

**Minutes of Everett Port Commission  
Regular Meeting  
March 2, 2021**

<b>PRESENT:</b>	Tom Stiger Lisa Lefebber	President Executive Director
<b>ZOOM:</b>	Glen Bachman David Simpson Eric Russell Brad Cattle	Secretary Vice President Chief Finance Officer Port Attorney

**CALL TO ORDER:** Commission President Tom Stiger called the meeting to order at 12:00 p.m.

**CEO/EXECUTIVE DIRECTOR'S REPORT**

**COVID-19 Update**

CEO/Executive Director Lisa Lefebber was happy to report that Johnson & Johnson vaccine just got approved and there are now three vaccines that can fight COVID-19. Lefebber is hopeful that Port workers will be eligible for a vaccination soon. Based on the data trends in Snohomish County and across the Nation, the hospitalization rate is down significantly, most likely tied to the ramp up of vaccinations. If the trend continues, while the Governor has paused reopening as of right now, the expectation and plan is to reopen both Administration and Marina offices to the public on May 1, 2021.

**Commission Retreat – April 12 & 13**

CEO/Executive Director Lisa Lefebber stated the Commission Retreat is scheduled for April 12 and 13 in the Blue Heron Room and will be a combination hybrid of in-person and Zoom. All three Commissioners indicated that they will be attending in-person for the retreat. Lefebber will be looking at the Governor's guidance to see if that is allowable but will plan on continuing participation via Zoom, like how Commission meetings are held now.

**Storm Damage Update**

CEO/Executive Director Lisa Lefebber reported the Port was hit with an unexpected storm in January that damaged the fendering system along with other items at the South Terminal. Maija Lampinen, Carl Wollebek, Eric Russell and team did an amazing job at getting the Contractors and crews onsite as soon as possible. American Construction has finished the repair at the fendering system, so the dock is able to accept a ship now. The work on the riprap and shore stabilization is ongoing. Based on the work they have done; it appears the Port does not need to move forward with another project during this next fish window. Laura Gurley has done a great job trying to get the Port permit extensions with only four days of work left but does not know when those four days are.

**2020-2021 Corps Dredging Status**

CEO/Executive Director Lisa Lefebber reported the Port of Everett is the local sponsor for the U.S. Army Corps of Engineer dredging and maintenance of the Snohomish River upper and lower settling basin. The Port works at the federal level to advocate for funds for the maintenance of the channel which has downstream benefits, so the seaport and Navy don't have to dredge on a maintenance basis. The work started in December 2020 and was complete January 27, 2021. They removed over 152,000 cubic yards of material and it was disposed in an open water disposal site in Port Gardner Bay. The Port does pay a

disposal fee as local sponsor, in this case was about \$69,000. Typically, we would like to dispose of the material on Jetty Island, when the dredging is in the lower settling basin. The Port team is working on additional nearby upland disposal sites that could hopefully prevent future need to dispose in open water.

## **CHIEF FINANCE OFFICER'S REPORT**

### **Draft Year End 2020**

Chief of Finance Eric Russell provided a 2020 fourth quarter draft financial report. Russell stated this report has not been audited yet, so all the numbers are preliminary. Russell outlined revenue was less than budget by \$538,000 and less than 2019 by \$1.2 million. Operating expenses totaled \$24.2 million which is 9 percent less than 2019 fourth quarter. Income before depreciation is \$6.4 million versus a budget of \$7.2 million resulting in operating income \$0.7 million less than budget but \$1.2 million greater than December 2019. Non-operating income and expenses in 2019 reflects increases or decreases in Environmental expenses that will be calculated for 2020 as part of the audited report, as well as an accounting entry that reflects Other Post-Employment Benefits (OPEB) liability related to the switch to PEBB health insurance. Neither are cash expenses, but rather changes in estimated liabilities. Expect an increase in both accounts for 2020 in the audited report.

CEO/Executive Director Lisa Lefebber thanked all the Port Staff and the Commission for being able to manage through 2020 with all the uncertainties. Lefebber thinks the Port ended in a very stable position given all the uncertainty. Lefebber wanted to caution the Commissioners that the Port is just starting to see the downturn in the aerospace business. Historically, when there is a recession such as this that involves aerospace and high value projects like breakbulk, the Port typically has an ok year the first year of the recession and the second year is worst. The Port will then start to recover in 2022. Lefebber wants to manage the Commissions expectations that Staff does expect 2021 to be a lean year and have budgeted accordingly.

### **AFTS Data Incident**

Chief of Finance Eric Russell reported AFTS has been a service provider for the Port since 2001, initially taking payments from Marina customers through the mail. Over the years, the Port has added additional services including mailing statements to Marina customers and started ACH direct debits to customer accounts who signed up for that service. They also provided the back side of the web pay ability for Marina customers and expanded into taking payments for terminal customers as well as lease customers. In early February 2021, they had a data incident, a ransomware attack and the AFTS servers were locked up by this attack. They provide services for several utilities around the Puget Sound, but they are a nationwide firm, so they have customers across the country. The attackers requested \$5.6 million to provide the keys to unlock the data files. They decided not to pay and started rebuilding their systems from scratch to bring the service back online. They currently are processing some payments; however, they do not have all their capabilities back. The Port has received some information from them on the incident, however they are still recovering from this attack. In response, the Port has started looking at changing providers., The Port has made an insurance claim and the insurance company has assigned an attorney to assist the Port and we are in touch with them as needed. They have also provided help on how to communicate this to customers. Russell will provide a follow up briefing in April on current status.

**NORTON TERMINAL (MARITIME INDUSTRIAL EXPANSION).**

**Aspect Contract**

Director of Environmental Programs Erik Gerking reported Port Staff is seeking Commission Authorization to waive competition and enter into a professional services agreement with Aspect Consulting to assist the Port with the former Kimberly-Clark Mill Site environmental cleanup. As a condition of the Port's acquisition of the Kimberly-Clark Mill Site (K-C Site) in 2019, the Port took on the responsibility for carrying out the remaining formal environmental cleanup process with the Department of Ecology. The Port is working with Ecology to amend and enter the Agreed Order for this cleanup. Aspect Consulting has been the environmental cleanup consultant on the K-C Site since the cleanup process began in 2012, working as a consultant to Kimberly-Clark. Port staff conducted several interviews and meetings with Aspect Consulting and determined that, in addition to their good industry reputation, their project manager and supporting team have a high level of environmental consulting expertise and have uniquely valuable site-specific experience. Based on these two primary factors, Staff believes that Aspect Consulting is the best qualified firm to assist the Port on this project, and therefore request the Commission to waive the administrative procedures requiring competitive solicitation process for this contract.

Funding for this project is supported through the Port's Commission approved 2021 CIP budget. The Port has applied for a Department of Ecology remedial action grant for the 2021-2023 biennium, which would off-set the consulting costs by 50 percent, if the Port is successful in obtaining the requested grant. Additionally, as part of the Port's acquisition of the former K-C Site, the purchase price was discounted in exchange for the Port assuming all of Kimberly-Clark's environmental liabilities associated with the K-C Site.

The remaining upland cleanup work that Aspect would be performing for the Port is primarily post-cleanup documentation, scientific studies and reporting, regulatory negotiations with the Department of Ecology and long-term groundwater monitoring.

Commissioner Glen Bachman asked where is the PUD in their engineering, permitting, or acquiring equipment for their scope of the project? CEO/Executive Director Lisa Lefebber stated staff will need to get a status update and report back next week.

After discussion, Commissioner Glen Bachman moved that the Commission waive the Request for Qualification Process and authorize the Executive Director to sign the task order based professional services agreement with Aspect Consulting for a not to exceed value of \$400,000 for the Kimberly Clark Upland Cleanup project. Commissioner David Simpson seconded the motion. A vote was called for:

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

Motion carried.

**Early Action Pre-Load – Authorization to Bid**

Chief of Engineering and Planning John Klekotka reported that in order to compact existing woody on-site soils, the Port needs to pre-load portions of the Norton Terminal site. The pre-load will consist of the purchase of crushed gravel, which will subsequently be used as the pavement base course material for the entire site. The crushed gravel will be placed approximately six feet high over an area of five acres

toward the northwest corner of the site where most of the subsurface woody soils are present. Steel plates will be installed to monitor the settlement of the pre-load area and determine when the preload material can be removed and installed around the remainder of the site as pavement base.

Port staff is requesting authorization to solicit public work bids for the supply, import and placement of the crushed gravel material. Since this work is part of the overall BUILD grant with the federal Maritime Administration (MARAD), Staff would not seek Commission bid award until after the grant agreement has been finalized.

CEO/Executive Director Lisa Lefeber added the Port is currently working through NEPA and cannot disturb the site until the NEPA is complete. The Port cannot start work on the site until the grant agreement is complete. Because the Commission wants to keep the project moving on an expeditious basis, Staff is structuring the work for time efficiencies. Because the Port does not know when to expect a grant agreement from MARAD, there is a possibility that Lefeber will ask for a Special Commission Meeting to approve the grant agreement in order to keep on schedule and award contract on this particular scope of work.

After discussion, Commissioner David Simpson moved that the Commission authorize Staff to solicit public works bids for the Early Action Pre-Load contract for the Maritime Industrial Expansion/Norton Terminal project. Commissioner Glen Bachman seconded the motion. A vote was called for:

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

Motion carried.

## **DEPARTMENT REPORTS**

### **Properties**

#### **Laura Lou Massage Lease**

Chief of Business Development Terrie Battuello reported Laura Lou Massage, LLC entered into a Use Agreement with the Port for an office suite in Marina Village a year ago (2020). Building on her success to date, this tenant wishes to enter into a longer-term lease of three years. Suite 218 in the Marina Village office building (SM1) includes 374 Rentable Square Feet (RSF). The three-year lease establishes rent of \$21.63 per RSF (\$1,021.84 per month) with a 2.5% annual escalation on the lease anniversary expiring on March 31, 2024. This lease generates \$24,880.64 of revenue over the base term of the lease not including its 1.74% share of building common area maintenance expenses. The security deposit is \$654.50 based on the original first month's rent. The tenant is in good credit standing and has been a quality tenant for the last year.

After discussion, Commissioner Glen Bachman moved that the Commission approve the Lease of 1205 W. Marine View Drive, Suite 218 (374 RSF) with Laura Lou Massage, LLC for three years, substantially as presented, including the Lease Bond specified in the Lease and authorize the CEO/Executive Director to sign the Lease. Commissioner David Simpson seconded the motion. A vote was called for:

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

Motion carried.

**Marine Power Lease**

Chief of Business Development Terrie Battuello reported Michael Pruitt is a sole proprietor offering marina maintenance and repair including but not limited to engine repair and related systems, minor welding, and fabrication services to recreational and commercial boaters in Everett under the trade name Marine Power Service. This company is a reliable and quality tenant doing business at the Port since 2010. His current five-year lease expires on March 31, 2021. He would like to extend his time at the Port under a new lease for three years.

The new lease includes 1,114.74 Rentable Square Feet (RSF) in suite 113 facing the Craftsman Boatyard in the Waterfront Place Center building. The three-year lease establishes rent of \$11 per RSF (\$1,021.84 per month) with a 2.5% annual escalation on lease anniversary, expiring on March 31, 2024. This lease therefore generates \$37,714 in revenue over the base term of the lease not including common area maintenance expenses. There is no tenant option to extend this agreement because the adjacent space will have preference for expansion purposes. The tenant will also pay 7.5% of any common area expense for the building.

After discussion, Commissioner David Simpson moved that the Commission approve the Lease of 1205 W. Marine View Drive, Suite 113 (1,114.74 RSF) with Michael Pruitt dba Marine Power Service for three years, substantially as presented, including the Lease Bond specified in the Lease and authorize the CEO/Executive Director to sign the Lease. Commissioner Glen Bachman seconded the motion. A vote was called for:

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

Motion carried.

Commissioner Tom Stiger asked about building D. Battuello explained that building D1 is where Scuttlebutt Restaurant parking is currently and in order to build D1, the Port would have to build a new parking lot to the north of Waterfront Place. The Port is also relying on the parking to make sure the parking for the new restaurant building is enough. In addition, the Port has not had the demand that is needed to justify additional shop space and the construction costs for building D1 would price out the shop owner. The current strategy is to relocate OceanGate into a retrofitted Ameron facility, opening up 5,000 square feet (SF) and making that available to tenants. The Port expects to have 70,000 SF of space in the Ameron building available to maritime users.

**Projects**

**Ameron/Hulbert Site Cleanup – Authorization to Award**

Environmental Engineer Elise Gronewald reported Port Staff is seeking Commission authorization to award a public works bid for the Ameron/Hulbert Site Final Cleanup Action project to Strider Construction. The Port is implementing the Final Cleanup Action for the North Marina Ameron/Hulbert site (Ameron/Hulbert Site), pursuant to Consent Decree No. 15 2 01720 7 between the Port and the Washington State Department of Ecology (Ecology). The Port settled with the other potentially liable

parties in 2014, making the Port the sole responsible party for executing the remaining terms of the Consent Decree.

The scope of the project is critical to future commercial uses for the former Ameron property, as it will address the last remaining soil cleanup actions required under the Consent Decree, which support site repurposing and redevelopment. This project will include the removal and disposal of roughly 5,500 tons of contaminated soils, import and placement of clean backfill, and restoration of the site, including asphalt pavement. Once complete, the Port will initiate long term groundwater monitoring to ensure the cleanup is meeting the required cleanup standards.

The Port's costs to implement the Final Cleanup Action are eligible for Ecology MTCA grant reimbursement at a rate of 50 percent. Ameron, Oldcastle, and the Hulbert's settled with the Port in December 2014 for \$2.2 million for past and future cleanup costs.

The construction budget, including contingency, for 2021 is \$1,000,000. The Port received authorization to solicit public works bids for this project in January 2021. Bids were due February 18, 2021 and 11 bidders responded. The lowest responsive and responsible bidder is Strider Construction Co. out of Bellingham, Washington with a bid of \$852,789.15 including Washington State Sales Tax.

After discussion, Commissioner Glen Bachman moved that the Commission award the public works contract for the Ameron/Hulbert Site Final Cleanup Action project to Strider Construction Co. in the amount of \$852,789.15, including Washington State Sales Tax. Commissioner David Simpson seconded the motion. A vote was called for:

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

Motion carried.

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

Commission President Tom Stiger stated the Commission Retreat has been scheduled for April 12 and April 13. There will be a regular Commission Meeting on April 6. CEO/Executive Director Lisa Lefeber explained the meetings will be structured in a way that staff will get most of the normal business done at the first meeting of the month and save the second meeting for the Commission Retreat. All of these meetings will take place in the Blue Heron Room, as well as on Zoom.

#### **Commission Discussion**

Commissioner Glen Bachman reported he attended the Pinehurst Neighborhood meeting last week with Catherine Soper, Public Affairs Manager. There were a couple good questions and a great presentation. Commissioner Bachman is also in a historic Everett Facebook club and they have provided a few gems of photos that he's been able to pass along to staff and learned there used to be a ferry terminal in Everett and now Everett is a candidate for another one.

Commissioner David Simpson stated he is glad to see all the Commissioners getting involved with the neighborhoods and thanked them for their efforts.

**Citizen Comments**

There were no citizen comments.

**Executive Session**

Commission President Tom Stiger recessed the meeting into Executive Session at 1:32 p.m. for approximately 15 minutes – to conclude by 1:45 p.m. The purpose of the Executive Session is to discuss with legal counsel a potential litigation matter.

At 1:45 p.m. in open session, Port legal counsel Brad Cattle announced that the Executive Session would be extended an additional 15 minutes – to conclude by 2:00 p.m.


At the conclusion of the Executive Session, there was no action taken by the Commission and there were no announcements. The Regular Commission adjourned at the conclusion of the Executive Session.

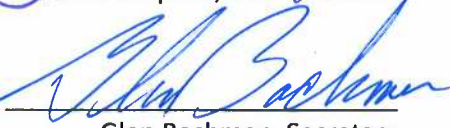
**THE REGULAR MEETING WAS ADJOURNED at 1:53 p.m.**

**APPROVED** this 13<sup>th</sup> day of April, 2021.

**EVERETT PORT COMMISSION**

By:   
Tom Stiger, President

By:   
David Simpson, Vice President

By:   
Glen Bachman, Secretary