

**Minutes of Everett Port Commission  
Regular Meeting  
April 7, 2020**

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

**CALL TO ORDER:** The meeting was called to order by Commission Vice President Tom Stiger at 12:09 p.m. and stated for the record that Commissioner Glen Bachman, Commissioner David Simpson, Port Attorney Brad Cattle and Chief Financial Officer Eric Russell were participating by Zoom.

**CEO/EXECUTIVE DIRECTOR'S REPORT**

**COVID-19 Status**

Executive Director Lisa Lefebber updated the Commission on Port operations and the ever-revolving changes in State and Federal circumstance as it relates to the coronavirus response. Since the last Commission meeting on March 24, there has been a lot of developments that have occurred. Primarily, Governor Inslee issued the Stay at Home order right before the meeting on March 24 for two weeks which put the Port into an Emergency Operations status. On April 2, the Governor extended the Stay at Home order until May 4. The Port will remain in Emergency Operations through May 4. On April 6, the Governor made the decision to shut down public schools for the rest of the school year. As a result, the Port is working with staff to figure out how to continue to operate with school grade children at home. A Letter of Understanding (LOU) was created with the ILWU that goes thru April 27 so that will be updated thru the end of the school year. Essentially, what the LOU states is that it suspends the provision article 2.01 of the Collective Bargaining Agreement as it relates to designated hours of work. Lefebber also mentioned that the Port Administration and Marina offices continue to be closed to the public. The Port is maintaining only essential staffing. The seaport is in full operation and modified operations at the marina. On March 23, the Port believed construction projects were able to move forward. Since that time, the Governor issued clarifying direction as it relates to construction projects and all projects were suspended. On April 5, Boeing announced they were continuing suspension of their production indefinitely. The Port is on standby for them to resume operations and ready to support that effort. A lot of Boeing parts come from Japan and as of April 6, Japan issued a Declaration of Emergency so Lefebber is not entirely sure how that will affect the supply chain.

An area the Port has been struggling with is the fuel dock which is an essential function. The US Navy, Coast Guard and Commercial Fisherman need to use the fuel dock but with that, the Port is running into the problem of people who are not practicing proper social distancing. The Port is in the process of updating signage, processes and procedures and evaluating hours to determine how best to encourage people to adhere to the Stay at Home order. Half of the boat launch continues to stay open to maintain operation for essential functions. The Port has also closed Edgewater Beach and Union Slough.

The Port has been fortunate with having no employees being affected by not receiving pay up to now and the Port is committed to that through May 4. If this emergency action and Stay at Home orders extends past May 4, then the Port will evaluate the current plan.

### **COVID-19 Rent Relief**

Chief of Business Development Terrie Battuello presented the COVID-19 Rent Relief Policy. This policy is a component of a larger emergency response plan for business and industry recovery that was developed and incorporated into the emergency management plan. However, this portion of it, because it does allow the Port to make rent concessions, needed to be reviewed by the Port's attorney and put into a policy document. The main problem after an emergency declaration is that small businesses close, don't retain their employees and generally fail to re-open. The Port is trying to make sure the businesses emerge from the pandemic successfully. Unfortunately, more than 500 employees of the Port of Everett tenants were laid off in the last few weeks. The Port is hoping that providing education and access to the Small Business Association (SBA) loan program (paycheck protection program), a forgivable loan given by the federal government to employers who retain their employees for a period of time after receiving the loan, can receive up to eight (8) weeks of payroll expenses plus an additional 25% of that amount. As part of that, the Port doesn't want to put a program forward that goes farther than the federal program. For one, its federal money that the Port is not eligible to apply for and two, the Port doesn't want anything to discourage employers from retaining employees and their workforce by doing something that discourages them from the SBA process. Employers are reaching out to their banks and trying to submit applications but as you can imagine almost every business with under 500 employees in the country is applying for these grants through their commercial payers. The Port has been providing support and updating the tenants. Battuello is also participating on the Snohomish County Alliance. The Governor is making an announcement today about a grant program that he will be offering utilizing funds from unclaimed lottery prizes. Snohomish County will be receiving a sum of money that will be given out in the form of a grant of up to \$10,000 for small businesses so the Port of Everett is represented on that. The Port has also asked to be represented on the Snohomish County Economic Recovery Committee.

With regards to this policy, the Port wanted to set up something that puts into place a plan that will have legs under any type of disaster scenario, give the flexibility to act, and be responsible to the constituents of the district as well as to statutory requirements. In any Port proclaimed disaster the Port would be able to utilize this policy as part of its emergency action plan and allow tenants to submit a rent relief application. Under the application process, there is a committee of staff level people who would review the application for rent relief and make a recommendation to the CEO. The CEO will then be able to decide whether or not to approve the change. For the most part, at this time, the Port is offering to the tenants a deferral of rent for 90 days. They could repay that either at the end of the 90 days or over the next year with 5% annualized interest. The Port is not trying to replace the federal programs but trying to provide a mechanism to help tenants with cash flow through this time while they get their SBA loans in place. For those that are under a government order to close or to partially close their business or where their gross revenue is highly impacted, it will be easy for them to make this request and fill out an application. The Port has received several applications already. For the businesses who are not falling under the category of government ordered closures, the Port would still like to hear from them if they think they have a specific economic impact that is unaddressed, and the Port will consider their application. The policy, does allow up to three levels of rent incentive. First level is the deferral of rent which the Port will eventually get its money, it would impact the Port but still get money back and hopefully help the businesses with cash flow and delay them from going out of business. Second level is rent abatement, but the Port is not making a recommendation at this time for this. Third level is the employer who is looking to renegotiate their lease terms. The Port saw a lot of that after the 2008 great recession hit and also saw this in the hospitality industry in 2001, so the Port does have some experience working with this level. Lisa Lefeber will be reporting back to the Commission with a report from CFO Eric Russell giving a quarterly update on the status of rent deferrals.

This policy gives the Port a framework not only to respond to this pandemic but to future unknown issues that will likely occur. It also gives the Port flexible strategies that can be used on a case by case basis and empowers the CEO to act if an emergency declaration is declared. It hopefully provides the opportunity for the Port to retain quality tenants and help get them back into stable operations after these events occur.

Commissioner Glen Bachman asked if there is a portion of the federal relief or funds going to the small businesses that the Port as a team will be doing the facilitation of the distribution or is strictly a bureaucratic effort. Battuello responded by saying the Port itself is not distributing funds and in no case in this policy the Port is authorizing any distribution of funds. They are all related to rent deferrals, rent abatements or lease negotiations. The Port is engaged with the federal, state and county programs but no money is leaving the Port to be paid to people directly,.

Commissioner David Simpson asked if there is anything that the Port has missed or included in this policy to make sure that the Port can stay on top of this. There is some communication from the CARE stimulus package that came and there could be new funding coming out with the new stimulus package that will be discussed on April 26. He wants to make sure the Port hasn't missed anything. Battuello responded by saying the policy is a very comprehensive, flexible policy that is under the national incident response system that allows the Port flexibility to use it in any emergency. Of course, there will be unintended things that will happen that may require corrections later. If there is something missing, the Port respond with changes, but the Port is doing the best to make sure nothing is missed.

Battuello noted that this policy was sent out to tenants last week and they all responded with positive feedback. Also, the Port of Seattle issued their intentions to do something similar, but they have not yet executed a policy.

Commissioner Tom Stiger asked which category the hotels fall under. Battuello stated there are two hotels; Hotel Indigo and Inn at Port Gardner. Both are welcome to submit an application but neither are subject to government order to close so they would not automatically be eligible under the current issue. However the Port will entertain any requests from them where they can submit special circumstances. Inn at Port Gardner continues to stay open and Hotel Indigo has closed. There are several criteria that would determine their edibility, one being how much time they have left on their lease and whether they are a tenant in good credit standing.

Lefebber also noted that the Port's Legal Council has reviewed this policy in detail.

Commissioner Stiger asked about waving late fees on moorage. Lefebber responded that this policy is designed for commercial tenants, not slip holders. However, the Port has been working with people who call that request late fee waivers, on a case by case basis. As for commercial tenant late fees, there is normally a 5% late fee starting after the 10<sup>th</sup> of the month. They would still be assessed that fee unless they are under this rent relief policy. The Port is giving tenants time to respond before assessing a late fee. Battuello reviewed the March report and most of the tenants were on time with paying rent besides the few exceptions. The Port would waive the late fee if they turned in the application and remained compliant. Otherwise, late fees will continue to apply for commercial tenants at 5%. Battuello also stated that the tenants will continue to pay direct costs.

Upon discussion, Commissioner David Simpson moved that the Commission adopt the Port of Everett Emergency Commercial Tenant Rent Relief Policy to be applied during times of emergency as declared by

the Port of Everett, 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.

### **Commission Retreat**

Executive Director Lisa Lefebber recommended that Commission Retreat be held in late May 2020. All Commissioners agreed that would be fine.

### **Fire Outside of OceanGate**

Executive Director Lisa Lefebber also mentioned to the Commissioners that on April 1, there was a fire at Waterfront Center in a container behind the building. It was quickly extinguished by the Everett Fire Department. She thanked Security and Port Operations Staff, particularly Al J and Vinny. The fire had the potential to be a lot worse than it was.

### **50<sup>th</sup> Anniversary of Earth Day**

Executive Director Lisa Lefebber reported that this month is the 50<sup>th</sup> Anniversary of Earth Day and the Port planned to do some big events around Marina Cleanup Day and bringing people down to help take care of the planet. But people are taking care of the planet in different ways these days in terms of health and safety. The Port would like to bring Earth Day accomplishments to social media. The communications team has started posting environmental tidbits every day, for the month of April, about what the Port is doing to help the planet. Lefebber is hoping the Port can have the Marina Cleanup Day in June.

## **MARITIME INDUSTRIAL EXPANSION**

### **K-C Cleanup Project Status**

Director of Environmental Programs Erik Gerking reported Kimberly-Clark was poised and ready to be on site to begin the cleanup operations. They have a couple items to try and finish early, one of which is decommissioning the outfalls for the Ecology agreed order and then begin the second interim action of the site where they will dig down through the crushed material and start to remove the contaminated soil, then follow with the crushed material removal. They have mobilized all their equipment and truck wheel wash and then the Governor's order came down. They are paused right now. They believe they are at a great time to pause since they are poised and ready to go but haven't yet opened the ground. They think if they were to have opened the ground and then stopped, the site could become unstable or messy. The Port is in good communication with them every couple days and they will be paused until the Governor's order is lifted or until they can get other clarifications. Right now, they don't anticipate the shutdown to affect the project delivery date, they feel like they have enough flexibility to deliver by the end of the year, as planned. Also, they are checking security daily and making sure the gates are locked. The Port Security team is working on fence repairs and making sure the site is secure as well.

Commissioner Stiger asked if the power plant will be dismantled that is currently on the property. Executive Director Lisa Lefebber confirmed that the Port is working with the PUD and the substation will be dismantled in its current location and will rebuilt farther to the east, off the water.

### **SEAPORT MODERNIZATION**

Executive Director Lisa Lefebber gave an update regarding cash flow. Given the uncertainty of the economy and when it will start back up, the Port has been looking at ways to preserve cash flow to make it through this time. The seaport is an essential function, so it will continue to operate. The Port did look at whether or not from a cash flow perspective it would have been prudent to not move forward with crane work at this time. However, given the fact that the Port has financing through an equipment lease, the Port felt that it was not a cash flow item and would be prudent to move forward to get the cranes into operation to meet the 777X production schedule and start bringing in revenue from the new South Terminal investment.

### **Mitsubishi Crane Upgrades**

Chief Operations Officer Carl Wollebek reported in June 2019, the two (2) Mitsubishi gantry cranes arrived in Everett from Everport Terminal in Los Angeles and are currently in storage at the South Terminal. The cranes drive systems are obsolete and in need of replacement. The Port was aware of this maintenance need prior to procuring the cranes. Drive systems are considered the “brains” of a crane. They control the functions of the cranes and assist in diagnosing electrical and mechanical issues that may arise from operations. The manufacturer of the current drive systems no longer supports them, and the Port is unable to get replacement parts. The Port has also found that the spreaders that came with the cranes are obsolete and need replacement as well. The spreaders lift containers between the vessel and shore.

Nidec Industrial Solutions replaced the drive systems in the two (2) Hitachi cranes on Pacific Terminal that the Port currently owns in 2011 through a competitive selection process. Port staff are very happy with the performance and support of the Nidec systems, especially compared to the other systems the Port has worked with over the years. The Port subsequently standardized to the Nidec system for all Port cranes to create efficiencies in training, parts inventory, service contracts and software systems. Staff propose to contract directly with the manufacturer to perform the upgrades. If schedule goes as planned, the cranes will be in full operation by November 2020.

The Port currently owns eight (8) Bromma spreaders. The Port issued a request for qualifications (RFQ) for spreaders in 2009 and selected Bromma after reviewing all the qualifications and prices. Purchasing the same brand of spreaders saves money in parts and reduces downtime as staff and ILWU have long experience in using and maintaining the same Bromma spreaders. The Bromma spreaders the Port currently have are interchangeable between the Hitachi cranes and the Rail Mounted Gantry at Mt. Baker Terminal, but not with the new Mitsubishi cranes. The Port’s goal is to have these manufactured to be interchangeable as well. The Port approved standardization of the Bromma spreaders, and staff proposes to contract directly with Bromma for acquisition of the spreaders.

Staff requested two (2) motions, one for crane controls and one for spreaders, both with not to exceed amounts.

After discussion, Commissioner Glen Bachman moved that the Commission exempt the crane drive upgrades from competitive solicitation and authorize the Executive Director to sign a contract with Nidec Industrial Solutions for an amount not to exceed \$1,500,000, substantially as presented. Commissioner David Simpson seconded the motion. A vote was called for:

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

Abstained: None

Motion carried.

Commissioner Glen Bachman moved that the Commission exempt the spreaders from competitive solicitation and authorize the Executive Director to sign a contract with Cargo Tech CHS PTE LTD. Bromma for the purchase of two Bromma Telescopic Spreaders Model STS45 and spare parts in an amount not to exceed \$450,000, substantially as presented. Commissioner David Simpson seconded the motion. A vote was called for:

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

Motion carried.

### **WATERFRONT PLACE CENTRAL**

#### **Parking Policy and Implementation Status Update**

Executive Director Lisa Lefebber reported that Chief of Business Development Terrie Battuello provided a memo as it related to the new parking management company, LAZ. They are scheduled to take affect May 1, 2020 but given all the unexpected activities with regards to the Declaration of Emergency and pandemic, the Port has decided to slow the implementation of the new parking management policy and strategy and maintain status quo for the next couple months. The hope is that maybe August or September timeframe, the Port will be in a position to have all the details worked out.

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

Commissioner Glen Bachman reported with regard to the pandemic, in 2012, when he was still with a previous employer in Bellevue, they were visited by a King County Health Department employee and possibly a Federal employee, they went over the knowledge and any upcoming or an upcoming pandemic which didn't happen on today's scale but it was a meeting to discuss how to prepare operations and solutions. From that point on, Commissioner Bachman held meetings with the rest of the company and fell on deaf ears and nothing happened. But at that time, Commissioner Bachman was not with the Port of Everett and wondered if the Port received the same kind of visit with other agencies. Also, it is evident, based on the news, much higher than the Port's level and major shopping center levels, some government agencies weren't listening or believing in this pandemic. It wasn't a matter of if, it was a matter of when.

Commissioner Bachman reached out personally to Commissioner David Simpson. He told him he was very sorry for the loss of his brother.

Commissioner Bachman also took his first college class and his environment class with regards to Earth Day at Everett Community College in Fall 1970.

#### **Commission Discussion**

Commissioner Tom Stiger recognized Catherine Soper and her team, in observance of the 5<sup>th</sup> Anniversary of Port Day, for putting together a really nice presentation on social media showing all the activities that take place typically in a Port, primarily the terminal type operations and the workers; longshoreman, stevedoring companies, truck drivers and all the many other people involved in Port activities.

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April 7, 2020

Commissioner David Simpson reminded everyone to stay healthy and thanked the Port family for reaching out to him after he received the word of his brother's passing. The pandemic is being felt across the country and everyone needs to notice that it's here and it can affect everyone, in one way or another.

Commissioner Simpson attended a SCCIT meeting this morning. One of the presenters at the meeting was Congressman Rick Larsen and he said the next round of stimulus packages will have some Port literature and their needs.

**Citizen Comments**

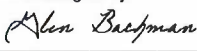
There were no citizen comments.

No Executive Session was held.

**THE REGULAR MEETING WAS ADJOURNED at 1:22 p.m.**

**APPROVED** this 12<sup>th</sup> day of May, 2020.

**EVERETT PORT COMMISSION**

DocuSigned by:  
  
By: \_\_\_\_\_  
Glen Bachman, President  
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By: \_\_\_\_\_  
Tom Stiger, Vice President

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By: \_\_\_\_\_  
David Simpson, Secretary  
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