

**MINUTES OF THE PORT OF BELLINGHAM COMMISSION MEETING  
HELD TUESDAY, FEBRUARY 5, 2013  
HARBOR CENTER BUILDING CONFERENCE ROOM  
1801 ROEDER AVENUE, BELLINGHAM, WASHINGTON**

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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
	Norman Gilbert	Project Engineer
	John Michener	Economic Development Specialist
	Bob Jenkins	Risk Administrator
	Adam Fulton	Senior Project Engineer
	Pam Taft	Special Projects Administrator
	Steve Shipman	Real Estate Representative
	Frank Chmelik	Port Counsel
	Diane McClain	Executive Secretary

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

Commissioner Walker called the meeting to order at 2:00 p. m. and reported that the purpose of the closed session would be to discuss real estate transactions pursuant to RCW 42.30.110(1) (c), and collective bargaining issues pursuant to RCW 140.

**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.

1. Terry Montoyne, 408 Fieldston Road, Bellingham, WA. - Cornwall Beach and/or Fairhaven Boatels - Favors getting hulls out of the water, development of a "Boatel", drystack storage (See attached photo) on the Southside.  
Click here for photo: <http://www.portofbellingham.com/DocumentCenter/View/2277>

2. Darren Williams, 4089 Y Road, Bellingham, WA. - BST- Mr. Williams asked to provide his comments later in the meeting regarding a matter on the agenda item under New Business - Marketing the Bellingham Shipping Terminal.

### **CONSENT AGENDA**

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

- A. Approve the minutes of the January 8, 2013, and January 22, 2013, regular Commission Meeting.
- B. Voucher Certification and Approval for period January 2, 2013 - January 30, 2013 totaling \$5,981,334.39.
- C. Authorize the Executive Director to approve an increase of \$7,847.81 to the contract contingency amount with Vic Unick Construction for the Blaine Bulkhead Replacement Project, amending the total authorized contract amount to \$137,937.81.
- D. Authorize the sale of vessel, pursuant to Resolution No. 947.
- E. Authorize the Executive Director to accept grant funding from Washington State Department of Natural Resources (DNR) in the amount of \$13,644.14 for reimbursement to the Port for the removal, demolition & disposal of the Quickie Lifts that were located at Gate 8, Squalicum Harbor.
- F. Approve Modification of Lease between the Port of Bellingham and Bellingham Metal Arts Guild.
- G. Approve Renewal and Modification of Lease Agreement between the Port of Bellingham and West Isle Air d/b/a San Juan Airlines (San Juan).

Discussion: None.

Motion approved with a 3-0 vote.

### **PRESENTATIONS:**

#### **Employee Recognition**

1. Norm Gilbert - Commission President Jorgensen presented Norman Gilbert a letter signed by all three Commissioners congratulating him on successfully completing the Civil Engineer exam through the National Council of Examiners for Engineering and Surveying and earning the State of Washington Professional Civil Engineer license.
2. John Michener - Commission President Jorgensen presented John Michener a letter signed by all three Commissioners congratulating him on successfully completing the Art of the Deal Structuring exam and earning the Economic Development Finance Professional certification.

### **ACTION ITEMS:**

1. **FINAL PROPERTY INSURANCE SETTLEMENT PAYMENT FOR THE NOVEMBER 2010 WINDSTORM CLAIM.**

Motion: Authorize the Executive Director to execute a Proof of Loss Statement between the Port of Bellingham and Lexington Insurance Company for costs incurred by the Port of Bellingham to repair property damage caused by the November 21, 2010, windstorm. The total amount of the Proof of Loss is \$173,773.58.

Discussion: Risk Administrator Bob Jenkins explained that the November 2010 windstorm resulted in a property insurance claim submitted to Lexington Insurance Co. for \$198,773.58 for repairs made to Port property and specifically, damage to the Bellingham Cruise Terminal, Bellingham Shipping Terminal and buildings at Fairhaven Marine Industrial Park (FMIP). Mr. Jenkins added that the \$173,773.58 proof of loss is net of the Port's \$25,000 deductible.

Motion approved with 3-0 vote.

## **2. WATERFRONT DISTRICT - REAL ESTATE PUBLIC - PRIVATE PARTNERSHIP CONSULTANT.**

Motion: Authorize the Executive Director to execute Amendment No. 1 to the Personal Services Agreement dated June 7, 2012 with Heartland LLC, a real estate consulting firm, to increase the scope and budget from \$75,000 to \$285,000 (increased by \$210,000) and extend the term to December 31, 2013, to provide ongoing support in the solicitation of developer interest in the Waterfront District.

Discussion: Business Development Director Lydia Bennett explained that the Port hired Heartland LLC in 2012 for a multiphase contract to provide real estate market and strategic assistance for the development of the Waterfront District. Ms. Bennett also explained that the first phase of work (Task 1) included defining the Port's goals and objectives, due diligence and analysis of existing conditions, market and financial analysis, stakeholder work sessions, pre-marketing, Request for Interest solicitation, and review and evaluation of responses. Ms. Bennett further explained that the proposed amendment scope of work in 2013 will provide for the second phase of the contract (Tasks 2 and 3) to include developing and issuing a Request for Proposal for the initial 10.8 acre development offering, market outreach, response analysis relative to economics, use, timing, compatibility with vision, and developer track record; deal negotiation; and finalization of the deal agreements.

Motion approved with 3-0 vote.

## **3. BROWNFIELDS PARTNERSHIP GRANT CONTRACT & INTERLOCAL AGREEMENT.**

Motion: Authorize the Executive Director to execute a grant contract with the Washington State Department of Commerce and an associated Interlocal Agreement with the City of Bellingham for sharing a 1.5 Million dollar grant to support the redevelopment of the Waterfront District.

Discussion: Environmental Programs Director Mike Stoner explained that the Port and City secured legislative support for the proposed 1.5 million dollar grant in 2012. The grant, which will be administered by the Department of Commerce, and the associated Interlocal Agreement with the City, are intended to support redevelopment of the Waterfront District. The Port intends to use its \$750,000 share to develop cost estimates and permit- required documentation for future decisions on the retention or removal of inactive industrial structures, while the City intends to use its \$750,000 to design and build the first phase of Whatcom Waterway Park, consistent with the 2012 draft SubArea Plan.

Motion approved with 3-0 vote.

**4. CHANGE ORDER NO. 7 FOR AIRPORT COMMERCIAL TERMINAL EXPANSION - PHASE TWO CONTRACT INCREASE.**

Motion: Authorize an increase to the total authorized contract amount with Dawson Construction on the Airport Commercial Terminal Expansion (ACTE) - Phase Two project for Transportation Security Administration (TSA) reimbursable work in the amount of change Order No. 7 which is valued at \$38,368.79 for a new total authorized contract amount of \$17,200,232.47.

Discussion: Senior Project Engineer Adam Fulton explained that the proposed change order is the first of several being driven by the TSA for ACTE changes and will be eligible for 95% TSA reimbursement. Mr. Fulton added that the changes/requirements in Change Order No. 7 with Dawson include revisions to the floor coverings, overhead door and reconfigured tenant spaces.

Motion approved with 3-0 vote.

**5. PROGRAM EXTENSION - FISHING INDUSTRY & MARINE TRADES PROGRAM 2013.**

Motion: Authorize the Executive Director to extend the two-part Marine Trades Program ending March 31, 2013 to December 31, 2013.

Discussion: Special Projects Administrator Pam Taft explained that the Port developed and implemented a two part, two year program to promote the local fishing industry and marine trades' community in 2011, by offering reduced moorage rates for active commercial fishers and marketing and promoting opportunities in marine industry sponsored events. Ms. Taft further explained that the benefits of this program have produced a slight increase in revenues to the Port and the local economy / businesses providing marine trades services. Ms. Taft added that Port staff is recommending extending this program until December 31, 2013. While Commissioner Jorgensen spoke in favor of extending the program, Commissioner Walker explained that he would not vote in favor of subsidizing one industry over the many others currently working on Port property, without the benefit of special incentive programs.

Motion approved with 2-1 vote; Commissioners Jorgensen and McAuley voted in favor, Commissioner Walker opposed.

Click here for presentation: <http://www.portofbellingham.com/DocumentCenter/View/2276>

**6. LEASE BETWEEN PORT OF BELLINGHAM AND LFS, INC. FOR BUILDING NO. 7 FAIRHAVEN MARINE INDUSTRIAL PARK - TENANT EXPANSION .**

Motion: Commission approval of a Lease agreement between the Port of Bellingham (Port) and LFS, Inc. (LFS) for Building 7 and adjacent fenced storage yard located Fairhaven Marine Industrial Park (FMIP).

Discussion: Real Estate Representative Steve Shipman explained that the Port entered into a lease with LFS in 2002 for Building 2 at FMIP and that the lease was modified over the years

for additional space in Buildings 1 and 2 at FMIP. The proposed lease is for a term of five years with one 5 year renewal option on the additional 30,800 square feet warehouse space in Building 7, bringing the total leased space of three buildings to 78,000 square feet. Mr. Shipman also explained that the City of Bellingham has audited the businesses in the FMIP for fire code compliance. Mr. Shipman added that the Port will be bringing in a new fire line into Building 7 and by consolidating flammable products from Building 1 and 2; LFS intends to meet fire code requirements.

Motion approved with 3-0 vote.

## **NEW BUSINESS**

### **1. Marketing for the Bellingham Shipping Terminal (BST).**

In his brief overview of the recent marketing efforts concerning the Bellingham Shipping Terminal, Maritime Director Dan Stahl reported that the activity over the past year at the Shipping Terminal could be divided in three different segments. From January to August, staff focus was nearly 100% on the Greenberry/Superior Energy's growing operations resulting in 7 action items brought before the Commission. As the project subsided in the summer, staff pursued break-bulk cargo (propants). Mr. Stahl explained that this cargo is in demand in the upper mid-west, and would require a rail move for the Port to be competitive. Mr. Stahl further added that staff has recently learned from the BNSF that they are not willing to entertain this type of movement from Bellingham and after this decision by the railroad, staff has been pursuing uses and cargoes that are not dependent on a rail movement.

Public Comment: Darren Williams, ILWU Longshoreman, added that while there has been increased activity at the Bellingham Shipping Terminal this year, and \$35,000 budgeted to market the facility, he would like to see Port make further investments in the Port's asset/facility. Mr. Williams offered his assistance and encouraged the Port to seriously engage in conversations with the BNSF and pursue the BNSF connection as being essential to the future of the Shipping Terminal.

## **ADJOURN**

As there was no further business, the meeting was adjourned at 5:20 p.m.

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Jim Jorgensen, President

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Scott L. Walker, Secretary