



MEMORANDUM

April 8, 2025

TO: Councilmembers

FROM: Jill Boudreau, Senior Policy & Project Manager, Executives Office

CC: Executive Satpal Sidhu
Kayla Schott-Bresler, Deputy Executive
Aly Pennucci, Deputy Executive

RE: Economic Development Investment (EDI) Program

Councilmembers:

Thank you for your work to update the EDI ordinance this past few months.

Staff are diligently planning for the first EDI Board meeting planned for May 8, 2025 which we will brief the Board on the updated ordinance, new annual structure of meetings, financial update, new application process, and proposed structure for evaluation of funding applications and scoring criteria.

My suggestion, prior to the May 8 meeting, is to have County Council set proactive and planned investment target allocations for fund balance and annual revenues, inclusive of affordable and workforce housing. By setting prioritized target investment allocation(s), this gives the Board direction when recommending awards to the County Council for adoption, based on Council priorities. I believe that this will result in a streamlined approval of a suite of projects for 2026.

To begin the discussion on Tuesday please consider the following:

- Choose percentages that Council would like to see spent in 2026 on Housing projects and Government Infrastructure projects.
- The intent of a revolving fund would assume that repayments from loans would fund future loans. As an example, we are budgeting about \$760,000 in revenue for 2025 from loan payments.
- We should not spend every budgeted dollar as these figures are budgeted not actuals. I would suggest a minimum 20% reserve in the fund balance.
- Because this fund is used for loans and grants, consider a separate allocation for the annual revenue and yearly fund balance.

- Should we spend the fund balance down over more than 1 year? Or all at once?
- Should we separate allocation based on the anticipate revenue and a different allocation for the fund balance? Or split the fund into a current revenue and an actual revolving loan fund?

Proposed financial strategy for EDI Funding 2026

OVERALL FUND STRATEGY:

<u>2025 Estimated funds</u> \$6.3M sales tax \$760,000 loan principal repayments \$17M estimated fund balance after encumbrances \$92,000 interest earnings		\$24,000,000
Less fund reserve	20%	\$4,800,000
		\$19,200,000
Dollar amount to allocate *		\$19,200,000
Whatcom County	30%	\$5,760,000
Housing infrastructure projects	25%	\$4,800,000
Govt Infrastructure projects	45%	\$8,640,000

* Council discretion on amount & spenddown timeline

Staff recommends that a Council prioritized target investment allocation(s) is an annual action in April, prior to the beginning of the annual EDI process. If Council decides to set a prioritized target investment allocation(s), then we can continue the conversation at the April 29, 2025 meeting and beyond if necessary.

Please do not hesitate to reach out to me if you have any questions. Email: JBoudrea@co.whatcom.wa.us or mobile: 360-630-1404

Looking forward to the committee discussion with you.