

**MINUTES OF THE PORT OF BELLINGHAM COMMISSION MEETING  
HELD TUESDAY, APRIL 19, 2011  
HARBOR CENTER BUILDING CONFERENCE ROOM  
1801 ROEDER AVENUE, BELLINGHAM, WASHINGTON**

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Present:

Scott L. Walker	Vice President
Jim Jorgensen	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
Terry Ilahi	Real Estate Analyst
Elizabeth Monahan	Human Resources Manager
Norman Gilbert	Project Engineer
Diane McClain	Executive Secretary

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**CALL PUBLIC MEETING TO ORDER AND RECESS TO CLOSED EXECUTIVE SESSION**

At 2:00 p.m., Commissioner Walker 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 Walker noted that no formal action would be taken during the closed session and he expected the closed executive session to last approximately one hour.

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

Commissioner Walker reconvened the public meeting at 3:04 p.m. by announcing that Commissioner McAuley would not be attending and then immediately recessed the public meeting to open the IDC meeting.

**1. INDUSTRIAL DEVELOPMENT CORPORATION INDUCEMENT RESOLUTION NO. 72 FOR SEQUOIA PROPERTY LLC.**

Motion: Adopt IDC Resolution No. 72 by the Board of Directors of the IDC supporting the application of Sequoia Property LLC (Sequoia) to capture costs associated with the firm's expansion for purposes of funding through tax exempt Industrial Revenue Bonds (IRB).

Discussion: Economic Development Specialist explained Sequoia is the holding company for Blue Sea Systems founded in Bellingham in 1992 and employs about 90 people designing and manufactures high quality marine electrical components sold to boat builders, distributors and retailers in over 40 countries. Mr. Snodgrass further explained that the company has continued to expand (forming a separate company, Terra Power Systems LLC in 2010) and have since outgrown their 28,000 square foot facility. The IRB request is up to \$6.835 million, and will support site acquisition (if needed), construction and equipping of a 70,000 square foot facility.

Motion approved with a 2-0 vote.

**2. MODIFY SERVICES AGREEMENT WITH NORTHWEST ECONOMIC COUNCIL - FOR WHATCOM COUNTY CONSORTIUM FOR ECONOMIC DEVELOPMENT.**

Motion: Accept a modification of the payment schedule in the Services agreement between the IDC and Northwest Economic Council (NWEC) for a coordinated approach to funding and contracting with economic development service providers.

Discussion: Economic Development Specialist explained the IDC approved a Services Agreement with the NWEC for \$334,000 in February and the proposed motion would allow for reallocation of the payment terms to be adjusted for the time spent by the consortium partners for deliverables.

Motion approved with a 2-0 vote.

**CLOSE IDC MEETING AND RECONVENE PUBLIC MEETING**

**PUBLIC COMMENT PERIOD**

1. Brian Pemberton, 2623 Squalicum Harbor Loop, Bellingham, WA - spoke in support of Seaview North asking for the Commission to support Seaview North as well in a tough economic climate. (See public presentation).
2. Jim Kyle, 4102 Linnell, Deming, WA - Charter Fishing Association (CFA) spoke in support of Agenda Item No. 3 - marketing program to attract European maritime recreation tourists to Whatcom County and the potential economic benefits to the local charter boat operators and marine support businesses..

**NEW BUSINESS**

1. **2010 - 2013 PORT OF BELLINGHAM/ ILWU MAINTENANCE COLLECTIVE BARGAINING AGREEMENT.**

Motion: Authorize the Executive Director to execute the 2010 – 2013 Collective Bargaining Agreement between the Port of Bellingham and the International Longshore and Warehouse Union (ILWU), Local 7- Maintenance, including any necessary budget adjustments. The terms and conditions of the agreement shall be effective as of January 1, 2010 and shall terminate on December 31, 2013.

Discussion: Human Resources Manager Elizabeth Monahan reported that the 2007-2009 Collective Bargaining Agreement between the Port and the ILWU Local 7- Maintenance expired in December of 2009. The bargaining teams have been negotiating since November 2009 and were able to reach a tentative agreement that was ratified on April 11, 2011. The primary items addressed in the 4 year contract include PTO (Paid Time Off), health care benefits, and wage percentage increases.

Motion approved with a 2-0 vote.

## **2. 2010 - 2014 PORT OF BELLINGHAM/ IBU MAINTENANCE COLLECTIVE BARGAINING AGREEMENT.**

Motion: Authorize the Executive Director to execute the 2010 – 2014 Collective Bargaining Agreement between the Port of Bellingham and the Inlandboatmen's Union (IBU) including any necessary budget adjustments. The terms and conditions of the agreement shall be effective as of January 1, 2010 and shall terminate on December 31, 2014.

Discussion: Human Resources Manager Elizabeth Monahan reported that the 2003-2009 Collective Bargaining Agreement between the Port and the ILWU Local 7- Maintenance expired in December of 2009. The bargaining teams have been negotiating in good faith since November 2009 and were able to reach a tentative agreement on the terms April 11, 2011. The primary items addressed in the 5 year contract include PTO (Paid Time Off), health care benefits, and wage, increases and retroactive pay.

Motion approved with a 2-0 vote.

## **3. SUPPORT FOR EUROPEAN TOURISM MARKET DEVELOPMENT PROGRAM**

Motion: Commission support for a funding partnership, with local charter boat operators and marine- support businesses to participate in a marketing program to attract European maritime recreation tourists to Whatcom County.

Discussion: Economic Development Specialist Dodd Snodgrass explained that the European travelers, in particular, Germans, are a large market and a growing tourism segment in the Pacific Northwest and in 2011, about 250,000 visitors from over 60 nations attended the largest international exhibition in Dusseldorf, Germany focusing on yachting, water sports and related travel. Northwest Explorations is proposing a 3 year joint marketing effort with the Port beginning in January 21 -29, 2012. Mr. Snodgrass explained the multi- year commitment is

recommended to build brand identification and European travelers typically booking trips a year after the exhibition.

Mr. Snodgrass added that the Port's share of the exhibit cost would be highest in the first year for graphic design (up to \$10,500) and would be funded by the 1% operating fund for economic development. Chief Finance Officer Rob Fix explained the \$8,000 in subsequent years 2013 and 2014 would have to be budgeted. The Charter cost commitment will total \$15,000.

Motion approved with a 2-0 vote.

**4. RESOLUTION NO. 1298 APPROVING THE ISSUANCE OF INDUSTRIAL REVENUE BONDS FOR SEQUOIA PROPERTY LLC.**

Motion: Approval of Resolution No. 1298 by the Board of Commissioners of the Port of Bellingham in support of the IDC Resolution No. 72 relating to the issuance of tax exempt Industrial Revenue Bonds (IRB) for the benefit of Sequoia Property LLC.

Discussion: Chief Financial Officer Rob Fix confirmed the proposed Port's resolution supported the action taken earlier in the IDC meeting.

Motion approved with a 2-0 vote.

**5. SECURITY SERVICES CONTRACT.**

Motion: Authorize the Executive Director to execute Amendment No. 2 to extend the security contract with SecureTrans LLC for the period of June 1, 2011 to May 31, 2012.

Discussion: Aviation Director Art Choat reported the current Port wide Security Agreement expires May 31, 2011 and the proposed amendment would extend the contract with Secure Trans LLC from June 1, 2011 through May 31, 2012, for a monthly amount of \$28,810.55; a 3.75% increase. The proposed amendment will also amend Section 9 of the contract requiring Secure Trans LLC to provide up to thirty security personnel for special assignments (on thirty days written notice) which will ensure sufficient security personnel to meet the needs for the annual 4<sup>th</sup> of July celebration.

Motion approved with a 2-0 vote.

**6. APPOINTMENT OF ALTERNATE SEPA RESPONSIBLE OFFICIAL.**

Motion: Adopt Resolution No. 1297, appointing the Director of Planning & Development as an additional Alternate SEPA Responsible Official.

Discussion: Environmental Director Mike Stoner explained that previous resolutions have identified the Environmental Director as the Port's SEPA Responsible Official and outside legal counsel as an Alternate. The proposed resolution would allow for the appropriate use of

additional qualified Port staff to perform required SEPA review and determination on select projects without incurring the cost of outside legal support. Mr. Stoner further explained that while the Waterfront District planning effort is ongoing, there are a number of specific projects coming on line within the project area that require State Environmental Policy Act (SEPA) review and determination by the Port and the proposed resolution allows the Executive Director to appoint either outside counsel, or the Director of Planning and Development as an additional Alternate SEPA Responsible Official.

Motion approved with a 2-0 vote.

**7. Professional Services Agreement (PSA) AMENDMENT WITH FLOYD/SNIDER FOR A REMEDIAL INVESTIGATION/FEASIBILITY STUDY (RI/FS) HARRIS AVENUE SHIPYARD SITE.**

Motion: Authorize the Executive Director to execute an amendment to the Professional Services Agreement (PSA) with Floyd/Snider, LLC effective March 1, 2011 to complete a Remedial Investigation/Feasibility Study (RI/FS) at the Harris Avenue Shipyard site by adding \$265,401 for a revised total authorized amount of \$680,805.

Discussion: Environmental Director Mike Stoner explained the Port is performing an RI/FS of historic contamination problems at the Harris Avenue Shipyard site under Agreed Order with the Department of Ecology and Floyd/Snider was hired in 2008 to update an earlier draft RI/FS. Mr. Stoner further explained that since 2008, the project has been interrupted by a series of delays which has significantly increased the project costs and timeframes. The proposed PSA would add \$265,401 for the increased scope and a timeline extension to mid-2013.

Motion approved with a 2-0 vote.

**8. BID AWARD: MULTIPLE PARKING EXPANSION AND STREET LIGHTING PROJECT – BELLINGHAM INTERNAL AIRPORT (BLI).**

Motion: Authorize the Executive Director to execute a contract with Ram Construction General Contractors, Inc. of Bellingham, Washington for the Multiple Parking Expansion and Street Lighting Project in the amount of \$2,774,498 plus a 5% contingency of \$140,000 for a total authorized contract amount of \$2,914,498.33.

Discussion: Project Engineer Norman Gilbert explained Ram Construction General Contractors, Inc. is the lowest responsive bidder of the nine (9) respondents to the bid request for the multiple parking expansion and street lighting project (construction of 4B, cell phone lot, 30 minute lot and expanding the phase 3 exit and redevelopment of an existing parking lot) for the Bellingham International Airport. Mr. Gilbert reported the project (in response to the increased traffic and need for more airport parking) is scheduled to begin in mid May with anticipated completion by early September.

Motion approved with a ~~3-0~~<sup>2-0</sup> vote.

**9. LEASE MODIFICIATION FOR PUGLIA ENGINEERING, INC.,**

Motion: Approve the Lease Modification with Puglia Engineering, Inc. to provide for a waiver of the January 12, 2011 – March 31, 2011 base rent; to change in the payment of the base rent for the period April 1, 2011 through March 31, 2012 from that specified in the Lease to a quarterly payment of a percentage of gross revenue; and to specify the method of calculation for the payback of the deferred rent to the Port per the Tenant Economic Relief Program (TERP).

Discussion: Real Estate Director Lydia Bennett explained that Puglia Engineering purchased a semi-submersible dry dock for approximately \$9 million dollars in 2009, spent \$6 million for towing and retrofitting expenses, renamed it the Faithful Servant, and put it in use at the Fairhaven Shipyard Facility. Though the dry dock has been bid for private sector and non-bonded work, it has not been able to be bonded for government work resulting in cash flow difficulty. Ms. Bennett reported Puglia Engineering has asked the Port for rent assistance through the TERP and the proposed lease modification would waive the base rent only for the first quarter of 2011, suspend the base rent payment for the 12-month period from April 12011 through March 31, 2012 and restructure the rent payment schedule over a five (5) year period with interest.

Motion approved with a ~~3-0~~<sup>2-0</sup> vote.

**10. LEASE MODIFICATION FOR SEAVIEW BOATYARD NORTH, INC. – SQUALICUM HARBOR, BELLINGHAM.**

Motion: Approve a modification of lease between the Port of Bellingham and Seaview Boatyard North, Inc.

Discussion: Real Estate Analyst Terry Ilahi reported Seaview Boatyard North employs about 30 people and is one of the Port's 10 largest producing revenue tenants. The Port and Seaview entered into a lease in 2002 and that lease and subsequent modified leases require Seaview to remove three (3) buildings on the site and construct a new building. The specific dates for the removal and construction have been modified over the years with the last modification requiring a new building to be constructed by December 31, 2010. 2010 approved City zoning changes from Waterfront Commercial to Light Industrial allowed Seaview to construct a 60' tall building and the proposed lease modification will allow Seaview until December 31, 2015 to obtain favorable financing.

Motion approved with a ~~3-0~~<sup>2-0</sup> vote.

**WORK-STUDY SESSION**

**1. Update – Foothills Broadband.**

Chief Financial Officer Rob Fix reported that the Port staff has been meeting with the Foothills Chamber of Commerce staff to explore options for obtaining broadband access to the Foothills area. A hired consultant will be providing a report soon on the estimated costs for microwave option. A second option may be to offer the middle road coverage through NoaNet (Northwest Open Access Network) not last mile coverage- which would bring the fiber up the main roads but not to residences. How many subscribers, possible grants available through NoaNet (Northwest Open Access Network), EDI funding, etc. are all items yet to be determined and will be included in a future update.

## **2. Update - Airport Construction.**

Aviation Director Art Choat reported that in August 2009, the airport terminal was 27,000 square feet in size (plus the modular unit) and handled 320,000 enplanements that year. By October 2010, the same terminal was at 404,000 enplanements for the year. In February 2011, the estimate for the 27,000 square foot terminal (plus additional modular units) was to be over 500,000 enplanements. Mr. Choat added the March monthly total was a record - \$45,000 + passengers for the month. Mr. Choat further reported the construction of the additional 20,000 square feet (The Airport Terminal Expansion Project (ACTE) is underway and Phase 1 should be completed and operational June 2011. Phase II will go out for bid in September and is scheduled to be awarded in November 2011 and will involve various completion dates. Additional funding options for Alternatives will be presented to the Commission in June 2011.

## **3. Update – Bellingham Shipping Terminal – Cargo Review.**

Marine Services Director Dan Stahl began by acknowledging the three (3) ILWU Local 7 members in the audience and their frustration in the lack of work at the Bellingham Shipping Terminal (BST). Because of the longshore contract between the PMA and the ILWU, members of local 7 have the ability to work in other ports, but would greatly prefer to work in their own community. Mr. Stahl used an extensive power point presentation (See staff presentation attachments) to walk the Commission and the audience thru a review of cargo operations at BST. The presentation included past history, and an overview of environmental, financial and layout issues that impact the terminal. Despite consistent marketing efforts, BST has not handled steady cargo in almost 10 years. Mr. Stahl then reviewed new items for 2011 and current prospects for BST. Although the Commission has been and continues to be supportive of marketing BST for traditional break bulk cargo, there was an acknowledgement that alternative uses may need to be considered for BST to provide the income and the jobs that the community expects. It was also noted that substantial funds will be needed just to pay for the maintenance that the facility will need in the near future, which is quite extensive given the size and age of the terminal. In discussing next steps, there was dialog about possibly hiring Paul Sorensen of BST Associates, a data analysis firm that specializes in marine cargo analysis and which works for many Washington ports and has worked for the Port of Bellingham in the past, to come in and quickly assess cargo potential based on their unique data set and experience for the shipping terminal now

and in the future as well as at other locations in Whatcom County. It was decided to bring this item forward at the next Commission meeting.

**NEW BUSINESS**

None.

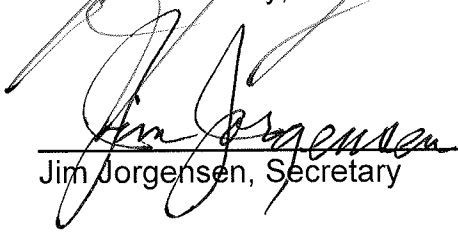
**ADJOURN**

As there was no further business, the meeting was adjourned at 5:20 p.m.



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Michael McAuley, President



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Jim Jorgensen, Secretary