

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

JANUARY 10, 2005

CALL TO ORDER

President Telford called the meeting of January 10, 2005, to order at 5:30 p.m. at the LOTT Board Room in Olympia. Commissioner Van Schoorl was also in attendance. Commissioner Pottle was out of town.

Staff in attendance were: Executive Director John Wolfe, Administrative Manager Jeri Sevier, Finance Director George Fox, Airport Director Rudy Rudolph, Marketing Director Kari Qvigstad, Marketing Program Assistant Maureen Malahovsky, Property Development Director Heber Kennedy, Marine Terminal Director Jim Amador, and Communications Manager Patti Grant. Also in attendance was the Port's Legal Counsel, Bob Goodstein.

Public in attendance were as follows. Representing *The Olympian* was Jim Szymanski and Representing KGY Radio was Patrick Conrad. Others in attendance include: Tom Howdeshell, Harold Clark, Joe Hyer, Jim Smego, Alice Zillah, Steve Hyer, Jeff Cohen, and Ruchika Budhreja.

APPROVAL OF AGENDA

The agenda was approved as presented with one amendment. Commissioner Telford suggested the election of officers be tabled until Commissioner Pottle could be in attendance.

PUBLIC COMMENT

Tom Howdeshell, resident of Olympia, thanked the Commission for putting the minutes in the packet. He also asked when the "old Genoas" restaurant is torn down, what part of the road would be closed. Mr. Heber Kennedy indicated that there is no part of the road that will be closed.

Alice Zillah, resident of Olympia, thanked the Port Commissioners to allow the testimony last month concerning military shipments. She indicated that this issue is a concern to many citizens in the County and they would like to work with the Port to find other means of revenue.

COMMISSIONERS REPORTS

Commissioner Telford reported he attended the SWAC meeting last week. He also indicated that there were some statements made during the performance review of executive director John Wolfe where he felt the wrong impression was given on consensus of statements. He indicated that John has a full plate and getting conflicting messages consumes his time. Commissioner Telford indicated that he wanted to set the record straight on a few issues. He indicated that he is not in favor of property acquisitions; he feels that we have plenty of work and do not need to empire build. He noted that infrastructure to him means subsidies, which he has not been in favor of. He indicated that there was talk at the performance review of "stakeholders," and that that in his opinion, "stakeholders" means everyone in the county and not just those that do business with or benefits from the Port. In addition, Commissioner Telford noted that he would like a full review and authorization before staff moves forward on requesting grants. He noted that he purchased a book and is routing it to directors regarding how to prepare a business case or project analysis. He doesn't feel that staff understands how to do this currently. And he also noted that the staff count continues to rise, even though he is told it isn't. Commissioner Telford noted that in his opinion, the dollars spent in capital projects do not produce a positive return. He commented that it is inefficient and unproductive to pull John in three different ways by three different commissioners. He would like to

find areas that all three commissioners agree with and can support so John and staff can be more focused. Commissioner Telford asked for a meeting to set goals and priorities for the Port.

Commissioner Van Schoorl commented that a vote by consensus is why we have three commissioners and not two. A single commissioner cannot veto a project. Commissioner Van Schoorl agreed that a goals meeting should be held, but that Commissioner Telford cannot expect that all three commissioners will agree on everything.

EXECUTIVE DIRECTOR REPORT

Mr. John Wolfe reported that the air traffic count for December 2004 was 6,069 operations compared to 5,317 for December 2003, and increase of 752 operations over December of last year. Annual operations for 2004 were 94,069 for 2004 compared to 94,230 for 2003, a difference of 161 fewer operations for the year.

Mr. Wolfe indicated that the Marine Terminal would have another military vessel at the terminal in January. This vessel will be discharging a full vessel load of cargo into berths 2/3 and loading back Humanitarian cargo going to Central America. This will be the largest operation so far for the military. In addition, the Port was notified by WSDOT that we have been allocated \$350,000 of a \$450,000 rail grant that was applied for on-dock rail. This still requires appropriation by the legislature and once this is accomplished, funds would be available in July of this year. We are currently working on a business plan for Phase I of the on-dock rail. This would give the terminal direct discharge capabilities as well as additional rail capacity.

In the properties department, Mr. Wolfe shared that the RFQ for development of our 9.5-acre site on the corner of Tumwater Blvd. and New Market Street was released on December 16. It has received very good press coverage. Submittals are due February 1. In addition, staff will be interviewing representatives from three brokerage firms who responded to our recent RFQ/RFP for Broker Services.

Mr. Wolfe reported on several leases. He noted that George Kurzman has signed a lease amendment extending the term of his lease in Warehouse 2 for an additional year. In addition, The City of Olympia will be signing a new lease for approximately 1,000 sq. ft. in Warehouse 2. They will use the space for 7½ months to store tools and equipment for the Washington Conservation Corp. LOTT is extending their lease for another year for use of 12,800 square feet on the corner of Thurston Avenue and Adams Street. Lott uses this land for storage of equipment and vehicles.

Mr. Wolfe indicated that our Marine Terminal tenant leases are being extended on a month-to-month basis. This temporary measure is being taken in order for the Marine Terminal to evaluate property land uses within its boundaries. The Capitol Little League will be renewing their lease of approximately 10.6 acres on Airport property for an additional year. And, Mark Helland will be renewing his lease of approximately 1.5 acres of Airport property for five years. Mr. Helland uses the property for a Christmas tree farm.

Mr. Wolfe announced that construction continues on the Olympia Area Rowers new boathouse building. Foundation work has been completed and the building structure is going up. If all goes well the shell should be completed in the next few weeks. The Port Construction Crew commences work at the Boathouse facility the end of January. The Port's responsibility will be the construction of the external plaza and installation of landscape and irrigation.

The Swantown and Marketing staff will be staffing the port's booth at the Seattle Boatshow. This event will run January 14-23. Free tickets are available for any staff that would like to attend. Overall marina occupancy is currently at 78%. This is about 3% higher than projected for this time of year, and the boatyard hauled 741 vessels in 2004. This is an increase of 12.8% over 2003 totals.

Mr. Wolfe indicated that the port has entered into a contract with the Department of Natural Resources for

hauling and disposal of three abandon and derelicts vessels. The vessels are currently located at the building site adjacent to the boatyard. They will be demolished the first week of February.

Mr. Wolfe noted that we are preparing preliminary cost estimates to Ecology for the 2005-2007 biennium for Cascade Pole. We anticipate a Commission briefing on the Cascade Pole Site 1st quarter of 2005. We are also preparing for resubmittal of the NorthPoint Restaurant foundation and building plans to the City on February 7th.

Port Staff met with Washington Center last week to discuss contract terms for continuation of event management agreement for Port Plaza through 2005. Staff will continue discussions relating to performing arts promotion and infrastructure needs.

Consent Calendar

The Consent Calendar was approved as follows.

Minutes. The Commission unanimously approved the minutes from the December 13, 2004 Commission Meeting.

Lease Amendment: G. Kurzman.

The lease amendment provides the tenant with an extension of the lease term effective January 1, 2005 through December 31, 2005 in Warehouse 2. The rent is increased 3 percent for a total of \$340.00 per month including LET. The Commission unanimously ratified the lease amendment with Mr. Kurzman.

ACTION CALENDAR

Resolution 2005-01 – Surplus Property

Tom Howdeshell, resident of Olympia, asked what was considered surplus property. Commissioner Van School indicated it would be items no longer of use to the Port such as vehicles, or miscellaneous office supplies.

The Commission unanimously approved Resolution 2005-01 that authorizes the Director of Finance to dispose of surplus Port District property of less than \$10,000 in value, in accordance with RCW 53.08.090.

ADVISORY CALENDAR

Sports and Events Center Study Update

Mr. John Wolfe indicated that the Port of Olympia has been presented with a proposal for the development of a Sports & Events Center on Port Property. The Port has entered into a contract with Jeff Cohen of to study the economic viability of a Sports & Events Center in Thurston County. The study is broken out into three parts: (1) Market Analysis (2) Financial Analysis and (3) Economic Impact Analysis. The estimated fee for the complete study is \$42,000. The Port's Executive Director has the authority to approve spending not to exceed \$25,000. Mr. Wolfe indicated that he has given ERA approval to move forward with the contract, but not to exceed the \$25,000. He indicated that the Commission would need to take action to approve the contract in full.

Mr. John Wolfe introduced Mr. Jeff Cohen representing the Economic Research Associates (ERA). Mr. Jeff Cohen provided an update on the study to date. The commissioners and Mr. Cohen exchanged questions regarding the study.

Harold Clark, resident of Tumwater, asked what the purpose of this study was. Commissioner Van

Schoorl responded that the Port hired this firm to prepare expertise marketing and financial analysis of the project. Commissioner Van Schoorl indicated that the Port had a developer approach the Port with this project. Before the Port agrees to a lease, we want to make sure the project is viable.

Tom Howdeshell, resident of Olympia, asked when the report would be made available to the public. Commissioner Telford responded that it would be made available once the report is final and published.

Marine Terminal Security Fencing Advisory

Mr. Jim Amador described the Marine Terminal Security Fencing project. He indicated that this project would provide fencing of the Marine Terminal area for Safety and Security. He noted the total cost of construction is \$191,950.91. Part of the funding is provided for in a grant from Homeland Security in the amount of \$75,000, leaving the Port's share at \$116,950.91. The fencing will encompass the 60-acre terminal and provide gates for access for the north end, south end and rail gates. Lighting will be provided at the entry points.

Commissioner Van Schoorl asked about the area gated across from the boat launch. Mr. Amador indicated both the Marine Terminal and the Marina for trailer storage would use this area during the Marina's peak season.

Commissioner Van Schoorl expressed concern about the fencing to NorthPoint. Mr. Amador indicated that staff looked at alternatives and are recommending the vinyl fencing. The landscaping creates concerns. Staff is recommending some landscaping that does not have security impacts. Commissioner Telford indicated that ivy provides a great screen.

Commissioner Telford noted that he doesn't see the need for an 8-foot fencing for risk management. Mr. John Wolfe indicated that a 6-foot fence does not meet the coast guard regulations.

Commissioner Telford indicated that when you fence in the entire area, then you have more gates that have to be monitored and manned. It is a barrier to keep casual people from coming in. A 5-foot fence would do that; you don't need an 8-foot fence.

Mr. Amador indicated that the Coast Guard security plan calls for an 8-foot fence. At some time we will be required to go to an 8-foot fence, it makes sense if we are going to put a fence in now to do it to requirement. Commissioner Van Schoorl indicated that he did not see how you could do part of the yard and not all of it. Most of the gates would be closed most of the time. Jim indicated that gate 2 would be the only gate open all the time.

Mr. Amador indicated that this item is advisory only. Staff is asking the Commission to provide feedback and ask questions. Staff will be bringing this item back to the Commission at the January 24th meeting asking for approval.

Other Business

Tom Howdeshell, resident of Olympia, also asked if this would be the year to revise the comp plan. Commissioner Van Schoorl indicated that this a question the Port is reviewing.

ADJOURNMENT

President Van Schoorl adjourned the meeting of January 10, 2005 at 6:45 p.m. Commissioner Telford indicated the Commission would hold a work Session with staff on the strategic plans on January 21 from 8:30 – 12:30 at the Port offices.

PORT OF OLYMPIA COMMISSION

President

Vice President

Secretary-Treasurer