

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

**March 13, 2006**

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**CALL TO ORDER**

President Pottle called the meeting of March 13, 2006, to order at 5:30 p.m. at the LOTT Board Room in Olympia. Commissioners Telford and Van Schoorl were also in attendance.

Staff in attendance were: Executive Director Ed Galligan, Administrative Manager Jeri Sevier, Communications Manager Patti Grant, Harbor Director Bruce Marshall, Marine Terminal Director Jim Amador, Marketing Director Kari Qvigstad, Marketing Program Assistant Maureen Malahovsky, Airport Director Rudy Rudolph, Business Development Representative Sally Alhadeff, and Property Director Heber Kennedy. Legal counsel in attendance included Bob Goodstein.

Public in attendance were as follows: Mel Murray, Richard Wolf, Russ Meixner, Phyllis Booth, Christi Johnson, Tom Howdeshell, Harold Clark, Jan Witt, Sherman Will, Keith Bausch, Jay Wood, John Aultman and Patricia DiFransisca.

**APPROVAL OF AGENDA**

The agenda was approved as amended. Mr. Ed Galligan indicated staff recommends changing item number 4 on the action calendar to read "Reject Bids for Obstruction Removal" and staff also recommends the Executive Session following the meeting be cancelled and add that item under the action calendar as number 5.

**PUBLIC COMMENT**

**Patricia DiFransisca, resident of Olympia**, asked for a report of what happened in Washington D.C. when Commissioner Pottle and Ed Galligan recently went back to DC. President Pottle indicated we would provide an item-by-item discussion at the next meeting.

**COMMISSIONERS REPORTS**

Commissioner Pottle indicated at next commission meeting he will make a report on Washington D.C. trip and will also include a presentation on the trip to China that just concluded yesterday. He wanted to take the opportunity to thank St. Martins University for putting the tour to China together.

Commissioner Telford noted he attended Transportation Policy Board meeting and had nothing to report.

Commissioner Van Schoorl reported the Capital Lake Area Master Planning is underway and they will be holding public forums in the coming weeks.

**EXECUTIVE DIRECTOR REPORT**

Mr. Ed Galligan reported that the Marine Terminal recently had a vessel in discharging containers and pieces of rolling stock, the ship departed the same day. Load-out of the cargo commenced and will continue through Tuesday this week. Mr. Galligan also noted that we expect another vessel at Port next week and that vessel will be discharging mining equipment and bagged garnet. We might also have a log barge in for Holbrook around the same time as the upcoming vessel.

Mr. Galligan indicated that staff is working with Intercity Transit along with the Market District Association to explore opportunities for expanded cooperation for the DASH Shuttle and parking at the Market District.

## **Consent Calendar**

The Consent Calendar was approved as follows.

**Minutes.** The Commission unanimously approved the minutes from the February 27, 2006 meeting. Commissioner Telford abstained from voting since he was not at that meeting.

**Capital Expenditures Approval.** The Commission unanimously approved the Capital Expenditures in the amount of \$251,147.82 to Coast Rail for the On-Dock Rail System, to Northwest Construction for the FOD Control Paving Program at the Airport, and to Reid Middleton for the Runway Line of Sight project at the airport.

## **ACTION CALENDAR**

### **Resolution 2006-04 – Sale of An Abandoned Vessel**

Mr. Bruce Marshall presented the Commission with Resolution 2006-04 authorizing the Harbor Director to conduct a public auction of the 34-foot fiberglass sailboat the Oskee-Wow-Wow to the highest bidder. The resolution further authorizes the Harbor Director to bid all or part of the accrued port charges at the sale and the Port of Olympia may become a purchaser at the sale.

Commissioner Telford indicated in the future he would like to see the Fair Market Value included in the resolution.

The Commission unanimously approved Resolution 2006-04 authorizing the sale of an Abandoned Vessel.

### **New Market Dedication of Roadway**

Mr. Heber Kennedy indicated he is asking for a dedication of right-of-way for another party to construct roadway on Port property earlier than would otherwise be required. The NewMarket Vocational Skill Center (NMVSC) is expanding its programs and will be adding an additional five acres to their campus. As part of that expansion, they will be required to improve access into their property by constructing their portion of 73rd Avenue SW. Mr. Kennedy introduced representatives from the NewMarket Vocational Skills Center, Jay Wood, Mel Murray, and John Aultman.

Mr. Kennedy indicated that the Tumwater Town Center Street Design that was adopted by the City Council on June 15, 2004. As with all adopted public street plans when development takes place on a parcel the abutting landowner is required to dedicate land for the street and construct roadways and frontage improvements to the mid-point of the street. Mr. Kennedy indicated that 73rd Ave. design requires a twelve-foot traffic lane and twenty feet for frontage improvements on each side. In order to make the street operable, in addition to NMVSC improvements, the City of Tumwater is requiring the Skills Center to construct the 12-foot traffic lane on the Port's side of the street. This requires the Port to dedicate land earlier than would otherwise be required. However, the Port or its tenants do not have to construct any frontage improvements at this time.

Mr. Kennedy indicated that in terms of value, the dedication requested is broken into two 32 feet wide sections on either side of the Grange Hall for a total of 537.52 feet and has a value of approximately \$86,000. Based on our engineers estimate, the cost of construction of the 12-foot lane is approximately \$57,353. In addition, additional frontage improvements will be added to the remaining 20-foot portion

of this right of way when our tenant south of 73rd Ave. adds improvements to their leased premises.

Mr. Mel Murray, representing Tumwater School District, thanked the Commission for the dedication. Mr. John Aultman, Executive Director of NewMarket Vocational Skills Center, gave the Commission an overview of the expansion of the facility that will require the road improvements. Mr. Jay Wood, president of Tumwater School Board, commented that he appreciates the help of the Port and on behalf of the board of directors wanted to give special recognition and look forward to building the Lab-Tech Building at NMVSC.

**Harold Clark, resident of Olympia**, wanted to know who was going to maintain the road. Mr. Kennedy indicated the roadway would be dedicated to the City of Tumwater for maintenance.

**Tom Howdeshell, resident of Olympia**, asked where the new building was going to be built. Mr. Aultman indicated it is on the West side of the property, North of the Grange, 2.7 acres in the back closer to L & I.

The Commission unanimously approved the Executive Director to sign the easement for access to construct the roadway and dedication of property for 73rd Avenue SW, contingent upon FAA approval.

### **Rejection of Marine Repair Bids – Contract #284**

Mr. Bruce Marshall indicated that in January, the Port Commission authorized staff to solicit bids for the repair and renovation of the marina docks. Mr. Marshall noted that PND Engineering, a coastal engineering firm, was contracted to perform a conditional inspection and survey the floating structures and prepare plans and specifications for the project. They also prepared an estimate for the completion of the project. Over 30 bids packages were sent out and three bids to do the project were received. All three bids exceeded the consulting engineer's cost estimates by a substantial amount.

Mr. Marshall indicated that the cost estimate for the project was \$564,742. With the IAC grant, he indicated we have about \$590,000 budgeted to complete the project. Mr. Marshall indicated staff was quite surprised when the bids for the work totaled \$843,000, \$1,019,000 and 1.3 million dollars.

Mr. Marshall noted that staff has been reviewing the project and the bids seeking way to bring the cost closer to the budgeted amount of \$590,000. Since the work to be performed is mostly structural in nature and addresses long term deferred maintenance, staff did not feel that any items should be removed from the repair list. However, based on the high bids on the project, Mr. Marshall indicated that staff has identified items on the list, those of the more non-technical nature that could be performed by utilizing staff from the marina and port's construction crew at a substantial savings.

Mr. Marshall indicated that the work would not go with out impacting existing work schedules and we may need to hire some part-time help to assist with the project. Mr. Marshall indicated that in anticipation of the question, "Why we did not originally bid out the work with Port staff performing some of the tasks?" He commented that based on the cost estimate from the consulting firm, not that much money would have been saved, however, based on the bids received, it now makes sense to do some of the work in house and bring the costs down.

Commissioner Telford questioned where the budget amount came from. He thought the budget was \$420,000. Mr. Marshall indicated there is \$95,000 from an IAC grant.

Commissioner Van Schoorl asked what the plan was – he asked if staff was planning to re-scope and re-bid and if staff would be coming back for approval to re-bid. Mr. Marshall indicated staff would bring back approval to re-bid, unless the Commission gave approval tonight. Mr. Marshall indicated they plan to re-scope and send out to the 30 contractors that originally requested bid packages.

**Tom Howdeshell, resident of Olympia**, asked if the removal of the three items that the Port staff would be doing if they would be in any danger to staff. Mr. Marshall indicated the three items are not technical and any are not dangerous.

The Commission unanimously rejected all bids received on Contract #284. The Commission gave approval to re-bid the project contingent upon staff preparing and re-scoping the project and providing that information to the Commission to satisfaction.

### **Rejection of Obstruction Removal Bids – Contract #602**

Mr. Rudy Rudolph reported that on Thursday, March 9th, the Port opened bids for the final phase of the runway shift project. That phase is obstruction removal associated with the Instrument Landing System (ILS) approach.

Mr. Rudolph indicated that the action staff is requesting is rejection of all obstruction removal bids and to authorize staff to re-bid the project.

Mr. Rudolph noted that the engineer's estimate for obstruction removal was approximately \$64,000. The bids came in at approximately \$120,000 dollars. Staff believes the bids were high because of a short bid period as a result of an aggressive schedule to meet publication deadlines. Additional research indicated that there were unanticipated costs associated with full time traffic control on Highway 99 and Bonniewood roads, proximity to existing structures and specialized equipment needed for the work. The revised engineers estimate for the new bid will go up as a result of the unanticipated costs.

Commissioner Telford disclosed that he has a fiduciary relationship with one of the property owners. He also has conveyed his concerns with us contracting out for work for private property owners. Mr. Rudolph indicated we have agreements with all three-property owners and have included them on our insurance. Commissioner Telford indicated he would like to have the option of having the property owners remove the trees themselves and be reimbursed by the Port explored. Mr. Rudolph indicated that Title 39 might prohibit us from doing this with a private citizen, thereby circumventing the public works system. Commissioner Van Schoorl indicated we should explore that option.

President Pottle indicated that Commissioner Telford's approach makes too much sense and therefore we would probably not be able to do this.

The Commission unanimously rejected all bids for contract #602.

Commissioner Van Schoorl moved to authorize staff to re-bid both the obstruction removal solicitation after all questions by the commission has been answered. The motion passed unanimously.

### **Insurance Claim Litigation**

Mr. Bob Goodstein indicated that in 2004 Henderson Trucking hit a power pole at the Marine Terminal and caused damage. The total damage was \$48,000. The Port's insurance company paid the Port for the claim. Mr. Goodstein indicated that the Port assigned rights to the insurer to pursue reimbursement from Henderson Trucking. Mr. Goodstein indicated that Puget Sound Energy has also been brought into this claim. Mr. Goodstein asked the Commission to provide approval for the Insurance Company in the name of the Port of Olympia to bring this dispute to arbitration.

The Commission unanimously approved the Insurance Company to bring this dispute to arbitration.

## **ADVISORY CALENDAR**

### **2005 Preliminary Financial Results Advisory**

Mr. Steve Davis provided the Commission with a summary presentation of the un-audited 2005 financial results for the Port of Olympia.

Commissioner Telford indicated that the bar charts do not attribute the G & A against the business units. Therefore some business units that show profitability may not be once the G&A is attributed. He asked how much of the capital projects at the airport are attributed to revenues being down. Mr. Rudolph indicated that the fuel flowage is lower, but does not make up a large portion of the revenues. The fuel flowage is related to the construction projects.

Commissioner Telford also commented about the Marine Terminal and the revenues that fell off between 2004 and 2005, but the expenses did not. Mr. Davis indicated there were some additional expenses for security costs and some miscellaneous billable items. He also indicated that we had some additional expenses dealing with relocating tenants due to the lease with Weyerhaeuser.

Commissioner Telford commented that the Swantown Boatworks revenues declined. Mr. Davis commented that there was some one time revenues associated with the construction of DEF docks. Mr. Marshall indicated that the budget for the Boatworks is very conservative budget, however, the revenues are strong and expect the revenues to come in higher than budgeted.

Commissioner Van Schoorl indicated he would like to see overall port revenues versus expenses over the past 10 years, he noted that it is important to show the continuing improvement of the Port. Would like to have a copy of that with a projection for 2006. Although he has not been supportive of showing depreciation, the reports showed that all facilities have covered depreciation with exception of the Airport.

**Walt Jorgensen, resident of Olympia**, commented that he thinks he is finally getting a grasp of the Port's Budget. However, he sees a problem with how the Port. He asked, "How can the Port continue to claim it makes money, when in reality with out the property taxes, the Port would be bankrupt?"

**Christy Johnson, resident of Tumwater**, asked a question on slide on the airport that shows a loss to the airport, how do we cover that loss? Commissioner Van Schoorl responded that on a cash basis, the airport is covering expenses, however, not covering the depreciation. Most of the depreciation is for assets given to us by the federal government. She asked if there is a breakdown of revenues. Commissioner Van Schoorl suggested she sit down off-line with Steve Davis to review the charts in more detail.

President Pottle indicated that much of running an airport is a community benefit and investment. We have governmental agencies that are housed at the airport and use the facilities and provide a valuable service and are part of the transportation system.

Commissioner Telford indicated he would like to have a quarterly financial report.

### **Public Records Policy Advisory**

Ms. Jeri Sevier provided the Commission with an advisory and overview of the proposed revised Public Records Policy 903. She indicated the policy has been revised to include: identification of office hours, identification of a public records officer, indexing, instructions for making a request, copying and inspection of records, listing exemptions, process for denials of a public record or request, and clarification of requests.

Ms. Sevier indicated that she wanted feedback from the Commission on the policy. She also indicated that she would be bringing this back to the Commission for approval at the March 27<sup>th</sup> meeting. After the policy has been approved, Ms. Sevier indicated that the policy and applicable forms would be posted on the website. In addition, we will be providing training to all staff on the revised policy in April.

**Walt Jorgensen, resident of Olympia**, commented that we should have a provision for offering documents via electronic form on CD or other forms of media. Would like to see the agenda item detailed

for each meeting and the minutes from the previous meeting prior to the next meeting.

**Patricia DiFrancisca, resident of Olympia**, asked if her current request would follow under the old policy or the new. The Commission responded it would be under the current policy. She also asked about photographs and why only Port staff taken pictures is included. Ms. Qvigstad indicated that we contract with Photographers for exclusive use of a photograph. If we wanted unlimited use, we would have to pay more for the services.

President Pottle asked for the suggested comments from Commissioner Telford to be distributed to all Commissioners.

**Other Business:**

President Pottle asked Commissioner Van Schoorl where he was in preparing a resolution for placing the funds from the West Bay sale into an account to be used for purchasing property. Commissioner Van Schoorl indicated he was working with the Executive Director.

President Pottle indicated that several months ago he asked staff to work with the city and real estate agencies to include a statement about noise, etc. being closely related to an airport. Mr. Rudolph indicated staff has approached the city and has not yet approached the real estate agencies. Mr. Galligan indicated that most of those programs are for property owned by the Port. Mr. Galligan noted that he did think it is worth the effort for us to go to the real estate agencies. Commissioner Telford asked if there was a zoning designation. Rudy indicated that the city does have the property zoned.

President Pottle asked for an update on the most recent Superior Court case. Mr. Galligan indicated that the Judge did rule in the Port's favor on the SEPA appeal and indicated that the Commission did a laudable job in reviewing the SEPA review. Mr. Galligan indicated that we are waiting for copies of transcripts. He noted that as of April 3<sup>rd</sup>, we should be able to move forward with the project.

**ADJOURNMENT**

President Pottle adjourned the meeting on March 13, 2006 at 7:35 p.m. President Pottle announced a joint meeting with the City of Olympia on March 20, 2006 at City Hall at 6:30 p.m.

PORT OF OLYMPIA COMMISSION

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President

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Vice President

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Secretary-Treasurer