

Whatcom County Business and Commerce Committee
Summary Notes with Discussion Transcript
September 20, 2021

Voting Members Present: Debbie Ahl, Ryan Allsop, Paul Burrill, Clark Campbell (Committee Chair), Casey Diggs, Andrew Gamble, Troy Muljat, Sarah Rothenbuhler

Voting Members Not Present: Brad Rader

Nonvoting members present: Don Goldberg, Michael Jones, Eva Schulte, CJ Seitz, Satpal Sidhu

Nonvoting members not present: Rud Browne, Seth Fleetwood

Public present: Building Industry Association of Whatcom County, Cara Buckingham, Mauri Ingram, Rick Focht, Derek Long, John Michener, Guy Occhiogrosso, Liz Purdy, Tyler Schroeder, Michael Shepard, Jennifer Noveck, Gina Stark

Call to Order

Roll Call and Introductions

Asked for public comments and did introductions for all committee members, then members of the public.

Announcements

Open positions for food processing, a 4year term. If anyone knows someone would be good, please send to committee. Also, an opening for a representative from Manufacturing

Administrative business (5 min)

- Approve minutes from August 2021 meeting - Approved
- Open voting member positions: food processing & manufacturing – if have someone would like to invite, send your recommendations to Don and Jennifer and maybe can do an outreach. Be good to have those positions filled.
- CEDS 2021-2015 draft for comment available through 9/30/2021 – Draft comments due end of this month. Jen had sent out a copy of that.

Clark Campbell: Just a quick update, Jen, on where we're at with CEDS draft comments. Jen had sent out a copy of that I made most of the way through reading it. But Jen, will you give a quick update on what next steps look like with regard to the Comprehensive Economic Development Plan?

Jennifer Noveck: Yes. There is about 10 more days left of the public comment period, so we're happy to take any written comments that the committee feels compelled to give to the draft. Also, I'm offering for anyone who doesn't really like to do written comments and would prefer, to have a zoom or a phone call. If you want to do that, I'm definitely open to that method, so you can just email me sometimes that might work for you. Tomorrow, we'll be presenting the draft to the port commission. Once the public comment period closes, I'll be incorporating the feedback and any edits that people have and then forwarding that on to the county office for our presentation to the County Council. This is currently scheduled for October 26th. We're really excited to get this done and focus on the work. If there are any questions, comments, or edits, I'm happy to take those for 10 more days.

Don Goldberg: One thing I'd like to add is I know we had given a presentation on the CEDS, and Bob Pritchard was focused on the outcomes and deliverables. If you go to page 26 on the CEDS report, it's all about deliverables. We took Bob and your recommendations, and we put in a chart on what the items are, who's responsible for what, and when we will deliver, so you can focus on that area if you're interested.

Jennifer Noveck: One last comment. In the next couple of months, the online version will be available. Essentially, we're going to use that online version for data visualizations. Since we have so many different

data sources, we're really glad that this is going to be a place for economic data on Whatcom County wages, employment, top industries, demographics, education statistics, housing data, childcare data. We're actually going to put all of that on our CEDS page. Then all of those visuals will be downloadable. Some of them may even be customizable to the region. We're just so excited to be able to have that resource available for people without a paywall and without you having to go to each of the individual statistics departments or government state departments to get those stats whenever you need them. It'll be constantly updated.

Clark Campbell: Credit to Jen and the team there. If you haven't looked at the document, I'd recommend that voting members of this group carve out just a little bit of time to go through it. I've actually been going through with a digital highlighter, and there's a lot of good data sets in there that are relevant to the topics that we've been talking about, specifically workforce housing. And as Jen said, as the new census data comes in, those numbers will get updated with live data, so it won't be like downloading a five-year-old PDF. As time moves on, we'll be able to get current data as it exists. I'd encourage everyone to take a look at it as there is lots of good work there by Jen and Don and the rest of the team.

Jen, it sound like due to scheduling -- Satpal's got another commitment -- we're going to do a quick flip of the two presentations that were on the agenda to allow Satpal and Tyler to go first. Then we'll follow with the fisheries presentation. That's just a last-minute scheduling change we had to make.

Presentation on County draft plans for the American Rescue Plan with County Executive Satpal Sidhu and Deputy Executive Tyler Schroeder (15 min)

- Committee member Q&A (15 min)

Satpal Sidhu: OK, thank you. Good morning, everybody. We are ready, and we will try to make it brief. The presentation to the council was pretty long, and some of you may have already seen our presentation. I would like to ask Tyler to please go ahead. I'll be available for Q&A. Thank you.

Tyler Schroeder: Good morning, everybody. Tyler Schroeder, Deputy Executive at Whatcom County. Nice to see everybody this morning. I'm pretty sure that the committee has gotten the presentation that was sent out, and I'll share my screen and go through it here really quickly. This presentation was given to County Council on August 10th, and we also had an update with the council at last council meeting on September 14th. What the county is looking to do is establish priorities and a policy framework for the American Rescue Plan. For the big picture the ARPA funds are intended to address the health, social and economic impacts of the pandemic. ARPA funds alone, of course, are not enough to meet all of the needs, and the County Council will face a difficult task of determining priorities and level of investments as we walk through this presentation. I think the gist is working cooperatively. We can build and implement a plan that maximizes the impact and the values of our investments of the over \$44m of Whatcom County-specific American Rescue Plan Act dollars and also the over \$20m that the City of Bellingham, and the small cities are receiving as well. We continue to work cooperatively with them. Here are the core principles we're looking to address.

- invest primarily in activities with long term benefits or startup programs,
- target investment towards the highest community needs,
- provide accountability and identify measurable outcomes associated with that,
- retain some flexibility to adjust as conditions change -- which is pretty stark because this presentation was given in early August, and I think we've all seen since then, that the virus has come back and conditions changed associated with the workplace,
- continue to collaborate with the city of Bellingham, small cities, the Port of Bellingham, and the PUD, similar to what we did with the CARES Act dollars, where we administered over \$26m in emergency effort last year,
- provide transparency and decision making,
- seek other grant funds from new federal and state programs

Our intent is to create some priorities or some buckets, recognize those priorities and pathways for the administration to seek qualified projects associated with them, and have the County Council decide actual fund allocations for qualified projects when those projects are identified. Of course, we will continue to be able to track the allocations through our finance department as well as the dollars that have been spent in the budget associated with it. But then as I indicated earlier, we will retain some flexibilities to re-allocate or create new priorities as we move forward through the end of 2024 when these dollars need to be spent. In our work, Executive Sidhu, myself, and others, and working with the health department who came out with a new COVID social health impact analysis, we've established a couple of different priorities.

This committee has talked about a number of them. One being the housing security. Another looking at childcare opportunities in our community. We, of course, need to continue to support the public health response associated with COVID 19 as we move forward. Fourth, looking at capital infrastructure and looking at ways to invest in infrastructure to be able to accomplish development in areas not only in the City of Bellingham, but I think more appropriately also looking at the small cities to accomplish water and sewer and stormwater projects that that would likely be able to help facilitate development in areas that we currently don't have the infrastructure. We are also looking at government operations. These dollars will be set aside specifically for Whatcom County for impacted government operations in which we've been able to move forward and establish some new positions that were currently frozen, as well as working with the criminal justice system to support their operations. There is a very substantial court backlog currently due to the core operations being limited, of course, in the last year or so. Those are our high level of priorities for these dollars, and I'll be able to walk through them a little bit more specifically.

As indicated earlier, there will be additional need and some categories that may need American Rescue Act funds that we need to continue to look into - business support being one of them. We had a conversation about this and are trying to find some additional dollars, maybe for Point Roberts, because they have been so significantly impacted for businesses in that area. We're also looking at tourism, food security, rental assistance if needed, and some homeless services associated with it. These, of course, we'll continue to monitor and look for increased priorities associated with the changes in need.

When you look at the priorities that we've established through the buckets and the allocations, know that these will continue to change as we discuss with council. They have already changed, and we can make an update once we engage council on that. Overall, housing security is about 20 percent of the of the priority; Public health about six percent; 17 percent of the dollars would be allocated for government operations; another 20 percent would be allocated for childcare; and about 38 percent would be allocated for capital infrastructure. This is based off of the last council meeting. These would be updated, and I would say that overall housing security and childcare will take a majority of the American Rescue Act dollars. Likely over 50 percent would be allocated to affordable housing and childcare opportunities, and the infrastructure dollars would be reduced in some capacity in total, maybe down to about twenty five percent.

We can talk about that moving forward. This process is to get some community input and help inform council in those decisions as we identify those priorities and start to budget the dollars for next year through 2024. Once we identify priorities, the council will be moving forward with a mid-biennium budget adjustment at the end of the year so that we can start to establish dollars for projects moving into 2022. We are anticipating a budget lapse associated with these, so we're budgeting for that. This is a common practice in county operations. There is an opportunity for the county to take some revenue loss associated with American Rescue to help support county revenue that we may have lost. At this time, we will just be keeping a reserve. We have not fully established what that revenue loss will be and are not including it at this time in this presentation.

We all know that affordable housing and housing security is a big issue. We will be investing into new affordable housing projects in our community. Some good examples of that are the Bellingham Housing Authority's Samish Commons project, which is currently in development or a planned project for the Opportunity Council at Laurel and Forest. There are a couple of other examples like the Millwork Project - a Whatcom Community Foundation project – which may or may not get support from the county or the city. Those are just examples in which we want to invest into capital projects for affordable housing. We're also looking at investing into some new expanded shelter capacity for homeless housing. We've been working with the City of Bellingham to establish a new family and child shelter for that purpose. It's been acknowledged that with our sheltering capacities, one thing that we're lacking is something specific for families that have children that need a stepping-stone from sheltering to more affordable housing opportunities. We'll also continue to work with the Lighthouse Mission. As this committee likely has known, we worked with the Lighthouse Mission to establish Base Camp, which is the shelter opportunity that we have now. They have a larger project that they are working on fundraising for down on their existing Lighthouse Mission footprint. We have a really neat opportunity and a project that's being funded for respite and hygiene shelter opportunities on State Street and a county owned facility that we will be going through and doing tenant improvements on to provide some additional support in partnership with Unity Care Northwest, PeaceHealth and the Opportunity Council.

Those are some examples of the housing security and projects associated with it. We will continue to monitor rental assistance and homeless outreach and some hotel/motel stays in case management if we need to look into those opportunities, but there are a number of other funds that are coming in to help support that through state and federal government. We're going to be utilizing those funds before we have to use American Rescue Act dollars to accomplish.

Childcare, of course, is another big component. We've seen our childcare desert expand associated with the impacts of COVID 19, so we want to help the community providers on capital projects with childcare dollars. Examples of that would also be the Samish Commons which is planning on a childcare facility. I believe that the Mill Works project down on the waterfront is also planning on that, so we'll work in coordination with the City of Bellingham. Also, there's a new facility in Barkley, as well as Laurel & Forest.

You'll see there's a lot of coordination right now going on between new affordable housing projects and then, also some lease opportunities, some space opportunity for childcare in those affordable housing developments, which is a really neat link between those families or those individuals that need some service support to provide housing. And why not locate childcare in that same location? We also have heard about and gotten a better understanding of the workforce impact that the childcare sector has really felt. So, we are allocating some dollars to help with that workforce development. Initially, ideas would be to work with the community college, the technical college, Western and others to set up a long-term workforce program.

I think also the immediate need would be to look into that sector and see if there's some financial help that we can provide with American Rescue Funds to keep the childcare workforce moving forward. They've been at the tip of the spear as it relates to working through COVID 19 and helping the economy continue to move for working families. There has been some recognized burnout over that time frame as well as some support that can help that workforce to move forward.

Some additional ideas that have been discussed with the Opportunity Council's childcare expansion and retention program, as well as with the Child and Family Task Force, would be to look at retention incentives to work with some small facilities in our county to help acquire or help reduce the cost of the leases associated with those facilities and really look into identifying a hub and spoke model for childcare operations.

There are a number of smaller childcare facilities that have a lot of administration and oversight. It would be great to be able to work with the opportunity council's expansion and retention program to support for them on that financial and administrative oversight and work with some of the larger childcare facilities to

provide a hub and spoke between the smaller ones that are out in the county. It's an opportunity that people are looking into, and we just wanted to recognize that we may have some dollars available to help support that program to increase the base foundation for childcare opportunities.

We've identified a number of different projects countywide for infrastructure. We are going to be working with the small cities, the port, the PUDs, some water, and sewer districts to establish money available for four projects in unincorporated Whatcom County and in the small cities.

We've talked a lot with the City of Blaine on a sewer expansion that they would have for North Ferndale and a water and sewer utility expansion in the City of Ferndale and the northern edge of it. Another example is out at the urban growth area in Columbia Valley, where you can talk with them about some dollars that we could leverage from American Rescue to help see those infrastructure projects come to fruition.

One of the big priorities that Executive Sidhu has continued work on is water security and working within the county with Lummi Nation and Nooksack Tribe, as well as with the agricultural opportunities and farmers to establish water quality, fish habitat and climate resilience projects that would go hand in hand with local water settlement discussions. We've established some dollars for that infrastructure. And then also American Rescue Act dollars can be used for broadband. We continue to work with the Port of Bellingham group as well as the PUD on seeing what dollars can be used from American Rescue to leverage other state and federal dollars to accomplish our rural broadband initiative and establishing funding for the last mile solution as we forward with that. One point on the infrastructure is we would also be able to leverage some other local dollars in our Economic Development Investment Fund or EDI program to also be utilized for a lot of these projects as well. It's a very coordinated effort between new federal dollars that have been installed into our community, but also local dollars in programs that we have set up to see those projects come to fruition. Those are the anticipated infrastructure dollars.

As it relates to public health, I'm sure in the last month or so, everybody recognizes that there's a continued need of COVID 19 public health support. We will be allocating some dollars to continue the effort that the Whatcom County Health Department has accomplished. We also will be looking into our behavioral health organizations to see if there's some additional support that we can do on one-time startups to establish an alternative response team, which would be reducing law enforcement call outs and increasing the social service response associated with some of the increased calls and some of the increased needs that we've seen locally. There are some established programs that we have, which is the jail testing that happens to mitigate any outbreak at the jail facility, and we have an ongoing isolation and quarantine facility for those that can't isolate or quarantine at home. We need to continue the support associated with it, so we are allocating about \$2 million, maybe a little bit more than that, for our public health response.

Michael Shepard: Tyler. I keep hearing about the backlog of testing and how challenging it is for people to get testing, and I think we're getting hit now that the border is partially open, by local resident needs, but also needs of individuals who are passing through the border. I just know from looking at getting tests for my family and for people I know who are traveling through the border, I'm hearing increased complications with being able to get tests in a rapid enough timeline that makes sense to get real information to be able to make decisions on and then to get those results back in a timely manner. How soon are we able to see these funds get into play, and are there other pathways we have to bolster that testing capacity? It just feels like a pinch point.

Tyler Schroeder: It's a really good question. I know that the health department, in the middle of August, started to see the increased need. And with the Delta variant, I don't think anybody quite understood the actual impact to the testing facilities. They're continuing to work with Northwest Laboratories and hope to increase capacity. I'm not sure what the turnaround is. I think it meets that 72 hour for some of the traveling requirements into Canada. That's exactly what those dollars would be available for -- if we see those pinch points now, and into the future -- to be able to allocate some money to help increase the

operations at those testing facilities. It's good to recognize that there are a lot of pharmacies and other opportunities in the county now that are providing those. It's important to look at all of the different opportunities that are available to us, whether it be through Northwest Labs, whether it be through the county run testing facility at the airport or the other pharmacies in our community that that are now doing more rapid test responses. But you bring up a good point and those are what those dollars would be allocated moving forward.

Michael Shepard: Don just put in the chat that the testing center has increased their hours to meet some of that response. So potentially if there's extra expenses now, to increase some of those offerings and these funds can backfill some of those costs?

Tyler Schroeder: That's correct. Government operations, as I indicated, has seen a very large criminal justice backlog, and that's not fair and equitable to those that are going through our criminal justice process. The Superior Court District Court, the Prosecuting Attorney, and Public Defender's Office has been discussing with council to get some additional support to be able to help facilitate those court cases. It's a big job to administer \$44m of federal dollars, so we are looking at increasing some capacity with an American Rescue Grant Manager and Compliance position. The grant manager would really be able to look at how these programs work together and how there are other dollars that would be available through the state and federal programs to help leverage our \$44m. So, we see that as a really important position moving forward to make sure the programs are set up, administered, and using other federal dollars as appropriate.

And then there were a number of frozen positions that the county is planning to reinstate and then incorporate them into our normal budgeting process for 2022 and beyond, so we will utilize some American Rescue Act dollars for those. We continue to work closely with the City of Bellingham. I know the city is having a presentation at next Monday's City Council meeting to talk with City Council on their \$22m of American Rescue, and we will work with them on which projects to fund and where the investment should happen. We'll also work with the small cities to really try to make these investments as equitable as we can through our community and the small cities and the unincorporated areas, as well as in the City of Bellingham.

I think we've successfully shown that on the last go around with CARES Act funds, and we just want to build off of that moving forward. So really, I think at the end of the day, that's the presentation that we gave to the county council. It's our idea about where some of the dollars are going to go. I'll open it up to Satpal and then any questions that we may have from the committee.

Clark Campbell: Just before we open that up, I just wanted to be conscious of time. We'll want to make a hard stop to the Q&A for this at 11:50, to make sure that we have time for Rick and Paul's presentation. But yes, let's open it up to Q&A, and I'll be monitoring how we're coming along there.

Satpal Sidhu: One thing I just wanted to add for everybody's benefit. This is our initial draft. This money is available for us to allocate until December 31st, 2020, and we have to spend the money before December 31, 2026. We are not in a rush to just get the money out here. It isn't that we've got six months to spend the money or otherwise we're going to lose it. So, we are being deliberate and very cautious. We have put this money in pockets, and they are not spending right away. Spending will happen only when an actual project comes in and we take it to the council for approval. So, this is just like showing that these are the priorities we are trying to establish. Just from the last council meeting, we are upping that 20 percent for childcare and 20 percent for housing totaling 40 percent to 56 percent. That is the presentation we will make to the council in another week. But there is a background work already going on because council felt that we should spend more money on that, and we'll keep adjusting. And then maybe there will be new monies like the \$3.5 trillion-dollar budget proposal if it passed for the next 10 years.

We are very cognizant that money spent on childcare and housing is in collaboration with City of Bellingham. So, if we are saying we are putting, say, \$10m or \$11m into childcare, we have sat down and counted. It could be over \$20 million into childcare and housing because there's money coming from small cities. Maybe very small amounts, but money coming from EDI, money coming from 1590 program also. So, we are very cognizant of that. There are different parts of the money, and this is a once in a lifetime opportunity. Other funds are continuing funds, so we are trying to balance something that will last for us the next five years, not just the next year. And then then we say, OK, we don't have anything left. The priorities may change. The project itself may change and will respond accordingly. Thank you.

Clark Campbell: Satpal, is there a role for the council to certify your priority breakout as you've presented or is that just a recommendation to the council? And will you be coming back with specific project requests?

Satpal Sidhu: It's both Clark. We now have gotten into this iteration, and by the end of this year will go for a mid-biennium budget adjustment. All these \$44m will be put into a special fund. We do not want to mix into our general fund, because then traceability is not there. So, we are going to create five, six, seven different funds, and we will put money in there and then this money will be taken out of individual funds when the actual projects come. So, council will do both things first. They will allocate this into funds, and we will have an official structure where the money is sitting. And then this money will be spent at the same time. Council will have what we can propose, and council will have the ability to shift the money between one and the other funds. Now another thing I want to remind everybody that in June or July of 2022, we will be building the next biennium budget for twenty 2023 - 2024. So actually, more action will happen toward the end of 2022 because things will become clearer, and we will do the adjustments and some of the projects we have come to the top. So, there will be one larger adjustment in the next biennium budget. That's the process.

Clark Campbell: Thank you for that. All right, other question?

Ryan Allsop: Great presentation. It was really well done and laid out nicely. On the housing, it seemed like there was a lot of emphasis on low income, and I would say homeless housing, but I didn't see specific emphasis on I would call it affordable workplace housing for families, single family residences and trying to use some of this funding to help grow that area. This has obviously been a huge hot button for this group for the last two years. It's kind of been one of the main drivers of this group. So, I was Just curious, did I miss that or is there a sector in there that wasn't talked about?

Tyler Schroeder: Good question. I would say the housing security portion is really for that type of affordable housing, social service housing associated with it. When we are working with the cities as it relates to county infrastructure, we really do see that some of the infrastructure expansion, whether it be water or sewer and Ferndale or Blaine, would be likely some opportunities to grow single family housing in those communities. So, it does connect into that. Also, I know because the Business and Commerce Committee has been very interested in workforce housing. In coordination with this is that conversation with using the EDI for workforce housing development and that program has been tested and developed this summer. At the upcoming EDI board meeting, which I think is next week, we'll be engaging the EDC board on that workforce housing to support utilizing EDI dollars to loan for infrastructure improvements, not just in the affordable housing component, or the low-income housing component, but also that may help to expand some affordable workforce housing opportunities. So, it is in there, it's just not established as specifically in the housing security bucket. It would probably be those infrastructure opportunities that were working with the small cities to help provide some additional infrastructure for single-family residential growth moving forward.

Ryan Allsop: Thanks. Appreciate that explanation.

Clark Campbell: Debbie's got her hand up. Debbie, go ahead.

Debbie Ahl: I just wanted to thank Tyler and Satpal for, I think, the thoughtfulness that you put into this. It's a big job and doing this and trying to figure out how to divide it up because there's so many different pressing needs. I think for our community. It is a huge opportunity. For what I've observed in terms of your meetings with cities and your conversations with the community, I just wanted to note my appreciation for that and feel really solid, especially keeping people out of homelessness. But I would agree with Ryan that the need for affordable and working housing is so critical to also keep people out of homelessness and out of that kind of debt spiral that we see. Thank you for your work on this.

Sarah Rothenbuhler: I had a quick question, too. I mirror Ryan and Debbie's thoughts. Thank you. Job, well done. And Tyler, I didn't hear -- I heard Ferndale and county -- but I didn't hear anything on housing in Bellingham. Maybe I just missed that.

Satpal Sidhu: Maybe, I can answer that, Sarah. We are trying as a county to invest more money in small cities. This is the biggest complaint. We have heard that every time we are only Bellingham-centric, so we are asking the City of Bellingham -- they got \$22 million -- to step in so we are not working in a vacuum. Suppose a builder comes up with the project. It's affordable housing, low-income housing, and a workforce housing. We are not saying that guy goes to city and says, what can we get from them and then they say -- like with the firewall -- then they come to county and say, 'What can we get from you?' We are saying, 'No, no, no. This is going to be totally transparent process. You come up with the project, make one application, we'll both look at it and then we will say we can give you x dollars from 1590 funds for the low-income housing. We can give you x dollars from the EDI Fund, which is workforce housing. We can give you another y dollars from the ARPA funds.' So, we are going to do a holistic approach, and we're going to actually hold feet to the fire from the developer that they come up with a well-rounded picture that has these components. The assistance is available only when you have a component of either low-income housing or affordable housing or both. If you are just a single-family market housing, we are not going to be the team players in that or get into that game. So, this is an overarching policy. When we do infrastructure that may help a lot of different things, but our emphasis is that the dollars we have are leveraged for very specific purposes and from different funds.

Clark Campbell: Michael Jones, I think, had his hand up.

Sarah Rothenbuhler: I had one more question. With the childcare, I was expecting to hear more on the childcare as what Rudd and Carol really brought to the forefront. Was that end of last year / first of this year? They were really looking at that county wide, and really, that should be what happens. It's wonderful that the county will collaborate with the City of Bellingham, because whatever happens in the City of Bellingham greatly affects the county as well. When will we hear more on the plan for childcare?

Satpal Sidhu: We are waiting for a report from the Child and Family Task Force, and they are in the final stages of that. Council is also waiting for that, and that's when I think we will share with the community what their recommendations are. Some people were saying, just go buy any property and then lease it for free to childcare. There's another proposal that is a hub and spoke model. I think that is very promising, whereas we take the drudgery out of a small childcare facility, maybe twenty-five kids. Rather than building a lot of large facilities, throughout the county, we create smaller facilities where entrepreneurs don't have to have the burden of the regulations and paperwork and other things. We create a central office and then they just concentrate on taking care of the kids. So that is in the works. We would say that we will put money behind it and the Opportunity Council and why they are both working together to bring something of that sort. I think that will create more dispersed places in our community close to their homes, and we will lower their cost by taking all those things away. People are afraid of doing this business because of the paperwork required. If we take that out, there would be more people who will be willing to do this work. So that's what we are proposing.

Don Goldberg: Satpal and Sarah, I'm working with the Opportunity Council to possibly do some kind of P3 models with private sector. There's a number of large companies that are looking at onsite childcare,

but they don't really know how they can use public funds. So, we're trying to embed that into this process as well.

Sarah Rothenbuhler: Keeping diversity in mind, we're better when all of our community is blended, and all our businesses and the kids of our businesses are not just going to a childcare of a specific business. We also have these big vacant facilities like the Bellis Fair Mall. That's a pretty big central hub so many people can reach. The clock is ticking. 2024 is going to be here fast, and we've got so many people in crisis and not just people looking for assistance in affordable housing. We have all income levels in crisis and struggling with this, and it is directly affecting all of our workforce availability issues too. So, whatever we can do to help with that, a lot of us in the group would love to help.

Clark Campbell: All right, we have time for one more question. I'm going to Michael.

Michael Jones: Satpal and Tyler, thanks for the information. It's great info as usual. Tyler, I think this question is for you, given that the number for infrastructure. The percentages going down based on shifting towards the other priorities. Do you have a sense of the size of the requests in comparison to the dollar value of the potential allocation? So, are you seeing more interest from us than you're going to have money for or what does it look like?

Tyler Schroeder: No, I think in coordination with the small cities, Michael, that allocation will be able to accomplish the request. And I think also we would be leaning maybe on the EDI fund if it doesn't so that we can leverage both these American Rescue Act dollars and the EDI fund to accomplish those small city infrastructure projects.

Michael Jones: Okay, great.

Satpal Sidhu: Thank you. Michael. Just to add to that, we may use ARPA funds as a grant, but we may use EDI funds as a loan. So those are the two components we will mix and match and try to leverage maximum benefits from these funds.

Michael Jones: Ok, thanks, Satpal.

Clark Campbell: I'm sure I've got a list of other questions that I'd like to ask as well, and I'm sure we could keep going on. It sounds like the amount of money is somewhat bankable from a budget perspective and that the priorities are coming together on that. Maybe there might be opportunity for another follow up meeting when you get your next round. Or even a subgroup to take a look at the detail of how it might apply to anything you need policy input from the Business and Commerce Group on. So, I'm going to shift it now to Rick Frocht and to Paul Burrill for their presentation on the fishery sector on salmon recovery. We probably can go until 12:15 and then that leaves another 15 minutes for Q&A, and that'll be pretty much our full meeting for this one. Ok, without further ado.

Presentation on Fishery sector discussion on salmon recovery with Rich Focht – San Juan Area Sea Life and marine trades committee representative, Paul Burrill (20 min)

- How does the AK model work? How could this model be applied in Whatcom County? What are the economic benefits? What are the financial / regulatory constraints?
- Committee member Q&A (15 min)

Paul Burrill: Great thanks Clark for the introductions. I want to thank Tyler and Satpal for the great presentation. I hope Tyler can hang on, because in the presentation I saw in the American Rescue Plan, this next presentation basically hits your need bucket; two of them tourism and food security. Really important ones. It could be a great way to help fund some of these. So here to talk is Rick Frocht. He retired from his post as director of operations with DIPAC, which is the Douglas Island Pink and Chum in Juneau, Alaska. I actually worked under Rick when I first moved to Alaska. So, Rick and I now both sit on

the board of San Juan Area Sea Life. If you'd like to look for further information on that, go to SanJuanAreaSealife.org. Read the white paper if you like. It spells things out a lot further. It's a private, non-profit, proposed hatchery -- not a pilot project.

These are working and very, very successful up in Alaska. These should not be confused with fish farms or our current types of hatcheries we have in Washington, which take government funding year after year. This program, which I'm sure Rick will go into further, pays for itself. Not only does it pay for itself. It creates scholarships. It's a huge economic driver for tourism, environmental projects, education, and economic development in the areas that we have these programs. And as a fisherman in the harvest sector for many years, these programs are phenomenal. It's amazing what they do. It helps both tribal and non-tribal here with catch sharing and co-management in Washington State, so it's a good program. I know some people are for and against, but it's great. It helps feed whales. It's just an amazing program. I can't speak highly enough. We have a great guy here today to kind of fill us in on that. With that. I'll let Rick take it from here. Thanks, Rick.

Rick Focht: Thanks, Paul. And hello, everyone, thanks for the opportunity to speak to you today. So, Paul contacted me a while ago and asked if I could kind of give an overview of Alaska's private nonprofit hatchery program. As you mentioned, we're on the board of the San Juan Area Sea Life, and the mission is to see if we can leverage Alaska's approach to hatchery program management and incorporate it into efforts in Washington State to try to revitalize our fisheries. What I'll do is just kind of give you a general overview. Naturally, there are a lot of details to it, and we don't have enough time to go into that, but hopefully I can give you enough of a perspective to give you the general idea of what it's all about. So just quickly going back in time, the program's been in existence for over forty-five years now. It was established back in the early seventies as part of a kind of a three-pronged approach to try to revitalize the salmon fisheries in the state of Alaska, which were severely depressed after decades of unsustainable management with the focus being largely just on maximizing harvest. And it left the state with a salmon resource that was just a fraction of what it used to be in its heyday. So, Alaska basically did three things to try to turn everything around. Once the oil revenues start flowing, they started dumping a lot of money into the Department of Fish and Game to bolster their management and bolster their research and development.

They also created a limited entry program to give themselves more tools to manage the fisheries for sustainable harvest management to allow the stocks to rebuild while at the same time trying to optimize the benefit to the harvesting sector. They wanted to use hatchery production as part of this recovery effort, but this is where the differences lie. They decided to allow the private sector to become more directly involved in the whole process. And that was the kernel that created the private nonprofit hatchery program with the basic idea that there would be a number of private organizations involved directly with the planning and development of hatchery programs to help supplement wild production. These facilities are all permitted by the Department of Fish and Game. There's a rigorous planning and permitting process that supports this endeavor, but the organizations themselves are made up -- their boards of directors are essentially stakeholders in the industry, fishermen, processors, people interested in in development of sport fisheries. The idea being to take more of a community-based approach to the process of area specific salmon enhancement development plans. Out of that grew a number of operations across the state. Last time I looked, roughly 30 hatchery operations run by several private non-profit organizations. Except for a couple of large hatcheries that are funded by the state of fish and game directly, which are primarily sport fish hatcheries, the lion's share of the hatchery salmon production in Alaska is by the private nonprofit sector.

It's the state's hatchery program for a lot of its Salmon enhancement projects. That's it in a nutshell. In order to do that, they had to adopt a lot of specific legislation and regulations to allow for this new hatchery program to operate and integrate seamlessly with existing salmon management. They also had to establish a way of funding the hatcheries, and they did that in three ways. First, they created a loan program to provide the capital to jumpstart these programs as well as develop and construct a network of

hatcheries. The second approach was to provide a way for the hatcheries to become financially self-sufficient, and that was done by allowing them to harvest a portion of the returning salmon harvested themselves to sell and then use the revenue to fund hatchery operations. That's a term that's known as cost recovery, and when we're in discussions about this program, you'll hear that a lot. The third thing which we don't discuss in our efforts here in Washington, but what is part of it up there, is there's also a salmon enhancement tax and it's something that's in effect in each region at a different level, depending on what the stakeholders, i.e., the fishermen determine is suitable.

It's either a two or three percent tax, and that's something that commercial fisheries permit holders in the area had to vote on in order to allow that to actually happen. So, in a sense, they are taxing themselves two or three percent of the value of their earnings to help also support the funding for these programs. With that as a general overview, here are some ways that this helps the overall effort in salmon restoration: The key one is being financially independent from government funding as the programs are successful, and it generates revenue to support the hatchery. Then it's not subject to the variations in and budgeting requests that happen in state government. Another thing it does is actually aid in wild stock restoration. When harvest sites and release sites are done in a strategic way that allows harvesting of hatching fish to occur in areas that take pressure off of wild stocks. The overarching benefit to the harvesting community is more continuity in an abundance of salmon and more continuity in funding other programs that produce that salmon.

Don Goldberg: I apologize this is Don Goldberg. How did the program or how does the program work with the local tribes, and do they participate, as we have tribes down here as well?

Rick Focht: Well, we essentially don't have that issue up in Alaska, The Boldt Decision doesn't apply up in Alaska, so there is no distinction up there between tribal and non-tribal harvesting sectors. It's a non-issue. It makes it easier up there. Down here, we've got that whole other layer of fishery management to deal with. It'd be analogous to, like another gear group up there, so it gets down to allocation, but I'm sure that's an overly simplified view of things.

Paul Burrill: If I can chime in Rick. Down here, under co-management, the tribes are allocated 50 percent of any returning fish. I think in Alaska, if I remember it was upwards of 30 percent can be taken at the beginning for cost recovery as needed. There has been a little bit of a grab that there'd be 30 percent taken off the top and then the remaining 70 percent would be split between state and tribal. Now, tribal takes 50 percent, and that's harvestable for them, but the state portion of any commercial fishery is then split between commercial and sport users. So basically, the tribes control seventy five percent of all harvestable seafood within the State of Washington. With the tribes being able to harvest prior to state fishery, this gives the tribe a great opportunity to basically engage in some of their traditional practices for feeding and earning capital for them. As Rick was saying too, in order to protect native species or native salmon that are non-hatchery, this is a great opportunity to move into kind of a special management area. You have remote release sites, not just the central site where it's created, they take these fish out and that spreads the effort out, and you can actually protect your native stocks from being hit by the fishing fleet, whether it's tribal or state. They're both effective. Some of my tribal fishermen are some of the best ones around. I really think this would be a great program to go to. It's been so widely successful in Alaska. Sarah, I'm not sure if you've gone up. I know Pete's always kicking around Juneau, and I'm sure he's seen it. It's pretty amazing.

Sarah Rothenbuhler: I'm a Washington State resident, but we grew up part time in Southeast, AK and a lot of time in Juneau, so I'm pretty familiar with it and continue to hear such great things. Just the tax savings alone -- \$115m WA state hatcheries could save if existing hatcheries could emulate this formatting. It sounds like a win / win. I was going to ask the same question that Don asked: Is there some good collaboration between the tribes in WA and any other entities to move forward with this?

Paul Burrill: I think that's the rub right now. Most of my tribal friends that are fishermen, they're very much for this, but higher up the ladder, there are a few that may not be in support. And I think it's just trying to get used to it and understanding that this is a program that's good for all, not just one user group. It's also good for the environment, because the Earth owns the fish. We need to take care of the water that the fish swim in. That's the biggest thing. To maintain those stocks, it's so important. And we have whale issues. I mean, as a fisherman, a harvester, I've set my net trying to catch fish, and it's like a freight train of killer whales and humpbacks. It's amazing. There are eagle's coming at you. It's just so spectacular. Sometimes you get frozen looking at what it brings. A lot of those are hatchery fish moving through -- lateral line fish or schooling fish and it's a supercharger for that. We have a loss of fish in the high seas' pastures from urbanizing watersheds. There's a lot of concern -- it was one concern of mine in the past, too -- can the high seas pastures handle this production? And I really think it can. You look at the Duwamish waterway, all these other areas the American River, the Sacramento River, there is no fish there. So that's lost opportunity on the ocean floor for something to feed and being part of that, and we can help revitalize that. I think Alaska does a great job with it. I saw Guy had his hand up too. I don't want to keep talking here.

Guy Occhiogrosso: Just a quick question: Is this the same program that Doug was advocating for down in Olympia and through the last couple of years? My apologies. If I missed that little snippet, I had to step away. I'm getting some head nods. So, thank you.

Rick Focht: With that question about incorporating a program like this in Washington State with another management entity with the tribes, I think there's several major questions like that that need to be addressed here in order to figure out whether or not a model like this could really work in this state. It reminded me that one of the things we'd like to see happen if we could get the funding for it initially would be to do a thorough feasibility analysis of this and identify the hurdles, regulatory barriers and all that kind of stuff to see if it could really work. With the fisheries being managed for the tribes getting 50 percent of the resource, what portion of a new hatchery program like this would be considered part of the harvestable surplus available, especially with respect to the cost recovery? It's a question of how you divide up the pie and what size the pie really is, so to speak. It's more of a multifaceted approach than what we have to deal with in Alaska, and I'm not sure if anyone really knows the answers to all those questions collectively. We're coming from the standpoint, obviously, that there appears to be a lot of potential for a model like this to provide a lot of benefit for everyone associated with use of the salmon resources in the state.

Michael Shepard: I'm somebody who went up to Juneau and got to tour the hatchery, and I love the model. I love what it's done. Being that Washington has treaties, and we have the Boldt Decision here and important tribal stakeholders, I don't see any way around a strict adherence to those federal precedents in Washington State if you want to have tribes as your partner to make this happen. The flip side of that is I don't believe there's any pathway to have a hatchery funded or permitted without tribal partners. So, it's a self-fulfilling prophecy that has to be baked in and tribes have to be at the table in a co-management and co-creation standpoint from the start. We shopped this idea around in Olympia without full tribal support and got a real hard 'no' really quick. I think tribes and fishermen and the public all have the same goal in increased fishery supply, but we have to meet that technical 50/50 split off the top. Otherwise, I don't see any pathway for tribes to support something that reduces their capacity to utilize their treaty rights in the Boldt Decision. That's my quick take on it, and I know it gets into the weeds on some technicalities. I think on a high level, there's a lot of support for the issue. The commission has been engaged on this topic, and I think tribes also recognize they want to get back to 1985 levels of salmon abundance. This is part of the pathway back along with habitat restoration to increasing hatchery supply. We just have to figure out the right recipe and ensure that those partnerships are baked in from the start.

Clark Campbell: Quick question. Well, I actually have two questions. It relates to Paul's initial comment and our role as a Whatcom County organization. The first one is you talked about was seed funding to get

it going. There were two factors, it seemed, that worked: 1) There was seed funding that got private entities capital to be able to do that, mitigate risk and 2) There was a revenue sharing component of this that you could see a return from your investment from doing it. So, those are two things that kind of make sense independent of the legal stuff from a business perspective. Obviously, here we've got a different scenario than in Alaska. If you just look at it from that business perspective with the model in Alaska, was that seed funding was coming at the state level as opposed to the county level. Is that correct?

Rick Focht: That's correct. They created a loan program specifically for it. It was called the Salmon Enhancement Loan Program, and it was administered through the Department of Revenue, so regardless of where you were in the state, anyone who submitted a hatchery permit application and got approved for it were then eligible to submit a loan application to the Department of Commerce - Division of Investments for construction and operating funds. And then it was a promissory note and they had to pay that money back to the state program.

Clark Campbell: And that was a loan, not a grant.

Rick Focht: It was a loan. Yes, it was a loan. And I wish I had some figures to share with you on the overall program. I can't recall some numbers from memory, just from working with DIPAC. I hope I don't turn these numbers around, but anyway, they borrowed twenty-three million dollars over the course of many years for both building hatchery facilities as well as funding operations until there were enough salmon coming back to generate the revenue necessary to not only continue funding the operations, but then also service that debt. The numbers were \$23m in principle and \$19m in loans, and we managed to pay it all back. Once the program really kicked in, we were able to pay it off ahead of time. The state got their money back with interest and during that same period - when DIPAC started up until all that money was paid back - they produced over \$100 million excess of value of salmon. So, it was a tremendous investment for the state in terms of looking at the benefit and the return on their investment

Clark Campbell: The second part of my question then is back to the previous presentation and Satpal's comment with regard to the ARPA funds. Is there a proposal or anything along the lines of a pilot project that could get funded partially as a county thing, or is this all contingent on legislative action happening?

Paul Burrill: I think it's a little bit of both Clark, and I want to go back to what Commissioner Shepard said because it's extremely important. On a state level it won't happen unless we have, like you said, the baked in agreement between the tribes. And that's what we so badly want. I have a lot of friends that are tribal good friends, and they constantly ask me 'Why in the world are we not doing this?' I always tell them you have to step out and say something. These are some very well-respected people within the tribe, too. In order to do this first, we have to have collaboration between the tribe and say this group, and this is just one group, Rick, myself, and everybody else on the board are really trying to get it going. And if we can get the tribes to collaborate with us, it would be excellent. That's what we're trying to do and why we're trying to generate more interest for this. These are not fish farms; these are real fish.

This program generates hundreds of millions of dollars. The tourism is phenomenal when you see that happening. The educational things that happen. I don't know how many tens of thousands of dollars of scholarships that are given out each year just from DIPAC alone. And DIPAC is only one of many hatcheries for kids that want to go into fisheries or education in general. Working to get that collaboration with the tribe is number one. I really think after that, the funding would be almost, I hate to say it, a moot point, but I think that tribal cooperation would drive us over the finish line and get this going. It's just trying to get over some old hard feelings. One of my friends I was talking to the other day told me he thinks the rest of us now are over the hump and they want to work together because the Boldt Decision isn't for us. We understand that, and we're OK with it. It's just working within the system.

Clark Campbell: So, it's less a funding constraint than a regulatory legal one.

Paul Burrill: It's tribal agreements. Boldt is the law. Rafeedie's the law, and we have to work within that. I don't think anyone's trying to step outside of it, but collaboration is key. This will benefit everybody. Not

just state fishermen, not just tribal, not just the hatchery. The hatchery is a non-profit. And if I remember right, when your cost recovery is completed, it might only be 10 or 15 percent of the overall amount. They don't keep anymore because it is a non-profit. They back off the amount of cost recovery that they need each year. If it's a good market year or whatever the situation may be, more of it can then go to the tribe or go to the state fleet. It's really quite an amazing thing.

Clark Campbell: All right, I'll open it up to others for questions. We've got about another eight minutes or so.

Ryan Allsop: Every month we a portion to go to salmon enhancement through the utility companies. Correct me, but if I understand, I think there's something like \$4 billion sitting out there on the sidelines that haven't been put to work over the last 30 years that we've been paying. I think that was the number I heard a while back. I don't know if it's true or not but are you able to use that money or maybe work with them to put this to work for a program. They can't seem to get off the dime on how to how to build the best fish ladder around a dam. Nobody seems to be able to agree on that. Maybe we can do hatcheries in places that makes sense and at least do some damage repair.

Paul Burrill: Well, each year, the state spends -- in order to maintain our current hatchery program -- about the same cost as it would take to build a hatchery. It is pretty similar. Considering these programs actually generate revenue once they're up and going, it only seems logical to do it. Again, it's just trying to work with the tribes, and it's not just the Lummi Tribe, it's every tribe. Most fishers in general don't understand exactly what this program can do, because they just haven't been exposed to it. That's all it is. It's just exposure to the program. And it's not just the commercial fleet, either. It's sport too. Everybody benefits from it. I don't know if anybody was aware now that only tribal fishermen are going to have access to king salmon due to shortfalls in that. So that's pretty tough to deal with now. State sport fishing and commercial fishing is going to be curtailed. That's a tough pill to swallow if you're a state fisherman and a sport fisher. It's also revenue. Sport fishermen generate a tremendous amount of revenue, and I know they want to be able to continue that. We're all into our recreational activities. So, these types of programs typically have an accessory release site once they get operational, and they release king salmon or other small coho in the lakes. Kids go out and catch them, and it's a real hoot watching everything happen.

Sarah Rothenbuhler: Collaboration sure seems to pay off. Weren't there record runs throughout Alaska?

Paul Burrill: It was just amazing what happened this year. You don't hear about it on the news, but I was here all summer long, and guys, it was phenomenal. The number of fish, not just here. Also, people don't talk about the Hokkaido runs -- the Russian runs -- they have mass hatcheries over there. Actually, they're beating us. Their processing capacity is now better than ours, and their hatcheries are now more successful. We're lagging behind even what they can do. So, it's hurting us economically as well.

Sarah Rothenbuhler: It would be nice to see Washington State as a quality collaborative state on these issues. How many years has this have you guys been working on this, and what are the next steps going to be to?

Paul Burrill: Rick, I can't remember how many years. I was brought in two years ago to sit on the board as a harvester

Rick Focht: We dug in four and a half or maybe five years ago. There have been a couple of attempts, I think, to get something going in the Legislature, but it just hasn't gotten any traction out of committee. I think there's a roadblock here with trying to get everyone on board, and there's just some serious issues with a collaborative partnership with the tribes, with the Lummi Nation in particular. Until we can join forces and work together on a proposed approach that at least sounds plausible enough to warrant funding a more in-depth study of what's actually feasible to do, it seems like it's not going to get

anywhere. It's too much of a political hot potato to get any traction right now. There are questions of best practices. The main difference with this approach is the private sector involvement and the self-funding option. If there's not a mechanism to at least give some reasonable assurance that a cost recovery hatchery funded model would work, then we might as well just continue to focus our efforts on supporting the existing hatchery program as is. The whole idea of this is to branch out and try a new approach that's a little more self-reliant while at the same time working in complete concert with existing salmon management with the state.

Paul Burrill: I think there's a couple of other issues, too, that this program can help with. Lake Whatcom has some stratification issues, and the plume that would go to the proposed hatchery could help move some of that water through to help the lake health up there as well. Stagnant water is actually not a good thing, and so water can be drawn off the top, but it needs to come off the bottom. This would reactivate that plume going down, which would be really helpful. Also, the tribes have been pushing for more salmon production in the county due to water issues, and I think this is a huge push for that. We would love to get the collaboration of the tribe. I mean, that's what it's all about. It's just trying to get them on board, even if it's just talking about it. We've got to start from ground zero, and I really hope we can get them on board.

Clark Campbell: Ok, we're at time, so I'm going to propose that we cap the Q&A for now. If there's any further follow up on that, Paul, or anything you want to send out to the group that's related to a specific proposal with regard to this or something that can either be done at the county level that we could make a recommendation, or it could be a subgroup type proposal to push this forward for a pilot project. It sounds like there's a lot of layers on the legal side that require us to really kind of just be an Olympia focus as opposed to a Whatcom County Focus at the moment.

Paul Burrill: Yeah, I'd hope to see it stay in Whatcom County, because it's such a huge economic driver, but first and foremost, collaboration with the tribe and then, I think, it'll go by itself.

County Council Update: Councilor Rud Browne – **None provided**

Closing Remarks

Clark Campbell: Just kind of last wrap up of business. There was another topic that we don't have time to address today, but we may want to just name it. And that was the Whatcom Housing Alliance Steering Committee. There is a vote that's supposed to be occurring at City Council that relates to residential multifamily zoning projects related to achieving intended densities. I think they call it range zoning. It's probably more that we need to set up time for a future meeting to get a full debrief on that. I'm happy to follow up with Troy and Pete and the other members of the Housing or the Workforce Housing Subcommittee on that.

Sarah Rothenbuhler: What was the deadline on there?

Clark Campbell: It was unclear to me. That was the question I put back to Jennifer. Was there a vote? It sounds like there's something coming before City Council this week, whether that's an up or down or just a presentation wasn't clear.

Jennifer Noveck: On Monday, the 27th there will be the first public hearing. So, I think that there will be more opportunities for comment and participation in the future. But the 27th, so a week from today is the first hearing

Clark Campbell: And that's just a presentation. Or is that a vote by the City Council?

Don Goldberg: I'm not sure, but I do believe a quick synopsis is that it's taking all of the 16 or whatever different housing zonings and bringing it down to three.

Clark Campbell: Which was part of our initial recommendations of making the book little simpler. I haven't dug into it enough, or I don't think any of us have yet to be able to make it a topic. It is an important one, so we may want to think about that for the October meeting. Ok, I'm going to propose that we adjourn this meeting. Do I have a motion to close? Seconded by Ryan and Paul and Troy.

Thanks everybody for both of those presentations. The very informative one from Tyler Schroeder and from Satpal and thank you to Rick and Paul. If nothing else, what we accomplished in this meeting was getting a vocabulary, so that we all understand the layers of complexity here and then the opportunity if we were able to figure out a path to model something similar to what's going on in Alaska, that would clearly provide economic benefits to the county. Thanks again, everyone. Thank you.

Next meeting: Monday, October 18, 2021, 11am

Potential Future Meeting Topics:

- *Post-secondary education – private sector opportunities in Whatcom County: job creation, workforce development*
- *Water Rights in Whatcom County – Presentation from PUD*
- *Cherry Point Master Planning / Infrastructure*
- *Status of American Rescue Plan relief dollars in Whatcom County*
- *Status of Permanent Affordability of Child Care in Whatcom County*
- *Status of Affordable Housing in Whatcom County, items related to annexations, Buildable Lands, EDI program, COB Planning Director search, Worker Housing in Whatcom County – Updates from POB Economic Development*
- *Presentation on Bellis Fair Mall Repurpose/Redevelopment*
- *Updates on County financials and budgets, economic resiliency of the County*
- *Port industrial and commercial land report – what is occupied, what is vacant, who is there?*
- *All Sectors: Near term business impacts of the on-going labor shortage (brief update from sectors with +40 employees)*