



Commission Meeting
Monday, November 6, 2023
4:00 PM

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

The meeting agenda is available on the Port's website as of November 2, 2023.

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

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

<https://us02web.zoom.us/j/81244973064?pwd=MDkyTCtITHJlEKzZqQWlad1Q2YXl1dz09>

or Telephone: 1 253 215 8782

Webinar ID: 812 4497 3064

Passcode: 447138

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 you are attending the meeting via Zoom, you may raise your hand during the meeting to give public comment.
For those listening by phone, press *9 if you wish to raise your hand and provide comment.

AGENDA

- A. Call to Order
- B. Pledge of Allegiance
- C. Approval of Agenda
- D. Public Comment

Individual public comments are limited to 3 minutes per person. Members of the public may comment on agenda items and other port business.

NOTE: Guidelines for public comment can be found in the Commission Rules in Resolution Article VI.

- Comments should be directed to Commission: Comments should be directed to the Commission as a whole and should not include comments about individual Port staff or members of the public.
- Courtesy: All speakers (members of the public, Port staff, and Commissioners) shall be courteous in language and demeanor and shall confine remarks to those facts that are germane and relevant to the question or issue under discussion.

Port of Olympia Mission

Creating economic opportunities and building community for all of Thurston County through responsible resource use.

- E. Consent Calendar
 - 1. None
- F. Pending Issues or Business
 - 1. None
- G. Action Calendar
 - 1. None
- H. Action/Other Calendar
 - 1. None
 - 2. Public Comment on Action/Other Calendar
- I. Advisory Calendar
 - 1. 2024 Draft Operating Budget – Second Review: Tad Kopf, Interim Director of Finance
 - 2. Capitol Little League Update: Warren Hendrickson, Director of Operations
 - 3. Public Comment on Advisory Calendar
- J. Commissioner Reports/Discussion
- K. Other Business
- L. Meeting Announcements
- M. Adjourn

COVER MEMO

Briefing Date/Time: Nov. 6, 2023

Staff Contact/Title: Tad Kopf, Interim Director of Finance, 360.528.8043
TadK@portolympia.com

Subject: 2024 Draft Budget

Purpose: ☒ Information Only ☐ Decision Needed

Background/Overview:

Port staff are sharing a draft of the full 2024 budget.

The draft capital investment plan and use of tax levy funds were presented in previous meetings. This version of the draft budget now includes all components. This is the second review and revised version of the draft budget.

Documents Attached:

PowerPoint presentation.

Next Steps/Timeframe:

A draft final review of the full budget is tentatively scheduled for Nov. 13 and a work session review tentatively scheduled for Nov. 20 for final adjustment (if needed).



PORT of OLYMPIA
Serving All of Thurston County

2024 Budget and Capital Investment Plan

Tad Kopf
Interim Director of Finance
Nov. 6, 2023



1

Today's Presentation

Advisory Only

- Budget and Capital Investment Plan



2

2

Agenda

- Commission IOU's
- Review schedule
- 2024 Budget assumptions
- Capital Investment Plan
- 2024 Budget overview
- 2024 Operating budget by business
- Tax Levy and Non-Operations (including environmental, Commission and other non-ops)
- Debt service
- Questions and Comments



3



3

Budget Work Session IOU's (Completed)

- **Small City Budget Provisions:** Added \$20K to Commission budget
- **Sea Level Rise:** \$40K Included in Environmental budget
- **Commission Special Projects Provision:** Added \$50K to Commission budget
- **Tax Levy Refund Line Item:** Added to Tax Levy slide, in the amount of \$79,261
- **Bond Project Information:** Detail summary distributed to Commissioners
- **Intercity Transit MOU Detail:** MOU detail distributed to Commissioners
- **POCAC budget increase from \$2.5K to \$5K:** Change made to proposed budget

4



4

Oct. 23 Commission Meeting IOU's

- **Correction to Statutory Budget page:** Complete
- **Airport Other Operating Expense:** \$16K pest control / ground water monitoring / miscellaneous / IT
- **Additional placeholder salary to executive budget:** Complete
- **FTZ increase:** Complete
- **Environmental budget messaging:** Communication action

5



5

Future 2024 Budget Timeline

[November 6, 2023](#)

Commission Meeting – Second Review of Draft 2024 Operating Budget and Capital Investment Plan

[November 13, 2023](#)

Commission Meeting – Draft final budget presentation and Public Hearing

[November 20, 2023](#)

Work Session – Review final budget adjustments (if needed)

[November 27, 2023](#)

Commission Meeting – Budget adoption: Resolutions 2023-XX for the Budget adoption Tax Levy, 2023-XX Adoption of budget and Capital Improvement Plan, and Comprehensive Scheme of Port Capital Improvements 2323-XX

6



6

2024 Budget Assumptions

Operating Budget (2023 Adopted vs. 2024 Proposed)

- Overall Revenues Increase of 12.0%
- Overall Expenses Increase of 7.5%

- Grants, \$1.4M in 2023 to anticipated \$4.6M in 2024
- Commerce Building Center Lacey, not included
(Revenue, Expenses, G&A redistributed)

- Rates and Fees
 - Airport Increase of 5.0%
 - Marina Increase of 5.4%
 - Marine Terminal Tariff TBD

- Staffing
 - COLA salary adjustment 4.0%
 - Budd Inlet Communications Specialist added

7



7

2024 Capital Investment Plan Highlighted Projects

- Airport/Operations electric vehicle x2
- Unleaded AvGas tank and fuel truck
- Washington State Patrol hangar roof
- Marine Terminal (Berth 1 assessment, paving and Maintenance Facility)
- Boatworks Stormwater treatment system
- Waterfront Center Building design
- IT Cyber Security and Infrastructure Project
- Billy Frank Jr. Trail signs

8



8

Capital Budget

2024 Proposed Capital Budget						
Business Unit	Page #	Project Name	Capital Budget	Port Funds	Grant Funds	Notes, Comments, Assumptions
Airport	1	Airfield Pilot Controlled Lighting System	\$150,000	\$15,000	\$135,000	FAA NPE grant funds \$135,000.
	2	Airfield Lighting Regulators	\$500,000	\$50,000	\$450,000	FAA BIL/AIG grant funds \$450,000.
	3	Unleaded AvGas Tank & Fuel Truck	\$500,000	\$50,000	\$450,000	FAA NPE & BIL/AIG grant funds \$450,000.
	4	Runway 17/35 Rehab Design	\$75,000	\$75,000	\$0	Environmental. 90% reimbursable in 2025 from grant.
	5	Airport/Operations Electric Vehicle x2	\$173,800	\$17,380	\$156,420	FAA Sustainability Grant Project \$156,420.
	6	Airport Runway 8/26 Reconstruction**	\$250,000	\$250,000	\$0	Carry over from 2023.
	7	Equipment: Airport Snow Plow	\$60,000	\$60,000	\$0	Suitable large snow plow vehicle for 2024-25 snow
	8	WSP Hangar Roof	\$400,000	\$400,000	\$0	Awaiting 2023 evaluation.
			\$2,108,800	\$917,380	\$1,191,420	
Marina & Boatworks	9	BW-Replace Media in Stormpond	\$60,000	\$60,000	\$0	Media in pond is over 20 yrs. old.
	10	BW-Stormwater unit/filtration**	\$200,000	\$200,000	\$0	Engineering in 2023. Construction in 2024.
	11	Equipment: Tractor Attachment	\$18,000	\$18,000	\$0	
	12	Equipment: Asphalt Sealer	\$80,000	\$80,000	\$0	
			\$358,000	\$358,000	\$0	

9



9

2024 Proposed Capital Budget						
Business Unit	Page #	Project Name	Capital Budget	Port Funds	Grant Funds	Notes, Comments, Assumptions
Marine Terminal	13	Asphalt/Repairs-Berth 1**	\$75,000	\$75,000	\$0	PIDP Grant Award - Design, engineering
	14	Maintenance Facility**	\$75,000	\$75,000	\$0	PIDP Grant Award - Design, engineering
	15	Marine Terminal Paving**	\$75,000	\$75,000	\$0	PIDP Grant Award - Design, engineering
	16	Port Security - Gate Replacement	\$400,000	\$100,000	\$300,000	Port Security Grant
	17	Fuel Containment Facility	\$65,000	\$65,000	\$0	
			\$690,000	\$390,000	\$300,000	
Real Estate		N/A				
			\$0	\$0	\$0	
Non-Ops Admin	18	Waterfront Center - Design**	\$300,000	\$55,000	\$245,000	
	19	Marine Drive Asphalt (Heavy to MT Gate)	\$1,500,000	\$200,000	\$1,300,000	State appropriations. Engineering & rebuild in 2024.
	20	Billy Frank Jr Trail Signs**	\$50,000	\$50,000	\$0	
	21	Sustainability Infrastructure	\$97,900	\$8,900	\$89,000	Grant - Clean Energy 5
	22	IT - Needs	\$75,000	\$75,000	\$0	
	23	IT-Phone Upgrades (VOIP)	\$20,000	\$20,000	\$0	
	24	IT-Fiber to Port Cyber Security Infrast.	\$125,000	\$31,250	\$93,750	Port security grant
	25	SL Rise: Install Backflow Prevention - A&J	\$25,000	\$25,000	\$0	
	26	Contingency Capital Project(s) *	\$300,000	\$300,000	\$0	*Additional projects require commission approval
			\$2,492,900	\$765,150	\$1,727,750	
		Capital Total		Port Total	Grants Total	
			\$5,649,700	\$2,430,530	\$3,219,170	
		** indicate a Capital carryover from a previous year				

V. 10.30.23

10



10

Cash 2024 Statutory Budget *(in 000's)*

	2024 Budget
Beginning Cash & Investments	\$ 15,342
Operating Revenues	15,635
Operating Expense	(14,350)
Income from Operations	1,285
Property tax revenue	7,779
Non Operating	(4,395)
Operations & Other Income	4,669
Debt Service Payments	(4,616)
Capital Investments - Planned Projects	(2,446)
Projected Uses of Income	(7,062)
Ending Cash & Investments	\$ 12,949

11



11

Ending Cash / Working Capital

Total Cash:	\$13.0 Million
Cash Reserves:	\$ 9.2 Million
	<hr/>
Working Capital:	\$ 3.8 Million

12



12

Definitions for Reference

- **GAAP**
 - Generally Accepted Accounting Principles
- **Depreciation**
 - Is how costs of tangible and intangible assets are allocated over time and use. Under GAAP, expenses must be matched to the same accounting period in which the related revenue is generated. Depreciation is a way of spreading the expense of an asset over the number of years that the asset will be in service for the organization.

13



13

2024 Budget Overview

Comparative (000's)

	Consolidated Airport	Consolidated Swantown	Marine Terminal	Properties
Operating Revenues	\$3,348	\$4,816	\$6,376	\$1,095
Operating Expenses	\$828	\$3,005	\$3,158	\$368
Maintenance Expenses	\$1,145	\$558	\$1,496	\$116
General & Admin	\$989	\$989	\$1,065	\$645
Net Income (Before Dep.)	\$386	\$264	\$657	(\$34)
Depreciation	(\$884)	(\$579)	(\$1,807)	(\$213)
Net Income (After Dep.)	(\$498)	(\$315)	(\$1,150)	(\$247)

14



14

2024 Budget Overview

Consolidated Airport, (in 000's)

		% +/- Vs. 2023 Budget
Operating Revenues	\$3,348	<i>Increase of 1.6%</i>
Operating Expenses	\$828	<i>Decrease of 3.5%</i>
Maintenance Expenses	\$1,145	<i>Increase of 47.5%</i>
General & Admin. Overhead	\$989	<i>Increase of 19.5%</i>
Net Income (Before Depreciation)	\$386	
Depreciation	(\$884)	
Net Income (After Depreciation)	(\$498)	

15



15

2024 Budget Overview

Consolidated Swantown, in (000's)

		% +/- Vs. 2023 Budget
Operating Revenues	\$4,816	<i>Increase of 4.0%</i>
Operating Expenses	\$3,005	<i>Increase of 2.7%</i>
Maintenance Expenses	\$558	<i>Increase of 9.3%</i>
General & Admin. Overhead	\$989	<i>Increase of 19.5%</i>
Net Income (Before Depreciation)	\$264	
Depreciation	(\$579)	
Net Income (After Depreciation)	(\$315)	

16



16

2024 Budget Overview

Marine Terminal (000's)

% +/- Vs. 2023 Budget

Operating Revenues	\$6,376	Increase of 1.2%
Operating Expenses	\$3,158	Decrease of 4.6%
Maintenance Expenses	\$1,496	Decrease of 2.0%
General & Admin Overhead	\$1,065	Increase of 19.5%
Net Income (Before Depreciation)	\$657	
Depreciation	(\$1,807)	
Net Income (After Depreciation)	(\$1,150)	

17



17

2024 Budget Overview

Properties in (000's)

% +/- Vs. 2023 Budget

Operating Revenues	\$1,095	Decrease of 34.1%
Operating Expenses	\$368	Decrease of 45.9%
Maintenance Expenses	\$116	Decrease of 54.1%
General & Admin Overhead	\$645	Increase of 19.4%
Net Income (Before Depreciation)	(\$34)	
Depreciation	(\$213)	
Net Income (After Depreciation)	(\$247)	

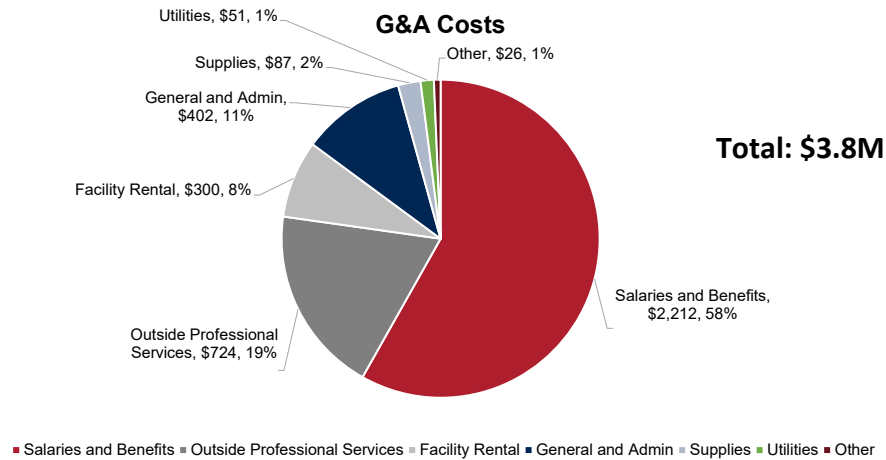
18



18

Budget Overview

General and Administration (in 000's)



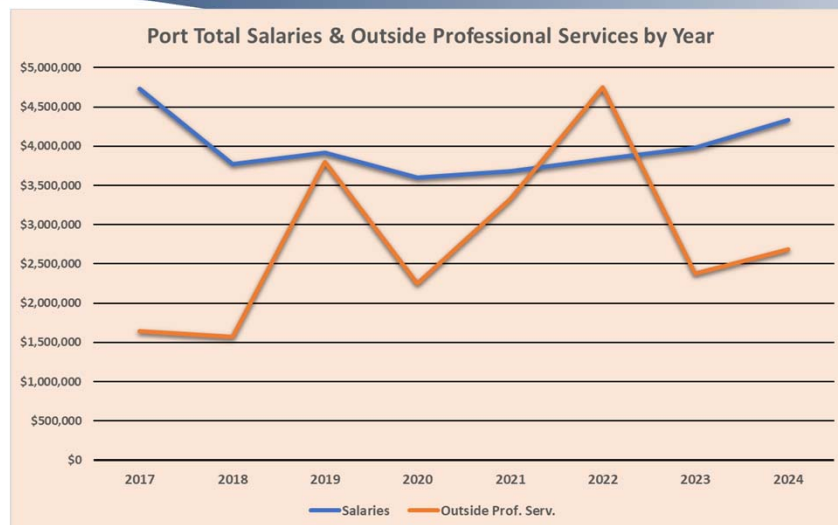
19



19

Outside Professional Services vs. Salaries

2017-22 Actuals
2023 Projected
2024 Budgeted



	2017	2018	2019	2020	2021	2022	2023	2024
Salaries	\$4,728,007	\$3,773,547	\$3,916,525	\$3,600,367	\$3,683,427	\$3,835,331	\$3,976,038	\$4,330,451
Outside Prof. Serv.	\$1,638,860	\$1,571,055	\$3,801,799	\$2,252,704	\$3,330,243	\$4,746,135	\$2,373,170	\$2,687,218

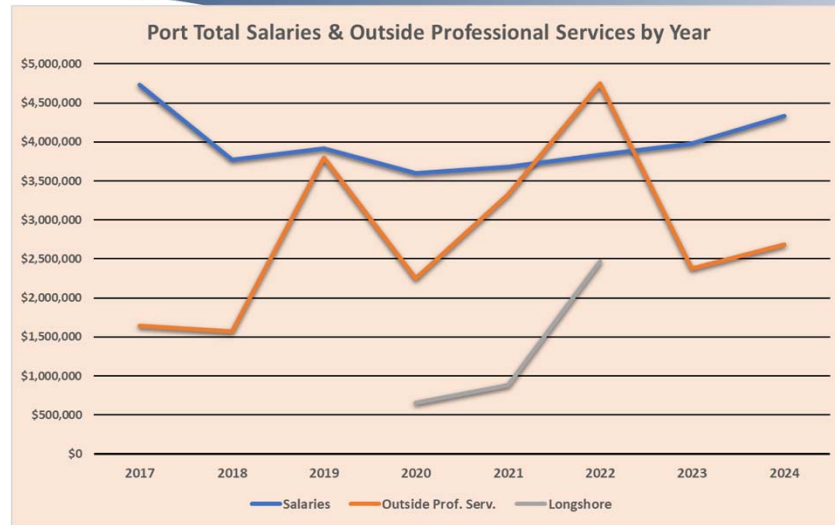
20



20

Outside Professional Services vs. Salaries

2017-22 Actuals
2023 Projected
2024 Budgeted



	2017	2018	2019	2020	2021	2022	2023	2024
Salaries	\$4,728,007	\$3,773,547	\$3,916,525	\$3,600,367	\$3,683,427	\$3,835,331	\$3,976,038	\$4,330,451
Outside Prof. Serv.	\$1,638,860	\$1,571,055	\$3,801,799	\$2,252,704	\$3,330,243	\$4,746,135	\$2,373,170	\$2,687,218
Longshore				\$652,531	\$878,309	\$2,466,008		

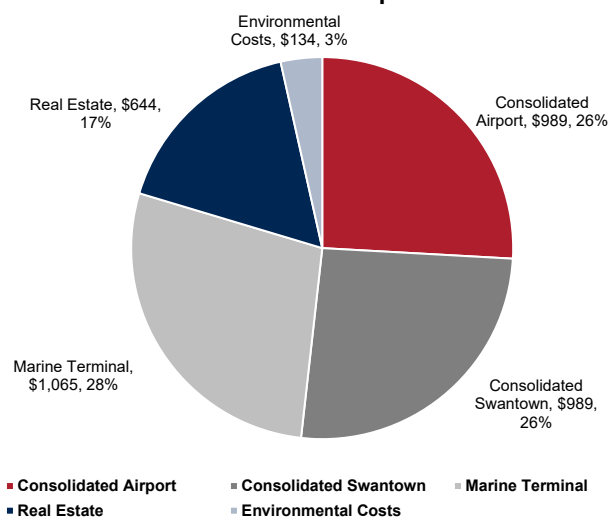


21

Budget Overview

General and Admin.
(in 000's)

G&A Allocation To Department



22

22

Tax Levy

Calculated Proposed Amount

1% + New Construction Increase		
2023 levy amount		\$ 7,587,578
Increase on prior year levy	1%	75,876
Levy increase for new construction		115,453
Administrative Refund Re-Levy		79,261
Proposed 2024 tax levy		\$ 7,858,167
Increase (Decrease)		\$ 270,589
2024 Preliminary Assessed Valuation	\$60,139,661,071	
2024 Millage Rate (calculated)		\$ 0.1307
2023 Millage Rate		\$ 0.1267
Difference		\$ 0.0040

23



23

Tax Levy	\$ 7,858
Total Tax Levy Revenues	\$ 7,858
Uses of Taxes:	
Principle & Interest Expense, Debt	(4,616)
Environmental Expense:	
Cascade Pole	(729)
Environmental Administration	(1,003)
Budd Inlet Remediation (Port Share Only)	(500)
Community Events	(63)
Public Amenities	(65)
Harbor Patrol	(33)
Small Cities	(60)
Special Projects	(50)
Commission Expense	(997)
Total Use of Taxes	\$ (8,116)
Net Levy Funds	\$ (258)
Funds Required From Operations	\$ 258

24

Tax Levy Uses

(in 000's)

24

Next Steps

November 13, 2023

Commission Meeting – Draft final budget presentation and Public Hearing

November 20, 2023

Work Session – Review final budget adjustments (if needed)

25



25

Debt Service and Use

Yearly Bond Information

2015 Refunding Bond

- East Bay redevelopment
- Marine Terminal berth dredge
- Marina dock rehab
- Cascade Pole site capping – environmental

2016A LTGO Bond and Refunding Bond

- East Bay redevelopment
- Marine Terminal berth dredge
- Marina dock rehab
- Cascade Pole site capping – environmental

2016B LTGO Bond

- Lacey Commerce Business Center
- Tumwater Cleanwater development improvements

2018A LTGO Bond and Refunding Bond

- Marina fuel dock
- Stormwater treatment facility
- Cascade Pole site improvements

2018B LTGO Bond and Refunding Bond

- Marine Terminal equipment

Key Bank Loan 7

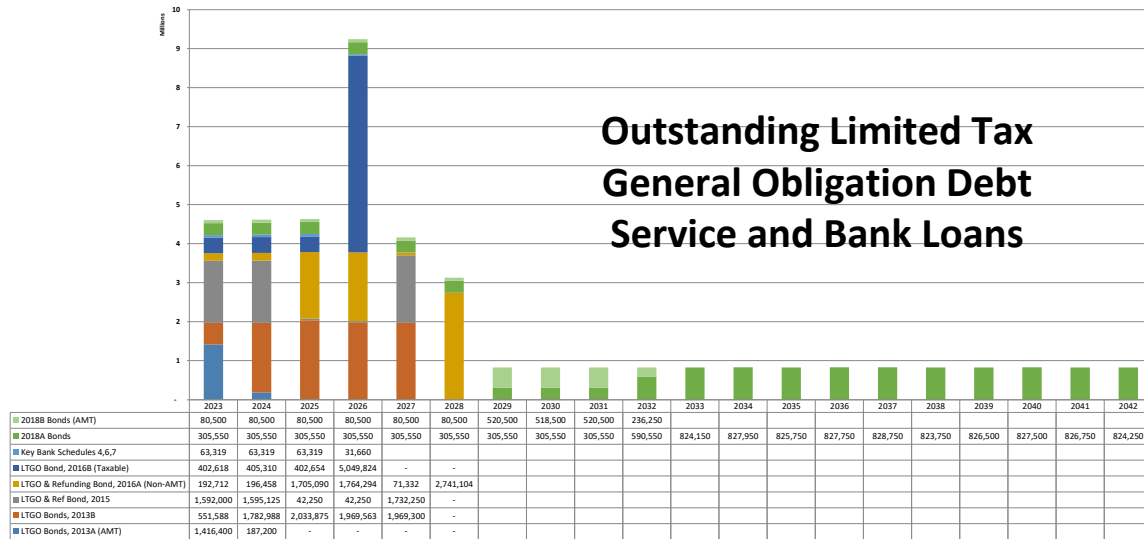
- Airport and New Market Industrial Campus facilities

26



26

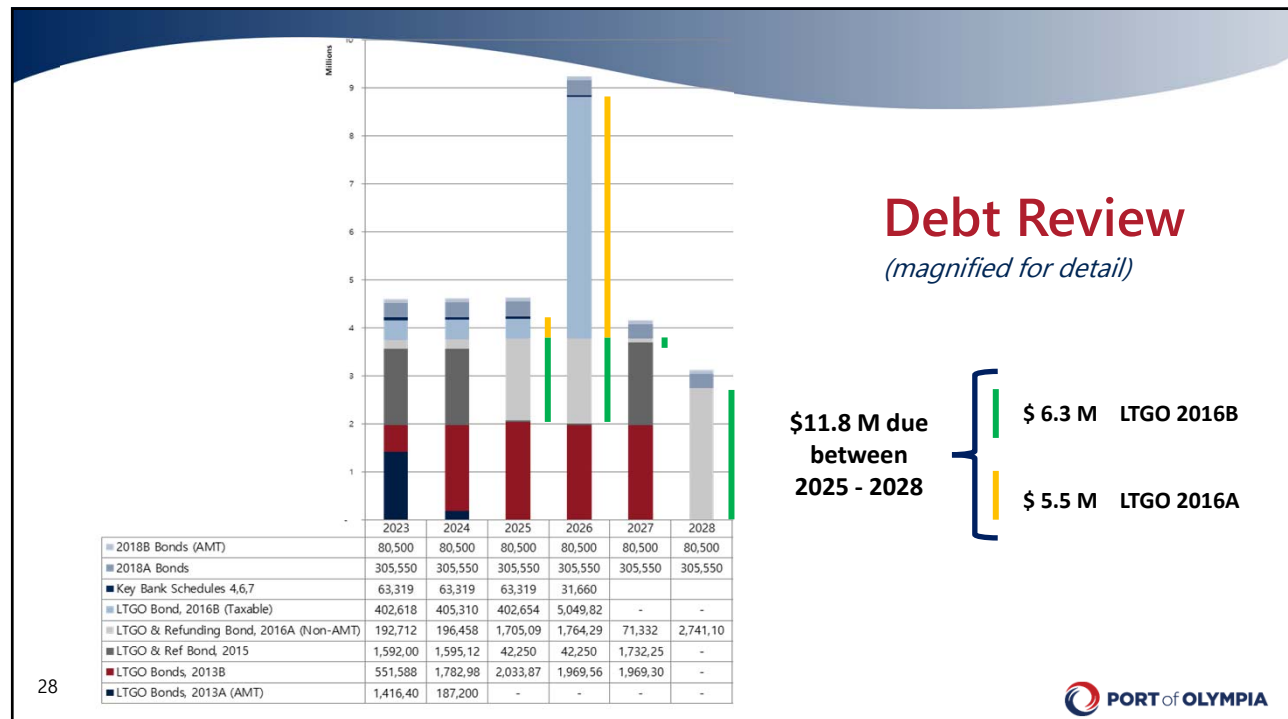
Debt Review



27



27



28



28

Future Budget Discussions

- Alternate General and Administrative overhead distributions
- Business Unit P&L tracking

29



29

Questions and Comments

30



30

COVER MEMO

Briefing Date/Time: November 6, 2023/4:00 PM

Staff Contact/Title: Warren Hendrickson, Director of Operations
360.528.8050 warrenh@portolympia.com

Subject: Capitol Little League Lease Amendment

Purpose: ☒ Information Only ☐ Decision Needed

Overview:

This is an Advisory agenda item before the Commission. No action required.

Background:

Capitol Little League leases approximately 10.6 acres of Olympia Regional Airport property for ballfields from the Port of Olympia on Olympia Regional Airport aeronautical use property. This lease commenced on February 1, 1999 on a temporary, non-conforming basis.

The Port of Olympia's airport property is subject to Federal Aviation Administration (FAA) oversight and the airport's FAA Airport Layout Plan (ALP). The FAA prioritizes aeronautical uses on airport properties. When a parcel is used for non-aeronautical purposes, the tenant is required to pay a fair market rate.

Capitol Little League's lease is currently out of compliance because the League is not paying fair market rate. Such non-compliance is a violation of FAA Grant Assurances and places future federal funding eligibility for Olympia Regional Airport at risk. The Port has been working in partnership with the Capitol Little League on a plan and timetable to comply with FAA policies and regulations while minimizing the burden on the Capitol Little League.

The Port Commission-approved market lease rate for the Capitol Little League facility is \$.35 per square foot. The League's current lease rate is \$.02 per square foot.

The Olympia Regional Airport's ongoing Master Plan Update has confirmed the future aeronautical need for the Capitol Little League parcel. Ultimately therefore, the League will need to relocate its ballfields off Port property.

Documents Attached:

- Exhibit A: Aerial View/Leased Parcel/Field Map
- Port - Capitol Little League Lease Amendment #19
- Port - Capitol Little League Memorandum of Understanding

Historical Timeline:

1999: Initial execution of “temporary” and “non-conforming” lease

2009: FAA released Airport Self-Sustainability guidance

2016: FAA issued clarification of non-aeronautical use implications

2021: Airport Master Plan Update confirmed aeronautical need of the League’s leased parcel

2022: Port informed League of need to transition to market lease rate

2023: New lease executed implementing a two-year transition to market lease rate

Summary of Current State:

On January 26, 2023, a new one-year lease for continued temporary use – with two one-year options – was signed with stipulations that would result in Capitol Little League paying market rate over a two-year transition period, should those options be exercised. The 2023-2024 lease year maintained the status quo lease rate, with a 5% annual adjustment. The 2024-2025 lease year would increase the lease rate to 50% of market rate. The 2025-2026 lease year would increase the lease rate to 100% of market rate.

Communication efforts with League coaches, parents, and interested community partners in early 2023 have focused on the Port explaining the FAA compliance requirements behind the increased lease rate. The needed change was never about generating Port revenue; it was simply a necessity to avoid running afoul of FAA compliance requirements for continued eligibility of federal funding. In March 2023 correspondence, the FAA Regional Compliance Program Manager confirmed the requirement with no possibility of waiver. A detailed history and explanation of the topic in the form of Frequently Asked Questions (FAQs) was, and remains, posted on the [airport website](#). Highly collaborative ongoing conversations between Port staff and the League Officers and Board culminated in a joint open-to-the-public meeting on July 16, 2023.

As 2023 progressed, it became evident that the League does not yet have the financial resources to pay a market lease rate in the near term. The League has therefore embarked on a multi-year strategic initiative to significantly increase its fundraising efforts. Likewise, the Port acknowledges that these additional funds are better suited to support the League’s relocation than to pay the Port a higher lease rate. A

relocation serves the Port purposes in two ways: enabling the redirection of the League's current parcel to aviation-related activity and removing completely the concern of an FAA non-compliance issue.

Beginning August 24, 2023, the Port and the League began an exchange of proposals to meet the needs of both organizations. The Port and the League reached full agreement on October 15, 2023.

- The Port will extend the existing lease for four years, from February 1, 2024 through January 31, 2028 at the existing lease rate, plus a five percent (5%) increase per annum.
- The League, among other provisions, has committed to achieving a fundraising target of \$160,000.00 by the end of the four-year lease period. This dollar amount is functionally equivalent to today's market lease rate.
- Funds raised will be placed in a dedicated League relocation bank account that is firewalled from League operations.

The full list of agreed-upon provisions is contained within a memorandum of understanding (MOU) to be executed by both parties.

FAA staff have been fully briefed on the Port-League agreement and the transition plan to be put into place. The FAA will not object to this lease amendment, recognizes that these changes meet the needs of both organizations, and accepts that such a significant transition for the League will require time to fully implement.

Financial Impact:

Current Lease Rate: \$ 9,177.36 per year (\$.02 per square foot)
Planned 2024 Lease Rate: \$ 9,636.24 per year (\$.02 per square foot)

Lease rate will increase five percent (5%) per year in 2025, 2026, and 2027.

No longer applicable:

Market Lease Rate: \$ 162,447.60 per year (\$.35 per square foot)

Affected Parties:

Port of Olympia
Olympia Regional Airport
Capitol Little League
Federal Aviation Administration
1,600 youth, parents, coaches, and interested parties

Staff Recommendation:

No action required today.

At a future Commission meeting, Port staff will recommend Port Commission approval of a revised lease and a memorandum of understanding with Capitol Little League.

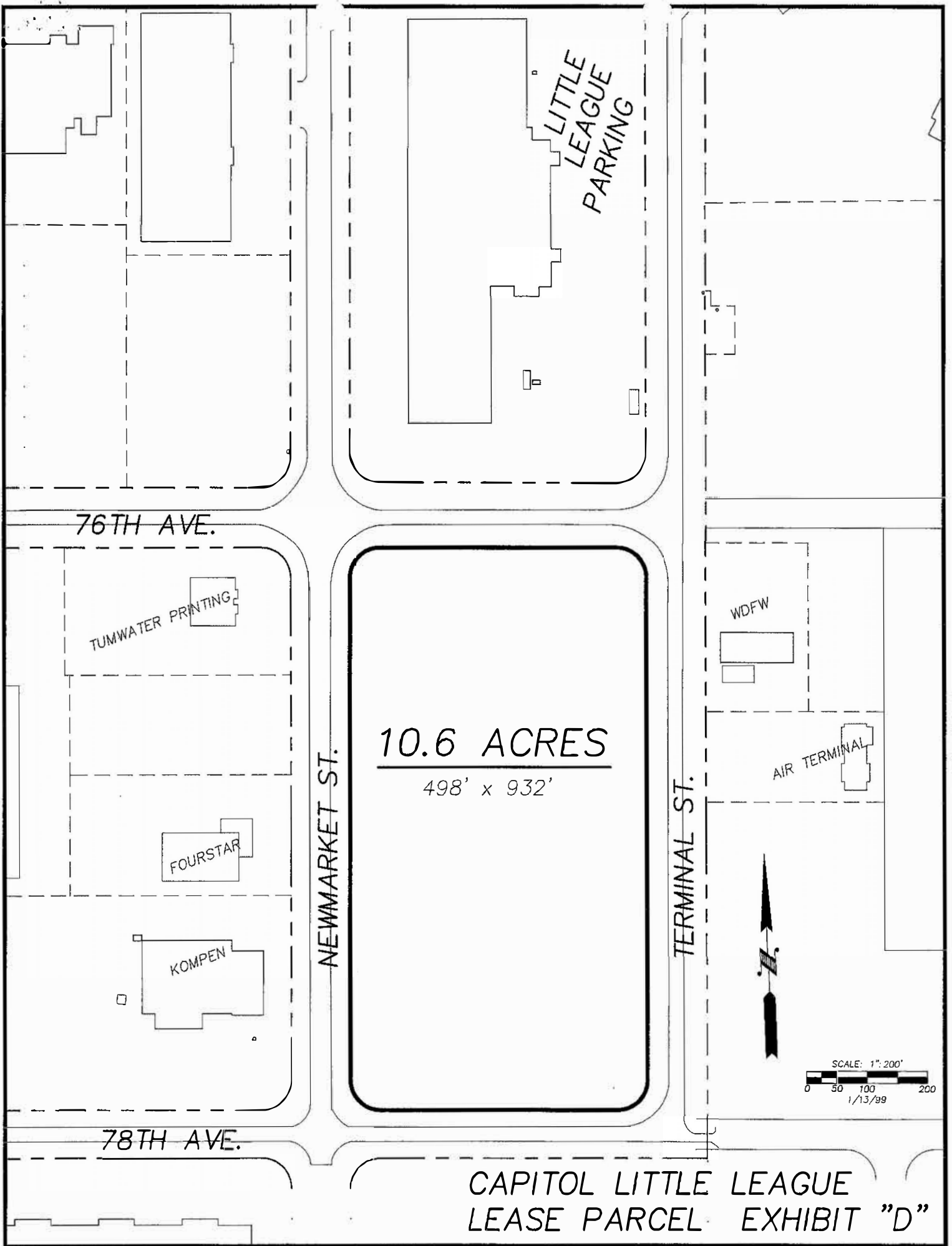
Next Steps/Timeframe:

1. November 27, 2023/5:30 PM Port Commission Meeting
 - a. Action Agenda Item: Execution by Interim Executive Director of lease amendment and memorandum of understanding
2. February 1, 2024
 - a. New lease effective date.
3. January 31, 2028
 - a. Lease termination date.



WSDOT Aviation

**FAA Air Traffic
Control Tower**





#4

#3

#1

#2

#7

#8

#5

#6
Junior



LEASE AMENDMENT NO. 19
PORT OF OLYMPIA GROUND LEASE
OLYMPIA REGIONAL AIRPORT

THIS LEASE AMENDMENT NO. 19 is made this _____ of _____, 2023, by and between the **PORT OF OLYMPIA**, a Washington municipal corporation (hereafter referred to as “Port”), as Lessor and **CAPITOL LITTLE LEAGUE ASSOCIATION**, a Washington nonprofit corporation (hereafter referred to as “Tenant”), as Lessee.

W I T N E S S E T H:

WHEREAS, the Port and Tenant entered into a Lease Agreement dated September 13, 2007, covering specific premises owned by Port and leased to Tenant for children’s baseball fields; and

WHEREAS, the Port and Tenant amended the Lease by Lease Amendment No. 1 dated July 31, 2008, to adjust the rent and revise the surety requirement accordingly; and

WHEREAS, the Port and Tenant amended the Lease by Lease Amendment No. 2 dated June 15, 2009, to adjust the rent and revise the surety requirement accordingly; and

WHEREAS, the Port and Tenant amended the Lease by Lease Amendment No. 3 dated May 24, 2010, to adjust the rent and revise the surety requirement accordingly; and

WHEREAS, the Port and Tenant amended the Lease by Lease Amendment No. 4 dated February 11, 2011, to adjust the rent and revise the surety requirement accordingly; and

WHEREAS, the Port and Tenant amended the Lease by Lease Amendment No. 5 dated March 28, 2012, to adjust the rent and revise the surety requirement accordingly; and

WHEREAS, the Port and Tenant amended the Lease by Lease Amendment No. 6 dated September 19, 2012, to extend the term and provide term options; and

WHEREAS, the Port and Tenant amended the Lease by Lease Amendment No. 7 dated February 11, 2013, to adjust the rent and revise the surety requirement accordingly; and

WHEREAS, the Port and Tenant amended the Lease by Lease Amendment No. 8 dated June 4, 2014, to adjust the rent and revise the surety requirement accordingly; and

WHEREAS, the Port and Tenant amended the Lease by Lease Amendment No. 9 dated December 4, 2014, to extend the term, define the Use of Premises and the Additional Provisions sections of the Lease; and

WHEREAS, the Port and Tenant amended the Lease by Lease Amendment No. 10 dated February 23, 2015, to adjust the rent and revise the surety requirement accordingly; and

WHEREAS, the Port and Tenant amended the Lease by Lease Amendment No. 11 dated February 8, 2016, to extend the lease term, add options to renew, adjust the rent and revise the surety requirement accordingly; and

WHEREAS, Port received letter from Tenant dated January 19, 2017 exercising the first two options to renew and extend the term commencing February 1, 2017 and ending January 31, 2019; and

WHEREAS, the Port and Tenant amended the Lease by Lease Amendment No. 12 dated February 6, 2017, to exercise two (2) options to renew, extend the lease term, adjust the rent, and revise the surety requirement accordingly; and

WHEREAS, the Port and Tenant amended the Lease by Amendment No.13 dated February 2, 2018 for the purpose of adjusting the rent, memorializing the date for evidence of tax exemption status from State of Washington Department of Revenue and revising the surety requirement accordingly; and,

WHEREAS, the Port and Tenant amended the Lease by Amendment No 14 for the purpose of memorializing exercise of options three and four and extending the term.; and,

WHEREAS, the Port and Tenant amended the Lease by Amendment No. 15 dated February 6, 2019 for the purpose of memorializing adjustment to the rent, and surety requirements accordingly; and,

WHEREAS, the Port and Tenant amended the lease by Amendment No. 16 dated February 7, 2020 for the purpose memorializing adjustment to the rent, and surety requirements accordingly; and,

WHEREAS, the Port and Tenant amended the Lease by Amendment No. 17 dated January 14, 2020 for the purpose of memorializing Port granting extension of the Term by Option 6, memorializing exercise by Tenant of both Options 5 and 6, adjusting the rent and surety requirements through January 31, 2023; and,

WHEREAS, the Port and Tenant amended the Lease by Amendment No. 18 dated January 26, 2023, for the purpose of memorializing the Port granting extension of the Term by one year or through January 31, 2024, adjusting monthly rent and surety requirements through January 31, 2024, adding Options to Renew 7 through January 31, 2025, and Option 8 through January 31, 2026, memorializing the monthly rent and surety requirements for Options 7 and option 8; and,

WHEREAS, the Port and Tenant now desire to amend the Lease for the purpose of extending the Lease Term, adjusting the monthly rent, revising the surety requirements accordingly, and canceling Options to Renew 7 and 8;

NOW, THEREFORE, IT IS HEREBY MUTUALLY AGREED that the Lease between the parties shall be amended as follows:

1. Paragraph 1, **LEASE SUMMARY**, **TERM** shall be amended as follows:

The term of the lease is hereby extended by additional four (4) years commencing February 1, 2024, and ending January 31, 2028.

2. Paragraph 1, **OPTION TO RENEW** is hereby amended by the following:

Options 7 and 8 are canceled.

3. Paragraph 1, **LEASE SUMMARY**, **RENT** shall be amended as follows:

The Monthly Rent for the additional four (4) years of the term shall be adjusted by annual increase of five percent (5%) as follows:

Lease Year Commencing	Monthly Rent *Annual Increase by 5%	Annual Surety Requirement
February 1, 2024, to January 31, 2025	\$803.02	\$9,636.23
February 1, 2025, to January 31, 2026	\$843.17	\$10,118.05
February 1, 2026, to January 31, 2027	\$885.33	\$10,623.94
February 1, 2027, to January 31, 2028	\$929.60	\$11,155.16

Washington Leasehold Excise Tax: Tenant exempt from paying Washington Leasehold Excise Tax per the Property Tax Exemption Determination Letter issued by the Washington State Department of Revenue (DOR), dated June 2, 2017, and as verified by email dated September 26, 2022, from Exemption Determination Auditor Mark Baca. Tenant will continue to meet standards for property tax exemption and report annually as required by DOR. Tenant will notify the Port in writing if such exemption status is changed.

4. Paragraph 1, **LEASE SUMMARY**, **SURETY** shall be amended as follows:

Surety requirement shall be submitted to the Port in the amount stated in the above table.

THE REST AND REMAINDER OF THE LEASE shall remain in full force and effect and is affirmed and ratified by the signatures of the parties.

LESSOR:
PORT OF OLYMPIA

TENANT/LESSEE:
CAPITOL LITTLE LEAGUE ASSOCIATION

By: _____
Rudy Rudolph
Interim Executive Director

By: _____
Loris Gies
President

STATE OF WASHINGTON)
) ss
COUNTY OF THURSTON)

I certify that I know or have satisfactory evidence that **RUDY RUDOLPH** is the person who appeared before me, and said person acknowledged that she signed this instrument, on oath stated that she was authorized to execute the instrument and acknowledged it as the Interim Executive Director of the Port of Olympia, to be the free and voluntary act of such party for the uses and purposes mentioned in this instrument.

DATED this _____ day of _____, 2023.

Print Name: _____
NOTARY PUBLIC in and for the State of
Washington, residing at _____

My commission expires: _____

STATE OF WASHINGTON)
) ss
COUNTY OF THURSTON)

I certify that I know or have satisfactory evidence that **LORIS GIES** is the person who appeared before me, and said person acknowledged that she signed this instrument, on oath stated that she was authorized to execute the instrument and acknowledged it as the President of Capitol Little League Association, to be the free and voluntary act of such party for the uses and purposes mentioned in this instrument.

DATED this _____ day of _____, 2023.

Print Name: _____
NOTARY PUBLIC in and for the State of
Washington, residing at _____

My commission expires: _____

**MEMORANDUM OF UNDERSTANDING
BETWEEN THE PORT OF OLYMPIA AND CAPITAL LITTLE LEAGUE ASSOCIATION
REGARDING AN AGREEMENT PURSUANT TO LEASE AMENDMENT 19 AND RELATED FINANCIAL AND
RELOCATION COMMITMENTS**

I. RECITALS

This Memorandum of Understanding (“MOU”) is made and entered into this ____ day of _____, 2023 by and between the Port of Olympia (“Port”) and the Capitol Little League Association (“League”), referred to collectively as “Parties” or “the Parties.”

Whereas, the Port owns certain property bounded by 76th Avenue SW, New Market Street SW, 78th Avenue SW, and Terminal Street SW in Tumwater, WA, parcel #12710100000 (“premises”); and

Whereas, the Port and the League agree that the premises are identified as aeronautical use property by the Olympia Regional Airport Master Plan and by the Federal Aviation Administration (FAA)-approved Airport Layout Plan; and

Whereas, the Port has leased the premises to the League for temporary, non-conforming non-aeronautical use since February 1, 1999; and

Whereas, the FAA Airport Compliance Manual (Order 5190-6B) and other related FAA guidance requires the League to pay market lease rate to the Port for non-aeronautical use of said premises for the Port to remain in compliance with its FAA Grant Assurances and to remain eligible for future federal grant funding; and

Whereas, the League does not have sufficient financial resources at its immediate disposal to either pay market lease rate or relocate off Port property; and

Whereas, the Parties appreciate their partnership through the years to provide over 1,600 youth per year the opportunity to play baseball and wish to express their shared commitment to meet each other’s respective needs within a reasonable timeframe, subject to FAA approval; and

Whereas, the Parties have reached mutual agreement on certain respective commitments to each other;

Now, therefore, the Parties intend by this document to memorialize steps to be taken in preparation for the League to achieve the required level of financial sustainability and/or relocation from Port property as further set forth below.

**II. STEPS TO BE TAKEN FOR LEAGUE FINANCIAL SUSTAINABILITY AND RELOCATION
AND PORT COMPLIANCE**

- A. The Parties will continue due diligence regarding the existing lease, as amended, and the benefits provided therein.
- B. The League understands that the Port eventually intends to develop the premises for aviation-related activity and that it may need to vacate the premises as early as 2026. The League has

therefore begun the process of identifying a new location to provide little league play, and further, will establish a short-term relocation contingency option by 2026, should the Port need the premises prior to 2028.

- C. While the League undergoes the process of securing sufficient land to relocate and develop fields for continued play and future expansion, the Port will extend its existing lease with the League for four years, through January 31, 2028.
- D. The Port's current lease rate terms with the League, through January 31, 2023, are \$9,177.36 per year (\$764.78 per month). The lease rate will increase five percent (5%) per annum effective February 1, 2024 and each subsequent annual anniversary date for the duration of the lease.
- E. Prior to January 31, 2028 – the end of the four-year lease period – the Port at its option will consider, without guaranteeing, annual one-year lease extensions of its lease with the League at terms that will be determined at that time.
- F. To demonstrate its intention to act in good faith, the League agrees to the following:
 - a. To immediately establish a separate bank account for funds raised or donated for new fields with a \$10,000.00 initial deposit from the League's General Operation Funds,
 - b. To sequester and reserve the donated funds for relocation/development to ensure they are not commingled with General Operations Funds,
 - c. To assess, beginning in spring 2024, a minimum \$10.00 per player fee for each of the League's program seasons with all such revenue to be solely dedicated to the procurement of new baseball fields,
 - d. To establish a campaign to allow individuals and businesses to make financial contributions to build new CLL fields,
 - e. To pursue a variety of fundraising events with proceeds earmarked for new fields,
 - f. To pursue grants from the State of Washington for a feasibility study, land procurement, site development, and construction, to build new League fields,
 - g. To pursue grants and direct federal appropriations from the Federal Government to assist in land procurement, site development, and construction of new fields,
 - h. To work with local parks departments and local governments to identify any available field options in the Thurston County area,
 - i. To pursue any local grants or funding available,
 - j. To pursue sponsorships from Little League International and their partners to help build new fields,
 - k. To pursue Seattle Mariners grants to help build new CLL fields,
 - l. To organize available in-kind donations of goods and services from community members to help build new fields,
 - m. To track donations, fundraising, grant applications, and funds received in a spreadsheet, backed by periodic bank statements, and shared with the Port on a regular basis,
 - n. To raise funds at a rate to reach or exceed the following end of year targets, with all such funds to be dedicated to the procurement of new fields:
 - i. 2024: \$ 40,000.00
 - ii. 2025: \$ 80,000.00
 - iii. 2026: \$120,000.00
 - iv. 2027: \$160,000.00

- o. To meet twice yearly with the Port in April and October of every year, starting in 2024, to report progress on each of these actions,
 - p. To identify, by spring of 2025, a preferred location for the construction of new fields.
- G. The Port agrees to allow the obligated financial commitments stated above to be met with guaranteed promissory notes in lieu of cash donations.
- H. The Port will proactively engage the FAA to seek its approval and support of this MOU and its revised lease with the League as sufficient to meet its near-term FAA compliance requirements.
- I. In accordance with this MOU, the Parties will work in good faith to complete the lease extension of the premises by January 31, 2024.

III. ADDITIONAL CONDITIONS

- A. The League recognizes the Port is currently negotiating, in partnership with the City of Tumwater, with the U.S. Fish and Wildlife Service for the Bush Prairie Habitat Conservation Plan ("HCP"). The League acknowledges that requirements of the approved HCP may require the Port to revise both this MOU and the Lease Amendment. The Port will provide notice in advance, to the maximum extent possible, of any such HCP-related impact on the League.
- B. This MOU is not in itself a lease. Rather, it is an expression of the Parties' intent to demonstrate their shared commitment to the Port's compliance requirements, the League's operations, and the baseball youth of the wider community.

IV. SIGNATURES

CAPITOL LITTLE LEAGUE ASSOCIATION

By: _____
Loris Gies, President

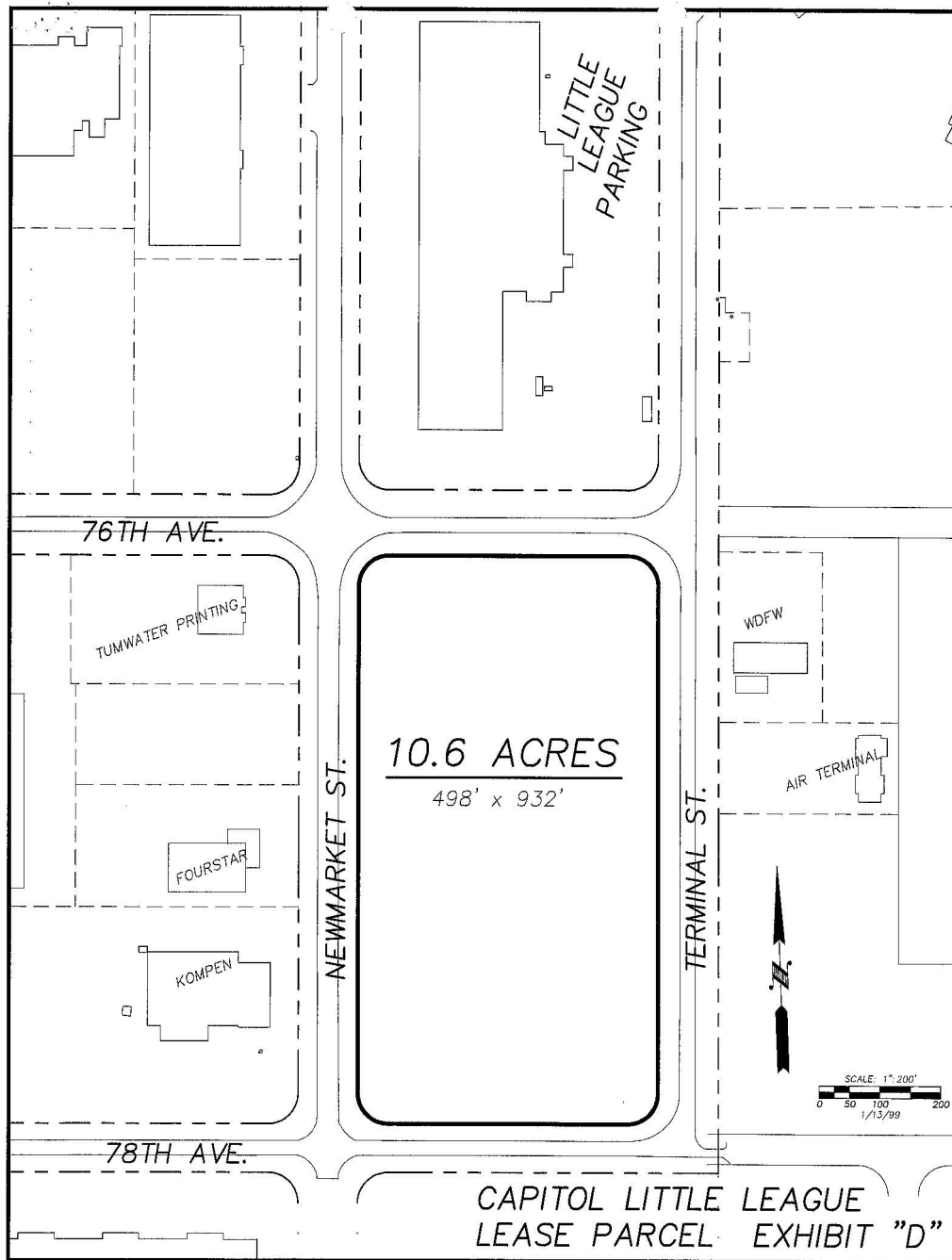
Date: _____


PORT OF OLYMPIA


By: _____
Rudy Rudolph, Interim Executive Director

Date: _____

EXHIBIT A
Property of Interest






 **PORT of OLYMPIA**
Serving All of Thurston County

Capitol Little League Lease Amendment

Warren Hendrickson
Director of Operations
Nov. 6, 2023


1



Today's Presentation

Advisory only – No action required

- Capitol Little League update
- Lease amendment
- Memorandum of Understanding (MOU)

 **PORT of OLYMPIA**

2

Background

Capitol Little League

- Olympia Regional Airport property
- 10.6 acres
- Parcel designated for aeronautical use (i.e., aviation-related activity)
- Temporary, non-conforming use since 1999
- Lease not in compliance with FAA policies and regulations
 - Market lease rate not being paid
 - Airport grant eligibility at risk

3



3

Background (cont'd)

Capitol Little League

- Incremental transition to market lease rate initially planned
 - Stepped increases over two+ years 2023-2025
 - Market rate achieved in February 2025
- League does not currently have sufficient financial resources:
 - To achieve market rate by February 2025 – OR –
 - To relocate
- How then to meet the needs of both organizations?

4



4

Location



5



5

Location

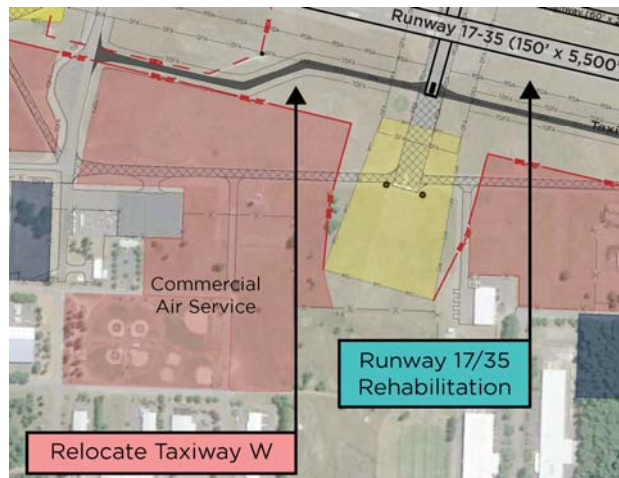


6



6

Why? Planned Future Aeronautical Use



History

Capitol Little League Lease History

- 1999: Initial "temporary" and "non-conforming" lease
- 2009: FAA released airport self-sustainability guidance
- 2016: FAA issued clarification of non-aeronautical use implications
- 2021: Airport Master Plan Update confirmed aeronautical need of the League's leased parcel
- 2022: Port informed League of need to transition to market lease rate
- 2023: New lease executed implementing a two-year transition to market lease rate

2023 Port-League Collaboration

Mutual Understanding of Needs and Resources

- Creating an understanding of Port's needs
 - March 2023: FAA Regional Compliance Program Manager confirmation
 - June 2023: Explanatory FAQs document placed on Port Airport website
- Acknowledging the League's constraints
 - July 2023: Joint Port-League meeting open to public
 - Financial inability to pay market rate
 - Land not readily available to relocate elsewhere in City or County

9



9

2023 Port-League Collaboration

Exchange of Proposals: Agreement Reached

- Objectives:
 - Establish a path that ensures Port meets FAA compliance requirements
 - Provide time for League to raise funds for relocation
- Agreement reached on October 16, 2023
 - Port will extend existing lease for four years through January 2028
 - League commits to raising \$160,000 by end of lease
 - Dollar amount equates to annual market lease rate
 - Additional financial/relocation commitments by League

10



10

Port-FAA Collaboration

Demonstrating a Path to Compliance

- Port-FAA staff meeting October 27, 2023
- FAA acknowledges constraints on both Port and League
- FAA accepts that a transitional time period is required
- FAA will not object to new lease terms

11



11

Financial Implications

Lease Rates Current and Future

- Revised Lease Amendment terms:
 - Current lease rate: \$ 9,177.36 per year (\$.02 per square foot)
 - 2024 lease rate: \$ 9,636.24 per year (\$.02 per square foot)
- No longer applicable:
 - Market lease rate: \$ 162,447.60 per year (\$.35 per square foot)

12



12

Future Port Commission Action Required

Memorializing the Port-League Agreement

- Lease greater than one year requires Commission approval
 - Per Commission-approved Port Policy 1100
- Authorize Interim Executive Director to execute lease amendment
- Authorize Interim Executive Director to execute Memorandum of Understanding (MOU)
 - MOU memorializes the agreed-upon provisions by Port and League

13



13

Timeline

Next Steps

- November 27, 2023 Commission meeting
 - Action agenda item
 - Approve execution of lease amendment
 - Approve execution of Memorandum of Understanding
- February 1, 2024
 - Revised lease effective date
- January 31, 2028
 - Revised lease termination date

14



14

Questions and Comments

15



15