

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

November 27, 2006

CALL TO ORDER

President Pottle called the meeting of November 27, 2006, to order at 5:30 p.m. at the LOTT Board Room in Olympia. Commissioners Telford and Van Schoorl were also in attendance.

Staff in attendance were: Executive Director Ed Galligan, Administrative Manager Jeri Sevier, Communications Manager Patti Grant, Airport Director Rudy Rudolph, Finance Director Steve Davis, Marine Terminal Director Jim Amador, Marketing Director Kari Qvigstad, Public Works Director Andrea Fontenot, Harbor Director Bruce Marshall, Controller Kim Peterson, Marketing Program Assistant Maureen Malahovsky, and Property Director Heber Kennedy. Bob Goodstein, the Port's Legal Counsel was also in attendance.

Public in attendance were as follows: Representing *The Olympian* was Jim Szymanski. Others in attendance included: Richard Wolf, Meta Heller, Don Melnick, Jim Trotter, Scott Baker, Jim Wright, Bill McGregor, Keith Bausch, Rod Edgbert, Dave Stauffer, Arthur West, Jerry Dierker, Bill Pilkey, Michael Cade, Brent Evans, and Harold Clark.

APPROVAL OF AGENDA

The agenda was approved as presented.

CONSENT CALENDAR

Minutes Approval. The Commission unanimously approved the minutes from the November 13, 2006 meeting. Commissioners Van Schoorl and Telford approved the minutes from the November 16, 2006 meeting, as President Pottle was not in attendance.

ACTION CALENDAR

2007 Operating and Capital Budget Public Hearing

Mr. Steve Davis, Finance Director, provided the Commission with an overview of the 2007 Operating and Capital Budget proposal. Following his overview, the Commission discussed the proposal and listened to public comment.

Jerry Dierker, resident of Olympia, indicated that he has filed an appeal on the SEPA for the 2007 capital budget, therefore an agency cannot commit to a project before an environmental review is done including the appeal process. This appeal will prevent the Port from taking action on the capital budget. He indicated that if the commission wanted to put a caveat that the port will not act on the capital budget pending the completion of the appeal process, he would be ok with that. He also commented on the Taxilane SEPA determination and indicated that the Weyerhaeuser project is determined on the dredging, which he did not think would happen for some time. He also mentioned that he did not think that Mr. Pottle should vote on this budget.

Arthur West, resident of Olympia, commented on the SEPA for the Capital Budget, this was issued over a holiday with no public comment. He commented that he was confused on the procedure and the SEPA determination should be withdrawn. He reported that the substance of the SEPA is also defective. The

projects listed in the capital budget are not in compliance with the harbor plan or master plans. He also commented that both Mr. Pottle and Mr. Van Schoorl are in violation of the appearance of fairness doctrine.

Bill Pilkey, resident of Olympia, commented that this is a poor excuse of a budget and do not allow for public comment and input. There are unnecessary expenditures and this budget does a good job of hiding actual expenses. In general he does not agree with the fundamental premises of the budget.

Michael Cade, resident of Olympia, also representing the Thurston County Economic Development Council, commented that on behalf of the EDC and personally he fully supports the Ports budget and the plan to continue to strengthen the economy and the partnerships the Port has engaged with in Thurston County. He encouraged the Port to continue the strong stance in Thurston County.

Patty Belmonte, representing the Hands on Children's' Museum, commented that the Port works with the Museum on several projects over the years including the Sand in the city event. She thanked the Commission and port staff for helping stage the largest event this past year and for making significant visitor safety improvements at the Port Plaza. She noted that the work at East Bay, NorthPoint, and the Marina would continue to stimulate economic growth in Thurston County. She indicated that she fully supported the 2007 Operating and Capital Budget.

Chris Sterns, resident of Olympia, indicated there would be a meeting held the next day on bio remediation at the Lacey library from 2-4 p.m. He indicated that this a new advance on biological clean up and could help with Cascade Pole.

Jim Wright, resident of Olympia, commented on the Capital budget for the future. He noted that this is a good business budget; it has right balance for profitability and needed growth. He commented that this budget addresses prioritized projects. He indicated that operating a Port is a high-risk business and you must take advantage of the opportunities that are here today. The staff has to be on their toes and public outreach is important. He noted that the staff and commission must keep the pressure on bringing in the Weyerhaeuser contract, diversification is important. He indicated that Swantown is a cash cow and the needed improvements are necessary. The airport is the air transportation hub for the State Capital. The safety improvements in the budget will assure the favorable use. He commented that the properties program has paid off; long-term leases continue to pay dividends. Mr. Wright indicated that the Port is on its way to a banner year.

Keith Bausch, resident of Olympia, representing the Local Longshore, indicated he was speaking tonight as a taxpayer as well as a longshoreman. He commented that if the opportunity comes up and we need the mafi trailers, he hoped that the commission will reconsider putting those back in the budget. In addition, he commented that the gutters are really needed at the Warehouse and that project was also cut from the 2007 budget. He indicated that millions of dollars were lost by three people in Thurston County that are dictating what is happening at the Port of Olympia. These people are abusing this process. As a taxpayer, he commented that he is tired of paying taxes for those people abusing the SEPA laws.

Commissioner Telford commented that the adoption of a budget does not mean that you have committed to a project. All projects over \$25,000 will come back to the commission for final approval. The Weyerhaeuser project is not limited by dredging. Commissioner Telford thanked the staff for an excellent effort to scrub the budget changing the operating surplus from \$110,000 to \$342,000. Commissioner Telford indicated that that there should be footnotes for sale of property in the budget. He also questioned the why election costs were included in the 2006 budget when there was no Port election. However, since there was an amount incorrectly budgeted in 2006, there would not be an increase year over year.

Commissioner Van Schoorl commented that this was the third budget hearing and the best presentations to date. He noted that he appreciate the directors making the additional cuts to bring the surplus up. He commented that the projects were prioritized and therefore the result was a better process. He indicated

that he would like to look at the priority list and talk about what kind of workload we are putting on staff. He thanked staff for their hard work.

Resolution 2006-14 – Levy Capacity

Resolution 2006-14 authorizes an increase in the tax levy capacity. Commissioner Van Schoorl moved approval of Resolution 2006-14; Commissioner Telford seconded the motion. Commissioner Telford commented that this is a complicated resolution and he assumed it was technically correct. The Commission unanimously approved Resolution 2006-14.

Resolution 2006-15 – Setting the Levy Rate

Resolution 2006-15 certifies the tax levy for 2007 collection. Commissioner Van Schoorl moved approval of Resolution 2006-15; Commissioner Telford seconded the motion. The Commission unanimously approved Resolution 2006-15.

Resolution 2006-16 – Rates and Fees

Resolution 2006-16 authorizes proprietary type user charges for Port goods and services setting the rate and fee structure for the Port of Olympia for 2007. Commissioner Van Schoorl moved approval of Resolution 2006-16; Commissioner Telford seconded the motion. Commissioner Telford observed that for next year this resolution be re-looked at editorially and the user charges using a national user type index as apposed to the Seattle Bremerton index, which we use for other formulas. Commissioner Telford also noted that the rates and fees where not publicly submitted until this meeting and the public should be allowed to public comments on this issue. No public comment was given. The Commission unanimously approved Resolution 2006-16.

Resolution 2006-17 – Adoption of the Operating and Capital Budget

Resolution 2006-17 adopts the final operating and maintenance, environmental remediation, and capital budget for 2007. Commissioner Telford moved approval of Resolution 2006-17; Commissioner Van Schoorl seconded the motion.

Commissioner Telford offered an amendment to the motion to reduce the governmental budget and take out the Rotary Club dues. The motion died for a lack of a second. Commissioner Van Schoorl indicated that he expects the Executive Director to be involved in the community organizations.

Commissioner Telford offered an amendment to the motion to reduce marketing for \$10,000 for the direct cash to the non-profit organizations. He encouraged the support of the in-kind donations made by staff. The motion died for a lack of a second.

Commissioner Van Schoorl offered an amendment to the motion to increase the Commission (Governmental) budget by \$25,000 for communications based on a communications plan adopted by the commission.

Commissioner Telford amended the motion to move the funding from marketing. He commented that he would like to take a look at the plan and see where the money in the marketing budget is going. Commissioner Van Schoorl indicated that if there is enough in marketing to do what we want then this would be a reserve.

Commissioner Van Schoorl amended the motion to adopt the operating and capital budget, passing Resolution 2006-17, by adding \$25,000 to the Governmental budget as a reserve, asking Marketing to bring back a communications plan for discussion and approval by the Commission, the total funding for the Communications plan may include funding from the current marketing budget as well as from the \$25,000 reserve. The Commission indicated they would like to approve the entire communications plan

and play an active role in the implementation. This motion was amended moved by Commissioner Van Schoorl and seconded by Commissioner Telford. The Commission unanimously approved Resolution 2006-17.

ADVISORY CALENDAR

Update on Commission Recruitment Process

Commissioner Pottle announced his resignation from the Port Commission effective immediately. Commissioner Van Schoorl read a letter from Commissioner Pottle resigning from his position as Port Commissioners. He made a motion to accept his resignation. Commissioners Telford and Van Schoorl passed the motion. Commissioner Pottle then announced a recess. Commissioner Telford reconvened the meeting with Commissioner Van Schoorl present.

Commissioner Van Schoorl indicated that Commissioner Pottle has resigned after 9 years of dedication to the Port and his focus on job creation and marketing. He noted that Commissioner Pottle brought a lot of knowledge to this Commission. He indicated that we would be holding a celebration of Steve's tenure on January 12, 2007. Commissioner Van Schoorl thanked Commissioner Steve Pottle for 9 years of outstanding contribution to this community.

Commissioner Telford asked counsel about swearing in a new commissioner and if this was required. Commissioner Van Schoorl indicated that can be done at the County Auditor's office or we can have a judge swear them in. The Commission asked Ms. Sevier to notify county auditor after an appointment is made.

Commissioner Telford indicated that paring down 15 applicants to the final four was difficult but making the final decision was even more difficult. Commissioner Van Schoorl echoed his comments.

Commissioner Van Schoorl indicated that we had three outstanding final candidates with expertise in international trade, port operations, and private business. Commissioner Van Schoorl moved recommended appointing Bill McGregor to fill the position of Commissioner District 2, effective the date he is sworn in. Commissioner Telford commented that he felt that we couldn't go wrong with a person who knows how Port districts operate. He noted that this person will have to run for election next year and also concluded Bill McGregor is a good choice to replace Commissioner Pottle, he seconded the motion. The motion passed unanimously. Commissioner Telford noted to Mr. McGregor that he should get a copy of *Knowing the Waters* and the commissioner's resource guide from WPPA. The Commission also encouraged him to attend the WPPA conference the first week of December. Commissioner Van Schoorl thanked both Don Melnick and Brent Evans and invited them both to be involved and engaged in other Port issues and projects.

Mr. Bill McGregor thanked the Commission for handling the recruitment process so professionally. He commented that he will get sworn in this week and is anxious to become Port Commissioner.

PUBLIC COMMENT

Bill Pilkey, resident of Olympia, thanked the Port for starting the meeting with the pledge of allegiance. He commented that he also appreciated the public comment included on the agenda, however he would like to have that moved to the beginning of the meeting instead of the end. He noted that the reason why there were no comments on the rate increases is because the constituents did not know about this. He noted that he does not see enough respect from the commissioners and the public at these meetings. Some public comments are downright rude and threatening, in addition, the Commissioners have a duty to be considerate and respectful of those speaking. Commissioner Telford agreed.

COMMISSIONERS REPORTS

Commissioner Telford indicated that he attended the Manufacturing Alliance meeting.

Commissioner Van Schoorl reported that the WPPA meeting is next week in Seattle, December 6-8th.

EXECUTIVE DIRECTOR REPORT

Mr. Ed Galligan reported that there was a 12 percent increase in operations at the airport in October 2006. He noted that we were close to exceeding 6300 operations, as compared with 5,600 in October 2005.

Mr. Galligan reported that Judge McPhee scheduled a hearing on the Plaintiff's filing on the Airport Taxilane SEPA filing for December 7, 2006.

Mr. Galligan noted that Airport Director, Rudy Rudolph has recently sent out a "discussion draft" of the Airport's Habitat Management Plan to stakeholders and interested parties for comment.

And finally, Mr. Galligan noted that last week the Marine Terminal had an Alaskan Log Barge with over 600,000 board feet of logs going to local mills.

ADJOURNMENT

Vice President Telford adjourned the meeting of November 27, 2006 at 7:20 p.m.

PORT OF OLYMPIA COMMISSION

President

Vice President

Secretary-Treasurer