

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

March 8, 2004

CALL TO ORDER

President Telford called the meeting of March 8, 2004, to order at 5:30 p.m. at the LOTT Board Room in Olympia. Commissioners Pottle and Van Schoorl were also in attendance.

Staff in attendance were: Executive Director John Wolfe, Administrative Manager Jeri Sevier, Property Director Heber Kennedy, Communications Manager Patti Grant, Marketing Program Assistant Maureen Malahovsky, Acting Airport Manager William Parker, Public Works Director Andrea Fontenot, Project Manager Ted Tolle, and Finance Director George Fox.

Public in attendance were as follows. Representing *The Olympian* was Jim Szymansky. Others in attendance included Dale Smith, Harold Chambers, and Harold Clark.

APPROVAL OF AGENDA

The agenda was approved as presented.

PUBLIC COMMENT

Harold Chambers, resident of Yelm, commented that the Port took funds out of the County treasurer and has lost tens of thousands of dollars. He asked, "Are we going to put the money back to begin recovering the interest on those funds?" President Telford indicated the question of putting the funds back into the county is not really a viable one. Since the percentage rate is low right now, we do not want to invest in long-term investments until the percentage rate rises. Commissioner Pottle asked if George Fox could prepare a letter to Mr. Chambers explaining our investment strategy.

COMMISSIONERS REPORTS

Commissioner Pottle indicated he would be attending a meeting in Yelm with Michael Cade from the EDC on some development issues in Yelm later in the week.

Commissioner Van Schoorl indicated he spent some time interviewing the Marine Terminal director and attended the East Bay Workshop on March 2nd.

EXECUTIVE DIRECTOR REPORT

John Wolfe, Executive Director, reported the occupancy for March is 90 percent. He noted slips 28' and greater are 103 percent occupied. Mr. Wolfe announced the DEF docks are almost complete and should be open next week.

At the Airport, Mr. Wolfe reported we had a total of 991 revenue passengers for February on Big Sky. The Airport had a total of 7,515 operations in February. This is nearly 1,500 more operations than February of last year. Mr. Wolfe noted that Airport staff are working with the Olympic Flight Museum in the planning of their 6th Annual Warbirds event to be held during father's day weekend, June 18-20. The Museum would like everyone to be sure and put this on his or her calendars and plan to attend.

Turning to the Properties Department, Mr. Wolfe reported we have two new leases in Warehouse Two.

One of the leases is for the storage of recycled carpet squares and the other is an expansion of Windfall Lumber. Mr. Wolfe indicated John West has signed a 90-day Option to Lease approximately 1.5 acres at the corner of Tumwater Blvd and Capitol Way. John will use the option period to apply for permits to construct a headquarters for his estate auction company plus adding space for an antique retail mini-mall.

The Tri-City Railroad has signed a ninety (90) day Letter of Intent to lease the small triangular shaped parcel at the SW corner of Market and Franklin Street. The company is contemplating a mixed use development along with a train depot for taking passengers through Olympia and out to the main BNSF line. The 90 day period will allow them to investigate the feasibility of such a project.

At the Marine Terminal, Mr. Wolfe reported we are expecting two to three log vessels in March. He noted that the log vessel *Oriente Shine* sailed on February 29, 2004. This vessel took approximately 1.8-2mmbf of logs from suppliers PLS & Merrill and Ring.

The aluminum vessel *Vasily Burkhanov* worked day and night shifts to finish on Thursday. The vessel sailed on Thursday night. Approximately 11,000 MT of ingots and T-Bars were discharged.

Mr. Wolfe reported that we had a "test" barge of coal in on Tuesday. This product will be discharged using a conveyor system to berth 2. The product is being stockpiled on the berth, and then loaded out to railcar. This is a one-day discharge operation. Railcars are scheduled in this week and the product will move out very quickly, over the course of a few days. The final destination is Longview.

Mr. Wolfe announced the annual Business Showcase sponsored by the Thurston Chamber of Commerce would be held Wednesday, Mar. 10, from 10 AM - 6 PM at St. Martin's Pavilion. This is a great community trade show focusing on local businesses, and the Port will participate with a booth as we have done in the past. Over 87 local businesses will be represented there. Port staff to be there all day to talk about port businesses and activities.

Mr. Wolfe also reported that planning is underway for the 8th Annual BoatSwap & Chowder Challenge to be held on May 15th.

Mr. Wolfe indicated that he and Heber Kennedy would be meeting later in the week with Fish and Wildlife exploring the land swap on West Bay properties. Mr. Wolfe asked the Commission for direction on that discussion.

He also announced we would be holding a joint LOTT/Commission meeting on March 29th at 5:30 p.m. and staff recommends adjourning this meeting to a workshop with staff on March 16th at 7:30 a.m. to discuss peninsula planning.

President Telford indicated that he recalled we made a commitment to the City on the West Bay property that we would not do anything until they reported back to us as to whether or not they are interested in the property. Commissioner Van Schoorl indicated we should continue to pursue Fish & Wildlife (F& W), but not make any commitments until we hear back from the City on their plans. Commissioner Pottle indicated he did not feel the city has moved forward on this, and was under the impression that the City would fund this with a bond issue, but has not seen any movement on this initiative either. He commented that he felt we should continue to talk with F & W. If we wait on the city and nothing happens, we need to keep our options open, we are also leaving this option open to the City, but not forever. Commissioner Pottle asked John Wolfe to have a follow-up meeting with Steve Hall and get a sense on the timing of when the City will be making a decision. Commissioner Pottle asked Mr. Kennedy his guess of what the value of the property is; Mr. Kennedy responded according to the sale price of the Hardel site, our property would be worth approximately \$4 million.

CONSENT CALENDAR

The Consent Calendar was unanimously approved as follows.

Minutes. The minutes from the February 23, 2004 meeting were unanimously approved.

Bills and Vouchers. The bills and vouchers for the period ending March 8, 2004 in the amount of \$725,713.92 was unanimously approved. General Fund Checks Issued: 033415-033420, 033421-033431, 033432, 033433-033436, 033440-033557, 033558-033559, and 033563-033585. Capital Fund Checks Issued: 030158-030171, and 030172-030173. 2001 LTGO Fund Checks Issued: 030221-030228. Environmental Fund Checks Issued: 030330-030331, 030332-030350, and 030351-030354. Voided Checks: 033418,033202,033437-033439, 030953, 030966, 032268, and 033560-033562.

Capital Expenditure Approval. The capital project expenditure in the amount of \$779,628.44 to Bellingham Marine for the DEF Marina Expansion project was unanimously approved. Commissioner Van Schoorl asked if we have the occupancy permit yet, Mr. Wolfe indicated that we have not, but are expecting it this week.

ACTION CALENDAR

Capital Little League Lease Approval

Mr. Heber Kennedy presented the Commission with the Capital Little League lease. He indicated the lease provides the tenant with a six month lease plus two (3) three month options to renew, for approximately 10.6 acres of land for recreational purposes. This is a non-conforming use of the Airport property, which is reviewed by the Commission every year prior to extending tenancy. The monthly rate is \$292.57 plus LET. Mr. Kennedy indicated the lease also provides that the tenant conforms to the parking agreement.

Dale Smith, representative of Capitol Little League, commented that the league has over 600 participants this year and indicated they will conform to the parking agreement. He commented they are looking at another long term option.

The Commission unanimously approved the lease with Capitol Little League.

Economic Development Council Contract Approval

Ms. Kari Qvigstad reported to the Commission 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. She indicated that 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. Services provided by the EDC include technical service for site selection consultation, case management, market research, support to port staff and Commission relating to economic development initiatives.

Ms. Qvigstad noted that under the leadership of Executive Director Handy and EDC Director Dennis Matson, port staff and the EDC leveraged our resources through focused business development and marketing strategies such as attracting and launching air service at the Olympia Regional Airport, supporting efforts to attract Santa Maria's shipbuilding activities to the Port Peninsula, East Bay Planning efforts, and promotion of the South Puget Sound Foreign-Trade Zone (FTZ#216).

She indicated that the EDC operates under the leadership of its mission statement of promoting and developing investment opportunities that will generate quality communities and lead to a local economy that is vibrant and sustainable. The 2004 work plan established by their Board of Directors seeks to achieve concrete deliverables that when achieved will have a positive impact upon the quality of life found in Thurston County. The Commission can anticipate that the EDC operates through strong strategic partnerships and work elements that address critical aspects of the local economy. The 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.

Ms. Qvigstad noted that Michael Cade, the new EDC Executive Director, has met with port staff to review work plans for the coming year and have identified several strategic initiatives consistent with our respective organization's goals that promote economic opportunity in the county.

Mr. Michael Cade, EDC Executive Director, presented an overview of the EDC's workplan, highlighting areas of collaboration with the Port of Olympia. He focused on five goals that expand and attract targeted business activities, provides technical assistance on economic vitality, retains family wage jobs in the county, communications key economic development through participation with partners, and to strengthen the commitment to economic development programs.

Ms. Qvigstad indicated the Port of Olympia budgeted \$22,000 in 2004 for contract services by the EDC. She commented that staff supports continuing with a service contract that creates and maintains a vital and sustainable economy in Thurston County and strengthens the partnership between our organizations and look forward to continued coordination on Port and EDC economic development initiatives in the coming year.

The Commission unanimously approved the contract with the EDC in the amount of \$22,000.

Marine Drive South Approval to Bid

Ms. Andrea Fontenot introduced Mr. Ted Tolle, the new project manager at the Port. She indicated that Ted will be the manager overseeing this project. She reported to the Commission that the purpose of this agenda item is to seek Commission approval to bid this project.

Ms. Fontenot indicated that this project includes reconstruction of Marine Drive from Market Street to the limits of the Cascade Pole site at the North. She presented cross sections of the proposed improvements to illustrate the scope of this project, as well as a map that illustrated the final alignment of Marine Drive.

Ms. Fontenot noted that it is time to repave Marine Drive. Marine Drive was built on fill in the early 1980's. Portions of the roadway have settled. In areas the pavement is in need of repair, due to settlement, water and earthquake damage. In addition to upgrading the subgrade and asphalt for this roadway, we are re-aligning portions of the road to maximize the waterfront land to the east, and to reduce high maintenance lawn areas and their subsequent long term costs.

Ms. Fontenot indicated that in addition to these objectives, part of this project is intended to upgrade the frontage along the LOTT ownership adjacent to this Port owned road. She indicated that we have been coordinating with LOTT staff on a parallel LOTT sponsored project for the design and construction of these improvements. We will be finalizing an MOU between LOTT and the Port soon on this relationship. LOTT's portion of the construction will be included in the base bid, and LOTT will be responsible for paying for that work.

Ms. Fontenot reported that there are two additive alternatives in addition to the base bid. Additive Alternate 1 is for the installation of a 4" conduit for fibre optic cable between the east and west side of the peninsulas. This conduit will connect the existing infrastructure between the main office and the marina. Additive Alternate 2 is for additional fill material to begin preloading the future building pads in the existing stormwater facility. She noted that staff is interested in placing more fill in this area to start pre-loading for potential future building pads.

Ms. Fontenot indicated that the budget for this project is \$950,000. She indicated that we have spent approximately \$80,000 to date on design and staff time. Our remaining budget is approximately \$870,000. The cost estimate for the project for the Port base bid and additive alternates is \$823,000. This estimate is well below the remaining budget. This remaining budget will be for internal project

management and any project changes that arise over the course of construction.

Numbers Summary

Budget	\$950,000
Spent	80,000

Remaining budget	\$870,000
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Port base bid	\$674,000
Add Alt 1 fibre optic conduit	\$ 19,000
Add Alt 2 fill	\$130,000

Cost Estimate	\$823,000
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LOTT work	\$130,000
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Ms. Fontenot requested the Commission authorize Port staff to advertise for bids the Marine Drive Relocation project, Contract No. 285.

Commissioner Pottle asked what services we would be providing and the financial analysis of putting in fiber optic cable. Ms. Fontenot indicated she did not have that information readily available, but we could discuss it at the March 16th workshop. Commissioner Van Schoorl indicated he would like to discuss the proposed fill at that workshop as well.

President Telford indicated he did not feel that the big picture for future buildouts and the amount of traffic on this roadway nor planning for the development has been completed. Ms. Fontenot indicated the proposed contract would allow for left turn lanes that would accommodate the traffic for a full buildout of the peninsula and that traffic plan has been recommended by the consultant that looked at the full buildout possibilities.

Commissioner Van Schoorl asked Ms. Fontenot when she had scheduled this project to go to bid. She responded that it is scheduled to go out to bid on March 29th. Van Schoorl indicated that he is not comfortable with the future plans for the Port peninsula and would like to hear the plans at the March 16th meeting and therefore feel that approval on this item is a bit premature.

Commissioner Pottle suggested we defer this decision until the March 16th workshop. Commissioner Van Schoorl moved to table this decision until the March 16th meeting, the motion was seconded and unanimously approved.

ADVISORY CALENDAR

Passenger Facility Charge Application and Process Advisory

Ms. Kari Qvigstad indicated that when the Port of Olympia and Big Sky Airlines agreed to lease terms in January 2004, we discussed adding a new revenue source to the Port of Olympia through a passenger user fee. Termed a "Passenger Facility Charge (PFC), the user fee is assessed on airfares for departing passengers from the Olympia Regional Airport. She indicated revenues collected from the PFC would offset capital expenses and future improvements at the airport terminal. The assessment of a PFC is common practice in the airline industry and in place at many regional airports. She reported that Airports with more than 2500 passengers per year are eligible for assessing the PFC.

Ms. Qvigstad noted that set by the Port of Olympia Commission, the rate and request for a PFC is submitted to the Federal Aviation Administration (FAA) through an application for approval. Staff has discussed a fee in the \$2 to \$3 per passenger range with Big Sky Airlines, but could set the fee up to \$4.50 per passenger. She indicated that SeaTac imposes the fee at \$4.50 per passenger.

Ms. Qvigstad indicated that this user fee collected by the airline is either passed on to the passenger by increasing the ticket cost, or absorbed by the airline as an expense. The PFC is reported and funds submitted to the FAA by the airline(s). The FAA then reimburses the airport. Ms. Qvigstad noted that a user fee of \$3 per passenger based on 12,000 passengers per year would result in a \$33,120 reimbursement to the port each year, less the 8 percent administration fee imposed by the FAA.

She noted that the application to FAA includes a list of capital projects for reimbursement, for which the Port of Olympia may elect to go back to November 5, 1990. The fee is typically applied to non Airport Improvement Plan (AIP) projects, but could be applied to our match on past projects. She noted that Port staff would not contract out for reporting services, but manage FAA reporting internally. Once implemented, the airport can cancel a PFC with reasonable notice. The application process includes formal notification to our airline carriers (Big Sky) and public outreach/hearing. She thought that approval of the PFC could be obtained in a six-month period.

Ms. Qvigstad advised the Commission that staff would like to commence development of a formal application for a PFC, which would be presented to the Port Commission for approval this spring.

Commissioner Van Schoorl asked how Big Sky felt about the fee and he wanted to know what could the money be used for. Ms. Qvigstad indicated it could be used for our 10 percent match pertaining to air service, such as the terminal, runways, etc and she reported that Big Sky is very supportive of us moving forward with the application.

Commissioner Van Schoorl asked if we would we be better off to charge the PFC or charge for parking. Ms. Qvigstad indicated that if we implement the PFC and a parking lot was on the list, we could not charge for parking. However, if we do not list the parking lot for use of the funds, we could later charge for parking.

Commission indicated they were comfortable imposing a \$3 fee. Ms. Qvigstad commented that staff would be bringing back to a future meeting a recommendation for approval after conferring with Big Sky and also to bring back a list of funded projects that would be included for consideration.

Signage Advisory

Ms. Qvigstad provided an update to the Port Commission summarizing recent signage program activities and plans for 2004.

She noted that the Port of Olympia's signage committee consists of Andrea Fontenot, Cheryl Maynard, Sally Alhadeff, Paul Mickelson, Maureen Maholovsky and Kari Qvigstad. The committee reviews all Port signage, including operational signage, as developed. Marketing plays a lead role in image, identity, content and design while Public Works leads fabrication and installation of port signs. She noted that in the recent years, we have utilized the Port's construction crew for installation of signs.

Ms. Qvigstad indicated that the Port adopted a signage plan in 1999 to provide directional, identification, and interpretive signage for Port properties. Some directional and identification elements of the signage plan have been phased in over the years. As we implement the signage program, staff recognizes the existing plan is incomplete.

1. Concepts for gateway signage (primary signage), pedestrian signage and interpretive signage elements included need review.
2. The signage guidelines lack technical specifications required for fabrication. This has resulted in inconsistent use of materials.
3. Way finding signage in Tumwater needs improvement.
4. Port properties coming to market will require signage design guidelines and specifications.
5. Tumwater properties are undergoing an image and identity process. This presents an opportunity to collaborate on the signage plan.

The following lays out areas of refinement as we move forward with Port signage.

Tumwater Property

1. Improve identification and way-finding signage to the Airport Terminal.
2. Develop alternative tenant way-finding signage plan for NewMarket Industrial Campus facility.
3. Incorporate neighborhood identity for Port property north of Tumwater Boulevard, in light of the recent rezone to TUMWATER TOWN CENTER.
4. Develop new graphic design for neighborhood identity.

Olympia Property

1. Modify Plum Street/East Bay Drive entry identification and way-finding signage upon completion of the East Bay Master Plan (mid 2004).

Both Properties

1. Review existing sign specifications and develop uniform sign specifications for all signs that meet the Port's construction quality, ease of installation, and maintenance objectives, as well as appropriate font size, sign color and reflectivity requirements.
2. Develop recommendations for interpretive signage design and specifications consistent with #1.

To accomplish this, Ms. Qvigstad reported that staff has issued a Request For Qualifications from signage consultants to work with the signage committee in addressing future signage design, construction and installation needs. The selected consultant will be well versed in master planning, design, construction and installation of signs including, but not limited to directional and identification needs. The firm will also bring expertise in graphic image, identity and neighborhood identification, way finding, signage regulations, landscaping, and lighting.

She noted that staff met with five regional firms for consideration: The Portico Group, Destination Development, Carter Burgess, Ilium and Dynamik Place. The signage committee interviewed and identified a prospective consultants last week. Tim Smith with the City of Tumwater also sat on the interview panel.

She reported that staff anticipates spending a portion of the 2004 capital budget (\$64,000) on consulting fees to modify the signage plan and develop signage specifications for future fabrication. The balance of capital funds will be spent on implementing the next phase of signage, which will be determined in 2nd quarter 2004.

Commissioner Pottle commented that he has had issues with the cost of signage and he asked what the cost of the consultant would be. Ms. Qvigstad indicated staff has not worked out the contract with the consultant. She indicated that staff intends to minimize the fees and use the remainder of the budget for fabrication of the signage.

Commissioner Van Schoorl indicated he sees the need for help from a consultant, but does not understand the need for spending a lot of money on a consultant. Qvigstad indicated it is reasonable to work within a budget authorized by the Commission. Van Schoorl commented he would be comfortable with spending less than \$6,400 or 10% of the budget and he would like the investment on the ground and not in a consultant.

President Telford indicated he does not understand why we need to spend tens of thousands of dollars on a consultant. If we need signs, put them up. The grandiose designs are expensive.

Pottle moved that the Commission approve up to \$6,400 for a consultant for signage. The motion was seconded and voted unanimously.

Harold Clark, commented that he was concerned when he found out that we had narrowed down the search for the Airport director position and found out that the temporary employee is not being considered for the position. He commented that William Parker has done a great job durring the short time that he has been there.

ADJOURNMENT

President Telford adjourned the meeting of March 8, 2004 at 7:30 p.m. to a workshop at the Port offices on March 16, 2004 at 7:30 a.m.

Work Session – March 16, 2004

The Commission held a work session as a continuation of the March 8th meeting on March 16, 2004 at 7:30 a.m. in the large conference room at the Port offices. The work session focused on Port Peninsula planning for future development.

Those in attendance included Commissioners Telford, Van Schoorl and Pottle. Staff in attendance were: Executive Director John Wolfe, Administrative Manager Jeri Sevier, Property Director Heber Kennedy, Communications Manager Patti Grant, Public Works Director Andrea Fontenot, Project Manager Ted Tolle, Marina Harbormaster Bruce Marshall, Marine Terminal Director Jim Amador, Marketing Director Kari Qvigstad, Facilities Project Engineer Rod Hudson, and Finance Director George Fox.

After discussions on Northpoint, Marina Village, and South Marine Drive, Commissioner Pottle moved approval for staff to proceed on going out for bid on Marine Drive Relocation Project, Contract #285 to include alternatives for fill, fiber cable and conduit. The Commission unanimously approved the motion to proceed.

The work session was adjourned at 9:24 a.m.

PORT OF OLYMPIA COMMISSION

President

Vice President

Secretary-Treasurer