

**MINUTES OF THE PORT OF BELLINGHAM COMMISSION MEETING
HELD TUESDAY, FEBRUARY 18, 2014
HARBOR CENTER BUILDING CONFERENCE ROOM
1801 ROEDER AVENUE, BELLINGHAM, WASHINGTON**

Present: Commissioners: Michael McAuley
Dan Robbins
Jim Jorgensen

Staff:

Rob Fix	Executive Director
Dan Zenk	Aviation Director
Mike Stoner	Environmental Programs Director
Carolyn Casey	External Affairs Director
Tamara Sobjack	Finance Director
Fred Seeger	Facilities Director
Elizabeth Monahan	Human Resources Director
Dan Stahl	Maritime Director
Sylvia Goodwin	Planning & Development Director
Shirley McFearin	Real Estate Director
John Hergesheimer	Senior Project Engineer
Judy Harvey	Real Estate Representative
Frank Chmelik	Port Counsel
Diane McClain	Executive Secretary

CALL PUBLIC MEETING TO ORDER AND RECESS TO CLOSED EXECUTIVE SESSION

Commissioner McAuley 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 pursuant to RCW 42.30.110(1) (c).

RECONVENE PUBLIC MEETING AND ROLL CALL

Commissioner McAuley called the meeting to order at approximately 3:02 p. m.

PUBLIC COMMENT PERIOD

1. Doug Karlberg 2690 Alderwood, Bellingham – Waterfront/ Public Access- Mr. Karlberg urged caution if approving agreement with Harcourt; asking for a methodical process.
2. John Munson, 2195 Lummi Shore, Bellingham - Shipping Terminal, Dredging & Redevelopment – Mr. Munson would like to see a permit issued for channel dredging and reaching accord with the tribe, concerned that a new marina might compete with a shipping terminal.
3. Pat Britain, 1801 4th Street, Bellingham – Videotaping Commission meetings- Ms. Britain encouraged Commission to begin video recording Port meetings and post to the website.

4. Robert B. Clark, 727 N. Garden #11, Bellingham, WA – Videotaping Commission meetings- Mr. Clark manages video services at WWU and urged Commission to videotape and archive meetings- providing participation and available as a resource.
5. Bob Burr, 1130 40th, Bellingham, WA – Mr. Burr asked Commission to consider evening meetings, urged videotaping Commission meetings; improved transparency. Mr. Burr commented that he is disappointed in the selection of Harcourt, citing Sullivan Square.
6. Renata Kowalcyk, 1015 Railroad, WA – Videotaping Commission meetings- Ms. Kowalcyk urged the Commission to begin videotaping the Commission meetings.
7. Joy Gilfilen – 4 Pillars, United Creatives,- Waterfront – Encouraged the Commission to participate with the citizens of Bellingham on the redevelopment of the waterfront, urged Port consideration of the Sea Orbiter.
8. George Dyson, 435 W. Holly, Bellingham, WA – Waterway- Mr. Dyson urged Commission to begin videotaping Commission meetings, encouraged the Port to perform its due diligence if entering into ENA with Harcourt, urged job creation, working waterfront.
9. Wendy Harris, Bellingham, WA - Ms. Harris emphasized habitat analysis, updated EIS, habitat connectivity before planning development, concerned that Harcourt is not local, not familiar with area / wildlife.
10. Mark Buehrer, 2020 Engineering – Mr. Buehrer spoke in favor of Harcourt selection as being professional; John Reid (Harcourt) is a local resident with family in Bellingham.
11. Lori Province – Bellingham, WA- Ms. Province concerned with agreement with Harcourt, would like to see changes to the Interlocal Agreement pertaining to habitat, living wage, ownership of waterfront property- prefers public ownership.
12. Lane Southcott, 4 Pillars, United Creatives –Mr. Southcott estimates 1,200-1,800 future well-paying jobs will be connected to the waterfront project; economic driver.
13. Mike Hoffman- Bellingham, WA- Mr. Hoffman commented that there is already one electric general facility on the site, not needing another, encouraged respect for the history of Co-Op building.
14. Hugh Beattie – Bellingham, WA – Mr. Beattie asked Commission to put a coat of paint on the Granary, fix the windows, and add directional signage.
15. Rudd Brown – Bellingham, WA – Mr. Brown asked Commission to consider live streaming the video of Port Commission meetings.
16. Matt Paskus – Not able to be present, Mr. Paskus emailed [his public comments](#) to the Port. Topic: Airport.

CONSENT AGENDA

Motion: To adopt Consent Agenda item A:

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A. Approve the minutes of the February 4, 2014, regular Commission Meeting.

Discussion: There was no discussion.

Motion approved with a 3-0 vote.

PRESENTATIONS

1. Update – Waterfront District

Environmental Programs Director Mike Stoner presented a general [update](#) on the status of activities in the Waterfront District, following adoption of the Waterfront Plan, Agreements, Zoning & Regulations by the Port Commission and City Council in December 2013. The update focused on actions being performed under the Interlocal Agreement for Facilities, including: Parks, Infrastructure and Environmental Cleanup of six Model Control Act Sites. Five of these are sites being managed by the Port, under regulatory agreements with Ecology, including: the I&J Waterway, Whatcom Waterway, Central Waterfront, Georgia Pacific West (Pulp & Tissue Mill, and Chlor- Alkali units), and the Cornwall Avenue Landfill. The sixth site is the R.G. Haley site, which is being managed by the City of Bellingham under agreement with Ecology. Mr. Stoner also explained the work being performed in each of the five subareas of the Waterfront, including the Marine Trades Area, Downtown Waterfront Area, Log Pond Area, Bellingham Shipping Terminal and Cornwall Beach Area. Each Area represents a unique set of planning objectives and activities pertaining to cleanup, habitat restoration, marketing and public input opportunities going forward. Commissioner Robbins asked if the public would be able to attend evening meetings and Mr. Stoner reported that there would be plenty of opportunities as well as occasional evening meetings for the public to provide input.

2. Update – I & J Waterway MTCA Cleanup -

Environmental Programs Director Mike Stoner discussed the status of the I&J Waterway Remedial Investigation/ Feasibility Study (RI/FS). The Port is working with Ecology under Agreed Order at this MTCA (Model Toxics Control Act) site. An overview was provided, describing its current use by multiple tenants, depth limitations, habitat restoration opportunities, and public access plans under the Waterfront District master plan. The I&J Waterway is a heavily used Federal Channel that includes Bornstein Seafoods and a U.S. Coast Guard facility. A draft RI/FS is expected to be ready for public review and comment later this spring.

3. Update – Bellwether Parking

Planning and Development Director Sylvia Goodwin presented an [overview](#) of the parking availability in the Bellwether on the Bay® area. The analysis included the number of current parking spaces (lots, garage, on street, shared-use, loading, truck and trailer, exclusive vehicle, overflow, etc.) at the Bellwether Phase 1 site, Bellwether Gate – Phase 2 site, Squalicum Gates 9, 10, 12, Harbor Center site, Redden Marine Supply, and the Squalicum Boat Launch parking areas. Ms. Goodwin recommended that immediate actions for this

Summer 2014 include: designating 8 spaces in Bellwether Garage for Gate 12 customers, improving the directional signs / information, establishing interim overflow lot for boat trailers, budget funds for longer term overflow lot, continue to manage parking for high impact events, update Bellwether Gate joint shared parking agreement and evaluate Bellwether and Roeder on-street parking. Suggested future actions (2015- 2016) include addressing interim parking during Building D construction, 30-40 excess share spaces on the Building D site, monitoring parking supply and demand, long term overflow parking for boat trailers and evaluating public/private partnership projects.

New Update – Videotaping Commission Meetings – Executive Director Rob Fix commented that due to the expressed interest in videotaping at the February 4, 2014, meeting, the Commission directed staff to prepare an RFP (Request for Proposal) for videotaping the regular Port of Bellingham Commission meetings. Staff will have the RFP issued by the end of the week and posted on the Port’s website.

ACTION ITEMS:

Agenda Revision-

2. RECOMMENDATIONS FOR WATERFRONT DISTRICT DEVELOPER SELECTION

Motion: Authorize the Executive Director to enter into an Exclusive Negotiating Agreement “ENA” with Harcourt Development LLC. The ENA will be for a period of 120 days, during this time Port staff will attempt to negotiate long term definitive agreements. The long term agreements will be subject to Commission approval.

Discussion: Executive Director Rob Fix explained the Request for Proposals (RFP) [process](#) for the selection of a developer for the Downtown Waterfront Development focused on the capability of the developer, the development concept (vision), and transaction structure (joint venture) for the 10.8 acre Initial Development Opportunity (IDO) site. The selection process started with the Port contracting with consulting firm Heartland LLC and issuing an RFP last spring for the IDO. The Port formed a selection committee made up of Port, City, County and WWU representatives to review and rate the 9 RFP responses received 4 Master Developers, 3 Granary Developers and 2 niche developers. Mr. Fix added that he and Mayor Linville, County Executive Jack Louws, Western Washington University Vice President of Relations Steve Swan worked together with various other Port and City staff members and Heartland to find the right fit for the project. The committee met with the respondents in the fall / winter of 2013 and evaluated each RFP submittal’s technical and financial feasibility, alignment with the Master Plan and community vision, the capacity & experience of the developer and the ability to advance the Waterfront Development Plan. The 4 Master Developers were Harcourt Developments (Ireland), United Creatives/Four Pillars Development (local), Viking Development (local) and Williams & Dame Development/Loci Development (Portland). Quay Property Management (QPM), Tollhouse/Zervas Group and Willson/Blethen and Associates submitted proposals for the Granary Building and Bellingham/Whatcom Housing Authority and InnSight submitted affordable housing/ hotel proposals. The evaluation committee unanimously selected Harcourt Development LLC as master developer of the IDO and recommended Harcourt consider a partnership for the

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concepts submitted by United Creatives for the Sea Orbiter, Whatcom Housing Authority for affordable housing, and those submitted for the Granary Building.

Commissioners Robbins and Jorgensen agreed that approving the ENA with Harcourt does not mean “a done deal” for the development of the waterfront but rather, providing 120 days to examine options for the development of the site and Commissioner McAuley added that the Commission will still have a voice as to any long term agreements.

Motion approved with 3-0 vote.

1. MARCH 2012 GE BOATHOUSE FIRE- SETTLEMENT OF BOATHOUSE OWNERS PROPERTY DAMAGE CLAIMS.

Motion: Authorize the Executive Director to execute Mutual Partial Release and Settlement Agreements with the following: David L Peterson and Susan J. Peterson and their insurance carrier, Safeco Insurance Company; Roger G. Smith and Carol J. Smith and their insurance carrier, Safeco insurance Company; Alan S. Troupin and his insurance carrier, State Farm Fire and Casualty Company; Michael F. Roberts and Barbara A. Roberts; and William Dodge and William Edward Dodge, in his capacity as personal representative of Maryteen Dodge; and David D. Cahalan, Mary F. Brown,

and

Motion to authorize the Executive Director to pay the outstanding fee to the National Pollution Fund resulting from the Coast Guard response to the March 30, 2012, Squalicum Marina boathouse fire.

Discussion: Port legal counsel Frank Chmelik reported the March 2012 Squalicum Marina fire claimed two lives and resulted in multiple property insurance claims. The Port and its insurance carriers incurred costs for the removal of eleven sunken vessels, the sunken boathouse, roughly \$1.8 million damage to Port property, approximately, \$14,370.40 payable to the National Pollution Fund for the Coast Guard response to the fire. Mr. Chmelik further explained that the proposed six Mutual Partial Release and Settlement Agreements with six of the twelve boat owners total \$675,000 to be paid to the Port, and from that amount, the Port will recover its \$125,000 deductible, make payment of the Coast Guard fee and allow the Port’s insurance carrier to recover a portion of its payment to the Port for the property insurance claim. Mr. Chmelik further added that four additional similar settlement agreements will be ready for commission approval at the next meeting in March.

Motion approved with 3-0 vote.

3. INCREASE CONTRACT WITH AIR-TRANSPORT IT SERVICES, INC. FOR THE AIRPORT COMMERCIAL TERMINAL EXPANSION– PHASE 2 PASSENGER PROCESING SYSTEM PROJECT.

Motion: Authorize an increase to the total authorized contract amount with Air- Transport IT Services, Inc. (AirIT) of Orlando, Florida for the Airport Commercial Terminal Expansion Phase 2; Passenger Processing System in the amount of Amendment No. 2 which is valued at \$53,449 for a new total authorized contract amount of \$719,168.

Discussion: Senior Project Engineer Adam Fulton reported that the proposed amendment to increase the contract with Air IT will provide for Bar Code Readers (BCRs) necessary for the work stations in both the Ticket and Gate Lobby areas. Mr. Fulton explained that the BCRs were missed in the initial bidding specifications for the Multiple User Passenger Processing System (MUPPS).

Motion approved with 3-0 vote.

4. CHANGE ORDER WITH STRIDER CONSTRUCTION CO. INC., FOR DISPOSAL OF CONTAMINATED SOILS –WESTMAN MARINE SITE CLEANUP PROJECT.

Motion: Authorize the Executive Director to execute a change order with Strider Construction Co. Inc. in an amount not to exceed \$40,000 for the disposal of contaminated soils for the Westman Marine Site Cleanup Project, and to provide this amount of increase to the Caustic Plume / Cell Building Demolition Project contract, for a total authorized contract amount of \$4,823,745.58.

Discussion: Senior Project Engineer John Hergesheimer explained that the Port is performing environmental remediation of the Westman Marine MTCA site in Blaine under an Agreed Order with the Department of Ecology, including Remedial Investigation/Feasibility Study (RI/FS) and any necessary Interim Remedial Actions. Mr. Hergesheimer further explained that the excavation work generated approximately 250 cubic yards (400 Tons) of soil, tested and found to have been contaminated by past Westman Marine operations at the site, which has been stockpiled and covered at the site to await disposal. Mr. Hergesheimer added that the proposed change order will provide for the removal and disposal of the contaminated soil at a pre-approved disposal site. This Interim Remedial Action project is proposed to be completed by a separate change order to the existing publicly- bid, prevailing wage- required cleanup contract with Strider Construction Co. due to the relatively small quantity of work, the need for timely disposal, minimizing costs and delays and utilizing the HAZWOPER-trained personnel currently performing cleanup work under a Port contract and that a fair negotiated unit price was established for the work.

Motion approved with 3-0 vote.

5. MODIFICATION OF LEASE BETWEEN THE PORT OF BELLINGHAM AND HALIBUT HENRY'S LLC, BELLINGHAM INTERNATIONAL AIRPORT.

Motion: Approval of a Modification of Lease between the Port of Bellingham and Halibut Henry's LLC, at the Bellingham International Airport.

Discussion: Real Estate Representative Judy Harvey explained the Port entered into a new Commercial Lease with Halibut Henry's in May 2013 for secured and non-secured space at the Bellingham International Airport main passenger terminal. The lease was modified in July 2013 for increased square footage, adjusting the rent, modifying the Lessee's use of premises, and providing for reimbursement to the Port for tenant improvements. In October 2013 the Lease was again modified for a rent adjustment as a result of the tenant's temporary relocation due to the airport terminal expansion. Ms. Harvey further explained this-

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Modification of Lease includes a four month rent abatement for the impact of construction which was a greater impact and hardship on the tenant than initially anticipated, and provides clarification of tenant's responsibility for payment of Washington State leasehold excise tax in connection with tenant improvements.

Motion approved with 3-0 vote.

NEW BUSINESS

1. Port Resolution No. 638, Rules & Regulations re: Hiring of Relatives

Motion: Motion to the Commission to make an exception to Port Resolution No. 638, Establishing Basic Rules and Regulations Governing the Hiring of Relatives adopted by the Commission on February 8, 1977, and authorize the Executive Director to extend an offer of employment to Christopher Schneider, relative of Tracey Patterson.

Discussion: Human Resources Director Elizabeth Monahan explained the Port recently advertised for a Maintenance Technician position. The pool of qualified applicants was quite small and the recruitment process was extended two times in order to identify additional qualified applicants. Even after the extended search, the most qualified applicant is a relative (brother in law) to a Port employee currently working in Maintenance. Ms. Monahan also reported that this particular position is being vacated by Don Schneider, who is retiring from the Port and it is his son Christopher that has applied and been selected as the most qualified. Christopher Schneider is married to Tracey Patterson's sister. Ms. Patterson is the Grounds Foreman in the Maintenance Department. Ms. Monahan explained many of the Port resolutions relating to personnel type issues have not been updated, including Port Resolution 638 which was adopted over 30 years ago. The Commission discussed the resolution, the lack of qualified applicants and possibility that hiring a relative may be viewed negatively within the Port and community. Commissioner McAuley commented that he was not comfortable making the exception and would like the Resolution brought forward for further discussion and possible changes. The other Commissioners agreed and all stated they would approve this one time exception.

Motion approved with 3-0 vote.

ADJOURN

As there was no further business, the meeting was adjourned at 5:25 p.m.

Michael McAuley, President

Jim Jorgensen, Secretary