

**Minutes of Everett Port Commission
Regular Meeting
October 6, 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 12:01 p.m.

**CEO/EXECUTIVE DIRECTOR'S REPORT
COVID-19 Update**

CEO/Executive Director Lisa Lefebber reported that given the fact that Snohomish County is still in Phase II of the Governor's Coronavirus ReOpening plan and offices continue with extensive closures, the Port has extended the Marina Office hours for appointments to be able to serve more customers who want to come into the office to sign up for moorage, trailer/boat storage, etc. effectively immediately. In consideration of the office closure the Port allowed credit card payments over the phone but given the extended period of the closure, it is not a sustainable solution for the Port as is very staff and time extensive and detracts the Ports ability to get back to customers in a timely manner. Starting November 1, 2020, phone payments will be discontinued but looking at different options to handle payments more efficiently. Credit cards can still be used in the current payment system, but service fees apply which is why tenants like to call in to pay so the Port is looking at options without services fees.

Starting January 1, 2021, the Port is looking at going cashless for the fuel dock and boat launch. The Port continues to experience break-ins and vandalism at the cash stations.

A flu shot clinic will be open in the Blue Heron Room on October 7 for Port employees and their families as part of the benefits package so hopefully everyone will be going into cold and flu season a little better prepared.

Boeing 787 Announcement

CEO/Executive Director Lisa Lefebber reported last week everyone received the devastating news that the 787 line will be moving to South Carolina. A lot of Port employees, residents and customers will be directly impacted by this. Lefebber wanted to give a message of hope that Boeing is still in the community and still a major player in the overall economy. The Port's focus area will be diversifying the industry, which has continued over the years but will continue to do more aggressively. Also, the Port will continue to advocate and do everything to support a new airplane program in Everett.

Financial Audit: Exit Conference Recap

CEO/Executive Director Lisa Lefebber reported last month Commissioner David Simpson and Commissioner Tom Stiger appointed Commissioner Glen Bachman to represent the Commission at the Exit Audit for the Financial audit. Lefebber congratulated Bob Marion, Eric Russell, and whole finance team for a fabulous job. The financial audit came back with no findings. Lefebber stated this is the 23rd

clean financial audit for the Port. Commissioner Bachman echoed that statement and added the Port was also recognized by the Washington State Auditors Office. Lefeber stated there are two more audits left, accountability and federal. Anytime there is over \$750,000 in federal funds received, which the Port has, there is a federal audit. Those will be occurring later this year. Everything has been unique this year, first time doing a completely offsite, online, digital audit and the Port team and Auditors team did an amazing job, and the other two audits will be conducted the same way.

Declaration of Emergency – Terminal Damage

CEO/Executive Director Lisa Lefeber reported last week she had to declare an emergency at the Seaport for some damage that occurred due to operations over the last weekend of September. The new relocated cargo transit shed that was loading soy meal at the time, one of the trailers was left in a wrong position and a rail car hit it and went thru one of the columns. The Port maintenance team did an amazing job, they were able to stabilize the structure and development a stop gap measure in order to stabilize the building and are currently underway with a conditions assessment and will be moving into a final fix. The Port will be seeking reimbursement for the damages. Lefeber will report back once she knows dollar figures. It could potentially be in Lefeber's authority of \$40,000 for public works and going out to bid but that information is not available yet and out of abundance of caution, Lefeber declared the emergency to be able to get it fixed.

Environmental Sustainability Report

CEO/Executive Director Lisa Lefeber reported she is very proud of the Port's Engineering and Planning Environmental team along with the Public Affairs team for pulling the Environmental Sustainability Report together. Lefeber believes this is something that all Port employees should be proud of considering what the Port is doing for the environment and how the Port integrates environment sustainability into operations and capital plans.

Director of Environmental Programs Erik Gerking presented the environmental stewardship and sustainability report for 2020. Gerking gave a huge shoutout to the Public Affairs team for producing this report. Gerking gave an overview of the Port's sustainable performance and how the Port is a responsible steward of the air, land, and water. The Port's environmental commitment is delivered through compliance, cleanup, pollution prevention, continual improvement, relationships and partnerships, integrated planning and decision making, regulatory engagement, restoration, communication and response, financial and resource planning and investing in clean technology. The Port is involved in three stewardship programs, including Green Marine, Clean Marina Washington, and Environmental Compliance Assessment Program (ECAP). Gerking gave an overview of the environmental cleanups and how the Port is taking the lead in remediating historic contamination. Gerking also talked about why cleanups matter and what active cleanup projects are happening at the Port right now. The Port has been recognized for award winning cleanups such as Riverside Business Park and Waterfront Place. Gerking provided an overview on climate change, air quality and protection, water quality and protection, habitat management and natural resources, dredging and material management, and partnerships and advocacy.

All three Commissioners thanked Gerking and the Public Affairs team for this very well put together report. Commissioner Stiger thinks it's important to give this report update at least once a year with this same format.

CHIEF FINANCE OFFICER'S REPORT

2021 Budget Update

CEO/Executive Director Lisa Lefebber stated she and Chief Financial Officer Eric Russell met with the Commissioners one on one last week to walk through the nuances of the budget. Some of the main themes Lefebber conveyed included the impact of COVID-19 and the aerospace impacts have really affected the budget. The Port is expected to be \$4 million under revenue by the end of 2020. The Port is fortunate, in the sense that as soon as everything started happening with COVID-19, the Port was able to make some quick changes and reduce expenses significantly without layoffs, down \$3 million. The budget is starting out in better shape than could be. What the Commission will hear today regarding what the staff is proposing is similar impacts in 2021 to 2020 so Lefebber is expecting similar revenue challenges due to the continuation of COVID-19 and impacts on the aerospace industry. The Port is continuing to maintain and grow the income before depreciation because that is a catalyst that the Port needs to be able to move into the capital program and support the recovery and jobs through development, which is a key focus area. The budget will not propose any layoffs and will maintain the hiring freeze to some degree. Lefebber hopes to bring back half of the summer seasonals at the Marina which has been a cherished program for the Port over decades and it was a very noticeable absence not having them this summer.

Chief Financial Officer Eric Russell provided an overview of the 2021 budget process including the budget schedule, Capital Improvement Plan development process, the status of the operating and non-operating budget, the funding plan, the five-year capital plan, and next steps.

Bind Coverage for the Port's Liability Program

Chief Financial Officer Eric Russell reported the Port purchases insurance via the Pacific Northwest Port Association (an eight-port group) represented by one broker, Alliant Insurance Services. The liability portion of the insurance program renews on October 1 of each year. The renewal with the selected coverage is \$164,428, plus any applicable Surplus Lines Taxes and Fees.

Commissioner Tom Stiger asked is this coverage separate from the cooperative port associations that have much of our property coverage. Russell explained this coverage is contracted the same as the property coverage, with the same group of ports around the state, and the same brokers as the property coverage.

Commissioner Stiger asked the premium increased since 2014, does that include property coverage as well. Russell stated no, the property coverage is not in the 3.6 percent. The property coverage for the same time period has increased 4.5 percent.

After discussion, Commissioner David Simpson moved the Commission to affirm the binding of the General Liability and the Public Officials Liability/Employment Practice Liability insurance policies by the CEO/Executive Director, as presented by Staff. 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

Marine Terminals

3rd Quarter Report

Director of Marine Terminals Walter Seidl thanked Paul Hagglund for compiling the information as quickly as he did since the quarter ended last week and worked a vessel right up to the very end. Port calls through the end of September 2020 were at 88 vessel calls, 61 ships and 27 barges, which are slightly behind last year vessel calls. No log vessels in quarter three and unfortunately, Seidl does not expect any log vessels for the rest of 2020. The Port had 22 vessels in total in quarter three: four (4) project cargo vessels and two (2) military load outs. Westwood and Eastern Car Liner had 17 vessel calls combined, one being an export pulp vessel. Seidl stated it is important to note that in quarter three there were no Westwood by-passes. In total, there were seven (7) Lehigh barges and only two (2) Boeing barges.

Good news, the Port is exceeding the tonnage from a year ago so through quarter three 2020, the Port had 182,640 short tons compared to 159,653 in 2019. The import cargo is still trending behind, but export cargo is ahead of last year as well as cement volumes which is where the Port is making gains, in particular the pulp exports which is now in full swing. The Port is now doing the 8,400 metric tons of pulp per month. The Port had the first vessel in September and already compiling cargo for the next vessel in two (2) weeks. The Westwood weekly import breakbulk volume is also growing. The Westwood Victoria, which will arrive later this year, will have the highest breakbulk tonnage since the program began in April. Right now, in Westwood's deployment, they are bringing breakbulk in on the two service one vessels, which are the green ships, and then the service to vessels are containers only at this moment. Cement import increased to seven (7) barges in quarter three and anticipate strong cement support through the rest of 2020.

Container volumes are a little bit behind from last year, 2,432 unites through the end of quarter three, 1,919 imports and 513 exports. There will be an infusion of container volume next week as the annual Kinross vessel will arrive and deposit empties from the Russian front and take out an export load. The Port is still seeing strong support for Canadian auto parts that are discharging off Westwood vessels in Everett and being trucked north. Soy containers, unfortunately, were a little weak in quarter three with only 15 total. The price of soy is still in such a state that the Port is not seeing anything but being told that they are looking to move more. Boeing dry container volumes have also gone down due to the economic downturn.

Quarter three highlights captured the last Fluor project vessel which arrived in July and comprised of twelve (12) vessels over a year and half. The G2 roto flex service started again, there was one vessel in September and another arriving in October, so the project has reignited. The last American Bridge vessel arrived in September so all the steel for the Washington State Convention Center is either here in Everett or onsite at the construction site. There is still a large amount of steel for that project in Everett and expected to be delivered through April of 2021. Pulp continues, now in monthly activity so after this week, the Port will be 60% received cargo for the next vessel in October.

Quarter four outlook looks good. The Port has had two (2) vessels so far this year bringing in steel for the berth construction for T5 in Seattle and expect another vessel in November. Westwood breakbulk imports continue with crates, pipes, and some coil a few weeks ago so working together with Westwood to be able to provide excellent service so that can continue to grow. The roto flexes are back and have 22 at South Terminal right now. The pulp is being unloaded right now, 8,400 metric tons is around 92 rail cars so there will be a lot of good use of the tracks and shuttle wagon.

Commissioner Glen Bachman asked if there is a chance that the Port will know the dollar value of the pulp exports. Seidl stated he will get that information from the customer. CEO/Executive Director Lisa Lefebber added the figures get updated each year around January timeframe and will break it down based on type of commodity. The agriculture and forest products should show the breakdown and usually send out to Commissioners every year. In combination of what Seidl will track down from customers, Lefebber will also have updated import/export numbers in January 2021.

Marina

Resolution No. 1155 (2020) – Boat Auction

Chief of Marina Operations Jeff Lindhout reported the Port is currently in possession of eight (8) vessels and three (3) miscellaneous items. These vessels and miscellaneous items have either been abandoned by the owner or impounded by the Port through the collection process for outstanding fees owed to the Port. None of these vessels or miscellaneous items are owned by the Port.

Staff wishes to advertise and conduct an online auction October 29 - November 5, 2020. The Port will provide written notice to the owners of the vessels impounded due to unpaid fees and process of auctioning. Additionally, vessels that lack sufficient value to support the repayment of debt through secondary post-auction sale or deemed unseaworthy/inoperable and at risk of returning will be scrapped under the provisions of law that allow the Port to dispose of them.

There is a flat fee of \$1,000 payable to the auctioneer for their services. No other expenses are anticipated.

Lindhout gave a special thanks to Tami Mitchell and Maija Lampinen. They put together all the logistics of this auction and materials, it was their first go at it and they did a great job.

Upon discussion, Commissioner Glen Bachman moved the Commission to adopt Resolution No. 1155 (2020) 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 and 79.100. Commissioner David Simpson seconded the motion. A vote was called for:

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

Motion carried.

CEO/Executive Director Lisa Lefebber commended Lindhout and the Marina team. There was a hefty waitlist in boats 40 feet and 50 feet last month and the marina realized quickly to sign new tenants, additional resources were needed. Ashley Bisset was able to help Megan Kellington and the Marina team fill a significant number of those slips on the waitlist, almost half.

Commissioner Stiger stated there has been some discussion of converting some of the guest moorage docks into permanent moorage to accommodate larger vessels. Lefebber responded, Guest Dock 6 has 15 50-foot finger slips and nine (9) 40-foot finger slips which aligns nicely with the waitlist for larger vessel. The facility was built with Recreation Conservation Office (RCO) Grant dollars and there for it is incumbered. The Port is working with the (RCO) to see if there is flexibility given the current situations and looking at different options to be able to increase revenue . Commissioner Stiger asked what the

commitment is with the RCO grant. Lefeber stated it is in perpetuity and is trying to get clarification if it is the life of the facility which would be 20-30 years. RCO expects if grant funds are taken to build a recreation facility, a replacement must be with a like facility (a conversion). The Port is looking at the details to go about doing that. Commissioner Stiger stated there are several Guest Docks throughout the marina, are there some that are not RCO. Lefeber stated absolutely, the Port has Guest Dock 1 by Anthony's, Guest Dock 3 by the Yacht Club and Guest Dock 4 which is the fuel dock. There is a total of ten (10) Guest Docks. The Boat Launch Guest Docks have reached the end of their usable life so Lefeber has reached out to get clarification if there are any restrictions on those docks, but they are on the river. Some of the docks on the river are not as conducive for permanent moorage, especially during the winter, because of the wave and current action.

Commissioner Stiger stated he noticed that the commercial fleet was relocated to L Dock which is in close proximately to the new bridge. There has been some security issues, vandalism to the bridge and so on, does the Port have some exposure down there, is there a need for some security or fencing because if there is a security or vandalism issue, the commercial fleet would be a target. Lefeber stated the Port has been working with Everett Police Department on issues surrounding vandalism after the opening of the bridge. There have been issues in Fisherman's Harbor, graffiti mostly, but also vandalism with regards to cash machines so security is very vigilant on that area to try and address this.

Commission President's Report

Commissioner Glen Bachman reported in the last month he has been able to enjoy meals at the various restaurants at the Port and service has been good, menus have been complete. In one case, it was confided in him, that they are actually doing better during COVID-19 than times previous.

Commissioner Bachman is on a committee with the Washington Public Ports Association on carbon pricing. The Committee seems to be still trying to figure out what direction to go with carbon pricing and a lot of the information that Erik Gerking brought up today was helpful.

A couple weeks ago, Commissioner Bachman and CEO/Executive Director Lisa Lefeber participated in a Zoom meeting with a Consulate from Japan who are looking for some opportunities in the Everett area.

Commissioner Bachman also mentioned something that Erik Gerking brought up that he has done in the past with environmental issues and that's the triple bottom line. This is an important thing to stick with as he learned several decades ago, this particular concept and this is where the Port takes into consideration the economy without destroying it in order to clean up or avoiding any further contamination and the effect on quality of life so it is an effort where no one action in an effort to enhance it comprises the other two of the three elements. It is a good reminder and glad that the Port is being conscientious.

Commission Discussion

Commissioner David Simpson thanked Walter Seidl and the tugboat crew that took him on a tour last week. They not only took him out on a tour, but they also gave him the opportunity to experience a working tour. There was a ship that came in and they went out and met the ship and brought it into the Port. They gave him the opportunity to visualize and experience the moment of how they do their jobs every day safely.

Commissioner Tom Stiger congratulated Chief of Business Development Terrie Battuello on behalf of the Port of Everett. Battuello will be receiving, this afternoon, a leadership award from the Puget Sound

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Business Journal for recognition as a community champion. Commissioner Simpson thanked Battuello for her efforts on the Riverside Business Park and Waterfront Place Central.

Citizen Comments

There were no citizen comments.

Executive Session

No Executive Session was held.

THE REGULAR MEETING WAS ADJOURNED at 1:56 p.m.

APPROVED this 10th day of November, 2020.

EVERETT PORT COMMISSION

DocuSigned by:

By: _____
Glen Bachman, President


By: _____
Tom Stiger, Vice President

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By: _____
David Simpson, Secretary