

MINUTES OF EVERETT PORT COMMISSION  
REGULAR MEETING  
June 14, 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 excused due to out-of-area business travel.

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

CONSENT AGENDA

- Approval of Workshop and Special Meeting Minutes of April 19, 2016; Workshop and Special Meeting Minutes of May 3, 2016; and Regular Meeting Minutes of May 10, 2016;
- Approval of Bills for May 2016

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

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

Motion carried.

1. CEO/EXECUTIVE DIRECTOR'S REPORT

Executive Director Les Reardanz reported that Commissioner McClelland was not present and his absence has been excused.

**Commission Meetings**

Les Reardanz reminded the Commission that Staff was recommending holding the July 5<sup>th</sup> meeting, but cancelling the meeting on July 12, and inquired if the Commission was in agreement with that recommendation. Commissioners Stiger and Bachman concurred.

**Port Report**

On July 14, the Economic Alliance of Snohomish County (EASC) and the Port are having the Port Report which is an annual event. EASC is also sponsoring a Go-Global, Go Everett Workshop as well during the day at 11:30 am to provide resources and information to folks on pursuing international markets. Later that day, the Port Report will be held in the Blue Heron Room starting at 5 pm. Also, the next day is the 100<sup>th</sup> year anniversary of Boeing, so the Port is doing a boat trip that will launch out of the Marina and will include Boeing representatives. Then, on July 15, the outdoor movie series begins at Boxcar Park.

**Farmer's Market**

Les Reardanz reported that the Farmer's Market seemed to go well this last weekend. Port Staff continues to work on the traffic flow for the parking, both from a Marina tenant standpoint and the Farmer's Market standpoint; and the accessibility part that will include paving and path areas after the Weyerhaeuser Building has moved. Staff is working hard to balance everything.

**EASC Annual Report**

Patrick Pierce, President & CEO of Economic Alliance Snohomish County (EASC) provided an overview of 2015 and future planned efforts for

opportunities in growth and prosperity for Snohomish County. EASC's momentum requires strengthening partnerships, both inside and outside the region, while delivering excellence in core activities that its partners expect, including marketing the region, responding to employer needs, attracting new investment, connecting regional leaders, improving quality of place, and engaging the community.

Commissioner Stiger commented that in the last couple of years there has been some renewed interest in an expanded port district, and since the EASC and the Port have a common mission of economic development and job growth, he inquired if the EASC would be the vehicle to explore that possibility.

Patrick Pierce said if there is a willingness to have a conversation about an expanded port district, the EASC would certainly be interested in being a host for that conversation.

## 2. CHIEF FINANCE OFFICER'S REPORT

### **Revenue Bond Issue**

Chief Finance Officer John Carter reported that the Port is now formalizing the bond sale and asked Alan Dashen to comment. Mr. Dashen, the Port's financial advisor with Northwest Municipal Advisors, said that interest rates currently for a 30 year bond are at a record low. The Port is refinancing its 2007 bonds and then borrowing up to \$20 million in additional funds to finance the Port's projects. The Port will be talking to rating agencies next week and on July 5, the Commission will be asked to adopt a Delegation Resolution which approves the bond sale subject to certain conditions and subject to the approval of either the Port's CFO or CEO. If all goes well, the bonds will be sold on July 12. Due to the low interest rate environment, Port Staff is proposing a financing that includes an advance refunding of the 2007 Revenue Bond issue, as well as up to \$20 million in new money to assist in financing the larger capital projects.

John Carter added that the Port should net approximately \$19 million in new money that will be used specifically for capital projects in the Marine Terminal as well as Waterfront Place Central. Port Staff is recommending a 30 year amortization because the rates are so low. The Port will be updating the Master Bond Resolution as well as a new Bond Resolution for the 2016 issue. The bonds are scheduled to be priced on July 12, and Port Staff will report back to the Commission.

### **Capital Budget**

John Carter reviewed the Port's 12 capital initiatives with the Port Commission to make sure that the Commission was still in favor of the initiatives as previously presented. Staff will be working on CIPs during the month of July for a 3 year funding plan.

Commissioner Bachman commented that every one of the initiatives is headed in the correct direction of the Port's overall strategy. Commissioner Stiger did say that Initiative No. 7 is projected to be unfunded. John Carter said that No. 7 is to either prepare land or build facilities that the Port would then lease to potential customers or tenants. Les Reardanz said Staff put these kind of projects in the unfunded category and then if the Port has a pro forma or a project that makes sense, it can be pulled from an unfunded category into a funded time period based on the pro forma.

Commissioner Stiger commented that it might be beneficial to combine some of the initiatives such as Nos. 6 and 7. John Carter indicated that Staff will take a look at combining some of the initiatives and bring them back to the Commission.

## 3. INITIATIVE TWO: WATERFRONT PLACE CENTRAL

### **Improvements to PSO1 Interlocal Agreement - Authorization**

Background: Project Manager Brandon Whitaker reported that during the ESY In-Water Sediment Cleanup and Central Marina Improvements – Phase 1

construction project in 2014/2015, the Port installed a portion of the City of Everett's Puget Sound Outfall No. 2 (PSO2) pipeline for project efficiency under one contractor and for monetary reimbursement of the work back to the Port. This work was formalized within a detailed Interlocal Agreement between the two parties.

The City of Everett is planning to construct their Grand Avenue Park Bridge in 2017, which will provide a conveyance for the public from up on the bluff to come down to Waterfront Place Central; and the other benefit for the City is that the Bridge project will convey utilities from the hillside down into the Marina for eventual connection to their existing Puget Sound Outfall No. 1 (PSO1) pipeline in the Port's central marina district. That section of pipeline, which spans the distance between West Marine View Drive and tie-in to PSO1 on 14<sup>th</sup> Street, is the segment the Port will construct as part of the Fisherman's Harbor Uplands Infrastructure project in 2016-2017. The expense of that work will be reimbursed back to the Port under the conditions of the new Interlocal Agreement.

Brandon Whitaker asked the Commission to authorize the Executive Director to sign the Interlocal Agreement between the City of Everett and Port of Everett as presented.

Upon discussion, Commissioner Tom Stiger moved to authorize the Chief Executive Officer to sign the Interlocal Agreement between the City of Everett and Port of Everett Regarding Improvements to Puget Sound Outfall 1. A vote was called for:

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

Motion carried.

### **Waterfront Place Central**

Terrie Battuello provided an update for the Waterfront Place Central project and reiterated that this project is one of the Commission's goals to create a waterfront community, and that the Port is currently in Phase 1 of Fisherman's Harbor which includes 12 infrastructure projects. At the end state of Fisherman's Harbor Phase 1, the Port will have 250-275 residential units, a 120-130 unit key hotel, 19,000 square feet of restaurants, 18,500 square feet of retail, utilities infrastructure, Pacific Rim Splash Plaza, Seiner Terminal and Wharf, Esplanade at Fisherman's Harbor and Seiner Drive at 14<sup>th</sup> Street.

The Port is at 90 percent design of the Utilities Master Design for which Brandon Whitaker is the lead. The benefit of Master Utility Design is that it forecasts for the City the entire Waterfront Place project where the utilities are going, and once the City approves that, there is no need for the individual projects to actually apply for permits for the utilities component.

Port Staffer Laura Gurley is the lead on the entitlements section. The Shoreline Revision was submitted and is now approved for the entire project updating the site plan to the new Waterfront Place plan. Staff is working on a new application to extend the Shoreline Permit which expires in 2017, but this allows the Port to move forward with everything as it is a blanket permit for the project. The Port received unanimous support from the Everett City Council for the multifamily exemption for 8 years. This means that the Port is at a level playing field with developments in downtown Everett who also enjoy this exemption. The City will still tax the property and any of the development *that isn't housing related*, and for 8 years they won't even assess property tax on the value of the new construction for housing. It is quite a valuable exemption to the developer and is a great enhancement to the project. Staff has also been working with the City of

Everett to understand the density necessary for Fisherman's Harbor. It is anticipated that the developer will be doing surface parking.

On construction, Willie Watson is performing construction management on the site. He is currently working on the Weyerhaeuser relocation project which will occur on the night of July 13 through the morning of July 14. The solicitations for the upland and in-water portions of Fisherman's Harbor are expected to be out before the end of June and awarded in August.

Staff will be meeting with Madison Bay to go over the pro forma work that has been done on constructability in Fisherman's Harbor, and will also go over the scope of work for the remaining work to be done in order to provide the Commission with the rest of the information needed. Staff is reviewing each district and each development within the district separately, and then it will be provided as a package for the whole development. The pro forma includes at constructability of the site, analyzing the cost of construction, developing a "mock" pro forma in order to know how to negotiate the deal, and finally looking at it from the Port's perspective as to return on investment and choosing which investments in the development buildings would be the right investments for the Port.

On marketing, Staff has been doing a lot of award applications in order to fill the Port's "trophy case" and make sure everybody hears about the project. The Port was named a finalist in the Golden Nugget ULI award contest. The Port should find out who the winner is soon.

In Sales, Staff sent proposals to three hotel investment teams and five housing development teams. This week, Staff will be meeting one-on-one with the technical specialists with each of the development teams to answer their questions. The proposals are due back on July 18; Staff interviews with the proposing teams will be the week of July 25 and Staff will report responses to the Commission. Staff hopes to bring back deals in October for joint announcements.

It is anticipated that construction on housing would begin in the spring of 2017 with a hotel eight months behind that.

The next legislative decisions before the Commission will be awarding the contracts for construction of the upland utilities and roads and the in-water work on the bulkhead during the month of August; purchase and sale on housing development in the fall, as well as the hotel ground lease in the fall.

#### 4. DEPARTMENT REPORTS

##### **Marina**

##### **ECCO Wireless Briefing**

Marina Director Jeff Lindhout reported that the Marina has currently been using Beacon Wireless for WiFi service and that contract is currently on a month-to-month basis. The cost of this contract has been \$12,200 annually at no cost to the tenants.

Staff issued a Request for Information and the Marina received response from ECCO Wireless who provides WiFi services to several other port districts. ECCO provided a proposal for a service based specified price plan. They provide all of the equipment, installation, the wireless service and customer service. The cost annually would be approximately \$200 to the Port's tenants if they opted for the service, and a fixed one-time fee for streaming. Guest users would pay \$9.95 per day and the Port would receive free WiFi services for its business purposes.

Both of the Port's Engineering and IT Departments have reviewed and support this proposal. If Notice to Proceed goes out by July 1, the Marina would likely be alive with the system within about six weeks.

**Marina Cleanup Day**

Jeff Lindhout reported that the Port held its 22<sup>nd</sup> annual Marina Cleanup Day on June 11 which started at Fisherman’s Tribute Plaza. Approximately 70 people participated, including people from the Everett Yacht Club, Sea Scouts, Parks Department, Puget Sound Keeper’s Alliance, ORCA students and community volunteers. There were also 10 children from the Bellevue International School which included 6<sup>th</sup> graders through 12<sup>th</sup> graders.

A raffle was held at the end of the day to commemorate the effort.

**Fuel Dock Volume Discount Program**

Jeff Lindhout said the Marina implemented a fuel dock volume discount program about five years ago at \$.05 per gallon discount for 100 gallons or more, and \$.10 for 500 gallons or more. In 2015, that amounted to \$11,100 in discounts. It was implemented originally to promote fuel sales and increase revenues. The Marina is discontinuing the program in order to eliminate some accounting and administrative challenges at the Marina associated with this program. Staff will continue to do monthly fuel price comparisons in order to remain competitive with the surrounding marinas. Staff will also post notices at the gate houses and on the web site for 60 days about the discontinued fuel discount program.

Commissioner Stiger added that the fuel discount program wasn’t enough of an incentive for the commercial fishing fleet to fuel up in Everett. Most of those boats go to Seattle for fuel.

**Projects Update**

**Marine Terminal/Marina Pavement Upgrades – Contract Award**

Contracts Administrator Maija Lampinen reported that in order to provide for the general upkeep of the Terminal cargo yards, roadways, and parking areas, the Port routinely upgrades pavement surfaces. For the present cycle of work, Port Staff has identified various areas at both the Terminals and Marina that require repaving. Work at the Terminals needs to be completed prior to the beginning of dredging work in mid-August. E&P Staff have evaluated pavement areas at both the Terminals and at the Marina, and bid the work as a combined contract for this year’s project.

On June 2, the Port received five bids – the lowest bid was from Quilceda Paving & Construction, Inc. at \$295,892.96, with the high bid from Western Refinery Services, Inc. at \$446,678.51. The engineer’s construction cost estimate was \$399,560.07. All amounts include Washington State Sales Tax. The low bid from Quilceda was not signed, rendering it non-responsive. This is a material irregularity that the Port cannot waive. The second low bid was received from Fidalgo Paving at \$341,512.08, itself having a minor irregularity which may be lawfully waived by the Port, but which did not affect the bid responsiveness.

Port Staff requests the Commission reject the Quilceda bid as non-responsive and award the contract for the Marine Terminals and Marina pavement Upgrades 2016 project to Fidalgo Paving as presented.

Commissioner Tom Stiger moved that the Commission reject the Quilceda bid as non-responsive and award the contract for the Marine Terminals and Marina Pavement Upgrades 2016 project to Fidalgo Paving & Construction, LLC, in the amount of \$341,512.08, including WSST. A vote was called for:

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

Motion carried.

**South Terminal Bulkhead Site A – Authorization to Bid**

Project Manager Steve Hager reported that there is evidence of settlement that is threatening the integrity of the Terminal Maintenance shop at the South Terminal. The Site A Bulkhead Renovation project will prevent settlement of the upland structure. The work that will be performed is consistent with the Port’s infrastructure maintenance goals in Initiative 3.

The contractor will be removing and replacing concrete blocks in the armor area and broken armor rock that has been disturbed and will be replaced with new armor rock. Seven new steel piles will be installed to support the timber bulkhead on the west side, and the holes and cracks in the timber bulkhead will be repaired and the cracks will be sealed to prevent further settlement and soils leaching out.

The 2016/2017 construction budget for this work is \$500,000, and the engineer’s estimate range is currently between \$390,000 and \$475,000. Staff anticipates going out to bid toward the end of July, and with the award occurring in early September. It is hoped that the construction work would occur between October and December, 2016, within the fish window.

Steve Hager asked the Commission to authorize Staff to solicit public works bids for the South Terminal renovation project as presented.

Commissioner Tom Stiger moved to authorize Staff to solicit public works bids for the South Terminal Site A Bulkhead Renovation 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 commented that in two weeks, he will be meeting with BRPH, which is a France based Aeronautics and Industrial organization.

On July 6, the U.S.S. Gridley will be coming into Port.

**Commission Discussion**

Commissioner Stiger commented that there will be the Colors of Freedom Festival on July 4<sup>th</sup>, and on July 5, Jetty Island Days opens and the ferry service begins and runs through Labor Day.

**Citizen Comments**

There were no Citizen comments.

THE REGULAR MEETING WAS RECESSED into Executive Session at 6:34 pm – to conclude by 7:00 pm – to discuss with legal counsel the acquisition of real property for which public discussion would disadvantage the Port’s negotiations; and 2) to review the performance of a public employee.

At the conclusion of the meeting, no action was taken and there were no announcements made.

THE REGULAR MEETING WAS ADJOURNED at 7:00 p.m.

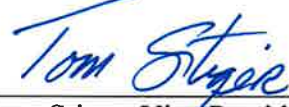
APPROVED this 5<sup>th</sup> day of July, 2016.

EVERETT PORT COMMISSION

By:



Glen Bachman, President



Tom Stiger, Vice President



Troy McClelland, Secretary



Port of Everett

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

**ORIGINAL**

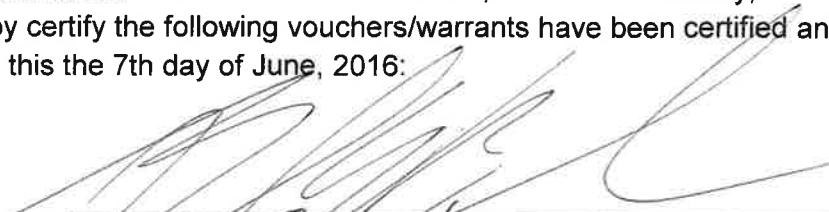
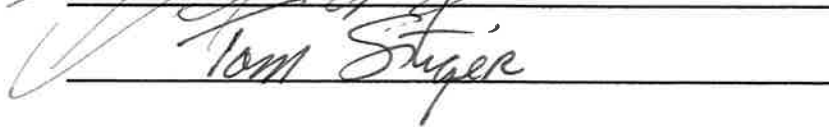
		<b>Total</b>
Claims Voucher Nos	77461 - 77775	\$2,817,654.22
Claims Electronic/Wire Transfers:		
5/16, 5/31	Electronic Transfer - Health Equity	\$ 3,572.30
5/3, 5/17	Electronic Transfer - IRS	\$ 178,951.76
5/25	Electronic Transfer - WA St Dept of Rev	\$ 51,047.02
5/31	Electronic Transfer - U.S. Bank, Union Bank	\$ 3,991.56
	<b>Total Claims</b>	<b>\$3,055,216.86</b>
Payroll Voucher Nos.	47904 - 47984	\$ 459,324.73
Payroll Wire Transfers:		
5/3, 5/10, 5/17, 5/24	PMA Payroll (Longshore Labor)	\$ 86,601.87
	<b>Total Payroll</b>	<b>\$ 545,926.60</b>
Wire Transfers:		
5/17, 5/31	Wire Transfer - Hirofumi Oshio	\$ 3,705.27
	Wire Transfer - Local Govt Invest Pool	\$ 2,000,000.00
<b>Total Payments</b>		<b>\$5,604,848.73</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 7th day of June, 2016:

President

Vice President

Secretary

