

PORT OF OLYMPIA COMMISSION
MINUTES OF REGULAR MEETING

November 23, 1998

CALL TO ORDER

President Pottle called the meeting of November 23, 1998, to order at 6:35 p.m. at the Olympia Center in the Multipurpose Room B. Commissioners Dickison and Van Schoorl were in attendance.

Staff in attendance were: Executive Director Nick Handy, Deputy Director Wendy Holden, Director of Engineering and Planning Andrea Fontenot, Director of Marketing and Trade Development Kari Qvigstad, Director of Finance and Administration George Fox, Executive Assistant Jeri Sevier, Swantown Manager Bruce Marshall, and Marine Terminal Manager Jerry Mahoney.

Members of the public in attendance were Trisha Callopy of *The Olympian*; Sandy Mackie, legal counsel for the Port of Olympia; Doug DeForest, Olympia; Bernie Friedman, Olympia; Steve Wells, Olympia; Don Olmszao, Olympia; Lanny Carpenter, Olympia; Paul Telford, Olympia; Alan Eichler, Lacey; Stanley Stahl, Olympia; Ron Grant, Olympia; Roger Carnes, Olympia; Ken Finak, Olympia; N Zena Hartung, Olympia; Ed Johnson, Olympia; Ron Gravett, Lacey; Ken Bragg, Olympia; and Kirk Knittle, Olympia.

APPROVAL OF AGENDA

Executive Director Nick Handy recommended the action calendar presented for this meeting be changed to an advisory calendar. There was a staff oversight for publishing the statutory public notice, therefore this meeting would not be the official public hearing. Since the meeting was advertised as a public hearing, Mr. Handy recommended the Commission allow the public to comment on the agenda items. In addition, Mr. Handy recommended the Commission continue this meeting to November 30, at which time proper notice will have been issued and would allow for action on the agenda items and an additional public hearing.

COMMISSIONERS REPORTS

Commissioner Dickison reported on the presentation at Transportation Policy Board meeting he recently attended.

CONSENT CALENDAR

Minutes. The minutes of October 26, 1998 and November 9, 1998 were unanimously approved as published.

Bills and Vouchers. The bills and vouchers for the period ending November 23, 1998 in the amount of \$1,617,980.22 were unanimously approved.

Capital Project Expenditures. Mr. George Fox submitted an addition to the capital project expenditures listing to include Blackline Inc. for sealing a crack on runway 26 in the amount of \$29,138.74. The capital project expenditures were unanimously approved as submitted.

ADVISORY CALENDAR

Resolution 98-19 - 1999 Operating and Capital Budget Approval

Mr. Nick Handy indicated to the Commission this was the fourth public presentation of the budget since late October. The budget presented is dramatically impacted by the loss of an important customer at the Port. The budget recommends elimination of ten staff for a \$1.2 million dollar reduction. The budget also reflects substantial cutbacks in Port events, training, travel, and other expenses. Mr. Handy indicated the budget would maintain all four businesses. The staff reductions affect all of the businesses. The budget is a balanced budget without a need for tax increase and the forecasted

revenues meet expenses. The focus of staff at the Port will be on business development.

Mr. Handy indicated the Commission had asked staff to submit a proposal to revitalize some of the events being cut from the proposed budget. Ms. Kari Qvigstad presented recommendations to the Commission in response to the Commission's request. Ms. Qvigstad indicated the Port would provide facilities, limited staffing, and in-kind services to support the 1999 South Puget Sound Air Show. There is no financial support for a Port Boatswap, however, staff is working with an independent organization planning a marine services trade show to be held at the Swantown Boatworks in early spring. In addition, Ms. Qvigstad indicated the Chowder Challenge might be able to be maintained if held in conjunction with the marine trade show. The proposed budget includes \$4,000 to the South Puget Sound Maritime Heritage Association for Harbor Days. Ms. Qvigstad is recommending a scaled back open house at Harbor Days to maintain Port visibility. The budget also includes a \$2,000 sponsorship to Behavioral Health Resources to benefit the Swantown Regatta for 1999.

Resolution 98-20 – Authorizing an Increase in the Limit Factor

Mr. George Fox presented Resolution 98-20 to the Commission indicating the resolution authorizes an increase in the limit factor pursuant to Section 204 of Referendum 47. The resolution finds that there is a substantial need to protect the Port of Olympia's future levy capacity to meet substantial future capital needs in accordance with the Port's capital plan and budget.

Resolution 98-21 – Authorizing an Increase in Tax Levy Capacity

Mr. George Fox presented Resolution 98-21 to the Commission indicating the resolution authorizes an increase in the tax levy capacity for the 1998 levy in the amount of \$3,408,882.03, which is a percentage increase of 106 percent of the highest levy available. This resolution is necessary due to the fact the county assessor does not have the final tax assessments available.

Resolution 98-22 – 1999 Levy Collection

Mr. George Fox presented Resolution 98-22 to the Commission indicating the resolution certifies the 1998 Port of Olympia levy for 1999 collections estimated to be \$2,476,533.31 which is 71.5 percent of the maximum lawful levy for the Port district in 1998 for taxes to be collected in 1999.

PUBLIC COMMENT

Mr. Stanley Stahl indicated he was having trouble understanding the six percent discussed in the levy resolutions. Commissioner Dickison responded that the six percent was just a fictitious number. The Port is faced with a complicated issue of having to pass four different resolutions when the law limits a future levy increase unless there is a finding of substantial need. The Department of Revenue took this action to protect the levy capacity for the future, but left no incentive for a jurisdiction such as the Port of Olympia to pass a rate lower and lose the ability to maximize the capacity in the future. The Port's levy rates are 69 to 70 percent of maximum. The Department of Revenue is suggesting with the passage of Referendum 47, we must pass a resolution to maintain the capacity even if we do not vote on a levy rate to use it.

Mr. Alan Eichler asked what the substantial need for the future was referring to Resolution 98-20. Commissioner Dickison replied the need would be for the capital funding for items B, C, and maintenance that was not being funded this year in the proposed capital budget. Mr. Eichler agreed that maintenance was very important and should be the first item considered on the list.

Commissioner Pottle further indicated that deferring maintenance was no desirable for the long-term. We have to look at the whole thing and see what our best options for today are. If things change, then we may be looking at adding in maintenance funding.

Mr. Ken Bragg indicated to the Commission that he had previously requested a report from the Port that would indicate the date of the tax elimination. He asked the Commission when he was to receive that report. Mr. Bragg also indicated he had further concerns on the tax levy increases that would be needed to pay for Berth three project. Mr. Bragg indicated he would like for Commissioners to restrict capital projects to what the revenue is and to stop taxing home and business owners in Thurston County.

Commissioner Pottle responded to Mr. Bragg's concerns indicating the Port has had lengthy discussions about the berth

three project and begun the project before the announcement of Sunmar leaving. The Commissioners then asked staff to prepare and analysis on the costs associated with stopping the project. The analysis showed it would cost as much to get out of the contract as it would to complete it.

Mr. Nick Handy further indicated to Mr. Bragg that Berth 3 was the first issue the Port looked at when we received notice from Sunmar. At that point, the contractor had already purchased pilings, and the process was started.

Mr. Bernie Friedman responded to Resolution 98-20 indicating the people of Washington intended to impose a limit lid to discipline bad policy to vote a six percent raise when we don't need it. Mr. Friedman urged the Commission not to raise the levy capacity any more than needed.

Commissioner Dickison indicated that the Commission has never adopted formal policy to eliminate the tax levy. The Port uses the tax levy as a tool to support responsible economic opportunity and works to keep the levy at the lowest responsible rate. All Port's by law have public support to maintain accountability.

Commissioner Pottle said the Port's mission is to promote economic growth and diversity. The Port intends on playing an active role in bring companies here to increase jobs in Thurston County.

Mr. Lanny Carpenter said he sees the Port as a transportation facility to transport from water to land or air to land, but does not see the Port as a engine of economic development and encouraged the Commission to remove the subsidy to the Economic Development Council.

Mr. Paul Telford indicated that Referendum 47 passed to limit increases. He stated that it does not do anyone any good to set a limit for the future. He further indicated the Port should stay with in the increase of inflation and eventually stop using tax dollars to fund the Port.

Ms. Zina Hartung asked the Commission what impact occurs as a result of public input. She indicated she is a business owner and if she were to loose and important customer, she would need to bring her budget actual to reality. In addition, Ms. Hartung felt the mission of the Port ought to be looked at if the Port is an engine for growth by taking tax dollars and flushing them into a program that has already bitten the dust. Ms. Hartung also noted that the Grand Mound project is a potential boon dock and the project will end up costing the taxpayers and does not contribute to society. Ms. Hartung asked the Commission when and how are the larger questions looked at.

Commissioner Dickison responded to Ms. Hartung indicating the Port has looked at the larger questions, in fact, several years ago spent three years from 1992 – 1995 answering the larger questions and developed a comprehensive plan. During that process over 100 public citizens were involved. Commissioner Dickison further stated that we have lost \$2.2 million dollars in revenue and have worked a budget to compensate, those were not easy decisions to make, but we have to be able to operate with a balanced budget. We are able to do that because we are not completely reliant on one business, the other businesses are making up the difference.

Commissioner Dickison noted that Grand Mound was an interesting issue and tonight we have had a useful public debate about what the Port should be doing with a mission and what criteria we use to measure economic development. Commissioner Dickison noted that economic development is not the same as growth.

Mr. Bernie Friedman commented that the state law does not require but rather permits the Port to be involved in economic development. Mr. Freedman further indicated that maybe the policy set five years ago needs a new dialog.

Mr. Doug DeForest commented that the public dialog took place three years ago. He further indicated that it may not be appreciated the extent to which the Port has received public comment on the comprehensive plan. Mr. DeForest said the Port is on the right track and is following a strategic plan. He also commented that he applauds the Port for taking the severe steps that had to be taken to balance the budget.

Mr. Ken Philack indicated to the Commission that they should reassess the business plan. He further noted that conditions are changing and plans from five years ago are not the same.

Commissioner Van Schoorl responded that Mr. Philack is basing all assessments on the Marine Terminal and failure of one client, when in fact there are other businesses that are very successful.

Ms. Hartung asked the Commissioners to consider looking at the Marine Terminal and changing the uses. She indicated that containers is not what the Port should be doing and asked if they could be creative and look to improve the local

community and bring in ferries.

Commissioner Dickison indicated that the comprehensive plan includes provisions for ferries, however, many studies indicate the Department of Transportation has monopolized the ferry system in the state and a private ferry system has not yet proven economically viable.

The meeting was adjourned to Monday, November 30, 1998 at 5:30 p.m. for the formal public hearing and action on the operating and capital budget and proposed tax levy resolutions.

ADJOURNMENT TO MONDAY – NOVEMBER 30, 1998

President Pottle called the continuance of the November 23, 1998 meeting to order on November 30, 1998 at 5:35 p.m. in the large conference room at the Port of Olympia. Commissioners Dickison and Van Schoorl were in attendance.

Staff in attendance were: Executive Director Nick Handy, Deputy Director Wendy Holden, Director of Engineering and Planning Andrea Fontenot, Director of Marketing and Trade Development Kari Qvigstad, Director of Finance and Administration George Fox, Executive Assistant Jeri Sevier, Swantown Manager Bruce Marshall, Property Development Manager Heber Kennedy, and Marine Terminal Manager Jerry Mahoney.

Members of the public in attendance were Trisha Callopy of *The Olympian*; Sandy Mackie, legal counsel for the Port of Olympia; Doug ?, KGY; Keith Bausch, representing the ILWU Local 47 and the PAC; Robert Rose, representing ILWU Local 47; Chuck Fowler, representing South Sound Maritime Heritage Association; Dennis Matson, representing Thurston County Economic Development Council; Patrick Barnes, Olympia; and Chris Lane, representing the PAC.

ADVISORY CALENDAR

Kiosk Panel

- Ms. Kari Qvigstad presented the Commission with a blueprint of the 75th Anniversary Kiosk Panel. This panel will be a permanent panel. She asked the Commissioner to review and advise before final production.

ACTION CALENDAR

Resolution 98-19 – Final Operating and Capital Budget for 1999

Mr. Nick Handy indicated to the Commission that staff would not have a presentation on the budget this evening. Staff has presented this proposed budget to the Commission on four other occasions, October 23, October 26, November 9, and November 23. Staff has brought all policy issues to the Commission related to the budget.

PUBLIC COMMENT

Mr. Chuck Fowler thanked the Port and the Commissioners for the sponsorship of harbor days. He indicated that he noticed a sponsorship remained in the budget, which he felt was a good investment. He thanked the Commission for the partnership role they have taken with the South Sound Maritime Heritage Association.

Mr. Patrick Barnes thanked the Commission for supporting the Swantown Regatta. The Port's commitment to the maritime community is appreciated. Mr. Barnes indicated he is looking forward to the future opportunities to partner with the Port.

Commissioner Dickison made a motion to approve Resolution 98-19, Commissioner Van Schoorl seconded the motion. Commissioner Dickison indicated the Port has been through a lot to arrive at a balanced budget. The impacts on the Port maintenance activity, the public events were a concern and staff has responded to achieve continuation of these events at reduced funding levels.

Commissioner Van Schoorl complimented the staff for the responsive action taken to his request to keep community involvement efforts alive and indicated staff did a great job on presenting a balanced budget. Commissioner Van Schoorl indicated the Port would be significantly better off at the end of 1999 than at the beginning. Commissioner Van Schoorl did call staff's attention to the parking lot and stormwater capital projects at the Airport. He felt those projects were closely related and may need to be reassessed as to the priority level.

Commissioner Pottle indicated his preference to be conservative than not to be. He further indicated that staff did a good job in working hard to get the budget down. He advised staff to watch every dollar and to be prudent throughout the year.

The Commission unanimously approved Resolution 98-19 – Final Operating and Capital Budget for 1999.

Resolution 98-20 – Levy Limit Factor

Mr. George Fox reported to the Commission that the levy limit factor resolution would preserve the levy ceiling for the future. He further indicated that the Port has a legal obligation to adopt a budget committed to the general obligation of bonds that we made a promise to maintain a bonding capacity.

Commissioner Van Schoorl indicated this was a prudent move. The Port has a responsibility to preserve the future of the Port. Commissioner Dickison agreed and felt this was a prudent course of action. However, he noted that he does not concur with the opinion that it takes special action, none the less, prudent to take this action.

The Commission unanimously approved Resolution 98-20 – Levy Limit Factor.

Resolution 98-21 – Tax Levy Capacity

Mr. Fox indicated Resolution 98-21 sets the tax levy capacity at a dollar amount. The calculation of tax levy base is in the amount of \$3,408,882.03.

The Commissioners had discussion of the levy capacity asking Mr. Fox about the proposed number and the possibility of modifying the resolution later when the correct numbers were available. Commissioner Van Schoorl indicated that the action taken tonight would be the amount, you could not modify later. He further estimated that the amount estimated and the difference in the final amount will be very insignificant.

The Commission unanimously approved Resolution 98-21 – Tax Levy Capacity.

Resolution 98-22 – 1998 Levy for 1999 Collection

Commissioner Van Schoorl moved the approval of Resolution 98-22 with modification to item number 1 certifying the levy collection be \$2,407,512 and deleting item number 3 and 4. Commissioner Dickison indicated he wanted to incorporate the level consistent with new construction and not a tax increase. Commissioner Van Schoorl indicated this would keep the tax amount the same and the rate would go down for taxpayers. Commissioner Dickison asked to keep the rate the same but the dollar amount based on valuation, this is not something we can control, but should encompass new construction. Commissioner Van Schoorl indicated his willingness to go along with that suggestion so the Port could benefit from economic development.

Commissioner Van School moved the approval of Resolution 98-22 with modification to item number 1 certifying the levy collection to be \$2,462,512 and to delete item 3 and change item 4 to \$55,000, attributable to new construction. Item number 5 would be changed to indicate the actual levy certified is 71.1 percent of the Maximum Lawful Levy.

The Commissioner unanimously approved Resolution 98-22 – 1998 Levy for 1999 Collection with the above changes.

Public Comment

Mr. Keith Bausch gave the Commission praise for working to make the Marine Terminal a viable business. He thanked the Commission for the partnership between the Port and the union. Mr. Bausch indicated that on behalf of ILWU Local 47, he complemented the Commission for the brave and hard action they have taken to produce a balanced budget. He further indicated the Commission should be proud of the Marine Terminal and all that has been accomplished here over the past few years.

Executive Session

The Commission went into executive session for approximately one hour to discuss a proposal in negotiation with a potential customer for the Marine Terminal.

ADJOURNMENT

President Pottle adjourned the regular Commission meeting of November 23, 1998 on November 30, 1998 at 7:25 p.m.

PORT OF OLYMPIA COMMISSION

President

Vice President

Secretary-Treasurer