

**MINUTES OF THE PORT OF BELLINGHAM COMMISSION MEETING
HELD TUESDAY, NOVEMBER 6, 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
	Elizabeth Monahan	Human Resources Director
	Dan Stahl	Maritime Director
	Sylvia Goodwin	Planning and Development Director
	Shirley McFearin	Real Estate Development Manager
	Terry Ilahi	Real Estate Analyst
	Frank Chmelik	Port Counsel
Diane McClain	Executive Secretary	

CALL PUBLIC MEETING TO ORDER AND RECESS TO CLOSED EXECUTIVE SESSION.

Commissioner Walker called the meeting to order at 1:05 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 2 hours 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 3:00 p.m.

PUBLIC COMMENT PERIOD:

The following persons signed up for public comment on matters pertaining to the airport.

1. Steve Adelstein, 400 N. Commercial, Bellingham, WA 98225, See Agenda Item No. 2, Electrical contract.
2. Teresa Van Haallen, 959 Marine Drive, Bellingham, WA. – Airport Noise– Concerned with health, safety and pollution issues as a result of the antiquated outdated aircraft.
3. Peggy Youngblood, Bellingham, WA. – Airport Noise – Concerned with amount of aircraft noise, touch and go, increased air traffic, Canadian driven, effects if Canadian dollar

November 6, 2012

Page 2

decreases, decreased valuation of home, Al Youngblood – Concerned with the number of Military touch and go flights, low flying aircraft.

4. Bert Webber, 3935 Cliffside Drive, Unit 14, Lynden WA – Lead – concerned with health effects of Lead in Avgas, airport proximity to elementary school.

CONSENT AGENDA

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

- A. Approval of the October 2, 2012, and October 16, 2012, regularly scheduled Commission meetings.
- B. Voucher Certification and Approval for period October 3, 2012, - October 31, 2012 totaling \$5,228,229.98.
- C. Authorize the Interim Executive Director to execute Amendment No. 1 to the Professional Services Agreement (PSA) with Materials Testing & Consulting, Inc. for the Bellingham Shipping Terminal (BST) Bulkhead & Main Pier Repair Projects to provide Special Inspection services in the amount of 424,941 plus a \$3,259 contingency for a total authorized contract amount of \$50,000.
- D. Approval of a Lease Amendment No. 1 between the Port of Bellingham and the United States Government (TSA).
- E. Approval of the First Amendment to the Amended and Restated Capital Ground Lease with Bellwether Gate B, LLC.
- F. Approval of the Third Amendment to the Amended and Restated Capital Ground Lease with Bellwether Gate C, LLC.
- G. Approval of a Modification of Lease Agreement ("Lease") with Superior Energy Services LLC to amend section 5.3 of the Lease entitled "Financial Security".

Discussion: None.

Motion approved with a 3-0 vote.

ACTION ITEMS:

PORT OF BELLINGHAM EXECUTIVE DIRECTOR SEARCH

Commissioner Walker reported that following the recent staff, stakeholder and Commission interviews and public reception with the three (3) finalists, the Commission had hoped to return from closed session to discuss and be able to make an announcement with regard to the Executive Director position. Commissioner Walker further reported that the Commission has decided to continue deliberations and discussion in a closed Special Commission

November 6, 2012

Page 3

session on Friday, November 9, 2012, at which time they may or may not open to a public session and take action.

AGENDA REVISED:

Commissioner Walker explained that the order of the items on the agenda would be revised to accommodate guests in the audience beginning with the proposed bid award for the electrical upgrades project.

2. BID AWARD TO RHEMA ELECTRIC, INC. FOR THE WEBHOUSE NO. 3 AND NO. 4 ELECTRICAL UPGRADES PROJECT.

Motion: Authorize the Interim Executive Director to execute a construction contract with Rhema Electric, Inc. of Mt. Vernon, WA for the Webhouse #3 and #4 Electrical Upgrades Project in the amount of \$212,286.76 plus a 10% contingency of \$21,000 for a total authorized contract amount of \$233,286.76; and approve the Webhouse #4 Upgrade item (05-1810-13) from the 2013 Capital Budget in the amount of \$144,444.

Discussion: Commissioner Walker introduced guest Steve Adelstein, Attorney representing the Unity Group, insurance providers for Elite Electrical, bidding contractor not awarded the project due to a bid compliance issue. Mr. Adelstein took exception to the Port staff determining Unity Group's client, Elite Electrical as a non-responsive bidder bid for failure to provide power of attorney bearing original seals and signatures as required by the bid solicitation. Mr. Adelstein cited Supreme Court cases and similar examples and asked the Commission to reconsider its decision and award the bid to Elite Electrical. Facilities Director Fred Seeger explained that the Port followed its public agency bid solicitation procedures and awarded the bid to the bidder in compliance and in fairness to all bidders. Port legal counsel Frank Chmelik explained and Commissioner Walker agreed that the language regarding original power of attorney could be confusing and the Port Commission had the discretion to 1) approve the bid to Rhema Electric as proposed or 2) choose to waive the proposed action and award to Elite or 3) ask that the project be rebid with clarification of language and requirements added. Following discussion by the Commission regarding the three options provided, Commissioner Jorgensen made the following motion:

Motion: Rejecting the original motion, Motion made to reject all bids for the Squalicum_Harbor Webhouse Nos. 3 & 4 Electrical Upgrade Project.

Motion approved with 3-0 vote.

WORK STUDY SESSION

Update – 2013 Strategic Budget

Chief Financial Officer Rob Fix presented an overview of the Draft 2013 Strategic Budget (see attached PowerPoint presentation) comparing the 2012 Budget to the 2013 Budget in the areas of Revenue, Expense, Capital, Debt Service and Cash Flows for the Aviation,

November 6, 2012

Page 4

Marinas, Real Estate, Marine Terminals total Operating Divisions as well as Public Priorities and Non-Operating totals.

RECESS THE PUBLIC MEETING TO OPEN THE PUBLIC HEARING WITH REGARD TO THE 2013 STRATEGIC BUDGET:

Interim Executive Director Rob Fix explained that the purpose of the public hearing was to receive comments on the proposed 2013 Port of Bellingham Strategic Budget.

PUBLIC COMMENT PERIOD:

1. Darren Williams, 4089 Y Road, Bellingham, WA. – (Local 7 ILWU) -Marine Terminals – Would like to see more money budgeted for the marketing of the Bellingham Shipping Terminal facility.

CLOSE THE PUBLIC HEARING AND RECONVENE THE PUBLIC MEETING.

MORE ACTION ITEMS:

1. ALTERATION TO SPECIFIC BINDING SITE PLAN NO. 10 FOR THE BELLINGHAM INTERNATIONAL AIRPORT.

Motion: Authorize the Interim Executive Director to execute an Alteration to Specific Binding Site Plan No. 10 with Whatcom County which will create a leasable parcel for Allegiant Air's proposed commissary building at the Bellingham International Airport.

Discussion: Senior Project Engineer Adam Fulton explained that the Specific Building Site Plan No. 10 needs to be altered to legally create the parcel for the proposed 9,000 square foot commissary building for Allegiant Air. Mr. Fulton explained that this action would normally be done with the authority granted under the Delegation of Powers Resolution No. 1106, however, the parcel encroaches on a sewer line easement held by the City of Bellingham, therefore this action necessitates the Port to extinguish the easement and assume the maintenance over this portion of the sewer line. This unusual inclusion led staff to seek Commission approval.

Motion approved with 3-0 vote.

4 FAIRHAVEN VILLAGE INN EASEMENT

Motion: Authorize the Interim Executive Director to execute a Reciprocal Agreement for the No-Build Area Easement, Building Appurtenances Easement, Use Easement, and Covenant Concerning Industrial Activity between the Port of Bellingham and Fairhaven Village Inn, LLC, Shannon Properties LLC, and Gene and Constance Shannon, if the proposed project in design review with the City of Bellingham is approved by the City.

Discussion: Real Estate Development Manager Shirley McFearn explained that the City is currently reviewing the design and permitting of the Shannon Properties proposed expansion/ mixed use development project (near the Port owned Fairhaven Marine Industrial Park

property) which will include residential apartments, offices and retail. Ms. McFearin further explained that the Shannons have asked the Port to consider a ten (10) foot No-Build Area Easement on the north side of their property and a ten (10) foot No-Build Easement Area on the west side of the Shannon property to allow building appurtenances such as balconies, decks, railings and architectural features of the project to be built over the lot boundaries and in the No-Build Covenant Property. Ms. McFearin added if approved, Shannon Properties would pay the Port \$15,000 for the easement.

Motion approved with 3-0 vote.

3 AMENDMENT TO THE PROFESSIONAL SERVICES AGREEMENT (PSA) WITH FLOYD/SNIDER, LLC. FOR REMEDIAL INVESTIGATION/FEASIBILITY STUDY (RI/FS) AT THE HARRIS AVENUE SHIPYARD SITE.

Motion: Authorize the Interim Executive Director to execute an amendment to the Professional Services Agreement with Floyd/Snider, LLC, to complete a Remedial Investigation/Feasibility Study (RI/FS) at the Harris Avenue Shipyard site by adding \$448,785 for a revised total authorized budget of \$1,129,590.

Discussion: Environmental Programs Director Mike Stoner explained that Floyd/Snider LLC was hired in 2008 to perform the RI/FS for the environmentally contaminated Harris Avenue Shipyard site, under the Agreed Order with the Department of Ecology and since then, there have been multiple delays and changes in the regulatory requirements. Mr. Stoner further explained that the proposed amendment to the PSA with Floyd/Snider LLC will address the increase in necessary costs and timeframes to complete the RI/FS project.

Motion approved with 3-0 vote.

5. RENEWAL AND MODIFICATION OF LEASE BETWEEN BORNSTEIN SEAFOODS, INC. AND THE PORT OF BELLINGHAM FOR PROPERTY LOCATED ON HILTON AVENUE, BELLINGHAM.

Motion: Approval of a Renewal and Modification of Lease between Bornstein Seafoods Inc., and the Port of Bellingham.

Discussion: Real Estate Analyst Terry Ilahi provided an overview of the proposed renewal and modification of lease terms and rental rates for Bornstein Seafoods, a Port tenant for over sixty years.

Motion approved with 3-0 vote.

NEW BUSINESS

1. January 2013 Commission Meetings

The Commissioners discussed the upcoming Commission meeting schedule and decided that given the first Tuesday of January 2013 is a holiday, New Year's Day, the two January Commission meetings shall move from the 1st and 3rd Tuesday of the month to the 2nd and 4th

November 6, 2012

Page 6


Tuesday of the month, for January only. These meetings will be held January 8, 2013, and January 22, 2013.

2. Digester Building, Landings at Colony Wharf – Travel Lift.

There was some discussion between Commission and staff regarding the status of the demolition of the Digester Building at the Waterfront District and a potential for a Travel Lift at Colony Wharf. Staff will provide updates on both items to the Commission in the future.

ADJOURN

As there was no further business, the meeting was adjourned at 5:25 p.m.



Scott L. Walker, President



Michael McAuley, Secretary