

**MINUTES OF THE PORT OF BELLINGHAM COMMISSION MEETING
HELD MONDAY, MAY 14, 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 |

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| 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 |
| | Brian Gouran | Site Project Manager |
| | Adam Fulton | Senior Project Engineer |
| | Ally Vincent | Meetings & Events Coordinator |
| | Frank Chmelik | Port Counsel |
| | Diane McClain | Executive Secretary |

CALL PUBLIC MEETING TO ORDER

Commissioner Walker called the meeting to order at approximately 3:00 p.m.

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

1. James Willson, (*Developer*), 921 W. Lake Samish Dr., Granary Building, asking Port to re-evaluate/re-examine the structure and estimated cost of tenant improvements/ seismic work, building is salvageable, would be a nice transition to Old Town and the waterfront site. Commissioner McAuley asked Mr. Willson to stay for the Granary discussion planned for later in the meeting.
2. Tip Johnson (*former Port tenant, 30 years*), 2719 Donovan, Bellingham, WA - Port Commission, in support of the Commission expansion from 3 to 5, - submitted a pamphlet (FIVE 4 the PORT), and a draft resolution (modified from Port of Everett's Resolution) asking Port to put the measure on the ballot vs. asking the citizens to continue gathering signatures.
<http://www.portofbellingham.com/DocumentCenter/Home/View/1446>
3. Ken Hertz, 811 10th St., Bellingham, WA - Port Commission, 3 member Commission not as effective, given recent policy issues, airport expansion, 2000 slip marina, waterfront and changes in economic environment, more representation, supports the move to 3 district Commissioners and 2 At- large, Commissioners to put it on the ballot makes a lot

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of sense.

4. Steve Paus, (Maritime History) 1601 Euclid, Bellingham, WA - BBR, thanked the Port and staff Marie Duckworth and Dave Warter for work and the event - the Bellingham Bay Rendezvous.
5. Ken Henderson, 107 Crown, Bellingham, WA - Port Commission, agrees with 5 Commission ballot, issue of good governance, let the people decide, support the resolution to place on the ballot.
6. Matt Paskus, 1151 Old Marine Drive, Bellingham, WA - Airport, noise complaints; presented a few slides, commented on a recent BIACC presentation and the master plan update that does not include 2011 stats on noise complaints. Commissioner Walker stated there would be an airport master plan update later in the meeting.
<http://www.portofbellingham.com/DocumentCenter/Home/View/1447>
7. Harriet Spanel, 903 Liberty St. Bellingham, WA - Port Commission, 3 to 5, place on the August primary, add 2 at-large, let the people decide.
8. Lisa Neulicht, 899 Piper Road, Ferndale, WA - Airport, recently attended the BIACC meeting and airport neighborhood property owners are concerned about decrease in property values, air traffic noise, Allegiant's older louder models, and Airport Master Plan update impacts.
9. Joan Casey, 1015 W Toledo, Bellingham - Port Commission, supports resolution on August ballot, has gathered 100 signatures on petition supporting 3 to 5 Commissioners, it's time.
10. Steve Baron, 7076 Northwest Rd, Ferndale, WA - Airport Noise, airport neighbor, 2009 noise study, recorded 39 flights /day, favors phasing out older aircraft and having an airport curfew, 7:00 a.m. to 10:00 p.m.
11. John Blethen (*WAG member*), 1715 Ellis, Bellingham, WA - room for Waterfront Advisory Group (WAG) re: waterfront update in planning process, would like to see the Port go out for an RFP for Granary before knocking it down, 33,000 square feet could be an early action project and supports the 5 member Commission initiative on the ballot.
12. Dan Pike (*former Bellingham Mayor*), 506 Cypress Road, Bellingham, WA - Port Commission, supports 5 member Commission, encourages Port to put on the ballot vs. a petition initiative process, asked Commission to move carefully when making decisions about the waterfront, would be a mistake to take down the Granary building, community/ developer interest in the preservation of structures.
13. John Servais 1609 Mill, Bellingham, WA - Port Commission, put 3-5 measure on the ballot, 2 at-large, as a measure for community discussion.
14. Bill Geyer, 1008 16th, Bellingham, WA - Port Commission 5 Members, need for greater than 3 on the board, place issue before the voters.
15. Milan Slipcevic, (CFA President) 156 Windward, Bellingham, WA - 5 Commissioners,

don't settle for few staff members, serve the public.

16. Frances Badgett, 2514 West St., Bellingham, WA - 3 to 5, 5 working with the community, increase communication, greater response.
17. Doug Starcher, 315 Potter St., Bellingham, WA - 5 Commissioners on August primary, better representation, population was roughly \$50 thousand in 1920 with the 3 Commissioners, good governance, has gathered more than 200 signatures on petition in support.
18. Hue Betty, 5 Commissioners, Granary is very prominent from many angles, signage opportunity, could be beautiful if painted and improved.
19. George Dyson, Granary is unique, has been used for food storage only, on solid ground, not the radiation concern the other structures present.
20. The Executive Secretary presented to the Commission an email sent from Catherine and Greg O'Connell regarding airport noise for the record.

<http://www.portofbellingham.com/DocumentCenter/Home/View/1448>

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

CONSENT AGENDA

Commissioner Walker closed the public comment period and made the following motion:

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

- A. Authorize the Interim Executive Director to execute a Personal Services Agreement (PSA) with Cardno TEC for \$51,582 to perform consulting services for the Port's Environmental Compliance Assessment Program through April 30, 2013.
- B. Approval of Consent to Assignment of the Airport Lease from Hi- Five, Inc., to Canyon Industries, Inc. at the Bellingham International Airport.

Discussion: There was no discussion.

Motion approved with a 3-0 vote.

PRESENTATIONS

1. Increase Number of Port of Bellingham Board of Commissioners from 3 to 5.

Commissioner Walker explained that Port staff was asked to prepare a presentation to the Commission in response to the public interest in the Port Commission expansion from 3 to 5 Commissioners. Interim Executive Director Rob explained that the process, pursuant to RCW 53.12, involves a ballot proposition being submitted to voters, either by the Port Commission adopting a resolution proposing the increase, or by a petition signed by 10% of

the voters equal in numbers to those that voted in last general election (*roughly 7,000 registered voters*). Mr. Fix further explained that a ballot proposition could be submitted to voters at the next general or special election (*occurring sixty or more days after petition submittal or resolution adoption*), and two additional port commissioners would be elected at the next special or general election (following the election at which voters authorized the increase) depending on at-large positions or five commissioner districts were authorized.

Mr. Fix also explained that the 2 additional commissioners could be either county wide (at-large) or the commission converted to 5 districts; it appears the default is 5 commission districts, unless the voters are asked to approve 2 at-large positions. Mr. Fix added that the choice of at-large should be addressed in either a petition or a resolution and the terms would be 4 years and 2 years. In first 5-Commissioner election, the candidate with most votes would serve a 4 year term and the second highest vote getter, a 2-year term. Thereafter, in future elections, all commissioners would be elected to 4-year terms.

Regarding the timing, Mr. Fix explained that a vote to expand the commission would occur at the next election (*special or general*) occurring sixty or more days after the petition was submitted or the resolution adopted. Mr. Fix further explained that a resolution would need to be adopted or a petition submitted no later than June 7, 2012, for the August 7, 2012, primary election. A resolution would need to be adopted or a petition submitted no later than September 6, 2012, for the November 6, 2012, general election.

If the ballot proposition to increase to 5 Commissioners passed, a vote to elect 2 new at-large commissioners would occur at the next special or general election and at the November 5, 2013 general election if redistricting. If it was decided to have 5 Commissioner Districts, those districts would need to be determined by the Port Commission by June 1, 2013.

Mr. Fix reported that the estimated cost for the ballot proposition to increase to 5 commissioners would be (*a one-time occurrence*) between \$75,000 and \$100,000 charged in 2013, and the average annual per Commissioner expense (*including salary and benefits, travel and other expenses*) approximately \$56,000 would increase to approximately \$110,000 per Commissioner, per year.

Commissioner Walker introduced newly elected Whatcom County Auditor Debbie Adelstein. There was some discussion amongst the staff, Commission, Auditor and audience regarding the ballot /election date alternatives, which election, primary or general, would yield the greater turnout of voter participation. Commissioner Walker questioned spending tax payer money on the initiative and suggested the citizens continue to gather the 7,000 signatures needed to put the initiative on the November ballot.

Ms. Adelstein noted that if the vote for two at-large was on the August 7 primary ballot and it passed, there would be a "three day opening" for candidates to file for the November 6, 2012 election. If the vote is for five commissioner districts, would be on the November 2013 election ballot. If the vote for two at-large is passed on November ballot, new commissioners would be elected on the February 2013 special election or the November 2013 election; a bit unclear.

Commissioner Jorgensen reported that he would like the Port to put the increase to 5 on the

ballot but had concerns regarding at-large when considering representation of both county and city residents and preferred the redistricting.

Hue Beatty, author of the petition, stated it is the choice of the local people to decide if wanting to add 2 at-large. Following further discussion regarding the RCW and 2 at-large and 5 districts, Commissioner McAuley asked how to place the matter on the November 6, 2012 ballot. Tip Johnson presented the Commission a draft resolution formatted after the Port of Everett's recent resolution. Commissioner McAuley read aloud the resolution, stated his preference to have the measure to increase to 5 Commissioners placed before the voters on the November 6, 2012 election, when most voters would be turning out and made the following motion.

Motion: moved that the Commission approve the resolution submitted by Mr. Johnson with the appropriate language and modifications added in to have the vote to increase to five Commissioners on the November 6, 2012 election.

The Resolution submitted by Mr. Johnson is attached to minutes as Exhibit A.

Mr. Chmelik reminded the Commission that in order for the vote to increase to five Commissioners to be placed in the next election- on the November ballot, it would need to be effective no sooner than 59 days before August 7th. Ms. Adelstein reported that if the intent is to place on the general election, the Commission may opt to pass later in the summer.

Mr. Chmelik counseled that if passing a resolution for the November 6, 2012, general election, then it should not be passed or be effective before June 9, 2012 and the Commission should not sign until June 9, 2012.

Following further discussion regarding when to sign, primary or general, Commissioners McAuley and Jorgensen reiterated the motion's intent is to approve a Resolution to include 2 at-large, signed and effective June 12, 2012, to be placed on the November 6, 2012 general election.

Motion approved with a 2-1 vote. Commissioners Jorgensen and McAuley voted in favor of signing a resolution on June 12, 2012 and effective June 12, 2012, to place before the voters an increase of the Port Commission from three to five members with two at-large to be voted on at the November 6, 2012 general election. Commissioner Walker voted against.

Commissioner Walker stated the election will be in November 2012 and called for a 5 minute recess.

<http://www.portofbellingham.com/DocumentCenter/Home/View/1449>

5 Minute Recess. Following the break, Commissioner Walker introduced Bellingham resident Matt Paskus.

2. Matt Paskus - The Spinning Glass Project (Airports).

Mr. Paskus requested time on the Commission meeting agenda to make his presentation of The Spinning Glass Project, an independent study/ WWU thesis he is working on with the focus on politics and communication regarding the airport operation and expansion, flight

patterns, land use and property values. Mr. Paskus spoke of living near the airport and his concerns regarding the economy and equity, ecology and livability issues surrounding the airport. Mr. Paskus presented his hypothesis, goal and implications on the relationship between the airport property, the surrounding region and the flight pattern, future zoning changes and environmental mitigation.

Click here for the PowerPoint presentation:

<http://www.portofbellingham.com/DocumentCenter/Home/View/1450>

ACTION ITEMS

1. PROFESSIONAL SERVICES AGREEMENT (PSA) FOR THE CENTRAL WATERFRONT SITE.

Motion: Authorize the Interim Executive Director to execute a Professional Services Agreement (PSA) with Anchor QEA to complete the Remedial Investigation/Feasibility Study (RI/FS) and related Interim Actions at the Central Waterfront site for an estimated cost of \$176,300 plus a 10% contingency for an initial authorized budget of \$193,930.

Discussion: Site Project Manager Brian Gouran explained that the Port and the City entered into an Agreed Order with Ecology in 2006 to perform a Remedial Investigation and Feasibility Study (RI/FS) for the Central Waterfront (Model Toxics Control Act (MTCA)) cleanup site and during this time, there have been numerous project managers and delays. Mr. Gouran further explained that with Ecology's renewed focus on the Central Waterfront site, the Port initiated a consultant selection process and advertised a Request for Professional Services (RFPS) to assist with the finalization of the RI/FS and the development of any interim actions that may be required by Ecology. Of the six responses to the RFPS, the AnchorQEA/Aspect Consulting team was selected as the most qualified.

Mr. Gouran added that the scope of work including the RI/FS finalization, interim action work, and related remedial engineering and design work is anticipated to be completed in phases under the proposed PSA and will require multiple amendments.

Motion Approved with a 3-0 vote.

2. AMENDMENT NO. 5 TO THE PROFESSIONAL SERVICES AGREEMENT (PSA) WITH ANCHOR QEA FOR THE SQUALICUM CREEK RESTORATION PROJECT.

1. Motion: Authorize the Interim Executive Director to execute Amendment No. 5 to the Professional Services Agreement (PSA) with Anchor QEA to perform subsurface investigations for the Squalicum Creek Restoration Project in the amount of \$29,676.50 for a total authorized PSA amount of \$542,186.50.

Discussion: Senior Project Engineer Adam Fulton explained that as a result of the 1996 Bellingham Bay Demonstration Pilot, (a joint effort between the Port and Ecology to improve the environmental health of Bellingham Bay), the Squalicum Creek estuary was identified as a priority habitat restoration opportunity by the Bellingham Bay Demonstration Pilot Work Group. Mr. Fulton further explained that over the years, the mouth of the Squalicum Creek has been diminished, relocated and modified and Port staff has been managing efforts to restore habitat to the area working with the Department of Natural Resources. Mr. Fulton

added that the Port has received commitments from the City of Bellingham and Ecology for the funding of the design and permitting of the project as well as a portion of the construction and the Port is seeking additional funding for the estuary. Mr. Fulton further added that the proposed amendment will address environmental pre-design investigation work beginning in June through soil and groundwater testing, reporting, project management and meetings with the Port.

Motion approved with 3-0 vote.

WORK STUDY SESSION

1. Update - Meeting and Events.

Meetings and Events Coordinator Ally Vincent thanked the Commission for the support in changing Port facility rental policies and procedures which has resulted in an increase in reservations and revenue from the Port facility rentals in 2011. Ms. Vincent added that the increase was reflected in 324 Port facility rental reservations (116 at Bellingham Cruise Terminal and 208 at the Squalicum Boathouse) as well as an increase the other facilities (Blaine, the airport, Technology Development Center, various park facility rentals etc.), due to changes made in the reservation policy which include no longer issuing refunds of deposit cancellations, lower hourly rental rates, lifting the 1 year limit for advance reservations, offering an economic development use 25% discount and providing internet connectivity. Ms. Vincent summarized by reporting the forecast from 2011 to second quarter of 2012 is positive, shows an increase in both rentals and revenue.

2. Update - Bellingham International Airport, Master Plan- Forecast.

Before beginning the presentation on the Master Plan forecast, Aviation Director Dan Zenkreported that there would be additional information forthcoming addressing the noise study report and the recent BIACC discussion regarding noise and the older aircraft mentioned earlier in the meeting. Mr. Zenk also reported that there is a move to replace many of the older and noisier aircraft.

Mr. Zenk explained that the focus of the forecast stage of the Airport Master Plan update will be to seek Commission direction/guidance as to next steps. Mr. Zenk then introduced Marcia Waggoner from Reid Waggoner. Ms. Waggoner spoke of the completed 2011 Gilmore Research Group Bellingham Airport study which surveyed over 600 Whatcom County residents to measure their interest and concerns regarding the benefits and impacts surrounding the airport's growth, economy, convenience, noise pollution, traffic, parking etc. and adding that there were more positives than negatives. Ms. Waggoner also reported that the stakeholder interviews and recent public meetings provided forums for information and explanation, question and answer and feedback opportunities regarding the current and growing facility and operations, accessibility, overall transportation impacts and environmental issues. Ms. Waggoner reported that there has been positive feedback to the questionnaire and information posted online as well as a lot of noise concerns from neighbors regarding the older louder aircraft particularly Allegiant, and the increased air traffic patterns.

URS consultant, John Yarnish reported that there are over 1200 jobs and positive economic impacts associated with the airport (not just airport employees) as well as negative impacts to

the neighborhood in terms of increased traffic and noise. Mr. Yarnish added that the airport provides services which attract the passengers and then the passengers want additional services; and more services bring the prices down and the market expands, as do the complaints.

Commissioner McAuley asked about the noise study process and Mr. Yarnish explained the FAA noise study model takes in account the aircraft models, traffic approach, time of day, noise meters, extensive testing following the aircraft path and generation of noise contours; a complicated compilation.

The presentation included a discussion regarding the economic impacts and an overview of the airport financial outlook projecting (2007-2016) revenue, operating costs, cash from operations and bond proceeds, debt service, annual cash flow as well as historical timeline, potential future growth of the terminal and General Aviation (GA) operation. Mr. Yarnish explained that the master plan process requires Commission guidance and vision regarding future development and the scenarios in which Port may opt to go include no growth, low, moderate or high managed growth. Mr. Yarnish further explained that no growth would be short term, 1-5 years (completion of ongoing projects), mid-term, 5 to 10 years (move the control tower and address wetland mitigation Phase 2) and long-term, 10- 20 years (maintain the existing facilities) and the low, moderate and high managed growth scenarios would involve varying complexities of projects and expenses over the next 1 to 20 years.

Commissioner McAuley reported that he would like the focus to remain- continuing on with the current project completion with the current financing plan and keeping the focus on the GA, and the managed growth low. Commissioner Walker agreed with the low to moderate managed growth focus and expressed concern on the management of wetland mitigation and future parking and expenses.

3. Update - Public Art Advisory Team - Boathouse.

Planning and Development Director Sylvia Goodwin explained that she and Maintenance Supervisor Carol Williams and Commissioner Walker (Public Art Advisory committee) have been looking at the artwork in the Port facilities i.e. airport, marina and the Squalicum boathouse in particular. Ms. Goodwin reported the group found the existing décor of the boathouse is lacking color and a maritime theme. Ms. Williams and Ms. Goodwin presented proposed art options for the boathouse that included a ships wheel, new photographs, and improvements to the display area. Ms. Williams reported that the estimated \$9,000 funding of the project could come from the 2012 Open Space Capital Budget.

Motion: Approval to implement the Squalicum Boathouse art program as outlined in today's presentation:

Details: Existing artwork within the Squalicum Boathouse was selected and installed in 2000. The black and white photos of maritime activities chosen at that time have begun to deteriorate from ultra violet light. After a review of the facility, the Public Art Advisory team has developed a comprehensive art plan for this location which includes: An agreement with Bellingham International Maritime Museum, (BIMM), for the rotation of maritime artifacts to be

displayed throughout the Boathouse, Placement and mounting over the fireplace mantle, one historical "ships wheel," on loan from BIMM, Acquisition, from the Whatcom Museum, for one historical photo of "Fisherman Pulling Nets.", and Remodel center closet in small conference room, to provide additional secure display area for museum artifacts.

Discussion: Commissioner McAuley asked where the money for the election item discussed earlier in the meeting would come from and CFO Rob Fix reported that the cost would be included in the 2013 budget. Commissioner McAuley asked that staff explore ways to keep the costs for the proposed art project low.

Motion approved with 3-0 vote.

NEW BUSINESS

Granary - Commissioner McAuley asked that the Granary and changes to the waterfront as discussed with the Planning Commission in the May 3, 2012, Port/City joint meeting be discussed in a public meeting soon. Environmental Director Mike Stoner said the next steps include economic modeling and more polished versions to be forthcoming.

Interim Executive Director Compensation:

Motion: Commissioner Walker made the motion that Rob Fix, while acting as Interim Executive Director, shall receive a 15% pay increase beginning May 1, 2012.

Discussion: None.

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

General Comments: Commissioner McAuley asked for updates on the Gate 2 Weldcraft RI/FS, BNSF rail citing and relocation and Eco District team update.

ADJOURN

As there was no further business, the meeting was adjourned at 6:20 p.m.

Scott L. Walker, President

Michael McAuley, Secretary