

**MINUTES OF THE PORT OF BELLINGHAM COMMISSION MEETING  
HELD TUESDAY, MAY 1, 2012  
HARBOR CENTER BUILDING CONFERENCE ROOM  
1801 ROEDER AVENUE, BELLINGHAM, WASHINGTON**

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Present:	Scott L. Walker	President
	Jim Jorgensen	Vice President
	Michael McAuley	Secretary

Staff:	Rob Fix	Interim Executive Director
	Dan Zenk	Aviation Director
	Lydia Bennett	Business Development Director
	Mike Stoner	Environmental Programs Director
	Carolyn Casey	External Affairs Director
	Fred Seeger	Facilities Director
	Elizabeth Monahan	Human Resources Director
	Dan Stahl	Maritime Director
	Sylvia Goodwin	Planning and Development Director
	Norm Gilbert	Project Engineer
	Shirley McFearin	Real Estate Development Manager
	Frank Chmelik	Port Counsel
	Diane McClain	Executive Secretary

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**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 that the purpose of the closed session would be to discuss personnel matters and real estate transactions pursuant to RCW 42.30.110(1) (g) (c), and that 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 approximately 3:08 p.m.

**PUBLIC COMMENT PERIOD:** The following people signed up for and participated in the public comment period:

1. Doug Starcher, (*former Waterfront Futures Group member*), spoke in support of the initiative to have 5 Commissioners placed on the ballot and Port to put on ballot.
2. Dan Pike (*former Bellingham Mayor*), variety of reasons to the initiative to support having 5 Commissioners; improved communication, makes sense, let the people have the final say.
3. Tip Johnson (*former Port tenant, 30 years*), Commission to expand - brought a resolution drafted from Port of Everett's resolution, let the voters make that decision. Commissioner

Walker responded that the issue will be discussed at a June work study session. Mr. Johnson asked that the Port sponsor the resolution, Commissioner McAuley agreed that it needs to be discussed at the next meeting on May 14<sup>th</sup>.

4. John Servais 1609 Mill Road, Bellingham, WA - would like to see the Port put the 5 member Commission initiative on the ballot, notify the auditor, get on the August primary, save taxpayer dollars which would be spent on verifying signatures on the petitions, be responsive to voters and citizens.
5. Darren Williams, (ILWU Longshoreman) 4089 Y Road, Bellingham, WA - BST, does not support or see the benefit to the community for the Commission putting the initiative on the ballot, let the citizens do that; petition will speak for itself. Commission is doing a good job with activity at the waterfront, particularly BST - idle for years, first cargo ship in 9 yrs.
6. Harriet Spanel, (former senator) 903 Liberty Street, Bellingham, WA - Commission, sponsor of a bill 20 years ago for Port of Seattle Commission, supports bill to 5 Commissioners placed on the ballot, Port is large enough, will improve communication between the members.
7. George Dyson, 435 W. Holly Street, Bellingham, WA - Commission, agrees with Ms. Spanel on the 5 Commission ballot, mentioned priority of maintaining Port navigable waterway.
8. Doug Karlberg, 107 Fairside, Lynden, WA - Public Process, urged the Port to support the 5 Commissioners, show respect for the owners of the Port, the voters and taxpayers, legitimate issues, spirit of open meeting laws were violated, urged Port to make the motion, start the healing process.
9. Hue Beatty, 2104 McKenzie, Bellingham, WA - Commission 3 to 5, authored the petition submitted to county auditor, legal and valid petition, 5 is better than 3.
10. Ahwhren Ayers, 6171 Northwest Dr., Ferndale, WA - Reduce Jet Noise, Allegiant Terminal, no peace to the jet flight path, urged the Port use the airline's request for a building as a bargaining chip; bring in quieter planes, respect the neighborhood.
11. The Executive Secretary asked that the emails received from Matt Paskus/Lisa Neulicht re: Allegiant's new building and from Robert French re: the Airport Master Plan be provided to the Commission and entered into the record.  
<http://www.portofbellingham.com/DocumentCenter/Home/View/1440>

**CLOSE THE PUBLIC COMMENT PERIOD AND RECONVENE THE REGULAR COMMISSION MEETING.**

**CONSENT AGENDA**

Commissioner Waloker made the following motion:

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

## Commission Meeting Minutes

May 1, 2012

Page 3

- A. Approve the minutes of the April 3, 2012, and April 17, 2012, regularly scheduled Commission meetings and the March 30, 2012, and April 24, 2012, special Commission meetings.
- B. Voucher Certification and Approval for April 4, 2012 - April 25, 2012 , totaling \$4,324,404.49.
- C. Authorize the Interim Executive Director to enter into a Security Services Contract with Whatcom Security Agency for the period of June 1, 2012, through May 31, 2013 for an annual bid amount of \$347,317.10 plus a \$34,700 (10%) contingency for a total amount of \$382,017.10.
- D. Authorize the Interim Executive Director to approve a 2 year contract with CenturyLink Analog for certain analog phone lines used by the Port in selected divisions.
- E. Authorize the Interim Executive Director to approve a 5 year contract with Pitney Bowes for mailing equipment used by the Port in the administration building.
- F. Authorize the Interim Executive Director to execute a contract with American Building Maintenance (ABM) to provide Port-wide facilities janitorial services for an annual bid amount of \$438,154 plus a 10% contingency of \$43,815 for a total authorized contract amount of \$481,969.
- G. Authorize the Interim Executive Director to execute a Purchase Order to the King County Director's Association Purchasing Cooperative for relocating and assembling a modular unit for the Allegiant Air commissary building in the amount of \$39,589.62 plus a 10% contingency of \$3,959 for a total authorized amount of \$43,549.
- H. Authorize the Interim Executive Director to execute a Purchase Order to Solid Waste Systems to supply and install two trash compactor units for use at the Airport Commercial Terminal in the amount of \$55,828.13 plus a 10% contingency of \$5,583 for a total authorized amount of \$61,411.
- I. Approve International Travel request for Business Development Director Lydia Bennett to give a presentation to members of the Real Estate Institute of Canada, Real Estate Board of Greater Vancouver Commercial Division, and CCIM Western Canada Chapter.

Discussion: Regarding Item C: Security services contract: Commissioner McAuley asked that the hourly rate be revisited and that the Port take a look at improving the pay scale for the security guards. Chief Financial Officer and Interim Executive Director Rob Fix agreed to do that and report back.)

Motion approved with a 3-0 vote.

### **NEW BUSINESS**

#### **1. Change of Date for next Port of Bellingham May Commission meeting.**

Commissioner Walker reported that the Washington Public Ports Association (WPPA) springmeeting will be held in Spokane May 15-18, 2012, and made the following motion:

Motion: Move that the Tuesday May 15<sup>th</sup> meeting be moved up to Monday, May 14, 2012, at 3:00 p.m., to accommodate those travelling to Spokane for the WPPA meeting.

Discussion: There was none.

Motion approved with a 3-0 vote.

## **2. International Travel Authorization.**

Commissioner Walker made the following motion:

Motion: Move that the Commission approve a travel request by Port employee, John Michener to travel on May 3, 2012, to Canada on Port business.

Discussion: There was none.

Motion approved with a 3-0 vote.

## **ACTION ITEMS**

### **1. NEW COMMERCIAL GROUND LEASE FOR A COMMISSARY BUILDING AT BELLINGHAM INTERNATIONAL AIRPORT - ALLEGIANT AIR.**

Motion: Approve a new commercial ground lease for an Allegiant Air commissary building at the Bellingham International Airport.

Discussion: Aviation Director Dan Zenk explained that the proposed motion is a result of Allegiant's expanded operations and is a carry-over agenda item from last month. Mr. Zenk reported the design of the building is similar to that of the terminal. Mr. Zenk further explained that at the last Commission meeting, discussion regarding a provision for environmental conditions of the property, design and location of the building, and the potential that Allegiant resulted in the motion being tabled. Staff was directed to work with Allegiant and Port counsel to revise the lease language. Mr. Zenk reported that the proposed lease reflects those areas of concerns as directed by the Commission.

Motion Approved with a 3-0 vote.

### **2. RATIFY CHANGE ORDER TO EMERGENCY CONTRACT FOR SERVICES ASSOCIATED WITH SQUALICUM HARBOR BOATHOUSE FIRE.**

Motion: Ratify a Change Order to the contract issued to NRC Environmental Services for services including the removal, recovery, and loss mitigation work associated with the March 30, 2012, Squalicum Harbor Boathouse fire for an estimated amount of \$55,000 for the period April 23, 2012, thru April 26, 2012, for an estimated total contract amount of \$230,000.

Discussion: Facilities Director Fred Seeger explained that at the last Commission meeting, the Commission ratified the contract for environmental cleanup work to be done at the harbor, following the declaration of an emergency. Mr. Seeger further explained that the proposed change order is the last of the public works contracts executed under this declared emergency and addresses the remaining decontamination, removal of equipment and debris work. Commissioner Walker asked about the cost and insurance recovery and business

interruption insurance. Chief Financial Officer/Interim Executive Director Rob Fix reported that insurance recovery can be a slow process and in the near future, the staff will look at all upcoming Port capital improvement projects and cash flow and provide an assessment. Mr. Seeger added that the next agenda item pertains to obtaining an actual fire damage assessment.

Motion approved with 3-0 vote.

**3. AMENDMENT NO. 13 TO THE PROFESSIONAL SERVICES AGREEMENT (PSA) WITH REID-MIDDLETON FOR THE REBUILD GATE 3 LATERALS F&G PROJECT.**

Motion: Authorize the Interim Executive Director to execute Amendment No.13 to the Professional Services Agreement (PSA) with Reid-Middleton, Inc. on the Rebuild Gate 3 Laterals F&G Project for fire damage assessment in the amount of \$68,061 increasing the total authorized amount of \$1,081,961.

Discussion: Project Engineer Norm Gilbert explained that the proposed amendment would provide for a consultant to conduct a site assessment to identify the damage and provide a cost estimate and analysis for repairs to the Gate 3 floating docks and piling immediately surrounding the G-East boathouse and the surrounding area, with the intent to restore to pre-March 30, 2012, Squalicum marina fire event condition.

Motion approved with 3-0 vote.

**4. LEASE RENEWAL AND MODIFICATION FOR MARINE SPILL RESPONSE CORPORATION (MSRC) FOR PROPERTY LOCATED AT SQUALICUM HARBOR.**

Motion: Approval of a Renewal and Modification of a Business and Retail Center Lease between the Port of Bellingham and Marine Spill Response Corporation (MSRC) for property located at 2430 So. Harbor Loop Drive, #501, Bellingham, Washington.

Discussion: Maritime Director Dan Stahl explained that the Port and MSRC entered into a 2 year lease agreement in 2005 for approximately 2,160 square feet of premises in Squalicum Harbor's Webhouse No. 5 and renewed and modified that lease in 2007. Mr. Stahl added that the proposed renewal and modification renews for another 5 years and reflects a 3 % annual increase for the five year term.

Motion approved with 3-0 vote.

**5. RESOLUTION NO. 1306 FOR REAL ESTATE BROKER COMPENSATION POLICY.**

Motion: Approval of Resolution No. 1306 adopting a Real Estate Broker Compensation policy and superseding and replacing Resolution No. 1073, the 1997 Broker Compensation Policy of the Port of Bellingham.

Discussion: Real Estate Development Manager Shirley McFearin explained that the two primary changes to the 1997 policy resolution include language that more clearly defines the Port requirements for a broker to be considered the "procuring cause" of the sale or lease of Port-owned land or buildings, and incorporates "sale transactions" language, given that some

of the Waterfront District properties may be offered for sale.

Motion approved with 3-0 vote.

### **NEW BUSINESS - EXECUTIVE DIRECTOR SEARCH**

Commissioner Walker asked for an update to the Executive Director search. Human Resources Director Elizabeth Monahan reported that the contract the Port entered into with Waldron and Associates had a provision that stated the Port could seek their services in the event that the Executive Director candidate separated from service in less than two years. Ms. Monahan further explained that the Commission had three options: Re-engage Waldron and Associates, the firm hired to conduct the Executive Director search, 2.) Use the Human Resources staff to perform the recruitment and oversee the selection process, or 3.) Issue an RFQ (request for qualifications) for another search firm.

Ms. Monahan further reported that Waldron and Associates is still under a two year contract with the Port until May 3<sup>rd</sup> (*if within 30 days from the April 3 resignation of Charlie Sheldon*) and if the Port would like to reengage their services to begin another search, taking advantage of the paid \$25,000 still under contract, staff will need direction from the Commission. Ms. Monahan explained that the Port would be responsible for paying Waldron and Associates' out of pocket costs going forward. Commissioner McAuley made the following motion:

Motion: To re-engage Waldron and Associates for the purposes of conducting the Executive Director search.

Discussion: There was none.

Motion approved with a 3-0 vote.

### **PRESENTATIONS**

#### **1. Update - 1<sup>st</sup> Quarter 2012 Financial Report.**

Chief Financial Officer Rob Fix summarized the 1<sup>st</sup> quarter year to date financial report to be as follows:

Revenues totaled \$7.8 million. Of that total, revenues from the Operating activities were \$ 5.6 million, Public Priorities \$.25 million, Non-Operating activities \$2 million. Mr. Fix added that the Expenses totaled \$4.2 million (no depreciation) which included Operating Activity expenses \$3.1 million, Public Priorities expenses \$.6 million and Non-Operating expenses \$.5 million.

Mr. Fix also reported the income before depreciation (all sources) totaled \$3.6 million, at \$30 thousand better than budget and ending cash balance \$63.4million; end of 4<sup>th</sup> quarter 2011 showed cash balance of \$69 million.

Regarding the Balance Sheet, Mr. Fix reported:

	<u>3/31/2012</u>	<u>12/31/2011</u>
Current Assets	24,509	90,510
Long-term Assets	<u>298,483</u>	<u>293,686</u>
Total Assets	382,992	384,196
Current Liabilities	6,908	7,464
Long-term Liabilities	<u>158,819</u>	<u>161,031</u>
Total Liabilities	165,727	168,495
Net Assets	\$217,265	215,701

Mr. Fix summarized the income summaries year to date per operating divisions:

In Aviation: Total Revenues of \$1.84 million, Budget \$1.77 million, 2011 \$1.77 million.  
Expenses \$.57 million, Budget \$.67 million, 2011 \$.54 million.  
Operating Margin \$1.26 million, Budget \$1.1 million, 2011 \$1.4 million  
Margin as % of revenue is 69%, Margin last year 54%.

In Marinas: Total Revenues of \$.5 million, Budget \$.5 million, 2011 \$.44 million  
Expenses \$.27 million, Budget \$.29 million, 2011 \$.26 million  
Operating Margin \$262 thousand, Budget \$201 thousand, 2011 \$185 thousand  
Margin as % of revenue is 49%, Margin last year 41%.

In Marine Terminals: Total Revenues of \$.5 million, Budget \$.5 million, 2011 \$.44 million  
Expenses \$.27 million, Budget \$.29 million, 2011 \$.26 million.  
Operating Margin \$262 thousand, Budget \$201 thousand, 2011 \$185 thousand  
Margin as % of revenue is 49%, Margin last year 41%.

In Real Estate: Revenues of \$1.3 million, Budget \$1.25 million, 2011 \$1.56 million.  
Expenses \$.39 million, Budget \$.39 million, 2011 \$.39 million  
Operating Margin of \$.94 million, Budget \$.86 million, 2011 \$1.2 million  
Margin as % of revenue is 71%, Margin last year 75%.

Regarding current investments, Mr. Fix reported \$6 million Federal Home Loan Bank, and \$2.750 million Federal National Mortgage Association. The Balance of cash (\$55.7 million) is invested in the Local Government Investment Pool (LGIP).

Regarding Risk Management activities, and claims for the Port, Mr. Fix reported the February 27, 2012, boat fire resulted in approximately \$25,000 to \$30,000 in damage to Port property and the Port expects to recover its repair costs, the March 30, 2012, G- East Boathouse fire damage assessment and cause and origin investigation is currently ongoing and more should be known in the next 30 days. Mr. Fix also added that the Port has an open property damage insurance claim from the November 2010 windstorm, and the Port will look to the party responsible for driving into a Port building at Harbor Mall in October 2011. Regarding claims against the Port, Mr. Fix reported a claim was brought against the Port for damage to a vessel (Victoria Star 11) that was damaged in the November 2010 storm when it

broke free of its moorage and the Port's insurance carrier responded with a letter to claimant declining liability for damage to the vessel. .

Regarding the Storm-water program, Mr. Fix reported samples were not required; suspended for consistent attainment and all training and record keeping is in compliance.

<http://www.portofbellingham.com/DocumentCenter/Home/View/1443>

## **NEW BUSINESS**

- Press Release - ABA status. With the recent announcement that Aluminium Boats America/Australia (ABA) had opted to locate their operation at Anacortes and not in Bellingham, there was some discussion regarding the lack of boat launch deep water access at the Fairhaven Marine Industrial Park (FMIP) location.
- Commissioner McAuley commented on the Council of Governments and his role as the Port representative.
- Commissioner McAuley stated that he would like to see a Port Fire truck in the Ski to Sea parade.
- Commissioner Walker announced there would be a joint meeting of the Port Commission and City of Bellingham Council on May 3<sup>rd</sup> at noon to be televised on BTV in the council chambers, purpose is to hear an update on the progress to date regarding the waterfront redevelopment.

## **ADJOURN**

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

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Scott L. Walker, President

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Michael McAuley, Secretary