PORT of OLYMPIA
Serving All of Thurston County

Commission Meeting
Monday, July 14, 2025
5:30 PM

Attendance and Public Comment Hybrid Meeting Information:

Attend Remote or In-Person

The public are welcome to attend the meeting in person, or may view or listen to the meeting using one of the following platforms:

In-Person:	626 Columbia Street NW, Olympia
	Olympics Room, Suite 1-B
Zoom:	Go to http://www.zoom.us/join and enter the Webinar ID 894 3319 4772 and Passcode 579891.
	Instructions and access details (a link to the meeting) will be emailed to you once a short registration form is complete. (Check Spam or Junk folder and move Zoom link email to your Inbox to view/access link.)
YouTube:	www.youtube.com/@portofolympia1922
Phone:	Call (253) 215-8782, listen for the prompts and enter the Webinar ID 894 3319 4772 and Passcode 579891.

Verbal Public Comment   ==*Please note new process for online/Zoom Public Comment*==

Those wishing to provide verbal public comment may do so in-person or by Zoom:

In-Person:	Use the sign-up sheet located at the meeting location.
==Virtual /== ==via Zoom:==	**Must pre-register** using the following Zoom link no later than two hours prior to the meeting: https://us06web.zoom.us/webinar/register/WN_YSEuIOETRxGne8vj9bLJxA
	Instructions and access details (a link to the meeting) will be emailed to you once registration is complete. (Check Spam or Junk folder and move Zoom link email to your Inbox to view/access link.) Registration for remote/virtual verbal public comment closes at 4:00 p.m. on the day of the meeting.

Written Public Comment

Written public comment 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.

AGENDA

A. Call to Order

B. Pledge of Allegiance

C. Approval of Agenda

D. Executive Director Report

E. Public Comment

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

This public comment period is the opportunity for public input on the agenda items on this evening's agenda, in addition to an opportunity for public comment on any other port business. Individual public comments are limited to 3 minutes per person.

NOTE: Guidelines for public comment can be found in the Commission Rules in Resolution 2025-03 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.

F. Consent Calendar

   1. Flying Club Lease Approval

   2. Approval of Minutes: Commission Meeting, May 12, 2025

   3. Approval of Minutes: Commission Work Session, May 19, 2025

   4. Approval of Minutes: Commission Meeting, May 27, 2025

G. Pending Issues or Business

   1. Briefing: LOTT Utility Update: Matt Kennelly, Executive Director, LOTT Clean Water Alliance

   2. Briefing: Foreign Trade Zone 216: Mike Reid, Director of Community and Economic Development

   3. Briefing: Olympia Artspace Alliance – Mural Project: Mike Reid, Director of Community and Economic Development

H. Action Calendar

   1. None

I. Action/Other Calendar

   1. None

J. Advisory Calendar

   1. Financial Accounting System Upgrade: Brent Barnes, Director of Enterprise Services

K. Commissioner Reports/Discussion

L. Other Business

M. Meeting Announcements

N. Adjourn

COVER MEMO	
Briefing Date/Time:	July 14, 2025
Staff Contact/Title:	Chris Paolini, Airport Senior Manager (360) 528-8074, chrisp@portolympia.com
Subject:	Flying Club Lease Approval
Purpose:	☐ Information Only ☒ Decision Needed

Overview:
- Action Item – Approval requested via the Consent Agenda.
- The objective of this topic is to approve a new airport lease agreement for aeronautical use.

Background:
The airport has a vacant office/hangar facility that has been on the market for more than twelve months, which was the location of the former aircraft avionics shop before the tenant sold their business. An existing airport user, Kyle Baxter, recently expressed interest in the office/hangar facility to start a new flying club on the airport. A flying club is an organization that has shared ownership of one or more aircraft by four or more owners/members. Flying clubs provide a way to make aviation more accessible to individuals that might not otherwise be able to afford to fly. As a result, this lease will serve an aeronautical purpose, as a flying club, in compliance with FAA regulations. This lease will also create a new revenue opportunity for the airport by renting a vacant building while supporting aeronautical related activity.

Kyle Baxter has operated on this airport as an employee of an existing airport tenant for many years and has good standing with the Port in his airport practices and contributions to aviation, including his work in support of the annual Olympic Flight Museum air show.

Current Status:
Because this lease extends beyond one-year, this lease requires Port commission approval per Port policy 1101. Port Policy 1101 states in part: "…*The Port Commission, in public session, will ratify Port long term leases defined under this policy as leases of greater than one (1) year for land and space leases… Long term leases and assignments will not become final until ratified by the Port*

Commission…". Approval of this action item authorizes the Executive Director to execute a lease with Kyle Baxter.

Documents Attached:
Flying Club Lease

Summary & Financial Impact:
- The term of this lease will be for a period of five years with an option to renew for an additional five-year period. Pending commission approval, this lease will commence on July 15, 2025, for a five-year term ending on July 14, 2030.
- First year airport revenue generated from this lease: $7,975.92

Staff Recommendation:
Approve the Flying Club lease authorizing the Executive Director to execute a lease with Kyle Baxter.

PORT OF OLYMPIA SPACE LEASE
OLYMPIA REGIONAL AIRPORT

THIS LEASE is made this _____ day of _____, 2025, by and between the PORT OF OLYMPIA, a Washington municipal corporation, Lessor, hereinafter referred to as "Landlord" or "Port", and the Tenant described below, hereinafter referred to as "Tenant", on the following terms and conditions:

1.   **LEASE SUMMARY.**

<u>TENANT</u>

Name:	Kyle Baxter
Address:	7708 Henderson Blvd SE
City, State, Zip Code:	Tumwater, WA 98501
Phone Numbers:	360-878-2738
Email:	kylewbaxter@gmail.com

<u>PREMISES</u>

Landlord hereby leases to Tenant, and Tenant hereby leases from Landlord, upon and subject to the terms and conditions of this Lease, that certain real property consisting of approximately 2,576 square feet of combined office space and hangar space located on the Olympia Regional Airport in Tumwater, Thurston County, Washington as generally shown as 7708 Henderson Blvd. SE, Olympia, WA (address) and described in Exhibit "A" hereto, subject to encumbrances, rights, and reservations as shown therein or provided in this Lease, and as presently existing or hereafter arising pursuant to governmental authority.

<u>TERM</u>

The initial term shall be five (5) years beginning July 15, 2025 (the "Lease Commencement Date") and ending July 14, 2030 (the "Initial Term"); provided that the commencement of this Lease is subject to the Port's receipt of first month's rent, lease security in a form acceptable to the Port, and certificate of insurance in a form acceptable to the Port. Tenant shall also have one option to extend as outlined below.

<u>OPTION TO EXTEND TERM</u>

One (1) option to extend for an additional period of five (5) years (Option Term). Such extension shall be upon the terms, covenants, and conditions contained herein (except for rent, rental adjustments, and the times at which rental adjustments shall be made, all of which shall be determined in accordance with the then current Commission policy).

The option term shall commence on the expiration of the immediately preceding term. Such Option Term may be exercised only by written notice to the Port no later than one hundred and eighty (180) days prior to the expiration of the then current term.

Tenant shall not be entitled to extend this Lease if Tenant is in default of the performance of its obligations hereunder at the date notice of extension is due or at the date the extension term is to commence. In addition, Tenant shall not be entitled to renew this Lease if Tenant is a corporation, limited liability company, or other entity whose stated duration will expire prior to the end of the renewal term.

RENT COMMENCEMENT DATE

Rent shall commence July 15, 2025 and shall be adjusted every year of the term and any Option Term period as stated below.

MINIMUM GROUND RENT

Initial Rent: Tenant shall pay monthly rent in the amount of Six Hundred and Sixty-Four dollars US Dollars and sixty-six Cents **($664.66 USD),** plus applicable Leasehold Excise Tax ("LET").

In addition Tenant shall pay such Insurance, Utilities, Fire Insurance and other expenses in accordance with the Lease.

Rent shall be adjusted by an increase of 2% annually on July 15th, throughout the initial term of the Lease.

Rent During Option Term: Prior to the effective date of any Option Term, the rent will be adjusted through negotiation between the Port and tenant and in consideration of the then current Port Commission Policy, proposed lease improvements and any other pertinent factors.

In no event shall the annual minimum rent for any one (1) year period be less than the annual minimum rent for the immediately preceding one (1) year period.

LEASE SECURITY

In accordance with Paragraph 5 of the Lease, in an amount equal to one (1) year's minimum ground rent plus Washington State Leasehold Excise Tax ("LET"), in a form acceptable to the Port, and adjusted to reflect rental adjustments and other changes to this Lease. Initial amount shall be Nine Thousand US Dollars and zero Cents **($9,000.00 USD)**, which is equal to one-time total annual rent including LET, which is currently 12.84%. The initial security amount shall be posted with the Port by the date of execution of the Lease by Tenant. Any change in security shall be posted with the Port within thirty (30) days of the effective date of such change. Expiration Date: Ninety (90) days after satisfaction of all obligations under this Lease.

USE OF PREMISES

Tenant shall use the premises for operating a flying club as defined in the Airport's minimum standards. Or for another aeronautical purpose in line with FAA hangar use guidelines with pre-approval by the Port. ***"Flying Club:*** *A multi-person ownership of four or more persons owning one or more aircraft either in partnership, co-ownership, or as a corporation and the sole purpose of which is the enjoyment of, or the business transportation of the members.*

(See FAA AC No 150/5190-5/1.)"

Tenant shall meet the minimum standards of a flying club within twelve months of the commencement date of the lease. If tenant fails to meet the minimum standards and tenant improvements within twelve months of the commencement date the lease shall terminate immediately and all tenant improvements to the leased premises will remain without compensation from the Port.

The premises shall not be used for conducting any other commercial or aeronautical activity, unless the advanced written consent of the Olympia Airport Director has been obtained.

Without limiting the generality of the foregoing provision, and without limiting any other applicable provisions, rules, or regulations affecting the use of the premises, Tenant shall specifically comply with the following provisions: **Airport Rules and Regulations and Minimum Standards for Commercial Activities for the Olympia Regional Airport.**

INSURANCE

Bodily Injury/Death:	Combined Single Limit $1,000,000 each occurrence.
Property Damage per Occurrence:	$500,000.

Tenant shall submit certificates evidencing compliance with Paragraph 14, and at the Port's request shall provide the Port with the actual policies or copies thereof. Tenant shall furnish the Port with evidence of renewal of such policies not less than thirty (30) days prior to their expiration.

ASSIGNMENT, SUBLEASE, OR LEASE MODIFICATION.

Tenant shall be subject to a fee for any request for assignment, sublease, or modification of this Lease as stated in Port Commission Fee Schedule.

COMMISSIONS AND FEES

In the absence of any agreement between the parties to the contrary, each party represents and warrants to the other that it has not been represented by, or introduced to the other by, any broker or agent. In the absence of any agreement between the parties to the contrary, each party hereby agrees to indemnify and hold the other harmless from and against any and all fees, commissions, costs, expenses (including attorney fees), obligations, and causes of action arising against or incurred by the other party by reason of any claim for a real estate commission or a fee or finder's fee by reason of any contract, agreement or arrangement with, or services rendered at the request of, the indemnifying party.

ADDITIONAL PROVISIONS.

AIRPORT SECURITY. Tenant shall comply with all aspects of the Airport Security Plan adopted by the Port of Olympia Commission on May 14, 2007 (or as amended). Vehicle and pedestrian gates shall remain locked at all times. Employee, passenger and flight crew access to the Air Operations Area (AOA) shall be positively controlled by tenant. Employee parking shall be outside the Air Operations Area (outside of the fence). Parking limits are defined by the width of the north side of the building.

FUELING OPERATIONS. Aircraft fueling of tenant customer aircraft shall be conducted by an Airport approved fuel service provider based at the Olympia Regional Airport.

SNOW & ICE CONTROL.   Snow removal or plowing on tenant's leasehold is the sole responsibility of the tenant and any resultant snow berms or piles shall remain on tenant's leasehold area and not block road or Taxilane access. The use of chemicals for ice control on the aircraft ramp is strictly prohibited.

AIRCRAFT DEICING. Prior to the use of glycol or any other chemical agent for aircraft deicing, and Aircraft Deicing Plan must be approved by the Port of Olympia and the City of Tumwater. Any such plan will comply with Tumwater Municipal Code 18.40, Environmental Performance Standards, and shall include measures for recovery of chemical agents and shall ensure chemical agents are not transferred to the storm water treatment and discharge system, underground aquifers or other natural drainage systems.

AIRCRAFT PARKING. Aircraft are not to be parked on any Taxilane or Taxiway so as to prevent the passage of other aircraft or vehicles.

VEHICLE PARKING. Parking and storage of non-aeronautical or non-operational vehicles inside the Air Operations Area (AOA) is prohibited. This area includes the ramp, hangar, taxi lanes, tie-down areas and the Aircraft Movement Area and all areas inside the airport fence. Only service vehicles or vehicles carrying passengers, baggage and freight to and from aircraft are temporarily permitted in the ramp area for the sole purpose of servicing, loading and unloading of aircraft. Detailing and servicing of rental cars is not authorized on the ramp. The speed limit in this area is 10 mph, with aircraft having the right of way.

AIRCRAFT NOISE AND EMISSIONS.   Tenant acknowledges the right of flight for the passage of aircraft in the air space above the surface of the premises herein conveyed, together with the right to cause in said air space such noise and emissions as may be inherent in the operation of aircraft, now known or hereafter used for navigation of or flight in the air, using said air space or landing at, taking off from or operating on the Olympia Regional Airport.

AIRCRAFT HIGH POWER RUN-UPS.   Aircraft high power run-ups shall be performed on a runway, on Taxiway Alpha, Taxiway Bravo West run-up area, or at the compass rose. Additionally, high power run-up may be performed at the Runway 35 run up area at the south end of Taxiway Foxtrot or at the Taxiway Whiskey run-up area at Taxiway Lima.

EQUIPMENT STORAGE. Storage of non-aeronautical equipment or structures inside the Air Operations Area (AOA) is prohibited. This area includes the ramp, hangar, taxi lanes, tie-down areas and the Aircraft Movement Area and all areas inside the airport fence.

Tenant shall provide (30) days advance request for approval of storage improvements. Location and construction of any permanent storage facilities shall be approved by the Port and permitted by the City of Tumwater.

Tenant shall provide a thirty (30) days advance request for approval of temporary storage structures such as commercial storage containers. Location and placement of temporary storage structures, and the duration of such placement shall be approved by the Port.

SIGNAGE. All future signage will comply with the City of Tumwater municipal code and shall be subject to the prior written approval of the Port.

TENANT IMPROVEMENTS. Tenant at its sole expense shall complete the following improvements by July 15, 2026:

1. Paint interior and exterior of building, in colors approved by the Port.
2. Install new industrial carpet or laminate flooring in office areas and bathroom.
3. Upgrade bathroom, to include new toilet and sink
4. Replace exterior windows with dual pane windows.
5. Replace exterior man-door to hangar with commercial exterior door.
6. Install commercial grade and approved handrail on exterior entry steps.

ASSIGNMENT OR SUBLEASE.

Tenant shall pay all reasonable costs and attorney fees incurred by the Port with respect to any request by Tenant for any amendment or other modification of this Lease, or any assignment, sublease, or other encumbrance or transfer of this Lease or the Premises or any interest therein.

Tenant shall be subject to a fee for any request for assignment, sublease, or modification of this Lease as stated in the Port Commission Fee Schedule

CONFLICTING PROVISIONS

To the extent any of the provisions of the foregoing Paragraph 1, LEASE SUMMARY, conflicts with any other provisions of this lease, the provisions of Paragraph 1, LEASE SUMMARY, shall govern.

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EXHIBIT "E" – DEVELOPMENT GUIDELINES

THE PARTIES HEREBY AGREE AS FOLLOWS:

2. PREMISES.

The Port hereby leases to Tenant, and Tenant hereby leases from the Port, the Premises described in Paragraph 1, **LEASE SUMMARY** above.

3. TERM.

This Lease shall be for the term specified in Paragraph 1, **LEASE SUMMARY** above.

4. RENT.

4.1**.** It is the intention of the parties hereto that the rent specified in this Lease shall be net to the Lessor in each year during the term of the Lease. Accordingly, all costs, expenses and obligations of every kind relating to the Premises (except as otherwise, specifically provided in the Lease) which may arise or become due during the term of the Lease shall be paid by Tenant and the Port shall be indemnified by the Tenant against such costs, expenses and obligations. All such costs, expenses, and obligations and payments coming due hereunder shall be deemed as "additional rent".

4.2. Tenant agrees to pay as rent for the use and occupancy of the Premises during the term of this Lease, without deduction or offset, the rent specified in Paragraph 1, **LEASE SUMMARY** above, payable to the Port in advance on or before the first day of each and every month and payable at such place as the Port may designate.

4.3. If the Tenant does not pay the rent by the 10th of the month, then in addition to the overdue rent, Tenant shall pay interest on the rent payment then due at a rate per annum equal to the greater of eighteen percent (18%) per annum or two (2) percentage points over the composite prime rate of interest set forth in the Wall Street Journal "Money Rates" Column (or its successor) most recently prior to such date. Such interest commences on the date the rent is due and continues until such rent is paid. If the Tenant does not pay the rent when due and interest is incurred each month for three (3) consecutive months, the rent called for herein shall automatically become due and payable quarterly in advance rather than monthly, notwithstanding any other provision in this Lease to the contrary, and regardless of whether or not the interest is paid or collected. The imposition of such interest does not prevent the Port from exercising any other rights and remedies under this Lease.

5. LEASE SECURITY.

Tenant shall, upon execution of this Lease, file with the Port a good and sufficient security in the form of a bond, letter of credit, cash deposit, or other security acceptable to the Port in its sole discretion, in accordance with the requirements of state law RCW 53.08.085 and Paragraph 1, **LEASE SUMMARY** above. The form and terms of the security and the identity of the surety shall be subject to approval of the Port, and the security shall guaranty the full performance by Tenant of all the terms and conditions of this Lease, including the payment by Tenant of the rents and all other amounts herein provided for the full term hereof. Any acceptable security instrument having an expiration earlier than the full lease term shall be automatically renewable. Any company issuing such a security instrument must give the Port at least ninety (90) days advance written notice prior to the effective date of cancellation or expiration of such security instrument. These provisions as to lease security are subject to the continued approval of the Port and to revision and adjustment as may hereafter result from changes in state requirements or as established by the Port Commission.

6. ACCEPTANCE OF PREMISES.

Tenant has examined the Premises, and the adjoining premises of which the Premises are a part, and accepts them in their present condition. There are no warranties expressed or implied as to any condition apparent or unknown except as otherwise stated in this Lease. Tenant agrees to make any changes in the Premises necessary to conform to any federal, state or local law applicable to Tenant's use of the Premises.

7. POSSESSION.

If the Port shall be unable for any reason to deliver possession of the Premises or any portion thereof at the time of the commencement of this Lease, the Port shall not be liable for any damage caused thereby to Tenant, nor shall this Lease thereby become void or voidable, nor shall the term specified herein be in any way extended, but in such event Tenant shall not be liable for any rent until such time as the Port can deliver possession; provided that if Tenant shall take possession of any portion of the Premises in the interim, it shall pay the full rent specified herein reduced pro rata for the portion of the Premises not available for possession by Tenant; and provided further, that if the Port shall be unable to deliver possession of the Premises at the commencement of this Lease, Tenant shall have the option to terminate this Lease by giving at least thirty (30) days' written notice of such termination, and this Lease shall terminate unless the Port shall deliver possession of the Premises prior to the effective date of termination specified in such notice. If Tenant shall, with the Port's consent, take possession of all or any part of the Premises prior to the commencement of the term of this Lease, all of the terms and conditions of this Lease shall immediately become applicable, with the exception that Tenant shall not be obligated to pay any rental for the period prior to the commencement of the term of this Lease unless otherwise mutually agreed.

8. USE OF PREMISES.

Tenant shall use the Premises only for those purposes stated in paragraph 1 above and shall not use them for any other purpose without the prior written consent of the Port, which consent may be withheld in the Port's sole discretion. The Premises shall be used only for lawful purposes; and only in accordance with all applicable building, fire and zoning codes. Tenant shall use the entire Premises for the conduct of said business in a first-class manner continuously during the entire term of this Lease. Tenant agrees that it will not disturb the Port or any other Tenant of the Port by making or permitting any disturbance or any unusual noise, vibration or other condition on or in the Premises. No signs or other advertising matter, symbols, canopies or awnings shall be attached to or painted on or within the Premises, including the windows and doors thereof, without the approval of the Port. At the termination or sooner expiration of this Lease, all such signs, advertising matter, symbols, canopies or awnings attached to or painted by Tenant shall be removed by Tenant at its own expense, and Tenant shall repair any damage or injury to the Premises and correct any unsightly condition caused by such removal. At no time shall the Tenant have the right to remove or otherwise disturb timber, valuable minerals, sand, gravel or water, from the site, which materials belong to the Port and may only be used with consent and appropriate compensation.

9. REQUIREMENTS AS TO IMPROVEMENTS.

The specific requirements as to the planning, construction and completion of any major improvements planned by Tenant on the Premises are attached hereto as Exhibit "B" to this Lease, which by this reference is incorporated herein as if set forth in full. Prior to the submission of any plans for contemplated improvements on the Premises, Tenant shall furnish a survey of the appropriate Premises as prepared by a registered and licensed surveyor, all at Tenant's own expense.

10. RIGHTS-OF-WAY.

The Port agrees to grant other such right-of-way easements across the property of the Port reasonably available therefore, on reasonable terms and conditions, for the installation and maintenance of

necessary and adequate services to the Premises, including but not limited to petroleum product pipelines, railroad spurs, railways and utility lines.

11.   RESERVATION OF RIGHTS.

The Port reserves to itself from the Premises rights of way upon, over, across, onto or beneath the above-described lands for access ways, driveways, and other roads, pole and wire lines, gas, water and sewage pipes and mains, conduits, and other utilities, and industrial or business area facilities of all kinds now existing or to be constructed and maintained by it, either in addition to or in the substitution for those now existing from any point or points and in any direction and also reasonable rights of entry upon the Premises for the construction, repair, inspection and maintenance of them in efficient use and condition, providing such action by the Port shall not materially interfere with or interrupt Tenant's operation and shall be at the expense of the Port. The Port is hereby granted such continuous and perpetual easement or easements that the Port believe are necessary within the Premises for such purposes, which easement or easements may be further granted by the Port to third parties.

12.   AIR SPACE RESERVATIONS AND USE RESTRICTIONS.

There is hereby reserved to the Port, its successors and assigns, for the use and benefit of the public, a right of flight for the passage of aircraft in the air space above the surface of the Premises herein conveyed, together with the right to cause in said air space such noise as may be inherent in the operation of aircraft, now known or hereafter used for navigation of or flight in the air, using said air space or landing at, taking off from or operating on the Olympia Regional Airport. Tenant, its successors and assigns, will not erect or permit the erection of any structures nor permit the growth of any tree thereon which would exceed the height limitations set forth in the "Zoning Ordinance", Olympia Regional Airport, Master Plan Update, Thurston County, Washington, dated November, 1996, and as may be amended from time to time. Tenant, its successors and assigns, will comply in all respects with said zoning ordinance, which is hereby made a part of this Lease. Tenant expressly agrees for itself, its successors and assigns to restrict the height of structures, objects or natural growth and other obstructions on the premises described to a maximum height as determined by Federal Aviation Administration review of FAA Form 7460-1, Notice of Proposed Construction or Alteration.

Tenant expressly agrees for itself, its successors and assigns to prevent any use of the Premises described which would interfere with landing or taking off of aircraft at the Olympia Regional Airport or otherwise constitute an airport hazard as may be determined by the Port or the Federal Aviation Administration (FAA) or any similar agency having jurisdiction over operations at the Olympia Regional Airport. The prohibited use of the Premises referred to in this paragraph includes causing any visual obstruction or radio or similar emission that may tend to interfere with the operations at the Olympia Regional Airport.

If the Premises are located within the approach zone to the Olympia Regional Airport, Tenant would therefore be subject to substantial use restrictions for the benefit of such airport and its uses. In view of these restrictions, Tenant may not sublease the property until such sublessee shall have received written permission from the Port as to the nature and extent of the use to which such the sublessee intends to devote the property in order to ensure that such intended use will not in any way interfere with the operation of the Olympia Regional Airport.

Tenant acknowledges that noise from both flight and non-flight operations may be generated from activities at the Olympia Regional Airport and by other tenants of the Port. Tenant is taking the Premises subject to such condition, whether now existing or hereafter arising, and hereby waives all claims (including, without limitation, claims for damages, nuisance or injunctive relief) relating thereto; provided, however, that Tenant does not waive any right to have applicable statutes and regulations regarding noise enforced.

13. UTILITIES AND SERVICES.

Tenant shall be liable for and shall pay throughout the term of this lease all charges for all utility services furnished to the Premises, including but not limited to, light, heat, gas, janitorial services, garbage disposal, security, electricity, fiber/data, water, stormwater and sewerage, including any connection fees, and any fire protection, police protection, or emergency health services as furnished by local authorities and as may be the subject of a contract between the Port and such local authorities or as imposed by ordinance or statute. If the Premises are part of a building or part of any larger premises to which any utility services are furnished on a consolidated or joint basis, Tenant agrees to pay to the Port Tenant's pro-rata share of the cost of any such utility services. Tenant's pro-rata share of any such services may be computed by the Port on any reasonable basis, and separate metering or other exact segregation of cost shall not be required.

14. INDEMNIFICATION/LIABILITY INSURANCE.

The Port, its employees and agents shall not be liable for any injury (including death) to any persons or for damage to any property, regardless of how such injury or damage be caused, sustained or alleged to have been sustained by Tenant or by others (including, but not limited to all persons directly or indirectly employed by Tenant, and any agents, contractors, subcontractors, suppliers, customers, licensees, or invitees of Tenant) as a result of any condition (including existing or future defects in the Premises), or occurrence (including failure or interruption of utility service) whatsoever related in any way to the Premises and the areas adjacent thereto; provided, however, that the foregoing provisions shall not be construed to make Tenant responsible for loss, damage, liability or expense to the extent resulting from the negligence or wrongful conduct of the Port or its employees, agents, contractors, subcontractors, suppliers, or officers. Tenant hereby covenants and agrees to indemnify, defend (with attorneys reasonably satisfactory to the Port), protect and hold the Port harmless against and from any and all damages, losses, liabilities, obligations, penalties, claims, litigation, demands, defenses, judgments, suits, proceedings, costs, disbursements or expenses of any kind or of any nature whatsoever (including, without limitation, reasonable attorneys' and experts' fees and disbursements) which may at any time be imposed upon, incurred by or asserted or awarded against the Port arising from or in connection with the loss of life, personal injury and/or damage to property occasioned by any negligent or other wrongful act or omission of Tenant or its employees, agents, contractors, subcontractors, suppliers, customers, licensees, or invitees. In addition, Tenant covenants and agrees to indemnify, defend (with attorneys reasonably satisfactory to the Port), protect and hold the Port harmless against and from any and all damages, losses, liabilities, obligations, penalties, claims, litigation, demands, defenses, judgments, suits, proceedings, costs, disbursements or expenses of any kind or of any nature whatsoever (including, without limitation, attorneys' and experts' fees and disbursements) which may at any time be imposed upon, incurred by or asserted or awarded against the Port and arising from or in connection with the loss of life, personal injury and/or damage to property arising from or out of any occurrence in or upon the Premises, unless caused by any negligent or other wrongful act or omission of the Port or its agents, contractors, servants or employees. If a court of competent jurisdiction determines that any activity covered by the indemnities under this section of this Lease is subject to RCW 4.24.115, then, in the event of liability for damages arising out of a bodily injury to persons or damage to property caused by or resulting from the concurrent negligence or willful act or omission of Tenant and Landlord, its officers, officials, employees, agents, contractors, or volunteers, the Tenant's and Landlord's liability hereunder shall be only to the extent of each such party's negligence or willful act or omission. It is further specifically and expressly agreed that Tenant hereby waives any immunity it may have under industrial insurance, RCW Title 51, solely for the purposes of this indemnification and only to the extent necessary to render the parties' indemnity obligations enforceable. This waiver was mutually negotiated by the parties. The provisions of this section shall survive the expiration or termination of this Lease.

The Port indemnifies, defends, and holds Tenant harmless from claims that are: (i)(a) for personal injury, death, or property damage or b) for incidents occurring in or about the Premises, building, common areas or project; and (ii) caused by the negligence or wrongful conduct of the Port, its principals, agents, contractors, or employees. This indemnification and hold harmless shall include reasonable attorney fees and court costs incurred by Tenant with respect to such claims.

Tenant shall, at its own expense, provide and maintain commercial general liability insurance or its equivalent with a reputable insurance company or companies reasonably satisfactory to the Port, and including, but not limited to premises and operations; personal injury, contractual liability; independent contractors; broad form property damage; completed operations and products; pollution liability; and such additional types and amounts of liability insurance as the Port may deem reasonably necessary for the types of services or activities offered by Tenant and customarily required by landlords under such circumstances and with the minimum policy limits set forth above. The coverage afforded by such policies shall thereafter be in such amounts as the Port may specify from time to time in accordance with what would be required by a reasonable and prudent property manager in the same geographic area. The Port shall be named as an additional insured on such policies. Such policies shall provide that such insurance may not be cancelled without the insurance company first having given the Port thirty (30) days' advance written notice of such intent to cancel. Tenant shall submit certificates evidencing compliance with this paragraph by time of execution of the Lease by Tenant, and at the Port's request shall provide the Port with the actual policies or copies thereof. Tenant shall furnish the Port with evidence of renewal of such policies not less than thirty (30) days prior to their expiration.

15.   WAIVER OF SUBROGATION.

The Port and Tenant hereby mutually release each other from liability and waive all right of recovery against each other for any loss from perils insured against under their respective insurance contracts, including any extended coverage endorsements thereto, provided, that this paragraph shall be inapplicable to the extent it would have the effect of invalidating any insurance coverage of the Port or Tenant. Each party agrees to cause their respective insurance carriers to include in its policies a waiver of subrogation clause or endorsement.

16.   TAXES.

Tenant shall be liable for, and shall pay, throughout the term of this lease, all license fees and taxes covering or relating to the Premises and its use, including, without limitation, (a) all real estate taxes assessed and levied against the Premises; (b) all amounts due and payable for general or special assessments against the Premises during the term of this lease (whether assessed prior to or during the term of this lease), including any assessments for LIDs or ULIDs; and (c) all personal property taxes upon Tenant's fixtures, furnishings, equipment and stock in trade, Tenant's leasehold interest under this lease or upon any other personal property situated in or upon the Premises. If any governmental authority at any time levies a tax on rentals payable under this lease or a tax in any form against Lessor because of or measured by income derived from the leasing or rental of the Premises, such tax shall be paid by Tenant; provided, however, that Tenant shall not be liable for the payment of any tax imposed generally on Lessor's gross or net income without regard to the source of such income.

17.   MAINTENANCE AND REPAIR.

Tenant shall, at its own expense, keep the Premises and the buildings, structures and other improvements located on the Premises, and the adjoining roadways, sidewalks and areas, in a neat, clean, safe, sanitary, and good condition, reasonable wear and tear excepted, and to maintain the landscape and undeveloped areas (including ditches and shoulders of adjoining roadways) in a clean, sanitary, orderly and attractive condition, mowed and free from rubbish and debris.

Tenant shall also, at its own expense, at all times keep the Premises free from infestation of pests and conditions which might result in harborage for, or infestation of, pests (pests shall include, without limitation, rodents, insects, and birds in numbers to the extent that a nuisance is created). Tenant shall keep the glass of all windows and doors on the Premises clean and presentable, and shall maintain and keep the Premises in a good state of repair, and shall commit no waste of any kind, and, without limiting the generality of the foregoing, shall replace all cracked or broken glass in the Premises, and keep the electrical system and all drains clean and in a good state of repair, and shall protect all sprinkler systems (if applicable) and all pipes and drains so that they will not freeze or become clogged.

Tenant shall replace any and all improvements which become worn out, obsolescent, deteriorated, unsafe or unusable and shall replace such improvements with new fixtures and improvements of at least as good a quality as originally installed at the commencement of this Lease. If Tenant fails to properly maintain or repair the Premises or any improvements thereon, the Port shall be entitled, but shall not be obligated, to enter the Premises after notice to Tenant and the expiration of any applicable cure period, and perform such work as may be necessary to restore the Premises and improvements to the conditions set forth herein. The cost of such repairs shall be billed to Tenant by the Port and shall be payable upon receipt and subject to the same penalties for late payment as if such payment was additional rent. Tenant shall have no claim as deduction or offset any monies or charges against the rent paid to the Port for maintenance or repairs. Tenant has inspected the Premises and accepts the **Premises "AS IS".**

Tenant shall also keep the Premises free and clear of any liens and encumbrances arising or growing out of the use and occupancy of the Premises by Tenant. At the Port's request, Tenant shall furnish the Port with written proof of payment of any item which would or might constitute the basis for such a lien on the Premises if not paid. Any dispute under this section shall be subject to arbitration under paragraph 36, **ARBITRATION PROCEDURE**.

18. ALTERATIONS AND IMPROVEMENTS -- SIGNAGE.

18.1 Alterations and Improvements. Tenant shall make no alterations or improvements to or upon the Premises or install any fixtures (other than trade fixtures which can be removed without injury to the Premises) without first obtaining written approval of the Port. The Port's response to Tenant's requests for approval shall be prompt, and such approval shall not be unreasonably withheld. Upon installation, Tenant shall furnish the Port with a copy of the "as-built" drawings including utility installations and site plans detailing the nature of the additions, alterations or improvements. The Port reserves the right to have Tenant remove, at Tenant's sole expense, all or any of such alterations, additions or improvements at the end of the Lease term as provided in paragraph 19, **DISPOSITION OF IMPROVEMENTS**. Any dispute under this section shall be subject to arbitration under Paragraph 37, **ARBITRATION PROCEDURE**.

18.2 Signage. Tenant shall have no right to install Tenant identification signs in any location in or about the Premises that are visible from the exterior of the building, without first obtaining written approval of the Port. The location, size, design, color and other physical aspects of permitted signs shall be subject to (i) Port's written approval prior to installation; (ii) any covenants, conditions or restriction encumbering the Premises and (iii) any applicable municipal permits and approvals.

19. DISPOSITION OF IMPROVEMENTS.

a. Except as otherwise agreed to in writing by the Port, in its sole and absolute discretion, within sixty (60) days after the expiration or earlier termination of this Lease (including any and all extensions or renewals thereof), the Tenant shall at Tenant's expense, remove, demolish or clear off from the Premises all improvements and all property owned by Tenant, and after such removal or clearance, Tenant shall restore the surface of the ground to a properly graded, filled, compacted, level, and uniform condition, free from all debris, and in accordance with all applicable law and all provisions of this Lease, including but not limited to Paragraph 27, **HAZARDOUS SUBSTANCES**.

b.   If the Port, in its sole discretion, elects to have all or any portion of the improvements remain on the Premises, then title to the same shall automatically pass to the Port, free of any right, title, or interest of Tenant therein, or its successors or assigns, without the necessity of executing any further instrument and without any allowance, compensation, or payment by the Port. Tenant hereby grants and conveys to the Port all of its right, title and interest in and to such improvements, to be effective for all purposes only upon the expiration or termination of this Lease and the Port's election to have such improvements remain upon the Premises. Upon such election by the Port, Tenant further agrees to execute, acknowledge and deliver to the Port contemporaneously with the expiration or termination of this Lease, a proper recordable instrument quit claiming and releasing to the Port to any right, title and interest of Tenant in and to the Premises and in and to all improvements remaining on the Premises pursuant to the election of the Port, and agrees to give such further assurances of title as may be required by the Port. In addition, upon such election by the Port, Tenant shall, upon expiration or termination of the lease, surrender and deliver the Premises and all improvements to remain on the Premises to the Port, without delay and in good order, condition and repair, ordinary wear and tear excepted, and in a neat and clean condition, excepting only Tenant's or any subtenant's movable trade fixtures, machinery, equipment and personal property that can be removed without injury to the Premises. Tenant shall also deliver to the Port all documents necessary or appropriate for the proper operation, maintenance and management of the Premises and remaining improvements.

c.   Any dispute under this section shall be subject to arbitration under Paragraph 37, **ARBITRATION PROCEDURE**.

20.   INSPECTION.

The Port reserves the right to inspect the Premises at any and all reasonable times throughout the term of this Lease, provided that it shall not interfere unduly with Tenant's operations. The right of inspection reserved to the Port hereunder shall impose no obligation on the Port to make inspections to ascertain the condition of the Premises, and shall impose no liability upon the Port for failure to make such inspections. The Port shall have the right to place and maintain "For Rent" signs in conspicuous places on the Premises for a reasonable period of time prior to the expiration or sooner termination of this Lease.

21.   RESTORATION.

a.   At all times during the term of this Lease, Tenant shall maintain in effect upon the Premises and Tenant's improvements thereon, fire and extended coverage property insurance for physical loss and damage excluding earthquake insurance and flood insurance, written by companies authorized to do business in the State of Washington and approved by the Port's insurance carrier. Such policy or policies (a) shall be written in the form of replacement cost insurance in an amount not less than 100% of the full replacement cost of the Premises and Tenant's improvements thereon, which amount shall be adjusted not less frequently than annually, (b) shall contain an endorsement waiving any and all rights of subrogation against the Port and (c) shall provide that notice of cancellation of the policy or any endorsement shall be given to the Port and any other party designated by the Port at least 10 days prior to cancellation. The Port and each other party designated by the Port shall be named as additional insureds and loss payees on all such policies. Tenant shall provide the Port and each other party designated by the Port with certificates of insurance evidencing such coverage, and at the Port's request shall provide copies of the actual policies. Tenant shall provide evidence of renewal at least 30 days prior to the expiration of such policy or policies. Tenant will also take out and maintain policies of insurance to cover the loss, damage or destruction of Tenant's furniture, fixtures, equipment and other items owned by Tenant on the Premises, with limits based on the reasonable value thereof.

b.   If any building or improvement erected by Tenant on the Premises or any part thereof shall be damaged or destroyed by fire or other casualty during the term of this Lease, Tenant shall, at its own cost and expense, either (i) repair or restore the same according to the original plans thereof, or (ii) repair or restore the same according to such modified plans as shall be previously approved in writing by the Port. Tenant

shall elect whether to proceed under (i) or (ii) above. Such work of repair or restoration shall be commenced within sixty (60) days after the damage or loss occurs and shall be completed with due diligence but no later than one (1) year after such work is commenced, and such work shall be otherwise done in accordance with the requirements of the provisions hereof pertaining to the construction of improvements upon the Premises. All insurance proceeds collected for such damage or destruction shall be applied to the cost of such repairs or restoration. If *(i)* there are not insurance proceeds, or *(ii)* the same shall be insufficient for said purpose, Tenant shall make up the deficiency out of its own funds. Should Tenant fail or refuse to make the repair or restoration as hereinabove provided, then in such event said failure or refusal shall constitute a default under the covenants and conditions hereof, and all insurance proceeds so collected shall be forthwith paid over to and be retained by the Port on its own account, and the Port may, but shall not be required to, sue and apply the same for and to the repair, restoration or removal of said Premises or improvements, and the Port may, at its option, terminate this Lease as elsewhere provided herein.

c.   Notwithstanding anything to the contrary contained in the preceding section, if any building erected on said Premises shall be damaged by fire or other casualty, and if the cost of repairing or restoring the same as provided above shall exceed the insurance payable for such damage, and if such damage shall occur during the term so that the remaining term of this Lease is of insufficient length to allow Tenant to finance such cost in a commercially reasonable manner, the Tenant shall have the option, to be exercised within thirty (30) days after such event, to repair or restore said building as provided above, or to terminate this Lease by written notice thereof to the Port.

d.   Any dispute under this section shall be subject to arbitration under Paragraph 37 **ARBITRATION PROCEDURE**.

22.   DEFAULTS.

Time is of the essence of this Lease, and in the event of the failure of Tenant to pay the rental, interest or other charges provided in this Lease at the time and in the manner herein specified, or to keep any of Tenant's covenants or agreements herein, the Port may elect to terminate this Lease and reenter and take possession of the Premises with or without process of law, provided, however, that Tenant shall be given fifteen (15) days' notice in writing if the default is for the nonpayment of rent or other monetary default, or thirty (30) days' notice in writing for any other default, stating the nature of the default in order to permit such default to be remedied by Tenant within the applicable time period. If the Port issues a notice of default for the nonpayment of rent, in order to cure such default, Tenant must pay the overdue rent, together with interest as set forth in paragraph 4 above, plus a Fifty Dollar ($50.00) lease reinstatement fee. If during any consecutive twelve-month period, the Port has issued three notices of default, the Port shall not be required to accept the cure of any subsequent default by Tenant and may terminate this Lease or exercise any other rights or remedies available to it immediately by written notice to Tenant without the expiration of any otherwise applicable cure period.

If upon such reentry there remains any personal property of Tenant or of any other person upon the Premises, the Port may, but without the obligation to do so, remove said personal property and hold it for the owners thereof or may place the same in a public garage or warehouse, all at the expense and risk of the owners thereof, and Tenant shall reimburse the Port for any expense incurred by the Port in connection with such removal and storage. The Port shall have the right to sell such stored property, without notice to Tenant, after it has been stored for a period of thirty (30) days or more, the proceeds of such sale to be applied first to the cost of such sale, second to the payment of the charges for storage, and third to the payment of any other amounts which may then be due from Tenant to the Port, and the balance, if any, shall be paid to Tenant. Notwithstanding any such reentry, the liability of Tenant for the full rental provided for herein shall not be extinguished for the balance of the term of this Lease, and Tenant shall make good to the Port any deficiency arising from a reletting of the Premises at a lesser rental than that chargeable to Tenant. At the Port's option, Tenant shall pay such deficiency each month as the amount thereof is ascertained by the Port, or the Port may accelerate all future payments and Tenant shall pay the present value of all future payments at once. Payment

by Tenant to the Port of interest on rents and/or any other charges due and owing under this Lease shall not cure or excuse Lessee's default in connection with rents and/or other charges. All remedies of the Port hereunder are cumulative and not alternative.

23. ADVANCES BY PORT FOR TENANT.

If Tenant shall fail to do anything required to be done by it under the terms of the Lease, except to pay rent, the Port may, at its sole option, do such act or thing on behalf of Tenant, and upon notification to Tenant of the cost thereof to the Port, Tenant shall promptly pay the Port the amount of that cost. However, if the Port shall pay any monies on Tenant's behalf, Tenant shall repay such monies, together with interest thereon commencing on the date the Port paid such monies and calculated at the greater of the rate of eighteen percent (18%) per annum, or two (2) percentage points over the composite prime rate of interest set forth in the Wall Street Journal "Money Rates" column (or its successor) most recently prior to such date.

24. HOLDING OVER.

If Tenant shall, without the consent of the Port, hold over after the expiration or sooner termination of this Lease, the resulting tenancy shall, unless otherwise mutually agreed, be on a month-to-month basis. During such month-to-month tenancy, Tenant shall pay to the Port the rate of four (4) times the then-current rental under the terms of the Lease, unless a different rate shall be agreed upon, and the Tenant shall be bound by all of the additional provisions of this Lease.

25. ASSIGNMENT OR SUBLEASE.

Except as provided below, Tenant shall not assign or transfer (including any assignment or transfer for security purposes) this Lease or any interest therein nor sublet the whole or any part of the Premises, nor shall this Lease or any interest hereunder be assignable or transferable by operation of law or by any process or proceeding of any court, or otherwise, without the advance written consent of the Port, which may be withheld in the Port's sole discretion. Lessor agrees that it will consent to the assignment of this Lease (or any interest herein) for security purposes to a bona fide lender, but only on the terms and conditions contained in the form of Lessor's Consent and Agreement attached hereto as Exhibit C, which must be signed by such lender. If Tenant is a corporation, limited liability company, limited partnership, partnership, or other form of entity or association, Tenant further agrees that if at any time during the term of this Lease, more than one-half (1/2) of the outstanding beneficial interests of any class of interest in Tenant, or the managerial control of Tenant, shall belong to any persons other than those who hold such interests or managerial control at the time of the execution of this Lease, such change shall be deemed an assignment of this Lease within the meaning of this paragraph. **Upon any sublease of the Premises or any part thereof, Tenant shall include the following provision in the sublease:**

> *Port Ground Lease. Lessee understands, acknowledges, and agrees that Lessor's right to the real property on which the Premises are located are pursuant to a Ground Lease between Lessor and the Port of Olympia, a copy of which is attached as Exhibit __ hereto. Lessee understands, acknowledges, and agrees that it shall be bound by all provisions in the Ground Lease to which Lessor is subject, including but not limited to provisions related to protection of air space, environmental provisions, and any limitation on use of the property and Premises. Lessee acknowledges that it has had an opportunity to review the Ground Lease in its entirety and takes no exceptions to any provisions therein.*

Notwithstanding any assignment or sublease, Tenant shall remain liable under the terms of this Lease, and this paragraph shall nevertheless continue in full force and effect and no further assignment or sublease shall be made without the Port's consent pursuant to this paragraph. Tenant shall pay all reasonable costs and attorney fees incurred by the Port with respect to any request by Tenant for assignment, sublease, or other encumbrance or transfer of this Lease or the Premises or any interest therein.

26. COMPLIANCE WITH PORT REGULATIONS/ALL LAWS.

Tenant agrees to comply with all applicable rules and regulations of the Port pertaining to the building or other realty of which the Premises are a part or to Tenant's use or occupancy thereof, now in existence or hereafter promulgated for the general health, welfare, safety and convenience of the Port, its various tenants, invitees, licensees and the general public, including without limitation, the Minimum Standards for Commercial Activities for the Olympia Regional Airport, and payment of all fees and tariffs provided for therein or adopted in accordance therewith, as the same now exist or may hereafter be amended. Tenant further agrees to comply with all applicable federal, state and local laws, rules, regulations, ordinances, permits, orders, and decrees, including, without limitation, those relating to environmental matters, and Americans with Disabilities Act, as currently in effect or as may be hereafter amended or issued. Tenant shall defend, indemnify, and hold harmless the Port from and against all claims, costs, fees, fines, penalties, liabilities, losses, and damages incurred by the Port by reason of any charge, claim, litigation, or enforcement action related to any actual or claimed violation by Tenant of any of the laws, rules, regulations, ordinances, permits, orders and/or decrees referenced in this section. Costs and fees shall include, but not be limited to, all direct and indirect costs and professional fees, including engineering, consultant, and attorney's fees. Any fees for any federal, state or local inspections and/or certificates required for use and occupancy of the Premises shall be paid by Tenant. HAZARDOUS SUBSTANCES.

Tenant certifies, represents, warrants, covenants and agrees that:

(a) As used in this Section 0, "Hazardous Substances" means any chemical, substance, material, waste, vapor, or similar matter defined, classified, listed or designated as harmful, hazardous, extremely hazardous, dangerous, toxic, radioactive, or pollution, or as a contaminant or pollutant, or other similar term, by, and/or which are subject to regulation under, any federal, state or local environmental statute, rule, regulation, or ordinance presently in effect or that may be promulgated in the future, and as they may be amended from time to time.

(b) As used in this Section 0, "Other Property" means any real or personal property other than the Premises (including, without limitation, surface or ground water) which becomes contaminated with Hazardous Substances as a result of operations or other activities on, or the contamination of, the Premises.

(c) Tenant shall apply for and obtain all necessary federal, state, and local permits and approvals for Tenant's use of the Premises. Tenant shall not commence any activity on the Premises until all permits and approvals required for such activity have been issued, and shall conduct all activities on the Premises in compliance with such permits and approvals.

(d) Tenant agrees and warrants for itself and its employees, agents, representatives, contractors, subcontractors, licensees, invitees, subtenants, and assigns (collectively "Tenant's Representatives"), that Tenant and Tenant's Representatives will comply with all applicable federal, state, and local laws, rules, regulations, ordinances, permits, orders, and decrees relating to the generation, recycling, treatment, use, sale, storage, handling, transport, disposal, release, and cleanup of any Hazardous Substances by any person on the Premises or other Port property (collectively "Environmental Laws"). In addition, Tenant and Tenant's Representatives will not, without the Port's prior written consent, keep on or around the Premises or any common areas, for use, disposal, treatment, generation, storage, or sale, any Hazardous Substances.

(e) With respect to any Hazardous Substance, Tenant shall:

(i) Comply promptly, timely and completely with all applicable requirements for reporting, keeping and submitting manifests and obtaining and keeping current identification numbers;

(ii) Make available for the Port's review during normal business hours, true and correct copies of all reports, manifests and identification numbers retained by Tenant or submitted to appropriate governmental authorities, and all documents and communications received from any government agencies,

and provide copies to the Port of all documents requested by the Port at no cost to the Port within five (5) business days of the Port's request;

(iii) Within five (5) business days of a written report from the Port, submit a written report to the Port regarding Tenant's use, storage, treatment, transportation, generation, disposal or sale of Hazardous Substances and provide evidence satisfactory to the Port of Tenant's compliance with applicable Environmental Laws;

(iv) Allow the Port or the Port's agents or representatives to come on the Premises at all reasonable times to check Tenant's compliance with all applicable Environmental Laws; and

(v) Comply with all applicable Environmental Laws, and all requirements and standards established by federal, state, or local governmental agencies responsible for or specifically charged with the regulation of Hazardous Substances.

(f) Tenant has not and will not release or waive the liability of any party who may be potentially responsible for the presence or removal of Hazardous Substances on or from the Premises.

(g) Tenant agrees to immediately notify the Port if Tenant becomes aware of (a) any release of any Hazardous Substances or any other environmental issue or liability with respect to the Premises or any Other Property; or (b) any lien, action or notice resulting from violation of any Environmental Laws. At its own cost, Tenant will take all actions which are necessary to notify relevant and appropriate authorities of any such release and to remediate any Hazardous Substances affecting the Premises, including removal, containment or any other remedial action, whether or not required by governmental authorities.

(h) If Tenant is in non-compliance with any Environmental Laws or is in non-compliance with this Section 27, it shall promptly take such action as is necessary to mitigate and correct the non-compliance. If Tenant fails to act in a prudent and prompt manner, the Port shall have the right, but not the obligation, to enter the Premises and act in place of the Tenant (with Tenant hereby appointing the Port as its agent for such purposes), and to take such action as the Port deems necessary to address or mitigate the non-compliance. All costs and expenses incurred by the Port in connection with any such action shall be payable by the Tenant and shall become immediately due and payable as additional rent upon presentation of an invoice therefor. Without limiting the foregoing, in the event of Tenant's non-compliance with any requirements in subsections (e)(i) – (v) above, any and all costs incurred by the Port with respect thereto, including but not limited to costs of inspections, monitoring, and attorney fees, shall become immediately due and payable as additional rent upon presentation of an invoice therefor.

(i) Tenant shall be fully and completely liable to the Port for, and shall defend, indemnify, and hold the Port harmless from and against any and all actual or alleged claims, demands, damages, losses, liens, liabilities, penalties, fines, lawsuits and other proceedings and costs and expenses (including costs and professional fees, including engineering, consultant, and attorneys' fees and disbursements), which accrue to or are incurred by Tenant or the Port which arise or are alleged to arise directly or indirectly from or out of, or are in any way connected with (a) the inaccuracy of the representations and warranties contained herein, (b) the breach of any covenant contained herein, (c) any operations or activities (including, without limitation, use, disposal, transportation, storage, generation or sale of Hazardous Substances) on or about the Premises during Tenant's possession or control of the Premises which directly or indirectly result in the Premises or any Other Property becoming contaminated with Hazardous Substances or otherwise violating any applicable Environmental Laws, and (d) the cleanup of Hazardous Substances at or from the Premises or any Other Property to a level sufficiently protective of human health and the environment in compliance with all applicable Environmental Laws. Tenant acknowledges that it will be solely responsible for all costs and expenses relating to investigation (including preliminary investigation) and cleanup of Hazardous Substances from the Premises or from any Other Property. Tenant specifically agrees that the bond provided pursuant to this Lease shall extend to the indemnity agreed to in this subparagraph.

(j)   Tenant's obligations under this Section 0 are unconditional and shall not be limited by any other limitations of liability provided for in this Lease. The representations, warranties and covenants of Tenant set forth in this Section 0: (a) are separate and distinct obligations from Tenant's other obligations under the Lease; and (b) shall survive and continue in effect after any termination or expiration of this Lease for any reason.

(k)   Upon expiration or sooner termination of this Lease, Tenant shall have removed from the Premises any Hazardous Substances, contaminated soils or other contaminated or hazardous materials or substances deposited thereon by Tenant in a manner that complies with all applicable Environmental Laws. Any failure to complete such removal by the expiration or sooner termination of this Lease shall be deemed a holding over by Tenant subject to the provision of paragraph 24, **HOLDING OVER**. At the Port's request, within 30 days thereafter, Tenant shall deliver to the Port a certificate from the Thurston County Health Department certifying that the Premises comply with all applicable requirements of the Health Department concerning levels of Hazardous Substances. At such time, Tenant shall also reconfirm its representations and warranties contained herein and shall represent and warrant that upon termination of the Lease all Hazardous Substances have been removed from the Premises and have been properly and lawfully disposed of, and the Premises have been cleaned up to a level that meets all applicable Environmental Laws.

27.   STORAGE TANK LICENSES.

All storage on site, whether permanent or mobile, capable of holding more than one hundred ten (110) gallons either in bulk or in separate containers or any material identified in Exhibit "D" shall require a separate hazardous materials license. Such license shall provide for appropriate handling and storage facilities, inspections, testing and clean up procedures and any special insurance provisions which may be required. Tenant shall comply with all laws, rules and regulations applicable thereto. Tenant shall provide Lessor with full and complete copies of any reports or other results of inspections within five (5) days after any remedial or other action required as a result of any inspection. Upon request, Tenant shall provide Lessor with a certificate of insurance evidencing Tenant's compliance with insurance requirements applicable to storage tanks. Tenant shall pay any and all costs necessary to comply with the terms of any license required under this section and the costs of complying with any other legal or regulatory requirements associated with Tenant's storage of materials identified in Exhibit "D."

28.   INSPECTIONS AND NOTICE OF CHANGE.

a.   Tenant agrees that inspections may be required by the Port at the Tenant's expense to assure compliance with paragraphs 0, **HAZARDOUS SUBSTANCES**, and 27, **STORAGE TANK LICENSES**. Such inspections shall be made once every five (5) years or at any time the Port has good cause to believe a problem may exist.

b.   The Tenant shall annually identify any materials listed in Exhibit "D" used in the course of its ordinary business.

29.   EMINENT DOMAIN.

If the Premises shall be taken or condemned for any public purpose, or for any reason whatsoever, to such an extent as to render the Premises untenantable, either Lessor or Tenant shall have the option to terminate this Lease effective as of the date of taking or condemnation, which shall be the earlier of the date the final condemnation judgment or the date possession is taken by the condemning authority. If the taking or condemnation does not render the Premises untenantable, this Lease shall continue in effect, and Lessor shall, if the condemnation award is sufficient therefor, promptly restore the portion not taken to the extent possible to the condition existing prior to the taking. If, as a result of such restoration, the area of the Premises is reduced, the rental shall be reduced proportionately. All proceeds from any taking or condemnation shall be paid to Lessor and Tenant waives all claim against such proceeds; provided, however, that Tenant shall be entitled to any award separately designated for Tenant's relocation expenses

or for damage or taking of Tenant's trade fixtures or other personal property. A voluntary sale or conveyance in lieu of but under the threat of condemnation shall be considered a taking or condemnation for public purpose, and shall include the Port's use of the Premises for any purpose for public use in connection with the operation of the business of the Port. If the Port so requires the use of the Premises, then this Lease may be terminated by the Port by written notice delivered or mailed by the Port to Tenant not less than six (6) months or more before the termination date specified in the notice, and damages to Tenant, if any resulting therefrom shall be determined by agreement between the parties hereto, or in the absence of agreement, by arbitration as hereafter provided. Damages or other compensation shall be determined in accordance with RCW 53.08.010 and Title 8 as appropriate.

30. **INSOLVENCY.**

If Tenant shall: solicit acceptances of a plan of reorganization to be filed in any subsequent case under the United States Bankruptcy Code, 11 U.S.C. §§ 101-1330, as hereafter amended or any successor statute thereto (the "Bankruptcy Code"); negotiate with one or more creditors for any workout, including, but not limited to, an extension agreement, composition agreement, standoff, standby, or standstill agreement whereby the creditors agree to forebear in any fashion from their rights to collect a debt of Tenant; cease to pay Tenant's debts as they come due; admit in writing the inability to pay its debts as they come due; make an assignment for the benefit of creditors; become a party to any liquidation or dissolution action or proceeding; have appointed (voluntarily or involuntarily), a trustee, custodian, receiver, conservator, or liquidator for Tenant or for a significant portion of Tenant's assets; have entered against it any order by a district court or bankruptcy court of the United States or any of its territories that dismisses a voluntary petition under the Bankruptcy Code because the bankruptcy petition was filed in bad faith; have entered against it an order, judgment, or decree; have any of its assets levied against by writ of execution, attachment (including pre-judgment attachment), garnishment, recording of a judgment or any similar process whereby a creditor seeks to obtain a legal right to dispose of particular assets of Tenant to satisfy to any extent a debt of the Tenant to the creditor; file a voluntary petition under the Bankruptcy Code or have filed against it an involuntary petition under the Bankruptcy Code creating any automatic stay or other injunctive force protecting the assets of Tenant from the immediate collection actions of a creditor (where such involuntary petition is not subsequently dismissed within 60 days in response to pleadings filed by the Tenant by entry of an order of any district court or bankruptcy court of the United States or any of its territories); have appointed voluntarily or involuntarily, a trustee, custodian, or examiner with special powers by any district court or bankruptcy court in the United States or any of its territories; admit in an answer filed in response to an involuntary petition filed under the Bankruptcy Code that Tenant is insolvent because Tenant's assets are exceeded by Tenant's debts or that Tenant is unable to pay Tenant's debts as they come due; then, in the event any of the foregoing shall occur, the Port may, at its option, terminate this Lease.

31. **PROMOTION OF PORT COMMERCE.**

The purpose of the Port is to encourage the development of commerce within the Port district, and to every reasonable extent possible, increase the movement of passengers and freight through Port facilities. In furtherance of this purpose, Tenant agrees to cooperate with the Port in the promotion of these purposes during the term of this Lease, and wherever reasonably possible, to utilize the Port's facilities in the movement of freight and passengers as a part of Tenant's business activities. Nothing in this paragraph shall be construed to obligate Tenant to spend monies in the Port's promotional advertising, but Tenant does agree to supply such information and data for the Port's promotional and advertising activities.

32. **ATTORNEY'S FEES AND COSTS.**

Should a dispute arise between the parties hereto as to the effect of any provision hereof and said dispute is referred to an attorney, whether for enforcement in court or for decision under arbitration, the

losing party shall pay the prevailing party's actual and incurred attorney's fees; costs of court or arbitration, including such fees and costs of any appeal; other legal expenses; and collection costs, except that the amount of such fees, costs or expenses taken separately or in the aggregate, shall not be unreasonable. If such dispute arises and is later settled by the parties, such settlement shall include a specific allocation of disposition of attorney's fees on both sides.

33.   NONDISCRIMINATION - SERVICES.

Tenant for himself, his heirs, personal representatives, successors in interest, and assigns, as a part of the consideration hereof, does hereby covenant and agree as a covenant running with the land that in the event facilities are constructed, maintained, or otherwise operated on the Premises for a purpose for which a federal Department of Transportation program or activity is extended or for another purpose involving the provision of similar services or benefits, the Tenant shall maintain and operate such facilities and services in compliance with all other requirements imposed pursuant to 49 CFR Part 21, Nondiscrimination in Federally Assisted Programs of the Department of Transportation, and as said Regulations may be amended.

It is agreed that Tenant's noncompliance with the provisions of this clause shall constitute a material breach of this Lease. In the event of such noncompliance, the Port may take appropriate action to enforce compliance, may terminate this Lease, or may pursue such other remedies as may be provided by law.

34.   NONDISCRIMINATION – SERVICES, CONSTRUCTION, USE.

Tenant for himself, his heirs, personal representatives, successors in interest, and assigns, as a part of the consideration hereof, does hereby covenant and agree as a covenant running with the land that: (1) no person on the grounds of race, color, or national origin shall be excluded from participation in, denied the benefits of, or be otherwise subjected to discrimination in the use of said facilities, (2) that in the construction of any improvements on, over, or under such land and the furnishing of services thereon, no person on the grounds of race, color, or national origin shall be excluded from participation in, denied the benefits of, or otherwise be subjected to discrimination, (3) that the Tenant shall use the Premises in compliance with all other requirements imposed by or pursuant to 49 CFR Part 21, Nondiscrimination in Federally Assisted Programs of the Department of Transportation, and as said Regulations may be amended.

The Port reserves the right to take such action as the appropriate governmental authority may direct to enforce these provisions.

35.   APPRAISAL PROCEDURE.

The fair market value of the property shall be determined at Tenant's election (made concurrently with Tenant's execution of this Lease) as indicated in Paragraph 1, **LEASE SUMMARY** for rent revisions. At the commencement of the Lease, Tenant shall choose whether to have such fair market value determined either (a) by reference to the most recent land valuation for the parcel as determined by the Thurston County Assessor's Office (for so long as Washington State law requires the Assessor to assess land at 100% of its fair market value) ("Option A") or (b) by an appraisal conducted by an independent appraiser selected by Tenant and approved by the Port, which approval will not be unreasonably withheld, ("Option B"). Such choice shall be effective and binding for all rental revisions during the lease term, including any options. Such appraiser shall be a qualified MAI appraiser, with not less than 10 years experience appraising commercial real estate in Thurston County, Washington. A qualified MAI appraiser shall mean a member in good standing of the Appraisal Institute, or equivalent professional organization. In conducting an appraisal of the property, the fair market value shall be based upon the highest and best use of the property as if vacant, and the appraiser (a) shall consider sales of fee simple comparable properties in the general area; (b) shall appraise the property as if in private ownership and without discount or consideration for the property being owned by a municipal corporation; (c) shall appraise the property without regard to the Premises being leased or the Tenant owning any improvements thereon; and (d) shall conduct and write the

appraisal in conformity with the Uniform Standards of Professional Appraisal Practice. If Tenant has chosen Option B, and fails to choose an appraiser within 180 days prior to the date a rental revision is to become effective, the Port may choose an appraiser, or, at the Port's election, Tenant shall be deemed to have elected to have such rental revision determined as provided in Option A.

If Tenant has selected Option A and the fair market value is not or cannot be determined by the Assessor's office as provided in Option A, fair market value shall be determined by an appraiser selected by the Port who meets the qualifications described above. Such determination and any rental revision resulting there from shall be retroactive to the date the rental revision was to be effective. The cost of any appraisal shall be shared equally by the Port and Tenant.

36. ARBITRATION PROCEDURE.

In the event of a dispute between the Port and Tenant with respect to any issue specifically mentioned elsewhere in this Lease as a matter to be decided by arbitration, such dispute shall be determined by arbitration as provided in this paragraph. The Port and Tenant shall each appoint a person as arbitrator who shall have had at least ten (10) years of experience in Thurston County in the subject matter of the dispute. The appointment shall be in writing and given by each party to the other, and the arbitrators so appointed shall consider the subject matter of the dispute, and if agreement can be reached between them, their opinion shall be the opinion of the arbitration. In the event of their failure to agree upon the matter so submitted, they shall appoint a third arbitrator. In the case of the failure of such arbitrators to agree upon the third arbitrator, the same shall be appointed by the American Arbitration Association from its qualified panel of arbitrators, with similar qualifications. If the Port or Tenant shall fail to so appoint an arbitrator for a period of ten (10) days after written notice from the other party to make such appointment, then such party will have defaulted its right to make such appointment, and the arbitrator appointed by the non-defaulting party shall determine and resolve the dispute. In the event the three arbitrators are appointed, after being duly sworn to perform their duties with impartiality and fidelity, they shall proceed to determine the question submitted. The decision of the arbitrators shall be rendered within thirty (30) days after their appointment, and such decision shall be in writing, with copies thereof delivered to each of the parties. The award of the arbitrators shall be final, binding, and conclusive on the parties. The fees of the arbitrators and the expenses incident to the proceedings shall be borne equally between the Port and Tenant. The arbitrators shall award to the prevailing party the fees of that party's counsel, expert witnesses, or other witnesses called by the prevailing party.

37. JOINT AND SEVERAL LIABILITY.

Each and every party who signs this Lease, other than in a representative capacity, as Tenant, shall be jointly and severally liable hereunder.

38. INVALIDITY OF PARTICULAR PROVISIONS.

If any term or provision of this Lease or the application thereof to any person or circumstance shall, to any extent, be invalid or unenforceable, the remainder of this Lease or the application of such term or provision to persons or circumstances other than those as to which it is held invalid or unenforceable shall not be affected thereby and shall continue in full force and effect.

39. NOTICES.

All default and other substantial notices required under the provisions of this Lease may be personally delivered or mailed. If mailed, they shall be sent by certified mail, return receipt requested, to the following addresses:

> To the Port:
> Port of Olympia

606 Columbia Street NW, Suite 300
Olympia, WA 98501

To the Tenant:
Kyle Baxter
7708 Henderson Blvd SE
Tumwater, WA 98501

or to such other respective addresses as either party hereto may hereafter from time to time designate in writing. Notices given by personal delivery shall be deemed given upon receipt. Notices sent by mail shall be deemed given when properly mailed, and the postmark affixed by the United States Post Office shall be conclusive evidence of the date of mailing.

40.   WAIVER.

The acceptance of rental by the Port for any period or periods after a default by Tenant hereunder shall not be deemed a waiver of such default unless the Port shall so intend and shall so advise Tenant in writing. No waiver by the Port of any default hereunder by Tenant shall be construed to be or act as a waiver of any subsequent default by Tenant. After any default shall have been cured by Tenant, it shall not thereafter be used by the Port as a ground for the commencement of any action under the provisions of Paragraph 22, **DEFAULTS**.

41.   BINDER.

Subject to Paragraph 25, **ASSIGNMENT OR SUBLEASE** above, this Lease is binding upon the parties hereto, their heirs, personal representatives, successors in interest and assigns.

42.   NO RECORDING.

Without the prior written consent of the Port, this Lease shall not be placed of record.

43.   REAL ESTATE COMMISSIONS AND FEES.

Any real estate commissions or fees related to this Lease, and claims related thereto, shall be handled in accordance with **Paragraph 1, LEASE SUMMARY** above.

LESSOR: **TENANT/LESSEE:**
PORT OF OLYMPIA   KYLE BAXTER

By: _____   By: _____
Alexandrea Smith   Kyle Baxter
Executive Director   President

Approved as to Form by Port of Olympia General Counsel:

_____
Chris Pierce-Wright

STATE OF WASHINGTON   )

) ss

COUNTY OF THURSTON   )

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

        DATED this _____ day of _____, 2025.

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

STATE OF WASHINGTON   )

) ss

COUNTY OF THURSTON   )

On this _____ day of _____, 2025, personally appeared before me **KYLE BAXTER,** to me known to be the Tenant named in the within and foregoing **Lease Agreement,** and acknowledged to me that he signed the same on his behalf, as he is so authorized to do, as his free and voluntary act and deed for the uses and purposes therein mentioned.

        IN WITNESS WHEREOF, I have hereunto set my hand and seal the day and year first above written.

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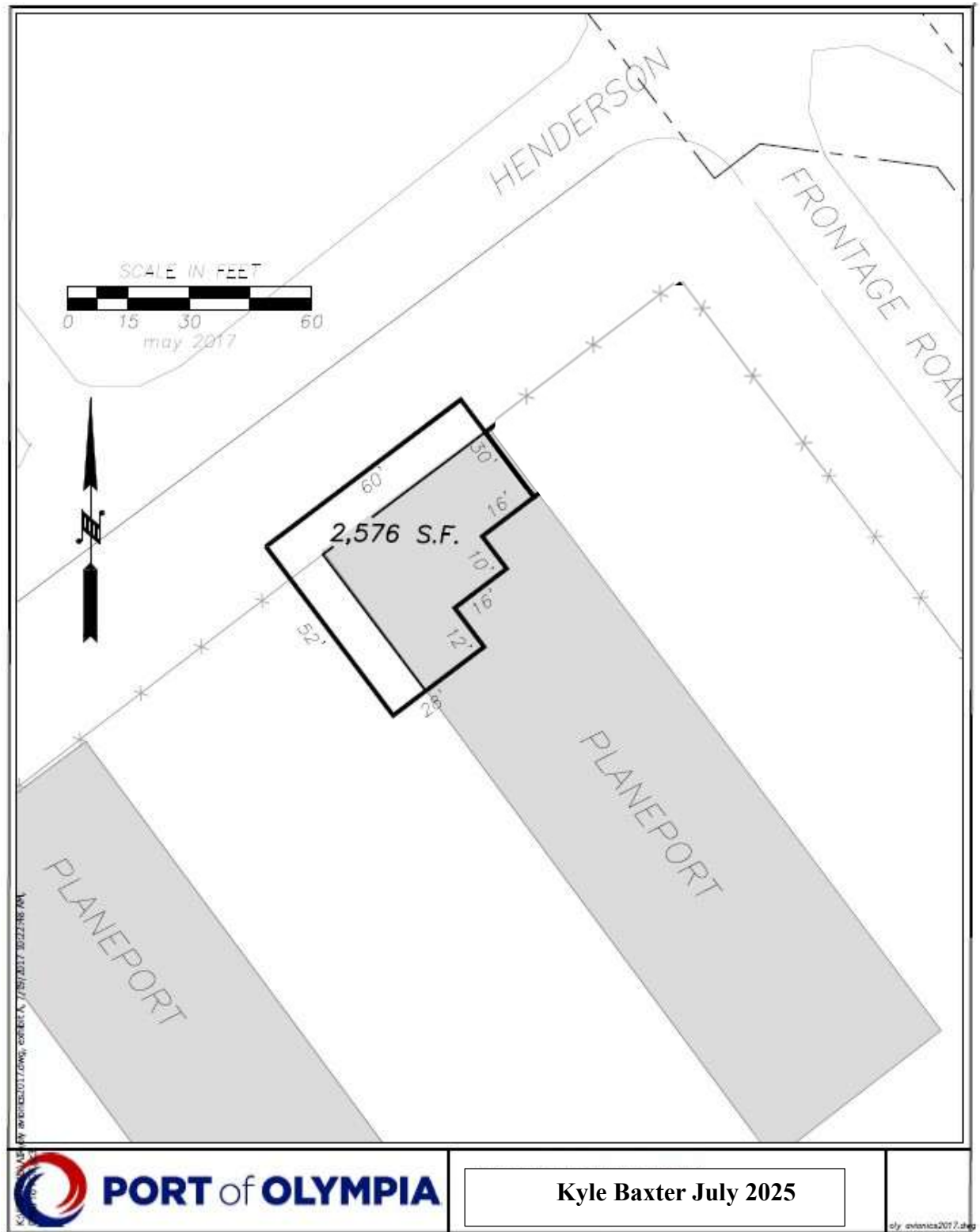   My commission expires: _____

RATIFICATION

This Lease Agreement shall be subject, as a condition subsequent, to ratification by the Port of Olympia Commission within thirty (30) days after the date set forth on Page 1. This **Lease Agreement** shall be effective and binding on the parties until such time (and thereafter if ratified), the Executive Director having the authority to sign this Lease Agreement and bind the Port to all of its material terms. If this Lease is not ratified, it shall terminate and be of no further force and effect.

The undersigned confirms that this Lease was ratified by the Port of Olympia Commission on _____, 2025.

Port of Olympia Commission

By: _____
Jasmine Vasavada
President

Date: _____ ____

STATE OF WASHINGTON   )
) ss
COUNTY OF THURSTON   )

On this _____ day of _____, 2025, personally appeared before me **JASMINE VASAVADA**, to me known to be the <u>President</u> of the <u>Port of Olympia Commission</u>, the municipal corporation named in the within and foregoing **Lease Agreement,** and acknowledged to me that she signed the same on its behalf, as She is so authorized to do, as her free and voluntary act and deed for the uses and purposes therein mentioned.

IN WITNESS WHEREOF, I have hereunto set my hand and seal the day and year first above written.

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

EXHIBIT A
PREMISES

SCALE IN FEET

0   15   30   60
may 2017

60'

30'

16'

2,576 S.F.

10'

16'

52'

12'

28'

HENDERSON

FRONTAGE ROAD

PLANEPORT

PLANEPORT

PORT of **OLYMPIA**

Kyle Baxter July 2025

oly_avionics2017.dwg

EXHIBIT B
REQUIREMENTS AS TO IMPROVEMENTS

These conditions relating to improvements in this Exhibit "B" shall control unless the Port and Tenant have otherwise separately agreed to more specific time periods for production and coordination of drawings, financing and commencement of construction. In the event such additional documentation becomes a part of this Lease, then the time periods set forth in such documents shall be logically coordinated, the intent being that the shorter time periods should control the parties' respective performances.

1.   **PORT APPROVAL OF TENANT IMPROVEMENTS**.

As used herein, the terms "improvements" or "structures" shall mean and include without limitation all permanent buildings, and all other major structures or improvements of any kind located above the ground level of any site, plus any replacements, additions, repairs or alterations thereto. No improvement shall be constructed or maintained on the Premises until the Port has first approved the design, density, size, appearance and location thereof. Before commencing any work of improvement or applying for any governmental permit or approval, Tenant shall first deliver to the Port for approval two (2) sets of schematic plans and preliminary specifications, including grading and drainage plans, exterior elevations, floor plans, site plans, and showing in reasonable detail existing topography and proposed type of use, size, land coverage, shape, height, location, material and elevation of each proposed improvement, all proposed ingress and egress to public or private streets or roads, all utilities and service connections, and all proposed landscaping, exterior materials and fences, parking, exterior lighting, signs, cut and fill, finished grade, runoff and concentration points. Nothing in this paragraph shall imply a submission standard higher than that required for a building permit, except as it relates to land use(s), utilities, infrastructure and impact upon adjoining properties and use(s) of adjoining properties.

The Port shall then have twenty (20) days during which to accept and approve or reject such preliminary plans and specifications. Once the preliminary plans and specifications have been approved, but prior to commencing any such work, Tenant shall submit to the Port for approval of final plans and specifications for any proposed improvements in the same manner as provided above.

All plans and specifications for grading or improvements to be submitted to the Port hereunder shall be prepared by a licensed or registered architect or engineer, as the case may be. All grading, piling, footing and foundation work must be conducted under the supervision of an appropriate licensed engineer. At the Port's option, a final certification by a licensed soils engineer or geologist must be filed with the Port upon completion of the grading work. The Port shall not unreasonably withhold its approval of any such plans or specifications.

The Port shall be conclusively deemed to have given its approval unless, within thirty (30) days after all such plans and specifications have been received by the Port, the Port shall give Tenant written notice of each item of which the Port disapproves. Unless so disapproved, the Port shall endorse its approval on at least one set of plans and return the same to Tenant. The Port may disapprove any plans which are not in harmony or conformity with other existing or proposed improvements on or in the vicinity of the Premises, or with the Port Master Plan or other plans or criteria for the Premises in the general area in which the Premises are located, the sole discretion as to such adequacy remaining with the Port. Notwithstanding the foregoing, Tenant may, in accordance with the lease, repair, replace, alter or reconstruct any improvement on the Premises for which plans were previously approved by the Port as provided above, but only if such repair, replacement, alteration or reconstruction is substantially identical to the improvement previously approved.

Concerning utility installations, Tenant, at Tenant's sole cost, including any connection fees, assessments or changes, shall be responsible for the installation on the Premises of all utilities required by Tenant's use of the Premises, assuming such utility services are available to the Premises. Any contractual arrangements with any municipal supplier with respect to the improvements or utility installation shall not be

entered into by Tenant without first obtaining the Port's approval. In the event that such utility services are not readily available at the Premises, Tenant, at Tenant's sole cost, shall pay for the extension of such utilities to the Premises.

The Port shall not be liable for any damages in connection with the approval or disapproval of any plans or specifications, any construction or performance by Tenant on the Premises in connection with the erection of such improvements, any mistake in judgment, negligence or omissions in exercising its rights and responsibilities hereunder, or the enforcement or failure to enforce any provisions contained in the Lease. The Port's approval of plans and specifications shall not constitute the assumption of any responsibility by the Port or its representatives for the accuracy, efficacy or sufficiency thereof, and Tenant shall be solely responsible therefore.

2.   **CERTIFICATES OF COMPLIANCE**.

Tenant shall obtain all necessary permits and shall send copies of same to the Port, as well as copies of Certificates of Completion/Occupancy associated with such permits and pay the cost thereof. Prior to commencement of any such work of improvements, Tenant shall supply to the Port a certificate from a licensed civil engineer or land surveyor verifying that the appropriate subdivision or binding site plan approval has been obtained, and that the proposed improvements will be located on the correct parcel and in accordance with plans previously approved by the Port. The Port may waive such requirement if the Port has already surveyed the proposed Premises. Upon completion of any such improvements, Tenant shall supply to the Port a further certification by Tenant's architect (including the landscape architect in the case of improvements consisting of landscaping) that the improvements, as designed by the architect, have been completed in accordance with the plans previously approved by the Port. Final landscaping as approved by the Port shall be completed within sixty (60) days after completion of the structure. Tenant shall also supply to the Port one (1) set of "as-built" grading plans showing all underground installations within sixty (60) days following completion of any substantial improvement within the Premises. Tenant shall also furnish the Port with a complete set of "as-built" building plans and an itemized statement of the actual construction cost of such improvements, not later than sixty (60) days after completion.

3.   **DILIGENT COMPLETION AND COMPLIANCE**.

After commencement of construction, Tenant shall diligently complete the construction so that the improvements will not remain in a partly finished condition any longer than is reasonably necessary. Tenant shall comply with all applicable governmental laws, ordinances and other requirements or conditions and restrictions which may affect the Premises, (whether prior to, during or after construction) including, without limitation, the Americans With Disabilities Act, and shall make such corrections, alterations or other improvements which may be necessary to remedy any non-complying condition (subject to the reasonable approval of the Port), all at the sole cost and expense of Tenant.

EXHIBIT C
LESSOR'S CONSENT AND AGREEMENT

(For Financing Purposes)

Description of Ground Lease.

"Lessor"   The Port of Olympia

"Tenant"   _____

"Lease":   Ground Lease dated _____

"Leasehold":   Tenant's interest in the Lease and all Leasehold
                                   Improvements

"Lender(s)":   _____

                                   _____

                                   _____

                                   _____

NOW, THEREFORE, Lessor represents, warrants, covenants and agrees as follows:

1.   **Consents**. Lessor hereby consents to the assignment of Tenant's interest in the Leasehold to Lender for security purposes under the Lender's Deed of Trust upon closing of the loan. Herein the term "Deed of Trust" shall mean the Lender's Deed of Trust as may be applicable and the "Lender" shall mean _____, as its/their interests appear in the Deed of Trust.

2.   **Status of Lease**. A true and correct copy of the Lease, together with all amendments, supplements, and modifications thereto, is attached as Schedule A to this Agreement. The Lease is presently in full force and effect, is valid and enforceable according to its terms and has not been modified or amended in any way except as shown on the copy of the Lease attached hereto.

3.   **Non-Default**.   Tenant is not in default (a) in the payment of rent or any other amounts due and payable by Tenant to Lessor under the Lease or (b) to the knowledge of Lessor, in the observance or performance of any other covenant or condition to be observed or performed by Tenant under the Lease. To the knowledge of Lessor, no event has occurred which now does or hereafter will authorize Lessor to terminate the Lease.

4.   **Right to Foreclose Deed of Trust**. Lender recognizes that any Deed of Trust taken by Lender affects and applies only to Tenant's interest in the Leasehold and that Lessor will not permit any security interest to be taken in any of its land. In the event of default by Tenant under the terms of the Deed of Trust, Lender may enforce or foreclose the Deed of Trust including the acceptance of a Deed in Lieu of Foreclosure. Lessor agrees that in connection with any such foreclosure, Lender may:

a. acquire Tenant's interest in the Leasehold either by Deed in Lieu of Foreclosure or actual foreclosure without further consent of Lessor, subject to the requirements of paragraph 6.4 below.

b. rent the Premises pending foreclosure of the Leasehold by Lender without further consent of Lessor.

c. assign and sell the Leasehold in whole or in part to any person or entity, subject to the requirements set forth in paragraph 6.5 below.

5. **Surrender of the Premises**. No surrender of the Premises or any other act of Tenant shall be deemed to terminate the Lease and Lessor will not terminate voluntarily by agreement with Tenant unless Lender has been previously notified in writing and has consented to the termination in writing. The Lease shall not be amended or modified unless Lender has been previously notified in writing and has consented to such amendment or modification in writing.

6. **Notice of Default and Lender's Rights**.

6.1. **Notice of Default**. If Tenant defaults under the Lease or if any event occurs which would give Lessor the right to terminate, modify, amend or shorten the term of the Lease, Lessor shall take no steps to exercise any right it may have under the Lease without first giving Lender written notice of such default. A copy of each and every Notice of Default served or sent by Lessor or its agent to or upon Tenant pursuant to the Lease shall be sent contemporaneously to Lender in accordance with paragraph 13 below. Such Notice of Default shall specify the event or events of default then outstanding and the time period at the end of which the indicated action would become effective.

6.2. **Termination for Monetary Default**. If the Notice of Default given by Lessor to Lender relates to a monetary default and Tenant has not cured such monetary default within 15 days as provided in the Lease and Tenant's failure to cure results in Lessor desiring to terminate the Lease, Lessor may terminate the Lease if such monetary default is not cured by either Tenant or Lender within twenty (20) days of Lender's receipt of Notice, and kept current thereafter.

6.3. **Termination for Non-Monetary Default**. If the notice given by Lessor to Lender relates to a non-monetary default and Tenant has not cured such non-monetary default within the 30-day period specified in the Lease, Lessor shall take no action to terminate the Lease if:

(a) within 20 days after Lessor's notice to Lender to Tenant's failure to cure (or failure to diligently pursue a cure) Lender notifies Lessor of its intent to realize upon its security interest and commences realization within 60 days thereafter, and diligently pursues realization; and

(b) Lender notifies Lessor that it will assume the Lease when Lender is legally entitled to the ownership and/or possession of Tenant's interests in the Leasehold; and

(c) Lender pays Lessor at time of notification all back rent or other monies or performances due that may be in default up to the date Lender notifies Lessor of Lender's intent and further pays all rent that accrues during the period after Lender so notifies Lessor and completes such other performances that may be required or come due under the Lease.

Lessor shall not terminate the Lease because of Tenant's breach of any term(s) of the Lease relating to the solvency of Tenant or the institution of any bankruptcy, insolvency, receivership or related action by or against tenant as long as Lender cures any default under the Lease by Tenant as provided in this Consent and Agreement.

6.3.1. If the non-monetary default is of a nature which requires immediate abatement as a result of which Lender would not normally pursue realization on the collateral, and Tenant has not taken steps to immediately cure the default, then Lender must take immediate steps to cure such default within ten (10) days of receipt of notice or else the Lessor may terminate the Lease.

6.3.2. Upon termination of the Lease as provided herein, Lender will release its Deed of Trust within fifteen (15) days thereafter.

6.4. **Assumption of the Lease**. If Lender acquires the interest of Tenant at any time or takes possession of the collateral, then Lender shall formally assume the Lease within twenty (20) days thereafter. Failure to so assume the Lease shall give Lessor the right to immediately terminate the Lease.

6.5. **Right to Assign**. Lender shall not have the right to assign its interest in the Leasehold nor in the case of a foreclosure under the Deed of Trust shall the Trustee under the Deed of Trust transfer the Leasehold to any person or entity (other than Lender) without first obtaining the written consent of Lessor for such assignment or transfer, which consent will not be unreasonably withheld or delayed provided that Lender has disclosed to Lessor (a) the identity of the proposed purchaser, assignee or transferee; (b) shown that the purchaser's, assignee's or transferee's credit standing would reasonably be acceptable to a commercially prudent lender; and (c) provided evidence to Lessor that the use of the property by such purchaser, assignee or transferee shall be consistent with the terms of the Lease or Tenant's prior use of the Leasehold. Upon the purchaser's, assignee's or transferee's assumption and agreement to perform and to be bound by all of the terms of the Lease, Lender shall be relieved of further liability under the Lease, however, if Lender finances the purchaser, assignee or transferee, Lender shall again be subject to all the obligations set forth in this Agreement.

7. **Disposition of Insurance and Condemnation Proceeds**. Lessor shall be named as an additional insured under any of Tenant's casualty policies on the Premises to the extent of the interests limited in this paragraph 7. Should the Premises suffer any loss which is covered by casualty insurance, and the insurance proceeds are used to restore any improvements made by Tenant, Lessor agrees that Tenant and Lender shall have the right to such proceeds so long as none of Lessor's property, utilities or other services therein are damaged or such damages are repaired. In the event the Premises are substantially damaged and Tenant's improvements have been repaired, Lessor shall only participate in the insurance proceeds to the extent necessary to repair and restore Lessor's ground and any of Lessor's or Tenant's improvements (excluding buildings and personal property) on or in the ground to the same condition the land was in at the commencement of the Lease, or in the same condition at the time of the casualty. Under the Lease, Lessor has the option of requiring Tenant to demolish the improvements at the end of the Lease term, or to have Tenant convey title to Lessor Tenant's interests in the Leasehold Improvements. In the event Premises and the Leasehold are so severely damaged that Tenant's and Lenders' decision is not to repair or restore the Premises, Lessor shall participate in the insurance proceeds to the extent necessary to remove the remainder of the damaged improvements and to restore the Premises and any utilities or other such improvements (excluding rebuilding the improvements or restoring other personal property of Tenant) to the same condition the land was in at the commencement of the Lease, or in the same condition at the time of the casualty. Other than as described herein, Lessor shall have no claim to insurance proceeds or condemnation proceeds that are attributable to Tenant's interest in the Leasehold, nor shall Lender have any interest in Lessor's condemnation proceeds, if any.

8. **Right to Participate in Litigation**. Lender shall have the right to participate in any litigation, arbitration or dispute directly affecting the Premises or the interests of Tenant or Lender therein, including without limitation, any suit, action, arbitration proceeding, condemnation

proceeding or insurance claim. Lessor, upon instituting or receiving notice of any such litigation, arbitration or dispute will promptly notify Lender of the same.

9. **Incorporation of Mortgagee Protection Provisions**. To the extent not inconsistent with this Agreement, all provisions of the Lease which by their terms are for the benefit of any leasehold mortgagee, are hereby incorporated herein for the benefit of Lender. Without limited the foregoing, Lender shall be a beneficiary of the warranty and indemnity provided in paragraph 6 of Paragraph 1, **LEASE SUMMARY**, of the Lease.

10. **Right to Remove Collateral**. In the event Lender exercises its rights under its collateral and realizes upon the collateral, Lessor agrees that Lender is entitled to remove Tenant's furniture, movable trade fixtures and equipment installed by Tenant from the Premises at any reasonable time and that the collateral shall remain personal property even though the trade fixtures may be affixed to or placed upon the Premises. "Trade fixtures" means the movable personal property of Tenant which is free standing or attached to floors, walls or ceiling, but does not include installed light fixtures, floor coverings, doors, windows, heating, plumbing or electrical systems or components thereof, including any roof-mounted HVAC equipment and/or units thereof, or permanent walls or partitions installed by Tenant. In the event Lender so realizes on its collateral, Lessor waives any right, title, claim, lien or interest in the above trade fixtures by reason of such fixtures being attached to or located on the Premises. Lender shall use reasonable care in removing the trade fixtures from the Premises and shall repair any damage that may result from such removal which shall be completed in accordance with the terms of the Lease.

11. **Interpretation of Agreement**. This Agreement sets forth the complete understanding of Lender with respect to this transaction; may be amended only in writing signed by the party against whom it is sought to be enforced; and, without limiting the generality of the foregoing shall not be deemed modified by any course of dealing. No provision in the Assignment of Tenant's Interest in Lease, Security Agreement and Deed of Trust shall vary, modify or expand the covenants herein contained. In the event of any conflict between the terms of this Agreement and the Lease, this Agreement shall control.

12. In the event of litigation or arbitration between the parties to enforce or interpret this Agreement, the arbitrator, Board of Arbitration or Judge, as may be appropriate, may award the prevailing party in such arbitration or litigation a reasonable attorney's fee not to exceed 20 percent of the amount in controversy, plus costs and costs of collection.

13. **Notices**. All notices, copies of notices, consents or other communications given under this Agreement must be in writing and shall be effective when received. Such communications shall be given in person to an officer of Lender or to Lessor or shall be delivered to one of such persons by registered or certified U.S. mail or by public or private courier or wire service or facsimile transmission addressed to the parties at their respective addresses set forth below, unless by such notice a different person or address shall have been designated in writing:

If to Lender: _____(Print)
                         _____(Print)
                         _____(Print
                         _____(Print)

If to Lessor: Port of Olympia
                         606 Columbia Street NW Suite 300
                         Olympia, Washington 98501
                         Attn: Property Manager

IN WITNESS WHEREOF, Lessor has executed these presents this _____ day of _____, 20__.

LESSOR:

PORT OF OLYMPIA, a Washington Municipal corporation
By: _____
Its: _____

AGREED to this _____ day _____, 20__.

TENANT:
By: _____
Its: _____

AGREED to this _____ day _____, 20__.

LENDER:
By: _____
Its: _____

AGREED to this _____ day _____, 20__.

EXHIBIT A of C

To Lessor's Consent and Agreement (Exhibit C)

<u>**Copy of Lease**</u>

EXHIBIT "D"

TOXIC, DANGEROUS AND HAZARDOUS SUBSTANCES STORAGE LICENSE
(License required for any material covered by
Dangerous Waste Regulations in WAC 173-303
as amended and 40 CFR Part 116-117 as amended,
copies are on file in the Port of Olympia offices)

Licensee:
_____

Lease:
_____

Term:
_____
                   (Not to exceed 5 years.)

Fee:
_____

Insurance:
_____
                   (The Port must be named insured and entitled notice prior to cancellation.)

Renewable: For life of underlying lease so long as conditions below are met:

1.   Facilities approved for installation and use:
_____
_____
_____

2.   Preconstruction approvals required:
_____
_____
_____

3.   Preoccupancy approvals required:
_____
_____
_____

4.   Inspections required:
      a.   _____
_____
_____

      b.   At any time the Port has good reason to believe a problem may exist.

      c.   At a minimum, all tanks shall be pressure tested at least once every five (5) years to assure no loss of product into the environment (air, soil, surface or ground water).

5.   Materials authorized for storage:

a. _____

_____

_____

        b.   Any additional materials require the consent of the Port.

6.   Additional terms:

        a.   The Port Engineer shall have the right to terminate this license at any time and in his own discretion, if the facilities fail to meet all federal, state or local requirements or otherwise pose a hazard of unlawful contamination or pollution and such failures are not cured within thirty (30) days of written notice or such lesser time as appropriate under emergency circumstances.

        b.   The licensee agrees to bear all costs of construction, operation, maintenance, inspection or repair of the approved facilities and to keep the same in good operating repair during the term of this license, and the cost of any cleanup or other activities required in the event of a spill, leak or other pollution-causing event.

        c.   The licensee agrees at any time that the approved facilities cease to be subject to a valid license agreement, for any reason, that the licensee shall, at its own cost, remove the facilities and restore the site to its original condition (including removal of all contaminated soils or water).

        d.   The Port shall have the right to terminate this license upon breach of any term herein or termination of the specified lease. Breach of any term of this license shall constitute a breach of the specified lease.

        e.   The licensee shall compensate the Port for all costs incurred by reason of any breach of this license.

LICENSEE: PORT OF OLYMPIA;

_____

By: _____   By: _____

Title: _____   Title: _____

License Date: _____

EXHIBIT "E"

DEVELOPMENT GUIDELINES

Intentionally Left Blank

Commission Meeting Minutes
Monday, May 12, 2025

Call to Order
Commission President Jasmine Vasavada called a regular meeting of the Port of Olympia Board of Commissioners to order and open to the public at 5:30 p.m., Monday, May 12, 2025, at the Percival Plaza at 626 Columbia Street NW, Suite 1B, Olympics Room, in Olympia, Washington 98501.

Present
Commissioners: Jasmine Vasavada, President; Maggie Sanders, Vice President; Sarah Montano, Secretary; Amy Harding and Bob Iyall.

Staff: Alex Smith, Executive Director; Chris Wright-Pierce, General Counsel; Warren Hendrickson, Director of Operations; Mike Reid, Director of Community and Economic Development; Brent Barnes, Director of Enterprise Services; Trisha Miller, Controller; Chris Paolini, Airport Senior Manager; Emily Girton, Marketing and Outreach Coordinator; Tina Champion, Executive Assistant to Executive Services; and Missy Goodell, Executive and Commission Coordinator.

Approval of Agenda
Commissioner Harding moved to approve the agenda. Commissioner Montano seconded the motion. Motion passed unanimously.

Executive Director Report
Alex Smith, Executive Director, reported on recent port activities. A team from the Port volunteered for a Women Build Day with South Puget Sound Habitat for Humanity. On May 8, guests had the opportunity to ride aboard Artemis Technoligies' new all-electric fast foil passenger ferry as it glided across Budd Inlet. On May 9 the Port sponsored the Lacey South Sound Chamber's annual golf tournament. The Parthia Tugboat is slated to be completed in late summer with a goal of unveiling the restored boat in time for the 50th anniversary of Harbor Days. Tina Champion, newly hired executive assistant, was introduced. Port leadership and Commissioners will be attending this week's WPPA 2025 Spring Meeting in Spokane Washington. The Thurston Chamber will celebrate its 120th Annual Meeting featuring Governor Bob Ferguson as the keynote speaker; the Port is a proud sponsor of this event. On Saturday, May 18, Port team members will participate in the South Sound Climate Action Team's "Climate Action Convention," where the Port is honored to be a sponsoring partner. 2025 Port Summer events were also announced.

In addition, she reminded everyone of the ways they can communicate with the Commission. She stated there is a great deal of information available on the Port's website and encouraged everyone to check it out.

Public Comment

Two individuals provided public comments regarding the Airport Master Plan and surrounding habitat and development in Tumwater.

Consent Calendar
Commissioner Harding moved to approve the consent agenda as presented; Commissioner Montano seconded the motion. Motion passed unanimously.

Pending Issues or Business
Q1 2025 Financial Report. Trisha Miller, Controller, provided financial data for the calendar period January, February and March 2025, Q1 2025. Port revenue generating departments were highlighted to aid in Q1 2025 reporting context and for preparation of the 2026 budget development.

Action Calendar
1. PUBLIC HEARING: Resolution 2025-04, 2025-05 and 2025-06: A Resolution of the Port of Olympia to surplus real property located in downtown Olympia in Thurston County, Resolution 2025-05: A Resolution of the Port of Olympia to amend its Comprehensive Scheme of Harbor Improvements regarding certain East Bay District property, and Resolution 2025-06: A Resolution of the Port of Olympia Authorizing the sale of real property located in downtown Olympia in Thurston County all related of which are related to the potential sale of real property located at 427 and 517 Marine Dr NE, in Olympia, Washington. *Pursuant to RCWs 53.08.090, 53.20.010, and 53.02.020, the Port of Olympia Commission will hold a public hearing to consider a change to the Port Comprehensive Scheme of Harbor Improvements (CSHI) to declare the property at 427 and 517 Marine Drive and also described as Lot 6 and 7 (HOCM) of East Bay Redevelopment Short Plat, City of Olympia Master File #07-0154.*

   a. Open Public Hearing.

   b. Presentation regarding the Sale of Port Property to the City of Olympia for the expansion of the Hands on Children's Museum and supporting Commission Resolutions of 2025-04, 2025-05, and 2025-06: Mike Reid, Director of Community and Economic Development.

   c. Accept Public Testimony. One individual provided testimony related to this sale.

   d. Close Public Hearing

2. Commission Resolutions in support of the sale of Port property to the City of Olympia for the Hands on Children's Museum Expansion: Mike Reid, Director of Community and Economic Development.

   a. Resolution 2025-04: A Resolution of the Port of Olympia to surplus real property located in downtown Olympia in Thurston County. Mike Reid, Director of Community and Economic Development, presented background information to surplus property in order to conduct a sales transaction.

Motion: Commissioner Sanders moved to approve Resolution 2025-04: A Resolution of the Port of Olympia to surplus real property located in downtown Olympia in Thurston County. Commissioner Montano seconded the motion. Motion passed unanimously.

b. <u>Resolution 2025-05: A Resolution of the Port of Olympia to amend its Comprehensive Scheme of Harbor Improvements regarding certain East Bay District property</u>. Mike Reid, Director of Community and Economic Development, presented background information to amend the Comprehensive Scheme of Harbor Improvements.

Motion: Commissioner Montano moved to approve Resolution 2025-05: A Resolution of the Port of Olympia to amend its Comprehensive Scheme of Harbor Improvements regarding certain East Bay property. Commissioner Sanders seconded the motion. Motion passed unanimously.

c. <u>Resolution 2025-06: A Resolution of the Port of Olympia Authorizing the sale of real property located in downtown Olympia in Thurston County</u>. Mike Reid, Director of Community and Economic Development, presented background information to surplus property in order to conduct a sales transaction.

Motion: Commissioner Harding moved to approve Resolution 2025-06: A Resolution of the Port of Olympia authorizing the sale of real property located in downtown Olympia in Thurston County. Commissioner Montano seconded the motion. Motion passed unanimously.

Action/Other Calendar
None.

Advisory Calendar
<u>Interlocal Agreement with the Thurston Regional Planning Council</u>. Alex Smith, Executive Director, explained the request for entering into an interlocal agreement with the Thurston Regional Planning Council (TRPC), to take advantage of the cost-effective expertise provided by TRPC staff and to have the TRPC provide planning for our smaller jurisdiction that does not have in-house planning expertise.

<u>Port Legal Counsel Contract Amendment</u>. Alex Smith, Executive Director, apprised the Commission of the need to increase the "not-to-exceed" amount in the Port's contract with Dickson Frohlich Phillips Burgess PLLC (DFPB).

Commissioner Reports/Discussion
Commissioner Sanders shared that she participated in the South Puget Sound Habitat for Humanity Women Build. She enjoyed the visit from the Artemis Ferry and is excited to see advances in innovation and technology, and how this can help address climate change and how clean and green energy could be viewed.

Commissioner Iyall attended the Tumwater City Council / Port of Olympia Joint dinner meeting and found it productive and looks forward to future interactions. He attended the Artemis boat demonstration and found it outstanding. He participated in the Lacey Chamber Golf Tournament.

Commissioner Harding shared a quote from Viktor E. Frankl who wrote "Man's Search for Meaning." "The more one forgets himself – by giving himself to a cause to serve or another person to love – the more human he is and the more he actualizes himself. What is called self-actualization is possible only as a side-effect of self-transcendence."

Commissioner Montano recently attended the South Puget Sound Habitat for Humanity Women Build and enjoyed they day. She also attended the visit from the Artemis Ferry and is excited for what this new technology can bring.

Commissioner Vasavada looks forward to opportunities ahead with regard to the Artemis Ferry.

Other Business
Alex Smith introduced the Port's new Director of Enterprise Services, Brent Barnes.

Meeting Announcements
A list of upcoming events was displayed on the screen for viewers to see upcoming Commission and POCAC meetings. Executive Director Smith stated the next Commission meeting will be held on Tuesday, May 27, 2025, at 5:30 p.m.

Adjournment
There being no further business to come before the Port of Olympia Board of Commissioners, the Monday, May 10, 2025, regular meeting was adjourned at 6:37 p.m. by Commissioner Vasavada.

PORT OF OLYMPIA COMMISSION

_____

Jasmine Vasavada, President

_____

Maggie Sanders, Vice President

_____

Sarah Montano, Secretary

Commission Work Session Minutes
Monday, May 19, 2025

Commission President Jasmine Vasavada called the Commission Work Session of May 19, 2025, to order at 4:03 p.m. at the Percival Plaza at 626 Columbia Street NW, Suite 1B, Olympics Room, In Olympia, Washington.

Present
Commissioners: Jasmine Vasavada, President; Maggie Sanders, Vice President; Sarah Montano, Secretary; Amy Harding and Bob Iyall.

Staff: Alex Smith, Executive Director; Warren Hendrickson, Director of Operations; Mike Reid, Director of Community and Economic Development; Shawn Gilbertson, Director of Environmental Planning and Programs; Tina Champion, Executive Assistant to Executive Services; and Missy Goodell, Executive and Commission Coordinator.

Approval of Agenda
Commissioner Montano moved to approve the agenda; seconded by Commissioner Sanders. Motion approved unanimously.

Waterfront Center
Mike Reid, Director of Community and Economic Development, provided an update and background on the history, knowns, unknowns and options to moving forward with this project. The Commission was asked whether they wanted to proceed with an active recruitment for the development of Site D. Amenities and development of Site D were discussed, as was the role that the Port should play in planning this development and are there enough interested tenants to make the project viable? Options were discussed including restrictions, required uses, and the possibility of incentivizing. The Solicitation of Interest (SOI) model was recommended by staff. Next steps were discussed including defining "must haves," "nice-to-haves," and "no-ways;" defining the submittal guidelines, setting a review process, and reviewing the launch document.

The Commission requested staff to develop a recommendation and report back to them at the June 16, 2025, Work Session. The goal is to create policy statements that are clear and concise; with not more than five concepts or policy statements that would be included in the SOI. Value statements will be created; Commissioners Vasavada and Harding staff the Port of Olympia's Waterfront Subcommittee; they will work with Mike to create Value Statements and other Commissioner input will be included.

Commission Meeting Protocols
Alex Smith, Executive Director, provided updated information on some Port of Olympia Commission meeting enhancement suggestions previously proposed.

Public Comment over Zoom: New Process. For those members of the public wishing to provide public comment virtually/over Zoom, they will now need to sign up in advance online by 3:00 p.m. the day of the Commission Meeting in order to provide comments virtually. Anyone who raises their hand during a Commission Meeting who has not previously signed up online will not be permitted to provide comments, only those who signed up in advance would have the opportunity to give 3 minutes of public comment on the subject for which they signed up (a topic must be provided). A sample online registration form was shared. It was asked that the public commenter's address be requested and added to the registration form. This process should be ready to come online at the June 23 Commission Meeting. The Marketing and Communication department will assist with communicating this new process.

Commission Meeting Packet – Adding Hyperlinks for Agenda Attachments. Commission Meeting Packets will now include individual hyperlinks to each agenda item with an attachment to that specific agenda item.

Agenda Setting
Scheduling Retreats. Executive Director Alex Smith distributed handouts depicting Port Commission scheduling needs and an annual calendar of meetings and meeting topics (that included Port of Olympia Commission Meetings, Work Sessions, POCAC meetings, and WPPA events). The goal is to schedule several retreats over the next few months, one to build out a 5-year Action Plan in early July, and another ½ day retreat to walk-through current finances and to have Port business unit leaders speak to their budgets at an in-depth level before officially launching into the 2026 budget process.

Agenda Items. A deeper dive into the Port's Marina and Real Estate divisions was requested, to include assets and depreciation information.

It was reported that Commissioner Vasavada will be unavailable from July 7 – 24.

Commissioner Candidates. A ½ day Q&A Open House for those interested in running for Port Commissioner is being planned. This will be publicly noticed and open to the public. Commissioner Harding agreed to participate for 1 hour during that day to answer questions and provide insight into this exciting role.

Joint POCAC and Port of Olympia Commission Meeting. A joint POCAC and Port of Olympia Commission meeting is scheduled for Tuesday, June 17 at 5:00 p.m.

Upcoming Agenda Items. Items for upcoming agendas: 1) Port staff was requested to provide financials on a regular basis to be included in Commission meeting packets, even if financials are not on the agenda; 2) discuss updating Port environmental policies to include how the Port is addressing climate change; and 3) a Work Session on environmental policies was requested to be held on June 9, 2025.

Town Halls. A Town Hall to address climate change and what the public would like to see was requested.

Executive Session. It was requested that an Executive Session be scheduled in the early part of June 2025 to discuss the performance of an employee.

Adjourn
The meeting adjourned at 5:41 p.m.

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PORT OF OLYMPIA COMMISSION

_____
Jasmine Vasavada, President

_____
Maggie Sanders, Vice President

_____
Sarah Montano, Secretary

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Commission Meeting Minutes
Tuesday, May 27, 2025

Call to Order
Commission President Jasmine Vasavada called a regular meeting of the Port of Olympia Board of Commissioners to order and open to the public at 5:31 p.m., Tuesday, May 27, 2025, at the Percival Plaza at 626 Columbia Street NW, Suite 1B, Olympics Room, in Olympia, Washington 98501.

Present
Commissioners: Jasmine Vasavada, President; Maggie Sanders, Vice President; Sarah Montano, Secretary; Amy Harding and Bob Iyall.

Staff: Alex Smith, Executive Director, Chris Wright-Pierce, General Counsel; Warren Hendrickson, Director of Operations; Shawn Gilbertson, Director of Environmental Planning and Programs; Don Bache, Cascade Pole Site Manager; Megan Folkers, Environmental Specialist; Emily Girton, Marketing and Outreach Coordinator; Tina Champion, Executive Assistant to Executive Services; and Missy Goodell, Executive and Commission Coordinator.

Approval of Agenda
Commissioner Montano moved to approve the agenda. Commissioner Sanders seconded the motion. Motion passed unanimously.

Executive Director Report
Alex Smith, Executive Director, reported on recent Port activities. She reported that the Port was honored to attend and contribute to the "INSPIRE" Women's Business Conference event. Last week two break bulk vessels visited the Port of Olympia, a log export and eucalyptus paper pulp import. Free public marine terminal tours start on June 3. Tours will be held on the first Tuesday of each month at 11 a.m. on June 3, July 1, August 5 and September 2. Reservations must be made online. 50+ students from Yelm Middle School will tour the marine terminal next week. Next week the WPPA will conducting a first-ever "Port Academy Series" event. Several Port of Olympia staff will be attending. The Pacific Shellfish Institute brought middle school students together at the Port Plaza for a 7-day educational event. Chris Paolini, Port of Olympia Airport Senior Manager, attended the Washington Airport Management Association Conference last week. 2025 Port of Olympia Summer Events were shared.

In addition, Alex reminded everyone of the ways they can communicate with the Commission. She stated there is a great deal of information available on the Port's website and encouraged everyone to check it out.

Public Comment
Three individuals provided public comments regarding tariffs, new projects and buildings, financial implications, Port Peninsula Integrated Master Planning and public involvement.

Consent Calendar
Commissioner Harding moved to approve the consent agenda as presented; Commissioner Montano seconded the motion. Motion passed unanimously.

Pending Issues or Business
<u>Briefing: Green Marine</u>. Megan Folkers, Environmental Specialist, provided an overview of how the Green Marine program works and encourages continuous environmental improvement. Green Marine is the leading environmental certification program for the maritime industry and the Port of Olympia has participated in the program since 2016.

The Green Marine certification program strives to mitigate environmental challenges and risks associated with operating a Marine Terminal. Adherence to and advancement through the Green Marine achievement levels indicates continuous improvement in environmental management and implementation of best management practices. These practices prevent pollution and other environmental impacts.

Action Calendar
None.

Action/Other Calendar
None.

Advisory Calendar
None.

Commissioner Reports/Discussion
Commissioner Iyall had nothing to report.

Commissioner Harding shared that she is excited to participate in the upcoming Pride Parade. She shared a quote from Plato, "He who does not desire power is fit to hold it."

Commissioner Sanders reported that she is excited that the Agriculture Innovation Park Grand Opening is being held tomorrow at 2:30 p.m.

Commissioner Montano shared that she is excited to start a climate framework for the Port of Olympia. Wants to take a cumulative look at all the environmental policies at the Port of Olympia to see what we are doing well and continue to look at what we can do to mitigate climate change and reduce green house emissions over the next few years.

Comm. Vasavada agreed that the Commission would like to understand what are the policies and resolutions that are currently in place and look at them together.

Commissioner Vasavada communicated that the Destination Waterfront master planning had been on hold, because it was determined that we wanted to be working with an organization who had much deeper roots and understanding of our community here in Thurston County.

Other Business
Commissioner Harding requested 1) an Executive Session to discuss the performance of an employee; 2) to discuss parking in downtown Olympia; and 3) would like an update on the Port of Olympia's fuel dock.

Meeting Announcements
A list of upcoming events was displayed on the screen for viewers to see upcoming Commission and POCAC meetings. Executive Director Smith stated the next Commission meeting will be held on Monday, June 23, 2025, at 5:30 p.m.

Adjournment
There being no further business to come before the Port of Olympia Board of Commissioners, the Tuesday, May 27, 2025, regular meeting was adjourned at 6:25 p.m. by Commissioner Vasavada.

PORT OF OLYMPIA COMMISSION

_____
Jasmine Vasavada, President

_____
Maggie Sanders, Vice President

_____
Sarah Montano, Secretary

Utility Update

Port of Olympia
July 14, 2025

Matt Kennelly, P.E.
Executive Director

LOTT™
Clean Water
Alliance

1

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1. Our role as a regional utility

2. Our performance

3. Community connections

4. Our planning for the future

LOTT™
Clean Water
Alliance

2

LOTT Clean Water Alliance

Collaboration of four local governments
- **L**acey
- **O**lympia
- **T**umwater
- **T**hurston County

Board of Directors
- One elected official from each jurisdiction
- Meet monthly to oversee LOTT business

<u>Mission</u>: Protect public health and the environment by cleaning water and restoring resources for our community.

Dani Madrone, Olympia

Tye Menser, Thurston County

Leatta Dahlhoff, Tumwater

Carolyn Cox, Lacey

3

Evolution of Service

The Daily Olympian, Wednesday, December 15, 1976
State Gives Blessing To LOTT,

LOTT Wastewater Alliance

LOTT Clean Water Alliance

| 1976 | 2000 | 2025 | 2050 |

"LOTT" Formed

New Interlocal Agreement

Our Present

Our Future

4

Service Area

- Population served ~ 140,000

- Ratepayers served through cities (some in urban growth areas)

- Cities build and maintain own collection piping
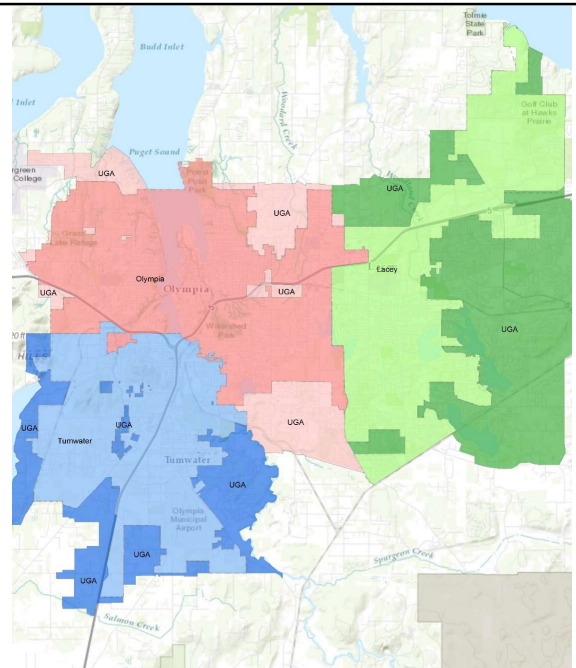
5

Budd Inlet Treatment Plant
- Treats 13 million gallons per day
- Major process upgrade just completed

Other Infrastructure
- Budd Inlet Reclaimed Water Plant
- Martin Way Reclaimed Water Plant
- Hawks Prairie Recharge Basins
- Three major pump stations
- 22 miles of sewer interceptor lines
- 11 miles of reclaimed water lines
- 1 million gallon storage tank

6

LOTT is Highly Regulated

National Pollutant Discharge Elimination System (NPDES) permit

- Issued by State Department of Ecology
- Authorized by U.S. Environmental Protection Agency

Stringent regulatory requirements

- Discharge limits (treatment performance)
- Monitoring and reporting

U.S. EPA requirement

- CMOM – Capacity, Management, Operations, and Maintenance

7

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2. Our performance

8

Annual Report 2024

Protect public health and the environment by cleaning water and recovering resources for our community.

LOTT
Clean Water
Alliance

LOTT's Performance in 2024

Each year, LOTT compares our performance with 10 key performance objectives and 20 priority activities identified in the Strategic Plan. The plan spanned the 2019-2024 planning period and can be found in full at www.lottcleanwater.org. For 2024, LOTT met nearly all performance objectives and concluded this planning cycle.

Objective 1 — Achieve permit compliance

LOTT met 100% of all the water quality permit requirements for wastewater treatment at the Budd Inlet Treatment Plant. These requirements include strict discharge limits April through October for nutrients (nitrogen) and biochemical oxygen demand. LOTT is proud to report that there were no violations of these water quality permit requirements, which are measured two ways – average concentrations and total pounds discharged to Budd Inlet. LOTT also met all water quality permit requirements related to Class A reclaimed water production at the Budd Inlet Reclaimed Water Plant and the Martin Way Reclaimed Water Plant.

Permit compliance
Zero instances where limits were exceeded for total amount of pollutant discharged to Budd Inlet

Most other treatment plants that discharge to Puget Sound do not have strict discharge limits for nutrients. For LOTT, the permit specifies a discharge loading limit of 338,000 pounds of total inorganic nitrogen annually. In 2024, we measured a total of 145,448 pounds – only 43% of the annual load limit.

LOTT was recognized with a Silver Peak Performance award for the Martin Way Reclaimed Water Plant and Gold Peak Performance awards for the Budd Inlet Treatment Plant and Budd Inlet Reclaimed Water Plant from the National Association of Clean Water Agencies.

Permit Compliance

Budd Inlet Treatment Plant

Type	Discharge Limits*	Performance
Biochemical Oxygen Demand (BOD)	7 mg/L 671 lbs/day	3.91 mg/L 291 lbs/day
Total Suspended Solids (TSS)	30 mg/L 5,265 lbs/day	6.62 mg/L 486 lbs/day
Total Inorganic Nitrogen (TIN)	3 mg/L 288 lbs/day	2.10 mg/L 158 lbs/day
Fecal Coliform Bacteria	200/100 mL	6.75/100 mL

* Average monthly discharge limits for summer season June-September

Budd Inlet Reclaimed Water Plant

Type	Discharge Limits	Performance
Total Nitrate	10 mg/L	3.72 mg/L
Turbidity	2-5 NTU	0.36-0.88 NTU
Total Coliform Bacteria	< 23 MPN/ 100 mL	0 MPN/ 100 mL

Martin Way Reclaimed Water Plant

Type	Discharge Limits	Performance
Biochemical Oxygen Demand	20 mg/L	2 mg/L
Total Suspended Solids	30 mg/L	0.09 mg/L
Total Nitrogen	10 mg/L	2.26 mg/L
Turbidity	0.2-0.5 NTU	0.025-0.19 NTU
Total Coliform Bacteria	< 23 MPN/ 100 mL	< 0 MPN/ 100 mL

Abbreviation	Unit
mg/L	milligrams per liter
lbs/day	pounds per day
mL	milliliter
NTU	nephelometric turbidity unit
MPN	most probable number

9

Your Wastewater Utility

The LOTT Clean Water Alliance is a non-profit corporation responsible for wastewater treatment in the urban areas of north Thurston County, Washington. L-O-T-T stands for the four government partners – the cities of Lacey, Olympia and Tumwater, and Thurston County – that formed and govern the regional utility.

In 2024, LOTT met nearly all our performance objectives for the year. Our dedicated staff worked hard to treat and clean the water you use every day and to plan for the future, ensuring we continue to protect water quality and public health for years to come.

- 91 staff members
- 3 treatment plants
- 23,275 laboratory tests
- 113 active contracts
- 139,848 people served
- 5,593 work orders
- 4.46 billion gallons of wastewater treated
- 157,826 therms recovered (biogas)
- 163.25 million gallons of reclaimed water produced
- 12,421 education program participants

LOTT's Mission
To protect public health and the environment by cleaning water and recovering resources for our community.

LOTT
Clean Water
Alliance

500 Adams Street NE, Olympia, WA 98501 • www.lottcleanwater.org

10

Continue to have zero instances where pollution discharge limits were exceeded.

11

Highest Level of Treatment on Puget Sound

57 Other Treatment Facilities

Wastewater Rate Comparisons

	2024 Rate	2023 Rate	Percent Change	Flat or Volume
City of Shelton	$135.89	$130.02	4.5%	V
City of Seattle	$128.10	$123.41	3.8%	V
City of Tenino	$125.66	$125.66	0.0%	F
Thurston County*	$120.31	$119.71	0.5%	F
City of Bonney Lake	$113.53	$129.01	-12.0%	V
City of Bellevue	$110.90	$103.70	6.9%	V
City of Chehalis (in city limits)	$98.50	$98.50	0.0%	V
City of Centralia (in city limits)	$91.85	$89.08	3.1%	V
City of Yelm	$89.27	$89.27	0.0%	F
City of Renton	$88.78	$84.80	4.7%	F
City of Everett	$87.53	$87.53	0.0%	F
Average 2024 Rate: $87.38				
City of Auburn	$85.15	$80.05	6.4%	F
City of Sumner	$84.46	$80.83	4.5%	V
City of Snoqualmie	$83.76	$82.16	1.9%	F
City of Puyallup	$77.62	$73.38	5.8%	V
City of Bremerton (in city limits)	$77.57	$74.96	3.5%	V
City of Lacey	$76.39	$72.43	5.5%	F
City of Longview (in city limits)	$75.28	$75.28	0.0%	V
City of Tacoma	$74.85	$69.64	7.5%	V
City of Olympia	$72.95	$70.59	3.3%	F
City of Aberdeen	$72.00	$66.00	9.1%	F
City of Kelso	$70.42	$68.37	3.0%	F
City of Tumwater	$69.48	$66.64	4.3%	F
City of Orting	$69.41	$64.87	7.0%	F
City of Mount Vernon	$63.03	$60.23	4.6%	V
Pierce County Sewer	$61.57	$59.06	4.2%	F
Lakehaven Sewer District	$60.60	$52.24	16.0%	V
City of Bellingham (in city limits)	$56.43	$53.54	5.4%	F
City of Edmonds	$53.06	$53.06	0.0%	F
City of Vancouver	$48.44	$45.71	6.0%	V

Below the average

12

Major Project Awards for our Plant Upgrade

ACEC — Gold Award

National Environmental Achievement Award

APWA — WA Project of the Year

ACEC — National Excellence in Engineering Grand Award

13

Reuse of Biogas

14

Reuse of Biosolids

15

Water Reuse

16

3. Community connections

17

Creating Community Connections

18

Educating

- WET Science Center
- School field trips w/bus support
- New summer high school course
- Treatment plant tours

  - Reached nearly 12,000 people last year
  - ~ 3,000 students served
    - North Thurston School District
    - Olympia School District
    - Tumwater School District

WET™ Science Center
Come Explore • Discover More

19

Community Approach to Water Quality Improvements

Sources of Oxygen Depletion in Budd Inlet

- External Sources 20%
- Budd Inlet Treatment Plant* 3%
- Local Nonpoint 15%
- Capitol Lake 62%
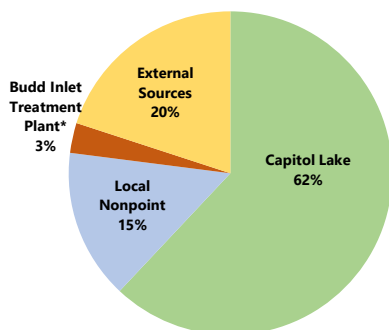
*"Local WWTPs" per Ecology

- High level of treatment at Budd Inlet Treatment Plant
- Support for further water quality regulations
- Maintenance of a restored Deschutes Estuary
- Incentivize septic to sewer conversion
- Reduce water quality impacts from unhoused population
  - Affordable housing connection fee rebates
  - Hygiene trailers/portable toilets

20

Squaxin Island Tribe Partnership

New Accord signed December 2024

Recent Award

LOTT honored for 'watershed collaboration' in receiving national award

Environmental Achievement Award

(National Association of Clean Water Agencies)

21

Septic to Sewer Conversion Rebates

Affordable Housing Connection Fee Rebates

22

Aligning with Regional Climate Goals

8622 MT

30% decrease overall
42% decrease per capita

6049 MT

Metric Tons CO2e

Scope 1: wastewater processes	Scope 2: electricity usage

Scope 3: biosolids and travel

2015 2019 2020 2021 2022 2023 2024

23

4. Our planning for the future
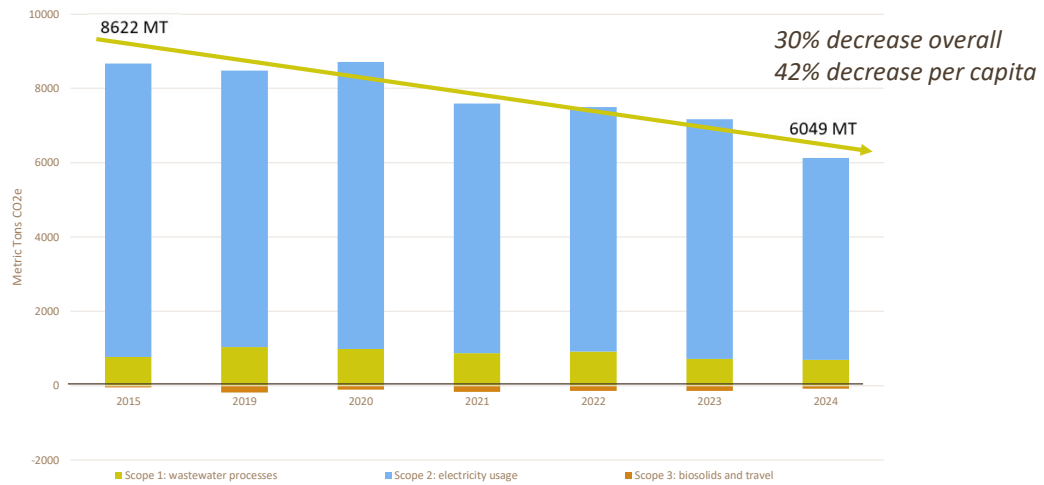
LOTT
Clean Water
Alliance

24

How We Plan for Growth

Detailed annual planning in response to growth of partner cities
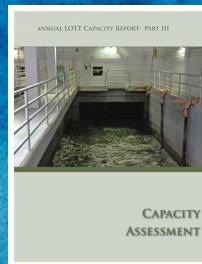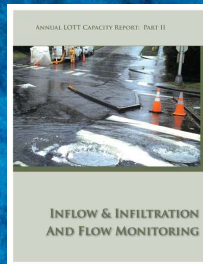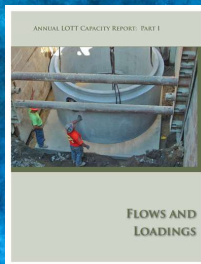
25

Consistent Capital Project Efforts

e.g. Digesters Upgrade: $34 million (2024-2028)
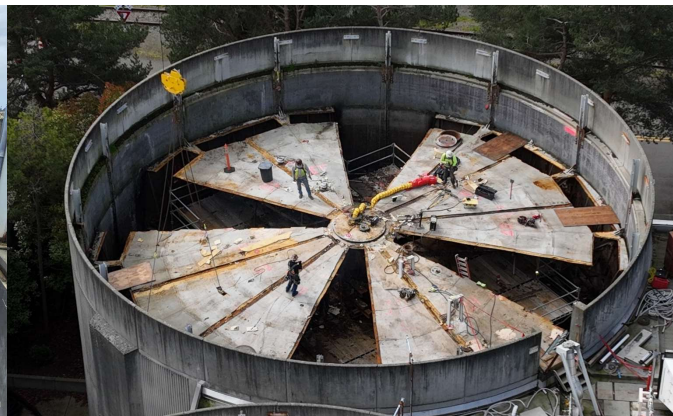
26

Future Technologies Pilot Team

27

Water Reuse
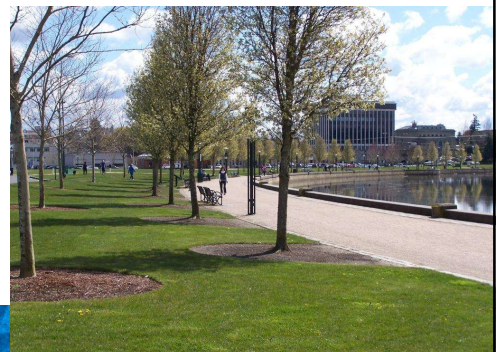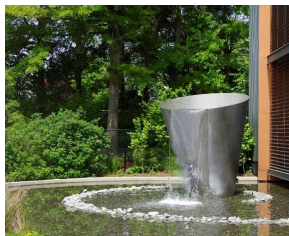
28

Drinkable Water Demonstration Project

- First in Washington State
- Unique coalition
- LOTT's future capacity tied to re-using water

29

Project Goal

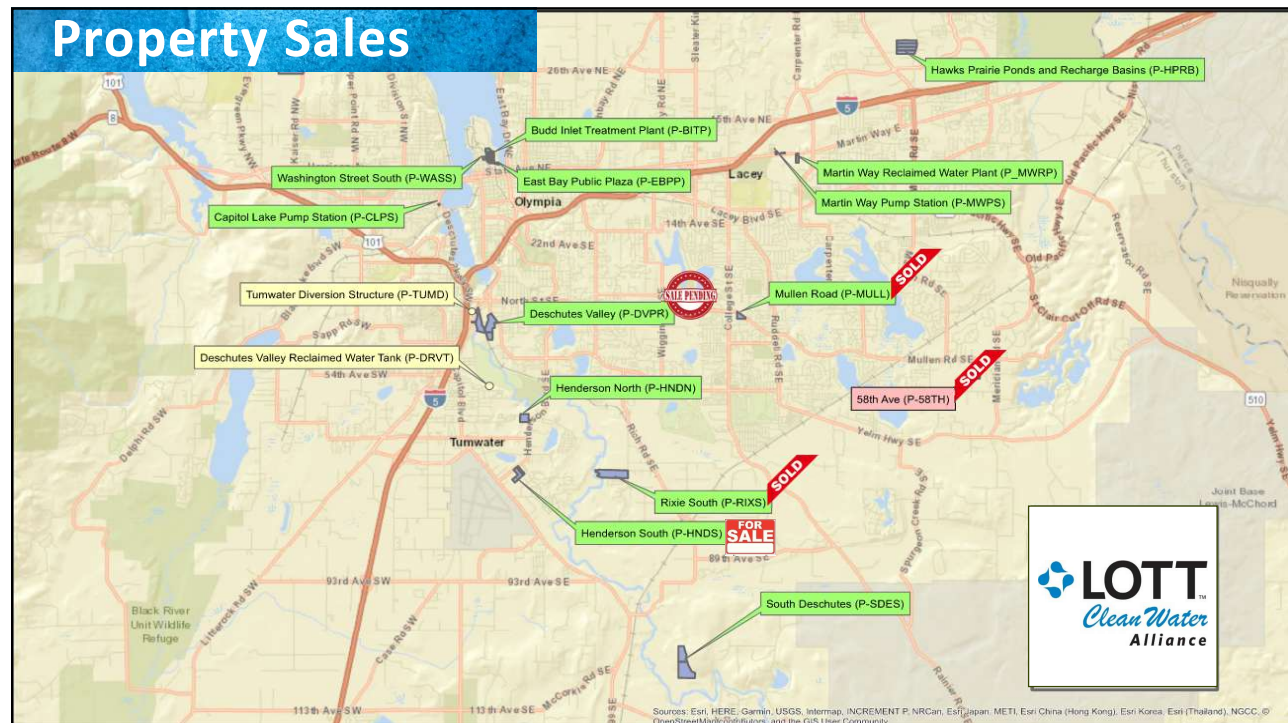**Demonstrate that water should be judged by its quality and not its history.**

30

15

2050 Plan Outlines Future Infrastructure

- Focus on high level treatment at existing facilities
- Regional collaboration for:
  - Water quantity
  - Water quality
  - Resilience (e.g. Sea Level Rise)
  - Planning

31

Property Sales

32

Staff Make it Happen 24/7

33

Staff Make it Happen 24/7

34

The LOTT Way

COLLABORATING
We work together and help each other as a team for common goals, beyond individual job duties, to achieve excellence in our work.

TAKING RESPONSIBILITY
We are dedicated to, and take pride in, our work and the LOTT mission of cleaning water, and we accept responsibility for our individual role in its success.

FOSTERING BELONGING
We are friendly, inclusive, and considerate of others, showing appreciation for each other's work and all of our important roles in this organization.

SOLVING PROBLEMS
We are solutions-focused with a growth mindset, seeing challenges as opportunities and always learning for continuous improvement.

BEING INNOVATIVE
We leverage our skills to be creative thinkers, developing new ideas and methods, and building on proven concepts to advance the future of LOTT.

ENSURING HIGH STANDARDS
We set a high bar for quality work, integrity, and honesty, and commit to doing every part of the job to the best of our collective ability.

Voluntary personnel turnover rate:
- **2024: 2%**
- **Year to date: 0%**

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How We Meet Future Needs

LOTT Clean Water Alliance

2025

✓ Dedication to the LOTT mission
✓ Innovation

✓ Adaptability
✓ Community support

2050

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Questions?

Matt Kennelly, P.E., Executive Director
lottcleanwater.org

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COVER MEMO

Briefing Date/Time:	July 14, 2025
Staff Contact/Title:	Mike Reid, Community and Economic Development Director, miker@portolympia.com
Subject:	Foreign Trade Zone 216 Briefing
Purpose:	☒ Information Only ☐ Decision Needed

Overview:

This presentation will provide a foundational overview of Foreign Trade Zones (FTZs) with a focus on FTZ #216, which is administered by the Port of Olympia. It outlines the purpose and history of the FTZ program, key operational advantages to businesses—including duty deferral, reduction, and elimination—and describes the zone's structure, designated jurisdictions, and current users. The presentation also highlights recent activity, financial status, and opportunities for expanding utilization of FTZ #216 as an economic development tool to attract trade-related investment and enhance the Port's competitiveness in the regional logistics market.

Background:

The Port of Olympia established the FTZ 216 in 1994 and has been the Grantee of this federal program ever since.

Documents Attached:

Powerpoint Presentation

FOREIGN TRADE ZONE 101

JULY 14, 2025
MIKE REID, FTZ ADMINISTRATOR

PORT of OLYMPIA

1

Presentation Overview

- What is a Foreign-Trade Zone (FTZ)?
- Why were they Established?
- FTZ Advantages
- About FTZ #216
- Zone Structure

2

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Serving All of Thurston County

2

What is an FTZ?

- **Definition:** A Foreign Trade Zone (FTZ) is a secure area located within the United States but considered outside U.S. Customs territory for tariff purposes.

- **Purpose:** Allows businesses to import, store, process, assemble, or re-export goods while delaying or reducing customs duties.

- **Authority:** Established under the Foreign Trade Zones Act of 1934 to promote U.S. jobs and competitiveness.

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History

- **Established 1934:** Congress created the program in response to the Great Depression and high tariffs.
- **First Zone:** New York (FTZ No. 1).
- **Expansion:** Gained popularity as global trade increased; now over 250 active zones nationwide.
- **Washington State:** Several ports sponsor FTZs to support regional economic development.

FTZ No.	Location	Grantee / Sponsor
5	Puget Sound (Port of Seattle)	Port of Seattle
85	Puget Sound (Port of Everett)	Port of Everett
86	Puget Sound (Port of Tacoma)	Port of Tacoma
120	Longview (Cowlitz County)	Cowlitz Economic Development Council
128	Puget Sound (Lummi Nation)	Lummi Indian Business Council
129	Blaine & Whatcom County	Port of Bellingham
173	Aberdeen (Grays Harbor)	Port of Grays Harbor
203	Moses Lake	Moses Lake Public Corporation
212	Puget Sound	Puyallup Tribal FTZ Corp.
216	Olympia (South Puget Sound)	Port of Olympia
224	Spokane	Spokane Airport Board
296	Vancouver	Port of Vancouver USA
303	Port Angeles	Port of Port Angeles

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4

FTZ Advantages

- **Duty Deferral:** Duties are not paid until merchandise leaves the zone and enters U.S. commerce.

- **Duty Reduction/Inversion:** If a lower duty rate applies to the finished product than the component parts, companies pay the lower rate.
  - *Example:* Importing parts with a 5% duty, assembling them into machinery taxed at 2.5%.

- **Duty Elimination:** No duty is owed on re-exported goods.

- **Logistics Savings:** Streamlined customs procedures, weekly entry filings reduce brokerage costs.

- **Inventory Control:** Improved tracking and security reduces shrinkage and compliance risk.

- **Cash Flow:** Delayed duty payment improves working capital.

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Where is FTZ #216?

- 9 Designated Jurisdictions
  - A: Port of Olympia/Tumwater
  - B: City of Lacey
  - C: City of Yelm
  - D: Port of Centralia
  - E: Chehalis (City and Port)
  - F: Port of Shelton
  - G: Port of Bremerton

- 4-County Area
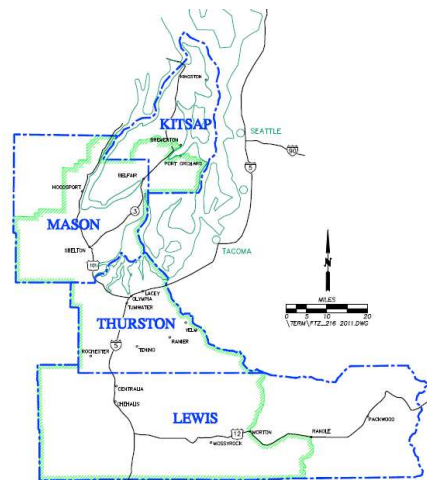
SOUTH PUGET
SOUND FTZ #216

= SERVICE AREA FTZ #216
= COUNTY LINES

6

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6

Zone Structure

- Alternative Site Framework

- Benefits to Alternative Site Framework

  - Expanded Boundaries
  - Faster Activations
  - Simplified Manufacturing Permit Process

7

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FTZ #216 Users

- Bordeaux Wine Locators - Tumwater

- IP Callison – Lacey

- Michaels – Centralia (Just submitted a reactivation application)

- We have one new application in review at Federal FTZ Board and 3 interested

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FTZ #216 Partners

- NAFTZ – National Association of Foreign Trade Zones
- Thurston Economic Development Council: Exploring "Administrator" Role
- David Ostheimer, Lamb & Lerch: Legal
- US Customs and Border Protection – Seattle Branch

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FTZ #216 Fees and Finances

SECTION FOUR - RATE/CHARGES ASSESSED FOR FTZ NO. 216

APPLICATION FEES:
Boundary Modification - minor	$ 5,000.00
Boundary Modification - major	$15,000.00
Manufacturing / Processing permit	$ 2,500.00
Sub-Zones	$ 5,000.00

NOTE: Fees due at time of submission to FTZ Board.

ACTIVATION FEE:
Magnet/Usage Driven/Subzone	$ 1,500.00
Alteration	$ 1,500.00

NOTE: Fees due upon submission of application to US Customs.

DEACTIVATION FEE: All Sites $ 3,000.00

NOTE: Fees due at time of request of deactivation.

ANNUAL ADMINISTRATION FEE:
General-Purpose Site/Magnet Sites	$ 3,000.00
Usage Driven Site	$ 5,000.00
Sub-Zone	$ 5,000.00

NOTE: Fees invoiced to activated sites at the first of each calendar year.

The Grantee, in its sole discretion, may amend these fees in the future.

- 2025 Starting Fund Balance: $40,119
- Anticipated Revenue: $28,000
- Expenses: $36,000
- Anticipated 2026 Fund balance: $32,119

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Serving All of Thurston County

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Briefing Date/Time:	July 14, 2025
Staff Contact/Title:	Mike Reid, Director of Community and Economic Development, MikeR@PortOlympia.com, 360-764-5395
Subject:	Olympia Artspace Alliance – Mural Project
Purpose:	☒ Information Only ☐ Decision Needed

Overview:
- Staff will be introducing Olympia Artspace Alliance and the proposed project of a mural on the Marine Terminal Warehouse.
- A large-scale mural on the Marine Terminal's 76,000 sq. ft. warehouse, located just 175 feet from the shores of West Bay in Budd Inlet next to the Port Plaza and Farmers Market. Both south and west side of the building is planned to be painted.
- Originally budgeted in 2025 to be painted for the first time since the warehouse was built in 1985, the Port saw an opportunity to do more than just refresh the building. With a strategic communications and marketing plan focused on community connection, the idea was born to bridge downtown Olympia's vibrant arts scene with the working waterfront — using art as the vessel.
- This mural will celebrate the industrial international trade operations of the Port, various tribal elements, history and Olympia's rich artistic heritage, blending them into a singular visual story. Visible to residents, visitors, and travelers arriving by land, air, or sea, the project will add a bold cultural landmark to the region. The Marine Terminal has been a cornerstone of Olympia's economy since 1922 — this mural will preserve that legacy while adding a new layer of beauty and community connection.
- Olympia Artspace Alliance has the stated mission to preserve, develop, and advocate for affordable live, work and exhibitions space for artists in Olympia which makes them a perfect partner for this project. They will be presenting their organization and plan for this effort.
- The Port of Olympia is partnering with the Olympia Artspace Alliance to create what is expected to become one of the largest murals on the West

Coast. The Port is not only providing the mural site but also essential equipment and support services — including power washing, forklifts, scissor lifts, lighting equipment, and more.

- Led by local artist Joe Seymour, alongside creative collaborators Mariella Luz, Executive Director of the Olympia Artspace Alliance and Daniell Ruse, Olympia Artspace Alliance Board member and co-owner of August Creative, the mural team will work closely with Port staff including Taber Lee, Senior Manager of Marketing & Communications, Mike Reid, Director of Community and Economic Development and Marine Terminal team members, Afsin Yilmaz, Conley Booth, Dan Musser and Alexandra Shlitter.

Documents Attached:
Powerpoint Presentation

Summary & Financial Impact:
The project is slated to take two years to fully complete with an expense of $24,000 in 2025 and $36,000 in 2026.

Staff Recommendation:
Advisory only at this time. This will come back for action on a proposed contract with Artspace Alliance at a future date.

Next Steps/Timeframe:
The project is scheduled to begin in late summer 2025 and conclude in 2026. The timeline is subject to change based on weather, cargo operations, and terminal access governed by security protocols.

Port
Mural

Olympia Artspace Alliance
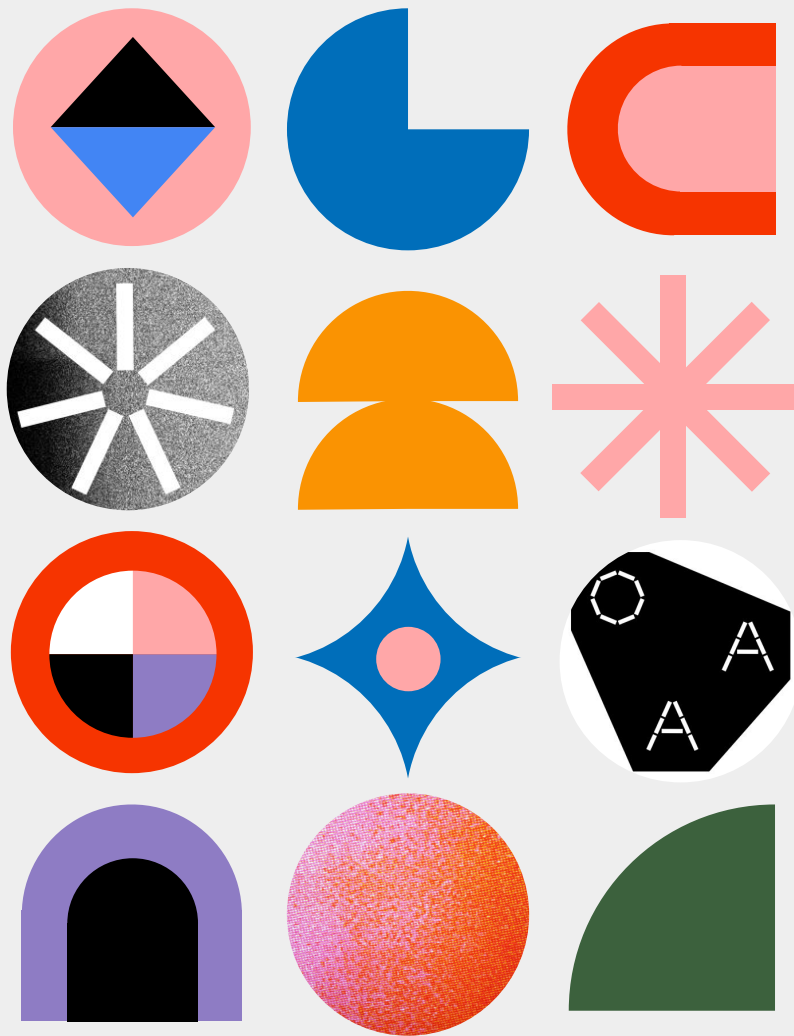
Strengthening Olympia's creative economy.

Established in 2011, Olympia Artspace Alliance is a local Olympia nonprofit organization that provides programming, grants, fiscal sponsorship, and opportunities for artists in the South Puget Sound.

OAA fills a unique role in Olympia by focusing on the space needs and opportunities for artists. We also provide a voice for artists, the arts, and creative space in Olympia and Thurston County. Since 2019, our programs have supported over 125 local artists and more than 1,000 student artists, providing more than $200,000 to strengthen their work. The following slides share more about our programming.

About Us
Olympia Artspace Alliance

Art in Olympia Storefronts

The Storefronts program is an ongoing project of the Olympia Artspace Alliance to create a series of temporary art installations in vacant storefront windows. This project explores the potential of downtown Olympia with temporary exhibitions that are meant to help us all see new possibilities in familiar locations.

Space Grants

Each year OAA awards ten (10) Space Grants of $500 each to local artists to offset space-related costs. This is a low-barrier merit-based grant with simple reporting requirements. This year we also partnered with Lacey Makerspace to provide a one-month membership to our grantees.

Spring installation "Awaken" - Artist Fern Tallos

Sign mockup for DOCD (coming soon!)

Downtown Olympia Creative District (coming soon!)

In 2019 ArtsWA began the Creative District program to help cities turn cultural activities into economic growth. The City of Olympia was one of the first to receive this new designation. In 2024 the City partnered with us to implement a strategic plan and develop a branding and engagement strategy.

This year the Downtown Olympia Creative District (DOCD) became its own Washington State non-profit and received Inspire Funding for 2025-26. As fiscal sponsor, OAA is working to set up a funding plan and a new strategic advisory board to guide the future of DOCD. Stay tuned!

Downtown Olympia Mural Project

OAA works to connect artists with businesses to paint professional murals. For the past two years we have partnered with the city and the PBIA to install five new murals in the downtown core. We administer a competitive call for art, select and contract with winning artists, support their vision and install, and continue to promote and celebrate their work.

The Downtown Olympia Mural Project

Meet Muralist Joe "wahalatsu?" Seymour

Joe is excited to partner with the Olympia Artspace Alliance and the Port of Olympia to bring a colorful, welcoming mural to the Olympia Port. It would be one of the largest murals on the West Coast!

Joe is from the Squaxin Island and Pueblo of Acoma tribes, and his art is heavily inspired by Coast Salish styles.

Joe began his journey in the arts in 2003, carving a canoe paddle for the Canoe Journey to Tulalip. Since then, his art style has flourished, expanding with his experiences in glass, Salish wool weaving, photography, wood, rawhide drums, and prints.

Joe standing in front of his installation on Views on Fifth, downtown Olympia.

In addition to being a professional artist, Joe is also a professor in the American Indian Studies department at the University of Washington.

Joe has two prominent art pieces visible from the Port waterfront, the Canoe Journey mural behind Row facing the water, and the towering migrating salmon installation on Views on Fifth.

Read more about Joe's work in the Olympian here.

"In my career, I've worked with glass, photography, Salish wool weaving, prints, wood, steel and rawhide drums. I've been very fortunate to have a community of artists that I'm able to work with and that are very supportive of my career. If it were not for their caring and sharing of ideas, I would not be the artist that I am today."

Image left: one of Joe's beautiful rawhide drums

Joe's Canoe Journey Mural
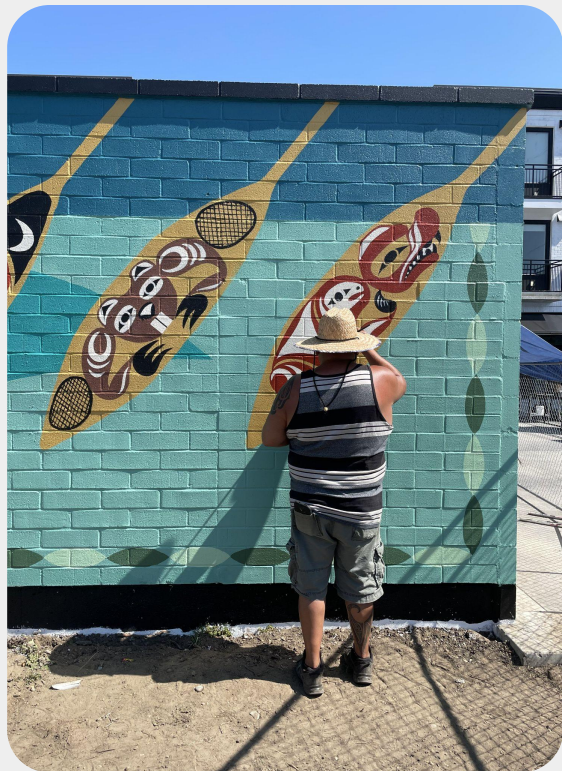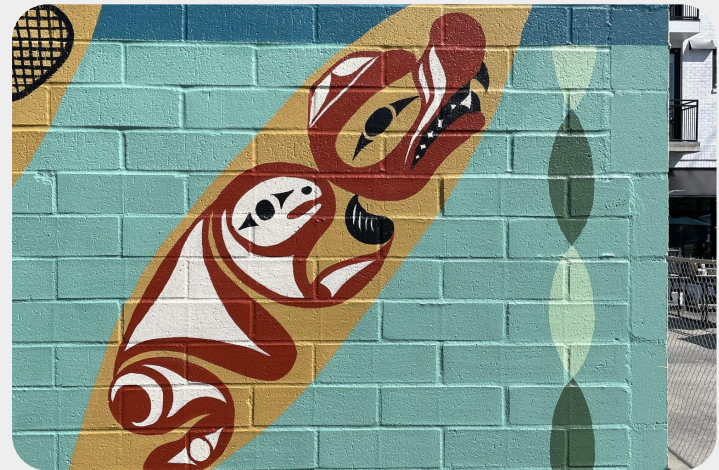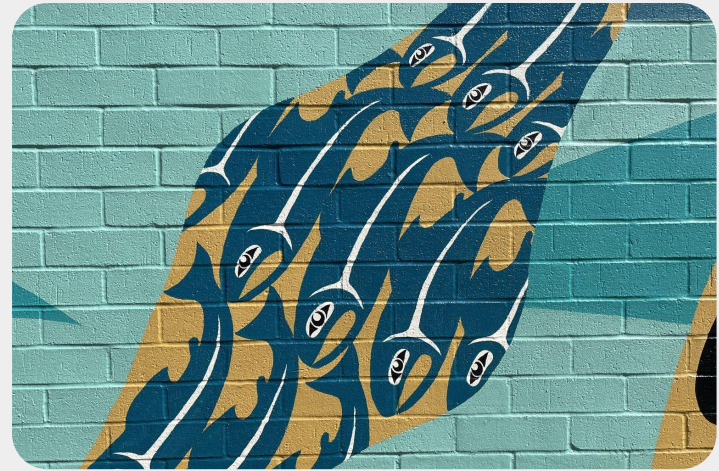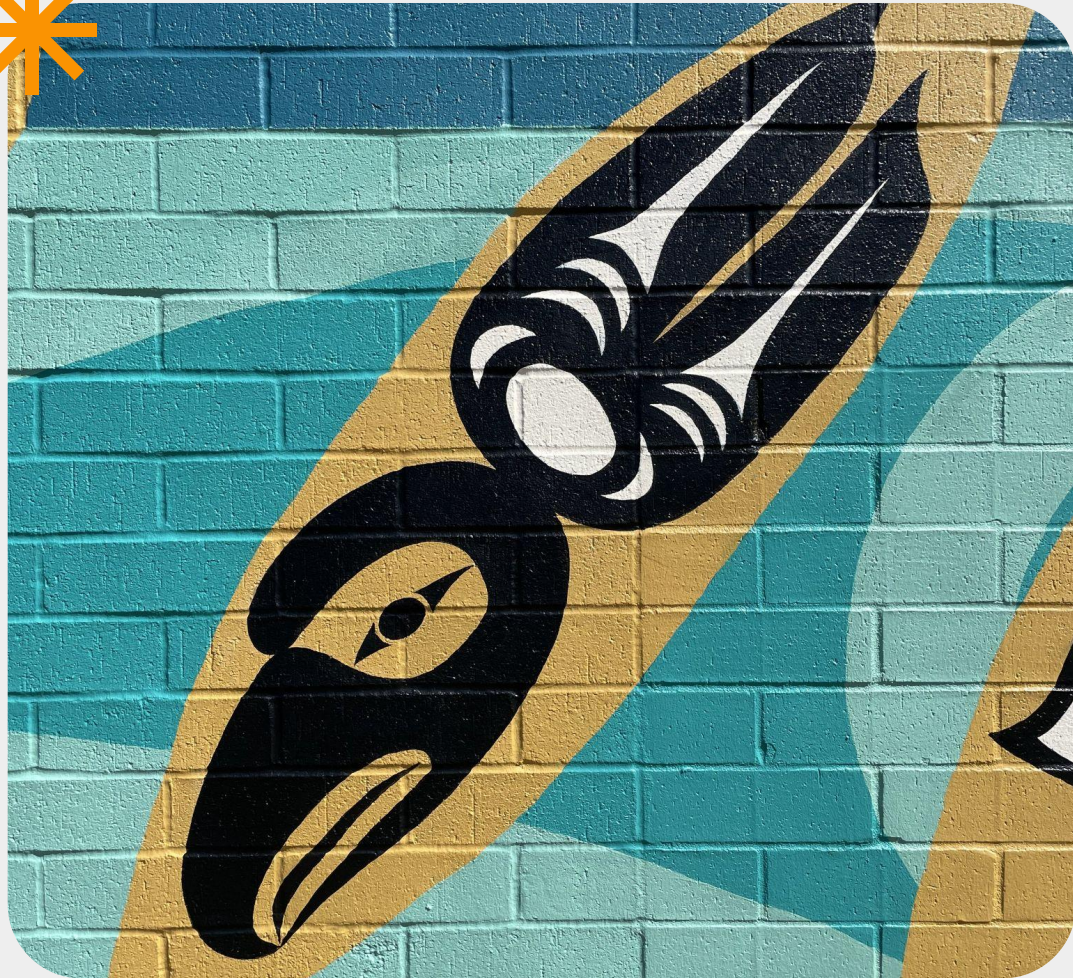
Views on Fifth Salmon Project
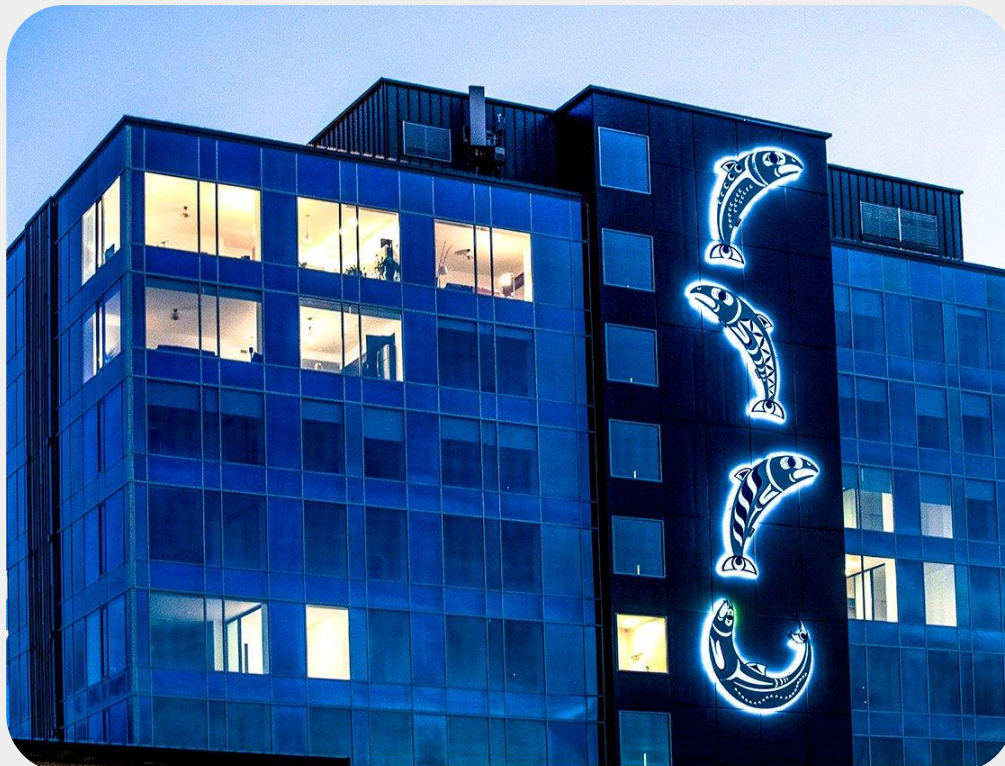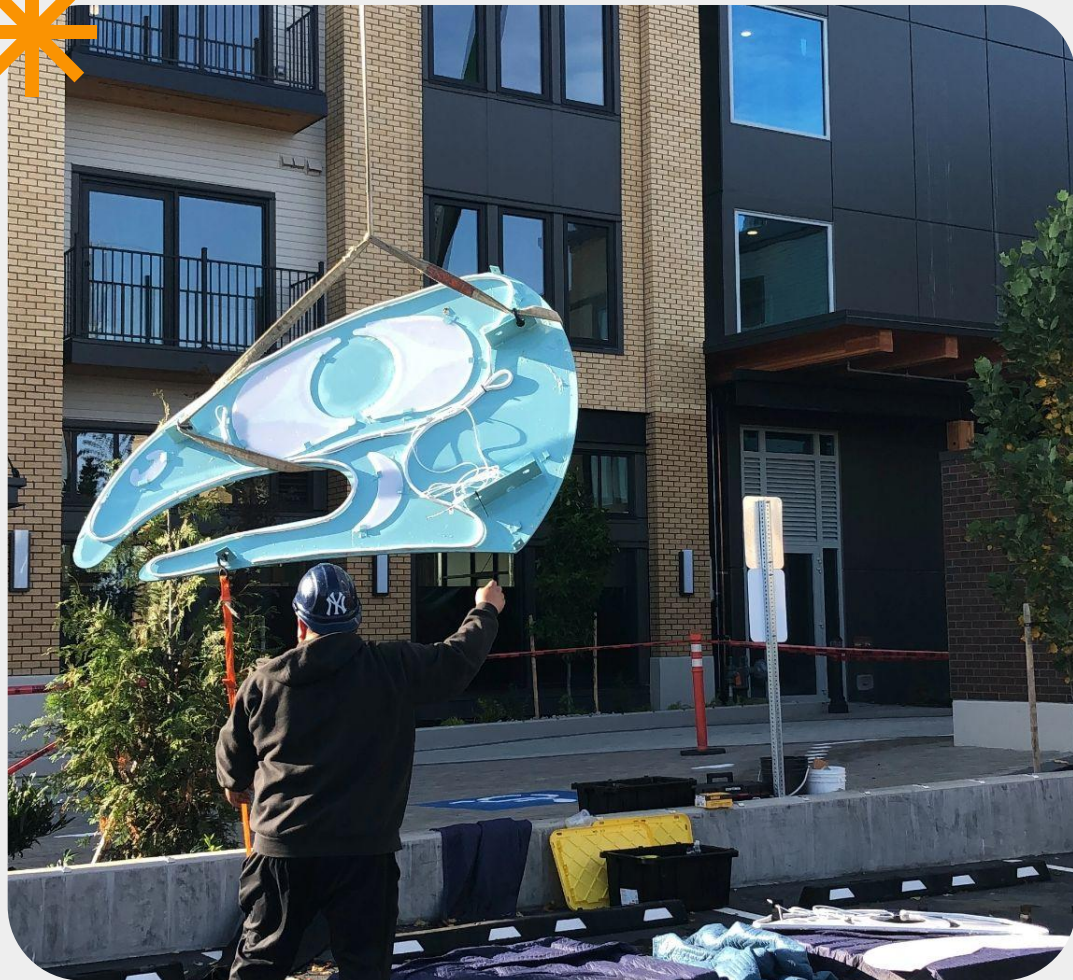
About the vision for this project:

- 5 murals at a cost of $12,000 each
- A two year project starting this summer
- 2 of the murals to begin in August 2025
- Teams of artists and youth to work on the murals
- The largest mural on the west coast

Port concept: Welcome message

"I hope that as I continue in my artistic career, I can pass on the teachings and nurturing spirit that have been shown to me."

Original Canoe Journey Mural

Joe paints with community, and will assemble an incredible team of youth and artists for   this project.

PORT of OLYMPIA

COVER MEMO	
Briefing Date/Time:	July 14, 2025
Staff Contact/Title:	Brent Barnes, Director of Enterprise Services 360-528-8003, brentb@portolympia.com
Subject:	Financial Accounting System Upgrade
Purpose:	☐ Information Only ☒ Decision Needed

Overview:

The Port's current Electronic Resource Planning (ERP) software for business management (Microsoft Dynamics SL, 2018 version) end of life is July 2028. Microsoft ceased providing year-end updates in January 2024, necessitating the issuing of a competitive procurement for a replacement system.

The Port issued the Request for Proposal (RFP) on May 1, 2025 for a new business management platform and selected the winning proposal from the twelve that were submitted on June 20, 2025. We are seeking Commission approval to move forward with issuing a contract with Advaiya for implementation of the new system and the follow-on licensing and service agreements to support the system.

- Type of agenda item: Advisory (July 14, 2025) leading to Consent (July 28, 2025)
- Action requested
- Approval that will be requested at future meeting: Consent

Background:

The requirements within the RFP were built from the following inputs:
- Finance staff identified gaps in service with the current Dynamics SL software and identified the need to decrease the level of manual data input or transfer between disparate Port systems;
- Recommendations for software needs from the 2025 Finance and Accounting Assessment report;
- Alignment with Vision 2050

- Port of Olympia Commissioner requests for better, and more timely, financial report; and
- Port managers' desires for direct access to Dynamics to pull their own reporting and to access financial data in real time.

The RFP was specific to Microsoft Dynamics 365, but left the platform type up to the vendor to propose. The Port received twelve proposals recommending either the Business Central or the Finance and Operations platforms of Dynamics.

The RFP scope included: migrating historical data from the Port's Dynamics SL server to the Dynamics 365 cloud; onboarding of Dynamics 365; integrating existing Laserfiche, Manager+ and Molo systems into Dynamics 365; include an HR, payroll, asset management, property management, accounting, electronic payments, financial reporting, analytics, general ledger budgets, banks accounts, purchasing, accounts payable and accounts receivable functionality; and, create workflows for a minimum of journal entry approvals, HR to payroll, payroll and fixed asset to Manager+.

Documents Attached:
PowerPoint presentation
RFP 2025-1022-Dynamics 365
2-2025-1022 Dynamics 365-RPF_1 Advaiya proposal

Summary & Financial Impact:
Advaiya's proposal was the highest scoring submittal and provided the best responses during oral interviews. Its implementation, licensing and service level agreement (SLA) costs were at the lower end of all the proposals scored. Implementation time will be approximately 48 weeks, with a one-time cost of $132,500 and ongoing annual costs of $32,316 for licensing and $12,500 for the SLA.

The current Dynamics SL software was purchased in 1998 for $216,086 and was upgraded later to versions 2008, 2011, 2015 and 2018. There is also an going server hardware and maintenance costs as this is an in-house system. The annual

licensing and SLA costs for the current system are approximately $8,000. The Dynamics 365 Business Central system will instead be cloud based.

While reviewing the proposals, the evaluation team determined that we would not need the HR and payroll modules built out due to a separate project to migrate our payroll system to ADP Comprehensive Pay, which includes an HR function. ADP is a common payroll system that is easily integrated into Dynamics 365. Additionally, it is highly likely that the Dynamics 365 implementation will be able to mimic the functionality of Manager+, allowing the Port to retire that system and save the cost of licensing for that system (~$9,000 annually).

Staff Recommendation:
The proposals the Port received had cost estimates that ranged from $132k to $2.1M for implementation and $24k to $440k for annual licensing and service. Advaiya presented a proposal that addressed all the RFP requirements at the lowest one-time and one of the lowest annual costs. It is the staff's recommendation that the Commission approve the issuing of the contract for migrating to Dynamics 365 to Advaiya, and we will be bringing this back to the Commission July 28th for approval.

Next Steps/Timeframe:
July 14, 2025 Advisory brief to Commission
July 28, 2025 Commission votes on approval

Financial Accounting System Upgrade

Brent Barnes
Director of Enterprise Services
July 14, 2025

1

Dynamics SL
Advisory Only – No Action Required

2

Request for Proposal Requirements

- Integration of many of the Port's separate systems – Molo, FSM, Manager+ and Laserfiche
- Robust reporting functionality
- Property/lease management
- Added ADP integration

PORT of OLYMPIA

3

Requirements built on:

- Supporting Vision 2050
- 2025 Finance and Accounting Assessment report
- Need for real-time reporting for managers
- Timely financial health reports to the Commission

PORT of OLYMPIA

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Dynamics 365 Business Central Costs

	Amount	Timeline
Implementation	$132,500	48 weeks
Licensing	$32,316	annual
Service Level Agreement	$12,500	annual
1st year cost	**$179,316**	Ongoing: $44,816

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PORT of **OLYMPIA**

Next Step

- July 28th Commission meeting
  - Approval via consent agenda
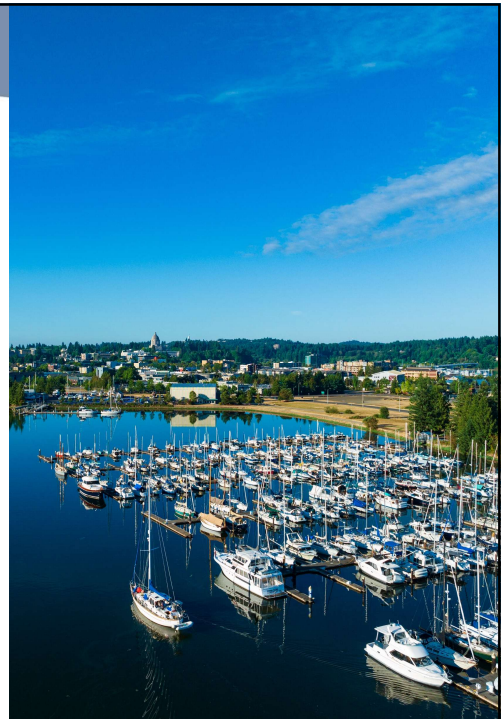
6

Questions and Comments

7

PORT of **OLYMPIA**

7

Solicitation &

Contract Documents

For

2025-1022 – Dynamics 365

May 01, 2025

Request for Proposal (RFP)	Submit Proposal to:
RFP Number: 2025-1022 **RFP Title: Dynamics 365** **Release Date: May 01, 2025** **Port Contracts Specialist:** 　Hannah Ellis 　HannahE@portolympia.com 　360-528-8040 **Contract Manager:** 　Brent Barnes 　BrentB@portolympia.com 　360-528-8003 **Proposal Due Date: June 04, 2025 @ 03:00 PM PDT**	**Procurement Platform:** https://portolympia.bonfirehub.com

Contents

SECTION 1: CURRENT CONDITIONS/SCOPE OF SERVICES SUMMARY, BACKGROUND

Current Conditions/Scope of Services Summary

The Port has determined it is in its best interest to request outside assistance to migrate from current on-premises Dynamics SL to the Dynamics 365 cloud-based platform. The Port of Olympia will require the vendor to obtain, and maintain, Microsoft Dynamics 365 licenses.

The current Dynamics SL server is located on the Port of Olympia Marine Terminal in Olympia, WA.

The goal of this work is for the Port of Olympia (Port) to migrate from the 2018 version of the on-premises Dynamics SL server to cloud based Dynamics 365. This migration will enable the Port to: reduce IT costs by integrating systems and better utilizing application features; reduce manual entry of data integrating systems and thereby reducing errors; allow usage of financial, project and asset data across all the Port's business units; and, create, or redesign, processes to fully utilize efficiencies of Dynamics 365 architecture to free up staff capacity and reduce duplication of work at the Port.

Specifically, the scope will include: migrating historical data from the Port's Dynamics SL server to the Dynamics 365 cloud; onboarding of Dynamics 365; integrating existing Laserfiche, Manager+ and Molo systems into Dynamics 365; include an HR, payroll, asset management, property management, accounting, electronic payments, financial reporting, analytics, general ledger budgets, banks accounts, purchasing, accounts payable and accounts receivable functionality; and, create workflows for a minimum of journal entry approvals, HR to payroll, payroll and fixed asset to Manager+.

The Port requests the proposal breaks down the cost of each of the integrations and workflows to better understand how each body of work adds to the overall cost of the work and to make budgeting and phasing decisions for migration.

Background:

The Port of Olympia has a proud history in Thurston County. In operation since 1922, the Port serves the community in a wide variety of ways, leading the way for many of the area's economic development efforts.

From the commercial center at New Market Industrial Campus to the diversified specialty Marine Terminal to the vibrant Swantown Marina and Boatworks to the strategically located Olympia Regional Airport, the Port of Olympia is committed

to fostering economic growth of the South Puget Sound region and serving the needs of global customers.

The Port of Olympia's Mission is: *"Creating economic opportunities and building community for all of Thurston County through responsible resource use"*.

SECTION 2: SCHEDULES

The Port reserves the right to revise the planned timeline below, as needed.

Solicitation

Solicitation Released	May 01, 2025
Required Site Visit *(if applicable)*	**No Site Visit Required**
Questions & Answer Period	May 01 – May 16, 2025
Addenda Issued No Later Than	May 21, 2025
Proposal Submission Due	**03:00 PM June 04, 2025**

Selection of Vendor

Review of Proposals Week of:	June 04, 2025
Interviews Week of *(if required)*:	June 09, 2025
Selection of Vendor *(or sooner)*:	June 16, 2025

Contract

Desired Start Date:	September 08, 2025
Initial Term Completion Date:	August 31, 2026

SECTION 3: VENDOR AND PROPOSAL REQUIREMENTS

Vendor Requirements:

a. Must be a certified Microsoft Partner for the Dynamics 365 platform with expertise in integrating both third party and other Microsoft applications into Dynamics.
b. Subject matter experts in building workflows, alongside customers end users, within Dynamics to enable full utilization of the platform's tools.
c. Able to maintain licensing and provide assistance through a follow-on service level agreement.
d. Certifications of the Vendor References.

Proposal Requirements:

a. Executive Summary

- Overview of your company, team, and qualifications
- Understanding of the project goals and objectives
- Summary of proposed approach and timeline
- Specify any foreseen challenges in meeting the Scope of Services and expectations of the Port.
- Describe fully any deviation from the Scope of Services. If none, so state.

b. Technical Solution & Architecture

- Detailed migration strategy from Dynamics SL 2018 to Dynamics 365
- Description of proposed Dynamics 365 modules and licensing (e.g. Finance, HR, etc.)
- System architecture and deployment plan (cloud hosting, security, scalability)
- Tools and methodologies for data cleansing, transformation, and migration

c. System Integration Plan

- Integration strategy for:
  - **Laserfiche**
  - **Manager+**
  - **Molo**
- APIs, connectors, middleware, or RPA tools proposed
- Data mapping and synchronization processes
- How system dependencies will be handled

d. Functional Requirements

- Proposals must detail how the solution will deliver the following business functions:
    - **Human Resources**
    - **Payroll**
    - **Asset Management**
    - **General Ledger, Budgets**
    - **Accounts Payable / Accounts Receivable**
    - **Bank Account Management**
    - **Electronic Payments**
    - **Financial Reporting and Analytics**
    - **Purchasing and Procurement**
    - **Property Management**

e. **Workflow & Automation Requirements**

- Vendors must describe how they will design and implement automated workflows for:
    - **Journal Entry Approvals**
    - **HR to Payroll**
    - **Payroll and Fixed Asset to Manager+**
- Preferred tools (e.g., Power Automate, native D365 workflow builder)

f. **Experience and Qualifications**

- Team bios and certifications (especially with Microsoft Dynamics)
- Case studies or examples of past Dynamics 365 implementations, especially with similar integration complexity
- At least three references from similar projects

g. **Project Management & Timeline**

- Implementation methodology (Agile, Waterfall, Hybrid, etc.)
- Project timeline with major milestones and deliverables
- Risk management approach
- Change control process

h. **Cost Proposal**

- Line-item pricing for:
    - **Licensing**
    - **Implementation**
    - **Data migration**
    - **Integration development**
    - **Support and training**

- Estimates of total cost of ownership (TCO) for 3–5 years

i. Support, Training & Documentation

- Plan for training end-users and administrators
- Support model post-implementation (e.g., SLAs, ticketing)
- Documentation deliverables (user guides, configuration records)

j. Security & Compliance

- Data protection and privacy measures
- Compliance with standards (e.g., GDPR, SOC 2, HIPAA if applicable)
- Access control and audit trail approach
- Backup, disaster recovery, and rollback plans

SECTION 4: SUBMITTAL PROCESS

Online Procurement Platform

Proposals for this RFP will only be accepted utilizing the Bonfire web portal located at https://portolympia.bonfirehub.com/portal/?tab=openOpportunities. Vendors that intend to respond must ensure that they have the necessary software to access and download the RFP and related documents through Bonfire. Vendors that intend to submit a Proposal must consult the portal on a regular basis through "Proposal Submission Due" date in Section 2 for any document updates and/or addenda. Proposals must be based on the most current version of the RFP available on the portal as of the "Addenda Issued No Later Than" date. As a registered Bonfire user, downloading the RFP will automatically trigger notifications of all RFP updates and addenda.

Vendors may contact Bonfire support via email at support@gobonfire.com or by phone at (800) 354-8010, Ext 2. Vendors shall not contact the Port for technical assistance as it relates to submitting their Proposals via Bonfire.

The Port will not assume any risk, responsibility, or liability whatsoever to any Vendor for ensuring that the Bonfire portal is in good working order or that the Vendors are able to download and upload documents or other material from or to the Bonfire portal, including, without limitations, delays caused by Bonfire when responding to the Vendor for requests for technical support. It is the Vendor's responsibility to upload their Proposals in sufficient time prior to the Proposal Submission due date and time. The Port makes no representation, warranty, or condition that the Bonfire website will be uninterrupted, timely, secure, or error free.

Proposal Submissions received after the Proposal Submission due date and time will not be considered.

Unless Bonfire is technically unavailable for Proposal Submissions, the Port is not obligated to extend the Proposal Submission due date and time.

Upon Proposal Submission, each Vendor will receive an email confirmation receipt with a unique confirmation number as proof of submission. This will be the only confirmation notice received.

SECTION 5: EVALUATION PROCESS

Proposals will be evaluated using a best value approach, considering both technical and cost components. The contract will be awarded to the proposer whose proposal is determined to provide the most advantageous combination of technical expertise, relevant experience, implementation methodology, support, and total cost.

This is **not a lowest-bid procurement**. The awarding entity reserves the right to accept the proposal that offers the best overall value to the public agency.

Technical Solution & Architecture - Migration strategy for Dynamics SL data - Cloud architecture & environment setup - System design and performance expectations - Licensing model (D365 Finance, HR, etc.)	**15 Points**	**15%**
System Integration Capability - Integration approach for Laserfiche, Manager+, and Molo - Data mapping, transformation, and syncing - APIs, middleware, or RPA use	**15 Points**	**15%**
Functional Coverage & ERP Features - Full delivery of HR, payroll, asset management, accounting, electronic payments, financial reporting, general ledger, budgets, banks, purchasing, AP/AR - Microsoft ecosystem alignment	**20 Points**	**20%**
Workflow Automation & Customization - Ability to design & build workflows for: - Journal entry approvals - HR → Payroll - Payroll & Fixed Asset → Manager+ - Power Automate or native D365 tools use	**10 Points**	**10%**
Experience & Past Performance - Proven success with similar D365 + legacy integration projects - Sector knowledge - References and case studies	**10 Points**	**10%**
Project Management & Timeline	**10 Points**	**10%**

- Clear project plan - Milestones and deliverables - Agile or waterfall methodology - Change management processes		
Cost Proposal - Transparent breakdown of licensing, development, implementation, support - Clear TCO (total cost of ownership)	**10 Points**	**10%**
Training, Support & Documentation - End-user training plans - Admin/IT training - Ongoing support SLAs - Documentation quality	**5 Points**	**5%**
Security, Compliance & Risk Mitigation - Security of integrations and cloud data - Compliance with relevant standards (e.g. SOC, GDPR) - Backup, rollback, testing procedures	**5 Points**	**5%**
Total	**100 Points**	**100%**

The Port reserves the right to award the Contract to the Vendor whose Proposal is deemed to be in the best interest of the Port.

ORAL PRESENTATIONS MAY BE REQUIRED
Oral presentations, if considered necessary, will be utilized in selecting the winning Proposal. The Port, at its sole discretion, may elect to select the top scoring finalists from the written evaluation for an oral presentation and final determination of Contract award. The Port reserves the right to award the Contract to the Vendor whose Proposal is deemed to be in the best interest of the Port.

SECTION 6: ADMINISTRATIVE REQUIREMENTS

Prevailing Wage

The Vendor shall comply with the requirements of RCW 39.12, if applicable, and shall pay each employee an amount not less than the Prevailing Rate of Wage, as specified by the Industrial Statistician of the Washington State Department of Labor and Industries (L&I) https://secure.lni.wa.gov/wagelookup. Before commencement and upon completion of work, the Vendor shall file all necessary forms and pay the filing fees required by L&I. The Vendor shall indemnify and hold the Port harmless from any claims related to the payment or non-payment of such wages by the Vendor.

For the purpose of this Contract the prevailing wage rate is set as the Proposal Submission date listed in Section 2. Unless otherwise noted, all work performed under this contract will take place in Thurston County, Washington.

Bonding

This RFP does not require a Bid Guarantee, Performance, or Payment Bond.

Retainage

This RFP and any contract resulting from it will not require retainage to be held from invoices submitted.

Statement of work for ERP implementation using Microsoft Dynamics 365 Business Central and migration from Dynamics SL

Vendor Name: Advaiya Solutions, Inc.

Client Name: Port of Olympia

Date: 2025-06-04

RFP Number: 2025-1022

Agencies

*Services to be provided by **Advaiya Solutions, Inc.,** hereinafter referred to as Vendor; to **Port of Olympia** hereinafter referred to as Client. Contact details are given here:*

Vendor:
Advaiya Solutions Inc.
14575 Bel Red Rd, Suite 201, Bellevue WA 98007
Key Contacts:
- Dharmesh Godha (dharmesh.godha@Advaiya.com, +1 (425) 761 3450)
- Max Leavitt (max.leavitt@advaiya.com , +1 (425) 598 4451)
- Kirti Sethiya; Associate Principal; ([Kirti.sethiya@advaiya.com;](mailto:Kirti.sethiya@advaiya.com) +91 86 96 18 89 99)

Client
Port of Olympia
Key Contacts:
- Hannah Ellis (HannahE@portolympia.com, 360-528-8040)
- Brent Barnes (BrentB@portolympia.com, 360-528-8003)

Document history:

Author	Version	Changes	Date edited
Advaiya	1.0.0.0	Statement of work for the implementation of Microsoft Dynamics 365 Business Central and migration from Dynamics SL	2025-06-04

Statement of confidentiality and non-disclosure

This document contains proprietary and confidential information. All data submitted herein is provided in reliance upon receiver's (Client) consent not to use or disclose any information contained herein except in the context of its business dealings with Vendor. The recipient of this document agrees to inform present and future employees of Client who view or have access to its content of its confidential nature. Vendor retains all title, ownership and intellectual property rights to the material and trademarks contained herein, including all supporting documentation, files, marketing material, and multimedia.
BY RECEIVING AND USE OF THIS DOCUMENT, THE RECIPIENT AGREES TO BE BOUND BY THE AFOREMENTIONED STATEMENT

Contents

1.1. Executive summary

The Port of Olympia has identified the strategic need to modernize its enterprise resource planning (ERP) system to enhance operational efficiency, reduce IT overhead, and fully leverage the capabilities of modern, cloud-based platforms. In response to this need, we are pleased to submit our proposal for the seamless migration from the Port's current on-premises Microsoft Dynamics SL 2018 environment to Microsoft Dynamics 365 Business Central.

Business Central, as part of the Microsoft Dynamics 365 suite, offers a robust, scalable, and integrated solution that aligns with the Port's vision to streamline processes, enable data-driven decision making, and support cross-functional collaboration across departments including finance, HR, procurement, asset and property management, and more.

By migrating to Dynamics 365 Business Central, the Port of Olympia will position itself for long-term digital agility—freeing staff from manual data entry, reducing duplication of effort, enhancing data accuracy, and unlocking insights across its diverse operations.

1.2. Overview of company, team, and qualifications

1.3. Overview of the Vendor

Advaiya is a Microsoft Solutions Partner focused on empowering organizations to drive effective digital transformation by aligning technology solutions with business goals. With deep expertise in consulting, implementation, and system integration, Advaiya delivers tailored, scalable, and sustainable solutions across a range of industries. We are committed to making technology work—through contextual adoption, modern user experiences, and continuous innovation.

At Advaiya, we don't just implement solutions—we help businesses transform. We work closely with our clients to understand their unique challenges and processes, and co-create solutions that enhance operational efficiency, enable data-driven decision-making, and foster long-term agility.

Our capabilities span the full Microsoft ecosystem, including Dynamics 365 Business Central, Power Platform, Azure, and Microsoft 365. Advaiya has specialized experience in Microsoft ERP platforms and especially Microsoft Dynamics 365 Business Central to enable streamlined and future-ready enterprise operations. Whether transitioning from legacy systems, QuickBooks, or other ERP platforms, Advaiya ensures seamless migration with minimal disruption. Our structured migration methodology ensures data integrity, regulatory compliance, and operational continuity.

- Microsoft Solutions Partner with proven experience across the Microsoft stack.
- Cross-functional team of functional consultants, developers, QA engineers, and support analysts.
- Accelerated delivery models, leveraging reusable IPs, templates, and automation.
- Post-go-live support and enhancements, ensuring continuous improvement and innovation.
- Customer-first approach, prioritizing contextual relevance, ease of use, and ROI.

Refer Annexure 1 for Advaiya Microsoft Solution Partner Designation certificate.

1.4. Team & qualifications

To accomplish the project goals within the schedule described here, the Vendor will deliver the project with the following team:

Role	Description	Location
Customer success executive/practice lead	Responsible to represent Vendor in Steering Committee, Vendor's highest escalation point for project delivery. Take corrective actions at Vendor organization level. Project Status reporting at organizational level to Steering Committee.	Vendor India office
Account manager	Responsible for ensuring the timely and successful delivery of solutions according to customer needs and objectives. Clearly communicate the progress of monthly/quarterly initiatives to internal and external stakeholders. Assist with challenging client requests or issue escalations as needed and develop trusted advisor relationships with key accounts, customer stakeholders and executive sponsors.	Vendor US office
Project lead	Responsible for overseeing the entire project, including planning, execution, and monitoring. Project lead is responsible for defining project objectives, allocating resources, managing timelines, and ensuring alignment with business goals. They coordinate cross-functional teams, communicate progress to stakeholders, and mitigate risks. Ultimately, the Project lead ensures the successful deployment of the ERP system while adhering to budget and quality standards.	Vendor India office
Business analyst/ project manager	Responsible for managing project related communications and coordination between vendor and client team. Also, it will ensure the timely execution of project activities.	Vendor India office
Solution architect	Responsible for defining the solution structure in alignment with solution requirements and the technology environment, with determination of technology approach, application use cases, platform selection, technical specification development, and system review. Experienced in designing, developing, and implementing business applications. Expert knowledge of multiple technologies and development disciplines.	Vendor India office
Dynamics 365 functional consultant	Responsible for identifying and analyzing all aspects of business context of the technology solution, and for understanding and clarifying complete system requirements for the complete system with all use cases.	Vendor India office

Role	Description	Location
	Technology or business domain professional with knowledge of technology systems and business applications. Skilled in analysis techniques such as research, use-case documentation, and system review.	
Dynamics 365 technical consultant	The responsibilities include managing enhancements and customizations, collaborating with functional consultants to identify and define custom objects such as documents, reports, and scripts. Additionally, tasks involve preparing interface mapping and design, technical design documents, coding custom objects, modifying and testing them based on requirements, creating custom programs for data loading, developing interface programs for third-party system integration, conducting unit testing, and generating user IDs according to user authorization criteria.	Vendor India office
Quality analyst	Responsible for preparing test cases and scenarios, and for performing several types of testing on systems using standard testing tools and bug reporting. Experience in software testing and system analysis to identify potential risks and issues. Knowledgeable in testing tools and application life-cycle management.	Vendor India office
Integration consultant	Responsible for designing, developing, and implementing integrations between Microsoft Dynamics 365 Business Central and external systems or third-party applications (e.g., CRMs, marketplaces, ERPs, or custom platforms). The consultant analyzes business and system requirements, maps data flows, configures APIs or middleware solutions, and ensures secure, seamless, and real-time data synchronization. Tasks include interface design, data transformation logic, monitoring and error handling, performance tuning, and documentation. The consultant also collaborates closely with functional and technical teams, as well as external vendors, to ensure integration aligns with business objectives and industry best practices.	Vendor India office

1.5.   Understanding of the project goals and objectives

The Vendor recognizes that the Port of Olympia seeks to modernize and streamline its core business operations through the migration from Microsoft Dynamics SL to the Dynamics 365 cloud-based platform. The primary objective is to leverage the capabilities of Dynamics 365 to create an integrated, efficient, and scalable ERP environment that supports the Port's evolving operational and financial needs.

The Port aims to achieve the following key outcomes through this project:

- **Seamless migration** of historical data (minimum three years, ideally full data set of 600GB) from the legacy Dynamics SL platform to Dynamics 365, ensuring continuity and integrity of financial, HR, asset, and operational records.

- **Integration with third-party systems**—Laserfiche, Molo, and Manager+—to reduce duplication of effort, eliminate manual data transfers, and improve data visibility and accuracy across departments.

- **Implementation of core ERP functionalities**, including but not limited to:

  - General ledger, accounts payable, accounts receivable, and bank account management

  - Budgeting and financial reporting with advanced analytics capabilities

  - Human resources and payroll integration

  - Property and lease management in compliance with GASB 87

  - Fixed asset and lifecycle management

  - Sales, purchasing and procurement workflows

  - Electronic payments and positive pay processing per Thurston County treasurer requirements

- **Workflow automation** for key processes such as journal entry approvals, HR-to-payroll handoffs, and asset data transfer from Manager+.

- **Improved access and reporting** across all Port business units to support financial transparency and informed decision-making.

- **A future-ready, scalable solution** that positions the Port to adapt to changing technology, regulatory, and operational requirements while reducing IT overhead and manual processes.

We understand that this initiative is not merely a technology migration but a foundational transformation of how the Port manages its financial and operational activities. Our approach is centered on aligning technology with the Port's business strategy, ensuring stakeholder engagement, operational continuity, and long-term value realization.

1.6. Summary of proposed approach and timeline

The Vendor proposes a structured, phased implementation approach that ensures a seamless migration from Microsoft Dynamics SL to Dynamics 365 Business Central, while addressing all functional, integration, and workflow requirements as outlined by the Port of Olympia.

1 Proposed approach

Our methodology is designed to minimize disruption to ongoing operations, ensure data integrity, and deliver measurable business value:

1. **Discovery & planning**

   o Conduct stakeholder workshops to validate business requirements and prioritize integrations.

   o Review existing Dynamics SL environment and associated third-party systems (Laserfiche, Molo, Manager+).

   o Finalize a detailed project plan with resource allocations, risk mitigation strategies, and change management processes.

2. **Solution design**

   o Design system architecture and workflows, ensuring alignment with Port-specific needs, such as lease management, GASB 87 compliance, and positive pay customization.

   o Define data migration and integration frameworks.

   o Identify modules to be implemented in Phase 1 (e.g., Finance, HR integration, AP/AR, Asset Management) and Phase 2 (e.g., Manager+ replacement, advanced analytics).

3. **Development & configuration**

   o Configure Dynamics 365 Business Central, set up security roles, and implement required workflows using native D365 tools and Power Automate.

   o Develop integrations with third-party applications using APIs, data exchange interfaces, and middleware.

   o Build custom reports and dashboards tailored to departmental and executive needs.

4. **Data migration**

   o Cleanse and migrate historical data (at least 3 years in detail; older data in summary), totaling approximately 600GB, from Dynamics SL.

   o Conduct rigorous data validation and reconciliation to ensure accuracy.

5. **Testing & training**

   o Execute unit, system integration, and user acceptance testing (UAT).

- o Provide tailored role-based training for end-users, finance staff, and administrators, with "train-the-trainer" materials.

- o Refine configurations based on feedback.

6. **Go-live & support**

- o Transition to the live environment with phased rollout support.

- o Offer hyper-care post go-live, ensuring smooth operations and prompt issue resolution.

- o Provide ongoing support through a dedicated SLA-backed helpdesk and documentation.

2 Proposed Timeline

Phase	Duration	Timeline
Discovery & planning	5 weeks	Sep 8 – Oct 10, 2025
Solution design	4 weeks	Oct 13 – Nov 7, 2025
Development & configuration	8 weeks	Nov 10, 2025 – Jan 2, 2026
Data migration & testing	8 weeks	Jan 5 – Feb 27, 2026
Training & UAT	4 weeks	Mar 2 – March 31, 2026
Go-live	-	April 1, 2026
Stabilization phase	4 weeks	Apr 6 – May 1, 2026
Optimization & Monitoring	13 weeks	May 4 – Jul 31, 2026

Note: Timeline may be adjusted based on Client readiness, integration complexity, and phasing decisions.

This timeline ensures that critical financial and operational functions are live early, while providing flexibility to phase in advanced features and third-party integrations in alignment with the Port's budget and strategic priorities.

1.7. Specify any foreseen challenges in meeting the Scope of Services and expectations of the Port

The Vendor has carefully reviewed Port of Olympia's requirements and recognizes the complexity and critical nature of this ERP transformation initiative. While we are confident in our ability to deliver a successful implementation, the following potential challenges have been identified:

1. Data migration volume and quality

- The Port's legacy Dynamics SL database comprises approximately 600GB of data. Migrating this volume—especially with the preference for at least three years of detailed records—poses a risk if data inconsistencies or formatting issues exist.

- **Mitigation:** We will conduct a comprehensive data quality assessment during the discovery phase and collaborate with Port staff to cleanse and structure the data prior to migration.

2. Integration with legacy and third-party systems

- Seamless integration with Molo, Manager+, Laserfiche, FSM, and other systems is essential to avoid duplicated manual work and to realize operational efficiencies.

- **Mitigation:** Our team includes specialists experienced in API-based and middleware integrations. Where APIs are unavailable or documentation is limited, we will propose RPA (Robotic Process Automation) or batch-based interfaces with a focus on reliability and maintainability.

3. Customization of positive pay format

- A specialized check format is required to meet Thurston County Treasurer's positive pay requirements. Existing details about this customization are limited.

- **Mitigation:** We will conduct technical discovery and reverse-engineering if needed to replicate or redesign the format in Dynamics 365. Our team has successfully handled similar treasury compliance customizations for other public entities.

4. Manual, disconnected business processes

- Current workflows (e.g., procurement, HR onboarding, lease billing) are largely manual or Excel-driven, which may require process redesign and stakeholder change management.

- **Mitigation:** We will provide workflow automation using native D365 tools and Power Automate, paired with staff workshops to redesign processes collaboratively and drive user adoption.

5. Adoption and change management

- Some departments have limited exposure to Dynamics SL, and expanding access to new users across all business units may introduce a learning curve.

- **Mitigation:** We will offer tailored training sessions, role-based documentation, and ongoing support to ensure users are confident and self-sufficient in the new system.

6. Budget and phasing uncertainty

- As the Port has not defined a fixed budget, prioritization of modules and integrations will be critical to align costs with available funding.

- **Mitigation:** Our cost proposal provides detailed line-item estimates, allowing the Port to make informed decisions about phasing based on functional priorities and ROI.

1.8. Describe fully any deviation from the Scope of Services. If none, so state

The Vendor has thoroughly reviewed the Scope of Services outlined in the RFP and the accompanying Addendum issued by the Port of Olympia. Based on our current understanding, **we do not anticipate any material deviations** from the requirements specified. However, certain items that fall outside the scope have been separately outlined in Section 12, and relevant assumptions have been documented in Section 11 of this proposal.

Our proposed solution fully aligns with the Port's stated goals, including:

- Migration from Dynamics SL to Dynamics 365 Business Central

- Integration with third-party systems (Laserfiche, Molo, Manager+)

- Implementation of all requested functional areas: Finance, HR, Payroll Integration, Asset and Property Management, AP/AR, Procurement, and Budgeting

- Automation of key workflows (journal entry approvals, HR-to-payroll, payroll-to-fixed asset)

- Support for data migration (including up to 600GB), reporting, and compliance (GASB 87, Positive Pay, etc.)

- A phased approach that considers cost, integration complexity, and operational continuity

Should any clarifications or adjustments be required during the discovery or solution design phases, we will transparently communicate with the Port to ensure alignment and timely resolution.

2. Technical solution & architecture

2.1 Detailed migration strategy from Dynamics SL 2018 to Dynamics 365

2.1.1 Migration assessment:

Before migrating on-premises deployment to the cloud, its readiness has to be evaluated using the Dynamics SL Analysis and Dynamics SL Repair tools. These tools provide migration options based on your needs and detect potential migration issues based on Dynamics SL system structure.

1. Tools for Assessment

   o The **Analysis Tool** connects to a Microsoft Dynamics SL database and generates an analysis report text file. The report outlines and provides an overview of the modules in use and examines the data that can be migrated to Business Central.

   o The **Repair Tool** connects to a Microsoft Dynamics SL database. The Repair tool is used to validate Microsoft Dynamics SL data to identify any issues that require repair before using the online Business Central tool to migrate Microsoft Dynamics SL data to Microsoft Dynamics Business Central. It includes automated fixes to Microsoft Dynamics SL data and repair items that need to be addressed.

2.1.2 Cloud migration wizard – initial setup activities

The Cloud Migration Wizard facilitates the seamless transfer of your data by creating a robust pipeline between your on-premises Dynamics SL database and the Business Central online environment. This process ensures that your data integrity is maintained throughout the migration process.

Key actions in this phase:

1. Connecting business central to your Dynamics SL database:

- Configure SQL Server settings: Specify the server's name, instance, database name, and user credentials.

- Set up the Integration Runtime to manage data transfers securely between your environments

2. Retrieving Company Information from Dynamics SL:

- Identification and Listing of all existing companies available for migration using Wizard.

3. Selecting Companies for Migration:

- Selecting the specific companies' users wish to migrate through the Business Central Interface. This provides flexibility and control over the process.

4. Creating Corresponding 'Shell' Companies in Business Central:

- The system will automatically generate empty (shell) companies in Business Central that match your selected Dynamics SL companies. These shell companies act as the target structures for the upcoming data migration.

   This initial setup is crucial for a structured and efficient migration process. By establishing these connections and configurations, we ensure that subsequent data migration phases proceed smoothly and securely.

2.1.3 SL company migration configuration – tailored data selection and activity-based approach

SL Company Migration phase is focused on defining **what data and modules** are brought into Business Central from your existing Dynamics SL system. The process emphasizes **control, structure, and business alignment** to ensure a clean, effective migration.

Key Action in this Phase:

1. Selecting Operational Modules for Migration:

- General Ledger (GL)

- Accounts Payable (AP)

- Inventory Management (IN)

- Accounts Receivable (AR)

- Specify data scope per module:
  - Migrate both Master Data (e.g., customers, vendors, items)

- Migrate Opening Balances to ensure financial continuity from Day 1 in Business Central

   3. Configuring Inactive Records Handling:
   This control data quality by choosing to exclude or include inactive records such as:

- Inactive Vendors

- Inactive Customers

- Inactive Item

   4. Enabling "Classes" Feature for Smart Mapping: Activating the "Classes" feature for automate posting group creation in Business Central such as:

- Customer Classes → Customer Posting Groups

- Vendor Classes → Vendor Posting Groups

- Product Classes → Item Posting Groups

   5. Migrating Historical Transaction Data:

- Our Recommended Approach:
  A. Master Data (Customers, Vendors, Items): Full migration (all records)
  B. Open Transactions (Unpaid Invoices, POs): Full migration
  C. Closed Transactions (Paid Invoices, Old Journals): Partial (last 3-5 years) or archive
  D. Inventory History :Last 2-3 years (if needed for reporting)
  E.GL Transactions: Summary balances + last 5 years (optional

   (In case of historical data migration, we can also leverage the option of Job Queue)

2.1.4 Cloud migration management & data upgrade activities

The Cloud Migration Management page in Business Central facilitates the transition from SL by enabling data replication from SL SQL tables to intermediate SL mapping tables. Once the status shows 'Ready for Replication" it confirms that company structures are created, and data replication can begin. Following this, the Data Upgrade process transfers the replicated data into native BC tables while also creating essential setup elements like accounting periods and tax groups, preparing the system for validation and go-live.

   Key Action in this Phase:

   1. Status Verification on the Cloud Migration Management Page.

- If it is "Ready for Replication", it means all companies have been successfully created in Business Central and now the system is ready for Replication.

2. Initiate Data Replication:

2. Initiate Data Replication:

○ This Copies data from SL source tables (SQL Server) into SL mapping tables within Business Central. It includes all relevant master data and transactional tables.

3. Monitoring the replication progress

○ Check the status of the number of tables and records updated in real time. Further checking the status and logs on the Cloud Migration Page.

4. Execution of Run Data Upgrade where data is replicated from SL mapping tables into D365 Tables.

○ Check if the migration succeeded or failed, go to the Cloud Migration Management page. If the upgrade fails, go to the Migration Errors Fact Box to view the errors. If Migration succeeded, it would create Accounting Periods and Tax Groups in Business Central.

2.1.5 Disable the Cloud Migration Setup

After migrating the desired data to Business Central online, disable cloud migration in the Cloud Migration Setup page. This step is crucial because running the migration again overwrites outstanding documents (like vendors and inventory items) and other changes made in the online target company.

Data migration assumptions:

● The data migration activities will be performed twice during the project execution – one on the sandbox for system setup & UAT and other on the production as per the cut over plan.

● The data migration will be done as per the Client Requirement. However, the RFP is prepared considering the recommended approach.

● No attachments related to documents will be migrated to Business Central.

● The client must provide the data in the required templates.

● Any kind of transformation or data sanitization of master and opening balance data will be done by the client as per their need.

● The client will be responsible for the cost of any additional storage required beyond 80 GB (default storage capacity) for data migration.

● The customization will not be migrated in this whole process. Customisation has to be deployed to Business Central separately.

● The cost of tools, Azure storage, network usage, SQL licenses, or any other licenses or recurring expenses related to migration activities have not been included in this document. These costs will be charged on an actual basis through a formal Change Request.

2.1. Description of proposed Dynamics 365 modules and licensing

In this engagement, the vendor proposes implementation of Dynamics 365 Business Central to manage their process from finance and accounting to procurement and sourcing etc. The proposed solution includes several key components that work together to provide a comprehensive solution for managing your business processes as mentioned under the scope of implementation:

- **Financial management**: This component provides tools for financial management such as general ledger, financial accounting, G/L Budget management and other financial aspects.

- **Cash & bank management:** This module enables efficient handling of an organization's cash flow and bank accounts. It includes features of managing bank accounts, processing payments and receipts, performing bank reconciliations, and forecasting cash flow ensuring accurate tracking of liquidity and streamlined financial transactions.

- **Purchasing & account payable management:** This component includes features for managing the procurement process, such as purchase orders, vendor management, purchase returns, and purchase analysis.

- **Sales & account receivable management:** This component focuses on managing the sales process and customer relationships. It includes features like sales orders, sales quotes, sales returns, pricing and discounts, sales analysis, and customer management.

- **Fixed assets management:** This component helps track and manage fixed assets within the organization. It includes features like asset tracking, asset depreciation, maintenance schedules, disposal management, asset valuation, and fixed asset reporting.

- **Financial reporting and analytics:** This component will allow you to generate reports and analytics on your business data, including financial, sales, inventory, and customer data. It provides real-time insights into your business performance and helps you make data-driven decisions.

- **Inventory management:** The inventory management module within Business Central provides a comprehensive solution for managing inventory levels, tracking inventory movement, and optimizing inventory management processes.

- **Property management:** The proposed lease management functionality will enable the Port to create and maintain comprehensive lease records, including tenant details, lease types, locations, and associated revenue codes. It will automate billing schedules with capabilities for recurring rent, retroactive adjustments, pro-rated charges, and future rate changes through effective-date billing logic. The system will track critical lease milestones such as renewals, notice periods, and expirations, while also managing insurance and surety data with automated alerts for upcoming expirations. Full lease histories, including amendments, will be preserved to ensure compliance with GASB 87 via right-of-use asset tracking and amortization. Integration with Accounts Receivable and General Ledger will ensure accurate financial posting, while built-in workflows will streamline lease approvals, billing updates, and compliance alerts. Additionally, the solution will support

tenant communications, email notices, robust reporting (e.g., lease expirations, insurance status), and role-based access controls for Finance, Real Estate, and Planning teams.

- **Human resources:** This module encompasses essential Human Resource functions. This includes Employee Management, ensuring streamlined personnel records and profiles, Timesheet submission and approvals for projects and advance payment to employees and reimbursement of expenses.

Business Central Licensing Overview

As part of our proposal to implement Microsoft Dynamics 365 Business Central for the Port of Olympia, we have outlined the recommended licensing structure aligned with Microsoft's current licensing model and the Port's anticipated user roles, system usage, and workflow needs.

1. Licensing Model

Microsoft Dynamics 365 Business Central is licensed per user, with two primary license types:

- **Business Central Essentials –** Suitable for users who need access to core modules including finance, purchasing, sales, inventory, project management, and basic warehouse functionality.

- **Business Central Premium –** Includes all Essentials features, plus Service Management and Manufacturing modules. This license is not required unless manufacturing or service module is needed (currently not in scope based on the RFP).

- **Team Member License –** Ideal for read-only users, approval roles, or users who need limited access to specific data or workflows, or for reporting and read access only. (e.g., timecard entry, reporting review, approvals).

2. Proposed license allocation

Based on the RFP and Addendum inputs:

User Group	Estimated Users	License Type
Finance / Accounting	5-6	Business Central Essentials
Operations Managers	5-6	Business Central Essentials
Contracts & Planning	2-3	Business Central Essentials
Reporting / Departmental Review	15-16	Team Member
Total	16-18 15-16	Business Central Essentials Team Member

We have also accounted for the license required for the implementation partner for the implementation and for providing necessary support activities.

3. Microsoft 365 integration considerations

- The Port currently utilizes Microsoft G1 and G3 licenses under the Washington State Master Contract.

- These licenses enable Single Sign-On (SSO), Power BI, Outlook integration, and Teams approval flows, further enhancing Business Central user productivity.

4. Licensing procurement

- As a Microsoft Partner, we will resell and provision the licenses for Business Central through Microsoft's Cloud Solution Provider (CSP) program.

- All licenses will be managed and billed yearly, allowing scalability and flexibility.

- We will ensure that costs are clearly broken down in our financial proposal to reflect:

  - Base license costs

  - Add-on module costs (if any)

  - Cost implications for workflow or automation tools like Power Automate Premium (if used)

5. Optional Licensing (If required)

Should the Port elect to expand its usage beyond Business Central, additional licenses may be required for:

- Power BI Pro / Premium Per User (for advanced dashboards)

- Power Automate Premium (for integrations with non-Microsoft systems)

6. Conclusion

Our licensing plan is scalable, cost-conscious, and tailored to the Port's specific role-based access and integration needs. We will collaborate closely with the Port's IT and procurement teams to ensure compliance with state contracting policies and minimize total cost of ownership.

2.2. System architecture and deployment plan (cloud hosting, security, scalability)

2.2.1. Solution architecture

The solution will be based on Dynamics 365 Business Central, providing a centralized hub for managing financials, sales, fixed assets, and other core business processes. The high-level transition flow and solution architecture will be as follows:
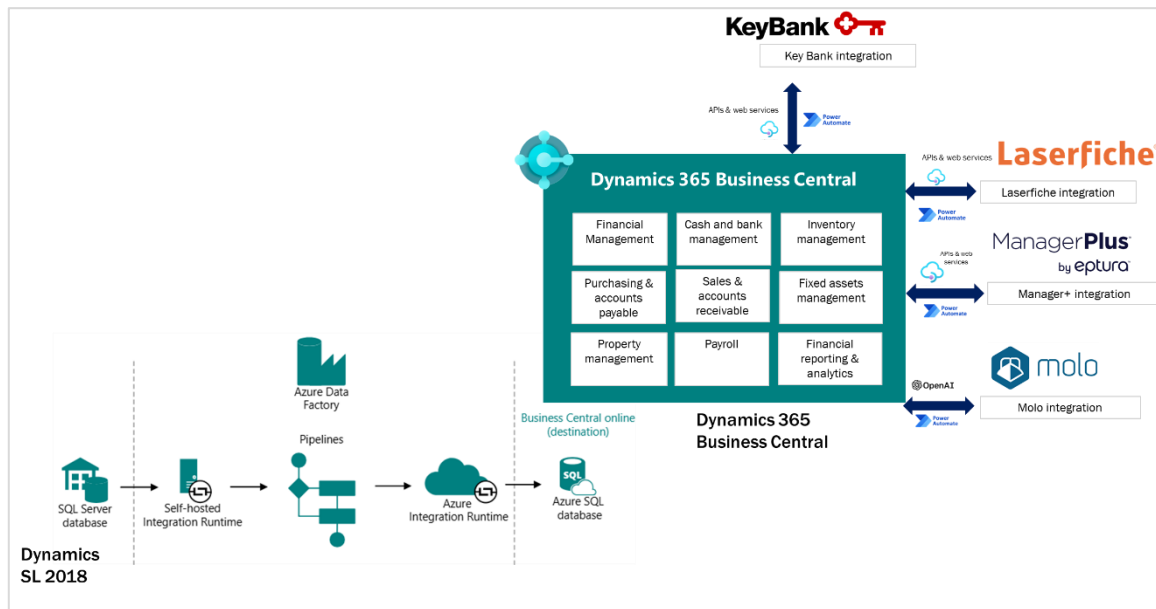
2.2.2. Solution components

- **Workflow management:** The workflow management involves automating and optimizing the business processes and tasks that the users perform in Business Central. This includes defining, executing, monitoring, and improving the workflows, such as approval, notification, escalation, and delegation. The workflow management process will use the workflow templates that enable users and administrators to create and manage the workflows for various business processes, such as sales, purchase, inventory, and financial management. The workflow services will also support various triggers and actions, such as events, conditions, expressions, and functions. Some of the key workflows covered under the implementation are purchase order workflow, purchase invoice approval, sales invoice approval, etc.

  - o **Journal Entry Approvals:** This component covers the workflow design for journal entry approvals, enabling multi-tier authorization before financial transactions are posted to the general ledger. Leveraging Dynamics 365 Business Central's native workflow tools), the solution will ensure segregation of duties and enforce internal controls by routing journal entries to designated reviewers based on amount thresholds or account classifications.

- **HR to Payroll:** This component covers the workflow for HR to Payroll integration, streamlining the handoff of employee information such as new hires, terminations, compensation changes, and benefits enrolment from the HR module into payroll processing. The automation ensures that once HR completes updates or onboarding, the corresponding payroll data is updated in real-time or at scheduled intervals, reducing duplicate data entry and payroll discrepancies.

  - **Payroll and Fixed Asset to Manager+:** This component covers the workflow and integration between Payroll/Fixed Asset modules in Business Central and the SaaS-based Manager+ system (https://eptura.com/managerplus/). When payroll entries involving asset-related labor are posted or new fixed assets are added or depreciated, a Data sync between the Business Central Manager+ for internal reporting and compliance.

- **Customization and extension:** The customizations and extensions involve modifying and extending the functionality of Business Central to meet the specific needs and preferences of the customer. This includes adding new features, reports, and user interfaces, as well as modifying existing ones. The customization process will use the development tools, which are a set of tools and frameworks that enable developers to create and deploy custom solutions for Business Central. The development tools will also support various languages and platforms, such as AL, Visual Studio Code, and Azure DevOps.

- **Security:** The solution will prioritize safety, with robust access management, data encryption, and secure backups to protect your data and comply with the industry standards. This involves creating security policies, roles, permissions, and encryption, as well as monitoring and evaluating security events and incidents through audit logs. The safety process will use the Security Services, which are a group of services and features that enable administrators to regulate and guarantee secured access to Business Central.

- **Reporting and analytics:** This component will allow us to generate reports including transactional and analytics on your business data, including financials, purchasing and fixed assets modules as provided by Microsoft out of the box. It provides real-time insights of business transactions and helps you make data-driven decisions.

- **Integration:** Integration involves connecting Business Central with other systems and applications that the customer uses, such as HRMS and employee advances app. The integration process will use the integration services, which are a set of APIs and connectors that enable bi-directional data exchange between Business Central and other systems. The integration services will also support various protocols and formats, such as REST, SOAP, OData, XML, and JSON.

  - **Integration with Laserfiche:** This component covers the integration of Business Central with Laserfiche, the Port's document management system. The integration will automate the flow of financial documents such as purchase orders, invoices, and approvals between Business Central and Laserfiche.

- o **Integration with Manager+:** This component covers the integration between Business Central and Manager+, the SaaS-based asset management platform by Eptura. The integration will synchronize asset-related data, including asset creation, depreciation values, maintenance schedules, and labor costs. Fixed assets recorded or updated in Business Central will be pushed to Manager+

- o **Integration with Molo:** This component covers the integration of Business Central with Molo, the marina and harbor operations software. Molo handles customer slips, billing, and marina management for the Port. The integration will enable synchronization of billing transactions, customer data, and payment receipts between Molo and Business Central.

- o **Integration with Key Bank:** This component covers the integration of Business Central with Key Bank's KeyNavigator platform to streamline the ACH payments process. It automates the end-to-end workflow, starting from ACH payment initiation in Business Central to final payment confirmation and documentation. ACH batch files are securely transmitted to KeyNavigator via API or SFTP, followed by an automated approval workflow involving the Finance Director. Once approved, payment confirmations and supporting documents are automatically sent to the Controller and the City Treasurer. Final payment entries are updated in Business Central, with all related documentation stored securely for audit and compliance.

2.2.3. Technology stack

Dynamics 365 Business Central (Online): This is the core platform for managing financials, inventory, sales and purchase orders, project management, and other core business processes. It is a cloud-based solution that provides secure access to data from anywhere and allows for easy scalability as your business grows.

Microsoft Dynamics 365 Business Central comes with a wide set of functionalities that provide some great opportunities for deployment of supporting business processes and enhancing business productivity within the organization. The vendor suggests Full Implementation approach, with Integration of multiple other systems, required functionalities, and reports customizations.

Microsoft Excel: Microsoft Excel can be used for data mapping, validation, and analysis during the upgrade process. It is a commonly used tool for managing data in ERP migrations.

Microsoft 365: Microsoft 365 is a suite of productivity applications that will be used to collaborate and communicate within the organization. It includes tools such as Outlook, Teams, and SharePoint, which can be integrated with Dynamics 365 Business Central to improve collaboration and productivity.

Azure DevOps: Azure DevOps will be used for work management and code repository purposes. It will enable efficient task planning, tracking, and collaboration, making it indispensable for managing the migration project's workload. Additionally, it will offer reliable version control for source code, providing secure storage and facilitating code management.

Azure functions: Azure Functions is a serverless compute service that enables the execution of event-driven code without managing infrastructure. In the context of the ERP upgrade or integration process, Azure Functions can be utilized to securely connect cloud services like Dynamics 365 Business Central with on-premises systems such as legacy ERPs, databases, or file servers. By leveraging a hybrid connection via the Azure On-premises Data Gateway or VNET integration, Azure Functions can facilitate real-time data exchange and automation across cloud and on-prem environments. This enables seamless interoperability, reduces latency, and supports complex integration scenarios without exposing sensitive internal systems to the public internet.

Power Automate: Power Automate is a cloud-based service that enables the creation of automated workflows between applications and services. During the upgrade and migration process, Power Automate will be used to streamline repetitive tasks, trigger alerts, and synchronize data across systems. It supports integration with Dynamics 365 Business Central, SharePoint, Outlook, and other Microsoft and third-party services. By automating key business processes—such as approvals, notifications, and data transfers—Power Automate helps reduce manual efforts, minimize errors, and improve overall efficiency and responsiveness across departments.

SharePoint: This is a versatile platform designed for collaboration, document management, and content sharing within an organization. Integrated with Microsoft 365, it allows teams to create, share, and manage content seamlessly across departments. SharePoint enables custom workflows, secure document storage, and provides tools for automating business processes. Its integration with Dynamics 365 Business Central and other Microsoft tools enhances organizational collaboration, streamlining communication and information flow.

2.3. Tools and methodologies for data cleansing, transformation, and migration

The Vendor understands that accurate, complete, and validated data is essential to the success of any ERP migration. We follow a proven methodology for migrating data from Microsoft Dynamics SL and other legacy systems to Dynamics 365 Business Central, ensuring data integrity, auditability, and continuity of operations for the Port of Olympia.

1. Migration Strategy Overview

Our end-to-end data migration approach includes the following key phases:
- Data Discovery and Assessment
- Cleansing and Standardization
- Mapping and Transformation
- Validation and Reconciliation
- Final Migration and Post-Go-Live Verification

2. Data Discovery and Assessment

We begin with a full audit of source systems (Dynamics SL, Molo, FSM, Manager+, Access DB for leases) to:

- Identify data entities to be migrated (e.g., GL, AR, AP, fixed assets, leases, payroll info)

- Assess data volumes (e.g., 600GB from SL) and data quality

- Document gaps, duplicates, obsolete records, and inconsistencies

Tools used: Microsoft SQL Server Management Studio (SSMS), Power BI for profiling, and Excel-based audit checklists

3. Data Cleansing and Standardization

We work with Port stakeholders to:

- Remove duplicate, outdated, or incomplete records

- Standardize formats (e.g., dates, codes, naming conventions)

- Normalize entity relationships for compatibility with Dynamics 365 schema

Tools used: Excel Power Query, Power Automate (for automated cleansing tasks), and data validation scripts

4. Data Mapping and Transformation

A detailed **source-to-target mapping document** will be prepared, showing how each field in the legacy system corresponds to its destination in Dynamics 365. We also define:

- Transformation rules (e.g., currency conversion, data type changes)

- Custom field handling (e.g., positive pay format, lease metadata)

- Master data harmonization across modules (vendors, customers, tenants)

Tools used: Azure Data Factory (ADF), Data Management Framework (DMF), KingswaySoft (for SSIS-based migrations), and custom PowerShell/SQL scripts

5. Data Validation and Reconciliation

Before final migration, we perform:

- **Test loads** into sandbox environments to validate mappings and dependencies

- **Parallel runs** for financial data to reconcile balances, ledgers, and sub-ledgers

- **Stakeholder review** of sample records and reports

We implement checksums, record counts, and data integrity validation scripts to ensure completeness.

6. Final Migration and Post-Go-Live

- Final cutover migration is timed with fiscal/calendar periods to minimize disruption

- Post-go-live, we monitor for record mismatches and offer correction support

- Data from the last three years will be migrated in detail; older data may be summarized, as discussed in the RFP

7. Documentation and Auditability

We provide:

- Complete migration logs

- Data mapping sheets and transformation rules

- Validation reports and sign-off checklists

These deliverables support transparency, audit readiness, and compliance with records retention and public sector reporting standards.

By combining automation, structured governance, and stakeholder collaboration, our data migration process will provide the Port of Olympia with a reliable, accurate foundation in Dynamics 365—free from legacy inconsistencies and optimized for future use.

3. System Integration Plan

3.1. Integration strategy:

Advaiya proposes a secure, scalable, and API-driven integration architecture that enables real-time or scheduled data exchange between Dynamics 365 Business Central and the Port's existing third-party systems: **Laserfiche**, **Manager+**, and **Molo**.

Our integration approach will utilize Microsoft's Dataverse, Power Platform (including Power Automate), Azure Logic Apps, and/or custom connectors depending on the availability of APIs, data formats, and integration frequency requirements. The objective is to reduce manual entry, enable bi-directional data flows where needed, and ensure auditability of transactions across systems.

3.1.1. Laserfiche

Objective: Enable bi-directional integration with Laserfiche to support automated document management, approval workflows, and access to financial and operational records.

Strategy:
- Implement a **bi-directional integration** where applicable, enabling Dynamics 365 to send documents (e.g., invoices, purchase orders, journal entries) to Laserfiche for storage, while retrieving scanned and indexed documents for user access and compliance review.

- Utilize Laserfiche SDK or Web Services API to automate document routing and metadata tagging based on Dynamics transaction types.

- Utilize Laserfiche's RESTful API and Microsoft Power Automate connectors (or custom middleware if required) to:

  o Auto-archive financial reports, purchase orders, and invoices generated in Dynamics 365

  o Retrieve relevant documents (e.g., lease agreements, supporting documents) into Dynamics workflows
- Implement event-driven workflows that trigger document uploads or retrievals based on actions in D365 (e.g., journal posting, approval completion)

- Estimated Interfaces and Entities:

Interface Name	Entity in D365	Direction
AP Invoice Archival	Purchase Invoices	D365 → Laserfiche
PO & Contract Archival	Purchasing Documents	D365 → Laserfiche
GL Journal Entry Logs	Journal Entries	D365 → Laserfiche
Document Search & Access	Linked record metadata	Laserfiche → D365

Assumptions:

- The integration scope is considered based on the current understanding and only for one legal entity only.

- The integration approach will be designed after detailed discovery while implementing the solution as per the need of the business process.

- The client will arrange the necessary integration details like API, access to credentials, necessary account, test environment for the integration purpose on the third party application/platform/database.

- Laserfiche API or integration endpoints will be accessible and documented for secure data exchange.

- Necessary permissions and user roles for accessing Laserfiche documents and uploading files will be provisioned by the Port.

- Document metadata fields (e.g., document type, vendor name, invoice number) will be standardized to enable reliable automation.

- Port will define the document types and business events (e.g., invoice posting, lease creation) that should trigger document archiving.

- Any required Laserfiche licensing or API access upgrades will be procured by the Port if needed for integration.

Benefits:

- Centralized, searchable document repository

- Paperless workflows and audit readiness

- Eliminates manual uploads and improves compliance

🔗 Reference: Laserfiche API Documentation

3.1.2.   Manager+

Objective: Support either integration or potential functional replacement of Manager+ for asset maintenance tracking, work order management, and preventive maintenance scheduling.

Strategy:

- In Phase 1, establish **data synchronization** from Manager+ to Dynamics 365 for asset usage and maintenance costs using APIs or structured data exports, therefore, we propose a **bi-directional integration** to synchronize asset master data and maintenance schedules with Dynamics 365's Fixed Asset module.

- If Dynamics 365 Asset Management (or third-party ISV) is deemed capable of replacing Manager+, offer a Phase 2 plan to transition maintenance workflows entirely into D365.

- Ensure asset lifecycle, depreciation, and financial tagging (e.g., GL code) remain aligned between systems

- **Estimated Interfaces and Entities:**

Interface Name	Entity in D365	Direction
Asset Master Synchronization	Fixed Assets	Bi-directional
Maintenance Schedules	Maintenance Plans	Manager+ → D365
Work Order Completion Status	Asset Journal Updates	Manager+ → D365
Depreciation & Disposal Sync	Depreciation Transactions	D365 → Manager+

Assumptions:

- The integration scope is considered based on the current understanding and only for one legal entity only.

- The integration approach will be designed after detailed discovery while implementing the solution as per the need of the business process.

- The client will arrange the necessary integration details like API, access to credentials, necessary account, test environment for the integration purpose on the third party application/platform/database.

- Manager+ will remain operational and accessible throughout Phase 1 of the implementation for integration purposes.

- Data exchange with Manager+ will be limited to defined asset and maintenance fields necessary for reporting and financial tracking.

- Port will identify key asset types and maintenance activities that need to be synchronized with Dynamics 365.

- If Manager+ is to be replaced in Phase 2, business process redesign and Port approval will be required before decommissioning.

- Asset master data (e.g., asset ID, location, depreciation group) will be consistent across both systems to enable reconciliation.

Benefits:

- Consolidated asset view across finance and operations

- Opportunity to phase out Manager+ and reduce system overhead

- Enables proactive maintenance budgeting

🔗 **Reference:** [Eptura (Manager+) Integration Info](#)

3.1.3.   Molo

Objective: Enable streamlined transfer of AR, billing, and customer data between Molo and Dynamics 365 to eliminate manual re-entry and reduce reconciliation errors.

Strategy:

- Build a **unidirectional integration** from Molo to Dynamics 365 for the following modules:

  o   Invoicing and recurring charges

  o   Credit card and ACH payments

  o   Slip, marina, and storage billing details

- Data will be transferred via secure APIs or scheduled batch uploads (e.g., monthly Excel file transformation into journal entries)

- Validate tax (e.g., leasehold excise), payment types, and GL mappings before posting in D365

- Consolidate daily transactions into monthly batch entries for AR ledger updates.

- **Estimated Interfaces and Entities:**

Interface Name	Entity in D365	Direction
AR Invoice Batch Import	Customer Invoices	Molo → D365
Credit Memo Posting	Credit Notes	Molo → D365
Payment Transaction Log	Customer Payments	Molo → D365
Revenue Categorization Mapping	GL Entries (by Service)	Molo → D365

Assumptions:

- The integration scope is considered based on the current understanding and only for one legal entity only.

- The integration approach will be designed after detailed discovery while implementing the solution as per the need of the business process.

- The client will arrange the necessary integration details like API, access to credentials, necessary account, test environment for the integration purpose on the third party application/platform/database.

- Molo will continue to be the system of record for marina-specific customer transactions (e.g., slips, storage, guest dock).

- Data required for AR, invoicing, and payment posting will be made available from Molo in a structured format (e.g., API or Excel extract).

- GL account mapping and tax code mapping from Molo to Dynamics 365 will be defined and validated by the Port.

- Data imports from Molo will follow a consistent schedule (e.g., monthly batch uploads or weekly sync) as agreed during implementation.

- Molo system access and testing sandbox (if available) will be provided to support development and validation activities.

Benefits:

- Reduced workload for Marina operations staff

- More timely revenue recognition and financial reporting

- Audit trail maintained from Molo through to GL entries in Dynamics

🔗 **Reference:** [Molo Connect APIs](#)

3.1.4.   Middleware and tools

We will use Microsoft-native integration tools where possible:

- **Power Automate** for low-code workflows

- **Azure Logic Apps** or **custom middleware** for complex data orchestration

- **Data Management Framework** for import/export pipelines

All integrations will be documented, version-controlled, and monitored post-go-live to ensure performance, accuracy, and auditability.

3.2.   APIs, connectors, middleware, or RPA tools proposed

Microsoft Dynamics 365 Business Central supports a wide range of integration technologies, making it versatile for various business needs. Here's a list of the key integration technologies supported:

- Business Central web services
Business Central supports three types of web services: (REST) API, SOAP, and OData. Web services are a lightweight, industry-standard way to make application functionality available to various external systems and users. You can create and publish functionality as REST API web services for reading and/or writing data back to Business Central.

RESTful web services are typically created to interchange data between Business Central and external systems. The acronym REST stands for REpresentational State Transfer. Any coding language capable of calling REST APIs can be used to use this feature. The Business Central API stack is optimized for performance and is the preferred way to integrate with Business Central.

Business Central comes with an extensive list of built-in APIs that require no code and minimal setup to use. When using the built-in APIs, please choose the highest API version available. You can also develop your own custom APIs using the AL object types *API pages* and *API queries.*

- Business Central with Microsoft Power Platform
Integrating Business Central with Microsoft Power Platform offers a solution that enhances business productivity and efficiency. It provides a set of tools that enable you to analyze data, build solutions, automate processes, and create virtual agents. By integrating Microsoft Power Platform with Business Central, you can apply the data and business logic of Business Central, and benefit from the analytical and automation capabilities of Microsoft Power Platform.

A connector is a proxy or a wrapper around an API that allows the user of the connector to talk to the underlying service. Business Central has its own connector that allows Power Platform products such as Power Automate, Power Apps, and Logic apps to communicate with Business Central through REST APIs.
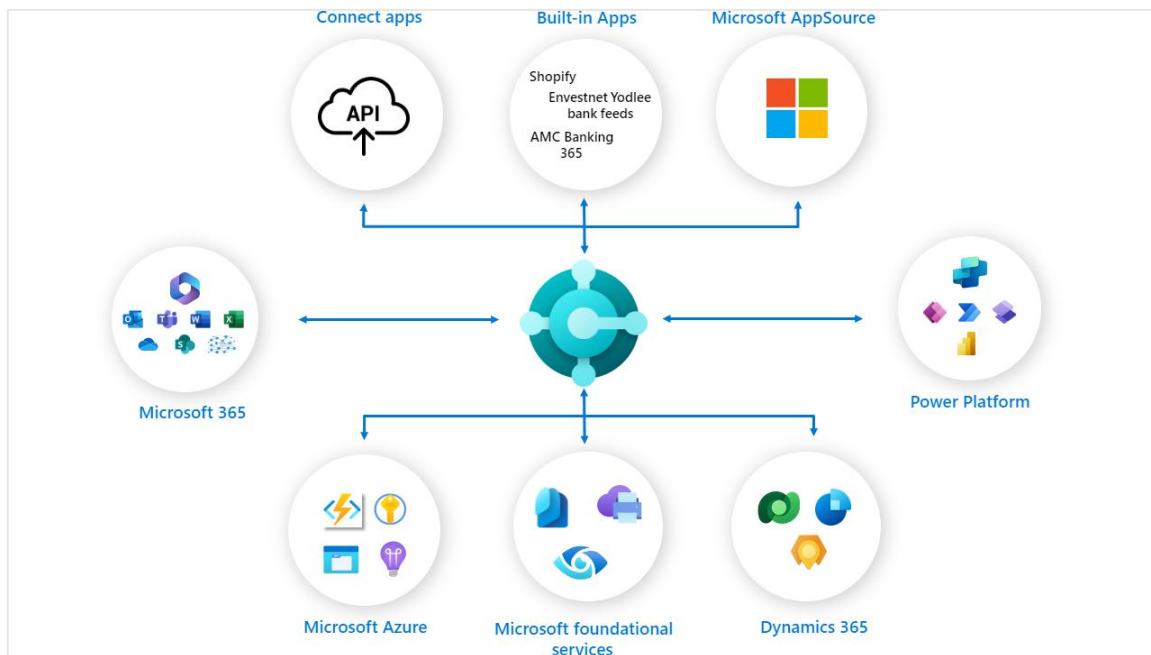
- Business central with Office apps and Microsoft 365

Business Central supports multiple integrations to Microsoft 365. Enabling integrations to Microsoft 365 augments the functionality in Business Central with extra features. It also augments Microsoft 365 apps with new features so that users can stay in the flow of work and get access to the right data at the right time from the app they prefer working with. Along with built-in integration, Business Central offers more ways for you to integrate with Microsoft 365 apps using API apps.

Business Central also supports integrations with Dataverse, Shopify, Azure services and infrastructure services.

Integrations	Technologies
Web services	Business Central supports three types of web services: 1. REST API, 2. OData, 3. SOAP
Power Platform	Business Central integrates to the following Power Platform products and services: • Power Apps • Power Automate • Power BI • Power Pages
Dataverse	Business Central offers built-in ways to integrate with Dataverse, including data synchronization, data

Integrations	Technologies
	virtualization, data change events using webhooks, and business events
Shopify	Integrate Business Central with Shopify by installing and configuring the Shopify Connector app.
Dynamics 365 Sales	Integration with Dynamics 365 Sales allows users to view Business Central information while working in Dynamics 365 Sales
Microsoft 365	Business Central integrates to the following Microsoft 365 products and services: • Microsoft Excel • Microsoft Graph • OneDrive for Business • Microsoft Outlook • Microsoft SharePoint • Microsoft Teams • Microsoft Word
Other External Systems	With external systems from custom AL code is possible by calling external services using the HttpClient.
Azure services	Integrations between Business Central and Azure services: • Azure Application Insights • Azure Blob Services • Azure File Services • Azure Functions • Azure Key Vault • Azure Virtual Networks • Azure Open AI Service
Copilot/AI	Integrate Business Central apps and extensions with the Azure OpenAI Service to extend Copilot in Business Central with new generative AI capabilities.

3.3.   Data mapping and synchronization processes

The Vendor places significant emphasis on **accurate data mapping and seamless synchronization** between Dynamics 365 and the Port's legacy systems and third-party applications. This process is central to ensuring reliable data migration, real-time updates, and consistent operational performance across the integrated ERP environment.

1. Data Mapping Approach

Our data mapping process will follow a collaborative, iterative methodology to ensure fidelity and alignment with the Port's operational logic:

- **Discovery & Assessment:**

    o Review data structures in Dynamics SL, Molo, FSM, and Manager+

    o Identify key entities (e.g., tenants, invoices, work orders, GL entries, asset records)

    o Conduct stakeholder interviews to understand field usage and business dependencies

- **Mapping Design:**

    o Create detailed **source-to-target mapping sheets** covering:

        ▪ Entity names

        ▪ Field names and data types

        ▪ Transformation logic (e.g., currency formatting, date normalization, ID mapping)

        ▪ Validation rules and lookup references

    o Align GL account structures, sub-accounts, departments, and project codes with the D365 COA model

- **Approval & Versioning:**

    o Mapping documents will be version-controlled and signed off by Port stakeholders before implementation begins

2. Synchronization Processes

To ensure data consistency across Dynamics 365 and integrated platforms (e.g., Molo, Laserfiche, FSM), we will implement the following synchronization strategy:

- **Synchronization Methods:**

    o **API-based integration** for real-time or near-real-time updates (e.g., Laserfiche, Molo)

    o **Batch data loads** via secure file exchanges (e.g., monthly Molo AR data)

    o **Webhooks or event-driven triggers** for time-sensitive workflows (e.g., document archiving upon approval)

- **Data Flow Examples:**

    o **Molo → D365:** Customer billing → Journal entries → GL

    o **Laserfiche ↔ D365:** Document metadata → Document retrieval in workflows

- o **FSM → D365:** Fuel dock transactions → AP/AR entries → Reconciliation

- **Conflict Handling:**

  - o Rules to resolve record duplication or conflicts (e.g., latest modified wins, master system designation)

  - o Logging and exception handling for any synchronization failures

- **Scheduling:**

  - o Critical financial updates: Daily or real-time

  - o Operational data (e.g., marina transactions): Daily batch

  - o Maintenance records: Weekly or as-needed basis

3. Tools and Technologies Used

- **Microsoft Data Management Framework:** For bulk data loads during initial migration

- **Power Automate / Azure Logic Apps:** For low-code and scalable integration workflows

- **SQL-based ETL tools or middleware** (if required): For custom transformation and staging

- **Data validation scripts:** To ensure referential integrity, format compliance, and completeness

4. Validation and Testing

Before go-live, we will conduct:

- **Data validation reports** comparing source and destination record counts, balances, and key field values

- **Reconciliation checklists** to ensure financial data integrity

- **User acceptance testing** (UAT) with real data samples to verify mapping logic and field behavior

By applying a meticulous and transparent data mapping and synchronization process, Advaiya will ensure that the Port of Olympia's financial, operational, and compliance-related data flows smoothly across its ecosystem, enabling reliable reporting, automation, and decision-making.

3.4. How system dependencies will be handled

Advaiya acknowledges that successful implementation of Dynamics 365 at the Port of Olympia requires careful planning and coordination across multiple interdependent systems. Our

approach to managing system dependencies focuses on **risk mitigation, sequencing, and controlled integration**, ensuring that each system functions as part of a cohesive ecosystem.

1. Dependency Identification & Documentation

- During the discovery and design phase, we will identify all upstream and downstream dependencies involving:

    - **Third-party systems:** Laserfiche, Molo, FSM, Manager+

    - **Internal tools and manual processes:** Excel-based reports, Access databases

    - **Data and workflow timing:** Payroll cycles, monthly closes, tenant billing, AP/AR schedules

- Each dependency will be logged in a **System Dependency Matrix**, documenting:

    - Trigger/source system

    - Dependent target system(s)

    - Type of dependency (data, timing, process)

    - Required integration or workflow alignment

2. Sequenced Implementation and Phasing

- We will implement system modules and integrations in logical, **phased order**, prioritizing core finance functionality (GL, AP/AR, budgeting) before operational modules (property management, asset tracking).

- System integrations will follow a "**stabilize then integrate**" strategy:

    - Validate Dynamics 365 core functions independently

    - Introduce integrations in a staggered fashion (Phase 1: Laserfiche, Molo, FSM; Phase 2: Manager+ if retained)

3. Dependency Testing and Simulations

- We will run **end-to-end integration tests** to simulate real-world scenarios, such as:

    - Receiving a Molo invoice and syncing it with Dynamics 365 AR

    - Submitting an approval in Dynamics 365 that triggers document archiving in Laserfiche

    - Updating an asset's depreciation schedule and verifying it links to financial reports

- Tests will include both **functional and timing validation** (e.g., does sync occur hourly, daily, or upon transaction?)

4. Error Handling and Contingency Planning

- Dependencies will be protected with:

  - o **Transaction logs** and audit trails for all data exchanges

  - o **Failure notifications** and retry mechanisms for critical processes

  - o Contingency plans to switch to manual entry temporarily if an integration is disrupted

5. Governance and Change Control

- Any change to a system or process that affects another will follow a **change control protocol**, ensuring:

  - o Impact assessments are done before changes are deployed

  - o Updates are tested in staging environments

  - o Stakeholders are informed of changes affecting their processes

6. System Ownership and Collaboration

- For each dependency, a primary **business owner and technical contact** will be identified

- Regular cross-functional sync meetings will be conducted to manage overlapping timelines, resolve blockers, and align configurations across platforms

By anticipating and controlling system dependencies through structured governance, sequencing, and testing, Advaiya will ensure that the Port of Olympia's transition to Dynamics 365 is smooth, stable, and scalable.

4. Functional requirements

- Legal entities covered under scope are as follows:

Sr. No	Legal entity names	Geography
1	Port of Olympia	United States America (USA)

In order to address the solution approach and requirements described above in an optimal way, we propose the following scope of work with a brief description of each functionality, emphasizing that this engagement covers exclusively the following outlined elements.

Business functionality	Description/approach	Assumptions
Financial accounting	**Covered with configurations:** • General Ledger and the Chart of accounts • Dimensions for reporting – Department • Setup and Use E-Documents • Create G/L Budgets • Post Transactions Directly to the General Ledger • Reverse Journal Postings and Undo Receipts/Shipments • Allocate Costs and Income • Defer Revenues and Expenses **General functionality:** • Accounting periods • Posting groups • Tax setup	• The data migration will be done for the opening balances as closing chart of account on the cut-over date including migration of open customer and vendor transaction. • Dimensions will be used for the financial transactions and reporting purposed. Dimensions will be created and utilized throughout the Business Central viz Department etc. • The Vendor will provide data import templates for master records. • The Client will provide all the required information to set up the mentioned features. • There will be a maximum of up to five standard workflows for the Finance module will be configured under current scope. Any additional configuration of workflow will be handled via Change management.
Cash and bank management	**Covered with configurations:** • Reconciling Bank Accounts • Manage Cashflow • Analyzing Cash Flows & cash flow forecasting.	• Only Key Bank's statement import shall be configured under this scope of work as per initial scope. Configuration of any additional bank shall be handled via Change management. • The Vendor will provide data import templates for master records. • The Client will provide all the required information to set up the mentioned features.
Accounts payable	**Covered with configurations:** • Create Vendors • Vendor payment terms • Suggest vendor payments.	• The Vendor will provide data import templates for master records. • The Client will provide all the required information to set up the mentioned features.

Business functionality	Description/approach	Assumptions
	● Vendor invoices and payments	● There will be a maximum of up to five standard workflows for the account payable module will be configured under current scope. Any additional configuration of workflow will be handled via Change management.
Accounts receivable	Covered with configurations: ● Create Customers ● Customer payment terms ● Customer invoices and payment ● Customer item catalogue	● The Vendor will provide data import templates for master records. ● The Client will provide all the required information to set up the mentioned features. ● There will be a maximum of up to five standard workflows for the account receivable will be configured under current scope. Any additional configuration of workflow will be handled via Change management.
Financial reporting & Business intelligence	● Out-of-the-box financial report and layouts ● Configurable Balance Sheet ● Configurable Profit & Loss account ● Customer ageing report ● Vendor ageing report. ● Cash Flow	● Out-of-the-box financial report and layouts will be available for users as provided by Microsoft. ● No customization has been considered under this scope of work. Any customization required for the same will be handled via Change management.
Sales	Covered with configurations: ● Make Sales quotes. ● Blanket sales orders ● Pre-payment functionality ● Ship items against sales order ● Posting sales invoices ● Correct or cancel unpaid Sales Invoices ● Process sales returns or Cancellations ● Combine shipments on a Single Invoice ● Delivery date calculation for Sales	● The Client will provide all the required information to set up the mentioned features. ● The Vendor will provide data import templates for master records. ● There will be a maximum of up to five standard workflows for the Sales module will be configured under current scope. Any additional configuration of workflow will be handled via Change management.

Business functionality	Description/approach	Assumptions
	• Merged duplicate records • Enter external document Number • Deferred revenue recognition • Setting up and Invoicing Sales Prepayments	
Purchasing	Covered with configurations: • Record purchases • Purchase quotes • Purchase orders • Blanket purchase order • Receive Items against purchase orders. • Posting purchases invoices • Correct or cancel unpaid purchase invoices. • Process purchase returns or cancellations. • Workflow approval	• The Client will provide all the required information to set up the mentioned features. • The Vendor will provide data import templates for master records. • There will be a maximum of up to five standard workflows for the Purchasing module will be configured under current scope. Any additional configuration of workflow will be handled via Change management.
Fixed assets	Covered with Configurations: • Acquire Fixed Assets • Depreciate or Amortize Fixed Assets • Dispose of or Retire Fixed Assets • Manage Budgets for Fixed Assets • Revalue Fixed Assets • Fixed Asset Reports and analysis	• The Client will provide all the required information to set up the above-mentioned features. • The Vendor will provide data import templates for master records.
Inventory management	Covered with Configurations: • Register New Items • Categorize Items • Work with Bills of Material • Manage Product Variants • Work with Item Attributes • Count Inventory Using Documents • Count, Adjust, and Reclassify Inventory Using Journals • View the Availability of Items • Reserve Items	• The Vendor will provide data import templates for master records and the customer will provide the data in the required format. • The Client will provide all the required information to setup the mentioned features. • No configuration of standard workflow has been considered under current scope. • A maximum of 5 location setup has been considered

Business functionality	Description/approach	Assumptions
	• Use Item References • Work with Responsibility Centers	under this scope of work. Any additional configuration of locations will be handled via Change management. • Assembly module is not covered under the scope of work. • No integration with third-party application has been considered under the scope of work.
Property management	• Create and manage detailed lease records, including tenant info, lease type, use, location, and revenue coding • Automate billing schedules with support for recurring rent, retroactive adjustments, and pro-rated calculations • Track lease milestones such as renewal options, notice dates, and expiration dates • Maintain insurance and surety information with alerts for upcoming expirations • Generate and manage lease amendments and maintain full lease history • Comply with GASB 87 through right-of-use asset tracking and amortization schedules • Integrate billing and lease transactions with Accounts Receivable and General Ledger modules • Enable effective-date billing logic for future rate adjustments • Manage tenant communications with ability to generate notices and email reminders • Generate reports such as Lease Expiration, Insurance Status, Rent Renewal, and Active Tenants • Configure role-based access and permissions for Finance, Real Estate, and Planning teams	• The Port will provide a complete and validated lease master data set, including tenant details, lease terms, billing schedules, and historical adjustments, in a structured format (e.g., Excel, CSV, or Access export). • The volume of active leases is approximately 100. • Property billing will integrate directly with the Accounts Receivable and General Ledger modules in D365. • All lease-related transactions will be tracked using consistent GL codes, dimensions, and revenue recognition rules provided by the Port. • Workflow configurations will be based on Port-defined approval hierarchies and lease lifecycle triggers. • The Port will provide samples of all critical reports currently used (e.g., Lease Expiry, Rent Renewal, Insurance Status) for replication or enhancement in the new system. • Standard D365 or Power Automate tools will be used to configure alerts (e.g., lease expiration, insurance renewals).

Business functionality	Description/approach	Assumptions
	• Automate workflows for lease approvals, billing cycle changes, and insurance compliance alerts	• Reports will be delivered using either D365-native reports or Power BI, based on agreed design specifications. • Integration with GIS systems is currently not in scope. • If standard Dynamics 365 functionality does not meet a specific need (e.g., complex rent escalation clauses, layered billing cycles), potential ISV solutions or low-code customizations will be proposed with impact assessments. • GASB 87 compliance will be handled using either standard features available in Dynamics 365 Business Central
HRMS and Payroll	• Employee master data management, including personal details, job titles, departments, and compensation details • Leave and absence tracking with configurable leave types and approval workflows • Payroll processing including earnings, deductions, taxes, and direct deposit capabilities • Generation of pay slips, tax filings, and year-end statements • Integration with Dynamics 365 Business Central for seamless GL posting and financial reporting • Time entry and validation workflows, with support for hourly and salaried employees • Benefit management including retirement plans, health coverage, and flexible spending accounts • Position and employment history tracking for internal movement and compliance reporting	• The integration scope is considered based on the current understanding and only for one legal entity only. • The integration approach will be designed after detailed discovery while implementing the solution as per the need of the business process. • The client will arrange the necessary integration details like API, access to credentials, necessary Data-integritiy account, test environment for the integration purpose. • Average frequency for the integration will be 4-5 times every month and aggregates data for all employees will be fetched form Payroll applications under the payroll cycle. • The standard ADP Integration for Microsoft Dynamics 365 Business Central connector

Business functionality	Description/approach	Assumptions
	• Automated compliance with federal and state payroll regulations, including tax table updates • Employee self-service portal for accessing pay stubs, updating information, and submitting leave requests • Integrity Data's HRP for BC ISV solution (https://www.integrity-data.com/hrp-for-bc-pricing) will be utilized as the HR and Payroll application • This ISV solution will be mapped to the Port of Olympia's existing HR and payroll processes to minimize change management and ensure business continuity	will be used for payroll integration. (Link: https://www.integrity-data.com/hrp-for-bc-pricing • The Integration connector is compatible with the current version of Business Central. • The integration will only cover standard payroll data transfer. • No customizations or modifications to the ADP connector will be undertaken. Also, any updates or maintenance to the connector will be handled by ISV Partner, not by the Vendor. The client will be responsible for any fees or subscriptions associated with the Integration Connector. • Any limitations of the standard app will be accepted as part of the integration scope. • If the standard connector does not fully meet the integration requirements, API-based integration will be addressed through a formal change management process.

5. Workflow & automation requirements

5.1.   Journal entry approvals

Business functionality	Description/approach	Assumptions
Journal Entry Approvals	**Covered with configurations:** • Objective: Streamline and control the financial journal entry process by enforcing approvals before	• Journal Entry approval workflows will be implemented using native D365 Business Central workflow builder.

Business functionality	Description/approach	Assumptions
	posting entries to the General Ledger. **Design Approach:** - Configure an approval hierarchy based on entry origin, amount thresholds, or department - Include roles such as Finance Analyst (preparer), Finance Manager (reviewer), and Finance Director (approver) **Implementation:** - Use native D365 workflow builder to initiate, route, and track approvals - Configure automatic notifications (email or Teams) to approvers with approval links - Audit trail maintained for all actions (approved, rejected, modified)	- Approval will be triggered on submission of General Journal lines, based on rules such as amount thresholds and account type. - Port of Olympia will provide an approval matrix (e.g., who approves what based on amount or department). - Email notifications and task assignments will be configured using standard workflow alerts. - All users involved in the approval process will have appropriate D365 licenses and security roles. - Audit trails and approval history will be stored within D365 for compliance and traceability. - Workflows will be tested and verified during User Acceptance Testing (UAT) phase.

5.2. HR to Payroll

Business functionality	Description/approach	Assumptions
HR to Payroll Workflow	**Objective:** Automate the flow of personnel data from HR to payroll, ensuring accurate and timely payroll processing. **Design Approach:** - Triggered by HR events such as new hires, pay changes, terminations, or leave updates - Workflow validation based on effective dates and role-based review **Implementation:** - Use **Power Automate** to integrate HR data (entered in Dynamics	- Workflow assumes HR master data (new hire, salary change, termination) will be maintained within D365 or an integrated HR module. - Data validation steps and approvals will be included to ensure correct hand-off from HR to Payroll. - Port of Olympia will define all data fields and handover points necessary for payroll processing.

Business functionality	Description/approach	Assumptions
	365 HR or linked module) with the payroll system • Automate updates such as salary changes, benefit deductions, and leave balances • Include approvals from HR Manager and Payroll Administrator before changes are applied	• Workflow will use Power Automate to push validated HR data to payroll module or integrated third-party payroll system. • Any payroll-impacting changes (e.g., FSA, retirement contributions) will follow an approval flow before reaching payroll. • Email notifications and status tracking will be embedded in the workflow. • The solution assumes integration with payroll is either native or accessible through an API or secured file transfer method.

5.3.   Payroll and Fixed Asset to Manager+

Business functionality	Description/approach	Assumptions
Payroll and Fixed Asset to Manager+	**Objective:** Synchronize payroll and asset-related data with Manager+ (or internal D365 replacement if selected) to support asset maintenance planning and labor cost tracking. **Design Approach:** • Automate the transfer of employee time, labor costs, and asset assignments • Trigger updates when payroll batches are finalized or new assets are capitalized **Implementation:** • If **Manager+ is retained**, build a **Power Automate flow** or custom middleware to send relevant data (e.g., cost center, hours, asset ID) to Manager+ • If **Dynamics 365 Asset Management** replaces Manager+, use **native D365 workflow tools** to	• Workflow assumes Manager+ has bidirectional integration capability (e.g., API or import interface). • Payroll and fixed asset data (e.g., compensation costs, asset acquisitions/disposals) will be sent to Manager+ using Power Automate or custom integration connector. • Port of Olympia will identify data mapping between D365 and Manager+ for each workflow step. • Triggers for data exchange will include posting payroll batches and registering or modifying assets. • Workflow logic will include error handling and confirmation of data sync between systems.

Business functionality	Description/approach	Assumptions
	associate employee cost records with asset maintenance schedules	• If Manager+ is replaced by D365 Asset Management, workflow design will be adjusted accordingly. • End-user training will include how to monitor and troubleshoot integration status. • Workflow logs will be retained for compliance and reconciliation purposes.

5.4. Preferred tools (e.g., Power Automate, native D365 workflow builder)

To ensure the efficient and scalable delivery of these workflows, we will leverage a combination of advanced tools, automated processes, and optimized infrastructure. This approach will enable us to handle increased workloads seamlessly while maintaining high performance and reliability. Key components will include:

Tool	Use Case
Power Automate	Cross-platform workflows, third-party integrations
Native D365 Workflow Builder	In-app approvals and business process flows
Azure Logic Apps (if required)	Complex or large-volume integrations

All workflows will be documented, tested during UAT, and configured with notification, escalation, and error-handling mechanisms.

6. Experience and Qualifications

6.1. Team bios and certifications (especially with Microsoft Dynamics)

Refer Annexure 2 for team bios and their Microsoft certification showing ERP and Power Platform expertise.

6.2.   Case studies or examples of past Dynamics 365 implementations, especially with similar integration complexity

Refer Annexure 4 for Advaiya ERP case studies.

6.3.   At least three references from similar projects

Refer Annexure 3 for customer references.

7. Project Management & Timeline

7.1.   Implementation methodology (Agile, Waterfall, Hybrid, etc.)

7.1.1.   Agile & CBEA (Composable business and execution architecture) based methodology:

Each of the above business functionalities described in section *#3 Scope of work* will involve the following work items as applicable, leading to the project backlog:

1. Business specification – This shall be the first stage, having discovery sessions with business team to understand the business process and articulating the details regarding current scenarios and processes, required features and workflow automation as well as future roadmap. It includes:

    -   Meeting with key stakeholders to understand overall business processes and current system.
    -   Comprehensive functional specification document having
    -   Process flows/ workflow description as per requirements.
    -   Role matrix
    -   Business rules and validation
    -   Wireframes for all features and forms
    -   Overall information flow design/taxonomy
    -   Review and final approval on FRSD document by client.

2. **Technical specification:**

    o   Set up the new environment with necessary setups and configurations.
    o   Base configuration of Finance, Sales, Purchasing, and Fixed assets module.
    o   The base configuration will include the mapping of all business processes in ERP with application best industry-based practice and application in the reports.

3. **Interface development (Frontend)** – Development of user interface to support application features.

4. **Backend development** – It will include the following tasks:
   ▪ Development of the data access layer for interacting with the database. This often involves Entity Framework, stored procedures, and functions to handle database operations.
   ▪ Implementation of the business logic layer to handle complex business processes, data validation, and other application-specific functionalities.
   ▪ Creation of APIs or web services to expose the backend functionalities, allowing the front-end or external applications to communicate with the backend server.
   ▪ System enhancements to accommodate the business scenario if covered under the Scope of work.

5. **Integration** – Integration with other line-of-business application for data sync if covered under the Scope of work. It involves multiple activities:
   - Data transfer
   - Data preparation
   - Connection and authentication
   - Data transformation and mapping
   - Error handling and logging
   - Data validation and verification

6. **Workflow & notifications** - Implement workflow automation by defining and executing sequential or state machine workflows within the application.
   ○ Define any workflows for alerts and notifications.
   ○ Define approval workflows if any.

7. **Role based access /user management** – Design and implement role-based access control mechanism which includes - Assigning roles/ permissions/ User access management.

8. **Verification (QA) –** Identify and develop test plan, appropriate test cases, verify and assess the test approach and then execute the tests, log results, report the defects.

9. **User acceptance testing (UAT)** – Plan and deliver UAT sessions with identified business users to verify developed application, collect UAT feedback and address them to meet the business user goals.

10. **User adoption assistance** – Plan and deliver comprehensive training session for two major roles – Administrator and End Users. Also design and share detailed step-by-step user manual and admin guide to effectively manage developed application.

11. **Production release** – This will include preparing the production environment, deploying new applications in the production environment and verifying all functionality before handover to client IT team.

12. **Hyper care –** Provide dedicated and immediate assistance during the Hyper Care period following the application's production release. Focuses on tasks related to addressing user concerns, monitoring the application's performance, and ensuring a smooth transition from deployment to stable operations. It will include the following:
   o Establish clear channels of communication for users to report issues, such as a dedicated helpdesk, email, or a support ticketing system.
   o Respond promptly to user inquiries and issues, providing timely updates and resolutions as necessary.

- o   Conduct regular performance monitoring and analysis to identify any performance bottlenecks or system anomalies, taking proactive measures to address them.

7.1.2.   Approach for adoption and value realization

The vendor's approach to adoption and value realization is designed to ensure a smooth transition and maximum utilization of the implemented solution. The approach places a strong emphasis on the relevance to the organization's specific business objectives and the usability for end-users.

The following tactics constitute a guiding framework for the vendor team, directing their efforts to promote adoption of the implemented solution. Each tactic is thoughtfully selected and executed as appropriate for the implemented solution and project, with no additional tactics or activities being performed.

- Ensuring that the implemented solution directly addresses and aligns with the unique requirements of key stakeholders.

- Implementing a phased rollout strategy to carefully introduce the solution across relevant departments or functionalities.

- Developing role-based (administrators, end-users) training material or instructional videos that promote effective learning and system understanding.

- Designing a training program and conducting "train the trainer" workshops to empower change champions. These champions will communicate the relevance of the solutions to their peers and advocate for successful adoption.

- Integrating usability considerations across the system design and architecture to ensure a user-friendly experience at every stage.

- Communicating the relevance of the solutions to end-users by highlighting the positive impact on their workflows.

- Establishing a process for users to request support related to their unique use cases and scenarios during adoption phase.

7.1.3.   Transition approaches

The transition phase will layout and cover the tasks and activities that need to take place to efficiently move from the client's current solution/application to the vendor's proposed solution. The Vendor will apply consistent processes and gives the "what," "when," and "how" of events to reduce risks.

Transitioning Strategy

Our transition approach and structured set of tools, methodologies, architecture, and most importantly – the experience to plan and manage the project to ensure minimal impact on your business. The following tactics constitute a guiding framework for the vendor team, directing their efforts to promote transition to the vendor's proposed solution. Each tactic is thoughtfully selected and executed as appropriate for the transition phase, with no additional tactics or activities being performed.

- System testing and quality assurance: Perform thorough QA of transformed service delivery solution to assure the quality meets the requirements. Conduct user acceptance testing (UAT) to validate that the system meets the organization's requirements and expectations.

- User training and knowledge transfer: Provide comprehensive training sessions for end-users to ensure they understand how to use the proposed solution effectively. Additionally, offer knowledge transfer sessions to key administrators to ensure they can manage the system post-implementation.

- System handover and go-live support: Coordinate the official handover of the system from the implementation team to the organization's operational team. Provide go-live support to ensure a smooth transition and address any immediate concerns or issues that may arise.

- Data migration verification: Verify the accuracy and completeness of data migrated to the proposed solution. Conduct data validation exercises to ensure that all essential data is successfully transferred and accessible within the new system.

- Support and helpdesk setup: Establish a support infrastructure, including a helpdesk system or ticketing system, to address user queries and issues post-implementation. Define escalation procedures and response times to ensure timely resolution of issues.

7.1.4. Status reports, meeting requirements, and communications

Item	Requirements	Frequency
Project kick-off	Provide a slide deck outlining the project delivery plan, including communication plan, resourcing plan, milestone schedule, project team, key stakeholders, risks, issues, assumptions, dependencies, QA plan, and deployment plan.	Once, at start of project
Weekly progress meeting	Weekly meeting for 30 minutes along with weekly status reports and 1 to 2-day turnaround for questions	Weekly
Daily checkpoint call	Conference call with core project team, as required by the company's project manager.	As required
Backlog work item tracking	Comprehensive day-to-day backlog work item tracking is established on DevOps	Daily
Weekly status report	To be sent once a week to all project stakeholders, typically on Friday	Weekly

7.1.5. Responsibility matrix

The roles and responsibilities of the Vendor and the Client team will be as follows.

Tasks	Vendor	Client
Arrange for key business users for Requirement Gathering Phase	-	Perform
Requirement Analysis	Perform	Assist
Prepare Plan	Perform	-

Tasks	Vendor	Client
Environment setup/ System configuration / Develop feature / Fix issues	Perform	Assist
Create System Test Plans & System Testing	Perform	-
Provide Business Case scenarios	-	Perform
Prepare Acceptance Test Cases	-	Perform
Prepare UAT and Production Environment	Perform	Assist
UAT Business Central process implemented	Assist	Perform
Address UAT feedback, Resolve / Close Defects	Perform	-
Signoff UAT acceptance of application	-	Perform
Providing master data and opening balance migration template	Perform	--
Data preparation in provided templates and data cleansing	-	Perform
Identify early adopters	-	Perform
Identify users for training based on "Train the Trainer" approach	-	Perform
Deliver training based on train the trainer approach	Perform	Assist
User Demo and Training	Perform	Assist
Deployment Activities	Perform	-
Go-Live	Perform	Perform

Any changes to the roles and responsibility matrix may have cost and schedule implications which will be mutually discussed and agreed.

7.1.6.   Expectations from Client

To achieve the project timelines and budget objectives, Vendor expects the following support from the Client team during the engagement and project execution:

- Assign a Single Point of Contact (SPOC) for the duration of engagement for the Vendor team for project related communication, reviews, and approvals. Ideally a person with authorization to make decisions in these regards should be assigned as a SPOC for effective project execution.

- Ensure the business team involved in the requirements phase is available till the user acceptance phase to ensure consistent understanding of project scope, requirements, and approach. In case of change in the business team, required handovers must be provided to the new team members to avoid communication gaps and difference in interpretation of requirements.

- Provide comprehensive and complete requirements during the initial part of the requirement gathering phase to ensure effective requirement analysis and design activities and timely completion of requirement analysis and design phase as per agreed schedule.

- Provide response to queries raised within 1-2 working days and ensure that the queries backlog is effectively managed to ensure requirement analysis and design is completed effectively and timely.

- Active participation in project reviews / demos and provide timely feedback and approvals as per agreed schedule.

- Resolve dependencies as per expected dates and priority to ensure that project can be completed as per agreed timelines.

- Provide user acceptance tests, test data and test scenarios that enable high quality deliverable for user acceptance testing.

- Perform user acceptance testing as per schedule and share feedback in defect tracker on timely basis to ensure project can be completed as per schedule.

- The Client user team is required to provide the data into the templates provided by the Vendor team. In case, Vendor team needs to provide any support on data fetching from the existing system or work on the data cleansing or any other related activities which is not in scope then Change Request will be raised for the efforts required in this activity.

- Effective change management to ensure changes are avoided during the project execution to ensure project schedules are met and provide timely approvals for changes and revised schedule in case changes are necessary for the project go live.

- Ensure required 3rd party vendor team availability as per the schedule for integration discussions, if applicable. If any delay in getting the API from the 3rd party vendor impacts the schedule, then Vendor will raise the Change Request for the same.

- Ensure timely availability of APIs/environment access, test data, user acceptance scenarios, etc. as required by the project team for project execution.

- Data cleansing of the Master Data and opening transactions data is to be done by the Client core team. Vendor will assist them from the system validation point of view only and will not be involved in correcting the data.

- Opening balance and master data should only be in the templates provided by the Vendor team.

7.1.7.   Project acceptance process

- **Project milestone (Phase) review and acceptance**

At completion of each project phase (or sprint) as identified above (or via change requests) Vendor would request milestone acceptance, which will be reviewed jointly by Vendor and Client. As described below, Client may provide specific feedback during review, the same once reasonably addressed by Vendor would trigger acceptance. Once the milestone is accepted, work towards the next milestone of the project will be executed. Feedback supplied after the review period or acceptance will be evaluated as a potential change of scope to be addressed through the Change Management Process.

- **Acceptance criteria**

To facilitate proper execution, and effective review, as part of the initial project activities, Vendor and Client will jointly define Acceptance Criteria based on the designs and scope. If such Acceptance Criteria is not defined, the scope defined herein would constitute Acceptance Criteria.

- **Acceptance / Rejection**

After reviewing the milestone status, Client will accept or provide a reason for rejection. The reasons for rejection should provide a full explanation for the rejection identifying the areas which are deficient and why.

- **Correction of deliverables**

   In-scope problems found with the milestone will be corrected. Out-of-scope changes will be managed according to the Change Management Process. The schedule and dates for correcting in-scope problems will be agreed upon with the customer and corrections will be resubmitted for review accordingly. The milestone would be considered as accepted on reasonable addressal of the rejection reasons as provided with milestone review.

- **Project exit criteria**

   - All the agreed milestones are accepted and/or acceptance criteria are achieved.

   - All outstanding issues (as identified during milestone reviews) have been identified, documented, and an action plan agreed.

   - Any Change Requests that affect the project have been accepted, either as in scope and completed, or deferred and will not be done.

7.2. Project timeline with major milestones and deliverables

The scope of work will be as per this proposal and would be deemed to be frozen at the engagement. Vendor's responsibilities would be contingent on assumptions enumerated above, and fulfilment of Client's responsibilities as specified herein.

Any change in scope, or any change in the work context including as identified as assumptions, limitations, or Client's responsibilities, would be identified and dealt with as per the following process/protocol.

All changes identified by Vendor will be documented in a Change Request. Change Requests are then reviewed for cost or schedule impacts. If a cost or schedule impact is identified, the Change Request is submitted to Client for review and approval. A Change Request is only executed once it is approved explicitly by the client. Once a Change Request is approved, it becomes an addendum to the agreed scope.

7.3. Risk management approach

At Advaiya Solutions Inc., we recognize that effective risk management is vital to the success of any ERP implementation. Our approach proactively identifies, assesses, and mitigates potential risks throughout the project lifecycle to ensure on-time, on-budget delivery and a stable post-go-live environment.

1. Risk Management Strategy

We apply a structured and collaborative risk management methodology based on industry best practices. Our strategy includes:

- **Early Risk Identification** through discovery workshops, system assessments, and stakeholder interviews

- **Continuous Risk Assessment** during each project phase using a standardized risk matrix

- **Mitigation Planning** with defined preventive and contingency actions for each risk category

- **Transparent Communication** with Port of Olympia stakeholders via a Risk Register and regular project status reports

2. Key Risk Categories & Mitigation Plans

Risk Category	Potential Risk	Mitigation Strategy
Data Migration	Incomplete or inaccurate migration from SL and other systems	Conduct pre-migration data audits, mapping validation, and utilization of tool provided by Microsoft.
Third-Party Integrations	API limitations or compatibility issues with Molo, Laserfiche, FSM, Manager+	Early API testing, use of proven middleware/RPA, phased rollout with fallback options
User Adoption	Resistance to change, lack of familiarity with new system	Role-based training, train-the-trainer approach, change management support
Scope Creep	Uncontrolled addition of requirements leading to delays or budget overruns	Strict scope control with change request process and Port approval for adjustments
Configuration Errors	Incorrect setup of financial or property modules leading to operational disruption	Detailed validation scripts, user acceptance testing, and administrator training
Timeline Risk	Delay due to resource availability or unexpected complexity	Buffer built into timeline, weekly progress tracking, early issue flagging
Compliance Gaps	Risk of failing to meet security, audit, or regulatory requirements	Microsoft compliance frameworks, audit logging, security and privacy assessments

3. Risk Register & Governance

A **centralized risk register** will be maintained throughout the project, documenting:

- Risk description

- Likelihood and impact

- Owner and mitigation/resolution strategy

- Status updates and closure date

This register will be reviewed and updated during weekly status meetings with the Port's project team, ensuring full visibility and shared accountability.

4. Escalation and Response Protocol

We implement a clear escalation path to rapidly address critical risks:

- Tiered escalation from technical leads to project managers to executive sponsors

- 24–48 hour response SLAs for high-priority risks

- Predefined criteria for invoking contingency actions (e.g., rollback, module re-sequencing)

5. Post-Go-Live Risk Monitoring

Even after go-live, our hyper care support phase will include:

- Monitoring performance issues or user errors

- Incident management and root cause analysis

- Reinforcement training for high-risk process areas

Our proactive, transparent, and collaborative risk management process ensures that potential issues are addressed before they can impact project outcomes, enabling the Port of Olympia to confidently move forward with its digital transformation.

7.4.   Change control process

The scope of work will be as per this proposal and would be deemed to be frozen at the engagement. Vendor's responsibilities would be contingent on assumptions enumerated above, and fulfilment of Client's responsibilities as specified herein.

Any change in scope, or any change in the work context including as identified as assumptions, limitations, or Client's responsibilities, would be identified and dealt with as per the following process/protocol.

All changes identified by Vendor will be documented in a Change Request. Change Requests are then reviewed for cost or schedule impacts. If a cost or schedule impact is identified, the Change Request is submitted to Client for review and approval. A Change Request is only executed once it is approved explicitly by the client. Once a Change Request is approved, it becomes an addendum to the agreed scope.

8. Cost Proposal

The following cost proposal outlines the estimated Total Cost of Ownership (TCO) across a five-year period, based on current pricing and the scope defined in the RFP.

8.1. Licensing

Item	Per user per year	Quantity	Duration (Years)	Total estimated cost over 5 years
Dynamics 365 Business Central Essential – Full user	$840	18	5	$ 75,600
Dynamics 365 Business Central – Team Member license	$96	16	5	$ 7,680
Integrity Data HRMS and Payroll Solution - Core (including first 50 employees) per employer	$9,600	1	5	$ 48,000
Integrity Data HRMS and Payroll – Additional users	$132	5	5	$ 3,300
Dynamics 365 Business Central Database Capacity 100GB	$4,500	1	5	$ 22,500
Dynamics 365 Business Central Database Capacity Overage	$45	500	5	$ 112,500

Power Automate	$180	5	5	$ 4,500
Total estimated licensing cost for 5 years				$274,080

Please note:

- The pricing is based on currently available rates and Microsoft/OEM license prices. Any changes in pricing by OEMs in the future will be handled separately.

- Any additional technology components or requirements identified during the course of execution will be estimated and charged separately as per actuals.

- For the HRMS module, the Essential package has been considered in alignment with the scope defined in the RFP. Any additional features or customizations beyond this scope will be addressed through the formal change management process.

- The Vendor will make reasonable efforts to secure the best possible discounts at the time of purchase, subject to availability and the Microsoft licensing policies. Any applicable discounts will be communicated and applied before finalizing the purchase.

- For any future scalability in licenses, the cost will be subject to the latest Microsoft rates at the time of scaling.

- The annual license cost must be paid in advance at the beginning of the engagement to procure licenses as per Microsoft's New Commerce Experience (NCE) model.

- The proposed license prices are applicable for annual commitment and upfront payment.

8.2. Implementation

Item	Duration (Years)	Total estimated cost
Dynamics 365 Business Central core implementation (all functional modules as per RFP document)	One time	$87,950

8.3. Data migration

Item	Duration (Years)	Total estimated cost

Data migration from Dynamics 2018 SL to Dynamics 365 Business Central	One time	$13,500	

8.4.   Integration development

Item	Duration (Years)	Total estimated cost
Integration of Dynamics 365 Business Central with third-party systems (4) ● Key bank ● Laserfiche ● Manager+ ● Molo	One time	$22,800

8.5.   Support and training

Item	Duration (Years)	Total estimated cost
Training, adoption, and documentation	One time	$8,250
Managed services (48 months)	4	$49,200

8.6.   Estimates of total cost of ownership (TCO) for 3–5 years

Item	3-Year TCO	5-Year TCO
Licensing	$164,448	$274,080
Implementation	$87,950	$87,950
Data migration	$13,500	$13,500
Integration	$22,800	$22,800

Item	3-Year TCO	5-Year TCO
Support and training	$37,050	$57,450
Total estimated TCO	$325,748	$455,780

9. Support, training & documentation

9.1.　Plan for training end-users and administrators

The Vendor understands that effective training is essential to ensure adoption, maximize productivity, and reduce resistance to change during ERP transformation. Our training approach for the Port of Olympia will be hands-on, role-based, and aligned with the specific workflows and responsibilities of each user group.

Training Objectives

- Empower users to confidently and accurately perform tasks in Dynamics 365

- Ensure administrative staff can manage users, permissions, reports, and system settings

- Support a "train-the-trainer" model for long-term self-sufficiency

- Minimize post-go-live support needs through early skill-building

1. Training Strategy

Our training plan is structured across three tiers:

a. End-User Training

- Delivered by functional area (e.g., Finance, HR, Operations, Property Management)

- Role-based sessions tailored to low, medium, and high interaction users

- Real-life scenarios from Port operations (e.g., processing journal entries, running lease reports, submitting timecards)

b. Administrator Training

- For IT and system support staff

- Covers configuration, user access management, environment setup, integration monitoring, and routine maintenance tasks

- Emphasis on diagnostics, change control, and audit/reporting tools

c. Train-the-Trainer Program

- Identify Port Champions who will receive deeper instruction

- Provide reusable materials (presentations, recordings, guides) to enable internal onboarding for new staff over time

2. Delivery Modes

To accommodate the Port's hybrid work model and operational schedule, we will offer flexible training formats:

- **Live Virtual Sessions:** Instructor-led training via Microsoft Teams or Zoom

- **On-Site Sessions:** Optional in-person workshops for high-touch departments (if preferred by the Port)

- **Self-Paced Materials:** Recorded videos, user manuals, quick reference guides, and FAQs

- **Follow-Up Clinics:** Open office hours post-go-live for Q&A and refresher sessions

3. Training Schedule

Phase	Audience	Timing
UAT Familiarization	Key users & testers	~6 weeks before go-live
Role-Based Training	End users by department	~3–4 weeks before go-live
Admin Training	IT & system owners	~2–3 weeks before go-live
Train-the-Trainer	Power users	Ongoing from UAT onward
Post-Go-Live Support	All users	First 4 weeks after go-live

4. Training Materials Provided

- Role-specific user guides

- Step-by-step process documentation with screenshots

- Training decks and recording archives

- Admin and IT support manuals

- Checklists for recurring activities (e.g., period closing, vendor onboarding)

9.2. Support model post-implementation (e.g., SLAs, ticketing)

9.2.1. Support activities

The Vendor proposes a time and material-based engagement for this work, post go-live and will provide assistance across the following activities on a monthly basis, as needed:

- Regular system health check and engagement calls
- Consulting support on new feature requirement
- Technical support in troubleshooting operational issues.
- Help with basic 'How to' queries.
- System performance optimization
- Customizations, developments, enhancements, fixes in the existing functionality.
- Reports and dashboards updates
- Scheduling updates/upgrades
- License procurement – scale up/scale down.
- System backup and restore.
- Scheduled learning or training events, or any other support activity

9.2.2. Support process

To ensure a structured and efficient support engagement, the following steps will be followed:

- Some of the above support activities like regular system health checkup, upgrades, performance optimizations, etc. will be initiated by the vendor through system-generated tickets, eliminating the need for the client to raise the tickets. The estimated tickets are 5 per month.

- For any on demand requests, including enhancements to existing features, new feature development, or any other minor updates, must be logged by the client team using the vendor's customer service portal. Each request will be considered as a ticket.

- Upon receipt of a client ticket, our development team will promptly send an email, aligning with the client's request understanding. The entire communication and updates will be conducted through emails/portal, and the ticket will be officially closed with an updated summary."

- The vendor team will analyse the ticket and determine the estimated efforts required to complete the request, broken down by role and timeline. This information will be communicated to the client team.

- The client team will review the timeline and effort estimates provided by the vendor. Once satisfied, they will provide approval to proceed with the support request.

- After receiving approval, the vendor will resolve the support request and provide updates to the client team. Additionally, the actual hours consumed in supporting the request will be reported to the client team for transparency and tracking purposes.

- The effort mentioned in the support matrix are estimated efforts that will be provided to the client under the managed services for eight months. Any consumption of hours over and above shall be handled via Change management.
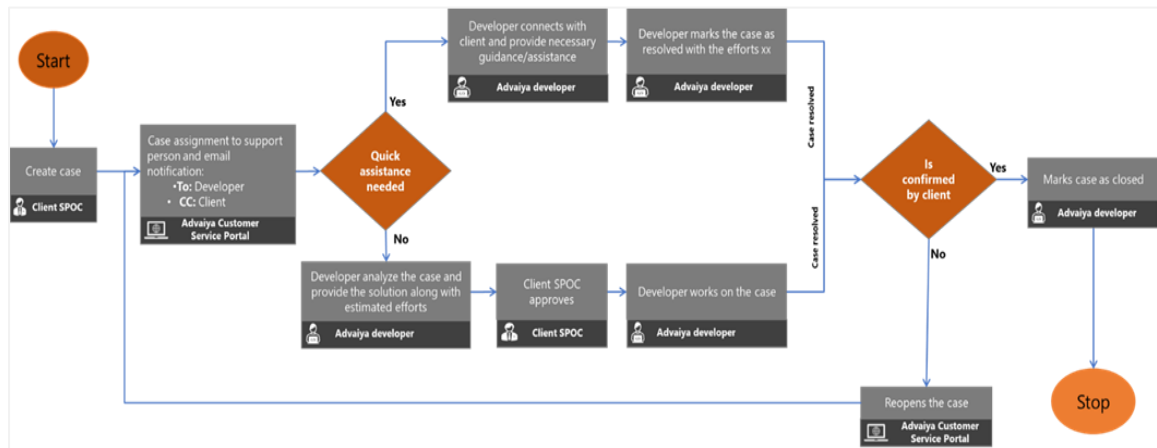
9.2.3. Priorities and SLA

Each support request received will be classified under defined categories as per the definition below and the resolution time will be in accordance to that.

P#	Priority level	Description	Response time	Resolution time
P1	Urgent (Critical Impact)	• Any issue impacts a significant group of users. • Any showstopper issue	1 business hour	6-8 business hours
P2	High (Significant Impact)	• Noncritical but significant issue impacting system use. • Issue degrading the performance or reliability of application	3 business hours	10-12 business hours
P3	Normal (Minor Impact)	• Any issue which is important but does not require immediate attention or action. • Issue that does not hinder/block the normal operation of the system	8 business hours	20-25 business hours
P4	Low (Informational)	• Issues consisting of any how-to queries, general assistance, etc.	12 business hours	30+ business hours

* 8 business hours = 1 working day

Normal Business Hours: The normal business hours for the helpdesk shall be from Monday to Friday, 8 AM to 6 PM excluding public holidays.

9.2.4. Support matrix

Activity	Support role	Estimated efforts (hours) from month 13 to month 60
System monitoring support activities	Dynamics 365 Functional and Technical developer	168
On Demand support	Dynamics 365 Business Central Solution Architect	48
	Dynamics 365 Business Central Functional/Technical Consultant	192
	Dynamics 365 Business Central Functional/Technical Associate	432
	Dynamics 365 Integration consultant	144
Total hours for 48 months		984

Please note: The above mentioned hours has been estimated based on the current understanding and support hours are calculated as a total across the four years. The actual usage may vary—being higher immediately after go-live and tapering in later years.

9.2.5. Warranty

After completion of user acceptance, the system will be configured to be production as per the agreed schedule. Vendors will provide the required support to facilitate production movement and go live. In case of delays in user acceptance tests due to reasons not within Vendor's purview, implications on warranty commencement date and warranty period will be mutually discussed and agreed.

- Post Go Live Hyper Care of 1 Week immediately after data migration on Production instance & then Warranty Support is planned for 3 Weeks. If the end users are not available due to any reason, not in control of Vendor, post Go-Live, then Hyper care time will not be extended or adjusted.

- Core User handholding will be done during warranty support in addition to resolving bugs in the implemented system.

9.3. Documentation deliverables (user guides, configuration records)

The Vendor recognizes that high-quality documentation is essential for the long-term success and maintainability of the ERP system. As part of our engagement with the Port of Olympia, we will deliver a comprehensive documentation package to support system adoption, compliance, training, and future scalability.

Our documentation deliverables will include the following:

1. User Guides

We will provide role-based user guides tailored to the Port's departments and user types. These guides will include:

- Step-by-step instructions for day-to-day tasks across modules (Finance, HR, AP/AR, Procurement, Property Management, etc.)

- Screenshots, navigation tips, and field descriptions

- Common troubleshooting tips and FAQs

- Specific guides for timecard entry, invoice processing, budget tracking, lease management, and reporting

Format: PDF can be uploaded to internal portals or training systems.

2. Administrator Guides

For IT and administrative staff, we will deliver:

- System administration procedures (user management, security role assignment, workflow maintenance)

- Backup and recovery instructions

- Instructions for managing integrations (Laserfiche, Molo, Manager+)

- Licensing management and environment health check procedures

3. Configuration Documentation

We will provide a complete record of all configurations applied during the project, including:

- Dynamics 365 module setup (chart of accounts, dimensions, approval workflows, fiscal periods, tax settings)

- Customizations and extensions (e.g., positive pay formatting, property management enhancements)

- Workflow logic and automation design (Power Automate and native workflows)

- Integration configurations (API endpoints, field mappings, transformation logic)

This documentation ensures continuity and clarity for future maintenance, upgrades, or audits.

4. Data migration logs and mapping sheets

Detailed logs and mapping documents will be provided, including:

- Source-to-target mapping of fields from Dynamics SL, Molo, and FSM to Dynamics 365

- Data validation checklists

- Summary of any data cleansing or transformation rules applied

5. Training materials

In addition to user guides, we will provide:

- Presentation slides and handouts for end-user and train-the-trainer sessions

- Video recordings of live training

- Printable quick reference cards for common processes

6. Change log and deployment records

A consolidated log of:

- All major configuration done during the implementation project

- Deployment records and versioning for any customizations or integrations

10. Security & compliance

10.1. Data protection and privacy measures

Security architecture: The security architecture of Microsoft Dynamics 365 Business Central is designed to protect data, ensure compliance, and provide robust controls over user access and operations. This architecture leverages the broader Microsoft security ecosystem, incorporating multiple layers of security to safeguard business data from unauthorized access, breaches, and other cyber threats.

Business Central uses a layered approach to application security, as outlined in the following diagram.
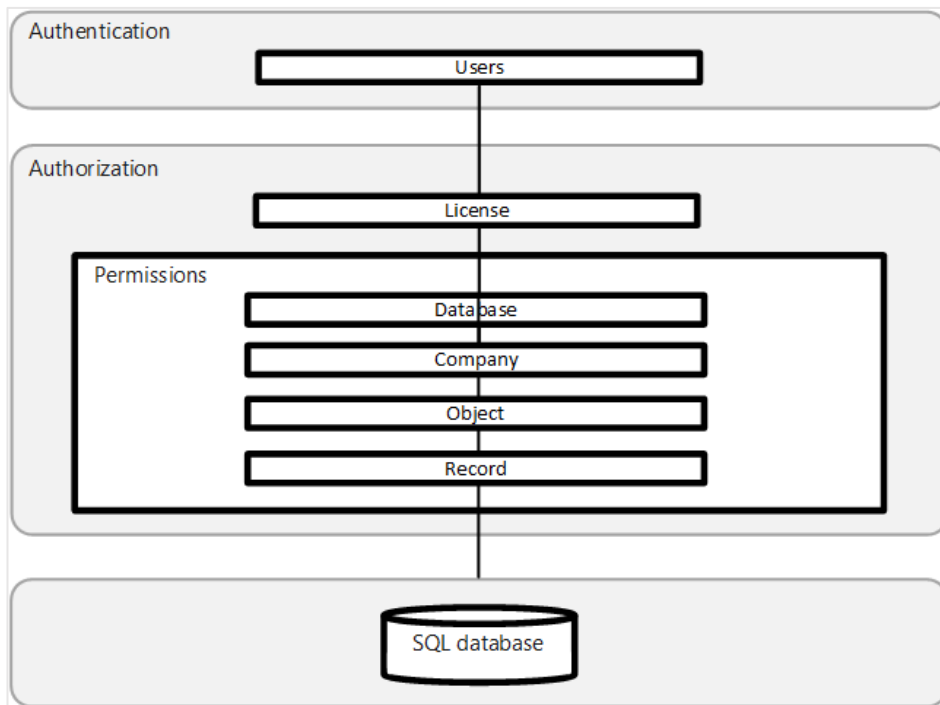
Before users can sign in to the Business Central application, they must be authenticated as a valid user in the system. Business Central (on-premises) supports several authentication methods, such as Windows and Microsoft Entra ID. Business Central online deployments use Microsoft Entra ID only. For more information, see the following articles.

An Azure service tag represents a group of IP addresses from/to which traffic from a specific service may come, which allows you to set up firewalls for a specific service to allow only traffic from certain services. The Dynamics365BusinessCentral service tag enables administrators to restrict access from/to Business Central using firewall and network security group rules.

The Business Central security system allows you to control which objects or tables a user can access within each database. You can specify the type of access that each user has to these objects and tables, whether they are able to read, modify, or enter data.

You can specify which records are stored in the tables that each user is allowed to access. This means that permissions can be allocated at both the table level and the record level.

10.2. Compliance with standards (e.g., GDPR, SOC 2, HIPAA if applicable)

Compliance with Standards (GDPR, SOC 2, HIPAA)

The Vendor recognizes that regulatory compliance, data privacy, and security are critical to the Port of Olympia's operations—particularly when migrating to a cloud-based ERP platform. As a certified Microsoft Partner, we leverage Microsoft Dynamics 365 Business Central, which is built on the secure and compliant Microsoft Azure cloud platform.

We confirm that the proposed solution is fully compliant with the following standards:

1. GDPR (General Data Protection Regulation)

Microsoft Dynamics 365 supports GDPR compliance by enabling organizations to:

- Discover, manage, and secure personal data

- Export and delete data as required by data subject requests

- Maintain detailed audit trails and consent records

🔗 **Microsoft documentation:**

- https://learn.microsoft.com/en-us/compliance/regulatory/gdpr

- https://www.microsoft.com/en-us/trust-center/privacy/gdpr-overview

2. SOC 2 (Service Organization Control 2)

Microsoft Dynamics 365 and Azure have undergone independent third-party audits and are compliant with SOC 1 Type 2 and SOC 2 Type 2 standards. These attestations ensure that systems are designed and operated securely with appropriate controls for:

- Confidentiality

- Availability

- Processing integrity

- Security and privacy

🔗 **Microsoft documentation:**

- https://servicetrust.microsoft.com/viewpage/SOC

- https://learn.microsoft.com/en-us/azure/compliance/offerings/offering-soc-2

- https://learn.microsoft.com/en-us/azure/compliance/offerings/offering-soc-1

3. HIPAA (Health Insurance Portability and Accountability Act)

While HIPAA is not explicitly required for the Port's current scope, Microsoft Dynamics 365 can support HIPAA-compliant implementations through the use of Business Associate Agreements (BAAs), encryption protocols, access control, and audit logs.

🔗 Microsoft documentation:

- https://learn.microsoft.com/en-us/compliance/regulatory/offering-hipaa-hitech

Our implementation approach will ensure that all features, user access, workflows, and data integrations are configured to maintain the security, integrity, and compliance of the system. We will also support the Port in preparing the appropriate audit documentation and configuring Dynamics 365 to meet future compliance needs.

10.3. Access control and audit trail approach

Access Control and Audit Trail Approach

The Vendor prioritizes secure system access and traceability of actions within the ERP platform. As part of our Dynamics 365 Business Central implementation for the Port of Olympia, we will leverage Microsoft's enterprise-grade identity and access management capabilities along with built-in auditing features to meet internal control, compliance, and operational security requirements.

1. Role-Based Access Control (RBAC)

Dynamics 365 provides robust **role-based access control**, allowing administrators to:

- Define access at the user, role, department, or function level

- Restrict or permit actions such as read, create, update, delete (CRUD)

- Configure granular access to specific entities (e.g., Finance, HR, Purchasing)

This ensures that users only have access to the data and functionality required for their job responsibilities, reducing risk of data exposure or misuse.

🔗 Microsoft documentation:

- https://learn.microsoft.com/en-us/dynamics365/business-central/ui-security-groups

- https://learn.microsoft.com/en-us/dynamics365/business-central/dev-itpro/developer/devenv-permissionset-object

2. Multi-Factor Authentication (MFA) and Azure AD Integration

Access to Dynamics 365 is managed through Microsoft Azure Active Directory (Azure AD), which provides:

- **Single Sign-On (SSO)** across all Microsoft 365 and Dynamics services

- **Multi-Factor Authentication (MFA)** for enhanced security

- Integration with conditional access policies for location/device-based access

🔗 **Microsoft documentation:**

- [Multi-factor authentication with Azure AD](#)

- [Conditional access in Azure AD](#)

3. Audit Trail and Logging

Dynamics 365 includes built-in **audit logs** and change history tracking that:

- Record user activities such as logins, data updates, record deletions, and permission changes

- Maintain a chronological trail of changes to key records for compliance and internal review

- Provide secure logs for review during investigations or audits

Audit logging can be configured per entity, and data can be exported for retention or archival as needed.

🔗 **Microsoft documentation:**

- https://learn.microsoft.com/en-us/dynamics365/business-central/across-log-changes

4. Permissions Reporting and Monitoring

Administrators can access detailed reports on:

- Who has access to what data

- What actions were performed and when

- Role assignments and privilege inheritance

This supports compliance efforts such as segregation of duties (SoD), internal controls, and routine audits.

In our implementation for the Port of Olympia, we will:

- Design role hierarchies and permissions tailored to each department

- Set up audit policies for high-risk data entities (e.g., financials, payroll)

- Deliver access control documentation and training to system administrators

Together, these capabilities will ensure data security, accountability, and compliance with internal and external standards.

10.4. Backup, disaster recovery, and rollback plans

Security and data governance: Business Central is designed with enterprise-grade security, compliance, and data governance features to protect sensitive business information, ensure regulatory compliance, and maintain system integrity. The platform leverages Microsoft's robust cloud security framework, providing businesses with a secure and compliant ERP solution. Business Central is built on Built upon a foundation of trust, security, and compliance. On the [Service Trust] site, review the available independent audit reports for Microsoft cloud services. Find information about compliance with data protection standards and regulatory requirements:

- International Organization for Standardization (ISO)
- Service Organization Controls (SOC)
- International privacy standards

Business Central enforces security through role-based permissions, ensuring users can only access data relevant to their job functions. It also supports multi-factor authentication (MFA) through Azure Active Directory, enhancing login security and preventing unauthorized access.

Data is encrypted at rest and in transit using industry-standard encryption protocols to protect against unauthorized interception. Business Central maintains audit trails for key transactions, allowing businesses to track changes and ensure accountability.

Microsoft provides automatic daily backups for Business Central cloud deployments, ensuring that data can be recovered in case of accidental deletion or system failure. Built-in disaster recovery ensures minimal downtime, with redundancy across multiple data centers for business continuity.

Business continuity and disaster recovery (BCDR)

Business Central online architecture and administration capabilities ensure uninterrupted access to your critical business data and processes. Automatic backups, built-in redundancy, and high availability protect your data and keep it accessible during and after a disruptive event. Business Central has proactive BCDR strategies, processes, and technologies that minimize downtime and preserve important assets.

Business Central online financially guarantees 99.9% up-time for its paid production environments, where customers are entitled to financial compensation if the service doesn't deliver on this promise. Historical data shows that the Business Central online service has been able to consistently maintain this level of availability.

Business Central uses the Azure cloud computing platform for its robust business continuity options that protect your critical workloads against disruptions. The Azure global network of regions keeps your data close to your geographic location and provides options for recovering data in another region. Your data is available despite regional outages or disruptions.

Administrators can use the Business Central admin center to find the Azure region that their environments are in.

Database and backups

Business Central uses Azure SQL Database as the database technology for its environments.

Azure SQL Database, Microsoft's cloud-based relational database service, is used as the best-of-breed service for transactional workloads of Business Central. Azure SQL Database is always running on the latest stable version of the SQL Server database engine and patched OS, with 99.99% availability. Azure SQL Database works behind the scenes to provide Business Central with the following benefits:

- High availability
- Rich business continuity and disaster recovery options
- Local and regional redundancy
- Backup and restore options
- Advanced performance analyses and tuning capabilities
- Schema management
- Efficient resource utilization
- Dynamic scalability features to accommodate fluctuating workloads
- Robust security protocols to safeguard sensitive data

Azure SQL Database protects Business Central production and sandbox environments by taking automatic backups that it keeps for 28 days. Administrators can use the Business Central admin center to restore the environment to any specific point in time in the past 28 days.

Administrators can also use the Business Central admin center to recover deleted production or sandbox environments within 14 days of their deletion.

High availability through geographical redundancy

Each Business Central environment is also protected by automatic geo-redundant backups. If a region experiences a full outage, Azure restores your data from the backup in another Azure region within the same Azure geography. Although it's rare, recovering data into another Azure region is a fully automated internal procedure that we practice regularly. It's a standard part of our internal audits and disaster recovery drills. Learn more about backups in Automated backups in Azure SQL Database.

Azure availability zones provide extra resilience by offering physically separate data centers within an Azure region. Learn more in Azure availability zones. Distributing resources across multiple availability zones achieves high availability for the compute and storage resources for Business Central. During local failures or planned maintenance in one or more zones, tenants in the available zones aren't affected. Other tenants are automatically redirected to resources in the available zones in the same region. This option is enabled for all Business Central production environments with paid Business Central subscriptions.

Business Central is also designed with built-in redundancy, autoscaling, and automatic load-balancing capabilities for its compute resources. To remain available if one or more of its compute instances fail, Business Central runs on other instances. Business Central supports rolling upgrades and automated OS image updates to apply patches, security updates, or new platform versions without downtime. Compute instances are always up to date and secure, which reduces vulnerability to threats and service interruptions.

11. Assumptions and considerations

11.1. Scope considerations

- This proposal is based on the information provided by the client during various discussions / calls. If during the workshop it is found that the Business Requirement Document did not suitably cover the scope of work, it will be explained to client & a revised proposal will be shared with client.

- Any limitations (entity, size, process, access, etc.) might require business process/ technical approach changes.

- Any changes and additional requirements will be addressed via the Change Management Process.

- Language for development, communication & development will be limited to English.

- Deliverables will be limited, by what can be reasonably accomplished within the technical capabilities of products and platforms used. The implementation details, features available, performance, etc., (including non-functional requirements) would depend on the products (both hardware and software products and platforms), and Vendor would not be responsible to accomplish beyond such limitations.

- Application UI Language will be limited to US-English.

- Only authorized user (business user) can have access to this application.

- The vendor will implement all out-of-box features in Business Central for the modules specified in the Scope of Work. Any additional modules and customizations, which has not been considered under this scope of work will be handled via change management process.

- This proposal and statement of work is applicable for only one legal entity as mentioned in the scope of the work. Any implementation process of legal entity other than this will be taken up via change management process.

- The legal entities will be considered in the US geography and will be set up in a single Dynamics 365 Business Central environment.

- There might be additional features and functions available in Dynamics 365 that the customer might want to take advantage of. If such additional features are out of scope, then these will be handled via change management process.

- The client will provide appropriate access to any existing system, data source, and environment as required.

- The Vendor recommends the "customizations" be controlled to the strictly necessary ones. Any additional customizations or custom reports can be developed under the support phase, strictly based on the business needs & urgency.

- Addition report/forms will be customized by the Vendor for maximum up to 5. Any further customizations or development of report will be handled via Change management.

- All submitted deliverables will be approved by Client within 1 week of submission. If there is no communication regarding the submitted deliverable within this period, the deliverable will be deemed as accepted. Any request for change beyond this period of 1 week will be treated as a change request and will be handled as per the procedure for Change Management.

- The discovery sessions will be conducted online through Microsoft Teams.

- The vendor will be building the solution based on wireframes/documents approved by customers. Additional requests and updates will be addressed via the Change Management Process.

- The proposed solution will work only on latest browser versions (Edge, Chrome, IE, Firefox).

- The client will facilitate at least three (functional/technical/testing) user accounts and licenses for the vendor team to work on the proposed solution.

- Only issues identified in the existing system will be covered by the vendor during this phase. Any new functionalities/changes would be handled via the change management process.

- Any findings (new features, feature enhancements, change etc.) during UAT except the issues/bugs will be handled via change management process.

- Any changes or enhancements requested after UAT sign-off will be handled via change management process.

- The client team will validate the module/ process/ solution component and accordingly the solution component will be ready for Production move.

- The vendor will move the UAT approved/signed-off module/ process/ solution components to the production environment.

- Training and documentation will include the user manual/documentation (Admin/User guides) for each module and major processes implemented in the system.

- The vendor will provide user guides with steps to operate the system. The documentation or material will be in the form of user guides (Word/PDF/PPT). No other mode of material will be covered under this scope.

- All the training sessions will be conducted online.

- The integrations covered within this scope have been estimated to require a timeframe as defined in the Scope of Work. Any additional complexities or requirements will be addressed through the change management process.

- The estimated efforts and implementation cost are based on the current understanding of the scope defined in this document. Any deviation in the scope in terms of complexity and depth identified after discovery sessions will impact both the timeline and budget estimates and will be handled.

- The following requirements must be met to fulfil the scope of this SOW:

- The Client and The Vendor must enter into a Non-Disclosure Agreement.

- The Client must agree and grant permission via signed Proof of Execution to allow The Vendor to claim CPOR (Claiming Partner of Record) for any Microsoft 365, Azure and/or Business.

- Applications workload that the customer deploys internally or consumes as part of their Microsoft product usage where The Vendor has provided design/deployment/configuration guidance and/or knowledge transfer to use software/ cloud services/ subscriptions. The Vendor will associate with the customer's Microsoft 365, Azure, Dynamics 365 tenant, as applicable.

- The Client must identify and assign an individual at the senior leadership level who can be an escalation point for issues and risks, in addition to helping to drive necessary change management and programmatic initiatives led by The Vendor.

- The Vendor must assign a Sponsor to be our primary day-to-day point of contact and resource at your organization. This individual will help schedule meetings, provide access to additional stakeholders and team members, and aid in other internal tasks as required by the services in this SOW.

- The Vendor permits Vendor to use their name and/or logo, listing them as Vendor's clients for marketing and PR purposes.

11.2. Technologies considerations

- The proposed solution will work only on the latest browser versions (Edge, Chrome, IE, Firefox).

- For all the external system integration Client will provide the required APIs and SDKs.

- Custom ID and password generation are not included in the current scope.

- Anonymous access will not be allowed on the system.

- Client to provide appropriate access to existing APIs, data sources and required environment.

11.3. Work execution considerations.

- The estimated number of working days is based on 8 hour working day, 5 days a week (Monday to Friday).

- Any delay such as information access from client, approval on deliverable, availability of Core Teams etc. may have an impact on schedule and price. It has not been covered in above estimation. Cost and schedule implications of such delays would be on Client's account.

- We will be building the solution based on wireframes/documents approved by customer.

- The vendor will suggest the applicable tools and technologies and licenses (if required)

- All implementation, customization, support, and maintenance services will be delivered remotely from vendor office in India and shall be supervised from office in US.

- The schedule and resource mix may be adjusted to meet the dynamic requirements or timeline. This will be discussed and mutually approved before adjusting.

- A single point of contact will be provided by the client for all communications and support required for implementation of the recommended solution.

- The estimated efforts and implementation cost are based on the current understanding of the scope defined in this document. Any deviation in the scope in terms of complexity and depth identified after discovery sessions will impact both the timeline and budget estimates and will be handled through change management process.

- The vendor generally requires 3 weeks lead-time for team formation and project initiation from date of SoW approval or Purchase Order however Vendor may agree to an early start date based on mutual agreements.

- Deployment of resource onsite will be contingent on resources availability and willingness in context of travel facilities, quarantine requirements, pandemic situations, and health concerns. Vendor will not be liable to enforce deployment mode in such condition.

- Force Majeure: Vendor would not have any liability or be obligated to perform in case of situations beyond vendor's control (including but not limited to natural disasters, epidemics, government regulation changes, or such acts-of-God). In such cases, vendor and the client would attempt to resolve any outstanding aspects in good faith in a way that it does not cause them to cause further costs upon themselves.

- Due to unavoidable reasons, if travel is not feasible, vendor team will stay away from visiting client office and will conduct the meetings, development, support etc. remotely using web meetings.

- By providing order for services based on this SOW or proposal, Client accepts this SOW, and the Terms and Conditions located at https://www.advaiya.com/client-terms-and-conditions/. Refer to the Terms and Conditions for details on Term and Termination, Proprietary Rights, Warranties and Disclaimers, Indemnification, Limitation of Liability, and Dispute Resolution, as well as other important terms. This SOW, the Terms and Conditions, and any approved Change Requests are the entire agreement ("Agreement") between Client and The Vendor for this project. This Agreement supersedes and replaces any other agreements between Client and The Vendor regarding the project. No amendment to this Agreement will be effective unless made in writing and signed by Client and The Vendor. The Agreement is effective on the date signed below ("Effective Date").

11.4. Support and maintenance (Hypercare, Warranty and AMC

- The vendor team will start working on any support request only upon approval of estimations (time/cost) from the client.

- The Hyper care period will start from the date when the system is been released to all he business users. Extension / Adjustment of the Hyper-care support time will not be done in the case of the non-availability of the business users.

- All the efforts will be pre-approved and payable by the client as per actuals at the end of each month.

- The Client must provide the required access to the Vendor team on existing system as well as to the code repository including custom code being utilized within current application setup. The access should provide the read, download, and write access to the latest code available and utilized.

- In case customer makes changes to the code, The Vendor shall provide assistance for it but will not be responsible for any issues that may occur. In case the customer does not make any changes to the code then The Vendor will be completely responsible for its correct working.

- In the event of unforeseen technical challenges or complexities, it is possible that providing support for a request may necessitate more effort than originally estimated by the vendor team. In such situations, the vendor team will proactively notify the client team and provide a comprehensive summary of the additional efforts expended upon completing the support request.

- This will be remote engagement where the vendor team will work remotely from the vendor office in India.

- All meetings and discussions efforts will be considered as a part of support hours.

- The client will provide appropriate access to any existing system, resources, data source, and environments as required. In case needed client will need to provide delegated admin access to vendor (for raising any support tickets to Microsoft on customer's behalf)

- The client will provide the required login accounts and licenses for The Vendor team to execute the support activities.

- A single point of contact will be provided by the client for all communications and support required for implementation of recommended solution.

- The support is subject to the request priority level, criticality and availability of resources.

- This engagement will cover the standard support and managed services; it will not cover any critical or system outage related issues.

- In case, service outage or system shutdown, to recover and make it live again, separate efforts estimation would be required and covered separately.

- Any new feature, functionality, scope change beyond as mentioned in this statement of work, will be processed through fresh scoping and commercials for the same will be agreed by both client and vendor.
- Vendor's responsibility during warranty support
  - It will be restricted only to rectifying defects related to the deliverables as per the scope of work in this proposal.
  - Vendor will not work on suggestions and / or enhancements or defects reported in parts of application on which Vendor team has not made any changes as per the scope of the project during the warranty period.
  - In case code changes are made to incorporate changes during user acceptance or code changes are made by any third-party during warranty period, then the warranty will be terminated.
  - Warranty support will be provided remotely.

12. Out of scope

The scope of vendor's responsibility would be limited to activities and/or deliverables described under the Scope of Work. Any other work, even if ancillary to the purpose of the engagement would be out-of-scope of services covered in this proposal. These would include the following:

- Any work requiring for a complete overhaul system or rebuilding any application is not included in this engagement.
- Developing any new feature, capability except listed in #3 scope of work section.
- Integration with third-party system / application integration or any other database or third-party solution or LOB applications to pull/ push any data except mentioned in scope of work
- Backward compatibility with old browser.
- Development of any native mobile application.
- Operational and legal reviews
- Provide support to any on-premises infrastructure.
- Process re-engineering like designing of functional business components of the solution unless specifically included in the scope.
- Implementation of any other third party (ISV) plug-in modules, product customization or interfacing systems integration requirements not explicitly listed in the Scope section.
- Modules not mentioned in the functional scope in section under scope of work above like relationship management, Warehouse management, Assembly management, Manufacturing and Production Planning and Service Management.
- Legal entities not mentioned in the implementation scope above.
- Additional reports/forms, except up to 05 as mentioned above, identified for development during the project execution phase will be handled via change management.
- Any additional instances/interfaces are required to be implemented; they will be undertaken as a Change Request and separate commercials will be submitted.
- Migration of old data or existing date or historical transactions data for all legal entities using excel migration / configuration packages or manual migration
- The scope & boundaries defined in this proposal is based on our current understanding of requirements. Any functionality / extension / customization / task which exceeds the scope of

the current proposal, will undergo the change management mechanism, and will have an impact on the proposed cost and schedule.

- The vendor will follow "train the trainer" concept and will provide training to the Core User Team. Training of all end users is excluded from the current scope.

- User acceptance testing (UAT) is limited to support (user acceptance tests will be performed by the Client Core Team). And any further UAT, which is required to be performed on 3rd party application, will be done by the Client's core team.

- Performance and load testing

- Hardware, software, infrastructure procurement & support thereof

- Purchase of third-party software, application & APIs

13. Vendor's contact details

S. No.	Details
Vendor Name	Advaiya Solutions, Inc.
Vendor Address	14575 Bel Red Rd, Suite 201, Bellevue WA 98007
Key Contact Name	Dharmesh Godha
Title	CTO & President
Email	dharmesh.godha@advaiya.com
Telephone	+1 (425) 256 3123
Mobile	+1 (425) 761 3450
URL	http://www.advaiya.com

14. Authorization

By providing order for services based on this SOW or proposal, Client accepts this SOW, and the Terms and Conditions located at https://www.advaiya.com/client-terms-and-conditions/. Refer to the Terms and Conditions for details on Term and Termination, Proprietary Rights, Warranties and Disclaimers, Indemnification, Limitation of Liability, and Dispute Resolution, as well as other important terms. This SOW, the Terms and Conditions, and any approved Change Requests are the entire agreement ("Agreement") between Client and The Vendor for this project. This Agreement supersedes and replaces any other agreements between Client and The Vendor regarding the project. No amendment to this Agreement will be effective unless made in writing and signed by Client and The Vendor. The Agreement is effective on the date signed below ("Effective Date").

Vendor   Client

Advaiya Solutions Inc.   Port of Olympia

Name: Authorized signatory   Name: Authorized signatory

Title: Title:

Date: Date: