

MINUTES OF EVERETT PORT COMMISSION
REGULAR MEETING
March 8, 2016

PRESENT: Glen Bachman President
Tom Stiger Vice President
Troy McClelland Secretary
Les Reardanz Executive Director
Bob Marion Finance Dept.
Brad Cattle Port Attorney

ABSENT: John Carter was absent due to business travel.

CALL TO ORDER: Commission President Glen Bachman called the meeting to order at 5:04 p.m.

CONSENT AGENDA

- Approval of Regular Meeting Minutes of February 2, 2016; and Approval of Regular Meeting Minutes of February 9, 2016;
- Approval of Bills for February 2016

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

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

Motion carried.

1. CEO/EXECUTIVE DIRECTOR'S REPORT

April Commission Meeting

CEO/Executive Director Les Reardanz reminded the Commission and public that the Port will not hold a meeting on April 5, 2016 due to a conflict with the American Association of Port Authorities (AAPA) spring meeting. Les Reardanz indicated the Port will hold its regular meeting on April 12 and proposed that the Port hold a one-day Retreat (Special Meeting) on April 19 located at Rosehill Community Center in Mukilteo. The time of the meeting is yet to be determined.

2. PREPARING FOR LARGER SHIPS

Resolution No. 1048 (2016) – Support for FAST LANE Grant Application

Public Affairs Director Lisa Lefebber reported that she and CFO John Carter were back in Washington D.C. recently doing some intelligence gathering to find out the different grant and/or loan opportunities that are available for the Port's larger ships initiative. Port Staff had five hours in a conference room in USDOT and learned a great deal.

The Commission has been clear that they would like to prepare for 1,000 foot ships, provide adequate rail, be competitive, meet the needs of the aerospace industry, while also minimizing the Port's environmental liabilities on the site. The Preparing for Larger Ships Initiative achieves that goal. From the Washington DC trip, Staff determined that it was in the best interest of the Port to submit two federal grant applications, the FAST LANE and TIGER grants. The FAST LANE grant is the new program and has a very short lead time. The Port's project essentially has to be in good shape to be able to apply because the guides just came out 1-1/2 weeks ago and the applications are due April 12; however, Staff is trying to get the application submitted by March 31, 2016. The Port will be requesting \$10 million for the South Terminal Shipping Facility. The TIGER grant for \$10 million is for the same project, so if the Port is successful on both, the Port would benefit from \$20 million towards the South Terminal Shipping Facility.

The Port has a very quick turn-around timeframe, so Staff is engaging a grant writer to assist with the grant applications, along with a cost benefit analysis.

Staff has been able to leverage all of the work that was done in 2009 when the Port originally submitted for this project, but one of the new provisions that is required with FAST grants and TIGER grants is a cost benefit analysis, so the Port has to perform that work.

John Carter has determined that pursuing a rail rehabilitation infrastructure loan through the federal government for the Port's various rail projects would be a worthwhile effort. The other takeaway that Staff learned was that the Port is a little premature to submit a letter of interest on a TIFIA loan request. The Port needs to get a few more details pinned down, and so Staff will take 2016 to refine the scope and potentially take another run at it in 2017. Les Reardanz added that there is a \$100,000 application fee, so Staff wants to make sure that the Port is ready to go.

Staff has established a project scope that achieves the goals which is roughly \$166 million as it relates to the South Terminal Intermodal Facility. It is proposed that the facility would include a 1,100 foot berth at minimum – the actual berth size will be determined by the cleanup action plan – and rail improvements, dock strengthening, shore power availability, new cargo handling equipment and additional berth depth.

The South Terminal project includes the infrastructure that the Port has already put into place, which is the Phase 1 rail upgrades and the Phase 1 infrastructure upgrades, and the Phase II rail upgrades, which includes the rest of the 560 feet of dock strengthening, shore power upgrades and crane rails. The total project cost of that piece is about \$55 million. The Port will be requesting the \$10 million for each of the project phases. The Port is describing the scope broadly in order to apply for multiple federal grants to achieve the overall project.

Construction is set to begin for the \$8 Million Phase II rail project this year. The Port is trying to leverage what has already been invested and what is budgeted towards the total project cost and that is part of what is included in the project.

At the Commission Workshop, Staff will present more information to the Commission on the full "Preparing for Larger Ships initiative."

Lisa Lefeber added that the draft resolutions would authorize the Executive Director to make formal application to the U.S.DOT for FAST Lane and TIGER grant funding assistance to implement the project with the Commission's support.

Commissioner Troy McClelland moved that Resolution No. 1048 (2016), for the FAST Lane grant submittal be approved as presented. A vote was called for:

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

Motion carried.

Commissioner Troy McClelland moved that Resolution No. 1049 (2016), for the TIGER Federal Grant submittal be approved as presented. A vote was called for:

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

Motion carried.

3. WATERFRONT PLACE CENTRAL UPDATE

Lisa Lefeber provided a briefing on marketing and outreach activities for the Waterfront Place Central development. Staff has attended neighborhood meetings, agency meetings, and holds regular stakeholder and outreach meetings

with tenants and yacht clubs; holds community bus tours and has held a media interview with regard to the relocation of the Weyerhaeuser Building.

Staff has been busy at work on social media to promote the Waterfront project, as well as creating publications, the construction newsletters and updates, as well as website and informational material for the community.

Additionally, Les Reardanz was asked to speak at the American Association of Port Authorities (AAPA) real estate seminar regarding how the Port blends environmental remediation with development projects. The City of Everett will also be highlighting this project in one of their planning conferences that is coming up soon.

On March 24th, there will be a community Open House from 4 – 7 pm in the Blue Heron Room of the Waterfront Facility which will provide the community, the developers and the Marina holders with updates on housing, retail, restaurants and public access and separate events that the Port is holding.

For Marina marketing, the Port has begun an outdoor campaign that will include billboards and bus ads, as well as direct outreach to the yacht clubs to try to get people excited about the Marina.

Waterfront Place was featured at the boat show, and for the first time the Marina offered a raffle for a weekend stay in Everett. Also, a waterfront movie series event is being added this year called the Sail-in Cinema which starts in July at Boxcar Park. The Port received a \$3,000 tourism grant from the City of Everett to help implement the program.

The Interpretive Trails have been implemented and are installed throughout the development. Staff has been working on new public access spaces and some requirements of the Waterfront Place Development are the interim public access improvements. Improvements are being made in the South Marina, Central Marina and North Marina to improve access. The name of the new improvements at the South Marina is the Commodore Plaza. Street signs are also being integrated throughout the development that have their own look and feel that represent the districts.

Wayfinding signs for Waterfront Place have been installed on Interstate 5 and throughout the City of Everett. Les Reardanz added that this has been a multi-year project to get this accomplished, and it fits the vision and the goals of what the Commission set as making this a destination.

Lisa Lefeber said that Waterfront Place earned a Washington Public Ports Association Environmental Cleanup award. Also pending is the American Advertising Federation recognition award for the Port of Everett for its marketing efforts as it relates to the Waterfront Place project. The Port is also seeking a Puget Sound Regional Council 2040 Vision award and an American Association of Port Authorities (AAPA) Brand Campaign award.

4. DEPARTMENT REPORTS

Riverside Business Park – Purchase & Sale Agreement

Terrie Battuello said she is before the Commission to ask for authorization for the CEO/Executive Director to approve a Purchase & Sale Agreement for a 16.74 acre site at the Riverside Business Park for the asking price of \$6.75 per useable square foot of land.

The proposed buyer, KW Projects, LLC, is controlled by Kiernan West, a development company formed in 2010 that is a partnership between the Kiernan Companies and West Partners. They have over 25 years of experience in development.

The Purchase & Sale agreement (PSA) is secured by a \$160,000 cash good faith deposit, deposited at the time of the execution of the PSA and held in Escrow until the end of the first 120 day study period when \$60,000 of the deposit will be non-refundable and deposited with Seller if the Buyer exercises the option of an additional 90 day study period. The study period allows the buyer to conduct 90 days of study and have access to the site. All deposits are applicable to the purchase price. The Buyer will pay the remainder of the purchase price in cash at close of escrow. The PSA also includes a Port indemnity. This agreement was drafted by the Port's environmental attorney and is consistent with the indemnity agreements previously approved by the Port in other sales at the site.

The price of \$6.75 per usable square foot is based on development ready property, whereby the parcel(s) in this transaction are not development ready. There are terms in the PSA that will allow for deductions in the purchase price of the property proportional to the cost of bringing utilities to the property, building the necessary roadway to reach the property, demolition of existing structures and improvements, and the grading of the property to the 16.75' elevation.

Before the expiration of the due diligence period and before escrow closes when the final land area is determined, the Port will hold a public hearing to surplus and amend its Comprehensive Scheme of Harbor Improvements to reflect the disposal of the site. The decision to sell or lease the property is consistent with the Commission's direction to staff in 2015 and supports the objectives approved by the Commission. KW Projects has provided a preliminary site plan for its development of the property as a transit center.

Terrie Battuello asked the Commission to authorize the Port's CEO/Executive Director to approve the Purchase and Sale Agreement with KW Projects, LLC for approximately 16.74 acres at the Riverside Business Park substantially as presented.

Commissioner Stiger inquired about the net proceeds to the Port for both sales, including the Seller obligations. Terrie Battuello indicated that the Port should net approximately \$5.2+ million for both property sales. Portions of Lot 2 and 4 are still available for sale.

Commissioner Tom Stiger moved to authorize the Port's CEO/Executive Director to approve the Purchase and Sale Agreement with KW Projects, LLC for approximately 16.74 acres at the Riverside Business Park substantially as presented. A vote was called for:

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

Lease Renewals

Marine Power Service

Taylor Nuccitelli reported that Marine Power Service would like to renew its lease for 1,080 square feet at the Port of Everett Waterfront Center, Suite 113. They will be paying a market rate for the shop space of \$9.00 per square foot. Marine Power Service provides boat repair services including engine repair and rebuild which are valuable services to the tenants of the Marina. The proposed lease agreement is a triple net lease for five years and will include a boatyard stall directly in front of the shop space overhead door. The security deposit in the amount of \$1,890 will carry forward from the previous lease.

Port Staff is recommending that the Commission approve this lease renewal.

Commissioner Troy McClelland moved to authorize the Executive Director to approve the Marine Power Service Lease Agreement and security deposit substantially as presented. A vote was called for:

Vote: 3-0

Yes: McClelland, Stiger, Bachman
No: None
Abstained: None

Motion carried.

B&B Marine/Tom's Marine Electrical

Taylor Nuccitelli reported that B&B Marine and Tom's Marine Electrical are co-tenants in Suite 114 and would like to renew their lease for 1,700 square feet at the Port of Everett Waterfront Center. They will be paying a market rate for the shop space of \$9.00 per square foot. B&B Marine and Tom's Marine Electric provide boat repair services including electrical, fiberglass, painting and wood working which are valuable services to the tenants of the Marina. The proposed lease agreement is a triple net lease for five years and will include a boatyard stall directly in front of the shop space overhead door. The security deposit will carry forward from the previous lease in the amount of \$4,760.99.

Port Staff is recommending that the Commission approve this lease renewal.

Commissioner Troy McClelland moved to authorize the Executive Director to approve the B&B Marine / Tom's Marine Electric lease agreement and security deposit substantially as presented. A vote was called for:

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

Motion carried.

Marina

2016 Marina Rates Briefing

Marina Director Jeff Lindhout reported that the Port Commission adopted Resolution No. 891, empowering the Executive Director of the Port, or his designee, to set operating policies and rates associated with the operation of the Marina. In implementing these responsibilities, the Commission directed Staff to adopt rates and procedures to serve the best interest of the Port, assuring the Marina's success in its competitive marine marketplace and being mindful of business costs and the needs of customers. Further, the Commission required a 60 day notice to Marina customers for all changes in rates, fees or policies. Accordingly, each year the Marina Administration reviews rates and fees providing a briefing to the Board. In addition to Resolution No. 891, the Commission, in 2015, issues a directive to the CEO and Marina Administration to develop a comprehensive business plan to stabilize the Marina over the long term by addressing operating and capital needs within a funding plan. As such, major areas of study were rates, the market and cost of services.

Pertaining to rates, Staff has been examining the rates within the local market, the impacts of those rates on moorage occupancy, external impacts such as increased utility taxes, internal operational cost – services that the Port offers and the cost for those services.

As a result, an increase in rates of approximately 3% is to be implemented in May 2016 together with adjustments to several fees and charges. The Marina Administration has projected rate increases for the next several years which are based on recommendations from the Port's marine economist and which are designed to make up for historic inflation and to balance rates in the market place.

Staff will post the proposed rate increases and fee adjustments immediately as required for the 60 day posting. All of the new rates and fees will be effective June 1, except for moorage rate changes which will become effective July 1, 2016.

Jeff Lindhout added that Staff will return to the Commission and report comments that were received during the 60 day posting period.

Projects Update

Mill-A Interim Action Dredging Update

Erik Gerking, E&P Department, provided a project update for the Mill-A Interim Action Marine Terminal Dredging project. The purpose of the project is to increase the berth capacity on the south end of Pacific Terminal to allow the larger ships from Westwood to call at the Port. The ships are 682 feet, and their previous vessels were 652 feet in length. The newer ships are 30 feet longer and require the Port to lengthen its berth capacity.

Under the water, there is an underwater hillside that is contaminated wood waste that originated from the Weyerhaeuser Pulp Mill and which the Port will be removing. The other purpose of the project is to improve the ingress and egress of the Terminal for easier maneuvering for the ships. Additionally, the organizational alignments where the Port is integrating the cleanup with the development and expansion of the berth is creating efficiencies and leveraging in funding capacities.

There is approximately 20,000 cubic yards of contaminated material that will be hauled to a landfill. Another element of the project is to construct a protective armored slope on the cut side of the hillside to hold the slope in place so it doesn't slump into the newly dredged area, and then to make sure that the contamination that is being cut into isn't exposed to the environment over the long haul.

The engineer's estimate for the project is \$6 to \$7 million which falls within the Port's CIP and CLIP budgets.

Staff plans to go to bid in March 2016, which will be about a 45 day bid process, and Staff will return to the Commission in June with the proposed Commission action of awarding the bid to the successful contractor. The project will commence in July. At this point, Staff is proposing to start the dredging work on July 16; however, the Port does not have the final date approved by the permitting agencies, so that date might move into August. Either date will be okay for the Terminal needs.

Next month, there are two potential Commission actions that Staff would like to propose, one of which is the agreed order that is required by Ecology to implement the interim action. Also, there is a potential modification to the GeoEngineer's contract to support the construction phase services needed for the project, and then the next phase of work under the broader remedial investigation which will be targeted for the upland investigation of Mill-A.

Commissioner Stiger proposed that the Commission authorize Staff to proceed to bid the project because the next Commission meeting is not until April 12, 2016.

Upon discussion, Commissioner McClelland moved that the Mill-A Interim Action Dredging project be approved for bidding in and around late March 2016. A vote was called for:

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

Motion carried.

Professional Services Agreement for Environmental and Engineering Services: Programmatic Permitting for Maintenance and Repair Projects

Planning Director Graham Anderson commented that in the past, it has been Port Staff's practice to bring to the Commission agreements that approach the limit of the Executive Director's authority under the Delegation of Authority. In the Professional Services Agreement before the Commission, the proposed amount is

not-to-exceed \$300,000, and Port Staff will be seeking the Commission's authorization to enter into this Agreement.

Planner Laura Gurley reported that in order to achieve cost and time efficiencies by having multiple maintenance and repair needs covered under one long-term permit, Port Staff proposes to seek long-term (5–10 year) programmatic-type permit approvals from local, state, and federal agencies for routine in-water maintenance and repair projects involving Port facilities. This will reduce the overall number of discrete permit applications Staff must prepare and submit to regulatory agencies each year.

The cost of obtaining this permit will be spread across the planning/permitting and preliminary engineering budgets within the CIPs that will be covered under the permit. Through a competitive request for qualifications process, Port Staff has identified Berger ABAM as the top-ranked consultant firm for this work and has negotiated a scope of work, and is seeking Commission approval to enter into a Professional Services Agreement with Berger ABAM.

Executive Director Reardanz thanked Graham Anderson and Laura Gurley for “thinking outside the box” and approaching this with a more efficient way to obtain permits.

Commissioner McClelland moved to authorize the Executive Director to enter into the Port's standard Professional Services Agreement with Berger ABAM for environmental and engineering services to support programmatic permitting for Port maintenance and repair projects. A vote was called for:

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

Commission President's Report

Commissioner Bachman commented that two miles worth of oil tankers and/or coal cars were on the BNSF rail line by the Port office.

Commission Discussion

There was no further Commission discussion.

Citizen Comments

There were no Citizen comments.


No Executive Session was held.

THE REGULAR MEETING WAS ADJOURNED at 6:37 p.m.

APPROVED this 12th day of April, 2016.

EVERETT PORT COMMISSION

By: 
Glen Bachman, President


Tom Stiger, Vice President

Troy McClelland, Secretary




Port of Everett

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

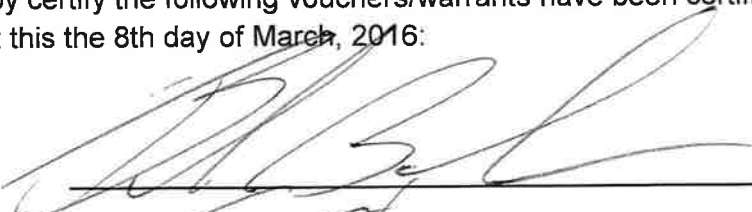
ORIGINAL

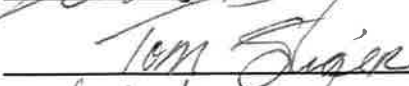
Claims Voucher Nos	76548 - 76873	Total	\$3,094,404.51
Claims Electronic/Wire Transfers:			
2/1, 2/16, 2/29	Electronic Transfer - Health Equity	\$	5,330.85
2/2, 2/17	Electronic Transfer - IRS	\$	185,236.30
2/25	Electronic Transfer - WA St Dept of Rev	\$	45,476.46
	Total Claims		\$3,330,448.12
Payroll Voucher Nos.	47444 - 47735	\$	655,049.48
Payroll Wire Transfers:			
2/2, 2/9, 2/17, 2/23	PMA Payroll (Longshore Labor)	\$	160,663.65
	Total Payroll	\$	815,713.13
Wire Transfers:			
2/9	Wire Transfer -Hirofumi Oshio	\$	1,522.07
Total Payments			\$4,147,683.32


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 March, 2016:

 _____ President

 _____ Vice President

 _____ Secretary