

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

**October 28, 2002**

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**CALL TO ORDER**

President Van Schoorl called the meeting of October 28, 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, Facilities Project Engineer Rod Hudson, and Property Manager Heber Kennedy.

Public in attendance were as follows. Representing Legal Counsel was Mick Phillips. Representing the Planning and Advisory Committee was Dave Clark, Jim Smego, Jan Vander Veen, and Stephen Daniels-Brown. Others in attendance who signed the attendance sheet include: Harold Chambers and Earl Pearson.

**APPROVAL OF AGENDA**

The agenda was approved as submitted.

**PUBLIC COMMENT**

**HAROLD CHAMBERS**, resident of Yelm, commented that at the last meeting he indicated that he wanted to speak on ethics and was asked to hold his comments until that item on the agenda came up. When that item came up, he was not given the opportunity to speak. He indicated that he was appalled at the fact he drove all the way from Yelm to speak and was not given the chance.

**EARL PEARSON**, tenant at the Olympia Regional Airport, indicated that he is requesting the Port approve a 8-10 year lease on the old Gunther hangar and for him to be able to make some modifications.

Mr. Nick Handy indicated the Mr. Pearson has a maintenance facility and is looking at expanding that facility and Port staff has been supportive of that project. However, the project Mr. Pearson is requesting tonight is an old hangar that the Port was going to remove five years ago, at that time Mr. Pearson came and said if he could have a 5 year lease, he would take it down and move it so the Port can do their hangar project. The five-year lease is now up and Mr. Pearson is asking for a long-term extension on this old hangar. Port staff is recommending that we allow Mr. Pearson to use that old hangar as long as the Port does not have a better use for that property. We have proposed annual leases for additional years on a year-to-year basis until a better use for the property arises.

Ms. Wendy Holden indicated that the Port last built new hangars in 1985, we have other tenants at the airport that have hangars they lease out. The airport master plan identifies this property to build additional hangars that we would build and lease out in order to keep the airport a self sustaining business. She indicated that Brian Reynolds had previously expressed interest in building hangars on that site consistent with the master plan, but at that time the Port declined that proposal and advised that the Port intended to build hangars on the site. Mr. Reynolds continues to express interest in developing hangars on this site if the Port elects not to do so.

Ms. Andrea Fontenot indicated that she has reviewed the airport layout plan and the Gunther site and this

site is clearly the most suitable site for the Port to build hangars on.

Mr. George Fox indicated the financial side of this project is a cash flow benefit to the Port to build hangars, the Port needs this cash flow in order to make this business profitable and we need to maintain a cash flow operation for FAA approval. This has a positive rate of return, however, this project is not on the capital project list for 2003 and the Port Commission might want to reprioritize the capital budget to accommodate this project.

Mr. Handy indicated that staff does not want to tie this parcel up long-term in order to maintain the Port's ability to either develop the property or to let an outside party come in and develop this site.

Mr. Pearson indicated that he would be willing to work with the Port on keeping this site, he indicated he does not want to invest money in this building if the Port will not give him a long-term commitment. He indicated that he does not see why this property is that important to the Port, holding everything up. If the Port wanted to build hangars, they could build them anywhere. He indicated that he does not agree with the staff's recommendation and believes that they are wrong. He requested that the Port Commission let him know the decision and go from there.

Commissioner Telford indicated that it seems that we have already had this conversation; he indicated that he would like more information on where the hangars are being planned. He agreed with Mr. Pearson that there is a lot of room out there, but would like to understand the bigger picture.

Commissioner Telford indicated that Mr. Pearson indicates the economics are not right for building hangars right now, however, Mr. Reynolds is interested in building. Mr. Pearson responded that he does not want a \$4,000 payment each month in these economic times. He indicated that he does not want to lose his other business over this.

Commissioner Pottle asked if there were other sites that Mr. Reynolds could build on. Ms. Fontenot indicated that the master plan shows the plan for the next hangars is the area where the Gunther site is, this site is already set for roads and utilities and the most economical location, it would cost more to put hangars to the south.

President Van Schoorl indicated that he would like to better understand the site and the limitations; he indicated that he does not want to enter into a long-term 8-10 year lease and limit the possibilities. He asked Mr. Pearson what has changed over the past 5 years that he did not move the building that he committed to five years ago. Mr. Pearson indicated it would cost him \$130,000 to move it. He indicated that he pays the Port \$13,000 a year in a lease. He indicated that it is a beautiful building and a shame to tear it down. Mr. Pearson indicated that if he had to tear it down or move it, he will, but he thinks it is foolish.

President Van Schoorl indicated that the Commission would like to learn more and talk with staff and will get back to him on a decision.

## **COMMISSIONERS REPORTS**

Commissioner Pottle noted he gave a presentation to the Lacey Rotary last Thursday on Big Sky. He indicated that on Friday he attended the Big Sky open house that was a huge success.

President Van Schoorl noted he also attended the Big Sky open house that was a fabulous event and the support of the community was tremendous.

## **EXECUTIVE DIRECTOR REPORT**

Executive Director Nick Handy reported at the Marine Terminal we continue to be busy.

Part of the Canadian log import shipped in via barge has been loaded out to railcars. The balance of the

stock will be loaded out to truck this week. Mr. Handy reported that Weyerhaeuser continues to truck out their lumber. This stock is being shipped to companies in Oregon and California. He noted that although we are steadily shipping out garnet, we continue to receive inbound truckloads from New York, which keeps our inventory high. He indicated that we are expecting three log vessels throughout November, one vessel for each Nippon Paper, Emachu and Sumitomo.

Regarding the Properties program, Mr. Handy reported that the Port received five proposals on the State Street RFP. The interview team will be interviewing those in the coming weeks. The proposals are all excellent and from respected planning and development firms.

Mr. Handy announced that the airport open house was a great success and had a big turn out. Mr. Handy extended thanks to the co-sponsors; all 4 chambers; the EDC; the VCB; the ODA, the Roundtable, Big Sky President Kim Champney and representatives from Spokane airport, the Spokane Chamber, and the Spokane VCB.

Mr. Handy indicated that air service begins on November 13 with direct service to Spokane. The Pre-sales program has raised over \$50,000.

At the Marina, Mr. Handy noted the Port continues to hold 97 percent occupancy for October and revenues for September show an increase of 6.6 percent over September 2001. Mr. Handy reported that year to date the first three quarters of 2002 cash flow is up 10.6 percent over 2001.

Mr. Handy reported that the Boatyard continues to amaze us with the number of vessels being hauled. Again in September we set another record hauling 68 boats. This is a 13 percent increase over our best September on record. Mr. Handy reported that year to date our boatyard cash flow is 14.8 percent ahead of last year and is on course to substantially exceed last years cash contribution to overall port operations.

Mr. Handy extended congratulations to Leanne Hine, our head golf pro at Airport Golf Center. She placed third in the woman's national long driving competition.

And in closing, Mr. Handy commented that we have several transitions occurring at the staff level at the Port. He indicated that this meeting was the last Commission meeting Wendy Holden would be attending as the Deputy Director at the Port. He noted that she accepted a position with the State Department of Trade. Mr. Handy commented that Wendy served over 10 years at the Port of Olympia; she was an employee for over 5 years, but before that served as the chair of the Strategic Planning Committee developing the Comprehensive Plan. Mr. Handy noted Wendy's many accomplishments at the Port including Plum Creek, Sunmar, Boatworks, Airport Relocation and Air Service. He noted that we will miss her, but extend congratulations on her new opportunity and thanked her for her contributions to the Port.

Mr. Handy also announced that Anna Fritz left the Port this week after serving over 3 years as the Information Systems Manager. Anna moved back East to be with her family. We have filled Anna's position as Rich Retzlaff started at the Port today in 70 percent capacity.

## **CONSENT CALENDAR**

The Consent Calendar was unanimously approved as follows.

Minutes. The minutes from the October 14, 2002, were unanimously approved as presented.

Bills and Vouchers. The bills and vouchers in the amount of \$634,676.34 were unanimously approved.  
Big Sky Terminal Building Lease Approval. 026506-026517, 026518-026524, 026525-026535, 026537, 026538-026599, 026600-026601, 026602-026605, 026606-026614, 026615, 026616, 026624-026694, 026695-026701, and 026702-026748 provided warrants: 022858, 023216, 023884, 025668, 026417, 026472, 026536, 026542, 026617-026623, and 026702-026706.  
The Port Commission unanimously approved the lease with Big Sky for the terminal building and associated facilities. The lease memorializes the terms of service start up for both parties: The Port will

waive certain fees for six months, and engage in marketing and promotion of the new service. The Port agrees not to charge for parking for at least a year.

Big Sky will offer Spokane-Olympia service, with a firm try-out period of six months. They also agree to refund advance bulk ticket purchases if they terminate service within the first year.

## **ACTION CALENDAR**

### **Recognition for Outgoing PAC Member – Stephen Daniels-Brown**

Mr. Nick Handy indicated that Stephen has been a tremendous asset to the advisory committee and very much appreciated the knowledge he has brought to the Port on marketing and public affairs.

The Commission took this opportunity to recognize Stephen Daniels-Brown for his participation and dedication on the Port Planning and Advisory Committee from October 1998 through October 2002. Stephen brought the PAC marketing experience and advice. Stephen was just re-appointed in June of 2002, but is unable to fulfil his term. President Van Schoorl presented Mr. Daniels-Brown a gift on behalf of the Port.

Mr. Daniels-Brown indicated that he thought the Port was heading in the right direction and has shown real leadership on economic development in the community.

## **ADVISORY CALENDAR**

### **Landscape Maintenance Advisory**

Ms. Andrea Fontenot provided the Commission with background as to the proposed landscape maintenance position's scope of work and an overview of the proposed budget for this position and program, particularly relative to the existing contract expenses.

Commissioner Pottle asked about the lawn care at the Marina. Ms. Fontenot indicated that Wolbert's currently has a contract at the Marina and the Marina is very interested in maintaining that contract. Commissioner Pottle also asked about the main office landscaping. Ms. Fontenot indicated that because of the union issues, the Port nonunion staff cannot maintain that site, we will have to continue to contract that out. Commissioner Pottle indicated that if we are going to go this route it seems to make sense that the Marina would also participate. Commissioner Pottle was a bit confused about what the other half of the job was. It looked like it was to work on jobs that are not currently up and going. He asked about the hourly rate? Ms. Fontenot indicated she was proposing a salary of \$42,000 per year and was not sure what that equated to for an hourly rate.

Commissioner Telford noted that he has already indicated that has problems with it. Ms. Fontenot commented this would be a very similar job as compared to a county grounds and maintenance. The other half of the year when the landscape demands are not as great, they would serve on the construction crew and would need to have some carpentry experience as well. The construction program had envisioned a second position, so this would give a half person to work on capital projects.

President Van Schoorl indicated that we have landscape beds that we have to maintain, either by contract or by employee. We have the responsibility to maintain these beds in some fashion. Commissioner Pottle indicated the construction half is new and he would like more information on what they would be doing.

Commissioner Telford indicated that he also did not understand the half time construction part of the position. The Commission asked for more information about the job description in totality. The Commission indicated that they would like to see how this construction program is working and saving the Port money. Ms. Fontenot indicated she has the numbers to show how this program is saving the Port money and how this position can fit into that. Mr. Handy indicated he thought it was an excellent idea to

provide the commission with a report on the success of this program.

### **Capital Budget Overview Advisory**

Ms. Fontenot provided the Commission background on the Capital Budget including the types of projects it funds and then a discussion of each project proposed for the 2003 capital budget.

Ms. Fontenot also presented the Commission with an opportunity that recently came up with the Airdustrial Way Gateway and Corridor project by the City of Tumwater, indicating that the Port might want to do a combined project with the City of Tumwater to use the efficiencies in quantities and incorporate our upgrade plans for New Market Street.

Mr. Handy indicated this project did come forward for the Capital Budget, but did not make it to the final cut of the proposed budget, but staff now sees this as an opportunity and wanted the Commission to be aware of the project and opportunity by the City of Tumwater to include this project with the City of Tumwater to take advantage of the efficiencies and cost break.

Ms. Fontenot indicated that the City of Tumwater is planning to go to bid in March and would need a decision from the Port by January in order to include us in the project. We would need to do the engineering work now to be able to join them.

Commissioner Pottle clarified that our estimate is for \$121,000 for us to do this on our own, or to make it part of the Tumwater bid as an additive alternative, and we would have to do the engineering now in order to participate in the Tumwater contract.

Mr. Rod Hudson indicated that if we do this engineering now and then decide not to participate in the Tumwater contract, we would most likely not be able to use the engineering later down the road. The big advantage is the scale of the city project and economies of scale that cause the cost to go down as compared with the Port doing a much smaller project on its own.

Commissioner Van Schoorl asked that this be added on to the Capital budget for the Commission to make a decision on in November. The Commission directed staff to go ahead with the engineering costs now and then they can make the decision at the November budget meeting on whether to proceed with the project.

### **Ethics Policy Advisory**

Mr. Nick Handy reported to the Commission this year the commission has had various discussions on ethics and later asked staff to draft a policy on ethics. The staff developed a draft policy pulling from other jurisdiction's policies. The draft has a statement of purpose and to promote a high level of ethics, the policy also addresses outside employment, acceptance of gifts, provisions on beneficial interests and conflict of interest, and provisions for remote interest. Mr. Handy noted that the Port has not had a formal policy, although the state has a law on the books that the Port follows and has used as guidance.

Mr. Handy indicated that the discussion tonight is to focus on the draft Ethics Policy to have discussion and provide direction back to staff.

Commissioner Pottle asked Legal Counsel Mick Phillips to help the Commission understand this policy and the implications of this policy. After discussion, the Commission decided there needed to be a policy for employees and then maybe a resolution for the Commissioners, two separate documents. The draft policy submitted by staff combined the two. The Commission directed staff to separate them out and bring back a draft policy at the last meeting in November that just addresses the employees, then we could work on a resolution for the Commissioners.

### **ADJOURNMENT**

President Van Schoorl adjourned the meeting of October 28, 2002 at 7:30 p.m.

PORT OF OLYMPIA COMMISSION

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President

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Vice President

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Secretary-Treasurer