

**MINUTES OF THE PORT OF BELLINGHAM COMMISSION MEETING
HELD TUESDAY, MAY 6, 2014
HARBOR CENTER BUILDING CONFERENCE ROOM
1801 ROEDER AVENUE, BELLINGHAM, WASHINGTON**

Present:	Commissioners:	Michael McAuley Dan Robbins Jim Jorgensen
Staff:	Rob Fix Daniel Zenk Mike Stoner Tamara Sobjack Fred Seeger Elizabeth Monahan Dan Stahl Shirley McFearin Terry Ilahi Adam Fulton Norman Gilbert Frank Chmelik Diane McClain	Executive Director Aviation Director Environmental Programs Director Finance Director Facilities Director Human Resources Director Maritime Director Real Estate Director Real Estate Analyst Senior Project Engineer Project Engineer Port Counsel Executive Secretary

CALL PUBLIC MEETING TO ORDER AND RECESS TO CLOSED EXECUTIVE SESSION

Commissioner McAuley called the meeting to order at 1:30 p.m. to report that the purpose of the closed session would be to discuss pending litigation and real estate transactions, pending pursuant to RCW 42.30.110(1) (i) (c).

RECONVENE PUBLIC MEETING AND ROLL CALL

Commissioner McAuley called the meeting to order at approximately 3:02 p.m. and reported that the meeting is being videotaped, and made available through the Port's website.

PUBLIC COMMENT PERIOD

The following people signed up for public comment:

1. Milan Slipsovich, 156 Windward Drive, Bellingham- Economic Impact Commercial Fishing Mr. Slipsovich spoke in support of a subsidy to the Commercial Fishing Association (CFA) – asked for continuation of the program and presented the Commission a NOAA Economic [report](#) from SEAFOODNEWS.COM dated April 30, 2014.
2. Jim Kyle- 4102, Linnell, Deming- Colony Wharf/ Rock Barge Mr. Kyle asked to go on record in support of the proposed lease with The Landings at Colony Wharf; adding that Cowden Gravel will have a gravel barge arriving this Sunday at the C Street Terminal and invited the Commission to attend the arrival.

3. Phil Riise, 2652 Harbor Loop, Bellingham- Mr. Riise commented that a working waterfront is vital; urged the Commission to focus on the future, questioned the per square foot value in the proposed lease with Colony, presented the Commission [a memo- Level Playing Field Criteria](#).
4. Robert Sternhagen- Commissioner McAuley asked that Mr. Sternhagen wait to speak during the Colony Wharf Agenda item discussion.
5. Robin Dexter – Mr. Dexter expressed support for the Sternhagen's business and reported that visitors are surprised and impressed when they discover the thriving working waterfront.

CONSENT AGENDA

Motion: To adopt Consent Agenda items A through F:

- A. Approve the minutes of the April 15, 2014, Commission meeting.
- B. Voucher Certification and Approval from April 2, 2014 – April 23, 2014, totaling \$2,153,567.04.
- C. Authorize the Executive Director to execute Stormwater Grant Program Proviso Agreements with the department of Ecology for design and construction of stormwater source control improvements at the Bellingham Shipping Terminal and Bellingham Marine trades Area.
- D. Authorization to sell vessel, pursuant to Resolution No. 947.
- E. Approval of a Modification of Airport Lease between the Port of Bellingham and Mark Royer, TTEE, Select Wealth Advisors, Inc., Safe Harbor 401 (k) Plan.
- F. Approval of a Modification and Consent to Assignment of Lease between H & I Holdings, LLC and the Port of Bellingham.

Discussion: Commissioner Jorgensen read aloud a section of the April 15, 2014, minutes pertaining to the update on the Airport Master Plan

Motion approved with a 3-0 vote.

AGENDA ORDER REVISION-

Commissioner McAuley asked that the order of the agenda be revised to move the lease with The Landings at Colony Wharf ahead of the presentations/updates on the agenda. The other Commissioners agreed.

ACTION ITEMS

1. **NEW LEASE WITH THE LANDINGS AT COLONY WHARF LLC.**

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Motion: Approval of a new Lease with The Landings at Colony Wharf, LLC for property located at 1020 C. Street, Bellingham, Washington.

Discussion: Real Estate Director Shirley McFearin acknowledged that the waterfront property is in transition and acknowledged guest Seaview North owner Phil Riise's comments regarding cost per square foot, sheds and buildings.

Ms. McFearin explained that in 2006, the Port and The Landings at Colony Wharf entered into a Harbor Land lease for approximately 3.52 acres of land. That lease expired January 31, 2012, and has been on a holdover status- month to month basis since.

Ms. McFearin further explained that in October 2012, the Port and City of Bellingham entered into an Interlocal Agreement transferring ownership of City owned property to the Port which included property owned by the City and leased to The Landings. The lease between the Port and The Landings was modified to include the premises transferred by the City. Ms. McFearin further added that the proposed lease with The Landings is for a term of 10 years with two 10-year renewal options for approximately 5 acres of Port owned land and 31, 500 square feet of buildings and sheds. The proposed lease also includes on a month to month basis, approximately 1.68 acres of City owned, Port managed land, right of way, 11,500 square feet of sheds, with options to lease an additional .96 acres. The proposed lease includes provisions for access for environmental remediation and development as well as providing exclusive use of a portion of the bulkhead for boat haul-out and non-exclusive use of the remaining bulkhead, common areas, layberth and cargo moorage. Ms. McFearin explained the proposed rent structure and Real Estate Analyst Terry Ilahi provided an overview of the proposed lease property layout plan.

Owner Robert Sternhagen reported that there are approximately 22 businesses located on the site and about 150 employees working on the site and they are in support of a 10 year lease. Commissioner Robbins encouraged friendly competition and Commissioner McAuley acknowledged that both Seaview and Colony Wharf are vital to the economy of the area.

Motion approved with 3-0 vote.

PRESENTATIONS

1. Update – Legislative

Washington State Lobbyists and Olympia Legislative Representatives Tom McBride and Ben Buchholz presented State Legislative Review of the 2014 session. Both gentlemen praised the Port's commitment during the 2014 legislative session 2014 in traveling to Olympia and meeting with the government representatives. Mr. McBride added that the Interlocal Agreement between the Port, City and County for a shared Government Affairs consultant is very effective and further increases the strength for their issues in Olympia.

Mr. McBride added that the 2014 legislative session adjourned on time without the need for special session(s) for the first time since 2009. The Governor's office and the House are in the hands of the Democrats while the Senate is controlled by a Republican-led Majority Coalition Caucus. All House members and half of the Senate members are up for election in November 2014.

Providing a brief summary of the 2014 legislative session, Mr. Buchholz reported on several of the Port's priority issues: 1. The Transportation Budget did not pass; although there was a 144 car ferry added. 2. Model Toxics Control Act (MTCA) efforts to sweep monies from MTCA to the Transportation Budget were not successful; those funds remain in the MTCA account. 3. Marine Tourism Bill- allowing vessel stays which are registered as an LLC to be extended from 60 to 180 days without incurring a 10 percent tax on the value of the boat did not pass, although support for this bill is increasing. 4. Aquatic Invasive Species- there was support for policies but without funding.

2. 1st Quarter 2014 Financials

Finance Director Tamara Sobjack presented an overview of the Port's first quarter financials by stating that the Balance Sheet reflects a summary of all sources (Operating Activities, Public Priorities and Non-Operating).

Balance Sheet (000)

	3/31/14	12/31/13
Current Assets	59,284	62,665
Long-term Assets	<u>330,535</u>	<u>329,554</u>
Total Assets	389,819	392,219
Current Liabilities	7,199	8,218
Long-term Liabilities	<u>163,132</u>	<u>165,576</u>
Total Liabilities	170,331	173,794
Net Assets	219,488	218,425

Year to date, 2014 Revenues (Operating, Public Priorities and Non-Operating) totaled \$7.6 million, Expenses totaled \$4.6 million.

Ms. Sobjack summarized the financial highlights year to date per operating divisions:

Aviation: Total Revenues \$2.2 million, \$31, 000 better than budget and \$72,000 lower than prior year.

Marinas: Total Revenues \$1.3 million, \$9,000 lower than budget and \$53,000 higher than prior year.

Marine Terminals: Total Revenues \$550,000, \$27,000 better than budget and \$43,000 higher than prior year.

Real Estate: Revenues of \$1.5 million, \$60,000 better than budget and \$112,000 better than prior year.

Regarding Risk Management activities, Ms. Sobjack reported there had been no major incidents reported in the first quarter of 2014.

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Open incidents and claims for the Port: 1. Damage to Port property during the February 27, 2012, Boat fire for which the Port has recovered 100% of its costs, claim closed April 2014. 2. The March 30, 2012 G-East Boathouse fire: \$1.9 million in costs recovered from Port insurance carriers. \$125,000 Port insurance deductible recovered April 2014. Legal actions continue. 3. November 2, 2012 incident involving the Alaska Marine Highway System female employee injured while operating the passenger ramp which was damaged when it fell; scope of repairs has been finalized, repairs will be put out for bid in the near future..

Regarding claims against the Port, Ms. Sobjack reported: 1. November 2012 Alaska Marine Highway System (AMHS) Passenger Ramp incident- the law firm representing the injured AMHS employee initiated a claim against the Port. Port legal counsel and insurance carriers have been notified. 2. A wrongful death lawsuit has been filed by the Langei and Taylor estates against the Port following the March 30, 2012, G-East Boat Fire; legal actions pending.

Regarding the Storm-water program, Ms. Sobjack reported samples were taken and results were under permit benchmarks and training will resume this month.

Regarding Safety for the 1st Quarter of 2014, the Port had 1 Recordable Injury; the Recordable Incident Rate is 1.07, and 0 lost work days.

Ms. Sobjack provided photos and a brief status of significant 1st Quarter 2014 Port projects including the completed Airport Commercial Terminal Expansion, completed Squalicum Estuary – Phase 1, Inner Harbor beach and vegetation project, Bellingham Shipping Terminal bracing and the Fairhaven and Blaine Wash down Stations.

RESUME AGENDA ORDER – ACTION ITEMS

2. 2014- 2016 PORT OF BELLINGHAM / ILWU MAINTENANCE COLLECTIVE BARGAINING AGREEMENT

Motion: Authorize the Executive Director to execute the 2014-2016 Collective Bargaining Agreement between the Port of Bellingham and the International Longshore and Warehouse Union (ILWU), Local 7- Maintenance, including any necessary budget adjustments. The terms and conditions of the agreement shall be effective as of January 1, 2014 and shall terminate on December 31, 2016.

Discussion: Human Resources Director Elizabeth Monahan reported that the 2010- 2013 Collective Bargaining Agreement between the ILWU Local 7-Maintenance and the Port expired December 31, 2013. The bargaining teams have been negotiating in good faith and reached a tentative agreement on April 7, 2014. The terms of the proposed agreement include a 3 year contract recommendation with across the board increases as follows: effective January 1, 2014, 3% for Levels 1 through 5, 4% for Level 6 and a 2.5% quarterly lump sum in lieu of a wage increase for Level 7; effective January 1, 2015, 2.5% for all levels; and effective January 1, 2016, 2.5% for all levels. The Port maintained flexibility and

understanding regarding health care benefits and the role of the Benefits Committee. The parties agreed on language modification regarding grievance filing and response timelines, and slight improvement in staffing flexibility. Finally, effective January 1, 2015, we will eliminate the seasonal employee's floating holidays and make pay adjustments to enhance recruitment and retention of seasonal employees.

Motion approved with 3-0 vote.

3. AMENDMENT TO THE PROFESSIONAL SERVICES AGREEMENT (PSA) WITH LANDAU ASSOCIATES FOR THE WELDCRAFT SITE

Motion: Authorize the Executive Director to execute an amendment to the Professional Services Agreement (PSA) with Landau Associates for the Remedial Investigation/Feasibility Study (RI/FS) and draft Cleanup Action Plan (CAP) for the Weldcraft site under an Agreed Order with Department of Ecology.

Discussion: Environmental Programs Director Mike Stoner reported that the Port entered into an Agreed Order with the Department of Ecology in 2003 to perform an in water cleanup and a site wide RI/FS under the Model Toxics Control Act (MTCA) at the Weldcraft site. An interim cleanup action plan and property redevelopment were performed in 2004 in preparation for occupancy and boatyard operation by tenant, Seaview North and since then, Ecology has required several significant adjustments be made to the RI/FS including supplemental testing, analysis and data reporting. The proposed scope of work is supported by an existing MTCA grant for 50% of the funding.

Motion approved with 3-0 vote.

4. AMENDMENT NO. 10 TO THE PROFESSIONAL SERVICES AGREEMENT (PSA) WITH URS FOR THE FEDERAL INSPECTION SERVICES DESIGN AND CONSTRUCTION PROJECT AT BLI

Motion: Authorize the Executive Director to execute Amendment No. 10 to the Professional Services Agreement (PSA) with URS Corporation to perform architectural design for the inclusion of Federal Inspection Services performed by US Customs & Border Protection Agency (Customs) within the Bellingham International Airport Commercial Terminal in the amount of \$90,415 plus a \$9,063 contingency for a total authorized PSA of \$5,977,000.

Discussion: Senior Project Engineer Adam Fulton explained that the proposed amendment to the PSA with URS will allow for the design and construction plans needed for Room 102 –improvements for the new Customs and Border Patrol General Aviation Facility at the airport.

Motion approved with 3-0 vote.

5. AMENDMENT NO. 11 TO THE PROFESSIONAL SERVICES AGREEMENT (PSA) WITH URS FOR PHASE II COMPLETION ITEMS –AIRPORT COMMERCIAL TERMINAL EXPANSION PROJECT

Motion: Authorize the Executive Director to execute Amendment No. 11 to the Professional Services Agreement (PSA) with URS Corporation to provide architectural design for minor build-out additions within the Bellingham International Airport Commercial Terminal in the amount of \$32,273 plus a \$2,727 contingency for a total authorized PSA of \$6,012,000.

Discussion: Senior Project Engineer Adam Fulton reported that the proposed amendment to the PSA with URS will allow for the design services of misc. project improvements within and minor modifications to the new terminal, necessary due to agency regulations and the overall expansion of the facility.

Motion approved with 3-0 vote.

6. PROFESSIONAL SERVICES AGREEMENT (PSA) WITH KENNEDY/JENKS CONSULTANTS FOR THE BELLINGHAM SHIPPING TERMINAL (BST) STORMWATER IMPROVEMENTS

Motion: Authorize the Executive Director to execute a Professional Services Agreement (PSA) with Kennedy/Jenks Consultants to provide initial consulting services for the Bellingham Shipping Terminal Stormwater Improvements in the amount of \$50,900 plus a \$5,100 contingency for a total authorized amount of \$56,000.

Discussion: Senior Project Engineer Adam Fulton reported that the proposed scope of work will be the first performed under the Environmental Legacy Stewardship Account (ELSA) grant secured by the Port for stormwater improvements at the Bellingham Shipping Terminal. Kennedy/Jenks Consultants was selected as the best qualified to assist staff in the preliminary scoping phase of the project.

Motion approved with 3-0 vote.

7. PROFESSIONAL SERVICES AGREEMENT (PSA) WITH REID MIDDLETON, INC. FOR FAIRHAVEN BOAT LAUNCH FLOATS AND PILING REPLACEMENT PROJECT

Motion: Authorize the Executive Director to execute a Professional Services Agreement (PSA) with Reid Middleton, Inc. to perform engineering services for the Fairhaven Boat Launch Floats & Piling Replacement Project in the amount of \$24,500 plus a 10% contingency of \$2,450 for a total authorized contract amount of \$26,950.

Discussion: Project Engineer Norman Gilbert reported that the work will potentially involve three phases. This project was advertised under the Request for Professional Services (RFPS) process. Of the five proposals submitted, Reid Middleton, Inc. was selected as the most highly qualified to these services. This scope is for preliminary design and cost estimating in support of the Port applying for grant funding.

Motion approved with 3-0 vote.

8. AMENDMENT NO. 35 TO THE PROFESSIONAL SERVICES AGREEMENT (PSA) WITH ANCHOR QEA FOR THE PHASE ONE WHATCOM WATERWAY CLEANUP PROJECT

Motion: Authorize the Executive Director to execute Amendment No. 35 to the Professional Services Agreement (PSA) with Anchor QEA for additional permitting and cleanup design services for Phase 1 of the Whatcom Waterway Cleanup Project in the amount of \$59,880.00, plus a \$5,988.00 contingency, for a total authorized amount of \$8,440,318.50.

Discussion: Facilities Director Fred Seeger explained that the proposed amendment will provide support services necessary to obtain the required National Pollutant Discharge Elimination System (NPDES) permit renewal for the Aerated Stabilization Basin (ASB) discharge. Mr. Seeger further explained that the ASB continues to be the stormwater catchment and treatment lagoon for the former Georgia-Pacific (GP) properties at the Marine Trades and Waterfront District areas. The scope of services proposed in Amendment No. 35 includes negotiation with the Department of Ecology on NPDES permit conditions, monitoring/documentation of water quality in the ASB as well as the former GP sites that deposit their stormwater runoff into the ASB. In addition, Anchor QEA will provide technical support in meetings with Burlington Northern Santa Fe (BNSF) with regard to access permissions for rail services to the BST and former GP West property to better assist in the cleanup work as well as provide a preliminary railroad spur design and cost estimate.

Motion approved with 3-0 vote.

NEW BUSINESS

The following items were discussed by the Commission under New Business:

1. Derelict Vessels- Maritime Director Dan Stahl reported that Port staff will prepare an update to Commission.
2. Bellingham Marine Museum (BMM) - Commissioner Robbins spoke to Mike Granit re: the pending closing of BMM and storage or removal of misc. items. Commissioner Robbins asked if temporary storage facilities available at the GP site. Executive Director Rob Fix expressed concern that providing storage might set a precedent and/or might be perceived as unfair to others. Real Estate Director Shirley McFearin agreed to speak to Mr. Granit and report back to the Commission.
3. Videotaping Meetings- Commission would like feedback as to how the audio performed.
4. Update news on the website- Commissioner McAuley asked that the news be more relevant on the Port's website.
5. Additional Budget meetings- Commission agreed that additional budget/ Special Commission meetings would be added if necessary.
6. East County efforts with Clean Air Agency and potential for Bio Mass- Commissioner McAuley will look into this and report back.
7. Blaine End Pier- Discussion of ownership and maintenance of the road to the end of the pier- Port and City of Blaine staffs are in discussions as to the current status and future of the road- uncertain as to the future use and accessibility by foot/ vehicle.
8. August 5, 2014, Commission meeting- Commission discussed and announced that the first meeting in August is canceled.

ADJOURN

With no further business, the meeting was adjourned at approximately 5:45 p.m.

Michael McAuley, President

Jim Jorgensen, Secretary