

Report for LWV of Port of Bellingham (PoB) Commissioners Public Meeting

April 5, 2011

Meeting attended by Mary Ellen Woods and Martha Mills

PUBLIC MEETING CONVENED AT 3:00 P.M.

PUBLIC COMMENTS

Darren Williams of the Longshoremen Union commented that the Port has been somewhat lax in attending to the shipping terminal business at the Port in Bellingham. The Port needs to move forward with decisions and get the shipping port up and running. Log suppliers are presently talking to different ports; they are now shipping from Everett. Rep. Larson is interested; there is money for rail improvements available that the Port should pursue. A windmills study has information about port operation; the commissioners should read the study.

Kathy Green, a marine biologist living in Ferndale who has volunteered at the Marine Life Center (MLC) for the past 20 years, commented about the value of the MLC. A new program starting in May 2011 will be a short seminar on marine life that is available for charter boat guests before they go out to Puget Sound.

Nancy Olsen, who is involved in marine education elsewhere, thanked the commissioners and Real Estate staff for taking a look at the value of the MLC to the community. The MLC has economic, recreational, and educational value. The interaction with real animals and plants is invaluable to future marine stewards. There is an opportunity to expand tourist and community interaction with the MLC. The marina will benefit from the services provided by the MLC, as would its employees if training or classes about the MLC and its programs is available.

Noel Larson, curator of the MLC, commented about a grant to eliminate the admission fee, the MLC is doing more outreach to organizations in the community.

Roger Van Dyken, a charter boat company operator, appreciated the outreach from the MLC; he is excited about the possibilities for using the MLC. Bellingham is the number one charter destination in the county because it is not a desert marine environment. The company provides guides to sea life and mammals to its customers but the more information they have, the more they enjoy the charter experience.

Jack _____ commented briefly about the MLC.

Matt Hoskiss provided a letter about the airport terminal to be entered into the public record (copy to the commissioners only).

CONSENT AGENDA

A. Minutes of the March 1, 2011 and March 15, 2011 regularly scheduled Commission meetings were approved. No discussion.

B. Voucher Certification and Approval March 2 – March 30, 2011. No discussion.

C. Approval of Purchase Order to Trailer Town of Olympia, WA for heavy equipment trailer replacement. No discussion.

D. Approval of Lease Renegotiation/Modification with Wise Enterprises for land lease. This company used the space to pre-construct plumbing parts and store them in the building, but since the economic downturn, business is reduced. Commissioner Walker asked if this was a reduction in the rent? It is, which he is concerned is an incentive to other tenants to renegotiate leases.

E. Approval of Lease Renewal with and WoodStone Corporation. The renewal extends the lease by five years with slightly higher rent. Commissioner Walker was concerned that the term is too long at these lower rates. The lease includes a provision for additional rent if the gross sales increase.

F. Approval of Lease Modification with SeaView North. The change removes the requirement to build a new building by a specific date. Commissioner Walker noted that four other entities wanted the property, would have cleared the buildings, and built a new building; the lease should have been re-bid.

Lydia Bennett, Director of Real Estate, explained that cleanup has taken longer and financing is now more difficult for the new building, so the purpose is to extend the terms until the tenant can complete. No date is set in the contract because the financial market is so difficult and she does not want to have to come back to the commissioners for another modification.

Mike Stoner, Director of Environmental Programs, explained that there were zoning and other problems that delayed performance on the lease. The lease now maximizes flexibility. The sediment cleanup is now finished.

Commissioner Walker noted that Colony North criticized the lease at the time, saying that the Port gave this property away. Other bidders for the property may be very upset.

The Commissioners voted to approve all items on the Consent Agenda except item F. On the vote on item F, there was no additional discussion and the vote was two

opposed, one in favor of the lease modification. The commissioners said they would examine the lease issue and consider it later.

ACTION AGENDA

AVIATION

1. Agreement with Standard Parking for the parking lot management at Bellingham International Airport (BIA).

Art Choat, Director of Aviation, explained that a notice of request for proposals is put out every five years for the parking lot management agreement. The airport sent out seven information packets and received four bids. The unanimous decision was that Standard Parking was the most responsive bidder. The commissioners had no questions and approved the request.

2. Interagency agreement with the Dept. of Ecology for the Bellingham Bay Demonstration Pilot.

Mike Hogan, environmental analyst, described the project, which is \$447,000 for habitat restoration along Little Squalicum Creek and the adjoining beach. It is in the current budget and is to be completed by June 2011. All of the funds are from the Dept. of Ecology and are for the engineering phase of the project. The remedial action (MADCA) will be later. Additional funds for the pilot project appear to be available.

The commissioners approved the request.

FACILITIES

3. Amend Professional Services Agreement (PSA) with Anchor QEA for engineering and design services for Squalicum Creek restoration project.

Mike Hogan also described this project, which is \$311,000 to complete the design and engineering phase. Future funding for the actual work should be in place by the end of June. The marine channel to BCS and new marine habitat were discussed.

Commissioner Walker asked if this is filled land? Also, if a barge facility is developed in the future, will that be possible? Mike Stoner assured the commissioners that the environmental division is sensitive to future uses and concerns. Approved.

4. PSA with Coast & Harbor Engineering for preliminary design and permitting for Little Squalicum Beach improvements was approved without discussion.

5. PSA with Pacific Surveying & Engineering Services for a comprehensive airport parking plan.

Art Choat, Director of Aviation, explained that improvements to BIA parking are in two phases: Mitchell Way and north of the terminal. The project will be bid in 2012 with \$200,000 for phase one. Commissioner McAuley stated that the Airport Master Plan is outdated and the Port should not be spending money on anything without a plan. Choat said that he has been asking for an update for eight years and that BIA will be asking the commissioners to approve funding for a master plan update at the June 7 meeting. At present, the airport does a new forecast every three years because growth of less than 3 % was expected, but growth has been 20% per year. It costs \$30,000 to do each update, so it makes sense to do a new master plan. There will be a Q & A on April 8 about the master plan. Approved.

6. HCI Industrial & Marine Coatings contract for 2011 painting projects.

This is the annual painting contract, two bids were received, of which one was determined to be non-responsive. HCI is located in Vancouver, WA and does industrial and marine coatings. The Bellingham Cruise Terminal and other work is part of the work, hence the high price of \$347,000 due to the nature of painting facilities on salt water. This contract is for all exterior painting, including the transfer span to the Alaska ferry and pedestrian walkway, which haven't been repainted in nine years. The other bid had bonding problems and was way below the estimate of \$380,000. The bonding company wouldn't bond the second bidder after it examined the two bids. Port legal counsel said that bonding companies are now taking a closer look at projects. Approved.

7. Deed of Dedication of Public Improvements to the City of Bellingham and an acknowledgement of understanding for latecomer contracts notice.

This is to transfer fire hydrants and a water main to the city for its maintenance and responsibility. Legal counsel explained that this is a simple dedication and is normal practice. Latecomers have to pay a fee to the grantor when they connect to the system. Commissioner Walker asked if the city has to pay a fee if it needs more water for the sewage treatment facility? Legal counsel said this is outside the city, so a different form. Facilities staff said something about backflow improvements. If the city does a project on the other side of the railroad tracks, then it is a separate project from anything with the Port. Approved.

MARINAS

8. Resolution No. 1296 to declare Quickie Lifts No. 1 & 2 as surplus for sale at public auction.

The lifts must operate within a boat yard permit, so environmental concerns are met. However, these are outdated and are not used anymore. Approved.

REAL ESTATE

9. Northwest Discovery Project a/k/a Marine Life Center management agreement.

Lydia Bennett, Director of Real Estate, presented a 45-month agreement with the MLC that includes Port funding for improvements. She met with all possible operators of the center (5 or 6), all expressed interest in keeping the MLC open, will help to use it, but none want to assume operations. All agreed the facility needs upgrading and improvements. Northwest Discovery Project is the only appropriate entity to operate the MLC and meets the sole source contractor requirements.

Therefore, the staff recommends that:

- 1) Port continues to be involved and that the MLC board be re-engaged.
- 2) The facilities be upgraded, there is much deferred maintenance.
- 3) MLC programs are improved.
- 4) Community involvement encouraged, including volunteers and fees.

Bennett noted that the Port spends \$28,000 to market the Bellwether. The proposal is to budget the MLC at \$84,837, of which only \$40,000 is spent for the manager's salary and includes \$8,000 for marketing. In addition, staff proposes \$70,000 for capital improvements for a chiller and a new the generator, which dates to 1987. The capital improvements will come out of the Port's capital budget and the other amount out of the operating budget. No building improvements are included. This additional support will allow the MLC to eliminate the admission fee to see if attendance increases given past experience.

Legal counsel noted that there is a specific statute for port districts when a sole source contract is granted; the port must provide that any fees charged are reasonable if the contract is over \$50,000.

Jim Miller of COG is on the MLC Board. Carol Williams of Parks will be the Port's representative on the MLC Board.

Commissioner Walker expressed the intent to phase out the Port's support of the MLC. The original intent of the MLC was as an attraction because there were shops in the buildings, but then they turned into government offices. The amount for the MLC was \$7,000 when he first voted on a budget. He would like to know what the MLC's goals and format are to be. For the Port to be supporting the MLC just because it's always has done so isn't enough. The Port is reducing the rent for other tenants; this is just a free lunch. He has talked to Jim Miller and he is "non-committal", whatever that means.

Charlie Sheldon, Executive Director (E.D.), said that three years should be enough time to determine if the MLC can make it on its own. He is mindful of the commissioners' concerns. Bennett said that at least a year is needed for the marketing to work. She considered a lease term of five years, but used 45 months to coincide with the Port's calendar year. The hope is that donations will increase with no admission fee and increased attendance. She also expects other community organizations to provide support and the center needs to actively solicit donations.

Commissioner McAuley asked if there is an out within the 45 months? Bennett said that the requirement to annually fund the budget is the Port's control.

The commissioners approved the request and wished the MLC good luck.

10. SIS Flight Hangar Condominium lease modification.

The lease amount is increased and is at market rent, appraisals have been done. Approved.

11. SIS Flight Hangar Condo and Apogee Real Estate lease assignment. Approved.

12. Sea Ray Sports Yachts at Squaticum Harbor land lease. Approved.

13. SeaView Yacht Service Fairhaven lease modification to incorporate building No. 6 and common access area.

SeaView has occupied 18,000 sq. ft. of buildings 4 and 5 since 2007 and this lease is for building 6. The rent is \$10,000/month, may cancel within six months if the space isn't working. More employees will be hired. Phil Reese explained that SeaView built all the new spars on the Zodiac in the building and he just learned has won an environmental excellence award in WA.

Reese said that after the comments made at the last meeting, he wants to defend his reputation and set the record straight about SeaView North: it provides family wage jobs. The Fairhaven facility is full of boats and workers and competes with Anacortes. For SeaView North, negotiations began in 2001 with three people: Art Choat, Mike, and _____; the date was 9-11-2001. He has correspondence with staff to support all of his previous statements about SeaView North. He has spent \$1.5 million on infrastructure upgrades. The only reason no building was built, even though he has spent \$100,000 on the property, is because of zoning delays by Port staff. He wants to build a building but financing isn't available since the recession. He has had to reduce the hourly billing rate for his workers during the recession to keep his employees working.

Commissioner Walker noted that Colony Wharf was very interested in the property. Walker said that he knows that Reese is a good tenant, expands his business, and has a good reputation in business. He did not know that the Port advised him to stop demolition until he had a permit. Reese said that the original lease had no date when to build, just to demolish. If he knocks down the building and cannot build a new one, he cannot build spars. Walker and Reese discussed working together and the discussion ended on a positive tone. Bennett commented that the purpose of the real estate division is to have the lease succeed.

NEW BUSINESS

Laptops and email policy. There was no substantive discussion of either item.

ADJOURNED

The Airport Advisory Committee ((AAC) meets on May 12. The Marina Advisory Committee (MAC) meets on April 12.