

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

October 9, 2006

CALL TO ORDER

President Pottle called the meeting of October 9, 2006, to order at 5:30 p.m. at the LOTT Board Room in Olympia. Commissioners Telford and Van Schoorl were also in attendance.

Staff in attendance were: Executive Director Ed Galligan, Administrative Manager Jeri Sevier, Communications Manager Patti Grant, Business Development Sally Alhadeff, Airport Director Rudy Rudolph, Finance Director Steve Davis, Marine Terminal Director Jim Amador, Public Works Director Andrea Fontenot, Marketing Program Assistant Maureen Malahovsky, and Property Director Heber Kennedy. Bob Goodstein, the Port's Legal Counsel was also in attendance.

Public in attendance were as follows: Representing *The Olympian* was Jim Szymanski. Others in attendance included: Brent Evans, Erica Stephen, Carole Erwin, Meta Heller, Joel Graham, Jeff Brigham, Patricia DeFrancesca, Tom Howdeshell, Jerry Dierker, Arthur West, Jim Sheerer, Richard Wolf, Dan Cathers, Mark Beardemphal, Mark Williams, Keith Bausch, Bill Pilkey, Larry Stranz, Kevin Partlow, Joe Downing, and Bill McGregor.

APPROVAL OF AGENDA

The agenda was approved as presented.

CONSENT CALENDAR

Minutes Approval. The Commission unanimously approved the minutes from the September 11, 2006 meeting.

Bills and Vouchers Approval. The Commission unanimously approved the bills and vouchers in the amount of \$700,728.02. General Fund Checks Issued: 041192-041465. Project payments to Roglnin's Inc. for the Northpoint Restaurant project in the amount of \$35,109.55 was also approved.

Lease Assignment: Rodan

Glacier Aviation, an existing airport Fixed Base Operator, has signed a letter of intent to purchase 100% of the common stock of Rodan, Inc. Rodan is a Port tenant with a current lease. Rodan provides photogrammetry flight operations services to the Washington State Department of Transportation. Rodan is requesting a lease assignment to Glacier Aviation. The lease runs through 8/31/2026 with no options. The Port Finance Director has completed due diligence financial review and concurs with the lease assignment. The Commission unanimously ratified the lease assignment with Rodan.

Airdustry Equity Condominium Declaration Approval

Airdustry Equity, an existing tenant, is submitting a Condominium Declaration for Airdustry Plaza, in accordance with their lease, which allows tenant the right to separate ownership of the buildings through a condominium arrangement. This is in compliance with RCW Chapter 64.34. The Commission unanimously ratified the equity condominium declaration with Airdustry Equity.

Lease Option: Al's Welding & Steel Fabrication

Al's Welding & Steel Fabrication has requested an option to lease 3.02 acres located at the intersection of Terminal Street & 83rd Avenue in Tumwater for a potential steel fabrication facility. Option term is July 1, 2006 to December 31, 2007. Option fee is 10% of annual rent. The Commission unanimously ratified the lease option with Al's Welding & Steel Fabrication.

ACTION CALENDAR

Administrative Campus Site Plan Approval

Ms. Kari Qvigstad provided the Port Commission background on and recommendations for a pre-development plan for a Port Administration Campus. She indicated that the work completed by staff confirms building programming, lays out the development approach options, recommends a green building "LEED" process, explores alternatives to site layouts and elements, identifies a preliminary project schedule, and provides a preliminary estimate for project budgeting and financing.

Ms. Qvigstad reported that in line with the Comprehensive Plan, Port Commissioners authorized staff to continue to explore concepts and planning alternatives for a new Port Administration Campus. KMB design groups, inc. p.s. was retained to work with Port staff to provide concept design services and programming for a Port Administration Campus to be located on Port property adjacent to the Marine Terminal, between Marine Drive and Franklin Streets. Throughout this planning process, the project scope has been refined to better meet Port goals while optimizing community benefits.

Ms. Qvigstad noted that staff has developed concept designs and facility programming in the form of a new Port of Olympia Administration Campus that meets the following needs.

1. Consolidate Port offices into one building to address staff productivity, staff coordination, public exposure, Port Administration public access, public and Port Commission meeting space, and Port identity.
2. Conform to the Port master plan by completing the link between the Market and Swantown Districts while serving as a gateway to other business districts including Marine Terminal and NorthPoint.
3. Conform to the Port's comprehensive and business plan for continued build out of the Market District/Central Peninsula and encourage public/private relationships.
4. Address Marine Terminal maintenance needs including preservation of equipment and Port assets.
5. Increase available Marine Terminal cargo space.
6. Improve security and access issues to the Marine Terminal including longshore coordination.
7. Provide public amenities and green space opportunities including Artesian pocket park.
8. Conform to existing property use, permit and site restrictions.
9. Further the Port's commitment to sustainability and green design.
10. Allow for future expansion potential.
11. Allow for marine terminal related tenant lease opportunities.

12. Maximize shared parking opportunities.
13. Solve existing storm water issues for the greater Port peninsula.
14. Provide for an acceptable rate of return through cost effective design and efficient land use.

Ms. Qvigstad indicated that several site planning alternatives were considered to best-fit existing site restrictions, conform to Comprehensive Plan goals and address the above-mentioned challenges. One alternative surfaced as the preferred choice, concept site plan option A, which met the mission and goals of the design team and was developed further as the recommended best alternative. She indicated that staff is seeking approval of site plan option A.

She noted that with approval of the site plan, staff would then enter into lease negotiations with City of Olympia for Artesian Well pocket park and begin the schematic design process for a Port Administration building & storm water wetland pond, estimated at \$118,000, to be funded from previously approved 2006 capital budget.

Ms. Qvigstad reported that Commission approval of funding for design development would be considered as a part of deliberative process for and eventual adoption of the Port's 2007 capital budget. A Commission decision on construction would be made as a part of the Port's 2008 capital budget process or later.

She reported that the October 9, 2006 Commission presentation is the fourth public meeting on this project, following Commission advisories on July 27, 2005, January 26, 2006, and a work session with the Port Commission on May 31, 2006. Staff will present background on analysis and walk through proposed action items for the October 9, 2006 meeting.

Commissioner Telford commented that this presentation represents a major departure than what was discussed on May 31st at the Commission Work Session. He commented that he disagreed with the new concept and he would like to see option B that is the Admin. Campus with a building pad for other mixed use office buildings. He stated that any Marine Terminal maintenance facility should be inside the fence. Commissioner Telford also indicated that he does not see the Port investing \$3 million in a maintenance facility. He further commented that the Port office space has doubled and he does not see a plan for what happens with existing space, there is no financial analysis. Commissioner Telford commented that all costs must be analyzed including the demolition of old building, reception staffing, and other considerations. He commented that he would favor the design build approach.

Commissioner Van Schoorl indicated that he agrees with Commissioner Telford and was also surprised by the new concept. He commented that he understand the needs for consolidation and understand the need for the space of the current building and the impact to the Marine Terminal. However, the Commission will need more information about financing before can make that decision. He agreed with Commissioner Telford's concept B. In addition, Commissioner Van Schoorl said he could also support moving forward with Artesian Well plan.

President Pottle indicated that the staff recommendation did not appear to have support for A. He asked the Commission to discuss option B.

Commissioner Telford indicated that he was not willing to include the maintenance building in this project and it should be a separate project. Commissioner Van Schoorl agreed that he could support Option B without a Maintenance building.

Commissioner Van Schoorl indicated he did not have any warning before tonight that these two projects would be combined as one project. They have always been two projects. He commented that the

Maintenance building does not belong in a campus setting and should be inside the security fence, not outside of it.

Commissioner Telford indicated that he does not understand the costs involved with the maintenance building and would like to go through that analysis later. He commented that the office building, board /conference room looks like it is twice as big as the current space, which he questions a bit. He asked about blast resistant windows. Mark Beardemphal, consultant for the report indicated that the blast resistant windows are part of the incorporated security into the design. Commissioner Telford had reviewed the report and had various questions for Mr. Beardemphal.

Commissioner Van Schoorl indicated he was comfortable moving forward with Option B for the office space only and pad for office building 2 and moving forward on Artesian Park. Commissioner Telford seconded motion.

Jeff Brigham, resident of Tumwater, had a question about artesian well and pocket park and asked if it will be designed for the public to drink out of it and what would be the liability of the Port for contaminated water. He commented that he would like to see the Port Commission take measures to limit liability the drinkable water. Ms. Sally Alhadeff indicated this is an issue the Port is addressing to make sure the Port's legally protected. Commissioner Van Schoorl indicated this is a three-way partnership with the City of Olympia and the Friends of Artesian.

Jerry Dierker, resident of Olympia, indicated that he believes that the Port will be responsible if this is on Port property and the water is contaminated. He also commented that we already know that the waters in Budd Inlet are contaminated with dioxins. He also commented that he did not hear that a SEPA was done on this project and it does not sound that it was.

Harold Clark, resident of Olympia, commented that it sounds like we have an endless pocket of money and would like to see things slowed down and start paying for what we have instead of borrowing more money.

Arthur West, resident of Olympia, echo comments about environmental review and testing before anything is built. And would hope that if containments are found we don't have to wait 30 years to find out.

The Motion to approve staff to move forward with Option B for the office space only and pad for office building 2 and moving forward on Artesian Park passed unanimously.

ADVISORY CALENDAR

Update on Commission Recruitment Process

President Pottle indicated that the Port received 15 applicants for the District 2 Commissioner position. The Commission was to meet last week to select the finalists. That meeting did not take place and he asked the two commissioners for a better understanding of the next steps for this process.

Commissioner Telford indicated that he would like to set a date with Commissioner Van Schoorl to set a meeting to discuss qualifications of the candidates. President Pottle asked Commissioners Telford and Van Schoorl if they were committed to having a commissioner appointed by October 23rd. Commissioner Telford indicated that this is an important decision and not making any predictions tonight. Commissioner Van Schoorl indicated that he did not come prepared to discuss a date tonight.

President Pottle asked if the applications been distributed, the answer was yes. He asked if the applications have been reviewed, the answer was yes.

Commissioner Telford indicated that Commissioners Pottle and Van Schoorl approved the timeline and dates and they did not take into account his vacation. Commissioner Van Schoorl indicated the schedule did take that into account and that is why the schedule was drawn out.

Commissioners Telford and Van Schoorl agreed to meet 11:00 on Friday executive session and they would give public notice tonight.

President Pottle indicated he had concerns that there may be an impasse and we have a budget to pass, levy to pass, legal decisions to make. He commented that when he resigned, he did so on the premise that continuity would be maintained. He indicated that he would defer his resignation until the commission has made a decision and has agreed to appoint a new commissioner. He commented that he would not leave the port with the inability to make decisions. He noted that when a decision is made, he would tender his resignation.

Commissioner Telford indicated that he goes back to the premise that until there is a vacancy should not be going through this process. Commissioner Van Schoorl commented that he has accommodated Commissioner Telford's vacation in September and is eager to move forward with this process and would like to expedite this process. He noted that we have applicants that submitted their applications over a month ago.

Arthur West, resident of Olympia, commented that he likes to see commissioner Pottle flip flopping on this issue and does not think it is appropriate as it is a conflict of interest.

Bill Pilkey, resident of Olympia, indicated that he raised issue of not having American Flag and talked to LOTT they will get a flag. He commented that he would also like to see pledge of allegiance and the meetings.

Jeff Brigham, resident of Tumwater, commented that in a previous meeting the ports attorney indicated there is not conflict of interest with Commissioner Pottle staying on. He also indicated that he believes Commissioner Pottle's intent to stay on until there is a 3rd commissioner appointed is admirable.

Jerry Dierker, resident of Olympia, indicated that he does believe that there is a conflict of interest.

Harold Clark, resident of Olympia, commented that a commissioner's job is part time and he is entitled to getting a main job and have a second job.

Meta Heller, resident of Olympia, delighted to hear that Commissioner Pottle is going to stay on until a new candidate is selected.

PUBLIC COMMENT

Jim Sheerer, resident of Thurston County, commented that he is a boat owner and moors a boat in the City of Olympia. He commented that no where within the city of Olympia can the boat owners purchase fuel on the water for their boats have to go out to Boston Harbor to get gas where it is the highest price in Puget sound. He indicated that he would like to see a gas station in the City of Olympia. Commissioner Van Schoorl indicated we have had these discussions with private sector and are hopeful that will happen, however, putting fuel on the water is very difficult. He indicated that the Port would talk to anyone from the private sector that would be interested in providing fuel.

Jerry Dierker, resident of Olympia, commented that the Olympian came out with the story about the dioxin in the bay and it was much larger than expected. He indicated that he is asking that the Port re-do the signs that the county recommends to warn people not to touch the water.

Richard Erwin, resident of Lacey, indicated he wanted to hand it to the Commissioners for putting up with the impossible task for being shot at by every direction and you are responsible for everything whether you caused it or not. He thanked them for continuing forward.

Arthur West, resident of Olympia, indicated that they found in a public records request that the Intermodal Infrastructure Enhancement Project is a plan to high volume cargos. This should be a nation wide study.

Jeff Brigham, resident of Tumwater, once again complimented the Commissioners for keeping the Port open for ships and cargo in support of our military needs. He suggested that if the public has bad manners and cause disturbances, they should be ejected from the meeting and allow those that do have civil manners would be allowed to stay.

COMMISSIONERS REPORTS

Commissioner Telford indicated he was designated as the contact for the TRPC and has been going to the meetings. There is a meeting this week and that would be the last meeting he will attend. He commented that staff has sabotaged him two years in a row and no support from other commissioners. He commented that the WPPA dues are going up 13 percent doesn't understand the reason for that. Commissioner Van Schoorl indicated the increase is to add a position to the WPPA and will be voted on at the annual meeting. He also noted that the WPPA is re-looking at the current structure and moving forward for a new process for setting dues in the future. Commissioner Van Schoorl noted that he attended Capital Area Master Plan meeting last week. The study is underway and a contractor has been selected.

EXECUTIVE DIRECTOR REPORT

Mr. Ed Galligan, executive Director noted that he also questioned the WPPA dues increase questioned with Commissioner Van Schoorl, currently president of the WPPA. He also reported that the October 23rd meeting would include an advisory on the Dredge Project.

ADJOURNMENT

President Pottle recessed the meeting on October 9, 2006 at 7:10 p.m. to executive session on Friday, October 13th at 11:00 a.m. at the Port offices to discuss qualifications of candidates for Commissioner.

Commissioners Telford and Van Schoorl reconvened in executive session at 11:00 a.m. on October 13. The Executive Session was adjourned to public session at 12:42 p.m. at which time the Commissioners announced that four finalists had been selected for possible appointment to the Commission with a tentative schedule of public meetings on Wednesday at 8:00 a.m. and Thursday at 2:30 p.m. for the purpose of interviewing the following candidates: Brent Evans, Joel Graham, Bill McGregor, and Donald Melnick, if in town. The Commission asked staff to make arrangements for the interviews. The meeting was adjourned at 12:55 p.m.

PORT OF OLYMPIA COMMISSION

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Vice President

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