

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

Click here for public presentations at the meeting
<http://wa-portofbellingham.civicplus.com/DocumentView.aspx?DID=480>

Click here for staff presentations at the meeting.
<http://wa-portofbellingham.civicplus.com/DocumentView.aspx?DID=478>

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 Alan Birdsall Norm Gilbert Adam Fulton Terry Ilahi Dodd Snodgrass 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 Strategic Project Manager Project Engineer Project Engineer Real Estate Analyst Economic Development Specialist Port Counsel Executive Secretary

CALL PUBLIC MEETING TO ORDER AND RECESS TO CLOSED EXECUTIVE SESSION

At 12:00 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 3 hours.

RECONVENE PUBLIC MEETING

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

PUBLIC COMMENT PERIOD

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1. Matt Paskus, 1151 Old Marine Drive, Bellingham, Washington – Parks –presented a power point presentation (see public presentation attachments) regarding parks and the airport.
2. Curt Bagley, 714 Coho Way, Bellingham, Washington – Moorage – Owner, Bellhaven Yacht Charters, spoke of revenues and expenses in the Charter boat business and asked that charter operators be recognized as commercial in addition to the commercial fishermen when determining moorage rates.
3. Sandy Bagley, 714 Coho Way, Bellingham, Washington – Moorage, deferred.
4. Sandy Brock, 714 Coho Way, Bellingham, Washington – Moorage, deferred.
5. Harry Stuurmans, 1301 W. Holly #102, Bellingham, Washington – Parks, deferred.
6. Miklan Slipcevic, presented copies of letters from fishermen in other ports (see public presentation attachments) requesting lower moorage rates and thanked the Commission for their work thus far and offered support from the Commercial Fisherman Association.
7. Jeremey Brown, 3217 Greenwood, Bellingham, Washington – Moorage – commercial fisherman, long-time Port tenant, spoke in favor of reducing moorage rates.
8. Doug Karlberg, 107 Fairside Drive, Lynden, Washington – Moorage – thanked the staff for the 2 month debate / vibrant discussion and encouraged lowering rates in support of the fishing industry.
9. Darren Williams, 4089 Y Road, Bellingham, Washington – Shipping Terminal, deferred.
10. Mike Gwost, 5979 Edens Road, Guemes Island, Washington- Moorage – spoke in favor of commercial industry, encouraged attracting business to area.
11. Mike Roberts, BCS, thanked the Commission for their efforts on the moorage deal commenting that it will be good for the community and business.

CONSENT AGENDA

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

- A. Approve minutes of the February 1, 2011, and February 15, 2011, regularly scheduled Commission meetings.
- B. Approve Voucher Certification January 2, 2011, - February 23, 2011, totaling \$3,241,007.73.

- C. Authorize the Chief Financial Officer to engage the Washington State Auditor to complete the 2010 Audit at an estimated cost of \$33,326 plus travel and out-of pocket costs.
- D. Approve Consent to Assignment of Lease Agreement between Bellingham Aero, d/b/a Bellingham Aviation Services, Inc., (Bellingham Aero) and Command Aviation, Inc. for office space, tank and tank pads at Bellingham International Airport's General Aviation Terminal.
- E. Approve Sale of Vessel pursuant to Resolution No. 947.

Motion approved with a 3-0 vote.

RECESS TO A PUBLIC HEARING REGARDING THE DRAFT COMPREHENSIVE PARK, RECREATION, PUBLIC ACCESS PLAN

Planning Director Sylvia Goodwin explained the purpose of the hearing is to present an opportunity for the public to comment on the draft 2011 Comprehensive Plan; a compilation of the various park, recreational and public access projects contained in the adopted comprehensive schemes of harbor improvement plans taking into consideration the five (5) year capital budget forecast contained in the 2011 Strategic Budget. Ms. Goodwin added the plan attempts to forecast potential park, recreational and public access projects on Port property over the next 6 years while identifying funding under the Port's Capital Improvement Budget and potential grants. Ms. Goodwin reported the plan is specific to Port projects on Port land which include the Blaine Harbor/Wharf District, Squalicum Harbor, The Waterfront District and the Fairhaven Terminal and the next steps to adoption of the plan include: public testimony consideration, the final plan document tentatively scheduled for approval at the March 15th Commission meeting and a Resolution submitted to Recreation and Conservation Office (RCO) by March 23, 2011.

Public Comment on the Draft 2011 Comprehensive Park, Recreation and Public Access Plan.

1. Vince Biciunas, Bellingham - Appreciates ability to walk to the waterfront in Fairhaven and asked that stronger language (such as that in the Fairhaven Scheme of Harbor Improvements of 2008) be included pertaining to the Padden Creek Estuary as an important breeding ground for the salmon and wildlife.
2. Kathy Berg, Birch Bay, requested the Commission's moral support for the shoreline restoration berm and boat launch project.
3. Doralee Booth, Birch Bay, shoreline enhancement- spoke of the dream of community to see shoreline restoration project go forward.

(See written public comments in the public presentation attachments.)

CLOSE PUBLIC HEARING AND RECONVENE COMMISSION MEETING

NEW BUSINESS

1. FISHING INDUSTRY AND MARINE TRADES PROGRAM FOR 2011 AND 2012

Motion: Authorize the Executive Director to develop and implement a two part program to promote the local Fishing Industry and Marine Trades community.

Discussion: Executive Director Charlie Sheldon reported the Port Commission has expressed an interest in providing additional support to both the local Fishing Industry and the Marine Trades community. To encourage local vessel owners who have moored their vessels at other regional facilities, the Commission adopted Resolution 1293 in February, lowering the moorage rate for Active Commercial Fishing vessels from the current rate of \$6.92 to \$5.90, for vessels less than 80 feet. Mr. Sheldon added Port staff will work with local vessel owners and marine trade employers (boat yards, suppliers, and vendors) to develop practical means of retaining and promoting local jobs. Such efforts will include participation at the Fish Expo in Seattle, Com-Fish Trade show in Kodiak, Alaska and other industry sponsored events that highlight these two related sectors in our local economy.

Mr. Sheldon reported the estimated cost for this two year two part program is approximately \$250,000. The moorage component is estimated at \$77,000/year. Actual costs will depend on the number of vessels that use the harbor and the length of their stay. The marketing and promotional component is estimated at \$48,000/year. Funding for this initiative will come from a transfer of property tax dollars from the Bellingham Waterfront Acquisition Site (BWAS/waterfront development) account to the budget for port-wide economic development.

Commissioner Jorgensen commented that adoption of this motion to implement a program will not affect the rates of other boaters adding that the model adopted two weeks earlier will hold and vessels up to 56' will pay lower than anywhere in Washington State. Commissioner Walker summed up the process of working through the moorage model and commercial fishing issues as a learning experience and Commissioner McAuley commented he supported taking an action that lets the community know the Port is "open for business".

Motion approved with a 3-0 vote.

2. PROFESSIONAL SERVICES AGREEMENT (PSA) FOR COMMUNITY AIRPORT SURVEY.

Motion: Authorize the Executive Director to approve a Professional Services Agreement (PSA) with the Gilmore Research Group to conduct a Community Survey about the airport in an amount not to exceed \$29,606.

Discussion: Aviation Director Art Choat explained due to the growth at the airport over the past several years, the Port has invested substantial resources in capital improvements and offsite parking lot development. Mr. Choat reported that in addition to working with the City

and the County regarding long-term traffic mitigation measures, the Port is now planning to conduct a survey to measure the community's understanding concerns regarding the airport and its services. The Port advertised in January through the State of Washington's Office of state Procurement and of the 4 qualified responses, the Gilmore Research Group of Seattle was selected. Mr. Choat reported the results from the survey to be completed in May will then be used to develop a community outreach effort in 2011.

Motion approved with a 3-0 vote.

3. AMEND PERSONAL SERVICES AGREEMENT WITH TEC, INC. FOR THE ENVIRONMENTAL COMPLIANCE ASSESSMENT PROGRAM (ECAP).-

Motion: Authorize the Executive Director to execute Amendment No. 2 to the Personal Services Agreement (PSA) with TEC, Inc. to increase the scope and budget by \$70,150 to \$194,448 and extend the term to March 31, 2012, for continued consultant services for the Port's Environmental Compliance Assessment Program.

Discussion: Strategic Project Manager Alan Birdsall explained the ECAP program began in 1992 when the Port started looking more closely at the environmental impact of Port and tenant operations on Port properties. Mr. Birdsall reported approximately 125 Port tenants have been determined to be subject to some form of environmental regulation and may have a greater risk of contaminating Port properties or causing stormwater violations. The ECAP program provides a mechanism to perform the required stormwater education to tenants as well as detect any illicit discharge and provide catch basin labeling per the regulations of the Port's NPDES Phase II Municipal Stormwater permit.

Mr. Birdsall explained through the ECAP, the Port is able to provide the required stormwater education and stormwater catch basin labeling as well as detect any illicit discharge detection. Mr. Birdsall added in 2009, the Commission authorized a one year term PSA with TEC, Inc (selected as most qualified respondent to the RFPS) and adopted an amendment extending that service in 2010. Mr. Birdsall reported the proposed amendment would extend that consultant services agreement another year while also increasing the scope and budget to integrate the ECAP database with the Port's GIS.

Motion approved with a 3-0 vote.

4. AMENDMENT TO THE PROFESSIONAL SERVICES AGREEMENT (PSA) WITH PS&E FOR THE AIRPORT PARKING LOT PHASE 4 PROJECT.

Motion: Authorize the Executive Director to amend the Professional Services Agreement (PSA) with Pacific Survey & Engineering, Inc. to perform engineering services for the Airport Parking Lot – Phase 4 Project in the amount of \$98,932.50 for a total authorized PSA of \$323,568, which preserves the contingency amount of \$21,605.

Discussion: Project Engineer Norman Gilbert reported the proposed amendment to the PSA will expand PS&E's scope of work in construction support for design advancement and bidding support services through the completion of the Phase 4 parking expansion and extend the contract time to December 30, 2011.

Motion approved with a 3-0 vote.

5. AMENDMENT TO THE PROFESSIONAL SERVICES AGREEMENT WITH ANCHOR QEA FOR ENGINEERING AND DESIGN SERVICES FOR THE SQUALICUM CREEK RESTORATION PROJECT.

Motion: Authorize the Executive Director to amend the Professional Services Agreement (PSA) with Anchor QEA to perform engineering and design services for the Squalicum Creek Restoration Project in the amount of \$46,800 for a total authorized PSA amount of \$178,550.

Discussion: Project Engineer Adam Fulton explained the original PSA performed base work for the project and established a decision matrix evaluating the cost of various bridge construction options vs. improvement of stormwater conveyance within the various levels of habitat restoration. Mr. Fulton added the preferred the preferred replacement of the BNSF and Roeder Avenue bridges will relocate the sanitary sewer, remove the concrete slab and lower the creek bottom replacing the slab with habitat features. The proposed amendment completes the 30% design and permitting application stage for the entire project and includes subsurface exploration, and historic documentation of the site pertaining to the reconstruction of the near shore habitat and estuary located immediately westward of the mouth of the creek. Mr. Fulton explained the project has now been confirmed as potentially funded through the Port's successful application for an ESRP grant in the amount of \$705,000 if the State's budget which includes these funds is adopted.

Motion approved with a 3-0 vote.

6. PROFESSIONAL SERVICES AGREEMENT (PSA) WITH ICF INTERNATIONAL FOR HISTORIC PRESEVATION CONSULTING SERVICES TO SUPPORT DEMOLITION OF CERTAIN STRUCTURES WITHIN THE WATERFRONT DISTRICT.

Motion: Authorize the Executive Director to execute a Professional Services Agreement with ICF International to perform historic preservation consulting services to support demolition of certain structures within the Waterfront District in the amount of \$23,625 plus a contingency of \$2,300 for a total authorized contract amount of \$25,925.

Discussion: Project Engineer Adam Fulton explained the analysis of various industrial structures as documented in the Final Environmental Impact Statement (FEIS) and draft Master Plan. Mr. Fulton reported the FEIS describes three (3) structures (Bleach Plant, Pulp Storage Building and Pulp Screen Room) as not being financially viable for adaptive reuse and contemplates demolishing in order to eliminate public health and safety concerns

associated with their dilapidated condition, and to clear the way for environmental cleanup and property redevelopment activities in that area of the site. Mr. Fulton added the proposed PSA (to be included in an application to the City of Bellingham for a demolition permit) would develop a mitigation plan (typically photo documentation, records of operation and salvage of certain materials) for the dismantling and preservation of historically significant elements from each structure that are representative, unique, and symbolic of the site's history.

Motion approved with a 3-0 vote.

7. RENEWAL AND MODIFICATION OF LEASE FOR BELLINGHAM YACHT CLUB, SQUALICUM HARBOR.

Motion: Approve the renewal and modification of lease between Port of Bellingham and Bellingham Yacht Club.

Discussion: Real Estate Analyst Terry Ilahi explained Bellingham Yacht Club has been a Port tenant at Squalicum Harbor since 1962. The proposed renewal and modification would update the "Use of Premises" to allow for catering to the general public and update the late fee provision, adjusting the rent for the next five (5) years. The first year rent would remain unchanged with a 15% rental increase in years two through five.

Motion approved with a 3-0 vote.

8. MODIFICATION OF LEASE FOR CHESLEDONS AT SQUALICUM HARBOR.

Motion: Approve a modification of lease between Port of Bellingham and W. Bryan Chesledon and Mary Lou Chesledon.

Discussion: Real Estate Analyst Terry Ilahi explained the modification of the lease for property on the corner of Roeder Avenue and Coho Way allows for the payment of annual rents in advance in lieu of a performance bond and updates the insurance provision to the current Port standard requirement. Mr. Ilahi added the rent for the first two years would remain the same with an overall increase of 11.11% increase over the five (5) year term.

Motion approved with a 3-0 vote.

9. INTERLOCAL AGREEMENT FOR NORTH COUNTY ANAEROBIC DIGESTER PROJECT

Motion: Authorize the President to sign an Interlocal Agreement between the Public Utility District (PUD) No. 1 of Whatcom County, the Port of Bellingham and the City of Lynden, pursuant to Chapter 39.34.010 RCW to provide for the joint investigation and feasibility analysis of a community-sized biogas/methane production facility.

Discussion: Economic Development Specialist Dodd Snodgrass reported a group of representatives from the PUD, Port, City of Lynden WWU, WSU, Whatcom County Conservation District, Natural Resources Conservation Services and private agriculture production businesses have been meeting to explore construction of an anaerobic digester in north Whatcom County. Mr. Snodgrass explained construction of the proposed digester would generate methane gas for electricity, heat for central heating services, vehicle fuel and sale of a refined methane product as natural gas benefitting the north county farmers and residents while also improving ground and surface water resources. Mr. Snodgrass reported the representatives from the Port, City of Lynden and PUD recommend executing an Interlocal Agreement for a joint investigation and feasibility study of the project before moving forward; adding the total costs for this study shared among all parties will not exceed \$75,000.

Motion approved with a 3-0 vote.

10. WASHINGTON DEPARTMENT OF FISH AND WILDLIFE TEMPORARY USE PERMIT.

Motion: Authorize the Executive Director to execute a Temporary Use Permit with the Washington Department of Fish and Wildlife (WDFW) for surface water monitoring and field work on the properties adjacent to the Slater Road Off-site Wetland Mitigation Site.

Discussion: Planning Director Sylvia Goodwin reported the Port has entered in a Land Use Agreement with the WDFW for wetland creation and enhancement on 37 acres of WDFW property on the north side of Slater Road, east of the Nooksack River, to mitigate for the impacts to wildlife habitat at the airport. Ms. Goodwin added more ground work, surface water monitoring and survey work is required to form the final design of the mitigation project and the temporary use permit will allow the necessary access to the adjacent properties for one year.

Motion approved with a 3-0 vote.

11. 1% FUND FOR ECONOMIC DEVELOPMENT

Motion: Designate the Economic Development projects to be funded with the \$143,791 that the Commission set aside in 2011 through a portwide one percent operating budget reduction.

Discussion: Chief Financial Officer Rob Fix presented a list of fifteen (15) potential projects developed from input from the Commission, staff and community groups and as directed by the Commission during the development of the 2011 Strategic Budget. The list included the IDC \$110,00 budget gap created by the loss of BP bonds, removal of the Airport roundabout, monument signage for the Airport, new public access on the Bellingham waterfront and the Laurel Street dock, redevelopment of the GP site Alcohol Plant, marketing of the real estate in the Airport Industrial Park and Bellingham Shipping Terminal, development of a kayak facility on the Whatcom Waterway as well a railroad spur to the Bellingham Shipping Terminal, funding assistance with the construction of the Blaine Lighthouse, Point Roberts

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dock, Mt Baker Foothills Broadband Internet project and a tourism marketing booth in Boot Dusseldorf to promote local charter boat vacations.

The list was narrowed to four (4) items which included the Foothills Broadband, Dusseldorf marketing, Birch Bay boat launch and the Blaine Lighthouse. Staff was asked to research these four and come back to the Commission with specifics and a recommendation for each.

Motion was withdrawn.

ADJOURN

As there was no further business, the meeting was adjourned at 5:25 p.m.

Michael McAuley, President

Jim Jorgensen, Secretary