

Minutes of Whatcom County EDI Board Meeting

Hybrid Meeting

January 30, 2024 – 9:00 am

Board Members present at Meeting:

Satpal Sidhu, County Executive	Guy Occhiogrosso, Chamber of Commerce
Tyler Schroeder, Deputy Executive	Kim Lund, City of Bellingham Mayor
Atul Deshmane, PUD#1 Commissioner	Stephen A. Jones, Agricultural Industry
Scott Korthuis, City of Lynden Mayor	Aubrey Stargell, Timber Industry
Ken Bell, POB Commissioner	Barry Buchanan, Whatcom County Council
David Franklin, At-Large	Kevin Hester, City of Nooksack Mayor

Board Members absent:

VACANT POSITION, Associate Development Org.

Staff present: Billie Sue Rinn, Tawni Helms, and Kayla Schott Bresler, County Executive Office

Guests present:

Chris Heimgartner, PUD	Rob Fix, Port of Bellingham
Jori Burnett, City of Ferndale	Tara Sundin, City of Bellingham
Katie Franks, City of Bellingham	Craig Mueller, City of Bellingham
Tim Hohmann, City of Bellingham	Pete Dawson, Bellingham Developer
Manroop Kaur, City of Blaine	Curt O'Connor, Old Town Representative
Harpiar Gandhi, City of Blaine	Dr. James Everett, Meridian School District
Lynnette Brower, Meridian School District	

Welcome and Introductions

Chair Sidhu welcomed everyone and called the meeting to order at 9:00 am. 2 online members (Hester and Occhiogrosso) plus 10 board members present (meeting the quorum requirement). Introductions were made and guests were acknowledged and welcomed.

Review of Public Utilities Improvement/EDI fund

Mr. Schroeder gave a brief overview and summary of the EDI fund. Year end reconciliation is underway and we will have an updated fund balance at the next board meeting. This fund is estimated to receive approximately \$4.2-million in sales tax revenues. The estimated cash balance projected through the end of 2023 was \$20-million (this includes loan interest and loan repayments). Chair Sidhu stated the intent is to grow the fund to \$50-million and there is a preference for loan requests as the loan repayments attribute to a larger fund balance. **Detailed information will be sent out to the board members once reconciliation is complete.**

Discussion of Resolution No. 2023-043 – Supporting the Use of Economic Development Investment (EDI) Funds for Affordable Housing

Ms. Schott-Bresler discussed the resolution passed in October 2023 and the interest in broadening the composition of the EDI board to encompass the existing interests while potentially including housing, broadband, and childcare funding.

Councilmember Buchanan reiterated that the County Council has no desire to supplant the work of the EDI Board, they are simply interested in aligning with the housing bill currently in the legislature and cleaning up the 2022 statute. Chair Sidhu confirmed the projects and allocations will still be decided by the EDI Board, for Council approval. Mr. Occhiogrosso remarked that there is a precedent in the state to

fund multiple EDI organizations. Currently, only the ADO is being funded. He recommended that if other uses of EDI funds are being considered, this should be considered as well.

There was a discussion to put together a work group to discuss updating EDI program policies/application and review board membership. **Board members Deshmane, Occhiogrosso, Bell, Korthuis, and Buchanan volunteered to sit on this EDI program application work group.**

Review of EDI Program application from City of Blaine (project: Wellfield Reservoir Replacement)

Ms. Kaur explained that the Wellfield Reservoir is the oldest existing in the City of Blaine, servicing downtown Blaine, the harbor area, and east Blaine. The circulation of water in this zone affects all other zones. Upsizing the pressure zone will greatly impact development and the existing downtown businesses. Ms. Kaur went on to explain that in peak demand season the downtown area struggles to maintain minimum pressure. Increasing the minimum pressure could lead to more economic development and growth in the downtown area, as well as help with the development of east Blaine. In addition, Ms. Kaur explained that the City of Blaine is the retail supplier of the Birch Bay water supply. In trying to resolve this issue it was decided this was the best plan to move forward with.

The project is currently in the planning phase and they are hopeful they will advance to the design phase in 2024. Design completion is targeted for mid-2025 with project completion by the end of 2026. The total estimated amount needed for project completion is around \$5-million. The EDI request is for \$2-million combination of loan and grant, with the City of Blaine contributing \$500,000 for the planning phase. The City is currently exploring other funding options for the remaining \$2.5-million.

The question arose what the EDI funds would be used for. A portion of the EDI funds would be used for design purposes and a portion would be used for material procurement and construction with City funds being used for planning.

Chair Sidhu questioned the City's level of confidence receiving the remaining \$2.5-million. The City is confident they will receive the additional funding. Mayor Korthuis commented the City of Lynden looked for outside funds from WA State Department of Health and WA State Department of Agriculture when they made similar upgrades to their system. The only grant funding they received for their project was from the EDI Board.

Board member Stargell questioned if there were water rights implications. The City stated it was allocated with existing water rights for the City of Blaine.

Mayor Lund made a motion to recommend the application for approval, contingent upon procuring the additional funding source. Commissioner Bell seconded the motion and **the motion passed unanimously.**

Review of EDI Program application from City of Bellingham (project: Old Towne Urban Village)

The City of Bellingham representatives displayed a PowerPoint presentation on this project and provided the risks and benefits of completing this project. The project application request is for a \$1.5-million loan and a \$1.5-million grant. City of Bellingham has \$2.35-million REET funding to complete infrastructure improvements for five and one-half blocks of the project area and are planning to use real estate excise tax fund to reimburse the loan. They are not looking for outside funding and expect developer's investment in the amount of \$150-200-million over a 10-year period. The City is committed to do all the design work with the EDI funding supporting infrastructure improvements of the three remaining blocks. Infrastructure improvements will include curb to curb street improvements; parking

areas, travel lanes, utilities under the street, and lighting. Sidewalks will be on the developer's side of the investment.

Old Towne is one of three urban villages that make up Bellingham's city center. The property was purchased from the Parberry family, creating a public/private partnership. The City of Bellingham also has a development agreement with Mr. Dawson and Mr. O'Connor. The project size scales 8 blocks of downtown Bellingham.

Mr. Dawson discussed the risks of undertaking this project including added costs due to this area of town being built over tide flats and a landfill, the 300-bed shelter being built in this neighborhood, high interest rates and new code requirements coming into play.

Mr. O'Connor discussed the private sector vision of this 8-block development based on the following; reactivation, connectivity, and safer streetscapes. This includes 500 housing units with some being affordable housing options, a climbing gym, property management company, warehouses, potentially shared work spaces and grocery options.

Commissioner Deshmane questioned if there were water load infrastructure issues in that area. The project area is not a greenfield development and there is water and sewer in place. The pipe and flow is adequate to serve this development and stormwater modifications would occur since there currently is no curb and gutter. This would entail upsizing one main and installing catch basins.

Parking will consist of on street parking with the private businesses having onsite parking. There will be bike connectivity, broadband fiber optic nearby, and the Port impact fee credit can be used by the private sector.

Commissioner Bell voiced concern on ensuring the Board isn't crossing the line of public funds for private benefit, but agreed he would also like to see this project approved.

Councilmember Buchanan voiced his support for this project and moved to recommend for approval. Mayor Korthuis seconded the motion and a **vote was had and passed unanimously with Mayor Lund abstaining.**

Review EDI Program application from City of Ferndale (project: Ferndale Civic Campus)

Jori Burnett with the City of Ferndale explained that City offices reside in an old bank building and they have run out of space. Their proposal is for a brand new 20,000 sq. ft facility to house the City offices and to repurpose the existing bank building for public use. Offices are at or beyond their capacity to the point where delays will begin occurring if they are not able to expand, however expanding in the current location is not an option due to it being in a flood plain.

The project is currently in the design phase with plans to submit final design by June 2024. The project application request is for a \$1-million grant to supplement local, state, and federal funds.

Commissioner Bell voiced that this should be a City of Ferndale project with increasing taxes being the first option for additional funding. Commissioner Deshmane acknowledged that Ferndale is growing rapidly and wondered if there was a way to figure out the whole package of funding and what other cities have done. Mr. Burnett stated they have gone through many different development plans, however, there is no real roadmap.

Commissioner Bell made a motion to table the application until a future date. The motion was seconded by Mayor Korthuis. **A vote was had and passed unanimously with Commissioner Deshmane abstaining.**

Future Projects – City of Ferndale, Grandview Road Sewer Extension

Mr. Burnett explained the City of Ferndale's plan to submit an EDI Program Application in 2025 to support the extension of sewer up to the Grandview area. This area is the single largest undeveloped area within the Ferndale City limits. They are currently working on a planning grant to study the economic development benefits for this area. The City of Ferndale council is providing \$2.5-million in funds for this and they are utilizing lobbyists at the state and federal level. Additionally, they have the small cities grant from the Port of Bellingham. Once design is complete they will have a better understanding of their investment amount request.

Future Projects – City of Lynden, West Main Street RAB

Mayor Korthuis discussed the City of Lynden's plan for the West Main Street and Berthusen Road intersection. With the many jobs already located in that area and more in the works this intersection is heavily used. Improvements are needed for the long-term functionality of this intersection. The original request is a \$2-million grant as they have sufficient loan money secured. Will potentially have application ready to submit later in 2024.

Future Projects – City of Lynden, Wastewater Treatment Capacity Improvements

Mayor Korthuis explained with the current and expanding industrial clientele in Lynden, including bringing agriculture back, they will need to increase the wastewater treatment capacity. They are anticipating the project total to be in the \$20-million range. Will potentially have application ready to submit later in 2024.

Other Business

Dr. James Everett with the Meridian School District discussed a project the district is currently moving forward which would consist of a skills center and early childcare center which would serve all of Whatcom County. The skills center would house 16 programs and they will be working with advisory groups from each of the areas. Once funding is procured for the early childcare center District administration offices will need to be moved. They anticipate the early childcare center and four initial skills center classrooms to be completed in 2026 and they would be able to serve 240 students, with 700 students being served when the larger skills center is complete. Any EDI funding requested/received would be used for infrastructure purposes with the project being located in the heart of Whatcom County on Meridian School District property. The State will provide the capital funding.

Budget Request for new HATWF Funding

Mr. Schroeder discussed the typical ask for additional HATWF funding. Currently there are about 159 loans out for infrastructure totaling \$2.5-million. 33 loans have been repaid for a total of \$529,000. EDI funding can be used to payoff impact fee loans. Whatcom County Council recently approved a budget supplemental to move remaining funds from 2023 to 2024. Mr. Schroeder stated more information would be provided at the next meeting with a specific ask for additional funding.

The meeting was adjourned at 11:07 am.

NEXT MEETING DATE: TBD

Respectfully Submitted,

Billie Sue Rinn, EDI Board Clerk
Whatcom County Executive Office

DRAFT