

Whatcom County Business & Commerce Committee

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

WCBCC September Meeting Minutes (9/15/25)

WCBCC Members Present

Ryan Allsop, Other For-Profit
Paul Burrill, Food Processing
Pete Dawson, Commercial Real Estate
Elizabeth Hampton, Healthcare
Mayor Greg Hansen
Troy Lautenbach, Other For-Profit
Mayor Kim Lund
Gil Lund, Manufacturing

Heather Powell, Childcare
Sarah Rothenbuhler, Other For-Profit
Tyler Schroeder, Port of Bellingham
CJ Seitz, Higher Education
Whatcom County Executive Satpal Sidhu
Heather Steele, Public K-12 Education
Whatcom County Councilmember Mark Stremmer
Russell (RB) Tewksbury, Internet Technology

WCBCC Members Not Present

Rich Appel, Agriculture
Pam Brady, Energy
Casey Diggs, WCBCC Chair

Dan Dunne, Construction
Matthew Green, Higher Education
Dana Wilson, Marine Trades

Non-Members/Public Present

Ann Beck, Chris Behee, Port of Bellingham Commissioner Ken Bell, Elizabeth Boyle, Whatcom County Councilmember Tyler Byrd, Lance Calloway, Alan Chapman, Barbara Chase, Hugh Conroy, Craig Cooper, Elizabeth Erickson, Jessie Everson, Peter Frazier, Anya Gedrath, Jed Holmes, Carly James, Rob Lee, Bellingham City Councilmember Michael Lilliquist, Forrest Longman, Blake Lyon, Jennifer Noveck, Jenny (last name not provided), Guy Occhiogrosso, Kori Olsen, Hannah Ordos, Aly Pennucci, Sydney Prusak, Andrew Reding, Andrea Ruback, Margaret Reich, Randy Rydel, Dean Mead Smith, Tara Sundin, Whatcom County Association of Realtors office (name not provided)

Call to Order

WCBCC Vice Chair Troy Lautenbach called the meeting to order at 11:01 a.m.

Motion: Approval of the Minutes

Tyler Schroeder seconded by Ryan Allsop to adopt the meeting minutes from August 18, 2025.

Motion passed.

Comprehensive Economic Development Strategy (CEDS) Schedule Update

Jennifer Noveck, Ph.D.

Jennifer Noveck, representing the Port of Bellingham, provided an in-depth update to the committee regarding the launch of the Whatcom County Comprehensive Economic Development Strategy (CEDS) for the 2027–2031 period. She noted that the CEDS is typically a 16–18 month planning process, which is now underway. One of the key priorities early in the process is to inform and involve the Whatcom County Business and Commerce Committee (WCBCC), including outlining its role and opportunities for engagement throughout the timeline.

Noveck has been with the Port of Bellingham since December 2018 and oversees the development, updates, and monitoring of the CEDS process.

Noveck began her presentation with a brief overview of what the CEDS entails. The Comprehensive Economic Development Strategy is governed by the U.S. Economic Development Administration (EDA) and serves as a strategy-driven plan for regional economic development. Unlike a comprehensive plan mandated by Washington State’s Growth Management Act, the CEDS is a federally guided and voluntary process, though required for eligibility to receive EDA and local Economic Development Investment (EDI) funding. The process emphasizes local ownership, stakeholder input, and data verification, with the goal of building economic capacity and regional resilience.

Key benefits of the CEDS include supporting a more programmatic and proactive approach to economic development, improving efficiency in resource use, and enhancing the county’s ability to attract state and federal funds for major projects. The EDA sets clear structural and process requirements, including the establishment of a CEDS review committee, a comprehensive SWOT analysis, stakeholder engagement, and a mandatory 30-day public comment period. These efforts culminate in a final report submitted to Whatcom County Council for approval by resolution.

Noveck highlighted how the current process builds on the 2022–2026 CEDS, which was developed under challenging conditions during the COVID-19 pandemic. The prior review committee included representatives from small cities, the county, the port, PUD, COG, public agencies, and port staff. Since then, the committee has undergone significant changes, nearly doubling in size with the addition of new members and areas of representation. Notably, eight members from the previous committee are returning, while the majority are new. Additions include workforce development (Marissa Cahill, Northwest Workforce Council), post-secondary education (Jenny Veltri, Northwest Education Service District 189), emergency management (Matt Klein, Department of Emergency Management), tourism (Dylan Dean-Boyle, Bellingham Whatcom County Tourism), and representation from the Business and Commerce Committee (Gil Lund, representing Manufacturing), among others. Additionally, members of Team Whatcom serve as representatives on an annual rotation (currently Guy Occhiogrosso, Bellingham Regional Chamber of Commerce).

Noveck acknowledged the importance of aligning the CEDS with other county strategic efforts and noted that input from new members would strengthen the overall process. She emphasized the importance of the planning process being consensus based and iterative.

Comprehensive Economic Development Strategy (CEDS) Schedule Update (cont'd)

Jennifer Noveck, Ph.D.

Noveck reviewed the six original goals from the 2022–2026 plan: business support, critical infrastructure, workforce development, regional partnerships, diversity/equity/inclusion, and economic resiliency. While the new CEDS will follow the same required format, it will not be a line-by-line edit of the previous document. Instead, it will be created from scratch, using the old plan as a reference only. The new plan will focus on achievable, locally controlled actions within a five-year timeframe, avoiding unfunded mandates. The action and evaluation plans will include clear deliverables, metrics, and timelines.

Regarding the schedule, Noveck outlined several key steps:

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| Sept 2025: | Provide WCBCC, Small Cities Caucus, and Team Whatcom a preview of: <ul style="list-style-type: none">• Draft 2027-2031 Update Schedule• Draft 2027-2031 Community Engagement Plan |
| Oct 2025: | Begin gathering data for the SWOT Analyses: <ul style="list-style-type: none">• Issue a public SWOT online survey, Approx. Oct. 15 – Dec. 15• Issue sector SWOT requests to WCBCC Sector Reps + Sub-Committees• Take additional input on who should be interviewed• Start conducting targeted interviews with sector and business leaders |
| Nov 2025: | Conduct first round of Community Engagement w/WCBCC: <ul style="list-style-type: none">• Dedicated to accepting SWOT and vision/aspirations input• Identifying additional sector and business leaders for interviews |
| Dec 2025: | Sector SWOT Inputs due (Dec. 1). Engagement phase ends. <ul style="list-style-type: none">• SWOT inputs received to date reviewed by the Review Committee (Dec. 11)• Note: Final deadline for all SWOT inputs is Jan. 15, 2026 |
| April 2026: | Initial findings presented to WCBCC: <ul style="list-style-type: none">• Preview + accept feedback on SWOT results + priorities• Preview + accept feedback on draft Vision + Goals |
| July 2026: | Update to WCBCC: <ul style="list-style-type: none">• Preview + accept feedback on Action Plan• Preview + accept feedback on Evaluation Plan• Preview + accept feedback all draft inputs to-date |
| Sept 2026: | 30-day public comment period to run approximately Sept. 15 – Oct. 15 |
| Dec 2026: | Final draft forwarded to the County Clerk's Office for approval by resolution by County Council (forwarded Dec. 15) |
| Jan 2027: | Approval by resolution |
| Feb/Mar 2027: | Presentation of the final approved document to WCBCC |

Comprehensive Economic Development Strategy (CEDS) Schedule Update (cont'd)

Jennifer Noveck, Ph.D.

Noveck emphasized the Port's commitment to extensive community engagement and transparency. Engagement tools will include direct work with this committee, Team Whatcom, and the Small Cities Caucus, as well as public forums—both remote and in-person—to ensure accessibility. Online surveys and in-depth interviews with industry representatives will supplement these efforts. Noveck noted that many communities conduct only minimal outreach, but Whatcom County is aiming to exceed standard practices to ensure inclusive participation.

Key outputs will include a countywide regional SWOT analysis and sector-specific SWOTs included in the appendices. These will inform the creation of updated priorities, vision, goals, and the final action plan. Noveck encouraged committee members to contact her directly with questions, suggestions, or to schedule individual interviews, emphasizing her open-door policy throughout the process.

Contact: jennifern@portofbellingham.com.

During the Q&A portion, Lance Calloway inquired about accomplishments from the previous CEDS cycle. Noveck responded that these are detailed in [annual progress reports](#) compiled by jurisdiction and by Team Whatcom members. She offered to share those documents with the group, noting that they include extensive information on progress made over the five-year period.

*Note: CEDS annual progress reports are posted on the Port of Bellingham [website](https://www.portofbellingham.com/1003/CEDS):
<https://www.portofbellingham.com/1003/CEDS>.*

Port of Bellingham Commissioner Ken Bell raised a concern regarding the makeup of the current review committee, noting a perceived lack of business owners or private-sector leaders who have experience building businesses from the ground up. Noveck acknowledged this observation and explained that the process relies heavily on interviews and sector SWOTs to capture that perspective. She noted the inclusion of WCBCC committee member Gil Lund to help ensure that the Business and Commerce Committee can effectively relay business voices into the CEDS process.

Tyler Schroeder added that the Business and Commerce Committee is expected to play a central role in communicating private-sector input and bridging that gap. He emphasized ongoing collaboration with Gil Lund and encouraged the committee to remain engaged as the process moves forward.

Noveck closed by reinforcing the importance of the committee's involvement and invited further input on potential interviewees or sector-specific concerns. She expressed optimism that with robust participation, the next CEDS would be more action-oriented and impactful than ever before.

City of Bellingham Budget Planning Process + Proposed Increase in Sales Tax

City of Bellingham Deputy Administrator Forrest Longman

Forrest Longman, representing the City of Bellingham, began his presentation by explaining that the purpose was to provide context for the city's proposed 0.1% sales tax increase, specifically addressing a structural deficit in the city's general fund. While the city manages around 50 different funds—most of which are restricted in use—the general fund is the primary source for public-facing services such as

City of Bellingham Budget Planning Process + Proposed Increase in Sales Tax (cont'd)

City of Bellingham Deputy Administrator Forrest Longman

police, fire, parks, libraries, and courts. These services are at the core of the city's operations, and the general fund is under increasing strain.

Longman explained that the general fund is supported by five roughly equal revenue sources: sales tax, property tax, business and occupation (B&O) tax, utility taxes, and a category that includes various smaller sources such as fees and intergovernmental transfers. He noted that Bellingham's sales tax rate is 9%, of which 1.4% goes directly to the city. On the expense side, 68% of the general fund budget is allocated to staff salaries and benefits, reflecting the labor-intensive nature of essential services. More than 60% of general fund expenditures go to public safety alone—police, fire, and municipal court—leaving little room for easy cuts.

In total, the general fund budget is expected to reach approximately \$130 million in 2026. Longman emphasized that public works functions, such as streets, water, and sewer services, are not part of the general fund and are instead funded through utility fees. As a result, the financial challenges currently facing the general fund will not impact those services.

He then shared a financial outlook chart illustrating the growing gap between revenues and expenditures. While revenues have grown nominally, inflation has significantly eroded their purchasing power. In 2026, the city is facing a projected \$10 million deficit. Without action, this would require the city to draw heavily from its emergency reserves—a path considered unsustainable. Longman noted that the city had a balanced budget before COVID-19, but after the pandemic, increased demand for services and the infusion of temporary federal aid led to a sharp increase in spending. The challenge now is to realign the budget with current, inflation-adjusted revenue levels.

Longman walked through trends in the city's major tax revenues. Sales tax and B&O tax have remained essentially flat when adjusted for inflation. Property tax revenues have declined in real terms due to Washington's 1% annual cap on property tax increases, and utility tax revenues have also stagnated. Meanwhile, city expenses continue to rise, both nominally and in real terms, driven largely by labor costs.

In 2025, the city implemented a variety of short-term strategies to narrow the deficit, including reallocating sales tax revenue from the street fund to the general fund, redirecting surplus pension tax revenues, sweeping investment income into the general fund, and freezing or eliminating vacant positions. Longman said these moves helped reduce the 2025 deficit, but most of the "low-hanging fruit" has now been used. The city also moved from a biennial to an annual budget process to improve fiscal responsiveness.

For 2026, the city is proposing a new 0.1% sales tax for criminal justice, which would raise approximately \$3.9 million of new revenue. This would cover a portion of the \$10 million deficit, but the remainder will need to be addressed through service reductions. Longman explained that the cuts will be strategic rather than across-the-board, but every department—including police and fire—will see some

City of Bellingham Budget Planning Process + Proposed Increase in Sales Tax (cont'd)

City of Bellingham Deputy Administrator Forrest Longman

reductions. The goal is to stabilize the general fund for 2026 while continuing to work on a longer-term solution to the structural imbalance between revenues and costs.

Longman acknowledged that the city will likely need to explore additional revenue options in the future. A public safety strategic plan is currently underway to identify long-term needs and funding strategies for those services. The proposed budget will be submitted to the City Council at the end of September, with final adoption expected by the end of the year. However, the timeline for the proposed sales tax is more urgent—the city must submit it to the Department of Revenue by October 17 for it to take effect in January 2026.

During the discussion that followed, Mayor Kim Lund noted that in addition to the revenue strategies employed in 2025, the city also implemented 6% reductions across departments—excluding public safety at the time. The 2026 budget, however, includes reductions in all departments, including police and fire. She also highlighted the challenge of managing labor costs, particularly for police and fire, which make up the majority of the city's \$6 million in negotiated salary and benefit increases for 2026. Other participants raised concerns about the long-term tax base impacts of public land acquisitions, such as waterfront properties or conservation areas, which remove land from the tax rolls. Longman acknowledged that while these purchases do reduce the taxable property base, many involve low-value, undeveloped land and thus have limited impact on revenue. City of Bellingham Councilmember Michael Lilliquist added that under Washington's budget-based property tax system, removing land from the tax rolls doesn't reduce city revenue, but rather shifts the tax burden to remaining taxpayers.

The presentation concluded with a discussion of federal COVID relief spending, which was mostly used for one-time community grants and low-income housing, not ongoing programs. However, Longman emphasized that during this period, the city experienced a substantial increase in demand for services, which led to ongoing staffing increases that now must be supported by regular revenue sources. Mayor Lund closed by noting that Bellingham was among the first three cities in Washington to apply for the new public safety sales tax eligibility, a process made possible by the police department's prior accreditation work. She commended the department's leadership in moving that forward quickly and responsibly.

Whatcom County Sales Tax Collections + Budget Sheets

Whatcom County Deputy Executive Aly Pennucci + Whatcom County Finance Director Randy Rydel

Deputy Executive Aly Pennucci, joined by Whatcom County Finance Director Randy Rydel, began the county's budget presentation by aligning with themes previously presented by the City of Bellingham. She noted that many of the challenges described by the city were mirrored at the county level—and indeed across many jurisdictions in Washington state.

Whatcom County Sales Tax Collections + Budget Sheets (cont'd)

Whatcom County Deputy Executive Aly Pennucci + Whatcom County Finance Director Randy Rydel

The county's current budget approach is focused on three guiding principles: prioritizing core services, working toward structural budget stability, and improving transparency around how public funds are spent. Pennucci emphasized that the process is still evolving, describing it as "building the bike while riding it." The long-term goal is to make the county more economically resilient while helping the public better understand where their tax dollars go and the impacts of those investments.

Randy Rydel then provided a detailed overview of sales tax revenue trends. Adjusting for inflation, Rydel explained that the county experienced relatively stable sales tax growth before COVID-19, followed by a spike in revenues due to pent-up consumer demand and the injection of federal stimulus dollars during the pandemic. However, by mid-2023, this trend began to reverse. The decline in revenues signaled the tapering of pandemic-era stimulus and a shift toward more conservative consumer spending.

Sales tax collections for 2025, based on data to date, are underperforming compared to 2024. Rydel projected only a modest increase of around \$66,000 for the full year, assuming strong fourth-quarter spending. Without that seasonal boost, revenues could flatten further. He emphasized that sales tax, while sensitive to inflation and consumer behavior, is only part of the larger revenue picture. Property tax revenue presents a deeper structural challenge. Rydel presented a graph showing that, despite nominal increases in collections—most notably a jump to \$36 million in 2025 following the use of banked capacity—the purchasing power of property tax revenue has declined significantly in recent years. When adjusted for inflation, the county's general fund has effectively lost millions in buying power since 2011. Meanwhile, demand for services has continued to grow, often due to state and federal mandates that are not accompanied by corresponding funding.

Pennucci explained that the county is in the second year of a biennial budget, and while the adopted 2025–2026 budget appears structurally balanced at a high level, many unforeseen cost increases have emerged—particularly related to labor contracts, jail health services, and other inflationary pressures. Unlike the City of Bellingham, nearly all of Whatcom County's labor contracts remain open going into 2026, meaning cost-of-living adjustments (COLAs) are not yet known, further complicating financial planning.

To address the growing gap, county leaders have implemented a series of one-time measures, such as taking advantage of lower-than-expected retirement rates, but they acknowledged these are short-term solutions. Looking ahead, Pennucci estimated that the county faces a general fund structural deficit of approximately \$1 million without additional revenue or further cuts. County staff are beginning to explore a potential new sales tax proposal, which could be considered by the County Council later in the year, with a possible implementation timeline extending into late 2026 or 2027. In response to questions from the audience, Pennucci and Rydel addressed specific concerns around local tax policy and budgeting tools. One highlight was the county's new department-level budget summary sheets, developed as part of a broader effort to clarify service priorities. Departments were

Whatcom County Sales Tax Collections + Budget Sheets (cont'd)

Whatcom County Deputy Executive Aly Pennucci + Whatcom County Finance Director Randy Rydel

asked to categorize services as either mandatory (required by law), discretionary (guided by county policy), or optional (good to have but not required). These sheets also include reduction scenarios to show the impact of budget cuts, helping decision-makers weigh tradeoffs. The goal is to use these tools to inform planning for the next biennium.

Pennucci stressed that most county services are essential, and reductions come with real impacts. For example, cuts to road funding have already forced reductions in the capital program, and deferred maintenance will increase long-term costs. Similarly, reducing mental health services has cascading effects on public safety. She encouraged stakeholders reviewing the budget sheets to consider which investments have the greatest return for the business community, and which service reductions would be most damaging.

Executive Satpal Sidhu added broader context, stating that this was the first time the county had completed such a comprehensive inventory of services. The exercise forced departments, councilmembers, and the public to grapple with the question: what is local government really required to provide? He framed this in historical terms, noting that the local government funding model—based primarily on sales and property tax—has remained essentially unchanged for more than 150 years, even as service demands have expanded dramatically. In his view, the current system is outdated and places disproportionate pressure on lower-income residents while failing to keep up with the demands placed on local government.

Several attendees raised concerns about specific tax policy issues. Business leader Ryan Allsop questioned whether the state's new B&O tax increases and digital advertising tax revenues were being equitably shared with counties and cities. Pennucci responded that these revenues would flow through to local jurisdictions, but the impact remains unclear due to the broader noise in sales tax data. Allsop also raised the issue of Canadian shopper traffic and property ownership, suggesting that the county should treat revenue from these sources as supplemental, not foundational. CJ Seitz responded that Canadian traffic has been tracked and is currently estimated to be down approximately 32% compared to pre-COVID levels. A study in partnership with the Port of Bellingham and Center for Economic Business Research is currently underway to better understand this dynamic.

Other audience members, including Sarah Rothenbuhler and Pete Dawson, raised concerns about the cost of water adjudication—estimated at \$1.9 million in unbudgeted expenses for 2026—and questioned whether the burden for such state-mandated initiatives should fall on local governments. Pennucci agreed and affirmed the county's efforts to advocate for state-level support.

There was also discussion about housing affordability and regulatory burdens. Dawson pointed to Whatcom County's adoption of project labor agreements (PLAs) as an example of policies that can increase housing development costs by as much as 30%. He contrasted the cost of affordable housing development under public regulations—estimated at \$460,000 per unit—with what the private sector can achieve at closer to \$300,000. Several participants encouraged leaders to reevaluate what services are truly essential and prioritize those that deliver the highest value to the community.

Whatcom County Sales Tax Collections + Budget Sheets (cont'd)

Whatcom County Deputy Executive Aly Pennucci + Whatcom County Finance Director Randy Rydel

Mayor Kim Lund closed by emphasizing the gravity of the situation. She echoed that the City and County are now in a place where cuts are unavoidable. With revenue flatlining and costs rising, the only way forward is to realign government services to fit financial reality. While leaders are seeking community input, she acknowledged that making cuts is rarely popular and will ultimately require tough decisions. She urged stakeholders to participate constructively in shaping those choices. Whatcom County Councilmember Mark Stremmer added that while input is welcome, the reality is that few community members offer suggestions on what to cut—leaving the burden of those decisions with elected officials.

Public Comments

Guy Occhiogrosso stated, (In response to discussion regarding the City and County budgets) “Well, I . . . I’ll go quick. A, I’m part of the public. I’m not a voting member, so technically it’s public comment. But, with that said, I think this group’s perspective is valuable when looking at both the city and county. Going to make cuts - what are the services that the business community needs, relies on, values? Um, so almost, like, kind of this protection component, like – what are the things that can’t be cut I think is also a valuable dialogue as part of this. And I’m done. Thank you.”

Troy Lautenbach stated, “So I got an email today and I have to share it with the committee, and I think this is important. Birch Equipment’s fundraising event last week raised over \$360,000 for nonprofits; 2025 Birch Golf Classic is a wrap. Approximately \$367,000 is raised for key recovery services and life skills center, and a pilot program for Whatcom and Skagit Deotx. Over \$183,000 will be going to each organization.

One more thing. One more thing. I wasn’t done, sorry. And receiving the Whatcom Women in Business Community Legacy Award, our own Sarah. Congratulations, Sarah.”

Atul Deshmane stated, “I will wait until next time because you are running out of time, but have you all seen that SNL skit? Yeah, never get to speak at the end of it. So, again, I’ll wait till next time, because you’re running out of time, but I wanted to talk about adjudication. I’ll just leave you with one phrase., *If you’re not at the table, you’re on the menu.* So, in the last few weeks, I’ve spoken to several private owners who are not planning on trial, and I just encourage you to reach out to all your friends, maybe even not-so-distant friends, to, like, ask to show up because, um, the consequences of not. So, thank you.”

Peter Frazier stated, “Last time I was speaking to you, I was chair of the guest committee for the Jail and Behavioral Care Levy. Once we finished that campaign, I really started to realize the appetite for this community as far as bringing on things like greenways and the jail, and affordable housing and we have a large appetite for large civic projects and such. Thus, I started to turn my attention to housing and economic development. My great interest with the port, making sure that the port is, uh, doing the best job it possibly can with economic development because we need family wage jobs. And we need - as Tyler has shown us with a great report that he has – you know, he and his team have recently put out there for the Industrial Lands Study. What we need now is professional workforce housing and in your packet today is a comment letter, a sign-on letter that I would love for you to read. Spend just a few minutes today, if you could - read that and get back to me. I would love to have your signature, your organization’s signature here, especially if you are an employer, you’re accompanied signature on this because we’re moving forward with the Bellingham Plan without the consideration of the South Yew Street UGA or South Yew

Public Comments (cont'd)

Peter Frazier (cont'd) Street area being brought in to the UGA, which would unlock north Yew Street UGA and the largest undeveloped property in the City of Bellingham. And we cannot put this off for another ten years. Please read what I wrote and get back to me. The Planning Commission's going to be addressing these issues on Thursday."

Port of Bellingham Commissioner Ken Bell stated, "I just want to remind everybody that this committee recommended to the County Council a number of housing options a number of years ago that were summarily rejected by the county council. Part of this dialogue that is infuriating is that we make recommendations, and then they're not followed through. Now we're at a crisis point, and everybody's going to look back and say, 'I wish we'd followed those instructions.' Pete and company put a great deal of time into those, made a very respectful presentation, but if we're going to have an input, we need to be listened to at the same time. So that's my comment."

He furthered, "Second thing is, I really reject the idea that we need to have all this presentation and not enough input. If we could pare down the agenda so that we could have more input - 80% of this meeting was presentation with very little input from the people around the table. If we could just have a couple of items and be able to discuss it as business people around the table, that would be helpful. But it seemed to me like we were being talked to with summarily innocuous comments. I don't mean innocuous, but relatively little time to comment and pass through, which seems unsatisfying to me. That's it, I'll be quick."

WCBCC Vice Chair Troy Lautenbach thanked Commissioner Bell for his feedback and stated that he agrees with the sentiment that the committee and attendees need to have more time to talk amongst each other, adding that the committee are "ideas people."

In the sake of time, Lautenbach announced a tabling of the subcommittee updates and offered instead to have those provided via email to the WCBCC email distribution group.

Adjourned: With no further business, the meeting was adjourned at 12:33 p.m