

**Minutes of Everett Port Commission
Regular Meeting
September 1, 2020**

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

CALL TO ORDER: Commission Vice President Tom Stiger called the meeting to order at 12:04 p.m.

CEO/EXECUTIVE DIRECTOR'S REPORT

COVID-19 Update

CEO/Executive Director Lisa Lefebber updated the Commission that the improvements for the HVAC system to improve air quality and tenant spaces are underway and expected to be complete in the next week or so. The Port did a great job of being ahead of the curve on that type of improvement because there is now a 6-8-month backlog. Procurement Manager Maija Lampinen has been working with all departments and started back in August ordering supplies given the fact that the Port was aware that there might be a shortage coming into the cold and flu season. The Port team is working on scheduling flu shots for Port employees, which are strongly recommended this year due to Covid-19. The Port Admin office is still not opening until Phase 3, which does not look like is happening soon, possibly until 2021. There are limited office hours and the admin phones are on from 8:00 a.m. to 2:00 p.m., and calls will be returned if not that afternoon, the next morning.

Apartment Fire Update

CEO/Executive Director Lisa Lefebber reported the north building is in full construction and still scheduled to open in 2021. They are finalizing some of the last elements that need to happen with insurance and so forth on the south building. Hopefully within the next couple weeks to a month or so, work will begin on the south building to start removing debris and get it vertical again.

Consideration of Final Settlement Agreement with Bargreen Family and Related Documents

CEO/Executive Director Lisa Lefebber reported the Port was still working on language for the final documents that will get recorded against the property, so the Port was not prepared to give an update at this meeting but hopefully at the next commission meeting.

Audit Exit Conference

CEO/Executive Director Lisa Lefebber wanted to poll the Commissioners. There is a requirement that the Port has an exit audit this month, but it will not be ready for the next scheduled Commission meeting, but needs to happen before the first scheduled meeting in October. The Commission needs to decide to either appoint a Commissioner to participate in the exit audit with Staff or hold a Special Meeting toward the end of the month. Commissioner David Simpson nominated Commission President Glen Bachman to attend the Exit Audit Conference on behalf of the Commissioners. Commissioner Glen Bachman thanked Commissioner Simpson. Commissioner Tom Stiger questioned if the meeting can be one on one without having a formal meeting. Lefebber stated the reason it has been a public meeting in

the past is because more than one Commissioner wanted to attend but if the Commission assigns a representative, that Commissioner can attend on behalf of the Commission and report back at the next commission meeting. Commissioner Stiger said that works for him.

WA DNR Site Use Authorization Agreement

Planner Laura Gurley presented a request for Commission authorization for the CEO to enter into a Site Use Authorization Agreement with Washington Department of Natural Resources. Commission authorization is required due to indemnification language in the agreement. The Port has entered into this agreement numerous times in the past for both Army Corps and Port dredging projects. The Port enters into this agreement under its obligations as Local Sponsor for the Corps' maintenance dredging of the federal navigation channel. It allows them to dispose of material at the Port Gardner open water disposal site. Application fee is \$2,000 and estimated total disposal costs will be about \$73,000-\$75,000. The initial \$2,000 is due upon application, and then is applied against the total disposal costs, the balance of which would be due when dredging is completed.

Commissioner Glen Bachman recalled the marina being over dredged not too long ago but, in this condition, is it possible to be over dredged? Gurley stated shortly after the Port had the over dredge situation, the Army Corps had the same situation so they have gone through the pain the Port did and have since put additional controls on the Contractor to make sure that doesn't happen again but anything is possible.

Commissioner Tom Stiger asked Gurley to describe where the disposal site is located, between Hat Island and west of the marine terminals and does the Contractor have to observe the fish window as well. Gurley stated yes, the Contractor has to observe the fish window that is why they will be starting work in October and the fish window technically closes February 15 but they should be done well ahead of that, looking at early January to finish. As far as the open water disposal site, it is south of Hat Island and west of the terminals in Port Gardner Bay. It is very deep, at least 400 feet, which is why they use it as a disposal site.

After discussion, Commissioner David Simpson moved that the Commission authorize the CEO to enter into a DNR Site Use Authorization Agreement under the language as substantially presented in the example agreement provided. Commissioner Glen Bachman seconded the motion. A vote was called for:

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

Motion carried.

CHIEF FINANCE OFFICER'S REPORT

2021 Preliminary CIP Budget

Chief Finance Officer Eric Russell provided an update on the 2021-2023 budget, related to the Capital Improvement Programs (CIPs). The initial requests have been submitted from the different departments. Some major projects are related to Maritime Industrial Expansion (MIE) formerly known as Kimberly-Clark property which includes construction of the Norton Terminal. Three tenant restaurant spaces in Fisherman's Harbor, building A8. Three tenant retail spaces and restrooms west of Hotel Indigo, building A17. The Port will continue to work on the Mill-A cleanup – RI/FS paid for with MTCA grant and loan. Marina dredging permitting at both north marina and boat launch, and as the Port gets

tenants that are interested in different spaces, there will be tenant improvements, with focus on Ameron, KC Warehouse building and any existing spaces to re-tenant. Additional to these projects, continuing planning on other projects to be shovel ready.

Ongoing projects for 2021 consists of readying the new cranes to be operational at South Terminal, Jetty Landing restroom construction, Blue Heron Slough – breach dike expected by the end of December 2021, maintenance of existing facilities, and Marina gate access.

As Russell mentioned, numbers are still being pulled together and one-on-one meetings with each Commissioner have been scheduled for the last week of September where they will receive the numbers that have been submitted and also have an early glance at numbers for the operating budgets.

Commissioner Glen Bachman asked regarding Blue Heron Slough, is the Port going to realize some of the benefits of monetizing some of the transactions of the value of the wetlands. Russell stated that the Port has an agreement with the developer that does have a very good opportunity for the Port to receive money from the sale of the wetland credits but the Port doesn't have a good indication at this point of how much that is going to be or the timing of payments. The market for the credits seems to be firming up and as the market firms up, the Port will be able to come back with a better estimate but may be a way out. The Port does expect to receive quite a bit of money back at some point.

CEO/Executive Director Lisa Lefebber added the Port is currently working on permitting for wetland credits for the bank so that is a more attractive currency for the bank in this area. To Russell's point, once that process is complete, the Port expects hopefully within the next 3-4 years to start seeing some of the monetary benefits realized.

Commissioner Tom Stiger asked as Staff move through the budget process, he would like to identify the projects within the appropriate initiatives and would like estimates of the dollar amounts. He thinks it's important to identify the projects within the initiatives and have an approximate dollar amount and timeline. Lefebber stated for reference, Staff has some order of magnitude in terms of dollar amounts for these projects but a lot of it depends on the outcome of the BUILD grant applied for as part of the Norton Terminal. The announcement on the grant will be around September 10, after the Port hears the news on that, Staff will be able to put the projects in the proper initiatives and allocate resources to them.

MARITIME INDUSTRIAL EXPANSION

30% Design Presentation

CEO/Executive Director Lisa Lefebber reported that Chief Operations Officer Carl Wollebek has a history of naming terminals after the closest adjacent street so the former Kimberly-Clark site is now named Norton Terminal. This is symbolic because the current navy base used to be called Norton Terminal before the Port sold the land to the Navy. As Lefebber mentioned regarding budget, the Port should know the outcome of the BUILD grant within the next couple of weeks. The Port did apply for two grants, BUILD grant and the Port Infrastructure grant. The BUILD grant has a congressional deadline for fund awards, the Port Infrastructure grant does not. At this point, the Port knows when the BUILD grant will be announced, and the Port Infrastructure grant will likely not be announced until after the presidential election in November. If the Port does not get the BUILD grant, the Port is not completely out of the running because there is another grant in the works, but it does delay the project by 3-4 months.

Chief of Engineering and Planning John Klekotka gave a brief update on the 30 percent design of the Maritime Industrial Expansion. Since the Commission awarded the project to KPFF Engineers in February, they have been working on six different task orders. The Commission authorized them to proceed into 60 percent design in August. The 60 percent design will be expected toward end of November. The Commissioners received notebooks with copies of the civil basis of design report which talks about the piped utilities and copies of the 30 percent plans. A lot of the work has been on the utility systems.

For the electrical, the Port is looking at different options and both of those options are in the notebooks. The Port is looking at putting in a switch gear near the north service entrance which is off Norton Avenue and then the Port would have a secondary power distribution system. The Port is also looking at bringing in a primary power onto the site from the substation and then having a switch gear that is centrally located on the site. That system will also be extended to Federal Avenue to create a redundant system. That appears to be the more efficient approach at this point because the Port does not have to take the secondary distribution as far and PUD will share the cost.

The Port is looking at lights at about 300 foot apart and 80-foot-high, like the ones installed at other areas of the terminals. Along with the electrical ducts, the Port will have communication systems installed. The water system is very similar to the power in that the Port will have a loop system that is connected at Norton Avenue all the way to Federal Avenue. The Port will also be putting in fire hydrants which are usually next to light poles since that is what firefighters look for.

The other big design feature is storm drainage and grading. As far as grading goes, the plan is to slope generally from the wharf and then in the valleys install trench drains to collect the storm water. The Port is also discussing with the City if they would accept the storm drainage at their future treatment site which they are in the process of working on. One of the issues with doing that is one of their systems isn't going to come online until 2027 so that means the Port will have to plan how to handle the stormwater from the time the terminal is finished in 2022, until 2027. Hopefully, the Port can put in a temporary system or work with the City on an earlier timeframe.

One of the biggest, single issues the Port has relates to the geotechnical conditions. The Port did do some earlier geotechnical work which consisted of analyzing former studies and consolidated that information. There are a lot of pockets of wood waste material which got dumped into the ground over the last hundred years, some locations deeper than others. This will be studied further. Another major issue is the cleanup. Kimberly-Clark is leading that and on track to be done by the end of the year despite the month that was lost due to COVID-19 shutdown. The Port is also finding a lot of buried stuff under ground in terms of old structures that were there, pilings, walls, footings, pipes, etc. The Port is surveying these obstructions as they are found to avoid them in the future and future contractors can know to expect it and avoid change orders when running into them.

Permitting is well underway. Since this is a MTCA site, the general approach is that the permits are focused on the need to provide a cap on the entire site to prevent a future of possible contamination into the air or water.

Commissioner Glen Bachman asked about the existing PUD substation, where does that service go to. Klekotka stated the substation used to serve the whole mill site but now it is used as a back up to the PUD's entire system for the local area. It is something that PUD has certain requirements they must meet for redundancy in their system to prevent black and brown outs.

Commissioner Bachman also asked about what seems to be regular brown soil, is that the soil that they brought in from another site to backfill. Klekotka said the material that is being imported is sandy material from the Parcel O site on the east side of town that came from dredging the upper basin of the river and should be 100 percent clean material.

Commissioner Bachman asked about the secured cargo area that the Port is putting together, it appears that the Port needs to move about minimum three buildings to make that work. Lefeber stated that Carl Wollebek, Chief of Operations, has been working U.S. Customs and Border Patrol and there are some past practices of being able to handle the cargo between facilities without a secure cargo corridor so the Port is planning to preserve that area in the event that the Port is unsuccessful. The idea is to work with Customs to get that authorized so the Port can avoid the expenditure of the gating system as well as the tenant impact and loss of revenue from those tenants by putting in that corridor. Wollebek also mentioned that there is only one building left.

Commissioner Bachman asked when all is said and done with the lighting, has the Port planned to make sure the source of light does not shine upland any further than Port property. Klekotka stated the Port has an array of lights that will all be focused toward the terminal and also shielded. The lights can be raised and lowered so if the neighbors complain, the Port will be able to lower the lights and adjust the shields or tweak the lights, if need be. Lefeber added given the proximity of the neighbors, the lights will be in compliance with the dark sky legislation.

Commissioner Bachman asked about drainage. Klekotka stated there are two important things regarding drainage. One is that there needs to be an overflow, even when the Port's system collects all the water and by the existing barge dock there is an existing outflow pipe which will be restored and adopted as an overflow. Flows that are less than the design storm limits will hopefully go to the City of Everett systems at the north end and will be a pumped system. Primary concern will be cost.

Commissioner David Simpson asked how the City of Everett will operate their site with the PUD system and will they build another grid for their operation. Klekotka stated for the past couple of years, the Port has been working with PUD to do a planning study and worked with them a few years ago to put in the Port Gardner station adjacent to Waterfront Place Central. Also, the Port did a similar study and looked at what all of the demand would be for the future terminal, warehouse, and shipyard developments and the PUD came up with a demand analysis which determined how big that substation would be. The future substation will accommodate a lot more than the Ports needs. Lefeber added PUD will either purchase or lease the property and they will be performing and constructing all of the infrastructure that will be required to support the substation so the Port won't have any financial costs related to the construction of the future substation. Anything the City needs will be contracted with the PUD independently. As for the existing substation that is near the water, once the future substation meets the sites needs and potentially the clarifiers needs, the PUD will remove the current infrastructure and electrical system from the water site and the Port will convert that into additional cargo yard space.

Commissioner Simpson stated the Port has talked about partnerships, will there be a vision to leave the existing substation there in case a cruise ship wanted to come use the dock since the infrastructure will be available to hook up to. Lefeber stated given the fact that it is a secure waterway adjacent to the Navy Base, cruise ships would not be a compatible use and/or have adequate depth to accommodate such a large vessel. The other issue is there are easements in that waterway that prohibit any infrastructure development in and around the substation. There has been a lot of talk about cruise terminals in the

Everett harbor but given the unique working waterfront and Navy partnerships, a large cruise industry is not a compatible use.

Commission President's Report

Commissioner Glen Bachman recently returned from Northern California, outside of Sacramento, where he had an opportunity to go to the Port of West Sacramento. The Port of West Sacramento began around 1947. It is a river Port, about 100 miles inland and nine-hour trip for vessels out to open waters. Several items that they handle include cement from Vietnam, cane sugar from Mexico and South America, quite a bit of export of grains through elevators. Frank Politano, from SSA, was the Commissioners tour guide and was a very helpful, nice guy. Interestingly, the Port of West Sacramento's Commission is appointed by the Governor and one of the Commissioner's is the Mayor of the City, the other is the Executive Mayor of the City. They do not have any real serious loading cranes like the Port does but SSA hustles most of their cargo in grain bags.

Currently, there are a number of committees working on current and next year issues. Some are responses and solutions committees with the Greater Seattle Partners. At the same time, the Ports are working on a plan to submit to Olympia on Carbon Generation and how to pick up revenue funds for transportation.

Commission Discussion

Commissioner David Simpson thanked Cat Soper, Kyle Evans and Kate Anderson and all those involved with making Sail-In Cinema a great success.

Commissioner Simpson participated in the City of Everett and Port of Everett Grand Avenue Bridge ribbon cutting and thanked all Port Staff involved with that project.

Commissioner Simpson is on the Puget Sound Regional Council (PSRC) Freight Advisory Committee and Commissioner Glen Bachman is on the PSRC Executive Board and PSRC has an ongoing Puget Sound Passenger Only Ferry Study. In the meeting where this study was presented to the Advisory Board Committee members, they said they had come up with five routes that may benefit from the ferry service. Commissioner Simpson was concerned that Everett to Seattle route was not on there. Apparently, the local transportation community believe that it is not a good idea to keep Everett as a potential route, but they will keep Everett on list in case they receive any more feedback. Commissioner Simpson asked if there is a way to get PSRC to give a presentation regarding the passenger ferry study. Commissioner Bachman will reach out to Josh Brown at PSRC. Commissioner Tom Stiger added that this study was done at the end of August and they looked at 45 different routes and narrowed the list to five routes, with closest route to the Port would be South Whidbey to Everett. PSRC will report back in October via webinar dealing with the ferry study and perhaps more information on the South Whidbey to Everett route. Also, the new Mukilteo Ferry Terminal is on schedule and they are planning on opening by the end of the year.

Regular Commission Meeting Minutes
September 1, 2020

Citizen Comments

There were no citizen comments.

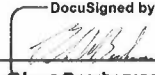
Executive Session

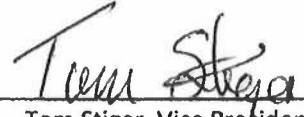
No Executive Session was held.

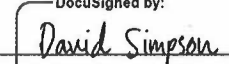
THE REGULAR MEETING WAS ADJOURNED at 1:08 p.m.

APPROVED this 13th day of October, 2020.

EVERETT PORT COMMISSION

DocuSigned by:
By: 
Glen Bachman, President

By: 
Tom Stiger, Vice President

DocuSigned by:
By: 
David Simpson, Secretary