

PORT OF OLYMPIA COMMISSION
MINUTES OF REGULAR MEETING

November 22, 1999

CALL TO ORDER

President Van Schoorl called the meeting of November 22, 1999, to order at 6:30 p.m. at the Port of Olympia large conference room. Commissioners Pottle and Dickison were in attendance.

Staff in attendance were: Executive Director Nick Handy, Deputy Director Wendy Holden, Director of Finance George Fox, Swantown Marina and Boatworks Manager Bruce Marshall, Property Development Manager Heber Kennedy, Cascade Pole Site Manager Don Bache, Director of Marketing Kari Qvigstad, and Office Assistant Cathy Johnson.

Members of the public in attendance included: Keith Bausch representing ILWU Local 47, Stanley Stahl of Olympia, Neil Falkenburg of Olympia, John DeMeyer of Lacey, Joel Coffidis representing *The Olympian*; and Port's legal counsel Sandy Mackie.

APPROVAL OF AGENDA

The agenda was approved as submitted with the addition of a capital expenditure item for DLB Earthwork.

CONSENT CALENDAR

The Commission approved the minutes of October 25, 1999 and November 8, 1999.

A capital expenditure item for DLB earthworks in the amount of \$35,564.36 was unanimously approved by the Commission.

COMMISSIONERS REPORTS

Commissioner Van Schoorl reported on attending a conference regarding violence in the workplace and advised he would distribute information to staff.

ACTION CALENDAR

Modification of CEA for Rail Grant - Purchase Rail Mover.

Mr. Nick Handy informed the Commission that a portion of unused grant money earmarked for rail improvements would be used for the purchase of a rail mover. Ms. Wendy Holden stated that using other Port equipment is not safe and that the purchase of the rail mover would not only save the Port money but be much more efficient in moving rail cars. The cost to the Port to purchase the 1972 rebuilt rail mover would be \$92,000. She advised this amount is within the already approved CEA for the rail project. She advised that a small portion of the rail project would be charged to Cascade Pole for site capping work. The previously approved CEA included grant money from the Department of Transportation and \$44,000 matching Port funds. She advised that DOT had approved purchase of the rail mover using grant funds. Staff recommended the Commission approve the purchase of this rail mover.

Commissioner Pottle inquired how much of the grant money would be used for this purchase. Mr. George Fox answered that the plan is to use grant funds plus the Port's matching share of \$44,000 for the total project including the rail mover. Mr. Fox advised the Port had not allocated particular money within the CEA toward the rail mover. Mr. Fox advised that all the numbers were not in regarding the rail project but that staff was projecting sufficient moneys would be available given a small allocation of the project to Cascade Pole.

Commissioner Dickison asked who would be operating the rail mover. Mr. Keith Bausch advised that the longshoremen

would be operating the unit and arrangements have been worked out between unions. Ms. Holden informed the Commission that two Port maintenance staff members were knowledgeable in operating and maintaining this equipment.

Commissioner Pottle asked if it would be better to pay cash for the rail mover instead of other financing. Mr. Fox answered that the Port would normally use cash for a small piece of equipment such as this, particularly where the purchase is being covered in part by a grant for which the Port will be reimbursed.

A motion was made, seconded and unanimously passed to approve the purchase of the rail mover with the request that Mr. Fox monitor the final numbers to ensure the purchase and project fall within the previously approved CEA and grant.

OPERATING BUDGET

Nick Handy summarized the prior public hearings and notice on the budget that have led up to this meeting. Mr. Handy advised that the Port had published notice that the budget would be officially adopted by the Commission at this meeting.

Commissioner Van Schoorl asked for comments from Commissioners. Commissioner Dickison inquired about funding for the air show noting that no air show is currently planned. Consensus was reached that funding could be provided during the year if it appears an air show is planned.

Commissioner Dickison also asked how the budget would be handled regarding any rate increases for marina moorage or hangar rate increases. The Commission discussed authorizing expenditures during the year based upon the increased revenues. Mr. George Fox advised the Commission would not need to formally amend the budget to do this.

Commissioner Van Schoorl invited public comment on the operating budget.

Mr. Stanley Stahl asked how the Port calculates depreciation into the budget. Commissioner Van Schoorl answered that depreciation is maintained on schedules available at the Port. Debt service shows up in non-operating portion of the budget.

Mr. Neil Falkenburg asked the Commission how interest and principle shows up in the Boatyard operating budget. Commissioner Van Schoorl said that it is reflected in non-operating income and expense.

The Commission then proceeded to walk through the budget section by section for questions and discussion.

Airport. No public comments

Swantown Boatworks. No public comments

Swantown Marina. Commissioner Pottle inquired about assumptions used in developing the boatworks budget. Bruce Marshall responded that the budget is based, in terms of revenue, on 475 boats at an average length of 32 feet. He said the marina assumes 94% occupancy.

Marine Terminal. Ms. Holden advised that budget revenue is based on the assumption that the Port will see an increase in log vessels, with partial loads, one dozen barges, glass movement will continue at the same pace. The Port will see one additional operation, such as a cottonseed vessel, or some other product. The Port has a signed contract for one more cottonseed vessel that will arrive in February of 2000.

Properties. Revenue increases will mainly come from rentals and new leases.

Finance. Mr. Fox informed the Commission that the Finance and Administration Department will continue on with the same budget as last year. The only change would be a decrease in insurance.

Marketing. Ms. Qvigstad told the Commission that the Marketing Department's concentration will be on the Marine Terminal, the Boat Show, the Marina and Properties.

A motion was made, seconded, and passed to adopt the proposed Operating Budget, which includes \$6,763,874 for revenue, \$6,256,314 for expenditures and \$507,560 cash flow.

CAPITAL BUDGET

The total amount budgeted for projects is \$765,920. This includes \$115,353 for remaining projects and \$650,567 for new projects. The \$115,353 is needed to complete existing projects.

Mr. Handy informed the Commission that there is nothing in this capital budget earmarked for the Port Plaza. The Port is trying to come up with funding portions of the project from other organizations. An amount of \$20,000 was included in this year's budget for the installation of the Totem Pole. The Port is seeking several grants to complete the Port Plaza project. The Commission would like to see some alternatives for the Port Plaza after the first of the year. Commissioner Pottle would like to see all options on paper to see where the Port is.

Commissioner Van Schoorl stated that the Port is proposing a capital budget in the amount of \$775,960, which includes funds for NewMarket signage but does not include funding for the DEF project. Mr. Handy stated to the Commission that the Port may want to be seeking a contractor at public bid in the fourth quarter for possible construction of the DEF project in first quarter 2001. The Commission provided no further direction on the DEF project.

Ms. Kari Qvigstad informed the Commission that the original request for signage was for \$23,000, to include funding for NewMarket signage, the budget allowed \$13,000. Commissioner Dickison recommended including funding for NewMarket signage in the budget. A consensus was reached to include \$23,000 for signage to address NewMarket signs.

Commissioner Dickison advised he would like to see a fee structure established that would generate more revenue to put towards the "opportunity driven list." He would like to offer some guidance on the expenditures of those revenues that may be on the opportunity driven list. He questioned whether these items be put under advisory at a later time? Mr. Fox stated that they could.

Mr. Stahl advised the Commission on how the Port of Olympia and LOTT could work together in cleaning up the Cascade Pole site and improving the Port peninsula. He believes the Port and LOTT could work at a biological way of cleansing water coming down the hills. This water could be diverted to two to three separate ten acre wetland sites. Different varieties of plants and trees could be used. Commissioner Van Schoorl deferred to LOTT. He has had much discussion with LOTT staff and is open to working with LOTT and others to improve this situation. Commissioner Dickison prefers to deal with the problem at its source. He believes it is more cost effective to do a large treatment in one location than to do treatment in several locations.

A motion was made, seconded and unanimously passed to adopt the Capital Budget as revised by the Commission.

CASCADE POLE BUDGET

Mr. Don Bache advised the 2000 Cascade Pole Budget is the standard operating and maintenance budget. It helps continue the work with consultants and does not include funds for dredging. Mr. Handy advised the Commission that the Port and DOE are very close to an agreement regarding the containment cell and sediment removal aspects of the clean-up.

A motion was made, seconded and unanimously approved to adopt the Cascade Pole Operations Budget in the amount of \$683,523.

A motion was made, seconded, and unanimously passed to approve the Cascade Pole Capital Budget in the amount of \$2,404,700, most of which is for construction of the containment cell.

LEVY RATE RESOLUTIONS

Commissioner Van Schoorl asked where the Port stood as to its current rate. Mr. Fox advised the Commission that the Port is at 65% of the 106% levy limit. The Port is \$4 million under the maximum levy limit. Referendum 47 provides limitations on the amount the Port may increase the levy. Commissioner Dickison mentioned that no tax levy dollars go to operations.

Commissioner Van Schoorl suggested the Port should set dollar rates for tax revenue collection for \$2.2 million. Commissioners Dickison and Pottle advised they were not interested in that position.

Cascade Pole Special Assessment

Legal counsel was requested to comment on the Port's legal responsibilities with respect to the Cascade Pole remediation. Sandy Mackie advised the Commission that there are three directions regarding the Port's responsibility in cleaning up the Cascade Pole site: 1) keep going as we are now and get grants; 2) refuse to do anything and let DOE take over the site and the Port will be fined heavily, and 3) let the courts take over the site and all other Port assets.

Commissioner Dickison wanted to know if civil infractions could be levied against the officers of the Port if they chose not to continue with the cleaning up of the Cascade Pole site. Mr. Mackie advised that levies could be imposed against the officers of the Port only if they contributed to the contamination of the site.

Commissioner Dickison advised the Port needed to establish a funding source for the expenses of cleanup. He proposed the Commission consider a 2-1/2 cent increase to the existing levy, which equates to \$2,479,000, a millage rate of 24 cents directed to the Marina DEF development, and establish an environmental levy account at 6 cents per \$1,000, an increase of \$687,000 and levy rate combination of 30 cents per \$1,000 be proposed for consideration.

Commissioner Pottle expressed agreement with an environmental levy rate of 6 cents. He advised he felt the Port's hands were tied due to the legal nature of the clean-up obligation. He expressed support for the need to clean up the Cascade Pole site pursuant to the legal mandate. Commissioner Pottle expressed interest in providing that moneys designated for this cleanup be protected from diversion to other uses by future Commissions.

Commissioner Dickison advised he does not have a problem with splitting the levy rate issue, but feels this Commission should not constrain a future Commission regarding ultimate disposition of the funds because no one really knows what future needs may be. Commissioners generally concurred with this approach while expressing their intent to use this money for the Cascade Pole clean-up.

Commissioner Van Schoorl advised he would like to see the levy rate listed as a separate line item on constituents tax statements so that they will be able to see where their tax dollars are going.

Commissioners Dickison and Pottle expressed support for the 6 cent levy rate increase. Commissioner Van Schoorl advised he favored a 3 cent levy rate increase and wanted to know what the Port's potential obligation would be. Mr. Fox informed him that sufficient funds are not available to complete the clean up and that a 6 cent levy for as long as 16 years may be needed to complete the remediation, depending on the actual cost of clean-up activities. Commissioners generally expressed their understanding that a 6 cent increase was necessary.

The Commission then tabled the motion to adopt a 6 cent levy rate increase for Cascade Pole while the Commission

moved forward at counsel's request to adopt certain procedural resolutions relating to the tax levy.

A motion was made, seconded and unanimously passed to adopt Resolution 99-20 with added language to request the county assessor to add a separate tax line on tax statements advising this assessment is for environmental remediation. The Commission adopted Resolution 99-20.

The prior motion to adopt a 6 cent levy in the amount of \$687,643 was unanimously adopted, with reluctance expressed by Commissioner Van Schoorl.

Substantial Need Resolution

Commissioner Van Schoorl feels that the Port needs to be very judicious about how it raises the tax levy this year.

Commissioner Dickison advised he would like to see the Marina dock built to capacity and feels it is prudent to taxpayers to complete this task.

Commissioner Pottle expressed his view that the DEF project could be done without a 2-1/2 cent levy increase. He advised it might take a little longer to achieve that goal but the Port would get there.

Commissioner Van Schoorl reminded the Commission what happened the last time the Commission passed a levy increase when some taxpayers revolted. He advised no credit is given for past goodwill when the Commission lowered the rates a number of times. Commissioner Van Schoorl advised he too wants to build out DEF, however he would like to accomplish this with revenue bonds or conventional financing, not tax bonds. Mr. Fox stated that revenue bonds would be difficult to place in the current climate.

Mr. Chris Lane asked the Commission if moorage rate increases being considered by the Port later that week would have any impact on the DEF project. Commission Dickison advised that the range in rates would not substantially affect the DEF project.

A motion was made by Commissioner Pottle to set the base levy rate at 106 percent consistent with Referendum 47. The motion was seconded by Commissioner Dickison.

After some discussion, the motion passed on a 2-1 vote, with Commissioner Van Schoorl voting opposed.

Mr. Mackie advised the Commission to adopt Resolution 99-18 and 99-19. The Commission also unanimously adopted Resolution 99-18 and Resolution 99-19. Resolution 99-21 was also adopted and approved unanimously by the Commission.

ADVISORY CALENDAR

Sale of Property

Mr. Heber Kennedy advised the Commission that the Port has been approached by a party interested in acquiring a 22-acre parcel owned by the Port adjacent to the Olympia Regional Airport. The parcel was acquired by the Port from the Tumwater School District and has not yet been included in the Port's Comprehensive Plan. Commissioner Dickison expressed concern regarding possible condemnation of Port property in this situation. Commissioner Van Schoorl asked if there was a possibility of that happening. Mr. Mackie informed the Commission that it would be a very remote possibility, but not impossible. The Commission authorized Mr. Kennedy to proceed to get an appraisal done, gather more cost information for utilities, engage in general discussions with the interested party, and to bring this item back for further discussion at a later Commission meeting. To the extent discussions may focus on price, the matter will be discussed in executive session.

ADJOURNMENT

President Van Schoorl adjourned the meeting of November 22, 1999 at 9:30 p.m.

PORT OF OLYMPIA COMMISSION

President

Vice President

Secretary-Treasurer