City of Ferndale

Grandview Sewer Expansion Economic Analysis

BERK
STRATEGY ANALYSIS COMMUNICATIONS

2200 Sixth Avenue, Suite 1000
Seattle, Washington 98121
P (206) 324-8760
www.berkconsulting.com

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Project Team

Ana Costa
Ariel Hsieh
Dawn Couch
Ferdouse Oneza, AICP
Katherine Goetz
Lisa Grueter, AICP
Madalina Calen

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Executive Summary

Whatcom County is facing a shortage of serviced, developable industrial and commercial land. The Grandview Study Area (Study Area), located within Ferndale's Urban Growth Area (UGA) and Urban Growth Reserve Area (Urban Reserve), presents a significant opportunity for economic development, including new business and job growth. This study represents a partnership between the City of Ferndale and the Port of Bellingham (Port) to assess the potential economic impacts, stakeholder perspectives, development opportunities, and barriers that could influence future growth in the area. The study was funded with a Community Economic Revitalization Board (CERB) grant.

Study Area: The Study Area consists of two components: the Potential Service Area and the Future Vista Drive - Brown Road Center. The Potential Service Area includes parcels of commercial and industrial land that eventually will need to be served by sewer expansion. The Future Vista Drive - Brown Road Center includes mostly residential land in the UGA and Urban Reserve. Expanding the sewer to the Potential Service Area will likely impact the land use and development potential in the future Vista Drive - Brown Road Center. **The City of Ferndale (City) is obligated to provide municipal wastewater (sewer) services to its Urban Growth Areas, including the Grandview Road area.**

Economic Context and Impact Analysis: The market analysis finds there is local and regional demand for "ready to go" industrial lands with infrastructure in place prior to development. The Study Area is best suited for light industrial development, with some potential opportunities for manufacturing uses. Current market demand for retail and office development is limited. The Expansion of sewer service can contribute to greater development in the Potential Service Area, similar to growth observed in areas that already have sewer access countywide and in Ferndale.

This study finds that extending sewer service and updating the land use zoning will likely increase the pace and density of development. A combination of both future zoning and extending utilities will result in the greatest change compared to the status quo. This combination could result in the creation of over 1,300 jobs and $900 million in business income over the 20-year period. **The potential jobs resulting from growth in development enabled by sewer expansion over the 20-year period would account for one-fifth of Ferndale's employment growth allocations for the Comprehensive Plan.**

Fiscal Impacts Analysis: This analysis seeks to quantify the anticipated ongoing costs to serve the area and the additional ongoing revenues that may be derived as a result. New development would result in additional revenue generated by new construction, an increase in the assessed value of property and associated taxes, and business and consumer activity. It would also result in additional service costs to serve additional residents and businesses. The analysis assumes that all revenues accrued to the City and services are provided by the City, as annexation of the remainder of the Potential Service Area is assumed to occur before or concurrent with the sewer expansion. This analysis includes an overview of the capital costs of the project and potential funding sources but does not include recommendations on a funding strategy for capital investment.

This study finds that the expansion project would have a positive fiscal impact in terms of ongoing revenues and costs. If projected development occurs at a more rapid pace, over 10 years, the estimated

net ongoing impact (ongoing revenues less costs) is $4.9-$6.9 million. If development occurs over a 20-year period, the estimated net impact is $12.1-$12.3 million.

Unlike private developments, public investment in infrastructure cannot be measured based on profit or loss scenarios, and in this case the City is obligated to extend sewer to serve within its boundaries. However, the City does have a responsibility to its utility subscribers to equitably distribute cost responsibilities, and to consider the fiscal impact of infrastructure Expansions.

This analysis estimates that the ongoing net impact is $12.1-$12.3 million over a 20-year period, so an additional contribution of approximately $10 million would be needed to balance the $22 million capital investment for the project. The City has already identified $14 million in potential funding, or more than half of the project cost, and the remaining amount ($22 million less $14 million) needed for the initial investment could be funded by grants, partners, or bonds; bonds would spread out the cost over time.

The obligation of public utilities is not to create profit, but to efficiently provide services commensurate with fees to public utility customers. Like all public utilities, Ferndale's sewer fund is expected to operate in as close to a "neutral" financial position as possible. The City may be able to reduce its direct capital investment by seeking grants at the local, state, or federal level, by establishing funding mechanisms that focus on payment from utility customers in the benefit area, or other approaches.

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Introduction

The City of Ferndale (City) and the Port of Bellingham (Port) hired BERK Consulting (BERK) to conduct a study to assess the potential economic and land use impacts of expanding the utility infrastructure in the Grandview Area. The study aims to determine the degree to which sewer expansion could enable or stimulate land use development and economic activity that will bring economic benefits to Ferndale and Whatcom County that are greater than what is likely under current development patterns. This study does not consider design parameters of the potential sewer expansion, nor the costs of the capital improvements which will be determined by the expansion design.

The analysis will inform the City's long-term growth strategy over the next 20 years. The strategy is designed to encourage development that maximizes regional economic returns. The findings will ultimately help shape a shared vision for the area and guide strategic decisions about the timing and location of future utility investments.

The State Growth Management Act (GMA) dictates how cities and counties manage their growth. GMA goals (RCW 36.70A.020) applicable to this study include the following:

1. Urban Growth. Encourage development in urban areas where adequate public facilities and services exist or can be provided in an efficient manner.
2. Reduce sprawl. Reduce the inappropriate conversion of undeveloped land into sprawling, low-density development.
5. Economic Development. Encourage economic development and promote economic opportunity for all citizens of this state.
11. Citizen participation and coordination. Encourage the involvement of citizens in the planning process, including the participation of vulnerable populations and overburdened communities, and ensure coordination between communities and jurisdictions to reconcile conflicts.
12. Public Facilities and Services. Ensure that those public facilities and services necessary to support development shall be adequate to serve the development at the time the development is available for occupancy and use without decreasing current service levels below locally established minimum standards.

Through a regional collaborative process, Ferndale's 20-year growth projections include adding approximately 11,000 new residents and nearly 3,500 new jobs between 2025 and 2045. While a portion of the Grandview Study Area (Study Area) lies outside Ferndale's current city limits, it intersects with the City's Urban Growth Area (UGA) and Urban Reserve. These areas are an integral part of Ferndale's long-term growth management and fiscal sustainability plan. Over the past decade, the City has managed growth primarily through infill development. As future growth continues, the City will eventually annex parts of its urban growth area, including portions of the Study Area currently outside the city limits.

Report Organization

This report is organized as follows:

- **Land Capacity and Infrastructure Evaluation:** This section provides an overview of the Study Area, presenting key information that sets the foundation for analyses in the following sections. It includes a review of current development conditions, anticipated critical areas, existing infrastructure, and an evaluation of current land capacity for new housing and employment in the Study Area.
- **Economic Context and Impact Analysis:** This section presents information on the Study Area's existing conditions and local and regional economic and real estate market trends. The economic context informs the assessment of likely uses and development in the Study Area, presented as several high-level economic development and growth scenarios. It summarizes the expected economic impacts of different development scenarios, including job creation, business revenue, and labor income generation.
- **Fiscal Impacts Analysis:** This section includes an analysis of the potential fiscal impacts associated with sewer expansion and development in the Study Area. The analysis includes a summary of the growth scenarios based on the land capacity analysis and economic analysis, an estimate of the additional revenue that may be generated by the sewer development and resultant growth, and a summary of the net fiscal implications of the project.

Land Capacity and Infrastructure Evaluation

This section provides an overview of the Study Area, including:

- An assessment of existing development conditions.
- A description of critical areas.
- An overview of current infrastructure systems.
- An analysis of the current land capacity for development.

Key Findings

- The Study Area comprises two distinct areas: the Potential Service Area and the Future Vista Drive - Brown Road Center.
- The Potential Service Area includes 989 acres of parcels of commercial and industrial land. Areas within the current UGA will have to eventually be served by a sewer expansion.
- The Future Vista Drive - Brown Road Center covers 578 acres of primarily residential parcels included in the City's UGA or Urban Reserve. Expanding sewer to the Potential Service Area will enable and increase the development potential of the Future Vista Drive - Brown Road Center and densities that could support meeting the City's obligations for affordable housing.
- The Study Area currently includes a mix of commercial, light industrial, and older residential properties. Approximately 55% of the parcels within the Study Area are vacant, partially used, or underutilized, representing an opportunity for future growth, attracting investment, and achieving long-term planning goals. Should the City modify or update land use regulations (zoning) in the area, the development or redevelopment potential of the area is expected to increase accordingly, assuming the availability of utility services
- With adequate public sewer infrastructure, the area has the capacity to add over 800,000 square feet of new commercial/industrial development, 800 jobs, and over 300 housing units under current city and county zoning. Current zoning leaves no employment capacity in the Future Vista Dr./Brown Rd. Center, though future zoning modifications could create such capacity.
- The City of Ferndale has not yet assigned zoning to properties within the unincorporated UGA, and nearly 40% of the zoning within the incorporated portion of the Study Area is considered outdated. Sewer expansion will be necessary to achieve the development potential of the Study Area under the City's planned zoning updates in these areas, particularly in conjunction with the planned sewer expansion.

Property and Study Area Characteristics

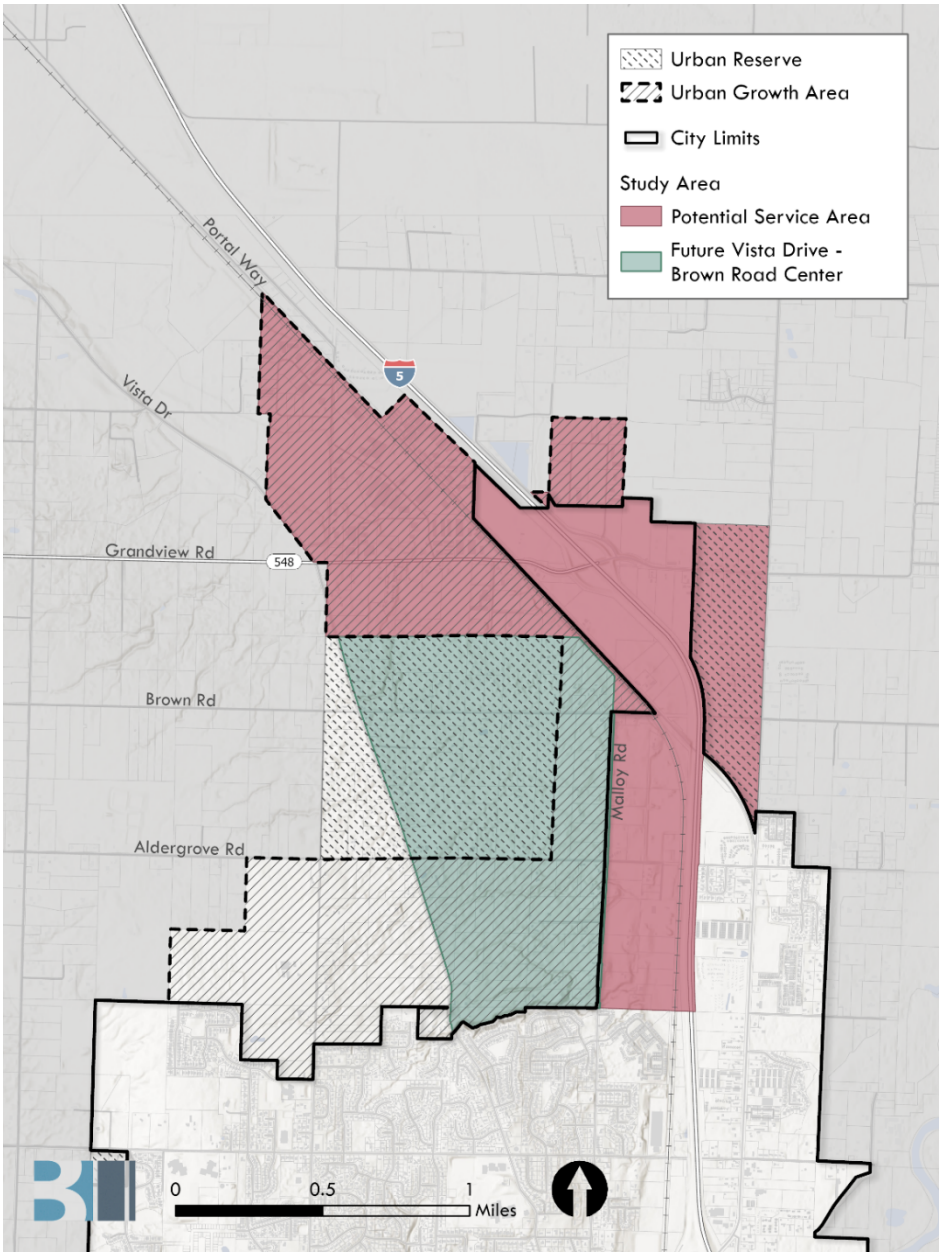
The Study Area intersects portions of Ferndale's city limits and extends into the unincorporated UGA and Urban Reserve areas around the northern part of Ferndale. As shown in **Exhibit 1**, the Study Area is

composed of two distinct areas: the Potential Service Area and the Future Vista Drive - Brown Road Center.

The Potential Service Area encompasses 989 acres of land and includes parcels of commercial and industrial land that could potentially be served by a sewer expansion.

The Future Vista Drive - Brown Road Center spans 578 acres, covering mostly residential parcels included in the City's UGA or Urban Reserve. This report does not include an analysis of the potential economic activity that could be generated by sewer expansion in the Future Vista Drive - Brown Road Center. However, expanding the sewer to the Grandview area (Potential Service Area) will likely impact the land use and development potential of the area. This report does not include an analysis of the opportunities for rezoning all the property within the Study Area or Potential Service Area, or the impacts of such a decision. The City of Ferndale is currently developing an update to its comprehensive plan, and the update to that plan may result in updated land use regulations associated with these areas. If rezoning efforts are pursued, particularly in coordination with the sewer Expansion, they will enhance the area's development potential and the potential fiscal benefits associated with new development enabled by improved utility infrastructure

Exhibit 1. Study Area

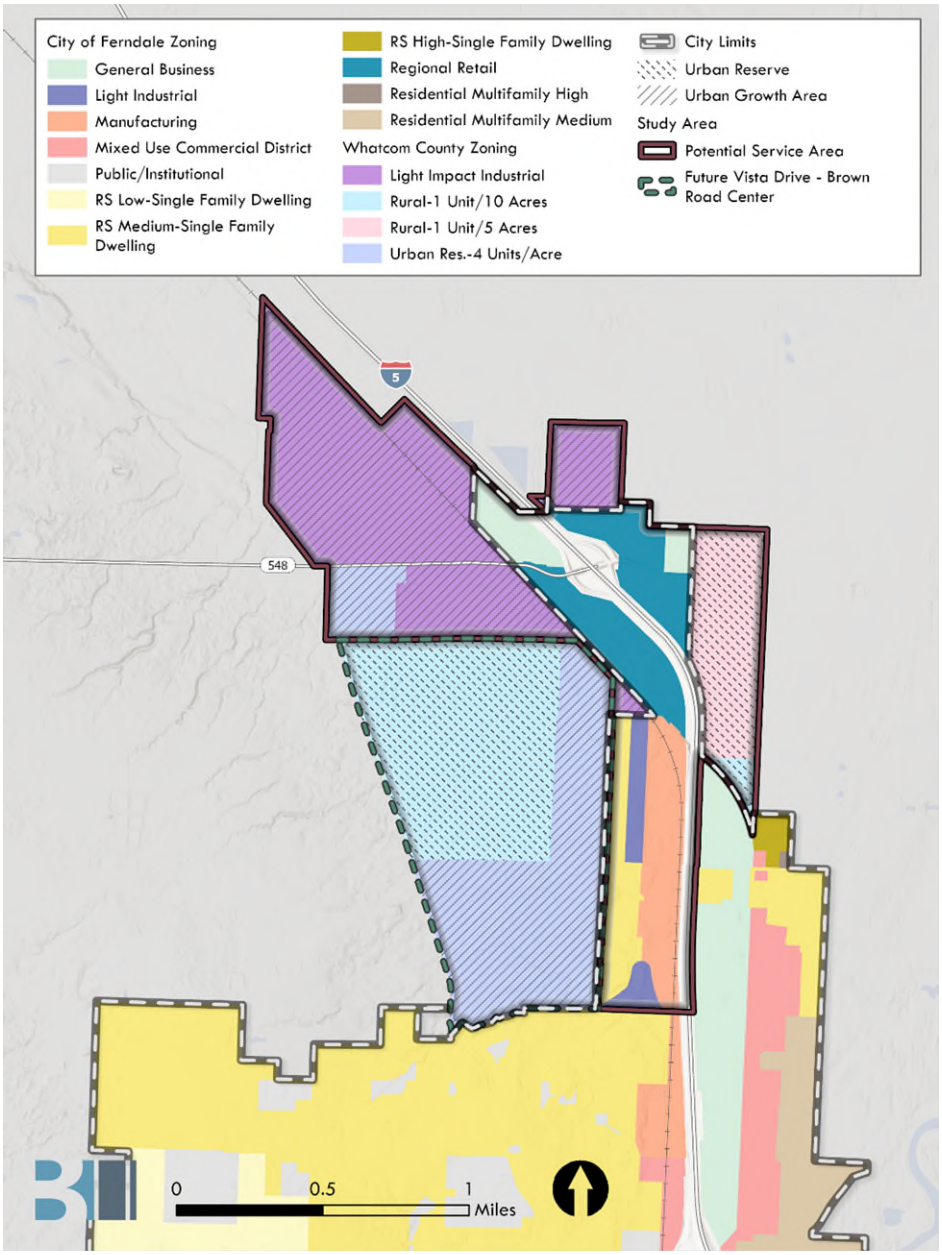


Sources: City of Ferndale, 2024; BERK, 2024.

The GMA allows more intense growth within urban areas where adequate infrastructure is available. Currently, UGAs outside the Ferndale city limits are governed by Whatcom County's development codes. Outside the city limits, development within the county is less intense due to limited available infrastructure. Whatcom County has permitted industrial developments with limited infrastructure in the Grandview area. The current development pattern includes low-cost buildings served by septic systems, which prevents more intensive commercial or industrial uses in terms of lot coverage, number of employees, etc. In contrast, the introduction of urban infrastructure, such as sewer service, will support enhanced lot coverage and higher employment densities, enable a broader mix of uses, and generate additional economic benefits to the City and County in the form of jobs and business activity, both on properties that are underutilized based on current zoning as well properties that may convert to

more intense development when utility infrastructure supports it. As shown in **Exhibit 2**, the Study Area is comprised of a mix of city and county zones designated for commercial, industrial, residential, and mixed-use purposes.[1]

Exhibit 2. County and City Zoning



Sources: City of Ferndale, 2024, Whatcom County, 2024; BERK, 2024.

[1] For additional details about the City and County zoning designations, access the City of Ferndale ordinance and the Whatcom County ordinance.

Development Conditions

The Study Area is one of the last remaining underdeveloped interchanges along Interstate 5 (I-5) within a UGA near the Canadian border that can be provided with urban services. It is also close to the BNSF Railway, which may offer efficient transportation and shipping. Additionally, the Study Area is located near the most densely populated region of Whatcom County.

Currently, the Study Area comprises a mix of commercial, light industrial, and older residential properties. In total, the area encompasses 282 parcels, 189 of which are in the Potential Service Area (See **Exhibit 3**). The land capacity analysis suggests approximately 55% of the parcels within the Study Area are vacant, partially used, or underutilized, suggesting they have redevelopment potential. The redevelopment potential is expected to increase as the City updates its zoning and assigns city zoning to parcels when they are annexed into the City, or if the City and County develop agreement(s) wherein the City assigns preliminary zoning to the area, prior to annexation.

Exhibit 3. Parcel Summary

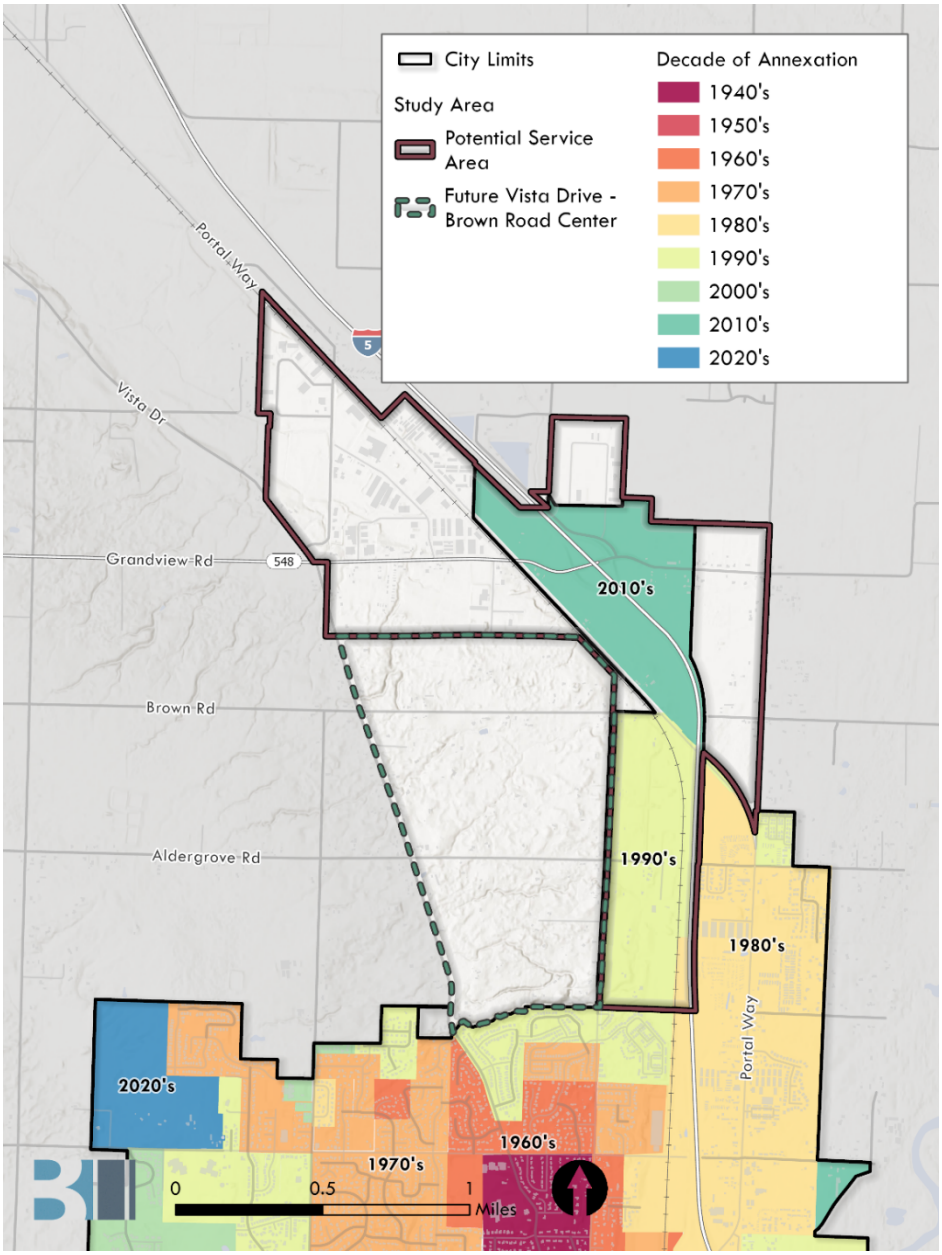
	Study Area	Potential Service Area
Total Parcels	282	189
Developable Parcels	154	102
Share of Developable Parcels	55%	54%

Source: BERK, 2024

Annexation History and Phasing Plan

The City of Ferndale has adopted an annexation blueprint to manage anticipated growth and impacts to capital facilities programs, in compliance with the GMA. Portions of the Study Area within the city limits were annexed in stages, beginning in the 1990s, as shown in **Exhibit 4**.

Exhibit 4. Annexation History



Source: City of Ferndale, 2024; BERK, 2024.

The areas within the Study Area that overlap with the unincorporated UGA are aligned with the mid- and long-term stages of the City's annexation phasing plan.[2] **Exhibit 4** shows the subareas within and surrounding the Study Area, each labeled with its corresponding subarea ID number. The mid-term stage (2021-2028) encompasses residential areas west of Malloy Road and south of Aldergrove Road, along

[2] According to the City of Ferndale's Annexation Blueprint, "For the purposes of providing consistent expectations for property owners and the City, annexations are considered within three, seven-year time periods (2013-2020, 2021-2028, 2029-2036). Future amendments to this document will result in amendments to these time periods in order to reflect a new twenty-year horizon." These periods are referred to as short-term, mid-term, and long-term annexation areas. Source: City of Ferndale (2018). *Annexation Blueprint: Annexation Phasing Plan: 2016-2036*. https://www.cityofferndale.org/wp-content/uploads/2018/07/Blueprint-2016-Adopted.pdf

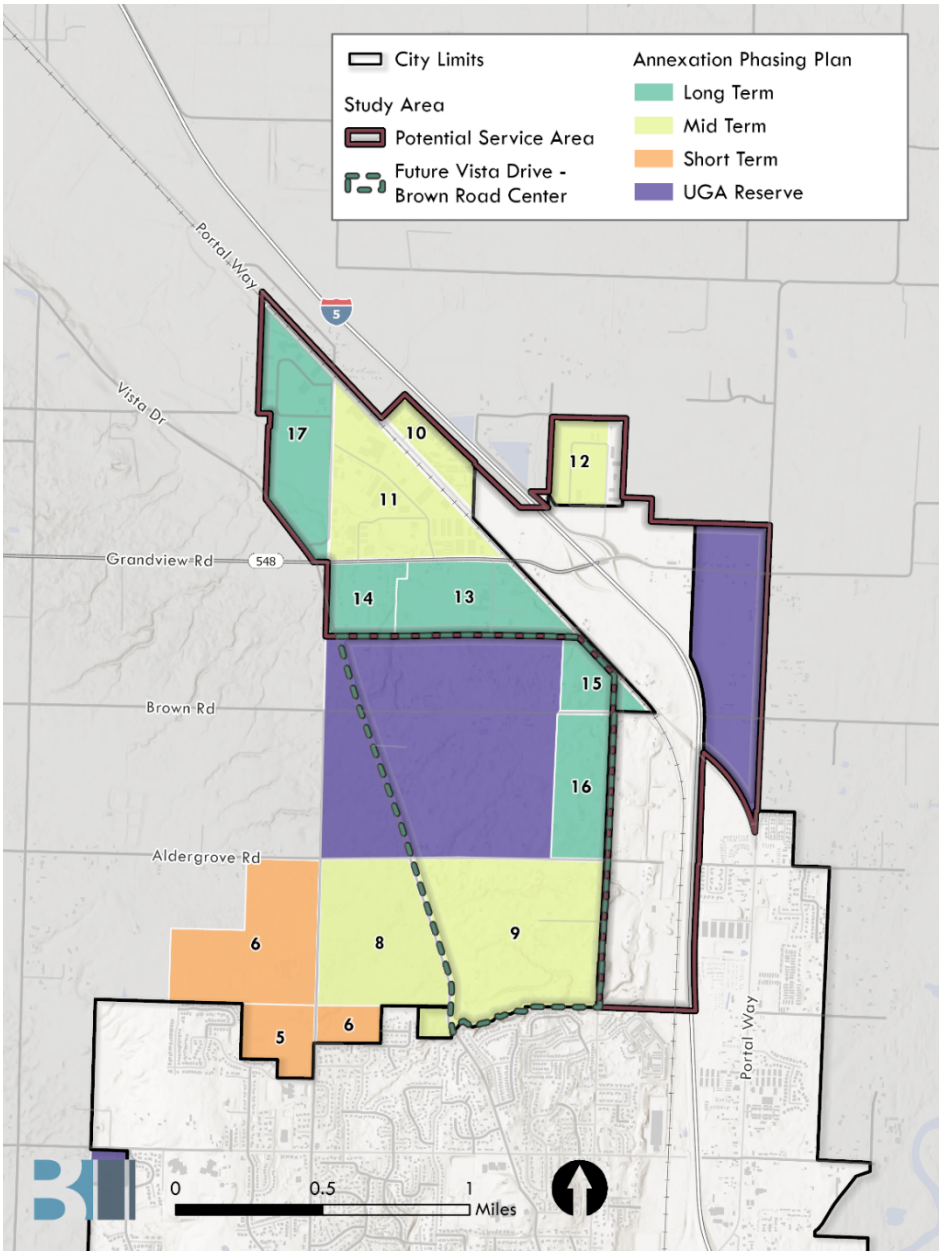
with developed industrial properties around Grandview Road (subareas 9-12). The long-term planning period (2029-2036) focuses on properties in the northern part of the UGA. This includes the west side of Malloy Road (north of Aldergrove Road) and areas around Grandview Road, east of Vista Drive (subareas 13-17).[3]

The remainder of the area, shown in purple in **Exhibit 5**, consists of Urban Reserves, which have been identified for future inclusion in Ferndale's UGA. In 2009, the Ferndale UGA designated for future residential uses was reduced by approximately 1,400 acres. Further reductions were made in 2011. After lawsuits and settlements, some of these areas were introduced back as Urban Reserves. If growth exceeds projections or the city's land inventory is depleted to the point where additional land is needed, the Urban Reserve lands can be placed into the UGA and subsequently annexed[4]. While there is no specific timing for the transfer of Urban Reserves into the UGA, these conversions are more likely to occur during periodic updates to the comprehensive plan. The City is currently within a periodic update process and is adopting revisions to the comprehensive plan and development code, expected to be completed during the first quarter of 2026.

[3] City of Ferndale (2018). *Annexation Blueprint: Annexation Phasing Plan: 2016-2036.* https://www.cityofferndale.org/wp-content/uploads/2018/07/Blueprint-2016-Adopted.pdf

[4] The City has also engaged in preliminary discussions with Whatcom County to identify future land(s) that may be included in a long-term (50 years plus) growth plan, including lands along Grandview Road east of the existing UGA. It is likely that some or all of these lands could be serviced by the proposed Grandview sewer expansion, together with other possible expansions or sewer expansions.

Exhibit 5. Annexation Phasing Plan by Subarea



Sources: City of Ferndale, 2024; BERK, 2024.

There are several providers serving customers in the unincorporated UGA and Urban Reserve. Many of them will continue to serve the area regardless of whether it is located inside the city limits, but some may change upon annexation. According to the *Annexation Blueprint*, the transfer of services such as police, general administration, parks, public works, land use, and planning should occur immediately from Whatcom County to the City of Ferndale upon the effective date of the annexation. However, other service providers may not be impacted immediately, if at all, by the annexation. These include school districts, port authorities, fire districts, and waste collection services. While connections to city water and sewer services are not required at the time of annexation, they are required when a parcel is developed or if a septic system fails and the property is within 200 feet of utility services. Customers who wish to convert to public water must also convert to public sewer if it is available within 200 feet of

the property.[5] In certain cases, land within Urban Reserves, particularly along the Vista/Malloy corridor and Portal Way, may be used as utility corridors to deliver services to the northern parts of the city efficiently.[6]

Critical areas

This section describes the key critical areas within the Study Area.

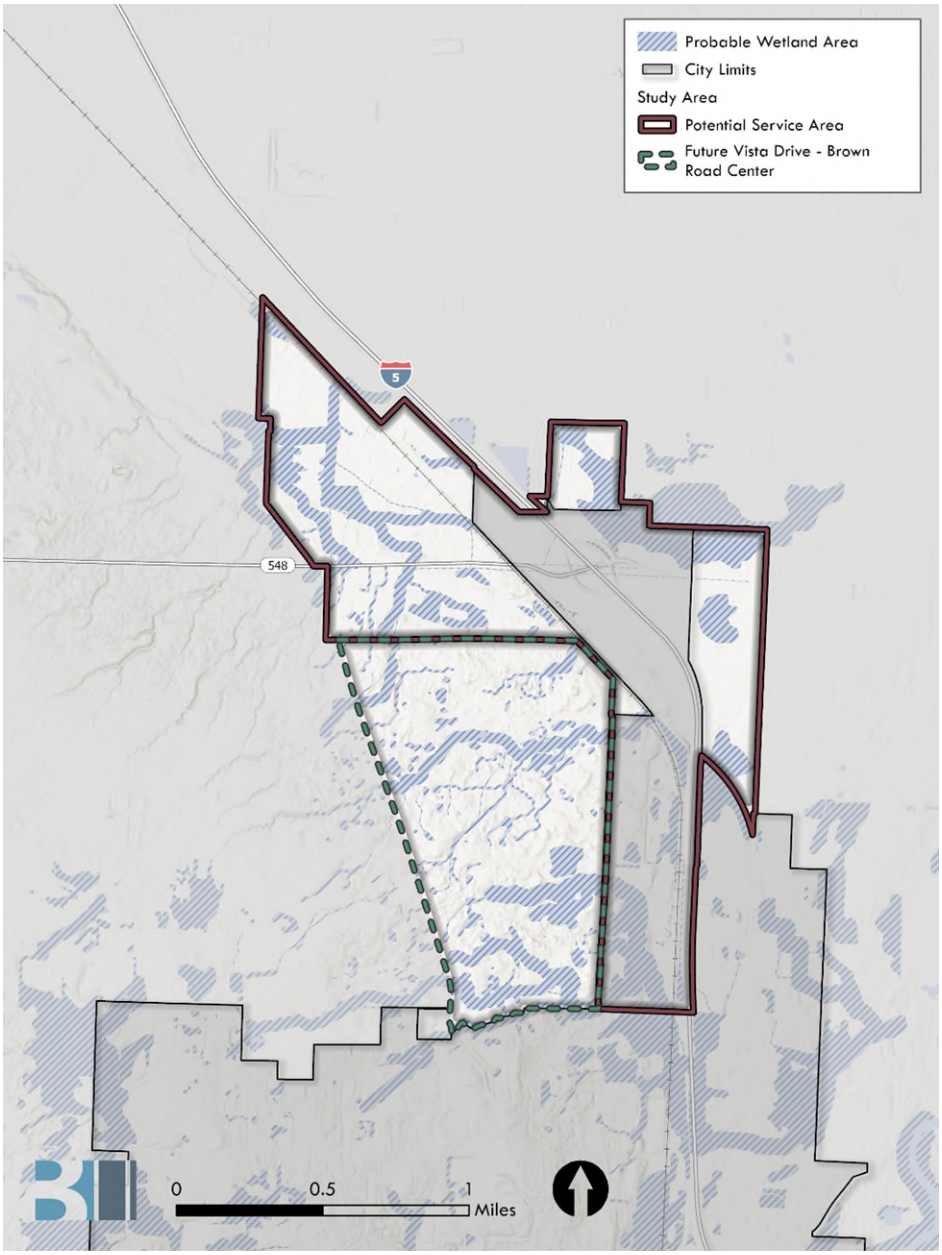
Wetlands and streams: The Study Area contains several probable wetland areas of varying sizes as shown in **Exhibit 6**. Under Chapter 16.08 of the Ferndale Municipal Code (FMC), wetlands must be rated according to the Washington State Department of Ecology's system, and any development or alteration within critical areas or their buffers requires prior authorization from the Critical Areas Administrator, unless otherwise specified in FMC 16.08.090. Buffer widths, also established in the municipal code, are based on the best available science. Still, reductions may be considered if a qualified wetland scientist or consultant can demonstrate that ecological functions can be preserved at or above the prescribed buffer levels.[7]

[5] City of Ferndale (2018). *Annexation Blueprint: Annexation Phasing Plan: 2016-2036*. https://www.cityofferndale.org/wp-content/uploads/2018/07/Blueprint-2016-Adopted.pdf

[6] City of Ferndale (2018). *Annexation Blueprint: Annexation Phasing Plan: 2016-2036*. https://www.cityofferndale.org/wp-content/uploads/2018/07/Blueprint-2016-Adopted.pdf

[7] City of Ferndale (2024). *Chapter 16.08 Critical Areas – Revisions – DRAFT*. https://www.cityofferndale.org/wp-content/uploads/2024/10/Chapter-16.08-Critical-Areas-Revisions-DRAFT.pdf

Exhibit 6. Probable Wetlands Areas



Sources: City of Ferndale, 2024; BERK, 2024.

Several streams flow through the Study Area, predominantly located between I-5 and its western boundaries. These streams encompass a range of classifications, including Shoreline, Fish, and Non-Fish categories.[8] Part of the area includes the eastern headwaters of California Creek, which eventually drains into Drayton Harbor, a protected shellfish area. Portions of California Creek have historically served as a habitat for native salmonoid species.[9]

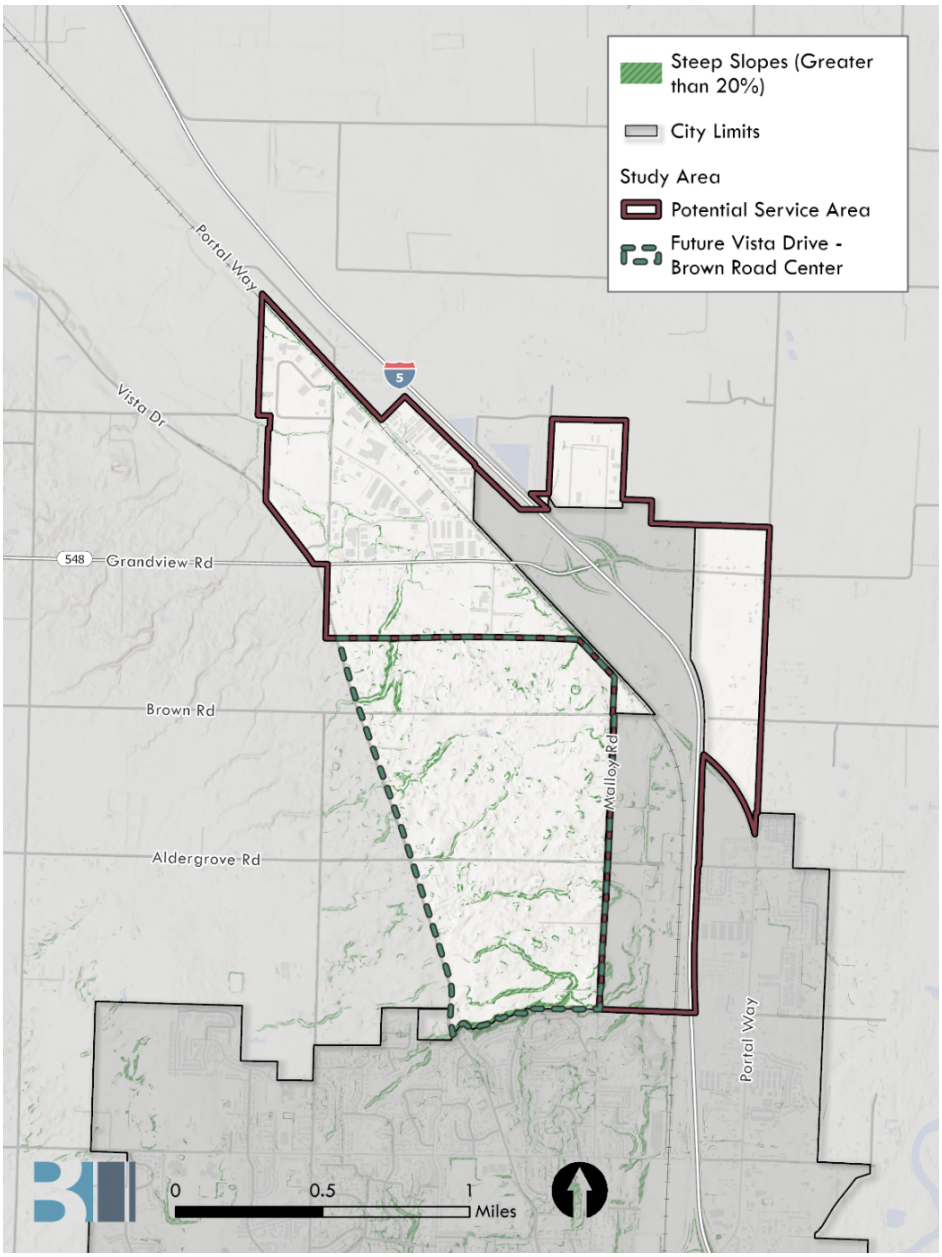
[8] Washington State Department of Natural Resources (n.d.). *Forest Practices Water Typing*. https://www.dnr.wa.gov/forest-practices-water-typing

[9] City of Ferndale (2016). *City of Ferndale Comprehensive Plan Chapter 2 – Land Use*. https://www.cityofferndale.org/wp-content/uploads/2017/12/Chapter-II-Land-Use.pdf

The Study Area is not within designated flood hazard areas.

Steep slopes: Topography varies with some areas having slopes steeper than 20%, primarily west of I-5, as shown in **Exhibit 7**. With respect to the Grandview Sewer Expansion, most areas east of Malloy Avenue are downslope from Malloy Avenue and thus will likely require pump stations to connect to the extended sewer.[10]

Exhibit 7. Steep Slopes



Sources: City of Ferndale, 2024; BERK, 2024.

[10] Wilson Engineering (2017). *Grandview Sewer Extension North Malloy Avenue to Portal Way Preliminary Design*. Grandview-Sewer-Extension-Report-8-21-17-web.pdf

Infrastructure Capacity and Deficiencies

This section reviews the available reports, plans, and documents to assess the current infrastructure condition in the Study Area. The goal is to identify potential obstacles that could impede development, even with expanded sewer services.

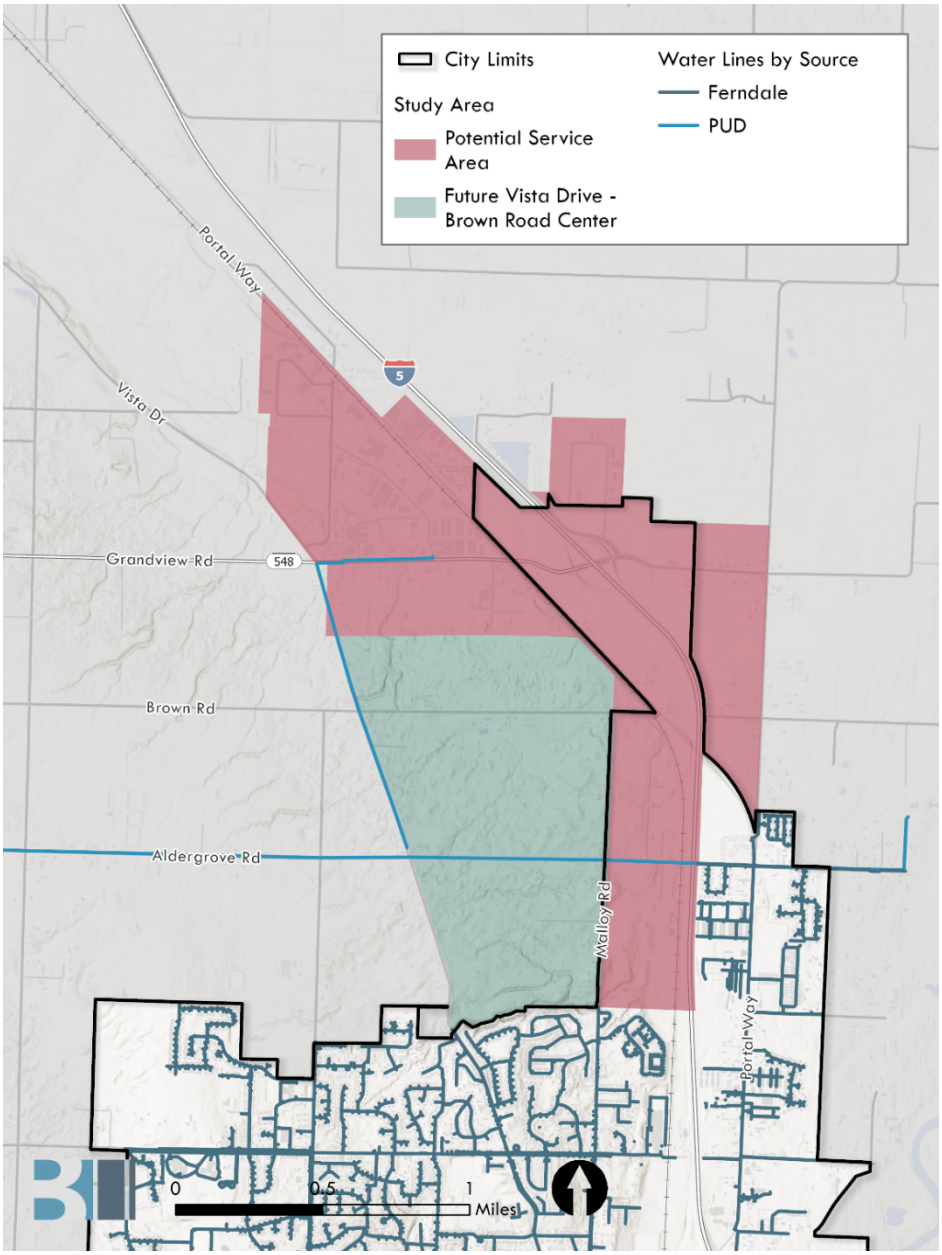
Existing Infrastructure

Water

Exhibit 8 shows the distribution of water lines in the Study Area, indicating a near absence of water service infrastructure. The lines that overlap with the Study Area are operated by Public Utility District No. 1 of Whatcom County (PUD). The line on Aldergrove Rd is a non-potable industrial water line that connects one of the PUD's water plants to the Cherry Point service area in the western portion of the county. The line on Vista Dr. represents a connection to the Potential Service Area.[11]

[11] Whatcom PUD (n.d.). *Services*. https://www.pudwhatcom.org/services/

Exhibit 8. Water Lines



Sources: City of Ferndale, 2024; BERK, 2024.

The City of Ferndale owns and operates its water system and is responsible for treating and distributing clean drinking water to residential and commercial customers within the City's service area.[12] The City derives its drinking water from groundwater wells: Shop Wells #1 and #2 and Douglas Well.[13] The City completed an expansion to its water treatment plant in 2024, which boosted the plant's capacity and modified the treatment process. In addition, the City successfully completed work on a second "deep

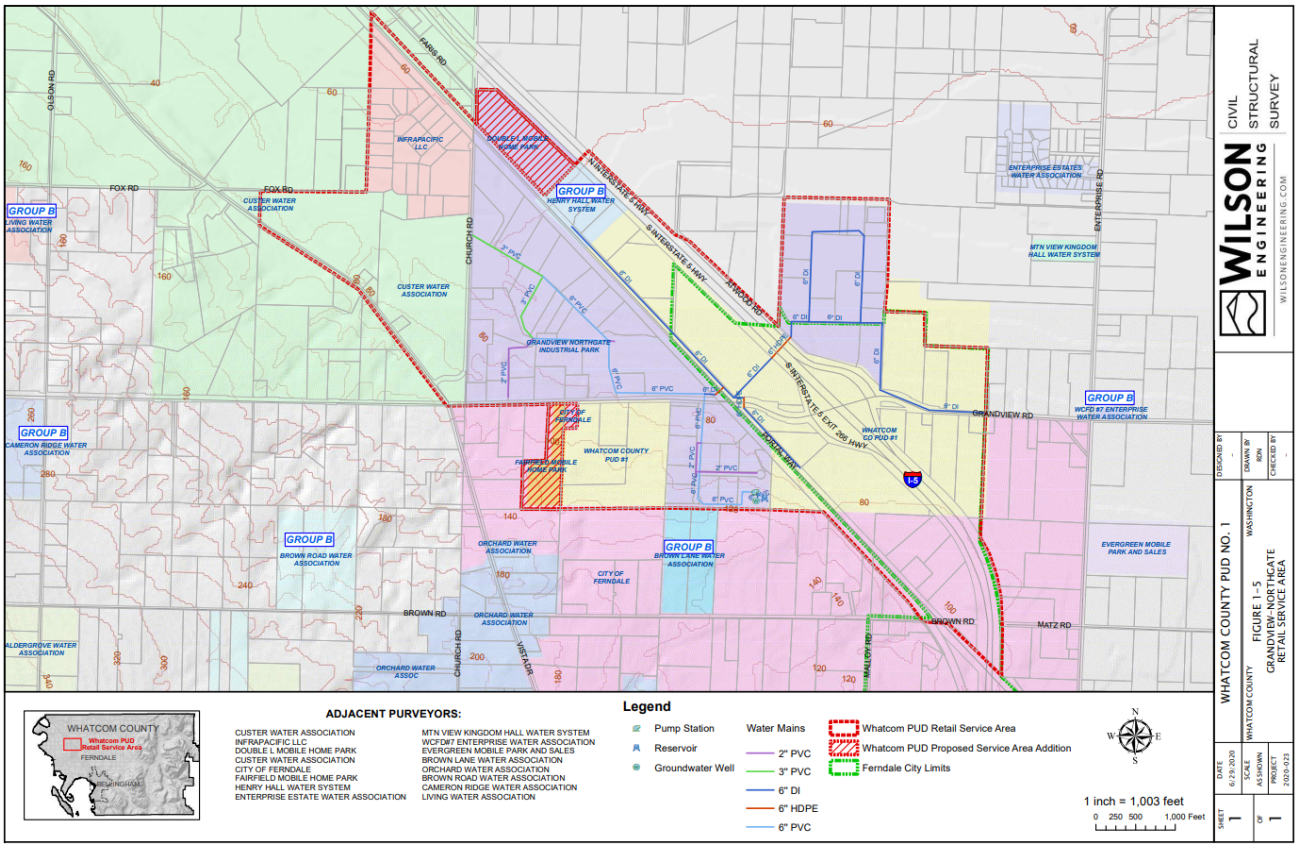
[12] FCS Group (2020). *Comprehensive Water, Wastewater and Stormwater Utilities Rate and Connection Fee Study*. https://www.cityofferndale.org/wp-content/uploads/2020/05/Ferndale-Conn-Fee-and-Rate-Study-Report-FINAL.pdf

[13] City of Ferndale (2020). *A New Well for Ferndale*. https://www.cityofferndale.org/public-works-department/water/a-new-well-for-ferndale/

aquifer" well at Douglas Road in 2025. **Exhibit 8** shows that the City's water lines do not intersect the Study Area.

The PUD operates a small drinking water system and fire water supply for the Grandview-Northgate Area, located north of the Ferndale city limits. This area, which overlaps with a portion of the Study Area, is shown in detail in **Exhibit 9**.

Exhibit 9. Grandview-Northgate service area



Source: Wilson Engineering, 2021.[14]

In 2009, the City of Ferndale annexed about 144 acres of property within the Ferndale UGA. According to the PUD's 2021 *Comprehensive Drinking Water System Plan Update*, the annexed area encompasses less than half of the PUD's Grandview-Northgate water system's current service zone. The current PUD system does not meet city standards, and the potential absence of necessary easements in certain areas could complicate the City's potential assumption of responsibility for the system. Future annexation of portions of the Grandview-Northgate service area lying within the Ferndale UGA is likely and will be addressed in accordance with the Interlocal Agreement between the PUD and the City of Ferndale.[15]

[14] Wilson Engineering (2021). *Comprehensive Drinking Water System Plan Update 2021: Final PUD Draft for Agency Review September 2021*. https://www.pudwhatcom.org/wp-content/uploads/2021/10/2021-09-28-DWSP-Final-PUD-Draft-for-Agency-Review.pdf

[15] Wilson Engineering (2021). *Comprehensive Drinking Water System Plan Update 2021: Final PUD Draft for Agency Review September 2021*. https://www.pudwhatcom.org/wp-content/uploads/2021/10/2021-09-28-DWSP-Final-PUD-Draft-for-Agency-Review.pdf

Existing information on water and sewer provision for each subarea within the Study Area is described in the 2016-2036 annexation phasing plan.[16]

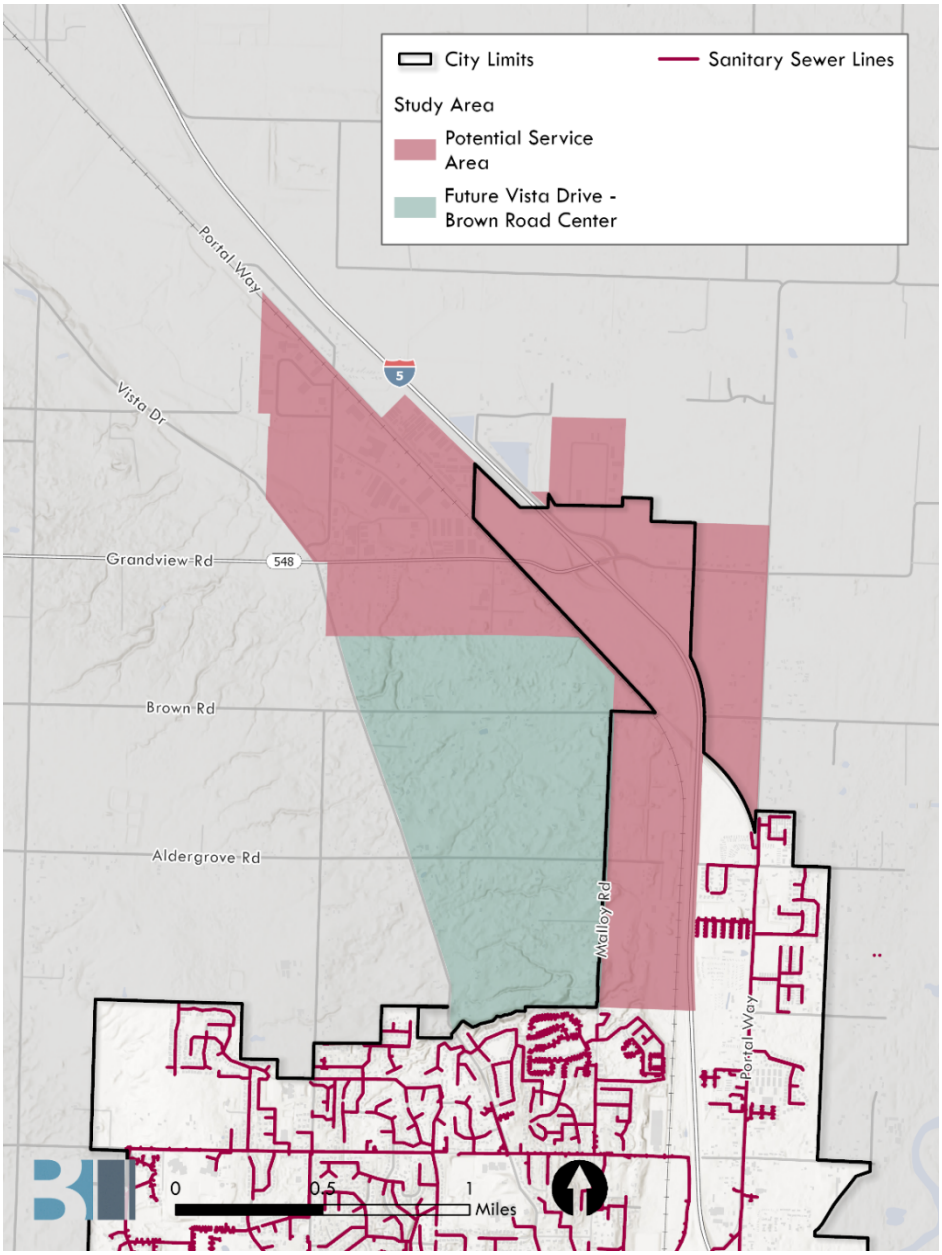
Wastewater

The City of Ferndale operates a wastewater utility responsible for collecting, transporting, and treating residential, commercial, and industrial wastewater. Wastewater that has been processed and treated is transported and released into the Nooksack River. In 2016, the City published a Wastewater Facilities Plan to identify necessary improvements to the existing wastewater treatment facility to address aging equipment, future flow and loading capacity, and standards for redundancy and reliability. In 2022, in response to projected population growth and the corresponding increase in influent flows, the existing wastewater treatment process was upgraded to meet the anticipated water quality standards and flows.[17] As shown in **Exhibit 10**, the sanitary sewer lines neither extend beyond city limits nor to the most recently annexed areas in the northern part of the city, leaving the entire Study Area unserved.

[16] City of Ferndale (2018). *Annexation Blueprint: Annexation Phasing Plan: 2016-2036.* https://www.cityofferndale.org/wp-content/uploads/2018/07/Blueprint-2016-Adopted.pdf

[17] City of Ferndale (2020). *Wastewater Treatment Plant Upgrade Project.* https://www.cityofferndale.org/public-works-department/capital-projects/wastewater-treatment-plant-upgrade-project/

Exhibit 10. Sanitary Sewer Lines



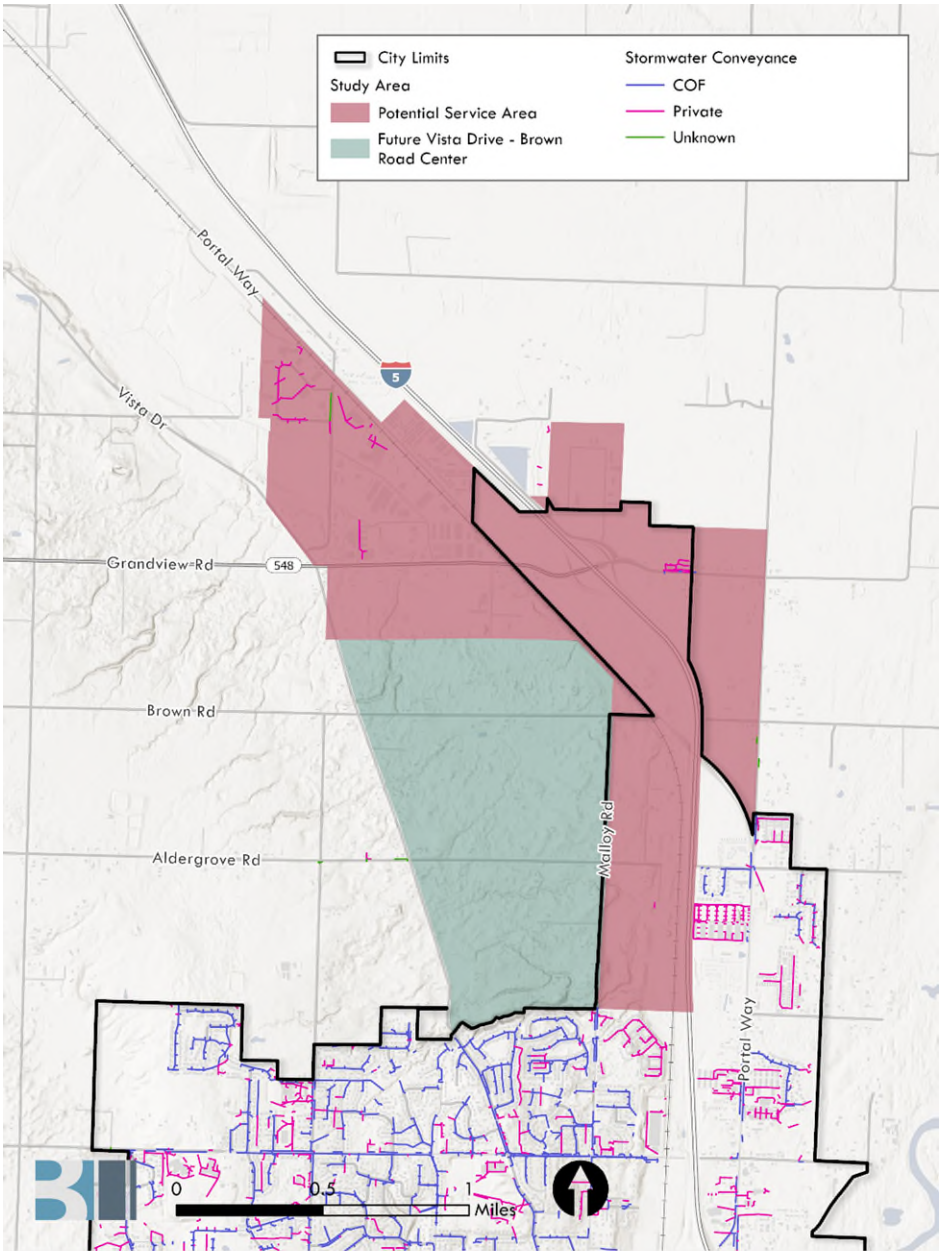
Sources: City of Ferndale, 2024; BERK, 2024.

Stormwater

Exhibit 11 shows the distribution of stormwater conveyance by ownership. Public stormwater infrastructure is largely absent from the Study Area, and the existing components are primarily privately owned or have unidentified ownership. The Public Works Department is responsible for the City of Ferndale's stormwater utility, including maintenance and repair of stormwater facilities and conveyance systems, planning for the expansion of the existing system, investigation and resolution of drainage complaints, and flood control. As shown in **Exhibit 11,** the City's infrastructure does not intersect the

Study Area. According to the *Ferndale Stormwater Comprehensive Plan Update*,[18] in reference to the City's annexation plan, stormwater and other infrastructure expansion to unincorporated areas is generally assumed to be unnecessary until development occurs.

Exhibit 11. Stormwater Conveyance



Sources: City of Ferndale, 2024; BERK, 2024.

[18] City of Ferndale (2023). *Ferndale Stormwater Comprehensive Plan Update*. https://www.cityofferndale.org/wp-content/uploads/2023/10/Ferndale-SCP-2023-Final-Reduced.pdf

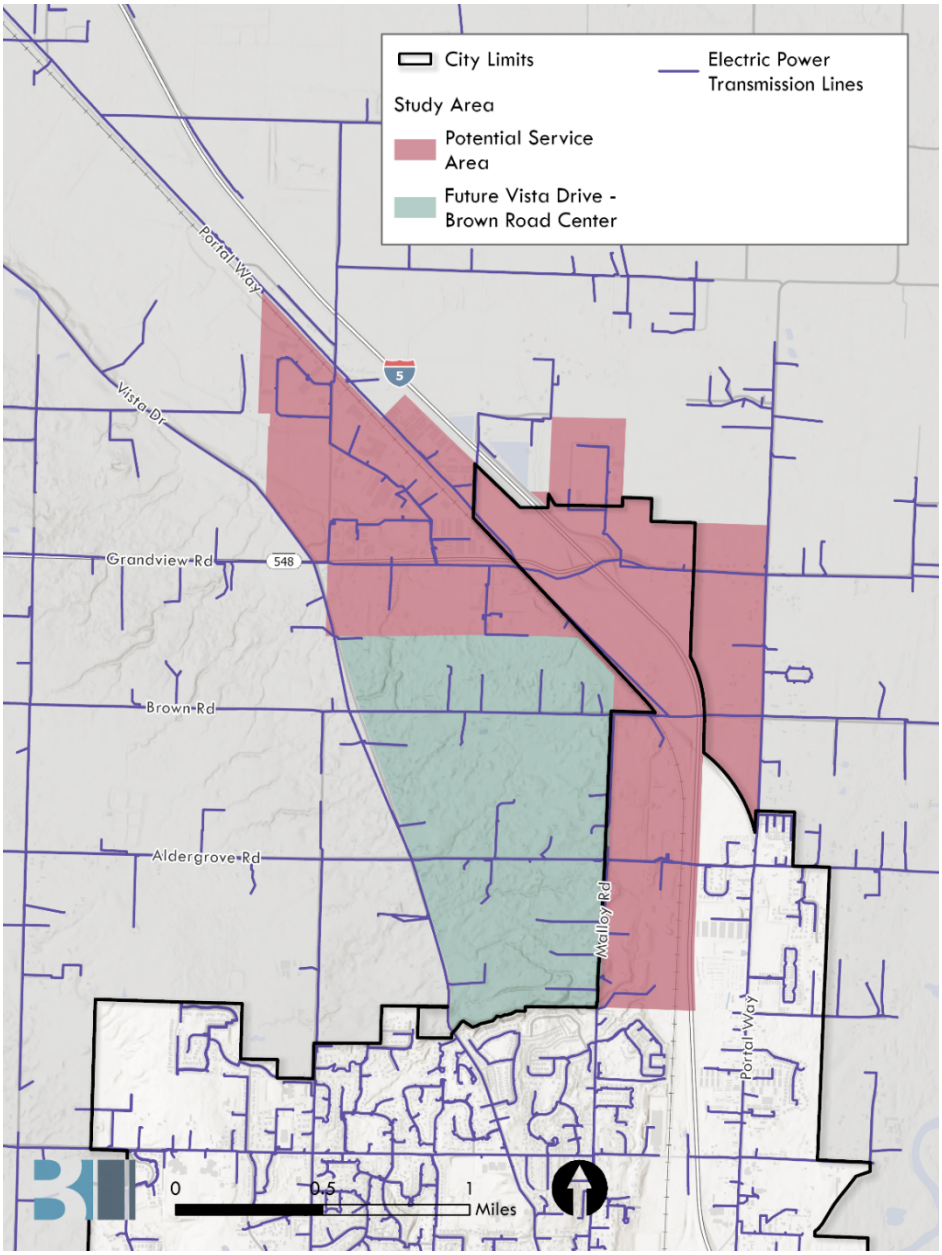
Electrical

Ferndale and its unincorporated UGA are served by Puget Sound Energy (PSE). Electricity is transmitted into Whatcom County via high-voltage lines from Canada and Skagit County. The federal Bonneville Power Administration (BPA) owns many of these lines. PSE purchases electricity from private sources, from BPA, and generates a portion of its own power. According to the *City of Ferndale's 2016 Comprehensive Plan* and verified as part of the 2025 Comprehensive Plan Update, PSE anticipated no energy shortages and expected to continue meeting the City's energy demands as it grows. No deficiencies existed at the time of the plan's publication, and none were projected for the future.[19] As a result, no expansion plans were necessary during the 2016 – 2036 planning period.[20] **Exhibit 12** shows the distribution of transmission lines.

[19] Capacity will continue to be available if PSE is able to complete the necessary upgrades to generation and transmission lines.

[20] City of Ferndale (2016). *City of Ferndale Comprehensive Plan Chapter 5 - Utilities.* https://www.cityofferndale.org/wp-content/uploads/2017/12/Chapter-V-Utilities.pdf

Exhibit 12. Electric Power Transmission Lines



Sources: City of Ferndale, 2024; BERK, 2024.

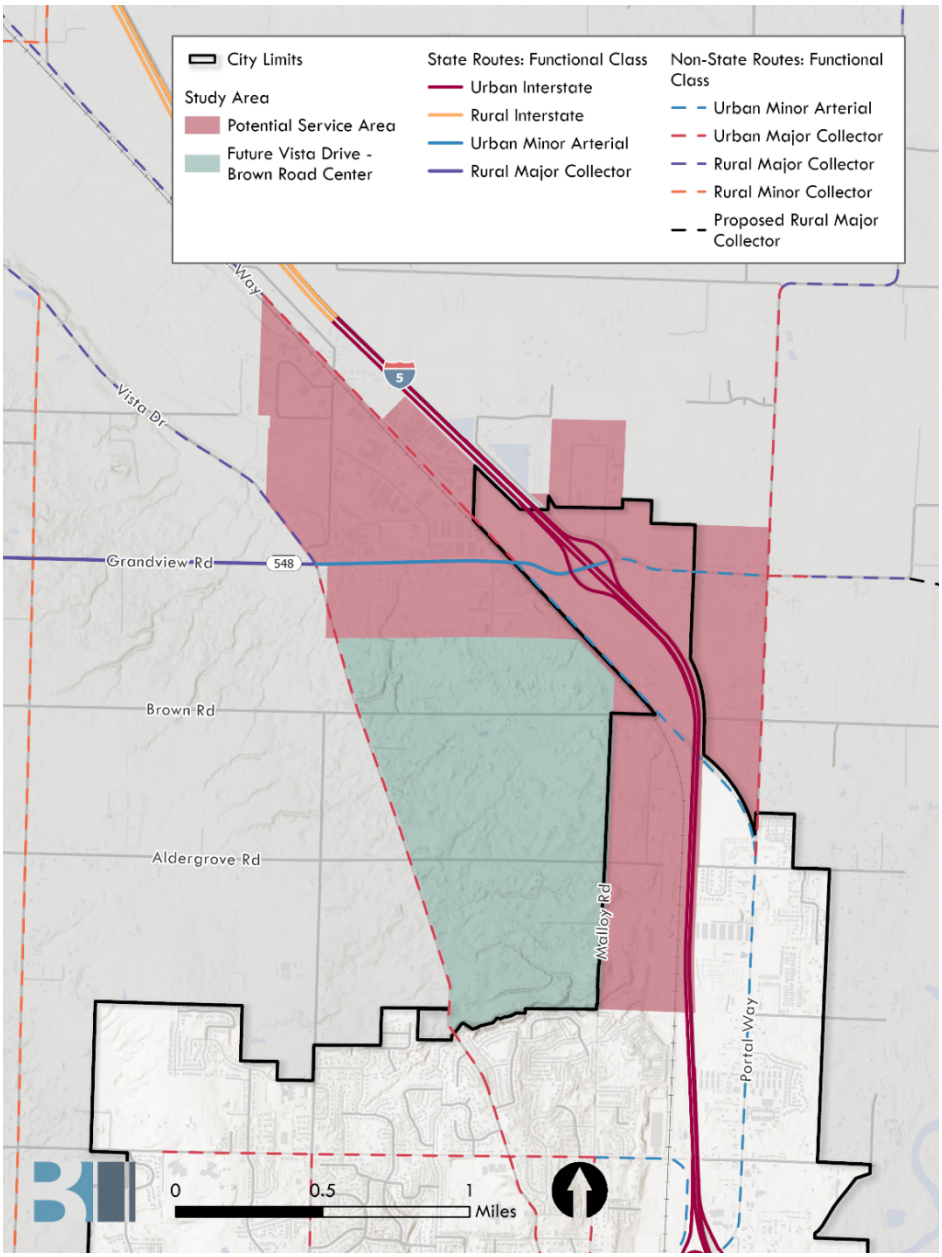
Roads and Rail

Travel needs within the Study Area are addressed through several transportation facilities and services. **Exhibit 13** shows the state and non-state routes that intersect the Study Area. One interstate and one state highway serve the Study Area. Interstate 5 is a designated Highway of Statewide Significance and the major north-south route along the west coast of the U.S. connecting most major cities in the region between Canada and Mexico. Commuters, freight carriers, and tourists use this corridor for regional and international travel. SR 548, also known as Grandview Road, is the other state highway serving the area and is designated as a Regionally Significant State Highway. It connects the Birch Bay community and major employment centers to I-5. There is one interchange with I-5 serving the Study Area, which is

located at Grandview Road (SR 548). The interchange is constrained by stop-controlled ramp intersections and a two-lane bridge.[21]

Between 2014 and 2024, 978 crashes occurred on the state routes intersecting the City of Ferndale, representing approximately 8% of the crashes in Whatcom County. The number of crashes per year fluctuated over this period, with 91 crashes reported in 2023, the most recent year for which data was available at the time of this report.[22]

Exhibit 13. State and Non-State Routes by Functional Class



[21] Whatcom County (2023). *City of Ferndale Comprehensive Plan – DRAFT Transportation Element.* https://www.cityofferndale.org/wp-content/uploads/2023/10/FerndaleTransportationElement-2023.pdf

[22] WSDOT (2024). *Summary Report: Total Crashes.* https://remoteapps.wsdot.wa.gov/highwaysafety/collision/data/portal/public/

Sources: WSDOT, 2024; BERK, 2024.

The 2016-2036 annexation phasing plan provides the existing information on road improvements required for each subarea within the Study Area.[23] Since this document was published in 2018, some of this information may be outdated. Current traffic issues and congestion at the interchange are largely driven by pass-through traffic headed to industrial areas west of Ferndale. Additionally, Whatcom County has established development standards that vary from the City's, leading to development lacking in curbs, gutters, sidewalks, and other infrastructure typically required in the city.

According to the 2036 baseline model included in the *City of Ferndale's Comprehensive Plan*,[24] Grandview Road, serving as both a state highway and northern access to Ferndale, will face significant traffic demands. The area surrounding the interchange has been identified as a key location for employment growth in all four quadrants, which can be further enabled and enhanced through the sewer extension to the Study Area.

A major rail line runs through the Study Area, influencing the patterns and usage of other travel modes. Additionally, the area features an at-grade rail crossing on Grandview Road, situated near the interchange. According to the 2023 Transportation Element of the Comprehensive Plan, [25] there are no current projects for at-grade crossings at Grandview Road. Because this is a state highway, implementing improvements is more complex and involves additional coordination.

The Transportation Element also states that rail traffic in the Pacific Northwest is anticipated to grow, resulting in longer and more frequent trains. Although exact traffic projections are proprietary, Ferndale's transportation infrastructure is expected to experience increased pressure, especially at at-grade crossings, nearby intersections, and possibly along the I-5 corridor. This rise in rail activity may also lead to temporary congestion on alternate surface streets.[26]

Other Considerations

Whatcom County Fire District 7 serves all areas within the city and the UGA. It provides fire suppression services, hazardous materials response, and Basic and Advanced Life Support units. Additionally, the District provides one paramedic unit to the Whatcom Medic One system.[27] In order to support future growth, the District will likely need upgraded facilities, including additional water and sewer connectivity, extending to the Enterprise Road and Medic One Station, just east of the Study Area.

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[23] City of Ferndale (2018). *Annexation Blueprint: Annexation Phasing Plan: 2016-2036.* https://www.cityofferndale.org/wp-content/uploads/2018/07/Blueprint-2016-Adopted.pdf

[24] Whatcom County (2023). *City of Ferndale Comprehensive Plan – DRAFT Transportation Element.* https://www.cityofferndale.org/wp-content/uploads/2023/10/FerndaleTransportationElement-2023.pdf

[25] Whatcom County (2023). *City of Ferndale Comprehensive Plan – DRAFT Transportation Element.* https://www.cityofferndale.org/wp-content/uploads/2023/10/FerndaleTransportationElement-2023.pdf

[26] Whatcom County (2023). *City of Ferndale Comprehensive Plan – DRAFT Transportation Element.* https://www.cityofferndale.org/wp-content/uploads/2023/10/FerndaleTransportationElement-2023.pdf

[27] Whatcom County Fire District 7 (n.d.). *About Whatcom County Fire District 7*. https://www.wcfd7.org/the-department/

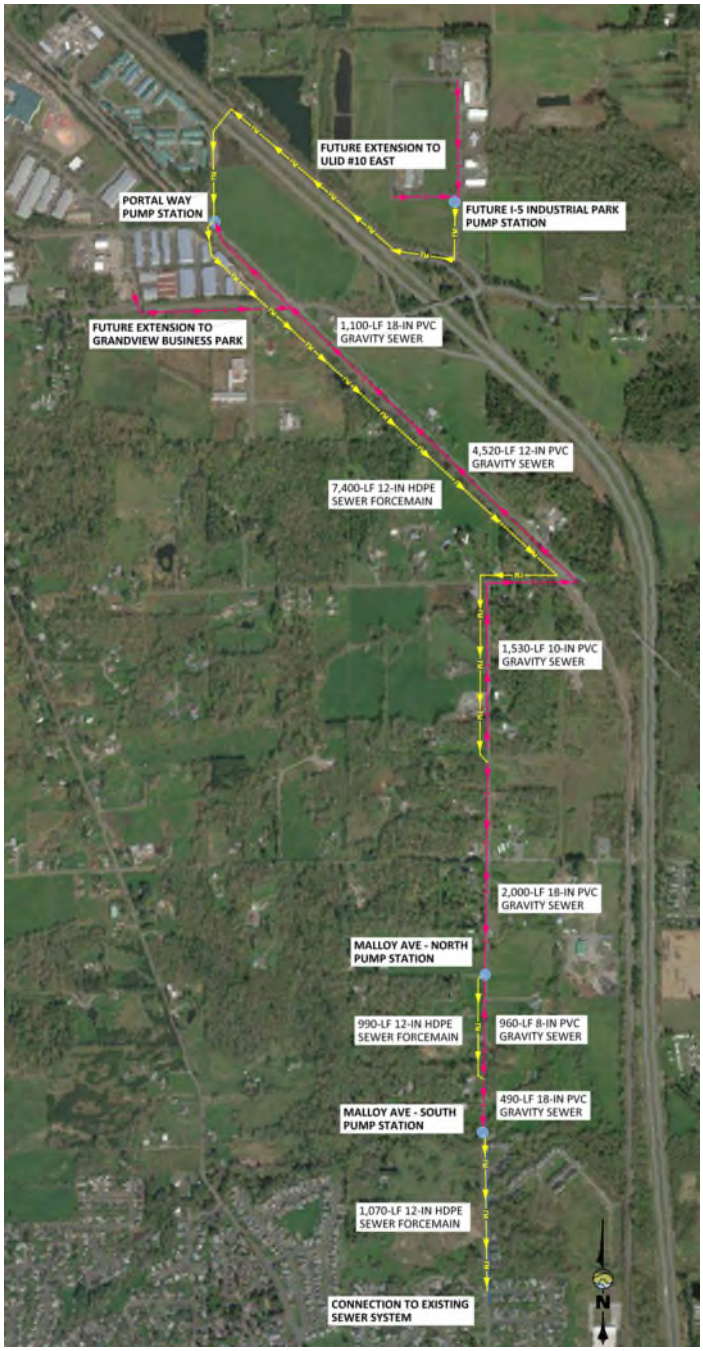
Future Sewer Expansion

The Grandview Area provides a significant opportunity for the City and County to support employment growth. However, the lack of sewer services has limited the development potential in the area. The City's 2016 comprehensive sewer plan envisions extending sewer services to the Grandview Area, supported by a Feasibility Study conducted in 2011. A subsequent feasibility study was published in 2017,[28] in which the City, working with Wilson Engineering, proposed a preliminary design as one of the options to form the basis of the Grandview Sewer Expansion, as shown in **Exhibit 14**. The project's overall cost was estimated to fall between $15 million and $20 million, with anticipated annual inflation in construction expenses ranging from 5% to 7%.[29] The City's 2020 utility rate analysis incorporates the potential sewer expansion to the Grandview Area, factoring it into utility user connection fees and monthly billing.

[28] Wilson Engineering (2016). *Grandview Sewer Extension: North Malloy Avenue to Portal Way Preliminary Design*. Grandview-Sewer-Extension-Report-8-21-17-web.pdf

[29] City of Ferndale (2024). *Grandview Economic Opportunity Study*. https://www.cityofferndale.org/grandview-economic-opportunity-study/

Exhibit 14. Potential for Grandview Sewer Expansion Alignment, 2017



Source: Wilson Engineering, 2017.

When the City moves forward with the sewer expansion, it will conduct a study to update the sewer design. The City plans to fund the expansion using sewer reserve funds while also seeking grants, public benefit loans, and private funds to help reduce the financial burden to the City. In line with legal obligations, property owners and developers who benefit from the utility extension will be required to pay for the utility service. Various contributions towards utility extension may be organized through connection fees or other cost-sharing arrangements, such as Latecomer's Agreements, Utility Local Improvement Districts (ULIDs), Tax Increment Financing (TIF), or other common funding mechanisms for similar infrastructure projects. The final sewer expansion design will consider factors such as

construction and maintenance costs, alignment with the City's long-term planning goals and policies, maximization of public benefit, and environmental and legal considerations.[30]

The City of Ferndale municipal code prohibits the extension of public sewer connections outside of city limits, including in the unincorporated UGA, except for emergencies (City Code 13.38.070). Under existing policy, the City will only expand the sewer collection system into the UGA once an area has been annexed into the city.[31] Also, within the city limits, the study area is extended in a linear north-south direction. In between the study area, there are rural residential uses. from the edge of the existing utility lines (**Exhibit 8**). This makes incremental sewer expansion by private development cost prohibitive. Any future development in the potential study area will not be possible without adequate infrastructure extended by the City.

Land Capacity Analysis

This section presents a land capacity analysis to evaluate the current capacity for new development on properties in the Study Area. The results are reported by zone and subsection within the Study Area. People-intensive uses such as Regional Retail and General Business require access to sewer, while the land capacity is available under zoning it cannot be realized without extending the sewer.

Current Zoned Capacity

The methods used in this analysis are inspired by the Whatcom County *Buildable Lands Report* (BLR), as described in the revised document from 2023[32] and the Whatcom County *Land Capacity Analysis Report* from 2016.[33] That said, the land capacity analysis conducted in this report updates and expands upon these models, incorporating the most current data available. The steps of this analysis are:

- Assemble parcel-level data for the Study Area. Identify parcels designated for residential, commercial, and industrial land use using parcel-level data from the Whatcom County Suitable Land Tool (SLT) 2022 and Whatcom County real property short master, November 2024.
- Identify vacant, partially used, and underutilized parcels. The BLR methodology was adapted based on the data availability concerning property use.
- Calculate net developable acres by subtracting developed land, public land, future public and quasi-public land, critical areas, infrastructure areas, and applying a market factor.[34]

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[30] City of Ferndale (2024). *Grandview Economic Opportunity Study*. https://www.cityofferndale.org/grandview-economic-opportunity-study/

[31] Wilson Engineering (2016). *City of Ferndale Comprehensive Plan*. https://www.cityofferndale.org/wp-content/uploads/2019/03/Ferndale-Comprehensive-Sewer-Plan-Dec-2017-web.pdf

[32] Whatcom County (2023). *Buildable Lands Report 2022: Whatcom County Review and Evaluation Program.* https://www.whatcomcounty.us/DocumentCenter/View/73031/Whatcom-Buildable-Lands-Report---2023-Revisions-clean

[33] Whatcom County (2016*). Land Capacity Analysis Report*. https://wa-whatcomcounty.civicplus.com/DocumentCenter/View/20261/LCA-Report-20160627?bidId=

[34] The Washington State Department of Commerce, in its Urban Growth Area Guidebook, defines market factor as "… a final deduction from the net developable area to account for lands assumed not to be available for development during the planning period. It is expected that over the 20-year planning period some lands will be kept off the market due to speculative holding, land banking, and personal use, among other reasons." Source: Washington State Department of Commerce (2012). *Urban Growth Area Guidebook: Reviewing, Updating and Implementing Your Urban Growth Area.* https://deptofcommerce.app.box.com/s/pnkar5j81ghxrgfdgr3ofa7pmw5v37da

- Multiply net developable residential acres by assumed densities to determine gross dwelling unit capacity. The assumed densities listed in the BLR or the density requirements listed in the Whatcom County Zoning Ordinance were used for current capacity.
- Apply employment development assumptions, including achieved density (as measured by floor area ratio (FAR)), occupancy rate, and employees per square foot to the commercial and industrial net developable land inventory to estimate current capacity for new commercial and industrial development.
    - The FAR and employment densities listed in the BLR were used to estimate current capacity. Many cities in Whatcom County, including Ferndale, did not have planned commercial or industrial densities included in the BLR. As a result, this analysis relied on achieved densities. Estimates for square feet per job for commercial and industrial lands were based on local space utilization patterns for all UGAs throughout the county, as included in the BLR. These figures were used to translate built commercial and industrial building area into an estimate of the number of employees that can be accommodated. Based on this analysis, each city and Whatcom County selected the appropriate assumed square feet per employee for commercial and industrial development types.

Based on the BLR methodology, this analysis estimates lands capacity based on local patterns. In other words, it assumes employment growth based on recent trends, which may not fully reflect future growth potential or utility system capacity. As this study acknowledges that the lack of sewer can impact growth rates, these limitations are addressed under the economic analysis chapter.

There are 146 acres of vacant, partially used, and underutilized commercial, industrial, and residential lands within the Potential Service Area. This represents capacity for over 800,000 square feet of new commercial/industrial development, 800 jobs, and over 300 housing units under current city and county zoning. As the City updates its zoning and land use regulations to accommodate more urban densities, and as efforts to improve sewer connectivity progress, the development capacity will increase. **Exhibit 15**, **Exhibit 16**, and **Exhibit 17** show a summary of the gross employment and housing capacity in each of the subareas included in this report. There is no employment capacity in the Future Vista Dr./Brown Rd. Center under current zoning, but the City is considering commercial or mixed-use zoning for portions of this area as part of the 2025 Comprehensive Plan update.

Importantly, these figures are based on the current city and county zoning. As previously mentioned, the assumptions used in this analysis reflect the existing regulatory environment and recent development trends, which may not accurately represent future growth potential. Without the provision of sewer to the Study Area, the capacity of the City's zoning (existing or proposed) cannot be fully realized.

Exhibit 15. Gross employment capacity by land use and zone under current zoning – Potential Service Area

Land Use	Zone	Developable Acres (Vacant, Partially Used, Underutilized)	Floor Area Capacity (sf)	Employment Capacity (Number of Jobs)
Retail	Regional Retail	22	146,575	240
	Total Retail	**22**	**146,575**	**240**
Industrial	Regional Retail	28	183,219	154
	Light Impact Industrial	17	151,585	128
	Light Industrial	6	54,023	45
	General Business	10	64,707	54
	Total Industrial	**61**	**453,534**	**382**
Manufacturing	Manufacturing	20	178,035	150
	Total Manufacturing	**20**	**178,035**	**150**
Commercial	General Business	10	38,824	64
	Light Industrial	3	13,090	21
	Manufacturing	2	8,902	15
	Total Commercial	**16**	**60,816**	**100**
Total		**119**	**838,960**	**871**

Note: Numbers may not add to totals due to rounding. Total capacity is based on the assumption that sewer service is available.
Source: BERK, 2024

Exhibit 16. Gross housing capacity by zone – Potential Service Area (With Current Zoning)

Zone	Developable Acres (Vacant, Partially Used, Underutilized)	Housing Capacity (Number of Housing Units)
Regional Retail	6	84
RS Medium-Single Family Dwelling	12	75
Rural-1 Unit/5 Acres	4	1
Rural-1 Unit/10 Acres	3	-
Urban Residential-4 Units/Acre	2	6

Total	**27**	**166**

Note: Numbers may not add to totals due to rounding. Total capacity is based on the assumption that sewer service is available.
Source: BERK, 2024

Exhibit 17. Gross housing capacity by zone – Future Vista Dr./Brown Rd. Center (With Current Zoning)

Zone	Developable Acres (Vacant, Partially Used, Underutilized)	Housing Capacity (Number of Housing Units)
Rural-1 Unit/10 Acres	21	2
Urban Residential-4 Units/Acre	53	159
Total	**74**	**161**

Note: Numbers may not add to totals due to rounding. Total capacity is based on the assumption that sewer service will be available.
Source: BERK, 2024

Projected Zoned Capacity

The projected employment and housing capacity is based on anticipated zoning changes and density assumptions proposed in the Comprehensive Plan update, intended to accommodate Ferndale's 20-year population and employment growth projections (Exhibit 18, Exhibit 19). The zoning changes will update the land use in the Study Area. These future zoning changes include:

- Rezoning most of the Regional Retail areas in the Potential Service Area to General Business and Manufacturing.
- Rezoning some residential (RS Medium) parcels south of Brown Rd and east of Malloy Rd and some residential (Rural) parcels in the Urban Reserve (east of I-5) to Light Industrial and Manufacturing.
- Rezoning some residential (Rural) parcels in the unincorporated UGA west of Malloy Rd to Mixed-use Commercial, Residential Multifamily Medium and High, and Residential Single-Family High.

Exhibit 18. Gross housing and employment capacity under future zoning changes – Potential Service Area With Access To Sewer

Zone	Developable Acres (Vacant, Partially Used, Underutilized)	Housing Capacity (Number of Housing Units)	Floor Area Capacity (sf)	Employment Capacity (Number of Jobs)
Housing	6	30	-	-
Commercial	31	-	120,485	197
Industrial	148	-	1,271,852	1,070
Total	**186**	**30**	**1,392,337**	**1,268**

Note: Numbers may not add to totals due to rounding

Source: BERK, 2024

In the Future Vista Dr./Brown Rd. Center, the proposed rezones would affect parcels in the unincorporated UGA, transitioning them from Rural Residential to Mixed-Use Commercial, Residential Multifamily (Medium and High), and primarily Residential Single-Family High. While the changes would apply only to selected areas south of Brown Rd., excluding the Urban Reserve area, they could more than double the housing capacity in the area.

Exhibit 19. Gross housing and employment capacity – Future Vista Dr./Brown Rd. Center With Access To Sewer

Zone	Developable Acres (Vacant, Partially Used, Underutilized)	Housing Capacity (Number of Housing Units)	Employment Capacity (Number of Jobs)
Housing	74	363	-
Total	**74**	**363**	**-**

Note: Numbers may not add to totals due to rounding

Source: BERK, 2024.

Economic Context and Impact Analysis

This section presents information on the Study Area's existing conditions and local and regional economic and real estate market trends. This context informs the assessment of likely uses and development in the Study Area and the development of several high-level economic development and growth scenarios for the area. Lastly, it summarizes the expected economic impacts of the different development scenarios, including job creation, business revenue, and labor income generation.

Key Findings

- Approximately 60% of Whatcom County's projected employment growth from 2023 to 2045 is expected in commercial industries, followed by industrial (26%), retail (10%), and resource (4%) industries. Employment in the City of Ferndale is expected to comprise 9% of the county's total employment growth and 15% of the county's industrial employment growth.
- Whatcom County has seen a trend of low vacancy rates and rapidly increasing rents for industrial space, suggesting a tight market. There is local and regional demand for "ready to go" industrial lands with infrastructure in place prior to development. The Study Area was identified as best suited for light industrial development, with some potential opportunities for manufacturing uses.
- The City of Ferndale has strong local demand for food and beverage retailers, health and personal care retailers, and gasoline stations and fuel dealers. Ferndale has a lower-than-expected number of people (for the population) purchasing goods or services in many categories, primarily motor vehicles and parts dealers, general merchandise retailers, and clothing retailers.
- The county has experienced less demand for retail space, due to the rise in e-commerce, the consolidation of brick-and-mortar retail establishments, changing consumer shopping behavior, and changes to the location of the customer base as the result of work from home adoption. These changes to the overall retail landscape suggest the Study Area is unlikely to see large scale retail development but the market may support small retail like convenience stores, fast food, and small grocery options to cater to a growing local population and potential employment growth.
- The expansion of sewer service is assumed to contribute to higher development growth in the Potential Service Area, similar to growth observed countywide and in Ferndale, in areas that already have sewer access.
- Over a 20-year period, expansion of sewer service could result in up to 1,320 jobs and $909 million in business revenue. This represents 56% of the City of Ferndale's projected employment growth to 2045 from the Comprehensive Plan.

Study Area Existing Conditions

In 2024, approximately 500 people and 163 households resided in the Study Area, with a higher share of Hispanics and people of color compared to the City of Ferndale and Whatcom County (**Exhibit 20**). Residents in the Study Area had a higher average household income compared to the city and county. Approximately 170 housing units were in the Study Area, with higher average home values than the city and a greater share of owner-occupied housing units than the city and county. Approximately 110

businesses and 1,256 employees were located in the Study Area, or 1% of employment in Whatcom County.

Exhibit 20. Demographic Summary of the Study Area, City of Ferndale, and Whatcom County, 2024

	Study Area: Potential Service Area	Study Area: Future Vista Drive - Brown Road Center	City of Ferndale	Whatcom County
Population and Households				
Population	240	260	16,293	236,895
Share of Population Not White Alone	27%	29%	28%	24%
Share of Population of Hispanic Origin	21%	23%	15%	11%
Households	77	86	5,865	94,699
Average Household Income	$142,244	$138,050	$113,048	$110,890
Housing				
Housing Units	84	86	6,024	104,730
Owner-Occupied Housing Units	76%	83%	69%	58%
Average Home Value	$673,828	$680,556	$649,669	$717,001
Employment				
Businesses	107	3	984	11,967
Employees	1,242	14	9,111	102,561

Notes: Share of Population Not White Alone is estimated as 100% minus the share of the population identifying as White Alone. Employment metrics are BERK estimates based on a custom area analysis of businesses from the Port of Bellingham's Whatcom Prospector site, which is updated daily with data from Data Axle (formerly InfoGroup).
Sources: Data Axle, 2024; ESRI, 2024; Port of Bellingham, 2024; BERK, 2025.

Types of Businesses in the Potential Service Area

Most of the businesses and workers in the Study Area are within the Potential Service Area, which is primarily an employment center, while the Future Vista Drive-Brown Road Center is primarily residential.

Businesses in the Potential Service Area are mainly clustered in three areas:

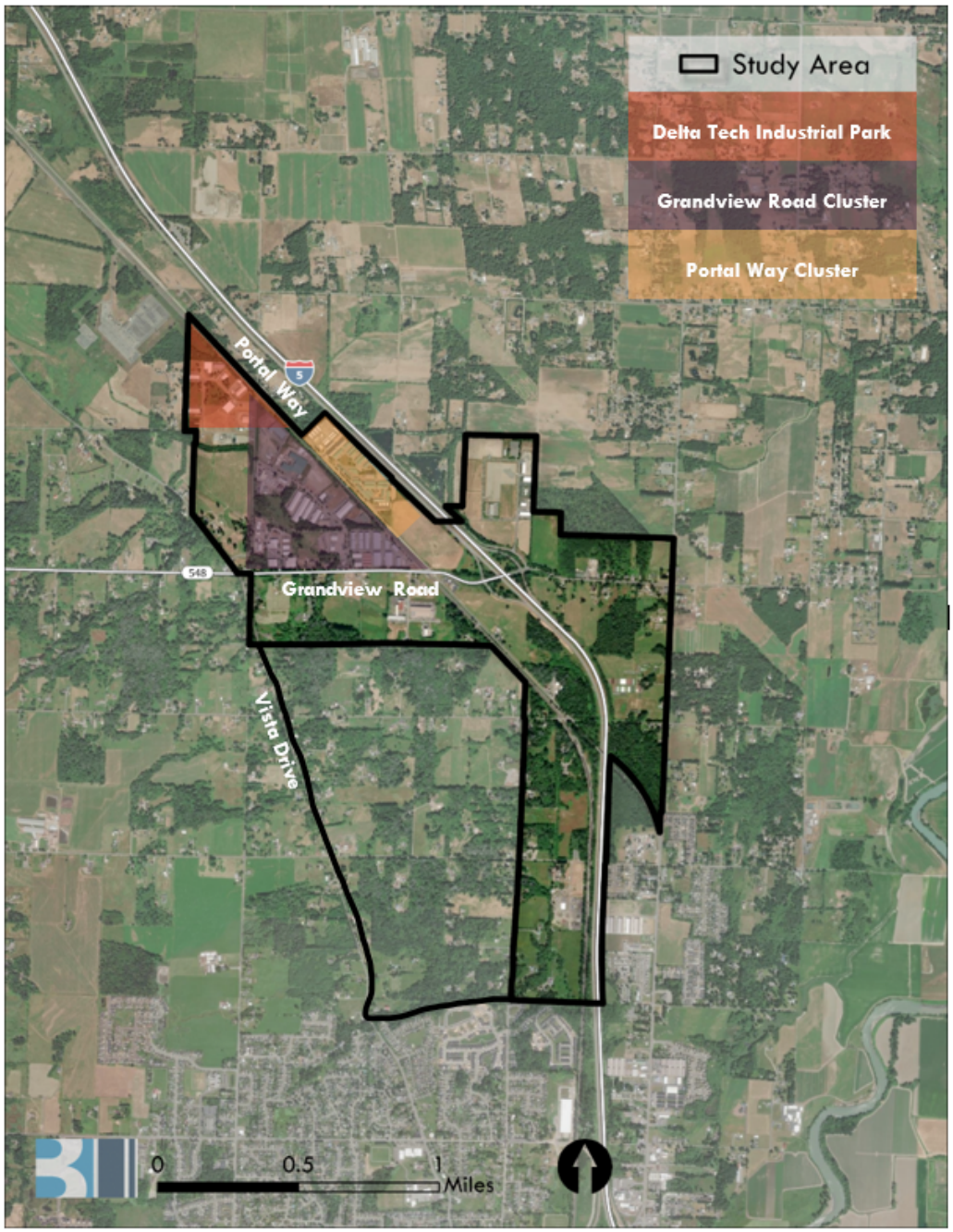
- **Delta Tech Industrial Park**: This area contains corporate offices, manufacturing facilities, and retail uses. Example businesses are American Nettings & Fabric (landscaping supply store), Border Tractor Service (trucking services), Coast Insulation (specialty contractor), Evolution Technologies (walker manufacturing), Integrity Truck Services (truck repair), and MISTRAS Group (material testing).
- **Grandview Road Cluster**: This area contains industrial, commercial, and retail businesses. Example businesses are Andgar Home Comfort (heating, cooling, and plumbing contractor), Copac Self Storage (storage facility), Crystal Creek Logistics (specialized freight trucking), FHL Custom Cabinets

(cabinet manufacturing), Healthy Pet (small pet bedding and litter wholesale), Marcon Metalfab (metal fabrication), SMC (mountaineering equipment manufacturing), WestCoast Lifestyles (fireplace store), and Western Refinery Services (specialty contractor).

- **Portal Way Cluster:** This area contains a mix of service providers and retailers. Example businesses are Albrecht Auto Spa (car detailing), Armadillo Arms and Machine (firearm store), Hammerhead Coffee Roasters (coffee shop), The Import Guys (motor vehicles), Pooch Palace and Kitty Kastle (pet boarding), Spay Neuter Northwest (veterinarian), and Wangan International (auto parts retail).

Businesses outside these clusters include corporate offices for construction and business support services, a gas station by the intersection of Grandview Road and Portal Way, and home-based businesses.

Exhibit 21. Potential Service Area Existing Employment Clusters



Source: BERK, 2025.

Employment by Industry in the Potential Service Area

In 2024, approximately 48% of the employment in the Potential Service Area was in commercial industries, 43% in industrial, and 9% in retail trade (**Exhibit 22**). Compared to the city and county, the Potential Service Area had a higher share of employment in Administrative, support and waste management services; Manufacturing; Construction; and Professional, Scientific, and Technical services and a lower share of employment in other services such as education, health care, information services, leisure and hospitality, FIRE (finance, insurance, and real estate, rental and leasing), and retail.

Exhibit 22. Share of Employment by Industry, 2024

Industry	Study Area: Potential Service Area	City of Ferndale	Whatcom County
Commercial	**48%**	**44%**	**65%**
Administrative, support, waste management & remediation services	29%	6%	2%
Professional, Scientific, and Technical Services	11%	5%	6%
Other Services*	5%	19%	36%
Leisure and Hospitality	2%	7%	9%
FIRE*	1%	3%	6%
Government	0%	4%	5%
Industrial	**43%**	**44%**	**19%**
Manufacturing	24%	23%	7%
Construction	12%	7%	5%
WTU*	8%	13%	7%
Retail Trade	**9%**	**11%**	**13%**
Resources	**0%**	**1%**	**2%**

Notes: Shares are BERK calculations based on a custom area analysis of businesses from the Port of Bellingham's Whatcom Prospector site, which is updated daily with data from Data Axle (formerly InfoGroup). This was compared to other sources of employment data such as ESRI and LEHD data from the US Census Bureau and found that it yielded similar results.
*WTU includes Wholesale, Transportation and Warehousing, and Utilities. FIRE stands for Finance, Insurance, and Real estate, rental and leasing. Other Services includes Education; Holding Companies and Managing Offices; Information; Health Care and Social Services and Other Services such as repair, personal care, laundry, and religious services.
Sources: Data Axle, 2024; Port of Bellingham, 2024; BERK, 2025.

Local and Regional Trends

This section summarizes historical employment trends, employment forecasts, and real estate market trends for Whatcom County, the Puget Sound Region (defined in this report as King, Pierce, and Snohomish counties), and Washington State.

Employment

Employment in Whatcom County grew by approximately 1.2% annually from 2014 to 2023, which was lower than annual employment growth in the Puget Sound Region and the state (**Exhibit 23**). Slower year-over-year employment growth in Whatcom County from 2015 to 2020 also illustrates this trend (**Exhibit 24**). From 2019 to 2020, employment in all three areas was impacted by the COVID-19

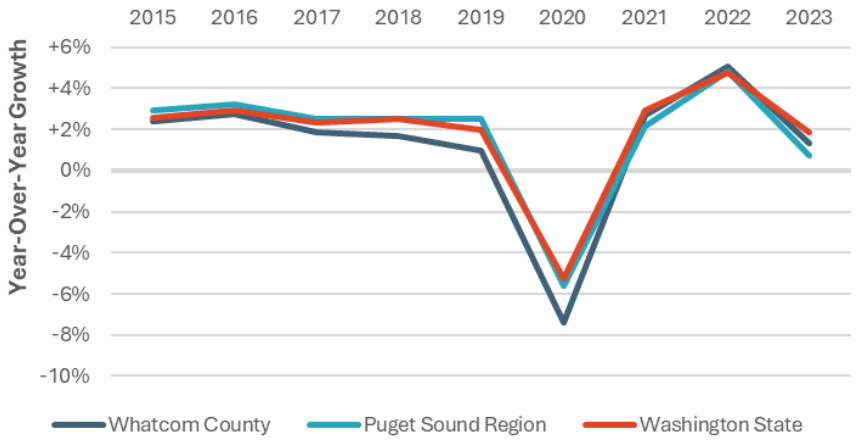
pandemic. Since 2020, year-over-year employment growth in Whatcom County has been similar to the Puget Sound Region and the state (**Exhibit 24**). From 2021 to 2023, employment in Whatcom County grew by approximately 3.2% annually (**Exhibit 23**).

Exhibit 23. Covered Employment[35] Compound Annual Growth Rate (CAGR), All Industries

Geography	2014-2023 CAGR	2021-2023 CAGR
Whatcom County	1.2%	3.2%
Puget Sound Region	1.7%	2.8%
Washington State	1.8%	3.3%

Note: Puget Sound Region includes King, Pierce, and Snohomish counties.
Sources: U.S. Bureau of Labor Statistics, 2024; BERK, 2025.

Exhibit 24: Year-Over-Year Covered Employment Change, All Industries, 2015-2023



Sources: U.S. Bureau of Labor Statistics, 2024; BERK, 2025.

In 2023, four sectors made up 62% of total employment in Whatcom County: Other Services (mainly consisting of education and healthcare services), Retail Trade, Leisure and Hospitality, and Manufacturing (**Exhibit 25**).

Compared to the Puget Sound Region and Washington state, Whatcom County had higher shares of employment in industrial and retail industries and a lower overall share of employment in commercial industries. Within the industrial sector, manufacturing remains a cornerstone of Whatcom's economy, due to its historical development tied to natural resources, its strategic location providing access to markets and materials, and an economic environment that offers relative affordability and various incentives.

Within the commercial sector, Whatcom County has a comparatively smaller proportion of the workforce concentrated in Other Services, mostly in high-tech industries and professional, scientific, and technical services. This is likely due to a combination of its economic focus on different industries (such

[35] Covered employment represents employment covered by unemployment insurance (UI) programs. Major exclusions from UI coverage are worker groups such as self-employed workers and agricultural workers on small farms.

as healthcare, retail trade, manufacturing, and agriculture); a smaller population, urban density, and labor pool; a less concentrated investment, research, and innovation ecosystem; the lack of major tech anchors and a more fragmented startup environment; and its geographical proximity to major economic hubs - Seattle and Vancouver, B.C., which can have both advantages and disadvantages.

Exhibit 25. Share of Covered Employment by Industry, 2023

Industry	Whatcom County	Puget Sound Region	Washington State
Commercial	**60%**	**67%**	**65%**
Other Services*	29%	34%	33%
Leisure and Hospitality	11%	10%	10%
Government	6%	4%	5%
Administrative, support, waste management & remediation services	4%	5%	5%
Professional, Scientific, and Technical Services	5%	9%	7%
FIRE*	4%	5%	4%
Industrial	**25%**	**24%**	**23%**
Manufacturing	10%	8%	8%
Construction	9%	6%	6%
WTU*	6%	10%	9%
Retail Trade	**12%**	**9%**	**9%**
Resources	**4%**	**0.3%**	**3%**

Notes: Excludes employment in Unclassified industries. Puget Sound Region includes King, Pierce, and Snohomish counties. Resources share for Whatcom County not shown due to suppression in the raw data.
*WTU includes Wholesale, Transportation and Warehousing, and Utilities. FIRE stands for Finance, Insurance, and Real estate, rental and leasing. Other Services includes Education; Holding Companies and Managing Offices; Information; Health Care and Social Services and Other Services such as repair, personal care, laundry, and religious services.
Sources: U.S. Bureau of Labor Statistics, 2024; BERK, 2025.

From 2014 to 2023, Whatcom County employment in commercial industries grew by approximately 2% annually, which was lower than commercial employment growth in the Puget Sound Region and Washington state, as shown in **Exhibit 26. Whatcom County** employment in retail trade declined by approximately 0.2% annually from 2014 to 2023, which was a smaller rate than retail employment loss in the Puget Sound Region (-1.1%). Several factors could have led to the decrease in retail jobs, including the rise of e-commerce, pandemic impacts such as the closure of the Canadian border, changing consumer behavior, higher turnover rates, and preference for higher-paying and flexible jobs.

Annual FIRE (finance, insurance, and real estate) and Other Services (education, healthcare, information, management of companies and enterprises, and other services like repair and maintenance, personal care etc.) employment grew faster in Whatcom County compared to the Puget Sound Region and the state. The FIRE sector in Whatcom County was not impacted by the COVID-19 pandemic and experienced continued growth of around 1.7% per year on average between 2020 and 2023, compared to -0.3% in the Puget Sound region and 0.7% in Washington state. Whatcom County is home to Western Washington University and two community and technical colleges, which are among the county's major employers. The overall increase in Other Services employment between 2014 and 2023 of 3% per year on average was driven mainly by the education sector, which together with the growth in healthcare and services such as repair and maintenance, personal care services, and religious, grantmaking and similar organizations compensated for the decline in information and management of companies and enterprises.

In contrast, annual employment in administrative, support, waste management, and remediation services grew more slowly than in these regions. Annual leisure and hospitality employment in Whatcom County declined (0.4% annually) while increasing in the Puget Sound Region and the state. This is due to a lower employment growth rate in this sector in Whatcom prior to the COVID-19 pandemic and a slower recovery post-pandemic. The county's leisure and hospitality employment remains below 2019 levels.

Industrial employment in Whatcom County grew by approximately 1.7% annually from 2014 to 2023, with employment growth in construction outpacing the Puget Sound Region and the state (mostly driven by growth in construction of buildings and specialty trade contractors). The construction sector has historically been one of the most volatile and responsive to business cycles. Growth in the past decade is likely due to a combination of factors such as a strong multifamily housing market, substantial transportation and infrastructure construction projects,[36] projects getting larger, or other counties using Whatcom construction resources.[37] Annual employment in WTU (wholesale, warehousing, transportation, and utilities) grew more slowly in Whatcom County than in the Puget Sound Region and the state. Lastly, manufacturing employment in Whatcom County did not change much between 2014 and 2023, while it declined in the Puget Sound Region and Washington state. One potential reason for that is that Whatcom's manufacturing sector is less impacted by changes at Boeing than the core aerospace manufacturing hubs of King and Snohomish counties, so it has been less impacted by Boeing setbacks.

Whatcom County employment in retail trade declined by approximately 0.2% annually from 2014 to 2023, which was a smaller rate than retail employment loss in the Puget Sound Region (-1.1%). Several factors could have led to the decrease in retail jobs, including the rise of e-commerce, pandemic impacts such as the closure of the Canadian border, changing consumer behavior, higher turnover rates, and preference for higher-paying and flexible jobs.

[36] Whatcom County, Whatcom County Comprehensive Plan Population and Employment: Growth Projections and Preliminary Allocations, May 22, 2024.

[37] Western Washington University Center for Economic and Business Research, Whatcom County Economic Profile 2024 Update using data from 2023.

Exhibit 26. Covered Employment Compound Annual Growth Rate by Industry, 2014-2023

Industry	Whatcom County	Puget Sound Region	Washington State
Commercial	**2.0%**	**2.4%**	**2.3%**
Professional, Scientific, and Technical Services	4.0%	4.0%	4.0%
Other Services*	3.0%	2.9%	2.4%
FIRE*	2.7%	0.8%	1.3%
Government	1.4%	1.1%	1.6%
Administrative, support, waste management & remediation services	0.9%	2.0%	2.2%
Leisure and Hospitality	-0.4%	1.2%	1.5%
Industrial	**1.7%**	**1.0%**	**1.7%**
Construction	4.8%	3.5%	4.2%
WTU*	0.8%	2.0%	2.5%
Manufacturing	0.0%	-1.4%	-0.5%
Retail Trade	**-0.2%**	**-1.1%**	**-0.2%**
Resources	**0.3%**	**1.9%**	**-0.5%**

Notes: Excludes employment in Unclassified industries. Puget Sound Region includes King, Pierce, and Snohomish counties. Resources growth rate for Whatcom County not shown due to suppression in the raw data.
*WTU includes Wholesale, Transportation and Warehousing, and Utilities. FIRE stands for Finance, Insurance, and Real estate, rental and leasing. Other Services includes Education; Holding Companies and Managing Offices; Information; Health Care and Social Services and Other Services such as repair, personal care, laundry, and religious services.
Sources: U.S. Bureau of Labor Statistics, 2024; BERK, 2025.

City and County Growth Projections

In 2024, Leland Consulting Group prepared population and employment growth projections for Whatcom County as part of the County's 2025 Comprehensive Plan update. Total employment in Whatcom County is projected to increase 22% from 2023 to 2045, or approximately 0.9% annually over this period, which is slower than the average annual employment growth in the County from 2002 to 2022 (approximately 1.3%).[38]

Approximately 60% of the County's projected employment growth from 2023 to 2045 is expected in commercial industries, followed by industrial (26%), retail (10%), and resource (4%) industries (**Exhibit**

[38] Leland Consulting Group, 2024, Whatcom County Comprehensive Plan, Population and Employment: Growth Projections and Preliminary Allocations, Technical Report. Accessed at https://www.whatcomcounty.us/DocumentCenter/View/85199/Whatcom-Population-and-Employment-Projections-Final-Report-May-22-2024.

27). Employment growth in the City of Ferndale is expected to comprise 9% of the County's total employment growth and 15% of the County's industrial employment growth.

Exhibit 27. Projected Net Employment Growth in Whatcom County, 2023-2045

Industry	Whatcom County Net Employment Growth	Share of Whatcom County Net Employment Growth	City of Ferndale Net Employment Growth	Ferndale Share of Whatcom County Net Employment Growth
Commercial	14,521	60%	961	7%
Industrial	6,333	26%	961	15%
Retail	2,497	10%	201	8%
Resources	928	4%	19	2%
Total	**24,279**	**100%**	**2,141**	**9%**

Notes: Employment growth is net growth between 2023 and 2045 and is based on the middle scenario prepared by Leland Consulting Group for employment growth allocations. Shares are BERK calculations based on 2023 to 2045 employment growth allocations.
Sources: Leland Consulting Group, 2024; BERK, 2025.

Regional Growth Projections

The Washington State Employment Security Department (ESD) prepares employment projections by industry for the state's Workforce Development Areas (WDAs). Whatcom County is within the Northwest Washington WDA, which also includes Island County, San Juan County, and Skagit County. In 2024, ESD released projections for the ten-year period 2022 to 2032.

From 2022 to 2032, total employment in the Northwest Washington WDA is projected to increase by 2.7%, which is similar to the projected increase for the Seattle-King County Region and the State (**Exhibit 28**). Industrial employment growth is projected to be the highest in the Northwest WDA during the same period. Within Industrial employment, Construction and Manufacturing employment in the Northwest Washington WDA is projected to grow at a faster rate than the Puget Sound Region and the State, while Wholesale, Transportation and Warehousing, and Utilities (WTU) employment is projected to grow at a slower rate. Commercial and Retail Trade employment is projected to grow at a similar rate across these regions.

Exhibit 28. Estimated Annual Employment Growth Rates by Industry and WDA, 2022 to 2032

Industry	Northwest	Seattle-King County	Snohomish	Tacoma-Pierce	Washington State
Commercial	**3.1%**	**3.0%**	**3.2%**	**3.0%**	**3.1%**
Professional, Scientific, and Technical Services	4.7%	4.5%	5.5%	5.0%	4.7%
Leisure and Hospitality	4.1%	2.9%	4.6%	4.6%	3.7%
Other Services*	3.0%	3.1%	3.0%	3.0%	3.2%
Government	2.6%	2.1%	2.5%	2.0%	2.2%
FIRE*	0.8%	1.5%	1.3%	1.2%	1.6%
Industrial	**2.5%**	**2.0%**	**1.9%**	**2.2%**	**2.1%**
Construction	3.4%	2.4%	2.6%	2.2%	2.7%
Manufacturing	1.9%	1.0%	1.2%	0.7%	1.2%
WTU*	1.9%	2.5%	2.5%	2.9%	2.4%
Retail Trade	**1.5%**	**1.5%**	**1.7%**	**1.5%**	**1.5%**
Resources	**0.0%**	**0.0%**	**0.0%**	**-5.6%**	**-1.1%**
Total	**2.7%**	**2.7%**	**2.6%**	**2.6%**	**2.7%**

Notes: Annual growth rates are BERK calculations based on 2022 and 2032 employment estimates prepared by ESD. Administrative, support, waste management & remediation services employment was not disaggregated in the raw data.
*WTU includes Wholesale, Transportation and Warehousing, and Utilities. FIRE stands for Finance, Insurance, and Real estate, rental and leasing. Other Services includes Education; Holding Companies and Managing Offices; Information; Health Care and Social Services and Other Services such as repair, personal care, laundry, and religious services.
Sources: Washington State Employment Security Department, 2024; BERK, 2025.

Real Estate Market

This section describes the existing inventory and supply and demand trends of industrial, retail, and office space in Ferndale, Whatcom County, and comparison counties based on data from CoStar. This commercial real estate information company maintains a database of rentable building area (RBA).

Existing Inventory

Inventory data represents rentable building area collected by CoStar and may not capture all industrial, retail, and office square footage in Whatcom County. In 2024 Q4, Whatcom County had approximately 14.3 million square feet of industrial rentable building area, 10.4 million square feet of retail, and 4.1 million square feet of office (**Exhibit 29**). Ferndale's focus on manufacturing and industrial jobs, which make up just under half of its economy and are closely tied to the Cherry Point area and its proximity to major transportation routes (I-5, the Burlington Northern Santa Fe Railroad), gives it a high

concentration of industrial property (34% of the County's industrial market). However, Ferndale comprises only 6% of both the retail and office markets.

In 2024, Ferndale had 39 square feet of retail per capita, less than half of Bellingham's 81 square feet per capita, below Blaine's 74 square feet per capita, Lynden's 60 square feet per capita, and the countywide average of 44 square feet per capita. Ferndale's under-represented retail sector is likely a combination of several factors, including Ferndale's proximity to the dominant retail presence of Bellingham, which has a more established and diverse retail landscape and a higher-than-average capture of retail sales. Ferndale also lacks the population density and economic structure (e.g., presence of complementary businesses, average household income) to attract large retailers and support a more robust retail market.

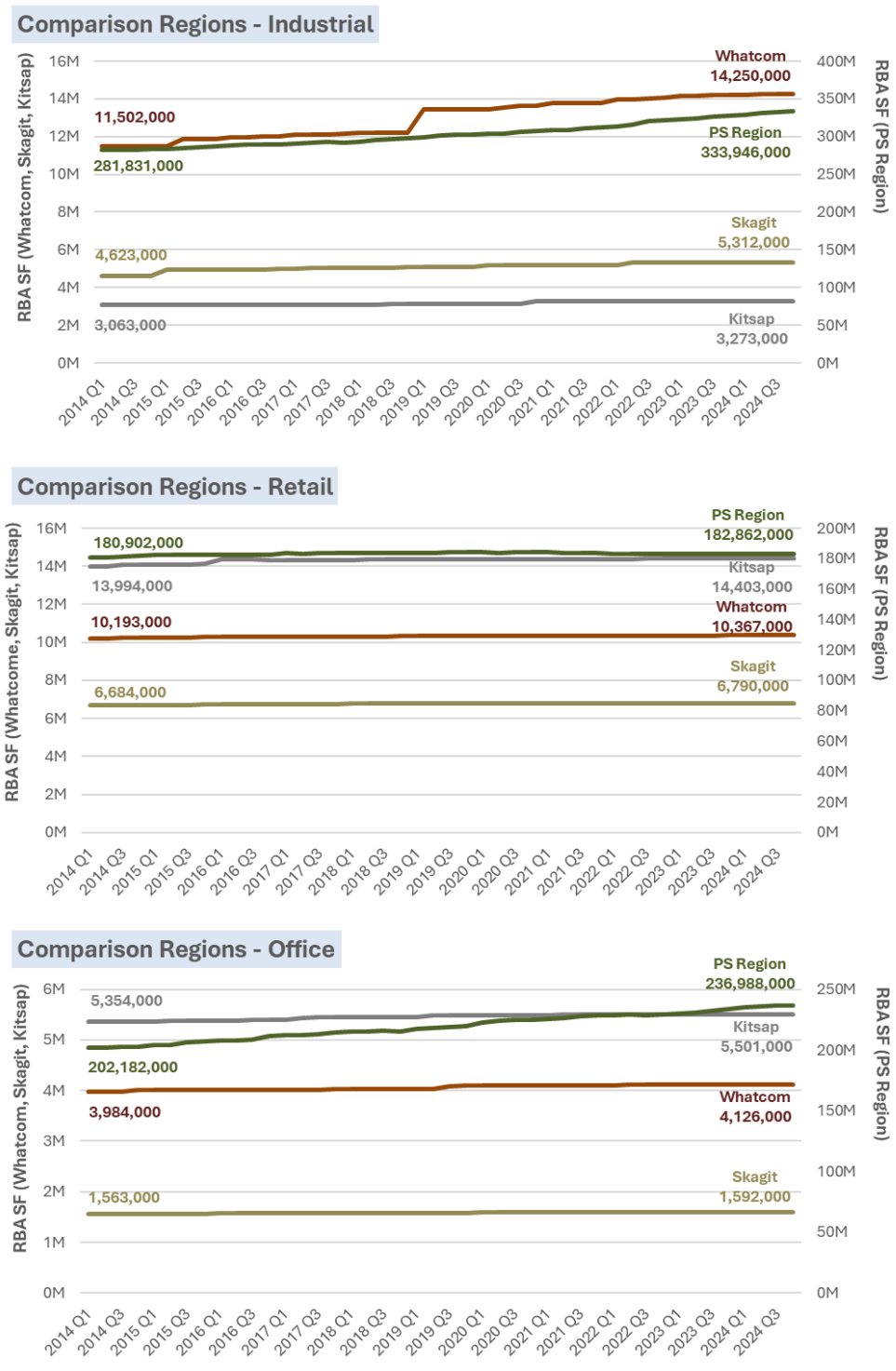
Exhibit 29. Whatcom County Rentable Building Area by Market and City/Area, 2024 Q4

Sources: CoStar, 2025; BERK, 2025.

Inventory Trends: From 2014 to 2024, the industrial inventory in Whatcom County increased by approximately 24%, outperforming all comparison regions. Most of the development has occurred in

Blaine and Ferndale, followed by Bellingham and Lynden. Retail inventory increased by only 2%, similar to the change in all other comparison regions and office inventory increased by 4%, much less than the increase in the Puget Sound Region (17%) but slightly more than Skagit County (2%) and Kitsap County (3%) (**Exhibit 30**).

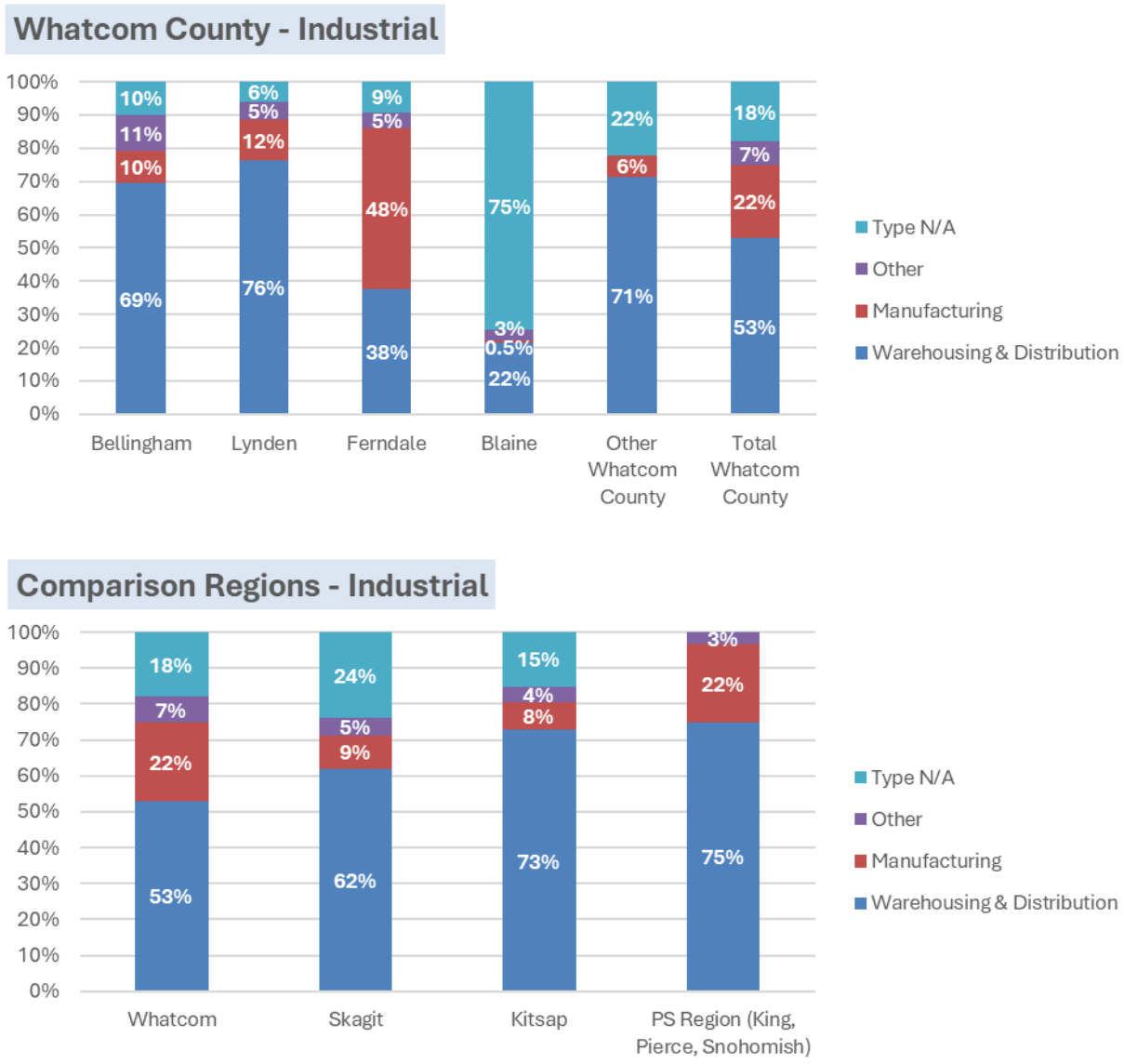
Exhibit 30. Rentable Building Area (RBA) SF by Market and Region, 2014-2024



Sources: CoStar, 2025; BERK, 2025.

Industrial Mix: The major uses for industrial space in Whatcom County are warehousing and distribution and manufacturing. The warehouse and distribution subcategory makes up over half of the County's industrial market in terms of RBA, as estimated by CoStar. While a high share of the County's warehousing and distribution space is in Bellingham (58%), the opposite is true for manufacturing space, which is mostly located in Ferndale (75%). Compared to the County, Ferndale had a higher share of industrial space for manufacturing (48% compared to 22% countywide) and a lower share for warehousing and distribution (38% compared to 53% countywide) (**Exhibit 31**). Compared to other regions, Whatcom County had a lower share of industrial space for warehousing and distribution than Kitsap County and the Puget Sound Region, and a higher share of industrial space for manufacturing than Skagit and Kitsap counties (but similar to the Puget Sound Region).

Exhibit 31. Share of Industrial Rentable Building Area by Industrial Type, 2024 Q4



Sources: CoStar, 2025; BERK, 2025.
Note: The 'Type N/A' category are properties for which data on the type of industrial development was not available from CoStar. The 'Other' category includes food processing, showroom (industrial), and service and maintenance uses.

Retail Mix: CoStar data provides a breakdown of retail inventory by several subtypes defined as follows:

- Neighborhood Centers range between 30,000 and 100,000 square feet and provide for the sales of convenience goods (food, drugs, etc.) and personal services (laundry, dry cleaning, etc.) for the day-to-day living needs of the immediate neighborhood, with a supermarket being the principal tenant. Examples of neighborhood center retail in Whatcom are Sunnyland Square and Park Manor Shopping Centers in Bellingham, Ferndale Station off Main Street in Ferndale, and the Lynden Towne Plaza on Guide Meridian.
- Community Centers are between 100,000 and 350,000 square feet and typically offer a wider range of apparel and other soft goods than Neighborhood Centers. Among the more common anchors are supermarkets, super drugstores, and discount department stores. An example of a community center is Cordata Center on Meridian Street and Kellogg Road in Bellingham, which includes stores like Best Buy, Macy's, and others.
- Regional Malls have between 300,000 and 750,000 square feet and provide shopping goods, general merchandise, apparel, furniture, and home furnishings in full depth and variety. It is built around the full-line department store with a minimum of 100,000 square feet, as the major drawing power. The only regional mall in Whatcom County is Bellis Fair in Bellingham.
- Strip Centers are an attached row of stores or service outlets managed as a coherent retail entity, with on-site parking usually located in front of the stores. One example of a strip center in Whatcom is Bender Plaza on Bender Road in Lynden.

Among the retail subtypes, general retail makes up 63% of the county's total retail RBA, followed by community and neighborhood centers with 24%. Bellingham is the major retail center in Whatcom County, with 75% of the county's general retail and neighborhood and community centers space and 100% of regional mall space.

Compared to the County, Ferndale had a similar mix of general retail (69% compared to 63% countywide), community and neighborhood centers (25% compared to 24% countywide), and strip centers (6% compared to 4% countywide) (**Exhibit 32**). Compared to other regions, Whatcom County has a higher share of general retail than Kitsap and the Puget Sound Region, and a higher share of community and neighborhood centers than Skagit.

Exhibit 32. Share of Retail Square Footage by Building Type, 2024

Sources: CoStar, 2025; BERK, 2025.

Supply and Demand Trends

This section highlights relevant market statistics indicative of supply and demand trends in the real estate market. These are based on available market information from CoStar and include the following:

- Exhibit 33 shows net absorption, net deliveries, and net excess demand for industrial, retail, and office properties for Whatcom County and the comparison regions. Net absorption is a measure of demand that represents the difference between square footage leased and vacant over a period of time. Deliveries are a measure of supply, or new square footage added to the market. Excess net demand is the difference between net absorption and net deliveries, essentially showing the difference between the space being demanded and the amount of new space being delivered to the market. Positive excess net demand indicates that demand for space is exceeding the supply of new

space coming to the market. Negative excess net demand shows that the supply of new space is exceeding the demand, potentially leading to increased vacancy rates.

- **Exhibit 34** illustrates vacancy rates for the three property classes for Whatcom County and the comparison regions.
- **Exhibit 35** shows lease rates per square foot (inclusive of all expenses such as taxes, insurance, and maintenance) for industrial, retail, and office properties in Whatcom County and comparison regions.

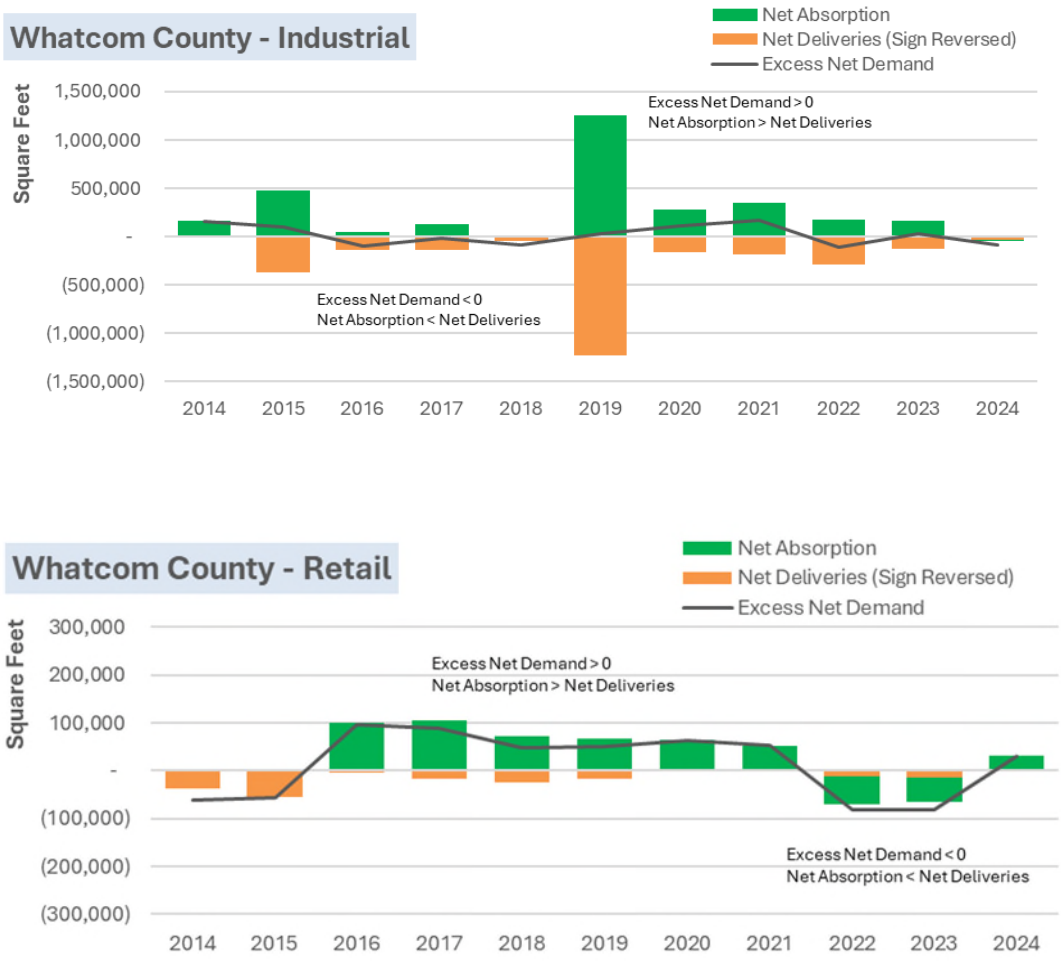
These exhibits highlight the following:

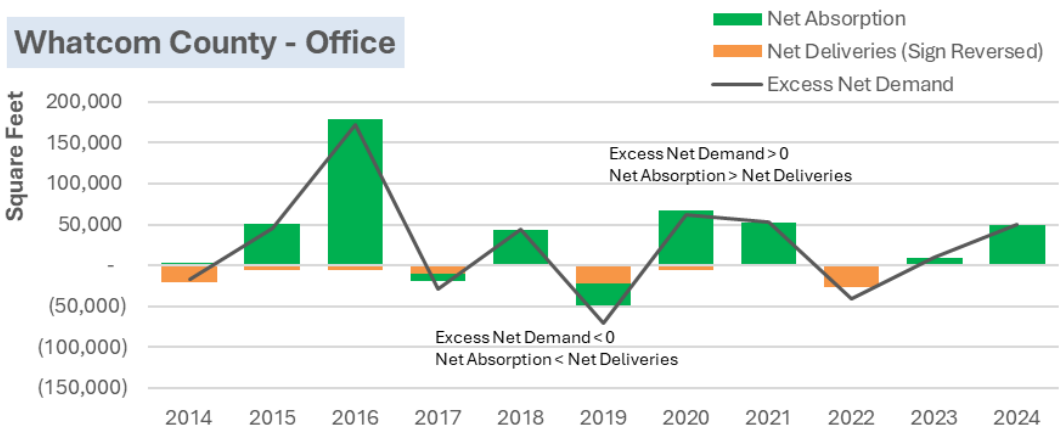
- From 2014 to 2024, net absorption for industrial space has generally been positive within Whatcom County, at an average of 268,000 square feet of absorbed space each year (2% of total industrial inventory on average). Whatcom has received nearly 2.8 million square feet in industrial deliveries since 2014, with 1.2 million square feet of that delivered in 2019 (one large development in Blaine). Despite the steady positive net absorption, excess net demand over the past 10 years has been inconsistent and negative from 2016 to 2018 and again in 2022 and 2024.
- For retail, on average, 30,000 square feet were absorbed each year between 2014 and 2024 (0.3% of the total retail inventory on average). Only 182,000 square feet of retail space were delivered since 2014, and most of that (84%) was before 2019. Net absorption fell short of net deliveries only in 2014 and 2015 and again in 2022 and 2023, leading to a negative annual excess net demand in those years. The rise in e-commerce, changing consumer shopping behavior, and changes to the location of the customer base resulting from changing commute and work patterns brought on by the COVID-19 pandemic are factors impacting demand for brick-and-mortar retail. For example, changes in commute and work patterns can decentralize the customer base, leading to a redistribution of retail spending from urban cores to suburban and local neighborhoods and even rural areas.
- Roughly 33,700 square feet of office space were absorbed per year on average between 2014 and 2024. Only 95,000 square feet of office space have been delivered since 2014, most recently in 2022. Excess net demand has fluctuated significantly in the past decade. The past two years have seen no deliveries of office space and positive but modest net absorption.
- In Whatcom County, the industrial vacancy rate decreased from 3.7% in 2014 to 1.8% in 2024 and was the second lowest among comparison regions, after Skagit County (0.3%). While low vacancy rates indicate strong demand for industrial space, when vacancy rates become too low it can create bottlenecks for business expansion, drive up costs, and make it challenging to attract new companies, potentially hindering long-term economic growth if new supply cannot be brought online effectively.
- Whatcom's retail vacancy rate decreased from 4.7% in 2014 to 2.9% in 2024 and was similar to retail vacancy rates in Kitsap (2.7%) and the Puget Sound Region (3.4%).
- The office vacancy rate in Whatcom decreased from 9.5% in 2014 to 1.2% in 2024 and was much lower than the office vacancy rate for Kitsap County (4.3%) and the Puget Sound Region (15.9%). Whatcom's office vacancy rate of 1.2% is lower than the market's five-year average of 2.6% and the 10-year average of 3.8%. The low office vacancy rate countywide is likely driven by a combination of limited new construction, sustained demand for physical office space given the predominance of

sectors that require in-person work in the county (healthcare, education, manufacturing, retail), and despite the rise of remote work trends regionally, absorption of existing vacancies.

- Vacancy trends in other regions vary depending on the market (**Exhibit 34**). In the industrial and office markets, vacancy rates also decreased in Skagit and Kitsap counties over the decade, while increasing in the Puget Sound Region from 2022 to 2024. In the retail market, vacancy rates decreased in Kitsap County and the Puget Sound Region over the decade, while increasing in Skagit County from 2020 to 2024.
- Lease rates in Whatcom County for industrial properties more than doubled from $5.9 in Q1 2014 to $12.2 in Q4 2024, and the increase was the highest compared to the other three regions. This is likely related to the low vacancy rates, as historically low vacancy levels can keep rents elevated. The increase in retail and office lease rates has been less significant, with 41% for retail and 39% for office space during the same period. The increase in office lease rates for Whatcom has been higher than for all three other regions.

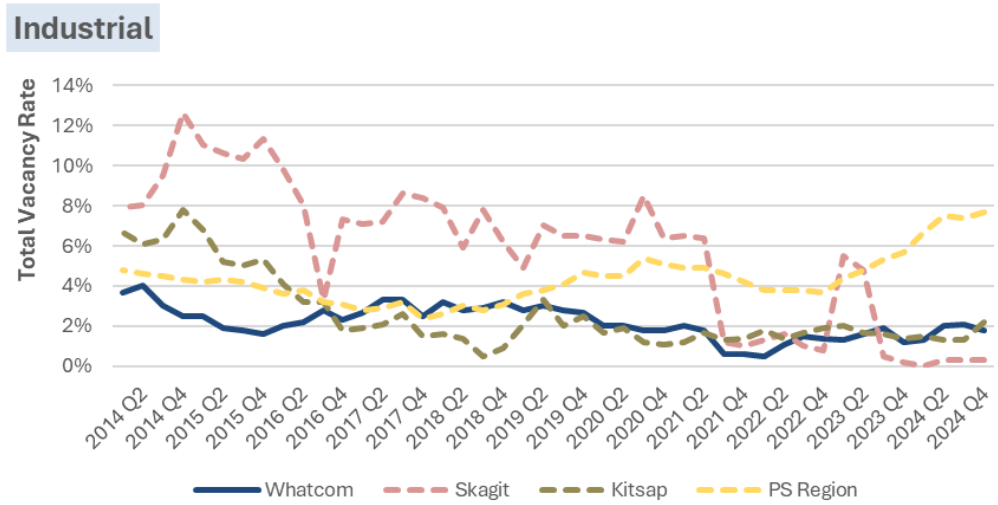
Exhibit 33. Net Absorption, Net Deliveries, and Excess Net Demand SF by Market, 2014-2024

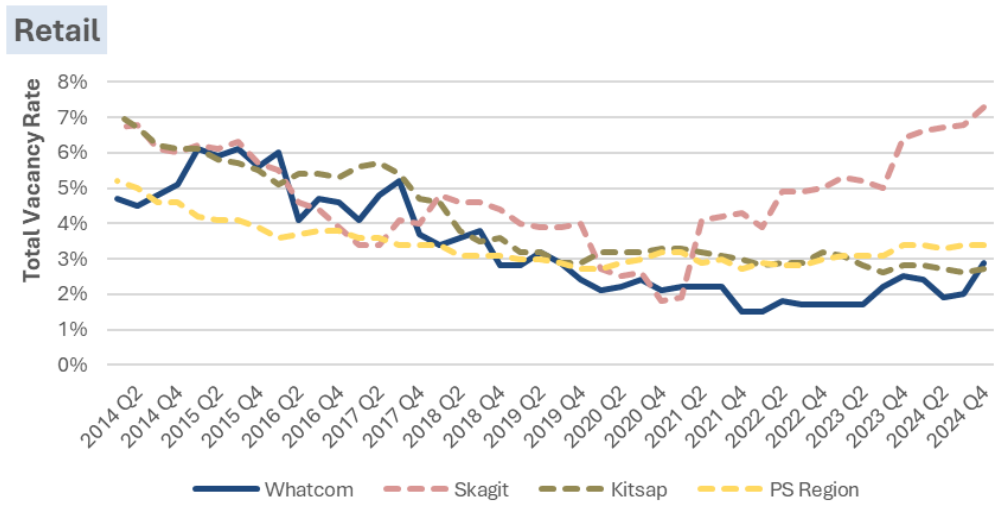


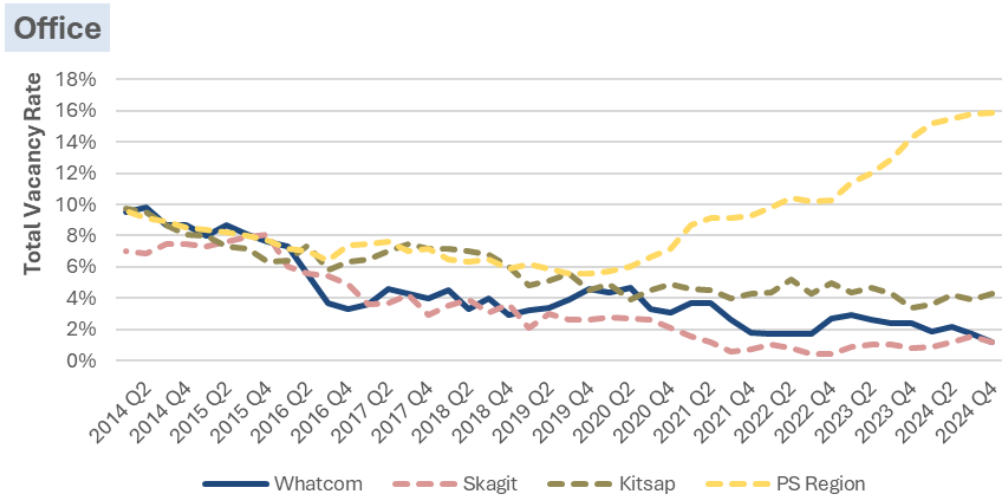


Sources: CoStar, 2025; BERK, 2025.

Exhibit 34. Total Vacancy Rates by Market, 2014-2024

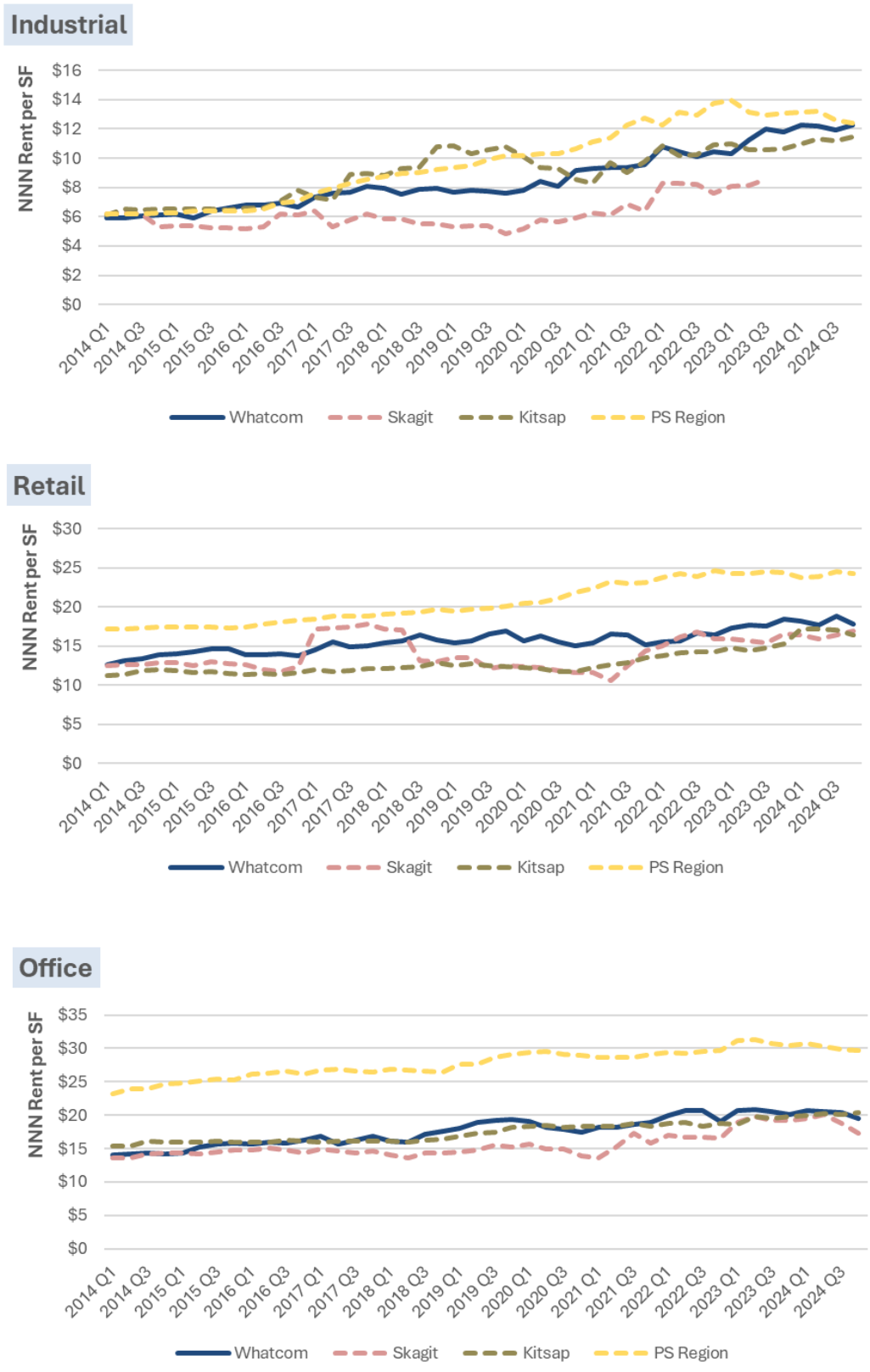






Sources: CoStar, 2025; BERK, 2025.

Exhibit 35. NNN Rent per SF by Market in Year-of Dollars, 2014-2024



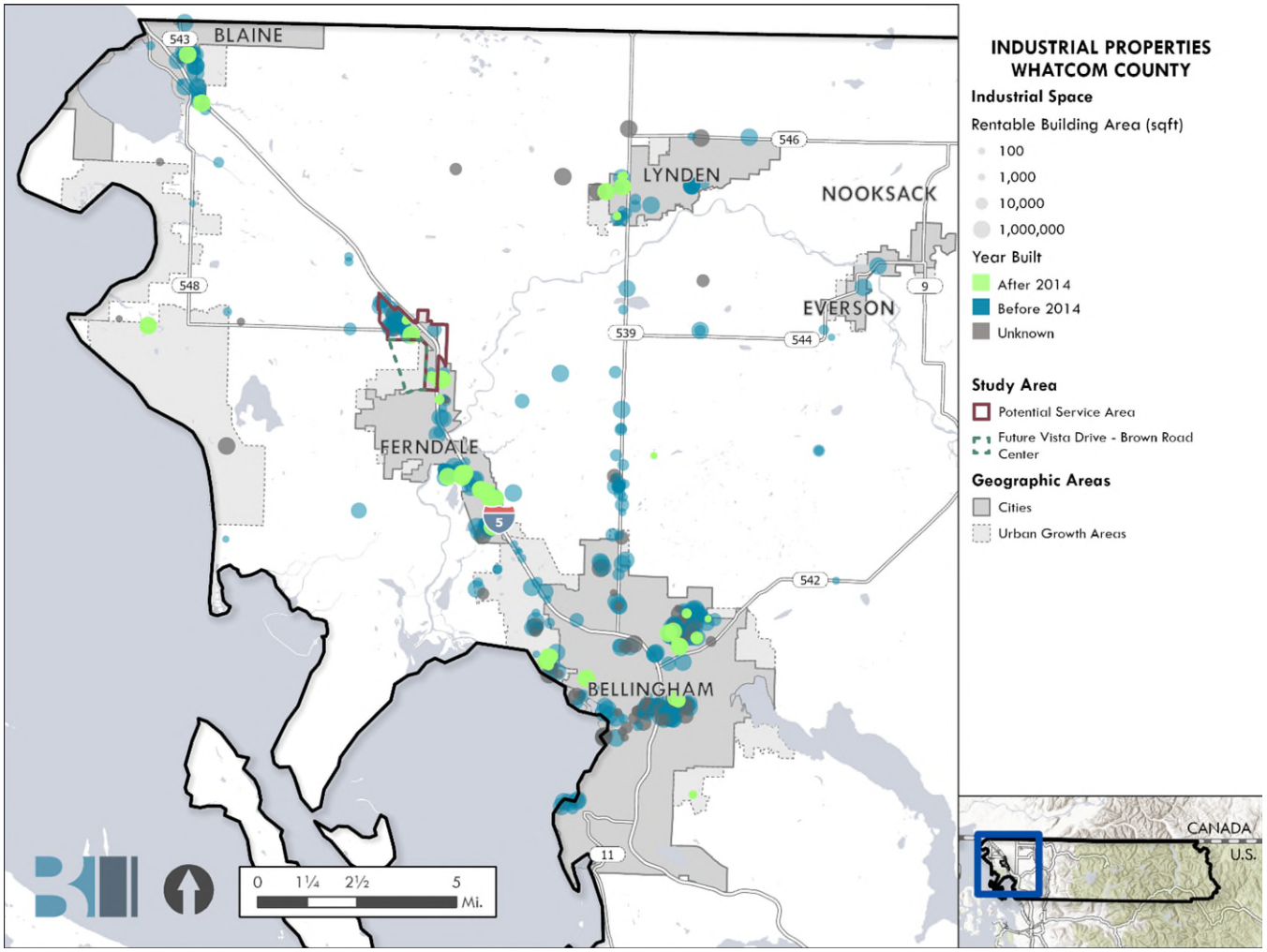
Note: Data represents rentable building area collected by CoStar and may not capture all industrial, retail, and office square footage in the county.
Sources: CoStar, 2025; BERK, 2025.

Development Activity

Data from CoStar was used to map the geographic distribution of industrial, retail, and office development in the county and illustrate the location of development that has occurred since 2014. This is shown in **Exhibit 36** to **Exhibit 38**. From this information, the following elements about regional development activity can be noted:

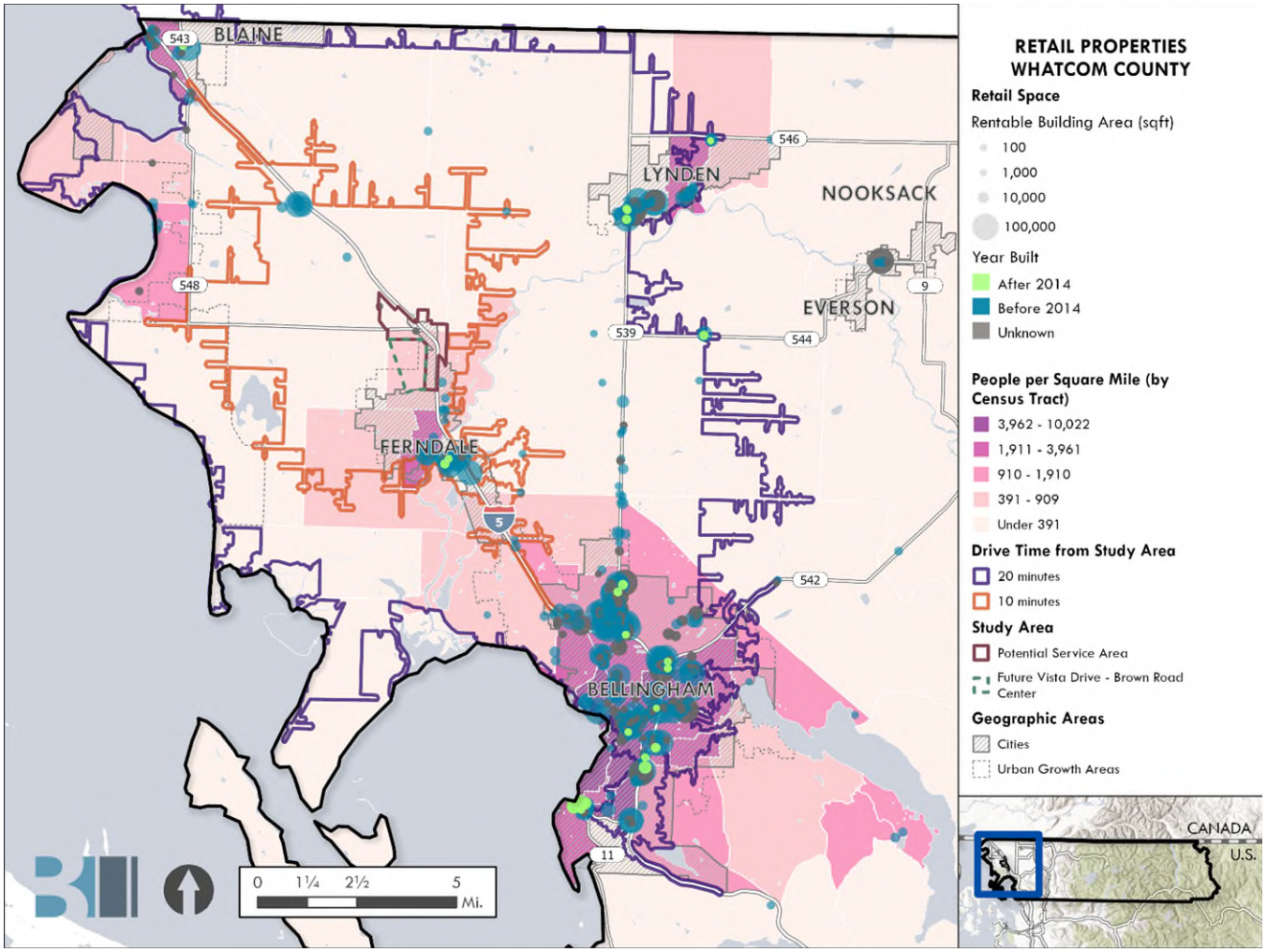
- Of the 2.8 million square feet of industrial development that has occurred since 2014, 1.2 million square feet has occurred in Blaine, 700,000 square feet in Ferndale, mostly along I-5, and just over 400,000 square feet in Bellingham.
- Bellingham has seen most of the retail development that occurred in Whatcom County since 2014.
- Office development in Whatcom County in the past decade has been minimal. Most office development since 2014 (60%) has been in Ferndale.

Exhibit 36. Industrial Development Patterns in Western Whatcom County



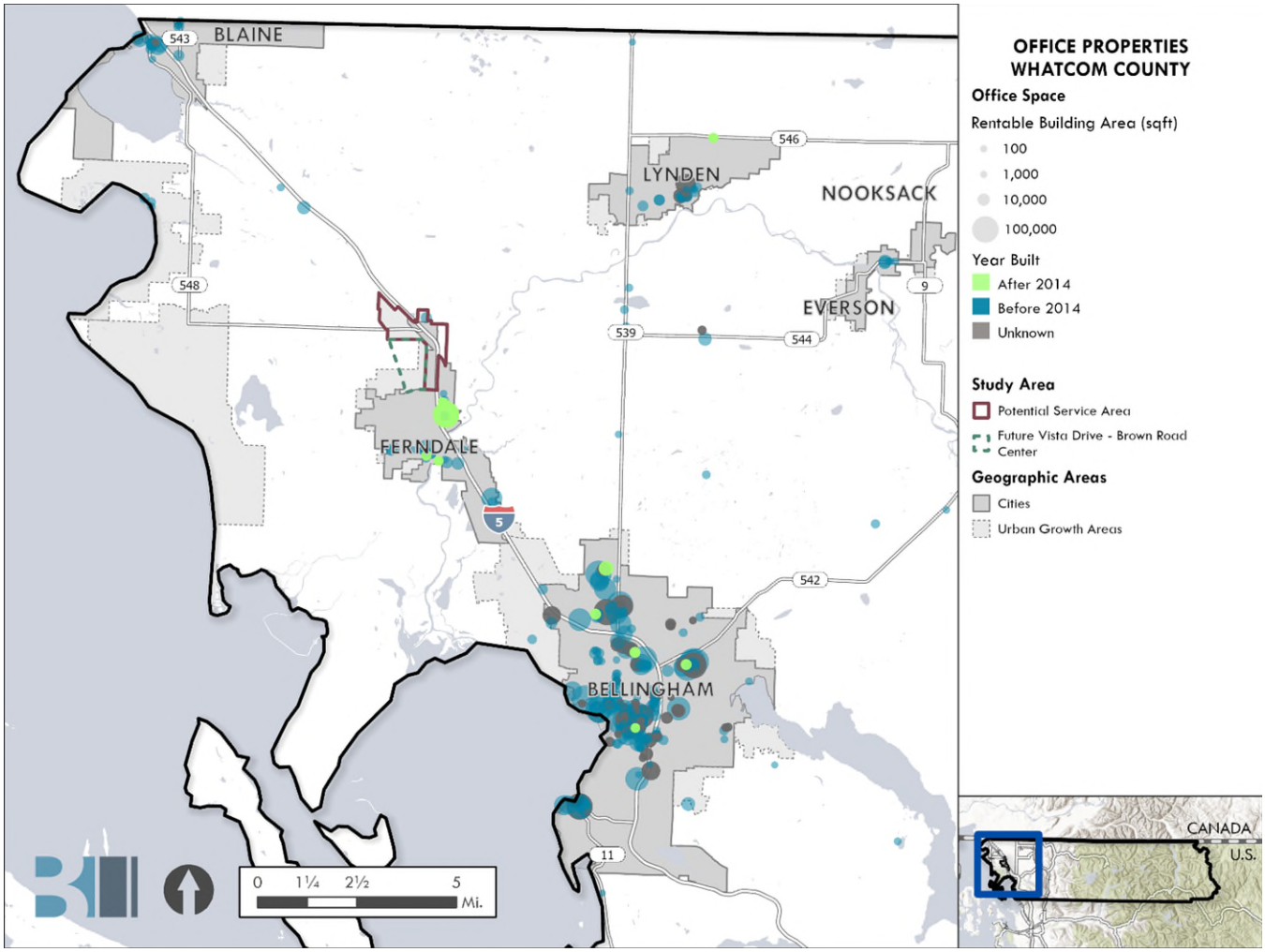
Source: CoStar, 2025; BERK, 2025.

Exhibit 37. Retail Development Patterns in Western Whatcom County



Source: CoStar, 2025; U.S. Census Bureau, 2025; BERK, 2025.

Exhibit 38. Office Development Patterns in Western Whatcom County



Source: CoStar, 2025; BERK, 2025.

Taxable Retail Sales and Spending Patterns

A taxable retail sale is the amount of gross income from a retail sale subject to retail sales tax. In Washington state, retail sales tax applies to most goods and services. Exceptions include groceries, prescription drugs, and motor vehicle fuel. Due to these exceptions, taxable retail sales understate actual retail activity but can still be used as a proxy for consumer spending.

In 2023, total taxable retail sales in Ferndale totaled $441.9 million across all local businesses (see **Exhibit 39**). The largest amounts came from construction and retail trade. Ferndale's taxable retail sales comprised 7% of the total taxable retail sales in Whatcom County. Ferndale's share of the total countywide amount increased 2% between 2013 and 2023. This is also shown in **Exhibit 40**, which provides the share of countywide taxable retail sales for Ferndale and other larger cities in Whatcom County.

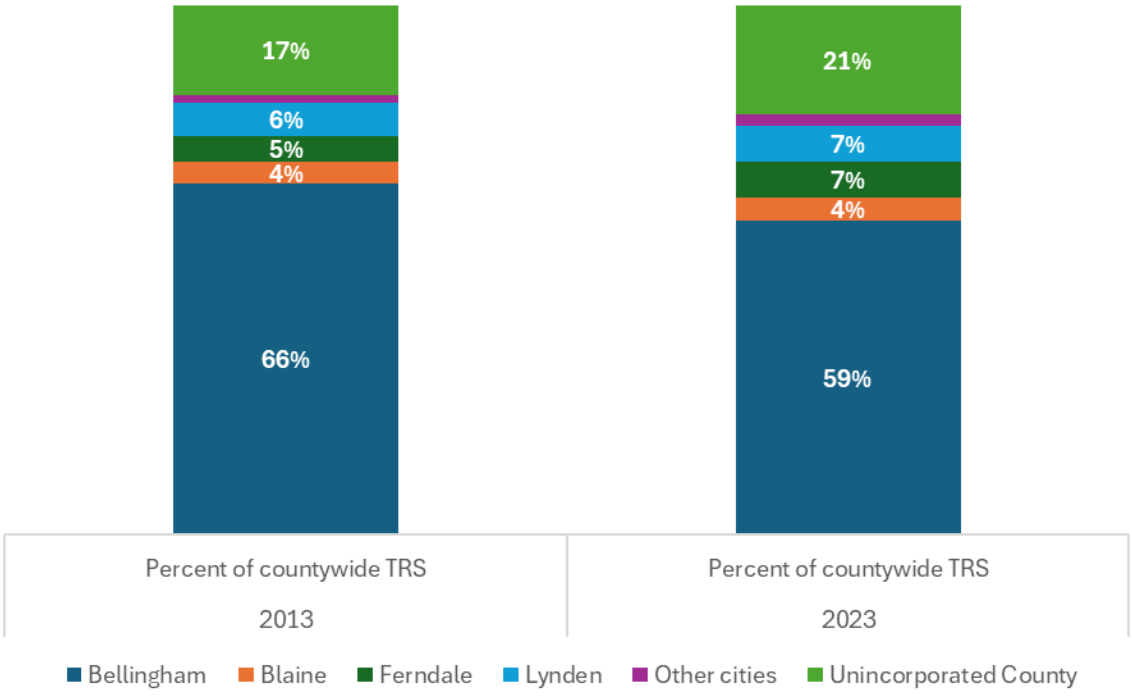
Between 2013 and 2023, Ferndale's share of countywide taxable retail sales increased in construction and entertainment, accommodation, and food services. The City's share decreased in resources and utilities, manufacturing, transportation and warehousing, and services.

Exhibit 39. Ferndale Taxable Retail Sales and Share of Total County Taxable Retail Sales, 2013 and 2023

NAICS Codes	Sector	2013 Ferndale Taxable Retail Sales	2013 Share of Whatcom County	2023 Ferndale Taxable Retail Sales	2023 Share of Whatcom County	2013-2023 Change in Share of County
11-22	Resources and Utilities	$240,878	3%	$326,916	1%	-2%
23	Construction	$29,211,160	5%	$129,537,466	13%	7%
31-33	Manufacturing	$6,208,589	10%	$9,574,289	5%	-5%
42	Wholesale Trade	$18,490,681	7%	$43,434,954	8%	0%
44-45	Retail Trade	$65,290,395	4%	$146,390,395	6%	2%
48-49	Transportation and Warehousing	$703,936	4%	$2,287,660	1%	-3%
71-72	Entertainment, Accommodation, Food Services	$23,030,347	6%	$38,914,429	22%	16%
51-62, 81-92	Services	$26,647,589	6%	$71,483,480	4%	-2%
Total		**$169,823,575**	**5%**	**$441,949,589**	**7%**	**2%**

Sources: Washington Department of Revenue, 2025; BERK, 2025.

Exhibit 40. Share of Countywide Taxable Retail Sales (TRS), 2013 and 2023

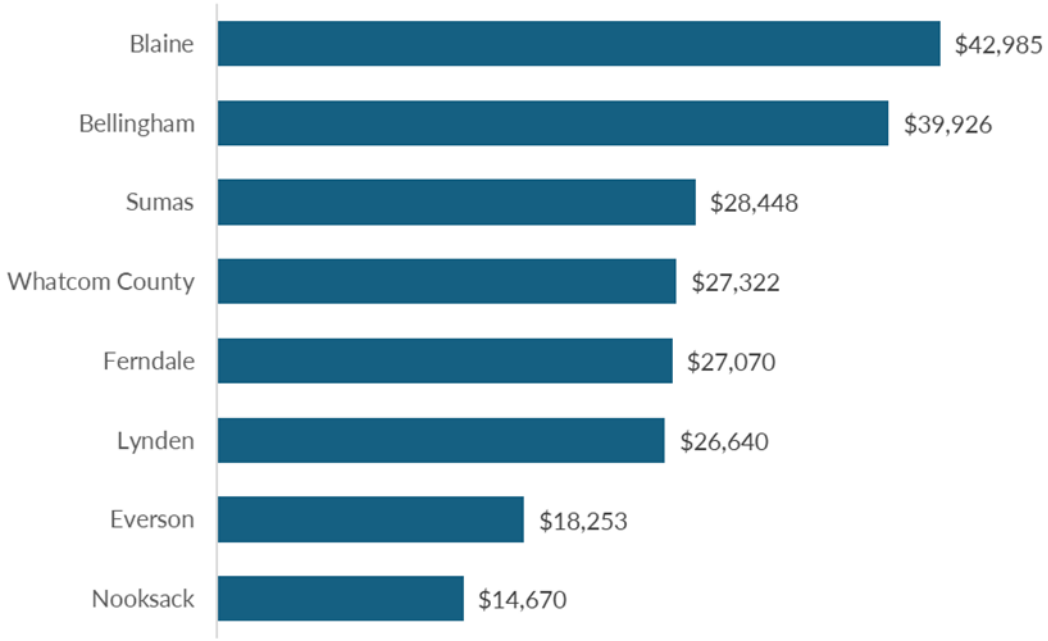


Note: Other cities are Everson, Nooksack, and Sumas.
Sources: Washington Department of Revenue, 2025; BERK, 2025.

The amount of taxable retail sales per capita generated in Ferndale is similar to the amount in the cities of Lynden and Sumas and Whatcom County as a whole (**Exhibit 41**). The amount in the City of Blaine is highest, most likely due to the proximity to the US–Canada border, followed by the City of Bellingham, the County's largest city. According to the Border Policy Research Institute (BPRI) at Western Washington University, Bellingham and Blaine were the top two destinations for Canadian visitors of any type in 2018. While shopping is the primary trip purpose for Canadians who visit Bellingham, Canadian visits to both Sumas and Blaine are dominated by gas purchases, followed by mail pick-up. A study conducted by BPRI during 2020 to understand how border and cross-border activities affect various aspects of Whatcom County's economy estimated that Canadians make up over 85% of Blaine and Sumas' online retail sales[39]. **Exhibit 42** shows the per capita taxable retail sales for Ferndale and Whatcom County in 2013 and 2023. Ferndale's per capita amount grew more over this period than the amount for the county.

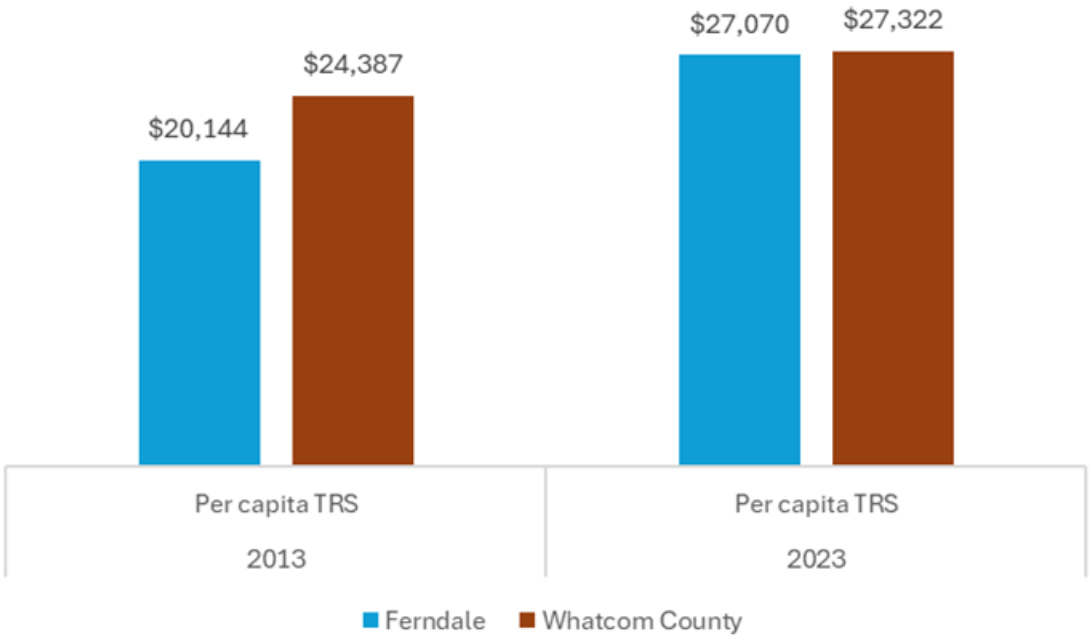
[39] Border Policy Research Institute, Western Washington University, 2020. COVID-19 and the US-Canada Border Report 2: Canadians and Taxable Retail Sales within Whatcom County.

Exhibit 41. Taxable Retail Sales Per Capita, Whatcom County and Cities, 2023



Sources: Washington Department of Revenue, 2025; Office of Financial Management, 2025; BERK, 2025.

Exhibit 42. Per Capita Taxable Retail Sales, Ferndale and Whatcom County, 2013 and 2023



Notes: 2013 values have been adjusted for inflation, using the CPI-U for Seattle-Tacoma-Bellevue.
Sources: Washington Department of Revenue, 2025; Office of Financial Management, 2025; BERK, 2025.

Retail Leakage Analysis

Spending per capita (per person expenditure) can be used to translate spending into the number of people supported by the retail market for a good or service. When the number of people purchasing a good or service in an area is higher than its population, a "retail surplus" exists. A surplus may indicate the market is saturated or constitutes a retail opportunity as additional retailers may be attracted to a strong cluster that draws customers from a wider area. When the number of people purchasing a good or service in an area is lower than the market area population, "retail leakage" may (or may not, depending on the availability of competing shopping options) indicate a market opportunity.

Exhibit 43 shows Ferndale's expenditure-person values for retail trade and food service. Expenditure-person values represent the number of people (or consumer base) that would satisfy the level of retail sales compared with the statewide average. For example, food and beverage retailers had a person-expenditure value of 27,446 in 2023. This implies that Ferndale produces retail sales in an amount equivalent to a city of 27,446 people, even though it had a population of 16,330. The difference, 11,116, represents a retail surplus. Ferndale has a retail leakage in many categories; the largest are for motor vehicles and parts dealers, general merchandise retailers, and clothing retailers.

Exhibit 43. Ferndale Retail Leakage Analysis, 2023

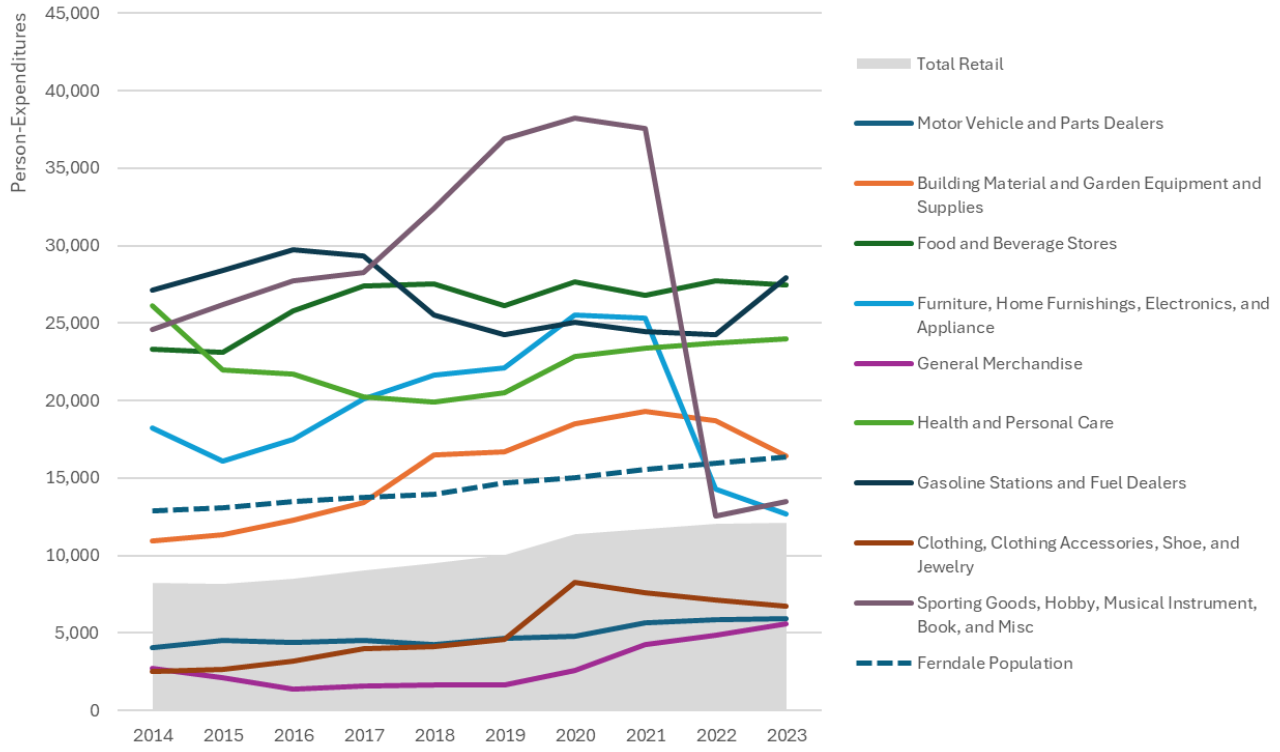
NAICS Code	NAICS Sector	Expenditure-person value	Surplus/Leakage
441	Motor Vehicle and Parts Dealers	5,893	-10,437
444	Building Material and Garden Equipment and Supplies Dealers	16,437	107
445	Food and Beverage Retailers	27,446	11,116
449	Furniture, Home Furnishings, Electronics, and Appliance Retailers	12,697	-3,633
455	General Merchandise Retailers	5,559	-10,771
456	Health and Personal Care Retailers	23,957	7,627
457	Gasoline Stations and Fuel Dealers	27,942	11,612
458	Clothing, Clothing Accessories, Shoe, and Jewelry Retailers	6,757	-9,573
459	Sporting Goods, Hobby, Musical Instrument, Book, and Miscellaneous Retailers	13,462	-2,868
722	Food Services and Drinking Places	14,717	-1,613

Sources: Washington State Department of Revenue, 2025; BERK, 2025.

Exhibit 44 shows the person-expenditures in Ferndale between 2014 and 2023. Over this period, the total retail person-expenditure increased in line with population but remained below the population number, indicating a general retail leakage. The categories furniture, home furnishings, electronics, and

appliances, building material and garden equipment and supplies, and sporting goods, hobby, musical instrument, book, and miscellaneous dropped from their peak in 2021, likely due to changes in consumer behavior during and after the peak period of the COVID-19 Pandemic.

Exhibit 44. Ferndale Person-Expenditures by Retail Trade Category, 2014-2023



Sources: Washington Department of Revenue, 2025; Washington Office of Financial Management, 2025; BERK, 2025.

Pull Factor Analysis

Local demand describes whether residents tend to shop within Ferndale or go outside the City for a given good or service. In turn, consumer spending patterns affect where retailers and service providers choose to locate. One measure of local demand is "Pull Factor" which compares actual taxable retail sales to potential sales. Strong local demand may exist when actual sales are greater than potential sales, while weaker local demand may exist when actual sales are less than potential sales.

- A pull factor of 1.00 indicates that retailers in the market area are capturing the expected retail sales for that good or service.
- A pull factor less than 1.00 indicates "leakage," with retailers capturing less than the expected retail sales for that good or service.
- A pull factor greater than 1.00 indicates that retailers are capturing the spending of consumers from beyond the market area.

Retail pull factors (inclusive of restaurant sales) for broad categories of goods and services (3-digit NAICS) in Ferndale are presented in **Exhibit 45**. Across all retail sectors, Ferndale's pull factor is 0.74.

Some of the largest pull factors in 2023 included food and beverage retailers, health and personal care retailers, and gasoline stations and fuel dealers.

Exhibit 45. Ferndale Pull Factor Analysis, Retail Trade, Accommodation, and Food Services, 2023

	NAICS Sector (3-digit)	Pull Factor
441	Motor Vehicle and Parts Dealers	0.36
444	Building Material and Garden Equipment and Supplies Dealers	1.01
445	Food and Beverage Retailers	1.68
449	Furniture, Home Furnishings, Electronics, and Appliance Retailers	0.78
455	General Merchandise Retailers	0.34
456	Health and Personal Care Retailers	1.47
457	Gasoline Stations and Fuel Dealers	1.71
458	Clothing, Clothing Accessories, Shoe, and Jewelry Retailers	0.41
459	Sporting Goods, Hobby, Musical Instrument, Book, and Miscellaneous Retailers	0.82
	Total Retail	**0.74**
721	Accommodation	0.21
722	Food Services and Drinking Places	0.90

Sources: Washington State Department of Revenue, 2025; BERK, 2025.

County Goals and Opportunities

In 2021, the Regional Economic Partnership (which is the Port of Bellingham Economic Development Division and the ADO for Whatcom County) updated the Comprehensive Economic Development Strategy (CEDS) for Whatcom County.[40]

Based on stakeholder engagement across the County, the 2022-2026 CEDS set the goal to **build upon and strengthen Whatcom County's economic base.** One strategy under this goal includes supporting the traded sectors and professional services where the County has a competitive advantage, including in advanced manufacturing, value-added agriculture, construction, healthcare, energy, marine trades, recreation, and technology.

[40] https://www.whatcomcounty.us/2091/CEDS-Report

The 2022-2026 CEDS also included analyses of strengths, weaknesses, opportunities, and threats (SWOT) for each of the incorporated cities in Whatcom County, the Port of Bellingham, and sectors of focus for the County. Opportunities identified include:

- **Agriculture:** Expanding local and regional sales; creating stronger local supply chains by linking agriculture to local food processing and hospitality industries.
- **Commercial Real Estate:** Exploring opportunities for distribution centers, small user-owner manufacturing buildings, and remote work-live spaces; expanding infrastructure and utilities for shovel-ready sites.
- **Construction:** Developing industrial lands and buildings; exploring modular building manufacturing that reduces waste and minimizes on-site building time.
- **Energy:** Innovating in existing energy transportation logistics and infrastructure usage; growing the electrified transportation manufacturing cluster; developing wind, solar, and other renewable energy sources.
- **Healthcare:** Expanding the Lummi and Nooksack Tribal Health Clinics and associated services; increasing types of healthcare services and expanding distribution of services to unserved and underserved areas.
- **Manufacturing:** Increasing local supply chain linkages; expanding local direct and wholesale sales; creating professional international business parks.
- **Marine Trades:** Expanding vessel construction and repair services; attracting innovative marine technologies and companies.
- **Retail:** Increasing marketing sophistication of retail businesses; supporting collaborations between retail businesses; expanding outdoor dining experiences.

For the City of Ferndale, the CEDS SWOT analysis identified the proximity to I-5 and the Canadian border and strong growth potential among the city's strengths; the lack of competitiveness for jobs and businesses and the convenience of driving to other cities for consumption as part of the weaknesses; and the lack of diversified industries as well as the increase in cost of living and cost of housing as potential threats.

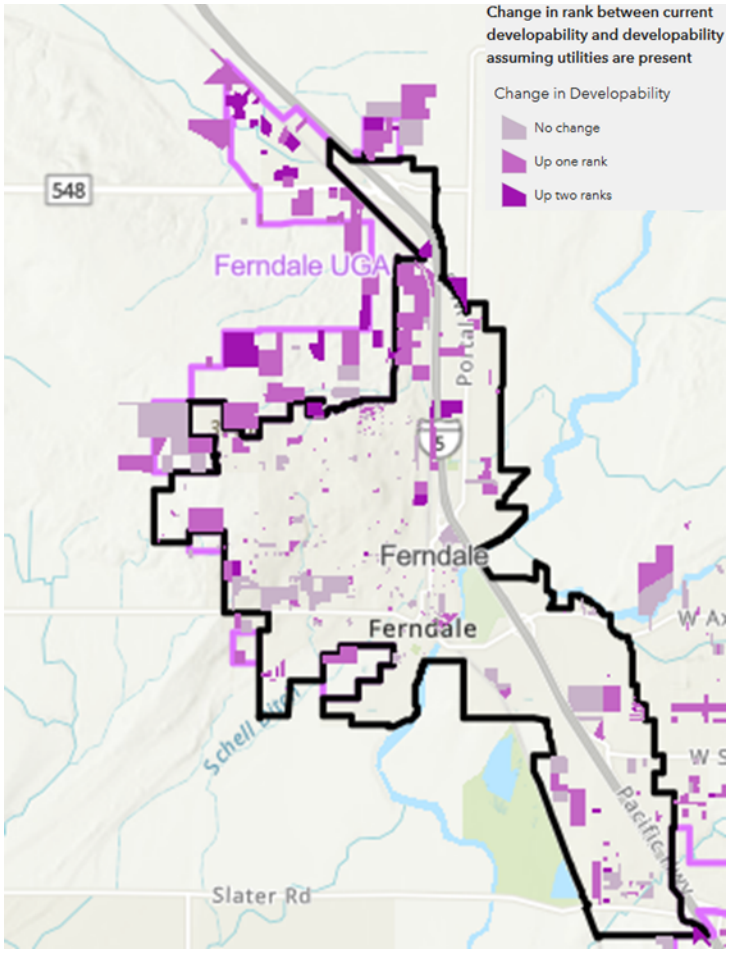
Development Challenges and Opportunities

This section summarizes the current challenges and opportunities for development in the Study Area (focused mostly on the Potential Service Area) based on the market analysis, a review of other relevant existing plans and studies, and stakeholder interviews with existing businesses in the area, real estate brokers, and the Port of Bellingham. It is important to note that the information in this section coming from the stakeholder interviews is based on the interviewees' specific perspectives and opinions. Some of these perspectives may be constrained by current market conditions and the current regulatory environment.

There is current demand for "ready to go" industrial lands with infrastructure in place prior to development.

- Whatcom County has limited remaining buildable lands for development. Nearly half the land in the County is public land and 100,000 acres have been committed to farmland and many of the remaining buildable lands are in critical areas, with steep slopes, wetlands, or near animal habitats or lack the basic infrastructure and utilities needed to support development. The County's Comprehensive Plan sets forth as a key component the need for "ready to go" industrial lands with infrastructure such as water and sewer in place prior to development.
- The Port of Bellingham's Regional Economic Partnership conducted a land inventory along the I-5 corridor (Whatcom County I-5 Corridor Study) in 2019 that focused on evaluating remaining vacant or underutilized buildable lands by examining areas in need of infrastructure improvement. The study only included industrial parcels greater than three acres (unless smaller adjacent parcels totaled up to three acres), with a utilization ratio of less than 50%. It evaluated parcels based on several criteria such as utility access (water, sewer, stormwater, electric, fiber, transmission lines), its location (city, UGA), access to I-5 and rail, and environmental factors and topography (wetlands, flood zone, species habitat, slope etc.) and assigned rankings from low to high indicating development desirability of the property for its zoned use (ignoring development-specific factors). In 2022-3, the study data was updated, and the Study Area was expanded to include Everson, Nooksack, Sumas, and Columbia Valley. The database is now referred to as the Whatcom County Infrastructure, Property, and Resiliency Database. The study found that if all infrastructure of interest was made available (e.g. stormwater, sewer, electric, and fiber), it would increase the ranking for most parcels that satisfied the study criteria from the Grandview Study Area from low to medium or high or from medium to high (as shown in **Exhibit 46**) when utilities are assumed present. For the Ferndale UGA, 58 parcels or 151 acres would change from low to high, and 263 parcels or 486 acres would change from low to medium or from medium to high (**Exhibit 47**).

Exhibit 46. Change in rank between current developability and developability assuming utilities, Ferndale, 2022-2023



Source: Port of Bellingham, 2020; BERK, 2025.

Exhibit 47. Ferndale UGA Rank Change, 2022-2023

Rank Change	# of Parcels	Acres
No change	249	311
Rank went up by 1	263	486
Rank went up by 2	58	151

Sources: Whatcom County Infrastructure, Property, and Resiliency Database, 2025; BERK, 2025.

- Whatcom County also has a low vacancy rate for existing industrial buildings at 1.8% in 2024. The vacancy rate has been consistently low over the past decade, with a five-year average of 1.6% and a 10-year average of 2.1%. This has also pushed lease rates up - lease rates in Whatcom County for industrial properties more than doubled from $5.9 in Q1 2014 to $12.2 in Q4 2024.

Topographic, permitting challenges, and construction costs limit development in the Study Area.

- Stakeholders interviewed for this study have mentioned the following challenges to development in the study area (which align with the findings from the County's 2022-2026 CEDS):
  - **Wetland regulations.** The presence of regulated wetlands on a site proposed for development can present complications in terms of time and expense in securing permits, as well as restrictions on the type or magnitude of development that the city or county will approve. The presence of wetlands also increases the challenges for developers to meet stormwater code requirements. Stakeholders noted that navigating wetland regulations requires strategic planning, local expertise, and mitigation measures to avoid costly setbacks, maintain compliance, and be able to build on or near wetlands.
  - **Stormwater.** Stakeholders mentioned that there are stormwater challenges associated with the topography and that they must navigate a complex and costly regulatory landscape related to stormwater management in the county to comply with local and state requirements.
  - **Permitting and fees.** The development permitting process has caused construction delays and increased construction costs according to some stakeholders. In addition, meeting requirements for construction codes such as energy and stormwater have driven up costs.
  - **The lack of sewer.** Water and sewer infrastructure are essential for most industrial uses. For example, the addition of sewer would benefit high-water users such as food processing companies.
  - **The lack of built properties.** Some stakeholders indicated that there aren't many properties with built space in the area and some companies do not have the time or resources to construct a building due to the time it takes to obtain financing, get permits, extend utilities, deal with environmental regulations, and also due to increasing construction costs. Additionally, buildings which are available may not meet the needs of those looking to locate in the area (e.g. do not have the right zoning, are too expensive, lack utilities, are too far from I-5 or do not have access to rail).
- Stakeholders indicated that several industrial properties in the Study Area have been slow to develop as property owners are waiting for infrastructure upgrades like sewer before they develop or sell their land. Several properties have long-term owners with limited carrying costs, allowing them to hold the land for speculation of rising value.

The benefits from the proximity to the U.S. – Canada border are volatile and tied to currency exchange trends, American and Canadian policies regarding trade and other regulations, economic shocks such as the pandemic, and broader global economic trends.

- Whatcom County benefits from Canadians crossing the border for shopping and tourism. Prior to the pandemic, it was estimated that shopping was the primary trip purpose of all Canadian cross-border travelers in the Cascade Gateway, and it was motivated by a wider diversity of products available in the U.S., lower average retail prices (such as for gasoline, dairy products, and air travel), and less congestion than lower mainland B.C. Popular Whatcom County retail destinations for Canadians included Ross, Silver Reef Casino, downtown Blaine, and Costco[41]. The Border Policy

[41] Border Policy Research Institute, Western Washington University, "Covid-19 and the US-Canada Border: Retail Shopping Destination for Canadians in Whatcom County" (2020). Accessed at: https://cedar.wwu.edu/bpri_publications/119.

Research Institute estimated that Canadians comprised up to 41% ($152 million) of Whatcom's retail sales in the general merchandise category and up to 44% ($51 million) in the clothing/clothing accessory category in 2018[42].

- However, external events and policy responses, such as changes in border policies following the 9/11 terrorist attacks, the COVID-19 pandemic, or most recently tariffs on imports from Canada, can impact cross-border trips. In 2023, the number of people counted coming into the U.S. in personal vehicles at Whatcom County's five land border crossings was down about 25% in 2023 compared to the pre-pandemic baseline of 2019. The Washington Department of Commerce is already reporting some impacts of recently imposed tariffs on Canada, including a change in behavior in Canadian consumers, less traffic at the border communities when it comes to tourists from Canada, and a drop in the consumption of US goods that historically have been consumed by Canadians. The Border Policy Research Institute data reveals a 43% decrease in Canadian vehicle traffic from March 2024 to March 2025, with a further 52% decline observed in April.
- Because cross-border shopping is highly sensitive to economic and political factors and changes in consumer preferences and shopping behaviors (e.g., the rise of online shopping), it makes it hard to predict and is not solely dependent on retail sector developments.
- Many Canadian companies have established or expanded operations in Whatcom County over the years, demonstrating the potential for other Canadian firms. However, in past years, stakeholders report less Canadian companies are locating to Whatcom County and several cases where those efforts have not been as successful – such as the stalling of the development of a 220,000-square-foot pet food manufacturing facility in Lynden by Alliance Freeze Dry Group or the insolvency of Vicinity Motor Corp, a manufacturer of electric buses and trucks which had opened a 100,000-square-foot electric truck assembly facility on La Bounty Drive in Ferndale in 2023. Whatcom County still possesses several fundamental advantages that make it an attractive location for Canadian companies (e.g., the proximity to home operations, access to a larger market, lower real estate costs, and established cross-border infrastructure). However, the uncertainty surrounding the most recent changes in trade policies and the imposition of tariffs between the U.S. and Canada make it difficult to predict cross-border business investment and activity in the long term.

The Study Area benefits from proximity to I-5, existing business clusters, and a relatively low cost of living compared to other parts of Western Washington.

- Access to I-5 is a key characteristic of the Study Area. Stakeholders noted that the Study Area is easy to access for trucks. Some stakeholders indicated that with Bellingham tapped out for warehouse space, Ferndale is the next logical area of expansion.
- Business clusters, proximity to supply chains, and familiarity with other businesses in the Study Area foster a positive business environment. Stakeholders mentioned existing clusters for wood product-related businesses and subcontractor-related trades.

[42] Ibid.

Stakeholders suggested that currently the Study Area is well suited for light industrial development, with some potential opportunities for manufacturing uses. This is in line with the findings of the real estate market analysis conducted for this study.

- When asked what types of businesses would be good for the Grandview area, stakeholders mentioned the following industrial sub-sectors in the Study Area:
  - Light manufacturing (for example, sustainable products manufacturing, or any type of wood products or building material-related manufacturing)
  - Construction-related suppliers
  - Companies serving the agricultural industry, such as food manufacturers
  - Warehousing and distribution.
- Some stakeholders suggested there is demand for parcels that can accommodate 5,000-10,000 square feet of industrial property serving small contractors.

Stakeholders currently see limited opportunities for retail and office development in the Study Area.

- Stakeholders mentioned that retail has struggled in neighboring regions of Whatcom County such as North Bellingham, South Blaine, and Birch Bay. Retail has been successful in Whatcom County in areas where small retailers have co-located near a larger retailer that can attract demand, such as Costco in Bellingham.
- One stakeholder suggested that Portal Way could be a potential area for retail development, with commuters taking the Thornton Street overpass instead of commuting through downtown Ferndale. However, there is the perception from locals that given current residential patterns the Study Area would be too far to commute to for shopping. Afternoon traffic due to rail crossings could be another limiting factor to retail success.
- Stakeholders noted that the Grandview area is not known for office space, as it is further away from population centers such as Bellingham. The office space that currently exists in the Study Area is often co-located with industrial uses and is underutilized.

Development Scenarios

This section describes the three high-level development scenarios that have been informed by findings from the market analysis, stakeholder interviews, land capacity analysis, and their direct economic impacts. Scenarios are developed based on zoning and sewer considerations and are as follows:

- **Scenario 1: Existing City and County Zoning and No Sewer Expansion (Status Quo).** This scenario assumes no changes to city and county zoning over the next 10 to 20 years and no sewer service expansion in the Potential Service Area. It also assumes no development growth on land within the existing City limits and development growth on land in the unincorporated UGA in line with observed historic trends for the Potential Service Area in the past decade (2014-2024).
- **Scenario 2: Existing City and County Zoning and Sewer Expansion (Existing Zoning and Sewer Expansion).** This scenario assumes no changes to city and county zoning over the next 10 to 20 years, but assumes that sewer access is expanded to the entire Potential Service Area. Development growth is assumed to be higher than historic growth due to sewer access expansion.

- **Scenario 3: Future City Zoning and Sewer Expansion (Future Zoning and Sewer Expansion).** This scenario assumes changes to city zoning over the next 10 to 20 years, but no changes to county zoning[43], and expanded sewer service access in the Potential Service Area. Like in Scenario 2, development growth is assumed to be higher than historic growth due to sewer access expansion.

Assumptions

There are three main assumptions used in each scenario:

- City and county zoning in the Potential Service Area
- Development growth by land use
- Employment density by land use

Zoning and Capacity (Supply)

Scenario 1 (Status Quo) and Scenario 2 (Existing Zoning and Sewer Expansion) assume that city and county zoning in the Potential Service Area remain unchanged over the next 10 to 20 years. **Exhibit 48** shows the total estimated amount of new development that can be accommodated in the Potential Service Area given existing city and county zoning (illustrated in **Exhibit 2** of the **Land Capacity and Infrastructure** chapter) and current land use patterns (summarized in the **Land Capacity and Infrastructure** chapter). This measures the available supply of land in the Potential Service Area to accommodate projected demand. The land capacity analysis finds that the Potential Service Area can accommodate roughly 839,000 square feet of development, with three-quarters of that capacity designated for industrial and manufacturing uses.

Exhibit 48. Potential Service Area Supply of Area by Land Use under Existing Zoning (Scenarios 1 and 2)

Land Use	Existing Built Area (sf)	Floor Area Capacity / Supply (sf)	Share of Floor Area Capacity (sf)	Total Built Out Area (sf)
Retail (City land)	19,446	146,575	17%	166,021
Industrial (City land)	39,144	301,949	36%	341,093
Industrial (County land)	1,589,589	151,585	18%	1,741,175
Manufacturing (City land)	22,619	178,035	21%	200,654
Commercial (City land)	7,430	60,816	7%	68,246

[43] Sewer expansion to the Potential Service Area would require annexation of the area and in that case, city zoning would apply to the entire area instead of county zoning and the City may choose to make changes to the existing County zoning in the currently unincorporated area. This analysis does not account for those potential changes.

Total	**1,678,228**	**838,960**	**100%**	**2,517,188**

Source: Whatcom County, 2025; City of Ferndale, 2025; BERK, 2025.

Scenario 3 (Future Zoning and Sewer Expansion) assumes future zoning changes to City lands within the Potential Service area in line with proposed zoning changes for the Comprehensive Plan update to accommodate Ferndale's 20-year population and job growth projections. These include the following changes:

- Rezoning the Regional Retail areas west of Interstate 5 in the Potential Service Area to General Business and Manufacturing[44], and/or modifying the General Business and Manufacturing zones to reflect anticipated demand, to encourage increased development densities and efficiencies, and to expand the development capacity of the region.
- Rezoning some residential (RS Medium) parcels south of Brown Rd and east of Malloy Rd and some residential (Rural) parcels in the Urban Reserve (east of I-5) to Light Industrial and Manufacturing.

Sewer expansion to the Potential Service Area assumed in both Scenarios 2 and 3 would require annexation of the area. After annexation, the city will have the authority to modify zoning for the entire area and may choose to make changes to the existing County zoning in the currently unincorporated area. Scenario 3 does not account for those potential zoning changes and assumes existing County zoning for the currently unincorporated portion of the Potential Service Area.

Exhibit 49 illustrates the total development capacity of the Potential Service Area by land use given future zoning changes. Under this scenario of changed city zoning, the total capacity of the Potential Service Area increases by over 553,000 square feet (from roughly 839,000 square feet to 1.39 million square feet), with added capacity for both commercial and manufacturing uses that can be unlocked through the sewer expansion.

Exhibit 49. Potential Service Area Capacity by Land Use under Future Zoning (Scenario 3)

Land Use	Existing Built Area (sf)	Floor Area Capacity (sf)	Share of Floor Area Capacity (sf)	Total Built Out Area (sf)
Retail	19,446	-	0%	19,446
Industrial	1,628,733	335,106	24%	1,963,839
Manufacturing	22,619	936,746	67%	959,365
Commercial	7,430	120,485	9%	127,915

[44]Upon annexation of approximately 144 acres of property located within the Ferndale UGA on the east and west sides of Interstate Five and the north and south side of Grandview Road in 2010, the City placed a Regional Retail zoning designation on some of these lands in anticipation of significant retail development in the area. The rise of e-commerce, the consolidation of brick-and-mortar retail establishments, and the change in consumer shopping behavior has reduced the demand for such uses, which tend to include a relatively high share of employees per square feet, traffic generation potential, and sales tax generation potential. The rezoning is reflective of the fact that retail demand in this area is low and therefore retail development is unlikely to occur.

Total	**1,678,228**	**1,392,337**	**100%**	**3,070,565**

Source: Whatcom County, 2025; City of Ferndale, 2025; BERK, 2025.

Development Growth (Demand)

Exhibit 50 includes the development growth assumptions used for each scenario. These are used to estimate projected growth which defines the demand for development in the Potential Service Area.

For Scenario 1 (Status Quo), development growth assumptions for County land reflect historic growth rates observed in the Potential Service Area between 2014 and 2024 for industrial land use (there is no county land zoned retail, manufacturing, or commercial in the Potential Service Area). No development growth is assumed for City land in the Potential Service Area due to the lack of sewer.

The expansion of the sewer service is assumed to contribute to higher development growth in the Potential Service Area, reflecting countywide and Ferndale patterns in areas that already have sewer access. Growth rates for Scenarios 2 (Existing Zoning and Sewer Expansion) and 3 (Future Zoning and Sewer Expansion) are informed by historic growth for retail development in Ferndale between 2014 and 2024, for industrial and commercial development in Whatcom County from 2007 to 2024, and for manufacturing development in Whatcom County from 2014 to 2024.

Exhibit 50. Development Growth Assumptions (Annual Growth Rates)

Land Use	No Sewer Expansion – City land (Scenario 1)	No Sewer Expansion – County land (Scenario 1)	Sewer Expansion (Scenarios 2 and 3)
Retail	0%	NA	0.9%
Industrial	0%	0.9%	2.2%
Manufacturing	0%	NA	1.5%
Commercial	0%	NA	0.7%

Source: CoStar, 2025; BERK, 2025.
Note: There is no county land in the Potential Service Area zoned as retail, manufacturing, or commercial.

Employment Density

Exhibit 51 shows the employment densities used for each scenario to estimate the employment impacts of development growth in the Potential Service Area. The assumed densities for Scenario 1 ('No sewer expansion') scenario are consistent with the land capacity analysis and represent local space utilization patterns for the Ferndale UGA described in the 2022 Whatcom County Buildable Lands Report (BLR). The assumed densities for Scenario 1 only apply to development that is assumed to happen on county lands within the Potential Service Area, as no growth is assumed to happen on city lands without sewer. The expansion of the sewer service will enable denser development patterns, so the 'Sewer Expansion' scenarios use the Bellingham UGA employment density assumptions listed in the BLR.

Exhibit 51. Employment Density Assumptions (Square Feet per Employee)

Land Use	No Sewer Expansion (Scenario 1)	Sewer Expansion (Scenarios 2 and 3)
Retail	611	440
Industrial	1,188	660
Manufacturing	1,188	660
Commercial	611	440

Source: Whatcom County, 2025; BERK, 2025.

Scenario Results and Direct Economic Impact

Exhibit 52 and **Exhibit 53** show the following metrics for each of the three scenarios analyzed over a 10- and 20-year timeline, given the zoning, capacity, and development growth assumptions previously outlined:

- Estimated capacity (supply), which is the amount of new development that the Potential Service Area can accommodate. This is the result of the land capacity analysis conducted for this study (see **Exhibit 48** and **Exhibit 49**).
- Total build out, which is the existing built area plus the estimated capacity.
- Projected demand, which represents the future need for development driven by market conditions. This is estimated by applying the growth rates in **Exhibit 50** to the existing built area.
- Net growth, which is the projected demand, is capped at the estimated capacity available. In other words, if projected demand exceeds supply for a specific land use, growth is limited to the estimated capacity of the area for that land use. For manufacturing and industrial, growth is limited to the combined capacity of the two. In other words, it is assumed that industrial development can occur on land zoned for manufacturing and vice versa.
- Total built area, which is the existing built area plus net growth.

Projected demand for development under Scenario 1 is assumed to occur only on County lands and is estimated at roughly 149,524 square feet over 10 years and 313,114 square feet over 20 years. Over the 20-year period, the demand for new development (313,114 sf) is projected to exceed the estimated available capacity of 151,585 sf. Therefore, net growth over 20 years is capped at the available capacity.

Scenario 2 and Scenario 3 have the same projected demand over 10 and 20 years since both scenarios assume the sewer would be extended to the Potential Service area. However, the two scenarios differ in terms of net growth due to the different estimated capacities under current and future zoning, especially over the 20-year period. In Scenario 3, the Potential Service Area has more capacity for industrial and manufacturing combined and for commercial, and no capacity for retail, as a result of future zoning changes. This is why the Potential Service area can accommodate most of the projected demand of 876,324 sf over 20-years. Scenario 2 can accommodate roughly 73% of the demand because the combined projected demand for industrial and manufacturing (871,537 sf) exceeds the available capacity (631,569 sf).

Scenario 2 (Existing Zoning and Sewer Expansion) results in 13% and 26% more development (in terms of total built area) than the Status Quo Scenario within the 10- and 20-year timeline. Scenario 3 (Future Zoning and Sewer Expansion) results in 13% and 39% more development than the Status Quo Scenario within the 10- and 20-year timeline.

Exhibit 54 and **Exhibit 55** show the total number of jobs, business revenue, and labor income that would be directly supported through development growth in the Potential Service Area within a 10- and 20-year timeframe.

The scenarios that assume sewer expansion (Scenarios 2 and 3) have higher estimated economic impacts (jobs, business revenue, and labor income) because the sewer expansion will lead to denser development (see density assumptions in **Exhibit 51**) and a higher growth rate (see development growth assumptions in **Exhibit 50**). Over 20 years, Scenario 3 (Future Zoning and Sewer Expansion) would result in 1,195 more jobs and $821.6 million more in business revenue than the Status Quo Scenario. The potential jobs that would result from growth in development due to sewer expansion over the 20-year period in Scenario 3 would account for 56% of Ferndale's employment growth allocations for the Comprehensive Plan.

Exhibit 52. 10-Year Development Growth (sf) in the Potential Service Area by Scenario

Land Use	Existing Built Area	Estimated Capacity (Supply)	Total Build Out	Projected Demand	Net Growth	Total Built Area	% of Total Build Out
	1	2	3 = 1+2	4	5	6 = 1+5	7 = 6/3
Scenario 1 (Status Quo)							
Retail (City land)	19,446	146,575	166,021	-	-	19,446	12%
Industrial (City land)	39,144	301,949	341,093	-	-	39,144	11%
Industrial (County land)	1,589,589	151,585	1,741,175	149,524	149,524	1,739,114	99.9%
Manufacturing (City land)	22,619	178,035	200,654	-	-	22,619	11%
Commercial (City land)	7,430	60,816	68,246	-	-	7,430	11%
Total	**1,678,228**	**838,960**	**2,517,188**	**149,524**	**149,524**	**1,827,753**	**73%**
Scenario 2 (Existing Zoning and Sewer Expansion)							
Retail	19,446	146,575	166,021	1,772	1,772	21,218	13%
Industrial	1,628,733	453,534	2,082,267	386,148	386,148	2,014,881	97%
Manufacturing	22,619	178,035	200,654	3,565	3,565	26,185	13%
Commercial (Office)	7,430	60,816	68,246	522	522	7,952	12%
Total	**1,678,228**	**838,960**	**2,517,188**	**392,007**	**392,007**	**2,070,235**	**82%**
Scenario 3 (Future Zoning and Sewer Expansion)							
Retail	19,446	-	19,446	1,772	-	19,446	100%
Industrial	1,628,733	335,106	1,963,839	386,148	386,148	2,014,881	103%
Manufacturing	22,619	936,746	959,365	3,565	3,565	26,185	3%
Commercial (Office)	7,430	120,485	127,915	522	522	7,952	6%
Total	**1,678,228**	**1,392,337**	**3,070,565**	**392,007**	**390,235**	**2,068,463**	**67%**

Source: Whatcom County, 2025; City of Ferndale, 2025; BERK, 2025.

Exhibit 53. 20-Year Development Growth (sf) in the Potential Service Area by Scenario

Land Use	Existing Built Area	Estimated Capacity (Supply)	Total Build Out	Projected Demand	Net Growth	Total Built Area	% of Total Build Out
	1	2	3 = 1+2	4	5	6 = 1+5	7 = 6/3
Scenario 1 (Status Quo)							
Retail (City land)	19,446	146,575	166,021	-	-	19,446	12%
Industrial (City land)	39,144	301,949	341,093	-	-	39,144	11%
Industrial (County land)	1,589,589	151,585	1,741,175	313,114	151,585	1,741,175	100%
Manufacturing (City land)	22,619	178,035	200,654	-	-	22,619	11%
Commercial (City land)	7,430	60,816	68,246	-	-	7,430	11%
Total	**1,678,228**	**838,960**	**2,517,188**	**313,114**	**151,585**	**1,829,813**	**73%**
Scenario 2 (Existing Zoning and Sewer Expansion)							
Retail	19,446	146,575	166,021	3,706	3,706	23,151	14%
Industrial	1,628,733	453,534	2,082,267	863,845	623,876	2,252,609	108%
Manufacturing	22,619	178,035	200,654	7,693	7,693	30,312	15%
Commercial (Office)	7,430	60,816	68,246	1,080	1,080	8,510	12%
Total	**1,678,228**	**838,960**	**2,517,188**	**876,324**	**636,355**	**2,314,583**	**92%**
Scenario 3 (Future Zoning and Sewer Expansion)							
Retail	19,446	-	19,446	3,706	-	19,446	100%
Industrial	1,628,733	335,106	1,963,839	863,845	863,845	2,492,578	127%
Manufacturing	22,619	936,746	959,365	7,693	7,693	30,312	3%
Commercial (Office)	7,430	120,485	127,915	1,080	1,080	8,510	7%
Total	**1,678,228**	**1,392,337**	**3,070,565**	**876,324**	**872,618**	**2,550,846**	**83%**

Source: Whatcom County, 2025; City of Ferndale, 2025; BERK, 2025.

Exhibit 54. 10-Year Direct Economic Impact by Scenario, 2023

Land Use	Net Growth (sf)	Jobs	Business Revenue	Labor Income
Scenario 1 (Status Quo)				
Retail (City land)	-	-	-	-
Industrial (City land)	-	-	-	-
Industrial (County land)	149,524	126	$86,624,100	$9,812,400
Manufacturing (City land)	-	-	-	-
Commercial (City land)	-	-	-	-
Total	**149,524**	**126**	**$86,624,100**	**$9,812,400**
Scenario 2 (Existing Zoning and Sewer Expansion)				
Retail	1,772	4	$2,673,700	$166,500
Industrial	386,148	585	$402,815,900	$45,629,400
Manufacturing	3,565	5	$3,611,500	$410,400
Commercial (Office)	522	1	$213,900	$72,900
Total	**392,007**	**596**	**$409,315,000**	**$46,279,200**
Scenario 3 (Future Zoning and Sewer Expansion)				
Retail	-	-	-	-
Industrial	386,148	585	$402,815,900	$45,629,000
Manufacturing	3,565	5	$3,611,500	$410,400
Commercial (Office)	522	1	$213,900	$72,900
Total	**390,235**	**592**	**$406,641,300**	**$46,112,700**

Source: Whatcom County, 2025; City of Ferndale, 2025; Bureau of Labor Statistics, 2025; Washington State Department of Revenue, 2025; BERK, 2025

Exhibit 55. 20-Year Direct Economic Impact by Scenario, 2023

Land Use	Net Growth (sf)	Jobs	Business Revenue	Labor Income
Scenario 1 (Status Quo)				
Retail (City land)	-	-	-	-
Industrial (City land)	-	-	-	-
Industrial (County land)	151,585	128	$87,818,000	$9,947,700
Manufacturing (City land)	-	-	-	-
Commercial (City land)	-	-	-	-
Total	**151,585**	**128**	**$87,818,000**	**$9,947,700**
Scenario 2 (Existing Zoning and Sewer Expansion)				
Retail	3,706	8	$5,591,200	$348,100
Industrial	623,876	945	$650,806,100	$73,720,800
Manufacturing	7,693	12	$7,792,300	$885,500
Commercial (Office)	1,080	2	$442,900	$150,800
Total	**636,355**	**968**	**$664,632,500**	**$75,105,200**
Scenario 3 (Future Zoning and Sewer Expansion)				
Retail	-	-	-	-
Industrial	863,845	1,309	$901,133,200	$102,076,900
Manufacturing	7,693	12	$7,792,300	$885,500
Commercial (Office)	1,080	2	$442,900	$150,800
Total	**872,618**	**1,323**	**$909,368,400**	**$103,113,200**

Sources: Whatcom County, 2025; City of Ferndale, 2025; Bureau of Labor Statistics, 2025; Washington State Department of Revenue, 2025; BERK, 2025.

Fiscal Impacts Analysis

This chapter includes an analysis of the potential fiscal impacts associated with sewer expansion and development in the Potential Service Area. The analysis includes:

- A summary of the growth scenarios based on the land capacity analysis and economic analysis.
- An estimate of the additional revenue that the sewer expansion and resultant growth may generate.
- A summary of the net ongoing fiscal implications for the project.

The summary of the potential funding sources and capital costs for the sewer expansion project is included in this report for context but the analysis does not include recommendations for an overall funding strategy for the project.

Key Findings

The analysis indicates sewer expansion would lead to a higher level of development in the Potential Service Area. New development would result in additional revenue generated by new construction, an increase in the assessed value of property, and business and consumer activity. It would also result in additional service costs to serve additional residents and businesses. The analysis assumes all revenues accrue to the City and services are provided by the City, as annexation of the service area is assumed to occur before or concurrent with the expansion project.

If development in these scenarios occurs over a 10-year period, the estimated net ongoing impact (ongoing revenues less costs) in the scenarios with sewer expansion is a positive $4.9-$6.9 million. If development occurs over a 20-year period, the estimated net impact in the scenarios with sewer expansion is a positive $12.1-$12.3 million. The estimated net impact increases in the 20-year scenario because there is additional non-residential development and we assume the cost of construction and tax rates will increase annually and there will be additional years of these increases.

The capital investment is estimated to be $22 million. The City has already identified $14 million in potential funding, or more than half of the project cost, and the remaining amount ($22 million less $14 million) needed for the initial investment could be funded by grants, partners, or bonds; bonds would spread out the cost over time.

One-time revenues from development contribute to an ongoing positive net fiscal impact. After this period and new construction slows, these one-time revenues will no longer be available to support general City operations. Ongoing General Fund revenues, such as property tax, may not keep pace with ongoing expenditures unless modified to reflect actual City costs.

Sewer Expansion Project Funding

As noted in the **Land Capacity & Infrastructure Evaluation** chapter, the City intends to pursue grants and public benefit loans to fund the sewer expansion project and to leverage city revenues. In accordance with legal requirements, property owners and developments benefiting from the utility

expansion will be responsible for a share of the costs. These contributions may be structured through connection fees or other cost-sharing mechanisms, including Latecomer's Agreements, Utility Local Improvement Districts (ULIDs), or other established methods typically employed for similar infrastructure expansion projects[45].

Grants

The City intends to pursue grant funding to support the expansion project. In January 2025, the City Council received notice that Congress committed $4 million in Army Corps of Engineers funding for the sewer expansion project through the Water Resources Development Act (WRDA).[46]

State grant programs include the Washington State Community Economic Revitalization Board (CERB) and the Washington State Department of Ecology Water Quality Combined Funding Program, which combines grants and loans from state and federal funding sources to support projects including the planning, design, and construction of sewer collection systems.[47] City representatives have described the Grandview expansion project to the CERB, which has resulted in the funding for this analysis. Additionally, the City has been asked to speak to other prospective CERB funding recipients, utilizing the Grandview sewer expansion and its potential benefits as an example for other applicants.

Local grant programs include the Whatcom County Economic Development Investment (EDI) program. In 2023, the City received $250,000 from the Whatcom County EDI program to support the Church Road Booster Station (water pump station) project.[48] City representatives have described the Grandview expansion project to the EDI Board, which has responded favorably. Members of the EDI Board have indicated that the Grandview expansion project is representative of the objectives of the EDI program.

Sewer Fund Reserves

The City's Sewer Utility Fund supports the administration, maintenance, operations, and capital needs of the sewer system. This fund collects user fees to support operations and connection fees that are designed to fund past and future improvements to the system. This fund has had a positive fund balance since 2020, as shown in **Exhibit 56**. The fund balance at the end of 2025 is estimated to be $12.9 million. The City has identified the fund balance as a potential source for the sewer expansion in the Potential Service Area. The City's utility rate analysis, revised in 2023, includes consideration of the sewer expansion project in utility user connection fees and monthly bills.

[45] City of Ferndale (2024). *Grandview Economic Opportunity Study*. https://www.cityofferndale.org/grandview-economic-opportunity-study/.

[46] https://www.lyndentribune.com/ferndale_record/ferndale-council-receives-updates-on-legislature-grandview-study/article_05a3e37e-d358-11ef-8eea-f34bc88fc058.html.

[47] https://ecology.wa.gov/about-us/payments-contracts-grants/grants-loans/find-a-grant-or-loan/water-quality-combined

[48] https://www.cityofferndale.org/finance/budget/2024/2024BudgetIncMayorMessage.pdf

Exhibit 56. City of Ferndale Sewer Fund Summary, 2020-2025

Description	2020 Actual	2021 Actual	2022 Actual	2023 Actual	2024 Projected	2025 Budget
Beginning Fund Balance	$4,565,534	$6,968,583	$9,003,322	$12,926,841	$14,925,150	$18,442,113
Revenues	$6,241,349	$7,170,675	$7,240,296	$7,101,890	$9,571,945	$7,501,977
Expenditures	$3,838,300	$5,135,936	$3,317,212	$5,100,062	$6,054,982	$13,073,301
Ending Fund Balance	**$6,968,583**	**$9,003,322**	**$12,926,406**	**$14,924,445**	**$18,442,113**	**$12,870,788**

Sources: City of Ferndale, 2024; BERK, 2025.

Sewer Connection Fees

The City assesses sewer connection fees, which are one-time fees charged on development activity that requires a connection to the City's sewer system. Fees are charged on property within City limits, for both new and existing development that connects to the system (Ferndale Municipal Code, 13.20.050). Per City Code, sewer connection fees may be used to "recoup public improvement costs previously incurred by the City to the extent that new growth and development will be served by the previously constructed improvements or incurred costs" (Ferndale Municipal Code, 13.21.160). The amount collected from sewer connection fees will depend on future development activity and will be received after the completion of the expansion project, when individual developments are connected. Estimates of sewer connection fees are included in the **Ongoing Revenues from Development** section.

Debt Service

The City can issue debt to support the expansion. The City currently utilizes three types of debt, each of which has a different means of repayment depending on the project.

1. **General obligation debt** is paid through general tax revenues and backed by the full faith and credit of the City.
2. **Special assessment debt** is paid by property owners directly benefiting from a project.
3. **Revenue debt** is paid through user fees generated from water, sewer, and stormwater utility funds.

Revenue debt would be the most relevant type of debt to utilize for the Grandview Sewer Expansion project. As of Jan 1, 2025, the City had $45.7 million in total outstanding revenue debt from the utility funds.[49] These include bonds to fund the Wastewater Treatment Plant construction, the Shop Well #2 Wellhouse project, the Water Treatment Plant Upgrade, and modifications and improvements to the sewer and stormwater systems. Principal and interest payments for outstanding revenue debt are funded with transfers from the utility funds. From 2020 to 2023, the Sewer Fund transferred approximately $700,000 annually to the 2005/2011 Water/Sewer Bond Redemption Fund, and just under $2,100,000 annually to the Wastewater Treatment Plant loan with the Department of Ecology.

[49] https://www.cityofferndale.org/wp-content/uploads/2022/06/2022-Budget-Document.pdf

Exhibit 57 shows the estimated annual debt service for different principal amounts to provide a range of potential annual costs to the City's sewer fund.

Exhibit 57. Estimated Annual Debt Service

Description	Low Estimate	High Estimate
Principal Bond Amount	$4,000,000	$8,000,000
Bond Term	30 years	30 years
Interest Rate	2.50%	2.50%
Annual Debt Service	$191,000	$382,000

Source: BERK, 2025.

Exhibit 58 shows a summary of estimated funding for the project, including secured and pending amounts. The amount of sewer fund balance is not confirmed but it is listed here as a potential source. This assumes that the City will issue revenue bonds to fund the difference between current secured funding and project costs. However, the City is pursuing other opportunities, including additional grants that may reduce the amount of debt financing, the use of the City's sewer fund balance, or a combination of both.

Exhibit 58. Estimated Expansion Project Funding

Funding Source	Amount
Sewer Fund Balance	$10,000,000
Federal Funds	$4,000,000
Grants (pending)	TBD
Debt Service (pending)	$8,000,000
Total	**$22,000,000**

Sources: City of Ferndale, 2025; BERK, 2025.

Sewer Expansion Project Costs

A 2017 study estimated the total cost of the sewer expansion project to be between $15 million and $20 million, with annual construction cost inflation averaging 5-7% each year. City staff's current estimate for the cost of the project is approximately $20 million. The project could take up to four years to complete, with up to two years for design and then two years for construction. Assuming the project takes four years to complete, the total design and construction cost of the project is estimated at $21.9 million with The project could take up to four years to complete, with up to two years for design and then two years for construction (based on the average of 5-7% per year noted above) in each year after the first year. The total cost estimate, shown in Exhibit 59, spreads the $20 million total cost evenly over the four-year period, applying 6% inflation in years 2-4. Actual spending would likely differ, with more

occurring during the construction phase in years 3-4. Project costs may be higher than estimated depending on labor and material costs at the time and duration of the project.

Exhibit 59. Estimated Expansion Project Costs

	Cost Estimate
Year 1 Costs	$5,000,000
Year 2 Costs	$5,300,000
Year 3 Costs	$5,618,000
Year 4 Costs	$5,955,080
Total Estimate with 6% Annual Inflation	**$21,873,080**

Sources: City of Ferndale, 2025; BERK, 2025.

Exhibit 60 compares project costs and secured funding. As noted in Exhibit 58, the City will pursue other opportunities, such as grants, and is able to use revenue bonds.

Exhibit 60. Estimated Expansion Project Funding Summary

	Amount
Total project costs	$22,000,000
Secured funding (grants, fund balance)	$14,000,000
Funding Gap	**-$8,000,000**

Note: The total project cost is rounded.
Sources: City of Ferndale, 2025; BERK, 2025.

Scenario Overview and Assumptions

In this analysis, we estimate the annual financial impact under three high-level development scenarios for the Potential Service Area that have been informed by findings from the market analysis, stakeholder interviews, and land capacity analysis. We use different scenarios to test the impact that development may have on long-term revenues and costs for the City. As described in the **Economic Context and Impact Analysis** chapter, the three scenarios are:

- **Status Quo**
- **Existing Zoning and Sewer Expansion**
- **Future Zoning and Sewer Expansion**

Exhibit 61 summarizes the assumptions for population growth, employment growth, housing unit development, and non-residential development used in the three scenarios. These numbers represent

additional development and do not include existing development in the Potential Service Area. The assumptions are listed for a 10-year period and a 20-year period. For housing units and population, these figures represent the gross capacity from the land capacity analysis; the analysis estimates the impact if this capacity is reached either in 10 years or in 20 years. For jobs and non-residential square feet, the figures represent the estimated growth over each period. Growth is modeled at a steady pace, with the same amount of development occurring each year. However, the actual pace of development may be different.

Exhibit 61. Potential Service Area Scenario Net Growth Assumptions

Metric	Status Quo		Existing Zoning and Sewer Expansion		Future Zoning and Sewer Expansion	
	10-year	20-year	10-year	20-year	10-year	20-year
Housing Units	7	7	166	166	30	30
Population	20	20	475	475	86	86
Retail and Commercial Jobs	0	0	5	11	1	2
Industrial and Manufacturing Jobs	126	128	590	957	590	1,321
Retail and Commercial Square Feet	0	0	2,294	4,786	522	1,080
Industrial and Manufacturing Square Feet	149,524	151,585	389,713	631,569	389,713	871,538
Number of Businesses	11	11	51	83	51	114

Notes: The number of housing units and population (which is based on housing units) is based on the capacity at build out from the land capacity analysis. The number of businesses is estimated by assuming 12 employees per business, which is the current business-employee ratio in the Potential Service Area. New businesses may have more employees than existing businesses. For the Status Quo Scenario the growth shown is only on unincorporated lands within the Potential Service Area.
Sources: City of Ferndale, 2024; ESRI, 2024; BERK, 2025.

Additional assumptions used to estimate the financial impact are shown in **Exhibit 62**. The assessed value of residential units is based on the City's permit data and the average value of a new single dwelling unit and a new two-dwelling unit between 2019 and 2024. The assessed value per square foot of commercial and industrial property is based on a published industrial construction cost guide.[50] The maximum property tax levy lid increase is according to the Washington State Constitution's limit on property tax rates (Article VII, Section 2). The annual property appreciation rate is based on the average increase in inflation-adjusted assessed value in the City of Ferndale between 2014 and 2024. We assume that revenues and costs increase at the same inflation rate of 2.5% each year. The revenues and costs represent the estimated amounts in each year, not the amounts in current-year dollars.

[50] https://www.cushmanwakefield.com/en/united-states/insights/industrial-construction-cost-guide

Exhibit 62. Additional Assumptions

Assumption	Value
New Construction Residential Assessed Value – Single family unit	$225,000
New Construction Residential Assessed Value – Multifamily unit	$100,000
New Construction Industrial Assessed Value per Square Foot	$150
New Construction Commercial Assessed Value per Square Foot	$250
Maximum property tax levy lid increase	1%
Annual real property appreciation rate	8%

Sources: City of Ferndale, 2024; Whatcom County Assessor, 2024; BERK, 2025.

Annexation of the Potential Service Area

As described in the **Land Capacity and Infrastructure** chapter of this report, a portion of the Potential Service Area is currently in the UGA and the City anticipates that the remainder of the Potential Service Area will likely be incorporated into the UGA during the 2025 Countywide Comprehensive Plan updates or subsequent periodic updates. The City of Ferndale has adopted an annexation blueprint to manage anticipated growth and impacts to capital facilities programs, in compliance with the GMA. The areas within the Study Area that overlap with the unincorporated UGA are aligned with the mid- and long-term stages of the City's annexation phasing plan.[51]

Most of the project is within city limits but sewer expansion to the entire Potential Service Area would require annexation. For this analysis, it is assumed that annexation happens before or concurrent with the sewer expansion. The area will have to be annexed for the City to receive any direct financial benefits. In the Status Quo scenario, we also assume the land will be annexed in order to see the financial impact of the sewer expansion. In this analysis, we use city tax and fee rates for property within city limits and describe potential revenues as if they will accrue to the City and potential costs as if the City provides services.

Ongoing Revenues from Development

This section estimates the revenues the City could receive from each development scenario for the Potential Service Area, and for a 10-year and a 20-year development period. Revenues related to sewer services are presented first, followed by general revenues.

Sewer Connection Fees

As described above in the **Sewer Expansion Project Funding** section of this chapter, the City assesses sewer connection fees, which are one-time fees charged on development activity that requires a connection to the City's sewer system. **Exhibit 63** shows the City's current connection fees. Sewer

[51] Source: City of Ferndale (2018). *Annexation Blueprint: Annexation Phasing Plan: 2016-2036.* https://www.cityofferndale.org/wp-content/uploads/2018/07/Blueprint-2016-Adopted.pdf

connection fees are estimated based on the projected number of residential units and commercial square feet developed in each scenario.[52] **Exhibit 64** shows the estimated revenue from sewer connection fees for development over a 10-year period and **Exhibit 65** shows the revenue for development over a 20-year period under each scenario. The "inside city limits" fee is used as it is assumed the land will be annexed in conjunction with sewer expansion. This analysis does not assume that existing development in the Potential Service Area will connect to the sewer system, though that may occur. The City may consider a policy to encourage existing development to connect to the system.

Exhibit 63. City of Ferndale Sewer Connection Fees, January, 2025

Description	Inside City Limits	Outside City Limits
Sewer Connection Fee (per Single Family Equivalent)	$11,567	$17,350

Note: Sewer Connections fees are subject to a cost-of-living adjustment (inflationary adjustment) based on the Seattle-Tacoma-Bellevue October to October CPI-W to the nearest dollar.
Sources: City of Ferndale, 2024; BERK, 2025.

Exhibit 64. Estimated Revenue from Sewer Connection Fees by Scenario – 10-year development

	Status Quo	Existing Zoning and Sewer Expansion	Future Zoning and Sewer Expansion
Residential Development (Housing units)	7	166	30
Commercial Development (1,000 sq ft)	150	392	390
Estimated Annual Revenue	**$0**	**$4,808,000**	**$2,990,000**

Note: Estimated Revenue from Sewer Connection Fees is calculated using the sewer connection fees effective January 29, 2025 for development inside city limits (see Exhibit 63).
Sources: City of Ferndale, 2024; ESRI, 2024; BERK, 2025.

Exhibit 65. Estimated Revenue from Sewer Connection Fees by Scenario – 20-year development

	Status Quo	Existing Zoning and Sewer Expansion	Future Zoning and Sewer Expansion
Residential Development (Housing units)	7	166	30
Commercial Development (1,000 sq ft)	152	636	873
Estimated Annual Revenue	**$0**	**$7,332,000**	**$7,061,000**

[52] The fee is applied to each residential unit and each 1,000 square feet of non-residential property divided by half, as light industrial property assumes ½ single family equivalent per 1,000 square feet.

Note: Estimated Revenue from Sewer Connection Fees is calculated using the sewer connection fees effective January 29, 2025 for development outside city limits (see Exhibit 63).
Sources: City of Ferndale, 2024; ESRI, 2024; BERK, 2025.

Sewer Utility Rates

Sewer utility rates support regular operations of the sewer system and improvements to the system. Utility rates are billed to users on a bimonthly basis. Sewer rates vary depending on the user's property type (e.g., single family residence, multifamily residence, non-residential, non-metered flat rate), the location of the property (i.e., inside or outside City limits), and water usage (**Exhibit 66**). Ferndale ratepayers also pay bimonthly utility rates for water and stormwater services provided by the City. Utility rates are typically reviewed every five years, or as needed, to ensure they adequately support ongoing operations and maintenance costs, as well as current and future capital project requirements.[53] **Exhibit 67** shows the estimated revenue from sewer utility rates for development over a 10-year period and **Exhibit 68** shows the revenue for development over a 20-year period under each scenario. In the Status Quo scenario, there would be no sewer fee revenue.

Exhibit 66. City of Ferndale Sewer Utility Rates, February 2025

Rate Type	Inside City Limits	Outside City Limits
Metered: Single Family Residential/Duplexes	$42.21 base fee + $10.91 per unit of consumption	$63.32 base fee + $16.37 per unit of consumption
Metered: Multifamily Residential	$45.70 base fee + $11.70 per unit of consumption	$68.55 base fee + $17.55 per unit of consumption
Metered: Commercial/ Non-Residential (Schools-Churches)/Industrial	$50.57 base fee + $12.90 per unit of consumption	$75.86 base fee + $19.36 per unit of consumption
Non-Metered: Residential/ Commercial Flat Rate	$151.29	$226.94

Note: 1 unit of consumption is equal to 100 cubic feet or 748 gallons of water. Rates include an 8% utility tax.
Sources: City of Ferndale, 2024; BERK, 2025.

Exhibit 67. Estimated Revenue from Sewer Utility Rates by Scenario – 10-year development

	Status Quo	Existing Zoning and Sewer Expansion	Future Zoning and Sewer Expansion
Residential Customers	7	166	20
Commercial Customers	11	51	51
Estimated Revenue from Sewer Rates	**$0**	**$134,000**	**$70,000**

[53] In 2023, the City Council approved and adopted Ordinance 2233 to set utility rate adjustments through 2029. While water and stormwater rates are expected to increase, sewer rates are not expected to increase. These adjustments could be subject to change should the City decide to pursue the Grandview Sewer Expansion project.

Note: Estimated revenue from sewer utility rates is calculated using the single family residential and multi-unit commercial/non-residential/industrial rates for customers inside city limits, last updated February 2025 (see Exhibit 66). The fee includes the base fee and 4 units of consumption.
Sources: City of Ferndale, 2024; ESRI, 2024; BERK, 2025.

Exhibit 68. Estimated Revenue from Sewer Utility Rates by Scenario – 20-year development

	Status Quo	Existing Zoning and Sewer Expansion	Future Zoning and Sewer Expansion
Residential Customers	0	166	20
Commercial Customers	11	83	114
Estimated Revenue from Sewer Rates	**$0**	**$175,000**	**$149,000**

Note: Estimated revenue from sewer utility rates is calculated using the single family residential and multi-unit commercial/non-residential/industrial rates for customers inside city limits, last updated February 2025 (see Exhibit 66). The fee includes the base fee and 4 units of consumption.
Sources: City of Ferndale, 2024; ESRI, 2024; BERK, 2025.

General Fund Revenues

New development would result in additional revenue generated by new construction, an increase in the assessed value of property, and business and consumer activity. The analysis focuses on the City's primary General Fund revenue sources which are sales tax, property tax, utility tax, and solid waste tax. Revenue estimates are based on the City's historical revenue information, information on assessed value in the Potential Service Area, taxable retail sales in the UGA, and assumptions about how future revenues will be impacted by adding housing units and commercial development.

Sales tax

Construction and development will generate additional sales tax revenues. Sales tax estimates on new construction are based on the number of housing units or commercial square feet developed and the cost per unit or per square foot (see **Exhibit 62**). Retail business activity will also generate sales tax revenue, as well as goods delivered for business and household purposes. New residents and employees would purchase taxable goods and services and contribute to increased sales tax revenue.

Property tax

When the City annexes the Potential Service Area, it would add the total assessed value of the Potential Service Area property and receive the associated property tax revenue. The City also benefits from new construction through the annual property tax revenue it receives. Property tax from new construction is based on the estimated new construction value.

Utility taxes

The City collects taxes on utilities operating in the City, including electricity, natural gas, telephone service, water, sewer, and storm drainage. The current rate of tax is 6% for electricity, natural gas, and telephone service and 8% for water, sewer, and storm drainage (Ferndale Municipal Code 3.26.040). It is

assumed that the amount of utility business activity would increase with new residents and businesses, along with the corresponding revenue from utility taxes.

Solid waste utility tax

The City collects a solid waste utility tax from all users of the City's solid waste service, including collecting, handling, reselling, and/or disposing of solid waste. The current tax rate is 14% of the gross income from solid waste collection (Ferndale Municipal Code 3.25.020-030). Like other utility taxes, new residents and businesses would increase solid waste business activity and the corresponding revenue from this tax. However, the annexation of previously developed properties that already utilize regional solid waste services will not necessarily change the City's solid waste revenues.

Exhibit 69 provides the estimated General Fund revenues for these sources in each scenario, for a development period of 10 years. These represent the increase in General Fund revenues associated with new development. The estimated revenues in the Sewer Expansion scenarios are approximately $678,000-$1,288,000 higher than in the Status Quo scenario, primarily due to the additional sales tax on new construction. The Sewer Expansion scenarios assume more development of commercial square feet. In addition, the higher number of jobs in these scenarios is estimated to generate more tax revenue based on the use of city utilities.

Exhibit 69. General Fund Revenue Summary – 10-year development

Revenue	Status Quo	Existing Zoning and Sewer Expansion	Future Zoning and Sewer Expansion
Property tax	$1,109,000	$1,155,000	$1,135,000
Sales tax	$5,000	$60,000	$22,000
Sales tax on new construction	$293,000	$1,176,000	$797,000
Utility tax	$16,000	$148,000	$73,000
Solid waste utility tax	$21,000	$193,000	$95,000
Total	**$1,444,000**	**$2,732,000**	**$2,112,000**

Notes: Amounts are rounded to the nearest $1,000.
Sources: City of Ferndale, 2025; BERK, 2025

Exhibit 70 provides the estimated General Fund revenues for these sources in each scenario, for a development period of 20 years. Like the results shown in **Exhibit 69**, the estimated revenues in the Sewer Expansion scenarios are approximately $2.6 million higher than the Status Quo scenario due to more commercial development and jobs. The difference between the revenues in the Existing Zoning and Sewer Expansion and Future Zoning and Sewer Expansion scenarios is due to the different amount of industrial/manufacturing square feet. Another factor that leads to the 20-year estimates being higher is that we assume the cost of construction and tax rates will increase annually and there will be additional years of these increases.

Exhibit 70. General Fund Revenue Summary – 20-year development

Revenue	Status Quo	Existing Zoning and Sewer Expansion	Future Zoning and Sewer Expansion
Property tax	$2,319,000	$2,390,000	$2,393,000
Sales tax	$6,000	$79,000	$45,000
Sales tax on new construction	$463,000	$2,537,000	$2,622,000
Utility tax	$18,000	$210,000	$164,000
Solid waste utility tax	$24,000	$272,000	$212,000
Total	**$2,830,000**	**$5,488,000**	**$5,436,000**

Notes: Amounts are rounded to the nearest $1,000.
Sources: City of Ferndale, 2025; BERK, 2025.

Ongoing Costs Associated with Development

Sewer Operations

We assume the sewer expansion project will impact the Sewer Fund's operating costs. Estimates of additional costs are based on the City's current cost per customer; customers include housing units and businesses. This cost per customer is applied to the additional housing units and businesses in each scenario. These cost estimates assume the same service delivery costs for residential and commercial customers, though service costs may differ by customer type. The City has not analyzed staffing levels necessary to support additional infrastructure, so that is an additional consideration. It is also assumed the City would adjust sewer rates to address additional costs. In this analysis, the estimated revenue from sewer fees is greater than the additional costs.

Exhibit 71 shows the estimated number of residential and commercial customers and the corresponding total service costs in each scenario over a 10-year period. Exhibit 72 shows the estimated costs in each scenario over a 20-year period. There would only be ongoing costs if the sewer expansion project happens, so only in the Existing Zoning and Sewer Expansion and Future Zoning and Sewer Expansion scenarios.

Exhibit 71. Estimated Sewer Customer Count and Annual Service Costs – 10-year development

	Status Quo	Existing Zoning and Sewer Expansion	Future Zoning and Sewer Expansion
Residential Customers	7	166	30
Commercial Customers	11	51	51
Total Service Cost	**$0**	**$100,000**	**$37,000**

Note: Estimated costs are calculated using the 2020-2023 average costs per customer for the City of Ferndale.

Sources: City of Ferndale, 2024; ESRI, 2024; BERK, 2025.

Exhibit 72. Estimated Sewer Customer Count and Annual Service Costs – 20-year development

	Status Quo	Existing Zoning and Sewer Expansion	Future Zoning and Sewer Expansion
Residential Customers	7	166	30
Commercial Customers	11	83	114
Total Service Cost	**$0**	**$131,000**	**$75,000**

Note: Estimated costs are calculated using the 2020-2023 average costs per customer for the City of Ferndale.
Sources: City of Ferndale, 2024; ESRI, 2024; BERK, 2025.

General Fund Operations

As development occurs in the Potential Service Area, and after the Potential Service Area is annexed, the City will have additional service delivery costs. To estimate this impact, we consider the budget for all General Fund services including administration, law enforcement, park maintenance, public works, and community development. Estimates of additional costs are based on the City's current cost per serviced person, which includes residents and a share of employees. The cost per serviced person is 2024 General Fund expenditures divided by the total population and a 10% share of total employment in the City. This cost per serviced person is applied to the additional population and jobs in each scenario. This is a high-level estimate, and actual costs will depend on the type of development and needs for city services in the Service Area.

Exhibit 73 and Exhibit 74 show the estimated General Fund costs for the different scenarios and periods of development. Over a 10-year period, the total cost impact is $36,000 for the Status Quo scenario and between $160,000 and $589,000 for the Sewer Expansion scenarios. Over a 20-year period, the total cost impact is $41,000 for the Status Quo scenario and between $274,000 and $719,000 for the Sewer Expansion scenarios. In addition to the higher level of development over a 20-year period, we assume costs will increase annually, and there will be additional years of these increases in the longer-term scenarios. The difference between the two Sewer Expansion scenarios is due to the difference in residential population.

Exhibit 73. General Fund Cost Summary – 10-year development

	Status Quo	Existing Zoning and Sewer Expansion	Future Zoning and Sewer Expansion
Increase in Residential Population	20	475	86
Increase in Serviced Population (Residential Population + 10% Employment)	33	534	145
Total General Fund Costs for Serviced Population	**$36,000**	**$589,000**	**$160,000**

Notes: Amounts are rounded to the nearest $1,000.
Sources: City of Ferndale, 2025; BERK, 2025.

Exhibit 74. General Fund Cost Summary – 20-year development

	Status Quo	Existing Zoning and Sewer Expansion	Future Zoning and Sewer Expansion
Increase in Residential Population	20	475	86
Increase in Serviced Population (Residential Population + 10% Employment)	33	572	218
Total General Fund Costs for Serviced Population	**$41,000**	**$719,000**	**$274,000**

Notes: Amounts are rounded to the nearest $1,000.
Sources: City of Ferndale, 2025; BERK, 2025.

Net Ongoing Fiscal Impact

This analysis shows that the estimated ongoing revenue associated with development is greater than the ongoing costs to serve the area. This positive net impact does not consider the capital costs needed to build the expansion. **Exhibit 75** shows the estimated revenues and costs for a 10-year development period and **Exhibit 76** shows the estimated revenues and costs for a 20-year development period.

If development in these scenarios occurs over a 10-year period, the estimated net ongoing impact (ongoing revenues less costs) in the scenarios with sewer expansion is a positive $4.9-$6.9 million. If development occurs over a 20-year period, the estimated net impact in the scenarios with sewer expansion is a positive $12.1-$12.3 million. The Future Zoning and Sewer Expansion scenario has a more positive net fiscal impact than the Existing Zoning and Sewer Expansion scenario over a 20-year period. The Existing Zoning and Sewer Expansion scenario includes more development of housing units, but the Future Zoning and Sewer Expansion scenario includes more development of industrial square feet and jobs.

Scenario 1, the Status Quo, assumes no expansion of the sewer system, but a steady level of growth on County-owned lands in line with historic trends in the Potential Service Area, the City, and the County. This growth would generate a net fiscal impact of positive $1.4 million over a 10-year period and $2.8 million over a 20-year period. The difference between the Status Quo and Sewer Expansion scenarios is $3.6-$5.6 million over the 10-year period and $9.3-$9.5 million over the 20-year period.

While the City has an obligation to provide for developable land capacity to meet its growth projections, and to provide utility services within its city boundaries, there may be regional, state, or even national benefits of sewer expansion. This may make the sewer expansion an attractive investment by other organizations that can contribute funds through grants and/or low-interest loans, thus reducing the City's potential exposure and risk. Public utility investments are often paid by the utility subscribers over the life of the system. The analysis suggests the City can expect to recapture a significant percentage of its investment within a 10–20-year period, assuming growth occurs as projected.

If the City were to contribute approximately $8 million of the total project cost, to cover the currently identified funding gap, the estimated net impact over a 20-year period would balance the capital investment. These estimates assume all revenues accrue to the City and services are provided by the City, as annexation of the Potential Service Area is assumed to occur before or concurrent with the expansion project.

Exhibit 75. Net Fiscal Impact Summary – 10-year development

	Status Quo	Existing Zoning and Sewer Expansion	Future Zoning and Sewer Expansion
Sewer revenues	--	$4,942,000	$3,060,000
Sewer ongoing costs	--	$100,000	$37,000
General Fund revenues	$1,444,000	$2,732,000	$2,123,000
General Fund costs	$36,000	$589,000	$160,000
Total net ongoing impact (Revenues less Costs)	**$1,408,000**	**$6,985,000**	**$4,986,000**

Sources: City of Ferndale, 2025; BERK, 2025.

Exhibit 76. Net Fiscal Impact Summary – 20-year development

	Status Quo	Existing Zoning and Sewer Expansion	Future Zoning and Sewer Expansion
Sewer revenues	$0	$7,507,000	$7,210,000
Sewer ongoing costs	$0	$131,000	$75,000
General Fund revenues	$2,829,000	$5,487,000	$5,435,000
General Fund costs	$41,000	$719,000	$274,000
Total net ongoing impact (Revenues less Costs)	**$2,788,000**	**$12,114,000**	**$12,296,000**

Sources: City of Ferndale, 2025; BERK, 2025.

Additional Considerations

There are several factors that may impact actual revenues and costs in these scenarios:

- The actual mix of development and businesses may impact revenue and ongoing service costs. The cost of new construction for offices and retail is higher per square foot than for industrial space. If the share of office and retail development is higher than projected in the scenarios, the City will receive additional revenue. More retail development may have higher service costs as well, as a retail area typically has more employees and customer activity. Depending on the amount of customer traffic, a retail area may have higher needs for law enforcement or road maintenance, but

may also generate more sales tax than has been projected, which may or may not balance the additional costs for services.

- There may be additional Sewer Fund costs that are not quantified because of their variable nature, such as capital repairs and replacements.

Long-term Impact

In the net fiscal impact summaries for the Potential Service Area (**Exhibit 75** and **Exhibit 76**), the results reflect steady growth in housing units and commercial square feet during the 10-year or 20-year period, if sewer is extended. The one-time revenues from development - sales tax and potential solid waste tax revenues on new construction for the General Fund and sewer connection fees for the Sewer Fund – contribute to an overall positive net fiscal impact. After this period and new construction slows, these one-time revenues will no longer be available to support operations. Ongoing General Fund revenues, such as property taxes, may not keep pace with ongoing expenditures. The City could consider additional revenue tools to ensure ongoing revenues support ongoing costs and that new development is contributing to the City's fiscal health.

Should the City decide not to extend sewer, it is generally assumed that the City would not annex or would delay annexation of land within its existing UGA within the study area. This study assumes that Whatcom County would continue to permit development within the unincorporated area until such time as the area is annexed or an agreement between the City and County is reached that would halt development until sewer is extended or other conditions are met. Therefore, delays in extending sewer would tend to reduce the maximum development yield of the study area and also reduce the potential one-time revenues that would accrue to the City as a result of development, as those revenues would continue to be collected by Whatcom County.

Final Remarks

Expansion of sewer to the Grandview Road area would achieve the following:

- A fulfillment of the City's obligation **to provide utility services to its UGA**.
- Capacity to meet the City's 20-year **growth target for jobs**.
- A **positive fiscal impact in terms of ongoing revenues and costs**, based on an increased level of development than would occur without the sewer expansion.

Whatcom County has experienced low vacancy rates and quickly growing rents for industrial and office spaces, suggesting a tight market. In contrast, demand for retail space has softened with net absorption falling short of deliveries, driven by the growth of e-commerce, shifts in consumer behavior, and changes in customer location patterns due to increased remote work. These trends underscore the need for a strategic, data-informed regional strategy to grow, attract, and retain both businesses and a skilled workforce.

There is local and regional demand for "shovel-ready" industrial sites, meaning properties with infrastructure already in place that are ready for immediate development. The Study Area has been identified as well-suited for light industrial uses, with potential for certain types of manufacturing.

Extending sewer service to the Potential Service Area is expected to encourage increased development, consistent with patterns observed in other parts of Ferndale and Whatcom County that already have sewer infrastructure. The City currently prohibits almost any development within the City limits that is not served by public sewer, and the expansion of sewer to this area could "unlock" hundreds of acres of land within the City limits and facilitate the annexation and development of additional lands in the unincorporated County. Over a 20-year period, the expansion of sewer service combined with future zoning changes could support the creation of more than 1,300 jobs and generate approximately $900 million in business income. While Whatcom County could continue to permit development in the unincorporated area that is not served by public sewer, the scale of development and number of new jobs are higher in development scenarios with sewer expansion than without the expansion.

New development would contribute to an increase in assessed property values, revenue from new construction, and expanded business and consumer activity. It would also increase service demands on the City. This analysis estimates that the ongoing net impact is positive at $12.1-$12.3 million over a 20-year period.

An expansion of uses and increase in realized capacity would likely increase the development yield of the Future Vista Drive - Brown Road Center area, increasing the positive fiscal impact, increasing the fiscal benefits of the expansion without corresponding increases to the costs. As the City plans for the development of this area, the City should consider the implications of the Grandview expansion in its capital facilities planning and land use regulations. In addition, this analysis uses scenarios that are based on "future" zoning. As the City updates its long-term land use plans, it should consider regional deficiencies in available lands and the impact other land use controls may have in increasing the development capacity above what is currently modeled. Finally, an aggressive and successful grant funding campaign could further increase the direct fiscal upside to the City.

Demand for developable land is at an unprecedented level. Whatcom County's high quality of life, skilled and educated workforce, and proximity to the Lower Mainland of British Columbia have positioned the region for continued growth. The Grandview Road area, which includes the last undeveloped freeway interchange within a city or UGA north of Seattle, is a strategically important location for future development. The findings from this report will support future land use decisions and help inform the City's 2025 Comprehensive Plan update for this area.

Appendix A: Outreach and Engagement

BERK conducted outreach and engagement with the property owners and the business community to inform current trend, and development interests. Summary of the outreach is described below.

Open House

On Tuesday, November 12, 2024, the City of Ferndale and the Port of Bellingham co-hosted an Open House at the Pioneer Pavilion Community Center to introduce the Grandview Economic Opportunity Study to property owners and tenants within the Study Area.

The event offered an overview of the Study Area, including its boundaries, historical context, development patterns, and current zoning. It also outlined the area's significance in both the City's and County's long-range planning efforts and explained the goals and planned activities of the study.

The Open House served as an opportunity to begin conversations with community members, answer questions, and gather early feedback to help shape the direction of the study.

Interviews

In January 2025, ten stakeholder interviews were conducted with existing businesses in the area, real estate brokers, and representatives from the Port of Bellingham. These interviews provided valuable insights that helped inform the assessment of development challenges and opportunities within the Study Area, with a particular focus on the Potential Service Area. The interviews were semi-structured, following a set of guiding questions while allowing flexibility to explore additional topics based on each participant's responses.

Interview Protocol

As part of the study, BERK conducted interviews on the City's behalf to explore the business community's thoughts about the study's area strengths, challenges, and redevelopment opportunities.

BERK established an initial communication before the interview. It explained the intent of the study to assess the economic benefits to utility ratepayers for funding utility improvements in the Grandview Area. It shared the goal of the City of Ferndale and the Port of Bellingham to encourage development that would bring the greatest economic benefits to Ferndale and Whatcom County; and the intent of the study to inform the City's long-range vision for the area and decisions about expanding utilities.

Interview Questions

1. What do you see as the study area's greatest strengths and competitive advantages?
2. What challenges do you see to development/redevelopment within the study area?

    a. Are there any constraints other than sewer that prevent business expansion or development in the study area?
3. What type of commercial/industrial space needs are lacking in the region to serve demand?
4. What kind of uses do you think would be successful in the study area and why?
5. What are your thoughts on the market feasibility of retail uses in the study area? What kind of retail uses do you think would be successful?
6. What are your thoughts on the market feasibility of office uses in the study area? What kind of office uses do you think would be successful?
7. What are your thoughts on the market feasibility of industrial uses in the study area? What kind of industrial uses do you think would be successful?
8. How can the city support development in the study area?

These engagements informed us of current trends, business and property owners' interests, and potential barriers. Findings from the public engagement have been integrated throughout the analysis along with quantitative research.