

MINUTES OF EVERETT PORT COMMISSION
WORKSHOP AND SPECIAL MEETING
Rosehill Community Center, Mukilteo
April 19, 2016

PRESENT:

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

Commissioner Bachman noted that Commissioner McClelland would be participating intermittently during the Workshop due to work conflicts.

CALL TO ORDER: Commission President Glen Bachman called the meeting to order at 9:01 a.m.

1. 2015 RECAP

Port Staff provided a comprehensive operational overview to the Commissioners related to 2015 activities on behalf of the Marine Terminals, Marina, Properties, Financials, Public Affairs, CIPs, Public Access and the environmental cleanup projects.

Next steps include:

- Staff will bring a new cash flow forecast based upon capital investments and the current economic status for potential revenues for 2016 and early 2017;
- Staff needs to monitor the vacancy of the Marine Terminal Marketing position and evaluate the Port's mid-West representative.
- Staff needs to report back on the Marina rate/fee increase issue;
- There are a variety of city easements regarding the Grand Avenue Bridge/PSO realignments that need to be addressed with the Commission;
- Staff needs to continue getting the Port's strategic snapshot and public access messages out;
- Staff needs to review the financial guidelines annually during budget time;
- Staff needs to bring back the comp scheme amendment when Riverside Business Park and Mukilteo Tank Farm transfers occur.
- Staff needs to bring back a plan for the Marina Ad Hoc Committee on helping to develop an actionable and sustainable Marina plan, such as how is the marina in-water and upland defined together; and
- Staff needs to report back on a Port owned dredge;

2. STRATEGIC FRAMEWORK/FINANCIAL GUIDELINES REVIEW

Take ways include:

Strategic Snapshot

- Port should communicate its strategic framework internally and externally;
- Who we are (Mission), what we do (Core Competencies), how we do it (focus area) and why we do it;
- It is important that the Port has a strong root system (tree analogy) in order to support the Port. The Port has strong roots (people, character, integrity and values). Favorable environment is legislative, regulatory, and economic.
- Purpose (strategy) – tie action to strategy in all phases of operation.

- Commissioner Stiger would like the Strategic Snapshot presentation to be shared with other community organizations;
- Commissioner Stiger reiterated that the Marine Terminals should continue to be one of the Port's main priority;

Financial Guidelines

- More discussion is needed on when the Port should be pursuing funding; Staff needs to understand the strategic reason on when and why the Port goes after funding;
- Commissioner Stiger recommended that Staff review the Financial Guidelines annually as well as during the budgeting process.

3. PUBLIC ACCESS REPORT

Take aways include:

- The 2 % for Public Access Policy is built on 2 % of the capital improvement project engineer's estimate that requires a shoreline permit, which is not maintenance/repair and environmental remediation. Projects that fall within the parameters of the 2 % for public access policy are identified on the individual capital improvement plan budget sheets.
- The Port has invested approximately \$4 million on qualifying 2% for public access improvements since 1988. Total public access improvements, including 2% projects, maintenance and capital projects, total approximately \$18 million.
- Commissioner Stiger recommended that Staff continue outreach so that the community knows about the Port's public access program and the amount of money that has been contributed since adoption.

4. COMPREHENSIVE SCHEME OF HARBOR IMPROVEMENTS REVIEW

Take aways include:

- Current Comprehensive Scheme was adopted by the Commission on March 6, 2015. A few housekeeping items were incorporated throughout the year.
- The Comprehensive Scheme is about alignment of purpose and tells the story of the Port's future plans and facilities and ties to the Port's capital improvement program;
- The current Comprehensive Scheme of Harbor Improvements document was created for the public so that the information was easily available in one location.
- Port Staff will be seeking formal approval from the Commission for a Comprehensive Scheme amendment after the Riverside Business Park and Mukilteo Tank Farm transactions have concluded later this year.

5. MARINA STABILIZATION FRAMEWORK PLAN

Take aways include:

- Staff introduced a framework to develop an actionable and sustainable Marina stabilization plan utilizing feedback from a Marina Ad Hoc Committee and addressing how the Marina in-water and upland can be defined together.
- The Commission approved the presented framework and path forward for implementation and to move forward with developing an Ad Hoc Committee. Port Staff will check in with the Commission as the Ad Hoc Committee is developed.
- Commission was supportive of Port Staff to move forward under the idea that the marina shall pay for the marina.

Decision points made for discussion and with Ad Hoc Committee:

- There is a need for some commercial fishing investments;
- Commission is in favor with moving forward with the attrition alternative for the Port's long term goal for boathouses. Port Staff will investigate a boathouse buy-back policy;

- Commission recommended that Port Staff explore permitting and market feasibility for houseboats. Commissioner McClelland recommended that the Port needs to investigate what to put into the Marina portfolio;
- Commission wants Port Staff to further investigate the available options regarding dredging;
- Commission stated that Port Staff should consider contracting where possible for non-core services even if it may impact staff numbers;

SPECIAL MEETING

1.

MUKILTEO TANK FARM TRANSFER AGREEMENTS

Les Reardanz reported that in 2001, the Port was designated by Federal legislative action to receive the conveyance of the Mukilteo Tank Farm after the Air Force completed closure of its operations and addressed certain environmental issues. The actual conveyance of the Tank Farm to the Port occurred on October 4, 2013. Since before 2001, the Port has played a role of bringing interested parties together to recognize that the Mukilteo Tank Farm is a waterfront opportunity with regional significance. Over the course of the time the Port has dealt with the Air Force, it has developed relationships with Washington State Ferries, the City of Mukilteo, Sound Transit and the Tulalip Tribes.

Now that the Air Force has conveyed the Tank Farm to the Port, the Tank Farm property is being divided through a binding site plan process and parcels will be transferred to: 1) Washington State Ferries; 2) the City of Mukilteo; 3) Sound Transit; 4) and the Tulalip Tribes.

The Agreements that are before the Commission at the April 19 Commission meeting are the Exchange Agreement with Washington State Ferries, the Agreement to Convey Real Property with the City of Mukilteo and the Agreement to Convey Real Property with Sound Transit.

1. Port/Washington State Ferries Exchange Agreement.
 - a. The Port and WSDOT exchange properties. The Port has been leasing the Mt. Baker Terminal from the State of Washington. WSDOT will exchange that property for the parcel of the Mukilteo Tank Farm that Washington State Ferries is receiving. Thus, the Port will no longer have to pay rent for the Mt. Baker Terminal, which is approximately \$100,000 per year.
 - b. The Port will receive \$598,000 in infrastructure reimbursement within sixty (60) days from the execution of the Exchange Agreement. The Port has “fronted” infrastructure costs as investment has been made in the Mukilteo Tank Farm. Washington State Ferries will repay its portion of this infrastructure cost within sixty (60) days of the signing of the Exchange Agreement. There is also a provision for Phase 2 infrastructure cost reimbursement. WSDOT will pay a future sum of \$111,000 which is reimbursement for the extension of utilities for development of the binding site plan. The \$111,000 is to be paid within sixty (60) days of the date that WSDOT commences construction on the Ferry Terminal.
 - c. The Exchange Agreement has typical purchase and sale provisions through the balance of the Agreement.
2. Port/City of Mukilteo Agreement to Convey Real Property
 - a. The Port is to convey two parcels of the binding site plan to the City of Mukilteo to facilitate the Mukilteo Waterfront Redevelopment Plan. The conveyance also includes the areas for required open space, rights of way, and supporting infrastructure.

- b. Upon conveyance of the parcels to the City of Mukilteo, the City assumes responsibility and liability for those parcels, including operation and maintenance costs.
 - c. The Agreement to Convey Real Property contains typical purchase and sale provisions customary for this type of an Agreement.
3. Port/Sound Transit Agreement to Convey Real Property.
- a. The technical name for Sound Transit is the Central Puget Sound Regional Transit Authority.
 - b. Sound Transit is acquiring two parcels of the Mukilteo Tank Farm, parcels 6 and 6a. The price for these two parcels is \$1 million.
 - c. Sound Transit is reimbursing the Port for utility infrastructure that the Port has paid in the amount of \$234,000.
 - d. The Agreement to Convey Real Property contains customary provisions for a purchase and sale transaction of this nature between agencies such as the Port and Sound Transit.

Each of these agreements include the receiving party accepting the Air Force's covenants and conditions.

Closing on these agreements is contingent upon the signing of the revised binding site plan, which is expected to be completed late summer 2016. Upon closing, the transfers will be complete.

Commissioner Tom Stiger moved to approve the Exchange Agreement by and between the Port of Everett and the Washington State Department of Transportation (WSDOT) substantially as presented and authorize the CEO/Executive Director of the Port to sign it on behalf of the Port. A vote was called for:

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

Motion carried.

Commissioner Tom Stiger moved to approve the Agreement to Convey Real Property by and between the Port of Everett and the City of Mukilteo substantially as presented and authorize the CEO/Executive Director of the Port to sign it on behalf of the Port. A vote was called for:

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

Motion carried.

Commissioner Tom Stiger moved to approve the Agreement to Convey Real Property by and between the Port of Everett and the Central Puget Sound Regional Transit Authority substantially as presented and authorize the CEO/Executive Director of the Port to sign it on behalf of the Port. A vote was called for:

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

Motion carried.

Troy McClelland arrived at the meeting at 12:57 p.m.

2. WEYERHAEUSER BUILDING RELOCATION

Project Manager Brandon Whitaker reported that the Weyerhaeuser Building Relocation project represents the opening project of Phase 1 for the Port's Waterfront Place Central (WPC) development and is an important element in the overall schedule and sequencing for Phase 1, as critical infrastructure construction work will be constructed over the move pathway later in the year. The project will also sequence in previously scheduled Phase 2 demolition of the former Puget Sound Trucking building (a vacant metal building at the end of Central Dock) so that the mobile restroom can be moved into its position reducing the cost of utilities work.

Properties project team went out for Requests for Bids on March 1, 2016 for the relocation project. Staff had two mandatory pre-bid meetings with potential contractors where the interior of the Weyerhaeuser Building was viewed as well as the Puget Sound Trucking building warehouse. The Port received two bids for this work and the low bid came from Nickel Bros House Moving USA, Inc., in the amount of approximately \$1.1 million. The other bid received was for \$1.7 million. The low bid was approximately \$275,000 over the engineer's estimate.

To approve this contract, a budget transfer is required to increase the Weyerhaeuser project budget because the Port consultant's engineering estimate understated the market conditions for moving such a structure. The transfer utilizes project savings from the Central Marina Improvements projects (bulkhead segment C, Dock O demolition, and Dock I consolidation) which are substantially complete with an expected budget turn back of more than \$300,000. Staff proposes transferring these realized savings to provide a budget supporting this contract.

The scope of the project includes preparation of the Weyerhaeuser Building for the move, demolition of the former Puget Sound Trucking building and relocation of the existing temporary restroom facility, necessary route improvements to ensure the building can be moved safely, including curb, landscaping and light pole removal, power lines being de-energized and traffic management measures being taken, implementation of a traffic management plan and construction of a structurally robust and safe foundation.

Brandon Whitaker asked the Commission to approve the bid submitted by Nickel Bros in the approximate amount of \$1.1 million, and the budget transfer of \$275,000.

Commissioner Stiger said he feels that Staff missed an important step in authorizing the call for bids and reiterated his displeasure with the expensive move of the Weyerhaeuser building.

Commissioner Troy McClelland moved to approve a budget transfer of \$275,000 from the Central Marina CIP projects 2-0-023-03 and -04, and 2-0-021-02 substantially as presented. A vote was called for:

Vote: 2-1

Yes: McClelland, Bachman

No: Stiger

Abstained: None

Motion carried.

Commissioner Troy McClelland moved to authorize the CEO to approve the public works bid for the Weyerhaeuser Building Relocation to Nickel Bros House Moving USA, Inc. awarded in the amount of \$1,097,790.64, including Washington State Sales Tax. A vote was called:

Vote: 3-0

Yes: McClelland, Stiger, Bachman

No: None
Abstained: None
Motion carried.

3. BLUEWATER LEASE AMENDMENT

Project Manager Taylor Nuccitelli reported that Bluewater is interested in leasing patio space at the entrance to their restaurant during the summer months. The tenant will be paying \$1.00 per foot for 650 square feet for three summer months. This rate is equivalent to a regular rental rate of \$12.00 per foot per year. The cost will be evenly distributed through the year as an increase to their base rent payment. The total base rent increase per year would be \$1,950 plus all taxes, and triple net expenses. There will be additional 3% increases on patio rent at the anniversary of each lease year.

Port Staff is advancing this lease amendment to the Commission with its recommendation for approval.

Commissioner Tom Stiger moved to authorize the Executive Director to approve the Bluewater Distilling, LLC Lease Amendment agreement substantially as presented. A vote was called for:

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

Motion carried.

Commission President's Report

Commissioner Glen Bachman said that for Snohomish County, tourism is up even though the tourism board has a very limited budget.

Commission Discussion

In response to Commissioner Stiger, Lisa Lefebber said that the Port just received a \$3,000 grant for the Sail-in Cinema which is from the hotel/motel tax fund. Additionally, the wayfinding signage from I-5 through the City of Everett, the Port received hotel/motel tax from Snohomish County.

CEO Les Reardanz said that day 2 of the Commission Workshop will be May 3, 2016 in the Blue Heron Room of the Waterfront Facility and will start at 9:00 a.m.

Citizen Comments

There were no Citizen comments.

THE SPECIAL MEETING WAS ADJOURNED at 3:37 p.m.

APPROVED this 14th day of June, 2016.

EVERETT PORT COMMISSION

By:

Glen Bachman, President

Tom Stiger, Vice President

Troy McClelland, Secretary