

Whatcom County Business & Commerce Committee

1801 Roeder Avenue ■ Bellingham, WA 98225 ■ wcbcc@portofbellingham.com ■ (360) 715-5118

WCBCC February Meeting Minutes (2/10/25)

WCBCC Members Present

Casey Diggs, WCBCC Chair

Ryan Allsop, Other For-Profit

Pam Brady, Energy

Pete Dawson, Commercial Real Estate

Dan Dunne, Construction

Matthew Green, Higher Education

Mayor Greg Hansen

Troy Lautenbach, Other For-Profit

Mayor Kim Lund

Heather Powell, Childcare

Brad Rader, Agriculture

Sarah Rothenbuhler, Other For-Profit

CJ Seitz, Higher Education

Russell (RB) Tewksbury, Internet Technology

Whatcom County Councilmember Mark Stremmer

Whatcom County Executive Satpal Sidhu

WCBCC Members Not Present

Debbie Ahl, Healthcare Industry

Paul Burrill, Food Processing

Gil Lund, Manufacturing

Kevin Menard, Recreation

Tyler Schroeder, Port of Bellingham

Heather Steele, Public K-12 Education

Dana Wilson, Marine Trades

Non-Members/Public Present: Matt Aamot, Dan Arnold, Barbara Chase, Alan Chapman, Hugh Conroy, Anna Dealy, Downtown Bellingham Partnership (name not provided), Andrea Doyle, Jessie Everson, John Fairbanks, Jasmine Fast, Port of Bellingham Executive Director Rob Fix, Peter Frazier, Whatcom County Councilmember Kaylee Galloway, Brian Heinrich, Hart Hodges, Frank Imhof, Josh (last name not provided), City of Bellingham Councilmember Michael Lilliquist, Mayor Scott Korthuis, Forrest Longman, Blake Lyon, Zack McCown, John Michener, Kendal Nielson, Jennifer Noveck, Guy Occhiogrosso, Kori Olsen, Hannah Ordos, Melissa (last name not provided), Les Reardanz, Margaret Reich, Hayden Richardson, Ryan (last name not provided), Tara Sundin, Jim Sutterfield, iPhone(4) name not provided, Bruce Tabb, Whatcom LTRC (name not provided), WC Council 1 (name not provided)

Call to Order

WCBCC Chair Casey Diggs called the meeting to order at 11:00 a.m.

Approval of the Minutes

Dan Dunne moved, seconded by Pete Dawson, to adopt the meeting minutes from January 13, 2025.

Motion passed.

WCBCC Chair Updates

WCBCC Chair Casey Diggs

Welcomed new members:

- Heather Powell, Childcare
- Troy Lautenbach, Other For-Profit
- Kevin Menard, Recreation

WCBCC Vice Chair position remains open. Contact Casey Diggs if interested.

Agriculture position remains open; Application available on Whatcom County's website.

Whatcom County Economic Overview: Affordability + Employment

Dr. Hart Hodges, Ph.D., Center for Economic and Business Research, Western Washington University

Dr. Hodges presented that there is a need to redesign the Whatcom County Economic Profile. The Port of Bellingham prepared a Comprehensive Economic Development Strategy (CEDS) 20 years ago, which received feedback that there are more people working in agriculture than indicated within the strategy. In response, the authors of the report provided a one-page summary.

Dr. Hodges premised the presentation by requesting WCBCC committee members to provide feedback as to what information he can collect/update that would be useful to the committee and provided examples of data that may be helpful to the committee, including:

- Overview of the current economic profile, showing which sectors have the highest wages, the wage amounts, and which sectors have the highest employment share. He furthered that he can weight the data to provide a weighting to identify wages vs. highest number of employed individuals.
 - Ex. Information sector has twice the earnings as it does employment, with 1.5% employment rates for a cluster of high paying positions with only 16-17% of employment in 20% of wages in the county.
- Tracking taxable retail sales per capita, comparing Bellingham and Whatcom County and then Washington State. Noted that it is not surprising Bellingham captures a lot of retail dollars and asked what types of conversations from the committee does this invite.
- Data around imposed tariffs and subsequent impacts to Whatcom County businesses.
- Data to evaluate affordability in Whatcom County. The Center for Economic and Business Research (CEBR) conducts a survey three times a year that compares different regions in to the cost-of-living index. Provided example that if Whatcom County had super shoppers in the same sized cities with the exact same shopping list (food, clothing, gasoline, etc.), He stated that the US is at an index of 100, which is how the national average is scaled. Whatcom County is approximately 23% more expensive nationally and the data can be broken down by healthcare, transportation, housing, etc. CEBR reviews housing in different ways and looks at sample wages, considering what the hourly household wage would need to be to afford a one or two-bedroom house or apartment using no more than 30% of income on housing. CEBR attains this data from the Real Estate Research Center at UW, including recent wage data and most recent housing and most recent affordability index (the higher the numbers, the better for affordability).

Whatcom County Economic Overview: Affordability + Employment (cont'd)

- Data to evaluate commute patterns showing how many people live and work in Whatcom County, how many people live in Whatcom County and commute outside the area for work, and how many people commute into Whatcom County for work.
- Data that tracks number and type of building permits issued.
- Aggregate job growth

Dr. Hodges provided a snapshot of employment growth and loss in Whatcom County:

- Lost jobs in manufacturing + government sectors
- Gained jobs in healthcare + retail
- Lost jobs in leisure and hospitality (contrary to many MSAs)

Dr. Hodges recommended to keep pulse on if Whatcom County's consumer spending begins to slow and employment starts to slow, as this will result in the magnification of job loss. He further stated that people often say that Whatcom County always lags in Seattle job growth, but this is a myth and requested WCBCC committee members report on what information related to this topic would be useful for the committee.

Dr. Hodges stated that CEBR published a report at the request of the Port, titled, "Peeling Back the Myth," which provided an overview of each sector and the percentage of jobs in Whatcom County, with the following results:

- 57% of businesses with 1-4 employees
- 18% of business with 5-9 employees

He furthered that it is small businesses that drive Whatcom County's economy, in which the same may not be true somewhere else and provided the example that if he reviews data from King County, there are larger number of businesses, an upwards of 1,000+.

Dr. Hodges welcomed immediate suggestions and stated he is willing to discuss these research opportunities further with a few committee members on what data would be useful to the committee. He stated that some of the information is available monthly, quarterly, or annually and he can customize the research based on the committee's interest.

Dr. Hodges further reported that CEBR has produced peer city reports on how Bellingham compares to Santa Cruz, Flagstaff, Asheville, North Carolina, Burlington, Vermont and other similarly sized cities that are classified as college towns.

In response to the question of whether the 16-17% government positions are inclusive of the school districts and the colleges, Dr Hodges responded, "and then some." Adding that any small town is going to have a large government sector because it includes K-12, which is typically a larger employer, and in some areas, it also includes tribal. The raw data cannot be separated to exclude government and school districts, but CEBR produces a top employers list and does indicate K-12 as separate from local government, offering a rough estimate.

Dr. Hodges furthered that it would be easy to pull the cost-of-living index to the extent that Asheville, Flagstaff and different cities participate (sometimes, not always) and can show a sample of peer cities that are participating. He stated that according to the Census Bureau, the median household income, median home price, and affordability index would afford giving a couple of different metrics.

Whatcom County Economic Overview: Affordability + Employment (cont'd)

Dr. Hart Hodges, Ph.D., Center for Economic and Business Research, Western Washington University

Dr. Hodges shared that according to the cost-of-living index, Whatcom County is still noticeably cheaper than Seattle (King County) because Seattle kicks in at over 150, but that the wage premium in Seattle more than offsets the living difference in Whatcom County. The Census data includes the virtual workers, and includes the number of people who live and work in Whatcom County and residents who live in the county but are employed outside the county.

Mayor Lund added that in order to present the information in a way that is accessible, meaningful, and actionable, she can share work from case studies and in particular reports from Bloomberg.

Dr. Hodges further explained that the data presented to the committee is exclusively Whatcom County data vs. the City of Bellingham as the city is a small sample size.

A recommendation was made by the committee to know what is being counted and the various pay as it would be interesting as government has the highest wages and the highest employers of all the peer cities. It was further stated that it would be important to have reliable peer cities in accordance to the designation of MSA, the equivalent city size with a population roughly sized at a population of 200,000 to 250,000 with one anchor city in each of those areas that has a college and is not too far from a major metro city.

Dr. Hodges offered to reconvene with Kori Olsen, WCBCC Admin., with sample summary stats on some of these items to provide further insight on that of employment and pay across peer cities to give a sense of government (not K-12), and other items + the different affordability measures to digest where Bellingham fits. He further stated he will connect with Mayor Lund to attain some of those metrics to share with a few committee members and provide some iterations to provide a more comprehensive overview.

Blake Lyon, Director of Planning and Community Development, City of Bellingham, added that in 2014, the median home price in Bellingham was \$287,722, raised by 127.9% in 2024 to \$655,750. The median household income for Bellingham is \$54,867. The increase in median home price compared to the lack of increase for median household incomes results in a delta of 11.95 times. The housing price is, therefore, 11.95 times greater than the median household income for Bellingham specifically (not Whatcom County). Mayor Lund added that in review of the ten-year period from 2014-2024 on almost 450 small communities (identified as under 150,000), mid-sized cities (150,000-350,000) and large cities (350,000 and greater), Bellingham is the only city in Washington that has a double-digit difference. If calibrated just on that information, Bellingham is the 13th most expensive small cities in the United States.

2025 Whatcom County Comprehensive Update: Economics Chapter

Matt Aamot, Whatcom County Senior Planner, Whatcom County Planning and Development

Matt Aamot presented the most recent update on the Whatcom County Comprehensive Plan, due by December 31, 2025, including the comprehensive plan process and an overview of the Economics chapter.

2025 Whatcom County Comprehensive Update: Economics Chapter (cont'd)

Matt Aamot, Whatcom County Senior Planner, Whatcom County Planning and Development

Aamot highlighted the following key points related to the planning process – implementing the GMA:

- Originally passed by state legislature in 1990 with amendments expected annually.
- GMA requires county to adopt countywide planning policies in consultation with the cities to guide development of the county and the city comprehensive plans.
- Whatcom County's comp plan must address issues both identified in the GMA and the countywide policies.
- Building permits are reviewed for compliance + regulations. Some permits (conditional use + sub-division applications) are reviewed also for consistency with the comp plan.
- The GMA envisions most future growth and will be directed to UGAs.
 - Ten UGAs (highlighted yellow)
 - Urbans (highlighted purple) designated by county as UGA eligible for future annexation
 - Three non-city UGAs: Birch Bay, Cherry Point, East County (Columbia Valley)
 - 220,000 acres of forest land (highlighted darker + medium green); Majority of lands outside of UGAs are natural resource lands with long-term commercial significance.
 - 85,000 acres of agricultural lands (highlighted light green)
 - 5,500 acres of mineral resource land (highlighted gray)
 - 120,000 acres of rural land (highlighted light + dark brown); More intensive areas with generally higher densities.

Aamot stated the GMA was originally passed by the state legislature to address rapid growth + development in parts of the state. He added that growth varies over time. From 2013 to 2023, Whatcom County population grew by 14.5%, from 206,000 to 236,000.

The WA State Office of Financial Management (WSOFM) provides high, medium and low projects through 2045, which is the end of the planning period. Whatcom County will select a 20-year growth projection within that OFM range for planning purposes. The County in conjunction with the cities, will develop employment growth projects for the planning period through the year 2045.

Planned Distribution of Population Growth:

- 74.4% in the seven city UGAs
- 9.5% in the two non-city UGAs (Birch Bay and Columbia Valley); and
- 16.1% outside of UGAs (rural and resource lands)

Aamot stated that the county and cities will work together to allocate future population + employment growth through the year 2045 to the UGAs in the rural areas in the comp plan update, including a land capacity analysis to estimate whether existing UGAs allow sufficient density and have enough buildable area to accommodate the projects. If they do not, the county and cities would consider increasing densities and/or expanding UGAs to accommodate the growth.

2025 Whatcom County Comprehensive Update: Economics Chapter (cont'd)

Matt Aamot, Whatcom County Senior Planner, Whatcom County Planning and Development

Comp Plan Update Process

- Plan Adoption Process
 - Public participation
 - Advisory committee review
 - Environmental Impact Statement (Spring)
 - Planning Commission review
 - County Council adoption
- Plan Updates
 - Docket of annual amendments
 - Periodic update every 10 years (2025, 2035f, etc.)
 - County and city have to issue an implementation progress report in 2023 evaluating housing, permit timelines, greenhouse gas reductions

Comprehensive Plan Chapters to be Updated in 2025:

- Introduction (incl. population + employment projections)
- Land Use
- Housing
- Capital Facilities
- Utilities
- Transportation
- Economics
- Resource Lands
- Recreation
- Environment
- Climate Change + Resiliency (req'd by a 2023 GMA amendment)

Aamot provided an overview of how the GMA tool is used to analyze housing, childcare, infrastructure, and land capacity. He explained that County planning's role is to provide adequate land capacity and that they conduct a land capacity analysis. The county will look at employment projections that Whatcom County Council will ultimately adopt. The cities and county are proposing projections and optimistic employment numbers in order to be sure they have enough land supply. He stated that it ultimately comes down to infrastructure planning and that there is discussion of how much cities are spending or how much developer-funded infrastructure is waiting to be put in place, essentially analyzing that dynamic, which includes political discussions at a municipal level.

Aamot stated there are housing bills in state legislature that are focused on creating density and allowing more middle-type and multi-family housing. There are special rules that apply to Bellingham that do not apply to the rest of the county. The county will be looking at House Bill 1220 and potentially up zoning some single-family areas to allow for middle housing.

2025 Whatcom County Comprehensive Update: Economics Chapter

Matt Aamot, Whatcom County Senior Planner, Whatcom County Planning and Development

Guidelines for Review:

- County Executive issued letter to advisory committees in 2023, requesting committees focus on GMA compliance and priorities in the County Council Resolution.
- Addressed changes to improve grammar and update outdated or incorrect information.
- Requested WCBCC to review the Economics Chapter as presented and to provide feedback to Aamot **by April 10, 2025: MAamot@co.whatcom.wa.us.**

WCBCC committee members provided the following feedback:

- When selecting MSAs, it would be good to see if the growth rates are tracking as well and provide a single page summary. Recommend going back to the last two years and evaluating predictions v. outcomes and account for unanticipated variables (ie. COVID pandemic).
- WCBCC Transportation sub-committee requests an opportunity to review the Transportation chapter of the comp plan.
- Recommend the county loop Hart in on conversations about the Economics chapter of the Whatcom County Comp Plan as there are a lot of ties there that need to be connected and summarized, including comparison for all those other cities so they can gauge how far off they may be.

Public provided following feedback:

- Recommend looking at the loss of manufacturing jobs and government jobs relative to the growth of healthcare and also the conversation on hospitality and leisure – recommends examining that correlation as the growth in those employment sectors is not going to be the higher-wage jobs that time to some of these other elements, particularly if you are looking at how to promote manufacturing with those pieces and that directly ties to people's capacity to be home owner's. Recommendation to circle back to Dr. Hodges.

Whatcom County Draft Community Benefit and Project Labor Agreement

Pete Dawson, CEO of Dawson Construction and Lance Calloway, AGC Northern District Manager

Dawson and Calloway presented recommendations related to the Whatcom County Community Benefits Agreement (CBA) and Project Labor Agreement (PLA) draft ordinance.

Calloway stated that the CBA relates to public works projects in excess of \$5 mil and can impact workforce for these projects as it prioritizes union vs. non-union. He stated that 87% of Whatcom County construction companies are non-union and shared that this could potentially affect 5,169 construction-related workers. Calloway shared that the construction community has been responsive and in support of the opposition to the language in the agreement and provided a presentation slide highlighting 79 businesses in opposition of the language in the PLA. He further stated that all local businesses are not opposed to the CBA, but many are opposed

Whatcom County Draft Community Benefit and Project Labor Agreement

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to unionizing workforce for projects within the community and that these conversations have predominantly been around the construction of the jail.

Calloway met with all Whatcom County councilmembers and several city councilmembers, highlighting that he is not opposed to the CBA, but would like to draft a resolution where there are 12 to 15 different topics that are community benefits identified as a priority for Whatcom County and then on each individual project have a certain number of the benefits applied to that specific project without incorporating the labor component.

Calloway stated that the language allows for discrimination of the general contractor as to the affiliation of the sub-contractor (whether the sub can be union or non-union). As written, they are obligated to have the sub-contractor be union, which would exclude many contractors.

Calloway presented two letters of support to the aforementioned key points, one from Small Cities Partnership and one from Lummi Nation. He added that Lummi Nation does not see the language within the agreement as beneficial to projects as many tribal entities are not unionized.

Calloway presented that a federal court issued a ruling objecting to PLAs at the federal level because it negatively impacts competition and price, adding that he does not want to see prices rise significantly for the cost of the jail. He noted this is one example of many rulings on PLAs.

Dan Arnold, Dawson Construction, presented to the committee. He stated he has worked in both union and non-union positions and is now an advocate for carpenters at Dawson Construction. Arnold stated that good construction workers are in demand in Whatcom County and have multiple offers on the table. He warned that if they are not providing top wages and clean job sites, they can lose those workers to other offers. Arnold offered the committee an opportunity to have a conversation with any of Dawson's craft workers – apprentices to field leaders, and to ask them whatever the committee would like to know. Arnold stated they offer many benefits to their workers and that by having a third party represent a worker is not necessary in this market and drives up cost. Arnold cited that apprenticeship carpenter has a cost of 93-cents per hour. Dawson partnered with AGC to send individuals into an apprenticeship program where it is no cost to the employee. He stated those individuals are going into an apprenticeship program they are getting paid for while they are attending class and that they are paying their tuition so it is ultimately free for the apprentice. Arnold added that union carpenters pay approximately \$9/hr worked for their health insurance, which does not stop after 40 hours per week and could impact craft workers that already have health insurance such as tribal benefits, a spouse's insurance, younger individuals under a parent's plan, or military. Arnold stated that annuities and retirement for unionized employees is \$6-\$7/hr and that if they do not vest, they do not have access to those retirement funds.

Arnold provided the following data related to unionized deductions:

- \$1.9k apprenticeship deductions
- \$19k insurance
- \$14.5k retirement

Whatcom County Draft Community Benefit and Project Labor Agreement

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Arnold shared that the money is not coming home to the craft workers and there is no opt out for unionized workers. He urged the County to address local workforce with a focus on affordable housing instead, stating that the PLA agreements increase construction costs by 10-20%, which slows down construction and pushes the housing prices higher.

Dawson presented that In considering the CBA, construction companies are all competing for labor. Knowing most of these companies, he stated the employers take really good care of their workers to maintain a solid workforce. Dawson reiterated that they are union-neutral (not opposed to unions) and stated that about 13% of workforce are in unions and 87% are not. He pointed out that the union representation costs have increased in cost.

Dawson stated that about one-third of a union worker's wages go into the union for a minimum of \$10k to \$50k annually from their pay for representation.

Dawson provided the following recommendations:

- If the county is going to keep a CBA, recommend that any reference to private development is removed from CBA
- PLAs be taken out of the CBA to prevent increase in construction costs and to prevent work being taken away from the local workforce or reduction in take-home pay + would prevent work from being taken away from minority businesses as well
- Concern is with CBA, cost to implement those goals – county and cities already have a tool for implementing green roofs and solar panels (infrastructure). He believes could been done at a much lower cost if implemented at a project-level v. a policy-level.

Whatcom County Councilmember Kaylee Galloway:

Whatcom County Councilmember Galloway provided a response to the presentation related the CBA/PLA ordinance. She stated the County has upwards of \$200 mil investments in public facilities in the next 5-10 years and they have begun reviewing ways to ensure that these publicly funded public facilities reflect community values and that are a number of policy leverage and frameworks that can achieve that.

Councilmember Galloway stated she wants to be sure all are respecting a policy process that is researched and informed and community and stakeholder engaged. Galloway stated the ordinance has not been before Council yet and that the document is an early draft that does not yet include feedback from the contractors. The iteration shared with the committee is not the iteration for final approval – it is just an initial draft.

Galloway stated the Council wants to be sure the community feels that their dollars are being invested in ways that reflect their values. Some of this includes a community engagement process with the CBA as a means to facilitate that process and is exploring various labor standards that allow the bar to be raised in the local community. She stated that Whatcom County has prevailing wages that they want to ensure are being enforced so that every worker takes home the wage that deserves of them.

Whatcom County Councilmember Kaylee Galloway:

Galloway furthered that they want to build upon the values in the revitalization program focused on training the next generation and that they are bringing in a new element, “Priority Hire,” which prioritizes women minority, and veteran-owned businesses and also values and prioritizes local worker over workers that come from out of state or out of country.

She added that as the county continues to invest in childcare, they want to want to be working with the business community on ensuring access to childcare. Construction workers do not work typical 9-5 jobs and they want to be adaptive to that. They also know that lack of access to childcare is a huge barrier for women in the workplace and particularly women in the trades so they want to be sure to be addressing that.

Galloway stated that she sees an economic value in thinking ahead with building standards — energy efficiency, building materials, security and they are trying to uphold our values our county already holds.

Whatcom County Councilmember Kaylee Galloway (cont’d)

She pointed to a huge barrier for small businesses is an ability to sustain the reimbursement model when it can take months to get the money back.

Galloway further shared that the ordinance also explores better coordination. When thinking of the community economic development strategy plan, capital facilities, and comp plans of these documents that outline future work, they want to be sure when it comes time to bid these projects that they have engaged contractors and the workforce to be sure they have local partners ready to bid.

Galloway reiterated that policy process is a moving target and that when she engages in policy, it is focused on well-researched processes by other jurisdictions, as part of process learning. The Council is currently in a research phase.

Galloway requested the committee please provide space to do policy analysis and wait to analyze what ultimately will be the ordinance. Tuesday the 25th committee of the whole will meet to learn more about this topic (County Council). It will be a process that may take multiple months if not into next year. The next step is for County Council to have a policy discussion and Galloway will update the WCBCC committee on next step for feedback and recommendations.

Public Comment

Zach McGown, Representative for Western States Regional Council of Carpenters: “I just wanted to add a little bit to this. From what I have captured there is a lot of raw data that is being thrown out there as far as percentages. There is only one side of this coin that is being shared. For those who truly want to see how this could impact positively or whether or not the negative statistics are accurate, we do have a specialist who has worked for multiple different presidents under the NRLB who is actually in our area who would be willing to put on a presentation and/or address any questions that Lance (Galloway) may have or anything like that. Just so we are clear – whether we are talking a community workforce agreement or project labor agreement, we are using a boiler plate stuff they have used in Seattle to base this discussion around and they can absolutely be tailored to the area, whether it be Whatcom County or Bellingham. I know that I saw some of the statistics regarding 87% of the work being done open shop, merit contractors workers – that’s great. One thing we need to take into consideration is the sub-contractors that are being used. We understand that Dawson and Faber – there are a lot of big players in here that are in the community and do a lot of the work, but how much of that percentage of that

Public Comment (McGown, cont'd)

Project is being done by workers in the community and is not being contracted out to sub-contractors in the state or out of county and those could go to people who live and work in Whatcom County. I do ask that this group entertain a conversation whenever we make a decision it is in the best interest of the constituents to take into consideration both sides before we put together that this is a bad idea without hearing the entirety of it."

RB Tewksbury stated that it seems that these agreements are fundamentally exclusionary and that he does not agree that the committee has not listened to both sides. He furthered that the government should not be in the business of selecting winners and losers. Suggested a motion to approve the memorandum in the packet titled CBA and PLA agreements.

Dawson responded that the committee could vote on the motion, but recommended waiting on the motion after considering Galloway's new information. Motioned not to have a motion.

Motion removed. | **Adjourn.** With no further business, WCBCC Chair Casey Diggs adjourned at 12:34 pm.