

**MINUTES OF THE PORT OF BELLINGHAM COMMISSION MEETING
HELD TUESDAY, DECEMBER 17, 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
	Daniel Zenk	Aviation Director
	Mike Stoner	Environmental Director
	Carolyn Casey	External Affairs Director
	Fred Seeger	Facilities Director
	Tamara Sobjack	Finance Director
	Elizabeth Monahan	Human Resources Director
	Dan Stahl	Maritime Director
	Shirley McFearin	Real Estate Director
	Mark Leutwiler	Airport Manager
	Judy Harvey	Real Estate Representative
	Mike Hogan	Environmental Analyst
	Brian Gouran	Environmental Site Project Manager
	John Hergesheimer	Senior Project Engineer
	Adam Fulton	Senior Project Engineer
	John Michener	Economic Development Specialist
	Judy Harvey	Real Estate Representative
	Steve Shipman	Real Estate Representative
	Frank Chmelik	Port Counsel
	Diane McClain	Executive Secretary

3:00 CALL PUBLIC MEETING TO ORDER AND ROLL CALL

Commissioner Jorgensen called the meeting to order at approximately 3:05 p. m. and recognized and thanked Commissioner Walker for his 22 years of service and experience on the commission board.

Mr. Jorgensen also announced that Commissioner McAuley was running late due to an emergency at work.

PUBLIC COMMENT PERIOD

1. Lane Southcott, Bellingham, WA – 4 Pillars -Mr. Southcott reported that the Sea Orbiter goes into production in March 2014 in France. Mr. Southcott added that the United Creative group has been meeting with contractors and developers and wished Commissioner Walker well on his retirement.

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2. Bert Webber- 3939 Cliffside Drive, Bellingham, WA - Mr. Webber asked the Port to negotiate with Homeland Security, address the noise and safety factors of smaller airplanes and helicopters, direct staff to work with the Tower- Noise Abatement issues, FAA regulations.
3. Keith Carpenter, Wood Stone, Bellingham, WA – Mr. Carpenter provided an update re: the recent acquisition of Wood Stone (22 years in operation) by Henny Penny, an Ohio company(in business for 57 years). Mr. Carpenter defined the acquisition as a good move and in keeping with Wood Stone’s plans for expansion and continuity at the location near the airport.

COMMISSION COMMENT PERIOD –Commissioner Walker shared his memories of some of the people, historic events and Port accomplishments during his 22 year period serving on the Port of Bellingham Commission. He acknowledged long time Bellingham news writer John Stark, wished the new Commission board well and thanked Port staff for their concerted efforts and professionalism.

Commissioner McAuley arrived at approximately 3:30 p.m.

CONSENT AGENDA

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

- A. Authorize the Executive Director to extend an Interlocal Agreement with the City of Bellingham and Whatcom County for shared consultant services-Government Affairs.
- B. Authorize the sale of vessel, pursuant to Resolution No. 947.
- C. Approval of a Lease Agreement between the Port of Bellingham and Leap Frog Water Taxi, LLC for office space inside the Bellingham Cruise Terminal

Discussion: None.

Motion approved with 3-0 vote.

ACTION ITEMS

1. BELLINGHAM INTERNATIONAL AIRPORT PAY PARKING REVENUE MANAGEMENT SYSTEM.

Motion: Authorize the Executive Director to execute a sole source Purchase Order to Entrance Controls Inc. of Tukwila, WA in the amount of \$41,856.25, plus a 10% contingency for a total authorized contract amount of \$46,041.88, to upgrade the parking revenue management system software and hardware at Bellingham International Airport.

Discussion: Airport Manager Mark Leutwiler explained that the pay parking lots at Bellingham International Airport use revenue management software (ScanNet) and supporting system (Windows XP) that is outdated and staff is proposing a contract with Entrance Controls to provide the necessary upgrades and installation of new parking software.

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Motion approved with 3-0 vote.

2. AMENDMENT NO. 3 TO THE PROFESSIONAL SERVICES AGREEMENT WITH LANDAU ASSOCIATES FOR THE REMEDIAL INVESTIGATION AND INTERIM ACTION AT THE WESTMAN MARINE SITE.

Motion: Authorize the Executive Director to execute an amendment to the Professional Services Agreement with Landau Associates, adding \$63,000 for a total authorized amount of \$631,700, including contingency, for implementing a Remedial Investigation and Interim Action at the Westman Marine site.

Discussion: Environmental Programs Director Mike Stoner reported that the Westman Marine site in Blaine was identified by Washington State Department of Ecology as a Model Toxics Control Act (MTCA) site and that Landau Associates was retained by the Port in 2011 to provide consulting and negotiating support. The proposed scope of work in Amendment No. 3 represents additional services as part of the Remedial Investigation/Feasibility Study for the site.

Motion approved with 3-0 vote.

3. PROFESSIONAL SERVICES AGREEMENT WITH FAIRBANKS ENVIRONMENTAL TO PERFORM A FORAGE FISH STUDY OF INNER BELLINGHAM BAY.

Motion: Authorize the Executive Director to execute a Professional Services Agreement with Fairbanks Environmental Services to perform a Forage Fish Study of inner Bellingham Bay in the amount of \$39,300.

Discussion: Environmental Analyst Mike Hogan explained that the Bellingham Bay Demonstration Pilot which works to improve the environmental health of Bellingham Bay through comprehensive strategic environmental planning that integrates the cleanup of polluted sediments, the restoration of historically lost habitat, pollution control and waterfront property revitalization. The proposed Forage Fish Study over a period of 20 months will provide data specific to surf smelt and sand lance spawning at beach sites in inner Bellingham Bay. The cost of the study is 100% reimbursable by the Washington State Department of Ecology (not including Port staff time).

Motion approved with 3-0 vote.

4. AMENDMENT NO. 17 TO THE PROFESSIONAL SERVICES AGREEMENT WITH ASPECT CONSULTING, LLC FOR THE CAUSTIC PLUME INTERIM ACTION CONSTRUCTION MANAGEMENT.

Motion: Authorize the Executive Director to execute Amendment No.17 to the Professional Services Agreement (PSA) with Aspect Consulting, LLC to increase the scope and budget by \$97,713 for a total authorized budget of \$2,866,133.

Discussion: Environmental Site Project Manager Brian Gouran reported that in 2008, the Port entered into a Professional Services Agreement (PSA) with Aspect Consulting LLC to perform a Remedial Investigation/Feasibility study (RI/FS) at the Georgia Pacific West Site

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under an Agreed Order (AO) with the Washington State Department of Ecology. The AO was amended in 2011 to allow the Port to complete a multi-phase interim action at the site and the second phase of work in the proposed amendment pertains to the construction management support for the removal, stabilization and disposal of soil impacted with elemental mercury.

Motion approved with 3-0 vote

5. INCREASE TO THE CONTRACT WITH STRIDER CONSTRUCTION CO. INC., FOR THE GP WEST CAUSTIC PLUME/ CELL BUILDING.

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 \$1,100,000 for a new total authorized contract amount of \$4,783,745.58.

Discussion: Senior Project Engineer John Hergesheimer explained that the Port Commission approved the request for a second increase to the contract with Strider Construction in November for completion of additional cleanup work associated with the unexpected discovery of mercury contamination underneath the cell building. Mr. Hergesheimer further explained that visible elemental mercury has been uncovered and the proposed third request for additional funds is necessary for the remaining work to address the removal, stabilization and disposal of the additional contaminated soil.

Motion approved with 3-0 vote

6. AMENDMENT NO. 1 TO THE PROFESSIONAL SERVICES AGREEMENT WITH ASSOCIATED PROJECT CONSULTANTS, INC. P.S. FOR THE GATE 3 FIRE SPRINKLER PRESSURE LINE PROJECT.

Motion: Authorize the Executive Director to execute Amendment No. 1 to the Professional Services agreement with Associated Project Consultants, Inc., P.S. on the Squalicum Harbor Gate 3 Fire Sprinkler Pressure Line Project to provide engineering and bidding support in the amount of \$62,441 for a total authorized contract amount of \$98,616.

Discussion: Facilities Director Fred Seeger explained that the proposed action pertains to the City of Bellingham's fire ordinance for additional fire protection to the boathouses at Squalicum Harbor. Port staff, the City of Bellingham Fire Department, the Marina Advisory Committee (including the a subcommittee of Boathouse Owners) have worked together with Associated Project Consultants (APC) to develop design options and cost estimates for the fire protection of open slips and boathouses at Gate 3, Squalicum Harbor. Of the three options considered, the group selected the 'modified combined system' as the best and most economical option as defined in the memo and proposed Amendment No. 1 to the PSA with APC to provide engineering and consulting services for the design/bid documents for the Gate 3 Fire Sprinkler Pressure Line Project.

Motion approved with 3-0 vote

7. AMENDMENT NO. 9 TO THE PROFESSIONAL SERVICES AGREEMENT WITH URS CORPORATION FOR THE COMMERCIAL TERMINAL EXPANSION PROJECT.

Motion: Authorize the Executive Director to execute Amendment No. 9 to the Professional Services Agreement (PSA) with URS Corporation to perform conceptual programming for the inclusion of the United States Customs and Border Protection agency (Customs) within the Airport Commercial Terminal in the amount of \$20,025 for a total authorized PSA of \$5,877,522.

Discussion: Senior Project Engineer Adam Fulton explained that the proposed amendment is the next addition to the original scope of work for an overall main airport terminal conceptual design established in the PSA with URS Corporation in 2009. Mr. Fulton added that the PSA has been amended several times for design, drawings, signage, and construction support services, over multiple years and phases.

Motion approved with 3-0 vote

8. SERVICES AGREEMENT WITH WESTERN WASHINGTON UNIVERSITY FOR ECONOMIC DEVELOPMENT SERVICES.

Motion: Amend the 2014 Strategic Budget to increase the Economic Development Outside Services budget by 53,750, and authorize the Executive Director to sign a Services Agreement between the Port of Bellingham and Western Washington University in the amount of \$215,000 to fund Small Business Development Center services; and appoint John Michener, Economic Development Specialist at the Port of Bellingham, as Port liaison for this Agreement.

Discussion: Economic Development Specialist John Michener explained that in 2012 and 2013, the three entities funded the WWU Small Business Development Center (SBDC). Mr. Michener further explained that the Tri-Funders Allocations Committee representing the Port, City of Bellingham and Whatcom County are recommending 2014 joint funding for the WWU for SBDC. The Port and City would each pay 25%, the County the other 50%. Mr. Michener added that the proposed Agreement for Economic Development Services would include but not be limited to business retention, business expansion, assistance to start-ups and research and data support.

Motion approved with 3-0 vote

9. TWO MONTH EXCLUSIVE RIGHT TO NEGOTIATE LETTER BETWEEN THE PORT AND JEFF KOCHMAN TEAM FOR THE REDDEN MARINE REDEVELOPMENT MIXED USE PROJECT.

Motion: Authorize the Executive Director to execute a Two Month Exclusive Right to Negotiate Letter between the Port of Bellingham and the Jeff Kochman Team.

Discussion: Real Estate Director Shirley McFearin explained that in August, the Port advertised for the Request for Qualifications and Vision (RFQV) for the Redden Marine Mixed Used Development property located at the corner of Roeder Avenue and Bellwether Way. The Kochman Team (Pete Dawson, Terry Brown and Jeff Kochman) was selected as most responsive of the three respondents to the RFQV. Ms. McFearin reported that Port staff is proposing the "Two Month Exclusive Right to Negotiate" Agreement to begin January 1,

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2014, which authorizes Port staff to negotiate a Ground Lease with the Kochman Team. Concurrently, the Kochman Team will negotiate a Sublease Agreement with Redden Marine; subject to Commission approval at a later date. Todd Rawls, CFO, Redden Marine spoke in favor of the proposals and presentations for the project, thanking Port staff and speaking on behalf of Redden Marine. Real Estate Representative Judy Harvey provided an overview of the development site plan, and further explained this site is about 1.88 Acres with the northerly approximate half allowing for the possibility to build to a height of 65 feet, which is allowed under the Land Use Planned Commercial Residential designator, and the remaining southerly half of the site allowing for a building height of 35'- 50', with a view analysis, which is allowed under the Urban Maritime-Shoreline Mixed Use designator. Mr. Kochman discussed the project vision, phased approach, and the proposed schedule for development. Mr. Kochman reported that the team is excited about the opportunity.

Motion approved with 3-0 vote.

Click here for presentation: <http://www.portofbellingham.com/DocumentCenter/View/2884>
<http://www.portofbellingham.com/DocumentCenter/View/2883>

10. COMMERCIAL LEASE AGREEMENT BETWEEN THE PORT OF BELLINGHAM AND G.R. BARON AND COMPANY FOR SPACE AT THE FAIRHAVEN STATION.

Motion: Approval of a Commercial Lease Agreement between the Port of Bellingham and G. R. Baron and Company for use of approximately 995 square feet of office and storage space located on the upper level of the Fairhaven Station.

Discussion: Real Estate Representative Steve Shipman reported that the proposed commercial lease agreement is for a term of two years and meets the Port's rental revenue standards.

Motion approved with 3-0 vote

11. MODIFICATION OF AIRPORT HOTEL LEASE AGREEMENT BETWEEN THE PORT OF BELLINGHAM AND BELLINGHAM HI, LLC.

Motion: Approval of a modification of Airport Hotel Lease Agreement between the Port of Bellingham and Bellingham HI, LLC.

Discussion: Real Estate Representative Steve Shipman explained that the Commission approved the Airport Hotel Lease in June 2013 with Bellingham HI, LLC (BHI) to develop, construct and operate a full service hotel, conference center and restaurant facility on approximately 3.8 acres located adjacent to the Bellingham International Airport. BHI is requesting additional land (approximately 39,640 square feet) in order to expand the size of the meeting/banquet/restaurant facilities as well as increase the number of parking stalls as required by Whatcom County code.

Motion approved with 3-0 vote

NEW BUSINESS

1. CONSENT TO ASSIGNMENT OF SHARE AGREEMENT BETWEEN WOOD STONE CORPORATION AND HPS INVESTMENT CO. LLC.

Motion: Authorize the Executive Director to execute all documents relating to the Consent to Assignment of Shares Agreement between Wood Stone Corporation and HPC Investments, LLC.

Discussion: Real Estate Representative Steve Shipman reported that the Port of Bellingham and Wood Stone entered into a ten year lease agreement in 1999 and renewed in 2010 the first of five, five-year renewal options. The lease provides for written consent by the Port should Wood Stone choose to transfer stock to a third party and under the proposed Consent to Assignment of Share Agreement between the two parties, Wood Stone remains the Lessee and thereby responsible for payment of rent and all other requirements under the terms of the Lease between the Port and Wood Stone.

Motion approved with 3-0 vote

NEW BUSINESS

None.

ADJOURN

As there was no further business, the meeting was adjourned at approximately 5:00 p.m.

President

Secretary