

**MINUTES OF THE PORT OF BELLINGHAM COMMISSION MEETING
HELD TUESDAY, APRIL 1, 2014
HARBOR CENTER BUILDING CONFERENCE ROOM
1801 ROEDER AVENUE, BELLINGHAM, WASHINGTON**

Present:	Commissioners:	Michael McAuley Dan Robbins Jim Jorgensen
Staff:	Rob Fix Dan Zenk Mike Stoner Tamara Sobjack Fred Seeger Elizabeth Monahan Dan Stahl Sylvia Goodwin Shirley McFearin Pam Taft Chris Tibbe Norman Gilbert Andy Peterson Frank Chmelik Diane McClain	Executive Director Aviation Director Environmental Programs Director Finance Director Facilities Director Human Resources Director Maritime Director Planning & Development Director Real Estate Director Special Projects Administrator Squalicum Harbormaster Project Engineer Blaine Harbormaster Port Counsel Executive Secretary

CALL PUBLIC MEETING TO ORDER AND RECESS TO CLOSED EXECUTIVE SESSION

Commissioner McAuley called the meeting to order at 2:00 p. m. to report that the purpose of the closed session would be to discuss real estate transactions, pending litigation and personnel pursuant to RCW 42.30.110(1) (c) (i) (g).

RECONVENE PUBLIC MEETING AND ROLL CALL

Commissioner McAuley called the meeting to order at approximately 3:00 p. m.

PUBLIC COMMENT PERIOD

The following people signed up for public comment:

1. Mark Lowry- PO Box 2563, Ferndale, WA. - Waterfront Development -. Labor Council/ ReSources/ Blue Green Coalition/-Mr. Lowry asked that the Port consider: habitat restoration and connectivity, marine trades, and resist gentrification of the waterfront; a true working waterfront and viable shipping terminal.
2. Trevor Smith, 1408 W. Illinois, Bellingham, WA – Waterfront Development –Council of Labor- Mr. Smith encouraged prevailing wage, living wage zones, and a higher environmental standard on the waterfront.

April 1, 2014

Page 2

3. Chris Johnson- 2900 Madrona Street, Bellingham, WA –Waterfront Development – Labor Union- Mr. Johnson commented that he would like to reiterate the comments expressed by the previous two speakers.
4. Brian Griffin -1801 Taylor Ave., Bellingham, WA –Marine Park –Mr. Griffin spoke of the history of Fairhaven and the naming of Poe's Point, later Post Point park, and provided some history of Alonzo Poe as the first settler/owner of the land.
5. Warren Bergholz- 1378 W. Smith Rd, Ferndale, WA –Marine Park- Mr. Bergholz spoke to the Commission two weeks earlier urging the Commission to give serious consideration to the renaming of Fairhaven Marine Park to Alonzo Poe Marine Park in recognition of Alonzo Poe, a historic figure and an early settler and land owner of that site.

Executive Director Rob Fix reported that the Commission will plan to discuss the naming of Marine Park at the next Commission meeting on April 15, 2014.

6. Pat Britain, Bellingham- League of Women Voters- Ms. Britain asked for an update on the Port's recent advertisement for Request for Proposals to videotape Port Commission meetings.

Executive Director Rob Fix reported that the Port received 4 responses and will share the results at the Commission meeting on April 15, 2014.

With there being no further public comment, the public comment period was closed.

Agenda Revision: Executive Director Rob Fix asked Commission President McAuley for the addition of an item to the Consent Agenda pertaining to the recent structural and staff changes in the organization. **Motion:** Add the Separation Agreement for Carolyn Casey as item J to the Consent Agenda. **Discussion:** The Commissioners acknowledged Carolyn Casey's years of service to the Port and agreed to add item J to the consent agenda. **Motion approved** with a 3-0 vote.

CONSENT AGENDA

Motion: To adopt Consent Agenda items A through J:

- A. Approve the minutes of the March 18, 2014, Commission meeting.
- B. Voucher Certification and Approval for period March 5, 2014 – March 26, 2014 totaling \$3,189,304.28.
- C. Authorize the Executive Director to execute the Event and Site Use Agreement with Allied Arts of Whatcom County for the Bellwether Arts Market in 2014.
- D. Authorize the Executive Director to execute the Event and Site Use Agreement with The Jazz Project for the Bellwether Jazz Festival.

- E. Authorize the Executive Director to execute Amendment No. 3 to extend the Pacific Security contract and provide a 3% increase for the period June 1, 2014, to May 31, 2015.
- F. Authorize the Executive Director to sign a Memorandum of Understanding (MOU) with the City of Bellingham for potential use of a proposed fire boat as a security platform.
- G. Approval of Consent to Assignment of Lease from Hi-Five, Inc. to Command Aviation Inc. and approval of the Modification of Airport Lease between the Port of Bellingham and Bellingham Hangars Condominium Owner's Association.
- H. Approval of a Renewal and Modification of Lease between the Port of Bellingham and SFP Partnership (Sound Beverage) for premises located at the Airport Industrial Park.
- I. Modification of Airport Hotel Lease Agreement between the Port of Bellingham and Bellingham HI, LLC.
- J. Authorize the Executive Director to execute a Separation Agreement by and between the Port of Bellingham and Carolyn Casey.

Discussion: There was no discussion.

Motion approved with a 3-0 vote.

PRESENTATIONS

1. Update – Moorage Model Review – Special Projects Administrator Pam Taft provided an overview of the [2014 Moorage Model](#), recapping the Port's current pricing for marina moorage by reviewing Resolution 1293 adopted in February of 2011 and the subsequent action by the Port Commission to support Active Commercial Fishing (ACF) vessels and the local Marine Trades. Resolution No. 1293 calls for the moorage model to be reviewed every four years. Ms. Taft reviewed several of the significant components for the last review during 2010 which included the transition from linear to square foot basis in setting moorage rates and accommodating the replacement of laterals F and G on Gate 3. The closed loop system was designed to provide full marina cost recovery and was linked to the Port's overall Strategic (incorporating all operating, capital, and overhead expenses) Budget.

Ms. Taft reported that a review of the extended capital improvement plan for the marinas revealed a large expense currently scheduled for 2022, when the Inner Harbor at Squalicum Harbor is scheduled for replacement. This expense, currently estimated at \$45 million, without dredging, will require careful planning from an engineering, operational, and financial perspective. Discussion ensued regarding how the marinas will plan to pay for this significant expense. The Commission noted that preserving the Port's bond capacity beyond the marinas was a financial necessity. It was also discussed that the boaters would be able to save on interest expenses if they could come up with a down payment for this project, and not borrow the full project amount.

Squalicum Harbormaster Chris Tibbe reported that a February 2014 Market Moorage Rate Survey of 15 other marinas showed the square footage (sf) rates of the Port of Bellingham to be comparable, oftentimes less than others in Puget Sound depending on the size of the vessel/slip. Mr. Tibbe reported that the highest demand in Squalicum Harbor, and our deepest waitlist, is for boats in the mid 40 foot range (\$7.34 rate /foot). Mr. Tibbe and Maritime Director Dan Stahl discussed the results of the 2014 survey depicting the current Port of Bellingham and other marina's boathouse rates, gillnetter and seiner rates per month. The Commission agreed that rates for active commercial fishing vessels needed to be competitive with other Puget Sound facilities. Staff agreed to provide further research as to how those rates are projected to escalate in the coming review period.

The next steps for completing the 2014 review were also discussed. It was suggested that the review be finished at the Marina Advisory Committee (MAC) in the May time period, so that future moorage rates could be incorporated into the Port's annual budget process, which begins in July. Mr. Stahl stated that he would take the Commission comments on both scope and timing for the 2014 review and bring an action item to the Commission at the next meeting for their consideration. It is anticipated that upon completion of the review at the MAC, a Resolution will be prepared and presented to the Commission

ACTION ITEMS:

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: (i) Don P. Osterloh and Laura Osterloh; (ii) Daniel H. Ringler and Ariane B. Ringler and their insurance carrier, Continental Casualty Company and Boat US Inc.; (iii) Randle Carr and Amanda E. Carr and their insurance carrier, The Standard Fire Insurance Company; (iv) Kris Aamot, Personal Representative of the Estate of Allyn Deets; (v) Steven Ershig and A. Herbert Ershig and their insurance carrier, Continental casualty company and boat U. S. Inc.; and (vi) Roger D. Schjelderup and Lisa K. Schjelderup and their insurance carrier, Progressive Classic Insurance Co.

Discussion: Port legal counsel Frank Chmelik reported that the March 2012 Squalicum Marina fire, which claimed two lives, also resulted in multiple property insurance claims. The Port and its insurance carriers incurred costs for the removal of the sunken vessels, the sunken boathouse, roughly \$1.8 million damage to Port property, and an approximate fee of \$18,894 payable to the National Pollution Fund for the Coast Guard response to the fire. Mr. Chmelik further explained that the six proposed Mutual Partial Release and Settlement Agreements settled the property damage claims (both for and against the Port) of the boat owners and their respective insurance carriers. The total settlement for these six boat owners total \$770,000 to be paid to the Port. In February, the Commission approved six other partial release and settlement agreements totaling \$675,000; for a combined total of \$1,445,000; from which 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 one property damage claim

April 1, 2014

Page 5

remains outstanding and that all claims and defenses related to the Langei/Taylor wrongful death claims are preserved.

Motion approved with 3-0 vote.

2. APPROVAL OF 2014 BELLINGHAM INTERNATIONAL AIRPORT TARIFF SCHEDULE, EFFECTIVE APRIL 1, 2014.

Motion: Approval of the 2014 Bellingham International Airport (BLI) Tariff Schedule, effective April 1, 2014.

Discussion: Aviation Director Dan Zenk reported that as the numbers of BLI passengers and flights have increased, the substantial investment to the Bellingham International Airport (BLI) Commercial Terminal Expansion project, runway/taxiway system and vehicle parking as well as operating costs have also increased significantly. Mr. Zenk further reported that the proposed 2014 BLI Tariff Schedule reflects the staff recommended net increase of \$1.00 per day to the overall airport parking lot rate structure to help offset the expenses, generate additional airport revenue, maximize the operational efficiency and flexibility of the Economy (overflow) parking lots, creating a fair rate structure that will compete with offsite airport parking lot operators. Mr. Zenk further added that the Bellingham International Airport Advisory Committee (BIACC) reviewed and recommended approval of the proposed 2014 Airport Tariff Schedule.

Motion approved with 3-0 vote.

3. PURCHASE ORDER TO MARINA ACCESSORIES, INC. FOR TREATED LUMBER FOR THE GATE 5 C-D FLOAT STRUCTURAL UPGRADES

Motion: Authorize the Executive Director to approve a Purchase Order to Marina Accessories Inc. for the purchase of fabricated and treated lumber for the Gate 5 C-D Float Structural Upgrades project in the amount of \$136,186.68 plus a \$10,000 contingency for a total authorized amount of \$146,186.68.

Discussion: Project Engineer Norman Gilbert explained that the Gate 5 C & D floats in the Squalicum Outer Harbor have experienced repeated occurrences of minor damage attributed to the deterioration of the materials over the past several years. The proposed Purchase Order will provide for the lumber needed for replacements and upgrades to the structures necessary to provide ongoing reliable moorage to the Port's commercial and recreational customers. The replacements will occur during a separate upcoming Public Works contract.

Motion approved with 3-0 vote.

4. BLAINE HARBOR BOATHOUSE AGREEMENT

Motion: Authorize the Executive Director to sign the Boathouse Agreement with Blaine Moorage Association II.

Discussion: Blaine Harbormaster Andy Peterson provided to the Commission background information regarding the ongoing dialog between Port staff and the Multiparty Boathouse (MPBH) owners at Squalicum and Blaine Harbors. This included a brief review of the new requirements for the MPBH owners contained in the Port's Harbors Rules Regulation and Procedures, which the Commission updated on November 19, 2013. One of the new requirements for the MPBH owners is the execution of a Boathouse Agreement with the Port of Bellingham. In order to execute this agreement, the MPBH's needs to be in compliance with the Port's insurance requirements, which are \$3 million in liability coverage per structure. Having recently obtained this insurance, the Blaine Moorage Association II was ready to execute the Boathouse Agreement with the Port. Mr. Peterson noted that Blaine Moorage Association #2 is the first MPBH to be fully in compliance with the new requirements. The Commission expressed appreciation for this, and asked when the other 6 MPBHs would also be in compliance. Staff responded that discussions are ongoing with the other 6 groups (5 in Squalicum and 1 in Blaine).

Motion approved with 3-0 vote.

NEW BUSINESS

1. Milan Slipovich, Commercial Fisherman Association (CFA) –Mr. Slipovich reported that the actions taken by the Commission in support of the industry have fared well, resulting in additional commercial fishing vessel moorage. Mr. Slipovich asked Commission when evaluating the 2014 moorage rate model, to reconsider making any adjustments that may negatively impact the CFA.

ADJOURN

With no further business, the meeting was adjourned at approximately 4:35 p.m.

Michael McAuley, President

Jim Jorgensen, Secretary