

## MEMORANDUM

Date: March 12, 2009

To: City Council

From: Greg Aucutt, Senior Planner

**RE: March 23<sup>rd</sup> Public Hearing on New Population and Employment Growth Forecasts**

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### **Background**

Bellingham, Whatcom County and the other cities are currently working on a review and update of all urban growth area boundaries and preparations for our next round of comprehensive plan updates. In order to complete both of these tasks, new 20-year population and employment growth forecasts are needed. While the County is responsible for adopting the forecasts, each of the cities have been asked to provide recommendations. Consultants working for the County have prepared new growth forecasts that are included in the attached memos:

- *"Phase 1 Allocations of 2031 Growth to Planning Areas"*, Jan. 13, 2009
- *"Assessment of Existing Countywide Population and Employment Growth Forecasts"*, February 9, 2009

### **Upcoming Review & Approval Process**

The Planning Commission held a public hearing on February 12 and a worksession on February 26 to review a range of new 20-year county-wide and Bellingham population and employment growth forecasts. At the conclusion of the second meeting, the Commission adopted recommendations to the City Council. The Council will also hold a public hearing prior to adopting final recommendations that will be considered by the Whatcom County Planning Commission and County Council. At the conclusion of their hearing process, the County Council will adopt a new county-wide growth forecast and allocations to all the jurisdictions. Final adoption by the County is scheduled to occur in June. The County will use the adopted growth forecasts to update UGA boundaries for all the jurisdictions by the end of June. The County, Bellingham (and the other cities) will also use the adopted forecasts to update our comprehensive plans. The updates must be completed and adopted by December 1, 2011.

## Questions for Discussion

The following questions and answers were developed by staff to help understand the context and purpose of the of the population growth forecasts, including background and other information intended to help the City Council develop recommendations. This document was given to the Council in March during one of staff's periodic updates on this process. It has been updated to include the recommendations of the Planning Commission.

*Question 1: Why do cities and counties need to forecast future population and employment growth and how are the forecasts used?*

Response: Cities and counties in Washington have been required to plan for future growth since the Growth Management Act (GMA) was adopted in 1990. The GMA requires the county and all the cities to have comprehensive plans that contain long range (at least 20-year) population growth forecasts. We are also required to show that there is enough developable land in the city and UGA to accommodate the forecasted growth, and that there is a plan to provide the public facilities and services that will be needed. So population growth forecasts are critical to determining:

- how much developable land and how many housing units will be required to accommodate the residential growth;
- how much developable commercial and industrial land will be needed to accommodate the employment growth;
- what new public facilities (roads, parks, schools, etc.) will be required to serve the forecasted growth;
- what additional public services (police, fire, etc.) will be needed to serve the anticipated growth;
- where in the county and in the city the growth should occur and in what form; and
- how much additional tax and other revenues can the City expect to receive from the growth.

*Question 2: Didn't we adopt population growth forecasts a short time ago?*

Response: Yes we did review population growth forecasts created for the City and County in 2002 by Econorthwest. These forecasts were adopted by the County in 2004 and were used by the City and County to update our respective comprehensive plans. The city comprehensive plan was adopted in 2006 and it covers the 2002-2022 planning period. At that time the adopted forecast predicted Bellingham and the urban growth area would grow by 1,580 people per year. Thus the Bellingham urban area was forecasted to grow to about 113,000 people in 2022.

*(For comparison purposes, note that the City + UGA population was 81,450 in 2002 and 88,838 five years later in 2007. This represents growth of about 1,480 people per year, slightly less than forecasted.)*

Question 3: *So why are we reviewing new population growth forecasts now?*

Response: The County and all the cities are updating the population and employment growth forecasts at this point in time for two reasons:

1. Under state law (the GMA), the County was required to review and update all the UGAs in 2007. This work was not completed, and as a result the County is under an order from the Western Washington Growth Management Hearings Board to complete the required review by the end of June 2009. As part of the UGA update process, the County is required to make sure that each city has enough land and development capacity within their city and UGA to accommodate 20 years of population and employment growth. New 20-year forecasts are needed in order for the County to complete the required evaluation of the city UGA boundaries and land supply. The County has hired a consultant to assist with the update process (see attached memos from Berk and Associates). A staff technical advisory group (the "TAG") made up of Planning Directors and senior staff from all the jurisdictions is working with the County and the consultants to develop and review the forecasts. A group of elected officials from each of the jurisdictions (the Growth Management Coordinating Council or GMCC) has also been formed to help with these activities.
2. In addition to the UGA update requirement, the GMA requires the cities and Whatcom County to update our respective comprehensive plans every seven years. Our next update deadline is December 2011 and it must cover the 2011-2031 timeframe. The update process must include new 20-year population growth forecasts for the county as a whole, and each of the cities and UGAs. The population and employment growth forecasts are key to completing this work. Getting agreement on the growth forecasts now gives us a good amount of time to complete the comprehensive plan update project by the 2011 deadline.

Question 4: *What is the City's role in the process to adopt new population growth forecasts?*

Response: The GMA places the responsibility for adopting county-wide and city population growth forecasts with the County, in consultation with the cities. The population growth forecast adoption process we are working under includes two phases:

- Phase 1 Allocations. The consultants have provided county-wide and jurisdiction-specific 20-year population and employment growth forecasts. The forecasts are

based on historic trends and on the policy choices made in the County's 2006 comprehensive plan. (See Attachment 1, Jan. 13 memo from Berk and Associates.)

- Phase 2, Review. The cities are to review the phase 1 forecasts and provide a recommendation to the County. The Planning Commission, City Council and the public have the opportunity to suggest adjustments to the phase 1 forecasts based on factors such as available land supply, or on policy choices such as where and how we want growth to occur as stated in our comprehensive plan. We need to complete this review and forward our recommendations to the County by March 25.

Question 5: *What are the legal requirements with respect to adoption of population growth forecasts?*

Response: The GMA and hearings board cases have made it clear that population growth forecasts used in the preparation of comprehensive plans must be within the range provided by the State Office of Financial Management. The OFM 2031 forecast range for Whatcom County is approximately 220,000 to 330,000 with a "baseline" forecast of 264,400. (OFM lists the baseline forecast as the "most likely to occur" scenario). OFM does not provide population growth forecasts for individual cities. It is up to the County, working with the cities, to allocate the county-wide growth forecast to the individual jurisdictions.

Question 6: *What have the consultants proposed for a county-wide population growth forecast for 2031?*

Response: The consultants reviewed the 2022 population growth forecasts that were adopted with the last round of comprehensive plan updates, along with historic and recent growth trends. Based on this review and discussions with the staff TAG, the consultants proposed a county-wide growth forecast of 256,950 for 2031. The TAG agreed that this number represented the most likely to occur scenario. (See Attachment 2, Feb. 9 memo from Berk that includes an analysis of the 2002-2022 population growth forecasts. The analysis shows that the previous forecasts have held up very well. As a result, the TAG was comfortable recommending extending the growth rate represented in these forecasts to 2031. The TAG felt that this forecast was an appropriate place to start the discussions amongst the jurisdictions as it represents the "most likely to occur scenario" absent any policy decisions that seek to limit growth.)

The GMCC reviewed the OFM and consultant/TAG recommended forecasts in November and decided to recommend using a slightly lower number than recommended by the TAG - 251,490. This is about 5,500 less than the TAG-recommended forecast. It is also below OFM's 2031 baseline growth scenario of 264,400, but well within their overall range. The consultants used this forecast to develop the population growth allocations to the cities. (See Attachment 3, tables showing the 2031 growth allocations to all jurisdictions.)

Whatcom County’s 2008 population is 191,000 according to OFM. Using the GMCC-recommended forecast means the County would plan for total 20-year population growth of 60,490 (3,025 persons per year). For comparison purposes, the last planning period (2002-2022) used a total population growth forecast of 61,447 (3,072 ppy). Since 2000, the County has grown by about 24,200 people (3,025 ppy.) The various county-wide forecasts currently being discussed are summarized in Table 1.

**Table 1 – 2031 County-wide Population Growth Forecasts**

	<b>2031 County-wide Population Growth Forecast</b>
OFM Low Forecast	220,000
SEPA No Action Alternative (current comp. plans)	234,917
GMCC Recommendation	251,490
Consultant/Staff TAG Recommendation	256,950
EIS Alts. X and Y Forecast	258,450
OFM Baseline Forecast	264,400
OFM High Growth Forecast	330,000

Question 7: *What have the consultants proposed for a county-wide employment growth forecast for 2031?*

Response:

The consultants suggest using a total county-wide 2031 employment estimate of 123,230 jobs. Note that total county-wide employment in 2008 is estimated to be 84,850 jobs, so the forecasted increase is about 33,900 jobs. The County’s EIS is evaluating a range of employment growth forecasts from 26,000 to 37,000 new jobs.

Question 7: *What are the proposed population growth forecasts for Bellingham?*

Response: The phase 1 allocations from the consultants include two separate 2031 population growth forecasts for the cities (including their UGAs).

1. The first forecast (called the “Historical Share Scenario” in the memo), is based on the percentage of total county-wide growth that has occurred in Bellingham since 1990 (44.5%). Under this scenario, total Bellingham area population would be 116,200 in 2031. Total growth to accommodate under this scenario would be about 26,920. This is 3,149 more residents than the 113,055 accommodated in the City’s current comprehensive plan. Average annual growth would be about 1,350 people per year (ppy) in this scenario.
2. The second forecast (“Current Comp Plan Scenario”), is based on Bellingham’s anticipated share of total county growth that was adopted in 2006 in the City and County comprehensive plans (51.4%). The share of total county growth assigned to Bellingham (and the other cities) was higher in the comprehensive plan than the historical share would have dictated. This was done intentionally,

in an attempt to reduce the amount of growth that was occurring in the rural and resource areas of the county. Total Bellingham 2031 population under this scenario = 120,385. Total growth to accommodate = 31,100 (7,330 more residents than accommodated in the current plan). Average annual growth in this scenario would be about 1,550 people per year.

Three other population growth scenarios were discussed by the Planning Commission:

1. The “City Comp Plan” scenario is based on the City’s current comprehensive plan forecast for year 2022. Using this scenario results in total 2031 population remaining at 113,000. Total growth is 23,770 and average growth is 1,185 ppy.
2. The “2009 County Land Capacity Analysis” (LCA) scenario is based on the recent County study of the capacity of the vacant and partially developed land in the city and UGA. Using the results of this study shows that Bellingham has the capacity to accommodate total population of 121,500. Total growth under this scenario is 31,330 (8,470 more residents than accommodated in current plan). Average annual growth is 1,570 ppy.
3. The “EIS Alternative X” scenario is based on one of the alternatives in the County’s environmental impact statement that is currently being developed. This scenario has a larger share (54.5%) of total county-wide growth going to Bellingham. 2031 population under this scenario would be 126,000. Total growth is 34,700 (about 13,000 more residents than accommodated in the current plan). Average annual growth is 1,735 ppy.

The various population growth scenarios are summarized in the following table:

**Table 2: Bellingham 2031 Population Growth Forecasts**

	2008 Population	“2006 City Comp Plan” Scenario	“Historical Share” Scenario	“County Comp Plan Share” Scenario	“2009 County LCA” Scenario	“EIS Alt. X” Scenario
<b>City + UGA</b>	89,284	113,055	116,200	120,385	121,520	126,000
<b>Total 20- year Growth<sup>1</sup></b>		23,770	26,920	31,101	31,330	34,678
<b>Average Annual Growth<sup>2</sup></b>		1,185	1,350	1,550	1,570	1,735
<b>% of Total County Growth<sup>3</sup></b>		39.3%	44.5%	51.4%	51.8%	54.5%
<b>% of total County 2031 Population<sup>3</sup></b>	191,000	45%	46.2%	47.9%	48.3%	50.1%

Notes:

<sup>1</sup> For comparison purposes, note total population growth forecast used in the City’s 2002-2022 comp plan is 31,600.

<sup>2</sup> The City and UGA has grown by about 1,560 people per year growth since 1990 and by 1,420 ppy since 2000.

<sup>3</sup> Percentages of total county growth assume 2031 county-wide forecast recommended by GMCC - total 2031 population = 251,500 and total 20-year growth = 60,500.

**Question 8:** *How much additional population growth would Bellingham have to plan to accommodate under the various scenarios?*

**Response:** Our current plan accommodates a total city and UGA population of 113,055. The other scenarios listed above would require Bellingham to plan to accommodate additional population over and above the 113,055:

- Additional population to accommodate in the Historical Share scenario = 3,145.
- Additional population to accommodate in the County Comp Plan Share scenario = 7,330.
- Additional population to accommodate in the County LCA scenario = 8,465.
- Additional population to accommodate in the EIS Alternative X scenario = 12,945.

**Question 9:** *What are the proposed employment growth forecasts for Bellingham?*

**Response:** With respect to employment growth, the consultants also provided two methods for allocating the 33,900 new jobs forecasted to occur in the county by 2031. These methods, called a “Historical Share Approach” and a “Regional/Local Approach” are explained in detail beginning on page 9 in the Berk memo (Attachment 1). Use of these approaches results in a range of Bellingham-area employment growth forecasts from 21,188 to 21,714 in 2031. Other forecasts being discussed range from 18,829 to 25,851 new jobs (see Attachment 4, “2031 Allocated Employment Under Various Growth Scenarios” table). The various employment growth forecasts being discussed are summarized in the Table 3.

**Table 3: Bellingham 2031 Employment Growth Forecasts**

	2008 Employment	New Jobs under SEPA “No Action” Alternative	New Jobs under “Historical Share” Alternative	New Jobs under “Regional/Local” Alternative	New Jobs under “EIS Alt. X”	New Jobs under “EIS Alt. Y”
City + UGA	51,153	18,829	21,713	21,188	25,851	21,260
Average Annual Job Growth		940	1,085	1,060	1,300	1,063
% of total County-wide Job Growth		72.2%	64%	62.5%	69.5%	57.2%
% of total County-wide Employment	76%	75%	72%	71.5%	73.7%	69.3%

Source: Whatcom County Planning Department  
 Note: Total 2008 County-wide employment = 67,300.

**Question 10:** *How does the expected demand for new jobs match up with the current city and UGA supply of developable land employment?*

**Response:** The County’s 2009 land capacity analysis (LCA) shows that the current supply of vacant and re-developable employment lands in Bellingham and the UGA can accommodate about 19,500 new jobs. As a result, it appears that our land base is not

sufficient to accommodate the forecasted growth under any of the scenarios other than the SEPA no action alternative. The County's LCA estimates that we have a shortage of approximately 100 to 500 developable acres, depending on the growth forecast used.

*Question 11: What factors should the City Council consider in reviewing the forecasts and making recommendations?*

Response: In crafting recommendations, the City Council should consider a number of factors, including but not necessarily limited to:

**Factor #1:** What does our current comprehensive plan say about accommodating growth - how much and where?

How much - Bellingham's 2006 comprehensive plan covers the period to 2022 and contains the work necessary to accommodate a total population of 113,055 and total employment of about 67,000 jobs.

Where - Goal and policy language establishing the community's preference for accommodating growth through "infill" rather than outward expansion of the city can be found as far back as the 1992 "Visions for Bellingham" community goal-setting process. The results became the basis for the 1995 Bellingham Comprehensive Plan.

The current version of the comprehensive plan contains even more infill goals and policies and further defined where (and how) new development should occur. This plan established two significant refinements to the infill objectives – that growth in existing neighborhoods should be consistent with existing character, and that a series of existing and new urban centers (or "villages") would accommodate a significant percentage of future growth. Since the plan was adopted, an urban village master plan has been adopted for the Old Town area, and master planning processes are underway for the central waterfront, Samish Way and in the Fountain District.

The plan also anticipates significant growth in the city's urban growth areas. Annexation of these areas is required for this to growth to occur. The City has approved annexations totaling nearly 700 acres in the last year. We are also processing another series of petitions seeking annexation of several hundred more acres of UGA land.

**Factor #2:** How much population and employment growth can be accommodated on the remaining vacant and partially developed land in the city and UGA?

Response: The last City-produced study of our existing vacant land supply was completed in 2005. This study was used by the City as the basis for our current comprehensive plan and by the County in reviewing UGA boundaries in 2007. The results of the analysis as adopted by the City and later by the County showed that the vacant and underutilized land in the city and the UGAs (with the 280 acres to Bellingham's UGA in 2008) could potentially accommodate the population growth expected to occur to 2022 (total population 113,055).

The County has very recently completed a county-wide land capacity analysis using methodology very similar to that used by the City in 2005. The results show that the city and UGA can accommodate an additional 31,330 residents, for a total population of 121,520 in 2031.

In terms of employment growth, the County's 2009 land capacity analysis indicates that the city and UGA can accommodate an additional 19,850 jobs, for a total employment of about 71,000 in 2031.

**Factor #3:** Have we been successful in meeting our stated goal of reducing growth in the rural and agricultural-zoned areas of the county?

Response: In the last round of comprehensive plan updates, all the cities agreed to plan for a larger share of total county growth than they had historically received. (For example, Bellingham agreed to plan to accommodate over 51% of the countywide growth that was forecasted to occur in the planning period to 2022, even though our historical share of county-wide growth was 40 to 45%. The other cities did the same.) This was done because we all agreed that it was important to try to reduce the amount of growth occurring in the rural and agricultural areas of the county. In fact, the County's comprehensive plan contains a goal to reduce rural growth to about 6.3% of future growth.

Unfortunately, as recent statistics show, this strategy has not been very successful. Over the past 8 years, 26% of the total county-wide population growth has occurred in the rural areas of the county. Furthermore, the County indicated that there are already over 18,000 vacant building parcels remaining in the rural and agricultural zoned areas, with the potential for over 8,000 more under current zoning. As a result, the policy question remains - are we as a community willing to accept more growth in Bellingham than might otherwise occur in an effort to reduce rural area growth? Is this still the case even though both the City and County indicated in 2008 that they do not wish to see Bellingham's UGA expand? If so, what actions will the City and County need to take to accomplish this objective?

Question 12: *What are the City Council's options with respect to a recommendation to the County Council?*

Response: At the conclusion of the public hearing, the Council should develop recommendations for both the 2031 county-wide population growth forecast and the population and employment allocations to Bellingham. Obviously, whatever county-wide growth number is eventually adopted, it will have implications for Bellingham. The Council has a number of options with regard to a recommendation on the countywide population growth forecast:

- Option 1 – Recommend using the OFM Low Scenario forecast, 220,000.
- Option 2 – Recommend using the EIS No Action Alt., 235,000.
- Option 3 – Recommend using the GMCC recommended forecast, 251,490.
- Option 4 – Recommend using the consultant/staff TAG forecast, 256,950.
- Option 5 – Recommend using the EIS Alt. X and Y forecast, 258,450.
- Option 6 – Recommend using the OFM Baseline forecast, 264,400
- Option 7 – Recommend using the OFM High Scenario forecast, 330,000.
- Option 8 – Recommend using a different forecast from those listed above

Question 13: What did the Planning Commission recommend?

Response: The Commission recommends using Option 3, the GMCC recommended forecast. (See the Commission's Findings of Fact document for details.)

With regard to a recommendation for the Bellingham-area forecast, the Council has a similar range of options:

- Option 1 – Recommend using the forecast based on the “Historical Share” Scenario. Total 2031 population to plan for = 116,204.
- Option 2 – Recommend using the forecast based on the “Current Comp Plan Share” scenario. Total 2031 population to plan for = 120,385.
- Option 3 – Recommend a forecast that can be accommodated given our current vacant land supply – using either the City’s analysis done in 2005 (total population = 113,055) or the County’s 2009 analysis (total population = 121,520).
- Option 4 – Recommend the EIS alternative that has the highest percentage of future county-wide growth going to Bellingham. Total population to plan for = 126,000.
- Option 5 – recommend another forecast not listed above.

Question 14: What did the Planning Commission Recommend?

Response: The Planning Commission recommended Option 1, the “Historical Share” scenario. (See the Commission's Findings of Fact document for details.)

Question 15: What employment growth forecast did the Planning Commission Recommend?

Response: The Commission expressed no preference, noting that both the Historical Share allocation and the Regional/Local allocation contain very similar employment

growth forecasts for Bellingham. The Commission also expressed support for a jobs/housing balance approach in the other jurisdictions and a preference for family wage jobs in Bellingham.

The Planning Commission also included language in their recommendations encouraging the County to take immediate steps to reduce the development potential in the rural and agricultural areas of the county.

Question 15: What happens next?

Response: Once completed, the Council's final recommendations will be sent to the County in the form of a resolution.

The County Planning Commission will hold public hearings in May, considering the input from all the jurisdictions that choose to provide recommendations. The County Council is expected to adopt the final population and employment growth forecasts in June.

Attachments:

- Attachment 1 – Berk memo “*Phase 1 Allocations of 2031 Growth to Planning Areas*”, January 13, 2009.
- Attachment 2 – Berk memo “*Assessment of Existing Whatcom County Countywide Population and Employment Growth Projections*”, February 9, 2009.
- Attachment 3 – “*2031 Allocated Population Under Various Growth Scenarios*” tables.
- Attachment 4, “*2031 Allocated Employment Under Various Growth Scenarios*” table.
- Attachment 5 – Planning Commission Findings of Fact, Conclusions and Recommendations.

# **ATTACHMENT 1**

**Berk and Associates January 13, 2009 Memo:**

***“Phase 1 Allocations of 2031 Growth to Planning Areas”***

## **ATTACHMENT 2**

**Berk and Associates February 9, 2009 Memo:**

*“Assessment of Existing Whatcom County Countywide  
Population and Employment Growth Projections”*

# **ATTACHMENT 3**

## **Tables - 2031 Allocated Population Forecasts Under Various Growth Scenarios**

# **ATTACHMENT 4**

## **Table - 2031 Allocated Employment Forecasts Under Various Growth Scenarios**

# **ATTACHMENT 5**

## **Bellingham Planning Commission Findings of Fact, Conclusions and Recommendations**

**February 26, 2009**