Whatcom County Business and Commerce Committee
Meeting Notes
October 16, 2023

Voting Members Present: Sarah Rothenbuhler (Committee Chair), Pam Brady, Paul Burrill, RB Tewksbury, Brad Rader, Dan Dunne, Pete Dawson, Ryan Allsop (Committee Vice Chair), Casey Diggs, Clark Campbell, Paul Burrill

Voting Members Not Present: Chris Trout, Dana Wilson, Debbie Ahl, Troy Muljat

Nonvoting Members Present: Whatcom County Councilmember Kathy Kershner, Rob Fix

Nonvoting Members Not Present: CJ Seitz, Barry Robinson, Satpal Sidhu, Mayor of Bellingham Seth Fleetwood, Small Cities Representative Jori Burnett

Public Present: Todd Lagestee, Scott Korthuis, Austin Anderson, Gina Stark, Simon Sefzik, Anna Robbins, Brian Heinrich, Kaylee Galloway, Hannah Ordos, Russ Whidbee, Dean Fearing, Dann Mead Smith, Lyle Sorenson, Atul Deshmane, Barbara Chase, Becca Seim, Billy (last name not available), Braden Gustafson, Chris Behee, Chris Erdmann, Derek Long, Doug Chadwick, Gina Stark, Guy Occhiogrosso, Jasmine Fast, Jennifer Noveck, Jessie Everson, Jill Nixon, Jon Hutchings, Kim Lund, Kori Olsen, Louis Parr, Mauri Ingram, Michael Chiavario, Pam Brady, Perry Eskridge, Rob Lee, Royce Buckingham, Rose Lathrop, Scott Pelton, Tawsha Thompson, Chris Erdmann

<u>**October Agenda**</u>

Introductions / Administrative business / Comments welcome from the Public (5 mins)

- Committee Chair calls meeting to order
- Committee Member Introductions
- Approve September 2023 minutes
- Invite all attendees to participate along with Committee members

WCBCC Focus & Sub Committees:
Housing, Workforce, Community Safety, Childcare, Water/Fish/Farm Health, Policy

Policy

- **Initiative 1. Minimum Wage Increase + Initiative 2. Tenant Relocation Assistance**
  Bellingham Regional Chamber of Commerce President & CEO Guy Occhiogrosso (5 mins)
  Q&A (10 mins)

- **Proposed Resolution – EDI Resolution for Housing Update + Identifying Approaches to Expand Broadband Access in Whatcom County**
  Whatcom County Councilmember Kaylee Galloway (5 mins)
  Q&A (10 mins)

- **Temporary High Impact Industrial Permit Moratorium, Metal Recycling Center**
  Whatcom County Councilmember Barry Buchanan (5 mins)
  Q&A (10 mins)

Housing

- **Building Cost Comparables, Pacific Northwest to Other Parts of the Country**
  Construction & Project Manager Austin Anderson, Dawson Construction, LLC (15 mins)
  Q&A (10 mins)

Safety

- **Yes! Safe Jail, Healthy Outcomes | Whatcom County**
  Local Law Enforcement Officer Tawsha Thompson + Mayor of the City of Lynden Scott Korthuis (5 mins)
  Q&A (10 mins)

Sarah Rothenbuhler: Calling to order the Business and Commerce Committee meeting and now committee member introductions.

Ryan Allsop: Ryan Allsop, Allsop Incorporated.

Clark Campbell: Clark Campbell, GearAid, representing outdoor recreation.

Gina Stark: Gina Stark, Port of Bellingham.

Tyler Schroeder: Tyler Schroeder, Executives Office.

Kaylee Galloway: Kaylee Galloway, Whatcom County Council.

Rob Fix: Rob Fix, Port of Bellingham.

Casey Diggs: Casey Diggs, Boundary Bay Brewery.

Pete Dawson: Pete Dawson. Dawson Construction.

Dan Dunne: Dan Dunne, CAZ Construction, Favinger Plumbing, CAZ Environmental.

Sarah Rothenbuhler: Sarah Rothenbuhler, Birch Equipment. And now the zoom attendance.

Paul Burrill: Paul Burrill, food processing.

Pam Brady: Pam Brady, BP Cherry Point Refinery, energy.

RB Tewksbury: RB Tewkesbury, Pacific Northwest chapter of the Internet Society.

Kathy Kershner: And Kathy Kershner, Whatcom County Council rep to the committee.

Atul Deshmane: Atul Deshmane here, supporting Kaylee.

Ryan Allsop: And the dog! (laughter)

Sarah Rothenbuhler: Yes. That's awesome. Okay, we will move on to the September meeting minutes. Does anyone have any comments or motions?

Ryan Allsop: Motion to approve.

Clark Campbell: Motion seconded.

Sarah Rothenbuhler: September meeting minutes approved. We are inviting everyone— Please participate. This is not just for committee members to participate, but for everyone in person and on Zoom. We so appreciate you all being here. Thank you for your time and your good thoughts as we talk about our amazing Whatcom County. We're going to start with Guy Ochiogrosso. Did I see you on there Guy?

Guy Occhiogrosso: Can you hear me?

Sarah Rothenbuhler: Yes, we'll pass the baton to you.

Guy Occhiogrosso: Perfect. So since I am on my way to a conference, I appreciate the flexibility. And so, Sarah, can I just have you or I don't know, probably Gina? Just help facilitate if there's anything, because I can't really see everybody.

Sarah Rothenbuhler: Perfect. That'll be Gina.

Guy Occhiogrosso: Perfect. Sarah asked me to come today and just have a conversation about, specifically the minimum wage initiative. So I feel like I need to preface it, right. The Chamber has officially opposed the minimum wage initiative. We have not made an official stance on the renter one, but I'm happy to talk a little bit in with regards to that one as well. And with that official stance, I'm going to do my best to be—it's not really nonpartisan, but just transparent and fact oriented. Here's what we know, here's what we think. And I just want everyone to kind of have that understanding of where I'm coming from on this.

So, minimum wage initiative as written, and given the city council did not produce this, this is a citizen initiative. Functionally, it will raise the city of Bellingham minimum wage by $2 within the next 20 months. I think for the most part, everyone understands that. If there are any questions with some of the details, I'll be happy to make my best guess kind of at the end. But I think it's important to start with, what do we know this will do, right? First and foremost, just the nuts and bolts, the structure of it, it will require, it will mandate four pay increases over the next 20 months. So four disruptions in a payroll system where you're making everyone equitable or spacing, again, wage compression, how much does that impact the whole spectrum of wage earners or salaried employees within your business? It's just it's a lot of change in a short amount of time, right. That is what is written, whether that was the intention or not, that's a conversation not for here.

Now, I also think what it will do is raise prices. Particularly in our community that's very service based, very retail, restaurant, hospitality, entertainment based. A lot of those services and industries will have to raise price. So I think it's important to understand that that's what will happen. Now. We have to look at what maybe will happen. I feel fairly confident and I'm not going to guarantee it. One of the things that I am concerned with is, again, the disruption in, let's call it, employment. And it's hard to calculate this because as all of you around this table and virtual table know, not all businesses are created the same. Some businesses will need to reduce the number of hours. Some businesses will need to reduce the number of employees. Some businesses will need to close on certain days. And that's just baked into a lot of different things. Sometimes businesses can't directly change prices. They may be tied to other contracts, so they will have to pivot in other ways. And I'm a little concerned for some of our, let's say, non profit folks, businesses that may not have the ability to raise revenue when those, you know, billable hours, if you will, aren't connected to necessarily a revenue source. And I have some concerns, particularly with our fixed income, no income population of our community. Because I do think, again, leaning back into what will happen is things will get more expensive. So those are the reasons we have opposed it. I know I don't want to take too much time, but Sarah, is that kind of a good synopsis of that? Were you looking for other things?

Sarah Rothenbuhler: Yes.

Ryan Allsop: This is Ryan Allsop. If I can add on to that. I reached out to Alan Marriner in this, and the Mayor and Alan Marriner is the city attorney, just to get an official response on this, and they've got three simple questions. By the way, this committee can't have an opinion. We don't have an opinion on this. We can simply inform each other, and you can have conversations individually outside of here. I think we all have opinions on it. But that's the role of this group. Right, Tyler, did I say that correctly? So does the city have an official opinion? Because last year the city actually came out against this very similar ballot measure. I asked that. I asked, is there a legal precedent that allows two minimum wages in the same town, one for the private sector, one for public sector? And is there a portion of the initiative that refers to city having—the city has, if you read the initiative, it has it has a lot of authority to go into businesses and analyze the books and kind of their payroll and whatnot. It's very broad and hard to understand, but if you read it—I have the entire initiative printed.

The response I got from Mr. Marriner was that the city is not taking an official opinion, the initiative to raise the minimum wage, it says RCW 42.17.155 prohibits them from taking an official position unless city council notices and conducts a public hearing on the initiative that provides an opportunity for opposing views to be presented. So that has not happened this year, whereas it did last year. And so I'm not sure why, I think that's a question people can ask. He said the city council did not conduct such a public hearing on the minimum wage, however, did conduct public hearings on the city greenways unrelated to this question. And then he says, I believe the minimum wage initiative excludes city employees from the minimum wage because city charter section 10.02—and I have not dug into what that is—prohibits initiatives that fix the salaries or wages of the city officers or employees. So I believe what he's saying is that it basically wouldn't be legal. It's a little confusing for me. So they can have one different than private sector.

But then finally, if the city says if the city voters approve the minimum wage initiative, City Charter section 10.12 states that it becomes an ordinance of the city and cannot be amended, revised or repealed for two years. If the initiative passes, the city will need to analyze how to defend and enforce the ordinance while complying with all other relevant state and federal laws. Because, I mean, and, you know, I didn't refer to him, but there's their employment practice laws that protect employees, you know, information benefits, things like that, that are now. And the way this is drafted, I would say they have the right to go in and actually review that. So if it was approved, sorry. So, you know just a little to add on a little bit, Guy.

Guy Occhiogrosso: A, it's really hard to hear you if you're on zoom. But I think I caught it all. And yes, the other interesting thing is I do believe union contracts are excluded as well. Don't know if you touched on that, but yes, the City of Bellingham employees are excluded, as well as our existing union contracts.

Sarah Rothenbuhler: So on the first initiative, everywhere in the state will have minimum wage and then Bellingham will have minimum wage plus $1. And then $2...

Guy Occhiogrosso: Essentially within the next 20 months, Bellingham will have four minimum wage increases, whereas the state will have two, right. Just to kind of compare apples to apples. January 1, the CPI increased state minimum wage will go up to $16.28. We just found that out about two weeks ago. Five months later, May 1st, the city's first of the $2 will be implemented. So our minimum wage will go up from $16.28 to $17.28. Seven months later, again January 1st, the state will revise its state minimum wage, which will probably go up about 3% based upon CPI. That puts it what would be the state minimum wage of about $16.75? Of course, at that point the city's first dollar is already implemented. And then finally, on May 1st, 2025, the second of the $2 would be implemented, making this the Bellingham minimum wage, $18.75.

Ryan Allsop: The practical side of this is—and then I've got to be careful—is the city will have to compete with their employees and their unions and any other unions, certainly.

Guy Occhiogrosso: Well, I mean, I think that's the that's the inherent shortfall, right? Of policy versus intention. If it were just to increase those at the lowest level. I mean, it probably wouldn't have a substantial impact. But when you're looking at wage compression. The fact is, if you're making $18 right now and in less than two years, someone that you're training that may be a 17-year-old is making the same rate as you. You're going to want more. And in a workforce crisis, as we all know, you're probably going to get it. Businesses are going to have to pivot and change revenue streams as well as operations.

Ryan Allsop: And this is probably a good thing for the small, the small cities outside of Bellingham, I mean honestly. And the surrounding county areas, I mean for business because it will drive anybody wants to be here, maybe outside the city.

Guy Occhiogrosso: I'm not convinced of that, honestly. I think what we can do is we can see back during the pandemic, when the city of Bellingham had the emergency wage, the public health emergency wage bump. You saw other employers, particularly the larger employers in the county, especially the lower wage jobs, restaurants, grocery stores, they had to compete at a higher wage to get to get a workforce. So I do think this is going to impact other employers throughout the county, probably again, the larger ones that may be serving a more regional environment. But I hear your point.

Clark Campbell: Yes, I think it's going to have the opposite impact, which is businesses that are located outside of Bellingham will feel the exact same wage lift in terms of competitive, what it's going to take people, if they can get in a car and drive to Bellingham to get that wage. So that means if you're competing for, you know, for hourly wage rate, wage employees and you're in Ferndale or in one of the other cities, your effective minimum wage is going to go up as well. I just got back from a strategic offsite, which was kind of educating our ownership. And I kind of look at it, we've increased our minimum wage, our starting rate by 46% in the last five years. I figured this would be another 25% on top of that in two years. So essentially taking the effective hiring rate, the minimum wage, because to be able to hire, typically you got to be a little bit over the minimum wage because there's a lot of places you can go to get jobs that will hire minimum. So for us to be able to attract, we're always trying to be a little bit above that level. That means by 2026, the effective hiring rate for starting untrained hourly rate work is probably going to be around $21.50, $22 an hour.

Sarah Rothenbuhler: But everyone in the room is doing that, we're paying more than minimum for entry level and not because of government regulations.

Clark Campbell: No, it's a tight labor mark, and your business needs to grow.

Sarah Rothenbuhler: Recruiting quality people, putting quality training in. And we want people to stay. It's not because of regulations.

Guy Occhiogrosso: To this entire dialog, right. I think my guess is anybody who's making, again, wage or salary equitable to like $40, $45 or less an hour. Let me preface that will probably get that same 2% to 20% pay bump. Which, the only thing that's going to do is going to drive prices up. And especially for those lowest wage earners, I think they're going to feel the biggest pain point. The intention is to lift up this population and I think the only thing it's going to do is drive costs up. And I do think because again, there's a dialog in the community of a little bit to say this is going to push employers away. To Clark's point, I don't really think it's going to push too many employers away. I think it's going to push employers to adjust. Cut hours, cut operations, cut staff levels, sure. But I do think it will prevent—it's going to make Gina and the Port's team much more difficult in the fact of recruiting employers, especially if they have anybody that's making lower wages, because it's going to be really hard to compete here on a in a regional level or a national level.

Ryan Allsop: I mean, I'm a business that actually moved a warehouse away from here for B&O reasons as well as labor reasons 20 years ago. I think that is actually a relevant factor when you have the choice. When we made a conscious decision to do so, and we only have office staff here for that reason, which isn't qualifying as minimum wage discussions, it's not a factor for me. The factor would be in a recruiting standpoint, if we're trying to recruit new businesses and stuff into this town, I think it's a limiting factor. I mean, if you have a choice between going to Skagit County, you know, 30 miles away, you might do that and be down there for obvious reasons. So yes, I think we will have to compete. I mean, we need to be careful and do be careful. You know, we obviously have opinions on this. It doesn't impact my business so much. I'm not in retail, Casey sitting here, this is probably going to impact your business right.

Casey Diggs: Yes. And just to parrot what Guy says, it's going to raise prices. And the last couple years we've been thinking about closing one day a week just because, to open the doors, that labor is the most expensive part of the day and the customers just aren't coming out.

Clark Campbell: And functional parts of the business that are portable. Right. Like the math that you look at when you look at doing warehouse distribution, you know, what percentage of revenue is being, you know, after the entire the building labor, all the aspects of doing pick, pack and ship. You know, businesses might stay here, like Allsop, but components of that business that have a lot of jobs associated with them, they're not going to move to Ferndale. If they move, they're going to move to another state. Right. And you're going to do the whole math on what that looks like. And is it worth doing or is it worth trying to grow that here?

Sarah Rothenbuhler: Not to mention, when you're hiring a service business or going to a restaurant, going outside of Bellingham is going to be more appealing cost wise and creates more challenges for Bellingham businesses, we're all working very hard for gaining, connecting with customers as it is.

Casey Diggs: Yes, and so we would never leave, that's never on the table. But January 1st, when that rate goes up, it's like our dead season, right? Like our coffers are just getting depleted, depleted, depleted until March 17th, you know? And then we can start making some money again. So just getting hit with it and carrying those employees into it. Yes.

Sarah Rothenbuhler: Thank you. Hey, Guy, am I putting you on the spot to ask you to touch base on initiative number two, the tenant relocation assistance?

Guy Occhiogrosso: I mean, I'm happy to comment on it. I do want to preface, the chamber did not make a stance on this one. Again, I don't want to speak for like, the realtors either, because this is more their area. I don't believe the realtors made a comment on it either. Functionally, what my concern is, is this is going to make an annual 7.5% increase in rent the normal. Perry Eskridge, wish he was here today, he did an analysis of the market and some of the rental issues that we face. And he could speak to it much better than I could. But yes, I think what it's going to cause it's going to cause a 7.5%, very common annual increase in rentals, which is that's just going to further pinch our housing situation.

Sarah Rothenbuhler: We've got about three minutes on this and don't know if Perry, who's on zoom, wanted to comment. Gina, do you mind reading that comment in the chat if you can see it? Yes. I saw that comment come in, but we can't read it here.

Gina Stark: Atul had a question, Guy. “Any thoughts and discussions on how to respond if the minimum wage initiative does pass? Any details that the City Council could introduce that the chamber would support?” And Perry is on zoom.

Sarah Rothenbuhler: So if you both could respond and solve all of this for us in three minutes.(laughter)

Guy Occhiogrosso: Well, I don't think the city can do anything for two years. This is a citizen initiative. So let's say right as of May. So let's say June or July later this upcoming summer, we realize that this is having some significant impacts, and I even think that would probably be too soon to determine if that one single thing were having a drastic impact. The city couldn't do anything until January 1st, 2026, and they would probably study it, and they probably wouldn't start studying it until the full $2 impact were to come in. So, I mean, yes, technically the city could interject and revise it, I believe. January 1st, 2026. Do I think that they would? I doubt it. I mean, I think it would have to be a significant impact, and I don't really know how to define that.

Sarah Rothenbuhler: Thank you, Guy, for your input while you're traveling. Really appreciate it. Perry, do you want to just take a quick minute and say anything?

Perry Eskridge: So the one thing that I would say about the rental initiative, well I guess I'd make three points. The first point is anything I say here does not reflect the opinion of the realtors, and I'll get right into that. The reason it doesn't reflect the opinion of the Realtors is because when this initiative was first proposed, I naturally presumed that the association would want me to be on the con side of the argument. And so I put my name out there saying, you know, I'd be happy to help write the con statement for the voters pamphlet and all of this. And so the City Council appointed me, and then I went looking for property managers and landlords to help me write it. And their response was, let it go through! 7.8%, 7.9% on an annual basis? I'm ecstatic! And so that was the first thing that told me, oops, maybe this is not what the tenants really want.

If you think about it, you know, when I started in this position with the realtors 17 years ago, there was only a handful of property managers, and now there's more than 20 in Bellingham. And that's just because property management, as they pile on more and more regulations, the smaller landlords are doing one of two things. They're either getting into property management or they're hiring property managers to help them, and that that role of property manager is becoming more lucrative. Or they're selling their rentals and they're going to owner occupied. And it's reducing the amount of rentals we have. The second thing is, like I was saying, 7.8, 7.9%. I think, as long as the market will bear it, that's what we're going to see. Those will be automatic annual increases.

There are also some other little things that I think are going to happen, such as landlords will get creative with lease terms. You know, your lease will expire in three months, six months, maybe nine months, and you're going to start seeing finagling like that. I think you're going to start seeing, I've heard some landlords talking about the fact that they want to go to a triple net model for tenants, so that expenses of having the property actually become the responsibility of the tenant and not the landlord. So I think you're going to see creativity in responding to this initiative.

But finally, and I think this is the most salient point in this whole initiative process. Some of us have bets on how many pending permits for projects will actually be pulled if this initiative passes. The reason is, and I'm just going to gloss over this, I'm sure Troy Muljat would be able to fill you in with all the nitty gritty details, but the capitalization rate on a property is what really drives whether or not a project goes forward. And the more you start cutting into the net operating income of an investment property, the riskier that investment becomes. And so if you have a limitation on your ability to recoup costs and all of that, that NOI starts to, to reduce a lot. And, you know, with regard to the financing, banks looking at financing, those you know, bigger apartment projects start to look a lot riskier and the financing just won't be there. And so at the very time that we're trying to get more rental stock available for tenants, is the time that the tenants are passing an initiative that will actually create a lot of uncertainty for the people that will actually build that housing. And it's going to have the exact opposite effect. It's going to tighten up that that market even more. And, you know, we've seen an increase in vacancy rates lately. I think we're going to see it start to slide back down.

Sarah Rothenbuhler: Thank you!

Perry Eskridge: How's that for compressing into two minutes or less?

Sarah Rothenbuhler: That's very concise. We have gone a bit over on time. We'll make up for it further down here in the meeting. Thank you so much everybody for your input. Kaylee, are you ready?

Kaylee Galloway: I need to move a chair. So give me a second.

Sarah Rothenbuhler: Kaylee is speaking on the resolution for housing update and identifying approaches to expand broadband access and what can be done. Thanks for being here.

Kaylee Galloway: Awesome. Well, first, thank you for having me on your agenda. I know Councilmember Kershner represents you all well on our council, and it's an honor to be here. Two resolutions that are coming down the pike for county council that I wanted you all to have an opportunity to weigh in on, should you so choose. The first you heard a bit about at our last meeting, which was around the economic development investment, the EDI fund, the state legislature a couple sessions ago made affordable housing an eligible EDI expense. Of course, it's still a little bit nuanced on what that exactly means. There's some legal interpretation to suggest that that housing has to be maintained as a public facility. So we're still working out the details of that and what this next session could bring in terms of developing some sort of clarification or technical fix bill on the county is working on with our legislators at the moment. But in the meantime, this resolution really provides some council policy guidance and hopefully with your support to the EDI board to say, you know, affordable housing is a pretty universalized need and one that we all recognize. And we're able to tap into some of the funds available to us through the EDI, that that could go a long way in helping improve access to affordable housing. So hopefully you all had a chance to read it. I think some physical copies were provided on the front table. If you need any, we can circulate it, but essentially just really looking at a couple, therefore be it resolved statements. And one is just that the County Council supports increasing the use of EDI for housing affordability as authorized. And the RCW that the county council supports making housing affordability and homelessness a top legislative priority, and working with our state legislators to advocate for any technical fixes or clarification bills necessary to maximize our ability to use those funds. And some therefore be it resolves for recommendations to the EDI board and some of that is updating their own policy documents suggesting an investment of minimum of 8% of the fund balance every two years. 25% of the annual EDI revenues for the next five years. Updating guidelines and application processes and reporting back to council at the end of next year on those changes and outcomes of those changes. So, I know we had kind of five minutes for presentation and then ten minutes for Q&A. Does it make sense to do a brief presentation, Q and A, and then the second, or do you want me to just run over both resolutions?

Sarah Rothenbuhler: Both, and then we'll do Q& A at the end.

Kaylee Galloway: Okay. Perfect. So hold your questions for the resolution. The second resolution I wanted to share with you all. Again, the intent being to provide some policy guidance from County Council on approaches to expand broadband and internet access in Whatcom County. This resolution has been a partnership for me alongside Gina, the Port. And then I have Atul, commissioner Atul Deshmane on the Zoom. Hopefully still. . . Hi Atul. There you are. So I welcome at any point for questions that you all have that kind of exceed my technical understanding that Gina and or Atul would provide some insight. Gina, please feel free to share your thoughts as well. So again, the point of a resolution is obviously the warehouse provides some background information. But just to get it to the crux of it, the therefore be it resolved outlines six policy action items that we can take as a county, some of which will require some follow up ordinances, others that I believe could be implemented as a part of just the administrative process. The intent is to not get the county— capital C County— into the business of broadband, but rather to explore our existing systems to improve broadband access. And you'll see that theme in there quite a bit. Just to go over the six points really quick.

One is the development of a notification system. So we'd be developing a listserv of all folks. So anytime that there's a construction project via a road construction or development, residential, commercial, industrial that folks would get notified as a part of this process that there may be an opportunity to install utility infrastructure, including broadband infrastructure. The second is updating our franchise agreement language. We've recently done this with another franchisee adding in a coordination of construction activities clause. So again, that's just saying you hold a franchise agreement to operate within our counties right of way, that should you be doing any construction on your assets that you notify and coordinate with others who may share. So an example maybe if PSE is replacing some poles, they need to coordinate with the telecoms who have fiber strung to their poles, just as an example. But that could be true for trenching as well. Folks are constructing on any underground asset as well.

The third is the development of a GIS mapping tool. Again, this would be in strong partnership and coordination with the Port and the PUD. And this is just basically trying to get all of our information on a map that shows where our planned development is happening, where road construction is happening with the transportation improvement plan, building on the data sets that the port and the PUD are already putting together, identifying those areas of high need for internet. The fourth is adding broadband/internet infrastructure as a required utility when you are developing. So just as developers are having to think about water, sewer and power, we're saying that you need to be thinking about connectivity as well. There's obviously multiple technologies that folks can utilize to achieve that connectivity. This is intending for developers to be thinking about what the best form of technology is, ensuring that their end product is one that is connected. This one we understand is a little bit scary. I kind of have written in this idea around developing a criteria for exemption. So obviously there would be some administrative opportunity to think about where compliance is not practical or feasible for certain circumstances. And it also goes with the idea of developing a broadband revolving loan fund with the EDI fund to allow us to support builders with any upfront costs associated with broadband. So some interesting policy ideas to think about.

The fifth is requiring notification and coordination between contractors and utility and telecommunication providers when there's any sort of road construction and county right of way, and that includes all trench excavations. And then the sixth is around preventing re-excavations on new or recently excavated roads. You'll sometimes hear folks call in to dig once, the idea being you coordinate up front, you dig once, then you don't have to dig again. So that's the idea there. Of course, establishing some exemptions where excavation is necessary for public safety. Obviously if there's a pipe that bursts underground, then it gives an option to trench up a recently opened up road. So, that was fast! I welcome any questions folks may have on either resolution.

Clark Campbell: On the housing one. You said 80% of the existing fund, 25% of annual revenues. Was there any similar recommendation for the EDI portion?

Ryan Allsop: Or broadband portion?

Clark Campbell: Yes, I'm sorry, for the broadband portion of the EDI funds.

Kaylee Galloway: No, I didn't have any specific percentage. So that would definitely be something that would be discussed with the EDI board and kind of figure out what assets are available.

Clark Campbell: And what—back to the housing one—with those, sort of, earmarked percentages. Is that a requirement or is that a recommendation from the council?

Kaylee Galloway: Yes. Thank you. I interpret it as the latter, a recommendation. It falls under the be it resolved that says, the Whatcom County Council recommends that the EDI board and then supports investment. So it definitely is our recommendation. Tyler, hopefully, could speak a little bit more about the EDI board process. I'm not sure that counts. I think council do be ultimately approve. We ultimately approve the community economic development sets. And we introduced, we approved. So there's sort of some wiggle room to work together on what makes the most sense on that. Okay.

Clark Campbell: And last question—has the board taken a position on these two? Because I know the port administers a lot of EDI funds.

Rob Fix: The Port Commission does not take an official position. I have some concerns, and the biggest concern is we're taking a percentage of the annual EDI revenues, which has never really been done. The county takes a percentage for general purposes, but then I think that's 30%. That means 70% is to be applied for on a project-by-project basis. My concern is if you take a percentage of the fund, it has to be spent. So people will spend it, whether needed to be or not. I would much rather see an approach where we do a project by project approach, just like the rest of EDI does. If the board has a project, it has to go apply for it and go through the process and get funded. We don't get an automatic percentage of that fund.

Sarah Rothenbuhler: Thank you Kaylee! Austin and Pete, next topic.

Pete Dawson: Kaylee, first, applaud you for your leadership in pushing this forward for affordable housing. I think that's fantastic. By the way, I'm Pete Dawson, Dawson Construction. As we have a shortage of all housing. And I'm going to take a little bit of Austin's thunder here later in the presentation. But our median home prices here around $640,000. Austin recently moved from a location where the median home price is under $300,000. Our rental prices are probably 30% to 50% higher than the median across the country. So with all that said, would the county consider or EDI board consider applying EDI funds to all housing projects, not just affordable? With the theory that there's more housing, housing becomes more affordable?

Kaylee Galloway: Yes, you make a good point. I, as a renter, I totally hear that. As somebody looking to buy a home someday, I really feel that, you know, struggle. You know, we are limited by the RCW to up to 120%. So that's the language this resolution reflects. Though, again, I personally totally hear you. I think even folks making over 200% AMI are going to struggle to participate in the market. So there's obviously this sort of like 120% to 200% that feels like a gray area still. I've been working a bit with Dan on trying to figure out, can we get that up to 150% through the comp plan process? I know, the culture has been trying to kind of a little bit on the 120% side. I think there's some movement in that direction. But a lot of this is sort of state, the state has the guardrails up. So it's a little bit more difficult for us to really talk about that 120% to 200%.

Ryan Allsop: It says 150% on here, just 50% to 150% on unless I'm not reading that right.

Kaylee Galloway: Are you talking about one of the whereas clauses? Yes, I think that was one of the recommendations that you, as the committee was in your proposal for the affordable housing.

Sarah Rothenbuhler: Yes, we were actually pushing initially for focusing on up to 200%. And there’s one more quick comment.

Lyle Sorenson: Just looking at the broadband, you look at item number four. Where you start making broadband a development requirement in the context of affordable housing, when we're adding other issues that increase the cost of development and construction. One of the things that a lot of times people don't think about are offsite improvements that get attached to developments. If you're looking at a development and one of the biggest killers or biggest expenses are the required offsite. So I kind of see this as potentially working against the other resolution in that, you know, nobody's against connectivity. But when you start placing burden for connectivity, is that going to also extend the offsets?

Kaylee Galloway: Yes, I think the intent of this was recognizing that the installation of that infrastructure is cheapest at that point of build. It's much more expensive for residents to have to retrofit their new home.

Lyle Sorenson: It is, but is the burden of that cost going to be placed on the developer, which in turn will be passed—you see what I'm saying?

Kaylee Galloway: Sure.

Lyle Sorenson: It works against your other resolution.

Kaylee Galloway: I guess I don't see it that way, because at the end of the day, so much economic development happens because of connectivity. This is what allows folks to work from home, school from home. And it's like, you know, it'd be like putting in an air conditioner in your home. Yes, it's going to cost you more upfront. But when you go to sell your home, you're going to sell it for more because it's considered a value add. And so I do see what you're saying. The EDI loan was an attempt to bring down the burden on the developer.

Lyle Sorenson: But that's a loan, right. So it has to be repaid?

Kaylee Galloway: It has to be repaid. So it may be passed on to the resident. And again it's a cost for good. And then that will hopefully be recuperated when they sell.

RB Tewksbury: Hello, everybody. My concern about the broadband measure is that kind of what we've heard from these other things today is unintended consequences. I've just posted some comments to the chat so you can take a look at that. But I think trying to implement a dig once policy or move towards that for a county as large as Whatcom County, specifically in these rural areas, will have unintended consequences. It can disincentivize ISPs. But more importantly, I think, is that it's exclusionary, and that is specifically in a county with, what is it, 181 mountains. You know, we're not going to be able to dig our way out of this problem. It's going to require the other telecommunications technologies. And that's the problem with the dig once policy. It supersedes other technologies. So I've added those comments in there.

There are some other issues that I have too. For example, the GIS program. I want to be very clear about this, a map of our internet infrastructure here is critical county infrastructure, and it's something that should be kept private. I mean, when I was part of the broadband advisory workgroup for the city of Bellingham, we tried and asked for Comcast and other ISPs to turn that over. And they won't. It's proprietary. And I think, you know, my sense of it is this broadband resolution, aside from the fact that it conflates broadband with fiber, I just don't think it's ready for prime time. I think there's more work to be done on it.

Sarah Rothenbuhler: RB, thank you so much. Thank you, thank you. I'm going to stop discussion on this, and we are going to move on to the temporary high impact industrial permit moratorium. I did not get in touch with Barry and should have updated the agenda, we have Dan Dunne giving a quick overview.

Dan Dunne: I'll just do a quick overview of that one. And Kaylee, obviously correct me where I get it wrong. I think Kathy was on the line there as well. But broadly, the council has brought up an ordinance for a temporary moratorium on new permits for a particular high impact industrial area that's just out here on the waterfront. The old concrete plant, that area. It sounds like public comment broadly. The background is there's a company that would like to come into that area and would like to put up a metal recycling plant. There are some concerns, the community that there's folks who live within that, that area, you know, that that high impact industrial area butts up against the older residential area. And it sounds like their concerns are that that facility might impact their experience living there. And I guess from the company's perspective, they haven't submitted any plans yet. So they haven't said, here's our abatement process and here's how we're going to do things and here's whatever their thing is. I think their perspective is that it's a little bit early to be providing a moratorium, but I think folks are fairly excited about this, you know, coming in from there. So that was—and Kaylee can give you the right language—that was a version that was passed but hasn't been fully passed yet at the, at the council. Is that right? There's one more vote on that.

Kaylee Galloway: Yes. Thank you again for asking. So there were two items. These were not mine. So I'm just speaking procedurally here. There were two that were introduced. One was an emergency. One was the interim moratorium. The emergency failed because it would have needed five votes and it received four. The interim moratorium was then introduced. And so that set forward a SEPA review process which takes 30 days. So this will be up for public hearing as soon as our October 24th meeting.

Dan Dunne: So if you're interested in that subject, 24th is the way to go. My perspective is about process that when we have what you're allowed to do with land, we already have a process for how you do that. And there's a review process. There's times for the people to chime in, and this would sort of be superseding that possible in my opinion.

Rob Fix: The whole genesis of this is ABC recycling operating down that the shipping terminal is making a lot of noise. And it fired up some people on South Hill who then got people in the Alderwood neighborhood fired up to pass this ordinance. So it's going to affect existing users. The Port just bought six acres of property up there. We plan on tearing down the office building and rebuilding some sort of a manufacturing plant there. That can no longer be heavy impact industrial. It will keep ABC from shredding metal up there, which will ironically not quiet the operations down the terminal, because the shredding makes a lot less noise than the big bulk does. There's a SEPA process in place to deal with these types of applications, and spot zoning is not the way to do it.

Ryan Allsop: This is a matter we can weigh in on. That's not a ballot measure. So if we have more information on this in the future, we can think as a group, we can put a vote towards it. So maybe in one of the next meeting or two.

Sarah Rothenbuhler: When is Council voted on the moratorium?

Kaylee Galloway: This council hearing is the 24th.

Rob Fix: And so immediately on the heels of this one, the city is trying to pass more restrictive noise ordinances. So the city Council tonight will start hearing options for noise ordinances. That's probably two weeks long in this bill.

Sarah Rothenbuhler: We'll keep the topic on the table. But we just wanted to address something.

Clark Campbell: It would actually be good, you know, like I haven't formulated it yet, but it would be interesting to hear from the other side. What the little bit that I have studied on this is there have been issues in other places where there have metal shredding operations just over the border in Canada. There's a reason why they're trying to move it here. It's because there's been some cases of those operations being sued for discharge into the river basin up there.

Sarah Rothenbuhler: Well, let's talk about Canadian government then too.

Clark Campbell: Clearly we are clearly the lower cost options. So as part of an economic development focus, I just want to make sure we're not taking a third world nation approach to economic development to take a look at this here too.

Sarah Rothenbuhler: And we are kind of almost back on time. Everybody, really good input. Housing, building cost comparables and Pete's got that.

Pete Dawson: Well I'm Pete Dawson. Dawson construction. We are a general contractor. We get to build both here in Alaska. We also recently developed a six unit building in Fairhaven, 100 unit building off of James Street. And so we've kind of experienced that, we understand housing costs quite well. And as a company, we're also experiencing the impact of housing costs firsthand. Every year we pay top wages in the industry, and every year we lose a handful of people to lower cost communities. And we have a heck of a time recruiting people into this community. Back in our June committee meeting, the county was presenting on our housing issues and we asked the we asked the county, why are Bellingham housing prices so much higher than other similar communities? Why is our median home price about 50% higher than the national average, and our rental price is about 30% higher. And the response was, don't have a quick answer to that. It's a unique situation we're facing. Very good question. Another response was, government doesn't set housing prices. So after that it was like, huh. Seems we should all be on root causes of why we have such higher prices than other communities. So first what we want to do is look at, does Bellingham, in fact, have higher prices. And it's, frankly, pretty shocking how much higher we do. And then if other similar cities can have lower housing prices, why can't we. And I'll tell you, it's not the contractors, but so what's different about those communities that would permit lower housing prices? I asked a coworker, pulled them off the job site here, Austin Anderson, who recently moved from Lafayette, Indiana, where again, prices are well under $300,000 compared to our $640. And Austin kind of represents that workforce housing that we're trying to make a difference for here. So with that, I'll hand off to Austin.

Austin Anderson: I don't really need the slides. If we could get on the data sheet slide, if there's just one slide, that'd be the key element. I mean, the most important ones would be on that.

Sarah Rothenbuhler: For everyone that's on zoom, this presentation is also came out with the agenda this morning.

Guy Occhiogrosso: Gina. I can see it. And no, I'm not watching PowerPoint while driving. I'm just letting you know if I were, I could see the slideshow. Okay.

Gina Stark: It just takes a second to go down and go back up. So we're good. Sorry Austin. Go ahead.

Austin Anderson: All right, well Guy, drive safely. The big thing that I wanted to focus on was how to approach this research. So to start off, the goal was to answer the question, does Bellingham have significantly higher prices when compared to other similar communities? Then the sub question for that is, if that is the fact, then what are some of the potential root causes. So the next slide—I had an actual abstract there and it looked really wordy on a PowerPoint. So I got rid of it. But for this project I wanted to look at 24 cities across the US, varying sizes, varying densities, varying industries. But I wanted them all to have some sort of connection back to Bellingham. For some, that is going to be the population size if you take a look at that data sheet.

For others, it's going to be that they're also considered a desirable place to live. Bellingham is a very desirable place. I'm very happy to be here and not in Indiana anymore. And they all of these areas, at least in the original study, some that were added later, don't. But all of them have a university in them, because I think that's a unique factor to Bellingham that you're not going to see everywhere. So then when we started to look at, okay, what data is going to be important, we decided to go decided to look at the median home price to buy as opposed to taking an average, because that's going to separate some of those extreme outliers. You know, your custom homes, your homes with waterfront property, things like that. Median when it comes to home pricing, gives you a much broader sense of what is actual. Then for renting, we did take an average there.

That is just the average price a person could expect to pay for a rental property. So it's going to include your small rental homes as well as your studio. Apartments give you some place kind of nice in the middle. That'll give you a good idea of what a person moving into that population could expect to pay if they are looking to rent. As we as I kind of go through some of the data and I'm not going to read every single data point on there because you guys would leave and I wouldn't blame you. But as you can see on some of the headers, it is a little zoomed out. Bellingham is in your column B, that is our control. The next few after that through column P, were part of our original study. We added seven additional that were highlighted in Outside Magazine as desirable places to live. And then for fun, we added in a couple other pretty interesting places and those are San Luis Obispo and Santa Barbara, California, to kind of show what housing could be. And the answer is very expensive in those places.

Sarah Rothenbuhler: Unfortunately where we're headed.

Austin Anderson: Yes, so on there, we've got Fort Collins, Colorado; Austin, Texas; Corvallis, Oregon; Spokane, Washington; Durham, North Carolina; Bakersfield, California; Madison, Wisconsin; Tucson, Arizona; Grand Rapids, Michigan; Lafayette, Indiana; Albany, New York; Pensacola, Florida; Champaign, Illinois; Memphis, Tennessee; Boise, Idaho; Reno, Nevada; Grand Junction, Colorado; Burlington, Vermont; Albuquerque, New Mexico; Flagstaff, Arizona and Santa Rosa, California, as well as the last two I mentioned. Took a look at population. The difference in population compared to our control population change in the last ten years. Median home or medium income based off the 2021 census. Which, those numbers surprised me. Probably a conversation for another day. The median price to buy the difference compared to the control. Average price to rent difference compared to the control number of residences available for purchase, or the homeowner vacancy rate. The rental vacancy rate. The percent of available housing, which is simply those summed. Number of days on market purchase for a home. Number of lot listings. So undeveloped, zoned residential with no current dwelling land in the area. Lot prices for those in the city limits. And just try to get an idea, tried looking at some government fees. A lot of inconclusive data on that. It's very nuanced. And then the approximate cost to create a home that's going to be to create a single family residence. From the economic build to a luxury build, is the range you're going to get there? Yes. Those are hard costs. So that's going to include your material, your labor. So if we go in to answer our question, does Bellingham have higher cost of housing? Yes we do. Median price to buy here is about $640,000. Um, and down there you can see that your deltas in the percents, those are how much cheaper it is. The median cost or the median price to buy a home is in other markets. It isn't until you start getting into places like Flagstaff, Santa Rosa, San Luis Obispo, Santa Barbara where you start seeing that we are actually cheaper and we're very comparable to Fort Collins. So you can see where I came from, as Pete mentions, Lafayette, Indiana. Median price for a home is about $270,000.

Pete Dawson: It was tough to recruit Austin with the difference.

Austin Anderson: Yes. You know, when you are looking to move, it is something you have to take into consideration, right? Is it possible for me to be able to maintain my current standard of living and increase that standard of living when I know I'm going to a place where prices are higher? On the next slide, we've looked at price to rent.

Gina Stark: Sorry about that.

Austin Anderson: You're okay. Full transparency. Not as much time was spent focused on the price to rent because there's a lot of different factors that go into this. However, it does appear that there is correlation between the rental vacancy rate and the average price to rent. An important thing to note is correlation does not it does not equal causation. It's as you look through the data that's there, places that seem to have a lower rental vacancy rate tend to also have a higher average price to rent. As there's more units available, that price becomes more manageable. And we thought that was an interesting point. And again, you know, we have a college here. There's a lot of rental units that are used for college housing. Every one of these cities. With the exception of maybe Grand Junction, Colorado and technically Santa Rosa, California. Have a college in them and some of them have major colleges. Power 5 conference colleges.

Austin Anderson: Okay. So I'm going to go over real quick. So when we're looking at our outliers, the biggest ones that could be contributing to the increase or the higher price of housing here, land scarcity, the lot prices of those and to some extent the costs to create housing. Some similarities that we have to all of these that are common talking points, but maybe might not hold as much weight when the data is analyzed would be population increases. Almost all of these places we looked at have seen population increase. Bellingham's averaging roughly about 1% a year. Many others are doing the exact same. However, their costs or their price of homes still seems to be lower. Vacancy rates for home ownership. Those were almost identical across the board. And desirability? Yes, Bellingham is a desirable place. Plenty of other places that are, I would say, just as desirable or in some ways more so. And are still less expensive than here. And just for clarification, none of these places that were studied employ rent control policies. I guess with the exception of Corvallis, but they max theirs out at like 10% annually.

Pete Dawson: And next slide. I'll jump in here. And, Sarah, if we could get just a couple more minutes on the presentation. So in 2019, this committee made recommendations. They're all still relevant. And I think what this study does is shines a light on a few different areas. And if we go to the next slide, and it's tough to read. Sorry folks. Good thing I printed out in large format.

Gina Stark: 11 by 17.

Pete Dawson: So the first the first one is make sure. Possible solutions make lower price housing a higher government priority. So we're all seeing both at the state level and local level. There's just so much more talk about housing and affordability. So that's a really, really good thing. And we want to keep that momentum. But I thought it was noteworthy. We just received a I think most of us in the mail, a flier from City of Bellingham. And on the cover is about public safety. Okay. That's obviously probably a number one priority in our community, public safety. You look on the back, it's all about the environment. We love our environment here. That's partly why we love living here. But there's no mention of housing, the housing crisis, the lack of housing in our community. So it just kind of shined a light on it for me that we could probably, possibly still elevate the housing discussion.

And I thought it was noteworthy on protecting the Lake Whatcom watershed. We all want clean drinking water. Well, the city has invested $42 million in buying watershed property. That's a great cause. But the article goes on to say we've also taken off 877 building units offline, buying this property. So here's this kind of ironic situation where we have a land scarcity. We're buying land to protect watershed. So maybe those resources in the future could be applied more towards housing if that's a higher priority than where we're at on or annexation and that type of thing. So and one of the suggestions we had and making it a higher priority is perhaps at the county or city level is have one person just focus 100% on housing solutions and just to zero in on they could be lobbying at the state level. They could be working on regulations to simplify and streamline the process. It could be fast track and approvals, communicating with the public, explaining why we want more housing, kind of counteracting the NIMBYism. So those were all things we saw with our first recommendation.

The second we saw was really general, but increase the supply of building lots. We've kind of kiddingly called it widen the sandbox, make it so there's more property available to build on. Decrease the setbacks, encourage going vertical, increase homeownership with both condos through change in regulation and also zero lot line homes and rewarding density versus there's a tendency to obstruct density. Also want to add I know that the county's working on it. Wetland banks are a fantastic solution. Just you can't move fast enough at the county level as far as creating buildable lots. On the going vertical. We have all kinds of. I've been involved personally in three projects just recently that had three story height limits. If we could have gone to five story, we would have 200 more units in the community. I mean, just simple, wouldn't block the view or anything, but I also want to applaud the city. Increasing the density on Samish way has added a ton of housing and taking that leadership to condemn the Aloha Motel site has added, you know, so there's a lot of good things happening. But again, we're also missing a lot of opportunities out there.

The next bullet we had was decrease the cost, effort and time required to provide housing. You know, I thought providing infrastructure through the EDI funding is really just a great, great approach. And even now, though, with all the support behind this, it's still a 1-to-2-year process to get something permitted to go build. I mean, it takes a heck of a lot of effort and resources to get an apartment building just coming out of the ground. And one thing I never heard of until recently was this middle housing availability. And I applaud Sustainable Connections, Scott Pelton, and the city for putting out a video on promoting that. But what we noticed with the middle housing was more about increasing the rental supply, duplexes, triplexes, fourplexes, and increasing density of the rental supply.

And what we want to encourage is trying to increase the number of places to purchase. And if you think about it, for an entry level home, right now my first home was built on stumps and sloping floors, ice on the inside of the windows. And there's no way that could be allowed in this community. If you're going to rent it, you're going to do anything. But it was a great way to build equity. Right now, we kind of expect our youth to go from 0 to 90. You know, a lot of price is $250,$200 a square foot to build a place. I mean, you're looking at $500,000, $600,000 just out of the gate. So if we could come up with a zero lot line homes making smaller lots, really promoting tiny little lots. Maybe allowing, workforce housing in industrial zones. You know, anyways, a variety of ways to increase the density. And the density of lots is on trailer parks. So in general, it's give the younger folks a way to get into this housing market on a smaller scale. What we're trying to shoot at. So in closing, you know, success is never accidental. We all know it's a higher priority. And basically, if we could increase the land supply, the number of lots available, increase density and make it easier to build, that would all go towards making housing more affordable. So that's it. Thank you.

Sarah Rothenbuhler: Thank you. You guys put a lot into that. Just want to ask if people can stay ten minutes later, we'll go till 12:40 today. And then we have time for Q&A. What are comments in the zoom chat?

Gina Stark: Michael Chiavario said "The price of land here is inflated by the structure of the housing market. It allows speculation and the profits to have to have priority over affordability. We need to support creating more community owned homes, co-ops and land trusts as priority of housing policy."

Perry says "It is becoming clear that the price of land is governed by the fact that the easy parcels to develop have been developed. What remains has significant constraints critical areas and buffer slopes of development, whether by private developers or community organizations, will be very expensive." And then again, Perry continues to say, "Don't forget that within a month of declaring a housing crisis, the city of Bellingham, Mayor Fleetwood has fast tracked the Urban Forestry Management plan and plan that could have further devastating impacts on housing development."

Commissioner Deshmane said "Perhaps we could focus land trust in affordable housing on the most complex projects. Could this provide more road to supply for the standard green market lane of housing, and at the same time support a protected lane of housing for affordable housing?" And then he said, "I'd like to get a copy of this presentation. Very informative." It was sent this morning, but we'll make sure, Commissioner, that you do have a copy of it.

Austin Anderson: And I'm also willing to share my data sheet as well.

Sarah Rothenbuhler: We'll send it out with meeting notes too.

Gina Stark: Last comment also by Michael Chiavario. "Community equity owned land is not included by the private equity real estate market speculative system. I'm tired of talking about how to tinker with the private equity market. Want to convert over half of the housing land to community equity ownership? The private market will not solve this problem." Okay. Thank you for the clarification. It's a habit. He's not attending as a commissioner. Thank you, Atul.

Pete Dawson: I can respond to that in general. And I don't disagree with Michael, that community housing solutions is part of the part of the solution. Personally, I'm convinced we can out build the demand on the rental side. I'm not 100% convinced we can out build it on the ownership side, but we sure can make a dent in it. And I think in most of these communities, there is not a large push on community housing. But given the situation we're in, I think that is part of the solution. And just the effort to develop and the timing behind that is, I mean, it's daunting when you come in to try to develop something. And again, I think we could have easily, you know, a few thousand more units in this market if it wasn't so daunting to develop the property.

Ryan Allsop: One of the questions I had was in your analysis of the 24 cities, how many of those, taking out the outliers of San Luis Obispo, how many of those have master developers that could build 500 to

1000 homes, single family residence, two duplexes? And I don't see that in our community. I mean, do you know of any peer that can do that? Fort Collins does, right.

Pete Dawson: And Tucson. And so the square foot for kind of an entry level house is somewhere between $200 and $240 a square foot, which is crazy. I mean, that's the cost to build a house here. And that speaks in part because the lack of the economy of scale. So if you go to Tucson and you have this assembly line cranking out, you know, 100 homes a year. And I would venture they're probably down around $150, $170 for those types. The other thing that factors in is you don't have the other regulatory environmental controls, you know, so we have a higher standard of housing here than say, other communities, which mean pros and cons, but it adds to the cost of that housing.

Clark Campbell: Is that like earthquake? When you say environmental controls.

Pete Dawson: Earthquakes, energy.

Clark Campbell: Yes, because that was the thing that jumped out to me was like, we know all about the land availability challenges, but the $200 to $400 per square foot, there's no other house, no other comp that you had that was anywhere close to that per square foot for the build part. Um, and so as most of that you feel is, is a function of environmental or is it the cost of materials higher here?

Pete Dawson: In the West our labor prices are higher than other parts of the country. So it's a function of several things. And the environmental cost for covering our labor is more expensive. We do not have the economies of scale that you would see in other communities. And I'd say our standards are higher for what we provide. So you know that that all works against us. But I don't think that's the big driver. What we saw as the big driver was the scarcity of land and the land prices. That's between us and Spokane. The median home price is about $200,000 different and the cost of lots about $200,000 different. Yes.

Sarah Rothenbuhler: And how many how many annexation potentials have been identified in Whatcom County, that will help with homes vs just apartments. Haven't three areas been identified?

Pete Dawson: Yes. I think there's three. And I'm frankly not up on the annexations. But I know you know where things were. You know, if we allowed smaller lots and we could put more houses, you know, given house, you know, instead of a half-acre lot, if we could put four lots there, you know, all of a sudden now we have a $250,000 lot. You're not going to put a 1500, 1000 square foot, 1500 square foot home on there because it's the economics don't work. But if you had tiny lots, tiny homes, now we can get folks into the housing market at a lot lower cost. And so that that was increased. Making more property available doesn't mean necessarily spreading out more, but just chunking things up into smaller pieces.

Sarah Rothenbuhler: Going back to this committee's 2019 and 2021 recommendations.

Pete Dawson: Yes. They all still resonate. But then we kind of went down to have more places to build. And if you think that some of these communities had a much higher percentage of condos. Condos are a great way, they're the right price to get into getting some equity for our youth. But at the state level regulations really make it tough. People don't want to build condos due to risk. So that's you know that's another entry level market opportunity right.

Sarah Rothenbuhler: Thank you. Any other comments?

Gina Stark: Just Michael's last comment. "Land trust can own rentals and owner-occupied homes."

Sarah Rothenbuhler: Thank you Michael.

Pete Dawson: Yes, so appreciate all the great listeners out there.

Scott Korthuis: I guess I would like to know, in your data, do you have the cost build up? Like raw land, lot cost, permit, cost of material, cost of labor and profit. And then in that whole scheme there's interest associated with it. And because we delay through the process there's interest costs. Do you have it down to that level at all?

Austin Anderson: I don't.

Scott Korthuis: Yes, I would think that would be an interesting way to look at our cost. And I guess going back to the media fund. We're talking about $3 million over five years, which would be great for housing, but that's $600,000 a year. And I know that the last energy code added, say, $14,000 per unit. So if we're only talking, I mean, just the last increase implemented by the state is $14,000 per unit. That's 42 units at $6000 a year. It's a drop in the bucket compared to the column. So that worries me that we think we're going to throw money at it and solve this. We need more land.

Ryan Allsop: Go back a lot. It started with, you know, a single person to talk at the state level to the state. Decisions are actually significant, impacting some that are going the right way this year. I mean, like Pinedale Divide, you know, but it really does. And energy is ridiculously complicated, ridiculously expensive and getting more so. And when the HVAC guys don't actually understand it themselves and have to go to an expert, it's kind of—I mean, you've dealt with this, you know, they go to an expert now, they hire and that's an added cost.

Pete Dawson: But one other comment on the ADUs, we were really excited to see that at the state level, ADUs, the idea is to make those available for purchase. If we're just at the local level, we just make ADUs available for rent. That'll help the rental market, but it will drive up the cost of housing, you know, or make the houses more valuable. But if we can split off an ADU and split that lot in half—which is what the state is contemplating—I think that that really brings value here too.

Sarah Rothenbuhler: Thank you. Any other comments?

Clark Campbell: That was very impressive.

Sarah Rothenbuhler: Thank you, Austin and Pete's presentation will go out with these meeting minutes. And for our final topic, I apologize for the title, it shouldn't be Yes, exclamation point, on the agenda. The title should be safe jail, healthy outcomes Whatcom County. And thank you Scott, for being here and presenting.

Scott Korthuis: Because this is a county meeting I'm going to talk facts. You can only ask questions that are fact based. As we've worked through this I was on the SAC, the stakeholder advisory committee which came up with the recommendations. I'm also on the Incarceration Prevention and Reduction Task Force. So I hear a lot about the need. The current jail is old. It's costly to maintain, very costly to maintain. It was built in the 80s and it's really unsafe for both the residents in the jail and for the workers that are working there. We know it's undersized because we have a work center that takes over the people who aren't put in the current jail, and that's in Irongate. And we're also on booking restrictions. And booking restrictions give at least an anecdotal feeling that crime is up when you do booking releases, which we're doing right now. So I think some data suggests that crime is not up. But if you ask your average citizen, I think you would find that they feel like crime is up.

There's a proposed behavioral health care center associated with this jail. And that's a very important piece that we've not had in the past. There's over let's see, there's over 15 existing programs in the county to help with behavioral health issues. Many of these can be housed near the new proposed jail. And there's more programs proposed in the implementation plan that was put out with the Justice Project through this stakeholder advisory group. One nice part is the county council has made a decision on putting the jail, the location is LaBounty and the beauty of that location is it's expandable. If we put it in the downtown area, it would be limited again. It would be a vertical jail, which is hard to add on once you've built it. And the same would be true with our land in Irongate. County owns land there. If we put a vertical jail there. Again, it's not expandable. The county is going to be a horizontal jail, hopefully less expensive overall operation though I would never say it's going to cost less. It'll probably cost the same and then more over time. But if there's a need for expansion, there's capacity and it's modular so we can add on to it if we continue into the future.

Facts: The seven mayors in Whatcom County support the new jail, and the seven city councils have passed resolutions in favor of jail. So that's known in the county. The cost: If we go to 20% over the existing size, the cost would be around $137 million. I guess in my personal view, that probably is not going to be big enough with the behavioral health center there. So the group that's putting together the finance plan, we've been using numbers between $150 and $160 for the cost of the jail. And how will we pay for it: We're proposing a 0.2% sales tax, and 2/10 is $0.20 on a $100 purchase. So when you do a sales tax, a public safety sales tax, 60% of the sales tax goes to the county, 40% of the sales tax goes to the cities, and the city's 40% share is prorated to the cities by population.

So Bellingham would get the biggest chunk of that. And each of the small cities would get their fair share of that tax. The cities, the mayors—at this point, our city councils haven't voted on it yet—but the mayors have all committed half of their 40% for the first 4 to 6 years to commit to jail capital costs so that we can drive the bond amount down to under $100 million, which the county then is comfortable paying on that bond and that bond amount after, if using $150 million, using 5.5% interest and a variety of other assumptions, lots of assumptions we can in four years, you'd have enough down payment to drive the cost under $100 million for the bond, and the bond would be over 30 years then and then the sales tax revenue coming in would easily cover the bond. And then there's a commitment from the county to use half or more of their sales tax coming in for behavioral health programs. Personally, I would like to see the behavioral health programs covered by the state as it's their responsibility. But if we need to do that initially to get it going so that we have a safer community, I'm willing to pay for it. I think that covers most of my facts, but we also have Tawsha Thompson on the line with us today, and she has a law enforcement perspective on this. And Tawsha, are you available?

Tawsha Thompson: Yes. I'm here. Can you hear me? Can you hear me now?

Jennifer Noveck: Yes, yes we can.

Tawsha Thompson: Oh, okay. Okay. Thank you. From the law enforcement perspective, some feedback that I've been hearing in regards to law enforcement and behavioral health is that we will be jailing people for behavioral health problems. The way that I explain that is there's a constitutionally protected right against search and seizure and federal laws on that. There are two instances where a law enforcement officer can take a person into custody, you know, take away their constitutionally protected rights to freedom. And that is in, you know, when they commit a crime and it's an arrestable offense. And we can take away that and book them in a jail. And then under behavioral health. And behavioral health, it's only when they are an imminent danger to themselves or others. And the laws there have changed to even make it a little more stricter. But we have to be able to articulate that they are a danger to themselves or others. Right now, our only option for taking someone against their will is to take them to the hospital. And so by expanding, that gives more opportunity to take them away for that. So this isn't an opportunity to just as some people have put forth to just start arresting people from behavioral health, it's actually just giving more opportunities to get them into the right services to treat their problems.

Because if we can help treat the underlying issues that may be creating the reasons why they're are committing crimes, then we can create safer neighborhoods. So that's just one aspect of feedback that I've been hearing is the relationship between behavioral health and law enforcement. In addition, a programs I'd like to see we you know, in Bellingham, when I worked there, we worked extensively with the GRACE program. We had a behavioral health expert embedded within the police department and partnered with a law enforcement officer. And they would be basically case managers for our highest utilizers of our public safety resources. Yes, they were committing crimes, but we had determined that it was due to behavioral health conditions and so that we would be able to partner with them to get them into the right services. And, you know, having that behavioral health person within our department that gave us, you know, her knowing all the other avenues that we could partner with and collaborate with to get them the best services. And so I see great opportunity to expand those programs. They were really successful.

Scott Korthuis: Thank you. Any questions?

Ryan Allsop: Fact based questions only. Correct?

Scott Korthuis: Yes.

Ryan Allsop: I'll ask you or Tyler. Can we sell the existing properties once this is done. So the existing the property up in Irongate to help fund or reduce the cost of this, is there a way to drive revenue out of that and reduce cost or to supplement, I should say.

Tyler Schroeder: Yes we can. Will we? Unlikely. Work center would be a really good chance to repurpose it into a behavioral health facility. There's a crisis stabilization center that's located right next to the work center. There's likely going to be a crisis relief center, which the state contributed $9 million to build, which will be like a 24 hour drop off for law enforcement and EMS. So the work center could be repurposed into behavioral health.

Ryan Allsop: And what's the downtown?

Tyler Schroeder: The downtown public safety building. There's a lot of just other pressures as it relates to general government, court administration and expansion of a superior court judge that will have to really understand exactly how to accomplish it. And it's a valuable piece of property for the general government. So it'd be unlikely. So very likely repurpose it. It will in the long run, you know, save county revenues.

Sarah Rothenbuhler: With family members that have struggled with addiction. Knowing that there's a safer option even remotely possible will be a relief.

Tyler Schroeder: That's what the plan, the justice plan was really trying to accomplish. Support for people that are in crisis, for the type of crisis.

Sarah Rothenbuhler: When one is in crisis and dealing with addiction, they are not generally raising their hands and asking for support.

Tyler Schroeder: Yes and we're trying to build the system around that.

Tawsha Thompson: And speaking of, may I speak to that Sarah? I just recently had a great roundtable discussion with three formerly incarcerated people that all of their crimes and incarceration were related to their addiction issues. Two of which credit their incarceration with the speed bump, as they described it, that stopped them and got them detoxified enough so that they could choose to decide that they didn't want to stay in that place. We also touched heavily on fentanyl. I think fentanyl is a game changer in the addiction realm that one of the people that I spoke with is now a counselor and therapist for other people dealing with addiction issues. And, you know, the availability and the cheapness of it is making it really much harder to get people to decide to engage with services. And so two of those three were very complimentary of a jail. And they and what it provided for them, that stopgap that got them on the right path.

Sarah Rothenbuhler: Thank you. Appreciated all you're all doing. That's valuable input.

Pete Dawson: One other question is, Scott, thank you for all your time and effort on this,

Sarah Rothenbuhler: And Tawsha

Pete Dawson: And Tawsha for this too. Thank you. Curious, the operating costs must be significantly lower in the new facility and just the lack of maintaining this old beat-up facility we have is, is that part of the messaging in some way or somehow?

Scott Korthuis: With the extra services that would be added with the new facility, I'm going to say that the overall cost to operations isn't going to be a whole lot less, though maintenance should be significantly less for a while. But then as your facility ages, those maintenance costs will come back. But currently the way we have to maintain the current jail is very, very difficult and its concrete structure is very old. There's technology in it that was old in the 80s. And we're trying to keep it going today.

Sarah Rothenbuhler: You know even in the 80s when the jail came out I remember hearing, 'oh no, we did this wrong.'

Scott Korthuis: Yes. It's been a bad move from day one.

Ryan Allsop: Yes. Is this sales tax covering part of it, correct? It's coming out of the sales tax at 0.6% or something?

Scott Korthuis: This would be two-tenths sales tax.

Ryan Allsop: And how much of that is covered by our Whatcom County residents that we get the benefit of?

Scott Korthuis: All the Canadian shoppers. I don't have a feel for that number.

Tyler Schroeder: I don't either off the top of my head.

Ryan Allsop: I'd be curious. I mean, that seems like that would be a good part of the marketing and say this is actually being funded by outsiders. A lot of it.

Scott Korthuis: And yes, there's a line that talks about that.

Todd Lagestee: Todd Lagestee, private citizen. I did help write the no statement, just so you know. There was a really great snapshot done of who's in jail and that was taken at the beginning of May. And I don't see that being out there very much. It's not super easy to find. I don't see it on the yes on jail website. I think that would be really helpful for people to know what felony offenses, what misdemeanor offenses people are in or out. But I also would like to see who's not in jail, meaning who are we releasing on booking restrictions? How many people are out? What are they out for? I think those data points should be really evident. And easy to find for our public.

Sarah Rothenbuhler: Great, Thank you. Any other questions or comments?

Tawsha Thompson: I think speaking to Todd's questions and what he was stating, I think we there's been some desire to put that information together, but all the law enforcement agencies within this county do not share the same reporting system. And so each agency would have to provide that information. And some Bellingham does. Well, I think they're currently looking for a crime analyst to put that data together. I know Deputy Chief Almer has been doing a lot of the numbers while they are looking for that person. And of course, the county has scope, but the smaller agencies don't necessarily have analysts that are getting all that information and collating it for the public. So it's sometimes hard to pull together the information when we don't all share the same system.

Sarah Rothenbuhler: Thank you, Tawsha. Undersheriff Chadwick, did you have a comment?

Doug Chadwick: I did. Somebody keeps putting my hand down. To Todd's point there, I just wanted to say,Lieutenant Erickson had made a presentation to county council several months ago, and I think that's what he's referencing. And it showed the number of 90% or more of the people currently in jail are there on felonies and, quite frankly, serious felonies. Very few people are in jail on misdemeanors. But there's also, people that aren't in jail, which I think we can show. And Tawsha is absolutely right. Every agency and I know Bellingham and some of the other agencies are tracking, we would have booked this person, but because of the booking restrictions we're not able to. So that information does exist. I'm happy to get the presentation that was to council, to this committee, if that's something that you want, and we'd be happy to do that.

And then the other thing I wanted to say when you were talking about operations and cost savings, Scott's right. You know, it's probably not going to be a significant cost savings because of the additional behavioral health specialists and services that the community wants us to provide. But what you need to consider is currently we're operating two correctional facilities, so we're duplicating effort in two different places. So what we're looking at is consolidating those operations in one place. So that in and of itself allows us to look for efficiencies by being under one building, whether that's the number of personnel we have to use, the distance, the transportation, all that kind of stuff. Right now we're doing that from two different locations, delivering and providing food at two different locations. So I think there are some potential cost savings, but that may be offset by the behavioral health services that are included in this new proposal.

Sarah Rothenbuhler: Thank you for the input. Any other comments or questions?

Clark Campbell: I just say that anybody who's been and toured the existing facility, it's not a place that you'd want to work, and it's not a place you'd want to be. You know, if we're going to have a jail, it needs to be in a, you know, even the people that work there would say that's not best practice. So if we're going to have one, it should be a place that's safe for the employees, safe for the people that work, that are interned there. And it needs to be upgraded to a modern level of, of operation. That's not possible under any scenario with the existing facility.

Ryan Allsop: If it passes and so when, when would you anticipate this being completed?

Scott Korthuis: 29. 28 maybe. Let's say 29. Then I can be happy if it's 30.

Ryan Allsop: So if it doesn't pass, we'll put it on again next year.

Scott Korthuis: And it won't get any cheaper.

Sarah Rothenbuhler: Okay, we will be wrapping today's meeting. Thank you so much for everyone's excellent presentations and Q&A. And thank you, everyone for staying a bit late.

Next meeting: Monday, November 13, 2023, 11-12:30 pm
Hybrid Meeting – In-person encouraged and Zoom option available