

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

March 26, 2007

CALL TO ORDER

President Telford called the meeting of March 26, 2007, to order at 5:30 p.m. at the Yelm City Hall in Yelm. Commissioners McGregor and Van Schoorl were also in attendance.

Staff in attendance were: Executive Director Ed Galligan, Administrative Manager Jeri Sevier, Airport Director Rudy Rudolph, Harbor Director Bruce Marshall, Finance Director Steve Davis, Communications Manager Patti Grant, Marketing and Business Development Director Kari Qvigstad, Environmental Planning Senior Manager Andrea Fontenot, Engineering Director Jeff Lincoln, and Property Development Senior Manager Heber Kennedy. Bob Goodstein, 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: Carlos Perez, E.L. Johnson, Patricia DiFrancisca, Cecilia Jenkins, Jaily Brown, Russ Hendrickson, Jerry McCarty, Mark Williams, Scott Mills, Sam Chrest, Sandy Angoni, Michael Cade, Sue Danver, Joe Furtney, Barrie Wilcox, Michael Perioni, Mike Edwards, Bob Luxa, Pat Rants, Bill Pilkey, Shelly Badger, Rebecca Lawson, Ron Harding, Steve Ruff, and Arthur West.

APPROVAL OF AGENDA

The agenda was approved as presented.

PUBLIC COMMENT

Patricia DiFrancisca, resident of Olympia, indicated that there is a rumor that the surety bond has been refunded to Weyerhaeuser. She indicated that there is also a rumor that the Port is going to have Weyerhaeuser do their own EIS. Mr. Galligan responded that he preferred not to respond to rumors, however to the best of his knowledge, there is no surety bond, therefore, none was returned.

Arthur West, resident of Olympia, indicated that he found in records reviewed at the Port that the surety bond has been returned. Mr. West also asked about the \$7.5 million in FAA money that the Port says they have, but when he checked with FAA they indicated that the Port does not have that money. He asked the Commissioners why is the Port misrepresenting this project. President Telford responded that the FAA does not pay in advance.

Mr. West also asked about the inter-modal rail project, he said that the federal government only has a contract and no SEPA, NEPA, have been done yet. He asked when would the environmental review be done on this project.

Mr. West indicated that the City of Olympia has contracted with a private company to do a full environmental review of the city hall project and he wanted to know why a private company was doing this. President Telford indicated that Mr. West should take that up with the city.

President Telford indicated to Mr. West that if he has questions, he should put the questions in writing and we will respond.

Bill Pilkey, resident of Lacey, expressed his concern over budget issues and shortfalls. He indicated that

Commissioner Telford proposed to take budget cuts and was vetoed. He noted that the Port staff said that the funding for the airport will be paid by the FAA, but no requests have been made, if no requests have been made then how you going to get paid. Mr. Pilkey asked for two commissioners (McGregor and Van Schoorl) to resign from office and let Mr. Telford run the Port. President Telford responded that if two commissioners vacated that job, it would go to the County Commissioners to appoint new Commissioners. President Telford also responded that the Port operated in a loss up until 2004, the past few years we had an operating surplus, and last year the Port had a loss.

Commissioner Van Schoorl noted that Mr. West and Mr. Pilkey are trying to make something out of this airport issue; however, in reality we have worked very closely and successfully with the FAA on past projects.

Sue Danver, Black Hills Audubon Society, noted that she attended the Tumwater Planning Council meeting regarding warehousing around Tumwater. She noted that she is concerned about the cumulative impact of the development of the airport and she is requesting a total buildout map of the airport for all future plans. Mr. Rudolph indicated she is referring to the airport layout plan, which is available to the public and lays out the 20-year plan for the airport.

COMMISSIONERS REPORTS

Commissioner McGregor reported that he and Ed attended some meetings with Yelm Officials on Tuesday and he and Commissioner Telford attended a Navy Band, he attended the Port of Tacoma meeting on March 15, and he attended the Yelm Chamber meeting.

EXECUTIVE DIRECTOR REPORT

Mr. Ed Galligan reported that the Batdorf and Bronson has reached a milestone, they have reached year 11 on their 30 year lease with the Port as their business continues to show good growth. Mr. Galligan indicated that Rebecca Larson representing Ecology is here tonight and will be presenting on the dredge project. He noted his appreciation for the cooperation with staff from Ecology. Mr. Galligan also noted that there was a half-day meeting with the respective marketing, business development and breakbulk terminal operations staffs from Ports of Tacoma and Olympia earlier in the day as follow-up to the MOU signed by both ports' Commissions to pursue further mutually beneficial business opportunities.

CONSENT CALENDAR

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

Bills and Vouchers. The Commission unanimously approved the bills and vouchers in the amount of \$607,586.28. General Fund Checks Issued: 042456-042663.

ACTION CALENDAR

BC Dock Repair Approval to Bid

Mr. Bruce Marshall indicated that this agenda item is seeking commission approval to bid the next phase of the marina renovation and upgrade project. He noted that the Commission has allocated funding annually since 2000 for this project with the goal of extending the life of the original floats constructed in 1984. Mr. Marshall reported that in 2006, the launch ramp and A-dock were renovated as part of the project. He noted that currently there is approximately \$270,000 available in the renovation account.

The scope of the work is as follows:

- Install 992 CF of supplemental floatation
- Furnish and replace damaged thru rods

- Tighten all thru rods and connecting hardware
- Level all docks
- Furnish and install new stainless steel J-hooks
- Perform structural repairs to pump out float on A-dock
- Replace bull rails on 300 area of A-dock
- Concrete deck repairs
- Replace concrete filler slabs

Mr. Marshall noted that the latest engineer's estimate for this phase of the project is \$340,706. The plan is to go out to bid in April for construction beginning in June. Impacts to customers will be larger to BC than it was for the guest moorage. It is estimated that this project will improve the life of the docks by 25 years.

Commissioner van Schoorl indicated that years ago we decided to extend the life of the marina and invest money into deferred maintenance, so he supported moving forward on this project.

The Commission unanimously approved staff to go out to bid the B/C dock repairs.

Environmental Policy – Resolution 2007-09

Commissioner Van Schoorl introduced Resolution 2007-09 for consideration, discussion and adoption. He noted that the resolution updates the Environmental Policy of the Port of Olympia and authorizes the preparation of an Air Emissions Inventory and Plan.

Commissioner Van Schoorl commented that Commissioners Dickison, Wright, and Densmore adopted the 1993 resolution fourteen years ago. Since then a lot of things changed and a lot of good things have been going on, therefore, he asked staff to look at drafting a new environmental policy.

Commissioner Van Schoorl noted that the Port is doing good things like: adoption of an Integrated Pest Management Plan, managing storm water by paving the cargo yard, put in a pipe in for reclaimed water, removed fuel tanks at the airport, encouraged pump outs from Marina Tenants, and put in the most environmentally sound state of the art Boatworks on Puget Sound.

Commissioner McGregor asked how can we use bio-diesel in our marine terminal environment and he noted that we also should be looking at Port vehicles using alternative fuel. He commented that he would like the Port to be a leader in the environmental initiatives.

President Telford indicated he does not understand what we are trying to do and what the cost is associated with this resolution. He commented that he does not know what the implications are and is concerned that staff will take this too far and not what is intended. He commented that this is far too big to be able to swallow. President Telford noted that we didn't follow the 1993 resolution and we shouldn't pass resolutions we are not going to follow.

President Telford asked about the Air Emissions and Inventory Plan, what is that, and what are the implications? Does this mean we need another consultant to help us, he commented that he was sure that has not been budgeted for. He noted that he has concerns that this resolution is not specific enough.

Mr. Galligan indicated that he has directed Andrea Fontenot to put together an outline of an environmental plan. Each of the steps will have a cost associated with it and the plan is to identify the issues and costs and bring back a plan for approval. He noted that the goal is to make the Port of Olympia a model. Mr. Galligan indicated that he does not have answers to his questions tonight, but we need to identify the issues and then evaluate those issues individually.

Andrea Fontenot indicated that the Port is part of a Puget Sound Air Emission Study with the Ports of

Tacoma and Seattle and the Puget Sound Clean Air Agency. We have not done our own inventory or our own analysis. President Telford commented that language should be included in the resolution.

President Telford indicated he wanted this resolution to be more specific so people do not misunderstand it.

Commissioner Van Schoorl indicated that the resolution is intended to create a specific plan that would be adopted by the Commission. We need to move forward, we need to be a leader when possible. He indicated that we could take the initiative and lead by example. He noted that the intent is for staff to keep the environmental issues in mind that keeps when moving forward with any plan when we are dealing with economic, social, and environmental aspects.

President Telford commented that in the past the staff does not always keep their eye on the ball and they think they have a blank check and a license to go all over the place. He commented that the Commission needs to be specific and give direction to the staff. He indicated that this resolution needed to go back for a re-write and be more specific.

Commissioner Van School indicated we have given staff direction on the priority initiatives and when they are moving forward with those projects, he noted that he wants them to keep the environmental concerns in mind. President Telford commented that was just rhetoric, we need to give more direction.

Commissioner Van Schoorl moved approval. Commissioner McGregor seconded the motion. Commissioner McGregor suggested that air emissions plan have a date of implementation. He also noted that there is a lot on the maintenance side that we can do to but there is a cost associated with doing that.

Commissioner Van Schoorl indicated he did not think that a specific date needed to be put in the resolution, but he agrees that he would like for this to be kept in front of us and ask staff to give frequent updates.

Eve Johnson, resident of Olympia, commented that the long list of accomplishments is very important and the way to go. Just say that as environmental issues come up, we will obey the law. That accomplishes everything; you don't need a long resolution. Commissioner Van Schoorl indicated the Port has more than to just obey the law.

Sue Danver, Black Hills Audubon Society, commented that there was a segment on PBS on March 2nd that talked about air emissions in Long Beach California and how they were not doing anything about it. She commented that she hoped that Olympia would not take that route.

Arthur West, resident of Olympia, commented that this is some good rhetoric; if you can't follow the environmental laws at least you should make it look like you care. He noted that all this sounds great; please tell me when you plan to do any of this. He noted that he would like to see the Port become a model and would like to see specifics in the resolution.

Bill Pilkey, resident of Lacey, noted that if this relates to environmental impact, this looks like a political document. It should say that we want to reduce lawsuits and work with the public and do it right the first time. He noted that it is time to change.

Andrea Fontenot commented that at NorthPoint where the restaurant just opened, if we would have just obeyed the law, you would see creosote piles and structures, instead, we were able to remove those creosote piles and replace them with a fraction of concrete piles. We also filled in the beach with materials to create a gradual beach. This is a good example working with regulatory agencies for improvement and to better for environment, not just obey the laws. She noted that also adding to Commissioner Van Schoorl's list, we have removed over 600 creosote piles on the reconstruction of berth 3 and put in concrete piles.

President Telford moved this resolution be tabled. Commissioner McGregor seconded the motion. The motion was approved with a 2-1 vote. The original motion sits until pulled back on the table. Commissioner Van Schoorl voted against.

ADVISORY CALENDAR

Yelm Activities Update

Ms. Kari Qvigstad reported to the Commission that the Port of Olympia regularly collaborates with the City of Yelm on several economic development initiatives. She noted examples of our joint efforts the past years include promoting Foreign-Trade Zone#216, market research studies, acquisition of the Yelm Roy Prairie Line railroad from the BNSF, and promoting the direct rail connection to the Yelm Prairie Line, which is located less than a quarter mile from the Tacoma Rail Mountain Division Line, just west of Roy WA, in Pierce County. She noted that our joint activities have also included a close partnership with the Thurston County Economic Development Council to further economic development strategies for the community.

Ms. Qvigstad focused the presentation on recent efforts to secure \$3.5 million in federal funding for a new railroad connection between the City of Yelm's Yelm Roy Prairie Line (YRPL) and the Tacoma Rail Mountain Line. The connection is approximately 3,000 feet long and includes two turnouts, and a grade crossing of SR-507 with signals and gates.

She noted that in addition to the Port of Olympia's support for this initiative, the City of Yelm has obtained support from Thurston Regional Planning Council (the MPO for Thurston County), the Thurston County Economic Development Council, Tacoma Rail and Burlington Northern Santa Fe (BNSF).

Ms. Shelly Badger, Yelm City Administrator, noted that the City has established goals and two of them involve economic development and development of the rail line. She indicated that she recognizes that we are not rail experts and economic development experts and the partnership with the Port and TRPC and the EDC are key to accomplishing these goals.

Mayor Harding, City of Yelm, indicated that he welcomes the opportunity for the Port to get involved in this project. He noted that Yelm sees this project as a viable link to economic development and would like to see it move forward.

Bill Pilkey, resident of Lacey, commented that he hopes that the city will not commit any taxpayer dollars until there is a written document that funds will be available.

Ms. Shelly Badger indicated that the city has taken the lead on securing funding for this project. To date the city has not been successful. However, the city continues to try and find funding, both state and federally. She commented that nothing would happen on this project until funds are acquired.

Arthur West, resident of Olympia, spoke in favor of this project, it seems to be a good project, however, procedures need to be followed correctly. He noted that regional planning needs to be done and not on a piece meal basis. He commented that he would hope the City of Yelm would comply with the state and national environmental policy.

President Telford asked for staff to have a briefing on the FAA funding and projects at the next Port Commission meeting.

Maintenance Dredge Status Update

Ms. Andrea Fontenot indicated that the purpose of this agenda item is to update the Commission on the status of the Maintenance Dredging and Clean-up project. She discussed the project purpose and

objectives, the scope of work, and upcoming public involvement. She noted that the purpose of this project is safety, access, and hot spot removal. She noted that Phase I will include Berths 2 and 3, the entrance channel, and filling in an area for beneficial use. Ms. Fontenot commented that in April the Corps Environmental Assessment and the Ecology Agreed Order and SEPA review would be completed.

Ms. Rebecca Lawson, representing the Department of Ecology, provided the Commission with an update on the Budd Inlet Characterization Study. Commissioner Van Schoorl asked what the timeline of these reports/studies was. Ms. Lawson indicated that Ecology would like to complete the scope of work by June 30th.

Arthur West, resident of Olympia, indicated that he hopes this project offers the Port another opportunity to follow the proper procedures. He noted that this is characterized as a maintenance cleanup project when it is actually an expansion project for Weyerhaeuser. He noted that the fact that dioxin was found was done over objections of the Port and primarily attributed to Jerry Dierker.

President Telford indicated that the maintenance dredge would take the channel back to the original 42 feet depth, taking out material deposited since it was last dredged.

Market District Parking Advisory

Mr. Heber Kennedy reported to the Commission that some time ago the Port Commission, recognizing the growth and demand in the Market District authorized staff to proceed with the investigation of expanding development in the Market District. To that end, the Commission approved funds for the planning and design of a parking structure in that area.

Mr. Kennedy noted that staff has spent time investigating alternatives and has found a preferred site that meets stakeholder needs and provided the Commission with an update of the planning process. Mr. Kennedy reviewed the background, the current conditions, the demand/drivers for the project, and discussed stakeholders that have been involved. He showed the Commissioners the site locations that were considered and the identification of the preferred site. Mr. Kennedy noted that staff intends to proceed with site vesting and to pursue potential partners for structure investment.

Mike Perioni, the President of Farmers Market, commented that he was happy to be a part of this process. He noted that the Market is ready to work hand in hand with the Port. He indicated that at the last meeting with Port staff, they came up with short-term solution until which time the Port is ready to move forward with a long-term development. He encouraged the Commissioners to formulate a plan to use existing vendor parking or the admin building site for vendor parking. He noted that they need a long term parking solution and he appreciated being made part of this process.

President Telford asked where the vendor parking is currently. Mr. Kennedy responded that it is currently in the area proposed as Alternative #2A.

Pat Rants, Rants Group, noted that the district is very successful, the public projects, the plaza and the market, the Port invested in are getting busier every year. Mr. Rants indicated that he has tenants that want to expand but don't have space. He commented that we will eventually lose those people if you don't expand the market by adding a parking garage and allowing the surface parking to be developed.

Mike Perioni commented that before the market can agree to support this plan, we need a contractual agreement that our vendors have parking. He noted that they would also like to see the entrance into the parking lot moved toward the rail tracks.

Patricia DiFrancisca, resident of Olympia, indicated that it appears that the time the market is out, the legislature is in. She asked if they could work out a deal with the legislature for parking? President Telford indicated that we currently have an agreement with DASH to utilize the parking during legislative session.

President Telford indicated that he would like for staff to provide the Commission individual meetings on the market district before moving forward with vesting.

Quarterly Priority Initiative Report

Ms. Kari Qvigstad reported that the Port of Olympia is in year 12 of its Strategic Plan and has identified 15 priority initiatives planned for 2007. Ms. Qvigstad highlighted the activities on the “top-tier” priorities as well as addressed additional business strategies of interest to the Port Commission.

Commissioner McGregor asked if the PAC has met since this was last talked about, he asked if they have a meeting scheduled in April. Mr. Galligan indicated that they do and it will be announced on the next Commission agenda.

President Telford indicated that Ms. Qvigstad mixed up priorities one and two's, the one item that was put in priority one was Northpoint and we are bogged down with that project. Ms. Fontenot indicated that the Phase four of the cap has been characterized; Ecology would like some additional samples to confirm that there is nothing in that area. Additional baseline sampling will be done in April that is outside the slurry wall.

Jeff Lincoln, Director of Engineering, commented that we are working on an agreed order of consent with Ecology on this site. He noted that he is working with Mr. Kennedy on a schedule to keep this project moving along and we will be moving forward with a request for qualifications. President Telford indicated that he wants to see a site plan for the entire site and wants to see proposals from developers to do the entire site. He also commented that he understood that there was a problem with the guide wires for the KGY tower and staff finally just woke up that these are going to be a problem. Mr. Lincoln indicated that the guide wires is a well-known situation and have been looked at, the guide wires will be elevated, and we are also looking at a non-guide wired tower costs. Mr. Lincoln indicated that we also want to maintain KGY as a valued tenant of the Port. President Telford asked if the issues on the cap are going to delay this? Mr. Lincoln responded that we are expecting this work to be done by June of 2008. He noted that on that basis, staff is moving forward with a business plan to bring back to the Commission in a logical way.

President Telford asked why Ms. Qvigstad referred to the navigational maintenance dredge as a priority one when the commissioners agreed this project was a level two. Kari Qvigstad apologized that she blended them in the presentation, but in fact it is a priority level two project.

Bill Pilkey, resident of Lacey, asked about the funding for the airport project. Commissioner Van school indicated that the funding is guaranteed and we would not proceed with out the funding. Mr. Pilkey indicated that he wanted to see it in writing. He also commented on the communications strategy, if staff and commissioners were open to the public, we wouldn't need a communications strategy.

Sue Danver, resident of Olympia, asked about the priority project that talks about the targeted market for Tumwater properties? Ms. Qvigstad responded that this is an effort we have undertaken over the past year, contracting with Colliers as partner to develop marketing strategies and request for developer proposals. The sites are commercial mixed use and future corporate campus. The Port currently owns all of the property.

Port Administrative Building Schematic Design Advisory

Ms. Qvigstad reported that Port staff has been pursuing development of a Port Administration Campus over the past two years, which has included several advisories on our planning progress to the Port Commission.

She noted that since the Port Commission approved the Port Admin Campus site plan in October 9, 2006, staff has entered into lease negotiations with City of Olympia for Artesian Well pocket park on the campus, commenced the schematic design process for a Port Administration building & held preliminary discussions with the City of Olympia on approval of the site plan. The planning work for this year is estimated at \$118,000, and is being funded from previously approved capital budget.

Ms. Qvigstad provided a progress report on the schematic design and site vesting process, as well as confirming next steps for this year's activities in planning for the Port Administration Campus.

President Telford indicated that staff only has permission to get site vested then come to Commission before moving forward with anything else. He also reminded staff that this is a priority level two project.

ADJOURNMENT

President Telford adjourned the meeting of March 26, 2007 at 8:15 p.m.

PORT OF OLYMPIA COMMISSION

President

Vice President

Secretary-Treasurer