

**MINUTES OF THE PORT OF BELLINGHAM COMMISSION MEETING
HELD TUESDAY, DECEMBER 7, 2010
HARBOR CENTER BUILDING CONFERENCE ROOM
1801 ROEDER AVENUE, BELLINGHAM, WASHINGTON**

Present:	Jim Jorgensen	President
	Michael McAuley	Vice President
	Scott L. Walker	Secretary
Staff:	Charlie Sheldon	Executive Director
	Rob Fix	Chief Financial Officer
	Art Choat	Director, Aviation
	Mike Stoner	Director, Environmental Programs
	Fred J. Seeger	Director, Facilities
	Dan Stahl	Director, Marine Services
	Sylvia Goodwin	Director, Planning and Development
	Lydia Bennett	Director, Real Estate
	Dodd Snodgrass	Economic Development Specialist
	Brian Gouran	Site Project Manager
	Shirley McFearin	Real Estate Development Manager
	Elizabeth Monahan	Human Resources Manager
	Frank Chmelik	Port Counsel
	Jon Sitkin	Port Counsel
	Diane McClain	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 personnel matters pursuant to RCW 42.30.110(1) (c) (g). Commissioner Jorgensen noted that no formal action would be taken during the closed session and he expected the closed executive session to last approximately 3 hours.

RECONVENE PUBLIC MEETING AND RECESS TO INDUSTRIAL DEVELOPMENT CORPORATION (IDC) BOARD MEETING

The Commission meeting was reconvened at 3:05 p.m. and immediately recessed to an IDC meeting.

1. INTERLOCAL AGREEMENT REGARDING ECONOMIC DEVELOPMENT SERVICE PROVIDERS

Motion: The Board of Commissioners of the Industrial Development Corporation (IDC) of the Port of Bellingham authorizes the President to sign an Interlocal Agreement (Port of Bellingham, City of Bellingham and Whatcom County and the Industrial Development

Corporation of the Port of Bellingham (IDC)) for a coordinated approach to funding and contracting with economic development service providers.

Discussion: Economic Development Specialist Dodd Snodgrass explained in the past, Port, City and County have contracted separately with various local providers i.e. Northwest Economic Council, Center for Economic Vitality and the Technology Alliance Group for services such as business recruitment, expansion and retention activities. Prompted by local elected officials, staff of the three agencies collaborated and proposed pooling existing resources committed to these services by issuing a Request for Proposal (RFP). The RFP was issued on November 1, 2010 and local service providers responded by December 3, 2010. Chief Financial Officer Rob Fix recommended the IDC (assisted by an advisory committee of the agencies) be appointed as the administrative entity to select successful bidders, manage the contracts, coordinate communication between the agencies, and invoice agencies for their proportionate share of the contract costs. The Port's commitment of \$125,000 is funded within the IDC budget (approved by the Commission on November 16, 2010), the City is committing up to \$105,000 through its general fund and the County is committing up to \$225,000 through the Economic Development Investment program.

Motion approved with a 3-0 vote.

CLOSE THE INDUSTRIAL DEVELOPMENT CORPORATION (IDC) BOARD MEETING AND RECONVENE PUBLIC MEETING.

Commissioner Jorgensen welcomed those signing up for public comment and asked that each speaker keep to three minutes to allow for everyone a chance to speak.

PUBLIC COMMENT PERIOD

1. Matt Paskus, 1151 Old Marine Drive, Bellingham, WA – Airport- Mr. Paskus commented he was upset with air traffic, noise and environmental issues, BIAAC communication, FAA grants, and jet fuel tax.
2. Milan Sliplevic, 156 Windward Drive, Bellingham, WA – Moorage- Mr. Sliplevic, President of the Commercial Fishermen's Association (CFA) of Whatcom County presented the Commission with letters from commercial fishermen and a petition representing 2738 jobs total jobs as well as a list of local businesses in support of the petition to lower the commercial moorage rate.
3. Doug Karlberg, Bellingham, WA - Moorage–Presented letter to Commission from the Commercial Fishermen's Association of Whatcom County; adding they would like to see moorage rates lowered in keeping with economy and unemployment in the region.
4. Ellie Kinly, 2304 Lummi View, Bellingham, WA – Moorage (signed up in error, no comment).

5. Dana Wilson, 2411 Lummi, Bellingham, WA – Moorage- Fisherman and Tenant of Port of Bellingham, expressed that he would like to see lower rates; adding he is currently using a trailer to keep boat out of the harbor.
6. Ken Culver, 1001 16th Street, Bellingham, WA – Moorage- Fisherman, requested a delay on the decision of the moorage model and suggested the Commission further examine the model.

CONSENT AGENDA

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

Approve minutes of the November 2, 2010, and November 16, 2010, regularly scheduled Commission meetings.

- B. Voucher Certification and Approval November 03 - 24, 2010, totaling \$2,077,148.78.
- C. Approve the 2011 Bellingham International Airport (BLI) Tariff Schedule.
- D. Authorize the Executive Director to extend the current Airport Woodwaste Landfill Leachate Management contract with VanderVeen Family Transport, Inc. from January 1, 2011 to June 30, 2011 for on-call leachate hauling services.
- E. Authorize the Executive Director to sign a Purchase Order to Entrance Controls in the amount of \$77,380.52 for Airport Parking Lot Equipment.
- F. Authorize the Executive Director to sign a Purchase Order to NW Fuel Systems in the amount of \$35,397.04 for the purchase of a 2500 gallon diesel fuel tank; and authorize a budget transfer of \$20,000 from G/L 01-1809-07 project Parking Phase 4A to G/L 01-1808-04 Fuel Farm Upgrade.
- G. Authorize the Executive Director to amend the Professional Services Agreement with Aspect Consulting, Inc. to perform additional construction support services for the Northwest Fuels Demolition & Soil Remediation Project in the amount of \$27,493 for a total authorized contract amount of \$280,283.
- H. Increase the total authorized contract amount with Granite Construction Company for the FY 2010 Paving, Sealcoat & Striping Projects in the amount of \$25,000 for a total authorized contract amount of \$244,972.55, and transfer \$25,000 from Capital Improvement Budget 07.1810.17 (Tenant Improvements Port-wide) to Capital Improvement Budget 07.1810.21 (Marine Building & Redden Parking Lot).
- I. Approve Lease Modification for Exports, Inc. at Blaine Harbor.

- J. Approve Lease Renewal between the Port and Bellingham and Wade A. Cohen and Margarete "Ginger" V. Cohen, a sole proprietorship d/b/a Harbor Moon Salon & Barber.
- K. Authorize the Executive Director to execute a Professional Services Agreement with Bennett engineering, L.L.C. to perform landfill monitoring and reporting services in 2011 for an estimated cost of \$59,819 plus a 10% contingency for a total authorized budget of \$65,800.
- L. Authorize the Executive Director to enter into a time extension agreement with Standard Parking for the management of the pay parking lots at Bellingham International Airport for the period January 1, 2011 through April 30, 2011.
- M. Authorize the Chief Financial Officer to open a Property Insurance Claim and expose the Port to the policy \$25,000 deductible for losses caused by the winter storm on November 20, 2010.

Motion approved with a 3-0 vote.

ACTION ITEMS

1. PORT RESOLUTION NO. 1285 – ADOPTION OF A NEW MOORAGE MODEL FOR SQUALICUM AND BLAINE HARBORS

Motion: Approve Resolution No. 1285, adopting a new Moorage Model for Squalicum and Blaine Harbors, and rescinding the prior moorage model as described in Resolutions 1034, 1163, and 1163A.

Discussion: Marine Services Director Dan Stahl explained as a requirement of the Moorage Port Resolution No. 1034 adopted in 1995, the model was reviewed in 1998, 2002 and 2006 (every 4 years) and a new one developed by the Port's Marina Advisory Committee (MAC) and Port staff. The 2010 scope of the review included analysis to ensure that marinas remained a closed-loop system without requiring a subsidy for the Whatcom County taxpayers and explored basing moorage rates on some form of area charge being mindful of the impact to commercial fishermen. In his presentation, Mr. Stahl provided an overall view of the model pertaining to transition to area based rates, the market and how the model applies to the various length vessels, open slips, boathouses and commercial fishing vessels. Mr. Stahl concluded by adding the proposed marina model revenues would cover all operating costs of the Squalicum and Blaine harbors including operating, capital and indirect costs.

Motion declined with a 1-2 vote. In the Commission's decision to table the decision, the Commission made the following motion.

Motion: Direct the staff to prepare a revised moorage model resolution to be brought forward in February with the intent of taking effect April 1st, 2010, and reduce the annual pre-paid moorage discount from 10% to 5%, effective January 1st, 2011.

Motion approved with a 3-0 vote.

2. ADOPTION OF TARIFF NO. 800 FOR THE BELLINGHAM SHIPPING TERMINAL (BST)

Motion: Adopt Tariff No. 800 for the Bellingham Shipping Terminal, and to rescind Tariff No. 700.

Discussion: Marine Services Director Dan Stahl explained the tariff applying exclusively to the Bellingham Shipping Terminal was last updated in 1998. Since then, cargo shipments have dropped off significantly. The existing tariff, formatted under the outdated ATFI System mandated by the Feral Maritime Commission in 1994, has been reformatted with new tariff language bringing it into alignment with the new standard – the Ocean Shipping Reform Act of 1998. Mr. Stahl added the new tariff adds liability language dictated by the Federal Maritime Commission (FMC) and the labor rates and charges have been updated to reflect the current ILWU coast contract.

Motion approved with a 3-0 vote.

3. APPROVAL OF INTERLOCAL AGREEMENT REGARDING ECONOMIC DEVELOPMENT SERVICES PROVIDERS

Motion: Authorize the Executive Director to sign an Interlocal Agreement between the Port of Bellingham, City of Bellingham, Whatcom County and the Industrial Development Corporation (IDC) of the Port of Bellingham regarding a coordinated approach to funding and contracting with economic development service providers.

Discussion: As explained previously in the earlier IDC meeting, Chief Financial Officer Rob Fix explained this motion seeks authorization for the Port's Executive Director to sign the Interlocal Agreement in support of the cooperative agreement.

Motion approved with a 3-0 vote.

4. INNOVATION RESOURCE CENTER (IRC) 2011-2012 SERVICE AGREEMENT

Motion: Authorize the Executive Director to execute a Services Agreement with the Innovation Resource Center (IRC) for 2011- 2012.

Discussion: Chief Financial Officer Rob Fix explained the IRC is a newly formed non-profit corporation established by the Northwest Economic Council to connect innovative start-up businesses to resources in Whatcom County. The IRC will help develop innovative business

climates and identify entrepreneurs who will thrive in such climates. Mr. Fix added the Port's two year commitment of \$70,000 will be funded within the Industrial Development Corporation (IDC) budget approved by Commission on November 16, 2010.

Motion approved with a 3-0 vote.

5. ENERGY AUDIT – PORT OPERATING DIVISIONS

Motion: Authorize the Executive Director to execute Amendment No. 1 to the Interagency Agreement No. 2010-ERG-585 with the Department of General Administration (GA), Division of Facilities, Engineering & Architectural Services for \$33,496 to provide a Detailed Investment Grade Energy Audit and Energy Services Proposal to the Port.

Discussion: Environmental Director Mike Stoner reminded the Commission that in May of 2010, the Port signed an Interagency Agreement with General Administration to provide Energy/Utility Conservation Project Management and Monitoring Services. The Port has selected pre-approved Energy Services Company, McKinstry, to provide a Detailed Investment energy grade audit and to develop a detailed energy services proposal for target Port facilities including the Woodstone, Harbor Center and Bellwether Office buildings as well as the Bellwether Parking Garage and various Port facility lighting. Mr. Stoner further explained if the Port decides to implement any of the energy conservation measures, McKinstry will design and install the improvements and guarantee both the maximum project cost and the projected energy savings. If cost effective measures are selected and initiated, and the Port decides not to complete the energy conservation measures, the Port will pay \$33,496 for the Detailed Investment Grade Audit.

Motion approved with a 3-0 vote.

6. PURCHASE SMALL VACUUM SWEEPER

Motion: Authorize the Executive Director to issue a Purchase Order to the selected vendor for the purchase of a small vacuum sweeper for an amount not to exceed \$33,000.

Discussion: Environmental Director Mike Stoner informed the Commission that at least once per quarter, per the requirements of the National Pollutant Discharge Elimination System (NPDES) Industrial Stormwater General Permit, the paved surfaces at the Airport are to be rid of accumulated pollutants to protect water quality. In an effort to reduce the need for leaf blowers and their associated noise and emission impacts at the airport and other Port facilities, Port staff is requesting to purchase a small vacuum sweeper at a cost not to exceed \$33,000.

Motion approved with a 3-0 vote.

7. REMEDIAL INVESTIGATION FUNDING AGREEMENT – YORKSTON OIL

Motion: Authorize the Executive Director to execute a Remedial Investigation Funding and Litigation Tolling Agreement with Yorkston Oil Company, Thomas Yorkston, Exxon Mobil Corporation, and Chevron U.S.A., Inc. to fund and complete a Remedial Investigation at Yorkston Oil Site.

Discussion: Site Project Manager Brian Gouran explained the history of the bulk commercial fueling terminal site located at 2801 Roeder Avenue and the proposed scope of work for the Remedial Investigation estimated at \$62,850. Mr. Gouran reported multiple parties (past and present operators) will contribute to the cost including the Port's share estimated at 10%, or \$6,285.

Motion approved with a 3-0 vote.

8. COMMUNITY STUDIO LLC OPTION FOR COMMERCIAL LEASE AGREEMENT

Motion: Approve an Option for Commercial Lease Agreement with Community Studio LLC, a Washington Limited Liability Company, to potentially develop, construct and operate a mixed use, water oriented, environmentally friendly, living and working urban village on approximately 5 acres of land located at the Blaine Wharf District and identified as Parcel 3A, 3B, #C and 3D of the Blaine Wharf District Master Plan.

Discussion: Real Estate Development Manager Shirley McFearin explained Community Studio LLC was selected from the responses for the Port's 2008 Request for Qualifications and Vision for certain unimproved property in Blaine. Ms. McFearin added the Agreement (Option) with Community Studio will be for a term of ten (10) months and in consideration for the Option, Community Studio will pay a non-refundable \$10,000 fee to the Port. Community Studio may exercise the Option at any time during the term but if the Option is not exercised by September 30, 2011, the Option shall automatically terminate. During the term, Community Studio LLC shall investigate the property and study the feasibility of constructing facilities and improvements explained in the Option and Lease and demonstrate their ability to finance the project.

Motion approved with a 3-0 vote.

9. 2011 PORT EMPLOYEE BENEFITS RENEWAL

Motion: Authorize the Executive Director to execute the necessary contracts and employment practices for the implementation of the 2011 Employee Benefits Program.

Discussion: Human Resources Manager Elizabeth Monahan reported Wells Fargo has brokered the contract for the Port's 2011 Employee Benefits Program and the employee medical insurance shall remain with Regence Blue Shield- Inova. For 2011, benefits will

include a \$200/\$600 deductible, 100/70 coinsurance and a \$20 co-pay. The cost of this program has increased roughly 10% over last year which will be absorbed partly by the implementation of the employee deductible. The broker's fee is \$25,609.

Motion approved with a 3-0 vote.

WORK-STUDY SESSION

1. UPDATE ON THE WATERFRONT DISTRICT

In an update on the waterfront revitalization, Environmental Director Mike Stoner and Jon Sitkin (Chmelik, Sitkin and Davis) described the status of the Draft Planning Documents. The Draft Sub-Area Plan (aka Master Plan) is complete. The Working Draft Development Agreement is currently under review by Port and City staff, as is the Working Draft Planned Action Ordinance (PAO) document.

The Master Plan includes chapters on Community Vision, Environmental Considerations, Development Character, Multi-modal Circulation & Parking, Utility Systems, Parks, Open Space & Trails, Capital Facilities and a multi-year Phasing Plan. The Development Agreement will provide land use regulations on view corridors, building heights, building design, development density, zoning and other topics. The Plan Action Ordinance will be based on a regulatory framework established during state-wide regulatory reform in 1995. The Port and City have been working toward adoption of a PAO since 2006. The PAO process is designed to provide comprehensive SEPA review of the Waterfront District (Preferred Alternative), including early identification of potential impacts of large projects and appropriate mitigation measures. The package of documents is intended to provide predictability and certainty to developers and the local community, assuring consistency with SEPA requirements and environmental cleanup plans.

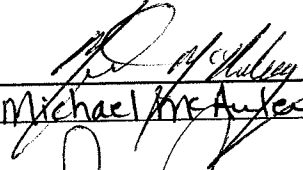
Mr. Stoner projected that after first of year, the packet of documents (Sub Area Plan, Development Agreement, and Planned Action Ordinance) will go to the City Planning Commission for review and public comment. The City Council and Port Commission will then hold public hearings prior to considering the documents for approval. The information from the public hearings may then be brought to a joint Port/City meeting for adoption of the packet of documents.

NEW BUSINESS

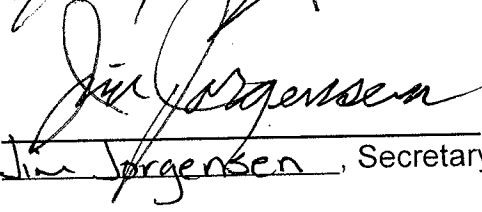
None brought forward.

ADJOURN

As there was no further business, the meeting was adjourned at 7:00 p.m.



Michael McAuley, President



Jim Jorgensen, Secretary



IT'S NOT THE AIRPORT, BUT THE AIRPLANE

ASHFORD, N. STANTON, MOORE, AIRPORT OPERATIONS, 2ND EDITION MCGRAW-HILL BOSTON 1997

mpk
12/8/2010



IT'S NOT THE AIRPORT, BUT THE AIRPLANE

ASHFORD, N. STANTON, MOORE, AIRPORT OPERATIONS, 2ND EDITION
MCGRAW HILL BOSTON 1997

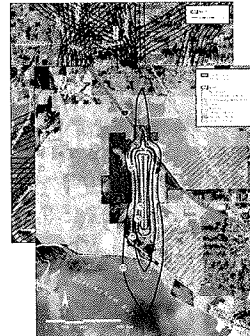
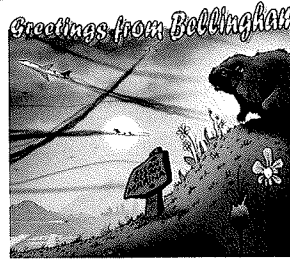
BUT...

IT'S NOT THE AIRPORT, BUT THE AIRPLANE

ASHFORD, N. STANTON, MOORE, AIRPORT OPERATIONS, 2ND EDITION
MCGRAW HILL BOSTON 1997

- 2009 NOISE STUDY NOT CONCURRENT
 - DATA COLLECTED 2008
 - 55% MORE TRAFFIC
 - “F” IN GEOGRAPHY
 - NOISE SHADOW
 - TOPOGRAPHY
 - VEGETATION
 - “LEAVES ON TREES” – ART CHOAT

- MISINFORMING THE PUBLIC
 - DOUG SMITH ISSUE
 - ENVIRONMENTAL ISSUES
 - AIRLINE PRESENTATIONS / CATCHMENT
 - LOOK AT EXCEPTIONS (BUSINESS)



IT'S NOT THE AIRPORT, BUT THE AIRPLANE

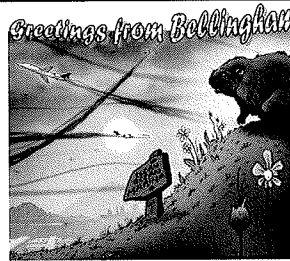
ASHFORD, N. STANTON, MOORE, AIRPORT OPERATIONS, 2ND EDITION
MCGRAW HILL BOSTON 1997

- BIAAC
 - LACK OF COMMUNICATION
 - BIAAC BOARD CHAIR MEL HENSEN - "WE HAVE NOT DONE A GOOD JOB" BUT WISHES THERE WERE FLIGHTS TO BURBANK.
 - BIAAC BOARD MEMBER KATTIE SIMMONS QUESTIONED PORT'S COMMUNICATION. 2000 FOOT LIMIT?
 - NEIGHBORHOOD REP IS A PILOT
 - WE NOW TELL THE PUBLIC IT'S CAPACITY NOT EXPANSION
 - AVIATION INDUSTRY DRIVEN
 - MORE CONCERNED ABOUT THEIR OWN VESTED INTEREST GROWTH (GA/COMMERCIAL)
 - GROWTH IS ASSUMED/MARKET DRIVEN BASED OFF URS STUDY (AVIATION CONSULTANT)
 - ENVIRONMENTAL ISSUES NOT ADDRESSED
 - MORE TREES – LOUSIE BORENSEN
 - BERM – THAT PASKUS GUY
 - EMISSIONS AND NOISE IMPACT
 - CAN'T SEEM TO GET MY THAT WETLANDS ISSUE RESOLVED *OWNER OF FLIGHT MUSEUM*
- WELL IT IS A WETLANDS?



IT'S NOT THE AIRPORT, BUT THE AIRPLANE

ASHFORD, N. STANTON, MOORE. AIRPORT OPERATIONS, 2ND EDITION
MCGRAW HILL BOSTON 1997



- QUESTION TIMING
 - FAA GRANTS?
 - NO ONE WILL NOTICE?
 - SIMMONS BIAAC COMMENTS
 - CANADA DOES NOTHING?
- THE TERMINAL

- WHAT'S MISSING?

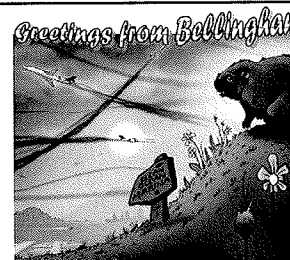


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IT'S NOT THE AIRPORT, BUT THE AIRPLANE

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MCGRAW HILL BOSTON 1997



- QUESTION TIMING
 - FAA GRANTS?
 - NO ONE WILL NOTICE?
 - SIMMONS BIAAC COMMENTS
 - CANADA DOES NOTHING?
- THE TERMINAL

- WHAT'S MISSING?
- CANADA JET FUEL TAX CUT
- CANADA LANDING FEES LOWERED
 - B.C. TAX MOVE COULD BENEFIT TRAVELERS,
HURT BELLINGHAM
 - SEATTLE PI 9.20.2010
 - VANCOUVER AIRPORT MOVES TO LURE
CARRIERS
 - VANCOUVER GLOBE & MAIL 10.27.2010
 - JET FUEL TAX CUT BENEFICIAL, SAY
AIRPORT OFFICIALS
 - ABBOTSFORD NEWS 9.27.2010
- WHERE'S ABBOTSFORD?



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IT'S NOT THE AIRPORT, BUT THE AIRPLANE
ASHFORD, N. STANTON, MOORE, AIRPORT OPERATIONS, 2ND EDITION
MCGRAW HILL BOSTON 1997



THE SPINNINGGLASS PROJECT

[HTTP://SPINNINGGLASS.ORG](http://SPINNINGGLASS.ORG)

UNDERSTANDING THE DYNAMIC EFFECTS OF FLIGHT PATTERNS ON LAND USE

MAYBE THEY JUST DON'T KNOW?

ALI PASKUS

DO THE RIGHT THING!

THANK YOU

Budget Ideas



- Another \$25,000,000
 - Still no noise abatement programs.
 - Still Issues with Fumes (N Bound).
 - \$65,000,000 and counting since 1991.

The Port of Bellingham's GREEN Initiative!

03-NOV-2009 PASKUS Port of Bellingham Meeting

Budget Ideas



- Form Committee to examine environmental issues.
 - BIAAC (98% Aviation Professionals)
 - Wetlands, Habitat, & Wildlife Audit
 - Wetlands Mitigation?
 - Air, Noise, Soil & Water

03-NOV-2009 PASKUS Port of Bellingham Meeting

Budget Ideas



- Noise Study was done off-peak.
- Answer regarding vegetation and frequency not good enough from Port.
 - HMMH did not use vegetation, noise shadow, or topology in Model.
- Answer to dB contour increase of 4% not answered.
 - Contour enlarged 55%-100% or more (HMMH).
 - Acres, houses, Habitat, & people.
 - Airport is encroaching on all of us.
- A New Study should be completed prior to every new flight.
 - Set Money aside.
- HMMH Recommends Berms

03-NOV-2009 PASKUS Port of Bellingham Meeting

Budget Ideas



- Don't be afraid to question growth
 - Abbotsford.
 - Everett.
- Alternative Transit to Larger Airports.
 - For \$25,000,000 we could do better
 - Even More jobs
 - Better Frequency
 - More Destinations
 - Why Compete?
 - For the Long Run – CHANGE

03-NOV-2009 PASKUS Port of Bellingham Meeting