

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

June 12, 2006

CALL TO ORDER

President Pottle called the meeting of June 12, 2006, to order at 5:30 p.m. at the General Administration Auditorium 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, Marketing Director Kari Qvigstad, Business Development Sally Alhadeff, Finance Director Steve Davis, Harbormaster Bruce Marshall, Airport Director Rudy Rudolph, Public Works Director Andrea Fontenot, Program Assistant Maureen Malahovsky, Intern Conley Booth, and Property Director Heber Kennedy. Bob Goodstein, the Port's Legal Counsel was also in attendance.

President Pottle announced the Commission held an executive session at 4:00 p.m. prior to the Commission meeting to discuss a proposed lease with staff and legal counsel. No decisions were made.

Public in attendance were as follows: Representing *The Olympian* was Jim Szymanski. Others in attendance included: Arthur West, Michael Belgin, Luke Belgin, Fred Ray, Rick Radeliff, Lonnie Perkins, Jim Rose, Jeff Brigham, Mike Sharp, Robert Rose, Teresa LaBouff, Jan Witt, Scott Baker, Jeff Davis, Sherman Will, Rita Rose, Tom Howdeshell, Rachel Thorne, Keith Bausch, William Parker, Genevieve Cushman, Nate Cushman, Nicole Miller, Ron Manwell, Jeff B., Josh Elliott, Richard Wolf, Caleb Hollatz, Christin Osgood, Rachel Graham, Michael Yates, and Drew Hendricks.

APPROVAL OF AGENDA

The agenda was approved as revised. Executive Director Ed Galligan indicated that staff recommended the Phase II Rail Improvement Capital Expenditure Authorization be removed from this Commission meeting, as we would bring it back at another meeting holding a budget hearing for this project.

PUBLIC COMMENT

No public comment was given.

COMMISSIONERS REPORTS

Commissioner Telford noted that he and Commissioner Van Schoorl attended the Anthony's groundbreaking on May 23rd.

Commissioner Van Schoorl reported he also attended a Capital Lake Master Planning meeting last week.

Consent Calendar

Minutes Approval. The Commission unanimously approved the minutes from the May 8, 2006 and May 22, 2006 meetings. President Pottle did not vote on the May 8th meeting minutes since he was not in attendance at that meeting.

Bills and Vouchers Approval. The Commission unanimously approved the bills and vouchers in the amount of \$444,395.89. General Fund Checks Issued: 040104 – 040375. Voided Checks: 040067,

040117, 040234 - 040235, 040167, 040309 - 040312, 040334 - 040347, 040291, and 040348.

Lease Assignment: Basilico Ristorante Italiano. Basilico Ristorante Italiano has assumed operation of the Airport restaurant in under the name Volare Café Italiano. The owner is requesting lease assignment from RAAD Enterprises, DBA Sweet Oasis Restaurant. RAAD Enterprises concurs with the lease assignment request. The lease expires on October 30, 2007. The Commission unanimously ratified the lease with Basilico Ristorante Italiano.

Lease Assignment: GuestHouse Tumwater LLC. Owner of GuestHouse Tumwater, LLC, is requesting lease assignment to E&J, Inc., a Washington corporation experienced in hotel and retail operation since 1996. GuestHouse Tumwater, LLC was formerly known as Western Steel. This is a 30-year lease that expires July 8, 2028 with an option to extend through 2058. The Commission unanimously ratified the lease with GuestHouse Tumwater LLC.

Lease Assignment: Comfort Inn. Owner of Guest Tumwater, LLC, (aka: Comfort Inn) is requesting lease assignment to SOK, Inc., a Washington corporation experienced in hotel and retail operation since 1995. This is a 30-year lease that expires July 8, 2028 with an option to extend through 2058. The Commission unanimously ratified the lease with GuestHouse Tumwater LLC.

ACTION CALENDAR

Marina Plaza Dock Grant Resolution 2006-08

Mr. Bruce Marshall indicated as part of the South Marina development project, staff is applying for grant funding from the Interagency Committee for Outdoor Recreation to construct the Marina Plaza dock portion of the development. The MNO-South Marina project includes the Marina Plaza dock. This portion of the project is eligible for up to 75 percent grant funding. Total cost of the Marina Plaza dock is estimated at \$360,501.

Mr. Marshall indicated that an initial application to IAC was submitted last month; the application requires a resolution passed by the Commission. The Commission unanimously passed Resolution 2006-08 authorizing an application for funding assistance for a Boating Facilities Program project with the Interagency Committee for Outdoor Recreation.

East Bay Pre-Development Capital Expenditure Authorization

Mr. Heber Kennedy reported that the East Bay Pre-Development Plan is a series of critical path strategies that would implement development at East Bay beginning in 2007. In order to take advantage of the current potential uses and create development at East Bay, a number of outside professional advisors will be needed. He indicated that staff recommends the Commission authorize \$137,720 to pay for the cost of the outside professional services of LMN Architects, Heartland, Seattle-NorthWest Securities, and Property Counselors. Mr. Kennedy noted that this is just the beginning of the project and just one step in the process. Mr. Kennedy provided a specific breakdown of the \$137,720 to the Commission.

Mr. Kennedy indicated this cost will not impact the overall Port budget. Commissioner Telford asked if this was not in budget, then we should be going through a process of a supplemental budget. Mr. Steve Davis indicated this would not cause us to exceed our overall capital budget for the year.

Commissioner Telford commented that he is more and more concerned about the truck traffic and think that is a major thing that needs to be rethought as a part of this and not sure the current concept is the right one. Mr. Kennedy indicated that he understand the concern and agrees that the first thing to do is refine the transportation plan. President Pottle echoed Commissioner Telford and the longshore's concern and the City's proposed plan for an office building, noting that this issue would also need to be addressed.

The Commission unanimously approved the Capital Expense Authorization in the amount of \$137,720

for the East Bay Pre-Development Plan.

Delegation of Authority Resolution 2006-09

Mr. Ed Galligan indicated he wanted to introduce this item and address the broader concept of this proposed change. He noted that this is related to the modification of the regular Port commission meetings to mainly advisory for one meeting and an action format for the other meeting. He indicated that the fundamental purpose of the meeting format change is to increase the deliberative dialog between the Port commissioners and by extension, the Commissioners and the public. Mr. Galligan noted that doing so, give the Commission more time to better understand the details of proposed projects and to better understand each others perspective.

Mr. Steve Davis indicated the purpose of this proposed resolution is to give the Executive Director authority to approve the issuance of checks for capital expenditures in excess of \$25,000. Mr. Davis indicated that we currently have an internal policy that limits this procedure.

Mr. Steve Davis reported that the Purchase and Expenditure Policy #801 states;

“Purchasing decisions should be made by appropriate personnel, acting within the scope of their assigned duties, using the most efficient and effective manner consistent with good internal controls. Authority to purchase goods and services is delegated by budgetary processes to people responsible for cost centers. Accountability for purchases rests with those people; however, purchase authority may be further delegated as determined by those people. The annual operating and capital budget is the primary point of internal control in the Port’s system of expenditures.”

Procedure # 8 of Policy #801 states;

“Notwithstanding the grant of budgetary authority to purchase or construct capital items, all expenditures for capital purchases or construction in excess of \$25,000 shall be re-approved, in advance, by the Port Commission”

Mr. Davis reported that Procedure #8 has resulted in some construction invoices being paid late due to staff’s inability to obtain the necessary commission pre-approval. These bills are legal liabilities of the Port, payment of which should not be unnecessarily delayed for procedural reasons alone.

Mr. Davis indicated that currently required commission review and approval of the capital budget, bidding process, contract award, and change orders provides sufficient oversight of staff actions. The additional step of pre-approving the issuance of a check for a legal liability, already incurred, does not substantially increase the effectiveness of internal controls. However, this additional step has negatively impacted the efficient processing of payments to vendors.

Commissioner Telford indicated his is ok with this. However, the Delegation of Authority gives the Director up to \$25,000, and he is Ok with giving authority to the Executive Director for up to the contracted amount. He proposed revising the resolution to add that in.

Commissioner Van Schoorl indicated that this is not a new concept; the Commission approves payments after the fact for Bills and Vouchers.

Jan Witt, resident of Olympia, commented that she wanted to know when the change in the meeting agenda was going to be approved. Commissioner Van Schoorl indicated the change was approved at the last meeting. Mrs. Witt indicated that the change in the format will only allow the public to comment at one meeting a month and she encouraged the Commission to reconsider that format change.

The Commission unanimously approved Resolution 2006-09 authorizing the Executive Director the authority to approve the payment of legal liabilities related to capital projects in excess of \$25,000 as amended by the Commission.

Community Economic Revitalization Board Resolution 2006-10

Mrs. Sally Alhadeff reported that in order to facilitate an expansion of the Cardinal Glass production facility at NewMarket Industrial Campus (NMIC), the Port of Olympia applied for and received a \$1,000,000 loan from Washington State Community Economic Revitalization Board (CERB) to aid in financing the costs of installing public facilities consisting of construction of water and sewer line extension, an off-site stormwater gallery and lift station, and road improvements.

Mrs. Alhadeff noted that Cardinal Glass is substantially expanding their operations at NMIC, is taking significant risks and making a major financial investment to bring business to Thurston County. The Port's cooperation in obtaining the loan and financial investment including CERB funds will help create the necessary infrastructure including stormwater management improvements to support the planned expansion. Mrs. Alhadeff indicated that late last year the Commission approved staff to move forward with the application to the CERB. The Port has been notified that the application has been approved. As a part of the approval, a resolution adopted by the Port Commission is required.

Mrs. Alhadeff asked the Commission for approval of the resolution to authorize the Executive Director to execute, on behalf of the Port, a Final Contract between CERB and the Port, and such other documents as may be required for securing aid in financing the cost of the public facilities.

Tom Howdeshell, resident of Olympia, commented that he could not find in the presentation what the percentage rate is for the loan. Mrs. Alhadeff responded that the interest rate is 1 percent. The loan process is at no cost to the Port.

The Commission unanimously approved Resolution 2006-10.

ADVISORY CALENDAR

Olympic Air Show Advisory

Mr. Rudy Rudolph reported to the Commission that the Olympic Flight Museum in Olympia, Washington would host its celebrated Olympic Air Show, featuring the Gathering of Warbirds, on June 17-18, 2006.

He noted that the Port has endorsed the annual air show as part of its community advertising & promotion program, a signature event for the Olympia Regional Airport. The Port contributes both financial and in-kind support for advertising and promotion of Olympic Air Show event and has allocated \$3,000 in the Port's 2006 marketing budget, with funds to be used for the production and distribution of a professionally designed direct mail newsletter, poster, and community outreach.

Mr. Rudolph noted that this event hosts 40 visiting aircraft and 15 Museum aircraft, draws an anticipated 12,000 people to the airport, and features rare and historic aircraft. The Port and the Olympia Regional Airport are recognized on the poster as well as other printed materials. Staff is coordinating with planning for event logistics as well as media and community outreach. In addition, the Port will be providing a display inside the museum. Port Commissioner Bob Van Schoorl would represent the Port of Olympia as part of the opening ceremonies program on June 17 at noon.

Ms. Rachel Thorne, representing the Olympia Flight Museum, thanked the Port Commission for their support of this eighth annual event featuring seven decades of military aircraft, from vintage bi-planes to high-performance jets, a U.S. Army Green Beret jump team and is the largest warbird-only gathering in the Northwest United States. The museum's own notable collection of rare aircraft will be exhibited, including a P-51 Mustang American Beauty, an AD-5 Skyraider, an AH-1 Cobra Gunship, and a TBM Avenger. Other event highlights include flying club memberships, genuine warbird memorabilia sale, a WWII encampment featuring authentic military vehicles and uniformed personnel, an operational Vietnam Landing Zone, Vietnam era USO Show, food and merchandise vendors, and various youth activities. This two-day event promises to be packed with excitement our visitors have come to expect.

Review of Recent Military Activities at the Port of Olympia

The Commission moved this meeting to a large venue to allow for public comment on this item. President Pottle reviewed the ground rules for the evening indicating comments would be limited to 2 minutes and we must vacate the building at 9:00 p.m. He asked the audience to limit the applause to help with time limitations. In addition, he noted that comment cards are available for written comments. He also asked that people show respect and tolerance for other people's opinions.

There was back and forth testimony, 16 people told the Commissioners either that they supported the policy or that the Port should change it and refuse military shipments.

The following citizens spoke in favor of the Military shipments at the Port of Olympia:

Jeff Brigham
Teresa LaBuff
Scott Baker
Keith Bausch
Ron Manwell
Bart Adler

In addition, Keith Bausch indicated he had a safety concern about citizens getting on the facility during operations and he note that the longshore will not suspend operations for any reason.

The following citizens spoke against the Military shipments at the Port of Olympia:

Arthur West
Nicole Miller
Jeff Barryhill
Josh Elliott
Rachel Graham
Michael Yates
Drew Hendricks
Caleb Hollatz

Tom Howdeshell spoke against the way the protests were held, but in support of the Evergreen State College and the protests for the purpose.

The following citizens spoke for other reasons:

Arthur West wanted more information on the rail project. The Commissioners indicated he could follow up with staff, but that topic was removed from the agenda for this evening.

Michael Belgin spoke in support of the Weyerhaeuser project and the Marine Terminal in general.

Commissioner Van Schoorl commented that he supports the right for peaceful protests; however, there is a point where you cross the line when you start destroying public property. There is room on both sides for improvement. He commented that the protestors need leadership to assure that the protests continue to be peaceful. Commissioner Van Schoorl noted that we had 11 military cargoes over the past two years, 75 percent of the cargo that the 833rd ships are humanitarian cargoes. He commented that soon the war will end and we will move on to more humanitarian cargoes.

Commissioner Telford commented that would not do anything to show disrespect for the families and the soldiers of the US military. He noted that a major component to make this Port self-sufficient is to secure cargoes. He indicated that no one invested in him the authority to make decisions about the war – that is

something that needs to be taken up with congress. He noted that the Port of Olympia belongs to the Thurston County citizens, the shipments will take place somewhere on the west coast whether you like it or not. He commented that if the US government wants to make shipments from the Port that is what the docks are for. Commissioner Telford encouraged those leading the protests to maintain a peaceful protest and not to destroy public property, noting that this was the second episode that damage has been done during protests. And he noted that it is the job of the police to restore order. He commented that the general public has had enough of the damage.

President Pottle congratulated all who testified and attended the meeting for keeping their cool on what he termed a difficult evening.

ADJOURNMENT

President Pottle adjourned the meeting on June 12, 2006 at 7:00 p.m.

PORT OF OLYMPIA COMMISSION

President

Vice President

Secretary-Treasurer