

**MINUTES OF THE PORT OF BELLINGHAM COMMISSION MEETING
HELD TUESDAY, JUNE 15, 2010
HARBOR CENTER BUILDING CONFERENCE ROOM
1801 ROEDER AVENUE, BELLINGHAM, WASHINGTON**

Present:	Jim Jorgensen Scott L. Walker	President Secretary
Staff:	Fred J. Seeger Rob Fix Art Choat Mike Stoner Dan Stahl Sylvia Goodwin Lydia Bennett John Hergesheimer Carolyn Casey 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 Senior Project Engineer Manager, Communications Port Counsel Interim Executive Secretary

CALL PUBLIC MEETING TO ORDER AND RECESS TO CLOSED EXECUTIVE SESSION

At 12:00 p.m., Commissioner Jorgensen called the Commission meeting to order and immediately recessed to a closed executive session to discuss real estate transactions pursuant to RCW 42.30.110(1)(c). Commissioner Jorgensen noted that Commissioner McAuley would not be in attendance today due to personal business. Commissioner Jorgensen then added no formal action would be taken during the closed session and he expected the closed executive session to last approximately three hours.

RECONVENE PUBLIC MEETING

The Commission meeting was reconvened at 3:05 p.m.

WORK-STUDY SESSION

1. Update on The Waterfront District (Master Plan).

Environmental Director Mike Stoner informed the Commission in his regular waterfront update, the Port is moving ahead with the Master Plan and making progress and getting positive feedback from the WAG. The final EIS should be finished by end of June/early July and the draft of the Master Plan should be brought before the WAG in mid July. The draft Master Plan will describe 5 phases of development which will gradually come on line over a relatively long timeframe. Development phasing is defined according to work that will be performed by the Port and City, including general construction sequencing for roads,

infrastructure, parks, and cleanup of the 6 MTCA sites. The MTCA site work is being performed by the Port and City under Department of Ecology oversight. The draft Master Plan is on schedule for consideration and approval by the Port Commission and City Council by the end of the year.

2. Update on Runway and Taxiway Project.

Port Senior Project Engineer John Hergesheimer provided an update of the ongoing reconstruction project at the Bellingham International Airport. The existing runway, a portion of which was constructed in 1941, is a 6700' long x 150' wide runway and 7300' long x 60' wide main taxiway originally constructed for the Aircraft Design Group II (Q400) and Operations (weight and dimensions) Group III (250,000# MD80 B 737) Aircraft. The proposed runway being reconstructed will not change in dimension but the taxiway Alpha will widen to 75' to accommodate the Aircraft Design Group IV (B 757) and Operations Design Group IV (360,000# B 757) Aircraft. The construction costs of the low bidder are \$26 Million (ICON Materials, Tukwila, WA) with the design and construction management and administration cost \$3 Million (URS Corporation, Seattle, WA). The FAA is funding 95%. The local sub-contractors are Granite Construction Company, ELCON (electrical), Pacific Survey and Engineering (PSE), Cowden Gravel, Concrete Northwest and Bayside Services and \$60-\$80,000 in hotel revenues as well as fuel and restaurant revenues being generated by the workers/consultants on this project.

Mr. Hergesheimer reported:

- 174,000 tons of asphalt is involved, equivalent to about 66 miles of 2" asphalt overlay on a highway.
- For the runway, a minimum of 9" of new asphalt is being applied to the surface for aircraft of 350,000# and the scope of the project is approximately 70 acres of land disturbance area including 67,000 square yards of asphalt milling, 7 miles storm drainage, 60,000 cubic yards of base rock and over 30 miles of electrical wiring.
- The anticipated completion of this six phase project is expected to be late September.

3. Waterfront District Site Use Guidelines

Real Estate Director Lydia Bennett reported that post-GP acquisition in 2005, the parcels in the main campus south of Chestnut and east of Whatcom Creek have been made available for various uses by the community i.e. to conduct car rallies, law enforcement training, bird watching (Audubon society observing the Caspian terns), artists and photography sessions. Ms. Bennett mentioned that staff developed a set of Site Use Guidelines for these various uses. These guidelines provide an excellent opportunity for people to access the waterfront site in a controlled environment/setting. Ms. Bennett assured the Commission that all requests for access and use of the site are being considered individually on a case by case basis and the Use Agreement includes obtaining/providing proof of insurance.

NEW BUSINESS

1. Lease Modification – David Verret, Urban Design.

Motion: Approve a Modification of Lease between the Port of Bellingham and Urban Design Group, L. L. C. to reduce the space to reduce the space to 600 spare feet as requested by the Tenant for rent relief.

Discussion: Real Estate Director Lydia Bennett explained that at the last Commission meeting, Mr. Verret appeared before the Commission and asked that his lease be modified in such a way as to reduce the current space and rent due to recent hardship. In response, the Port staff under the direction of the Commission did prepare a modification of the lease to include reduction of premises from 1800 square feet to 600 square feet and a reduction of base rent and CAM charges among other modifications. Ms. Bennett added Mr. Verret would need to provide the required evidence of insurance and failure to comply with that requirement would render the tenant in default.

Revised Motion: Approve a Modification of Lease between the Port of Bellingham and Urban Design Group, L. L. C. to reduce the space to reduce the space to 600 spare feet as requested by the Tenant for rent relief; offer is good until the close of business Thursday and failure to do so will create default.

Revised Motion approved with a 2-0 vote.

2. Contract with CivicPlus for Website Development.

Motion: A motion authorizing the Interim Executive Director to execute an agreement with CivicPlus for Internet Web site design, development, software, implementation, hosting and maintenance for a fee of \$41,018 plus a contingency of \$6,000 for a total authorized amount of \$47,018 and authorize the contractual ability to extend the hosting and maintenance agreement for multiple terms subject to budget appropriations and commission approval.

Discussion: Carolyn Casey reported in March the Port put out an RFQ for the creation of a new website and after interviewing three finalists, CivicPlus (due to record retention familiarity and producing 600 different government entity websites) was awarded the contract. The bid price range of the fifteen solicitations received was \$25,000 to \$150,000 depending on services provided. Ms. Casey added Civic Plus will provide staff training for the new website which should be in place this fall with emergency alert system - notification/information, full agenda packets among some of the features being added on the new website.

Motion approved with a 2-0 vote.

3. Letter to Washington State Commissioner of Public Lands.

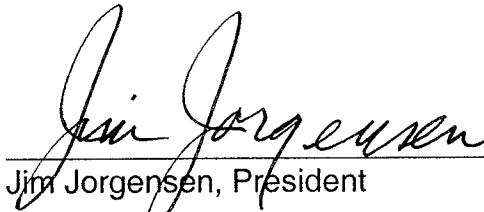
Motion: Approve the letter to Peter Goldmark, Commissioner of Public Lands, regarding the development of the proposed Cherry Point Aquatic Reserve Draft Management Plan in response to the Department of Natural Resources (DNR) study.

Discussion: Commissioner Walker stated in an effort to preserve the existing industrial nature of Cherry Point and future possibilities, he is in favor of sending the attached letter.

Motion approved with a 2-0 vote.

ADJOURN

As there was no further business, the meeting was adjourned at 4:18 p.m.


Jim Jorgensen, President


Scott L. Walker, Secretary



PORT OF BELLINGHAM

Washington State

June 15, 2010

The Honorable Peter Goldmark
Washington State Commissioner of Public Lands
P.O. Box 47000
Olympia, WA 98504-7000

Dear Commissioner Goldmark:

As the Port of Bellingham's Board of Commissioners, we are charged with working to protect and enhance Whatcom County's economy. That role has been a key focus of the Port since the county's voters created the Port of Bellingham in 1920.

The Port has also kept pace with important changes to the environmental regulatory framework that goes hand-in-hand with a healthy economy. The Port has been a leader in creative new initiatives that are helping chart the path toward a sustainable future including the Northwest Straits Initiative, the Bellingham bay Demonstration Pilot and local salmon recovery efforts. With that background, we offer the following comments and perspectives on the Cherry Point Aquatic Reserve Draft Management Plan.

The Cherry Point Industrial Area is recognized as one of Whatcom County's most important economic resources, providing more than 1,000 of family wage jobs which generate several thousand additional jobs in our community.

Officials with DNR have stated that this management plan will not disrupt existing industries, alter existing industrial DNR tideland leases, nor prevent the Gateway Pacific development and its plan for a fourth deep-water dock. This proposed \$400 million project would create up to 2,000 construction jobs and result in up to 150 permanent family-wage jobs.

Yet local industry officials have stated that the proposed restrictions in this management plan would make it difficult to gain permitting for future repairs or expansions of their operations and have said the new permitting uncertainty could jeopardize the ability of the Gateway Pacific project to gain financing.

Whatcom County has demonstrated again and again that we are able to improve our economy while protecting our environment and we believe this can also be done at Cherry Point. If indeed this draft management plan will not cause new restrictions on the current and future industries at Cherry Point, we respectfully ask that clear language be added to the plan stating that the two refineries, the aluminum smelter and the Gateway Pacific Project (already in its engineering and pre-permitting stages) be allowed to continue to operate under the current environmental management standards, with no new restrictions to their operations.

The Port of Bellingham was one of two strategic partners in the initial development of Cherry Point nearly fifty years ago. In the early 1960s, the Great Northern Railroad Company asked the



Port to join it in acquiring a large tract of land at Cherry Point for its future industrial development. The Port and Great Northern each purchased 600 acres and began seeking opportunities for our community.

Port officials worked in the 1960s to attract the Amex Aluminum Smelter to Whatcom County, agreeing to sell 200 acres of land at cost and, within just a few years, the smelter provided hundreds of local jobs, shipping opportunities and the incentive for additional industries to locate at Cherry Point.

This area has served as an industrial area since the 1950s. It has been zoned as a high-importance industrial area since Whatcom County's first Comprehensive Plan in the 1970s. Community business and environmental leaders over the years have worked to establish policies and protocols to allow for industrial practices in this area. Overall the Cherry Point Industrial Urban Growth Area has been designated in numerous adopted plans to meet the long-term large-scale industrial needs for Whatcom County.

Today two refineries operate at Cherry Point, along with the smelter, and plans are underway for the Gateway Pacific Development that would add a fourth deep-water pier and provide additional economic opportunities. The BP operation at Cherry Point is the largest refinery in Washington State and is the second largest private employer in Whatcom County with approximately 1,400 BP employees and on-site contractors.

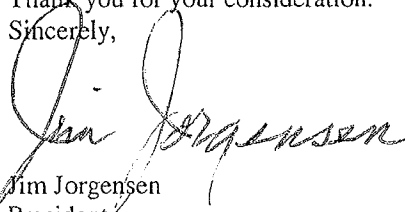
The Cherry Point Industrial Area has a high value because of its access to a natural deep water port, its proximity to Canada, its access to Burlington Northern Railway and its electrical service from multiple providers. In addition, this property is served by a Public Utility District that is poised to serve the utility needs of the current and future industries.

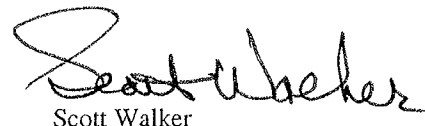
We appreciate the years of study that preceded publication of the Cherry Point Aquatic Reserve Draft Management Plan. And we understand that a key purpose for this plan was to ensure the environmental protections for the marine habitat.

We are writing to express our concern with the Cherry Point Aquatic Reserve Draft Management Plan and to ask that additional language be added to this plan to ensure the protection of the existing and planned industries operating at Cherry Point. We believe this language can be added without jeopardizing DNR's goal of protecting the marine environment. As one of the founding organizations for the Cherry Point Industrial Area, we ask the Port be included in information and updates regarding the upcoming deliberations regarding this management plan.

Family wage jobs are essential to the immediate and long-term health and viability of our community. This is not the time to jeopardize those jobs. This is the time for everyone to work together to protect and enhance our economic assets.

Thank you for your consideration.
Sincerely,


Jim Jorgensen
President


Scott Walker
Secretary