPARTMENT REPORTS

Marine Terminals – 2nd Quarter Marine Terminals Report

Chief of Operations Carl Wollebek reported the following:

Port Calls

Overall, Port calls were higher through the quarter compared to 2014, and on goal for 2015. Vessel calls were significantly higher; barge calls were significantly lower primarily due to more direct aerospace shipments by vessel between Japan and Everett than barges during the quarter, and increases in activity in tonnage and containers.

Tonnage

General Cargo/Logs

Imports supporting the energy industry continued to be well ahead of 2014 for the quarter and ahead of goal for 2015. Exports (non logs) were buoyed by commencement of seasonal agriculture machinery exports to China and strong support from aerospace, energy and regular ships calling between North Asia and Everett. Log exports were slightly below the same period last year.

For the balance of the year, Staff foresees slightly reduced activities in the overall general cargo and log sectors excluding aerospace due to falling oil prices, a continued slow Chinese economy and continued weakness of the Canadian vs. US Dollar. Seasonal agriculture exports to China will end. The effects of the continued trade embargo between Russia and the U.S. has seen continued significant decreased trade between Everett and the Russian Far East and Russian Arctic. This is expected to continue into the foreseeable future.

Containers

Container volumes for the quarter are well ahead of 2014 and ahead of goal for 2015. This was buoyed by strong aerospace support, a new monthly service to Australia that commenced in late 2014, and a couple of spot vessel arrivals from China repositioning empty containers for the Alaska trade. Staff expects this sector to remain strong through the end of the year.

Properties – Revision to Temporary Construction Easement Granted to Tulalip for Waterline

Chief of Business Development Terrie Battuello reported that in May 2014, the Port Commission approved a general transfer agreement which was a mutually beneficial agreement between the City of Everett and Port of Everett with respect to the City's interest in obtaining a water easement from the Port, and to the Port's interest in transferring responsibility for the maintenance and operation of public infrastructure, namely roads, sewers, and storm water systems and their appurtenances within the Riverside Business Park.

Tulalip Public Works officials have requested a modification to the agreement that allows them to temporarily utilize Port property for the purposes of building their waterline. The Port has an interest in the waterline project moving efficiently through its construction with a minimal impact on the Port and its tenant's use of the site. Facilitating this request, the Port would allow more extensive use of sites not on the market, such as in Lot 7, to facilitate this construction.

Terrie Battuello asked the Commission to authorize the Executive Director to approve the Modified Temporary Construction Agreement documents substantially as presented. Commissioner Tom Stiger moved that the Commission authorize the Executive Director to approve the Modified Temporary Construction Agreement 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.

Properties – 2nd Quarter Updates
Waterfront Central Development Report

Terrie Battuello said that Staff from the Development Group have been very focused on Waterfront Place Central; but also in the first two quarters of this year, a lot of hard work has been done on the Riverside Business Park trying to find development scenarios for that property.

For Waterfront Place, Staff completed the Ecology process for the Shoreline Master Plan Amendment which was approved last week. In the first two quarters of the year, Staff worked on the Utility Master Plan for the entire site with the goal of getting the permit for the Master Utility Design for the entire site so that when a developer comes in all they have to do is actually pull a public works permit and get their design approved in order to allow construction to go forward. On Fisherman's Harbor, Staff is designing the infrastructure, the streets, utilities, parks, the bulkhead – everything that is necessary for development to occur and is nearing 60 percent completion.

Staff is in the process of doing the design for the Weyerhaeuser move, which includes pulling it off of its current foundation and driving it down to the new site and setting it on its new foundation. This project is nearing 60 percent completion.

All of the Geotechnical information for the Waterfront Central project has been put into a GIS based map so information can be navigated easily.

The new project office opened early in the Spring and is operating successfully.

Leasing Update

Terrie Battuello reported that in the Leasing Department, revenues are slightly behind the budgeted revenues because the percent rents and move-ins are keeping it behind; however, Staff thinks that by the 3rd quarter, the revenues will catch up. A lot of work has been done on cost controls and is 35% lower than budgeted expenses this year.

There were no leases in the 2nd quarter, and one suite was left remaining at the end of the 2nd quarter which has since been leased.

Marina – 2nd Quarter Report

Marina Director Jeff Lindhout reported that the Marina had a very good summer. Occupancy hit a high of about 98%, and the Marina is averaging about 92% which are numbers that haven't been met for awhile. Overall, revenues are up and the Marina is on track to meet budget expectations.

For marketing, the new banners are up throughout the Marina. Social Media has been strong, Staff is continuing with outreach and the Marina newsletters. Staff is still working with Cord Media for television and radio ads.

Staff has been implementing Seaworthiness policies throughout the Marina, and are also working to customize the new Marina software.

The Dock Watch program that was implemented last spring is going well.

Maintenance work on dock resurfacing and floatation upgrades has been completed in the Marina, and Maintenance also had additional work due to the summer wind storm that caused some havoc in the Marina.

Marina Staff are working on the Phase III Craftsman District planning, boathouse relocations and Jetty Island planning.

For events this past summer, the Rock the Boat concert at Boxcar Park and Salmon for Soldiers were held with the assistance of Marina Staff. Wheels on the Waterfront, the Edmonds Coho Derby and the Milltown Swap Meet are coming soon. Staff is already starting the planning process for Holiday on the Bay.

Projects

2nd Quarter Engineering & Planning Projects Report

Chief of Engineering & Planning John Klekotka provided a brief report on major capital expenditures through the 2nd quarter. On the Terminal Rail Upgrades, Staff continued work on the engineering in preparation for bidding the project. For the South Terminal Wharf Upgrades for Roll-on/Roll-Off Cargo, the project was substantially complete by IMCO in June. Work was completed for the Mt. Baker Terminal Roadway & Utilities project by Strider Construction. The Marina Float Rehabilitation was completed by Neptune Marina in June. Continued work on the Everett Shipyard Cleanup project occurred which included the reconstruction of Bulkhead Segments A and B, construction of the new City of Everett outfall pipe, and completion of the ESY In-Water cleanup under the Port's contract with Magnus-Pacific contract. This project has not yet been closed out. There was ongoing environmental characterization work for the Mill A and East Waterway remediation sites. There were also four different job orders with Burton Construction under the Job Order Contract (JOC) Waterfront Center Tenant Improvements.

The total capital expenditure budgeted for 2015 is \$44.4 million. So far, through the end of the second quarter, a total of \$10.03 million has been spent.

The Port of Everett was recognized with the WPPA Environmental Project of the Year Award for Waterfront Place Central Cleanup projects.

Erik Gerking submitted an abstract for the Everett Shipyard Project (Integrating Cleanup with Marine Infrastructure), which was accepted for presentation at the 2016 ASCE Ports Conference under the category of Innovative Environmental Programs.

COMMISSION PRESIDENT'S REPORT

Commissioner Troy McClelland said there are a number of events coming up such as the American Association of Port Authorities (AAPA) annual convention and the Washington Public Ports Association (WPPA) annual meeting that Port Staff will be attending. Congratulations to Staff on a very good first half at the Port.

COMMISSION DISCUSSION

Commissioner Glen Bachman reported that he just completed his participation in the Governor's Trade Mission to Korea and Japan. On the first day, participants met with the department heads of the Ambassador's Office in Korea representing agriculture, manufacturing, and education. There were a number of panelists that discussed the economic future for Korea. Glen Bachman said he and four others were in the aerospace tract, including the representative from the Department of Commerce, and made numerous facility visits which included the SAMCO Partners which has a very in-depth manufacturing process of parts for both Airbus and Boeing. The participants visited Korean Air and learned that they manufacture F-16s, helicopters, Boeing parts and handle manufacturing for Airbus.

While in Japan, the participants visited the Mitsubishi Heavy and saw the MJR aircraft that is coming soon to Washington State.

Commissioner Bachman said his most memorable event was a personal tour of the entire Port of Nagoya which is a very large port. Much of the heavy manufacturing is done by the tenants at the Port and the cargo is loaded by barge or container ships. Unfortunately there is no rail. The participants also got to see the 787 wing assemblies being barged on the river to its destination.

Japan is also gearing up for the 2020 Olympics.

All of the factories representatives said that they appreciated Everett specifically very much.

Commissioner McClelland thanked Glen Bachman for his report.

Commissioner Stiger said the Port sponsors some events such as the Wheels on the Waterfront (September 12) and the Mukilteo Lighthouse Festival which is scheduled for September 11 – 13, 2015. Also, most of the seasonal employees have returned to school. There were a total of 12 students this summer who worked for the Engineering & Planning department, Marina Ops, Marina Moorage, Marine Terminals and Marina Office. The students attended WSU, ECC, Seattle University, Western Washington, Lakewood High School, Arch Bishop Murphy High School, Gonzaga and Central Washington.

CITIZEN COMMENTS

There were no Citizen comments.

THE REGULAR MEETING was recessed into Executive Session at 6:06 p.m. - to conclude by 6:30 p.m. The purpose of the Executive Session was to discuss with legal counsel the acquisition of real estate for which public discussion 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.

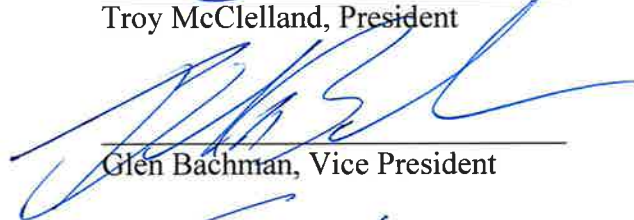
THE REGULAR COMMISSION MEETING was adjourned at 6:30 p.m.

APPROVED: this 13th day of October, 2015.

EVERETT PORT COMMISSION



Troy McClelland, President



Glen Bachman, Vice President



Tom Stiger, Secretary

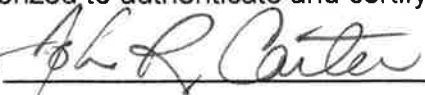


Port of Everett


Port of Everett
Voucher Certification and Approval
for the month of
JULY
2015


		Total
Claims Voucher Nos	74068 - 74404	\$4,529,445.54
Claims Electronic/Wire Transfers:		
7/9, 7/16	Electronic Transfer - Health Equity	\$ 113,192.66
7/1, 7/16, 7/27	Electronic Transfer - IRS	\$ 302,193.27
Total Claims		\$4,944,831.47
Payroll Voucher Nos.	45889 - 46130	\$ 505,071.80
Payroll Wire Transfers:		
7/7, 7/14, 7/21 7/28	PMA Payroll (Longshore Labor)	\$ 369,907.47
Total Payroll		\$ 874,979.27
Wire Transfers:		
7/6, 7/15, 7/30	Wire Transfer - Bank of New York Investments	\$ 4,914,666.67
7/24/2015	Wire Transfer - Umpqua Bank Investment	\$ 1,000,000.00
7/7/2015	Wire Transfer - Hirofumi Oshio	\$ 4,822.86
Total Payments		\$11,739,300.27


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 1st day of September, 2015:

 President

 Vice President

 Secretary



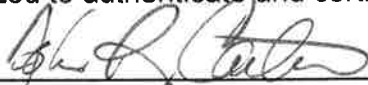
Port of Everett

ORIGINAL


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

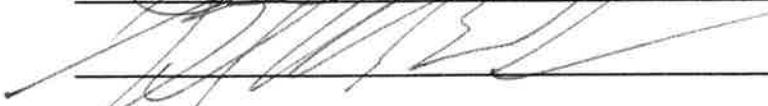
		Total
Claims Voucher Nos	74405 - 74727	\$4,125,895.16
Claims Electronic/Wire Transfers:		
8/3, 8/14, 8/31	Electronic Transfer - Health Equity	\$ 3,809.23
8/3, 8/17, 8/31	Electronic Transfer - IRS	\$ 305,146.30
8/24	Electronic Transfer - WA St Dept of Rev	\$ 68,954.73
Total Claims		\$4,503,805.42
Payroll Voucher Nos.	46131 - 46370	\$ 480,221.11
Payroll Wire Transfers:		
8/4, 8/11, 8/18, 8/25	PMA Payroll (Longshore Labor)	\$ 367,072.24
Total Payroll		\$ 847,293.35
Wire Transfers:		
8/3	Wire Transfer - Bank of New York Investments	\$ 2,983,351.23
Total Payments		\$8,334,450.00


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 8th day of September, 2015:

 _____ President

 _____ Vice President

 _____ Secretary