

PORT OF OLYMPIA COMMISSION
MINUTES OF REGULAR MEETING

April 16, 2001

CALL TO ORDER

President Pottle called the meeting of April 16, 2001, to order at 5:34 p.m. at the Labor and Industries Building in the auditorium. Commissioners Van Schoorl and Dickison were in attendance.

Staff in attendance were: Executive Director Nick Handy, Administrative Manager Jeri Sevier, Marketing Director Kari Qvigstad, Deputy Director Wendy Holden, Olympia Regional Airport Manager Doug Sandau, Swantown Marina and Boatworks Manager Bruce Marshall, Property Development Manager Heber Kennedy, Airport Operations Supervisor Tim Lael, Engineering and Planning Director Andrea Fontenot, and Finance and Information Services Director George Fox.

Public in attendance were as follows. Representing the Olympian was reporter Scott Wyland. Representing the City of Tumwater was Roger Gellenbeck. Representing Legal Counsel was Mick Phillips. Representing the public was David Stauffer of Tumwater, Charles Heckman and Wai-Yuen Heckman of Tumwater.

APPROVAL OF AGENDA

The agenda was approved as submitted.

PUBLIC COMMENT

No public comment was offered from the public on issues not listed on the agenda.

COMMISSIONERS REPORTS

Commissioner Jeff Dickison indicated he serves on the South Sound Maritime Heritage Association and will be serving as the chair of Harbor Days this year. He will be taking the lead on all Harbor Days activities. He indicated this year Harbor Days would not extend to the Port Plaza and would be consolidated at Percival Landing.

President Steve Pottle indicating the Port is hosting the Mayors Forum on May 4, 2001 at 12:30 p.m. in the large conference room.

EXECUTIVE DIRECTOR REPORT

Mr. Nick Handy reported on several issues to the Commission. He indicated the Olympia City Council's next meeting on April 17, 2001 at 5:30 would focus on the Convention Center. Mr. Handy asked if a Commissioner was available to attend with him. Commissioner Dickison indicated he could be there.

Mr. Handy also indicated the Olympia City Council would like to hold a joint meeting with the Port Commission on the West Bay process. The proposed date is May 1, 2001 at 5:30. Commissioner Dickison and Pottle indicated they would be able to attend.

Mr. Handy reported on the increased activity at the Marine Terminal indicating we have three ships listed to be in Port over the next few weeks. In addition, he reported that Mr. George Fox would be setting up briefing meetings with individual Commissioners to discuss the financing proposal.

CONSENT CALENDAR

The Consent Calendar was unanimously approved as follows.

Minutes. The minutes from March 26, 2001 and April 5, 2001 were unanimously approved as presented.

Bills and Vouchers. The bills and vouchers for the period ending April 16, 2001 were unanimously approved in the amount of \$960,001.52. Warrants Issued: 02117-021180, 021181-21249, 021253-21366, 021368-021381, and 021382-021421. Voided Warrants: 020966, 021050, 021164, 021172, 021250-021252, 021255-021260, 021264, 021268, 021270, 021276, 021281, and 021367.

Capital Project Expenditure Approval. The Commission unanimously approved the capital project expenditure listing in the amount of \$109,613.09 for Warehouse 2 Improvements to Crisafulli Construction.

New Lease: Commodities Unlimited. The new lease for five years with Commodities Unlimited (dba AAA Bark) for four acres unanimously approved.

Lease Amendment: Airdustrial Ministorage. The Commission unanimously approved the lease amendment with Airdustrial Ministorage exercising an option for additional land.

Lease Termination: Mason County Xmas Tree Farm. The Commission unanimously approved the lease termination due to poor growing conditions and the adjustment to the north approach zone. This site is located almost entirely in the north approach zone which will be impacted by the runway relocation. The tenant will remain responsible for the clean up and restoration of the site and will maintain its surety and insurance as specified in the lease.

ADVISORY CALENDAR

Comprehensive Plan Advisory

Ms. Andrea Fontenot indicated to the Commission this was an advisory on the proposed Comprehensive Plan amendments which are 1) revisions to the Olympia Regional Airport Master Plan Update, and 2) inclusion of the 2001 Capital Budget. She indicated the public hearing will be held on April 30, 2001 at 6:00 p.m. Ms. Fontenot reported she is aware of at least two appeals to the environmental review process that the Commission will also hear on April 30.

Ms. Wendy Holden gave the Port Commission a power point side show overview of the amendments for the Olympia Regional Airport's Runway Threshold Relocation Safety Project. The proposed changes to the Airport Master Plan are predominantly reflected and captured in the Airport Lay-out Plan, a visual master plan for the Airport. She indicated the Airport Layout Plan, is part of the Port's Comprehensive Plan. The overview included the alternatives for the runway shift and the road relocation.

Ms. Fontenot reported the Environmental review was conducted on each proposed plan amendment, and these are also included in your Comprehensive Plan amendment binder. She noted that we received many comments on the proposed changes to the Airport Master Plan and no comments on the proposed inclusion of the 2001 Capital Budget. The areas of concern are related to water, noise and transportation. Ms. Fontenot proceeded to walk through the presentation with the Commission on those three areas of concern. She indicated the water runoff will be mitigated to the county's satisfaction, the consultant determined the critical noise factor for the airport did not exceed the Port property and therefore concluded there were no incompatible noise issues. Ms. Fontenot reported the consultant hired for transportation issues gave three options for the roadway reconfiguration. Staff is recommending the 35 mph option for Tilly road as the preferred alternative.

The Commission was absolutely opposed to the 50 mph option and asked why it was even presented. Ms. Fontenot responded that it was one of the options the consultant put out there for consideration and until staff is given a direction from the Commission, staff did not want to disqualify any options. The Commission agreed that as a general principle, they did not agree with designing roads with high speed limits in an urban area with the potential for development.

Public Comment:

Mr. Dave Stauffer commented on the road reconfiguration with his concern also to the high speed limit. He also offered the suggestion of a full stop alternative. He asked if there was something about that option that the city did not like. Ms. Fontenot responded that the city did not like that alternative in terms of traffic flow

Mr. Charles Heckman indicated the runway shift would have the most impact to his family and house because they live in the shifted zone area.

ACTION CALENDAR

Swantown Marina Restroom Renovations Contract #271 – Bid Award

Ms. Andrea Fontenot indicated the Port received seven bids for the marina restroom project. The low bidder is Lincoln Construction, Inc. Ms. Fontenot recommend the Commission award the bid to Lincoln construction, including the two additive alternates for the new heaters (#1), and glass block (#2). She indicated staff broke these two items out as additive alternates to give us flexibility on the bids. Here is a breakdown of the budget and bids.

Lincoln Construction Inc. base bid w/tax:	\$104,112.00
Additive Alternate #1 w/tax:	24,786.00
Additive Alternate #2 w/tax:	23,760.00
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Sub-total:	\$152,658.00
10% contingency:	15,266.00
Total recommended construction budget:	\$167,924.00
Remaining budget:	\$142,000.00

In addition to awarding the bid to Lincoln Construction, Ms. Fontenot requested the Commission increase the capital budget on this project by \$26,000 to cover both the additive alternates and a 10 percent construction contingency.

Commissioner Van Schoorl asked staff how much was remaining in the capital budget and where the \$26,000 would come from. Mr. George Fox responded there was approximately \$800,000 in the capital budget. Commissioner Pottle asked staff if the glass blocks were aesthetic only. Ms. Fontenot responded the glass blocks were both aesthetic and gives more natural light and fixes a draft problem. Commissioner Pottle asked staff to get him the difference in cost between the glass blocks and a solid wall.

Commissioner Dickison moved approval of the bid to Lincoln Construction for the base bid and the two additive alternatives, the 10 percent contingency, and increasing the capital budget by \$26,000. Commissioner Van Schoorl seconded the motion. Commissioners Dickison and Van Schoorl approved the motion. Commissioner Pottle opposed.

Warehouse 2 Stormwater Rail Improvements Contract #267 – Bid Award

Ms. Fontenot indicated we received five bids for the Warehouse 2 Stormwater and Rail Improvement project Contract #267. She reported the low bidder was MRC Company, Inc. Staff recommended the Commission award the bid the MRC Company in the amount of \$36,720. Ms. Fontenot reported the engineer’s estimate for this project was \$40,230. The Commission unanimously awarded the Warehouse 2 Stormwater and Rail Improvement project Contract #267 to MRC Company, Inc.

VEBA Resolution 2001-07 Approval

Mr. George Fox presented the Commission with Resolution 2001-07 to establish a Medical Savings Account/Voluntary Employees’ Beneficiary Association (MSA/VEBA) plan for approval. He indicated the VEBA was approved as a part of the recent agreement with the unionized employees of the Port of Olympia. The Commission unanimously approved Resolution 2001-07 to establish a Medical Savings Account/Voluntary Employees’ Beneficiary Association (MSA/VEBA) plan.

Family Golf Center

Mr. Nick Handy reported the Commission at its last meeting requested the following: 1) further recommendations regarding a process for making management decisions for the Airport Golf Center; 2) recommendations and expedited process for improving the net; and 3) a pro forma finance information on operations.

Management Decision:

Mr. Handy indicated staff will make recommendations on these three issues. First being the management decision. Mr. Handy gave the Commission Plans A, B, C, and D.

Plan A—Existing Data. Under Plan A, port staff would collect all available data including financial history on golf course activity and develop recommendations for the Commission in the next 60 days regarding various management alternatives. The Commission would make a determination in June regarding the preferred

management alternative. After Commission decision, staff would begin marketing for the desired management model at that time.

Plan B—Post Net Data. Under Plan B, port staff would utilize the next six months gathering data on management alternatives and present recommendations to the Commission in Fall 2001. Assuming net repairs are implemented soon, we would have the benefit of seeing some business trend information after net repairs. In addition, we would have the slow winter season for marketing recruitment and the selected entity could be in place by Spring.

Plan C—One Year of Operations. Under Plan C, staff would proceed with needed improvements and operate the Golf Center for one year to develop operational data post improvements. The Commission would make decisions about long term management in Summer or Fall of 2002 and the winter would be used to market for the desired management model.

Plan D—Scheduled Data. Under Plan D, the staff would develop alternatives to the commission in six month increments. This process could begin with the initial recommendations in 60 days similar to Plan A. At that time the Commission could decide to move forward with a recommendation or decide to defer six months for more data. Staff would bring a second set of recommendations in Fall 2001 and the Commission would have the same options. At the point the Commission feels it has adequate information to select an alternative, staff would proceed on that basis.

Commissioner Dickison indicated none of those plans were consistent with his thinking and would like to make a slight modification to Plan D. He indicated he did not have a problem with the Port proceeding with the management structure in the short-term, however, he did not want to hold the market for a long period of time. Commissioner Dickison said there may be potential purchasers out there and we would be giving the message we are not interested in considering any proposals. He indicated if a purchaser were to come along we would entertain their proposal. Therefore, we need to have a marketing element in Plan D. Commissioner Dickison asked how staff sees carrying out that direction. Mr. Heber Kennedy responded that we have had some expressions of interest and as a part of the process are trying to flush those out and see what level of interest and commitment there is.

Commissioner Van Schoorl indicated he also likes Plan D and would like staff to check in in 60 days and again in the fall, but at any point could make a decision. He indicated he would like more data and financial analysis before making a decision on alternatives.

Commissioner Pottle indicated the goal is to look at different alternatives and decide whether or not there is an opportunity and do not want to set an expectation we are anxious to move in any one direction at this point. He indicated he also favors Plan D.

Mr. Nick Handy reported that staff would keep the Commission apprised of any serious proposals and will move forward and bring back financial data in 60 days.

Net Modification:

Mr. Heber Kennedy reported on the net modifications and indicated the existing net system at the driving range is not adequate to prevent golf balls used in the driving range from leaving the range and landing on abutting property. Under the Port of Olympia leases, tenants have a duty not to disturb or trespass on other tenant's property.

Mr. Kennedy indicated the Port formed a special committee that included a representative from Cardinal Glass and Family Golf in addition to staff from airport, engineering and property to investigate solutions. The group considered several options as they built on prior work done by staff. After discussion, agreement as to a recommended solution was reached. He indicated the group recommends adding to the southern boundary of the driving range a 50' high strip of netting to the existing 50' high netting to reach a total height of 100'. This new 50' strip will be held in place by 100' tall steel poles. The two nets will be tied together in the center where they meet creating a continuous barrier to golf balls to a height of 100'. This new netting will extend 650' to the east from the tee line plus a piece of netting in the shape of a "chevron" will be inserted between the easternmost 100' pole and the next existing 50' pole.

Mr. Kennedy noted that in addition, the staff is recommending a "Fast Track" approach by asking that the Commission approve the CEA in the amount of \$199,826.80 and authorize the staff to proceed with design, engineering, permitting, and proceed to bid unless the amount is above the CEA and award the bid if within the amount of the CEA. He indicated if the bids exceed the CEA, staff would bring the matter back to the Commission.

The Commission questioned how the committee came to the recommendation for the scope of the netting proposal. Mr. Kennedy indicate they had done research prior when the golf course was operated by Family Golf and Mr. Rod Hudson has been in contact with netting experts. Commissioner Pottle asked staff to write the bid proposal as such that we could get other alternatives that may be more economical. He also asked staff to get a letter of agreement with Cardinal that this modification would be to their satisfaction.

The Commission approved the CEA in the amount of \$199,826.80 and the fast track approach for the net modification with the conditions stated and the steps consistent with the recommendation and staff would otherwise come back for additional approval.

Frontage Improvements:

Mr. Kennedy reported that in addition to the nets, the Port needs to make frontage improvements along Center Street for the Golf Center and submitted CEA in the amount of \$129,000 for approval. He indicated staff could include this project on a Fast Track approach also if the Commission feels we should do so. However, the frontage improvements will likely occur after the net system work is completed.

The Commission approved the CEA in the amount of \$129,000, but not on a fast track pace. In fact, the Commission indicated they would like the frontage improvement project to be a low priority at this time.

Financial Pro Forma:

Mr. George Fox presented the Commission an operating budget for the Golf Course for FY 2000 based on the pro forma budget supplied by Rowe Management. He indicated the budget covers the 10 months beginning March 1 and ending December 31. The budget shows a positive cash flow from operations of \$23,091 for the year. Mr. Fox indicated this presentation of the budget is advisory only. The approval will be on April 30, 2001 at the public hearing. Mr. Fox identified some expenses relating to deferred maintenance that will need to be spent in the near future.

Commissioner Dickison indicated he would like to see historical data prior to adopting the budget. Commissioner Van Schoorl said he would like to understand what expenses have been included in the budget. Mr. Fox replied the operation and maintenance budget submitted for approval on April 30th will not include a separate list.

ADJOURNMENT

President Pottle adjourned the meeting of April 16, 2001 at 7:45 p.m.

PORT OF OLYMPIA COMMISSION

President

Vice President

Secretary-Treasurer