

PORT OF OLYMPIA COMMISSION MINUTES OF SPECIAL MEETING

October 23, 1998

CALL TO ORDER

President Pottle called the special meeting of October 23, 1998, to order at 8:40 a.m. at Huber's Gasthaus on 2314 Friendly Grove Road in Olympia. Commissioner's Dickison and Van Schoorl attended.

Staff in attendance were: Executive Director Nick Handy, Director of Engineering and Planning Andrea Fontenot, Director of Marketing and Trade Development Kari Qvigstad, Director of Finance and Administration George Fox, Deputy Director Wendy Holden, and Executive Assistant Jeri Sevier.

Members of the public in attendance were Olympian Reporter Trisha Collopy, Sandy Mackie, legal council for the Port of Olympia, former Port Commissioner Sam Bradley, and John Nelson.

The purpose of the special meeting was to discuss the operating and capital budgets, the Marine Terminal marketing strategy, and the reduction of a director position.

PUBLIC COMMENT

No public comment was presented for items not on the agenda.

ADVISORY CALENDAR

Operating Budget

Each director of their respective departments briefed the Commission on the operating budget and the proposed reductions due to the loss of Sunmar. The briefings included staff reductions, reductions in travel, training, operations, and events. Each department also outlined the proposed business plan for 1999.

Mr. Nick Handy asked the Commission to consider an early retirement program for employees being proposed for position elimination. The Commission requested further information, including advise from counsel regarding the legality of such a program.

Marine Terminal Marketing Strategy

Ms. Kari Qvigstad and Mr. Jerry Mahoney discussed with the Commission the proposed strategy to market the Marine Terminal and bring in a liner service to replace Sunmar, and bring in an additional liner service. Ms. Qvigstad indicated the Port of Olympia has the diversity and competitive edge to market and attract smaller niche market carriers. She also indicated the marketing team has identified approximately twelve prospective customers. The marketing team consists of marketing, operations, and longshore representatives focusing on project bids, barge construction projects, liner service, cargo and log products. The team is working diligently to attract a service to the Port of Olympia as soon as possible.

Public Comment

Former Commissioner Sam Bradley expressed his concern to the Commissioners about the use of the Marine Terminal and asked that they define success, create measurable criteria for the terminal and then assure the public if that criteria are not met, the Commission should reassess the use of the marine terminal.

Commissioner Van Schoorl responded indicating the Port could not predict the economy. The infrastructure of the marine terminal is there and the Port has a responsibility to maintain that infrastructure. Commissioner Van Schoorl agreed with Mr. Bradley in the respect that the marine terminal needs revenue. He indicated that now is the time to deliver in terms of business and customers or the land use change will be squarely presented.

Commissioner Dickison responded that before Sunmar, the Commission said they would not put more money into the terminal until we had a customer. Sunmar came and we invested in the cranes needed. Through our best efforts, we are still out on a limb and the circumstances are not because of failure of the Port, but rather due to the failure of the Russian economy.

Mr. John Nelson indicated the need to look at the facility and the capacity in a few years and determine whether it could be a lot more than a marine terminal. He agreed with Mr. Bradley on the measurable goals.

Commissioner Pottle responded in agreement with Mr. Bradley and Mr. John Nelson. Commissioner Pottle indicated the Commission agrees that if things do not change for the marine terminal a policy decision will take place on future uses.

Capital Budget

The capital budget was presented to the Commission as a draft preliminary recommendation. The Commission indicated they would like more information on the total project cost all inclusive. The Commission also indicated the concern for the new budget authority requests and the timeline for approval. Mr. George Fox indicated the approval would come to the Commission meeting on individual requests.

Director Position Reduction

Mr. Nick Handy outlined three alternatives to the Commission and his recommendation to eliminate a director position due to the cutbacks resulting from the loss of Sunmar business. Mr. Handy's alternatives included elimination of the deputy director position, marketing director position, or the finance director position.

Commissioner Dickison presented plan D, which would maintain all existing director positions. Commissioner Dickison felt the elimination of a director position would jeopardize the success of implementing the capital projects, in addition, he suggested we keep the team intact to continue to grow. Commissioner Dickison also acknowledged the perception from staff if the Commission was to decide not to eliminate a director position.

Commissioner Van Schoorl presented plan E, which would defer the decision. Commissioner Van Schoorl felt we should wait to make a decision and decide later if we do not bring any new business to the Port. He also insisted that during the evaluation process, each director set performance measures for the next 14 months.

Commissioner Pottle expressed agreement with both Commissioners Van Schoorl and Dickison. He further indicated he would like to see ownership and accountability in each department. He agreed with Commissioner Dickison that one minor mistake in a capital project could cost the Port much more than a director's salary. Commissioner Pottle commented that he would like more time to look at different options.

Commissioner Dickison commented that because of the economy in Russia, we are discussing this, we were doing a good job and Sunmar's departure had nothing to do with us, we have no control in that context and he encouraged the other Commissioners to move ahead.

Commissioner Van Schoorl and Pottle agreed that we needed to be in a mode of reflection and make sure our team is in place. They both felt it was an opportunity to identify performance goals. In addition, the Commission asked Mr. Handy to bring to the October 26 Commission meeting a proposed organization chart reflecting this discussion and focusing on customer and revenue acquisition.

ADJOURNMENT

President Pottle adjourned the special Commission meeting of October 23, 1998 at 4:00 p.m.

PORT OF OLYMPIA COMMISSION

President

Vice President

