

# PORT OF OLYMPIA COMMISSION MINUTES OF REGULAR MEETING

August 10, 1998

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## CALL TO ORDER

President Pottle called the meeting of August 10, 1998, to order at 6:35 PM in the library of Rochester High School. Commissioner Van Schoorl and Commissioner Dickison also attended.

Staff in attendance were: Executive Director Nick Handy, Acting Director of Engineering and Planning Andrea Fontenot, Deputy Director Wendy Holden, Director of Marketing and Trade Development Kari Qvigstad, Director of Finance and Administration George Fox, Administrative Assistant Teresa Olson, and Property Development Manager Heber Kennedy.

Members of the public in attendance were Jeanette Willis, Dennis Risdon, Kay Mielke Crookshanks, Molly Morgan, Brett Davis, Jesse Banick, Patricia Pearson, Gene Walkly, Pat Schoelhoff, Page Steelhammer, Jim Thomas, Todd Warren, Jim Rahi, Dan Vanderkolk, and Olympian Reporter Trisha Collopy.

## APPROVAL OF AGENDA

The agenda was approved as presented.

## PUBLIC COMMENT

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

## COMMISSIONERS REPORTS

No Commission reports were given.

## NEW LEASES

Ms. Qvigstad reported on the following three new leases: (1) Pearson Air, Inc., a full service operator providing flight training, aircraft sales, maintenance for piston and turbo jet engines, and fuel provider; (2) Stan's C-Stores, a planned 15,000 square foot convenience store/Chevron service station with 8 gas pumps; and (3) Rowe Management Corporation, construction and operation of multiple use light industrial buildings with supporting office space.

## CONSENT CALENDAR

Minutes. The minutes of July 27, 1998 were unanimously approved as published.

Capital Project Expenditures: The capital project expenditures were unanimously approved as submitted.

## ACTION CALENDAR

### **Resolution 98-14 – Grand Mound Property Acquisition**

Nick Handy gave an introductory overview of the Port of Olympia's proposed acquisition of 43 acres in Grand Mound for use as an industrial park. He explained that the option to purchase the property would authorize the Port to purchase at least 7.5 acres every three years. Total price for the property is approximately \$1.5 million if all options are exercised. Mr. Handy highlighted Port staff recommendations as outlined in the staff's report.

Andrea Fontenot, Acting Director of Engineering and Planning, gave an explanation of the on site investigation and planning conducted this past year. As outlined in staff's report, she stated that all surveys are complete and staff will continue to monitor the ground water levels.

Ms. Fontenot stated that staff is continuing to work with Thurston County on the mitigation plan. She referred to the Master Plan and commented that the Port will work toward a strong rail focus. Ms. Fontenot distributed draft copies of the Landscape and Development Standards which provide guidance to prospective tenants at the Grand Mound property.

Perry Shey, an Engineer with SCA Engineering, gave a brief description of their study recommendation that Highway 99 be expanded to five lanes. He explained that as the property develops, there is a need to improve the ingress and egress of traffic, specifically a center turn lane for trucks.

George Fox, Director of Finance and Administration, gave an overview of the financial assessment. He explained that the amount of cash flow return will depend upon the kind of tenants that locate at the site. He added that this project has a very long economic life and that the rate of return is marginally higher than the cost of borrowing funds. In summary, he stated that the initial investment will need funding at \$275K per year for 9 years and the project will generate a cash flow rate of return of 6.9 percent, and a net income rate of return of 6.5 percent.

Kari Qvigstad, Director of Marketing and Trade Development, presented the Marketing Plan and strategy of the Port in developing the property. She added that the location itself is a major selling point because of its accessibility to I-5 and rail. Ms. Qvigstad noted that the location of the property is midway to Seattle and Portland which also benefits the site. She gave a brief overview of the advertising and promotion strategy and stated that staff is continuing to work on the signage plan.

Heber Kennedy, Property Development Manager, presented to the Commission the Grand Mound lease policy recommendations. He explained the absorption rate and stated that staff recommends adoption of a lease policy of 9.5 percent of 60 percent of fee simple fair market value to be used in leasing the properties at Grand Mound. As explained in staff's report, Mr. Kennedy explained that this rate was obtained as a comparison to the current absorption rates at NewMarket and that the Port could expect to lease 8.28 acres per year.

Commissioner Van Schoorl questioned the 8.28 acres and asked how staff obtained that amount.

Mr. Kennedy explained that this rate was based on the properties at NewMarket. He said it was difficult to find comparable properties in south Thurston County.

Commissioner Pottle asked for public testimony.

**Kay Mielke Crookshanks, Rochester,** stated that she is a resident and business owner in the Grand Mound area and asked Mr. Kennedy if the Port had looked at absorption rates in Lewis County. Mr. Kennedy replied no. Ms. Mielke Crookshanks voiced her support of the Grand Mound project on behalf of herself and her husband. She said the proposal will create jobs which are greatly needed in the area. Ms. Mielke Crookshanks complimented the Port Commission, the Economic Development Council and Port staff their foresight and good work.

**Gene Walkly, Centralia,** asked how many jobs would be created from the proposed development. Mr. Handy replied that the number of jobs created would depend upon the type of businesses that are attracted. He reiterated that the goal of the Commission is to generate family wage jobs, i.e., income level of approximately \$24,000/yr. Mr. Handy gave an example of a best case scenario at NewMarket where there is a tenant (Cardinal Glass Co.) that employs 150 people on a 10-acre site. He stated that the Commission would like to see at least 15-25 jobs per 3.5 acre lease site. Mr. Walkly asked who would maintain the rail line. Mr. Handy replied that David Evans & Associates have completed a study on the condition of the rail. The line will be maintained by the City of Tacoma. He said it is in "fair to good condition." Mr. Handy explained that the main line of the railroad is 2-3 miles away with easy access to Centralia. Ms. Fontenot added that the weight limitation is 258,000 pounds per rail car.

Commissioner Dickison asked the audience if they agreed with the proposed name of "Grand Mound Industrial Park."

**Jim Thomas, Rochester,** replied that Grand Mound Industrial Park is the right name. He encouraged the Commission to move forward and accept staff's report. He complimented the Port staff and said they have done a wonderful job.

**Patricia Pearson, Olympia,** stated that she is a co-owner of a business located at the Grand Mound intersection and she is pleased with the proposed name. She said she is very encouraged with the progress the Port has taken and is excited about each new development.

**Ron Grant, Chair of the Port of Olympia's Citizen Advisory Committee,** was introduced by Commissioner Pottle.

Mr. Grant explained that the PAC has continued to meet with staff regarding the proposed development; he added that use of the rail line is strongly recommended by the PAC.

**Jesse Banick, Centralia**, said he was very ecstatic with the proposal. He restated the need for more jobs in the area and asked Ms. Qvigstad how the Port plans to market other properties. Ms. Qvigstad replied that the Port's marketing will benefit other properties through its connection with the Thurston County Economic Development Council (EDC). She explained that staff is working with Dennis Matson and Dennis Risdon of the EDC in promoting the area. Mr. Handy added that the Port will provide a cooperative marketing effort, similar to how the Swantown Marina works closely with the other local marinas in the Olympia area. He also gave an example of how the Port works closely with the Downtown Association in marketing promotion. Commissioner Pottle added that the Port's goal is to promote all businesses in Thurston County.

**Molly Morgan, Key Bank, Rochester**, stated that she is very impressed with the Port's proposal and she gives her full support. She added that the community can only be enhanced by this project and that the area is in great need of jobs.

**Dan Vanderkolk, Centralia**, stated that this is a good project and good for the community.

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**Dennis Risdon, Thurston County Economic Development Council**, stated that from an EDC viewpoint it is important to have a variety of businesses in the area. He said the Grand Mound area is an ideal location for development because of access to rail, close proximity to I-5, an existing infrastructure, zoning, etc. Mr. Risdon added that the actual location will help the EDC market properties in the area. He asked the adjoining property owners to work with the EDC. Commissioner Pottle stated that as a member of the Port's EDC, he supports Mr. Risdon's comments.

**Pat Schoelhoff, Rochester**, gave her support of the project.

Commissioner Van Schoorl asked if staff had considered channeling the water from the stormwater treatment back into the wetland area. He commented that it would be prudent to discuss with the Miller Trust the possibility of donating to the Port or Thurston County the parcel of land which contains the oak trees and wetland area. He stated this area could be developed as a recreation area or park in south Thurston County. Commissioner Pottle asked Messrs. Handy and Kennedy to pursue this possibility.

**Sandy Mackie, legal counsel for the Port of Olympia**, commented that trails could be developed in the wetland area. He said such a use would be permitted because the wetland area would fall under education and research.

Commissioner Dickison commented on the lease rate as it relates to rail access. He asked if the proposed rate will capture an aggressive market for this property. Mr. Kennedy replied that the rail access is being driven by customer need. He explained that there are not that many rail sites in Thurston County and this price may change. Commissioner Dickison commented that the Commission estimates a lease rate every year, depending upon the market conditions. He asked if the proposed policy is the right one for the Grand Mound development. Mr. Kennedy replied that staff will review the policy in 6-8 months. Commissioner Van Schoorl requested that staff look at the Centralia/Chehalis rail rates.

Commissioner Dickison commented that as the Port develops its marketing strategy for this project, that it take into consideration the other businesses in the Grand Mound area. He added that it is important to relay this message through the EDC and Port of Olympia as well. Commissioner Dickison stated that in looking after the interest of the community in supporting the economic opportunity by providing jobs, the Port needs to play a role in that and not treat this development like another landlord.

A comment was made from the audience about providing proper signage which shows the mound for which the area was named. Several people agreed that the area would be a great place for a county park.

Commissioner Dickison thanked Port of Olympia staff; he said an excellent job was done in listening to the concerns of the Commission and the local community. He gave his support for the resolution and added that this project will benefit the local school levy rate in the Grand Mound area.

Commissioner Van Schoorl also thanked the community and Port of Olympia staff. He stated that this project provides a tremendous opportunity for the area.

Commissioner Pottle stated his concern for the community and reaffirmed the need for family wage jobs. He said the

Commission is not interested in attracting low paying jobs to the area and he encouraged the involvement of the EDC. He thanked staff for doing an outstanding job and said the project will be a success.

**Motion** was made by Commissioner Van Schoorl, seconded by Commissioner Dickison, to adopt Resolution 98-14 as proposed by staff.

**Motion carried unanimously.**

**Resolution 98-15 – Grand Mound Lease Policy**

Recommendation was made to change the name of “Grand Mound Industrial Campus” to “Grand Mound Industrial Park.”

**Motion** was made and seconded to adopt Resolution 98-15 which establishes guidelines and procedures for the Port of Olympia lease policy at the Grand Mound Industrial Park.

**Motion carried unanimously.**

**Resolution 98-11 – Carman Manufacturing Company**

**Motion** was made and seconded to adopt Resolution 98-11 which approves the resolution of the EDC to issue nonrecourse revenue bonds to Carman Manufacturing Company for up to \$6,500,000 to finance the industrial development project.

**Motion carried unanimously.**

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**Resolution 98-12 – Harold LeMay Enterprises, Inc.**

**Motion** was made and seconded to adopt Resolution 98-12 which approves the resolution of the EDC to issue nonrecourse revenue bonds to Harold LeMay Enterprises, Inc. for up to \$20,000,000 to finance the industrial development project.

**Motion carried unanimously.**

**Resolution 98-13 – The Ostrom Company**

**Motion** was made and seconded to adopt Resolution 98-13 which approves the resolution of the EDC to issue nonrecourse revenue bonds to The Ostrom Company for up to \$3,000,000 to finance the industrial development project.

**Motion carried unanimously.**

**Naming Harper Street at New Market Industrial Campus**

**Motion** was made and seconded to establish the name “Harper Street” at the New Market Industrial Campus. Ms. Fontenot explained that the street is named after an early settler, Thomas Jefferson Harper. She stated that the Commission must name the street in order to comply with the City of Tumwater Fire Department regulations.

**Motion carried unanimously.**

ADJOURNMENT

President Pottle adjourned the regular Commission meeting of August 10, 1998 at 8:35 p.m.

PORT OF OLYMPIA COMMISSION

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President

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Vice President

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Secretary-Treasurer