

Whatcom County Business and Commerce Committee
Meeting Notes
August 15, 2022

Voting Members Present: Ryan Allsop (Committee Vice Chair), Clark Campbell, Andrew Gamble, Troy Muljat, Bob Pritchett, Sarah Rothenbuhler (Committee Chair), Chris Trout, Debbie Ahl, Casey Diggs

Voting Members Not Present: Pete Dawson, Brad Rader, Dana Wilson

Nonvoting Members Present: Tyler Byrd, Don Goldberg, Eva Schulte, Whatcom County Executive Satpal Sidhu, Jori Burnett

Nonvoting Members not Present: Bellingham Mayor Seth Fleetwood

Public Present: Cara Buckingham, Lance Calloway, Barbara Chase, Jessie Everson, Heather Flaherty, Dave Gallagher, Councilmember Kaylee Galloway, Elizabeth Gibbs, Michael Gildea, Braden Gustafson, Keith Johnson, Rob Lee, Derek Long, Blake Lyon, Jennifer Noveck, Andrea Ruback, Tyler Schroeder, Gina Stark, Paul Twedt, Carrie Veldman, Sandy Ward, Greg Winter, Sam (No last name provided)

Introductions / Administrative Business

Committee Chair Sarah Rothenbuhler calls meeting to order

Committee Members introduce themselves

Approve July 2022 minutes

Invite public to participate along with Committee members during Q&A sessions

- Opportunity Council presentation on services in Whatcom County: Early Learning & Family Services, Homeless Services and Housing Development - David Webster & Greg Winter (20 mins)
 - Q&A Discussion (10 mins)
- County Executive Office presentation on Whatcom County Current Financial Status, Review of EMS and Child and Family Levees – County Executive Satpal Sidhu & Deputy Tyler Schroeder (20 mins)
 - Q&A Discussion (10 mins)
- Introducing Wood Stone Corporation (15 min)
- Overview of business by Christ Trout, President/CEO

Sarah Rothenbuhler: All right, let's get started. Thank you, everybody, for being here. There's information on the table, and for people zooming in, we'll be putting the information up on the screen as presentations continue. The Committee members will introduce themselves. I'm Sarah Rothenbuhler, owner of Birch Equipment and committee chair. Ryan Allsop is signing in right now and he is Vice Chair, Chair person next year. let's see, Clark, do you mind if we go down this way?

Clark Campbell: Clark Campbell, president of Gear Aid, I represent the outdoor recreation sector of the Business Commerce Advisory Board.

Chris Trout: Chris Trout, with Wood Stone Manufacturing, look forward to telling our story here in a little bit.

Andrew Gamble: Andrew Gamble, energy sector.

Sarah Rothenbuhler: And we can go on Zoom for the rest of our committee members. Debbie, you want to start?

Debbie Ahl: Sure. Hi, everybody. I'm Debbie Ahl, in Health Care, AD Vault Inc., as well as Mount Baker Foundation.

Troy Muljat: Troy Muljat, real estate and the general business classification for the committee.

Sarah Rothenbuhler: Tyler, Casey, Bob, whoever wants to speak out.

Casey Diggs: Casey Diggs, Boundary Bay Brewery.

Tyler Byrd: Tyler Byrd, Whatcom County Council.

Clark Campbell: Hey, Bob?

Sarah Rothenbuhler: You can see Bob going on and off mute. Bob, thanks for being here. Jennifer and Don, our support team, you guys want to introduce yourselves?

Don Goldberg: Don Goldberg, Port of Bellingham.

Jennifer Noveck: Jennifer Noveck and I'm a research and communications consultant to the Ec Dev Division at the Port.

Sarah Rothenbuhler: Am I forgetting anyone? I think we're ready to move on. Satpal, Thank you for being here.

Satpal Sidhu: Yes. Just finished another meeting.

Sarah Rothenbuhler: Understood. Okay, so we're going to move on to the July minutes. Have all voting committee members received the minutes? How did everything look on there? Anyone want to make a motion to approve?

Clark Campbell: I motion to approve.

Ryan Allsop: Seconded.

Sarah Rothenbuhler: Okay, July meeting minutes are approved. This is just a reminder that this is the Business Committee meeting, but we very much appreciate you all being here and want to hear if you have something to say. Please say it, we'd love to hear from you. Moving forward, Opportunity Council that will now be presenting. Thank you OC for being here.

Greg Winter: Ok, very good. Hi, everybody. I'm Greg Winters. I'm Executive Director of Opportunity Council, and today with me is David Webster, who is director of Opportunity Council's Department of Early Learning and Family Services. We would really like to primarily focus on some childcare issues that I know you all have been discussing. I know you're interested in some housing related issues, so I'm happy to give you a thumbnail sketch of the scope of OC's work around housing if there's time after David's presentation and Q&A around childcare. Before handing it over to David, let me just say briefly, for those of you not familiar with Opportunity Council, we're a community action agency. We are part of a family of nonprofits that came about through Lyndon Johnson's War on Poverty. So we've been around here since 1965 and over the years, what we've chosen to really focus on in terms of our services are in response to every three years conducting a community needs assessment. That's a process that's largely

derived from talking to hundreds of lower income households, as well as community partners in all different sectors such as health care, public education, law enforcement, etc. We put that assessment together every three years. That's really what drives our strategic plan, and over the years, it probably will come as no surprise to you all, that the areas of focus that really come to the top in those community needs assessments are around housing stability and access to childcare.

There are plenty of other issues and needs, and I'm happy to talk about what some of those are too, but those are the main areas of focus. When you look at our organization, in terms of our focus and the number of employees we have working on different issues, it's really around early learning and childcare, David's bailiwick, and then housing stability, everything from homeless street outreach to housing development, affordable housing development and many things in between. So I'd like to, if it's okay with the group, turn this over to David to introduce himself and the topic and frame it for everybody.

David Webster: Good morning everybody, I know you've had some extensive conversations already, specifically when we're asked to endorse two letters of recommendation, and you got some unique perspectives from Heather from Boys and Girls Club, a major player in childcare but certainly not the only one. I'm going to walk through our entire local system as it is now, and hopefully have some time to discuss not only what our upcoming needs are, but also how the private sector can play a different role because it's a system that impacts lives. We have a goal of getting every child in Whatcom County off to a strong start so they can be successful in school and in life, and that can happen in a variety of different ways, we want there to be no wrong door.

So, if a parent is able to stay home with that child, we want there to be resources available to a parent to do the educating. If the child needs to go into additional licensed childcare, you want to have adequate capacity there, and capacity to spread out around the county. Right now, about 80% of the capacity of this county's childcare is in Bellingham. We know that the housing pattern and for a variety of the reasons the population is certainly growing out in the county and we're not keeping up.

As you all know, many of you know, it affects employers because to have dependable employees, they've got to be able to have the peace of mind that their children are in a quality, safe place to be able to focus on their job. Across the country, in fact, the Chamber, I don't know if they mentioned this or not, but the National Chamber declared this a key issue for them a couple of years ago simply because they were hearing that challenge about developing tomorrow's workforce with a lack of childcare, certainly impacting the current workforce, making it a much more challenging in a labor market that's already rather dicey for most of us. So, are we going to show the PowerPoint here?

David Webster: The first couple of slides are really just a little bit of background about the department that I have. I have 150 employees primarily in Whatcom County, but we do offer services in four other counties in Northwest Washington, primarily around the quality and improvement of childcare in those counties. We began, as Greg said, in the 60's with a large expansion in the 80's when they decided to formalize the childcare resource and referral system from the consumer's prospective, so that if I'm a parent, and I just moved to town or have been here my whole life, and I don't know where there's childcare available to my child or my age group, we call Child Care Aware as it is now known. They can tell you there are this many providers within five miles of your house or your job. These few have some openings in this age group, but it's a Rubik's Cube of criteria.

Obviously, we try to figure out whether I want my child to be close to me at work. Do I want them close to home maybe where Grandma's close by. If I have an infant, they tend to grow so that I'm looking for a place that can take them when they're a toddler and a preschooler, or maybe before and after school when they get to the K-12 system. It's a dynamic system. It's really hard to accurately forecast in terms of what families will choose, where their capacity needs to be. We always have to plan for a little bit of, ideally, excess capacity so we have that wiggle room for families. Washington got in on the game, started

an equivalent to the federal Headstart program for families of very low incomes in the 80's. We are the provider for that in this county.

The next slide, please. Here is just a quick summary of the number of young bodies of my team effects every day, mostly in the 3 to 5 year range. We are also, if you go down to the fourth bullet, Whatcom County is ahead of the curve and started a single entry access to services for families of children with special needs, which is a growing number up to about 15% of the population. Whether it's reading or speech therapy or a child that's come out of the neonatal intensive care unit at Seattle Children's and is coming back home to Whatcom County. Those families have a lot of intense needs. It was very confusing to the local, state, and federal resources. About 12 years ago now, a bunch of parents of children with special needs, county health department folks, and those of us from our Community Division decided we need to make it easier for both parents to get the resources they need for their child and for the health care system.

Pediatricians were saying the same thing. I've got a diagnosis for this child, but I don't know where to send them. So now it's one number, a 1-800 number that is staffed by a couple of navigators. Any Doctor, parent, grandparent, minister, doesn't matter who has a concern about the development of a child can call that number and can be navigated to the resources that are appropriate for them. Then my team also does direct intervention for those children with special needs along with Whatcom Center for Early Learning. They're a non-profit in town where we have any given day in this county, 300 or more children who are getting therapy in their homes to try to make their development get as back to typically developing as possible, and also financially to try to spare the K-12 system as much expense in special education if we can make up those deficits before they get to the Kindergarten door.

Next slide. I mentioned Early Achievers. That is the state's quality rating improvement system, and has been around for more than a decade. I will say it in total transparency because the state decided to focus resources so much on quality it put no money into recruiting and retaining top tier capacity. We're kind of in a hole statewide as we try to do that now. And if you go down to the fifth bullet, you'll see what I think you heard a little bit about your last meeting or two. We've worked with the regional chamber, Bellingham regional chamber to start a center for the retention and expansion of childcare.

That staff is focused entirely on getting the current businesses to survive the pandemic, expand where they can, and bring new providers to bear in the marketplace, especially outside of Bellingham. That is an ongoing, positive thing that have had flow through for about \$1.5 million so far, funding to childcare providers in the first year. Almost 1.2 during the pandemic, about a quarter of that went to the Boys & Girls club. We're also working with a variety of other funders, the state and now the proposal. That's being the Center for Retention and Expansion to take some of the ARPA dollars and do that kind of grant work with providers to stabilize them, if they're still shaky coming out of the pandemic. Also to improve other parts of their systems, and we did that for some of the CARES Act money that came out in the first wave of the pandemic, where we were simply the pass through to those providers, the coaches, to work with all of them already. There's a way to sort of define uniquely for each provider what they need and how they can spend those dollars to benefit their business and for customers. Our agency is not eligible for those resources and benefits.

Ryan Allsop: So just to clarify that, you got funds prior to the remaining funds being actually managed and distributed out, which is what's left of the \$10 million. You received funds, is that correct?

David Webster: Well, we receive money for capital for emerging affordable housing with the town. In one slide, this is kind of what our system looks like. We have licensed centers, you heard from Heather at Boys and Girls Club. They historically, or at least Kid's World, which is a group they took over, were the largest. They had 532 slots at the time. They have not been able to operate all those slots for a variety of reasons. They are still one of the largest and there are other centers in town as well. Licensed family

homes by number are the largest number of providers. These are most often the ones that are able to be elsewhere in the county because of the building availability, and most of them are working out of their own homes but typically, max out at 12 children. If they have a large home and they can afford a part time assistant, they can't have more than 12 children in their care. We have means-tested public preschool programs like Head Start and Washington State's equivalent. School districts run developmental preschools for children who have special needs that haven't been improved to the point of not needing extra help when they get to the three-year-old age group. We have home visiting programs. For example, our department runs Early Head Start.

We only have 50 slots in a county that has 2100 births every year. It's a small program, but they work with the most highly impacted families. That's typically where you've got adults with a variety of challenges in their lives. We're trying to break that cycle for the children by giving them early weekly home visits, to see if we can improve their situations. The districts around the county, some of them have co-op preschools where parents work with school staff and have some part day, part week program and quality enrichment. In the last few years, it began in Bellingham, but it's now spreading to most districts in our county. They have a program called Transitional Kindergarten. Bellingham called it Promise K a number of years ago where the kind of push behind it was that we have too many children going into kindergarten that have never seen the inside of a classroom and don't have the behaviors to get along with others. They started Promise K and now it's caught fire. I think there are virtually transitional kindergarten programs every county in the state of Washington. It's a good thing, it's free programming, some programs are part of the year. When it began was just in January or February through the end of the year. A four-year-old who had no other experience could get at least a few months of school prior to going to kindergarten. Now many of the districts are running it year-round. So while it's a great boon to have that additional capacity that it's tricky on the economic dynamics of child care.

Those preschoolers tend to be the market that gives, if any margin, the largest margin out of all the other age groups. Infant care tends to be a loss leader for most businesses that's why there's so little capacity there, it doesn't make financial sense as it is structured right now. Toddlers are a little bit better than infants but not as good as preschoolers and then before and after school can be hit and miss on the bottom line. So it's great that the districts are doing it. Actually, we did last year and this fall the number of kids in transitional kindergarten, four year olds in this county will go up by about 50% or several hundred children overall, which is a good thing for those children. But it is potentially pulling away those margin producing kids out of childcare businesses who are also trying to service the same thing so it's that give and take system to read through so that we don't create some unintended consequences.

Many folks, of course, use family, friends, and neighbors, or grandparents. Sometimes for cash, sometimes not. That's a key part of the system. Home schooling has picked up in this county, especially during the pandemic. And families are deciding to continue that, especially for the youngest children going forward. So I know you've had some discussion about what's the right number of slots the county is going to need going forward.

Roll the die with me -laughter- because we've got studies that tell us somewhere between 1250 and 5000, but it really depends on for which age groups, in which communities, what hour of the day. We've got major employers in this county who do turn around, but they need 24/7 coverage for some families. Others don't. I share your skepticism. I think you put good money in and got some good data out of a variety of resources, United Way just finished a study, trying to pinpoint childcare gaps. I think the most important thing is we need to plan for every corner where we've got significant populations to have adequate capacity and not try to figure out the magic number for the whole county, because that really is a local neighborhood, small town, rural location, given the situation.

Lance Calloway: David, we had mentioned this, What are the current number of slots in the registered licensed centers?

David Webster: In licensed care we have just over 3000 slots in the whole county, for a county that births 2100 per year.

David Webster: And again, because we have all these caretakers and various forms they don't all utilize the childcare system. But, you know, we don't have enough for the kids that are already here.

Don Goldberg: Was there an increase that you know of since hybrid work is starting to take hold, will the demand go up, down, or stay the same for childcare?

David Webster: It has gone down for some categories in general.

Sarah Rothenbuhler: Good to keep in mind, hybrid/ working from home doesn't mean that if you're working from home that doesn't mean you also has time to care for and be present with your children. - laughter-

David Webster: And the second thing is, it's hard for the providers because they typically bill on a weekly basis for the whole week. Even if you're only going to come three or four days, you pay for a whole a week, and now they have a growing number of parents, who say, I'm going to stay for a couple of days, because I'm going to stay home the rest of the time. So it's really thrown the economic calculations

Ryan Allsop: Some of the providers now also require year-round. I want to know your commitments 12 months versus 9, whether it's just the school year and stuff like that.

David Webster: Especially with small providers. I don't want to get into it but the programs we do have staff that administer the federal USDA food program, which is a subsidized food product within all the nutritious food that they can serve. For a small in-home provider with 6 or 12 kids to interface with that large bureaucracy is a nightmare. So that's why we have staff that do it for them. We need to think about more things like that, because if you're running your own licensed family home, you're already working 10 or 12 hours a day, five days a week, sometimes six days a week. And to have the time to do the HR, budgeting, form filling out, all those things that will get you to some viability economically so you can take advantage those services, that's just not realistic. They can't do it in the 16th hour of the day and do it well. So that's why we've created some of those services that can be that shared service hub model where those smaller providers can get assistance.

Clark Campbell: And is that under the new organization for expansion and retention?

David Webster: Under our regular quality childcare division

David Webster: The USDA money flows through the OSPI in Olympia and they pay us a small fee per provider.

Ryan Allsop: One of our other concerns that came out of the meetings that we had with Heather was the ability manage the prevailing wage contractors, mostly small providers, can't even come close to touching that, nor can they find a contractor that's going to do that? It's hard.

David Webster: And that threshold on capital is \$2000, so what doesn't cost more than \$2,000. There are those kind of where we've got a service provider population that is well intended but kind of out of realistic expectations. Before and after school, certainly run by the likes of Boys and Girls Club, but also some school districts, the YMCA and individual childcare providers, they do not have to be licensed if they're serving 4 hours or less. Some of them still are, the YMCA is licensed for all their slots. We're seeing some companies starting to be more encouraging or at least accepting of infants workplace. So

rather than parent having to choose, do I pick work or stay home with my infant, or what, they solve that by bringing the infant to work and that's a policy that's where lot of employers are seeing bringing infants to work is not nearly as disruptive as you'd think it is.

Sarah Rothenbuhler: There's small windows of time where an infant is sleeping and does not have needs but on a 24 hour basis, this would be disruptive and exhausting for mom, baby and work, speaking as a mother that works full time

David Webster: There is no ideal option. At this point we don't have any employers who are doing official programming at onsite providers. We work with Peacehealth, we have the North County Consortium, which is Cherry Point, Samson Rope, Superfeet, and all the employers, Lynden Door, who were trying to get together and figure out if they can solve something for North County, because many of them have operations that are so dangerous that they will never be able put a childcare facility on their campus. Where we are trying to find a way, in fact we had our eyes on abandoned Ferndale Elementary School we wanted to turn into a multi-employer hub, but then they decided to put the building back in service, so that option went away for us. But I still think those are the things we're going to have to do. We really should have a hub in every quadrant of this county where major employers can be a part of the solution and then have out for most of the spokes of these licensed family care and small centers, because they're not going to always pay for a center to have a room because of the staffing issues. If you had a hub that had licensed family homes connected with it, those homes are much more easily adapted and somewhat more comfortable for parents to send their infant to a home setting as opposed to the center setting. I think we can figure this out, but we really need to move forward and that's something important to us.

Sarah Rothenbuhler: Those are really good ideas. Is there some work happening on that?

David Webster: Yes, we've been planning it, we're trying to price it out. We've talked with Congress about it as a potential model. I think the, it can also do some of those back office shared services. The hub, which would be a larger provider, so we're having to do the USDA programming, they could do that, or they can do some of the AR/AP work that the small businesses have not so much time to do. So we really want to flesh that out, so they can meet Federal requirements and get some geographic spread. We brought this up a long time ago, I think as we look at future dollars coming in, that's the way for us to go as a county, and would sort of set us apart from the state.

Clark Campbell: And that North County hub you described that had Samson Rope and Superfeet and other companies involved, obviously the safety and liability requirements or issues for a business that's doing distribution and manufacturing. And then childcare, my guess is that's going to be really hard being licensed in the best of circumstances.

David Webster: Right.

Clark Campbell: In terms of them coming together to have a facility, is it mostly oriented around the sort of idea of distributed home facilities or those manufacturers trying to come together to get a license? Kind of onsite or close to facility.

David Webster: On the graph you'll see it shows the spectrum of cost and risk for businesses and because most of them can't have it on their campus, we need to figure out where the major arterials intersection whatever and find land and a building, or build a building go there so the bulk employers in that vicinity it offers an immediate stop for employees before they go off to work. I don't think you're going to see, unless you're a Patagonia, which is held up as the national model of childcare on site for all employees. Most businesses have a tough time imagining it for regulatory purposes

Clark Campbell: Well, Patagonia's facility is an office, it's not where their distribution happens.

Ryan Allsop: What about Western's facility? They have on campus childcare, trying to get them to double or triple the size of that. Is that a possibility?

David Webster: We are in conversation with the Center for Retention and Expansion. We are expanding and in fact, we're looking at we have several places where childcare and homeless.... are being put in and Center for Retention and Expansion. Who then brokers that with employers or others who want to use the sites, and providers who want to provide the care. I think that's the other important model is the role that the Center plays as we've got childcare, we've got a provider that's willing if they have space to do it in. Making those connections work more useful...and we're working with about 23-24 businesses right now, whether they're looking to expand where they are, looking to have a second site, or coming to town for the first time in a childcare capacity. So the team is always very busy trying to make the system work better.

Don Goldberg: I'd be happy to help form a team to help you find those central locations. You know, whether it's a mall space that we know that is empty, or retailers that have space. We have some geographic programing that might be able to help with that, if you let us know what you need and where.

David Webster: And there are fairly formulaic, you need 35 square feet per child indoors, 75 square feet outdoors, because there are more and more licensed outdoor childcare. It actually started in the San Juan Islands and is starting to spread out in the county right now, where families like that we can extend our primary...so they are not in a building cooped up with a bunch of kids but are outdoors.

I think you're going to see growth in that, but you need a lot of space to do outdoor licensable green space... That's just a lot of expenses. We're working on a facility right now, so we're going to soon determine whether we're going to operate or contract it out.

If you were (unintelligible) one thing here into a business, let's say you bring a toddler in. Most providers of care, and I'm sure you've touched on this, you've got to have a plan for the matriculation of those children from one age group to another. Sometimes it's harder to take in new customers when you know that next year Johnny's going to be three, and next year he's going to have to leave the toddler class and go to the preschool class. It's a lot of customer juggling, you've got to keep track of what you're providing.

Sarah Rothenbuhler: We're right at time. There's a ten minute Q&A, want to roll into that?

David Webster: So if I had to take it down to one slide, and that's kind of it. Children need nurturance, they need active learning, indoor/outdoor and they need learning environments that allow them to run with their imagination... You let them have that time, but we also need to be really quality based on all the brain research we're having. These are far from everything we're seeing and what we call executive function that is tactile, regulated, or dealing with and playing with other kids well.

Families want access and geographic choice. They want quality and safety. They want affordability, which is a big thing, and want to ensure they're coming out of their early years and they're school ready. Providers are desperate for qualified, ample staffing and full funding for the quality service they provide and for profit.... They need to cover their costs and they need a margin too. The profession as a whole needs some respect. Basically, we've gotten to this point in history by shifting the cost burden to a very low paid workforce, and put them into poverty in order for the rest of us go to work. We really have to reevaluate that lens and make it a well-paid profession with people already involved in child development, not because we think they're so poorly paid and providers more and more need some help with things like buildings. Small folks need help with things like administrative needs. And for your employers here on a regular basis. I'm sure you also want to factor in (unintelligible) geographically located. You need that care provider to be dependable and flexible, for the ebbs and peaks and workflow of your teams. We

need a range of coverages, whether it's during the school year or whole year. First shift, second shift, sometimes third shift. It's far from cookie cutter, and you want it to be quality but you also want it to be affordable. So that is our challenge in a nutshell

Sarah Rothenbuhler: We have 10 minutes for Q&A. We're also hoping, if we had more time, to learn a little bit more about the homeless services and housing developments.

Greg Winter: And we can always come back to that, and I can bring other special guests as well.

Sarah Rothenbuhler: Alright. Thank you.

Clark Campbell: Great presentation.

David Webster: And we are working with you, you can't build a building or a housing development in this county without...about the parking spaces you have to have for that. We can't take a stressed market and add a bunch of new multifamily housing to it and be able to accommodate all those children.

Ryan Allsop: On that note, they could simply say, I would like the downstairs to be rentable to childcare since all of Fairhaven has to have retail. There's a lot of vacancy, maybe that would be...Because developers would love to create apartments for low-income people versus retail right now.

David Webster: That's where we bump into that 35 square feet indoors or 75 square feet outdoors. Not all retail can accommodate that.

Sarah Rothenbuhler: Can you say that again, what those requirements are?

David Webster: 35 square feet per child indoors, but then you have to subtract out the kitchen counters and then you can't count the bathroom. It's learning space, 35 square feet, for outdoor play area that's 75 square feet. Obviously you can stage the children getting to the outdoors so if you've got 100 kids you don't need 75 square feet for all 100. You only need enough that those who are outdoors have 75 square feet.

Ryan Allsop: Other for the bigger providers, obviously the small ones are totally different, under 12 or 10 or 8. For the bigger providers let's say magic number tends to be around 60 kids per facility would be ideal. Obviously with the mix being weighted towards 3- to 5-year-olds outside and not zero to 2-year-olds. From a standpoint like you talked about...

David Webster: Even an in-home provider, they have to be able to afford fencing and all those expenses that are going to start now. Some of them we've done with Debbie, and some of the other philanthropic organizations are giving us dollars and many grants and providers to do that, so that they're not so far in the hole when they finally open the doors for children, which makes it a little more palatable...

Clark Campbell: I just had a couple of things that would be good for our team to have to have copies of, which is the United Way study, the Property Council Needs Assessment study, and some numbers around what the transitional kindergarten program has in terms of numbers... Then try to do that, it just detailed around the Center for Retention and Expansion that aligns with the goal for the meeting outlined both in the ARPA letter and in the proposed ballot.

Sarah Rothenbuhler: If you send that to that group email, we can make sure that gets sent out.

David Webster: We did send an overview of that, did that get out to the group?

Greg Winter: So we're not reinventing the wheel. You guys have done some serious heavy lifting here.

Sarah Rothenbuhler: Any other questions?

Ryan Allsop: Just on the homeless side, we don't have a lot of time. I know the 22 North building has been obviously a bone of contention right now and problematic stuff going on inside and outside. Can you give us a little overview on what the plan is for that?

Greg Winter: Sure.

Ryan Allsop: You've separated now the youth out, right. There's no longer youth in there?

Greg Winter: That's an evolving part of the plan. So a multifaceted plan for stabilizing and making the situation there better, both inside 22 North and for the surrounding neighbors. Part of that stabilization plan, importantly, includes empowering the neighbor task force that meets weekly. I think we're up to about week six or seven with that group. The good news there is that participants of that group are reporting back to us that they are seeing evidence that the improvements that we're making are showing some results. I don't think we really have enough time to be able to go into that in detail. I would refer you to Adrian Sullenberger, our manager of housing development and housing operations, recently gave a presentation to Whatcom County Council.

I would encourage you that are interested in that topic to take a look at that. I imagine that that meeting is posted on the county's website. Adrian is one of the main architects and person responsible for implementing that stabilization plan. In a nutshell, it includes multiple elements which revolve around our policy, our guest policies for the program, our lease enforcement policies, our work with Bellingham Police Department and law enforcement generally, including working through what's really become a whole new world of eviction processes. Lots of new tenant rights legislation and the aftermath of having a two-year eviction moratorium that really kind of changed the landscape around how you conduct lease enforcement and the timeline for actually getting the results.

When you need to use lease enforcement as a tool, which for a couple years we really weren't able to do. We're also phase two, some additional funding from Whatcom County. We're able to staff up a little bit more and to really meet the challenges. We've also pretty dramatically changed the screening criteria that we have for both tenants and approved guests that come into 22 North. And we're also in the feasibility phase of looking at some external improvements we can make to the facility itself to discourage loitering. Some of the problems that we've been experiencing and the neighbors have observed and been experiencing are really law enforcement matters that are, that have become more challenging, partly because of some of you have heard, the Blake Decision that essentially decriminalized drug possession and the workforce issues that police departments here and elsewhere have been struggling with. A lot of these things have come together to create some really major challenges and our stabilization plan attempts to address all of those. Like I say, we are seeing results and the neighbors are telling us that. Not all the neighbors for sure, and this relationship that we have through this neighbor task force is one that will be ongoing. It's not just a flash in the pan response. It's something that we will sustain for the long term.

Ryan Allsop: Can you make an introduction to us on that task force? Working on the Safety and Commerce Subcommittees, we're trying to gather people.

Greg Winter: We're working on putting up a website so that all of the weekly reports that we submit to the city and the county on the stabilization plan implementation will be on our website, as well as recorded meetings from the Neighborhood Task Force and other helpful information just to generally educate the public about the role of supportive housing in addressing homelessness.

Sarah Rothenbuhler: Thank you. Casey, did you have a question?

Casey Diggs: Yeah. I was going to ask, is Keith Johnson there? Bellingham police officer. Maybe he could chime in on how things are going on those task forces as well. Sorry to put you on the spot K.J.

Keith Johnson: Not a problem. Yeah, I stood on that task force, and I think it's a good model. I mean, it gives people that own businesses or who live in the area a voice that part of what they're seeing, what they're hoping to have happen, kind of a collaborative way to work towards what everybody wants, which is a safe, neighborhood friendly facility. I think Greg covered both of the things that are happening. The police are trying to do our part, but we find that we have limited resources. We have to prioritize, in progress, all the crimes against people (unintelligible) have down there. But it's certainly a priority for us and we'll continue to work with the Opportunity Council to improve that situation.

Greg Winter: Keith and the police chief and Deputy Chief Almer have been great partners in this, so thank you.

Sarah Rothenbuhler: Great. Thank you. We really are at a time where we should wrap up. Thank you so much for being here. We really appreciate it.

Greg Winter: I wish I could stay for the Wood Stone Presentation. I was just in Montreal with my wife on vacation. We went to a place that had a Wood Stone pizza oven.

Chris Trout: Did you get some bagels as well?

Greg Winter: We did.

Chris Trout: Good, way to go.

Ryan Allsop: He brought pizza, right? That was the deal, the requirement for the presentation. I haven't had lunch yet, I was getting a little hungry over here. -laughter-

Sarah Rothenbuhler: Before Wood Stone, we're going to step in and Executive Satpal and Tyler Schroeder, are both on Zoom, I believe. I see Satpal.

Satpal Sidhu: We are here.

Sarah Rothenbuhler: Thank you and thank you. Do you mind updating us on financial status of our Whatcom County?

Satpal Sidhu: Yes. Well, good morning, everybody. I think this is a great topic. I'm really pleased at the involvement from the Business Commerce Advisory Committee into this community thing. That was the whole purpose of forming this committee. Your keen interest in these topics, of which impacts our community, is very well appreciated.

Sarah Rothenbuhler: Thank you.

Satpal Sidhu: The other part is that we are in the process of building our next biennium budget. It's kind of right time to talk about what our finances are. Just the overall picture, I will give you that, and then Tyler can come in with some more specific numbers. We will be happy to answer any questions as our national economic outlook is kind of a little bit shaky. Some people talk about recession. Some people talk about going steady like this, but we are very cautious about it. Our general fund is at \$23 Million, which is \$8

million over the what we had planned in 2020. A lot of things have happened in 2020, but at the same time, we did get a lot of federal help directly for the county. This is the first time that the federal government reached out to the county and city level and gave direct assistance. I think this is the best way to do that, because money gets spent on the right levels because when it goes to the state level and gets distribution from them or just based on population, there are a lot of pitfalls in that. That's what I would say otherwise.

I want to address that letter I got from your committee on the childcare allocations from the ARPA fund. As we all know, ARPA fund is a one-time money and we have been very cautious about spending that money. We have done some on the capacity building or capital side of it. I just wanted to remind everybody that in the Barkley facility, we have put in \$1,000,000 for towards childcare. Laurel and Forest, the other new building coming up that we have committed \$1,000,000, and Samish Commons we have committed almost \$1,000,000. These three have created new capacity for childcare. We have just invested \$2 million in Ferndale.... Now, it may not be directly in the name of childcare, but there was a property about ten acres and Kulshan Land Trust didn't have the capacity to own the property would take a couple of years to get the money to do the project. In the meantime, the property may get sold to somebody else. You know how the current market is, so we found out about five months ago that they are in this conundrum.

We said, well, we can help. We thought, okay, what we would do is we would go and buy the property and hold it for you so that you have this ability to go and get the rest of the money from HUD and Washington Housing Commission, all other sources, tax credits, everything. You don't have to worry about that, or the property may not be available. To do a project, they need to have a property to do the project to get all this money. We stepped in and we invested \$2 million. Part of that understanding with Kulshan Land Trust is that there must be a childcare facility once they have finished laying out their project. So that was a proactive way to do affordable housing and childcare, not coming at the back end of the project and trying to do that. The other two things I want to talk about quickly is our EMS levy and the Child and Family levy. Let me talk about Child and Family levy first. I see that Heather Flaherty is here, and Heather, you are welcome to chime in into that as well. I think that is a very wise investment. Our council has approved and even when I was on the council for five years, I always said we should start investing in our kids when they are born or they're five, seven years old rather than trying to invest more money once they are 17, 18 years old.

We're trying to mend them at that time, which is ten times more expensive for a society to do remedial work at that level. This has been a step in the right direction. It will be collecting, say, approximately \$8 million and has a sunset clause, which is a favorite of mine. Any tax any government puts on, there must be a sunset clause on that so that it can be revisited and maybe continued, but it should not be left that we all forget about that. In ten years we will have 80-plus million dollars and could possibly be more, and we can do good planning for that. I really think that is a step in the right direction. We at the same time have allocation for ARPA funds, but ARPA funds are one time money and we are very cautious about it investing that. We have put out \$2 million right now on the operational side for people to apply for funding for child care function.

The EMS levy, that would be a levy. Again, I thank the Council for approving that to go on the ballot, and that is 13 and a half million dollars a year and it's a substantial increase from their past budget. The major initiatives are there to strengthen our BLS. BLS is basic life support and the ALS is advanced life support. ALS is mostly located in Bellingham and we are starting a 50 unit in Lynden to take care of the northern areas and northeast areas of the county. Then they will originate from Lynden and we have funded that, the EMS have funded that. BLS is the strengthening of the ambulance support in the county areas, which was missing and a lot of small fire districts are not getting that support what they needed. Some of the levies have been failing. We thought that we call them fire districts, but I want to remember that fire work is only less than a couple of percent of their work anymore. Yet, we still call them fire districts. Most their

work is about health, behavioral health, accidents and other support system for our communities. I think they need strengthening and there is a substantial increase in the strengthening of that. The other part is training. We are investing both money in training of paramedics and of course, building the reserves... So I will kind of stop there. And I will be happy to answer questions. And maybe, Tyler, you want to add some exact numbers of our current budget and our fund?

Tyler Schroeder: Sure, I will. Just briefly, Executive Sidhu indicated earlier that we have seen kind of a modest growth in our general fund. It's currently about \$23 million. It's important to realize that there's only a couple of ways where general fund collection comes into the county. Sales tax projections and sales tax collections are a big part of that. We're anticipating about a 4 to 4- and one-half percent increase in sales tax collection, and the other is just the straight general fund property tax. It's important to recognize that the county over the years hasn't taken the 1% increase like other cities have.

We're looking exactly where the general fund is going to be going as it relates to what one of our main priorities are, which is workforce retention and recruitment from a county operational standpoint. With cost of living, as everybody has been reading, very substantial this go around. That's a big nut that we're going to contract for our existing organization, which will we are planning on doing. A fund balance is an important consideration for the county, especially as we're moving forward with some likely and hopeful large capital projects. Executive Sidhu has indicated that building a new public safety facility, a new jail is very important and we're going to be making that consideration hopefully next year to the voters of Whatcom County and for that to be successful, we're going to need to secure our fund balance for bond performance, because you have to go out and bond for a very large capital project, and that's just one consideration to keep in mind.

The last thing I would just indicate from where Satpal was referring to the letter that we got from the Business and Commerce Committee on childcare. We currently are developing an RFP to look at capital grants for large facilities and for the small facilities, the family home facilities that David Webster was talking about earlier, for a first round of capital grants. We're hoping that we'll have that available and on the street by the fall in the next couple of months. We're listening to those letters that we got from both the child and family group and from the Business and Commerce Committee. As soon as we have a draft of that, we'll be reaching back out to stakeholders and walking through what the idea is being put together for those types of that RFP for the childcare grants to make it an open and transparent process about where those dollars go and how it can. That's kind of the background I have.

Satpal Sidhu: Let me add one more thing to the capital outlay for the county in next couple of years. Right now, you may have heard that we just received a grant of \$25 million from the federal government for the Lummi Island Ferry. The Lummi Island Ferry Project is over \$60 Million to replace the current ferry, which is 60 years old. This is not only for the vessel, which is kind of 35-plus million dollars for the vessel itself. The rest is for the shoreside improvements on both ends because that is also 60-year-old infrastructure which has been kept up and it would not accommodate the new ferry. We have to do that investment.

We are building a new building for planning and development services at Smith and Northwest because we have 110-year-old building, the old poor farm, they called it, and hospital and then many different forms and shapes it took over the years and that replacement will be about \$25-30 million. The public safety facility, we just say to people that we need a new building for our current jail. That's what is probably will be the largest project in Whatcom County's history and seems more like \$150 million or so. That's that capital outlay in the near future that we will be doing. We will open up for questions now, please ask anything on your mind.

Sarah Rothenbuhler: I could kick the questions off. It's the healthy children's fund. I think we loved everything about it except for the fact that it adds more property tax. And we keep circling to the sin tax.

There's got to be so much funding being developed from all the sin taxes. I asked Gina Stark to look into the sin tax, and why couldn't we have sin tax help fund future projects versus another bond?

Gina Stark: I did look at that and one of the interesting things about sin tax they were created to help us not do these sin things and as a society we do. They're actually overall are a small percentage of the overall state line budget. You can see that really quickly what taxes are included in the sin tax. The cigarette tax, gaming tax, marijuana tax, and then there's the soft drink syrup tax. There's two spirit taxes, one on the liter and then there's the one that's on a...about wholesale, and then we go into the restaurant.

There's a separate tobacco tax which is separate from the cigarette tax, all other things other than a cigarette goes into that, and then there's the one to separate that out. I would say four of those go into your general fund. The other ones, for instance, like your marijuana tax, is probably the one right now has the largest amount of revenue. It's goes to all separate agencies. So Department of Ecology, Institute of Public Policy, Department of Health, things like that.

Clark Campbell: Those are earmarked dollars.

Gina Stark: They're earmarked. All of this is said in the RCW, is the amount of tax and where it goes for general fund or anything. We think about plugging into the sin tax that we have, one it's not a huge pot of money and if we use it, in fact, it needs to be distributed across the state. There are other things to kind of think about, and it's not a huge pot of money.

Sarah Rothenbuhler: How do you know how much? How would we know how much of that is being generated by county?

Gina Stark: So, for instance, the latest that I have, which is the 2018 fiscal year, 31 billion and 37. So .1% of the overall tax, statewide. I don't have a 2020, but it is public

Sarah Rothenbuhler: 31 billion was generated. In a year.

Gina Stark: For beer.

Sarah Rothenbuhler: For beer alone? It sounds like a very large pot of money to me.

Gina Stark: You really think about the overall need here, when you start spreading it out all of a sudden, the money gets spent quickly. But it is several hundred millions of dollars. And again, that's the one that generates the most which is marijuana is already distributed out. So that...

Sarah Rothenbuhler: That's off the table. Interesting, thank you.

Don Goldberg: Tyler had his hand up.

Tyler Schroeder: Yeah, I was just going to provide a little clarification or just some details, but Gina hit a lot of it, and the earmark was an important point, right? That sin tax is being collected locally, but most of that goes to the State of Washington and then it's earmarked for certain programs and where they go. The Whatcom County collection that we keep specifically is very small from that amount of money and is usually required to be programed in a certain program that's required by the state to do it. Department of Revenue would be the best place, Sarah, to be able to look at sales tax collection and what's collected locally and then how much the state keeps and how much the county would be able to keep.

Satpal Sidhu: I just wanted to share with everybody that this tax structure we have, sales tax and property tax is 125 years old. In that time we were agrarian society. Everybody had a property, which

means a home or people had farms and people bought local products. They were not national. There were no Amazons at that time. Local producers, local manufacturers, local consumers. That was the best way to fund local governments. You have your own source and can do that. But if you look at 125 years, how our world has changed, but this thing has not changed. Then when we look at it and always comes to the local government, we say why you are raising our taxes. Right. But the system, the services, unfunded mandates and things falling on the local governments, somebody has to collect that money.

I am always very happy to listen to any suggestions how the local government should be funded differently. I think the way we earn income is very different. People can go on Tik Tok and make a couple hundred thousand and they never come into our total income tax structure or property or sales tax, all this thing. The world has changed so much and we must evolve with that and we don't look at that. What evolving that we should change our system of funding local governments. 25-30 years ago everybody said user fees. Let's do this, it was another name for taxation. Well, let the user pay. And now we complain that you build a house in Bellingham. It costs \$30,000. You know, it hurts everybody. It was supposedly a great idea 30 years ago. Let's put user fees on there. I think this is this is a much bigger subject that we must really collectively address, that the how should we raise funding for our local governments? Okay, I'll stop there. Thank you. -laughter-

Ryan Allsop: Satpal, I'm happy to sit in a room for a couple of days and talk taxes with you if you want. Tyler, I appreciate your comment. I appreciate your point, raised our house taxes less than 1%. I've never seen my house go up 1% because we keep taking land out of the private sector and put it in public sector, which doesn't pay for the taxes. There's some argument there, but it is nice that the city and county does not take more than the 1% or their 1% allotment. We've also seen our tax bills go up significantly. Which is why we're all sensitive to things like the...

Sarah Rothenbuhler: Layers upon layers.

Ryan Allsop: Layers upon layers. And so on. I have one question though, Satpal. How many people live on Lummi Island? What's the permanent resident population?

Satpal Sidhu: About 1200.

Ryan Allsop: And what's that, into 65 million?

Satpal Sidhu: Yeah. Let me put this in another way. I have this heard from several people. Why are you spending \$60 million for 1000 people? That's what your question is, right? Just leave them alone. Why would we go in, say, Glacier? Why would you go in and build a bridge? With 30,000 people. Let's leave them alone. You want to build a bridge? Go build your own. I think this is a false argument. Why? We build roads in our rural areas. We should say, hey, you're not taxpayers. You're not paying all the taxes, you have your own taxes, build your own road. Same thing, we can tell Lummi Island people, build your own ferry. Why are you taxing us? That's not fair.

Ryan Allsop: I mean, I would agree with you on part of that. Just most of the other areas in this county produce an income stream for the county and sales tax and other things like B&O tax because there's business that can happen in those areas. Mount Baker ski area, for one, being at the top of the mountain drives a fair amount of revenue. The local areas, I mean, Grahams' was out there in Glacier for years, and Maple Falls as businesses. Lummi Island has one restaurant. And a little mini market. It's lost I think maybe two restaurants now. I think they lost one of the restaurants, but maybe it's two. It's not it's not a huge economic producer for the county and I'm not saying this is a big deal, I'm just kind of curious. I mean, it just seems they choose to live on an island. The state pays for obviously the San Juan Islands but then islands like the Decatur and Guemes, you have to get there yourself.

Satpal Sidhu: I think that's not really true argument. Look, when you convert everything into commerce and that's how you look at your society, that's not the way a proper way to look at your society. We can complain about Seattle because why are they subsidizing the rest of the state or King County? Why Boeing is subsidizing the rest of the people? They say this is what we use, this is what we pay for, this is not how the society runs. It's a very short sighted view of society. That's why we're building ferry for 1000 people. For 60 years they waited for this thing. This is like just building a bridge on Samish Lake. The bridge gave up seven, eight years ago, and we have one way process. Now, we are building a bridge. Should we now look at what is the commerce value of Samish Lake bridges?

Sarah Rothenbuhler: All good points. And I'm going to see if Lance still had something.

Lance Calloway: I still have a question. Tyler and Paul for the EMS levy. How much of that is replacement and how much is increasing? And I know you noted if 13 and a half million per year.

Tyler Schroeder: Yeah, I'll walk through that, Lance. Currently it's about \$8.6 Million collection and it's now being proposed at \$13.3 million for that 29 and one half cents. It's about a four, four and one half million dollar increase in those numbers. And I think Casey had a question earlier about whether or not it would add any more community paramedics. With the levy continuation that's moving forward, a million and a half of it would be for the expanding of the basic life supports for the EMTs county wide, out in the northern county as well as Bellingham. There are some additional EMT support BLS that needs to be throughout the other areas. A million of it would be just strictly the annual allocation for those five ALS units, which includes the one that's up going into Lynden. And then \$1 million of it is just straight inflationary pressures to the system, the cost of providing the service and providing those public safety where it goes. And then \$1 million of that increase is for the ALS training program, which is developing a program with the Bellingham Fire Department and hopefully BTC or one of our local schools to be able to train that paramedic work and move the program forward.

We have a stable workforce for the EMTs and for the paramedics locally and then also in the region, which will actually help reduce the cost of that. It's about \$4 million increase, Lance, and that's kind of an outline of where those dollars will be used. And then, yes, Casey there's a slight increase to the community paramedic work. Currently, I don't have these numbers off the top of my head. Currently we have two or three and we're looking to expand it not only in Bellingham but also into the county for the community paramedic work, which is when somebody is calling 911 too often and doesn't actually need that higher level of support for the paramedics, what we're trying to do is get into those higher utilizers and work with them so that they're not stressing the 911 system. It just is a really good, cost efficient and best way to utilize those individuals, when they don't need to call 911.

Casey Diggs: Tyler, don't they have a mental health specialist riding around with them as well?

Tyler Schroeder: They do. I'm guessing that was Casey. They do it connected with a mental health specialist so that we're providing the right service to the individual that's in need that may not actually be strictly medical. It's a really neat program.

Lance Calloway: With the follow up on that, I haven't seen any information out in regard to what some of the increase is going to be out. Is there a plan to get some information to the community?

Tyler Schroeder: Yes. The EMS Levy group that put together this plan in coordination with Bellingham Fire and the county fire chiefs, then worked with the executive oversight board that developed the 29 and one half cents, is currently doing some discussion on how to get that information that I just listed out to constituents that would be making that vote on this this fall. Executive Sidhu did a write up when in talking with the county council and the city council with kind of those bullet points that I just established. I think if the group would like, we could send that to Jennifer to get it out to the group.

Ryan Allsop: Great. One last question. When we met last month, you mentioned that there was like \$700 million in a fund. Was it our budget surplus fund for the county? It was up to six, 700 million or something like that. I thought you were talking about that and then you were looking at ways you were interested in using some of that.

Satpal Sidhu: There is no surplus fund. That would be something really great. We have so few. It is the reserve fund. Actually, it's not a reserve fund, it is reserves. What happens is that as a county we just said, our reserve is \$23 million. All the school districts in our county have reserve funds and we being the county, being the Treasury, we are the custodians of all the reserves of several organizations, including WTA, all the school districts, ourselves, I think the Port has their own, and PUD, all of them. Every taxing authority has some kind of reserves built in for them to do that. We are the custodians of that, and then what we do being a Treasury, we invest those funds, there is an investment pool and a committee, and there is a very strict regulation from the State Treasurer. How do we invest those funds so that we don't risk funds for that? What I have proposed to the State Treasurer and our local Treasurer, they should allow us a small percentage of that fund, we should be able to invest in our own community what we do not receive for lack of things. We send this money to companies in, say, New York, and they invest that. They are they tell us that these are the investments you invest in, and then when we need money, we go to them to get a bond money from them. First they tell us, oh, we're going to charge you 4% application fee and then we're going to charge you 4% interest.

What I'm proposing is if small sliver of that money, say, \$10 million out of that \$500 million that we can invest in our community. Like we were talking childcare, we were talking affordable housing, we're talking other things that we can invest right in our own community and with the ability to pay back that to our Treasury. This is not like a general fund that we can invest. We can, rather than borrowing from third party, borrow from ourselves. The Port of Everett just did a bond \$50 Million with the county treasurer of Everett. You remember we were talking about the state bank. There are ways that we can do that. I have proposed that to State Treasurer and the Washington State Counties Association and they're looking at a mechanism to allow that. We don't have a surplus fund.

Ryan Allsop: Thank you for clarifying. That's great.

Sarah Rothenbuhler: Thank you Satpal, Tyler and everyone, sorry to cut people short here, we're at time. Chris Trout, do you want us to help serve the pizza? -laughter-

Chris Trout: I intentionally didn't put pictures of food in there.

Don Goldberg: Hey Jen, can you bring up the Wood Stone presentation please? Thank you.

Chris Trout: Yes, thank you. I appreciate the opportunity. I'll quickly go through Wood Stone and I am really happy and pleased to present the story. It's kind of fun and obviously we've got a lot of folks online, but it's always fun, especially local, because we're a known brand. We've been here for 32 years and it's cool to talk about the history and who we are and what we do. I use a lot of pictures, but intentionally didn't use food.

Up in the top right those are our two founders. Keith Carpenter is on the left. It's classic what you would see in any company, classic sales individual with somebody that can build something. Harry Hegarty is on the right, and he was the builder. When you think about Keith, Keith was in the food service industry. He was selling manufactured goods in the industry. Harry was building high temp incinerators. They came together because of a customer need, who was down in Everett. There was a restaurant operator who was getting ovens from Italy, but could not get them in time.

In a reliable fashion, Keith, the classic salesperson, wanted to help and solve. He said, 'Hold on, let me to figure out what I could do'. He knew of Harry and went to him and told him, here's the problem and how do we get involved with this? Behind them is, I think, oven about 25 or 30. We have oven number one in our foyer area, it's kind of a cool thing. If anybody that wants to come out, I can give you a tour and all that fun stuff. In 1990, 32 years ago, when you think about the two individuals that built the company, they looked at a problem to try to solve for a customer, and built a business. That's pretty cool. That was the start. In 1995, we were wood fire only, and in 95 we went to gas. That was the next boost of revenue growth for us. Then in 2010, we own a company in Burlington, Vermont. It's called Ideas Well Done, it's a small R&D and engineering firm. In that space, they essentially did what Keith and Harry did when they started the company. They look at customer problems and they solve those and they do rapid prototyping. We're right now at about 110 employees. They've got about ten employees there in Burlington, Vermont. Then in 2014, that is the exit point of Keith and Harry. Henny Penny Corporation, based out of Dayton, Ohio, acquired the business and we'll talk about that here in a few minutes.

Chris Trout: You can see some pictures on the bottom of the original first factory before Wood Stone. It's just really cool. The center one, that's Harry walking through the manufacturing facility. Again, kind of cool on that side. The next slide.

Don Goldberg: Next slide, Jen.

Chris Trout: We started with stone hearth ovens and then you can see all the rest of the equipment we have right now on the right side. That's our current facility we are in, we are a Port of Bellingham tenant. We are a tenant on some of our building and we own the other part. We've got 117,000 square feet. There about 110 employees right now. The heart of what we do, it's food. If you look at the bottom left, that is our test kitchen. We average about two visits a week. We've got two coming out this week. He was talking about bagels; we've got somebody coming in from Kansas City to cook bagels tomorrow. Then on Thursday we've got someone from Florida coming in. That's the heart of what we do. We do chef training and product demos, recipe development and new product testing, and we can roll in any piece of equipment. That is literally just the heart of it. I love this butcher block table, it's in the center. Who we are, it's not about the money, it's about food. The equipment is behind the scenes. It's sitting across from somebody having a great conversation and doing what we do.

Again, it's our products and the heart of the kitchen itself. On the next slide, Ideas Well Done. They are an engineering firm. You can see these are currently working on projects with Chick-Fil-A. They're a huge customer of Henny Penny. Mod is a big customer of ours and then they've got a local chocolate company in Vermont that they're doing business with. Just think about any kind of restaurant operator that's got a big problem right now in our space: automation. How do you really overcome labor? Ideas Well Done is actually helping us with the project right now that's looking at how do you just make it easier. How do you help? We're talking about childcare and the profit model for that. Think about a restaurant with thin margins, how do you improve that profit model? That's something that Ideas Well Done does really well, as we might say. So again, Burlington, Vermont and...

Chris Trout: Transition, January 1st of 2014 when the business was acquired by Henny Penny. I've actually been with Henny Penny for coming up on 20 years. I relocated out here, it will be four years and next month. I was with Henny Penny, and 12 months later and we think about how this business gets acquired and that it's that settling. We think, how's this going to go down? We did a really good job of trying not to disrupt what was going on here. 12 months later, our founder or the gentleman that owned Henny Penny sold it to the employees.

We're now 100% Employee Owned. All three of those brands, Henny Penny, Wood Stone, Ideas Well Done, we're 100% employee owned. Last Tuesday, we had our owner's day. Once a year, we reveal share price, and it was just a great celebration. I'll just give you a quick stat. From the inception of 2014 to

the last year, it's gone up 636%. Think about the stock market. How many companies go up 636? It's a pretty impressive thing. We're all kind of working together. When you go back to Keith and Harry, you look right now and you look to the future. They were really trying to get people in front of their ovens and get that community behind it. That's all I'm trying to do now. We share our hard work, and it's a reward for our time. It's essentially a retirement benefit we don't pay into. As you get more years, you get an allocation of the shares and we just work together to improve that.

I think I've got a couple other slides. I thought what was so just a quick one showing customers and products, over 20,000 installations across 80 plus countries. On the next slide, it shows our key markets. At the top there, independent restaurants are a huge market for us, as well as chains and fast casual. Those are just a couple of brands that we serve. And then we got a whole slew of other markets that we go after.

If you look at the two, we focus on the top three areas and our manufacturer rep who is selling for us worldwide kind of focuses on that bottom section. The last slide is all pictures. Let's look at this quickly. Top left is in our test kitchen. That is a (?). The rest are installations in various settings. Bottom left, we sell residential. It's a pretty small part of our business that is a residential install and then you can see throughout it traditional restaurant installs. We're providing the equipment and then typically a designer is designing how should it look for that install.

Don Goldberg: Is it gas now or do you have wood as well?

Chris Trout: Well, we have wood, coal, and gas. That is the big opportunity for us. We do have one griddle that is electric. If they can get it passed January 1st, they're going to move away from gas fired commercial cooking in Portland, which is pretty incredible. We're getting a lot of pushback. I understand why the shift between electric and gas, and the reaction term of gas versus electric, Chef's love gas. But, it's coming, so we're looking at it right now. The big thing for us is the ambience of the flame. How do you create that in an electric oven?

Chris Trout: Sure. But that's who we are. Happy to be here 32 years. Just incredible.

Sarah Rothenbuhler: Way to go.

Ryan Allsop: On that ESOP for your employees if they retire and you haven't sold, do you buy them out? Is there a buyback for the retired or do you just have to hold the stock until the company does some sort of exit?

Chris Trout: Oh, no, it's so it's a true retirement benefit. So after five years, you started getting paid out over a period of time. We have ESOP plus 401K as it relates. I'll tell you here locally with this share price, we have \$7 million in the fund right now in the employee (unintelligible). Really just an amazing fact that and then you get paid out after five years over that period of years.

Clark Campbell: And that was required to be in the stock.

Ryan Allsop: It was very successful at Superfeet. I think their employees have done very well as well. They exited though.

Chris Trout: Were they 100%?

Ryan Allsop: 100% at the end, and they actually had an exit last year, I think.

Don Goldberg: Have you found that you're having better retention?

Chris Trout: Here's what I would say. We talk a lot about this. Depending on where you are in your life, if you're married, you have kids, you're kind of invested in what's what retirement will look like. If you're young-

Don Goldberg: And it doesn't matter.

Chris Trout: And you're just looking to pay rent and just have a good time. It doesn't it doesn't sink in yet. That's our opportunity. Our number one supplier provides an ESOP as well since 1977. We've been working with them because they have been able to use that tool to really retain, and track up and down cycle side organization. But I would say right now it's not resonating here or in the market. It's just it's a tough thing because it's so far out.

Ryan Allsop: The cost now I heard recently is skyrocketing on creating an ESOP. It's gone from a fairly reasonable cost of like half million dollars or something. Some big number for small businesses.

Chris Trout: Henny Penny is a thousand employees, we're 110.

Sarah Rothenbuhler: Thank you. We're about 3 minutes over. Anything else you want to add?

Clark Campbell: It's a great story.

Sarah Rothenbuhler: Yes, a great story.

Clark Campbell: What you said about share price, and just want you built in the community.

Chris Trout: It's great to be out here. Actually took over from a distance in late 2016, came back and forth from Ohio. I lived in Seattle back in 98 through 2000. So it's great to be back here and I just love it.

Sarah Rothenbuhler: Thank you Chris.

Clark Campbell: Thank you.

Sarah Rothenbuhler: With that our meeting is adjourned. Thank you everybody.