

## Port of Bellingham Outlook

The Port of Bellingham's operating and capital budgets are based on the objectives and priorities outlined in 2022 Key Corporate Goals.

The Port operates four lines of business - Aviation, Marinas, Marine Terminals and Real Estate. Each line of business is designed to work towards cash neutral after operating costs, capital expense and debt service. This strategy allows for 100% of the Port's tax revenue to be used for public priorities such as Economic Development, infrastructure preservation, cleanup of environmentally contaminated sites, and parks and open spaces. The success of the business lines is directly tied to the amount of resources available for public priorities. The Port has planned several capital projects for 2022, which will help continue to drive the local economy.

## 2022 Key Corporate Goals

Each year, the Port identifies several key strategic issues that often reach beyond a single line of business or program, and may require Port-wide actions and efforts for future success. Work on these key corporate goals will likely span beyond 2022. Specific actions relating to these goals can be found within each division's section of the strategic budget. The following goals are identified for 2022 as key to the Port's overall success in serving the community.

### 1. Ongoing Development in the Waterfront District



In 2016, Harcourt Bellingham, LLC (Harcourt) began construction of the first project, the Granary Building. The building is now 90% leased, with a technology company constructing tenant

improvements for office space that will house approximately 100 employees. A coffee shop, vegan restaurant, and mead beverage business have all recently opened.

In 2018, Harcourt purchased property and began the permitting process for a second project: residential units on the Whatcom Waterway. Construction of these residential units commenced in 2020. However, construction stalled in 2020 and the Port notified Harcourt that it was in default under the terms of the Master Development Agreement (MDA). In 2021, the Port and Harcourt negotiated a settlement for the default that reduced Harcourt's developable property from 19 acres to nine acres, with the option to add another three acres, pending satisfactory performance on all previous projects. The Port immediately began planning for the property that was removed from the MDA, and a request for proposals (RFP) for a hotel or other use in the Boardmill Building was prepared. The RFP is expected to be issued in late 2021, with the review and selection of a development partner expected in the 1<sup>st</sup> quarter of 2022.

The Whatcom Community Foundation proposed the Millworks Project for the former Lignin Building site. The proposal includes a commercial kitchen, space for not-for-profit organizations, and several hundred housing units.

In 2021, the Port installed a bathroom facility, performance stage, large grass area and expanded the pump track with three new jump lines and a number of wooden skills building "skinnies". The Port executed a lease with the Kulshan Brewery team for the development of the Trackside Beer Garden using shipping containers. Soon after, the Port also executed a lease with Selkie Scoop for the development of a container that sells ice cream. In 2022, additional containers are expected: The Filling Station, a local burger joint, and The Dish Foundation, a not-for-profit that sells coffee and pastries, and a bike rental station.

District energy will remain a focus at the Waterfront District as the site is built out. The Port installed piping in 2019, but connections to the system will need additional design and funding. Sources such as micro-hydro, waste steam, sewer-heat recovery and process water will all be studied to determine if they are an effective and viable source for heat transfer. In 2019, the Port selected Corix as the district energy provider, and agreements between the Port, Corix, and Harcourt are currently in negotiations.

Work sessions with the Port, the Department of Ecology, various stakeholders, and the general public were held for the Aeration Stabilization Basin (ASB). This project will continue to advance into 2022.

## 2. Plan Necessary Environmental Cleanup



Charged with managing over a dozen environmentally contaminated sites, the Port will focus on pursuing efficient and effective processes that ensure quality cleanup projects move ahead in a timely manner. Securing stable funding sources will be a priority and a necessity for any future cleanup efforts. Ongoing cleanup planning will occur for the Whatcom Waterway, Fairhaven area, Blaine industrial area, I&J Waterway, and on Bellingham's central waterfront. The Environmental division will also continue to ensure compliance with stormwater and National Pollutant Discharge Elimination System (NPDES) regulations to protect Puget Sound and prevent recontamination.

## 3. Expansion of Marine Trades



Marine Trades is a significant industry sector within Whatcom County, and the Port owns and manages many of the properties where Marine Trades businesses operate. In 2018, the Port completed the replacement of the Fairhaven Shipyard Pier and continued to plan for infrastructure replacement in Blaine and the I&J Waterway. In 2021, the Blaine sawtooth bulkhead was replaced, paving the way for a future sawtooth to be rebuilt. However, in-water

work is expensive, and regulatory permits are difficult to obtain due to the National Marine Fisheries Services discontinuing issuing permits indefinitely, causing a substantial delay in these projects. The Port will, however, continue to work diligently towards improving the marine infrastructure for this important sector of our economy. In the Squalicum Harbor area, the Port constructed the Fisherman’s Pavilion that is expected to be open late 2021.

#### 4. Strategic Management of the Airport



In 2020, the Port updated the Airport Master Plan’s forecast, which was required due to the significant decrease in pre-Covid19 passenger demand. The pandemic decreased demand further and forced a dramatic reduction in routes flown by the airlines. The Port has implemented proper safety measures, and will continue to monitor the situation and work diligently to keep the facility operating safely.

An increase in frequency and routes is expected when the U.S./Canada border is reopened, which has been announced for early November 2021. Southwest Airlines has announced service to Bellingham beginning early November, 2021. The airline will initially service two destinations: Las Vegas and Oakland, while evaluating service to other destinations.

#### 5. Re-Development of the Bellingham Shipping Terminal and Log Pond Area



The Port continues to invest in the shipping terminal infrastructure. In 2020 and 2021, the Port continued to load large rock onto ships for rebuilding of a jetty on the Columbia River. In addition, a lease and pier use agreement has been negotiated with ABC Recycling to move scrap metal. However, there remains additional capacity, and the Port will continue to aggressively market the terminal for appropriate uses. The 2022 budget projects a significant investment in dredging and pier strengthening.

## 6. Stimulate Economic Development and Job Creation



In late 2017, the Port, the City of Bellingham, and Whatcom County revised the way economic development was funded in Whatcom County. The three organizations jointly established and funded the Regional Economic Partnership (REP). In 2021, despite COVID-19, REP continued to work on recruitment, retention and expansion, including partners and businesses throughout Washington and in Lower British Columbia in order to create job that pay a living wage. REP will continue to implement COVID-19 relief grant programs through the Washington State Department of Commerce and the American Rescue Plan funds as they become available to small businesses and nonprofit organizations. The team will continue to participate in multiple COVID-19 resiliency and recovery taskforces and planning efforts, including but not limited to the Cross Border Taskforce, the Safer. Stronger. Together. business safety campaign, a four-county (Whatcom, Skagit, Island, and San Juan) EDA-funded resiliency and recovery program, as well as the Pacific Northwest Economic Region's Disaster Resiliency planning. These tasks are essential to keeping businesses open and maintaining current levels of employment.

Additionally, the Port has formally partnered with PUD #1 via an interlocal agreement (ILA) and is currently developing plans for rural broadband routes in unserved and underserved areas of Whatcom County. As such, REP is seeking out funding opportunities for these routes, which will aid in generating and maintaining remote work for residents. A significant focus has been to attract clean, high-tech jobs to Whatcom County. As part of that work, the Port continues to work on identifying P3 partners for Western Crossing and examining potential opportunities in Cherry Point and other industrial parks in Whatcom County. A GIS land parcel, infrastructure and utility database, as well as parcel inventory and development analysis, was completed by REP on

behalf of the Port, Whatcom County, and the cities in Whatcom County. There are plans to expand this database to be countywide, allowing efficient use of our remaining buildable lands and improving access to worker housing and affordable housing. REP will submit the Whatcom County Comprehensive Economic Development Strategy update to Whatcom County Council in late 2021.

## 7. Employee Retention



The Port is committed to being an employer of choice in Whatcom County, and recognizes that its ability to attract and retain top talent is vital to our Mission. A comprehensive retention program is key to attracting and retaining employees, as well as in reducing the high costs associated with employee turnover.

The Port will work strategically through partnerships and collaboration to attract, develop, and retain a high performing workforce and to foster a healthy, safe and productive work environment for the benefit of the public, our community partners, employees and their families.