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WHATCOM COUNTY COUNCIL  
**Finance and Administrative Services Committee**

September 12, 2006

Committee Chair Sam Crawford called the meeting to order at 11:10 a.m. in the Council Chambers, 311 Grand Avenue, Bellingham, Washington.

Present:

L. Ward Nelson  
Carl Weimer

Absent:

None

Also Present:

Barbara Brenner  
Seth Fleetwood  
Dan McShane  
Laurie Caskey-Schreiber

**COMMITTEE DISCUSSION**

**1. DISCUSSION REGARDING THE LIFT TAX INCREMENT FINANCING PROPOSAL FOR REDEVELOPMENT OF BELLINGHAM'S WATERFRONT (AB2006-347)**

Malcolm Fleming, City of Bellingham Chief Administrative Officer, stated there is new legislation to allow financing of public improvements that are intended to promote economic development. Bellingham is one of three pilot projects in the State. It is focusing on the waterfront. The State can contribute up to \$1 million annually for up to 25 years, subject to the State receiving additional revenues and local matching funds from districts, which is the City, Port, and hopefully the County. The year 2007 is the beset year to calculate the base from which to determine increases in tax revenue occur in the redevelopment area. The program requires that the City submit an application to the Washington Community Economic Revitalization Team (WA-CERT), which it did. The proposal includes establishing a revenue development area boundary, a report on low income housing and jobs. They will conduct a public hearing on this issue.

Therese Holm, City of Bellingham, stated LIFT can only be used to pay for bond financing for eligible improvements in the revenue development area. The City will pay for these eligible capital projects. Revenues from LIFT will only pay a portion of the estimated cost. Eligible LIFT taxes include incremental excise or sales taxes over the amount collected in a base year, which will be 2007. They hope the State will award the City \$1 million per year. In addition to excise taxes, LIFT revenues include 75 percent of the property tax on new construction in the revenue development area. The County, City, and Port will continue to receive 25 percent of taxes on new construction, sales, and property taxes on the base amount established in 2007. They anticipate the 25 years to be 2009 through 2033. She submitted a summary of the estimate of the County contribution during that 25-year period (*on file*). She read from the handout of the estimated incremental increases in LIFT revenue from property tax and sales tax for the City, County, and Port of Bellingham. These estimates are based on the 75 percent of the new construction. The 25 percent is the amount the City would retain. The excise tax included in LIFT is the County's general portion only. The sales tax rate is .15 percent. Remove the State administrative fee, and the amount is .1485 percent. The amount of sales tax the County levies for special purposes will continue to accrue to the County.

1  
2 Nelson asked if the City doesn't receive additional taxes like the County. Holm  
3 stated the City has no special sales taxes. The .85 percent that comes to the City is all  
4 included in LIFT. It's all contributed to LIFT. No portion of their sales tax was voted to go  
5 for a particular purpose.  
6

7 Dewey Desler, Deputy Administrator, stated much of the County's special taxes are  
8 shared with the City.  
9

10 Holm stated the LIFT taxes don't include those special taxes. They will continue to  
11 come to the County as appropriate.  
12

13 She continued to read the handout.  
14

15 Caskey-Schreiber asked if the estimates are based on averages. She asked how the  
16 numbers were chosen. Holm submitted a handout of the Waterfront Development Economic  
17 Briefing to the public (*on file*). The Council is invited to attend the briefing. They will  
18 review the City's assumptions about development. The LIFT taxes were based on these  
19 assumptions. The total redevelopment site is 220 acres. She read the presentation on the  
20 City's development assumptions.  
21

22 Crawford asked if the project area shown on the map is the development area. Holm  
23 stated the 220-acre development district is bigger than the 86.5-acre development area.  
24

25 Nelson asked if the revenue development area is all the area where the tax benefit  
26 will come from. The 86 acres is where the benefit goes to. Holm stated it's not that simple.  
27 The revenue area is larger because the City cannot use any LIFT taxes on projects that are  
28 not within the revenue development area. They anticipated the possibility of needed  
29 bridges, roads, and stormwater infrastructure in the surrounding area. They wanted to  
30 draw the boundary large enough to include any potential infrastructure that they might  
31 need to use LIFT revenues for in the 25 years. Also, the actual tax and excise tax  
32 generated in the area during the first ten years would not be sufficient to earn the State's  
33 annual \$1 million contribution. They drew the boundary large enough to capture some of  
34 the sales tax on new construction and property tax on new construction in the surrounding  
35 area.  
36

37 Holm continued to read the presentation on City infrastructure costs, and the City  
38 sources of funds. This chart assumes the City utilities will pay the actual cost of developing  
39 the City utility infrastructure from user fees. The street operating revenues would play for  
40 capital projects in the area. She continued to read the presentation on economic outputs.  
41

42 Fleming read sections 2.1, 2.2, and 2.3 of the draft interlocal agreement (*on file*).  
43 Based on comments from Councilmember Caskey-Schreiber, make clearer that this would  
44 be done as part of the redevelopment master planning process. They would conduct the  
45 study of the transfer of development right (TDR) area based on the City incorporating into  
46 the development agreement for the New Whatcom area provisions for a TDR area. The  
47 concern was about making sure that happens.  
48

49 A question was about the specific public improvements that would be financed. That  
50 information is included in the communication he sent to the Council previously. Ms. Holm's  
51 presentation outlined the categories of improvements. There is a long list of projects  
52 totaling \$197 million.  
53

1 The regional benefits of waterfront development are listed in the eighth Whereas  
2 statement of the interlocal agreement. A number of the Council's questions were about the  
3 infrastructure projects that LIFT will be used for. There is a specific list in the packet. The  
4 County would not have any responsible for bonded indebtedness issued under LIFT. That's  
5 spelled out in the interlocal agreement.  
6

7 They would develop the waterfront area over a 25 year period of time, in a phased  
8 manner. If LIFT revenues aren't as high as projected, they can construct the phases to  
9 coincide with the revenues actually received. Ultimately, the bond review and rating  
10 agencies will determine whether or not there is sufficient likelihood to generate revenues to  
11 finance the bonds. They won't be able to sell bonds in the market if the City can't  
12 demonstrate that it can pay for the bond.  
13

14 If the County doesn't participate, the project will happen slower and at a smaller  
15 scale. Therefore, it won't generate as much revenue for the County and City. If there is  
16 \$14 million dollars less, they won't be able to finance as many projects. However, it won't  
17 stop the project completely.  
18

19 These are revenues generated within the revenue development area to provide  
20 financing for infrastructure in that area. The benefits of investing in that area will be felt  
21 throughout the county. If they invest revenues that are generated by properties in that  
22 area, they will expand the benefit area rather than taking resources from the rest of the  
23 county. They're using revenues from a small area to benefit the entire county.  
24

25 Fleetwood asked Mr. Fleming to elaborate on the benefits to the entire county.  
26 Fleming stated there would be more jobs for residents countywide. The mixed use  
27 development provides housing and employment opportunities in a way to reduce  
28 commuting. That would reduce traffic congestion and reduce the demand for consumption  
29 of additional agricultural land.  
30

31 Holm stated there will be constructed-related employment. She read the last page  
32 of her presentation on construction employment. During the middle stages of development,  
33 they forecast 460 construction-related jobs. Construction employment opportunity in the  
34 county will be significant.  
35

36 Fleming stated another benefit is showing that tax increment financing works in  
37 Washington State. Agencies and associations in the state have been pushing for tax  
38 increment financing for years as an economic development tool. It has been used  
39 successfully elsewhere to finance infrastructure that supports economic development. They  
40 expect at least \$800 million worth of private investment in this area over the same period of  
41 time.  
42

43 Holm stated a question was about the County's commitment if development doesn't  
44 occur as expected. The State will allow the County to tailor the interlocal agreement to  
45 something less than the total amount it could contribute under the LIFT legislation. The  
46 County could choose to limit the agreement in terms of the dollar amount or length of  
47 funding. In no case would the County's commitment be anything other than what is  
48 generated by development in the area. If that isn't the amount of actual tax generated,  
49 there is no commitment.  
50

51 Crawford stated hold this item in committee so administration can vet the estimates  
52 and prepare a recommendation.  
53

1           ***The committee concurred.***  
2

3           Caskey-Schreiber stated she's uncomfortable with the amount the County would  
4 contribute being open-ended. State a fixed amount and length of time. Include some kind  
5 of guarantee that this is the amount the County will spend to gain jobs and other measures.  
6 People will be anxious to participate in the redevelopment of this spot.  
7

8           Brenner stated benefits to the county were that it would provide jobs and reduce  
9 traffic congestion. However, people who live in the county will have to commute to this  
10 place to work in the new jobs. Fleming stated it will provide jobs in this area. As the  
11 economic analysis by Hart Hodges demonstrates, it will provide ancillary jobs in other areas.  
12 Some of the new jobs will be located near the new housing that will be part of the mixed  
13 use development.  
14

15           Brenner stated that would be city housing, not countywide. There may be more  
16 jobs, but people such as retirees would move in and take up the housing so traffic  
17 congestion would not be reduced. She needs more assurance about that benefit. Fleming  
18 stated a detailed traffic analysis would be part of the environmental impact statement.  
19

20           Weimer asked the competence factor in all the estimates at this time. Holms stated  
21 they needed to do some economic modeling on a plan. They won't have a final master plan  
22 until the City Planning Department completes it. Therefore, they are preparing the  
23 preliminary draft framework plan. The Port has done extensive analysis of its developable  
24 space. The City Planning Department has made estimates of the likely density and type of  
25 development they would occur. They've tried to balance what they've heard from the public  
26 about including parks, public access, and mixed uses. They know they need commercial  
27 activity. They have made reasonable estimates to come up with these assumptions. The  
28 actual development won't be exact, but this is a reasonable estimate.  
29

30           Weimer asked if there is any chance of changing the shape or size of the  
31 redevelopment area. They've included areas like Old Town and State Street that are  
32 already developing quickly. They will be giving away money they were going to get  
33 anyway. He asked why the County would do that. Fleming stated they drew the revenue  
34 development area with the best balance of appreciation and property that is likely to happen  
35 and the number of projects that will be financed in that area. The boundaries include some  
36 things like a traffic circle on Oak Street that will be a significant access point into the site.  
37 There are significant infrastructure components that will occur in that area. They are having  
38 a public hearing on the revenue development area boundaries. He would appreciate specific  
39 suggestions for changes.  
40

41           Holm stated the first five or ten years of development of the waterfront will not  
42 realistically generate much in the form of property tax from new construction. They will  
43 really rely on sales tax in the surrounding area. Environmental cleanup, demolition, and  
44 City infrastructure will take up a lot of time. Actual new construction on the site will not  
45 happen the first ten years.  
46

47           Weimer stated it looks like they are asking the County to be a \$14 million partner in  
48 the redevelopment of this area. However, the County has no say in how the redevelopment  
49 happens. They don't even know what it will look like. He has some concerns about some of  
50 the suggestions he's heard about the redevelopment. He asked if there is anyway in the  
51 interlocal agreement the County could be included in the decision-making process for  
52 determining what the redevelopment will look like. Fleming stated he invited Dewey Desler

1 to the weekly meetings where they discuss the details of the proposed framework plan and  
2 the master plan. The County may participate in the meetings.  
3

4 Holm stated some of that information will be available on September 26 at the public  
5 meeting.  
6

7 Crawford asked if there would be effects from the Healthy Bay initiative if it passes  
8 on the ballot. Fleming stated the Department of Ecology (DOE) will determine the cleanup  
9 plan the Port has to follow. The provisions of the initiative would require the City to  
10 advocate for a certain plan, but the DOE ultimately determines the outcome. The initiative  
11 wouldn't materially affect the DOE decision.  
12

13 Crawford asked if it would take longer with more cost if they need to do the highest  
14 level of clean up according to Healthy Bay. He asked if that would be an impact to this  
15 infrastructure installation. Fleming stated it would have an impact on the development  
16 agreement between the City and Port. The phasing may be done differently.  
17

18 *(Clerk's Note: End of tape one, side A.)*  
19

20 Fleming continued to state that it would delay construction projects and ultimate  
21 redevelopment. It just delays things. The LIFT is only valid for 25 years. If it is delayed  
22 too long, they wouldn't get the monies they anticipate.  
23

24 Nelson stated the County agrees that it won't take any action to reduce tax revenues  
25 as long as the bonds are outstanding under the agreement where the County participates a  
26 taxing district. He asked what this actually means in terms of what the County can do with  
27 sales and property taxes. Fleming stated once they issue bonds that identify a particular  
28 source of revenue, they are committing that revenue. The County is not on the hook if the  
29 revenue doesn't materialize.  
30

31 Nelson asked if restricting the sales or property tax is the normal case with bonding  
32 practices. He believed the normal bonding practice does not include restricting what the  
33 County does with the taxes, as long as the County pays the bond. Desler stated there has  
34 been no legal analysis of this agreement by County staff at this point. The administration  
35 would have to go through that process. That question is an issue.  
36

37 Nelson stated this would prohibit the future Council to reduce any taxes for the next  
38 25 years. He asked what it means if either the City or County may act as a lead entity to  
39 further the agreement. Fleming stated that if they are entering into contracts with the  
40 State to apply and receive the LIFT contributions, they would administer those contracts to  
41 make sure the funds will pay off the debts for infrastructure in this area, and not for any  
42 other purpose. That is the primary restriction on the use of revenue.  
43

44 Nelson asked who is designated to enter into these contracts, and how that's  
45 designated. Fleming stated the City enters into the agreement under the LIFT provisions in  
46 the Revised Code of Washington (RCW). They've identified the boundaries of the revenue  
47 development area, the infrastructure that will be constructed, and they will issue bonds to  
48 finance that infrastructure. The administration is collecting the revenue to pay off the debt  
49 service.  
50

51 Nelson asked if the administration refers to the City. Fleming stated the County will  
52 be involved. The County Treasurer and Assessor will collect the revenue and distribute the  
53 revenue to the City.

1  
2 Holm stated the City is the lead in terms of dealing with the board to apply for LIFT  
3 and meet all the administrative provisions. The County's obligation is to segregate and  
4 remit the amount of LIFT taxes. They can get further clarification from the attorneys who  
5 drafted the agreement. Those technical questions are best answered by their legal staffs.  
6

7 Nelson asked if there is anything that precludes the revenue development area from  
8 being in an area not contiguous. Holm stated the State legislation requires the revenue  
9 development area to be contiguous, and not purposely exclude any area.  
10

11 Nelson asked if only one area is allowed. Holm stated one area is allowed per  
12 county, but people are pursuing a change to that legislation.  
13

14 McShane asked if the area is large enough to achieve the full match from the State,  
15 whether or not the County participates. Holm stated it is not, for the first seven years. If  
16 there is County and Port participation, the City must make up an additional \$2.4 million  
17 over the first seven of the 25 years.  
18

19 McShane asked if the square footages in the assumptions are based on a certain  
20 number of building stories, and not on acreage. He asked if the assumptions assumes  
21 multi-story construction. Holm stated it does. More information will be given at the  
22 meeting on September 26. The 5.9 million square feet is based on a floor to area ratio of  
23 1.6, which is about the density of the Historic Fairhaven District.  
24

25 McShane stated one-quarter of the City real estate excise tax (REET) will go into this  
26 area. He asked what portion of the City's stormwater fund will be used. Holm stated the  
27 water and sewer fund net operating revenues is just about sufficient to cover those costs.  
28 In theory, they would reinvest any net operating revenue from the utility funds to pay for  
29 the infrastructure. The storm fund generates about \$3 million over 25 years. They would  
30 have to find funding from existing stormwater revenues or dedicate other sources.  
31

32 McShane stated the County is just completing a major stormwater project in  
33 Bellingham's urban growth area. It cost about \$1.4 million. That was to provide  
34 stormwater infrastructure to the Bellingham urban growth area in Geneva, which will never  
35 be incorporated. The County tried to get State money. He understood that the City  
36 undermined that effort of the County. Fleming stated he's heard that story. He's checked  
37 the City's sources, and found that is categorically false. Dick McKinley said he will  
38 personally go to Olympia and do whatever the County wants to lobby for that stormwater  
39 investment if the County wants to participate in LIFT. Dick Little, Dick McKinley, and Mayor  
40 Asmundson have all denied that the City has done anything to undermine the County's  
41 proposal.  
42

43 McShane stated that when he asked for a letter of support from the City Council, the  
44 City's Public Works Director argued against it. He is concerned about that. Regardless, the  
45 County has significant and expensive stormwater issues within the Bellingham urban growth  
46 area. He is concerned about funneling that much money being funneled into this LIFT area  
47 when there is a significant Lake Whatcom watershed problem that the County is struggling  
48 to address. The County really doesn't have the financial resources to address them. There  
49 are opportunities that the County could explore in the future that are very different from the  
50 current stormwater structure. He would like to know if that can be worked out. Create a  
51 stormwater sub-district as part of the flood district to provide funding in the watershed. It  
52 would have an impact on this effort.  
53

1 The bulk of this investment will go to properties currently owned by the Port of  
2 Bellingham. The Port will eventually sell those properties. The value of those properties will  
3 go up significantly. He asked what happens to the increased value of the land, and if any of  
4 that money will be reinvested. Fleming stated that will influence the City and Port  
5 development agreement. They've talked about the possibility of having triggering points  
6 dependent upon the value of the land sold. They've talked about phasing the project so  
7 revenues generated would bridge that gap. They've talked about only funding certain  
8 projects if they get certain revenues. There are perception issues about the value of the  
9 land. He asked the Port to provide the City with more information on current and projected  
10 appraised land values. The Port has done two appraisals on the waterfront in the last two  
11 years. One had waterfront property valued at \$25 to \$30 per square foot, with assumptions  
12 based on a higher land use zoning. The more recent appraisal had a value of \$18.50 per  
13 square foot for mixed use, commercial, fully serviced land. Both appraisals were for land  
14 fronting on the water. However, most of the land in New Whatcom is not waterfront. It is  
15 upland some distance from the water. They are hoping they will get enough to cover the  
16 cost of cleanup and the City cost of infrastructure.

17  
18 Holm stated the Port is an entity of Whatcom County whose primary mission is  
19 economic development. Any funds generated are reinvested in Whatcom County's overall  
20 economic development.

21  
22 McShane stated there is a City and Port agreement that this land will remain  
23 industrial for 25 years if this isn't done. Also as part of the interlocal agreement, the City  
24 would support alternative K of the cleanup. The environmental impact statement has not  
25 been done. He asked the cost estimate for alternative K. Fleming stated the estimate is  
26 about \$44 million for the lagoon and the waterway.

27  
28 McShane stated the proposed cleanup that is the current preference is estimated to  
29 cost \$23 million, and it is a more thorough cleanup. That is alternative J. There could be  
30 some influence on the cost if that alternative is selected. He asked what they've heard  
31 about Georgia-Pacific remaining operational on the site. Fleming stated Georgia-Pacific  
32 currently has a lease through June 2008 for the mill site. That lease is subject to  
33 renegotiation for extension.

34  
35 McShane asked if they anticipate Georgia-Pacific will have to come up with a new  
36 location for its wastewater if it wants to continue using the site. Fleming stated what  
37 happens to the site access, wastewater, and how it will get its power are issues of  
38 consideration. The Port is working with Georgia-Pacific to determine whether the lease will  
39 be extended.

40  
41 McShane asked the number of people who work at Georgia-Pacific now. Holm stated  
42 there are about 250 to 300 employees now.

43  
44 McShane asked how the City visualizes the tissue plant. Holm stated no one knows  
45 what will happen for sure. They assume it is there in ten years, and is not there in 20  
46 years.

47  
48 McShane stated they will have to have a wastewater facility of at least eight acres if  
49 the plant remains and a marina is developed. He hasn't seen any discussion of that. One of  
50 his biggest concerns is that they really don't know what is going to happen on that site at  
51 this time. The County is being asked to fund something when they don't really know what  
52 will happen with that site. He questions how cooperative the railway will be with moving

1 the rail line. He asked if the power plant will remain operating or moved. Fleming stated  
2 the assumption is that the power plant will remain.  
3

4 Crawford asked the timeframe. Fleming stated public hearing on the LIFT ordinance  
5 is on September 18. There is a public briefing on the waterfront development project on  
6 September 26 at noon at the Mt. Baker Theater. They hope to have a joint meeting with  
7 the City, County, and Port on October 9 during the day to consider the draft interlocal  
8 agreement. Action on the LIFT ordinance by the City Council is scheduled for October 16  
9 and October 23. They want to deliver it to the State by the State deadline of October 30.  
10

11 Crawford asked when the County administration will have a recommendation. Desler  
12 stated the County administration is right in the midst of the budget process right now. The  
13 budget process is a higher priority than this.  
14

15 He's not prepared to recommend the City's proposal. This is a good project for the  
16 waterfront, but it may not work for the County. Prior to the LIFT legislation, they could  
17 have done this now. The County could pass money to the City to support the infrastructure  
18 development costs. This is a requested commitment for 25 years from the general fund,  
19 which has many demands on it already. The Council's options are to decline to participate,  
20 enter into the agreement as proposed, enter into a variation of the agreement, or look at  
21 another revenue source that will assist with this project. The City originally approached the  
22 County with this project in May. This project must compete with a number of other core  
23 priorities of the County, including protecting Lake Whatcom. The general fund could be  
24 used to support that effort. Also, there are significant costs to the criminal justice system  
25 that must come from the general fund. The County has two taxing sources, the property  
26 tax and the sales tax, that go into the general fund. The City has four taxing sources that  
27 include property, sales, business and occupation (B&O), and the utility tax. The attractive  
28 element to the project is to help the City generate the \$1 million match from the State. The  
29 State would commit 16 percent. The County could commit 16 percent of the revenue of this  
30 project to help the City, which would be about \$3.2 million over 25 years. The County may  
31 be able to use the rural sales tax funding. The County bond for the \$3.2 million and provide  
32 it to the City to match the State funding. The County could help with the economic  
33 development in public infrastructure costs, which is a core function of the Economic  
34 Development Investment (EDI) fund. The City could prepare an application to the EDI  
35 Board. Doing all that doesn't preclude future County Councils from doing similar things to  
36 assist the City. The key is to help the City over the hump the first few years in generating  
37 the match. That doesn't require the County to commit the funding source for 25 years.  
38

39 Caskey-Schreiber asked if the Blaine Boardwalk went through the EDI Board. Desler  
40 stated the County provided a two-third loan/one-third match.  
41

42 Crawford stated he will schedule this again at the Finance Committee and full Council  
43 to hear the administration's recommendation.  
44  
45

46 **COMMITTEE DISCUSSION AND RECOMMENDATION TO COUNCIL**  
47

48 **1. ORDINANCE AMENDING THE 2006 WHATCOM COUNTY BUDGET, ELEVENTH**  
49 **REQUEST (AB2006-319)**  
50

51 Dewey Desler, Deputy Administrator, stated this is for Lake Whatcom monitoring an  
52 analysis. An interlocal agreement with the City and Water District 10 would be drafted. The  
53 general fund would be used to pay for it.

1  
2 **Nelson moved** to recommend approval to the full Council. He asked if the objective  
3 is to look at phosphate loading sources. He asked how the design of the program was done.  
4

5 Sue Blake, Public Works Department, stated looking at phosphate loading sources is  
6 the objective. She's been working on this for a year. Last year, they did some simple  
7 sampling. They are working with consultants to craft the five pieces of this program. The  
8 first piece is the stormwater sampling exercise. It focuses on phosphorus. They've found  
9 that previous studies didn't get enough storms to adequately characterize phosphorus  
10 coming in from storms. The second piece is illicit discharge component to support  
11 mandatory stormwater requirements. They will try to identify the phosphorus loading hot  
12 spots and corrective actions. The third piece is a continuation of ambient grab-sampling  
13 monitoring. They may find, through the stormwater part and the fifth step, which is the  
14 surrogate, that the grab-sampling approach isn't the most cost-effective to understand the  
15 system. However, they will keep going with it because that's what they've done  
16 traditionally. The fourth piece is getting the models within the next year. They may need  
17 staff support to understand the results. They are trying to figure out where to get the best  
18 benefit for the amount spent.  
19

20 Nelson asked the timeframe. Blake stated each step has a separate and specific  
21 timeframe.  
22

23 Caskey-Schreiber asked if this is duplicative of what the State Department of Ecology  
24 (DOE) is doing with its total maximum daily load (TMDL) study. Blake stated it is not. At  
25 this point, the DOE stopped sample collections. Discussions with DOE pushed the emphasis  
26 on storm-event sampling. They will have to build waste load allocations with a greater  
27 degree of uncertainty, which means more significant management implications. The DOE  
28 was contacted when the question of storm sampling came up. The DOE encouraged them  
29 to get that information. The scope of work is coming to the Council. Link the data to DOE  
30 and see how it affects their modeling exercise.  
31

32 Bruce Roll, Public Works Department, stated the TMDL is not funded for  
33 implementation, and implementation is not required. Keep in mind that what they do needs  
34 to fit into the context of stormwater management in the entire watershed. It is one  
35 element. The TMDL is more focused and regulatory. This program is looking at built and  
36 un-built worlds and other elements of the comprehensive surface water and stormwater  
37 management. They are different. It won't provide funding or create a framework to meet  
38 all the needs created by a comprehensive stormwater plan.  
39

40 **Motion carried unanimously.**  
41  
42

43 **2. ORDINANCE AMENDING THE 2006 WHATCOM COUNTY BUDGET, TWELFTH**  
44 **REQUEST (AB2006-334)**  
45

46 Dewey Desler, Deputy Administrator, stated this item has to do with a grant the  
47 County received.  
48

49 **Crawford moved** to recommend approval to the full Council.  
50

51 Nelson asked if this is an effort by Homeland Security to train the Sheriff's Office on  
52 terrorism.  
53

1 Don Boyd, Emergency Management Division, stated it is the law enforcement  
2 terrorism prevention program. It ranges from \$5,000 to \$8,000 for the smaller  
3 jurisdictions.  
4

5 *(Clerk's Note: End of tape one, side B.)*  
6

7 Nelson asked how much training this buys. Boyd stated the training is generally  
8 applied to the Homeland Security Grant program. Training funds are taken from that  
9 program. This is primarily for equipment, such as radios, computers, and laptops. It  
10 assists all agencies in the county to improve their capability of doing records searches in  
11 prisoner safety on the scene.  
12

13 Nelson asked if all radios must communicate with each jurisdiction. Boyd stated  
14 there is a requirement to be P25 capable, which means interoperability.  
15

16 Nelson asked if all jurisdictions will have radio communication. Boyd stated it will  
17 enhance all jurisdictions' radio communications. They are still working on solving the big  
18 pieces to get State, local, and federal agencies to communicate.  
19

20 ***Motion carried unanimously.***  
21

22  
23 **COUNCIL "CONSENT AGENDA" ITEM**  
24

- 25 **1. REQUEST AUTHORIZATION FOR THE EXECUTIVE TO AWARD BID #06-92 TO**  
26 **SOLE BIDDER, SCHOLTEN ROOFING, INC., FOR ROOF REPAIRS AT THE**  
27 **BELLINGHAM SENIOR CENTER, IN THE AMOUNT OF \$135,185.64 (AB2006-**  
28 **336)**  
29

30 ***Nelson moved*** to recommend approval to the full Council.  
31

32 Weimer asked if they attempted to get a second bid.  
33

34 Brad Bennett, Finance Division Manager, stated they usually try to do a reasonable  
35 list test. If they need to, they will go out again.  
36

37 Mike McFarlane, Parks and Recreation Department Director, stated they tried to get  
38 other bidders, but it wasn't feasible because of the work schedule. Other bidders weren't  
39 available.  
40

41 Caskey-Schreiber asked why they chose to use real estate excise tax (REET) I funds  
42 and not REET II funds.  
43

44 Dewey Desler, Deputy Administrator, stated REET I is the only funding source  
45 available to use this project. Technically, the senior activity center roof is not a park. Parks  
46 and roads are what can be funded by REET II.  
47

48 Caskey-Schreiber asked if they are sure they can't use REET II funds if it's owned by  
49 the Parks Department. Desler stated he is sure. They tested that option. It is the view of  
50 legal counsel.  
51

52 ***Motion carried unanimously.***  
53

1 2. REQUEST APPROVAL TO PURCHASE BUNKS FOR THE NEW JAIL WORK  
2 CENTER FROM WASHINGTON STATE CORRECTIONAL INDUSTRIES IN THE  
3 AMOUNT OF \$51,713.30 (AB2006-337)  
4

5 *Weimer moved* to recommend approval to the full Council.  
6

7 *Motion carried unanimously.*  
8

9 3. RESOLUTION AMENDING COUNTY ROAD PROJECT NO. 901001 TO INCLUDE  
10 THE CONSTRUCTION OF THE MARINE DRIVE CULVERT REHABILITATION  
11 LOCUST AVENUE VICINITY, AND REQUEST AUTHORIZATION FOR THE  
12 EXECUTIVE TO ENTER INTO A CONTRACT BETWEEN WHATCOM COUNTY AND  
13 LOW BIDDER, AWARD CONSTRUCTION, INC., FOR THIS WORK, IN THE  
14 AMOUNT OF \$89,350 (AB2006-330A)  
15

16 *Nelson moved* to recommend approval to the full Council.  
17

18 *Motion carried unanimously.*  
19

20 4. REQUEST AUTHORIZATION FOR THE EXECUTIVE TO ENTER INTO A  
21 CONTRACT BETWEEN WHATCOM COUNTY AND HOME PORT LEARNING  
22 CENTER TO PROVIDE ALTERNATIVE EDUCATION TO YOUTH ACTIVELY  
23 INVOLVED IN THE WHATCOM COUNTY JUVENILE COURT'S SUPERVISION, IN  
24 AN AMOUNT NOT TO EXCEED \$72,000 (AB2006-338)  
25

26 *Crawford moved* to recommend approval to the full Council.  
27

28 *Motion carried unanimously.*  
29

30 5. REQUEST AUTHORIZATION FOR THE EXECUTIVE TO ENTER INTO A  
31 FINANCIAL ASSISTANCE AGREEMENT BETWEEN WHATCOM COUNTY AND  
32 THE CITY OF BELLINGHAM, PROVIDING FUNDING FOR OUTREACH TO  
33 HOMELESS INDIVIDUALS WITH CO-OCCURRING MENTAL HEALTH AND  
34 SUBSTANCE ABUSE DISORDERS, IN THE AMOUNT OF \$24,899 (REVENUE)  
35 WITH MATCHING FUNDS OF \$9,065 (AB2006-339)  
36

37 *Nelson moved* to recommend approval to the full Council.  
38

39 *Motion carried unanimously.*  
40

41 6. REQUEST AUTHORIZATION FOR THE EXECUTIVE TO ENTER INTO  
42 INTERLOCAL AMENDMENT #6 BETWEEN WHATCOM COUNTY AND THE CITY  
43 OF FERNDALE FOR THE ANNEXATION OF 6.6 ACRES GENERALLY LOCATED  
44 WEST OF CHURCH ROAD AND NORTH OF THORNTON ROAD WITHIN THE  
45 FERNDALE URBAN GROWTH AREA (CHURCH ROAD ANNEXATION) (AB2006-  
46 340)  
47

48 *Nelson moved* to recommend approval to the full Council.  
49

50 Hal Hart, Planning and Development Services Director, stated the purpose is to  
51 enable the Ferndale School District to create a new school.  
52

53 Crawford stated he will recuse himself from the discussion and vote.

1  
2 ***Motion carried 2-0-1 with Crawford abstaining.***  
3

- 4 **7. REQUEST AUTHORIZATION FOR THE EXECUTIVE TO ENTER INTO CONTRACT**  
5 **AMENDMENT NO. 1 BETWEEN WHATCOM COUNTY AND WILSON**  
6 **ENGINEERING, LLC, PROVIDING FOR AN INCREASE IN PROJECT SCOPE**  
7 **INCLUDING CONSTRUCTION, OBSERVATION AND INSPECTION SERVICES OF**  
8 **THE GENEVA STORMWATER RETROFIT PROJECT, AS WELL AS ADDITIONAL**  
9 **DESIGN SERVICES AND PROFESSIONAL TIME IN ADDRESSING CONCERNS**  
10 **OF PROPERTY OWNERS, IN THE AMOUNT OF \$47,545 (AB2006-341)**  
11

12 Crawford asked if the reason for this is because the community reacted, and they're  
13 charging the County more money.  
14

15 Kirk Christensen, Public Works Department, stated they thought they had in-house  
16 inspection services available, but ended up having to get a consultant to do inspection. A  
17 little bit of time is for the Wall Street work.  
18

19 ***Weimer moved*** to recommend approval to the full Council.  
20

21 McShane asked if the Wall Street project is suspended this year. Christensen stated  
22 it is. They are researching the issue and figuring out their best approach.  
23

24 McShane asked why Wall Street is being discussed and thought about at this point.  
25 Christensen stated the community came in and the Council tabled the work on Wall Street.  
26 Staff will come up with a recommendation for the Council. The staff has had a couple of  
27 meetings with the property owners.  
28

29 Crawford asked if the extra money is for that extra discussion. Christensen stated  
30 the majority of the money is for inspection services.  
31

32 McShane asked if the funding is for further design work. Christensen stated it is to  
33 look at what the design options are. They are leaning toward the recommendation to not  
34 put in swales.  
35

36 McShane stated he went to Wall Street. He thought they would end up taking out  
37 peoples' parking spaces. Christensen stated that is the residents' main issue. Also, they've  
38 had drainage problems in the past.  
39

40 McShane stated their real issue is the parking. Christensen stated it is.  
41

42 ***Motion carried unanimously.***  
43

- 44 **8. REQUEST AUTHORIZATION FOR THE ADOPTION OF A RESOLUTION**  
45 **AUTHORIZING THE WHATCOM COUNTY FLOOD CONTROL ZONE DISTRICT TO**  
46 **JOIN AS A MEMBER IN THE WASHINGTON GOVERNMENTAL ENTITY POOL**  
47 **AND AUTHORIZATION FOR THE EXECUTIVE TO ENTER INTO AN INTERLOCAL**  
48 **GOVERNMENTAL CONTRACT IN THE AMOUNT OF \$2,300 FOR THE PURPOSE**  
49 **OF PROVIDING LIABILITY AND PROPERTY INSURANCE FOR THE DISTRICT**  
50 **(AB2006-342)**  
51

52 ***Crawford moved*** to recommend approval to the full Flood Control Zone District  
53 Board of Supervisors.

1  
2 Caskey-Schreiber asked what this is for.  
3

4 Dewey Desler, stated it covers comprehensive general liability. (Inaudible.) The  
5 Auditor recommends it. It is part of the general umbrella policy. Because it is a technically  
6 separate entity, they said the County must obtain a separate insurance to handle that  
7 effort.  
8

9 Paula Cooper, River and Flood Division Manager, stated the policy specifically does  
10 not cover flood liability.  
11

12 ***Motion carried unanimously.***  
13

14 **9. RESOLUTION TO ELECT EXPENDITURES OF NATIONAL FOREST RELATED**  
15 **SAFETY-NET PAYMENTS UNDER P.L. 106-393 (AB2006-343)**  
16

17 ***Nelson moved*** to recommend approval to the full Council.  
18

19 ***Motion carried unanimously.***  
20

21 **10. REQUEST APPROVAL OF THE PROPOSED BY-LAWS REVISIONS**  
22 **RECOMMENDED BY THE WHATCOM COUNTY FLOOD CONTROL ZONE**  
23 **DISTRICT ADVISORY COMMITTEE (AB2006-344) (COUNCIL ACTING AS THE**  
24 **FCZDBS)**  
25

26 ***Crawford moved*** to recommend approval to the full Council.  
27

28 Caskey-Schreiber stated she is concerned that the committee is changing what  
29 constitutes a quorum. They're changing their approval number to a simple majority of the  
30 members present. She asked at what point a meeting is too small to conduct business.  
31 There could be three people making a lot of decisions.  
32

33 Paula Cooper, Public Works Department, stated there must be seven members of the  
34 full committee to conduct business. Official recommendations would still require a two-  
35 thirds majority of the members present. There are two purposes for these amendments.  
36 One purpose is to separate official recommendations from all other business. They make a  
37 lot of motions that aren't official recommendations.  
38

39 McShane stated he is concerned about the affirmative voting number. The Council  
40 wants to hear strong support for their recommendations. The affirmative vote number  
41 should be two-thirds of the entire advisory committee. The problem is that seven of the 13  
42 members could show up. When voting, an affirmative recommendation would be achieved  
43 by five affirmative votes. However, five members out of a 13-member committee is a  
44 minority. He's attended some of those meetings. Often there isn't a full committee in  
45 attendance, and votes are pushed to get something approved when the opposition isn't  
46 present. Cooper stated they can identify a specific number in section VII of the bylaws.  
47

48 McShane stated he would like affirmative votes to pass with a majority being nine  
49 members. Cooper stated that if seven members of the committee were in attendance, they  
50 could have a meeting but not make any official recommendations to the Board of  
51 Supervisors.  
52

1 Brenner stated that isn't democracy. This is a messy thing that happens. She would  
2 support a majority of the advisory committee. Cooper stated a majority of the 13 members  
3 would be seven members.

4  
5 Weimer stated there are 15 members.

6  
7 Brenner stated she wants it to be a majority of the members present.

8  
9 Crawford stated that would be four members.

10  
11 Caskey-Schreiber stated that's too small.

12  
13 Brenner stated that would make the opposition show up to the meetings.

14  
15 Weimer stated the bylaws shows membership at 15. Cooper stated two of the  
16 positions are reserved for the tribes, who have never attended. There is effectively 13  
17 members.

18  
19 Brenner asked the reason for the amendments. Cooper stated they needed to  
20 address the subcommittees section of the Open Public Meetings Act. This became an  
21 opportunity to also look at the bylaws to make sure they were working. The intent of this is  
22 to make it easier for the committee to conduct business. There are a lot of absences,  
23 especially during the summer. This is the recommendation of the committee.

24  
25 Crawford stated that the committee recommends that an affirmative vote be  
26 achieved with five members.

27  
28 **Weimer moved** to amend to "affirmative vote of eight (8) of the total members is  
29 required for official recommendation." Eight is a majority of the 15.

30  
31 Nelson stated support the original motion, as it was recommended by the advisory  
32 committee in order to function. Anything else is just made up numbers that really aren't  
33 defensible.

34  
35 Brenner stated she supports Councilmember Nelson, but it could allow four votes,  
36 which is not a majority, to approve something.

37  
38 Caskey-Schreiber stated that if there are 15 members, only one-third of the  
39 members could approve something if 4 or 5 members is an affirmative vote. Given the  
40 politics of this committee, there is a lot of divisiveness. She is leery of having a subgroup  
41 try to drive the agenda and get something through. It's a perception issue. It's not fair.

42  
43 McShane stated the County Council rules are that an affirmative vote be through a  
44 majority of the full Council, not a majority of the members present. This as proposed would  
45 allow a minority to have their opinion brought forward as advice to the Council.

46  
47 **Motion to amend failed 1-2 with Weimer in favor.**

48  
49 Brenner stated the language is not clear about voting to approve official  
50 recommendations to the Board of Supervisors and voting on regular business. Cooper  
51 stated the quorum of seven is required to have an official meeting. The language could be  
52 changed to clarify that. There has to be seven members to have a meeting. The number of  
53 affirmative votes required to approve a motion is yet to be decided.

1  
2 **Crawford moved** to amend section VII at the end of the first paragraph,  
3 "...constitutes a quorum for the conduct of a regular business meeting"  
4

5 **Motion to amend carried unanimously.**  
6

7 McShane stated don't bring this forward to the Council with a recommendation.  
8 There is a diverse membership now. He understands why the tribes don't show up.  
9

10 In addition, he has concerns about the members of the committee being only from  
11 areas that are impacted from floods, and not all areas of the county. Everyone in the  
12 county pays into the flood fund. The Council should discuss this further, given that the  
13 tribes will never participate. He is also concerned about diking district members who are  
14 voting on projects that affect their districts. Consider how these projects are funded. Think  
15 also about how projects are funded overall, compared to the diking districts. Because of a  
16 significant change in the majority of the County Council a few years ago, he didn't pay as  
17 much attention to it as he should have. Now he is starting to worry about it again. There  
18 should be discussion about how this committee operates and the 80/20 match. There is  
19 some concern of getting below the reserve amount. He is concerned about staff being  
20 taken off of issues that are of countywide significance to focus on smaller issues, which is a  
21 result of how the flood advisory committee is working and the Council's lack of connection  
22 unless something comes forward that is really controversial.  
23

24 Nelson stated councilmembers and the administration have worked on this. Look at  
25 how the funding is used. There is a scope broader than flooding, which includes things like  
26 stormwater management and water quality. He agrees that this model is becoming  
27 obsolete and the Council needs to discuss it at a future time.  
28

29 Bruce Roll, Public Works Department, stated there are new subzones. Staff has tried  
30 to clearly describe their purposes and what their monies are intended for. As the Council  
31 considers future assessments and funds, think carefully about the countywide zone and its  
32 purpose. The Council was clear about the intent of the portion of flood funds that went to  
33 the water resource fund. Some of that has been lost as new issues have come up. Work  
34 with the administration to redefine how the districts operate and their purposes.  
35

36 Weimer stated he agrees with Dr. Roll. He likes the idea of looking at it through the  
37 budget process.  
38

39 **Motion recommend approval as amended carried 2-1 with Weimer opposed.**  
40

- 41 **11. REQUEST AUTHORIZATION FOR THE EXECUTIVE TO ENTER INTO AN**  
42 **EASEMENT AGREEMENT BETWEEN WHATCOM COUNTY AND VERIZON**  
43 **NORTHWEST, INC., WHERE VERIZON NORTHWEST, INC. IS REQUESTING A**  
44 **13,500 SQUARE FOOT EASEMENT IN THE SOUTHERN PORTION OF BAY**  
45 **HORIZON PARK ON ALDERSON ROAD (AB2006-345)**  
46

47 **Weimer moved** to recommend approval to the full Council. He is concerned about  
48 giving a private company an easement like this forever. There is a limited definition. They  
49 are granting Verizon this easement in perpetuity. He read what is allowed. In the future, if  
50 a communication service is a row of 100 foot towers across a strip of land, Verizon will be  
51 allowed to do that. The language should be more specific to exactly what their asking to do.  
52

1 Mike McFarlane, Parks and Recreation Department Director, stated this property is  
2 under the jurisdiction of the National Park Service. Verizon is not allowed to put above-  
3 ground utilities on this property. This easement goes down an existing road. Verizon has  
4 their main switch and junction building right in the midst of this property.  
5

6 (Clerk's Note: End of tape two, side A.)  
7

8 McFarlane continued to state this has been reviewed. Based on the fact that this is a  
9 permanent facility in the midst of public land, there needs to be some permanency in terms  
10 of that easement.  
11

12 **Weimer** stated he's concerned because they're talking about running telephone lines  
13 to a new neighborhood. However, the language allows them the right to run fiberoptic and  
14 all kinds of stuff. It also allows overhead lines. He asked if the County would have to  
15 defend Verizon because the County signed an easement that allows them to do things that  
16 the National Park Service won't allow. McFarlane stated he can't answer that.  
17

18 Brenner stated this should have been scheduled in the Public Works Committee  
19 because it is about an easement that affects County roads.  
20

21 **Weimer moved** to hold in committee to fix this language. McFarlane stated  
22 delaying approval is fine.  
23


24 **Motion carried unanimously.**  
25


26  
27 **OTHER BUSINESS**  
28

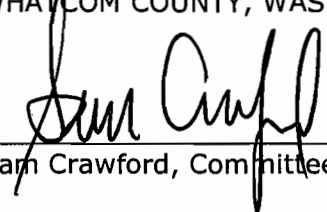
29 Desler stated he is proud of the completion of the new jail center. It is done on time  
30 and under budget. They are going through the punch list at this point. When done, the  
31 contractor will have 30 days to correct any deficiencies. They will start moving people in  
32 toward November or December. He invited the councilmembers to visit the building.  
33  
34

35 **ADJOURN**  
36

37 The meeting adjourned at 1:30 p.m.  
38

39   
40 \_\_\_\_\_  
41 Jill Nixon, Minutes Transcription  
42

43   
44 \_\_\_\_\_  
45 Dana Brown-Davis, Council Clerk  
46  
47  
48  
49  
50

WHATCOM COUNTY COUNCIL  
WHATCOM COUNTY, WASHINGTON  
  
\_\_\_\_\_  
Sam Crawford, Committee Chair