

**MINUTES OF THE PORT OF BELLINGHAM COMMISSION MEETING
HELD TUESDAY, OCTOBER 15, 2013
HARBOR CENTER BUILDING CONFERENCE ROOM
1801 ROEDER AVENUE, BELLINGHAM, WASHINGTON**

Present:	Jim Jorgensen Michael McAuley Scott L. Walker	President Vice President Secretary
Staff:	Fred Seeger Daniel Zenk Mike Stoner Carolyn Casey Tamara Sobjack Elizabeth Monahan Dan Stahl Shirley McFearin Brian Gouran Rich Davis Diane McClain	Acting Executive Director Aviation Director Environmental Director External Affairs Director Finance Director Human Resources Director Maritime Director Real Estate Director Environmental Site Project Manager Port Counsel Executive Secretary

CALL PUBLIC MEETING TO ORDER AND ROLL CALL Commissioner Jorgensen called the meeting to order at approximately 3:03 p. m.

PUBLIC COMMENT PERIOD

1. Bob Burr, 11340 40th, Bellingham, WA, - Waterfront: Spoke in favor of public representation, habitat planning, community benefits agreement and Lummi Nation treaty rights.
2. Lloyd Zimmerman - Ferndale council member acknowledged the work of the Port Commission and presented a framed black and white photo to each of the Commissioners.
3. Lane Southcott, Spoke of zoning restrictions, light industry on waterfront, 4 Pillars Development and introduced a new website: Bellinghamwaterfrontproject.com.
4. Marv Prinsen, 1424 Patriot Lane, Ferndale – Spoke in favor of living wage jobs, establishing a contract with developers and community benefits agreement for the waterfront.

CONSENT AGENDA

Motion: Approve Consent Agenda items A - D as follows:

- A. Approval of minutes of the September 3, 2013, and September 17, 2013, regular Commission meetings.

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- B. Authorization to sell vessels, pursuant to Resolution No. 947.
- C. Approval of Renewal and Modification of Lease Agreement between Port of Bellingham and Pacific Cruises Northwest, Inc. d/b/a San Juan Cruises.
- D. Approval of a Supplemental Lease Agreement (SLA) between the Port of Bellingham (Port) and the Government (USCG).

Discussion: None, other than it was suggested that a typo discovered in the September 3, 2013, minutes be corrected.

Motion approved with 3-0 vote.

WORK STUDY

1. Presentation – 2014 Port of Bellingham Strategic Budget

Finance Director Tamara Sobjack provided a detailed overview of the 2014 draft strategic budget and explained that the budget document would be made available to the public on October 24, 2013, with a public hearing scheduled for November 5, 2013. Regarding operating divisions, Ms. Sobjack reported that Aviation Revenues and Expenses were up slightly (under 10%), mostly as a result of the terminal expansion. Aviation's largest capital project planned for 2014 is the \$2 million commercial ramp Remain Overnight (RON) parking for aircraft. In the Marinas, the revenues are projected to be down 4% while the expenses increase 4.5%, the largest expenses for insurance and utilities. Marina's largest capital projects: Squalicum marina for repairs and upgrades. In the Marine Terminals, revenues up 2%, expenses up 5%, the largest increase: insurance and capital projects: repairs and stormwater improvements at the Bellingham Shipping Terminal (BST). In the Real Estate operating division: revenues up 12%, adding the recently acquired Bayview Building, expenses up 6%, again due to increase in insurance and additional utilities, maintenance, again adding in the Bayview Building. Capital projects include Shipyard pier repairs, Fairhaven Marine Industrial Properties (FMIP) fire line replacement and haul out pier repairs.

Ms. Sobjack reported a 3% increase in the operating divisions' overhead net expenses. Capital projects include purchasing a street sweeper and new accounting software.

2014 tax revenues for GO Debt payments, and supporting the Environmental, Public Properties program costs and capital budgets will remain at .2861 per \$1000 assessed value; those values to be known in December. These programs operating revenues increase 8% and expenses decrease 7% due to the C Street Terminal infrastructure capital project and environmental remediation cost and recovery through grants and insurance. The C Street Terminal infrastructure capital project is budgeted at \$250 thousand, and environmental remediation costs are projected at \$2.5 million, net of grants and insurance. In addition to the Environmental and Bellingham Waterfront Acquisition Site (BWAS) divisions, other tax supported public divisions include economic development, community connections and infrastructure.

Ms. Sobjack restated that the 2014 draft Strategic Budget document will be available to the public on October 24th, a public hearing is set for November 5th, the final to be presented for approval November 19th and filed with county treasurer on December 2nd.

2. Update – Financial Report – Third Quarter 2013

Finance Director Tamara Sobjack summarized the 3rd quarter year to date 2013 by reporting that the operating divisions (expenses and overhead) are performing better than both budget and prior year. Revenues totaled \$26.4 million; \$11.5 million lower than budget and \$2.3 million higher than prior year. Expenses totaled \$17.4 million; 13.8 million lower than budget and \$1.3 million higher than prior year. Ms. Sobjack reported as of 9/30/13, total assets were \$388.6 million compared to \$389 million at the end of 2012. Over the same period, liabilities decreased from \$173.3 million to \$168.9 million, resulting in net assets of \$215.7 million, to \$219.6 million at the end of September.

Regarding Risk Management activities, Ms. Sobjack reported there had been no major incidents reported in the first nine months of 2013. The open incidents and claims for the Port involve damage to Port property during the February 27, 2012, Boat fire, the March 30, 2012, G-East Boathouse fire in which the cause and origin is still unknown and claim process ongoing, the November 2, 2012, incident involving the Alaska Marine Highway System (AMHS) female employee injured while operating the passenger ramp which was damaged when it fell; investigation and claim process ongoing.

Ms. Sobjack reported open claims against the Port include the November 2010 windstorm incident whereby 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. The November 2, 2012, AMHS incident remains open while the claim regarding a July 2012 trip and fall incident at Tom Glenn Common has been settled.

Regarding the Port's stormwater program, Ms. Sobjack reported samples were taken and results were under permit benchmarks; all training and record keeping are in compliance.

Regarding Safety for the 3rd Quarter of 2013, the Port had 1 Recordable Injury year to date; the Recordable Incident Rate is 1.02, and 0 lost work days. Ms. Sobjack provided photos of significant 3rd Quarter 2013 Port projects including the Airport Terminal ticketing counters, checked baggage screening and pickup areas, Halibut Henry's expansion area, now open for service and the 2nd baggage carousel, scheduled to open at the end of October.

3. Update – 2013-2014 Legislative Priorities

External Affairs Director Carolyn Casey reported that the recent forecast in the second year of the legislative biennium for \$345 million additional revenue in 2013-2015 is not large but greater than originally projected by the State Economist. Ms. Casey further reported that the key statewide issues/priorities being reviewed by the Port, City and County for inclusion on the 2013- 2014 shared lobbying legislative agenda are the Transportation Revenue Package and budget, Model Toxics Control Act (MTCA) and Environmental Liability Stormwater Act (ELSA) funding programs, Marine Tourism bill, Community Economic Revitalization Board (CERB) and Tourism funding, as well as monitoring the legislative activity on Fish

consumption rates, the Public Records Act and State Environmental Policy Act (SEPA). Ms. Casey added that she is planning to attend the senate majority hearing on 12-15 major transportation ideas and will report back to the Commission in November on that item, as well as ask that the key items be identified for inclusion on the Port, City, and County shared legislative priority list.

4. Waterfront district Master Plan Discussion

As part of a regular series of updates on the revitalization of the Bellingham's Waterfront, Environmental Programs Director Mike Stoner presented an update of the City of Bellingham Council activities and the upcoming schedule of Port Commission and City Council meetings. Mr. Stoner reported that the Port and City have listened to community feedback regarding family wage jobs, industrial and recreational use, marine services, public access, and added that Bellingham City Council is considering potential changes to the draft documents (such as a trail through the log pond area, 10% affordable housing) and may introduce additional motions. Mr. Stoner further added that any changes to the documents must be adopted by both the Port and City as both entities must adopt the same package of final documents.

ACTION ITEMS:

1. AMENDMENT NO. 5 TO THE PROFESSIONAL SERVICES AGREEMENT WITH ANCHOR QEA, LLC FOR THE CENTRAL WATERFRONT SITE.

Motion: Authorize the Executive Director to execute Amendment No. 5 to the Professional Services Agreement (PSA) with Anchor QEA, LLC for supplemental Remedial Investigation (R/I) sampling at the Central Waterfront site for an estimated cost of \$73,800 and a total authorized budget of \$532,730.

Discussion: Environmental Site Project Manager Brian Gouran explained that the Central Waterfront cleanup site is comprised of approximately 55 acres of contaminated industrial property that requires remediation under the Washington State Department of Ecology Model Toxics Control Act (MTCA). Mr. Gouran added that the Port and City of Bellingham have entered into Agreed Order No. DE 3441 with Ecology to perform a Remedial Investigation and Feasibility Study (RI/FS). The scope of work proposed in Amendment No. 5 includes Ecology R/I required soil and groundwater sampling as well as ongoing RI/FS support at the site.

Motion approved with 3-0 vote.

2. AQUATIC LANDS TEMPORARY EASEMENT TO THE CITY OF BELLINGHAM FOR THE RG HALEY INTERIM ACTION.

Motion: Authorize the Port of Bellingham to grant an Aquatic Lands Temporary Easement to the city of Bellingham to complete an interim cleanup action at the RG Haley site.

Discussion: Environmental Site Project Manager Brian Gouran reported that the City of Bellingham acquired the RG Haley site in 2009. The City is performing an interim cleanup action under an Agreed Order with the Washington State Department of Ecology. The interim action includes the placement of a temporary sediment cap in the 5,137 square foot area

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managed by the Washington State Department of Natural Resources (DNR). A portion of the state owned aquatic land is within the Port managed Port Management Agreement (PMA) area. Mr. Gouran further reported that the DNR has provided the City with a temporary 5 year easement to place the capping material in the area outside the PMA and the proposed action is to grant the City access to the interim action area for a temporary 5 year period following the DNR action.

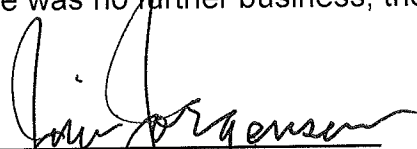
Motion approved with 3-0 vote

NEW BUSINESS


None.

ADJOURN

As there was no further business, the meeting was adjourned at approximately 4:40 p.m.



Jim Jorgensen, President



Scott L. Walker, Secretary