

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

**May 23, 2005**

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**CALL TO ORDER**

President Van Schoorl called the meeting of May 23, 2005, to order at 4:07 p.m. at the LOTT Board Room in Olympia. Commissioners Pottle and Telford were also in attendance. President Van Schoorl recessed the meeting to an executive session with legal counsel to discuss terms and conditions for a lease with a potential customer. The Commission returned from executive session at 5:10 p.m. and continued the regular commission meeting at the LOTT Board Room at 5:20 p.m.

President Van Schoorl announced that an executive session was held with legal counsel and staff to discuss terms and conditions for a lease with a potential customer, no action was taken.

Staff in attendance were: Executive Director John Wolfe, Administrative Manager Jeri Sevier, Property Development Director Heber Kennedy, Marketing Program Assistant Maureen Malahovsky, Public Works Director Andrea Fontenot, Marine Terminal Director Jim Amador, Marketing Director Kari Qvigstad. Also in attendance was the Port's Legal Counsel, Bob Goodstein.

Public in attendance were as follows. Representing *The Olympian* was Jim Szymanski. Others in attendance included Tom Howdeshell, William Parker, and Randy Peterson.

**APPROVAL OF AGENDA**

The agenda was approved as presented.

**PUBLIC COMMENT**

**Tom Howdeshell, resident of Olympia**, commented about the incident that occurred at the May 9, 2005 meeting. He indicated that he did not appreciate the treatment he got at that meeting when he was asked to comment on issues, not ask questions. He commented that the approach made him feel that the Commission did not appreciate public comments. President Van Schoorl apologized for his comments from that meeting. Commissioner Telford commented that he appreciated his apology because he did not feel the comments made were appropriate and did not speak for the entire commission. Commissioner Telford indicated that he did look up the budget numbers for the Boatswap and Chowder Challenge – the question posed by Mr. Howdeshell at the May 9<sup>th</sup> meeting – and reported the budget called for \$19,000 in expenses, \$12,000 in revenues with a Port share of \$7,000.

**COMMISSIONERS REPORTS**

Commissioner Telford noted he was the designated Commissioner for the Boatswap and Chowder Challenge it was well attended and well run. He announced the Chef's Choice was a tie for Anthony's and Tyee Bar and Grill. The People's Choice winners: First Place: Hawks Prairie Restaurant, Second Place: Vern's Restaurant and Third Place: Tyee Bar and Grill.

Commissioner Telford also suggested we do a mid year performance review on the executive director sometime in the next few months.

Commissioner Pottle reported that he attended the WPPA meeting in Chelan where there was good information shared between the Ports.

President Van Schoorl reported he also attended the WPPA conference with Commissioner Pottle and Executive Director John Wolfe.

## **EXECUTIVE DIRECTOR REPORT**

At the Airport, Mr. Wolfe indicated that TEC construction continues excavation work for T-hangar construction. Prime Development has submitted their binding site plan to the city of Tumwater. They are currently reviewing lease documents.

He noted that the Runway shift construction is a little behind schedule due to weather. He also reported that excavation for the FOD control paving project on the general aviation ramp has begun.

Mr. Wolfe noted that the port held the 9th annual Swantown Boatswap and Chowder Challenge on Saturday at the Marina. It was a great event for the community and we have received many compliments on the function.

Mr. Wolfe reported that at last count we have 90 visiting vessels coming to Swantown for the Memorial Day weekend. Staff is busy preparing for the event.

In addition, the Seaplane docks have been installed on the breakwater and is now fully functional.

## **Consent Calendar**

The Consent Calendar was approved as follows.

**Minutes.** The Commission unanimously approved the minutes from the May 9, 2005.

**Bills and Vouchers.** The Commission unanimously approved the bills and vouchers in the amount of \$626,192.68. General Fund Checks Issued: 036937-036969, 036970, 036971, 036972-036974, 036975-037030, 037032-037045, 037046, 037047-037073, 037074-037076, 037077-037079, 037080-037147, and 037148-037156. Voided Checks: 036926, and 037031.

**Capital Expenditure Approval.** The Commission unanimously approved the capital expenditures in the amount of \$28,827.75 to Reid Middleton for the Airport Runway Safety Project.

## **Lease Assignment: Olympia Airport Office LLC to NW Marine Technology**

The Commission unanimously approved the Lease Assignment between the Olympia Airport Office Limited Partnership and Northwest Marine Technology, Inc. for .69 acres of land (assigned from the Olympia Airport Office Limited Partnership) at 955 Malin Lane (Benjamin Homes site) at the Olympia Regional Airport. Northwest Marine Technology, Inc. has been a tenant in the building under Olympia Airport Office LLC (Port Tenant), for the last 4 years and has purchased the building from them. Northwest Marine Technology, Inc. provides technology and biological resources for fisheries management production most commonly known as mass marking. Northwest Marine Technology, Inc. owns 4 airplanes that are used for their business in the Northwest. The lease has a term of 30 years ending October 31, 2026 plus a one 20-year option. The rate remains at \$713.93/mo. with rent adjustment every five years.

## **Inter-local Agreement: City of Tumwater Boulevard Right-of-Way Dedication and Storm Water Infiltration Pond**

The Commission unanimously approved the Inter-local Agreement that defines the Right of Way dedication and City construction and maintenance of a storm water infiltration pond on Port Property. The City proposes to construct improvements (widening) to Tumwater Blvd. this summer, which included \$443,750 in frontage improvements. The City has requested a land dedication for Right of Way (ROW)

from the Port for sidewalks, landscaping, curbs and gutters and storm water infiltration. The Port has proposed some adjustments to the ROW dedication and an alternate site for the storm water infiltration pond with an accompanying easement.

## ACTION CALENDAR

### On Dock Rail Contract #295 – Approval to Bid

Mr. Jim Amador presented the on dock rail request to the Commission for approval to bid the on-dock rail project, for which the budget of \$1.4 Million was approved at a prior Commission meeting. He noted that in addition, this project has been awarded a \$375,000 WSDOT Essential Rail Grant.

Mr. Amador noted that we have revised the proposed alignment of the on-dock rail in conjunction with Tri-City Railroad and our rail consultant. The new alignment is shown on Attachment 1. While this alignment achieves the original intent of getting on-dock rail, it adds tremendous value by providing a complete loop track.

While our Engineer's Estimate indicates we can accomplish the original intent of getting on-dock rail within the \$1.4M budget, it does not appear as though we can include the North Loop in the base bid at this stage of the process. However, we recommend bidding this project with 2 additive alternates and if prices were competitive, we would then have options that might include the North Loop. Mr. Amador indicated that staff recommends structuring the bid as follows:

Base Bid	
Dock Lead (South)	
On-Dock Rail	
Warehouse Re-alignment	
Tail Track (North)	
Engineer's Estimate	\$1,290,804
Additive Alternate 1	
Warehouse 2nd New Track	
Engineer's Estimate	\$336,270
Additive Alternate 2	
North Loop	
Engineer's Estimate	\$410,104

These estimates are shown in further detail in the Attachment 2.

Mr. Amador noted that due to the potential long lead order times on some of the rail items, we might opt to procure these in advance of bid award.

The Commission asked questions on each of the bids and asked why the cost estimates are more than the original budget amount. Mr. Amador explained the cost difference indicating that the budget amount was based on a Southern Loop. The consultants have come back and are recommending a Northern Loop and that made the cost estimates go up. Mr. Amador also indicated we did get a grant from the state in the amount of \$375,000 that will offset some of the costs of the project.

The Commission unanimously authorized Staff to advertise bid for the On-Dock Rail Contract # 295 for a base bid; additive alternate 1; and additive alternate 2, and authorize staff to advance procure some components of the rail to meet the project schedule, if necessary, and deduct the appropriate amount from the estimates above. The Commission cautioned staff to not procure items unless we are absolutely sure of the items needed and that what we buy is what will be needed.

**Tom Howdeshell, resident of Olympia**, commented that he likes to see the rail coming back to the Port.

## **RECESS**

President Van Schoorl recessed the meeting of May 23, 2005 at 6:00 p.m. to a joint meeting with the City of Olympia at the Firehouse Station.

## **JOINT MEETING WITH CITY OF OLYMPIA**

A special meeting of the Olympia City Council and the Port of Olympia Commission convened at 6:30 p.m., Monday, May 23, 2005, at the Fire Station Headquarters. Those in attendance were Mayor Mark Foutch, Mayor Pro Tem Laura Ware, Curt Pavola, TJ Johnson, Doug Mah, and Joe Hyer. Matthew Green was excused. Port Commissioners present were Robert Van Schoorl, Steve Pottle, and Paul Telford.

Mayor Foutch and Commission President VanSchoorl welcomed participants and reviewed the agenda for the meeting.

City and Port staff reviewed a number of past successful partnerships between the City and the Port. Those included, among others, the Farmers Market development, Percival Landing, Port Plaza cooperation, the Olympia Area Rowing Association boathouse, East Bay Drive overlook, 4th Avenue bridge mitigation, and the development of the traffic circle in front of the Farmers Market.

### **Current Work**

City staff described the status of the current effort to purchase land on West Bay for a new City park. The City and the Port have been working on a purchase and sale agreement for several weeks now. City Attorney Bob Sterbank indicated that the agreement would come forward for Council and Port Commission consideration in June. The City has agreed to separately pursue purchase of the railroad line property which bisects the site. In addition, Mr. Sterbank reported that work on the environmental assessment and clean-up is proceeding.

City Manager Steve Hall described the current status of the Public Facilities District process. He noted that the City and the Port had agreed to jointly support the Hands on Childrens Museum's proposal to build a new regional facility on one of two sites on Port of Olympia property. Mr. Hall noted that currently the partners are not meeting and that various proposals to move forward have yet to receive a majority vote from the participants. He did note that the State Attorney General's office has been asked whether a "winner take all" vote is possible. This is a question because only the ballfield project broke ground before the PFD deadline. It is questionable about whether a project other than the ballfields could win the vote and use all of the funds allocated through the PFD, thus killing the ballfield project. Commissioner Van Schoorl indicated that the Port Commissioners remain interested in exploring options for the Hands on Childrens Museum to reside on Port property, but that the Port is unwilling to wait on the outcome of the PFD process and is moving forward with its land-use development plans.

The City staff discussed the Reclaimed water. It was noted that the Port and City jointly funded installation of purple pipe as part of the Port's Marine Drive improvements. This pipe will allow the Port to use reclaimed water instead of potable water for many of its needs on the port peninsula. The reclaimed water is now available to users and the City and Port are finalizing approvals of the end users agreements to make that possible.

### **Planning**

East Bay Status – Mr. John Wolfe, Executive Director for the Port, described the status of the Port's planning of its 17-acres along East Bay. He noted that of strategic importance is the issue of the old warehouses in the area, which have surprisingly become very popular among many lessees. He noted that the warehouse is being used for a variety of purposes, including transload operations utilizing truck and

rail. The warehouse is in need of some modest structural upgrades, if the Port is going to continue with this use.

Questions arose about whether the East Bay Plan is active, particularly since the East Bay Plan showed the elimination of the warehouses and replacement with other land uses. A question was asked whether the Port is committed to tearing down the warehouses. Port staff and Commissioners responded that yes the Plan is in play and will eventually lead to the demolition of the warehouses and replacement with other uses. However, the Port is waiting for opportunities to come along which justify both the demolition of the warehouses and the loss of revenue from the existing leased space.

It was pointed out that the City is looking at some changes to its Capital Facilities Plan in 2006 and beyond to match the proposed Port redevelopment in the east end of downtown. City Council has asked staff to propose changes in the CFP for improvements in the Cherry Street and Legion Way corridors in order to help with the redevelopment in that area. The Port Commission indicated it is still strongly committed to this partnership for redevelopment along East Bay and in the area to the south.

### **Rail Infrastructure**

Mr. Wolfe described the recent efforts of the Port to fund enhanced rail access on Port property. He noted that the first phase of the improvements had been funded and would be moving ahead in the next several months. Two other phases are planned to provide more modern shipping opportunities for the Port and its customers. He also noted that the Port is considering an enhancement to the downtown railroad crossing at Market Street in order to provide safety measures in that area.

He mentioned the current relationship with the short line rail partner – Tri Cities & Olympia Railroad – and the interest they have in providing more regular services to the Port and the downtown. Mr. Wolfe noted that the car count on the rail line was up from approximately 100 cars per month three years ago to nearly 1,000 cars.

It was noted that although more railcars are moving through the Port, there typically are not more trains than in the past. Some noted this has a positive impact on truck traffic by reducing the number of large trucks in the downtown area.

### **Economic Issues**

Mr. Wolfe described the current activities of the Port's four lines of business. He noted that overall in 2004 the Port had provided employment for over 64,000 hours of labor for the Longshoremens Union. This is about twice as much as in past years and adds economic wealth to the community.

### **Marina**

Mr. Wolfe noted that the plan is to extend the public trail eventually to the North Point area. He mentioned that the marina is extremely busy, that Boat Works is full, and there is a steady increase in customers and income. The Port has plans to expand the marina and boatworks business in the coming years by adding three new docks, upland marina development, and boatyard expansion.

### **Marine Terminal**

Mr. Wolfe noted again the rail expansion currently underway. He said that the recent growth at the marine terminal is, in part, a result of the container growth at the Ports of Tacoma and Seattle and that the spill over effect is good for Olympia and Thurston County. He said there is more opportunity for the Port of Olympia to personalize needs of some ships needing Port space. He mentioned also that Tacoma, in particular, had focused on container cargo and made it less successful for non-containerized shipments. These are exactly the kind of shipments that the Port of Olympia can handle.

## **Airport**

The airport operation has continued to look for opportunities to meet community needs. Currently, the Airport is working with the private sector on expanding general aviation hangars to meet the growing demand in the area. The Airport is also exploring the opportunity to expand its corporate aviation.

## **Property Development**

Mr. Wolfe said the Port's focus is countywide for opportunities to improve the economic vitality of the area. While the North Point area will soon be home to a new Anthony's restaurant, possibilities of a boutique hotel, or other projects are also under consideration. The Farmers Market district has expanded to the point where parking has become a major issue. Also, the need to find a new location for Fish and Wildlife is critical so that the Market District can be expanded.

Finally, he noted that the marine terminal acts as a customs clearing house for the area generating significant traffic.

Council members asked about the type of cargo handled by the Port. Mr. Wolfe said while logs are still the major export, the efforts to diversify the cargo mix have been successful with increased volumes of inbound aluminum, steel, and garnet. He mentioned that the military cargo and special project shipments had also become increasingly large parts of the Port's cargo diversification strategy.

With regard to passenger capacity, Port Commissioners and staff responded that while passenger rail is not appropriate on the marine terminal, there may be future opportunities along the Union Pacific line for passenger rail into and out of downtown Olympia. Mr. Wolfe mentioned that if the Port or other entity was willing to own the railroad, opportunities could be opened up. He noted that Union Pacific is putting very little money into maintenance of the line.

Ms. Jailyn Brown of Thurston Regional Planning Council talked about her work on the background of rail freight and past year opportunities in the broader Thurston County area. She had met with stakeholders throughout the area and started to develop the basis for policy maker discussion this fall, particularly on passenger rail. She noted that rail lines are gaining more value as rail lines – not just as trail conversions. Councilmember Mah urged the Port to reconsider its TRPC membership because of the rail planning efforts, among other things.

## **Parking**

The group turned its attention to parking. It was noted that a parking structure doesn't pay for itself. Therefore, it needs to be done in conjunction with some other use such as a major office building, hotel, etc.

Mr. Wolfe mentioned the Economic Vitality Summit Plan that is being co-sponsored by Thurston Regional Planning Council, the EDC, Pacific Mountain Workforce Development Council and the Port. The meeting is tentatively scheduled for the end of June. Its mission is to find common platforms for economic development and growth in Thurston County.

Mr. Pete Swensson talked about the City's drafting of a new Sustainable Economy Plan. He noted this is a replacement to the current Economic Development Plan. The plan covers the following areas:

1. Current issues
2. Role of the City Of Olympia
3. The current economy
4. Olympia's niche
5. Opportunities to broaden the spectrum of economic development

He noted that while most members of the public said the City's role should be limited, most citizens do see it as a City's responsibility to be a good place to live and provide a high quality of life. It was also noted that the City's responsibility is to maintain its existing revenue base to provide funding for infrastructure such as roads, utilities, parks, etc. Finally, the public said that the City has an obligation to find money for a healthy downtown and to maintain the strength of the regional centers (the Port, medical services, arts and entertainment, tourism, regional retail). Mr. Swensson noted that the draft of the Sustainable Economy Plan would be available to the Planning Commission June 15, with the Planning Commission hearing set for July 11. Council will review the plan sometime in September or October.

Commissioner Pottle mentioned the need for the Port and the City to work together to drive development and create the opportunities for parking downtown. He felt it was important to meet at the elected level to make it happen.

Finally, the Port indicated that it is reviewing the new agreement model for the Capital Lake Adaptive Management Plan. In the past, it noted that General Administration has not acknowledged the concerns of the Port about sediment build-up and the need for dredging to allow the Port's future operations.

**ADJOURNMENT**

The joint meeting of the Port of Olympia and the Olympia City Council adjourned at 8:20 p.m. on May 23, 2005.

PORT OF OLYMPIA COMMISSION

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President

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Vice President

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Secretary-Treasurer