

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

September 12, 2005

CALL TO ORDER

President Van Schoorl called the meeting of September 12, 2005, to order at 5:30 p.m. at the LOTT Board Room in Olympia. Commissioners Telford and Pottle were also in attendance.

Staff in attendance were: Interim Executive Director Rudy Rudolph, Administrative Manager Jeri Sevier, Property Development Director Heber Kennedy, Communications Manager Patti Grant, Harbor Director Bruce Marshall, Program Assistant Maureen Malahovsky, Public Works Director Andrea Fontenot, and Finance Director Steve Davis.

Public in attendance were as follows. Representing *The Olympian* was Jim Szymanski. Others in attendance included Tom Howdeshell, Mark Miller, Harold Clark, Jan Witt, Drew Hendricks, Rob Whitlock, and Michael Tuckman.

APPROVAL OF AGENDA

The agenda was approved as amended. Commissioner Telford indicated he would like to add consideration of an auto allowance for the interim executive director to the action calendar.

PUBLIC COMMENT

Tom Howdeshell, resident of Olympia, commented that he was glad to see the Weyerhaeuser lease adding revenues to the Port. He asked who would be paying for increased wear and tear to the roadway. President Van Schoorl indicated that since this is a freight route, federal funds would be used.

Jan Witt, resident of Olympia, commented that she felt the work sessions held on Fridays at the Port offices was a step backwards and she indicated they were not televised nor published very well. She indicated that she felt the meetings need to be made more public friendly and held when the public can attend and televised by public television.

Rob Whitlock, resident of Olympia, expressed his opinion that the war in Iraq is an illegal war and indicated his concern with the Port dealing with the military is possibly in breach of a legal contract with Thurston County. He wanted an answer about the illegality of the war. President Van Schoorl commented that it is not the place of the Port Commission to take a stand on an international issue, each individual commissioner can give their own opinions, but not as a Commission. Commissioner Telford indicated he does not think that he is qualified at the public official level to make a legal judgment on whether the war is legal or not.

Drew Hendricks, resident of Olympia, indicated he provided the commissioners with a video of the last military vessel at the Port and wanted to know if the commission has reviewed the tape and can comment on what the material was that was being discharged. Mr. Hendricks indicated he claims it was fecal matter. President Van Schoorl indicated he has reviewed the tapes and the factual information from LOTT and is not convinced that the floating material in the water was fecal matter and disagrees with Mr. Hendricks conclusions.

Richard Wolf, resident of Olympia, indicated he is on the board of the East Bay Neighborhood Association, he wanted to comment on the Weyerhaeuser lease and wanted to know what the traffic

abatement plan is with the additional traffic coming to the Port. President Van Schoorl commented that the East Bay development plan is to create an alternate truck route. The increase in traffic will still be well below historic levels for truck traffic to the Port of Olympia. President Van Schoorl indicated we would like to continue to work with the city on traffic alternatives. Commissioner Pottle indicated the increase traffic is not just the trucks, the increase is also related to the increase in the population in general, he noted that we would like to work with the City on discussing alternatives. Commissioner Pottle commented that the Port is not looking at shutting down the marine terminal and anticipate continuing to increase business, with that being said, the Port is also looking at shipping materials via rail. Mr. Wolf indicated that from their viewpoint there is not enough coordination between the City and the Port. Commissioner Pottle asked for staff to add this as goal for 2006 to work with the City and the East Bay Neighborhood Association to work on this issue.

COMMISSIONERS REPORTS

Commissioner Telford noted he attended the Solid Waste Advisory Committee meeting and had nothing to report. He commented that he wanted to address the State Auditors report and the opinion published in the Olympian concerning the Auditor's findings relative to the Welcome Pole procurement. He commented that he could see this coming and has been trying to work with staff over the years to develop a comprehensive procurement procedure to fix the weaknesses in the system. He commented that he has had nothing but resistance and obstruction from staff. He commented that the public works staff knows what they are doing and do an excellent job. The primary deficiency is a grey area is between the public works projects and the procurement of other services, including consulting. He commented that the last person to have action on this was Andrea Fontenot.

Commissioner Pottle indicated he spoke to the Yelm Chamber of Commerce, where we had the WPPA exhibit, it was very well received. He also attended the Lacey Chamber meeting.

EXECUTIVE DIRECTOR REPORT

At the Airport, Mr. Rudy Rudolph reported that the runway shift construction project has been completed. The runway is open to full length of 5,500 ft. FAA is still completing some work on the approach lighting system towers. Washington State Patrol Hangar and Hangar "B" painting has been completed. Hangar "A" painting is ongoing.

Mr. Rudolph indicated that the Marine Terminal continues with the rail expansion project. The berth 3 paving project will also be underway in a week. Several railcars are enroute to the Port to load out the remaining glass from KB Recycling. They should have all of their glass loaded out in September.

The property department continues to work with the Department of Fish and Wildlife as it goes through an analysis of its functions and property requirements in the Market District. In addition, Mr. Rudolph reported that staff continues to research and investigate the concept of developing structured parking in the market district. Engineering cost estimates have been completed and the staff is involved in preparing a briefing for the Commission.

Mr. Rudolph noted that the marketing and marine terminal team coordinated the 2nd annual marine terminal tours located on Port Plaza during Harbor Days weekend. A total of 60 people joined us for the walking tours.

Reporting on behalf of the public works department, Mr. Rudolph indicated that we are making excellent progress on the restaurant and road reconstruction. The staff is also in the process of preparing capital project cost estimates for the 2006 Capital Budget. In addition, planning continues on the Line of Sight Correction and Runway Strengthening project, the MNO Dock project, the Marina Dock Repairs project, and other cargo yard improvement projects.

Mr. Rudolph noted that the PAC has completed a draft report for the Comprehensive Plan Review. A

sub-committee is working on final editing. The final report will go to the full PAC on Monday, October 3rd. The Commission Advisory Presentation is scheduled for the October 10th Commission Meeting.

Consent Calendar

The Consent Calendar was approved as follows.

Minutes. The Commission unanimously approved the minutes from the August 19 and August 22, 2005 meetings.

Lease Amendment: Harbor Wholesale Grocery, Inc.

Harbor Wholesale has been a Port tenant since 1985 leasing approximately 6.627 acres at the NewMarket Industrial Campus. Harbor Wholesale has signed an Option for Additional Land (3.01 acres) for future expansion. The Option period is through July 31, 2006. In consideration of this Option, Harbor Wholesale pays \$1,868.40 to the Port. If tenant exercises the Option within the determined period, a binding site plan or boundary line adjustment is required and is to be completed by the tenant. The Commission unanimously ratified the lease amendment with Harbor Wholesale Grocery, Inc.

ACTION CALENDAR

Capitol Lake Adaptive Management Plan (CLAMP) Ratification

President Van Schoorl commented that at the Work session held on Friday, the Commission discussed the CLAMP agreement. President Van Schoorl asked for the Commission to ratifying the agreement for his signature on behalf of the Port. He indicated that he understood the Commission would also like to send a letter expressing the Port's concerns and staff is working with him on a draft of the letter. The Commission unanimously ratified the Capitol Lake Adaptive Management Plan Agreement for President Van Schoorl's signature.

Award Bid for Northwest Cargo Yard Reconstruction, Contract #296

Ms. Andrea Fontenot indicated the purpose of this agenda item is to request Commission award of the Northwest Cargo Yard Reconstruction Contract No. 296.

She noted that the budget for this project was established at the August 22nd Commission meeting. This scope of work includes the follow budget items approved at that meeting:

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| ■ Pave Berth three, 5.3 acres | \$1,126,901 |
| ■ Pave Peninsula, 3.4 acres | \$726,508 |
| ■ Yard Lighting (portion) | \$25,000 |
| Total Budget | \$1,878,409 |

Ms. Fontenot noted that five bids were opened on September 7, 2005. The apparent low bidder is Tri-State Construction, Inc., with a bid of \$1,549,927, including WSST. This bid is \$170,225 less than the Engineer's Estimate, which was \$1,720,152. He indicated that the remaining budget for these work items (\$328,482) would be used for contract change orders, survey, engineering, construction testing, and project management expenses.

Ms. Fontenot recommended the Commission award Northwest Cargo Yard Reconstruction Contract No. 296 to Tri-State Construction in the amount of \$1,549,927.

Jan Witt, resident of Olympia, commented that under state law this project would require a SEPA review and was wondering if a SEPA review has been done. Ms. Fontenot responded that the planning level SEPA review is no longer being done on capital projects, previously that SEPA review was triggered by

the revision of the comp plan, and the Port is no longer updating the comp plan on an annual basis to include the capital budget. Ms. Fontenot indicated that the City of Olympia has requirements for a SEPA review, but Ms. Fontenot indicated that this project does not meet any of the requirements of a SEPA review.

Ms. Witt quoted a WAC that indicated approval of funding for a project that modifies the environment requires a SEPA review to be done. President Van Schoorl indicated he would ask Ms. Fontenot to look into this and whether or not this triggers a SEPA review.

The Commission asked staff to make the recommendation more clear, the total dollars requested should include all dollars, the bid amount and any other contingencies, engineering costs, etc. and make a comparison to the budget approved. The Commission asked staff to develop a format for presenting bids to the Commission that included all of those elements.

The Commission unanimously approved the award of the bid for the Northwest Cargo Yard Reconstruction Contract No. 296 to Tri-State Construction in the amount of \$1,549,927.

Award Bid for Marine Terminal Fender Pile Repairs, Contract #295

Ms. Andrea Fontenot noted that the purpose of this agenda item is to request Commission award of the Marine Terminal Fender Pile Repairs Contract No. 295. She indicated that the budget for this project has not yet been established and indicated he is asking for approval of a Capital Expense Authorization for the project for \$100,000.

Ms. Fontenot noted that one bid was opened on September 7, 2005. The apparent low bidder is Rognlin's, Inc., with a bid of \$66,666, including WSST. This bid is \$1,409 less than the Engineer's Estimate, which was \$68,075.

She indicated that the remaining budget for these work items (\$33,334) would be used for the purchase of the fender piles, contract change orders, survey, engineering, construction testing, and project management expenses.

Ms. Fontenot recommended the Commission approve a Capital Expense Authorization in the amount of \$100,000 and award the bid for the Marine Terminal Fender Pile Repairs Contract No. 295 to Rognlin's, Inc. in the amount of \$66,666.

Commissioner Pottle indicated this was damage done by a vessel in Port and he wanted to know if we were pursuing the insurance for this. Ms. Fontenot indicated that she talked to Mr. Amador and the staff has filed a claim with the insurance company. Commissioner Pottle asked staff to send the Commissioners the breakdown of both projects with a comparison of the budget approval and the bid award.

Tom Howdeshell, resident of Olympia, asked what a concrete fender pile is. Ms. Fontenot indicated that they are intended to protect the structural component of the berth. In that sense they are sacrificed to save the berth.

Drew Hendricks, resident of Olympia, asked why the staff failed to inspect the docks prior to the arrival of the vessel and he inquired as to whether or not it was a military vessel. The staff commented that they were not certain as to what vessel it was that damaged the berth, but that recollection that it was a foreign flag vessel. Mr. Jim Amador, the Marine Terminal director was not in attendance to answer the question.

The Commission unanimously approved a Capital Expense Authorization in the amount of \$100,000 and awarded the bid for the Marine Terminal Fender Pile Repairs Contract No. 295 to Rognlin's, Inc. in the amount of \$66,666.

Sports and Events Center MOU Ratification

Mr. Heber Kennedy provided background of the East Bay Planning Process. He indicated that Michael Tuckman of Puget Sound Sports & Entertainment, LLC (PSS&E) has been pursuing the Port for some time with a proposal to build a Sports and Events Center. Mr. Tuckman has requested a period from September 1 through December 31, 2005 to develop a revised proposal to the Port Commission for sports and event center and a community ice rink. The site under consideration is at the corner of Jefferson Street and State Avenue on the Port's East Bay property.

Mr. Kennedy indicated that developers responding to an RFQ for a City Hall using the Port's property on East Bay have also approached the Port. Last Friday, the Commission discussed both proposals at a work session and would like to suggest development conditions for both parties for consideration. Mr. Kennedy indicated in response to the discussion he has developed a position statement for the East Bay Development outlining development conditions.

Mr. Kennedy indicated he has been working with Mr. Tuckman on an exclusive agreement (Memorandum of Understanding) and has a draft of that as well.

President Van Schoorl indicated that he was comfortable with the development conditions as drafted, with minor editing, and feels strongly about the requirements of the Port for that property.

Commissioner Pottle indicated that he feels it is unfair to Mr. Tuckman to require him to work with the City on a new proposal. The Commission responded that the Port's preference is to have Mr. Tuckman propose a more comprehensive and integrated look at the property. Commissioner Pottle indicated he wants to have the opportunity to get the information to make a good business decision on this project. Commissioner Pottle indicated he feels the Commission is being very difficult to work with. Mr. Tuckman has asked the Port to agree to not negotiate with any other party for the proposed development of the site; however, the Port can consider other third party proposals on the remainder of the East Bay site. If the Port Commission approves PSS&E's revised proposal, a period is established during which PSS&E will have the exclusive right to negotiate a lease with the Port for the site within ninety days.

Commissioner Telford indicated that Mr. Tuckman claims that he has a way of making this project work. However, he commented that similar facilities in Washington State are all being subsidized one way or another. Commissioner Telford indicated that he also has another issue with this and that is that we have not had public comment on the Sports and Events Center and now we have City Hall which was never mentioned at the public hearings either. He commented he would like to see a public hearing at our next Commission meeting on both of these concepts.

Commissioner Pottle commented that we don't even have a proposal to take to the public for comment; we don't know what this project consists of.

President van Schoorl asked for discussion of the development conditions as prepared by Mr. Kennedy. Commissioner Pottle moved to approve the development conditions as amended. Commissioner Telford seconded the motion. President van Schoorl read the revised conditions as follows:

Several parties regarding interest in development of Port property known as East Bay that lies north of State Avenue in downtown Olympia have contacted the Port of Olympia. While the Port is open to all proposals for redevelopment of this property, it prefers an integrated approach for at least the southerly portion. The Port believes an opportunity exists for a cooperative effort among various uses. Therefore, the Port has a preference that such development be in collaboration with other uses and thus encourages proponents to explore partnerships with other potential users.

For those parties selected to compete in the RFP process for a City Hall, such proposals on Port property shall require Commission review and written approval of the Port of Olympia Commission prior to submission to the City. The Port will consider the following in proposals for development of the property:

- * Proposed plan must exhibit consistency with Port's existing East Bay plans.
 - * Proposals may include the area along State Avenue and/or areas in the northern part of East Bay.
 - * Plan must provide for maximum building height in the area.
 - * Stress uses that create 18 hour per day usage
 - * Pedestrian friendly
 - * Provide pedestrian open space and access to the shoreline
 - * Provide ground floor retail wherever possible
 - * Minimize surface parking by providing structured parking
 - * Stress uses that create a parking synergy
 - * Must contain a coordinated development plan
- Proposals to either lease or purchase the Port's property in the blocks bordering State Street will be considered.

Harold Clark, resident of Olympia, asked who was going to pay for this project? President Van Schoorl indicated the Commission has been very clear that this project would not be subsidized. The Commission has been very clear that this would not be publicly financed.

Jan Witt, resident of Olympia, indicated at the work session held on Friday, the Commission was talking about doing a master plan. A master planning process would require a public process and would give direction to developers. President Van Schoorl indicated we did spend a year doing a master plan on the 17 acres at East Bay, when we were referring to the master planning; we were talking about the NorthPoint property that does not include the East Bay property.

Tom Howdeshell, resident of Olympia, asked if Mr. Tuckman could explain what would be included in the Sports and Events Center project. President Van Schoorl responded that Mr. Tuckman would have a chance to talk when the Commission calls him up.

The Commission unanimously approved the development conditions as amended.

President Van Schoorl indicated the Commission could now consider the Memorandum of Understanding with Mr. Tuckman on the Sports and Events Center. Mr. Tuckman addressed the Commission and provided his vision for the Sports and Events Center. He commented that they need time to get answers to questions associated with the twelve items cited in agreement required by the Port. Mr. Tuckman indicated he is not asking for any public money, he is not asking for a vote by the Commission, and hasn't even asked for a specific property. Mr. Tuckman indicated he did not see a reason at this time to have a public process on something that is not fully formed. He commented that he would like to have 90 days to work through the process and give the Commission the answers to questions. Mr. Tuckman indicated he is calling this the Olympia Civic Hall Arena, not a sports and events center.

Commissioner Pottle moved approval of the agreement with Mr. Tuckman. President Van Schoorl seconded the motion. Commissioner Telford indicated he finds a conflict with the two documents. On one hand the Commission just approved development conditions and are also giving Mr. Tuckman an exclusive agreement. Mr. Kennedy offered a solution to change the agreement to not specifically identify the site, giving Mr. Tuckman 3.75 acres somewhere on Port property. President Van Schoorl indicated that this agreement does not guarantee any agreement with the Port. This gives us an opportunity to gather more information on this project and make a sound judgment on this proposal. Commissioner Telford asked what the exclusivity means to another proposal. The exclusivity is giving him rights to 3.75 acres, but not a specific site.

The Commission unanimously approved the agreement with PSS& E. The Commission directed staff to

add to the September 26th Commission meeting a public hearing on the development of the East Bay property and make notes available from the previous hearings.

Auto Expense for Executive Director

Commissioner Telford indicated that when the Commission appointed Mr. Rudy Rudolph to be the interim Executive Director, they failed to compensate him with a car allowance. Mr. Rudy Rudolph indicated he has turned in for mileage for his miles back and forth from the main office to the airport and is fine with continuing that practice.

ADJOURNMENT

President Van Schoorl adjourned the meeting at 7:30 p.m. on September 12, 2005.

PORT OF OLYMPIA COMMISSION

President

Vice President

Secretary-Treasurer