

MINUTES OF EVERETT PORT COMMISSION  
REGULAR MEETING  
June 7, 2016

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

CALL TO ORDER: The meeting was called to order at 5:00 p.m.

Commissioner McClelland participated in the meeting via teleconference in accordance with Section 5b of Resolution No. 1041, Procedural Rules for the Transaction of Port Commission Business.

1. CEO/EXECUTIVE DIRECTOR'S REPORT

**Leadership Day in Snohomish County – Resolution No. 1054 (2016)**

Executive Director Les Reardanz reported that Resolution No. 1054 recognizes October 14, 2016 as Leadership Day in Snohomish County and joins in recognizing the many contributions Leadership Snohomish County has made. Les Reardanz asked the Commission to adopt Resolution No. 1054 (2016).

Commissioner Tom Stiger moved that the Commission adopt Resolution No. 1054 (2016) as presented. Commissioner McClelland seconded the motion. A vote was called for:

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

Motion carried.

**Carl Wollebek's Foreign Travel Report**

Chief of Operations Carl Wollebek reported that he was recently in Antwerp, Belgium for the purpose of attending a breakbulk conference. A lot of the ship owners that bring ships to the Port of Everett are based in Europe, and a lot of the freight forwarders are European based, so it was a good opportunity to attend the conference.

A lot of the Port's customers had booths, such as Squire, Austral Asia Line and BBC. Carl Wollebek said it would be worthwhile to send a Port employee to the breakbulk conference every year. There was a German energy manufacturer based in Hamburg, Germany that Carl went to see, while at the same time Walter Seidl was attending the American Wind Energy Association conference in New Orleans, and interacting with energy manufacturers there. It appears that the Port will be receiving three vessels in early fall for some wind energy blades on a project that is going up to Vancouver BC. The blades will be 185 feet long and will be coming from Portugal; the hubs will be coming from Germany, and the towers will be coming from Korea.

**July Meetings**

Les Reardanz recommended that the Commission hold a single meeting on July 5, and cancel the meeting scheduled for July 12, 2016 due to a number of conflicting meetings, i.e., the Weyerhaeuser Building relocation, the EASC Port Report/Boeing Celebration, WPPA Director's Seminar and the first Sail-In Cinema movies. Les Reardanz added that Staff does not need the meeting on the 12<sup>th</sup> from an operational standpoint. The Commission concurred.

2. CHIEF FINANCE OFFICER'S REPORT

**2017 Budget Schedule**

Chief Finance Officer John Carter provided the draft 2017 Preliminary Operating Budget schedule with the 2017 – 2021 CIP plan for review by the Commission. Last year, the Port was able to narrow the number of strategic initiatives within the capital plan down to 12 initiatives. John Carter explained the budget process and schedule for the Commission and public.

**Bond Issue**

John Carter reported that Staff has been working with Piper Jaffray, underwriters, Northwest Municipal Advisors, financial advisors, and K&L Gates, bond counsel, to establish a bond schedule.

For this bond issue, the interest rates have been dropping, so the Port is considering doing an advanced refunding of the Port's 2007 revenue bonds. Additionally, Staff is considering taking out up to \$20 million of new money that would help leverage the fact that the Port is in a very low interest rate environment. The projects that could benefit are as follows:

- Initiative One – Seaport Modernization. Two capital projects that have been identified for the South Terminal modernization are dock strengthening and preparing an engineering design for lengthening and cleanup which is part of phase 3. If combined, Staff anticipates spending almost \$14.6 million for these two projects over the next 1-1/2 years.
- Initiative Two – Waterfront Place Central. There are a number of projects within this initiative that are moving forward that would benefit from the bond issue. All of the projects for Waterfront Place Central come to a total of \$17.7 million. Combining that amount with the Seaport Modernization initiative projects identifies over \$32 million for the the two initiatives.

Part of the reason that Staff wants to identify more than \$20 million is because the Port cannot control the timing of the projects. The Port wants to spend the money on projects that are actively being built. If a permit gets held up, or there is a construction issue that happens, or a cleanup issue, Staff needs to be able to move money between these projects to reimburse the Port for the projects.

The total package with the refunding will be \$30 to \$31 million of which \$20 million will be available for capital projects. Port Staff will likely come back to the Commission with a traditional level debt service over a 20 year amortization.

**Audit Exit Conference**

John Carter said that Staff and Commissioner Bachman attended the Audit Exit Conference with the State Auditors and the meeting went very well. The Port has earned its 19<sup>th</sup> consecutive clean audit. John Carter thanked Port Staff for their participation in the audit. There was one exit item that Port Staff will be working on which is accounting for a component structure of an asset rather than a bulk structure.

3. INITIATIVE ONE: SEAPORT MODERNIZATION

Lisa Lefeber, Chief of Communications and Policy, reported that Staff previously provided an in-depth team review of the status of the Seaport Modernization project and indicated that Staff will be presenting benchmarks to the Commission as the project progresses. The intent of this capital initiative is to upgrade and modernize the Port's Seaport facilities to meet the 21<sup>st</sup> century shipping needs such as longer useable berths, deeper depth, as well as additional cargo handling capacity and dock strength. This project continues to support the Port's niche, our regional economy by way of short term and long term jobs, it makes the Terminals more competitive and allows the Port to meet the regional and local aerospace needs.

For events and outreach, the Port is making very good progress; the environmental team is getting ready to issue the SEPA environmental review for the South Terminal Modernization Phase 2 project which is one of the primary projects to strengthen the remaining South Terminal Wharf, as well as adding crane rails and preparing the facility for two-100 foot gauge cranes. Outreach is and has been underway for the SEPA issuance. The project has been featured in the Portside Newsletter; and then in July, Staff will be submitting a shoreline permit request to the City for the project and Staff will be working on briefing state agencies and coordinating the project at the state level this summer.

Regarding finance and grants, the Port is anxiously awaiting for responses to the \$30 million in grant submittal applications for FAST Lane and TIGER grants. Because of the 60 day notification period for FAST Lane, Staff expects to have some early indication on how the Port scored in July, and TIGER probably won't be until September. Staff did receive tentative rankings that the Port is in the running for a \$3 million grant award pending approval from the regional board, but it is looking really good. This grant award would be for the shore power at the Pier 1 facility, as well as South Terminal to electrify Pier 1 to be able to plug in the Port's mobile harbor cranes and reduce air emissions and then provide the availability of shore power at South Terminal for vessels that have that capability.

John Carter and Finance Staff are actively reviewing the rail infrastructure financing program at the federal level and Port Staff hopes to be able to submit a letter of intent for a loan for Phase 2 Rail this July.

For bids and contracts, the Engineering & Planning team have made a lot of progress – Phase 1 Rail is substantially complete as of May, Phase 2 Rail Design is underway and Staff expects to be able to bid that project in October.

The Port Commission was previously advised of the need to go out for competitive solicitation for a Terminal engineer and Port Staff has identified KPFF as the preferred Terminal engineering firm. Staff will bring back the contract for the Commission's consideration and approval. Staff is also working on a contingency window for the South Terminal Modernization Project Phase 2.

Port Staff expects that the permitting for the Phase 2 South Terminal Modernization Project to be visible in the neighborhood, as well as within Port Staff, and then the KPFF selected as an engineer was a big milestone. Staff had to go through the federal solicitation process for contracting.

Upcoming decisions include the Mill-A Interim Action Dredging and the Terminal Engineering contract back for Commission review.

4. **INITIATIVE TWO: WATERFRONT PLACE CENTRAL  
Seiner Wharf Segment D and Pacific Rim Plaza Platform – Authorization to Bid**

Project Manager Brandon Whitaker provided an overview of the Seiner Wharf Segment D and Pacific Rim Plaza Platform project. The project will accomplish the next set of objectives for the Port's Central Marina renovation. The goals include replacing aged infrastructure while also constructing important assets which are vital towards the upland Fisherman's Harbor District success.

The project includes the following:

- **Existing Bulkhead and Wharf Demolition.** Removal of the existing upper step bulkhead Segment D where needed, and complete demolition of overwater wharf.
- **Installation of new Bulkhead Segment D and Overwater Wharf.** A new Segment D sheet pile bulkhead wall will be constructed in between the existing two-step bulkhead. Backfill material will be placed landward of the new bulkhead, solidifying the new wall. Once this is complete, the new overwater wharf will be constructed with a timber deck finish.

- Pacific Rim Plaza Platform. Contractor will build the accompanying overwater platform feature adjacent to the future Pacific Rim Plaza location, the public access showcase of the Fisherman's Harbor District.
- Guest Dock 5 Access Pier. In order to maintain marina user access to existing Central Docks Q and R during and after this project, an access pier will be constructed off the current Bulkhead Segment C. This access pier is in the Port's long term plan for access to the future Guest Dock 5, which will run parallel to our central marina bulkhead. Guest Dock 5 is slated for construction in 2017-2018.

The schedule for this project is a critical path item due to the in-water work window milestone completion date of February 15, 2017.

From start to finish, this project is anticipated to last approximately six months with expected completion in spring 2017.

Brandon Whitaker asked the Commission for authorization to solicit bids for the Seiner Wharf project as presented.

After discussion, Commissioner Tom Stiger moved to authorize Staff to solicit bids for the Seiner Wharf Segment D and Pacific Rim Plaza Platform project as presented. Commissioner Troy McClelland seconded the motion. A vote was called for:

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

Motion carried.

**Weyerhaeuser Building Relocation Update**

Project Manager Brandon Whitaker reported that the Port's contractor Nickel Bros was given notice to proceed on May 5, 2016, and has been working vigorously clearing the properties at Boxcar Park and the site where the Weyerhaeuser Building currently sits. The sidewalk around the building has been demoed, the landscaping removed, and the staircase has been taken down in addition to the flagpole. They have exposed the foundation to put in support beams and cribbing for the time when they lift the building up off of its foundation.

Out at Boxcar Park, Nickel Bros has taken down the previously existing warehouse building, and relocated the restroom facility out to its new location. When the building is placed at Boxcar Park in the future, it will sit high, but in future phases fill will be placed at the site to bring the level up to the foundation of the building.

The actual move day is July 13 and the very early morning of July 14, which will be divided up into two moves. On the afternoon of July 13, the building will already have been lifted up, so Nickel Bros will be staging the building for the move. After the staging has been completed, Nickel Bros will start gearing up for the actual move which will take place at midnight on July 14.

The Public Affairs department is working to organize an event for the public, VIPs and the media. And, as part of Nickel Bros contract, the contractor will be providing video documentation of the move.

Commissioner Stiger inquired about the Farmer's Market at Boxcar Park and whether or not there has been a fix for the ADA access and parking issues. Les Reardanz said that Staff has been working hard to reposition the vendors to utilize the paved area on 13<sup>th</sup> Street. Staff is also working toward doing some additional paving, but the Weyerhaeuser Building needs to get moved first.

Lisa Lefeber clarified that there are four issues related to the Farmer's Market that Staff has been working through. The first one is accessibility; Staff worked with the Farmer's Market to reposition the layout to maximize the use of current existing asphalt out on the site. Secondly, there is other paving planned and Staff is considering other temporary pathways that could be installed to improve accessibility to vendors; the third issue is traffic flow in terms of finding the location to the market and being able to access it without creating other problems near the travel lift or the central marina parking; the fourth item is addressing central marina tenant parking issues. Patrons are parking in marina permit parking in the central marina, and so Staff has increased security to try to enforce the tenant parking as well as asking the Farmer's Market to improve their parking management plan to try to address that.

5. DEPARTMENT REPORTS

**Mill-A – PSA Modification for GeoEngineers**

Director of Environmental Cleanup Erik Gerking reported that the Mill-A site is located just south of Pier 1 and includes Pacific Terminal and South Terminal, both upland and in-water areas. Port Staff is seeking Commission authorization for a professional services agreement (PSA) modification for the Mill-A Cleanup Site environmental engineering contract with GeoEngineers. The modification is for ongoing technical support services for a project that integrates terminal development needs with cleanup action needs to accomplish a strategic outcome. The total contract modification is \$1,526,302.

This contract provides services for completing the following primary lines of effort:

- First Major Phase of Upland Remedial Investigation;
- Data Processing, Interpretation and Reporting;
- Construction Phase Services for the Interim Action Dredging Project; and
- On-Call Task Order Services

Funding for this project comes from three sources: Port funds, Weyerhaeuser funds, and Ecology Remedial Action Grant Funds. A large majority of the costs within this contract modification are cleanup costs that are eligible for cost share reimbursement with Weyerhaeuser and grant reimbursement from the Ecology Remedial Action Grant. The Port will be solely responsible for costs that are more closely related to the Port's development activities.

For the activities more closely associated with the cleanup, Weyerhaeuser is responsible for 60 percent of the costs, the 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 non-cleanup work represents approximately \$450,000 of the total \$1,526,302.

Port Staff completed a thorough due diligence process, including a detailed internal review of the contract proposal and a rigorous third party peer review. The conclusion of this process is that GeoEngineers' proposal is appropriate and necessary.

Erik Gerking asked the Commission to approve Modification No. 8 to the PSA with GeoEngineers as presented.

After discussion, Commissioner Tom Stiger moved to approve Modification No. 8 to the professional services agreement with GeoEngineers for the Mill-A cleanup project in the amount of \$1,526,302. Commissioner Troy McClelland seconded the motion. A vote was called for:

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

Motion carried.

**Mill-A - Contract Award for Interim Action Dredging**

Erik Gerking reported that Staff is requesting that the Commission award the construction contract for the Mill-A Cleanup Site Interim Action Dredging project. The Commission formally authorized Port Staff to solicit for bids for this project on March 8, 2016. Of the four bids received, Orion Marine Contractors of Tacoma, WA was determined to be the lowest responsive and responsible bidder with a total bid amount of \$5,096,855.40, including Washington State Sales Tax (WSST).

The project includes dredging contaminated and clean sediment from a 1.7 acre area to a depth of -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 for larger ships that are currently calling the Port of Everett in support of the aerospace industry.

The Port has obtained the necessary permits and approvals from local, state and federal agencies, and the external funding agreements from the Department of Ecology and Weyerhaeuser for this project.

The Engineer's estimate for Schedules A and B was \$6,477,133.57, and contractor bids for Schedules A and B ranged from \$5,096,855.40 (Orion Marine Contractors) to \$6,798,175.02 (HME Construction), including WSST.

Funding for the project comes from three sources: Port funds, Weyerhaeuser funds, and Ecology Remedial Action Grants. For the contaminated portion of the dredging project (Schedule A), Weyerhaeuser is responsible for 60 percent of the costs, the Port is responsible for 20 percent of the costs, and the Department of Ecology Remedial Action Grant will cover the remaining 20 percent of the costs. The Port will be solely responsible for the non-contaminated dredging (Schedule B). As a result, the Port will be responsible for approximately \$1,332,276 of the total estimated contract amount.

Erik Gerking asked the Commission to award the contract to Orion Marine Contractors as presented.

Upon discussion, Commissioner Tom Stiger moved that the Commission award the contract for the Mill-A Cleanup Site Interim Action Dredging project to Orion Marine Contractors in the amount of \$5,096,855.40, including WSST. Commissioner Troy McClelland seconded the motion. A vote was called for:

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

Motion carried.

**Mill-A – Department of Natural Resources Site Use Authorization for Open Water Disposal**

Director of Planning Graham Anderson reported that Port Staff is requesting Commission authorization to submit a formal application to the Department of Natural Resources (DNR) for use of the Port Gardner Open Water Dredge Material Disposal Site. This action is associated with the Mill-A Cleanup Site Interim Action Dredging project, which involves dredging both contaminated and clean sediment. The contaminated sediment will be disposed of upland at an approved and permitted solid waste landfill facility and the clean material, which has passed the appropriate characterization testing, will be disposed of at the Port Gardner Open Water Disposal Site. Specifically, the application and \$2,000 non-refundable fee are required in order to obtain authorization from DNR and allow the Port to dispose of the clean portion of the dredge material at the open water disposal site. Section 20 of the application form contains certification provisions, including a hold harmless clause, that are to be approved by the Port Commission.

Graham Anderson asked the Commission to authorize the Executive Director to sign the DNR application as presented.

Upon discussion, Commissioner Tom Stiger moved to authorize the Executive Director to sign the Washington State DNR application for use of the Port Gardner Open Water Disposal Site. Commissioner Troy McClelland seconded the motion. A vote was called for:

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

Motion carried.

**Commission President's Report**

Commissioner Glen Bachman briefed the Commission and public on the Washington Coalition of International Trade (WCIT) meeting that he attended in Washington D.C. recently. The meeting was well attended and very worthwhile.

**Commission Discussion**

Commissioner Stiger said there are numerous events coming up at the Marina this summer, and specifically talked about the Marina Cleanup Day on June 11 and indicated it was a good way for the public to become involved.

**Citizen Comments**

Chris Kelly announced that he was at the meeting on behalf of the Everett Yacht Club and would be working as the liaison between the Port and the Yacht Club. Jerry Simicich has stepped down.

THE REGULAR MEETING was recessed into Executive Session at 6:27 p.m. for approximately 30 minutes - to conclude by 7:00 p.m. The purposes of the Executive Session were to discuss with legal counsel 1) a potential litigation matter; and 2) the strategy to be taken by the Port Commission during the course 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 7:00 p.m.

APPROVED this 5<sup>th</sup> day of July, 2016.

EVERETT PORT COMMISSION

By:   
Glen Bachman, President

  
Tom Stiger, Vice President

  
Troy McClelland, Secretary