

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

March 28, 2005

CALL TO ORDER

President Van Schoorl called the meeting of March 28, 2005, to order at 5:30 p.m. at the LOTT Board Room in Olympia. Commissioners Pottle and Telford were also in attendance.

Staff in attendance were: Executive Director John Wolfe, Administrative Manager Jeri Sevier, Property Development Director Heber Kennedy, Marine Terminal Director Jim Amador, Public Works Facilities Project Engineer Rod Hudson, Marketing Program Assistant Maureen Mahahovsky, Harbor Director Bruce Marshall, Airport Director Rudy Rudolph, and Marketing Director Kari Qvigstad. Also in attendance was the Port's Legal Counsel, Bob Goodstein.

Public in attendance were as follows. Harold Clark, Donald Waterhouse, Roger Polzin, Keith Bausch, Harold Chambers, Crystal Lorentz, Julia Bos, Lynn Schneider, Andrew Beck, Dixy Needham, and Michael Cade.

APPROVAL OF AGENDA

The agenda was approved as amended. Mr. John Wolfe recommended the Signage Advisory be moved to the action calendar. Commissioner Telford recommended the EDC Contract be also moved to the action calendar.

PUBLIC COMMENT

Harold Chambers, resident of Yelm, suggested we give the Port of Olympia to the City of Olympia since all the Thurston County tax dollars benefits the City of Olympia. If the City ran everything it would save the taxpayers a lot of money. He also asked when the Port would be off the tax dole.

Crystal Lorentz, resident of Olympia, indicated she came here last time and expressed her concern about the security zone implemented by the Coast Guard. She asked if the rights and responsibilities have been changed in any way by this security zoning, what will the costs be to the Port for this zone, and what is the access to the Coast Guard by the Port on relevant information.

President Van Schoorl responded that the rights and responsibilities of the Port have not changed in any way, nor has there been or will be any costs relating to this zoning change. He also indicated that we have a great working relationship with the Coast Guard and the military and they keep us informed on all relevant information for operations. The zoning change is an administrative matter moving the zone from temporary to permanent.

Andrew Beck, resident of Olympia, commented that he is concerned with the military shipments and the presence of depleted uranium. He indicated that he feels it is important for the Port to publicly address this issue. All vehicles coming from the Iraq war are subject to have depleted uranium residue on them. President Van Schoorl indicated that the depleted uranium does not reside in a residue. He also responded that the equipment has been washed and scrubbed before they come back to the U.S. President Van Schoorl asked Mr. Beck to come back with real facts on this issue. Commissioner Telford indicated he would also like more information to back up the basis of his concerns and he indicated he has a hard time imagining how the vehicles coming back would have depleted uranium on them.

Mr. Jim Amador, Marine Terminal Director, indicated that we have a standing rule with the military that there will not be any nuclear materials going through our Port. The military has monitors that detect radiation. The USDA Plant and Quarantine checks all vehicles and equipment coming into the Port and it is also checked before it is loaded on the ship.

COMMISSIONERS REPORTS

Commissioner Pottle reported on the trip to DC that he and Mr. Wolfe took in Mid March to meet with the delegation on the rail project for the Port. He reported that the delegation is in the process of submitting our projects to the appropriate committees in appropriations. The bill should be moving late this spring or early summer. He noted that they met with Senator Patty Murray's legislative assistant and they also met Senator Murray at another event while they were there. They also met with Brian Baird's legislative assistant and Adam Smith's Chief of Staff and two of his assistants.

He noted that Senator Murray visited the Port a few weeks ago, which sends a strong signal of her interest and support in this project. Commissioner Pottle warned that even with the support we feel we have, there are many political issues that make this request difficult. He commented that Ball Janik is a good partner and he was very impressed with the knowledge the staff has back in D.C.

Mr. Wolfe also noted that not only do we feel that there is value in bringing this project forward and the benefits to the community, but the process and educating our delegation about the Port has also been very valuable.

Commissioner Pottle also noted he spoke to the Multiple Listings Association last week on the Port.

President Van Schoorl reported that Congressman Smith's staff visited the Port last week as well. He also indicated that we have a grant in at the local State level and he and Mr. Wolfe have been meeting with state legislators on the funding for the grant. He noted that we are sending letters asking for their support.

President Van Schoorl also noted that we are sending letters to the legislators on the toxic clean up account. The Governor's budget pulls some of that funding out for other issues. The Port has relied on this funding to help clean up Cascade Pole.

In addition, President Van Schoorl reported that he attended the Prosperity Partnership meeting earlier that morning representing the Port.

EXECUTIVE DIRECTOR REPORT

Mr. John Wolfe announced that the selection committee met on Monday March 14th to review the two proposals for executive hangar development. The proposal submitted by Prime Development, LLC was selected. The company was notified and staff is developing a lease.

In addition, Mr. Wolfe reported that Northwest Marine Technology, Inc. (NMT) plans to purchase the Benjamin Homes building and hangar on the southwest side of the airport. A lease assignment to NMT is being processed. Soloy, LLC is making landscaping improvements to their building and grounds and paving their parking lot, and the Pearson South draft lease has been forwarded to Pearson Air for review.

At the Marine Terminal, Mr. Wolfe noted that we had three consecutive vessels in port, with the last of the machinery and containers from the vessel Cape Inscription being loaded out to trucks on 3/18/05. Installation of the MT safety/security fence is underway. Mr. Wolfe also indicated that the upcoming vessel schedule has not been confirmed yet, but it looks as if we'll be gearing up for another busy month in April.

Turning to the Properties program, Mr. Wolfe commented that staff continues to work through the details

of the Tumwater Broker Agreement. We plan to bring a completed agreement to the first commission meeting in April. He noted that staff continues to work with two of our existing tenants (Cardinal Glass and Harbor Wholesale) on their expansion plans. Staff will bring forth these new leases to the Commission soon.

Mr. Wolfe indicated that the Properties Team continues to have strong interest from local businesses in the development of new warehousing in the Port's Tumwater Industrial site.

Mr. Wolfe reported that beginning on April 1st, the marina office will be open 7 days a week through October. The boatyard will also expand its hours of operations and will begin a 6-day a week schedule to meet the growing demand for haulout services. Two new seasonal employees will begin work next week in support of the expanded hours of operations. The Marina occupancy is currently at 82 percent.

He commented that staff continues to develop the plans for the next phase of our Marina dock expansion. We may be in a position to begin construction on the MNO docks at the beginning of 2007, pending permits.

The marketing and marina/boatworks staff are preparing for the Tacoma Boat Show that is set to start on Wednesday. We will have a booth in the Show that will run from Wednesday, March 30 through Sunday, April 3rd.

Mr. Wolfe noted that the cascade pole grant application is almost ready for submittal to Ecology for the 2005-2007 biennium.

He commented that the Public Works staff is working in a support role on a variety of projects, including the Airport runway shift, Northpoint Development, MT rail infrastructure, and marina dock repairs, keeping them very busy.

Mr. Wolfe complimented the Commissioners for their active participation at the Port. He noted that each one of them have been very active in helping with the legislative efforts and attending meetings on behalf of the Port.

Consent Calendar

The Consent Calendar was approved as follows.

Minutes. The Commission unanimously approved the minutes from the March 14, 2005 Commission Meeting. Commissioner Telford abstained from voting since he was not in attendance.

Lease Option Agreement: TEC Construction. The lease option provides an additional 1.26 acres site to TEC for future expansion. Notice to exercise must be received on or before December 31, 2005 and it becomes effective March 1, 2006. Once the option is exercised, rent will be calculated based on the same value per square foot as the leased premises and it will be added to the monthly rent. The tenant currently leases 1.72 acres south of the Airport and the project is for development of a condo hangar building. The option fee is \$1,177.03. The Commission unanimously ratified the lease option agreement with TEC Construction.

Lease Amendment: Challain, Inc. The lease amendment No. 5 provides a 2-year expansion period for an option to lease additional land by Challain, Inc. The option is conditioned on the Port determining that the land is no longer needed for Terminal operations. The option period is extended from February 15, 2005 to February 14, 2007. The Commission unanimously ratified the lease option amendment with Challain, Inc.

ACTION CALENDAR

Cargo Yard Improvements – Budget Approval

Mr. Jim Amador, Marine Terminal Director, reported to the Commission that the section of the cargo yard is a unpaved four acre area located on the east side of the terminal. This area has is being vacated by a tenant that recently used area for domestic log storage from Alaska. This business has terminated and staff has planned use for the parking of cargo vehicles in this area.

Mr. Amador indicated that grading and graveling of this area. This is also a requirement and investment for future pavement of this area. This enables the Port to fully utilize this area for a general cargo staging area and to reduce this cost in future development of this area.

Mr. Amador indicated that staff is recommending action to approve cargo yard improvements in the amount of \$149,089.97 and to add this item to the 2005 Capital Budget.

President Van Schoorl indicated that this is a step towards paving the yard for stormwater issues.

Commissioner Van Schoorl moved approval. Commissioner Telford seconded the motion. He indicated this is an opportunity to clean up this area since the other tenant moved out. The recommendation to approve cargo yard improvements in the amount of \$149,089.97 and to add this item to the 2005 Capital Budget passed unanimously.

Abandoned Vessel Resolution 2005-02

Mr. Bruce Marshall, Harbor Director, presented the Commission with Resolution 2005-02 authorizing the Harbor Director of Swantown Marina to conduct a public auction of a 54-foot Paramount wooden powerboat the Granada, 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. The minimum price has been set at \$2500. Mr. Marshall indicated the equipment on the vessel has this estimated value in the engine and some of the electronics. The minimum bid protects the Port if someone were to strip the equipment and leave us with the vessel. \$2500 is the cost to crush and dispose the vessel.

The Commission unanimously approved Resolution 2005-02 – Authorizing the Sale of the abandoned vessel, The Granada.

Floating Seaplane Dock – Budget Approval

Mr. Rudy Rudolph, Airport Director, reported to the Commission that on December 13, 2004, staff advised the Commissioners via e-mail on the intent to proceed with a Grant Application to WashDOT in the amount of \$71,722 for two floating seaplane docks for the Port. The Commission concurred with the intent to submit the application.

He noted that on February 3, 2005, WashDot advised the Port that they had allocated a grant in the amount of \$64,550 for the State's 90 percent share. The Port recently received a Notice to Proceed with the project.

Mr. Rudolph indicated that the two floating docks would be purchased from the Jet Dock Company. The Port will do a small works contract for installation. Mr. Rudolph commented that before submitting the grant in December, he researched the material over the Internet and is recommending the type of dock as specified in the grant.

Mr. Rudolph noted that staff is requesting the Commission approve a Capital Expense Authorization in the amount of \$71,722 for the purchase and installation of two floating sea plane docks. The Port share is \$7,172 after WashDOT reimbursement.

Commissioner Telford indicated he was concerned about the competitive process or lack thereof that was used for this project. He indicated that this process needs to be documented as a sole source procurement.

Roger Polzin, resident of Olympia, he commented that the noisiest thing coming out of the Port is the seaplanes taking off. He asked if any analysis has been done for sound acoustics for the noise generated for the seaplanes. He also asked what the projected volume is going to be. President Van Schoorl indicated that currently we have approximately one plane a week coming into the Port.

Commissioner Pottle indicated that whether we put these docks in or not, this does not preclude any business from coming in or out of the Port through Puget Sound.

Julia Bos, representing the Department of Ecology, indicated she was a user of the plane coming in and out of the Port. She explained the project, the reasons why they need the seaplane. She noted that these docks would provide safety when loading and unloading. There have been many incidents that that involve safety.

President Van Schoorl also noted that the President of Kenmore Air called and indicated his support for this project.

Dixy Neeham, resident of Olympia, indicated that she understands the need for the docks for safety, but she also understands the issue of noise. She asked if there is a way to control the volume for the future. Mr. Rudolph indicated that we could look at noise abatement procedures.

Harold Clark, resident of Olympia, indicated he was here tonight representing the Seaplane Associations. He commented on the advantages of having seaplane docks at the Port. He commented that noise and safety is the group's primary goals. They can create flight patterns to reduce the noise and require a certain landing level and speed. He commented that the Seaplane Association hopes this project increases the usage. President Van Schoorl asked Mr. Rudolph to work with Mr. Clark on noise abatement procedures.

The Commission unanimously approved the Capital Expense Authorization in the amount of \$71,722 for the purchase and installation of two floating seaplane docks. The Port share is \$7,172 after WashDOT reimbursement.

Runway Shift Project – Award Bid, Contract #598

Mr. Rudolph reported to the Commission that the Port received bids on March 15, 2005 for the Airport Improvement Project Phase 2. The apparent low bidder is Northwest Construction, Inc., of Bellevue, Washington. Their bid appears complete and FAA has concurred that all procedures have been correctly followed. Total amount of project is \$3,875,059.89.

He indicated that Port staff recommends the project be awarded to Northwest Construction, Inc., for the contract price of \$3,875,059.89, which includes basic bid schedule A, B and C, including sales tax.

Mr. Rudolph complimented Rod Hudson for his hard work and dedication to this project. Mr. Rudolph indicated he has spent countless hours on this project and working on the best interest of the Port.

Commissioner Pottle indicated that this presentation tonight seems like we are taking this project lightly for this amount of money, however, he noted that the Port staff and Commissioners have been working on this project for years and are all well informed regarding the details of the project. He also noted that this is an average of a 92 percent match from the FAA and therefore the Port pays approximately 8 percent of this contract.

The Commission unanimously awarded the contract #598 to Northwest Construction, Inc., for the contract price of \$3,875,059.89, which includes basic bid schedule A, B and C, including sales tax.

EDC Contract Approval

Ms. Kari Qvigstad provided the Commission with the contract with the Economic Development Council of Thurston County (EDC). 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 relating to economic development initiatives. Ms. Qvigstad noted that over the past year, port staff and EDC staff have leveraged our resources through focused business development and marketing strategies.

Ms. Qvigstad noted 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.

Michael Cade, EDC Executive Director, presented the work plan to the Port Commission highlighting four basic efforts for the Council's work program:

1. Recruitment, Market Development – which includes work elements designed to bring employers to Thurston County.
2. Business Retention – the implementation of programs that seek to advocate and or alleviate barriers for local existing companies to continue operations in the county.
3. Business Expansion – which includes the locating of new markets for Thurston County products thus expanding the arena of local markets.
4. Regional Participation – which includes identifying critical elements with outside based efforts that will have a positive impact upon the competitiveness of Thurston County in the above three items and the identification of a comprehensive economic development strategy for the county (and potentially the south Sound region).

Michael Edwards, EDC Board President, expressed the appreciation the Port and to the Port Commission for the support for economic development to this county and the partnership with the EDC.

Commissioner Telford asked how fast is this community growing and how prepared are we for that growth, noting that rapid growth can be as bad as stagnation. Mr. Edwards commented that Washington State presents an attractive growth area, if we cannot control growth, then we need to manage the growth that we are going to accommodate. The EDC looks at the quality of jobs, minimal impact on the community, and what the growth means to us in Thurston County.

In addition to EDC goals, Ms. Qvigstad noted that we have incorporated several of the Port of Olympia's "priority projects" into the scope of work for the 2005 agreement. These include:

1. Warehousing and Distribution
2. Rail Strategies
3. Airport
4. Marine Clusters
5. Marine Terminal
6. Property Development
7. Cruise
8. Foreign Trade Zone
9. Regional Economic Development

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. The Port of Olympia budgeted \$22,000 in 2005 for contract services by the EDC. The

Commission indicated the Port looks forward to continued coordination on Port and EDC economic development initiatives in the coming year.

Commissioner Pottle disclosed that he serves on the EDC board as a representative of the Port and at the pleasure of the Port Commission. He indicated he would like the Port to consider an increase in the budget and contribution to the EDC for 2006. The Commission unanimously approved the contract with the EDC in the amount of \$22,000.

Signage Approval

Ms. Kari Qvigstad reported to the Commission 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, but the signage plan and designs lacked technical specifications required for fabrication, resulting in inconsistent use of material and higher fabrication costs. In addition, the plan lacked a comprehensive way finding system in Tumwater, concepts for gateway signage (primary signage), pedestrian signage and interpretive signage.

Ms. Qvigstad indicated that as a result, Port staff brought a recommendation to the Port Commission on June 28, 2004 to enter into a contract with Ilium & Assoc., not to exceed \$32,000, to update the 1999 signage plan to incorporate the elements identified above. The consulting contract is completed. She noted that staff is preparing a Request for Proposal to solicit fabrication companies and develop budget costs for a comprehensive signage plan. We will then prioritize signage needs and develop an implementation schedule for the signage master plan. Ms. Qvigstad indicated that staff plans to bring the Signage Committee's recommendations, including projected costs to complete the comprehensive master plan and implementation schedule to the Port Commission for review this summer prior to the planning process for the 2006 budget.

She noted that meanwhile, staff has proceeded with facilitating signage needs on the Port Peninsula – consistent with the adopted plan, which includes Marina identification, directional and enforcement signs, East Bay viewpoint interpretive sign, and Port Plaza enforcement signs. Port staff may have misunderstood the Port Commission's intent on utilizing the balance of the approved 2004 Capital budget (\$32,000) to fabricate and install these signs. She indicated that staff seeks clarification from the Port Commission to confirm that staff may utilize the balance of the approved budget to finalize the signage needs for Port Peninsula.

Ms. Qvigstad indicated staff is recommending the Commission approve \$32,000 to fabricate and install the signage needs on Port Peninsula under the approved 2004 capital budget.

Commissioner Telford indicated he has asked Ms. Qvigstad what she wants to do with the signage plan. He noted that the 2005 budget does not include any funding for signage. He indicated he is frustrated that he keeps asking questions and cannot get any answers from staff. Ms. Qvigstad indicated that the 1999 signage plan has a plan for the peninsula and now have the technical specifications for the signs.

President Van Schoorl asked Ms. Qvigstad to send Commissioner Telford a copy of the 1999 signage plan.

Commissioner Pottle indicated he was here in 1999 and remembers the signage plan and at that time he too had questions on the cost of the signage. He indicated 1999 was five years ago and asked if staff could give an update on the plan and help the remind the Commission and help them to understand where we are on the signage.

President Van Schoorl indicated he would work with the executive director to find a time to have staff provide the commission with an update on the signage plan and asked that staff provide Commissioner Telford with information in the meantime, he asked that staff sit down with him and make sure his questions are answered.

ADJOURNMENT

President Van Schoorl adjourned the meeting of March 28, 2005 at 7:40 p.m.

PORT OF OLYMPIA COMMISSION

President

Vice President

Secretary-Treasurer