

**MINUTES OF THE PORT OF BELLINGHAM COMMISSION MEETING  
HELD TUESDAY, JULY 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:	Fred J. Seeger Rob Fix Art Choat Mike Stoner Sylvia Goodwin Adam Fulton Norman Gilbert Steve Shipman Brian Gouran Frank Chmelik Diane McClain	Interim Executive Director Chief Financial Officer Director, Aviation Director, Environmental Programs Director, Planning and Development Project Engineer Project Engineer Real Estate Representative Site Project Manager 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 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.

**PUBLIC COMMENT PERIOD**

There were no public comments.

**WORK STUDY SESSION**

1. Update on The Waterfront District.

Port Environmental Director Mike Stoner reported the final Environmental Impact Statement (EIS) document is now available for review and the key topic areas addressed are the Historic Resources, Transportation / Parking, Views, Environmental Health, Stormwater and

Parks and Shorelines for the Waterfront District Redevelopment Project. Mr. Stoner then provided an update on the Proposed Master Plan for The Waterfront District. Mr. Stoner reported the proposed schedule for the public process involves the Preliminary Draft Master Plan going out to the public on July 15<sup>th</sup>, a public meeting with the WAG planned for August 11<sup>th</sup> with the Final Draft of the Master Plan to go to the WAG on September 8<sup>th</sup>.

The proposed schedule for the formal City planning process involves submitting the pre-application package to the Planning Department on July 15<sup>th</sup> followed by a pre-application meeting with the Planning Department in August and a Draft Master Plan being submitted to the Planning Department on September 9<sup>th</sup>. The eight (8) chapters of the Master Plan include the Introduction, Vision, Environmental Considerations (6 MTCA sites, habitat), Development Character, Multimodal Circulation and Parking, Utility Systems, Parks and Open Space (33 acres) and Capital Facilities for The Waterfront District.

Mr. Stoner added he anticipates the Final Master Plan documents (including a Development Agreement and Planned Action Ordinance) will be completed in December of this year.

## **CONSENT AGENDA**

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

- A. Approve minutes of the June 1, 2010, and June 15, 2010, regularly scheduled Commission meetings and the June 4, 2010 and June 18, 2010 Special Commission meetings.
- B. Approve Voucher Certification June 2, 2010 – June 30, 2010, totaling \$4,580,666.38.
- C. Approve payment of annual dues to the American Association of Port Authorities (AAPA).
- D. Authorize the Interim Executive Director to enter into an insurance contract for the renewal of the Port's property insurance program for the period July 1, 2010, through July 1, 2011.
- E. Authorize the Interim Executive Director to sign a Purchase Order for new gate lobby seating at Bellingham International Airport Terminal.

Discussion: Commissioner McAuley asked about item C: the payment of AAPA dues and the partnering relationship with the Port. Both Chief Financial Officer Rob Fix and Commissioner Walker advocated for the AAPA's lobbying efforts on a federal basis (i.e. dredging and maritime issues), education and resource benefits.

Commissioner McAuley asked (item D) if \$50 million in earthquake coverage is enough to cover all of the Port's properties. Mr. Fix responded by explaining the policy limits and the Port's insurance program.

Motion approved with a 3-0 vote.

## **NEW BUSINESS**

### **1. MODIFICATION OF LEASE WITH ALLEGIANT AIR, LLC.**

Motion: Approve Modification of Lease Agreement with Allegiant Air, LLC. (Allegiant) to add reimbursement provisions for marketing expenses in support of new flight service to Long Beach, California.

Discussion: Aviation Director Art Choat explained that since 2004, the Port has offered incentives to air carriers going to new destinations and it is very common for airports to offer subsidies to the carriers to promote /market the new service. Mr. Choat reported effective July 1, 2010, Allegiant Air will be going to Long Beach California and the proposed / estimated \$63,000 marketing participation for the first 12 months will be from new revenues generated by the new Long Beach, California air service from Bellingham International Airport. Mr. Choat added that based on projected first year operations of 21,000 outbound passengers, the Port anticipates operating revenues from this added air service to be approximately \$174,000 and additional restricted fund revenues from PFCs and Entitlements are expected to total \$193,800.

Motion approved with a 3-0 vote.

### **2. PROFESSIONAL SERVICES AGREEMENT WITH LANDAU ASSOCIATES, INC., FOR THE CORNWALL AVENUE LANDFILL SITE CLEANUP.**

Motion: Authorize the Interim Executive Director to execute an amendment to the Professional Services Agreement with Landau Associates, Inc. to increase the scope and budget by \$8,000 to address Washington State Department of Ecology comments on Remedial Investigation/Feasibility Study at the Cornwall Avenue Landfill Site for a total authorized budget of \$ 156,930.

Discussion: Site Project Manager Brian Gouran explained that the original Professional Services Agreement (PSA) authorized in 2007 with Landau and Associates was to finalize RI/FS work at the Cornwall Avenue Landfill Site and since then, Landau has prepared and issued two RI/FS revisions to the Department of Ecology (DOE) to review. Because the comments on the 2009 Draft RI/FS from Ecology are technical in nature and require significant review and coordination with Ecology in order to adequately assess an approach to future revisions. Landau's proposed scope of services in the amendment include full review, coordination and meeting with Port and Ecology as well as preparing the response to comments prior to preparing a scope of services for full RI/FS revisions. Mr. Gouran explained fifty percent of the PSA cost will be reimbursed by Chartis Insurance from the environmental insurance policy and the other fifty percent by the Department of Ecology from an existing MTCA grant agreement.

Motion approved with a 3-0 vote.

### **3. PROFESSIONAL SERVICES AGREEMENT WITH ANCHOR QEA, LLC. FOR THE SQUALICUM CREEK RESTORATION PROJECT.**

Motion: Authorize the Interim Executive Director to execute a Professional Services Agreement with Anchor QEA, LLC. to perform engineering & design services for the Squalicum Creek Restoration Project in the amount of \$49,950 plus a contingency of \$5,050 for a total authorized contract amount of \$55,000.

Discussion: Project Engineer Adam Fulton explained the Squalicum Creek Restoration Project was looked at in 2000 when the Department of Ecology (DOE) approved the Comprehensive Strategy for the planning framework of the restoration of Bellingham Bay - including the Squalicum Creek Delta, which contributes to the environmental health of the Bay. Mr. Fulton reported that in 2007, Anchor was hired by the Port (as property owner) to produce a conceptual design plan which has been used to secure funding for the remaining work on the project including the five (5) major components: essential habitat enhancement (salmonids), BNSF rail and Roeder Street bridge(s) modifications (increasing the creek's stormwater conveyance capacity), replacement of the City of Bellingham's sewer trunk line, and removal of the concrete bottom currently in-place between the BNSF bridge and the Roeder Avenue bridge. Mr. Fulton explained the scope of services of the PSA has as its chief deliverables, the engineered design and acquisition of permits necessary to do the work and the Port anticipates construction of this work to be done in phases as grant funding becomes available. Mr. Fulton also reported the cost of the Restoration project is being shared by three sources: the Port (for staff sponsorship), City of Bellingham and the DOE.

Motion approved with a 3-0 vote.

### **4. DEMOLITION CONTRACT WITH DMSL CONSTRUCTION, INC. FOR THE NORTHWEST FUELS DEMOLITION & SOIL REMEDIATION PROJECT.**

Motion: Authorize the Interim Executive Director to execute a contract with DMSL Construction, Inc. of Arlington, Washington for the Northwest Fuels Demolition & Soil Remediation Project in the amount of \$794,111.50 plus a 10% contingency for a total authorized contract amount of \$873,523.

Discussion: Project Engineer Adam Fulton reported DMSL Construction was the lowest responsive and responsible bidder of the eight (8) bids received for the project involving demolishing the existing 3,000 square foot office/warehouse building located at 2800 Roeder Avenue, removal and disposal of petroleum-impacted soils, and reconstruction of the property by importing gravel and installing stormwater controls. Commissioner McAuley asked about dismantling vs. demolishing as a preferred practice of taking down buildings and Mr. Fulton explained the Port's bidding process does enable

recycling of materials and oftentimes in demolitions, the materials are recycled but that decision is ultimately left to the contractor and market to decide.

Motion approved with a 3-0 vote.

**5. PROFESSIONAL SERVICES AGREEMENT AMENDMENT WITH ASPECT CONSULTING, INC. FOR THE NORTHWEST FUELS DEMOLITION & SOIL REMEDIATION PROJECT.**

Motion: Authorize the Interim Executive Director to amend the Professional Services Agreement (PSA) with Aspect Consulting, Inc. to perform construction management services for the Northwest Fuels Demolition & Soil Remediation Project in the amount of \$116,637 for a total authorized PSA of \$252,790, which includes a \$13,000 contingency.

Discussion: Project Engineer Adam Fulton explained this motion pertains to the consultant side of the project and the scope of services provide for construction management during the removal and remediation of the petroleum- impacted soils, building and restoration work at the site. Mr. Fulton added this PSA may require further amendments in the future to include cultural resource consulting.

Motion approved with a 3-0 vote.

**6. BID AWARD TO TIGER CONTRUCTION, LTD. FOR THE BELLINGHAM INTERNATIONAL AIRPORT PARKING EXPANSION PHASE 4 & HERBICIDE APPLICATION AT SLATER ROAD MITIGATION PROJECT.**

Motion: Authorize the Interim Executive Director to execute a contract with Tiger Construction, Ltd. of Everson, Washington for the Bellingham International Airport Parking Expansion Phase 4A & Herbicide Application at Slater Road Mitigation Site Project in the amount of \$1,274,818.20 plus a 10% contingency for a total authorized contract amount of \$1,402,300; and to increase the budget from \$400,000 to \$2,000,000,000.

Discussion: Project Engineer Adam Fulton reported the Bellingham International Airport (BLI) is experiencing significant growth and this Phase 4 will allow for the creation of an additional 300 parking spaces. The contract would also include retrofitting of the existing Southwest Detention Pond structure and the application of herbicides to the Slater Road Mitigation site.

Motion approved with a 3-0 vote.

**7. PROFESSIONAL SERVICES AGREEMENT AMENDMENT WITH PS & E FOR THE BLI AIRPORT PARKING LOT – PHASE 4 PROJECT.**

Motion: Authorize the Interim Executive Director to amend the Professional Services Agreement (PSA) with Pacific Survey & Engineering, Inc. (PSE) to perform engineering

services for the Airport Parking Lot – Phase 4 Project in the amount of \$95,005.13 for a total authorized PSA of \$224,635, which preserves a contingency amount of \$21,605.

Discussion: Project Engineer Adam Fulton explained this motion pertains to the consultant side of the project and the scope of engineering services will provide construction management services as well as for the design work on three (3) new parking facility features: a cell phone lot, a 30 minute parking lot, and an additional exit lane needed at the main lot.

Motion approved with a 3-0 vote.

#### **8. PROFESSIONAL SERVICES AGREEMENT WITH REID MIDDLETON FOR THE GILLNET LOADING ZONE, FIREBELLE PIER AND BELLINGHAM SHIPPING TERMINAL CONDITION SURVEY PROJECT.**

Motion: Authorize the Interim Executive Director to execute a Professional Services Agreement (PSA) with Reid Middleton to perform condition survey, engineering & design services for the Gillnet Loading Zone, Firebelle Pier and Bellingham Shipping Terminal Condition (BST) Survey Project in the amount of \$134,500 plus a contingency of \$13,450 for a total authorized contract amount of \$147,950.

Discussion: Project Engineer Norman Gilbert explained the services agreement will allow for the structural inspection and evaluation of the current condition of the piling, pier support structure and decking for the Gillnet Loading Zone and Firebelle piers in Squaticum Harbor and Bellingham Shipping Terminal (BST) as well as an evaluation of the bulkhead structure at BST. Mr. Gilbert added these evaluations will identify current conditions and recommend any repairs necessary to maintain the facilities.

Motion approved with a 3-0 vote.

#### **9. CHANGE ORDER NO. 1 FOR THE BELLINGHAM CRUISE TERMINAL (BCT) BERTH #2 & UNDER PIER UTILITY PROJECT.**

Motion: Authorize the Interim Executive Director to accept Purchase Order No. SEPO-10-40182 from the Alaska State Department of Transportation in the amount of \$94,259 to add a sewer discharge line to berth No.1 for the Alaska Marine Highway System (AMHS); and to execute a Change Order with Razz Construction, of Bellingham, Washington on the Bellingham Cruise Terminal (BCT) Berth No. 2 & Under Pier Utility Project in the amount of \$32,470 for a total authorized contract amount of \$335,374; and amend the Capital Improvement Program Budget Line Item No. 236 from \$375,000 to \$475,000.

Discussion: Project Engineer Adam Fulton reported the State of Alaska / AMHS has contacted the Port of Bellingham requesting the installation of a dedicated sewer discharge line for Berth No. 1 at the BCT for use by the AMHS and the work will be 100 % reimbursed by the State of Alaska.

Motion approved with a 3-0 vote.

**10. MODIFICATION OF LEASE AGREEMENT: ALL AMERICAN MARINE, INC. (AAM).**

Motion: Approval of a Modification of Lease Agreement between the Port of Bellingham (Port) and All American Marine, Inc. (AAM).

Discussion: Real Estate Property Representative Steve Shipman introduced All American Marine's CEO Matt Mullett and outlined the proposed terms of the Modification of Lease for a period of ten (10) years beginning May 1, 2010, as follows: the modification would include the monthly rent set for the five years and then escalate at 2% for each year thereafter. The lease would provide AAM with a five year commitment (subject to availability) on approximately eighty fee (80') of moorage at the Bellingham Cruise Terminal, the ability to negotiate directly with the Port for use of the Marine Railway should the neighboring tenant cease to lease from the Port, and negotiate the allocation of utility expenses between the neighboring tenants.

Commissioner Walker congratulated Mr. Mullett on the success of All American Marine and Mr. Mullett responded by reporting All American Marine had experienced a very good year in 2009 and anticipating another in 2010. Mr. Mullett discussed AAM's current and future projects/ products, employment numbers, growth and cost of operations.

Motion approved with a 3-0 vote.

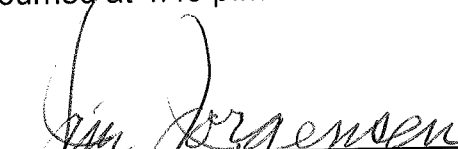
**ADDITIONAL ITEMS**


**ONGOING EXECUTIVE DIRECTOR SEARCH: SCHEDULE OF EVENTS FOR THE WEEK.**

Commissioner Walker asked for an update of the upcoming schedule. Human Resources Manager Elizabeth Monahan reported the calendar of events for the week include Executive Director candidate interviews and a community reception.

**ADJOURN**

As there was no further business, the meeting was adjourned at 4:45 p.m.

  
\_\_\_\_\_  
Jim Jorgensen, President

  
\_\_\_\_\_  
Scott L. Walker, Secretary