

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

April 23, 2007

CALL TO ORDER

President Telford called the meeting of April 23, 2007, to order at 5:30 p.m. at the LOTT Board Room in Olympia. 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, Marketing and Business Development Director Kari Qvigstad, Harbor Director Bruce Marshall, Marine Terminal Director Jim Amador, Finance Director Steve Davis, Communications Manager Patti Grant, Marketing Program Assistant Maureen Malahovsky, Special Projects Coordinator Jennie Foglia-Jones, 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 who filled in the sign-in sheet included: Harold Clark, Meta Heller, Jerry Dierker, Arthur West, Bill Pilkey, Anthony Chavez, and Richard Wolf.

APPROVAL OF AGENDA

The agenda was approved as presented.

President Telford announced that the port has procured a timer for use in the Public Comment period of our meetings. He stated that we would try a two-minute limit. A 20-minute public comment period will be allocated. If all who wish to address the commission have not been heard, public comment will be re-opened at the end of the meeting. He reviewed some ground rules and indicated that any public comment or questions any that warrant a response would either be addressed at the end of public comment or at the next meeting.

PUBLIC COMMENT

Jerry Dierker, resident of Olympia, referred to the report that was in the newspaper on the Weyerhaeuser project, he noted that there could be some significant problems with contamination at cascade pole to the workers. He asked that that the Port take a deeper look into the Weyerhaeuser project before issuing a DNS.

Arthur West, resident of Olympia, commented on the MDNS on the SEPA 07-02 on the Weyerhaeuser project. He noted that he found a problem with the MDNS, in that it requires buildings to be built on the cascade pole site and this site is contaminated and no project should be built on ground zero. He commented that he has problems with MDNS as it does not have an association with rail. He commented that it is not consistent, the project is continuing on without full disclosure of the records on the project for the public to review. He also asked for more coordination with the City of Olympia.

Bill Pilkey, resident of Lacey, commented that the Executive Director is rude to the citizens and does not know about the business at the Port. He indicated that the Executive Director knew, then he did not know about the surety bond for Weyerhaeuser. Also commented that he wants a public hearing on the SEPA 07-02.

Response from Commission on Public Comment:

President Telford indicated that the lease agreement with Weyerhaeuser was approved at an open public meeting of the Commission. All leases are worked out with staff and then brought to the commission for final ratification. The surety bond is a good example of trying to respond at a meeting on the spot instead of coming back at a future meeting with the factual information. Commissioners do not expect, nor is it reasonable for anyone to expect, that Port staff knows everything on the spot. He also noted that the SEPA determination has been issued and is out for public comment right now, he noted that if you have comments you should submit them to the Port.

COMMISSIONERS REPORTS

Commissioner McGregor reported he has attended a few chamber meetings over the past two weeks.

Commissioner Van Schoorl noted that he attended the chamber forum and business showcase. The Port booth had lots of people stop by and ask questions about the Port.

President Telford indicated that he read the article in the paper about Weyerhaeuser; he asked staff if we were charging for SEPA documents and that we should not be. Executive Director Galligan indicated he would follow up on that question.

EXECUTIVE DIRECTOR REPORT

Mr. Galligan reported that this weekend the vessel "Industrial Diamond" discharged 60 sets of windmill blades destined for the Klondike Project in Sherman County, Oregon. The blades are coming from Santos, Brazil for GE Wind Energy. These blades are quite unique in that they are packaged 2 blades to a set and are just over 125 feet in length. Our longshoremen will be preparing the blades for truck shipment, which is estimated to start moving to their destination after the first of May. This is the start of the second season of working with GE Wind Energy.

Mr. Galligan also noted that over 1 million board feet of logs are currently staged at berth two, and being loaded on the log vessel "Global Hawk", which is destined for Japan. Both of our log tenants, Merrill and Ring and Pacific Lumber and Shipping, are supplying logs for this vessel, the vessel is in today and loading. Operations should finish tomorrow on Tuesday.

Mr. Galligan reported that the UPS lease before the Commission this evening accommodates a planned future expansion of the facility from 2.336 acres to 4.1214 acres, an increase in 1.7854 acres. It also extends the term through May 2016 and it adds two 10-year options. UPS must provide improvements to the premises on or before 2013 and all such improvements will be in accordance with Tumwater Town Center and Port guidelines. This represents a rent increase of \$2,339.36 per month to the Port.

Mr. Galligan also noted that he participated in a Washington CEO Magazine Roundtable that was held last week. This roundtable was hosted and facilitated by the EDC to review the present and future benefits of doing business in Thurston County. He said that the August issue of CEO Magazine is anticipated to feature an article about the Roundtable meeting addressing a range of key factors that make doing business in the County competitively attractive.

CONSENT CALENDAR

Minutes Approval. The Commission unanimously approved the minutes from the April 9, 2007 meeting as published by at 2-0 vote. President Telford abstained from voting, as he was not in attendance. President Telford indicated that he felt that the PowerPoint presentations are being lost in the official public record. The Commission asked Jeri to try and figure out a better way of capturing that.

Bills and Voucher Approval. The Commission unanimously approved the bills and vouchers in the amount of \$505,019.99. General Fund Checks Issued: 042667 – 042993. Voided Checks: 042649, 042664-042666, 042717, 042783, 042848, and 042886.

Amended and Restated Lease: UPS

Staff indicated that this is an amended and restated lease for UPS - a long-term Port tenant in Tumwater. This amended lease is effective retroactive to January 1, 2007 and 1) expands the existing premises by 1.8 acres; 2) extends the duration of the initial term through May 31, 2016 and, 3) adds two 10-year option periods commencing June 1, 2017 and June 1, 2027.

UPS is required to provide improvement to its premises on or before 2013. All such improvements will be in accordance with Port guidelines and Tumwater Town Center zoning ordinances. The original premises were 2.336 acres. With this expansion of 1.7854 acres, the new leased premises totals 4.1214 acres.

The Commission unanimously ratified the lease amendment with UPS.

ACTION CALENDAR**Planning and Advisory Committee Recruitment/Re-Appointment Process**

Ms. Jennie Foglia-Jones provided the Commission with some background on the Port's Planning and Advisory Committee. She indicated that the Planning and Advisory Committee has one three-year term to fill this year. In addition, she recommended that we also select an alternate in the event that we lose a member earlier than when their term expires. She reviewed the proposed recruitment screening process with the Commission.

Ms. Foglia-Jones indicated that the recommendation is for the interview team to consist of one Commissioner, Executive Director, one director, and the PAC Chair. Copies of each application would also be sent to the other two commissioners.

She noted that the interview team would score each applicant based on community and economic development activities, past volunteer, board, or committee experience, private/public work experience, experiences or knowledge regarding the Port of Olympia, and reasons for wanting to serve on the PAC. The interview team would then interview applicants for recommendation to the full Port Commission to appoint at the June 11, 2007 meeting.

Ms. Foglia-Jones reported that Press Releases would be sent to all local media advertising the vacancy and recruitment process. This will eliminate the need for advertisement expenses.

She also presented the timeline to the Commission, which includes releasing press releases on April 25, 2007, scoring individual resumes the week of May 21, 2007, and holding interviews the week of June 4, 2007.

Ms. Foglia-Jones indicated that we have three members that would like to be re-appointed for their final three-year term. Those members asking for re-appointment are: Darlene Kemery, Darrel Webster, and Joe Raudebaugh.

She reported that staff recommends the Commission approve the Planning and Advisory Committee Recruitment Screening Process and appointment of a Commissioner to serve on the interview committee. In addition, staff recommends the Commission re-appoint Darlene Kemery, Darrel Webster, and Joe Raudebaugh to fill a final three-year term.

The Commission unanimously approved the Planning and Advisory Committee Recruitment Screening Process and appointed Commissioner McGregor to serve as Commissioner on the interview committee.

Bill Pilkey, resident of Lacey, commented that he has heard some nice things about this group; however, this cover memo does not explain what the committee does and would like hearing reports.

Ms. Foglia-Jones indicated that the PAC meets about eight times a year; the application process will include information on the PAC, purpose, and a resolution. Commissioner Van Schoorl indicated that PAC has made numerous reports to the Commission on various occasions.

The Commission unanimously re-appointed Darlene Kemery, Darrel Webster, and Joe Raudebaugh to fill a final three-year term.

Runway Line of Sight Project Approval to Bid

Mr. Rudy Rudolph indicated that on April 9th staff presented a review of the Federal Aviation Administration (FAA) Airport Improvement Program Grant process. At that time, it was announced that the Port was expecting a Letter of Intent indicating an internal FAA allocation of funds for the first half of project construction.

Mr. Rudolph announced that the Port has received the FAA Letter of Intent for AIP Grant 14, Phase 2. The estimated grant amount based on the grant application is \$4,750,000. Phase 2, as described by FAA, represents the 2007 construction work. Additional funding will be sought in 2008 for the final Phase 3 construction work.

Mr. Rudolph indicated that based on the FAA Letter of Intent, Port staff is requesting Commission authorization to advertise for bids for the 2007 Runway 17/35 Rehabilitation and Line of Sight Corrective Work, Phase 2. As usual, actual bid award and contract approval will be subject to further future Commission action, and will be contingent upon a successful SEPA challenge determination in Thurston County Superior Court.

Commissioner McGregor reported that our portion is \$250,000 of the \$350,000 budgeted. Commissioner Van Schoorl indicated that this is a 5% match, which usually it is a 10% match with the FAA. President Telford asked if there is a construction window. Mr. Rudolph responded that the window is from June 18 through Mid-October. Mr. Rudolph indicated that the airport would have the cross-runway open and functioning. President Telford indicated he was concerned about the impact on operations now that we are spreading this over two years. Mr. Rudolph indicated that the reason this is now going to be spread over two years is that the total volume of work required could not get it in one construction season and the availability of funding by the FAA.

Jerry Dierker, resident of Olympia, commented that one of the problems is that since this is on a procedural appeal the Port is not allowed to take any action on this, putting this out for bids is not allowed. He also commented that this is now a phased project and there was not a phased environmental review done. He noted that this was not considered in the first environmental review and the federal application also does not mention that this is a phased project. He commented that the application is supposed to be submitted with plans, and the FAA said they did not get any. He was also concerned with the bump in the runway is right over two watershed divides, and a very high ground water aquifer on this site.

Commissioner Van Schoorl indicated that we have done many studies on the groundwater issue. Mr. Jeff Lincoln indicated that the breakpoint is to the south. The hump is not over the two watershed divides. Mr. Galligan indicated that the County has already looked at this and has concluded that and reported to the County Commission.

Bill Pilkey, resident of Lacey, commented that this report is very confusing, this report says that the project is \$4 million and at the last meeting it was stated it was \$6.5 million. President Telford indicated that this project has been broken into two projects because the FAA funding is only available for one

project each year. There are no commitments made until we sign a contract.

Arthur West, resident of Olympia, indicated he has some procedural concerns of this project. He noted that for a proper FAA grant there needs to be a specific project submitted. The problem is that there was a backroom authorization from the FAA, the normal mode of proceeding. But now we need to follow the proper procedure, which requires a specific project application and then the FAA will have to issue a NEPA, then the Port would need to do a SEPA, then the FAA would issue a final approval.

Mr. Rudolph indicated that FAA procedures are in order and we are proceeding along the guidelines of FAA and do not see anything out of order at this point.

The Commission unanimously approved staff to advertise for bids for the 2007 Runway 17/35 Rehabilitation and Line of Sight Corrective Work, Phase 2.

Taxilane 15 Rehabilitation Bid Award

Mr. Rudy Rudolph indicated that on February 12, 2007, the Commission authorized staff to advertise for bids for the Olympia Regional Airport Taxilane 15 rehabilitation. Ten bids were received for Contract # 605. The Engineer's estimate including tax was \$239,533. The bids received ranged from \$182,892 to \$276,683.

Mr. Rudolph noted that the low responsive bidder was DLB Earthwork Company from Olympia, Washington at \$182,892. This contractor has worked with the Port on previous projects and has performed satisfactorily. The Director of Engineering has reviewed the bids and concluded the bid process has conformed to applicable laws and directives.

Mr. Rudolph indicated that this project includes work that will be paid for by Soloy Aviation Solutions, a long time tenant of the Port. Soloy will pay for bid Schedule C and D work, which is located on their leasehold and totals \$84,346.04, including WSST. The Port is responsible for payment of Schedule A and B work, which totals \$98,546.44, including WSST. The budget is \$200,000 for the project in the Port Capital Plan. Commissioner McGregor noted that the project cost to the Port will be approximately \$100,000 resulting in a net savings to the capital budget of \$100,000.

Mr. Rudolph reported that staff recommends that the Port Commission award Contract # 605 to DLB Earthwork Company in the total amount of \$182,892.48 (including tax).

Commissioner Van Schoorl thanked Mr. Rudolph for the work he did with Soloy on this partnership. President Telford asked what this project entailed. Mr. Rudolph indicated that the existing asphalt is going to be grinded and compacted and then overlaid.

Harold Clark, resident of Olympia, indicated he was curious of some examples of what DLB Earthwork has done around the airport in the past. Mr. Jeff Lincoln indicated that this contractor has done work for the Port in the Past.

Bill Pilkey, resident of Olympia, asked what the difference between lowest responsive bidder and responsible bidder. Mr. Lincoln responded a bidder who is responsive has properly executed the bid documents, including properly filling out all forms such as the bid price form, and produced the necessary certifications, including all requirements of the bidding documents, such as a bid bond. A bidder is judged responsible if he has the demonstrated financial, man-power, equipment, experience and expertise to accomplish the work and has accomplished such work in the past. Award of a public works contract is only allowed to the lowest bidder who is also responsive and responsible.

The Commission unanimously awarded Contract # 605 to DLB Earthwork Company in the total amount of \$182,892.48 (including tax).

ADVISORY CALENDAR

2007 Boatswap and Chowder Challenge Advisory

Ms. Jeri Sevier provided the Commission with an advisory on the upcoming 11th Annual Boatswap and Chowder Challenge event held on May 12th at the Swantown Marina.

She noted that this is one of the Port's signature events showcasing the Marina and Boatworks as well as providing public access to the waterfront.

Ms. Sevier reported that the event would be held at the Swantown Marina at 1022 Marine Drive in the DEF Marina Parking Lot. We have a free shuttle, sponsored by Red Wind Casino that will shuttle patrons from the parking areas, the farmers market and the Wooden Boat Fair at Percival Landing.

She noted that the event begins at 10:00 a.m. and ends at 3:00 p.m. The Boatswap begins at 10:00 and continues throughout the day. The Chowder tasting event begins at 12:30, but as you know if you have attended the event in the past, the line begins forming at about 11:30. The voting for your favorite chowder ends at 1:45, and awards will be given out at 2:00 p.m.

Ms. Sevier announced that the Red Wind Casino is our major sponsor this year, sponsoring the Main Stage and the Transportation. Anchor Bank, Heritage Bank, and Inlet Marine are all sponsoring the other activities like the Little Mates Corner and Trout Pond, and the Dock A Activities. Other community sponsors include KGY, Mix 96, West Marine, Capital City Yacht Sales, and Tom's Outboard.

She indicated that we expect to bring in over 50 vendors of new and used watercraft and gear to swap. We will have boats on land and in the water for sale as well.

Ms. Sevier announced that this year we have 11 restaurants participating in the Best Chowder in South Sound. You may begin purchasing tokens for the Chowder Challenge upon us opening at 10:00 a.m. The tasting begins at 12:30, Voting ends at 1:45 and the awards will be given at 2:00

She indicated that we have free family activities planned for the entire day, the kids can enjoy the bouncing in the bounce house, experiencing the climbing wall, getting their face painted, and catch a fish at the trout pond. Back by popular demand, the Raucus Band will be on stage from 11:30 – 1:30 playing classical rock. The Red Wind Casino is sponsoring the band.

Ms. Sevier noted that we have been promoting the event over the past several months, distributing brochures and poster to local businesses. A press release has been distributed and we have posted information on this event on our website. Printed advertisements have been included in marine publications as well as other local medias. The event will begin to be promoted on the radio with giveaways over the next three weeks.

ADJOURNMENT

President Telford announced that the Port's Planning and Advisory Committee would be meeting on April 25, 2007 at 7:00 at the Port offices. He also announced that the Port's Economic Development Corporation would be meeting on May 1, 2007 at 5:00 at the Port offices. President Telford noted that the next meeting of May 14, 2007 would be held in Tenino.

President Telford adjourned the meeting of April 23, 2007 at 6:47 p.m.

PORT OF OLYMPIA COMMISSION

President

Vice President

Secretary-Treasurer