

MINUTES OF EVERETT PORT COMMISSION
REGULAR MEETING
August 9, 2016

PRESENT:	Glen Bachman	President
	Tom Stiger	Vice President
	Troy McClelland	Secretary
	John Carter	Chief Finance Officer
	Brad Cattle	Port Attorney

Commissioner Troy McClelland participated via teleconference.

ABSENT: Executive Director Les Reardanz was absent due to out-of-state travel.

CALL TO ORDER: Commission President Glen Bachman called the meeting to order at 5:05 p.m.

CONSENT AGENDA

- Approval of Regular Meeting Minutes of July 5, 2016
- Approval of Bills for June 2016;

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

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

Motion carried.

1. CEO/EXECUTIVE DIRECTOR'S REPORT

August/September Meeting

Chief Finance Officer John Carter reported that the Port will be calling a Special Meeting on August 30, 2016; the September 6, 2016 meeting is cancelled due to the Labor Day holiday. The Commission concurred.

ORCA Presentation

Ardi Kveven of the Ocean Research College Academy (ORCA) provided a briefing to the Commission on the research the students are doing and the resultant outcomes.

Central to the students work this past year has been research on eel grass and analyzing heavy metals that are taken up by both sediment and eel grass. Every other week, students do research off of the research vessel, and then during the summer months the students collect a whole suite of oceanographic parameters such as temperature, salinity, dissolved oxygen and plankton, and are always analyzing for heavy metals in addition to marine birds and marine mammals that are present.

NOAA asked if ORCA students ever saw larval fish in the plankton samples, and in Possession Sound the students discovered an octopus which is very rare. This specimen was collected right off of Howarth Park at 150 feet deep. The students also discovered microfibers of plastic. Students also have been collecting river otter scat samples and have found microfibers of plastic.

Unique to ORCA, the students get to ask the questions about the changes that are happening in the eco system. Students have spotted 22 individual gray whales that return to Everett every year from February through May. The students also have discovered a hump back whale which is unusual for this area. Also in Mukilteo, Finn whales have been spotted. The students get to piece together these unusual happenings together with the "whys" of that – why is the Humpback coming here and why are the Finn whales here.

One of the students that participated in ORCA last year works for OceanGate who participated in the Sail-In Cinema “Finding Nemo” movie night. OceanGate provided its two-man submersible submarine and the manipulator arm for the patrons and young folks to explore on movie night.

Ardi Kveven thanked Port Staff for their tremendous support of the ORCA program.

Earthcorps Presentation

Bill Brosseau and Mariska Kecskes provided a briefing to the Commission on Earthcorps efforts in continuing to assist the Port in managing and maintaining Union Slough. Earthcorps works up and down the Puget Sound region with young volunteer adults conducting habitat restoration work, as they learn about leadership skills and about community.

Mariska Kecskes added that in addition to running the local volunteer events, Earthcorps manages a program where volunteers who want to take a more dedicated role in restoration and the community get the opportunity to go through a series of trainings and workshops to adopt a site. The volunteers can work together as a team to make restoration plans, lead their own volunteers and generally become a lot more invested in their site location.

At Union Slough, the Port breached the dike that was there and restored it to a tidal habitat which was a big undertaking. For any restoration to be successful, the Port needed to consider the long-term care and maintenance that was necessary for a healthy habitat. People for Puget Sound originally was the group who provided the environmental stewardship for the project. Earthcorps became involved with Union Slough in 2007 to restore the habitat that the Port supports and invested in the sound steward program.

Two dedicated volunteers in the program are Jack Lockhart and Charles Johnstone who have spent hundreds of hours at Union Slough. The great thing about choosing a sound steward program to help implement healthy habitat, is that you get extra benefits such as creating a framework through which people can become empowered and become leaders in their community. People that become stewards go through different trainings and workshops and ultimately learn and are empowered to lead their own volunteers and events.

For the next year, volunteers will continue to perform restoration work on the large growing blackberry area just south of Union Slough. The volunteers are brush cutting the blackberries to get them out and plan to replant the area in the fall. The volunteers will also continue treatment on the different noxious weeds. Additionally, Earthcorps will continue the education and hosting workshops for stewards.

South Terminal Engineering Services Contract Award – KPFF Engineering

Project Manager Steve Hager reported that the Phase II South Terminal Wharf & Yard Improvements project design request is for renovation of the existing South Terminal Wharf and Yard, including wharf strengthening to 1,000 psf, 100-foot gantry crane rail, shore power, and upland drainage and utility services.

In March 2016, the Port issued a Request for Qualifications for engineering services in support of the Seaport Modernization. Five highly qualified firms responded with a Statement of Qualifications. Three were selected for interviews and through a formal process consisting of two operations personnel and three engineering and planning staff members, KPFF was selected as the most qualified for the Port’s needs. The contract will be for five years on a task order basis, with the first task being 100 percent design of the South Terminal Modernization Project Phase II.

Steve Hager requested that the Commission award the South Terminal Wharf & Yard Upgrades Phase II Professional Services Contract to KPFF Consulting Engineers for engineering services in the amount of \$599,900. Additional

authorization will be requested to complete the design in 2017 and move toward bidding in May and starting construction in August 2017. This is in support of Initiative One - Seaport Modernization.

Port attorney Brad Cattle added that Staff is asking that the Commission take this action to run engineering concurrently with the SEPA review and the permitting activities for this project. The SEPA review and permitting has to be completed before the project can go forward. Staff is recommending that the Commissioners go forward with the engineering contract that Steve Hager has put before the Commission.

Upon discussion, Commissioner Tom Stiger moved that the Commission award the South Terminal Wharf & Yard Upgrades Phase II Professional Services Contract to KPFF Consulting Engineers for engineering services in the amount of \$599,900. Commissioner Troy McClelland seconded the motion. A vote was called for:

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

Motion carried.

Seiner Wharf Segment D & Pacific Rim Plaza Platform – Contract Award

Project Manager Brandon Whitaker reported that the Seiner Wharf Segment D and Pacific Rim Plaza Platform will comprise the third phase of the greater Central Marina Improvements project. On June 9, 2016, the Port Commission authorized Staff to request bids for the construction project. Bids opened on August 2, 2016.

The Seiner Wharf Segment D and Pacific Rim Platform project will accomplish the next set of objectives for the Port’s Central Marina renovation. Those goals include replacing aged infrastructure while also constructing important assets which are vital towards the upland Fisherman’s Harbor District success.

The project will include the following elements:

- Existing bulkhead and wharf demolition
- Installation of new bulkhead segment D and overwater wharf
- Pacific Rim Plaza Platform
- Guest Dock 5 Access Pier

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

Staff has evaluated the bids received and determined that Bergerson Construction submitted the lowest responsive and responsible bid and recommended that the Commission authorize award of the public works contract for the Seiner Wharf Segment D and Pacific Rim Plaza Platform project comprising of Schedules A, B, C, D and E to Bergerson Construction in the amount of \$4,411,085.95, including Washington State Sales Tax (WSST).

Brandon Whitaker added that the contractor said the foreign steel and timber costs were dramatically less than domestic products which allowed Bergerson to drop their price to the Port.

Commissioner Tom Stiger moved that the Commission authorize award of the public works contract for the Seiner Wharf Segment D and Pacific Rim Plaza Platform project comprising Schedules A, B, C, D and E to Bergerson Construction, in the amount of \$4,411,085.95, 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.

Riverside Business Park – Professional Services Agreement with KPFF Engineering

Environmental Remediation Specialist Elise Gronewald reported that Port Staff is seeking authorization for a professional services agreement (PSA) with KPFF for engineering services at the Riverside Business Park. The contract will support the Port's goal of job creation and tax growth at the Riverside Business Park as well as completion of previous agreements with the City of Everett. This contract provides services for supporting the following primary lines of effort:

- Engineering design and support for the Public Access Agreement (Trail System)
- Engineering design and support for the General Transfer Agreement requirements
- Engineering design and support for Seller obligations

The contract is expected to support a majority of the work, however during the design process, information currently not available will likely emerge requiring further engineering services. As a result, this contract is being established as an on-call task order contract that is expected to be modified in the future.

The Port is obligated to fulfill the requirements set forth in the General Transfer Agreement and the Public Access Agreement with the City of Everett by 2019. These obligations include the roadway construction, public access trails, and the utility upgrades to the storm and sewer systems. Most of the projects are set to occur upon the completion of the Tulalip Waterline construction. That project runs through the Riverside site and should be completed before the end of this year. The Port also currently has two potential sale agreements on the site which will facilitate the construction of Trails J and K, as well as fulfilling Seller obligations before occupying the site.

The contract includes projects that are obligated under separate contracts with the City which occur regardless of sale of the properties and also projects that are seller obligations, directly required in order to sell the properties under the existing PSA contracts. All of this cost will be covered by the Port. Some cost sharing, for the sanitary sewer lines and storm lines, will utilize the City of Everett for construction as well as some cost sharing for the Segment E sidewalk with the Tulalip Tribes through the interlocal agreement previously approved. Details are outlined in the General Transfer Agreement. Grading of the lots and demolition of the training building will either be deducted from the final sale price for the associated lots or the Port will complete, at its sole discretion.

Expected gross revenue for the sale of all lots on Riverside based on preliminary Staff estimates is \$9,870,260. These estimates will be amended as a result of the work performed under this contract. The cost of this contract and the work included will be covered by the sale revenue for the property.

The total contract cost for these services is estimated at \$310,000. Port Staff completed a detailed internal review of the contract proposal. This contract will extend through 2019.

Staff recommends that the Commission approve the professional services agreement with KPFF for Riverside Business Park Engineering Services in the amount of \$310,000.

Upon discussion, Commissioner Tom Stiger moved to approve the professional services agreement with KPFF for Riverside Business Park Engineering Services in the amount of \$310,000. Commissioner Troy McClelland seconded the motion.

A vote was called for:

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

Motion carried.

2. CHIEF FINANCE OFFICER'S REPORT

Bonds Update

Chief of Finance John Carter reported that the Port will be closing next week on the bond issuance. The Port sold \$27.7 million worth of bonds, including the refunding; the Port had \$114 million worth of orders. The 2007 bonds were included because the Port was able to advance refund those at this time; the Port was able to receive 10 percent savings on the net present value of the future debt service payment on the bonds which do not mature until 2026. If you combine all of the annual savings of each of the next maturities for the next 10 years, the Port will save over \$1.14 million.

In addition, the Port issued \$20 million for new project funds to help supplement the cash flow needs that the Port has with its robust capital improvement plan. The bonds were rerated by Moody's and they continued the Port's A1 rating. The entire issue has a true interest cost including all issuance fees and underwriting fees of 3.05 percent.

The projects to be funded include the infrastructure projects within the Marina Waterfront Place Central, the infrastructure projects within the Marine Terminals including the bulkhead replacement, the rail upgrades, utility upgrades, the previous dock strengthening at the terminals, and portions of the South Terminal Modernization projects.

The bond funds will be received on Tuesday.

Update on Budget Process

John Carter reported that Staff will present the preliminary draft of the Capital Improvement Program (CIP) to the Commission at the August 30th special meeting.

Staff is also currently working steadily on the preliminary CIP budget, and are also beginning work on the Operating budget. A formal presentation will be provided to the Commission the latter part of September. Staff will work with the Commission to provide one-on-one opportunities with each Commissioner on the CIP budget.

Commissioner McClelland had to leave at 6:30 pm to attend a previously scheduled business meeting.

Banking Authorization Resolution

John Carter reported that the Port wishes to open an investment account for short term cash investment banking and Opus Bank has requested that the Port Commission execute a Banking Authorization Resolution authorizing John Carter as the Chief Finance Officer to sign the banking documents.

Upon discussion, Commissioner Tom Stiger moved to approve the Opus Bank Municipal/Government Banking Authorization Resolution as presented. Commissioner Bachman seconded the motion. A vote was called for:

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

Motion carried.

3. INITIATIVE ONE: SEAPORT MODERNIZATION

Chief of Communications and Policy Lisa Lefeber reported that the Port of Everett is the recipient of a \$10 million Tiger Grant. The Port was the only entity in the state of Washington that received the grant which was a huge testament to the Seaport Modernization team and Port Staff that put so much time and energy into preparing the application.

The Port has also received a \$3 million Air Quality Grant which helps facilitate the Port's ability to provide shore power at the South Terminal, as well as electrification at the Pier 1 facility for the mobile harbor cranes.

In terms of outreach, Port Staff did complete the SEPA comment period on July 15. The Port received three comments and Staff is in the process of reviewing the comments, evaluating and determining how to respond. Tied to the Tiger Grant, Senator Murray and Congressman Larsen will be doing a site visit next week on August 17. It just so happens that the executives and leadership from Westwood Shipping Lines – not only the Puyallup division, but also the Japanese division, will be in town that day so it will be a good opportunity to celebrate the Seaport Modernization efforts.

On September 19, Port Staff will be meeting with the Director of Ecology to talk about Mill A cleanup and long term funding solutions. For Mill A, funding resources will be needed in the 2019 – 2022 timeframe, and Staff wants to start preparing for how the Port can line those up at the state legislative level. In October, the Port and Ecology are partnering on a legislative visit to showcase some of the environmental remediation work that the Port has done in partnership with Ecology, and how the Port has managed to tie environmental cleanup with infrastructure investment to get properties back into productive use and how that feeds into the need to preserve the Model Toxics Control Act (MTCA).

Another program that the Port is working on is getting priorities defined for MTCA as well as looking at a capital budget allocation in the Snohomish County Regional Priorities through the Economic Alliance of Snohomish County.

The Port was not success in receiving the \$20 million FAST Lane grant. The Port will apply again next year for the grant; in the meantime, the Port will be looking at the state's capital budget to see if some of the funding gaps can be filled.

4. INITIATIVE TWO: WATERFRONT PLACE CENTRAL

Chief of Business Development Terrie Battuello provided an update on Waterfront Place Central. On the design front, Master Utility Design is still underway and Staff expects to finish this month. This is a design where all of the developers on site can just pull a permit that is based on the master design without having to go through a lengthy process.

For entitlements, Laura Gurley has been working on a new shoreline permit with Brandon Whitaker. This would be a new shoreline permit to replace the shoreline permits that expire in January. The Port is waiting for the Corps permit and Staff is hopeful that it will be in hand by October 14, 2016.

Staff has finished the Fisherman's Harbor pro forma which will be presented to the Commission in October. Staff is continuing to work on the pro forma for the remainder of the site which should be completed by late fall to the end of the year.

For marketing, the Port received notification that it was a finalist in the ULI Best of the Boards for the Port's plan. In the sales area, the Port received three proposals from housing developers. Port Staff has interviewed the developers and has a preferred developer that Staff will be discussing with the Commission. The Port is also expecting three hotel proposals that are due on August 18. Staff is just beginning to start the retail recruitment.

The next legislative decisions are the uplands contract award. Staff is working on the purchase and sale agreement for the housing developer and expects to have that before the Commission in October. Staff hopes to have the lease for the hotel available in December.

Weyerhaeuser Building Update

Brandon Whitaker reported that work on the origin site of the Weyerhaeuser Building has reached substantial completion this week. The Weyerhaeuser Building was moved on July 13 – 14, 2016 to Boxcar Park. Currently, Nickel Bros’ subcontractor, Bayshore Concrete, is preparing the building for its foundation pour and trying in how the utilities are going to connect into the building right now.

Staff is still tracking for final completion in mid-October.

5. DEPARTMENT REPORTS

Marine Terminals

280E Mechanical Upgrades – Contract Close-out

Chief Operating Officer Carl Wollebek reported that the Commission previously authorized Staff to issue a Request for a Proposals for Marine Terminal Equipment Purchase & Upgrade in March of 2014. In June of 2014, the Commission authorized the Executive Director to sign a sole source contract with Terex Port Solutions to upgrade the Gottwald Mobile Harbor Crane 280E for a contract amount not-to-exceed \$550,000.

The primary upgrades included larger propping pads and cylinders to increase lift capacity on Pier 1, hoist rope replacement, replace cameras and replace wheels and tires.

Staff recommends that the Commission accept the sole source contract with Terex Port Solutions as complete and authorize Staff to close out the contract in the amount of \$522,903.38.

Upon discussion, Commissioner Tom Stiger moved to accept the sole source contract with Terex Port Solutions for mechanical upgrades of the Gottwald 280E Mobile Harbor Crane as complete and authorize Staff to close out the contract with Terex in the total final amount of \$522,903.38. Commissioner Bachman seconded the motion. A vote was called for:

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

Motion carried.

Properties

OceanGate Lease Amendment

Property Manager Taylor Nuccitelli reported that OceanGate, Inc. is a current tenant at the Port’s Waterfront Center. OceanGate started as a temporary user and became a lease tenant with the Port in 2015. Since then, OceanGate has grown substantially and is in need of additional space for employees and equipment. The expansion space of 1,015 square feet will give OceanGate the necessary space to continue hiring engineers and begin the assembly and rigging of their third submersible. The space OceanGate is expanding into is currently being used as Port storage. In total OceanGate will be leasing 4,615 square feet of warehouse space. In 2016, OceanGate will be paying an additional \$761.25 (\$9 per square foot) for a total monthly payment of \$3,592.33.

The Port will make minor improvements to the space so that OceanGate can use the storage room, including painting unfinished walls and adding a chain link fence to delineate the tenant space from Port storage. The total cost of the improvements is \$6,187.09.

Staff asked the Commission to approve the lease amendment for OceanGate as presented.

Upon discussion, Commissioner Tom Stiger moved to authorize the Executive Director to approve the OceanGate, Inc. Second Amendment to the Lease, substantially as presented. Commissioner Glen Bachman seconded the motion. A vote was called for:

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

Motion carried.

Marina – Events Update

Marina Director Jeff Lindhout reported that some of the events recently held at the Marina included the 4th of July event and Jetty Island Days. Unfortunately, one of the major events – the Everett Coho Derby – will not be held this year due to limited fishing opportunities. Bayside Marine will hold a derby the first weekend of November. Another event that is growing is the Speed Crabbing Derby which was held on July 9 – the third year for the event.

The big new event is the Sail-In-Cinemas held on Friday nights at Boxcar Park. The first movie was Guardians of the Galaxy and typically the Marina has been getting about 200 movie goers to the park and approximately 35 boats at the guest docks. Food and beverage vendors are available, as well as music.

Upcoming events include waterfront harbor tours, the second annual Rock the Boat concert on August 13, Fresh Paint on August 20-21, and Wheels on the Waterfront on September 10.

Projects Update

Pier 3 Pile Rehabilitation – Authorization to Bid

Project Manager Steve Hager reported that Pier 3 was originally constructed in 1972. Since 1990, piles have been found to have structural issues, and 107 concrete piles have been repaired to date. Approximately 140 steel piles have received anodes and 6 have received epoxy jackets. This project consists of jacketing 13 concrete piles and wrapping 34 steel piles with corrosion-resistant protective tape and an HDPE jacket.

This project is consistent with the Port's business resiliency and infrastructure maintenance goals.

Steve Hager asked the Commission to authorize Staff to solicit public works bids for the Pier 3 Pile Restoration 2016 program.

After discussion, Commissioner Tom Stiger moved to authorize Staff to solicit public works bids for the Pier 3 Pile Restoration 2016 program. Commissioner Glen Bachman seconded the motion. 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 that on Saturday, he (along with one of the other Commissioners) had the opportunity to participate in a Seafair celebration on the

USS Somerset, a new naval landing craft. The ship was beautiful and it was a great celebration with all of the Seafair officials. The USS Gridley was also at Seafair.

Fresh Paint is August 21-22 for which advertising has been very good.

There was no further Commission discussion.

Citizen Comments

There were no Citizen comments.

Executive Session

The meeting was recessed at 7:01 pm into Executive Session for approximately 30 minutes – to conclude by 7:30 pm – for the purpose to discuss with legal counsel the acquisition of real property for which public discussion would disadvantage the Port’s negotiation, a litigation matter and collective bargaining negotiations.

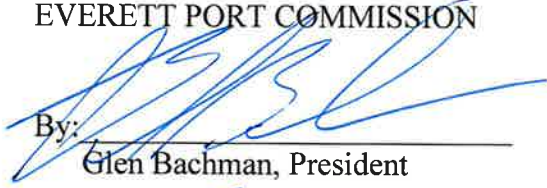
At the conclusion of the Executive Session, no action was taken and no announcements were made.

THE REGULAR MEETING WAS ADJOURNED at 7:30 p.m.

APPROVED this 13th day of September, 2016.

EVERETT PORT COMMISSION

By:


Glen Bachman, President


Tom Stiger, Vice President


Troy McClelland, Secretary



Port of Everett
Voucher Certification and Approval
for the month of
JUNE
2016

COPY


Claims Voucher Nos	77776 - 78064	Total	
			\$3,588,173.39
Claims - PCard Transactions			\$4,621.53
Claims Electronic/Wire Transfers:			
6/15, 6/30	Electronic Transfer - Health Equity	\$	3,572.30
6/1, 6/16	Electronic Transfer - IRS	\$	215,619.57
6/23	Electronic Transfer - WA St Dept of Rev	\$	51,854.05
6/27	Electronic Transfer - U.S. Bank, Union Bank	\$	8,209.95
	Total Claims		\$3,872,050.79
Payroll Voucher Nos.	47985 - 48074	\$	500,619.73
Payroll Wire Transfers:			
6/1, 6/7, 6/14, 6/21, 6/28	PMA Payroll (Longshore Labor)	\$	124,332.45
	Total Payroll	\$	624,952.18
Wire Transfers:			
6/1	Wire Transfer - U.S. Bank Trustee Bond Pmts	\$	862,877.51
6/21	Wire Transfer - Hirofumi Oshio	\$	1,655.20
Total Payments			\$5,361,535.68

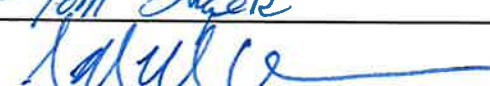
I, the undersigned, do hereby certify under penalty of perjury that the material have been furnished, the services rendered or the labor performed as described herein, that any advance payment is due and payable pursuant to a contract or is available as an option for full or partial fulfillment of a 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 9th day of August, 2016:

 _____ President

 _____ Vice President

 _____ Secretary