

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

June 14, 2004

CALL TO ORDER

President Telford called the meeting of June 14, 2004, to order at 5:45 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, Communications Manager Patti Grant, Property Director Heber Kennedy, Public Works Director Andrea Fontenot, Cascade Pole Site Manager Don Bache, Swantown Harbormaster Bruce Marshall, and Public Works Project Manager Rod Hudson.

Public in attendance were as follows. Representing *The Olympian* was Jim Szymanski. Representing Goodstien Law Group was Bob Goodstein. Others in attendance include: Tom Howdeshell, Jerry Dierker, Loraine Nelson, and Don Hewitt.

APPROVAL OF AGENDA

The agenda was approved as submitted.

PUBLIC COMMENT

Jerry Dierker, resident of Olympia, commented on the Cascade Pole site and indicated that he felt the Port was acting on the capping of the site prior to the end of the 30 day hearing by Dept. of Ecology. He also noted that he talked to Tony Allen who was quoted in the paper and when he talked to Mr. Allen, he indicated that he did not say all that was in the paper. Mr. Dierker asked the Commission to work to protect the public, he noted this is one of the most toxic sites on the planet.

Lorraine Nelson, representing Olympia Junior Programs, thanked the Commission for allowing the buses to bring the children to the theatre to park on Port property during the programs. They expressed their appreciation for being able to park the 532 busses during the season. They presented a small token of appreciation to the Commission.

COMMISSIONERS REPORTS

Commissioner Van Schoorl noted he attended the transportation policy board meeting this last week and reported they discussed the beginning of a study on rail. The Port has been working hard to make them aware of the importance of rail. He indicated he was very optimistic for this study to help educate the board on the importance.

President Telford reported he attended the regional transportation policy council meeting; he had nothing to report from the meeting. He indicated that the TRPC is supposed to be working with Port staff to develop a list of what the TRPC benefits are to the Port.

EXECUTIVE DIRECTOR REPORT

Mr. John Wolfe reported that the Olympia Airport had 8,332 operations for the month of May. The Airport usage increased 650 operations over May of last year. Mr. Wolfe indicated that Big Sky Airlines reported a total of 1,086 revenue passengers for the month of May with 11 flight cancellations.

Mr. Wolfe announced that Big Sky will be celebrating their 25th Anniversary with an Open House at our Airport Terminal on Wednesday, June 16 from 11:00 to 1:00. The public is invited to attend. He also announced the Olympic Air Show is coming up this weekend (June 18-20) at the Olympia Regional Airport sponsored by the Olympic Flight Museum. Gates open at noon on Friday and 10 a.m. on Saturday and Sunday. General admission is \$5.00 (children 6 and under free). There will be a 3-hour air show each day.

At the properties department, Mr. Wolfe reported that we have received notice that Harbor Wholesale Grocery will be leasing the Port's 12,000 square foot warehouse at NewMarket Industrial Campus. Harbor Wholesale needs the space for expanding lines of business. In addition, Mr. Wolfe announced that we have leased KZ Packaging a total of 5,000 sq. ft. in Warehouse 2.

Mr. Wolfe noted that the City and Port have reached agreement on the exchange of development rights stemming from the City's use of the Port's West Bay land for bridge mitigation. This agreement should come to the Commission for approval at the next Commission meeting.

Mr. Wolfe reported that the Overall adjusted marina occupancy now stands at 86 percent. The Boatworks dry storage is currently at 82 percent a 16 percent increase over this time last year. Mr. Wolfe also noted that the marina played host to three yacht clubs and several individual boaters over Memorial Day making this Memorial Day the busiest yet at Swantown. The Boatworks remains very busy with 96 haulouts completed in May.

Mr. Wolfe noted that staff has continued to meet monthly with executive Director Michael Cade on joint economic development strategies. Areas of focus include outreach strategies for warehousing & distribution, air service and other business development opportunities.

He indicated that the 9th annual RAPP Meeting (Russian/American trade event) began today and is running through Thursday in Seattle. RAPP is funded by the U.S. Agency for International Development (USAID), and operates under the Foundation for Russian American Economic Cooperation (FRAEC). The Port of Olympia will be a sponsor of this year's event, and Kari will be representing the Port of Olympia during the daytime meetings. The commission is welcome to attend any part of the event.

Mr. Wolfe reported that preparation is underway for the Port's Economic Impact Study this summer. Staff is finalizing a contact with Paul Sorenson of BST Associates to conduct the study. Results will be presented to the Commission this fall.

At the Marine Terminal, Mr. Wolfe noted that the MV Cape Kennedy arrived at the Port June 7 to discharge a cargo of equipment that was being returned to the US from Iraq. The cargo consisted of helicopters, wheeled vehicles and some containers. The cargo was unloaded and is now being sent via rail, highway, and air (helicopters) to military bases throughout the United States. Mr. Wolfe noted that the Cape Kennedy is the second military vessel to call at the port recently. The Cape Island called May 24 to take on a cargo of rolling vehicles and containers going to Iraq. The Port of Olympia is a back-up port for the Port of Tacoma for military cargoes.

These operations have gone very well due to the outstanding cooperation among all the partners involved including the 833d Transportation Battalion out of Seattle, the Military Sealift Command, Fort Lewis, the Coast Guard, ILWU Local 47, Marine Terminals Corporation, the Thurston County Sheriff's office, the Olympia Police and Fire Departments, and Port staff.

Mr. Wolfe indicated that the Port of Olympia is honored to welcome the Timaru Star, which arrived at the Port June 10 on its maiden voyage. The Timaru Star is operated by International Handybulk Carriers, Hong Kong, represented by Transmarine Navigation based in Seattle. The vessel has taken on approximately 4 million board feet of logs in Olympia, and then travel Japan for discharge. The shipper for this cargo is Superwood with Port tenant Pacific Lumber and Shipping.

Mr. Wolfe reported that we received 3 bids for the public sale of the Port's Welcome Pole, and have awarded the sale to the high bidder at a price of \$28,000. The Welcome Pole was purchased by a private party and will be donated to the Univ. of WA Burke Museum.

Commissioner Van Schoorl thanked staff for their persistence in selling the welcome pole. He also indicated that he wanted to continue to be on record that he would like for the Port to commission another piece of art for the plaza. President Telford indicated that he did not feel the Port was in the art business and we have spent enough money on this project already.

Consent Calendar

The Consent Calendar was approved as follows.

Minutes. The Commission unanimously approved the minutes from the May 24, 2004, May 17, 2004 Joint Meeting with LOTT, and the June 2, 2004 Joint Meeting with the Olympia Downtown Association.

Lease Agreement: Pacific Lumber and Shipping Lease Agreement

Mr. Heber Kennedy presented the Lease Agreement between the Port and Pacific Lumber and Shipping. This allows PLS to operate on 13 paved acres of land at the Marine Terminal for a period of 12 months, or through December 31, 2004. The operation is dedicated to receiving, handling, sorting, shipping and storing domestic, import/export logs and lumber. Revenues to the Port are calculated on tonnage pass through with a minimum ground rent of \$400/acre/month. The Commission unanimously ratified the lease between the Port and Pacific Lumber and Shipping.

ACTION CALENDAR

Appointment of PAC Member

Commissioner Van Schoorl moved to approve Mr. Darrel Webster to serve on the Planning and Advisory Committee. The Commission unanimously approved the appointment of Darrel Webster. Darrel's term will end June 2007.

Cascade Pole Capping/Marine Drive N. Bid Award Contact #287

Ms. Andrea Fontenot reported the purpose of this agenda item is to request Commission Approval of Bid Award for contract #287 to Harlow Construction Company, Inc., from Lacey. She noted that two bids were received on June 3. The bidders were Harlow Construction Company Inc., and Rognlin's Inc.

Ms. Fontenot reported that Port staff recommends award of the base bid and additive alternative to Harlow Construction Company, in the amount of \$970,978.40, including all applicable WSST. She noted that the low bid is \$92,945 above the engineer's estimate on the base bid.

Ms. Fontenot reported that while it is the Commission's decision on whether to proceed or not, we have considered this issue and recommend proceeding with this project for the following discussion of pros and cons.

1. The \$500,000 Ecology grant for this phase of the site capping may not be available after June 30, 2005.
2. The overall capital budget for this project is \$1,226,000. Construction costs based on bid results are at \$970,978.40. The remaining budget amount is sufficient to cover the cost of engineering and port staff time, a combined estimate of \$160,000, as well as an approximate

- \$95,000 for potential unforeseen construction items that require a change order.
3. There is no guarantee that delaying the project will improve bid prices.
 4. This project will create an additional 2 acres of useable land for the Marine Terminal business. This may delay the need to pave the land east of Franklin and create a cash flow sooner.
 5. This roadway project is connecting to the southern roadway, which is being constructed now. If this project does not proceed, costs will go up on the southern roadway for the electrical connection planned at the intersection of Washington & Marine Drive, or the lights on the southern section will need to be eliminated which would reduce that project cost in the short term.
 6. Completion of this roadway enhances the potential of the North Point properties.
 7. The cost to re-bid this project will be several thousand dollars.

Ms. Fontenot also noted that the Commission should be aware that while Ecology management has approved the \$500,000 grant for this project and the grant has been delivered to the Port.

Ms. Fontenot indicated the staff recommendation is to authorize the Executive Director to enter into a contract and award the bid to Harlow Construction Company, Inc. in the amount of \$970,978.40 for the base bid and the additive alternate. This contract would not be awarded until after the public hearing process has been closed on July 2, 2004. If there were any significant comments on the SEPA hearing, staff would come back to the Commission.

Tom Howdeshell, resident of Olympia, wondered if we would be putting in the purple pipe for the reclaimed water from LOTT. Ms. Andrea Fontenot indicated that now is the time to install that pipe, unfortunately, when we went to bid we did not have a cost for the reclaimed water and proceeded without that in the bid. She noted that LOTT has approached us and are very interested in having that installed as a change order for both contracts. We are working on a very tight timeline to see if we can make that happen. We are waiting for cost estimates from LOTT and the city for the water usage and we need to understand what our uses will be.

Commissioner Pottle expressed his concern about the cost of the water. Mr. Wolfe indicated he has talked to the City and LOTT and they have discussed the water rate of 70 percent of potable water. Commissioner Pottle also indicated his concern was also about the uses for the water and if there are customers that will use it.

Commissioner Van Schoorl indicated he felt that we should take a leadership role to get this system started. We need to take into account costs, obviously we will not do this at any price, but he is supportive of this project if we can make it work.

President Telford indicated that even if we lay the purple pipe in the ditch, we would still have further expenses to get the water to our irrigation system. He indicated that he was concerned that we will incur extra costs later. Ms. Fontenot indicated that the current approach of staff is to get a full estimate on what it will take to install and use the purple pipe.

President Telford asked about the process of the SEPA hearing. Ms. Fontenot indicated that Ecology issue a comment period on the agreed order, which runs through July 2nd. President Telford asked what the legal issues might be if someone filed an appeal on the project. Ms. Fontenot indicated she has discussed this with Ecology and they feel that there is a small risk. However, the Port will not award the bid until after the comment period is closed.

President Telford also asked about the price for the fiber optic cable. Mr. Wolfe indicated that the original engineer's estimate was for 48 pairs and to keep costs down, staff recommended we bid for 24 pairs. The 24 pairs would meet our current and future needs for years to come. The conduit also has capacity for more fiber to be pulled later if needed.

The Commission unanimously approved the staff recommendation to authorize the Executive Director to enter into a contract and award the bid to Harlow Construction Company, Inc. in the amount of \$970,978.40 for the base bid and the additive alternate. This contract would not be awarded until after the public hearing process has been closed on July 2, 2004. If there were any significant comments on the SEPA hearing, staff would come back to the Commission.

Asphalt Patching - Approval to Bid

Mr. Rod Hudson indicated staff is requesting Commission approval to solicit bids for asphalt paving at the Marina and the Marine Terminal. He noted that this proposed project would modify two approved capital budget projects and add additional scope. As part of this request, we would require additional budget in the amount of \$14,000.

Mr. Hudson asked the Commission to authorize staff to solicit bids for Contract # 291, Pavement Repair 2004, and adjust the capital budget with an increase of \$14,000 and combination of the Boat Launch Repair and JKL Parking Lot Slurry Seal project.

Mr. Tom Howdeshell, resident of Olympia, asked about the project to assure that the asphalts do not leak into the bay and are any toxic chemicals going to be used. Mr. Hudson responded that no toxic chemicals would be used. The contract calls for the contractor to use standard asphalt materials.

The Commission unanimously authorized staff to solicit bids for Contract # 291, Pavement Repair 2004, and adjust the capital budget with an increase of \$14,000 and combination of the Boat Launch Repair and JKL Parking Lot Slurry Seal project.

Legal Counsel – Approval to Contract

Mr. John Wolfe reported that the Port's contract for legal services with Owens Davies expires June 30th, 2004. The Port issued a request for qualification/proposals for Attorney Services in April. We received 12 proposals by the due date of May 7th. The Attorney Selection Team (Commissioner Paul Telford, George Fox, and John Wolfe) reviewed all proposals and selected the following six to interview: Taylor & Berg, James P. Foley, Vandeberg Johnson & Gandara, Brian M. Baker, Goodstein Law Group, and Connolly, Tacon, & Meserve.

Mr. Wolfe indicated that as a result of the interviews, the Attorney Selection Team recommended the Port contract with the Goodstein Law Group for future attorney services for the Port of Olympia. He noted that after receiving concurrence from the Port Commissioners, he has worked with the Goodstein Law Group to develop a contract for services.

Mr. Wolfe noted that staff recommends the Port Commission approve the contract with Goodstein Law Group for attorney services. The contract goes into effect on June 15, 2004. We will work with Owens Davies over the next two weeks to transition current legal issues to the new Port Counsel.

President Telford indicated that staff put together some history on the legal costs. He indicated that as serving on the selection committee, the committee unanimously selected the Goodstien Group and to found them to be the best fit for the Port based on his experience.

Mr. Tom Howdeshell, resident of Olympia, asked where the law firm offices are. President Telford indicated the firm is from Tacoma.

Mr. Goodstein thanked the Commission and indicated that the performance of the Port over the past few years is a compliment to the staff and commission.

Commissioner Pottle asked if we did not use the 40 hours against the retainer, there is no break if we do not use those hours. Mr. Goodstein indicated that that is currently how the contract is written. However,

the contract can be amended at any time with 30 days notice. He indicated that he would be attending commission meetings for a short period of time to get comfortable with the staff and commission at no charge towards the 40 hours.

Mr. Wolfe indicated that Mr. Goodstein has also volunteered to attend the business team meetings for a few weeks to also get familiar with staff and the leadership team of the port at no charge as well. The Commission unanimously approved the recommendation for the Executive Director to enter into a contract with Goodstein Law Group for legal services.

Noise Abatement at Airport

Mr. Wolfe reported that at the Runway Relocation hearing held September 22, 2003, the Commissioners approved a motion directing Port staff to evaluate and report with a proposal to study the effect of the relocation of Runway 17/35 relating to the 60 DNL line and the impact of the runway relocation on residential property values within the 60 DNL line.

He indicated that Commissioner Telford has discovered that RCW 53.54 states that "A port district operating an airport serving more than 20 scheduled jet aircraft flights per day may undertake any of the programs or combinations of such programs, as authorized by this chapter, for the purpose of alleviating and abating the impact of jet aircraft noise in areas surrounding such airport."

Mr. Wolfe noted that the Port of Olympia's Regional Airport does not meet these minimum jet aircraft flight requirements. Therefore, the Port is prohibited from undertaking any of these noise abatement programs.

Mr. Wolfe indicated that staff recommends that the Commissioners rescind the motion that was approved on September 22, 2003. The Commission unanimously rescinded the motion directing Port staff to evaluate and report with a proposal to study the effect of the relocation of Runway 17/35 relating to the 60 DNL line and the impact of the runway relocation on residential property values within the 60 DNL line.

Other Business

President Telford indicated he would like to request an executive session for the next meeting to discuss the SEPA appeal and the litigation against Owens Davies for the Handy retirement payment.

ADJOURNMENT

President Telford adjourned the meeting of June 14, 2004 at 7:15 p.m.

PORT OF OLYMPIA COMMISSION

President

Vice President

Secretary-Treasurer