

**MINUTES OF THE PORT OF BELLINGHAM COMMISSION MEETING
HELD TUESDAY, MARCH 3, 2009
HARBOR CENTER BUILDING CONFERENCE ROOM
1801 ROEDER AVENUE, BELLINGHAM, WASHINGTON**

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
	Shirley McFearin	Real Estate Development Manager/Broker
	Dodd Snodgrass	Economic Development Specialist
	Adam Fulton	Project Engineer
	Scott Wendling	Project Engineer
	Frank Chmelik	Port Counsel
	Mary Matyas	Executive Secretary

CALL TO ORDER AND RECESS TO CLOSED EXECUTIVE SESSION

Commissioner Walker called the meeting to order at 1:30 p.m. 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.

PUBLIC COMMENT PERIOD

Mr. Fahri Ugurlu, Harborside Bistro, One Bellwether Way, Bellingham, WA 98225. Mr. Ugurlu voiced concerns regarding parking for his customers in the upcoming months with the Bellwether Gate construction project leasing the parking areas for staging that his customers have used for parking in the past. He noted to date his staff has booked 27 weddings in the upcoming months and parking near the Bellwether will be important to those and other guests. Staff assured the Commission they were working with both Mr. Ugurlu and Mr. Ebanal of Bellwether Gate to find an alternative parking area in close proximity to the hotel to address Mr. Ugurlu's concerns.

PRESENTATION

Mr. Rob Fix, Chief Financial Officer, reported that the Port of Bellingham's Accounting Department has been awarded a Certificate of Achievement in Financial Reporting (CAFR) from the Government Finance Officers Association for its comprehensive annual financial report for the fiscal year ended December 31, 2007. This is the 13th consecutive year that the Port of Bellingham has received the award.

CONSENT AGENDA

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

- A. Approve minutes of the February 3, 2009, and February 17, 2009, regularly scheduled Commission meetings and February 20, 2009, special Commission meeting.
- B. Approve Voucher Certification January 29, 2009 – February 18, 2009, totaling \$1,504,611.26.
- C. Authorize the Chief Financial Officer to engage the Washington State Auditor to complete the 2008 Audit at an estimated cost of \$33,284 plus travel, out-of-pocket costs and that the Finance budget for Outside Services be increased by \$4,000 to \$54,500.
- D. Approve a Modification of Hi-Five, Inc.'s, Airport Lease to allow repair and maintenance, sales and charter of aircraft as permissible uses at the Bellingham International Airport.
- E. Approve the Renewal of Lease and Services Agreement between the Port of Bellingham and Northwest Discovery Project also known as the Marine Life Center.
- F. Authorize the Executive Director to sign all documents necessary to execute a Research Facility Lease between the Port of Bellingham and Bellingham Technical College for the Innovation Partnership Zone technology development center. (Discussion prior to vote.)
- G. Authorize the Executive Director to approve Purchase Order Number 38155 to Entrance Controls, Inc. for parking lot equipment relocation and new equipment in the amount of \$65,614.60 plus tax.
- H. Authorize the Executive Director to execute a Professional Services Agreement with Anchor Environmental for \$19,807, including contingency, for completing a Remedial Investigation/Feasibility Study (RI/FS) at the I & J Waterway site.

- I. Authorize the Executive Director to execute an amendment to the Professional Services Agreement with AECOM (formerly Retec/ENSR) to increase the scope and budget by \$84,815 to finalize the Remedial Investigation/Feasibility Study and prepare a Cleanup Action Plan for the Central Waterfront Site.
- J. Authorize the Executive Director to execute a Personal Service Agreement for \$12,000 between the Port of Bellingham and Reed Stoops & Associates.
- K. Appoint Michael E. Smith as a Port representative on the Waterfront Advisory Group for a term of three years.

Discussion: The Commission requested clarification on lease terms for Consent Agenda Item No. F, Bellingham Technical College Lease in the Innovation Partnership Zone Facility. Ms. Lydia Bennett, Director of Real Estate, explained that Western Washington University (WWU) and Bellingham Technical College (BTC) each have their own portion and share the common areas of the 10,000 square foot research and technical trades facility within the former GP warehouse. Because of the economic development benefit provided by the project, the Port and BTC have agreed that BTC will provide all development and programmatic expenses as their rent until December 31, 2011. Beginning January 1, 2012, BTC will pay the Port \$1.20 per square foot per year for additional rent, escalating 4% annually plus utility charges.

Mr. Frank Chmelik, Port legal counsel, explained that the base rent charged for the first ten (10) years upon occupation of the facility is the value provided BTC for maintaining an educational facility. This is determined by an analysis of the true and full value, required by state law, of what BTC brings to the overall project. He noted both the BTC and WWU leases include a provision requiring repayment of some or all of the state grant award if they do not use and maintain the facility as required by the state grant conditions. BTC and WWU must also occupy and use the facility under certain terms or face default. Mr. Chmelik noted the formal leases mirror the terms and obligations set forth in the interlocal agreements with WWU and BTC for collaboration regarding the Innovation Partnership Zone.

Motion approved with a 3-0 vote.

NEW BUSINESS

1. PUGLIA ENGINEERING INC. d/b/a FAIRHAVEN SHIPYARDS – MODIFICATION OF LEASE FOR EXPANSION

Motion: Approve a Modification of Lease with Puglia Engineering, Inc. d/b/a Fairhaven Shipyards to incorporate the former Arrowac Fisheries building and related property into the Lease Agreement between the Port of Bellingham and Puglia Engineering, Inc., dated October 9, 2002, as renewed and modified to accommodate expansion of Fairhaven Shipyards.

Discussion: Ms. Shirley McFearin, Real Estate Development Manager/Broker, reported that the modification of lease would incorporate the cannery building and related property, including a portion of Warehouse 9 into the Puglia leasehold effective March 1, 2009. Ms. McFearin reported the proposed lease modification includes a six (6) month "no rent" period beginning March 1, 2009, through August 31, 2009. Effective September 1, 2009 through February 28, 2010, monthly rent will be \$11,868.33 plus leasehold tax and all utilities and services. Effective March 1, 2010, rents will escalate 3% annually throughout the balance of the term (October 31, 2015); rents will then be renegotiated.

Mr. Neil Turney, President of Puglia Engineering, Inc., explained that with the recent purchase of the Faithful Servant semi-submersible barge and its conversion for use as a dry dock, Fairhaven Shipyard plans to expand its operation which will include approximately 90 additional employees. With the proposed lease of the former Arrowac facility, Fairhaven Shipyards plans to convert the building to administration offices, a large estimating/planning center and also plans to expand their valve and machine shops.

The Commission voiced support of the Fairhaven Shipyard expansion.

Motion approved with a 3-0 vote.

2. BELLWETHER GATE LLC – LEASE AMENDMENT

Motion: Approve an Amendment to the Development Design Agreement and Capital Ground Leases between the Port of Bellingham and Bellwether Gate LLC, a Washington limited liability company, in connection with Bellwether Gate's anticipated construction of four multi-use buildings and related underground and surface parking areas at Bellwether on the Bay.

Discussion: Ms. Shirley McFearin, Real Estate Development Manager/Broker, reported that financing for construction of the first of four buildings at Bellwether is taking much longer than originally anticipated. Ms. McFearin noted Mr. Dave Ebenal of Bellwether Gate is working diligently to secure a lender and hopes to close on a loan soon; he anticipates that the building construction schedule will stay the same. Bellwether Gate is asking the Port to consider an adjustment in the applicable dates in the lease to give Bellwether Gate more time to close on its financing, commence construction and to provide a performance bond. The proposed modified date is May 31, 2009.

Mr. Ebenal noted that CH2MHill is firmly committed to the project and reiterated that he believes financing will be finalized soon.

Motion approved with a 3-0 vote.

3. NAMING INNOVATION PARTNERSHIP ZONE RESEARCH AND TECHNICAL TRAINING FACILITY

Motion: Approve the formalized name of the Innovation Partnership Zone facility as the *Waterfront Innovation Zone: Technology Development Center*.

Discussion: Mr. Dodd Snodgrass, Economic Development Specialist, reviewed that Governor Gregoire's definition of Innovation Partnership Zones is geographic areas that will become globally recognized hubs of expertise, innovation and commercialization. The Port of Bellingham's Innovation Partnership Zone in The Waterfront District will focus on marine manufacturing and related industry in the Applied Research and Technical Training Facility to be used by Western Washington University and Bellingham Technical College.

The proposed name "Waterfront Innovation Zone: Technology Development Center," with the acronym "WIZ" provides a relationship context (water/marine), describes what the facility does and will be suitable for signage and written material.

Mr. Snodgrass mentioned a current Waterfront Innovation Zone (WIZ) project is WWU assisting All American Marine in composite hydrofoil for fast-ferry to reduce size of wake wash; a potential WIZ project is WWU's Vehicle Research Institute Hybrid Shuttle Bus conversion project. He noted Bellingham Technical College will be an industry trainer using real-world application in composite and diesel engine technologies, as well as other direct applications for electronic and power use.

Motion approved with a 3-0 vote.

4. BID AWARD FOR INNOVATION PARTNERSHIP ZONE: TECHNOLOGY DEVELOPMENT CENTER

Motion: Authorize the Executive Director to execute a contract with Myers General Commercial Corporation of Bellingham, Washington, for the Innovation Partnership Zone Project in the amount of \$986,129.38 plus a 10% contingency for a total authorized contract amount of \$1,085,000.00.

Discussion: Mr. Adam Fulton, Project Engineer, noted this is the first brick and mortar project in The Waterfront District and explained the project constructs 10,000 square feet of Tenant Improvements inside the Marine Trades Center (formerly known as the Georgia-Pacific Tissue Warehouse). When construction is completed, the space will be jointly occupied by Western Washington University and Bellingham Technical College for research, development, and specialized training involved with plastic composite materials and their application into various transportation and marine industries. Mr. Fulton noted that a \$240,000 grant to be included in this project's budget, administered through the Washington Public Ports Association from the U.S. Housing and Urban Development program, will be before the Commission at their April 7 Commission Meeting.

Mr. Fulton reported that this will be the first time the Port has contracted with Myers General and, after performing due diligence, staff is confident in Myers General's ability to perform the work. He also noted there were eleven bids received and there was a tie in the base bids, but when the additive alternates are included Myers General Commercial Corporation is the lowest responsive and responsible bidder.

Bids were received on February 24, 2009, as follows:

	Contractor		Tenant Improvements including Additive Alternates
	HB Hanson		\$1,602,219.50
	Razz Construction		\$1,323,657.50
	J R Abbott		\$1,212,188.00
	Roosendaal/Honcoop		\$1,211,611.00
	Vertical		\$1,162,035.00
	Tiger Construction		\$1,160,082.00
	Franklin Corporation		\$1,145,191.00
	Boss Construction		\$1,137,326.31
	Faber Brothers Construction		\$1,066,570.26
	Ebenal General		\$1,010,135.00
	Myers General		\$986,129.38

Motion approved with a 3-0 vote.

5. BID AWARD FOR BLAINE BOAT LAUNCH FLOATS AND PILING REPLACEMENT

Motion: Authorize the Executive Director to execute a contract with Bellingham Marine Industries of Bellingham, Washington, for the Blaine Boat Launch Floats and Piling Replacement Project in the amount of \$166,981.50 plus a 15% contingency for a total authorized contract amount of \$192,000.00.

Discussion: Mr. Adam Fulton, Project Engineer, explained that the Blaine Boat Launch project will include replacement of the floats, piling and installation of two new street lights. He noted material will be ordered shortly and the actual on-site construction will be in late July 2009.

Mr. Fulton explained that this capital improvement item budget has been lowered, since the adoption of the 2009 budget, due to the dredging component being removed and Port staff obtaining a grant from the Washington State Recreation and Conservation Organization for 50% of the actual costs of the project, or \$104,000, whichever is lower. He noted the dredging component was performed as a separate and smaller project by the Port's Maintenance Department.

Bids were received on February 23, 2009, as follows:

	Contractor		Total
	Manson Construction		\$250,755.44
	Pacific Pile & Marine		\$194,084.80
	Myers General		\$183,365.00
	American Construction Co.		\$182,714.00
	Quigg Brothers Inc.		\$179,296.25
	Redside Construction		\$170,236.50
	TEK Construction		\$167,776.25
	Bellingham Marine		\$166,981.50

Motion approved with a 3-0 vote.

6. PROFESSIONAL SERVICE AGREEMENT WITH URS CORPORATION FOR THE BLI COMMERCIAL PASSENGER TERMINAL EXPANSION AND UPGRADE PROJECT

Motion: Authorize the Executive Director to enter into a Professional Service Agreement with URS Corporation for Phase 1 services for the overall main terminal conceptual design activities associated with the BLI Commercial Passenger Terminal Expansion and Upgrade Project at the Bellingham International Airport in the amount of \$474,952, plus a 10% budgetary contingency for a total authorized amount of \$525,000.

Discussion: Mr. Art Choat, Director of Aviation, reviewed that the proposed Professional Service Agreement with URS Corporation for Phase 1 services is to provide an overall main terminal conceptual design to accommodate current and future passenger loading. He noted this work will not be in conflict with ongoing discussions with Allegiant Air regarding the possibility of them building their own section of terminal at the Bellingham International Airport. The scope of work for Phase 1 needs to be completed no matter what decision is made regarding an Allegiant terminal.

Mr. Scott Wendling, Project Engineer, reported that three proposals were evaluated (URS Corporation, Arai Jackson Ellison Murakami, and Gensler) and two interviews were conducted by the selection committee. The selection of URS Corporation was based on the entire project and it is anticipated the PSA will be amended several times before the project is completed. Future amendments or new agreements for next phases will be brought to the Commission for consideration and approval and will cover final engineering design, phase project plans and specifications for bidding and permitting.

Next phases of the project include the baggage claim area, gate holding lobby area, ticketing, ticket queuing, baggage screening, baggage makeup area, passenger screening area, main lobby seating, restrooms, and concession areas.

Mr. Wendling noted the Federal Aviation Administration Passenger Facility Charges will reimburse the Port 100% of the cost of this Professional Services Agreement.

Motion approved with a 3-0 vote.

7. APPROVAL OF MODIFIED RESOLUTIONS NO. 1262-A AND 1263-A

Motion: Adopt Resolution No. 1262-A approving the 2009 Strategic Budget and Property Tax Levy as published and amended as per the attached Addendum A and adopt Resolution No. 1263-A approving an increase in the Regular Property Tax Levy and to maintain maximum levy capacity.

Discussion: Mr. Rob Fix, Chief Financial Officer, reviewed that on November 18, 2008, the Commission adopted Resolution No. 1262 approving the 2009 Strategic Budget and adopted Resolution No. 1263 requesting a specific tax levy and preserving our maximum property tax levy capacity.

Mr. Fix noted the Commission direction to staff was to file a levy that maintains the levy amount on existing assessed property without increase, but to add to the tax levy for newly assessed property at the previous year levy rate. Resolution No. 1262-A modifies the tax levy information to account for the certified assessed valuation received on December 19, 2008, from the Assessor's office. The Assessor certified the actual assessed value of new construction at \$536 million. This increase results in a tax levy of \$7,423,308 which is equal to the amount in the adopted budget, but decreases the assessed rate from \$.3246 in 2008 to \$.3060 in 2009.

Mr. Fix reported that based on the certified values, the calculated maximum tax levy the Port could assess for 2009 is \$8,368,058. Resolution No. 1263-A provides for preservation of the "banked capacity" estimated at \$944,750 recognizing that the Port may have future need to assess up to the maximum lawful levy limit.

Motion approved with a 3-0 vote.

OLD BUSINESS

1. UPDATE ON FAIRHAVEN STREET NAME

Ms. Lydia Bennett, Director of Real Estate, reviewed that at the February 3, 2009, Commission meeting, the Commission tabled a motion to approve a street name or Harris Avenue numerical address for the leasehold locations near and within the Fairhaven boat launch area. The street name issue came up initially because the Bellingham Bay Community Boating Center applied for a building permit and the City of Bellingham requested that the access road (a Port private road) from Harris Avenue be named. Later the City

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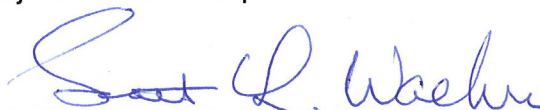
clarified that the street does not have to be named and numerical Harris Avenue addresses could be used which is how other facilities on the street have been addressed.

Staff reported representatives of the U.S. Coast Guard and Alaska Marine Highway System stated it would be expensive and inconvenient to contact vendors, change business cards and letterheads, and update the USCG information system if their addresses were changed.

Since the street does not have to be named, the Commission noted there was no action to be taken.

ADJOURN

As there was no further business, the meeting was adjourned at 4:37 p.m.



Scott L. Walker, President



Douglas G. Smith, Secretary