



Becoming a City of Birch Bay: A Study of Financial Feasibility

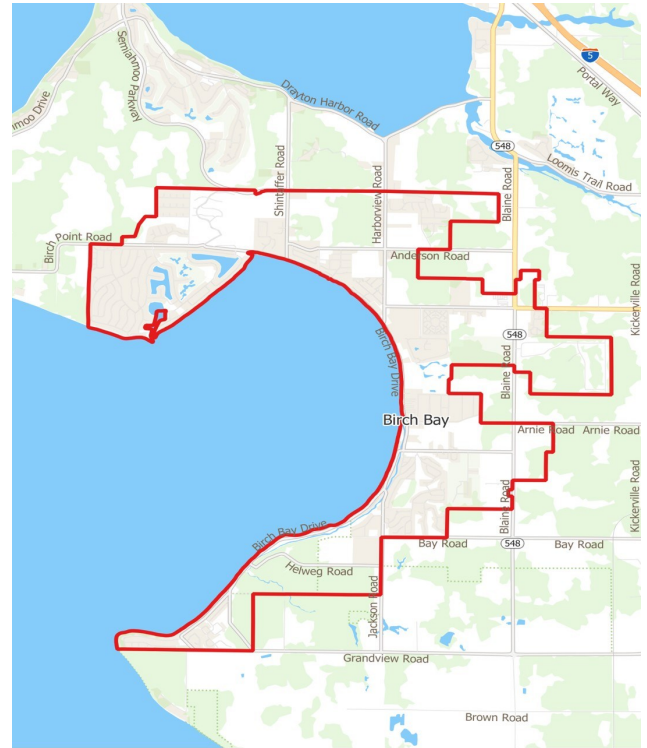
Final Report Summary - Birch Bay Incorporation Association (BBIA)

May 21, 2026

Background

In recent years, residents of the Birch Bay Community have engaged in a series of efforts to preserve the community's natural beauty, identity, traditions, and small-town sense of community. Currently, Birch Bay is an unincorporated Urban Growth Area (UGA), and all decisions concerning growth, zoning, permitting, public safety, roads, parks, and infrastructure are made by Whatcom County rather than by leaders elected specifically by Birch Bay residents.

In 2023, the Birch Bay Incorporation Association (BBIA) began evaluating the financial feasibility of whether Birch Bay could successfully incorporate as a city. This report presents the results of that work by examining financial feasibility, service levels, and the implications of local control to help residents make an informed decision about Birch Bay's future.



Map of the Birch Bay Urban Growth Area (UGA)

Key Findings

- The financial analysis demonstrates that incorporation is financially viable under several realistic scenarios.
- Birch Bay currently contributes more in taxes and fees than it receives in services from the county. (See "Current Service Level" in the chart.)
- Birch Bay is an Urban Growth Area (UGA) and Washington law recognizes cities as the more appropriate form of government for urban-level population densities like Birch Bay's, while counties are structured to serve large rural areas.
- Incorporation provides access to additional city-specific revenues, grants, and funding tools that are not directly available to Birch Bay as an unincorporated UGA.
- Future service levels, budgets, and community priorities would be determined locally by officials elected by Birch Bay residents.
- Birch Bay's financial capacity, population, and service needs have reached a point where incorporation can be seriously considered. The financial analysis demonstrates that incorporation is financially feasible under multiple service-level scenarios, with the level of services ultimately determining the City's financial outlook. The comparison below summarizes those four financial scenarios. (2027 projections)

Scenario	2027 Revenues	2027 Expenditures	General Fund Balance	What It Shows
High Service (CAI/County)	\$5.10M	\$7.06M	(\$1.95M)	County's published scenario—a deficit
Current Service Level	\$4.56M	\$2.61M	+\$1.96M	Taxes paid now exceed services received
Balanced Budget (No Tax Increase)	\$5.78M	\$5.76M	+\$22K	Better services, same taxes as today
High Service Level (With Tax Increase)	\$6.96M	\$6.86M	+\$100K	Fully-loaded model, balanced with—\$200/yr more

The analysis concludes that incorporation is financially feasible under multiple scenarios, summarized below.

Four financial scenarios were analyzed using the financial model developed by Community Attributes, Inc. (CAI), the consultant commissioned by the Whatcom County Council. CAI's draft model evaluated multiple service scenarios, some of which were financially feasible. The County's final report, however, focused on a single high-service scenario that resulted in a budget deficit. Using CAI's financial model and underlying assumptions, BBIA evaluated three additional service-level scenarios that demonstrate how different staffing levels, revenues, and service priorities affect financial feasibility. Together, these scenarios provide residents with a broader understanding of the range of financial outcomes available to a future City of Birch Bay.

The primary difference between CAI's High Service Level scenario and BBIA's Balanced Budget scenario is the staffing model. CAI assumed staffing levels for a fully developed, high-service city. BBIA evaluated a leaner start-up model by reducing selected staffing positions, contracting services where practical, and aligning staffing with the needs of a newly incorporated city. *The complete staffing model is available in the BBIA Final Report (page 6) at WeAreBirchBay.org.* These adjustments allow Birch Bay to maintain essential services while achieving a balanced budget. Like many newly incorporated cities, staffing and services can be expanded over time as revenues grow and community priorities evolve.

Existing Community Services Continue

Incorporation would not replace the local agencies that already serve Birch Bay well. A new City of Birch Bay would continue to partner with and support the community organizations residents rely on today, including: Birch Bay Water & Sewer District, Blaine-Birch Bay Park and Recreation District, Blaine School District, Whatcom County Library, Whatcom County Fire Districts 7 and 21, and BBWARM.

CONCLUSION

Is Birch Bay Financially Ready to Become a City?

Yes. The financial analysis demonstrates that Birch Bay can generate sufficient revenues to operate as a city under multiple balanced-budget scenarios. Depending on the level of services selected by the community, incorporation can support current service levels or provide enhanced services—including significantly improved public safety—while maintaining financial stability.

Full budget details appear in the body of the full BBIA report located online at WeAreBirchBay.org

Birch Bay has grown and will continue to grow. With over 9,000 residents in 2025, it is a large and growing Urban Growth Area, yet still lacks its own local government. Incorporation would allow Birch Bay residents to elect local leaders and keep more of their tax dollars in Birch Bay.

No form of government can guarantee that every decision will please everyone. However, decisions about Birch Bay's future are more likely to reflect Birch Bay's values when they are made by the people who live here.

Residents are encouraged to review our findings and consider how incorporation—balancing cost, service levels, and local control—offers a practical path toward a future that they can shape.

For the complete CAI Feasibility Study, BBIA's Final Report, and supporting research materials, visit:



WeAreBirchBay.org
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Prepared by the Birch Bay Incorporation Association.