



PORT OF OLYMPIA COMMISSION
MINUTES OF SPECIAL MEETING

June 17, 2009

CALL TO ORDER

President McGregor called the meeting of June 17, 2009, to order at 2:04 p.m. at the Large Conference Room at the Port of Olympia. Commissioners Barner and Telford were also in attendance.

Staff in attendance were: Executive Director Ed Galligan, Administrative Manager Jeri Sevier, Airport Director Rudy Rudolph, Finance Director Kevin Ferguson, Controller Andi Mounts, Property and Business Development Manager Mike Reid, Communications Manager Kathleen White, Acting Engineering Director Rick Anderson, Marine Terminal Director Jim Amador, and Marketing and Business Development Director Kari Qvigstad.

Public in attendance were as follows: Richard Wolfe.

COMMISSION CONSIDERATION

Preliminary Budget Process Discussion

Mr. Kevin Ferguson presented the Commission with the proposed 2010 budget schedule for preparing the 2010 Operating Budget and Capital Investment Plan. The Commissioners reviewed the proposed schedule and provided feedback. All Commissioners asked for clarification on one or more of the scheduled items.

Mr. Ferguson indicated that the first commission work session would not include a draft budget but will be an opportunity for the commission to give guidance on revenue issues and tax items.

Mr. Ferguson distributed Property Tax Calculation Methods and indicated that there are a number of different ways for the Port of Olympia to determine how much it should collect in property taxes from the citizens of Thurston County. He described four plans for calculating the amount collected and the inherent tax rate charged to property owners.

Method One sustains the "average" tax amount paid by a Thurston County taxpayer. This would essentially take the taxes collected for 2009 plus new construction. This would yield approximately \$4,529,480 in taxes for 2010.

Method Two is to sustain the Port of Olympia tax rate on Thurston County property including new construction holding the tax rate constant and yielding approximately \$4,607,850 in taxes for 2010.

Method Three is to raise or lower the tax collections within an allowed band that does not require voter approval. This could yield \$13,823,550 in taxes for 2010.

Method Four is to go to the voters and ask for a tax rate above the already allowed \$.045 / \$1000 of assessed value. The Port could collect more than the \$13.8 million calculated in Method Three but it would require voter approval.

Commissioner Telford indicated he would like to keep the tax amount the same as 2009 – take no new construction in recognition of the economic situation.

President McGregor asked how much we need to cover our current debt. Mr. Ferguson responded that we need \$3.6 million.

Commissioner Telford indicated that if the Port operates in the black there is potential to service more debt. Commissioner Barner indicated that he would like to see us restructure the debt and pay it off earlier, however he is still interested in the brewery property to enhance the marine terminal and we would need bonding capacity for that project.

Mr. Ferguson indicated that if you include new construction the tax collection would be \$4.6 million and if not the tax would be \$4.5 million.

Mr. Galligan asked for Commission guidance on the tax levy. Commissioner Telford indicated that he is proposing no new construction. Commissioner Barner and President McGregor indicated they have not made up their mind. However, President McGregor indicated he would lean towards taking new construction. Commissioner Telford indicated that the port historically has not operated in the black and therefore can not count on any money moving forward for capital projects.

Commissioner Barner suggested we do some public outreach to educate the public on what the port does and where we spend our money. Mr. Ferguson indicated that he will create a document that has numbers and words and provide that to the Commissioners with appropriate presentation materials where they can talk about the items and provide citizen access to the budget documents.

Mr. Galligan indicated that the budget document will be understandable by the general public showing the fundamentals. The goal is to improve communications throughout this process and be responsive to constructive criticism from the public.

Commissioner Telford indicated the Port needs to improve operating revenues over expenses, and with the state of economy, he is recommending no salary increases. He noted that companies are laying people off, taking pay cuts, and we can not act like business as usual.

Mr. Ferguson indicated that he has had conversations with Thurston County Treasurer, Robin Hunt to move the Port back to the county as treasurer and bank. He noted that this would be cost efficient for the Port and a better methodology for overall investments. The Commission concurred with this approach and suggested he bring a draft resolution to the Commission. Mr. Ferguson indicated he thought he may have something by the end of July. Commissioner Barner and Telford indicated that this would be their preference and the wise thing to do. President McGregor commented that he also thinks we should be in the Thurston County pool.

Commissioner Telford indicated that he wants a summary sheet for the budget no more than a couple of pages, then provide more information for those that want to more detail.

Mr. Galligan noted this is the busiest business year in a more than a decade and half. Port employees produced high productivity levels to make that occur, and while he appreciates what other businesses are going through, the Commission ought to consider factors related to the Port, as well as the automatic step increases that other agencies will be providing their employees, when considering an appropriate merit budget, consistent with the commission approved compensation policy. He noted, some job cut backs by organizations also forced them to pay retention bonuses to maintain their remaining workforce. Given the lack of depth in FTE's at the Port he expressed concern about not rewarding employees for meritorious performance. Commissioners Barner and McGregor indicated they would like to see what the recommendations are before making any decisions on salary increases.

Airport Security Gates

Mr. Galligan indicated through the process of a customer service survey issued to the tenants at the airport, we found a common issue was the airport security gates.

Mr. Rudolph indicated that in 2006 the report from the Runway Safety Action Team indicated that six issues were identified as security concerns. Since that report four of the issues have been corrected and the remaining two issues are to restrict access to the air operations area by unauthorized persons and to protect the general public from harm.

Mr. Rudolph reported that in May 2007 the Port Commission approved the General Aviation Security Plan. In that plan the Port scored a 43 recommending access controls for the gates.

Mr. Rudolph indicated that the staff is recommending at a minimum to enhance security, the Port add three motorized security gates with card swiping capabilities or some method of control and upgrading of a fourth gate.

Mr. Rick Anderson explained the quote for the anticipated construction costs and explained the research and due diligence that has been done to prepare the quote. He noted that the estimated cost is \$129,243 for this project.

Commissioner Telford asked why a pilot can not fly in and visit the restaurant and get back to his plane? Mr. Rudolph responded that when we had airline service the ramp was restricted by TSA, once the airline went away we looked at this and if we had some access control this could be done. We asked the restaurant owner would let them in when they ring the buzzer, and the restaurant owner would not take on the responsibility.

Commissioner Telford indicated that he realizes that we have a problem at the airport with security gates. President McGregor asked if we fix a few gates and the other gates continue to be unlocked, what have we gained? Mr. Rudolph indicated that we would be setting up policy and procedures that tenants need to follow and the Commission needs to implement.

Commissioner Barner commented that he thought it was important to get security gates at the airport and reduce our liability. Commissioner Telford indicated we need to do it and suggested it be brought forward to a Commission meeting for approval.

City of Olympia Debrief

President McGregor indicated that the Commission held a joint meeting with the City of Olympia the night before to discuss the East Bay Redevelopment. Commissioner Barner indicated that he thought the meeting went very well. He noted that he thought the Commission was being lobbied to solve the housing project for the city. He commented that we do not want preferential treatment for doing the city a favor. We need to be treated equally and do what works for our development.

Commissioner Telford also felt the pressure from the council about controlling what goes in our development. He noted that they had good summary information on a power point regarding the CLAMP and he thought it would be helpful to get that information.

Mr. Galligan discussed the truck route issue and indicated we need to get more information on what is designated as a truck route and better understand the implications and whether or not there are ordinances.

Richard Wolfe indicated that the East Bay Neighborhood Association is very concerned about the traffic. He commented that the city is not cooperating in this effort. His observation of the meeting last night, the council was trying to control the Port. He noted that in regards to the CLAMP, they are pushing the lack of maintenance over the years to other entities.

WPPA Annual Meeting Report

Commissioner Barner distributed information that he picked up at the WPPA annual meeting to the other commissioners previously. He reviewed the agenda and the sessions that he attended and provided the Commissioners a summary of those sessions.

ADJOURNMENT

President McGregor adjourned the meeting of June 17, 2009 at 4:27 p.m.

PORT OF OLYMPIA COMMISSION

President

Vice President

Secretary-Treasurer