

**MINUTES OF THE PORT OF BELLINGHAM COMMISSION MEETING
HELD TUESDAY, MAY 7, 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
	Mike Stoner	Environmental 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
	Dodd Snodgrass	Economic Development Specialist
	John Michener	Economic Development Specialist
	Steve Shipman	Real Estate Representative
	Adam Fulton	Senior Project Engineer
	John Hergesheimer	Senior Project Engineer
	Norman Gilbert	Project Engineer
	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 2:30 p. m. to report that the purpose of the closed session would be to discuss real estate transactions pursuant to RCW 42.30.110(1) (c).

RECONVENE PUBLIC MEETING AND ROLL CALL

Commissioner Jorgensen called the meeting to order at 3:25 p. m.

PUBLIC COMMENT PERIOD

No one signed up for public comment.

CONSENT AGENDA

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

- A. Approve the minutes of the April 2, 2013, regular Commission meeting.

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- B. Voucher Certification and Approval April 3, 2013 – April 24, 2013, totaling \$4,542,603.96.

Discussion: None.

Motion approved with 3-0 vote.

AGENDA ORDER REVISION:

Executive Director Rob Fix asked that the agenda order be revised and that the Action items be moved the ahead of the Work study items to accommodate guests in the audience.

ACTION ITEMS:

1. MODIFICATION OF RENTAL AGREEMENT FOR BELLINGHAM INTERNATIONAL MARITIME MUSEUM.

Motion: Approve A Modification of Rental Agreement between the Port of Bellingham and Bellingham International Maritime Museum (BIMM).

Discussion: Real Estate Director Shirley McFearin introduced BIMM representatives Mike Granat, Belinda Granat, and Tim Douglas. Ms. McFearin explained that the Port entered into a month to month rental agreement with BIMM in November 2005 for approximately 3,000 square feet of space at 800 Cornwall Avenue and in 2012, BIMM asked to double its warehouse space for a one year term, with a one year renewal option, and the option to expand by 3,000 increments with proper written notice to Landlord (Port) as space allows. Ms. McFearin added that the monthly rents will increase to \$1,500 which is at the lower end of fair market value, yet reasonable for warehouse space without water, sewer or heat.

Motion approved with 3-0 vote.

2. NEW LEASE AGREEMENT FOR HALIBUT HENRY'S, LLC AT THE BELLINGHAM INTERNATIONAL AIRPORT (BLI) MAIN TERMINAL FACILITY.

Motion: Approve a new Lease Agreement between the Port of Bellingham (Port) and Halibut Henry's LLC (Halibut Henry's).

Discussion: Real Estate Representative Steve Shipman explained that Vicki and Gary Rogers entered into a two year rental agreement with the Port to operate Halibut Henry's in a 346 square foot space in the airport's main passenger terminal and as the terminal has expanded, Halibut Henry's has as well. In 2011, the rental agreement was converted into a five year lease which provided for one- five year renewal option. Mr. Shipman further explained that the proposed lease is for a five year term with one five renewal option and includes approximately 130 square feet of retail space in the secure airside portion of the main terminal with another approximately 690 square feet of preparation and storage area on the back side of the retail space. Mr. Shipman also added that Halibut Henry's anticipates investing approximately \$100,000 on the secure retail space and specialized fixtures.

Motion approved with 3-0 vote.

3. CHANGE ORDER NO. 15 TO INCREASE CONTRACT WITH DAWSON CONSTRUCTION FOR THE AIRPORT COMMERCIAL TERMINAL EXPANSION (ACTE) PHASE 2 PROJECT.

Motion: Authorize the Executive Director to execute Change Order No. 15 with Dawson Construction on the Airport Commercial Terminal Expansion- (ACTE) Phase Two project for Halibut Henry's tenant reimbursable work in the amount of \$92,017.07 for a new total authorized contract amount of \$17,792,302.28.

Discussion: Senior Project Engineer Adam Fulton reported that as explained in the earlier agenda Action Item No. 2 for a proposed real estate lease agreement, Halibut Henry's airside concessions presence has expanded into five storage, office, retail, and preparation spaces. Mr. Fulton further reported that the proposed change order will enable the consolidation of multiple sites to a single area and that the Port's costs, with Commission approval, will be reimbursed via the lease agreement with Halibut Henry's LLC.

Motion approved with 3-0 vote.

4. CHANGE ORDER NO. 16 TO INCREASE CONTRACT WITH DAWSON CONSTRUCTION FOR THE AIRPORT COMMERCIAL TERMINAL EXPANSION (ACTE) PHASE 2 PROJECT.

Motion: Authorize the Executive Director to execute Change Order No. 16 with Dawson Construction on the Airport Commercial Terminal Expansion- (ACTE) Phase Two project for Transportation Security Administration (TSA) reimbursable work in the amount of \$103,854.72 for a new total authorized contract amount of \$17,896,157.00.

Discussion: Senior Project Engineer Adam Fulton reported that the TSA and Port have an Other Transactions Agreement (OTA) in place and that the proposed change order for revisions to the HVAC and plumbing system is the fifth and final anticipated change order for TSA identified and driven scope changes to the Checked Baggage Inspection System and outbound baggage handling system. Mr. Fulton added that the associated cost of those changes as reflected in the proposed change order is slated to be reimbursed to the Port by the TSA.

Motion approved with 3-0 vote.

5. AMENDMENT NO. 31 TO THE PROFESSIONAL SERVICES AGREEMENT (PSA) WITH ANCHOR QEA FOR THE WHACOM WATERWAY CLEANUP PROJECT AT THE 'C' STREET TERMINAL FACILITY.

Motion: Authorize the Executive Director to execute PSA Amendment No. 31 with Anchor QEA on the Whatcom Waterway Cleanup Project for additional design and permitting services for the 'C' Street Terminal Facility in the amount of \$70,134 for a total authorized amount of \$8,342,927.50.

Discussion: Senior Project Engineer John Hergesheimer explained that the proposed amendment will provide for the additional work related to the preliminary layout and design for the establishment and conversion of the Port-owned and operated 'C' Street Terminal site, formerly leased to and known as Colony Wharf Bulkhead/Maple Street Bulkhead.

Motion approved with 3-0 vote.

6. PROFESSIONAL SERVICES AGREEMENT (PSA) WITH REID MIDDLETON FOR CONDITION SURVEY OF BELLINGHAM SHIPPING TERMINAL CHEMICAL DOCK AND MOORING DOLPHINS.

Motion: Authorize the Executive Director to execute a Professional Services Agreement with Reid Middleton to perform a condition survey, analysis and professional engineering services on the Bellingham Shipping Terminal Chemical Dock and Surrounding Mooring Dolphins in the amount of \$50,000 plus a contingency of \$5,000 for a total authorized contract amount of \$55,000.

Discussion: Project Engineer Norman Gilbert explained that the condition surveys typically occur every five to ten years and that the last one on the chemical Dock was performed in 2004. Mr. Gilbert reported that Reid Middleton was selected as the most qualified firm of the 6 respondents to the Port issued Request For Professional Services (RFPS). The scope of work will be to identify the current condition and recommend repairs if needed to provide access and barge mooring as well as the structural evaluation of piling, pier support structure and mooring dolphins at and around the Bellingham Shipping Terminal Chemical Dock.

Motion approved with 3-0 vote.

WORK STUDY ITEMS:

1. Update – 1st Quarter 2013 Financial Report.

Finance Director Tamara Sobjack summarized the 1st quarter year to date 2013 financial report to be as follows: 2013 Revenues totaled \$7.4 million and Expenses totaled \$4.7 million.

Regarding the Balance Sheet, Ms. Sobjack reported:

	<u>3/31/2013</u>	<u>12/31/2012</u>
Current Assets	63,148	73,610
Long-term Assets	<u>322,810</u>	<u>315,467</u>
Total Assets	385,958	389,077
Current Liabilities	6,817	9,532
Long-term Liabilities	<u>162,228</u>	<u>163,808</u>
Total Liabilities	169,045	173,340
Net Assets	\$216,913	215,737

Regarding Risk Management activities, Ms. Sobjack reported there had been no major incidents reported in the first quarter of 2013. The open incidents and claims for the Port involve damage to Port property during the February 27, 2012, Boat fire for which the Port expects to recover its costs, the March 30, 2012 G-East Boathouse fire in which the cause and origin investigation is ongoing and the Port is working to recover its salvage and cleanup costs with legal actions pending. Third, the November 2, 2012 incident involving the Alaska

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Marine Highway System female employee injured while operating the passenger ramp which was damaged when it fell, the Rough Order Magnitude repair estimate is \$273,090 and the cause investigation is still ongoing.

Regarding claims against the Port, Ms. Sobjack reported In the November 2010 windstorm incident, a vessel broke free from its mooring and the Port's insurance company declined liability in response to a request from the owner for damages and a claim regarding a July 2012 trip and fall incident is being investigated.

Regarding the Storm-water program, Ms. Sobjack reported samples were taken and results were under permit benchmarks and training will resume in May 2013.

Regarding Safety for the 1st Quarter of 2013, the Port had 1 Recordable Injury; the Recordable Incident Rate is 1.16, and 0 lost work days.

Ms. Sobjack provided photos of significant 1st Quarter 2013 Port projects including the Airport Terminal Baggage Claim, Airport Screening Area, new roofing at Fairhaven Station and Seaview Building, Boat Launch Area, Fairhaven Boat Launch Floats, Bellingham Shipping Terminal Bulkhead Replacement and Environmental Cleanup.

Click here for presentation: <http://www.portofbellingham.com/DocumentCenter/View/2535>

2. Update – Economic Development Department Report.

Economic Development Specialists John Michener and Dodd Snodgrass reported that they had visited 100 companies and manufacturing sites in Whatcom County from January 2012 to May 2013 and that the purpose of these visits was an opportunity to get familiar with the companies, understand key issues they face and further relationship building; expanding the Port's role in the county. Mr. Michener reported these 100 companies are responsible for 6891 jobs. Both he and Mr. Snodgrass discussed the various companys' origins, location by jurisdiction, and observations with regard to future expansion potential and information that was provided to these companies. There was some discussion regarding the Port's Economic Development department's sponsored events such as Finance forums, Foreign Trade Zone seminars and other Economic Development projects and resources, as well as the Associate Development Organization (ADO) activity performed during this timeframe and an update on the Small City Economic Development Fund progress report.

Click here for presentation: <http://www.portofbellingham.com/DocumentCenter/View/2536>

NEW BUSINESS

There was none.

ADJOURN

As there was no further business, the meeting was adjourned at 4:50 p.m.

Jim Jorgensen, President

Scott L. Walker, Secretary