

PORT OF OLYMPIA COMMISSION  
MINUTES OF REGULAR MEETING

**November 13, 2001**

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**CALL TO ORDER**

Vice President Van Schoorl called the meeting of November 13, 2001, to order at 5:30 p.m. at the Port of Olympia in the Port Conference Room. Commissioner Dickison was in attendance. Commissioner Pottle was out of town on vacation.

Staff in attendance were: Executive Director Nick Handy, Administrative Manager Jeri Sevier, Finance Director George Fox, Engineering and Planning Director Andrea Fontenot, Deputy Director Wendy Holden, Marketing Director Kari Qvigstad, Property Development Manager Heber Kennedy, Olympia Regional Airport Manager Doug Sandau, Swantown Marina Supervisor Cheryl Maynard, Marine Terminal Manager John Wolfe, and Swantown Marina and Boatworks Manager Bruce Marshall.

Public in attendance were as follows. Representing the Olympian was reporter Scott Wyland. Representing Legal Counsel was Mick Phillips. Others in attendance included Keith Bausch; Wil Carlsen; Paul Telford; Harold Chambers; Don Olmsted, Meta Heller, John Backman, Barry Pfundt, and Frank Dare.

**APPROVAL OF AGENDA**

The agenda was approved as submitted.

**PUBLIC COMMENT**

Paul Telford indicated he was speaking at this meeting as a citizen. He indicated he e-mailed a letter to counsel concerning the lawsuit relating to golf facility. Mr. Telford announced that he would like for the fundamentals to be aired in public. He said he would agree to have the suit dismissed if the port agrees to put the golf course on the market. He noted that if forced to continue on this action, there would be an obligation of the Commission to get legal counsel opinion other than the one that gave the original ok. Mr. Telford said he would like for the Port to market the facility to the private sector. Mr. Telford said all discussions should be held in the open and not in an executive session.

Commissioner Van Schoorl asked staff what the status of the golf committee recommendations were. Mr. Handy indicated when this was last discussed in June, the Commission asked the committee to come back in six months with further recommendations. The committee is planning on coming back in December with further recommendations based on that request.

Harold Chambers commented that he noticed in the paper the Hands On Children's Museum donation by the Port. He asked Commissioner Van Schoorl if it was his wife that was chair of the board. Commissioner Van Schoorl indicated it was. Mr. Chambers then asked if the Port has specifications on who gets funding for projects by the Port? Commissioner Van Schoorl indicated he abstained from voting on that funding issue due to a potential conflict. He further indicated that in the past, the Port considers requests for funding and sponsorships, in addition the Port also funds some requests out of the EDC to enhance the economic development. Mr. Chambers asked if there was written material on what qualifies for a sponsorship? Commissioner Van Schoorl indicated that the port has a written policy that gives guidelines with ranges of contributions, and marketing sponsorships. The Hands On exhibit involved a working waterfront and provided an educational opportunity for children, 60,000 go through museum every year.

Meta Heller indicated she was thrilled that we do not have convention center under progress at the Port of Olympia. She said she tried very hard to get city councils of Tumwater, Olympia, and Lacey to split the cost of a cultural arts center and no one was interested. With the downturn in the economy, maybe that was a good call.

Frank Dare commented that picking up on Ms. Heller's topic of convention center, he wanted to know how much the study cost and why did we pick worst crime area in the city? Commissioner Dickison indicated this is a time for public comment and not a debate time and that the Executive Director would get back to Mr. Dare on his questions.

Wil Carlson indicated on behalf of the Farmer's Market, he has growing concerns about parking situation and the artesian well located on that site will only complicate the issue.

## **COMMISSIONERS REPORTS**

No Commission reports were given.

## **EXECUTIVE DIRECTOR REPORT**

No Executive Director Report was given.

## **CONSENT CALENDAR**

The Consent Calendar was unanimously approved as follows.

**Minutes.** The minutes from October 8 and October 15, 2001 were unanimously approved as presented.

**Capital Expenditure Approval Listing.** The Commission unanimously approved the capital expenditure approval listing in the amount of \$933,168.62 to Skyline Steel, Inc. and RCI Environmental for the Cascade Pole project.

**Lease Assignment.** The Commission unanimously approved lease assignment from Lufco, Inc. to Tumwater Airdustrial Investment, LLC. The lease began January 1, 1997, expires December 31, 2006, and provides two (2) ten-year options carrying the lease through December 31, 2026. A 180-day advance notice to the Port is required to exercise each option.

The lease assignment is conditioned upon our tenant and assignee closing and recording the deed (for the sale of the building) by November 15, 2001. If for any reason closing does not occur on or before that date, this assignment will be null and void.

## **ACTION CALENDAR**

### **Planning and Advisory Committee Recruitment Process**

Mr. Nick Handy presented the Commission with a proposed Planning and Advisory Committee (PAC) recruitment screening process. He noted that currently the PAC members whose terms expire have served at least two terms. The Commission previously indicated they were interested in giving others an opportunity to be involved after two terms of service. Three out of the four members up for re-appointment and are willing to step down. Mr. George Darkenwald indicated he is interested in serving a third term. Mr. Handy indicated staff is seeking direction from the Commission on the re-appointment of George Darkenwald.

Mr. Handy reviewed the proposed process indicating the Port would begin recruiting for the vacant positions immediately. The screening and interview process will take place in December and January.

Commissioner Dickison indicated the process is reasonable and would like to consider all four positions open. Mr. Darkenwald is welcome to apply. Commissioner Van Schoorl asked that staff add the Centralia Chronicle to the list. Commissioner Van Schoorl indicated he would let the chair designate a commissioner to serve as the representative in the recruitment process.

### **Cascade Pole Sediments Remedial Action Contract #269 Change Order #1**

Mr. Rod Hudson presented the Commission with the change order request indicating that the two items contained in the change order are the Gunderboom (Gboom) repair estimated at \$500,000, and a deduct for the removal of the geocell erosion barrier from the shoreline improvement design, \$27,297. Ms. Fontenot asked the Commission to authorize the Executive Director to sign the change order in the amount of \$472,703.

Mr. Hudson indicated that when the gunderboom failed upon deployment, the Port hired RCI on a force account basis to repair the boom, as this repair work was not part of the original contract. Mr. Hudson reported that staff is currently analyzing RCI's cost submittals for the gunderboom repair through the end of September. In the mean time, Mr. Hudson indicated that RCI should be compensated for a portion of these force account expenses and therefore asking the

Commission to approve a change order. Mr. Hudson indicated that this amount will most likely become the amount of a claim at a future time.

Commissioner Van Schoorl commented that he assumed legal counsel is pursuing legal actions on this. Mr. Handy replied absolutely. The Commission moved and approved to authorize the Executive Director to sign the change order. The change order authorizes the Port to pay in good faith for unforeseen expenses. Mr. Telford asked who is the contract with? Mr. Hudson replied the acquisition of Gunderboom is through Gunderboom, Inc.

## **ADVISORY CALENDAR**

### **Tumwater Lumber Advisory**

Mr. Heber Kennedy provided the Commission with background information on the Tumwater Lumber lease with the Port of Olympia. The leased property totals 26.84 acres. The current lease expires December 31, 2001. Mr. Kennedy indicated the lease to the Port pays \$82,092 per year. Mr. Kennedy indicated he is about to enter into a new lease agreement with Tumwater Lumber and is proposing the lease be on a ten-year lease term asking Tumwater Lumber to make improvements on a specified schedule within the first ten years of the lease.

Mr. Kennedy indicated the Port is asking Tumwater Lumber to make frontage improvements and stormwater improvements to the leased area. Tumwater Lumber is requesting adequate time to amortize these improvements and is willing to commit to the schedule if the option period totals twenty years.

Mr. Kennedy noted that Tumwater Lumber is asking for two ten-year options, bringing the total years to thirty. Mr. Kennedy indicated that staff is recommending we approve the request. Commissioner Dickison asked what was the timing of stormwater improvements. Mr. Kennedy indicated the schedule has not yet been firmly set. The Commission recommended the emphasis be on stormwater issues and the improvements be done in the first five years.

Mr. Handy indicated there has been a discussion between directors at which they had come to terms with a twenty-year total lease. Mr. Handy reported that staff wanted to bring this issue to the Commission for some direction back and wanted the Commission to be aware of what was happening and provide some guidance on this issue.

Commissioner Dickison asked Ms. Fontenot what the comp plan was for that area. Ms. Fontenot replied Light industrial/Mixed use, warehousing, distribution and light industrial. Commissioner Van Schoorl indicated he leaned toward 10 and 10 and we need to take into account that this is the last sawmill in Thurston County. The Commissioner indicated they agreed with the recommendation for total of twenty years.

### **Integrated Pest Management**

Ms. Wendy Holden introduced Ms. Jean McGregor past president of the Black Hills Audubon Society. Ms. Holden indicated she has been working with the Audubon Society over the past 18 months about the use of chemicals at the Port. She indicated at the broadest level, Integrated Pest Management (IPM) is an approach to managing minimal chemical use, enhanced environmental stewardship, and sustainable systems.

Ms. Holden reported that IPM means a coordinated decision-making and action process that uses the most appropriate pest control methods and strategy in an environmentally and economically sound manner to meet programmatic pest management objectives. She indicated the elements include preventing pest problems, monitoring the presence of pests and pest damage, and establishing pest populations density that can be tolerated or correlated with a damage level sufficient to warrant treatment.

Ms. Holden noted that at the Airport we mostly grow and mow do not use much in the way of chemicals. The Peninsula has a designed landscaping model for least amounts of chemical use. However, the staff has looked at several other models for IPM through out the state, going from no chemicals at all to a modest use of them. Ms. Holden reviewed with the Commission some pictures of landscape areas of Thurston county, city of Olympia, state campus and the Port of Olympia. She noted that where opportunities have been, the Port has used native plants that add value to the environment and create a habitat. Ms. Holden indicated the direction of staff is to continue to set up practices that recognize those IPM principles, however if the Commission is interested in staff bringing back policy for adoption, staff would further pursue that direction.

Ms. McGregor from the Audubon Society said they were interested in not only birds but the habitat and pesticides used

close to water. She indicated that 12 years ago the Audubon began working with Thurston County involving a lot of studies and thinking about the process. She noted that Commissioner Dickison served on study group as a member of the tribe. However, when Thurston County passed a policy, there were very few jurisdictions in state with such a policy and has since become a model program. Now jurisdictions of all types have moved in this direction and are very wide spread. Ms. McGregor said the Audubon is looking at other jurisdictions in County to see if they would adopt an IPM policy. Ms. McGregor indicated the Audubon Society would like to request the Commission to ask staff to adopt a policy and to be committed to the program and keeping a record and tracking chemical use.

Commissioner Dickison indicated he was certainly an advocate for developing a formal IPM policy, and has had concerns about some of the contracting services and applications of chemicals in the environment close to water sources. He noted that sensitive areas are reason enough to have an IPM policy in place. In addition, he indicated he had other issues and reasons for wanting a policy. He said it send the wrong message when pesticide applications have been placed around the Farmers Market with a flag indicating the use of a pesticide since most of the products at the market, are organically grown. Commissioner Dickison acknowledged that while IPM looks at ways to reduce chemical use, there are times when it is appropriate and times when a situation calls for a more aggressive approach and we need to keep those issues in mind and find ways to eradicate those problems. Commissioner Van Schoorl indicated that he concurred that we need to adopt an IPM policy and are glad that Commissioner Dickison mentioned that there are times when we need to use chemicals and be more aggressive. Commissioner Van Schoorl said he would also like staff to look at providing education to our tenants that keep their own landscaping up, we need to set the standard and provide education on the program.

### **2002 Operating and Capital Budget Advisory**

Mr. Handy indicated this is the third presentation on the 2002 operating and capital budget. He reported that Mr. Fox will give a brief presentation again tonight and then staff will address the issues raised at the October 8<sup>th</sup> work session. In addition, the public will be given the opportunity to provide public comment. The official public hearing and final adoption of the 2002 Operating and Capital Budget will be held on November 19, 2001.

Mr. George Fox reported that the Port Commission and staff held a three-hour budget workshop on October 8, 2001 to review the budget and discuss policy issues. Mr. Fox indicated he presented the budget to the Commission again on October 15, 2001. Mr. Fox noted that tonight he wanted to spend a few minutes talking about the levy implications and distributed a memo to the Commission that outlined options for the levy with the passage of I-747. Mr. Fox reviewed the summary of the budget forecasting business revenues of 4.32 million and expenses of 4.59 million. Mr. Fox highlighted the few changes to the budget since the October 15<sup>th</sup> presentation.

Ms. Jeri Sevier began discussing the issues raised by reporting on the televised meetings. Ms. Sevier indicated she had been in contact with the various jurisdictions regarding the use of meetings rooms and with TCTV regarding costs associated with televising Port Commission Meetings. She indicated staff placed \$20,000 in the budget for televising all meetings in 2002. The Commission asked staff to leave that amount in the budget and the Commission would provide further instruction on televising meetings at a later date.

Ms. Sevier then reported on the vehicle policy presented to the Commission at the October 8<sup>th</sup> work session. She indicated that staff has refined the policy and did a cost comparison as to expenses related to the policy versus placing \$25,000 in the capital budget to cover replacement of a new vehicle for the Properties department. Ms. Sevier indicated that staff has placed \$9,000 in the budget under the properties department for a vehicle reimbursement expense unless the Commission advises otherwise. The Commission indicated that staff should leave that amount in the budget with the understanding that the vehicle policy will come to them at a future meeting for consideration of adoption.

Mr. Frank Dare commented that he would like to see all Port vehicles clearly marked. He indicated that Mr. Handy's car was not clearly marked. Mr. Handy indicated that for this and a variety of reasons he would prefer that the Commission do away with his car allowance and just convert it to his salary. Mr. Handy said the car allowance has caused unnecessary issues with some members of the public including Mr. Dare and the allowance is compensation to him anyway for purposes of federal income tax and social security and he might just as well receive this as straight compensation. Mr. Handy said he would then no longer ask for reimbursement for car expenses. Commissioner Dickison said he would be happy to make a motion to do that. A motion was made to convert the car allowance for Mr. Handy to his salary effective immediately. The motion was carried and passed unanimously. The Commission then directed Mr. George Fox to make those changes.

Ms. Kari Qvigstad provided the Commission with an advisory and an outline of interrelationships among the lease

administrator, properties administrator (the proposed position), the facilities project engineer, and maintenance staff. Ms. Qvigstad provided the Commission with the overall benefit to the Port for the property administrator position. She indicated that no funding had been placed in the budget for this position. Commissioner Dickison said he would continue to advocate putting this position in the budget. As the Port grows, we need to pay more attention to property development, as this department and program is the foundation for success of the Port. Commissioner Van Schoorl indicated we were understaffed in this area and also advocated putting the position in the budget. The Commission directed staff to add the position to the final budget.

Ms. Wendy Holden reported to the Commission on the airport maintenance position indicating staff is researching the costs associated with contracting the work out per the Commission's request. Ms. Holden indicated staff would have those estimates by the next Commission meeting, but at this time, no funding is in the budget. Commissioner Van Schoorl said he would also like to see if there would be a reduction in overtime/part-time help with adding the position at the airport.

Ms. Andrea Fontenot reported on the maintenance costs at the Port Plaza. She noted that the estimate provided by Bob Droll ranged between \$13,941 and \$20,924 for maintenance costs. Ms. Fontenot indicated that since the Plaza completion would not be until the later part of 2002, staff placed \$5,500 in the budget for maintenance.

Ms. Fontenot indicated that the State Street Planning/Warehouse planning was in the budget for \$22,000. This will allow funding for staff use in planning costs for determining the future use of this property.

Ms. Fontenot reported that the funding for the East Bay View Platforms was not in the 2002 budget. Ms. Fontenot is working with the East Bay Neighborhood Association on the development of the project and pursuing strategies for obtaining grants for this project. Staff anticipates this would be a 2003 project.

Ms. Sevier reported on the Port-wide training program indicating what the program included in the past and noted that funding for specific training is within each department or business unit budget. Ms. Sevier indicated the budget for training is adequate, however if the Commission desired to enhance that program, staff would be supportive.

Ms. Qvigstad reported to the Commission on the sales/customer service training. She indicated staff has allocated \$20,000 in the budget for training for a core of staff members. Commissioner Dickison asked what would be the advantages to this approach for a limited number of staff versus providing a customer service program Port-wide. Ms. Qvigstad responded that a program targeted at all staff would provide a more broader approach and be more of a motivational program as opposed to building a program and grow business and value. Mr. Handy indicated the most effective type of training is tailored for a workshop of 8-10 people for three days. This program would focus on the front line staff as a more immediate priority for the program.

Ms. Qvigstad also reported on the sales/software service software proposal in the budget for \$20,000. The staff recommendation is to use a portion of this funding to retain a consultant to do a "requirements" analysis. The consultant would assist us in determining what we need and help us select an appropriate product to meet our needs. Ms. Qvigstad indicated that we would expect this consultant to also look at existing platforms and look at possibly enhancing what we currently have in place.

Commissioner Van Schoorl commented that we have \$90,000 proposed for positions as compared with \$40,000 for training and software. Commissioner Dickison suggested that there may be some basis for this expense, however he was not convinced that we needed it and adding a new position would be more on the ground strategy for customer service.

Ms. Kari Qvigstad provided the Commission with a detailed breakdown on expenses for the Swantown Boatswap and Chowder Challenge. She indicated the event would be held at the Marina since the Plaza would most likely be under construction. Ms. Qvigstad introduced a new concept to the Commission regarding a sponsorship program for community partners to help support and off set the Port expenses. Ms. Qvigstad noted the event would be a \$17,000 net cost to the Port. She asked the Commission if it was okay to solicit sponsors. Both Commissioners indicated they were supportive of doing that.

Ms. Holden reported to the Commission on the status of the Airport Events. She noted that staff plans to have both parties attend the November 19<sup>th</sup> meeting to discuss their proposals. Commissioner Dickison indicated he was not comfortable with having both parties attend the meeting. He indicated that we have an established tenant with two established events for which we are capable of holding. This proposal is to add a third event that would create an additional burden over and above what existing staff can do. Commissioner Van Schoorl agreed and indicated this is an

issue on how to distribute funding, not an issue of adding more events. Ms. Qvigstad commented that under the proposed budget, we have funding for two fly-ins and a one-day air show. This is only for the cross marketing and promotion of the airport and does not include staffing and accommodating the event. Commissioner Van Schoorl noted that there is no staff time built in and already short staffed, it seems that the fly-ins has been successful and bring in the same amount of people as an air show.

Mr. Frank Dare also commented that with the increase of security issues, it would be wise not to add new projects when we are unsure about the security issues. Commissioner Dickison indicated he was willing to hear the proposal, but uncomfortable judging it against an existing program.

Public Comment on the Budget:

Mr. Paul Telford commented that he had questions on the budget and his observation is that the Port needs to more work to make the budget more use friendly. He noted that there was no new material that explains revenues against expenditures, the budget does not address previous years against future years, and there is no summary of personnel costs or overhead as compared with years before. Mr. Telford asked for the ROI on the new docks and gave a number of reasons why the Port should not develop the Port Plaza.

Mr. Harold Chambers asked about the insurance on the Port Plaza indicating that he did not agree with spending money to put a plaza on DNR property and there was no parking for the site. Commissioner Van Schoorl responded that the Port already has a tremendous liability that is currently covered by insurance.

Mr. Neil Falkenburg asked the Commission to consider raising the rates at the Marina more than the 3 percent currently proposed. Mr. Falkenburg indicated that a couple years ago the Commission went through a painful process to be able to raise the rates up to 5 percent each year and would like to see that continue.

Mr. Frank Dare commented that the Port Plaza original completion date was December 1999, if that was the case then why is it so necessary to complete it now? Commissioner Van Schoorl replied that we delayed the completion to pursue other funding through private parties and grants through the state.

Mr. Dare wondered why the Port was planning to put in large slips at the Marina addition when it is not likely to have wealthy people come during a recession and advised the Commission that it was unwise at this point to continue with the marina expansion project unless there was overwhelming evidence of a market for it. Mr. Bruce Marshall responded that he had market data to support the expansion project. He noted that we currently have 20 percent of the slips leased and the Port does not even have permits for the project yet.

**ADJOURNMENT**

Vice President Van Schoorl adjourned the meeting of November 13, 2001 at 8:25 p.m.

PORT OF OLYMPIA COMMISSION

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President

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Vice President

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Secretary-Treasurer