

**MINUTES OF THE PORT OF BELLINGHAM COMMISSION MEETING
HELD TUESDAY, SEPTEMBER 20, 2011
BLAINE HARBOR BOATING CENTER BUILDING CONFERENCE ROOM
235 MARINE DRIVE, BLAINE, 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
	Frank Chmelik	Port Counsel
	Diane McClain	Executive Secretary

CALL PUBLIC MEETING TO ORDER AND RECESS TO CLOSED EXECUTIVE SESSION

At 12:00 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) (i). Commissioner McAuley noted that no formal action would be taken during the closed session and that he expected the closed executive session to last approximately 1 ½ hours.

RECONVENE PUBLIC MEETING FOR WALKING TOUR

PORT COMMISSION WALKING TOUR – BLAINE INDUSTRIAL AREA

The tour of the Blaine Industrial Area included four site visits and was led by Facilities Director Fred Seeger, Real Estate Director Lydia Bennett, Environmental Director Mike Stoner, Maritime Director Dan Stahl and Planning Director Sylvia Goodwin, with the assistance of Blaine Harbormaster Andy Peterson.

1. The first of four sites on the tour was the Blaine Marine Tank Farm Site. This site has historical contamination issues associated with the operation of the petroleum fuel tanks and requires cleanup under the state's Model Toxics Control Act (MTCA). The bulkhead between the tank farm and the harbor requires immediate attention. The Commission observed the deteriorated condition and asked several questions about how quickly measures need to be taken to safeguard the situation. One of the proposed actions before the Commission is a Professional Services Agreement (PSA) to address this

immediate concern in coordination with the Department of Ecology for both regulatory oversight and potential grant funding.

2. The second stop was at the Boundary Fish facility. Ms. Bennett introduced owner of Boundary Fish, Henry Yuki. Mr. Yuki provided an overview of his company's seafood business operations and the issues they are experiencing with the current facility limitations, adding that his company is interested in expanding the operation and facility in the future.
3. Mr. Stoner explained that the third site, known as the Westman Marine Shipyard site is also a MTCA site requiring cleanup. This is a historically impacted site, which has had numerous operators over the years contributing to the environmental issues which will require cleanup of both upland soils and marine sediments. Mr. Stoner further explained that the current operator, Walsh Marine is not however responsible for the historic contamination problems. The Commission asked questions about how the environmental conditions might be remediated and how those efforts might be coordinated with the redevelopment of the site. Mr. Stoner explained that coordination with Ecology would be required for regulatory oversight and access to potential grant funding.
4. The group then heard from Mr. Stahl, Mr. Seeger and Ms. Goodwin as they got a look first hand at the Marine Infrastructure conditions at various locations. The bulkheads, piers and stormwater utilities in various states of disrepair were shown to have significant structural, maintenance and/or replacement issues. The Commission expressed concern about the condition of the bulkhead behind the sawtooth dock. This piece of infrastructure is vital in assisting the commercial operators bring their gear and product upland to the various storage areas.

The tour concluded with the group returning to the Blaine Boating Center conference room for the business portion of the agenda.

CALL TO ORDER

Commissioner McAuley called the business meeting to order at 3:00 p.m.

PUBLIC COMMENT PERIOD

1. Leroy Rohde, 4961 Noon Road, Bellingham, WA. – BST – Mr. Rohde spoke in favor of Port monies being allocated in the upcoming budget to support the Bellingham Shipping Terminal repairs and operations.
2. Darren Williams, 4089 Y Road, Bellingham, WA. – BST – Mr. Williams, Longshoreman, ILWU Member, Local 7, urged the Port to focus on marketing, infrastructure and maintenance work for the Bellingham Shipping Terminal. Mr. Williams thanked the Commission and staff for the attention thus far and hopes to see more happening at the terminal in the future.

3. Bob Brooks, 199 Marine Drive, Blaine Marine Services (Owner, boat repair services) – Blaine Harbor – Mr. Brooks, encouraged the Port Commission to invest in improvements and support for marketing and attracting business/industry to bring more of the boating community to Blaine Marina.

CONSENT AGENDA

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

- A. Authorize the Executive Director to execute Amendment No. 8 for the I & J Waterway Site Grant No. G00500141 with the Department of Ecology to increase the State Grant Share by \$666,780.
- B. Authorize the Executive Director to execute Amendment No. 18 for the Weldcraft Steel and Marine / Gate 2 Boatyard Site Grant No. G0400049, with the Department of Ecology to expand the authorized scope of the grant to include upland remedial actions and increase the state Grant Share by \$500,000.
- C. Authorize the Executive Director to execute Amendment No. 4 for the Central Waterfront Site Grant No. G0900177 with the Department of Ecology to expand the authorized scope of the grant to include Interim Actions and increase the State Grant Share by \$1,182,057.

Motion approved with a 3-0 vote.

WORK-STUDY SESSION

1. Update – Professional Services Agreement (PSA) for the Blaine Industrial Area.

Senior Engineer John Hergesheimer recapped the tour and status of the facilities within the Blaine Industrial Area. Mr. Hergesheimer further reiterated that the many facilities/ assets on the tour and in the area are at the end of their useful life. Mr. Hergesheimer provided an overview of the proposed next steps the Port staff intends to present at the October 4, 2011, Commission meeting. These next steps (totaling approximately \$414 thousand dollars) include the following three Professional Services Agreements (PSAs) for the three distinct areas: PSA 1: Preliminary Project Engineering for non-remedial work involving concept layout and selection of a preferred alternative (\$114 thousand), PSA 2: Blaine Marina Fuel Tank Site Cleanup involving negotiation of the Agreed Order with the Department of Ecology co-ordination and defining the Remedial Investigation/Feasibility Study (RI/FS) and providing engineering and bid documents for a temporary bulkhead stabilization project (\$180 thousand), and PSA 3: The Westman Marine Boatyard Site Cleanup involving the Agreed Order, Ecology, RI/FS to the prep of the work plan (\$120,000). Mr. Hergesheimer summarized by reporting the start up costs for each project are included in the 2011 budget and that the Port staff, through the RFPS process, has selected Landau Associates and their team of Reid Middleton, Makers, and Wilson Engineering to assist the Port in this endeavor.

2. Update – Blaine Marine Drive.

Planning Director Sylvia Goodwin explained that the improvements to Blaine's Marine Drive will involve several phases and the next planned phase will be to upgrade the road over the railroad tracks from the roundabout on Peace Portal Way to the previously improved section beginning near Milhollin Drive. Ms. Goodwin further explained that the City of Blaine applied for and obtained a Transportation Improvement Board Grant (TIB) of \$486 thousand for the project and that the Port and City (through an Interlocal Agreement) will equally share in the local match requirement of the grant. The Port's share for road design equates to \$22,230. The project will take an estimated 6 weeks to complete and one lane of Marine Drive will be closed during construction. Ms. Goodwin reported there is currently \$10 thousand in the Port's 2012 budget for Public Art to be placed somewhere near the entrance section of Marine Drive. Ms. Goodwin introduced Bill Bullock, Assistant Public Works Director for the City of Blaine; who discussed the road design and confirmed the City of Blaine's intention to provide matching funds for the artwork and discussed the City of Blaine's interest in working with the Port to address entry signage as well. After this phase of Marine Drive improvements is completed, the final phase of improvements to Marine Drive will address necessary repairs to strengthen the roadway and the poor condition of rip rap and bulkheads on the westerly section of Marine Drive near the Blaine Water Reclamation Facility to the End Pier. Commissioner Walker asked about the art selection process for this area/entry and Ms. Goodwin suggested the assistance of the Art Committee for this purpose.

3. Update – Port of Bellingham 2012 Strategic Budget.

Chief Finance Officer Rob Fix presented the following information in the current draft of the 2012 Strategic Budget with comparisons to the current 2011 forecast: Mr. Fix explained that Aviation revenues are projected to be up 2.8% with expenses up 9.8%. For Marinas, revenues will be up 9%, and expenses down 2%. Real Estate revenues are expected to be down 6%, with expenses 1.2% higher than the 2011 forecast. Marine Terminals shows revenue growth of 1.6% and expense growth of 8.8%. Mr. Fix added that Operating Overhead expenses for the 2012 Budget are expected to be up 6%, with Public Priorities and Non Operating revenues up 4.6%, and expenses up 18.8%. Mr. Fix also noted that the 2012 Budget for Total Operating Divisions shows increases of 2.3% in revenue and 4.2% in expenses. Mr. Fix closed by reporting that the Port's 2012 Draft Budget document will be presented to the Commission before the October 18, 2011, Commission meeting.

NEW BUSINESS

Commissioner Walker suggested the Port's Art Committee meet soon. Facilities Director Fred Seeger suggested Project Engineer Adam Fulton be included to address any signage issues and Executive Director Charlie Sheldon will plan to attend as well.

ADJOURN

As there was no further business, the meeting was adjourned at 4:45 p.m.

Michael McAuley, President

Jim Jorgensen, Secretary