

EVERETT PORT COMMISSION
REGULAR MEETING
April 9, 2019

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

CALL TO ORDER: Commission President Glen Bachman called the meeting to order at 4:00 pm.

1. CEO/EXECUTIVE DIRECTOR'S REPORT

Executive Director Les Reardanz reported that the State Auditors will be performing their annual audit for the Port of Everett for 2018.

Audit Entrance Conference

Assistant State Audit Manager Kirk Gadbois announced that the Auditor's Office will be performing an accountability audit, a financial statement audit and a federal grant compliance audit for January 1, 2018 through December 31, 2018 for the Port of Everett. Financial Controller Bob Marion will be the main contact person during the course of the audit which should take approximately one month. The estimated cost of the audit is \$48,500, plus travel expenses.

Les Reardanz added that the Port's culture has always been to consider the audits as a way of improving performance and efficiencies within the Port's processes.

May Commission Meetings

Les Reardanz noted for the May meetings, the 14th of May is the day before the WPPA Spring Conference which is being held in Spokane. In order to accommodate travel plans for the Commission and Staff, it is being proposed that the May 14 meeting be held at 9am so that those folks driving to Spokane have a chance to leave earlier in the day. The Commissioners concurred.

Strategic Plan Update

The 2019 work plan is to update the Strategic Plan which hasn't been updated since 2007. Several public sessions have been held to date to gather input for this purpose.

Staff is planning to use the Commission Retreat to get strategic guidance from the Commission. The morning session will focus on background and foundational information, including outlooks and trends in the business lines, plus a review of the Port's financial picture, and then move into the afternoon to a facilitated discussion to obtain strategic guidance from the Commission to develop the strategic update.

As part of the process, Staff will hold more public open houses in the spring and fall to gather information. Additional internal Port employee meetings will be held, and a survey of businesses is being planned. Staff will present the findings to the Commission in late fall with ideas. Once the plan is adopted by the Commission in the November/December timeframe, the Port will operationalize the plan in 2020.

The Retreat is scheduled for April 24/25, 2019 in the Blue Heron Room. Both days are open to the public.

2. CHIEF FINANCE OFFICER'S REPORT

Amendment to Interlocal with the City of Kirkland for Job Order Contracting (JOC)

Contracts and Procurement Manager Maija Lampinen reported that in February 2019, the Port Commission approved an Interagency Agreement authorizing the City of Kirkland to utilize the Port's JOC Contract with Forma Construction in an amount not to exceed \$500,000.

In March 2019, the City of Kirkland requested an additional \$500,000 capacity which would bring their total requested amount to \$1,000,000. The Port has sufficient contract capacity to grant the request. The Amendment to the Interagency Agreement would increase the piggyback amount to \$1,000,000, but all other conditions of the Interagency Agreement would remain unchanged.

Staff recommends that the Commission approve the First Amendment to the Interagency Agreement between the Port of Everett and the City of Kirkland substantially as presented.

Upon discussion, Commissioner Tom Stiger moved that the Commission approve the First Amendment to the Interagency Agreement between the Port and the City of Kirkland substantially as presented and authorize the Executive Director to sign the Amendment. Commissioner Bruce Fingarson seconded the motion. A vote was called for:

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

Motion carried.

3. INITIATIVE TWO: WATERFRONT PLACE CENTRAL

Chief of Business Development Terrie Battuello reported that Q13 Fox News recently did a story on Waterfront Place and Hotel Indigo and the focus was on the balanced waterfront concept.

Secondly, Staff is still before the City of Everett on three issues - the final development plan for Waterfront Place Central; an amendment to the boundary line at Lots 7 and A-15 to try to consolidate them into a larger parcel for the restaurant concept that is being proposed; and the major modification which goes to the Planning Commission on April 16.

For construction, the Southeast Mill Wright Loop is underway. Granite Construction is currently working on the waterline installation and tying into 13th Street to connect all of the utilities together. Final grading for the esplanade is occurring to bring it up to level, and electrical conduit work is occurring in the future Marina parking lot and plaza open space areas. The expectation is that the project will be substantially complete in late May or early June in time for the opening of Hotel Indigo.

For the Central Marina Improvements Phase 3 project, the American Construction Contract Guest Dock 5 and K Dock have been delivered and are in place, and all of the piles have been driven. L Dock is in its final location as well. Work is currently being performed on the waterline and fire system connections and the gangways are soon to be delivered. The project should be substantially complete in May or June, 2019.

Staff has also been liaisoning on the Port Gardner substation project with the Snohomish County PUD. They have received a bid on the substation that will provide all of the electrical power needs the Port has for the entire Waterfront Place project, as well as the electrical needs the Port has at the Terminals. It is a \$1.1 million contract with Interwest Construction (ICI). A preconstruction meeting is

likely to take place in April. The Port is working on a temporary construction easement with Ameron to utilize more of the parking area, and certification of the substation for service is expected on December 31, 2019 so that it will meet the Port's schedule for the South Terminal crane project.

Hotel Indigo had a couple of delays – they were hoping to open June 28 for the 4th of July weekend, but because of a Fire Marshall issue and because of some things that did not pass muster by the franchise on their model hotel room, the Hotel owners are hoping to open up the ground floor before the 4th of July, and then open the rest of the hotel after the other items are complete. There is another issue with the utility infrastructure – when the construction workers burrowed over to the vault, they found that they were 40 feet away from the location so they are having to breach the gap to hook up the fiber. The Port had provided it to them, but they just did not connect to the right spot which has caused a bit of a delay. The Port does plan to open the Fountain and a portion of Seiner Drive with the Hotel opening which will probably be a “soft” opening, with a celebration later in the summer.

The Port will be changing some of the parking time limits on 13th Street. Currently, the parking is 72 hours and the Port wants to make sure that the parking on 13th Street is reserved for short term guests, and so the Port will be changing the limit to 3-hour parking. There will be some signage changes as well.

Also, Port Staff is meeting with Diamond Parking this week on the interim parking plan and hope to begin clarifying and enforcing the existing rules starting in May with a Diamond Parking contract.

American Classic Homes (American) provided an update and indicated that they planned to start construction by the end of April 2019. American expects to receive a final commitment from HUD in the next couple of weeks, and then they would begin with a preconstruction meeting and 10 days following the preconstruction meeting, American must start construction.

4. DEPARTMENT REPORTS

Properties

OceanGate – Lease Amendment #4, Waterfront Center

Chief of Business Development Terrie Battuello reported that OceanGate, Inc. has been a Port tenant for four years. The tenant has expanded several times and now wishes to expand their lease to include an additional 710 square feet of shop space that is currently vacant and adjacent to their engineering space. The lease would bring their total square footage to 6,320 in Waterfront Center. The additional area is leased at \$11.68 per square foot with no increase in the second and final year. This rate represents an approximate 10% discount over other more market ready shop leases reflecting that the location is internal to the building and has been hard to lease with no exterior windows or doors. The lease expiration aligns with the end date of the existing lease. An additional cash security deposit of \$2,073.21 would be required as part of the lease, which represents three months' rent consistent with similar leases to existing tenants. Under RCW 53.08.085, the Port Commission has the right to authorize a security deposit lower than the State's one-year standard, assuming that the level of rent security is consistent with the like-kind property. OceanGate intends to make minor changes to the layout all of which will be approved in advance by the Port and at no cost to the Port.

Terrie Battuello asked the Commission to authorize the CEO to sign the Fourth Amendment to OceanGate's lease substantially as presented.

After discussion, Commissioner Bruce Fingarson moved that the Commission authorize the Executive Director to sign the Fourth Amendment to the OceanGate Office Lease adding 710 square feet to the leasehold and aligning the lease expiration with the existing lease and accepting \$2,073.21 as the security deposit, 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.

Marina

Vessel Auction – Resolution No. 1124 (2019)

Marina Director Jeff Lindhout noted that the Port is currently in possession of eight vessels, one jet-ski, three small non-motorized vessels and miscellaneous boat gear. These items were identified as abandoned or owned by persons responsible for outstanding fees to the Port. Staff wishes to advertise and conduct an online auction May 15-22, 2019. Owners of vessels which are related to unpaid fees have received notice of impound and process of auctioning. Additionally, vessels which lack sufficient value to support the repayment of debt through secondary post-auction sale, or deemed unseaworthy/inoperable at risk of returning are scrapped under the provisions of law that allow the Port to dispose of them. An expenditure of \$1,000 is a flat fee payable to the auctioneer for their services. No other expenses are anticipated at this time.

Upon discussion, Commissioner Tom Stiger moved that the Commission adopt Resolution No. 1124 (2019) authorizing Port Staff to advertise and proceed with the public sale of vessels abandoned through the non-payment of moorage/storage fees under RCW 53.08 & Chapter 79.100 RCW. Commissioner Bruce Fingarson seconded the motion. A vote was called for:

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

Motion carried.

Central Marina Improvements Phase 4 – Authorization to Bid

Project Engineer Elise Gronewald reported that the Central Marina Improvements Phase 4 project accomplishes: 1) demolition of the existing Port-owned boathouses on G-Dock and reconstructs a new dock, 2) performs maintenance dredging in the area around Central G Dock and north of South P and Q Docks, and 3) relocates and consolidates existing private boathouses from various areas around the Marina to the east side of the new Central G Dock. The existing Port owned boathouses are over 50 years old and are at the end of their useful life.

The project was planned and designed by Engineering & Planning except for the electrical engineering which was performed by Harbor Power Engineers functioning as a sub-consultant to Engineering & Planning staff. In-water work permits have been received for the dredging. The demolition and reconstruction of G- Dock, as well as relocation of private boathouses are covered under the Port's Programmatic permit, which is expected to be received in May. Staff will not advertise the project for bids until the permit is received in hand. Provided the Programmatic permit is received, the project would be bid in May, with bids received in June, and Staff would request award from the Commission in July. Construction would then begin in the fall of 2019, with completion in the second quarter of 2020.

After discussion, Commissioner Tom Stiger moved that the Commission authorize the solicitation of public works bids for the Central Marina Improvements Phase 4 Project. Commissioner Bruce Fingarson seconded the motion. A vote was called for:

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

Motion carried.

Commission President's Report

Commissioner Bachman said that he recently attended a forum for Alaska business and the theme was "Military in Your Town" - and one of the two presenters was Captain Linda Sturgis of the U.S. Coast Guard who covers our region. Captain Sturgis praised the Port of Everett, and Security Director Ed Madura received outstanding accolades from her as well.

West Marine View Drive will be closed for approximately five days this summer due to the bridge construction.

Commission Discussion

Tom Stiger indicated the Navy was celebrating its 25th anniversary in Everett on Thursday and the Economic Alliance of Snohomish County is hosting a luncheon and ceremony. On Friday, there will be an open house on the Navy base with activities planned throughout the day.

Commissioner Fingarson said he was looking forward to the Retreat on April 24/25, 2019.

Citizen Comments

There were no Citizen comments.

No Executive Session was held.

THE REGULAR MEETING WAS ADJOURNED at 4:59 p.m.

APPROVED this 14th day of May, 2019.

EVERETT PORT COMMISSION

By: 
Glen Bachman, President


Bruce Fingarson, Vice President


Tom Stiger, Secretary