

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

**April 11, 2005**

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**CALL TO ORDER**

President Van Schoorl called the meeting of April 11, 2005, to order at 5:30 p.m. at the LOTT Board Room in Olympia. Commissioners Pottle and Telford were also in attendance.

President Van Schoorl announced that the Commission had previously held an executive session beginning at 4:00 p.m. to discuss terms and conditions of two leases with potential customers and to discuss with counsel potential litigation. No decisions were made.

Staff in attendance were: Executive Director John Wolfe, Administrative Manager Jeri Sevier, Property Development Director Heber Kennedy, Marine Terminal Director Jim Amador, Marketing Program Assistant Maureen Mahahovsky, Harbor Director Bruce Marshall, and Marketing Director Kari Qvigstad. Also in attendance was the Port's Legal Counsel, Bob Goodstein.

Public in attendance were as follows. Representing *The Olympian* was Jim Szymanski and representing the *Business Examiner* was Mark Lawton. Others included: Tom Howdeshell, Dwayne Young, Derek Hardy, Lindsay Sovde, Earl Pearson, William Parker, Mike Visser, Joseph Donnette, and Norman Smit.

**APPROVAL OF AGENDA**

The agenda was approved as amended. Item three on the action calendar; Resolution 2005-04 Waterfront Development was removed from the agenda until a later date.

**PUBLIC COMMENT**

**Tom Howdeshell, resident of Olympia**, asked what type of tour of the Port did Adam Smith's office have and asked if it was beneficial to the Port. He also asked about the location of the hangars and he asked about if the Commission was a member of the EDC. He thought the commission voted to not be a member. President Van Schoorl responded that the tour of the Port with Adam Smith's office was very beneficial to the Port, he noted the location of the hangars, and indicated that the Port is an active member of the EDC, it was the TRPC that the Port voted not to be a member of.

**Earl Pearson, resident of Olympia, tenant at the Airport**, he commented on the lease that has been presented to him. Mr. Pearson indicated he feels that there are more restrictions on him than on other leases with the Port. He indicated he has reviewed other leases at the airport and compared them to his and his lease is much more restricted than any other lease at the airport. Mr. Pearson noted that he has talked with Mr. Rudy Rudolph, airport director, and has been trying to work things out, and he understood that there would be an executive session at the April 25<sup>th</sup> meeting. He indicated if the Commissioners had any questions, he would be happy to discuss them.

Commissioner Telford asked Mr. Wolfe if he has engaged in this issue. Mr. Wolfe responded that he did discuss the lease negotiations with Mr. Rudolph, at which time, Mr. Rudolph indicated he was working through the issues with Mr. Pearson and the negotiations were going well. He indicated at that time there was only one outstanding issue. Mr. Wolfe noted that he will be working with Mr. Rudolph on this issue.

**COMMISSIONERS REPORTS**

Commissioner Pottle reported he attended the Puget Sound Energy Conference earlier in the day where they discussed regional energy issues.

President Van Schoorl reported he also attended the Puget Sound Energy Conference earlier in the day.

Commissioner Telford noted he attended the TRPC meeting as a member of the public. He indicated they did review the bylaws of the TRPC and noted that the one-way door is going to be tightened. The member will have to give two notices to get out of their membership. He also indicated he attended the SWAC meeting.

## **EXECUTIVE DIRECTOR REPORT**

Mr. John Wolfe reported that the tower had 7899 operations at the airport in March compared to 8771 for March of 2004. The floating Seaplane docks have been ordered. Rod Hudson is working on a small works contract for installation. Mr. Rudolph has received some draft noise abatement procedures from Kenmore Air for seaplanes utilizing the Port. They will be distributed to interested parties for comment.

Mr. Wolfe noted that TEC Construction expects to receive their grading permit and start on their hangar construction South of the airport this week. In addition, he noted that the runway shift construction project is now underway.

Turning to the Marine Terminal, Mr. Wolfe noted that it looks as if April will be a busy month for loading out aluminum and garnet, but short on vessels. We are stepping up on our loadout of aluminum to railcars and have now started to ship billets to trucks. Garnet continues to come in and out by truck. Three vessels (aluminum, garnet and logs) are expected in May and we are currently gearing up to make room for the cargo.

Mr. Wolfe indicated that the security fencing is currently being installed. This project should be completed this month.

In the Properties department, staff is talking with several tenants regarding expansion of their facilities at the NewMarket Industrial Campus. In addition, new client activity has picked up from both new startup businesses and existing business that are interested in expanding into the area. We have met with several Warehouse 2 tenants and are trying to accommodate those tenants interested in expansion of their existing spaces.

The Port continues to work with the City of Tumwater on the planning of Tumwater Boulevard expansion. Our latest discussion involves alternatives to handling the Boulevard stormwater. In particular, this discussion furthers the idea of Port-City cooperation on a comprehensive stormwater drainage system for the Tumwater Town Center.

At the Marina, two new lease changes have been officially announced. Effective May 1, 2005, Shurtz Marine will begin leasing an additional 3000 SF of shop space in the Marine Services building. This will bring their total lease site to 6655 SF. They have signed a new 5 year lease with Simon Johnson for the space. In addition, Consolidated Marine Services has signed a new lease with Simon Johnson for 5 years and will be taking over the space formally occupied by Thurston boat Repair. The site is approximately 5600 SF. This lease will begin April 15th.

Marina/boatworks staff met with Public Works staff to begin designing plans for a proposed boatyard expansion.

In addition, Mr. Wolfe announced that the Port would have a booth at the annual Business Showcase sponsored by the Thurston Chamber of Commerce Wednesday, April 13. Marketing, Exec, and Swantown teams will staff the booth. This is always a fun event and an opportunity for community outreach. The Chamber Forum is also held the 13th, so stop by and visit. We are in booth # 48

Mr. Wolfe indicated that the advertisement for the position of Director of Finance was placed in publications over the weekend and we are continuing the advertising for the next 10 days. The closing date is May 6th. Per the recruitment schedule, we should have someone on board by the end of June.

Mr. Wolfe commented that at the last meeting staff presented on signage issues at the Port. At that time, the Commission asked for additional information. Mr. Wolfe noted that staff has reached out to the Commissioners and provided them with additional information. Mr. Wolfe indicated that we have some parking and directional signs at the Marina and a sign at the Port plaza that amount to \$4,700. Staff would like approval from the Commission to move forward with those signs. The Commission agreed and gave staff permission to purchase the directional signs at the Marina and at the Port Plaza in the amount of \$4,700.

### **Consent Calendar**

The Consent Calendar was approved as follows.

**Minutes.** The Commission unanimously approved the minutes from the March 28, 2005 Commission Meeting with one change on page 5.

**Capital Project Expenditure Approval.** The Commission unanimously approved the capital expenditures in the amount of \$161,349.81 to JetDock, Reid Middleton, and Summit Fence Company for the floating seaplane docks, airport runway safety project, and the security/safety fencing at the Marine Terminal.

**Ratification of Emergency Repair to Pile Fenders.** The Commission unanimously ratified the emergency repairs to the pile fenders at the Marine Terminal per the executive directors request. Mr. John Wolfe declared an emergency situation under his authority and asked for Commission ratification. Commissioner Telford asked when the damage occurred. Mr. Wolfe responded that we do not have an exact date of when the damage occurred. We found the damage when the last aluminum vessel left the Port. Mr. Wolfe indicated that the damage is caused because of inadequate pile fenders. We now have procedures in place to assess the docks after each ship leaves the Port so we can catch any damage immediately and damage would not go unnoticed for weeks, months at a time.

**Lease Assignment: Pacific Lumber & Shipping, LLC.** Pacific Lumber & Shipping Company is being restructured to a new entity Pacific Lumber & Shipping, LLC, and the lease will be assigned to the new operating company in Olympia. The assignment includes the existing 13-acre parcel located at the northern section of main cargo yard area, at the rate and term of \$400/acre/month, plus wharfage, S&F, and handling charges on a month-to-month basis. The Commission unanimously ratified the lease assignment between the Port and PLS, LLC.

### **ACTION CALENDAR**

#### **Approval to Bid Cargo Yard Improvements**

Mr. Jim Amador indicated that the section of the cargo yard is an unpaved four acre area located on the east side of the terminal. This area has is being vacated by a tenant that recently used area for domestic log storage from Alaska. This business has terminated and staff has planned use for other types of cargo in this area.

Mr. Amador indicated that the grading and graveling of this area is required for future pavement of this area. This enables the Port to fully utilize this area for a general cargo staging area and to reduce this cost in future development of this area.

Staff is recommending action go to bid for improvements in the estimated amount of \$149,089.97. This

item was added to the 2005 Capital Budget at the March 28th commission meeting.

The Commission unanimously approved staff to go to bid for cargo yard improvements in the amount of \$149,089.97.

### **Resolution 2005-03 – Bond Refinance**

Mr. George Fox indicated that the Port is proposing to refund some of its outstanding general obligation bonds in order to take advantage of interest rate market opportunities. The resolution allows the executive director to complete the refinancing transactions if a minimum savings threshold is reached at any time during the next 30 days. If the savings threshold is not reached, the authority delegated to the executive director allowing him to enter into a refinancing transaction will expire.

Mr. Fox noted that the Port expects to save a minimum of approximately \$4.6 million in interest costs, after deducting the transaction costs of issuing new bonds, by entering into these transactions.

Mr. Fox indicated that the Port is also considering another alternative refinancing plan, where issuing shorter-term bonds shortens the maturity of its bond debt portfolio. This will result in an increased annual debt repayment amount, and a reduction in the total borrowing costs over time.

Lindsey Sovde, Vice President, Seattle Northwest Securities Corporation, provided the Commission with information on the bond market.

**Tom Howdeshell, resident of Olympia**, commented that this sounded like a great idea, however, what would happen if the Port started losing money in a few years. Mr. Fox responded that the tax levy is used to pay the debt if the Port did not have excess income from operations.

Mr. Fox recommended the Commission approve Resolution 2005-03 to refund some outstanding general obligation bonds. The Commission unanimously approved Resolution 2005-03.

### **Small Boat Center Advisory**

Mr. John Wolfe indicated that the Olympia Sailing Foundation has approached the Port with a proposal for the development of a small boat center located in the Port's Admiral District. The boat center would serve as a facility for fixed keel boat owners to more easily launch their boats using two davits. Mr. Wolfe noted that the proposal requires that the Port make the capital investment in the boat center, to include the redevelopment of a dock, davits, and a 90-stall secured parking lot. In addition, the proposal requires that the Port manage the operation and charge ground rent and fees for service.

Mr. Derek Hardy, representing the Olympia Sailing Foundation, provided the Port Commission with a PowerPoint presentation on the proposed development of a dry storage/launch ramp.

The Commission engaged in discussion regarding the proposal with representatives from the Olympia Sailing Foundation.

Commissioner Telford asked staff to look at the concept and this proposal.

Commissioner Pottle asked Mr. Hardy what they are asking of the Port. Mr. Hardy commented that they would like the Port to allow the Olympia Sailing Foundation to raise the funds to build this facility; they also would like the Port to bid and build, and operate the facility, but understand that the Port might not be interested. Commissioner Pottle indicated he was supportive of staff to look at this proposal in greater detail, however, he noted that he has concerns with this location interfering with commerce coming across the docks at the Marine Terminal.

**Tom Howdeshell, resident of Olympia**, had questions about the proposal. He asked if they would use

reclaimed water to wash boats, what type of drainage improvements would be needed, and what would happen with the ballast of the boats.

**William Parker, resident of Olympia**, read the Commission the Port's mission statement. He commented that he does not feel the Port is building relationships when it takes this long to resolve a lease with Mr. Pearson.

**ADJOURNMENT**

President Van Schoorl adjourned the meeting of April 11, 2005 at 6:55 p.m.

PORT OF OLYMPIA COMMISSION

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President

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Vice President

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Secretary-Treasurer