

**MINUTES OF THE PORT OF BELLINGHAM  
SPECIAL COMMISSION MEETING  
HELD TUESDAY, MARCH 31, 2015  
HARBOR CENTER BUILDING CONFERENCE ROOM  
1801 ROEDER AVENUE, BELLINGHAM, WASHINGTON**

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Present:	Dan Robbins	President
	Jim Jorgensen	Vice President
	Michael McAuley	Secretary

Staff:	Rob Fix	Executive Director
	Dan Zenk	Director, Aviation
	Mike Stoner	Director, Environmental Programs
	Dan Stahl	Director, Maritime
	Fred J. Seeger	Director, Facilities
	Elizabeth Monahan	Director, Human Resources
	Sylvia Goodwin	Director, Planning and Development
	Tamara Sobjack	Director, Finance
	Shirley McFearin	Director, Real Estate
	Frank Chmelik	Port Counsel
Diane McClain	Executive Secretary	

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**CALL PUBLIC MEETING TO ORDER AND RECESS TO CLOSED EXECUTIVE SESSION**

Commissioner Robbins called the Special Commission Meeting to order at 2:00 p.m. and immediately recessed the meeting to a closed executive session to discuss real estate transactions pursuant to RCW 42.30.110(1)(i) (c).

**RECONVENE PUBLIC MEETING AND ROLL CALL**

The Special Commission Meeting was reconvened at approximately 3:05 p.m. Commission President Robbins welcomed everyone and explained the purpose of the special meeting was to focus on the Waterfront Development and asked that the public comments also pertain to the Waterfront Development. Commissioner Robbins outlined the format of the meeting which would include multiple public comment sessions, guest speakers, a presentation, and a conference call with Master Developer, Harcourt LLC of Ireland.

**PUBLIC COMMENT PERIOD – WATERFRONT DEVELOPMENT:** The public comment period was held at multiple times during the meeting to allow for guests and presentations noted on the agenda.

**PUBLIC COMMENT PERIOD NUMBER ONE**

Comments made focused on the following:

1. Mike Kimmich, (2326 Henry St, Bellingham) concerned with connection to the waterfront, entry to the site, access to the water from downtown and Old Town areas.
2. Abe Jacobson, (2314 Samish Way, Bellingham) concerned proposed contract/ development may add unneeded retail and hospitality employment resulting in low wages vs. good solid skilled technical jobs.
3. Matt Paskus, (1151 Old Marine Drive, Bellingham) spoke of the Bellingham International Airport Advisory (BIAAC) group of which he is a member and asked that the Commission respond to suggested ideas/issues before the next planned meeting in June.

**PUBLIC COMMENT PERIOD SUSPENDED:** The public comment period was then suspended to allow for the following guest comments/presentations:

### **MASTER DEVELOPMENT AGREEMENT (MDA) FOR THE WATERFRONT DISTRICT**

**Western Washington University:** Executive Director Rob Fix introduced Western Washington University (Western) President Bruce Shepard. President Shepard expressed appreciation on the behalf of Western for all the hard work that went into the proposal, the opportunity to serve and partner with the Port since 2004, the desire to ensure the waterfront is an enormous resource for the community, something to be proud of.

**Port of Bellingham:** Executive Director Rob Fix presented an overview of the waterfront property acquisition / history leading to the development of the proposed Master Development Agreement (MDA) for the roughly 19 acre Master Development Area of the Waterfront District. Mr. Fix highlighted the timeline of completed Waterfront District tasks that included formation of waterfront advisory committees, several Port/City community workshops and public commission and council meetings, the initial 2005 signing of an agreement with Georgia Pacific for the site, as well as the adoption of Master Planning documents with the City of Bellingham in 2013.

In June 2013, the Port issued a Request For Proposals (RFP) for the development of the then 10.8 acre site and of the 7 responses received, 4 were from master developers and 3 proposals considered to be project specific i.e. the Granary Building. In September 2013, the review committee consisting of members from the City, Port, and County, with the assistance of hired consultants (Heartland), unanimously selected Harcourt Developments (Harcourt), Ireland as the firm most qualified and responsive to the needs of the RFP. In an open public meeting in March 2014, the Port entered into an Exclusive Negotiating Agreement (ENA) with Harcourt. The Term sheet/ framework of the MDA was published and executed in a public meeting shortly thereafter.

Harcourt's vision for the Master Development Area was deemed largely consistent with the Port/City adopted Master Plan with respect to the development of commercial, residential, adaptive reuse, parks and open spaces, offering connections to the central business district, a continuation of the downtown area, and working in close coordination with Western

Crossing for its 6 acre site outside the Master Development Area (MDA). The initial MDA offering was 10.8 acres which later became 18.8 acres

The five unique character areas of the Waterfront District site include 1) the Marine Trades area, 2) the Downtown Waterfront (a portion of which is the 19 acre MDA site and 6 acre Western Crossing\* site), 3) the Log Pond area, 4) the Bellingham Shipping Terminal area and 5) the Cornwall Beach area. These five make up a compilation of varying land uses and zoning areas, and offer distinct investment and redevelopment strategies.

The terms of the MDA include but are not limited to: specific performance requirements for Key People to be involved, development schedules to be met, the development of the Granary Building by 2019, the 2<sup>nd</sup> Building on the site by 2024, the development of 500,000 square feet by 2029, 1 Million square feet by 2034. Mr. Fix discussed provisions in the Agreement for market conditions, potential delays, and offered comparisons to the Barclay Village and Bellwether Peninsula long term build outs, adding the pace of the development will be justified by the market.

Based on appraisals and environmental considerations, the purchase price of the site will be \$20 per square foot, \$200,000 for the Granary Building, the focus primarily being putting the land back to work, jobs on the site, getting the property back on the tax rolls.

The next steps toward adoption of the Master Development Agreement (MDA) include public comment opportunities prior to a vote to be taken by the Board of Commissioners. With the adoption of the Agreement, site preparation and cleanup, Whatcom Waterway cleanup, Phase 1 of the Infrastructure installation, and building construction can begin.

*\*Western Crossing is a joint entity between the Port and Western Washington University and its purpose is to facilitate development on behalf of Western to locate programs on the waterfront.*

#### **CONFERENCE CALL WITH HARCOURT (11:30 p.m. in Ireland)**

Harcourt Sales Director Pat Power engaged in a phone conversation with the Port Commission to discuss and reaffirm Harcourt's interest in development of the site, Harcourt's previous experience on various developments (10 or 11 hotels), particularly waterfront developments i.e. Park West (Dublin), Titanic Quarter (Belfast), Stanley Dock (Liverpool) 5 acre project, mixed tenant developments, scheduling as addressed in the MDA, the Granary, and working in collaboration with the Port and the university.

#### **CITY OF BELLINGHAM MAYOR KELLI LINVILLE**

Mayor Kelli Linville expressed excitement for the start of the redevelopment of the waterfront. The mayor reported the City's focus on the waterfront redevelopment has been the cleanup, access, and jobs. Those issues have evolved and are reflected in the design, conceptual drawings, the Interlocal Agreement between the Port and City and in the proposed Master Development Agreement between the Port and Harcourt. Mayor Linville added it will be a

long project, already 15 years in the making and she is anxious to see the development start. The Mayor added the City is prepared to do its part and is looking forward to a continued relationship with the Port, working to reconnect the public to the waterfront, providing jobs and recreation. Commission President Dan Robbins thanked the Mayor and her staff (Tara Sundin, Ted Carlson and others) for their hard work as well as Western's President Bruce Shepard and Steve Swan.

## **PUBLIC COMMENT PERIOD TWO – WATERFRONT DEVELOPMENT**

Comments made focused on the following:

4. Joe Wiederhold, (1405 Edwards Street, Bellingham) expressed concern for climate change/sea level rise; development of an area that may be covered in water in 100 years.
5. George Dyson, (adjacent land owner 26 years, small business, moorage customer) concerned a floating warehouse on federal navigable channel is being sold to a foreign developer for non-water dependent use at far below cost of cleanup.
7. Bob Burr, (1130 40<sup>th</sup>, Bellingham) Mr. Burr concerned with Harcourt deal, sub market cost, City expense, urged living wage, job emphasis.
8. Gary Dankelfsen, (Seattle realtor invited by local real estate community to speak on economics of the proposal) concerned with square foot market value, exclusivity, urged joint venture public/private, appreciation of real estate value once development begins.
9. Barry Wagner, (2600 H Street, Bellingham – Retired Senior Environmental Planner, Department of Ecology) concerned with oil by rail, “bomb trains” going thru the site, potential hazard, suggested over rail bridge access, develop plan B for the log pond area.
10. Marian Biddill, (2700 O.F.P, Bellingham – Fairhaven 23 yr., Retired Civil Engineer) urged “no toxics, no pollution”, concerned with Y Road landfill, urged cleanup and inspection of entire site prior to start of project and granting of permits.
11. Adrian Eisinger, (899 Piper Road, WWU alumni, Vehicle Research Institute) suggested potential for environmental cleanup options, urged bio technologies, green tech jobs.
12. Dorothy Dale, (Leopold resident) concerned with earthquakes, area built on fill; urged full clean up and caution.
13. Scott Barg, (2315 Eldridge Avenue, Bellingham) concerned that Harcourt is not in attendance- Commissioner Robbins responded: Harcourt came to Bellingham to meet with the Commission and staff last summer and there have been multiple discussions with them as well as local Harcourt representative and Architect John Reid.
14. Robin Dexter, (3726 Broad Street, Bellingham) concerned with comparison to 20 years completion of Barclay village, urged the removal of fences around the site to allow public access, buy an insurance policy for liability concerns.
15. Charles Law, (Bellingham) concerned with recession numbers, 24/36 months, market conditions.

16. Gaythia Wise, (Bellingham) concerned with climate change, liquefaction, exploding oil trains, public access and liability/ remediation, risky property.

17. Hue Beatty, (Bellingham) concerned with future of the ASB and water treatment area, suggested humongous soccer field on the site.

18. Dave Ebenal, (Bellingham) concerned with economics of transaction, Granary price, square foot price, environmental costs.

19. Bob Hughes, (86 years Bellingham)- would like to know what the waterfront will be used for.

#### **CLOSE PUBLIC COMMENT PERIOD AND RECESS TO CLOSED EXECUTIVE SESSION**

With no one else asking to make public comments, at approximately 4:30 p.m., Commission President Robbins reported that the public meeting would be immediately recessed to a closed executive session to discuss the proposed real estate transaction and reconvene at 6:00 p.m., with no action being taken by the Commission in the closed executive session.

BREAK

#### **RECONVENE PUBLIC MEETING AND ROLL CALL**

The Special Commission Meeting was reconvened at approximately 6:01 p.m. Commission President Robbins welcomed everyone and explained the purpose of the special meeting was to focus on the Waterfront Development and asked Executive Director Rob Fix to provide a presentation, prior to opening the public comment period.

#### **MASTER DEVELOPMENT AGREEMENT (MDA) FOR THE WATERFRONT DISTRICT**

Port of Bellingham: For those just joining the evening session, Executive Director Rob Fix announced he would be providing a repeat of his earlier afternoon presentation.

Harcourt Representative: Architect John Reid commented that Harcourt owner Pat Doherty is very excited about this project, has been from the start. Mr. Reid added Mr. Doherty has the courage, ideas, ability to get things done and views Bellingham as the next most exciting upcoming project. Mr. Reid added that he too is looking forward to going ahead with the project.

#### **PUBLIC COMMENT PERIOD THREE – WATERFRONT DEVELOPMENT**

20. Doug Karlberg, (107 Fairside Drive, Unit 14, Lynden) expressed concern with cash flow, timeline, appraisal, market, demand, cleanup, value to public, value of the land.

21. Carol Jacobsen, (2314 Samish Way, Bellingham) urged public input, regular reports, economic impacts, market considerations, price of the Granary, good jobs, local priority, prevailing wage, working waterfront, competing with downtown area.

22. Betsy Pernotto, (3112 Alderwood, Bellingham) urged more evening meetings, public input, concerned with price of the Granary, living wage jobs, and foreign investment.

23. Matt Paskus, (1151 Old Marine Drive, Bellingham) concerned with risk and negotiation, undercutting local real estate prices.

24. Keith Danelo, (1125 Lakeview, Bellingham) concerned with liabilities left by Georgia Pacific, urged additional public input.

25. Tip Johnson, (2719, Bellingham ) not in favor of Harcourt deal; urged advisory group/public input, water treatment facility, living wage jobs, a solid public waterfront- minimum investment- grass, and soccer fields.

26. Karen Hildes, (Bellingham ) unhappy with Port 12 years, public notice, public input, dioxins, price of Granary, urged living wage jobs and more time.

27. Larry Hildes, (Bellingham) expressed frustration with public notice, public process, price of Granary and the property, Harcourt, living wage jobs on the waterfront.

28. Susan Kite, (Bellingham) expressed no faith in Commission.

29. Ryan Roberts, urged protected bike lanes on the site, expanded bicycle use areas.

BREAK – 5 Minute Break

## COMMISSION COMMENTS

As requested by Commissioner Robbins, Planning Director Sylvia Goodwin provided a brief explanation of the public involvement opportunities over the past ten years as the Port and City developed the Master Plan, the many hours spent working with the City, the County and the University and Waterfront Advisory Group to discuss the various aspects of the waterfront redevelopment, the issuance of the RFP and the committee's selection of Harcourt, the many public meetings held and notices issued and finally, the development of the proposed Master Development Agreement with Harcourt.

Commissioner McAuley addressed a list of items mentioned in the earlier public comments and added that many of the concerns raised are addressed in the Waterfront District Master Plan Documents developed and adopted by the Port Commission and City Council, and are not part of the Master Development Agreement (MDA) with Harcourt. The proposed MDA is a land transaction agreement for 18.8 acres, a portion of the 237 acre Waterfront District site. The Commission discussed the process for setting the price of the property, the Granary, selecting Harcourt as the Master Developer and all spoke in favor of getting the project going.

## **ACTION ITEMS**

### **1. SURPLUS PROPERTY TO THE NEEDS OF THE PORT.**

Motion: A motion to approve the Resolution No. 1340 of the Board of Commissioners of the Port of Bellingham declaring certain property in the Waterfront District surplus to the needs of the Port.

Discussion: Planner Director Sylvia Goodwin provided a brief timeline of the historic Waterfront District site acquired by the Port in 2005; the purpose was to accomplish environmental remediation and redevelopment of the Bellingham waterfront. Working with the City of Bellingham to develop a master plan for this area and pursuant to the State Environmental Policy Act (SEPA), the Port and City jointly completed an Environmental Impact Statement (EIS) for the Waterfront District in 2012. In 2013, the Port adopted Resolution No. 1328 establishing a Comprehensive Scheme of Harbor Improvement for the Waterfront District while also declaring certain property for roads, parks and a Western Washington University (WWU) campus, surplus to the needs of the Port. In 2013 the Port solicited development proposals for the downtown waterfront area and as a result, Harcourt Development LLC was selected by a committee of Port, City, County, and WWU representatives which started the drafting of the Master Development Agreement (MDA) process. The proposed Resolution No. 1340 addresses the approximately 19 acres as depicted on Exhibit A of the proposed Master Development Agreement.

Motion approved with a 3-0 vote.

### **2. MASTER DEVELOPMENT AGREEMENT (MDA) FOR THE WATERFRONT DISTRICT.**

Motion: A motion to authorize the Executive Director to execute a Master Development Agreement (MDA) with Harcourt Bellingham, LLC for the first 18.8 acres of mixed-use development within the Waterfront District.

Discussion: Executive Director Rob Fix commented the proposed Master Development Agreement (MDA) is a fair agreement, one which has taken a great deal of negotiating. Mr. Fix added that he has found Harcourt to be capable of doing the work and has received widespread support from the community. Mr. Fix urged the Commission to approve the Agreement and move forward with the project.

The Commission, Executive Director Rob Fix and Legal Counsel Frank Chmelik further discussed the Agreement and public comments heard. Commissioner McAuley again explained many questions and comments made regarding the Master Development Agreement (MDA) are actually answered in the Master Plan document for the Waterfront District approved by the Port of Bellingham Commission and City of Bellingham City Council. Tara Sundin, City of Bellingham, discussed City of Bellingham development regulations, design review board and advisory to the City Planning Director. Having no further questions or comments, the motion was read again and a call for the vote made. Port counsel reported

there may be minor non-substantive changes made to the final agreement submitted for execution.

Motion approved with a 3-0 vote.

**NEW BUSINESS**

Written public comments received from Doug Karlberg and Terry Montanya will be entered into the record for this meeting.

**ADJOURN**

As there was no further business, the meeting was adjourned at 8:05 p.m.



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Dan Robbins, President



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Michael McAuley, Secretary