

**Minutes of Everett Port Commission
Special Meeting
September 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.

CONSENT AGENDA

- Anisoptera LLC Spa Lease

Commissioner Tom Stiger moved that the Commission approve the item on the consent agenda for September 7, 2022 including the Anisoptera LLC Spa 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.

Commission President's Report

Commission President David Simpson reported on Friday, August 12, he toured the new home of PAWS, Progressive Animal Warfare Society, in Snohomish and looks forward to going back out to the site when it is completed.

On Thursday, September 1, Commissioner Simpson, along with his fellow commissioners and Port staff, attended the Blue Heron Slough Breach Event and thanked everyone for the coordination of the event. The project supports the Port's commitment to environmental stewardship.

Commissioner Simpson, also along with his fellow commissioners attended the opening of the new VA outpatient clinic on August 30.

Commission Discussion

Commissioner Glen Bachman reported he attended the opening of the new VA outpatient facility on August 30. Senator Murray was in attendance and the Veterans Administration chief was the MC and Washington state VA administrator was in attendance as well.

This coming weekend Commissioner Bachman will attend the Cascadia Innovation Corridor Conference in Semiahmoo. This is a collation of members from the State of Oregon, Washington, and British Columbia and will be working on the issues and innovative ways to solve the issues, and one of the keynote speakers will be Bill Gates.

Commissioner Tom Stiger reported on Friday, September 2, he joined the Argosy ferry boat to hear about the historical waterfront story. It was narrated by Jack O'Donnell, who gave an excellent presentation, along with Port staff member Sara Sherbert, who did an excellent job of describing the features of the Port. And while they were out on the water, they were able to see the new Jetty restroom which is in place now, not hooked up but will be very shortly and will be a nice addition to that area.

On August 23, there was a Weyerhaeuser Muse Groundbreaking and ribbon cutting and Commissioner Stiger was one of the speakers. It was a good turn out and gave the public a chance to tour the interior of the building. Commissioner Stiger asked Chief Financial Officer Eric Russell how the Port is keeping track of the \$1 million allocation that the Port has to the developers. Russell explained that the Port is keeping track of the \$1 million on a reimbursement basis. CEO/Executive Director Lisa Lefebber added that the Port has actively been seeking grant funding for the \$1 million and have secured it through the Port's partnership with Snohomish County.

Citizen Comments

There were no citizen comments.

CEO/EXECUTIVE DIRECTOR'S REPORT

CEO/Executive Director Lisa Lefebber thanked the commissioners for their reports on the Blue Heron Slough and the Weyerhaeuser Groundbreaking, they were such momentous occasions.

Lefebber and Adam LeMieux, Government Affairs Manager, will be participating in the Washington DC Fly-in next week with Economic Alliance, the Mayor of Everett, and Snohomish County Executive. They will be meeting with the Secretary of the Navy during the visit and hope to be able to carry the advocacy for the base forward during this trip.

The Port is still actively recruiting for a Chief Financial Officer as Russell works to transition into the Chief of Project Delivery. A couple of weeks ago, Lefebber asked staff to engage with a recruiter to be able to move the initiative forward.

With respect to the Mukilteo acquisition, the Port did delay closing due to some unexpected permitting issues with the City of Mukilteo. Staff is trying to work through the issues and Lefebber thanked Laura Gurley, Director of Planning, for her patience in trying to navigate those issues. Staff did find a work around to be able to allow the Mukilteo Lighthouse Festival to use the lot this upcoming weekend. The goal is to try to get the permit application in within the next week and then it could be anywhere from 30 to 120 days. The purchase and sale agreement states the Port has up to 60 days to close. One of the reason the Port delayed closing is that with principal and interest, the Port would be paying over \$10,000 a month with no revenue coming in so there is real money tied with these permitting issues. It is Lefebber's understanding that the NOAA project should be starting the demolition work on the old World War II structures soon.

Lefebber has notified the commission and staff that the Port has had several mysterious power outages in the Central Marina lately have finally determined the cause is kites. The kites are getting stuff in the powerlines, blowing fuses, and shut the fuel dock down for several days and is becoming a real issue. Staff knew that as the Port moves into construction with Boxcar Park and the road, that the Port would have to eliminate the kite flying activities while the construction is going on and then evaluate it as the park was built out but given the implications with the power issues and the safety issues tied to having those strings reaching the powerlines, it may have to be sooner than later.

Hotel-Motel Grant Application – Ratify

Communications and Marketing Director Catherine Soper reported that each year Snohomish County accepts applications for Hotel-Motel Small Fund Grants from public and nonprofit agencies for tourism marketing, promotions, and capital projects. The grant is funded with the County Lodging Taxes imposed on hotel and motel room rentals in Snohomish County. Funding is awarded through a competitive process and provided on a reimbursement-only basis. The grant application requests commission approval of the application.

The Port of Everett applied for a 2023 Snohomish County Hotel-Motel Small Fund Grant to go toward the construction of an outdoor stage on the waterfront. The Port plans to build the stage off the west side of the Weyerhaeuser Building as part of its Waterfront Place development. The Weyerhaeuser Muse Outdoor Stage will operate year-round, providing a much-needed venue for concerts, performing arts and special events. The Port asked for \$75,000 to help offset the construction costs of the new stage, to be complete by March 2023.

Commissioner Glen Bachman asked about the timeline of the construction of the stage. CEO/Executive Director Lisa Lefebber stated staff is looking at that right now. The stage may be built in phases given the cost. This grant money will help quite a bit.

After discussion, Commissioner Glen Bachman moved that the Commission ratify the Port’s application for the Snohomish County Hotel-Motel Small Fund Grant in the amount of \$75,000 to help offset the construction costs of the Weyerhaeuser Muse Outdoor stage. Commissioner Tom Stiger seconded the motion. A vote was called for:

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

Motion carried.

WATERFRONT PLACE

Waterfront Place Update

CEO/Executive Director Lisa Lefebber reported that the Port team has been working on leasing activities as well as working on the lease negotiations with LPC West and working out some of the development agreement tweaks that are going to be needed. The hope was to be able to bring the LPC West lease to the commission on September 20 but more than likely it will be early October just given the complexity of the agreement.

A8 and A17 are moving along very slowly and continue to have supply chain issues with getting different product to the site. The good news is that the tenant’s contractor will be able to get into the site in the next week or so to be able to start making the tenant improvements so they will be working in tandem with the Port’s scope of work and the tenant’s scope of work to help pick up some time.

The Port Gardner Landing building has been interesting. When Kirtley Cole broke ground on the project they discovered what appeared to be a natural water source under the site. They cannot figure out where this water is coming from but there was enough water pumped out to fill an Olympic sized swimming pool. The good news is that the pumping did work, the rigid inclusions have been complete and most of the underground work is now concluded, and the water problem is no longer an issue. It has delayed the job a little bit but not too much.

The Port is working on option agreements for A6 and A12 which is the buildings next to Fisherman's Jack and South Fork Bakery. The Anisoptera Lease will essentially fill the top floor of the A12 building. Rustic Cork is signed for the first floor and the Port has Letter of Intent's signed or out on the other two spaces so that allows the Port to move into full design. Lazy Boy Brewing is set for A6 building and staff is still actively looking for a fish market.

The Jetty Landing Restrooms are here, finally. The team is trying to work and get it open and usable for the fishing derbies. Salmon for Soldiers derby is the September 16 weekend and Coho derby is on September 23.

Next week, the Port expects to start demo on buildings in preparation for the Millwright Loop Roads Phase 1 project.

Millwright Loop Roads Phase 1

Project Manager Elise Gronewald reported the Port's mixed-use development, Waterfront Place, is transitioning to the second phase of development, the Millwright District. This district represents the employment center of the project, as well as providing additional residential opportunities. To prepare the district for future vertical construction by private developers, the Port must begin work on the new public infrastructure. This project is the first phase of the Millwright Loop Roads development and is a vital first step towards bringing utilities and roadway access to the district in conjunction with development opportunities.

The project includes the following elements for Chamfer Street, Millwright Loop South, and Millwright Loop North: Construction of a new temporary road to convey public traffic to the western portions of Waterfront Place, such as Boxcar Park and Central Marina parking; continuing to allow access to the Central Marina restroom; demolish hardscapes in preparation for setting roadway preload fill; install wick drains, place preload and settlement plates.

The commission authorized Staff to seek bids at the May 10, 2022 commission meeting. On August 30, 2022, the Port received a total of nine bids from eight contractors; one contractor submitted an alternative bid in addition to their conforming bid.

The alternative bid proposal received was from SCI Infrastructure, LLC as allowed in Section 00 20 00 Instructions to Bidders, 2.08 Alternates. SCI proposed substituting a 50/50 blend of sand and imported gravel borrow for the surcharge fill materials rather than the original design for 100 percent gravel borrow. After careful review by Port staff and the Port's design engineers of the documentation provided by SCI, it was determined that the alternate proposal would require more material than in the original design, resulting in a taller and wider surcharge pile which would cause impacts to marina parking and other surrounding areas, as well as likely leading to increased costs for rehandling the material as part of the Phase 2 project. Therefore, staff recommends that the Port award in accordance with the original design. The lowest responsible bidder submitting a responsive bid in accordance with the original design is Strider Construction Co. Inc., with a bid in the amount of \$3,008,350.00 including Washington State Sales Tax.

Upon discussion, Commissioner Tom Stiger moved that the Commission award the public works contract to Strider Construction Company, Inc. in the amount of \$3,008,350.00, including Washington State Sales Tax, for the Millwright Loop Roads Phase 1 – Demolition and Pre-load project 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.

DEPARTMENT REPORTS

Properties

SM-1 Suites 220 & 222: Jennifer & Ryan Taisey – New Lease

Real Estate Manager Tara Hays reported Jennifer and Ryan Taisey, doing business as ‘Little House of Canvas,’ specialize in repair, designing, building, and installing custom canvas projects for boats. The Taisey’s are a current tenant occupying Suite 221 within Marina Village SM-1 building since July of this year on a month to month basis, which they will vacate upon commencement of this new lease.

Rent for the premises is starting at \$19.20 rentable square foot per year. They will pay their proportional share of operation costs and utilities, plus Washington State Leasehold Excise Tax. The Port will receive gross revenue of \$84,071.28 over the term of the lease. The initial leasing costs include a not-to-exceed TI Allowance of \$17 per square foot, for a total of \$13,753 and there is no commission owed. The initial leasing costs will take 10.5 months to recover. The net effective rate is \$20.78 square foot per year. Tenant has submitted a security deposit in the amount of \$1,686.53.

After discussion, Commissioner Glen Bachman moved that the Commission approve and authorize the CEO/Executive to sign the Commercial Lease Agreement with Jennifer and Ryan Taisey, also to reflect a reduction from \$3 million to \$1 million in insurance limits, in a form substantially as presented. Commissioner Tom Stiger seconded the motion. A vote was called for:

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

Executive Session

Commission President David Simpson recessed the meeting into Executive Session at 12:45 p.m. for approximately 15 minutes – to conclude by 1:00 p.m. The purpose of the Executive Session was to discuss with legal counsel representing the agency matters related to litigation or legal risks of a proposed action or current practice that the agency has identified, as public discussion of the litigation or legal risks is likely to result in an adverse legal or financial consequences to the agency.

At 1:00 p.m. in open session, Port legal counsel Jordan Stephens announced that the Executive Session would be extended an additional 5 minutes – to conclude by 1:05 p.m.

At 1:05 p.m. in open session, Port legal counsel Jordan Stephens announced that the Executive Session would be extended an additional 5 minutes – to conclude by 1:10 p.m.

At 1:10 p.m. in open session, Port legal counsel Jordan Stephens announced that the Executive Session would be extended an additional 5 minutes – to conclude by 1:15 p.m.

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At 1:15 p.m. in open session, Port legal counsel Jordan Stephens announced that the Executive Session would be extended an additional 10 minutes – to conclude by 1:25 p.m.

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

THE SPECIAL MEETING WAS ADJOURNED at 1:25 p.m.

APPROVED this 11th day of October, 2022.

EVERETT PORT COMMISSION

By: 
David Simpson, President

By: 
Glen Bachman, Vice President

By: 
Tom Stiger, Secretary