

## **Whatcom County Business & Commerce Committee**

**September 21, 2020**

Voting members in attendance: Casey Diggs, Andrew Gamble, Clark Campbell, Pete Dawson, Debbie Ahl, Troy Muljat, Sarah Rothenbuhler, Ryan Allsop

Non-voting members in attendance: Don Goldberg, CJ Seitz, County Executive Satpal Sidhu,

Public in attendance: Jennifer Noveck, John Michener, Gina Stark, Cara Buckingham, Fred Miller, Carryn Vande Griend, Ken Bell, Sam Martinez, Derek Long, Guy Occhiogrosso

Clark called the meeting to order at 11:02 am. Seconded by Andrew Gamble.

### **Administrative Business**

Motion to approve the August 2020 minutes by Clark.

Motion seconded by Sara.

Clark noted that follow up memo was sent out last time to the full group. Clark wanted to start keeping a log of questions so that we can circle back and get them answered. An interesting one to track is what is happening with unemployment generally in the County, updates on anything new that would have an impact on hiring and employment within the County.

Don noted that we would include potential openings and closures that we hear about.

Were there any questions that did not get answered or you wanted to follow up on?

Clark spoke with Debbie and Don about trying to get the committee back to a predictable schedule and format for the business portion of the meeting. As we are a body approved by the Council, we've had Council come to attend and listen to give feedback to some discussions. To Clark, a formal report out seems missing. What are the issues coming before the Council that we need to be considering and is there anything on there that has specific impact on business, employment, or economic development for the county that they want feedback from the group on? We've asked Rud to do that, but he is not here.

Don noted that we do not want after the fact conversations, we prefer to have them prior to the Council taking action. It would be nice a month or couple weeks prior to Council actions to give updates and opportunity to provide feedback.

Clark has allowed 15 minutes for that today with a Q&A.

Before we do this, let's discuss the flow. We would get the opportunity to hear about current docket issues, what are recent votes, what opportunities do we have to provide policy guidance on future topics coming before the Council, then would move to an update from Don's team on work they are doing, either ongoing projects, new developments and information that may not be public, would like to get a topic speaker, ideally someone from outside the group who could present on a topic. Clark and Debbie will come in, the role of the chair and vice chair is to figure out meaningful topics, narrow it, try to get a speaker. We did not have the timing to do that this time, but that would be a pretty good format. Then close with a sector update. Today since we do not have a guest speaker and we didn't have time to do the sector updates, will allow for more time this time. October meeting we will work for an outside speaker to come.

Don also wanted to mention that all of you represent your company, in this committee, you represent the entire sector. So it is important that you look at things broadly from your industries.

Clark asked if Satpal is still there? In Rud's absence, can you give an update about Council work? Things we should be aware of?

### **County Council Briefing**

September – November are heavily focused on the budget, on the finishing up of spending the CARES Act dollars, and Cherry Point. They were asked to prepare a budget with a 10% reduction and prepare a strategy for a 20% reduction. This is a moving target, we looked at revenues. We are looking at 2020 sales tax revenue will be down 7% from 2019. On the property tax side, we are thinking 1.5% down. We do have an October payment coming up, which can vary a bit. General reduction for non-essential work, County is trying to do be creative, they did 2.5 months with all employees at 32 hours, they think they will be able to have the 10% reduction without layoffs. Now things can get worse or get better, we do not know.

CARES Act, we were given \$16 million initially, \$12 million county, Bellingham \$2.5 million. We were able to pool our money, we have a weekly mayor meeting, reached a consensus that it is better to pool the money and combine planning and help cities meet some shortfall. We have a very short window of time to spend the money and the advisement of treasury is that it cannot be something budgeted before March 1, it has to be caused by COVID. Large capital expenses and loss of revenue cannot be supplemented. It is very strict guidelines. The last thing we got push back on was – don't give us more money give us flexibility. COVID doesn't know when the year ends. Can you give us June 30, 2021? COVID expenses will continue – quarantine and isolation facilities, PPE, those will continue and we will have to spend general fund money on it. That's a crucial decision we are seeking. Give us up to 35% fund flexibility because each jurisdiction has its own specific problems or interests, even within our county there is variation. All the rules were made assuming that this disease would only last 3-6 months. But now we should throw away a lot of assumptions we made in March, there must be a reality track at the federal level. Congress needs advisement about how we can use this money. We are making noise and requests, but don't know what will happen. Council is engaged in how to spend this money, we know it will go back to the federal government if we do not use it. What are the things we can use it for that are COVID related? Otherwise, we will have to return it.

Cherry Point amendments. County Council saw the Planning Commission recommendations. Council had some clarification questions. He wants to emphasize that we have a document that have signatures from the refineries all on it. Industry sat down together and did a great service to the community by coming to a middle ground and they've been able to compromise. Satpal has discussed this amendment with each Council member, generally they are pleased with the outcome and hopefully this will be behind us by end of 2020. There are some clarifications and points to discuss, but they are working together on this and he is optimistic.

Any questions from the Committee?

Clark thanked Satpal.

Pete asked – As far as spending of CARES, up in Alaska, some communities are purchasing facilities and buildings for COVID shelters, with the intent post COVID to use as daycare or houseless shelter. Is that on the radar or a consideration here?

Satpal said yes. We have reached out to Commerce and Auditors about this. If it is a need and community wants it, they will let us do it. But the Auditor said read the document, that is what they will base it on. A real issue is refrigerators for food banks. BFB is the federal designated location for deliveries, but we do not necessarily have trucks from one freezer to delivery out in Eastern county. That is a capital expense. The Security Taskforce came up with \$600K budget and they are having a hard time doing this. They are saying to

lease/rent the trucks and spend much more money up front, not efficient, but do not purchase it because it is too risky. Risk is that auditors may decide we have to be audited for the next three years. Second is we may have to give the money back. Council approves the spending, but they have to be informed of the risks.

Clark asked if the money has to be spent or committed by end of year?

Has to be fully spent.

Clark asked if it was a budget item prior to March, what if the need is increased due to COVID?

It does not preclude you from using it.

For example, extra food, unified command, rural broadband, things we already pay for, but we can use it.

Clark asked what the likelihood that all of it will be spent, especially if we get more money?

Satpal is skeptical it will, but is hopeful the deadline will be extended because Patty Murray's office already knows that the deadlines are too soon. Other larger counties are going to have even bigger problems spending it fast enough. Seems most likely that the date will be extended, but we cannot assume that and should try to spend it.

Ken is shocked that we are struggling to spend our money. On sales tax, having people in retail and restaurant, I'm wondering where that is weighted? I can't imagine retail and restaurants are not up to par. Is it coming from somewhere else?

Satpal said he was surprised too but they do not have granular data on it. Maybe it is from online sales, construction industry, materials are being bought, properties being bought and sold, highest real estate sales – Troy can update us – there are bigger ticket items, cars being sold.

Don noted that the 1<sup>st</sup> three months were not affected by COVID, in 2021, we will probably see lower revenue.

Satpal noted that January and February we did really well, so that has helped. We have had low months, but this is the projection.

Don said high ticket items like boats, RVs, all sold out, those are all large tax items.

Clark asked if there were any other questions?

Pete also wonders why we are having trouble spending money. Why can't the County just purchase Motel 6?

Satpal noted that in March-April they thought it was a 3-month situation. If they buy it, they need to identify a use for it post-COVID. But the situation changes every quarter.

Satpal is very proud about the new BaseCamp shelter, houses almost 200 people, very friendly, very clean, and has provided space for a lot of people indoors. The City and County were able to use the housing grants and CARES dollars, they have invested a lot.

Clark noted so this is an example of CARES act spending.

The biggest thing is mobile testing, stockpile of PPE, and things like that we have been very successful. We have been able to hire some additional staff but they cannot stay past end of 2020 as of now.

Out of the \$16 million, we have spent most of it, probably a few million left. Another \$9 million in the past couple days. If they told us in March, we could have done more. If anyone has ideas, send him an email?

Ryan noted that if they had a list of what they can spend the money on, this group could definitely come up with some ideas for how to spend it.

Can Don send the 5 conditions for CARES Act spending to be met? Test for spending COVID money, please look it over, will be very thankful if someone can come up with an idea that will help the community.

Don noted that they are forcing people to spend the money rather than having it extended. Potentially this could lead to spending on issues that are less priority.

Clark: if we looked at the list and we came up with some ideas, do you think BAC recommendations would give weight or legitimacy?

Satpal said it doesn't have to be that formal because we don't have time. Just ideas. We won't be able to do a lot of the ideas, so don't feel bad. We will consider every idea we get.

Ken said he is worried about outdoor seating disappearing. We should probably fund restaurants to do something to increase capacity and help through the winter months.

Don noted Gina would give an update on small business and nonprofit grants. And the other area we are expecting tremendous stress is mental health. There is a lot of data on the stress to people, domestic violence, things of that nature. We need to be mindful as time passes.

Ken we can fund heaters and canopies, put that over the top of Holly St or it will go away.

Don said that there is a team working on permanently covering and heating the outdoor areas, it is happening.

Satpal said that they are really trying to do everything possible, it is hard decision for how to spend the money. If the deadline is extended and we spent all the money on things that were lower priority. And if COVID goes for another 8 months, this is all we have and we will have to go into general budget.

Pete noted that if the money starts to run out and we do not have anything to spend it on, temporary structures via Birch might make sense and be a good way to spend the money.

Don got ahold of Rud, he had a personal emergency so wasn't able to attend the meeting.

Clark thanked Satpal for the update.

Sara noted that she was also surprised at the revenue decline being so low, since some in her industry are experiencing 20-70% losses.

Debbie suggests that after Gina speaks, anything we can do with rural broadband, wireless, help with telehealth, for the need of COVID, but have longer term advantage of increasing connectivity. Was on a call this morning with Gloster and CMF, things are going to continue to be via telehealth. The challenges that underserved communities include access as well as outcomes, anything we can do to make sure people are equitably connected to the internet.

Satpal agreed. He said this a necessity, like having water in your house. This would take a national effort in rural areas. Providers should take the responsibility of covering rural areas, they cannot just provide services to the lucrative area and abandon the rest to local governments, it should be built in. Charge people a few extra cents and do it. It will actually grow our economy. Look what you can do with zoom meetings and online commerce. Thank you very much.

Clark said Gina is going to give an update on rural broadband.

## **REP Briefing**

Don noted that 360 modular is a new business in Ferndale, they are looking at some employees having issues finding affordable housing. They have employees who are homeless. They want to address worker housing on city properties. Rob Dale would like to present to the group what they can do on worker housing for the group? If that's important, Don can set that up. John Michener also has some updates.

John noted that he is working with local companies that are expanding, looking for employees and facilities that will allow them to handle increases in demands. Working with a few companies that are locating to the area, buying facilities, shout out to NW Workforce Council, they held a virtual job fair last week, a number of people are going to get hired as a results. Thanks to CJ and SBDC for the work we've been doing with them, some of these companies will reach out and just make sure we link them to the resources as quickly as possible. There is some investment internally and externally that is ongoing. Happy to answer any questions if anyone has them.

Troy would like to reiterate and he would like to hear that. There is still a housing crisis. It is worse today than ever. There are 346 homes in all of Whatcom County, that is less than a one-month supply.

Don noted that we are still back to our original problem from 1.5 year ago – we cannot bring companies here because people cannot find housing.

Clark wondered if there was any way to direct CARES Act money to this?

Don said he doesn't think it can be spent quickly enough. To get permitted and built would be impossible.

Ryan said maybe they could buy the woods in Bellingham so we can stop renting it.

Don said it isn't for worker housing.

Ryan said it could be! If bought by the city!

Don said they already own properties though.

Clark said back to committed versus spent: so the project has to be completed? What if the invoice is sent?

We had pushback from pre-paying a year of affordable broadband for people. People are very afraid of having to pay back things they spent that were not allowed.

Clark asked if Treasury is auditing?

Don, probably due the fed and the state.

Ken noted he is frustrated that we are still in the same place 2 years ago. We are talking about land availability and the inability of putting a modular home there. 2 years, seriously? We got neighborhoods that want annexation and are not allowed to have it so that we can move the needle. COVID aside, I did not think we would still be here.

Sara said another issue with Cherry Point is that there are a lot of work and tax dollars there and would like to hear from CP reps about how they feel, they keep getting awards, much are market driven.

Don said he will be meeting with Alcoa and BP. BP has a new plan, they did a 3-day seminar recently. They are going to change what they are doing out there.

Sara is nervous about how difficult permitting in this county is, she thinks that CP agreement issues are mostly about permitting. She doesn't understand why if it is about emissions that permitting has to be made more difficult.

Don noted time.

Gina provided an update on broadband. Broadband in the short term versus long term. We have been working on broadband long term since 2018. But we see continued impact on schooling and education as well as remote work and business. Have been working with school districts, allotted \$900k for equipment and connectivity, through the process they learned that there are connectivity problems due to income, and then problems due to presence of physical technology. Students have been relying on hot spots, which is not a stable connection. That is a band-aid. With these, we are going to go back to the families with the hot spots and see what it will take to get them a long-term stable connection. Through surveys, Ferndale has 512 students with no internet. That's significant. She suspects it is more. Districts have spent \$1.4 million in equipment. Schools could easily use \$1 million more for connectivity. Pogo zone has been stellar; they have been working to connect the most rural families. Request 130,000 from the county so Pogo could connect 200 families, they will run out of the money, we will ask for more.

Long term it was about the public doing the backbone then asking private ISPs to do the final mile / off ramps to the home. Some of the ISP providers due to ROI requirements, they do not serve rural communities. We are rethinking how we can continue to work with ISPs so that we can do the final mile connection. Tim Dyke has a lot of knowledge on infrastructure based on information we have received from schools so we know where the need is most so we can be strategic with our dollars. COVID isn't going anywhere, these families needed connection before and now need it more. The Port is now going to allow Mt Baker to do homework and have a stable internet connection. Nooksack opened their gym up so students can go. This is a deep topic that needs a lot of funding and work. She would like to encourage the dig once policy, if you are doing a development, think about putting in conduit.

Any questions?

Clark wondered if we have numbers on what percent of residents do not have internet connection?

We are working on this with the school district, we do not have specific numbers.

Debbie said we need to think about the internet as a utility. It's required for school, work, health, mental health. Use the additional funding to get us up and running anywhere we can. She wanted to thank Gina for taking the lead.

### **Roundtable Industry Updates from Committee Members**

Casey: restaurant and hospitality, how are you and others doing?

Casey noted financial, they have pretty flat, about 6500 barrels of beer, about 13,000 kegs. Right now the whole business is down about 55% in terms of revenue. Usually they are at 6000 barrels right now, just under 4000 barrels brewed. Slow summer time, no events, this is a pretty big loss going into winter months. They've got everyone back working on site, marketing was working remotely, but we needed them back here to brainstorm and film and taking photos. COVID Safety and the biggest challenge are customers and staff being comfortable working. A lot of coworkers, a lot of mental health checkins, making sure everyone is following protocols. They close 4-5pm to do a deep cleaning everyday, continuing to do that. Long-term culture they have not had time to think about, still very reactionary. Looked at \$36k bid for a deck and heaters, so some capital improvements are important and needed. Even if we cover the deck, we don't know if customers will be comfortable to come in.

Ryan wonders if restaurants have heard anything about their status and how are they going to get out of COVID purgatory? What is the process? How do we get out? Developers have started to sue the state because landlords cannot do evictions now. What's going on underground?

Restaurant Industry is having weekly calls.

Ken said 70% of fish caught goes to restaurants. So if restaurants aren't open, then fish aren't sold.

Casey said they are selling more cans but less drafts. Much less profitable than drafts.

Troy said there are some restaurants not paying rent, Fairhaven Village Inn is shutting down for a few months. Not looking good.

Andrew: refineries, Cherry Point, natural resources

Andrew said Satpal's report was on point. They've been working on this for about 5 years, rework the code and all the different moratoriums, really close to the end. Planning Commission has done a lot of work, point by point work in the language. It was very open, honest, and transparent process. Everyone did not get everything they wanted, but most groups got what they wanted. More workable, all parties can live with it and it will have long term impacts. Encourages everyone to support it.

Debbie said that this is the most positive report she's heard about CP. What do you attribute that to?

He attributes it to the open-mind that the parties brought, Eddie Urrie (spelling) took over to facilitate and he did a great job. He never anticipated reporting this.

Sara asked if there has been approval? What stage is it at?

It is being brought back to the Council and waiting for a vote.

Clark wondered if Andrew wants to share it with the group? It would inform us on policy that has an impact. If that is a document Don can access.

Don said we can obtain and forward.

We are at 12:31pm, so we do not have time for any more roundtable.

Clark moved to close the meeting at 12:31pm, seconded by Ryan Allsop.

Thanks to everyone for the updates!