

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

November 12, 2002

CALL TO ORDER

President Van Schoorl called the meeting of November 12, 2002, to order at 5:33 p.m. at the Lacey City Hall. Commissioner Pottle was also in attendance. Commissioner Telford was traveling out of the country.

Staff in attendance were: Executive Director Nick Handy, Administrative Manager Jeri Sevier, Finance Director George Fox, Engineering and Planning Director Andrea Fontenot, Swantown Harbormaster Bruce Marshall, Airport Manager Doug Sandau, Marine Terminal Manager John Wolfe, Marketing Director Kari Qvigstad, Cascade Pole Site Manager Don Bache, Communications Manager Patti Grant, 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, Russ Carstensen, and Jan Vander Veen. Others in attendance who signed the attendance sheet include: Harold Chambers, Patty Belmonte, Scott Bond, Derrick Baena, Judi Hoefling, John Masterson, Bill McGregor, Patrick Barmes, and Frank Dare.

APPROVAL OF AGENDA

The agenda item 2003 Operating and Capital Budget Public Hearing was moved from the action calendar to the advisory calendar.

PUBLIC COMMENT

MR. HAROLD CHAMBERS, Yelm Resident, indicated that a few weeks ago the Port Commission supported the referendum 51. He noted that the recent vote suggests that the public was not behind this referendum, and suggested that in the future before the Port Commission supports something like that they should make sure they have the support of their constituency.

Commissioner Van Schoorl indicated that he realizes that the public voted down that referendum, however the support for the referendum on behalf of the Commission was based on the opinion that the referendum was a good start to improving transportation issues.

COMMISSIONERS REPORTS

Commissioner Pottle noted he spoke earlier in the day at the Yelm Chamber meeting regarding Air Service. He indicated there was a huge turnout at the meeting and the support was overwhelming for Air Service.

He also noted that he also participated in the RFP review process for the State Street proposals last week, interviewing four companies that submitted proposals for that development.

President Van Schoorl noted he participated last week in the proposal review process for the state building in Tumwater. He indicated the state would be making that announcement later in the week.

EXECUTIVE DIRECTOR REPORT

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Mr. Nick Handy announced that at the Marine Terminal we are currently staging for Emachu's log vessel the "Tinkerbell", expected to arrive on 11/11 or 11/12. Logs from Plum Creek will be loaded on this vessel, with additional volume being trucked in from Green Crow and Weyerhaeuser. Mr. Handy reported that another log vessel would arrive the same week, the "Rubin Dragon" for Nippon Paper. Plum Creek will load volume on this vessel as well.

He noted that a third log vessel is expected to arrive at the end of the month to load cargo for Sumitomo Forestry. Mr. Handy commented that truckloads of garnet and lumber continue to ship out on a daily basis; cullet glass continues to be loaded out on a weekly basis.

Turning to the Properties program, Mr. Handy reported that Gower Flight has signed an amended and Restate Lease for its site at the Airport. He noted that Intel has signed a lease amendment for its new location in the Airport Terminal.

At the Airport, Mr. Handy reported the air traffic count for October was 7,748. Last year's October count was only 5,312, but that was during the post 9/11 slow down in air traffic. Mr. Handy announced that Air Service begins tomorrow – November 13th.

CONSENT CALENDAR

The Consent Calendar was unanimously approved as follows.

Capital Expenditure Approval.

The capital expenditure to Stemen Environmental for the Airport UST removal in the amount of \$70,401.74 was unanimously approved.

Intel Lease Approval.

The Port Commission unanimously approved the lease amendment for Intel. The lease amendment extends the lease through June 30, 2006 changing the leased premises and parking along with improvements that will be provided during the term of the lease agreement. It also describes changes to the pro-rata share for all purposes under the lease and expresses the condition and ability for the tenant to relocate.

ACTION CALENDAR

FTZ Activation – Resolution 2002-07

Ms. Kari Qvigstad reported that the Port of Olympia serves as Grantee of the South Puget Sound Foreign Trade Zone (FTZ #216) and is responsible for administration of the foreign-trade zone. As Grantee, the Port Commissions authorizes all requests for zone activations. Ms. Qvigstad indicated this is our third activation request, this activation includes a portion of the marine terminal property for general purpose zone use. The FTZ#216 policy group approved the activation request at its October meeting.

Ms. Qvigstad reported that the FTZ#216 has promoted foreign-trade zones as an economic development tool since approval of the zone was granted in 1996 and increased interest over the past year. She noted that Marine terminal customers are interested in taking advantage of zone benefits. She indicated that presently, we have four requests for general purpose use of a foreign-trade zone. Ms. Qvigstad reported the Zone benefits will include U.S. customs duty deferral, quality control services and administrative efficiencies for imported merchandise. Port staff will administer and operate the zone on behalf of its users. An application for zone activation to U.S. Customs has been prepared. We are requesting approval of the site by the end of November.

Ms. Qvigstad indicated that approval of this site would also include approval for an expense related to fencing. The fencing is required by customs for security issues. The fencing will be at the south end of the terminal and inside the warehouse. The cost for the fencing falls within the authority of the Executive

Director.

The Commission unanimously approved Resolution 2007-07 activating the FTZ#216 at the marine terminal property for general purpose zone use.

Olympia Regional Airport UST Removal Contract #591 – Amended CEA

Ms. Andrea Fontenot requested additional budget authority for the Gower site underground storage tank removal and clean-up project that is now underway, Contract #591. Ms. Fontenot indicated the current budget authority is \$187,806, and staff is requesting budget authority to \$290,000, a \$102,194 budget increase.

Ms. Fontenot indicated the contractor found a significant amount of contaminated material at depths 12 and 30 feet below ground surface. She noted that the initial estimate was for the removal of 1,000 tons of contaminated material and backfill with 1,500 tons of clean material.

As of October 30, we have revised our estimate up to 3,800 tons of contaminated material and 4,800 tons of backfill based on findings once the removal began. Ms. Fontenot also indicated that staff also increased the estimate for number of tests from 30 to 70 tests.

Ms. Fontenot indicated the project budget as of August 2002 was \$187,806. The revised budget requested is now \$290,000.

She noted the Ecology grant (50% costs, up to \$100,000) is contingent on a No Further Action determination from Ecology. This means that once clean-up starts it is difficult to stop without jeopardizing the 50% grant. Ms. Fontenot noted that we have chased the contamination to its end at the west and east ends of the plume, and are nearing completion to the south. Staff has been meeting with Ecology staff and Ecology is indicating they will work with the Port to provide a 50% match to the amount over the original request.

President Van Schoorl asked staff if there was any hindsight about the settlement that was previously agreed to with Gower.

Ms. Fontenot indicated that staff was going to meet with the company that provided the tests to find out why history does not show this level of contamination.

Commissioner Pottle indicated just as the contaminated Cascade Pole site, the Port has no choice but to approve this and do the right thing by cleaning up contaminated sites in Thurston County. The Commission unanimously approved the amended CEA request for a revised total budget authority of \$290,000.

ADVISORY CALENDAR

2003 Operating and Capital Budget – Public Hearing

Mr. George Fox presented the Commission with an overview of the 2003 Operating and Capital budget covering historical information, year-to-date business unit review, overview of the 2003 operating budget and 2003 capital budget request.

President Van Schoorl asked Mr. Fox to get him more information on the tax levy and asked Mr. Fox to find out what the tax increase proposed by each of the other jurisdictions for next year.

The public was invited to provide comment on the 2003 preliminary budget request.

Public Comment:

Harold Chambers, resident of Yelm, indicated the \$166,000 reported in Mr. Fox's seems low. He indicated that with property tax valuation increase, the Port would still be getting an increase and again fooling the public that there is not an increase in taxes. He asked when the Port was going to pay down debt and quit spending more money and increasing debt. He also requested that the Port tighten the belt and have a zero operating loss.

Scott Bond and Patty Belmonte, representing the Hand's on Children's Museum, thanked the Commission for the support of the museum and the investment in children in Thurston County. Mr. Bond also thanked the Commission for the investments made in the county, especially the amenities such as the Port Plaza. Ms. Belmonte, thanked the Port staff for the support of the Sand in the City event held over the summer. She indicated that the event raised much needed dollars for the museum, the largest fundraising family event in Thurston county. Nearly 25,000 people visited the event over a three-day weekend. She indicated that the Port of Olympia properties received extensive marketing exposure as a result of the many ads, news articles, radio spots and TV spots on KING 5 television. She hoped that the Port would agree that the \$2500 invested as a sponsorship was money well spent by the Port for marketing purposes.

Commissioner Pottle indicated the investment of \$2500 brought the benefits to the Port and the community that far exceed the dollar value of that sponsorship.

Russ Carstensen, representing the South Sound Maritime Heritage Association and the Harbor Days, noted that Harbor Days brings in over 35,000 visitors to the area. He noted that Harbor Days is a free event and highlights the maritime activities. Mr. Carstensen indicated that Harbor Days was requesting a sponsorship of \$3,000, however, he understood staff was recommending \$1,500 in the budget. He noted that this year, recognizing the 30th year of Harbor days they plan to hold a musical event at the Port Plaza.

Derrick Baena, representing the Olympia Flight Museum, conveyed appreciation for the support of the Port of Olympia for past museum events. Mr. Baena indicated the Fly-In "Gathering of the War Birds" for 2003 will be the fifth year of this growing event. He noted that the Port's contribution last year financed the 30,000 flyers that were included in The Olympian. He indicated the museum is requesting \$10,000 for the 2003 budget. However, he indicated that he would like the Port to match the contribution that was given last year of \$6000.

Commissioner Pottle indicated that this sponsorship of this event is the largest sponsorship the Port has in the budget. He asked if the museum is looking for a large corporate sponsor such as the Sand in the City event. Mr. Baena indicated they are looking at spreading the word and the event is growing bigger and bigger every year and hoping that this year they can get a corporate sponsor. Commissioner Pottle asked if there were any statistics of people coming from out town to attend this event and stays in local hotels and contributing to the local economy. Mr. Baena indicated that he is pretty confident that about 30% of the attendance is from out of the area.

Judi Hoefling and Patrick Barmes, representing the Behavioral Health Resources/Swantown Regatta, thanked the Port for the sponsorships provided in the past. Ms. Hoefling indicated the staff at the Port has provided more than just a sponsorship, they provide energy into the event to help make it successful. Ms. Hoefling indicated the Swantown Regatta event showcases the Marina at the Port. She commented that the funds generated from this regatta help challenged youth become productive members of the community. Ms. Hoefling indicated the regatta is requesting \$2,000 and she understands that staff is recommending a \$1,000 sponsorship. She asked the Commission to consider the request for the \$2,000.

Mr. Patrick Barmes gave the Commission an overview of the program at Behavioral Health Resources noting the how the program benefits troubled youth and helps them to become successful.

Bill McGregor, Lacey resident, asked about the resolution that allocates a certain percent of the capital budget for art. The Commission indicated that resolution was still active. Mr. McGregor urged the

Commission not to reduce the tax levy. He indicated the capital projects funded by the Capital budget only improves and enhances the county and the facilities then bring in money to Thurston County. Mr. McGregor encouraged the Commission to maintain the tax levy and maybe increase it in years to come if necessary to fund economic development initiatives that benefit Thurston County.

Construction Team Advisory

Ms. Andrea Fontenot provided the Commission with background on the construction team program that was established in 2001. Her presentation covered how the program works, the types of projects included in the program, 2001 & 2002 Completed projects, current team members, an overview of cost savings, employee development, project management and project scheduling, resource efficiencies.

Ms. Fontenot gave an overview of the 2003 Projects and Team members and future categories of projects. She noted this has been a successful program for the Port and illustrated the benefits of this program as we plan for 2003 and beyond.

Mr. Handy commented that he has been impressed with the quality of the work by the construction team and the ability to pull together a project team to work on a program creates efficiencies.

Other Business

President Van Schoorl expressed his concern to the Genoa's tenants with the fire last week. He indicated that the damage might not be as bad as first indicated.

President Van Schoorl also reported the Port had clean audit from the State Auditor's office and he thanked George Fox, Susan Buck and the other accounting staff who do the work day in and day out.

ADJOURNMENT

President Van Schoorl adjourned the meeting of November 12, 2002 at 7:40 p.m.

PORT OF OLYMPIA COMMISSION

President

Vice President

Secretary-Treasurer