

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

**February 24, 2003**

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**CALL TO ORDER**

President Pottle called the meeting of February 24, 2003, to order at 5:35 p.m. at the TCTV Studio in Olympia. Commissioners Van Schoorl and Telford were also in attendance.

Staff in attendance were: Executive Director Nick Handy, Administrative Manager Jeri Sevier, Finance Director George Fox, Property Director Heber Kennedy, Marketing Director Kari Qvigstad, Operations Director John Wolfe, Harbor Director Bruce Marshall, Airport Director Doug Sandau, Public Works Director Andrea Fontenot, and Communications Manager Patti Grant.

Public in attendance were as follows. Representing Legal Counsel was Mick Phillips. Representing the PAC was Dave Clark and Jan VanderVeen. Others in attendance included Harold Chambers, Ray Schmidtke, Bruce Korus, Jerry Baruffi, Neil Falkenburg, Meta Heller, Richard Korn, Doug Bartin, and Ray Kulina.

**APPROVAL OF AGENDA**

The agenda was approved as submitted.

**PUBLIC COMMENT**

**Meta Heller, resident of Tumwater**, indicated she commented at the last meeting about the Port's NorthPoint property and suggested it should be the site of a Jacob Lawrence Cultural Center. Since that meeting, she noted that she has talked to a lot of black leaders and others regarding this idea. Ms. Heller did some research at the library and brought some books on Jacob Lawrence. She commented that she is continuing on this mission and hopes to form a coalition on this project to bring a cultural center to the Port of Olympia. Commissioner Van Schoorl suggested this might be appropriate for the Olympia Museum. Ms. Heller responded that she does not think it would be appropriate, the Jacob Lawrence Center deserves something more illustrious.

**Richard Korn, resident of Olympia**, carpenter by trade, commented that the Port should require that project labor be used on all public works projects on all port property.

**Neil Falkenburg, Westbay Marina**, commented on the Swantown Marina, and said he called the Marina and asked how many slips were empty; the person responded 90-100 slips were vacant. Mr. Falkenburg asked the Commission how many of the new slips are the Port going to build that represent the vacant slip sizes? He indicated that he questioned if this is the right time to do the expansion project. Mr. Falkenburg also commented that he did an assessment on taxes paid to the Port of Olympia over the past years, the amount paid to the Port has increased 60 percent, while the property values have only risen 12 percent. Mr. Falkenburg asked if maybe the project should be phased in.

Commissioner Telford indicated he has spoken with the Marina Manager and reviewed the numbers on the expansion project and has reviewed the vacant slips. He has looked at how to change the layout to eliminate the smaller slips, however, a reconfiguration does not make sense. Commissioner Telford responded that we know the vacancy rate in the smaller slips is higher in the winter months. Commissioner Van Schoorl indicated this is a normal winter phase and that the marina is 100% occupied in the summer months.

**Jerry Barrufi, Owner of Westbay Marina**, indicated he attended a meeting a few weeks ago where Mr. Fox gave numbers on how well the boatyard was doing. He commented that he was told the reason why the boatyard was built was because business was so good, he noted that since then he has closed West Bay boatyard. Mr. Barrufit noted that from what he figures, the boatyard has actually lost \$27,000 each year. He noted that Westbay has now laid off 6 people who are now on unemployment. Mr. Barrufi asked if this is the same thing that is going to happen with the expansion of the Marina. He asked how many boats over 55 feet you have brought down to the Port, since the Port indicated they were building the boatworks for the larger boats. He noted that Westbay can haul up to 55 feet. Because of the way the Port is spending money, the taxes continue to go up. Mr. Barrufi commented that right now he has 70 empty slips, and the Port has 100 empty slips. If you want more slips, why don't you buy our marina?

## **COMMISSIONERS REPORTS**

President Pottle noted he attended the EDC Board meeting earlier in the day where they discussed the sports complex in Lacey and the conference center in Olympia. He also announced the opening of the Red Lion (formerly West Coast).

Commissioner Telford indicated he watched the tape of the last commission meeting where he was absent. He indicated he plans to release a financial overview document on the Port and that no Port staff or facilities were used to prepare this report.

## **EXECUTIVE DIRECTOR REPORT**

Mr. Nick Handy gave an update on recent activities at the Port including the activity at the Marine Terminal, the Marketing department, the Airport, and the Properties program. Mr. Handy announced to save the date for the Boatswap and Chowder Challenge currently scheduled for May 17<sup>th</sup>.

## **CONSENT CALENDAR**

The Consent Calendar was approved as follows.

**Minutes.** The minutes from February 10, 2003 were unanimously approved as submitted. Commissioner Telford abstained from voting, as he was not in attendance at that meeting.

**Capital Expenditure Approval.** The Capital Expenditure was unanimously approved in the amount of \$93,929.86 for the Runway Shift & Road Alignment project to Reid Middleton.

## **Resolution 2003-04 Amendment of the Comprehensive Plan.**

Resolution 2003-04 amends the Comprehensive plan consistent with action taken on February 10, 2003 to amend the Comprehensive Plan for the inclusion of the 2003 Capital Budget. Resolution 2003-04 amending the Comprehensive Plan was passed unanimously.

Commissioner Telford indicated that the Capital Budget was approved in November. The public hearing was held at the last meeting, and now we are passing a resolution. He commented that he thinks only substantial projects should be addressed in a SEPA hearing. He indicated that when he talked to staff, he finds that this SEPA review does not really add anything to the process. He commented that this process just eludes the community and spends taxpayers money on this process. Commissioner Telford indicated that he does not think we need to amend the comp plan just to add the already adopted capital budget. He commented that he sees this as an unnecessary process and a waste of money, which puts him in position to vote against this motion, although he did not. Commissioner Telford indicated he would like to ask staff to examine whether this is necessary for this next year.

Commissioner Van Schoorl indicated that if there is a way to do away with this requirement, he is all for

doing away with this process. Mr. Handy indicated we would love to do away with state law, but we do this process to protect the Port and to assure we are in compliance with environmental laws. Mr. Handy commented that staff could try to change the law, but we would spend a lot more time challenging than we do on this process and probably without a favorable result.

President Pottle indicated he is in agreement with wanting fewer laws and red tape, however, when the law is the law, we have an obligation to follow current requirements. He commented that he did not think it would be a good use of staff time to challenge this requirement. Commissioner Telford commented it is always good to question things and not just go through the motions.

### **Holbrook Lease Agreement.**

The lease with Holbrook, Inc. is for approximately 2 acres of unpaved land and one acre of paved land on the Marine Terminal area. The tenant pays for a period of 12 months, land lease at the rate of \$500 per acre per month, and the additional paved acres at \$950 per acre per month. Tenant will also pay user fees for chip and saw logs of \$0.17 cents per green ton, S&F (landed) at \$5.00/mbf., wharfage (ex-dock) at \$5.00/mbf, S&F & Wharfage (ex-water) at \$2.00/mbf, with minimum user fees of \$500/month. The Commission unanimously ratified the lease agreement.

### **Citifor Lease Agreement.**

The lease Citifor, Inc. is for approximately .89 acres for the debarker; .11 acres for the Easy Lift; .28 acres for the scales, an area totaling approximately 1.28 acres. The tenant agrees that the leased premises are to be used only for scaling, debarking, receiving of logs to and from water across the Port of Olympia's Marine Terminal. The rent shall be \$500.00 per acre per month for the scale, debarker, and easy lift area. The term of this lease is from February 1, 2003 to December 31, 2004. The Commission unanimously ratified the lease agreement.

## **ACTION CALENDAR**

### **Capital Little League Lease Agreement**

Mr. Heber Kennedy presented the Commission with a lease with Capital Little League for approximately 10.6 acres of land (currently developed as the "Capital Little League Fields") for a period of 6 months with two additional option terms of 3-months each. Mr. Kennedy noted the term begins February 1, 2003 through July 31, 2003 (or through January 31, 2004 with the two options). He noted that the rent is set at \$284.05 per month plus LET, paid in advance. Mr. Kennedy announced that the tenant fully understands that this is a non-conforming use of Airport properties and is aware of the potential need for additional parking to support the commercial airline. The tenant is actively looking at other sites to relocate their operation. The tenant is also under agreement to maintain a good parking program that keeps all its sponsors, coaches, players and public off the streets at NMIC to minimize impact to the surrounding businesses. The tenant has an agreement with the State of Washington to utilize the Park & Ride on Center Street and is enforcing parking restrictions through directional and towing away signs.

**Ray Kulina, board member for Capital Little League**, indicated the Capital Little League is still a non-profit organization; they have about 600 kids in the program this year. Mr. Kulina commented that they have corrected funding issues, parking issues, and have been actively looking for alternative sites in the community. Mr. Kulina acknowledged that this is a temporary lease arrangement. Mr. Kulina commented that the league plays nine months out of year.

Commissioner Pottle extended his thanks for improving the parking situation. Commissioner Van Schoorl indicated this has been a very good partnership. Telford commented this is one of the best uses of vacant port property and he supported the continuation for as long as we can.

### **State Avenue Consultant Recommendation**

Mr. Heber Kennedy indicated to the Commission that the Port issued a Request for Proposals on August 13, 2002 for planning and development of a 17-acre mixed use development within the State Avenue and Swantown Districts of the Port's Comprehensive Plan. The purpose of the RFP was to provide the basis for future redevelopment, which will occur at the discretion of the Port Commission through a master lease or a series of leases. Mr. Kennedy noted the Port required that site master planning be led by a qualified development firm capable of actually implementing the approved master plan.

Mr. Kennedy announced the Port received proposals from five very respected firms. One was considered non-responsive and the other four were interviewed November 7, 2002 by a team consisting of the State Avenue Planning Team (SAPT) members, two PAC representatives and a City of Olympia representative. Due to the proposal of a portion of the State Avenue property for a Conference Center and its potential impact to our planning area, the team elected to place a hold on the selection while the Public Facilities District was formed and the City of Olympia negotiated with its preferred candidate. Mr. Kennedy noted that it now appears the Conference Center will not be located on Port property and the SAPT, after choosing three finalists, conducted another round of interviews on February 10, 2003 to select a preferred candidate.

Mr. Kennedy indicated that the State Avenue Planning Team unanimously recommends that the Port Commission select Civic Partners/NBBJ as the preferred candidate. In addition, the SAPT also recommends that the Port enter negotiations with Civic Partners/NBBJ to develop a final agreement suitable to both parties and report back to the Commission within the next sixty (60) days.

President Pottle indicated that did have two members of the PAC on this process thanked the committee and the staff for the preparation and work on this process. The Commission unanimously approved the recommendation of the SAPT.

Commissioner Van Schoorl indicated the reason this planning process is so important is because once a plan is on paper it helps the community to see the potential development of the east side. Just like the planning on the Farmer's Market and the market district.

### **Legal RFP Recommendation**

Mr. Nick Handy indicated the Legal RFP was issued on December 16, 2002. He noted that we sent this proposal out to about 45-50 legal firms. The request for qualifications was due on January 24, 2003. Mr. Handy announced that seven (7) written responses were received in response to the Port's RFQ/RFP solicitation. The reviewing team consisting of Commissioner Van Schoorl, George Fox, Jeri Sevier, and Nick Handy.

Mr. Handy announced the review team has met and selected a finalist list of three law firms to interview. The recommended firms are as follows: (1) Owens Davies. This firm has represented the Port of Olympia for the last 20 years and is offering Mark Erickson, former Olympia City Attorney, as lead counsel. (2) Lane Powell. This large Seattle law firm has an Olympia office in the Market Centre building and would offer John Hough, Lane Powell partner and former Senior Assistant Attorney General, as lead counsel. And (3) Goodstein Group. This medium sized Tacoma law firm features Bob Goodstein, General Counsel to the Port of Tacoma for 13 years, as lead counsel.

Mr. Handy indicated that if the Commission concurs with these recommendations, the review team would conduct interviews on the finalists in March and develop a recommendation on a preferred candidate to the Port Commission on or before April 14, 2003.

Commissioner Van Schoorl thanked all seven law firms that submitted proposals. He commented that he thinks the team selected a good mix of firms to interview. Commissioner Telford indicated that the recommended firms were all large firms and wondered why we did not pick a small firm. He commented that he would like to understand the current needs and make sure the selected firm meets those needs.

Commissioner Van Schoorl commented that the team did look at exactly what he is questioning. Each of the three meets the current needs and has the back up capability for expertise in major legal issues. Commissioner Van Schoorl indicated the team looked at the kind of service we are receiving to match a compatible firm. President Pottle commented that in the past he has seen an analysis on how we are actually spending the money on services, he asked if the Commission was going to see an analysis from this process. Mr. Handy indicated staff has provided this analysis to the Commission in the past, and would be happy to do this in the future. Mr. Handy indicated this is an opportunity for us to look at the way we pay for services and hopefully find a way to save on some of those services.

Commissioner Van Schoorl indicated that if the other Commissioners had specific questions to please submit those to the Legal Review Team before the interview process takes place.

The Commission unanimously approved the recommendation of the Legal Review Team.

## **ADVISORY CALENDAR**

### **Investment Program Advisory**

Commissioner Van Schoorl indicated that last year the Port moved to its own investment of Port Funds, for which we issued an RFP for an investment advisory and have asked the selected investment counsel to attend the meeting tonight. He commented that he would like to have more Commission involvement and have asked Mr. George Fox and the Investment Council to provide an update on the program. Mr. George Fox presented the Commission with an advisory on the investment program for the Port of Olympia.

Ray Schmidtke, from the Seattle Smith Barney office and Mr. Bruce Korus, from the Olympia Smith Barney office introduced themselves. Commissioner Telford asked Mr. Schmidtke to give an update on the current bond market. Mr. Schmidtke indicated the environment in the bond market is very difficult at this time to find appealing yields, he noted that they do anticipate the economic activity will improve the second half of this year. Mr. Schmidtke indicated they continue to look for opportunities to improve the bottom line and take advantage of higher rates. He noted the strategy is to try to continue to move the cash into the market.

Commissioner Telford asked Mr. Fox how this compares to the Thurston County Investment Pool, which has done quite a bit better than we have. Commissioner Van Schoorl indicated we were removed from that pool before we actually pulled out, therefore, did not have a choice to do our own investing. Commissioner Van Schoorl commented that this is mostly the result of timing, this is the worst time to be investing in the market.

## **ADJOURNMENT**

President Pottle adjourned the meeting of February 24, 2003 at 7:05 p.m. to and executive session on March 5, at 4:00 p.m. at the Port offices. President Pottle announced the next regularly scheduled Commission meeting is March 10, 2003.

## **EXECUTIVE SESSION**

The Commission resumed the meeting from February 24, 2003 to executive session on March 5, 2003 at 4:00 p.m. The purpose of the executive session was to confer with legal counsel regarding the legal claim on the Cascade Pole construction contract in preparation for a scheduled March 12, 2003 mediation involving all parties. Discussion occurred with counsel and no decisions were made. The executive session adjourned at 5:57 p.m.

PORT OF OLYMPIA COMMISSION

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President

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Vice President

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Secretary-Treasurer