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

November 21, 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:

Laurie Caskey-Schreiber  
Seth Fleetwood  
Dan McShane

**SPECIAL PRESENTATION**

**1. QUARTERLY REPORT FROM THE BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT (AB2006-112)**

Patricia Decker, Bellingham-Whatcom Public Facilities District (PFD) Manager, stated the information in the Council packet summarizes what they've been doing for the last three months. They are moving forward with a bid process that may affect what the district does next. They have designed the new Art and Children's Museum with care. The basement will be used for collections. The Museum Society has been awarded a grant for \$1 million to defray the cost of the basement. There is a small lighting project in the Mt. Baker Theater, paid with State money. Architectural and design work is happening.

The City financed streetscape improvements connected with the arts district. The district has scheduled in the budget improvements of \$1.5 million over the next two to three years. Those will partly address the relationship of the Art and Children's Museum to Flora Street and Grand streets, the intersection of Holly Street and Bay Avenue, and recognize that the district extends to the Pickford Dreamspace, the Radio Electricity Museum, MindPort, and other areas at the waterfront.

The Campaign for the Arts continues its fundraising process. The District works closely with them.

They are making use of the building for the holiday market this December. The last use of the building will be in January before they begin taking it apart. They will be working with the REStore to help disassemble the building and recycle as much as possible.

Therese Holm, City of Bellingham Finance Director, stated most of the activity for the PFD this year has been involved with planning for the next two key capital projects, which are phase two of the Mt. Baker Theater and the Art and Children's Museum. To date, the District has collected almost \$800,000, which is 12 percent more than the last quarter. The PFD may collect about \$1.1 million for the year 2006, which is more than estimated. That is good news for the District's bonding capacity.

1 A project postponed to next year is budgeted in the amount of \$197,000 of grant  
2 revenues. They haven't spent those funds, but the grant is available and will be carried  
3 over to 2007.  
4

5 Most expenditures are operational, such as salary and supplies. Services include  
6 outside legal support to the PFD. The State audit cost about \$11,000. The financial activity  
7 of the PFD is included in the City's financial report. One audit finding is regarding  
8 supporting documentation of design services. They have taken corrective action.  
9

10 Under capital costs, \$563,000 has been for design for the Art and Children's  
11 Museum. Principal and interest are the scheduled debt service payments for the bond issue  
12 that the PFD issued in November 2004. The financial report is routine.  
13

14 Financial activity this year is to work with the PFD to have good source of funds for  
15 those two capital projects and to estimate the amount of a second bond of about \$10 million  
16 to \$12 million, including a contingent loan guarantee from the City. The biggest challenge  
17 is estimating the sales tax rebate for the remaining life of the PFD, which goes through the  
18 year 2027.  
19

20 Nelson asked about going out for an additional bond. Holm stated the original bond  
21 was \$9.4 million to pay for capital projects estimated to be done in three years. They  
22 expect the second bond to be issued early in 2007, for the remaining capacity as they  
23 currently estimate it, based on the projection of the sales tax rebate, which the District will  
24 receive the funds over the remaining life of the PFD. It is the key source of funds the PFD  
25 has to pay back the bond.  
26

27 Nelson asked if they are collecting money up front by bonding to the life of the tax.  
28 Holm stated they anticipate receiving approximately \$20 million in total.  
29

30 Weimer asked if they are not spending as much in capital costs as they predicted.  
31 He asked if that is due to a timing issue with not getting going as fast as they thought.  
32 Decker stated it is. It took longer to get through the construction drawing stage. They are  
33 through that stage now. They have applied for permits. They expect to break ground in  
34 March 2007.  
35

36 Fleetwood asked about Mt. Baker phase two. Decker stated the phase is to improve,  
37 update, and modernize the guts of the building, including heating, air conditioning, and  
38 electrical capacity. They can't expand the capacity of the building until that is done. A  
39 small project of \$197,000 will clean and improve lighting levels for the existing fixtures. A  
40 new capital project of \$5.1 million will replace the heating, air conditioning, and electrical.  
41

42 Fleetwood asked if they will address acoustics. Decker stated the theater got a  
43 separate acoustics grant. Part of the problem is interference by the connection of the  
44 heating, ventilation, and air conditioning (HVAC) to other systems. All of that will be  
45 addressed in phase two.  
46

47 Crawford asked about filling in the area in between these facilities. Decker stated  
48 the new building will house many of the functions of the Arco building and the existing  
49 children's museum and City Hall. To a large extent, it will be an art museum and separate  
50 children's museum that are housed together. Part of the capital project money that has  
51 been raised will create improvements in the district as a whole, to encourage other  
52 reinvestment. They know of other planned new projects. They expect to use the  
53 streetscape improvements to encourage that to happen. They will show the investors in the

1 area how the district is going to develop an arts district that includes these three buildings.  
2 They will work the other three major art and cultural institutions that are there.

3  
4 Crawford asked if existing buildings will have to be torn down or converted. Decker  
5 stated they assume that the block will be redeveloped. There are some new investor  
6 owners on that block now.

7  
8 Crawford asked if there is going to be a smaller theater. Decker stated part of the  
9 PFD's overall strategy includes a small, 750-seat theater. Now, they don't have the capacity  
10 from the sales tax revenue and bond capacity to contribute more toward that effort. They  
11 hope that sales tax revenues will continue to exceed their expectations. They are being  
12 prudent by not assuming the sale rate of sales tax revenue increases that they've seen. In  
13 the last ten years, there has been an average of three percent growth rate.

14  
15 Holm stated the last three years have been very strong, resulting in seven percent  
16 growth in sales tax revenues. That is pretty aggressive in terms of making projections  
17 through 2027. Their financial advisor and bond folks say that a reasonable historical growth  
18 average is three and a half percent. If more funds come in, the PFD board can use them as  
19 it sees fit, for additional capital projects.

20  
21 Decker stated they could use the extra revenue to issue another bond issue or  
22 participate in another bond issue-supported project or capital project in that area.

23  
24  
25 **COMMITTEE DISCUSSION AND RECOMMENDATION TO COUNCIL**

26  
27 **1. ORDINANCE ADOPTING 2% LODGING TAX PURSUANT TO AUTHORITY**  
28 **GRANTED IN RCW 67.28 (AB2006-420)**

29  
30 Dewey Desler, Deputy Administrator, stated the Executive and tourism community  
31 established a Tourism Advisory Committee. The committee recommends expansion of the  
32 existing tax. That two percent tax is an additional sales tax on hotel and motel receipts in  
33 the unincorporated area, to double the current revenue the County receives. There will be  
34 more funding for projects for promotion and support of the tourism industry.

35  
36 John Cooper, Bellingham Whatcom County Tourism President and CEO, submitted a  
37 handout (*on file*). He read from the handout. They worked with the industry on this issue.  
38 The Hampton Inn, the largest generator of this tax, is in favor of the tax. Many  
39 representatives in the industry are in favor. This will help the economy, job base, and help  
40 them remain competitive in marketing their destination. This applies to all unincorporated  
41 areas. It will not overlay the city taxes. All cities except Sumas have enacted their own  
42 two percent, and it has not effected their sales tax revenues or lodging establishments.  
43 There is a rebate of the base sales of two percent that comes from the State. This is a new  
44 two percent sales tax level.

45  
46 Weimer asked why they need the additional money. Cooper stated the people in the  
47 Mt. Baker corridor want to build a visitor's center. The funds will help fund other visitor  
48 services in Birch Bay and other areas. The funds will help keep the communities  
49 competitive in marketing.

50  
51 Weimer asked how they encourage people to visit, but not relocate. Cooper stated  
52 75 percent of visitors live within a 200 mile radius. If people move here, the reason is other  
53 than lifestyle, such as family.

1  
2 Carole MacDonald, Mt. Baker Foothills Chamber President and lodging owner, stated  
3 she supports the additional two percent tax. Managed growth is the answer to  
4 Councilmember Weimer's question about people moving here. At this point, the Hampton  
5 Inn is still in the unincorporated area, but it may not remain there. Build up the reserve  
6 before that happens.  
7

8 Over 60 percent of the Mt. Baker Foothills Chamber's Board of Directors is in the  
9 accommodations business. The Board unanimously supports the increase. They look  
10 forward to the new visitor center in the Mt. Baker corridor. As an accommodations owner,  
11 she advertises a room rate per night, plus tax. No one has ever asked her what the tax rate  
12 is. They want to know what the room rate is. No one has objected to staying here because  
13 of the tax rate.  
14

15 Crawford asked the sales tax rate now. MacDonald stated the current rate is 8.4  
16 percent.  
17

18 Dan Graham, 7463 Mt. Baker Highway, Maple Falls, stated he supports the lodging  
19 tax as a representative of Mt. Baker Lodging. The additional two percent won't create a  
20 negative impact for people coming to stay in Whatcom County. Those monies would do a  
21 lot to assist the area, which needs additional tourism services.  
22

23 ***Weimer moved*** to recommend approval to the full Council.  
24

25 ***Motion carried unanimously.***  
26  
27

28 **COUNCIL "CONSENT AGENDA" ITEM**  
29

- 30 **1. REQUEST AUTHORIZATION FOR THE EXECUTIVE TO AWARD BID #06-117 TO**  
31 **LOW BIDDER, DEWEY GRIFFIN, FOR THE PURCHASE OF TWO REPLACEMENT**  
32 **HALF-TON PICKUP TRUCKS, IN THE AMOUNT OF \$46,714.29 (AB2006-429)**  
33

34 ***Nelson moved*** to recommend approval to the full Council.  
35

36 ***Motion carried unanimously.***  
37

- 38 **2. REQUEST AUTHORIZATION FOR THE EXECUTIVE TO ENTER INTO AN**  
39 **INTERLOCAL AGREEMENT BETWEEN WHATCOM COUNTY, THE CITY OF**  
40 **BELLINGHAM, AND THE LAKE WHATCOM WATER AND SEWER DISTRICT FOR**  
41 **THE LAKE WHATCOM MANAGEMENT PROGRAM TRIBUTARY MONITORING, IN**  
42 **THE AMOUNT OF \$275,537 WITH WHATCOM COUNTY AND THE CITY OF**  
43 **BELLINGHAM PROVIDING \$123,991.65 EACH AND THE LAKE WHATCOM**  
44 **WATER AND SEWER DISTRICT PROVIDING \$27,553.70 (AB2006-430)**  
45

46 ***Weimer moved*** to recommend approval to the full Council.  
47

48 Nelson asked for an explanation of the purpose of the task.  
49

50 Sue Blake, Public Works Department, stated they are trying to find out something  
51 about phosphorus levels by measuring turbidity. They expect the relationship to be  
52 complex and variable.  
53

1 Nelson stated he is concerned that the task is to collect the data to do the formula.  
2 A formula is an ability to do a pre-analysis of certain effects. He asked if that is a fair  
3 assumption. Blake stated they will use the data they already have and that will be collected  
4 to see if a relationship exists between turbidity and phosphorus.  
5

6 Nelson asked if turbidity is the key factor. Blake stated turbidity is a parameter they  
7 can measure continuously. They can't do that with phosphorus. If there is a good  
8 relationship, it can offer cost savings for the program and a real look at where and when the  
9 phosphorus is coming into the system.

10 Nelson asked which sites they've chosen to monitor. Blake stated the sites they will  
11 monitor for all tributary monitoring varies with the type of monitoring, such as storm event  
12 monitoring and monthly grab samples. They will refine the site locations. They will target  
13 the monitoring for different land use areas.  
14

15 Weimer asked if the surrogate thing has been done successfully in other places.  
16 Blake stated They are not the first to try it. It is also happening with Utah State University  
17 (USU). A different project is doing some of this work under a National Science Foundation  
18 grant. It is considered the direction that jurisdictions need to go to really understand the  
19 systems. It will assist them in cost savings down the road.  
20

21 McShane asked if something like this will be done on Anderson Creek, regarding the  
22 use of the diversion. Blake stated it's possible.  
23

24 ***Motion carried unanimously.***  
25

26  
27 **3. REQUEST AUTHORIZATION FOR THE EXECUTIVE TO ENTER INTO A**  
28 **CONTRACT BETWEEN WHATCOM COUNTY AND BROWN AND CALDWELL**  
29 **ENVIRONMENTAL ENGINEERS AND CONSULTANTS TO CONDUCT**  
30 **MONITORING WORK IN THE LAKE WHATCOM WATERSHED, IN THE AMOUNT**  
31 **OF \$348,716 (AB2006-431)**  
32

33 ***Crawford moved*** to recommend approval to the full Council.  
34

35 Nelson asked if the scope includes two additional elements.  
36

37 Sue Blake, Public Works Department, stated it does.  
38

39 ***Motion carried unanimously.***  
40

41 **4. REQUEST AUTHORIZATION FOR THE EXECUTIVE TO ENTER INTO CONTRACT**  
42 **AMENDMENT #1 BETWEEN WHATCOM COUNTY AND J.A. BRENNAN**  
43 **ASSOCIATES, PLLC PROVIDING FOR ADDITIONAL SERVICES TO INCLUDE**  
44 **CONSULTATION AND CONSTRUCTION SUPPORT, DESIGN MODIFICATIONS**  
45 **AND THE DEVELOPMENT OF AN EROSION AND SEDIMENTATION CONTROL**  
46 **PLAN, IN THE AMOUNT OF \$11,510.50, FOR A TOTAL AMENDED CONTRACT**  
47 **AMOUNT OF \$31,440.50 (AB2006-432)**  
48

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

51 Weimer asked if this contract is for designing the demonstration garden only, or also  
52 building the garden.  
53

1 Scarlet Tang, Public Works Department, stated the contractor will design it, and  
2 volunteers will install the garden. There will be contractors for concrete demolition.

3  
4 **Motion carried unanimously.**

- 5  
6 **5. REQUEST AUTHORIZATION FOR THE EXECUTIVE TO ENTER INTO CONTRACT**  
7 **AMENDMENT #2 BETWEEN WHATCOM COUNTY AND DYNAMIC IMAGING, TO**  
8 **PROVIDE FOR A SECOND CAPTURE STATION AT THE WHATCOM COUNTY**  
9 **JAIL WORK CENTER FOR THE PICTURE LINK MUGSHOT IMAGING SYSTEM**  
10 **AND PICTURE LINK APPLICATION, IN THE AMOUNT OF \$15,427.49, FOR A**  
11 **TOTAL AMENDED CONTRACT AMOUNT OF \$61,699.94 (AB2006-433)**

12 **Nelson moved** to recommend approval to the full Council.

13  
14 **Motion carried unanimously.**

- 15  
16  
17 **6. RESOLUTION ORDERING THE CANCELLATION OF WARRANTS MORE THAN A**  
18 **YEAR OLD (AB2006-434)**

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

21  
22 **Motion carried unanimously.**

23  
24 **Addendum:**

- 25 **7. RESOLUTION APPROVING A SALARY SCHEDULE AND POLICIES FOR**  
26 **UNREPRESENTED WHATCOM COUNTY EMPLOYEES FOR THE YEAR 2007**  
27 **(AB2006-418)**

28  
29 **Crawford moved** to recommend approval to the full Council.

30  
31 **Motion carried unanimously.**

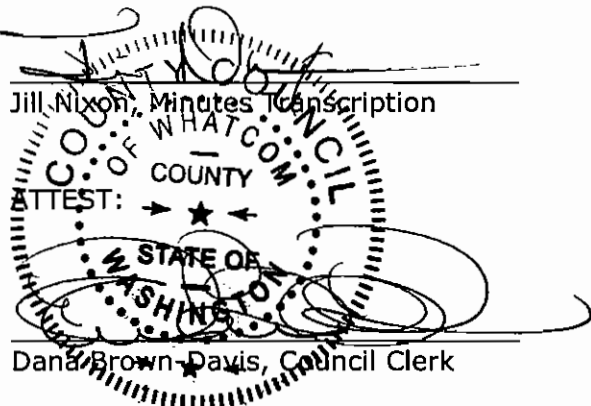
32  
33  
34 **OTHER BUSINESS**

35  
36 There was no other business.

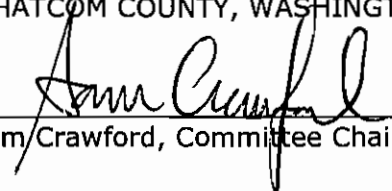
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38  
39 **ADJOURN**

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41 The meeting adjourned at 11:50 a.m.

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45 Jill Nixon, Minutes Transcription  
46  
47  
48 ATTEST: → ★ ←  
49  
50  
51  
52  
53 Dana Brown-Davis, Council Clerk



WHATCOM COUNTY COUNCIL  
WHATCOM COUNTY, WASHINGTON

  
Sam Crawford, Committee Chair