

FINANCE & FACILITY ADVISORY BOARD MEETING AGENDA

Thursday, April 9, 2025 | 3:30 PM – 5:00 PM

County Council Chambers

Public Zoom Participation: <https://us06web.zoom.us/j/83600258688>

311 Grand Avenue

Bellingham, WA 92825



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1. Call to Order and Roll Call
 2. Approval of March 12 Meeting Minutes (action)
 3. Public Comment
 4. Discussion of draft Justice Project Financing Scenario, Risks and Mitigation Measures, Potential Budget Recommendation to County Council (discussion - 60 min)
 - Jed Holmes & Kayla Schott-Bresler | Executive's Office
 6. Good of the Order / Roundtable (discussion – 15 min)

*A Zoom panelist invite will be sent separately to board members, staff and partners

Attachments:

March 12 FFAB Minutes

*For questions, please contact Jed Holmes in the County Executive's Office
(jholmes@co.whatcom.wa.us; 360-410-5139)*

Finance and Facilities Advisory Board (FFAB) Meeting Minutes

Date: Thursday, March 12, 2026

Time: 3:30 PM – 5:00 PM

Location: Garden Level Conference Room / Zoom Hybrid

Attendees

Board Members Present:

Satpal Sidhu, Scott Korthuis, Michael Lilliquist, Peter Frazier, Heather Flaherty, Barry Buchanan, Jack Hovenier, Kim Lund, Rebecca Mertzig, Donnell Tanksley

Staff & Partners Present:

Kayla Schott-Bresler, Adam Johnson, Chris Erb, Caleb Erickson, Hannah Fisk, Forest Longman, Maialisa Vanyo, Eric Richey, Steve Harris, Rob Ney, Jon Scanlon, Malora Christianson, Forrest Longman, Ashley McClaran, Mark Stremmer, Riley Sweeney

Present Citizens:

Shawn Nguyen, Mariam Karamoko, David Crotty

Absent:

JanRose Ottaway Martin

Welcome & Introductions



Approval of January and February Minutes

Motion to approve the January 22 and February 12 FFAB meeting minutes was made by Scott Korthuis. Motion carried.

Public Comment

No public comment was received.

Discussion of Justice Project Financial Parameters and Reflection of March 10 County Council Meeting

Jed presented updated financial scenarios for the Justice Project, including revenue assumptions, debt capacity, and potential adjustments to the interlocal agreement with city partners.

Discussion focused on:

- Trade-offs between capital investment and behavioral health funding
- Limited funding mechanisms available for capital construction
- Risks associated with both underbuilding and long-term financial commitments
- Alignment with voter expectations and previously identified project goals

Board members discussed jail capacity, system drivers (including booking practices and length of stay), and the relationship between facility size and broader criminal justice system performance.

Project staff noted that additional jail capacity analysis and supporting data will be provided later in March.

Next Steps, Upcoming Information, and Potential Additional Meetings

Adam Johnson outlined a proposed schedule to support a recommendation to County Council by the end of April, including:

- Additional information packages in late March and early April
- Potential additional FFAB meetings the weeks of March 30 and April 16
- Continued coordination with related groups and stakeholders

Board members discussed the format of a future recommendation, with interest in a concise, clearly defined summary of budget and policy direction.

Good of the Order / Roundtable

Board members shared reflections on project timeline, complexity, and urgency. Staff highlighted upcoming meetings and community engagement opportunities, including a workshop scheduled for March 19.

**WHATCOM COUNTY
EXECUTIVE'S OFFICE**
County Courthouse
311 Grand Ave. Suite #108
Bellingham, WA 98225



Satpal Singh Sidhu
County Executive

RE: PFM's Alternative Scenario from March 26

Dear Finance and Facility Advisory Board Members:

Please find attached a DRAFT financing scenario provided by PFM based on market conditions on March 26. This scenario is for informational purposes and should not be seen as a recommendation or direction from the Executive's Office.

Of note in this scenario, the assumed interest cost is 4.9%, which is significantly higher than what was used in scenarios discussed earlier this year (4%). PFM noted that bond market conditions have been volatile since the start of the war in Iran, which has driven up the cost of borrowing. PFM's assumption also includes a cushion of +0.5%. As a result of these higher interest cost assumptions, PFM's scenario models a potential \$214 million capital budget.

Again, this is draft modeling to facilitate discussion. The Executive's Office continues to review this framework with the Treasurer, the construction team, and PFM. Our goal is to develop a risk analysis framework and mitigation measures in the next two weeks, allowing the FFAB to consider options for a total budget recommendation to the County Council. Please expect that this modeling could be revised during this period.

We will have the opportunity to discuss this during the FFAB meeting this afternoon.

Regards,
Jed Holmes
Public Affairs and Strategy Manager

Introduction

Whatcom County, Washington (the "County") has requested PFM Financial Advisors LLC ("PFM") model preliminary financing scenarios for a proposed new County jail facility (the "Project"). The Project is to be financed by a proposed two-tenths of one percent Public Safety Sales Tax (subject to voter approval). By statute, 60% of the Public Safety Sales Tax is allocated to the County and 40% to cities within the County's boundaries (the "Cities").

Our assumptions include:

- Total project cost: \$225 million (est).
- Cities contribute 75% of sales tax to project 2024-2034
- Requirement for 50% of revenue contributed to Behavioral Health is suspended
- Tax Revenue growth assumptions reduced: 1.5% (2026 & 2027); 3.0% (2028+)
- County bonds issued February 2027 & June 2028
 - Assumed borrowing rates: Bloomberg "AA" BVAL as of 3/25/2026 + 0.50% cushion
 - Final maturity: June 2058
 - Interest only through 2028
- **Given above assumptions, the goal is to stress test how much debt the public safety sales tax can support**

Table 1: Funding Sources	
Sources	
City Sales Tax Contributions (2024- 2034)	\$44,828,873
Less: City Sales Tax Contributions Received for Debt Service	(26,930,425)
2027 & 2028 County Bond Proceeds	168,610,157
County Sales Tax Contributions (2024- 2028)	35,796,896
Less: County Sales Tax Contributions for Debt Service	(8,305,500)
Total:	\$214,000,000

Whatcom County, Washington | Limited Tax General Obligation Bonds – Justice Project Implementation Plan
 Alt Scenario: Cities Pay 75% Through 2034, Suspend 50% Behavioral Health Requirement

Table 2: Contribution Breakdown

Period Ending	Cities' Share of New 2/10 Sales Tax Revenue A	Cities Tax Revenues - to Capital Construction & Debt Service B	Remaining Cities Revenue C = [A-B]	County's Share of New 2/10 Sales Tax Revenue D	County Tax Revenues - to Capital Construction & Debt Service E	Remaining County Revenue for Services F = [D-E]	Total New Sales Tax G = [A+D]	City of Bellingham Revenue towards Services H	Total Remaining Revenue for Services I = [F+H]	Capital Construction and Debt Service Allocated to Behavioral Care Center J	County and Bellingham % of Revenue for Non-Incarcerated Investments K = [(I+J)/G]
12/31/2024	\$ 3,008,427	\$ 2,256,320	\$ 752,107	\$ 4,512,641	\$ 4,512,641	\$ -	\$ 7,521,068	\$ 507,668	\$ 507,668	\$ 697,831	16.03%
12/31/2025	5,078,996	3,809,247	1,269,749	7,618,494	7,618,494	-	12,697,490	857,074	857,074	1,178,118	16.03%
12/31/2026	5,155,181	3,866,386	1,288,795	7,732,771	7,732,771	-	12,887,952	869,930	869,930	1,195,789	16.03%
12/31/2027	5,232,509	3,924,382	1,308,127	7,848,763	7,848,763	-	13,081,272	882,979	882,979	1,213,726	16.03%
12/31/2028	5,389,484	4,042,113	1,347,371	8,084,226	8,084,226	-	13,473,710	909,468	909,468	1,250,138	16.03%
12/31/2029	5,551,168	4,163,376	1,387,792	8,326,753	8,326,753	-	13,877,921	936,753	936,753	1,287,642	16.03%
12/31/2030	5,717,704	4,288,278	1,429,426	8,576,555	8,454,722	121,833	14,294,259	964,855	1,086,688	1,313,711	16.79%
12/31/2031	5,889,235	4,416,926	1,472,309	8,833,852	8,696,449	137,403	14,723,087	993,801	1,131,204	1,351,894	16.87%
12/31/2032	6,065,912	4,549,434	1,516,478	9,098,868	8,946,941	151,926	15,164,779	1,023,615	1,175,541	1,391,379	16.93%
12/31/2033	6,247,889	4,685,917	1,561,972	9,371,834	9,296,458	75,375	15,619,723	1,054,323	1,129,699	1,441,482	16.46%
12/31/2034	6,435,326	4,826,494	1,608,831	9,652,989	9,289,381	363,608	16,088,314	1,085,953	1,449,561	1,455,245	18.06%
12/31/2035	6,628,385	-	6,628,385	9,942,578	9,398,625	543,953	16,570,964	4,474,126	5,018,079	968,930	36.13%
12/31/2036	6,827,237	-	6,827,237	10,240,856	9,399,125	841,731	17,068,093	4,608,350	5,450,080	968,982	37.61%
12/31/2037	7,032,054	-	7,032,054	10,548,081	9,397,000	1,151,081	17,580,135	4,746,600	5,897,682	968,763	39.06%
12/31/2038	7,243,016	-	7,243,016	10,864,524	9,396,875	1,467,649	18,107,539	4,888,998	6,356,647	968,750	40.45%
12/31/2039	7,460,306	-	7,460,306	11,190,459	9,398,250	1,792,209	18,650,766	5,035,668	6,827,878	968,892	41.80%
12/31/2040	7,684,115	-	7,684,115	11,526,173	9,400,625	2,125,548	19,210,289	5,186,738	7,312,287	969,137	43.11%
12/31/2041	7,914,639	-	7,914,639	11,871,958	9,388,875	2,483,083	19,786,597	5,342,341	7,825,424	967,925	44.44%
12/31/2042	8,152,078	-	8,152,078	12,228,117	9,387,625	2,840,492	20,380,195	5,502,611	8,343,103	967,796	45.69%
12/31/2043	8,396,640	-	8,396,640	12,594,961	9,386,125	3,208,836	20,991,601	5,667,689	8,876,525	967,642	46.90%
12/31/2044	8,648,540	-	8,648,540	12,972,809	9,379,000	3,593,809	21,621,349	5,837,720	9,431,529	966,907	48.09%
12/31/2045	8,907,996	-	8,907,996	13,361,994	9,380,625	3,981,369	22,269,990	6,012,851	9,994,220	967,075	49.22%
12/31/2046	9,175,236	-	9,175,236	13,762,854	9,385,125	4,377,729	22,938,089	6,193,237	10,570,965	967,539	50.30%
12/31/2047	9,450,493	-	9,450,493	14,175,739	9,377,125	4,798,614	23,626,232	6,379,034	11,177,648	966,714	51.40%
12/31/2048	9,734,008	-	9,734,008	14,601,011	9,376,125	5,224,886	24,335,019	6,570,405	11,795,291	966,611	52.44%
12/31/2049	10,026,028	-	10,026,028	15,039,042	9,371,375	5,667,667	25,065,069	6,767,517	12,435,184	966,121	53.47%
12/31/2050	10,326,809	-	10,326,809	15,490,213	9,367,250	6,122,963	25,817,021	6,970,543	13,093,506	965,696	54.46%
12/31/2051	10,636,613	-	10,636,613	15,954,919	9,363,000	6,591,919	26,591,532	7,179,659	13,771,578	965,258	55.42%
12/31/2052	10,955,711	-	10,955,711	16,433,567	9,362,750	7,070,817	27,389,278	7,395,049	14,465,866	965,232	56.34%
12/31/2053	11,284,383	-	11,284,383	16,926,574	9,355,750	7,570,824	28,210,956	7,616,900	15,187,724	964,510	57.26%
12/31/2054	11,622,914	-	11,622,914	17,434,371	9,351,250	8,083,121	29,057,285	7,845,407	15,928,528	964,046	58.14%
12/31/2055	11,971,601	-	11,971,601	17,957,402	9,348,250	8,609,152	29,929,004	8,080,769	16,689,922	963,737	58.99%
12/31/2056	12,330,750	-	12,330,750	18,496,124	9,345,750	9,150,374	30,826,874	8,323,192	17,473,567	963,479	59.81%
12/31/2057	12,700,672	-	12,700,672	19,051,008	9,342,750	9,708,258	31,751,680	8,572,888	18,281,146	963,170	60.61%
12/31/2058	13,081,692	-	13,081,692	19,622,538	9,348,000	10,274,538	32,704,230	8,830,075	19,104,613	963,711	61.36%
Totals	\$287,963,745	\$44,828,873	\$243,134,873	\$431,945,618	\$313,814,850	\$118,130,768	\$719,909,363	\$164,114,787	\$282,245,556	\$36,973,580	44.34%

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 Alt Scenario: Cities Pay 75% Through 2034, Suspend 50% Behavioral Health Requirement

Table 3: Projected Cash Flows for the Project

Period Ending	Cities Tax Revenues - to Capital Construction and Debt Service A	County Tax Revenues - to Capital Construction and Debt Service B	Total Revenue towards Capital Construction and Debt Service C = [A+B]	Cities Debt Service D	County Debt Service E	Total Debt Service F = [D+E]	Net Tax Revenues for Project G = [C-F]	Bond Proceeds H	Total Available Funding I = [G+H]	Cumulative Funding J = [Sum of I]
12/31/2024	\$ 2,256,320	\$ 4,512,641	\$ 6,768,961	\$ -	\$ -	\$ -	\$ 6,768,961	\$ -	\$ 6,768,961	\$ 6,768,961
12/31/2025	3,809,247	7,618,494	11,427,741	-	-	-	11,427,741	-	11,427,741	18,196,703
12/31/2026	3,866,386	7,732,771	11,599,157	-	-	-	11,599,157	-	11,599,157	29,795,860
12/31/2027	3,924,382	7,848,763	11,773,145	-	(2,079,625)	(2,079,625)	9,693,520	84,305,078	93,998,598	123,794,458
12/31/2028	4,042,113	8,084,226	12,126,339	-	(6,225,875)	(6,225,875)	5,900,464	84,305,078	90,205,542	214,000,000
12/31/2029	4,163,376	8,326,753	12,490,129	(4,163,376)	(8,224,124)	(12,387,500)	-	-	-	-
12/31/2030	4,288,278	8,454,722	12,743,000	(4,288,278)	(8,454,722)	(12,743,000)	-	-	-	-
12/31/2031	4,416,926	8,696,449	13,113,375	(4,416,926)	(8,696,449)	(13,113,375)	-	-	-	-
12/31/2032	4,549,434	8,946,941	13,496,375	(4,549,434)	(8,946,941)	(13,496,375)	-	-	-	-
12/31/2033	4,685,917	9,296,458	13,982,375	(4,685,917)	(9,296,458)	(13,982,375)	-	-	-	-
12/31/2034	4,826,494	9,289,381	14,115,875	(4,826,494)	(9,289,381)	(14,115,875)	-	-	-	-
12/31/2035	-	9,398,625	9,398,625	-	(9,398,625)	(9,398,625)	-	-	-	-
12/31/2036	-	9,399,125	9,399,125	-	(9,399,125)	(9,399,125)	-	-	-	-
12/31/2037	-	9,397,000	9,397,000	-	(9,397,000)	(9,397,000)	-	-	-	-
12/31/2038	-	9,396,875	9,396,875	-	(9,396,875)	(9,396,875)	-	-	-	-
12/31/2039	-	9,398,250	9,398,250	-	(9,398,250)	(9,398,250)	-	-	-	-
12/31/2040	-	9,400,625	9,400,625	-	(9,400,625)	(9,400,625)	-	-	-	-
12/31/2041	-	9,388,875	9,388,875	-	(9,388,875)	(9,388,875)	-	-	-	-
12/31/2042	-	9,387,625	9,387,625	-	(9,387,625)	(9,387,625)	-	-	-	-
12/31/2043	-	9,386,125	9,386,125	-	(9,386,125)	(9,386,125)	-	-	-	-
12/31/2044	-	9,379,000	9,379,000	-	(9,379,000)	(9,379,000)	-	-	-	-
12/31/2045	-	9,380,625	9,380,625	-	(9,380,625)	(9,380,625)	-	-	-	-
12/31/2046	-	9,385,125	9,385,125	-	(9,385,125)	(9,385,125)	-	-	-	-
12/31/2047	-	9,377,125	9,377,125	-	(9,377,125)	(9,377,125)	-	-	-	-
12/31/2048	-	9,376,125	9,376,125	-	(9,376,125)	(9,376,125)	-	-	-	-
12/31/2049	-	9,371,375	9,371,375	-	(9,371,375)	(9,371,375)	-	-	-	-
12/31/2050	-	9,367,250	9,367,250	-	(9,367,250)	(9,367,250)	-	-	-	-
12/31/2051	-	9,363,000	9,363,000	-	(9,363,000)	(9,363,000)	-	-	-	-
12/31/2052	-	9,362,750	9,362,750	-	(9,362,750)	(9,362,750)	-	-	-	-
12/31/2053	-	9,355,750	9,355,750	-	(9,355,750)	(9,355,750)	-	-	-	-
12/31/2054	-	9,351,250	9,351,250	-	(9,351,250)	(9,351,250)	-	-	-	-
12/31/2055	-	9,348,250	9,348,250	-	(9,348,250)	(9,348,250)	-	-	-	-
12/31/2056	-	9,345,750	9,345,750	-	(9,345,750)	(9,345,750)	-	-	-	-
12/31/2057	-	9,342,750	9,342,750	-	(9,342,750)	(9,342,750)	-	-	-	-
12/31/2058	-	9,348,000	9,348,000	-	(9,348,000)	(9,348,000)	-	-	-	-
Totals	\$ 44,828,873	\$ 313,814,850	\$ 358,643,722	\$ (26,930,425)	\$ (286,220,825)	\$ (313,151,250)	\$ 45,389,843	\$ 168,610,157	\$ 214,000,000	

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 Alt Scenario: Cities Pay 75% Through 2034, Suspend 50% Behavioral Health Requirement

Table 4: Public Safety Sales Tax Revenue Projection						
Year	Historical Public Safety Tax Distributions (\$)	Annual Change in Distributions Adjusted (%)	Original Public Safety Tax Projections (\$)	County Share of New 2/10 Sales Tax (\$)	Cities Share of New 2/10 Sales Tax (\$)	Total New Sales Tax Revenue 100% (\$)
2014	\$ 3,407,007					
2015	3,567,137	4.70%				
2016	3,700,252	3.73%				
2017	4,018,866	8.61%				
2018	4,358,833	8.46%				
2019	4,623,642	6.08%				
2020	4,531,591	-1.99%				
2021	5,313,317	17.25%				
2022	5,991,661	12.77%				
2023	6,466,271	7.92%				
2024	13,832,167	-2.40%	6,311,099	4,512,641	3,008,427	7,521,068
2025	19,046,235	0.60%	6,348,745	7,618,494	5,078,996	12,697,490
2026		1.50%	6,443,976	7,732,771	5,155,181	12,887,952
2027		1.50%	6,540,636	7,848,763	5,232,509	13,081,272
2028		3.00%	6,736,855	8,084,226	5,389,484	13,473,710
2029		3.00%	6,938,961	8,326,753	5,551,168	13,877,921
2030		3.00%	7,147,129	8,576,555	5,717,704	14,294,259
2031		3.00%	7,361,543	8,833,852	5,889,235	14,723,087
2032		3.00%	7,582,390	9,098,868	6,065,912	15,164,779
2033		3.00%	7,809,861	9,371,834	6,247,889	15,619,723
2034		3.00%	8,044,157	9,652,989	6,435,326	16,088,314
2035		3.00%	8,285,482	9,942,578	6,628,385	16,570,964
2036		3.00%	8,534,046	10,240,856	6,827,237	17,068,093
2037		3.00%	8,790,068	10,548,081	7,032,054	17,580,135
2038		3.00%	9,053,770	10,864,524	7,243,016	18,107,539
2039		3.00%	9,325,383	11,190,459	7,460,306	18,650,766
2040		3.00%	9,605,144	11,526,173	7,684,115	19,210,289
2041		3.00%	9,893,299	11,871,958	7,914,639	19,786,597
2042		3.00%	10,190,098	12,228,117	8,152,078	20,380,195
2043		3.00%	10,495,801	12,594,961	8,396,640	20,991,601
2044		3.00%	10,810,675	12,972,809	8,648,540	21,621,349
2045		3.00%	11,134,995	13,361,994	8,907,996	22,269,990
2046		3.00%	11,469,045	13,762,854	9,175,236	22,938,089
2047		3.00%	11,813,116	14,175,739	9,450,493	23,626,232
2048		3.00%	12,167,509	14,601,011	9,734,008	24,335,019
2049		3.00%	12,532,535	15,039,042	10,026,028	25,065,069
2050		3.00%	12,908,511	15,490,213	10,326,809	25,817,021
2051		3.00%	13,295,766	15,954,919	10,636,613	26,591,532
2052		3.00%	13,694,639	16,433,567	10,955,711	27,389,278
2053		3.00%	14,105,478	16,926,574	11,284,383	28,210,956
2054		3.00%	14,528,643	17,434,371	11,622,914	29,057,285
2055		3.00%	14,964,502	17,957,402	11,971,601	29,929,004
2056		3.00%	15,413,437	18,496,124	12,330,750	30,826,874
2057		3.00%	15,875,840	19,051,008	12,700,672	31,751,680
2058		3.00%	16,352,115	19,622,538	13,081,692	32,704,230
Totals	\$ 78,856,979		\$ 362,505,246	\$ 431,945,618	\$ 287,963,745	\$ 719,909,363

Sources: (1) Washington State Department of Revenue Local Tax Distribution; (2) The County
 Note: New public safety sales tax distributions began June 2024, actuals through 2025.

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Appendix Table A: New sales tax allocation and contribution from select cities based on population (Bellingham, Blaine, and Everson)																	
City of Bellingham					City of Blaine				City of Everson								
Population ⁽¹⁾		98,340	% of Cities		67%	Population ⁽¹⁾		6,585	% of Cities		5%	Population ⁽¹⁾		3,245	% of Cities		2%
Year	Share of New 2/10 Sales Tax Revenue	% Contributed to Capital Construction and Debt Service	Revenues to Capital Construction and Debt Service		Remaining Revenue for Services	Share of New 2/10 Sales Tax Revenue	% Contributed to Capital Construction and Debt Service	Revenues to Capital Construction and Debt Service		Remaining Revenue for Services	Share of New 2/10 Sales Tax Revenue	% Contributed to Capital Construction and Debt Service	Revenues to Capital Construction and Debt Service		Remaining Revenue for Services		
			Construction and Debt Service	Capital				Construction and Debt Service	Capital				Construction and Debt Service	Capital			
2024	\$ 2,030,673	75%	\$ 1,523,005	\$ 507,668	\$ 135,977	75%	\$ 101,983	\$ 33,994	\$ 67,008	75%	\$ 50,256	\$ 16,752					
2025	3,428,296	75%	2,571,222	857,074	229,564	75%	172,173	57,391	113,126	75%	84,845	28,282					
2026	3,479,721	75%	2,609,790	869,930	233,008	75%	174,756	58,252	114,823	75%	86,117	28,706					
2027	3,531,916	75%	2,648,937	882,979	236,503	75%	177,377	59,126	116,545	75%	87,409	29,136					
2028	3,637,874	75%	2,728,405	909,468	243,598	75%	182,698	60,899	120,042	75%	90,031	30,010					
2029	3,747,010	75%	2,810,258	936,753	250,906	75%	188,179	62,726	123,643	75%	92,732	30,911					
2030	3,859,420	75%	2,894,565	964,855	258,433	75%	193,825	64,608	127,352	75%	95,514	31,838					
2031	3,975,203	75%	2,981,402	993,801	266,186	75%	199,639	66,546	131,173	75%	98,380	32,793					
2032	4,094,459	75%	3,070,844	1,023,615	274,171	75%	205,629	68,543	135,108	75%	101,331	33,777					
2033	4,217,293	75%	3,162,970	1,054,323	282,397	75%	211,797	70,599	139,161	75%	104,371	34,790					
2034	4,343,812	75%	3,257,859	1,085,953	290,868	75%	218,151	72,717	143,336	75%	107,502	35,834					
2035	4,474,126	0%	-	4,474,126	299,594	0%	-	299,594	147,636	0%	-	147,636					
2036	4,608,350	0%	-	4,608,350	308,582	0%	-	308,582	152,065	0%	-	152,065					
2037	4,746,600	0%	-	4,746,600	317,840	0%	-	317,840	156,627	0%	-	156,627					
2038	4,888,998	0%	-	4,888,998	327,375	0%	-	327,375	161,326	0%	-	161,326					
2039	5,035,668	0%	-	5,035,668	337,196	0%	-	337,196	166,166	0%	-	166,166					
2040	5,186,738	0%	-	5,186,738	347,312	0%	-	347,312	171,151	0%	-	171,151					
2041	5,342,341	0%	-	5,342,341	357,731	0%	-	357,731	176,285	0%	-	176,285					
2042	5,502,611	0%	-	5,502,611	368,463	0%	-	368,463	181,574	0%	-	181,574					
2043	5,667,689	0%	-	5,667,689	379,517	0%	-	379,517	187,021	0%	-	187,021					
2044	5,837,720	0%	-	5,837,720	390,903	0%	-	390,903	192,632	0%	-	192,632					
2045	6,012,851	0%	-	6,012,851	402,630	0%	-	402,630	198,411	0%	-	198,411					
2046	6,193,237	0%	-	6,193,237	414,709	0%	-	414,709	204,363	0%	-	204,363					
2047	6,379,034	0%	-	6,379,034	427,150	0%	-	427,150	210,494	0%	-	210,494					
2048	6,570,405	0%	-	6,570,405	439,965	0%	-	439,965	216,809	0%	-	216,809					
2049	6,767,517	0%	-	6,767,517	453,164	0%	-	453,164	223,313	0%	-	223,313					
2050	6,970,543	0%	-	6,970,543	466,758	0%	-	466,758	230,012	0%	-	230,012					
2051	7,179,659	0%	-	7,179,659	480,761	0%	-	480,761	236,913	0%	-	236,913					
2052	7,395,049	0%	-	7,395,049	495,184	0%	-	495,184	244,020	0%	-	244,020					
2053	7,616,900	0%	-	7,616,900	510,040	0%	-	510,040	251,341	0%	-	251,341					
2054	7,845,407	0%	-	7,845,407	525,341	0%	-	525,341	258,881	0%	-	258,881					
2055	8,080,769	0%	-	8,080,769	541,101	0%	-	541,101	266,647	0%	-	266,647					
2056	8,323,192	0%	-	8,323,192	557,334	0%	-	557,334	274,647	0%	-	274,647					
2057	8,572,888	0%	-	8,572,888	574,054	0%	-	574,054	282,886	0%	-	282,886					
2058	8,830,075	0%	-	8,830,075	591,276	0%	-	591,276	291,373	0%	-	291,373					
Totals	194,374,046		30,259,258	164,114,787	13,015,590		2,026,207	10,989,383	6,413,909		998,488	5,415,421					

(1) Based on population estimates from the Washington State Office of Financial Management (as of April 1, 2025)

Whatcom County, Washington | Limited Tax General Obligation Bonds – Justice Project Implementation Plan
 Alt Scenario: Cities Pay 75% Through 2034, Suspend 50% Behavioral Health Requirement

Appendix Table B: New sales tax allocation and contribution from select cities based on population (Ferndale, Lynden, and Nooksack)												
City of Ferndale					City of Lynden				City of Nooksack			
	Population ⁽¹⁾	17,020	% of Cities	12%	Population ⁽¹⁾	16,840	% of Cities	12%	Population ⁽¹⁾	1,825	% of Cities	1%
Year	Share of New 2/10 Sales Tax Revenue	% Contributed to Capital Construction and Debt Service	Revenues to Capital Construction and Debt Service	Remaining Revenue for Services	Share of New 2/10 Sales Tax Revenue	% Contributed to Capital Construction and Debt Service	Revenues to Capital Construction and Debt Service	Remaining Revenue for Services	Share of New 2/10 Sales Tax Revenue	% Contributed to Capital Construction and Debt Service	Revenues to Capital Construction and Debt Service	Remaining Revenue for Services
2024	\$ 351,455	75%	\$ 263,591	\$ 87,864	\$ 347,738	75%	\$ 260,803	\$ 86,934	\$ 37,685	75%	\$ 28,264	\$ 9,421
2025	593,346	75%	445,009	148,336	587,070	75%	440,303	146,768	63,623	75%	47,717	15,906
2026	602,246	75%	451,684	150,561	595,877	75%	446,907	148,969	64,577	75%	48,433	16,144
2027	611,279	75%	458,460	152,820	604,815	75%	453,611	151,204	65,546	75%	49,159	16,386
2028	629,618	75%	472,213	157,404	622,959	75%	467,219	155,740	67,512	75%	50,634	16,878
2029	648,506	75%	486,380	162,127	641,648	75%	481,236	160,412	69,537	75%	52,153	17,384
2030	667,962	75%	500,971	166,990	660,897	75%	495,673	165,224	71,623	75%	53,718	17,906
2031	688,000	75%	516,000	172,000	680,724	75%	510,543	170,181	73,772	75%	55,329	18,443
2032	708,640	75%	531,480	177,160	701,146	75%	525,859	175,286	75,985	75%	56,989	18,996
2033	729,900	75%	547,425	182,475	722,180	75%	541,635	180,545	78,265	75%	58,699	19,566
2034	751,797	75%	563,847	187,949	743,846	75%	557,884	185,961	80,613	75%	60,460	20,153
2035	774,350	0%	-	774,350	766,161	0%	-	766,161	83,031	0%	-	83,031
2036	797,581	0%	-	797,581	789,146	0%	-	789,146	85,522	0%	-	85,522
2037	821,508	0%	-	821,508	812,820	0%	-	812,820	88,088	0%	-	88,088
2038	846,154	0%	-	846,154	837,205	0%	-	837,205	90,730	0%	-	90,730
2039	871,538	0%	-	871,538	862,321	0%	-	862,321	93,452	0%	-	93,452
2040	897,684	0%	-	897,684	888,191	0%	-	888,191	96,256	0%	-	96,256
2041	924,615	0%	-	924,615	914,836	0%	-	914,836	99,143	0%	-	99,143
2042	952,353	0%	-	952,353	942,282	0%	-	942,282	102,118	0%	-	102,118
2043	980,924	0%	-	980,924	970,550	0%	-	970,550	105,181	0%	-	105,181
2044	1,010,352	0%	-	1,010,352	999,666	0%	-	999,666	108,337	0%	-	108,337
2045	1,040,662	0%	-	1,040,662	1,029,656	0%	-	1,029,656	111,587	0%	-	111,587
2046	1,071,882	0%	-	1,071,882	1,060,546	0%	-	1,060,546	114,934	0%	-	114,934
2047	1,104,039	0%	-	1,104,039	1,092,363	0%	-	1,092,363	118,383	0%	-	118,383
2048	1,137,160	0%	-	1,137,160	1,125,133	0%	-	1,125,133	121,934	0%	-	121,934
2049	1,171,275	0%	-	1,171,275	1,158,887	0%	-	1,158,887	125,592	0%	-	125,592
2050	1,206,413	0%	-	1,206,413	1,193,654	0%	-	1,193,654	129,360	0%	-	129,360
2051	1,242,605	0%	-	1,242,605	1,229,464	0%	-	1,229,464	133,241	0%	-	133,241
2052	1,279,883	0%	-	1,279,883	1,266,348	0%	-	1,266,348	137,238	0%	-	137,238
2053	1,318,280	0%	-	1,318,280	1,304,338	0%	-	1,304,338	141,355	0%	-	141,355
2054	1,357,828	0%	-	1,357,828	1,343,468	0%	-	1,343,468	145,596	0%	-	145,596
2055	1,398,563	0%	-	1,398,563	1,383,772	0%	-	1,383,772	149,963	0%	-	149,963
2056	1,440,520	0%	-	1,440,520	1,425,285	0%	-	1,425,285	154,462	0%	-	154,462
2057	1,483,736	0%	-	1,483,736	1,468,044	0%	-	1,468,044	159,096	0%	-	159,096
2058	1,528,248	0%	-	1,528,248	1,512,085	0%	-	1,512,085	163,869	0%	-	163,869
Totals	33,640,902		5,237,061	28,403,841	33,285,122		5,181,675	28,103,447	3,607,206		561,553	3,045,653

(1) Based on population estimates from the Washington State Office of Financial Management (as of April 1, 2025)

Whatcom County, Washington | Limited Tax General Obligation Bonds – Justice Project Implementation Plan
 Alt Scenario: Cities Pay 75% Through 2034, Suspend 50% Behavioral Health Requirement

Appendix Table C: New sales tax allocation and contribution from select cities based on population (Sumas, Totals)								
City of Sumas					Cities Totals			
	Population ⁽¹⁾	1,835	% of Cities	1%	Population ⁽¹⁾	145,690	% of Cities	100%
Year	Share of New 2/10 Sales Tax Revenue	% Contributed to Capital Construction and Debt Service	Revenues to Capital Construction and Debt Service	Remaining Revenue for Services	Share of New 2/10 Sales Tax Revenue	% Contributed to Capital Construction and Debt Service	Revenues to Capital Construction and Debt Service	Remaining Revenue for Services
2024	\$ 37,892	75%	\$ 28,419	\$ 9,473	\$ 3,008,427	75%	\$ 2,256,320	\$ 752,107
2025	63,971	75%	47,978	15,993	5,078,996	75%	3,809,247	1,269,749
2026	64,931	75%	48,698	16,233	5,155,181	75%	3,866,386	1,288,795
2027	65,905	75%	49,429	16,476	5,232,509	75%	3,924,382	1,308,127
2028	67,882	75%	50,911	16,970	5,389,484	75%	4,042,113	1,347,371
2029	69,918	75%	52,439	17,480	5,551,168	75%	4,163,376	1,387,792
2030	72,016	75%	54,012	18,004	5,717,704	75%	4,288,278	1,429,426
2031	74,176	75%	55,632	18,544	5,889,235	75%	4,416,926	1,472,309
2032	76,402	75%	57,301	19,100	6,065,912	75%	4,549,434	1,516,478
2033	78,694	75%	59,020	19,673	6,247,889	75%	4,685,917	1,561,972
2034	81,054	75%	60,791	20,264	6,435,326	75%	4,826,494	1,608,831
2035	83,486	0%	-	83,486	6,628,385	0%	-	6,628,385
2036	85,991	0%	-	85,991	6,827,237	0%	-	6,827,237
2037	88,570	0%	-	88,570	7,032,054	0%	-	7,032,054
2038	91,227	0%	-	91,227	7,243,016	0%	-	7,243,016
2039	93,964	0%	-	93,964	7,460,306	0%	-	7,460,306
2040	96,783	0%	-	96,783	7,684,115	0%	-	7,684,115
2041	99,687	0%	-	99,687	7,914,639	0%	-	7,914,639
2042	102,677	0%	-	102,677	8,152,078	0%	-	8,152,078
2043	105,758	0%	-	105,758	8,396,640	0%	-	8,396,640
2044	108,930	0%	-	108,930	8,648,540	0%	-	8,648,540
2045	112,198	0%	-	112,198	8,907,996	0%	-	8,907,996
2046	115,564	0%	-	115,564	9,175,236	0%	-	9,175,236
2047	119,031	0%	-	119,031	9,450,493	0%	-	9,450,493
2048	122,602	0%	-	122,602	9,734,008	0%	-	9,734,008
2049	126,280	0%	-	126,280	10,026,028	0%	-	10,026,028
2050	130,069	0%	-	130,069	10,326,809	0%	-	10,326,809
2051	133,971	0%	-	133,971	10,636,613	0%	-	10,636,613
2052	137,990	0%	-	137,990	10,955,711	0%	-	10,955,711
2053	142,129	0%	-	142,129	11,284,383	0%	-	11,284,383
2054	146,393	0%	-	146,393	11,622,914	0%	-	11,622,914
2055	150,785	0%	-	150,785	11,971,601	0%	-	11,971,601
2056	155,309	0%	-	155,309	12,330,750	0%	-	12,330,750
2057	159,968	0%	-	159,968	12,700,672	0%	-	12,700,672
2058	164,767	0%	-	164,767	13,081,692	0%	-	13,081,692
Totals	3,626,971		564,630	3,062,341	287,963,745		44,828,873	243,134,873

(1) Based on population estimates from the Washington State Office of Financial Management (as of April 1, 2025)



Justice Project Finances Update

PRESENTER:

JED HOLMES

WHATCOM CO PUBLIC AFFAIRS & STRATEGY MANAGER

Outline


- 1 Market disruptions and uncertainty
- 2 Historical trends
- 3 Balancing risks
- 4 Next steps



Purpose: Understand risks and potential mitigation measures

Uncertainty continues

- War in Iran has impacted the bond market
- High fuel prices could negatively impact the sale of taxable goods as discretionary spending declines
- PFM updated their scenario on March 25, increasing the interest assumption to 4.9%, which resulted in construction budget ceiling of approximately \$215 million. This number may be different one month from now.
- While the impact of current events may be temporary, the future is always uncertain.



CNBC WATCH LIVE

BONDS

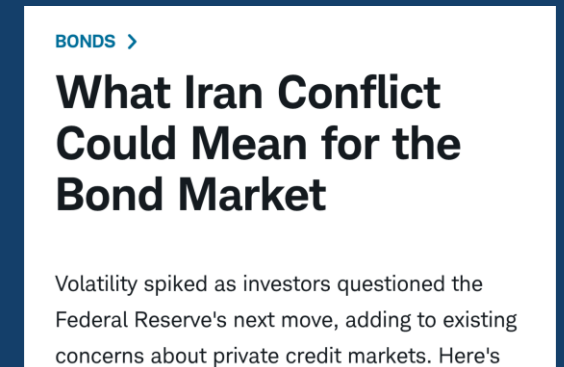
Treasury yields rise as Iran ceasefire optimism fades

PUBLISHED THU, MAR 26 2026 3:56 AM EDT
UPDATED THU, MAR 26 2026 4:08 PM EDT



Reuters Subscribe

Global bonds stagger toward steep monthly losses as war's economic toll mounts



BONDS >

What Iran Conflict Could Mean for the Bond Market

Volatility spiked as investors questioned the Federal Reserve's next move, adding to existing concerns about private credit markets. Here's

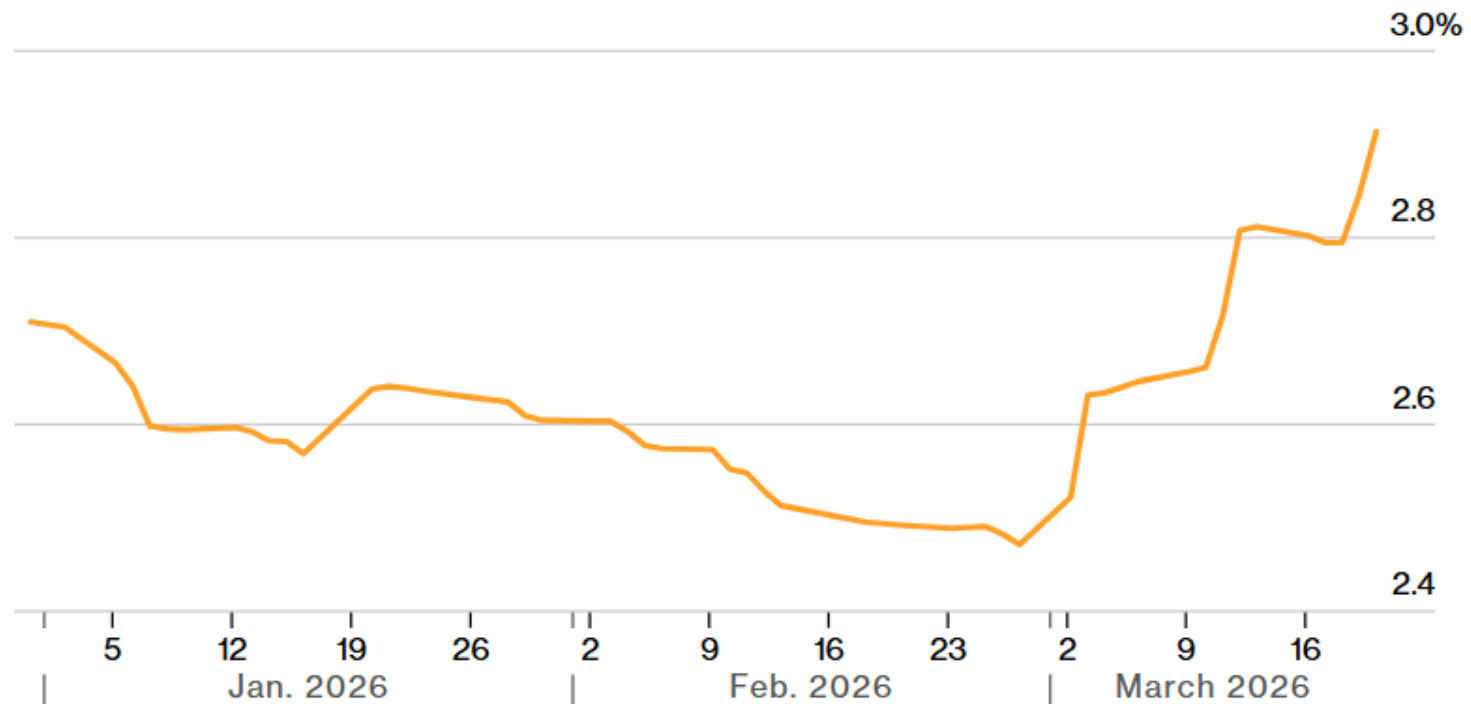


Uncertainty continues

Muni Yields Surge

State and local debt has sold off amid inflation fears

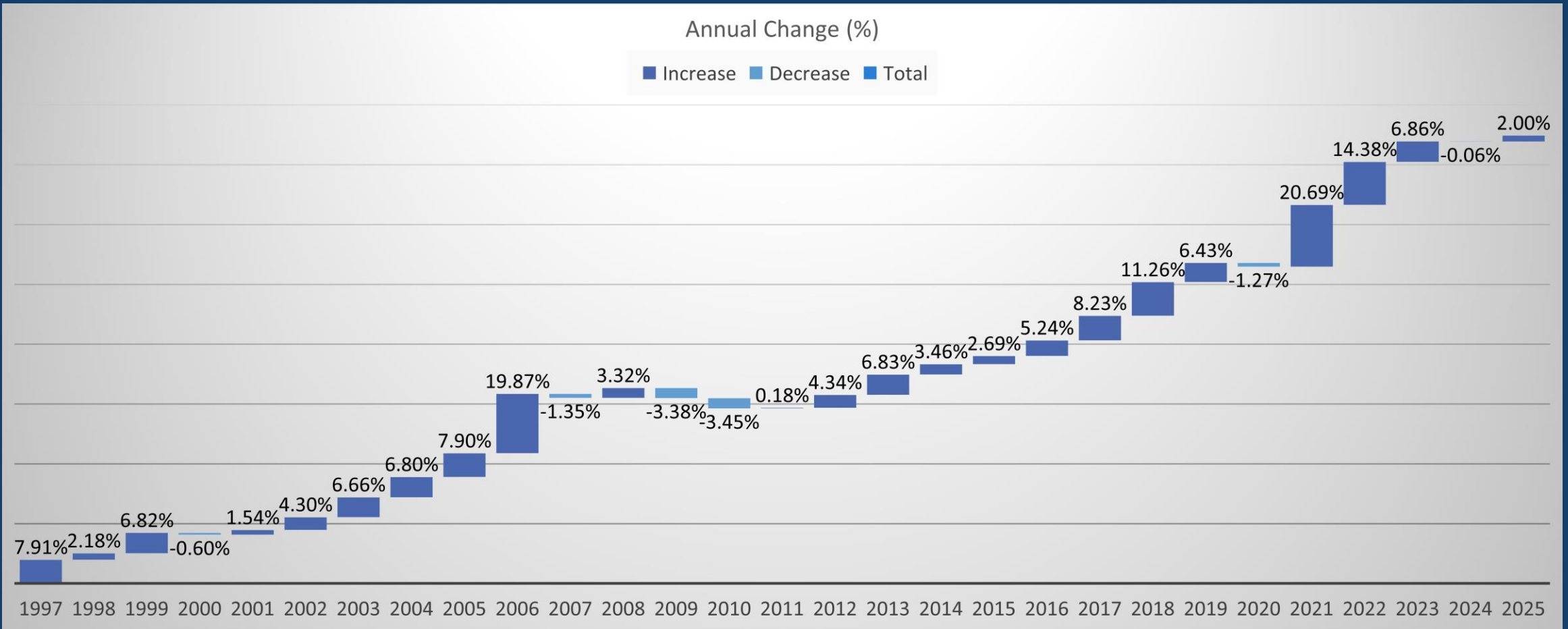
10-year AAA benchmark yield



Source: Bloomberg



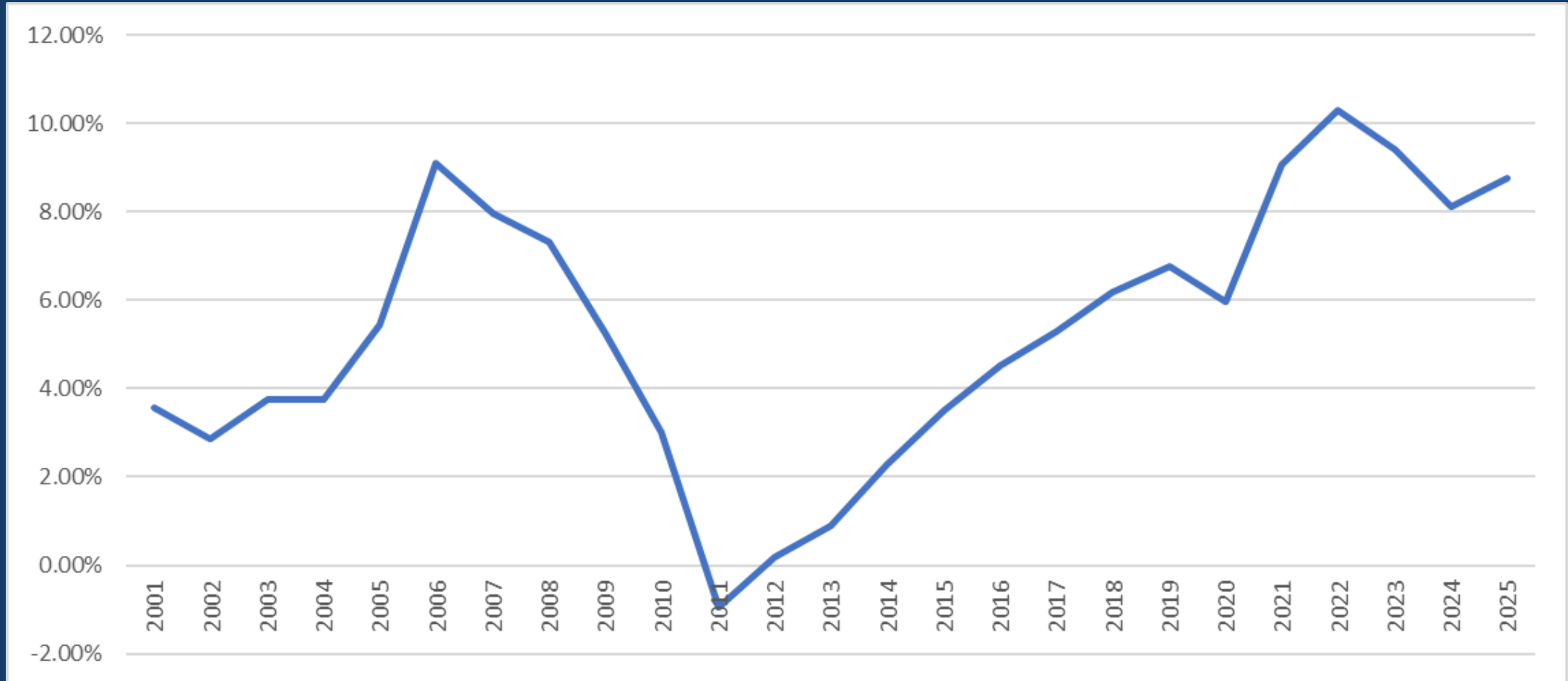
Historical trends: Sales Tax Growth (%)



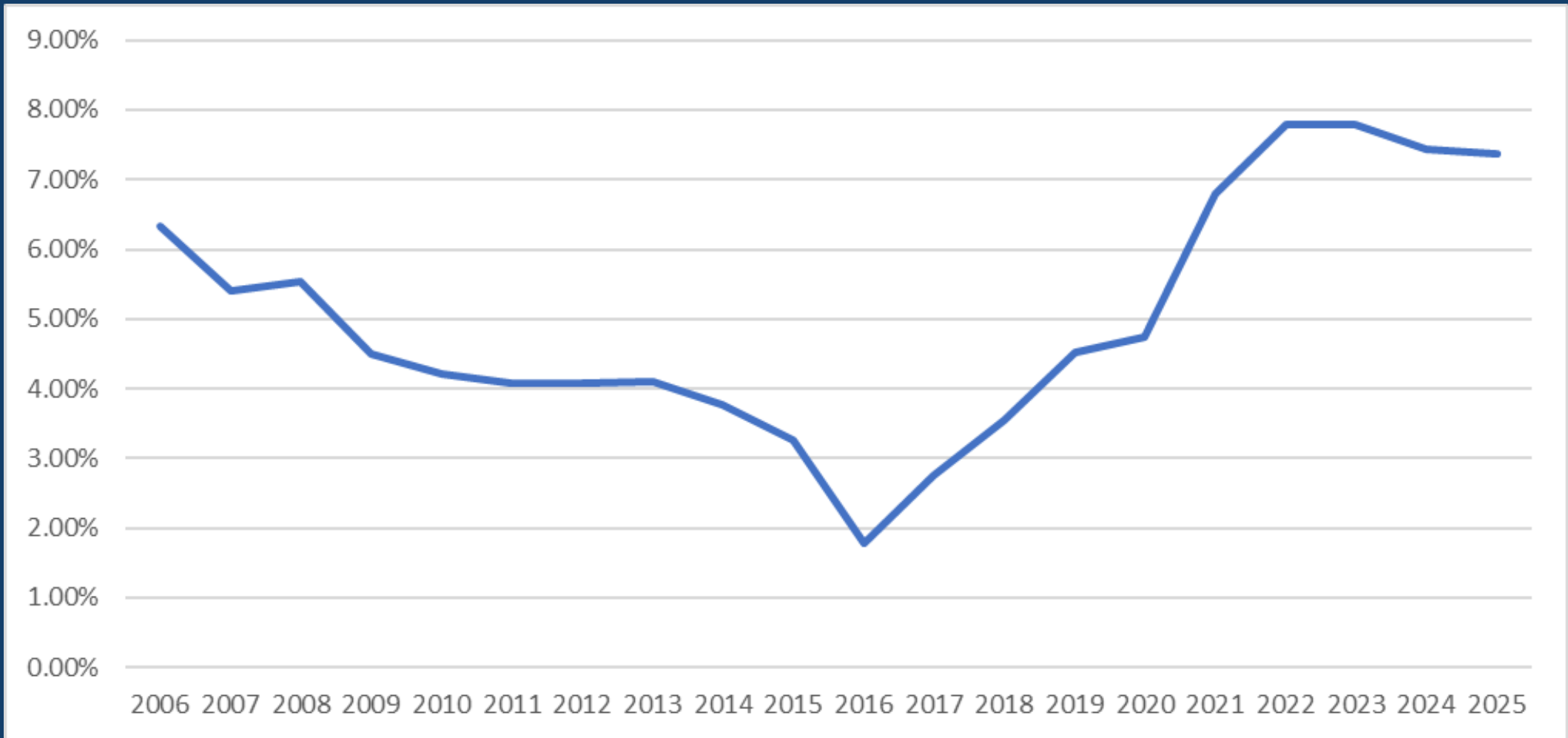
1996-2025 Compound Annual Growth Rate (CARG): 5.01%



Historical trends: 5-Year Trailing Average



Historical trends: 10-Year Trailing Average



Balancing Financial Risks

Potential strategies include:

- Being conservative in growth assumptions
- Converting city contributions to fixed dollar amount based on revenue growth assumptions
- Establishing Revenue Stabilization Account to cover potential future shortfalls
- Retaining flexibility/contingency to adjust project parameters in the future

Important to remember that there are real financial and operational risks associated with underbuilding the facility



Next Steps

- Continue conversations with cities and Treasurer on assumptions to include in the updated interlocal
- Work with PFM to identify appropriate size of revenue stabilization account
- Present risk mitigation plan to FFAB that balances financial and facility risks and provides reasonable capital construction budget cap for recommendation to the County Council



**WHATCOM COUNTY
EXECUTIVE'S OFFICE**

County Courthouse
311 Grand Avenue, Suite #108
Bellingham, WA 98225-4082



Satpal Singh Sidhu
County Executive

Memorandum

To: Whatcom County Council
Finance and Facility Advisory Board

Through: Satpal Sidhu, County Executive

From: Jed Holmes, Public Affairs and Strategy Manager

CC: Steve Oliver, Whatcom County Treasurer
Donnell "Tank" Tanksley, Sheriff
Kayla Schott-Bresler, Deputy Executive
Randy Rydel, Finance Director

Date: April 9, 2026

RE: Justice Project Finance Risks and Mitigation Strategies

Purpose

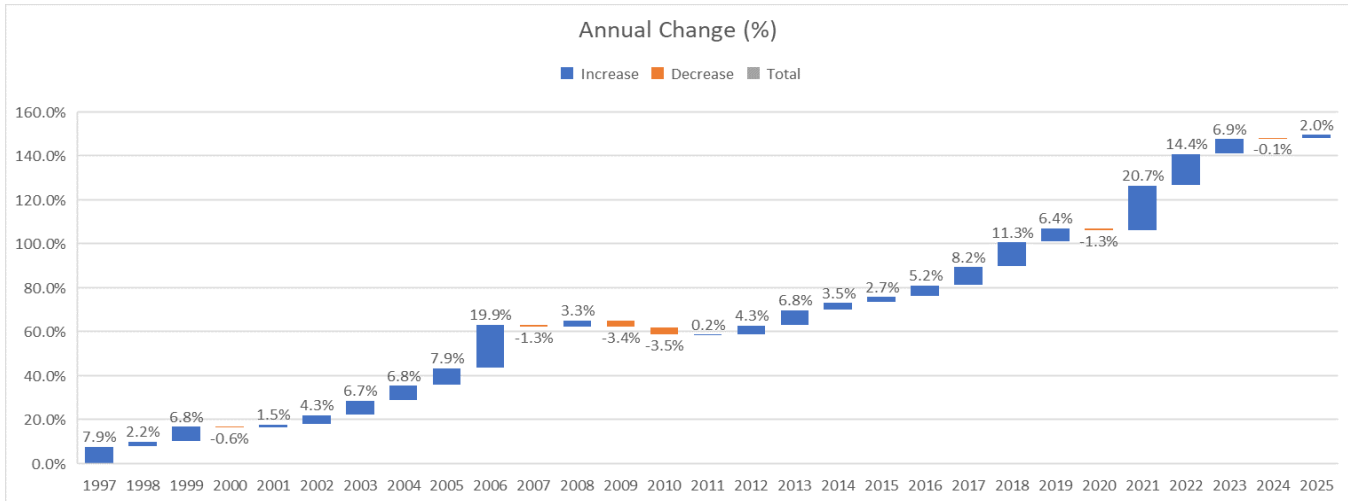
The purpose of this memo is to provide context for PFM's updated financing scenario and offer recommendations on risk mitigation strategies. This information is intended to assist decisionmakers in their contemplation of budget decisions considering the totality of project risks.

Based on analysis of the updated scenario and the proposed mitigation measures, the staff's recommendation is that the scenario be used as the basis for setting an initial budget cap, with the expectation that there will be an opportunity to revisit this after the true cost of borrowing becomes clear in spring 2027.

The Executive's Office will be watching sales tax trends and borrowing projections closely, bringing forward to the FFAB and Council any information that would favor reconsideration of the budget cap. The PFM scenario, based on market conditions on March 26, 2026, shows \$214 million available for the capital construction needs for the new jail and behavioral care center.

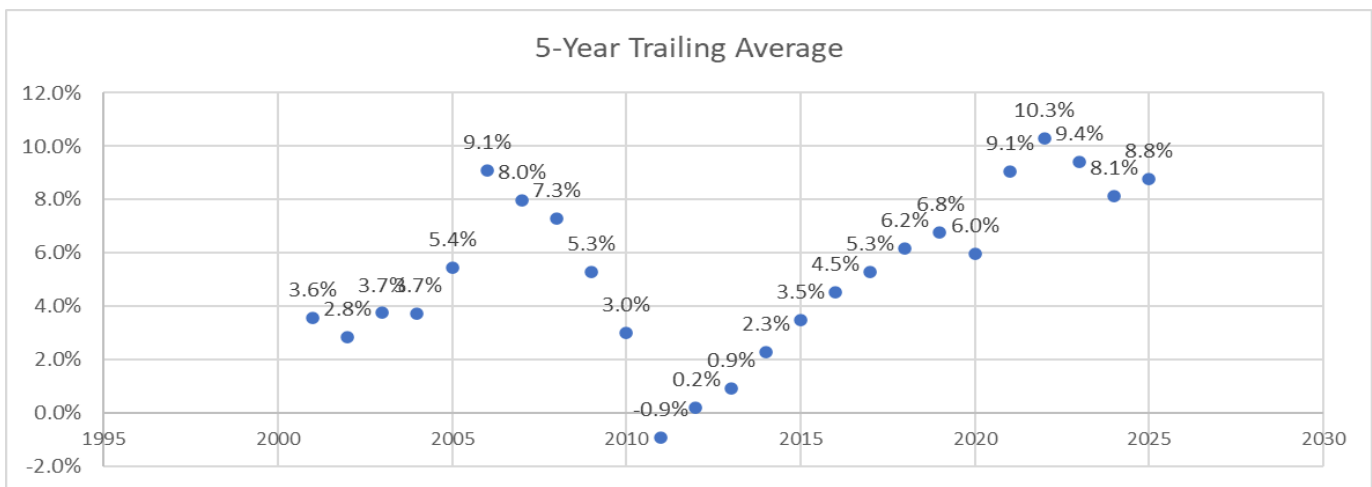
Revenue Risks

Whatcom County’s sales tax revenues have shown significant growth over the past 30 years, with a compound annual growth rate (CAGR) of approximately 5%. However, as the graph below illustrates, there is significant variance in growth rates not only from year to year but over more extended periods as well, which creates risks across different time horizons.



Short-term revenue risks

To the extent that the County’s financial assumptions foresee sales tax revenue growth over time, it is important to evaluate the risk of undercollection. Sales tax receipts from 1996 to 2025 can be evaluated as moving averages.



Here we can see the impact of the Great Recession, as average annual growth for the 5-year period from 2007 to 2011 dipped to -1% before recovering. This low point can be used as a benchmark for stress testing the resiliency of the proposed financial model.

If revenue growth was -1% for the next five years (2026 through 2030), the cumulative deviation from the projections used in updated financing scenario would total \$3.6 million (roughly \$700,000/year on average), a risk that the County would want to partially mitigate for.

Mitigation S1: Revenue Stabilization Account

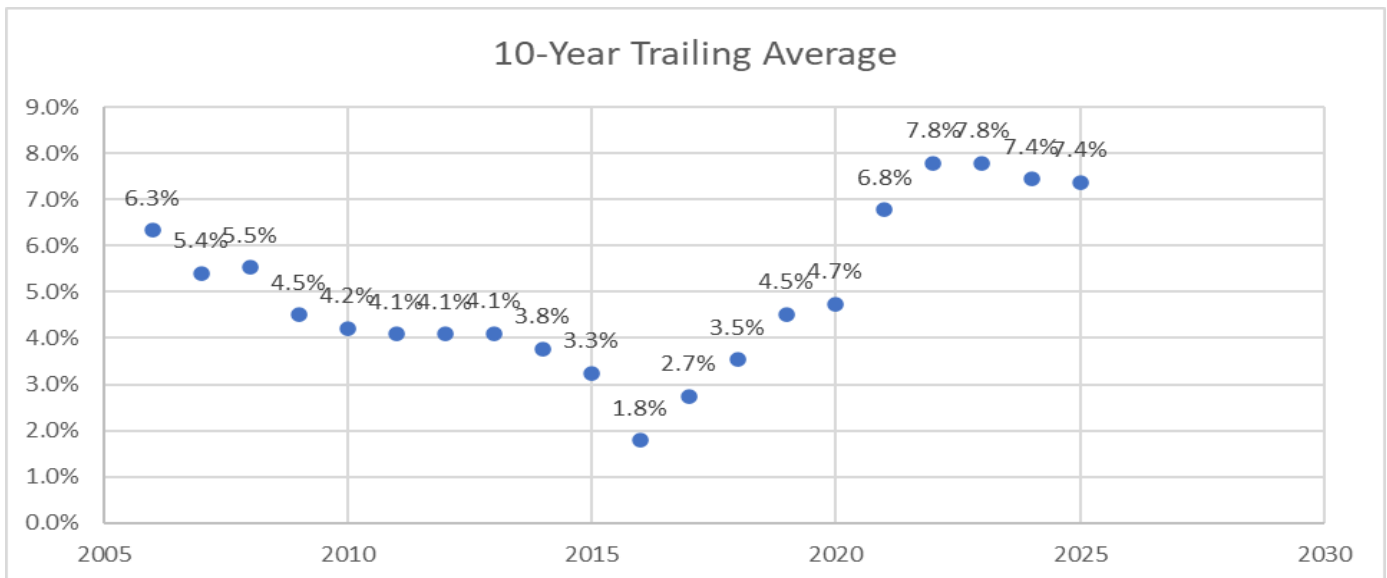
To shield the County from a similar revenue decline associated with a cyclical economic downturn or other economic shocks, we would suggest the creation of Revenue Stabilization Account (RSA) to cover any difference between the County’s anticipated and actual collections. The RSA could be funded, at least in part, by the fund’s investment income. Conservative estimates suggest that from 2024 to 2028 the fund will accumulate more than \$2 million from investment earnings. The County could also shift revenues collected in excess of the projected amounts to the RSA to cover potential future shortfalls.

Mitigation S2: Fixed City Contributions

The updated Interlocal Agreement should specify the annual contribution of each party in dollar amounts based on an agreed revenue assumption for future years. This would effectively isolate the County from risks associated with the cities’ contributions, which account for one-third of this risk through 2034.

Long-Term Revenue Risk

Under this conceptual framework, the County will assume responsibility for all debt payments from 2035 on. There is a risk that, if long-term revenue growth stagnates, County revenues from this source will be insufficient. We looked at 10-year moving averages to evaluate the risks across a full decade.



Again we see a dip associated with the Great Recession, resulting in an average growth rate of 1.8% from 2006 to 2016, the lowest for the periods analyzed. The second lowest is 2.75%.

Mitigation S3: Conservative Growth Assumptions

The most conservative approach would be to use the lowest 10-year moving average of the last 20 years. Using the next lowest would still be very conservative but also increase risk. The updated scenario assumes 1.5% growth in 2026 and 2027 and 3% growth thereafter, which averages 2.7% over the period.

Mitigation S4: 2035 Cushion

In the updated scenario, even with the conservative growth projections, in 2035 the County’s revenue from this source would exceed its debt service obligation by approximately 5%, or \$540,000. In other words, achieving the 2035 debt service amount would only require growth to average 2.2%, rather than the 2.7% average used in the assumptions.

Interest Rate Volatility Risk

The municipal bond market has seen significant fluctuations in recent years. For example, AAA municipal bonds have swung by more than three-quarters of a percentage point over the past year (see Bloomberg BVAL Muni Benchmark 30Y performance to the right). A swing of that magnitude could impact the bond costs by approximately 10%.

Mitigation S5: Include Contingency in Interest Assumptions

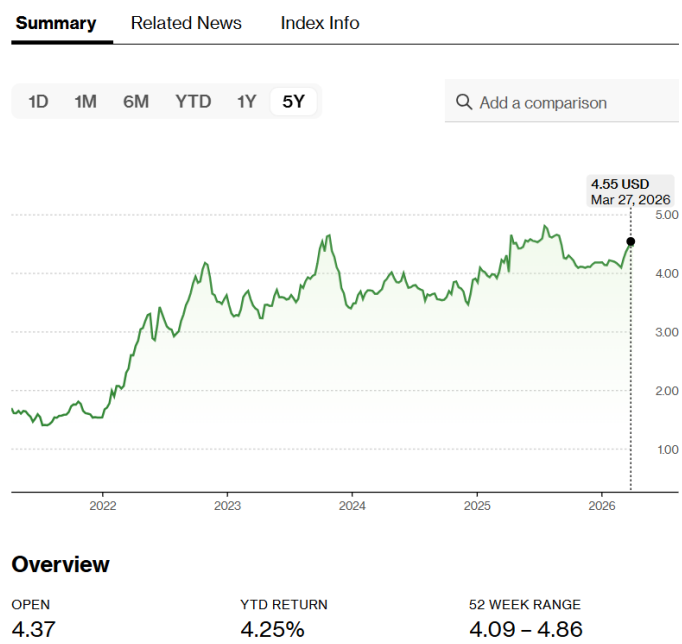
PFM’s scenario includes a cushion of +0.5% on top of current market rates, and staff recommend retaining this contingency in our assumptions.

Mitigation S6: Two Bond Placements

Staff recommend the County borrow in two tranches to reduce risks associated with temporary economic shocks and market volatility.

Mitigation S7: Maintain Project Flexibility

Incorporate contingencies that would allow for an adjustment in project scope if interest rates at time of borrowing differ from assumptions. This flexibility would apply to both scope reductions and expansions.



Conclusion

The updated financing scenario is conservative in its assumptions and, if used in conjunction with the mitigation measures described above, presents a budget cap—\$214 million—that we believe to be low risk based on historical trends and current market conditions.

By this time next year, the interest contingency will be resolved, at least in part, and we will have the benefit of another year's worth of revenue collected, providing an opportunity to revisit the project budget based on the information we have then. For example, if the interest rate cushion is not utilized (i.e., interest rates do not rise by 0.5%), approximately \$10 million could potentially be available for the project. The Guaranteed Maximum Price (GMP) will need to be agreed with the design-builder in fall of 2027.

Finally, please note that the financial assumptions and mitigation measures described above need to be agreed upon with the cities. Those negotiations would be the next step for the administration after receiving direction from the County Council to proceed with this budget cap.

Please address any questions to Jed Holmes, Public Affairs and Strategy Manager (jholmes@co.whatcom.wa.us).