

**MINUTES OF THE PORT OF BELLINGHAM COMMISSION MEETING
HELD TUESDAY, MAY 3, 2011
HARBOR CENTER BUILDING CONFERENCE ROOM
1801 ROEDER AVENUE, BELLINGHAM, WASHINGTON**

Present:	Michael McAuley	President
	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
	John Hergesheimer	Senior Project Engineer
	Judy Harvey	Real Estate Representative
	Frank Chmelik	Port Counsel
	Diane McClain	Executive Secretary

CALL PUBLIC MEETING TO ORDER AND RECESS TO CLOSED EXECUTIVE SESSION

At 1:00 p.m., Commissioner McAuley called the Commission meeting to order and immediately recessed to a closed executive session to discuss real estate transactions, pending litigation and personnel matters pursuant to RCW 42.30.110(1)(c) (i) 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 two hours.

RECONVENE PUBLIC MEETING

The Commission meeting was reconvened at 3:20 p.m.

PUBLIC COMMENT PERIOD

1. Darren Williams, ILWU Longshoreman, 4089 Y Road, Bellingham, WA 98226 – Bellingham Shipping Terminal (BST) – Mr. Williams spoke in favor of the Port investing in the maintenance and repair of the terminal and encouraged the Port to explore potential cargo opportunities for the BST including windmill, logs and steel coils.
2. Steve Rodrigues, President Blackball Line LLC, Owner, 9700 42nd Street N. E., Lake Stevens, WA 98258 – Kalakala – Mr. Rodrigues spoke of restoration efforts and

seeking moorage facilities for the original 1935 MV Kalakala ferry, last vessel of the Blackball line, now located in Tacoma. Commissioner McAuley suggested Mr. Rodrigues contact Executive Director Charlie Sheldon regarding submitting a proposal to the Commission in the future.

CONSENT AGENDA

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

- A. Approve minutes of the April 5, 2011, and April 19, 2011, regularly scheduled Commission meetings and the March 9 – 11, 2011 and April 1, 2011, special Commission meetings. *(Note that error of 3 motions written approved 3-0 votes be corrected to 2-0 as Commissioner McAuley was absent)*
- B. Approve Voucher Certification April 1, - April 27, 2011, totaling \$3,136,970.91.
- C. Authorization to sell vessel, pursuant to Resolution No. 947.

Motion approved with a 3-0 vote.

NEW BUSINESS

1. BROADBAND SERVICE IN THE FOOTHILLS

Motion: Authorize the Executive Director to sign a Personal Services Agreement for up to \$20,000 with the Mt. Baker Foothills chamber of Commerce for Broadband Project Assistance.

Discussion: Rob Fix reminded the Commission that this proposal stems from the 2011 Budget 1% Reduction creating the Economic Development fund. Economic Development Specialist Dodd Snodgrass explained that the Mt. Baker Foothills Chamber of Commerce has been working to attract high-speed internet service to the area and a non-profit telecommunication developer, Northwest Area Open Access Network (NoaNet) has received federal funding for middle mile development and is considering committing project dollars to extend the system to serve Deming to Kendall, continuing up the Mt. Baker Highway to Glacier. Mr. Snodgrass added the Chamber is requesting funding for coordination assistance for this project and recognizing that the Chamber is adept in managing service agreements with government agencies and has knowledge of the community needs, geographic location and experience with the issue, would qualify as a sole source selection for this service.

Motion approved with a 3-0 vote.

2. NEW LEASE AGREEMENT WITH HALIBUT HENRY'S, L.L.C., BELLINGHAM INTERNATIONAL AIRPORT MAIN TERMINAL.

Motion: Approval of a New Lease Agreement (Lease) between the Port of Bellingham and Halibut Henry's for premises located at the Main Terminal Bellingham International Airport.

Discussion: Aviation Director Art Choat explained that Vicki Rogers, d/b/a Halibut Henry's was the selected respondent to the 1999 Request for Proposal (RFP) to provide food and beverage service at BLI. The initial agreement was for a two (2) year term and was comprised of a total of approximately 606 square feet. Since then, the lease has been renewed and modified over the years to add more space. The proposed new Lease Agreement has an initial term of five (5) years effective June 1, 2011 with a single five (5) year renewal option.

Motion approved with a 3-0 vote.

3. MODIFICATION OF LEASE AGREEMENT BELLINGHAM AVIATION SERVICES, L.L.C.

Motion: Approve a Modification of Lease Agreement between the Port of Bellingham and Bellingham Aviation Services, LLC (BAS).

Discussion: Aviation Director Art Choat explained that in 2003, BAS and the Port entered into a five (5) year Lease agreement with five (5) consecutive five (5) year renewal options for a portion of the General Aviation (GA) Terminal, a Fuel Storage tank and Self Service Tank and Pad. Mr. Choat added that in 2009, the lease was modified and renewed and the proposed modification will add approximately 48 square feet of GA Terminal space to the leased premises for the purposes of pilot training, effective April, 1, 2011.

Motion approved with a 3-0 vote.

4. PROFESSIONAL SERVICE AGREEMENT WITH BERGER/ABAM FOR THE DESIGN OF HARRIS AVENUE PIER REPLACEMENT AND FAIRHAVEN SHORELINE REHABILITATION.

Motion: Authorize the Executive Director to execute a Professional Services Agreement (PSA) with Berger/ABAM for Phase 1 of the design and permitting for the Harris Avenue Pier Replacement and Fairhaven Shoreline Rehabilitation Projects, in the contractual amount of \$164,590, and including a 10% contingency for a total authorization of \$181,050.

Discussion: Senior Project Engineer John Hergesheimer explained that the Harris Avenue Pier Replacement Project, initiated in 2007, included a preliminary investigation and planning study yielding several options for the replacement of the remaining 400 foot shoreward old timber section of the pier. The 2011 budget for the Fairhaven Shoreline Rehabilitation Project includes preliminary work (geotechnical exploration, topographic and bathymetric surveying, and preparation of the environmental permit) to assess the requirements and costs for stabilizing and enhancing the shoreline protection of the area between the

Bellingham Cruise Terminal and the Fairhaven Boat Launch. Berger/ABAM was selected as the most qualified of the six responses received to perform Phase 1 of the 3 Phase project.

Motion approved with a 3-0 vote.

5. PERSONAL SERVICE AGREEMENT WITH BST ASSOCIATES TO ASSESS THE VIABILITY OF MARITIME CARGO MARKETS FOR WHATCOM COUNTY.

Motion: Authorize the Executive Director to execute a Personal Service Agreement with BST Associates in the amount of \$25,000 to evaluate the viability of maritime cargo markets at existing and proposed facilities in Whatcom County, and to amend the 2011 operating budget accordingly.

Discussion: Marine Services Director Dan Stahl explained that as a follow up to the previous work-study discussion on cargo at the Bellingham Shipping Terminal (BST), staff was recommending the Commission consider an agreement with Paul Sorensen of BST Associates to further investigate cargo opportunities for the shipping terminal. BST Associates is a well-known and highly experienced econometric and analytical firm specializing in Pacific Northwest maritime industry. Mr. Stahl further recommended that due to these specialized capabilities, selecting BST Associates as a sole source is justified to provide the proposed scope of work including reviewing current studies, cargo trends and projections, evaluating the Port's competitive position and estimating future cargo volumes in Whatcom County.

Motion approved with a 3-0 vote.

6. INTERLOCAL AGREEMENT FOR ANNEXATION AND UTILITY SERVICE AT THE BELLINGHAM INTERNATIONAL AIRPORT.

Click here for PowerPoint presentation:

<http://wa-portofbellingham.civicplus.com/DocumentView.aspx?DID=564>

Motion: Authorize the Executive Director to enter into an Interlocal Agreement with the City of Bellingham regarding Annexation and Utility Service at the Bellingham International Airport (BLI).

Discussion: Planning Director Sylvia Goodwin explained that the airport is located within the City of Bellingham Urban Growth Area, but outside of the City limits and that most of the existing water and sewer infrastructure was installed by the Port between 1950 and 2000 and deeded to the City pursuant to the terms of a 1984 agreement. Ms. Goodwin further explained that the City passed an ordinance in prohibiting further extension of utilities outside the City limits without annexation. The Port's 2008 request for water and sewer hookups for the Aircraft Rescue and Fire Fighting facility resulted in a declaratory judgment action and a "standstill agreement". The proposed Interlocal Agreement provides for the provision of

water and sewer to BLI and provides that the City may annex (and tax) certain commercial and light industrial properties surrounding the airport; not including areas of the airport used for airport operations however.

Motion approved with a 3-0 vote.

7. MARINA SQUARE BUILDING LEASES, SQUALICUM HARBOR.

Motion: Approve the Renewals and/or Modification of Lease(s) between the Port of Bellingham and: Accu-Steer, Inc., 704 Coho Way, Bellhaven, Inc., 714 Coho Way, Radar Marine Technologies, Inc. d/b/a Radar Marine, 700 Coho Way, San Juan Electronics, Inc., 730 Coho Way, and Captain's Locker, Inc. d/b/a Web Locker Restaurant, 734 Coho Way.

Discussion: Real Estate Representative Judy Harvey reported that the Marina Square Building on Coho Way was completed in 2001 and originally leased to the tenants for a term of five (5) years, or ten (10) years with tenant improvements amortized over their initial term. Ms. Harvey further reported that these marine trade tenants are experiencing economic difficulty; in the interest of retaining these tenants and to preserve revenue and asset value, Port staff is recommending approval of the proposed renewals and/or modifications.

Motion approved with a 3-0 vote.

8. LEASE RENEWAL FOR BELLHAVEN, INC., SQUALICUM ESPLANADE.

Motion: Approve the Renewal of Lease between the Port of Bellingham and Bellhaven, Inc. at Squalicum Esplanade, Suite 2.

Discussion: Real Estate Representative Judy Harvey explained that Bellhaven, Inc. leases approximately 162 square feet of space at Squalicum Esplanade, Suite 2 for new and used boat sales and charters as well as boat brokerage activities. The proposed renewal would be for five (5) years with the rate remaining the same for the first year and thereafter a 1% increase annually throughout the renewal term.

Motion approved with a 3-0 vote.

NEW BUSINESS

1. Commissioner Walker mentioned potential future Port Commission and County Council joint public meetings to share issues such as Traffic Mitigation/Impacts.
2. Commissioner McAuley spoke in favor of having a fire truck in the Ski to Sea Parade. Aviation Director Art Choat will check the FAA requirements.
3. Marine Services Director Dan Stahl reported Fairhaven Boat launches have been installed.

ADJOURN

As there was no further business, the meeting was adjourned at 5:30 p.m.

Michael McAuley, President

Jim Jorgensen, Secretary