



Port Commission Special Meeting / Work Session

Monday, October 3, 2022

2:30 – 5:00 pm

Percival Plaza – Olympics Room
626 Columbia Street NW
Olympia WA 98501

The meeting agenda is available on the Port's website as of September 29, 2022.

<https://www.portolympia.com/commission>

The public may join the meeting from computer, tablet or smartphone at:

<https://us02web.zoom.us/j/81100499143?pwd=VkN0a281OUY1WIRrYmRweGp0eGxZUT09>

Or Telephone: 1 253 215 8782

Webinar ID: 811 0049 9143

Passcode: 963900

Please note that the Zoom link changes for each meeting.

Written public comments may be submitted to commissioncoordinator@portolympia.com by 12:00 p.m. on the date of the meeting. All written comments will be compiled and sent to the Commissioners prior to the meeting.

Verbal public comment is accepted in person at the meeting. If an individual would have difficulty physically attending the meeting, they may request the option to provide verbal comment remotely.

If you wish to make verbal public comment remotely, **please register in advance by 12:00 p.m. the day of the meeting by emailing commissioncoordinator@portolympia.com.**

Please indicate the method which you will be giving public comment (computer or phone).
Individual public comments are limited to 3 minutes per person.

| NOTICE OF SPECIAL MEETING/WORK SESSION | - **Revised**

Notice is hereby given that a quorum of Port of Olympia Commissioners may be in attendance at the following planned Work Session.

Monday, October 3, 2022

2:30 – 5:00 pm

Percival Plaza – Olympics Room
626 Columbia Street NW
Olympia, WA 98501

Port of Olympia Mission

Create economic opportunities by connecting Thurston County to the world by air, land & sea.

AGENDA

1. Call to Order
2. Approval of Agenda
3. Public Comment
4. Action/Other: Agreement on Preferred Alternative for Redistricting Plan related to Proposition 1 to Increase the Number of Port Commissioners from 3 to 5
 - a. Public Comment related to Action/Other
5. Budget Work Session 2 – Operating Budget and Capital Improvement Plan, and Review of Port Financial Measures
6. Capitol Lake – Deschutes Estuary Long Term Management Plan Funding and Governance Work Group Memorandum of Understanding – Final Draft
7. Upcoming Topics and Agenda Items
8. Adjourn



COMMISSION WORK SESSION

<u>BRIEFING DATE/TIME:</u>	October 3, 2022
<u>DEPARTMENT:</u>	Executive
<u>STAFF CONTACT/TITLE:</u>	Sam Gibboney Telephone: 360.528.8001 Email: samg@portolympia.com
<u>TOPIC:</u>	Redistricting Process
<u>PURPOSE:</u> <i>Check all that apply</i>	<input type="checkbox"/> Information only <input checked="" type="checkbox"/> Decision needed <input type="checkbox"/> Follow up from previous briefing
<u>BACKGROUND & OVERVIEW:</u>	
<p>At the July 25, 2022 Port Commission meeting, the Commission approved Resolution 2022-07 to submit to the voters of Thurston County a ballot proposition to increase the number of Port Commissions from three to five with each assigned to five newly drawn and separate districts. The Commission also approved a Memorandum of Understanding with Thurston County, which sets into motion collaborative efforts to form the new Commissioner districts.</p> <p>The ballot proposition will appear at the general election on November 8, 2022 election. If the ballot proposition receives majority voter approval, the two new Commissioner positions would be filled at the 2023 general election.</p> <p>A draft timeline was developed by the County Manager and Port Executive Director and was presented to the Port Commission and the Redistricting Committee. The timeline has been modified and is attached for reference.</p> <p>Consistent with RCW 52.12.130, if voters approve the increase in Commission positions at the November 8, 2022 election, the five new districts must be formed by January 1, 2023. Pursuant to Joint Resolution 2021-11 between Thurston County and the Port, a committee consisting of the County Commission Chair, the Port Commission Chair, and the County Auditor (serving as a non-voting member) convened to consider the formation of the five new districts. The committee was supported by county and port staff including the county manager, county Information Technology department and elections staff, and the Port's executive director.</p> <p>The Redistricting Committee met three times to review objectives of the process and the subsequent alternatives. The objectives of redistricting are:</p> <ul style="list-style-type: none">• Have one-fifth of the population of the county,• maintain the current commissioners in their elected districts,• follow precinct lines,• maintain communities of mutual interest,• be as compact and contiguous as possible, and• not be gerrymandered.	

The Redistricting Committee was presented three options for district boundaries (Options A, B & C, attached.) On Friday, September 9, the Redistricting Committee agreed to move forward redistricting map Options B and C for review by the Board of County Commissioners and the Port of Olympia. On Wednesday, September 28, the Board of County Commissioners unanimously agreed on map draft option C as the Thurston County preferred alternative.

The action before the Commission is to agree on either Option B or Option C as the preferred alternative for the Port of Olympia.

NEXT STEPS/TIMEFRAME: *Based on the Commission's recommendation, describe the next steps required in order to bring this item to conclusion. Include the time frame for each step.*

If the Port Commission agrees on the same option as the Thurston County BOCC (Option C), then this option would be presented at separate public hearings for both the Port and Thurston County on November 29, 2022. If the Port Commission agrees on Option B as its preferred alternative, then a joint meeting or meetings will be held during the weeks of October 10th and/or October 17th to review and reconcile the final draft of the redistricting plan. Both the Port and Thurston County would then proceed to conduct separate public hearings on this final version on November 29, 2022.

DOCUMENTS ATTACHED:

- Redistricting Committee objectives & timeline (updated 10-03-22)
- Redistricting Maps

SUMMARY & FINANCIAL IMPACT:

Staff estimated one-time costs of redistricting at \$381,000. Ongoing annual costs were estimated at \$145,500 and election costs were estimated at \$200,000 per election cycle.

AFFECTED PARTIES:

Citizens of Thurston County
Port of Olympia Commission
Thurston County Board of County Commissioners
Thurston County Auditor



Five-Member Commission Redistricting Preferred Alternative

October 3, 2022
SAM GIBBONEY
EXECUTIVE DIRECTOR



FIVE MEMBER BALLOT PROPOSITION INFORMATION

Port's Website Address for Information:

<https://portolympia.com/commission/port-of-olympia-proposition-no-1/>

Thurston County's Website Address for Information:

<https://www.thurstoncountywa.gov/bocc/Pages/bocc-exp-info.aspx>



Background

Collaboration & Joint Resolution

- RCW 53.12.130
- Joint Resolution of Intent – December 2021
- Thurston County passed Resolution on July 19, 2022
- Port Commission passed Resolution 2022-07 July 25, 2022
- Ballot propositions were submitted by August 2, 2022



3

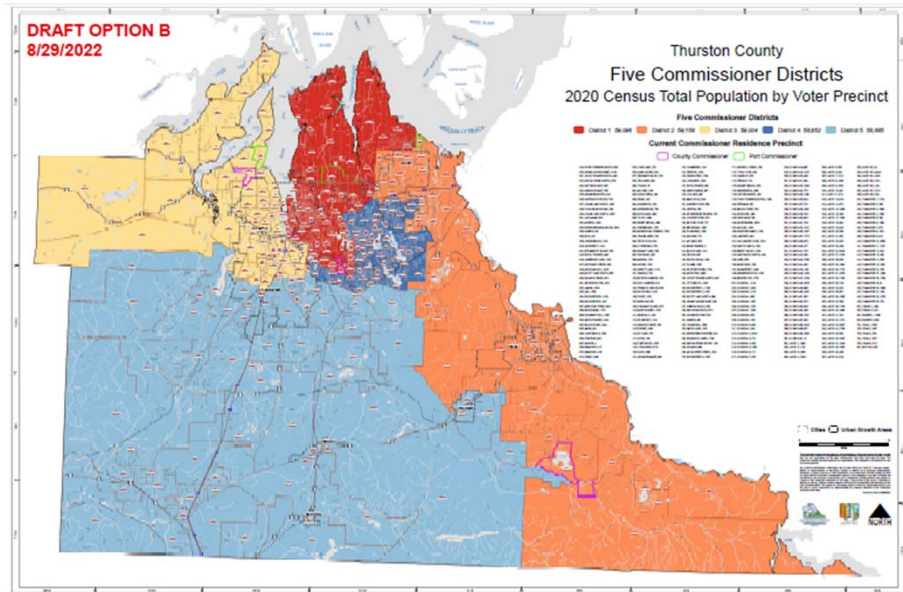
Redistricting Process

- **August 12 through September 19**
 - *Redistricting Committee selected two options for consideration*
- **September 29th**
 - *BOCC identified Thurston County's Preferred Alternative*
- **Weeks of October 10th and October 17th**
 - *Joint work sessions to review (if necessary)*

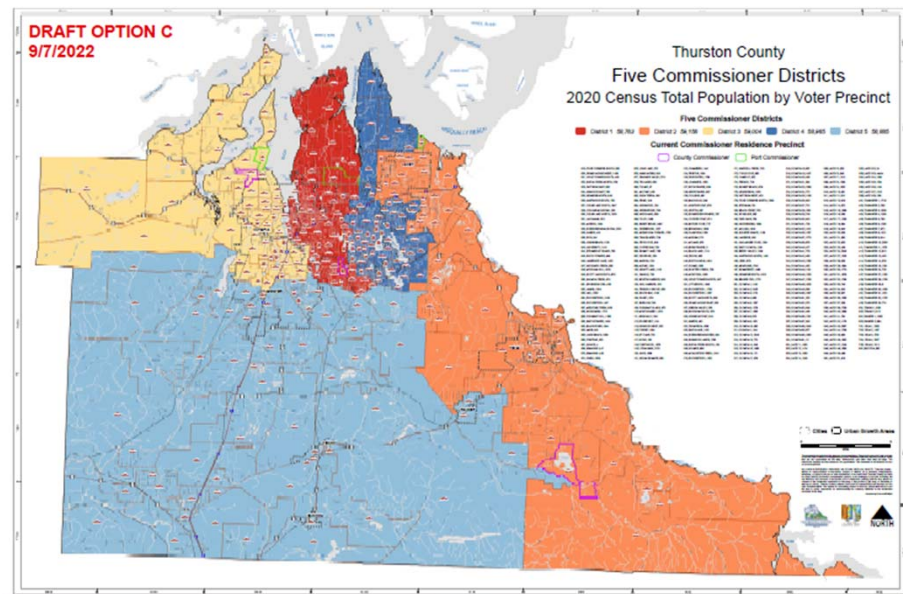


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Option B



Option C



Redistricting Process

- *November 8th* *General Election*
- *November 21st* *Publish the Proposed District Map*
- *November 29th* *Hold Public Hearing*
- *December 2nd* *Redistricting Committee considers public comment*
- *December 12th* *Port Commission Approval*
- *December 13th* *BoCC Approval*
- *December 20th* *Submit to County Auditor*

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Election for New Commissioner Positions

- Next ***District*** general election
- Port in 2023



8



Cost Considerations

One Time Costs	2022	2023	Total
Ballot Proposition Election	75,000		
Initial Election Costs for Two New Commissioner Seats		200,000	
Redistricting Plan	15,000		
Ballot Educational Materials	41,000		
Legal	20,000		
Facility Remodel		20,000	
IT & Communication hardware		10,000	
	\$ 151,000	\$ 230,000	\$ 381,000
On-Going Costs	Annual	Election Costs	Total
Additional Stipend & Benefits for Two New Commissioners	82,000		
Additional Travel Costs	3,500		
Additional Administrative Staff Support (0.5 FTE + General Legal)	60,000		
Additional Election Costs (per 4 year cycle)		200,000	
	\$ 145,500	\$ 200,000	\$ 345,500

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Sample Motion

*Move to agree that Option _____
of the Redistricting Maps as presented is the Preferred
Alternative of the Port of Olympia Commission.*

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Redistricting Committee
Thurston County & Port of Olympia
SPECIAL MEETING NOTICE
Friday, September 9, 2022
3:00 to 4:00 pm
Building 1, Room 280 & Zoom



SPECIAL MEETING NOTICE

DATE	SEPTEMBER 9, 2022
TIME	3:00PM to 4:00PM
PLACE	THURSTON COUNTY COURTHOUSE BUILDING 1, ROOM 280 2000 LAKERIDGE DRIVE SW OLYMPIA WA 98502
ZOOM	Zoom Registration: https://us02web.zoom.us/meeting/register/tZYkduisqj4rE9zMV3SJmKs8qNI0vdYL-DxV After registering, you will receive a confirmation email containing information about joining the meeting.
CONTACT	KATELYN JOHNSON, EXECUTIVE ASSISTANT 360-786-5440

AGENDA

- I. Welcome**
- II. Review Major Objectives and Timelines**
- III. Review Draft Boundaries Map**
 - 1. Interactive conversation**
- IV. Next steps**
- V. Adjourn**

Disability Accommodations: Room 280 is equipped with an assistive listening system and is wheelchair accessible. To request disability accommodations, call the Reasonable Accommodation Coordinator at least 3 days prior to the meeting at 360-786-5440. Persons with speech or hearing disabilities may call via Washington Relay at 711 or 800-833-6388.

DRAFT OPTION A
8/29/2022

Thurston County Five Commissioner Districts 2020 Census Total Population by Voter Precinct

Five Commissioner Districts

District 1 59,096 District 2 59,310 District 3 59,004 District 4 58,773 District 5 58,610

Current Commissioner Residence Precinct

County Commissioner Port Commissioner

019, FOUR CORNERS SOUTH, 592	075, LONG LAKE, 273	122, CHAMBERS, 1441	171, WADDELL CREEK, 752	218, OLYMPIA 18, 897	305, LACEY 5, 520	352, LACEY 52, 24
020, GRAND MOUND WEST, 1436	076, HAWK ACRES, 916	124, FRISTOE, 1004	172, TYKLE COVE, 662	219, OLYMPIA 19, 1437	306, LACEY 6, 645	353, LACEY 53, <Null>
021, VIOLET PRAIRIE SOUTH, 450	077, ZENKNER VALLEY, 270	125, DESCHUTES, 1759	173, CAMELOT, 522	220, OLYMPIA 20, 495	307, LACEY 7, 1212	354, LACEY 54, 1266
022, EATON CREEK NORTH, 378	078, TRI LAKES, 830	126, LONGMIRE, 1063	174, FRENCH, 718	221, OLYMPIA 21, 964	308, LACEY 8, 1280	355, LACEY 55, 1234
023, PATTONS EAST, 820	080, TOLMIE, 37	127, LUTHER PRAIRIE, 568	175, SUNSET BEACH, 978	223, OLYMPIA 23, 1089	309, LACEY 9, 1032	356, LACEY 56, 1104
024, KINWOOD EAST, 795	081, MILITARY, 436	128, WEIR PRAIRIE, 597	176, HENDERSON, 1003	224, OLYMPIA 24, 772	310, LACEY 10, 651	357, LACEY 57, 1215
025, HENNESS NORTH, 646	082, GLEN TERRA, 195	129, COLLEGE, 851	178, PATTONS WEST, 423	225, OLYMPIA 25, 1195	311, LACEY 11, 510	358, LACEY 58, 1391
026, HARTWOOD SOUTH, 762	083, PRINE, 246	130, BALD HILLS, 548	179, FOUR CORNERS NORTH, 1380	226, OLYMPIA 26, 643	313, LACEY 13, 616	401, TUMWATER 1, 1718
027, CLEAR LAKE SOUTH, 1647	084, GLENWOOD, 334	131, HUNTER POINT, 578	180, STEDMAN, 791	227, OLYMPIA 27, 774	314, LACEY 14, 672	402, TUMWATER 2, 766
028, COUGAR MOUNTAIN, 233	086, GREENRIDGE, 790	132, GRIFFIN, 687	183, BEACH CREST, 752	228, OLYMPIA 28, 1581	315, LACEY 15, 1689	403, TUMWATER 3, 1598
030, CLEAR LAKE NORTH, 1303	088, WOODLAND, 586	133, SCHNEIDERS PRAIRIE, 797	184, SCHELLER, 393	229, OLYMPIA 29, 749	316, LACEY 16, 395	404, TUMWATER 4, 1290
031, LACKAMAS, 362	089, TILLEY, 1489	134, COOPER POINT, 674	185, FAIR OAKS, 708	230, OLYMPIA 30, 843	317, LACEY 17, 1256	405, TUMWATER 5, 780
032, MORRIS, 1348	090, SWEET BRIAR, 1485	135, BUTLER COVE, 727	186, WILDERNESS, 1589	231, OLYMPIA 31, 726	318, LACEY 18, 994	406, TUMWATER 6, 1285
033, EVERGREEN BALLROOM, 2521	091, DEERBRUSH, 1227	136, BROADWAY, 1566	187, MULLEN, 1646	232, OLYMPIA 32, 1431	319, LACEY 19, 940	407, TUMWATER 7, 672
035, KAISER, 410	092, MUSHROOM CORNER, 1755	139, PLAINVIEW, 1268	189, SLEATER KINNEY, 1136	235, OLYMPIA 35, 1307	320, LACEY 20, 536	408, TUMWATER 8, 1321
036, RICH, 941	093, TRAILBLAZER, 728	140, MUD BAY, 721	190, LAKESIDE, 545	237, OLYMPIA 37, 1773	321, LACEY 21, 592	409, TUMWATER 9, 814
039, JONES BEACH, 1128	094, FRYE COVE, 919	141, MC LANE, 673	191, GALLAGHER COVE, 1204	239, OLYMPIA 39, 677	322, LACEY 22, 623	410, TUMWATER 10, 2053
043, UNIVERSITY, 1142	095, OYSTER BAY, 733	143, BUSH PRAIRIE, 3	192, EAST OLYMPIA, 1281	240, OLYMPIA 40, 479	323, LACEY 23, 438	411, TUMWATER 11, 1270
044, STEAMBOAT ISLAND, 700	096, SUMMIT LAKE, 795	144, BLACK LAKE, 1114	193, BERRY VALLEY, 1248	241, OLYMPIA 41, 723	324, LACEY 24, 2045	412, TUMWATER 12, 813
045, ROCKY PRAIRIE, 846	097, DELRIDGE, 253	145, DELPHI, 802	194, HARTWOOD NORTH, 1461	242, OLYMPIA 42, 455	327, LACEY 27, 1325	413, TUMWATER 13, 453
046, LAWRENCE LAKE, 1492	098, MARVIN, 1231	146, SOUTH UNION, 1484	195, LIBBY, 679	243, OLYMPIA 43, 1285	328, LACEY 28, 636	414, TUMWATER 14, 578
047, WOODARD CREEK, 890	099, ALPINE, 1324	147, PLUMB, 1056	197, SUMMERSET, 1488	244, OLYMPIA 44, 482	329, LACEY 29, 1984	415, TUMWATER 15, 1361
048, MICHIGAN HILL, 1029	100, HEWITT LAKE, 1143	148, SCATTER CREEK, 729	198, HENNESS SOUTH, 1430	245, OLYMPIA 45, 1161	330, LACEY 30, 1773	424, TUMWATER 24, 735
049, SCOTT LAKE SOUTH, 875	101, ZANGLE, 728	149, MCINTOSH, 1855	199, BEAVER CRK, 1770	246, OLYMPIA 46, 1293	331, LACEY 31, 1678	427, TUMWATER 27, 1283
050, SALMON CREEK, 674	102, BOSTON HARBOR, 818	150, VIOLET PRAIRIE NORTH, 847	200, OLYMPIA 2, 2425	247, OLYMPIA 47, 1239	332, LACEY 32, 1766	428, TUMWATER 28, 1759
051, SPURGEON CRK, 456	103, GULL HARBOR, 510	151, LITTLEROCK, 1640	201, OLYMPIA 1, 1146	248, OLYMPIA 48, 1625	333, LACEY 33, 745	429, TUMWATER 29, 8
052, JAMES, 1269	104, FRIENDLY GROVE, 569	153, ROCHESTER 1, 1783	202, OLYMPIA 2, 2425	249, OLYMPIA 49, 989	334, LACEY 34, 543	430, TUMWATER 30, 1099
053, VAIL, 1230	105, SOUTH BAY, 1108	154, ROCHESTER 2, 1057	203, OLYMPIA 3, 1179	250, OLYMPIA 50, 1097	335, LACEY 35, 907	431, TUMWATER 31, 1521
054, ROCHESTER 5, 1186	106, PUGET, 1074	155, SCOTT LAKE NORTH, 596	204, OLYMPIA 4, 883	251, OLYMPIA 51, 302	336, LACEY 36, 1355	432, TUMWATER 32, 1276
055, ROCHESTER 4, 947	107, BIGELOW, 790	156, GRAND MOUND EAST, 320	205, OLYMPIA 5, 1367	252, OLYMPIA 52, 373	337, LACEY 37, 338	433, TUMWATER 33, 774
057, MEDICINE CREEK, 665	108, PLEASANT GLADE, 872	157, GIBSON VALLEY, 200	206, OLYMPIA 6, 1279	253, OLYMPIA 53, 948	339, LACEY 39, 1709	501, TENINO 1, 958
058, SKIDOMISH, 1774	110, MONTGOMERY, 1010	158, SHOOKUMCHUCK, 973	207, OLYMPIA 7, 1653	254, OLYMPIA 54, 496	340, LACEY 40, 1689	502, TENINO 2, 912
059, PLEASANT HILL, 1380	111, NISQUALLY, 1541	159, JOHNSON POINT, 944	208, OLYMPIA 8, 623	256, OLYMPIA 56, 1291	341, LACEY 41, 1764	601, RAINIER 1, 1385
060, SMITH PRAIRIE, 1494	112, ROOSEVELT, 1141	160, WARD, 402	209, OLYMPIA 9, 1621	257, OLYMPIA 57, 949	342, LACEY 42, 1170	602, RAINIER 2, 984
062, BLACK RIVER, 1844	113, KINWOOD WEST, 322	161, THOMPSON, 1038	210, OLYMPIA 10, 692	258, OLYMPIA 58, 1645	343, LACEY 43, 2097	701, YELM 1, 2200
063, JAMES, 643	115, FOREST, 1584	162, SMITH LAKE, 1162	211, OLYMPIA 11, 644	259, OLYMPIA 59, 877	344, LACEY 44, 1708	702, YELM 2, 1467
065, LUPIN BEACH, 1008	116, ST CLAIR, 733	163, EVERGREEN SHORES, 924	212, OLYMPIA 12, 2019	260, OLYMPIA 60, 1563	345, LACEY 45, 963	703, YELM 3, 2791
066, FISHTRAP, 652	117, HICKS, 180	165, SUNWOOD LAKES, 1763	213, OLYMPIA 13, 774	261, OLYMPIA 61, 12	346, LACEY 46, 1662	704, YELM 4, 2047
067, QUINCE, 4	118, FLEETWOOD, 1570	166, EATON CREEK SOUTH, 136	214, LACEY 1, 1082	301, LACEY 1, 1082	347, LACEY 47, 1248	705, YELM 5, 2112
069, SIMMONS 3, 47	119, LYDIA HAWK, 2123	168, HOLMES, 899	215, OLYMPIA 15, 1080	302, LACEY 2, 1124	348, LACEY 48, 1690	801, BUCODA, 692
070, SIMMONS 4, 65	120, HAYS, 1068	169, MCALISTER CREEK, 1514	216, OLYMPIA 16, 171	303, LACEY 3, 1063	349, LACEY 49, 488	
074, PINES, 1608	121, INDIAN SUMMER, 688	170, ROCHESTER 3, 1302	217, OLYMPIA 17, 679	304, LACEY 4, 1046	351, LACEY 51, 619	

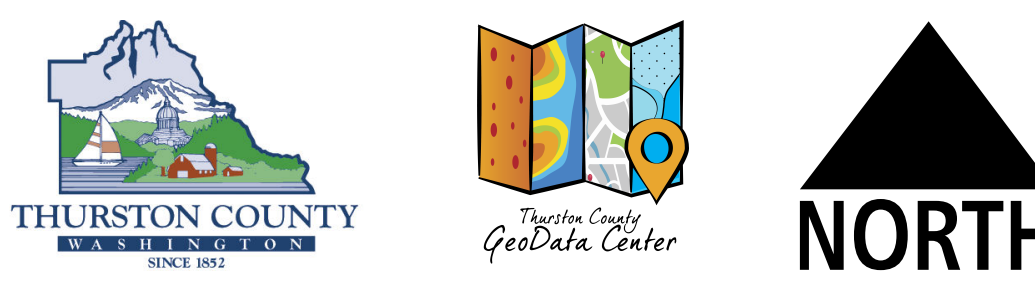
Cities Urban Growth Areas

0 1 2 3 4 5
Miles

The information included on this map has been compiled by Thurston County staff from a variety of sources and is subject to change without notice. Additional elements may be present in reality that are not represented on the map. Ortho-photos and other data may not align. The boundaries depicted by these datasets are approximate. This document is not intended for use as a survey product.

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Created by SLS on 8/29/2022



DRAFT OPTION B
8/29/2022

Thurston County Five Commissioner Districts 2020 Census Total Population by Voter Precinct

Five Commissioner Districts

District 1 59,096 District 2 59,156 District 3 59,004 District 4 58,652 District 5 58,885

Current Commissioner Residence Precinct

County Commissioner Port Commissioner

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047, WOODARD CREEK, 890	099, ALPINE, 1324	147, PLUMB, 1056	197, SUMMERSET, 1488	244, OLYMPIA 44, 482	329, LACEY 29, 1984	415, TUMWATER 15, 1361
048, MICHIGAN HILL, 1029	100, HEWITT LAKE, 1143	148, SCATTER CREEK, 729	198, HENNESS SOUTH, 1430	245, OLYMPIA 45, 1161	330, LACEY 30, 1773	424, TUMWATER 24, 735
049, SCOTT LAKE SOUTH, 875	101, ZANGLE, 728	149, MCINTOSH, 1855	199, BEAVER CRK, 1770	246, OLYMPIA 46, 1293	331, LACEY 31, 1678	427, TUMWATER 27, 1283
050, SALMON CREEK, 674	102, BOSTON HARBOR, 818	150, VIOLET PRAIRIE NORTH, 847	200, OLYMPIA 2, 2425	247, OLYMPIA 47, 1239	332, LACEY 32, 1766	428, TUMWATER 28, 1759
051, SPURGEON CRK, 456	103, GULL HARBOR, 510	151, LITTLEROCK, 1640	201, OLYMPIA 1, 1146	248, OLYMPIA 48, 1625	333, LACEY 33, 745	429, TUMWATER 29, 8
052, JAMES, 1269	104, FRIENDLY GROVE, 569	153, ROCHESTER 1, 1783	202, OLYMPIA 2, 2425	249, OLYMPIA 49, 989	334, LACEY 34, 543	430, TUMWATER 30, 1099
053, VAIL, 1230	105, SOUTH BAY, 1108	154, ROCHESTER 2, 1057	203, OLYMPIA 3, 1179	250, OLYMPIA 50, 1097	335, LACEY 35, 907	431, TUMWATER 31, 1521
055, ROCHESTER 5, 1186	106, PUGET, 1074	155, SCOTT LAKE NORTH, 596	204, OLYMPIA 4, 883	251, OLYMPIA 51, 302	336, LACEY 36, 1355	432, TUMWATER 32, 1276
057, MEDICINE CREEK, 665	107, BIGELOW, 790	156, GRAND MOUND EAST, 320	205, OLYMPIA 5, 1367	252, OLYMPIA 52, 373	337, LACEY 37, 338	433, TUMWATER 33, 774
058, SKIDOMISH, 1774	108, PLEASANT GLADE, 872	157, GIBSON VALLEY, 200	206, OLYMPIA 6, 1279	253, OLYMPIA 53, 948	339, LACEY 39, 1709	501, TENINO 1, 958
059, PLEASANT HILL, 1380	110, MONTGOMERY, 1010	158, SHOOKUMCHUCK, 973	207, OLYMPIA 7, 1653	254, OLYMPIA 54, 496	340, LACEY 40, 1689	502, TENINO 2, 912
060, SMITH PRAIRIE, 1494	111, NISQUALLY, 1541	159, JOHNSON POINT, 944	208, OLYMPIA 8, 623	256, OLYMPIA 56, 1291	341, LACEY 41, 1764	601, RAINIER 1, 1385
062, BLACK RIVER, 1844	112, ROOSEVELT, 1141	160, WARD, 402	209, OLYMPIA 9, 1621	257, OLYMPIA 57, 949	342, LACEY 42, 1170	602, RAINIER 2, 984
063, JAMES, 643	113, KINWOOD WEST, 322	161, THOMPSON, 1038	210, OLYMPIA 10, 692	258, OLYMPIA 58, 1645	343, LACEY 43, 2097	701, YELM 1, 2200
065, LUNA BEACH, 1008	115, FOREST, 1584	163, SMITH LAKE, 1162	211, OLYMPIA 11, 644	259, OLYMPIA 59, 877	344, LACEY 44, 1708	702, YELM 2, 1467
066, FISHTRAP, 652	116, ST CLAIR, 733	164, EVERGREEN SHORES, 924	212, OLYMPIA 12, 2019	260, OLYMPIA 60, 1563	345, LACEY 45, 963	703, YELM 3, 2791
067, QUINCE, 4	117, HICKS, 180	165, SUNWOOD LAKES, 1763	213, OLYMPIA 13, 774	261, OLYMPIA 61, 12	346, LACEY 46, 1662	704, YELM 4, 2047
069, SIMMONS 3, 47	118, FLEETWOOD, 1570	166, EATON CREEK SOUTH, 136	214, LACEY 1, 1082	301, LACEY 1, 1082	347, LACEY 47, 1248	705, YELM 5, 2112
070, SIMMONS 4, 65	119, LYDIA HAWK, 2123	168, HOLMES, 899	215, OLYMPIA 15, 1080	302, LACEY 2, 1124	348, LACEY 48, 1690	801, BUCODA, 592
074, PINES, 1608	120, HAYS, 1068	169, MCALISTER CREEK, 1514	216, OLYMPIA 16, 171	303, LACEY 3, 1063	349, LACEY 49, 488	
	121, INDIAN SUMMER, 688	170, ROCHESTER 3, 1302	217, OLYMPIA 17, 679	304, LACEY 4, 1046	351, LACEY 51, 619	

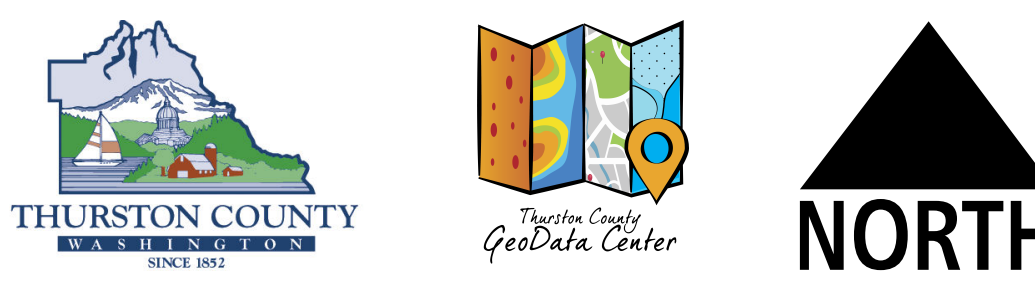
Cities Urban Growth Areas

0 5
Miles

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DRAFT OPTION C
9/7/2022

Thurston County
Five Commissioner Districts
2020 Census Total Population by Voter Precinct

Five Commissioner Districts

District 1 58,763 District 2 59,156 District 3 59,004 District 4 58,985 District 5 58,885

Current Commissioner Residence Precinct

County Commissioner Port Commissioner

019, FOUR CORNERS SOUTH, 592	075, LONG LAKE, 273	122, CHAMBERS, 1441	171, WADDELL CREEK, 752	218, OLYMPIA 18, 897	305, LACEY 5, 520	352, LACEY 52, 24
020, GRAND MOUND WEST, 1436	076, HAWK ACRES, 916	124, FRISTOE, 1004	172, TYKLE COVE, 682	219, OLYMPIA 19, 1437	306, LACEY 6, 645	353, LACEY 53, <Null>
021, VIOLET PRAIRIE SOUTH, 450	077, ZENKNER VALLEY, 270	125, DESCHUTES, 1759	173, CAMELOT, 522	220, OLYMPIA 20, 495	307, LACEY 7, 1212	354, LACEY 54, 1286
022, EATON CREEK NORTH, 378	078, TRI LAKES, 630	126, LUTHER, 1063	174, FRENCH, 718	221, OLYMPIA 21, 964	308, LACEY 8, 1280	355, LACEY 55, 1234
023, PATTON EAST, 820	080, TOLMIE, 37	127, LUTHER, 1063	175, SUNSET BEACH, 978	222, OLYMPIA 22, 1089	309, LACEY 9, 1032	356, LACEY 56, 1104
024, KINWOOD EAST, 795	081, MILITARY, 436	128, WEIR PRAIRIE, 597	176, HENDERSON, 1003	223, OLYMPIA 23, 1089	310, LACEY 10, 651	357, LACEY 57, 1215
025, HENNESS NORTH, 646	082, GLEN TERRA, 195	129, COLLEGE, 851	178, PATTON WEST, 423	225, OLYMPIA 25, 1195	311, LACEY 11, 510	358, LACEY 58, 1391
026, HARTWOOD SOUTH, 762	083, PRINE, 246	130, BALD HILLS, 548	179, FOUR CORNERS NORTH, 1380	226, OLYMPIA 26, 643	313, LACEY 13, 616	401, TUMWATER 1, 1718
027, CLEAR LAKE SOUTH, 1647	084, GREENWOOD, 334	131, HUNTER POINT, 578	180, STEEDMAN, 791	227, OLYMPIA 27, 774	314, LACEY 14, 672	402, TUMWATER 2, 766
028, COUGAR MOUNTAIN, 233	086, GREENRIDGE, 790	132, GRIFFIN, 687	183, BEACH CREST, 752	228, OLYMPIA 28, 1581	315, LACEY 15, 1689	403, TUMWATER 3, 1598
030, CLEAR LAKE NORTH, 1303	088, WOODLAND, 586	133, SCHNEIDERS PRAIRIE, 797	184, SCHELLER, 393	229, OLYMPIA 29, 749	316, LACEY 16, 395	404, TUMWATER 4, 1290
031, LACKAMAS, 362	089, TILLEY, 1489	134, COOPER POINT, 674	185, FAIR OAKS, 706	230, OLYMPIA 30, 843	317, LACEY 17, 1256	405, TUMWATER 5, 780
032, MORRIS, 1348	090, SWEET BRIAR, 1485	135, BUTLER COVE, 727	186, WILDERNESS, 1589	231, OLYMPIA 31, 726	318, LACEY 18, 940	406, TUMWATER 6, 1285
033, EVERGREEN BALLROOM, 2521	091, DEERBRUSH, 1227	136, BROADWAY, 1566	187, MULLEN, 1646	232, OLYMPIA 32, 1431	319, LACEY 19, 940	407, TUMWATER 7, 672
036, KAISER, 941	092, MUSHROOM CORNER, 1755	139, PLAINVIEW, 1268	189, SLEATER KINNEY, 1136	233, OLYMPIA 33, 1307	320, LACEY 20, 536	408, TUMWATER 8, 1321
039, JONES BEACH, 1128	093, TRAILBLAZER, 728	140, MUD BAY, 721	190, LAKESIDE, 545	234, OLYMPIA 34, 1079	321, LACEY 21, 592	409, TUMWATER 9, 914
043, UNIVERSITY, 1142	094, FRYE COVE, 919	141, MCCLANE, 673	191, GALLAGHER COVE, 1204	235, OLYMPIA 35, 679	322, LACEY 22, 623	410, TUMWATER 10, 2053
044, STEAMBOAT ISLAND, 700	095, OYSTER BAY, 733	143, BUSH PRAIRIE, 3	192, EAST OLYMPIA, 1281	236, OLYMPIA 36, 679	323, LACEY 23, 438	411, TUMWATER 11, 1270
045, ROCKY PRAIRIE, 846	096, SUMMIT LAKE, 795	144, BLACK LAKE, 1114	193, BERRY VALLEY, 1248	241, OLYMPIA 41, 723	324, LACEY 24, 2045	412, TUMWATER 12, 813
046, LAWRENCE LAKE, 1492	097, DELRIDGE, 253	145, DELPHI, 802	194, HARTWOOD NORTH, 1461	242, OLYMPIA 42, 455	327, LACEY 27, 1325	413, TUMWATER 13, 453
047, WOODARD CREEK, 890	098, MARVIN, 1231	146, SOUTH UNION, 1484	195, LIBBY, 679	243, OLYMPIA 43, 1285	328, LACEY 28, 636	414, TUMWATER 14, 578
048, MICHIGAN HILL, 1029	099, ALPINE, 1324	147, PLUMB, 1056	196, MEADOWS, 1740	244, OLYMPIA 44, 482	329, LACEY 29, 1984	415, TUMWATER 15, 1361
049, SCOTT LAKE SOUTH, 875	100, HEWITT LAKE, 1143	148, SCATTER CREEK, 729	197, SUMMERSET, 1488	245, OLYMPIA 45, 1181	330, LACEY 30, 1773	424, TUMWATER 24, 735
050, SALMON CREEK, 674	101, ZANGLE, 728	149, MCINTOSH, 1855	198, HENNESS SOUTH, 1430	246, OLYMPIA 46, 1293	331, LACEY 31, 1878	427, TUMWATER 27, 1283
051, SPURGEON CRK, 456	102, BOSTON HARBOR, 618	150, VIOLET PRAIRIE NORTH, 847	199, BEAVER CRK, 11770	247, OLYMPIA 47, 1239	332, LACEY 32, 1766	428, TUMWATER 28, 1759
052, JAMES, 1269	103, GULL HARBOR, 1108	151, LITTLOCK, 1640	201, OLYMPIA 1, 1146	248, OLYMPIA 48, 1825	333, LACEY 33, 745	429, TUMWATER 29, 8
053, VAIL, 1230	104, FRIENDLY GROVE, 589	153, ROCHESTER 1, 1783	202, OLYMPIA 2, 2425	249, OLYMPIA 49, 989	334, LACEY 34, 543	430, TUMWATER 30, 1099
054, ROCHESTER 5, 1166	105, SOUTH BAY, 1108	154, ROCHESTER 2, 1057	203, OLYMPIA 3, 1179	250, OLYMPIA 50, 1097	335, LACEY 35, 907	431, TUMWATER 31, 1521
055, ROCHESTER 4, 947	106, PUGET, 1074	155, SCOTT LAKE NORTH, 596	204, OLYMPIA 4, 883	251, OLYMPIA 51, 302	336, LACEY 36, 1355	432, TUMWATER 32, 1276
057, MEDICINE CREEK, 665	107, BIGELOW, 790	156, GRAND MOUND EAST, 520	205, OLYMPIA 5, 1367	252, OLYMPIA 52, 373	337, LACEY 37, 358	433, TUMWATER 33, 774
058, SKIDMORESH, 1774	108, PLEASANT GLADE, 672	157, GIBSON VALLEY, 200	206, OLYMPIA 6, 1279	253, OLYMPIA 53, 948	338, LACEY 38, 1709	501, TENINO 1, 958
059, PLEASANT HILL, 1380	109, MONTGOMERY, 1010	158, SHOOKUMCHUCK, 973	207, OLYMPIA 7, 1653	254, OLYMPIA 54, 496	340, LACEY 40, 1889	502, TENINO 2, 912
060, SMITH PRAIRIE, 1494	110, NISQUALLY, 1341	160, JOHNSON POINT, 944	208, OLYMPIA 8, 623	255, OLYMPIA 55, 1291	341, LACEY 41, 764	601, RAINIER 1, 1385
062, BLACK RIVER, 1844	112, ROOSEVELT, 1141	161, WARDS, 482	209, OLYMPIA 9, 1621	256, OLYMPIA 56, 1645	342, LACEY 42, 1170	602, RAINIER 2, 384
063, JAMES, 643	113, KINWOOD WEST, 322	162, THOMPSON, 1038	210, OLYMPIA 10, 644	257, OLYMPIA 57, 1645	343, LACEY 43, 2097	701, YELM 1, 2200
065, LUPIN BEACH, 1008	115, FOREST, 1554	163, SMITH LAKE, 1180	211, OLYMPIA 11, 644	258, OLYMPIA 58, 877	344, LACEY 44, 1708	702, YELM 2, 1467
066, FISHTAP, 652	116, ST CLAIR, 753	164, EVERGREEN SHORES, 924	212, OLYMPIA 12, 2019	259, OLYMPIA 59, 1583	345, LACEY 45, 863	703, YELM 3, 2791
067, QUINCE, 4	117, WICKS, 180	165, SUNWOOD LAKES, 1763	213, OLYMPIA 13, 774	260, OLYMPIA 60, 1583	346, LACEY 46, 1662	704, YELM 4, 2047
069, SIMMONS 3, 47	118, FLEETWOOD, 1570	166, EATON CREEK SOUTH, 136	214, OLYMPIA 14, 545	261, OLYMPIA 61, 12	347, LACEY 47, 1246	705, YELM 5, 2112
070, SIMMONS 4, 65	119, LYDIA HAWK, 2123	168, HOLMES, 899	215, OLYMPIA 15, 1080	262, OLYMPIA 62, 12	348, LACEY 48, 1590	801, BUCODA, 592
074, PINES, 1606	120, HAYS, 1068	169, MCALISTER CREEK, 1514	216, OLYMPIA 16, 171	303, LACEY 3, 1083	349, LACEY 49, 488	
	121, INDIAN SUMMER, 698	170, ROCHESTER 3, 1302	217, OLYMPIA 17, 679	304, LACEY 4, 1046	351, LACEY 51, 619	

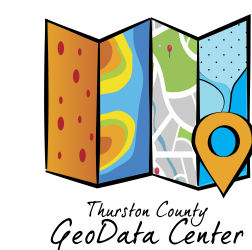
Cities Urban Growth Areas

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Miles

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COMMISSION WORK SESSION

<u>BRIEFING DATE/TIME:</u>	October 3, 2022
<u>DEPARTMENT:</u>	Administrative Services / Finance
<u>STAFF CONTACT/TITLE:</u>	Sam Gibboney, Executive Director Telephone: 360.528.8001 Email: Samg@portolympia.com Matt Peach, Finance Director Telephone: 360.528.8004 Email: MattP@portolympia.com
<u>TOPIC:</u>	2023 Draft Port Operating Budget and Capital Investment Plan Advisory
<u>PURPOSE:</u> <i>Check all that apply</i>	<input checked="" type="checkbox"/> Information only <input type="checkbox"/> Decision needed <input type="checkbox"/> Follow up from previous briefing
<u>BACKGROUND & OVERVIEW:</u>	
Staff will provide the Commission a detailed review of the 2023 Draft Port Operating Budget and Capital Investment Plan.	
<u>DOCUMENTS ATTACHED:</u>	
▪ Power Point Presentation	

2023 BUDGET AND CAPITAL INVESTMENT PLAN

October 3, 2022

Sam Gibboney, Executive Director
Matt Peach, Finance Director

AGENDA

- 2023 Budget Assumptions
- Port Wide Strategic Initiatives
- Funding Plan & Statutory Budget
- 2023 Budget Overview
- 2023 Operating Budget by Business:
 - Initiatives & Goals
 - Budget Overview
 - User Rates & Fees
 - Budget Assumptions
 - Challenges

AGENDA (CONTINUED)

- General & Administration
- Capital Investment Plan
- Financial Measures
- Budget Schedule & Timeline
- Questions & Comments

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2023 BUDGET ASSUMPTIONS

OPERATING BUDGET

- Focus: *Vision 2050 & Strategic Action*
 - Overall Revenues Increase of 10.7%
 - Gross Operating Income Increase of 3.0%
 - Staffing FTEs 7.0% Merit Pool; No change in
- ***CONTINUED WIDE SCALE ECONOMIC DISRUPTION***

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2023 BUDGET ASSUMPTIONS

CAPITAL INVESTMENT PLAN

- Maintaining Assets
- Implementing Strategic Plan, Vision 2050 & Destination Waterfront

Proposed Capital Investments	\$ 2,612,576
Grant Funds	\$ 574,582
Port Funds	\$ 2,037,994

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2023 STRATEGIC INITIATIVES & GOALS

OPERATING BUDGET

- Annual Action Plan
- Update Financial Measures
- Prepare for Increase in Commissioners
- Focus on Team Building, Internal Communication and Personnel Training
- Launch Refreshed Communication Strategy

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2023 PORT WIDE INITIATIVES & GOALS

CAPITAL INVESTMENT PLAN HIGHLIGHTED PROJECTS

- Runway 8/26-Reconstruction Design
- Marine Terminal
 - Berth 1 Assessment
 - Paving
 - Maintenance Facility
- Boatworks Stormwater Treatment System
- Marina Electrical – B/C Docks (Carryover)
- Marine Center Building Design – Schematic
- IT Cyber Security & Infrastructure Project
- Lacey Commercial Business Center Roof Replacement

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NOTEBOOK TAB – STATUTORY BUDGET

Review of Statutory Budget

8



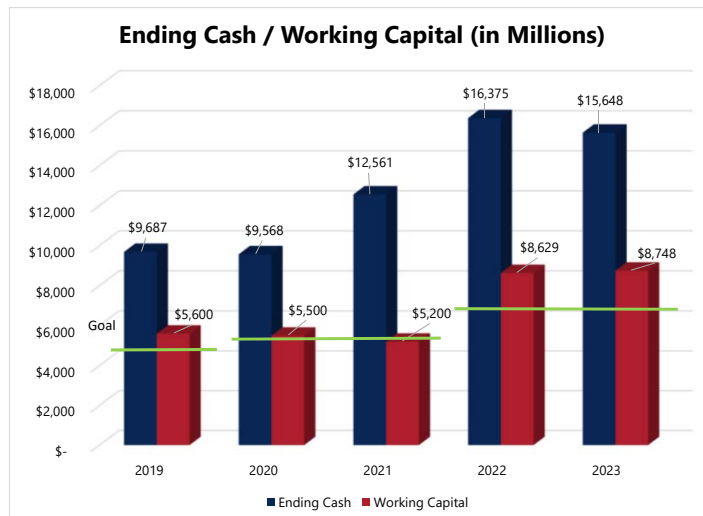
CASH 2023 STATUTORY BUDGET IN \$,000s

	2022 Adopted Budget	2022 Projected	2023 Budget
Beginning Cash & Investments	\$ 12,461	\$ 14,121	\$ 16,375
<i>Projected Sources of Funds</i>			
Operating Revenues	14,352	17,861	15,890
Operating Expense	(12,114)	(14,665)	(13,589)
Funds Provided by Operations	2,238	3,196	2,301
Ad valorem tax revenue	7,124	7,117	7,331
Projected Borrowing for Capital Projects	-	-	-
Other, Net	(2,265)	(1,967)	(3,716)
Projected Sources of Funds	7,097	8,346	5,916
<i>Projected Uses of Funds</i>			
Debt Service Payments (Bond & Bank)	(4,611)	(4,613)	(4,605)
Capital Investments - Planned Projects	(2,010)	(1,479)	(2,038)
Projected Uses of Funds	(6,621)	(6,092)	(6,643)
Ending Cash & Investments	\$ 12,937	\$ 16,375	\$ 15,648

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ENDING CASH / WORKING CAPITAL HISTORY



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Total Cash:	\$15.6 Million
Reserved Cash:	\$6.9 Million
Bond Funding	
Bond Payment Fund	
Real Estate Investment Fund	
Working Capital:	\$8.7 Million



NOTEBOOK TAB – PORT BUDGET

Review of Operating Budget Port Wide Projected for 2023

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OPERATING BUDGET

INCOME STATEMENT IN \$,000s

	Airport & New Market	Swantown Marina	Marine Terminal	Properties	General Admin.	2023 Budget
Operating Revenues	3,295	4,633	6,301	1,661		\$ 15,890
Operations & Maintenance Expenses	(1,626)	(3,416)	(4,769)	(1,007)		(10,818)
Contribution Margin	1,669	1,217	1,532	654	-	5,072
Administration Expenses	(743)	(743)	(800)	(485)	-	(2,771)
Operating Expenses	(2,369)	(4,159)	(5,569)	(1,492)	-	(13,589)
Operating Income before depreciation	926	474	732	169		2,301
Depreciation	(963)	(653)	(1,778)	(358)	(127)	(3,879)
Operating Income (loss)	(37)	(179)	(1,046)	(189)	(127)	(1,578)

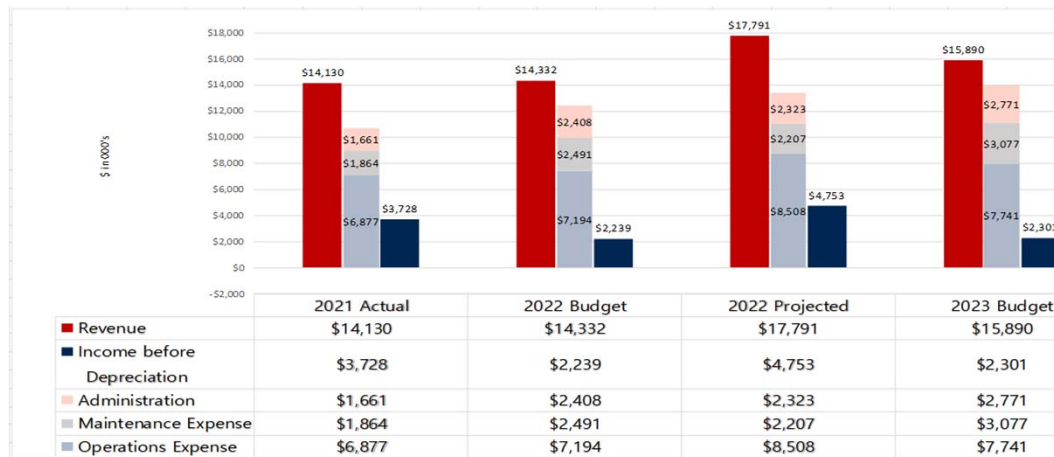
Expected Cash Earnings
from Operations

12



TOTAL PORT OPERATING BUDGET

HISTORY



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NOTEBOOK TAB – AIRPORT

Draft Operating Budget for Airport for 2023

- Initiatives & Goals
- Budget Overview
- Budget Assumptions
- User Rates & Fees
- Challenges

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INITIATIVES & GOALS

AIRPORT, NEW MARKET & CLEANWATER CENTRE

- Airport Master Plan Update
- Habitat Conservation Plan
- FAA Part 163 Determinations
- South Airport Lease
- Commercial Aviation Coordinating Commission (CACC)
- Solar Feasibility
- Emergency Preparedness & Response

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INITIATIVES & GOALS (CONT'D)

AIRPORT, NEW MARKET & CLEANWATER CENTRE

- Decade Objective: Execute Master Plan -> Pavement, Hangars
- Runway 8/26 Reconstruction Project Design
- Aircraft Hangar Expansion Feasibility
- Maintenance Shop Relocation Study
- Taxiway Markings
- Airport Service Road Repair
- Airport Electronic Gate Control System Replacement
- Repaint Airport Retail Center
- NMIC Roads/Parking Lots Repair

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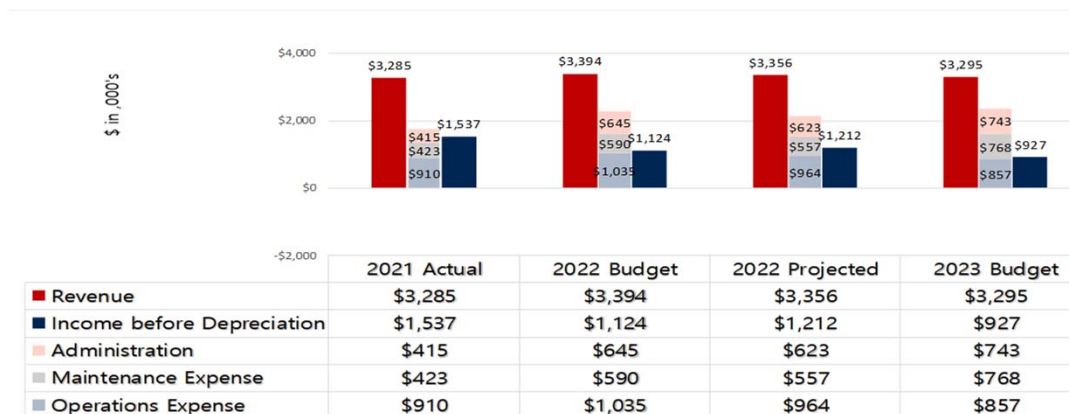
2023 BUDGET OVERVIEW

AIRPORT, NEW MARKET & CLEANWATER CENTRE

Operating Revenues	\$3.3 Million	<i>Decrease of 3%</i>
Operating Expenses	\$857 Thousand	<i>Decrease of 17%</i>
Maintenance Expenses	\$768 Thousand	<i>Increase of 30%</i>
Airport Capital Investment Plan	\$320 Thousand	
Net Income (Before Depreciation)	\$927 Thousand	
Net Income (After Depreciation)	(\$36) Thousand	

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AIRPORT, NEW MARKET & CLEANWATER CENTRE



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BUDGET ASSUMPTIONS

AIRPORT, NEW MARKET & CLEANWATER CENTRE

- New land development restricted until 2024 (HCP completion)
- Lease rate increases consistent with lease provisions
- 100% occupancy of hangar & building leased space
- New project revenue at Cleanwater Center in 2023
- Airport operations slight increase over 2022
- Increased staff salary and G&A allocations

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USER RATES AND FEES

AIRPORT, NEW MARKET & CLEANWATER CENTRE

- | | |
|--|-----------|
| • Hangar Rates Increase | 5% |
| • Vacant Land Lease Rate increase
<i>(20% Increase Implemented in 2022)</i> | No Change |

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CHALLENGES

AIRPORT, NEW MARKET & CLEANWATER CENTRE

- Habitat Conservation Plan Completion & Implementation
- Seeking Additional Funding to Support Runway 8/26 Reconstruction
 - Department of Ecology
 - Washington State Patrol
 - Washington State Department of Transportation
 - Washington State Department of Natural Resources

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NOTEBOOK TAB – SWANTOWN

Draft Operating Budget for Swantown for 2023

- Initiatives & Goals
- Budget Overview
- Budget Assumptions
- User Rates & Fees
- Challenges

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INITIATIVES & GOALS

MARINA, BOATWORKS & FUEL DOCK

- Destination Waterfront
- Events, Marketing, Tourism
- Boatyard General Permit & Stormwater Regulations
- Vessel Standards & Derelict Vessel Removal Partnerships
- Asset assessments & general maintenance
- Long-term project planning
- Business growth & optimized use of Swantown assets

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2023 BUDGET OVERVIEW

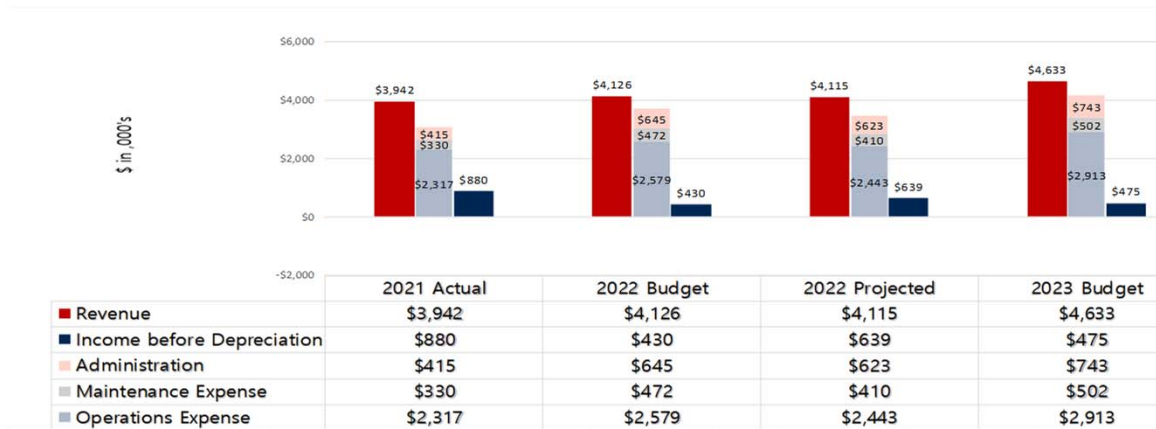
MARINA, BOATWORKS & FUEL DOCK

Operating Revenues	\$4.6 Million	<i>Increased by 12%</i>
Operating Expenses	\$2.9 Million	<i>Increased by 13%</i>
Maintenance Expenses	\$502 Thousand	<i>Increased by 6%</i>
Swantown Capital Investment Plan	\$1.0 Million	
Net Income (Before Depreciation)	\$474 Thousand	
Net Income (After Depreciation)	(\$179) Thousand	

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MARINA & BOATWORKS & FUEL DOCK



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BUDGET ASSUMPTIONS

MARINA, BOATWORKS & FUEL DOCK

- Permanent Moorage & Boatyard activity consistent
- Crude oil costs continue impacting fuel & guest boating activity
- Inflation impact operational, maintenance, insurance, & contract expenses
- Service, security, upkeep, & infrastructure maintenance critical for Swantown operations
- Moorage Rates in Thurston County below average market rates for Puget Sound
- Marina Rates adjustments, at a minimum, need to match inflation. See - Resolution No. 2010-17 Rates and Fees

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USER RATES AND FEES

MARINA, BOATWORKS & FUEL DOCK

MARINA

- | | |
|-------------------------|-------------------|
| • Permanent Moorage | 10% increase |
| • User Fees & Labor | 10% increase |
| • Guest Moorage (Daily) | No change |
| • Guest Monthly Rate | New fee structure |
| • Launch Ramp | No change |

BOATWORKS

- | | |
|----------------------------|--------------|
| • Haul out and launch fees | 10% increase |
| • Laytime/storage rates | 10% increase |

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CHALLENGES

MARINA, BOATWORKS & FUEL DOCK

- Inflation!
- Supply chain delays
- Potential petroleum price impacts on tourism
- Rising number of derelict vessels in the South Sound
- Compliance with new environmental regulations
- Balancing operating and infrastructure needs with future Peninsula planning. Short-term vs. long-term repairs.

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BREAK

(THIS IS A GOOD TIME TO TAKE A BREAK AND
RETURN IN 10 MINUTES.)

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NOTEBOOK TAB – MARINE TERMINAL

Draft Operating Budget for Marine Terminal for 2023

- Initiatives & Goals
- Budget Overview
- Budget Assumptions
- User Rates & Fees
- Challenges

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INITIATIVES & GOALS

MARINE TERMINAL

- Capital Projects & Equipment
 - Berth 1 Rehabilitation
 - Terminal Paving
 - Warehouse Fire Suppression System
 - MT Maintenance Facility
 - Water Truck
 - Two Warehouse Dock Ramps
 - Two Sets Supersack Forks

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2023 BUDGET OVERVIEW

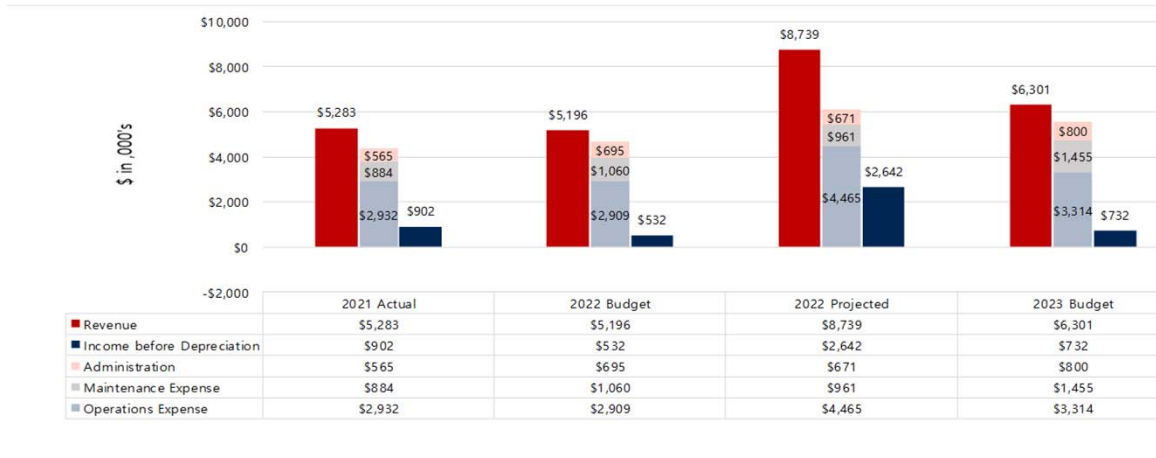
MARINE TERMINAL

Operating Revenues	\$6.3 Million	<i>Increased by 21%</i>
Operating Expenses	\$3.3 Million	<i>Increased by 14%</i>
Maintenance Expenses	\$1.5 Million	<i>Increased by 37%</i>
Marine Terminal Capital Investment Plan	\$477 Thousand	
Net Income (Before Depreciation)	\$732 Thousand	
Net Income (After Depreciation)	(\$1.0) Million	

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MARINE TERMINAL



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BUDGET ASSUMPTIONS MARINE TERMINAL

- Ship Count: 26 Ships
 - 20 Log vessels
 - 3 General Cargo vessels
 - 3 Livestock Vessels

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USER RATES AND FEES

MARINE TERMINAL

- Dockage 15% Increase (July 2023)
- Wharfage 7% Increase (July 2023)
- Security Rates 8% Increase (July 2023)
- Other rates Minimum CPI

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CHALLENGES

MARINE TERMINAL

- Increases in costs
- ILWU coastal labor contract
- PMA and longshore shortage
- Uncertainties in the shipping market
- Potential transition to renewable energy

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NOTEBOOK TAB REAL ESTATE & BUSINESS DEVELOPMENT

Draft Operating Budget for Real Estate & Business Development for 2023

- Initiatives & Goals
- Budget Overview
- Budget Assumptions
- User Rates & Fees
- Challenges

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INITIATIVES & GOALS REAL ESTATE AND BUSINESS DEVELOPMENT

- New Market Industrial Campus Option Agreement Implementation/Leases
- Cleanwater Property Marketing
- Destination Waterfront / Project Feasibility
- Planning support for Marine Center Building (Admin & Marina)
- Strategic portfolio analysis for future opportunities

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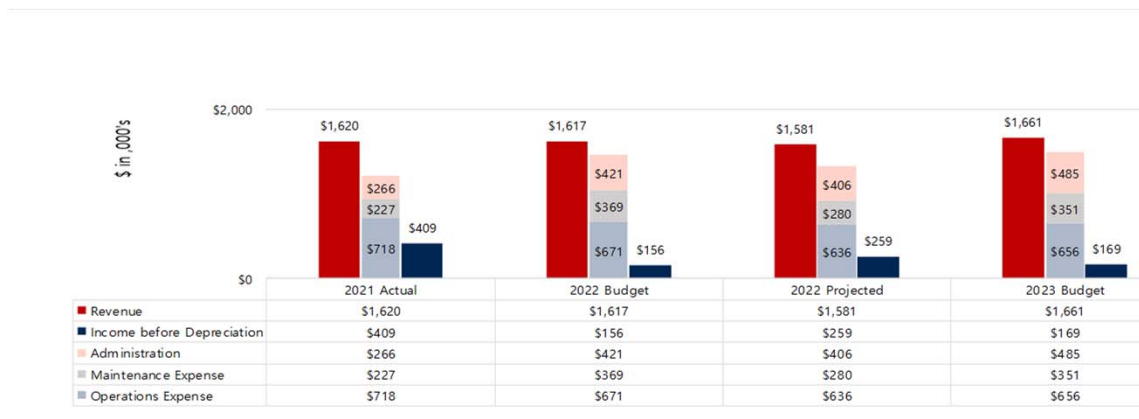
2022 BUDGET OVERVIEW

REAL ESTATE AND BUSINESS DEVELOPMENT

Operating Revenues	\$1.6 Million	<i>Increase of 3%</i>
Operating Expenses	\$656 Thousand	<i>Decrease of 2%</i>
Maintenance Expenses	\$351 Thousand	<i>Decrease of 5%</i>
Real Estate Capital Investment Plan	\$298 Thousand	
Net Income (Before Depreciation)	\$169 Thousand	
Net Income (After Depreciation)	(\$189) Thousand	

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REAL ESTATE



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BUDGET ASSUMPTIONS

REAL ESTATE AND BUSINESS DEVELOPMENT

- Conservative approach to revenues
- Growth is dependent on future opportunities
- Need to leverage properties beyond ground leases

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CHALLENGES

REAL ESTATE AND BUSINESS DEVELOPMENT

- Completion & Implementation of Habitat Conservation Plan
- Growth is dependent on future opportunities
- Market Change

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BREAK

(THIS IS A GOOD TIME TO TAKE A BREAK AND
RETURN IN 10 MINUTES.)

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NOTEBOOK TAB – GENERAL & ADMINISTRATION

2023 G&A Draft Operating Budget:

- Initiatives & Goals
- Budget Assumptions

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GENERAL & ADMINISTRATION (G&A)

2023 G&A Draft Operating Budget Includes:

- Executive
- Communications, Marketing & Government Affairs
- Finance
- Public Works & Planning
- Information Technology
- Administrative

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INITIATIVES & GOALS

G&A OVERVIEW

- Focus on Culture
 - Training and Wellness
 - Communication (Internal)
- Refreshed Communication Strategy (External)
- Refine & adopt financial measures
- State and Federal funding requests
- Marine Center Building – Administration & Marina office planning
- IT Cyber Security & Infrastructure Project – grant funded
- IT Gate Access Upgrades, Equipment Purchase

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INITIATIVES & GOALS

PUBLIC WORKS & PLANNING

- Five Year Strategic Plan & Annual Action Plan
- Capital Investment and Asset Management Plan
- External Funding Sources
 - Federal/State Grants, Direct Appropriations
 - Public – Private Partnerships (PPP's)
- Business Unit Support
 - Contracting & Procurement
 - Project Management

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INITIATIVES & GOALS

COMMUNICATIONS, MARKETING & GOVERNMENT AFFAIRS

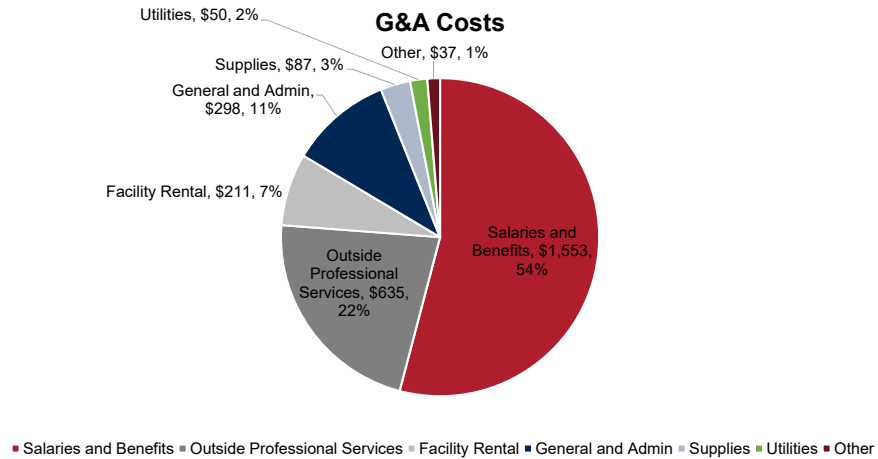
- Refreshed Communication Strategy
- Media and Public Relations
- Successful Community Events
 - In-person public and school tours
 - Summer Nights at the Port
- Business Unit Support
 - Digital content (video/photo)
 - Marketing strategies and materials
- Government Affairs and Relationships

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BUDGET OVERVIEW

GENERAL & ADMINISTRATIVE IN \$,000s

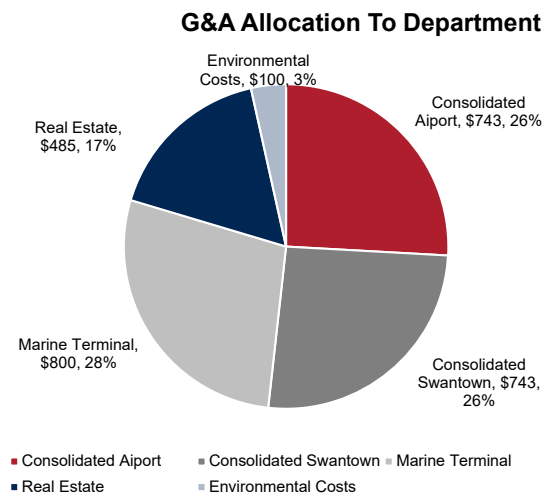


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BUDGET OVERVIEW

GENERAL & ADMINISTRATIVE IN \$,000s



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CHALLENGES

G&A GENERALLY

- Service Delivery Disruptions
- Increasing Costs
- Upgrading IT Services and Security
- Continuity

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CHALLENGES

COMMUNICATIONS, MARKETING & GOVERNMENTAL AFFAIRS

- Diversity of perceptions and expectations
- Staffing and financial resources
- Changing digital marketing/communications trends
- Business units' varied marketing/advertising needs

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CHALLENGES

PUBLIC WORKS & PLANNING

- Consistent service delivery in rapidly changing environment
 - Contracting
 - Project Management
- Supply chain disruptions
- Increasing costs
- Labor market disruptions

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NOTEBOOK TAB – CAPITAL

Draft Capital Investment Plan for 2023

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2023 CAPITAL INVESTMENT PLAN

2023 Capital Budget DRAFT					
Business Unit	Project Name	Capital Budget	PORT Funds	Grant Funds	Notes, Comments, Assumptions
Airport	Hangar Expansion Pilot Project**	\$50,000	\$50,000		Planning, design and permitting
	Airport Maintenance Shop**	\$20,000	\$20,000		Planning, conceptual design and cost estimate
	Airport Runway 8/26 Reconstruction**	\$250,000	\$250,000		Planning, design and permitting
	Subtotal Airport	\$320,000	\$320,000	\$0	
Marina & Boatworks	Marina/Admin Offices - Development**	\$425,000	\$175,000	\$250,000	Planning, design and permitting
	Marina Electrical B/C Docks**	\$253,000	\$253,000		Design, engineering, permitting, construction
	BW Stormwater Unit/Treatment	\$200,000	\$200,000		2022 Stormwater Permit Changes
	Manlift-Towable/Electric	\$35,000	\$35,000		Equipment - potential WSDOT and DOE Grants
	Port-wide Piling Replacement Plan**	\$85,000	\$85,000		Engineer Assessment
	Subtotal Marina & Boatworks	\$998,000	\$748,000	\$250,000	
Marine Terminal	Asphalt/Repairs-Berth 1**	\$50,000	\$12,500	\$37,500	PIDP submitted May 2022 - Design, engineering, permitting
	Maintenance Facility**	\$50,000	\$12,500	\$37,500	PIDP submitted May 2022 - Design, engineering, permitting
	Marine Terminal Paving**	\$110,000	\$27,500	\$82,500	PIDP submitted May 2022 - Design, engineering, permitting
	Warehouse-Fire System **	\$150,000	\$150,000		Construction
	Dock Ramps	\$40,000	\$40,000		Equipment: Need (6) - (2) per budget year
	Water Truck	\$49,000	\$49,000		Equipment: End of Life - Replace
	Forks for Supersacks	\$28,000	\$28,000		Equipment
	Subtotal Marine Terminal	\$477,000	\$319,500	\$157,500	
Properties	CBC Bldg #2 - Roof Replace	\$275,800	\$275,800		Design, engineering, permitting, construction
	Shell Gas Station - HVAC Replace	\$22,000	\$22,000		Equipment: End of Life - Replace
	Subtotal Properties	\$297,800	\$297,800	\$0	
Non-Ops / Admin	IT: PDK Gates (Portwide)**	\$100,000	\$100,000		Equipment purchase/Software Integration
	IT: Fiber to Port Cyber Security Infrastructure**	\$222,776	\$55,694	\$167,082	Equipment purchase: Grant
	IT: Network & PC Upgrades - Annual	\$75,000	\$75,000		Equipment purchase
	IT: Commission Room AV Upgrades	\$47,000	\$47,000		Equipment purchase
	BillyFrank Trail Signs**	\$25,000	\$25,000		Centennial
	Centennial Legacy Project**	\$50,000	\$50,000		Plan, design, engineering, permits
	Subtotal Non Ops & Admin	\$519,776	\$352,694	\$167,082	
Capital Total		\$2,612,576	\$2,037,994	\$574,582	
Port Total					
Grants Total					
Total					

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FINANCIAL MEASURES

- WA State Auditor Financial Intelligence Tool (FIT)
- Port Policy 1202

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AUDITORS FIT TOOL

Measure / Goal	WA FIT Benchmark	Definition
A. Cash Balance Sufficiency	60 Days	1. Operating Expenses Divided by Number of Days in a Year = Cash Needed Per day to operate 2. Ending Unrestricted Cash Divided by Cash Needed Per Day = Number of Days of Operating Expenses Held in Reserve
B. Enterprise Fund Cost Recovery	100%	Change in Net Position Divided by Expenses
C. Debt Load	Currently Inderterminate past have seen 12%	Debt Service Divided by Total Revenues
D. Current Ration	Greater than or equal to 1	Current Assets Divided by Current Liabilities

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PORT POLICY 1202

Measure / Goal	Current Policy 1202	Definition
Liquidity:		
A. Current Ratio	1.75	Current Assets Divided by Current Liabilities
B. Minimum Cash Reserves	\$4 Million	1. 6 months Budgeted Operating Expenses 2. Amount equal following year's debt service 3. Amount needed to maintain self sufficient insurance reserves
C. Debt Service Coverage – only if Revenue Bonds Outstanding	1.5	Number of times revenue bond debt service could be paid with net revenues available for debt service

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PORT POLICY 1202 CONT'D

Measure/Goal	Current Policy 1202	Definition
Profitability:		
A. Return on Revenue	5%	Operating Revenue divided by Operating Income
B. Annual Operating Cash Flow	27%	Sum of Operating Income plus Depreciation Divided by Operating Revenue
C. Earnings Before Tax Levy	1%	Operating Income + Non-Operating Income – Grant Income – Gain on Sale of Assets – Tax Levy + Bond Interest Divided by Operating Revenue

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PORT POLICY 1202 CONT'D

Measure	Current Policy 1202	Definition
Sustainability:		
A. Maintenance, Insurance & Environmental	14%	Maintenance + Insurance + Environmental Costs Divided by Operating Revenues
B. Financial Capacity	\$10,000,000	Estimate of how much debt could be issued based on current revenues
C. Return on Productive Assets	3.5%	Total Assets – Non-Productive assets. Defined as Net Income divided by Productive Assets

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BUDGET TIMELINE

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2023 BUDGET TIMELINE

SEPTEMBER 23, 2022

Work Session – First Review of Draft 2023 Proposed Operating Budget & Capital Investment Plan

OCTOBER 3, 2022

Work Session – First Review of Draft 2023 Proposed Operating Budget & Capital Investment Plan

OCTOBER 10, 2022

Advisory on 2023 Budget Process & Timeline

OCTOBER 17, 2022

Work Session – Review Tax Levy Uses, Environmental Uses and Capital Investment Plan

OCTOBER 24, 2022

Advisory on Draft 2023 Proposed Operating Budget, Capital Investment Plan, & Tax Levy



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2023 BUDGET TIMELINE (CONT.)

NOVEMBER 7, 2022 –

Work Session for Final Review (If Needed)

NOVEMBER 14, 2022 –

Public Hearing on Draft 2023 Proposed Operating Budget, Capital Investment Plan, & Tax Levy

NOVEMBER 21, 2022 –

Work Session for Final Review (If Needed)

NOVEMBER 28, 2022 –

Final Adoption of 2023 Operating Budget, Capital Investment Plan, & Tax Levy



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NEXT WORK SESSION OCTOBER 17

- Advertising & Promotion - Events
- Tax Levy
- Commission Special Projects
- Capital Investment Plan
- Bond Debt

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QUESTIONS & COMMENTS

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COMMISSION MEETING

<u>BRIEFING DATE/TIME:</u>	October 3, 2022
<u>DEPARTMENT:</u>	Executive
<u>STAFF CONTACT/TITLE:</u>	Lisa Parks Telephone: 360.528.8020 Email: Lisap@portolympia.com
<u>TOPIC:</u>	Capitol Lake-Deschutes Estuary Long Term Management Plan Funding and Governance Group Memorandum of Understanding - Final Draft
<u>PURPOSE:</u> <i>Check all that apply</i>	<input checked="checked" type="checkbox"/> Information only <input type="checkbox"/> Decision needed <input type="checkbox"/> Follow up from previous briefing
<u>DOCUMENTS ATTACHED:</u>	
Please see the attached final draft version of the Capitol Lake-Deschutes Estuary Long Term Management Plan Funding and Governance Group Memorandum of Understanding, received from Washington State Department of Enterprise Services on September 27, 2022.	

CAPITOL LAKE – DESCHUTES ESTUARY

MEMORANDUM OF UNDERSTANDING FOR GOVERNANCE AND FUNDING OF A RESTORED ESTUARY

Introduction

In 2018, the Washington State Department of Enterprise Services (DES) began a process to prepare an Environmental Impact Statement (EIS) to evaluate the potential impacts and benefits of long-term management alternatives for the Capitol Lake – Deschutes Estuary. This process included an effort to evaluate conceptual options for shared funding and governance of a future management plan, in accordance with Engrossed Substitute House Bill 2380. In 2022, DES identified the Estuary Alternative as the long-term management plan that would best meet project goals. This decision was made following careful consideration of a broad range of technical analyses conducted for the EIS, by soliciting feedback from key stakeholders, and after reviewing public comments.

Estuary restoration will complement other efforts among state, tribal, and local governments, public entities, and private organizations to restore the Deschutes River watershed and improve the health of Budd Inlet.

To explore and develop long-term management options for the Capitol Lake – Deschutes Estuary, a Funding and Governance Work Group (FGWG) was created with the following members (FGWG Members), each of which appointed a representative:

- State of Washington, Department of Enterprise Services
- State of Washington, Department of Natural Resources
- Squaxin Island Tribe
- Thurston County
- City of Olympia
- City of Tumwater
- LOTT Clean Water Alliance
- Port of Olympia

The FGWG Members have reached preliminary consensus on a range of topics as outlined in this Memorandum of Understanding (MOU). This MOU is not a binding agreement among the FGWG Members. Instead, it is a description of the progress made to date toward a potential binding agreement, documenting areas of broad conceptual agreement, describing remaining issues, and indicating the shared commitment to good faith discussion to reach agreement on the remaining issues.

The FGWG Members intend to work to develop an Interlocal Agreement (ILA) that will govern long-term management of the restored estuary. Any ILA will require the approval of each FGWG Member's governing body or administrative head and no ILA will be binding on a FGWG Member until approval is obtained and the ILA is duly executed. Any reference in this MOU to an ILA, an "agreement," or similar words or phrases refers only to a conceptual, tentative agreement regarding a potential ILA by the FGWG Member representatives, who are not authorized to bind their respective entities. Similarly, any reference in this MOU to specific terms or provisions in a future ILA refers only to terms or provisions that will be discussed for possible inclusion in a potential ILA, and does not

indicate any FGWG Member's agreement to the specific provisions or agreement to an overall ILA.

Background¹

What is now known as Capitol Lake was originally the southern portion of the Deschutes Estuary, where freshwater from the Deschutes River mixed with saltwater from Budd Inlet over extensive tidal flats. Between 1949 and 1951, the State of Washington constructed a dam at 5th Avenue in Olympia. The 5th Avenue Dam blocked saltwater from Budd Inlet and transformed the area upstream of the dam into Capitol Lake, a 260-acre freshwater lake fed by the Deschutes River. Capitol campus planners intended Capitol Lake to be part of the Washington State Capitol Campus, and it was designated a resource of the Capitol Campus under RCW 43.34.090 and RCW 79.24.710. The waterbody, together with the parks and trails that surround it, remains an important visual and recreational resource for the community. Enterprise Services (to include predecessor agencies) has had the responsibility to manage Capitol Lake throughout the lake's existence.

The Deschutes River and Percival Creek deposit an estimated 35,000 cubic yards of sediment into the Capitol Lake basin each year. Before construction of the 5th Avenue Dam, much of this sediment was deposited in Budd Inlet; after construction of the dam, the vast majority of this sediment settled out in Capitol Lake. Over time, the sediment captured upstream of the 5th Avenue Dam has accumulated up to 13 feet deep in some places – shallowing the lake, visibly altering conditions, and impacting ecological functions.

Capitol Lake historically has violated water quality standards and is a focus of state and federal water quality improvement planning. Water quality monitoring began in the 1970s, and by 1985, the Thurston County Health Department permanently closed the historic swimming beach in Capitol Lake due to water quality impairments.

The presence and persistence of invasive species in Capitol Lake has also complicated its management. Since the 1980s, the State of Washington (State) has employed a variety of strategies to address invasive species, but today more than a dozen different plant and animal invasive species are present. In response to finding the New Zealand mudsnail in Capitol Lake in 2009, the State officially closed Capitol Lake to all active public use.

For more than 50 years, public and private entities have attempted to address environmental concerns regarding the Capitol Lake – Deschutes Estuary. For a wide variety of reasons, these efforts have been unsuccessful or stalled. All FGWG Members agree that action must be taken to better manage this resource.

DES released the Draft EIS in mid-2021 and identified the Estuary Alternative as the likely preferred alternative in early 2022. Shortly afterwards, FGWG Members began exploring

¹ This background is only intended to be a summary. A more complete discussion of project background, project elements, and the technical analyses that describe impacts and benefits of a long-term management plan can be found in the Final EIS and supporting materials, which can be accessed through the following links: [Capitol Lake – Deschutes Estuary EIS - Home \(capitollakedeschutesestuaryeis.org\)](https://capitollakedeschutesestuaryeis.org); <https://des.wa.gov/about/projects-initiatives/capitol-lake/long-term-planning-capitol-lake-deschutes-estuary>

ways to fund and govern the likely preferred alternative consistent with guiding principles established by the FGWG Members.

The areas of agreement outlined within this MOU are based on the guiding principles the FGWG Members identified in 2016 to support this process, which are as follows:

1. Dedicated and secure funding sources
2. Those who contribute to the problem should participate in funding or paying for the solution
3. Those who benefit from the solution should participate in funding or paying for the solution
4. Shared distribution of costs
5. State participation
6. Watershed-wide in scale
7. Manageable governance
8. Commitment to a long-term collaborative process
9. Adequately resourced administration
10. Support the goals and objectives of the long-term management plan and the future of the overall watershed

From these guiding principles, the FGWG Members tentatively agreed upon a two-part structure for implementing and funding the preferred alternative:²

- The State should be primarily responsible for funding the capital costs of design, permitting, and construction of a preferred alternative. This responsibility reflects the State's role in creating the current conditions.
- After construction is complete, FGWG Members will share in administering, funding, and maintaining the Estuary Alternative for the term of the potential ILA. This shared responsibility reflects FGWG Members' desire for a long-term solution and recognition that the preferred alternative appears to provide significant benefits to FGWG Members and the broader community.

FGWG Members recognize that after construction of the Estuary Alternative, continued governance of the project and funding of sediment management in West Bay, will contribute to the health of Budd Inlet and the Deschutes River watershed and will help maintain a working waterfront and recreational boating. Maintaining a working waterfront and supporting infrastructure of recreational boating contributes to a dynamic, vibrant community and will produce and sustain public revenue, support employment opportunities, and create public amenities that benefit all community members.

² The Managed Lake and Hybrid Alternatives identified in the Draft EIS lacked sufficient support among FGWG Members to warrant further development of governance and funding models. As a result, if either of these alternatives were selected, long-term administration, funding, and maintenance would be expected to remain State responsibilities.

Conceptual Agreement

The FGWG Members conceptually agree on the following issues:

1. Conceptual Overview

Construction and management of the Estuary Alternative will include the following elements and assumptions, which are described in more detail in sections that follow:

- The FGWG Members intend to execute an ILA (or ILAs) governing implementation and long-term funding and governance of the Estuary Alternative.
- DES intends to submit a capital request to fund design and permitting of the Estuary Alternative to the State Legislature for the 2023 legislative session.
- The State will administer and fund initial estuary restoration. DES intends to pursue funding from the State Legislature and other sources and intends to construct the Estuary Alternative.
- DES will transfer specific physical assets and/or long-term management responsibilities of those assets to individual FGWG Members after construction.
- As a separate project, known sediment contamination in lower Budd Inlet will be remediated. The Port of Olympia is expected to lead this remediation, which is expected to occur prior to removal of the 5th Avenue Dam.

2. Project Elements

a) Pre-Project Conditions

Prior to and separate from construction of the Estuary Alternative, known sediment contamination in lower Budd Inlet will be remediated to conditions satisfactory to the Washington State Department of Ecology and the US Army Corps of Engineers. The Port of Olympia is expected to lead and manage this effort, with the State of Washington providing funding, in part. The Port of Olympia is currently targeting the late 2020s for remedial action throughout lower Budd Inlet. The 5th Avenue Dam will not be removed until this work is complete to help ensure that the Port of Olympia-led remediation and DES-led estuary construction do not interfere with each other and, to the extent feasible, complement each other.

b) Appropriations for Design, Permitting, and Construction

DES intends to submit a capital request to the State Legislature to fund the design and permitting of the Estuary Alternative in the 2023 biennial budget. If funding is secured, the estimated 3- to 5-year design and permitting process could begin in mid-2023. The State, acting through DES or a designee, will manage and have authority over design and permitting. During the design and permitting process, DES (or designee) will coordinate with the City of Olympia and City of Tumwater on design of the 5th Avenue Bridge and South Basin boardwalks, respectively, to ensure that these physical assets comply with applicable design standards and are acceptable to the receiving FGWG Member, and that the process used to approve design of the asset is acceptable to the receiving FGWG Member.

DES is currently developing a strategy for construction funding, which is likely to rely on funds from a variety of sources, including federal, state, and potentially philanthropic. If funding is secured without delay, construction of the Estuary Alternative could begin in the late 2020s. The State, acting through DES, the Washington State Department of Natural Resources (DNR), or a designee, will manage and have authority over construction, which is estimated to occur over a 7- to 8-year period.

c) Transfer of Assets

DES will convey or transfer certain physical assets to individual FGWG Members after construction is complete. Each transfer will be governed by a separate agreement between DES (or designee) and the receiving Member. Upon transfer of a physical asset, the receiving FGWG Member will have full ownership in perpetuity, to include all maintenance responsibility and risk of loss.

d) Governance Responsibility

A state agency will act as Project Manager to convene and facilitate the FGWG as set forth in a future ILA. DES may transfer governance responsibilities to other state agencies for services required in the course of long-term management for the Estuary Alternative. No other FGWG Members are assuming governance responsibilities.

Table 1. Transfer of Physical Assets and Governance Responsibilities

Receiving Entity	Asset/Governance Responsibility	Time of Transfer
State of Washington	Maintenance of constructed infrastructure to support boating, fishing, recreation in estuary, as needed. Staffing of decontamination stations. Maintenance of Middle Basin boardwalks. Bathymetric surveys, design, permitting, contract management for maintenance dredging outside of federal navigation channel and turning basin and port vessel berths.	Upon construction completion
Squaxin Island Tribe	Participate in implementation of Habitat Enhancement Plan for constructed habitat in the 260-acre basin, formerly Capitol Lake	Upon construction completion
Thurston County	None identified	N/A
City of Olympia	New 5 th Avenue Bridge	Upon construction completion

Receiving Entity	Asset/Governance Responsibility	Time of Transfer
City of Tumwater	South Basin boardwalks	Upon construction completion
LOTT	None identified	N/A
Port of Olympia	Bathymetric surveys, design, permitting, contract management for maintenance dredging in port vessel berths. Lead coordination with USACE on maintenance dredging in federal navigation channel and turning basin.	Upon construction completion

e) Sediment Management

After the State constructs the estuary and transfers physical assets and specific management responsibilities to individual FGWG members, shared long-term responsibilities will focus on sediment management in the West Bay of Budd Inlet. Sediment management is part of the overall project for the benefit of all, as described above.

Sediment management is intended to remove additional sediment that deposits in West Bay under the Estuary Alternative at rates greater than the No Action Alternative (also referred to as “baseline”). Sediment management includes annual bathymetric surveys (at a minimum) in the marinas and marina access areas to evaluate sediment accumulation, contract management (which includes design and permitting), and maintenance dredging (which includes disposal of dredged material). The FGWG Members will collectively fund maintenance dredging. Numerical modeling conducted for the EIS suggests that maintenance dredging to avoid significant impacts³ to navigation from sediment accumulation could be needed in areas of West Bay on an average and approximated frequency of 6 years. The actual rate of sediment accumulation is highly dependent on river flow conditions.

3. ILA Term/Withdrawal

FGWG Members intend to include the following provisions related to the term of a potential ILA and conditions warranting withdrawal:

- The ILA will become effective on the date of the last FGWG Member’s signature.
- The ILA will expire on December 31, 2050, unless some or all FGWG Members agree to renew for an additional term.

³ Significant adverse impacts are defined as: Large vessels accessing the Federal Navigation Channel and Port of Olympia having to wait more than four (4) hours for channel access due to water depth and low tide conditions caused by sediment deposition on more than one consecutive occasion, or more than 10% of anticipated small craft vessels at any single marina unable to access leased moorage due to shallowed water depth caused by sediment deposition.

- Prior to the end of 2045, the Project Manager will convene FGWG Members to determine whether to extend the ILA, and if so, on what terms and with which FGWG Members.
- An FGWG Member may withdraw from the ILA at any time, provided that before withdrawing, (1) the withdrawing FGWG Member provides funds sufficient to satisfy all financial obligations of the withdrawing FGWG Member for the current term of the ILA, and (2) the withdrawing FGWG Member has satisfied all specific performance obligations under the ILA.

4. ILA Renegotiation

If one or more of the following specific events occur, each FGWG Member will have the right to withdraw from or require renegotiation of the terms of the future ILA:

- Washington State Legislature fails to appropriate full funding for construction of the Estuary Alternative.
- Remediation of contaminated sediment in lower Budd Inlet is postponed indefinitely or cannot occur before the removal of the 5th Avenue Dam.
- Projected sediment management costs during the term of the ILA increase above agreed-upon allocation amounts. If sediment management costs increase to a degree that funds will be exhausted prior to the expiration of the initial term of the ILA (expected to be 2050), the Project Manager will reconvene the FGWG to determine an approach that will avoid impacts to navigation through the initial term of the ILA.
 - Note: total planning-level cost estimates and the resulting individual allocations provided in Attachment 1 are stated in 2022 dollars and will be adjusted to include an annual inflationary rate).
- The private marinas fail to provide funding sufficient to meet their obligations under a formal dredging program under the No Action Alternative (i.e., funding sufficient to accomplish baseline dredging).

5. Financing for Sediment Management in West Bay

The FGWG Members have reached conceptual agreement regarding several aspects of funding and finance management for sediment management, as described below:

a) Finance Management

The FGWG Members recognize the need for financial management of funds used for sediment management, including an entity acting to manage such funds and an investment plan that will both protect deposited funds from use by other entities or for other purposes, and provide for a favorable return on investment (to the extent permissible). The FGWG Members will develop a financial plan at the time of ILA formation and seek any necessary authorization from the State Legislature as may be needed.

b) Total Estimated Sediment Management Costs and Payment Allocation

FGWG Members agree that costs for sediment management above those costs associated with dredging of the No Action Alternative (baseline) will be allocated among FGWG Members on a percentage basis, as estimated and set forth in Attachment 1. Acceptance of the allocations set forth in Attachment 1 shall be subject to each Member's approval of a final ILA through its respective legislative and budgetary processes as may be legally required.

c) FGWG Member Deposits and Annual Payments

The Project Manager will notify the FGWG Members when the State has formally appropriated construction funding for estuary construction, and within 90 of each entity receiving such notice, but no earlier than January 1, 2025, each FGWG Member will make an initial deposit with State of Washington. Each FGWG Member's initial deposit will be equal to the FGWG Member's annual payment, which is determined by dividing the FGWG Member's total allocated sediment management costs for the initial term of the ILA by the number of years (partial years count as a full year) remaining in the initial agreement term of the ILA at the time of the deposit. Following the initial deposit, each FGWG Member agrees to make annual payments (determined as above) on or before December 31 of each year, through the end of the agreement term.

d) Annual Payment Adjustments

Calculations of total estimated sediment management costs conservatively assume that removal of the 5th Avenue Dam begins in 2033, which is the earliest that this could occur given the design and permitting process, and other construction activities that are required before dam removal; and this assumes that all funding is secured without delay. The total estimated sediment management costs also assume three dredging events, given the 18-year duration between 2033 and 2050 and the estimated 6-year frequency of maintenance dredging that is based on hydrodynamic and sediment transport numerical modeling conducted for the EIS. If removal of the 5th Avenue Dam is delayed such that there is certainty that fewer than three dredging events are anticipated to occur within the term of the ILA, FGWG Members may adjust total estimated sediment management costs and annual payments.

After each maintenance dredging event, the Project Manager will convene the FGWG to provide FGWG Members with final costs and summary report for the dredging event and for the FGWG Members to consider alterations to the sediment management program and/or to implement other adaptive management practices. Adjustments to total sediment management costs and/or annual payments will trigger the renegotiation rights described in Section 4 only if adjustments cause projected costs to increase above agreed-upon allocations.

If excess funds remain upon the expiration or termination of the ILA and unless otherwise agreed to, each FGWG Member will be entitled to receive a refund of such excess funds based on a pro-rata calculation of the amounts paid.

e) Planning-Level Cost Estimates

FGWG Members have negotiated this MOU using planning-level cost estimates. Civil, environmental, and coastal engineers developed planning-level cost estimates using

costs for similar work on recent projects, hydrodynamic and sediment transport numerical modeling in the EIS that predicts sediment accumulation under the Estuary Alternative, and triggers to initiate dredging events (see footnote 3). Planning-level cost estimates also assume in-water disposal of the dredged sediment, based on current sediment data and a projection that invasive species will not persist in the material to be dredged.

Planning-level cost estimates are in 2022 dollars, are based on conceptual design, and have an accuracy variation of minus 25% to plus 35%, consistent with Class 4 estimates prepared using standards established by the Association for the Advancement of Cost Engineering. The cost estimates are to support planning efforts and include a 15-percent contingency. The higher end of the range (+ 35%) has been used.

The accuracy of planning-level cost estimates will increase as design is further developed. If updated cost estimates are available before FGWG Members begin annual payments, FGWG Members may agree to update the total sediment management costs set forth in Attachment 1.

6. Enforcement

The FGWG Members agree and recognize that this multi-party MOU and the multi-party ILA intended to follow are the result of complex negotiations among individual entities each with individual interests and constituencies, and that the provisions of the MOU and ILA are interdependent and represent a balancing of those individual interests and constituencies. The FGWG Members further agree that the restoration of the Deschutes Estuary and maintenance of a working waterfront and recreational boating will provide each entity with public benefits, but to secure those public benefits, each obligation the FGWG Members will make to each other must be fulfilled. Accordingly, the FGWG Members intend that each FGWG Member will have authority to enforce the obligations under a future ILA of each other FGWG Member, to include requiring specific enforcement of such obligations.

7. Additional Issues Under Discussion

The FGWG Members continue to discuss the following issues:

- FGWG Members have preliminarily agreed to apply an annual inflation increase to each FGWG Member's allocated payment (options are 3% or CPI), subject to further adjustments. Attachment 1 reflects 2022 dollars and does not include this assumption.
- Allocation, documentation, and parties involved in addressing maintenance dredging costs equivalent to the No Action Alternative (baseline dredging).
- The specific FGWG Member or entity to serve as financial manager.

8. Administrative Issues and Commitment

This MOU may be executed in counterpart and/or by electronically-transmitted signature (pdf or similar).

This MOU, and the ILA proposed to follow, shall be amended or modified only by written agreement of all FGWG Members.

By signing below, the FGWG Members are not entering into a binding agreement, but are indicating areas of general or conceptual agreement.

The FGWG Members execute this MOU in good faith and commit themselves to continuing discussions for timely execution of the ILA.

Signatures

Tara Smith, Director
Department of Enterprise Services

Date

Hilary Franz, Commissioner of Public Lands
Department of Natural Resources

Date

Kris Peters, Chairman
Squaxin Island Tribe

Date

Jay Burney, City Manager
City of Olympia

Date

Mark Barber, City Attorney
City of Olympia

Date

Debbie Sullivan, Mayor
City of Tumwater

Date

Karen Kirkpatrick, City Attorney
City of Tumwater

Date

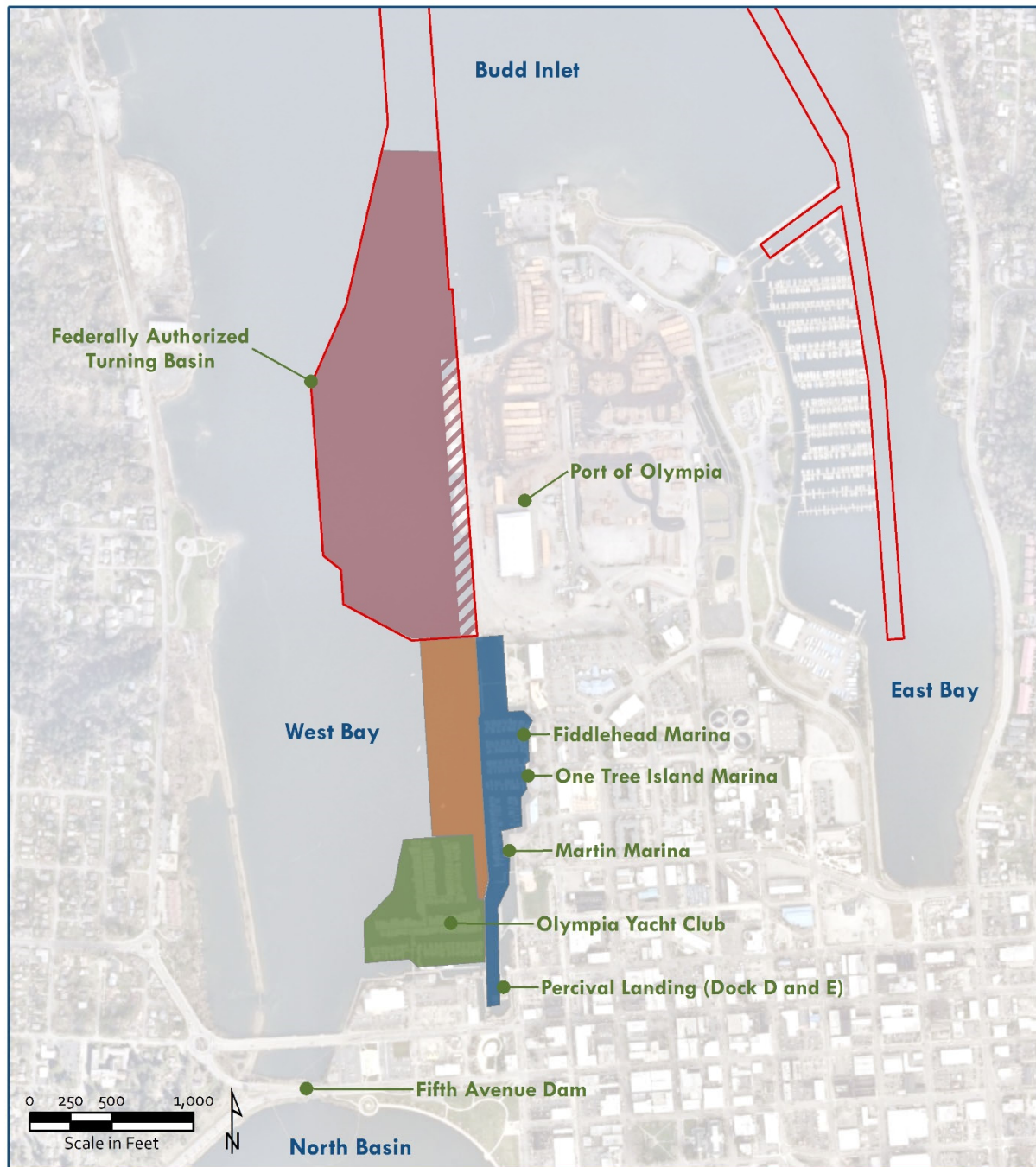
Mike Strub, Executive Director LOTT	Date
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Lisa Parshley, Board President LOTT	Date
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Sam Gibboney, Executive Director Port of Olympia	Date
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Ramiro Chavez, Thurston County Manager Thurston County	Date
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Exhibit 1: Maintenance Dredging Areas



Legend

 Olympia Yacht Club	 Marina Access Area	 Port Vessel Berths (within FNC)
 Other Nearby Marinas (and Percival Landing and Port Plaza)	 Turning Basin (within FNC)	 Federal Navigation Channel (FNC)

Note:

Percival Landing and the Port Plaza have been included in the planning-level cost estimates for maintenance dredging included in Attachment 1. It is assumed that these facilities would be dredged at the same frequency as the "other marinas" shown in blue, and the need would be confirmed by the FGWG. There is no other dredging trigger defined for dredging at the Percival Landing and Port Plaza, and they are not included in the EIS analysis or EIS cost-estimates. They were added to this MOU at the request of the FGWG.

Attachment 1

The values in this table are based on planning-level cost estimates and are provided in 2022 dollars. The allocations and associated cost estimates are provided for the term of the FGWG agreement only – through 2050.

This table of recommended allocations provides and equalizes the recommended allocations for sediment management across the FGWG. It recognizes that: (1) all parties benefit from estuary restoration and/or implementation of the Dredging Program; and (2) that differences in the magnitude of benefits cannot be mathematically derived but that the project would be beneficial to each entity. Importantly, the City of Olympia is shown in an increased capacity from the remaining FGWG members given that the working waterfront and recreational boating infrastructure exists within the city limits and is adjacent to downtown Olympia; and arguably, the City of Olympia may derive the most direct benefits.

Recommended Sediment Management Allocations

Entity ^(i, ii)	Allocation % for Maintenance Dredging of Increased Sediment from Estuary Alternative <i>(above No Action Alternative)</i>	Cost Estimate for Maintenance Dredging Equivalent to No Action Alternative ⁽ⁱⁱⁱ⁾	Cost Estimate for Maintenance Dredging of Increased Sediment from Estuary Alternative <i>(above No Action Alternative)</i> ^(iv)	Total Cost Estimate for Sediment Management <i>(No Action Alternative + Increased Maintenance Dredging from Estuary Alternative)</i>	Estuary Construction + Total Sediment Management	Allocation % Total <i>(Estuary Construction + Sediment Management)</i>
Olympia	~23.1%	\$0	\$4,297,000	\$4,297,000	\$4,297,000	2%
LOTT	~15.4%	\$0	\$2,865,000	\$2,865,000	\$2,865,000	1%
Port	~15.4%	\$362,000	\$2,865,000	\$3,227,000	\$3,227,000	1%
Tumwater	~15.4%	\$0	\$2,865,000	\$2,865,000	\$2,865,000	1%
Marinas	0.0%	\$5,800,000	\$0	\$5,800,000	\$5,800,000	2%
Thurston County	~15.4%	\$0	\$2,865,000	\$2,865,000	\$2,865,000	1%
State	~15.4%	\$0	\$2,865,000	\$2,865,000	\$249,545,000	92%
Squaxin Island Tribe	0.0%	\$0	\$0	\$0	\$0	0%
	~100.0%	\$6,162,000	\$18,622,000	\$24,784,000	\$271,464,000	100%

Notes:

- i

All values included in this table are represented in 2022 dollars and may exhibit rounded values. In the future, an annual inflationary rate (3% or Consumer Price Index equivalent) is to be included by the FGWG in each entities’ annual payment of allocated maintenance dredging funding; those inflation costs are not reflected in this table. All values reflect planning-level cost estimates based on conceptual design (see Section 5.e).
- ii

The total cost to manage sediment represented in this table assumes removal of the 5th Avenue Dam occurs in 2033, which is the soonest that phased dam removal could begin – through 2050, which is the end date of the existing agreement. Based on hydrodynamic and sediment transport numerical modeling conducted for the EIS, maintenance dredging is assumed to occur at an approximately 6 year frequency, resulting in an estimated three dredge events in the 18-year duration between 2033 and 2050. These planning level costs reflect these assumed dredging events.

Delays in 5th Avenue Dam removal would reduce the duration within this agreement where sediment conditions in West Bay have changed from existing conditions. If removal of the 5th Avenue Dam is delayed (particularly if the delay is long enough to eliminate an assumed dredge event), the total cost estimates for sediment management provided herein could be adjusted. Potential future adjustments in the total cost of sediment management will be reflected in the total costs allocated to each FGWG member, but not the percentage allocation of each FGWG.

Each FGWG member's annual payment is determined by dividing the member's total allocated sediment management costs for the initial term of the ILA by the number of years (partial years count as a full year) remaining in the initial agreement term of the ILA at the time of the payment's deposit. The number of years used to determine the annual payment is dependent upon the State's formal appropriation of construction funding for the Estuary Alternative construction. Each FGWG member is responsible for its annual allocated costs; however, they may divide over the initial term of the ILA, as is described in Section 5.b, Total Estimated Costs and Payment Allocation, of the ILA. These costs assume that the Port of Olympia has already dredged existing contaminated sediment and has reestablished authorized depths in West Bay. That dredging of contaminated accumulated sediment is not associated with this project, and those costs are not included in the costs represented here. The planned Port of Olympia dredging of contaminated sediments is also expected to allow the future dredged material under the No Action Alternative (and Estuary Alternative) to be disposed of in-water.

The planning-level costs presented herein assume in-water disposal of dredged material. The maintenance dredging costs would significantly increase if dredged material was determined not suitable for in-water disposal.

Bathymetric surveys would be conducted to adjust dredging events to actual environmental conditions (surveys would occur annually, at a minimum). These tables do not include costs for the annual bathymetric surveys. Costs associated with design and permitting (and associated efforts) are not included in these tables either, and they are currently assumed to be an in-kind contribution from the FGWG as outlined in Section 2.d.

2050 is the last year of existing leases with private marinas in West Bay; these estimates align with that timeline and do not speculate about continued maintenance dredging past that time, potential new funding sources or different shared agreements, or potential marina decisions to relocate.

- iii

This represents the estimated non-project costs associated with dredging impacted areas of West Bay based on sedimentation rates and patterns modeled for the No Action Alternative, assuming a formal dredging program with the same dredging triggers as defined for the Estuary Alternative. Numerical modeling shows that approximately 65% of the sediment would be dredged from the Federal Navigation Channel and turning basin; funding for that dredging is the responsibility of the U.S. Army Corps of Engineers (USACE). USACE-provided funding (for dredging equivalent to the No Action Alternative, or for increased sediment management under the Estuary Alternative, as described below) has not been included in this table at the request of the FGWG. USACE funding for dredging is a critical component of maintaining navigation in West Bay.

- iv

These costs reflect the increased maintenance dredging costs beyond those that would be incurred by others under the No Action Alternative to avoid significant impacts to navigation in West Bay. Dredging in the FNC and turning basin, including additional dredging requirements resulting from the project, is the responsibility of the USACE and those costs are not included herein. Maintenance dredging needs equivalent to the No Action Alternative in impacted areas of West Bay would continue to be the responsibility of the Port of Olympia, private marinas, and the USACE; additional dredging requirements shown in this estimate, resulting from the project, would be the shared responsibility of members of the FGWG.

Upcoming Topics and Agenda Items

October 3, 2022

Sam Gibboney
Executive Director

Upcoming Topics and Agenda Items

Commission Meeting

Meeting Date	Meeting Time	Meeting Type	Agenda Items	Consent – C Action – A Advisory – V Action/Other – A/O	Staff Lead
Monday, October 10, 2022	5:30 PM	Commission Meeting	Resolution 2022-XX Support for Ballot Proposition	A	Rick
			Capitol Lake - Deschutes Estuary MOU	A	Lisa
			Budget Process & Schedule Adoption	A/O	Matt
			Large Airport Lease	V	Allyn
			Strategic Plan Adoption	V	Sam
			Resolution 2022-XX Apprenticeship Utilization - policy revision	V	Rick
			Budd Inlet Consultant Contract: Gemini Environmental	V	Lisa
			Budd Inlet Consultant Contract: Lund Faucett	V	Lisa
			Budd Inlet Consultant Contract: Cascadia Policy Solutions	V	Lisa
			Budd Inlet Consultant Contract: Cascadia Law Group	V	Lisa

Upcoming Topics and Agenda Items

Commission Work Session

Meeting Date	Meeting Time	Meeting Type	Agenda Items	Consent – C Action – A Advisory – V Action/Other – A/O	Staff Lead
Monday, October 17, 2022	1:00 - 4:00	Work Session	Airport Master Plan Update	V	Warren
			Study Session - CIP and Review of Tax Levy Uses	V	Matt
			Study Session - Environmental Budget Review including Budd Inlet	V	Lisa

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Upcoming Topics and Agenda Items

Commission Meeting

Meeting Date	Meeting Time	Meeting Type	Agenda Items	Consent – C Action – A Advisory – V Action/Other – A/O	Staff Lead
Monday, October 24, 2022	5:30 PM	Commission Meeting	Budget Presentation - Commission Review & Vote on Changes	V	Matt
			Strategic Plan Adoption	A	Sam
			Large Airport Lease	A	Allyn
			Budd Inlet Consultant Contract: Dalton Olmsted & Fuglevand (DOF)	A	Lisa
			Budd Inlet Consultant Contract: Gemini Environmental	A	Lisa
			Budd Inlet Consultant Contract: Lund Faucett	A	Lisa
			Budd Inlet Consultant Contract: Cascadia Policy Solutions	A	Lisa
			Budd Inlet Consultant Contract: Cascadia Law Group	A	Lisa
			Marine Center: Thomas Architecture Contract Amendment	V	Lisa
			Marine Center: MIG Architecture Contract	V	Lisa
			Marine Center: Port/Puget Sound Estuarium MOU	V	Lisa

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Work Sessions Agenda Items

Work Session Agenda Items	Topic		Staff Lead	Scheduled
	Commercial Aviation Coordinating Commission	Staff	Rudy	✓
	Tribal Honor Statement	Commission	C. Iyall/Sam	✓
	Newsletter from Commission for staff	Commission	Jennie	✓
	Budd Inlet Remediation Update	Staff	Lisa	✓
	Marine Terminal Briefing	Staff	Rudy	✓
	Destination Waterfront & Marine Center Building Update	Staff	Sam	✓
	Joint Commission - POCAC Meeting	Commission	Sam	✓
	POCAC subcommittee as Vision 2050 Implementation Team	Commission	Jennie	✓
	New Day hydrogen fueling	Commission	Aletia	✓
	New Market Industrial Campus Planning	Commission	Lisa	✓
	Vessel Integrity Surplus Request	Staff	Rudy/TJ	Q4
	Financial Reporting	Commission	Matt	✓
	Commission Response to Public Comment & Public Inquiry	Commission		
	Executive Session - who can call one & who determines compliance with OPMA exemptions	Commission	General Counsel	