

**Minutes of Everett Port Commission
Regular Meeting
September 14, 2021**

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

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

Commission President's Report

Commission President Tom Stiger had the opportunity to represent the Port of Everett at Bob Anderson's memorial service on Sunday, September 12. Anderson was a former mayor for the City of Everett and also the State Director of Commerce and Economic Development and in those two positions, he was a big supporter of the Port of Everett. In fact, Commissioner Stiger can remember when he was first started as Commissioner, at a ribbon cutting ceremony, Anderson was in attendance representing the State in awarding a grant to the Port of Everett, which at that time the Port was a relatively small seaport, and the grant was for the development of the seaport which back then was primarily Pier 1. The Port certainly appreciated Anderson's support. Commissioner Stiger had a special interest as well, because he taught three of Anderson's kids in school when he first started teaching.

Commissioner Stiger also had the opportunity to meet the new Commanding Officer of the Everett Naval Station, Captain Menzel this past week as well.

Commission Discussion

Commissioner David Simpson thanked Port staff for putting on all the community engagement events this summer.

Citizen Comments

There were no citizen comments.

CEO/EXECUTIVE DIRECTOR'S REPORT

Paine Field Passenger Terminal Update Presentation by Brett Smith

Propeller Airports Chief Executive Officer Brett Smith gave an update on operations at Paine Field airport. The past year and half have been tough for the airlines, but the industry is starting to rebound. SeaTac and major hubs are starting to see real traffic come through but still 30% off where it was pre-Covid. Secondary airports in major markets, like Everett, are continuing to feel the pain but Smith is confident that by the end of the 2021 things will start to be a lot better. Alaska Airlines is really trying to get more flights into Paine Field and just started service to Boise, Idaho and Spokane, Washington last week but are losing some other destinations temporarily. Overall, Smith stated they will continue to invest and develop their business in Everett which is the benefit of having investors that are deeply committed to this project. Paine Field has between five to seven flights a day and planes are going out full. One of the problems that airlines are facing, when Covid started, they gave a lot of pilot's early retirement options and now they can't get pilots back. They have planes but no one to fly them and this will probably continue for another year or so but fully expect Paine Field to rebound and be stronger than ever.

Ecology – Bay Wood Project Recognition

Director of Environmental Programs Erik Gerking recognized a longstanding partnership with Department of Ecology for the Bay Wood Interim Action Shoreline Restoration project. Gerking thanked Barry Rogowski, Sam Meng, and Susannah Edwards from Department of Ecology for attending the Commission meeting and presented a plaque recognizing their efforts to complete the project.

Barry Rogowski, on behalf of the Department of Ecology, thanked the Port of Everett and the Commissioners for the recognition. He gave credit to Meng, Edwards and other staff members who did a lot of the hard work on this project from Ecology, but it has also been a pleasure working with all the Port employees who worked on this and other projects, particularly mentioned Lisa Lefebber and Erik Gerking, for doing a great job and interact with them on a regular basis.

Lefebber added Gerking did an amazing thanking the team and showing all the progress and thanked Rogowski and his team. It is exciting because this is just one of the many projects the Port and Ecology has worked together to restore and bring back economic development and public access and environment restoration to the harbor. The Port couldn't do it without Ecology and thanked private sector developer Dave Kessler for attending the meeting as well. All three Commissioners thanked everyone involved with this project.

Seasonal Ice Rink

CEO/Executive Director Lisa Lefebber stated the Port is trying to create a destination on the waterfront where citizens can enjoy activities year-round. For the winter holidays there will be a new holiday tree installed at Pacific Rim Plaza. In addition, the Port has had the pleasure to partner with a company to bring in a seasonal ice rink that will be located in front of The Jetty Grille Restaurant at Hotel Indigo. It will operate from November 27, 2021, through the Chinese New Year and reservations for the ice rink are already coming in strong. The Port is looking for a prime sponsor for the ice rink for naming rights.

SEAPORT MODERNIZATION

Norton Terminal

Approval of KPFF Engineers Task Order No. 16 Under PSA 1-2020-02

Chief of Engineering & Planning John Klekotka reported in February 2020, the Commission awarded a Professional Services Agreement, PSA 1-2020-02 with KPFF Engineers in the amount of \$2,600,000 for design and permitting services for Norton Terminal to be constructed on the former mill site. In July 2021, the Port Commission approved Modification No. 1 to this PSA in the amount of \$800,000, bringing the authorized maximum contract amount to \$3,400,000. Modification No. 1 also amended the PSA with the latest BUILD grant federal terms and conditions.

In order to assure the contractor complies with the project specifications, particularly as they relate to the soils cleanup aspects of the project, including coordination with and reporting to the Washington State Dept. of Ecology, the Port needs assistance from our consultant team, KPFF and subconsultant Landau Assoc. Specific consultant work includes participation at weekly construction meetings, periodic site inspection visits, reviewing contractor submittals and requests for information, review of change order proposals, revisions to address unknown field conditions, production of final record drawings, and project management services.

The fee estimate for this work is \$506,791 through completion by the end of September 2022. Work under this task will be billed on a time-plus-expense basis, and this estimated amount is already included in the increased contract amount that the Commission approved in July.

After discussion, Commissioner Glen Bachman moved that the Commission authorize the CEO/Executive Director to execute Task Order No. 016, under PSA 1-2020-02 with KPFF Engineers for construction support services for the MTCA related project work at the Norton Terminal in the amount of \$506,791.

Commissioner David Simpson seconded the motion. A vote was called for:

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

Motion carried.

FY2021 Port Security Grant Program Agreement

Grant Administrator Nancy Overton reported Port Staff is seeking Commission authorization to have the CEO/Executive Director sign the U.S. Department of Homeland Security FY2021 Port Security Grant (EMW-2021-PU-00473) for security features at the new Norton terminal. This grant will provide \$620,231 in federal funds to assist the Port in the installation of security fencing and a CCTV monitoring system at the Norton terminal. These security features are necessary to bring this area into compliance with US Coast Guard and US Customs regulations and requirements as an MTSA and CTPAT regulated facility.

The grant will provide up to \$237,821 in federal funds toward the fencing at the terminal and up to \$382,410 in federal funds toward the CCTV security system, or 75% of the estimated total project costs of \$826,975. The Port is responsible for the 25% match or \$206,744, and for any additional costs over and above the estimated project costs. The period of performance for this award is from September 1, 2021, through August 31, 2024.

The fencing was designed to meet federal requirements and is included as a separate line item in the recently awarded Strider contract. The in-ground infrastructure for the future CCTV system was incorporated into the Norton terminal design and is part of the Strider work as well but was not part of the grant request. The actual installation of the CCTV system will be awarded under a separate contract.

Upon discussion, Commissioner David Simpson moved that the Commission authorize the CEO/Executive Director to execute the U.S. Department of Homeland Security FY2021 Port Security Grant Program Agreement EMW-2021-PU-00473 for the installation of security fencing and CCTV cameras at Norton Terminal. Commissioner Glen Bachman seconded the motion. A vote was called for:

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

Motion carried.

WATERFRONT PLACE CENTRAL

Millwright District Phase II RFQ Issuance

CEO/Executive Director Lisa Lefebber reported a lot of exciting activities have been occurring on the waterfront. The Port is working very diligently to try to realize the vision for the waterfront and working on creating a destination retail program. There has been a significant amount of interest and staff hopes to have signed Letters of Intent from different wineries, breweries, distilleries, ice cream shops and fish markets by the end of the month. Simultaneously, the Port has been developing, in a partnership with PND and E&P team, a Request for Qualifications to go out for the second phase of Waterfront Place Central, which is the Millwright District. The Port presented the update on that last month. The Port is proposing this as a long-term ground lease to ensure that the Port retains ownership and control of the underlying land.

Fisherman's Harbor Commercial Development (Buildings A8 A17) – Contract Award

Planner Brandon Whitaker reported this project represents a significant investment into the commercial success of the Fisherman's Harbor District, within Waterfront Place Central (WPC). The Port has completed the infrastructure necessary for commercial and private development to now take place, and this project builds on those earlier investments. This commercial project will take place at two locations, and will accomplish the following elements:

1. A8 Restaurant -The future restaurant building on parcel A8 (located immediately south of the Pacific Rim Plaza) will be an approximately 6,000 square feet facility housing two new commercial tenants, Fisherman's Jack, and South Fork Bakery. These tenants are signed and committed to this future budding. A8 will be built to a "gray shell," meaning the interior of the building will be completed to a level that allows the future tenants to immediately begin their interior tenant improvements. Additional building highlights include outdoor eating courtyards and a two-way outdoor fireplace that patrons can enjoy.
2. Fisherman's Harbor Esplanade Wall - Running south alongside the existing esplanade from the Pacific Rim Plaza to the Guest Dock 5 access pier, this project will build a concrete wall that helps separate the elevated outdoor eating spaces for restaurant patrons from the pedestrian traffic below them. The wall also provides benches for pedestrians and a landscaped area along the top of the wall.
3. A17 Restroom/Tenant building - Located west of Hotel Indigo, this dual-purpose building will provide restroom services for Marina tenants, and pedestrians enjoying the esplanade and Pacific Rim Plaza. The building will also provide three tenants office spaces for boating services: 1) Freedom Boat Club; 2) Waterline Boats; and 3) Bellingham Yacht Sales.
4. A17 Site Improvements - This will cover the physical site improvements around the A17 building, such as a concrete courtyard, additional concrete finishing work on the 14th Street esplanade, landscaping, electrical, and a flag display area.

Public works bids were advertised on July 27, 2021 and opened on August 31, 2021; the Port received just two bids. The low bidder was Kassel & Associates (Kassel) at \$6,750,164.72, with an Engineer's estimate of approximately \$5.19 million. Given the difference between the low bid and the Engineer's estimate, Staff held a bid evaluation meeting with Kassel to better understand their bid prices. Below are some highlights from that meeting:

- The project presented unique qualities to bidders not always seen in today's market with three separate physical locations (the A8 and A17 buildings, and the concrete esplanade wall running south for over 500 feet to the Guest Dock 5 Approach Pier).
- The subcontractor market is still very busy - Kassel had difficulty getting subcontractor bids for certain elements of work.
- Materials costs are still high due to a number of factors, including COVID-19 related impacts to the supply chain, available labor, and ongoing tariff requirements resulting in uncertainty of prices into 2022.

The project team has seen significant increases in lumber, steel, and other commodities pricing (as has been the case industry-wide largely due to the impacts of the COVID-19 pandemic). Both proposed buildings will be framed using steel and lumber. These impacts have yielded construction bids that are higher than the CIP construction cost budgets and engineer's estimate. Given the volatility of the construction market, a third-party estimate was performed to confirm the engineer's estimate. The third-party estimate is in line with the bids received.

Staff considered various options to move forward and believe that awarding this contract to Kassel & Associates is the best course of action to ensure the tenants are able to open summer/fall of 2022. Since the majority of the project will occur in 2022 and are currently in the 2022 budget cycle, Staff recommends postponing some projects to 2023 to cover the difference between the current

construction budget and the cost of construction (\$1,385,165).

This project represents a major step forward in filling out the commercial mix of the Fisherman's Harbor district. Balancing the importance with the bid results received, and the financial coverage plan for the overage, Staff recommended moving forward with this project and this contract.

After discussion, Commissioner Glen Bachman moved that the Commission award the public works contract for the Fisherman's Harbor Commercial Development Parcels A8 and A17 project to Kassel & Associates, Inc., the responsible bidder submitting the lowest responsive bid, in the amount of \$6,750,164.72, including Washington State Sales Tax. Commissioner David Simpson seconded the motion. A vote was called for:

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

Motion carried.

DEPARTMENT REPORTS

Properties

Ameron Lease Ratification – Forterra

CEO/Executive Director Lisa Lefebber reported the Port is supporting the partnership with Snohomish County and Forterra Builders, LLC on Darrington's Wood Innovation Center and Cross Laminate Timber (CLT) facility. The Port entered into a short-term Use Agreement with Forterra in the vacant Ameron location to construct prototypes of modular units that can be used for single family home or stacked up to be apartment complexes. This is a short-term Agreement that is expected to expire in December 2021, but there is an option to extend for an additional year, which is why it needs to be approved by the Port Commission. No Port investment is necessary to support this interim use.

While developing the prototype at the Port of Everett, Forterra Builders, LLC will be breaking ground on their new facility in October 2021 in Darrington with the first CLT panels rolling out in the spring of 2023. This new facility in Darrington will support more than 250 new manufacturing jobs.

After discussion, Commissioner David Simpson moved that the Commission ratify the Use Agreement with Forterra Builders, LLC signed by the CEO/Executive Director on August 25, 2021. Commissioner Glen Bachman seconded the motion. A vote was called for:

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

Motion carried.

Projects

Marina Fuel Dock Reconstruction

Authorization to Accept DCIP Grant

Government Affairs Manager Adam LeMieux reported the Port applied for and has been awarded a federal grant through the Department of Defense's Office of Local Defense Community Cooperation's "FY2021 Defense Community Infrastructure Pilot Program" for the reconstruction of the existing Fuel Dock and upland fuel storage tanks. The grant will fund 60 percent, or \$5,254,800 of the \$8,758,000 project to replace and demolish or decommission the existing fuel dock and upland fuel tanks. The Port will need to sign a final grant agreement no later than 5pm EDT on Friday, September 17, 2021, to ensure obligation of the federal

grant funds by September 30. As part of the agreement, the project will need to be under construction by September 17, 2022.

The Port was awarded the grant due to Naval Station Everett's reliance on the Port's fuel dock for the Navy's small boat fuel needs and the recreational benefit provided to the women and men and their families at the installation and the many military retirees that access Puget Sound from Everett. The Port's Fuel Dock is almost 40 years old, and several of the mechanical and electrical systems are corroding or obsolete. Further, the upland storage tanks need to be replaced and relocated for the Waterfront Place Central redevelopment.

Upon discussion, Commissioner Glen Bachman moved that the Commission authorize the CEO/Executive Director to execute the grant agreement with the Office of Local Defense Community Cooperation under the U.S. Department of Defense for the FY2021 Defense Community Infrastructure Pilot Program for the Fuel Dock Infrastructure and Revitalization Project. Commissioner David Simpson seconded the motion. A vote was called for:

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

Motion carried.

Authorization to Issue Request for Qualifications for Engineering Services

Chief of Engineering & Planning John Klekotka mentioned just as LeMieux reported, the Port had applied for and obtained a federal grant through the Department of Defense (DoD) for the reconstruction of the existing Fuel Dock and upland fuel storage tanks.

While design and permitting for the upland portion of the project will come under the Waterfront Place Central consulting engineering team (PND), in order to meet the timelines outlined in the grant, the Port needs to hire an engineering firm to design and assist with permitting for the in-water portion of the project. The Port will also utilize the firm for construction phase support and other related project support services. Because the Port must meet all federal requirements for this project, Port staff is seeking authorization from the Commission to issue a Request for Qualifications (RFQ).

After discussion, Commissioner David Simpson moved that the Commission authorize the issuance of a Request for Qualifications (RFQ) from qualified engineering firms for design, permitting and construction phase support services for the Fuel Dock Reconstruction project. Commissioner Glen Bachman seconded the motion. A vote was called for:

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

Motion carried.

Bay Wood Contract Closeout with Strider

Project Manager Elise Gronewald reported Port Staff is seeking Commission action to closeout a public works contract for the Bay Wood Interim Action - Shoreline Restoration and Cleanup project with Strider Construction. The project has been conducted in partnership with the Department of Ecology (Ecology) under an Agreed Order as an Interim Cleanup Action (Interim Action). The funding for this project has been provided in large part by a unique Ecology Remedial Action Grant that covers 90% of the eligible Interim Action costs. Eligible costs included all costs associated with this project, including but not limited to expert consulting fees, contractor costs, and staff time.

A public works contract was awarded to Strider Construction, the lowest responsible responsive bidder, in September of 2020. Their total awarded bid, including Washington State Sales Tax (WSST) was \$1,535,237.87.

There were three change orders executed during the project. The first two change orders were to cover increased costs associated with a delay in the Construction Stormwater Administrative Order and for costs associated with mixing topsoil and sand/gravel onsite, some grading adjustments, trail alignment changes, and additional plantings in the total amount of \$81,179.42 not including WSST. The third change order was to reconcile the import and disposal quantities based on truck weight tickets and resulted in a contract decrease of \$52,998.81 not including WSST. Therefore, considering the three change orders, the final contract amount including sales tax is \$1,566,180.18, which is \$30,942.31 greater than the original contract amount including WSST (approximately 2%).

Upon discussion, Commissioner David Simpson moved that the Commission authorize the closeout of the public works contract for the Bay Wood Interim Action – Shoreline Restoration and Cleanup project with Strider Construction in the amount of \$1,566,180.18, including Washington State Sales Tax. Commissioner Glen Bachman seconded the motion. A vote was called for:

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

EXECUTIVE SESSION

Commission President Tom Stiger recessed the meeting at 1:48 p.m. and announced that after a short break there would be an Executive Session for approximately 10 minutes – to conclude by 2:05 p.m. The purpose of the Executive Session was to discuss leasing or real estate matters, as public knowledge regarding such consideration would cause a likelihood of increased price and to discuss potential litigation with legal counsel.

At the conclusion of the Executive Session, there was no action taken by the Commission and there were no announcements. The Regular Commission meeting adjourned at the conclusion of the Executive Session.

THE REGULAR MEETING WAS ADJOURNED at 2:05 p.m.

APPROVED this 12th day of October, 2021.

EVERETT PORT COMMISSION

By: Tom M. Stiger
Tom Stiger, President

By: David Simpson
David Simpson, Vice President

By: Glen Bachman
Glen Bachman, Secretary