

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

November 10, 2003

CALL TO ORDER

President Pottle called the meeting of November 10, 2003, to order at 5:30 p.m. at the TCTV Studio in Olympia. Commissioners Telford and Van Schoorl were also in attendance.

Staff in attendance were: Executive Director Nick Handy, Administrative Manager Jeri Sevier, Harbor Director Bruce Marshall, Operations Director John Wolfe, Marketing Director Kari Qvigstad, Property Director Heber Kennedy, and Finance Director George Fox.

Public in attendance were as follows. Representing *The Olympian* was Chris Clough. Representing Legal Counsel was Mike Mayberry. Others in attendance included Keith Bausch, Richard Ramsey, Meta Heller, Jim Wright, Shana Stevenson, Ed Rogan, Emily Nomura, and Jim Smego.

APPROVAL OF AGENDA

The agenda was approved as submitted. Commissioner Pottle indicated he would like to add to other business a recommendation to hire a person to help with the selection process for the executive director position. Mr. Handy also indicated he had two items to add to other business as well.

PUBLIC COMMENT

No public comment was given.

COMMISSIONERS REPORTS

Commissioner Telford indicated he recently attended the Solid Waste Advisory Committee, there was no quorum, and therefore no action was taken.

Commissioner Pottle indicated that he attended the TRPC meeting, no significant decisions were made. He commented that he received information from the meeting that he will pass on to staff for review.

EXECUTIVE DIRECTOR REPORT

Mr. Nick Handy reported on the business at the Marine Terminal. He indicated that on Saturday, 11/1/03, we discharged a lumber barge from Doman Lumber onto berth 2. This shipment had 2.8mmbf of Canadian lumber packs, which is now being trucked down to Oregon. He indicated on its tracks is another Doman lumber barge arrived on Friday, 11/7/03, with a similar volume.

Mr. Handy reported the log vessel *Oriente Crest* recently was in port. This vessel was only in port for one day, loading a small volume for Sumitomo (693,480bf), then sailed for Canada. The next log vessel, the *Ken Koku*, is expected to arrive on Thursday, 11/6/03, and work Friday, Saturday and Monday. This vessel will be taking on a full cargo for Superwood, approximately 2.8mmbf.

Turning to the Olympia Airport, Mr. Handy reported they had 7,329 operations during the month of October, consistent with previous years October counts. Big Sky Airlines reported 675 revenue-departing passengers and 626 revenue arrivals, for a total of 1,301 revenue passengers for the month. Big Sky also began a new flight schedule on November 1 which includes overnighing their airplane here in Olympia.

He reminded the Commission that Big Sky needs 1400 passengers per month to break even. Mr. Handy announced that the Port of Olympia and Big Sky Airlines would be celebrating the one-year air service anniversary of the Olympia - Spokane route on Wednesday, November 19th, from 6:00 A.M. to 4:00 P.M. This event will be held at the Olympia Regional Airport Terminal Lobby.

Mr. Handy announced beginning Nov. 1st Big Sky would have a schedule change. Monday through Friday, the first flight of the day will leave the Olympia Regional Airport at 6:35 a.m. arriving in Spokane at 7:50 a.m. Other weekday flights will depart Olympia at 11:45 a.m. and 4:00 p.m. for the one hour and 15 minute flight. Flights will leave Spokane Monday through Friday at 10:15 a.m., 2:30 p.m., and 6:15 p.m. There will continue to be one round-trip flight a day on weekends. Flights will depart Olympia at 6:35 a.m. on Saturday and 11:45 am on Sunday. Spokane flights will leave at 10:15 a.m. on Saturday and 5:00 p.m. on Sunday.

At the Marina, Mr. Handy reported that all pilings for the DEF marina expansion have been set and the work barge has left. All large floats have been installed and all that is left to launch and assemble are the 28' floats. Installation of the dock utility systems has begun. In addition, the Marina fire alarm system installations have been completed and the system has been activated. Installation of security system continues. The Marina occupancy for November is 92 percent, 2 percent higher than 2002.

CONSENT CALENDAR

The Consent Calendar was unanimously approved as follows.

Minutes. The minutes from the October 22, 2003 meetings were unanimously approved as submitted. The minutes from the October 13, 2003 meeting were approved by Commissioners Van Schoorl and Pottle. Commissioner Telford was not in attendance at that meeting and unable to vote on those minutes.

Bills and Vouchers. The bills and vouchers for the period ending November 10, 2003 in the amount of \$436,582.82 was unanimously approved. General Fund Checks Issued: 032586-032626, 032627, 032628-032682, 032683-032687, 032688-032691, 032692-032739, 032740, and 032741-032778. Capital Fund Checks Issued: 030067-030068, 030069-030070, 030071-030074, and 030075-030077. 2001 Bond Fund Checks Issued: 030192-030195, 030196, and 030197-030203. Environmental Fund Checks Issued: 030261-030263, 030264, 030265-030266, and 030270-030274.

Capital Expenditure Approval. The capital project expenditures for the period ending November 14, 2003 in the amount of \$667,020.97 to Reid Middleton for the Runway Shift project, Taurus Industries for the Marina Security System, and to Bellingham Marine and Christensen, Inc. for the DEF Marina Expansion project were unanimously approved.

ACTION CALENDAR

Gunderboom Settlement Agreement Approval

Mike Mayberry, Legal Counsel presented a recommended settlement of the Port's lawsuit against Gunderboom, Inc. and Peratrovich, Nottingham and Drage, Inc. (PN&D).

Mr. Mayberry indicated the Port's lawsuit is filed in Alaska against Gunderboom, Inc. and PN&D. Gunderboom provided a curtain (designed by PN&D) used in the contaminated sediment removal from the tideland area of the Cascade Pole clean-up. When the Gunderboom failed to perform as anticipated, extra costs were incurred in the clean up by the Port, the Port's contractor and Gunderboom. When settlement negotiations were unsuccessful in resolving cost related issues, this litigation resulted.

The parties have now agreed to an out of court settlement that resolves all outstanding issues and will result in dismissal of the lawsuit. Under the terms of the settlement, Gunderboom and PN&D will pay the Port \$350,000, of which \$150,000 is reimbursement of attorneys fees, and waive their claims of

\$235,500 against the Port.

Mr. Mayberry indicated that the Commission has been fully briefed on this issue throughout the negotiations.

The Commission unanimously approved the settlement agreement with Gunderboom, Inc and PN&D under which Gunderboom Inc and PN&D will pay \$350,000 to the Port in full settlement of all claims relating to Gunderboom performance on the Cascade Pole clean-up.

ADVISORY CALENDAR

Executive Director Recruitment Process Advisory

Mr. Ed Rogan, representing Waldron & Company, provided the Commission with an update on the Executive Director recruitment process, information on the candidates, and the community interaction. Mr. Rogan announced the candidates selected for interviews as follows.

Ted Beam. Mr. Beam was most recently the Group President – Fire Protection Services, a \$70 million division of the Rural/Metro Corporation, a \$500 million, publicly traded company based in Scottsdale, Arizona. A graduate of the University of Arizona, Mr. Beam spent over 25 years with Rural/Metro, progressing through the corporate ranks in such positions as Director of Government Relations for the State of Arizona and General Manager/State of Arizona before his most recent position.

Peter Dailey. Currently Deputy Executive Director/Maritime Director with the Port of San Francisco, Mr. Dailey has held a series of leadership positions in marketing with the Port including Senior Marketing Executive, Cargo Marketing Representative and Market Research Specialist. Before joining the Port he served as Regional Manager for Nautilus Leasing Services. He received his BS in Business Administration/Economics from St. Mary's College of California and an MBA in Marketing from Golden Gate University.

Ken Housden. As the Director of Transportation Services/CEO of Everett Transit, Mr. Housden has been with the City of Everett 13 years and in his present position for nine years. Before joining the City, Mr. Housden served as County Auditor in Chelan County and as City Administrator in Leavenworth, WA. He received BA and Masters degrees from Eastern Washington University.

Joe Nortz. Mr. Nortz is currently the Maritime Transportation Security Act Compliance Project Manager for Washington State Ferries, WSDOT. Prior to taking on this role, Mr. Nortz served the Washington State Ferries system as Director of Marine Operations. His tenure with WSDOT follows a 20-year Naval career that culminated in a post as Executive Officer of the Whidbey Island Naval Air Station. He earned a BA degree from Hartwick College, an MA in National Security/Strategic Studies from the US Naval War College, and an MS in Business Sciences from Salve Regina College.

Julianne Wilkerson. Ms. Wilkerson began her career at the City of Tacoma as Assistant City Manager moving into a Director's role with the Planning and Development Services Department prior to taking on her current role as the first Director of the Economic Development Department. Prior to joining the City, Ms. Wilkerson held a variety of positions with the State of Washington including Assistant Director, Communications and Operations - Department of Revenue, and Assistant Director, Legislative and External Affairs, - Department of Revenue. She received bachelors and masters degrees in Secondary Education from the University of Nebraska and a JD in Law from Gonzaga school of Law.

John Wolfe. Mr. Wolfe presently serves as Director of Operations/Marine Terminal General Manager for the Port of Olympia. Prior to joining the Port, he spent 10 years with Maersk/Sea-Land Services in a series of increasingly responsible positions including Operations Manager, Assistant Marine Manager, Marine Yard Manager, and Gatehouse Supervisor. A graduate of Pacific Lutheran University with a BA in Business Administration, he also spent two years with the Boeing Company as a Computer Systems

Analyst.

President Pottle announced the Port would be holding a public social to meet the candidates on Monday, November 17th at 5:30 p.m. at Anthony's. The Commission would be holding their interviews on Tuesday, November 18th. Staff and Community interviews will take place on Monday, November 17th.

2004 Operating and Capital Budget Advisory – Public Hearing

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.

Richard Ramsey, Olympia Area Rowers Association, board member, encouraged the Port's contribution of the OARA boathouse that will be built at the Swantown Marina. He indicated this would be an extraordinary recreation resource. The Boathouse gives a permanent home and provides a gateway to Puget Sound. He indicated the City of Olympia has approved the land use for the boathouse to begin construction in 2004. Mr. Ramsey noted that staff is recommending \$35,000 for the plaza in front of the boathouse. And he would suggest the Port also help prepare the site for construction by providing foundation for a total cost of \$75,000 including the plaza in front, therefore he is asking for an additional \$40,000.

Commissioner Telford asked how could we rationalize spending this money on this project for the benefit of a local rowing club. Mr. Ramsey indicated the facility will house three separate programs. Those tenants will pay a lease for that space. Mr. Ramsey commented that the city is paying \$35,000 which is more than its 10 percent, they realize the value to the community. Commissioner Telford commented that before the commission makes a decision, he wants to see the payback through lease rental over the years. President Pottle noted that by calling everything Olympia, it narrows the group down. By calling it a more regional facility, it might make it more of a county-wide facility.

Mr. Ramsey indicated that over 40 high school kids participating at this time. Primarily from Olympia and Capital High schools, however, any high school kid can participate from throughout the county. President Pottle commented that he is trying to understand the broad participation in the program and asked if it went beyond Thurston County.

Mr. Handy noted that the Port sees a large public benefit to the community for this project. Commissioner Telford indicated the Port is not a parks and recreation business.

East Bay Historical Advisory

Ms. Shana Stevenson, Thurston County, provided the Commission a presentation on the historical development in and around the East Bay Planning area. Ms. Stevenson had done an extensive study of this neighborhood and brought the Commission an interesting perspective of this section of Olympia. Asked that the commission commemorate the area with the development of the East Bay area. Plywood mills.

Ms. Fontenot reminded of the East Bay Planning Workshop #2 on Thursday night at 7:00 p.m. and thanked Shana for her presentation.

OTHER BUSINESS

Welcome Pole Panel

Mr. Nick Handy briefed the Commission on the Welcome Pole Panel and indicated that one of the

members of the panel has asked to step down from the panel. Mr. Handy indicated that the recommended replacement is Jim Peters of the Squaxin Tribe. Mr. Handy noted that he has talked to the current panel about this replacement and they are unanimously supporting this replacement if the Commission desired.

Commissioner Van Schoorl moved approval to appoint Mr. Jim Peters to the Welcome Pole Panel, the motion was seconded by Commissioner Telford and unanimously approved by the Commission.

EDC Sponsorship

Mr. Nick Handy reported to the Commission that the EDC is requesting a sponsorship from the Port for the Economic Forecast Conference event held in January of 2004. The sponsorship request is for \$2500. The Commission indicated they would like to get more information on others that will be sponsoring this event, however, they were supportive of the event and the amount is under the Executive Directors authority.

Executive Director Recruitment

President Pottle indicated he was interested in hiring a consultant, John Hirsh, to assist the Commission in the development of interview questions that will help the Commission reach a consensus with decisions on the qualities of the applicants. President Pottle indicated he felt this process would give the Commission a better chance of selecting the right person for the job. He indicated that other Ports have used this process and felt it was very worthwhile and it helped them to clarify and make a positive decision.

Commissioner Telford commented that he would be willing to meet with Mr. Hirsch, however, he wanted the Commission to maintain control over the process. He also asked how this process would integrate with the Waldron & Company process. President Pottle commented that this process would only enhance the Waldron process.

President Pottle suggested the Commission meet with Mr. Hirsch on Monday, November 17th at 2:00 in executive session at the Airport Offices.

ADJOURNMENT

President Pottle adjourned the meeting at 7:39 p.m. to an executive session on November 17, 2003 at 2:00 p.m.

The Commission held the executive session on November 17th at 2:00 and adjourned at 5:00 to a second executive session to conduct the interviews of the candidates on November 18th.

The Commission held an executive session on November 18th for the purpose of conducting the interviews of the candidates and adjourned at 5:30 p.m. to a third executive session to be held on Friday, November 21st at 12:00 noon.

The Commission held the executive session on November 21st at 12:00 noon and adjourned at 2:30 p.m.

PORT OF OLYMPIA COMMISSION

President

Vice President

