

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

July 28, 2003

CALL TO ORDER

President Pottle called the meeting of July 28, 2003, to order at 5:36 p.m. at the TCTV Studio in Olympia. Commissioners Telford and Van Schoorl were also in attendance.

President Pottle announced the Commission would be going into executive session immediately following the meeting to confer with legal counsel on potential litigation regarding Cascade Pole.

Staff in attendance were: Executive Director Nick Handy, Administrative Manager Jeri Sevier, Operations Director John Wolfe, Harbor Director Bruce Marshall, Properties Director Heber Kennedy, Airport Director Doug Sandau, Public Works Director Andrea Fontenot, Marketing Director Kari Qvigstad, and Paul Wallace.

Public in attendance were as follows. Representing *The Olympian* was Scott Wyland. Others in attendance included Harold Chambers, Earl Pearson, Brian Reynolds, Pete Kmet, Virgil Clarkson, Mark Foutch, Mel Kowal, and Patty Belmonte.

APPROVAL OF AGENDA

The agenda was approved as submitted with the addition of the executive session following the meeting.

PUBLIC COMMENT

Harold Chambers, resident of Yelm, expressed concerns regarding the grant application for Big Sky Airlines. He noted that the Port has given or committed over a quarter of a million dollars to Big Sky. He asked when will the Port stop supporting Big Sky and when is enough enough?

Earl Pearson, tenant at Olympia Airport, commented about the hangars at the airport. He indicated that the airport manager wants to put in new hangars and move an existing hangar. The property right now brings in more income than the income will be for the new hangar. He suggested that the current building could be renovated enclosing and adding doors to bring in more income with not much additional expense. He indicated there is a waiting list for hangars right now that would be willing to fill those hangars right now. Mr. Pearson asked how he could come and talk to the commissioners outside of the formal environment and not just at these meetings. He suggested that at these meetings, everything has already been decided.

Mr. Handy responded to Mr. Pearson's comments. Mr. Handy explained the history of the Gunther Hangar, and how the lease came to be when Mr. Pearson asked to acquire the Gunther Hangar several years ago with the understanding that he would move it to another location when the Port was ready to use the parcel. After several years, the Port indicated they were ready to move the Gunther Hanger, and now, at this time Mr. Pearson is refusing to move it and asking the Port to change the Port's master plan to accommodate Mr. Pearson's business plans. Mr. Handy noted some expenses that the Port has invested into Mr. Pearson's business over the past few years.

Commissioner Telford indicated that he is troubled with this whole issue. He clarified that Commissioners do not meet behind closed doors and we go through staff for information and are available to meet one on one with customers and tenants. He commented that he couldn't figure out how come staff cannot

work things out with Mr. Pearson. Commissioner Telford commented that he would like to see the economic benefit to move Mr. Pearson out and build new hangars and he has not seen that analysis.

Commissioner Van Schoorl indicated that the Commission and staff have been available to meet with Mr. Pearson and has meet to discuss his issues. His characterization of not having access to staff and commission is incorrect.

Commissioner Pottle commented that Mr. Pearson agreed to this lease years ago. We have listened and been reasonable regarding this issue. We can continue to talk about the issues and come to some solution that is more satisfactory.

COMMISSIONERS REPORTS

President Pottle indicated he attended the EDC Board of Directors earlier in the day where they discussed Big Sky Airlines donation of tickets and that EDC members indicated they would be happy to help contact congressional districts regarding the grant.

EXECUTIVE DIRECTOR REPORT

Mr. Nick Handy reported at the Marine Terminal that the Vasiliy Burkhanov recently left Port after discharging aluminum on its second visit to the Port of Olympia. He noted that more Canadian lumber has been discharged from barge. This product is being trucked and railed out to destinations in Oregon, Missouri and Texas. Mr. Handy reported that over Lakefair, the Port welcomed the Canadian Navy ships HCMS Saskatoon and HCMS Edmonton to Olympia July 18-21.

Mr. Handy reported the properties department has leased 2,000 square feet of outside storage in Warehouse 2 to Windfall lumber for storage of reclaimed wood products. They also have an option for 3,000 square feet inside Warehouse 2. The Olympia Outdoor Cinema would like to lease 1,400 square feet in Warehouse 2 for storage of their equipment used in the Saturday night outdoor movies shown in the Farmers Market parking lots. These outdoor movies have proved extremely popular and are becoming a summer Saturday night fixture in Olympia.

Mr. Handy reported that the Port and Civic Partners would move forward with the planning of our State Avenue properties. We have set up a lunch meeting for August 6th and we have published a notice for the special meeting.

Mr. Handy noted that staff has been in discussions regarding the West Bay property. Mr. Handy indicated that we would be scheduling a joint meeting with the City of Olympia to continue discussions on this matter.

At the Airport, Mr. Handy reported that we had a total of 10,875 operations for the month of June; nearly 1,000 more than last year's June count of 9,924. Big Sky Airlines has reported a total of 899 revenue passengers for July as of yesterday, Sunday, July 27th. He noted that implementation of the air service marketing plan is under way. Radio and print advertising is set to begin Aug. 4 and will run for two concentrated weeks. The ads increase awareness of the service from the Olympia Regional Airport and promote the summer special \$69.00 any time fares that Big Sky has set on selected flights.

Mr. Handy indicated that the Marina is at 99 percent occupancy and the DEF expansion has 85 slips pre-leased nearing the 60 percent range.

Mr. Handy reported that staff met with representatives from Santa Maria July 7 and are making progress on site and launch plans. The MARAD application for Title XI loan guarantee is being submitted this month by Santa Maria. The permit process with the City of Olympia will likely move forward this fall.

CONSENT CALENDAR

The Consent Calendar was approved as follows.

Minutes. The minutes from July 14, 2003 were unanimously approved as submitted.

Bills and Vouchers. The bills and vouchers for the period ending July 28, 2003 in the amount of \$395,336.61 were unanimously approved. General Fund Checks Issued: 031879-031901, 031902-031948, 031949-031957, 031958-032016, and 032029-032085. Capital Fund Checks Issued: 030034 and 030035-030039. 2001 Bond Fund Checks Issued: 030143-030144, 030145-030146, and 030147. Environmental Fund Checks Issued: 030201-030207, 030208-030212, 030214-030222. Voided Checks: 030560, 030597, 030599, 030687, 030837-030838, 030926, 030982, 031007, 031083-031085, 031101, 031103, 031131, 031148, 031202, and 031254, 031256, 031310-031328, 031590, 031597-031598, 031748, 031878, 031901, 031908, 031991, and 032017-032028.

Capital Expenditure Approval. The capital project expenditures for the DEF Shoreside construction to Bellingham Marine Industries and Christensen, Inc. and for the 2002 UST to Stemen Environmental was unanimously approved in the amount of \$312,375.80.

Lease Amendment: Pearson Air.

The Commission unanimously approved the lease amendment to memorialize the exercise of the first option (the first of five one-year options) to extend the term for an additional year for Pearson Air for the Gunther Building. The term will be from August 1, 2003 to July 31, 2004. Rent remains at the rate of \$975.26/month plus LET.

ACTION CALENDAR

Award Swantown Marina Alarm System Upgrades and Security System Construction Contract #282

Ms. Andrea Fontenot indicated that the purpose of this agenda item is to award the bid for the fire alarm and security upgrades at the Marina. She indicated that in May of 2003 staff presented a revised scope of work and budget for \$287,952 to upgrade the fire alarm and security system at the Marina, which was approved by the Commission as well as approval to solicit bids.

Ms. Fontenot reported that the original approved budget was for a security system and gate replacement for \$138,000. Staff augmented the scope of work and budget to include the fire alarm system, an item that was planned for the ensuing year's budget. However, we recognized cost savings by combining the two and therefore recommended this change to the Commission.

She indicated that based on Commissioner input, we structured the bid as follows:

Base bid to include the installation of a new security system and fire alarm system on the upland (excluding DEF docks which is being addressed in a separate contract), and new posts, horns and strobes to replace existing on the docks. Additive Alternative #1 replaces existing fire alarm wiring on the docks. Additive Alternative #2 purchases 3 new security gates and their installation. Additive Alternative #3 purchases a new guardrail and security gate enclosure for the 3 new gates and installation.

Ms. Fontenot reported that we received 3 bids and opened them on July 23, 2003. Staff is recommending awarding the lowest bidder for the Base Bid and Additive Alternative #1 as follows:

Award Contract #282 to	Taurus Industries, Inc.	Engineer's Estimate
Based bid	121,000.00	164,813.38
Additive Alternative #1	<u>37,335.00</u>	<u>52,192.64</u>

Total Bid Award	158,335.00	217,006.02
Plus 8.4 % WSST	<u>13,300.14</u>	
Total:	171,635.14	

Ms. Fontenot indicated that staff does not recommend awarding the remaining additive alternates 2&3 related to the security gates since the lowest bid was 20 percent above the Engineer's Estimate. She noted that staff would pursue alternative methods of purchase and installation of lighter, newer gates including through the use of our internal construction crew. This work will be done with the approved capital budget.

Commissioner Van Schoorl moved the staff recommendation for approval to move forward with contract #282 in the amount of \$171,635.14 and Commissioner Pottle seconded the motion.

Mel Kowal, tenant at the Marina, commented that he has a half million dollar boat at the Marina, and would like to ask at the rates the marina tenants pay, why the Port is not willing to approve the full contract and do the job properly. The gate does not operate properly and the security is a great concern. He asked the Commission to give more thought to do this job right and do a quality job and not cut costs on this important issue. The value of the boats at the Marina is very substantial. We should have the best security and best fire protection for the rates paid, not just adequate systems. He asked the Commission to spend the extra buck to bring this up to not just adequate status, but premier status.

Commissioner Telford suggested that the current system is currently being monitored. He asked what is wrong with this package. Mr. Kowal suggested that this system does not go far enough.

President Pottle gave some background information on this issue to Mr. Kowal indicating staff looked at several alternatives and the staff recommendation is to replace the current system with a state of the art system. Commissioner Pottle explained that alternative one would replace the fire alarm wiring on the docks. He noted that the new security gates and new guard rails came in over the engineers estimate, so staff is recommending that we do the work in house and not go with the bid. President Pottle indicated that he has figured out the value of the boats at the Marina, which is substantial, and he feels the safety of our tenants is very important. President Pottle suggested if we don't do this, we are not only being cheap, but reckless,

Mr. Kowal asked for assurance that the new system will adequately meet the fire standards and codes. The Commission indicated staff would be happy to share the specifications of the contract, but that they were confident if the staff is making this recommendation that this system meets all fire standards and codes. Commissioner Telford indicated that the alarm and security gate lock system is state-of-the-art and there is no basis for Mr. Kowal's assertions.

The motion passed unanimously to approve staff recommendation to approve the lowest bid in the amount of \$171,635.14. Commissioner Telford indicated he does not support building the gate enclosures.

Ratification of State Agreement

Mr. Heber Kennedy reported that the Port sold approximately 20 acres of land located at the corner of I – 5 and Tumwater Blvd. on December 16, 1993. The deed contained a provision that in the event the state had not constructed two executive office buildings on the site within ten years, the property would revert to the Port and the Port would reimburse the state their original purchase price.

Mr. Kennedy indicated the state currently anticipates a project on the site, but may not be able to commence construction prior to the reversion date of December 16, 2003. Consequently, the Port and State have entered into discussion as a way to solve this situation.

Mr. Kennedy asked the Commission for ratification of the agreement between the Port and State

providing for the Port to be compensated for removal of the reversion clause thereby permitting the state to move forward with their project in an orderly fashion.

Commissioner Telford commended staff for negotiating this agreement. Commissioner Van Schoorl also thanked Mr. Kennedy and Mr. Handy for working with General Administration Director Rob Fuki, to come to a mutual agreement. The Commission unanimously ratified the agreement with the State Department of General Administration.

ADVISORY CALENDAR

Sand In The City Advisory

Ms. Patty Belmonte from the Hands On Children's Museum discussed plans for the 2003 Sand in the City event to be held on Port Plaza Aug. 22 – 24th. She noted that this is the third sand event to be held in Olympia and only after two years, this event has grown into the largest sand sculpting festival in Washington. The Port is the host sponsor and is providing a cash and in-kind sponsorship of \$8500.00. Ms. Belmonte reviewed the changes from last year's event and indicated they are adding a luncheon and extending the hours of the event.

Ms. Belmonte indicated they are expecting over 30,000 people to the event this year. She indicated they have meet with businesses at the Port to give them event information.

Thurston Regional Planning Council Advisory

Members of the Thurston Regional Planning Council (TRPC) attending the meeting to discuss with the Port Commission issues and activities as they relate to the Port's membership. Pete Kmet, Deputy Mayor for City of Lacey, Mark Foutch, Mayor Pro-Tem for the City of Olympia, and Virgil Clarkson, Lacey City Councilman represented the TRPC.

Mr. Pete Kmet commented that the Regional planning council is a joint effort and not an outside entity. He indicated that you get out of it what you put into it. If you attend the meetings you are more likely to help mold transportation issues. He felt that it is very important for the Port to take an active role in TRPC. Mr. Kmet noted that currently the TRPC is involved is updating the regional transportation plan and in the near shore study at West Bay. Mr. Kmet noted a good part of the councils discussions relate to land use and how to integrate project employment and population trends and how that will impact the transportation system. He noted that the TRPC tracks legislation and share information that affects all bodies involved, they have a staff person that specializes in historic preservation and the organization helps all of us as individual jurisdictions.

Mr. Mark Foutch indicated that this is not the first time this question has been asked about what the TRPC does for the individual jurisdictions. But the Port should ask not only what TRPC can do for the Port, but what the Port can do for the community. He said the Port needs to be at the regional transportation table when discussions take place so the Port can provide input on those issues affecting the Port. He noted that they want the Port to participate in the regional planning and value the partnership.

Commissioner Van Schoorl indicated that the primary mission of the Port is economic growth and stimulation. He noted that we had this same discussion several years ago. Ports exist because of transportation; we have a Marine Terminal Shipping Center, the Airport, the Marina and Boatworks, all providing for transportation modes. We have commercial and industrial movement out of Tumwater Boulevard. Downtown we have train and truck traffic in and out of the Port everyday. Commissioner Van Schoorl indicated that the Port plays a vital role in transportation, but we don't feel that we play a vital role in the TRPC.

Commissioner Van Schoorl listed projects relating to transportation. He noted that we are currently working on the runway safety project at the airport. We are working on the Tilly and Case Road

realignments where the Port and consultants are doing the majority of work. We have brought in commercial passenger service. In building Kimmie Road, the Port worked with the City of Tumwater and the Tumwater School District. We have worked on Tumwater Boulevard with the City of Tumwater. The Port developed Market Street and extended the rail tracks and contracted with a shortline rail operator. Commissioner Van Schoorl noted that we did get a \$20,000 grant through TRPC involvement for the Marine Drive Reconstruction.

Commissioner Van Schoorl indicated that from his standpoint, he appreciates the comments shared earlier, but the question is what is the value for our money, as elected officials, we need to be able to justify how we spend taxpayer's money. The TRPC is a land use planning agency and the Port is not heavily involved in land use planning. He noted that our focus is freight mobility that provides for transportation to get the goods and services in and out. We have brought up this issue several years ago and seems the focus of freight mobility has again faded away.

Mr. Kmet indicated that all of the road projects did have involvement from TRPC. Tumwater Boulevard was made possible because of work done by TRPC. He noted that without the transportation planning, we would not get federal funding for the transportation projects. Unless we get this plan in place, we will not get any funding.

Mr. Fouch commented that the planning is hinged greatly on the transportation planning laying the foundations of data and the planning helps to get the funding for projects.

Commissioner Van Schoorl indicated the Port's frustration is the lack of acknowledgment that freight actually moves in this community. We can't do anything if we do not provide for the movement of goods and services. We continue to remind the TRPC of the freight issues. Mr. Kmet indicated he was surprised at that response because he feels that he has not heard from the Port asking for more attention to freight mobility. Commissioner Van Schoorl indicated this concern was raised several years ago when the Port again raised the motion to withdrawal from TRPC.

Commissioner Telford expressed concerns that the Port is paying full share but not treated as a full partner. He attends the meetings regularly and does not feel that both the TRPC AND TPB are effective and essential. He commented that he asks questions regularly at the meetings about the Port and expressed concerns on the regional transportation draft, and the TRPC would not make changes when he asked for a revision, and the plan is still incorrect. He commented that the TRPC staff has been reluctant to make changes. Commissioner Telford indicated that the draft plan says we are going to have a third runway that is not factual and there are statements made regarding the Marine Terminal that are not factual. He commented that we try to work with TRPC staff and find a reluctance to listen. Therefore his question is the Port's membership and the value received.

Mr. Kmet responded to Commissioner Telford indicating that his comments on the plan were not clear and it was his understanding that the plan is correct. He commented that the plan reflects reality of having a Marine Terminal in the downtown area. The plan reflects that and discusses the pros and cons. If the issues are of concern, he noted that we need specific comments and supporting documentation. Commissioner Telford indicated that staff has worked with TRPC staff and provided specific changes that were still rejected in the new draft.

Mr. Fouch indicated that the Port is very lean and focused on project specific whereas the Transportation Policy council is very focused on long range planning and is staff heavy. He suggested that there is a problem with the balance between the two. President Pottle suggested that we need more staff involvement.

Commissioner Telford indicated he does not agree that we need more staff participation at the meetings, granted, if staff attended the meetings, they might know more than a Commissioner on the specific issues. President Pottle asked for action steps to make better use of each other's resources and knowledge. Commissioner Telford indicated that if we are treated as a minor partner then we should pay minor dues

and we would like to see value for our dollars.

Commissioner Van Schoorl agreed that there is value in the partnership; however, he continues to feel that the staff coordination is lacking. He wants the voice of the Port to continue to be heard by not only the council, but with staff as well.

Mr. Clarkson suggested that the council and staff would try to do everything to address issues relating to the Port. He suggested a tour of Port facilities for the council to get a better understanding of Port issues.

Mayor Foutch suggested that the Port Commission and the TRPC have an annual meeting and have more interchange. Commissioner Pottle suggested that each month having a representative from each jurisdiction give a report at one of the TRPC meetings.

Marine Terminal Advisory

Mr. John Wolfe presented the Commission with an update on the current status of cargo specific operations at the Marine Terminal. Kari Qvigstad presented the Commission with the marketing and business development activities and strategies at the Marine Terminal.

President Pottle extended his appreciation to both John and Kari and the Marine Terminal staff. He commented that several years ago we did a Marine Terminal outreach where we discussed the future of the terminal. The process indicated we should diversify and monitor the progress. He indicated that he is pleased with the growth in both diversification and revenue at the Marine Terminal through difficult and tough economic times. He also expressed his appreciation to the longshore for the valuable partnership we have.

ADJOURNMENT

President Pottle adjourned the meeting of July 28, 2003 at 8:20 p.m. to executive session. The executive session adjourned at 8:50 p.m. President Pottle announced the special meeting set for August 6, to meet with NBBJ and the developers, Civic Partners on the State Avenue Planning Process. President Pottle announced the next regular meeting is scheduled for August 25, 2003 at 5:30 p.m.

PORT OF OLYMPIA COMMISSION

President

Vice President

Secretary-Treasurer