

**MINUTES OF THE PORT OF BELLINGHAM COMMISSION MEETING
HELD TUESDAY, MARCH 6, 2012
HARBOR CENTER BUILDING CONFERENCE ROOM
1801 ROEDER AVENUE, BELLINGHAM, WASHINGTON**

Present:	Scott L. Walker Jim Jorgensen Michael McAuley	President Vice President Secretary
Staff:	Charlie Sheldon Rob Fix Lydia Bennett Sylvia Goodwin Carolyn Casey Elizabeth Monahan Fred Seeger Dan Stahl Mike Stoner Dan Zenk John Hergesheimer Carol Williams Norm Gilbert Terry Ilahi Frank Chmelik Diane McClain	Executive Director Chief Financial Officer, Deputy Director Director, Business Development Director, Planning and Development Director, External Affairs Director, Human Resources Director, Facilities Director, Maritime Director, Environmental Programs Director, Aviation Senior Project Engineer Maintenance Supervisor Project Engineer Real Estate Analyst Port Counsel Executive Secretary

CALL PUBLIC MEETING TO ORDER AND RECESS TO CLOSED EXECUTIVE SESSION

Commissioner Walker called the meeting to order and reported the purpose of the closed session would be to discuss real estate transactions and personnel matters pursuant to RCW 42.30.110(1) (c) (g) and the closed session was expected to last approximately 2 hours with no formal action to be taken by the Commission in the discussion.

RECONVENE PUBLIC MEETING

Commissioner Walker called the meeting to order at 3:08 p.m.

PUBLIC COMMENT PERIOD

No one signed up for public comment.

CONSENT AGENDA

Motion: To adopt Consent Agenda items A through D as follows:

- A. Approve the minutes of the February 7, 2012, and February 21, 2012, regularly scheduled Commission meetings and the February 9, 2012, special Commission meeting.

- B. Approve the Voucher Certification and Approval for February 1, 2012 – February 29, 2012, in the amount of \$4,818,880.59.
- C. Authorize the Executive Director to sign, on behalf of the Port, an Interlocal Cooperation Agreement outlining the arrangements and commitments of 8 Washington ports participating in an insurance buying group, and to sign a Broker Services Agreement letter recognizing Alliant Insurance Services as the Port's broker of record.
- D. Approve Resolution No. 1307 declaring certain vehicles, equipment and materials surplus to the needs of the Port and authorizing Executive Director to offer same for sale at public auction.

Motion approved with a 3-0 vote.

ACTION ITEMS

1. 2012-2014 PORT OF BELLINGHAM / ILWU CLERICAL COLLECTIVE BARGAINING AGREEMENT.

Motion: Authorize the Executive Director to execute the 2012 2014 Collective Bargaining Agreement between the Port of Bellingham and the International Longshore and Warehouse Union (ILWU), Local 7A – Clerical, including any necessary budget adjustments. The terms and conditions of the agreement shall be effective as of January 1, 2012 and shall terminate on December 31, 2014.

Discussion: Director of Human Resources Elizabeth Monahan explained that the 2009 -2011 Collective Bargaining Agreement expired December 31, 2011 and the respective bargaining teams have been negotiating in good faith in eight (8) sessions since November 2011. Ms. Monahan further reported that the proposed agreement addresses promotion, performance and restructured pay scales.

Motion approved with a 3-0 vote.

NEW BUSINESS ITEM: DELEGATION OF POWERS.

Commissioner Scott Walker asked that an item be brought forward for discussion under administration and in particular, the Delegation of Powers. Mr. Walker reported that he disagreed with Executive Director Charlie Sheldon's action and use of authority pursuant to Resolution No. 1106-N in approving recent international travel for a Port staff member to attend a conference in the Bahamas. Commissioner Walker further reported that the Executive Director was required to notify the Commission prior to the travel taking place. Executive Director Charlie Sheldon responded that any failure to notify the Commission prior to the travel was unintentional. Mr. Sheldon added that while the location of the Air Service conference was out of the country, the business benefits to the Port from staff participation at

the conference made the trip worthwhile because it provided an efficient way to meet with all the potential airline customers in one location.

Following further discussion by the Commission with Mr. Sheldon as to the purpose of the trip and Commissioner Walker questioning the need for marketing of the Bellingham International Airport (BLI), before the overall development direction of the airport had been discussed by the Commission, Commissioner Walker suggested that the Commission remove the authority to approve international travel from the Executive Director's authority as well as the authority to approve personal services agreements for professional and consulting services.

Commissioner McAuley asked that the two requests be kept separate and that the motion pertaining to Commission approval of international travel also include Canada.

Commissioner Walker made the following motion and thereby revising Adopted Resolution 1106-N, Section VII POLICY GOVERNING TRAVEL OF EMPLOYEES AND OTHER AUTHORIZED REPRESENTATIVES OF THE PORT:

Motion: The Executive Director is authorized to approve travel by employees and/or other authorized representatives of the Port in order to effectuate necessary Port operations, in conformity to the travel policy adopted by the Commission, provided that the travel expenses are within the annual budget approved by the Commission, and provided that all international travel will require a vote by the Commission (including Canada) and this will also apply to any Commission international travel; all international travel to be subject to Commission approval.

Motion approved with a 3-0 vote.

Discussion: Regarding the Port's policy governing arrangements for professional and consulting services, Commissioner Walker discussed making a motion to remove the approval authority from the Executive Director and return that authority to the Commission. Commissioners Jorgensen and McAuley asked for more time to review the policy and it was agreed by all three Commissioners that this discussion would be continued at a future meeting. Commissioner Walker asked that Port counsel Frank Chmelik provide for an explanation of the policies and a list of the approved personal service contracts. Port counsel Frank Chmelik agreed to provide that list with the Director of Facilities Fred Seeger's assistance.

2. BID AWARD FOR SLATER ROAD OFF-SITE WETLAND MITIGATION PROJECT – PHASE 1.

Motion: Authorize the Executive Director to execute a contract with Jansen, Inc., in the amount of \$796,571.05 and including a 15% contingency of \$119,486 for a total authorized amount of \$916,057.05.

Discussion: Senior Project Engineer John Hergesheimer explained that in response to the request for bids, Jansen, Inc. was selected as the lowest responsive and responsible bidder for the Phase 1 of the project involving approximately 13 acre of the Port's leased 37 acre wetland mitigation site, located north of the Slater Road and immediately east of the Nooksack River Bridge. Mr. Hergesheimer further explained that the proposed scope of work

on the site will include and address erosion, sedimentation, initial vegetation controls, parking lot, trail and road access improvements, planting, maintenance and irrigation of plants and weed control for the site. Mr. Hergesheimer added that the project is funded from the 2012 budget and that the long-term operation and maintenance costs for the Phase 1 including permit requirements, wetland monitoring and reporting will need to be budgeted in future years. Mr. Hergesheimer also explained that the Port will need to purchase water from the PUD and truck it in to the site. Commissioner Jorgensen asked about the agreement with the Department of Fish and Wildlife, owners of the land and Commissioner Walker asked about the purchase of water from the PUD. Commissioner McAuley voiced strong objection to the purchase of and trucking in water when river and creek water is close by. Mr. Hergesheimer explained that the State requires a permit to withdraw waters of the State, including groundwater, the Nooksack River and nearby creeks and that such a permit application may be protested and cause delays. Commissioner McAuley stated he would not be supporting the motion.

Motion approved with a 2-1 vote, Commissioners Walker and Jorgensen voted in favor, Commissioner McAuley voted against.

3. AMENDMENT NO. 8 TO THE PROFESSIONAL SERVICES AGREEMENT (PSA) WITH CH2M/HILL FOR PHASE 1: CONSTRUCTION SUPPORT SERVICES FOR THE SLATER ROAD OFF-SITE WETLAND MITIGATION PROJECT.

Motion: Authorize the Executive Director to approve PSA Amendment No. 5 with CH2M/HILL for the Slater Road Off-site Wetland Mitigation Phase 1 Project in the added contract amount of \$118,760, including a 10% contingency of \$18,876 for a total authorized amount of \$550,311.

Discussion: Senior Project Engineer John Hergesheimer explained that the proposed amendment, funded from the 2012 budget, would include a scope of services in support of the Phase 1 construction management. Mr. Hergesheimer added that the services CH2M/HILL would provide include construction meetings, survey, inspection and follow-up, review of submittals and requests for information, groundwater and surface water monitoring and project management for the site in 2012.

Commissioner McAuley questioned the labor rates and commented that they seemed high.

Motion approved with a 2-1 vote, Commissioners Walker and Jorgensen voted in favor, Commissioner McAuley voted against.

4. APPROVAL OF THE PURCHASE OF PLANT MATERIALS FOR THE SLATER ROAD OFF-SITE WETLAND MITIGATION PROJECT – PHASE 1.

Motion: Authorize the Executive Director to execute a purchase order in the amount of \$48,124.70 to Clark's Native Tree and Shrubs for the procurement of native plant materials specified for use in the Slater Road Off-Site Wetland Mitigation Project – Phase 1.

Discussion: Maintenance Supervisor Carol Williams reported that the proposed 22,000 plants of various native species, per the construction plans and specifications for the Slater

Road Off-Site Wetland Mitigation Project, would be purchased under the Office of State Procurement and Clark's Native Tree and Shrubs is the only native plant grower on the Washington State Contract that meets the requirement of genetic provenance, i.e. plants native to the area. Commissioner McAuley reported that while he was in favor of the estimated cost per plant; he would not be supporting the motion due to the issue of bringing in water to the site.

Motion approved with a 2-1 vote, Commissioners Walker and Jorgensen voted in favor, Commissioner McAuley voted against.

Note: Commissioner Walker asked that Ms. Williams arrange a meeting of the Art Committee to discuss benches and a couple of other items.

5. MODIFICATION OF 2009 TERMINAL SERVICES AGREEMENT WITH THE STATE OF ALASKA.

Motion: Commission motion to approve Amendment No. 2 to the 2009 Terminal services Agreement with the State of Alaska to address the additional sailings scheduled for FY 2012.

Discussion: Director of Maritime Dan Stahl explained that the Port successfully re-negotiated a fifteen year agreement with the State of Alaska in 2009 for the leasing of the Port facility, proportionate payment of the operating costs and the cost of providing ticketing services. Mr. Stahl further explained that the Port amended (and the AMHS and Port Commission approved) the agreement in 2010 to address the additional labor costs and ticketing services for 11 additional sailings in 2011. Mr. Stahl added that in 2011, the Port learned a second ferry would again make Saturday runs from April through September 2012 and the proposed amendment addresses those additional labor costs and terminal services necessary for the twelve additional sailings.

Motion approved with a 3-0 vote.

6. COMMERCIAL LEASE MODIFICATION FOR GREENBERRY INDUSTRIAL, LLC.

Motion: Commission motion to approve a Modification of Commercial Lease Agreement with Greenberry Industrial LLC to add approximately 36,000 square feet of outside storage and parking area to the leased premises effective March 6, 2012, ending June 30, 2012.

Discussion: Director of Maritime Dan Stahl explained that Greenberry Industrial LLC and Superior Energy Services Marine Division partner to provide oil field services in Alaska and the proposed fourth amendment to the lease approved in 2011 will again accommodate expansion providing approximately 36,000 additional square feet to the existing leased premises at the Bellingham Shipping Terminal.

Motion approved with a 3-0 vote.

7. AMENDMENT TO THE WASHINGTON DEPARTMENT OF FISH AND WILDLIFE LAND USE AGREEMENT FOR THE SLATER ROAD OFF-SITE MITIGATION SITE.

Motion: Authorize the Executive Director to execute an Amendment to the Land Use Agreement with the Washington Department of Fish and Wildlife (WDLF) for use of the 37 acre Slater Road Off-Site Wetland Mitigation Site

Discussion: Director of Planning and Development Sylvia Goodwin explained that the Port entered into a Land Use Agreement in 2011 for the use of the 37.07 acres of WDFW land on the north side of the Slater Road, east of the Nooksack River, to mitigate for the impacts of 8.9 acres of wetland fill at the airport. Ms. Goodwin added that the land use agreement requires the Port to construct and maintain the habitat mitigation project, pay a fee of \$10,000 every year for 10-years, maintain \$2 million in liability insurance and allow continued public access to the site. Ms. Goodwin further added that the proposed amendment would not increase the cost of the agreement; rather the amendment would update the site legal description and location of the public trail easement to be consistent with the final mitigation site design.

Commissioner McAuley announced he would not be voting in favor of the motion, again because of the need for water to be purchased and brought in to the site.

Motion approved a 2-1 vote, Commissioners Walker and Jorgensen voted in favor, Commissioner McAuley voted against.

8. MODIFICATION OF LEASE WITH BLAINE MARINA INC. FOR PROPERTY LOCATED AT BLAINE HARBOR.

Motion: Commission motion to approve a Modification of Lease between the Port of Bellingham and Blaine Marina, Inc.

Discussion: Real Estate Analyst Terry Ilahi explained that the Blaine Marina, Inc. has leased Port property in Blaine since the 1950's and the current lease executed in 1990 has been in a month to month holdover status since 2006. Mr. Ilahi further explained that the site is listed on the Department of Ecology's Hazardous Sites List and an interim action to be completed by the Port with Ecology oversight is required to prevent the spread of petroleum hydrocarbon contamination. Mr. Ilahi further explained that the proposed modification of lease will address the work and identify the party responsible for the necessary repairs to the sheet pile bulkhead, concrete pile cap, fence installation and removal of the fuel office building and disconnect and rerouting of fuel and utility lines. Environmental Director Mike Stoner added that an update on the site and Ecology's Agreed Order and Interim Action pertaining to the cleanup of the site and Ecology's Agreed Order and Interim Action pertaining to the cleanup of the site would be added to the agenda under new business. Commissioner Walker asked that the item be brought forward.

Motion approved with a 3-0 vote.

NEW BUSINESS: ACTION ITEM ADDED TO THE AGENDA

9. BLAINE MARINA TANK FARM SITE – AGREED ORDER (AO) FOR REMEDIAL INVESTIGATION/FEASIBILITY STUDY (RI/FS) AND INTERIM ACTION.

Motion: Authorize the Executive Director to execute an Agreed Order with the Department of Ecology for performing a Remedial Investigation/Feasibility Study (RI/FS) and Interim Action at the Blaine Marina Inc. site.

Discussion: Director of Environmental Programs Mike Stoner explained that the Port has been working with Ecology and City of Blaine and if approved for the Executive Director to execute, the proposed Draft Agreed Order will go out for public comment period later this month. Mr. Stoner further explained that the Blaine Marina Tank Farm, identified by Ecology as Model Toxic Control Act (MTCA) site will involve a Remedial Investigation/Feasibility Study (RI/FS) resulting in a preferred alternative as well as the cleanup action, Agreed Order and 30 day public comment period.

Motion approved with a 3-0 vote.

10. WHATCOM COUNTY ADO DESIGNATION FOR THE PORT OF BELLINGHAM.

Motion: Commission motion approving Resolution No. 1305 authorizing acceptance of the Associate Development Organization (ADO) responsibilities for Whatcom County.

Discussion: Director of Finance Rob Fix explained that discussions with the Northwest Economic Council (NWEC) started last year regarding the Associate Development Organization role. Mr. Fix further explained that (ADOs) were created by the legislature in 1993 as a means for the State to support and partner with communities and as a means to stimulate locally directed economic development and provide services under a workplan developed between the ADO and Commerce. Mr. Fix further explained that ADOs are designated by the county government and are defined as local economic development nonprofit corporations broadly representative of community interests, commonly referred to as the lead economic development organization in a community. Mr. Fix added that on February 28th, the Whatcom County Council Finance Committee unanimously approved the County Executive's recommendation to move the ADO to the Port of Bellingham to be funded through approximately \$200,000 from a biennial grant contract with Commerce which will support one (1) full time equivalent (FTE) to be located at the Port of Bellingham.

Motion approved with a 3-0 vote.

RECESS PUBLIC MEETING AND CONVENE INDUSTRIAL DEVELOPMENT CORPORATION (IDC) BOARD MEETING.

1. Project Approval for Port Small City Economic Development Funds.

Motion: Commission motion approving the funding of four Small City Economic Development Fund projects.

Discussion: Economic Development Specialist Dodd Snodgrass reported that the Industrial Development Corporation (IDC) 2012 budget includes up to \$80,000 and since 2004, the Commission has authorized a total of \$364,000 to the small cities in project implementation matching funds and benefiting economic development in the County. Mr. Snodgrass further

reported that the 2012 application process resulted in \$57,000 in total requests from the small cities. Mr. Snodgrass reported that the total proposed requests \$57,000 will fund \$12,000 to the City of Blaine for the Gateway Regional Stormwater Treatment Project, \$10,000 to the City of Everson for the Utility Extension to Southern Industrial Area, \$20,000 to the City of Ferndale for the Main Street and I - 5 Roundabouts Design, and \$15,000 to the City of Sumas for a City Well Replacement.

Motion approved with a 3-0 vote.

2. Services Agreement with Northwest Economic Council (NVEC) for Economic Development Services.

Motion: the Board of Commissioners of the Industrial Development corporation (IDC) of the Port of Bellingham authorize the President to sign a Services Agreement between the IDC and Northwest Economic Council (NVEC) for \$45,833 for a coordinated approach to funding and contracting with economic development service providers.

Discussion: Economic Development Specialist Dodd Snodgrass reported that two proposed economic development service contracts were brought before the Commission a month ago (NVEC and Western Washington University) and that both of the amounts have been reduced to account for a one month extension of the 2011 NVEC contract that provided funding for both agencies. The NVEC has been revised from the earlier amount of \$50,000. Commissioner McAuley reported that he met with staff to review the requests from NVEC and WWU and he questioned the actions/ methods proposed, asset mapping, scope of work mentioned in the contract and that he would not be in favor of funding the service agreement with the NVEC.

Motion approved with a 2-1 vote, Commissioners Walker and Jorgensen voted in favor, Commissioner McAuley voted against.

3. Services Agreement with Western Washington University (WWU) for Economic Development Services.

Motion: The Board of Commissioners of the Industrial Development corporation (IDC) of the Port of Bellingham authorize the President to sign a Services Agreement between the IDC and Western Washington University (WWU) for \$229,167 for a coordinated approach to funding and contracting with economic development service providers.

Discussion: Economic Specialist Dodd Snodgrass reported that this is the second of two contracts brought before Commission a month ago and that the amount for the WWU agreement has been reduced from the earlier ask of \$250,000 due to a one month extension of the 2001 agreement with the Northwest Economic Development Council. Commissioner McAuley shared that he had reviewed a report from the SBDC (Small Business Development Center) at WWU and was pleased to see the work that was actually being done.

Motion approved with a 3-0 vote.

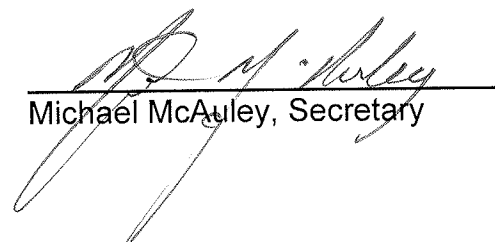
NEW BUSINESS

Commissioner McAuley thanked the Marina staff for recent work on the Moorage update and the customer letter sent out.

As there was no further business, the meeting was adjourned at 4:09 p.m.



Scott L. Walker, President



Michael McAuley, Secretary