

EVERETT PORT COMMISSION  
REGULAR MEETING MINUTES  
March 5 2019

PRESENT:	Glen Bachman	President
	Bruce Fingarson	Vice President
	Tom Stiger	Secretary
	Les Reardanz	CEO/Executive Director
	Eric Russell	Chief Finance Officer
	Brad Cattle	Port Attorney

CALL TO ORDER: Commission President Glen Bachman called the meeting to order at 4:02 p.m.

1. CEO/EXECUTIVE DIRECTOR'S REPORT

**Children's Museum Update**

Teddy Dillingham, Education Director at Imagine Children's Museum, provided a brief overview of the school program for the Museum which is free of charge for children in local schools. Part of the curriculum consists of educational information about the Port of Everett, including its impacts, global importance, local importance, the geographic relevance and basic knowledge. Most of the programs are booked in the fall so that the teachers can refer back to what was learned in the program throughout the year.

In 2018, the Children's Museum taught 52 classes spread out among 13 schools impacting 1,200 children within Everett and Mukilteo schools.

Nancy Johnson, Executive Director of Imagine Children's Museum explained that the Children's Museum served over 257,000 people in 2018, and the current facility has simply become too crowded; their Board has determined that the existing facility needs to be expanded to accommodate the increased growth at the Museum. There are plans to expand the facility on the existing footprint to the south of the building and to increase the building height to four stories.

Nancy added that the expansion project is a \$21 million project and is a major capital campaign for the Children's Museum – and, all help is needed. Nancy Johnson asked the Commission to consider sponsoring the project. As part of the Port sponsorship, an exhibit would be created and called Import, Export, Our Port as an international trading port. The display would be an excellent educational component for the Port and would provide great exposure to the community.

The project is scheduled to break ground in 2020 and to open in 2021.

The Commissioners thanked Nancy Johnson for the briefing.

**Port of Everett Treasurer – Resolution No. 1122**

Executive Director Les Reardanz reported that Resolution No. 1122 is a resolution that designates Eric Russell as Port District Treasurer as a result of John Carter's retirement. The Port has purchased Faithful Performance of Duty insurance in the amount of \$2 million which meets the surety requirements for Port Treasurer as outlined in RCW 53.36.010.

Upon discussion, Commissioner Bruce Fingarson moved that the Commission adopt Resolution No. 1122 (2019) designating Eric D. Russell as the Port of Everett's Treasurer pursuant to RCW 53.36.010. Commissioner Tom Stiger seconded the motion. A vote was called for:

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

Motion carried.

**Appointment of Port Auditor**

After discussion, Commissioner Tom Stiger moved that the Commission appoint Chief Finance Officer Eric D. Russell as the Auditor for the Port of Everett for the year 2019.

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

Motion carried.

**Snow Report**

Les Reardanz reported that after the recent multiple snow storm events, Staff got together and held an after-action meeting to review lessons learned in the event of another snow storm.

Les extended thanks to the Staff members who made it in to work during the nasty inclement weather to keep things going through the multiple storm events.

Overall, the Port sustained some minor damages but was able to keep operations going throughout the snow events.

Some of the things identified in the after-action report was a list of equipment to assist with snow removal, concerns about the City’s lack of snow removal/de-icing on West Marine View Drive and California Street Overcrossing, the need to complete a hazard mitigation plan to try to get a preparedness grant, and the need to keep track of expenses in case there is a need for an emergency declaration in order to apply for funding.

Other briefings included adding tenant groups to Alert Sense, monitoring water drainage at Mt. Baker Terminal, and reviewing communication protocols.

Overall, Staff did a fantastic job during the snow events, but will continue to review efforts to improve the process.

**Deputy Executive Director**

Les Reardanz announced that Lisa Lefeber has been promoted to Deputy Executive Director at the Port.

2. **INITIATIVE ONE: SEAPORT MODERNIZATION**

Lisa Lefeber reported that the Seaport Modernization initiative allows the Port’s seaport facilities to meet 21<sup>st</sup> century shipping needs, remediate historic contamination, insure and support Naval Station Everett’s national security efforts, and natural disaster recovery for the region.

Elements of the Seaport Modernization project include increasing the acreage from 78 acres to 92 acres, increasing dock length to 950 feet and 1,400 feet, increasing the water depth to 45 feet and strengthening the dock to 1,000 psf.

The Port has signed the acquisition agreement for two, 100-foot cranes and spare parts from Everport Terminal out of Los Angeles for \$1 each.

The Port also hosted the U.S. Coast Guard Siting Committee regarding off-shore patrol cutters. Because of the maintenance needs of the vessels, the Coast Guard needs to cluster them to achieve economies of scale on maintenance work and indicated an interest in Everett for this work. Staff provided the Coast Guard a tour and briefing last week.

The Port has withdrawn its Shoreline Permit and Corps Permit for the Mill A Interim Action 2 project because sediment testing has indicated that the South Terminal Wharf was more contaminated than originally contemplated. The testing

results indicated that the contaminated soil is not suitable for open water disposal, and is deeper than originally thought. The Interim Action originally scoped was to start construction this year to be able to accommodate a 950-foot vessel which is now not feasible due to the increased contamination levels. Staff is in the process of rescoping the Interim Action and will report back to the Commission on the recommendation moving forward.

The Port will be issuing a request for proposals for the cranes to be painted a smoke blue color as required under the terms of the Shoreline Permit.

Legislative visits to Washington D.C. are planned for March 11 – 15, 2019 for the Pacific Northwest Waterways Association annual meeting for which the main focus is to secure dredge funds for the Snohomish River navigation and dredging; and, Commissioner Bachman and CEO Reardanz will be traveling March 18 – 21, 2019 to Washington D.C. to attend the American Association of Port Authorities Spring Meeting.

Staff submitted an application for a \$15.5 million grant to help offset infrastructure investments if the Port is the successful buyer for the Kimberly-Clark site. Grant awards are expected to be announced no later than July because they have to be appropriated in August. The Port is also pursuing a rescope of the Congestion Mitigation Air Quality (CMAQ) grant to be able to have the grant apply to the electrification of the South Terminal which allows the Port to use electric cranes as opposed to the diesel cranes. The Port also has a \$6.2 million Rail Bank Loan that was included in the Governor's budget that is going through the legislative process.

Construction is progressing; there are issues with some of the pile caps on the Terminal which will result in a change order. Staff will report this information back to the Commission.

As reported, the Port acquired the cranes and now has to refine the budget to accommodate the transport. The Port has \$5 million as a placeholder for the crane equipment and transport. The cranes have to be off of the Everport Terminal no later than June 3, 2019. The RFP for the crane painting is scheduled to be released in April. There will also be a detailed briefing on the cranes in April, 2019.

The \$6.8 million for the Mill-A Interim Action 2 is being rescoped. The sediment sample was complete in the first quarter of 2019 which is what gave the Port the data to want to rescope the Mill-A Interim Action 2. Due to the long lead time, there is a reprieve to rescope to meet the 2020 window.

Commissioner Stiger inquired about the size of the rail gauge that the cranes might require. Les Reardanz said that he would ask the Port's Chief Engineer, John Klekotka, and have the information available at the next commission meeting.

### 3. DEPARTMENT REPORTS

#### Properties

Chief of Business Development Terrie Battuello reported that the Everett Clinic would like to enter into a new five-year, 4,397 square foot triple net office lease, 858 square feet of which is in addition to the tenant's current footprint.

The proposed lease is provided for the use of Everett Clinic MSO. The lease rates are based on their current rates plus an annual escalator. Because the escalation anniversary occurs for the existing space on a different date than the new addition, the rates have been calculated and blended to assure all escalation payments are received as shown on the lease. The rates start at \$6,990.07 on March 1, 2019 and will escalate to \$7,869.83 at the end of the base rent period. The lease includes two options for renewal for five years each, providing the possibility of 15 years in this location. In terms of site preparation, the Port has provided a tenant allowance of \$5,148 for new carpets to be installed by the tenant in the new suites. The Port has requested the Tenant increase its security deposit to an amount equal to three months' rent, or \$21,166.71 with credit for the current \$3,604 deposit which was

transferred to the Port by Marina Village Partners when their Ground Lease was terminated in 2017. Under state statute, the Port Commission may allow a security deposit more consistent with market practices. The lease utilizes the Port's standard lease language and is consistent with the Port Leasing Policies.

After discussion, Commissioner Bruce Fingarson moved that the Commission authorize the CEO to sign the Everett MSO, Inc. Office Lease for Marina Village Suites 106, 216 and 217, 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.

#### **Briefing on Latitude Development Lot 2 Sale**

Terrie Battuello explained that documents to facilitate the land sale transaction authorized by the Commission on October 12, 2016 through a ground lease with Latitude Development, LLC, have been prepared in the anticipation of the April 2019 sale of Lot 2. In addition to the standard closing documents, the sale of a portion of this real estate will necessitate an amendment to the land areas currently included in the original Ground Lease under a Second Amendment to the Ground Lease and recorded for constructive notice via an Amended and Restated Memorandum of Ground Lease. Under the revised agreement, the leased land area is reduced to 210,098 square feet and a Security Deposit in the form of port-approved security in an amount consistent with state law to equal one year of rent, or \$94,859.10.

Secondly, a perpetual Declaration of Easement for an existing stormwater outfall will be signed by the Port. This declaration recognizes two existing outfalls from the subject property to the Snohomish River. As part of the Ground Lease, the Port provided access to this outfall and Latitude made repairs for its use. Because the prior arrangement was a lease, an easement was not required. The Easement reserves the Port's right to use the easement area for any purpose that does not prevent the use of the outfall. The easement passes under another easement provided to the City for public access trails.

The easement benefit will terminate if the outfall is unused for a period of 12 months or more – with notice to the easement Beneficiary - and can be assigned to a future owner of Lot 1, if it is sold. The easement carries with it an obligation for Latitude Development, LLC to maintain liability insurance and provide the Port an indemnification on claims and costs associated with any issue related to the outfall.

This information was provided as a briefing for the Commission; no action was required.

#### **Projects Update**

##### **Ameron/Hulbert Trunk Line Phase 2 Contract Award**

Project Engineer Elise Gronewald reported that Port Staff was seeking Commission authorization to award the construction contract for the Ameron-Hulbert Cleanup Site Trunk Line Replacement Phase 2 project to a responsible bidder submitting the lowest, responsive bid.

The Port is implementing a partial site cleanup for the North Marina Ameron/Hulbert Model Toxics Control Act (MTCA) site (Ameron/Hulbert site), in conjunction with an interim cleanup action for the TC Systems MTCA site. The partial cleanup for the Ameron/Hulbert site is being conducted pursuant to a Consent Decree between the Port and other Site potentially liable parties (PLPs), and the Washington State Department of Ecology (Ecology). The TC Systems site interim action is being conducted pursuant to an Agreed Order between the PLPs for the TC Systems site and Ecology. The work included in the trunkline project

will be conducted under an existing approved access agreement between the Port and Norton.

The purpose of the Site partial cleanup action is to remove and replace the portion of the stormwater trunkline separating the Site from the TC Systems MTCA site (TC Systems site), and to remove contaminated soil located in the immediate vicinity of the trunkline. The western 300 feet of trunkline was replaced as part of a Port declared emergency action in 2014.

The project will include the removal, appropriate disposal of, and replacement of approximately 300 feet of deteriorated pipe along the current trunkline alignment. Existing lateral connections will be reconnected to the new line. During replacement of the existing trunkline, approximately 1,000 cubic yards of contaminated soil will be excavated and disposed of appropriately. A new chain-link fence will be installed along the surveyed boundary between the Port's property and Norton property. The existing fence is located incorrectly.

The Port and Norton entered into a Cost Sharing Agreement, that was approved by the Commission on August 14, 2018. The Port's costs for the work will be reimbursed by Ecology at a rate of 50 percent. Ameron, Oldcastle, and the Hulberts settled with the Port in December 2014 for \$2.2 million for past and future cleanup costs, including allocated shares for the replacement of the trunkline.

The construction budget, including contingency, for the Port is \$490,000. The Engineer's estimate is approximately \$485,000, including Washington State Sales Tax (WSST).

The project was advertised for bid on January 23, 2019, and bids were opened on February 26, 2019. There was a total of six bidders with the apparently lowest and second lowest bidders being Carman's Construction in the amount of \$464,862.13, including WSST, and Strider Construction in the amount of \$494,811.17, including WSST, respectively. These bids are still under evaluation; as soon as the Port is ready to recommend a contractor, Staff will notify the Commission. The highest bid received was in the amount of \$657,246.16, including WSST.

Upon discussion, Commissioner Bruce Fingarson moved that the Commission award the construction contract for the Ameron-Hulbert cleanup site trunkline replacement phase 2 project to the responsible bidder submitting the lowest, responsive bid, Carman's Construction, in the amount of \$464,862.13, including WSST, contingent upon obtaining the required insurance. Commissioner Tom Stiger seconded the motion. A vote was called for:

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

Motion carried.

#### **Commission President's Report**

Commissioner Bachman said he, along with other elected officials, participated in the first flight out of Paine Field to Las Vegas, Nevada, and indicated it was an exciting experience.

Last week, it appeared that the Coast Guard was training pilots out in Port Gardner Bay.

#### **Commission Discussion**

Commissioner Fingarson thanked Port Staff for their efforts during the snowy weather.

#### **Citizen Comments**

There were no Citizen comments.

THE REGULAR MEETING was recessed into Executive Session at 5:07 pm – for approximately 20 minutes - to conclude by 5:30 pm.


The purpose of the Executive Session was to discuss with legal counsel the acquisition of real estate by lease or purchase when public discussion could disadvantage the Port's negotiations.

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 5:30 p.m.

APPROVED this 25<sup>th</sup> day of April, 2019.

EVERETT PORT COMMISSION

By:   
Glen Bachman, President

  
Bruce Fingarson, Vice President

  
Tom Stiger, Secretary