

**MINUTES OF THE PORT OF BELLINGHAM COMMISSION MEETING  
HELD TUESDAY, MAY 17, 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 Carolyn Casey Brian Gouran Alan Birdsall 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 Communications Manger Site Project Manager Strategic Project Manager Port Counsel 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 and pending litigation pursuant to RCW 42.30.110(1)(c) (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 2 hours.

**RECONVENE PUBLIC MEETING**

The Commission meeting was reconvened at 3:03 p.m.

**PUBLIC COMMENT PERIOD**

Matt Paskus, 1151 Old Main, Bellingham WA – Airport – presented a power point presentation titled The Port of Bellingham Survey.

Click here for presentation:

<http://wa-portofbellingham.civicplus.com/DocumentView.aspx?DID=567>

## WORK-STUDY SESSION

### 1. Update – Airport Community Survey Results

Communications Manager Carolyn Casey reported that in March 2011 the Commission authorized staff to execute a contract with the Gilmore Research Group to conduct a countywide opinion survey about the Bellingham International Airport at a total project cost of \$29,606. The Gilmore Research Group of Seattle was selected by a committee to conduct a survey to measure the community understanding and concerns regarding the Bellingham International Airport growth and its services.

Vice President Jack Geiger reported that the Gilmore Research Group is the oldest research survey group in Washington State. Mr. Geiger further reported that the survey was developed based upon Federal Aviation Administration airport survey recommendations and questions specific to the Bellingham Airport. A full survey report (attached) with the results from 622 surveys completed both on line and by telephone involving randomly selected Whatcom County individuals from March 17 to April 4, 2011 was provided to the Commission. The survey found widespread and strong support for the expansion of flights, convenience of flights and services being offered while noise, air pollution and traffic congestion near the airport were reported to be the major drawbacks of the airport expansion. Ms. Casey added the survey results will be helpful to further community outreach efforts in the future.

Click here for the presentation:

<http://wa-portofbellingham.civicplus.com/DocumentView.aspx?DID=569>

### 2. Update – 1<sup>st</sup> Quarter 2011

Chief Financial Officer Rob Fix summarized the 1<sup>st</sup> quarter year to date financial report to be as follows:

Revenues totaled \$8 million. Of that total, revenues from the Operating activities were \$5.7 million, Public Priorities \$234 thousand, Non-Operating activities \$2.1 million.

The Expenses totaled \$4.8 million (no depreciation) which included Operating Activity expenses \$2.9 million, Public Priorities expenses \$491 thousand and Non-Operating expenses \$1.3 million.

Mr. Fix also reported the income before depreciation (all sources) totaled \$3.3 million, at budget and \$250 thousand below 1<sup>st</sup> quarter 2010. The ending cash balance \$76.7 million; end of 1<sup>st</sup> quarter 2010 showed cash balance of \$29.4 million. (\$44 million is related to bond issuance in late October for the airport and Gate 3 marina project).

Regarding the Balance Sheet, Mr. Fix reported:

	<u>3/31/2011</u>	<u>3/31/2010</u>
Current Assets	99,862	52,251
Long-term Assets	<u>279,613</u>	<u>247,374</u>

Total Assets	379,475	299,625
Current Liabilities	5,937	3,291
Long-term Liabilities	<u>158,391</u>	<u>114,081</u>
Total Liabilities	164,328	117,372
Net Assets	\$215,147	182,253

Mr. Fix summarized the income summaries year to date per operating divisions:

Aviation:

Total Revenues of \$1.7 million, Budget \$1.8 million, 2010 \$1.4 million  
Expenses \$1 million, Budget \$1.1 million, 2010 \$816 thousand

Operating Margin \$677 thousand, Budget \$606 thousand, 2010 \$566 thousand  
Margin as % of revenue is 40%  
Margin last year 40%

Marinas:

Total Revenues of \$1.9 million, Budget \$1.7 million, 2010 \$2.0 million  
Expenses \$541 thousand, Budget \$671 thousand, 2010 \$542 thousand

Operating Margin \$1.4 million, Budget \$994 thousand, 2010 \$1.5 million  
Margin as % of revenue is 72%  
Margin last year 73%

Marine Terminals:

Total Revenues of \$446 thousand, Budget \$425 thousand, 2010 \$472 thousand  
Expenses \$261 thousand, Budget \$270 thousand, 2010 \$249 thousand  
6% above prior year, 91% of budget

Operating Margin of \$185 thousand, Budget \$155 thousand, 2010 \$222 thousand  
Margin as % of revenue is 41%  
Margin last year 47%

Real Estate:

Revenues of \$1.564 million, Budget \$1.371 million, 2010 \$1.6 million  
Expenses \$394 thousand, Budget \$444 thousand, 2010 \$340 thousand

Operating Margin of \$1.170 million, Budget \$928 thousand, 2010 \$1.333 million  
Margin as % of revenue is 75%, 2010 80%

Regarding current investments, Mr. Fix reported \$3 million Federal Home Loan Mortgage, \$6 million Federal Home Loan Bank, and \$6.75 million Federal National Mortgage Association and \$2 million in the Federal Farm Credit Bank. The Balance of cash (\$58.4 million) is invested in the Local Government Investment Pool (LGIP).

Regarding Risk Management activities, Mr. Fix reported the Port opened a property damage insurance claim stemming from the November 2010 windstorm. The claim is expected to

reach \$175,000 less the Port's \$25,000 deductible. Mr. Fix also reported a claim was brought against the Port for damage to a vessel that was damaged in the same storm when it broke free of its moorage. Damage is unknown at this time.

Regarding the Stormwater program, Mr. Fix reported samples were taken, no exceedances were reported and all training and record keeping are in compliance.

In summary, Mr. Fix concluded by reporting:

Operating divisions performing well to budget but down compared to the prior year, the corporate overhead costs at 11.6% of Operating Revenues ( Planning, Facilities, Administration, Executive), and Public Program expenses at 65% of the budget.

Mr. Fix added the balance sheet is strong, reporting: Net assets grew 18% (33 million from first quarter 2010).

Click here for the presentation:

<http://wa-portofbellingham.civicplus.com/DocumentView.aspx?DID=573>

### **3. Update – Bellingham Bay Community Boating Center (CBC)**

Commissioner McAuley began by announcing his recent appointment to the CBC board thereby recusing himself from any Commission discussion about this tenant. Real Estate Director Lydia Bennett explained that the Bellingham Bay Community Boating Center (CBC) has been a Port tenant since 2007 following the purchase of Fairhaven Boatworks and taking over their lease. Ms. Bennett further explained the mission of the CBC is to provide boater education and safety classes and to provide access to the public for rentals of hand-launched vessels funded primarily through public support, fundraising, lessons, rentals and near water storage. Since October 2010, when the lease terminated, CBC has been in a month to month holdover status and the new lease agreement currently being negotiated will address the site (Port and DNR leased parcels), total rent, site use and site upgrades (shoreline and upland). Marine Services Director Dan Stahl explained that the new lease agreement being negotiated contemplates the CBC assisting the Port staff in the overall management of the Fairhaven public boat launch in addition to the CBC's ongoing assistance with the Port's linear moorage system under the existing lease Agreement. The next steps include staff bringing a new potential 5 year lease agreement to the Commission in July for consideration.

Click here for the presentation:

<http://wa-portofbellingham.civicplus.com/DocumentView.aspx?DID=570>

## **NEW BUSINESS**

- 1. AMENDMENT TO THE PROFESSIONAL SERVICES AGREEMENT (PSA) WITH ASPECT CONSULTING, L.L.C. FOR ENGINEERING AND DESIGN SERVICES FOR PROPOSED INTERIM ACTION AT THE GEORGIA PACIFIC WEST SITE.**

Motion: Authorize the Executive Director to execute Amendment #8 to the Professional Services Agreement (PSA) with Aspect Consulting, L.L.C. to increase the scope and budget by \$199,786 for engineering and design services for a proposed Interim Action at the Georgia- Pacific West Site.

Discussion: Environmental Site Project Manager Brian Gouran explained that when the Port entered into a PSA in 2008 with Aspect Consulting to perform a Remedial Investigation/Feasibility Study (RI/FS) at the GP West Site, it was anticipated that the PSA would be completed in phases with multiple amendments to allow for changing regulatory requirements and ongoing land use planning efforts. Aspect has conducted an Interim Action pre-design investigation and an Interim Action Work Plan currently under review by the Department of Ecology. The proposed scope of work will be partially reimbursed by an existing MTCA Remedial Action Ecology Grant and the remaining will be reimbursed through the Port's pre-funded Chartis insurance package or charged to the New Whatcom Demolition Capital Improvement Program Budget.

Click here for the presentation:

<http://wa-portofbellingham.civicplus.com/DocumentView.aspx?DID=571>

Motion approved with a 3-0 vote.

## **2. INTERLOCAL AGREEMENT FOR JOINT USE, MAINTENANCE AND OPERATION OF STREET SWEEPER.**

Motion: Authorize the Executive Director to execute an Interlocal Agreement between and among the City of Bellingham, the Port of Bellingham, Whatcom County, and the City of Ferndale for the joint use, maintenance and operation of a street sweeper.

Discussion: Environmental Strategic Project Manager Alan Birdsall reported that in October 2009 the multiple parties submitted a "Municipal Stormwater Grants of Regional or Statewide Significance" grant application to the Department of Ecology for the \$232,850 funding of a new regenerative air vacuum street sweeper. In December 2009, Ecology announced that the City of Bellingham would be awarded the requested funding. Mr. Birdsall further reported that the City of Bellingham as the recognized lead entered into a grant agreement with Ecology in March 2010 and in March 2011, the City of Bellingham took possession on behalf of the partnership and contributed an additional \$55,000 for road-ready additions. A requirement of the grant Agreement is that all parties enter into a formal Interlocal Agreement addressing the scheduled use and maintenance of the equipment. The City of Bellingham will charge partners an hourly usage charge for sweeper maintenance cost for the actual time that the sweeper is used by a partner. The agreement allows for a full service option, which includes as well as the operator hourly cost, actual fuel and dump fees and 15% administrative fees; changes in rates will be by mutual agreement and parties will meet annually during the ten year agreement term to review usage charges. The Port's Maintenance Supervisor will be the Project Coordinator for the Port and will be the primary contact for the use, maintenance, and operation of the sweeper.

Motion approved with a 3-0 vote.

**NEW BUSINESS**

1. Commissioner McAuley asked staff to prepare an update in the near future on the current status of the Ethics Committee. Human Resources Manager Elizabeth Monahan agreed to present an update at an upcoming Commission meeting.

**ADJOURN**

As there was no further business, the meeting was adjourned at 5:04 p.m.

---

Michael McAuley, President

---

Jim Jorgensen, Secretary