

**MINUTES OF THE PORT OF BELLINGHAM COMMISSION MEETING
HELD TUESDAY, JUNE 7, 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 Mike Stoner Fred J. Seeger Dan Stahl Sylvia Goodwin Lydia Bennett Dan Zenk Frank Chmelik Diane McClain Neil Clement Brian Gouran Norman Gilbert Adam Fulton Shirley McFearin Steve Shipman Judy Harvey	Executive Director Chief Financial Officer Director, Environmental Programs Director, Facilities Director, Marine Services Director, Planning and Development Director, Real Estate Airport Manager Port Counsel Executive Secretary Emergency Management/Security Officer Site Project Manager Project Engineer Project Engineer Real Estate Development Manager Real Estate Representative Real Estate Representative

CALL PUBLIC MEETING TO ORDER AND RECESS TO CLOSED EXECUTIVE SESSION

At 11:00 a.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(c) (i) (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 3.5 hours.

RECONVENE PUBLIC MEETING

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

PUBLIC COMMENT PERIOD

There was none.

CONSENT AGENDA

Motion: Approve Consent Agenda items A through K as follows:

- A. Approve minutes of the May 3, 2011, and May 17, 2011, regularly scheduled Commission meetings.
- B. Approve Voucher Certification and Approval for May 4, 2011 – May 25, 2011 in the amount of \$2,242,811.65.
- C. Authorize the Executive Director to extend the existing janitorial contract for the period of July 1, 2011 thru June 30, 2012 with American Building Maintenance (ABM) for Port-wide facilities in the amount of \$470,930. plus a contingency of \$65,000 for a total authorized contract amount of \$535,930.
- D. Authorize the Executive Director to execute Purchase Order No. 40912 with Audio Video Excellence in the amount of \$99,969.73 for the purchase and installation of the of Media Distribution System for the Airport Commercial Terminal Expansion Project–Phase I at Bellingham International Airport (BLI).
- E. Authorize the Executive Director to approve Amendment No. 3 to the Professional Services Agreement with Reid Middleton for additional hydraulic analysis and design for the BLI Southwest Detention Pond in the amount of \$19,365, for a total revised contract amount and authorized amount of \$288,106, and transferring \$20,000 from CIP Line Item 78 to CIP Line Item 25.
- F. Authorize the Executive Director to execute a termination of the easement with Haskell Corporation at the 4th & Harris Site.
- G. Authorize the Executive Director to execute a 2011 contract for Paving, Sealcoat and Striping Contract with Western Refinery Services for the bid amount of \$130,113.93 plus a 15% contingency for a total of \$140,600.
- H. Authorize the Executive Director to authorize a Purchase Order to Cummins Northwest, LLC for the purchase of a 200 KVA trailer mounted Generator in the amount of \$70,807.25, including 8.7% Washington State sales tax.
- I. Approve Assignment of Lease from Wade A. and Margarett “Ginger” V. Coen to Glen Hupp for the Harbor Moon Salon & Barber.
- J. Approve Joint/Shared Parking Agreement – between Bellwether Gate LLC, Port of Bellingham and the City of Bellingham.
- K. Approve a Modification of Lease Agreement (Supplemental Lease Agreement/ SLA) between the Port of Bellingham and Department of Homeland Security, Customs & Border Protection.

Motion approved with a 3-0 vote.

ACTION ITEMS

1. CONTRACT WITH WHATCOM COUNTY FOR HOMELAND SECURITY GRANT.

Motion: Authorize the Executive Director to sign a Sub-recipient Agreement with Whatcom County for a pass-through grant to purchase portable security fencing.

Discussion: Emergency Management and Security Officer Neil Clement explained the proposed agreement is necessary to address required security and control access at the Bellingham Shipping Terminal. The fencing will enhance the capability of local governments to prevent, deter, respond to and recover from acts of terrorism and full reimbursement funding up to \$3,786. is being made available to the Port from the 2009 Homeland Security Program (SHSP) U.S. Department of Homeland Security passed through the Washington State Military Department, Snohomish and Whatcom Counties.

Motion approved with a 3-0 vote.

2. WHATCOM WATERWAY SITE – ENVIRONMENTAL INSURANCE COVERAGE AMENDMENT.

Motion: Authorize the Executive Director to accept amendments Endorsement Nos. 31, 32 & 33 with Chartis, providing environmental insurance coverage for the Whatcom Waterway site.

Discussion: Environmental Director Mike Stoner provided an overview of the Whatcom Waterway project and an update on the status and agreements including the signed 2007 Consent Decree with the Dept of Ecology for one of the covered sites, the Whatcom Waterway Site. Mr. Stoner explained that under the amendment, the project would be implemented in two phases. Phase I would include the cleanup and shoreline restoration of the Inner Waterway. Following completion of Phase I, Phase II would be initiated, including final design, permitting and cleanup of the Outer Waterway and ASB. Mr. Stoner further explained that the proposed amendment improves the cost effectiveness and sustainability of required dredging and disposal of contaminated materials. Mr. Stoner added the three endorsements to the original insurance policy purchased from Chartis Insurance in January, 2005 have been developed to provide coverage for certain aspects of the Consent Decree as amended, including the use of Ecology grant funds, confinement of dredge material in the ASB and other parts of the revised cleanup plan.

Motion approved with a 3-0 vote.

3. WHATCOM WATERWAY SITE – CONSENT DECREE FIRST AMENDMENT.

Motion: Authorize the Commission President to execute the First Amendment to the Consent Decree & Cleanup Action Plan for the Whatcom Waterway site.

Discussion: In his earlier update, Environmental Director Mike Stoner explained that the proposed amendment to the Consent Decree is necessary to address new information obtained regarding the management of materials in the cleanup action plan of the Whatcom Waterway site.

Motion approved with a 3-0 vote.

4. PERSONAL SERVICES AGREEMENT – REGULATED BUILDING MATERIALS SUPPORT.

Motion: Authorize the Executive Director to execute a Personal Services Agreement with Argus Pacific, Inc. to provide regulated building materials support services for 3 buildings on the former Georgia Pacific mill property for an estimated cost of \$35,065 plus a 10% contingency for a total authorized budget of \$38,572.

Discussion: Site Project Manager Brian Gouran explained Argus Pacific, Inc. has been selected as the most qualified firm to provide the final abatement survey, design and oversight for the removal of the hazardous building materials pertaining to the planned demolition of the Pulp Storage Building, Bleach Plan and Pulp Screen Room structures on the former GP Mill site.

Motion approved with a 3-0 vote.

5. BID AWARD TO RAZZ CONSTRUCTION, INC. FOR THE INNER HARBOR/ GILLNET LOADING ZONE REPAIRS AND ELECTRICAL UPGRADES TO THE SAWTOOTH DOCK AND WEBHOUSE NO. 2.

Motion: Authorize the Executive Director to execute a contract with Razz Construction, Inc. of Bellingham, Washington for the Inner Harbor/ Gillnet Loading Zone Repairs & Electrical Upgrades to Squalicum Sawtooth Dock & Webhouse No. 2 in the amount of \$824,489.50 plus a 10% contingency for a total authorized contact amount of \$906,900; and amend the 2011 Capital Improvement Program by transferring \$120,000 from CIP No. 136 to CIP No. 137.

Discussion: Project Engineer Norm Gilbert explained this project is a combination of four capital projects and Razz Construction, Inc's. was the lowest responsive and responsible bid for the project. Facilities Director Fred Seeger explained that the original apparent low bidder Mike Carlson Enterprises had formally requested to withdraw their bid from the bid sighting bid error including leaving out insurance requirements specific to work on the water. Port counsel explained the state required bid bond requirements, USL&H insurance requirements and options available to the Port when a bid is withdrawn.

Motion approved with a 3-0 vote.

6. PROFESSIONAL SERVICES AGREEMENT (PSA) WITH KPFF CONSULTING ENGINEERS FOR DESIGN AND ENGINEERING OF THE BELLINGHAM SHIPPING TERMINAL BULKHEAD AND MAIN PIER REPAIRS.

Motion: Authorize the executive Director to execute a Professional Services Agreement (PSA) with KPFF Consulting Engineers to perform engineering services for the Bellingham Shipping Terminal Bulkhead and Main Pier Repairs Project in the amount of \$139,000 plus a 10% contingency of \$13,900 for a total authorized contract amount of \$152,900.

Discussion: Project Engineer Norm Gilbert explained KPFF Consulting Engineers was selected as the most highly qualified of the respondents to the Port's advertised Request for Professional Services (RFPS) to perform the scope of services which will include field investigations, development and evaluation of bulkhead replacement/ repair alternatives and the production of drawings and outline specs/bid documents for the South Terminal repairs.

Motion approved with a 3-0 vote.

7. AIRPORT COMMERCIAL TERMINAL EXPANSION – PHASE I CONTINGENCY EXTENSION.

Motion: Authorize the executive Director to increase the Airport Commercial Terminal Expansion – Phase I contract contingency by \$100,000 increasing the overall authorized amount from \$7,472,340 to \$7,572,340.

Discussion: Project Engineer Adam Fulton explained that the proposed contingency addresses the identified scope changes not included in Phase I which include a restaurant 1500 cubic foot vault/grease interceptor, additional infrastructure for the media system, AED station and additional signage. Mr. Fulton reported Phase I of the commercial terminal will open to the public on June 28, 2011.

Commissioner McAuley voiced concern for the expense of the airport project and stated he was not comfortable supporting the motion.

Motion approved with a 2-1 vote. Commissioners Jorgensen and Walker voted in favor of the motion; Commissioner McAuley voted against.

8. BELLWETHER GATE C, LLC – BUILDING C LEASE.

Motion: Approve the First Amendment to the Amended and Restated Capital Ground Lease between the Port of Bellingham and Bellwether Gate C, LLC, related to Building C at Bellwether on the Bay.

Discussion: Real Estate Development Manager Shirley McFearin explained that Bellwether Gate C, LLC is requesting permission to delay Building C one year in exchange for \$15,000 payment for lost opportunity to the Port due August 1, 2011. Ms. McFearin added that

Building A is complete; Building B is currently under construction and expected to be completed on or about September, 2011. In addition, Ms. McFearin reported that Bellwether Gate, LLC has agreed to contribute \$30,000 to public art installation on the peninsula.

Motion approved with a 3-0 vote.

9. MODIFICATION OF LEASE AGREEMENT WITH YAMATO PROPERTIES, LLC.

Motion: Approval of a Modification of Lease Agreement between the Port of Bellingham and Yamato Properties, LLC at the Airport Industrial Park consistent with the rental renegotiation provision of the lease.

Discussion: Real Estate Representative Steve Shipman explained that the Port approved a fifty (50) year land lease with Yamato Properties, LT, covering approximately 43,560 square feet at the Bellingham International Airport in June of 2000 and has since been modified for a name change and rent adjustment.. The proposed modification five (5) year lease keeps rent stable through June 2012 with a maximum 2 percent increase for years three, four and five.

Motion approved with a 3-0 vote.

10. RENEWAL AND MODIFICATION OF LEASE AGREEMENT WITH SQUALICUM MARINE, INC., MARINA SQUARE BUILDING.

Motion: Approve the Renewal and Modification of Lease between the Port of Bellingham and Squalicum Marine, Inc., 712 Coho Way, Marina Square Building.

Discussion: Real Estate Representative Judy Harvey explained that Squalicum Marine, Inc. has voiced concerns with the current economy and is requesting a month-to-month tenancy vs. a ten (10) year renewal period for the approximately 2,000 square feet premises they are currently occupying.

Motion approved with a 3-0 vote.

WORK-STUDY SESSION

1. Update – Wind Energy Conference

Dan Stahl presented an update on wind power and on a American Wind Energy Association (AWEA) 2011 conference he recently attended along with approximately twenty thousand other attendees. In his presentation, Mr. Stahl outlined the average turbine or wind project and discussed the current technology, vision and market viability for this industry. Mr. Stahl explained that due to the current regional developments in Central and Eastern Washington and Southern British Columbia, the wind power industry is a market that the Port may want to investigate for purposes of utilizing the Bellingham Shipping Terminal. The Commission was

generally receptive to this idea, and encouraged staff to continue to follow and investigate this industry sector further.

NEW BUSINESS

There was none.

ADJOURN

As there was no further business, the meeting was adjourned at 4:43 p.m.

Michael McAuley, President

Jim Jorgensen, Secretary