



Historic Weyerhaeuser Building Vision & Lease Consideration

March 2, 2022



Building History

- ✓ *Ornate Gothic-style structure; nearly 100 years old*
- ✓ *Architect Carl Gould commissioned by the Weyerhaeuser Company to design a 6,000 sq. ft. one-and-a-half story building in 1923*
- ✓ *Used to showcase local wood species such as fir, cedar and hemlock*
- ✓ *Iconic building serves as a reminder of the once abundant and productive lumber and shingle industry that contributed to the evolution of the vibrant Everett waterfront*

1923

THE WEYERHAEUSER OFFICE BUILDING WAS BUILT AT THE COMPANY'S FIRST EVERETT PLANT, MILL A, TO SHOWCASE ITS WOOD PRODUCTS



1938

THE BUILDING MAKES ITS FIRST MOVE FROM MILL A TO MILL B; SERVED AS OFFICE SPACE UNTIL THAT MILL CLOSED IN 1979



1983

DONATED TO THE PORT & BARGED DOWN TO THE RIVER TO THE PORT'S SOUTH MARINA; SERVED AS THE EVERETT CHAMBER OFFICE AND HOUSED OTHER OFFICE TENANTS THROUGHOUT THE YEARS



1986

ICONIC BUILDING IS ADDED TO THE NATIONAL REGISTER OF HISTORIC PLACES



2016

BUILDING MAKES ITS FINAL MOVE TO SERVE AS THE CENTERPIECE OF THE NEW BOXCAR PARK



NEXT UP

PARTNER WITH A PRIVATE DEVELOPER TO RENOVATE AND RE-OPEN THE BUILDING "WEYERHAEUSER MUSE" TO THE COMMUNITY

Adaptive Reuse

- ✓ Building has sat vacant for nearly two decades; exterior maintenance has continued, but major interior & ADA improvements needed for reopening
- ✓ In 2014, Commission set direction to reopen the building to the community with goal of public access to the building/use by boating clubs
- ✓ Relocated building to Boxcar Park in 2016 for future use at Boxcar Park
- ✓ Had to move in advance of City placement of New Grand Avenue Park Bridge
- ✓ Hoped to reopen to the community in 2020; proved too costly without private partner and pandemic shifted funding availability
- ✓ Heavily sought private developer interest in 2021 to turn vision to reality



The Muse Lease

- ✓ *Partnership with The Lokey Group to redevelop historic Weyerhaeuser Building and return it to public access*
- ✓ *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*
- ✓ *Building to host our valued boating clubs, such as the Mukilteo Yacht Club and the Milltown Sailing Association*
- ✓ *Lease calls for the building opening to the public in spring 2023 – icon’s centennial year*
- ✓ *Lease terms designed to have the building in productive use in a community-oriented fashion, ensure Port maintains ownership of the structure and provides option to double as a performance venue at Boxcar Park*
- ✓ *Part of National Maritime Heritage Initiatives*



Term Summary

- ✓ *Port to invest up to a \$1M to prepare building for tenant and for tenant to complete improvements, including replacing all windows, renovating the interior, upgrading utilities, restrooms, etc.*
- ✓ *Tenant will be performing this work and the Port will reimburse*
- ✓ *Port is responsible for temporary exterior access improvements and signage, interior ADA access to 2nd floor, and ultimate redevelopment of the park surrounding the building*
- ✓ *10-year initial term with options*
- ✓ *Rent would be structured to take into consideration its location and understanding that it will be surrounded by construction for some time; years 1-5 at \$6,000 annually and years 6-10 at 12,000 annually with 3% increases years 7-10*
- ✓ *Port to receive rent of 6% of sales after \$500,000 in annual gross sales*
- ✓ *Six, 5-year options and a market valuation at exercise of each option*
- ✓ *Rent won't be less than year 10 and can't increase more than 15% in any one year*
- ✓ *Going forward, Port responsible for exterior maintenance and tenant responsible for interior maintenance*
- ✓ *Partner and collaborate to ensure building improvements in compliance with historic standards*
- ✓ *Required to host Milltown + Mukilteo Yacht Club at a minimum*

Proforma

Weyer Tenant proposal: 6000 / yr base, step in year 6 to 12000 w/ 3% escalation, 6% over \$500k breakpoint

SF	Annual Payment	Increase	% of base rent owed	sales	sales increase	% rent	Breakpoint	annual rent	incentive	Cash Flow
6000						6.00%	500,000			
0									(500,000)	(500,000)
1	6,000		1,250,000					51,000	(500,000)	(449,000)
2	6,000	0.00%	1,187,500		-5%			47,250		47,250
3	6,000	0.00%	1,270,625		7%			52,238		52,238
4	6,000	0.00%	1,359,569		7%			57,574		57,574
5	6,000	0.00%	1,454,739		7%			63,284		63,284
6	12,000	0.00%	1,556,570		7%			75,394		75,394
7	12,360	3.00%	1,665,530		7%			82,292		82,292
8	12,731	3.00%	1,782,117		7%			89,658		89,658
9	13,113	3.00%	1,906,866		7%			97,525		97,525
10	13,506	3.00%	2,040,346		7%			105,927		105,927
Cap Rate		15%								706,179
Total	93,710					628,432		722,141		428,320
NPV										
discount	0.02		Sales per sf (1st floor)							
	\$ 212,271		2,830	441.70						

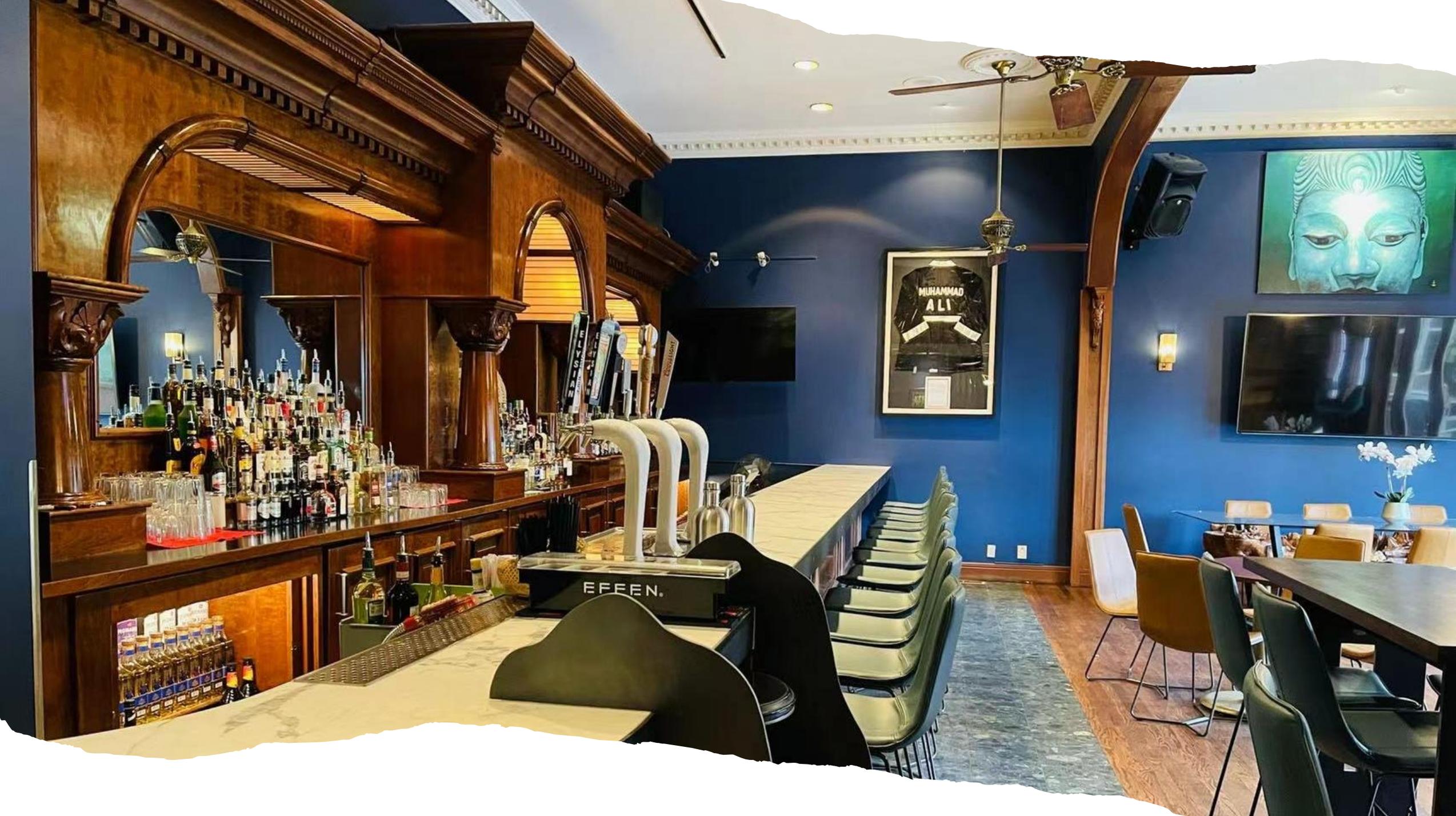
Muse
Whiskey Bar & Coffee Shop

Jack Ng, Owner and CEO of
China City Restaurants & Fisherman Jack's

Current Restaurant Designs

Freeland – China City Location

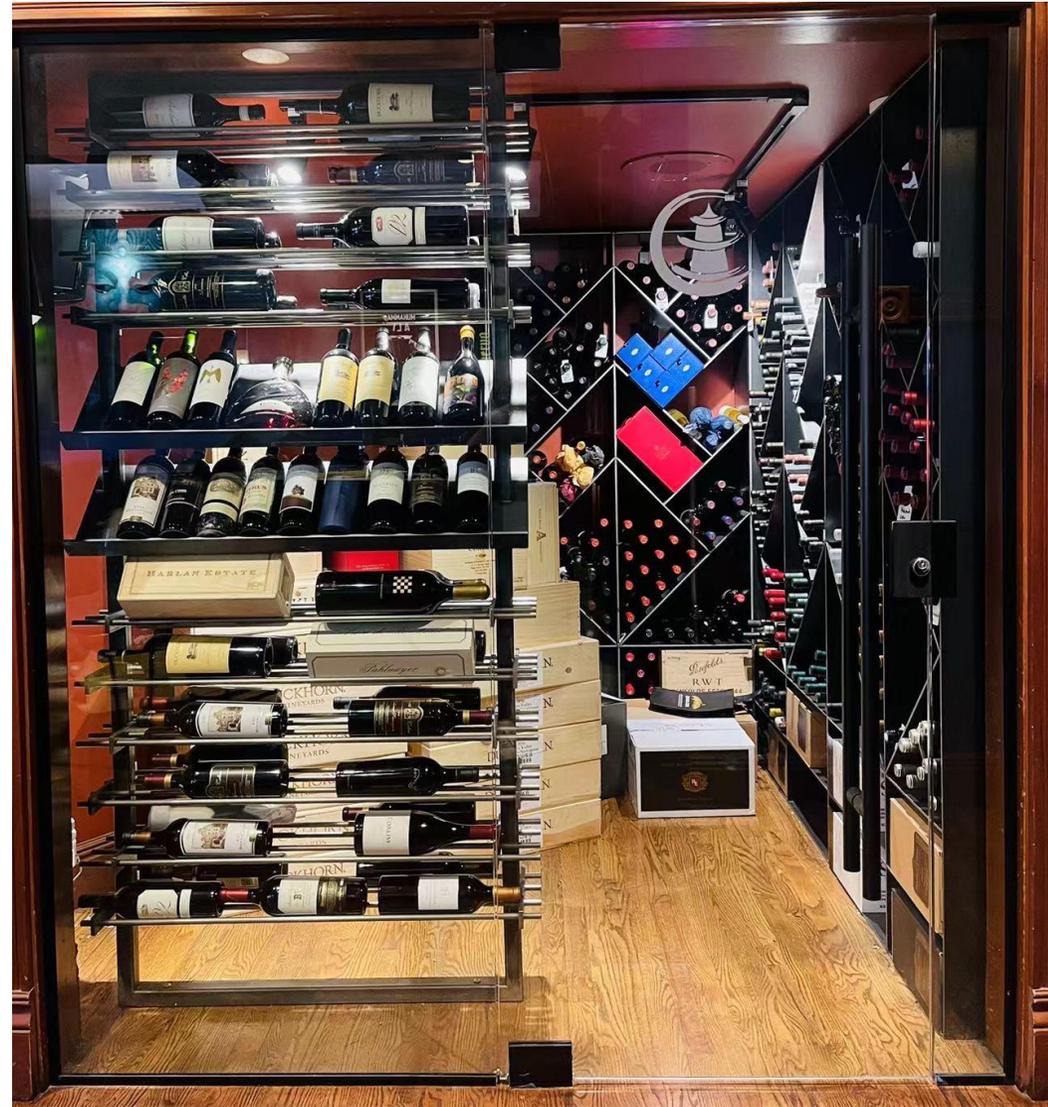
Recently remodeled bar at the China City
restaurant, located in Freeland WA







Custom wine room to store and showcase wine selection



Newly
replaced bar
top &
installed
frozen draft
beer taps



This Tea Table was an original piece brought into the restaurant 17 years ago. In 2020, we repurposed it to be used as a glass-top table that guests can better enjoy.



Mill Creek – China City Location

The China City restaurant in Mill Creek was built in 2014. The design decisions were led by Jack Ng.



Window to kitchen creates a high class feel and visibility for both staff and customers



EXIT
This Door Is To Remain Unlocked During Business Hours

CHINA CITY



Custom wine room- glass showcase display and storage. Adds privacy and ambience for customers





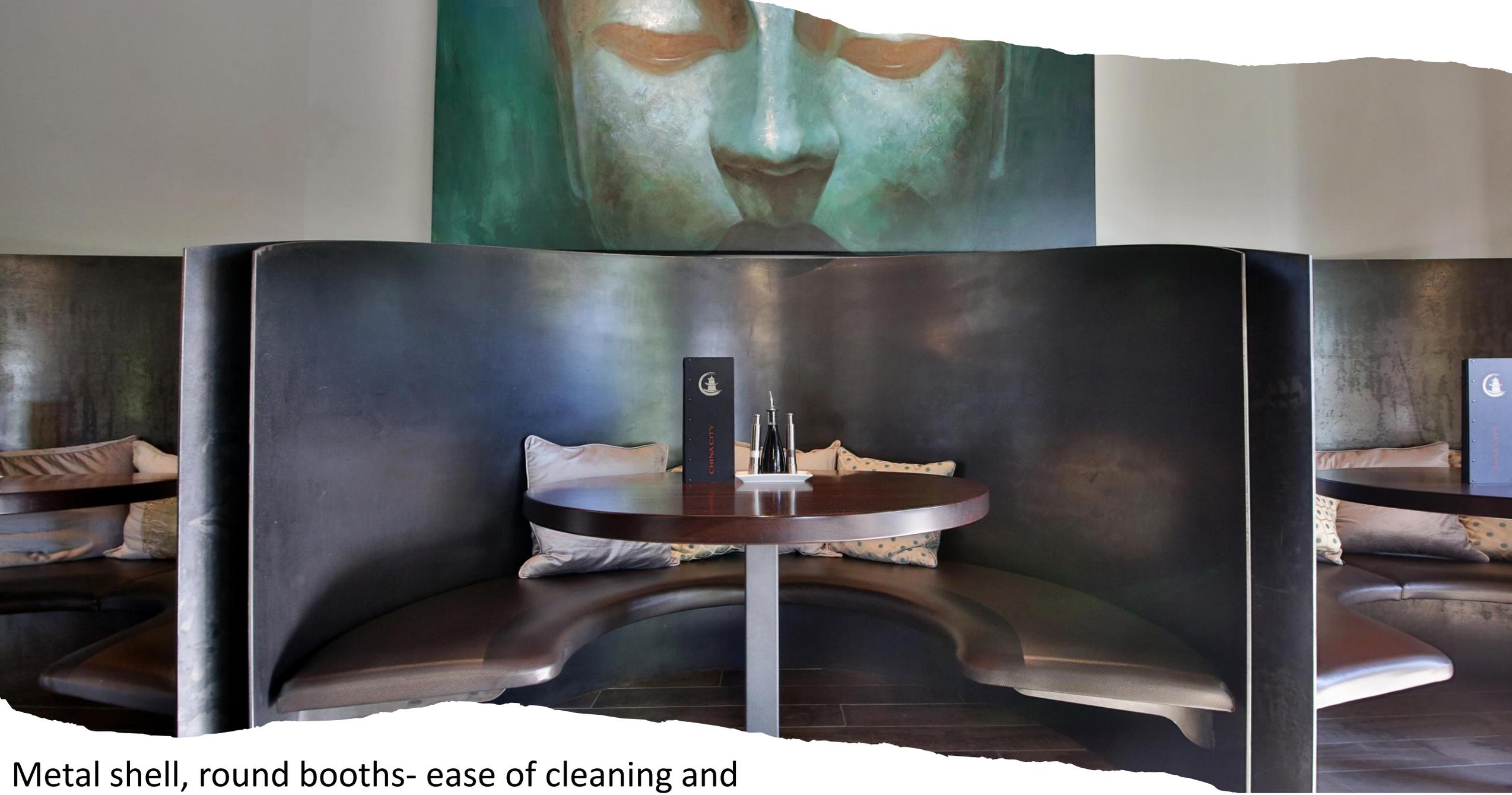
BREAKING NEWS

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Metal shell, round booths- ease of cleaning and maximum seating

Weyerhaeuser Muse Design Inspiration









Private wine and liquor storage boxes- customer buys a space and they can keep personal spirits to enjoy on their visits.









Requested Commission Action

- ✓ *Staff recommends the Commission approve the lease with Weyerhaeuser Muse LLC dba Muse Whiskey & Coffee for the historic Weyerhaeuser Building and authorize the CEO/Executive Director to sign the lease*



Thank You!

Questions?

