

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

June 23, 2003

CALL TO ORDER

President Pottle called the meeting of June 23, 2003, to order at 5:34 p.m. at the TCTV Studio in Olympia. Commissioner Telford was also in attendance. Commissioner Van Schoorl was on vacation.

President Pottle announced the Commission adjourned to executive session following the June 9th meeting to discuss with counsel a possible real estate lease at the Marine Terminal. No decisions were made. The meeting was adjourned at 8:00 p.m.

Staff in attendance were: Executive Director Nick Handy, Administrative Manager Jeri Sevier, Finance Director George Fox, Airport Operations Supervisor Tim Lael, Marketing Director Kari Qvigstad, and Public Works Director Andrea Fontenot.

Public in attendance were as follows. Representing *The Olympian* was Scott Wyland. Others in attendance included Harold Chambers, Dave Clark, Harold Clark, Paul Pickett, Brian Reynolds, Stas Margaronis, I. Margaronis, Arie Baars, Hans Stam, Captain Virgil Elkinton, Lawrence Cohen, Anthony Holt, and Jan Witt.

APPROVAL OF AGENDA

The agenda was approved as submitted. Commissioner Telford indicated he would like to add a discussion of TRPC under other business.

PUBLIC COMMENT

Brian Reynolds, President of Olympic Flight Museum, thanked the Commission for the sponsorship for the Olympic Flight Museum Fly-In held on June 14-15, 2003. Mr. Reynolds indicated that over 11,000 people showed up for the Fly-In. He noted that they increased the marketing program, added the participation with Big Sky, which added value to the event. Mr. Reynolds thanked the Port staff for all their help. Mr. Reynolds announced that next years dates are already set for June 18-20, 2004. Commissioner Pottle thanked Brian and his staff as well as Port staff for all their work.

Paul Pickett, PUD Commissioner, invited the Commission to a forum on the future of the Historic Tumwater Brewery on Wednesday, June 25th at 6:00 p.m. He noted that this will be a chance for the community's voice to be heard. He also distributed a vision statement of community driven redevelopment of the Tumwater Brewery to preserve and enhance our economy, environment, and local heritage. Mr. Handy indicated that the Port has been in active discussion with possible purchasers of the site. The Port's interest is in the rail and warehouse space.

Harold Chambers, resident of Yelm, remarked that at the last Port meeting he requested that Commissioner Van Schoorl not vote on the legal contract due to a conflict of interest because he received money for his campaign from the legal firm. He noted that the Port still does not have an ethics policy. He continued to comment that he was speaking at these meetings to hold public officials accountable. Mr. Chambers gave several examples of why he thinks Owens Davies is an irresponsible firm.

Jan Witt, resident of Olympia, commented that she attended the last meeting and felt that Mr. Chambers comments were legitimate and she would like to see the Port do something about the ethics policy. She

also commented about the subsidy of the airlines. She commented that it is happening all over the country, not just in Olympia. She requested a public meeting on the airport and where we are going with the runway relocation project. She indicated that she did not think the Port is giving out correct information.

Harold Clark, tenant at the Airport, indicated that he is concerned about what is going on with airline and like Ms. Witt, he thinks it is time for a review of the master plan. But his main concern is the air grant request; he does not think it is right to subsidize the airline. He indicated that airlines come and go, mostly go. It bothers him that the Port is helping the airline, a Port tenant, but the Port does not help the other tenants.

COMMISSIONERS REPORTS

No Commissioner reports were given.

EXECUTIVE DIRECTOR REPORT

Mr. Nick Handy announced that at the Marine Terminal we have two log vessels in port, the Century Cypress and the Bright Phoenix. These vessels will load a combined volume of approximately 5,000,000 bf. He noted that on a daily basis aluminum, garnet, pipe and glass continue to be loaded out to truck and rail.

Turning to the properties department, Mr. Handy announced that we have leased Tri-City railroad 3,000 sq. ft. plus the office in the NW section of Warehouse 2. They are working with Washington Logistics in a trial transload of Miller products (rail to truck). If this project is successful, the operation will be expanded.

Mr. Handy reported that an agreement has been reached between the Port and Civic Partners/NBBJ on State Avenue Planning. He announced that this would be presented for Commission consideration at the first Commission meeting in July. Mr. Handy noted that the Olympia Outdoor Cinema and the Port have reached agreement for ten films to be shown in the Farmers Market parking area this summer. He noted that the Lakefair car show will be in the Market District and will be bigger and better than last year.

Mr. Handy commented that Jan Skinner's kindergarten class from Hansen Elementary visited our West Bay property as part of their interest in development of the cite. Based on a show of hands, the kids favored; parks, trails, ice cream shops, stores, restaurants, bike rentals, boat rentals, and as you have probably guess by now, just about anything else you wanted to suggest.

At the Airport, Mr. Handy reported that Big Sky Airlines has reported their June passenger count to date. As of June 22, they had 411 arriving and 430 departing revenue passengers for the month. Mr. Handy noted that according to surveys on air service, the public continues to want air service. He commented that by marketing air service, the Port is not supporting a single company but a service to the community.

Mr. Handy reported the Marina occupancy was 98 percent full, the dry storage 71 percent full, the highest on record. Mr. Handy noted that 80 of the 157 slips have been pre-leased including 42 to new tenant for the DEF docks. All slips over 50' have been reserved. Only 7 of 42-- 50 foot slips are still available for lease and over 60 percent of the 44 foot slips have been committed. He noted that the construction for DEF/Marina Village is underway. The in-water work is scheduled to begin in September. At the boatworks, 98 vessels have hauled out or reserved a haulout for June, setting another record month.

Mr. Handy reported that as Brian Reynolds announced over 11,000 people came out to the Gathering of the Warbirds. A Big Sky plane was present during the event. We had almost 200 people fill out surveys about air service. A preliminary look at the surveys turned in indicated the following: 184 surveys were turned in; about 70 percent of the people responding knew about the service. Many of them had found out about the service from the Olympian articles; 85 percent of respondents thought they would use the

service; and 50 percent of total respondents thought they would use the service to connect to other cities throughout the US via other carriers.

CONSENT CALENDAR

The Consent Calendar was unanimously approved as follows.

Minutes. The minutes from May 27, 2003 and June 9, 2003 were unanimously approved as submitted.

Bills and Vouchers. The bills and vouchers in the amounts of \$1,490,782.94 for the period ending June 23, 2003, batch 18-22 was unanimously approved by the Commission. General Fund Checks Issued: 031591-031596, 031599-031612, 031613-031684, 031685-031711, 031712-031717, 031718-031729, 031730-031786, 031787, 031843, 031844-031851, and 031852-031877. Capital Fund Checks Issued: 030029, 030030, 030031, and 030032-030033. 2001 Bond Fund Checks Issued: 030121-030131, 030132-030133, 030134, and 030135-030142. Environmental Fund Checks Issued: 030177-030179, 030180-030185, 030186, 030187, 030189-030190, 030191-030195, and 030196-030200. Voided Checks: General Fund - 031597-031598; ER Fund - 030175-030176, and 030188.

Capital Expenditure Approval. The capital project expenditures for the DEF Shoreside construction to City of Olympia, was unanimously approved in the amount of \$69,129.49.

ACTION CALENDAR

Planning and Advisory Committee Recognition

Mr. Handy indicated that the Commission appoints the twelve-member body of the Planning and Advisory Committee. The members are allowed to serve a maximum of two terms. This year we have three members on the Planning and Advisory Committee that were all appointed in 1997 and have served over two consecutive terms, therefore have been term limited out.

The Commission presented awards to Dave Clark, Deborah Johnson, and Allen Ziegler. All of the three have made a fine contribution to the PAC for the more than 8 years, and their service is deeply appreciated.

Executive Director Recruitment – Job Specifications Approval

Ms. Jeri Sevier indicated that Mr. Ed Rogan, representing Waldron & Company prepared a draft job specification for the Executive Director position. Mr. Rogan met with the directors at the Port and the stakeholders identified at the Commission work session held on May 20th.

The draft was submitted to staff and the Commission for review and comment. The draft included in the packet includes comments and suggestions from Commissioners and staff. Ms. Sevier indicated that Mr. Rogan was available to discuss the draft and answer any questions.

President Pottle asked Mr. Rogan if he could incorporate sales and marketing into the description. The Commission approved the draft job specification. Waldron & Company will begin the recruitment process, as August 1st is the target for the closing date.

Santa Maria Lease Ratification

Ms. Kari Qvigstad presented an option and lease agreement with Santa Maria Shipping and Trading, LLC for manufacturing and processing of vessels at the Port of Olympia. She noted that staff has been negotiating with Santa Maria Shipping, LLC since January 2003 and presented information to the Port Commission in individual briefings and then discussed lease rates, terms and conditions in executive session on June 9, 2003. Ms. Qvigstad gave some background information on the company and the

business activities.

She indicated that the option is effective through January 31, 2004. The lease terms include an initial lease area of approximately 2.7 acres for 20 years with the option to renew for up to an additional 30 years. Santa Maria Shipping, LLC will also have an option for expansion on 3.9 acres. Staff will negotiate the final site plan, a vessel launch plan and procedures during the option period. Santa Maria has signed the option agreement to be included as a part of an application to the Maritime Administration (MARAD) for Title XI loan guarantee program for the operation. Santa Maria representatives will begin the planning and permitting process during the option period.

Ms. Qvigstad introduced Stas Margaronis from Santa Maria Shipping & Trading. Mr. Margaronis introduced his team, I. Margaronis, Arie Baars, Hans Stam, Captain Virgil Elkinton, Lawrence Cohen, and Anthony Holt. Ms. Qvigstad also recognized the Port staff that worked on putting this agreement together.

Commissioner Telford asked Ms. Qvigstad about the permitting process. Ms. Qvigstad indicated that Ms. Fontenot would be working closely with the City and Santa Maria Shipping on the permitting process. Ms. Qvigstad indicated that staff has had two previous meetings with the city staff.

President Pottle thanked Kari and the Port staff for their work on working with Santa Maria on this venture. Commissioner Telford also acknowledged the hard work and indicated he was impressed with the Santa Maria team. The Commission approved the lease agreement with Santa Maria Shipping & Trading. Commissioner Pottle acknowledged that there was still work to be done, and wished them well in the process as it means jobs for this community. Commissioner Telford asked staff to make sure this lease is written properly to avoid problems associated with the bankruptcy clause.

ADVISORY CALENDAR

Air 21 Grant Proposal Advisory

Ms. Qvigstad briefed the Port Commission on the Department of Transportation's Small Community Air Service Development Pilot Program (AIR 21) grant program and staff's request for airport marketing funds. Ms. Qvigstad reviewed the background as well as the strategies and policy issues relating to the grant.

She indicated that the proposed three-year project budget is \$1,190,000 with 90% (\$1,071,000) proposed to come from grant funds and 10% match (\$119,000.00) from port, public and private sector over three years. Ms. Qvigstad reported that the proposal includes financial support in three key areas: (1) funding a three-year position focused on marketing and business development for air service, (2) a three-phase marketing program, and (3) a program to secure successful air service operations during the first year of the campaign as well as funds to make limited operational improvements at the airport.

President Pottle asked Ms. Qvigstad if there has been any follow up with Big Sky since the meeting in Spokane? Ms. Qvigstad indicated that staff has been in contact with them and are discussing options to make the routes more successful.

Commissioner Telford commented that he supports air service at the Olympia Regional Airport, however, when he saw the grant application request, he could not support the funding request. He indicated that he has not seen Big Sky do anything to address the profitability of the air service. The amount being requested is in the grant way too much. He said that air service needs to be given no more than one year to either sink or swim. Commissioner Telford indicated that he could support maybe a grant of \$350,000, but cannot support a request for \$1,190,000. He commented that some of the Port's match should come from the Port's EDC.

Commissioner Pottle commented that based on the positive feedback that we continue to get and the

increase in load count indicates that there is support for this service and it is worth pursuing a grant for marketing and building awareness.

Mr. Handy commented that it has always been his understanding that bringing air service to Olympia has been a top priority for the Port for the past eight years. He commented that he has been briefing the Commission on this grant over the past months and has support of at least two Commissioners. Mr. Handy indicated he is recommending that staff proceed with the grant request based on that support. He commented that if the Commission, in its entirety, would like to withdraw from the grant at a later date when all Commissioners are in attendance, we can do that.

Performance Standards Advisory

Mr. Nick Handy indicated that the Port Commission previously requested that staff prepare performance standards to guide business goals for the year. Mr. Handy presented the proposed performance standards for Commission review.

Mr. Handy indicated that the performance standards would be used for planning for the 2004 budget cycle as well as indicators throughout the year.

Other Business

Thurston Regional Planning Council

Commissioner Telford indicated that he feels TRPC and the redundancy of the two planning councils is not usefulness for the Port and he would like to discuss the Port's continuation on those councils.

Commissioner Telford reported that it is a requirement for the TRPC to update the transportation plan every three years. He indicated that he recently looked at the third draft and found no coordination or input by Port staff when the Port should have been a primary contributor to that plan. He indicated that he asked Andrea Fontenot to contact the transportation plan and submit corrections, she did that and Commissioner Telford personally transmitted the corrections and requested that the next draft include those changes. Commissioner Telford said he received a letter from TRPC staff whereby they did not include the requested changes. He commented that there are serious underlying issues when the TRPC staff recommendation is to not change or include the Port's corrections.

Commissioner Telford commented that to have all or most of her input rejected is not satisfactory. He commented that the report has false information regarding the airport that they will not change. He commented that there is something wrong with the relationship between the TRPC and the Port. He suggested that now is the time to make a statement and suggest that the Port drop the dues paid to TRPC. Commissioner Telford made a motion to drop dues paid to TRPC.

President Pottle indicated that three months ago he spoke with the Executive Director of the TRPC and asked them to provide information to staff on the services provided. President Pottle indicated that he would not second the motion tonight, but will ask staff to meet with TRPC and get some explanations on the services and value received for the \$30,000 annual membership. President Pottle commented that he agreed that it is time to look at the dollar amount versus value received.

President Pottle asked the Executive Director to get staffs from both parties together and review aviation section and marine terminal section and reach an understanding. The TRPC is also planning on attending the last meeting in July to give a report.

ADJOURNMENT

President Pottle adjourned the meeting of June 23, 2003 at 7:43 p.m.

PORT OF OLYMPIA COMMISSION

President

Vice President

Secretary-Treasurer