

**MINUTES OF EVERETT PORT COMMISSION
REGULAR MEETING
November 12, 2019**

PRESENT:	Glen Bachman	President
	Bruce Fingarson	Vice President
	Tom Stiger	Secretary
	Lisa Lefeber	Executive Director
	Eric Russell	Chief Finance Officer
	Brad Cattle	Port Attorney

CALL TO ORDER: Commission President Glen Bachman called the meeting to order at 4:03 p.m.

CONSENT AGENDA

- Regular Meeting Minutes of October 1, 2019, Regular Meeting Minutes of October 8, 2019; and Special Meeting Minutes of October 22, 2019;
- Approval of Bills for October 2019;

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

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

Motion carried.

1. CEO/EXECUTIVE DIRECTOR'S REPORT

CEO/Executive Director Lisa Lefeber reported on the election that was on November 5. The results will be certified on November 26. Bruce Fingarson was appointed to a 2-year term following a District 1 resignation. The District 1 position was up for election and whoever is certified, the Commissioner-elect will be sworn in after the results are certified and will be present for the first Commission meeting in December. The Commissioner-elect will need to run again in 2021 for the 6 year term.

**2. CHIEF FINANCE OFFICER'S REPORT
2020 PRELIMINARY BUDGET**

Chief Finance Officer Eric Russell reported that the 2020 Budget has been discussed with the Commission at numerous Port Commission meetings. The Commission opened a public hearing on November 5 to take comments on the budget proposal, including Resolution No. 1135 (2019) – Approval of 2020 Property Tax Levy; Resolution No. 1136 (2019) – Substantial Need for Property Tax Levy; and Resolution No. 1137 (2019) – Approval of 2020 Operating Budget and Capital Budget.

There was one public comment sent in by email from a resident asking why the Port of Everett is levying taxes and recommended the Port to drop the tax levy for the future.

Commissioner Glen Bachman asked for public comments on the proposed budget, and no comments were received. The public hearing was closed at 4:06 p.m.

BUDGET REVIEW AND ACTION

Resolution No. 1135 (2019) – 2020 Property Tax Levy

Commissioner Bruce Fingarson moved that the Commission adopt Resolution No. 1135 (2019) – 2020 Property Tax Levy as presented. Commissioner Tom Stiger seconded the motion. A vote was called for:

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

Motion carried.

Resolution No. 1136 (2019) – Substantial Need for Property Tax Levy

Commissioner Tom Stiger moved that the Commission adopt Resolution No. 1136 (2019) – Substantial Need for Property Tax Levy as presented. Commissioner Bruce Fingarson seconded the motion. A vote was called for:

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

Motion carried.

Resolution No. 1137 (2019) – 2020 Operating Budget and Capital Budget

Commissioner Bruce Fingarson moved that the Commission adopt Resolution No. 1137 (2019) – 2020 Operating Budget and Capital Budget as presented. Commissioner Tom Stiger seconded the motion. A vote was called for:

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

Motion carried.

Commissioner Tom Stiger recognized the efforts that were put into the 2020 Citizen Budget Guide, it was very well done and answers the question that most people ask.

3. COMPREHENSIVE SCHEME OF HARBOR IMPROVEMENTS UPDATE

Project Manager Brandon Whitaker reported under Washington State law RCW 53.20, port districts are required to implement and update a Comprehensive Scheme of Harbor Improvements (Comp Scheme). The Comp Scheme represents a Commission adopted document that brings together the following actions: acquisition of property; surplus of property; adoption of plans and programs.

Actions that fit into these categories are added to the Comp Scheme through formal resolutions adopted by the Port Commission. These actions make the Comp Scheme a constantly evolving and living document that catalogs the Port's growth over the years and the directions it is pursuing.

Resolution No. 1138 (2019), formally brings the 78 acres of upland, tidelands and Tideflats properties previously owned by the Kimberly-Clark Corporation and purchased by the Port of Everett, into the Comp Scheme.

Commission President Glen Bachman opened the public meeting at 4:14 p.m. and asked for public comments on the Amendment of Comprehensive Scheme of Harbor Improvements – Kimberly-Clark Purchase.

There were no public comments.

Commissioner Bachman closed the public hearing at 4:15 p.m.

After discussion, Commissioner Bruce Fingarson moved that the Commission adopt Resolution No. 1138 (2019) incorporating the former Kimberly-Clark Corporation properties into the Port's Comprehensive Scheme of Harbor Improvements. A vote was called for:

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

Motion carried.

4. MARITIME INDUSTRIAL EXPANSION (K-C)

CEO/Executive Director Lisa Lefebber gave an update on the Maritime Industrial Expansion (K-C). As she reported last week, the Port is a proud recipient of a \$15.5 million Build Grant to help put the Kimberly-Clark property back into use. It was a very challenging and competitive process, so Lisa is proud of everyone who worked on the

project and the team for putting together such a strong brand for this grant application. The Port of Everett is the only entity in Washington State that has received this type of grant funding. This project will be incorporated into the Port's planning process to start getting the grant agreement in place in order to start spending money against it.

5. DEPARTMENT REPORTS

PROPERTIES

Everett Yacht Service and Repair, LLC

Chief of Business Development Terrie Battuello reported Everett Yacht Service and Repair, LLC has been a Port tenant in Waterfront Center since 2010 and would like to extend his lease which expired in September. Because it had expired, it is being reformed into a new lease, which is for three years in Suite 116. The shop is 2,430 square feet plus adjacent boatyard space. The new rate is based on comps in the area and on the specific configuration of the space. The lease no longer includes a private restroom but access to public restrooms adjacent to his suite will be available. The tenant has asked that lighting be improved to shop LED lights and the Port has an estimate for this project of \$2,550 which can be funded through Property's programmatic budget in 2020. Terrie has also been checking with the Secretary of State's website to make sure all tenant companies are legal entities formed properly. Some of the companies didn't realize that they can set up a tax ID number and pay taxes and not be an actual identity recognized by the Secretary of State. Everett Yacht Service is one of those and they are applying now.

One thing that has been recently added to all tenant leases, all commercial tenants must be in good standing with the Marina. If they are falling behind or have moorage or travel lift fees and they are not paying and/or have a credit issue, that can become a default issue for their lease.

Commissioner Tom Stiger asked about the future plans for the D1 building.

Commissioner Stiger asked about the plans for the commercial fisherman's building on the corner of 13th. Terrie and Jeff Lindhout have met with the fisherman for the last five years letting them know at some point that building will not be available. Jeff has continued to negotiate with the fisherman on what the appropriate level of service will be for them. There may be space in the Ameron facilities, so the Port is working to accommodate them.

Commissioner Bruce Fingarson asked about parking spots for the tenant. Tenants get one parking permit inside the boatyard for every 600 square foot of shop space. Everett Yacht Service and Repair has three permits. With that being said, tenants will have to provide, in 2020, their license plate numbers and if they get afterhours access to boatyard, they will have to provide the drive license of the employees and pay for a criminal background check.

Upon discussion, Commissioner Tom Stiger moved that the Commission authorize the CEO to sign the Everett Yacht Service and Repair, LLC lease, in Waterfront Center Suite 116, in a form substantially as presented. Commissioner Bruce Fingarson seconded the motion. A vote was called for:

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

Motion carried.

Propulsion Controls Engineering, LLC

Terrie Battuello presented a new lease that was developed and approved by the Propulsion Controls Engineering for the Commission's consideration. Propulsion Controls Engineering has leased a parking/storage area adjacent and north of their business for many years. That lease expired in October 2019. The new lease is for five years and 13,685 square feet at the initial rate of \$0.96 per square foot or \$1,094.80 per month plus leasehold excise tax. The rate escalates as scheduled in Section 3 of the lease for inflation. The tenant has a \$2,737 cash security deposit recommended as sufficient for this purpose. The tenant pays utilities and can only use the location in support of their adjacent building. No improvements are required of the Port.

After discussion, Commissioner Bruce Fingarson moved that the Commission authorize the CEO to sign the Propulsion Controls Engineering LLC ground lease, in a form substantially as presented. Commissioner Tom Stiger seconded the motion. A vote was called for:

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

Motion carried.

RMT Real Estate Services, LLC

Terrie Battuello reported Karim Khoury, a franchise holder with ReMax real estate, owns and operates several firms including RMT Property Management LLC, ReMax Juniper Real Estate Services, and ReMax KNOBS Real Estate Services. His firm also works closely with American Pacific Mortgage, dba Capstone Home Loans. Mr. Khoury maintains a Marysville and Mill Creek location but wishes to operate centrally out of the Port of Everett. The lease will include four suites on the second floor of the Marina Village Office totaling 949 square feet. The lease base rent is \$21 per square foot and he will pay a prorated share (4%) of common area charges for the maintenance of the building, utilities and Washington State Leasehold Excise Tax under the lease. Khoury wishes to sign a two-year lease and hopes to relocate into the Central marina as office space is built there. As part of this Lease, the Port will agree to allow him to relocate to the new building without lease default and will demolish and restore the interior hotel bath in suite 222. The Port has been demolishing these bathrooms as leases have been signed to convert the building into an executive suites facility accommodating small business. The lease escalation is 3% annually on the anniversary of the lease execution.

Upon discussion, Commissioner Tom Stiger moved that the Commission authorize the CEO to sign the RMT Real Estate Services, LLC lease for Marina Village Suites 220, 221 and 222, in a form substantially as presented. Commissioner Bruce Fingarson seconded the motion. A vote was called for:

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

Motion carried.

B&B Marine Services, LLC

Terrie Battuello reported B&B Marine Services, LLC has been a tenant of the Waterfront Center building since 2004. Up until late 2018, B&B co-leased suite 115 with another business, Tom's Marine Electrical. Tom Upshaw, sole proprietor of Tom's Marine Electrical, passed away on December 10, 2018, and in 2019, the estate and B&B Marine requested that the Port allow the assignment and assumption of the lease and all its obligations be assigned to B&B Marine and the Port approved it on April 8, 2019. Mr. Buchanan has worked in earnest to continue to operate, however taking on the full burden of the leasehold and its expenses is challenging as he is also a sole proprietor. As a tenant in good standing, he has requested to relocate his leasehold at no penalty to him to a smaller adjacent shop space more appropriate for his needs so that he can comfortably operate. The request before the Board is to allow him to transfer the terms of the current lease to the new space, adjusting only for a reduced number of square foot (from 1,700 sf to 1,000 sf). All other lease terms remain the same and his lease will keep the same expiration date and deposit.

After discussion, Commissioner Bruce Fingarson moved that the Commission authorize the CEO to sign the B&B Marine Services, LLC lease Amendment #1, facilitating the relocation to suite 115, in a form substantially as presented. Commissioner Tom Stiger seconded the motion. A vote was called for:

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

Motion carried.

Heritage Electrical Group, Inc.

Terrie Battuello introduced Heritage Electrical Group, Inc. dba Heritage Marine Electrical and Energized Boat to the Commission. They would be a new tenant who will not only provide needed marine electrical but also work in the area of renewable energy and may partner with other Port tenants and the port-targeted industry. They would be relocating from a location down the street on West Marine View Drive which is being redeveloped. The lease agreement will be to take 1,700 square feet Waterfront Center, Suite 114 which is the current B&B Marine space. Based on comps for similar area space, the rate is being set at \$11 per Rentable Square Foot, but with a 4% escalator to bring the lease price up over time. No tenant improvements are required by the Port and they expect to begin occupancy on November 18 with rent starting on November 21. The lease includes the Port's standard three-month cash security and a credit/criminal background check is being conducted. The lease is for three years, the Port's traditional minimum term. No brokers were involved with this transaction.

Upon discussion, Commissioner Bruce Fingarson moved that the Commission authorize the CEO to sign the Heritage Electrical Group, Inc. lease for Waterfront Center, Suite 114, in a form substantially as presented. Commissioner Tom Stiger seconded the motion. A vote was called for:

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

Motion carried.

Leibsohn & Company

Terrie Battuello reported due to a family emergency, CBRE recently terminated an agreement for retail brokerage services with the Port. In terminating, they relieved the Port of any future commission payment for significant marketing completed due to a number of active inquiries and on-going negotiations. The Port conducted a competitive process requesting proposals from three of the most well-established retail brokerages operating in this territory. As a result, the Port was able to reach terms similar to the CBRE contract with Leibsohn & Company. Port Staff recommends the Commission ratify the determination by former CEO Les Reardanz to waive the full competitive process and find the competitive solicitation is "not appropriate or cost effective" pursuant to its authority under RCW 53.19.020(5) and that the requirement be waived.

The commission is 6% of gross rent for the first five years and 3% of gross rents for the second five years, which is similar formula as used on leased property in Riverside. The agreement is an exclusive agency, not right to sell, therefore tenants acquired by the Port by its own means would not be subject to the commission.

Upon discussion, Commissioner Tom Stiger moved to find that a full competitive solicitation for broker services is not appropriate or cost effective pursuant to the Port Commission's authority under RCW 53.19.020(5) and that the requirement for a full solicitation be waived. Commissioner Bruce Fingarson seconded the motion. A vote was called for:

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

Motion carried.

Commissioner Tom Stiger moved to authorize the CEO to execute the Leibsohn & Company contract in a form substantially as presented. Commissioner Bruce Fingarson seconded the motion. A vote was called for:

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

Motion carried.

PROJECTS

Riverside Business Park Trails & Viewpoint – Contract Closeout

Project Manager Elise Gronewald reported that Port Staff is seeking Commission authorization to close out the Riverside Business Park Public Access Trail Segments C, D, F, J and K with Viewpoints G and H project contract with McCann Construction Enterprises in the amount of \$732,141.82, excluding WSST.

Gronewald indicated this completes previous agreements between the Port and the City set forth under the 1999 master plan approved by the Port and City of Everett. The port was obligated to fulfill the requirements set forth in the Public Access Agreement with the City of Everett by March 2019. These obligations included the public access trails and viewpoint construction to have been underway by March 2019.

This project included brush and debris removal along the shoreline at Riverside Business Park, grading, construction of 10-foot wide asphalt trails and some sidewalk sections, and plantings throughout the shoreline buffer zone. This project extends public access, approximately 3,000 lineal feet, along the shoreline and enhances habitat for wildlife in the area. Some of the plantings included in this project were mitigation for the elevation change required for the cul-de-sac at 8th Street, completed last year. The trail system will be dedicated to the City of Everett as part of the Public Access Agreement and the General Transfer Agreement between the Port and the City.

There is no tax on this project pursuant to Washington State Department of Revenue Rule 171. The Port advertised for bids on December 18, 2018 and opened bids on January 22, 2019. Ten bids were received, and the project was awarded to McCann Construction Enterprises by the Commission on February 5, 2019.

The original contract amount was \$717,918 (WSST exempt). Construction began in March 2019 and construction was completed in July 2019. All additional work was completed under Extra Work Orders for minor changes. The only Change Order (CO#1) was the final reconciliation change order in the amount of \$14,223.82. This was within budget.

Commissioner Stiger asked when the property will be transferred to the City of Everett. The Port is in the process of transferring it over. The Port still owns the property, but the City of Everett will be maintaining the trail system, which is stated in a Public Access Agreement.

After discussion, Commissioner Bruce Fingarson moved that the Commission accept the Riverside Business Park Public Access and Viewpoints project contract as complete and authorize the close out of the construction contract with McCann Construction Enterprises in the total final amount of \$732,141.82, excluding WSST. Commissioner Tom Stiger seconded the motion. A vote was called for:

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

Motion carried.

Bay Wood Cleanup – Agreed Order Amendment

Erik Gerking reported on the Bay Wood Cleanup Agreed Order Amendment Shoreline Restoration. Port staff was seeking Commission authorization of an amendment to the Department of Ecology (Ecology) Agreed Order (AO) for the Bay Wood site to accomplish an interim cleanup action and shoreline restoration. This work is being done in support of the economic development project at the Bay Wood site by Latitude Development. Several key aspects of the shoreline restoration project include:

- Restores an environmentally challenged shoreline, identified by the tribes and agencies as a high priority restoration opportunity to benefit habitat of the threatened Chinook salmon (the primary food source of the Southern Resident Killer Whales).
- Creates opportunity for developer provided public access.

- Provides the development with a shoreline buffer reduction from 100-feet to 50-feet from the existing top of bank. Without the buffer reduction, the development would not be possible.
- Buffer reduction vesting – local regulations changed in late October 2019 that increase the size of shoreline buffers, and do not allow buffer reductions. Notably, Port staff vested the project through its timely shoreline permit submittal in mid-October.
- The Director of Ecology awarded the project a 90-percent remedial action grant in October, wherein the Port is responsible for 10-percent of the project costs.

Additionally, under the AO Amendment, the Port in partnership with Ecology will accomplish a soil cleanup on the south side of the Bay Wood property. Similarly, this cleanup is being done to support the development of the property.

Commissioner Stiger asked about the approval process and timeline. The key permit that the Port will need to get is the U.S. Army Corps of Engineers permit. The Port will be submitting the Corps permit application within the next week. Once the permit is received, the Port will go out for bid in the June 2020 timeframe.

For the remainder of 2019, the Port is focused on getting permits, testing onsite and hopefully enter the AO and turn on the grant funding. The Port must enter the AO Amendment to access the grant funding. In 2020, the Port will continue permitting, final design in the first and second quarter and third and fourth quarter the Port hopes to be in construction. Complete construction is scheduled for first quarter of 2021.

If the Commission decides to authorize the Port CEO to sign the AO Amendment, Ecology will provide the Amendment to the public for a 30-day review period prior to signing.

Upon discussion, Commissioner Tom Stiger moved to authorize the CEO to sign the Agreed Order Amendment for the Bay Wood Site Shoreline Interim Action Cleanup and Restoration project in a form substantially as presented and following Ecology's public review period. Commissioner Bruce Fingarson seconded the motion. A vote was called for:

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

Motion carried.

Gerking wanted to give thanks to Ecology, they have really put in some resources to this.

Commission President's Report

Commission President Glen Bachman commented that there are so many great dynamics to the Port's Comp Scheme.

He also attended the Everett Rotary lunch today, the guest speaker was Pat McCarthy, the Washington State Auditor. She told everyone in the room that they need to be proud of the Port of Everett for the way they handle public money and for the number of years of clean audits.

A few weeks ago, Commissioner Bachman attended a men's fundraiser at the Imagine Children's Museum. He thought it was great to see the Port's participation in the exhibit and another time when the Port gets to raise our flag within the community.

Commission Discussion

Commissioner Tom Stiger asked if there would be changes to the December Commission meetings dates. No changes were expected.

He mentioned Washington Public Ports Association (WPPA) Annual Meeting will be held in Tacoma November 20-22. Port of Everett CEO Lisa Lefeber will be on a panel to talk about preserving industrial lands. Also, John Carter, former Port of Everett CFO, will be honored for his service.

Commissioner Bruce Fingarson gave his last speech as a Commissioner. He thanked the Staff and Commissioners for helping him through this process and for being great partners. He wished the Port continued success. Commissioner Bachman and Commissioner Stiger thanked Commissioner Fingarson for the past two years.

Citizen Comments

There were no citizen comments.

THE REGULAR MEETING was recessed into Executive Session at 5:44 p.m. for approximately 30 minutes, with a 10-minute break in between, to conclude by 6:25 p.m.

The purpose of the Executive Session was to discuss with legal counsel two potential litigation matters.

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 6:25 p.m.

APPROVED this 10th day of December 2019.

EVERETT PORT COMMISSION

By: 
Glen Bachman, President

By:  (Abstained)
David Simpson, Commissioner

By: 
Tom Stiger, Secretary



Port of Everett
Voucher Certification and Approval
for the month of
OCTOBER
2019

AP Claims Transactions		Total
Claim Checks Issued	87958 - 88110	\$2,073,400.60
P-Card Transactions		64,178.54
ACH Transactions		2,166,844.11
Total Claims Check Register		4,304,423.25

Electronic Claims Transactions:

10/1, 10/4, 10/9, 10/11, 10/18, 10/25, 10/31	Electronic Transfer - Health Equity/Navia	\$5,840.55
10/1, 10/16	Electronic Transfer - IRS	197,314.30
10/24	Electronic Transfer - WA St Dept of Rev	43,351.88
10/1, 10/2	Electronic Transfer - U.S. Bank	9,369.94
10/1	Electronic Transfer - U.S. Bank LOC	4,079.04
10/15	Electronic Transfer - Guardian Dental	5,005.30
Total Electronic Claims		264,961.01
Total Claims		4,569,384.26

Payroll Transactions

Payroll Checks Issued	50307 - 50340	\$507,173.56
10/1, 10/8, 10/15, 10/22, 10/29	PMA Payroll (Longshore Labor)	413,029.25
Total Payroll		920,202.81

Total Payments		5,489,587.07
-----------------------	--	---------------------

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 and 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 November, 2019:

President

Vice President

Secretary