

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

**March 22, 2004**

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**CALL TO ORDER**

President Telford called the meeting of March 22, 2004, to order at 5:30 p.m. at the LOTT Board Room in Olympia. Commissioners Pottle and Van Schoorl were also in attendance.

Staff in attendance were: Executive Director John Wolfe, Administrative Manager Jeri Sevier, Property Director Heber Kennedy, Communications Manager Patti Grant, Marketing Program Assistant Maureen Malahovsky, Marketing Director Kari Qvigstad, Public Works Director Andrea Fontenot, Marine Terminal Director Jim Amador, Harbormaster Bruce Marshall, and Finance Director George Fox.

Public in attendance were as follows. Representing *The Olympian* was Jim Szymansky. Others in attendance included Mike Carrol, Christopher Medica, and Anthony Medica representing the Boy Scout Troop 222, and Ryan Cleveland.

**APPROVAL OF AGENDA**

The agenda was approved as revised. Mr. John Wolfe recommended the Commission move the Boy Scout Troop Advisory to follow the consent calendar. President Telford asked to add the Legal Counsel Selection Process to the action calendar.

**PUBLIC COMMENT**

Jan Van der Veen, resident of Olympia and member of the Planning and Advisory Committee, indicated he received an e-mail from President Telford asking PAC members for volunteers to help with the ethics policy. Mr. Van der Veen questioned whether the entire Commission was in agreement with this request. President Telford indicated that the e-mail clearly stated that the request was a personal action on his part intended to make progress on an ethics policy and get citizen input and that this project was outside official PAC duties. President Telford apologized that Mr. Van der Veen did not understand the e-mail.

**COMMISSIONERS REPORTS**

Commissioner Van Schoorl indicated he mentioned at the last meeting that the next TRPC and TPB was going to be holding a joint meeting, he indicated he was mistaken, the next meeting is not a joint meeting.

Commissioner Pottle indicated he recently met with Big Sky Airline executives last week since they were in town for another meeting. At the meeting, Big Sky reported some new incentives to improve service and customer loyalty. They will be offering bulk tickets, free companion tickets after so many miles with them, marketing program, and 500 additional frequent flyer miles if on a connecting flight with Northwest. Big Sky continues to be strongly supportive of continuing air service in this community. Big Sky's website and phone number is [www.bigskyair.com](http://www.bigskyair.com) 800-237-7788.

Commissioner Pottle also reported on a meeting he attended in Yelm last week regarding the NASCAR racetrack. Yelm is developing a committee to develop a strategy and decided if they wish to pursue this opportunity. This project could have a huge impact on a community.

President Telford indicated he had an email report from Mike Bolasina regarding the legal case against Owens Davies and Sandy Mackie. He indicated he had a discussion with the insurance adjuster who has

referred the matter to their legal department.

President Telford indicated he watched the East Bay Planning Workshop held on March 2<sup>nd</sup> on TCTV and agreed with the action taken by the Commission, as he was not in attendance at that meeting.

Commissioner Pottle asked his fellow Commissioners about how they felt about the City using the PFD funds for a project at that site. Commissioner Van Schoorl indicated that he talked with Mayor Fouch late last week and the City was not sure what the outcome for those funds would be. Commissioner Pottle asked if maybe the City could use those funds to kick-start the East Bay development and provide for an anchor tenant. Commissioner Telford indicated we should be open to ideas, but try to make sure that the proposal is a fit to our development.

## **EXECUTIVE DIRECTOR REPORT**

Mr. John Wolfe reported that we have received an occupancy permit for the new DEF docks. New boats have begun to arrive at the docks and staff is busy with the transition of boats to the new docks. Marina staff will be bringing the restrooms and marina gates security system on line on April 1<sup>st</sup>, and the new security keys are being distributed.

Mr. Wolfe announced that less than two months to the 8th annual Swantown Boatswap and Chowder Challenge. (May 15<sup>th</sup>) This year's event will be held in the new DEF parking lot and a dedication event will take place for the new docks and upland facilities. We currently have ten chowder restaurants confirmed.

At the Marine Terminal, Mr. Wolfe indicated we have completed the discharge and load out to rail of the recent coal barge. We are evaluating the test results and working with Dept. of Ecology on any storm water issues. The log vessel Rubin Pearl was in Port for four days. It departed on Friday night. Total volume is estimated at 3.4mmbf. And Mr. Wolfe indicated that Aluminum, coils, garnet and glass continue to be loaded out to truck and/or railcars. The next aluminum vessel (the Vasiliy Burkhanov again) will be here around the third week of April and we are expecting another log vessel around the first of April.

Mr. Wolfe announced that the port's option agreement with Santa Maria Shipping to develop shipbuilding operations on the port peninsula expired on January 31, 2004. Staff understands the company has signed a lease option in Raymond, WA for the new facility. The port and SMS worked for months towards a site plan and shipbuilding launch plan, but determined there wasn't a good business fit for the phase 2 operations. The company decided to explore sites that could accommodate its growth.

Mr. Wolfe announced that the Port of Olympia is a sponsor at the upcoming China Conference to be held Friday, April 9 from 8 am – 2 pm. The purpose of the conference is building awareness of trade opportunities with China. This is a regional event targeted at small and medium sized businesses. A strong trade partner with the Port of Olympia, Chinese exports and imports represents 20% of the marine terminal's cargoes in recent years. The port will be represented on the logistics panel during breakout sessions at the event.

Mr. Wolfe indicated that the Marketing staff will begin scoping steps to update the Port's economic impact statistics this spring. The last economic impact study was conducted in 1997. The project will include identifying direct impacts/indirect impacts of the Port of Olympia's businesses. An outside consultant will be used for compiling market research data. In addition to updating statistics, the outreach process will enable Port staff to confirm our understanding of business, tenant and user needs, trends, and identify future business development opportunities.

Mr. Wolfe announced that the signage committee has selected a preferred candidate for assistance in updating the port's signage plan and will schedule a meeting to define project scope in the coming weeks.

Mr. Wolfe reported that the Port had a booth at the Business Showcase at St. Martin's sponsored by the Thurston Chamber. There were over 100 vendors and over 2000 people that came through. People were very interested in the new Swantown docks and activities at the airport including flight lessons and passenger service.

Mr. Wolfe indicated that the Joint meeting scheduled with LOTT for March 29th has been postponed. We are in the process of rescheduling.

Mr. Wolfe reported that on Monday, March 15<sup>th</sup>, at approx. 2:30 am, a trucker came to the MT with his semi and accidentally took out the guide wire on a power pole by the main Port office. A main wire broke and fell across the gatehouse scales, sending a large current through the scaling system, which destroyed the system. As a result, the system is inoperable and warrants the immediate need for repair, as it is having a direct impact to our MT customers. In an emergency situation such as this, the Executive Dir. is authorized to award a contract for repair, without going through a competitive bidding process. We have requested and received a contract for repair with Mettler Toledo, a scaling company that has had business before with the Port and has a strong reputation for quality service and competitive pricing. The estimated cost of repair is \$33,000 but costs may rise, depending on the full extent of the repair. Therefore, I am requesting Commission ratification of the contract with Mettler Toledo in an amount not to exceed \$40,000. The Port is working with the truckers insurance company and expects to be fully reimbursed for all costs associated with this repair. The Commission concurred with this action.

## **CONSENT CALENDAR**

The Consent Calendar was approved as follows.

**Minutes.** The minutes from the March 8, 2004 meeting were unanimously approved.

President Telford indicated that at the last meeting the Commission took action on the EDC contract. Commissioner Pottle made a motion to approve and President Telford indicated that he should have not allowed that motion and Commissioner Pottle should have recused himself from that vote.

Commissioner Van Schoorl indicated that Commissioner Pottle has a right to vote on a committee that he serves on when he is appointed as the Commission representative. Secondly, the contract was in the budget and did not need to come to a commission meeting for approval; it should have just been an advisory.

Commissioner Pottle agreed, that he is appointed by the Commission to serve on the EDC board and is on the board to represent the Port and make sure that our funds are being spent appropriately. He indicated it is appropriate that he vote on a council of which he serves on behalf of the Port.

President Telford state that the action was not consistent with the simple reading of the remote interest statute nor the Commission's actions on this contract in 2002 and 2003, that it was better to err on the side of caution and he felt the action of March 8 should be corrected. No action was taken.

**Bills and Vouchers.** The bills and vouchers for the period ending March 8, 2004 in the amount of \$725,713.92 was unanimously approved. General Fund Checks Issued: 033587-033663, 033664-033665, 033666, 033667-033710, 033714-033761, 033763-033764, and 033765-033819. Capital Fund Checks Issued: 030174-030184, 030185-030193, 030194-030195, and 030196-030202. Environmental Fund Checks Issued: 030355-030356, 030357-030359, 030360-030363, and 030364-030366. Voided Checks: 033063, 033458, 033569, 033711-033713, and 033762.

**Capital Expenditure Approval.** The capital project expenditure in the amount of \$29,025.98 to City of Tumwater for plan and inspection fees for the Airport Runway Shift and Road Realignment project was unanimously approved.

**Merrill and Ring Lease Approval.** The lease with Merrill and Ring provides the tenant with an additional year at the Marine Terminal, starting January 1, 2004 through December 31, 2004. The tenant pays minimum ground of \$400 per month plus S&F and Wharfage fees based on volumes. The tenant occupies approximately 7 acres of land at the Port peninsula. The Commission unanimously ratified the lease with Merrill and Ring.

**Johnny's Auction Lease Approval.** The Option is for a 3 month period commencing February 28, 2004 and expiring May 28, 2004. John West, dba Johnny's Auction plans to construct a retail antique center on the corner of Capitol Way and Tumwater Boulevard. The Port has retained the right to approve the design, density, size, appearance and location of the building to be constructed.

The lease is for approximately 1.46 acres for a 30-year term with one option to renew for an additional 20 years. The rent is based on our standard formula garnering a rent of about \$2,400 per month. We will also collect percentage rents of 2.5 percent on gross sales.

A binding site plan or boundary line adjustment must be completed by the tenant and is subject to Port's approval. Tenant will be required to bear the cost of developing and constructing a roadway between Cleanwater Lane and Capitol Boulevard (or any applicable part thereof) required in connection with their development. Development and construction cost of the roadway is not the responsibility of the Port. The new roadway will be public and the property is subject to an easement for this new roadway. The tenant will lease all the property south of the new roadway.

The Commission questioned the use of this property and wondered if there was a higher and better use for the Port. Mr. Heber Kennedy indicated that this property has been on the market for the past couple years and feel that this is what the market brings us. The future for this property is no doubt on the rise with the development of the Tumwater Towne Center. The Commission unanimously ratified the option with Johnny's Auction.

## **ACTION CALENDAR**

### **Boy Scout Troop Advisory**

The Boy Scout Troop #222, Eagle Patrol, visited the Port, specifically toured the Marine Terminal, to earn a communication merit badge. The Troop attended the Commission meeting to answer questions from the Commission on what they learned from the tour.

### **Equipment Purchase Request – Marina**

Bruce Marshall, Harbormaster, indicated the staff request is to purchase a 2004 Chevy Silverado ¾ ton regular cab pick-up truck. He indicated this vehicle would be a replacement for an aging truck that has reached the end of its service life and needs to be rotated out of the fleet. Mr. Marshall noted that the current vehicle was surplused in 2000, but marina staff renovated it where it has served another 4 years at the marina. Currently it is in very poor condition.

Mr. Marshall indicated that a request to purchase a replacement truck in the amount up to \$18,000 was initially approved in the 2004 capital budget pending final approval of the Commission. The equipment team met to review the request and recommends approval of this equipment.

Three bids were sought for the vehicle. They are as follows: (All costs include salers tax)

- 1) Titus Will Chevrolet, Olympia..... \$26,320
- 2) Gilcrest Chevrolet, Tacoma ..... \$24,560
- 3) State Bid contract ( Bud Cleary Chevrolet, Longview) ..... \$17,353

In addition, Mr. Marshall indicated that if vehicle is purchased through the state-bidding contract, and payment is received within 20 day, an additional savings of \$200.00 is applied to the purchase price bringing the total to \$17,153. Mr. Marshall indicated the staff recommendation is to purchase the truck through the state bid contract.

President Telford indicated he expects to see a performance specification rather than a make and model for what staff wants. He indicated he did not understand why other makes and models were not looked at. The recommended pick-up truck has a large engine and very poor gas mileage. The Commission asked Mr. Marshall if he looked at other makes and models to choose from. Mr. Marshall responded that staff did not.

The Commission unanimously approved the truck purchase for the Marina from the state bid contract.

### **Award 2004 Airport Improvement Project, Phase I, Road Relocation and Safety Area Improvements Contract No. 596**

Mr. Rod Hudson reported that the purpose of this agenda item is to request Commission approval to award Contract No. 596 to Wagoner Construction for the Phase I (2004) Runway Relocation scope of work.

Mr. Hudson noted that bids were opened on March 11, 2004. Five bids were received. The low bid was received from Wagner Development Inc. He indicated that staff believes this bid was responsive and that this is a responsible contractor. The FAA has reviewed the bids and concurs with our recommendation.

Mr. Hudson indicated staff is not recommending award of Additive Alternate 1 for the installation of electrical conduit and vaults. We will include this scope of work in our negotiations with PSE.

The 2004 Phase I construction engineer's estimate is \$3,211,033, which was recently revised to \$2,959,023.10. The low bid is for \$2,099,535.46. This bid is \$859,487 below our latest engineer's estimate. This is a very good bid and we recommend award to the low bidder.

The Commission asked Mr. Hudson if the Port had ever worked with Wagner Development, Inc. Mr. Hudson indicated that we have not, although he has been doing reference checks and feels confident that they have a good reputation for their work and fair pricing. Mr. Hudson indicated staff has closely reviewed their bid to make sure that the unit pricing is appropriate and nothing has been missed to avoid change orders in the future.

Commissioner Van Schoorl moved approval of the bid award to Wagner Development, Inc. Commissioner Pottle seconded the motion. President Telford indicated he would like to propose an amendment to the motion for staff to have Wagner confirm the bid. The Commission unanimously approved the contract award to Wagner Development, Inc. in the amount of \$2,099,535.46.

### **Airport Hangar Recommendation**

Mr. John Wolfe provided the Commission with a power point presentation on the current state of the hangar development at the Airport. He indicated that in the past the Port has allowed the private sector to make investments in corporate hangars. The Port has invested in T-Hangars and rented those. The Port has also allowed the private sector to invest in condo hangars with the intent to sell.

Mr. Wolfe noted that the Airport Master Plan allows for development of future hangars. We have a strong interest from the private sector to build additional corporate hangars with the intent to rent and to build additional condo hangars with the intent to sell.

Mr. Wolfe reported that staff has looked at the feasibility of the Port investing in building T-Hangars to rent and as an alternative staff looked at the feasibility of the private sector investing in corporate and

condo hangars.

Mr. Wolfe indicated the staff recommendation is to allow private sector developers to invest in the corporate hangars and condominium hangars in the locations shown on the master plan.

President Telford indicated that he felt the entire master plan should be put out to the public indicating that the parcels are available for proposals and not just allow a select group to submit proposals. Commissioner Van Schoorl agreed with Commissioner Telford that we should market the other parcels available, but not slow up this project. The business partners interested in this project have been solid business partners in past ventures.

Commissioner Pottle indicated that if there were people in the business out there building hangars at airports, they would seek us out. He indicated we should also be careful not to over build and saturate the market. Commissioner Van Schoorl agreed that the economy will grow this market one step at a time and we have developed a master plan that has been available to the public for over nine years and have marketing materials that has been out there for many years. The private sector is coming forward.

Mr. Wolfe indicated that staff has been sharing the master plan with others through conferences and trade shows. There have been multiple opportunities to share this information. Ms. Kari Qvigstad reported that this information is on our website and in our marketing materials with these opportunities. She indicated that we have marketed the airport at the regional and local levels.

**Mr. Ryan Cleveland**, stated that he has been trying to get the approval to build hangars at the Port for sometime and has been put off with the management changes. He indicated he would like to know if he could build or not.

Commissioner Van Schoorl moved approval of the recommendation to allow private investors to develop corporate and condominium hangars in the locations shown on the master plan; Commissioner Pottle seconded the motion. The Commission unanimously approved the recommendation.

### **PAC Recruitment and Re-Appointment Process**

Mr. Wolfe reported that the Planning and Advisory Committee has four terms expiring this year and we also had one member resign from the PAC early. Of the four terms expiring, three members would like to be reappointed – Jan Van der Veen, Milt Doumit, and Jim Smego.

The staff recommendation is to convene an interview panel consisting of one Commissioner, John Wolfe, Andrea Fontenot, and the current PAC chair, Jan Van der Veen. The timeline for the process is as follows:

#### **TIMELINE:**

April 5-23	Advertise in local Thurston County papers
April 25-29	Panel to Score Applications
April 30	Score Sheets Due to Jennie
May 5	Meeting to Discuss Finalists for Interviews
May 18	Interviews
May 24	Commission Appoints New PAC Members

Commissioner Van Schoorl moved to reappoint the three members, Jan Van Der Veen, Milt Doumit, and Jim Smego, to offer the vacancy of Tom Smith to the alternate, Patty Moore. If she was to decline, the Port will advertise for vacancies that remain.

The Commission unanimously approved the recommendation and reappointment process as defined.

### **Port General Counsel Services**

President Telford added the 2004 selection process of Port General Counsel Service to the agenda for discussion. He presented a framework of a process, qualifications, and a timeline. He indicated that he felt we should get started on the process and select a new legal counsel by June 15<sup>th</sup>.

A discussion ensued in various elements of the proposal. The Executive Director was directed to refine the details in accordance with the input received and bring it back to the Commission for action at the next meeting.

### **ADVISORY CALENDAR**

#### **Marina Marketing Advisory**

Ms. Kari Qvigstad presented a brief presentation to the Port Commission on marketing and business development activities for the Swantown Marina and Boatworks. The overview included an update on market trends, positioning strategies and targeted outreach strategies for the Port's recreational boating facilities.

### **ADJOURNMENT**

President Telford adjourned the meeting of March 22, 2004 at 8:08 p.m. President Telford announced the Commission would hold a retreat with the Executive Director on April 9, 2004 at 7:30 a.m. at Ruby's Restaurant.

#### PORT OF OLYMPIA COMMISSION

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President

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Vice President

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Secretary-Treasurer