



Whatcom County

COUNTY COURTHOUSE
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Bellingham, WA 98225-4038
(360) 778-5010

Agenda Bill Master Report

File Number: AB2026-104

File ID:	AB2026-104	Version:	1	Status:	Substitute Adopted
File Created:	01/20/2026	Entered by:	MMiterko@co.whatcom.wa.us		
Department:	Finance Division	File Type:	Ordinance		
Assigned to:	Council Finance and Administrative Services Committee			Final Action:	02/10/2026
Agenda Date:	02/10/2026			Enactment #:	ORD 2026-006

Related Files:

Primary Contact Email: atan@co.whatcom.wa.us

TITLE FOR AGENDA ITEM:

Ordinance establishing the 32nd Street Property Acquisition Fund and establishing an initial budget for the 32nd Street Property Acquisition Fund

SUMMARY STATEMENT OR LEGAL NOTICE LANGUAGE:

Ordinance establishing the 32nd Street Property Acquisition Fund to account for revenues and expenditures related to the acquisition of the property and tenant improvements necessary to make it operational. The 32nd Street Acquisition Fund seeks an initial budget of \$8,700,000 as described in Exhibit A. Please see attached.

HISTORY OF LEGISLATIVE FILE

Date:	Acting Body:	Action:	Sent To:
01/27/2026	Council	INTRODUCED	Council Finance and Administrative Services Committee
		Aye: 5 Boyle, Buchanan, Galloway, Rienstra, and Scanlon	
		Nay: 2 Elenbaas, and Stremler	
02/10/2026	Council Finance and Administrative Services Committee	SUBSTITUTE RECOMMENDED FOR ADOPTION	
		Aye: 5 Boyle, Buchanan, Galloway, Rienstra, and Scanlon	
		Nay: 2 Elenbaas, and Stremler	
02/10/2026	Council	SUBSTITUTE ADOPTED	

Aye: 5 Boyle, Buchanan, Galloway, Rienstra, and Scanlon

Nay: 2 Elenbaas, and Stremmer

Attachments: Memo, Proposed Ordinance, Substitute Ordinance, Notice of Action Proposed on 1.27.2026

PROPOSED BY: Executive
INTRODUCED: January 27, 2026

ORDINANCE NO. 2026-006

ORDINANCE ESTABLISHING THE 32ND STREET PROPERTY ACQUISITION FUND AND INITIAL BUDGET

WHEREAS, the County has been evaluating the need for operational office space with a focus on the Northwest Annex facility complex for several decades; and

WHEREAS, in 2021, the County Council authorized the creation of a project budget fund to design and construct a new facility complex at the current location of the Northwest Annex facility; and

WHEREAS, cost escalations in labor and materials related to the Northwest Annex facility project in conjunction with a number of capital priorities have prompted the County to look for alternatives; and

WHEREAS, a suitable property has been found at 333 32nd Street, Bellingham, Washington that is available for purchase that will satisfy the needs of the County as an alternative to building at the Northwest Annex property; and

WHEREAS, funding is needed to accommodate the purchase of this property and to perform tenant improvements necessary to make the building operational for County purposes; and

WHEREAS, funding is available in the NW Annex Redevelopment Fund, the Hovander Park Building Improvements Fund, the Capital Facilities Reserve Fund, the Public Utilities Improvement (EDI) Fund, and the Real Estate Excise Tax (REET) II Fund; and

WHEREAS, Section 6.80 of the Whatcom County Home Rule Charter allows for project-based capital budget appropriation ordinances that lapse when the project has been completed or abandoned or when no expenditure or encumbrance has been made for three (3) years.

NOW, THEREFORE, BE IT ORDAINED by the Whatcom County Council that a new fund is hereby established effective immediately, titled the 32nd Street Property Acquisition Fund. This fund shall be used to account for the revenues and expenditures related to the acquisition of the property and tenant improvements necessary to make it operational; and

BE IT FURTHER ORDAINED by the Whatcom County Council that the 32nd Street Property Acquisition Fund is approved with an initial project budget of \$8,800,000 as described in Exhibit A.

ADOPTED this 10th day of February, 2026

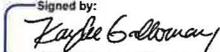
ATTEST:


Cathy Halka, Clerk of the Council

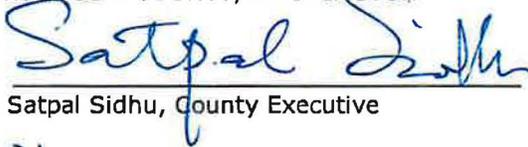
APPROVED AS TO FORM:

Approved by Email/B Waldron/A Tan
Civil Deputy Prosecutor

WHATCOM COUNTY COUNCIL
WHATCOM COUNTY, WASHINGTON

Signed by:

Kaylee Galloway, Council Chair

WHATCOM COUNTY EXECUTIVE
WHATCOM COUNTY, WASHINGTON


Satpal Sidhu, County Executive

Approved () Denied

Date Signed: 2/11/2026

EXHIBIT A

Supplemental Budget Request

Administrative Services	Facilities Management
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Suppl ID # 5327	Fund	Cost Center	Originator: Rob Ney
	Year 2	2026	Add'l FTE <input type="checkbox"/>
			Priority 1

Name of Request: Purchase of Real Property at 333 32nd Street

X

Department Head Signature (Required on Hard Copy Submission) _____ **Date** _____

Costs:	Object	Object Description	Amount Requested
	4362.1000	Rents and leases	(\$25,000)
	4362.1000	Rents and leases	(\$75,000)
	6190	Direct billing rate	\$40,000
	6960	Water and sewer	\$24,000
	6970	Gas	\$28,000
	6980	Electric	\$118,000
	6990	Solid waste	\$8,000
	7060	Repairs and maintenance	\$222,000
	7070	Minor remodeling	\$554,899
	7350	Buildings and structures	\$7,805,101
	8397.C.32402401	Transfers in	(\$900,000)
	8397.C.35151000	Transfers in	(\$3,000,000)
	8397.C.32422400	Transfers in	(\$1,000,000)
	8397.C.38051000	Transfers in	(\$1,200,000)
	8397.C.35131000	Transfers in	(\$2,600,000)
	Request Total		\$0

1a. Description of request:

The County has desired to replace the Northwest Annex Facility for several decades. In 2020, and with the hopes of Creating a "shovel ready project" that might attract State or Federal funding, the County began investigating the Northwest Annex Redevelopment project. In December of 2021, the Council authorized \$5.1 Million in funding for designing a new Campus Facility at the Northwest Annex site which included 3 new office buildings (Northwest Annex Redevelopment Fund Project Based Budget Ordinance 2021-087.) The proposed site plan/campus would create three new buildings, associated parking and stormwater facilities. Building 1 would be fully built out and was a 2-story 51,000 sf office building to replace the existing Northwest Annex Building and would house Planning and all of Public Works (moving the Civic Center occupants to the new location). A second 25,000 square foot office building "shell" would be built to take advantage of economies of scale in pricing and would be primarily used as storage to replace the out buildings being lost in the existing Northwest Annex complex. A third building pad would also be assumed for a future third, undefined/un-designed 28,000 sf building. All associated parking and stormwater for all three buildings would be included with building 1 construction. Unfortunately, the cost for this construction (roughly \$63 million) far exceeded the County's available budget for this project.

On March 25, 2025, the Executive's office presented to Council updated financial analysis regarding the County's capacity to fund major capital projects. This analysis, conducted with the expertise of financial consultant Doug Merriman, evaluated the previous funding assumptions, which relied predominantly on debt financing secured by Real Estate Excise Tax (REET) revenues and funding from the County's portion

Supplemental Budget Request

Administrative Services

Facilities Management

<i>Suppl ID # 5327</i>	<i>Fund</i>	<i>Cost Center</i>	<i>Originator: Rob Ney</i>
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of revenues from the Public Utilities Fund (EDI). The County simply could not afford the new construction projects on the horizon.

The Council requested the Administration pursue resolution of the need for a new Sheriff Office. In November of 2025, the Administration met that with the lease of the 4600 Ryzex Way Building. Although that building will not be occupied until mid-2026, the long term need for this building has been satisfied.

During this time, Western Washington University reached out to the County on available office space they had at their Administrative Services Building at 333 32nd Street. This property was evaluated and quickly became an option for the replacement of the Northwest Annex and relocation of PDS/portions of PW. After several months of negotiations, the Executive entered into a purchase and sale agreement with WWU, contingent on Council approval. The County and WWU negotiated to rent back a portion of the building to WWU for the first two years.

333 32nd Street is a two story 29,992 sf building located near Sehome Village and the former Sehome Cinemas with convenient I-5 access. Currently, Western occupies the top floor and a portion of the first floor.

The agreed price is the assessed valuation for 2025, which is \$8,056,584. The cost/sf for this purchase is roughly \$269/sf compared to the \$660/sf of the new construction option.

In the short-term, purchasing this building is the most expeditious way to address the facility needs for staff currently occupying the NW Annex building and takes significant pressure off of the CIP in 2027 and beyond. In the longer term, after WWU vacates the second floor, this building will allow the County to relocate some Public Works staff from the Civic Building, or other offices or departments, freeing up space to address the growing needs for additional space for several departments or offices located in and around the County Courthouse, and ultimately accomplishing the same goals that Building 1 of the NW Annex redevelopment project would achieve.

The total project, including estimated tenant improvements, is \$8,800,000. Please see the attached Exhibit A for additional information.

The staff and customers of the Planning Department, Engineering Services division of Public Works, and other county departments that may be located in the building.

1b. Primary customers:

The County has been trying to relocate the occupants of Northwest Annex for 30 years. This is a cost-effective alternative to the construction of the Northwest Annex Redevelopment project.

If the decision on this purchase is deferred, and absent an alternative solution for staff currently in that building, significant maintenance is needed to keep the current NW Annex building occupiable (repairs could be as much as \$2.5-\$4M).

2. Problem to be solved:

The County considered rebuilding the Northwest Annex is a Campus setting, with three new office buildings. That proved to be unaffordable.

3a. Options / Advantages:

The County considered rebuilding the Northwest Annex is a Campus setting, with three new office buildings. That proved to be cost ineffective.

This is a relatively inexpensive option that solves a long term need for the County.

3b. Cost savings:

- Very cost effective per square ft
- Well maintained
- Newer and modern, meaning lower cost/sf for maintenance
- Convenient I-5 access

Supplemental Budget Request

Administrative Services

Facilities Management

Suppl ID # 5327

Fund

Cost Center

Originator: Rob Ney

Training center to accommodate large public meetings (e.g. planning commission)

The cost savings are relative to building new. This is roughly one-quarter of the cost.

4a. Outcomes:

If approved, the County would own the property around the first of February 2026. A small tenant improvement is expected to provide a permit counter. Further tenant improvements will be coordinated between the occupants, facilities, and information services.

4b. Measures:

When title has been transferred to the County.

When the project is complete and within the specified budget.

5a. Other Departments/Agencies:

N/A

5b. Name the person in charge of implementation and what they are responsible for:

Rob Ney, Facilities Director & Hans Howard, Special Projects Manager

6. Funding Source:

\$2,500,000 Redirected the Northwest Annex Redevelopment Funding (SOURCE) (No Companion)

\$3,000,000 Capital Reserve Fund (Companion Supp. 5355)

\$1,000,000 EDI (Companion Supp. 5357)

\$1,200,000 Redirected from the Hovander Park Building Improvement Fund (SOURCE) (Companion 5317)

\$900,000 (REET II) (Companion Supp. 5356)

\$100,000 Revenue Account (No Companion)

The Parks Department intends to make future requests during the CIP Process to replenish the Hovander Park Building Improvement Fund at a later date.