

**MINUTES OF THE PORT OF BELLINGHAM COMMISSION MEETING
HELD TUESDAY, MAY 18, 2010
HARBOR CENTER BUILDING CONFERENCE ROOM
1801 ROEDER AVENUE, BELLINGHAM, WASHINGTON**

Present:	Jim Jorgensen Michael McAuley	President Vice President
Staff:	Fred J. Seeger Rob Fix Art Choat Mike Stoner Dan Stahl Sylvia Goodwin Lydia Bennett Carolyn Casey Adam Fulton Dodd Snodgrass Frank Chmelik Diane McClain	Interim Executive Director Chief Financial Officer Director, Aviation Director, Environmental Programs Director, Marine Services Director, Planning and Development Director, Real Estate Communications Manager Project Engineer Economic Development Specialist Port Counsel Interim Executive Secretary

CALL TO ORDER

Commissioner Jorgensen called the meeting to order at 3:00 p.m. and announced that Commissioner Walker is currently out of town and will not be attending today's meeting.

PUBLIC COMMENT PERIOD

Darren Williams, 4089 Y Road, Bellingham Washington 98226, Mr. Williams introduced himself as a longshoreman / resident of Whatcom County and expressed his concerns regarding the lack of focus, current activity and the overall condition of the terminals; the assets he believes are diminishing and needing maintenance and repair indentified as the three (3) piers at Squalicum, Bellingham Shipping Terminal and Bellingham Cold Storage.

PRESENTATIONS

1. Bellingham / Whatcom Tourism Board.

Port Communications Manager Carolyn Casey introduced Loni Rahm, Executive Director of the Bellingham/Whatcom Tourism Board, presenting the results of the year-long Whatcom County tourism visitor intercept study recently completed. The study was funded by the Port, Whatcom County and the City of Bellingham. Ms. Rahm reported that the study involved a survey which showed: many Washingtonians tend to visit Washington State and many visiting Whatcom County are from King County. The study showed first time visitors tend to

travel on the Alaska Ferry and others come to Whatcom County for the university, restaurants, business, or to get away and/or visit family and friends. Many first time visitors completing the survey said they were very likely to return and recommend Whatcom County as a destination.

2. Northwest Economic Development Council (NVEC).

Dodd Snodgrass, Economic Development Specialist, introduced Executive Director of the NVEC Nancy Jordan. Ms. Jordan spoke of the current economic challenges, limited resources and presented the Commission with an overview and a request for additional \$25,000 to assist with the developing of a regional economic strategy and asset map for Whatcom County through the compilation of data and results from profiles, existing strategies, surveys and interviews of stakeholders and partners. Chief Financial Director Rob Fix clarified to the Commission that the request for funds included in the presentation is for information only at this time and no formal action is being requested.

WORK-STUDY SESSION

1. Quarterly Financial Report – 1st Quarter 2010.

Rob Fix, Chief Financial Officer summarized the first quarter as strong and reported the operating revenues totaled \$8.9 million. Of that total, the Operating activities were \$5.6 million, Public Priorities \$230 thousand, Non-Operating activities \$3.1 million.

The Expenses totaled \$3.7 million (no depreciation) which included Operating Activity expenses \$2.5million, Public Priorities expenses \$630 thousand and Non-Operating expenses \$600 thousand.

Mr. Fix also reported the income before depreciation (all sources) totaled \$5.2 million, better than budget and 1st quarter 2009. The Ending Cash Balance \$29.4 million, end of first quarter 2009 showed a cash balance of \$23.1 million.

The first quarter financial highlights per operating divisions were summarized as follows:

Aviation:

- Total Revenues of \$1.4 million
 - Parking Fee's of \$944 thousand
- Expenses \$816 thousand
 - 1.9% over prior year, 83% of budget

- Operating Margin grew to \$565 thousand
 - Margin as % of revenue grew to 41%
 - Margin last year 29%, budget 20%

Marinas:

Total Revenues of \$2.0 million
Pleasure Berth revenues of \$1.8 million
Expenses \$542 thousand
10% under prior year, 76% of budget

Operating Margin grew to \$1.5 million
Margin as % of revenue grew to 73%
Margin last year 67%, budget 56%

Marine Terminals:

Total Revenues of \$471 thousand
Dockage revenues of \$132 thousand; space and land rentals of \$253 thousand
Expenses \$249 thousand
96% of prior year, 81% of budget

Operating Margin of \$222 thousand
Margin as % of revenue grew to 47%
Margin last year 28%, budget 23%

Real Estate:

Revenues of \$1.7 million
3.8% above budget
30.6% above 2009
Expenses of \$339 thousand
21.1% below budget
11.5% below 2009
Operating margin at 79.7% of revenues
Budgeted at 73%, 2009 at 70%

Operating margin \$1.3 million versus \$917 thousand in 2009

Regarding investments, Mr. Fix reported \$3.5 million Federal Home Loan Mortgage, \$5 million Federal Home Loan Bank, and \$6 million Federal National Mortgage Association. The Balance of cash is invested in the Local Government Investment Pool (LGIP). Regarding Risk Management activities, Mr. Fix reported the Bellingham Shipping Terminal property insurance claim is still outstanding and the outlook does not currently look favorable for the Port recovering its deductible. There are no open claims against the Port at this time.

Regarding the Stormwater program, Mr. Fix reported samples were taken, no exceedances were reported and all training and record keeping are in compliance.

In summary, Mr. Fix reported: Operating Divisions show better than expected revenue growth, Expenses are being managed well and are below budget and 2009 levels, Corporate

Overhead costs at 10.0% of Operating Revenues (Planning, Facilities, Administration, and Executive), Public Program expenses at 87% of budget, balance sheet is strong and assets grew 4%.

2. Update on the Final EIS/ The Waterfront District.

Environmental Director Mr. Mike Stoner provided a regular Commission update on the Waterfront District. He reported that the Port and City are continuing to make progress on the Draft Master Plan and that the Final EIS for the waterfront should be completed within the next few weeks. The Master Plan is on track for completion by the end of the year. The current outline for the plan includes seven chapters, including: introduction, vision, development character of five subareas, circulation (streets and parking), utility systems, parks, and capital facilities. Based on discussions with the Waterfront Advisory Group, a new chapter will be added to describe environmental considerations, including MTCA site cleanup, shoreline management, and habitat restoration. The Draft Master Plan will also describe development phasing of the overall project over the next 30-50 years. Development is currently being described in five phases. The first phase will occur over the next 5-10 years with a focus on site remediation, ground preparation, and construction of the first segments of new infrastructure. The second phase will include initial development within the Marine Trades area, the northern portion of the Downtown Waterfront area, and the southern portion of the Cornwall Beach area. Subsequent phases will gradually infill the project area over the long term.

3. Update on the BLI Binding Site Plan and Eastside Wetland Mitigation.

Planning Director Sylvia Goodwin reported on the status of the BLI binding site plan and Eastside wetland mitigation project. A Hearing Examiner hearing and recommendation is scheduled on May 19; the County Council decision in June; Department of Ecology (DOE) Water quality certification and Corp of Engineers (COE) wetland fill permit in July followed by the County shoreline permits for the mitigation site.

Ms. Goodwin stated the recommended conditions (by Whatcom Co planning) are wetland mitigation & monitoring, traffic improvements, stormwater improvements, landscaping /sidewalks and archaeological monitoring of the site. Ms. Goodwin reported these conditions have received positive recommendations from all parties involved. Ms. Goodwin provided a general overview of the site and scope of work being planned for the various phases of development over the next five or ten years.

NEW BUSINESS

1. PURCHASE OF SELF CONTAINED BREATHING APPARATUS (SCBA)

Motion: Authorize the Interim Executive Director to execute a Purchase Order for the purchase of Four (4) Self Contained Breathing Apparatus (SCBA) with air cylinders from

SeaWestern, Inc., of Kirkland, Washington in the amount of \$21,340.00 plus \$2,027.30 sales tax for a total of \$23,367.30.

Discussion: Aviation Director Art Choat explained this request pertains to the outfitting of the Oshkosh fire truck located at the Aircraft Rescue Fire Fighting (ARFF) station. Mr. Choat explained that purchasing the four (4) SCBA from SeaWestern will provide continuity by all staff persons having all the same gear.

Motion approved with a 2-0 vote.

2. PURCHASE OF AIRCRAFT RESCUE FIRE FIGHTING (ARFF) AUXILIARY EQUIPMENT FOR THE NEW ARFF VEHICLE.

Motion: Authorize the Interim Executive Director to execute Purchase Order for the purchase of Auxiliary Equipment from L.N. Curtis & Sons (Northwest) Inc., of Seattle, Washington in the amount of \$28,512.99 PLUS \$2,708.93 sales tax for a total of \$31,221.72.

Discussion: Aviation Director Art Choat explained this purchase will complete the balance of the equipment needed to outfit the new fire truck.

Motion approved with a 2-0 vote.

3. BELLWETHER OUTDOOR FUNITURE REPLACEMENT

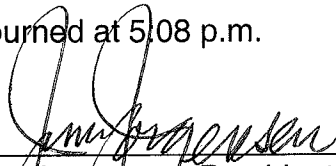
Motion: Authorize the Interim Executive Director to execute Purchase Order No. 40354 with Westminster Teak Inc., for the purchase of teak benches and tables for Tom Glenn Common

Discussion: Maintenance Supervisor Carol Williams explained the purchase of this furniture would replace the existing furniture at Tom Glenn Common which is showing some signs of deterioration. Ms. Williams also explained the eco-friendly teak should improve the aesthetics of the development over the current metal furniture. Those existing pieces will be moved to other Port locations. Ms. Williams reported the pricing is good when purchasing on a state contract. Commissioner McAuley voiced concerns about the current use and layout of the site and asked staff to explore other options for the layout and design of the Tom Glenn Common and suggested the purchase of new furniture be delayed until a later date.


Motion was declined with a 0-2 vote- both Commissioner Jorgensen and McAuley voting against.

ADJOURN

As there was no further business, the meeting was adjourned at 5:08 p.m.



Jim Jorgensen, President



Scott L. Walker, Secretary