

**MINUTES OF THE PORT OF BELLINGHAM COMMISSION MEETING
HELD TUESDAY, AUGUST 17, 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 Mike Stoner Dan Stahl Sylvia Goodwin Lydia Bennett Shirley McFearin Terry Ilahi Alec Strand Norm Gilbert Adam Fulton Brian Gouran Frank Chmelik Diane McClain	Interim Executive Director Chief Financial Officer Director, Environmental Programs Director, Marine Services Director, Planning and Development Director, Real Estate Manager, Real Estate Development Analyst, Real Estate Engineering Specialist Project Engineer Project Engineer 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 and pending litigation pursuant to RCW 42.30.110(1)(c) and (i). Commissioner Jorgensen stated 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 3:08 p.m.

PUBLIC COMMENT PERIOD

1. Kirk J. Vinish, AICP- Lummi Nation, 2828 Kwina Road, Bellingham, Washington, 98225 – Mr. Vinish thanked the Commission for allowing him time to speak and make his request. Mr. Vinish explained that he is with the Lummi Tribe and the Planning and Public Works Department and that he was present to request a letter of support for a Tiger II \$52.7 million dollar grant application to the U.S. Department of Transportation. Mr. Vinish provided a brief overview of the proposed establishment of a breakwater and marina plus some pedestrian

and road access improvements at the waterfront. Mr. Vinish reported he expects a response on the application this fall and he is receiving letters of support from the City, and the County. Mr. Vinish suggested the Port's support of this application may improve future relations with the tribal council.

Interim Executive Director Fred Seeger pointed out the Port received no advance notice of the request. Mr. Seeger advised Port staff requires additional information and time to review the application and its implications prior to recommending a letter of support from the Commission. Port legal counsel Frank Chmelik mentioned that the Framework Agreement contemplated handling matters such as this one and to follow a process. Commissioners Scott Walker, Michael McAuley and Jim Jorgensen all agreed more time is needed to review the project and discuss the requested letter of support.

CONSENT AGENDA

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

- A. Approve minutes of the July 6, 2010, and July 20, 2010, Regularly Scheduled Commission Meetings and the July 7, 9, 12, 14 and 15, 2010, Special Commission Meetings. (Commission approved an amendment for a clerical typing error.)
- B. Approve Voucher Certification and Approval for July 7, 2010, - July 28, 2010, totaling \$4,884,321.18.
- C. Approve Resolution No. 1284 separating Petty Cash from Change Funds, and updating the amounts and locations of funds.
- D. Approve a Lease Modification between the Port of Bellingham and H & I Holdings LLC.
- E. Authorize the Interim Executive Director to execute an agreement with the Washington Department of Fish and Wildlife (WDFW) regarding a Temporary Land Use Permit for the Slater Road Wetland Mitigation Site.

Motion approved with a 3-0 vote.

NEW BUSINESS

1. AIRPORT INDUSTRIAL PARK LAND LEASE WITH CHINOOK ENTERPRISES.

Motion: Commission motion to approve a new Airport Industrial Park Land Lease with Chinook Enterprises, Inc., for property located at 3720 Williamson Way, Bellingham, Washington.

Discussion: Real Estate Development Manager Shirley McFearin briefed the Commission on the background of Current Industries and Chinook Enterprises following her introduction of

Jack Henrio, former Skagit County Commissioner, Rob Martin, Executive Director of Chinook Enterprises and Keith Carpenter of Wood Stone Corporation.

Ms. McFearin explained Keith Carpenter of Wood Stone Corporation approached the Port to propose a new land lease for Chinook Enterprises when Current Industries filed for bankruptcy and 25 people with disabilities lost their jobs. Mr. Carpenter added that Whatcom County owns the building and if the Commission approves the five (5) year term for approximate 31,000 square foot ground lease at \$5.50 per square foot the first three (3) years and \$6.00 per square foot the next two (2) years, the County will put approximately \$150,000 in improvements into the building on behalf of Chinook Enterprises. Rob Martin explained that the last six (6) months were spent working out the complexities of the bankruptcy and he is excited to be able to put disabled workers back to work in our community. Commissioner McAuley shared the excitement for moving ahead as did Commissioner Jorgensen.

Motion approved with a 3-0 vote.

2. AMENDMENT TO THE SQUALICUM HARBOR COMPREHENSIVE SCHEME OF HARBOR IMPROVEMENTS, SURPLUS AND SALE OF PORT PROPERTY.

Motion: Approve Resolution No. 1283 amending the Squalicum Harbor Comprehensive Scheme of Harbor Improvements and declaring approximately 18,589 square feet of property surplus to the needs of the Port with the intent to sell to Steven and Carol Wight and authorizing the Interim Executive Director to execute all documents necessary to close the transaction.

Discussion: Real Estate Director Lydia Bennett explained that about a year ago, the Port was served with a lawsuit from Steve and Carol Wight, claiming adverse possession of approximately 5,300 square feet of property adjacent to theirs and located within portions of Lot 3 and 4 of Block 41; Plat of New Whatcom. Ms. Bennett provided an overview of both the property the Port acquired in the 2005 GP transaction, and the property Mr. and Mrs. Wight claim (approximately 5,300 square feet) was adversely possessed (in their use) for the past seven plus years. Rather than pursue the adverse possession lawsuit, in an effort to settle the matter with the Port, the Wights have offered to purchase Lots 3, 4, 5 & 6, (Approximately 18,589 square feet) Less Railroad Rights of Way, of Block 41; Plat of New Whatcom, Whatcom County for \$50,000.

Ms. Bennett reminded the Commission that on July 20, 2010, a public hearing was held to receive public comment on the proposed amendment of the comprehensive scheme of harbor improvements, surplus declaration and sale of property to the Wights and while adjacent property owners voiced concern for views and intended use of the property, none spoke in opposition to the amendment.

Motion approved with a 3-0 vote.

Motion approved with a 3-0 vote.

3. LEASE RENEWAL AND MODIFICATION – MT BAKER PRODUCTS, INC., PROPERTY LOCATED AT SQUALICUM HARBOR, BELLINGHAM, WASHINGTON.

Motion: Approve Renewal and Modification of Lease between the Port of Bellingham and Mt. Baker Products.

Discussion: Real Estate Analyst Terry Ilahi reported that the proposed lease renewal for long-term tenant Mt. Baker Products, Inc. (producer of plywood products at the Squalicum facility) states that Mt. Baker Products has three (3) consecutive five-year renewal terms remaining. Mr. Ilahi explained that the lease modification updates the exhibits A & B pertaining to the map and legal description of the premises, reflects a new name change in Section 7.24, NWAPA to be NWCCA (Northwest Clean Air Agency), and reflects a 3% increase in rent paid to the Port annually for the term of the renewal.

Motion approved with a 3-0 vote.

4. AWARD CONTRACT TO GRANITE CONSTRUCTION COMPANY FOR THE 2010 PAVING, SEALCOAT AND STRIPING PROJECT.

Motion: Authorize the Interim Executive Director to enter into a contract with Granite Construction Company for the 2010 Paving, Sealcoat and Striping Projects in the amount of \$199,972.55 plus a contingency of \$20,000 for a total authorized amount of \$219,972.55; and to transfer \$5,000 from Capital Improvement Budget 07.1810.17 (Tenant Improvements Portwide) to Capital Improvement Budget 07.1810.21 (Marine Building & Redden Parking Lot).

Discussion: Engineering Specialist Alec Strand explained Granite Construction Company submitted the lowest responsive and responsible bid for the project involving repairing damaged pavement, sealing cracks, and seal coating and restriping at four (4) Port locations: Bellingham International Airport, Fairhaven, Squalicum Harbor and Blaine.

Motion approved with a 3-0 vote.

5. AWARD CONTRACT TO HYTECH ROOFING, INC. FOR THE RE-ROOFING OF FAIRHAVEN MARINE INDUSTRIAL PARK (FMIP) BUILDING NO. 2.

Motion: Authorize the Interim Executive Director to execute a contract with Hytech Roofing, Inc. of Lynden, Washington, for the Re-Roofing of the Fairhaven Marine Industrial Park (FMIP) Building No. 2 Project in the amount of \$286,548.50 plus a 10% contingency for a total authorized contract amount of \$315,203.35.

Discussion: Project Engineer Norm Gilbert reported that the 2008 budget process identified roofs on seven (7) of the FMIP buildings are nearing the end of their useful life and the re-

the reduced cost and reduced impact to the tenant operations. Mr. Gilbert reported of the two bids received, Hytech Roofing was the lowest responsive and responsible bidder.

Motion approved with a 3-0 vote.

6. PROFESSIONAL SERVICES AGREEMENT (PSA) WITH REID MIDDLETON FOR DESIGN, PERMITTING, CONSTRUCTION SERVICES - BELLINGHAM INTERNATIONAL AIRPORT SOUTHWEST DETENTION POND PROJECT.

Motion: Authorize the Interim Executive Director to execute a Professional Services Agreement with Reid Middleton, Inc. for the project entitled Rehabilitation of the Southwest Detention Pond at the Bellingham International Airport (BLI) in the amount of \$104,908.00 plus a 10% contingency, for a total authorized amount of \$115,399.00.

Discussion: Planning Director Sylvia Goodwin reported the Rehabilitation of the Southwest and the Alderwood Detention Ponds are a condition of the preliminary General Binding Site Plan and the BLI Comprehensive Wetland Strategy and General Binding Site Plan is the final stages of approval. The scope of services include a review of existing information, preparation of the National Environmental Policy Act (NEPA) evaluation package, Determination of the regulatory status and downstream conditions of the Southwest Detention Pond (SDP), Stormwater Master Plan Assumptions, preparation of Pervious/Impervious Surfaces Inventory for Development Horizons, Modeling/ Pond concepts, meeting with the FAA, Coordination with the DOE Dam Safety Division, Geotechnical Site Evaluation, Engineering Site Analysis and Report preparation, Plans, Specifications and Estimates (PS&E) and permitting and project administration, Wetland Delineation and Mitigation Services and Wetland Mitigation Grading, Drainage, Survey support, Documented Categorical Exemption (DCE), Environmental Assessment (EA), Hydraulic Analyses, Dam Safety Review Application and Processing, Operations and Maintenance Manual and Emergency Response Plan.

Motion approved with a 3-0 vote.

7. AMENDMENT NO. 3 TO THE PROFESSIONAL SERVICES AGREEMENT (PSA) WITH URS CORPORATION FOR THE COMMERCIAL TERMINAL EXPANSION PROJECT AT BELLINGHAM INTERNATIONAL AIRPORT (BLI).

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 \$270,648 for a total authorized PSA of \$1,131,083 and increase the Capital Improvement Project (CIP) budget from \$1,131,083 to \$1,401,731.

Discussion: Project Engineer Adam Fulton explained this third amendment increases the scope of work with the expanded Phase One and initiates the design effort for the remainder of the building through Concept Drawings.

Motion approved with a 3-0 vote.

WORK-STUDY SESSION

1. Update on the Georgia Pacific (GP) West Clean-up.

Site project Manager Brian Gouran provided a brief general summary of the Remedial Investigation/Feasibility Study (RI/FS) being conducted under an agreed order with the Washington State Department of Ecology. Mr. Gouran explained the RI/FS will define the nature and extent of contamination, evaluate the contaminate migration pathways and potential receptors, screen available remedial technologies that can address contamination, and evaluate remedial alternatives including a preferred alternative.

Mr. Gouran reported that since August 2009, a significant amount of work has been completed on the RI/FS, including the installation of approximately 34 new monitoring wells, 36 borings, analysis of about 890- soil samples and 370 groundwater samples. Other activities have included geochemical analysis, hydro geologic/tidal study, stormwater system evaluation and a soil vapor study of the site.

Mr. Gouran added the key Remedial Investigation (RI) findings are that the soil and groundwater are fully characterized at the site (understanding the conditions) and are consistent with previous investigations, the area and extent of contamination has been refined and the findings show no impacts to the lower aquifer, the Chemfix is shown to be stable, and the Stormwater utilities are not acting as preferential pathways to contaminant migration. A thorough RI report (Volume 1) will be forthcoming.

The RI/FS project includes three (3) key phases under a Professional Services Agreement (PSA) with Aspect Consulting:

Phase I: (Completed): Project Scoping, Agreed Order negotiations and develop work plan.
Phase II: (Ongoing): Field work and preparing RI/FS report.
Phase III: Development of the Cleanup action plan and Consent Decree Negotiations.

Mr. Gouran reported that with the completion of the RI work and reporting, a PSA amendment for the Feasibility Study and engineering/design of potential early remedial actions will be put forth to the Commission for consideration in the coming weeks. This will allow for engineering and design work to be completed for potential early actions beginning next fall.

2. Dredging work at Squalicum Gate No. 3.

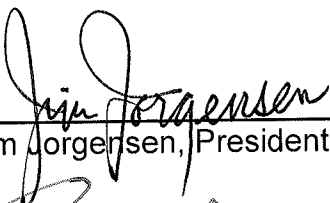
Marine Services Director Dan Stahl provided an overview of the six (6) dredging alternatives for the four (4) apportioned Dredge Material Management Unit (DMMU) sites of the Gate 3

F& G project at Squaticum Harbor. Mr. Stahl explained the options involve varying levels of dredging, capping and removal with preliminary estimated costs of each option ranging from the highest \$7,503,241 for Option No. 1 to the lowest \$1,041,338 for Option No. 6. Mr. Stahl reported the MAC (Marina Advisory Committee) prefers Option 4 (\$2,594,319) which would allow for dredging of 2 of the 4 DMMUs, totaling 25,500 cubic yards and that all of the dredged material would qualify for an upland beneficial reuse.

The Commission discussed the pros and cons of each option and staff agreed to review the issue further before the project is taken out to bid.

ADJOURN

As there was no further business, the meeting was adjourned at 5:20 p.m.



Jim Jorgensen, President



Scott L. Walker, Secretary