

**Minutes of Everett Port Commission
Regular Meeting
April 6, 2021**

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

CALL TO ORDER: Commission 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 the Port became eligible on March 31 for vaccination and is working with the American Waterways Association and several other trade groups to provide a vaccination clinic at the Port of Everett on April 14 from 9 am to 4 pm. Depending on the type of vaccination that they are successful in getting, there will potentially be another vaccination clinic if a second shot is required. Johnson and Johnson was requested, but volume and availability of that vaccination as been a little more limited.

The Port is gearing up for a May 1 re-opening of all offices. The Marina tenants and guests will continue to schedule appointments which allows Staff and boaters to prepare so when they come in to sign up for moorage they have all the materials and information that are required in order to get moorage.

Lefebber also gave a quick update with regards to the stimulus money and COVID-19 relief. The Port has been working diligently and Government Affairs Manager Adam LeMieux has been spending a lot of hours trying to get Port relief in the third package of COVID and has been successful. Ports have not been able to get any relief funding in Washington State because of the way Ports are organized under state law. In other states, money has been passed through toports as part of Counties, Cities, or State aid. Washington Ports do not have that same structure so there was a prevision added to the third stimulus package that allowed either the State, County or City to provide pass through funding to the Ports. The Port of Everett has lost around \$8 million in anticipated revenue because of the pandemic with no relief and that has resulted in about \$17 million of deferred projects. The Port of Everett has requests in through the City, the County, and the State for some of that offset. Also, staff is working very diligently on a Capital Budget list in partnership with the City and the County to use either State, County or City funds to be able to fund some key Capital Initiatives that will help with economic recovery, including the Fisherman's Harbor restaurant pads, the new Millwright Loop Road in Waterfront Place, as well a planning study in partnership with the City of Everett for the Highway 529 Broadway interchange. Senator Hobbs was very gracious in his package, adding \$119 million for Port infrastructure in the State transportation budget.

Lefebber reminded the Commission that the Port Commission Retreat will be held on April 12 and April 13 in the Blue Heron Room, hybrid style.

Lefebber also announced Terrie Battuello, Chief of Business Development, has accepted a position as Vice President of Business Development for the Economic Alliance of Snohomish County (EASC). The Port is an active and large funder of EASC and so the Port will still be working closely with Battuello into the future, just

in a different capacity. In the meantime, the Port will be starting a recruitment process to fill the Chief of Business Development position.

Lefebber also announced Brad Cattle, who's been the Port's Attorney for over 30 years, announced his retirement at the end of 2021. It will be very hard to replace that history, expertise, and knowledge that Cattle has provided to the Port over the years. Request for Proposals for Legal Services will be going out shortly. Commissioner Stiger, Lefebber, and Chief Financial Officer Eric Russell will be on the committee. The hope is to have a selected law firm in place by October 2021 so when the Commission considers their delegation and appointment of Legal Counsel in January 2022, that will have already been decided.

National Oceanic and Atmospheric Administration (NOAA)– Mukilteo Farm Property Transfer

CEO/Executive Director Lisa Lefebber reported that federal legislation donated and transferred the Mukilteo Tank Farm to the Port of Everett for the purpose of a multi-modal facility and waterfront redevelopment project in its entirety in 2000. In 2001, after the legislation passed, NOAA got an amendment to that transfer authority to retain 1.1 acres of the site to build a new research facility on their current footprint, which of course the Port and community supported. There was a provision in that legislation that said, "if NOAA did not use the property for the intended purpose or to rebuild a research facility, the property would retransfer to the Port." Given the cost over runs resulting in NOAA's decision not to pursue a new research facility, despite a lot of effort on local leaders' parts to save the project, the decision has been made by NOAA to relocate, and so the Port is in the process of acquiring the property via transfer. Staff will keep the Commissioners apprised of progress.

CHIEF FINANCE OFFICER'S REPORT

Alliant Insurance Services Presentation

Chief Financial Officer Eric Russell asked the Alliant Insurance Services, Inc. team of Deborah Bovee, Brian White, and Kevin Miller to give an update on the market and what they foresee with property insurance which is coming up for renewal in June 2021 and also a little bit on the liability market also. Market conditions remain challenging due to U.S. wildfires, storms, civil disorders, and social inflation which have created intense pressure on insurers in North America, causing insured losses in the billions and new types of claims related to COVID-19 creating additional uncertainty in the market. Alliant is aggressively marketing the Port of Everett property program to markets and seeking alternatives that could reduce rates. However, this type of changes in the program would likely come with significant reductions in coverage. With regards to liability renewal impacts, there are no changes anticipated to the Port's coverage or deductibles.

Washington State Audit Entrance Conference

Audit Lead Tina Hjorten and Assistant Audit Manager Erika Davies announced that the State Auditor's Office will be performing an accountability audit, a financial statement audit and a federal grant compliance audit for the period January 1, 2020 through December 31, 2020. Financial Controller Bob Marion will be the main contact person during the audit and they expect to complete all of the audits by the end of September. The estimated cost of the audit is \$92,000, including estimated travel costs and other expenses, in any.

Job Order Contract

Procurement and Contracts Manager Maija Lampinen reported Job Order Contracting (JOC) is an alternative delivery method for public works, primarily used for repair, renovation, and small construction projects, authorized by RCW 39.10. This is an indefinite delivery, indefinite quantity contract that uses a pre-priced task catalog to set pricing for the duration of the contract along with a contractor overhead multiplier proposed by the Contractor.

In November 2020, the Commission approved staff to solicit proposals for Job Order Contracting for General Construction Services. The Port received four proposals in February 2021. A three-person evaluation team has evaluated the proposals and recommends awarding two contracts: one to Forma Construction and one to Burton Construction Inc., both for the statutory limit of \$4,000,000 per year for two years with a one-year optional renewal term. The Port is required to spend a minimum of \$25,000 during the entire term of each contract. Forma proposed a multiplier of 1.3498 and Burton Construction Inc. proposed a multiplier of 1.2300, both of which will be adjusted annually using the 20-city index from the Engineering News Record (ENR). The contract contains cooperative purchasing language which allows other public agencies to piggyback on the Port's contract capacity.

After discussion, Commissioner David Simpson moved that the Commission approve the Job Order Contract for General Construction Services in the amount of \$4,000,000 per year to Forma Construction and authorize the Executive Director to Sign the agreement.

Commissioner Glen Bachman seconded the motion. A vote was called for:

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

Motion carried.

Commissioner David Simpson moved that the Commission approve the Job Order Contract for General Construction Services in the amount of \$4,000,000 per year to Burton Construction Inc. and authorize the Executive Director to Sign the agreement.

Commissioner Glen Bachman seconded the motion. A vote was called for:

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

Motion carried.

CASCADE INDUSTRIAL CENTER (CIC)

CEO/Executive Director Lisa Lefebber reported this is for consideration of a Memorandum of Understanding relating to a partnership with Northpoint Development, LLC. The Port is very excited about this opportunity. As Commissioner Stiger has said, this is a first-class company and commercial developer, and they are investing heavily in the Cascade Industrial Center. With the Port's economic development role combined with the Seaport, the Port has found opportunities to work together to build up both entities.

Memorandum of Understanding with Northpoint Development LLC

Chief of Business Development Terrie Battuello reported the Port serves a mission to create job growth and expand the tax base in its District. Partnership with private sector developers and investors was envisioned in the forming of special port districts to leverage the Port's resources. Northpoint Development, LLC (Northpoint) out of Missouri is developing 4 million sf of manufacturing and distribution facilities in the Cascade Industrial Center and its subsidiaries are looking for additional opportunities to expand their investments in the Pacific Northwest. Port staff have been meeting with Northpoint for more than year and staff has developed several areas for collaboration between the Port and Northpoint to further the Port's

goals and create additional opportunities to support terminal operations, create jobs and expand the tax base.

Lefebber added that this is an alignment with the Commission's efforts to have the Port engage and help with economic activities outside the Port's boundaries.

After discussion, Commissioner Glen Bachman moved that the Commission authorize the CEO to sign the Memorandum of Understanding with Northpoint Development, LLC in a form 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.

NORTON TERMINAL (MARITIME INDUSTRIAL EXPANSION)

CEO/Executive Director Lisa Lefebber reported the Port concluded the environmental review process for Norton Terminal on the development and cleanup. The Port received a few minor comments that are being addressed. The next step is to finalize the NEPA for the federal grant while also working on the grant agreement terms and condition. There is information from the grant agreements that needs to be included in the bid documents and the Port cannot start to expend the money until the grant agreement is in place. Lefebber has every expectation that the grant agreement will be coming to the Commission for consideration in May 2021, which may require a Special Commission Meeting to approve the grant agreement.

Staff does have the documents ready for the early site package pre-load. The northern portion of the former Kimberly-Clark site has about 40 feet of sawdust that needs to be compacted. Lefebber also mentioned the Port team was successful in getting some money allocated to the project from the State MTCA fund. It came at the expense of the Mill A cleanup that was awarded at the previous biennium. With the help of Representative Emily Wicks, and the Port also had a proviso in the State budget that required Ecology to allow for extended grant agreements for the Mill A site. As the Port moves forward with the large cleanup, the Port needs to ensure that there is a partnership with the State to be able to execute.

Commissioner Tom Stiger asked Lefebber to extend a thank you from the Port Commission to State Representative Wicks for her effort in securing the money for the Port.

DEPARTMENT REPORTS

Properties

Bay Psychiatric, LLC Office Lease – Ratification of Amendment No. 1

Chief of Business Development Terrie Battuello reported Bay Psychiatric, LLC is comprised of eleven independent practitioners specializing in a wide range of psychiatry and psychotherapy practices under the general management of Maryanne Godfrey. The office has operated out of Suite 109, a ground-floor space in Marina Village and is consistently in good credit standing since the Port assumed their lease in 2017. Several new tenants have spun off this Tenant's successful business within Marina Village.

They established a new lease in June 2020, and now wish to expand their leasehold to include two additional suites (Suite 224 and 226) under the terms of their existing lease and coterminous with their existing lease of approximately two years with a single option to renew for two years. With this expansion, the Tenant grows from 2,211.75 rentable square feet (RSF) to 3,170.79 RSF BOMA-confirmed leasable square feet (sf) which will be rented at \$21.63 per square foot. Tenant pays base rent plus a percentage of overall building

maintenance and operating expenses, such as utilities, taxes, insurance and repairs. Because of the increased rent, additional security deposit of \$1,944.10 will be required to bring the total security deposit to \$5,715.35. No landlord work is required. This amendment to the lease provides gross revenue of \$42,110 over the term.

Upon discussion, Commissioner David Simpson moved that the Commission ratify the First Amendment to the Office Lease with Bay Psychiatric, LLC adding 959.04 RSF to their existing lease for office space located 1728 W. Marine View Drive, Suite 224 and 226, and the authority for the CEO/Executive Director's signature, 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.

Everett Yacht Club Ground Lease and Building Surplus in South Marina

Chief of Business Development Terrie Battuello reported that since 1907, even longer than the Port has existed, Everett Yacht Club (EYC) has been a fixture on the Everett waterfront, providing a myriad of activities including social functions, community events and promoting yachting. Reinventing itself over this long period several times, the Club has saved considerable building funds to locate and re-imagine a club for their future in South Marina. EYC intends to transform the building into a quality meeting place for its members and to move away from providing a venue for non-related activities.

The building proposed for use is located at 1720 W. Marine View Drive and was formerly used as the Port Marina Office. The two agreements comprising this item transfer this functionally obsolete building to the non-profit club and establish a ground lease for the land under it. This three-story building was appraised by an independent MAI appraiser from MS Real Estate and their evaluation finds that the cost of bringing this building up to a usable standard exceeds the value of the structure. As such, the Port Administration recommends the highest and best use of this building is to surplus it for this marina accessory use. Upon Commission approval of the transfer and ground lease, an administrative approval of the building surplus action would be signed by the CEO.

Deal points include a 30-year ground lease with two ten-year options, base rental rate is at current market at \$25,000 per year (\$5 per sf) plus annual escalation and Common Area Maintenance (CAM) costs associated with member parking, landscape, and other building expenses. In the base period, the Port will receive a conservative estimate of \$758,000 in base rent. EYC is expecting to remodel the building and construction is anticipated to be less than a year. Their former lease has been terminated and they are anxious to restart club activities this summer (2021).

The building is attached to the South Marina Restroom building, which will remain in Port ownership. The building does contain the Marina's south laundry and some security cameras and antenna are attached to the building. The Ground Lease provides that the Port shall lease back these portions and provide a discount against ground lease rent until the Port decides that it wishes to relocate out of the building. Also, as part of the EYC remodel, the laundry facility will be renovated.

Additionally, the lease describes EYC use of dock facilities for a reciprocal moorage dock. To remain a premier yacht club in the Puget Sound, they are required to provide moorage for visiting yachts from other premier clubs. The agreement includes a market bulk rate for 150 feet of moorage in South Dock E. To accommodate the docks, a minor reconfiguration of docks will be performed by the Marina and paid for by the Tenant in the amount of \$6,000.

After discussion, Commissioner Glen Bachman moved that the Commission authorize the CEO to sign both the Ground Lease and the Transfer Agreement with the Everett Yacht Club, a Washington non-profit corporation, in a form 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.

Projects

Request for Authorization – On-Call Materials Testing and Inspection

Procurement and Contracts Manager Maija Lampinen reported the Port utilizes a material testing and inspection firm under an on-call contract to ensure the quality of materials installed on Port projects meet specifications requirements as well as to monitor contractor field activities. Materials testing and inspection includes taking samples of materials, performing laboratory and on-site testing, making visual inspections, attending project meetings, and other related services to assist the Port in verifying code and specification compliance.

The current firm, GeoTest, was selected in 2017 under a formal solicitation process. That contract is reaching expiration. With the upcoming terminal expansion project at the Seaport, Waterfront Place buildings and other infrastructure as well as the additional projects outlined in the Capital Improvement Plan, it is time to resolicit proposals for material testing and inspection services. Since this will be a formal solicitation, the initial contract will be \$500,000 with the ability to increase the contract capacity as needed over the next five years to accommodate the Port's capital program needs. Once the Port has completed the RFP process, staff will bring a contract award recommendation to the Commission.

Upon discussion, Commissioner David Simpson moved that the Commission authorize staff to issue a Request for Proposals for Material Inspection and Testing Services with a contract term of five years and an initial contract amount of \$500,000. 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 President's Report

Commission President Tom Stiger reported that yesterday, April 5, 2021, was Port Day throughout the country whereby the Ports and communities recognize workers who work primarily in the Marine Terminals, Longshoreman, Terminal Operators, Stevedoring companies, and others. Stiger recognized a couple local groups who received the Washington Safety Awards. Fred Gordon, representative for the Pacific Maritime Association, presented Stevedoring Services of America (SSA) with two awards, the third consecutive year with zero-time loss injuries and first place for Group C Stevedoring in the Washington area. In addition, ILWU, Local 32 had two members reach 10 years without a time loss injury.

Regular Commission Meeting Minutes
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Commission Discussion

Commissioner Glen Bachman noted that he is happy with all the leases and excited for the first real ship to come in tomorrow to the South terminal.

Commissioner David Simpson reported a couple weeks ago, he was taken on a tour of the KC warehouse and thanked staff for giving him the opportunity. The building is solid, and he believes that there could be some opportunity to reuse it.

Citizen Comments

There were no citizen comments.

Executive Session

No Executive Session was held.

THE REGULAR MEETING WAS ADJOURNED at 2:35 p.m.

APPROVED this 11th day of May, 2021.

EVERETT PORT COMMISSION

By: 
Tom Stiger, President

By: 
David Simpson, Vice President

By: 
Glen Bachman, Secretary