

**MINUTES OF THE PORT OF BELLINGHAM COMMISSION MEETING  
HELD TUESDAY, JANUARY 20, 2009  
HARBOR CENTER BUILDING CONFERENCE ROOM  
1801 ROEDER AVENUE, BELLINGHAM, WASHINGTON**

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Present:	Scott L. Walker	President
	Jim Jorgensen	Vice President
	Douglas G. Smith	Secretary
Staff:	Jim Darling	Executive Director
	Rob Fix	Chief Financial Officer
	Art Choat	Director, Aviation
	Mike Stoner	Director, Environmental Programs
	Fred Seeger	Director, Facilities
	Dan Stahl	Director, Marine Services
	Sylvia Goodwin	Director, Planning and Development
	Lydia Bennett	Director, Real Estate
	John Hergesheimer	Senior Project Engineer
	Brian Gouran	Environmental Site Project Manager
	Dodd Snodgrass	Economic Development Specialist
	Carolyn Casey	Corporate Communications Manager
	Terry Ilahi	Real Estate Analyst/Account Representative
	Matt Staves	Accounting Analyst
	Frank Chmelik	Port Counsel
	Jon Sitkin	Port Counsel
	Mary Matyas	Executive Secretary

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### **CALL TO ORDER AND RECESS TO CLOSED EXECUTIVE SESSION**

Commissioner Walker called the meeting to order at noon and immediately recessed the meeting to a closed executive session to discuss real estate transactions.

### **RECONVENE COMMISSION MEETING**

The Commission meeting was reconvened at 3:10 p.m.

### **WORK STUDY SESSION**

#### **1. Update on Whatcom Waterway Cleanup and Marina Development Project**

Mr. John Hergesheimer, Senior Project Engineer, reviewed the cleanup activity schedule for the Whatcom Waterway Cleanup and Marina Development Project, noting the field sampling for pre-design investigations is complete and a data report is scheduled to be submitted to Ecology in March 2009. Regarding engineering design, Mr. Hergesheimer noted that as

required by the Consent Decree, a Design Concept Report will be submitted to Ecology by July 2009 and a Draft Engineering Design will be submitted by January 2010.

Mr. Hergesheimer gave a brief field investigation update that included ASB Investigations and Waterway Investigations noting declining mercury concentrations in the waterway and favorable results from testing for Cap Design.

Mr. Hergesheimer reviewed 30% Remedial Design Activities:

- Geotechnical Evaluations with new data
- Sediment Stability and Cap Design
- Dredging, Reuse and Disposal Engineering
- Pre-Application Meetings with Permitting Agencies

He noted 30% Remedial Design is scheduled for the summer of 2009 and permit submittals will include both the environmental and marina design.

Mr. Dan Stahl, Director of Marine Services, explained the design process that the Port was following for the New Downtown Marina. The process for the new marina is going on in parallel with the environmental cleanup design, and will merge into one permit submittal. Mr. Stahl reviewed materials that have been developed with, and unanimously endorsed by the Port's Marina Advisory Committee (MAC). This review included changes in recreational vessel design. Over the past two decades, recreational vessels have gotten longer and wider. The marina design will take this into account as it sizes slips for local demand.

Mr. Stahl then reviewed the final draft report from BST Associates that included a recommended slip mix for the marina. This report was discussed at length by the MAC, and endorsed, with the caveat that the Port should look closely at the demand for boats in the 36 to 45 foot range. The Port currently has an inventory of 1700 slips with 79% being 40 foot or less. That percentage would drop to 69% of all slips being 40 foot or less given the slip mix recommendations from BST Associates. Mr. Stahl noted the Port is, and will continue to be, a small boat harbor.

Lastly, Mr. Stahl reviewed the process to define the layout that will be used to place the selected slip mix into the marina design. The number of layouts has been refined down to two, which were reviewed with the Commission.

Mr. Stahl reviewed project next steps as follows:

- Narrow two (2) float layouts to one for the Marina
- Define upland configuration for the Marina
- Proceed with 30% Design for both the Cleanup and Marina
- Submit permits for both the Cleanup and Marina
- Develop Design to 90%
- Receive permits and bid the project
- Cleanup and Marina Construction will proceed over four (4) seasons.

**2. Update on Central Waterfront Remedial Investigation/Feasibility Study (Roeder Landfill, Chevron, Olivine & Colony Wharf)**

Mr. Brian Gouran, Environmental Site Project Manager, reviewed that a Remedial Investigation/Feasibility Study is conducted under an Agreed Order with Ecology and defines the nature and extent of contamination, evaluates contaminant migration pathways and potential receptors, screens available remedial technologies, and evaluates remedial alternatives and highlights a preferred alternative. He reviewed key remedial elements as follows:

- Groundwater Diversion Barrier near Marina
- In-Situ Petroleum Hydrocarbon Remediation
- Stormwater Collection and Conveyance
- Vapor Control Systems
- Soil Cover and Maintenance
- Institutional Controls

After reviewing key remedial elements and noting estimated remedial costs are \$7.1 million, Mr. Gouran reported next steps will include receiving Ecology comments and then completing RI/FS revisions; followed by the RI/FS being issued for public comment. After the RI/FS is finalized, the Port will initiate the development of a Cleanup Action Plan with Consent Decree negotiations anticipated for the 4<sup>th</sup> quarter of 2009.

**3. Update on Foreign Trade Zones**

Mr. Dodd Snodgrass, Economic Development Specialist, reviewed Port of Bellingham Foreign Trade Zones as follows:

<b>#129</b>	Site 1	Canfor Lumber	20 acres
		AIP (includes ITB and Brenthaven)	120 acres
		DNR	160 acres
	Site 2	Cordata	60 acres
	Site 3	Cherry Point Industrial Park	270 acres
<b>#129A</b>	Subzone	BP Refinery	
<b>#130 Sumas</b>	Site 1	Undeveloped property adjacent to railroad track – Green Site	23 acres
	Site 2	Industrial Park area	52 acres
<b>#131 Blaine</b>	Site 1	Property adjacent to airport site	26.5 acres
	Site 2	Cambridge Industrial Park	2.65 acres

Mr. Snodgrass noted that of the approximate 734 acres, less than 20% of the property is port-owned land. He explained that Foreign Trade Zones need a business demand to spur

activation and NAFTA and other trade agreements have largely mitigated the need. He noted the BP Refinery is the only working FTZ in Whatcom County.

Mr. Snodgrass explained that both Trillium and Cordata Investments have requested the FTZ designation be removed from the Cordata property. Staff will be requesting the Commission direct staff to make an administrative request to Customs and Border Protection and the FTZ Board to remove Cordata from the General Purpose Zone #129 (upcoming Commission meeting).

Mr. Snodgrass mentioned the BP subzone and balance of port-owned AIP property in Zone #129 should keep the FTZ designation, but noted staff is considering recommending zone status be removed from most of the other properties.

He reiterated to the Commission that a foreign trade zone can be created and activated when there is a need.

#### **4. Update on application for zoning map change for Seaview Boatyard North, Inc.**

Ms. Lydia Bennett, Director of Real Estate, explained that Seaview North has applied to the City of Bellingham for a zoning map change from "Commercial Waterfront" to "Industrial Light Mixed" zoning. She noted the City of Bellingham has accepted the application and it will come forward for consideration in 2009 with a final decision by the City in December 2009. During the process, the Port of Bellingham will be asked if they agree or do not agree with Seaview North's request for a zoning map change.

When asked by Commissioner Walker, Ms. Bennett remarked that she does not see a problem with the zoning map change; the change will more closely match the use. She noted "Industrial Light Mixed" eliminates height restrictions, but height issues are addressed in a separate City shoreline process and are not an issue with the zoning map change.

#### **5. Update on proposed Fairhaven street name**

Ms. Lydia Bennett, Director of Real Estate, reported that the Bellingham Bay Community Boating Center recently applied for a building permit to make some improvements on their building and found that they need a street address to do so. The street leading to their facility does not have a name. She noted the Port access street leads from Harris Avenue to the U. S. Coast Guard pier and offices, the boating center, boat launch and warehouse.

Ms. Bennett explained that the Port, as the property owner, can submit a name for the street to the City of Bellingham for approval. The City's street naming process provides a list of pre-approved names or, if the name is not on the pre-approved list, the Port can work through the Planning Commission process for approval of the name. Following approval of the name by the Planning Commission, it is submitted to the City Planning Department where the process is completed.

Commissioner Walker suggested the Commission be prepared to vote on a name for the street at their upcoming February meeting.

## **NEW BUSINESS**

### **1. CORNWALL AVENUE LANDFILL SITE – GRANT APPLICATION AND AGREEMENT**

Motion: Authorize the Executive Director to make application for and execute a Grant Agreement with the Department of Ecology for funding in the amount of \$859,000 toward the design, permitting, and implementation of the initial phase of the required remedial actions at the Cornwall Avenue Landfill Site.

Discussion: Mr. Mike Stoner, Director of Environmental Programs, explained that to ensure state grant funding to support the design and implementation of required remedial actions for the site is available during the current biennium, it is necessary to enter into a grant agreement with Ecology prior to June 30, 2009. Funding that is committed by an agreement can be carried over to the following biennium. Since the grant agreement will be executed before Ecology's decision documents are finalized, the agreement will include a provision that requires that the final Consent Decree and Cleanup Action Plan will need to be in place before grant funding can be accessed.

Based on preliminary cost estimates, the total project cost for the design, permitting, and implementation of the first phase of remedial action at the site is \$1,793,000. The grant eligible total is \$1,718,000, and Ecology funds 50% of the eligible cost (\$859,000). Additional non-grant-eligible costs will be required to pay for Ecology oversight of the project tasks. The site is covered under the pre-funded environmental insurance policy with AIG, which will fund 50% of eligible costs. Upon final execution of the Consent Decree for the Cornwall Avenue Landfill site, claims for reimbursement of project invoices will be made to Ecology.

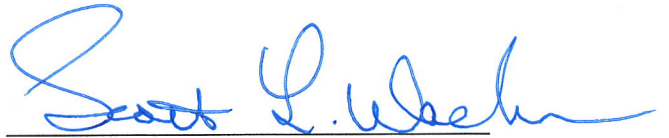
Mr. Stoner noted some incorrect dates were found in the draft application sent to the Commission in their agenda packets. The dates will be corrected in the application prior to it being submitted to Ecology.

Mr. Jim Darling, Executive Director, acknowledged Model Toxic Control Act (MTCA) funds are again in danger of being diverted from environmental cleanups to other uses due to state budget issues. He noted the voter-approved tax on petroleum which provides funds for environmental cleanups is regularly threatened as a way to solve other budget shortfalls.

Motion approved with a 3-0 vote.

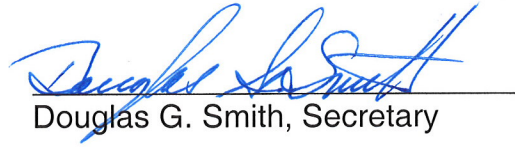
## **ADJOURN**

As there was no further business, the meeting was adjourned at 4:38 p.m.



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Scott L. Walker, President



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Douglas G. Smith, Secretary