

**Minutes of Everett Port Commission
Regular Meeting
October 13, 2020**

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

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

CONSENT AGENDA

- Approval of Regular Meeting Minutes of September 1, 2020 and Special Meeting Minutes of September 15, 2020
- Approval of Bills for September 2020

Commissioner David Simpson moved that the Commission approve the items on the consent agenda for October 13, 2020. Commissioner Glen Bachman seconded the motion. A vote was called for:

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

Motion carried.

CEO/EXECUTIVE DIRECTOR'S REPORT

CEO/Executive Director Lisa Lefebber reminded the Commissioners the Commission meetings for November will be November 3 and November 10. Lefebber expects to present the budget on November 3 and Public Hearing for potential Commission adoption on November 10. As Chief Financial Officer Eric Russell has mentioned the budget needs to be filed with the County no later than December 1, 2020.

CHIEF FINANCE OFFICER'S REPORT

Resolution No. 1156 (2020) US Bank Line of Credit

Chief Financial Officer Eric Russell reported the Port has had a line of credit (LOC) from US Bank since October 7, 2017. This has been used to smooth cashflow needs and provide bridge financing in anticipation of longer-term financing. The LOC is for one year and therefore must be renewed annually. The LOC is available for an amount of \$10,000,000. The Port typically uses this for short-term cashflow issues. The interest rates charged have changed from the previous year but are reflective of the current low interest rate environment. There are no other changes to the terms, except the termination date.

After discussion, Commissioner Glen Bachman moved that the Commission approve Resolution No. 1156 (2020) authorizing the renewal of a \$10,000,000 line of credit with US Bank for the one year. Commissioner David Simpson seconded the motion. A vote was called for:

Vote:	3-0
Yes:	Bachman, Simpson, Stiger

No: None
Abstained: None

Motion carried.

Resolution No. 1157 (2020) Lease Equipment Financing

Chief Financial Officer Eric Russell reported the Port has established a Master Lease with Bank of America to provide funding for various equipment purchases. To date the Port has accessed the Master Lease agreement six (6) separate times, financing equipment used at the Seaport as well as the Marina. The most notable use is for the new gantry cranes at the South Terminal.

As part of the new pulp export operation the Seaport is acquiring two new forklifts, configured to be more efficient in moving the pulp bales when unloading rail cars as well as during ship operations. The total cost for the Forklifts is \$195,418.75 (including Washington State Sales Tax). In addition, the Seaport has leased a shuttle wagon, enabling rail cars to be relocated without locomotive assistance. As part of this transaction the Port would transfer the fair market value of the shuttle wagon from the current lease and only have payments for the contract length, rather than the current indeterminate payment schedule.

Commissioner Tom Stiger asked if the Port will have the option to purchase the forklifts. Russell stated at the end of the lease term; the Port will own them. This is a capital financing arrangement where the Port will own the equipment outright at the end of the lease term.

Commissioner Glen Bachman asked during the time of the lease, is there a third party that does the maintenance on the equipment. Russell stated no, Port Staff will do the maintenance on them, even though the Port is leasing the equipment, Port Staff are responsible for maintenance and any operational needs of owning the equipment.

Upon discussion, Commissioner David Simpson moved that the Commission approve Resolution No. 1157 (2020) authorizing the CEO/Executive Director to execute the necessary documents for Lease Schedule 07 of the Master Lease with Bank of America. Commissioner Glen Bachman seconded the motion. A vote was called for:

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

Motion carried.

MARITIME INDUSTRIAL EXPANSION

Norton Terminal Update

CEO/Executive Director Lisa Lefeber reported the Port team is working very diligently on the complex permitting for this project as well as the environmental cleanup and how this project integrates with the overall cleanup effort that is currently underway. Director of Environmental Programs Erik Gerking mentioned last week that Kimberly Clark has removed 180,000 tons of contaminated material which is equivalent to 14,000 dump truck loads of material. Then Kimberly Clark is backfilling with material from Parcel O. They are on-time and on-schedule to complete by the end of 2020. The Port's Operation Team has been working with US Customs on different ways to integrate the existing Seaport into the new Norton terminal and how those access routes work.

In terms of the grant agreement, the Port did receive word from the grant team. The Port will start the negotiations on the grant agreement which is standard. Before the grant agreement can be finalized and before the Port can start expending money against the grant, the environment reviews need to be done. That work is underway and will have an update for the Commission soon.

Project Manager Brandon Whitaker is working on updating the Marine Terminal Master Plan to include Norton Terminal into the footprint which will go before the Commission next month.

Commissioner Tom Stiger asked if the plan is still for Kimberly Clark to complete their cleanup by the end of the year. Lefebber stated yes, they are still on schedule to complete by the end of 2020. The current schedule shows the Port will be under construction in mid-2021.

SEAPORT MODERNIZATION

Crane Move Update

CEO/Executive Lisa Lefebber reported last month that the Port had reached terms with the Bargreen Family to move forward to finalize and execute the documents. There has been major frustration on her part with how long it has taken both legal teams, including the Port and Bargreens, to reach agreement on some of the minor details. Lefebber has directed the Port's legal team to get this resolved. They are down to the legal descriptions of some of the easements. It has taken way too long and Lefebber wants everyone to acknowledge that and the Port continues to rack up legal fees while waiting to resolve these issues. Lefebber stressed that this is a priority for the legal team to get this wrapped up.

Lefebber reported the Port is scheduled to move the cranes November 18 and 19. From December 2 to December 22, they will be commissioning on the dock and they will be operational by December 25, 2020.

Citizen Comments

Tom Ehrlichman, Dykes Ehrlichman Law Firm; Mr. Ehrlichman thanked the Port CEO Lisa Lefebber for providing an update and reaffirming the Port's commitment to getting the settlement agreement signed as soon as possible. The Bargreens signed all the documents on September 22 and Mr. Ehrlichman hand delivered them to Anderson Hunter Law office. They have waited since then for the Port CEO to sign the documents and of course the document signing was authorized by the Port Commissioners on August 11 and reaffirmed on September 11, when the final documents were put together. As far as the Bargreens are concerned, they have ended the 30-year dispute, as it was characterized, and very pleased that the parties were able to, through mediation, reach an agreement on modifying the Ports 2017 agreement with the Bargreens. Without diving in, Mr. Ehrlichman recapped quickly, the Port had come to the Bargreens saying that the Port wanted to retain the orange striping at the top most part of the cranes which is directly in the Bargreens view and so in order for the Bargreens to accommodate that through mediation, there was an agreement to amend the 2017 agreement through a cash settlement. That has all been approved and the Port CEO has been authorized to sign the agreements. Mr. Ehrlichman is speaking today to simply stress the importance of the Port CEO signing the documents as soon as possible because with the Port moving ahead in November to put the cranes in place, understandably the Bargreens have wanted to see the Port complete its part of the settlement agreement with its signature. That will put everyone at ease and all can breathe a sigh of relief and deal with the rest of life as they know it.

Mr. Ehrlichman's final comment would be, he just emailed Emily Hammer the final map that was in question between the attorneys and that map is the same map that was in the 2017 agreement that was presented to the Ports attorneys, the complete agreement in reaffirming that south property line of the Ports property, it is the limits of the Port district and the City shoreline and master program, there is no dispute from any party about where that southern boundary is. They are waiting as patiently as they can and he's sure the Ports attorneys are finding his emails a little bit aggressive but they just want to see the final map and legal description from the surveyor that conforms to that map that everyone all agreed was the southern boundary. As soon as they get that approved, all the other legal descriptions and maps, can be prepared by the Ports surveyor. There is no impeditive in his mind affecting real estate language for 29 years, why the Port CEO could not cement this settlement right now while the surveyor works out the legal description on that. Mr. Ehrlichman believes everyone is in complete agreement, no need to record the documents for the parties to sign and that is why the Bargreens signed. They are ready to go and would like to see the Port come back with confirmation and he is speaking to everyone today, elevating this he thinks beyond the line of soldiers, if there is anything the Commissioners can do to emphasize the importance of getting this done before more time drags by as we near the date of the crane move, that will provide the maximum certainty to all parties and put everyone at ease. Mr. Ehrlichman thanked the Commissioners for taking the time to listen today and appreciates the emphasize of getting this settlement signed.

Lefebber thanked Mr. Ehrlichman and like the Bargreens, she shares similar frustrations, and the Port team is standing by and ready to get everything finalized. Lefebber asked Mr. Ehrlichman to work with the Port's legal team to get some clarity, and we will get this finalized.

Commissioner Tom Stiger asked if there was an issue perhaps with Burlington Northern reading the south boundary that the surveyor had done. Lefebber stated no, it is basically the area outlined in the Port's southern boundary of the Marine Terminals Master Plan, so it is all very consistent. It is the little details in terms of what is coming back from the title company in terms of legal descriptions to amend and add to the easements. This is not something that cannot be achieved or solved with cooperation so if the legal teams can get together and hash out the one last detail, Lefebber is standing by to sign immediately.

Commissioner Stiger asked Mr. Ehrlichman about his question about a January 1, 2021 date, is that part of the issue that Lefebber just commented on. Mr. Ehrlichman stated no, he was simply saying he did not need to speak today if the date has been moved out of installation of the cranes. In other words, if there is more time spent on getting a final legal description from the Port attorneys, let's take that time, that's fine, he didn't need to speak today, that's all that related to. He appreciates Lefebber's comments very much. The reason he sent Emily Hammer the map just now was to make very clear to the Ports attorneys that they have no question where that line is, it's a simple matter for the surveyor to draw up the line on a map and legal description that exactly matches the purple line then that would complete it. They are waiting to hear from the Port attorneys on that and they have not received it yet. There is urgency if the installation date is in November because then its within 30 days of installation and do not want the parties to go another day or week without having the agreement signed. Mr. Ehrlichman is very concerned on how long this is taking, and it is not anyone's fault, it has to be worked out. He would very much appreciate the Commissioner to send a signal to get the surveyor on track and get that work done today. If this agreement can be signed today, then let's get that done. If the Port attorneys are not ready to present Mr. Ehrlichman with the final legal description on that one line, then perhaps the Port would push the date of installation. Mr. Ehrlichman looks forward to getting this signed and in fact, he has asked the Port attorneys four or five times to tell him if the CEO can sign the documents like the Bargreens have done while this final surveyor work gets worked out then we all know the deal is done and life can move

forward. So that is a question he has never heard an answer but today he heard the CEO dedicate herself to sign the documents and he doesn't know why we have to wait for a legal description from a surveyor to do that and can certainly put that in place immediately after that work is done. There is no dispute between the party so let's get it signed.

Lefeber will work with the attorneys to make sure the agreement gets done.

DEPARTMENT REPORTS

Properties

Hat Island Use Agreement

Chief of Business Development Terrie Battuello reported for more than 40 years, the Port of Everett (Port) has hosted Hat Island residents (User) and its ferry service within the Waterfront Place Neighborhood. Generally, agreements for parking or other marina services span only one year and are approved administratively; however, the contract before the Commission is a three-year contract. The Port and User have worked closely over the last five years to resolve a tangle of competing issues to arrive at the agreement being proposed. The agreement provides moorage and a landing for the Hat Island Passenger Ferry, a landing for the landing craft used to move large freight to and from the island and sets into place the structure for parking permits for up to 45 residents of Hat Island to purchase monthly permits online in 2021. The parking permit fee has been increased gradually over a period of seven (7) years to bring it to a reasonable market value; \$656.63 per year. This represents a rate that is 80% of comparable surface lots in the North Everett area and seasonal discounts. Starting this year, vehicles will no longer be able to put covers on cars or park for more than 29 days at a time consecutively. The Port also provides garbage services via the Marina facilities at a reasonable cost.

Commissioner Glen Bachman asked where the temporary Hat Island residents will park. Battuello stated people who have a residency on the mainland will not need a regular fulltime parking spot and will be able to park at the Marina to go to the Island for a few days. The parking management solution for this in 2021 will be implemented by pay-to-park in the general parking areas. The first two hours are free and then after two hours, there is a pay-to-park feature. That facilitates both Hat Island that just want to park by day with a day rate of up to 29 days and marina slipholder guests that go out on a boat with someone and want to park, there was no solution for over 72 hours. Today, they would be able to park in general visitor for 72 hours without paying. Next year, they will be able to park for two hours without paying and then they would have to pay a daily rate after that. The Port is trying to cover the cost of parking management with these fees. If not collected with the fees, then the slipholders and commercial tenants end up paying for it. The Port is trying to make the parking a reasonable cost and continue to stay far below anyone else in the area in terms of how much the Port is charging for parking. CEO/Executive Director Lisa Lefeber added the Port must look at this holistically. The number one comment received is that people just want to come down, hang out, go to restaurants, and walk along the waterfront so that is why the first two hours are free.

Commissioner David Simpson mentioned that he has never been to Hat Island and asked Battuello or Lefeber when the next ferry ride is, and if he could ride over and back. Battuello will connect Commissioner Simpson with the Hat Island Manager and get that scheduled for him.

Commissioner Tom Stiger asked about the landing craft which uses the boat launch area, he noticed that there is a user charge of \$500 for up to four round trips. Is that included in the \$656.63? Battuello stated no, the \$656.63 is what the parkers pay. For the landing craft, they bring in a contractor and they receive money from the islanders, and all sign up. The landing craft takes up a launch lane for 3-4 days. It is a

lengthy period to tie up of the launch and a lot of staging, but the island community pays that money to the marina for the use of the launches and pays for the slip and landing. They also share a garbage service. Commissioner Stiger asked if they keep the landing craft in their marina when it's not in use. Battuello stated no, they have a contract with an outside party that provides the landing craft, it is not Hat Island's.

After discussion, Commissioner David Simpson moved that the Commission authorize the CEO/Executive Director to sign the Use Agreement between the Port of Everett and Hat Island Community Association, Inc., and in a form substantially as presented. Commissioner Glen Bachman seconded the motion. A vote was called for:

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

Motion carried.

Marina

2021 Marina Rates

CEO/Executive Director stated going into the budget for 2020 back in October 2019, the Port was working on a phased approach to start to try to get the rates to align with the budget year which starts January 1 of each year. Last year, the rate increase was moved to take effect in March 2020 with the idea that in the 2021 budget it would start in January 2021 and this will be the official time for rate increase moving forward.

Chief of Marina Operations Jeff Lindhout reported in 2008, the Port Commission adopted Resolution No. 891, authorizing the Port Executive Director, or their designee, to set operating policies and rates associated with the operation of the Marina. In implementing these responsibilities, the Commission directed staff to adopt rates and procedures to serve the best interests of the Port, assuring the Marina's success in its competitive regional marketplace, being mindful of business costs and the needs of customers. In addition, the Commission required a sixty-day notice to marina customers for all changes in rates, fees, or policies. Accordingly, each year the Marina Administration reviews rates and fees providing a briefing to the Commission prior to the effective date.

Marina Administration reviews rates on an annual basis to compare rates with competitors within the regional market. In addition, Marina Administration reviews the current and expected expenses for the upcoming year prior to making rate adjustments. Last year rate adjustment became effective March 1, 2020. In 2021, any expected rate adjustments will become effective January 1, 2021. The effective date is being changed to avoid the busy season and best utilize staff capacity. The change is also consistent with other marinas rate adjustment timelines. The intent moving forward is to continue with January 1 as the effective date of any annual rate adjustments.

Moorage occupancy at the Marina has experienced modest improvement since 2012 lows. Currently annual average occupancy remains at approximately 85%, topping out around 98% in the summer. Most unoccupied moorages remain in the 28' and under size range with waiting lists on most larger moorages. In 2019, new Central K-dock was opened providing nineteen (19) additional 70' moorages and over 500' of lineal side-tie moorage. In 2020, H-Central dock was completed creating another 500' of lineal side-tie moorage. The Marina expects to continue consolidating the smaller moorages and

increasing larger moorages to respond to market demand with a goal to achieve 100% moorage occupancy.

2020 was an unusual year for most businesses with the impacts associated with the COVID-19 pandemic. The pandemic caused the Marina to adjust some operational protocols and processes to create a safe and efficient environment for staff and customers. Fortunately, even with the restrictions people were still boating and the Port experienced negligible impacts in the permanent moorage revenues. The Marina has adjusted and been able to weather the storm of 2020 and expects to finish within budget expectations. However, increasing maintenance, labor and operational costs necessitate the need for continued modest annual increases in rates.

The Marina rates for moorage, storage and yard services continue to remain below marinas to the south and competitive with those to the north. The trend within the industry over the last few years has been toward rate increases of 2%-4% annually and expected to continue in 2021. In 2020, the Marina adjusted rates in accordance with market demand for moorages as opposed to a fixed percentage across all moorage sizes. This resulted in approximate 3% increase in permanent moorage revenues. The Marina also made the decision to hold rates steady for most of the boat yard services.

Port Staff has taken a similar approach in 2021 which will result in rates increasing, decreasing, or remaining unchanged depending upon moorage specifics. On average, increases in moorage rates are approximately 3.4%. The Marina has made larger rate increases in some of the smaller moorages as these were not adjusted for 2020 and are currently below market. The Marina has made modest rate increases in the boat storage rates. Boat yard services were largely unadjusted in 2020 and the Marina has proposed modest increases in this area as well. Most rates will remain at or below the 2020 rates of the closest competitor, Port of Edmonds Marina.

Lindhout mentioned one of the changes in the Marina is changing the senior launch pass. In the past, the Marina has offered a limited number of senior launch pass which were in high demand. This year, there will be a discount offered to all seniors year-round. And Veteran's pass will still be a free pass.

Lindhout believes the rate adjustments are in line with the regional market and that the adjustments will allow the Marina to maintain or improved occupancy while meeting budget expectations.

Marina Administration will post rate adjustments for 60 days beginning no later than November 1, 2020 and new rates will become effective January 1, 2021.

Citizen Comments

Jack Courier, Marina Tenant since 1971; The annual marina rate increases have been happening at an interval of less than one year. I would like to know the monthly rate of increase over the last 2 years so that I can compute the annual increase rate. It would be helpful to have the dates of the increases and the percentages to come up with an annual rate.

Lindhout appreciated Courier's comment and saw his question before the commission meeting but unfortunately did not have enough time to put something together for him but will certainly get back to him with the information he is asking for. Lefeber also added starting in 2022, the rates will normalize and because the Marina is working toward getting on track for a January 1 rate increase, it required some modifications and hopefully this will be the last time Marina tenants will see this and going forward rate

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increase will only take place every 12-months. Lindhout added the Marina does their own rate reviews based upon the regional competitors around the Port of Everett.

Commissioner Tom Stiger asked Security Director Ed Madura if there is anything to report security wise in the Marina. Madura stated security issues include graffiti happening late at night on the new foot bridge.

Commission President's Report

Commissioner Glen Bachman reported yesterday, the USS Ross was going into Port undertow and with the different cloud movement and sunshine, the vessel actually went from a stark white to almost black, he wasn't sure if that was a high level secret navy thing where they can change the colors of the ship. It was very interesting to watch and interesting that it came in without power.

Commissioner Bachman was invited as a military veteran a couple of years ago by the Executive Director from the Port of Anacortes, Dan Worra, to give a presentation of his experience in a warzone on Veteran's Day. Executive Director Worra invites a military veteran every year. Commissioner Bachman was not sure if this was still on or not, but he will get in contact with him.

Commissioner Bachman is excited about the crane move and watching that happen.

Commission Discussion

Commissioner David Simpson thanked CEO/Executive Director Lisa Lefebber for giving a great update to the City of Everett Council. He recognized Chief of Business Development Terrie Battuello for receiving the 2020 Community Champion Award given by the Puget Sound Business Journal, thanked her for making the Port what it is today. He thanked the Port staff and community for being involved with donating to the Seattle Children's Hospital and keeping that engagement alive.

Commission Tom Stiger followed Commissioner Simpson's comment regarding the award that Battuello received last week, Public Affairs Manager Catherine Soper wrote an excellent email summary of the award and the recognition that Battuello received on the behalf of the Port.

Executive Session

No Executive Session was held.

THE REGULAR MEETING WAS ADJOURNED at 1:10 p.m.

APPROVED this 10th day of November, 2020.

EVERETT PORT COMMISSION

By:  DocuSigned by:
Glen Bachman, President

By:  DocuSigned by:
Tom Stiger, Vice President

By:  DocuSigned by:
David Simpson, Secretary

**ORIGINAL**

Port of Everett
Voucher Certification and Approval
for the month of
SEPTEMBER
2020

AP Claims Transactions		Total
Claim Checks Issued	89459 - 89569	\$693,563.43
P-Card Transactions		48,150.02
ACH Transactions	#597 - 649	1,495,191.11
Total Claims Check Register		2,236,904.56
Electronic Claims Transactions:		
9/1, 9/9, 9/10, 9/15, 9/16, 9/18, 9/28	Electronic Transfer - Health Equity/Navia/Guardian/Accrue CMS	\$12,387.42
9/1, 9/16	Electronic Transfer - IRS	193,532.81
9/1, 9/2, 9/14	Electronic Transfer - WA St Dept of Rev	9,884.01
9/1	Electronic Transfer - U.S. Bank	1,007.02
	Electronic Transfer - U.S. Bank LOC Fees	
Total Electronic Claims		216,811.26
Total Claims		2,453,715.82
Payroll Transactions		
Payroll Checks Issued	Direct Deposit	\$504,670.40
9/1, 9/9, 9/15, 9/22, 9/29	PMA Payroll (Longshore Labor)	347,115.33
Total Payroll		851,785.73
Total Payments		3,305,501.55

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 13th day of October, 2020:

DocuSigned by:

D884C4BAE8DF4DC...

Tom Stiger

President

DocuSigned by:

CE451231364A4A6...

Vice President

Secretary