

**SECOND SUPPLEMENTAL AGREEMENT  
TO THE  
INTERLOCAL AGREEMENT REGARDING THE  
“NEW WHATCOM SPECIAL DEVELOPMENT AREA”**

This Second Supplemental Interlocal Agreement (the “Second Supplemental Agreement”) to the Interlocal Agreement regarding the “New Whatcom Special Development Area” is made and entered into by and between the Port of Bellingham (the “Port”) and the City of Bellingham (the “City”) pursuant to Chapter 39.34 RCW with regard to the New Whatcom Special Development Area.

**WHEREAS**, the City and the Port recognize the unique and historic opportunity for the citizens of Bellingham, Whatcom County, and the greater Puget Sound region to redevelop Bellingham’s central waterfront as a mixed-use development with significant public access opportunities; and

**WHEREAS**, redeveloping Bellingham’s central waterfront as a mixed-use area can provide numerous benefits for all of Whatcom County. These benefits include: (1) providing new marine facilities, public parks, open space and trails, (2) helping generate new family-wage jobs; (3) providing an area for both housing and business development to occur in a manner that helps preserve the County’s limited supply of agricultural and natural resource lands; (4) remediating environmental contamination within the site to a standard suitable for mixed-use redevelopment; and (5) creating valuable near shore habitat; and

**WHEREAS**, redeveloping Bellingham’s central waterfront as a mixed-use site requires a higher clean-up standard and corresponding cost than would simply allowing the area to remain as an industrial site; and

**WHEREAS**, there is a shared public purpose for the City and the Port to jointly analyze the environmental impacts of redeveloping the central waterfront as a mixed-use area and to jointly prepare a development plan, development regulations and a development agreement to ensure that the redevelopment is financially feasible for both jurisdictions and that the redevelopment reflects the interests of the City and Port and their constituents; and

**WHEREAS**, it is in the community’s best interest to promote redevelopment of Bellingham’s central waterfront as a mixed-use area that would capture the unique and historic opportunity to create tremendous public amenities and value for the community and the environment, instead of having the central waterfront area continue to be an underutilized and contaminated industrial site; and

**WHEREAS**, the Port has executed an agreement with Georgia-Pacific to acquire certain parcels of its Whatcom County property, including the waterfront industrial property. The agreement provides that the Port assumes responsibility for the environmental remediation of certain known environmental conditions on the Georgia-

Pacific property and in the Whatcom Waterway in exchange for transferring the property to the Port; and

**WHEREAS**, the acquisition of the Georgia-Pacific property and environmental remediation to a standard suitable for mixed-use redevelopment by the Port can only be accomplished if the Port forms strategic partnerships with key government agencies, such as the City, to assist in the redevelopment of the Bellingham central waterfront area; and

**WHEREAS**, recognizing this unique and historic opportunity and acting decisively to secure the benefits of redeveloping the central waterfront as a mixed-use area, on January 4, 2005, the Port and the City entered into the "New Whatcom Interlocal Agreement" for the New Whatcom Special Development Area (NWSDA) ; and

**WHEREAS**, on January 4, 2005, the Port and the City also entered into an Interlocal Agreement for the Implementation of the Waterfront Futures Group Recommendations; and

**WHEREAS**, on January 4, 2005 the Port and the City entered into an Interlocal Agreement to address in a comprehensive manner issues necessary for the successful redevelopment of the NWSDA and which specifies that the Port will convey at no cost to the City the appropriate property rights for the property containing public infrastructure and public parks and access areas as set forth in the New Whatcom Development Plan; and

**WHEREAS**, on December 14, 2005 the Port and the City also entered into an Interlocal Agreement regarding the Acquisition of the Chevron Property and the Colony Wharf Property and the Remediation of the Cornwall Avenue Landfill Site and the Central Waterfront Site; and

**WHEREAS**, fully implementing these agreements will result in both the Port and the City having significant property ownership within the NWSDA and a joint interest in ensuring the successful redevelopment of the NWSDA to maximize the value of this property and its benefit to the public; and

**WHEREAS**, the Port and City have engaged in the process of developing a Draft Framework Plan for the NWSDA on which further planning, economic modeling, additional in-depth market analysis and environmental impact statement work will be performed to prepare a Development Plan and Development Regulations which are anticipated to be embodied in a Development Agreement; and

**WHEREAS**, the New Whatcom Development Agreement will define the specific mix of uses, design and development standards to implement the community vision for the NWSDA and the Port's Scheme of Harbor Improvements will address the marine infrastructure and development of Port properties within the NWSDA; and

**WHEREAS**, the Port and the City will be developing the Environmental Impact Statement (“EIS”) under the State Environmental Policy Act (“SEPA”) for the New Whatcom Special Development Area Development Plan to analyze the potential impacts and corresponding mitigating measures to address the conversion of a two hundred and twenty (220) acre industrial Brownfield site to a new mixed-use waterfront neighborhood. The site includes the former Georgia Pacific pulp and paper mill site, treatment lagoon and surrounding public and private properties within the NWSDA, established in the New Whatcom Interlocal Agreement; and

**WHEREAS**, the environmental review for the NWSDA Development Plan and Scheme of Harbor Improvements, including the development of draft and final EIS documents and the continuing work on the New Whatcom Development Plan, Development Regulations and Development Agreement (hereafter all collectively referred to as the “New Whatcom Development Plan”) require additional consulting services; and

**WHEREAS**, the Port and City have agreed to jointly develop and fund the New Whatcom Development Plan; and

**WHEREAS**, the Port and City have jointly, through a competitive selection process, selected a team of consultants, including Artifacts Consulting, Blumen Consulting, Collins Woerman, David Evans, Grette Associates, Landau Associates, Northwest Archaeological, Norton Arnold, Primedia Group, Transpo, and Walker Macy to provide additional consulting services for the preparation of the EIS and the continuing development of the New Whatcom Development Plan; and

**WHEREAS**, the Port and the City desire to supplement the terms of the New Whatcom Interlocal Agreement with this Second Supplemental Agreement to address the funding of the additional consulting work related to plan development.

**NOW, THEREFORE**, in consideration of mutual covenants and conditions contained herein, the Port and the City agree as follows:

1. **Purpose and Joint Funding of Preliminary SEPA Work.** The parties agree to provide additional funding for the years 2006-07 to undertake the SEPA work identified in Article III, paragraph 9(a) of the New Whatcom Interlocal Agreement.

- 1.1 This phase of work for the New Whatcom Development Plan will be performed in 2006 – 2007, and include preparation and formal public scoping for an Environmental Impact Statement to evaluate the impacts and benefits of the proposed redevelopment project, and additional review of the market analysis and planning assumptions for the project. The funding requirements for these phases of the work are not to exceed the following limits:

<b>Work</b>	<b>Cost</b>	<b>Port Share</b>	<b>City Share</b>
Preparation and Scoping for Environmental Impact Statement	\$348,904 (100%)	\$174,452 (50%)	\$174,452 (50%)
Baseline Review of Market Analysis & Planning Assumptions for EIS	\$315,332 (100%)	\$157,666 (50%)	\$157,666 (50%)

1.2 The Port and the City agree that the purpose of the redevelopment project in the NWSDA will include environmental remediation to a standard suitable for mixed residential, commercial, light industrial, institutional and recreational use and the development of transportation and utilities, public access, parks and open space and marine infrastructure, including a three hundred to four hundred fifty (300-450) slip marina, a boat launch, transient moorage and associated parking. The environmental remediation for identified sites within the NWSDA will be analyzed in Remedial Investigation Feasibility Studies prepared by the Port for the Washington State Department of Ecology. Additional environmental review under SEPA will also be performed by the Washington State Department of Ecology, associated with the remediation of identified sites within the study area.

2. **SEPA Responsible Official.** The Port's Director of Environmental Programs shall serve as the Responsible SEPA Official for the New Whatcom Special Development Area SEPA Process. In undertaking these duties he shall coordinate with the City's Planning Director.

3. **Joint Funding for Continuing Work on the Development of the New Whatcom Master Development Plan.** The parties agree to jointly provide additional funding in calendar year 2007 to undertake continuing planning activities as identified in Article III, paragraph 9(a) of the New Whatcom Interlocal Agreement. These additional funds will be used to fund the development of a public review Draft EIS, public involvement, responsiveness summary and Final EIS, Development Plan, Development Regulations and the Development Agreement (including project phasing) for New Whatcom.

4. **Contract Administration.** The Port will be the Lead Agency in contracting for the consultant agreements for work identified in Paragraphs #1 and #3 to this Supplemental Interlocal Agreement. The Port and City will each appoint its respective representative with regard to these contracts and these representatives will coordinate direction to the consultants. Upon receipt of an invoice from the consultants for work completed as described in Paragraph #1 of this agreement, the Port will provide a copy to the City for its review and the City will promptly pay to the Port its share of those costs that the Port and City's representatives jointly agree are due and payable through the invoice as defined in Paragraph #1 of this agreement. If there are any issues concerning the invoice the Port and City representatives will meet and resolve the issues.

5. **New Whatcom Interlocal Agreement – Timeline for Adoption of New Whatcom Development Plan**. The Port and the City have been working diligently and cooperatively to develop the New Whatcom Development Plan. It is anticipated that the preparation and formal scoping, including public comment, for the New Whatcom EIS will be initiated in early 2007. Additional public comment on a Draft EIS is expected later in 2007. The final New Whatcom Development Plan and associated SEPA documents will be presented to the Port commission and the City Council for consideration in 2007. However, the Port and the City recognize that these dates may be extended to ensure that comprehensive SEPA and New Whatcom Development Plan documents are provided for consideration.

6. **Terms and Conditions of Existing Interlocal Remain the Same:** The parties agree that, except as specifically modified hereinabove, the terms and conditions of the New Whatcom SDA Interlocal Agreement shall continue in full force and effect.

**ADOPTED** by each government noted below in an open public meeting on the date noted.

**THE PORT OF BELLINGHAM**

\_\_\_\_\_  
*Commission President*

Date \_\_\_\_\_

**CITY OF BELLINGHAM**

Date \_\_\_\_\_

**Departmental Approval:**

\_\_\_\_\_  
*Mayor*

\_\_\_\_\_  
*Department Head*

**Attest:**

**Approved as to form:**

\_\_\_\_\_  
*Finance Director*

\_\_\_\_\_  
*Office of the City Attorney*