

**PORT OF OLYMPIA COMMISSION
MINUTES OF REGULAR MEETING**

February 12, 2007

CALL TO ORDER

President Telford called the meeting of February 12, 2007, to order at 5:30 p.m. at the LOTT Board Room in Olympia. Commissioners McGregor and Van Schoorl were also in attendance.

President Telford announced that the Commission held an executive session prior the meeting to discuss with legal counsel potential litigation. No decisions were made.

Staff in attendance were: Executive Director Ed Galligan, Administrative Manager Jeri Sevier, Communications Manager Patti Grant, Airport Director Rudy Rudolph, Marketing and Business Development Director Kari Qvigstad, Harbor Director Bruce Marshall, Public Works Director Andrea Fontenot, Marine Terminal Director Jim Amador, Finance Director Steve Davis, Property Business Development Manager Sally Alhadeff, and Property Director Heber Kennedy. Bob Goodstein and Carolyn Lake, the Port's Legal Counsel people were also in attendance.

Public in attendance were as follows: Representing *The Olympian* was Jim Szymanski. Others in attendance included: Richard Wolf, Jan Norman, Harold Clark, Keith Bausch, Tom Howdeshell, Randy Johnson, Michael Cade, Peter Sanderson, Art West, Richard Korn, Drew Hendricks, Mark Williams, Don Johnson, and Rod Edgebert.

APPROVAL OF AGENDA

The agenda was approved as presented.

PUBLIC COMMENT

Drew Hendricks, resident of Olympia, asked if the Port Commission has looked at extending the enterprise status to the logistics center? Mr. Galligan indicated that development of that site is premature at this time to answer that question.

Arthur West, resident of Olympia, commented about the Port's history of environmental review. He commented that what is more important than what happens in court is how the Port is getting projects completed. He noted that there have been 7 environmental documents, 4 withdrawn, 2 in possible litigation, and 1 for sure in litigation. He noted that the Port scores 1 for 6 for getting things done. He explained to the Commission that the problem lies with the Executive Director, so if you want to fix the SEPA process and make a good faith effort to comply with the environmental laws, you need to fix the problem. He also commented that the Commission should concentrate on conduct not on image.

Richard Korn, resident of Olympia, indicated that he is a longshoreman hired a year ago and since then has not worked very much at Port in Olympia due to the litigation and appeal processes that have been going on. He commented that many of the actions are self serving and counterproductive to the citizens of the county. If these project could move forward and produce revenue to the Marine Terminal, which would help boost the economy and improve the Port's image once they move past this litigation. He indicated that he does not understand why these lawsuits have to go on and on when the Port just wants to bring good paying jobs to this community.

Keith Bausch, resident of Olympia, also with the longshoreman's Local 47, indicated that he has

attended meetings of the Port Commission for years and this Port has a great environmental record, regardless of the opinion of Arthur West. He noted that the public needs to know that the reason why the Marine Terminal is not bringing in revenue is because of all the lawsuits by folks like Arthur West.

COMMISSIONERS REPORTS

Commissioner McGregor reported he attended the welcome and farewell dinners for the Chinese Delegation; he attended the EDC board meeting, and the Lacey Chamber meeting. He noted that the Solid Waste Advisory Council meeting was cancelled. He also met with Thera Black at the Regional Planning council.

Commissioner Van Schoorl noted the Commission held a work session on January 31, 2007. Unfortunately, the paper reported the focus on Communications and improving the image of the Port -- only one of the issues discussed. The Commission had a great session talking about all the things the Port needs to do to improve the economic vitality of this community -- not just on image. Commissioner Van Schoorl noted that he also attended the annual meeting of the CLAMP, and the Chinese Delegation welcome dinner, and the Black Hills Audubon meeting.

President Telford indicated he attended the Chinese Delegation farewell dinner and the Black Hills Audubon meeting. He noted at the Commission retreat, the Commissioners reviewed the priority initiatives with staff and narrowed them down to the top 15 priorities. There are many projects other projects in addition to the top priorities also going on in this community; it was a very productive meeting.

EXECUTIVE DIRECTOR REPORT

Mr. Ed Galligan indicated staff is refining the list of priority initiatives for the Port. The staff is planning on reporting on these priorities on a quarterly basis.

Mr. Galligan reported that he to attended the Black Hills Audubon meeting where the focus was on container ports, but interesting and useful information. He noted that he also attended a budget workshop hosted by Congressman Baird held in Centralia to review the federal budget.

CONSENT CALENDAR

Minutes Approval. The Commission unanimously approved the minutes from the January 22, 2007 meeting with revisions. The commission unanimously approved the minutes from the January 24, 2007 and January 31, 2007 as published.

Lease Amendment - Capitol Little League

Mr. Rudy Rudolph indicated that this lease amendment with Capitol Little League provides a six-month lease with one additional six-month option, beginning February 1, 2007. This is a short-term lease for a non-conforming land use.

Commissioner Van Schoorl indicated that the tenant has been at this location for at least six years if not more, they have trouble getting grants because they do not have a long-term location, he asked if there was a reason why we cannot give them a longer-term lease? Mr. Rudolph indicated that he could look into that suggestion and get back to the Commission. Mr. Rudolph noted that the Capitol Little League made a direct contact with the FAA asking for approval of a longer-term lease. The FAA indicated they could go along with that if they paid market value for the lease. They are currently not paying fair market value because on the short-term lease.

President Telford indicated that they keep the fields up and looking nice and it is an asset to the Port. He

wondered if we could find some property similar to Yauger Park for a long-term site for them. The Commission unanimously approved the lease amendment with Capitol Little League.

Option Agreement – D & R Development , LLC

Ms. Sally Alhadeff indicated that this is an option with D & R Development, LLC. D & R is an association of Randy and Don Johnson, who are involved with two other long term Port leases with J-4 Associates and is adjacent to one of their projects.

Ms. Alhadeff indicated that this Option, with an attached Lease, is for a 4.68-acre site at the corner of Center and 78th Avenue. The Option period commences November 1, 2006 and terminates June 30, 2008. The fee for such option period is \$7,224.32 and conforms to our standard Option terms and conditions.

She reviewed the lease terms with the Commissioners. She indicated that the leased premises are: approximately 4.68 acres located at the NE corner of Center Street and 78th Avenue in the Port's NewMarket Industrial Campus. The lease term is for thirty years. The option to renew is for an additional twenty years. The rent is 4,013.51.00 per month plus leasehold tax. Rent shall be adjusted the first fifteen years every three years based on the change in the Consumer Price Index. The second fifteen years will be adjusted in accordance with Commission Policy. The lease security is \$54,346.13.00 plus Washington State Leasehold Tax. The use of the premises is for construction of a multi-tenant office/warehouse building or buildings.

Ms. Alhadeff introduced Don Johnson and Randy Johnson of D & R Development. They indicated that they do not have any potential tenants at this time, but the location is great and provides for opportunity for a unique niche.

The Commission unanimously approved the option agreement with D & R Development, LLC.

ACTION CALENDAR

Approval to Bid Taxi Lane 15 Rehabilitation Project

Mr. Rudolph indicated that this project is the second of two Taxilane rehabilitation projects originally approved in the 2006 Capital Plan, and carried over into the 2007 Capital Plan. The pavement is a 1943 vintage surface and is in a failed condition. Total project cost is estimated to be approximately \$289,234 of which Soloy Aviation Solutions will reimburse approximately \$140,854 to the Port for work in their leasehold area. The Port's cost will be approximately \$148,380. Mr. Rudolph indicated that staff is asking for approval to bid the Taxi Lane 15 Rehabilitation project.

Commissioner McGregor indicated that it looks like the remaining budget for this project is \$200,000. It appears that this project is expected to be completed under budget.

The Commission unanimously approved staff to bid the Taxi Lane 15 Rehabilitation project.

Shell Station Lease Ratification

Mr. Heber Kennedy indicated that the Port Commission approved the purchase of the Shell Station on the corner of East Bay Drive and State Street. Mr. Kennedy indicated that as part of the process in approval of the purchase of the Shell Station at East Bay Drive and State Street, the Port of Olympia Commission directed staff to prepare an RFP to attract a Gas Station and Convenience Store operator for an interim period of at least eighteen months.

Mr. Kennedy noted that an RFP was developed, advertised, and sent to a total of twelve interested parties. Seven prospective parties attended a tour of the property.

Mr. Kennedy indicated that the Port received two well-qualified proposals. The RFP staff team evaluated the proposals and selected a preferred candidate. The preferred candidate is Mr. Stan Parker. Mr. Parker is a very experienced and current operator of a Gas Station and Convenience Store and looks forward to leasing the station.

Mr. Kennedy shared the lease terms with the Commission. He noted that the leased premises are approximately .45 acres located at 724 State Avenue together with the buildings and other above ground improvements located thereon, and three 12,000-gallon underground gas tanks, and associated lines owned by the Port. The lease term is for 5 years. Port may cancel with a six-month notice anytime after the first year and Tenant may cancel with a six-month notice anytime after the first two and one-half years. The rent will be \$6,250.00 per month plus leasehold tax and adjusted every year based on the percentage equal to the change in the Consumer Price Index. Rent commences upon Tenant opening for business. The lease security is \$42,315.00. The additional property requires that the tenant be required to acquire and install all furniture, fixtures and/or equipment necessary to operate the premises as a gas station and convenience store to obtain maximum revenue. The Port will provide and pay for annual tank testing as required by the Department of Ecology, and will provide and pay for insurance on the tanks and lines. The Port will provide real property and general liability coverage for the premises and Tenant will reimburse the Port the cost of such insurance, which is currently \$2,200 per year. In the event of a loss, Tenant will reimburse Port the cost of its deductible. He noted that the Port has performed an environmental investigation of the premises and has reviewed reports regarding the environmental remediation that has occurred on the site to date. Tenant is entitled to receive a copy of such reports and must not further contribute to any environmental degradation of the current site.

President Telford asked how much the insurance was for the tanks. Mr. Kennedy indicated that the current tenant is paying \$1300 per year. President Telford asked what the status of previous cleanup is? Mr. Kennedy noted that the site has received a NFA letter for ground level. The underground monitors have been clean for 5 years.

Mr. Kennedy indicated that this agreement is contingent upon closing for the purchase of the Shell Station. He noted that the rent amounts to \$75,000 per year a 3% on Port's investment.

Harold Clark, resident of Olympia, asked if there was a valid tank report. Heber indicated the tanks were installed 5 to 7 years ago and the lines were replaced several years ago. The tanks and lines are double lined and in compliance with Ecology.

The commission unanimously ratified the lease with Mr. Stan Parker.

ADVISORY CALENDAR

SEPA 101 Advisory

Attorney Carolyn Lake provided the Commission with a re-cap of the Port Commission SEPA 101 workshop held on January 24. She also noted that she was seeking Commission feedback on next steps and potential amendments to the Port's SEPA policy.

President Telford submitted his proposed changes as follows: (1) He noted that he would like all written comments received on an Environmental review or SEPA determination to be addressed and responded to in writing. The comments, responses, and amendments will constitute the documentation that forms the basis for an appeal. (2) He indicated that he wanted the appellants to request how the appeal be heard, either by the Port Commission, the Port's Hearings Examiner, or neither and go directly to court. (3) He noted that he would like the appellants request on how their appeal be heard to be at a Port Commission meeting. The Port Commission would grant the appellant's request with or without a determination to

accept the Responsible Official's determination. The fee for this hearing would be \$300. If the Commission hears the appeal, they would obtain separate independent counsel. And (4) he noted that the decision by the Port's Hearings Examiner is not subject to review by the Commission, however, either party may seek review by the courts.

Since this information from Commissioner Telford had not been shared with the other Commissioners until tonight, he asked that the other commissioners provide input to Carolyn Lake and then staff (or legal counsel) can come back with a recommendation.

Commissioner Van Schoorl indicated that the process has been tested by the courts and is structured legally to work. He commented that he does not want to react and make a change that legally doesn't work for all involved. He commented that he feels that everything in the current policy works with exception of the reconsideration hearing.

Ms. Lake indicated that she would collect additional comments from the commissioners and add comments from staff and bring a recommendation back to the Commission for approval.

EDC Work Plan Update

Ms. Kari Qvigstad noted that the Port of Olympia has contracted with the Economic Development Council of Thurston County (EDC) over the past years for services that promote economic vitality and diversity throughout Thurston County. The Port of Olympia benefits from the knowledge and resources of the EDC for business development marketing, business expansion and retention, and small business assistance. She noted that services provided by the EDC include technical service for site selection consultation, case management, market research, and support to Port staff and Commission on economic development initiatives.

Mr. Michael Cade, EDC Executive Director, provided the commission with an overview of the 2007 service agreement with the Thurston County EDC incorporates several of the Port of Olympia's priorities into the scope of work. These include: Regional transportation and logistics services; rail strategies; airport recruitment strategies; marine cluster recruitment strategies; identify and recruitment strategies for commercial industrial platforms; partner with the Port on property development opportunities; work with Port staff, Thurston County VCB, Chambers and community stakeholders in identification of market opportunities within the tourism economic development sector; Foreign-Trade zone; regional economic development; international market development; business retention;

Ms. Qvigstad noted that the Thurston County EDC's efforts complement the work of the Port staff and when viewed together are consistent and supportive of the effort to create a vital economy. The Port of Olympia budgeted \$27,500 in 2007 for contract services by the EDC. Port staff looks forward to continued coordination on Port and EDC economic development initiatives in the coming year.

Commissioner Van Schoorl indicated that he appreciates all the work of the EDC and the partnership with the Port.

President Telford indicated that he feels that the EDC should be on the Transportation Policy Board. Mr. Cade indicated that he is in contact with the TRPC. He is awaiting direction from the EDC Board of Directors on this issue.

Manufacturing Alliance Advisory

Ms. Kari Qvigstad indicated that the South Sound Manufacturer's Alliance, chaired by Des McGahern of Albany International, Jeff Meehan of RT London and Hal Arnold of H2, in collaboration with the Economic Development Council of Thurston County, South Puget Sound Community College, Pacific Mountain Workforce Development, Port of Olympia and New Market Skills Center formed in 2006 with

the following goals in mind:

- to provide advocacy and raise awareness of impacts that legislative issues have on manufacturers at the local, regional and statewide levels;
- to pursue resources that can be utilized to attract and retain high quality employees and training options;
- to create a network that local manufactures can draw resources from;
- to promote and publicize the positive impact that the manufacturing sector has on the local economy; and
- to work to ensure that critical infrastructure is in place to help meet the needs of manufacturers.

She noted that a kick-off meeting of the new alliance was held last fall to focused on the critical needs of manufacturers in the South Sound region. Michael Cade, Executive Director of the Thurston County Economic Development Council, presented an overview of the white paper developed by the alliance, which addresses the impact and importance of Manufacturing on the South Puget Sound Economy.

He noted that the next Quarterly Symposium, hosted by the alliance, would be held on February 22 at the New Market Vocational Skills Center from 3:30 to 5:00 pm. The focus of the next forum will be on workforce issues

The Commissioners indicated their support for this effort to increase the successes of the smaller businesses. President Telford indicated that at a recent Mayor's Forum, Mayor Osgood who is also works for Dept. of Licensing discussed a new program called the Business Portal. President Telford suggested that Mr. Cade talk to the Mayor on the ease of getting all the licenses required of a new business. He indicated that this program has the potential to help people get licensed in one location. Someone needs to push the cities in Thurston County. Commissioner Van Schoorl indicated that this business portal is new and is just getting started.

Adopt-A-Garden Advisory

Ms. Andrea Fontenot provided an advisory presentation to the Commission regarding the Adopt-a-Garden program and the three applications received. The three potential sponsors' include the Nature Conservancy and Native Plant Society, Port Peninsula Benevolent Society, and the Olympia Host Lions Club.

Ms. Fontenot indicated that Jan Norman was in attendance at the meeting earlier and had to leave. Jan is with the Olympia Host Lions Club and indicated that she is very excited about the program. She noted that she would like other spaces to be adopted and more marketing and communications to the community.

Commissioner McGregor asked what the marketing and communications plan is for the remaining sites. He indicated that he could see how this program will help keep the cost down for the Port on new developments. The landscaping spaces are required as part of the permitting process. Commissioner McGregor asked what is the start up costs included? Ms. Fontenot indicated that the costs were for staff time spent to date on developing this program and hosting the workshop.

Commissioner Van Schoorl indicated that he was very pleased to see this program get off the ground. This program is good for the waterfront, which is significantly underdeveloped, and to partner with local folks makes this program even better. He thanked the groups for stepping up. He noted that once the other groups see this partnership, they would step up.

President Telford asked where the nature conservancy site. Ms. Fontenot explained that the site was at the curve at East Bay, west side of the shoreline path in the grassy area by the oak trees. She noted that staff is confident the oak trees are going to remain with the development of East Bay.

President Telford indicated that we do not want to install gardens prematurely in areas like NorthPoint until we have decided on a final plan for the area. He asked what the annual costs would be. Ms. Fontenot indicated that costs would be mainly for staffs time to support the program in working with the sponsors. President Telford indicated that he was still concerned about safety and what these places will look like. Ms. Fontenot responded that the committee at the staff level would approve the design. He also questioned as to whether the trail should be asphalted for handicap accessibility. He commented that the composting program should be part of a larger county program. If we assist the restaurants on port property we would be subsidizing them. Ms. Fontenot noted that staff is exploring the composting site with the city and this is a very preliminary concept at this time.

ADJOURNMENT

President Telford announced that the Commission would hold an executive session on February 15, 2007 at noon to discuss East Bay Development with staff. This was originally announced as a work session, but has been changed to an executive session.

President Telford announced that the next Commission meeting would be held on Tuesday, February 27th instead of the regular date of Monday, February 26th.

President Telford adjourned the meeting of February 12, 2007 at 7:33 p.m.

PORT OF OLYMPIA COMMISSION

President

Vice President

Secretary-Treasurer