

## Port of Bellingham Outlook

The Port of Bellingham’s operating and capital budgets are based on the objective and priorities outlined in 2023 Key Corporate Goals.

The Port operates four lines of business - Aviation, Marinas, Marine Terminals and Real Estate. Each line of business is designed to work towards cash neutral after operating costs, capital expense and debt service. This strategy allows for 100% of the Port’s tax revenue to be used for public priorities such as Economic Development, infrastructure preservation, cleanup of environmentally contaminated sites, and parks and open space. The success of the business lines is directly tied to the amount of resources available for public priorities. The Port has planned several capital projects for 2023, which will help continue to drive the local economy.

## 2023 Key Corporate Goals

*Each year the Port identifies several key strategic issues that often reach beyond a single line of business or program and may require Port-wide actions and efforts for future success. Work on these key corporate goals will likely span beyond 2023 into future years. Specific action steps relating to these goals can be found within each division’s section of the Strategic Budget. The following issues have been identified as key to the Port’s overall success in serving the community:*

### 1. Ongoing Development in the Waterfront District



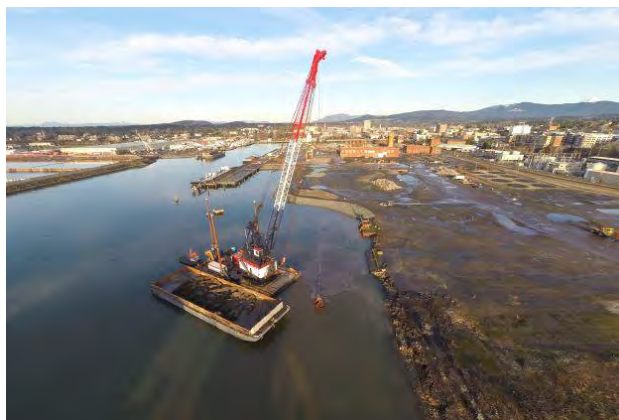
2022 brought a few new container businesses to what is now named The Portal Container Village. The Dish Foundation opened up their business, Our Kitchen, in a Port container that also serves as

one side of the entry arch base. In 2023, they plan to build a miniature golf course behind their container. The Filling Station built a container that focuses on hamburgers called The Rain or Shine Riviera Club. Sunnyside Bikes opened a container specializing in bike rental and repair. Both the Selkie Scoop and Kulshan's Trakside beer garden remain going concerns and experienced a vibrant summer. The Port plans to add overhead lighting, 4 additional containers, and hookups for 2 additional rotating food trucks to help activate the site for the reopening of The Portal in the spring of 2023.

In 2018 Harcourt purchased property and began the permitting process for a second project: residential units on the Whatcom Waterway. Construction of these residential units commenced in 2020. However, construction stalled in 2020 and the Port notified Harcourt it was in default under the terms of the MDA. In 2021 the Port and Harcourt negotiated a settlement for the default that reduced Harcourt's developable property from 19 acres to 9 acres plus the option for another approximate 3 acres pending satisfactory performance on all previous projects. The Port immediately began planning for the property that was removed from the Harcourt MDA, an RFP for a hotel or other use in the Boardmill Building was issued. The Boardmill Group was selected and negotiations are underway for a real estate transaction that would sell just under four acres to be developed into mixed uses including a hotel, restaurants and residential. Those negotiations should be completed in early 2023.

The Whatcom Community Foundation proposed The Millworks Project for the former Lignin Building site. The Port is currently facilitating the cleanup, expected to conclude by year end. Mercy Housing will be building approximately 84 residential units and 7 early learning classrooms. Planning for the remainder of the Lignin Parcels is well underway with the Community Foundation.

## 2. Plan Necessary Environmental Cleanup



Charged with managing over a dozen environmental cleanup sites, the Port will focus on pursuing efficient and effective processes that ensure quality cleanup projects move ahead in a timely manner. Securing stable funding sources will be a priority and a necessity for any future cleanups. Ongoing cleanup planning will occur for the Whatcom Waterway, Fairhaven area, Blaine Industrial Area, I&J Waterway and on Bellingham's Central Waterfront. The environmental department will also continue to ensure compliance with stormwater and National Pollutant Discharge Elimination System

(NPDES) regulations to protect Puget Sound and prevent recontamination of environmental cleanup sites.

### 3. Expansion of Marine Trades



Marine Trades is a significant industry sector within Whatcom County and the Port owns and manages many of the properties where Marine Trades businesses operate. Plans to expand marine trade areas include acquiring private property as it becomes available, converting the former GP Lagoon into a hub for ship and boat repair and upgrading and rebuilding infrastructure that has reached the end of its useful life.

Permitting continues to be a struggle and National Marine Fisheries Service continues to be at the bottleneck. The Port will work to address this with partners such as the Northwest Marine Trades Association, other ports and our federal delegation.

The Fisherman's Pavilion went through its first full season as a gear repair space and also completed a full season as event space. The Port will need to continue to adapt on how we use this space to ensure the most efficient use of the asset.

#### 4. Strategic Management of the Airport



In late 2021 Southwest Airlines commenced daily service to Oakland and Las Vegas. This combined with reduced border restrictions has brought passenger counts back to pre-Covid levels. Large airport projects including rebuilding taxiways, construction of a building for snow removal equipment and expansion of the runway safety area are all underway and will be completed in the next couple of months.

In 2023, the Port will continue to recruit additional routes from our existing carriers and pursue new carriers as well.

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



The Port continues to invest in the shipping terminal infrastructure. The terminal is currently transferring large rock that arrives by truck onto barges where it is delivered to the Columbia River and placed in the reconstruction of the jetty. ABC Recycling is moving scrap metal through the terminal: it is delivered to the terminal by truck and barge, sorted, stored until there is adequate quantity, and then loaded onto ships and exported.

The terminal has additional capacity and the Port will continue to pursue more business there.

## 6. Stimulate Economic Development and Job Creation



Increasing access to high speed internet remains an economic development priority. The Port was successful in obtaining approximately \$10M in funding to achieve this goal. An Indefeasible Right to Use (IRU) was negotiated with PogoZone for one phase of the project and other IRU negotiations are underway for the other phases. It is anticipated that multiple Internet Service Providers will participate in different phases. The Port continues to work closely with the PUD and Whatcom County to increase broadband access.

A significant focus has been and will continue to be on attracting clean, high-tech jobs to Whatcom County. As part of that work, the Port continues to work on examining potential opportunities at Cherry Point and other industrial parks in Whatcom County. A GIS land parcel, infrastructure, and utility database as well as parcel inventory and development analysis was managed and completed by REP on behalf of the Port, County, and Cities. There are plans to expand this database to be countywide, allowing for efficient use of our remaining buildable lands and improving access to worker and affordable housing.

## 7. Employee Retention



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

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