

**MINUTES OF THE PORT OF BELLINGHAM COMMISSION MEETING
HELD TUESDAY, JULY 17, 2012
HARBOR CENTER BUILDING CONFERENCE ROOM
1801 ROEDER AVENUE, BELLINGHAM, WASHINGTON**

Present:	Scott L. Walker Michael McAuley	President Secretary
Staff:	Rob Fix Dan Zenk Lydia Bennett Mike Stoner Carolyn Casey Fred Seeger Elizabeth Monahan Sylvia Goodwin John Hergesheimer Dodd Snodgrass John Sitkin Heather MacKay	Interim Executive Director Aviation Director Business Development Director Environmental Programs Director External Affairs Director Facilities Director Human Resources Director Planning and Development Director Senior Project Engineer Economic Development Specialist Port Counsel Acting Executive Secretary

CALL PUBLIC MEETING TO ORDER

Commissioner Walker called the meeting to order at approximately 3:00 p.m. It was mentioned that Commissioner Jorgensen was absent from the meeting.

PUBLIC COMMENT PERIOD:

No one signed up for public comment.

CONSENT AGENDA

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

A. Authorize the Interim Executive Director to execute a contract with Henefin Construction LLC for the 2012 Painting Projects in the amount of \$106,582.80 plus a 15% contingency for a total authorized contract amount of \$122,570.

B. Approval of the 2013 Strategic Budget Schedule.

Motion approved with a 2-0 vote.

PRESENTATION

1. Technology Development Center (TDC) - Renewable Energy Production - Bellingham Waterfront.

Economic Development Specialist Dodd Snodgrass introduced Mark Bussell the Project Director at Western Washington University, who spoke on the TDC Center of Renewable Energy Research & Development and Education project. This project that the Port is in partnership with WWU is working on creating an energy relief program with use of both solar and wind technology. The project timelines were outlined as well as details about the structure and parameters of the project.

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ACTION ITEMS

1. FAA AIRPORT IMPROVEMENT PROJECT (AIP) GRANT NO. 3-53-0005-49

Motion: Authorize the Interim Executive Director to accept FAA AIP Grant No. 3-53-0005-49 on behalf of the Port of Bellingham, in the amount of \$2,851,514.

Discussion: Director of Aviation, Dan Zenk explained that the grant for \$2,851,514 would allow BLI to move forward on completing 2 projects for 2012. Grant 49 projects include the Aircraft Apron Rehabilitation Area 1 and Area 6 and the Commercial Ramp De-ice Containment Modification due to Additional Design and Construction. The FAA Grant will reimburse the Port 90% of the purchase amount.

Motion Approved with a 2-0 vote.

2. CONTRACT WITH INTERWEST CONSTRUCTION, INC. FOR GENERAL AVIATION (GA) AND GATE 8 PROJECTS AT BELLINGHAM INTERNATIONAL AIRPORT.

Motion: Authorize the Interim Executive Director to execute a contract with Interwest Construction, Inc. for the General Aviation (GA) Apron Rehab, Gate 8 Ramp Pavement Replacement & Deicing Project in the amount of \$3,249,200.68 and including a 10% contingency of \$324,920.00 for a total authorized amount of \$3,574,120.68 subject to FAA concurrence of award for AIP 49. Also, consolidate budget line items 37, 41 and 63 into line item 75 for a total of \$4,122,500 and consolidate budget line items 38, 42 and 64 into line item 76 for a total of \$3,916,375.

Discussion: Senior Project Engineer John Hergesheimer explained that the project to do the GA - Gate 8 Commercial Ramp - Deicing was put out to bid in July 2012 and the lowest responsive and responsible bidder was Interwest Construction, Inc. They came in 5.5% under the engineer's estimate. This project will replace the asphalt pavement with concrete pavement at the existing Gate Ramp #8, as well as a provision for deicing system improvements, storm drainage improvements associated with Gate #8 and installation of a fuel truck staging Area for spill containment in the GA area.

Motion approved with 2-0 vote.

3. AMENDMENT TO THE PROFESSIONAL SERVICES AGREEMENT (PSA) WITH URS FOR CONSTRUCTION SUPPORT SERVICE FOR THE GENERAL AVIATION APRON REHAB GATE 8 IMPROVEMENT PROJECT.

Motion: Authorize the Interim Executive Director to execute PSA Amendment No. 4 with URS for the Construction Support Services for the General Aviation (GA), Gate 8 Commercial Ramp Deicing Project in the amount of \$369,243 for a total authorized contract amount of \$692,743, subject to FAA concurrence of this PSA Amendment for AIP 49.

Discussion: Senior Project Engineer John Hergesheimer explained that this PSA Amendment #4 with URS for support services was outlined and budgeted in the previous action item #2. The proposed amendment is to include participation in contract progress meetings, perform inspection and testing of asphalt and concrete, as well as other elements of testing and the preparation and final closeout report for FAA grant requirements.

Motion approved with 2-0 vote.

4. LEASE MODIFICATION FOR PACIFIC CATARACT AND LASER INSTITUTE, INC.

Motion: Approval of a Modification of Lease Agreement between the Port and Pacific Cataract and Laser Institute, Inc. (PCLI).

Discussion: Real Estate Representative Steve Shipman explained that in 2007 the Port entered into a 25 year Lease Agreement with PCLI with two 15 year renewals options for the property located at the Airport Industrial Park. The Lease provides for rental adjustments at 5 year intervals. This rental adjustment would be an increase in rent of \$372.44 a month.

Motion approved with 2-0 vote.

WORK STUDY SESSION:

1. Update - 2nd Quarter Financial Report

Chief Financial Officer Rob Fix summarized the 2nd quarter year to date financial report to be as follows:

Revenues totaled \$16.3 million. Of that total, revenues from the Operating activities were \$10.9 million, Public Priorities \$.5 million, Non-Operating activities \$4.9 million. Mr. Fix added that the Expenses totaled \$10.9 million (no depreciation) which included Operating Activity expenses \$6.3 million, Public Priorities expenses \$1.3 million and Non-Operating expenses \$3.3 million.

Mr. Fix also reported the income before depreciation (all sources) totaled \$5.4 million, at \$3.0 million better than budget and ending cash balance \$64.7million; end of 2nd quarter 2011 showed cash balance of \$76.3 million.

Regarding the Balance Sheet, Mr. Fix reported:

6/30/2012 12/31/2011

Current Assets	83,407	90,510
Long-term Assets	<u>299,426</u>	<u>293,686</u>
Total Assets	382,833	384,196
Current Liabilities	6,846	7,464
Long-term Liabilities	<u>158,561</u>	<u>161,031</u>
Total Liabilities	165,407	168,495
Net Assets	\$217,426	215,701

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

In Aviation: Total Revenues of \$3.9 million, Budget \$3.7 million, 2011 \$3.5 million.
Expenses \$2.5 million, Budget \$2.5 million, 2011 \$2.1 million.
Operating Margin \$1.4 million, Budget \$1.2 million, 2011 \$1.4 million
Margin as % of revenue is 37%, Margin last year 39%.

In Marinas: Total Revenues of \$3.3 million, Budget \$3.5 million, 2011 \$3.3 million
Expenses \$1.2 million, Budget \$1.3 million, 2011 \$1.6 million
Operating Margin \$2.1 million, Budget \$2.2 million, 2011 \$1.7 million
Margin as % of revenue is 63%, Margin last year 51%.

In Marine Terminals: Total Revenues of \$1.07 million, Budget \$.98 million, 2011 \$.89 million
Expenses \$.58 million, Budget \$.58 million, 2011 \$.54 million.
Operating Margin \$497 thousand, Budget \$402 thousand, 2011 \$363 thousand
Margin as % of revenue is 46%, Margin last year 41%.

In Real Estate: Revenues of \$2.6 million, Budget \$2.5 million, 2011 \$2.9 million.
Expenses \$.70 million, Budget \$.80 million, 2011 \$.80 million
Operating Margin of \$1.9 million, Budget \$1.7 million, 2011 \$2.1 million
Margin as % of revenue is 73%, Margin last year 73%.

Regarding current investments, Mr. Fix reported \$6 million Federal Home Loan Bank, and \$4.750 million Federal National Mortgage Association. The Balance of cash (\$52.3 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 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. Damage to Port property is estimated at \$425 thousand. Salvage/Cleanup costs will be approximately \$1.4 million. Port expects to recover costs after deductible. Mr. Fix also added that the November 2012 Wind Storm claim is being processed. Expect no recovery of deductible. Detailed costs date has been submitted to property insurance carrier. 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.

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2. Update - Granary Building Report.

Environmental Programs Director Mike Stoner provided a presentation on the status of the Granary Building in follow-up to the Commission's request for additional information from the July 5 Commission meeting. Mr. Stoner explained that the Granary was in a location that is important to "jump start" the planned redevelopment of the Waterfront District. Mr. Stoner further explained that the location needs to be designed to provide multi-modal access, address historic resources, and include new public access to the area. Multi-modal access was described as primarily a City issue. Their analysis will include safety, traffic operations, costs and connectivity to downtown. Mr. Stoner added that historic resources are being evaluated by the Port, including environmental review, analysis of potential adaptive re-use, and a mitigation plan and that a summary of previous studies was provided. Business Development Director Lydia Bennett described the pros and cons of issuing a Request for Proposals to re-use the Granary at this time. Some concepts for new public access were described, with the understanding that the City will take the lead on this planning task. Given the preponderance of information available, staff recommended using the \$1.5 million grant to the Port and City from the state legislature to support removal of the Granary Building in order to maximize multi-modal and public access objectives for this location, including a distinctive re-use of salvaged materials to honor the history of the waterfront location. Commissioner McAuley requested more cost information on the project and the different designs before the project moves forward. Commissioner Walker agreed that a new proforma needs to be created that is more easily understandable with how bankable the project is.

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NEW BUSINESS

No New Business

ADJOURN

As there was no further business, the meeting was adjourned at 4:30 p.m.

Scott L. Walker, President

Michael McAuley, Secretary