

**MINUTES OF THE PORT OF BELLINGHAM COMMISSION MEETING  
HELD TUESDAY, DECEMBER 1, 2015  
HARBOR CENTER BUILDING CONFERENCE ROOM  
1801 ROEDER AVENUE, BELLINGHAM, WASHINGTON**

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Present:	Dan Robbins Jim Jorgensen Michael McAuley	President Vice President Secretary
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Staff:	Rob Fix Sunil Harman Brian Gouran Dan Stahl Adam Fulton Elizabeth Monahan Sylvia Goodwin Tamara Sobjack Shirley McFearin Norman Gilbert Brady Scott Frank Chmelik Lindsay Burmeister	Executive Director Director, Aviation Director, Environmental Programs Director, Maritime Director, Facilities Director, Human Resources Director, Planning and Development Director, Finance Director, Real Estate Project Engineer Marine Trades Real Estate Representative Port Counsel Acting Executive Secretary
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**CALL PUBLIC MEETING TO ORDER AND RECESS TO CLOSED EXECUTIVE SESSION**

At 1:30 p.m., Commissioner Robbins called the Commission meeting to order and immediately recessed to a closed executive session to discuss litigation and pending real estate transactions pursuant to RCW 42.30.110(g)(c).

**RECONVENE PUBLIC MEETING, CALL TO ORDER AND ROLL CALL**

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

**PUBLIC COMMENT PERIOD**

No one signed up for public comment.

**CONSENT AGENDA**

Motion: Approve Consent Agenda items A. and B. as follows:

A. Authorize the Executive Director to execute the necessary contracts and employment practices for the implementation of the 2016 Flexible Spending Accounts with Navia Benefit Solutions.

B. Renewal of Lease Agreement between the Port of Bellingham and Gary W. and Vicki Ann Rogers, d/b/a the Inside Passage.

Discussion: None.

Motion approved with a 3-0 vote.

## **PRESENTATION**

### **Update – Blaine Marine Drive Alternatives**

Director of Planning Sylvia Goodwin discussed the improvement alternatives for the Blaine Harbor Shoreline, Bulkheads, and Marine Drive. The Blaine Marine Drive has been in a period of failure since the late 1980s. It was closed to vehicle traffic in the spring of 2013. The Port worked with the City of Blaine to develop four alternatives to repairing the road and/or pedestrian walkway; Alternative 1: Full Road Improvements; Alternative 2: Roadway Taper (at Star Fish Inc.); Alternative 3 – Option A: Single Lane ADA Access from Star Fish Inc. to Fisherman's Pier; Alternative 3 – Option B: Single Lane ADA Access from Star Fish Inc. to Fisherman's Pier; Alternative 4 – Option A: Public Promenade from Star Fish Inc. to Fisherman's Pier; Alternative 4 – Option B: Public Promenade from Star Fish Inc. to Fisherman's Pier. The alternatives will be presented to the public at an open house. Then the Port of Bellingham and the City of Blaine will select a preferred alternative and pursue funding for implementation of the preferred alternative.

## **ACTION ITEMS**

### **1. RELEASE AND SETTLEMENT AGREEMENT WITH PORT'S ADDITIONAL INSURER CONTINENTAL CASUALTY CO. FOR THE MARCH 30, 2012, SQUALICUM BOAT FIRE.**

Motion: Authorize the Executive Director to execute a Release and Settlement Agreement with the Port of Bellingham's additional insurer Continental Casualty Company.

#### Discussion:

Port Counsel Frank Chmelik reported that this Release and Settlement Agreement relates to the boathouse fire of March 30, 2012 in Squalicum Harbor. A number of the boat owners named the Port as an additional insured under their Insurance Policy. The Port's insurance company, Starr Indemnity & Liability Company and Continental Casualty Company have reached an agreement for payment of \$200,000 to Starr for the Port's defense costs through July of 2014 – the date at which the Court determined Continentals' obligation stopped. The Port, as the additional insured has been asked to waive its claims arising from the past defense costs and bad faith claims. This will end Continentals' obligations to the

Port. Because all of the defense costs have been paid by Starr, the Port has no dispute with Continental about these costs. The \$200,000 will be paid to Starr to offset the defense costs paid by Starr.

Motion approved with a 3-0 vote.

## **2. DEFENSE COSTS FUNDING AGREEMENT WITH PORT'S ADDITIONAL INSURER STANDARD FIRE INSURANCE CO. FOR THE MARCH 30, 2012, SQUALICUM BOAT FIRE.**

Motion: Authorize the Executive Director to execute a Defense Costs Funding Agreement with the Port of Bellingham's additional insurer Standard Fire Insurance Company.

Discussion: Port Counsel Frank Chmelik reported that this Release and Settlement Agreement relates to the boathouse fire of March 30, 2012 in Squalicum Harbor. A boat owner named the Port as an additional insured on its yacht insurance policy with Standard Fire Insurance. After the boathouse fire, it was determined that that insurance company had an ongoing duty to pay part of the Port's defense cost. Standard Fire Insurance and Starr Indemnity & Liability Company reached an agreement for payment for \$210,000 to Starr for the defense costs and bad faith claims through July 15, 2015. The Port, as the additional insured, has been asked to waive its claims arising from past defense costs and bad faith claims occurring prior to July 15, 2015. Standard Fire Insurance still has an ongoing obligation to defend the Port from July 15, 2015 forward.

Motion approved with a 3-0 vote.

## **3. INTERLOCAL AGREEMENT WITH WHATCOM COUNTY FIRE DISTRICT NO. 8 TO PROVIDE FIRE PROTECTION, EMERGENCY MEDICAL SERVICES AND CRASH FIRE RESCUE SUPPORT TO THE BELLINGHAM INTERNATIONAL AIRPORT.**

Motion: Authorize the Executive Director to enter into an Interlocal Agreement with Whatcom County Fire District No. 8, to provide fire protection, emergency medical services and crash fire rescue (CFR) support to the Bellingham International Airport (BLI).

Discussion: Director of Aviation Sunil Harman reported that this agreement is an annual Interlocal Agreement with Whatcom County Fire District No. 8 to provide fire protection, medical response, and crash fire rescue to the Bellingham International Airport. The highlights of the agreement are that it's a calendar year agreement, and it's gone up from \$115,000 in 2015 to 117,070 for 2016 - an increase that's consistent with the CPI. The agreement covers Port property within the district.

Motion approved with a 3-0 vote.

## **4. AMENDMENT NO. 2 TO THE PROFESSIONAL SERVICES AGREEMENT WITH LANDAU ASSOCIATES, INC. TO PERFORM ENGINEERING, DESIGN AND PERMITTING SUPPORT AT THE CORNWALL AVENUE LANDFILL SITE.**

Motion: Authorize the Executive Director to execute Amendment No. 2 to the Professional Services Agreement with Landau Associates, Inc. to perform engineering, design and permitting support at the Cornwall Avenue Landfill Site in the amount of \$57,620 for a total authorized contract amount of \$716,190.

Discussion: Norman Gilbert, Project Engineer, reported that the PSA Amendment with Landau Associates, Inc. for the Cornwall Avenue Landfill Site is in response to the landfill capping system required to contain the municipal refuse and wood waste in place. The Port staff and Landau have identified material located on Hilton Avenue as a source of fill and did testing on it, and found it would be suitable for the site. The Department of Ecology has requested some additional testing of the soil for characterization before they make their final determination as to if the proposal is acceptable. This PSA also includes the design, plans and specifications effort to import and place the material from Hilton Avenue to the Cornwall Avenue landfill site.

Motion approved with a 3-0 vote.

#### **5. AMENDMENT NO. 1 TO THE LEASE AGREEMENT WITH THE STATE OF ALASKA, ALASKA MARINE HIGHWAY SYSTEM (AMHS) FOR PREMISES LOCATED AT THE BELLINGHAM CRUISE TERMINAL.**

Motion: A Commission motion to approve Lease Amendment #1 with the State of Alaska, Alaska Marine Highway System (AMHS) located at the Bellingham Cruise Terminal.

Discussion: Director of Maritime Dan Stahl explained that this Lease Amendment with the State of Alaska, Alaska Marine Highway System (AMHS) is due to AMHS recently restructuring their warehousing program, increasing their capacity in Ketchikan. AMHS has moved the majority of their spare parts and supplies from Bellingham to Ketchikan, creating a surplus of space in Bellingham. AMHS is also experiencing significant budget challenges due to the drop in the price of crude oil. Due to our longstanding relationship with AMHS, staff is recommending allowing for their reduction in leasable area in Warehouse 4. The site is currently being marketed and the Port is looking to release it.

Motion approved with a 3-0 vote.

#### **6. AMENDMENT NO. 4 TO THE TERMINAL SERVICES AGREEMENT WITH THE STATE OF ALASKA, ALASKA MARINE HIGHWAY SYSTEM (AMHS) FOR RENEWAL OF TICKETING AND RESERVATION SERVICES.**

Motion: Approve Amendment #4 of the Terminal Services Agreement exercising the 2<sup>nd</sup> of five renewal options to extend ticketing & reservation services for the Alaska Marine Highway System (AMHS) beginning Oct. 1, 2015 – Sept. 30, 2018.

Discussion: Director of Maritime Dan Stahl reported that this Amendment to the Terminal Services Agreement with the Alaska Marine Highway System (AMHS) relates to the Port's ticketing and reservation services and is in alignment with the contract the Port negotiated last year with Inland Boatmen's Union (IBU).

Motion approved with a 3-0 vote.

**7. WATERWAY PERMIT AGREEMENT WITH THE DEPT. OF NATURAL RESOURCES FOR USE OF STATE OWNED AQUATIC LANDS WITHIN THE WHATCOM WATERWAY.**

Motion: A Commission motion to authorize the Executive Director to enter a Waterway Permit agreement with the Washington State Department of Natural Resources (DNR) for use of State owned aquatic lands within the Whatcom Waterway.

Discussion: Real Estate Representative Brady Scott reported that this agreement with the Washington State Department of Natural Resources (DNR) is for use of State owned aquatic lands within the Whatcom Waterway. The area is reserved for commerce and navigation use. The property cannot be sold or leased, but DNR can issue permits for the use of the waterway for up to a 5 year period. As a part of the waterway cleanup and construction project, the Port has requested a waterway permit from DNR for continued use of the Whatcom Waterway in association with the Bellingham Shipping Terminal, the GP Dock, and the C-Street terminal areas. The permit is set to begin on April 1, 2016 for a 5 year term. The annual fee is \$15,232.98 which is adjusted annually for inflation.

Motion approved with a 3-0 vote.


**NEW BUSINESS**


Commissioner Robbins read an Executive Director and Commission Letter of Appreciation and Commendation to Real Estate Representative Judy Harvey for her achievement in earning her Real Estate Broker License.

**ADJOURN**

As there was no further business, the meeting was adjourned at 3:54 p.m.

*Michael McAuley*  
*Dan Robbins*

  
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Dan Robbins, President

  
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Michael McAuley, Secretary