

MINUTES OF EVERETT PORT COMMISSION
REGULAR MEETING
October 6, 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 due to previously scheduled out-of-country travel.

CALL TO ORDER: Commission Secretary Tom Stiger called the meeting to order at 5:02 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

2016 Strategic Plan

CEO/Executive Director Les Reardanz reported that the Port has a heavy work load that has been defined for the next 5 – 7 years with Marina District redevelopment and South Terminal development. The idea was to start thinking about what are those things that the Port will do once these activities are completed. The original idea was to talk that through; however, with the recent events with Shell's decision, the MTCA funding, and things like the Canadian dollar and the Russian sanctions, Staff is looking at the budget to prioritize and feel at this point that discussions about the Strategic Plan would be premature.

Les Reardanz said that there will be more to follow on this issue, but Staff is not ready to go down the road of developing a plan of action at this time. The Commission concurred.

Model Toxics Control Act (MTCA) Update

Les Reardanz provided an update on the Model Toxics Control Act (MTCA) funding. Staff had an opportunity to go to Ecology and have a meeting with Director Maia Bellon, Jim Pendowski and Erik Fairchild and discussed rationale, prioritization and how MTCA is a necessary economic development tool for the cleanup projects. The Port of Everett proved the concept that if the cleanup is done at the same time as a development project, there is the opportunity to leverage the dollars and synchronize the efforts to save money and be a good steward of resources while at the same time putting those properties back into economic use; as well as doing the environmental remediation and including the things that prevent environmental issues down the road, such as doing storm water installation at the same time as doing the cleanup.

During the discussion, Ecology staff tried to rationalize why they were prioritizing re-appropriations over the new money projects. The Port made the case on why its projects should be funded and why it is in the best interest of the state to do so. Port Staff also made sure that the Ecology representatives had copies of the letters of support received from Senator McCoy and Representatives Sells and Robinson, as well as the Tulalip Tribe and Weyerhaeuser which represents Legislators, other PLPs and the local tribe.

Port Staff had a discussion this morning with Ecology and learned that the Port will be receiving \$3.375 million for Mill A and \$500,000 for the East Waterway. The remainder of the Port's projects fall "below the line" which are projects that are going to the state legislature in the 2016 legislative session as part of a supplemental budget to try to get the state to bond against the state building

construction fund to fund the remainder of the new appropriation dollars. The Port has Everett Shipyard, Baywood and Ameron as those projects that are “below the line” that would get funded if the state were to go ahead and bond against the state building fund. The Port would need the legislature to get \$10 million in bonding capacity that would fund Everett Shipyard and Baywood, and then based on the ranking system, the Port would need about \$22 million to also get to Ameron in bonding capacity. That will be part of the Port’s challenge for the supplemental budget and Staff will be working hard to try to secure the funds.

The take away is that the Port has money for Mill A and East Waterway from Ecology. With that, Ecology will want the Port to sign the agreed order on the East Waterway. Les Reardanz recommended that the Commission authorize the Executive Director to sign the agreed order, with the understanding and the written documentation that continued funding would be necessary for the Port to continue a work plan; and if the Port does not get funding into the future, the Port would not continue with the work plan into the 2017 – 2019 biennium.

In response to Commissioner McClelland, Les Reardanz said that the Port had been in line to get \$7.2 million if Ecology had fully funded the new appropriations as well as the re-appropriations. The Port ended up with \$3.875 of the \$7.2 million with the funds directed towards the Mill A and East Waterway projects. From a timing perspective, “below the line” numbers are a little over \$1 million for Everett Shipyard which is reimbursement money because the project is complete. The next project is Baywood which is approximately \$1.4 million – this project would get pushed out until the Port has the money. Staff is working on buttoning up the project to make sure Staff knows how things progressed. As to the Ameron project, this project would be just under \$700,000. Some pre-work needs to be done, but due to the Ameron leasehold, the work needs to wait until after the January 2017 timeframe.

November Commission Meetings

Les Reardanz announced that 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 will be held on Monday, November 16 at 5:30 p.m. to hold the public hearing on the 2016 budget.

Staff

The Marine Terminals team are at the Break Bulk Conference in Houston Texas, and Terrie Battuello is at the Urban Land Institute Conference.

Commissioner McClelland arrived at the meeting at approximately 5:30 p.m.

Port Element of City Comprehensive Plan – Resolution No. 1034

Director of Planning Graham Anderson reported Resolution No. 1034 allows for the inclusion of a Marine Industrial Port Element in the City of Everett’s Comprehensive Plan. It is a significant step for the integration of long-range planning between the Port and the City of Everett. It marks the very first time that a discreet and separate Port Element has been included in the City’s Growth Management Act Comprehensive Plan.

The Port Element has a description of the Port location and history, the description of existing facilities and the strategic importance that the Port plays with the aerospace industry. It includes a section on Port terminal plans, including the Marine Terminal Master Plan and the preferred alternative for expansion. The Marine Port Element also includes a description of the economic impact of the Port marine activities, as well as a section on goals and policies. Also within the body of the Port Element is a description of the Marine Port core area which is significant because it gives the Port an opportunity to continue to work with the City around the perimeter of the core area to minimize land use incompatibilities and also to make sure that the City has an opportunity to let developers or entities who plan to develop in areas to the Marine Terminals to

notify them of potential residency of the fact that there is a significant working Marine Port facility located adjacent to their development.

It was the intent of the state legislature to insure that local land use decisions are made in consideration of the long-term and wide-spread economic contribution of international container ports and related industrial lands and transportation assistance; and to insure that container ports continue to function effectively along side vibrant city waterfronts.

Graham Anderson said that in accordance with the RCW 36.70A.085, the Port Commission is to adopt a resolution in support of the inclusion of the Marine Port Element into the City's Comprehensive Plan. The City Council is expected to take action on the Port Element on October 21, as part of its 10-year Comprehensive Plan Update.

Graham Anderson asked the Port Commission to adopt Resolution No. 1034 in support of inclusion of a Marine Industrial Port Element in the City of Everett Comprehensive Plan as outlined by RCW 36.70A.085.

Commissioner Tom Stiger moved to adopt Resolution No. 1034 as presented. 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.

International Travel

Les Reardanz asked for the Commission's authorization to travel to Japan to attend an event for ECL, one of the Port's carriers, and also attend meetings with Westwood, Mitsubishi and others. Carl Wollebek and Walter Seidl have also been invited. Travel days include departing on November 11 and returning on November 14, 2015.

Commissioner Stiger moved to authorize the international travel to Japan for the Executive Director Les Reardanz November 11 – 14, 2015. 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.

2. CHIEF FINANCE OFFICER'S REPORT

2016 Preliminary 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 budget adoption process includes additional preliminary Budget discussion on October 13, presentation of the proposed budget and property tax resolutions to the Commission and public on November 10, a Special Meeting to hold the public hearing on November 16 for consideration of the budget resolutions, and an additional Special Meeting on November 24 if necessary to adopt the budget.

Banking Services Contract Award

Chief Finance Officer John Carter reported that the Finance Staff worked together to establish and put together an RFP for a full range of banking services. The solicitation went out to 11 banks, and 6 banks returned the RFP to the Port and asked for Port business. Our current bank, Union Bank, declined and informed us that the Port would need to find a new bank by the end of December.

With that, Staff met with the short listed banks and ultimately found that U.S. Bank is the recommended bank to replace Union Bank as the primary bank, providing financial services for Port operations.

U.S. Bank was found to be price competitive, has provided a senior team to service the Port account, and has very complete banking services and technology. Additionally, they were the only bank that could offer to the Port the ability to “piggyback” onto the state contract with regards to the purchasing card system.

U.S. Bank has offered the Port a .39% earnings credit on all deposits in the bank that was higher than any of the other banks. U.S. Bank also offered the Port \$2,600 in conversion credit to help offset the Port’s costs in moving to a new bank. Staff estimates that bank fees will drop by about \$5,000 per year.

Staff is recommending that the Port Commission authorize the Executive Director to execute the necessary contracts to move the banking relationship as outlined to U.S. Bank to provide the following services: general depository and cash management services, merchant services, and purchasing services.

Commissioner Tom Stiger moved as recommended and presented. 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.

Resolution No. 1035 – Procurement Cards

John Carter presented Resolution No. 1035, a resolution authorizing the use of procurement cards for port business.

John Carter explained that the Port is finalizing a change in banking relationships and has been offered the opportunity to implement a travel and procurement card program. U.S. Bank has the contract with the State of Washington for procurement cards and Staff are recommending that the Port implement a procurement card program utilizing the favorable financial terms of the program. With this program, Port Staff will be able to automate all travel purchases and many routine operating purchases providing better controls, streamlined processing and rebates on purchases. The Port expects the rebates to exceed \$30,000 per year when the program is fully implemented.

The procurement card program will be administered within the Finance Department utilizing existing personnel. All procedures and authorities under this program will be maintained under the direction of the Executive Director and the Chief Financial Officer.

John Carter said that it was Staff’s recommendation that the Port Commission adopt Resolution No. 1035 authorizing the use of procurement cards for Port business.

Upon discussion, Commissioner Tom Stiger moved that the Port Commission adopt Resolution No. 1035 authorizing the use of procurement cards for Port

business. 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.

Binding of Liability Insurance Policies

John Carter reported that the Port has a comprehensive liability insurance program that is bought through a joint purchasing agreement with seven other Western Washington Port Authorities. Obtaining the necessary coverages within the liability program is managed through the Port's broker arrangements with Alliant Insurance Services. Alliant Staff manage insurance purchasing programs for ports throughout North America.

The Port has a number of policies with various limits and coverages. With the exception of the automobile policy, the October 1 liability renewal resulted in a slight decrease to the Port's premiums. The liability coverage for the automobile fleet went up a total of 9.4%. The increase is due in part to an increase in the Port fleet as well as having a small number of claims.

Given the favorable renewal, John Carter instructed Alliant to bind the coverage as of October 1, subject to approval by the Commission. Total premiums for 2015/2016 are \$133,067, plus taxes. This amount has been shown in the Operating Budget. John Carter recommended to the Commission that they approve the binding of the Liability insurance policies as presented by Staff.

Commissioner Tom Stiger moved that the Port Commission approve the binding of the Liability Insurance Policies as presented. 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.

3. DEPARTMENT REPORTS

Projects

Terminal Fender Pile Replacement 2015/2016 – Authorization to Bid

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, and Commission authorization is needed to bid and award the project.

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.

Port Staff is requesting the Commission's approval to solicit public bids for the fender pile replacement and fender system repair work. Please note award will be contingent upon adoption of the 2016 CIP budget.

Commissioner Tom Stiger moved that the Commission authorize the Staff to solicit public works bids for the Marine Terminals Fender Pile Replacement 2015/2016 project. 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.

Commission President's Report

Commissioner Troy McClelland thanked Staff for the great work by Graham Anderson and the rest of the team noted on the Port Element to the City of Everett's Comprehensive Plan. Commissioner McClelland said he also really liked the direction Staff was going with the budget in laying out the five-year plan and also having the opportunity to discuss the budget in a public forum.

Commission Discussion

Commissioner Stiger said that the Marine Terminals made the front cover of the Pacific Maritime magazine, and included a nice article about Puget Sound Ports.

Commissioner Stiger added that on a sad note, Totem Ocean Express (Tote) suffered the loss of a ship recently in the Caribbean due to hurricane conditions.

Citizen Comments

There were no Citizen comments.

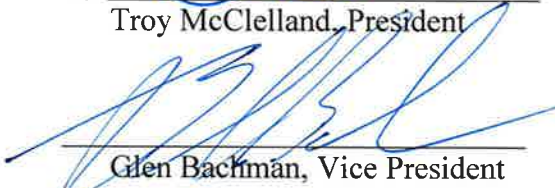
THE REGULAR MEETING was recessed into Executive Session at 6:35 p.m. for approximately 35 minutes - to conclude by 7:10 p.m. The purposes of the Executive Session were to discuss with legal counsel: 1) a potential litigation matter; 2) to consider the negotiations concerning real property which may be leased or sold when public discussions would disadvantage the Port; and 3) to discuss the negotiation of collective bargaining that is 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 7:10 p.m.

APPROVED this 16th day of November, 2015. EVERETT PORT COMMISSION

By: 
Troy McClelland, President


Glen Bachman, Vice President


Tom Stiger, Secretary