

**MINUTES OF THE PORT OF BELLINGHAM COMMISSION MEETING
HELD TUESDAY, JANUARY 18, 2011
HARBOR CENTER BUILDING CONFERENCE ROOM
1801 ROEDER AVENUE, BELLINGHAM, WASHINGTON**

Present:	Michael McAuley Scott L. Walker Jim Jorgensen	President Vice President Secretary
Staff:	Charlie Sheldon Rob Fix Art Choat Mike Stoner Fred J. Seeger Dan Stahl Sylvia Goodwin Lydia Bennett Brian Gouran Shirley McFearin Adam Fulton Frank Chmelik Diane McClain	Executive Director Chief Financial Officer Director, Aviation Director, Environmental Programs Director, Facilities Director, Marine Services Director, Planning and Development Director, Real Estate Site Project Manager Real Estate Development Manager Project Engineer Port Counsel Executive Secretary

CALL PUBLIC MEETING TO ORDER AND RECESS TO CLOSED EXECUTIVE SESSION

At 1:30 p.m., Commissioner McAuley 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 McAuley noted that no formal action would be taken during the closed session and he expected the closed executive session to last approximately 1 and ½ hours.

RECONVENE PUBLIC MEETING

The Commission meeting was reconvened at 3:05 p.m.

PUBLIC COMMENT PERIOD

1. Brian Pemberton, 2625 Harbor Loop, Bellingham, Washington- Owner of NW Explorations, long time Charter Operator in Squalicum Harbor, presented and referenced a letter regarding potential discounted slip fees for commercial users/ active commercial fishermen. Mr. Pemberton spoke of charter companies in the county with full time employees, leasing space from the Port of Bellingham and spending a lot of money in the county. Mr. Pemberton urged the slip rates be fair and equitable and discussed the closed loop policy and potential discounted rates to job creating slip holders.

2. Alison Horne, 2623 Harbor Loop, Bellingham, Washington, NW Explorations, charter operator asked that the Port recognize the value of the charter operators that pay the Port for office rent , moorage and electricity and support local merchants by purchasing fuel, electronics, mechanical repairs services etc.
3. Garry Brock, 714 Coho Way, Bellingham, Washington, Owner- Bellingham Yacht Club and Sails, spoke of boat brokerage companies paying year-around moorage for slips in Squalicum Harbor and discussed the charter business's contributions to Whatcom County and Washington State. Mr. Brock commented that he would like the Commission to consider the economical impacts when setting the moorage rates.
4. Curt Bagley, 714 Coho Way, Bellingham, Washington, Owner Bellhaven Yacht Sales and Charters, named several local merchants/businesses currently operating in and around Squalicum Harbor. Mr. Bagley stated other businesses in the City are also benefiting year around by the support of charter businesses.
5. Roger VanDyken, 1215 Harbor Loop, Bellingham, Washington, since 1982 , commercial fisherman, former MAC member, owner of San Juan Sailing and Yachting, spoke of the economic storms of the fishing fleet, mentioned sustaining commercial fishing through a subsidy by tax payers and not the other boaters.
6. Sandy Brock, 714 Coho Way, Bellingham, Washington, Owner, Bellhaven Yacht Sales and Charters spoke of the extensive amount of money spent locally by charter operators and charter customers in support of several local businesses. As a charter operator occupying slips and paying year around moorage to the Port as well as sales tax to the City and B&O taxes to the State of Washington, Ms. Brock suggested when setting or increasing moorage rates, the Port consider the economic role and impact the charter industry has in the community.
7. Rick Sale, 3742 Greenville, Bellingham, Washington, General Manager, San Juan Sailing, spoke of being an employer of about 40 people in addition to supporting maintenance professionals working on their boats. He commented there should not be a burden placed on one group, private or charter, over another (fishing industry). Mr. Sale added if a subsidy is made to the fishing industry, one should be made to the charter industry and perhaps that subsidy should come from public funds rather than private boaters.

ACTION ITEMS

1. **DEPARTMENT OF NATURAL RESOURCES (DNR) AQUATIC LANDS HARBOR LEASE NOS. 22-002469 AND 22-002470.**

Motion: Approve payment of \$58,260.24 to the Department of Natural Resources for Aquatic Lands Harbor Lease Nos. 22-002469 and 22-002470 for the period December 1, 2010 through November 30, 2011.

Discussion: Environmental Director Mike Stoner explained the DNR issued aquatic lands harbor lease No. 22-002469 to Georgia-Pacific West, Inc. (GP) for the use the industrial wastewater pipeline system crossing under the Whatcom Waterway to the ASB and the outfall pipeline extending from the Aerated Stabilization Basin (ASB) into Bellingham Bay. Lease No. 22-002470 was issued to GP for the DNR- owned corner of property at the southern corner of the ASB. Mr. Stoner added the Port has been using the ASB and pipeline system to manage storm water from the main campus and the Marine Trades area since 2008. Port staff has been in discussion with GP and DNR to finalize agreements for the use of these improvements during environmental remediation of the Whatcom Water site and GP has requested that the Port make arrangements for the DNR lease payment for the subject aquatic lands and the Port made payment to DNR for the 2010 period. Mr. Stoner added the proposed payment would continue the current arrangement through 2011.

Motion approved with a 3-0 vote.

WORK-STUDY SESSION

1 Update on the Marina Moorage Model.

Marine Services Director Dan Stahl presented an update regarding the 2010 moorage model review. Mr. Stahl's PowerPoint presentation, along with a letter from merchant leaseholder Mr. Roger Van Dyken. Mr. Stahl's presentation focused on: 1.) The efficiencies of the new model compared to the existing model, 2.) Comparison of the Port of Bellingham and Fisherman's Terminal in Seattle in terms of operating expenses for various sized commercial fishing vessels and 3.) Boathouse rate calculations. Mr. Stahl reported the marina staff is in the process of re-measuring both harbors in response to complaints from Ken Culver, Squaticum Boathouse owner. The Commission discussed the upcoming February 15th Commission meeting plan for reaching a final decision thereby allowing the Port's customers proper notice and in keeping consistent with the Port's adopted budget.

2. Update on the Construction Contracts for 2010.

Facilities Director Fred Seeger presented an overview of the construction costs and schedules of the 2010 Capital Improvement Projects (CIP) which included the Bellwether/Roeder Traffic Signal, Bellingham International Airport (BLI) Runway 16-34, Taxiway A Rehabilitation, Port wide multiple Painting, Paving and Janitorial Projects, BCT Berth 2 & Under Pier Utility Pumpout, the 2010 Weblockers and other Building Repairs, Leachate System Improvement, Bellingham International Airport (BLI) Parking Expansion Phase 4 & Herbicide Application at Slater Road, Northwest Fuels Demolition & Remediation, Fairhaven Marine Industrial Park (FMIP) Building No. 2 Roof Replacement, Water & Storm Utility Improvements, Sawtooth Dock & Inner Harbor Float Repairs and Phase 1 of the Bellingham International Airport (BLI) Terminal Expansion.

Mr. Seeger explained after the Commission approved the capital budget in November 2009, Port staff produced schedules for the execution of all of the Capital Improvement Projects and each of these 31 Commission approved capital projects were included on the Contract Status Report submitted to the Commission and regularly updated on the website throughout the year. Mr. Seeger summarized by reporting that the total of all contracts for 2010 was \$38,662,804.00 plus a 13% total contingency \$3,615,255.00 bringing the total authorized amount to \$42,278,059.00. Mr. Seeger added the total change orders were \$742,192.00 with 1.9% actual contingency used which resulted in a \$39,404,496.00 Total Revised Contract Amount.

3. Update on Little Squalicum Creek Shoreline Restoration.

Environmental Director Mike Stoner reported the planned Little Squalicum Beach Improvements will address the current conditions (rip rap and debris) and the existing uses (small public and commercial reserve parking areas, Mt. Baker Plywood and other potential industrial operations). Mr. Stoner added the project objectives include avoiding impacts to tenant operations while maintaining the existing public access, restoring salmon habitat and creating temporary jobs. Mr. Stoner added the design and permitting costs of the beach restoration project is being funded by Department of Ecology (Ecology) grants.

4. Update on The Waterfront District.

Environmental Director Mike Stoner reported the packet of Master Plan Documents will consist of the Draft Sub-Area Plan (complete), Draft Development Agreement (in progress) and Draft Planned Action Ordinance (in progress). The application package is slated to be submitted to the City for consideration by the Planning Commission and City Council later this spring or early summer.

Mr. Stoner and Site Project Manager Brian Gouran also provided updates on MTCA cleanup site activities on the Waterfront. The Whatcom Waterway Cleanup will include a new 2-Phase approach to accommodate design changes and increases in landfill disposal costs. This proposed change will be presented to the public by Ecology in late February as a draft amendment to the Consent Decree and Cleanup Action Plan for the site. There will be a 30-day public comment period on the proposed change. If it is adopted, Phase 1 will include cleanup of the entire inner waterway, including the shipping terminal, starting in 2012. Once Phase 1 is complete, Phase 2 will start, including final design and permitting for the cleanup of the Aeration Stabilization Basin (ASB) sludge and the outer waterway.

Site Project Manager Brian Gouran reported the potential interim cleanup actions for Georgia Pacific (GP) West, including early cleanup actions to support land use priorities in the draft Waterfront District plan. Early cleanup actions will focus on two areas of petroleum contamination from past industrial practices, including the former Bunker C tank area and the Million Gallon Tanks area. Additional data collection will also continue in other areas of the site. These early actions will be identified in a proposed amendment to the Agreed Order with Ecology for the GP West site. Mr. Gouran also described a potential early cleanup

action at the Cornwall Landfill site. This action would also require an amendment to the Agreed Order for the Cornwall Landfill to allow placement of clean dredge material from the Gate 3 project as environmental capping material at the landfill. In both cases, amendments to the Agreed Orders would require a 30-day public comment period and final approval by Ecology.

Finally, Mr. Stoner reported on the status of proposed building demolition activities on the Waterfront. Demolition of potentially historic structures was covered in the July 2010 FEIS for the Waterfront District. One of those buildings, the Steam Plant, is still owned by GP. GP has submitted an application to the City to demolish the building this winter or early spring, pending final permitting and mitigation. The Port is also planning on making application to the City to demolish three other buildings that we identified in the FEIS as unsuitable for adaptive reuse. The Port has issued a Request for Proposals (RFPs) for consulting support to develop a permitting proposal and mitigation plan for the proposed demolition. It is expected that a consultant will be selected and a Professional Services Agreement submitted to the Commission for consideration in the next month or so.

5. Update on Index Industries Tenant Improvements.

Real Estate Development Manager Shirley McFearin reported the design progress of the project is proceeding well and is expected to be delivered on time and on budget. Sprinklering the building, roof replacement and installing an elevator are additional items being explored. Project Engineer Adam Fulton then explained the Leadership in Energy and Environmental Design (LEED) Building specifications gaining government recognition and a target goal for this project. The Green Building recognition pertains to environmental responsibility and the six (6) categories containing checklist of 15 items with the 110 points possible. This project is planned for 65 points or LEED Gold status. Mr. Fulton added the points are assigned for being in a high density area, close to the bus, incorporating bike racks, high water efficient appliances, storm water treatment, and energy efficient increased daylight usage. The Project will improve the existing pedestrian flow while also improving the outward appearance of the existing facility.

6. Update on the Marine Life Center (MLC).

Real Estate Director Lydia Bennett provided a historical account of the Marine Life Center's operations and revenue/income and discussed the current status of the operation. Ms. Bennett reported she has met with a dean of Bellingham Technical College and the superintendent of Bellingham Public Schools about providing support, and will be contacting Northwest Indian College and Western Washington University. Ms. Bennett added financial support will most likely not be forthcoming from any of those entities although they may have ideas for the MLC. Various options being explored for the MLC including closing; converting it to an office space (Facilities estimates it would cost approximately \$500/sf for this conversion; at 726 sf the total cost would be about \$360,000); or hiring either the existing management firm or a new one as a contract vendor, upgrading the facility, installing new capital equipment, and re-opening it as a tourism and community asset.

7. Update on the Request for Proposal/Qualifications (RFP/Q) – Blaine Boatyard.

Real Estate Director Lydia Bennett reported in response to a letter sent out seeking interest on operating the boatyard site, the Port received ten (10) responses and the RFP/Q was sent out to those ten as well as three others identified by Port staff. Ms. Bennett added in the interim, an ex Westman Marine employee is currently leasing the property on a month to month basis.

8. Update on Industrial Revenue Bonds - British Petroleum (BP).

As a result of the current economy, Chief Financial Rob Fix reported BP has called \$110 million in bonds which will result in the Port not receiving \$110,000 in anticipated fee revenue. Mr. Fix reported this revenue was included in the adopted Industrial Development Corporation (IDC) 2011 budget. Mr. Fix suggested the Commission may wish to include this unexpected development in the discussion next month regarding where to direct the 1% budget cut intended for special economical development projects.

9. Update on the Port's new Website.

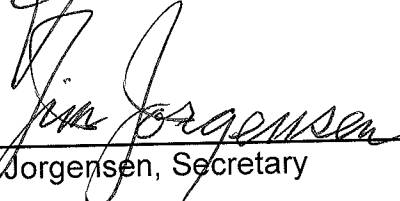
Communications Manager Carolyn Casey demonstrated and announced the Port's new website is planned to go live the first week of February. Ms. Casey reported some of the new website features will include improved information on the airport operations, a section called Notify Me which will allow visitors to sign up for advanced notification of particular interests and events i.e. Commission meetings and posting of job openings. Ms. Casey added the new site will include Emergency Alerts, History, Photos and a Blog and Facebook sections.

ADJOURN

As there was no further business, the meeting was adjourned at 6: 15 p.m.



Michael McAuley, President



Jim Jorgensen, Secretary