

PORT OF OLYMPIA COMMISSION
MINUTES OF REGULAR MEETING

January 14, 2002

CALL TO ORDER

President Pottle called the meeting of January 14, 2002, to order at 5:33 p.m. at the Thurston County Courthouse in the Commission Council Chambers, Room 280. Commissioners Telford and Van Schoorl were in attendance.

Commissioner Pottle gave opening remarks and introduced fellow Commissioners. President Pottle indicated this was a historic meeting for the Port of Olympia since this is the first televised meeting. He announced the meetings will be taped and then shown to the public on TCTV channel 3 at 7:30 p.m. on Wednesdays following the Commission meeting and then again on Thursday morning at 8:30 a.m. Since the Port does not have suitable facilities for taping the meetings, we will be using facilities around the county. Commissioner Pottle thanked Thurston County, the City of Tumwater, and the City of Lacey for allowing the Port to use their facilities.

President Pottle noted that the website (www.portolympia.com) will post information on the Port Commission meetings and locations, as well as agendas and minutes of past meetings. He invited the public to provide feedback to the staff and commission.

President Pottle laid out the rules for the public comment indicating the Commission would allow up to 3 minutes per person, for a total of 30 minutes at the outset of each meeting.

Staff in attendance were: Executive Director Nick Handy, Administrative Manager Jeri Sevier, Finance Director George Fox, Engineering and Planning Director Andrea Fontenot, Deputy Director Wendy Holden, Marketing Director Kari Qvigstad, Property Development Manager Heber Kennedy, Marine Terminal Manager John Wolfe, Communications Manager Patti Grant, Program Assistant Teresa Olson, Swantown Manager Bruce Marshall, Facility Project Engineer Rod Hudson, and Olympia Regional Airport Manager Doug Sandau.

Public in attendance were as follows. Representing the Olympian was reporter Scott Wyland. Representing legal counsel was Mick Phillips. Others in attendance include: Robert Rose, Arnie and Shirley Olson, Deb Vinsel, Ted Johnson, Tom Jones, Russ Shurtz, Virgil Shillan, Harold Chambers, LeAnne Horne, Wil Carlson, Keith Bausch, Drew Sandgren, Gary Sandgren, Mike Pettit, and Mark Beardemphl.

APPROVAL OF AGENDA

The agenda was approved as submitted.

PUBLIC COMMENT

Virgil Shillan indicated he was at a meeting where the Commission was proposing spending \$750,000 on public art, and then I read in the paper where you are \$30 million in debt. He noted it would be wise of the Port to pay off that debt before spending other money. He indicated that he was not sure what interest rate the Port had on this debt, but at whatever interest rate, the Port needs to just apply at getting the debt paid off.

Harold Chambers congratulated Mr. Pottle and Mr. Telford. He asked for clarification on Commissioner Van Schoorl's comment that the Port Plaza was approved in the comp plan, whereas the comp plan shows little resemblance to the plan that has been approved. He asked why doesn't the comp plan reflect the current plan. Mr. Chambers said to Commissioner Van Schoorl, you were recorded as saying it would be a one to one vote on port plaza if you didn't vote, but how do you know how they would vote, if you are unable to talk to each other outside of the meetings.

Deb Vinsel, Executive Director of TCTV, indicated her welcome and thanked the Commission for opportunity for TCTV to help in providing this service and noted that she look forward to a successful venture with the Port. President Pottle expressed his appreciation for what TCTV does in its public service for other jurisdictions as well.

COMMISSIONERS REPORTS

Commissioner Van Schoorl indicated he would like to take this opportunity to welcome Commissioner Telford, to welcome the TV audience. He noted that this is an opportunity for the TV audience to see how the Port Commission operates at regular meetings.

President Pottle indicated the Port is underway with the process for appointment new members to the Port Planning and Advisory Committee. President Pottle noted that he just completed his review of the applicants and was very impressed with the quality of individuals and the knowledge and experience of candidates.

Commissioner Telford announced this is his first meeting and he is interested in smooth transition. He said he has been working with the professional staff at the Port. He indicated that the other commissioners and staff have worked together for some time, so he thought it would be helpful to provide a few comments on where he has been and where he is going. Commissioner Telford noted that he has had three careers in the nuclear business as an engineer. He indicated that sometimes he is misunderstood because he can play the role of devil's advocate trying to get all the facts.

Commissioner Telford said that his agenda at the Port would be openness, accountability, and fiscal responsibility. He said he would like to see a more open budget process, work to reduce reliance on property taxes, and reduce the debt. He also indicated he would like to clarify a statement in Olympian that said he wanted to sell the Marine Terminal. He indicated that he does not recall saying that. However, the Marine Terminal cannot continue to be a burden on the taxpayers, but don't have the answer at this time. Commissioner Telford noted that he does not have any preconceived notions and looks forward to working with all staff on the issues. His final comment was that he does not intent to micromanage.

Commissioner Pottle thanked Commissioner Telford for his remarks. He commented that he remembers when he was the new kid on the block and it is challenging getting up to speed on all the issues.

EXECUTIVE DIRECTOR REPORT

Mr. Nick Handy extended his welcome to Commissioner Telford for his election and congratulations to Commissioner Pottle for his re-election. Mr. Handy gave a brief overview of each of the departments. At the Airport he reported that the flight activity is back to normal with over 74,710 take off and landings in 2001. Last year the activity was down 9,000 from previous year. The drop happened after the September 11th events. Mr. Handy announced the big news for the Port was that executives from Big Sky will be meeting with staff on the prospects of bringing air service to Olympia. He extended his congratulations to Port staff Paul Mickelson and Gary Scott for work on the State Patrol Building for which they were recently recognized by the State Patrol. Mr. Handy reported that the historic Oak Tree soil is damaged and the tree is threatened due disease in the surrounding soil. The soil replacement project will begin this month.

At the Marina, Mr. Handy reported that revenues are up 8 percent, the restroom remodel is complete, and the livaboard fee begins in full affect this month. He indicated the Boatworks is very busy, and Mr. Bruce Marshall will have a full presentation later in the meeting. The building at Boatworks is now full with five tenants.

Mr. Handy announced the Port is expecting a log vessel scheduled for late January and we have lumber on the dock received by a barge that will be railed out. Mr. Handy announced that a shipment of garnet from Australia will be arriving by ship at the Port in March or April. He noted the garnet goes on face of sandpaper and will be stored in the warehouse in bags. The layberth at berth one has been at the Port for sometime will be leaving soon, but has used the cranes on and off over the past few months.

Mr. Handy also gave an update on the engineering project such as Cascade Pole and announced we received the shoreline permit for DEF dock last week. He noted there has been interest in the state street properties for a high tech conference center. The Market Centre building is having grand openings as the businesses open. The new motel is up and running at the Industrial Park and Harbor Wholesale is expanding.

CONSENT CALENDAR

Minutes. The minutes from the December 10, 2001 meetings were unanimously approved as presented by Commissioners Pottle and Van Schoorl. Commissioner Telford abstained from voting as he was not a Port Commissioner at that time.

The Consent Calendar was unanimously approved as follows.

Capital Expenditure Approval. The Capital Expenditure listing in the amount of \$417,440.26 was approved for payments to RCI Environmental for the Cascade Pole project.

Lease Agreement: Citifor, Inc. President Pottle gave an overview of the lease agreement between the Port and Citifor, Inc. for a period of 12 months from 1/1/02 through 12/31/02. The lease provides an area of 4.0 acres, but Tenant has the right to increase the area as necessary by giving the Port a 30-day advance notice. He indicated the tenant will use the area for scaling, debarking, receiving, sorting and shipping of logs, as well as domestic sales across the terminal. The Port and Tenant agreed that the area may be reduced to no less than 1 cargo acre during the term of the agreement.

Commissioner Telford asked if this was a new lease or continued from previous operations. Mr. John Wolfe responded that this lease is essentially a continuation of current operations.

Lease Agreement: LOTT. President Pottle gave an overview of the lease agreement between the Port and LOTT for a period of one year. He indicated this lease provides for a staging area at the north end of Studios 321. The lease begins January 1, 2002. The staging is related to the Reclaimed Water Treatment Plant project on the site that used to be the "animal shelter".

ADVISORY CALENDAR

Swantown Boatworks Advisory

Bruce Marshall, Swantown Manager, gave the Commission a status report and review of the first two full years of operation through a powerpoint presentation. Mr. Marshall's presentation included information on the background of the boatworks, the scope of the facilities and services provided, and haulout demographics and data. Mr. Marshall also gave the Commission an overview of the business partners located in the new Marine Services Building. He reported that we have five building tenants; Thurston Boat Repair; Shurtz Marine Enterprises; Olympic Diesel & Marine; Island Sailing Club; and Skookum Bay Outfitters. In addition to the building tenants, the boatworks has nine licensed concessionaires who can be called on by boaters to perform various repairs and maintenance services.

Mr. Russ Shurtz, co-owner of Shurtz Marine Enterprises congratulated Commissioner Pottle and Commissioner Telford on elections. Mr. Shurtz commented that he has been involved in marine repair for 22 years. He started 1991 as sole proprietorship and did mostly seasonal work. In June of 2000 with advent of boatworks, he started a partnership with his brother and became a concessionaire at the boatworks and then entered into negotiations with Port and Simon Johnson. Mr. Shurtz indicated that now Shurtz Enterprises occupies 6,000 sq. ft. of the building and has 8 full time employees. Mr. Shurtz said the growth has been substantial and he anticipates a continuing trend and with the ability to bring in larger vessels from out of the area, Shurtz Enterprises has been able to increase services. Mr. Shurtz indicated that this is a perfect model for how private and public enterprise can work together, with a benefit for both.

Ted Johnson commented that the development has been slow because of the marine related limitation on use of building other wise he would have been able to lease the space a long time ago. However, Mr. Johnson indicated that business is beginning to boom for all the businesses now and Simon Johnson is starting to talk to tenants for a building two. Mr. Johnson congratulated the Port and staff for helping with this project.

Commissioner Van Schoorl complimented staff on an excellent presentation and for the excellent job of managing the boatyard. He indicated the boatyard is a high quality service center thanks to the staff.

President Pottle seconded Commissioner Van Schoorl's comments. He added the success of the project is in part from the knowledge of the staff and the work with Simon Johnson. This project is a vision of years ago coming about in a very successful business partnership.

ACTION CALENDAR

Election of Officers

The Commission has traditionally elects Port of Olympia officers at the first meeting of the year. Commissioner Pottle indicated he has been president for the past 12 months. He thanked staff for putting up with him.

Commissioner Van Schoorl indicated the rotation of president, vice president, and secretary treasurer of commission occurs on an annual basis. The incoming commissioner becomes secretary treasurer and since he served as Vice President last year, it would be the natural rotation for him to become President this year. He proposed that Commissioner Telford serve as Secretary-Treasurer, Commissioner Pottle serve as Vice President, and Commissioner Van Schoorl serve as President. The motion was made by Commissioner Pottle and Commissioner Telford seconded the motion. The motion unanimously passed.

Disposal of Property—Resolution 2002-01

President Van Schoorl indicated we have an annual resolution 2002-01 that authorizes the Executive Director and the Director of Finance and Administration to dispose of surplus Port District property of less than \$10,000 in value, in accordance with RCW 53.08.090.

Mr. George Fox presented the resolution and Mr. Handy indicated that Commissioner Telford had previously asked that the delegation be to two persons for accountability reasons. Mr. Handy reported that the resolution has been changed to reflect that suggestion if the Commission chooses to go that direction.

Commissioner Telford said that in his mind, normal policy is to have two people accountable to assure a check and balance procedure. Commissioner Van Schoorl read the new resolution authorizing the Executive Director and the Director of Finance and Administration to dispose of surplus Port District property of less than \$10,000 in value, in accordance with RCW 53.08.090. The resolution as modified was unanimously approved.

Commission Assignments

President Van Schoorl indicated that at the first meeting in January the Commission has traditionally discussed assignments for representing the Commission at various councils and boards. President Van Schoorl gave a summary of current assignments for external boards and commissions.

Commissioner Telford asked if the representation with the Maritime Heritage Association was a discretionary association because of Commissioner Dickison's relationship. President Van Schoorl indicated that it probably was and there was not a need for continued representation with that group.

The Commission agreed on the following representation:

Commissioner Pottle: Economic Development Council; Thurston Regional Planning Council; Yelm Chamber; LOTT; and Lacey Chamber

Commissioner Van Schoorl: Olympia Thurston Chamber; Tenino Chamber; Pacific Northwest Waterways Association; and Washington Public Ports Association

Commissioner Telford: Transportation Policy Board; Grand Mound Chamber; and Tumwater Chamber

Warehouse A Roof Repair Approval

Ms. Andrea Fontenot indicated to the Commission that the standard shingle portion of Warehouse A is leaking and in need of replacement to prevent damage to the truss system and the structure in order to preserve the asset. She noted that Warehouse A was built in 1984 for \$1,761,109 and is located on the Marine Terminal. It is located in an unusually rough environment with exposure to the strong southwest winter winds, seagull nesting, guano, and shell dropping.

The Warehouse is a very large structure, larger than a football field. The *barrel roof* portion of the building is 380 feet long by 200 feet wide, or 76,000 square feet. There are smaller shed roofs off the north and south ends of the warehouse. The barrel roof is a combination of built-up asphalt at the top and 3 tab shingles down the sides of the barrel. There are two types of 3 tab shingles. The lowest portion of the roof is covered with felt underlayment and standard 3-tab asphalt shingles, manufactured by the Malarkey Roofing Company. The upper portion of the barrel is roofed with a Malarkey Alaskan 3-tab shingle, similar to the 3-tab but with rubber in addition to the asphalt and aggregate.

Ms. Fontenot reported that the standard 3-tab section of the roof is leaking due to blown off shingles and loss of granular material. The Alaskan shingle is in better condition in terms of granular material remaining but is experiencing some blow off of shingles as well. The built up portion of the roof is in good condition with no leaking.

She noted that these roofing systems were overlaid on the original Gacoflex roof in 1991. The Gacoflex system, similar to the Tacoma Dome, had leaked shortly after the warehouse was constructed. This second roof system cost \$135,954 in 1991.

Ms. Fontenot reported that our crew went up on the roof in December with the intent of replacing the shingles that had blown off, but discovered that the extent of missing shingles and worn aggregate was more extensive than anticipated, particularly in the area of the standard 3 tab shingle. It was the intent to replace shingles this year and do a maintenance ply next year, for which \$85,000 was budgeted.

She indicated that staff has evaluated the two main roofing systems available for this type of structure, shingles and a single ply membrane system. Staff showed examples of the TPO membrane and shingle to the Commission.

Ms. Fontenot indicated that staff is recommending an overlay of the standard 3-tab shingle and the Alaskan shingle with a premium shingle. Since the built up roof is in good condition, staff is recommend retaining this portion of roof. She indicated that with a maintenance ply in the future, the life of this roof could match the life of the shingle overlay. The condition of the built up roof does not warrant a maintenance ply at this time. This approach would equalize the life expectancies of the roof system 10-15 year life.

Ms. Fontenot also recommed an overlay of the shed roof areas on the north and south ends of the warehouse. Total re-roof area then is 65,640 square feet, with includes the sides of the barrel and the end shed roofs. The total recommended action is to go to bid for the premium shingle at an estimated construction cost of \$189,554.

Commissioner Telford indicated he has given thought to this project and it is a difficult decision to spend money on a facility hardly ever used. He noted however that the choices are to repair or let it deteriorate and we all know what happens if you let it go. Commissioner Telford said that he sees his fundamental duty to maintain facilities of the Port. He also asked staff where the funds for this project would come from.

Commissioner Telford indicated his concern about the materials lasting the life time indicted by the warranty, he noted that we are in to 10 years and needing to replace the current system. He indicated that most of the cost is in labor, material is only 25 percent of total cost so we need to use the right material for the job. He asked staff for sufficient evidence that we are spending the money wisely and not making mistakes by being in a hurry to make a quick decision. Commissioner Telford suggested staff needed to do more research on choices of materials and application and come back at the next meeting for more information. He also asked why we are spending \$13,000 on engineering?

Commissioner Pottle indicated that Commissioner Telford raised some good points and would also like know more about the product. However going back against Malarky for past defects in past years may cost us more than it is worth pursuing.

President Van Schoorl responded that he is also in agreeemnt that we don't want to use a product that we are not happy with. He responded to Commissioner Telford explaining that the engineering estimate is a means for us to layout the front end of what a project might cost. This estimate helps budget for the proejct.

Ms. Fontenot indicated that she did check with other jurisdictions and sent out an email to other jurisdictions receiving feedback that other facilities on waterfront experiences a lower life expectancy and they also use shingles similar to what staff is recommending. She noted that the feed back on Malarky shingle was very positive. Ms. Fontenot also responded to Commissioner Telford that the engineering costs include staff time as well. She explained the process indicated staff is seeking approval to go out to bid tonight, if approved to go out to bid from small works roster and then staff come back to the commission for approval to award the bid.

Mr. Handy indicated that the Port was planning for an expenditure of \$80,000 in 2003 for the Warehouse roof, however, with the leaky roof, it is the intention of staff to do this project within the total authorized budget for this year, therefore, we are not asking for new authority. He noted that in the normal course of events throughout the year new projects come up and others get delayed.

Commissioner Pottle indicated that with the assurance to stay within capital budget and looking at other product types, he is comfortable with a motion to go to bid to look at options for a premium shingle repair of the warehouse roof. The motion was seconded by President Van Schoorl. Commissioner Telford indicated he does not see a hurry and will vote against the motion.

Mr. Rod Hudson indicated staff has done a minor background check on shingle products. The next step is to do the research on the products and write specifications based on that research for bids. Commissioner Telford said it costs money for contractors to go out to bid on and we should be certain about what we want before we go to bid. He noted he does not feel comfortable that we are going out to bid on the right material.

Commissioner Telford also inquired about if the old roof would be torn off or overlaid, because he indicated he talked with a contractor that said with that roof, it would not be preferable to do an overlay and Commissioner Telford indicated he wanted to know that staff has examined all the options. Mr. Hudson responded that he could add a bid item for tear off of the existing roof to see how that cost will impact the project. Mr. Hudson indicated that he has spoken with several contractors and their recommendations has been to overlay.

President Van Schoorl indicated that staff has always done a very thorough due diligence on estimating out engineering projects and staff have some questions to follow up on, but feel that staff will come back with complete recommendations and is comfortable approving staff to proceed.

Commissioner Telford asked if there was room to store one load of garnett in the warehouse as is. Mr. John Wolfe, Marine Terminal Manager, responded that the warehouse does not have ample space to store one shipment of garnet because leaks are throughout the warehouse therefore it is hard to locate a space large enough to store it. Not repairing the roof would put the business at risk and sends message to customer that we have facilities not able to meet their needs. Mr. Wolfe also indicated that he is working on the development on other products and business and there is a significant chance for those business opportunities to take place.

Commissioner Pottle made a motion to approve staff to go to bid on this project, President Van Schoorl seconded the motion. Commissioner Telford voted against the approval. The motion passed with a 2-1 vote.

Airport Golf Center RFP Approval

Mr. Heber Kennedy indicated that in accordance with Commission direction, staff has prepared a draft Request for Proposals (RFP) for ownership and/or management of the Airport Golf Center. He indicated that proposers may: (i) purchase the improvements and lease the land, (ii) lease both the land and the improvements, (iii) manage the facility under Port ownership, (iv) propose alternative recreational uses of the site, and (v) propose alternative land uses of the site.

He reported that the RFP will be advertised and promoted through the following channels: (i) a notice on the Port's Web site, (ii) an advertisement in the Olympia and Tacoma newspapers, (iii) a direct mailing to those persons and parties expressing prior interest in the facility, (iv) a notice to golf courses in the Puget Sound region, and (v) a notice to members of golf associations in the Northwest.

At that point all proposals will be reviewed and evaluated by staff, which will then recommend a preferred candidate to the Commission. He indicated that the preferred candidate and the Port have sixty (60) days to negotiate a completed agreement.

Mr. Kennedy indicated staff would like a commission representative on golf team to review the RFP's.

Commissioner Telford noted that to be consistent with recommendation, the RFP needs to be revised to allow for the other proposals. He complimented staff on the good work and indicated they were on the right track. Commissioner Telford expressed some interest in serving as commissioner representative. Commissioner Telford moved the adoption of the issuance of RFP for the Golf Center. Commissioner Pottle seconded the motion.

Commissioner Pottle indicated he had some comments, he said had an issue with marketing of this based on Puget Sound region, and would like for staff look far and wide in a world wide economy. He indicted he would like to see an emphasis on marketing in the proposal since businesses are successful because of their marketing abilities. He also noted that it seemed misleading to indicate that we would allow alternative uses when in fact we may not be able to approve all uses.

President Van Schoorl agreed that marketing is essential to the success. He noted that it comes down to the evaluation criteria, which will be a challenge on how we evaluate those alternative uses and would like the team to have active interaction with commissioners for this process. He indicated that he was very interested in the evaluation criteria and what is best for the community.

Mr. Harold Chambers commented that if you lease this property, I hope you read the lease yourself before you sign it. He said the last person got out of it and the Port had to pay to get it back. He also commented that the Port needs to have attorney look at language in lease.

Motion for authorization for staff to move forward passed unanimously.

Commissioner Telford said he is concerned about getting viable proposals, and noted that his criteria is the bottom line--doesn't matter whether it is a golf course or llama farm, so he wasn't sure if the other commissioners would want him to be the representative. He noted that he does not think the Port should be in the recreation business.

President Van Schoorl indicated that the process would be subjective, although by coming up with criteria eliminates some of the subjectivity. There are requirements of the property and we need to keep in mind the comp plan and how the proposed facility fits in. He noted that we need to minimize the subjectivity and asked staff to come back to the commission with an outline and proposals. President Van School said he would like to defer with the appointment of a commissioner at this time.

ADJOURNMENT

President Van Schoorl adjourned the meeting of January 14, 2002 at 7:57 p.m. and announced that the next meeting of the Commission would be on January 28th at the Tumwater City Hall, Council Chambers.

PORT OF OLYMPIA COMMISSION

President

Vice President

Secretary-Treasurer