

**MINUTES OF THE PORT OF BELLINGHAM COMMISSION MEETING
HELD TUESDAY, JULY 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
	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
	Shirley McFearin	Real Estate Director
	Daniel Zenk	Aviation Director
	Alan Birdsall	Strategic Project Manager
	Steve Shipman	Real Estate Representative
	Adam Fulton	Senior 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 1:30 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 approximately 3:05 p. m.

PUBLIC COMMENT PERIOD

1. Clayton Petree (Bellingham) asked the Commission to reconsider the Port's agreement with Western Washington University and to follow the RFP process, similar to Granary, receiving multiple proposals and public process.

CONSENT AGENDA

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

- A. Approval of the 2014 Port of Bellingham Budget Schedule.
- B. Authorize an increase to the total authorized contract amount with Bellingham Marine Industries, Inc. for the Multiple Marine Repair Project in the amount of \$15,000 for a new total authorized contact amount of \$1,078, 488.80.

Discussion: None.

Motion approved with 3-0 vote.

WORK STUDY

1. Update – Request for Qualifications/Vision (RFQ/V) – Redden/Bellwether –

Real Estate Director Shirley McFearin and Real Estate Representative Judy Harvey reported that the purpose of the Request for Qualifications and Vision (RFQ/V) for the Bellwether on the Bay corner site is to determine the developer's overall interest, financial and experiential qualifications, conceptual vision and commitment to long term success and economic development of the Bellwether on the Bay, as well as Redden Marine Supply and surrounding businesses. Todd Rawls, CFO for Redden Marine, thanked Port staff and Commission for the RFQ/V process and reported that as their operations are growing, they are looking forward to expanding into a new retail space with the corner location /opportunity, high visibility and will support the increased diverse multi-purpose business retail and e-commerce activity. Ms. Harvey provided an overview of the 1.8 acres site which includes removal of the existing building. Ms. Harvey further explained that the submittal deadline for the RFP/V is September 30, 2013, with the selection planned for October 2013 and the anticipated project commencing in September 2014. There was some discussion regarding a potential 50 year lease and residential component.

Click here for presentation: <http://www.portofbellingham.com/DocumentCenter/View/2660>

2. Update – Request for Proposals (RFP) Analysis/Evaluation Process – Waterfront

External Affairs Director Carolyn Casey provided an overview of the Phase One Development Proposals for the Waterfront District. Ms. Casey explained that the purpose of the 2013 RFP process was to seek early interest and feedback from the marketplace, while recognizing the challenges to the site prior to the cleanup and prior to the final Master Plan adoption. Ms. Casey further reported that the 2013 RFP for the 10.8 acres initial development opportunity yielded 8 development submittals with local, regional and international interests. The Port received 3 submittals for Master Developer of full 10.8 acres, 3 for Granary Building Re-use, and 2 for specific projects (Hotel and Affordable Housing). Ms. Casey added that the proposed timeline beginning July 2013, includes a Port /City staff technical evaluation of the submittals considering: 1) technical and financial feasibility, 2) alignment with the Master Plan and community vision, 3) experience and capacity of the developer and 4) the ability to advance the waterfront development plan, to be followed by interviews with finalists and a staff report to Commission in the fall of 2013. Commissioner McAuley asked that the Port not wait until 2015 to move on the Granary as the deterioration of the building is of concern with winter approaching. Commissioner McAuley asked that the Granary Building be considered as a stand-alone project. Staff will bring this item forward at the September 3, 2013, Commission meeting. The Master Developer Proposals were from Harcourt Developments Limited (Ireland) with Tim Rock Developments Inc., Williams/Dame & Associates (Northwest Region) and Viking Development, LLC – Ebenal (Bellingham). The Granary Proposals were s

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submitted by Quay Property Management, Wilson/Blethen & Associates and Toll house Energy Co./Zervas. Ms. Casey added that the proposals may be viewed on line at the Port's website: www.portofbellingham.com/WaterfrontRFP.

Click here for presentation: <http://www.portofbellingham.com/DocumentCenter/View/2662>

3. Update – Bellingham Shipping Terminal (BST) Marketing – This item was moved to the August agenda due to Maritime Director Dan Stahl's absence.

4. Update Sustainability Initiative – This item was moved to the end of the agenda.

ACTION ITEMS:

1. PERSONAL SERVICES AGREEMENT WITH CRE WEST TO ASSIST WITH DEVELOPER SELECTION PORTION OF THE WATERFRONT DISTRICT RFPS.

Motion: Authorize the Executive Director to execute a Personal Services Agreement (PSA) for CRE West Coast LLC to assist with the developer selection portion of the Waterfront District Request for Proposals.

Discussion: Executive Director Rob Fix explained that while employed at the Port, Lydia Bennett was directly involved in the Request For Proposals (RFP) process. Mr. Fix further explained that the proposed Personal Services Agreement with CRE West Coast LLC (Lydia Bennett, Principal) would involve a scope of work that would continue utilizing Ms. Bennett's assistance, extensive knowledge and history in the selection of a developer(s) for the initial development sites in the downtown area of the waterfront.

Motion approved with 3-0 vote.

2. PORT OF BELLINGHAM/ IAFF COLLECTIVE BARGAINING AGREEMENT 2013- 2015

Motion: Authorize the Executive Director to execute the 2013-2015 Collective Bargaining Agreement between the Port of Bellingham and the International Association of Firefighters, Local 106 (IAFF), including any necessary budget adjustments. The terms and conditions of the agreement shall be effective as of January 1, 2013, and shall terminate on December 31, 2015.

Discussion: Human Resources Director Elizabeth Monahan reported that the 2010-2012 Collective Bargaining Agreement between the IAFF Local 106 and the Port expired December 31, 2012, and that the meetings of respective bargaining teams and collaborative negotiations resulted in the IAFF employees ratifying the agreement on July 9, 2013. Ms. Monahan also reported that the proposed contract is for 3 years and addresses annual incremental salary cost, educational pay, annual shift differential and total annual increases.

Motion approved with 3-0 vote.

3. AMENDMENT NO. 2 TO AGREED ORDER NO. 6834 WITH THE WASHINGTON STATE DEPARTMENT OF ECOLOGY FOR THE GP WEST SITE.

Motion: Authorize the Executive Director to execute the second amendment to the Agreed Order No. 6834 with the Department of Ecology for the Georgia Pacific West site pending no substantive changes to the Draft Agreed Order Amendment.

Discussion: Environmental Programs Director Mike Stoner explained that the GP West site is part of a historical waterfront industrial property acquired by the Port in 2005 and requires remediation under the Washington State Department of Ecology (Ecology) Model Toxics Control Act (MTCA). Mr. Stoner added that in 2009, the Port entered into Agreed Order (AO) No. 6834 with Ecology to perform a Remedial Investigation and Feasibility Study (RI/FS) and in 2011, executed an amendment to the AO to allow for interim cleanup actions to remove contaminated soils and building materials at the site. Proposed Amendment No. 2 separates the site into two (Pulp/Tissue and Chlor-Alkali) for the purpose of expediting cleanup and supporting redevelopment opportunities.

Motion approved with 3-0 vote.

4. AMENDMENT TO THE PROFESSIONAL SERVICES AGREEMENT WITH ANCHOR QEA FOR THE REMEDIAL INVESTIGATION/FEASIBILITY STUDY (RI/FS) AT THE I & J WATERWAY SITE.

Motion: Authorize the Executive Director to execute an amendment to the Professional Services Agreement with AnchorQEA, adding \$154,754 for a total authorized amount of \$502,666 to complete the Remedial Investigation/Feasibility Study (RI/FS) at the I&J Waterway site.

Discussion: Environmental Programs Director Mike Stoner explained that the Port and Ecology entered into an Agreed Order (AO) in 2005 to perform an RI/FS for the I & J Waterway site under the state Model Toxic Control Act (MTCA). Several changes to the schedule and scope have been made at the direction of Ecology and the proposed work in this second amendment includes additional sampling/data collection and testing, analysis and development of feasible cleanup alternatives, extending the schedule to late 2013, early 2014 for delivery of the draft RI/FS for public comment.

Motion approved with 3-0 vote.

5. AMENDMENT NO. 8 TO THE INTERAGENCY AGREEMENT WITH DEPARTMENT OF ECOLOGY FOR THE BELLINGHAM BAY DEMONSTRATION PILOT.

Motion: Authorize the Executive Director to execute Amendment No. 8 to the Interagency Agreement with the Department of Ecology (Ecology) for the Bellingham Bay Demonstration Pilot to adjust the scope, increase the budget by \$890,000, and extend the completion date to June 30, 2015.

Discussion: Environmental Analyst Mike Hogan reported that the proposed Amendment No. 8 to the Interagency Agreement between the Port and Ecology would provide additional

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Ecology grant funding to support two habitat restoration projects: 1). improvements to the Squalicum Creek estuary and 2). a forage fish sampling project. Amendment No. 8 also extends an Interagency Agreement with Ecology for the Bellingham Bay Demonstration Pilot to June 30, 2015. The Bellingham Bay Demonstration Pilot supports the ongoing coordination with other agencies and provides Model Toxics Control Act funding for specific habitat restoration projects.

Motion approved with 3-0 vote.

6. CONTRACT WITH WESTERN REFINERY SERVICES, INC. FOR THE 2013 ASPHALT REPAIR, CRACK SEAL AND SEAL COAT PROJECTS.

Motion: Authorize the Executive Director to execute a contract with Western Refinery Services, Inc. of Ferndale, Washington for the 2013 Asphalt Repair, Crack Seal and Seal Coat Projects in the amount of \$69,919.54 plus a 15% contingency of \$10,500 for a total authorized contract amount of \$80,419.54.

Discussion: Maintenance Manager Mike Bozzo explained that the Port combined several 2013 capital projects and maintenance repairs and of the three bids submitted for the scope of asphalt work, Western Refinery Services, Inc. was selected as the lowest responsive and responsible bidder.

Motion approved with 3-0 vote.

7. TRANSFER OF THE ECONOMIC DEVELOPMENT ADMINISTRATION (EDA) REVOLVING LOAN FUND (RLF) TO THE PORT OF BELLINGHAM.

Motion: Authorize the Executive Director to execute documents required to transfer the administration of the Economic Development Administration Revolving Loan Fund (Project #07-39-02940) to the Port of Bellingham.

Discussion: Economic Development Specialist John Michener reported that since 1988, the Northwest Economic Council has administered the Federal EDA RLF loan for companies in Whatcom County and as Mr. Michener came to the Port in 2012, NVEC no longer has staff available to administer the loan fund program.

Motion approved with 3-0 vote.

8. LEASE RENEWAL AND MODIFICATION WITH STORK CRAFT MANUFACTURING (USA) INC.

Motion: Approve a Renewal and Modification of Lease with Stork Craft Manufacturing USA, Inc. for continued use of approximately 210,000 square feet of the 1000 F Street Building formerly occupied by Georgia Pacific tissue warehouse operations.

Discussion: Real Estate Analyst Terry Ilahi explained that the proposed agreement will renew the 2008 agreement with Stork Craft through 2016 and includes a 2 year renewal option. Mr. Ilahi also added that the proposed agreement includes a modification to provide access to the Port for environmental investigation / remediation as well as access to the new City of

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Bellingham trail around the ASB and leased warehouse building.

Motion approved with 3-0 vote.

9. FIRST AMENDMENT TO THE AMENDED AND RESTATED CAPITAL GROUND LEASE WITH BELLWETHER GATE D, LLC.

Motion: Approve the First Amendment to the Amended and Restated Capital Ground Lease with Bellwether Gate D, LLC.

Discussion: Real Estate Director Shirley McFearin explained that the Port and Bellwether Gate D entered into an Amended and Restated Capital Ground Lease in October 2010. Prior to issuing a permit and occupancy, the City of Bellingham is requiring the lease be modified and that all Building D occupants execute a Release, Indemnification and Hold Harmless Agreement to acknowledge the working waterfront industrial uses for the neighboring tenants located on Port property.

Motion approved with 3-0 vote.

Update Sustainability Initiative

Environmental Analyst Mike Hogan provided an overview and status report on the Port's Sustainability Initiative including the establishment of the Green Team, development of strategies and partnerships between the Port and the local businesses and stakeholders in the community.

Click here for presentation: <http://www.portofbellingham.com/DocumentCenter/View/2661>

NEW BUSINESS

Commissioner McAuley asked staff to provide the Commission any information staff may have received pertaining to potential route changes to the annual Ski to Sea Race event.

ADJOURN

As there was no further business, the meeting was adjourned at approximately 5:10 p.m.

Jim Jorgensen, President

Scott L. Walker, Secretary