

**MINUTES OF THE PORT OF BELLINGHAM COMMISSION MEETING
HELD TUESDAY, JANUARY 22, 2013
HARBOR CENTER BUILDING CONFERENCE ROOM
1801 ROEDER AVENUE, BELLINGHAM, WASHINGTON**

Present:	Jim Jorgensen	President
	Michael McAuley	Vice President
	Scott L. Walker	Secretary
Staff:		
	Rob Fix	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
	Tamara Sobjack	Finance Director
	Elizabeth Monahan	Human Resources Director
	Dan Stahl	Maritime Director
	Sylvia Goodwin	Planning and Development Director
	Shirley McFearin	Real Estate Director
	Dodd Snodgrass	Economic Development Specialist
	John Michener	Economic Development Specialist
	Bob Jenkins	Risk Administrator
	Brian Gouran	Environmental Site Project Manager
	Norman Gilbert	Project Engineer
	Judy Harvey	Real Estate Representative
	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 1:00 p. m. and reported that the purpose of the closed session would be to discuss real estate transactions and pending litigation pursuant to RCW 42.30.110(1) (c) (i), 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 AND ROLL CALL

Commissioner Walker called the meeting to order at 3:10 p. m.

PUBLIC COMMENT PERIOD

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

There were none.

CONSENT AGENDA

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

- A. Approve the minutes of the December 18, 2012, regular Commission Meeting.
- B. Approve Resolution No. 1106-O, delegating certain administrative powers and duties to the Executive Director, superseding Resolution No. 1106-N.
- C. Approve the membership roster for the Port's Marina Advisory Committee (MAC).
- D. Approve Consent to Assignment Lease Agreement between Briar Development LLC and Mark Royer.
- E. Approve Consent to Assignment of Lease from Jeffrey Young, President, Spyglass Optik P.S. to Mira Swiecicki, President, Lynden Vision Clinic, P.S. d/b/a Spyglass Optik and Lynden Vision Clinic.

Discussion: None.

Motion approved with a 3-0 vote.

WORK STUDY ITEMS:

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

Business Development Director Lydia Bennett and Heartland representatives Matt Anderson and Doug Larson presented an overview of the Waterfront District market engagement process for the first development phase. They described the purpose of the Request for Interest (RFI) issued in November 2012, a summary of the responses to the RFI received in December 2012, and the market feedback from those interested developers. Mr. Anderson and Mr. Larson also described the process moving forward, which will include drafting the Request for Proposals (RFP) for the Waterfront District. The RFP is expected to be issued by the end of the first quarter 2013, with responses received by mid- to late second quarter of 2013.

<http://www.portofbellingham.com/DocumentCenter/View/2220>

2. Update - Economic Development for 2012 - 2013

Economic Development Specialists Dodd Snodgrass and John Michener presented an overview of the Associated Development Organization (ADO) and tools available to them as one of the State of Washington's thirty-four ADO's, serving as the lead agency in each county for economic development with a focus on business recruitment, business retention and expansion, start-up assistance and asset and capacity building. Mr. Snodgrass and Mr. Michener discussed their site visits to 77 various sized companies in Whatcom County in 2012, and the barriers, workforce, regulatory and infrastructure issues that many of these companies experience. For 2013, the two reported that they plan to launch a prospector website, continue the company outreach program and support the

Council of Governments/Northwest Economic Council efforts.

<http://www.portofbellingham.com/DocumentCenter/View/2219>

3. Update - Waterfront District Deconstruction

In an update on the ongoing master planning activities for the Waterfront District, Environmental Programs Director Mike Stoner reported that in preparation for presentation of the draft planning documents to the City's Planning Commission in March, Port and City staff were working together on a "Historic Resources Plan" to be included as an exhibit to the draft Planned Action Ordinance. The Historic Resources Plan will describe the remaining industrial structures within the Waterfront and define the decision-making process for determining which may be re-used, which may be saved as historic industrial icon, and which will need to be deconstructed, removed and recycled. Decision criteria will include a number of factors, including market conditions, financial considerations, public health and safety, compatibility with other planning elements, historic significance and stakeholder input.

ACTION ITEMS:

1. PARTIAL PROOF OF LOSS STATEMENT BETWEEN THE PORT AND LEXINGTON INSURANCE CO. FOR PROPERTY INSURANCE CLAIM FROM MARCH 2012, FIRE.

Motion: Authorize the Executive Director to execute a Partial Proof of Loss Statement between the Port of Bellingham and Lexington Insurance Company for costs incurred due to the March 30, 2012, Squalicum Harbor boathouse fire.

Discussion: Risk Administrator Bob Jenkins explained that the proposed proof of loss statement from the Lexington Insurance Co. in the amount of \$592,904.15 is a portion of the total \$1,287,753.90 claim for the salvage, environmental cleanup and preliminary assessment of damage to Port property. Mr. Jenkins further explained that the insurance payment is net of the Port's \$100,000 deductible for insurance claims involving non-owned vessels and is a partial reimbursement to the Port for costs incurred as a result of the marina boathouse fire, and that future payments are expected from the Port's property and liability insurance carriers and potentially other parties as the claim processes.

Motion approved with 3-0 vote.

2. INTERLOCAL AGREEMENT FOR LEGISLATIVE SERVICES

Motion: Approval for the Executive Director to execute a one-year Interlocal Agreement with the City of Bellingham and Whatcom county for a shared Governmental Affairs consultant, with the Port paying one third (\$30,000) of a \$90,000 annual contract with McBride Public Affairs, LLC.

Discussion External Affairs Director Carolyn Casey reported that the proposed Interlocal Agreement will support a combined legislative effort between the Port of Bellingham, City of Bellingham and Whatcom County. Ms. Casey further reported that McBride Public Affairs, LLC was selected in the fall by the three entities when reviewing the responses to the Request for Qualification (RFQ) issued. Ms. Casey added that the Port, City and County

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have drafted a set of shared 2013 Legislative Objectives for McBride to address in Olympia and that the City of Bellingham will administer the one year contract, in accordance with the proposed Interlocal Agreement.

Motion approved with 3-0 vote.

3. INTERLOCAL AGREEMENT WITH PUBLIC UTILITY DISTRICT NO. 1 OF WHATCOM COUNTY (PUD) FOR WIRELESS BROADBAND TELECOMMUNICATION SYSTEM.

Motion: Authorize the Executive Director to sign an Interlocal Agreement with Public Utility District No. 1 of Whatcom County (PUD) for system design, construction specifications and bid documents for a wireless broadband “middle mile” telecommunication system in East Whatcom County.

Discussion: Economic Development Specialist Dodd Snodgrass explained that portions of east Whatcom County remain outside the high speed telecommunications network most of the County utilizes and the Mt. Baker Foothills Chamber has teamed with the PUD to create a public solution for a “middle mile” connection. Mr. Snodgrass further explained that the Port provided \$20,000 to the Chamber to complete a feasibility study and the PUD sponsored and received a \$217,000 County EDI grant to construct a wireless broadband network for the areas in the foothills. Mr. Snodgrass added that the proposed Interlocal Agreement will provide funding support for the PUD to develop system design, construction specifications and bid documents for the project construction.

Motion approved with 3-0 vote.

4. MULTIPLE RENEWAL AND MODIFICATION OF LEASE AND CONCESSION AGREEMENTS FOR CAR RENTAL COMPANIES.

Motion: Approve the Renewal and Modification of Lease and Concession Agreement(s) between the Port of Bellingham and

1. Avis Rent A Car System, Inc.
2. Hertz Corporation
3. Enterprise Rent A Car/ EAN holdings LLC
4. Budget Rent A Car System, Inc.

Discussion: Aviation Director Dan Zenk reported that each of the proposed agreements are effective January 2013 and are for five year terms. Mr. Zenk added that the four agreements also reflect increases in annual concession fees, monthly utility recovery charges as well as monthly parking stall allocation and rates per car; implementing and collecting Customer Facility Charges (CFCs) from the rental car companies.

Motion approved with 3-0 vote.

5. AMENDMENT NO. 7 TO THE PROFESSIONAL SERVICES AGREEMENT (PSA) WITH LANDAU ASSOCIATES, INC. FOR THE CORNWALL AVENUE LANDFILL PROJECT.

Motion: Authorize the Executive Director to execute an amendment to the Professional Services Agreement (PSA) with Landau Associates, Inc. to increase the term, scope and

budget by \$85,500 to complete the Feasibility Study and Cleanup Action Plan at the Cornwall Avenue Landfill for a total authorized budget of \$687,610.

Discussion: Environmental Site Project Manager Brian Gouran explained that the Cornwall Avenue Landfill site requires remedial action under the Washington State department of Ecology Model Toxics Control Act (MTCA) and in June 2007, the Port entered into a PSA with Landau to finalize Remedial Investigation Feasibility Study (RI/FS) work. Mr. Gouran further explained that the proposed amendment will allow Landau to provide a scope of services that will cover the completion and submittal of a draft final Feasibility Study, provide support for public review /comment on the RI/FS and the development of a draft Cleanup Action Plan (CAP) documents.

Motion approved with 3-0 vote.

6. CHANGE ORDER NO. 1 TO THE CONTRACT WITH BELLINGHAM MARINE INDUSTRIES, INC. FOR ADDITIONAL WALER REPLACEMENT WORK AT GATE 8.

Motion: Authorize the Executive Director to execute change order no. 1 with Bellingham Marine Industries, Inc. to perform additional waler replacement work at Gate 8 of the Inner Harbor in the amount of \$47,787.97 for a total increased authorized contract amount of \$1,018,488.80.

Discussion: Project Engineer Norman Gilbert explained that the proposed change is to provide for the replacement of the existing wood waler and hardware at Gate 8. The change order for this replacement will allow the Port to lease this area to an existing tenant much earlier than previously scheduled.

Motion approved with 3-0 vote.

7. COMMERCIAL LEASE FOR CONFLUENCE FLY SHOP, SQUALICUM HARBOR.

Motion: Approve Commercial Lease between the Port of Bellingham and Confluence Fly Shop for 600 square feet at the Harbor Mall, 2620 N. Harbor Loop Drive, Suite 9, Squalicum Harbor.

Discussion: Real Estate Representative explained that the proposed 2 year lease will allow Confluence Fly Shop business owners Ed Megill with 20 years' experience, and Scott Willison with 28 years of experience in this field, to use the premises at Harbor Mall for office, workshop and retail sales of fly fishing supplies, gear and equipment as well as guided fly and outfitting services.

Motion approved with 3-0 vote.

8. CONSENT TO ASSIGNMENT OF LEASE FROM EXPORTS, INC. TO INNOVATIVE PROPERTY DESIGN, LLC. FOR PROPERTY LOCATED AT 215 MARINE DRIVE, BLAINE HARBOR.

Motion: Approve Consent to Assignment of Lease from Exports Inc., to Innovative Property Design, LLC, for property located at 215 Marine Drive in Blaine, Washington.

Discussion: Real Estate Analyst Terry Ilahi explained that the Port of Bellingham entered into

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a 20 year Harbor Land Lease with Exports Inc. in 1995 and that Exports, Inc. has accepted an offer from Innovative Property Design LLC, and is requesting the Port's approval to assign the Lease.

Motion approved with 3-0 vote.

9. RENEWAL AND MODIFICATION OF LEASE FOR INNOVATIVE PROPERTY DESIGN, LLC FOR PROPERTY LOCATED AT 215 MARINE DRIVE, BLAINE HARBOR.

Motion: Approve Renewal and Modification of Lease between the Port of Bellingham and Innovative Property Design, LLC, for property located at 215 Marine Drive in Blaine, Washington

Discussion: Real Estate Analyst Terry Ilahi explained that the proposed lease agreement includes a provision that the Innovative Property Design LLC is to perform deferred maintenance and paint the exterior of the building as well as upgrade and maintain the landscaping and flowerbeds within the exclusive premises in exchange for rents not increasing in the first 5 year term.

Motion approved with 3-0 vote.

NEW BUSINESS

At approximately 4:45 p.m., Commissioner McAuley announced that the deadline for submitting scoping comments to Ecology and the County regarding the EIS process for the Proposed Gateway Pacific Terminal was due this day at 5:00 p.m. A brief discussion took place about whether there was sufficient time for all Commissioners to read and understand the letter produced by Commissioner McAuley. It was determined that there was not enough time for the Commission as a whole to discuss and draft comments and Commissioner McAuley announced he would then submit his comments on his own.

ADJOURN

As there was no further business, the meeting was adjourned at 5:12 p.m.

Jim Jorgensen, President

Scott L. Walker, Secretary