

MINUTES OF EVERETT PORT COMMISSION  
REGULAR MEETING  
April 12, 2016

PRESENT:	Glen Bachman	President
	Tom Stiger	Vice President
	Les Reardanz	Executive Director
	John Carter	Chief Finance Officer
	Brad Cattle	Port Attorney

ABSENT: Commissioner Troy McClelland was absent due to out-of-town travel.

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

CONSENT AGENDA

- Approval of Regular Meeting Minutes of March 1, 2016; and Approval of Regular Meeting Minutes of March 8, 2016;
- Approval of Bills for March 2016

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

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

Motion carried.

1. CEO/EXECUTIVE DIRECTOR'S REPORT

**Dwayne Lane**

Executive Director Les Reardanz reported that one of the Port's former Commissioners, Dwayne Lane, passed away recently. Dwayne served as a Port Commissioner from 1980 – 1991. During his tenure, many permanent improvements occurred including the 80 acre Norton Avenue Marine Terminal, expansion of 1,200 pleasure boat moorages, the construction of the Marina Village, development of the boat launch, acquisition of the Weyerhaeuser Mill-A site which is now South Terminal, acquisition of the Bayview Building and the Biringer property. He was also instrumental in the U.S. Navy selecting Everett as one of its homeports. Dwayne Lane served the Port of Everett in all three positions – President, Vice President and Secretary, as well as being the liaison to the Everett/Snohomish County Impact Coordinating Committee, the Economic Development Council and various port working groups as well. Dwayne was also recognized upon his retirement as Port Commissioner back in 1991 with a resolution for outstanding service.

Dwayne Lane performed honorable service to the Port and the community and will be missed. Commissioner Bachman said he was a great contribution to the County and to the Region.

**FAST Lane Grant**

Les Reardanz reported that the FAST Lane Grant has been submitted as of April 1, 2016.

**Commission Workshop/Special Meetings**

The Commission's upcoming Workshops will be April 19 at Rosehill Community Center in Mukilteo and May 3 in the Port's Blue Heron Room.

### **Legislative Updates**

Les Reardanz advised the Commission that the State's legislative session finally concluded. The Port's priority issue was the Model Toxic Control Act (MTCA). Ports were successful in general in that MTCA received approximately \$60 million in funding; and of that, the Port of Everett was able to secure approximately \$6.3 million in funding. This funding will go to Mill-A Interim Action, reimbursement for the Everett Shipyard cleanup project and the Baywood cleanup.

The other priority Staff was working on was the Dredge Material Management Program which is now underway with the Department of Ecology and the Department of Natural Resources.

The Municipal Research Services Center was funded by the legislature which is great because that is the site that hosts many of the Port's procurements, such as our Small Works Roster and Consultants, etc.

### **Discussion of Resolution No. 1044 – Authorization to Bid**

As Commissioner McClelland was unable to call in tonight, Les Reardanz asked to postpone the authorization to bid discussion/Resolution No. 1044 until May 3, 2016. The Commission concurred.

## 2. CHIEF FINANCE OFFICER'S REPORT

### **Year End Financial Report**

Chief Finance Officer John Carter provided a briefing of the December 31, 2015 fiscal year end as follows:

- ~ The Port had a strong year with record operating revenues of \$43.3 million;
- ~ Record Operating Expenses before depreciation were \$35.4 million;
- ~ Net Operating Income before depreciation was at \$7.9 million;
- ~ Non Operating - Loss of \$4.7 million – the Port incurred environmental remediation expenses in the amount of \$9.6 million;
- ~ Total Assets grew by \$11.1 million to \$302 million;
- ~ Total Liabilities grew by \$19 million because of increased environmental liability of \$5.1 million; accounting change for pensions at \$6.7 million; and increased outstanding debt of \$7.7 million.

John Carter also reported that as of December 31, 2015, the total portfolio in the treasury was \$29.37 million with liquid investments at \$11.02 million and fixed income at \$18.35 million.

### **Draft Financing Plan**

John Carter reported that when the Port was working on the budget last year, Staff had forecast a four percent decline in revenue (most of that came from the Marine Terminal) in the 2016 budget year. That budget was fairly conservative and hopefully the Port can maintain that budget. The Port hired Alan Dashen, financial advisor from Northwest Municipal Advisors in January 2016 to work together with Staff on a financing plan for the Port. Since the budget was adopted last fall, the Port has been more aggressive on expanding the Marine Terminal both for the extension of the dock and the deeper draft in the rail facilities, but also for potentially acquiring Kimberly Clark. However, these are longer term projects.

In the short term, Port Staff, Alan Dashen and Cynthia Weed (the Port's bond counsel) are drafting a schedule for a refunding of the Port's 2007 revenue bonds. The bonds are callable in 2017; and because the current finance plan includes \$10 – \$12 million of new money, the Port will be issuing additional bonds for about \$12 million as part of the financing plan.

John Carter provided a schedule to the Commission for the refunding and the new issue bonds.

Staff is also considering a rail rehabilitation loan through the RIFF program that the Department of Transportation has at the federal level. That loan would be in the range of about \$7 – 8 million to pay for the second phase of the rail enhancement at the Marine Terminal.

The market place has improved since November, and the Port is hoping to hit the market at one of the lowest times in the past 25 years. The schedule is fairly aggressive in order to capitalize on the timing of the market. On May 10, Staff will provide a briefing to the Commission.

**NCPA Intergovernmental Cooperative Purchasing Agreement**

Contracts and Procurement Administrator Maija Lampinen reported that RCW 39.34.030 allows cooperative purchasing between public agencies, provided that they enter into agreements with one another pursuant to the provisions of that chapter. The purpose of the chapter is to permit local government units to make the most efficient use of their powers by enabling them to cooperate with other localities on a basis of mutual advantage. The Port currently utilizes contracts from various purchasing cooperatives to save operational dollars on day-to-day expenditures – items that would not normally require competitive procurement – as well as to save time and money procuring equipment, goods and services readily available through one of the cooperatives.

National Cooperative Purchasing Alliance (NCPA) is based out of Texas with Region 14 ESC (Educational Service Center) as the lead public agency. The Port is eligible to piggyback off NCPA by registering online and agreeing to the Master Intergovernmental Cooperative Purchasing Agreement as part of the registration process. The agreement has been reviewed and approved by legal counsel.

The initial contract the Port would like to utilize is with Zep Superior Solutions. Our maintenance crews currently use Zep for chemical cleaners which fall under the competitive threshold. By using the Zep contract from the NCPA, the Port can save 38 percent from list price on these chemicals.

Commissioner Tom Stiger moved to approve the Master Intergovernmental Cooperative Purchasing Agreement with National Cooperative Purchasing Alliance (NCPA) and authorize the Procurement & Contracts Administrator to complete NCPA’s online registration process. A vote was called for:

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

Motion carried.

3. **DEPARTMENT REPORTS**

**Marine Terminals**

Max Vekich, Marine Clerks Local 52, presented the Commission with a safety award for zero injuries over a period of 89,000 man hours from March 2015 to February 2016 for the Shell effort at the Port of Everett.

**East West Gold – Port Services Agreements**

Marine Terminal Director Walter Seidl reported that East West Gold (Kinross) has been a customer of the Port of Everett since 2009, and the Port supports their effort in the Arctic gold mining endeavor.

The Port originally had an agreement in 2009 that was authorized by the Port Commission which was a 5 year term for a property use agreement. In that contract, the stipulation was thereafter that the Port could renew on a month-to-month basis which occurred until February 2016 when East West Gold said they had to bid their port services out in the general market. The Port of Everett was

successful in renewing another 4 year term with Kinross for Port Services and some land use agreement.

The agreement runs through 2019 which is the actual projected end of the gold mine's useful life. Projected cargo volumes annually will be about 1,000 TEUs import and 1,000 TEUs export with a potential of some breakbulk cargo as well. There are three vessels that are anticipated to call Everett this summer. The first vessel generally arrives around July, one in August and then the third vessel in October. It is important that the vessel gets into the Russian Arctic before the ice closes the ports.

The Port has a three-acre land commitment for which Kinross will pay the Port. If the Russian sanctions should lift, then the volumes and cargo movements should increase.

The agreement has all labor and equipment fees included for all cargo moving between the truck and the vessel. The annual increases for labor will be tied to the ILWU/PMA wage agreements, and all of the other increases will be tied to CPI.

Walter Seidl asked the Commission to authorize the agreement with East West Gold as presented.

Commissioner Tom Stiger moved to authorize the Executive Director to sign the Port Services Agreement with East West Gold substantially as presented. A vote was called for:

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

Motion carried.

**Properties**

**Waterfront Place Central Update**

**Boating Infrastructure Grant (BIG) – Resolution No. 1050**

Chief of Business Development Terrie Battuello reported that the Port has initiated a major redevelopment of the Marina uplands. This 65-acre, 1.5 million square foot development brings with it more than 17 acres of public open space for visiting boaters and community members. In 2015 the first phase of construction in Fisherman's Harbor commenced, while the design of required infrastructure was developed. Several uplands and bulkhead projects will begin construction in 2016.

The Port of Everett is seeking a Recreation Conservation Office (RCO) Boating Infrastructure Grant (BIG) in the amount of \$1.4 million to construct more than 750 lineal feet of new guest moorage and public access dock walk on the water at the foot of Fisherman's Harbor, an emerging mixed-use development at Waterfront Place. The new guest dock is designed to support pleasure boats over 26 feet, and is located in a way to maximize the synergies between the Fisherman's Harbor development, the new Pacific Rim Plaza and Splash Fountain, and the recreational boating facilities. Construction of this facility would increase the Port's Guest Docks to 10, and provide a walkable destination for our visiting boaters.

Terrie Battuello asked the Commission to adopt Resolution No. 1050 authorizing Staff to apply for the BIG grant.

Commissioner Tom Stiger moved to adopt Resolution No. 1050 (2016) that authorizes Staff to apply for a Recreation Conservation Office (RCO) Boating Infrastructure Grant (BIG). A vote was called for:

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

Motion carried.

### **Marina**

#### **Auction Report**

Marina Director Jeff Lindhout reported that the recent boat auction was very successful. Staff performed an online auction to minimize the Staff time associated with live auctions. The Marina held the auction March 1 – 9, 2016 and there were two preview opportunities for parties on March 7-8, so the bidders were able to pre-register. The Marina used James Murphy once again. In this auction, there were 10 vessels and 8 other dinghies, inflatables or kayaks. All of the vessels ended up selling with the exception of 2 sailboats which were salvaged after the auction. Total revenues generated were \$22,307, and the auction expense was \$500.

Currently, the Marina has nine boats, two trailers and one dinghy in the impound yard and Staff will probably schedule another online auction for the September time period.

#### **Recent and Upcoming Events at Marina**

The Everett Community bus tours started in March and there were two events. The Waterfront Place open house was held March 29 and approximately 200 tenants, consultants, developers and community members attended the event. The Everett Half Marathon was held April 10 and approximately 1,500 people participated.

Opening day of boating season is May 7 for which the Mukilteo Yacht Club participates, and their theme this year is *Under the Sea*. They will also be participating in a boat parade.

The Farmer's Market is starting on Sunday, May 8, and the Market will be in a new location at the Box Car Park this year. The Market will run every Sunday through the month of October.

Everett Power Squadron safety checks will occur on May 7 and May 21 at the South Marina. The newest event this year is the Sail-In Cinema which is the outdoor movies that start in July, 2016.

### **Projects Update**

#### **Pier 3 Utility Upgrade Project – Contract Close-out**

Project Manager Steve Hager reported that Pier 3 is over 42 years old, having been constructed in 1973. Utilities serving the Pier, including water, power and communications have deteriorated and need replacement. This is consistent with the Port's business resiliency and infrastructure maintenance goals.

The Commission awarded the project to McClure & Sons in the amount of \$606,267.48 on August 4, 2015. Notice to Proceed was given on September 14, 2015. The contract was suspended in October for 53 days due to an earlier than anticipated customer ship arrival. Work resumed again on December 14, 2015 and was substantially complete on February 2, 2016. There were three change orders in the amount of \$43,278.00.

Steve Hager asked the Commission to accept the Pier 3 Utility Upgrades project as complete and authorize Staff to close-out the Pier 3 Utility Upgrades contract with McClure & Sons in the amount of \$649,546.28, including Washington State Sales Tax (WSST).

Commissioner Tom Stiger moved as presented. A vote was called for:

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

Motion carried.

**Dunlap Bulkhead Renovation – Contract Close-out**

Chief of Engineering & Planning John Klekotka reported that the Dunlap Towing site bulkhead was constructed in the early 1970s and has been in need of several renovations. The scope of work for the project included rehabilitating the existing steel waler beam (which connects the tie-back anchors to the wall), renovating the existing outfall manhole, compaction grouting, fender pile replacement, utility replacement, and repaving. The project was awarded to RAZZ Construction in September 2015, and physical work began in October. The work was substantially complete in late February of 2016.

John Klekotka asked the Commission to accept the Dunlap Towing bulkhead project as complete and close the project out.

Commissioner Tom Stiger moved to accept the Dunlap Bulkhead Renovation project as complete, and authorize Staff to close out the contract with Razz Construction in the final amount of \$664,621.85, including WSST. A vote was called for:

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

Motion carried.

**Mill-A Interim Action Agreed Order – Authorization to Sign**

Erik Gerking, Engineering & Planning, reported that the Port of Everett is currently under a Department of Ecology (Ecology) Agreed Order for the Mill-A site which requires the development of a Remedial Investigation/Feasibility Study and the Draft Cleanup Action Plan (Primary Agreed Order).

For a new scope of work not currently allowed under the Primary Agreed Order, Port Staff is seeking Commission authorization to enter a second Ecology Agreed Order (Interim Action Agreed Order) to conduct the Interim Cleanup Action Dredging project as part of the Mill-A site. Under the proposed Interim Action Agreed Order, the Port and Weyerhaeuser agree to perform a remediation project that includes dredging contaminated and clean sediment from a 1.7 acre area to -42 feet elevation for the dual purpose of accelerating the cleanup and expanding the Pacific Terminal berth. The expanded berth is needed at this time to allow larger ships that are currently calling the Port of Everett in support of the aerospace industry. According to the Puget Sound Pilots, once this location is dredged, the expanded berth will allow ships that are up to approximately 700 feet in length.

The funding for the dredging project under the Interim Action Agreed Order is from three sources: Port funds, Weyerhaeuser funds, and Ecology Remedial Action Grants. For the contaminated portion of the dredging project, the costs will be shared as follows: Weyerhaeuser is responsible for 60 percent of the costs, Port is responsible for 20 percent of the costs, and the Ecology Remedial Action Grant will cover the remaining 20 percent of the costs. The Port will be solely responsible for the costs of dredging the clean material.

Erik Gerking asked the Commission to authorize the Executive Director to sign and enter into the Mill A Agreed Order for the Interim Cleanup Action Dredging project.

Commissioner Tom Stiger moved to authorize the Executive Director to sign and enter into the Mill-A Agreed Order for the Interim Cleanup Action Dredging project. A vote was called for:

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

Motion carried.

**Commission President's Report**

Commissioner Bachman said he was very proud of the recent Puget Sound Business Journal publication whereby Lisa Lefebber was named as one of the four finalists in the Emerging Leaders competition. In the same publication, there was also a very nice article about the accomplishments that Terrie Battuello has made in the community and at the Port of Everett.

**Commission Discussion**

Commissioner Stiger commented that Les Reardanz had recognized Dwayne Lane for his contribution to the community and the Port. There is an upcoming event recognizing Ed and Betty Morrow for their contribution to the community which is scheduled for April 19 at the Yacht Club between 4:30 – 7:30 pm.

**Citizen Comments**

Raymond Ostman said he was a tenant at the Port and had concerns that his boat along with many other tenants' boats no longer qualify for moorage due to the size of their vessels. He also had numerous concerns about the increased rates and fees that the Marina is proposing – especially the liveaboard fee.

Les Reardanz said that if a tenant's boat is under 32 feet, there is a grandfather application process to go through in order to stay. The liveaboard policy needs to be revised as the costs of service are much more expensive.

No Executive Session was held.

THE REGULAR MEETING WAS ADJOURNED at 6:23 p.m.

APPROVED this 10<sup>th</sup> day of May, 2016.

EVERETT PORT COMMISSION

By: \_\_\_\_\_  
Glen Bachman, President

  
\_\_\_\_\_  
Tom Stiger, Vice President

  
\_\_\_\_\_  
Troy McClelland, Secretary



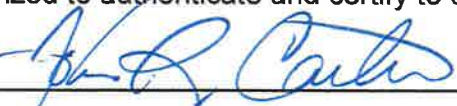
Port of Everett

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


**ORIGINAL**

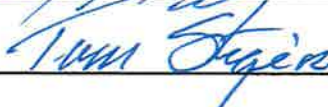
		<b>Total</b>
Claims Voucher Nos	76864 - 77196	\$4,414,791.80
Claims Electronic/Wire Transfers:		
3/11, 3/15, 3/31	Electronic Transfer - Health Equity	\$ 4,424.75
3/1, 3/16	Electronic Transfer - IRS	\$ 182,167.37
3/28	Electronic Transfer - WA St Dept of Rev	\$ 36,900.67
3/9	Electronic Transfer - U.S. Bank Purchasing Cards	\$ 12,780.69
3/1, 3/25	Electronic Transfer - U.S. Bank, Union Bank	\$ 2,699.86
	<b>Total Claims</b>	<b>\$4,653,765.14</b>
Payroll Voucher Nos.	47735 - 47827	\$ 461,723.86
Payroll Wire Transfers:		
3/1, 3/9, 3/15, 3/22, 3/29	PMA Payroll (Longshore Labor)	\$ 166,434.01
	<b>Total Payroll</b>	<b>\$ 628,157.87</b>
Wire Transfers:		
	Wire Transfer - Hirofumi Oshio	\$ 2,193.61
<b>Total Payments</b>		<b>\$5,284,116.62</b>

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 12th day of April, 2016:

 \_\_\_\_\_ President

 \_\_\_\_\_ Vice President

\_\_\_\_\_ Secretary