

**MINUTES OF THE PORT OF BELLINGHAM COMMISSION MEETING
HELD TUESDAY, APRIL 6, 2010
HARBOR CENTER BUILDING CONFERENCE ROOM
1801 ROEDER AVENUE, BELLINGHAM, WASHINGTON**

Present:	Jim Jorgensen Michael McAuley Scott L. Walker	President Vice President Secretary
Staff:	Rob Fix Rob Fix Art Choat Mike Stoner Dan Stahl Sylvia Goodwin Lydia Bennett Dodd Snodgrass Shirley McFearin Carolyn Casey Dan Zenk Adam Fulton Norman Gilbert John Sitkin Diane McClain	Acting Interim Executive Director Chief Financial Officer Director, Aviation Director, Environmental Programs Director, Marine Services Director, Planning and Development Director, Real Estate Economic Development Specialist Development Manager, Real Estate Communications Manager Airport Manager Project Engineer Project Engineer Port Counsel Interim Executive Secretary

CALL TO ORDER

Commissioner Jorgensen called the meeting to order at 3:00 p.m.

PUBLIC COMMENT PERIOD

1. Andre Molnar, (Managing Member, Bellwether Hotel ownership) Bellingham, Washington - Mr. Molnar reported the past year has been very difficult economically for the Bellwether Hotel and he spoke of the importance of enhancing public relations through recognition of the area and asked for assistance with advertising and promoting the Port area and the Bellwether Peninsula property.
2. Mike Granat, (Bellingham Maritime Museum) 800 Cornwall Avenue, Bellingham, Washington- Mr. Granat referenced a Bellingham Business Journal article – “NOAA to stick with Newport” - which he felt was not a totally accurate accounting of the current dock design, funding authorization, FEMA’s 500 year floodplain status and the Inspector General’s ongoing investigation.

Commission Meeting Minutes

April 6, 2010

Page 2

3. Leroy Rohde, 4961 Noon Road, Bellingham, Washington- Mr. Rohde referenced an article in Sunday's Bellingham Herald calling for a bid for a webmaster/web designer and stated he is pleased to see the Port is the advertising for this. Mr. Rhode was concerned that a marine facility was mentioned in the article but not a shipping terminal.
4. Tami DuBow, Van Horn Lane, Bellingham, Washington- Ms. DuBow voiced concern regarding the planes getting bigger, louder and flying low. Art Choat suggested the FAA be contacted with any concerns she and her neighbors may have.

CONSENT AGENDA

Motion: Approve Consent Agenda items A. through G. as follows:

- A. Approve minutes of the March 2, 2010, and March 16, 2010 regularly scheduled Commission meetings and the March 4, 2010, March 11-12, 2010 and March 22, 2010 Special Commission Meetings.
- B. Approve Voucher Certification and Approval March 3, 2010- March 31, 2010, totaling \$2,848,104.51.
- C. Authorize the Interim Executive Director to sign a Memorandum of Understanding with the Washington State Military Department for the potential used of the Bellingham International Airport as a disaster staging area.
- D. Approve the final ratification to the Emergency Contracts for Acquisition of Materials, Equipment, Supplies, and Services procedures utilized by the Interim Executive Director in the amount of \$258,009.17 for the second phase of tenant improvements requested by the U.S. Customs Border and Protection Agency at the 2010 Olympic Coordination Center.
- E. Approve the memo that describes the scope for the 2010 review of the Port's Moorage Model.
- F. Approve a Modification of the IPZ Zone (Innovation Partnership Zone) Research Facility Lease between the Port of Bellingham and the Bellingham Technical College (BTC).
- G. Authorize the Interim Director to enter into a contract with B&B Paint Co., Inc. for the Painting Projects FY 2010 in the amount of \$92,185 plus a 10% contingency of \$9,215 for a total authorized contract amount of \$101,400.

Motion approved with a 3-0 vote.

WORK-STUDY SESSION

1. Update on The Waterfront District.

Mr. Mike Stoner, Port Environmental Director, reported he will be providing regular updates on the Waterfront District to the Commission through the spring and summer. Mr. Stoner presented the 2010 Planning Schedule, which includes the Environmental Impact Statement (EIS), master planning, and infrastructure planning and site cleanup. The final EIS is expected in May, along with responses to public comment received on draft documents. The next task will be the development of the draft Master Plan and Development Regulations, working with the Waterfront Advisory Group (WAG) and the City. The Master Plan will describe five planning areas, roads and infrastructure, based on a 2009 street grid approved by both the Port and City, development character, land uses, densities, building heights and view corridors. The five subareas include the Marine Trades Area, Downtown Waterfront Area, Log Pond Area, Shipping Terminal and Cornwall Beach Area. The Port and City project team is currently working on a proposed phasing plan which would focus early development in the northern portion of the Downtown Waterfront Area. Coordination of site cleanup work is being coordinated through the Department of Ecology.

NEW BUSINESS

1. **PROJECT APPROVAL FOR PORT SMALL CITY ECONOMIC DEVELOPMENT FUNDS**

Motion: Approve the funding of five (5) Small City Economic Development Fund projects totaling \$80,000.

Discussion: Mr. Dodd Snodgrass, Port Economic Development Specialist, presented a review of the Small City Economic Development Funds program and the five cities requesting funds for 2010 projects. Those cities requesting funds are as follows:

- 1) Blaine, \$20,000 for preliminary engineering, surveying, and wetland reconnaissance for the development of a stormwater facility that will serve 90 acres of mixed use, manufacturing, and commercial property on and adjacent to the former Blaine Airport.
- 2) Everson, \$17,000 to be used for planning and engineering services for the Sewer Comprehensive Plan for future funding and expansion of the Everson wastewater treatment facility, which also serves the City of Nooksack.
- 3) Nooksack, \$15,000 for the Sewer Comprehensive Plan.
- 4.) Ferndale, \$10,000 for the surveying, wetland delineation, environmental permitting and preliminary design work for the building of a new regional stormwater facility.

- 5.) Sumas, \$18,000 for engineering services for the upgrades to the Bob Mitchell/Railroad Street Connector due to heavy commercial truck traffic.

Motion approved with a 3-0 vote.

2. AWARD FOR INTERACTIVE EMPLOYEE TRAINING SYSTEM AT BLI

Motion: Approval of a motion authorizing the Interim Executive Director to enter into a contract with Safety & Security Instruction (SSI) to implement an Interactive Employee Training (IET) System at Bellingham International Airport in the amount of \$156,350, plus Washington State Sales Tax of \$13,289.75, and a \$10,000 contingency for a total authorized budget of \$179,639.75, and amend the FY 2010 Capital Budget Line 82, from \$90,000 to \$179,700.

Discussion: Mr. Dan Zenk, Port Airport Manager, discussed the plan for an Interactive Employee Training (IET) system is being funded 100% by the Passenger Facility Charges (PFC) funds as included in the FY 2010 Capital Budget. Mr. Zenk reported the IET system will enhance efficiency, significantly improve the training process, consistency and quality and of training material required for Airport Operations and FAR compliance. Mr. Zenk reported funds being requested are needed to enter into a contract with Safety & Security Instruction (SSI) to implement this Interactive Employee Training (IET) System at the Bellingham International Airport.

Motion approved with a 3-0 vote.

3. AMENDMENT NO. 1 TO THE PROFESSIONAL SERVICES AGREEMENT (PSA) WITH URS CORPORATION FOR THE COMMERCIAL TERMINAL EXPANSION PROJECT

Motion: Authorize the Interim Executive Director to amend the Professional Services Agreement (PSA) with URS Corporation to perform architectural design services for the Commercial Terminal Expansion Project in the amount of \$295, 558 plus a contingency of \$50,000 increasing the total authorized contract amount to \$820,510.

Discussion: Mr. Adam Fulton, Port Project Engineer, provided an update to the Bellingham International Airport (BLI) Commercial Passenger Terminal Expansion Project. Mr. Fulton reported the proposed Amendment No. 1 to the PSA will complete the Design Development drawings and make application for the necessary permits required for this first phase of construction which is currently in formulation and is anticipated to build a new Gate Lobby Area and create utility infrastructure for the entire building. Mr. Fulton reported staff will need to come back to the Commission in the next couple of weeks to discuss design elements and funding to complete this first phase.

Motion approved with a 3-0 vote.

4. AMENDMENT NO. 8 TO THE PROFESSIONAL SERVICES AGREEMENT WITH REID- MIDDLETON FOR THE REBUILD GATE 3 LATERALS F & G PROJECT

Motion: Authorize the Interim Executive Director to execute amendment No. 8 to the Professional Services Agreement (PSA) with Reid- Middleton, Inc. on the Rebuild Gate 3 Laterals F& G Project to provide additional dredge material characterization and preliminary design for upland containment and dewatering in the amount of \$106,725 for a new total authorized amount of \$586,730.

Discussion: Mr. Norman Gilbert, Port Project Engineer, explained the Rebuild Gate No. 3 Laterals F&G Project (Squalicum Marina) has been on hold waiting for the permitting from Dredge Material Management Office (DMMO) for suitability determination for proposed dredging and in-water disposal. The proposed Amendment No. 8 would expand Reid-Middleton's scope of services and extend the contract time to December 31, 2010 for field sampling and testing of the material below the proposed dredge limit and to develop preliminary designs and cost estimates for the upland beneficial re-use locations- information required to determine the feasibility of dredging, upland disposal and help guide the future direction of the Gate 3, F & G project.

Motion approved with a 3-0 vote.

5. C STREET PROPERTIES

Motion: Motion to approve and execute a Purchase and Sale Agreement with Meridian-Pacific Highway LLC, whose members are David and Bonita Ebenal, for three (3) parcels of land and improvements located adjacent to the Whatcom Waterway at Roeder Avenue and C Street for a purchase price of \$2.5 million plus all closing costs, cash at closing, and to authorize the Interim Executive Director to execute all additional necessary documents to close the transaction with thirty (30) days after the effective date of this Agreement.

Discussion: Ms. Lydia Bennett, Port Real Estate Director, introduced Mr. David Rockwell - attorney with Stoel Reeves, representing the Port in this matter. Ms. Bennett reported the Port was contacted by the owners two months ago to see if the Port had interest in purchasing the property in the Marine Trades area. As directed by the Commission, Ms. Bennett and staff researched the properties and worked to obtain the best deal possible. Ms. Bennett reported the research showed the property to be valued at \$5.5 million which includes approximately 66,750 square feet within the three upland parcels, the Port's 3 industrial warehouse buildings, the pile supporting dock, marine float and improvements on the site all shown to be in fair condition. If the transaction is approved, Ms. Bennett reported \$250,000 would be put in budget for maintenance and repair costs, the property would be sold "as is" and the Port would then be responsible for any environmental cleanup and liability. Ms. Bennett reported the annual income to the Port from the current tenants is

\$95,000 and the purchase of this property would fit in with the Port's conceptual plans for long term development of the Marine Trades Area and The Waterfront District.

Commissioner, Mike McAuley replied that for him, the purchase being considered was a "wants vs. needs" and while he wants the property, he questioned whether the Port needs the property and deferred to Commissioner Scott Walker for further comment. Mr. Walker reported among his concerns were the purchase price, appraisal, condition, railway right of way, waterfront, setbacks, conforming use of property, remaining privately owned parcels and environmental cleanup and liability of the property. Mr. Walker asked if the Port should be spending \$2 to \$3 million dollars an acre as he did not feel it was a very good deal.

Mr. Walker encouraged the Port to focus more on transportation, infrastructure and economic development for the airport and the shipping terminal. Commissioner Jim Jorgensen said that while he agreed with some of Mr. Walker's points, he disagreed with others. Mr. Jorgensen stated the Port is in the marine trades business and the proposed parcel of land is a purchase that would draw the existing properties together for the marine trades use and be in keeping with the Port's strategic purpose consisting with its Real Estate objectives.

Mr. McAuley first thanked staff for their work before stating he could not support the purchase of this property at this time and at this price.

Motion declined with a 1-2 vote. (Commissioner Jim Jorgensen voted for the motion and Commissioners McAuley and Walker voted against.)

6. SPYGLASS VISION CLINC, PS - NEW LEASE


Motion: Commission motion to approve a new Commercial Lease in the Bellwether Building with Spyglass Vision Clinic, P.S. for Suite 104, containing 1,400 square feet at 11 Bellwether Way.

Discussion: Ms. Shirley McFearin, Port Real Estate Development Manager, introduced Dr. Jeffrey Young with Spyglass Vision Clinic, P.S. The proposed lease is a term of five (5) years beginning May 1, 2010 ending April 30, 2015 with the right to renew for one (1) consecutive five-year renewal period with rents to be adjusted in accordance with the Rental Revenue Standards adopted by the Port Commission. The negotiated rent for the first one year of the lease is under the rental revenue standards for the Bellwether Building. Beginning with year two, rents are in the mid range of the Rental Revenue Standards. The Port would pay Pacific Continental Realty LLC a broker's fee in accordance with the Ports Real Estate Broker Compensation Policy in the amount of \$5,738.15.

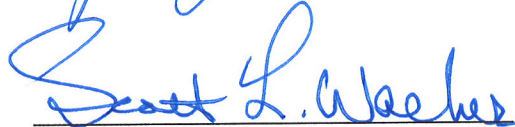
Motion approved with a 3-0 vote.

ADJOURN

As there was no further business, the meeting was adjourned at 5:45 p.m.



Jim Jorgensen, President



Scott L. Walker, Secretary