

PORT OF OLYMPIA COMMISSION
MINUTES OF REGULAR MEETING

April 26, 1999

CALL TO ORDER

President Van Schoorl called the meeting of April 26, 1999, to order at 6:30 p.m. at the Port of Olympia in the large conference room. Commissioner Pottle and Commissioner Dickison were also in attendance.

Staff in attendance were: Executive Director Nick Handy, Director of Marketing and Trade Development Kari Qvigstad, Director of Finance and Administration George Fox, Deputy Director Wendy Holden, Executive Assistant Jeri Sevier, Airport Manager Doug Sandau, and Property Development Manager Heber Kennedy.

Members of the public in attendance were Joel Coffidis of *The Olympian*; Sandy Mackie, legal counsel for the Port of Olympia; Chris Burton, Olympia; Keith Bausch, ILWU Local 47 representative; Dennis Matson, Economic Development Council; and Chad Talbot, City of Tumwater.

APPROVAL OF AGENDA

The agenda was approved as submitted.

PUBLIC COMMENT

No public comment was presented for items not on the agenda.

COMMISSIONERS REPORTS

Commissioner Dickison indicated his concern relating to the funding of transportation projects and the control over the process between the Thurston Regional Planning Council (TRPC) and the Transportation Policy Board (TPB). The proposal for TRPC to have substantial control over the funding process is different from the current practice and there appears to be no clear rationale for the departure in the current system. Commissioner Dickison asked President Van Schoorl to be aware of the issue when he attends the next TRPC meeting.

President Van Schoorl commented to Mr. Chris Burton that the Commission had received and reviewed his comments on the Swantown Boatworks Terms and Conditions. However, at this time the Commission does not anticipate making any changes to the Terms and Conditions. The current plan is to move forward with the policy and see how the business develops. There may be a review later of comments at which time Mr. Burton's comments will be considered.

CONSENT CALENDAR

Minutes. The minutes of March 8, 1999 and April 12, 1999 were unanimously approved as published with one correction.

Bills and Vouchers. The bills and vouchers for the period ending April 26, 1999 in the amount of \$950,691.74 were unanimously approved as submitted.

Capital Project Expenditures. The capital project expenditures in the amount of \$104,972.10 were unanimously approved as submitted.

ACTION CALENDAR

Option Agreement - Metal Building Components, Inc. (MBCI)

Mr. Heber Kennedy, Manager of Property Development presented the Commission with an option agreement for MBCI. The company has one year to exercise the option on approximately 12.475 acres at the NewMarket Industrial Campus with the potential to expand that to a total of 17.512 acres. The cost of \$3,872.00 represents 10 percent of the leased price of the premises. The lease term is for 30 years and they have the right to extend that term 25 and 20 years, respectively.

Metal Building Components is a division of the merger of MBCI and NCI and is a Fortune 500 company. The company produces components for construction of metal buildings. This plant will be their first in the Northwest. Metal Building Components has indicated they will not only use the building for their own manufacturing and sales, the building will also act as a "showroom" for their products.

The Port will perform two functions upon the option being exercised: clearing and grubbing the premises and extending 78th Avenue. The cost of clearing and grubbing is estimated to be of zero cost due to the sale of timber on the property. The cost of extending 78th Avenue is estimated to cost \$202,000. MBCI will be covering one third of the expenses to install utilities on the extension.

Mr. Dennis Matson, representing the Economic Development Council, indicated to the Commission this company is a quality company and he highly recommends the Commission move forward with the lease option. Mr. Matson was instrumental in bringing MBCI to the northwest and showing them the site.

Commissioner Pottle asked why MBCI choose Thurston County. Mr. Matson responded that this location made strategic sense for MBCI. Their market base in the Northwest is Portland to British Columbia and Olympia is located in the middle. Another reason they chose this site was accessibility to the airport. MBCI headquarters is in Texas, and being able to fly corporate members to the site was very important.

Commissioner Dickison asked legal council for clarification on the large number of lease amendments MBCI made to the lease. Mr. Sandy Mackie indicated clarity was the issue in most cases. Often the changes related to opportunities for time periods and the requested amendments deemed appropriate. Mr. Mackie did not feel the amendments changed the format of the standard lease, only clarified certain issues.

Commissioner Dickison asked Mr. Kennedy for more information on the extension of 78th Avenue and how the Port was planning to pay for the improvements if MBCI were to exercise the option. Mr. Kennedy indicated there might be a possibility of working with MBCI on fronting some of the expense in exchange for rent credits. This conversation with MBCI has not taken place. However, the ROI on the project is very good, because it opens more land available to lease.

The Commission unanimously ratified the option agreement with MBCI.

Lease Amendment - Stan's C-Store

Mr. Heber Kennedy presented the Commission with a lease amendment with Stan's C-Stores at NewMarket Industrial Campus. The amendment identifies the monthly rent as well as the annual surety bond required. The lease began on March 1, 1999. Commissioner Dickison indicated he was a friend of Stan Parker and would not participate in the decision. President Van Schoorl and Commissioner Pottle unanimously ratified the approval of the lease amendment with Stan's C-Store.

Lease Amendment - Holbrook, Inc.

Mr. Heber Kennedy presented the Commission with a lease amendment with Holbrook, Inc. The amendment extends the current lease term for another 90 days from April 1, 1999 to June 30, 1999 based on the same terms and conditions. Commissioner Dickison asked staff what needs to be renegotiated on the lease. Ms. Wendy Holden responded Holbrook and Citfor have both asked for more time to see where they want to go with the log yard and whether the public yard changes, those changes may affect the lease. The Commission unanimously ratified the approval of the lease amendment with Holbrook, Inc.

Commercial Parking Lot

Mr. Nick Handy indicated to the Commission that at the April 12, 1999 Commission meeting, staff recommended the Commission approve a CEA for the Commercial Parking Lot per the Port's agreement with the Market Place Building. The Commission approved the project. The directors have since looked at some alternate uses of current space for a

temporary basis and are recommending the paved area behind Batdorf and Bronson currently used for parking the Port's heavy equipment. The space will provide approximately 70 spaces. This alternative will allow the Port more time to develop a plan and funding for an additional parking lot in conjunction with the multi-purpose office building planned. This alternative has not been approved by the Market Place Building yet, but staff is hopeful of this approval.

President Van Schoorl commented that he assumes the revenue for the parking spaces will remain the same and therefore will cover costs and give us time to prepare for the other parking lot.

Commissioner Pottle felt this was a reasonable alternative on short-term basis. This alternative does not strap us financially and makes good business sense. He supported the change.

Commissioner Dickison asked staff where the equipment would be stored. Ms. Holden indicated the equipment would be stored on terminal one due to the fact that we are anticipating the parking to be used only on Thursdays and Fridays during the busy Farmers Market days and staff will schedule the equipment maintenance on Mondays through Wednesdays. Commissioner Dickison said he did not see a need for the Commission to take action on this item. The Commission may need to approve a lease amendment with the Market Place Building, and in that amendment would like the language to re-emphasize temporary structure.

The Commission indicated the staff recommendation was supported by the Commission and the executive director had the authority to move forward on the proposal. President Van Schoorl thanked staff for developing an alternative proposal.

Approval of City of Tumwater Easement

Mr. Heber Kennedy presented the Commission with an easement agreement for the construction and operation of an air stripping tower to be used in the City of Tumwater water supply system. The Port is not charging the City of Tumwater for this easement.

Mr. Talbot, City of Tumwater indicated to the Commission that the City of Tumwater needed the space and did not anticipate the need for the tower at the time the wells were put in. The city did not pass the copper rule and they need to raise the ph level of the water. The air stripping tower will strip the excess carbon dioxide from the water to make the water compliant with EPA standards.

The Commission unanimously approved the easement agreement with the City of Tumwater.

ADVISORY CALENDAR

Olympia Regional Airport Contract Air Tower

Mr. Doug Sandau reported to the Commission the status of the Air Tower funding. For the past year, staff has been working with Senator Gordon and his staff on a proposal for alternative funding for the air tower. The funding alternative was approved by congress, therefore giving smaller airports such as the Olympia Regional Airport supplemental funding. In order to received full funding, an airport must receive a rating of 1.0 or above. The Olympia Airport received a benefit ratio rating of .97, therefore, the Port will pay three percent of the air tower costs, and the federal government will pay the other 97 percent. If the Olympia Airport has substantial changes to warrant a reevaluation, we could receive a higher rating, eliminating any additional costs to the Port.

The Commission commended Doug and his staff for pursuing this issue and saving the air tower program.

Capital Projects Advisory

Mr. Nick Handy provided the Commission with a briefing on the status of the capital projects currently underway at the Port.

ADJOURNMENT

President Van Schoorl adjourned the meeting of April 26, 1999 at 8:05 p.m.

PORT OF OLYMPIA COMMISSION

President

Vice President

Secretary-Treasurer