

**MINUTES OF THE PORT OF BELLINGHAM COMMISSION MEETING
HELD MONDAY, JUNE 5, 2012
HARBOR CENTER BUILDING CONFERENCE ROOM
1801 ROEDER AVENUE, BELLINGHAM, WASHINGTON**

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
	Dodd Snodgrass	Economic Development Specialist
	Adam Fulton	Senior Project Engineer
	John Hergesheimer	Senior Project Engineer
	Steve Shipman	Real Estate Representative
	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. Gene Shannon, 98 Morey Avenue, Bellingham, WA. Railroad Horns, Horns have increased, would like to see a Quiet Zone and coordination with land owners and Railroad, urged the Port to speak to City Mayor Linville and Ted Carlson to see what could be done.
2. Rod Burton (*Historic Preservation Commission*) 238 N. Forest St., Bellingham, WA - Granary, in support of the historic preservation, urged Commission not to rush to tear it down, consider a RFP to the community and the market place, re-adaptive use and show progress in the waterfront development.
3. John Servais 1609 Mill, Bellingham, WA,- Ballot Resolution, 3 to 5 member Commission on the ballot, offended by the secrecy and deceit surrounding Commission rescinding the passed May 14 resolution and the action and item not being on the meeting agenda.
4. Villene Lansberry, (Small business owner) 1130 W 55th Terrace, Bellingham, WA - Airport Expansion, she and neighbors are being impacted by airport noise, low altitude

aircraft, safety issues (future airport accidents), pollution, economic impact and quality of life issues.

5. Andre Molnar, (*Real Estate Developer, Hotel Bellwether*) Bellingham, WA - New GM, Hotel Bellwether, has enjoyed good working relationship with the Port, introduced the new General Manager Jim Haupt, looking forward to continued relationship.
6. Ken Oplinger, (President/CEO, Bellingham Whatcom Chamber of Commerce/Visitors Bureau) 119 N Commercial, Suite 110, Bellingham, WA - Board Expansion, Supports expansion from 3 to 5 and on behalf of 2 Mayors of Ferndale and Sumas, presented a Resolution of the Small Cities Caucus in support of countywide representation and redraw/redistricting if expanding the Commission.
Click here for document: <http://www.portofbellingham.com/DocumentCenter/View/1514>
7. Tip Johnson (*former Port tenant, 30 years*), - Port Commission, 3 to 5 expansion badly needed, and secrecy re: item not on the agenda, resolution adopted, do the right thing.
8. Harriett Spanel, - 903 Liberty Street, Bellingham, WA. - Re: Commission expansion action: citizens have the right to expect responsible elected officials, honest and open process, need more Commissioners, not working thru staff, place items on the agenda and be upfront and honest.
9. Hue Beatty, 1015 W Toledo, Bellingham - disappointed in the Commission, resolution was voted on, put the Port Commission expansion resolution on the ballot.

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

Commissioner Walker closed the public comment period to open a discussion regarding the Commission expansion from 3 to 5 and the process for preparing the ballot measure.

Port of Bellingham Commission Expansion from 3 to 5 members.

Interim Executive Director Rob Fix explained that he had asked Port legal counsel FrankChmelik to do some research and that he had met with the County auditor himself, the day before to seek direction and to ensure that the Resolution voted on was legitimate and worded accurately so that the ballot issue would not be challenged and that no undue costs would be incurred.

Royce Buckingham, Whatcom County Prosecuting Attorney's office, shared that the auditor's office function is not to give advice, but to share experience and field questions and assist with placing the item on ballot. On the matter of whether adding two Commissioners and whether those 2 shall be at large or redistricting is one or two ballot issues, Mr. Buckingham agreed that while it may be a concern, it is not the decision of the auditor's office. Commissioner McAuley stated that it is the Commissions intention to get the issue on the ballot, as was the intention of the action taken at the last meeting. However, he added that the resolution passed was not numbered, dated nor signed. In the interest of being accurate and cost efficient, Commissioner McAuley asked for further clarification as to the default position if the Port goes from 3 to 5; those 2 new positions would either be at large or

cause for new districts. Again, Mr. Buckingham stated that neither he nor the auditor's office can make that call. Tip Johnson stated that he felt it was one simple question; increase the Commission by 2 at large positions. Commissioner Jorgensen stated he felt that the members should be elected by district and favored the new districts. Commissioner Walker stated that the Commission majority had voted to support the Port's commitment in placing the measure on the November ballot and then directed staff to draft resolutions supporting the 3 to 5 ballot measure and addressing the at large and district options. Commissioner Walker questioned if the action taken at the last meeting should be rescinded in order to prepare new resolutions.

Motion: Mr. Fix suggested that a vote be taken to rescind the actions on May 14th and that new resolutions be drafted and presented at the next Commission meeting on June 19th. The motion was made and seconded by Commissioners Walker and Jorgensen.

Discussion: See above.

Motion Approved with a 2-1 vote. Commissioners Walker and Jorgensen voted for the rescinding of earlier action and Commissioner McAuley voted against.

PRESENTATIONS

1. Audit Exit Conference.

Sadie Armijo, Andrew Asbjornsen, James Mickel from the Washington State Auditor's office explained that the purpose of the exit conference was to present the results of the recently completed 2011 audit and to provide a forum for open discussion. It was reported that no deficiencies in internal control were identified and no findings were issued as a result of the Accountability audit (leases, self-insurance, cash receipting, bank reconciliations, citizens hotline concerns - Open Public Meetings Act), Financial statement audit and other required communications, and the Federal grant compliance and FAA Passenger Facility Charge audits.. Suggestions were made regarding self-insurance. It was further reported that the audit report will be published on their website; the cost of the 2011 audit is \$35,500 as compared to \$36,470 for the 2010 Audit. The next audit of 2012 will focus next year on the Accountability for Public Resources, Financial Statement, Federal Programs and Passenger Facility Charges. Ms. Armijo also explained that a Customer service survey would be forthcoming and Interim Executive Director Rob Fix thanked Controller Tamara Sobjack and her staff for their excellent work resulting in another clean audit.

Click here for document: <http://www.portofbellingham.com/DocumentCenter/View/1513>

CONSENT AGENDA

Commissioner Walker made the following motion:

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

- A. Approve the minutes of the May 21, 2012, and May 14, 2012, regularly scheduled Commission meetings.

- B. Approval of Voucher Certification and Approval May 2, 2012, - May 23, 2012, totaling \$2,117,258.62.
- C. Authorize the Interim Executive Director to execute Amendment Two to the Professional Services Agreement with Coast & Harbor Engineering (CHE) to create 30% design level drawings for the Little Squalicum Beach Improvements Project in the amount of \$27,500 for a total authorized contract amount of \$86,410.
- D. Authorize the Interim Executive Director to approve Professional Services Agreement Amendment No. 3 with URS for the General Aviation Apron & Gate 8 Ramp Design Project in the added amount of \$41,990 for a total authorized amount of \$323,530, and transfer \$41,990 from budget line item 75 with 423,840 deposited into line item 17 and \$18, 150 deposited into line item 63.
- E. Approval of a Consent to Assignment of Lease from Lora Moren, d/b/a America's Cup to Terri Zwever and Norbert Zalabai, a sole proprietorship, d/b/a America's Cup.

Discussion: There was no discussion.

Motion approved with a 3-0 vote.

ACTION ITEMS

1. REAL ESTATE PUBLIC - PRIVATE PARTNERSHIP CONSULTANT FOR THE WATERFRONT DISTRICT.

Motion: Authorize the Interim Executive Director to execute a contract with Heartland LLC, a real estate consulting firm, for the purpose of assistance with Waterfront District developer solicitation strategy, implementation, and negotiation in a public-private context for the first phase of a multi-phased contract.

Discussion: Business Development Director Lydia Bennett explained that the Port 2005 purchase of the 130 acre Georgia Pacific pulp, paper, and tissue mill has led to working with the City to create the Waterfront District Sub-Area Master Plan, which will be submitted to the City this Fall. Both the City and the Port recognize the importance of receiving an independent market look at this plan to help determine if what is being proposed is what the market demands. If this contract is approved, Heartland, a noted public-private-partnership consultant, will determine market feasibility and assist with the search and procurement of a private sector developer for the first parcels available for development. Ms. Bennett further explained that the proposed contract is the result of an RFPS (Request For Professional Services) issued in March, and that the specific tasks through 2012 include identification of goals and objectives, due diligence and analysis of existing conditions, market and financial analysis, stakeholder work session, pre-marketing, preparation of initial solicitation, responses, review of responses and shortlist creation. Matt Anderson, a principal with Heartland, reported that the large scale Waterfront District redevelopment is exciting and that Heartland is experienced with performing the rigorous analytical processes for projects such as this one.

Motion Approved with a 3-0 vote.

2. PROPERTY USE AGREEMENT WITH WHATCOM COUNTY TRANSIT AUTHORITY FOR BUS ROUTE AND TWO BUS SHELTERS.

Motion: Approval of a Property Use Agreement between Whatcom Transit Authority (WTA) and the Port of Bellingham to operate a bus route and install two bus shelters on Port property.

Discussion: Economic Development Specialist Dodd Snodgrass explained that in 2011, the Port and City of Bellingham Transportation Benefit District (TBD) began discussing extending WTA bus service to the waterfront and starting June 11, 2012, there will be six round trips for a period of one year. Renewal of the service will depend on demand. Mr. Snodgrass further explained that the proposed property use agreement establishes terms for the relationship between the Port and WTA for the bus Route 46 which will follow Roeder Avenue and include two shelters to be mounted by WTA in front of Bellwether Gate, LLC Building A on Bellwether Way and near Bellingham Cold Storage (BCS) on Squaticum Way.

Motion approved with 3-0 vote.

3. REAPPOINTMENT OF THE WATERFRONT ADVISORY GROUP (WAG) REPRESENTATIVES.

Motion: Reappointment of the Port representatives on the Waterfront Advisory Group (WAG) for the following terms:

Ken Oplinger	2 years
Michael Smith	2 years
Steve Swan	3 years
John Harmon	3 years
Jeff Hegedus	While serving as Chair of the Marine Advisory Group (MAC)

Discussion: Planning and Development Director Sylvia Goodwin explained that the WAG serves as an advisory group to the Port and the City of Bellingham and of the 10 members, 5 are appointed by the Port and 5 by the City. Ms. Goodwin further explained that the 5 Port representative's terms have expired and all 5 have expressed their interest in continuing to serve on the WAG.

Motion approved with 3-0 vote.

4. PERSONAL SERVICES AGREEMENT (PSA) WITH ICF INTERNATIONAL FOR THE GRANARY BUILDING DISMANTLING PROJECT.

Motion: Authorize the Interim Executive Director to execute a Personal Services Agreement (PSA) with ICF International to perform historic preservation consulting services for the Granary Building Dismantling Project in the amount of \$37,463 plus a contingency of \$3,700 for a total authorized contract amount of \$41,163.

Discussion: Senior Project Engineer Adam Fulton explained that as a result of a 2005 Interlocal Agreement with the City of Bellingham for the planning and associate

environmental impact assessment of the waterfront property, multiple draft plans and EIS (Environmental Impact Studies) reports have been published for review and comment and the July 2010 Final EIS included a detailed analysis by Johnson Architects of the adaptive re-use potential of eleven remaining structures. Mr. Fulton further explained that the Johnson Architects report identified the Granary Building as one of the structures not feasible for adaptive re-use due to the excessive remodeling costs that would be required to meet current building codes. Mr. Fulton further added that the Port/City team was awarded a \$1.5 million capital grant to support a redesign of a multi-modal access to the Waterfront and that access is in the location of the Granary Building which would require historic preservation consulting services for the dismantling of the Granary Building and mitigation for the loss of historic resources.

Motion approved with 3-0 vote.

5. AMENDMENT TO THE PERSONAL SERVICES AGREEMENT WITH ARGUS PACIFIC FOR REGULATED BUILDING MATERIALS SUPPORT AT THE GRANARY BUILDING.

Motion: Authorize the Interim Executive Director to execute an amendment to the Personal Services Agreement (PSA) with Argus Pacific, Inc. to provide regulated building materials support services for the Granary Building in the Waterfront District in the amount of \$9,935 for a total authorized PSA of 448,507.

Discussion: Senior Project Engineer Adam Fulton explained that Argus Pacific was selected in 2009 as the most qualified firm to perform Regulated Building Materials (RBMs) surveys on the existing structures within the Waterfront District and in 2011, the PSA was amended for Argus to survey specify and monitor the removal of RBMs from the Bleach Plant, Pulp Screen Room, and Pulp Storage Building dismantling project. Mr. Fulton further explained that the Port is currently seeking to dismantle the Granary Building. Mr. Fulton added that prior to that effort, the RBMs will need to be abated and the proposed amendment will provide for the completion of a good faith inspection for asbestos, assessment for RBMs, preparation of a written report summarizing the finds and abatement recommendations and development of a Health and Safety Plan designed to be employed by all contractors, Port workers, and consultants entering the Granary Building. Mr. Fulton further added that future amendments to the PSA will address preparation of specifications for the removal of materials and construction oversight.

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

6. BID AWARD FOR THE BLAINE MARINA MTCA SITE BULKHEAD REPLACEMENT INTERIM ACTION.

Motion: Authorize the Interim Executive Director to execute a contract with Vic Unick Construction, Inc., as the lowest responsive and responsible bid for the Blaine Marina Model Toxic Controls Act (MTCA) Site Bulkhead Replacement Interim Action in the total bid amount of \$118,265 and authorize a 10% contingency for a total authorized amount of \$130,090.

Discussion: Senior Project Engineer John Hergesheimer explained that the proposed

contract is for the first phase of the on-site cleanup action following the Ecology issued Agreed Order and 30 day public comment period for the MTCA site. Mr. Hergesheimer further explained that the proposed project involves replacement of the failing bulkhead at the fuel pier involving installation of sheet piling and street repair which will tie into future bulkhead repair/replacement work along other portions of the Blaine Industrial area.

Motion approved with 3-0 vote.

7. BERTHING AGREEMENT WITH SUPERIOR ENERGY SERVICES AT THE BELLINGHAM SHIPPING TERMINAL.

Motion: Approval of a Berthing Agreement with Superior Energy Services at the Bellingham Shipping Terminal (BST) for a 5 year term beginning July 1, 2012, and ending June 30, 2017.

Discussion: Maritime Director Dan Stahl explained that Superior Energy, partnering with Greenberry Industrial LLC to provide oil field support services in Alaska, entered into a 6 month agreement with the Port in 2012 for the berthing of the barge Artic Challenger while it was being significantly re-built at BST. Mr. Stahl added that the proposed agreement will provide berthing of the Artic Challenger during the off season, and provide additional revenue to the Port.

Motion approved with 3-0 vote.

8. MODIFICATION LEASE AGREEMENT FOR AVIATION COMPONENT SERVICES, INC.

Motion: Approval of a Modification of Lease Agreement ("Lease") between the Port of Bellingham (Port) and Aviation Component Services, Inc. (ACS).

Discussion: Real Estate Representative Steve Shipman reported that the Port and ACS entered into a 25 year Lease agreement in 2006 with two consecutive 25 year renewal options for approximately 1.35 acres located at 3821 Williamson way near the airport. Mr. Shipman added that the lease rents are subject to re-negotiation at five year intervals as reflected in the proposed modification.

Motion approved with 3-0 vote.

WORK STUDY SESSION

1. Update - Executive Director Search.

Human Resources Director Elizabeth Monahan presented the Commission with four possible choices for conducting the search for an Executive Director replacement and the first one would be to confirm the use of Waldron and Associates by amending the Personal Services Agreement (PSA) with their firm for the additional direct costs associated with the search, not to exceed \$10,000. Ms. Monahan added that the Port could select a different firm by issuing a Request for Qualifications (RFQ), or use In-house Human Resources Staff to conduct a search, or simply forego the search process entirely and appoint someone to the position. Commission directed Ms. Monahan to engage Waldron. Ms. Monahan provided three options on the timing: go right away, wait a few months in light of the recent publicity,

postpone search for 6+ months to allow for the ballot measure (3 to 5 Commission board expansion) to be resolved. Ms. Monahan added that delaying the start of the search extends the amount of time Mr. Fix will need to serve as Interim. Mr. Walker asked Ms. Monahan to obtain a timeline from Waldron and Associates and Ms. Monahan recapped that the previous discovery period took about a month, including the job description formulation. Ms. Monahan further added that changing the job description may not be necessary as it has not been that long since the last one was done and anticipates recruitment would take another month going into the selection process; potentially three months. Commissioner McAuley stated that he would like to speak to Waldron sooner than later and it was decided that a discussion with the consultants regarding the past Executive Directors performance will be scheduled for the next closed executive session.

Click here for document: <http://www.portofbellingham.com/DocumentCenter/View/1512>

2. Update - Squalicum Boathouse Fire.

Maritime Director Dan Stahl reported that the discussion with the Bellingham Fire Department (BFD), following the March 30, 2012, boathouse fire is ongoing and the focus remains the safety issues associated with Boathouses at Squalicum Harbor. Mr. Stahl added that mitigating these risks for the harbor will require fairly significant expense, and will need to be phased in over time. Mr. Stahl further added that the discussions have been very productive and are moving forward in a way that will allow GE boathouse to be re-built in a timely manner.

Mr. Stahl also reported that the March 30th event was the first boathouse fire for the BFD and in the wake of the event; they are re-assessing the safety risks associated with boathouses. As a result of the fire, Mr. Stahl reported that the BFD is reviewing the fire codes for other communities that have suffered serious boathouse fires. This includes Seattle and Gig Harbor. This review will include a look at standpipe capacity for Gate 3, and new Code requirements for the 97 boathouses. Mr. Stahl closed by saying a meeting for the Squalicum boathouse owners is scheduled for Tuesday, June 19th and additional updates will be provided to the Commission following that meeting.

3. Update - Fairhaven (Urban Village Plan).

Planning and Development Director Sylvia Goodwin explained that a couple issues remain regarding Port property in Fairhaven and in particular, building height. Ms. Goodwin reported that the Port's FMIP buildings are currently at 42 feet high at the peak and the City Planning Commission is recommending that a 42 foot height restriction be imposed. Ms. Goodwin added the other issue of Port Concern is that the City is proposing that offices or retail uses would be restricted to marine industrial uses. Light industrial use could not have an office or retail. Another issue was hotel and motel. Ms. Goodwin added that although the Port does not currently have either, there is concern that the Port should not have a competing hotel. Ms. Goodwin further added that inadequate parking in the area and Port tenant shipyard noise concerns were also discussed in a recent neighborhood meeting. Ms. Goodwin encouraged the Commission to let her know if they had any concerns they would like her to discuss with the Planning Commission before decisions are made impacting Port property.

NEW BUSINESS

August meeting- It was decided by the Commission that the first meeting in August (August 7, 2012) is cancelled to allow for staff and Commission vacation schedules.

ADJOURN

As there was no further business, the meeting was adjourned at 5:45 p.m.

Scott L. Walker, President

Michael McAuley, Secretary