

**MINUTES OF THE PORT OF BELLINGHAM COMMISSION MEETING
HELD TUESDAY, SEPTEMBER 18, 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 |
| | Elizabeth Monahan | Human Resources Director |
| | Dan Stahl | Maritime Director |
| | Sylvia Goodwin | Planning and Development Director |
| | Brian Gouran | Environmental Site Project Manager |
| | Adam Fulton | 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 persons signed up for public comment on matters pertaining to the airport.

1. Matt Paskus, 1151 Old Marine Drive, Bellingham, WA. - Airport - Concerned with property value assessments (See attached presentation.)
<http://www.portofbellingham.com/DocumentCenter/View/1619>
2. Lisa Neulicht, 899 Piper Road, Ferndale, WA. - Airport 16 acre farm near the airport, Concerned with Port subsidizing the marketing of the airport, interested in instrument landing system, encourage flights over the bay, urged phase out of noisier MD80 aircraft. (See attached memo.) <http://www.portofbellingham.com/DocumentCenter/View/1620>
3. Jaleen Bacon, 7076 N W Road, Ferndale, WA - Airport, changed mind, no comment.
4. Pamela Cady, 1170 W. 55th Terrace - Jet noise -Concerned with the increased number of flights, noise and low flying aircraft, reduced reassessment of property values of homes near the airport, prefer aircraft take offs and landings routed over the bay vs. residential neighborhoods.

CONSENT AGENDA

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

- A. Approval of Resolution No. 1313, changes to the petty cash and change fund custodian at Squalicum Harbor, and the change fund and petty cash amounts at both Blaine and Squalicum harbors.
- B. Authorize the Interim Executive Director to transfer funds from Capital Improvement Project (CIP) No. 07-1812-17 "Re-roof FMIP 6" budgeted in 2012 in the amount of \$521,101 to create a new capital account in the amount of \$108,305.40 for the roof-over of the Redden Net Building located in Squalicum Harbor.
- C. Approval of a Short Term Rental Agreement between the Port of Bellingham and BP West Coast Products LLC for the use of the 3888 Sound Way building and up to 40 vehicles in the parking lot across the street.
- D. Approval of a Modification of Lease between the Port of Bellingham ("Port") and Puglia Engineering, Inc. ("PEI").

Discussion: None.

Motion approved with a 3-0 vote.

PRESENTATION

1. Update - Heartland - Development Consultant for the Waterfront District.

Ms. Bennett introduced Doug Larson and Matt Anderson from Heartland, real estate advisors to the Port, to discuss the ongoing Bellingham waterfront redevelopment marketing process. The update on the Waterfront District Market Engagement Plan (attached) included a presentation /overview of the Port Goals and Objectives (community benefit, economic and environmental sustainability and the catalyst; setting the stage). The process involves key players consisting of a Transaction Team (Port staff and Heartland reps) and Prospective Partners (market representatives and developers with comparable experience (local and national)). Ms. Bennett added that the schedule for the phased process involves intelligence gathering and engagement preparation/request for interest in 2012 and market engagement /request for proposals and negotiation and recommendations development in 2013.

Click here for presentation: <http://www.portofbellingham.com/DocumentCenter/View/1621>

2. Update - Instrument Landing System (ILS) - Bellingham International Airport (BLI).

Aviation Director Dan Zenk provided a presentation (see attached) on the Instrument Landing System (ILS) owned and maintained by the FAA, currently in use on Runway 16 to assist pilots in landing the airplane when visibility is limited. Click here for presentation:

<http://www.portofbellingham.com/DocumentCenter/View/1618>

ACTION ITEMS:

1. AMENDMENT NO. 2 TO THE PROFESSIONAL SERVICES AGREEMENT (PSA) WITH LANDAU ASSOCIATES FOR REMEDIAL INVESTIGATION/FEASIBILITY STUDY (RI/FS) - BLAINE MARINA INC. SITE.

Action: Authorize the Interim Executive Director to execute an Amendment to the Professional Services Agreement with Landau Associates for \$278,100 plus a 10% contingency for a total revised budget of \$516,340 to perform the next phase of required environmental remediation at the Blaine Marina Inc. site.

Discussion: Environmental Site Project Manager Brian Gouran explained that the Port retained Landau Associates in 2011 to perform a Remedial Investigation/Feasibility Study (RI/FS), Interim Action and environmental remediation under a Model Toxic Controls Act (MTCA) Agreed Order with the Department of Ecology for the multi-phase cleanup for the Blaine Marina Inc. site. Mr. Gouran stated that the initial PSA authorization was to perform a bulkhead repair as an Interim Action and to negotiate a work plan for the RI/FS. The proposed amendment involves the implementation of the Remedial Investigation project management and coordination with contractors and Ecology, soil, sediment and groundwater investigation and reporting services.

Motion approved with 3-0 vote.

2. BID AWARD TO GLIDEPATH LLC FOR THE AIRPORT COMMERCIAL TERMINAL EXPANSION PROJECT BAGGAGE HANDLING SYSTEM.

Motion: Authorize the Interim Executive Director to execute a contract with Glidepath, LLC of Grand Prairie, Texas for the Airport Commercial terminal expansion - Baggage Handling System project in the amount of \$2,691,150.69 plus a 5% contingency of \$135,000 for a total authorized contact amount of \$2,826,150.69.

Discussion: Senior Project Engineer Adam Fulton explained that the proposed contract for a larger Checked Baggage Inspection System (CBIS) with increased outbound baggage through-put capacity and Explosive Detection System (EDS) machines and supporting conveyance equipment, two additional inbound baggage carousels is necessary due to the growth in air traffic and subsequent expansion of the Airport Commercial Terminal. Mr. Fulton further explained that Glidepath, LLC was the lowest responsible, responsive bidder and that the TSA will reimburse the Port for 95% of the cost of the supporting conveyance equipment, the tenant improvement building finishes in the baggage check area and the soft costs associated with both.

Motion approved with 3-0 vote.

3. AMENDMENT NO. 7 TO THE PROFESSIONAL SERVICES AGREEMENT (PSA) WITH URS CORPORATION FOR THE AIRPORT COMMERCIAL TERMINAL EXPANSION PROJECT.

Motion: Authorize the Interim Executive Director to execute Amendment No. 7 to the

September 18, 2012

Page 4

Professional Services Agreement (PSA) with URS Corporation to perform construction support services for the Airport Commercial Terminal Expansion - Baggage Handling System in the amount of \$109,488 for a total authorized PSA of \$4,914,402.

Discussion: Senior Project Engineer Adam Fulton explained that the proposed scope of work will provide for the continuation of support services for phase 2 improvements and include submittal review, inspection, and system testing, interfacing with the Transportation Security Administration (TSA), and assisting the Port with the federal reimbursement process.

Motion approved with 3-0 vote.

4. RENEWAL AND MODIFICATION OF SEAVIEW BOATYARD NORTH, INC. LEASE FOR PROPERTY LOCATED AT SQUALICUM HARBOR, BELLINGHAM.

Motion: Approve a Renewal and Modification of Lease between the Port of Bellingham and Seaview Boatyard North, Inc.

Discussion: Real Estate Representative Steve Shipman explained that the initial 10 year lease with Seaview Boatyard North, Inc. approved in 2002 for 4.69 acres of property located at Squalicum Harbor included three 10 year renewal options and the lease has been modified a few times to allow for changes in size of parcel, travel lift pier and lift equipment and timelines and conditions in regard to construction of improvements (buildings) required by the lease. Mr. Shipman further explained that the tenant has requested that the proposed Lease be adjusted from 3 - 10 year renewal options to 6 - 5 year renewal options to allow for more frequent review of the marine and financial markets and regulatory environment. Mr. Shipman also added that the Port's building adjacent (commonly referred to Redden Net building) currently under a separate lease with Seaview North Inc. will be incorporated into the renewal and modification agreement.

Motion approved with 3-0 vote.

NEW BUSINESS

None.

ADJOURN

As there was no further business, the meeting was adjourned at 4:25 p.m.

Scott L. Walker, President

Michael McAuley, Secretary