

# Sales-tax sharing by Bellingham, Ferndale unlikely

## Ferndale luring big-box stores after failed talks

JARED PABEN

THE BELLINGHAM HERALD

It's hard to know whether Ferndale will lure big-box stores away from Bellingham, but one thing is likely: If the stores do relocate, Ferndale won't be sharing the sales taxes they generate with Bellingham.

Revenue-sharing deals have been touted as a way of keeping cities from competing against each other for large retail stores and the sales tax revenue they generate, which could total millions of dollars a year for big stores. Those sales help fund municipal government.

But recent discussions on revenue sharing haven't yielded progress.

"I don't think there's much motivation for Bellingham to share their revenues with us," said Greg Young, Ferndale city administrator. "I think, on the same frame, there would be little motivation for Ferndale to share our revenues with Bellingham."

### ZONING CHANGES

The Ferndale City Council on Monday, April 5, approved a new "regional retail" zone for 45 acres south of Slater Road and west of Interstate 5 that encourages development of large retail stores. The developer who owns some of the land said he has received inquiries from larger retailers, including Costco Wholesale, about locating there.

"We've led the big-box

horse to water," Young said. "We'll see if it's thirsty."

On Monday, April 12, the Bellingham City Council will hold a hearing and consider allowing some stores to expand beyond the city's current 90,000-square-foot cap in some areas, if they meet environmental conditions. With the current cap, some stores have indicated they might move out of Bellingham.

### TAX-SHARING TALKS

Late last year, Bellingham officials talked with Ferndale and Lynden about the possibility of a revenue-sharing deal, something everyone from the United Food and Commercial Workers International Union to Bellingham-based nonprofit Sustainable Connections have advocated.

The talks didn't lead anywhere.

Bellingham Mayor Dan Pike said he doesn't think the idea is "totally dead," but an agreement would be complicated and would take time. Ferndale is waiting to see if large retail stores migrate to their city, he said.

Bellingham Finance Director John Carter said he was looking at sharing revenue from future stores. If they did so with existing stores, some cities lose lots of revenue at a time when money is already tight.

Any sharing deal would be complicated because it involves different development requirements and tax structures, Carter said.

### POSSIBLE PLAN

Young has proposed sharing revenue from a limited area along Slater Road on the

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A8 The Bellingham Herald Thursday, April 8, 2010

## Ferndale administrator suggests option

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east side of I-5. That land is in Bellingham's unincorporated urban-growth area, but the city has no plans to annex it and open it for development anytime soon.

Young said Bellingham could give up that growth area and Ferndale, which already has utilities in the area, could take it over. They could ensure there's a gap of undeveloped open space between the cities, which state law encourages, and they could share revenue from new businesses there, he added.

He didn't know whether Ferndale would be able to lure businesses away from Bellingham. It's also possible stores could stay in Bellingham and build a new location in south Ferndale.

"Some day, if the world doesn't end in 2012, there

will probably be Costcos and Wal-Marts in multiple cities in Whatcom County, if you look far enough into the future," he said.

### COUNTY HELP?

Some people still hold out hope that revenue sharing is a possibility.

That list includes Ken Mann, a member of the Whatcom County Council. He has researched revenue-sharing deals, but it will take some time before he can gain political support for the idea and propose something, he said.

He said an impartial party — county government — could help cities reach compromises.

"It's a pretty sensitive topic because some jurisdictions at this point appear motivated to go their own way," Mann said. "I hope the cities don't go too far down the road where they get in a place where they can't compromise or they can't work together, because that would really be a shame."

Reach Jared Paben at 715-2289 or jared.paben@bellinghamherald.com.

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*City of Bellingham*  
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# City eases size limits on stores

## Council votes 7-0 to allow expansions in some cases

**JARED PABEN**

THE BELLINGHAM HERALD

Some big-box stores will be allowed to expand to any size as long as they meet certain environmentally friendly development and landscaping standards.

The Bellingham City Council on Monday, April 12, voted 7-0 to allow some stores to expand if they meet certain standards. About 125 people attended the meeting, with many speaking on the merits or downsides of large retail stores.

Under the law, large retail stores that aren't defined as "superstores" (stores that use more than 10 percent of sales floor for nontaxable goods, such as groceries) may expand as long as they meet certain conditions. Also, membership warehouse club stores won't be considered "superstores" and will be allowed to expand, if they meet the standards.

The standards include scoring a silver in the Leadership

in Energy and Environmental Design rating system, or a similar rating under a different system, and score high enough in the city's landscaping standards system.

Stores would be allowed to expand only in specific areas along Meridian Street between Interstate 5 and Horton Road, and along West Bakerview Road between North-west Avenue and I-5.

Resident Abe Jacobson said the fear that the large retail stores will leave Bellingham for Ferndale has been created by the big-box stores. He supported restrictions on large retail stores, which have created "pure gladiatorial combat" between communities like Ferndale and Bellingham.

"It's a contrived crisis, not a real one," he said. "We in Bellingham have plenty of places to shop for groceries near where we live." The big-box stores don't care about the community, he said.

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## Hearing draws heat, support for big stores

**BIG STORES** from A1

"Bellingham is a community, not just another off-ramp in some corporation's business model," he said.

Duane Jager, executive director of the Appliance Depot in Bellingham, said city leaders were faced with a tough decision: They have the desire to support small and local businesses on one hand, and you have corporations owned by Wall Street black-malling them on the other.

"They're blackmailing us to the tune of millions of dollars. I recognize that's a tough dilemma," he said. "But I don't think we should legislate out of fear."

He believes local businesses can make up for the loss in revenue, he said.

"I say: Let's roll up our sleeves and be that alternative community that we have that reputation to be," he said.

Others who spoke disagreed.

"This is not small versus

big. The both exist in our community at the same time," said Ken Oplinger, president and CEO of the Bellingham/Whatcom Chamber of Commerce and Industry. "This is not urban villages versus the Guide. You can have both in the community."

These stores have been part of the community, and the fact that they're so busy shows people support them. By limiting those stores and not letting them meet their business models, the city will just drive them out, creating empty stores, blight and a loss of sales tax revenue, he said.

Resident Beverly Jacobs, a member of the board for the Guide Meridian/Cordata Neighborhood Association, said those large stores are part of her neighborhood. She's not trying to monitor the Haggen in Fairhaven, she said. Everybody should be able to shop in their own neighborhood.

"I think that since that area is designated for large box, I don't want it to be an empty place. I shop there. That is my neighborhood," she said. "I think you should be listening to the people who live there."

Reach Jared Paben at [jared.paben@bellinghamherald.com](mailto:jared.paben@bellinghamherald.com) or call 715-2289.