

**MINUTES OF THE PORT OF BELLINGHAM COMMISSION MEETING
HELD TUESDAY, MARCH 20, 2012
HARBOR CENTER BUILDING CONFERENCE ROOM
1801 ROEDER AVENUE, BELLINGHAM, WASHINGTON**

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

CALL PUBLIC MEETING TO ORDER AND RECESS TO CLOSED EXECUTIVE SESSION

Commissioner Walker called the meeting to order at 2:00 p. m. 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) © (g) and the closed session was expected to last approximately 1 hour with no formal action to be taken by the Commission in the discussion.

RECONVENE PUBLIC MEETING

Commissioner Walker called the meeting to order at 3:01 p.m.

PUBLIC COMMENT PERIOD

1. Bert Webber, Cliffside Drive – 3935 Cliffside Dr., Bellingham - Cliffside Community resident and Environmental representative on the BIAAC (Bellingham International Airport Committee) – Airport settlement agreement. Mr. Webber reported that he would like the Port to proceed with an environmental study referenced in a 1985 Bellingham Airport Neighborhood Group (BANG) settlement agreement. Port counsel Frank Chmelik responded that the agreement Mr. Webber was referring to was specific to the runway and future expansion of the runway and not pertaining to all airport terminal expansion projects. Mr. Webber asked the Port Commission to revisit the settlement and the spirit of the agreement and support a social impact assessment when looking at the airport master

plan and future development of the airport. Executive Director Charlie Sheldon reported that he would see that the Commission received a copy of the lawsuit, agreement and legal responses and Commissioner Walker said that they would review the information.

2. Brian Pemberton, 13 Whispering Cedars Ct., Bellingham, -Ladders in the Marinas. Mr. Pemberton reported that the MAC (Marina Advisory Committee) had reviewed various layout options, ladder styles and potential funding sources and would like the Commission to support the installation of ladders at the marinas for the safety of the public boating community.

RECESS TO A PUBLIC HEARING REGARDING THE COMPREHENSIVE SCHEME OF HARBOR IMPROVEMENTS.

Director of Planning and Development Sylvia Goodwin explained that the purpose of the public hearing is to provide an update to the Ports Comprehensive Scheme of Harbor Improvements and under the RCWS, all Capital improvement Projects that the Port funds need to be in compliance with the Scheme. Ms. Goodwin also explained that the Port has seven (7) different scheme of harbor improvements adopted under state law to guide the Port in different activities in the different areas. Ms. Goodwin reported that these include the following adopted schemes: Fairhaven in 2008, Blaine in 2007, Squaticum (including the Bellwether and the waterfront) in 2005, the airport in 2004, Sumas in 2003, and the Bellingham Shipping Terminal also in 2003. Ms. Goodwin added that the RCWS require that each year when the budget is adopted, the scheme of harbor of improvements needs to also be in compliance with the budget. Ms. Goodwin also reported that more information including the 2012 Budget is available on the Port's website.

PUBLIC COMMENT ON THE PUBLIC HEARING:

1. John Munson, Retired, commented that he appreciated that the Port's budget included the marketing work being done at the Bellingham Shipping Terminal and he wanted to thank the Port for that.

CLOSE THE PUBLIC HEARING REGARDING THE COMPREHENSIVE SCHEME OF HARBOR IMPROVEMENTS AND RECONVENE THE REGULAR COMMISSION MEETING.

CONSENT AGENDA

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

- A. Commission authorization to sell vessel, pursuant to Resolution No. 947.
- B. Motion to approve a Renewal and Modification of Lease between the Port of Bellingham and Reisner Distributor, Inc.

- 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.

PRESENTATION

Update – Mt. Baker Foothills Broadband Project.

Commissioner Walker introduced Carole MacDonald, President of Mt Baker Foothills Chamber of Commerce. Ms. MacDonald commented that since her last visit to the commission to request funding to partner in the efforts to bring broadband service to the Foothills and South Fork through NoaNet (a nonprofit that received a block of federal funding to develop high-speed broadband service for underserved areas in Washington), a few hurdles have come up. The first was the most unfortunate loss of the Broadband Committee leader Linda Dorsett.

Ms. MacDonald reported that NoaNet has a requirement that local matching funds are required, as well as a lead project proponent and thorough business case for a project. Executive Director Steve Jilk and the PUD Commission stepped up and agreed to sponsor an EDI application to provide 30% matching funds and ultimately manage the WiFi system. Through the \$20,000 commitment from the Port, business planning services were continued by Russ Angus in lieu of Linda Dorsett. The plan has been completed and submitted to NoaNet. Mr. Jilk will be requesting approximately \$217,000 in EDI funds at the next board meeting. Ms. McDonald added that Mr. Jilk asked that she convey to the Commission, that had the Port not provided the Chamber with the funding enabling them to secure a person for the business plan work, they would not be on the NoaNet list and thanked the Port and Commission for their help.

ACTION ITEMS

1. .AUTHORIZATION FOR APPROVAL OF PERSONAL SERVICE AGREEMENTS.

Commissioner Walker requested the agenda be revised to add an item he wanted to discuss. Commissioner Walker stated that a list of purchasing contracts he had requested at the last Commission meeting included a reference to the Aviation Division contract for a consultant for \$6,000 to accompany the Aviation Director to the conference in the Bahamas, a purchase order in the amount of \$11,000 was written for a one day memory training for Port staff and, multiple purchase orders totaling \$51,000 were written for Dick Little, lobbyist to the Port which did not include Commission notification and lastly, King Architects were paid through a purchase order for \$1,400 for seating options at the Fairhaven station. As requested by Commission at the last commission meeting, Port counsel Frank Chmelik started a presentation about the laws and Port rules applicable to professional services, personal

services and the use of purchase orders. Mr. Chmelik started his presentation noting that the application of state law and Port policies was complicated because it involved various categories of services and various types of contracts and purchase orders. Commissioner McAuley asked if there was motion before continuing the discussion further and Commission Walker made the following motion:

Motion: Approval of a motion directing staff to require all personal service contracts to be administered by the Facilities Division, and to direct Port staff and the Port attorney to amend the current policy to accomplish this.

Discussion: Port counsel Frank Chmelik explained that "professional services" were those services provided by architects, engineers, landscape architects and surveyors and are governed by RCW 39.80. Personal services most all other consulting services and are governed by RCW 53.19. Port Resolution 1106 "Delegation of Powers" allows the Executive Director certain purchasing authority and set approval limits including up to \$25,000 for personal services. Finally the Port Purchasing Policy limits the use of purchase orders as the contracting document to \$10,000 or less. Mr. Chmelik further explained that the Port's Facilities Division administers both the Professional Service Agreements and Personal Service Agreements for the Environmental Division and the Facilities Division and uses professional service agreements and personal service agreements. Mr. Chmelik explained the varying guidelines pertaining to authority at the Director level, Executive Director level, sole source purchases, website publication requirements, and use of purchase orders as the contracting document. Mr. Chmelik noted that with the assistance of Rob Fix and Port staff, errors and discrepancies in the procedures and amounts were discovered suggesting the need for staff training. Commissioner McAuley asked about the contracting procedures and what recommended changes would be made to the current policy regarding purchase orders. Mr. Chmelik answered that all personal services agreements (regardless of the contracting document) have to follow the personal services contracting policy which was adopted by the Commission in Resolution 1279. Mr. Chmelik noted that and Mr. Fix did not find any evidence of the misuse of the contracting process for an improper purpose, rather, it appeared that there was a lack of adequate understanding of the various requirements. Mr. Chmelik suggested that an interim solution may be to have the Facilities Department handle all professional and personal service contracting until staff training could be accomplished as the Facilities staff is very conversant with the various statutory and policy requirements for professional and personal service contracting.

Chief Financial Officer and Port Auditor Rob Fix agreed that there is a lot of confusion surrounding personal service agreements, purchase orders and web posting requirements and suggested his staff work with Facilities staff to clarify the Purchasing Procedures so that the policy and procedures necessary to follow the policy will be easier for all Port staff to understand and follow. Commissioner Walker stated that the second half of his motion was to have staff study the problem and have the experts in the Facilities overseeing the administration. Mr. Chmelik added that most of the personal service contracts for the Port are already done through the Facilities Department and agreed with Mr. Fix that the process for following the policy is not well understood by staff. Facilities Director Fred Seeger stated that most of the purchase orders written by staff were correct but that only a few were in error

of following the guidelines Mr. Fix recommended that the existing procedures remain in place and that the accounting staff would be capable of making sure the proper procedures are followed until adequate training is conducted. Mr. Seeger and Mr. Chmelik agreed with Mr. Fix's recommendation. Mr. Fix agreed to prepare a report to the Commission for the April 17th Work study session.

Vote: Commissioner Walker withdrew his motion.

2. ADOPTON OF AN UPDATE TO VARIOUS COMPREHENSIVE SCHEME OF HARBOR IMPROVEMENTS PLANS IN WHATCOM COUNTY, WASHINGTON.

Motion: Motion to approve Resolution No. 1308 incorporating the capital projects contained in the 2012 Strategic Budget into the Port of Bellingham's various Comprehensive Schemes of Harbor Improvement plans in Whatcom County, Washington as follows:

- The Blaine Wharf District Master Plan.
- The Sumas International Cargo Terminal Comprehensive Scheme of Harbor Improvements.
- The Airport Master Plan.
- The Comprehensive Scheme of Harbor Improvements for Squalicum Harbor.
- The Bellingham Shipping Terminal Master Plan.
- The Fairhaven Comprehensive Scheme of Harbor Improvements.

Discussion: As mentioned earlier in the public hearing, Planning and Development Director Sylvia Goodwin explained that the Ports various Comprehensive Scheme of Harbor Improvements Plans (Fairhaven, Squalicum, including the Bellwether and the waterfront, the airport, Sumas, and the Bellingham Shipping Terminal) are updated periodically and Ms. Goodwin added that the proposed resolution is a housekeeping item that will synchronize the Comprehensive Scheme of Harbor Improvements Plans with the Port's 2012 Strategic Budget and will be updated on an annual basis simultaneously with the adoption of the budget.

Motion approved with a 3-0 vote.

3. NEW CAPITAL IMPROVEMENT PROJECT (CIP) ACCOUNT FOR THE PURCHASE AND INSTALL OF DOCK SAFETY LADDERS IN THE BLAINE AND SQUALICUM HARBORS.

Motion: A motion to approve the establishment of a new Capital Improvement Project (CIP) in the amount of \$110,024 for the purchase and install of dock safety ladders at Squalicum and Blaine harbors and authorize the transfer of \$110,024 from line item 96, "Rebuild gate 3 Laterals F & G – Construction" as the funding source for this new CIP.

Discussion: Squalicum Harbormaster Mike Endsley explained that the Port staff, the boating community and the MAC (Marina Advisory Committee) have been exploring the different layout options, and ladder styles for the two harbors and in November, 2011, the MAC unanimously passed a motion recommending the purchase and installation of approximately

300 dock safety ladders to be funded entirely within the existing moorage rate funding mechanism.

Motion approved with 3-0 vote.

4. AGREEMENT WITH KTOO-TV TO SUPPORT THE (AMHS) ALASKA MARINE HIGHWAY SYSTEM'S 50TH ANNIVERSARY DOCUMENTARY.

Motion: Motion to authorize the Executive Director to execute a Services Agreement with KTOO-TV to provide \$15,000 in support of the 50th Anniversary of the Alaska Marine Highway system documentary.

Discussion: Director of Maritime Dan Stahl reported that Alaska's public television station, KTOO-TV approached the Port for funding assistance in support of a documentary titled **Alaska Marine Highway- Golden Anniversary**. Mr. Stahl added that the documentary will air in four parts and will include the Port's Bellingham Cruise Terminal (BCT), the southern terminus of the AMHS. Mr. Stahl further added and External Affairs Director Carolyn Casey agreed that this is one opportunity to highlight the BCT, support one of our largest tenants and promote our area. Commissioner Walker commented that he did not agree with the benefit to the Port and would not support the motion.

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

5. MODIFICATION OF LEASE FOR GREENBERRY INDUSTRIAL, LLC.

Motion: Commission motion to approve a Modification of Commercial Lease Agreement with Greenberry Industrial LLC to add approximately 92,840 square feet of outside storage space and parking area to the leased premises effective April 1, 2012, ending June 30, 2012.

Discussion: Director of Maritime Dan Stahl explained that the proposed modification for additional land for Greenberry Industrial LLC, operating at the Bellingham Shipping Terminal in partnership with Superior Energy Services Marine Division, would result in additional revenue of \$3,481.50 to the Port per month if approved by the Commission.

Motion approved with 3-0 vote.

6. AMENDMENT NO. 11 TO THE PROFESSIONAL SERVICES AGREEMENT (PSA) WITH AECOM FOR THE CENTRAL WATERFRONT SITE.

Motion: A motion authorizing the Executive Director to execute Amendment No. 11 to the Professional Services Agreement with AECOM to increase the scope and budget by \$59,860.

Discussion: Director of Environmental Programs Mike Stoner explained that there are 2 agreements (Action items) being proposed and both pertain to MTCA sites which overlap at the shoreline of the Whatcom Waterway and require a high degree of coordination with Ecology regarding cleanups and schedules. Mr. Stoner added that recently, an oil seep was discovered which triggered a response and report to Ecology and resulted in an adjustment

to the schedules for both of the sites; delaying the permitting. Mr. Stoner added that the 2 to 3 month delay will allow more time to address shorelines and the potential impacts to current tenants when removing structures such as the bulkhead while completing the cleanup work with Phase 1 anticipated to be completed by March of 2014.

Site Project Manager Brian Gouran added that the area where the sheen was observed is located within the former Chevron subarea of the larger Central Waterfront MTCA site. As a result of the sheen discovery, Ecology is requiring additional testing/sampling of the Central Waterfront to allow for the development of a cleanup approach that will address the area with observed sheen.

Motion approved with 3-0 vote.

7. PROFESSIONAL SERVICES AGREEMENT (PSA) AMENDMENT NO. 26 WITH ANCHOR QEA FOR THE WHATCOM WATERWAY SITE CLEANUP PHASE I.

Motion: Approval of a motion authorizing the Executive Director to approve PSA Amendment No. 26 with Anchor QEA for the Whatcom Waterway Site Cleanup Project in the added contract amount of \$92,000 for a total authorized amount of \$7,140,361.50.

Discussion: Senior Project Engineer John Hergesheimer explained that the proposed PSA amendment is a follow up to the earlier action item on the Central Waterfront discussed by Director of Environmental Programs Mike Stoner. Mr. Hergesheimer further explained that the proposed amendment with Anchor QEA is for a scope of work to include the additional engineering design and project coordination services required for the Whatcom Waterway Site Cleanup as a result of comments received by the Department of Ecology and the interface at the shoreline of the Whatcom Waterway Cleanup Project with the Central Waterfront Cleanup Project, including the recent oil sheen discovered on the latter site.

Motion approved with 3-0 vote.

8. AMENDMENT NO. 12 TO THE PROFESSIONAL SERVICES AGREEMENT (PSA) WITH REID-MIDDLETON FOR THE REBUILD GATE 3 LATERALS F & G PROJECT.

Motion: Authorize the Executive Director to execute amendment No. 12 to the Professional Services Agreement (PSA) with Reid-Middleton, Inc. on the Rebuild Gate 3 Laterals F & G project for construction administration assistance in the amount of \$43,000 increasing the total authorized amount of \$1,013,900; and amend the 2012 Capital Improvement Program (CIP) by transferring \$43,000 from CIP No. 97 to CIP No. 95.

Discussion: Project Engineer Norm Gilbert explained that the proposed amendment would expand and extend the scope of services to increase construction administration assistance support for the Gate 3 Docks F and G replacement project.

Motion approved a 3-0 vote,

NEW BUSINESS


Commissioner Walker reported that under the newly adopted policy, Port staff must obtain Commission approval prior to any international travel. Mr. Walker further reported that Lydia Bennett has requested to travel to the Western Canada Region CCIM Chapter meeting in Vancouver, B.C. on April 10, 2012 at an estimated cost of \$75.00 for mileage reimbursement. Request approved: 3-0.

WORK STUDY SESSION

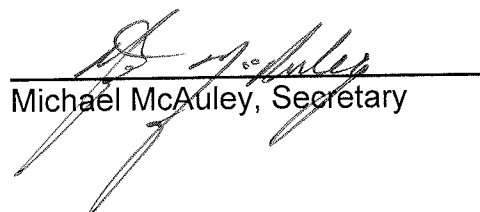
1. Update - Public Retention and Public Records.

Port Legal Counsel Katherine Deets, Attorney with the Chmelik, Sitkin and Davis firm in Bellingham, presented an overview and refresher to the Commission regarding the definition of a public record and the retention requirements and retention schedules for managing all types of public records as well as handling public records requests as it pertains to the Public Records Act. Ms. Deets explained that there are state requirements and procedures pertaining to the filing and storage of archival records as well as the destruction of public records. Ms. Deets will provide another presentation to Port staff at an upcoming all employees meeting in April.

As there was no further business, the meeting was adjourned at 5:39 p.m.



Scott L. Walker, President



Michael McAuley, Secretary