

**Minutes of Everett Port Commission
Regular Meeting
June 7, 2022**

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

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

Commission President's Report

There was no Commission President report.

Commission Discussion

Commissioner Glen Bachman shared he had attended the World Ports conference in Vancouver, B.C. a few weeks ago and felt it was interesting to see the similarities and the things that are parallel to what the U.S. does. Commissioner Bachman learned a few things that are happening globally, and near home are Green Marine and Green Shipping Lanes which is focused on vessels operating at a slower speed inside of various sound waters, etc. for the protection of the marine life and the reduction of fuels that they use. Seattle has signed on and made a commitment for Green Shipping Lanes. The other thing that is common globally is the electrification of vessels. The year 2050 is the goal globally for electrification. Globally, the earth, in general, needs \$54 trillion by the year 2050 to improve and continue operating infrastructure.

Citizen Comments

There were no citizen comments.

CEO/EXECUTIVE DIRECTOR'S REPORT

CEO/Executive Director Lisa Lefeber updated the commission on the commission schedule for the next few months. There will be one meeting on July 12 and one meeting on August 9. There are a lot of leasing activity underway and Port staff may need a special meeting outside of the regular meeting dates.

2022 Community Sponsorship Awards

Communications and Marketing Director Catherine Soper reported the Port's 2022 Community Sponsorship requests for consideration totals \$31,500. The Port's budget for the Community Sponsorship program in 2022 is \$25,000. After reviewing and ranking the requests, Port staff recommends increasing funding for 2022 by \$5,000 to \$30,000 to support the return of popular and well attended annual waterfront events, while also supporting a new regional event that intends to draw new tourism opportunity to the waterfront as well as the whole Port District. Staff is providing two options for consideration. Option 1 provides a funding recommendation based on the Port Commission's community sponsorships budget for 2022 of \$25,000. Option 2, the staff recommendation, provides a funding recommendation of \$30,000. The communications department has the budget capacity to cover this additional \$5,000.

OPTION 1 - \$25,000

- Mukilteo Lighthouse Festival - \$4,000
- Wheels on the Waterfront Car Show - \$1,500
- Music at the Marina - \$9,000
- "Rock the 4th" - Fourth of July Concert - \$1,500
- Everett Uncorked (NEW EVENT)- \$9,000

OPTION 2 - \$30,000 (Preferred)

- Mukilteo Lighthouse Festival - \$5,000
- Wheels on the Waterfront Car Show - \$2,500
- Music at the Marina - \$10,000
- "Rock the 4th" - Fourth of July Concert - \$2,500
- Everett Uncorked (NEW EVENT)- \$10,000

CEO/Executive Director Lisa Lefebber also mentioned to the commission that one additional thing that the Port is doing is helping support Jetty Island Days by guaranteeing the expense of the ferry to and from the island.

After discussion, Commissioner Glen Bachman moved that the Commission authorize the increase of the Port Commission's community sponsorship budget by \$5,000, for a total Port Commission community sponsorship expenditure for 2022 of \$30,000, to the recipients in the amounts as follows:

- To Mukilteo Lighthouse Festival - \$5,000
- To Wheels on the Waterfront Car Show - \$2,500
- To Music at the Marina - \$10,000
- To "Rock the 4th" - Fourth of July Concert - \$2,500
- To Everett Uncorked - \$10,000

Commissioner Tom Stiger seconded the motion. A vote was called for:

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

Motion carried.

Commissioner Stiger added that he believes its appropriate for staff take a look at the Economic Development and Tourism Policy periodically and realize that is more than just the community sponsorship. For example, trade promotion, port properties and facilities should be promoted in a similar fashion. Another example is tourism and economic development programs. He requested a ballpark amount for each category be provided to the Commissioners as part of the budget process. Lefebber stated it would be tough to break it down specifically but essentially everything in the marketing and trade promotional hosting budgets and public access budget is tied to tourism promotion so Lefebber will provide that amount and how it ties to the. Lefebber will bring that number back to the commissioners.

CHIEF FINANCE OFFICER'S REPORT

1st Quarter Financial Update

Chief Financial Officer Eric Russell gave a presentation on the first quarter financial results for 2022. The revenue was greater than budget by \$8.2 million and greater than 2021 by \$7.6 million. The operating

expenses totaled \$8.3 million, which is 30 percent greater than 2021. Income before depreciation is up considerably for this year and is expected to continue at least through the next few months as the Seaport continue to be busy. Construction prices are up about 20 percent year over year. There is about \$15.4 million cash and investment, which is down from last March but flat from year end. There is a large increase in accounts receivable, primarily because of the added business. Current Liabilities increased due to accrued environmental expense related to Norton Terminal, with a decrease in Long Term liabilities. The Port will continue to see rising costs related to projects

Budget Schedule

Chief Financial Officer Eric Russell presented the budget schedule and meeting dates to the commission.

WATERFRONT PLACE

Westwood Investors LLC Lease Amendment

CEO/Executive Director Lisa Lefebber presented the first lease amendment with Westwood Investors. The amendment is for the Port Gardner Landing building. With the increased construction costs and rising interest rates, the Port and Westwood Investors reached terms on a lease amendment for the Port to provide \$1 million of the cost share upfront, versus at the end of the project as originally proposed. Given the increased investment and changed terms, the ground lease rates are increasing from \$9 rentable square feet (rsf) to \$11 rsf, and the patio is going from \$2.50 to \$2.75 on the same schedule outlined in the original lease. A construction contract has been awarded by Westwood Investors to Kirtley Cole and the project will break ground soon. The first ten years of this ground lease is expected to earn the Port approximately \$530,000 in gross receipts and save the Port approximately \$2.5 million in capital investment.

Upon discussion, Commissioner Tom Stiger moved that the Commission approve and authorize the CEO/Executive Director to execute the First Amendment to Ground Lease with Westwood Investors LLC, a Washington limited liability company. Commissioner Glen Bachman seconded the motion. A vote was called for:

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

Motion carried.

MUKILTEO WATERFRONT DEVELOPMENT

Final Vision and Guiding Principles Presentation

CEO/Executive Director Lisa Lefebber presented the final recommended Vision and Guiding Principles for the Mukilteo Waterfront. As background, the Port of Everett offered to lead this effort as a way to unite and bring various stakeholders together to be able to make sure there is a unified and seamless plan for the waterfront. It is important to understand what people want to see in their Mukilteo waterfront and, more importantly, what they do not want to see. The Port established a stakeholder group in partnership with the City of Mukilteo. A very diverse group including the dive community, the business community, recreational walkers, residents, property owners, Tulalip Tribes, Washington State Ferries, and Sound Transit. Lefebber thanked the stakeholder group as they invested a lot of time and energy and thanked NBBJ, who did an amazing job keeping the group organized, making sure that the process moved along and combing through all the data. There were 284 comments as part of the open house, 559 people responded to the online survey and an 88% response rate to the open-ended questions.

The recommended vision statement is “Mukilteo’s waterfront is a welcoming and convenient gathering place. It provides a year-round mix of uses that promotes culture, recreation, and entertainment. It offers easy access to the beach, businesses and wonders of the Salish Sea.”

The next step will be a presentation to the Mukilteo City Council on Monday, June 13, followed by Port commission on Tuesday, June 14 for action. On Tuesday, June 21, the Mukilteo City Council is expected to consider the Vision Statement for approval. This would conclude the initial part of the waterfront planning, which solidifies the vision and guiding principles. Future efforts are determined on whether or not the Port supports the overall effort or just Port property.

NOAA Update

CEO/Executive Director Lisa Lefeber reported NOAA is working on finalizing their demo plans for the site. It was supposed to be this spring but now it is this summer. As soon as Lefeber gets a firm schedule, she will let the commission know. The demo and cleanup have to occur prior to the property being transferred. One of the requirements is ensuring the site is cleaned up from any past contamination. The Port has requested that the pier stay intact so in the future it can be rebuilt.

Parklet Update

CEO/Executive Director Lisa Lefeber happily reported that the Port was able to open the Mukilteo parklet for outdoor dining on Memorial Day weekend. Special thanks to Senior Planner Laura Gurley for her efforts on this. The painting stripes have been completed to start the parklet design and all of the planter pods are in fabrication. Lefeber expects by mid-summer the parklet will be complete and will provide a nice visual as people drive down highway 525.

DEPARTMENT REPORTS

Properties

Seas the Day Café – New Lease (New Ownership)

Real Estate Manager Tara Hays reported Seas the Day Café is a current business within Waterfront Center with a lease through November 2022. The current owners now desire to sell their business and have the Port lease directly with a new owner. The new owner is Corie Mitchell-Reed, and she will be signing the lease as an individual. She has requested a 5-year term, taking possession of the space, and commencing the lease as of June 7, 2022.

Rent for the premises is starting at \$19.80 a rentable square feet (rsf) per year with 3% escalations year over year. The

Port will receive gross revenue of \$97,341.94 over the course of the lease. There are no commissions owed. The net effective rate is \$21.02 rsf.

After discussion, Commissioner Tom Stiger moved that the Commission approve and authorize the CEO/Executive Director to execute the Commercial Lease Agreement with Corie Mitchell-Reed. Commissioner Glen Bachman seconded the motion. A vote was called for:

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

Motion carried.

Marina

Boater Outreach Event Update

Chief of Marina Operations Jeff Lindhout reported last Wednesday, June 1, there was an outreach for Central Marina tenants to share the next phase of waterfront development. Work will be starting this fall so staff invited the boaters to hear what is going on, what the impacts are, what the timeline is going to be. Project Manager Brandon Whitaker gave a presentation and showed exactly what was going to happen. They also discussed the parking impacts. It was very well attended.

Executive Session

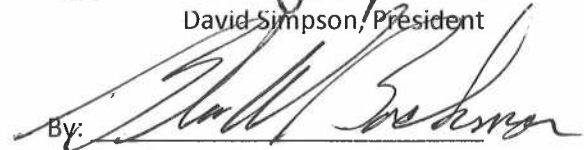
No Executive Session was held.


THE REGULAR MEETING WAS ADJOURNED at 1:33 p.m.

APPROVED this 12th day of July, 2022.

EVERETT PORT COMMISSION

By: 
David Simpson, President

By: 
Glen Bachman, Vice President

By: 
Tom Stiger, Secretary