

EVERETT PORT COMMISSION
SPECIAL MEETING
FEBRUARY 14, 2019

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

CALL TO ORDER: Commission President Glen Bachman called the meeting to order at 11:02 am.

The Commission Meeting was recessed into Executive Session at 11:03am – for approximately 75 minutes - to conclude by 12:15pm.

The purposes of the Executive Session were to discuss with legal counsel 1) a litigation matter, 2) two potential litigation matters, and 3) the acquisition of real estate by lease or purchase when public knowledge regarding such consideration would cause a likelihood of increased price.

At 12:15pm, Chief of Legal Affairs Paul Brachvogel, in open session, extended the Executive Session by 20 minutes - to 12:35 pm.

At 12:35pm, Chief of Legal Affairs Paul Brachvogel, in open session, extended the Executive Session by 10 minutes - to 12:45pm.

At the conclusion of the Executive Session, there was no action taken by the Commission and there were no announcements. The regular business portion of the Special Meeting was recommenced at 12:50pm.

CONSENT AGENDA

- Approval of Regular Meeting Minutes of January 8, 2019, and Regular Meeting Minutes of January 15, 2019
- Approval of Bills for January 2019

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

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

Motion carried.

1. CEO/EXECUTIVE DIRECTOR'S REPORT

Executive Director Les Reardanz reported that Staff had a Job Order Contracting event at the Port recently which was very well attended, and thanked Maija Lampinen and her team for pulling it together. People from the city of Everett, Snohomish County, the Navy, Community Transit and numerous private contractors attended the event in order to learn how to do business with the Port.

Legislative Update

Chief of Policy and Communications Lisa Lefeber provided an update on state and federal legislative activities.

Beginning with state legislative activities, the Port of Everett has several areas of focus in Olympia this session; one being the Model Toxics Control Act (MTCA). The Port has \$16 million in the Governor's budget that staff is working to preserve going through the legislative session. Combined with the MTCA request, staff is working with the Washington Public Ports Association (WPPA), along with

various other strategic ports that have interest in this issue, to introduce legislation to help stabilize the account.

The Port has a \$3 million capital budget request for infrastructure investments to prepare for larger ships, the 2nd phase of the South Terminal Modernization project. The second capital budget request is a joint request with the city of Everett, Snohomish County and the Port of Everett for \$1 million to dredge the boat launch.

The Port is also seeking a Rail Bank Loan to help with additional costs for the South Terminal Wharf. This loan would help offset some of the Port's cash outlay for the South Terminal Wharf project that is currently underway.

Les Reardanz added that he, Commissioner Bachman and Lisa Lefebber were in Olympia recently meeting with legislators. As noted on the Port's web site, all three Commissioners were in Olympia for Port Day, and Commissioner Fingarson stayed an additional day to attend the Aerospace Day.

Lisa Lefebber said that for the federal update, the nation has just experienced the longest partial government shutdown in U.S. history, and as such, there have been several impacts to the Port's projects and initiatives as a result of the shutdown. The Port has received word from its representatives in Washington D.C. that the conferees have struck a compromise bill that includes the seven areas that have not been reauthorized, including transportation and HUD. That compromise bill essentially includes \$900 million more for build grants, i.e., TIGER grants. If it passes Congress, then it would go to the President's desk for consideration.

2. **CHIEF FINANCE OFFICER'S REPORT**
Increased Line of Credit with U.S. Bank

Chief Finance Officer John Carter explained to the Commission that the Port is considering acquisition of real property and within the Port's 2019 Budget there is a funding plan that includes the issuance of up to \$30 million in General Obligation Bonds. Bond issuance, due to regulatory requirements, takes up to 120 days to close. To ensure that the Port has available funds to close on a negotiated property acquisition quickly, it is proposed that the Port's Line of Credit with U.S. Bank be increased so as to provide a liquidity bridge for such an acquisition until bond proceeds can be received. U.S. Bank has authorized the increase in the Port's Line of Credit. K & L Gates is amending the Line of Credit agreement with U.S. Bank to reflect the higher limits. There will be up to \$10,000 in transactional fees to put the amended line of credit in place; all other terms including the interest rate calculations will remain the same as in the current agreement. Should a real property close and funds from the line of credit be accessed, it is anticipated that the General Obligation Bond proceeds will pay off that portion of the line utilized to purchase the property.

Upon discussion, Commissioner Bruce Fingarson moved that the Commission adopt Resolution No. 1121 amending the line of credit agreement with U.S. Bank to increase the authorized limit to \$35,000,000. Commissioner Tom Stiger seconded the motion. A vote was called for:

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

Motion carried.

Interlocal Agreement with City of Kirkland for Job Order Contracting

Procurement and Contracts Manager Maija Lampinen explained that the City of Kirkland has requested to piggyback on the Port's Job Order Contract with Forma Construction. The Port has sufficient contract capacity with Forma Construction to provide the City of Kirkland with their requested \$500,000 in contract capacity. The Port's current contract with Forma Construction expires March 30, 2020 with a one-year renewal option; therefore, the City of Kirkland would be able to utilize

this contract through March 30, 2020 or March 30, 2021 if the Port renews Forma's contract. Port staff would not need to provide any support for this contract once the interlocal has been approved.

The Port has already provided Community Transit with \$1,000,000 of its \$4,000,000 / year contract capacity and it is anticipated that the Port will use less than \$1,000,000 this year, so the Port has sufficient contract capacity to assist the City of Kirkland with the request.

After discussion, Commissioner Tom Stiger moved that the Commission authorize the CEO to sign the Interagency Agreement (Job Order Contracting with Forma Construction) with the City of Kirkland. Commissioner Bruce Fingarson seconded the motion. A vote was called for:

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

Motion carried.

Les Reardanz announced that today's meeting will be the last meeting for John Carter as the Chief Finance Officer (CFO) and thanked John for his dedicated hard work as CFO for the Port of Everett. John Carter has increased the Port's sophistication on financing. John will be missed as the Port's Chief Finance Officer.

Les Reardanz also announced that Paul Brachvogel will be leaving the Port. This meeting is Paul's last meeting as the Chief Legal Advisor and Les thanked Paul for his efforts over the past few years at the Port and wished him great success with his next chapter.

3. INITIATIVE ONE: SEAPORT MODERNIZATION

Cranes

Chief of Policy & Communications Lisa Lefeber reported that the Port has signed the acquisition contract for the two, 100-foot cranes plus spare parts for the South Terminal. Port staff expects to receive the signed contract from the Operator tomorrow, and next week the contractor and mover will be in Los Angeles bracing the cranes and prepping them to be moved. The cranes need to be off the terminal in Los Angeles by June 3, 2019 and are expected to arrive in Everett during the late June timeframe. Once the cranes are in Everett, they will get staged and painted a smoke blue color as per the Shoreline Permit. Once they are painted, maintenance work will be performed and then they will be moved onto the dock which will be in line with the December 2019 completion schedule.

Laura Gurley, Port Planner, was successful in getting a two-week extension for the in-water work window so that the Port could complete the pile driving that needed to be done within that timeframe. The Port had five Corps permits that needed extensions and Laura Gurley was able to secure all of the needed extensions.

Some of the sediment sampling came in for the Mill-A project and the contamination in front of the South Terminal is more extensive and deeper than originally thought, and so the Port is reviewing next steps for the project.

4. INITIATIVE TWO: WATERFRONT PLACE CENTRAL

Chief of Business Development Terrie Battuello reported that she had a discussion with John Shaw about the housing development. HUD has taken swift action in appointing a high-level underwriter to work the project and to keep the momentum moving forward. If the developer gets the early start on the HUD loan, this would allow the developer to start on the project before the loan is actually issued, by using their own money. They would be starting about four weeks after the issuance of the early start permit. American Classic Homes' investor, Graycor, is the largest apartment developer on the west coast and has access to the traditional funding

markets. If for any reason the HUD project does not go forward, American Classic Homes would still have the option of funding the project through traditional sources. Also, the contract for the project has a “claw back” provision and it can be clawed back from American if the project isn’t started over the summertime.

5. DEPARTMENT REPORTS

Properties - Marina Village

Precious Medical Spa, LLC Office Lease

Terrie Battuello reported that Mukilteo resident Hye Soon Choi is an individual wishing to start a new business called Precious Medical Spa, LLC to offer skin care services including laser fat removal. The new tenant wishes to occupy Suites 212, 206 and 208 in the Marina Village office building. The proposed lease will run for approximately five years (58.5 months) with one, five-year option to renew. The space is 1,304 square feet and no tenant improvements or allowances are required by the contract. The rent is \$17.50 per square foot (waterside of building) and will require the pro rata share of common area maintenance charges and Washington State Leasehold Tax (12.84% of the lease value). A security deposit of \$5,703 is based on a cash deposit of three month’s rent. Under RCW 53.08.085, the Port Commission has the right to authorize a security deposit lower than the State’s one-year standard, if the level of rent security is consistent with like-kind property.

Port staff, having performed their regular due diligence including professional reference checks, verification of city and state licenses, credit/criminal background reports, and verification of credentials, recommends that the lease be authorized.

Upon discussion, Commissioner Bruce Fingarson moved that the Commission authorize the CEO to sign the Hye Soon Choi Office Lease, dba Precious Medical Spa, LLC, for Marina Village Office Building Suites 212, 206 and 208, in a form substantially as presented. Commissioner Tom Stiger seconded the motion. A vote was called for:

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

Motion carried.

Marina

Marina Rates

Marina Director Jeff Lindhout briefed the Commission that in accordance with Resolution No. 891, Marina Staff have developed new 2019 Marina rates that address moorage, storage and other miscellaneous services. The new rates were developed by Marina Staff by comparing the 2018 Marina rates with comparison rates within the regional market. Lindhout stated that rates generally are slightly higher in the markets south of the Port of Everett and slightly lower in the markets north of the Port. The Port of Everett moorage rates continue to remain below its closest competitor, the Port of Edmonds Marina. Rates in smaller open moorages tend to be lower than the Port’s competitors because of higher availability in these moorages. Port Staff will be implementing a 3.5% rate increase to moorage and storage rates for 2019 which will keep rates competitive. Moorage occupancy continues to increase modestly each year at a rate of about 1% - 2%, and the Marina continues to have waiting lists for moorages 32 feet and above. Port Staff will continue to evaluate rates annually as moorage occupancy and demand increases.

The boat launch and guest moorage fees will see a slightly more significant increase to come up to competitive market.

Jeff Lindhout added that the Port of Everett provides state-of-the-art services in an environmentally friendly manner, including haul-out and pressure wash services; however, due to a higher operational cost structure, the rates on these services generally approach the higher end of the market in rate comparisons. As such, the

Port evaluates each of these services on an individual basis and the 2019 proposed rate adjustments show either no adjustment or modest adjustments to these services.

Port Staff will post the new rates and policy changes on the Port's website and at the Marina gatehouses by March 1, 2019, and will report back to the Commission prior to the proposed effective date of May 1, 2019.

Seattle Boat Show

Jeff Lindhout said that attendance was down a bit at the Seattle boat show this year with just under 50,000 attendees; however, this was expected with the traffic closure of Highway 99. At the event, the Port of Everett received a lot of questions about the Port's Waterfront development, moorage availability, parking and also questions about the Boats Afloat program.

Projects Update

Riverside Business Park, Public Access Trails & Viewpoints – Contract Award

Project Engineer Elise Gronewald reported that Port Staff is seeking Commission authorization to award the Riverside Business Park Public Access Trail Segments C, D, F, J and K, with Viewpoints G and H project to McCann Construction Enterprises in the amount of \$717,918. The project will consist of Bid Schedules A through D.

The project completes previous agreements between the Port and city of Everett set forth under the 1999 master plan. The Port is obligated to fulfill the requirements set forth in the Public Access Agreement with the city of Everett by March 2019. The obligations include the public access trails and viewpoint construction to be underway by March 2019.

The project includes 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. The project will extend public access along the shoreline and enhance habitat for wildlife in the area. Some of the plantings included in this project are 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 once completed 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 WAC Rule 171. The Port advertised for bids on December 18, 2018 and opened bids on January 22, 2019. Engineering, the contracts administrator and project team have reviewed the lowest responsive and responsible bids and recommend the award to McCann be authorized for this project.

After discussion, Commissioner Tom Stiger moved that the Commission award the contract for the Riverside Business Park Public Access Trails and Viewpoints project to the responsible bidder submitting the lowest responsive bid, McCann Construction Enterprises, Inc., in the amount of \$717,918. Commissioner Bruce Fingarson seconded the motion. A vote was called for:

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

Motion carried.

Commission President's Report

Commissioner Bachman commented that last Saturday, a black-tie gala was held at Paine Field Airport which was well attended. There was food, drinks and plenty of entertainment at the event. A special attendee was the second in command for the Federal Aviation Association (FAA) who indicated that Paine Field was the model for upcoming terminals going into the future.

Commissioner Bachman said he provided testimony to the Regional Apprenticeship Partnership (RAP) program and the importance of it to the County. Snohomish County is one of the leading manufacturing hubs in the region and the RAP program will be a great asset to our County.

Commission Discussion

Commissioner Fingarson thanked John Carter and Paul Brachvogel for their service to the Port.


Citizen Comments

There were no Citizen comments.

THE SPECIAL MEETING WAS ADJOURNED at 1:50 p.m.

APPROVED this 12th day of March, 2019.

EVERETT PORT COMMISSION

By: 
Glen Bachman, President


Bruce Fingarson, Vice President


Tom Stiger, Secretary