

Whatcom County Business and Commerce Committee  
Meeting Notes  
June 27th, 2022

**Voting Members Present:** Debbie Ahl, Ryan Allsop (Committee Vice Chair), Paul Burrill, Clark Campbell, Andrew Gamble, Troy Muljat, Bob Pritchett, Brad Rader, Sarah Rothenbuhler (Committee Chair), Chris Trout

**Voting Members Not Present:** Pete Dawson, Casey Diggs

**Nonvoting Members Present:** Eva Schulte, CJ Seitz

**Nonvoting Members not Present:** Whatcom County Councilor Tyler Byrd, Bellingham Mayor Seth Fleetwood, Don Goldberg, Small Cities Rep Blaine City Manager Michael Jones, Whatcom County Executive Satpal Sidhu

**Public Present:** Port of Bellingham Commissioner Ken Bell, Lance Calloway, Barbara Chase, Michael Chiavario, Liz Coogan, Ray Deck, Jessie Everson, Rob Fix, Executive Director - Port of Bellingham, Heather Flaherty – Chuckanut Health Foundation, Kaylee Galloway - Whatcom County Council, Jason Harper - Port of Bellingham, Kim Harper, Meredith Hayes, Mike Hogan, Pamela Jons, Rob Lee, Ryan Likkel, Rob Lee, Derek Long, Jon Michener, Jennifer Noveck, Guy Occhiogrosso – Bellingham Regional Chamber of Commerce, Emily O'Connor, Heather Powell - Boys & Girls Club / Kids World, Andrea Ruback, Carryn Van de Griende, Leah Wainman

[Introductions](#) / **Administrative business / Comments welcome from the Public**

- Committee Chair calls meeting to order
- Committee Members introduce themselves
- Approve May 2022 minutes
- Invite public to participate along with Committee members during Q&A sessions

[Healthy Children's Fund](#) – Presenters Listed Below

<https://whatcom.legistar.com/View.ashx?M=F&ID=10979584&GUID=D6372E9F-E623-430D-9C30-929E84A22737>

Ray Deck- Skookum Kids

Heather Flaherty- Chuckanut Health Foundation

Emily O'Connor- Lydia Place

Debbie Ahl- Mt Baker Foundation & Committee Member

- Introduction & History
  - Intro & Problem Frame- Debbie Ahl
  - Intro & History of Levy Effort- Heather Flaherty
  - Business Case for more childcare- Heather Flaherty
  - Present endorsements & supporters- Heather Flaherty
- Eligible Services, Structure & Accountability
  - Fund mechanics- Heather Flaherty
  - Eligible Services- Emily O'Connor
  - Accountability- Ray Deck III
- Hypothetical Impact- If passes, what would happen

**Q/A Discussion**

[Affordable Childcare Resolution](#) - Presented by Heather Powell, Boys & Girls Club / Kids World, Boys & Girls Club / Kids World, Boys and Girls Club / Kids World

<https://cob.org/wp-content/uploads/Whatcom-County-Executive-Memo-re-ARPA-funding-framework-and-uses.pdf>

<https://www.bellinghamherald.com/news/politics-government/article259290269.html>

Introduction to ARPA Funding mechanism for Childcare & Funds distributed thus far

- Experience/process to access ARPA funding for childcare
- Data, Facts, Costs for providing Childcare in Whatcom County

## **Q/A Discussion**

### **Introductions / Administrative business / Comments welcome from the Public**

**Sarah Rothenbuhler:** Okay, we're calling the meeting to order and committee members, we're to introduce ourselves. I'm Sarah Rothenbuhler, Chair of the Whatcom County Business and Commerce Committee.

**Ryan Allsop:** Ryan Allsop, Vice Chair.

**Chris Trout:** Chris Trout with Wood Stone.

**Eva Shulte:** Eva Shulte with higher education, Whatcom Community College Foundation.

**Andrew Gamble:** Andrew Gamble, Energy.

**John Michener:** John Michener, Port of Bellingham.

**Troy Muljat:** Troy Muljat, General Business.

**Debbie Ahl:** I'm Debbie Ahl with Edgewater Advising.

**Clark Campbell:** Clark Campbell with Gear Aid.

Bob Pritchett temporarily detained, and Brad Rader arrived just after intro.

**Sarah Rothenbuhler:** Moving into the May meeting minutes. Does anyone want to make a motion to approve the minutes or have discussion?

**Ryan Allsop:** I move to approve the May minutes.

**Debbie Ahl:** I'll second.

**Sarah Rothenbuhler:** We've approved the May meeting minutes. Now we are going to move into a presentation on the Healthy Children's Fund and affordable childcare resolution discussion. And to remind everybody, we would love everyone's input, not just the committee members, but everyone present, great to get involved at the Q&A discussion at the end of each of these presentations.

**Emily O'Connor, Lydia Place:** Debbie is going to kick off.

**Debbie Ahl:** It's nice to be here. Good morning to everybody. I'm really providing this introduction to the Healthy Children's Initiative as a member of our business community. I wanted to just refresh you just a bit on that, because I move between the nonprofit and for-profit worlds. I still retain a client in Dallas, which keeps me in the world of the major payers, Humana, Aetna, United and the like. But my background is that I was the former CEO of Sterling Health Plan, so I totally understand from a business perspective what it takes to recruit and retain good employees. Our team grew the company to a billion, four. We served about 250,000 Medicare beneficiaries across the nation. We had 1,500 employees, of which 750 were located here in Bellingham. We were kind of one of the least known employers, I think, in Whatcom County, because so much of our work was national in scope. We were also a sub of Aon Corporation for about ten years which is publicly traded on the New York Stock Exchange, followed by two years with Munich Re, which is traded on the European Stock Exchange. I'm also speaking to you, as really somewhat of a silver-haired colleague, thanks to COVID, and my list of rodeos is long. I've learned a lot over my years, and I've learned that careful investment and focus is really necessary in order to grow a company. I learned that the only way to implement real change is to engage all of the stakeholders in a very shared understanding of what's important and also what's possible. I've also learned that business

cannot thrive outside of the health of its community. We need healthy educational pathways. We need a healthy environment, and we very much need a healthy and engaged workforce.

**Debbie Ahl:** Getting to those goals really requires stakeholder engagement. It requires focus, and it requires investment. And that's where you, the business leaders of our community, come in. Achieving a healthy, engaged workforce requires this common understanding of the need to invest in children and families, and that's where this presentation comes in. Why can't families just handle things themselves? I think this group already understands the cost of housing and its impact on recruiting and retaining the workforce. It's been a significant focus of ours. The cost of childcare in a two parent, two income family can create a debt spiral of about \$10,000 per year. It shows you what the cost of childcare can be, and in this presentation, you'll hear that almost 60% of employees that left an employer during COVID did so because of childcare issues. You'll hear that almost 90% of business owners reported that childcare barriers have affected their employee, their workforce, their performance. So, the goal of this presentation is really to help build that common understanding of the challenges that face children and the families in our community, and that's one step towards a healthier future for Whatcom County. The ask of this committee that we'll discuss more at the end of the presentation is to provide the leadership that's necessary to move this initiative forward, identifying that the investment in infrastructure for healthier families and children that can be realized and ultimately as an investment in our workforce and an investment into the health of our economy. With that, I'll turn it over to Heather, and we'll have lots of time, I hope, for questions at the end as well.

**Heather Flaherty, Chuckanut Health Foundation:** Thank you so much, Debbie, for that overview and introduction, and thank you to the committee for inviting us here today. We're really excited to be here and have this conversation with you. With me, as well is Emily O'Connor, Executive Director of Lydia Place and Ray Deck, Founder and Executive Director of Skookum Kids. I'm the Executive Director of the Chuckanut Health Foundation.

I'd love to start with just an overview of where this even came from. In 2011, our community established our very first community health assessment, where we started to pull all of the health data together and look at it in one place so we could actually see and add up indicators like childhood obesity plus anxiety rates, plus access to health care and start to understand the bigger picture of child and family well-being in our community. Around that same time, some really significant research was released around adverse childhood events and the impact in those very early years before five of when serious events happened and what that can do to the health outcomes for somebody's entire life. Coupled with those, our community started a really significant conversation about how we can do better for our children and families. Along the way, we've had multiple coalitions, needs assessments, research, leaders weighing in, and if you'll go to the next slide, there's a couple of pictures of literally the hundreds of people who have shaped this journey and this opportunity. I think the big takeaway is that it's been across all sectors. This is an issue that has impacted children and families, but also businesses and our economy and our service providers and our policy leaders. It's truly been a community driven journey, and it's really been informed by local families and real people who are impacted day to day.

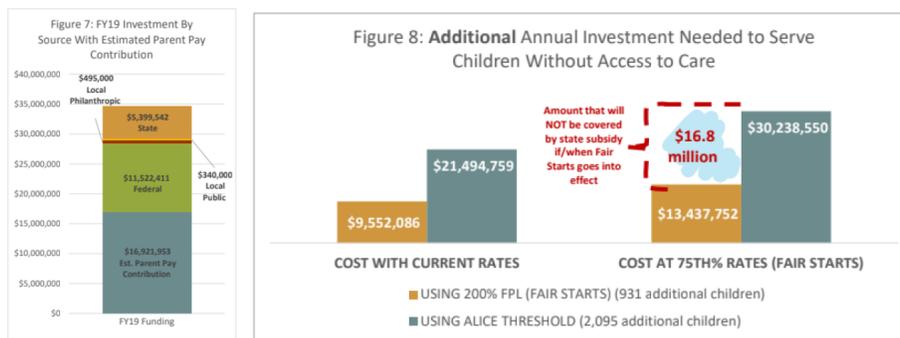
It's clear that it's been a long journey. A lot of people have been involved. One thing we're really good at in this community is studying the issue, so we've done quite a bit of research and needs assessments. We've done our deep dives around childcare. One thing that comes up is the funding gaps. Philanthropy is not going to solve these problems. It's not a sustainable source of funding, and for many of these issues, the regular market theories don't really work out. You'll hear a little more about that, too, when it comes to what drives a profit margin. Another thing that comes up over and over in this journey is the need for local, dedicated, sustainable, flexible funds.

For childcare, you all know we are about 5,000 slots short. The lower right bar graph is actually from the CEDS website, the port website. It shows in all of the different scenarios where a moderate demand coverage for a total demand coverage, we need to probably double if not triple our current capacity in our local childcare system. The Covid Impact Assessment shows that for the kids before the age of five, we'll need to triple our childcare by the year 2025 in order to meet our community's demand. We know what the big need is, and we've also done the research to understand the fiscal landscape and figure out how

childcare is actually paid for. The funding streams are actually quite complex. Based on our analysis and work with the Children's Funding Project which does this across the nation, parents in our community are probably paying \$16.9 million based on fiscal year 2019 year. Federal is pouring in about \$11.5m. The state funds are pouring in about \$5.4m. Local philanthropy that year was around \$500,000. From our local governments - our county and city - we had about \$340,000, contributing to the entire landscape of licensed childcare.

The figure on the right side shows the estimate for how much more investment we need if we expand to meet demand.

The programmatic financial gap is significant. Most financial investment is out of local control, siloed, unpredictable, restricted, unsustainable, and un-leveraged.



You can see that those are significant figures, especially when you're looking more at the asset-limited, income-constrained and employed, which we know we really need to focus on. It's not just about who's living in poverty. We have some significant numbers. The funding landscape is really complex. There are lots of rules. There are tons of different streams. It's hard to navigate, and the vast majority of funds are driven by state and federal decisions. They are largely out of local control, and they largely go to subsidies for affordability, which is really critical, but it's not going to expansion and it's not something that can be leveraged. One example I want to pull in is our local housing levy in the City of Bellingham. For every local dollar that the levy has been able to raise, on average, they bring in seven outside dollars. If we were able to achieve that kind of leverage around childcare, we could be shifting this entire landscape. Next, I want to share a little more about the reason we're focused so much on childcare.

A lot of great research has shown that birth to three investments in high quality childcare will actually bolster the economy today. Companies that provide childcare decrease their employee absences by 30% and job turnover by 60%. That is significant. You all know the cost of turnover to businesses. It's also a really good investment for the future. We see high returns on these investments. For every dollar we put in, there's an average return of \$7.30, and that equates to a 13% year over year compounding return on investment. We see that through better education, through health outcomes, through social and economic outcomes. We know that by the age of five, we can actually start to predict which children will succeed long term in life, and we can even see that the quality of early education can be tied to future incarceration rates. We're not only seeing a benefit to the economy, but we also see a benefit to the taxpayer system based on the reduced cost of remedial education, justice system expenditures and need for social support services. On the next slide, you can see this fact - thanks to Debbie for sharing this - that one out of three employers have lost employees during the pandemic. And this is from a United States Chamber Foundation study.

Of those employees that left, nearly 60% cited lack of childcare as their reason, and out of the top four reasons, three of them are related to childcare or children. That's really significant. What does that look like for us locally? In Whatcom County pre-pandemic, the Opportunity Council and Whatcom Chamber of

Commerce surveyed employers and 88% of our business owners reported childcare barriers affecting their employee's work performance. When parents can't find or afford childcare, they cannot work, and there is strong evidence that when we invest in childcare, we get a significant boost in our local economy.

In 2019, the Washington State Department of Commerce, along with many partners did a study on the mounting costs of childcare and the impacts of childcare affordability and access to Washington's employers and economy. Their big findings were that half of Washington parents say it's difficult to find, afford and keep childcare. Twenty-seven percent quit their job, which aligns up with that data we just shared. One in four respondents said the cost prevents them from even getting it. Nine percent were fired or let go due to childcare issues. And some really significant numbers based on the commerce analysis; Washington State loses an estimated direct cost of \$2.08 billion due to turnover and missed work due to childcare issues and \$6.5 billion is the estimated direct and opportunity costs due to employer employee childcare issues.

So those red numbers on the table are what that equates to for just Whatcom County's economy.



\$63 million is our estimated direct cost of turnover and missed work due to childcare, and our opportunity costs and direct cost combined is \$182 million just for Whatcom County Economy.

What does this actually look like for our neighbors, for our grocery store workers, our refinery workers, our delivery drivers? What does this look like for real people in our community? This is a Facebook group called Childcare Help, Bellingham/Whatcom County. It's a private group. You can see there are 1,700 members currently. I don't think they're even accepting new members into this group. You join it when you're looking for childcare and dozens and dozens and dozens and dozens of posts like these where real people are saying things like; 'Need urgent help this weekend so I don't lose my job. Can't pay a lot. Checks aren't stable yet. I just started about \$30 a day', 'Looking for a daycare in Bellingham that opens at 6 a.m. and open on the weekends. My babysitter can't do full days anymore.', 'Does anyone know any facilities that have openings for nine-month-old? My son has been on the waiting list at three places since well before he was born and he is still on those waiting lists.', 'We're able to piece together childcare with family, but that's changing next month', 'We're looking for 2 to 3 days a week. Most places have a minimum, which is fine. We live out in Everson, but we work in Bellingham.'

Story after story after story that will break your heart if you read them for too long. I think we could talk all day long about different ways that our families could be existing or managing childcare, but this is the actual reality that many of our families are facing. Having a child on a waitlist for 18 months means that person can't participate fully in the workforce, and there are likely economic reasons they need to. What I want to share next is that investing in childcare and what's coming before the voters in November actually helps the entire community. This doesn't just help kids and families. Employees who are able to be reliable and present and productive, help our businesses and employers, which leads to a healthier

economy. Parents can participate in the workforce. That means they're increasing their earnings to support their families, which lessens the need for social support services and government programs. Our childcare providers and the childcare workforce can become less cost burdened and more able to provide that quality care, which means children receiving that quality early learning are much more likely to be kindergarten ready. Only half of our children currently are in Whatcom County, and we know that correlates with third grade reading levels, high school graduation rates. Kids that start behind tend to stay behind. Taxpayers benefit with less tax mean for the downstream and the crisis response, not to mention less crime and homelessness in the long run.

What I want to say is you all actually already know this. Referencing your Comprehensive Economic Development Strategy report, for 2022 through 2026, you have made housing and childcare, not just goals but objectives, because you know that it's a critical investment in our economy. You've said that you see them as an integral part of the overarching goal of strengthening Whatcom County's base economy. I've just shared a lot of rationale behind the focus on childcare, and it's now my honor to invite Emily O'Connor to share more about why there are a few other really critical investments that are part of the measure for child and family well-being.

**Sarah Rothenbuhler:** Thank you, Heather, so much. Can I just double check, is this meeting being recorded, John? I Just want to make sure.

**Heather Powell, Boys & Girls Club / Kids World:** Sorry, but you have to do it again. (attendees laugh)

**Jon Michener, Port of Bellingham:** Yes, it's recording.

**Sarah Rothenbuhler:** It'll be even better the second time around. OK good. We just didn't see the recording on that we usually see. Sorry for interrupting.

**Emily O'Connor, Lydia Place:** Thank you, Heather. That was awesome. There is so much information and it's just a bit overwhelming just thinking about all of those different factors. It's a privilege to be here with you all today. I have the easy job of just walking through with you the two priorities that are actually in the ordinance presented to the Whatcom County Council itself and on the table. Those two things are 1) a one-page draft, and 2) the full text of the ordinance that went through county council. Heather has just been explaining all of the reasons that childcare is such a big need and such a big focus. That really corresponds to what we put into the ordinance itself. The ordinance has two priorities. The first priority area is what we call early learning and care. And that's really a fancy name for childcare, and it's an inclusive name for childcare because childcare for every family looks a little bit different depending on what their needs are. The lion's share of the resources are really dedicated to priority one, which is childcare. As it relates to childcare, as you know, there's been a lot of work already put into that area with providers to say what's really actually needed to make a difference here in Whatcom County to expand childcare, to protect the spots that we have, and to make it economically feasible for folks to go into childcare and provide those critical services.

One example is the Child and Family Well-Being Task Force, which Ray and Debbie and others in this room sit on, put together a really wonderful, exhaustive, thorough report this winter and sent that to Council. The report has so many opportunities of specific strategies that could be developed in the community to help get more childcare around. One of the things that the council said was, 'this is great, but our dollars are really one-time dollars, so we can't do these things'. You need sustainable funding sources in order to do these things that our providers have really said are critically necessary. So, this ordinance is an opportunity, without those restrictions, to be able to implement some of the strategies that have already been identified through the good work of this group and other groups like the task force.

What you'll see in this ordinance is that priority one really has four specific strategies that we want to see advance with these targeted dollars. The first is affordability, and that's really about decreasing costs. And the second is about making it high quality. And so that task force report, which I'm sure you all have, and we can make sure you do have it if you don't. The third strategy is professionalism, and the last one is accessibility. If you think about these funds as really targeting the childcare industry in a few different

ways, we want to preserve existing spots. Some of them we lost in the pandemic. Some of them are at risk because when you look at things like this and you see that bottom line really doesn't check out. It's hard to get people to keep going in an industry that's in the red or nearly in red. So those are the four targeted strategies for childcare, and one of the things that's really great about these dollars is that they can be really flexible. We want to see childcare, not just centralized in Bellingham, but we want to see childcare that meets the need of our community, which is far reaching. We've got to get unique, flexible, diverse childcare options in every corner of Whatcom County so that families can really access the care that they need where they live. What we know, though, is that the gains of a good quality learning environment are lost. When we send kids home to sleep in a car or to live in an environment that is unsafe. That is why the ordinance has the second priority, which is really to target the balance of the funds on the community's most vulnerable children.

Childcare is something that benefits everyone. It's not income specific. We're just looking at supply and demand and Whatcom County. Families with children need access to some form of childcare, and so we're looking at impacting that system from every angle, whereas priority two is really focused on critical services for our community's most vulnerable children, and it's really targeted at prevention. What are the preventative services that are going to most give us the most return on healthy children, healthy community members, healthy families as they grow up and need less and less rather than more and more reliance on those public services down the road -- services like Lydia Place, foster care services where maybe they are served by Skookum Kids? So that second priority area has three targets.

The first target is really increasing housing stability. One note here is that these are the prevention services are not meant to duplicate existing crisis response. We're really looking at how do we prevent trauma from occurring within those families that we all know are highly vulnerable in this moment. That includes increasing housing stability. One of the things that you might not know, although you've done a lot of work with the housing system, is that our crisis response system for housing, like the families that Lydia places is able to serve, they come through coordinated entry at the Opportunity Council. One of the things that is a requirement - and this is one of those really frustrating government requirements - is they have to be literally homeless before we can serve them with the funds that come from government. Now, that means they have to have slept in a car or in a tent, a shed, or another place that's not fit for human habitation, let alone for some of our most vulnerable kiddos. They have to meet that criteria before we can serve them, which means, we are saying you have to be in that traumatizing environment before we can help. So, what we want to be able to do is we want to be able to be smart and flexible to identify a problem as a community and then work to solve the problem before it becomes a crisis. So that is that's one example for housing stability. If you talk to folks at the school district, they work with families all the time who they know are couch surfing, they're in precarious housing situation, and if they just had a little bit of flexible support that could keep that household from experiencing something that becomes a major economic crisis which then takes more time to solve.

The second area in that priority II is to increase behavioral and mental health services. One of the things that the pandemic has done is to decrease mental health really sharply. We see that really sharply with our kids. Our teachers are feeling that as kids come back to school and not meeting their milestones, and families are really struggling. So, our community needs to increase mental and behavioral health services. Similar to childcare and housing, we need that to be not just in Bellingham. We need those services to be able to be really flexible and responsive so that they can go out to the families in the communities where they are, so that they're more easily accessed and utilized.

The third priority area is to increase parenting support. This is meant to be really flexible. You can see some examples in the draft ordinance. Those are things that are oftentimes really community building services. We're talking about from prenatal on really making sure that families who are vulnerable have access to services that are going to increase their stability, reduce trauma, increase safety for the children. We see things like decreased child abuse, increased behavioral health and mental health outcomes, increased access to other services that help stabilize families.

One of the things that we talk about a lot at Lydia Place is that you can't buy family and community services. If we can implement flexible, really innovative strategies, we can help families build natural

support networks for themselves that really are kind of the fabric that we all rely, so when things go wrong in life, we have people we can reach out to for help. And so, again, really thinking about what are those innovative strategies that we can invest in that are preventative in nature and help layer in to support families? That was a lot of words, but those are the two key areas of priority for the ordinance itself: Childcare and then support for vulnerable families. Ray always likes to boil it down really simply -- two thirds childcare and one third support for vulnerable families. That's because it's not worth us investing a little bit and not investing the rest to make sure that the gains and the returns are there on those upfront investments.

We do want to have time to answer questions that you have about specific services and eligibility, but Ray is going to walk through some nuts and bolts of how the ordinance actually is about and what the structure is for accountability implementation.

**Sarah Rothenbuhler:** There's about 10 minutes.

**Ray Deck, Skookum Kids:** I'm watching the time too! I'm just going to go through the numbers of the Healthy Children's Fund and exactly what it is and how it works? The Healthy Children's Fund is a property tax. It's what it is -- \$0.19 per \$1,000 of assessed value. It's important to know assessed value, not market value. The median assessed property value at Whatcom County is at \$481,000. This is not the assessment talking about, this is the assessment as made by the county assessor, which means the median Whatcom County property owner would pay \$7.62 a month or \$91 and change a year. It sunsets after ten years, so if this does not work, ten years from now it would go away. It has to succeed in order for the voters to decide for it to continue. There are exemptions built into the ordinance as required by state law. Those are for those who are on fixed income, low-income seniors, and those on disability. It would raise in total, roughly \$8.2 million a year, which would then be distributed on these two priority areas.

The thing that's helped a lot of people as we're telling folks about it is that this fund does not set up government as the answer to our childcare. What it does is you use the taxing authority of governments to make the government a funder of this effort. Government is not the operator of these programs. I am. Emily is. Boys and Girls Club is --our great community-based organizations. The folks doing the great work down in the trenches will continue to be the ones doing that. We continue to be the ones who design the programs and execute them. But now it sets up the county government as a funder of those outfits. The metaphor I've used is that government as venture capital make Boys and Girls Club, Lydia place and other organizations as the start up. There are three structures of accountability built in, none of which on their own are particularly unique, but in combination are quite powerful. There's a requirement for transparency, so it requires that the Fund show its work publicly on its website. The Child and Family Well-Being Task Force is called upon to report on the performance of the fund once a year, and there's a requirement that once every two years a qualified external evaluators, someone from outside the community who has the requisite knowledge and experience, come in from the outside and tell us about the performance of the fund.

That's the nuts and bolts here. Candidly, no one is excited that this is a property tax. We use that mechanism because that's the tool that we have at our disposal. If there were a better mechanism to get this done, believe me, we would use that. It has been 11-12 years of studying the problem and looking for solutions, and that is the tool that we have available to us. I would quote philosopher Tracy Morrow, who you all probably know - he writes under a pen name Ice-T - and say, 'don't hate the player, hate the game'.

**Ken Bell, Port Commissions:** I love that.

**Ray Deck, Skookum Kids:** You know (Tracy laughs). We'd love to discuss and answer any questions that you have.

**Ken Bell, Port Commissioner:** Why was the health department chosen as the fund administrator?

**Ray Deck, Skookum Kids:** Great question. Why was the health department chosen?

**Heather Flaherty, Chuckanut Health Foundation:** Do you want me to chime in?

**Ray Deck, Skookum Kids:** Yes. Go for it, Heather.

**Heather Flaherty, Chuckanut Health Foundation:** So, the way the ordinance is written is that the Health Department is the fund administrator until or unless a different department or better suited administrator is identified. Right now, in our government, they are the best positioned, the most knowledgeable to do the direct contract management and RFP development. However, I will add that we wrote in every possible way for community members to be involved, for requirements for transparency along the way in that RFP process. Good question, Ken. I think that in the future, it may not always be the health department. It's written in that way that it could be a different, better suited administrator.

**Sarah Rothenbuhler:** Who's the outside entity that comes in?

**Ray Deck, Skookum Kids:** The outside evaluator would be chosen through a competitive bidding process. There are firms that do this. They evaluate the effectiveness of local government programs. There's a number of different providers who could do it. I was actually working on a similar project in the Issaquah School District, and the evaluator is Boston Group.

**Sarah Rothenbuhler:** Sounds expensive.

**Ray Deck, Skookum Kids:** It can be. The administrative rate in the fund -- which is capped by ordinance -- was a matter of debate between the county government and the drafting group. I think Heather and Deputy Executive Tyler Schroeder arm wrestled over it. I guess Heather won, because it got to the administrative rate got capped at 12%.

**Heather Flaherty, Chuckanut Health Foundation:** No, no, no it's 6%.

**Ray Deck, Skookum Kids:** Pardon me. See that's capped even lower. You do it, Heather.

**Heather Flaherty, Chuckanut Health Foundation:** Its 6% for administration, contract management, some of the childcare specialist data and then up to an additional 3%, bi-annually for evaluation to pay for that outside expertise that Ray was just describing.

**Clark Campbell:** A couple of questions. Do you believe the funding is sufficient to meet the gap that you've outlined -- this 5000+ needed seats? My guess is that most of those are requiring subsidized support for care.

**Emily O'Connor, Lydia Place:** Certainly \$8.2 million a year is not going to solve all of the problems of our community, let alone all of the targets of the ordinance itself, but it can go a long way toward helping. There are a few things that I'm really excited about in that regard. One is I'm really excited about innovation. If we have dollars that are flexible, that are not subject to state and federal government restrictions that don't make sense for our community and our families, then we can do what Ray was describing, which is fund innovation at the provider level in the ways that they are saying is going to work for them to be able to expand. So, some of those five thousand spots need a high investment and subsidy. Some, we can create or sustain for a little bit. Like when you look at if this (holds up a profit/loss statement) is a nonprofit provider, what do we need to make this sustainable, which is not a huge gap. For a nonprofit partner that makes sense. We can buy some spots relatively cheaply. Sometimes there's a deeper investment. It's a mix and match, and that's one of the things I'm really excited about is the innovation and the diversity of strategies to help impact the problem.

The other thing that Heather mentioned is that this allows us to leverage additional dollars. If we are able to take these dollars and bring in and attract outside dollars into our community, then it stretches those dollars even further. Those things are both really valuable to the community. The third piece is when we

look at smart prevention, we know that the return on investment is really strong, so every dollar in makes a difference in the long run, even though on its face this can't solve the problem. But it's going to give us some really good data about things that work in our community that then allows us to scale up those really smart interventions as needed.

**Clark Campbell:** Thanks for that. And a follow up question. Is there another model or another place in the State of Washington that's successfully done what you're trying to do?

**Ray Deck, Skookum Kids:** Yes. And not just in the State of Washington. There's a number of places around the country that have done this. There's actually a slide we didn't get to. Make sure that the whole slide deck gets distributed. There's a map of where all of these children and families' funds are located nationwide. For some reason, there's a cluster of them in Missouri. There's a big cluster of them in Florida. The first one ever was in Florida. There's a cluster of them in Northern California. There's now a growing cluster of them here in Washington State. There's quite a few operations.

**Ryan Allsop:** And just to add on to that. Have they seen it go from a massive supply issue to actually meeting the demand of those communities and seeing data?

**Ray Deck, Skookum Kids:** Seen progress. And they do tend to be renewed. They all wind up with a sunset built into them like ours is, and when it comes to sunset time, voters say, yes, this is great.

**Ryan Allsop:** It'd be interesting to know how much of that is through recruiting new operators. I think that's the hardest one probably from my perspective, to get operators to start a business or a nonprofit to actually do this versus through existing operators and growth and expansion from a cost standpoint.

**Paul Burrill:** Is there a pathway to actually get off the property tax? Thru nonprofits?

**Sarah Rothenbuhler:** Or a sin tax?

**Ray Deck, Skookum Kids:** That's more in reference to the tax structure that is dictated to us by Washington State government. Washington has the most regressive tax structure in the whole country, so that's...

**Paul Burrill:** Regressive?

**Ray Deck, Skookum Kids:** So, when I say that's the tool available to us. According to state law that is the tool available.

**Emily O'Connor, Lydia Place:** Maybe ten years from now, we will have come up with some other ways to save ourselves.

**Paul Burrill:** I guess as long as it's being looked at.

**Sarah Rothenbuhler:** Andrew. Did you have something?

**Andrew Gamble:** I just wanted to step back for a second to the 6% versus 12%. The copy of the ordinance that we have here in front of us says 12% on it, and I just looked at your map on the page you sent around quickly – and thank you very much for passing that around -- and we can see that in Vancouver and Seattle, Washington. These programs already exist there. I appreciate you sharing that.

**Heather Flaherty, Chuckanut Health Foundation:** We'll have to make that correction. Thank you.

**Ryan Allsop:** I think showing where they exist is great, but where they've been successful is more important. I would target those because I think that's more important. There are a lot of factors that exist. We don't know if they're successful or not. So, success stories.

**Paul Burrill:** Do you guys drill down on other groups that are non-tax funded that are successful, because I know there is some of these that are not funded by taxes as well.

**Ray Deck, Skookum Kids:** I would love to know what those are. I'm not aware.

**Sarah Rothenbuhler:** Okay. Debbie. Heather. Emily. Ray. Thank you.

**Debbie Ahl:** What I'd love to see is just a thought on moving forward is I think it's important that the committee spend some time and the presentation to wrap around the concept. I always come up with additional questions after I start to look at things a little deeper, but at some point, I would love to see this committee, once you really have those questions satisfied, is looking at some kind of a formal endorsement to the county council. Certainly, share and educate your own networks, your business networks, and other networks about what it is intended to do and what the opportunities and possibilities are, and then even adding your names just to the growing list of supporters of this. So just as some tangible action items for the future, I just like to share those.

**Sarah Rothenbuhler:** I think that's great. As we get everyone's opinion and let everybody think about this for a bit, would you mind heading that letter up for us if we move down that path?

**Debbie Ahl:** Happy to.

**Sarah Rothenbuhler:** Thank you. All right.

**Emily O'Connor, Lydia Place:** Sarah, just a note. On page four of that document, it says 'shall be limited to 9% of the levy funds with up to three used for evaluation. That three is a subtraction from the nine, not in addition to it, so that's how the math is supposed to work out. We'll be sure it doesn't work in the opposite direction.

**Sarah Rothenbuhler:** Oka, one more comment, Guy?

**Guy Ochiogrosso:** I'll make it quick. Guy Ochiogrosso, President/CEO of Bellingham Chamber of Commerce. Just wanted to let this group know that the chamber has officially endorsed this ballot initiative, and that takes a lot for the chamber to say yes to a property tax. When I looked at it -- I didn't get to vote -- this is our GA committee, which Rob sat in on. I think Corinne and Lance, who are on the call, sat it on it, and then again, our board of directors. So, I didn't get a vote, even though I'm certainly an advocate for childcare and have been, as Heather mentioned. Two points I think are really important about this initiative. So Troy, I'm going to jump topics really quick as the resident housing expert, are we in a housing crisis locally? Yes, or no? We don't have time.

**Troy Muljat:** Yes

**Guy Ochiogrosso:** Are we also in a nationwide housing crisis?

**Troy Muljat:** Yes.

**Guy Ochiogrosso:** Is it worse here?

**Troy Muljat:** Yes.

**Guy Ochiogrosso:** Yes. Same thing for childcare. The simple fact is there's no solution that's been built. But it's worse here. We don't do anything. There's we don't build any more housing; the problem will get worse. We can choose to do nothing, or we can choose to hopefully get us closer together with everyone else. The other people in the chamber, you fiscal conservative.... I'm wrapping it up! Troy didn't the yes or no question. The other point when we think of government oversight and bureaucracy -- things businesses in the region do not like-- the cap of 6% is huge. What I would love to see is this being a

successful model going forward, so when we look at taxing opportunities, especially considering a property tax, the business community will be funding the bigger portion of this.

**Sarah Rothenbuhler:** Thank you. Well said.

**Ryan Allsop:** I think you should help draft the actual document that goes out to the ballot. Usually when they fail, it's how they're drafted.

## **Affordable Childcare Resolution**

**Sarah Rothenbuhler:** Heather Powell, Boys & Girls Club / Kids World, Boys & Girls Club / Kids World. Welcome to the meeting.

**Heather Powell, Boys & Girls Club / Kids World, Boys & Girls Club / Kids World:** Thanks for having me. So, I am here representing a provider. I am the CEO for Boys and Girls Clubs of Whatcom County, and we also operate Kids World, which is licensed care. Boys and Girls Clubs is 76 years old and has been serving this community for a very long time. In October of 2019, we learned that Michael Waters planned to close and cease operation, which was going to eliminate 532 licensed care spots in a community that already has a massive shortage. On March 1st, we acquired the rights to operate those four licensed care centers, preserving 530 spots in the community, Boys and Girls Clubs, as an organization, are clubhouses serving children aged 6 to 18, and we are unlicensed. Our four licensed care centers - three in Bellingham, one in Ferndale - serve children ages birth to twelve and are licensed, which means we are subject to all of the Washington codes that it takes to operate licensed care. I was originally going to be talking about ARPA dollars first, but I think it makes more sense for me to talk first about affordable childcare and come back to ARPA. Forgive the switch in agenda items, but I do think it makes more sense to approach it this way. I did provide a sheet that looks like this that has been referenced a few times, and I created this as a means of just educating. I often hear as a provider, 'Why is childcare so expensive? Why can't we bring the cost of care down?' And yes, why can't we bring the cost of care down? And then in reference to the Facebook page, 'I've had my infant on a waiting list, and they're no longer an infant. We don't have enough infant care in the community.'

I think level setting with data is really important when it comes to that. And that's really what this page about affordable care, the childcare panel does. This is a snapshot of what our panel looks like to operate one of our sites. So, the ratios are listed in the second column. I want to be very, very clear, first and foremost, that the ratios are not a problem. If anything, the ratios in childcare are too high. You have two arms and four babies. Good luck doing a great job of coddling four crying babies when all you have is two arms, but you're expected to care for four of them. I know oftentimes there is like, well, we should just raise the limits. If quality is what is important, raising the ratios is not the solution. Also, as you can see from the next column, raising the cost for parents... It's already extremely hard to meet the cost of childcare. One infant in care costs just under \$18,000 a year. We're at the point, again referencing the Facebook page, where we are, in fact, pricing entry level and mid-level managers out of work, because they cannot afford childcare. There are many employers who are already subsidizing childcare by subsidies, paying for their employees. They need to retain them. They're great employees. Turnover is expensive, so they're covering those costs for their employees so that they can retain them through direct payment. That's a demonstration of a crisis.

The column that says weekly revenue is what is generated by the parents if they are private pay. This is really important. The reason childcare providers love to serve families who can afford to pay is you bill them for a flat fee. They sign up for a number of days, regardless of how many days they attend, take vacation, etc., that is how much they pay. That is not the case if a child receives subsidy. Beginning July 1, we are reverting back to pre-COVID rules, which means you can only bill the state for the number of days that a child actually attends. Of course, that makes sense from the state's budgetary bottom line. What doesn't make sense is for a provider to say, well, you've only shown up three days in twenty, and that's all I can bill you (the state), but I'm going to continue to hold that spot. I want to be clear that we are a provider that 71% of our attendees receive subsidy. That means 71% were not actually fully billing this

amount beginning July 1st, because they will not attend. They just don't, because of sickness or vacations. Parents don't have to work that day, so we won't be billing this full amount.

This is the number of staff it takes to provide FTE as the number of staff it takes to care for each of those age groups.

Childcare P&L

	Ratio	Weekly rate/ Annual cost	Kids	Weekly revenue	FTE	Weekly Staff Cost
8 infants	1:4	340/ 17,680	8	2720	3	3240
28 toddlers	1:7	285/ 14,820	28	7980	5	5400
40 Pre-k	1:10	255/ 13,260	40	10200	6	6480
30 School Age	1:15	200/ 10,400	30	6000	3	3240
Cook				0	1	1000
Float				0	3	3600
Asst				0	1	770
Director				0	1	1038
Total			107	\$26,900 2,132		\$24,768

\*Cost is only teacher hourly wage, not benefits or facility and program expenses and is based on \$18/ hr

And then what the weekly staff cost is at the bottom. I'm sorry I changed this. What is in red at the bottom should say cost is only teacher hourly wage and benefits, not facility and program expenses, which does create a difference. But what you see is there is a deficit to providing care for infants. There is no way that you can break even and provide care for infants. You can't do it with toddlers. Where it starts to make sense is preschoolers. We need a lot of preschoolers, but what do we do with those children prior to them being preschoolers when it's affordable to provide care for them? The cost that I'm laying out here is not what it costs to have a facility, to insure it, to provide staff training, to feed them. We feed them five meals a day. Right. This is just the cost of our staff. When we say in childcare the margins are razor thin, we do mean they are razor thin if we are providing care for kids, infant through twelve. So, to reiterate, the ratios are challenging. The answer is not to increase the ratios. Also, it is not to continue to raise the cost on families.

I want to commend the group that has worked on creating the Healthy Children's Fund. I believe that we do need to make investments in childcare. I believe that full stop. We have to figure out a solution to how we make sure that people have access to childcare so that children can be ready. The facts that they base this on are absolutely fact. There is no disputing that from birth to five, children learn more in kindergarten. It sets the path for the rest of their life. It also is very real that if people do not have a place to take their children during the day that is reliable and is quality, they will not go into the workforce. We've seen them. The group wrote this with a focus on transparency and attempting to avoid what has occurred in other government type programs. They understand that there is a problem and that if we do nothing, the problem doesn't change. It actually only gets worse. So, they proposed a tax. As Ray said, it's the tool that they have. I would love to see us open up some other tools. I think it makes it more palatable to people. But in the meantime, using the tools that we have probably is what we're faced with if we want to create a solution for children, families, and employers.

There's still a lot of questions to answer about it. They have what. Next is to develop the how. How are we going to distribute the funds? What does the flexibility look like? How do we make sure that we scale up what's working? How do we make sure that we scale back what isn't working? Lots of questions to answer still but doing nothing really should not be considered an option. That is from the provider's point of view.

I'm going to go on and talk about ARPA dollars now, because I think that you had an opportunity to answer questions. I just did want to highlight what as a provider we're looking at. The final thing I want to say is somebody asked, is this enough? As a point of fact, there's going to be just under \$6 million

available in year one if they expend the full percentage, which is my operating budget for a year. So, to operate licensed care for 530 children in this community, it's \$6 million. So, it's not enough. Absolutely not enough. It could be a start, and the idea that we could leverage other dollars is hopeful. I think that that's where we're going to need to look. But I think it's important that when we say, is it enough, we understand the landscape of what operations? So briefly, is there any question before I go on to ARPA, which is really the main topic that I was asked to speak on today. I don't want to take too much time on the Healthy Children Fund.

I was invited to a meeting with Sarah and Ryan to talk about it. They said we're looking at this, we're exploring this. You're the largest childcare provider in the county. Tell us your challenges. We are working really hard to gather information and data about what the challenges are, and they ask me some questions about ARPA. So first and foremost, I want to say as a provider, hearing that the county was even considering dedicating dollars to childcare was incredible. We had just come through two years of feeling like we had been really, really beaten up. Our staff, like many businesses, was changing minute by minute to meet safety requirements. In the meantime, we had parents cussing out our staff, because they were turning their kids away at the door due to Covid symptoms. It was a tough, tough, tough two years to be a childcare provider. Hearing that the county was thinking about investing in childcare was validating and came at a time when we needed to be uplifted. We were excited, and we waited for a process. I know that there have been lots of conversations that have been had in lots of task force phone calls. I have participated in some, not participated in many, and we're still waiting for the process to apply for our funds. This is a sense of frustration for me as a provider, and I've been really open about that.

Those funds can be used to solve some of the challenges that this community has at this moment and retain spots. The process is currently sitting on a county employee's desk with a task force that has been formed. The workgroup is going to begin meeting weekly this week and has said that they will deliver a plan to the county executive by July 30. I am hopeful that is the case, because like I said, providers absolutely need access to these dollars. The one thing that has been determined is who will administer these funds. That has been the Opportunity Council. The Opportunity Council is also a recipient of the funds, and I am just going to set that out on the table for you to consider. So, ARPA funds \$10 million for capital projects, \$3.5 million to be available in 2022. It is going to be July 30 before we have a recommendation to the County Council, leaving us a few short months to figure out how to spend the remaining \$2.5, because \$1 million has already been allocated to the Opportunity Council. In 2023, there's \$3.5 million available. And in 2024, when all funds need to be contracted by, there will be \$1 million available. So, we wait. We wait to see what the process will look like. How flexible will it be? Who will have access? I have recommendations. These recommendations have been made to others, but Sarah and Ryan said, 'What do you think? What would you like to see?'

So capital dollars, of course, meet the ARPA restriction of being one time only funds. When you make a capital investment, hopefully it is lasting for long enough that it is worth the investment. However, and I will say the purchase of facilities, or the purchase of equipment is the easiest way for us to approach this. The renovation is likely going to require prevailing wage because its government dollars. I just completed \$1.2 million in prevailing wage grants through the Department of Commerce to bring my four licensed care centers up to standards, Rob could attest to the fact that there is plenty of work for contractors to do. They do not need to take on the hassle of a prevailing wage job. The only reason that my job got done was a favor and a contractor who is very passionate about kids in this community. I'm very concerned about how we fulfill contracts if they have to be done with prevailing wage in the time period that we do. So, looking at investments in facilities and equipment, things that can be purchased, is the easiest way for us to accomplish spending down those dollars. That doesn't mean they all should be attributed toward that. It's just right now, the easiest way for us to accomplish spending those.

Managing monthly reimbursements is difficult. I just did it. I have a team. I am the largest provider. I have finance department. I have a grants department. I have resources that others don't have, and we struggle to do that. We need to provide support to our medium and small providers to make sure that whatever this process looks like, they have access, and they are not left out because they do not have the resources that somebody like Boys and Girls Clubs has.

My next recommendation is my most important recommendation. We will never fix the childcare issue until we fix equity in accessibility to childcare. As I mentioned earlier, 71% of my enrolled children receive subsidy. I am the largest. I am one of two in this county that does not cap the number of children that they take on subsidy. That's huge. I understand. I do not blame providers for placing caps. Look at all of the reasons why you would put caps in place to have a viable business. There is no judgment about why. We have to figure out the solution for being able to spread out the children who receive subsidy among providers. ARPA dollars is a way to incentivize those who receive dollars to increase the number of spots. If our community says that 50% of the children in our community are asset limited or live in poverty, I am strongly advocating that anybody who receives these dollars must mirror that with their enrollment. Fifty percent of their enrollment needs to be held for children who receive subsidy, because until we address this problem, we cannot address childcare as a whole. We will continue to have people not going to work, because they will not have access to childcare. So, figuring out how to incentivize through these one-time dollars, increasing the number of slots for our asset limited families is like, I will be on my soapbox about that all day.

My other recommendations are that funding should not exceed a set percent of what the businesses overall assets are and that anybody receiving ARPA funds needs to commit to operating for a set number of years based on how large their grant is. If they fulfill that commitment, the grant is forgiven in full. If they do not, a percentage of that might be pulled back. This is similar to the Early Learning Fund administered by the state, which is a program that has been in place and invests in capital expenditures for early learning programs.

I think that this fund does need to be flexible. Providers do know what they need and should be able to designate funds to those things. Take air conditioning as an example. It is 83 degrees in both of my centers. I have to close when it hits eighty-seven. That means all 144 kids are likely going to be sent home by 2:00 today because my sites don't have air conditioning. That frustrates parents. It frustrates me as a provider. If I can say this keeps more kids in care, more days, I think that that's something that I can make the case for that should be considered. So that's just an example of how Boys and Girls Club would use those funds.

Also, Boys and Girls Club acquired the rights to operate the facilities. When we did, we had \$40,000 worth of lease payments. We have been very fortunate and raised \$3.8 million to cut those lease payments in half. We have another \$4.2m to raise to retain 280 slots in this community. And we're not the only provider. The YMCA has the capital projects. Looking at the retention of slots in this community with those ARPA dollars to make sure that we do not lose more is a really critical component in my opinion. I could go on and on about ARPA. As you can see, I'm pretty passionate about it. I have lots of ideas and recommendations, but at the end of the day, I want to make sure that childcare is accessible not just to those who can afford it, but more importantly to those who can't. Those are the employees, those entry level and mid-level managers, are the people that we all need to be applying to come to work for us. And that is not going to happen until we solve this problem. Thank you. I'll stop there.

**Ryan Allsop:** I think one of the things that you spoke of, which is...

**Heather Powell, Boys & Girls Club / Kids World, Boys & Girls Club / Kids World:** I don't know how to do anything other.

**Ryan Allsop:** I think it's important that you're willing to do that in an environment like this. Obviously important that you represent yourself and your business. One of the things you brought up, and I'm just going to throw it out there is I think it was kind of an education for me when we spoke last time, you talked about the impact that the Bellingham School District is having on childcare. There are pros and cons. It's great for families, but there are negatives for providers. Can you speak a little bit about that?

**Heather Powell, Boys & Girls Club / Kids World, Boys & Girls Club / Kids World:** Sure. I come from a community who implemented all day 4K and then introduced free school for all, and that eliminated every childcare provider in the community. Because as you can see from the chart that I sent you, we need the preschool and school agers to offset the cost of infants and toddlers. So, yes, we definitely need

to be looking at solutions that are broad, but we need to be making sure that those solutions don't have unintended consequences.

**Paul Burrill:** All day 4K. Is that Kindergarten through fourth grade?

**Heather Powell, Boys & Girls Club / Kids World, Boys & Girls Club / Kids World:** For all day 4K in Wisconsin means every four-year-old goes to kindergarten.

**Ken Bell:** Did Mike give you an option to buy those Kids World properties?

**Heather Powell, Boys & Girls Club / Kids World, Boys & Girls Club / Kids World:** He did. I have purchased two with the \$3.8million that we've raised, and I need to purchase the other two, which is the \$4.2m that I have yet to raise.

**Ken Bell:** So, you complete the purchase, your operating costs will go down.

**Heather Powell, Boys & Girls Club / Kids World, Boys & Girls Club / Kids World:** Correct. Yes.

**Ryan Allsop:** Also, you're paying cash up front.

**Heather Powell, Boys & Girls Club / Kids World, Boys & Girls Club / Kids World:** I am paying cash. We are paying cash, yes. And as a provider, currently, if you have a debt load of \$20,000 a month or \$40,000 a month, is thinking about expansion, right? As soon as those debts are paid off, we would love to have licensed care every place we have a clubhouse. That's East County, that's Blaine, that's Lynden. But we're not. As an organization, we can't think about expansion when we have a debt load that's hanging out there of \$4.2 million.

**Ken Bell:** Two statements you made that concerned me a little bit. One of them was you said it was not enough. Right?

**Heather Powell, Boys & Girls Club / Kids World, Boys & Girls Club / Kids World:** It's a start, but I think it's important that we recognize the scope of what the funds are.

**Ken Bell:** It gives me concern that if something is found that hasn't been done well enough, it's going to fail.

**Heather Powell, Boys & Girls Club / Kids World, Boys & Girls Club / Kids World:** I think Emily spoke to trying to leverage other dollars. Certainly, we have been able to do that with state investments. We have leveraged private dollars. The public-private partnership can be very strong. But, yes, I just want to say \$6 million is just the beginning.

**Ken Bell:** That's not enough.

**Heather Powell, Boys & Girls Club / Kids World, Boys & Girls Club / Kids World:** I don't know. Yes, you certainly can draw that conclusion.

**Ken Bell:** You said it.

**Heather Powell, Boys & Girls Club / Kids World, Boys & Girls Club / Kids World:** I didn't say it's not enough. I said that it is what it cost me to operate. Right. So, \$6 million is what it cost me to fully operate for 530 spots. That's just a fact on my P&L, not a statement about whether it's enough or not enough.

**Heather Powell, Boys & Girls Club / Kids World, Boys & Girls Club / Kids World:** Correct.

**Heather Powell, Boys & Girls Club / Kids World, Boys & Girls Club / Kids World:** Correct.

**Ryan Allsop:** The goal would be to get to a reasonable margin in my opinion, so a net margin of 10-20% that they could re-invest or something. Could come up with a number that's a fair business margin, operating margin.

**Ray Deck, Skookum Kids:** Sounds great. Let's talk when you're done.

**Emily O'Connor, Lydia Place:** I think a challenge is that even families who could afford to pay for childcare, they can't find childcare to pay. Then their dollars aren't in the system, which makes it harder than to subsidize a center that is 70% subsidized. Right? And the more access there is, then the more people can buy in, which helps everybody. I think that's part of when we're doing the math, we have to be careful that we don't just make it a flat 5,000 times X because it's not quite that simple. There's a wide range of ways for us to impact the system, and some of those 5,000 are cheaper for us to buy than others.

**Paul Burrill:** Do you need scale?

**Emily O'Connor, Lydia Place:** That's right.

**Ken Bell:** How are we going to leverage the dollars to take people who are at BP or Bellingham Cold Storage or some of the largest employers have the greatest need, to do this on a private level at their own facility, so that other people can take advantage of those and open them up to the market? That needs to be provided to leverage dollars. How can people have those conversations people.

**Guy Ochiogrosso:** Some of the work that was done prior to the pandemic through, I want to say Opportunity Council, ran one of the program. We did partner with our childcare business and expansion center, which had this great vision and plan prior to the pandemic. Since the pandemic its literally, oh my gosh, save the spots that we have. A lot of the dialog that has been happening in North County is about developing some sort of co-op program and facility that all of the facilities can kind of buy into and not necessarily jointly run, because BP probably does not know how to do a childcare facility well. Whereas the club may be, or if we're thinking national providers in your care, some larger facility that's cooperatively funded by our larger industries and more Whatcom County. Now. The solution? Both Heathers mentioned it. You're talking about housing all over again. It's an availability crisis and affordability crisis. There is no silver bullet. We need the club to start up two or three more facilities. We also need in-home care scattered throughout the county through private providers. It's a yes and answer.

**Ryan Allsop:** The number that sticks out, I think also we talked about, but it basically takes sixty kids to break even.

**Heather Powell, Boys & Girls Club / Kids World, Boys & Girls Club / Kids World:** Unless you're talking about just preschool if you are serving a variety of kids. In home, providers have fewer overhead expenses, so there are different levers to pull to make some things work from a center perspective. Serving infants through 12-year-olds -- I can't make the math work on less than 60. That doesn't mean that somebody else can't. I have not been able to if you're serving the scope of kids that we currently serve.

**Ryan Allsop:** Could you get private companies like BP to build the facility and actually hand it over to an operator.

**Guy Ochiogrosso:** BP actually has an internal team or series of teams across their entire network that have just engaged in childcare. This is something they have done elsewhere. I can't speak for them. I know. 2018, they were looking at it.

**Emily O'Connor, Lydia Place:** Also seeing how things are coming with childcare being built in an integrated place. We just opened one with the Y operating the licensed childcare on the ground floor. We're doing housing. We build the building. We don't need them to pay rent. We just want the center

operated, which makes their operational costs lower. So, we're creative about those partnerships where the operational costs can come down, then our nonprofit providers can actually allow opportunities like that. Which is really great.

**Paul Burrill:** When you say in home, do you mean actually somebody doing it in their home or is it a private company?

**Heather Powell, Boys & Girls Club / Kids World, Boys & Girls Club / Kids World:** There are in-home providers where people have a portion of their home licensed to provide care.

**Paul Burrill:** And is there a line to where if you go out and lease or rent or buy another facility and put one in, that's no longer considered a home?

**Ray Deck, Skookum Kids:** In your own house, without hiring an employee, you can be licensed for up to six slots. If you hire an employee, you can be licensed to care for up to twelve children. The rule set is slightly different. It's comparable, just slightly different.

**Ray Deck, Skookum Kids:** In-home care is a great opportunity for our community to add slots, a very capital efficient ways to add slots. There's a pilot underway right now to study how they would administer a dual license. This is a family who is licensed to do foster care and is licensed to run an in-home childcare in their own house. Now, as you might imagine, Skookum has a great deal of interest in that. We have one of our families participating in that pilot. We would see it as a way for us to build childcare capacity exactly where we need it, because we tend to license foster families kind of in a cluster. There are 6 to 10 in the Birch Bay area, 6 to 10 in the Everson area. Where we have a cluster, we can identify a family that would be a good candidate for this, hold their hand and walk them through the licensing process. Honestly, licensing is the hardest part for people. It seems really scary and intimidating, but we deal with bureaucrats for a living, so don't mind helping with that.

**Ryan Allsop:** By doing that, it seems like it would be hard to control quality at that level. It seems like with so many small providers, how do you manage? We talk about quality as one of your key benchmarks. I would think that would be challenging versus a bigger center. There's no training in smaller places, right?

**Emily O'Connor, Lydia Place:** That's one of the things that this fund can do, is it can be a hub for smaller providers. It is intimidating. There's a lot of rules and restrictions. If I've got a cohort of peers who are doing that and then there's also some support that's coming through Skookum for employee training, retention, and licensing, then you get some economy of scale even with those small, in-home providers. When you provide some infrastructure support, they don't have to take on their own.

**Paul Burrill:** So, you're creating almost a co-operative where you have a central hub with a series of satellite locations.

**Emily O'Connor, Lydia Place:** And that's the innovation that we hope flexible funds can do for our community -- that the current government funds aren't going to do -- create some of those central hub and spoke models that can increase support.

**Ray Deck, Skookum Kids:** I will repeat. No single one of these things is the only way. Like, an in-home provider wouldn't be the right solution for someone who needs care like the story that Heather shared starting at 6 a.m., and there are going to be kids -- high needs preschoolers, infant care -- and in-home providers are not going to be the right spot. They're going to need a very particular kind of care, and for others the Boys and Girls Club is going to be the right fit for them. We need a whole array, and right now, we're short in every category.

**Ken Bell:** What's the legislative fix that would ease your burden? I mean, there are reasons that others have left the industry. What are those we can also assist with that would help us lobby at the state level to create a more competitive environment.

**Heather Powell, Boys & Girls Club / Kids World, Boys & Girls Club / Kids World:** That list is so long.

**Ryan Allsop:** Is there a limit on time?

**Heather Powell, Boys & Girls Club / Kids World, Boys & Girls Club / Kids World:** Right? We started to go down that road in one of our meetings and decided this is like a phase two problem that we need to work on. The list is long and many. And yes, there is a reason he got out of the business. He was losing between \$300,000 and half a million dollars a year.

**Rob Fix, Port of Bellingham:** Someone should take the effort to put that together. There's a lot of people in this room that can lobby, and we've got to work together. We can do that.

**Ken Bell:** Heather, are you busy?

**Ryan Allsop:** I think the other one is just the revenue stream for this tax. We keep coming back to it and talking about it. It seems like why aren't we using marijuana funds, alcohol funds? The sin tax seems like a perfect place to dump back into childcare. That's a state level thing, but I think our politicians should be pushing that. It just makes total sense to tie the two together.

**Emily O'Connor, Lydia Place:** One of the cool things we can do with this is we can say, look what we were able to do, because some of those state dollars come with all of those strings. We've got Lydia Place parenting programs that, in part, were made possible years ago, because of something that came from the marijuana tax, which was great. But then it comes with those restrictions, too. How do we make sure we can advocate really effectively by saying, 'look, what we did in our community with these dollars being able to prioritize, we were able to create these types of slots'? Then hopefully transfer some of that burden to different funding streams.

**Clark Campbell:** A quick question with regard to ARPA, which was the kind of the focus of the presentation. Since our body is primarily focused on making advice to the county council and to the county exec, this seems pretty specific to the focus of our body here. Can we get a list of the recommendations that you were looking for to be included in the final version? It'd be good for us to review that list and then make some form of an endorsement or at least a vote within the group on endorsing those recommendations, if that's something that's coming up for review. Question one, can we get a list? And two, what is the optimal timing for that recommendation coming from this group?

**Heather Powell, Boys & Girls Club / Kids World, Boys & Girls Club / Kids World:** Yes, the list exists, and Sarah and Ryan have it, but I will go back and clearly pull out the points and spell those out so that it's not just in paragraph form. The recommendation timing is to move now. Do something now. Get the funds out now, because like I said, August through December is a long time. If they're going to start meeting this week, I think as quickly as possible to make sure that they're included.

**Sarah Rothenbuhler:** So, it would be critical before that July 30th meeting.

**Heather Powell, Boys & Girls Club / Kids World, Boys & Girls Club / Kids World:** Yes! By that point, it will be supposedly at the council for their approval.

**Debbie Ahl:** Heather, I thought that was a great presentation. Have any of the funds been awarded except for to the Opportunity Council?

**Heather Powell, Boys & Girls Club / Kids World, Boys & Girls Club / Kids World:** No.

**Ryan Allsop:** Why? Why the Opportunity Council? Why did they get the funds?

**Heather Powell, Boys & Girls Club / Kids World, Boys & Girls Club / Kids World:** Why did they get a million or why are they distributing?

**Ryan Allsop:** Why are they getting it, distributing it?

**Debbie Ahl:** Why both?

**Heather Powell, Boys & Girls Club / Kids World, Boys & Girls Club / Kids World:** So, the county and the city do not really have a mechanism to administer grants, so there is that piece in of itself, that it takes time and effort to review RFPs. The county and the city also would say they are not experts and that is probably accurate in in childcare. It's easier for them to hand it over to an entity that is an expert or has attempted to be the community's expert on childcare. I'm not sure for ARPA or any funds that somebody who has access to apply for them should be the administrator of them. That is the case that we have at this point in time. I do understand that if you're not an expert and you need to get the funds out because there is a time crunch that you pick the person that you believe can do it, and that likely was the case. The million -- I can't speak to. That came as a surprise to me on a conference call when they rolled out. There's \$10 million. Here's how it's going to break out, but in this year, a million has already been granted. I don't know how that happened because there wasn't a process shared. I can't speak to that, but somebody else may be able to.

**Emily O'Connor, Lydia Place:** I'm not sure it's all been figured out.

**Rob Fix, Port of Bellingham:** So, it sounds like based on ARPA funds distributed besides the Opportunity Council. It's just not childcare.

**Heather Powell, Boys & Girls Club / Kids World, Boys & Girls Club / Kids World:** Yes. I'm only speaking about childcare.

**Rob Fix, Port of Bellingham:** It sounds like ARPA money.

**Heather Powell, Boys & Girls Club / Kids World, Boys & Girls Club / Kids World:** Oh, no, no. I'm only speaking about the monies set aside for ARPA.

**Emily O'Connor, Lydia Place:** The last I knew, they were trying to pull together a small group that could inform on how that RFP process should go. I'm not a childcare provider, and I don't know where that's landed. I'm not sure it's all sorted out, and I know they're not here.

**Heather Powell, Boys & Girls Club / Kids World, Boys & Girls Club / Kids World:** Meredith Hayes, who is on the call, is a part of that group, and that's where I got my dates of, we're starting to meet weekly this week and plan to deliver a plan through July 30. I don't know who else is working on that task force with her. I do know that she is on that.

**Meredith Hayes:** Thanks, Heather. I can speak in for 2 seconds if that's helpful for what I know. We are putting together a proposed RFP for the county to consider using for a transparent pathway towards ARPA dollars for childcare providers. It is not my understanding that that's going to be administered through the Opportunity Council. I know the Opportunity Council has a project that is slated to be accessing those dollars for a staff retention pilot and for a project for about \$2 million. I'm not sure if that's been actually approved by council yet, but I am not under the impression that the OC will be administering the remaining, especially the capital dollars. I know some of them are being allocated towards capital expenses, and I am not sure that that's going through the O.C. I have not heard that. So somehow there's some triangulation of knowledge, and I can get to the bottom of that for sure. That is my understanding.

**Ryan Allsop:** Has it been defined if the capital dollars have to be used using prevailing wage or not?

**Rob Fix, Port of Bellingham:** It would have to be.

**Ryan Allsop:** The small providers aren't going to be able to do that. The administration process is a nightmare.

**Ryan Allsop:** What happens if the money doesn't get used? It goes back to the feds.

**Rob Fix, Port of Bellingham:** Correct.

**Ray Deck, Skookum Kids:** But there's a little time. It's got to go out, I think decided, by the end of 2023 and out the door by 2025. So, there is a little bit. It's just frustrating that it's sitting there, and there's stuff that could do -- really high impact projects that it could be applied to right now.

**Sarah Rothenbuhler:** Guy? Do you have anything else?

**Guy Ochiogrosso:** I'm happy to take this. I don't hold office. I speak for a nonprofit that exists to promote and build up the business community and a lot of businesses in the room. There's some frustration on how government can spend dollars. I think there's a lot of frustration on Opportunity Council with various departments, not just the childcare piece. I will say we work with them. We partnered with the survey that was mentioned. They have a great program in the childcare aware component, which is a statewide or actually national program that's really focused on training and meeting and assessing standardization, which kind of goes back to how do you how do you engage quality in-home care. They have programs for them. I think maybe another topic would be to bring in David and Greg from the Opportunity Council who run point on the childcare system that they oversee. They can provide a little bit more clarity to get down to whether there is a situation going on as far as the distribution. Yes, that does feel a little funny.

**Sarah Rothenbuhler:** Are you in regular contact with them?

**Guy Ochiogrosso:** Yes. The Northwest Childcare Business and Expansion Center is actually located in the chamber office, so they have staff members that we see on a somewhat regular basis.

**Sarah Rothenbuhler:** You might introducing them?

**Guy Ochiogrosso:** Absolutely.

**Sarah Rothenbuhler:** Okay. I think we're right at that meeting end. Thank you, everybody. Thanks Heather. That was excellent

**Ryan Allsop:** I think our action items to get something done quickly on ARPA is that recommendation.

**Sarah Rothenbuhler:** As soon as we get a list. It would be wonderful to pull Clarke in on that too.

**Ryan Allsop:** Clarke. you're on mute.

**Sarah Rothenbuhler:** I think he said no problem. Laughter among attendees

**Clark Campbell:** No, I'm good. Yeah, I'd be happy to.

**Heather Powell, Boys & Girls Club / Kids World, Boys & Girls Club / Kids World:** Thanks for having us here. It's an important one.

**Clark Campbell:** Thanks for the great presentation.

**Sarah Rothenbuhler:** Thank you so much everyone.

**Meeting Closed**

**Next meeting: Monday, July 18, 2022, 11am**

Hybrid Meeting- In-person encouraged and Zoom option available!