

PORT OF OLYMPIA COMMISSION  
MINUTES OF REGULAR MEETING

**July 9, 2001**

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**CALL TO ORDER**

President Pottle called the meeting of July 9, 2001, to order at 5:34 p.m. at the Port of Olympia in the Large Conference Room. Commissioner Dickison and Van Schoorl were in attendance.

Staff in attendance were: Executive Director Nick Handy, Administrative Manager Jeri Sevier, Swantown Manager Bruce Marshall, Finance Director George Fox, Property Development Manager Heber Kennedy, Airport Manager Doug Sandau, Marketing and Property Development Director Kari Qvigstad, and Engineering and Planning Director Andrea Fontenot.

Public in attendance were as follows. Representing the Olympian was reporter Scott Wyland. Representing Legal Counsel was Mick Phillips. Representing the City of Tumwater was Roger Gellenbeck and John Darnall. Representing Harbor Days was Shelly Calkins. Representing Seattle-Northwest Securities was Cynthia Weed, Lindsay Sovde, and Annette Somner. Others in attendance included: Larry Dudley, Joe Cole, Paul Telford, Jim Lindgren, Meta Heller, and Harold Chambers.

**APPROVAL OF AGENDA**

The agenda was approved as submitted.

**PUBLIC COMMENT**

Mr. Paul Telford indicated he requested and received information on the Airport Golf Center and has received excellent cooperation from staff. However, his findings and observations indicate the Commission has asked staff for more data and analysis and monthly statements on the budget so the Commission could track it closely. He wondered where that information was. He also commented on the Commission approval for \$200,000 for the fence when adequate analysis has not been done. In addition, he wanted to see the agreement with Cardinal Glass. He indicated it is time for the Commission to put the breaks on and rescind the bidding on the fence, actively market the site to the private sector and get out. Mr. Telford reported he has filed a lawsuit against the Port for exceeding their powers.

Mr. Harold Chambers said he read in the paper that Commissioner Van Schoorl was concerned to take on more debt, he wanted to know why the Port is spending \$200,000 on a fence at the Golf Center when there is not enough income at the golf center to meet expenses. He stated that the Port is not providing any benefit to Yelm. Commissioner Van Schoorl indicated he would be happy to discuss what the Port is doing for Yelm at a different time.

Mr. Joe Cole said there was no point in even coming to a Commission meeting when all he could do is speak and the Commissioners would not respond or comment. He indicated he is exploring a way to put the Port out of business and save the public money. He asked the Commissioners to volunteer to suspend the Port and go out of business or have the Port ran by the county.

Mr. Larry Dudley attacked the Commissioners with insults and accusations. Commissioner Pottle indicated he was welcome to come to a Commission meeting, but needed to pay respect to the Commissioners and staff. Commissioner Van Schoorl responded that Mr. Dudley goes to other public meetings and is not allowed to act in that manner, nor is he allowed to act that way at a Port Commission meeting.

Mr. Jim Lindgren commented that the Port should consider absorbing the \$24,000 and close the facility down. He wanted to know why the Port was spending money on the facility. He commented that if private industry could not make it, how does the Port expect to.

**COMMISSIONERS REPORTS**

Commissioner Van Schoorl indicated he had a meeting with PUD Paul Picket and toured the Port facility. He indicated the meeting focused on issues of mutual interest. Commissioner Van Schoorl suggested the Port hold a joint meeting with the PUD. President Pottle said he would contact Paul and Bud Kerr, the President of the PUD to arrange a meeting.

Commissioner Jeff Dickison reported he just attended an exit interview with the Auditor. Commissioner Dickison reported the Port received no findings and was operating completely and properly with in the law. He complimented George Fox and his staff for implementing such efficient systems.

## **EXECUTIVE DIRECTOR REPORT**

Executive Director Nick Handy reported he has distributed to the Commission a draft Port Bulletin that would be going out to the public by the end of the week. He asked for comments or suggestions before printing. Mr. Handy also indicated a schedule of Commission meetings is on their desks for the period July through September. He announced that President Pottle would be attending the Olympian Editorial Board meeting on the convention center.

## **CONSENT CALENDAR**

The Consent Calendar was unanimously approved as follows.

**Minutes.** The minutes from June 25, 2001 were unanimously approved as presented.

**Capital Project Expenditure Approval.** The Commission unanimously approved Capital Project Expenditure Approval in the amount of \$551,799.60 that included payments to Landau, IT Group, and Gunderboom for the Cascade Pole project.

## **ACTION CALENDAR**

### **Bond Resolution 2001-09**

Mr. George Fox presented the Commission with Resolution 2001-09 selling bonds in the amount of \$9.6 million for key projects at the Port, including: Cascade Pole Remediation project, airport runway relocation project, Swantown Marina expansion project; Port Plaza completion; and wetland mitigation.

Ms. Lindsay Sovde, Assistant Vice President, Seattle-Northwest Securities Corporation, presented the bond pricing results for the bonds. Ms. Cynthia Weed, also from Seattle-Northwest Securities, indicated if the Commission authorized and approved the issuance of the bonds, Seattle-Northwest would complete the sale and close the bond issuance.

Mr. Telford asked for a listing of projects that would be paid for out of this bond sale. Mr. George Fox gave him a listing and read the projects again. Mr. Fox advised that all of these projects are included in the 2001 capital budget. Mr. Telford indicated he requested a copy of the comprehensive plan but could not tell what had been revised and when. Mr. Handy indicated Ms. Fontenot could provide those revision dates to him.

Mr. Scott Wyland, Olympian reporter, asked the Commission if this bond issuance would raise taxes. The Commission responded that it would not. This bond sale is covered completely by existing revenues.

Commissioner Van Schoorl indicated he was troubled by the need to bond, however, these projects need to continue and it is in the best interest of the community to clean up Cascade Pole and the project at the airport is a safety issue. In addition, he requested the marina expansion project be tracked as a revenue bond. Under these circumstances, he indicated he has overcome his reluctance and will support the bond issue.

Resolution 2001-09 for the issuance and sale of limited tax general obligation bonds of the Port of Olympia in the amount of \$9,650,000 for the purpose of providing a portion of the funds necessary to make improvements to port facilities within its Comprehensive Plan; providing the date, form, terms and maturities of said bonds; providing for the annual levy of taxes to pay the principal of and interest on said bonds; and approving the sale of such bonds was unanimously approved by the Commission.

### **Port Art Plan Approval**

Ms. Andrea Fontenot indicated to the Commission that staff has contracted with Elizabeth Conner to develop a proposed theme for art pieces on the Port Peninsula and staff has identified three upcoming projects in which to incorporate pieces

along this theme.

Ms. Fontenot reported that the theme is for the images to reflect marine flora and fauna, and historical artifacts that relate to the Port—and this is a fairly large category for what relates to the Port. In addition to this selection of images, we recommend placing these images, in some instances, as an “accumulation”, like mussels accumulate on a pile, or how objects settle out of water and accumulate in a pattern based on weight and wave energy.

The size and material used for the art pieces will vary depending on budget and site and use characteristics. For example, the Port Plaza may contain bronze castings, silk screened tile, or carved stone benches. So, a secondary theme is to incorporate art pieces in subtle ways and in context with the site design and its use. This means that traditional construction type materials can be incorporated as an art piece. Our goal was to create a sense of mystery and discovery when someone finds an art piece in an unexpected or unannounced location.

Ms. Fontenot reported that staff is recommends implementing this concept at the Market Centre complex, and request a budget of \$15,000 to design, produce and install pieces into the public spaces of these two sites. The art pieces would be located along the sidewalk on Market Street, on parts of the Market Centre building, and in landscape areas. This budget would go toward Elizabeth Conner’s fees, the designer and artist we have worked with in designing the Port Plaza and the overall art theme, as well as the production and installation costs.

Ms. Elizabeth Conner indicated to the Commission that this design is an interpretive way to tie the Port properties together and provides a framework and an entertaining way to reflect the history. The proposal is a modest budget and can spread and seed other projects as time goes on. She indicated the concept is to enhance people to discover and look further. Ms. Conner showed the Commission images from other projects she has completed.

Commissioner Van Schoorl said he liked the concept, but sees more visual presence of art maybe placed in appropriate locations in the future. Commissioner Van Schoorl also indicated he would like the staff to look into an agreement with the private ownership of the building to protect the public investment of placing public art on a privately owned building or site.

The Commission authorized staff to proceed with design, production and installation of art pieces for public spaces at the Market Centre complex, the building and parking lot, within a budget of \$15,000. This expense will be credited toward the art fund in the capital budget.

Ms. Meta Heller encouraged the Port Commission to look at Richard Byers work to create the larger monumental pieces of art, because his sculptures are done with humor. The Commission indicated they would be looking at potential artists for future work.

## **ADVISORY CALENDAR**

### **Airdustrial Way Widening Advisory**

Ms. Andrea Fontenot reported to the Commission that as part of the City of Tumwater’s grant application, the Port donated land along Airdustrial Way for stormwater. The City has started the design process and wants to bring the Port up-to-date. In addition to using Port property for stormwater disposal, the City is also interested in acquiring additional right-of-way for a wider street section.

In addition, the City desires to encourage access to parcels fronting along Airdustrial Way via secondary streets as opposed to multiple driveways onto Airdustrial Way. This will help Airdustrial function more efficiently as an arterial.

Jay Eaton from the City of Tumwater reviewed the proposed boulevard street section and its function. He indicated there would be a two-lane round-a-bout at the corner of Airdustrial Way and New Market.

### **Airdustrial Way Name Change Advisory**

Ms. Kari Qvigstad introduced Mr. Roger Gellenbeck from the City of Tumwater to provide background to the Commission on proposed names and the process for changing Airdustrial Way. Mr. Gellenbeck indicated the “short list” of potential street names for Airdustrial Way: Pioneer Parkway, Brighton Parkway (or Boulevard), New Market Parkway (or Boulevard), Tumwater Parkway (or Boulevard), and Tumwater Center Parkway (or Boulevard).

Mr. Gellenbeck indicated however that there are problems with some of the names. Two issues to be considered are

emergency response and the similarity of roadways can be a problem. The second issue is cost associated with a name change for residence and businesses address changes, mapping concerns, street sign changes, just to mention a few.

Commissioner Van Schoorl indicated he supported New Market Boulevard as the preferred name. Mr. Gellenbeck said that might be ok if it wasn't for the New Market Street already in existence. Commissioner Van Schoorl suggested we rename them both. The Current New Market Street is mostly businesses, not much residential and they are all leases of the Port.

Commissioner Dickison said he also supported New Market Parkway or Boulevard and would support changing the existing New Market Street to something else.

President Pottle agreed with the other Commissioners, but understands Tumwaters's ideas and issues, however the Commission would like to maintain the link to the New Market Campus.

### **Harbor Days Advisory**

Ms. Shelly Calkins from South Sound Maritime Heritage Association discussed plans for 2001 Harbor Days, including the Port's marketing sponsorship. The sponsorship is for \$4,000 and would provide for advertising and promotion. The Port will also provide some inkind donations of sandwich boards and public parking at Warehouse 2. Ms. Calkins noted the event will be August 31<sup>st</sup> through September 2<sup>nd</sup>. Harbor Days will be more centrally located at Percival Landing and will not be using the Port Plaza.

Ms. Kari Qvigstad indicated the Port's sponsorship was included in the 2001 marketing budget. The Commission did not have any changes to the proposed plan.

### **Marina Village Advisory**

Mr. Nick Handy reported to the Commission that the Swantown Marina uplands carry restrictions imposed by the Corps of Engineers limiting uses to those that are marina related. He reported that we have parties potentially interested in participating in a marina village project for the DEF Dock uplands who are inquiring the nature and extent of these restrictions.

He indicated that he and Heber Kennedy are planning to visit the Corps of Engineers for a discussion on this subject and would appreciate this opportunity for an advisory briefing and discussion with Commissioners regarding the range of potential uses for this project.

Mr. Handy suggested three options.

- Plan 1. Continue to support marina support related facilities only.
- Plan 2. Expand the view to include broader services that would also service a marine related issue and have some connection.
- Plan 3. Push for a more broad interpretation and argue for a priority to marine related services, however, also accept non-marine related services as a small proportion of your building usage.

President Pottle indicated that any potential developer would probably want the most flexibility in filling the building. He thought we should be more general and would have more success in developing the site. His preference was Plan 3.

Commissioner Van Schoorl said the layout of the comprehensive plan focused on bringing people to the waterfront. Therefore, that is what the development should be about. He suggested staff go to the corp and try to get as broad as perspective as possible, this would be a public place for people to congregate and therefore draws people to the waterfront. His preference was for Plan 2.

Commissioner Dickison thought Commissioner Van Schoorl's strategy was good and to ask the corp the macro question. However, he said the intent is to have a marine connection and that then helps define what you build and how big it is. He indicated he has problems with the corps qualified list and would be willing to be flexible in that interpretation. Saying that, he said that a significant number of business should be marine related and we have an obligation to design the facility to accommodate the need and not to create open space that can't be filled. His preference was also Plan 2.

Mr. Handy indicated he and Heber would meet with the corp and report back. Commissioner Dickison indicated he would also be supportive of a small Inn as a part of the development, but not as a stand alone project.

### **Port Lagoon Advisory**

Mr. Handy indicated that Port staff have discussed the Port Lagoon mitigation issues with the Port Commission at the April 30 and June 25, 2001 Commission meetings and have scheduled this advisory discussion to receive further direction from the Commission on this matter.

The City of Olympia is proposing environmental mitigation at the north end of the Port lagoon to mitigate impacts from construction of the 4<sup>th</sup> avenue bridge.

The Port has expressed conceptual willingness to discuss with the city this mitigation, but the Port Commission has made clear that it wishes to approve the mitigation plan and the compensation to be paid by the City to the Port for this use of Port land.

After several iterations, the Port Commission appeared comfortable with the mitigation plan proposed by the city at the June 25 meeting after hearing directly from presentations from the city and Entranco Engineering.

The Port Commission expressed greater concern with the appropriate compensation to be paid the Port and the “lost opportunity” cost incurred by the Port in making this mitigation opportunity available to the City thereby foreclosing future mitigation opportunities for the Port. The Commission requested staff to recommend strategies designed to address this concern.

At and since the meeting, city staff have expressed concern regarding the timing of these decisions as federal funding for the bridge is driving the need for an early resolution of the mitigation plan.

At prior joint meetings between the Port Commission and the Olympia City Council, Port Commissioners have expressed willingness to sell the Port’s West Bay ownership to the City. These offers have been based upon some expressions from council members that this parcel would be well suited for open space.

Mr. Handy indicated he, Andrea Fontenot, and Heber Kennedy have discussed these issues and recommend the following alternatives to the Port Commission to address the “compensation” issues.

**Plan A: City Buys Lagoon.** The primary economic value of the lagoon lies in environmental mitigation opportunities. The City’s proposed mitigation plan uses most mitigation opportunities for the lagoon, although some future mitigation opportunities may continue to exist. The best resolution for the Port would be for the City to purchase the entire lagoon from the Port. Under City ownership, the City could fashion whatever mitigation plan it wishes.

- **Valuation.** To facilitate a quick transfer, the parties could agree to a method for determining valuation and leave that to a later time.
- **Payment.** The Port could agree to a deferred payment plan as part of the agreement so money would not need to change hands in the near future. This might aid the City in planning resources for the acquisition.
- **Option.** The transfer could include an option for the city to acquire the remaining upland Port ownership now occupied by Solid Wood, subject to any existing Solid Wood lease. The option could include a process for determining later value and payment.
- **Easement.** One variation on this approach would be for the Port to retain an easement to conduct future Port mitigation work in all or a portion of the lagoon compatible with the City’s proposed mitigation plan.

**Plan B: Port Issues License or Easement to City for Mitigation.** Under this approach, the Port would authorize the city with a license or easement to enter Port property at the lagoon and perform the city’s mitigation project. The Port would value the license or easement based upon the lost mitigation opportunity for the Port. Three forms of payment have been discussed: (1) cash, (2) mitigation banking, and (3) mitigation planning. Any of these alternatives could be combined.

- **Payment in Cash.** The City could pay the Port in cash. The amount of the payment would be determined by determining the replacement value of this property for future mitigation. Heber Kennedy is researching these values at this time.
- **Payment through Mitigation Banking.** The City could engage in additional mitigation work on behalf of the Port in the same area. This additional mitigation work would be “mitigation banked” for future use of the Port.
- **Payment in Mitigation Planning.** The City could develop a mitigation plan for the entire lagoon that would set forth various mitigation projects, if any, for the future use of the Port.

**Plan C: Property Exchange.** This plan was proposed by legal counsel. The City would acquire like-kind property in exchange for the Port’s property that the Port could later use for future mitigation projects.

Mr. Heber Kennedy indicated there was a technical issue with valuing the property because it does not look at replacement costs and does not consider future mitigation costs.

Commissioner Dickison questioned the fact that there would be any like-kind property available that would meet mitigation standards for the Port.

The Commission indicated they were not interested in subdividing the property by just selling the lagoon to the City. Commissioner Dickison indicated his first choice would be Plan A and then we acquire our own mitigation site with the funds from the sale. He said if we were to do a license or easement, the Port would have to establish an escrow account to secure the funds for future leverage in settling the deal.

President Pottle indicated the Port is not going to give away an asset to acquire more Port assets that cost us additional money. Commissioner Van Schoorl agreed, he indicated we need to get a value on the future mitigation of the Port. There is no incentive to give it to the city and then turn around and cost the Port millions later. That doesn’t make sense.

Mr. Handy indicated he appreciated the Commissioners comments and he would go back and work with the City to come to an agreement.

**ADJOURNMENT**

President Pottle adjourned the meeting of July 9, 2001 at 8:10 p.m.

PORT OF OLYMPIA COMMISSION

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President

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Vice President

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Secretary-Treasurer