

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

**February 27, 2007**

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**CALL TO ORDER**

President Telford called the meeting of February 27, 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 on February 15, in accordance with RCW 42.30.110(c) to discuss the terms and conditions of the sale of the East Bay property.

Staff in attendance were: Executive Director Ed Galligan, Administrative Manager Jeri Sevier, Airport Director Rudy Rudolph, Marketing and Business Development Director Kari Qvigstad, Harbor Director Bruce Marshall, Environmental Planning Senior Manager Andrea Fontenot, Marine Terminal Director Jim Amador, Finance Director Steve Davis, Property Business Development Manager Sally Alhadef, Marketing Program Assistant Maureen Malahovsky, and Property Development Senior Manager Heber Kennedy. Carolyn Lake, the Port's Legal Counsel, was also in attendance.

Public in attendance were as follows: Representing *The Olympian* was Jim Szymanski. Others in attendance included: Mark Williams, Steve Mason, Rachel Graham, Rob Whitlock, Maria McDonald, Chris Stegman, Muhammad Ayub, Wally Cuddeford, Arthur West, Harold Clark, Molly Gibbs, Wes Hamilton, Bernie Meyer, Tom Howdeshell, Jeff Brigham, Keith Bausch, Kevin Partlow, Jim Goche, Sandy Mayes, Marco Rosnia Ross, Payan Sadri, Benjamin Groves, Phan Nguyen, and Jeff Berryhill.

**APPROVAL OF AGENDA**

The agenda was approved as presented.

**PUBLIC COMMENT**

**Chris Stegman, resident of Olympia**, indicated that he was with the green party and he supports the anti-militarism group. He commented that he plans to protest in the future. He commented that the President's buzzwords do not respond with reality and in order to bring an end to the war, we have to act locally. He indicated that he is not asking the Port to call Fort Lewis and ask them to stop shipping through the Port, however, if they come the movement is willing to pay the consequences for their actions and this time there will be more people protesting.

**Muhammad Ayub** indicated that he was begging the Commission to stop the shipments of any military through the Port. He indicated that he does not think the property taxes should be going towards supporting this war. He asked the Commission to listen to the voices of the people.

**Wally Cuddeford, resident of Olympia**, noted that he was a proud war protestor. He indicated that he will do what ever he can to make sure that further shipments are stopped and that this Port is not used for profiteering from murdering other people.

**Arthur West, resident of Olympia**, echoed the comments of those speaking about the war. However, the commented that is not the issue that he came to speak about. He noted that the Commission has improved the action at the Commission meetings towards the public. He indicated that he would like to see a full SEPA on the East Bay project in full. He further commented that all of the capital facilities in the Comp

plan need to be in accordance with all of the expansion projects, when you amend the plan, please take those into account.

**Jeff Brigham, resident of Tumwater**, commented that no Ports in the United States has ruled that the war is illegal, the voters of Thurston County as a whole support the military at the Port by the recent votes that put two Commissioners back into office with the full disclosure of supporting the military shipments.

**Sandy Mayes, resident of Olympia**, indicated that a growing majority of the public want this war to end and to bring our troops home, but the politicians in DC are not listening. She noted that local elected bodies should lead in stopping this war.

**Marco Rosni Ross, resident of Olympia**, indicated that he both the City of Olympia and the Thurston County is debating of whether or not they will provide security for protests of future military shipments, and he indicated that he would like to see the Commissioners be a part of the community and stop the shipments and not participate in this illegal war.

**Molly Gibbs**, indicated that she was with 800 people who went to DC to talk to the congress and came away deeply concerned because the administration will continue this war for oil. The soldiers are in grave danger and we must take action together by supporting the soldiers that come home.

**Wes Hamilton, resides within the Port District**, supports and endorses the Anti Militarization Campaign. He noted that he commended the Port for trying to bring economic stability to the community. However simply trying to make money does not do any thing for the moral responsibility. He indicated that he is asking the Port Commission to honor and respect the role of the office and not support the future shipments of the military through the Port. He indicated that the Commission is putting themselves and the Port employees at risk. He asked them to make the right choice.

**Bernie Myer, resident of Olympia**, commented that he was in DC last year when the Port was there and he was peacefully protesting in front of the White House. He spoke against the war and the illegal nature of it.

**Rachel Graham, resident of Olympia**, indicated that the Port is prosecuting her for trespassing last May. She noted that they (the protestors) plan to continue to protest in larger numbers next time. She asked the commissioners to take a close look at their actions and support of this war and the role and position of the commissioners to make a difference.

**Rob Whitlock, resident of Olympia**, indicated that he was not here to attack the commissioners, or the employees of the Port of Olympia. However, part of prosperity and part of wealth should also relate to our values and the decision to allow military shipments through the Port should be part of our values.

**Payan Sadri, resident of Olympia**, commented that a half hour ago he came to speak and was told by Carolyn Lake she did not know where he could sign up to speak, but he said she did know and was refusing him the right to speak. He spoke against the war and the shipments of military through the Port. He further asked the Commission to display professionalism and integrity for those who have testified before them and to bear in mind the testimony that has been discussed and it is in frustration that our voices are not being heard. President Telford indicated that Carolyn Lake is not an employee of the Port and most likely did not know the process for signing up.

**Dave Griffiths, resident of Olympia**, indicated that if he were born different, he would have wanted to serve the country and would have signed up for the military. However he was not able to and over the years he has learned to serve the people of the country, the people of Thurston County and of Olympia and he does what he thinks the people want him to do. The Commission could do something about this and stand up for what is right.

**Benjamin Groves, resident of Olympia**, indicated that the majority of Americans disagree with this war.

He commented that he urges the Port of Olympia to not allow the military to ship through our Port. This community does not want this war to be carried out.

**Phan Nguyen**, indicated that as Commissioners people look to you to be leaders, you were not elected to say it is not my job, you are accountable for the war and occupation of Iraq by supporting the military shipments through this Port. He commented that deaths have occurred with the consent of the Commission and support of this war.

**Jeff Berryhill, resident of Olympia**, asked the Commission to stop using the Port for military shipments.

**Keith Bausch, president of Longshore of Olympia**, commented that he disagreed with what the people here at this meeting are doing with the Port, but do agree with what they have to say about the war. He wanted to emphasize that the longshore is operating with large machines, and if protestors come into the facility, the longshore does not want someone getting hurt on their conscience.

## **COMMISSIONERS REPORTS**

Commissioner McGregor reported he attended the TRPC policy board meeting and attended the chamber meetings.

President Telford noted that he would like to add to the next agenda and executive session to discuss the Executive Director's performance and to discuss a salary increase. The agenda should also reflect a decision that will take place in public session. He commented that he would also like to add to the agenda for next time Commissioner Compensation.

## **EXECUTIVE DIRECTOR REPORT**

Mr. Ed Galligan reported that last week, the City of Olympia selected the State and Jefferson location in the East Bay redevelopment district as the site for the new City Hall. He indicated that the City would be holding, along with LOTT and the Hand's on Childrens Museum, an open house on Thursday, March 1<sup>st</sup> from 3-6 p.m. at the Olympia Center.

Mr. Galligan also reported that a vessel, Belle Ayura is due at the Port of Olympia on March 15<sup>th</sup> to load logs for Okiyama. The estimated volume is around one million board feet.

Mr. Galligan also noted that Simon Johnson is beginning construction of a building at New Market in Tumwater. The second phase of the development will include a parking garage. The first building houses the office of the Washington State Attorney General.

## **CONSENT CALENDAR**

**Minutes Approval.** The Commission unanimously approved the minutes from the February 12, 2007 meeting as published.

**Bills and Voucher Approval.** The Commission unanimously approved the bills and vouchers in the amount of \$655,079.45. General Fund Checks Issued: 042223 – 042455. Voided Checks: 042234-042234, 042144, 042167, 042177, 042385, 042394, 042395, 042440, 042443, and 042453 – 042454.

## **Lease Amendment – LOTT Wastewater Alliance**

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Staff indicated that the Port has leased the SE section of the undeveloped lot at the corner of Thurston and Adams to LOTT for storage of construction equipment and vehicles since January 9, 2002. That lease agreement has been amended several times. The lease expired December 31, 2006, and since that time,

the lease has continued on a month-to-month basis.

This Lease Amendment No. 5 is for the extension of the lease until March 31, 2008. After March 31, 2008, either party may terminate the lease by providing a ninety (90) day written notice of termination. The annual rent for this lease is \$16,524. Based on East Bay timeline, this lease will not impact development or construction schedules of the Port or its Partners.

The Commission unanimously ratified the lease amendment with LOTT Wastewater Alliance.

#### **Assignment of Lease – Han Jo Roe, LLC**

Staff indicated that the original developer of the Guesthouse Inn and the Comfort Inn, Western Steel, sold the Comfort Inn to SOK, Incorporated and the Guesthouse Inn to E&J Incorporated in June 2006.

The current owners are selling their properties to the same buyer, Han Joe Ro, LLC. The Assignment of Lease form contains the standard Port of Olympia terms and conditions. The main point being that the former owner and the current Tenants are not released from future liability as defined in Section 2. Financial due diligence was conducted by Port staff on Han Joe Ro, LLC. Results indicate that Han Joe Ro, LLC has the financial capacity to fulfill the terms and conditions of the lease agreement. The lender in this case for both properties is Saehan Bank of Los Angeles, CA.

The Commission unanimously ratified the assignment of lease with Han Jo Roe, LLC.

### **ACTION CALENDAR**

#### **Resolution 2007-06 – Authorizing the Sale of An Abandoned Vessel**

Mr. Bruce Marshall presented the Commission with Resolution # 2007-06 which authorizes the Harbor Director to conduct a public auction of the 28-foot wood powerboat WN 8142 JE, to the highest and best bidder. The resolution further authorizes the Harbor Director to bid all or part of the accrued port charges at the sale and the Port of Olympia may become a purchaser at the sale. Value of vessel is estimated at \$500.00.

Commissioner McGregor asked Mr. Marshall to describe the process it takes to get to this point. Mr. Marshall indicated that we are bound by RCW 53.08.320 to follow strict procedures for the impound and auction of abandon vessels. Marshall described the procedures required including notifications, timelines and actions necessary to bring these vessels to auction. Commissioner McGregor also inquired about how boat valuations were determined. Mr. Marshall stated that they used a variety of methods including the NADA Boat Blue Book, on line research and local and regional comparisons.

**Tom Howdeshell, resident of Olympia**, indicated that he was concerned that the Port may bid on these, and wouldn't that be a conflict of interest. Mr. Marshall responded that we bid only if no one else bids on it, and we do that only to become the legal owner so we can dispose of it. Mr. Marshall responded that we try to get these boats out of the water and be the least expense to the taxpayers, most of these boats have been abandoned and do not have any real value.

The Commission unanimously approved Resolution # 2007-06- Authorizing the Sale of an Abandon Vessel.

#### **Resolution 2007-07 – Authorizing the Sale of An Abandoned Vessel**

Mr. Bruce Marshall presented the Commission with Resolution 2007-07 authorizes the Harbor Director to conduct a public auction of the 17-foot fiberglass Boston Whaler boat to the highest and best bidder. The

resolution further authorizes the Harbor Director to bid all or part of the accrued port charges at the sale and the Port of Olympia may become a purchaser at the sale. Value of the boat is estimated at \$300.00.

The Commission unanimously approved Resolution # 2007-07- Authorizing the Sale of an Abandon Vessel.

### **Resolution 2007-08 – Authorizing the Sale of An Abandoned Vessel**

Mr. Bruce Marshall presented the Commission with Resolution 2007-08 authorizes the Harbor Director to conduct a public auction of the 27-foot fiberglass sailboat HIN AMXD0629M80 to the highest and best bidder. The resolution further authorizes the Harbor Director to bid all or part of the accrued port charges at the sale and the Port of Olympia may become a purchaser at the sale. Value of the boat is estimated at \$5000.00.

The Commission unanimously approved Resolution # 2007-08- Authorizing the Sale of an Abandon Vessel.

### **East Bay Development Capital Expense Authorization**

Ms. Sally Alhadeff indicated that she was requesting formal approval of a Capital Expense Authorization for the East Bay redevelopment project. She noted that at the January 22 commission meeting, staff provided an update on the progress, talked about next steps and answered questions about the East Bay redevelopment project.

She indicated that she wanted to bring the Commission up to date on the project. Ms. Alhadeff noted that at the last commission meeting, staff reported we have an executed letter of intent with LOTT, and subject to the input of our governing bodies, we were ready to enter into a purchase and sale agreement. Staff is working on crafting that agreement for review now.

Ms. Alhadeff also indicated that the City of Olympia recently announced they will concentrate on the East Bay site for their new city hall. Because of potential contamination issues (more on this later), staff has spent time working with City staff on indemnification issues, but we have not entered into any agreements with the City. However, the parties are ready to enter into further discussions on the business points.

She indicated that representatives of the Hand's On Children's Museum will recommend to the Olympia City Council tonight that they likewise focus on the East Bay site for their new museum. If the City Council agrees, we can enter into serious discussions. The big issue remains parking – not only how much is required by city code, but also how much is optimum, and how and where will that be accommodated. And, of course, how will it be paid for.

Ms. Alhadeff indicated that on the environmental front for the City Hall site, the next step would be to prepare a cleanup action plan to present to Ecology. She indicated that staff expects the plan will include off-site disposal for excavated soil as well as long-term groundwater monitoring. Based upon the site's history and past uses, the types, concentrations and distribution of chemicals found on site are not unexpected. She noted that the good news is the chemicals detected do not appear to be impacting groundwater and soil excavated at the site during construction activities is not likely to be considered dangerous waste.

Ms. Alhadeff reported that for the adjacent property, staff has reviewed and commented on the DRAFT of the phase I study and expect to have a FINAL to submit to Ecology shortly. This report as well as a clean up plan for the City Hall site just mentioned is both part of the voluntary cleanup program and agreement that we have entered into with Ecology.

She also reported that staff has heard from the public during our master planning meetings for East Bay that we need to include “public access” in whatever development is done on the site. We also received commission direction that we include “open space” and “access to the shoreline” in our development criteria. To that end we continue to plan for some type of public space on this waterfront site.

Ms. Alhadeff noted that staff has had one brainstorming session with the initial prospective partners to discuss a “shared” public plaza including possible features, uses, activities and facilities. There has also been discussion about creative concepts. Early on we asked a consultant to put together several scenarios and provide an estimate for a public space that would include hardscape, landscape various levels of water features. The concept is that the partners, both initial and future, would contribute to its cost.

Ms. Sally Alhadeff indicated that with the recent interest in the East Bay redevelopment project demonstrated by the City of Olympia, LOTT and the Hands On Children’s Museum, the Port’s development plans need to move forward in order to accommodate their schedules. Since the initial approval by the Commission in May 2006 of the pre-development plan, work has been funded utilizing the \$136,000 approved by Commission.

She indicated that appraisals, continued environmental investigations, finalization of a master plan, infrastructure design, traffic studies and district identity and graphics all need to be completed. Also, a dedicated project manager (either contract or hire), will be needed.

The following costs represent 2007 budget requirements; these costs were identified in the project’s capital budget, but were not reflected until the 2008 budget.

Appraisals and Phase 1 investigations	\$ 45,000
District Identity and Graphics	\$ 30,000
Master Plan approval	\$ 15,000
LMN conceptual design consultant	\$ 25,000
Heartland real estate consultant	\$ 25,000
Shea-Carr Traffic study	\$ 43,000
Skillings-Connolly infrastructure design	\$310,000
Project Manager	\$ 75,000
Environmental remediation	\$100,000
Total	\$668,000

Ms. Alhadeff indicated that currently \$25,000 is in the 2007 Capital Budget for creation of a de-construction plan for Warehouse 2. These costs are situational and will be expended as the project moves ahead. Expenses will be funded through the sale of portions of the East Bay property to the City and to LOTT.

President Telford commented that \$136,000 was in the 2006 budget for LMN, Heartland, and Shea-Carr. She asked if additional funds were needed for LMN, Heartland, and She-Carr. Ms. Alhadeff responded that the consultants are already on board, they were paid out of the 2006 budget; but we need additional funds to continue the project. President Telford indicated that he was concerned that the design of the roads is ahead of the traffic plan.

President Telford indicated that he would like to see alternatives for where the location of where a hotel should go and what has been considered. Commissioner Van Schoorl indicated that looking at alternatives now is good, but when a hotel developer comes they will have their own preferences.

Commissioner McGregor indicated that finalization of a master plan will show all of the options. He asked what is the timeline for a final master plan? Commissioner Van Schoorl indicated that after the major tenants have confirmed, then we will know what is left to market, then we can present some conceptual ideas. Commissioner McGregor asked where the funding would come from for the \$668,000. Mr. Ed Galligan indicated that the staff recommendation is that the funding would be out of

the real estate fund consistent with the resolution since this is infrastructure. Costs from this project will be off set by the sale proceeds.

**Harold Clark, resident of Olympia**, questioned whether putting multi-story buildings on our waterfront. He also questioned global warming and flooding the shoreline.

President Telford restated that he is assuming that these funds will not be used to design or construct a park or plaza. Ms. Alhadeff indicated that he was correct; the plaza decision will be coming back to the commission at a later date.

The Commission unanimously approved the Capital Expense Authorization in the amount of \$668,000 for East Bay development project.

## **ADVISORY CALENDAR**

### **2007 Priority Initiatives Update**

Ms. Kari Qvigstad indicated that the Port of Olympia is entering year 12 of its Strategic Plan and has identified 15 priority initiatives planned for 2007. Ms. Qvigstad summarized the discussion from the January 31 work session with the Port Commission and highlighted the “top-tier” priorities for the coming year.

The top priority initiatives are:

1. Runway Rehabilitation
2. Marine Terminal Improvements
3. East Bay Master Development
4. Northpoint Site Resolution and Hotel/Office Recruitment
5. Boatyard Expansion
6. South Marina Project (MNO)
7. Cascade Pole Cap Phase IV (Clean-up & Cap Constuction)

The second tier priority initiatives are:

1. Taxilane Rehabilitation
2. Airport Security Plan & Gates
3. Intermodal Enhancement Project
4. Amend Port’s Comprehensive Plan
5. Marine Terminal Business Development
6. Port Partnership and Proposed SSLC Planning
7. Communications Framework
8. Navigational Maintenance Dredge

Ms. Qvigstad also followed up on some questions from Commissioners as a result of the Commission Work Session in January. She reported that:

1. Tumwater Ordinance – Staff is working on this issue.
2. Airport Master Plan – staff will provide an advisory to the Commission this spring.
3. Martin O’Connel study – Staff was asked to revisit this study, specific to the marine terminal, staff is reviewing that report and more current data as we bring forward to the commission specific business strategies.
4. Work session on East Bay – An executive session was held in February.
5. Discussions with Sen. Frasier on Market District – This meeting has taken place.

6. Marina Update – Staff will provide an advisory this summer.

Commissioner McGregor asked if we would be preparing the 2008 Priority Initiatives in conjunction with the budget for 2008? Ms. Qvigstad indicated that staff is planning to.

### **Planning and Advisory Committee Work Plan**

Mr. Galligan introduced Jim Goche, he also introduced Kevin Partlow, chair of the PAC. Mr. Galligan noted that the purpose of the agenda item is to review, and gain Commission guidance and concurrence on, the process proposed to update the Port's Comprehensive Plan (Plan).

Mr. Goche indicated that the goals for the Comprehensive Plan review process was to 1) proposed updates to its land plans to reflect current needs, 2) coordinate the update process with SEPA review, 3) obtain feedback on its proposals from the PAC, 4) communicate with the public at large to explain Port proposals and solicit public comment, and 5) to present the proposed updates, together with a summary of the public input, to the Port Commission for review and adoption.

Mr. Goche also reported that the approach would be for Port staff to take the lead in and be responsible for: 1) defining roles and responsibilities, 2) drafting updates, 3) presenting updates to the PAC and analyzing feedback, 4) coordinating with SEPA, 5) obtaining public input related to SEPA, and 6) submitting the final draft with staff recommendations for Commission action.

Commissioner McGregor asked how staff would be getting public input. Mr. Goche indicated that the specific changes would be put out for public comment through the PAC and to the public. In addition, staff will use the Commission's regularly scheduled meetings to provide information to the public at large. Commissioner McGregor also asked how the PAC meetings are published. Staff responded that the meetings are not published now, but that we could announce them through commission meeting agendas, etc.

President Telford indicated that he has serious concerns that this process cannot be done by July 1<sup>st</sup>. He commented that he thought we wanted to focus on reflecting what is already in place and there is not a need for the PAC to provide input on something that is already in progress. He suggested that the PAC needs to provide input on things that have not already left the station. He indicated that staff needs to focus on a simple work plan, which he drafted and gave to staff. He commented that there are certain questions need to be addressed, for example, the admiralty district could be given to the PAC for discussion and does not necessarily want the staff to drive that discussion. President Telford commented that the feedback from the PAC needs to be focused on the things that are not already on its way and utilize the PAC so they can get out in front and give the Commission input. The proposed plan appears that they will be looking at things that have already been done.

Mr. Galligan indicated that he fully agreed with him on that issue. However, in addition there are other changes to the Comprehensive plan that is already underway and need to be memorialized.

Commissioner Van Schoorl indicated that he too agreed. The East Bay Plan and other areas that have been fully discussed need to be brought into the plan. The items that need to be adjusted and tweaked do not need to have input from the PAC. Commissioner Van Schoorl noted that we need input from the PAC on where we need to go and areas that are not already planned, not on things that are already done, they have been included along the way on those projects already. He suggested that we keep it simple to incorporate changes, get forward thinking information from the PAC. The quick updates can be done by July. He suggested the PAC focus on bigger issues.

President Telford indicated that many of the changes to the comp plan are clerical cleanup that does not need input from the PAC.

Commissioner McGregor asked if the timeline for July is realistic. Kevin Partlow indicated that the PAC would meet more often if given a task to complete.

Mr. Galligan indicated that everything that the Commission said was intended to be said tonight by staff and assured the Commission that this is the direction staff is going.

**Policy Update Advisory**

Ms. Jeri Sevier provided the Commission proposed policy changes. She indicated that the Commission has received the proposed changes in advance and has provided staff with comments. Many of the proposed changes are minor housekeeping items.

The Policies that were discussed are as follows:

New Policies for Consideration:

120 – Meeting Room Policy

Revised Policies for Consideration:

110 – Smoking/Smoking Cessation

111 – Drug & Alcohol Free Work Place

209 – Performance Improvement

303 – Transfer of Vacation and Sick Leave Benefits

311 – Military Leave

403 – Flextime & Part-time Status

801 – Expenditure System of Internal Controls

801-B – Purchase Order Procedures

The Commission unanimously approved all proposed policies with the exception of Policy 311 relating to Military Leave. Commissioner Van Schoorl indicated that the change was a Department of Retirement regulation and did not need to be reflected in the Port’s policies. In addition there was a minor change to Policy 111 adding “testing” before facility and changing the name of Public Works Director to Engineering Director under Policy 801.

**ADJOURNMENT**

President Telford adjourned the meeting of February 27, 2007 at 7:54 p.m.

PORT OF OLYMPIA COMMISSION

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President

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Vice President

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Secretary-Treasurer