

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

January 12, 2004

CALL TO ORDER

President Pottle called the meeting of January 12, 2004, to order at 5:30 p.m. at the LOTT Board Room in Olympia. Commissioners Telford and Van Schoorl were also in attendance.

President Pottle announced the Commission would hold an executive session following the Commission meeting at the Port Offices to discuss potential litigation.

Staff in attendance were: Executive Director John Wolfe, Administrative Manager Jeri Sevier, Harbor Director Bruce Marshall, Property Director Heber Kennedy, Marketing Director Kari Qvigstad, Public Works Director Andrea Fontenot, Communications Manager Patti Grant, Airport and Properties Program Assistant Lorie Watson, Marketing Program Assistant Maureen Malahovsky, Property Administrator Sally Alhadeff, Lease Administrator Clarita Mattox, Facilities Project Engineer Rod Hudson, and Finance Director George Fox.

Public in attendance were as follows. Representing legal counsel was Mick Phillips. Representing *The Olympian* was Chris Clough and Jim Szymansky. Others in attendance included Harold Chambers, Jim Smego, Bob Jacobs, Nick Handy, and Lou Paulsen.

APPROVAL OF AGENDA

The agenda was approved as submitted.

PUBLIC COMMENT

Harold Chambers, resident of Yelm, addressed the Commission provided comments on the Welcome Pole; he described the description of a totem pole, which he indicated a totem pole is a religious symbol. He commented that he did not feel the Port should put up the pole.

Nick Handy, resident of Olympia, congratulated the Port on the results at the Marine Terminal and noted the strategic decisions and investments made at the terminal some time ago are now paying off. Secondly, he wanted to give his thoughts on the Welcome Pole, he asked that the Commission follows the recommendations by the panel. He indicated there is no question that the community is divided on this issue, however, as with the 4-2 vote by the Blue Ribbon Panel, the community is probably 2-1 in favor of putting this pole up. Thirdly, he commented that the Port would be getting a cash settlement from the State for a property exchange. This cash settlement is due to good lawyer work of Sandy Mackie, the Port's attorney for many years.

Bob Jacobs, resident of Olympia, commented on the Genoa's site. He indicated he would like to see the restaurant built back from the water and put in some public space in front of the restaurant. This is an idea that many people in this community would like to see. He commented that he continues to encourage the commission to open this prime piece of waterfront to the community.

COMMISSIONERS REPORTS

Commissioner Pottle indicated he attended the TRPC board meeting and he dropped off the community profile for staff review and would like to see more information in that report that represents the Port and

the rail and air services.

Commissioner Pottle noted that he also attended the economic conference in King County this past week. That conference looked at regional economic development in Puget Sound.

EXECUTIVE DIRECTOR REPORT

Mr. John Wolfe reported the Port would be staffing a booth at the Seattle Boat Show - Jan. 16 - Jan. 25 in the Seahawks Stadium and Exhibition Center. We will be marketing slips at the marina and boatworks haulout and services. In addition, we will be promoting Olympia as a destination. He encouraged everyone to come and see us at the Boat Show.

He noted that the business development team continues to work closely with the individual businesses to develop strategic goals and pursue targeted opportunities.

Mr. Wolfe announced we have a new hire within the Marketing and Business Development team. He announced we recently hired Maureen Malahovsky as the Marketing Program Assistant, replacing Teresa Olson.

Turning to the public works department, Mr. Wolfe indicated the public works department is close to finalizing the upland portion of the Marina Village. We have retained BJSS to update the master plan for the Port peninsula properties, refining the existing plan. The design of the cascade pole site final cap is underway with construction planned for 2004. This portion of the cap is primarily the relocation of Marine Drive to its permanent alignment abutting the containment cell. The runway relocation project also continues to move forward.

Mr. Wolfe announced the Marina occupancy is at 89 percent. The boatworks ended the year with 667 haul-outs, which is an increase of 12 percent over the 2002 year. The Marina staff will be busy staffing the Boat Show in the coming weeks.

Mr. Wolfe reported at the airport, we are in negotiations with Big Sky on a new lease for 2004. He gave a summary of the FBO activity for 2003.

At the properties program, Mr. Wolfe reported they have been buy completing rent adjustments for several major leases, resulting in a rental increase to the Port of over \$32,000 per year. The group is also working with numerous tenants regarding the extension of their current leases. Mr. Wolfe also indicated the properties team has been in contact with an interested party in the North Pointe Redevelopment property, formerly Genoa's Restaurant, which staff will be bringing a recommendation to the next Port Commission meeting on how to precede.

Mr. Wolfe indicated the Marine Terminal business continues to be strong. The aluminum vessel the *Anderma* is currently discharging at berth 1. The operation is going smoothly and we expect the discharge to continue until around 1/9/04. We are also utilizing the FTZ for the ingots coming off this vessel.

He noted the log vessel activity included the *Century Cypress*, which loaded logs on berth 3. This vessel took approximately 1mmbf for Emachu. The next vessel scheduled to arrive is the *Sun Emerald* around 1/8/04.

In addition, we received another shipment of Australian bagged garnet from the vessel *Teal Arrow*. This ship discharged 2,220 MT in one shift. And, steel pipe and coils were also discharged from the *Hoegh Miranda*. This product came in from China and Korea.

CONSENT CALENDAR

The Consent Calendar was unanimously approved as follows.

Minutes. The minutes from the December 8, 2003 meeting were unanimously approved.

Capital Project Expenditure Approval. The capital project expenditures in the amount of \$40,556.68 to Reid Middleton for the Airport Runway Safety Project were unanimously approved.

Big Sky Lease Amendment No. 2. The lease amendment with Big Sky extending the term through January 31, 2004 was unanimously approved. Commissioner Telford asked if the staff would be able to have another lease by January 31, 2004. Executive Director Wolfe indicated staff is planning to have a new lease by the next Commission meeting.

ACTION CALENDAR

Election of Officers

The Commission annually elects the officers for the Port of Olympia Commission. Commissioner Pottle indicated that currently he serves as president, Commissioner Telford is the vice president, and Commissioner Van Schoorl is currently the secretary treasurer. Commissioner Van Schoorl made a motion to continue the rotation of the commission. Commissioner Telford seconded the motion. The motion passed unanimously. The election results are as follows: Commissioner Telford, President, Commissioner Van Schoorl, Vice President, and Commissioner Pottle, Secretary-Treasurer.

Commission External Assignments

The Commissioners represent the Port on various boards and councils. The Commission discussed the current assignments. A summary of the assignments for 2004 are as follows:

Commissioner Pottle:	Economic Development Council; Yelm Chamber; LOTT; Back up for Thurston Regional Planning Council; and Lacey Chamber. Lead for ceremony and award functions.
Commissioner Van Schoorl:	Olympia/Thurston Chamber; Tenino Chamber; Pacific Northwest Waterways Association; Transportation Policy Board; and Washington Public Ports Association.
Commissioner Telford:	Thurston Regional Planning Council; Grand Mound Chamber; Solid Waste Advisory Committee; Back up for Transportation Policy Board; and Tumwater Chamber.

Disposal of Property Resolution 2004-01

Mr. George Fox presented the Commission with Resolution 2004-01 which authorizes the Executive Director and 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.

The Commission unanimously approved Resolution 2004-01.

Ports of Olympia/Tacoma Inter-Local Agreement Approval

Mr. John Wolfe presented the Commission with a Inter-Local Agreement with the Port of Tacoma. Mr. Wolfe indicated the Port of Olympia's Marine Terminal Maintenance Department currently has three employees, two of which are journey level heavy mechanics and one who is a journey level electrician. Facility and Maintenance needs at the Marine Terminal fluctuate with vessel and yard operations. With the current business activity at the Marine Terminal, the optimal staffing level remains at three maintenance

employees. The Marine Terminal Maintenance team does, from time to time, support other Port business units's equipment maintenance and electrical needs.

Mr. Wolfe indicated this interlocal agreement will allow for limited exchange of maintenance personnel and enable the Ports of Olympia and Tacoma to better manage short-term staffing needs against operational demands. Mr. Wolfe discussed labor, cost, and risk considerations as follows:

Labor Considerations: The Port of Olympia has a limited number of journey level maintenance employees represented by ILWU, Local 47A. The associated collective bargaining agreement is generally compatible with the Port of Tacoma/ILWU, Local 23 (Port Workers) Collective Bargaining Agreement. Both ILWU Local 47A and ILWU Local 23 (Port Workers) are fully briefed on this Interlocal Agreement and satisfied with its intended use and purpose.

Cost Considerations: Labor costs at the Port of Tacoma are a slight bit higher than at the Port of Olympia. Under this agreement, the Port of Olympia will bill labor costs to the Port of Tacoma at Tacoma's maintenance contract rate, including benefit costs. Implementation of this Interlocal Agreement defers costs of contracting, recruitment, hiring and training of additional staff to meet the demands of a growing business unit.

Risk Considerations: This agreement creates not significantly greater risks than would be experienced under existing employment relationships. Either Port to this agreement, in good faith, reserves the right to refuse a labor request from the requesting Port.

Mr. Wolfe noted that the Ports of Olympia and Tacoma have agreed to a three (3) month trial period. Both Ports also agree to not actively recruit the other's employees.

Lou Paulsen, representative from the Port of Tacoma, indicated he also presented this agreement to the Port of Tacoma at their past Commission meeting, at which the Commission approved the agreement.

Harold Chambers, resident of Yelm, advised that the Commission to have an attorney other than the Port's attorney review this for a second opinion. Mr. Paulson indicated the Port of Tacoma's lawfirm, The Goodstein Group, has also reviewed this agreement.

President Telford indicated the agreement calls for a quarterly review, which may or may not be necessary. Mr. Wolfe indicated he would be happy to provide the Commission with a three month update and then at that point the quarterly reviews can be done by the executive director.

The Commission unananimously approved the interlocal agreement. President Telford provided his appreciation to the Marine Terminal and Marketing staff for an outstanding job at the Marine Terminal. He indicated we had a great year and look forward to 2004.

ADVISORY CALENDAR

Runway Safety Project Advisory

Ms. Andrea Fontenot briefed the Commission on the Phase I (2004) Runway Relocation scope of work, and to request approval to go out to bid for the 2004 work, which is primarily the roadwork south of the airport. She indicated staff is structuring this request so that the Commission can authorize approval to go out to bid at this meeting, or at the January 26th Commission meeting.

Ms. Fontenot indicated staff would bring drawings to the briefing to aid us in outlining the scope of work. We will touch on work proposed in 2004 and also in 2005, so people can understand the major differences.

Ms. Fontenot noted that the budget for this project is \$5,500,935. This Phase I scope of work represents

only a portion of the overall budget. For example, this scope of work does not include utility construction costs, engineering, land acquisition, or port administration costs.

The 2004 Phase I construction work budget is \$3,211,033. Our revised estimate (1/5/04) \$3,327,213. The primary reason for the \$116,000 increase in the cost estimate is the addition of a City of Tumwater requirement to install a 12" water main down Tilley Road.

Ms. Fontenot discussed the detailed Engineer's Opinion of Probable Construction Cost for Phase I. In brief, the schedules are as follows:

- Basic Schedule A is for all non-roadway related work, which is taxed at the retail sales tax rate.
- Basic Schedule B is for all roadway related work that is taxed at the use tax rate vs. the retail sales tax rate.
- Basic Bid Schedule C is for the installation of a 12" water line and appurtenances along Tilley Road.
- Basic Bid Schedule D is for a 16" water line and appurtenances that would be an oversizing, for which the City of Tumwater would be responsible for the delta between Schedule C and D scope of work costs.

Ms. Fontenot also indicated we are currently in dispute with the City of Tumwater on their position that a water line is required. Our interpretation of the fire code is that water lines are required for building construction. Since this project is a road project only, we contend that the City does not have the authority to require a water line. We may formally appeal this issue if not resolved at the staff level soon.

President Telford asked about the 90 percent match and how sure we were that we would get this match from the FAA. Ms. Fontenot indicated we already have an approved grant from the FAA for the entire project. In addition, the FAA will approve the final bid prior to the Commission approving the bid results.

Mr. Rod Hudson provided the Commission with an overview of what schedule A and B include in phase I. Commissioner Telford asked about the water line and what the City is requiring of us. Mr. Hudson indicated they are requiring the Port to extend the water line approximately 3000 feet. The Commission supported the staff in the appeal on the water line.

Mr. Hudson also provided an overview of what phase II includes. Phase II is currently planned for construction in 2005.

The Commission unanimously approved the staff to go to bid on the Runway Safety Project, Contract No. 596.

Properties Program Advisory

Mr. Heber Kennedy and the property development staff provided an update on the activities and plans for the property program for 2004.

ADJOURNMENT

President Telford adjourned the meeting of January 12, 2004 at 7:32 p.m. to an executive session at the Port offices. President Telford announced the next regularly scheduled Commission meeting is January 26, 2004.

EXECUTIVE SESSION

The Commission adjourned the executive session at 8:00 p.m. The purpose of the executive session was to discuss potential litigation.

PORT OF OLYMPIA COMMISSION

President

Vice President

Secretary-Treasurer