

**MINUTES OF THE PORT OF BELLINGHAM COMMISSION MEETING
HELD TUESDAY, FEBRUARY 1, 2011
HARBOR CENTER BUILDING CONFERENCE ROOM
1801 ROEDER AVENUE, BELLINGHAM, WASHINGTON**

Click here for public presentations at the meeting
<http://portofbellingham.com/DocumentView.aspx?DID=448>

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<http://portofbellingham.com/DocumentView.aspx?DID=447>

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 Judy Harvey Norm Gilbert Brian Gouran 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 Real Estate Representative Project Engineer Site Project Manager Port Counsel Executive Secretary

CALL PUBLIC MEETING TO ORDER AND RECESS TO CLOSED EXECUTIVE SESSION

At 2:00 p.m., Commissioner McAuley 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) and (g). 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 hour.

RECONVENE PUBLIC MEETING

The Commission meeting was reconvened at 3:00 p.m.

PUBLIC COMMENT PERIOD

1. Ellie Kinley, 2304 Lummi, Bellingham, WA. 98226 – Moorage – Presented a letter (see attachment- public presentation) from Clifford Cultee, Chairman Lummi Indian Business Council.
2. Steve Ayers, 1100 Puget Street, Bellingham, WA. 98229 – Commercial Fishing Moorage Rates, LFS, reported customers from Alaska and Washington have said they get a better moorage rate in Seattle.
3. Tim Pitsch- marine fabricator spoke in support of the seafood industry that supports the community by providing revenue, income and jobs.
4. Matt Paskus, 1151 Old Marine, Bellingham, WA - Airport- Presented a power point focusing on airport noise and past Port Commissioner Smith (see attachment- public presentation).
5. Doug Karlberg, - Moorage model – Spoke of jobs and economic development criteria and the moorage deliberation as it benefits/impacts the community

CONSENT AGENDA

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

- A. Approve minutes of the January 4, 2011, and January 18, 2011 Commission meetings.
- B. Approve Voucher Certification January 5 – January 26, 2011, totaling \$3,304,796.72.
- C. Approval of a motion authorizing the Executive Director to execute a purchase order to Washington State Correctional Industries for the procurement of new gate lobby seating in the amount of \$86,566.86 including 8.5% Washington State sales tax.
- D. Approval of Resolution No. 1292 to apply for funding assistance from the Recreation and Conservation Office (RCO) Boating Facilities Program (BFP), for the Squalicum Boat Launch Replacement Project.

Motion approved with a 3-0 vote.

ACTION ITEMS

1. **STATE OF WASHINGTON, DELEGATED STATE RENTAL AGREEMENT, BETWEEN THE PORT OF BELLINGHAM AND STATE OF WASHINGTON, DEPARTMENT OF FISH AND WILDLIFE.**

Motion: Approval of the State of Washington, Delegated State Rental Agreement, between the Port of Bellingham and State of Washington, Department of Fish and Wildlife.

Discussion: Real Estate Representative Judy Harvey explained the term of the proposed agreement is for five years beginning February 1, 2011, and ending on January 31, 2016. The Department of Fish and Wildlife has been a Port tenant since 1966 and is presently located at Harbor Mall, 2620 North Harbor Loop Drive, Suite 20, occupying approximately 839 square feet of office and lab space. Ms. Harvey added the State of Washington requires use of their rental agreement form and the content of this form does not materially change the Port's intent in its standard lease form.

Motion approved with a 3-0 vote.

2. RENEWAL AND MODIFICATION OF LEASE BETWEEN THE PORT OF BELLINGHAM AND FIRST AMERICAN TITLE.

Motion: Approve the Renewal and Modification of Lease between the Port of Bellingham and First American Title Insurance Company, Inc.

Discussion: Real Estate Representative Judy Harvey explained the Port entered into an agreement with First American Title Company in 2005 for office space at 11 Bellwether Building and that this tenant occupies about 80% of the third floor. Ms. Harvey added the underlying lease provides for two consecutive five year renewal periods and rent for the first five year renewal period was pre-negotiated. Ms. Harvey also added taking into consideration the status of the economy, the proposed Renewal and Modification of Lease provides for an adjusted rent schedule within the 2011 Rental Revenue Standards starting at \$18.72 per square foot per year and increasing to \$19.92 psf/yr in year 5, which is about a 16% rental reduction over the five-year renewal term from the 2005 pre-negotiated rent schedule.

Motion approved with a 3-0 vote.

3. DESIGN AND REQUEST FOR BID - PHASE 5 PARKING LOT AT BELLINGHAM INTERNATIONAL AIRPORT (BLI).

Motion: Authorize staff to design and request bids for the construction of the Phase 5 Parking Lot at Bellingham International Airport (BLI), and modify the FY 2011 BLI capital budget by increasing the BLI capital budget by \$520,000 to construct Phase 5 Parking.

Discussion: Aviation Director Art Choat explained the updated flight information from the Commercial air carriers indicate a heavier demand for automobile parking at BLI from the current 2,490 stalls (including the overflow lots) and with the Phase 5 construction at a cost of \$520,000, number of stalls will grow to 2,824 by April 2011 and 3334 spaces by September 2011.

Motion approved with a 3-0 vote.

4. PARKING LOT PLANNING AND DESIGN AT BELLINGHAM INTERNATIONAL AIRPORT (BLI)

Motion: Authorize staff to issue a Request for Proposals (RFP) for Professional services for the design of future parking lots at Bellingham International Airport (BLI), and modify the FY 2011 BLI capital budget by increasing the BLI capital budget by \$200,000 for this planning and design effort.

Discussion: Aviation Director Art Choat explained the numbers of enplaned passengers have increased over 20% per year annually and the proposed \$200,000 funding is required to plan for future lot expansion to meet the added demands. Mr. Choat added this funding effort to be covered by future parking lot revenues.

Motion approved with a 3-0 vote.

5. PROFESSIONAL SERVICES AGREEMENT (PSA) WITH KPFF CONSULTING ENGINEERS FOR REPLACEMENT OF BOAT LAUNCH FLOATS, PILING AND LIGHTING AND WASH DOWN ANALYSIS AT SQUALICUM HARBOR.

Motion: Authorize the Executive Director to execute a Professional Services Agreement (PSA) with KPFF Consulting Engineers to perform engineering services for the Replace Boat Launch Floats, Piling and Lighting and Wash Down Analysis at Squalicum Harbor Project in the amount of \$31,750 plus a 10% contingency of \$3,175 for a total authorized contract amount of \$34,925.

Discussion: Project Engineer Norm Gilbert explained the project to be done in potentially 3 phases was advertised under the Request for Professional Services (RFPS) process and of the four proposals submitted, KPFF Consulting Engineers was selected as the most highly qualified.

Motion approved with a 3-0 vote.

6. AMENDMENT NO. 9 TO THE PROFESSIONAL SERVICES AGREEMENT (PSA) WITH REID MIDDLETON FOR THE REBUILD OF GATE 3 LATERALS F & G PROJECT.

Motion: Authorize the Executive Director to execute amendment #9 to the PSA with Reid-Middleton, Inc. on the Rebuild Gate 3 Laterals F & G project to advance the project to 90 percent design level in the amount of \$145,500 increasing the total authorized amount to \$712,900.

Discussion: Project Engineer Norm Gilbert explained proposed amendment will expand Reid-Middleton's scope of work in the advancement of design of the upland beneficial reuse location from preliminary to 90 percent design level and advance the marina design portion of

the project to include beneficial reuse materials offload and handling to the immediate uplands. Mr. Gilbert added in addition to expanding the scope, a time extension for the contract is being proposed as well in this amendment.

Motion approved with a 3-0 vote.

7. AMENDMENT NO. 4 TO THE PROFESSIONAL SERVICES AGREEMENT (PSA) WITH LANDAU ASSOCIATES, INC. FOR THE CORNWALL AVENUE LANDFILL PROJECT.

Motion: Authorize the Executive Director to execute an amendment to the Professional Services Agreement with Landau Associates, Inc. increase the scope and budget by \$99,700 to develop an Interim Action Plan at the Cornwall Avenue Landfill Site for a total authorized budget of \$256,630.

Discussion: Site Project Manager Brian Gouran explained due to the historical municipal landfilling operations, the site located at the foot of Cornwall Avenue requires remedial action under the Washington State Department of Ecology Model Toxics Control Act (MTCA). Mr. Gouran added Ecology needs to authorize the interim action and the scope of services Landau proposes including coordination with Ecology to address technical and permitting issues, development of an Interim Action Plan for Ecology consideration, design and engineering of a landfill gas collection system, and associated project management tasks. Mr. Gouran reported it is anticipated additional PSA Amendments may be required for construction management oversight and RI/FS finalization for this project.

Motion approved with a 3-0 vote.

8. CULBERTSON MARINE CONSTRUCTION, INC. V. PORT OF BELLINGHAM.

Motion: Authorize the Port's attorneys to settle the lawsuit known as Culbertson Marine Construction, Inc. v. Port of Bellingham on the following terms: 1) Culbertson and the Port mutually release all claims arising out the Blaine Wave Barrier & Pier Restoration Project; 2) the Port releases statutory retainage to Culbertson; and 3) the lawsuit is dismissed with prejudice and without an award of attorneys fees or cost to either party.

Discussion: Port legal counsel Jon Sitkin explained the action being requested brings a resolution to the eight (8) year old construction litigation claim. Facilities Director Fred Seeger explained the chronology relating to the Culbertson Marine claim which was filed in 2003 based on changed conditions claimed to be caused by underwater obstructions. The chronology included the claim filing, suit filing, mediation, preparation for two trial dates, and the process of discovery. A recent discovery process indicated that not all documents were produced for the Port's legal counsel resulting to a large degree in the plaintiff's agreeing to the dismissal of the lawsuit.

Motion approved with a 3-0 vote.

WORK-STUDY SESSION

Update – Marina Moorage Model.

Marine Services Director Dan Stahl presented a powerpoint (see attachment- staff presentation) review of the ongoing policy discussion regarding a new pricing model for the marinas. Mr. Stahl reported that since the last Commission meeting discussion, both harbors have been completely re-measured (all 2,000 + slips; including all boat houses). This was done after Mr. Ken Culver, owner of a boat house in Squalicum harbor, voiced concerns to the Commission that the underlying measurements that were being used to develop the new moorage model were flawed. The overall variance from previous measures was +.24%. Mr. Stahl pointed out that as a result of the re-measuring, a new area, called the boathouse piling fields (areas around and adjacent to the boat houses) has been identified. After discussing this area, it was decided not to add this to the base area covered in the model. Mr. Stahl then explained the side tie, end tie and beam allowance measurements.

Mr. Stahl then answered questions regarding the operation of Fisherman's Terminal at the Port of Seattle; discussed Version 2.1 and 2.2 of the model which would both keep the moorage rate flat for Active Commercial Fishing vessels. A lengthy discussion then ensued regarding a wide variety of topics, including: Commercial Fishing vessels, lengths of vessels, Port of Bellingham vs. Fisherman's Terminal rates, upland services, Alaska moorage rates, salt water and fresh water proximity. At the end of the discussion, President McAuley offered up a summation, with which the other two Commissioners concurred. Staff was directed to bring two items forward for Commission consideration at their next meeting on February 15th. The first item would be an updated resolution from today's discussion. Regarding the rate for Commercial fishermen - this should be consistent with the MAC approved model at \$6.92/foot per month. The second item should be an action item that would allow the Commission to further lower the rate for commercial fishing vessels, but from a different funding source other than the current moorage customers.

ADJOURN

As there was no further business, the meeting was adjourned at 5:35 p.m.

Michael McAuley, President

Jim Jorgensen, Secretary