

MINUTES OF EVERETT PORT COMMISSION
REGULAR MEETING
October 13, 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 October 13, 2015 was called to order at 5:02 p.m. by Commission Vice President Glen Bachman.

Commissioner Bachman noted that Commissioner Troy McClelland would be participating in the meeting by teleconference until his arrival at 5:30 p.m.

CONSENT AGENDA

- Approval of Regular Meeting Minutes of September 1, 2015; and Regular Meeting Minutes of September 8, 2015
- Approval of Bills for September 2015

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

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

Motion carried.

1. CEO/EXECUTIVE DIRECTOR'S REPORT

Collective Bargaining Agreement – ILWU Local 32A

CEO/Executive Director Les Reardanz reported that the Port has been in negotiations with the ILWU Maintenance group and has reached agreement on the terms for the 2016 – 2017 contract. This two-year contract will allow the Port and the Union time to consider strategies to deal with the Affordable Care Act's Cadillac tax which is due to take effect in 2018. Negotiations on the Administrative Support and Security contracts will commence shortly.

Les Reardanz provided information to the Commission on a few of the substantive issues that were negotiated, including emergency call outs, vacation accrual, volunteer leave for community service, health care benefits, a VEBA plan (tax-free medical spending account), disability insurance plan, bereavement leave and wages which were negotiated at 3.5 percent increase for each of the two years within the contract.

Les Reardanz recommended that the Commission approve the 2016-2017 Collective Bargaining Agreement as presented.

Upon discussion, Commissioner McClelland said he was comfortable with the material as presented. Commissioner Stiger said that the agreement was a very generous package and he was concerned about the budget. Commissioner Stiger said he wasn't sure that the Port could sustain this type of package, especially when the majority of the revenue comes from the Marine Terminal operations and they are forecasting a decline in revenue in 2016. There is a lot of economic data coming out and the Port should take more time to consider the agreement and added that he would be reluctant to second a motion at this point. The Port doesn't need to rush into this and should take another look at the available economic data.

Commissioner Bachman said that it is a 24 month package and some of the other contracts he's read about are much more generous. Commissioner McClelland said that he was prepared to support Staff's recommendation.

Commissioner Troy McClelland moved that the Commission approve the 2016-2017 Collective Bargaining Agreement as presented subject to continued study of the cost structure for sustainability into the future. Commissioner Glen Bachman seconded the motion. A vote was called for:

Vote: 2-1
Yes: McClelland, Bachman
No: Stiger
Abstained: None

Motion carried.

Commissioner Stiger said that the "No" vote should be clarified that he was asking for additional time until the Port had a chance to digest the 2016 budget, take a look at the economic and consumer data that is coming out, the WPPA study and to take all of the factors into consideration before making a decision on the bargaining agreements.

November Meetings

Les Reardanz reminded the Commission and public that the November 3rd meeting has been cancelled, a regular meeting will be held on November 10, and a Special meeting will be held on November 16 at 5:30 pm; and if needed, another Special meeting could be held on November 24.

PUD Easement

Port Attorney Brad Cattle briefed the Commission on the need for a PUD easement and indicated that he would be asking the Commission to authorize the Executive Director to execute a PUD Distribution Easement upon its finalization. The Burlington Northern Santa Fe Railroad (BNSF) is in need of a PUD easement for the extension of power from one of its facilities in the Delta yard to a new installation that is going to be extended from one of its existing power facilities to a new vault on the other sides of the tracks. In order to get the PUD to extend power to the new vault, BNSF needs the PUD easement from the Port.

Brad Cattle said that he has added an indemnity provision to the easement agreement and the legal description of the area is to be developed and submitted back to the Port for verification by the Port's engineering department. The indemnity has to be reviewed and approved by the PUD, the legal description has to be submitted to the Port and approved by Engineering & Planning and Properties.

Brad Cattle asked the Commission to authorize the Executive Director to approve the final easement document subject to approval by the Port's Engineering, Legal and Properties departments.

Commissioner Tom Stiger moved to authorize the Executive Director to approve the PUD Easement subject to review by the Executive, Engineering, Legal and Properties departments. 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

Waterfront Place Central Development Update

Chief of Business Development Terrie Battuello briefed the Commission on the status of the Waterfront Place Central Development project, including review of policy direction by the Commission, market trends, expected project performance, status of 2015 Work Plan, and a sneak peak of the 2016 Work Plan.

Terrie Battuello also briefed the Commission on the proposed Weyerhaeuser building move. In the first half of 2016, the building will be moved to the Port's Waterfront Place Central within Boxcar Park allowing the building to be featured for public uses serving as a marine-related club house and as a backdrop for a new outdoor performance venue at the water's edge. The move of the building will take approximately 8 to 10 hours, and 4 of those hours will actually cause the closure of West Marine View Drive, which is why the move will occur during the evening hours.

The reason for doing the movement of the building in the first half of 2016 is because of the construction of the Grand Avenue Bridge Overpass. The Overpass is only 26 feet high and the Weyerhaeuser Building is 46 feet high, so it is imperative to move the Weyerhaeuser Building before the construction of the Bridge Overpass.

Corps of Engineers

Les Reardanz said that the Corps of Engineers is beginning clamshell dredging in the Snohomish River channel starting October 19 and will continue through mid-February 2016.

2. CHIEF FINANCE OFFICER'S REPORT

2016 Budget Overview

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.

Key issues for the 2016 budget include:

- **Prioritizing Opportunities** - the Port is dealing with limited funds, staff and facilities. It is also important that the Port balance its short-term needs with longer term opportunities.
- **Each Operating Division has Revenue Concerns or Risks** – The Marine Terminals is impacted by global commodity prices; the Marina needs a business plan to address rising costs and redevelopment; Property initiatives will take time to mature and develop.
- **Cost Structures Need Long-Term Solutions** – The Port needs to determine how to pay for deferred maintenance and the growing trend for higher regulatory standards.

John Carter said that the bottom line is that Staff is committed to generating sufficient capital to finance the Port's environmental liabilities, reinvestment needs, maintenance of facilities and equipment and investment in growth opportunities. It is expected that all of the Operating Divisions will make headway on implementing identified key initiatives; and Staff is committed to positioning the Port for long-term growth.

A copy of the budget schedule is attached hereto.

3. DEPARTMENT REPORTS

Marina – Boat Auction – Resolution No. 1036

Marina Director Jeff Lindhout reported that the Port is currently in possession of two vessels and boating related gear retrieved from one of the vessels as depicted on Exhibit A to Resolution No. 1036. These vessels/gear were identified as abandoned or owned by persons responsible for outstanding fees to the Port. Port Staff wishes to duly advertise and conduct an online auction November 6 – 13th, 2015. Owners of the vessels/gear which are related to unpaid fees, have received notice of impound and process of auctioning. Additionally, vessels which lack sufficient value to support the repayment of debt, and are not seaworthy and 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 said that Port Staff is requesting that the Commission consider adopting Resolution No. 1036 authorizing Port Staff to advertise and proceed with the public sale of vessels and boating related gear abandoned through the non-payment of moorage/storage fees under RCW 53.08.

Commissioner Stiger asked if it was feasible to do an auction with only two vessels and some gear. Jeff Lindhout responded that it was actually one of the reasons that staff is doing the on-line auction is because there are so few vessels and Staff wanted to see if the on-line auction was a viable alternative to the traditional method.

Commissioner Tom Stiger moved to adopt Resolution No. 1036 authorizing Port Staff to advertise and proceed with the public sale of vessels and boating related gear abandoned through the non-payment of moorage/storage fees and RCW 53.08. Commissioner Glen Bachman seconded the motion. A vote was called for:

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

Motion carried.

COMMISSION PRESIDENT'S REPORT

There was no Commission President's report.

COMMISSION DISCUSSION

Commissioner Glen Bachman reported that during the month of September, he was in five different countries and Staff received a thank you letter from the Governor of the State of Washington for the participation and attendance in the trade mission to Korea and Japan. Commissioner Bachman said he was on the aerospace track with four other people and had a very good session.

Commissioner Stiger said that the Port bus tours are coming up on October 21-22, 2015. The tours have been very well received. Also, the final weekend of the Farmer's Market is coming up this weekend. The Farmer's Market has been very well received. Catherine Soper of Public Affairs added that the final day of the Farmer's Market is October 18 and encouraged everybody to go.

Commissioner Troy McClelland read the letter that Governor Jay Inslee sent to the Port of Everett thanking the Port for participating in the Governor's trade mission. Commissioner McClelland thanked Commissioner Bachman for his participation with the trade mission to Korea and Japan.

CITIZEN COMMENTS

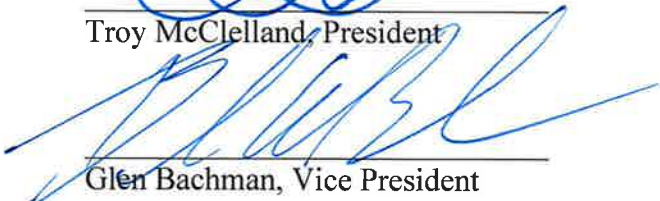
There were no Citizen comments.

No Executive Session was held.

THE REGULAR COMMISSION MEETING was adjourned at 6:55 p.m.

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


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 provide commission with 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 7, 2015		Operating Budget assumptions distributed
August 7, 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 Chief's
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		Summary Preliminary Budget published on website
October 20, 2015		Post to website draft Budget Resolutions
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 26-30,2015		Commissioners receive one on one briefing on Consolidated budget
October 26-30,2015		Commissioners receive instructions for proposing budget amendments
October 30,2015		Publish 1st notice of Public hearing
November 3 2015		Commissioner proposed budget amendments due
November 6, 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 16, 2015	Commission Regular Meeting	Budget and Tax Resolutions presented for approval, hold public hearing
November 24, 2015	Commission Regular Meeting	Final meeting to approve budget if necessary
December 7, 2015		Deadline to File Budget & Tax Levy with Snohomish Co.




Port of Everett




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

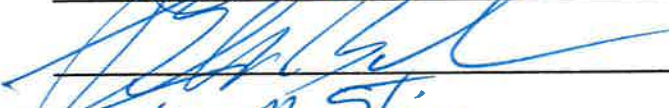
		Total
Claims Voucher Nos	74728 - 75042	\$2,065,736.69
Claims Electronic/Wire Transfers:		
9/15, 9/30	Electronic Transfer - Health Equity	\$ 2,599.47
9/16	Electronic Transfer - IRS	\$ 102,927.77
9/25	Electronic Transfer - WA St Dept of Rev	\$ 58,109.63
	Total Claims	\$2,229,373.56
Payroll Voucher Nos.	46371 - 46597	\$ 479,971.28
Payroll Wire Transfers:		
9/1, 9/9, 9/15, 9/22, 9/25, 9/29	PMA Payroll (Longshore Labor)	\$ 421,589.20
	Total Payroll	\$ 901,560.48
Wire Transfers:		
9/8, 9/29	Wire Transfer - Bank of New York Investments	\$ 2,000,000.00
9/11	Wire Transfer - SSA Marine	\$ 1,221,706.48
9/10, 9/11	Wire Transfer - Umpqua Bank Investment	\$ 8,000,000.00
9/25	Wire Transfer - Hirofumi Oshio	\$ 5,787.99
Total Payments		\$14,358,428.51


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 13th day of October, 2015:

 _____ President

 _____ Vice President

 _____ Secretary