



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

July 13, 2009

CALL TO ORDER

President McGregor called the meeting of July 13, 2009, to order at 5:30 p.m. at the Tenino City Hall. Commissioners Barner and Telford were also in attendance.

Staff in attendance were: Executive Director Ed Galligan, Program Assistant Lorie Watson, Airport Director Rudy Rudolph, Marine Terminal Director Jim Amador, Finance Director Kevin Ferguson, Harbor Director Bruce Marshall, Marketing and Business Development Director Kari Qvigstad, Engineering Director Rick Anderson, Communications Manager Kathleen White, Marketing and Business Development Manager Jim Knight, Property and Business Development Manager Mike Reid, Project Manager John Thompson, Contract Administrator Linda Shilley and Program Assistant Conley Booth. Bob Goodstein, Port's Legal Counsel, was also in attendance.

Public in attendance included Rolf Boone, representing The Olympian. Others in attendance who filled in the sign-in sheet were as follows: Dianne Conrad, H. Conrad, Diane Sonntag, Stephanie Coontz, Will Reissner, Jeff Davis, and Richard Wolf.

APPROVAL OF AGENDA

The agenda was approved as revised. President McGregor suggested moving the Thurston County Auditor's presentation ahead of the Consent Calendar in order to accommodate her schedule. Mr. Galligan revised Item #2 under the Action Calendar to be Authorization to Reject Miscellaneous Paving and Road Maintenance Bid.

COMMISSIONERS REPORTS

Commissioner Barner reported that he met with the Port's Executive Director on Thursday. His Solid Waste Advisory Committee and Thurston Regional Planning Committee meetings were cancelled for July.

Commissioner Telford indicated that he attended the Economic Forecast. He also met with the Executive Director and Port staff on various issues. He reported that in his role as Treasurer he reviews invoices of the Port and brought forward a discussion about the high cost of having TCTV film the Commission meetings. He proposed that staff make suggestions on what can be done to reduce those costs. He suggested we reconsider the order of the agenda, perhaps moving the Consent Calendar to the end, and only record the portion of the agenda with items of more interest to the public. He added that we consider whether we need to have TCTV film all the meetings, including those held in remote locations, or whether there are times we could make sound recordings instead, which is what used to be done prior to having TCTV film the meetings. He suggested making another effort to shorten the meetings and use less TCTV crew time. He indicated that the Commission could formulate questions and resolve issues in advance of the meetings.

Commissioner Barner said he has had numerous comments from the public lauding the Commission for asking questions at the meetings to help the public better understand the topics being discussed.

President McGregor added that there are ways we can look at this and attempt to cut down on the amount of time TCTV is here recording, but it is good that they are here, not only for public viewing but also to enhance the meeting minutes. He indicated that he would hate to see us not record meetings held in public venues. He agreed that there may be other options, like moving the Consent Calendar down to the end of the meeting. He also commented that he sends questions to staff in advance to get answers to his questions.

Mr. Galligan commented that he appreciated the comments suggested to shorten the meetings and will look at ways to do that. He added that to the extend staff can get questions in advance, our goal is to answer as many questions in the presentation as possible. This saves time and gives staff the ability to get answers accurately rather than speculating and having to come back later.

President McGregor reported that on July 1 he met with Eric Johnson, the Executive Director of WPPA, to discuss general port matters. He said he also met with the new Commissioner of Public Lands, Peter Goldmark, and representatives from Department of Natural Resources, Department of Ecology, and Fish and Wildlife at the state level as they came to talk about the CLAMP proposals. He indicated that he attended the CLAMP retreat and they have formulated a recommendation. He provided the Commission with a copy of the draft CLAMP recommendation and asked that they give their comments to Mr. Galligan before Friday, since President McGregor has to give the Port's response by Friday. He also noted that the draft is on the CLAMP's website for the public to view.

Commissioner Barner said he supported the resolution that the Port Commission passed but that he will be out exercising his opportunities to talk about the CLAMP decision that goes to the state. He commented that he doesn't agree with the recommendation that the CLAMP commission is planning to present. He believes the state needs to clean up Capital Lake and that costs need to be borne by the state.

President McGregor also reported that he attended the Thurston Chamber Forum on July 8.

EXECUTIVE DIRECTOR REPORT

Mr. Galligan indicated that staff would come up with suggestions in response to Commissioner Telford's comments about reducing the cost of recording the Commission meetings.

Mr. Galligan reported that the Port attended the Thurston Chamber Meeting on July 8 and distributed general information about the Port. He directed the Port's Communications Manager to work with the other local Chambers to participate in their forums as well.

He also reported that we had over 1,000 students that we gave tours to on the Marine Terminal and we have since sent out letters to over 90 schools inviting them for tours. We expect to hear back in the fall after school starts.

He indicated that, consistent with prior reports on storm water reporting, the 2nd quarter report has been completed and was submitted last week to Olympians for Public Accountability and also to Ecology.

Mr. Galligan reported that he met with Commissioner Goldmark and also the new Deputy Director of the aquatics program, Bridget Moran, to discuss management of our DNR lands, which are principally the berths.

He also commented that he was pleased to report we are expecting a barge next week with a load of logs, and the Levine Rose ship is expected toward the last week of the month. He also reported that we had expected the windmill blades to remain until August, but the company has indicated they now want to keep them here until April, which means additional revenue to the Port.

LEGAL COUNSEL REPORT

Mr. Robert Goodstein provided the Commission with a legal update on matters occurring since the June 22, 2009 Commission meeting.

In the matter of the West/Dierker Appeal of Port's SEPA Decision for Line of Sight Airport Improvements, Mr. Goodstein reported that by letter dated July 1, 2009, the Court of Appeals denied Mr. West's Motion to reconsider the Court Order denying his appeal. His next possible recourse is to seek a Petition for review from the Washington Supreme Court. Their review of the matter is discretionary.

Mr. Goodstein indicated that in the matter of West v. EPA et.al, Federal Cause No. C08-5741 RJB (CWA federal lawsuit brought by Mr. West), on July 2, 2009 the Federal Court (Judge Robert J. Bryan) issued the following Orders:

- Plaintiff West's Motion for Hearing on Shortened Notice IS DENIED;
- Plaintiff West's Motion for Reconsideration and to Compel Immediate Discovery IS DENIED;
- The Order Staying Discovery until July 24, 2009 IS AFFIRMED;
- Plaintiff West's Motion for an Extension of Time to Reply to Defendants' Various Motions IS RENOTED to July 7, 2009;

- Defendant City of Olympia's Motion to Dismiss, joined by Defendant Lott, IS RENOTED to July 10, 2009.

Mr. Goodstein indicated that Mr. West was reconsidering the Court's earlier Order granting Motions to Dismiss brought by the Washington State Department of Transportation and the Environmental Hearings Office. All the remaining defendants have pending Motions to Dismiss. The Port filed its Motion to Dismiss on June 29, 2009, the Weyerhaeuser Company joined in our Motion a few days later. A decision is expected by the end of July.

Mr. Goodstein also reported on Mr. West's Appeal of Ecology's issuance of NPDES permit to the Port of Olympia, indicating that the Department of Ecology issued the Port's NPDES Permit on June 25, 2009. Mr. West has filed an appeal of that permit with the PCHB. The Port has appeared in the case and is resisting a Motion to Stay also filed in that case by Mr. West. The Prehearing conference is set for July 30.

In the matter of West v. Ecology, Mr. Goodstein reported that the matter had been on hold after Judge Hirsh recused herself and was awaiting a reassignment to a new Judge. Last week the Port learned that the case was reassigned to Judge McPhee and the status conference is set for July 17, 2009.

PUBLIC COMMENT

Diane Conrad commented on the Port of Tacoma's recent activity regarding the property they own in the south county. She indicated that they have engaged in site planning, land use and permitting on their land and have done so without legal authority. She stated that they have applied for a building permit and asked for and received a mining permit from the county. Ms. Conrad asked the Commission to inform the Port of Tacoma and Thurston County that their actions were inappropriate and done without legal right.

Diane Sonntag indicated that she represented Friends of Rocky Prairie. She commended the Port for having the wisdom to pull out of the interlocal agreement with the Port of Tacoma. She indicated that people in Thurston County had no idea what a gem and rare habitat they had on that site, and had the process with the Port of Tacoma not occurred, they would not have known that. She said that they are working with partners trying to get money to purchase some or all of the land. She said they feel they have the opportunity to do something to save the prairie habitat and asked if the Port could partner with those who are trying to purchase the land.

Will Reissner asked if there is anything the Port can actively do to prevent the Port of Tacoma from continuing to function in Thurston County. He also asked if the Port can talk with the County Commissioners and weigh in on conserving this land as a natural sight.

Commissioner Barner asked if Tacoma was interested in selling mitigation rights. Ms. Coontz responded from the audience that they are not.

President McGregor asked the Port's legal counsel to respond to Mr. Reissner's question about whether the Port can stop Tacoma from doing something in Thurston County. After a concern was mentioned about the Port's legal counsel also representing the Port of Tacoma, Mr. Goodstein responded for the record that their firm has recused themselves from representing the Port of Tacoma on this topic. He then responded to Mr. Reissner's question stating that anybody who feels that an impropriety is occurring can request injunctive relief action against the agencies. He said this can be done by a citizen, an organized group of citizens and arguably could be the Commission. He added that he understands there is an agreement that Port of Tacoma has permission to sell the property and he believes their position is in order to preserve the value of the property.

Commission Telford said it would not be a good idea to try to be a watch dog over what the Port of Tacoma is doing. He also reminded people what Ports can do as far as parks and recreations facilities and said he doesn't know how to rationalize us putting money into a park and he's not sure we could properly do it even if we wanted to. He did, however, comment that there might be some opportunities with mitigation areas for gophers on the airport, but this would need to be a well thought out trade off.

Commissioner Barner clarified that the community is looking for a preserve, which is not the same as a park. He commented that he is uncomfortable if the Port of Tacoma is operating outside the law by doing work in this county and suggested that Mr. Galligan could inquire of the County if it is legal. Commissioner Telford responded that it is not our business if the county is issuing permits that they shouldn't be issuing.

President McGregor commented that when we walked away from the interlocal agreement, we made it known we would no longer have a vested interest in what the Port of Tacoma is doing. He indicated that we have lost any authority to impose anything on the Port of Tacoma, adding that we don't want to get embroiled in what's happening between them and the County and citizens. He added that they have to, by law, sell that property. He said he'd put in a call to the Deputy Director of the Port of Tacoma to get information on what is going on but had not yet received a return call.

Commissioner Barner said he will go to the County as a citizen to question what the Port of Tacoma is doing.

Thurston County Auditor

Thurston County Auditor Kim Wyman indicated that she has been speaking to various constituents in the county to present the changes that have taken place with the local voters' pamphlet for the Primary and General Elections. She commented that in March 2009, the county was facing substantial budget cuts and one of the cost saving decisions they made was not to deliver voter pamphlets to every household. This could save about \$40,000 per year. They have decided to deliver them to households county-wide for this year's election, but have scaled back on the production and made some changes to the document. They have also put it on their website in various formats. She provided a copy of the voter's pamphlet for the primary election to the Commission. Ms. Wyman indicated that they would be surveying voters to get feedback to see if they want them delivered, or rather put them in public places for people to pick up.

Ms. Wyman also reported that since they have implemented some other cost saving methods, including changing to voting by mail, the 2008 election costs in the general election were less than in 2004. She indicated that they are able to pass those savings onto the Port, who will share in part of the cost for the primary since there is a Port Commission race. Election costs should be on par with 2007 for the Port.

Ms. Wyman then briefly reviewed the issues that are on the ballot, reminding the public that the Primary election is August 18 and ballots should arrive around August 1. She noted that tools are on their website to tell people if they are registered and what district they are eligible to vote in.

CONSENT CALENDAR

Minutes Approval. The minutes from the June 16, 2009, June 17, 2009, and June 22, 2009 meetings were unanimously approved.

Harbor Wholesale Lease Amendment.

Harbor Wholesale has been a Tenant of the Port since 1985 when it leased 6.63 acres of land to build its headquarters at the NewMarket Industrial Campus. The company is in need of additional chill space and parking. An Option for additional land was signed and ratified by the Commission in 2008, which expired April 30, 2009. Due to the economic conditions, Harbor Wholesale is requesting an extension of the Option period through April 30, 2010 to implement expansion plans. Amendment #6 agrees to the extension of the Option for Additional Land for 3.46 acres (Expansion Premises) south of the original 6.63 acres. Rent calculations for the Expansion Premises are based on current Port of Olympia policy and Tenant is required to pay an option fee of \$4,066.07.

The Commission unanimously ratified the lease amendment with Harbor Wholesale.

ACTION CALENDAR

Intermodal Infrastructure Enhancement Final Acceptance

Mr. John Thompson presented a request for final acceptance of Contract 2008-0003, the Intermodal Infrastructure Enhancement project. On September 22, 2008, Commission authorized award of this contract to Granite Construction Company to construct the Intermodal Infrastructure Enhancement

Mr. Thompson indicated that this contract included adding approximately 2,300 feet of new track and the reconstruction of 2,000 feet of existing track. It also included adding safety crossing equipment to the Market Street railroad crossing including gates and cantilever lights. The Commission authorized the call for bids on February 25, 2008 and final completion was achieved on June 16, 2009.

Mr. Thompson provided the following contract cost summary:

Contract Cost Summary:

Original Contract Award	\$1,906,943
Change Orders (8.3%)	<u>\$ 158,303</u>
Final Contract Total	\$2,065,246

He noted that the bulk of the change orders were due to a realignment of the new warehouse track due to a buried manhole that we discovered that was still in use and necessary. The additional excavation and paving accounted for approximately half of the total. Most of the remainder was due to necessary force account work for items that were not identified in the plans.

Mr. Thompson then provided a summary of the total project costs, totaling \$2,594,098. He noted that total funds spent to date for the project amount to about \$2.5M, and we still need to purchase the rail equipment which will use up the remaining project funds.

Mr. Thompson reviewed the Federal Railroad Administration Appropriations Grant funding for this project as follows:

Received to Date	\$2,223,896
Expected	\$ 224,202
Port Match Requirement	<u>\$ 146,000</u>
Total	\$2,594,098

The 2008 Capital Investment Plan allocated \$2.8 million for this project.

Commissioner Telford commented that we've had complaints about the safety of the Market Street crossing previously, so the new crossing arms are good.

President McGregor asked when the expected grant funds are due to arrive. Mr. Thompson responded that he has heard from the Department of Transportation that the grant funding is coming, but has not been given a definite timeframe. In response to a question about whether the Port match has already been spent, Mr. Galligan responded that it is coming out of this year's budget. He also indicated that staff would pursue getting the additional grant funding. Commissioner Barner suggested that it might be helpful to send a letter from the Commission thanking the DOT for their past support and that we are looking forward to receiving their current support.

Commissioner Telford moved the Commission authorize the Executive Director to accept Contract 2008-0003, Intermodal Infrastructure Enhancement Project, in the amount of \$2,065,246, for Project No. TER013. Commissioner Barner seconded the motion. The motion passed unanimously.

The Commissioners expressed appreciation for Mr. Thompson's diligence on this project.

Authorization to Reject Miscellaneous Paving and Road Maintenance Bid

Mr. Rick Anderson presented a recommendation that the Commission authorizes the Executive Director to reject the bid received for Miscellaneous Paving and Road Maintenance Small Works contract No. 2009-1018. He indicated that at the Commission meeting of May 26, 2009, the Commission authorized staff to call for bids for a small works contract to perform miscellaneous paving and road maintenance on various Port properties. A public opening of all bid proposals was held on July 7, 2009 at 10:00 am. One (1) bid was submitted.

Mr. Anderson recommended that it is in the Port's best interest to reject all bids, amend the scope of work as necessary and re-advertise this contract. He indicated that with Commission approval, staff would be revising the scope of work for this contract, considering separating the Airport paving maintenance from the other properties paving maintenance requirements, and issuing two small works contract bid document packages. Mr. Anderson provided the Commission with copies of RCW 43.19.1911 and 53.08.130 which authorize them to reject the bid.

Commissioner Barner said he'd received communication from the bidder, DLB Earthwork. In that communication they indicate that the Port didn't have an engineer's estimate. Commissioner Barner asked how that happens. Mr. Anderson responded that this is an open order contract, and no engineers estimate is done in that case. The contract is for a set amount and for a set time frame. Commissioner Barner also asked if we thought the one bid was reasonable. Mr. Anderson said there is no way to know without getting other bids to compare.

Commissioner Telford clarified that the contract had two different kinds of work; one was at the Airport which is a higher density quality work. Based on a survey of other companies who had received the bid request but didn't respond, they weren't comfortable bidding that work. The suggestion by staff is to go out with two different packages, one for the airport work and one for the other work.

Commissioner Barner responded that, given the obvious discrepancies in the work to be performed, breaking it up makes sense and DLB should be able to rebid. Commissioner Telford commented that it seems a strange concept that we wouldn't accept a single bid. He also indicated that he doesn't know the propriety and legality of splitting the award.

President McGregor commented that this is a very competitive market here, so to have thirty-seven bid requests sent out and only get one back tells him there is something wrong with the process or the way we put it out. He said he is not comfortable awarding the bid and is more comfortable with the staff suggestion.

Commissioner Telford indicated that since this was an open contract, and not specific, there's no criticality of doing anything right away. He added that one approach could be to award the non-airport part and not the other, but that probably has legal pitfalls. President McGregor said that in his opinion we need to reject, split the scope, make the changes needed and go out for bid again.

Commissioner Barner expressed concern about points raised by the bidder in their letter. He commented that if we go out for rebid, the one bid that was received becomes public record. Because of this concern, he asked if the document could be exempt from disclosure. Mr. Goodstein responded that we are not in a position to withhold from public record the results of a bidding process.

Mr. Rod Hudson from DLB Earthwork addressed the Commission. He commented that the project doesn't have a scope of work and the way their bid is structured, the Port can pick and choose any items they want. He said the concept of dividing the scope doesn't work. Mr. Hudson read a portion of the bid document in the proposal and he described the Port's bid opening process which used a hypothetical project to price using the bid. He said he doesn't understand the purpose of splitting the project up and they believe that they were responsive to the Commission's solicitation of bids. He added that the perception that they are high on their bids could be false. He suggested that if the Port does go out to bid again, and DLB chooses not to respond, we could find that they were priced competitively.

Commissioner Barner commented that he is sufficiently concerned about the discrepancy between the airport work and the other Port property work. He made a motion to accept DLB's bid but exclude the airport work. The motion died for lack of a second.

Commissioner Telford moved to table the discussion until the July 27 Commission meeting. He indicated that he would like to look at what the call for bids said and how it is structured. He would also like to understand better why we didn't get more bids. He added that he didn't think separating the airport work as Commissioner Barner suggested would work. President McGregor seconded motion. The motion passed with a 2-1 vote. Commissioner Barner opposed.

Port Advisory Committee Appreciation and Appointment

President McGregor recognized and expressed appreciation to Darrel Webster who is not able to continue on the Port Advisory Committee (PAC) and will have to resign earlier than his June 2010 term. He indicated that Mr. Webster was appointed in 2004 and served his first three-year term and was then reappointed for another three-year term in 2007. During this time Mr. Webster helped with projects such as the Land Use Plan Update in 2007.

President McGregor indicated that the Port went through a process to fill a vacancy in 2008 and Clydia Kuykendall was appointed to fill that vacant position and Mr. Jeff Davis was appointed as first alternate. Due to Mr. Webster's resignation, Mr. Davis will be appointed to finish his year of service to the PAC. Mr. Davis will then be up for a three-year term reappointment in June of 2010. Commissioner Telford commented that with only one year left in this term, it would make sense to extend Mr. Davis' appointment now.

Commissioner Telford moved to extend Jeff Davis' appoint on the PAC to June of 2013. Commissioner Barner seconded the motion. The motion passed unanimously.

Mr. Davis thanked the Commission for their recommendation for the PAC.

ACTION CALENDAR - OTHER

East Bay Redevelopment – Expand Scope with Heartland, LLC

Ms. Kari Qvigstad presented a request to expand the scope of an existing personal services contract, Contract No 2007-1 with Heartland, LLC, for consulting and negotiation services associated with the East Bay Redevelopment, Project No. PRP004.

She indicated that on July 26, 2006 the Port staff issued a Consulting Service Agreement to Heartland, LLC to provide comprehensive support services including strategic planning advice with respect to the predevelopment plan, market and financial analysis, and master plan development. This contract was for an amount not to exceed \$70,000. The Port has continued to successfully work with Heartland and has amended this contract on three other occasions.

Ms. Qvigstad reported that with Heartland's assistance and advisement the Port recently completed a multi-step marketing effort that resulted in the identification of Tarragon as an exclusive negotiating partner and potential developer for the East Redevelopment Partner. She noted that the expanded scope of work would increase Heartland's contract by an additional \$70,000 (from \$212,000 to \$282,000) and extend the agreement through December 31, 2009. She provided a description of assistance and tasks to be provided by Heartland, LLC for this expanded scope of work, as follows:

Task 1 – Assist and advise in negotiations.

Task 2 – Function with real estate and project management teams.

Task 3 – Assist with negotiation, project management, and development.

Task 4 – Financial analysis, as needed.

Task 5 – Assist with identifying and incorporating services needed.

Task 6 - Coordinating with Port's legal representative.

Commissioner Telford noted that this contract will take us to December, and asked what we expect to have accomplished by then. Ms. Qvigstad answered that we expect concepts from Tarragon. We hope to engage quickly in getting the exclusive negotiating agreement finalized and set the stage for negotiations. She added that we will have several meetings scheduled in executive session to discuss deal points.

Ms. Qvigstad indicated that this is intended to end our process in coming to agreement with Tarragon on how to develop our property. Commissioner Telford asked if we would be through with Heartland by December 31 and Ms. Qvigstad responded that yes we would, with East Bay. She indicated that our intent is to have the exclusive negotiating agreement signed by the end of this month.

President McGregor noted that in an earlier presentation, it was stated that we hope to complete negotiations with Tarragon in four to six months. He asked if Heartland's cost would be less than \$70,000 if we finish in four months. Ms. Qvigstad responded it is a time based billing, and the question will come to how much involvement we need them rather than how much time it takes. Mr. Galligan commented that his expectation is to be beyond concepts and have locations. He expects this to move rapidly into an agreement for how this will be developed and where.

President McGregor commented that Heartland has experience working with agencies. We need to have all our details when we go into negotiations and we need Heartland's expertise. He said that having them as part of our team is an important part of the negotiating process working with Tarragon.

Commissioner Barner moved to authorize the Executive Director to expand the scope of work for Contract No.2007-1 with Heartland, LLC in an amount not to exceed \$70,000.00 for a total authorization of \$282,000.00. Telford seconded the motion. The motion passed unanimously.

Commissioner Barner asked for a monthly report on how things are proceeding.

Airport Security Gates – Approval to Bid

Mr. Rudolph presented a request for authorization to call for bids for contract 2009-1031 Airport Security Access Gates. Mr. Rick Anderson provided the Commissioners with a copy of the proposed specifications for the gates and the instructions for proposing substitutions.

Mr. Rudolph indicated that the General Aviation Airport Security Plan was adopted by the Port Commission on May 14, 2007. The security plan outlined creation of a consolidated gate plan and a search for grant funding for security gates. The 2007 approved capital investment plan

included \$200,000 for security gates with access controls which was grant contingent. He indicated that to date no grant funds have been available from the Federal Aviation Administration, the Department of Homeland Security, the Transportation Security Administration, or Washington Department of Transportation Aviation Division. We have also inquired with Representative Baird's office but have not yet received information on that inquiry.

He reported that this item was brought to the Commission at the June 17, 2009 workshop for discussion and staff guidance. The Commission authorized staff to bring this item forward for Commission action. He indicated that the proposed consolidated gate plan calls for three new access controlled motorized vehicle gates and an upgrade to one existing motorized vehicle gate which will serve the most active multiple tenant hangar clusters. The engineers estimate totals \$130,000.

Commissioner Barner asked about the legal aspect if someone loans their access card to someone else and there is a problem. Mr. Rudolph responded that we would have to defer to legal counsel. He explained that if a card is lost we can deactivate it and we would implement procedures when we assign the access cards.

Commissioner Telford commented that the cost for the gates seems high, which is most likely due to what is being specified. He indicated that he would like to see opportunity for people in this business to submit their alternate model comparable to what's specified. Mr. Anderson responded that the specification is for equivalent items so we do have flexibility. The primary cost is the gate operator which can be either hydraulic or chain. He said that research has indicated that hydraulic is the recommended type. Commissioner Telford suggested alternate models can be submitted as an alternate bid and anything submitted as comparable to specifications be submitted as an alternate bid. Mr. Anderson responded that staff would make that change to the bid document.

President McGregor noted that the issue of airport security gates was mentioned in a report from the FAA's Runway Safety Action Team, the General Aviation Security Plan, and in the Airport's recent customer service survey. He asked if our spending \$130,000 for these new gates will solve the problem, and commented that we need to come up with a way to fix the problem with the remaining keyed gates. Mr. Rudolph responded that this will be an ongoing challenge to work with our tenants on. He said we will continue to work with tenants to educate them as to the importance of our security plan.

Commissioner Telford moved to amend the 2009 Capital Investment Plan to include \$130,000 for Airport Security Access Gates and authorize a call for bids for small works contract number 2009-1031, Airport Security Access Gates. Commissioner Barner seconded the motion. The motion passed unanimously.

ADVISORY

Marine Terminal Marketing Strategies Advisory

Kari Qvigstad and Jim Knight provided an overview of the marketing & business development strategies employed to attract and retain cargo through the Port of Olympia's marine terminal. Ms. Qvigstad described the types and examples of cargo moving through the Pacific Northwest ports including containerized, bulk and breakbulk. She indicated that although Olympia has container capability, our focus is on smaller, niche services. She provided examples of the cargoes that best fit a smaller, niche Port like ours including metal, forest products, machinery, equipment, and other breakbulk cargoes.

She reported that the Port of Olympia has focused on a three-prong strategy over the past decade which includes:

- expanding our market share in the forest products sector,
- attracting general cargo cargoes that regularly call the Port on a contractual and/or recurring basis, as well as projects that move on a spot basis, but typically in larger quantities, and
- Liner service, or attracting a scheduled vessel or barge carrier that develops terminal operations and brings cargoes to its facilities.

She provided the targeted industry segments the Port is proactively marketing for future cargo movement through the Port. She indicated that through June of this year, the Port has provided 29 proposals for cargo services among these market segments, compared to 11 proposals through the same period in 2008. She reviewed the potential parties involved in making cargo and port

selection decisions and highlighted the marketing strategies used to attract and retain cargo movement through our port.

Mr. Jim Knight then provided an overview of northwest wind energy and the potential for opportunities in this market. He shared that our best opportunities lie in projects along the I-90 corridor. He provided a chart illustrating that the potential for wind generated electricity in the Pacific Northwest is nearly 133,000 megawatts, but thus far just under 3,300 megawatts have been installed. He noted that the majority remaining potential exists in Montana.

Mr. Knight reviewed the market research undertaken, indicating that developing good relationships with the manufacturers, developers and power purchasers, and understanding their needs, will be the key to obtaining increased opportunities for our community. He noted that the handling and storage of wind blades has become an excellent source of new revenue for our Marine Terminal. He also described the other components of wind energy equipment besides the wind blades.

He discussed the challenges and opportunities to developing increased business at the Port for this market sector. Challenges include domestic production, although this could also drive exports, power grid capacity, economic environment and sufficient terminal space and heavy lift equipment.

Mr. Knight indicated that the average wind vessel creates \$172,000 in gross revenue, one vessel creates 1,900 Long Shore hours, and revenues generated and wages paid equate to \$127,300 back into our community without including trucking company revenues, shipping agents, logistical companies, stevedores and others. He complimented our labor force in their handling of this type of cargo. He also indicated that the largest manufacturers of wind energy components have been to our port and like what they see. He said we will continue to develop relationships with key decision makers and pursue this cargo opportunity.

Commissioner Telford asked about the transport of the wind blades to Eastern Washington. Ms. Qvigstad described the most recent routes taken which are either I-90 or along the Columbia River and indicated that this decision is made by the trucking companies. The challenge of transporting by rail was briefly discussed.

Commissioner Barner asked about opportunities for exporting some of the products manufactured in this area. Ms. Qvigstad noted some of the export opportunities that she'd listed in her presentation. She also said she'd be happy to brief Commissioners individually. President McGregor added that the other two things that affect what cargo goes where are the market conditions and balance of equipment.

Mr. Galligan commented that we intend to bring other information about our Marine Terminal marketing efforts to the public in a manner such as tonight's presentation, but will also cover details with the Commissioners in one-on-one meetings.

ANNOUNCEMENTS

President McGregor announced that the Port Advisory Committee meeting scheduled for July 15, 2009 has been cancelled. He also announced that the Port Commission will hold a work session with staff on July 22, 2009 at the Olympia Golf and Country Club at 9:00 a.m.

ADJOURNMENT

President McGregor adjourned the meeting of July 13, 2009 at 8:27 p.m.

PORT OF OLYMPIA COMMISSION

President

Vice President

Secretary-Treasurer