

**Minutes of Everett Port Commission
Commission Retreat Meetings
March 2 & 3, 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 9:00 a.m.

CITIZEN COMMENTS

Howie & Melinda Bargreen submitted a letter to the commission; attached hereto.

Commissioner David Simpson asked that CEO/Executive Director Lisa Lefeber respond to his questions.

March 2, 2022 AGENDA

CEO/EXECUTIVE DIRECTOR'S REPORT

CEO/Executive Director Lisa Lefeber reported she was excited to see staff, commissioners, public and business partners in one room.

Interlocal Agreement – Boat Launch Dredging Activities with Snohomish County

Chief of Marina Operations Jeff Lindhout reported the Boat Launch facility (Launch) is jointly owned by the Port of Everett, Snohomish County, and the City of Everett. It is in the public's interest to keep the facility well maintained and operable for recreational and commercial launch uses. Heavy siltation occurs periodically that make ingress and egress from the launch impossible at lower tides. This necessitates that the launch be dredged to keep the facility useable. The Port, City and County have each agreed to contribute to the maintenance dredging activities of the Jetty Launch facility. This agreement with the County provides a payment of \$500,000 on or before March 28, 2022, as contribution toward the most recent dredging project. The \$932,000 is the total cost for the project excluding the connector channel outside the launch area.

After discussion, Commissioner Tom Stiger moved that the Commission approve the Interlocal Agreement between the Port of Everett and Snohomish County for Boat Launch Dredging Activities and authorize the CEO/Executive Director to sign the agreement. Commissioner Glen Bachman seconded the motion. A vote was called for:

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

Motion carried.

WATERFRONT PLACE

Weyerhaeuser Lease

CEO/Executive Director Lisa Lefeber reported the Port of Everett is partnering with The Lokey Group to redevelop the historic Weyerhaeuser Building and return it to productive use. The vision for the building

honors its unique exterior design and interior finishes by creating an upscale location to enjoy a conversation, a beverage, and the views. The building will also host the valued boating clubs, including the Mukilteo Yacht Club and the Milltown Sailing Association. The lease calls for the building to be open to the public in spring 2023, its centennial year. The lease terms are designed to have the building in use in a community-oriented fashion, ensure the Port maintains ownership of the structure and still provides the option to be part of a performance venue at Boxcar Park. The lease summary is as follows: Port to invest up to a \$1 million to prepare the building for a tenant and for the tenant to complete improvements. This includes restoring all the windows, renovating the interior, upgrading the utilities, restrooms, while maintaining the historic designation. The Port has already invested more than \$2.5 million preserving and relocating the building to Boxcar Park. Per the terms of this agreement the tenant will be performing this work and the Port will be reimbursing them. The Port is responsible for temporary exterior access improvements and signage, and ultimate redevelopment of the park surrounding the building in accordance with the current vision for Boxcar Park; The lease is for 10-years with options to extend. The rent will be structured to take into consideration its location and understanding that it will be surrounded by construction for some time. Years 1-5 the rent will be \$6,000 annually; years 6-10 it will be 12,000 with 3% increases years 7-10. The Port will also receive rent of 6% of sales after \$500,000 in annual gross sales; there are six 5-year options and a market valuation at exercise of each option. Rent won't be less than the preceding year and can't increase more than 10% in any one year; Going forward the Port will be responsible for exterior maintenance and the tenant will be responsible for interior maintenance; and the Port will partner and collaborate to ensure the building improvements are in compliance with historic standards.

Lefebber stated the Weyerhaeuser Building is in the public access budget, not properties budget, given the fact that is going to accommodate the boating clubs, the park, the performance venue, as well as serve as a museum type experience for the community. With that said, the Port also wanted to ensure that the investment into the building will be returned over the term of the lease. Lefebber presented a proforma break down over the next 10 years. It assumes 1.25% sales escalating throughout the term of the lease and shows that the rent covers the investment that the Port is making in the initial lease term. The Port will continue to work to find grant funding or other funding that can help offset the Port's investment in the building.

Commissioner Stiger asked for a larger version of the proposed floor plan. Lefebber stated it is the current floor plan today and the Port and Lockey Group are going to work together on the interior tenant improvements. Commissioner Stiger also asked if there is an architect involved, Lefebber stated not yet but there will be.

Commissioner Glen Bachman stated he was really excited about the concept; he has a little bit of family connection to the Weyerhaeuser building. Commissioner Bachman's wife's uncle was an upper ranking vice president and when Boeing laid Commissioner Bachman off in the 1970's, he interviewed in the building for a job with Weyerhaeuser. Commissioner Bachman also stated he doesn't believe there is another concept like this in the county so this will be a jewel as it comes together. Commissioner Bachman asked if there were any grants that the Port has received to help out with the project. Lefebber stated the Port is working toward grant, this is a supplemental capital budget so the Port will be applying for a Heritage grant, it's not a ton of money but it will help and pursuing another capital budget request through the community grant program.

Commissioner David Simpson asked about ADA accessible grants. Lefebber stated that will be part of the request of the capital budget. The Port is not proposing putting in an elevator because it would change the historic structure and look of the building but is looking at a lift for wheelchairs.

Lefebber introduced Jack Ng, owner and CEO of China City Restaurants and Fisherman Jacks. Ng gave a presentation on his vision for the Weyerhaeuser Muse, Speakeasy Whiskey Bar and Coffee Shop.

Commissioner Stiger asked about the proforma, much of the success of the operation depends on the sales and percentage of the sales in excess of \$500,000 per year. Stiger knowing very little about the operation of a restaurant spent some time looking at statistics of various restaurant operations and how realistic a sales figure of \$1,250,000 figure is. After spending some time looking at information from the restaurant association, those appear to be fairly accurate projections and asked Ng to compare those to his existing restaurants because so much of the success for both Ng and the Port depends on the sales. Ng stated that the sales figure for a full-service restaurants is probably low, but the Muse will probably only have finger food and pastries so the projections will be lower than a restaurant. If it was operated like a true restaurant, the numbers would probably double from the pro-forma. Commissioner Stiger stated that is very optimistic. Ng expects Fisherman Jack's sales to be double.

Commissioner Stiger asked where would the additional \$345,000 come from over the budget, if its needed. CFO Eric Russell stated that the Port has built into the capital budget a reserve each year that can be used for these types of situations when there are projects that come in higher than anticipated. There is \$1 million in the reserve so the money would come from there.

Upon discussion, Commissioner Glen Bachman moved that the Commission approve the lease with Muse LLC for the historic Weyerhaeuser Building and authorize the CEO/Executive Director to sign the lease. Commissioner Tom Stiger seconded the motion. A vote was called for:

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

Motion carried.

DEPARTMENT REPORTS

Properties

Puget Sound Composites

Real Estate Manager Tara Hays reported Puget Sound Composites is currently a tenant in Suite 115 at Waterfront Center on a sublease through B&B Marine Services which expires March 31, 2022. Tenant has requested a 5-year direct lease agreement. The 60-month lease agreement has a Guaranty. Rent for the premises, 1,255 square feet, is starting at \$11.28 rentable square feet per year with 3% escalations and an effective rate of \$11.98. This is an increase of 23% from the current rent. There are no options to extend or broker commissions owed. The Port will receive gross revenue of \$75,158.25 over the course of this lease and there are no leasing costs to recover.

After discussion, Commissioner Tom Stiger moved that the Commission approve the commercial lease agreement with Puget Sound Composites LLC in a form substantially as presented and authorize the CEO/Executive Director to sign the lease. Commissioner Glen Bachman seconded the motion. A vote was called for:

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

Open Commission Discussion

Commissioner David Simpson asked that there be an open commission discussion for the Commissioners to talk about things that they would like to work on for 2022. All three commissioners discussed various topics and engaged with Port staff in attendance.

Strategic Plan & Comp Plan Update

CEO/Executive Director Lisa Lefeber gave a high-level overview on the 2022 goals for the Port of Everett strategic plan. Lefeber went over goals related to ensure sustainable performance, seaport modernization and industrial real estate, destination waterfront, boating and recreation, economic development and transportation, outreach and partnerships and environmental stewardship.

Lefeber also stated Commissioner Tom Stiger requested that the comprehensive scheme of harbor improvements be updated every year. It is used as a communication tool so the public can easily understand and see how Port projects fit in to the overall goals. Lefeber gave the commissioners a copy and asked for any edits by the following week.

SnoCODE Pledge

CEO/Executive Director Lisa Lefeber reported Snohomish Creating Opportunities Diversity Equity (SnoCODE) is a collaboration between regional partners and major employers designed to create opportunities within Snohomish County. Diversity, Equity, and Inclusion (DEI) work is key to the sustainability of quality of life, workforce, and talent retention, and attracting the industries needed to grow Snohomish County. The pledge states each partner will: Be a DEI advocate and modeling most practices; Demonstrate curiosity and willingness to learn, share and grow your individual and organizational knowledge; Create and implement a comprehensive diversity and inclusion strategy; Assign or hire a staff position to lead diversity and inclusion to support and develop efforts; and Measure success through recommended assessments and participate in SnoCODE meetings.

Upon discussion, Commissioner Tom Stiger moved that the Commission authorize the CEO/Executive Director to execute the Snohomish Creating Opportunities Diversity Equity (SnoCODE) pledge with Economic Alliance Snohomish County. Commissioner Glen Bachman seconded the motion. A vote was called for:

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

Diversity, Equity & Inclusion Update

Procurement and Contracts Manager Maija Lampinen gave a presentation on diversity, equity and inclusion from a procurement and contracting perspective. Diversity, equity, and inclusion (DEI) are a conceptual framework that promotes the fair and full participation of all people, including populations who have historically been underrepresented or subject to discrimination because of their background,

identify, disability, etc. Lampinen wanted to level set since it is vital for the Port to discuss DEI within the context of the county and county-wide efforts and use consistent terminology and have a shared understanding of the working definitions.

DEI is one element of the port's Environmental, Social and Governance ("ESG") efforts. ESG, is used, among other things, to measure elements related to sustainability or societal impact of an entity. DEI is one element of that impact.

DEI in the procurement and contracts world is known as Supplier Diversity which encompasses suppliers, contractors, and consultants. For the purposes of the presentation, Lampinen used Disadvantage Business Enterprise (DBE) to encompass all historically underrepresented businesses.

Across the board, the following items have been identified as barriers to DBE involvement: resources, business type, experience, and visibility to available contracts. These barriers are not siloed but are interdependent and connected. Sometimes the size of a contract may be prohibitive to a DBE since they lack the capital and or insurance and bonding capacity to handle the contract. There are a lot of great businesses out there so ensuring that the service provided by a DBE matches the needs of the entity. There is still work to do in this area.

Lampinen reviewed how the Port has been working to reduce barriers and ensure all suppliers have an equitable chance to receive contracts or participate as subcontractors, which creates opportunities for participations and for DBEs to gain experience. Outreach is a vital component to reducing barriers. Since 2015, the Port has hosted various outreach events, at the Port, but were paused in 2020 due to COVID restrictions. In addition, the Port has partnered with local PTAC and other entities to participate in their outreach events.

Lampinen how the Port will continue to reduce barriers with the activities discussed during this presentation. Collection and analysis of good data will also provide visibility for other activities.

Commissioner David Simpson asked Lampinen if she can provide a copy of the bullet point language that is used in the Port's solicitations.

Seaport Modernization, Electrification and Warehouse Adaptive Reuse

CEO/Executive Director Lisa Lefebber and Chief Operating Officer Carl Wollebek presented an overview of the Seaport Modernization and Maritime Industrial Expansion. Lefebber stated the Port is focusing on this initiative because of where the ships and industry trends are in terms of types of ships. Lefebber presented an overview of some of the Port's strategic initiatives: South Terminal modernization, terminal rail improvements, Mill-A cleanup, Pacific Terminal berth expansion, Everett Ship Repair, and K-C cleanup and Norton Terminal. One of the driving factors for all the infrastructure investment was the Port's effort to get strategic seaport designation. In 2009, after the master plan was adopted, the Port of Everett issued a request to get strategic seaport designation and received a laundry list of items that the Port needed to do in order to earn that certification.

Lefebber and Wollebek gave an overview of what has been accomplished since 2016 and the summary and status of seaport projects.

Executive Session

Executive Session Commission President David Simpson recessed the meeting into Executive Session at 12:55 p.m. for approximately 20 minutes – to conclude by 1:15 p.m.

The purpose of the Executive Session was to review the performance of a public employee.

At the conclusion of the Executive Session, there was no action taken by the Commission and there were no announcements. The Commission Retreat meeting recessed at the conclusion of the Executive Session to the next day, March 3, 2022, at 9:00 a.m.

THE COMMISSION RETREAT MEETING WAS RECESSED at 1:15 p.m.

CALL TO ORDER: Commission President David Simpson re-adjourned the meeting at 9:00 a.m.

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

March 3, 2022 AGENDA

Welcome & Open Commission Discussion

Commissioner David Simpson welcomed everyone to day two of the commission retreat and asked the other commissioners and staff to join in on an open discussion about various topics and goals for 2022.

Waterfront Place Construction and Schedule Update

CEO/Executive Director Lisa Lefebber and Project Manager Brandon Whitaker presented the Waterfront Place Update. Lefebber introduced the presentation outline for Waterfront Place. Whitaker gave the status of Waterfront Place accomplishments, including private development and partnerships, current progress, construction and design and commercial projects. The Port has facilitated more than \$150 million in public and private investment in Waterfront Place to date, of which approximately \$50 million is Port investment. Whitaker also gave an overview of the of the Phase 2 Millwright District and project forecasting. Lefebber gave an overview of the wine walk and restaurant row development and future opportunities that will be coming to the Port of Everett.

Marina Operations and Construction Update

Chief of Marina Operations Jeff Lindhout and Director of Marina Maintenance Jim Weber presented a marina update including marina metrics, staffing changes, events and projects and overall performance. Communications and Marketing Director Catherine Soper talked about the expressed interest in hosting a boat show along Guest Dock 5 where the wine walk, and restaurant row will kick off and looking at hopefully hosting a fall show, Yachtober Fest would be the concept. Soper also went over the 2022 event schedule and all the exciting things happening at the Port.

Commissioner Tom Stiger mentioned that Fresh Paint had indicated that they may relocate from the waterfront to the Schack Art Center location on Hoyt Ave in downtown Everett and asked if there would be another organization that would want to pick up on that weekend. Soper stated the Port did get

notified this week of the potential transition by Schack after 25 years. Their partnership with the Port has been valued over the years but the Schack Board has made a decision to drive traffic from the event into their gallery. The weekend of the event is a very popular weekend at the waterfront and the Port has always held it for Fresh Paint so Soper doesn't think it will be an issue filling the spot. It may be a challenge to fill this year being that it is six months away but there will be outreach to those who have expressed interest in that particular weekend.

Chief of Engineering and Planning John Klekotka gave an overview of the 2021/2022 marina projects which included dredging, replacing the south waterlines to the docks and upgrade south gatehouses, update the access controls throughout the entire marina, construct an access ramp into Ameron, build the new maintenance shop, new Jetty Landing restroom and new fuel dock project.

Lefeber stated her appreciation for the boating community, and we want to make sure everything that the Port does is tied to making sure the boating community is in the forefront.

Boundary Discussion and Outreach

CEO/Executive Director Lisa Lefeber and Charla Skaggs of Maul Foster & Alongi gave a presentation on exploring a boundary expansion for the Port district.

Lefeber reported the Port of Everett has been talking about boundary expansion for over 17 years. The primary purpose of a port district pertains to trade and industry, but port districts have additional powers that allow them to contribute directly to communities including: operation of foreign trade zones, intermodal movement of interstate and foreign cargo, acquisition of property and operation of facilities, community revitalization financing, cooperative watershed management, construction, upgrading, improvement and repairs to streets, roads and highways and construction, purchasing, and acquisition of telecommunications facilities. Port districts are special purpose governments, and therefore have their own governing bodies and act independently of local and state legislatures. This allows ports to exercise their unique powers under the guidance of their commissioners and invest in a variety of projects within the district, not just seaport related.

Lefeber reviewed the history timeline of the Port of Everett. Since its establishment, the Port has expanded with intention and with the interests of the community in mind. The current Port District encompasses most of Everett, portions of Mukilteo and Marysville, as well as parts of unincorporated Snohomish County. They are governed by three elected commissioners, six-year terms. The Commission is responsible for setting policies the Port operates under and also hires an CEO/Executive Director to carry out those policies. Most Washington ports are county-wide, but the Port of Everett cannot serve the majority of Snohomish County as Port of Edmonds is also in Snohomish County.

Skaggs reported that in 2020, the commission adopted a strategic plan to conduct an economic value study and legal assessment of expanding the Port District boundaries beyond the current footprint to be better positioned to bring value and economic opportunities to other parts of the county.

Skaggs stated the Maul Foster team will consult with communities to define what potential economic benefits may be. The Port is already working with Arlington and Marysville on the Cascade Industrial Center. Projects like this will be key economic benefits for communities if boundaries expand. Maul Foster has conducted preliminary research about what these projects might be for different cities interested in these efforts and will begin to have these conversations with cities soon.

Skaggs went over what an expanded boundary would need to look like. It has to be contiguous, passed by the Commission, approved by Snohomish County council prior to being added to the ballot and approved by voters in the new expanded area by 50.01%.

A few things known about the Port of Everett is that it delivers investments in a thriving Snohomish County, a diverse, sustainable economy that generates family-wage jobs in Snohomish County, environmental stewardship that improves the quality of life for Snohomish County residents, and goods from around the world delivered efficiently to people's doorstep.

The approach will be to identify and inform key stakeholders, prioritize areas of interest, meet with Snohomish County cities to understand investment priorities, gather feedback on the public's interest and/or desire for port district expansion and summarize feedback and provide recommendations on path forward.

Executive Session

Executive Session Commission President David Simpson announced the meeting would break for a 30-minute lunch then recess into Executive Session at 1:00 p.m. for approximately one hour and 30 minutes – to conclude by 2:30 p.m.

The purpose of the Executive Session was to 1) consider the acquisition of real estate by lease or purchase, as public knowledge would cause a likelihood of increased price; and 2) consider the minimum price at which real estate will be offered for sale or lease, as public knowledge would cause a likelihood of decreased price.


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

THE COMMISSION RETREAT MEETING WAS ADJOURNED at 2:30 p.m.

APPROVED this 11th day of April, 2022.

EVERETT PORT COMMISSION

By: 
David Simpson, President

By: 
Glen Bachman, Vice President

By: 
Tom Stiger, Secretary

To: Port of Everett Commissioners and Officials
From: Bargreen Family
Re: Seaport Modernization & Electrification, and Warehouse Adaptive Reuse

Feb. 28, 2022

- (1) Please plan for replacing the back-up alarms on all port vehicles with a modern radar system that stops the vehicle before it hits anything or anyone.
- (2) Do you plan to install a 5G network like the Port of Tacoma to track containers in real time?
- (3) What percentage of the profits, made during the first year at the South Terminal, would pay for painting the cranes?
- (4) Will you paint the cranes blue for the Norton Terminal?
- (5) When is the probable start of the predicted strike by the longshoremen?

Thank you for responding to these queries.

Sincerely,

Howard J. Bargreen
hbargreen@aol.com
425-760-9336