

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

November 14, 2005

CALL TO ORDER

President Van Schoorl called the meeting of November 14, 2005, to order at 5:30 p.m. at the LOTT Board Room in Olympia. Commissioners Pottle and Telford were also in attendance.

Staff in attendance were: Interim Executive Director Rudy Rudolph, Administrative Manager Jeri Sevier, Communications Manager Patti Grant, Harbor Director Bruce Marshall, Public Works Director Andrea Fontenot, Marine Terminal Director Jim Amador, Business Development Sally Alhadeff, Property Director Heber Kennedy, Cascade Pole Site Manager Don Bache, and Finance Director Steve Davis.

Public in attendance were as follows. Representing *The Olympian* was Jim Szymanski. Others in attendance included Harold Clark, Jim Goche, Barnett Kalikow, Danni Sabia, EJ Zita, Rob Whitlock, Richard Wolf, Keith Laws, Kevin Partlow, Len Troutman, Jerome Parker, Jan Witt, Keith Bausch, Arthur West, Don Melnick, and Don Waterhouse.

APPROVAL OF AGENDA

The agenda was approved as presented.

PUBLIC COMMENT

E.J. Vita, resident of Tumwater, indicated she is here representing the Salmon Creek Drainage Basin Neighborhood Council and are concerned with the potential lease with ProLogis putting in 126 acres of warehousing. She commented that this area has ground water at the surface and this is the wrong place for warehousing. She indicated they are also very concerned with traffic bringing in thousands of trucks to the area, this combined with a housing development bringing in more cars, and safety – this is in a school route. Strongly urge the commissioners not to sign a lease with Prologis and that the neighborhood be notified of any other plans for development.

Rob Whitlock, resident of Olympia, commented that he is here for the same reason he has been here in the past, voicing his opinion of the Port allowing the military to use the Port and allowing the government to participate in this war. Oppose this war and ethical and on legal grounds.

COMMISSIONERS REPORTS

President Van Schoorl congratulated Commissioners Pottle and Telford on their successful re-election to Port Commission. He indicated he was absent from the last meeting as he was attending the American Association of Ports conference in Florida.

Commissioner Telford noted he would most likely propose a raise in the Commissioners salaries that would be effective in 2009 in order to make the position more attractive for persons to run for election in future years.

Commissioner Pottle indicated he received a congratulatory letter from Mr. Perez indicating his offer to help on any issues that might be appropriate. He noted that he also attended a break bulk conference with staff in Houston. He commented that he came back from the conference believing that more

opportunities are out there for the Marine Terminal.

EXECUTIVE DIRECTOR REPORT

Mr. Rudy Rudolph, interim executive director reported that at the airport the tower reported 5,567 operations for October 2005 compared to 7,409 operations for October 2004.

At the marine terminal, he indicated the fender pile repairs were completed on Friday the 11th. Remaining ancillary work will be completed this week. In addition, the Garnet vessel Eurogracht is due in to discharge garnet and 2 Yachts later this week. There is also a log vessel, Rubin Pearl, due in at the end of the month.

Turning to property development, Mr. Rudolph reported that discussion with the City of Olympia continues in order to refine the agreement on the West Bay Property Sale. He noted that the NewMarket Vocational Skills Center is expanding. This triggers road and frontage improvements along 73rd St.. The Port is meeting with the Tumwater School District in order to coordinate roadway development.

At the Marina, Mr. Rudolph noted that the U.S Army Corp of Engineers vessel the "Puget" was at Swantown this week taking core samples. These samples will be evaluated for environmental compliance as part of the proposed East Bay maintenance dredging project.

Mr. Rudolph reported that planning continues in the public works department for the MNO Docks, Marina Restoration, and Airport Line of Sight & Runway Strengthening contracts, and cargo yard improvements projects.

Consent Calendar

The Consent Calendar was approved as follows.

Minutes. The Commission unanimously approved the minutes from the October 24, 2005 meeting.

Capital Expenditure Approval. The Capital expenditures were unanimously approved in the amount of \$310,967.01 to Holbrook for the debarker move, to Reid Middleton for the Airport Safety project, and to Rognlin's Inc. for the Northpoint restaurant project.

Lease Renewal: Washington Department of Fish & Wildlife

The Commission unanimously ratified the lease the Washington Department of Fish & Wildlife that leases an aircraft hangar and office space at the Olympia regional airport. The current lease expired in April 2005. The new lease is for three years commencing retroactively on July 1, 2005.

Commissioner Telford reviewed the proposed lease with Mr. Rudy Rudolph and indicated he did not agree with not allowing tenants to park cars on the premises. Mr. Rudolph noted that he is working cooperatively with them to accommodate this rule.

Option Amendment: ProLogis (Catellus)

The Commission unanimously ratified the option amendment with ProLogis Development (fka Catellus) who has an option to lease 126 acres in NMIC. Their option is scheduled to expire November 17. They have requested an extension in order to complete their due diligence to January 31, 2006. Port staff also needs additional time to finalize a very complex lease document.

Lease Renewal: Washington Department of Natural Resources

The Commission unanimously ratified the lease the Washington Department of Natural Resources who owns an aircraft hangar and office facility and leases a parcel of land at the airport. The existing lease expired in April. The new lease is for 5 years commencing retroactively July 1, 2005. President Van Schoorl abstained from voting since he is an employee of DNR.

ADVISORY CALENDAR

CERB Grant/Loan Application for Cardinal Glass

Mrs. Sally Alhadeff indicated the Community Economic Revitalization Board (CERB), as managed by Washington State Department of Community, Trade and Economic Development, is authorized to make loans and grants to Washington State political subdivisions (such as cities and ports) to assist in financing the cost of facilities that are required by industrial sector businesses that will create and/or retain jobs.

The program is capped at \$1,000,000 per applicant and is a loan/grant program; the grant portion is \$250,000 and the low interest loan portion is \$750,000.

She indicated that Cardinal Glass has requested and Port staff recommends that the Port apply to CERB for a loan/grant to contribute toward the costs of Cardinal's expansion project in Tumwater. CERB funds would be used to pay for a portion of the infrastructure needed for the new plant. The Port would apply to CERB for a \$250,000 grant and a \$750,000 loan. A local match by the applying organization of 25% or \$250,000 is targeted. The Port has already committed to provide up to \$204,900 in the form of monthly rent credits for the first ten years, toward Cardinal's stormwater management system – an amount that can be used for the targeted match.

Mrs. Alhadeff noted that the Port would require Cardinal to obtain an irrevocable letter of credit to guarantee the entire Port obligation plus interest and a lease amendment to include repayment of the Port's payments to CERB. The program is an opportunity to assist our tenant with infrastructure development costs as well as reacquaint the Port with the CERB Board for potential future projects.

Mrs. Alhadeff reported that Cardinal's total project costs are estimated to be \$9,000,000. This project will result in the immediate hiring of 35 new employees, with planned growth expected to reach 50-70 employees within 24 months, depending upon the strength of the business venture. The new venture involves production of specialized projection mirrors for the LCD/thin television market.

She noted that applicants must make a case to demonstrate need; we are confident that we can demonstrate need due to the relatively stiff competition for Port funds in the coming years. We have been advised that the loan will not affect the Port's bonding capacity. The application must be completed by December 5th, a relatively short time period. CERB administration has recognized special circumstances related to this project, resulting in their support and encouragement for the Port's application. Dick Larman, the CTED Economic Development Coordinator has offered assistance in the reviewing the CERB application and Mel Bollom with Cardinal Glass, who has recently completed major portions of two previous successful CERB applications, will also assist in completing the application.

Mrs. Alhadeff reported that loan payments are due semi-annually. If the interest rate is 1.5%, the loan repayment will be about \$81,325 per year for 10 years. The loan payments will be added to Cardinal's monthly rent.

Mrs. Alhadeff noted that if Commission supports our application for a CERB grant/loan, staff will move forward preparing a Commission resolution authorizing the CERB application.

The Commission advised staff they were supportive of moving forward with a resolution for consideration at the next meeting. President Van Schoorl asked if this project would qualify for IRDB funds. Mr. Kennedy indicated that it possibly could.

Commissioner Telford asked the status of the project. Mr. Kennedy indicated they are planning to break ground in the spring.

Mr. Jerry Parker, resident of Olympia, asked if this is a subsidy of the Port. The Commission indicated this

is a state grant program and he would need to check with the state on how this program is funded.

2006 Operating and Capital Budget Advisory

Mr. Steve Davis, finance director, provided the Commission with a presentation of the draft of the 2006 Operating and Capital Budgets. He indicated tonight's presentation is advisory only, however there are some issues staff would like Commission discussion and direction on. The November 28, 2005 meeting will include a public hearing on the budget and final adoption.

Following the presentation on the 2006 Operating and Capital Budget, Mr. Rudy Rudolph presented the Commission with further information on general and administrative expenses, the governmental memberships, staff compensation, changes to the budget since presented at the budget workshop and further issues to be resolved.

The Commission provided staff feedback on issues relating to the capital budget indicating all items in the capital budget are to remain in for final consideration. However, the Commission indicated they would like further information on the Boatworks Expansion plan. In addition, the Commission indicated before expenditures are made for the parking structure, the Commission would like further discussion. In addition, Commissioner Telford indicated he had concerns with the signage funding and the KGY tower relocation. The Commission did indicate they expect a plan for the KGY future and to have a signed lease prior to expending funds for the relocation.

There were two issues relating to staffing for the business development representative and for a construction crew staff member and staff asked for feedback from the commission. The Commission advised staff to include both of those positions in the budget and for the new Executive Director, Ed Galligan to be included in those hiring decisions.

Commissioner Telford also noted that the Port allows the use of Port facilities for meetings of the Olympia World Affairs Council but that he is concerned as to the justification for the Port donating funds to groups of this type. He said that he would personally donate the \$50 if the group really needs the money.

Regarding compensation, the Commission discussed some options and asked the staff to place this item on the agenda for the November 23rd work session for further discussion and a proposed plan from staff.

Port Advisory Committee Report: Comprehensive Plan Review

Mr. Jim Goche, consultant for the Port of Olympia to assist the Planning and Advisory Committee presented to the Port Commission an evaluation of the Ports Comprehensive Plan – a ten-year retrospective review. He noted that in 1992-95, the Port of Olympia undertook a far-reaching strategic planning effort, which resulted in a redevelopment of Port infrastructure and a realignment of Port services. In 2005, the Port Commission asked its Planning & Advisory Committee to review the Port's Comprehensive Plan and its implementation over the past decade. The PAC was charged with developing a methodology to assess the Port's successes and where it fell short in implementing the Comprehensive Plan. The PAC was further asked to identify areas where the Comprehensive Plan needed to be updated to reflect the current vision of the Port.

Mr. Kevin Partlow provided the Commission with a summary of the evaluation. He noted that this is a presentation of the PAC's final report back to the Commission. The report finds that the Port has met all of the goals and objectives set forth in the Comprehensive Plan.

President Van Schoorl thanked the PAC for their input and time and energy they put into this evaluation of the Comprehensive Plan and indicated that this evaluation is helpful to the Commission as they consider an update to the Plan in the future.

Commissioner Telford thanked PAC for their work; however, he indicated he reviewed the report and felt

that some of the statements were not true and submitted comments to the PAC where he had questions. He indicated he would have liked to have discussion on those issues.

Mr. Kevin Partlow indicated he appreciated Commissioner Telford's comments and he may disagree with the findings, but personally, as a member of the PAC, Mr. Partlow stated that he would not put his name of something that was not true.

President Van Schoorl acknowledged Jan Van der Veen who served as chair of the PAC for the past few years and recently moved to Seattle. President Van Schoorl indicated he will be missed and would like to pass on the Port's deepest gratitude. In addition, he noted that the Commission would like to publicly acknowledge him if he is ever in Olympia on a Monday night meeting.

Commissioner Pottle thanked the PAC and indicated he felt the PAC did a great job on reviewing the Comprehensive Plan.

SEPA APPEAL HEARING

SEPA 05-01, Cargo Yard Paving

On October 24, 2005 the Port Commissioners conducted a public hearing on the appeal to the Determination of Non-Significance to SEPA 05-1, Cargo Yard Improvements. The Public Hearing was adjourned with deliberation and findings to be completed at the next meeting of November 14, 2005. The hearing was continued on November 14, 2005 and an independent court recorder was present to take verbatim notes issues separately. The Commission issued a finding and indicated they would adopt the written findings on November 28, 2005.

ADJOURNMENT

President Van Schoorl adjourned the meeting at 8:55 p.m. on November 14, 2005.

The Commission adjourned to executive session at 9:00 to discuss a real estate transaction and a legal matter. The Commission adjourned from executive session at 10:00 p.m.

In addition, President Van Schoorl announced a work session would be held on November 23rd with staff to discuss maintenance dredging and the cascade pole site from 8:30 – 10:30 a.m. at the LOTT boardroom.

PORT OF OLYMPIA COMMISSION

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Vice President

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