

Whatcom County Business and Commerce Committee  
Minutes with Discussion Transcript  
October 25, 2021

**Voting Members Present:** Ryan Allsop, Clark Campbell (Committee Chair), Casey Diggs, Andrew Gamble, Troy Muljat, Sarah Rothenbuhler by proxy (Cara Buckingham), Brad Rader

**Voting Members Not Present:** Debbie Ahl, Pete Dawson, Paul Burrill, Bob Pritchett

**Nonvoting members present:** Rud Browne, Seth Fleetwood, Don Goldberg, Michael Jones, Eva Schulte, CJ Seitz, Satpal Sidhu

**Public present:** Ken Bell, Cara Buckingham, Mauri Ingram, Pamela Jons, Kathy Kershner, Robert Lee, Rose Lathrop, Derek Long, John Michener, Jennifer Noveck, Guy Occhiogrosso, Tyler Schroeder, Michael Shepard, Flo Simon, Gina Stark, Sandy Ward

### 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 voting member positions: food processing & manufacturing – Clark has recommended two businesses for membership and will follow up with Don.

### Administrative business (5 min)

- Approve minutes from September 2021 meeting – approved at end of meeting

### City of Bellingham Mayor Update: Focus specifically to actions being taken at Cornwall, and homeless camping enforcement in general (5-10 min)

**Mayor Seth Fleetwood:** Before I get started, I wanted to say I'm aware of the organizations against the Initiatives 1 – 4. All former Mayors of Bellingham has expressed reasons for opposing Initiative 4. Their comments are limited to #4 because there is an active 'No' campaign. We'll see what happens in the next week and one day.

I'll offer some comments regarding Cornwall Avenue between Laurel and Wharf Street where the number of RVs has gotten larger over time. In the midst of Covid and winter months, the city was following CDC guidelines letting smaller encampments remain in place, because it was seen as best alternative to other options. The city has been enforcing as related to RVs on Cornwall, contrary to assertions that people say the city's doing nothing. There is considerable complexity around the issue that is legal in nature. The moratorium was just lifted this summer. Then shortly after, a supreme court case Seattle V Long was decided regarding how the Homestead Act is interpreted.

The city is actively engaged in and putting together a plan with a timeframe for cleaning up Cornwall. It will be happening sooner rather than later and involves a multi-pronged approach due to classifications of vehicles. There are a number of specifics that I can't share right now, but I can assure you, it is coming soon.

**Chief Flo Simon** – I think the mayor covered the topic well, and I am available for any specific questions.

*Recording of meeting started here*

**Clark Campbell:** Are there any questions to pose to the mayor? It sounds like there are some things that are available for public disclosure and others that are not in terms the timing and the specifics of the program. Do any of the members have any specific questions for either the mayor or the chief of police?

**Ryan Allsop:** Since I guess I started the firestorm I might shoot off. I apologize for the group email. Apparently I got a little reprimanded on that, and so I'll start with that.

**Mayor Seth Fleetwood:** Who's speaking, I can't see on my screen?

**Ryan Allsop:** It's Ryan Allsop. It's not that I doubt that there's something probably being discussed. I think probably everybody's got this and it's on their radar. It's not just Cornwall Avenue. I think the families that live behind Hardware Sales and along I-5 are probably as frustrated as anywhere else from an economic standpoint for the city and the future of this town is. I think everybody here is concerned and passionate about this town. I'm on this committee for that reason, and I think the encampments and resulting garbage, etc. is a detriment, obviously, from a recruiting standpoint. If we do end up changing party with Harcourt, the first thing I would ask the next developer is 'what are you going to do about this right?' I can't sell a million-and-a-half-dollar condo and lease office and warehouse space next to a homeless camp that's just continued to get worse. So, I appreciate that you guys are taking that on. Maybe you can or can't answer this, but even Seattle now just imposed a 72-hour maximum parking rule. Is that on the table in this discussion?

**Seth Fleetwood:** Flo can talk to it? I mean, we've got a what 48 hour.

**Ryan Allsop:** That'd be great, in my opinion. I think shorter.

**Seth Fleetwood:** Right? Yeah, we will have time limits on a lot of those streets.

**Ryan Allsop:** That'd be great. Second, the garbage. I mean, it's one thing to camp, but it's another thing is the garbage, and I think Casey and I have talked about this offline, because he's had to pick up his own garbage in front of his restaurant numerous times, maybe weekly for a while. I've had to do it on our own properties. The best thing that ever happened to me is I sold that property, which is sad to say, but I was getting letters about being fined from the city and the police for not picking up. We obviously fired off our own response, which I know made it through the police department at the time and other departments. I can't litter. I think there should be a very strict enforcement policy. It's one thing to park here. It's another thing to throw your garbage outside your vehicle, your tent or whatever, because it's just not equitable. I still to this day pick up needles off the roof of our building out on the Meridian. Guys throw them out 30-feet up in the air and throw their heroin needles on our roofs. We send contractors up there to work on HVAC and they're like, 'Hey, you got a problem up here. I think the littering has to be strictly enforced. It's just my opinion but it's not acceptable to have that. If I can't do it, they can't do it.

**Seth Fleetwood:** Yeah, fair enough. Flo, do you want to comment on our cleanup process?

**Flo Simon:** Yes. We have a camp cleanup coordinator, and on Tuesdays and Wednesdays they go out. Tuesdays they tag different camps, and we prioritize which ones we're going to clean. And then on Wednesday, the contractor comes out and they take a lot of garbage to the dump. That is one of the services they provide, but it's only one day a week so you can imagine how backlogged we are.

**Ryan Allsop:** I can only imagine. It's brutal. Part of it is, I'm not one for filling up the jails with people littering and camping illegally. I think that's not a good use of our jail system, but I do think maybe having them help clean up would be actually a reasonable enforcement. It's not likely that these campers would pay fines. But having them actually get out and help with the cleanup, like the Sheriff's Department does with people. They have a work vehicle van, and they take people around and pull weeds. I think it wouldn't be a horrible use of our resources to actually manage something along those lines, and I would hope that would be on the table at some point.

**Flo Simon:** Yeah. Appreciate the creativity.

**Clark Campbell:** That's good. Rudd has his hand up.

**Rud Browne:** Seth has there been any idea about putting out dumpsters there for them to put the stuff in directly?

**Seth Fleetwood:** When the encampment last year was at Camp 210, there were dumpsters that were put up. There were efforts in that regard. Flo, do you have any status report on the issue of dumpsters? It seems to me that's the sort of thing we could do sooner rather than later.

**Flo Simon:** Yeah, the dumpsters that we used at Camp 210 were used, but then there was also a lot of litter still left behind around all the tents. That is one tool that can be placed out there. I hesitate on that, because then more people will come and bring their litter to the garbage cans, and we'll still have the same problem.

**Don Goldberg:** The port deals with that. Everybody shows up at the port's open dumpsters.

**Ryan Allsop:** I drive by that area a few times a day. The thing that has really gotten worse is the stripping of cars. I think that they took it to the next level where it becomes quite dangerous. There are a number of times where cars are on their side. If somebody came by, they inevitably get killed and they're using torches and fuel. It's starting to seem not only dirty but dangerous. I think that's where a lot of people are concerned.

**Flo Simon:** Rightly so. We're going to try to approach this in a multitude of ways, but the first thing is identifying which of those vehicles have been abandoned, which ones are hulks and take care of those first, and then take care of the RVs that have people actually staying in them.

**Seth Fleetwood:** There's several classifications broadly stated. There's RVs that we have reason to know are abandoned. There are RVs that we know are occupied and operate, and there are those that are occupied and do not operate. Each one of those classifications has its own strategy and needs and related legal limitations. Our comprehensive approach is going to address all of that. Our partnership with the Department of Health is going to look at the degree to which services can come in as we begin the operation to address these things and provide assistance. We're also looking at the health and safety regulatory aspect of it, so we're trying to be very thoughtful and humane and comprehensive, and ultimately effective. We are confident that we can make progress in that regard.

**Clark Campbell:** Great. Well, I'm conscious of time here. We've at 11:20. Don, do we have a quorum?

**Don Goldberg:** We don't. We're short one.

**Clark Campbell:** We're still short of quorum. Ok. All right.

**Clark Campbell:** It might be that our group has an advisory board specifically related to the homelessness issue. Is that correct Don?

**Don Goldberg:** An advisory group in terms of where?

**Clark Campbell:** A county or a city level? Is there a specific advisory group on that or is this the kind of thing that we would want to potentially form a subcommittee with specific recommendations from our group to both the city and county?

**Don Goldberg:** To be honest with you, I'm guessing there is, or multiple ones, but I'm not sure. Maybe Councilmember Brown could tell us if there is one at the county level.

**Rud Browne:** We did have one at the county level, and the Task Force came up with a list of recommendations which the council then approved and then gave to predominantly the health department to take the leadership on delivering. There is no easy answer, and the evidence is that every other community in the country that's struggling with the same problem. One of the politically unpalatable things to say is you've got to strike this balance between providing services locally that are funded by local tax revenue -- because that's the only revenue local governments have to raise -- versus providing those services and then attracting more people from jurisdictions that have decided not to provide those services. We provide services, for example, to segments of the homeless population that Skagit does not, and so those people come from Skagit sometimes with the encouragement of people in Skagit government.

**Don Goldberg:** So, we have a quorum now, Brad just arrived. Ok.

**Clark Campbell:** I think that's a topic for later discussion as to whether or not this that would merit a subcommittee within this group and specific recommendations related primarily to the business impact. I'm open to having that conversation. I think to keep the time today, what I'd like to do is turn it over to Michael Jones to do his presentation on the EDI board funding proposal now that we've got a quorum. The objective here is to kind of get through a summary of of what is being recommended and how it relates to workforce housing. We've drafted a draft motion and to see whether or not this group wants to vote to make a motion in support of the EDI advisory board's proposal.

### **Update on EDI board proposal regarding the Infrastructure Improvements for Affordable Workforce Housing Program to WC Council by Michael Jones, WCBAC Committee Member (15 min):**

**Michael Jones:** Thanks, Clarke. I have a question before I begin., I've given and listened to this presentation a number of times in different forums, so if you could refresh my memory as to how deeply we have discussed this here? Do you want just a brief summary overview, or would you like a four or five slide presentation that runs through the whole program?

**Clark Campbell:** We've allotted 15 minutes for presentation, so I think what you feel like is going to give the group the broadest idea of it. I think people here have a general idea, but then we'd open that up for about 10 minutes of discussion and then a vote.

**Michael Jones:** OK, great. I'll keep it relatively brief, and if people want more information, I'm happy to do that. First off, I'd like to say that this is borrowed very heavily from a presentation that Tyler Schroeder put together, so credit to Tyler on that. Tyler and I have worked together quite a bit with Don and with Uri Burnett from the City of Ferndale to put together a proposal to utilize EDI funds for development of more housing inventory, particularly to identify housing that would be useful

or would be available to people who are above what's typically considered those needing low income housing but aren't at a stage necessarily where they can afford a home in Whatcom County or rent of the standard market rates in Whatcom County as they are right now. The primary issue there is trying to find some bridging for folks at 120% AMI average median income and below.

First off EDI means Economic Development Investment Board. It is a multi-jurisdictional board that operates under guidance from Whatcom County, I believe it's out of the executive's office specifically, and ultimately it reports to or provides recommendations to the County Council on funding different projects. The money comes from tax revenue, and there is supply of funds there to assist with infrastructure that supports economic development and based upon the comments coming out of this committee and from a whole lot of other folks, the county is supportive of the idea that housing supports economic development. The EDI money can only be used for publicly owned infrastructure so that means it can't necessarily build homes, but it could build infrastructure that would be owned by the public that would support the construction of those homes -- whether those are single family or multifamily. If you think of a subdivision, a single-family neighborhood, it could be the streets, the water or the sewer system, the stormwater system. If you think of a multifamily development, perhaps it is the onsite sewer extension which could be publicly owned in some cases, but it could certainly be street frontage improvements, curb, gutter, sidewalk, things like that. If they had to extend water and sewer to their site, that could potentially be eligible, so it really varies quite a bit on what it would be. As I mentioned, it's designed for 120% of AMI or less, and so sometimes it's for low income and sometimes it's for workforce, but it's all considered affordable housing. If I say affordable housing, I probably mean from the broader idea of people can afford it rather than low income. Low income would be specifically at a lower target income rate.

It's a loan program, so it basically makes capital available. That's one of the big advantages, and it's capital available at a low rate, possibly one percent or two percent. It's also potentially a grant and loan combination. So, for certain types of projects that they had certain ventures, certain benchmarks of affordability or percentage of units in affordability then a portion of that loan can be converted to a grant. It's only for partial infrastructure funding, so a person can't come in and apply for 100% infrastructure funding. There's always a proportion of skin in the game, and the grant would then reduce the loan amount, providing some benefit, but the grant doesn't substitute for the person's skin in the game, so to speak. Grant amounts are pretty limited. You can borrow larger amounts, but the grant amounts are pretty small percentages overall. As I mentioned, it's for construction of different kinds of public infrastructure, but it can also be a transportation infrastructure, so it could be sidewalks, trails, transit facilities, things like that as well. Generally, people think of water and sewer and that sort of thing when you say infrastructure.

This is the way the program is laid out. Potential loan amounts are a percentage of the total infrastructure costs, so you can get up to a 90% loan and have a 10% developer contribution. You can bring that all the way down or typically it would be 70%. In order to access the program, you have to have at least 5% of the total units allocated to affordable housing, and that would get you a 70% loan, 30% coming from the developer side by increasing the amount of affordability in the project -- whether it's single-family subdivision or whether it's a multifamily development -- you can access a larger loan amount. So, you basically sort of have like a reduced down payment if you think of it in the concept of like a mortgage to buy something. If you get all the way up to 25%, you can get a 90% loan. The grant component, as I mentioned, gets deducted from the loan amount, so it's not displacing the skin in the game or the developer's contribution. If the project is developed or designed to have 100% of the units be low income, affordable housing, you can get a 20% grant. If 50% of total units are low income, affordable or 100% of the units are workforce affordable, you can get a 15% grant and then it just continues. You all can see that you can go to a 10% grant and then there is an option of a 5% bonus.

This program requires that there be a 20-year affordability aspect, so there's a deed restriction or some element in place. That means these will stay affordable for a 20-year period. For example, think of a single-family home that is designed for someone to get into it as an owner, paying a mortgage at an affordable rate. If they sell it three years later, it doesn't convert to a market rate. It has to stay affordable. So, there's a metric. There's a deed restriction built into that.

**Don Goldberg:** And Michael, I believe we're tying it to CPI or like a three percent fixed rate. We haven't figured that out yet.

**Michael Jones:** The details for those kinds of things are not complete, in part because this hasn't been approved by the County Council to be a program that actually would be used. What Don had described was the idea where typically in those kinds of deed restriction arrangements, there is an appreciation of the home so that the person is developing equity, not just what they're paying off in the loan, but they're also developing some equity because the appreciation in the value. But it wouldn't appreciate at the market rate, so it's usually tied to something like CPI. Or it might just be a flat two percent a year. That's it. So, you can't flip the house three years later and go, 'Wow, you know, my \$300,000 house is now worth \$450,000, because the market's going crazy and now it's not affordable because the next person at \$450k, can't get in. The details on that are not complete. But I should say, going back to the 5% bonus, if the developer or the nonprofit entity or the partnership

between the developer and a nonprofit entity have a 50-year deed restriction, then they can get an extra 5% in grant money. That 20 could turn to 25 if you do 50 years. I've already said it's not a substitution for the developer contribution. It's in addition to it.

Here's a couple of examples. This is pretty basic stuff here, but there's a million different projects out there that are possible and a million different ways to slice and dice this. This is just to give you really quick and easy kind of work through. Example A has one hundred units and has \$3 million in eligible infrastructure costs, which dedicates 25% or twenty-five of the units to workforce affordable housing with a 20-year covenant rather than the 50 that I was just mentioning, would be eligible for a 90% loan. It would be ineligible for a grant award because it doesn't hit the grant levels. It would have then a total contribution from the loan of \$2.7m, the developer contribution of three million, which comes to the \$3 million total for the infrastructure. The person would access the \$2.7 million loan.

## Program Examples

**Example A: A project with 100 units that has \$3.0 million in eligible infrastructure costs and dedicates 25% of the total units to workforce affordable housing (25 units) with a 20-year covenant.**

- Eligible for 90% loan at \$2.7 million
- Ineligible for grant award
- Total award of \$2.7 million
- Proponent contribution \$300,000
- Total infrastructure funding \$3.0 million

**Example B: A project with 100 units that has \$3.0 million in eligible infrastructure costs and dedicates 25% of the total units to low income affordable housing (25 units) 20-year covenant.**

- Eligible for 90% loan at \$2.7 million
- Eligible for 10% grant award (\$300,000), reducing loan amount to \$2.4 million
- Total award of \$2.7 million
- Developer/proponent contribution \$300,000
- Total infrastructure funding \$3.0 million

**Michael Jones:** In example B, this is shifted over to the same kind of project, but these are low-income affordable units with a 20-year covenant. In this circumstance, there's a grant awarded of 10%, which reduces the loan amount to \$2.4m. The developer is still contributing \$300,000, but they are only needing to borrow \$2.4m to make it more affordable for them, and the community is providing grant funding for that other piece, again adding up to the total \$3 million in infrastructure.

The key things that we're trying to do is have the public involved in developing housing for people that are above the typical low-income thresholds, and we're trying to make capital available that could churn. We don't really anticipate that people will hold these loans for a really long time, because if it were single family development that they were doing, they'd be selling houses to people and then they'd get the money, which would then pay off the loan and they'd move on. That money would come back into the program and could be turned back out again. In a multifamily arrangement, what we might see is someone refinancing. It's difficult to potentially get the money from the bank up front, but once you have a building and you have people paying rent and it's already there, it's easier to refinance. The loan arrangements would be such that the interest rate escalates. It would start out quite low and would increase over time. There's a lot more detail on that, but they're all sort of hypotheticals at this point. You could expect to see something like the first couple of years, it's quite low at 1 - 2% then by the time you get to year five, you're looking at maybe five or six percent interest rates. This would really encourage someone -- at least the way the market for money is right now. At this point, somebody would want to refinance, and the county would get paid off -- I should say the EDI loan fund would get paid off with a typical lending arrangement. That's all I have. I'm happy to answer questions.

**Clark Campbell:** Thank you, Michael. That was perfect, I think that was enough detail to give us an understanding of the proposal that has been drafted. Just a quick question with regard to timing. The EDI board has finalized this proposal. When is it being brought to council?

**Michael Jones:** According to Tyler, it's going to council in November, so it would be very useful for the committee to make a recommendation at today's meeting. I don't know if it's going to County Council early or late November, so I don't know that we'll have an okay.

**Clark Campbell:** So, it's planned for a November meeting., and the EDI board has already finalized its recommendations and has put forward its own proposal for an up or down vote by the council. Is that correct?

**Michael Jones:** It's recommended it in concept, essentially with the idea that some details may still need to be worked out, but yes, recommended it to move forward to council. The other piece is that they've asked us for some better examples instead of the quick hypothetical one that I gave you. We're working on those right now. For example, I'm working with Blossom Development for the Grandis Pond Project here in Blaine to potentially put together. Their loan requirements would be larger than what we expect to be typical with EDI. We think most of these would be about \$3 million or less. That particular project is larger, but the EDI board said, 'Can you run this through some scenarios with actual developments and actual developers and bring them back to us to see, does it really work before we finalize the program?' We're moving forward anyway.

**Clark Campbell:** Ok, well, why don't we open it up to the group.

**Don Goldberg:** I just want to say one other thing before you open it up. The whole idea is to, as Michael said, use this money and re-use it a lot, but we're also going to be using it for a lot of the future ARPA funding that's coming down that the county is in control over. I think if I recall it's about 56% of that money is now targeted at childcare and affordable worker housing. We're really trying to take this money now and do some of the things that two and a half years ago this committee suggested.

**Clark Campbell:** Ok. Any feedback from the voting members?

**Ryan Allsop:** I guess I'll ask a question. Is there anything that will help expedite the permitting through this if you meet these qualifications. Maybe there's a SWAT team that steps up and helps get through the permit process or something. My fundamental question is how are you going to market this to developers? How are we going to get the word out there effectively? That's a big part of this - making sure developers understand that this tool is even available.

**Don Goldberg:** It'll go to all the public meetings. We'll be getting it out to BIAW and to all of the major developers. I think through this group, we'll get to the realtor association, who is part of the discussion, Whatcom Housing Alliance. All of that.

**Michael Jones:** And we've already started a little bit of that by getting it out to stakeholders, particularly the affordable housing folks, but also some of the bigger developers. It will be an effort. We will proactively work on it. And when I say we, I think maybe Don or his team, because that's not my job, I guess I would say.

**Don Goldberg:** I think Councilmember Brown had a question.

**Rud Browne:** Thanks, Michael, for the presentation. This covers part of it, which is what's the source of the funding. There's also potentially more funding available from other buckets of money that we've got. The key issue is how do you get paid back into the fund, so you can recycle the money for the next project? And a lot of that has been a discussion around the issue of using the LID laws which place priority for repayment just behind the county taxing authorities and in front of the bank. It's a very secure debt mechanism. That's one of the things for this group to think through, is how do we build a model that that creates the complete ecosystem of the funding? Because then when the money comes back, we can use it for another project, and we can fund some very large projects that way.

**Clark Campbell:** Any further questions?

**Casey Diggs:** I have a question. This is Casey. Michael, thanks for the presentation. I'm curious. Can it be used to build a condominium to get people into home ownership so that if a developer is going to be saving a bunch of money, maybe we could build some condominiums that people could purchase. Just curious if that's a possibility. Maybe Troy could help out with that question, too.

**Michael Jones:** It could be. It could be utilized for single family or multifamily, and the multifamily wouldn't have to be for rent. It could be multifamily for ownership, so there's nothing that restricts that.

**Troy Muljat:** I think the condo side is a bigger issue, Casey. You've got some real legal issues. Developers just don't want to build condos, period, unless the margins are really large to assume the risk of the lawsuit that will come, not if it comes, because the way the State of Washington is set up. I appreciate the efforts on this. I think that it's a step. I just think that there are bigger steps that we can take and that our committee gave in the five or six steps. I think that there needs to be fundamental change at the city levels when it comes to the rulebook on how long developments take. The pre-application process still takes way too long to bring inventory to market of any product type.

**Satpal Sidhu:** I just wanted to say that this is just a start. This program may not fit each and every project, but I think this is turning the ship around a little bit and paying more attention to this. What Troy said is actually needed is change over policies, land use as well as zoning. I think those that could be more impactful, but fighting the market is not an easy thing.

This is a small step. This may help a lot of nonprofit organizations like the land trusts of the world to get them incentive. Of course, there's money from 1590. There is the 1406 money and ARPA money, so we are really seeing that in the next three years we can kick start some of these projects and make some difference in the community. This will not help every project or every developer.

**Clark Campbell:** Ok. So, I asked Jen to draft a draft proposal as a motion from this group with the intent that we weren't going to get too deep into the details of the EDI proposal and make recommendations on changes but weigh in as a business and commerce advisory board group in favor of the concept and of the work that has been done so far. Maybe the group can kind of just give it a read there.

**Don Goldberg:** I think Clark what's really important is we started this two and a half or three years ago, and we were a little disappointed that the council didn't respond like we wanted them to. Now it's starting to get some support. This would be the very first official program that we began three years ago trying to get the public to understand how important it is to get help for worker housing. This would be getting this going.

**Clark Campbell:** And as I recall, two of the biggest obstacles were brought up to our recommendations were: One jurisdiction -- county versus city, and the second was funding. So, this addresses how we could use current funding resources to address a part of that issue. A lot of good work's been done by the EDI board team at a more detailed level than has been done before. I just feel like it's at the point now that it's going to be brought forward to council for a vote, and since it relates to business and commerce and specifically to our recommendations that we weigh in as a group on a motion of support.

**Don Goldberg:** Clark Cara has had her hand up.

**Cara Buckingham:** It's just a small question, but would we attach the letter to this recommendation that's referenced here.

**Jennifer Noveck:** The original housing memo?

**Cara Buckingham:** Yeah, to make it easier for people to reference.

**Jennifer Noveck:** Yeah, we can do that for sure. And Clark, for anyone who's not here, do you think it would make sense for me to just read this letter out loud?

**Clark Campbell:** Go ahead and do that.

**Jennifer Noveck:** Dear Council members, 'The County Business and Commerce Committee, has voted to write a letter of support urging the council to approve the EDI board proposal regarding the infrastructure improvements for Affordable Workforce Housing Program. Our committee believes that the proposed edits directly address and take into consideration the committee's past recommendation to County Council regarding the affordable housing crisis in a memo submitted on June 6th, 2019. Specifically, the proposed changes to the EDI program will help provide infrastructure and resources to increase housing availability (recommendation number 3), and it will help reduce government fees for housing development (recommendation number 4). The proposed changes are a great first step in addressing Whatcom County's ongoing housing crises, and we urge council to take immediate action to approve the EDI board's proposal.

**Clark Campbell:** Before passing that as a motion, do we want to open that up for a brief discussion? Is there any changes or adjustments to that or is anything that's not clear in the proposed motion?

**Michael Jones:** I think Cara's recommendation of adding a reference to the attached memo is a great one, and the only thing I'm inclined to say is to have a sentence in there that says we continue to encourage council to explore other options and other efforts. At the same time, I think maybe just keep it. It's probably best to just say this is good. Please approve it.

**Clark Campbell:** That was the general intent to say, 'can we have a motion of this is good, please approve.' With that, I'm going to bring forward the motion that we submit this motion for approval by the Business Commerce Advisory Board as a formal recommendation to council.

Ok, do we have a second to that motion? And also, how many voting members do we have?

**Don Goldberg:** I believe we're up to seven.

**Clark Campbell:** Ok? So, all in favor of the motion, as moved. Now you will do it with hand vote.

**Don Goldberg:** That's everybody.

**Jennifer Noveck:** Ok. Seven, zero

**Clark Campbell:** Seven zero passed unanimously. Thank you, everyone for that.

**Rud Browne:** In all the time I've spent listening to people on this issue, I think I'd summarize it like this. The growth has to happen inside the city limits, and the cities are reluctant to fund the infrastructure necessary for the growth. The key solution appears to be providing them a funding mechanism that doesn't require them to take on a large debt load. I just throw that on the table. I think that's the path. I don't know if Troy or Michael's got any comments, but I think that's the path to really moving the needle.

**Clark Campbell:** And do you feel like this proposal does that or is there still obstacles?

**Rud Browne:** I think it's part of it. The problem with using LID funds is there a limited amount of them. We have to find a mechanism to tap into a much larger bucket. We have to find a mechanism to get the repayment that doesn't put people like the City of Blaine on the hook for the liability.

**Clark Campbell:** Would ARPA in addition to EDI work?

**Rud Browne:** ARPA is a limited bucket. That's why I like the LID. The LID gives you a really interesting financing mechanism.

**Michael Jones:** Councilmember Brown is right there. The big issue for the cities is that we don't have unlimited debt capacity, and the debt capacity falls back on the ratepayers because for the most part, it could be general taxpayers. But if you put in a new sewer line, for example, it's typically going to be paid by sewer ratepayers. If there's not something that requires affordable housing. When we extend infrastructure, we just get more housing at market rate, and the people that you would like to be able to live there aren't going to live there. The LID is definitely a great option, but it carries debt with it. The EDI program specifically ties back to the developer as the person responsible for paying the loan and the developer's responsible directly to the counties. We're trying to figure out exactly how that will work, because typically the city would be the person responsible to the county. But there's also the new tax increment financing law in Washington State which was approved last year that allows jurisdictions to work with local property owners to extend infrastructure into areas in such a way that it increases the assessed valuation of those properties and that increase in assessed valuation, which is the tax increment, goes to pay off the the debt on that infrastructure. Right now in Blaine, we are looking at EDI, and we're also looking at a tax increment financing mechanism. We're also utilizing and we're asking Whatcom County to support us with some ARPA funds for a multipronged approach. The infrastructure is expensive and paying millions and millions of dollars in loans is also expensive. To be honest with you, it's a little bit terrifying to take on all of that debt and give it to the citizens as we move forward.

**Clark Campbell:** It sounds like we've passed the motion. There are further actions that this group can take. I would recommend that you forward that to Don, Sarah, and myself, and then we can look at whether or not we bring forward further recommendations in a future meeting. We're almost at noon. If there's not any further questions on this, I'd like to actually move on to Guy's proposal, because we have another motion potentially to bring to the group following that presentation.

### **Discussion on COB People's Initiative 1 and 4, comments given by Guy Occhiogrosso, Bellingham Regional Chamber of Commerce (15 min)**

**Guy Occhiogrosso:** Hi, everybody, thanks for having me. A point of clarification, just kind of looking at the timeline is if this body were to pass a recommendation, would it go to County Council tomorrow? Is that enough time?

**Rud Browne:** The short answer is, yeah, we do today, I'll get on the agenda tomorrow,

**Guy Occhiogrosso:** Ok, because beyond that, we're functionally out of time for it to matter in the election, So I just wanted to throw that out there. Looking around the room, I know I've had conversations with many of you, so I don't know how much detail we want to get into this. Clark, Don, what's your request?

**Clark Campbell:** I think we were all aware that there are four initiatives. My understanding is most of the groups that have come out publicly with opinions on that have focused primarily to number four. Rather than boil the ocean and talk about all four, my thought is that's the one that has the most immediate and material impact to businesses in Whatcom County and particularly in Bellingham.



**Guy Occhiogrosso:** Well, fair enough. I'll just kind of give brief overview. I don't know if I would agree with that assessment. I think one, three and four have pretty substantial impacts depending upon your industry. If you're a contractor in Bellingham, three is frightening. If you care about housing at all, one is frightening. Four is probably the broader scope, and I think it could have ramifications beyond just the City of Bellingham, primarily in the hazard pay / competitive wage environment. Let's spend our time talking on number four. There are three pieces that I think are important for all of you to be aware about. Let's use them as the three concerning pieces. I know many of you have signed on to our letter. I want to make sure that because this is a public meeting, a function of the county council, I will hedge a lot of the advocacy piece and just have it be more informational. Presenting this, there's some good things in each of these four. They are things that we as a community, as a city, as a society should address. The package deal component of each of these is problematic when you have to take the bad with the good, and that's kind of functionally how these citizen initiatives work. The City Council did not have the opportunity to pick and choose out of each one that they wanted.

The biggest pain point that I see is we can't fix it, we can't repair it, we can't amend it, we can't remove the pain points for two years and this is for any of the four. What of Initiative #4 that is concerning? Number one, secure scheduling. In our office, the Chamber of Commerce, there's four of us. This would apply to all work environments. All employees, where the employer must provide a 14-day work schedule. Easy for us to do. A lot of our corporate looking around the room, some of you probably can easily do this. If you are a restaurant, not so much. If you are a construction company, it will be virtually impossible. You have to be able to engage and cater to weather and also consumer demands, right? When you look at athletics, I know many of you are parents trying to schedule youth activities and games 14 days out sometimes isn't always possible or let's say practices might be a better example than the games. So that's secure scheduling. It's problematic for some industries.

The second piece that I am most concerned with is a function of the secure scheduling, and that's the employer penalty. If you break that 14-day promise, if you will, you're penalized by X amount. I won't get into the details. Functionally, if you change someone's schedule, it's a one hour of work for any change to a schedule that equates in the same number of hours, single shift. Any increase of time is also that one hour penalty pay, any decrease of time, you pay at least one and a half time for each hour that was cut. The piece that's gotten the most publicity is the hazard pay. A lot of people like to equate this as a form of a minimum wage hike, and it's not. This is a hazard pay that would be applied to everyone, including salaried employees. So, if you are a full-time salaried employee under a declared state of emergency, you'd get another \$8,400 a year.

I think the important piece to understand about the hazard pay component is twofold. Not every job is hazardous and not every declared state of emergency creates a hazardous work environment in the City of Bellingham. For example, if we think back to January 2020, there was some substantial flooding in Sumas, which required a declaration of emergency because county government is a function of state government and the state declares emergencies. Whatcom County was under a state of emergency, so Sumas could access increased support. If this were in place, the City of Bellingham would have to enact that \$4 an hour hazard pay the way this is written.

Those are the components of what's in it. We talked about council cannot revise it for two years. Additionally, this is going to really impact some of our tourism, some of our restaurants, retail. Some of those industries that have been impacted the most during the pandemic. Additionally, I think it will have ramifications to all of our county employers, particularly the larger county employers that are not in the City of Bellingham, because you will probably have to compete on wages to retain talent and recruit talent when Bellingham is under this \$4 an hour increase. Additionally, and I think Ryan asked how this will be enforced in the chat. Good question. It won't be. It will be litigated. It will create an environment where it will be employee versus employer in the courts, and our courts are already at capacity last time I checked.

Then additionally, if you want to look at just some of the larger institutions, Western has not released what its financial impact would be. The city 'back of the napkin' cost estimate is if we were in a declared state of emergency for a full year -- which at this point I think is probably safe to say that we're probably going to be under the pandemic state of emergency for another 18 months just to access funding -- it's going to be about \$6m a year. There's no revenue associated with this, so the city would have to, in addition to enforcing pieces of #1 and #2 and I think #3, pay about \$6 million.

I ran through that really quickly so we can get to questions. I will pause there and just answer any questions as best I can. I guess one thing that I think we should note is that everybody already has their voter pamphlet and ballot. This is something that I believe the county and all the cities have gone against, but it's at the voter's discretion. So yes, where we need to make influence is with the voter not publicly being against it. We need to affect the voter because that's where it's going to go through or not. We have to convince about 33,000 Bellingham residents to vote 'No'.

**Rud Browne:** I have to bring up a clarification under ACW 42, 52 180. I can't bring this up at council without two weeks' notice.

**Clark Campbell:** To be clear, this was brought up in our group. This is before us given the timing of our meetings and the timing of this vote. I felt like it was important that any group titled the Business and Commerce Advisory Board representing businesses in the largest city in our county should weigh in on it. We're clear that this isn't a policy issue for the county council, so we would be making this as an independent recommendation from the Business and Commerce Advisory Board for whoever wants to read it.

**Don Goldberg:** We could potentially bring it forward to the press or to get it into the public.

**Clark Campbell:** So, with that said, I will open it up for some more questions to Guy. You said that under the current rules, if there was a flood in Sumas, a state of emergency would have to be declared in the county in order to get funding. That would then trigger this for the City of Bellingham and all businesses in the City of Bellingham.

**Guy Occhiogrosso:** Correct. For a recent example, in July the governor declared two states of emergency that were not pandemic oriented: One was wildfire threatens due to the national forest on the east side of the county. Whatcom County was included and also because of the lack of rainfall. There was essentially a statewide declaration of emergency, with the exception of King and Snohomish County. The authors of the initiative say the intent is regarding a hazardous work environment, but that is not what the policy that they wrote says. If you don't believe me, go watch the City Council Committee of the Whole where you have the city's legal team, who by the way will be the entity that is paying to defend these in court if they were to pass. They agree with our assessment that this would be applicable to any declared state of emergency.

**Clark Campbell:** Casey, I know that you signed on. I saw Aslan Brewery and a couple of others specifically,

**Guy Occhiogrosso:** We have about 130 businesses at this point that have signed the 'please vote no letter.'

**Cara Buckingham:** I'd also like to mention that there are businesses that were supportive of these initiatives that now in learning more about them have come out against them. Some of them, like the Black Drop, comes to mind. I thought it was really bold and brave of the owner to reverse her decision. I think that once more and more people are hearing about these initiatives, not just I4 but all of them -- I agree they're all problematic -- that they are surprised. I think people just need to be encouraged to do their research before they just blindly vote on these. The other thing I would have to say is I was just curious about Guy, is when we had one of the author's come to our door, he specifically asked for my 20-year-old kid. He didn't want to talk to me or Royce. I'm wondering if there is an effort to specifically talk to young voters. I think that some of these messages are very appealing to them if they don't take the time to do the research and to truly understand what it's about.

**Guy Occhiogrosso:** I am not a member of the official, 'No Campaign', primarily because we're not putting dollars into it, because we don't have dollars to put into it. I do know that the 'No Campaign' is putting quite a bit of dollars towards digital ads, primarily and specifically targeted at registered voters in the City of Bellingham. They're concentrating their dollars pretty well, so I'm assuming particularly the Instagram ads that are out will probably be targeting those younger voters. Is the messaging appropriate and good enough? You have to be willing to have a dialog. We've run as the chamber; I think four or five info sessions. It takes 30 to 45 minutes to really go through it, and unfortunately, on the ballot it's the title. I don't know. We'll see you in eight days.

I think the other important thing to realize is the timeline. The timeline getting it to City Council was interesting and you could argue problematic. If it were to pass next Tuesday, we could be looking at this taking effect the 3rd of December. If it were to pass, I tend to think that there would be some legal challenges. I don't really know too much about that effort or that process at this point.

**Casey Diggs:** Just curious. During that City Council meeting a couple of weeks ago, the City Council members kept mentioning that they couldn't talk about it because of legal matters. Could you read through the lines what they were saying? I think Dan Hamel came out and said that we should just be transparent, but our legal team told us not to talk about it.

**Guy Occhiogrosso:** The council went into a little bit more detail at the council committee, even though there are certain components that they can't or shouldn't say publicly. Essentially, they're going to have to defend them in court, so anything that council says, or staff says can be used in the court case. That's the legal component that they're talking about as far as I understand. There may be some other structural components that are problematic that the legal team didn't want them mentioning or having a dialog on versus just weighing in on what's actually in the initiative. Does that make sense?

**Clark Campbell:** Given time here, I guess I'd like to bring forward the proposed motion and have some discussion on that before we vote. Jen has drafted a motion on this. Again, it's non-binding to the county council, which is the group that we report to. This is more of a statement of shared opinion of the members of this group to the community, as opposed to specifically to the county council. Jen, you want to take it away?

**Jennifer Noveck:** We just wrote this up as a statement, and we based it off of some of the statements that are already out there from Sustainable Connections, the chamber's website, and the YMCA letter that went out a couple of weeks ago. A statement on Initiative 2021-04: "The voting members of Whatcom County Business and Commerce Committee have voted to officially oppose City of Bellingham I #1 and #4. The committee believes that there are reasons to be concerned about all four. Following the Bellingham Regional Chamber of Commerce's lead, this statement focuses on these two with extra attention on #4. We believe that an issue of 2021-04 employee rights for hourly wage employees and gig workers will have a sizable impact on businesses. Many of our small businesses, particularly restaurants and hospitality, that are already struggling to survive after pandemic losses will struggle to meet this requirement and keep their doors open. In addition to private sector losses. our nonprofit sector, which includes vital social, economic, and business programs and services countywide, will suffer enormous impacts." And then we note a few of the other reasons to oppose this, that there are other interested stakeholders who have opposed it.

**Jennifer Noveck:** More than 130 businesses have joined in a letter urging opposition to Initiative #1 and the list is growing. Many members of the nonprofit community have communicated the negative impacts on key activities such as childcare, after-school programs and other critical community services. An unprecedented coalition, including the Bellingham Chamber Whatcom Business Alliance, Bellingham Whatcom Lodging Association, Fairhaven Association, Downtown Bellingham Partnership, Boundary Bay Brewing Company, Visit Bellingham, and other local businesses have joined together to educate and communicate concerns with Initiative #4 Bellingham. On September 11th, Bellingham City Council received an analysis showing Initiative #4 alone could cost the city \$4 - \$6m per year. In response, the council adopted a resolution on a 6-0 vote, urging a No vote on all four initiatives, including Initiative #4. Business organizations that have officially opposed Initiative #4 include the chamber, Whatcom County Lodging Association, Bellingham Whatcom County Tourism, Downtown Bellingham Partnership, Fairhaven Association, Whatcom Business Alliance, Sustainable Connections. Since this is just a statement and not a letter, we still want Sarah and Clark to sign it, so it's official. We can take out these details or include more details as you guys see fit.

**Guy Occhiogrosso:** Can I offer two possible revisions?

**Jennifer Noveck:** Yes, of course.

**Guy Occhiogrosso:** On the third bullet point. I've been really concerned about not putting any one business out there in front, and unless Casey's like, 'sure, throw us in there as the only named business,' I would prefer not doing that. That's why we have associations like us and the WBA and the Lodging Association and tourism to represent our business community. The metric that I've been using and wanting to use is if we're calling out businesses to lump them multiple to no less than three. I don't know if Derek is still on the call. I just want to make sure that Sustainable Connections is approved to be on that list.

**Jennifer Noveck:** Just so you know Casey, in case you don't want to be listed elsewhere, this original list and bullet points actually came off the Washington Retailers Association page. So, it is posted on there.

**Casey Diggs:** Guy, thank you for stepping in and saying that, but we're fine with being on it. We've been trying to get as many people to have dialog with us about it as possible. I mean, yeah, we've been getting blasted on the internet, but if people really want to go out for a cup of coffee, we'd be happy to chat with them about it. We crunched the numbers, and it's going to cost us about \$40,000 a month in just payroll. If Bellingham wants a \$14 beer, that's what's going to happen if this passes. Let's put that on Instagram and send it to all the 20 somethings if they want to be spending 14 for a pint. I don't think so.

**Clark Campbell:** So, there was a comment about Derek. Derek, are you on the call?

**Derek Long:** Thanks for noting that Guy. Our board prefers to control the messaging as much as possible, but this is just a list of organizations that have officially opposed #4. I'm comfortable with it. It's pretty direct.

**Clark Campbell:** We have a little bit more time for discussion if there's any other ads again. There's not a policy or jurisdictional component to this. This is really a statement of shared opinion from the members on this group.

**Don Goldberg:** I would suggest, as I did earlier, that probably the largest impact, if the group agrees to, would be to get this to the press because it represents a large portion of the biggest employers.

**Ryan Allsop:** Are you putting Casey back on there? I thought I heard he was OK being put back on there.

**Jennifer Noveck:** If he wants to.

**Casey Diggs:** We're cool with it.

**Ryan Allsop:** I'm happy to be on there. You're more than welcome to add our company name on there and maybe there's some other people on the committee that are happy to have their names on there.

**Clark Campbell:** I think the intent of this was that all we can list all the members if we want. Obviously as chair and Sarah, as vice chair are going to be signing it, and we can publish the results of the vote of who the members are. It might be that we could list a separate listing of the voting members and the companies they represent.

**Ryan Allsop:** I'm comfortable with that personally.

**Cara Buckingham:** I was wondering in that first paragraph -- that's what people are going to read first -- and so I'm wondering if we should at least add #3? It affects businesses. It affects our contractors, potentially. I shared a statement that AGC of Washington put out after their analysis. I know that later in this statement, it mentions that we're opposed all four, but it would be a much stronger message, I think, if it was included in that first sentence.

**Ryan Allsop:** I think you should.

**Jennifer Noveck:** So, I guess the question is, does the committee want to do just #1 and #4 or do you guys want to do all four or #1, #3 and #4?

**Clark Campbell:** My thought when we originally put this together was to make sure that four was highlighted as the one that had the biggest impact. Every one of these has, I would say, good intentions and unintended consequences that will have both legal and business impact. I don't have an issue with adding #3 to it but making sure that the focus that we bring in our letter is about the immediate impacts to both city government, non-profits, and for-profit small businesses of #4 specifically.

**Jennifer Noveck:** I've edited it to say that the committee has voted to oppose initiatives #1 through #4, so if anyone disagrees with that for #2 and #3, it'd be good to raise your hand now if you have comments on that.

**Cara Buckingham:** I think that if you say #1 through #4, it doesn't call out #3. People will glance at that; they'll just brush over it.

**Clark Campbell:** Is there anybody that's opposed to that, I just want to call it out, make sure that we had comment opportunity. Ok, I don't see anybody. Given where we're at with time, I'm going to bring forward a motion to take the non-binding recommendation from our group to be brought forward as an official motion of the Business and Commerce Advisory Board.

**Don Goldberg:** Can you take that down from the screen so that we can see the vote, please? Thank you.

**Clark Campbell:** So, we need a second to that. Seconded by Ryan and Troy.

**Guy Occhiogrosso:** Quick question before it goes to vote. Not that it really matters, but Jen, I just messaged you might need to change the sentence after the one that was just edited it.

**Jennifer Noveck:** This is what do you want me to just read it out one more time for everybody? The first paragraph now reads the voting members of the Whatcom County Business and Commerce Committee have voted to officially oppose City of Bellingham Initiatives #1, #2, #3 and #4. The committee believes that there are reasons to be concerned about all four initiatives. Following the Bellingham Regional Chamber of Commerce's lead, this statement focuses on #4.

**Guy Occhiogrosso:** There you go. That's where I was trying to focus our attention. Thank you.

**Jennifer Noveck:** So, this is what it officially reads now.

**Clark Campbell:** Since we've made an adjustment, I'll frame the motion. Do we have a second to that motion? Yes, it's been seconded. I'm going to call now that it's been moved and seconded a vote of the member's show by hand. All in favor?

**Don Goldberg:** That's everybody.

**Clark Campbell:** Nays? There are none. So, we've passed two motions today unanimously.

**Don Goldberg:** Andrew had a comment.

**Andrew Gamble:** I just want to note that in my capacity as an employee of a company, that's not showing the support of the company, but in my experience as an industry expert and my capacity representing my industry here, is how I vote on that.

### **Update on COB zoning changes 'ranged zoning' and revised density requirements given by Derek Long, Whatcom Housing Alliance (15 min):**

**Clark Campbell:** That leaves us with about four minutes. What I'd like to do is maybe Derek, if you're still on the call, we can do a quick setup and then maybe a further discussion in the November meeting. I know we kind of squeezed your presentation. It was another important topic related to a motion before the Bellingham City Council that relates to zoning, which is also links back to our original recommendations to the County Council with regard to affordable housing. There is some connectivity to that topic.

**Don Goldberg:** I think we're pushing it, Clark. C.J., Derek and I have a City Council presentation in 30 minutes.

**Clark Campbell:** We will push that to the November meeting. I think it's an important topic, and I want to give Derek an opportunity to bring that to this group.

**Derek Long:** One of the time sensitive things that's moving faster than we anticipated is City Council has already had two hearings on the residential multi zoning reform. Tonight, is the final, so it was slow, slow, slow and then suddenly fast.

**Clark Campbell:** Is that a public meeting? The one tonight?

**Derek Long:** Final vote. So, we have other things we'd love to catch you guys up on, including what was included in that when it passes tonight.

**Clark Campbell:** Well, thank you for your help on that. Given that we are pretty close to time, are there anything other topics that want to be brought up briefly. We have two minutes left.

**Ryan Allsop:** Not a new topic. It would be great if people could send you and maybe Don and Guy some suggestions on how to market the letter, we just approved opposing #1 - #4 Any companies that want to send it out that feel comfortable with it. If there's ideas you have, send it. It's going to be important to get this out, because we have seven days until we find out and people are already voting.

**Cara Buckingham:** I like Casey's idea about talking about \$14 beers.

**Don Goldberg:** Hit them at home Yeah. Ok, Clark?

**Clark Campbell:** Ok, well, with that, I'm going to move to close the meeting today and thank you for everybody who contributed. I guess we need a second on that.

**Ryan Allsop:** All right, we didn't open it. Do you need to open the meeting first and should we close the minutes really quickly from the last one?

**Jennifer Noveck:** Yeah, we need to do the minutes.

**Clark Campbell:** Thank you for catching us on that. Yeah, I guess a motion to open and to close the meeting.

**Don Goldberg:** Before you do that, you need to approve the minutes as Ryan's

**Clark Campbell:** Motion to approve the minutes from the last month's meeting. Ok, seconded by Ryan or Troy? Troy

**Don Goldberg:** Troy and then a vote.

**Clark Campbell:** A vote so all in favor of passing the minutes as submitted from the last meeting. Universal, thank you. Ok, with that, another motion to close the meeting. Can I get a second for that? Thank you, Troy. Thank you, everyone. That was a very packed agenda, but I think we got two very good recommendations presented with some good content from our speakers. If you have any further comments, I'd say shoot that to Don, and that'll get circulated to both Sarah and myself for topics for upcoming meetings. If we have anything further that we want to do in terms of response to the mayor on the topic that came up initially on issues with regard to Cornwall Park. Thanks again.

**Don Goldberg:** Thanks, everyone. Thank you.

**Close**

**Next meeting:** Monday, November 15, 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, update from Brad Rader*

*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)*