

Port of Olympia Planning & Advisory Committee

AN EVALUATION

of the

Port of Olympia's Comprehensive Plan

A ten year retrospective review

October 10, 2005

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-- Port of Olympia Comprehensive Plan Review --

PROJECT OVERVIEW

In 1992-95, the Port of Olympia undertook a far-reaching strategic planning effort which resulted in the redevelopment of Port infrastructure and a realignment of Port services. In mid-2005, the Port Commission asked its Planning & Advisory Committee to review the Port’s Comprehensive Plan over the past decade. The Commission requested that the PAC first develop methodology for its review and then use it to assess the Port’s successes and also where it fell short in implementing the Comprehensive Plan. The Commission asked further that the PAC identify areas where the Comprehensive Plan needed to be updated to reflect the current vision of the Port.

THE METHODOLOGY

In response, the PAC adopted a three-part methodology. First, it asked it’s consultant to develop a “snapshot” of the Port circa 1993 to serve as a beginning point for its review effort. Secondly, it asked the Port staff to “tell the story” of the Port’s efforts over the last decade and serve as an information resource for the Committee’s work. Finally, it developed an evaluation of the Port’s implementation of its Comprehensive Plan using the strategic goals in Plan as an outline. The following is the product of the PAC’s efforts during the summer and fall of 2005.

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I. A SNAPSHOT: The Port of Olympia circa 1993

Note: In order to do a ten year assessment of the Port's Comprehensive Plan, it is first necessary to summarize where the Port was in 1993. The following narrative attempts to do just that and is based on information taken from historical documents and oral histories.

At the beginning of 1993, the Port of Olympia faced many challenges. The world had changed and so to had the economic, technological, and political landscape of the area.

A. THE PORT PENINSULA. In 1993, the Port peninsula and the northern end of downtown Olympia were something of a “Cannery Row”. The area was developed prior to WWII as a manufacturing and shipping center but by the early 90’s, it had reached the end of its life cycle. It was dotted with old warehouses, empty buildings, and vacant lots. Gone was the Olympia Canning Company which employed 1,000 workers and shipped fruit, vegetables and seafood around the world. Gone also were the veneer companies and lumber processing concerns which milled lumber, made plywood and, in 1922 when the Port was established, shipped 500 million board feet of lumber abroad.¹ By 1993, the last remaining wood manufacturers, the Hardwood Company and the Hardel plywood mill, would last only a few more years on the West bay side of the inlet. The former closed and the latter burned, taking over 250 local jobs with them.

By 1993, the City of Olympia had changed as well as the downtown economy shifted from manufacturing and retail to government. This was helped by the 1954 Washington Supreme Court decision in Lemon ex. rel. Langlie which stopped the outward migration of state agencies and jobs, and required that agency headquarters remain in the Olympia area. Over the next several decades, state government grew substantially and with it, state offices. Washington State demolished large portions of the South Capitol Neighborhood in the 1960’s to build its the new main campus on Capitol Way across from the Capitol, and later developed satellite campuses in Tumwater and Lacey.

Olympia also experienced a decline in its downtown and a loss of local businesses. Commercial buildings were badly damaged during the 1949 earthquake when 16 building were either razed or substantially altered, and again in the 1965, when several more were lost. In 1966, City Hall moved out of downtown, from its State street building to its present location on Plum Street. During the 1950’s and 60’s, department store chains moved in and helped offset the loss of manufacturing jobs by building retail



¹ This “snapshot” borrowed liberally from *Olympia Downtown Historic District Brochure*, published by the Thurston Regional Planning Commission and *The Port of Olympia :A 75 Year History 1922-1997*, published by the Port of Olympia.

stores downtown, but with the completion of shopping malls, in Lacey in 1966 and on the west side in 1978, many moved away again, leaving empty buildings and a declining customer base for the retail stores which remained.

The transportation environment had also changed as alternatives to water-borne transport were developed and grew. In the late 19th century, Olympia built docks on the north end of its growing peninsula to take advantage of Puget Sound and use it as a water highway to transport people and materials. Water-borne transportation was a cost efficient choice when compared to the poor roads and animal-powered transportation of the time. Railroad construction in the 1870's had bypassed the area when the Northern Pacific picked Tacoma to be its western terminus and Olympia had to build its own narrow gauge spur to Tenino in 1878 to connect with the Northern Pacific line. The City did not have mainline service until the 1890's and had to wait until 1916 for a station downtown.

The Port was created in 1922 to better organize water borne commerce and also served to incorporate railroad and motor vehicle transportation services as they developed. During the late 1920's, the Port built transit sheds for its cargos and a cold storage facility for the fruits and vegetables produced by local farmers and used by the local cannery. A locomotive from the Bordeaux Lumber Company was added to the docks during this time.

In the early 30's, dockworkers organized Local 38-89 of the International Longshoreman's Association and provided shippers with an organized labor force.

During the war years, the Port expanded its transit sheds and rail links, and added its first of several dockside cranes. It hosted ship-building operations and served a trans-shipment point for military lend-lease materials bound for Russia.

The Port again handled military cargos during the Korean Conflict and continued to expand its facilities into the 1950's, when it also acquired property on western side of the turning basin. It shipped a variety of "break bulk" cargos including petroleum, fishmeal, canned goods, phosphates, and lumber products. By the late 1950's, over 160 million board feet of lumber passed over the docks annually, shipped by Simpson Timber Company and the Delson, Littlerock, and Buchanan mills.

In the 1960's however things began to change and the connection between the Port and the community it served began to fray. The Olympia Cannery closed in 1959, the victim of economic trends and the growing supermarket phenomenon. About the same time, the extension of the interstate highway system through Olympia helped the growing truck transport industry to eclipse the more traditional rail and water-borne alternatives for the shipment of goods. Timber companies were also consolidating their operations and closing older facilities as old growth timber yields declined. In 1967, three plywood mills located on port fill which were owned by Georgia Pacific, Simpson, and St. Regis respectively, closed their doors. As a result, lumber shipments across the Port's docks virtually ceased.

The Port began razing many of the buildings on the peninsula, including most of its transit sheds and cold storage facilities which were dilapidated and no longer needed. The Port also purchased the now-defunct mill sites on the east side of the peninsula and filled its property in Olympia's West Bay area. By 1973, it owned the entire port peninsula. It used the open land for the storage and shipment of the one commodity which was growing as an export—raw logs.



In the 1970's and 80's, logs became the Port's dominate export item, running as high as 98% of its total cargos in some years, and much of the infrastructure on the Port peninsula was cleared away to make room for them. The Port did start to upgrade its terminal by undertaking a 21 million dollar capital improvement campaign which resulted in a 76,000 square foot transit shed, deeper berths, and pier improvements. These improvements however were not well integrated with overall port operations and missing were essential parts of a terminal infrastructure, such as dockside cranes, which would allow the Port to handle diversified cargos. Because of this and competition from other west coast ports, the Port of Olympia increasingly struggled to maintain exports and diversify its cargos. Log exports peaked in 1988 and declined thereafter due to export restrictions, declining timber yields, and a depressed market for logs. As exports fell, so too did Port revenues.

By the beginning of the 1990's, the Port and its peninsula operations no longer served the community as it had over the prior 70 years. The downtown manufacturers which relied on the Port to help get their products to market were gone. With them went thousands of jobs which supported local families and the tax base which supported the area's governments. This meant that the Port was losing its relevance in the community and its political support with local voters.

As the area's economy changed from manufacturing and commerce to government services, the City was seeking to gentrify its downtown. The last remaining tank farms on Percival Landing disappeared to make way for a boardwalk and restaurants. The City built a new community center and performing arts center downtown, and undertook a tree planting campaign. Office buildings and residential development replaced retail and manufacturing businesses, and the residents of downtown began to ask why they needed a port in their midst. Environmentalists objected to a port which helped deplete local forests by shipping raw logs abroad. Shoppers and commuters complained about a port which caused large log trucks to crowd city streets and intimidate downtown drivers. A growing number of residents came to see the port as an old, dilapidated, polluted and noisy anachronism which levied taxes without a popular vote and contributed little to the community in return.

B. AIRPORT/ AIRDUSTRIAL. In 1993, the Port was struggling with additional challenges at its Tumwater properties. It had acquired the Olympia Airport and 700 acres of adjacent land in 1963. Three years later, the Port used this property to create an industrial development district and dubbed it the Thurston Airdustrial Center.

Over the next ten years, the Port developed its airport facilities. It built hangars, upgraded runways, and completed a new control tower. Despite these improvements however, the air carrier which had served the area for 30 years, Hughes Airwest, cancelled air service to Olympia in 1975. To make matters worse, private aviation use of the airport was declining and light plane manufacturers were making major cuts in production as tort claims filed against them increased. By the early 1990's, business at the airport had fallen off and the FAA was threatening to close the control tower. At the same time, the federal agency was demanding that the Port acquire more land south of the airport for expanded runway approaches.



The Port also moved forward to develop its industrial park, but with mixed results. The export boom in raw logs prompted the development of several log yards at Airdustrial. The Port also gradually sited a number of commercial and industrial tenants

there. By 1993 however, a substantial portion of the industrial park was still undeveloped for several reasons.

First, environmental concerns limited the development that could take place at Airdustrial. The area is located over a series of shallow, unprotected aquifers which provide much of the potable water supply for the City of Tumwater. Industrial development was limited to relatively clean industries.

Second, three government jurisdictions and the Tumwater School District were struggling to coordinate their development plans for the area. The City of Tumwater wanted to reestablish an urban core for itself after having its downtown buried by the construction of I-5 in the late 1950's. It had built a new city hall and library just north of the Airdustrial Park and was planning to expand this emerging urban area southward as a mixed use district. At the same time, the State of Washington was planning a satellite campus in the same area and intended to relocate several major agency headquarters there. The Port was willing to assist both the City and the State with their projects and hoped to take advantage of the development to attract additional tenants and fill up its industrial properties. The three jurisdictions and the School District jointly developed a major development plan for the area north of Airdustrial Way (now Tumwater Boulevard), but coordination of their respective comprehensive plans was slow and by the early 90's, an economic downturn prompted the State to abandon the plan and drastically limit its satellite campus development.

Third and finally, the Port was (and is) legally limited to leasing Airdustrial property to perspective tenants rather than selling it outright. This can be desirable in situations where there is high demand for industrial properties and high development costs for building industrial facilities. In such as case, long term leases allow tenants to site facilities faster and at a lower cost. In the years leading up to 1993 however, development pressures had not yet pushed southward from King and Pierce counties in any meaningful way. In addition, industrial concerns could readily obtain financing to purchase development sites elsewhere and own them outright. Some of these developers formed a lobbying group and persuaded the State that leasing private offices for government use offered more benefits than continuing to build state-owned headquarters. As a result, the Port could only watch while potential tenants bought land just outside the Airdustrial Park, constructed buildings, and in some cases, leased them to the State.

C. RECREATION. The Port has a long history of supporting recreation activities on the water and in the air. By 1993, it was attempting to build on this history to diversify its business operations.

The Port became involved with recreational boating just a few years after it was organized. In 1926, it leased the boat basin at the bottom of the inlet to the Olympia Yacht Club. Nearly 40 years later, it associated itself with recreational flying when in 1963 it acquired the Olympia Airport.

By 1975, the Port owned the eastern portion of the peninsula and began planning a 1,100 slip, full-service recreational boating facility there. By the early 80's, it had filled 54 acres of tideland and built 540 boat slips, transient moorage, access roads, restrooms, and service buildings. The development included public access to the waterfront with a shoreside esplanade, a boat ramp, parking, walking trails, mini-parks and landscaping.

The marina project was a good start at redeveloping the east side of the peninsula and diversifying Port business operations, but it was not without controversy. Initially, the Port turned marina administration over to a private contractor, but the operation was poorly run and lost money. Within five years, the Port dismissed the contractor and assumed direct control of marina operations.

The Port also received growing criticism from the area's other marinas which were privately-owned. Their owners complained that a tax subsidized jurisdiction should not use public dollars to build a marina, rent slips at an artificially low rate, and unfairly compete against private-sector businesses.

Boat owners also complained that the Port's slips were too small to accommodate large boats and that the marina lacked a boat yard and support services which were in high demand. They further suggested that the area lacked the restaurants and other points of interest which would draw them to the area as a destination stop.

The public was also complaining that the walking trails and amenities which the Port had created were limited and ended near the polluted Cascade Pole site. They asked the Port to extend its trail system so that it would start at Priest Point Park, run seamlessly along the inlet and across the Port peninsula, join up with the Percival Landing boardwalk, travel across the 4th street bridge, run up the Port's West Bay property, and eventually connect with Garfield Creek nature trail.

So by 1993, the Port had successfully begun transforming the area into a people-friendly, recreation spot, but still had work to do. As with its marine terminal to the west, it had developed significant pieces of recreational infrastructure, but had not yet incorporated them into an integrated district which could serve the diverse needs of the public.

II. PORT STAFF FEEDBACK

The Planning & Advisory Committee asked port staff to summarize the Port's accomplishment over the last decade which the PAC will critically evaluate and use to develop its report card. During May, 2005, Bayhouse Associates interviewed the members of the Port of Olympia management team who respectively manage the Port's business divisions. Those interviewed were:

- **Andrea Fontenot** - Director of Public Works
- **Heber Kennedy** - Director of Properties
- **Bruce Marshall** - Harbor Director
- **Rudy Rudolph** - Airport Director/Acting Port Director
- **Eric Egge** - Engineering, Technical Services
- **Kari Qvigstad** - Marketing & Business Development Director
- **Jim Amador** - Marine Terminal Director

The Directors provided their professional opinions and analysis of the Port's experience with its Comprehensive Plan over the last ten years. This feedback is noted below in [separate typeface](#) after the summary of each business division.

A. MARINE TERMINAL

The Port operates a full service 60 acre marine terminal with three deepwater berths totaling 1,750 feet in length. The yard offers diversified services which can handle on-site container, bulk, and break-bulk cargos. It features two 40 ton dockside gantry cranes, modern concrete piers, and a secure, full-service, USDA approved, US Customs Bonded warehouse suitable for multi-modal operations. The 76,000 square foot, 24-foot high, open beam construction facility has eight truck doors with self-leveling ramps, six drive-in doors with spans up to 78 feet wide and rail siding for six cars. Its container yard provides ample storage area with 250 reefer plugs and has infrastructure in place for on-dock maintenance and repair facility. The docks are served by the Union Pacific and Northern Santa Fe Railroads with daily switching service provided by the Tri-City and Olympia Railroad. The Port provides customers with a professional staff and working partnership with ILWU Local #47 and local stevedore companies, all of which offer 24 hour availability. The yards are newly fenced and gated, providing security for customers. A Foreign Trade Zone is available at several locations. The Port is strategically located on Budd Inlet at the headwaters of Puget Sound. It is 25 nautical miles from Tacoma and 50 n/m from Seattle. It has direct access to I-5 which is one mile from the Port.

STAFF COMMENTS: (Qvigstad & Amador)

The principle challenge for the Port was to redevelop the marine terminal in a fashion which provided it with versatility and allowed it to handle a variety of cargos. This was essential for the Port to exploit its relatively small size and offer shippers customized service, fast turn-around times, and a responsive workforce which could handle virtually any cargo.

To achieve this goal, the Port first had to adopt a new philosophy which emphasized investment and expanding its capacity to do business. This meant changing its pre-1993 strategy of cutting costs to reduce overhead, and then committing itself to long term business planning.

Once this was done, the Port's second challenge was move forward with improving its infrastructure and integrating pre-1993 improvements, such as the Transit Shed, which were already in place. To do this, the Port had to first bring existing infrastructure up to date and make up for years of deferred maintenance. Next, the Port had to undertake major capital projects including dock repairs and rebuilding, installation of two onshore gantry cranes, the acquisition of additional cargo handling equipment, finishing the paving of the cargo yards, and the installation of a gate house and security fence.

The Port also sought to exploit its experience with forest products and become a "load center" for such cargos. To do this, it used a task force of customer representatives to create a program of planned investment and a structured customer base. The goal in this was to draw together shippers and commercial interests into a load center which would naturally attract additional business. Over the past ten years, the Port has been largely successful in these goals. Even in situations which didn't meet expectations, as in the case of the SunMar project, the Port used them as opportunities to learn and to fine-tune its business planning.

Integral to this success was the creation of a Foreign Trade Zone which created flexibility for Port customers and offered them cost savings. A second factor for success was the Port's ability to develop strategic partnerships to assist it with its terminal development. Its relationship with the Tri-City & Olympia Railroad, for example, has allowed the Port to integrate its multi-modal transportation connections and offer better service to its customers. A third factor was the Port's recognition of a diverse cargo base. As the log load center continues to be an integral part of ongoing business, new cargoes such as aluminum, garnet, ro-ro cargoes, and containers will help boost the success of the marine terminal for the long term. To strengthen the terminal for the long run will require a diverse cargo base. Recognition of neighboring ports container growth opens up new opportunities for the cargoes seeking to relocate and add to the Port of Olympia's cargo base.



B. Swantown Marina & Boatworks.

Swantown Marina presently offers-moorage for up to-738 vessels, with concrete docks, 24 hour security and such amenities as shore power, water, and cable television and modem access. Three new docks ranging in size from 24' to 66' were constructed in 2004 as part of the new D, E, and F marina expansion project. The Port offers 70+ guest moorage slips at the marina and an additional 520 lineal feet of day-use moorage at the Port Plaza, just north of Percival Landing. The Marina includes a double-lane, concrete launch ramp with trailer and vehicle and shore facilities, including picnic areas, public telephones, restrooms, showers, and laundry, garbage and recycle and sewage pump-out station. The Marina also offers secure dry storage for boats on trailers, travel trailers, and RV's up to 32 feet length overall.

Swantown Boatworks opened in 1999 and is Puget Sound's newest boatyard, offering complete haul out and repair services in an environmentally friendly setting. The Boatworks operates a 77-ton Travelift for vessels up to 22' wide with 24-hour emergency haul out services available. There is a concrete work dock with utilities and a state-of-the-art wash down and water treatment facility. The 2.9 acre boatyard is landscaped, fenced, and lighted and can accommodate 45 recreational and commercial vessels. The Boatworks offers short and long-term storage with power, water, and compressed air to all work areas. Facilities include a garbage and recycling center, a mast storage area, security, and public restrooms. Crane, forklift and in-water moorage for repair services are available upon request. In addition, the boatyard has a number of highly skilled and licensed contractors who can provide full service maintenance and repair services on a variety of vessels. The area also includes 20,000 square feet of marine oriented repair, retail, and office

space, with the potential for an additional expansion of 45,000 square feet. Finally, long-term, seasonal dry storage is available at the Boatworks for vessels up to 80'.

Staff Comments: (Marshall)

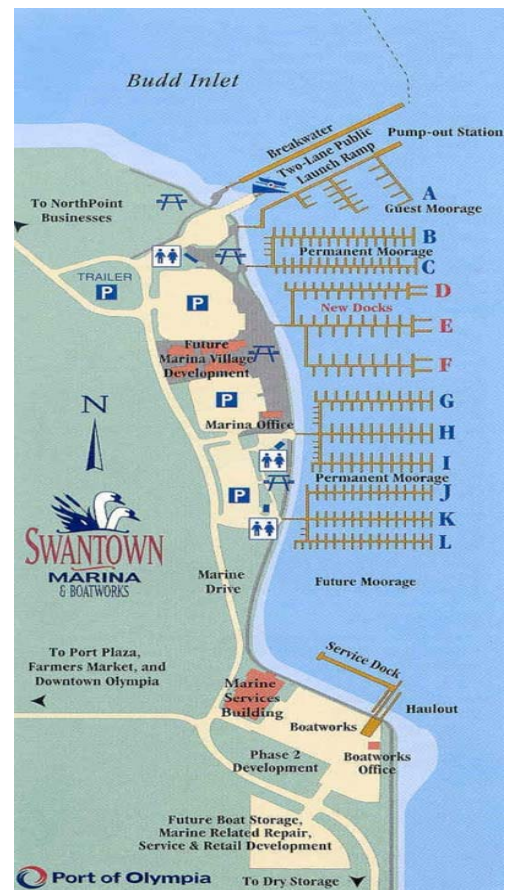
In 1993, the Marina and its support facilities were only partially completed and the Boatworks had not yet been built. The challenges facing the Port here were similar to those at the Marine Terminal. The Port had to develop an integrated recreational marina and boatworks complex to attract customers by offering them good customer relations and diversified choices in slippage and services. To do this, the Port had to integrate pre 1993 improvements, expand its marina, and build its boatworks.

Today, the Port has expanded its Marina from 550 slips in 1993, to 738 slips today. It is also moving forward with the construction of a South Marina project that will add an additional 159 slips which will fully build out the facility to over 900 slips and make it the 6th largest marina in the state. Unlike the pre-1993 construction, most of the newer slips are larger and accommodate bigger boats. This allows the Marina to serve a diversified customer base and helps to attract out-of-area boaters who come to the Olympia area for maintenance services at Swantown Boatworks or to enjoy the areas dining and recreational opportunities.

The Marina has also added to and integrated its support services over the last ten years. It has installed a new pump-out station, new restroom, shower and laundry facilities, new fire alarm system, new security system for tenants and new energy efficient lighting on the docks. Two seaplane docks were added in 2005 to meet the growing need for marine aviation services in the South Sound

The Marina has stressed good customer service and in doing so has improved its relationship with both customers and with the other private marina owners in the area. It has gone from being one of the cheapest marinas on Budd Bay in 1993 to the most expensive today. This has dispelled earlier criticism about a tax subsidized facility undercutting private sector competitors. It has also quadrupled marina cash flow in eight years, from \$267,000 in 1997 to 1 million dollars in 2004. Occupancy rates have also risen and now are at 90% with over 96% of all larger slips currently leased. The Marina achieves this by now being able to offer diversified marine facilities, and high quality services through both its marina and Boatworks operations. It also now has an active marketing campaign and sponsors boat and yacht club activities which attract boaters from Tacoma, Seattle and beyond. In 2004, the Marina logged an annual visitation rate by out-of-area boaters of 3,300 boat/days and has completed an economic impact study showing that visitors contribute, on the average, \$135 per boat, per day to the local economy.

Swantown Boatworks was in the planning stage in 1993 when the Port began filling some 3 acres of tideland space for the complex. The first phase of the project was constructed in 1998-9 and the boat yard and haul out facility opened in 1999 using a name suggested by Port staffer, Eric Egge, honoring an early Olympia area settler, James Swan and the community on the east side of the Bay named after him. Swantown now features a state-of-the-art boat yard with diversified boat transport equipment, retail space for contractors, and an environmentally friendly yard. The facility offers boaters top quality service where they can perform their own haul out work or hire licensed contractors to do it for them. The Marina and Boatyard form a symbiotic relationship, the sum of which is greater than its parts. The two provide the Port with a lucrative business unit, the area economy with a growing revenue source, increased employment base, the community with a wonderful recreational resource, and the local environment with a clean maintenance facility.



The Marina and Boatworks projects also added public amenities for the local community's use. The Port extended the shore side walking trail north and added benches, barbecues, and pocket parks. It also provided a site for the newly constructed, 6,000 sq. ft. headquarters of the Olympia Area Rowing Association.

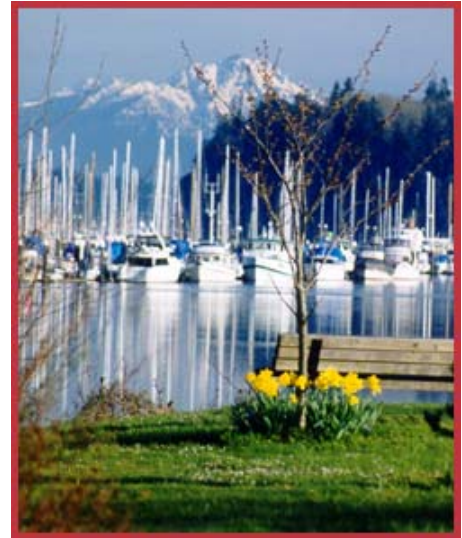
Across the peninsula, the Port constructed the Port Plaza, moved the Percival Landing viewing tower there, and leased land to locate Anthony's Home Port restaurant nearby. The Plaza now provides the northern terminus for Percival Landing and is a setting for concerts, gatherings, and festivals, notably Olympia's "Sand and the City". The Plaza features a modern public dock with 520 feet of day-use moorage.

In the middle, between Swantown and the Port Plaza is the Market District. In 1994-6, the Port helped to relocate the Olympia Farmers Market at the north end of Capitol Way and created a commercial district which hosts environmentally friendly industries (i.e. Batdorfs Coffee Roasters) and offers retail and office space to downtown businesses.

As a result of these developments, the walking trail system is nearly complete. Today, one can walk from Priest Point Park along the shore line to the Swantown District and either head north towards the North Point District, or turn west, pass through the Market District and over to the Port Plaza, then turn south along Percival Landing and across the new 4th Avenue bridge to the west side of Olympia. The Port is currently negotiating with the City to transfer its West Bay property and allow it to revert to a natural park-like setting. When this occurs in the near future, the last link of the walking trail system will be in place and the link to the Garfield Nature trail will be complete.

In the North Point area, the Port is actively planning to redevelop the area and attract a restaurateur to the former Genoa's site. The Cascade Pole area is largely cleaned up and, after an asphalt cap is install, will be used for additional parking and storage.

The Boatyard is also using the State Street District to the south as a 17 acre, 93 stall long-term trailer boat storage site. As the Marina is fully built out, Swantown plans to add more yard area and triple its retail space to attract additional service contractors and other water-related activities. The Port is planning a "Marina Village" for the area which will include a mixture of retail, marine service and general business operations. A restaurant tentatively referred to as "Swanee's" is envisioned as part of the Port's new South Marina project.



C. Olympia Regional Airport

The Olympia Regional Airport is a general and corporate aviation facility which serves corporate jets, commuter-size planes, and light freight aircraft. Features include an FAA control tower, full-instrument approach, access via two runways, a modern terminal, ample apron parking, a centralized fuel storage facility, and ground support. Positioned for aviation development, the airport is ideal for industrial, commercial, and corporate users needing airport taxiway access

In 1997 the Port completed projects and plans that position the Airport to take advantage of new aviation markets and make the facility an even more attractive and competitive location for corporate operations. The Airport offers aircraft service operations, hangars, corporate offices and a modern public terminal with a first-class café. It provides tower-controlled and full-instrument approach access for a variety of recreational, commercial and corporate users. Two runways, one 5,400 feet and the other 4,100 feet, give large corporate jets, commuter-size planes and light freight aircraft, including UPS and Federal Express, convenient access into southern Puget Sound. The Airport's location, adjacent to the Newmarket Industrial

Campus with close proximity to Interstate 5 and the state Capitol, allows businesses to service both private and government clients.

In late 1996, the Port expanded aircraft service capacity by paving an apron, providing 51 additional tie-downs with provisions to park as many as 15 corporate aircraft and 36 spaces for itinerant parking for smaller aircraft. To provide additional safety and convenience, the entire electrical system for runways and taxiways was upgraded, including a new back-up system. The improvements included the addition of 80 new runway and taxiway direction signs, further increasing the Airport's accessibility for around-the-clock landings and takeoffs. In 1997, the Port constructed of an eight-tank, above-ground fueling facility to provide fixed base operators with a safer method of storing fuel and eliminating the possibility of contamination from spills. Additional controlled catch basins connected to the main drainage system further ensure that spilled contaminants will not reach the underground aquifer. The long-term viability of the Airport in an urban setting was assured with the purchase of \$5.5 million of property within the Airport's runway protection zone during 1997-98.

With airfield improvement projects complete or underway, the Port began several property development projects to further capitalize on the Airport's unique attribute of 300 acres of well-located building sites with airfield access. In 1997, Westlake Construction joined the established Peninsula Group by building a corporate headquarters and hangar adjacent to a main taxiway. As with many of the Port of Olympia's business operations, the Olympia Regional Airport partners with the community by supporting fly-ins hosted by the Olympic Flight Museum and other local aviation events.



Staff Comments: (Rudolph, Kennedy, Egge)

Over the last ten years, the Port has reversed the decline of the Olympia Regional Airport and put it on a solid foundation. It now serves the Capitol area and compliments activities at the nearby Newmarket Industrial Campus.

Airport usage has climbed and the number of take offs and landings in 2004 exceeded the 2020 projections which FAA developed in a 1996 study. One reason for this is the Airport's aggressive marketing campaign and the siting of tenants, like the Olympic Flight Museum, which draws air traffic to the area. Another reason is that, since 1993, light aircraft manufacturers have increased production and made more aircraft available to the flying public after acquiring legislative limitations on their tort liability. This includes manufacturers of "kit" airplanes which are increasingly popular.

The Airport has also worked successfully with the City of Tumwater to protect its operations, both now and in the future. In 2005 Tumwater adopted amendments to its zoning laws which classify the Airport as an "essential facility" under the State's Growth Management Act. As such, the City will now offer legal protections to the Airport against encroachments as the area continues to grow.

Since 1993, the Port has upgraded its airport runways and facilities. It has installed a new fuel farm, rebuilt taxiways, and made improvements to aprons and hangars. It retained its control tower to regulate air traffic and built a new terminal, roadways, and parking areas to serve air carrier service. It has also improved its office headquarters and installed new facilities for its fixed base operators.

Presently, the Airport is making a major realignment of its main runway because of its proximity to Highway 99. In 1994, the Port acquired over 100 acres south of the Airport and is now using the land to meet FAA regulations which required the Port to move the main runway 750 feet to the south and to expand glide paths.

The Airport has attracted a number of new tenants over the last ten years. The Olympic Flight Museum established itself next to the Airport offices and has an expanding collection of vintage aircraft. The Museum is open to the public and sponsors periodic events, including an annual air show. The Airport has retained older, aviation-related tenants, such as the Soloy Corporation, the Gower Flying Service, and the

Washington State Patrol and has acquired new ones, such as Pro Air, which is currently building new hangars on airport property.

One aspect of airport operation which has been challenging is attracting and keeping a regional air carrier. In 1993, Empire Airlines briefly offered air service at the Airport. In 1995, Harbor Air provided shuttle service to Seatac but folded within 12 months. Big Sky Airlines began offering service to Spokane in 2002 but terminated operations in late 2004. Airport staff reports that they are using this experience to refocus their marketing efforts and, after the runway relocation work is completed, will look for a new regional carrier.

The Airport is also looking beyond its Tumwater properties. It is working with Marina staff and the Washington State Department of Transportation to develop plans for a floating seaplane dock at the Swantown facility.

D. Port Commercial Properties

The Port operates a number of commercial properties on the 1750 acres which it owns in Thurston County. These properties are located either on the Port peninsula or at its Airport/Newmarket site:

1. NEWMARKET INDUSTRIAL CAMPUS. Newmarket Industrial Campus is divided into sub-districts with corresponding land uses and development standards.

a. Commercial Core District. This district, comprising approximately 50 acres, is located at an interchange on I-5 and affords development opportunities for freeway commercial uses. Current plans are for development of an urban commercial village that includes a restaurant, retail sites, and gas mart. This core area presently contains two motels with a combined 115+ rooms and executive suites. Additional development opportunities embrace professional offices, retail, service, and commercial uses. Adjacent to the district are large Washington State office complexes, which could benefit from these types of uses.



b. Corporate Campus. This district of about 50 acres provides development opportunities for corporate and regional offices that benefit from Interstate 5 visibility. Development standards require a design that results in a professional quality office park.

c. Mixed-Use District. This district of approximately 76 acres accommodates commercial, office, warehousing and light industrial uses. It offers frontage on Tumwater Blvd., which is the main corridor from Interstate 5 into downtown Tumwater. A major distribution center, a printing plant, a corporate headquarters, distribution and manufacturing facilities are included in this area.

d. Newmarket District (now the Tumwater Town Center). This district of 57 acres presently consists of privately developed office buildings. Future development is focused on a mixed use center that contains a high concentration of retail, commercial and office uses benefiting from frontage on Tumwater Blvd., which is the main corridor from Interstate 5 into downtown Tumwater.

e. Warehouse Distribution and Light Industrial Districts I & II. This 336 acre district provides development opportunities for larger buildings such as manufacturing, warehousing and distribution centers. Plans include a linear greenbelt stormwater facility, which may be incorporated as part of a sub-regional stormwater system. Plans also involve pedestrian and bicycle trails for public use.

2. AIRPORT

a. Airport Oriented Industrial District. This 100 acre district includes large parcels for development of air-oriented manufacturing and warehousing or cargo-related activities. It is currently home to a major engine and aircraft frame modifier. Minutes from Interstate 5, all sites in this district offer direct airport access and scenic views of Mount Rainier and the Black Hills.

b. Corporate Aviation District. This 15 acre district accommodates business with high visibility, vehicle and runway access needs. Minutes from Interstate 5, all sites in this district offer direct airport access and scenic views of Mount Rainier and the Black Hills.

c. General Aviation District. This 15 acre district offers development opportunities for hangars, fixed-base operators and other general aviation services on the northeastern side of the airport characterize this area. Since 1995, the Port has invested nearly \$3.3 million in operational and environmental improvements, positioning the Olympia Regional Airport for growth in the South Sound recreational and commercial aviation markets.

d. Terminal Center. This 44 acre district is a transportation center for passenger and air cargo services, which is strategically located west of the Olympia Regional Airport main runway. It is home to the airport's terminal building, which includes a local café, with conference rooms and offices. Plans include expansion of existing airport amenities such as an on-site hotel, car rental, travel agency, parking, restaurant and Port offices.

3. PORT PENINSULA

a. Central District. This district serves the Marine Terminal for cargo storage and offers development opportunities for warehouse and distribution facilities. Adjacent to the Marine Terminal and designated as Foreign-Trade Zone, the sites are well suited for import and export businesses and operations that are of a water-dependent nature. Compliance with the US Army Corps of Engineers Section 404 permit is necessary for development in this area.

b. Market District. This district is a vibrant, waterfront development central to the Swantown Marina and Boatworks, the new Port Plaza, the Marine Terminal, and downtown Olympia. It is home to retail, commercial and light industrial uses such as the Olympia Farmers Market, a coffee roaster, restaurants, offices, shops and a popular waterfront plaza event venue.

c. Marina District. This district has been providing South Sound boaters with convenient moorage and Puget Sound guest use since 1983. Owned and operated by the Port of Olympia, the Swantown Marina currently maintains moorage for up to 738 vessels in a park-like setting. Plans are underway for marina expansion and development of a 4.2-acre marina village consisting of retail and commercial services, such as restaurants, boat supplies, grocery/deli, yacht clubs, and yacht brokers. This district supports upland and over-the-water uses which are of a water-dependent nature. Compliance with the US Army Corps of Engineers Section 404 permit is necessary for development in this area.



d. Boatworks District. This district consolidates marine businesses into a single area, creating a one-stop, full-service marine facility. The new Swantown Boatworks haul out and storage facility and the emerging marine business district offer a variety of retail and repair services as well as development opportunities. Swantown Boatworks operates a 77-ton Travelift for vessel haul out and is enhanced by a concrete dock permitting in-water vessel repair. The district also features a state-of-the-art wash down and water treatment facility, along with 20,000 sq. ft. of marine repair, retail and office space. Development opportunities for expansion are available.

e. State Avenue District. This district consists of sites that offer high visibility along State Avenue, which is a main East/West thoroughfare into downtown Olympia. The position of this district also provides scenic views to the Olympic Mountains. A 144,000 sq. ft. warehouse facility for manufacturing and light industrial uses. The district is also adjacent to Olympia's East Downtown Development area with its mixed use plans.



f. North Point District. This district is a mixed-use commercial, office, and recreational use area, and is currently home to a waterfront restaurant and offices. It is located at the tip of the peninsula with panoramic views of the Olympic Mountains. Future development plans could include a new over-the-water restaurant, boutique hotel, and office building, and small boat center. A park development is also planned. This district will provide the final link to a waterfront pedestrian trail that runs from the State Capitol to the tip of the peninsula and will end in the esplanade adjacent to the new Anthony's restaurant.

Staff Comments: (Kennedy)

The Port's property development activities have prospered, particularly in light of the unpredictable market conditions. In 1994, property revenues totaled \$895,424 resulting from 51 leases, but by 2004, total revenues increased to \$1,555,015 resulting from 99 leases.

On the Peninsula, the Port created benefits for both itself and the surrounding community. Central to its efforts was the relocation of the Olympia Farmers Market and the development of the Market District as the northern terminus of Capitol Way. By providing new, larger quarters for the Market, this project helped save a unique community resource and an economic generator for the area. It also helped the City of Olympia revitalize its downtown and has provided a mixed use area for local merchants, professional offices, and environmentally friendly manufacturing businesses to locate. It is interesting to note that a number of other cities in the region have utilized Farmers Markets to revitalize their downtowns.

To the east of the Market District, the Port created the Swantown District and expanded its Marina District as a combined development of marina and boatworks. The area offers slippage for over 700 boats and provides retail space for a growing number of boatyard retailers and service providers. It acts as a magnet for the Puget Sound boating community and is an economic engine for the local economy.

To the west of the Market District, the Port built the Port Plaza and located a major restaurant, Anthony's Homeport, and professional office buildings, on an adjacent site. This mixed use area creates additional economic diversity for the area and, as the northern terminus for Percival Landing, serves as a focal point for community activities and festivals.

North of the Market area, in the North Point District, plans are underway to redevelop the Genoa's restaurant site and the adjacent public docks, and attract a new restaurant to the area. When finished, the District will crown the Peninsula and serve as a northern terminus of Swantown walking trails and pocket park system.

Southeast of the Market District, the State Street District is in transition. For more than a decade the property has been the subject of much planning and speculation. Recent studies have suggested using the site for a sports stadium, a hotel and a convention center respectively, but no decision has yet been made

on the long-term uses. In the meantime, the Port has made good use of its antiquated 144,000 sq. ft. warehouse, keeping it nearly full and using it as a lucrative revenue source. The Boatworks is also making use of the State Street District for trailer boat storage and for the planned expansion of its boat yard.

Turning next to the Newmarket Industrial Campus, the Port has also done well with its property development activities, but has had to contend with shifting political and economic conditions in the Tumwater area. Since 1993, the Port has attracted new commercial tenants, including the US Postal Service, several motels, and a convenience store and gas station. It has also helped existing tenants expand their operations. These include Cardinal Glass, which is building a new warehouse and the Tumwater School District, which expanded its bus barns and maintenance facilities. The Port has also worked with the State of Washington and has sold it a 20 acre parcel south of the new Labor and Industries building for future expansion of State facilities. A new 200,000 sq. ft. building will be opening in July housing the Department of Corrections and Department of Transportation workers. The Port has also assumed ownership of a driving range and executive golf course and now uses it as an executive facility to compliment its other commercial uses.

Despite these successes however, the Port has not been able to achieve the degree of development projected in 1993. One major reason for this has much to do with the State of Washington's decision to not implement its 1991 Master Plan which called for the development of a satellite campus in Tumwater. In 1993, the Port was cooperating with the State, the Tumwater School District, and the City of Tumwater in the development of a mixed use zone in and around the Newmarket Industrial Park. The four jurisdictions had drawn up plans for a large "circle and triangle" development which would serve the State as a satellite campus and provide Tumwater with a new urban core. After 1993, the State did build a new state headquarters for its Department of Labor & Industries in the area but then decided to forgo additional capital construction and obtain additional space for state agency use by leasing from private developers. This trend was helped by changes in IRS regulations governing the building and depreciation of facilities which are leased to public agencies. It was also furthered by economic downturns in the early 1990's which helped an organization of private developers to convince the State that leasing would be more cost effective than owning. As a result, the "circle and triangle" plan was not implemented, Tumwater did not develop its urban core, and the Port could not meet its projection for attracting commercial tenants and leasing Newmarket properties. Thereafter, both the City and the Port could do little but watch as the State leased office space from developers who were building large office complexes on Capitol Boulevard, just outside of the Newmarket Campus. The other primary reason for limited development involves the lowest interest rates we have experienced in years. Leasing becomes more favorable when the cost of funds is high. But in many cases, prospective tenants could obtain loans for their projects with "zero" down payments and extremely low interest rates for acquisition and development, thereby causing them to choose acquisition rather than leasing.

Despite this setback, the Port is finding that economic trends are now turning in its favor. Development pressures have pushed southward from Pierce and King Counties over the last ten years and are making commercial/industrial sites in Thurston County more desirable. In addition, rising interest rates are making property more expensive to purchase and long-term leasing more cost effective. These factors now allow the Port's leasing program to benefit tenants through lower development costs and expedited relocation on Port property.

Over the last ten years then, the Port has adapted to the changing political and economic trends in the Tumwater area. It has pushed forward with its commercial leasing activities as opportunities have presented themselves and has otherwise remained competitive with other property lessors. In 2005, the Newmarket Industrial Campus is well positioned to take advantage of development trends occurring in Tumwater and in southern Thurston County.

E. Environmental Protection & Open space

Staff Comments: (Fontenot)

Over the last ten years, the Port has made a significant contribution to environmental protection and to creating open space for public use.

Perhaps the first project which the Port would point to is the Cascade Pole site cleanup. The site, located on the Port peninsula north of the Marina, was a holding pond for toxic chemicals used to treat wood. The chemical seeped into the ground and polluted some 18 acres of land, including 3 acres of tidelands. Remediation of the site has taken 22 million dollars and is nearing completion. It will shortly be capped and used either as an extension of the Marine Terminal's cargo yard or as a parking area for the Marina.

The Port has incorporated environmental concerns into its industrial development activities as well. It has replaced many of the creosoted pilings on the Port Peninsula with concrete or steel pilings and has reconstructed the North Point bulkhead in a fish friendly manner. Its cargo yards are now mostly paved, allowing effluent to be contained and regular cleanup of debris to take place easily.

The Swantown Boatworks was constructed with the environment in mind and has been deemed by state regulators as the "most environmentally friendly boatyard in the state". It features a paved yard, onsite stormwater containment, and a self-contained wash-down area which recycles water and removes waste.

The Marina has a new pump out facility, new showers and toilets, and energy efficient lighting system. Marina staff has also instituted a tenant-audit system to make sure these facilities are used. Strict best management practices have been put in place to assure the facility remains environmentally friendly for generations to come.

The Port has also ceased its industrial use of its West Bay properties and is in the process of transferring it to the City of Olympia to be used as a park and as intertidal habitat for marine life.

The Olympia Airport has installed new stormwater containment facilities and has removed all underground storage tanks as part of its fuel farm upgrade. Both serve to protect the shallow aquifers beneath the Airport and neighboring Industrial Campus. As with the Marina, Port staff now conduct a tenant-audit at the Airport and Industrial Campus to make sure that tenants use the facilities provided to protect the environment and otherwise refrain from creating environmental damage.

The Airport has also changed the surrounding landscape to support wildlife. It has identified two threatened species of birds, the Streaked Horned Lark and the Oregon Vesper Sparrow, and it has altered its maintenance activities so as to not disturb their habitat. On the other hand, the Airport has cleared away brush near the runways to remove coyote habitat and reduce the chances of collisions between the animals and planes which use the runways.

Turning the subject of open space, the Port has developed acres of parks, miles of trails, and significant public access to the water. The Port Plaza hosts public festivals and contains a viewing tower where people can watch activity at the Marine Terminal, look over the private marinas nearby, or view the Olympia skyline. The Plaza connects Percival Landing with walking trail system running from Priest Point Park, across the Port Peninsula, through the Swantown and Market Districts, and over to the west side of Olympia.

The Farmers Market is a wonderful community resource where local farmers sell their produce, where people can have lunch from the various kiosks offering Italian, Mexican, German, Asian and other foods, and where local musicians play music, either on the central stage or at various points around the Market. Running throughout the Market, Marina, and Swantown Districts are pocket parks, picnic facilities, and walking paths. The Port's landscaping program is replacing industrial debris with indigenous plants and flowers.

The Newmarket Campus offers ball fields, walking trails, and a golf course, as well as spectacular views of Mt. Rainier, the nearby Black Hills, and the surrounding prairie environment.

III. THE PAC'S EVALUATION

FOREWORD: *The Port of Olympia's Planning & Advisory Committee is comprised of members with diverse backgrounds who have a wealth of knowledge about the Port and the community it serves. The PAC has determined that it can provide a meaningful review of the Port's Comprehensive Plan within the time provided by taking a "community reaction" approach. This means that the PAC will base its determinations on both an analysis of objective information provided by the Port and on the subjective reaction of its members who live and work in the Thurston County area, giving emphasis to the latter. The PAC wishes to thank the Port staff and the consultant for their help in developing this report.*

GOAL 1. ENSURE THE ECONOMIC VIABILITY OF THE PORT

1.1 Increase the Port's "Enterprise Activity" net income

The PAC determined that the Port had met this goal.

It noted that the Comprehensive Plan states that the Port has four distinct roles in serving the Thurston County Community: (1) Enterprise Center, (2) Economic Development Facilitator, (3) Environmental Integrator, and (4) Public Service Provider. The Plan further states that these four roles are mutually supportive of each other. The PAC next observed that the Comprehensive Plan defines "currency", which is to be used for calculating "profit", as having three factors: (1) monetary return to the Port (net cash), (2) monetary return to the Thurston County economy resulting from jobs, increased tax base, etc which are created by Port activity, and (3) non-monetary return to the Thurston County community (infrastructure and services provided by the Port which contribute to the quality of life in the area). The Comprehensive Plan states that enterprise centers should operate like private businesses by developing business plans to guide their operations and netting a profit on their operations, "Making a profit" in the enterprise sense requires the first form of "currency" (i.e., monetary return to the Port) but the other two forms of currency are legitimate secondary goals of enterprise activity. Further, every enterprise center at the Port need not turn a profit every year so long as their sum shows a profit. Some centers may justifiably lose money if they are acting pursuant to their business plan and are on track to making a profit. (see Port of Olympia Comprehensive Plan, p. 13).

Using this criteria, the PAC reviewed the Port's accomplishments over the last ten years, which are detailed in Section 2 of its Comprehensive Plan Review document. PAC members discussed improvements and diversification of income sources which the Port has created for all of its enterprise units. They also discussed the expanded economic return to the community which has occurred due to Port activity and the benefits which have accrued to other local jurisdictions in the area through such things as an expanded tax base and increase tax collections. The PAC determined that while a precise measurement of "profit" is difficult to make, the Port had provided substantial benefits for itself and its community over the past decade using the Comprehensive Plan's definition of "currency"

The PAC reviewed financial data and status reports provided by the Port which showed that net income in 2005 had increased over past years for the Port's business units. In making this review, the PAC was mindful of the fact that for much of the past decade, the Port has had to make a substantial

investment in replacing outdated or dilapidated infrastructure to assure future viability of its enterprise activities. Nevertheless, the Port's financial data indicates that after making major capital expenditures in the middle of this period, net income had turned positive in the last several years.

PAC members also discussed their respective observations of the Port's revenue-generating activities over the last ten years. The Port's recent investments are now beginning to yield financial returns. Annual operating revenues have been rising steadily and sharply since 1999, annual operating losses have fallen steadily since 2001, and Port operations turned profitable, net of depreciation, in 2004. Estimates for 2005 suggest that these favorable trends will continue.

1.2 Collective Enterprise Centers shall break even by December 31, 1995

The PAC did not have information available to make a determination, but concluded that meeting this objective this was no longer pertinent. The Committee's mandate was to review the Comprehensive Plan from a ten year perspective and the PAC decided that this Objective had no relevance to its mission.

1.3 The Commission shall articulate quantifiable goals for Enterprise Center(s) net income each year

The PAC determined that the Port has met this objective. Over the last ten years, the Port has divided its enterprise activity into distinct business units and developed business and financial goals for each. The Committee determined that Port staff now engages in an annual strategic business planning process which proposes clear goals for adoption by the Port Commission.

1.4 Develop financing strategies to obtain necessary revenue as determined by business plans.

The PAC indicated that its analysis here is similar to that for 1.3 above. The Committee noted that the Port does not readily segregate its revenue (including tax revenue) and expense streams in a manner which readily distinguishes between "enterprise activity" and "taxes/public works" categories. The PAC suggested that changing this might make it easier to track monetary returns from Port enterprise activities.

GOAL 2. FACILITATE ECONOMIC DEVELOPMENT WITHIN THURSTON COUNTY

2.1 Support the vitality of existing public and private employers in Thurston County

The PAC determined that the Port has been successful in meeting this goal and its objectives. The Committee reviewed the list of economic developments outlined in Section 2 of its Comprehensive Plan Review document and particularly noted the following accomplishments:

- *Redevelopment of Marine Terminal, installing transportation facilities, creating a foreign trade zone, expanding trade and commerce activities, and increasing Longshore and other commerce-related jobs*
- *Relocation of Olympia Farmers' Market and development of Market District*
- *Creation of Swantown Boatworks and expansion of the Marina*
- *Attracting new tenant and helping existing tenants expand their business operations*
- *Expansion of the Olympia Airport and airport uses (i.e. new hangars, Flight Museum)*
- *Siting of new restaurants*
- *Increases in the local tax base*

2.2 Attract new business in Thurston County in targeted markets and locations

The PAC found that the Port has been actively marketing the Thurston County area over the last ten years and has been successful in "supporting business" here in at least three respects.

First, the Port has attracted new businesses to the area. Notable examples of this can be found at the Marine Terminal, at the Swantown Marina and Boatworks, in the Market District, and at the Olympia Regional Airport/New Market District. These are detailed in Section 2 of the PAC's Comprehensive Plan Review document.

Second, the Port has helped to retain existing businesses in the area. The relocation of the Olympia Farmers' Market and the development of the Market District are two notable examples of Port developments which created an attractive spot for the relocation of downtown business, particularly after the 2001 earthquake.

Third, the Port has achieved several "worthy failures" in operating entrepreneurially. It attracted and then lost two air carriers at the Olympia Airport over a ten year period. The Port was also unsuccessful at keeping SunMar Shipping Lines as a tenant at its Marine Terminal. Rather than faulting the Port for these things however, the PAC noted that this demonstrates that the Port has been is willing to take appropriate risks and operate in an entrepreneurial fashion. The PAC determined that these losses were the result of shifting market conditions and their financial costs were offset by the gains achieved by the Port's other entrepreneurial efforts.

2.3 Help diversify the economy in Thurston County

The PAC determined that the Port was successful in this objective for reasons mentioned above. The Committee noted the loss of several of the Port's long-term tenants at the West Bay site but observed that this was part of phasing out the industrial use of this parcel so that it could be converted to natural habitat and parks.

2.4 Host an annual county-wide business summit

The PAC found that the Port had achieved the substance of this goal without necessarily following it to the letter. Based on information presented by Port staff, it appears that the Port hosted a county-wide business summit in three of the last ten years. More importantly, the Port has been an active participant in existing business forums such as local Rotaries and Chambers of Commerce. It has also helped fund and worked with the Thurston County Economic Development Commission.

GOAL 3. EXERCISE ENVIRONMENTAL STEWARDSHIP

3.1 Assure that all activities which involve the Port are conducted in a manner which protects the environment

The PAC determined that the Port is a good steward of the environment and gave it high marks for its ongoing environmental protection work. Under this objective, the PAC listed:

- *The Swantown Boatworks which the Port created to provide the area with a first class boat haul-out and maintenance facility with state-of-the-art environmental protections*
- *Marine Terminal improvements including paved cargo yards, runoff containment facilities, and new concrete (non-creosoted) pilings for piers*
- *The Olympia Regional Airport's new above-ground fuel farm and the removal of all underground fuel tanks, both of which serve to protect the aquifers which provide a portion of Tumwater's drinking water.*
- *Development of a habitat management plan for candidate endangered species at the Airport and around the New Market Center.*

3.2 Clean up areas or sources of pollution on Port property

The Cascade Pole cleanup was at the top of the PAC's list and committee members felt that the Port had stepped forward to clean up the site in a manner which no other local jurisdiction could or would. The project has so far cost in excess of 22 million dollars over the past decade. While remediation will continue into the foreseeable future, the site has been sufficiently cleaned so that it may be put back into productive use in the next several years...

The PAC also observed that the Port has created the means to respond quickly to spills and contamination on land or water, in and around Port property.

3.3 Participate in the restoration of the natural environment on and around Port property where appropriate

The PAC noted the Port's phasing out of its industrial tenants at its West Bay properties and its negotiations with the City of Olympia to restore the area to its natural state as examples of the Port's success in meeting this objective. The Committee also viewed the Port's landscaping, pocket park programs, and creation of walking trails as beneficial to both the environment and to public access to the waterfront.

3.4 Acquire and protect such properties as may serve the goals of the Port for mitigation, enhancement, and restoration

The PAC was not sure how this objective applied to the Port's mission and did not have enough information to make a judgment about it.

3.5 Implement a pollution-prevention plan

The PAC found that the Port has created an integrated environmental protection plan for all Port properties. This includes an environmental protection plan for each of the Port's business units and an environment audit program for Port's tenants.

GOAL 4. PROVIDE PUBLIC SERVICES/INFRASTRUCTURE TO THE RESIDENTS OF THURSTON COUNTY AS AUTHORIZED

4.1 Provide necessary transportation services / infrastructure

The PAC found that Port has successfully met this goal and its objectives. Over the past ten years, the Port has made public services and infrastructure a key component of the implementation of its Comprehensive Plan. The Committee pointed to several examples to support this conclusion.

- *The rebuilding of the Marine Terminal, the restoration of dock-side cranes, the security fencing and other facilities which address Homeland Security concerns, and the realignment of the multi-modal transportation facilities which serve the Terminal. These things encourage more diversified maritime business and courtesy-calls by ships ranging from the Lady Washington to the USS Olympia.*
- *Creating daily railroad switching services by the Tri-Cities and Olympia Railroad and on-dock service by the Union Pacific and Burlington Northern Railroads*
- *The creation of a Foreign Trade Zone*
- *The expansion of the Swantown Marina and the development of the Boatworks there*
- *The development of the Port Plaza and a new pier there for day-use moorage*
- *Road development and realignment on the Port Peninsula and around New Market Campus*
- *The creation and extension of walking trails and pocket parks*
- *Improvements to the Olympia Regional Airport. This includes runway improvements, new taxiways, expanded runway approaches, and a new fuel farm*
- *Development of a corporate center, the acquisition of an executive golf course, and the addition of batting cages placed by the operator at New Market.*

The PAC also noted two areas which achieved only partial success:

- *The development of the Plum Street Corridor. This has served to move truck traffic out of downtown, but the left-turn off of Plum Street/East Bay Drive and onto Port property is a bottle neck and needs to be rethought. Containment of truck traffic and insulating the downtown business district from it deserve the attention of Port planners in light of the Port's recently announced contract with Weyerhaeuser.*
- *The development of New Market Campus has taken place at a slower rate than projected. The reasons for this are due to market conditions and the State's abandonment of its Satellite Campus Plan, as discussed in Section 2 of the PAC's Comprehensive Plan Review document. Market conditions have improved over the last decade and the PAC recommends that the Port continue to aggressively pursue its property leasing program.*

4.2 Provide the necessary services / infrastructure for industrial development

See 4.1 above

4.3 Provide necessary recreation services / infrastructure

See 4.1 above

4.4 Provide the necessary environmental facilities and enhancements

See 4.1 above

GOAL 5. IDENTIFY AND IMPLEMENT LIMITS FOR PORT TAXES

5.1 Develop a Port policy and supporting accountability system for Port enterprises that limit any use of taxes to non-operational expenses by December, 1994

The PAC found that the Port achieved the spirit of this goal and its underlying objectives. It appears from information supplied by Port staff that, beginning in the period 1994-95, the Port began to distinguish between its enterprise and public works functions for purposes of budget and taxation.

The Port created distinct business units for its enterprise activities and divided its budget planning process into separate categories: 1) governmental functions and public works, 2) enterprise activities and business units, 3) cross-over functions (such as the development of the Port Plaza which included both enterprise and public works components), 4) Cascade Pole cleanup, and 5) Bond repayment. The Port used this scenario for its annual budget planning until 2003 when it changed to separate line items to better reflect the nature of Port operations. Reasons given for the change include the evolution of some projects and the changing nature of the Port's business activities. For example, the Cascade Pole cleanup project is approaching a time when it will be put back into productive reuse in conjunction with one or more of the Port's business units. A second example is the Port's completion of much of the infrastructure redevelopment which it determined was necessary in 1994-95 to bring its business operations into the 21st century and respond to shifting market conditions.

However, under this goal, the PAC noted several things.

First, Port's functions do not lend themselves to a strict enterprise vs. public work analysis. In many cases, the Port undertakes a project because it serves the public good and also may generate money for the Port. This makes it difficult to determine an exact percentage between the two purposes. It is also why the Port, during its strategic planning process of 1992-95, created a system to calculate the benefit generated by its activities using definitions for "currency" and "profit" which incorporated concepts of both monetary and non-monetary gain and loss.

Second, the Port's accounting system for the revenue which it takes in does not strictly segregate tax receipts and enterprise income. Staff reports that the Port's puts its income "into one pot" from which it then disburses funds to pay its bills.

Third, the presentation of the Port's financial information such as "net annual income" is difficult for ordinary citizens to follow. This is in no small part due to the factors discussed in points one and two above. The PAC has found that the Port's financial trends are favorable.

5.2 The Port Commission and the Citizen Advisory Committee shall develop criteria for any potential use of tax levies, addressing economic development, public services and infrastructure investment by December, 1994.

Per the discussion in 5.1, the PAC found that the Port Commission, working with its Citizen Advisory Committee, had developed criteria for using tax revenues and distinguishing between enterprise activities and public works projects.

GOAL 6. FULFULL THE PORT’S SOCIAL COMPACT WITH THE THURSTON COUNTY COMMUNITY

6.1 Provide education to members of the Thurston County community about the Port

The PAC determined that the Port has been successful in meeting this goal and the underlying objectives, but the Committee noted that the Port has had a continuing duty to educate the public about its diverse functions.

The Port is a local government which, like cities and counties, must serve the public. To do this, it assesses taxes and uses tax revenues for public works.

At the same time, the Port also has the legal responsibility to be an economic development agency for its community. It has the authority to act in some ways like a private business and engage in entrepreneurial activities in a manner which is denied to other local jurisdictions. The Port is empowered to take risks and undertake beneficial economic development activities which other governmental agencies cannot and businesses in the private sector probably would not undertake.

As a local government, the Port is responsible for providing services and infrastructure for the public. The PAC believes that this is an appropriate use of tax revenues. This creates a split personality for the Port and requires it to regularly reach out to the public and to other jurisdictions to explain its activities. One reoccurring discussion point involves “profitability” and the feeling by some taxpayers that the Port should not assess taxes.

The PAC identified a number of Port activities which support its favorable determination under this goal:

- Rescheduling Commission meetings during the evening so as to encourage public attendance and participation*
- Televising Port Commission meeting*
- Publishing The Navigator, the Port’s county-wide newsletter*
- Creating a speakers’ program through which Port staff reach out to community organizations, discuss Port operations, and obtain community feedback*
- Organizing Port tours*
- Creating community outreach programs, such as the “working waterfront” exhibit at the Hands-On Children’s Museum*
- Supporting the Washington Public Port Association traveling exhibit and educational outreach activities*

6.2 Involve the members of the Thurston County community in the Port’s decision-making process

In finding that the Port had done well in meeting this objective, the PAC noted the Port’s accomplishment in the following areas:

- Good notice of and better scheduling of Commission and other Port meetings*
- Televised Commission meetings which serve to increase public awareness of Port governance*
- Regular public hearings on projects which create major impacts for the community (i.e. Eastbay Marina expansion, Olympia Regional Airport services, SunMar)*

- *Election reforms—Alignment of Port Commission districts with County Commissioner Districts and reduced terms of office from 6 to 4 years.*
- *Continued use of a Planning & Advisory Committee to advise the Port Commission and staff*
- *Positive coverage and praise by the media for Port projects; this contrasts to the criticism and editorial assertions in early 1990's that Port governance was out of touch with its constituency*

6.3 Work with the other governmental jurisdictions within Thurston County

The PAC concluded that the Port has effectively worked with the local, state, and federal jurisdictions which serve Thurston County. Several examples which the PAC cited include:

- *The relocation of the Olympia Farmers Market on Port property and the development of the Market District are two of the most visible manifestations of inter-local cooperation for residents of the Olympia area*
- *The Port has worked closely with Thurston County Regional Planning, the cities of Tumwater and Olympia, the Tumwater School District and the State of Washington in land use master planning efforts.*
- *The Port also works with the Federal Aviation Administration in the development of the Olympia Regional Airport; with the Coast Guard on harbor and maritime issues, and with Federal and State environmental agencies in its clean up and remediation projects.*

GOAL 7. OPERATE THE PORT IN A PROFESSIONAL MANNER

7.1 Implement annual business plans for the overall Port and for each of its Enterprise Centers

The PAC concluded that the Port has professionalized its operations in a variety of important ways. As discussed in the narrative under Goal 5, the Port Commission inaugurated an annual business planning cycle and created distinct business units for its enterprise activities. Port staff now develops strategic business plans for each unit annually

7.2 Build accountability into all processes

The PAC consensus was that the elected officials have done a good job politically of reaching out to the community to assess its needs and draw the public into Port processes. Further, the Commission and staff have professionalized the Port's business operations. Finally, the Port has instituted an ethics policy for both Commissioners and staff, has revised its policy and procedures manual, and professionalized its personnel administration.

7.3 Create a quality and customer service management program

The PAC noted that the Port has reoccurring professional training for all staff. It stresses customer service for all of its business units and maintains a monitoring program to rate consumer satisfaction for both members of the public and for the Port's customers. PAC members also agreed that, based on their individual experiences with the Port, their personal impressions of the Port's service ethic were very positive.

7.4 Annually reviewing the Port's comprehensive plans

The PAC learned that the term "comprehensive plan" has taken on different meanings over the last decade. For purposes of this project, the Port has asked the PAC to review of its "comprehensive plan" implementation as it has been guided by the strategic goals and objectives established in 1992-95. A port comprehensive plan can also have a more tactical meaning and, under state law, it is the port's master plan for capital construction and land use development. Using this latter definition, staff reported that the Port conducted a separate annual review of its comprehensive plan for most of the past decade, but in 2005 has incorporated it into the Commission's capital budget planning process. The PAC concluded that the Port has fulfilled this objective and its recent change is a reasonable step to assure an annual review while streamlining the review process.