

PORT OF OLYMPIA COMMISSION
MINUTES OF REGULAR MEETING

March 26, 2001

CALL TO ORDER

Vice President Van Schoorl called the meeting of March 26, 2001, to order at 5:34 p.m. at the Port of Olympia in the Large Conference Room. Commissioner Dickison was in attendance. Commissioner Pottle participated via telephone.

Staff in attendance were: Executive Director Nick Handy, Administrative Manager Jeri Sevier, Marketing Director Kari Qvigstad, Deputy Director Wendy Holden, Engineering and Planning Director Andrea Fontenot, Finance and Information Services Director George Fox, Marine Terminal Manager John Wolfe, Swantown Marina and Boatworks Harbor Manager Bruce Marshall, and Facilities Project Engineer Rod Hudson.

Public in attendance were as follows. Representing the Olympian was reporter Scott Wyland. Representing Rowe Management was Eric Rowe. Representing Legal Counsel was Sandy Mackie.

APPROVAL OF AGENDA

The agenda was approved as submitted.

PUBLIC COMMENT

No public comment was offered from the public.

COMMISSIONERS REPORTS

President Steve Pottle indicated he spoke to the Navy League on Sunday, March 18 providing an overview on the Port. President Pottle said the group was very supportive of the convention center and of the Port overall.

EXECUTIVE DIRECTOR REPORT

Executive Director Nick Handy reported to the Commission on several issues. He indicated the Ms. Andrea Fontenot has been attending the hearings on the West Bay Planning. The Port is strongly encouraging the Port property remain industrial and to keep the zoning restriction feasible for industrial use. Mr. Handy reported that the City Council will be holding a meeting on April 10 and the Port Commission will be invited to join the Council to discuss West Bay.

Mr. Handy also reported on the Port Plaza and the Welcome Pole project. He indicated that staff met and need to sequence events before the project can be started. On May 1, we will have a design from the landscape architect and then staff will lay out several alternatives for the Commission to consider. Once the Commission has determined the level of build out, then staff can go out to bid for the work. Staff estimates the work could begin in the fall. Commissioner Dickison indicated that he did not want to rule out the possibility of putting up the Welcome Pole this summer.

Mr. Handy indicated that staff is working with the Market District tenants to develop a solution to parking needs. Mr. Heber Kennedy is proposing the Port lease the space behind Batdorf for Market District parking and the Port would develop a driveway between the lots. This agreement would be on a 15 days notice to cancel.

Mr. Handy distributed a Port Commission meeting schedule to the Commissioners for March through June.

CONSENT CALENDAR

The Consent Calendar was unanimously approved as follows.

Minutes. The minutes from March 12, 2001 were unanimously approved as presented.

Capital Project Expenditure Approval. The Commission unanimously approved the capital project expenditure listing in the amount of \$266,271.84 for the Cascade Pole to Landau Associates.

Lease – Glacier Jet Center

Glacier Jet has exercised the one and only option for an additional three-year term (lease expires January 2004). Rent and surety have been adjusted as specified in the lease for this term period. The Commission unanimously ratified the lease with Glacier Jet Center.

Boatswap Rate Increase Approval

The Commission unanimously approved the request for a new rate of \$75.00 for commercial booths and boats for sale at the 2001 Swantown BoatSwap & Chowder Challenge. "Commercial" is defined as any vendor participating in the event that sells products or services under an approved business license. The \$30/space on land and \$50/space on water rates will be maintained for individuals selling used boats or products. The commercial fee was not included in the Port of Olympia Commission Resolution No. 2000-11, adopted in 2000.

ACTION CALENDAR

Lease – Capital Little League

Ms. Kari Qvigstad indicated the Capital Little League lease expired February 1, 2000. This is a new lease through July 31, 2000 (six months) with two options to renew for an additional term of three months for each option. This is a non-conforming use of Airport property and will remain on a month-to-month basis with a 30-day notice to vacate.

A representative from the Capital Little League, Kevin Johnson indicated they understood it was a non-conforming use of the Port property and that is why they have built temporary structures that can be moved easily. Mr. Johnson reported the league is growing in leaps and bounds serving over 800 kids. The league currently has five baseball parks and needs to expand. However, to expand and get investors, the property needs to have a long-term use. He encouraged the Port if they had any property they might be interested in leasing on a long-term basis, the league would be interested in permanent home.

The Commission unanimously approved the lease with Capital Little League.

Warehouse 2 Rail and Stormwater, Contract #267, Approval to Bid

Ms. Andrea Fontenot presented the Commission with a proposal to go to bid on the Warehouse 2 Rail and Stormwater. She indicated the scope of work for this project is the installation of a stormwater sump, reconstruction of the Port owned railroad, installation of underground drains, miscellaneous paving, and storm drainage repairs along the warehouse. The estimated cost of this project is \$44,253.

Ms. Fontenot reported that during the investigation of this facility for the design we discovered an old stormwater line that was likely part of the utilities contained in the Jefferson right of way. This right of way has been vacated, however, it appears that the stormwater line may still be active and may be contributing to the stormwater problem. This line is located underneath the NW portion of Warehouse 2.

Therefore, staff anticipates doing some additional investigative work with the contractor for this project once they are on board. She indicated that there may be some unforeseen work associated with this old stormwater line, and additional costs that are incurred on this contract or a future contract.

Commissioner Van Schoorl asked for a further explanation of the abandoned stormwater line and what kind of exploratory work would be done. Mr. Rod Hudson responded that during the course of the work, the contractor would excavate down to see where the water is coming from. The exploratory work may consist of \$2,000 to \$3,000. If additional work is needed, that would be under a separate contract and brought back to the Commission for approval.

Mr. Fox indicated that approval of this contract will require an amendment to the Capital budget which staff will bring back in April. The Commission approved staff to go out to bid on the Warehouse 2 Rail and Stormwater, Contract #267.

Airport Golf Center Expenditure Approval and Advisory

Mr. Nick Handy provided the Commission with a briefing on the Golf Center at New Market and the staff recommendations at this time. The staff committee has met and developed the following initial recommendations.

- **General Approach.** Over the past year, the business has not performed at its potential due to deferred maintenance, reduced advertising, adverse publicity from the bankruptcy, and limitations on use due to the driving range net issues. In addition, the golf shop that constitutes the largest revenue center currently has no inventory. Staff concern is that these issues will negatively impact any effort to market the business at this time. Staff recommends that the Port make the necessary investments to bring business revenues closer to business potential and to consider a longer interim period to grow the business. After this occurs, the business should be stronger and command greater return for the Port. In addition, the Port will have more complete information to make informed decisions about future management.
- **Interim Period.** Under this approach, staff recommends the Commission consider a period of 1 to 2 years for interim management. This would allow staff adequate time to make net repairs, complete frontage improvements, stock the pro shop, grow the business, and develop a better understanding of business potential.
- **Interim Management.** During this interim time, staff recommends that the contract with Rowe Management be converted to a month-to-month contract allowing the Port 90 days notice of termination.
- **Immediate Expenditures.** To bring the business closer to its potential, Mr. George Fox indicated the staff recommendation was for immediate needed expenditures which include point of sale software system, stocking the pro shop, and net modifications. The cost of the POS software system with hardware would be approximately \$9,000. The minimum investment to stock the pro shop would be \$30,000. Mr. Fox indicated the cost on the net modifications is still being discussed.
- **Management Options.** During the interim time, Mr. Handy reported that Port staff would develop and assess the various alternatives for managing/operating the Golf Center. The alternatives that have been identified for consideration include port operated, private operated, joint venture, or a management company.
- **Net Modifications.** Mr. Handy indicated that Heber Kennedy will be chairing a work group to develop recommendations for improving the driving range net. Invited to serve on this committee will be Heber Kennedy, Rod Hudson, Tim Lael, Eric Rowe and a representative from Cardinal Glass. The committee hopes to have a recommendation within the next 30 days.
- **Name.** Staff is currently recommending business name to be Airport Golf Center and preliminary work is being done to develop a logo for this purpose.
- **Marketing.** Staff will discuss marketing more extensively at the next meeting. Mr. Handy indicated that the initial thoughts are to not gear up a major marketing program until after the initial improvements are made. Currently the pro shop has no inventory, the driving range has limited use, and the fairways are in need of fertilization. Our marketing efforts will be stronger when our product is stronger.

Commissioner Van Schoorl requested that a new cost center for this business be established and be approved by the Commission. Mr. Fox responded that staff would bring back a budget in April for approval.

Commissioner Pottle inquired about the nets and what it will take to get them up. Mr. Handy indicated that staff hopes to have a recommendation within 30 days, however, there is a broad range of opinions on what it takes. Mr. Rod Hudson reported that he has contacted netting sales companies and the higher and further out you go with the nets to assure that no balls land at Cardinal, the higher the estimates go up. Right now, we have estimates from \$65,000 to \$110,000.

Mr. Eric Rowe responded that it depends on what level of netting and poles you decide on and what it will take to keep the balls from landing at Cardinal Glass. Mr. Rowe indicated that the netting is not the expensive part, it is the poles and whether you go with wood or metal poles.

In summary, Mr. Handy said that staff is working with Cardinal and trying to come up with a recommendation as soon as possible that is cost effective and will solve the problem.

Commissioner Pottle asked for a breakdown of the expenses for the Point of Sale software. Mr. Fox indicated it would

cost \$4,500 for hardware, \$1,100 for software and setup, and \$3,000 for the point of sale system. Commissioner Pottle wanted assurance that this system could be compatible in the future. Mr. Fox indicated it was a standard computer system and would run other programs.

Commissioner Dickison inquired about the one to two years of interim management and the proposal to not market the site in the interim. Commissioner Dickison indicated that we would have a remedy to the problem in a short period of time and therefore an opportunity to begin marketing the facility. He indicated he did not see any basis for the recommendation to wait. Mr. Handy indicated we would be marketing the facility once the problem is fixed, but that we would not have a fully operational season this year. The staff would like to have full data and information before we make a decision to lease or sell.

Commissioner Pottle indicated that the idea of the Port operating the business was his idea and that we would need more information and data to determine whether it would be a profitable business or not.

Commissioner Dickison indicated he was not willing to put a stamp on the staff recommendation to have interim management for one to two years before we can make a decision. He said he would like for staff to move more rapidly in making recommendations so the Commission could make a decision. Commissioner Pottle noted that he did not know how long it would take, but he wanted to have enough data to make the right decision.

Commissioner Van Schoorl indicated he would like to see the options looked at before two years and that staff can make assumptions prior to a fully operational business. He suggested that staff hold individual meetings with the Commissioners to narrow the decisions and options down. He indicated that once that decision is made it could make the other decisions come more quickly.

The Commission unanimously approved the request to expend \$39,000 for the point of sale system and the pro shop inventory.

Small Works Resolution – 2001-05

Ms. Wendy Holden presented the Commission with Resolution 2001-05—Small Works and indicated it was presented to the Port of Olympia Commission at their regularly scheduled meeting on March 12, 2001. Ms. Holden indicated that Commissioner Dickison requested changes from the negative to the positive voice in *Section 4. Responsibility Defined*. She reported that those changes are contained in this version.

Commissioner Dickison said the changes accomplished his request and moved approval of the resolution. The Commission unanimously approved Resolution 2001-05 – Small Works. Commissioner Dickison thanked staff for their hard work in pulling this resolution together. Commissioner Van Schoorl indicated he looked forward to seeing the detailed procedures.

ADJOURNMENT

Vice President Van Schoorl adjourned the meeting of March 26, 2001 at 6:48 p.m.

PORT OF OLYMPIA COMMISSION

President

Vice President

Secretary-Treasurer