

**MINUTES OF THE PORT OF BELLINGHAM COMMISSION MEETING
HELD TUESDAY, APRIL 16, 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
	Lydia Bennett	Business Development Director
	Carolyn Casey	External Affairs Director
	Fred Seeger	Facilities Director
	Dan Stahl	Maritime Director
	Tamara Sobjack	Finance Director
	Elizabeth Monahan	Human Resources Director
	Sylvia Goodwin	Planning and Development Director
	Shirley McFearin	Real Estate Director
	Daniel Zenk	Aviation Director
	Emily Tuma	General Aviation Administrator
	Terry Ilahi	Real Estate Analyst
	Mike Hogan	Environmental Analyst
	Alan Birdsall	Strategic Project Manager
	Pam Taft	Special Projects Administrator
	Norman Gilbert	Project Engineer
	Adam Fulton	Senior Project Engineer
	Steve Shipman	Real Estate Representative
	Brian Gouran	Environmental Site Project Manager
	Frank Chmelik	Port Counsel
	Diane McClain	Executive Secretary

CALL PUBLIC MEETING TO ORDER AND RECESS TO CLOSED EXECUTIVE SESSION

Commissioner Jorgensen called the meeting to order at 1:00 p. m. to report 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).

RECONVENE PUBLIC MEETING AND ROLL CALL

Commissioner Jorgensen called the meeting to order at 3:05 p. m.

PUBLIC COMMENT PERIOD

No one signed up for public comment.

COMMISSIONER COMMENT: Commissioner Walker announced that after serving 22 years as a Port Commissioner, he has decided not to run for another 4 year term in the fall. Commissioner Walker added that although he wanted to see the airport hotel completed and

the waterfront plan finalized, he was looking forward to relaxing and doing other things. Commissioner Walker further added that he wanted to notify the staff first of his decision and allow interested candidates time to consider what they would like to do in preparation of the 2013 election. Commission President Jorgensen thanked him for his many years of service.

CONSENT AGENDA

Motion: Approve Consent Agenda items A – C as follows:

- A. Authorize the Executive Director to execute Amendment No. 2 to extend the Security Contract with Pacific Security for the period of June 1, 2013, to May 31, 2014, and decrease the number of weekly contract hours.
- B. Approval of the Lease between the Port of Bellingham and the State of Washington, Office of the State Auditor, for Suite 211 at #11 Bellwether Building.
- C. Authorize the Executive Director to execute Amendment No. 2 to the Professional Services Agreement (PSA) with Materials Testing & Consulting, Inc. on the Multiple Marine Repairs and Bellingham Shipping Terminal Bulkhead and Main Pier Repair Projects to provide special inspection services in the amount of \$9,482.71 for a total authorized contract amount of \$59,482.71.

Discussion: None.

Motion approved with 3-0 vote.

WORK STUDY ITEMS:

1. Update – Legislative

External Affairs Director Carolyn Casey provided an overview of the current State legislative session issues and discussed strategy with regard to shared Port, City and County lobbying objectives and budgetary concerns including the Model Toxics Control Act (MTCA) and Environmental Legacy Stewardship Account (ELSA) funding. Ms. Casey also spoke of potential budgetary funding impacts to the Marine Tourism, Associate Development Organization (ADO), Derelict Vessels, Public Works Trust Fund, Transportation and Aquatic Invasive Species programs. Ms. Casey also mentioned the upcoming Federal legislative hearings, budgets and FAA budget and Tiger Grants.

2. Update – 2012 Bellingham International Airport (BLI) Annual Noise Report

General Aviation Administrator Emily Tuma reported that the objective in preparing the Port's Annual Noise Report is to evaluate the complaints that are received by the airport and compare the results with the data contained in the prior year's report. Ms. Tuma explained that the phone call or voicemail, email, verbal or written complaints vary and express concerns regarding noise levels, aircraft activity, routes, safety and or other operations pertaining to commercial, general aviation (privately owned), helicopters and military aircraft. Ms. Tuma spoke of the airport's voluntary Noise Abatement Procedures along with the Feder

al Aviation Administration's (FAA) commercial aircraft procedures and reported that 354 complaints (involving 67 households) were received in 2012, compared to 236 (28 households) complaints in 2011 with the majority of the increased complaints involving commercial aircraft operations and households located north of the airport. Ms. Tuma reviewed the data depicting complaints by geographic location, aircraft and operation type, time of day, month of the year. See attached power point presentation.

Click here: <http://www.portofbellingham.com/DocumentCenter/View/2531>

ACTION ITEMS:

Commissioner Jorgensen asked that the order of the first two agenda Action Items be reversed.

2. LEASE MODIFICATION WITH THE LANDINGS AT COLONY WHARF LLC.

Motion: Approve a Modification of Lease with The Landings at Colony Wharf, LLC for property located at 1020 C. Street, Bellingham, Washington.

Discussion: Real Estate Analyst Terry Ilahi reported that the Port and The Landings at Colony Wharf entered into a Harbor Land lease for approximately 3.52 acres in 2006, which expired in 2012, and was modified following an Interlocal Agreement transfer of ownership of land leased to Colony Wharf from the City of Bellingham to the Port in 2012. Mr. Ilahi added that Port staff has been developing a long term plan for the area that includes a public barge terminal facility and new leases with additional marine-dependent tenants. The proposed lease modification with Colony Wharf will reduce the amount of leased area and rent and remain on a month to month hold over status until staff is able to bring a long term lease for Commission consideration in the next few months.

Motion approved with 3-0 vote.

1. BMI PROPERTIES NORTHWEST LLC LAND LEASE.

Motion: Approve a lease with BMI Properties Northwest LLC for approximately 2 acres of land and waterway use adjacent to the C Street Terminal site.

Discussion: Business Development Director Lydia Bennett explained that in 2005, the City of Bellingham purchased all of the land used by the Landings at Colony Wharf in and around C Street for the purpose of environmental cleanup and redevelopment of the bulkhead. In 2004, the Port negotiated the purchase of approximately 5 acres from Chevron for the same purpose which led to the City and Port short-term leases with Colony Wharf and further modification following a land trade between the Port and City in 2012, at which time the Port acquired most of the City owned property in the C Street area. Ms. Bennett further explained that in 2012, BMI Precast approached the Port to discuss a long term lease for a heavy load precast concrete manufacturing facility, located at the waterfront to facilitate the loading of heavy materials directly onto a barge. Ms. Bennett added that BMI anticipates spending approximately \$200,000 on improvements for the site and expects to have up to 30 new employees when the site is fully operational. In February 2013, the Commission authorized

the Executive Director to execute a lease with BMI Precast for approximately 2 acres yet expressed concerns re: a lengthy term of lease, market rate adjustments, control of and access restriction to the waterway by other potential users of the C Street terminal area. This proposed lease removed the BMI option to renew, added a market rent adjustment in year six, and provides for a waterway access for all authorized users. Port counsel Frank Chmelik addressed the changes in the terms of the lease from a legal standpoint.

Motion approved with 3-0 vote.

3. ENERGY CONSERVATION MEASURES.

Motion: Authorize the Executive Director to execute contract documents for a total amount not to exceed \$985,863 to complete energy conservation measures at Port facilities. The energy conservation measure include renovations to the existing Bellwether Office Building envelope and garage lighting, upgrades to the roofing and insulation at Fairhaven Marine Industrial Park (FMIP) Buildings #3 and #7, and exterior lighting upgrades at Fairhaven Station.

Discussion: Environmental Analyst Mike Hogan reported that in 2010, the Port signed an Interagency Agreement with the Department of Energy Services (DES) to provide Energy/Utility Conservation Project Management and Monitoring Services. McKinstry Essention LLC (McKinstry) was selected to identify and complete an audit on the potential energy/utility conservation measures in all Port Operating Divisions. In 2012, the Port obtained a \$328,405 Energy Efficiency grant from the Department of Commerce (DOC) to offset the cost of energy conservation measures at Port facilities.

Mr. Hogan further reported that the proposed energy contracts not to exceed \$958,863 include an Interagency Agreement Amendment No. 2 with the DES for conservation project management services, funding approval with DES for energy conservation measures and construction services related to energy conservation measures and an Interagency Agreement with DOC for grant funding to offset the Port's cost for implementing energy conservation measures

Motion approved with 3-0 vote.

4. BROWNFIELDS PARTNERSHIP INTERLOCAL AGREEMENT.

Motion: Authorize the Executive Director to execute an Interlocal Agreement with the city of Bellingham for sharing a \$1.5 Million grant from the Washington State Department of Commerce (DOC) to support the redevelopment of the Waterfront District.

Discussion: Environmental Services Director Mike Stoner reported that the Commission approved a motion in February 2013 to execute the grant contract with the DOC to support redevelopment of the Waterfront District and an associated Interlocal Agreement with the City of Bellingham to evenly share the grant. The City has requested the language regarding the Port's intended use of its share of the grant be removed as reflected in the revised proposed Interlocal Agreement.

Motion approved with 3-0 vote.

5. MTCA GRANTS FOR CENTRAL WATERFRONT AND WHATCOM WATERWAY SITES

Motion: Authorize the Executive Director to execute amendments to two grant agreements with the Department of Ecology, which will 1) increase the state grant share for the Central Waterfront remedial action grant G0900177 by \$3,800,000 to \$6,404,057 for the shoreline remedial action that is part of Whatcom Waterway Phase 1; 2) reduce the stated grant share for the Whatcom Waterway remedial action grant G0700287 by \$3,800,000 to \$22,247,141 to provide additional funding for the Central Waterfront remedial action grant; and 3) realign the Whatcom Waterway remedial grant task structure to be consistent with the amended Whatcom Waterway Consent Decree.

Discussion: Strategic Project Manager Alan Birdsall explained that in 2008, the Commission authorized the Port to enter into an Oversight Remedial Action grant with Ecology for the Central Waterfront site and under an existing Agreed Order, the scope of work related to the Consent Decree includes design, permit the remedial cleanup, and perform the remedial cleanup at the site and eligible for 50% reimbursement to the Port for its costs. In 2007, the Commission authorized Port staff to enter into an Oversight Remedial Action grant for the Whatcom Waterway site under an existing Consent Decree. The action requested will align the Whatcom Waterway grant task structure with that of the Whatcom Waterway Amended Consent Decree as approved by the Port and Ecology. The action will also shift Ecology funding from the Whatcom Waterway Oversight Remedial Action grant to the Central Waterfront grant to provide additional Ecology funding for the Central Waterfront south shoreline portion of the Whatcom Waterway Phase 1 remedial action project.

Motion approved with 3-0 vote.

6. RESOLUTION NO. 1226- I, INCORPORATING NEW BOATHOUSE POLICY REQUIREMENTS INTO THE HARBORS RULES, REGULATIONS, AND PROCEDURES.

Motion: Motion to adopt Resolution No. 1226-I incorporating new Boathouse Policy requirements into the Harbors' Rules, Regulations, and Procedures; Section 1.3 Definitions, Section 2.3 Moorage & Facilities, and Section (J) Boathouse Moorage.

Discussion: Maritime Director Dan Stahl explained that the proposed resolution incorporates the requirements of the new City of Bellingham Fire Ordinance #2012.09.044. This Ordinance requires all Squalicum Harbor boathouse owners to make fire-safety modifications to their boathouses. The Resolution also incorporates additional policy requirements for boathouses (for both Blaine and Squalicum Harbors) that were developed by the Port's Marina Advisory Committee (MAC). The MAC's policy recommendation was the result of a six month long public process, which incorporated significant public comment by boathouse owners. Special Projects Administrator Pam Taft presented the main points and steps taken by the group working together to formulate the new policy and proposed resolution.

Motion approved with 3-0 vote.

Click here for presentation: <http://www.portofbellingham.com/DocumentCenter/View/2532>

7. PROFESSIONAL SERVICES AGREEMENT (PSA) WITH ASSOCIATED PROJECT CONSULTANTS, INC. P.S. FOR ENGINEERING AND CONSTRUCTION SUPPORT FOR INSTALLATION OF FIRE SPRINKLER SYSTEM GATE 3 SQUALICUM HARBOR.

Motion: Authorize the executive Director to execute a Professional Services Agreement (PSA) with Associated Project Consultants, Inc., P.S. to perform engineering and construction support for the installation of a fire sprinkler system trunk main at Gate 3 of Squalicum Harbor in the amount of \$32,886 plus a 10% contingency of \$3,289 for a total authorized contract amount of \$36,175.

Discussion: Project Engineer Norman Gilbert explained that following the March 30, 2012, boathouse fire and the passing of a new City of Bellingham Fire ordinance, with the support of the Marine Advisory Committee (MAC) and boathouse owners, the Port advertised a Request for Professional Services (RFPS) for engineering and consulting support services to develop a conceptual level design study for the Gate 3 Fire System Trunk Main. Mr. Gilbert further explained that Associated Project Consultants, Inc. was selected by a staff review committee as qualified to perform the scope of work to include development of three design alternatives and cost estimates.

Motion approved with 3-0 vote.

8. AMENDMENT NO. 17 TO THE PROFESSIONAL SERVICES AGREEMENT (PSA) WITH REID-MIDDLETON FOR THE REBUILD GATE 3 LATERALS F&G PROJECT.

Motion: Authorize the executive Director to execute Amendment No. 17 to the Professional Services Agreement (PSA) with Reid-Middleton, Inc. on the Rebuild Gate 3 Laterals F&G project for preliminary design and permitting for open slips at Gate 3 G- East in the amount of \$17,000 increasing the total authorized amount to \$1,212,031; and approve the renaming of 2013 Capital Improvement Project budget line item 133 "Gate 3 – GE Piling Replacement" to "Gate 3- GE Open Slip Conversion".

Discussion: Project Engineer Norman Gilbert explained that Port staff met several times with the previous G East Boathouse owners following the March 30, 2012, fire that completely destroyed the boathouse located at G East of Gate 3 in Squalicum harbor. Mr. Gilbert added that the boathouse owners decided not to rebuild the multiparty boathouse and therefore, Port staff is recommending approval of the amendment to the Professional Services Agreement (PSA) with the Port's consultant Reid-Middleton, Inc. to perform the preliminary design and permitting assistance to convert the area into open slips in a similar configuration to the open slips at F East and return the area to a moorage generating area.

Motion approved with 2-1 vote. Commissioners Jorgensen and Walker voted in favor, Commissioner McAuley voted against. Commissioner McAuley took exception to the cost proposed.

9. INCREASE TOTAL AUTHORIZED CONTRACT AMOUNT FOR THE MULTIPLE MARINE REPAIR PROJECT.

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Motion: Authorize an increase to the total authorized contract amount with Bellingham Marine Industries, Inc. for the Multiple Marine Repair Project in the amount of \$45,000 for a new total authorized contract amount of \$1,063,488.80.

Discussion: Project Engineer Norman Gilbert reported that the Commission approved the 2012 Multiple Marine Repair Project in August which included a 10% contingency. As construction progressed, unanticipated issues came up necessitating field drilling of fender timbers, disposal and demolition of thicker asphalt, excavation of unsuitable soil in the boat washdown area and a significant redesign of the washdown piping systems. Staff is recommending the contingency be increased to 15% which is still within the average of 10-15%.

Motion approved with 3-0 vote.

Agenda Revision: Senior Project Engineer Adam Fulton asked that the next two items in the order of the agenda be reversed.

11. AIRPORT COMMERCIAL TERMINAL EXPANSION (ACTE) – PHASE TWO CONTRACT INCREASE FOR CHANGE ORDER NO. 13.

Motion: Authorize the Executive Director to execute Change Order No. 13 to Dawson Construction on the Airport Commercial Terminal Expansion (ACTE) – Phase Two project for security additions in the amount of \$204,948.48 for a new total authorized contract amount of \$17,700,285.21.

Discussion: Senior Project Engineer Adam Fulton explained that in the two years since the ACTE project was designed, there have been advancements in physical and technological requirements in airport security. Mr. Fulton added that the proposed unanticipated upgrades include changes to the door security and hardware systems that govern access to restricted areas, as well as enhancing law enforcement officer and Transportation Security Administration (TSA) operations.

Motion approved with 3-0 vote.

10. AIRPORT COMMERCIAL TERMINAL EXPANSION (ACTE) – PHASE TWO – FOR PURCHASE OF AXIS BRAND SURVEILLANCE CAMERAS.

Motion: Authorize the executive Director to execute a Purchase Order to Convergent Technologies to supply surveillance cameras for use at the Airport Commercial terminal in the amount of \$116,914.46 plus a 10% contingency of \$11,600 for a total authorized amount of \$128,515.

Discussion: Senior Project Engineer Adam Fulton explained that when the ACTE project was designed two years ago, the bid instructions for additional camera specified the bidding contractor was to match the terminal's existing cameras. Mr. Fulton further explained that two years later, airport security requirements are such that the Sony brand analog cameras are no longer technologically current. Mr. Fulton added that the Port opted to alter the contract removing the stipulation for Sony cameras and contacted the Washington state Department of Enterprise Services' Electronic Business Solutions (WEBS) to retrieve bids. Mr. Fulton

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further added that of the sixteen bids received, the Axis brand presented superior clarity and field of view, and its interface was deemed more intuitive and easy to use.

Motion approved with 3-0 vote.

12. LEASE MODIFICATION FOR HALIBUT HENRY'S LLC BELLINGHAM CRUISE TERMINAL (BCT).

Motion: Approval of a Modification of Lease Agreement between the Port of Bellingham and Halibut Henry's LLC.

Discussion: Real Estate Representative Steve Shipman reported that the proposed lease agreement for approximately 400 square feet of exclusive food service space on the main level of the Bellingham Cruise Terminal (BCT) has been modified to allow for the closing of the business and provide for a shift to a seasonal model of operation beginning April 2013 and ending September 2013. Seasonal operation beyond September 2013 shall be subject to Commission approval.

Motion approved with 3-0 vote.

NEW BUSINESS

1. CAUSTIC PLUME/ CELL BUILDING INTERIM REMEDIAL ACTION – INCREASE IN AUTHORIZED AMOUNT OF STRIDER CONSTRUCTION CO. INC. CONTRACT.

Motion: Authorize an increase to the total authorized contract amount with Strider Construction Co., Inc. for the GP West Caustic Plume/Cell Building Interim Remedial Action Project in the amount of \$1,420,000 for a new total authorized contract amount of \$3,383,754.

Discussion: Environmental Site Project Manager Brian Gouran explained that the proposed increase is the result of the discovery of and need to address a greater concentration of mercury and higher contaminated soils on the site than initially anticipated. Mr. Gouran further explained that the proposed increase in the contract will enable the continuation of the ongoing excavation, stabilization and disposal work without incurring extended water system operation, standby or delay costs to the contractor.

Motion approved with 3-0 vote.

ADJOURN

As there was no further business, the meeting was adjourned at 6:35 p.m.

Jim Jorgensen, President

Scott L. Walker, Secretary