

**MINUTES OF THE PORT OF BELLINGHAM COMMISSION MEETING  
HELD TUESDAY, JUNE 21, 2011  
HARBOR CENTER BUILDING CONFERENCE ROOM  
1801 ROEDER AVENUE, BELLINGHAM, WASHINGTON**

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Present:	Michael McAuley Scott L. Walker	President Vice President
Staff:	Charlie Sheldon Rob Fix Mike Stoner Fred J. Seeger Sylvia Goodwin Lydia Bennett Dan Zenk Dodd Snodgrass Greg McHenry Marie Duckworth Ally Vincent Frank Chmelik Diane McClain	Executive Director Chief Financial Officer Director, Environmental Programs Director, Facilities Director, Planning and Development Director, Real Estate Airport Manager Economic Development Specialist Planning Analyst Community Relations Coordinator Event Facility Coordinator Port Counsel Executive Secretary

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

At 1:30 p.m., Commissioner McAuley called the Commission meeting to order noting that Commissioner Jorgensen would not be attending 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 1 ½ hours.

**RECONVENE PUBLIC MEETING**

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

**PUBLIC COMMENT PERIOD**

There were no public comments made.

**PRESENTATION**

**1. Audit Exit Conference.**

Washington State Audit Manager Sadie Armijo, Audit Supervisor Felicia Den Adel and Audit Lead Arden Flores reported that the purpose of the exit conference was to share the results

of the completed independent audit and to provide a forum for open discussion. It was reported that the Accountability Audit focus on electronic payments, payroll, prior audit issues, self insurance, Industrial Development Corporation, open public meetings and conflict of interest and the Financial Statement Audit did not produce significant difficulties or disagreements with entity management, deficiencies in internal control or instances of noncompliance, nor were there any uncorrected misstatements in the audited financial statements.

The Airport Improvement Program audited under the Federal Grant compliance Audit resulted in no findings; significant deficiencies or material weaknesses. The total audit cost for 2010 was \$36,470 compared to \$38,399 the prior year. The 2011 audit scheduled for next May will cover accountability for public reserves, financial statement and federal programs. The preliminary estimated cost based on the current bill rate will be \$33,326 plus travel expense.

### **ACTION ITEMS**

#### **1. FAA AIRPORT IMPROVEMENT PROJECT (AIP) GRANT NO. 3-53-0005-46.**

Motion: Authorize the Executive Director to accept FAA AIP Grant No. 3-53-0005-46 on behalf of the Port of Bellingham, in the amount of \$512,675.00.

Discussion: Airport Manager Dan Zenk explained that the overall objective of the Airport Master Plan is to provide a realistic Airport Layout Plan (ALP) update and guideline for the logical, timely and economically viable development and operation of the Bellingham International Airport (BLI) over the next five, ten, and twenty year period. The plan will identify needed improvements, establish priorities, quantify costs and develop a financial plan for financing the needed improvements. Mr. Zenk added the proposed grant is the first of two FAA AIP grants the Port will receive this year funded 95% by the FAA and the total estimated for 2011 is \$2,500,000.

Motion approved with a 2-0 vote.

#### **2. PROFESSIONAL SERVICES AGREEMENT (PSA) WITH URS CORPORATION FOR THE AIRPORT MASTER PLAN UPDATE PROJECT.**

Motion: Authorize the Executive Director to execute a Professional Services Agreement with URS Corporation for the Airport Master Plan Update project at Bellingham International Airport (BLI) in the amount of \$512,675.00, and increase Budget line Item 21, 01-1811-03, from \$500,000 to \$512,675.00.

Discussion: Airport Manager Dan Zenk explained that the overall objective of the Airport Master Plan is to provide a realistic Airport Layout Plan (ALP) update and guideline for the logical, timely and economically viable development and operation of the Bellingham International Airport (BLI) over the next five, ten, and twenty year period. Mr. Zenk reported that URS Corporation was selected as the most qualified respondent to provide the scope of

services advertised in the Request for Qualification (RFQ) on March 20, 2011. The selection process was conducted in accordance with FAA requirements and this work will be funded 95% by the FAA through Airport Improvement Project (AIP) Grant No. 3-53-0005-46, if approved by the Commission.

Motion approved with a 2-0 vote.

## **WORK-STUDY SESSION**

### **1. Update – Airport Terminal Expansion Project.**

Airport Manager Dan Zenk presented an update on the status of the Airport Terminal Expansion Project at Bellingham International Airport (BLI). Mr. Zenk introduced URS consultant Mr. John Yarnish present to address the proposed Action Item No. 2 Airport Master Plan Update Project and familiar with the project. Mr. Zenk reported that enplanements are up significantly and the Phase 1 portion of the terminal expansion opening on June 28, 2011 will add 20,000 square feet of terminal space and four new (4) boarding gates. Mr. Zenk further reported that Phase 2 of the expansion will address the complete schematic design and construction with the completion of that phase geared toward the spring of 2013.

### **2. Update – Airport Wetlands.**

Planning Director Sylvia Goodwin presented an update on the status of the permit for the 8.6 acres of wetland fill to allow for full development of the 41 acres for parking, hangars, industrial use at the Bellingham International Airport. Ms. Goodwin reported that in order to obtain the Army Core of Engineers (COE) 10 year permit approval, specified requirements include 37 acres off-site mitigation area and installation of stormwater system upgrades. The work remaining involves final construction specifications in 2011, grading and site preparation in 2012, and in 2011-2012- planting wetland vegetation, modifying stormwater ponds and the monitoring and maintaining of the site.

### **3. Update – Economic Development.**

Economic Development Specialist Dodd Snodgrass presented an update on the Economic Development Program focusing on the 1% Economic Development fund created by the Commission's direction to reduce the 2011 Strategic Budget Operating Expenses by 1 %. Mr. Snodgrass explained that a list of ideas for use of the funding was considered by the Commission and two (2) projects were specifically funded. The Mt. Baker Foothills Broadband project has \$20,000 in funds allocated through September. The Charter Boat Marketing Program (in partnership with local charter operators) has up to \$10,500 allocated from this fund to participate in the 2012 European marine trade show.

Industrial Development Corporation (IDC)

Mr. Snodgrass presented an update of the IDC budget used to fund economic development service contracts which include a potential Blue Sea Systems/Terra Power Systems \$6.8 million dollar inducement resolution in the future and the anticipated 2012 impact of the \$35 thousand dollar IDC income reduced from \$215 thousand as a result of BP calling its bonds.

#### Coordinated Economic Development Services

Mr. Snodgrass and Chief Financial Officer Rob Fix outlined the current Port, City and County approach to funding coordinated Economic Development services and the agreement for this coordinated approach in place through 2013 and being managed by the IDC. Mr. Fix suggested the Port revisit the current coordinated approach at the end of year to measure the effectiveness of the agreement and services being provided.

#### **4. Update - Ethics Committee.**

This update was postponed to a later date.

#### **5. Update – Fairhaven.**

Planning Analyst Greg McHenry reported that the last Fairhaven neighborhood plan was done in 1980 and is currently being rewritten. Mr. McHenry added that in preparation of a new draft Fairhaven Neighborhood and Urban Village Plan being proposed, a series of community meetings and listening sessions are being held by the City of Bellingham in the Fairhaven area to address desired changes to zoning, building height limits, establishing view corridors, and desired park, trail and other city infrastructure improvements. Mr. McHenry and Planning Director Sylvia Goodwin plan to continue attending the meetings and will keep the Commission informed of any changes that may impact development on the Port's property in Fairhaven.

#### **6. Update – Corporate Events.**

Community Relations Coordinator Marie Duckworth presented an overview of the Port's Corporate Events program and described the benefits, actual costs and Port's in-kind support and sponsorship levels for the different events currently being held on Port property. Ms. Duckworth explained the purpose of the Corporate Events program is to create community support for, and raise awareness of the Port's facilities, tenants and tenant operations. Ms. Duckworth added that Corporate Events such as Charterfest, Bellingham Bay Rendezvous, Ski to Sea, Haggen Family 4<sup>th</sup> of July Celebration, Bellwether Family Fun Night, Bellwether Jazz Festival and the Holiday Port Festival bring large numbers of visitors to Port properties and promotes community goodwill.

#### **7. Update – Meetings and Events.**

Event Facility Coordinator Ally Vincent presented a year to date review of the Meetings and Events department by reporting the number of bookings at the Bellingham Cruise Terminal,

Blaine Boating Center and Squalicum Boathouse has decreased slightly due the economy. Ms. Vincent forecasted that the 2011 revenue for events booked thus far for the months of June, July and August will average approximately \$2,000.00 less per month than for the same time period in 2010. Ms. Vincent added that the 2011 reduction in bookings suggests more parties, weddings and memorials are either being delayed or being held at home and that more proms are being held at the high schools.

## 8. Update – Real Estate

Real Estate Director Lydia Bennett provided a year to date review for the Real Estate Division by reporting the Operating Revenues are slightly above 1.22% what was budgeted and the Operating Expenses are -9.96% which is consistent for this time of year as most of the maintenance and repairs are done in the summer months. Ms. Bennett summarized the Real Estate Division is currently at 6.57% of 2011 budget. Forecasting the year end results, Ms Bennett reported that she anticipates (with recent tenant occupancies and the current economy) the Real Estate Division may have an approximate reduction in revenue of \$200,000 or 4.5% compared to the previous year. Ms. Bennett added the division will work to mitigate that anticipated loss by exploring opportunities to reduce operating expenses while continuing efforts to market available spaces; striving to reach 94% occupancy.

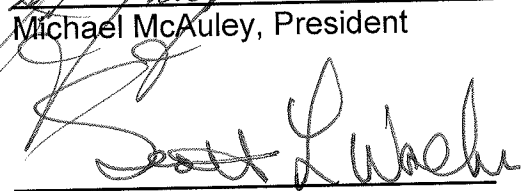
## NEW BUSINESS

1. Commissioner McAuley asked about the membership of the Marina Advisory Committee (MAC) membership and Harbormaster Mike Endsley reported that a review of membership status is currently ongoing.
2. Commissioner McAuley asked about the possibility of having a future floating dock somewhere near the entrance to the former GP site and Environmental Director Mike Stoner explained the cleanup efforts and the existing sewer line in that area will need to be addressed before exploring potential public access options.

## ADJOURN

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

  
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Michael McAuley, President

  
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Scott Walker, Vice President