

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

**October 13, 2003**

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**CALL TO ORDER**

President Pottle called the meeting of October 13, 2003, to order at 5:30 p.m. at the TCTV Studio in Olympia. Commissioner Van Schoorl was also in attendance. Commissioner Telford was out of the country on vacation.

President Pottle announced the Commission held an executive session on September 30, 2003 at 3:30 p.m. with Waldron & Company to review candidates for the Executive Director recruitment, the session ended at 5:00 p.m.

Staff in attendance were: Executive Director Nick Handy, Administrative Manager Jeri Sevier, Harbor Director Bruce Marshall, Communications Manager Patti Grant, Operations Director John Wolfe, and Finance Director George Fox.

Public in attendance were as follows. Representing *The Olympian* was Scott Wyland. Others in attendance included Harold Chambers, Jan Witt, Gary Combs, Deb Vinsel, J. Kooike, Connie Kralovenly, Jim Smego, and Jan VanderVeen.

**APPROVAL OF AGENDA**

The agenda was approved as submitted. Mr. Nick Handy asked the Commission for a short 10 minute executive session following the meeting to discuss settlement offers in the Gunderboom litigation.

**PUBLIC COMMENT**

**Deborah Vinsel, Executive Director of TCTV**, indicated she would like to promote a community event on October 27, 2003; an Evening with Robert F. Kennedy, Jr. at the Washington Center for Performing Arts, with an opening performance by Planet Percussion. The event proceeds will benefit the TCTV. Ms. Vinsel indicated tickets were available at the Washington Center box office.

**Harold Chambers, resident of Yelm**, indicated that at a recent event, Commissioner Van Schoorl indicated there was a strong ethics policy in place at the Port. Mr. Chambers said that he checked into that statement, and there is not a policy for commissioners at the Port. Obviously, the Commissioners are only following the state ethics policy.

Mr. Chambers indicated that the Commissioners should have an ethics policy that parallels that for their employees. President Pottle indicated they are in the process of adopting an ethics policy.

**Jan Witt, resident of Olympia**, indicated she wanted to make comment on the appeal and asked if she would have an opportunity at that time for comment. President Pottle indicated she would.

**COMMISSIONERS REPORTS**

No commissioner reports were given.

**EXECUTIVE DIRECTOR REPORT**

Mr. Nick Handy reported we continue to be busy at the Marine Terminal; new garnet products have been arriving by truck, which we are adding to our existing stock. These products continue to ship out via truck. Our next inbound garnet vessel is scheduled for the end of November. We just recently had a major aluminum discharge from the vessel Kapitan Man that was completed on October 1st. Over 16,000 MT of T-Bars and ingots have been staged on berth 1 and are awaiting load out to truck and rail. In addition, Mr. Handy noted that we are currently staging over 2mmbf of logs on berth 3 for the next log vessel, the Rubin Forest, due in October 7th. Formark and Merrill and Ring are providing volume for the trading company Mitsubishi.

Mr. Handy indicated that the Airport's operations totaled 9,855 for the month of September. Of that total 9,564 were general aviation, 72 were military, and 219 were air taxi (passenger) operations. He also noted that Big Sky Airlines reports their ridership continues to increase. In September, they had 659 departing and 635 arriving passengers, for a total of 1294 revenue passengers for the month, currently their highest numbers.

Turning to the Properties program, Mr. Handy indicated that the Property Team met with representatives from LMN Architects who are assisting in the development of a master plan for Port properties in the Tumwater Town Center. Mr. Handy reported that the Port, City and West Bay property owners have discussed rail right-of-way in the West Bay Area. It appears the City will pursue rail ownership south of the 4th Avenue Bridge, while the Port will acquire the rail across its property and work with the City to develop a trail system through the Port property.

Mr. Handy noted that the Port and Washington Center for the Performing Arts are near agreement on a comprehensive agreement for the marketing of the Port Plaza. The agreement utilizes Washington Center's expertise in event management and promotion, while the Port's property provides an outdoor venue not currently available to the Washington Center. Mr. Handy indicated that staff intends to bring an agreement to the Commission at a future meeting.

Mr. Handy also reported that the Port has engaged a consultant to calculate the tax impact of its airport and industrial park development. Taxes paid by Port tenants include leasehold, property, sales, utilities, personal property, B&O, etc. This study will be used to understand the economic impact to the City by Port leasing of its properties.

At the Marina, the in-water dock construction began on October 7th. The pile driver has arrived and installation of the Boatworks pilings and 82' dock extension was done last week. Navigational day marker pilings will be installed this week. In-water assembling of the dock components has already begun and pile driving for the project will continue off and on for about the next 30 days. The B/C parking lot has been asphalted and final landscaping improvements are underway. The exterior of the restroom/laundry/shower building is nearing completion and completion of the interior improvement should be mostly completed in October.

At the Boatyard, staff hauled 72 boats in September, a new record for the month of September. In addition, Mr. Handy noted that the Boatyard staff is busy unloading the 109 individual dock components and finger piers for the new marina expansion.

Mr. Handy reported the Marina occupancy is currently at 100 percent. He noted the Swantown sponsored "Head of the Inlet" rowing regatta was held on September 27th. This year's record event had 45 boats participating followed by a salmon BBQ and awards ceremony.

In other news, Mr. Handy indicated that Anthony's Homeport Restaurants was selected by the National Restaurant Association as the National Winner of the Good Neighbor Award. He congratulated them for continuing to be an important part of this community and other communities they participate in.

Mr. Handy reported that the Welcome Pole Panel meet on October 6, 2003. The meeting was very successful and the discussions are underway. Mr. Handy indicated we were in the process of scheduling

the next meeting for the first weeks of November.

## **CONSENT CALENDAR**

The Consent Calendar was unanimously approved as follows.

**Minutes.** The minutes from the September 8, 2003 and September 26, 2003 meetings were unanimously approved as submitted.

**Capital Expenditure Approval.** The capital project expenditures for the period ending October 13, 2003 in the amount of \$910,992.85 to Reid Middleton for the Runway Shift project, Taurus Industries for the Marina Security System, Bellingham Marine and Christensen, Inc. for the DEF Marina Expansion project, and to Coast Rail for the Rail Crossing repair project were unanimously approved.

### **Lease Amendment - LOTT.**

The Commission unanimously approved the lease amendment with LOTT, which extends the term for an additional year, through December 31, 2004. Tenant will continue use of the area outside Warehouse 2 (by Studios 321 parking lot). This project is related to the LOTT reclaim project. Rate will remain at \$1,281.60/mo.

### **Lease Amendment – Simon Johnson.**

The Commission unanimously approved the lease amendment that simplifies the calculation of percentage rents due the Port. This calculation is more consistent with other Port leases when calculating percentage rents due. In addition, the increased investment in the facility will be reflected in an increased asset upon reversion of the building to the Port at lease termination.

## **ACTION CALENDAR**

### **Approval of Written Findings, Conclusions, and Decision on the SEPA Appeal**

Mick Phillips, legal counsel, presented the Commission with written Findings, Conclusions, and a Decision in the matter of the appeal of the decision of the responsible official to issue a Mitigated Determination of Non-significance Concerning the Runway Relocation Safety Project that was held on September 22, 2003.

At the appeal decision, the commission unanimously agreed to uphold the Mitigated Determination of Nonsignificance.

Commissioner Van Schoorl moved to approve the written findings; President Pottle seconded the motion.

**Jan Witt, resident of Olympia,** indicated she wanted to discuss process. She indicated she has concerns with the process and she indicated she would like for the Commission to see further information on this appeal, which has not been provided by the Port's legal counsel.

**Harold Chambers, resident of Yelm,** indicated that passengers could have nerve-ending damage from listening to this noise.

Mick Phillips indicated the purpose of the appeal was to hear facts, which the Commission did for over three hours and he is very comfortable with the process the Port has followed. The Commissioners agreed that we have followed this process by the letter of the law and there is no challenge to the facts presented.

The Commission unanimously approved the written Findings, Conclusions, and a Decision in the matter of the appeal of the decision of the responsible official to issue a Mitigated Determination of

Non-significance Concerning the Runway Relocation Safety Project that was held on September 22, 2003 with a 2-0 vote.

### **Approval of Bid Award for Golf Center Lighting, Contract #1065**

Mr. Handy gave some background information about the lease agreement we have with Rowe Management and indicated this was part of the final improvements negotiated in the lease.

Mr. Handy reported the purpose of this agenda item is to request Commission approval to award the Golf Center lighting bid to Rakoz Electric, Inc., in the amount of \$35,515.46. Six bids were received and opened on October 7, 2003.

This item was included in the 2003 capital budget at \$43,687. Prior to bidding, we revised this estimate up to \$49,456 to reflect modifications to the scope that would combine this project with the batting cage power needs.

Mr. Handy indicated when we went out to bid on this item; we realized some efficiency by combining the power extension portion of the project with Eric Rowe's power extension for the new batting cages. So, we combined this work into this contract. The revised estimate for this work was \$49,456 with Eric Rowe's estimated portion of the work of \$12,628; and the Port's share at \$36,828.

Based on the bids, we have revised the Port's share and Eric Rowe's share as follows:

	Actual Bid	Pre-bid Estimate
Port's estimated cost:	\$26,090	\$37,101
Eric Rowe's est. cost:	\$ 9,425	\$12,628

Mr. Handy indicated that staff recommends the Commission award this bid contingent on final formal agreement with Eric Rowe regarding the proportionate cost sharing. We do not anticipate any issues with finalizing this agreement.

The Commission unanimously awarded the Golf Center Lighting Bid Contract No. 1065 to Rakoz Electric, Inc., contingent on final formal agreement between the Port and Eric Rowe for the appropriate cost sharing in the amount of \$26,090.

## **ADVISORY CALENDAR**

### **2004 Operating and Capital Budget Advisory**

Mr. Nick Handy indicated that Mr. George Fox would be presenting an overview of the proposed budget for 2004. He reported that this budget is one of the best budgets being put forth for many years.

Mr. Handy noted that he is already hearing people suggesting with such a positive budget, the Port reduce the tax levy. Mr. Handy reported that this year would be the third year in a row that the Port will lower the levy rate. The question is: Is it time now to stop investing in this community? We have many projects planned that will help the economy of Thurston County. He noted that at a time when the economy is down, this is a time when the Port should continue to make these very important investments.

President Pottle commented that over time, since the Port adopted its comprehensive plan, the Port's strategy of becoming diversified and building the economy in Thurston County has come to fruition. The new revenues, excess cash flow, holding the line on expenses; it is exciting to see the large growth at the Marine Terminal where large investments have been made and now we see the results of those investments. President Pottle indicated that we need to continue to have the tax levy to pay off our debt that we have incurred in order to make these investments. Every year we pay the debt down. He noted that we have debt of \$30 million, but we have over \$80 million in assets. We have made those investments in the Marine Terminal, the Marina, the Market District, and the Port Plaza development.

President Pottle indicated that he is very proud of what the staff has done to achieve our goals of diversity and grow revenues. We need to continue to move in a positive direction.

Mr. George Fox provided the Commission with an advisory on the proposed 2004 operating and Capital budget. He provided historical information on the business revenues, current debt structure and repayment plan, current and historical tax levy information, and current overall financial indicators. Mr. Fox also gave the Commission a business unit review for the past eight months and a preview of the 2004 operating and capital budget.

Commissioner Van Schoorl thanked Mr. Fox for his very clear presentation of the facts. He noted that for every dollar we invest, the private sector invests 5-6 times more. Ports are created to lay the foundation and let the private sector improve the economy in our community.

**Harold Chambers, resident of Yelm**, indicated that the Commission removed the Port's funds from the County Treasurer last fall. The Port's investments now at Heritage Bank are only getting a 1 percent interest rate. He noted that we are losing money; if we would have kept our money at Thurston County we would be getting 3 percent or better. The Port is also a free trade zone, which allows people to go elsewhere and have manufacturing jobs happening elsewhere. He asked what benefit does a free trade zone have in Yelm?

### ADJOURNMENT

President Pottle announced the commission would be holding a joint meeting with the Olympia Downtown Association on October 22, 2003 at 5:30 p.m. at the Water Street Café. The agenda would include a general discussion on the planning of the East Bay process. President Pottle adjourned the meeting of October 13, 2003 at 6:45 p.m. to executive session to discuss the negotiations with Gunderboom. The executive session adjourned at 6:55 p.m. President Pottle announced the next regular meeting is scheduled for October 27, 2003 at 5:30 p.m.

PORT OF OLYMPIA COMMISSION

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President

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Vice President

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Secretary-Treasurer