

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

October 14, 2002

CALL TO ORDER

President Van Schoorl called the meeting of October 14, 2002, to order at 5:30 p.m. at the TCTV Studio in Olympia. Commissioners Pottle and Telford were also in attendance.

Staff in attendance were: Executive Director Nick Handy, Administrative Manager Jeri Sevier, Deputy Director Wendy Holden, Finance Director George Fox, Engineering and Planning Director Andrea Fontenot, Olympia Regional Airport Manager Doug Sandau, Communications Manager Patti Grant, Marketing Director Kari Qvigstad, Marine Terminal Manager John Wolfe, and Property Manager Heber Kennedy.

Public in attendance were as follows. Representing *The Olympian* was reporter Scott Wyland and reporter Val Vaughan representing KGY. Representing Legal Counsel was Mick Phillips. Others in attendance who signed the attendance sheet include: Harold Chambers, Yvonne Conway, Ed Makoviney, Bob Skillman, Dave Clark, Wayne Albro, J. Kooiker, and Jan Van derVeen.

APPROVAL OF AGENDA

President Van Schoorl modified the agenda to add ethical issues raised by Commissioner Telford for discussion under "other business".

Commissioner Telford indicated that the Executive Director and Commissioner Van Schoorl make up the agenda for each meeting and other Commissioners have no input. He indicated that he specifically requested the ethics topic be put on this agenda and it was not added because Commissioner Van Schoorl did not want it added. Commissioner Telford commented that since Commissioner Van Schoorl has added ethics discussion to the October 28th meeting, he would wait for that meeting to give his comments. Commissioner Telford indicated that he has a problem with only Commissioner Van Schoorl and the Executive Director having the only input on the agenda. If any one commissioner wants something on the agenda, it should be there.

President Van Schoorl indicated that he was also waiting for the report by Commissioner Telford on the model ethics policy before we put the ethics policy on the agenda, and that report has not been given yet. Commissioner Telford submitted a third draft version of the ethics policy for consideration.

Commissioner Pottle indicated that Commissioner Van Schoorl is the President of the commission and is in charge of setting the agenda. He commented that if a commissioner wishes something discussed, the Commissioner should request that of the President or the full Commission. Commissioner Telford indicated that he thinks that if any commissioner wants something on the agenda, it should be placed on the agenda.

PUBLIC COMMENT

DAVE CLARK, Yelm area resident, reported that at the last Planning and Advisory Committee meeting he was voted as chair of the PAC, and at that meeting he was also voted to come to the Commission meeting and applaud the efforts of the Commission for the completion of the Port Plaza. The PAC is very pleased with the outcome of the Plaza and many members on the PAC have contact with those that use the plaza and they too are very pleased with the final outcome.

President Van Schoorl thanked him for his participation on the committee for the past years and indicated the Commission looks forward to working with him over the next year as chair.

COMMISSIONERS REPORTS

Commissioner Pottle noted that he attended the Foreign Trade Zone (FTZ) conference where over 80 people attended a program that provides benefits to businesses. He also noted that he met with the air service team and felt very comfortable with what staff is doing to get air service up and running by November 13th.

President Van Schoorl noted he also attended the FTZ conference. He noted that he also has had several occasions to visit the Port Plaza and has had the pleasure to see many families enjoying the facility as well. President Van Schoorl mentioned that the Port recently received notice that Wendy Holden, the deputy director resigned her position at the Port. He indicated that Wendy would be missed; she has done an outstanding job for port, and accomplished a tremendous amount of goals toward the comprehensive plan.

EXECUTIVE DIRECTOR REPORT

Executive Director Nick Handy reported that work at the Marine Terminal is up and running again. He noted that at the request of the U. S. Attorney General, the United States District Court in San Francisco issued a Temporary Restraining Order under the Taft-Hartley Act requiring that operations be restored and conducted under the terms of the old PCL&CA/PCWB&FA. The immediate effect of this Order is that labor could be ordered for the second shift beginning October 9, 2002.

Mr. Handy noted that the Port of Olympia was very fortunate in that it was impacted very little by the lock-out. Because we are a non-PMA member, our dock functions (which included loading of trucks and railcars and staging logs) continued to operate normally. The lock-out took place immediately after a log vessel sailed from our dock and labor went back to work just as another vessel was destined to arrive. This vessel was anchored in Seattle for 2 days and that has been the only notable impact.

Mr. Handy indicated that the properties program has also been busy. He reported that OPUS has been selected as one of three finalists in the State of Washington RFP for a 200,000 square foot facility. OPUS is the only party using the Port of Olympia site at the corner of NewMarket and Airdustrial in this contest.

Mr. Handy reported that several firms have indicated they will respond to the Port of Olympia RFP for the State Avenue area. Proposals are due at 5:00 pm on October 18.

At the Golf Course, Eric Rowe is in the final phases of submission to the City of Tumwater for development of pitching and batting cages at the Airport Golf Center. These will be the only cages for baseball players situated in Thurston County.

Mr. Handy noted that the Port and other consortium members received recognition for the Business Trade Show Group and its cooperative business recruitment and marketing efforts. The consortium of nine small EDC's and the Port of Olympia received the Governor's Award for Marketing at the Governor's 2002 Economic Development Awards in Spokane in mid September.

Turning to the Airport, Mr. Handy reported that the Air traffic count for the month of September was 8,656, down from August's count of 9,232 operations, which is seasonal in nature.

Mr. Handy indicated that the Air Service team is working hard on marketing efforts, building modifications, bulk ticket sales, ground transportation issues, and security issues. The Port is hosting an open house on Friday, October 25 from 11-2 inviting public officials, travel agents, travel assistants, and other community members to come see the terminal and to tour the metro liner plane.

Mr. Handy announced that the Boatworks set another record with 68 hauls in September. This is an increase of 15 percent over our best September since we opened.

CONSENT CALENDAR

The Consent Calendar was unanimously approved as follows.

Minutes. The minutes from the August 5, 2002 meeting were unanimously approved as presented by Commissioners Van Schoorl and Telford. Commissioner Pottle was not in attendance at that meeting and abstained from voting.

The minutes from the September 9, 2002 and September 27, 2002 meetings were unanimously approved as presented.

Commissioner Telford indicated that he requested that the meeting on September 27th be recorded and that every other jurisdiction records work sessions. However, the Port did not record that work session even after he requested it. He commented that next time the Commission has a work session, he would like for those meetings to be recorded. President Van Schoorl indicated that the Port is not required to record a work session.

Bills and Vouchers. The bills and vouchers in the amount of \$662,855.83 were unanimously approved. Warrants Issued: 026162, 026163-026169, 026170-26186, 026187-026188, 026190-026207, 026208-026209, 026210, 026211-026212, 026213-026274, 026275, 026276-026281, 026282-026283, 026284, 026285-026292, 026293-026299, 026300, 026301-026631, 026632-026337, 026338-026342, 026343-026344, 026345-026363, 026364-026371, 026372-026379, 026380-026385, 026386-026403, 026404-026405, 026406-026463, 026464-026468, 026469-026471. Voided Warrants: 026037, 026189

ACTION CALENDAR

Center Street Frontage Improvements Bid Award

Ms. Andrea Fontenot reported to the Commission that as a part of the upgrade to the Golf Center the Commission approved two capital improvements in the 2001 budget process. One project was the extension of the nets, which was completed. The other project was the completion of the frontage improvements on Center Street, along the length of the driving range and golf course frontages. The frontage improvements have been delayed until this time due to other project priorities.

Ms. Fontenot noted that the project consists of constructing approximately 400 lineal feet of roadway frontage improvements on Center Street. Work will include clearing and grubbing, demolition, excavation, storm drainage, cement concrete curb and gutters, cement concrete sidewalk and driveway, asphalt concrete pavement, traffic control, lighting and landscaping.

She reported that the Commission recently re-approved this project as part of the lease approval between the current tenant and the Port and staff proceeded to go out to bid based on that approval.

Ms. Fontenot indicated that the frontage improvements will match those at Cardinal Glass. A 5' sidewalk will be separated from the roadway by a landscape strip.

Ms. Fontenot reported that five bids were received on October 8, 2002. The financial summary of this project is as follows:

CEA Budget* Approved on 4/6/01:	\$129,000
Engineer's Estimate:	66,611

Apparent Low Bidder

W.E.B. & Limited:	\$ 81,500
<u>All Other Bids</u>	
Wilder Construction, Inc.	\$ 96,700
DLB Earthwork Company	\$ 99,497
Rognlin's, Inc.	\$109,402.94
Webfoot Construction, Inc.	\$127,669

Ms. Fontenot recommended the Commission award the contract for the Center Street Frontage Improvements Contract #1064 to W.E.B. & Limited in the amount of \$81,500, including WSST. She indicated that the budget for this project is for \$129,000, so this project is expected to be under the budget amount.

Ms. Fontenot noted that W.E.B. & Limited had also been the successful low bidder for the Market Centre Parking Lot and the Port Plaza. Staff has been very satisfied with their work. She indicated that this project will be managed in house. Commissioner Pottle moved approval of the recommendation, Commissioner Telford seconded the motion. The Commission unanimously approved the recommendation to award the contract #1064 to W.E.B. & Limited.

Approval of Airport Improvements

Ms. Holden indicated that the Airport Terminal, facilities and grounds need to be prepared for air service. At the August 12th Commission meetings staff have provided preliminary estimates of needed changes and upgrades. She commented that staff have reworked the estimates and now have hard estimates.

Ms. Holden noted that the Commission directed staff to come up with shorter term, lower cost alternatives to building a new parking lot. FAA has approved using adjacent apron area for 132 parking spots on a temporary basis. The costs associated with modifying the area for parking and adding a path to the building are almost \$80,000 of which the Port would pay \$26,260 and staff has done a great job of reducing the security and other air service dependent costs to \$18,800.

She commented that here have been some changes to staff's earlier assumptions about cost sharing. Neither the TSA nor FAA will be providing federal funds for any of this work at this time, except for security equipment. While that increases Port costs, savings in other areas have counterbalanced that increase.

Ms. Holden indicated that this estimate includes dollars for beginning an interior upgrade of the terminal building. The waiting area seats are cracked and worn, and the carpet is beyond cleaning and worn in some areas for a cost of \$22,375. This budget includes money for carpet and seating replacement, which was not part of staff's earlier presentation to the Commission. The exterior improvements were also not brought forth before, but at this time staff is recommending we do some minor upgrades for a cost of \$5,300.

Ms. Holden asked the Commission to authorize staff to prepare a CEA and go out to bid on those items requiring bid, and perform the rest of the work in-house. The total cost requested at this time is \$80,401 as a opposed to the original estimate of \$326,260, which included the cost of construction of a parking lot.

President Van Schoorl reviewed the budget matrix and the differences in the request from August 12th to now. He commented that the net change is from \$379,900 to \$80,401.

Commissioner Pottle asked why we need the help of a consultant. Ms. Andrea Fontenot indicated that we need a consultant to help with layout for the parking lot and interior upgrades. Ms. Fontenot indicated that we do as much of this in house as we can.

Commissioner Telford asked the age of the building and about the common area seating. Ms. Holden

responded that the building is 8 years old and the carpet in the entrance way is worn. The common area seating is for 25 seats in the lobby at \$400 each. Ms. Holden commented that the seating is industrial strength, vinyl seating. She noted that staff has looked for surplus seating and has not been able to find any yet.

Commissioner Telford indicated that he is willing to pay for infrastructure costs, because that is the Port's obligation and this looks like all infrastructure costs, therefore, he was willing to support the request. He noted that he would not have supported a \$300,000 parking lot.

Ms. Holden indicated she wanted to commend Doug Sandau and Tim Lael for their work in putting this together.

Commissioner Pottle made a motion for the Commission to authorize staff to prepare a CEA and go out to bid on those items requiring bid, and perform the rest of the work in-house. The motion passed unanimously.

Marine Terminal Earthquake Repairs Bid Approval

Ms. Fontenot reported to the Commission that staff opened bids on 10/10/02 for the remaining earthquake repairs at the Marine Terminal, Boatworks and Marina. This work was estimated below \$25,000, which is within the Executive Director's authority to advertise and award. However, the lowest bid received is \$29,408.40 with an additive alternate bid 1 at \$1,620. Both the base and the additive include WSST. She indicated the purpose of this agenda item is to request Commission award of this bid to Olympia Fuel and Asphalt.

Ms. Fontenot indicated that this project would consist of making miscellaneous repairs to facilities at the Port of Olympia Marine Terminal, caused by the February 28, 2001 earthquake. She noted the repairs include removal and replacement of 425 square yards of asphalt concrete pavement, regrading of a gravel shoreline pedestrian path, removal and replacement of cement concrete sidewalk, repairs to cement concrete pavers, repairs to a boat launch ramp, and additive alternate bid item for pavement repairs at the Swantown Boatworks.

Ms. Fontenot recommended the Commission award the Base Bid and Additive Alternate 1 bid to Olympia Fuel & Asphalt for the Marine Terminal Earthquake Repairs Contract #278 in the amount of \$31,028.40. Ms. Fontenot indicated that the Port received 85% in FEMA money for these repairs. The Port has already received the FEMA money for this project and need keep the scope of the project consistent with the estimate from FEMA for work to be completed.

President Van Schoorl asked if the asphalt is strong enough at the Boatworks to withhold a repair, or should we be replacing it? Ms. Fontenot indicated that we envisioned having to redo the asphalt at the 5 year mark due to normal compaction. With the earthquake, the compaction was sped up and this area of the track needs repaired. Commissioner Telford moved approval; Commissioner Pottle seconded the motion. The recommendation to award the Base Bid and Additive Alternate 1 bid to Olympia Fuel & Asphalt for the Marine Terminal Earthquake Repairs Contract #278 in the amount of \$31,028.40 passed unanimously.

Referendum 51 Endorsement.

President Van Schoorl indicated he is requesting the Port Commission support Referendum 51. Commissioner Telford indicated that he thinks the referendum process belongs to the people and not governing bodies. Commissioner Telford commented that this body should not support political initiatives.

Commissioner Pottle indicated that there is nothing illegal about supporting and endorsing referendums. He commented that this referendum has serious implications about the future of this state. The passage

indicates that we are willing to make investments in the long term for transportation. Passage would also indicate that we have vision for this state and how we move forward. Commissioner Pottle noted that an endorsement is not telling people how to vote, we are saying we think you need to take a serious look at this issue, whether for or against. If this does not pass, he commented, what happens, we will lose jobs to those that have made those infrastructure improvements. Unemployment rate is 7.2 % and that will go up, new businesses will not locate here and businesses will leave the state because we have not shown the leadership to make changes. People are elected to govern and make decisions, and Commissioner Pottle's view is that Port commissioners should let people know where their elected leaders stand on these issues, particularly where the issue is important to Ports. He commented that three out of four jobs in this state depend on international trade.

Commissioner Pottle made a motion that the Port Commission endorse Referendum 51. President Van Schoorl seconded the motion.

President Van Schoorl, indicated that the Port of Vancouver, BC marketing strategy is to move people north because of transportation structures. This port has long taken a stand to support transportation and trade and this referendum is a step in the right direction, although not perfect.

Harold Chambers of Yelm, commented that the reason they go to other places is not because of transportation issues, we have seen this before, where we said no stadium, and we have a stadium, we said no toll on Tacoma's narrows bridge, and now there is going to be a toll, we said no putting 1-5 through Olympia and it goes right through the city. He commented if we increase the taxes 7 cents a gallon, there is no benefit for Olympia, it all goes to Seattle. The more freeways we build, the more people will come, and we will have the same problem between here and Seattle. Mr. Chambers said the people of Thurston County does not need the Port Commission to endorse this referendum, it is not up to the Port Commission.

Commissioner Pottle indicated that we are not telling people how to vote, but to ask people to take a look at the implications. If we do nothing, you will pay a higher price for goods and services.

The motion passed with a 2-1 vote with Commissioner Telford voting against.

ADVISORY CALENDAR

2003 Preliminary Operating and Capital Budget Advisory

Mr. George Fox presented the 2003 preliminary budget to the Commission. Mr. Fox indicated this is the budget that was presented to the Commission at the work session on September 27th. This is a preliminary budget and subject to change at the request of the Commission.

Commissioner Pottle commented with regards to the capital budget, he said he would like to see what the staff believes we can take out of the capital budget that does not produce revenue for next year. He commented on the signage program, he noted that we have a plan long term, but in his mind, if we spend that money this year, does it mean it will help drive revenue for next year. Commissioner Pottle indicated he would like for staff to take a look at items that are not about generating revenue for next year, we could move some of those things out another year. He said he would like to get the staff recommendation.

Commissioner Telford indicated that at the budget workshop he made some comments on the budget, and had previously submitted 8 pages of comments on the budget to staff, some of those issues have been addressed on the revised budget and he noted that some suggested charts have been used and appreciate those as well. He commented that he also appreciates the projected improved cash flows for the businesses. The budget attempts to improve the bottom line by \$400,000, however, those improvements are due mainly for increased rents, and he commented that he was not sure that enough has been done to reduce expenses.

Commissioner Telford commented on G & A the overhead is too high, there is one person funded for every person funded in a business unit. He noted that overall salaries increase by 5.7%, which includes a new hire. He noted that at the budget workshop there was a recommendation for a 3% cost of living increase for employees. He commented that this increase is better than other sectors have had.

Commissioner Telford indicated that the property tax levy rate as same amount as 2002, and he is not supportive of same levy rate. He commented that the landscaping, new person is not justified, we need to reduce landscaping costs overall in this area.

Commissioner Telford commented on the Capital projects, and indicated that in the next 6 years, the level of spending is not sustainable. If property taxes are not increased and bottom line not improved, we run out of money in 2004. He noted that the entire planning for the Southeast portion of the peninsula needs to be revisited and not just looking at State Street. He commented that Relocating Marine Drive is a waste of resources and needs to be re-looked at. All work and planning on Marine Drive and Wetland needs to be suspended. Commissioner Telford indicated that he was not sure what the extension of the railroad would bring us. He also commented that the relocation project at the airport is way too costly and needs to be reengineered to reduce costs. He gave a list of items not supportive of.

Commissioner Pottle indicated that all of these items were discussed at the work session and most of these items were discussed in detail at that session. He commented that after all the work that has been done on the airport relocation costs and you want to go out and spend more by having it reengineered.

Commissioner Pottle indicated that we all have issues with lowering the capital costs and it is unfair for Commissioner Telford to characterize that these are his issues, when the Port Commission discussed all of these issues at the work session.

President Van Schoorl agreed with Commissioner Pottle that all of the issues raised by Commissioner Telford were discussed at the work session. He commented that we need to re-look at the program and the plan in place. President Van Schoorl asked staff to give the same presentation on November 12th to the Commission and bring back same budget. He asked staff to keep a list of those issues raised and then the Commission can make a vote on each item. President Van Schoorl commented that we all have the same goal at the end and he was looking forward to further discussion and public comment on November 12th.

President Van Schoorl indicated he wanted to comment on tax levy, he noted that the Port is under the levy lid. He noted that the year before he joined on as a Commissioner, the Port levy was 36 cents. The Commission brought down the levy to 18 cents, then added the surcharge for Cascade Pole of 6 cents, for environmental remediation.

Commissioner Telford indicated that he would not be at the November 12th meeting,

President Van Schoorl announced the public comment on the budget would be on November 12th at Lacey City Hall. However, the Commission would allow an opportunity for comment tonight for those interested.

Harold Chambers of Yelm commented that the amount of tax dollars has increased over 50 percent, and the Port is proposing a 4.8 percent increase for tax levy for next year. Mr. Chambers suggested that the Port be more frugal and cut back on expenses. People do not have money here to pay for this increase. He noted that he would like for the Commission to make this a zero increase.

President Van Schoorl responded that the difference is value of new construction and that will not have an impact on the homeowner. That rate for an individual homeowner will not change.

Legal RFP Advisory

Mr. Nick Handy indicated the Port has retained Owens Davies Mackie Law Firm as a result of the last

public RFP held in 1994-95. At that time, Sandy Mackie was appointed Port Legal Counsel and the Owens Davies Mackie law firm has provided legal services to the Port.

Mr. Handy noted that Sandy Mackie has since left the firm of Owens Davies Mackie and the firm name has been changed to Owens Davies. Mick Phillips has been serving as Port Counsel since Mr. Mackie's departure and other attorneys in the firm have continued to provide legal services to the Port.

Mr. Handy commented that due to the change in personnel and the length of time since the last public offering of this contract, staff has proposed an RFP for attorney services. Mr. Handy noted that this is an advisory to the Commission as to whether the Commission is interested in going out for a new RFP for legal services. Mr. Handy further commented that staff has no issues and are very happy with the current legal services. The staff has put together a draft RFP at the request of Commissioner Van Schoorl for commission consideration.

President Van Schoorl indicated this was presented at a commission work session in June and the Commission asked if staff could provide more information and wondered if we wanted to put out an RFP that encompasses this broad of variety of services.

President Van Schoorl asked staff what percentages of our legal services have been referred to a different firm. Mr. Handy indicated that on special project and difficult cases we have retained services outside of Owens Davies. For the most part, this firm has handled our day-to-day needs, and only on exception we go out for other legal services. About 95 percent is handled at Owens Davies. It would be unusual for a sole practitioner to have this broad of expertise.

President Van Schoorl asked if the big advantage in going out to an RFP would be to get significant changes in the costs. Mr. Handy indicated that there is a lot of dollars associated with this contract and staff has been approached by outside firms asking when the Port is going to open this up again. This has not been because of the dissatisfaction of the current firm.

Commissioner Pottle indicated that since it has been so many years, we should open up the process. Commissioner Telford indicated he agreed and feels that others should have the opportunity to bid on this service.

President Van Schoorl indicated there was a consensus to issue an RFP and that he would be the commissioner to work with staff on the RFP process.

Ethics Issues

President Van Schoorl indicated that Commissioner Telford prepared a letter and then broadcast allegations and impropriety of the Port accepting tickets for the Sand In The City event. He asked why he would do this knowing that the ethics policy was scheduled for the last meeting of October.

Mick Phillips, legal counsel for the Port of Olympia, indicated he was asked to take a look at whether it was appropriate for Port Commissioners and directors to use the complimentary tickets provided by the sponsorship of the event. He said that Commissioner Telford was concerned about the value of the tickets. Mr. Phillips indicated he checked with Children's Museum and they indicated the value was \$20.00, which is certainly under the limit. Mr. Phillips indicated he found no improprieties in this transaction.

The Commissioners exchanged frank and candid views regarding the appropriateness of using the tickets as part of the Port's sponsorship and allegations by fellow Commissioners.

Commissioner Pottle and Van Schoorl accused Commissioner Telford of putting forth "frivolous and erroneous" claims about ethics violations that have cost the Port more than \$8,000 in legal fees to defend itself. Commissioner Telford indicated that he has been trying to keep peace with the Commission,

however he cannot stay quiet about ethical questions. He again indicated he wanted an ethics policy to address these very issues.

All three Commissioners indicated it is now time to start working together and govern the Port.

ADJOURNMENT

President Van Schoorl adjourned the meeting of October 14, 2002 at 8:15 p.m.

PORT OF OLYMPIA COMMISSION

President

Vice President

Secretary-Treasurer