



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

November 24, 2008

CALL TO ORDER

President McGregor called the meeting of November 24, 2008, to order at 5:30 p.m. at the LOTT Board Room in Olympia. Commissioners Barner and Telford were also in attendance.

President McGregor announced that the Commission held an executive session at 4:30 p.m. regarding potential litigation at the LOTT Office, Administrative Conference room in accordance with RCW 42.30.110(i). The time announced for the executive session was for approximately 30 minutes. President McGregor announced at 5:00 p.m. that the executive session would continue for another 20 minutes. The executive session adjourned at 5:20 p.m.

Staff in attendance were: Executive Director Ed Galligan, Administrative Manager Jeri Sevier, Airport Director Rudy Rudolph, Harbor Director Bruce Marshall, Marine Terminal Director Jim Amador, Marketing and Business Development Director Kari Qvigstad, Temporary Finance Manager John Freedman, Environmental Program Manager Joanne Snarski, and Front Desk Coordinator Jessie Bensley. Bob Goodstein and Carolyn Lake, Port's Legal Counsel, was also in attendance.

Public in attendance were as follows: Harold Clark, William Parker, Bill Pilkey, Sharron Coontz, Arthur West, Richard Wolf, and Tom Fell.

APPROVAL OF AGENDA

The agenda was approved as presented.

COMMISSIONERS REPORTS

Commissioner Telford noted he attended the WPPA Annual Meeting on Thursday. He also attended a reception on Wednesday night at Ralph Munro's home for a Military Official.

Commissioner Barner reported he also attended the WPPA Annual Meeting on Wednesday and Thursday. He also attended a CLAMP meeting on Thursday. He indicated that he has requested a presentation to the Commission at a work session. They will be contacting the Port's executive director to schedule that. He attended a board of trustees meeting on Friday. He distributed a mailing from the Puget Sound Partnership; they are requesting the Port's participation. He indicated that he felt the Port should participate as a sponsor, but wanted a recommendation and consensus from the Commission. Commissioner Telford suggested that the Puget Sound Budd Inlet Partnership should be a participant as a sponsor. President McGregor asked that the executive director report at the next work session after discussion with the Budd Inlet Partnership.

Commissioner Barner indicated that he attended the Thurston Regional Transportation Policy Board meeting. He indicated that he would make copies of the agenda and distribute to the other Commissioners.

President McGregor reported that he attended the Thurston Chamber forum at St. Martins, the Yelm Chamber Forum, and the WPPA conference in Tacoma on Wednesday and Thursday.

President McGregor indicated that he received an email from the Evergreen College on a seminar to be held on December 6, 2008 – Charting the Course, Preparing Our Communities for Carbon Regulation. It will be from 8:30 – 12:30. He noted that he has signed up to attend.

EXECUTIVE DIRECTOR REPORT

Mr. Ed Galligan indicated that we would be presenting the budget this evening for adoption. He noted that we have made some improvements, but much more to come. When we have fully staffed the finance department, we will be working to continue improvements.

Mr. Galligan reported that railroad supplies are arriving at the Port Marine Terminal and rail construction will begin shortly. The warehouse siding will be the first area to be worked on.

The construction of the guardhouse is completed and the maintenance crew is onto the next capital project, the camels that will be used for berthing the vessels. The first vessel to use these is slated for the end of December.

At the marina, Mr. Galligan noted that they applied and successfully secured a grant from BOATUS Foundation for a life jacket loaner program. Under the grant, a “kids don’t float” program will be set up to loan children life jackets if they do not have one for their day of boating.

Mr. Galligan indicated that the Port has issued an RFQ for developers and end users for the East Bay Development. Copies are available at the port, or can be downloaded from the website.

He indicated that the City of Tumwater is finalizing its way finding signage program, consistent with the Port’s plan. Thanks to the city for coordinating with the Port on improving directional and identification signage in the area. Copies are available for review.

He also reported that staff met with a state CTED representative last week to discuss potential grant/loan opportunities. Funding is available as a result of managing the Cardinal Glass effort under budget.

Mr. Galligan indicated that staff met with ODA last week to discuss areas of coordination. A copy of the ODA’s draft work plan is available for the Commission’s review.

Commissioner Barner indicated that he attended a session at the WPPA meeting with Heartland Associates, and was very impressed with his responses to the questions raised at that session.

LEGAL COUNSEL REPORT

Ms. Carolyn Lake provided the Commission with an update on the legal status. She indicated that the U.S. District Court of Western District of Washington at Seattle denied Mr. West’s Motion for Reconsideration of the Court’s previous Order granting Motion to dismiss defendants Stoel Rives (The attorneys for Weyerhaeuser company).

The Court rejected Mr. West’s arguments that the dismissal should be reversed due to (1) Mr. West’s claim that he was overwhelmed by paperwork, (2) that he was “not aware” of the motion, and (3) because his “injury” prevented a reply. The Court noted that Mr. West has demonstrated a litigation history that was inconsistent a claim that he was overwhelmed, that as Plaintiff Mr. West had an obligation to be aware of Motions, and finally, the Court took note that Mr. West’s claim of injury occurred a week after the date his reply to the motion was due. The Port has a similar Motion to Dismiss pending before the Court.

Ms. Lake reported that last week, Janice Witt and Steve Mason filed an appeal to Superior Court of the City Hearing Examiner’s Ruling in which he dismissed with conditions Ms Witt’s appeal of City of Olympia Weyerhaeuser’s Land Use approval. The first hearing is set for January 9, 2009.

She noted that Mr. West also appealed the Examiner’s dismissal of his related appeal of the Weyerhaeuser Project as well. So far the two appeals are on separate tracks at the Superior court level.

Ms. Lake indicated that we also received last week an appeal filed by Mr. West to the Pollution Control hearings Board of ecology’s approval of the Industrial general storm water permit in addition to the Port, Mr. West also named Weyerhaeuser Company in that appeal. On November 15 we received a copy of a bar complaint Mr. West filed against Ron Lavigne’ Ecology’s attorney in this case. In his complaint, Mr. West claims:

“Mr. Lavigne has concealed relevant evidence and misrepresented material facts concerning the issue (or the non-issue) of a permit or permit related approval by the DOE in late September or Early August of 2008. By concealing evidence of the actual nature of the DOE approval issued to allow storm water discharge from the Weyerhaeuser Log Yard in Olympia, under the terms of an expired Industrial Storm Water General Permit, Mr. Lavigne committed fraudulent concealment of material evidence and attempted to secure unfair advantage of an unrepresented person through misconduct and fraud. By concealing information relating to Clean Water Act permit conditions, Mr. Lavigne became a possible accessory to any criminal violations of the CWA that might be occurring at the project site.”

Ms. Lake provided an update on the West v. City Of Olympia, City Of Olympia Hearing Examiner, Port Of Olympia, Washington Cities Insurance Authority Thurston Co. Sup. Ct. No. 08-2-01949-4. She noted that this matter began as a Show Cause action brought by Mr. West against the City of Olympia on public records issues. After the Examiner denied Mr. West's appeal of various permits issued to the Port and Weyerhaeuser Company (GLG Matter No. 37 & 39), Mr. West amended his Complaint to include a LUPA appeal to Superior Court of that City of Olympia Dismissal and to bring causes of action against the City of Olympia hearing examiner. The Counsel for City Examiner filed a Motion to Dismiss the Examiner from this case. That hearing is set for December 12, 2008.

PUBLIC COMMENT

Bill Pilkey commented on remarks made by Bob Jacobs at a previous meeting. He submitted a public records requests for budget documents. He also raised many questions about the budget presented for 2009.

Arthur West commented on the public hearing on the Comprehensive Scheme of Harbor Improvements. He complimented the Port for being on the cutting edge of adopting this. He looked at other Ports and no other Port has been following the law.

Commissioner Barner asked if he could get a cost estimate to prepare answers to the questions Mr. Pilkey raised about cost analysis of the Marine Terminal.

President McGregor noted that we expect a ship from Weyerhaeuser at the end of December. They do have logs on dock for this ship. He noted that the budget is a tool, a best guess, as to how many ships we are getting in any given year. Things happened in the market place that we cannot control. There are many elements involved in getting a ship at a Port.

CONSENT CALENDAR

Minutes. The minutes from the October 15, 2008 Work Session, October 22, 2008 Work Session, and the October 27, 2008 meeting were unanimously approved.

Bills and Voucher Approval. The bills and vouchers batches 40-44 were unanimously approved in the amount of \$2,835,805.44. General Fund Checks Issued: 047532-047823. Voided Checks: 047507 and 047516.

BPMP Investment, LLC Assignments

Mrs. Kari Qvigstad indicated that we have two leases that have been in place for many years. These leases are now being assigned to BPMP Investments, LLC. The two parcels are as follows:

711 Tumwater Boulevard: The lease currently under Tumwater Airdustrial Investment was an assignment from Luko, Ltd. To Tumwater Airdustrial, in 2004 (original lease signed in 1997). The property is known as 711 Tumwater Boulevard.

The parcel consists of approximately 5.144 acres and is located along Tumwater Boulevard in the NewMarket Industrial Campus, and it has a remaining term of 18 years. The Tumwater Town Center zoning and guidelines requires office/commercial/retail uses. The Lease is now being assigned to BPMP Investments, LLC. The assignment provides the right to a future lease for redevelopment of the parcel to the current zoning, and includes requirement of an early termination agreement of the current lease. The New Lease has a term of 30 years with two options (25/20) under the new leasing rate policy. The New Lease and an early termination agreement must be signed no later than December 31, 2013.

The current rate of the lease is \$49,296/yr, and if the lease was to be in effect immediately, applying the new rate of 7.25% of the fair market value, as stated by policy, the lease would yield \$123,144/yr. However, the lease is subject to the then Port policy.

7511 NewMarket Street: The lease currently under Tumwater Airdustrial Investment was an assignment from Kaufman/Kaufman to Tumwater Airdustrial, in (original lease signed in 1971). The property is commonly known as 7511 NewMarket Street.

The parcel consists of approximately 3.05 acres and is located along NewMarket Street in the NewMarket Industrial Campus, and it has a remaining term of 13 years. The Tumwater Town Center zoning and guidelines requires office/commercial/retail uses. The Lease is now being assigned to BPMP Investments II, LLC. The assignment includes the right to a new lease for

redevelopment of the parcel to the current zoning, early termination of the current lease. The new lease includes a term of 30 years with two options (25/20) under the new leasing rate policy. The new lease commencement date will be no later than December 31, 2014.

The current rate of the lease is \$60,672/yr, and if the lease was to be in effect immediately, applying the new rate of 7.25% of the fair market value, as stated by policy, the lease would yield \$76,665/yr. However, the lease is subject to the then Port policy.

Commissioner Telford moved that the Commission ratify the lease assignment for 711 Tumwater Boulevard and 7511 NewMarket Street to BPMP Investments, LLC. Commissioner Barner seconded the motion. The motion passed unanimously.

Stan C Lease Amendment

Stan-C Stores (Stan Parker) leases the Shell Station located at the corner of Plum Street and State Avenue owned by the Port. The five-year term effective March 1, 2007 through February 28, 2012, allows for an early termination clause that went into effect September 1, 2008, giving the Port right to terminate the lease with a 30-day notice. This clause was recommended and approved by the Port Commission as part of the lease, in anticipation of the redevelopment at East Bay.

Since redevelopment of the district is not expected immediately, Tenant requested the Port's right to terminate the lease not be exercised any earlier than June 30, 2009.

Commissioner Barner moved that the Commission ratify the Lease Amendment No. 2 confirming to Tenant that the termination right will not be exercised by the Port any earlier than June 30, 2009. Commissioner Telford seconded the motion. The motion passed unanimously.

ACTION CALENDAR

Expand Scope of Work for East Bay Development Environmental Services Project

Ms. Joanne Snarski indicated that authorization is requested to expand the scope of the existing Engineering Professional Services Contract No. 2008-1042 with Pioneer Technologies Corporation for the East Bay Environmental Services and Cleanup Project.

She indicated that on July 30, 2008 the Executive Director authorized a consultant contract for \$25,000 with Pioneer Technologies Corporation to support the development of the Interim Action Work plan, the Interim Action Report and the Remedial Investigation/Feasibility Study Report required by the State Department of Ecology under our Agreed Order. The work included support project team in negotiations with the Department of Ecology; develop cleanup levels for groundwater for constituents of concern; participate in meetings with Port and DOE and to develop and implement a risk communication strategy for successfully interacting with stakeholders.

Ms. Snarski noted that on October 31, 2008, the Executive Director authorized an additional \$19,990 to Pioneer Technologies Corporation to Complete Phase 1 fieldwork including collection of soil samples, coordinate laboratory analyses and complete utility location work prior to conducting the fieldwork.

She commented that due to redirection by Department of Ecology, the consultant supported the completion of a Remedial Investigation Work Plan (RI Work Plan) to satisfy Ecology requirements. After completion of this task and prior to moving forward on the Infrastructure Interim Action Plan, Port staff determined it was appropriate to re-scope the remaining work required under the Agreed Order. Staff evaluated the two firms that have been providing environmental technical services on the East Bay project for the last several months. These consultants were considered because each worked on the development of the recently completed RI Work Plan and were best suited for rapidly moving forward on the project.

Ms. Snarski noted that the RI Work Plan identified and required additional soil sampling that is necessary to incorporate into a final Infrastructure Interim Action Plan and is referred to as the Phase I soil borings/samples.

She indicated that the selection process consisted of a one-hour interview of each of the consultants. Consultants were scored at the interview based on the following experience factors: MTCA cleanups, establishing risk based cleanup levels, risk communication, knowledge of the site, experience with complex site conditions, soil handling and planning and fiscal responsibility

and Project Management. Pioneer Technologies Corporation received the highest score and is recommended for this work.

Ms. Snarski indicated that this authorization expands the scope of services to include three additional tasks. Task 1 includes both required and optional subtasks. Tasks 1 and 2 are specific towards completion of the obligations identified in the Agreed Order with Department of Ecology. Task 3 is optional pre-feasibility study support work to evaluate contaminant cleanup levels and cleanup options.

Task	Description	Cost
Task 1	Project management, phase 1 RI technical memorandum, optimize phase 2 sampling plan, implement phase 2 soil and groundwater sampling and (possible) well installation, data management, terrestrial ecological evaluation, draft and finalize RI report, public participation support and technical coordination with team members. This task also includes additional supplemental soil and groundwater sample collection using non optimized sampling plan, risk communication support.	\$310,604
Task 2	Project management, present risk based RI concepts to Ecology, draft and finalize IAP, public participation support.	\$81,665
Task 3	Project management, draft cleanup levels and planning for long-term cleanup assessments	\$26,826
	Total costs:	\$419,095

She noted that the project is currently budgeted at a total of \$10,987,088. The environmental portion of this project is over budget by more than 100%, however the final cost estimate will not be available until after the work called for in the RI Work plan is completed, which is in the scope of this work.

Ms. Snarski requested that the scope of work for Contract 2008-1042 with Pioneer Technologies Corporation be expanded in an amount not to exceed \$419,095 to provide environmental services in support of the East Bay Cleanup Project and the Infrastructure Project.

Previous Executive Authorizations	\$44,900.00
This Requested Increase	\$419,095.00
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Total Revised Not to Exceed Amount:	\$463,995.00

Commissioner Barner moved to authorize the Executive Director to expand the scope of work for Contract No. 2008-1042 with Pioneer Technologies Corporation in an amount not to exceed \$419,095.00 for a total authorization of \$463,995.00 Project No. PR0705, the East Bay Cleanup Project. President McGregor seconded the motion. The motion passed with a 2-0 vote. Commissioner Telford abstained from voting.

Commissioner Barner acknowledged all the staff work that has went into this process. Mr. Lincoln specifically recognized Joanne Snarski and her work on this project. President McGregor asked for a breakdown on costs of this project at a future meeting or work session.

Expand Scope of Work for Cascade Pole Capping Design Project

Mr. Jeff Lincoln indicated that authorization is requested to expand the scope of the existing Engineering Professional Services Contract No. 2005-1010 with R. W. Droll Landscape Architect for the Cascade Pole Phase II Capping project.

He noted that R. W. Droll is the landscape architect that designed the Cascade Pole Site public area amenities for the unpaved areas from top of soils cap up; the retaining wall design along Marine Drive portion of the Phase II area; and prepared the landscaping plans and specifications.

Mr. Lincoln indicated that the original contract award amount was \$37,680.00. Two amendments were previously issued totaling \$42,958.00. The issuance of the contract and amendments occurred prior to the new Master Policy Resolution, which requires Commission approval for Architect/Engineer contracts exceeding \$50,000. This contract remains within scope and budget.

He noted that we are now in construction of the Cascade Pole Site Phase II capping. This authorization expands the scope of services to include inspection of the planting placement, trail layout, layout of boulder placement, consulting for irrigation installation, layout and testing, and

final punch list preparation and review. This project is in the final phases and the results are expected to be outstanding.

Mr. Lincoln indicated that authorization is requested to expand the scope of the existing Engineering Professional Services Contract No. 2005-1010 with R. W. Droll Landscape Architect for the Cascade Pole Phase II Capping project.

Previously Authorized:	\$80,638.00
This Requested Increase	\$5,000.00
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Total Revised Not to Exceed Amount:	\$85,638.00

President McGregor asked what the warranty for the irrigation system is. Mr. Lincoln indicated the period is for one year. Commissioner Barner asked about the size of the vegetation. Mr. Lincoln indicated it would be low enough for the view, but high enough to block the headlights.

Commissioner Barner moved to authorize the Executive Director to expand the scope of the existing Engineering Professional Services Contract No. 2005-1010 with R. W. Droll Landscape Architect for the Cascade Pole Phase II Capping project, in an amount of \$5,000 for a total contract amount not to exceed \$85,638.00. President McGregor seconded the motion. The motion passed 2-1. Commissioner Telford voted against the motion.

Commissioner Barner indicated that this clean up started many years ago and it will be nice at some point that we can go back and look at if there are any way to go back and recover some of the public dollars from McFarland Cascade. Mr. Lincoln indicated that the insurance settlements with McFarland pre-dates many of the staff, we would need to do some investigations into the history of the project. Commissioner Telford indicated that he point is well taken, that we should do a tally to see where we are with this project. Mr. Lincoln indicated that the Dept. of Ecology can go back, but the Port probably cannot.

Resolution 2008-25 - Impoundments

President McGregor indicated that this proposed change to Resolution 2008-14, which is now Resolution 2008-25, Impoundment and/or Sale of Aircraft, Vessel, and other Personal Property, is to codify the Commission direction concerning procedures related to the value of property impounded and auctioned by the Port. The change is to advertise above and beyond the requirement of the legal notice. In addition, the change to the resolution changes the threshold amount to \$5,000.

This was brought to the Commission at the October 27, 2008 meeting as an advisory.

Commissioner Telford moved approval of Resolution 2008-25, Impoundment and/or Sale of Aircraft, Vessel, and other Personal Property. Commissioner Barner seconded the motion. The motion passed unanimously.

2009 Operating Budget and Capital Investment Plan Overview

Mr. Rudy Rudolph provided the Commission with an overview of the final 2009 Operating Budget and Capital Investment Plan. He reviewed the public process for the adoption of the budget that included six public meetings.

In addition, Mr. Rudolph reviewed the summary of the annual budget including the Reserve Account balances and 2008 Bond proceeds funding as well as the tax levy proposed for 2009.

He reviewed the operating budget by department including general and administrative overhead. Mr. Rudolph reviewed the proposed 2009 Capital Investment Plan including the new projects for 2009 as well as the continuing project for 2009.

He provided a Port Financial summary including the sources of funds and uses of funds. Mr. Rudolph presented the Commission with the following Resolutions to adopt the budget.

Resolution 2008-26, Tax Levy Capacity

Mr. Rudolph indicated that Resolution 2008-26 authorizes an increase in the tax levy capacity.

Commissioner Telford indicated that both the State Auditor and the County Assessor say that this is not required and should be removed. He stated that this resolution has routinely been done in the past and he never understood why. It is probably a carryover form before the tax increase limitation initiatives.

Mr. Galligan indicated the value to the Resolution is communicating with the public what the lawful amount is that the Port can levy. President McGregor indicated that he also finds this Resolution confusing to the public.

Commissioner Barner suggested that we could place a narrative in the budget to replace this resolution.

Commissioner Telford moved that Resolution 2008-26 be deleted from the budget. Commissioner Barner seconded the motion. However, he would like a narrative in the budget on the change that is made. Commissioner Telford commented that the county auditor prepares the form that states the taxing limits. The motion passed unanimously.

Resolution 2008-27, Tax Levy for 2009

Mr. Rudolph indicated that Resolution 2008-27 adopts the Port's 2008 levy for 2009 collection. Resolution 2008-27 is in the format required by the Thurston County Assessor's Office, which when adopted will allow the Assessor's Office to calculate the tax levy amount equal to the prior year plus an increase for the value of new construction.

Commissioner Telford indicated that he would like to make an amendment to the Resolution before the Commission. He would like to add a sentence to the bottom of the Resolution to include:

The total estimated levy including additional revenue resulting from new construction, improvements to property, newly constructed wind turbines, and any increase in the value of state assessed property, any annexations that have occurred and refunds made for Port budget purposes is \$4,517,520.

Commissioner Telford moved approval of Resolution 2008-07 pursuant to RCW 84.55.120 the Port of Olympia 2009 Tax Levy in the amount of \$4,517,520 representing a zero dollar and zero percent increase over the previous year and the resolution to include the above language in the final resolution. Commissioner Barner seconded the motion. The motion passed unanimously.

Resolution 2008-28, Rates and Fees for 2009

Mr. Rudolph indicated that Resolution 2008-28 establishes Proprietary-Type User Charges For Port Goods & Services. The staff provided a briefing at a work session last week discussing the details of the rates and fees.

Commissioner Telford moved to approve Resolution 2008-28 Port of Olympia Proprietary-Type User Charges for Port Goods and Services. Commissioner Barner seconded the motion. The motion passed unanimously.

Resolution 2008-29, Commissioner Per diem

Mr. Rudolph indicated that Resolution 2008-29 was presented at the November 10, 2008 Commission meeting for commission discussion and consideration. The resolution reduces the number of meetings a commissioner can claim for 2009.

Commissioner Telford indicated that as long as the cash for Sand in the City and the Music in the Plaza is in the budget, he no longer supports this Resolution.

President McGregor indicated this is a good Resolution and individual Commissioners can voluntarily reduce the amount of meetings claimed.

Commissioner Barner moved approval of the Resolution 2008-29, Commissioner Per diem. President McGregor seconded the motion. The motion passed unanimously.

Resolution 2008-30, 2009 Operating Budget and Capital Investment Plan

Resolution 2008-30 Authorizes Acceptance, Approval, and Adoption of the Final Annual Operating Budget and Capital Investment Plan for 2009 Pursuant to RCW 53.35.045.

Commissioner Telford moved Resolution 2008-30, 2009 Operating Budget and the Capital Investment Plan.

He noted that he would like under community events that the \$8,000 in the budget for tours for Lakefair be expanded that it be for Lakefair and or Harbor Days, either or both events.

President McGregor indicated that the Commission put 2.9% for a pool for administrative merits. At the time we made that decision, we did not know what the other entities are doing. He noted that the City of Lacey, Olympia, and Tumwater and the Thurston County are all budgeting for 4% plus. He indicated that the consultants recommended 3.8% be placed in the budget.

Commissioner Barner indicated that he is not personally comfortable using these other entities as a bench mark for our salaries, however everyone is asked to do more with less. He would be comfortable with a 3.5% increase. We don't know what the economy is going to do to us at the Marina, Marine Terminal, and our leases. If we want to revisit this mid year if our revenues are healthy. He commented that he did not want to commit us to something we can't deliver.

President McGregor indicated that we could use the funding for the one non-filled position and add that to the merit pool.

Commissioner Telford moved to amend the motion to adopt Resolution 2008-30 with an increase to the merit pool taking the pool to 3.5% with the understanding that one of the vacant positions will not be filled. Commissioner Barner seconded the amended motion. The motion was approved unanimously.

President McGregor thanked Rudy Rudolph, John Freedman, and Lorie Watson for their work on the budget and all the staff for their contributions to cutbacks in making this budget process successful.

ACTION/OTHER CALENDAR

East Bay Cable Easement Agreement with LOTT Alliance

Mrs. Kari Qvigstad indicated that the Port of Olympia and LOTT Alliance (LOTT) entered into a Purchase and Sale Agreement on the East Bay Parcel #8 in August 2007, anticipating a closing date of February 2008. The closing was delayed to October 2008 and then again to October 31, 2009.

She noted that LOTT has determined they need an easement to relocate fiber-optic, phone and other cabling associated with their existing and future operations along the west side of East Bay Parcel #8 before they start their general construction for the administration building and before the start of associated PSE utility relocation work. LOTT has proposed a 15-foot wide easement on East Bay Parcel #8 along the west side of the parcel from the Thurston Avenue right of way bordering their property.

Mrs. Qvigstad indicated that to accommodate LOTT's timeline, an easement provides access and use of the property while protecting LOTT's investment in needed infrastructure prior to closing of the Purchase & Sale Agreement. To protect the Port, a provision is included such that if the property is not conveyed to LOTT and the property loses value for future development as a result of the easement, LOTT will reimburse the Port for the difference in land value or remove the infrastructure.

Commissioner Barner moved to approve the Cable Easement Agreement with LOTT Alliance for investment of infrastructure prior to closing of the Purchase & Sale Agreement; and to delegate authority to the Executive Director to sign the Cable Easement Agreement upon LOTT's approval of the agreement. Commissioner Telford seconded the motion.

Arthur West asked if this is encompassed in the shoreline permit and plans or if this is an addition. Ms. Qvigstad indicated this is outside of the shoreline permit. Mr. Goodstein indicated that this installation would go in by LOTT after the closing of this parcel. Because the parcel has not closed, LOTT is asking to put this improvement in now.

The motion passed unanimously.

Comprehensive Scheme of Harbor Improvements – Public Hearing

Mr. Jeff Lincoln indicated that we received a letter today from the City of Tumwater and asked that their letter be read into the record. They noted that the document is very reader-friendly. They commented on the Draft Scheme, the Historic Commission wanted to comment on an action found on pages 18 & 19 regarding Other Airport Facilities, specifically the Washington State Patrol Hanger Life Cycle Cost Evaluation. They indicated that this hangar, currently occupied by

the WSP is well beyond its useful life. This project will evaluate the life cycle and reinvestment costs associated with this facility to assist in capital decision-making. They noted that they support that action, being mindful of the historic legacy of the Olympia Airport Terminal and that this structure is listed on the Tumwater Historic Register. They asked for a copy of the life cycle report when it is available.

Mr. Lincoln indicated that at the Port Commission Meeting of November 10, 2008 Staff recommended that the Port Commission modify the titles to its planning documents to more clearly identify those documents through which the Port complies with the Port-planning framework envisioned under RCW 53.20.010, which requires a Comprehensive Scheme of Harbor Improvements.

Mr. Lincoln noted that the planning document titles currently used are terms strongly associated with the Growth Management Act Comprehensive Planning framework required for select cities and counties (but NOT applicable to Ports) under Chapter RCW 36.70A.

He indicated that staff recommended that the Comprehensive Scheme of Harbor Improvements be organized to include the maps of the land use districts identified in the Port Design Guidelines, and include the capital budget for the upcoming fiscal year as well as project descriptions and maps for the upcoming projects both authorized or under consideration by the commission. Staff recommends that the detailed planning that has been accomplished in the past and recently be continued, especially those elements long identified by management as essential to the continuity and strategic vision of the Port. These include the Strategic Planning portion of the currently adopted "Comprehensive Plan", the land use plans, the Ports business plans, Airport Master plan and Lay-out Plan, and the planning accomplished under the Priority Initiatives. The revised organization of the Comprehensive Scheme of Harbor Improvements is described below.

- (1) The Port's bundle of planning documents to be "officially" re-titled as the Port's Comprehensive Scheme of Harbor Improvements, which is composed of the following elements:

Tab 1 -Map of District Maps. Provides the linkage between the Port Development Guidelines and the projects budgeted that year, updated annually.

Tab 2 – Descriptions of the projects planned for the upcoming year, along with the Capital Budget for the upcoming year, and,

Tab 3 - Potential Future Projects under planning by the staff and for consideration of the Commission, including descriptions or scopes and maps as available.

- (2) The balance of the Port's Planning tools be re-titled as Port Management Tools (Supplemental to the Port's Comprehensive Scheme of Harbor Improvements)
Strategic Plan
(Formerly Chapter 2 to Comprehensive Plan)
Conceptual Port Development Plan
(Formerly Chapter 3 -"Land Use Plan")¹
Airport Master Plan, to include as appendixes all other Airport planning documents and maps, (formerly Chapter 4)
All other Port "Forecasting Documents," i.e., The Port's adopted priority initiatives, the current Port business plans, and various other planning documents

He noted that the re-titling of the Port Management Tools does not result in any substantive changes to the content of the documents or diminish in any way their binding force and effect. Changes or updates to the CSHI or other Port management tools can be addressed at the pleasure of the Commission in the future.

He noted that the current draft of this Comprehensive Scheme of Harbor Improvements along with the historic document (the '94-95 Comprehensive Plan) is available on the Ports web site.

Commissioner Barner asked about page 5, the overview of the Ports ownership, it is showing the tidelands at West Bay. Mr. Lincoln indicated the Port retained the tidelands for future mitigation.

As called for in RCW 53.20.010 the Commission convened a public hearing to take public comment on the document.

Sharron Coontz commented about the reference to the Oak Tree at the airport. If there is any plan to do anything with that the public should be aware of it. Commissioner Barner indicated he

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was involved as County Commissioner in preserving the Oak Tree and the road was realigned to protect it.

Arthur West thanked the Commissioners for moving to adopt this Comprehensive Scheme. He noted that the project specific drawings are not as specific as they might be. He also commented on the ½ acre paving on the Marine Terminal. He commented on the lease with the Port of Tacoma that Weyerhaeuser has. He asked if an environmental review would be required for the changes suggested in the document.

President McGregor closed the public hearing with no further public comment.

Commissioner Telford commented on page 18 – description on potential air service. He did not understand what this might be since the terminal is already underutilized. He also noted that he has made comments on the latest draft and he feels that we are there.

Commissioner Barner indicated that Mr. West did not include the lease in it's entirety and it doesn't indicate the termination options are. President McGregor indicated that this lease indicates to him that they need to operate out of both Ports until they are moved to Olympia. The lease also has a huge financial incentive to get out of the Tacoma Port by 2010.

ANNOUNCEMENTS

President McGregor announced that there would be only one meeting in December on December 8th. The December 22nd meeting is cancelled.

ADJOURNMENT

President McGregor adjourned the meeting of November 24, 2008 at 8:18 p.m.

PORT OF OLYMPIA COMMISSION

President

Vice President

Secretary-Treasurer