

AGENDA
LACEY PLANNING COMMISSION MEETING
Tuesday, September 1, 2015 – 7:00 p.m.
Lacey City Hall Council Chambers, 420 College St. SE

Call to Order: 7:00 p.m.

- A. Roll Call
- B. Approval of Agenda & Consent Agenda Items*
Approval of the August 4, and August 18, 2015, Planning Commission Meeting Minutes

*Items listed under the consent agenda are considered to be routine and will be enacted by one motion and one vote. There will be no separate discussion of these items. If discussion is desired, that item will be removed from the Consent Agenda and will be considered separately.

Public Comments: 7:01 p.m.

Commission Members Reports: 7:03 p.m.

Director's Report: 7:05 p.m.

Public Hearing: 7:10 p.m.

2015 Development Code Amendments: Ryan Andrews, Planning Manager; Christy Osborn, Associate Planner. The Planning Commission will conduct a public hearing to take testimony on the following proposed amendments to the Lacey Municipal Code related to the package of 2015 development code amendments. At the conclusion of the hearing, the Planning Commission is requested to analyze the testimony and make a formal recommendation on the amendments to the City Council.

- Updates to Lacey Municipal Code 14.24 related to recent revisions permitted under the State Environmental Policy Act for flexible thresholds under WAC 197-11-800.
- Revisions to LMC 16.37 for the Hawks Prairie Business District related to ground floor residential uses, auto sales, and park and rides.
- Private-applicant initiated amendment to LMC 16.40 to eliminate the 500,000 square foot building cap.
- Municipal code housekeeping amendments.

New Business: 7:40 p.m.

Presentation of Market Analysis: Stephen Wahlstrom, Wahlstrom and Associates. The City has contracted with Wahlstrom and Associates to complete a market analysis of the city and associated report to help inform economic development efforts including the update to the Economic Development Element. Stephen Wahlstrom will present the findings of the report to the Planning Commission and discuss the key themes and takeaways.

Economic Development Element: George Smith, Economic Development Coordinator. The City of Lacey Economic Development Element of the Comprehensive Plan (a mandatory element under the GMA) is being drafted to integrate the findings of the economic analysis and to comply with the June 2016 update requirement. Staff will provide a briefing on the draft for review by the Planning Commission.

2016 Land Use Element Update Chapter 3 Topic Sections: Christy Osborn, Associate Planner. The Planning Commission will review the draft topic sections for Chapter 3 of the updated Land Use Element which includes a discussion, goals and policies, and implementation measures for each topic section. Topics to be covered include: commercial and industrial land uses.

Communications and Announcements: 8:55 p.m.

Next Meeting: September 15, 2015.

Adjournment: 9:00 p.m.

8/24/15

CITY OF LACEY PLANNING COMMISSION WORK SCHEDULE

**Planning Commission Meeting
September 1, 2015**

Packets due: August 27th

1. **Public Hearing:** Development Code Updates (HPBD Amendments, SEPA Amendments, LI Building Size, Development Code)
2. **Worksession:** Economic Analysis
3. **Worksession:** Economic Development Element
4. **Worksession:** Land Use Element Chapter 3 Topic Sections: Commercial, Industrial

**Joint Worksession
September 3, 2015, 6:00 p.m.**

Packets due: August 19th

1. **Worksession:** 2015/2016 Planning Commission Work Program
2. **Presentation:** Economic Analysis
3. **Tour:** SPSCC Woodland District Campus

**Planning Commission Meeting
September 15, 2015**

Packets due: September 10th

1. **Worksession:** Woodland District Form-Based Code

**Planning Commission Meeting
October 6, 2015**

Packets due: October 1st

1. **Public Hearing:** Woodland District Form-Based Code

Pending items:

Housing Element

Update Meeting with Library Board

MINUTES

Lacey Planning Commission Meeting
Tuesday, August 4, 2015 – 7:00 p.m.
Lacey City Hall Council Chambers, 420 College Street SE

Meeting was called to order at 7:00 p.m. by Mike Beehler.

Planning Commission members present: Mike Beehler, Carolyn St. Claire, Jason Gordon, Sharon Kophs, Cathy Murcia and Carolyn Cox. Staff present: Ryan Andrews and Cindy Carmichael.

Mike Beehler noted a quorum present.

Carolyn St Claire made a motion, seconded by Sharon Kophs, to approve the agenda for tonight's meeting. All were in favor, the motion carried. Carolyn Cox made a motion, seconded by Cathy Murcia, to approve the minutes of the July 7, 2015, meeting. All were in favor, the motion carried.

1. **Public Comments:** None.

2. **Commission Member's Report:**

- Cathy Murcia manned the Woodland District Form-Based Code booth at the recent South Sound BBQ Festival and reported that everyone who stopped by was thrilled with the concept and she had great feedback.
- Mike Beehler was at a committee meeting that focused on Lacey's 50th anniversary coming up in 2016 and are gathering ideas for a celebration. They are hoping to present their plans to Council in late September.
- Cathy Murcia asked if there is a possibility of the City having a Facebook page to which Ryan Andrews replied it is currently being planned.
- Sharon Kophs went to the Cops, Cars & Kids Day recently and reported it was very well attended.

3. **Director's Report:**

- Ryan Andrews explained the background for the recent tree removal in nearby Woodland Square Loop. There is a Forest Practice Application that has been applied for and Kevin McFarland is working on a report for mitigation of the trees removed beyond the scope.
- Ryan announced to the Commission that there would not be a bus tour this year. There will be a joint work session with Wahlstrom and Associates, the City's economic consultant who will brief everyone on the results of their economic analysis followed by a tour of the new South Puget Sound Community College Campus located on 6th Avenue SE.
- Ryan mentioned recruitment is still going on to fill the vacant positions on the Planning Commission. Brochures have been handed out at the various booths with the hopes of getting more interest.
- After staffing the Envision Lacey booths Ryan reported that the number one question is when will Intercity Transit be coming to the NE area? He has advised on the Land Use Elements policies to address this and has suggested that concerned citizens contact Intercity Transit to let them know the need is there.

4. **Old Business:**

- John Teutsch and Loren Davis from J&J Lacey LLC handed out materials and spoke supporting their application to eliminate the 500,000 square foot building cap in the Light Industrial zoning district. Ryan explained the history of the issue with a previous moratorium and 200,000 square foot limit based on job density and truck traffic concerns. The cap was raised in 2010 to 500,000 square feet and has led to Harbor Wholesale and Trader Joe's locating warehouses in Hawks Prairie. John and Loren's documentation ultimately explained that high cubic warehouses would generate more jobs and less truck traffic compared to multiple smaller warehouses. They mentioned having a client, Medline Industries, who are interested in building a 700,000 square foot structure. There will be a public hearing at the next Planning Commission meeting which will address this building cap.
- Ryan went over the proposed changes to Chapter 14.24 Environmental Policy with focus on increasing the flexible threshold determinations under the State Environmental Policy Act
- Ryan also discussed the general housekeeping amendments to the 2015 Development Code which included fencing, auto sales, ground floor residential uses, and swimming pool setbacks.
- With reference to the building square footage cap being eliminated Carolyn St. Claire raised a concern about the roundabouts being able to handle the truck traffic. There is truck-accessible curb built into inside the lane of the roundabouts for the turning trucks, and the future dedicated truck lane from Exit 111 will also help. Possible sustainability and green building design elements were also discussed amongst the Commission.
- The Planning Commission set a public hearing date of August 18 for the slate of 2015

5. **Communications and Announcements:** None.
6. **Next meeting:** August 18, 2015.
7. **Adjournment:** 9:05 p.m.

MINUTES

Lacey Planning Commission Meeting
Tuesday, August 18, 2015 – 7:00 p.m.
Lacey City Hall Council Chambers, 420 College Street SE

Meeting was called to order at 7:00 p.m. by Mike Beehler.

Planning Commission members present: Mike Beehler, Jason Gordon, Sharon Kophs, and Carolyn Cox. Staff present: Rick Walk, Christy Osborn, Ryan Andrews, and Leah Bender.

Mike Beehler noted there was not a quorum.

A motion to approve the meeting meetings from August 4, 2015, will be heard at the September 1 meeting.

1. **Public Comments:** None.

2. **Commission Member's Report:** None.

3. **Director's Report:**

- Rick Walk noted that recruitment is still ongoing for the two vacant Planning Commission seats.
- Rick updated Planning Commission on the Woodland Square Loop land clearing issue. Rick said that due to an oversight, the developer began clearing prior to obtaining a permit. The City and Forester are working with the developer to evaluate the loss of trees and develop a revegetation plan.
- Rick reported that City Council met with the Nisqually Council today. Council gave an update on the Exit 111 improvement package that recently passed through legislation. Nisqually Tribe gave an update on their property improvements. There was also a discussion about next year's canoe journey and a plaque that will commemorate the Medicine Creek Treaty.
- Rick informed Commissioners that Ryan Andrews learned that the City's new sign ordinance has received an award from the Washington APA/Planning Association of Washington and the award will be presented at an upcoming conference.

4. **Public Hearing:** Not held as there was not a quorum. The hearing will be rescheduled for September 1.

2015 Development Code Amendments:

- Ryan went over the four major items being considered with the Comp Plan update:
 - Updates to LMC 14.24 related to SEPA flexible thresholds.
 - Revision to LMC 16.37 for the Hawks Prairie Business District related to ground floor residential uses, auto sales, and park and rides.
 - Private-applicant initiated amendment to eliminate the 500,000 square foot building cap.
 - Municipal code housekeeping amendments.
- Christy Osborn went over the amendments related to LMC 14.24, and pointed out the changes and clarifications that were made at Planning Commissions' request.
- Ryan went over the amendments to the Hawks Prairie Business District.
- Ryan gave some background information on the private-applicant request to eliminate the 500,000 square foot building cap, and the history of the building cap.
- Planning Commissions' request to require green building techniques was discussed. Ryan explained that staff decided not to include in this code amendment as the CR2 plan addresses that issue and it will apply to all zoning designations and not just the Light Industrial.
- John Matykowski addressed Planning Commission. Mr. Matykowski is on the Campus Glen HOA board. Mr. Matykowski said he is in favor of changing the building cap, but asked that Planning Commission consider a change in policy related to the equipment/truck backup beeper that is currently in practice. He said the signal is a constant annoyance to the nearby neighbors and suggested a change to a backup signal that uses white noise rather than the audible beep. Sharon Kophs asked Mr. Matykowski if the white noise indicator is allowed by Labor and Industries. He did not know, but Ryan said it is an OSHA requirement and that the City has installed them on City vehicles. Staff will do some research as to other jurisdictions that have switched to the white noise indicators.
- John Teutsch addressed Planning Commission. He thanked Mr. Matykowski for his support and thanked Planning Commission for considering the amendment.
- Ryan briefly went over the general housekeeping amendments.
- Ryan noted that after the Public Hearing, Planning Commission is expected to recommend the amendments to Council. the Land Use Committee will be briefed, and Council will then consider and take action.

5. **Communications and Announcements:** None.
6. **Next meeting:** September 1, 2015.
7. **Adjournment:** 7:50 p.m.



PLANNING COMMISSION STAFF REPORT

September 1, 2015

SUBJECT: 2015 Zoning Text Amendments Public Hearing

RECOMMENDATION: Conduct a public hearing and make a formal recommendation to the City Council on the slate of 2015 zoning text amendments.

TO: Lacey Planning Commission

STAFF CONTACTS: Rick Walk, Director of Community Development *RW*
Ryan Andrews, Planning Manager *RA*
Christy Osborn, Associate Planner *CO*

ATTACHMENT(S):

1. Proposed Draft Amended Lacey Municipal Code Text
2. J & J Lacey LLC Zoning Text Amendment Application #15-184
3. Cover memo and materials from April 7, 2010 Land Use Committee
4. Comment letter from Michael Erickson, Harbor Wholesale Foods
5. Comment letter from Lacey Historic Commission

**PRIOR COUNCIL/
COMMISSION/
COMMITTEE REVIEW:**

Planning Commission Worksession August 18, 2015
Planning Commission Worksession August 4, 2015
Planning Commission Worksession July 7, 2015

BACKGROUND:

The 2014/2015 Planning Commission Work Program identified zoning code updates as an on-going work item. As the many Plan elements are updated and adopted, implementation ordinances also require review and amendment to ensure consistency with the Comprehensive Plan. There are four major topic items that are being considered with this update including:

- Updates to Lacey Municipal Code 14.24 related to recent revisions permitted under the State Environmental Policy Act for flexible thresholds under WAC 197-11-800.
- Revisions to LMC 16.37 for the Hawks Prairie Business District related to ground floor residential uses, auto sales, and park and rides.
- Private-applicant initiated amendment submitted by J & J Lacey LLC to LMC 16.40 to eliminate the 500,000 square foot building cap.
- Municipal code housekeeping amendments.

SEPA FLEXIBLE THRESHOLD MODIFICATION:

Prior to the adoption of development regulations and comprehensive plans in conformance with the requirements of the GMA, the SEPA process was widely used in the land use permitting process to mitigate environmental impacts for a range of issues. Twenty-five years after the adoption of the Act, local development regulations and plans have been amended to address many of these environmental impacts. For many projects, SEPA review has become more of a procedural process than a means to mitigate environmental impacts.

The 2012 legislature enacted a number of amendments to Chapter 43.21C RCW, the State Environmental Policy Act (SEPA) and directed Department of Ecology (DOE) to amend the SEPA rules to reduce redundancy in the environmental permitting process. State statute and SEPA rules contain categorical exemptions for certain actions that are not deemed major actions that significantly affect the quality of the environment. These exempt actions do not require environmental review.

Many of the rule changes are adopted into the municipal code by reference. Other changes require amending the Environmental Policy chapter of the Lacey Municipal Code (LMC), Chapter 14.24. Changes included in the revised SEPA rules included Planned Actions, infill development, non-project actions, SEPA checklist, and flexible exemption thresholds.

LMC CHAPTER 14.24, ENVIRONMENTAL POLICY

The city's provisions for SEPA are contained in Chapter 14.24 LMC, Environmental Policy. Sections of the chapter are revised as amendments to SEPA rules occur. Flexible thresholds for categorical exemptions were last amended in 1996 to exempt the following:

- Up to twelve dwelling units in the Moderate-Density Residential District;
- Up to twenty dwelling units in the High-Density Residential District; and
- Office, school, commercial, recreational, service or storage buildings up to 4,000 square feet in size with up to forty parking spaces.

DISCUSSION

The Planning Commission discussed draft amendments to the SEPA chapter in previous worksessions and recommended some minor changes. These changes included removing the exemption of an agricultural structure up to 40,000 square feet due to the lack of agricultural lands in the urban growth boundary and demand for accessory structures of this size. The existing exemption level of 10,000 square feet would remain in its place. Other recommended changes included amending language to clarify the intent of the provisions.

Planning staff prepared proposed amendments to Chapter 14.24 based on the review by the Planning Commission. Planning staff reviewed our local environmental provisions and made technical corrections and aligned the environmental requirements with the development regulations and Comprehensive Plan. Proposed changes to the environmental policy chapter include the following:

- **Reference citations:** Sections of the Chapter 197-11 WAC that are adopted by reference by the city are proposed to be amended to reflect the correct citation contained in the rule;
- **Categorical exemptions without flexible thresholds - Section 14.24.055:** A section was added to reflect changes in the WAC provisions that identify categorical exemptions with and without flexible threshold levels

- **Flexible Threshold Levels for categorical exemptions - Section 14.24.060:** staff recommends revising the flexible threshold levels for categorical exemptions for multi-family residential structures up to 60 dwelling units; the construction of an office, school, commercial, recreational service or storage building up to 30,000 square feet and associated parking for up to 90 parking spaces; and landfill and excavation up to 1,000 cubic yards throughout the total lifetime of the fill or excavation.

The provisions to allow for the exemption for up to 30 single family residential units was not included in the flexible thresholds due to encouraging multi-family and infill development in the limited available land remaining in the city's urban growth area. Encouraging multi-family development is also in line with the policy direction contained in the Comprehensive Plan.

The provision for barns and accessory agricultural structures up to 40,000 square feet has been removed as an exemption from the flexible threshold levels. Minor construction thresholds would allow for the size of these structures to be up to 10,000 square feet when proposed in conjunction with agricultural use of the subject property.

- **Environmentally sensitive areas:** The requirement to not consider designated environmentally sensitive areas as categorically exempt was removed from Section 14.24.180. Based on comments received from the Planning Commission that the proposed language was unclear, the language was modified to clarify that these areas are not excluded outright from exemption thresholds. Protections of these areas are currently addressed in the city's municipal code, critical area regulations, the Shoreline Master Program, and numerous state and federal laws.

Amendments to Chapter 15.53 are also included to address the protection of cultural and historic resources as required by state law in order to raise categorical exemption levels. The adoption of a Standard Inadvertent Archaeological and Historic Resources Discovery Plan has also been recommended by the Washington State Department of Archaeology and Historic Preservation.

HAWKS PRAIRIE BUSINESS DISTRICT AMENDMENTS:

After review of the Hawks Prairie Business District (HPBD) zoning, 1992 Northeast Subarea Element, and working on the Gateway Town Center master proposal, the Community Development Department has identified three topics related to the HPBD zoning district for consideration by the Planning Commission. First, allowing ground floor residential. Second, considering park and rides as a permitted use, and finally whether specific design and performance standards should be established for auto sales within the District.

The residential and park and ride topics came to light directly out of the work on the Gateway Town Center Supplemental Environmental Impact Statement (SEIS). The Gateway Master Plan Final SEIS was issued by the City of Lacey in 2010. Basis of the environmental analysis was a mixed-use development within the Hawks Prairie Business District. The Town Center is anticipated to total of 1.2 million square feet of development on 120 acres containing five principle types of land uses: retail commercial, office, entertainment, residential, and hospitality. The arrangement of these uses in an integrated and connected manner promoted pedestrians, transit, and housing close to commercial services and employment. The SEIS recommended allowing ground floor residential to facilitate better mixed-use design.

Another key factor in the SEIS was creating a Town Center where residents and employees would not have to rely on the automobile for mobility. Having options to walk, bike, or use transit is considered a strategy to reduce overall vehicular trips, especially commute trips to job markets located to the north on Interstate 5. As the Town Center develops, transit services will need to be developed to serve support future residents and employees. The SEIS identifies park and ride facilities as one of those facilities necessary to support future demand.

Auto sales have historically been discouraged in the HPBD because these types of uses were not considered to be able to meet the design standards of the District. Now, with over 25 years of design evolution and potential market opportunity, is it time to develop specific design standards that auto sale uses would need to meet to be considered permitted in the HPBD.

BACKGROUND—1992 PLAN

The Hawks Prairie Business District was created as a result of the Northeast Planning Area Element adopted by the City in 1992 and subsequently incorporated in the City of Lacey Comprehensive Plan. The focus of the '92 Northeast Area element was to develop a model general plan for an area of the City that was expected to experience a high rate of growth and development within the near future. The study area contained approximately 970 acres mostly located north of Interstate 5 between Carpenter Road to the west and Hogum Bay Road to the East. The planning area also included both sides of Marvin Road between Interstate 5 and Martin Way. A great majority of the area studied in 1992 was undeveloped and zoned Light Industrial.

The '92 element identified areas suitable for general commercial, business park, light industrial, and residential uses. In addition, it was a desire at the time to create a "mixed-use dense node" of employment opportunities, residential units, recreational opportunities, and consumer services that would work toward reducing vehicle traffic and foster opportunities for transit services. As a result, the Hawks Prairie Business District designation was created.

The 1992 Northeast Area Plan identified the Hawks Prairie District as the most significant change from previous land use recommendations. The property designated as Hawks Prairie Business District totaled just less than 560 acres and was located north of Interstate 5, south of Britton Parkway, between Carpenter Road and Hogum Bay road to the east. It was the intent of the Hawks Prairie District to support residential, regional/commercial, business, retail mix, banks, office and corporate facilities. The designation is to provide for a dense mixed-use node to develop with jobs, commercial facilities, residences, and recreational activities close together. Uses identified by the '92 element that would complement and promote mixed-use development, creating an urban district include:

- Residential - high density: 20 units/acre maximum and minimum, limited to 10% of the zone.
- Medical facilities
- Hotels, motels, conference facilities
- Cultural, entertainment, recreation facilities
- Parks, playfields
- Public services
- Retail/commercial
- Financial
- Mass Transit

- Offices
- Corporate headquarters
- Open space/linkages

To implement the 1992 Northeast Area Plan, the City of Lacey created and adopted the new zoning chapter, LMC 16.37 Hawks Prairie Business District, in 1994. The zoning chapter incorporated the above uses as permitted uses under the zoning classification and also set site and design performance standards to apply to any new development within the established zoning district. In 1997, the City adopted a new ordinance for the Hawks Prairie Business District after further work on refining a design vision was completed. The following is a summary of how the ordinances addressed residential, park and ride, and auto sales.

1994 ORDINANCE

Ground Floor Residential: The 1992 Northeast Planning Area Element emphasized the HPBD as a mixed-use district densely developed with jobs, commercial services, recreational activities, and residences in close proximity. The original HPBD ordinance (LMC 16.37) adopted in 1994 allowed residential use at a density of 20 units per acre minimum. The '94 ordinance also allowed mixed-use occupancies with few limitations. For example, non-residential uses must have vehicular access via a commercial street; businesses occupied ground floors; and, business and residential portions were to be separated by sound proofing construction.

Park and Ride: Opportunities for transit services and facilities was a strong focus of the 1992 Northeast Planning Area Element. Transit services can take many forms from bus services, van pools, and rail. These services are supported by facilities such as bus stops, transit centers, park and ride lots, and stations. Consistent with the '92 element, the 1994 ordinance allowed mass transit to include high speed rail facilities, bus facilities, car pool facilities, and shuttle facilities, (i.e., helicopter).

Auto Sales: Auto sales were not specifically addressed in the 1994 ordinance as a permitted or prohibited use. Because auto dealerships at the time did not have a development design that would be compatible with the aesthetic standards of the district, dealerships had been considered prohibited in the HPBD. In addition, the '92 Northeast Element stressed that development within the area should be designed and constructed to a high quality aesthetic and "urban" standard.

1997 ORDINANCE

HPBD is considered instrumental in the City's long term economic strategy to develop and expand revenues. As a result, the City continued to focus on refining the standards for the HPBD to protect the community's economic strategy and land use vision. The City hired Freeman, Bottomly & Tung to develop several concepts of how the HPBD could be developed and also to create prescriptive design and performance standards that would reinforce urban style mixed-use development envisioned in '92. The result was the repeal of the LMC 16.37 adopted in '94 and adoption of the current LMC 16.37 ordinance. The main difference is the creation of the HPBD-Commercial (HPBD-C) and HPBD-business commercial (HPBD-BC) sub-districts. The HPBD-C was created to allow commercial/retail uses and prohibit the medical, office, and residential type uses. This sub-district is focused on the properties fronting Marvin Road NE. The remainder of the HPBD was designated HPBD-BC which would allow in addition to commercial/retail, the medical, office, and residential uses. The strategy of creating the HPBD-C was to preserve area with prime street frontage for retail development, which

alleviated the concern that this area would be develop with office or residential uses and effectively prevent substantial retail development.

Ground Floor Residential: To address the concern that future residential market forces could dominate the office and commercial market, additional performance standards were placed on residential uses by the 1997 ordinance. The ordinance re-enforced the 1992 plan by limited residential to 10% of the District and maintained the 20 units per acre density requirement. The new ordinance also required that residential uses had to be within mixed use buildings with the ground floor office or commercial. This was intended to achieve two goals: to create multi-floor urban style buildings and to prevent a single family or garden style multi-family development from absorbing acreage and competing with office and commercial opportunities.

Park and Ride: The 1997 ordinance continued to allow mass transit facilities, specifically bus transfer stations, as a permitted use. However, the '97 ordinance specifically prohibited park and rides. The intent was to address the following concern: the HPBD was undeveloped with prime and direct arterial frontage to Marvin Road and close proximity to Exit 111. With the growing residential market and commuter traffic heading north for employment, the need for standalone parking facilities to serve commuters was increasing. The City wanted to protect the aesthetic standards of the district and prevent a standalone parking facility to be developed without mixed-use development framing the facility. In addition, it was considered that there were more appropriate locations for park and ride facilities north of I-5 in the adjacent Light Industrial and Light Industrial/Commercial properties.

Auto Sales: Like the 1994 ordinance, auto sales were not specifically addressed in the 1997 ordinance as a permitted or prohibited uses. Because auto dealerships up until recent years, did not have a development design that would be compatible with the aesthetic standards of the district, dealerships had been considered prohibited in the HPBD. In addition, the '92 Northeast Element stresses that development within the area should be designed and constructed to a high quality aesthetic and "urban" standard.

PLANNING COMMISSION DISCUSSION

On July 7th, the Planning Commission was briefed on proposed amendments to the Hawks Prairie Business District specifically related to allowing ground floor residential, considering park and rides as a permitted use, and whether specific design and performance standards should be established for auto sales within the District. At a meeting on August 4th, staff presented some options for updating the municipal code to reflect the changing needs of the area related to the three topics as follows:

Ground Floor Residential: To provide more opportunity, flexibility, and proximity of uses to create a vibrant mixed-use district, staff is recommending removing the current language in LMC 16.37 restricting residential uses to upper floors of mixed use buildings. In doing so, performance standards have been proposed to address:

- If not in a mixed use building then allowed as part of a master plan.
- Types of ground floor residential uses that would be allowed (i.e. town homes, urban walk-up apartments, live/work units etc.)
- Level of connectivity to other uses in the district.
- Maximum distance from other land uses.
- Building and material design.
- Maximum density.

Park and Ride Lots: As the HPBD develops, transit will be a key feature to serve future residents, employees, and shoppers within the district. Performance standards have been included that allow park and ride lots in the business/commercial area of the HPBD provided that they are integrated into a commercial/mixed use site plan and parking facilities are shared with other uses.

Auto Sales: The proposed amendment will allow auto sales as a permitted use in the Hawks Prairie Business District- Commercial zoning district. Auto sales have been defined as new or used cars, campers, trailers, motorcycles and boats. Standards have been drafted to address the design standards associated with new and used car dealerships to include:

- Requiring a showroom building pushed up to the street with minimum glazing standards for showrooms and displays.
- Requiring that the showroom comprise a minimum of 40% of the width of the parcel fronting the street.
- Outdoor vehicle displays at the side or rear of the showroom building.
- Service facilities located to the rear of the showroom building, or internal to or at the rear of a site if located in a separate building.
- Requiring compliance with architectural standards of the HPBD.

J & J LACEY LIGHT INDUSTRIAL BUILDING CAP REQUEST:

The City has received a private applicant request related to Lacey Municipal Code 16.40 in the Light Industrial zoning chapter to eliminate the maximum square footage requirement of 500,000 square feet. Prior to discussing the request, some history is needed on the building square footage requirement in the Light Industrial zone as this will be the third time in the last ten years that the Planning Commission has addressed the issue.

HISTORY OF LIGHT INDUSTRIAL BUILDING CAP

In 2002, based on the availability of large parcels of land in Lacey, proximity to I-5, proximity to the Port of Tacoma, and major companies using distribution models requiring large warehouse/distribution facilities for merchandise, several large corporations were looking to locate distribution facilities in the Hawks Prairie area. The Target and Home Depot distribution facilities were also constructed around this time with Target at 2+million square feet and Home Depot at 750,000 square feet.

The City Council at the time had concerns that the bulk of Lacey's larger parcels with Light Industrial zoning would be absorbed by these large distribution warehouse facilities that would have relatively low job per square foot ratio and had major impacts to transportation infrastructure. In response in September of 2005, the Lacey City Council imposed a moratorium on development of buildings in the Hawks Prairie Light Industrial zone (LI) and referred concerns over the siting of large distribution centers to the Planning Commission. In early 2006, the Planning Commission forwarded recommendations for amendment of the LI zone to address issues that had led to the moratorium. Based upon the Planning Commission's recommendations, the Council amended the LI zone and the design section of the Lacey Municipal code to prohibit buildings over 200,000 square feet in size and required a number of design considerations for LI projects. Additionally, through the State Environmental Policy Act, the City established mitigation requirements related to heavy truck traffic to offset transportation impacts. The action was the culmination of a long and contentious year-long process.

Once the 200,000 square foot building cap was put in place, light industrial warehouse development was limited in northeast Lacey to a few projects in the Meridian Campus industrial area until 2010 when a private applicant amendment was approved by the City Council to increase the building square footage cap to 500,000 square feet provided that certain design standards were met including: compatibility and notice requirements for adjacent residential properties, requiring a multiple building complex with no more than 75% of buildings greater than 200,000 square feet, and requiring design review. The 2010 process included a city review of industrial absorption capacity, typical building size for the market, employment ratio data, re-use of large buildings, trip distribution and truck routes, and an analysis of parcels that can accommodate large buildings.

The 2010 building cap increase was also an opportunity to accommodate a local business from Tumwater that needed to expand in order to grow the business. This business was Harbor Wholesale who completed their building construction in the Hawks Prairie 111 Corporate Park as a result of the amendments with construction of a 200,000 square foot warehouse that is able to expand to 300,000 square feet to accommodate their growing business. In 2012, Trader Joe's constructed a distribution warehouse also in the Hawks Prairie 111 Corporate Park at 500,000 square feet. Had the building cap remained at 200,000, Lacey would not have been able to accommodate this use nor the jobs associated with it. Since the Trader Joe's distribution center was constructed, Lacey has not had any warehouse buildings constructed greater than 200,000 square feet.

J & J LACEY REQUEST

The City has received a request by the owners of the Hawks Prairie 111 Corporate Park to eliminate the current 500,000 square foot building cap (see attached application materials). The application is to eliminate the 500,000 square foot cap but keep the remaining design standards as is i.e. compatibility requirements adjacent to residential, requiring multiple building complexes with no more than 75% of buildings greater than 200,000 square feet, and design review. Removing the square footage cap will allow J & J Lacey to potentially locate on 700,000 +/- square foot building on their property and are currently in negotiations with a medical supply distributor to do so.

According to J&J Lacey, since Harbor Wholesale and Trader Joe's have located the city has not been able to compete for several distribution and manufacturing prospects that require sites that can accommodate buildings larger than 500,000 square feet and has provided a representative list of building users who have located elsewhere. Additionally, the applicant has provided a list of large users that have been interested in locating larger buildings for distribution warehouses.

As previously mentioned at the center of the last debates were two primary issues: job density and transportation impacts. These issues are important to consider when analyzing the request to eliminate the building square footage cap. J & J Lacey has submitted information related to job density throughout the northeast Lacey area. The data specifically shows that the average job density in the Meridian Campus area for buildings built between 2007 and 2010 at 6.54 jobs per acre. The Trader Joe's and Harbor Wholesale warehouses in the Hawks Prairie 111 Corporate Park average around 15.7 employees per acre. This shows that having larger buildings isn't always an indicator of low job density and shows that large buildings can generate as many or more jobs than small buildings.

Additionally that data provided by J & J Lacey, shows that larger buildings and distribution warehouses generate less daily truck trips and less PM peak hour trips than regular warehouses. This data, coupled with the city's requirements for truck trip mitigation under the State Environmental Policy Act, ensure that the transportation system is in line to support these types of uses. Additionally, there are several planned improvements to the transportation infrastructure that will improve truck movement in the area. The first major improvement will be to the Exit 111 on/off ramp at Interstate 5 that was recently funded by the passage of the transportation bill passed by the Washington State Legislature and signed by the Governor. This project will convert Exit 111 to a single-point urban interchange which will effectively eliminate several intersections and consolidate them into one—relieving congestion in the area. Another improvement will be installation of a truck ramp at the southbound exit off of Interstate 5. This off-ramp will be for truck usage and will divert truck trips directly off of the off-ramp, behind the existing Mayan restaurant, and will tie into Hogum Bay Road which will be improved to a full truck section and roundabout at Hogum Bay and Willamette Drive NE. Finally, Marvin Road is slated to be improved with a joint project between the City and the Hill-Betti Business Park between the roundabout at Britton Parkway north to 29th Avenue NE. These improvements will eliminate the choke point at the Britton Parkway roundabout where lanes convert from two to one and will improve traffic flow in the area. Many of these are grant-funded projects that used the developer-paid SEPA mitigation truck fees as match.

COMPREHENSIVE PLAN ANALYSIS

In reviewing the Comprehensive Plan related to the building square footage issue, there are several goals and policies that speak to the issue. In general, the Comprehensive Plan strives for high quality industrial development in the City's northeast area to support tax base, provide employment opportunities and to diversify the local economy. Additional language is also included to require buffering and compatibility requirements between industrial areas and other land uses.

Related to the building square footage size issue, policy 1.d. (page 6-17) speaks to the issue: "Industrial areas should be reasonably scaled to the probable demand and need." In reviewing this statement, it is important to consider that the probable demand and need changes over time for industrial buildings. Today, the demand and need demonstrated by J & J Lacey is for buildings larger than 500,000 square feet.

It is also important to consider that with raising the building cap, the other design standard requirements would remain the same, specifically, the requirement to have the larger building as part of a multiple building complex. J & J Lacey has submitted a representative site plan of where a larger building would fit on their site as well as where other larger warehouses could be located. The site plan shows that northeast Lacey has the capability of supporting four more buildings of 500,000 square feet or larger based on the proposed amendment with one located at the Hawks Prairie 111 Corporate Park, one located immediately south on an adjacent property under separate ownership, one located on the former South Puget Sound Community College site and one at the Seattle Archdiocese property west of the existing Nutriom building.

The market demand for buildings over 500,000 square feet is also tempered in Lacey by land capacity and site suitability and a building size cap is not necessary. The industrial lands analysis also shows a large number of parcels that can only accommodate the smaller industrial buildings. This information demonstrates that the City can still maintain a mixed of building sizes that will promote employer/company diversity.

GREEN BUILDING DESIGN REQUIREMENTS

At the briefing on August 4th, the Planning Commission considered requiring green building techniques to be integrated into the design requirements for Light Industrial properties as a trade-off related to allowing relatively large-sized buildings. The green building techniques that were mentioned included potentially requiring LEED certification, installation of solar panels, pervious asphalt/concrete, etc.

The City has not yet adopted the CR₂ Plan as it currently undergoing community-wide review as part of the Envision Lacey campaign. The CR₂ Plan sets goals and policies related to green buildings, not only for Light Industrial buildings, but all buildings in Lacey. As part of the Envision Lacey campaign, the community is prioritizing the community-wide measures identified in the CR₂ Plan to reduce the overall carbon emissions in the city below the 380,520 tons of CO₂ emissions the community generated in 2005. Once adopted, the City will use the information gathered through the Envision Lacey campaign to implement and prioritize the plan including potential integration of green building techniques—not only for light industrial buildings but for all buildings constructed in Lacey.

Another important green building requirement is coming forward with the state-mandated update to the City's development codes to require integration of low impact development techniques for stormwater. By December 31, 2016 LID stormwater techniques will be mandatory in all new development in Lacey and will require many of the options that would be considered green design including more pervious hard surfaces (asphalt, concrete, etc.), rain gardens, green roofs, etc.

SUMMARY

The Planning Commission is requested to review the application submitted by J & J Lacey LLC and conduct a public hearing to eliminate the maximum square footage requirement for buildings in the Light Industrial zone. Staff has provided the Planning Commission with draft code language as part of the 2015 slate of zoning text amendments that would remove the 500,000 square foot building requirement in the Light Industrial zoning district provided that the existing development standards related to large buildings and parcels remain the same.

GENERAL MUNICIPAL CODE HOUSEKEEPING UPDATES:

The package of zoning text amendments also contains general "housekeeping" amendments. Housekeeping amendments are done on an as needed basis to clarify policy intent, correct irregularities in the code, and refine concepts. Notes are included in the right hand column of the proposed edits that states the intent of the proposed amendment. The following list details the 2015 housekeeping amendments:

- Clarification of allowed zones for use of barbed wire security fencing.
- Revision of drafting standards as recommended by City Surveyor.
- Eliminating Health Department approval for subdivisions when city water and sewer are provided to a development.
- Adding setbacks for swimming pools.
- Clarifying the definition for multifamily and amending the multi-family mix in residential zones.
- Amending the front setbacks for residential.
- Clarifying maintenance bond requirements for landscaping.

RECOMMENDATION:

The Planning Commission will conduct a public hearing to take testimony and comment on the slate of 2015 zoning text amendments. At the conclusion of the public hearing, the Planning Commission will analyze the testimony, ask questions, and discuss any amendments to the draft. At the conclusion of the worksession, the Planning Commission is requested make a recommendation on the amendments to the City Council for consideration and may accept and/or modify the staff findings below.

Staff **recommends approval** of the proposed 2015 zoning text amendments based on analysis and the findings as follows:

SEPA Flexible Threshold Modification:

1. The Washington State legislature adopted Senate Bill 6406 directing the Washington State Department of Ecology to modernize rules contained in WAC Chapter 197-11-State Environmental Policy Act in light of increased environmental protections in place under Growth Management Laws (RCW 36.70A), the Shoreline Management Act (RCW 90.58), and other laws.
2. Proposed amendments to LMC Chapter 14.24 will allow for an increase in the size and scope of certain protects that are exempt from review under the State Environmental Policy Act (SEPA).
3. Proposed amendments to LMC Chapter 16.53 and the inclusion of the City of Lacey Standard Inadvertent Archaeological and Historic Resources Discovery Plan are intended to increase the protection of cultural and historic resources.
4. The process contained in WAC 197-11-800(c) to raise categorical exemption threshold levels has been fulfilled including providing a minimum 60-day notification to the Department of Commerce, affected tribes, agencies with expertise, the Department of Ecology, and the public; and documentation of the requirements for environmental analysis, protection, and mitigation for impacts to elements of the environment have been adequately addressed.
5. The revised SEPA provisions for categorical exemptions are better aligned with current regulatory processes and will not reduce the protection of the natural and built environment

Hawks Prairie Business District Amendments:

1. The proposed amendments are consistent with the Land Use Element, the 1992 Northeast Planning Element, and the Economic Development Element of the Comprehensive Plan.
2. The proposed amendments are consistent with the goals of the 1992 Northeast Planning Element that stresses that development within the area should be designed and constructed to a high quality aesthetic and "urban" standard.
3. The standards for ground floor residential will provide more opportunity, flexibility, and better proximity of uses to create a vibrant mixed-use district provided that ground floor residential units are designed to an urban standard and are within walking distance to other uses in the district.

4. Park and ride lot standards will ensure that transit will serve future residents, employees, and shoppers within the HPBD and regionally especially given the Hawks Prairie Business District's proximity to Interstate 5. Standards are included to ensure that lots are integrated into a commercial/mixed use site plan and parking facilities are shared with other uses.

5. The standards for auto sales will ensure the architectural and aesthetic requirements of this type of use is consistent with a high quality aesthetic and urban standard as identified in the 1992 Northeast Planning Element.

J&J Lacey Light Industrial Modification:

1. The proposed amendments are consistent with the Land Use Element of the Comprehensive Plan which identifies the need for land resources to support high quality industrial development, job creation, and employment diversification; supports buffering and compatibility requirements between industrial areas and other land uses; and supports industrial areas that are reasonably sized to meet probable demand and need.

2. J&J Lacey have demonstrated through submitted documentation that the probable demand and need are for buildings larger than 500,000 square feet. The industrial demands analysis shows that a small number of parcels will support buildings 500,000 square feet or larger in northeast Lacey.

3. The materials submitted with the application demonstrate that job density (employee per square foot) for larger buildings may be larger than that for smaller buildings (less than 200,000 square feet).

4. Larger buildings and distribution warehouses generate less daily truck trips and less PM peak hour trips than standard warehouses putting less demand on city transportation infrastructure per building square foot. Planned or constructed city improvements in northeast Lacey will enhance the transportation system to accommodate all modes including large trucks.

5. The proposal will keep in effect the standards related to large buildings being part of multiple building complexes, residential compatibility requirements, and design review compliance.

General Municipal Code Housekeeping Updates:

1. The general housekeeping updates to the municipal code clarify policy intent, correct irregularities in the code, and refine concepts consistent with the Land Use Element of the Comprehensive Plan.

2015 Development Code Update
8/13/15 Draft

~~9.20.050 Barbed wire and electric fences.~~

- ~~A. No person or firm being the owner of or agent for or in possession and control of any property within the city limits which is located in zone districts low density, moderate density, medium density and high density residential, central business, general commercial, highway commercial, office commercial, limited business, community commercial, neighborhood commercial and open space/institutional shall construct, maintain or allow to exist any barbed wire or electric fence except as herein provided.~~
- ~~B. No person or firm being the owner of or agent for or in possession and control of any property within the city limits and located in a zone district other than those designated in Section 9.20.050.A shall construct, maintain or allow to exist any barbed wire or electric fence within ten feet of any property line of such property which abuts any of the zone districts designated in Section 9.20.050.A or which abuts upon any public street, alley or other public place except as herein provided.~~
- ~~C. This section shall not apply to barbed wire fences existing within the city limits on or before March 28, 1974, or to fences containing barbed wire only above a level six feet above the ground and containing fencing material other than electric or barbed wire below such level, commonly known as security fences.~~
- ~~D. Any person who violates the provisions of this section shall be guilty of a misdemeanor. (Ord. 968 §11, 1993; Ord. 499 §2 (part), 1978).~~

Comment [RA1]: Eliminated old language in Title 9 related to barbed wire because of conflicting language in zoning code.

...

14.23.074 Design Criteria For Lacey Villas Historical Neighborhood.

To recognize and preserve the historical values and neighborhood character of the Lacey Villas area, special development standards are necessary. These standards should allow reasonable infill while maintaining the older neighborhood historical characteristics, including large lot sizes and single family traditional housing styles.

- A. Each lot may have one single family detached structure and one accessory dwelling unit that meets the design criteria of LMC 14.23.071. Home occupations meeting requirements of Chapter 16.69 LMC and uses as listed in Chapter 16.24 LMC in chart 16.24.020(1) may also be permitted. (See *Table 16T-06.2*.)
- B. Minimum lot size shall be 17,424 square feet.
- C. Maximum Density shall be 2 1/2 units per acre.
- D. A neotraditional, single family detached housing style is required, with the following features:
 - 1. A usable front porch;
 - 2. A focused, predominant entryway;
 - 3. An alternative garage style, including a detached or recessed garage; ~~see design requirement LMC 14.23.072(A)(5);~~
 - 4. A pitched roof with architectural interest; dormers, chimneys and roof breaks recommended;
 - 5. Horizontal lap siding shall be used on the front, back and all sides.
- E. Minimum setbacks shall be as follows:
 - 1. Front yard, 15 feet;
 - 2. Side yard, minimum 5 feet each side;
 - 3. Rear yard:
 - a. Main house, 15 feet;
 - b. Accessory structures or accessory dwelling units, 5 feet.
- F. Narrow local access streets with no sidewalks, typical of existing streets, are permitted.
- G. If street lights are used, they shall be of decorative design and pedestrian scale (12-18 ft. in height). (Ord. 1124 §8, 2000; Ord. 1024 §3, 1995).

Comment [RA2]: 14.23.072(A)(5) no longer exists.

...

Sections:

- 14.24.010 Authority
- 14.24.020 Adoption by reference
- 14.24.030 Additional definitions
- 14.24.035 Compliance with Chapter 36.70B RCW.
- 14.24.040 Repealed
- 14.24.050 Additional timing considerations

- 14.24.055 Categorical exemptions without flexible thresholds
- 14.24.060 Flexible thresholds for categorical exemptions
- 14.24.070 Use of exemptions
- 14.24.080 Lead agency determination and responsibilities
- 14.24.090 Environmental checklist
- 14.24.100 Mitigated DNS
- 14.24.105 Optional DNS Process
- 14.24.110 Preparation of EIS--Additional considerations
- 14.24.120 Additional elements to be covered in an EIS
- 14.24.130 Public notice
- 14.24.140 Role of the responsible official
- 14.24.150 Designation of responsible official
- 14.24.160 Substantive authority
- 14.24.170 Appeals
- 14.24.180 Environmentally sensitive areas
- 14.24.190 Responsibility of agencies--SEPA public information
- 14.24.200 Fees
- 14.24.210 Notice--Statute of limitations
- 14.24.220 Severability

Comment [CO3]: Addition of a new section to distinguish categorical exemption provisions

...
14.24.020 Adoption by reference.

The city adopts the following sections or subsections of Chapter 197-11 WAC as now existing or hereinafter amended, by reference.

- 197-11-158 SEPA/GMA project review - Reliance on existing plans, law, and regulations
- 197-11-235 SEPA/GMA integration documents
- 197-11-238 SEPA/GMA integration monitoring

Comment [CO4]: Reference changes are in compliance with changes in WAC citations

...
14.24.055 Categorical exemptions without flexible thresholds

A. The following proposed actions that do not have flexible thresholds are categorically exempt from threshold determination and EIS requirements, subject to the rules and limitations on categorical exemptions contained in 197-11-305 WAC.

- 1. Actions listed in Chapter 197-11-800, Sections 2 – 24 WAC.

Comment [CO5]: Changes to the WAC provisions for categorical exemptions have been identified with flexible thresholds and without flexible threshold allowances. Suggested revisions in the code reflect these changes.

...
14.24.060 Flexible thresholds for categorical exemptions.

A. The city establishes the following exempt threshold levels under WAC 197-11-800(1)(d) based on local conditions:

- 1. The construction or location of any multi-family residential structure up to sixty dwelling units;
- 2. The construction of an office, school, commercial, recreational service, or storage building up to 30,000 square feet and associated parking designed for up to ninety parking spaces;
- 3. Landfill or excavation up to 1,000 cubic yards throughout the total lifetime of the fill or excavation.

Comment [CO6]: Removed construction of a barn, storage building, or packing structure 40,000 sq. feet in size per PC comments. Exemption level for these structures will be up to 10,000 sq. feet and are addressed in LMC 14.24.055.

...

14.24.070 Use of exemptions.

- A. If a proposal is exempt, none of the procedural requirements of this chapter apply to the proposal. The city shall not require completion of an environmental checklist for an exempt proposal.
- B. In determining whether or not a proposal is exempt, the department shall make certain the proposal is properly defined and shall identify the governmental licenses required (WAC 197-11-060). If a proposal includes exempt and nonexempt actions, the department shall determine the lead agency, even if the license application that triggers the department's consideration is exempt. (Ord. 701 §2 (part), 1984).

c. The determination of whether a proposal is categorically exempt shall be made by the Responsible Official.

...

14.24.160 Substantive authority.

3. The city adopts by reference the policies in the following codes, ordinances and plans:
- a. Lacey zoning ordinance;
 - b. Lacey Comprehensive Plan;
 - c. Lacey platting and subdivision ordinance;
 - d. Lacey six-year street plan;
 - e. ~~Shoreline master program for the Thurston region~~Lacey Shoreline Master Program
 - f. Thurston Regional Transportation Plan;
 - g. The City of Lacey Buildings and Construction Code as set forth in Chapters 14.02 through 14.20 LMC;
 - h. Lacey bikeway plan;
 - i. The City's Traffic Mitigation and Concurrency Regulations as set forth in Chapter 14.21 LMC;
 - j. The city of Lacey's environmental regulations as set forth in Chapters 14.26 (Shoreline Master Program), 14.28 (Wetlands Protection), 14.30 (Removal of Top Soil), 14.31 (Drainage Discharge), 14.32 (Tree and Vegetation Protection and Preservation), 14.33 (Habitat Conservation Areas Protection), 14.34 (Flood Hazard Prevention), 14.36 (Critical Aquifer Recharge Areas Protection), and 14.37 LMC (Geologically Sensitive Areas Protection);
 - k. City of Lacey Development Guidelines and Public Works Standards as adopted by the Chapter 12.28 LMC;
 - l. The Capital Improvement Plan of the North Thurston Public Schools and means for mitigating impacts upon such plan;
 - m. The transportation plans of Thurston County, the City of Olympia and the City of Tumwater, and allowed means of mitigating impacts of development upon such plans;
 - n. The City's requirements for the undergrounding of communication facilities as set forth in Chapter 12.22 LMC.
 - o. The City of Lacey 2010 Stormwater Design Manual.

...

14.24.180 Environmentally sensitive areas.

A. Those areas in the city of Lacey that are considered environmentally sensitive areas designated or described pursuant to Chapter 16.54 LMC and are further described or designated under Chapters 14.28, 14.33, 14.34, 14.36, and 14.37 LMC retain their status as categorical exemptions except as provided for in LMC 14.24.180(B), and maps contained in the city Environmental Protection and Resource Conservation Plan.

Comment [CO7]: Clarified language in this section per PC review.

Pursuant to WAC 197-11-908(2) the following activities normally exempt under the categorical exemptions are hereby removed from categorical exemption status and are required to file an environmental checklist: WAC 197-11-800(1), (2)(a) through (h), (3), (5), (6)(a), (14)(c), (24)(a) through (g), and (25)(d), (f), (h), and (i).

B. The city shall treat proposals located wholly or partially within an environmentally sensitive area no differently than other proposals under this chapter making a threshold determination for all such proposals. The city shall not automatically require an EIS for a proposal merely because it is proposed for location in an environmentally sensitive area.

Comment [CO8]: Protections for environmentally sensitive areas are provided for in the Lacey Municipal Code, the Shoreline Master Program, and numerous state and federal laws.

BC. Certain exemptions do not apply on lands covered by water, and this remains true regardless of whether or not lands covered by water are mapped. (Ord. 935 §12, 1992; Ord. 701 §2 (part), 1984).

...

15.06.060 Final approval and recording.

The following shall be shown or accompany the final binding site plan at the time it is submitted to the department of community development:

...

S. Each and every binding site plan of any property filed for record shall:

1. Contain a statement of approval from the city engineer or by a licensed engineer acting on behalf of the city as to the survey data, the layout of streets, alleys, and other rights-of-way, design of bridges, sewage and water systems, and other structures. No engineer who is connected in any way with the binding site plan and dividing of the land for which binding site plan approval is sought shall examine and approve such binding site plan on behalf of the city.

2. Be accompanied by a complete survey of the section or sections in which the binding site plan is located, or as much thereof as may be necessary to properly orient the binding site plan within such section or sections. The binding site plan and section survey shall be submitted with complete field and computation notes showing the original or reestablished corners with descriptions of the same and the actual traverse showing error of closure and method of balancing. A sketch showing all distances, angles, and calculations required to determine corners and distances of the binding site plan shall accompany this data. The allowable error of closure shall not exceed one foot in five thousand feet.

Comment [RA9]: No longer applicable per city surveyor.

3. Be acknowledged by the person filing the binding site plan before the auditor, or any other officer who is authorized by law to take acknowledgment of deeds, and a certificate of the acknowledgment shall be enclosed or annexed to such binding site plan and recorded therewith.

4. Contain a certification from the Thurston County Treasurer that all taxes and delinquent assessments for which the property may be liable, as of the date of certification, have been duly paid, satisfied or discharged.

...

15.06.090 Final binding site plan drafting standards.

All final binding site plans shall be drawn in accordance with the following:

A. The final binding site plan shall be clearly and legibly drawn in permanent black ink upon mylar or paper.

B. The scale of the binding site plan shall be not less than one inch equals fifty feet nor greater than two hundred feet.

Lettering size shall be at least eight point font shall be at least three thirty seconds inch high. The perimeter of the

Comment [RA10]: Updated requirements per city surveyor.

binding site plan being recorded shall be depicted with heavier lines wider than the remaining portion of the binding site plan.

C. The size of each sheet shall be eighteen by twenty-four inches.

D. A marginal line shall be drawn completely around each sheet, leaving an entirely blank margin of ~~three-two~~ inches on the left side, and one-half inch on each of the other three sides.

E. If more than two sheets are used, an index of the entire binding site plan showing the arrangement of all sheets shall be included. Each shall be appropriately numbered.

F. The binding site plan title and number, date, scale, and north arrow shall be shown on each appropriate sheet of the final binding site plan.

G. When a condominium or condominium conversion is the subject of a site plan, the final Plan drawing shall have a title that is reflective of the subject, stating specifically the plan is either for a "condominium development" or a "condominium conversion." (Ord. 1369 §4, 2011; Ord. 1235 §1, 6, 2005).

...

15.10.200 Final plat drafting standards.

All final plats shall be drawn in accordance with the following:

A. The final plat shall be clearly and legibly drawn in permanent black ink upon mylar or paper.

B. The scale of the plat shall be not less than one inch equals two hundred feet. Lettering shall be at least .08 inch high. The perimeter of the plat or subdivision being recorded shall be depicted with heavier lines wider than the remaining portion of the plat or subdivision.

C. The size of each sheet shall be eighteen by twenty-four inches.

D. A marginal line shall be drawn completely around each sheet, leaving an entirely blank margin of ~~three-two~~ inches on the left side, and one-half inch on each of the other three sides.

E. If more than two sheets are used, an index of the entire subdivision showing the arrangement of all sheets shall be included. Each shall be appropriately numbered.

F. The plat title, date, scale and north arrow shall be shown on each appropriate sheet of the final plat.

G. All signatures placed on the final plat shall be original signatures written in permanent black ink. (Ord. 1235 §1, 8, 2005).

Comment [RA11]: Updated requirement per city surveyor.

...

15.10.210 Final plat approval.

A. Upon receipt of the final plat and accompanying data, the staff of the planning, engineering, ~~health department~~ and other commenting departments and agencies shall review the final map and documents to determine that the plan conforms with the approved preliminary plat, and that there is compliance with provisions of the law and of this title. The staff may make checks in the field to verify that the map is sufficiently correct on the ground, and may enter the property for this purpose.

B. In lieu of the completion of actual construction of any required improvements prior to final plat approval the city may accept financial security as provided for in Chapter 15.16 LMC for securing the actual construction and installation of such improvements. In addition, the city may require that financial security provide for the successful maintenance and operation of required improvements for up to two years after final construction, installation and approval.

C. If the city engineer, planner and health department determine the final plat conforms fully with all applicable regulations and standards, they shall then affix their signatures thereto. ~~Health department signature is not required when potable water and sanitary sewer are provided by the City.~~

Comment [RA12]: Health department approval is only necessary for those subdivisions with private wells and/or septic systems.

D. After being approved as required above, the final plat shall be presented to the city council. After finding that the final plat has been completed in accordance with the provisions of this title, and that all required improvements have been completed or that financial security has been provided to guarantee that such required improvements will be completed, and that the interests of the city are fully protected, the mayor shall sign the final plat accepting such dedications and easements as may be included thereon, and the final plat shall be returned to the applicant for filing for record with the county auditor as provided in LMC 15.10.240.

E. Final plats shall be approved, disapproved or returned to the applicant within thirty days from the date of filing with the planner thereof, unless the applicant consents to an extension of such time period. (Ord. 1235 §1, 8, 2005).

...

15.10.240 Filing for record.

The original of the final plat shall be filed for record with the auditor. ~~One reproducible copy on mylar shall be furnished to the city engineer.~~ One paper copy shall be filed with the assessor, community development department, health department, building department, city engineer and the fire chief. All required paper copies shall bear the auditor's recording data.

Comment [RA13]: City engineer no longer needs mylar copy per survey department.

The auditor shall refuse to accept any plat for filing and recording until approval of the plat has been given by the council. Should a plat or dedication be filed or recorded without such approval, the prosecuting attorney shall apply for writ of mandate in the name of and on behalf of the city council directing the auditor and assessor to remove from their files or records the unapproved plat or dedication of record. (Ord. 1235 §1, 8, 2005).

...

TABLE 15T-03

(Referred from LMC 15.10.260(C))

I hereby certify that the plat of _____ is based upon an actual survey and subdivision of a portion of Section _____, Twp. _____, Range _____ E or W, W.M.; that the distances and courses shown thereon are correct; that the monuments have been set and lot and block corners staked on the ground.

1. Certificate--City Engineer.
Examined and approved this _____ day of _____ 20 ____.

City Engineer

2. Certificate--Health Officer.
Examined and approved this _____ day of _____ 20 ____.

Title

NOTE: -Health Officer signature is not required when potable water and sanitary sewer are provided by the City.

Comment [RA14]: Health Dept. approval only required for those projects with private wells and/or septic systems.

3. Certificate--Assessor.
Examined and approved this _____ day of _____ 20 ____.

Thurston County Assessor

4. Certificate--Treasurer.

I hereby certify that all taxes on the land described hereon have been fully paid to and including the year _____.

Treasurer, Thurston County

5. Certificate--City Planner.

Examined and approved this _____ day of _____ 20 ____.

City Planner

6. Certificate--Mayor for Lacey City Council.

Examined and approved this _____ day of _____ 20 ____.

Lacey City Council
By _____
Mayor

Attest:

City Clerk

7. Certificate--County Auditor.

Filed for record at the request of _____ this day _____ day of _____, 20____, at _____ m. and recorded in Volume _____ of Plats, on Page _____, records of Thurston County, Washington.

Thurston County Auditor

Deputy Auditor

...

16.03.065 Residential swimming pools.

All residential swimming pools, both above and in-ground, shall be located outside of required front yard setbacks and be set back at least five feet from rear and side property lines. Residential swimming pools shall comply with the International Residential Code including structural and barrier requirements.

Comment [RA15]: Added new section related to residential setbacks for swimming pools.

...

16.03.070 Fencing standards.

A. Maximum height.

1. Front yards. The maximum height of free-standing walls, fences, or hedges placed in the front yard of residential buildings directly adjacent to public streets or sidewalks shall be three feet unless a taller masonry wall is required, per the responsible official, to mitigate significant noise impacts.

2. Side or rear yard. If the fencing along a side or rear yard is facing a public street or sidewalk, the maximum height shall be six feet.

3. Transparent fencing. The maximum height of any decorative wall or fence which allows visibility, such as wrought iron or split rail fences, shall be eight feet.

B. Chain link fencing:

1. The maximum height of chain link fencing placed in the front yard of residential buildings directly adjacent to public streets or sidewalks shall be three feet.

2. All chain link fences shall be setback at least three feet from the back of the sidewalk to allow for landscaping elements to screen the fence.

3. Temporary construction fences are exempt from the above requirements.

C. Prohibited material. Electrified and other dangerous fences are prohibited. Barbed and razor wire is prohibited in all zones except for Light Industrial or Light Industrial/Commercial zones where the barbed and razor wire shall be placed on security fences at a minimum height of 6 feet from the ground. No portion of any barbed or razor wire located on a security fence shall extend into the right-of-way.

Comment [RA16]: Relocated from landscaping chapter 16.80.

Comment [RA17]: Clarified policy on use of barbed wire fencing.

...

16.06.532 Multifamily.

“Multifamily” means ~~two~~ three or more living units under the same ownership where land has not been divided, i.e., ~~duplex~~, triplex, quadraplex and apartment units.

Comment [RA18]: Amend the definition of multi-family to remove duplexes to be consistent with SPR requirements and International Building Code definition.

...

16.12.050 Lot area.

The size and shape of lots shall be as follows, provided they adhere to the density requirements:

A. Minimum lot area, six thousand five hundred square feet where alleys are utilized and seven thousand five hundred square feet where alleys are not provided.

B. Minimum lot width, sixty feet where alleys are utilized, seventy feet where alleys are not provided. In the case of infill lots, the street frontage shall also be forty feet when alleys are utilized and fifty feet if alleys are not utilized.

C. Minimum front yard:

~~Ten feet with ten foot planter strip between the street and sidewalk when alleys are provided for rear access. Twenty feet with a standard planter strip when alleys are not provided for rear lot access.~~

Sixteen feet.

Garages facing the street, twenty feet.

On front yard flanking streets, ten feet.

Unenclosed porches may project up to six feet into the front yard ~~for front load access lots and two feet for rear load access lots~~, provided the porches are at least forty-eight square feet in area with no dimension less than six feet.

Comment [RA19]: Changed LD 0-4 front setback for main structure consistent with Village Center design standards.

CHANGE OR REPEAL TABLES TO REFLECT UPDATED FRONT SETBACK REQUIREMENT

...

16.13.050 Lot area.

A. The size and shape of single-family detached lots shall be as follows, provided they adhere to the density requirements:

1. Minimum lot area, four thousand five hundred square feet where alleys are utilized; five thousand square feet where alleys are not provided.
2. Minimum lot width, forty feet where alleys are utilized, fifty feet where alleys are not provided. In the case of infill lots, the street frontage shall also be forty feet when alleys are utilized and fifty feet if alleys are not utilized.
3. Minimum front yard:

~~Ten feet with a ten-foot planter strip between the street and sidewalk when alleys are provided for rear lot access. Twenty feet with a standard planter strip when alleys are not provided for rear lot access. Sixteen feet.~~

In addition, setbacks ~~may be encouraged to be~~ staggered as provided in LMC 15.12.080(F) for the purpose of modulating the streetscape and providing more convenient opportunities for offsetting windows for privacy of individual homes and other desired design outcomes.

Garages facing the street, twenty feet.

On front yard flanking streets, ten feet.

Unenclosed porches may project up to six feet into the front yard ~~for front load access lots and two feet for rear load lots~~, provided the porches are at least forty-eight square feet in area with no dimension less than six feet.

CHANGE OR REPEAL TABLES TO REFLECT UPDATED FRONT SETBACK REQUIREMENT

...

16.15.020 Types of uses permitted.

A. Specific types permitted in the moderate-density residential district:

1. Any residential use with a density of at least six but not greater than twelve units per acre and any additional bonus density that might be applicable. All parcels over ten acres in size shall provide a mix of housing types with no less than fifty percent of the units designated for ~~single family~~ multifamily use. The required mix should be integrated throughout the entire site as much as possible. All residential structures are subject to the design criteria established in Chapter 14.23 LMC that is applicable to the particular type of residential use.
2. Housing for people with functional disabilities.

B. Other or related uses permitted:

1. Accessory buildings or structures clearly incidental to the residential use of the lot, such as storage of personal property (including boats, recreational vehicles, etc.), or for the pursuit of avocational interests; or structures designed for and related to recreational needs of the residents of a residential complex. All such buildings or structures over sixteen feet in height shall comply with the design requirements of LMC 14.23.071;
2. Home occupations as provided in Chapter 16.69 LMC;
3. Accessory dwelling as defined in LMC 16.06.055;
4. Conditional uses as provided in Chapter 16.66 LMC;
5. The keeping of common household animals or pets is permitted provided that their keeping does not constitute a nuisance or hazard to the peace, health and welfare of the community in general and neighbors in particular;
6. Urban agricultural uses as provided for and limited under Chapter 16.21 LMC;
7. Family day care homes as provided in Chapter 16.65 LMC. (Ord. 1368 §21, 2011; Ord. 1310 §29, 2008; Ord. 1192 §137, 2002; Ord. 1137 §5, 2000; Ord. 1024 §31, 1995; Ord. 931 §7, 1992; Ord. 927 §6, 1992; Ord. 691 §10, 1984; Ord. 583 §2.13(B)(1,2), 1980).

...

16.15.050 Lot area.

A. The size and shape of lots for detached single-family shall be as follows, provided they adhere to the density requirements:

1. Minimum lot area, three thousand square feet where alleys are utilized, four thousand square feet if alleys are not provided.
2. Minimum lot width, thirty feet when alleys are utilized, forty feet where alleys are not provided. Minimum lot width and street frontage for infill lots designed for construction of a single-family residence shall be thirty feet when alleys are utilized and forty feet when alleys are not utilized. Infill lots to be used for duplexes or other multi-family uses shall have a minimum lot width and street frontage of fifty feet.
3. Minimum front yard:

~~Ten feet with a ten-foot planter strip between the street and sidewalk when alleys are provided for rear lot access. Twenty feet with a standard planter strip when alleys are not provided for rear lot access.~~

Comment [RA20]: Changed LD 3-6 front setback for main structure consistent with Village Center design standards.

Comment [RA21]: Changed to reflect minimum 50% multifamily use in Moderate Density Residential zone.

~~Sixteen feet.~~

In addition, setbacks ~~may be encouraged to be~~ staggered as provided in LMC 15.12.080(F) for the purpose of modulating the streetscape and providing more convenient opportunities for offsetting windows for privacy of individual homes.

Garages facing the street, twenty feet.

On front yard flanking streets, ten feet.

Unenclosed porches may project up to six feet into the front yard, provided the porches are at least forty-eight square feet in area with no dimension less than six feet.

...

D. Other lot standards:

...

5. Accessory buildings: All accessory buildings must comply with the current building setbacks as stated in this chapter; provided, however, if the accessory building is less than two hundred square feet, the following setbacks are permitted:

Front yard, ten feet.

Side yard, ~~three-five~~ feet.

Rear yard, ~~five-three~~ feet, ~~or three feet to rear yard line alley easement or paved surface if adjacent to an alley.~~

CHANGE OR REPEAL TABLES TO REFLECT UPDATED FRONT SETBACK REQUIREMENT

...

16.18.020 Permitted uses.

A. Specific types permitted in the high-density residential district:

Any residential use with a density of at least six units per acre but not greater than twenty units per acre and any additional bonus density that might be applicable. All parcels over ten acres in size shall provide a mix of housing types with no less than ~~twenty-five~~ fifty percent of the units designated for ~~single family~~ multifamily use. The required mix should be integrated throughout the entire site as much as possible. All residential structures are subject to the design criteria established in Chapter 14.23 LMC that is applicable to the particular type of residential use.

B. Other or related uses permitted:

1. Accessory buildings or structures clearly incidental to the residential use of the lot, such as storage of personal property (including boats, recreational vehicles, etc.), or for the pursuit of avocational interests; or structures designed for and related to recreational needs of the residents of a residential complex. All such buildings or structures over sixteen feet in height shall comply with the design requirements of LMC 14.23.071;
2. Home occupations as provided in Chapter 16.69 LMC;
3. Accessory dwelling as defined in LMC 16.06.055;
4. Conditional uses as provided in Chapter 16.66 LMC;
5. The keeping of common household animals or pets is permitted provided that their keeping does not constitute a nuisance or hazard to the peace, health and welfare of the community in general and neighbors in particular;
6. Urban agricultural uses as provided for and limited under Chapter 16.21 LMC;
7. Family day care homes as provided in Chapter 16.65 LMC. (Ord. 1368 §23, 2011; Ord. 1310 §35, 2008; Ord. 1192 §139, 2002; Ord. 1137 §6, 2000; Ord. 1024 §32, 1995; Ord. 931 §9, 1992; Ord. 927 §8, 1992; Ord. 691 §12, 1984; Ord. 583 §2.14(B), 1980).

...

16.18.040 Lot area.

A. The size and shape of single family detached lots shall be as follows:

1. Minimum lot area, two thousand square feet where alleys are utilized, three thousand five hundred square feet if alleys are not provided.
2. Minimum lot width, thirty feet when alleys are utilized, forty feet if alleys are not provided. Minimum lot width and street frontage for infill lots designed for construction of a single family residence shall be thirty feet when alleys are utilized and forty feet when alleys are not utilized. Infill lots to be used for duplexes or other multi-family uses shall have a minimum lot width and street frontage of fifty feet.
3. Minimum front yard:

Comment [RA22]: Changed MD front setback for main structure consistent with Village Center design standards.

Comment [RA23]: Changed in Moderate Density Residential zoning district to be consistent with other residential districts.

Comment [RA24]: Changed to reflect minimum 50% multifamily use in High Density Residential zone.

~~Ten feet with a ten-foot minimum planter strip between the street and sidewalk. Fifteen feet with a planter strip less than ten feet wide between the street and sidewalk.~~
~~Sixteen feet.~~ In addition, setbacks ~~are encouraged to may~~ be staggered as provided in LMC 15.12.080(F) for the purpose of modulating the streetscape, providing more convenient opportunities for offsetting windows for privacy of individual homes or other desired design outcomes.
 Garages facing the street, twenty feet.
 Unenclosed porches may project up to six feet into the front yard, provided the porches are at least forty-eight square feet in area with no dimension less than six feet.

Comment [RA25]: Changed in High Density Residential zoning district to be consistent with other residential districts.

CHANGE OR REPEAL TABLES TO REFLECT UPDATED FRONT SETBACK REQUIREMENT

...

16.25.090 Pedestrian circulation requirements.

...

O. A pedestrian-oriented facility may utilize a zero foot front yard setback if it meets all of the following criteria:

1. Use is pedestrian-oriented as determined by the director of community development or designee;
2. ~~F~~acade has pedestrian-friendly features, such as awnings, main entrances, and pedestrian scale;
3. Pedestrian entrance is direct to building with no parking or vehicle access lane between sidewalk and the main pedestrian entrance to the building;

~~4. A planter strip is provided between the street and the sidewalk which meets requirements of LMC 14.23.087(H) and Table 14T-16.~~

Comment [RA26]: 14.23.087(H) and Table 14T-16 have been replaced with other legislation but this reference still exists. Recommend that the reference be removed.

...

**Chapter 16.37
 HAWKS PRAIRIE BUSINESS DISTRICT¹**

Sections:

- [16.37.010 Intent](#)
- [16.37.020 Permitted uses in the designated commercial area](#)
- [16.37.030 Permitted uses in the business/retail area](#)
- [16.37.040 Prohibited uses](#)
- [16.37.050 Conditional uses](#)
- [16.37.060 Site requirements](#)
- [16.37.070 Design standards](#)
- [16.37.080 Site plan requirements](#)
- [16.37.090 Landscaping requirements](#)
- [16.37.100 Stormwater runoff](#)
- [16.37.110 Common open space](#)
- [16.37.120 Environmental performance standards](#)

16.37.010 Intent.

It is the intent of this chapter to:

- A. Implement the goals and policies of the Northeast Area Element of the Comprehensive Plan as they relate to the area designated Hawks Prairie Business District.
- B. Encourage development of an integrated, planned community where people will want to live and work, by permitting residential and compatible business uses to develop in close proximity to each other, with strong functional and aesthetic links, through the implementation of strict performance standards.
- C. Assure that development is site sensitive, user efficient, and furthers the mixed-use policies of the Northeast Area Element of the Comprehensive Plan.
- D. Assure that early development does not unnecessarily foreclose options for later projects and that new uses can be added without jeopardizing uses already established or planned.
- E. Encourage originality, flexibility, and innovation in site planning and development, including architecture, landscaping, and graphic design, as well as circulation and infrastructure systems.
- F. Assure that the natural and environmental characteristics and attributes of the district are preserved and enhanced.
- G. Encourage and facilitate the use of mass transit and other forms of transportation alternatives to the single occupancy vehicle.
- H. Provide for development consistent with the vision represented on the conceptual Hawks Prairie Business District site plans. This vision is of an area with distinctive character which includes such things as focal points at intersections and special site planning and building design considerations, all of which create a distinctive place to gather. The conceptual Hawks Prairie Business District site plans, Tables 16T-67 through 16T-70, are intended to serve as a guide in fulfilling the intent and provisions of the Hawks Prairie Business District.
- I. Preserve an adequate supply of commercial areas located to maximize future market potential and to ensure the city is able to provide services for the projected growth in the region. (Ord. 1139 §4, 2000; Ord. 1054 §2, 1997).

16.37.020 Permitted uses in the designated commercial area.

The following uses are permitted in that portion of the Hawks Prairie Business District designated as commercial area on Table 16T-67.

A. Commercial

Apparel

Automotive supplies

Auto sales including new or used cars, campers, trailers, motorcycles and boats subject to the provisions of LMC 16.37.070(K).

Comment [RA27]: Clarified that auto sales are allowed subject to design requirements.

Books and stationery

Convenience stores and service stations designed for fueling no more than eight automobiles simultaneously and subject to the provisions of LMC [16.37.070\(H\)](#).

Department stores

Drug stores and pharmacies

Fabric stores

Florists

Food stores

General merchandise

Gifts/specialty

Hobby/special interest

Homes appliances/electronics

Home furnishings

Home improvement centers/garden supplies

Jewelry and cosmetics

Liquor

Personal services

Professional services when provided as an integral part of a commercial center.

Sporting goods and related stores.

B. Hotels and motels

C. Convention centers and conference facilities.

D. Eating and drinking establishments. Restaurants with drive through windows shall meet the provisions of LMC [16.37.070\(D\)](#).

E. Cultural, entertainment and recreation.

Art galleries

Athletic facilities and health clubs

Bowling alleys

Cinemas

Libraries and museums

F. Day care facilities when provided as an integral part of a commercial center and in support of the other uses therein.

G. Financial institutions

Banks

Brokerages

Finance companies

Insurance and real estate offices

Such uses shall be allowed only when provided as an integral part of a commercial center and in support of the other uses therein.

H. Other similar and related uses consistent with the intent of the zone as determined by the site plan review committee.

I. Urban agricultural uses as provided for and limited under Chapter 16.21 LMC. (Ord. 1368 §33, 2011; Ord. 1054 §2, 1997).

16.37.030 Permitted uses in the business/commercial area.

The following uses are permitted in that portion of the Hawks Prairie Business District designated as business/commercial area on Table 16T-67.

A. All uses listed under LMC [16.37.020](#).

B. Public services

Higher education facilities

Vocational schools

Local public services including charitable and service organizations, employment centers, fire stations, police stations and other local government offices.

C. Mass transit

Bus transfer facilities.

Park and ride lots, provided facilities are integrated into a commercial/mixed use site plan and parking facilities are shared with other uses.

Comment [RA28]: Park and ride lots included as a permitted use provided that they are integrated into a commercial site plan and the parking is shared with other uses (can be used for commercial or other uses outside of typical commuting hours).

D. Offices and manufacturing

Computer hardware and software development and assembly

Conference facilities

Corporate/regional/administrative offices

Daycare facilities

Electrical equipment research, development, and assembly

Financial institutions including banks, brokerages, finance companies, insurance and real estate offices

High-tech industry

Medical offices and clinics

Offices and manufacturing

Photo and optical goods design and development

Professional and business offices

Scientific research and development

Scientific, analytic or control instrument research and development

E. Eating and drinking establishments. Restaurants with drive through windows shall be subject to LMC [16.37.070\(I\)](#).

F. Warehouse and distribution activities, when developed in conjunction with a primary function such as business headquarters, research and design, marketing or retail sales and subject to the granting of a conditional use permit.

G. Medical facilities

H. Residential subject to the provisions of LMC 16.37.070(L).

~~1. High density residential, twenty units per acre. All residential units must be located in mixed use buildings that have the first floor dedicated to offices or other non residential uses.~~

~~2. No more than ten percent of a parcel shall be used to calculate the number of units permitted on that parcel.~~

Comment [RA29]: New residential provisions allowing ground floor added to 16.37.070(L).

Comment [RA30]: Relocated to 16.37.070(L)

I. Other similar and related uses in accordance with the intent of this chapter as determined by the site plan review committee.

J. Urban agricultural uses as provided for and limited under Chapter 16.21 LMC. (Ord. 1368 §34, 2011; Ord. 1054 §2, 1997).

16.37.040 Prohibited uses in all Hawks Prairie Business District areas.

The following types of uses are prohibited in the Hawks Prairie Business District.

A. Uses with physical and operational requirements generating substantial:

Truck traffic

Dust

Glare

Heat or vibration

Noise

Odors

B. Uses of a character which are either not compatible with the high aesthetic standards of the area, will not enhance the marketability of the Hawks Prairie Business District, or will adversely impact the city’s economic development strategies for this zone. These uses shall include, but are not limited to:

Activities entailing movement of heavy equipment on and off the site except during construction;

Auto or truck storage or repair as a primary use;

Cemeteries and crematoria;

Machine shops;

Motor freight terminals;

~~Park and ride lots;~~

Comment [RA31]: Park and ride lots moved from prohibited to permitted use provided conditions are met.

State, federal or public regional offices or facilities other than educational facilities as set forth in LMC [16.37.030](#);

Solid waste disposal facilities, including transfer stations, incinerators and sanitary landfills;

Stand alone warehouse and distribution facilities. (Ord. 1054 §2, 1997).

...

16.37.070 Design standards.

- A. Relationship between buildings. Proposed buildings shall be related harmoniously to the terrain and to other buildings in the vicinity that have a visual relationship to the proposed buildings.
- B. Interior circulation. Development proposals shall include the following components:
 - 1. Location and number of access points to the public streets.
 - 2. Sidewalks that provide continuous pedestrian and bicycle access along public, state, or private access roads and to primary uses within the development.
 - 3. General interior circulation.
 - 4. Separation of pedestrian and vehicular traffic, via strategically located, clearly defined pedestrian corridors through parking lots and other means of clearly differentiating pedestrian areas from vehicle areas. The number and location of pedestrian corridors shall be determined by the city based on the size and scale of the development.
 - 5. Arrangement of parking areas that are safe and convenient and do not detract from the design of proposed buildings and structures and the neighboring properties.
- C. Access. Connection to arterials shall be made at city determined locations. Full access to arterials may be restricted by the city where necessary to facilitate efficient traffic circulation.
- D. Transit. Buildings shall be located so as to encourage and facilitate the use of transit and other forms of transportation alternatives to the single occupancy vehicle.
- E. Signs. The size, location, design, color, texture, lighting and materials of all signs shall not detract from the design of proposed buildings and structures and shall comply with Chapter 16.75 LMC.
- F. Parking. All parking areas and structures shall comply with the standards of Chapter 16.72 LMC.
- G. Utilities. All permanent utility lines, pipes and conduits shall be located below ground, and all other utility facilities, except fire hydrants, shall be landscaped and screened with sight-obscuring vegetation.
- H. Standards for convenience stores and service stations.
 - 1. Must be sized and designed to be compatible with the Hawks Prairie Business District zone.
 - 2. Convenience stores and service stations shall not be permitted on any parcel adjacent to an intersection.
 - 3. Special attention must be given to assure compliance with the standards for the area. The site plan review committee may require revisions to the proposed layout in order to achieve such consistency.
 - 4. Maximum front building setback shall be fifteen feet.
 - 5. Signs must be consistent with the sign regulations contained in Chapter 16.75 LMC.
 - 6. Buildings must be of an architectural style that is harmonious with and complementary to surrounding structures.
- I. Standards for restaurants with drive through windows.
 - 1. Buildings must be of an architectural style that is harmonious with and complementary to surrounding structures.
 - 2. Drive through lanes and parking areas may not be located between the building and any public street.
 - 3. Restaurants with drive through windows shall not be permitted on any parcel adjacent to an intersection.

J. Mixed use occupancies. Residential units and retail business or office uses shall be permitted within the same structure, subject to the following limitations:

1. The nonresidential uses must have vehicular access via a business street or arterial and shall front directly on an adjacent sidewalk or pedestrian walkway, or on a front or side yard from which vehicles are excluded.
2. Business/commercial uses shall occupy the floors below the residential uses to preserve a residential atmosphere for the residents above.
3. Business and residential portions of the building must be separated by a soundproofed concrete or wood floor, insulated or otherwise soundproofed with the intervening space unoccupied except for utility lines, heating and air conditioning ducts, and similar devices not producing noise or vibration or requiring regular access.

K. Standards for auto sales.

Comment [RA32]: New standards for auto sales

1. A showroom building is required. Maximum front building setback shall be fifteen feet. Showroom windows and displays shall face the fronting street encompassing a minimum of 60% of the façade surface area.
2. Showroom building width shall be a minimum of 40% of the width of the parcel fronting the street.
3. Outdoor vehicle display shall be located at the side or rear of the showroom building.
4. Service facilities shall be located to the rear of the showroom building with bay doors oriented to the rear of the building. Any separate service buildings shall be located internal to or at the rear of the site.
5. 15 feet of Type II landscaping is required on any right-of-way frontages not containing a showroom or other building.
5. Buildings must be of an architectural style that is harmonious with and complementary to surrounding structures in compliance with the Design Review Checklist for the Hawks Prairie Business District.
6. Any existing buildings modified for the purposes of auto sales shall meet the requirements of this chapter.

Comment [RA33]: Included landscape buffer requirements for frontages where no building is present.

L. Standards for residential.

Comment [RA34]: New standards for first-floor residential uses.

1. Residential units shall be located in mixed use buildings that have the first floor dedicated to offices or other non-residential uses. An exception may be granted by the Community Development Director for allowing ground floor residential under the following conditions:
 - a. As part of an approved master plan, provided that the distance to a commercial or office building does not exceed 1000 feet.
 - b. The ground floor residential uses are directly connected by pedestrian amenities to commercial and/or office uses.
 - c. Buildings must be of an urban architectural style that is harmonious with and complementary to surrounding structures in compliance with the Design Review Checklist for the Hawks Prairie Business District.
 - d. Ground floor residential uses shall be limited to townhomes, row homes, live/work, and urban walk-up apartments. No more than 50% of the total units shall be used for townhomes or row homes.
2. Maximum residential density shall be calculated at 20 units per acre. No more than ten percent of a parcel shall be used to calculate the number of units permitted on that parcel.

~~K~~M. Design review. All development in the Hawks Prairie Business District shall be consistent with the appropriate provisions of Chapter 14.23 LMC. (Ord. 1220 §38, 2004; Ord. 1154 §13, 2001; Ord. 1139 § 5, 2000; Ord. 1054 §2, 1997).

...

**Chapter 16.40
LIGHT INDUSTRIAL DISTRICT**

Sections:

- [16.40.010 Intent](#)
- [16.40.020 Permitted uses](#)
- [16.40.030 Prohibited uses](#)
- [16.40.040 Environmental performance standards](#)
- [16.40.050 Site requirements](#)
- [16.40.051 Master SPR requirement](#)
- [16.40.052 Site of forty acres or more](#)
- [16.40.060 Building allowance](#)
- [16.40.070 Off-street parking](#)
- [16.40.080 Landscaping](#)
- [16.40.085 Refuse](#)
- [16.40.090 Stormwater runoff](#)
- [16.40.093 Design review](#)

...

16.40.030 Prohibited uses.

Uses other than those identified or described in LMC [16.40.020](#) are prohibited, including but not limited to:

~~A. All buildings with a footprint in excess of five hundred thousand square feet in size, except as provided in LMC [16.40.020\(A\)\(6\)](#)~~

~~B. All uses or activities which would require extraordinary equipment, devices or technology for the control of odors, dust, fumes, smoke, noise or other wastes and/or by-products which, if uncontrolled, would contaminate the environment to a degree which would exceed the acceptable limits established by competent and recognized public and quasi-public agencies;~~

~~C. Examples of prohibited uses are:~~

- ~~1. Animal slaughtering,~~
- ~~2. Care and/or sale of livestock, poultry or similar animals,~~
- ~~3. Storage, manufacturing or sale of highly volatile or otherwise extremely hazardous substances or materials.~~
- ~~4. Any heavy industrial activity including truck terminals, cross dock facilities or any structure designed for similar type use. (Ord. 1348 §3, 2010; Ord. 1264 §10, 2006; Ord. 758 §1 (part), 1985).~~

...

Comment [RA35]: Eliminate buildings greater than 500,000 square feet from prohibited uses.

16.40.050 Site requirements.

Minimum site requirements shall be as follows:

- A. Lot area, twenty thousand square feet.
- B. Lot width, one hundred feet.
- C. Side yard setback, fifteen feet.
- D. Rear yard setback, twenty-five feet.
- E. Front yard setback, twenty feet.

~~F. Maximum size of each building shall be a footprint of more than two hundred thousand square feet shall meet the , provided, however, that such footprint may be as large as five hundred thousand square feet for those sites meeting the requirements of LMC 16.40.052.~~

Comment [RA36]: Refer to site requirements for larger buildings.

~~G.~~ Wherever there are multiple buildings on the same lot, a minimum separation distance, meeting the requirements of LMC 14.23.083, shall be maintained between such buildings.

~~H.~~ When adjacent to a residential zoned property (LD 0-4, LD 3-6 MD or HD), or an open space institutional zoned property (OSI), the minimum yard setback adjacent to the residential or open space institutional zone shall be fifty feet.

~~I.~~ Truck bay doors and/or loading or unloading areas shall not face residential zoned property (LD-04, LD 3-6, MD or HD), if within two hundred fifty feet of said zones, unless separated by the placement of a building without bay doors and/or loading or unloading areas facing the residential zone. (Ord. 1348 §4, 2010; Ord. 1264 §11, 2006; Ord. 758 §1 (part), 1985).

...

16.40.052 Sites of forty acres or more.

Master site plan review and binding site plan approval may be given for projects proposed to contain buildings with a footprint of more than two hundred thousand square feet ~~but not exceeding five hundred thousand square feet~~ when the following site standards have been met:

Comment [RA37]: Master site plan requirement is still required for sites of 40 acres or more, however, there is no maximum building square footage limit as long as the rest of section .052 is met (three or more buildings, access requirements, buildings larger than 200k limited to 75% of a complex, residential compatibility, etc.).

- A. The site consists of a parcel or contiguous parcels totaling a minimum of forty acres.
- B. The master plan shall provide for a multiple-building complex consisting of three or more buildings.
- C. Truck access to the site shall be from a city of Lacey street. Methods to discourage and/or restrict truck traffic from traveling through residential areas shall be incorporated into the site design and/or project approval. Methods to restrict truck access may include, but are not limited to, median controls, signage, driveway design, and internal circulation. All methods are subject to approval by the city of Lacey community development and public works departments.
- D. When adjacent to a residential zone, a one-hundred-foot natural treed buffer tract shall be established meeting the city of Lacey tree tract standards established in LMC 14.32.064 and 14.32.065 at the time of building construction.
- E. Buildings shall be consistent with the city of Lacey industrial design review standards contained in LMC 14.23.083.
- F. Construction pads for buildings with a footprint greater than two hundred thousand square feet shall be limited to seventy-five percent of the buildable area of the site in order to provide a variety of building sizes throughout a multiple-building complex.

G. When a site is adjacent to a residential zone, the applicant shall be encouraged to meet with the adjacent homeowners' association or neighborhood group to provide project and contact information to the residents. (Ord. 1397 §1, 2012; Ord. 1380, §1, 2012; Ord. 1348 §5, 2010).

...

16.80.080 Maintenance of plant materials.

A. The property owner shall replace any unhealthy or dead plant materials in conformance with the approved landscape development proposal and shall maintain all landscape material.

B. Unless entirely landscaped with significant trees preserved under LMC 16.80.040, all areas where new landscaping is being required shall be provided with irrigation systems designed by a licensed landscape architect, Washington-certified nurseryperson, Washington-certified landscaper or professional engineer. Said irrigation systems shall be designed, installed and operated to maintain the plant materials to the standards detailed in subsection A of this section.

C. The city shall require a maintenance assurance device ~~for a period of one year from the completion of planting in order~~ to insure compliance with the requirements of this chapter. The value of a maintenance assurance device must equal at least ~~one hundred~~ twenty percent of the replacement cost of the landscape materials, and shall be utilized by the city to perform any necessary maintenance, and to reimburse the city for documented administrative costs associated with action on the device. The maintenance assurance shall be for a minimum period of one year from the completion of planting; however for Type 1 landscaping, the period shall be three years. The Community Development Director may adjust the period of maintenance assurances on a case-by-case basis. A separate financial guarantee for maintenance associated with landscaping in the right-of-way and stormwater facilities shall be submitted to the Public Works Department in accordance with section 3.090 of the Development Guidelines and Public Works Standards.-

Comment [RA38]: Make consistent with current policy.

Comment [RA39]: Longer maintenance bond requirements for buffer plantings associated with Type 1 landscaping. Clarified that there is a separate maintenance financial assurance with PW for right-of-way and stormwater facilities.

D. The city may accept, as an alternative to a maintenance assurance device, a contractual agreement or bond between the owner/developer and a licensed landscape architect, Washington- certified nurseryperson, or Washington- certified landscaper, along with a rider or endorsement specifically identifying the city as a party to the agreement for purposes of enforcement. Nothing in this alternative shall be interpreted to in any way modify the conditions of subsection B of this section.

E. If a maintenance assurance device or evidence of a similar device is required under subsections B and C of this section, the property owner shall provide the city with an irrevocable notarized agreement granting the city and its agents the right to enter the property and perform any necessary work.

F. Upon completion of the one-year maintenance period, and if maintenance is not required, the city shall promptly release the maintenance assurance device or evidence thereof.

G. All trees, plant materials and landscaped areas shall receive sufficient water to be kept in a healthy and growing manner. (Ord. 1310 §54, 2008; Ord. 1179 §11, 2002; Ord. 965, §17, 1993; Ord. 871 §2 (part), 1989).

...

16.80.110 Fencing standards.

A. Maximum height.

~~1. Front yards. The maximum height of free standing walls, fences, or hedges in the front yard of residential buildings along public streets or sidewalks shall be three feet unless a taller masonry wall is required, per the responsible official, to mitigate significant noise impacts.~~

~~2. Side or rear yard. If the fencing along a side or rear yard is facing a public street or sidewalk, the maximum height shall be six feet.~~

Comment [RA40]: Section on fencing moved to General Provisions (LMC 16.03) from landscaping chapter.

~~3.— Transparent fencing. The maximum height of any decorative wall or fence which allows visibility, such as wrought iron or split rail fences, shall be eight feet.~~

~~B.— Chain link fencing:~~

~~1.— Chain link fences shall be limited to three feet in height in any front yard and in any location between the street and any residential structure.~~

~~2.— All chain link fences shall be setback at least three feet from the back of the sidewalk to allow for landscaping elements to screen the fence.~~

~~3.— Temporary construction fences are exempt from the above requirements.~~

~~C.— Prohibited material. Barbed wire, razor wire, electric and other dangerous fences are prohibited.~~

~~D.— Retaining wall standards: Retaining walls taller than three feet six inches and visible from the street shall be terraced so that no individual segment is taller than four feet. Terraced walls shall be separated by a landscaping bed at least two feet in width including one shrub every three lineal feet of retaining wall. Alternative landscaping treatments will be considered provided they reduce the bulk and scale of the retaining wall and enhance the streetscape. (Ord. 1310 §56, 2008).~~

Chapter 16.53

HISTORIC PRESERVATION & CULTURAL RESOURCES

Sections:

- 16.53.010 Title
- 16.53.020 Definitions
- 16.53.030 Register of historic places
- 16.53.040 Review of changes to historic register properties
- 16.53.050 Review and monitoring of properties for special property tax valuation
- 16.53.060 Relationship of provisions to zoning
- 16.53.070 Provisions not to affect Building or Fire Codes
- 16.53.080 Inadvertent Discovery of Archaeological and Cultural Resources

16.53.010 Title.

The ordinance from which this chapter is derived shall be known and may be cited as the “Historic Preservation and Cultural Resources Ordinance of the city of Lacey.” (Ord. 796 §1, 1986).

16.53.020 Definitions.

The following words and terms when used in this chapter shall mean as follows, unless a different meaning clearly appears from the context:

A. A “building” is a structure constructed by human beings. This includes both residential and nonresidential buildings, main and accessory buildings.

B. “Certificate of appropriateness” is the document indicating that the commission has reviewed the proposed changes to a local Register property or within a local Register Historical District and certified the changes as not adversely affecting the historic characteristics of the property which contribute to its designation.

C. “Class of properties eligible to apply for special valuation” are the class of properties eligible for special valuation listed on the Lacey Register of Historic Places or properties listed as contributing to a Lacey Register historic district, and on a local, state, and/or National Register.

D. “DAHP” is the Washington State Department of Archaeology and Historic Preservation.

- | DE. A “district” is a geographically definable area--urban or rural, small or large--possessing a significant concentration, linkage, or continuity of sites, buildings, structures, and/or objects united by past events or aesthetically by plan or physical development.
- | EE. “Emergency repair” is work necessary to prevent destruction or dilapidation to real property or structural appurtenances thereto immediately threatened or damaged by fire, flood, earthquake, or other disaster.
- | FG. “Incentives” are such rights or privileges, or combination thereof, which the city council, or other local, state, or federal public body or agency, by virtue of applicable present or future legislation, may be authorized to grant or obtain for the owner(s) of registered properties. Examples of economic incentives include, but are not limited to, tax relief, conditional use permits, rezoning, street vacation, planned unit development, transfer of development rights, facade easements, gifts, preferential leasing policies, beneficial placement of public improvements or amenities, or the like.
- | GH. “Inventory” or “historic inventory” is the comprehensive inventory of historic and pre-historic resources within the boundaries of the city of Lacey.
- | HI. “Lacey Historical Commission” or “Commission” is the commission designed in Chapter 2.42 LMC.
- | IJ. “Lacey’s Register of Historic Places” or “Register” is the local listing of properties provided for in LMC 16.53.030.
- | JK. “Lessee” is a person or persons who are other than owner(s) of record and who hold an interest in real or personal property under a lease agreement.
- | KL. “National Register of Historic Places” is the national listing of properties significant to our cultural history because of their documented importance to our history, architectural history, engineering, or cultural heritage.
- | LM. “Object” is a thing of functional, aesthetic, cultural, historical, or scientific value that may or may not be, by nature or design, movable yet related to a specific setting or environment.
- | MN. “Ordinary repair and maintenance” is work for which a permit issued by the city is not required by law, and where the purpose and effect of such work is to correct any deterioration or decay of or damage to the real property or structure or appurtenance therein and to restore the same, as nearly as may be practicable, to the condition prior to the occurrence of such deterioration, decay, or damage; provided that all work is done in accordance with standards issued by Secretary of the Department of the Interior.
- | NO. “Owner” of property is the fee simple owner of record as exists on the Thurston County assessor’s records.
- | OP. “Prehistoric” means the time period before written record.
- | PQ. “Significance” or “significant,” used in the context of historic significance, is the following: a property with local, state, or national significance is one which helps in the understanding of the history or pre-history of the local area, state, or nation (whichever is applicable) by illuminating the local, statewide, or nationwide impact of the events or persons associated with the property, or its architectural type or style in information potential. The local area can include the city of Lacey, Thurston County, or southwest Washington, or a modest geographical or cultural area, such as a neighborhood. Local significance may apply to a property that illustrates a theme that is important to the history of the state; and national significance to property of exceptional value in representing or illustrating an important theme in the history of the nation.
- | QR. A “site” is a place where a significant event or pattern of events occurred. It may be the location of prehistoric or historic occupation or activities that may be marked by physical remains; or it may be the symbolic focus of a significant event or pattern of events that may not have been actively occupied. A site may be the location of a ruined or now nonexistent building or structure, or the location itself possesses historic, cultural or archaeological significance.
- | RS. “State Register of Historic Places” is the state listing of properties significant to the community, state or nation, but which may or may not meet the criteria of the national register.

ST. “Structure” is a work made up of interdependent and interrelated parts in a definite pattern of organization. Generally constructed by man, it is often an architectural and/or engineering project.

FU. “UTM” (Universal Transverse Mercator) is a grid zone in metric measurement providing for an exact point of numerical reference. (Ord. 1370 §1, 2011; Ord. 796 §2, 1986).

16.53.080 Inadvertent Discovery of Archaeological and Cultural Resources

Building, grading, and land clearing permits shall include the following note: When an unanticipated discovery of protected cultural material (e.g. bones, shell, stone tools, beads, ceramics, old bottles, hearths, etc.) or human remains are discovered, the property owner or contractor will immediately stop all work, completely secure the location, and contact the Washington State Department of Archaeology and Historic Preservation and other contacts as identified in the City of Lacey Standard Inadvertent Archaeological and Historic Resources Discovery Plan.

Comment [CO41]: Increasing flexible thresholds must demonstrate protection of cultural and historic resources. Added comments from PC worksession.

**Standard Inadvertent Archaeological and Historic Resources
Discovery Plan – City of Lacey**

Comment [CO42]: Proposed adoption of an Inadvertent Archaeological and Historic Resources Discovery Plan to mitigate potential impacts to these resources.

In the event that any ground-disturbing activities or other project activities related to this development or in any future development uncover protected cultural material (e.g., bones, shell, antler, horn or stone tools, or the evidence of historic artifacts), the following actions will be taken:

Comment [CO43]: Added language for historic artifacts from PC worksession.

1. When an unanticipated discovery of protected cultural material (see definitions below) occurs, the property owner or contractor will completely secure the location and contact:
 - a. The property owner and project representative;
 - b. A professional archaeologist;
 - c. The Department of Archaeology and Historic Preservation (DAHP) – Contact Gretchen Kaehler or assign, 360-586-3088, 360-628-2755 cell);
 - d. Nisqually Indian Tribe – Contact Annette “Nettsie” Bullchild, 360-456-5221 ext. 1106 or Jackie Wall, 360-456-5221 ext. 2180, or assign;
 - e. Squaxin Island Tribe – Contact Rhonda Foster or assign, 360-423-3850; and
 - f. City of Lacey Department of Community Development Department – 360-491-5642

2. If the discovery is human remains, the property owner or contractor will stop work in and adjacent to the discovery, completely secure the work area by moving the land-altering equipment to a reasonable distance, and will immediately contact:
 - a. The property owner;
 - b. The City of Lacey Police Department – 360-459-4333;
 - c. The Thurston County Coroner, Gary Warnock or assign, 360-867-2140 to determine if the remains are forensic in nature;
 - d. If the remains are not forensic in nature, the Department of Archaeology and Historic Preservation (DAHP) – Contact Gretchen Kaehler, 360-586-3088 or Guy Tasa,

360-586-3534, or assigns; will take the lead on determining the appropriate method of treatment for the remains and will consult with the affected tribes;

e. A professional archaeologist; and

f. City of Lacey Department of Community Development – 360-491-5642

3. Cultural material that may be protected by law could include but is not limited to:

a. Buried layers of black soil with layers of shell, charcoal, and fish and mammal bones (Figure 1);

b. Buried cobbles that may indicate a hearth feature;

c. Non-natural sediment or stone deposits that may be related to activity areas of people;

d. Stone, bone, shell, horn, or antler tools that may include projectile points (arrowheads), scrapers, cutting tools, wood working wedges or axes, and grinding stones (Figures 2 and 3); and

e. Stone tools or stone flakes (Figures 2 and 3)

4. Perennially damp areas may have preservation conditions that allow for remnants of wood and other plant fibers; in these locations there may be remains including:

a. Fragments of basketry, weaving, wood tools, or carved pieces, and

b. Human remains.

5. Compliance with all applicable laws pertaining to archaeological resources (RCW 27.53, RCW 27.44 and WAC 25-48) and with human remains (RCW 68.50) is required. Failure to comply with these requirements could constitute a Class C Felony.

Figure 1: Shell Midden



Figure 2: Example of Stone Tool

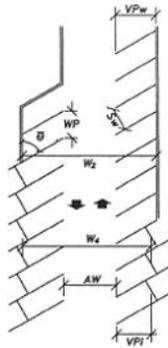


Figure 3: Example of Stone Flake and Tools



(Ord. 1130 §15, 2000)

- θ Parking angle
- Sw Stall width
- Wp Stall width parallel to aisle
- VPw Stall depth from curb to aisle
- VPi Stall depth to interlock
- AW Aisle width
- W₂ Parking module width (curb to curb), double loaded aisle
- W₄ Parking module width (interlock to interlock), double loaded aisle



	θ	Sw	Wp	VPw	VPi	AW	W ₂	W ₄
STANDARD CAR PARKING	45°	9'	12.7'	18'	16.5'	24'	60'	57'
	60°	9'	10.4'	19.5'	18.5'	25'	64'	62'
	90°	9'	9'	19'	19'	26'	64'	64'
COMPACT CAR PARKING	45°	8.25'	11.7'	15.5'	14'	24'	60'	57'
	60°	8.25'	9.5'	17'	16'	25'	64'	62'
	90°	8.25'	8.25'	16.5'	16.5'	26'	64'	64'
PARALLEL PARKING		24'	24'	8'	8'	24'	40'	40'

Note: For two-sided compact car parking at 90 degree double-loaded aisle W₂ and W₄ should be 59' (16.5' parking stall + 26' aisle + 16.5' parking stall).

CITY OF LACEY, WASHINGTON DEPT. OF PUBLIC WORKS			
PARKING LAYOUT TWO WAY TRAFFIC			
APPROVED <i>My A. S. [Signature]</i> CITY ENGINEER		DATE 3/28/00	
DES. MAH		DATE 3/28/00	
DWN. GGW		CHKD. LRW	
		DWG. NO. 4-5.72	

0045-72.DWG

Comment [RA44]: Add note to table 16T-19 that for two-sided compact car parking at 90 degree double-loaded aisle should be 59' (16.5' parking stall + 26' aisle + 16.5' parking stall).



CITY OF LACEY
 Community Development Department
 420 College Street SE
 Lacey, WA 98503
 (360) 491-5642

OFFICIAL USE ONLY

Case Number: _____

Date Received: _____

By: _____

Related Case Numbers:

**ZONING TEXT AMENDMENT
 APPLICATION**

SECTION I

APPLICANT NAME: J & J Lacey LLC

MAILING ADDRESS: 2001 Western Avenue, Suite 330

CITY, STATE, ZIP: Seattle, WA 98121

TELEPHONE: (206) 728-1130

REPRESENTATIVE NAME: * Loren Davis

MAILING ADDRESS: Same as above.

CITY, STATE, ZIP: Same as above.

TELEPHONE: (206) 999-5177

The representative is the person whom staff will contact regarding the application, and to whom all notices and reports shall be sent, unless otherwise stipulated by the applicant.

SECTION II

A. GENERAL DESCRIPTION OF PROPOSAL; DESCRIBE THE INTENT AND REASON FOR PROPOSING A CHANGE TO THE TEXT OF THE ZONING CODE

The elimination of the building size cap of 500,000 square feet within the Light Industrial zone. The City of Lacey has not been able to compete for several distribution and manufacturing prospects that require land sites that can accommodate buildings larger than 500,000 square feet, or buildings that will initially be within the existing cap, but require the ability to grow to a size larger than 500,000 square feet.

(See Exhibit 1, supporting documentation, including: i) discussion of the size of a building and associated job creation, ii) a representative list of companies that have selected other South Puget Sound submarkets in which to locate their industrial facilities that are larger than the City of Lacey's 500,000 SF building size cap, iii) energy efficiencies of large buildings, traffic / truck trip of large building vs smaller buildings, and iv) sites that could potentially accommodate large buildings in the city of Lacey's Light Industrial zone.

B. GENERAL PURPOSE OF THE ZONE TO BE CHANGED? CONSIDER WHAT FUNCTION THE ZONE SERVES AS DESCRIBED IN THE COMPREHENSIVE LAND USE PLAN AND HOW THAT FUNCTION OR PURPOSE MIGHT BE IMPACTED BY THE PROPOSED CHANGE

The Light Industrial Zone provides the zoning for Light industrial activities involving the manufacture, assembly, repair, servicing of goods or products which can be performed with minimal adverse impact on, and pose no special hazard to, the environment and the community and activities involving the assembly of manufactured products and processing of materials and other uses such as warehousing and distribution facilities and storage of equipment, commodities and products.

The function of Light Industrial Zone will only be impacted in a positive manner by this zoning Text Amendment as it will allow the City of Lacey to compete for more companies to locate within the City.

C. TEXT CHANGE REQUESTED

CURRENT ZONING LANGUAGE

16.40.030 Prohibited uses.

Uses other than those identified or described in LMC 16.40.020 are prohibited, including but not limited to:

- A. All buildings with a footprint in excess of five hundred thousand square feet in size, except as provided in LMC 16.40.020(A)(6).**

16.40.052 Sites of forty acres or more.

Master site plan review and binding site plan approval may be given for projects proposed to contain buildings with a footprint of more than two hundred thousand square feet but not exceeding five hundred thousand square feet when the following site standards have been met

REQUESTED NEW ZONING LANGUAGE:

16.40.030 Prohibited uses.

Uses other than those identified or described in LMC 16.40.020 are prohibited, including but not limited to:

- ~~A. All buildings with a footprint in excess of five hundred thousand square feet in size, except as provided in LMC 16.40.020(A)(6).~~**

16.40.052 Sites of forty acres or more.

Master site plan review and binding site plan approval may be given for projects proposed to contain buildings with a footprint of more than two hundred thousand square feet but not exceeding five hundred thousand square feet when the following site standards have been met

D. DOES THE PROPOSED AMENDMENT AFFECT BOTH THE CITY AND THURSTON COUNTY? IS THE ZONE TO BE CHANGED IN BOTH INCORPORATED AND UNINCORPORATED AREAS; LACEY AND LACEY'S GROWTH AREA? (PLEASE EXPLAIN):

The proposed amendment only affects the City of Lacey

E. WAS THIS ISSUE, THE ZONES SPECIFIC ALLOWED USES OR STANDARDS PROPOSED FOR CHANGE, DISCUSSED DURING THE COMPREHENSIVE PLAN AND ZONING REGULATIONS REVIEW AND ADOPTION PROCESS? IF SO, PLEASE EXPLAIN:

No

F. IS THE PRESENT ZONING LANGUAGE THE RESULT OF A MISTAKE? WHAT KIND OF MISTAKE (i.e., ACCIDENTAL OMISSION, INTENT NOT CLARIFIED)? PLEASE EXPLAIN:

NO

G. HOW MANY ACRES OF DEVELOPED AND UNDEVELOPED PROPERTY IN THIS ZONING DESIGNATION COULD BE IMPACTED BY THE CHANGE?

DEVELOPED: _____ 649 _____ UNDEVELOPED: _____ 539 _____

WHAT ZONES ARE LOCATED ADJACENT TO THESE AREAS?

LI-C (Light Industrial Commercial), BP (Business Park), OS-I (Open Space Institutional), OSI-S (Open Space School), and limited amounts of MD, LD 3-6, HPBDBC, and HPBD-C.

H. WHAT POTENTIAL LAND USE CONFLICTS COULD RESULT FROM THE PROPOSED CHANGE? CONSIDER ALL LAND IN THE ZONE TO BE CHANGED AS WELL AS EXISTING AND PLANNED LAND USES IN ADJACENT ZONES. DO NOT LIMIT CONSIDERATION ONLY TO THE SPECIFIC PARCEL(S) THAT YOU ARE INTERESTED IN. REMEMBER, A TEXT AMENDMENT WILL IMPACT ALL PROPERTY WITHIN THAT ZONE AND COULD POTENTIALLY IMPACT PROPERTY IN ADJACENT ZONES AS WELL.

The Light Industrial Zone has adequate buffers and standards are already established to assure consistency with surrounding land uses.

EXPLAIN HOW THE AMENDMENT IS CONSISTENT WITH THE FOLLOWING:

- **State Growth Management Act (GMA):**
The requested amendment only allows the increase in building size and does not increase over all density in the light industrial zone so it would not have any effect on the GMA
- **County-Wide Planning Policies (CWPP):**
The requested amendment only allows the increase in building size and does not increase over all density in the light industrial zone so it would not have any effect on the CWPP
- **Lacey Comprehensive Plan:**
The requested amendment only allows the increase in building size and does not increase over all density in the light industrial zone so it would not have any effect on the The Lacey Comprehensive Plan
- **Regional Transportation Plan (RTP):**
The requested amendment only allows the increase in building size and does not increase over all density in the light industrial zone so it would not have any effect on the RTP
- **Other Applicable City Plans or Documents:**
The requested amendment only allows the increase in building size and does not increase over all density in the light industrial zone so it would not have any effect on the Other Applicable City Plans or Documents
- **Neighboring Jurisdictions' Comprehensive Plan (when your proposal affects multiple jurisdictions):**
Not Applicable

SUPPLEMENTAL INFORMATION

THIS APPLICATION MUST BE ACCOMPANIED BY THE FOLLOWING INFORMATION:

- 1- Environmental checklist (must include 2 CD's containing .pdf copies of all submittal materials, including applications)
- 2- Supplemental information and/or special reports may be required including:
 - a. Environmental issues;
 - b. Anticipated impacts from a change in uses or standards of the zone;
 - c. Other.

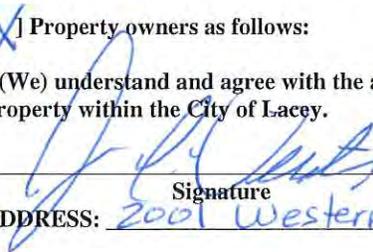
INITIATED BY:

Planning Commission. Date of Initiation: _____

City Council. Date of Initiation: _____

Property owners as follows:

I (We) understand and agree with the above explained need for the map change and are current owners of the property within the City of Lacey.

 _____
Signature Printed Name
ADDRESS: 2001 Western Avenue, Suite 330, Seattle, WA 98121

Signature Printed Name
ADDRESS: _____

Signature Printed Name
ADDRESS: _____

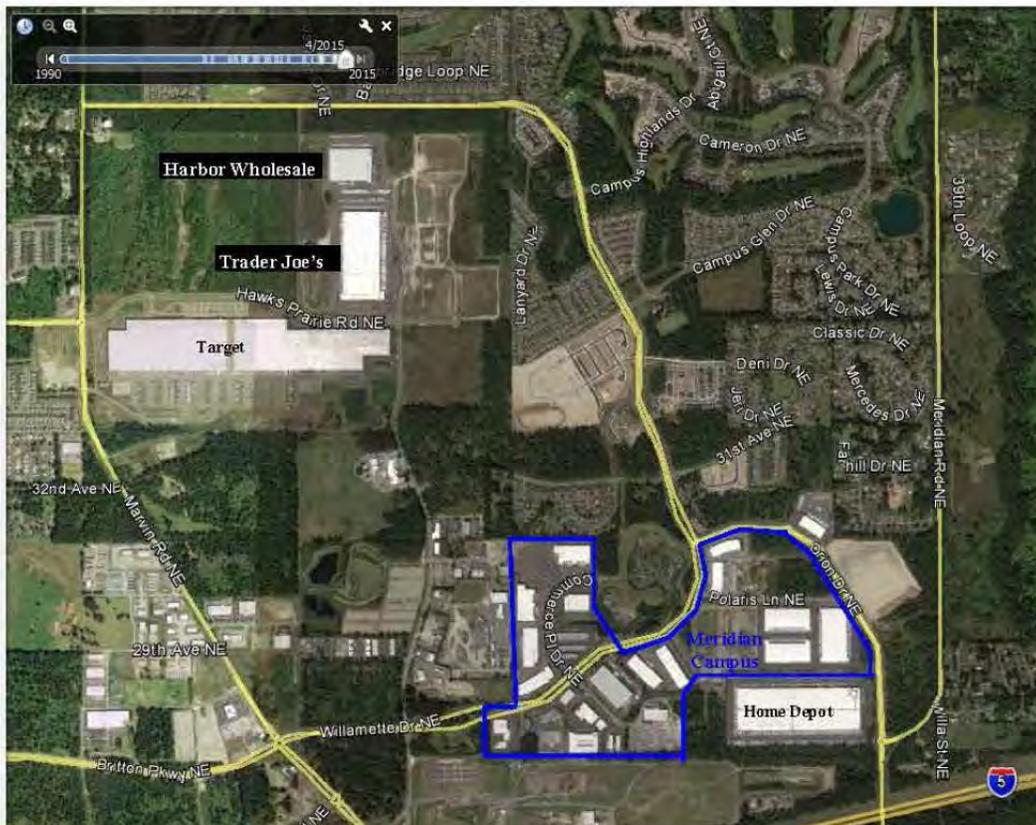
Exhibit 1

The cap was raised from 200,000 square feet to 500,000 square feet in 2010. Two companies have located facilities in the Hawks Prairie 111 Park directly as a result of the cap being raised, Harbor Wholesale Grocery with a 200,000 square foot distribution center expandable to 300,000 square feet and Trader Joe's with a 500,000 square foot distribution center. These two companies have collectively brought over 600 jobs to Lacey or approximately 16 jobs per acre, which is almost twice the number of jobs per acre than the average jobs per acre for the Meridian Campus area (which is composed of smaller multi tenant buildings) of the light industrial zone (see 2015 Jobs Density Analysis below) thus demonstrating that large buildings can generate as many or more jobs than small buildings.

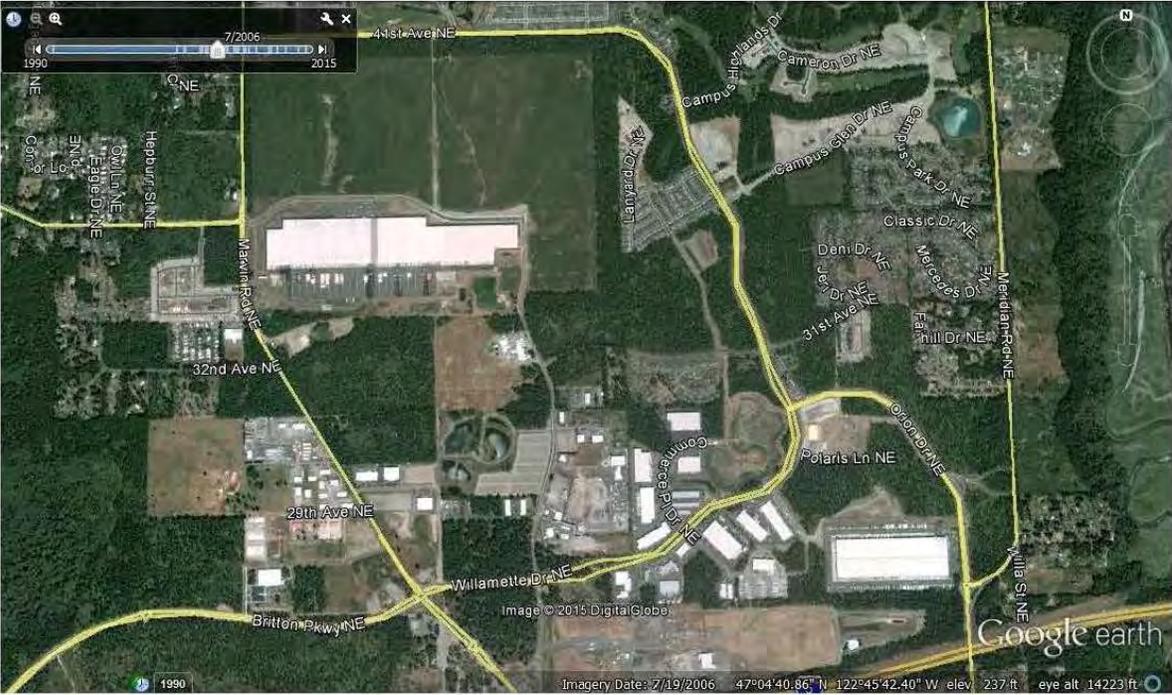
2015 Job Density Meridian Campus Light Industrial Zone Area vs.

High Cube Warehouses Built between 2010 and 2015

	Number of Employees	Site Size Acres	Employees per Acre	Approx. Bldg. Size
HARBOR WHOLESALE	228	11.5	19.9	200,000
TRADER JOES	400	28.6	14.0	500,000
	628	40.1	15.7	700,000
			Avg. Employees per Acre	
Buildings Built in Meridian Campus between 2007 & 2010	238	36.4	6.5	780,056
Buildings Built in Meridian Campus through 2006	653	70.2	9.3	668,000
	891	106.6	8.4	1,448,056
			Avg. Employees per Acre	
Home Depot	175	43.7	4.0	750,000
Target	400	125.0	3.2	1,900,000
	575	168.7	3.4	2,650,000
			Avg. Employees per Acre	



Light Industrial Zone 7-2006



Meridian Campus 7 - 2006



2015 Job Density Meridian Campus Light Industrial Zone Area Buildings Built Through 2006

	Meridian Campus Buildings Tenants	Number of Employees	Site Size Acres	Number of Employees	Site Size Acres	Employees per Acre	Building Size
1	Pipe Fitter Union Training Facility	12	4.35	12	4.35	2.76	43,057
2	Morgan Transfer	30		30			
	A&E Relocation	50		50			
	Golden Services	10		10			
	SUBTOTAL	90	4.03		4.03	22.33	42,600
3	I-5 Design & Manufacture	40	2.00	40	2.00	20.00	
4	Mutal Materials	20	20.07	20	20.07	1.00	38,500
5	Small Office Building		0.99				
6	Sierra Pacific Window	18		18			
	Right! Systems (primarily an office bldg.)	45		45			
	SUBTOTAL	63	1.91		1.91	32.98	20,793
7	Hummingbird Scientific	20	2.10	20	2.10	9.52	16,200
8	Sealy Mattress	150	8.78	150	8.78	17.08	132,872
9	EcoNet (Univera)	21		21			
	Undisclosed I-502 Producer?	12		12			
	AllWest Transportation	27		27			
	Access Info Mngt.	4		4			
	SUBTOTAL	64	5.10		5.10	12.55	141,710
10	Direct TV	18		18			
	Vacant	0		0			
	Vacant	0		0			
	Western Hydro Corp.	6		6			
	Espresso Products	6		6			
	SUBTOTAL	30	1.91		1.91	15.71	63,920
11	Dish Network	12		12			
	R-T London Norse	35		35			
	SUBTOTAL	47	5.800		5.80	8.10	81,960
12	Auto Additions	1		1			
	Stottle Winery	2		2			
	Salish Sea distillery	2		2			
	Prince Telecom	4		4			
	Northwest Landscape Services	6		6			
	Full Steam Staffing	4		4			
	Sign-a-rama	4		4			
	Auto Tint Northwest	4		4			
	West Coast Plumbing, Pump and Filtration	5		5			
	Alliance Enterprises Inc	29		29			
	SUBTOTAL	61	4.90		4.90	12.45	56,504
13	J B Trucking	9		9			
	International Paper / File Storage	2		2			
	SUBTOTAL	11	4.79		4.79	2.30	82,740
14	Ship Wreck Beads	45	4.49	45	4.49	10.02	59,200
15	Xerox ACS	400					
	Washington Insulation / MASCO	9					
	SUBTOTAL	409	11.98				
See map for building location				653	70.23	9.3	780,056
						Avg. per Acre	

Note: The Small Office Building (5) and the Xerox call center (15) are office buildings and therefore not included in the jobs per acre calculation for Light Industrial Buildings.

2015 Job Density Meridian Campus Light Industrial Zone Area Buildings Built Between 2007 & 2010

Map Location	Meridian Campus Buildings Tenants	Number of Employees	Site Size Acres	Number of Employees	Site Size Acres	Employees per Acre	Approx. Bldg. Size
A	Earth Friendly Products	50	3.9	50	3.9	12.82	85,000
B	Direct Buy	30	2.37	30	2.37	12.66	36,000
C	Exeltech (10,000 sf Office Building)	38	0.96				
D	Providence Health & Services (160,000 sf) Vacant (40,000 sf)	100		100			
		100	10.43		10.43	9.59	200,000
E	Vacant	0	6.9	0	6.9	0.00	130,000
F	Crown Cork & Seal (60,000 sf) Vacant (70,000 sf)	5		5			
		5	6.9	5	6.9	0.72	130,000
G	Macy's West	6		6			
	Nistevo LLC	9		9			
	ACI	8		8			
	Pacific Green Room	4		4			
	Midwest equip sales	3		3			
	Funeral Alternatives	16		16			
	Sealy Mattress Storage	2		2			
	SUBTOTAL	48	5.88		5.88	8.17	87,000
	See map for building location			238	36.38	6.54	668,000
						Avg. per Acre	

Note: Building (C) was excluded as it is an office building.
Also note that Buildings D, E & F have large vacancies which are common in the smaller multi-tenanted buildings as the companies are smaller and are more affected by the economy and market conditions. These three buildings built under the cap have had difficulties staying leased and have had to lease to tenants that were using them for car storage for the military with about 5 jobs per building or have been vacant for periods of time.

Unfortunately, since Harbor Wholesale and Trader Joe's have located here the city has not been able to compete for several distribution and manufacturing prospects that require sites that can accommodate buildings larger than 500,000 square feet or companies that will initially be within the cap, but want the ability to grow their facilities to a size larger than 500,000 square feet. Companies that have located elsewhere and companies that are in the market but could not locate in Lacey due to the building size cap are as follows:

**REPRESENTATIVE LIST OF LARGE BUILDING USERS
LOCATED IN THE SOUTH PUGET SOUND AREA
AFTER 2005**

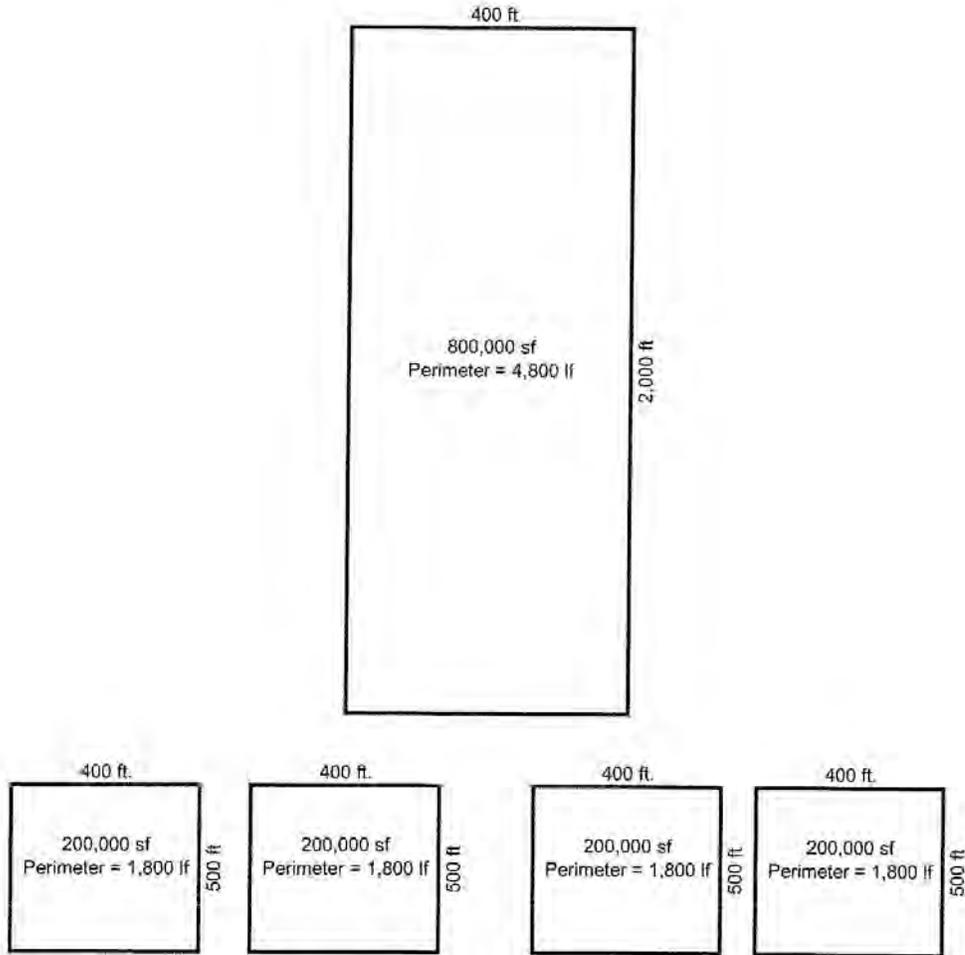
Users	Approximate Total Area (SF)	Final Location	Reported # of Jobs
Kimberly-Clark Worldwide	520,000 sf expandable to 650,000 sf	Kent	n/a
Macy's	530,000 sf	Tukwila	n/a
James Hardie Building Products	600,000 sf w/ possible expansion	Frederickson	200
Amazon.com	1.1 million sf (plus mezz.)	Kent	~500+
PepsiCo / Quaker	520,000 sf expandable to 650,000 sf	Tacoma	n/a
Pacific Distribution	590,000 sf	Sumner	n/a
Amazon.com	1.5 million sf (incl mezz.)	DuPont	500
UPS Supply Chain Solutions	616,827	Auburn	n/a
Regal Logistics	~1 million sf	Fife	n/a
Whirlpool	900,000 sf	Frederickson	150
DHL / Exel Logistics (Starbucks Acct.)	500,000 sf expandable to 750,000 sf	Auburn	n/a
MEGA Brands	850,000 sf	Fife	200
Ikea	650,000 sf expandable to 1 million sf	Frederickson	125
Michael's Arts & Crafts	715,000 sf expandable to 1 million sf	Centralia	225

**REPRESENTATIVE LIST OF LARGE USERS THAT
HAVE BEEN INTERESTED IN LARGE BUILDINGS
LOCATED IN THE SOUTH PUGET SOUND AREA**

Company	Approximate Total Area (SF)
Medline Industries	500,000 sf expandable to 700,000 sf
Walmart	800,000 to 1,200,000 sf
Proctor & Gamble	600,000 sf w/ possible expansion
Uline Packaging	500,000 sf expandable to 700,000 sf
Unified Grocers	600-800,000 sf
Cabela's	500-650,000 sf
Dart Container / Solo Cup	500,000 sf
Conagra / Ralcorp	400,000 sf expandable to 600,000 sf
Ashley Furniture	400-600,000 sf

Larger buildings have proven to be more energy efficient and generate less truck traffic. Moreover, the truck traffic quite often occurs in off-peak hours thus reducing peak traffic period congestion. The operations of Harbor Wholesale Grocery and Trader Joe's facilities have proven to be compatible with the surrounding residential neighborhoods.

Building Perimeters



Total Perimeter 4 x 200,000 bldg. = 7,200 lf which is 150% of a 800,000 sf single bldg.

Large buildings consume less materials to build, have less perimeter wall to lose or absorbed heat. Large buildings are thus more energy efficient during operations and use less energy for the initial construction.

High-Cube Warehouses Generate Less Truck Trips Than Regular Warehouses

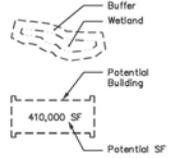
ITE Land Use Code:		110	120	130		140	150	152		
Land Use Name:		(General Light Industrial)	(General Heavy Industrial)	(Industrial Park)	Average Light Industrial and Industrial/Park Areas	(Manufacturing)	(Warehousing)	(High-Cube Warehouse)	Average High-Cube and Warehousing	3-way average: High-Cube, Warehouse, Light Ind/Ind Park
Per:		(1000 Sq. Feet Gross Floor Area) (Weekday, PM Peak of Adj. Street, 1 hr. 4-6 PM)	(1000 Sq. Feet Gross Floor Area) (Weekday, PM Peak of Adj. Street)	(1000 Sq. Feet Gross Floor Area) (Weekday, PM Peak of Adj. Street, 1 hr. 4-6 PM)		(1000 Sq. Feet Gross Floor Area) (Weekday, PM Peak of Adj. Street, 1 hr. 4-6 PM)	(1000 Sq. Feet Gross Floor Area) (Weekday, PM Peak of Adj. Street, 1 hr. 4-6 PM)	(1000 Sq. Feet Gross Floor Area) (Weekday, PM Peak of Adj. Street, 1 hr. 4-6 PM)		
During:										
Project Gross Square Feet:		5,158,000	5,158,000	5,158,000	5,158,000	5,158,000	5,158,000	5,158,000	5,158,000	5,158,000
Internal Capture Rate:		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Passby Rate:		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
PM Peak Trip Rate:		0.98	0.19	0.86	0.92	0.74	0.47	0.12	0.30	0.50
PM Trips Generated:		5055	980	4436	4745	3817	2424	619	1522	2596
PM Peak - New Trips:		5055	980	4436	4745	3817	2424	619	1522	2596
Daily Trip Rate per tsf:		6.97	1.50	6.96	6.97	3.82	4.96	1.27	3.12	4.40
Daily - All Vehicles:		35,951	7,737	35,900	35,925	19,704	25,584	6,551	16,067	22,687
All Trucks, % of daily:		8.00%	18.24%	8.00%	8.00%	13.09%	31.62%	35.00%	33.31%	24.87%
Daily - All Trucks:		2,876	1,411	2,872	2,874	2,579	8,090	2,293	5,352	5,643
Daily Articulated Trucks, % of daily:		3.60%	12.38%	3.33%	3.47%	5.24%	17.95%	25.54%	21.74%	15.65%
Daily - Semi Trucks:		1,294	958	1,197	1,245	1,032	4,591	1,673	3,494	2,744

This trip generation table shows that High Cube Warehouse generates less daily truck trips and less PM peak hour truck trips than regular warehouses and manufacturing facilities, as shown on the above comparison table produced by City of Lacey using the Institute of Transportation Engineers trip generation tables.

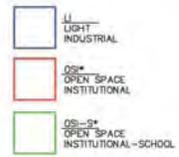
Potential Building Sizes of the Remaining Undeveloped Land in the Lacey Light Industrial Zone



ZONING IS IN THE PROCESS OF BEING CHANGED TO LIGHT INDUSTRIAL AND BUILDINGS SHOWN ARE FOR A LIGHT INDUSTRIAL USE.



NOTES-
 1. Wetland Information from Thurston County GeoData
 2. Potential buildings 200,000 SF and smaller are part of existing Blending Site Plans or Site Plan Reviews



TEUTSCH PARTNERS Real Estate Services

TAHOMA DESIGN GROUP

Summary

This zoning text amendment changes the Light Industrial allowable building size back to the permitted size of industrial / distribution buildings in the Hawks Prairie Light Industrial Zone in 2005. This will enable Lacey to compete with all of the other south sound communities in attracting both regional and national companies that require buildings in excess of 500,000 square feet at their initial build out or require the ability to grow beyond a 500,000 square foot size. This change will bring jobs and increase the local tax base. Surrounding property owners will not experience or see any change in the uses on the property from what is permitted in the comprehensive plan proposed for the Light Industrial Designation.

memo

Date: September 1, 2015
To: Lacey Planning Commission
From: Ryan Andrews, Planning Manager *RA*
Subject: J & J Lacey Building Cap Zoning Text Amendment—Backing Beeper Issue

At the last meeting, a comment was raised by a member of the community related to the light industrial warehouse building cap issue related to backing beepers. Specifically, the community member supported the elimination of the maximum building cap under the condition that the City enacts legislation to prohibit standard single-tone backup alarms.

Through the federal Occupational Safety & Health Administration (commonly known as OSHA), if a vehicle has an obstructed view to the rear, OSHA requires a backup alarm or a spotter when the vehicle is backing up. Since most businesses do not have the resources to use a spotter, backing beepers are used in a large majority of situations where vehicles with obstructed views are backing up. Backing beepers are not required indoors in warehouses by forklifts or other devices but are commonly installed as a general precaution. Additionally, backing beepers and other similar warning devices are exempt from noise regulation under state law.

In 2010, the City Council examined the issue of backing beepers associated with a slate of other issues including truck idling. At that time, the question was raised about whether the City could require “white noise” beepers. White noise beepers are those that use compressed air to creating a whooshing noise instead of the whine commonly associated with standard backing beepers. Staff reached out to other jurisdictions across the state to see what other jurisdictions were requiring and found that none required white noise backing beepers but several had converted their fleet vehicles voluntarily to white noise systems. Fife has implemented regulations on “yard vehicles”—those vehicles that don’t travel on a public street. Seattle also has regulations that prohibit car horns and warning devices (including backing beepers) from being more than 85 decibels at more than 200’ away.

It was determined by the Land Use Committee that requiring white noise systems to be used throughout the city was not feasible due to enforcement requirements, cost to businesses to convert to new devices, and the nature of trucks coming from out of area not complying with specific local regulations.

Attached is the April 7, 2010 City Council Land Use Committee materials for review. The materials provide the context for review in 2010, background information on the US EPA model state idling law and the Washington Administrative Code section on maximum environmental noise.

Staff Report

Date: April 7, 2010
To: Land Use Committee
From: Greg Cuoio, City Manager *GC*
Rick Walk, Community Development Director *RW*
Subject: Truck Idling and Backup Beeper Restrictions

Objective: Brief the Committee on truck idling and backup beeper restrictions and obtain further guidance and direction

Present Situation: The City has received numerous complaints from the Giroux family about backup beepers and idling trucks. The Girouxs live in the Christa Heights residential neighborhood which is located adjacent to the Commerce Place Light Industrial Park. Washington Insulation, a business located in the Light Industrial Park, backs up to the Giroux property. Washington Insulation, in the course of their daily business, loads and unloads materials for delivery to construction sites. The loading door is in the rear of the building which faces the Giroux property. The hours of operation are generally from 7 a.m. to 6 p.m. There is a 25 foot vegetated buffer between the properties. Recently, RSS Management, the property owner, constructed an 8 foot CMU block wall in an effort to reduce the impacts to the Girouxs and neighboring properties.

The staff has researched the potential to regulate back up beepers and truck idling to help address this ongoing issue. Back up warning measures are required by the State of Washington for safety purposes. These measures may take the form of horn-style beepers, 'white' noise beepers, back up spotters, horn honking, or back up cameras. The most common used by industry is the horn-style back up beeper.

State administrative codes (WAC 173-60) exempt back up beepers from maximum decibel requirements. To date, our research indicates that only Seattle has expanded their regulatory authority of back up beepers. Seattle's noise ordinance restricts the noise level of back up beepers to no more than 85 decibels at 200 feet. Such a restriction would not alleviate the problem experienced by the Giroux family.

Except for the City of Spokane, we have not identified any Washington city that regulates truck idling. Spokane limits truck idling to 60 seconds in their downtown non-attainment area. The City implemented this restriction in order to help address air quality issues. Enforcement is an issue as infractions must be observed. Since passage of the ordinance in 2007, no citations have been issued.
Commerce Place Light Industrial Park

In 2006, the U.S. Environmental Protection Agency developed a Model State Idling Law. The purpose was to develop model regulations that could be adopted by the states to provide consistency to the trucking industry. Various states have adopted the model regulations. Washington has not done so.

Committee Guidance: It is apparent that the Giroux family and some neighbors are impacted by Washington Insulation activities. For the past two years, city staff has worked with the Giroux and Washington Insulation in an effort to find a satisfactory resolution to the noise and idling issues. The recent construction of the 8 foot CMU wall is an example of this effort. Unfortunately, the conflict continues.

We are seeking the opportunity to further discuss this matter with the Committee and obtain guidance on the next steps to address this unfortunate circumstance, if any.

Attachments

Letter from HOA to Washington Insulation
U.S. EPA Model State Idling Law
WAC 173-60

Rick Walk

From: Christa Heights Board [ChristaBOD@comcast.net]
Sent: Tuesday, April 06, 2010 8:49 AM
To: Robert Anderson
Cc: Cynthia Pratt; Rick Walk; Mike Slattery; thepanellos@comcast.net; Danny Orgeron; danamelm@comcast.net; dcarbaugh@integral-corp.com; goreadam@hotmail.com; grannybb@comcast.net; lynnjohn360@comcast.net; roopsmm@comcast.net; 'Charlotte Crimmins'
Subject: Excessive Noise from Backup Beepers

Dear Mr. Anderson:

I'm sure you are quite aware of the various complaints from several of our Christa Heights Homeowners regarding warehouse noise at Washington Insulation and more specifically, the backup beepers on the forklifts and other warehouse/transportation equipment. Our Homeowners Association Board has recently received a petition signed by thirteen families living in close proximity to the northeast corner of your warehouse noting their distress in having to put up with a constant beeping throughout the week, quite often very early in the morning, into the evening hours and some weekends. One person's back door is literally no more than seventy-five feet from the rollup door in the northeast corner where most of this noise emanates from. I am contacting you to address this concern.

Although other sources of noise (radios, horns, metal crashing, various banging, etc.) are obvious and there is great concern regarding exhaust fumes affecting the health of these families, there is a solution which can significantly reduce the incessant sound of backup beepers – one of the major causes of noise. I am referring to white noise beepers and the details of this type of warning beeper can be found at <http://www.reverseinsafety.co.uk/product-focus/alarms>. We urge you to consider replacing the existing beepers with one of these less intrusive models in an effort to help reduce the amount of excessive noise. The sound barrier wall that was constructed to help alleviate this and other noises has had no significant impact (and many say absolutely no impact).

Most recently I have been made aware of complaints of steel crashing, air brakes and truck horns which can be heard throughout the neighborhood (not just in the immediate area) at all hours of the day. Although I realize you do need to conduct business by transporting materials, I suggest that moving the major heavy-equipment activities to a different rollup would significantly reduce the impact to the families directly behind and adjacent to the warehouse. We strongly request you consider this for the improvement of our homeowner's well-being, not to mention direct impact to health, both physical and mental.

We sincerely appreciate your consideration in helping us improve the quality of life in our subdivision and ultimately come to a suitable environment for both residents and businesses as I'm sure the City of Lacey had originally intended. Please forward this request to anyone who you feel might be able to help.

Thank you,

A handwritten signature in black ink, appearing to read 'JDC', written in a cursive style.

James D. Carbaugh

President, Christa Heights Homeowners Association



Model State Idling Law

EPA420-S-06-001
April 2006

Model State Idling Law

**Transportation and Regional Programs Division
Office of Transportation and Air Quality
U.S. Environmental Protection Agency**

MODEL STATE IDLING LAW

I. BACKGROUND

In May, 2004, at the National Idle Reduction Planning Conference in Albany, New York, representatives from the trucking industry identified the inconsistent pattern and design of state and local vehicle idle restriction laws as a barrier to greater implementation of idle reduction technologies. According to the trucking industry, the patchwork of state and local idling laws and the impracticality of the provisions of these laws make knowledge, understanding, and ultimately compliance an issue for truck drivers and owners. Approximately 15 states and dozens of local jurisdictions have idling laws. In response to their concerns, the Environmental Protection Agency (EPA) hosted a series of five public workshops.

The goal of the workshops was twofold: (1) Develop a model state idling law for states to consider adopting that would foster greater compliance through common understanding of the requirements and ease of implementation; and (2) Raise awareness among the trucking industry, states, and environmental groups about each other's needs. For example, states and environmental groups want diesel emission reductions, and truck drivers want to rest comfortably and drive safely.

Existing idle reduction laws served as a starting point for discussion at the workshops hosted by EPA around the country in 2005. The workshops were held in Baltimore, MD; Atlanta, GA; Chicago, IL; San Francisco, CA; and Hartford, CT. Participants had an opportunity to discuss the provisions of these laws, add or modify them, and generally improve the framework of the laws. The language included in this model law represents the majority views expressed by the participants.

EPA is not promulgating any type of regulation regarding vehicle idling. EPA's role is limited to that of a facilitator on behalf of the Federal government to respond to the trucking industry's request to better involve the trucking industry in the development of idle reduction laws and achieve greater compliance with such laws. This model law does not represent the views of EPA or any other Federal department or agency concerning whether any state should, or should not, adopt the model law. Instead, the model law should be considered informational in nature.

II. MODEL STATE IDLING LAW WITH DISCUSSION COMMENTS

General: The model law is divided into eight sections. For purposes of better understanding, each section here includes a summary of some of the discussion points and comments made at the workshops. The model state idling law, without workshop comments, is also included in Section III.

Section A: Purpose
Section B: Applicability
Section C: General Requirement for Load/Unload Locations

- Section D: General Requirement for Vehicles
- Section E: Exemptions
- Section F: Conditional Exemptions
- Section G: Auxiliary Power Units
- Section H: Penalties

Section A: PURPOSE: The purpose of this law is to protect public health and the environment by reducing emissions while conserving fuel and maintaining adequate rest and safety of all drivers of diesel vehicles.

Discussion: Many participants expressed concern that current idle restriction laws were passed to reduce vehicle emissions or noise while ignoring other important benefits. These participants want the law to also recognize, as its purpose, that reducing vehicle idling conserves fuel and potentially improves the truck driver's rest and safety. Many felt that the trucking industry's needs or views were not represented in past idle restriction laws, and inclusion of such needs and views would improve the law's effectiveness.

Section B: APPLICABILITY: This law applies to commercial diesel vehicles which are designed to operate on highways (as defined under 40 CFR 390.5), and to locations where commercial diesel vehicles load or unload (hereinafter referred to as "load/unload locations").

Discussion: This model law only addresses diesel vehicles because the majority of the emissions impacts and fuel consumption is from long duration idling diesel vehicles. Participants generally agreed that the law should apply to diesel vehicles. These participants pointed out that diesel engines emit more harmful emissions than gasoline engines. Some participants also voiced the need to include gasoline engines as a growing segment of the vehicle idling population, especially with the increase in remote start technology which is likely to result in more light-duty vehicle idling emissions. States and local jurisdictions are welcome to modify this model to include gasoline engines. Some participants expressed the concern that diesel delivery and service vans used in commercial applications are the source of much idling emissions. These participants preferred weight classifications as a limiting factor, and recommended ranges from a minimum of 8,500 pounds to 10,000 pounds. General agreement was reached on using the term "commercial diesel vehicles" as a means of including the majority of long duration idling diesel vehicles.

Section C: GENERAL REQUIREMENT FOR LOAD/UNLOAD LOCATIONS: No load/unload location owner shall cause vehicles covered by this rule to idle for a period greater than 30 minutes while waiting to load or unload at a location under their control.

Discussion: The objective of this section is to strike a balance between truck drivers and facility owners of load/unload locations. It would create a mutual responsibility to reduce truck idling. Participants expressed a strong desire to address the issue of idling while waiting at load/unload locations (e.g., distribution centers, retail stores, ports, and other

similar facilities), where truck drivers will idle their engines to maintain cab comfort while waiting to load or unload. Many truck drivers noted that it is often logistics problems at the load/unload locations that create long wait times, and during this period they need to idle to maintain their comfort. They believe that they should not be solely responsible for idling in these cases. In fact, they indicated that by holding the load/unload locations accountable for causing these delays, changes might be put into place which would result in less waiting, and therefore less truck idling. States and local jurisdictions view long lines of idling trucks as a significant source of emissions, which is of concern especially if the load/unload location is near residential housing. Consequently, many participants wanted similar language encouraging load/unload locations to adopt technologies or behaviors to reduce idling. Load/unload location operators can improve their logistics system for processing truck loading and unloading, implement a call-in system when trucks are ready to be processed, or provide a waiting room for truck drivers until they are ready to be processed. Where the cause of the long wait times is due to load/unload location owner behavior, and not due to forces outside of their control (e.g., weather), then the load/unload location owner should bear some of the responsibility to implement measures to reduce idling.

Note, the language in this section applies to facilities that "cause" idling while trucks are waiting to "load or unload." This language does not apply to truck stops or plazas because truck drivers do not load or unload at these locations. Moreover, truck stop owners or operators are not "causing" a truck driver to idle. This section is limited to load/unload location owners that "cause" idling due to their own behavior. Participants considered and rejected adding the term "permit" idling as part of the location owner's liability. The rationale for rejecting this term was based on the need to address the underlying reason for queue idling which was found to be, at times, an active behavior on the part of the facility owner. "Permit" idling confers a passive situation which is not necessarily linked with any action on the part of the facility owner.

Section D: GENERAL REQUIREMENT FOR VEHICLES: No owner or operator of a vehicle shall cause or permit vehicles covered by this rule to idle for more than 5 minutes in any 60 minute period except as noted in sections E and F, and except as provided in section C in the case of a load/unload location.

Discussion: Most idle restriction laws have a general time limit, but the rationale for the time limit is usually not explained or understood. In this case, it was noted that some exemptions found in other idling laws require no more than five minutes of engine idling to accomplish certain tasks. This section attempts to bundle some exemptions under the umbrella of a general time limit. For example, warming-up or cooling-down a diesel engine in moderate weather takes only about five minutes (in extreme weather conditions the truck owner or driver should invest in an alternative device to keep the engine and fuel warm, and should not rely on the main engine for this function). Similarly, the required pre-trip inspection requires an air brake pressure test which typically takes less than five minutes of engine idling. The rest of the inspection can be conducted without the engine operating. If a state or local jurisdiction would rather create specific

exemptions for engine conditioning or pre-trip inspection, they can add these sections as additional exemptions. However, the majority of participants felt that fewer exemptions make for easier compliance and enforcement because it promotes greater consistency and understanding of the requirement. This section includes the term "permit" idling. The rationale for including this term here but rejecting it for load/unload facility owners is that the truck owners retains greater control over their drivers and the operation of their vehicles.

Section E: EXEMPTIONS: Section D does not apply for the period or periods where:

1. A vehicle idles while forced to remain motionless because of on-highway traffic, an official traffic control device or signal, or at the direction of a law enforcement official.

Discussion: Participants recognized the need for this exemption as it involves a situation outside the truck driver's control. Participants recommended adding "on-highway" to avoid allowing trucks queuing at a distribution center (off the highway) from claiming this exemption. Queuing and distribution centers are addressed under Section C: GENERAL REQUIREMENT FOR LOAD/UNLOAD LOCATIONS.

2. A vehicle idles when operating defrosters, heaters, air conditioners, or installing equipment solely to prevent a safety or health emergency, and not as part of a rest period.

Discussion: This exemption was originally advanced during the workshops to allow idling for the safe operation of the vehicle during adverse weather conditions. However, many workshop participants felt that this language was too broad and created many loopholes. This subsection was therefore revised to require that the idling be necessary to prevent a safety or health emergency (e.g., school bus breaks down in cold weather and idles to keep its occupants warm), so as to differentiate this need from cabin comfort needs during a truck driver's rest period.

3. A police, fire, ambulance, public safety, military, other emergency or law enforcement vehicle, or any vehicle being used in an emergency capacity, idles while in an emergency or training mode, and not for the convenience of the vehicle operator.

Discussion: Some participants in the conferences cautioned that this exemption could potentially be abused under the guise of public service. Therefore, language was specifically inserted to ensure that the vehicle must be in an emergency or training mode for the exemption to apply.

4. The primary propulsion engine idles for maintenance, servicing, repairing, or diagnostic purposes if idling is required for such activity.

Discussion: Similar to the emergency exemption above, workshop participants recommended language guarding against abuse. Therefore, the language indicates that

idling must be “necessary” for the exemption to apply. Interpreting what is “required” is a mechanical or electrical function of the activity, so its interpretation is rather narrow.

5. A vehicle idles as part of a state or federal inspection to verify that all equipment is in good working order, provided idling is required as part of the inspection.

Discussion: During the workshops, there was general agreement on this exemption with language indicating that idling is required for the inspection.

6. Idling of the primary propulsion engine is necessary to power work-related mechanical or electrical operations other than propulsion (e.g., mixing or processing cargo or straight truck refrigeration). This exemption does not apply when idling for cabin comfort or to operate non-essential on-board equipment.

Discussion: Workshop participants agreed that “power take-off” operation is a valid exemption. Participants wanted to guard against using this exemption to operate air conditioning, heating, microwaves, or televisions as an electrical operation (all of which would be considered non-essential on-board equipment) during rest periods, so it was necessary to add the last sentence.

7. An armored vehicle idles when a person remains inside the vehicle to guard the contents, or while the vehicle is being loaded or unloaded.

Discussion: While many would consider this a common sense exemption, like the emergency vehicle exemption above, many participants felt it was important to articulate these exemptions to ensure appropriate interpretation and enforcement by law enforcement officials.

Section F: CONDITIONAL EXEMPTIONS: Subsection D does not apply for the period or periods where:

1. A passenger bus idles a maximum of 15 minutes in any 60 minute period to maintain passenger comfort while non-driver passengers are on-board. The exemption expires (x) years after implementing a state financial assistance program for idle reduction technologies or strategies.

Discussion: Participants felt that passenger buses needed to keep passengers warm or cool while on-board. Some participants argued for 30 minutes as the time needed to condition the bus, but the majority felt that this was excessive and that 15 minutes was sufficient. Others wanted temperature ranges, but the majority felt that ambient temperatures did not reflect interior temperatures, which may be affected by solar intensity. Almost everyone agreed that the driver should not be allowed to idle just for his/her own needs, but that passengers had to be on-board. The time period for the sunset provision should be established by the state/local legislative body. The issue of a sunset

provision is explained below in subsection (2), and a list of financial assistance programs is in Section IV.

2. An occupied vehicle with a sleeper berth compartment idles for purposes of air conditioning or heating during rest or sleep period, until (x) years after implementing a state financial assistance program for idle reduction technologies or strategies, whereupon this exemption expires.

Discussion: All participants felt that this model law should balance the needs of states and industry. In a common theme for the conditional exemptions with a sunset provision, participants agreed that both the trucking industry and states have responsibilities toward reducing idling. Simply passing a state law and placing the financial burden on the trucking industry was not enough, according to trucking industry participants.

The compromise advanced in this provision is for both sides to contribute toward reducing idling. The trucking industry would evaluate, select, and purchase an idle reduction technology; and the state would assist the trucking industry with the purchase by creating a financial assistance program, such as those that currently exist in Minnesota, Arkansas, Pennsylvania, and Oregon. These states, as well as others, are assisting the trucking industry with purchasing idle reduction technologies through grants and loans. These states are in the position to say that since they are helping the industry; therefore the industry should not be idling during their rest or sleep period while in these states.

Since this issue is a matter for states to decide in the context of various competing priorities, the EPA does not take a position on whether exemptions should be made conditional on the enactment and implementation of a state financing program. This is inherently a matter for states to decide in their legislative process.

Under the provision, the sleeper berth exemption would expire after a set period of time in states that provide some kind of financial assistance program. The set period of time should take into account the state's financial resources and legislative concerns, as well as the trucking industry's need for time to evaluate and select an idle reduction technology. More information about different types of loan programs is provided in Section IV. Under this provision, if a state offers no financial assistance, in any form, then the sleeper berth exemption could stay in effect. The theory underlying this provision is that while laws may serve as a deterrent to idling, the effectiveness of a law may be enhanced with some kind of financial program to assist with the purchase and deployment of an idle reduction technology. This view was not shared by all workshop participants. Some states argued that since the idle reduction devices pay for themselves over time, the industry should simply buy them. Others argued that this view should take into account the fact that idle reduction technologies (e.g., auxiliary power units) may require significant up front capital costs. For example, where an average truck owner-operator earns \$30,000 in net annual income, the upfront \$7,000 cost of an auxiliary

power unit may prevent the purchase of this technology even though the unit will pay for itself in a relatively short period.

In addition, financial assistance can increase the deployment of idling reduction technologies which are not directly funded by vehicle owners. For example, EPA has awarded grants to study, evaluate, and deploy idle reduction systems with trucking fleets and in many states, and estimates that the Agency's grant awards of \$6.5 million has leveraged \$15 million in additional resources. Conversely, it can be argued that without some kind of financial assistance program, truck owners may simply pay the fine as a cost of doing business and take their chances on lack of enforcement.

EPA does not have a formal position with respect to the type of financial assistance that states may want to provide, or with respect to the eligibility or user requirements for any financial assistance program.

Participants in the workshops indicated that a loan program could move states and industry closer toward achieving the goals of emission reductions and fuel conservation. It was argued that, by offering a loan instead of a grant, states are in a position to recoup their expenditures. One often cited concern of the trucking industry is that financial assistance programs not be limited to in-state trucking companies only. The industry argued that a loan program should apply to any trucking company traveling through the state since freight truck activity and any emission reductions potentially affects the air quality of multiple states.

3. An occupied vehicle idles for purposes of air conditioning or heating while waiting to load or unload, until (x) years after implementing a state financial assistance program for idle reduction technologies or strategies, whereupon this exemption expires.

Discussion: Many trucking industry representatives blamed their idling on facility owners. This conditional exemption recognizes the need to deploy idle reduction technologies or strategies (e.g., waiting room) for trucks that idle while loading/unloading. Some participants believed that queue idling requires a joint truck driver-facility owner response. Consequently, Sections C (GENERAL REQUIREMENTS FOR LOAD/UNLOAD LOCATIONS) and H (PENALTIES) address location owners.

As with other conditional exemptions, EPA does not take a position as to whether conditional exemptions should be dependent on financial assistance and believes that the matter of state financing is inherently a matter for individual states to decide.

4. A vehicle idles due to mechanical difficulties over which the driver has no control; PROVIDED that the vehicle owner submits the repair paperwork or product receipt (by mail; within (x) days) to the appropriate authority verifying that the mechanical problem has been fixed.

Discussion: Many participants felt that simply exempting a vehicle for mechanical problems was open for abuse because of the difficulty of verifying the claim without potentially harming the truck engine if the claim was accurate. The solution, as recommended by the participants, is to have the truck owner/driver submit the proper paperwork indicating that the mechanical problem was fixed to dismiss the ticket. This approach is already used for similar types of infractions. Some participants cited the additional administrative burden, but the situations where a truck must remain idling (e.g., problem with alternator) are so rare that it would not be overly burdensome to manage.

Section G: AUXILIARY POWER UNITS: Operating an auxiliary power unit, generator set, or other mobile idle reduction technology as a means to heat, air condition, or provide electrical power as an alternative to idling the main engine is not an idling engine.

(1) Operating an auxiliary power unit or generator set on all model year 2006 or older commercial diesel vehicles is permitted.

(2) *[Reserved for sub-section on operating an auxiliary power unit or generator set on 2007 and subsequent model year commercial vehicles once more emissions testing data is available.]*

Discussion: Some truck drivers stated that they received idling citations for operating their auxiliary power unit. They requested that the model law clarify that an idle reduction technology should not be considered an idling engine since its use is to reduce main engine idling. Based on EPA testing and engine certification levels, the emissions of a typical APU are less than a model year 2006 or older diesel vehicle so states should encourage and create financial incentives for the use of APUs on those trucks. As for 2007 and subsequent model year diesel vehicles, more information is needed to better understand how model year 2007 and subsequent engines perform under long duration idling conditions. However, one state provided information that APUs will emit more than 2007 and subsequent model year engines, and this state will require the APUs to meet a more stringent emission level.

The California Air Resources Board issued a regulation to amend Title 13 of the California Code of Regulations. This regulation states that on or after January 1, 2008, the truck drivers operating in California shall not operate an internal combustion auxiliary power system (APS) on any vehicle equipped with a 2007 and subsequent model year primary engine unless the vehicle is equipped with an APS meeting the emissions performance requirements, as follows:

- a. Be equipped with a verified Level 3 in-use strategy for particulate matter control, or
- b. Have its exhaust routed directly into the vehicle's exhaust pipe, upstream of the diesel particulate matter aftertreatment device.

Section H: PENALTIES: The owner and/or operator of a vehicle, and/or the owner of a load/unload location, that is in violation of this law is responsible for penalties as follows.

(1) First offense: Warning ticket issued to vehicle driver and owner, and where applicable, the load/unload facility owner.

(2) Second and subsequent offenses: \$150 citation is issued to the vehicle driver; and/or, \$500 citation issued to the registered vehicle owner or load/unload location owner.

Discussion: Participants felt a warning should first be given, especially if a state is beginning to enforce a state idling law. If the state has a long and well-established history of enforcement in this area, then the warning ticket may not be necessary. Workshop participants indicated that utilizing a warning ticket provides a good opportunity to educate the truck owner about the law and any state financing program, if available. As for the second and subsequent offenses, many states have their own protocol on issuing tickets, and the model language above simply represents some agreement by participants on the amounts. Some states felt the need to penalize the truck owner for a perceived economic gain in idling. Trucking industry participants expressed the desire that states understand that owner operators are less likely to absorb high fines and remain economically solvent, while larger companies could build in these fines as a cost of doing business.

III. MODEL STATE IDLING LAW

(a) **PURPOSE:** The purpose of this law is to protect public health and the environment by reducing emissions while conserving fuel and maintaining adequate rest and safety of all drivers of diesel vehicles.

(b) **APPLICABILITY:** This law applies to commercial diesel vehicles which are designed to operate on highways (as defined under 40 CFR 390.5), and to locations where commercial diesel vehicles load or unload (hereinafter referred to as "load/unload locations").

(c) **GENERAL REQUIREMENT FOR LOAD/UNLOAD LOCATIONS:** No load/unload location owner shall cause vehicles covered by this rule to idle for a period greater than 30 minutes while waiting to load or unload at a location under their control.

(d) **GENERAL REQUIREMENT FOR VEHICLES:** No owner or operator of a vehicle shall cause or permit vehicles covered by this rule to idle for more than 5 minutes in any 60 minute period except as noted in sections (e) and (f), and except as provided in section (c) in the case of a load/unload location.

(e) **EXEMPTIONS:** Section (d) does not apply for the period or periods where:

- (1) a vehicle idles while forced to remain motionless because of on-highway traffic, an official traffic control device or signal, or at the direction of a law enforcement official.

- (2) a vehicle idles when operating defrosters, heaters, air conditioners, or installing equipment solely to prevent a safety or health emergency, and not as part of a rest period.
- (3) a police, fire, ambulance, public safety, military, other emergency or law enforcement vehicle, or any vehicle being used in an emergency capacity, idles while in an emergency or training mode and not for the convenience of the vehicle operator.
- (4) the primary propulsion engine idles for maintenance, servicing, repairing, or diagnostic purposes if idling is required for such activity.
- (5) a vehicle idles as part of a state or federal inspection to verify that all equipment is in good working order, provided idling is required as part of the inspection.
- (6) idling of the primary propulsion engine is necessary to power work-related mechanical or electrical operations other than propulsion (e.g., mixing or processing cargo or straight truck refrigeration). This exemption does not apply when idling for cabin comfort or to operate non-essential on-board equipment.
- (7) an armored vehicle idles when a person remains inside the vehicle to guard the contents, or while the vehicle is being loaded or unloaded.

(f) **CONDITIONAL EXEMPTIONS:** Subsection (d) does not apply for the period or periods where:

- (1) a passenger bus idles a maximum of 15 minutes in any 60 minute period to maintain passenger comfort while non-driver passengers are onboard. The exemption expires (x) years after implementing a state financial assistance program for idle reduction technologies or strategies.
- (2) an occupied vehicle with a sleeper berth compartment idles for purposes of air conditioning or heating during rest or sleep period, until (x) years after implementing a state financial assistance program for idle reduction technologies or strategies, whereupon this exemption expires.
- (3) an occupied vehicle idles for purposes of air conditioning or heating while waiting to load or unload, until (x) years after implementing a state financial assistance program for idle reduction technologies or strategies, whereupon this exemption expires.
- (4) a vehicle idles due to mechanical difficulties over which the driver has no control; PROVIDED that the vehicle owner submits the repair paperwork or product receipt (by mail; within (x) days) to the appropriate authority verifying that the mechanical problem has been fixed.

(g) **AUXILIARY POWER UNITS:** Operating an auxiliary power unit, generator set, or other mobile idle reduction technology as a means to heat, air condition, or provide electrical power as an alternative to idling the main engine is not an idling engine.

(1) operating an auxiliary power unit or generator set on all model year 2006 or older commercial diesel vehicles is permitted.

(2) *[reserved for sub-section on operating an auxiliary power unit or generator set on 2007 and subsequent model year commercial vehicles.]*

(h) **PENALTIES:** The owner and/or operator of a vehicle, and/or the owner of a load/unload location, that is in violation of this law is responsible for penalties as follows.

(1) First offense: warning ticket issued to vehicle driver and owner, and where applicable, the load/unload facility owner.

(2) Second and subsequent offenses: \$150 citation is issued to the vehicle driver; and/or, \$500 citation issued to the registered vehicle owner or load/unload location owner.

IV. FINANCIAL ASSISTANCE PROGRAMS

For virtually every trucking company, fuel is the second largest expense behind labor. Numerous technologies are currently available to help these companies reduce fuel consumption from idling; however one of the major barriers to their widespread adoption is a lack of investment capital. In order to increase compliance with state idle restriction laws, especially among small and medium-sized trucking companies, participants at EPA's workshops generally agreed that states should consider developing financial assistance programs aimed at providing capital to trucking companies for the purchase of idle reduction technologies. Opportunities for financial assistance programs include loan programs, performance contracting arrangements, and grants as listed below.

Loan Programs

- States could offer grants or loans with terms that are more attractive than currently available commercial loans (e.g., low-interest rates, flexible repayment terms). Some states have existing grant or loan programs through their small business or environmental offices that may be able to support idle reduction technologies, including:
 - Currently, at least two states, Arkansas and Minnesota, offer loans to small businesses for idle reduction technologies (AR: <http://www.adeg.state.ar.us/poa/businessasst.htm> and MN: http://www.pca.state.mn.us/programs/sbomb_loan.html).

- Another state, Oregon's Lane Regional Air Pollution Authority (LRAPA), provides low-cost lease-to-own or no-interest arrangements on auxiliary power units for truckers (<http://www.lrapa.org>).
 - The State of Wisconsin recently created a grant program for diesel truck idling reduction units. This program is administered by the Wisconsin Department of Commerce and provides grants to freight motor carrier's newer truck tractors. The program is designed to award \$1 million per year in grants for five years (<http://www/legis.state.wi.us/> (click on "Wisconsin Law"))).
 - The State of California provides funds to support the incremental cost of cleaner diesel engines and equipment. Eligible projects include the installation costs for auxiliary power units (<http://www.arb.ca.gov/msprog/moyer/moyer.htm>).
 - California Assembly Bill 1901 would establish a program, until January 1, 2012, in the State Energy Resources Conservation and Development Commission, to help finance, through direct loans, the retrofitting of trucks of large and small businesses with EPA SmartWay Upgrade Kits (includes idle reduction technology) that would be required to have specified emission control devices and may have other specified equipment. The Bill has been passed by Assembly Committee on Transportation and by the Assembly Committee on Jobs, Economic Development and the Economy. The Bill is currently with the Committee on Appropriations (http://www.aroundthecapitol.com/Bills/AB_1901).
 - The State of Pennsylvania provides up to 50% matching grants, to a maximum of \$7,500, to enable small Pennsylvania businesses to adopt or acquire energy efficient or pollution prevention equipment.
-
- The State of Washington Legislature recently passed a bill that would provide a tax credit from the retail sale, lease, or rental of auxiliary power to heavy-duty diesel vehicles through onboard auxiliary systems or stand along electrification systems (<http://apps.leg.wa.gov/billinfo/summary.aspx?bill=6512#documents>).

Performance Contracting Arrangements

- States or private institutions could consider setting up programs in which they provide idle reduction equipment to trucking companies with no up-front cost to the company. The company would then pay for the equipment by returning a portion of its savings from reduced fuel consumption to the state or private entity each month. This type of arrangement would eliminate the problem caused by lack of access to investment capital that is a problem for many small- and medium-sized trucking companies. EPA's SmartWay Transport Partnership is currently studying this type of program.

Department of Transportation Programs

- Congestion Mitigation and Air Quality (CMAQ) Improvement program provides funds to state Department of Transportations, metropolitan planning organizations, and transit agencies to invest in projects that reduce regulated criteria air pollutants from transportation-related sources. This program has funded several idle-reduction projects throughout the country and there are several applications pending for future CMAQ-funded idle-reduction projects (<http://www.fhwa.dot.gov/environment/cmaqpgs/index.htm>).
- Section 129 Loans allows states to use regular federal-aid highway apportionments to fund loans for projects with dedicated revenue streams (<http://www.fhwa.dot.gov/innovativefinance/>).
- State Infrastructure Banks provides revolving infrastructure investment funds for surface transportation projects that are established and administered by states (<http://www.fhwa.dot.gov/innovativefinance/sib.htm>).
- Transportation Infrastructure Finance and Innovation Act allows DOT to provide direct credit assistance to sponsors of major transportation projects (<http://tiffa.fhwa.dot.gov/>).

Chapter 173-60 WAC
Maximum environmental noise levels
WAC Sections

- 173-60-010 Authority and purpose.
- 173-60-020 Definitions.
- 173-60-030 Identification of environments.
- 173-60-040 Maximum permissible environmental noise levels.
- 173-60-050 Exemptions.
- 173-60-060 Nuisance regulations not prohibited.
- 173-60-070 Reserved.
- 173-60-080 Variances and implementation schedules.
- 173-60-090 Enforcement policy.
- 173-60-100 Appeals.
- 173-60-110 Cooperation with local government.
- 173-60-120 Effective date.

173-60-010
Authority and purpose.

These rules are adopted pursuant to chapter 70.107 RCW, the Noise Control Act of 1974, in order to establish maximum noise levels permissible in identified environments, and thereby to provide use standards relating to the reception of noise within such environments. Vessels, as defined in RCW 88.12.010(21) and regulated for noise under chapter 88.12 RCW (Regulation of recreational vessels), shall be exempt from chapter 173-60 WAC.

[Statutory Authority: Chapter 70.107 RCW. 94-12-001 (Order 92-41), § 173-60-010, filed 5/18/94, effective 6/18/94; Order 74-32, § 173-60-010, filed 4/22/75, effective 9/1/75.]

173-60-020
Definitions.

- (1) "Background sound level" means the level of all sounds in a given environment, independent of the specific source being measured.
- (2) "dBA" means the sound pressure level in decibels measured using the "A" weighting network on a sound level meter. The sound pressure level, in decibels, of a sound is 20 times the logarithm to the base 10 of the ratio of the pressure of the sound to a reference pressure of 20 micropascals.
- (3) "Department" means the department of ecology.
- (4) "Director" means the director of the department of ecology.
- (5) "Distribution facilities" means any facility used for distribution of commodities to final consumers, including facilities of utilities that convey water, waste water, natural gas, and electricity.
- (6) "EDNA" means the environmental designation for noise abatement, being an area or zone (environment) within which maximum permissible noise levels are established.
- (7) "Existing" means a process, event, or activity in an established area, producing sound subject to or exempt from this chapter, prior to the effective date of September 1, 1975.
- (8) "Local government" means county or city government or any combination of the two.
- (9) "Noise" means the intensity, duration and character of sounds, from any and all sources.
- (10) "Person" means any individual, corporation, partnership, association, governmental body, state agency or other entity whatsoever.

(11) "Property boundary" means the surveyed line at ground surface, which separates the real property owned, rented, or leased by one or more persons, from that owned, rented, or leased by one or more other persons, and its vertical extension.

(12) "Racing event" means any motor vehicle competition conducted under a permit issued by a governmental authority having jurisdiction or, if such permit is not required, then under the auspices of a recognized sanctioning body.

(13) "Receiving property" means real property within which the maximum permissible noise levels specified herein shall not be exceeded from sources outside such property.

(14) "Sound level meter" means a device which measures sound pressure levels and conforms to Type 1 or Type 2 as specified in the American National Standards Institute Specification S1.4-1971.

[Statutory Authority: Chapter 70.107 RCW, 94-12-001 (Order 92-41), § 173-60-020, filed 5/18/94, effective 6/18/94; 83-15-046 (Order DE 82-42), § 173-60-020, filed 7/19/83; Order DE 77-1, § 173-60-020, filed 6/1/77; Order 74-32, § 173-60-020, filed 4/22/75, effective 9/1/75.]

173-60-030

Identification of environments.

(1) Except when included within specific prior designations as provided in subsections (2), (3), and (4) of this section, the EDNA of any property shall be based on the following typical uses, taking into consideration the present, future, and historical usage, as well as the usage of adjacent and other lands in the vicinity.

(a) Class A EDNA - Lands where human beings reside and sleep. Typically, Class A EDNA will be the following types of property used for human habitation:

- (i) Residential
- (ii) Multiple family living accommodations
- (iii) Recreational and entertainment, (e.g., camps, parks, camping facilities, and resorts)
- (iv) Community service, (e.g., orphanages, homes for the aged, hospitals, health and correctional facilities)

(b) Class B EDNA - Lands involving uses requiring protection against noise interference with speech. Typically, Class B EDNA will be the following types of property:

- (i) Commercial living accommodations
- (ii) Commercial dining establishments
- (iii) Motor vehicle services
- (iv) Retail services
- (v) Banks and office buildings
- (vi) Miscellaneous commercial services, property not used for human habitation
- (vii) Recreation and entertainment, property not used for human habitation (e.g., theaters, stadiums, fairgrounds, and amusement parks)

(viii) Community services, property not used for human habitation (e.g., educational, religious, governmental, cultural and recreational facilities).

(c) Class C EDNA - Lands involving economic activities of such a nature that higher noise levels than experienced in other areas is normally to be anticipated. Persons working in these areas are normally covered by noise control regulations of the department of labor and industries. Uses typical of Class A EDNA are generally not permitted within such areas. Typically, Class C EDNA will be the following types of property:

- (i) Storage, warehouse, and distribution facilities.
- (ii) Industrial property used for the production and fabrication of durable and nondurable man-made goods
- (iii) Agricultural and silvicultural property used for the production of crops, wood products, or livestock.

(d) Where there is neither a zoning ordinance in effect nor an adopted comprehensive plan, the legislative authority of local government may, by ordinance or resolution, designate specifically described EDNAs which conform to the above use criteria and,

upon departmental approval, EDNAs so designated shall be as set forth in such local determination.

(e) Where no specific prior designation of EDNAs has been made, the appropriate EDNA for properties involved in any enforcement activity will be determined by the investigating official on the basis of the criteria of (a), (b), and (c) of this subsection.

(2) In areas covered by a local zoning ordinance, the legislative authority of the local government may, by ordinance or resolution designate EDNAs to conform with the zoning ordinance as follows:

- (a) Residential zones - Class A EDNA
- (b) Commercial zones - Class B EDNA
- (c) Industrial zones - Class C EDNA

Upon approval by the department, EDNAs so designated shall be as set forth in such local determination. EDNA designations shall be amended as necessary to conform to zone changes under the zoning ordinance.

(3) In areas not covered by a local zoning ordinance but within the coverage of an adopted comprehensive plan the legislative authority of the local government may, by ordinance or resolution designate EDNAs to conform with the comprehensive plan as follows:

- (a) Residential areas - Class A EDNA
- (b) Commercial areas - Class B EDNA
- (c) Industrial areas - Class C EDNA

Upon approval by the department EDNAs so designated shall be as set forth in such local determination. EDNA designations shall be amended as necessary to conform to changes in the comprehensive plan.

(4) The department recognizes that on certain lands, serenity, tranquility, or quiet are an essential part of the quality of the environment and serve an important public need. Special designation of such lands with appropriate noise level standards by local government may be adopted subject to approval by the department. The director may make such special designation pursuant to the procedures of the Administrative Procedure Act, chapter 34.04 RCW.

[Order 74-32, § 173-60-030, filed 4/22/75, effective 9/1/75.]

173-60-040

Maximum permissible environmental noise levels.

(1) No person shall cause or permit noise to intrude into the property of another person which noise exceeds the maximum permissible noise levels set forth below in this section.

(2)(a) The noise limitations established are as set forth in the following table after any applicable adjustments provided for herein are applied.

EDNA OF NOISE SOURCE	EDNA OF RECEIVING PROPERTY		
	Class A	Class B	Class C
CLASS A	55 dBA	57 dBA	60 dBA
CLASS B	57	60	65
CLASS C	60	65	70

(b) Between the hours of 10:00 p.m. and 7:00 a.m. the noise limitations of the foregoing table shall be reduced by 10 dBA for receiving property within Class A EDNAs.

(c) At any hour of the day or night the applicable noise limitations in (a) and (b) above may be exceeded for any receiving property by no more than:

- (i) 5 dBA for a total of 15 minutes in any one-hour period; or
- (ii) 10 dBA for a total of 5 minutes in any one-hour period; or
- (iii) 15 dBA for a total of 1.5 minutes in any one-hour period.

[Order 74-32, § 173-60-040, filed 4/22/75, effective 9/1/75.]

173-60-050
Exemptions.

(1) The following shall be exempt from the provisions of WAC 173-60-040 between the hours of 7:00 a.m. and 10:00 p.m.:

- (a) Sounds originating from residential property relating to temporary projects for the maintenance or repair of homes, grounds and appurtenances.
- (b) Sounds created by the discharge of firearms on authorized shooting ranges.
- (c) Sounds created by blasting.
- (d) Sounds created by aircraft engine testing and maintenance not related to flight operations: Provided, That aircraft testing and maintenance shall be conducted at remote sites whenever possible.
- (e) Sounds created by the installation or repair of essential utility services.

~~(2) The following shall be exempt from the provisions of WAC 173-60-040 (2)(b):~~

- (a) Noise from electrical substations and existing stationary equipment used in the conveyance of water, waste water, and natural gas by a utility.
- (b) Noise from existing industrial installations which exceed the standards contained in these regulations and which, over the previous three years, have consistently operated in excess of 15 hours per day as a consequence of process necessity and/or demonstrated routine normal operation. Changes in working hours, which would affect exemptions under this regulation, require approval of the department.

(3) The following shall be exempt from the provisions of WAC 173-60-040, except insofar as such provisions relate to the reception of noise within Class A EDNAs between the hours of 10:00 p.m. and 7:00 a.m.

- (a) Sounds originating from temporary construction sites as a result of construction activity.
- (b) Sounds originating from forest harvesting and silvicultural activity.

(4) The following shall be exempt from all provisions of WAC 173-60-040:

- (a) Sounds created by motor vehicles when regulated by chapter 173-62 WAC.
- (b) Sounds originating from aircraft in flight and sounds that originate at airports which are directly related to flight operations.
- (c) Sounds created by surface carriers engaged in interstate commerce by railroad.
- ~~(d) Sounds created by warning devices not operating continuously for more than five minutes, or bells, chimes, and carillons.~~
- ~~(e) Sounds created by safety and protective devices where noise suppression would defeat the intent of the device or is not economically feasible.~~
- (f) Sounds created by emergency equipment and work necessary in the interests of law enforcement or for health safety or welfare of the community.
- (g) Sounds originating from motor vehicle racing events at existing authorized facilities.
- (h) Sounds originating from officially sanctioned parades and other public events.
- (i) Sounds emitted from petroleum refinery boilers during startup of said boilers: Provided, That the startup operation is performed during daytime hours whenever possible.
- (j) Sounds created by the discharge of firearms in the course of hunting.

(k) Sounds caused by natural phenomena and unamplified human voices.

(l) Sounds created by motor vehicles, licensed or unlicensed, when operated off public highways EXCEPT when such sounds are received in Class A EDNAs.

(m) Sounds originating from existing natural gas transmission and distribution facilities. However, in circumstances where such sounds impact EDNA Class A environments and complaints are received, the director or his designee may take action to abate by application of EDNA Class C source limits to the facility under the requirements of WAC 173-60-050(5).

(6) Nothing in these exemptions is intended to preclude the department from requiring installation of the best available noise abatement technology consistent with economic feasibility. The establishment of any such requirement shall be subject to the provisions of the Administrative Procedure Act, chapter 34.04 RCW.

[Statutory Authority: Chapter 70.107 RCW. 94-12-001 (Order 92-41), § 173-60-050, filed 5/18/94, effective 6/18/94; 83-15-046 (Order DE 82-42), § 173-60-050, filed 7/19/83; Order DE 77-1, § 173-60-050, filed 6/2/77; Order 75-18, § 173-60-050, filed 8/1/75; Order 74-32, § 173-60-050, filed 4/22/75, effective 9/1/75.]

173-60-060

Nuisance regulations not prohibited.

Nothing in this chapter or the exemptions provided herein, shall be construed as preventing local government from regulating noise from any source as a nuisance. Local resolutions, ordinances, rules or regulations regulating noise on such a basis shall not be deemed inconsistent with this chapter by the department.

[Order 74-32, § 173-60-060, filed 4/22/75, effective 9/1/75.]

173-60-070

Reserved.

Reserved.

[Statutory Authority: Chapter 70.107 RCW. 00-24-134 (Order 00-24), § 173-60-070, filed 12/6/00, effective 1/6/01; 94-12-001 (Order 92-41), § 173-60-070, filed 5/18/94, effective 6/18/94; Order DE 77-1, § 173-60-070, filed 6/1/77; Order 74-32, § 173-60-070, filed 4/22/75, effective 9/1/75.]

173-60-080

Variances and implementation schedules.

(1) Variances may be granted to any person from any particular requirement of this chapter, if findings are made that immediate compliance with such requirement cannot be achieved because of special circumstances rendering immediate compliance unreasonable in light of economic or physical factors, encroachment [encroachment] upon an existing noise source, or because of nonavailability of feasible technology or control methods. Any such variance or renewal thereof shall be granted only for the minimum time period found to be necessary under the facts and circumstances.

(2) An implementation schedule for achieving compliance with this chapter shall be incorporated into any variance issued.

(3) Variances shall be issued only upon application in writing and after providing such information as may be requested. No variance shall be issued for a period of more than 30 days except upon due notice to the public with opportunity to comment. Public hearings may be held, when substantial public interest is shown, at the discretion of the issuing agency.

(4) Sources of noise, subject to this chapter, upon which construction begins after the effective date hereof shall immediately comply with the requirements of this chapter, except in extraordinary circumstances where overriding considerations of public interest dictate the issuance of a variance.

[Order 74-32, § 173-60-080, filed 4/22/75, effective 9/1/75.]

173-60-090**Enforcement policy.**

Noise measurement for the purposes of enforcing the provisions of WAC 173-060-040 shall be measured in dBA with a sound level meter with the point of measurement being at any point within the receiving property. Such enforcement shall be undertaken only upon receipt of a complaint made by a person who resides, owns property, or is employed in the area affected by the noise complained of, EXCEPT for parks, recreational areas, and wildlife sanctuaries. For enforcement purposes pursuant to RCW 70.107.050, each day, defined as the 24-hour period beginning at 12:01 a.m., in which violation of the noise control regulations (chapter 173-60 WAC) occurs, shall constitute a separate violation.

[Order DE 76-5, § 173-60-090, filed 2/5/76, Order 74-32, § 173-60-090, filed 4/22/75, effective 9/1/75.]

173-60-100**Appeals.**

Any person aggrieved by any decision of the department in relation to the enforcement of the maximum permissible noise levels provided for herein, the granting or denial of a variance or the approval or disapproval of a local resolution or ordinance for noise abatement and control may appeal to the pollution control hearings board pursuant to chapter 43.21B RCW under the procedures of chapter 371-08 WAC.

[Order 74-32, § 173-60-100, filed 4/22/75, effective 9/1/75.]

173-60-110**Cooperation with local government.**

(1) The department conceives the function of noise abatement and control to be primarily the role of local government and intends actively to encourage local government to adopt measures for noise abatement and control. Wherever such measures are made effective and are being actively enforced, the department does not intend to engage directly in enforcement activities.

(2) No ordinance or resolution of any local government which imposes noise control requirements differing from those adopted by the department shall be effective unless and until approved by the director. If approval is denied, the department, following submission of such local ordinance or resolution to the department, shall deliver its statement or order of denial, designating in detail the specific provision(s) found to be objectionable and the precise grounds upon which the denial is based, and shall submit to the local government, the department's suggested modification.

(3) The department shall encourage all local governments enforcing noise ordinances pursuant to this chapter to consider noise criteria and land use planning and zoning.

[Statutory Authority: Chapter 70 107 RCW. 87-06-056 (Order 86-40), § 173-60-110, filed 3/4/87; Order 74-32, § 173-60-110, filed 4/22/75, effective 9/1/75.]

173-60-120**Effective date.**

This chapter shall become effective on September 1, 1975. It is the intention of the department to periodically review the provisions hereof as new information becomes available for the purpose of making amendments as appropriate.

[Order 74-32, § 173-60-120, filed 4/22/75, effective 9/1/75.]



FROM OUR NEIGHBORHOOD TO YOURS

August 15, 2015

RECEIVED
AUG 18 2015

City of Lacey, Planning Commission
Ryan Andrews, Planning Manager
420 College Street SE
Lacey, WA 98503

Re: Zoning Text Amendment
Project #15-184

Mr. Andrews,

I would like to recommend that the Lacey Planning Commission approve the request to remove the 500,000 square foot maximum building size requirement in the City of Lacey light industrial zone, Project #15-184. We have worked with John Teutsch and J & J Lacey, LLC in the design and construction of our food distribution facility, Harbor Wholesale Foods at 3901 Hogum Bay Road NE and are very pleased with the finished product along with the further development of the Hawks Prairie 111 Corporate Park. Our most recent neighbor, the 500,000 square foot Trader Joe's Distribution Center has over 500 jobs related to it.

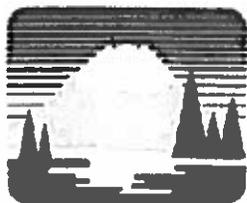
John continues to bring a diverse group of companies to the Lacey area, creating hundreds of family wage earning jobs for our community. I recently hosted a group of food industry leaders at a meeting here in our warehouse and they were blown away by the appearance of the structures and amenities supporting the development. Our biggest win was the recent acquisition of a five year, 430 location, Subway Restaurants distribution contract for Western Washington. They were also very impressed with our facilities and location which weighed heavily in the decision to pick us over our competition. When our Subway business reaches full operation we expect to have over 220 jobs related to our operation in Lacey.

Lifting the cap will position Lacey to attract more blue chip companies to the community.

Respectfully submitted,

A handwritten signature in blue ink that reads 'Michael J. Erickson'.

Michael J. Erickson
Chairman
Harbor Wholesale Foods Inc.



Shaping
our community
together

CITY OF **LACEY**

420 COLLEGE STREET SE
LACEY, WA 98503-1238

CITY COUNCIL

ANDY RYDER
Mayor

CYNTHIA PRATT
Deputy Mayor

VIRGIL CLARKSON
JEFF GADMAN

LENNY GREENSTEIN
JASON HEARN

MICHAEL STEADMAN

CITY MANAGER
SCOTT H. SPENCE

August 26, 2015

Mr. Mike Beehler, Chair
Lacey Planning Commission
420 College St SE
Lacey, WA 98503-1238

Re: LMC 16.53 Historic Preservation Code and Standard Inadvertent Archaeological and
Historic Resource Discovery Plan

Dear Lacey Planning Commissioners:

On behalf of the Lacey Historical Commission (LHC), I extend our appreciation to Christy Osborn for attending our monthly Commission meeting on August 19 to familiarize us with the proposed code revisions, SEPA revisions and Inadvertent Discovery Plan. The LHC reviewed the documents and discussed minor revisions to the documents during the meeting. Our proposed revisions (in track changes mode) are attached for your consideration. Our opinion is that these revisions are very important to the protection of cultural resources.

We believe that the adoption of an Inadvertent Discovery Plan is a welcome addition to the Historical Preservation code. However, simply having a plan does not substitute for thorough planning review prior to issuing a permit or - if justified by the review - a professional archaeological survey prior to ground disturbance.

It is the position of the LHC that every reasonable effort must be made to ensure the protection of the historic, prehistoric and cultural resources of the City of Lacey prior to the issuance of a permit. Once a cultural site or historic artifact has been inadvertently discovered, it is too late to protect it.

We appreciate your support of the City's historical and cultural resources and we look forward to working with you to protect these irreplaceable resources.

Sincerely,

Erich Ebel, Vice Chair
Lacey Historical Commission



TDD Relay
1-800-833-6388

City Council
(360) 491-3214

City Manager
(360) 491-3214

City Attorney
(360) 491-1802

Community Development
(360) 491-5642

Finance
(360) 491-3212

Parks & Recreation
(360) 491-0857

Police
(360) 459-4333

Public Works
(360) 491-5600

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(360) 434-2669



Chapter 16.53

HISTORIC PRESERVATION & CULTURAL RESOURCES

Sections:

- 16.53.010 Title
- 16.53.020 Definitions
- 16.53.030 Register of historic places
- 16.53.040 Review of changes to historic register properties
- 16.53.050 Review and monitoring of properties for special property tax valuation
- 16.53.060 Relationship of provisions to zoning
- 16.53.070 Provisions not to affect Building or Fire Codes
- 16.53.080 Inadvertent Discovery of Archaeological and Cultural Resources

16.53.010 Title.

The ordinance from which this chapter is derived shall be known and may be cited as the "Historic Preservation and Cultural Resources Ordinance of the city of Lacey." (Ord. 796 §1, 1986).

16.53.020 Definitions.

The following words and terms when used in this chapter shall mean as follows, unless a different meaning clearly appears from the context:

- A. A "building" is a structure constructed by human beings. This includes both residential and nonresidential buildings, main and accessory buildings
- B. "Certificate of appropriateness" is the document indicating that the commission has reviewed the proposed changes to a local Register property or within a local Register Historical District and certified the changes as not adversely affecting the historic characteristics of the property which contribute to its designation
- C. "Class of properties eligible to apply for special valuation" are the class of properties eligible for special valuation listed on the Lacey Register of Historic Places or properties listed as contributing to a Lacey Register historic district, and on a local, state, and/or National Register.

D. "Cultural Resources" is physical evidence or place of past human activity; site, object, landscape, structure, or a site, structure, landscape, object or natural feature of significance to a group of people traditionally associated with it. (Note: Definition used by the National Park Service)

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E. "DAHP" is the Washington State Department of Archaeology and Historic Preservation.

DEF. A "district" is a geographically definable area--urban or rural, small or large--possessing a significant concentration, linkage, or continuity of sites, buildings, structures, and/or objects united by past events or aesthetically by plan or physical development.

EGE. "Emergency repair" is work necessary to prevent destruction or dilapidation to real property or structural appurtenances thereto immediately threatened or damaged by fire, flood, earthquake, or other disaster.

H. "Historic" is generally considered to be at least fifty years old.

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I. "Inadvertent Discovery" is unanticipated discovery of protected cultural material during ground-disturbing or other activities related to development.

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FG. "Incentives" are such rights or privileges, or combination thereof, which the city council, or other local, state, or federal public body or agency, by virtue of applicable present or future legislation, may be authorized to grant or obtain for the owner(s) of registered properties. Examples of economic incentives include, but are not limited to, tax relief, conditional use permits, rezoning, street vacation, planned unit development, transfer of

development rights, facade easements, gifts, preferential leasing policies, beneficial placement of public improvements or amenities, or the like.

GH. "Inventory" or "historic inventory" is the comprehensive inventory of historic and pre-historic and cultural resources within the boundaries of the city of Lacey.

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HI. "Lacey Historical Commission" or "Commission" is the commission designed in Chapter 2.42 LMC.

IJ. "Lacey's Register of Historic Places" or "Register" is the local listing of properties provided for in LMC 16.53.030.

JK. "Lessee" is a person or persons who are other than owner(s) of record and who hold an interest in real or personal property under a lease agreement.

LK. "National Register of Historic Places" is the national listing of properties significant to our cultural history because of their documented importance to our history, architectural history, engineering, or cultural heritage.

ML. "Object" is a thing of functional, aesthetic, cultural, historical, or scientific value that may or may not be, by nature or design, movable yet related to a specific setting or environment.

NM. "Ordinary repair and maintenance" is work for which a permit issued by the city is not required by law, and where the purpose and effect of such work is to correct any deterioration or decay of or damage to the real property or structure or appurtenance therein and to restore the same, as nearly as may be practicable, to the condition prior to the occurrence of such deterioration, decay, or damage; provided that all work is done in accordance with standards issued by Secretary of the Department of the Interior.

ON. "Owner" of property is the fee simple owner of record as exists on the Thurston County assessor's records.

PO. "Prehistoric" means the time period before written record.

QP. "Significance" or "significant," used in the context of historic significance, is the following: a property with local, state, or national significance is one which helps in the understanding of the history or pre-history of the local area, state, or nation (whichever is applicable) by illuminating the local, statewide, or nationwide impact of the events or persons associated with the property, or its architectural type or style in information potential. The local area can include the city of Lacey, Thurston County, or southwest Washington, or a modest geographical or cultural area, such as a neighborhood. Local significance may apply to a property that illustrates a theme that is important to the history of the state; and national significance to property of exceptional value in representing or illustrating an important theme in the history of the nation.

RQ. A "site" is a place where a significant event or pattern of events occurred. It may be the location of prehistoric or historic occupation or activities that may be marked by physical remains; or it may be the symbolic focus of a significant event or pattern of events that may not have been actively occupied. A site may be the location of a ruined or now nonexistent building or structure, or the location itself possesses historic, cultural or archaeological significance.

SR. "State Register of Historic Places" is the state listing of properties significant to the community, state or nation, but which may or may not meet the criteria of the national register.

TS. "Structure" is a work made up of interdependent and interrelated parts in a definite pattern of organization. Generally constructed by man, it is often an architectural and/or engineering project.

UF. "UTM" (Universal Transverse Mercator) is a grid zone in metric measurement providing for an exact point of numerical reference. (Ord. 1370 §1, 2011; Ord. 796 §2, 1986).

16.53.030 Register of historic places.

A. Criteria for Determining Designation in the Register. Any building, structure, site, object, or district may be designated for inclusion in the Lacey Register of Historic Places if it is significantly associated with the history, architecture, archaeology, engineering, or cultural heritage of the community; has historical integrity; is at least fifty

years old, or is of a lesser age and has exceptional importance; and if it falls in at least one of the following categories:

1. Is associated with events that have made a significant contribution to the broad patterns of national, state, or local history;
2. Embodies the distinctive architectural characteristics of a type, period, style, or method of design or construction, or represents a significant and distinguishable entity whose components may lack individual distinction;
3. Is an outstanding work of a designer, builder, or architect who has made a substantial contribution to the art;
4. Exemplifies or reflects special elements of the city's cultural, special, economic, political, aesthetic, engineering, or architectural history;
5. Is associated with the lives of persons significant in national, state, or local history;
6. Has yielded, or may be likely to yield, important archaeological information related to history or pre-history;
7. Is a building or structure removed from its original location but which is significant primarily for architectural value, or which is the only surviving structure significantly associated with an historic person or event;
8. Is a birthplace or grave of an historical figure of outstanding importance and is the only surviving structure or site associated with that person;
9. Is a cemetery which derives its primary significance from age, from distinctive design features, or from association with historic events, or cultural patterns;
10. Is a reconstructed building that has been erected in an historically accurate manner on the original site;
11. Is a creative and unique example of folk architecture and design created by persons not formally trained in the architectural or design professions, and which does not fit into formal architectural or historical categories.

B. Process for Designating Properties or Districts to the Register.

1. Any person may nominate a building, structure, site, object or district for inclusion in the Lacey Register of Historic Places. Members of the historical commission or the commission as a whole may generate nominations. In its designation decision, the commission shall consider the Lacey historical inventory and the city comprehensive plan.
2. In the case of individual properties, the designation shall include the UTM reference and all features, interior and exterior, and outbuildings which contribute to its designation.
3. In the case of districts, the designation shall include description of the boundaries of the district, the characteristics of the district which justifies its designation, and a list of all properties including features, structures, sites, objects, and open spaces which contribute to the designation of the district.
4. The historical commission shall consider the merits of the nomination, according to the criteria in subsection A of this section and according to the nomination review standards established by the commission, at a public meeting. Adequate notice shall be given to the public, the owner(s), and the authors of the nomination, if different, and lessees, if any, of the subject property prior to the public meeting according to standards for public meetings established in rules and in compliance with Chapter 42.30 RCW, Open Public Meeting Act. Such notice shall include publication in a newspaper of general circulation in Lacey, and posting of the property. If the commission finds that the nominated property is eligible for the Lacey Register of

Historic Places, the commission shall make recommendation to the city council that the property be listed in the register. The public, property owner(s) and the authors of the nomination, if different, and lessees, if any, shall be notified of the listing. In addition, prior to submitting the recommendations to the city council, the historical commission will obtain a signed statement from the appropriate party/owner of record stating their willingness to have their property listed in the Lacey, state, and/or national register.

In the case of districts, if the commission finds the nominated district is eligible for the register, the designated area will be defined and submitted to the planning commission for review, and recommendation to the city council.

5. Properties listed on the Lacey Register of Historic Places shall be recorded on official zoning records with an "HR" (for historic register) designation. This designation shall not change or modify the underlying zone classification.

C. Removal of Properties from the Register. In the event that any property is no longer deemed appropriate for designation to the Lacey Register of Historic Places, the commission may initiate removal from such designation by the same procedure as provided for in this chapter for establishing the designation.

D. Effects of Listing on the Register.

1. Listing on the Lacey Register of Historic Places is an honorary designation denoting significant association with the historic, archaeological, engineering, or cultural heritage of the community. Properties are listed individually or as contributing properties to an historic district.

2. Prior to the commencement of any work on a registered property, excluding ordinary repair and maintenance including painting and emergency measures defined in LMC 16.53.020, the owner must request a certificate of appropriateness from the commission for the proposed work. Violation of this rule shall be grounds for the commission to review the property for removal from the register.

3. Prior to whole or partial demolition of a registered property, the owner must request and receive a waiver of a Certificate of Appropriateness.

4. Lacey was certified as a certified local government (CLG) on December 19, 1986. As such, properties listed on the local register may be eligible for a special tax valuation on their rehabilitation, pursuant to LMC 16.53.050. (Ord. 1370 §2, 2011; Ord. 796 §5, 1986).

16.53.040 Review of changes to historic register properties.

A. Review Required. No person shall change the use, construct any new building or structure, or reconstruct, alter, restore, remodel, repair, move, or demolish any existing property on the register or within an historic district on the register without review by the commission and without receipt of a certificate of appropriateness as a result of the review. The review (maximum of thirty days from receipt of request for certificate of appropriateness) shall apply to all features of the property, interior and exterior that contribute to its designation, and are listed on the nomination form. This section shall have no application to ordinary repair and maintenance, including painting, nor to emergency measures defined in LMC 16.53.020. Information required by the commission to review the proposed changes shall be established in rules of the commission.

B. Exemptions. The following activities do not require a Certificate of Appropriateness or review by the commission: ordinary repair and maintenance, painting, and/or emergency repairs defined in LMC 16.52.020.

C. Review Process.

1. The building or zoning official shall report any application for a permit to work on a designated Lacey register property or in Lacey Register Historic District to the commission, who shall notify the applicant of the commission review requirements. The building or zoning official shall not issue any such permit, but continue to process such application and work with the commission in considering building and fire code requirements. The commission shall review the work and make a recommendation to the building or zoning official prior to

granting a permit. Any conditions voluntarily agreed to by the applicant in this review shall become conditions of approval of the permits granted.

2. The owner or his/her agent (architect, contractor, lessee, etc.) shall apply to the commission for a review of proposed changes on a register property or within a register historic district, and request a Certificate of Appropriateness or, in the case of demolition, a waiver.
3. Each application for review of proposed changes shall be accompanied by such information as is required by the commission establishing in its rules for the proper review of the proposed project.
4. The commission shall meet with the applicant and review the proposed work according to the design review criteria established in the rules. The commission shall complete its review and make its recommendations within thirty (30) calendar days of the date of receipt of the application. Unless legally required, there shall be no notice, posting, or publication requirements for action on the application, but all such actions shall be made at regular meetings of the commission. The commission's recommendations shall be in writing and shall state the findings of fact and reasons relied upon in reaching its decision. Any conditions agreed to by the applicant in this review process shall become conditions of approval of the permits granted. The Commission's recommendations and, if awarded, the Certificate of Appropriateness shall be transmitted to the building official. If the owner agrees to the commission's recommendations, a certificate of appropriateness shall be awarded by the commission according to standards established in rules of the commission.
5. A Waiver of the Certificate of Appropriateness is required before a permit may be issued to allow sole or partial demolition of a designated Lacey Register Historic property or in a Lacey Register Historic District. The owner or his/her agent shall apply to the commission for a review of the proposed demolition and request a waiver. The applicant shall meet with the commission in an attempt to find alternatives to demolition. These negotiations may last no longer than 45 calendar days from the initial meeting of the commission, unless either party requests an extension. If no request is made and no alternative to demolition has been agreed to, the commission shall act and advise the official in charge of issuing a demolition permit of the approval or denial of the waiver of a Certificate of Appropriateness. Conditions in the case of granting a demolition permit may include allowing the commission up to 45 additional calendar days to develop alternatives to demolition. When issuing a waiver the board may require the owner to mitigate the loss of the Lacey Historic Register property by means determined by the commission at the meeting. Any conditions agreed to by the applicant in this review process shall become conditions of approval of the permits granted. After the property is demolished, the commission shall initiate removal of the property from the register. (Ord. 1370 §3, 2011; Ord. 796 §6, 1986).

16.53.050 Review and monitoring of properties for special property tax valuation.

- A. The class of properties eligible for special valuation shall be limited to properties listed on the Lacey Register of Historic Places or properties identified as contributing to Lacey Register Historic District.
- B. Applications for special property tax valuation in connection with substantial improvement of historic properties, as defined in Chapter 84.26 RCW and Chapter 221, Laws of 1986, shall be submitted to the commission by the county assessor within ten days of filing.
- C. The commission shall recommend to the city council applications for approval for special valuation if the property meets the criteria of Chapter 84.26 RCW and Chapter 221, Laws of 1986, and is not altered in a way which adversely affects those elements which contribute to its designation and the owner(s) enters into an agreement with the city of Lacey which requires the owner(s) for the ten year period of classification to:
 1. Monitor the property for its continued qualification for special valuation;
 2. Comply with rehabilitation plans and minimum standards of maintenance as defined in the agreement;
 3. Make the historic aspects of the property accessible to public view one day a year, if the property is not visible from the public right-of-way;
 4. Apply to the commission for recommended approval or denial of any demolition or alteration;

5. Comply with any other provisions in the original agreement as may be appropriate.

D. Once an agreement between an owner and the commission has become effective pursuant to Chapter 84.26 RCW and Chapter 221, Laws of 1986, there shall be no changes in standards of maintenance, public access, alteration, or report requirements, or any other provisions of the agreement, during the period of the classification without the approval of all parties to the agreement.

1. The Washington State Advisory Council's Standards for the Rehabilitation and Maintenance of the Historic Properties in WAC 254-20-100 shall be used by the commission as minimum requirements for determining whether or not an historic property is eligible for special valuation and whether or not the property continues to be eligible for special valuation once it has been so classified.

2. The historic preservation special valuation agreement in WAC 254-20-120 shall be used by the commission as the minimum agreement necessary to comply with the requirements of RCW 84.26.050(2).

E. An application for classification as an eligible historic property shall be approved or denied by the Lacey city council before December 31st of the calendar year in which the application is made, ~~is~~ submitted by December 1st of the calendar year.

F. The city shall notify the county assessor, county auditor, and the applicant of the approval or denial of the application.

G. If the Lacey city council determines that the property qualifies as an eligible historic property, the city shall certify the fact in writing and shall file a copy of the certificate with the county assessor and auditor within ten days of the determination and no later than December 31st. The certificate shall state the facts upon which the approval is based.

H. Any decision of the Lacey city council regarding application for classification as historic property, eligible for special valuation, may be appealed to superior court under RCW 34.05.510 through 34.05.598, in addition to any other remedy of law. Any decision on the disqualification of historic property eligible for special valuation, or any other dispute, may be appealed to the county board of equalization. (Ord. 1370 §4, 2011; Ord. 796 §8, 1986).

16.53.060 Relationship of provisions to zoning.

Properties listed on the Lacey register shall be subject to the provisions set forth in this chapter, as well as the bulk, use, setback, and other controls of the zoning district in which they are located. Nothing contained in this chapter shall be construed as repealing, modifying, or waiving any zoning provisions. (Ord. 1370 §5, 2011; Ord. 796 §7, 1986).

16.53.070 Provisions not to affect Building or Fire Codes.

The regulating language contained in this chapter shall not be interpreted to supersede the rules and regulations pertaining to historical structures as outlined in either the Building or Fire Codes. (Ord. 1208 §66, 2003, Ord. 796 §9, 1986).

16.53.080 Inadvertent Discovery of Archaeological and Cultural Resources

Building, grading, and land clearing permits shall include the following note: When an unanticipated discovery of protected cultural material (e.g. bones, shell, stone tools, beads, ceramics, old bottles, hearths, etc.) or human remains are discovered, the property owner or contractor will immediately stop all work, completely secure the location, and contact the Washington State Department of Archaeology and Historic Preservation (DAHP) and other contacts as identified in the City of Lacey Standard Inadvertent Archaeological and Historic Resources Discovery Plan. The individual or representative whom the permit was issued to must send written notification of the inadvertent discovery to the City of Lacey Department of Community Development.

Comment [C01]: Increasing flexible thresholds must demonstrate protection of cultural and historic resources. Added comments from PC worksession.

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Standard Inadvertent Archaeological and Historic Resources Discovery Plan-City of Lacey

In the event that any ground-disturbing activities or other project activities related to this development or in any future development uncover protected cultural material (e.g., bones, shell, antler, horn or stone tools, or the evidence of historic artifacts), the following actions will be taken:

1. When an unanticipated discovery of protected cultural material (see definitions below) occurs, the property owner or contractor will completely secure the location and contact:
 - a. The property owner and project representative;
 - b. A professional archaeologist;
 - c. The Department of Archaeology and Historic Preservation (DAHP) – Contact Gretchen Kaehler or assign, 360-586-3088, 360-628-2755 cell);
 - d. Nisqually Indian Tribe – Contact Annette “Nettsie” Bullchild, 360-456-5221 ext. 1106 or Jackie Wall, 360-456-5221 ext. 2180, or assign;
 - e. Squaxin Island Tribe – Contact Rhonda Foster or assign, 360-423-3850; and
 - f. City of Lacey Department of Community Development Department – 360-491-5642
 - g. Museum Curator, Lacey Museum 360-413-3557
2. If the discovery is human remains, the property owner or contractor will stop work in and adjacent to the discovery, completely secure the work area by moving the land-altering equipment to a reasonable distance, and will immediately contact:
 - a. The property owner;
 - b. The City of Lacey Police Department – 360-459-4333;
 - c. The Thurston County Coroner, Gary Warnock or assign, 360-867-2140 to determine if the remains are forensic in nature;
 - d. If the remains are not forensic in nature, the Department of Archaeology and Historic Preservation (DAHP) – Contact Gretchen Kaehler, 360-586-3088 or Guy Tasa, 360-586-3534, or assigns; will take the lead on determining the appropriate method of treatment for the remains and will consult with the affected tribes;
 - e. A professional archaeologist; and
 - f. City of Lacey Department of Community Development – 360-491-5642
3. Cultural material that may be protected by law could include but is not limited to:
 - a. Buried layers of black soil with layers of shell, charcoal, and fish and mammal bones (Figure 1);
 - b. Buried cobbles that may indicate a hearth feature;

- c. Non-natural sediment or stone deposits that may be related to activity areas of people;
 - d. Stone, bone, shell, horn, or antler tools that may include projectile points (arrowheads), scrapers, cutting tools, wood working wedges or axes, and grinding stones (Figures 2 and 3); and
 - e. Stone tools or stone flakes (Figures 2 and 3)
4. Perennially damp areas may have preservation conditions that allow for remnants of wood and other plant fibers; in these locations there may be remains including:
- a. Fragments of basketry, weaving, wood tools, or carved pieces, and
 - b. Human remains.
5. Compliance with all applicable laws pertaining to archaeological resources (RCW 27.53, RCW 27.44 and WAC 25-48), [Governor's Executive Order 05-05](#), and with human remains (RCW 68.50) is required. Failure to comply with these requirements could constitute a Class C Felony.

Figure 1: Shell Midden



Figure 2: Example of Stone Tool



Figure 3: Example of Stone Flake and Tools



Figure 4: Example of Hearth (Oven) Feature



Figure 5: Example of Historic Artifacts from Debris Scatter



Figure 6: Example of Bottle from Historic Debris Dump





PLANNING COMMISSION STAFF REPORT

September 1, 2015

SUBJECT: Market Analysis Report and Presentation

RECOMMENDATION: Receive Market Analysis Report and Presentation

TO: Lacey Planning Commission

STAFF CONTACTS: Rick Walk, AICP, Community Development Director *RW*
George E. Smith, CECD, EDFP, Economic Development Coordinator *GS*

ATTACHMENT(S): 1. Market Analysis Report

**PRIOR COUNCIL/
COMMISSION/
COMMITTEE REVIEW:**

The Market Analysis Report has not been previously reviewed.

BACKGROUND:

The Planning Commission is in the process of reviewing proposed changes to the Draft Comprehensive Plan for the 2016 update process. The update efforts include drafting and updating various elements of the Plan. Staff is working with the Planning Commission via a series of work sessions and public hearings for the timely completion of the Plan.

To provide the necessary information needed to develop both the Economic Development Element, and the Land Use Element, the City began a process last fall to identify and engage a consultant to develop a Market Analysis that would include a number of components, including a projection of the amounts and types of land uses needed over the next 20 years.

The Market Analysis Report included with this staff report, and the presentation by the consultant on September 1st are a result of more than six months of work, gathering data, interviewing stakeholders, and developing the analysis and recommendations.

RECOMMENDATION:

The consultant will present an overview of the findings and recommendations from the report. Request the Planning Commission receive the Market Analysis Report and presentation.



Lacey Community Market Study FINAL REPORT

August 2015

Prepared by
WAHLSTROM & ASSOCIATES

REPORT CONTRIBUTORS

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CITY STAFF

George Smith, Economic Development Coordinator

Rick Walk, Community Development Director

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1. SUMMARY OF FINDINGS AND REPORT ORGANIZATION

Key findings and results to this report are summarized below. The Appendix includes data tables that describe Lacey's demographic characteristics, economic trends, and the projected demand for land and business space.

Demographics

- Lacey's demographic characteristics are similar to Thurston County and the State of Washington in terms of growth trends, age distribution, level of educational attainment, cultural diversity and other socioeconomic characteristics;
- Lacey residents are moderate income with slightly more middle-income households and fewer high-income earners than the State;
- Household incomes experienced severe decline during the great recession with incomes dropping by \$12,000 per household after adjusting for inflation. Incomes have recovered during the past five years and climbed back up to the same level as 2000. It is important to note that Thurston County and the State experienced similar patterns of income losses during the recession, followed by a recovery of household income since 2010.
- Lacey has a somewhat higher unemployment rate (7.5 percent) and lower labor force participation rate than the State and County;
- Lacey's population is growing slightly faster than both the region and state, due to its less severe decline during the great recession.

Business Inventory

- 1,013 business establishments are located within Lacey's City Limits. Arts, entertainment, accommodations, and food services account for 28 percent of the establishments, with national and regional chain stores comprising about half of the food and personal service establishments;
- The body of the report describes the number of firms in each sector, and a list of every establishment doing business in the City is included in Appendix B;

Built Space Inventory

- The City of Lacey has 3.6 million square feet of built commercial space with nearly 2.2 million square feet occupied by retail establishments;
- The remainder of Lacey's built commercial space includes:
 - 222,000 square feet of full-service restaurants, pizza, take-out, and fast food establishments;
 - 220,000 square feet of lodging facilities;
 - 178,000 square feet of self-storage;

- 128,000 square feet occupied by arcades, cinemas, fitness clubs, and a small casino;
- 125,000 square feet of professional service establishments.
- The inventory also includes 240,000 square feet of vacant space that could be occupied by retail establishments.

Employment by Industry Characteristics

- Lacey's private and public sector employers generate 16,900 jobs;
- The City has a weak manufacturing job base that is primarily comprised of food, beverage and furniture manufacturing;
- The wholesale trade sector is very strong capturing nearly 30 percent of Thurston County's jobs;
- Retail trade is a significantly larger share of Lacey's economy (17 percent of all jobs) than it is in Thurston County or the entire State;
- Approximately 36 percent of Thurston County's finance jobs are located in Lacey.

Employment Growth Trends

- Lacey's economy has consistently out-performed the regional and State economy since 2000;
- Employment growth was faster in Lacey than the surrounding region during time periods of strong growth—2001 to 2007, and since 2010;
- Lacey's loss of jobs was less severe during the great recession than was the loss of jobs in the region and the state.

Employment and Land Demand Projections

- Lacey can anticipate that 13,700 new jobs will be added to the City's economy by 2035. On average, Lacey's economy should expand by 620 jobs per year;
- The projected new jobs will generate a demand for 2.8 million square feet of new ground floor commercial space by 2035;
- An additional 850,000 square feet of new office and business park space will be needed along with 1.5 million square feet of industrial and flex space and 270,000 square feet of warehouse and storage space.

Retail Sales Leakages

- Lacey's 140 retail establishments anchored by 10 big-box establishments earn nearly \$870 million of sales;
- Lacey's big-box anchor stores have become a regional shopping destination with sales earned greatly exceeding the market area residents spending of \$370 million at commercial stores;
- \$62.5 million of spending leakages on new and used automobiles may be plugged.

Economic Development Opportunities

- Lacey’s economic development opportunities are primarily constrained by the lack of manufacturing establishments throughout Thurston County, which are driven by technological innovation that generate strong economic and employment multipliers through value added activities.
- Health care and government are Lacey’s two relatively weak economic sectors.
- Lacey’s barriers to growth are subtle, complex and directly related to the absence of a downtown or a central gathering place for people and civic activities.
- Lacey has 240,000 square feet of vacant commercial space that could be occupied by retail and other commercial establishments. The larger vacant spaces that range in size between 11,000 square feet and 42,000 square feet are too poorly located to successfully attract regional serving retail, which makes attracting new retailers to the vacant spaces very difficult given the absence of spending leakages.
- The City should consider allowing some of the larger vacant sites to be redeveloped for housing or a mix of uses; a vacant site in the Martin Village shopping center could be subdivided and reused for more arcades, a fun center or a food court; The City should encourage new investors to acquire and redevelop the South Sound Shopping Center for a mix of uses with less land used for parking and more intensive floor area ratios. Other large sites along the Lacey Blvd. and Pacific Avenue corridor could be reused for general commercial space.
- Smaller vacant commercial spaces that average only 1,800 square feet in size could be promoted through a local tour that can generate some interest from home based businesses or individuals local looking for new commercial or live-work space.
- The City of Lacey should consider alternatives to “old school” economic development approaches by offering incentives to reduce the costs of doing business and compete with neighboring communities in a race to the bottom.
- Alternative approaches to consider include establishing a business expansion and retention program; encouraging a mix of smart growth uses in a single location that includes transit hubs, housing and commercial services, and; creating a web site that will match business prospects with Lacey’s available business sites.
- The City should also consider allowing fulfillment centers that distribute on-line retail sales, which require at least 1 million square feet of space. Lacey’s excellent I-5 access can offer corporations an ideal location for new fulfillment centers serving the Puget Sound region.

ORGANIZATION OF REPORT

This report documents nearly six months of work. Below is a brief explanation of each section of the report.

Section 1 Summarizes the findings and organization of this report.

Section 2 Describes the community and regional demographic trends, including population, and household and income characteristics of Lacey and the surrounding market area.

Section 3 Describes Lacey's economic setting, including an inventory of existing business establishments, an inventory of built commercial space within each commercial area of the City, a description of employment by industry within the City limits and the surrounding region, and an analysis of past employment growth trends.

Section 4 Projects the growth of employment and the demand for new business space and land in Lacey through 2035.

Section 5 Describes the capture of retail sales, consumer spending, and leakages that may be captured.

Section 6 Summarizes Lacey's economic development opportunities and provides suggestions on taking advantage of the City's location to capture a larger share of the market opportunities.

2. COMMUNITY AND REGIONAL DEMOGRAPHIC TRENDS

Lacey's demographic characteristics share similarities with Thurston County and the State of Washington. However, Lacey is growing slightly faster than both the three-county I-5 corridor region and State, due to its less severe decline during the great recession. The local and regional demographic characteristics are described below with detailed tables contained in Appendix A.

Population Growth Trends

Lacey's 2.8 percent annual population growth rates between 2000 and 2010 far exceeded growth rates in Thurston County, the region,¹ and the State of Washington. Though they have slowed, Lacey's growth rates continue to exceed the County, region, and State since 2010.

Nearly 20,000 housing units have been developed in the City of Lacey, which amounts to about 17 percent of Thurston County's housing units. The number of Lacey's housing units expanded at a 3.1 percent annual rate between 2000 and 2010. Since 2010, annual population growth rates have slowed to 2.1 percent, but the growth of housing units continues to exceed the County, region, and State of Washington.²

Age Characteristics

The age characteristics of Lacey's residents are very similar to Thurston County, the region, and the State of Washington. Lacey residents are slightly younger than the average Thurston County resident: about 38 years compared to about 40 years. However, the difference is minimal, and the region and State both have average ages of about 38. Approximately 26 percent of Lacey residents are 55 years or older, compared to 29 percent of Thurston County residents and 27 percent in the region and State.³

Educational Attainment

Lacey and Thurston County residents are similar to the State as a whole in attainment of bachelor's or advanced college degrees (29 percent, 31 percent and 32 percent, respectively). The region has a slightly lower rate of higher education degrees (25 percent). Conversely, 7 percent of Lacey adults, and 6 percent in the County, did not finish high school, a lower rate than the State as a whole and than the region (with 10 and 9 percent respectively).⁴

¹ Region includes the three contiguous I-5 counties of Thurston, Pierce, and Lewis.

² Appendix Table A-1 describes the population and housing unit growth trends between 2000 and 2015.

³ Appendix Table A-2 describes the age characteristics among the residents of Lacey, Thurston County, and the surrounding region, 2015.

⁴ Appendix Table A-3 describes the formal education completed among the adult (25 and older) residents of Lacey, Thurston County, and the surrounding region.

Language Spoken at Home

Sixteen percent of Lacey residents do not speak English at home with 8 percent speaking an Asian language, 4 percent Spanish and 3 percent other languages. Eleven percent of Thurston County residents do not speak English at home as do 14 percent in the three-county I-5 corridor region. The State has a higher rate of language diversity with 19 percent of residents that do not speak English at home.⁵

Labor Force Participation

A review of the current unemployment and labor force participation data shows some characteristics that distinguish Lacey from Thurston County and the region. Lacey's 7.5 percent estimated unemployment is nearly a percentage higher than Thurston County's 6.6 percent unemployment rate (2014 annual average).⁶ It is significant to note that 60 percent of Lacey residents (16 years of age and older) participate in the labor force compared to 64 percent in Thurston County. The reasons for a lower labor force participation rate are likely due to a combination of factors that includes the establishment two retirement communities along with a higher percentage of young U.S. military retirees that have been attracted to the community and the relatively large number of service members stationed at JBLM who have larger families and children living at home who choose to reside in Lacey.⁷

Travel Time to Work

Lacey's employed residents have an average commute of 27 minutes to work each way. The average travel times to work are similar for residents of Lacey, Thurston County and Washington State. Very few of Lacey's employed residents have commutes of less than 15 minutes to work, and 11 percent of Lacey's workers engage in long distance commuting that extends beyond 45 minutes of travel time.⁸



⁵ Appendix Table A-4 describes the primary languages spoken at home among residents age 5 and over in Lacey and the surrounding region, 2014.

⁶ The Thurston County and State of Washington monthly unemployment rates continued to decline in 2015, but the State does not report any Lacey-specific data. Lacey estimates utilize 2010 U.S. census data.

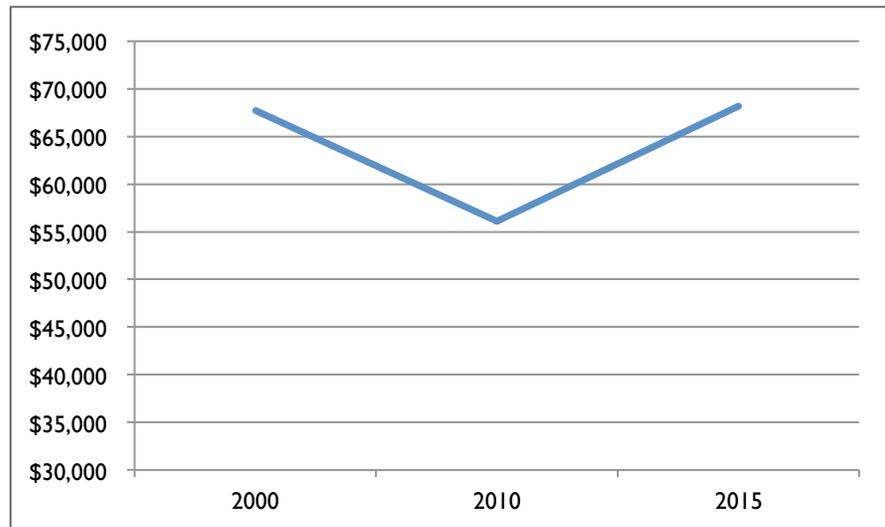
⁷ Appendix Table A-5 describes the labor force characteristics in Lacey and the surrounding region.

⁸ Appendix Table A-6 describes commuter travel time to work in Lacey and the surrounding region.

Income Trends and Distribution

Figure 1 illustrates the economic impact of the great recession on household income and spending capacity. Lacey's average household incomes collapsed from \$67,700 in 2000 to \$56,100 in 2010 (adjusted for inflation and measured in \$2014). Incomes have experienced strong gains since the recession, but they are barely back to the 2000 income levels. At present, the average Lacey household generates \$68,200 per year of income, which is about 93 percent of the average income earned by Thurston County households, and 86 percent of the \$78,800 of income earned by the average Washington State household.⁹

Figure 1 – Average Household Income Trends in Lacey, 2000 to 2015



Note: Data adjusted for inflation and measured in \$2015

The income distribution data indicates that Lacey's household incomes are nearly identical to income distribution patterns throughout Thurston County and the I-5 corridor. However, the data does show that Lacey has a higher percentage of middle-income households that earn between \$50 and \$100,000 (38 percent) than is the case throughout the State of Washington (32 percent). Lacey also has a lower percentage of high-income earners (5 percent) than is the case throughout the State (11 percent).¹⁰

⁹ Appendix Table A-7 describes the average household income trends in Lacey and the surrounding region between 2000 and 2015. Reported incomes are adjusted to inflation and measured in \$2015.

¹⁰ Appendix Table A-8 describes income distribution among households in Lacey and the surrounding region.

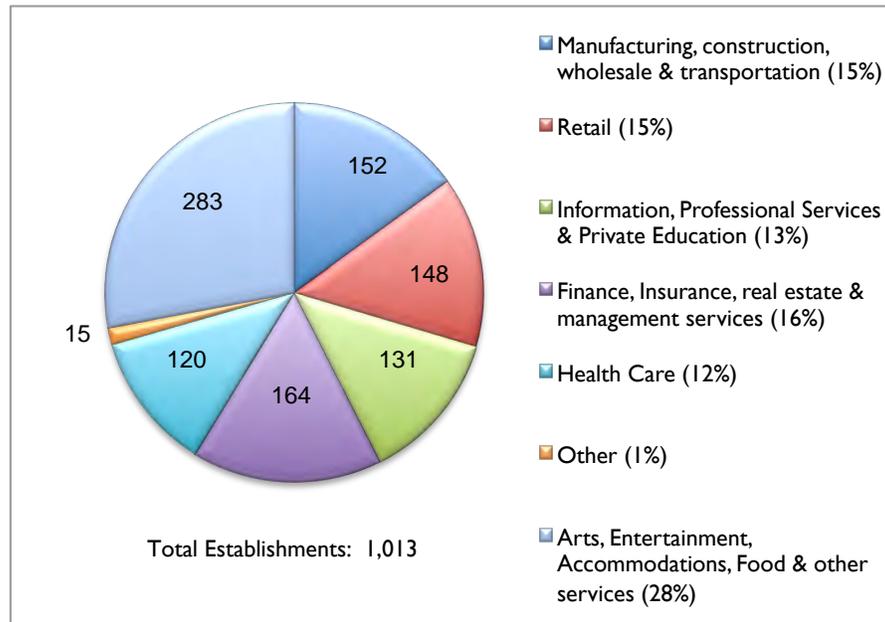
3. LACEY'S ECONOMIC SETTING

This section of the report provides an analysis of the current economic base and historical trends. It includes an inventory of private sector business establishments, an inventory of built commercial space, a description of the local and regional economic base, and an analysis of past job growth trends that will influence Lacey's future economic growth.

3.1 Business Inventory

An inventory of 1,013 business establishments located within the Lacey City Limits is summarized in Figure 2 below.¹¹ Following are pertinent observations about Lacey's business community.

Figure 2 – Lacey Business Establishments by Type, 2015



Food and Personal Service Establishments

Food or personal service establishments comprise 28 percent of Lacey's business inventory. National and regional chain stores make up about half of the 283 food and personal service establishments that employ more than 50 workers each. Establishments that employ 50 or more workers include Hawks Prairie Casino, Ram Restaurant & Brewery, Red Robin Burgers,

¹¹ The full list of businesses is included in Appendix B. InfoUSA is the primary data source, but every business was checked with Google search to ensure each is located within the City limits and is not a home-based business. Non-profit organizations, churches, fraternal associations, public schools and other government agencies are not included on this list.

McDonald's, Applebee's, and the Golf Club At Hawks Prairie. In general, each small, independent food and personal service establishments employ fewer than five workers.

Finance, Insurance, and Real Estate

Lacey's economy includes 164 establishments in the business of finance and other related fields. The inventory includes well-known national corporations that employ a small number of workers at each branch office. Financial establishments that employ 50 or more workers each include: Anchor Bank, Access Information Management, First Citizens Bank, Twinstar Credit Union, and America's Credit Union.

Construction, Wholesale Trade, Manufacturing, and Transportation Establishments

Fifty-nine construction companies are located in Lacey, among many other home-based construction businesses. One large firm (Sunset Air) employs approximately 200 workers but all other construction establishments employ 35 or fewer workers each.

Forty-three business establishments located in Lacey engage in the wholesale trade of a wide range of products including food, pharmaceuticals, electrical equipment, and other materials. Wholesale establishments employing more than 50 workers each include the Alarm Center, International Paper, Trader Joe's, Shipwreck Beads, and Summit Fence Company. Eight of Lacey's wholesale establishments earn more than \$50 million of sales per year. In addition to the jobs these large revenue-producing firms provide directly, they also generate strong economic multipliers through the local and regional economy.

Thirty-three manufacturing establishments are located in Lacey, including 10 that are engaged in producing food and beverages. The largest manufacturer is IP Callison & Sons, a producer of mint oils and flavors that employs nearly 100 workers. The remaining manufacturers employ fewer than 40 workers per establishment. In addition, two of Lacey's manufacturing establishments earn more than \$10 million of sales per year, and the remaining thirty or so establishments are not high-revenue producing businesses.

Retail Establishments

Nearly every brand name national and regional chain has established a store location to take advantage of Lacey's excellent location along the I-5 corridor. The Wal-Mart Supercenter, Cabela's, Wal-Mart, Safeway, Costco, Fred Meyer, Lowe's, Sears, Home Depot and Best Buy all generate more than \$30 million of sales per year. Shopko, the Walmart Neighborhood Center, Harley-Davidson, Burlington Coat Factory, QFC, PetSmart, Kohl's, Marshalls and Walgreens generate between \$8 million and \$30 million of sales. This leaves Lacey with 65 retail establishments that generate between \$1 million and \$8 million of sales



with between 5 and 35 employees each. The remaining 64 smaller retail establishments, most of which are locally owned generate less than \$1 million per year of sales revenue.

While national and regional chain stores bring badly needed tax dollars, studies have shown they take their revenue out of the communities where stores are located leaving a small percentage to be re-circulated through the local economy. In contrast, locally-owned stores have difficulty competing against the national chains but their sales are re-circulated through the economy, and they generate strong economic multipliers.

Information, Professional Services, and Private Education

Lacey has 16 establishments engaged in broadcasting, telecommunications, or data processing. Xerox, which operates a call center in Lacey, is the sole large information industry establishment that employs 1,000 workers.

A diverse mix of 88 professional service establishments located in Lacey includes architects, attorneys, accountants, photographers, computer design and related services, engineers, management consultants, veterinarians, and a mix of other professional establishments. Transaction Networks Services, a global supplier of data communications, is Lacey's largest professional service firm and employs nearly 200 people.

More than 20 private education providers that do business in Lacey include fine arts schools, parochial schools, pre-K education centers, private colleges, and sports education centers such as a martial arts school. Saint Martin's University is the largest private education employer with approximately 290 workers. No other education establishment employs more than 30 workers.

Health Care

Lacey has a mix of 120 health care establishments including emergency centers, child care facilities, chiropractors, dentists, home health, optometrists, physicians and physical and occupational therapists. The Providence Regional Cancer Center is the single large employer creating approximately 100 jobs.

3.2 Inventory of Built Commercial Space

The City of Lacey has an estimated inventory of 3.6 million square feet of built commercial space with nearly 2.2 million square feet occupied by retail establishments plus 240,000 square feet of vacant commercial space. The remainder of Lacey's built commercial space is utilized as summarized below.

- 222,000 square feet occupied by full-service restaurants, pizza, take-out, and fast food establishments;
- 220,000 square feet occupied by visitor lodging facilities;
- 178,000 square feet occupied by self-storage;
- 128,000 square feet occupied by arcades, cinemas, fitness clubs, and a small casino;
- 125,000 square feet occupied by business and professional service establishments that offer storefront services such as tax preparation and investment assistance.

There are 240,000 square feet of vacant space that could be occupied by retail establishments. The 8.2 percent vacancy rate includes a former Albertson's supermarket and five other large spaces that collectively account for 135,000 square feet of Lacey's commercial vacancies. Another 58 commercial vacancies average 1,800 square feet in size.

The built space data are displayed in Appendix Table A-9, and are organized and sorted into five subareas as described below.

Hawks Prairie District

The Hawks Prairie District extends across I-5 to include Cabela's and the new business space being developed in that area. But the majority of the 1.24 million square feet of commercial space have been developed along the Marvin Road corridor that extends from I-5 to Martin Way.

The corridor functions as Lacey's primary commercial area anchored by Home Depot, Costco, the Wal-Mart Supercenter and Best Buy. These large retailers are well positioned to capture the spending among regional customers, although there are competitive stores elsewhere in Lacey, Tumwater and Olympia. The corridor also attracts local residents who shop at Safeway, use the L.A. Fitness Center or patronize the local, small local casino. The Harley-Davidson dealer has a lock on the local motorcycle sales market given that the nearest competition is in Fife. Other significant uses along the Marvin Road corridor include:

- The Best Western and Days Inn, which bring visitors to the area;
- Between 15 and 20 restaurants and fast food establishments;
- Nearly 15 commercial banks and check cashing establishments;
- Three schools and child care facilities.

The Hawks Prairie District has 22,000 square feet of vacant commercial space, accounting for a 2.2 percent vacancy rate. The area includes seven vacant commercial spaces with an average size of 3,000 square feet are available for new tenants. The largest vacant space in the corridor is 5,400 square feet.

Martin Way Corridor

The Martin Way corridor that extends between Carpenter Road and the College Street intersection where the Lacey City limits are contiguous with Olympia's City limits is bifurcated by I-5 with on-ramps, off-ramps and a Park & Ride lot located along Martin Way. The corridor includes 192,000 square feet of occupied retail space that is anchored by the Regal IMAX theatre, the Burlington Coat Factory and Shopko, all of which are located within the Martin Village Shopping Center. Vacancies include one large 27,000-square-foot space within the Martin Village Shopping Center, and three other vacant spaces scattered along the corridor that average size of less than 3,000 square feet in size. The Martin Way corridor has a 12.9 percent vacancy rate.

A cluster of visitor lodging facilities is the corridor's other significant feature. The Comfort Inn, La Quinta, Quality Inn, and Super 8 have all established facilities that accommodate overnight visitors and help retain visitor spending within the area.

Woodland District

The Woodland District is a large, square-shaped area that is bounded on the north by Interstate 5, on the east by the Olympia City Limits, on the south by Pacific Avenue and Lacey Boulevard, and by College Street on the west. The area includes 872,000 square feet of built business space plus additional pure office space located between College and Golf Club Road.

Nearly 70 percent of the 573,100 square feet Woodland District's occupied commercial retail space is located within the South Sound Shopping Center, which is anchored by Kohl's, Marshalls, Sears, Target, and Michaels Crafts. Other Woodland District retail stores that occupy more than 10,000 square feet of space include Fred Meyer, PETSMART, Rite Aide, Tuesday Morning and Office Depot. Forty-nine smaller retailers that occupy an average of 2,300 square feet per store that absorbs the remaining 114,000 square feet of the Woodland District's commercial retail space.

The Woodland District has also attracted 38 full-service restaurants, fast food, and food take-out establishments that occupy nearly 50,000 square feet of space. Tax preparers, accountants, investment advisors, and other professional establishments that serve the general public occupy 39,000 square feet. Commercial banks and other lending establishments occupy 37,000 square feet, and visitor lodging occupies 32,000 square feet.

Twenty-five commercial vacancies comprise 71,000 square feet that could be occupied by retail establishments. The vacant space includes a large 24,000-square-foot vacancy in the South Sound shopping center, an 11,000-square-foot former supermarket, and a scattering of 23 smaller vacancies that average less than 1,300 square feet. The Woodland District has a 9.5 percent vacancy rate. Property owners and realtors often have a challenging time finding tenants to occupy the small spaces.

The Woodland District also includes a large inventory of pure office space, much of which was occupied by State government agencies. The State relocated many offices during the past few years leaving the Woodland District with 240,000 square feet of vacant office space.¹² The data enclosed in this report does not estimate the supply of built office space, nor does it update the supply of vacant office space in the Woodland District or elsewhere in the City.

Pacific Avenue Corridor (Between College and Carpenter)

The Pacific Avenue corridor (west of College Street) is a mixed-use area with 578,000 square feet of built commercial space and 106,000 square feet of space occupied by retail establishments. A 42,000-square-foot Safeway supermarket located at the intersection of Pacific Avenue and Carpenter Road is the area's sole large retail establishment.

Other significant uses that have located along the Pacific Avenue corridor include 125,000 square feet of self-storage; nearly 66,000 square feet of business and professional service establishments; 39,000 square feet of fitness clubs and exercise studios; and 35,000 square feet of restaurants, fast food, and take-out food establishments.

¹² Data collected from the Woodland District Strategic Plan. 2014

Approximately 100,000 square feet of commercial space along the Pacific Avenue corridor are vacant, which translates into a 27.5 percent vacancy rate. The vacant space includes a 42,000-square-foot former supermarket that has been boarded up for a number of years, which conveys an appearance of blight and deterioration that discourages successful retail attraction efforts. An additional sixteen vacant spaces averaging 3,500 square feet account for the remaining 58,000 square feet of vacant space.

College and Yelm Highway Intersection

The College Street and Yelm Highway intersection is comprised of three shopping centers, one at each of three corners of the intersection, with the Capitol City Golf Club located at the fourth corner. Approximately 439,000 square feet of commercial space have been developed in this area, including 324,000 square feet of retail shopping space. The area also includes 32,000 square feet of restaurant, fast food, and food take-out places. In addition:

- A new mixed-use development anchored by a 140,000-square-foot Lowe's Home Improvement Store is located at the northwest corner of the intersection;
- A Safeway-anchored shopping center is located at the northeast corner of the intersection, and a new Wal-Mart Neighborhood Store-anchored shopping center is being developed along Yelm Highway immediately east of the Safeway center;
- An established shopping center anchored by QFC and Rite Aide is located on the southwest corner of the intersection.

The area includes nine vacant spaces that average less than 1,500 square feet. The 13,200 square feet of vacant space translates into a very low 3.2 percent vacancy rate.

3.3 Employment by Industry in Lacey and the Region

Appendix Table A-10 displays detailed employment by industry data for the City of Lacey, the Lacey market area and Thurston County.¹³ Below are some observations about the detailed employment by industry data.

- Lacey's private and public sector employers generate 16,900 jobs;
- Lacey captures 12 percent of Thurston County's manufacturing employment, which is less than Lacey's 19 percent share of total County employment. Also noteworthy is that manufacturing employment is very low in both Lacey and Thurston County (2 percent) while manufacturing accounts for 10 percent of the State's total job base;
- Food, beverage, and furniture manufacturing account for 220 of Lacey's 330 manufacturing jobs;
- Lacey captured 29 percent of Thurston County's wholesale trade employment and 25 percent of the County's retail employment. Retail trade is a significantly larger share of Lacey's economy (17 percent of all jobs) than it is in Thurston County or the entire State;

¹³ Lacey market area includes zip codes 98503, 98513 and 98516.

- Lacey captured 38 percent of Thurston County’s information sector employment, which includes broadcasting, telecommunications, and data processing;
- Approximately 36 percent of Thurston County’s finance jobs are located in Lacey;
- Health care employment comprises 5 percent of Lacey’s job base compared to 13 percent of Thurston County’s job base. Lacey’s under-representation of health care services may be caused by the lack of hospitals and residential care facilities in the City;
- Lacey has captured 25 percent of Thurston County’s food services employment and 31 percent of personal and repair services employment;
- Lacey’s economy is heavily weighted by government employment that accounts for 30 percent of all jobs, to be expected given the City’s proximity to the State Capital.

Figure 3 below shows employment by industry in Lacey compared to Thurston County and the State of Washington in 2013. The baseline information combines the InfoUSA data of private businesses located within the City Limits with the government employment data published by the Thurston Regional Planning Council.

Figure 3 – Employment by Industry in Lacey, Thurston County, Region, and Washington State, 2013

Industry Sector	Lacey	% Total	Thurston	% Total	Washington	% Total
Construction	600	3%	3,280	3%	128,170	5%
Manufacturing	330	2%	2,680	3%	279,570	10%
Wholesale trade	640	4%	2,220	2%	121,890	4%
Retail trade	2,900	17%	11,710	12%	313,260	11%
Transportation & warehousing	170	1%	1,400	1%	81,820	3%
Information	1,140	7%	2,070	2%	103,890	4%
Finance & insurance	800	5%	2,520	3%	89,210	3%
Real estate & rental & leasing	210	1%	1,030	1%	43,290	2%
Professional, scientific & technical services	740	4%	4,980	5%	169,840	6%
Management of companies & enterprises	4	0%	230	0%	38,460	1%
Admin, support, waste mgt, remediation services	370	2%	2,330	2%	135,970	5%
Educational services	570	3%	1,610	2%	37,940	1%
Health care and social assistance	920	5%	13,090	13%	331,330	12%
Arts, entertainment & recreation	350	2%	2,550	3%	43,420	2%
Accommodation & food services	1,840	11%	7,940	8%	224,340	8%
Other Private services	540	3%	3,960	4%	129,570	5%
Government	5,150	30%	36,480	36%	518,950	19%
Totals	17,270		100,080		2,790,920	

Data Sources: U.S. County Business Patterns; InfoUSA; Thurston Regional Planning Council;
 Washington State Employment Security Department and the City of Lacey
 Analysis: Wahlstrom & Associates

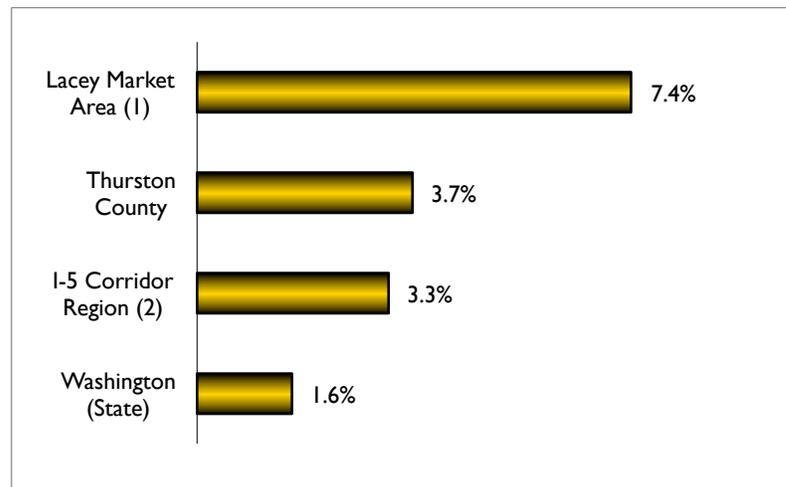
3.4 Employment Growth Trends

A review and analysis of past employment trends is a common method used to anticipate future growth and economic development opportunities.¹⁴ However, the national economy has been on a boom and bust roller coaster since the turn of the century, which means that an analysis of the long-term growth trends will yield limited information about future economic development opportunities. Instead, the growth trends data are segmented into three time blocks, consistent with the state and national economic boom and bust cycles as described below.

Post Dot-Com Bust (2001 – 2007)

The dot-com bubble, also referred to as the information technology bubble, was an historic financial event that occurred between 1997–2000 and climaxed with the NASDAQ closing at 5,049, a value that did not recover until this year (2015). The Internet boom that collapsed by early 2001 left the national and State economies with a loss of wealth, and halted steady income gains that households experienced during the 1990s, reflected in Figure 4 below.

Figure 4 – Annual Growth Rates of Private Sector Employment Trends in Lacey and the Region, 2001 – 2007



Data Source: U.S. County Business Patterns

Notes: (1) Lacey market area includes zip codes 98503, 98513 and 98516

(2) I-5 corridor region includes the Counties of Thurston, Pierce and Lewis

The dot-com bust continued through 2003 but the economy slowly recovered through 2007 with nearly 230,000 new jobs added to Washington State’s economy. During the seven-year period after 2001, Washington State’s economy expanded at a rather anemic 1.6 percent annual growth rate. In comparison, the three I-5 corridor counties expanded employment at a much more robust 3.3 percent growth rate. Thurston County employment expanded at a 3.7 percent annual growth rate.

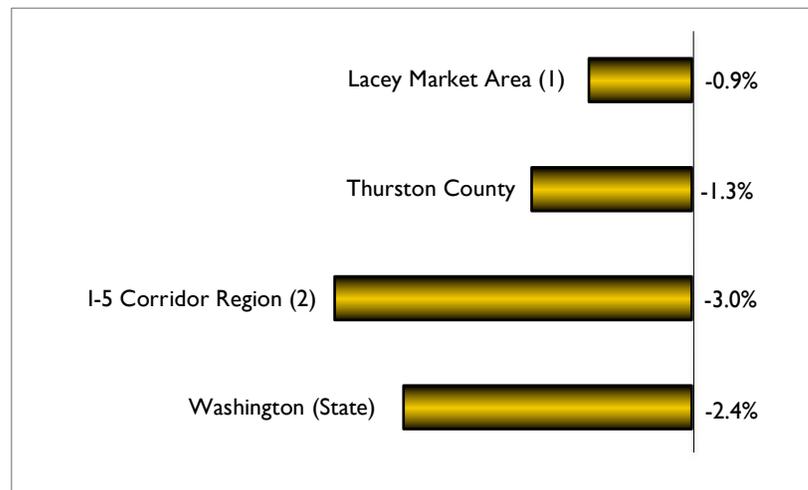
¹⁴ Appendix Tables A-11 to A-15 summarize the employment growth trends in the State, region, County, and the Lacey market area between 2001 and 2013.

Employment within the Lacey market area was booming during this time period, expanding at a 7.4 percent annual growth rate. Between 2001 and 2007 nearly 1,700 new jobs were added to Lacey's retail trade sector, more than 900 jobs were added to health care, and more than 700 jobs were added to the accommodation and food services sector.

Great Recession (2007 – 2010)

The great recession led to the loss of 8.7 million U.S. jobs, which resulted in a 10 percent unemployment rate and a 5.1 percent contraction of the national GDP. The recession also collapsed incomes by nearly \$3,900 per household, which all but wiped out income gains made between 1996 and 2010. Figure 5 below shows the impact on employment in the Lacey area during this time period.

Figure 5 – Annual Growth Rates of Private Sector Employment Trends in Lacey and the Region, 2007-2010



Data Source: U.S. County Business Patterns

Notes: (1) Lacey market area includes zip codes 98503, 98513 and 98516

(2) I-5 corridor region includes the Counties of Thurston, Pierce and Lewis

Approximately 172,000 jobs were lost in the State of Washington during this three-year time period, which amounted to a 2.4 percent annual rate of job loss. The construction industry accounted for the loss of nearly 58,000 jobs. The other hard hit sectors included manufacturing (33,700 jobs lost), health care (27,800 jobs lost), administrative support (27,400 jobs lost), retail (24,200 jobs lost) and finance (23,200 jobs).

The great recession had less adverse impacts on Thurston County relative to the State and nation. Thurston County lost approximately 2,600 private sector jobs between 2007 and 2010, which amounted to softer a 1.3 percent annual rate of decline. The construction industry accounted for nearly 60 percent of Thurston County's lost jobs. Manufacturing lost more than 600 jobs; corporate management lost 560 jobs; and arts, entertainment and recreation lost 460 jobs. The remaining job losses were spread throughout other industry sectors.

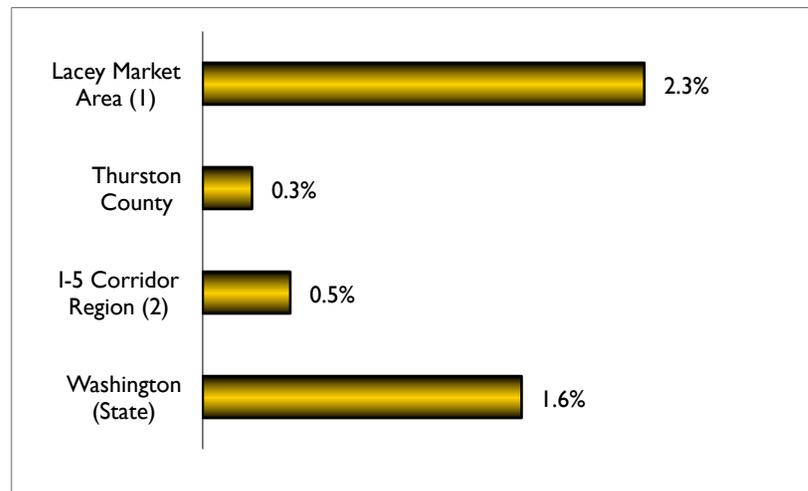
The Lacey market area suffered a net loss of 500 jobs during the great recession years and the rate of job loss was less than 1 percent per year. The largest losses occurred in management (470 jobs lost), construction (350 jobs lost), retail (250 jobs lost) and administrative support

(200 jobs lost). The job losses were counterbalance by job gains in other services (290 new jobs); health care (280 jobs); professional and technical services (200 jobs); and arts, entertainment, and recreation (140 jobs).

Post Recession Recovery (2010 ongoing)

The Washington State economy added 116,000 new private sector jobs between 2010 and 2013, which amounts to a 1.6 percent annual growth rate. The largest gains were among the professional and business service sector (32,900 jobs), manufacturing (26,000 jobs), and lodging and food services (16,900 jobs). Washington State's construction industry continued to loose 3,000 jobs while the remainder of the economy rebounded.

Figure 6 – Annual Growth Rates of Private Sector Employment Trends in Lacey and the Region, 2010 – 2013



Data Source: U.S. County Business Patterns

Notes: (1) Lacey market area includes zip codes 98503, 98513 and 98516

(2) I-5 corridor region includes the Counties of Thurston, Pierce and Lewis

Thurston County's economy remained relatively stagnant with 480 new jobs added between 2010 and 2013. Job losses occurred in the administrative and support services sector (845 job lost), other services (460), and professional services (410). The 1,600 new health care jobs was the primary driver of Thurston County's job gains.

The Lacey market area added nearly 1,400 new jobs since 2010, which more than tripled the new jobs generated in Thurston County. Essentially, Lacey added jobs at a 2.3 percent annual growth rate while the remainder of Thurston County lost jobs. Lacey's largest job gains were in information services (680 new jobs), lodging and food services (460), wholesale (330), administrative support (250), and manufacturing (240).

4. EMPLOYMENT AND LAND DEMAND PROJECTIONS

The employment and land demand projections in this report build upon the projections published by the State of Washington, and have been adjusted to account for Lacey and Thurston County's strong growth trends relative to the State.¹⁵ Lacey's private and public sector employers employed 16,900 workers in 2013, which is a healthy number of jobs for 17,900 households established within the City limits.¹⁶ Essentially, Lacey attracts more commuting workers into the City versus Lacey residents that counter-commute to work outside of city limits. Below are some additional observations about Lacey's economic base.

- Lacey's economy is reliant on public sector employment that generates 30 percent of the jobs in the City. The high percentage of public sector employment is to be expected given the City's proximity to the State capital;
- Retail trade is a larger share of Lacey's economy (17 percent of all jobs) than it is in Thurston County or the entire State (12 and 11 percent respectively);
- Health care employment is under-represented, accounting for 5 percent of Lacey's employment compared to 13 percent of Thurston County's job base;
- In Lacey and Thurston County, the manufacturing sector accounts for 2 percent of all jobs, while manufacturing accounts for 10 percent of the State's total job base.

4.1 Employment by Industry Projections

Based on the employment projections displayed in Figure 7, Lacey can anticipate that 13,700 new jobs will be added to the City's economy by 2035.¹⁷ This means that on average, Lacey's economy should expand by 620 jobs per year, although future growth will include time periods of strong economic growth and other time periods where growth is stagnant or in decline. The industry sectors that are anticipated to generate the largest number of new jobs in Lacey are described below.

- Approximately 2,100 new low-wage paying personal and repair service jobs likely will be added to Lacey's economy by 2035, which amounts to 100 new jobs per year;
- The food services and lodging sectors are projected to add 2,000 new jobs by 2035, or 190 new jobs per year;

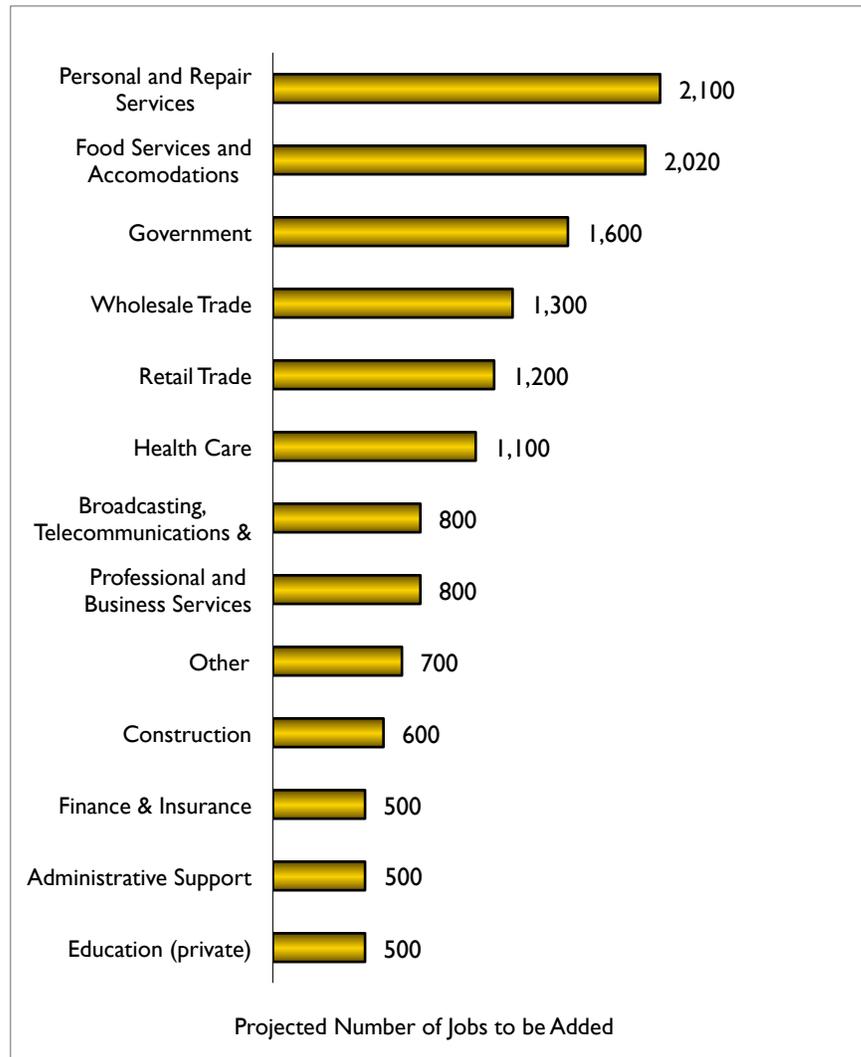
¹⁵ See 2014 Employment Projections published by the Washington State Employment Security Department.

¹⁶ Appendix Table A-16 provides employment projections for the City of Lacey from 2013 to 2035.

¹⁷ The projections methodology relies on several assumptions, including the accuracy of the State Employment Security Department projections; a continuation of Lacey's historical economic performance, which has consistently out-performed the State over a long period of time; that Lacey's employment base will continue to expand more rapidly than the State; and that retail employment will expand consistent with the Thurston Regional Planning Council's population growth rates for the Lacey UGA. Projections after 2023 do not account for external events such as unanticipated wars, natural disasters, financial upheavals, or significant technological changes.

- Public sector employment should add 1,600 new jobs by 2035, despite the on-going budget cuts and struggles for public sector resources. The projected growth of 70 new jobs per year includes all levels of federal, state, and local government including the public schools;
- Wholesale trade establishments that take advantage of Lacey's excellent I-5 location are expected to add 1,300 new jobs by 2035, or 60 new jobs per year;
- Retail establishments that serve an expanding number of people and households in the Lacey area likely will add 1,200 new jobs by 2035, 50 jobs per year;
- If Lacey can capture a larger share of the regional health care employment, health care services can be expected to add another 1,100 jobs;
- Professional and technical services are expected to add 800 new jobs;
- The information sector, which includes broadcasting, telecommunications, and data processing, should add 800 new jobs.

Figure 7. Projection of Job Growth by Industry Sector in Lacey, 2013 to 2035



4.2 Land Demand Projections

Estimates of the demand for new business space, including the amount of land that Lacey should reserve for future business use, flow directly from the employment by industry projections. The resulting land demand projections are sorted and converted into these land-use categories:

- Retail establishments, personal service providers and other establishments that need ground floor commercial space for walk in customers;
- Office and business park space, which may be single- or multi-story buildings;

- Research and development flex space, which most attractive to technology and start-up businesses;
- Manufacturing and industrial space that can vary in quality and the amount of space dedicated to outdoor storage;
- Warehouse and storage space with large open areas and possible outdoor uses;
- Institutions that include City Hall, hospital complexes, and similar facilities.

Figure 8 below converts the data on Lacey’s 16,670 employees into land-use categories that occupy 6.97 million square feet of space. The allocation of employment by land use is summarized below.

- Nearly 5,800 employees occupy 2.89 million square feet of ground floor commercial space;
- About 4,600 employees occupy 1.37 million square feet of formal office or business park space, much of which is located in the Woodland District;
- Approximately 2,400 workers occupy 1.9 million square feet of warehouse, industrial, and flex space, most of which is located in the Hawks Prairie area;
- About 3,200 employees work in 800,000 square feet of institutional space, which includes land uses such as City Hall, St. Martin’s University, public schools and hospital complexes;
- 700 jobs are located in open space areas that include golf courses, outdoor recreational establishments, landscaping and garden establishments, and other business establishments with small buildings and with a large percentage of their sites used for outdoor storage.

Figure 8 – Employment by Land Use in the City of Lacey, 2013

Building Type	Employment by Building Type	Building S.F. per Employee (1)	Total SF	FAR (1)	Acreage
Ground Floor Commercial Space	5,780	500	2,890,000	0.25	265
Office or Business Park Space	4,570	300	1,371,000	0.40	79
R&D /Flex Space	160	400	64,000	0.35	4
Manufacturing/Industrial	1,870	800	1,496,000	0.25	137
Warehouse & Storage	390	900	351,000	0.15	54
Institutions (2)	3,200	250	800,000	0.50	37
Outdoor Uses with No Buildings	700				
Totals	16,670	440	6,972,000		576

Data Sources: U.S. County Business Patterns; InfoUSA; Thurston Regional Planning Council; Washington State Employment Security Department; Urban Land Institute; National Association of Office and Industrial Parks

Analysis: Wahlstrom & Associates

Note: (1) Floor Area Ratio (FAR) and building square footage per employee are assumed based on research in other similar communities

(2) Includes schools, hospitals, and other institutions

The projections of new demand for business space and land that should be reserved for growth through 2035 are based on the previously described employment by industry projections, which anticipate that 13,700 new jobs will be added to Lacey's economy during the next 20 years. Accommodating these workers will require almost 6 million square feet of new space by the year 2035, assuming that Lacey continues to outperform the regional and state economy, that the area is not hit by unexpected financial or natural disasters, and that growth is not constrained by a lack of buildable land. Given these assumptions, the demand for land and built space that Lacey can anticipate through 2035 is summarized below, with detailed data provided in Appendix Table A-17.

- The City can expect to absorb an additional 2.8 million square feet of new ground floor commercial space, of which may have already be developed as of mid-2015, as the baseline data are from 2013;
- An additional 850,000 square feet of new office and business park space will be needed for business uses;
- Nearly 1.5 million square feet of industrial and flex space will be in demand, which should be sufficient to absorb 270,000 square feet of warehouse and storage space.

5. RETAIL LEAKAGE ANALYSIS

The City of Lacey's fiscal resources are highly dependent on sales tax revenues, and Lacey is working hard to attract new stores, encourage new shopping center investment, and transform underperforming sites into more desirable destinations for people. The retail leakage analysis will inform City staff, community leaders, and stakeholders about Lacey's market potential to attract new commercial businesses. The analysis will also provide the Comprehensive Plan update with important information about the opportunities to attract and expand commercial services.

5.1 Inventory of Occupied Retail Space

Retail establishments occupy approximately 2.2 million square feet of built commercial space. The most significant retail sectors are summarized below with detailed information found in Table A-18 of Appendix A.¹⁸

- Costco, Target, the Wal-Mart Supercenter, Shopko, and Sears occupy nearly 700,000 square feet, accounting for one-third of Lacey's occupied retail space;
- Home Depot, Lowes, and other building material stores have absorbed 274,000 square feet of space;
- Food and beverage stores anchored by Safeway, QFC, and the Wal-Mart Neighborhood Center absorb 270,000 square feet. This does not include Costco where food products account for 54 percent of sales, nor does it include the Wal-Mart Supercenter where food products account for 56 percent of all sales;¹⁹
- Sporting goods, hobby, and toys and game stores anchored by Cabela's and Michaels Crafts absorb nearly 245,000 square feet of space;
- Burlington Coat Factory, Kohl's, Marshalls, and a few small independent apparel retailers occupy 145,000 square feet of space.

5.2 Retail Sales Earnings

Nearly every brand name national and regional chain has established a Lacey store location. The Wal-Mart Supercenter, Cabela's, Wal-Mart, Safeway (Yelm Highway), Costco, Fred Meyer, Lowe's, Sears, Home Depot and Best Buy all generate more than \$30 million of sales per year. Shopko, the Walmart Neighborhood Center, Harley-Davidson, Burlington Coat Factory, QFC, PETSMAST, Kohl's, Marshalls and Walgreens generate between \$8 million and \$30 million of sales. This leaves Lacey with 65 retail establishments that generate between \$1 million and \$8 million of sales with between 5 and 35 employees each. The remaining 64 smaller retail establishments, most of which are locally owned generate less than \$1 million per year of sales revenue.²⁰ In total, Lacey's retail establishments earn \$874 million of sales, not

¹⁸ Appendix Table A-18 provides an inventory of occupied retail space in Lacey by commercial district.

¹⁹ See Wal-Mart and Costco 2014 10K reports submitted to the Security and Exchange Commission.

²⁰ Source: InfoUSA and corporate 10K reports.

including sales from restaurants, bars, fast food, or wholesale establishments engaged in business-to-business transactions. Below is a summary of the sales performance among Lacey's key retail sectors.

- Food store sales account for \$301.7 million or nearly one-third of the City's total retail. This figure includes the sales earned by three Safeway stores, a QFC, a Fred Meyer, the Wal-Mart Neighborhood Center, and eleven other small grocery and convenience stores. Estimated sales also accounts for food sales from Costco and the Wal-Mart Supercenter;
- Home Depot, Lowe's, and other building materials stores earn approximately \$133 million of sales;
- General merchandise stores that generate \$131 million of sales include Target, Big Lots, and Dollar Tree. The Wal-Mart Supercenter and Costco also earn between 40 and 50 percent of their sales from general merchandise items;
- Cabela's and 14 other sporting goods, hobby, toy, and game stores earn \$89 million of sales;
- The Burlington Coat Factory, Kohl's, Marshalls, and smaller stores earn \$51 million of sales.

5.3 Spending Leakages

Lacey's 148 retail establishments anchored by anchored by a wide variety of national and regional chain stores earn approximately \$885 million of sales from customers that reside throughout Thurston County and from the neighboring I-5 corridor communities in Pierce and Lewis County. Essentially, Lacey's retail establishments earn far more sales than can be supported by the residents of Lacey. With the exception of Safeway and Lowe's, the anchor stores are located near the Marvin Road interchange, the Martin Way interchange or the Sleater-Kinney interchange with easy access to Interstate 5.

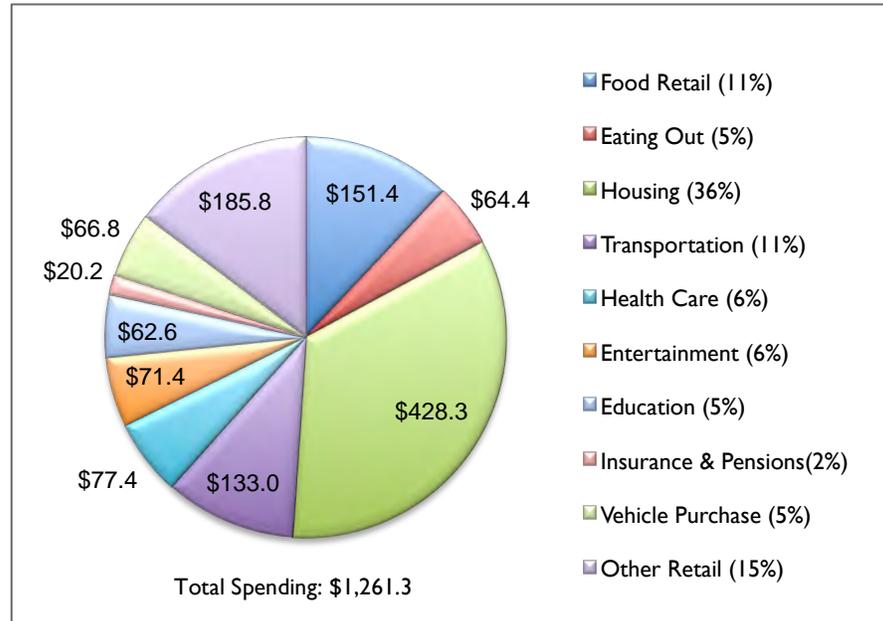
The Lacey market area that extends into unincorporated Thurston County includes 21,100 households.²¹ The City of Lacey has 18,500 households that earn an average income of \$68,200, which translates into a total earned income of \$1.26 billion. Figure 9 below shows how Lacey's household income is allocated.

- \$151.4 million is spent at food retail stores not including eating out establishments;
- \$64.4 million is spent at restaurants, bars, fast food and other food take out establishments;
- \$66.8 million is spent to purchase various types of motor vehicle;
- \$185.8 million is spent at retail stores or on Internet sales for a wide variety of consumer items;

²¹ The market area includes the City of Lacey and the surrounding unincorporated areas of Thurston County defined as census tracts: 112, 113, 114, 115, 116 and 123.

- The remaining expenditures are on housing (\$428 million), transportation (\$133 million), health care (\$77 million), entertainment \$71 million, and a handful of other sectors.

Figure 9 – Lacey Household Expenditures Before Taxes, 2015



Note: Spending in \$Millions

Figure 10 below provides detailed information about spending leakages and the level of regional capture of sales among certain store types in Lacey.

Essentially, \$62.5 million of new and used automobile spending is leaking out of Lacey along with \$26.6 million of spending at gas stations or travel centers. However, no other significant spending leakages are available to be captured. In contrast, sales earned by Lacey’s retail establishments greatly exceed the \$370 million of the available consumer spending within the Lacey market area. Below is a summary of the regional spending being captured by Lacey’s retail establishments.

- Electronics stores anchored by Best Buy capture \$26.6 million of regional spending;
- Building materials stores anchored by Lowe’s and Home Depot capture more than \$70 million of regional spending;
- Seven supermarkets capture \$144 million of regional spending;
- Sixteen clothing stores anchored by Kohl’s, Marshalls, and Burlington Coat Factory capture \$23.9 million of regional sales;
- Sporting goods stores anchored by Cabela’s capture \$70.9 million of regional spending;
- General merchandise stores anchored by Costco and Wal-Mart capture nearly \$190 million of regional sales.

Figure 10 – Spending by Lacey Area Households Compared to Sales Captured by Lacey's Retail Establishments, 2015

Store Category	Household Spending (1)	Sales Earned (2)	Spending Leakages (3)	Regional Capture (4)
Automotive Group				
Automobile Dealers	\$62,480,000	\$0	\$62,480,000	\$0
Other Motor Vehicle Dealers	\$4,284,000	\$21,895,000	\$0	\$17,611,000
Auto parts & Tire Shops	\$7,227,000	\$16,887,000	\$0	\$9,660,000
Furniture & Home Furnishings				
Furniture Stores	\$4,464,000	\$11,860,000	\$0	\$7,396,000
Home Furnishings	\$3,799,000	\$3,323,000	\$476,000	\$0
Electronics & Appliance Stores				
Household Appliance	\$1,399,000	\$1,638,000	\$0	\$239,000
Consumer Electronics & Software	\$8,011,000	\$34,565,000	\$0	\$26,554,000
Building Materials				
Home Centers	\$11,729,000	\$64,732,200	\$0	\$53,003,200
Paint & Wallpaper	\$762,000	\$2,262,000	\$0	\$1,500,000
Hardware	\$1,805,000	\$2,209,000	\$0	\$404,000
Other Building Materials	\$10,167,000	\$30,715,000	\$0	\$20,548,000
Nursery, Garden Center & Farm Supply	\$740,000	\$0	\$0	\$0
Food & Beverage Stores				
Supermarkets & Other Grocery	\$46,495,000	\$190,872,000	\$0	\$144,377,000
Convenience	\$2,368,000	\$17,574,000	\$0	\$15,206,000
Specialty Food	\$1,823,000	\$0	\$1,823,000	\$0
Beer, Wine & Liquor	\$3,945,000	\$2,026,000	\$1,919,000	\$0
Health & Personal Care Stores				
Pharmacies & Drug	\$20,817,000	\$24,082,000	\$0	\$3,265,000
Cosmetics, Beauty Supplies & Perfume	\$1,229,000	\$0	\$1,229,000	\$0
Optical Goods	\$958,000	\$3,606,000	\$0	\$2,648,000
All Other Health	\$1,626,000	\$516,000	\$1,110,000	\$0
Gasoline Stations				
Gasoline stations with Convenience Stores	\$42,451,000	\$15,869,000	\$26,582,000	\$0
Clothing & Accessories Stores				
Clothing	\$14,869,000	\$38,739,000	\$0	\$23,870,000
Shoe	\$2,475,000	\$7,555,000	\$0	\$5,080,000
Jewelry	\$2,501,000	\$4,443,000	\$0	\$1,942,000
Luggage & Leather Goods	\$186,000	\$0	\$186,000	\$0
Sporting Goods, Hobby, Book & Music Stores				
Sporting Goods	\$3,662,000	\$74,586,000	\$0	\$70,924,000
Hobby, Toy & Game	\$1,636,000	\$6,751,000	\$0	\$5,115,000
Sewing, Needlework & Piece Goods	\$1,089,000	\$0	\$1,089,000	\$0
Musical Instruments & Supplies	\$1,524,000	\$649,000	\$875,000	\$0
Book & Music	\$1,467,000	\$852,000	\$615,000	\$0
General Merchandise				
Department Stores (not discount)	\$11,451,000	\$69,698,000	\$0	\$58,247,000
Warehouse Clubs & Superstores	\$34,724,000	\$121,215,600	\$0	\$86,491,600
Other General Merchandise	\$10,940,000	\$54,385,000	\$0	\$43,445,000

Figure 10 continued on next page

Figure 10 continued

Miscellaneous Stores				
Florists	\$678,000	\$1,137,000	\$0	\$459,000
Office Supplies & Stationary	\$1,896,000	\$7,905,000	\$0	\$6,009,000
Gift, Novelty & Souvenir	\$1,395,000	\$1,978,000	\$0	\$583,000
Used Merchandise	\$1,198,000	\$6,059,000	\$0	\$4,861,000
Pet Supplies	\$1,231,000	\$19,783,000	\$0	\$18,552,000
Other	\$4,098,000	\$2,127,000	\$0	\$0
Non-Store Retailers and Internet sales				
Non-Store Retailers and Internet sales	\$33,040,000		\$0	\$0
Total	\$368,639,000	\$862,493,800		

Data Sources: Bureau of Labor Statistics Household Spending Surveys, U.S. Census of Retail Trade, InfoUSA and Corporate 10k reports

Analysis: Wahlstrom & Associates

Notes: Column (1) Measures total consumer spending by store type among Lacey area residents that live in census tracts: 112, 113, 114, 115, 116 and 123

Column (2) Utilizes data from InfoUSA and Corporate 10K reports

Column (3) Measures Net Spending Leakages by Store Type

Column (4) Measures the Net Amount of Sales Captured by Lacey retailers among Consumers that live outside of the Lacey market area

6. ECONOMIC DEVELOPMENT OPPORTUNITIES

Lacey's economic development opportunities are primarily constrained by the lack of manufacturing establishments throughout Thurston County. Manufacturing activities, much of which are driven by technological innovation attracts investors and entrepreneurs that generate strong economic and employment multipliers through value added activities. Instead, Thurston County's economy is heavily skewed toward government employment, which is to be expected given the State Capitol's location in Olympia. The remaining sectors of Thurston County's economy look very similar to the State of Washington with the barriers to growth directly related to the performance of the national and state economy.

Lacey's balanced economy has captured exactly 17.2 percent of Thurston County's jobs and housing units within the City limits, which means that the City has a perfect one to one jobs/housing ratio with no net commute to employment centers elsewhere. Unfortunately, the strong components of Lacey's economy that are listed below generate a high percentage of low wage jobs.

- Fifty-five percent of Thurston County's information sector jobs are located in Lacey. This sector is anchored by a single call center that employs approximately 1,000 workers.²²
- Lacey has captured 28 percent of Thurston County's wholesale trade jobs, which take advantage of the community's excellent I-5 access.
- Lacey has become a regional shopping destination that has captured 25 percent of the County's retail jobs.
- Chain store restaurants combined with independent ethnic restaurants have become regional destinations that allow Lacey to capture 23 percent of Thurston County's food service and accommodations jobs.

Health care and government are two relatively weak economic sectors that pays relatively good wages but capture employment shares that are significantly below the 17.2 percent of total jobs captured in Lacey. Only 7 percent of Thurston County's health care jobs, and only 14 percent of government jobs are located in Lacey. A smaller share of total government employment makes sense given that Olympia is the State capital and the principal location for State government jobs.

²² The information sector includes establishments engaged in producing, distributing, transmitting or processing data. Information establishments include traditional publishing and publishing exclusively on the Internet; the motion picture and sound recording industries; the broadcasting industries, telecommunications industries; web search portals, data processing industries, and the information services industries.

6.1 Opportunities and Barriers to Lease and Start a New Business in Lacey

The City of Lacey has earned a reputation of being easy to work with and supportive of more business activity. Land owners, businesses and developers that were interviewed consistently complimented the business climate and friendly regulatory environment created by City Staff and elected officials.

Instead of regulatory constraints, Lacey's barriers to growth are subtle, complex and directly related to the absence of a downtown or a central gathering place for people and civic activities. The demographic shifts of recent years have created a large pool of young people that are seeking more walkable urban environments with less dependence on driving. Within that context, the City is working to transform the Woodland District into a more smart growth location with a higher density of housing, jobs and local services that will also attract more residents and commerce. Unfortunately, it may take years to accomplish a successful retrofit of the Woodland District.

One land use regulation that the City may consider is a change in the 500,000 square foot building size limitation for new development. Fulfillment centers that distribute on-line retail sales are a relatively new real estate product that requires a minimum of 1 million square feet of space. Amazon has located a fulfillment center in nearby DuPont and all major corporations are establishing new fulfillment centers to manage on-line sales. Lacey's excellent I-5 access can offer corporations an ideal location for new fulfillment centers serving the Puget Sound region.

6.2 Feasible Commercial Uses for the Existing Building Stock

Lacey has 240,000 square feet of vacant commercial space that could be occupied by retail and other commercial establishments. Six vacancies range in size between 11,000 square feet and 42,000 square feet. In general, the larger vacant spaces are too poorly located to successfully attract regional serving retail, which makes attracting new retailers to the vacant spaces very difficult given the absence of spending leakages. Potential reuses of the larger sites are described below.

The Woodland District has one 11,200 square foot vacancy that was built to be a grocery store but was converted into State offices before becoming vacant. The site has become an obsolete retail space that lacks good access and visibility. The City should consider allowing the site to be redeveloped for housing or a mix of uses that would attract residents to live within walking distance to other commercial services. The Woodland District has a significant inventory of additional vacant office space that was formerly occupied by the State, but lacks the private sector demand to reuse in the short-term. The supply of vacant office space within the Woodland District is unknown and not included in this market study.



The Woodland District's South Sound Shopping Center includes a 24,000 square foot vacancy that is very difficult to fill because the building depth does not match the needs of prospective tenants. The property owner's ongoing leases with Sears and Target constrain reusing this vacant space, and the owner is not willing to make significant changes to the facility that will increase density and encourage more mixed uses. The City should encourage new investors to acquire and redevelop the entire shopping center for a mix of uses with less land used for parking and more intensive floor area ratios.

A 27,000 square foot vacancy is available in the Martin Village shopping center, which is anchored by Shopko, Burlington Coat Factory and Regal Theaters. Perhaps the vacant space can be subdivided and reused for more arcades, a fun center or a food court, which would enhance the area as a family entertainment destination. Martin Village is a stand-alone commercial center that is not visible to freeway traffic; its poor location is not attractive for corporate retailers that depend on attracting regional customers.

The Lacey Blvd. and Pacific Avenue corridor includes three large vacant spaces described below

- A 16,100 square foot vacant space is located along Ruddell Road, between Lacey Blvd. and Pacific Ave. A second nearby 14,700 square foot vacant space is located between Lacey Blvd and Pacific Ave, just north of the Lacey traffic circle. The two sites would best be reused for general commercial space because they are not well located to attract regional customers.

- A vacant 42,000 square foot grocery store located on the corner of Pacific Avenue and Carpenter Road is the most visible sign of blighted commercial property in Lacey. The lack of spending leakages leaves this neighborhood-serving site without any obvious uses. The City should consider allowing the site to be redeveloped for residential or a mix of other uses.



Another 58 commercial vacancies that account for 135,000 square feet of vacant commercial space average only 1,800 square feet in size. The City should consider partnering with the Chamber or other business groups to organize a local tour that can generate some interest in the vacant spaces from home based businesses or individuals local looking for new commercial or live-work space. This approach that has been successful elsewhere can inform potential business tenants and entrepreneurs about the existing available vacancies, their assets, and possible uses.

6.3 Business Recruitment Strategies

The City of Lacey should consider alternative approaches to business expansion and recruitment efforts. A typical or “old school” economic development approach is to proactively contact and deliver promotional materials to footloose companies that are seeking business sites. The recruitment effort often includes an offering of business incentives that will reduce the costs of doing business, thereby making a community more attractive as a business location. This approach often places communities in direct competition with each other in a race to the bottom to find locations with the lowest cost of doing business. Below are some alternative approaches the City should consider:

Establish a Business Retention and Expansion Program

The City could focus on assisting locally owned businesses to expand and thrive in the regional economy. Existing research shows that local companies generate much higher economic multipliers than do national chain stores who quickly transfer their value added revenue out of the community. A survey and/or site visit could identify specific business expansion barriers that individual establishments must overcome. Potential barriers include lack of business management expertise, marketing and branding deficiencies, lack of access to capital, improved workforce training or other similar barriers. Expanded revenues and the creation of new jobs could be accomplished through a partnership between the City, the Thurston EDC, other non-profits and the business community.

Continue New Smart Growth Initiatives in the Woodland District

The City should continue its efforts to create a more dense and walkable environment that transforms the Woodland District into a desirable place to work live and be entertained. A continued focus on new smart growth initiatives will take a long period of time that will make Lacey more attractive for the young, creative class.

Create a Web Site of Available Business Sites

The City's existing web site provides no information about sites that may be available for new commercial and industrial business space. Companies seeking sites want as much information as possible in advance of any visit to the area. They want to know about vacant land, zoning, access to infrastructure services and an inventory of vacant buildings on the market for new business tenants. The City should consider using scarce economic development funding to add this capacity through the City's existing web site, or a new economic development web site that includes information about sites. See the attached link for some ideas about what this can look like. (<http://www.gisplanning.com/Products/zoomprospector.html>)

APPENDIX A: REPORT TABLES

Table 1

Demographic Trends in the Lacey area and the surrounding region, 2000 to 2014

City of Lacey	2000	2010	2015	Growth		Average Annual Growth Rates	
				2000 to 10	2010 to 14	2000 to 10	2010 to 14
Population	32,280	42,390	46,120	10,110	3,730	2.8%	2.1%
Households	12,910	16,920	18,490	4,010	1,570	2.7%	2.2%
Housing Units	13,580	18,390	19,980	4,810	1,590	3.1%	2.1%
Thurston County							
Population	207,360	252,260	267,950	44,900	15,690	2.0%	1.5%
Households	81,630	100,650	107,580	19,020	6,930	2.1%	1.7%
Housing Units	86,660	108,180	115,210	21,520	7,030	2.2%	1.6%
I-5 Corridor Region [a]							
Population	976,360	1,122,940	1,179,110	146,580	56,170	1.4%	1.2%
Households	368,580	430,310	454,080	61,730	23,770	1.6%	1.4%
Housing Units	393,150	467,610	491,870	74,460	24,260	1.7%	1.3%
Washington							
Population	5,894,120	6,724,540	7,083,350	830,420	358,810	1.3%	1.3%
Households	2,271,400	2,620,080	2,770,330	348,680	150,250	1.4%	1.4%
Housing Units	2,451,070	2,885,680	3,039,620	434,610	153,940	1.6%	1.3%

Data Sources: Claritas, U.S. Census and the American Community Survey Estimates

Analysis: Wahlstrom & Associates

Notes: [a] Includes the Counties of Thurston, Pierce and Lewis

Numbers are rounded

Table 2

Population By Age in Lacey, Thurston County and the surrounding region, 2015

	Age	Age	Age	Age	Age	Total	Average Age
Population Estimates	< 18	18-34	35-54	55-64	65 +		
City of Lacey	11,470	11,170	11,380	4,850	7,250	46,120	37.9
Thurston County	59,280	60,180	70,110	37,220	41,160	267,950	39.6
I-5 Corridor Region [a]	278,140	275,530	309,940	152,680	162,830	1,179,120	38.3
State of Washington	1,609,250	1,649,650	1,883,950	932,350	1,008,150	7,083,350	38.8
Percent Distribution by Age Group							
City of Lacey	25%	24%	25%	11%	16%		
Thurston County	22%	22%	26%	14%	15%		
I-5 Corridor Region [a]	24%	23%	26%	13%	14%		
State of Washington	23%	23%	27%	13%	14%		

Data Sources: Claritas, U.S. Census and the American Community Survey Estimates

Analysis: Wahlstrom & Associates

Notes: [a] Includes the Counties of Thurston, Pierce and Lewis

Numbers are rounded

Table 3
Educational Attainment among the residents of Lacey, Thurston County and the surrounding region
(Adults age 25 and older), 2015

	Not HS Graduate	HS Graduate, Some College or Associates Degree	Bachelor's degree	Professional or Advanced Degree	Total
City of Lacey	2,110	19,750	5,660	3,210	30,730
Thurston County	11,930	115,520	34,920	22,330	184,700
I-5 Corridor Region [a]	69,320	523,620	125,150	71,620	789,710
State of Washington	468,970	2,817,760	971,250	546,260	4,804,240
Percent Total					
City of Lacey	7%	64%	18%	10%	
Thurston County	6%	63%	19%	12%	
I-5 Corridor Region [a]	9%	66%	16%	9%	
State of Washington	10%	59%	20%	11%	

Data Source: Claritas and the U.S. Census American Community Service
Analysis: Wahlstrom & Associates
Notes: [a] Includes the Counties of Thurston, Pierce and Lewis
Numbers are rounded

Table 4
Primary Language Spoken at Home among age 5+ persons in Lacey and the surrounding region, 2014

	English	Spanish	Asian	Other	Total
City of Lacey	36,070	1,740	3,530	1,360	42,700
Thurston County	224,000	10,780	11,970	5,140	251,890
I-5 Corridor Region [a]	952,280	61,680	54,150	33,320	1,101,430
State of Washington	5,377,060	558,300	378,840	324,360	6,638,560
Percent Total					
City of Lacey	84%	4%	8%	3%	
Thurston County	89%	4%	5%	2%	
I-5 Corridor Region [a]	86%	6%	5%	3%	
State of Washington	81%	8%	6%	5%	

Data Source: Claritas and the U.S. Census American Community Survey
Analysis: Wahlstrom & Associates
Notes: [a] Includes the Counties of Thurston, Pierce and Lewis
Numbers are rounded

Table 5
Labor Force Characteristics in Lacey and the Surrounding Region, 2014

2014	Labor Force	Employed	Unemployed	Unemployment Rate	Not in Labor Force	Labor Force Participation Rate
City of Lacey	18,560	17,170	1,400	7.5%	12,380	60%
Thurston County	123,120	114,940	8,180	6.6%	68,370	64%
I-5 Corridor Region [a]	538,030	499,320	38,710	7.2%	301,050	64%
State of Washington	3,488,180	3,270,360	217,820	6.2%	1,907,930	65%

Data Source: Claritas and the U.S. Census American Community Survey
Analysis: Wahlstrom & Associates
Notes: [a] Includes the Counties of Thurston, Pierce and Lewis

Numbers are rounded

Table 6
Commuter Travel Time to Work in Lacey, Thurston County area and the surrounding region, 2015

Travel Time to Work	< 15 minutes	15 to 30 minutes	30 to 45 minutes	> 45 minutes	Average Travel Time (# of minutes)
City of Lacey	3,800	8,870	3,970	2,130	27
Thurston County	33,240	48,130	23,120	16,070	27
I-5 Corridor Region [a]	123,190	184,770	111,390	95,400	30
State of Washington	836,230	1,160,340	656,950	486,680	28
Percent Total					
City of Lacey	20%	47%	21%	11%	
Thurston County	28%	40%	19%	13%	
I-5 Corridor Region [a]	24%	36%	22%	19%	
State of Washington	27%	37%	21%	15%	

Data Sources: Claritas, U.S. Census and the American Community Survey Estimates

Analysis: Wahlstrom & Associates

Notes: [a] Includes the Counties of Thurston, Pierce and Lewis

Numbers are rounded

Table 7
Average Household Income Trends in
Lacey, Thurston County and Washington State: 2000 - 2015

	2000	2010	2015	Real Income Change 2000 - 2010	Real Income Change 2010 - 2015	% change 2000 - 2015
Lacey	\$67,700	\$56,100	\$68,220	-\$11,600	\$12,120	1%
Thurston County	\$76,800	\$60,600	\$72,735	-\$16,200	\$12,135	-5%
Washington State	\$80,000	\$63,000	\$78,844	-\$17,000	\$15,844	-1%

Data Sources: Claritas and the U.S. Census American Community Survey

Analysis: Wahlstrom & Associates

Notes: Data is not adjusted for inflation

Table 8
Average Household Income and Income Distribution in Lacey, Thurston County area and the surrounding region, 2015

# of Households in each income bracket	< \$35k	\$35 to \$50K	\$50 to \$100K	\$100 to \$150K	> \$150k	Total Households	Average HH Income
City of Lacey	5,180	2,750	6,940	2,650	960	18,480	\$68,220
Thurston County	29,370	14,310	39,410	16,350	8,140	107,580	\$85,300
I-5 Corridor Region [a]	128,850	64,680	159,470	66,040	35,040	454,080	\$120,300
State of Washington	798,960	370,330	889,040	414,810	297,200	2,770,340	\$78,844
Percent Total							
City of Lacey	28%	15%	38%	14%	5%		
Thurston County	27%	13%	37%	15%	8%		
I-5 Corridor Region [a]	28%	14%	35%	15%	8%		
State of Washington	29%	13%	32%	15%	11%		

Data Sources: Claritas, U.S. Census and the American Community Survey Estimates

Analysis: Wahlstrom & Associates

Notes: [a] Includes the Counties of Thurston, Pierce and Lewis

Numbers are rounded

Table A-9
Inventory of Built Commercial Space in the City of Lacey, 2015

Type of Use	Hawk's Prairie (1)	Martin Way Between Carpenter & College (2)	Woodland District (3)	Lacey/Pacific Ave Corridor between College & Carpenter (4)	College & Yelm Highway Interchange (5)	Lacey (Total)	% Total Type of Use
Total Occupied Commercial Space	1,17,300	240,200	608,000	258,400	376,200	2,672,600	
Retail (Occupied)	962,700	191,500	573,100	105,800	323,600	2,156,700	73%
Amusement, Gambling & Recreation Facilities	43,700	27,000	5,600	39,200	12,600	128,100	5%
Business & Professional Services (located in commercial space)	14,600	1,500	39,000	65,900	4,200	125,200	4%
Full Service Restaurants	51,300	13,400	24,900	23,300	7,600	120,500	4%
Pizza, Fast Food & Food Take-Out Establishments	39,200	4,500	23,600	10,200	25,400	102,900	4%
Personal Care Services	5,800	2,300	14,300	14,000	2,800	39,200	1%
Vacant Commercial Space	22,300	35,500	71,800	97,800	13,200	240,600	
Vacancy Rates	2.2%	12.9%	9.5%	27.5%	3.4%	8.2%	
% Total Commercial Space by Subarea	39%	9%	26%	12%	13%		
Other Types of Business Space							
Visitor Lodging Facilities	80,200	107,200	32,400	0	0	220,000	
Self Storage	22,600	0	0	125,500	29,700	178,000	
Commercial Banks & Other Lending Establishments	40,000	4,300	37,500	6,700	6,800	95,000	
Schools, Classrooms & Child Care	30,100	3,200	22,900	24,500	0	81,000	
Doctors, Dentists & Other Health Care Offices	18,200	2,100	11,100	26,500	7,900	66,000	
Automobile Repair & Maintenance	5,800	2,700	5,900	17,500	5,500	37,000	
Government Offices	6,7	1,100	9,600	16,300	0	34,000	
Civic & Religious Organizations	1,000	2,100	0	4,400	0	8,000	
Total Built Space	1,243,000	398,000	872,000	578,000	439,000	3,631,000	
% Total Built Space by Subarea	37%	11%	24%	16%	12%		

Source: Wahlstrom & Associates

Notes: 1) Hawks Prairie extends along the Marvin Avenue corridor along both sides of I-5

(2) Corridor includes commercial space within the City Limits

(3) Includes the South Sound Shopping Center

(4) Area includes the Pacific and Lacey Blvd. corridor between College and Carpenter Road

(5) Area with three shopping centers along the interchange includes Lowes and the Walmart Neighborhood Center

(6) Data collected in the field during the months of February and March, 2015; partial data provided by the City of Lacey

(7) Data does not include pure office space, warehouse, distribution, or industrial space

(8) Data are estimates and not precise measures

Table 10
Employment by Industry in Thurston County, Lacey and the Surrounding Market Area, 2013

Industry Sector	Thurston Co.	Lacey Market Area	Lacey City Limits	Lacey's Share of Thurston County's Employment
Total Employment	61,390	20,620	11,800	19%
Construction	3,280	1,130	600	18%
Manufacturing	2,680	830	330	12%
Food & beverage Products	480	150	120	
Textile Products	20	10	0	
Leather and Allied Products	10	0	0	
Wood Products	70	20	0	
Paper Products	410	270	0	
Printing and Related Support Activities	120	40	20	
Chemical Products	30	0	0	
Plastics and Rubber Products	250	0	0	
Nonmetallic Mineral Products	160	10	0	
Primary Metal Products	10	0	0	
Fabricated Metal Products	460	80	60	
Machinery Products	70	0	0	
Computer and Electronic Products	10	0	0	
Electrical Equipment and Components	10	0	0	
Transportation Equipment	110	0	0	
Furniture and Related Products	270	110	100	
Miscellaneous Manufacturing	190	140	30	
Wholesale Trade	2,220	710	640	29%
Retail Trade	11,730	4,370	2,900	25%
Motor Vehicle and Parts Dealers	1,350	240	170	
Furniture and Home Furnishings Stores	300	90	60	
Electronics and Appliance Stores	340	130	40	
Building Material and Garden Equipment and Supplies Dealers	1,240	520	380	
Food and Beverage Stores	2,130	890	540	
Health and Personal Care Stores	600	240	120	
Gasoline Stations	470	180	40	
Clothing and Clothing Accessories Stores	960	120	70	
Sporting Goods, Hobby, Musical Instrument, and Book Stores	810	440	400	
General Merchandise Stores	2,820	1,240	830	
Miscellaneous Store Retailers	710	280	250	
Transportation	1,390	520	170	12%
Transportation and Support Activities	890	220	150	
Passenger Transit	220	80	10	
Warehouse and Storage	280	220	10	
Information	2,070	1,040	790	38%
Publishing Industries (except Internet)	240	30	0	
Motion Picture and Sound Recording Industries	140	70	50	
Broadcasting (except Internet)	110	0	0	
Telecommunications	300	130	60	

Data Processing and Other Information Services	1280	810	680	
Finance	2,020	750	720	36%
Insurance	500	200	110	22%
Real Estate Activities'	1,030	400	210	20%
Professional, Scientific, and Technical Services	4,980	1,990	740	15%
Legal Services	560	80	30	
Accounting Services	670	200	90	
Architectural, Engineering, and Design	510	120	100	
Computer Systems Design and Related Services	2,160	1,120	300	
Management and Technical Consulting Services	330	150	90	
Scientific Research and Development Services	70	30	0	
Advertising and Related Services	170	110	10	
Other Professional and Technical Services	510	180	120	
Management Activities	230	90	0	0%
Administrative Support Services	2,130	780	200	9%
Waste Management and Remediation Services	200	170	170	85%
Educational Services (Private)	1,610	870	570	35%
Health Care and Social Assistance	13,090	2,600	920	7%
Health Care Services & hospitals	8,800	940	820	
Nursing and Residential Care Facilities	2,310	1,070	0	
Social Assistance	1,980	590	100	
Arts, Entertainment, and Recreation	2,550	960	350	14%
Performing Arts and Spectator Sports	80	0	0	
Museums, Historical Sites, and Similar Institutions	90	0	0	
Recreation and Amusement	2,380	960	350	
Accommodation	1,060	240	130	12%
Food Services and Drinking Places	6,890	2,360	1,710	25%
Other Services	1,730	610	540	31%
Repair and Maintenance	800	240	210	
Personal and Laundry Services	930	370	330	

Data Sources: U.S County Business Patterns; InfoUSA; National Association of Industrial and Office Park and the City of Lacey
Analysis: Wahlstrom & Associates

Notes: Data only measures private sector employment. Does not include jobs generated by federal, state or local government agencies
Data does not include jobs generated by federal, state or local government agencies
Data does not include agriculture, mining or utilities employment and jobs in religious or other non-profit organizations

Table A-11
Washington State Employment Trends: 2001 to 2013

	2001	2007	2010	2013	Annual Growth Rate 2001-2007	Annual Growth Rate 2007-2010	Annual Growth Rate 2010-2013
Construction	153,098	198,699	140,964	137,831	4.4%	-10.8%	-0.7%
Manufacturing	316,227	254,034	220,380	246,382	-3.6%	-4.6%	3.8%
Wholesale trade	125,307	129,132	119,768	124,713	0.5%	-2.5%	1.4%
Retail trade	317,052	327,798	303,625	312,494	0.6%	-2.5%	1.0%
Transportation & warehousing	79,358	89,716	79,233	86,375	2.1%	-4.1%	2.9%
Information	103,800	112,428	112,522	123,018	1.3%	0.0%	3.0%
Finance & insurance	101,117	119,547	96,379	98,936	2.8%	-6.9%	0.9%
Real estate & rental & leasing	50,292	52,389	46,782	45,375	0.7%	-3.7%	-1.0%
Professional, scientific & technical services	141,642	165,323	160,632	193,509	2.6%	-1.0%	6.4%
Management of companies & enterprises	49,765	78,860	84,864	71,595	8.0%	2.5%	-5.5%
Admin, support, waste mgt, remediation services	125,282	152,003	124,643	139,248	3.3%	-6.4%	3.8%
Educational services	40,717	47,653	50,771	53,095	2.7%	2.1%	1.5%
Health care and social assistance	287,251	342,644	370,406	375,679	3.0%	2.6%	0.5%
Arts, entertainment & recreation	48,169	57,200	60,345	60,590	2.9%	1.8%	0.1%
Accommodation & food services	203,038	236,709	223,706	240,639	2.6%	-1.9%	2.5%
Other services (except public administration)	106,790	112,080	108,237	109,597	0.8%	-1.2%	0.4%
Totals	2,248,905	2,476,215	2,303,257	2,419,076	1.6%	-2.4%	1.6%

Data Source: U.S. County Business Patterns
Analysis: Wahlstrom & Associates

Table 12
Thurston County Employment Trends: 2001 to 2013

	2001	2007	2010	2013	Annual Growth Rate 2001-2007	Annual Growth Rate 2007-2010	Annual Growth Rate 2010-2013
Construction	3,633	5,064	3,557	3,277	5.7%	-11.1%	-2.7%
Manufacturing	3,166	3,096	2,475	2,681	-0.4%	-7.2%	2.7%
Wholesale trade	2,239	2,049	2,298	2,216	-1.5%	3.9%	-1.2%
Retail trade	9,654	12,284	11,936	11,709	4.1%	-1.0%	-0.6%
Transportation & warehousing	913	1,666	1,441	1,397	10.5%	-4.7%	-1.0%
Information	1,602	1,541	1,436	2,073	-0.6%	-2.3%	13.0%
Finance & insurance	2,533	2,876	2,520	2,516	2.1%	-4.3%	-0.1%
Real estate & rental & leasing	1,138	1,239	1,027	1,029	1.4%	-6.1%	0.1%
Professional, scientific & technical services	3,303	5,180	5,386	4,980	7.8%	1.3%	-2.6%
Management of companies & enterprises	330	735	178	229	14.3%	-37.7%	8.8%
Admin, support, waste mgt, remediation services	2,631	3,297	3,170	2,325	3.8%	-1.3%	-9.8%
Educational services	1,014	1,329	1,474	1,608	4.6%	3.5%	2.9%
Health care and social assistance	9,665	11,301	11,491	13,091	2.6%	0.6%	4.4%
Arts, entertainment & recreation	1,444	2,257	2,713	2,549	7.7%	6.3%	-2.1%
Accommodation & food services	6,256	7,694	7,582	7,944	3.5%	-0.5%	1.6%
Other services (except public administration)	3,377	4,070	4,417	3,961	3.2%	2.8%	-3.6%
Totals	52,898	65,678	63,101	63,585	3.7%	-1.3%	0.3%

Data Source: U.S. County Business Patterns
Analysis: Wahlstrom & Associates

Table A-13
Pierce County Employment Trends: 2001 to 2013

	2001	2007	2010	2013	Annual Growth Rate 2001-2007	Annual Growth Rate 2007-2010	Annual Growth Rate 2010-2013
Construction	15,533	24,169	16,479	15,144	7.6%	-12.0%	-2.8%
Manufacturing	21,293	19,123	15,040	16,885	-1.8%	-7.7%	3.9%
Wholesale trade	9,614	12,024	10,737	10,790	3.8%	-3.7%	0.2%
Retail trade	32,677	35,745	32,563	33,497	1.5%	-3.1%	0.9%
Transportation & warehousing	8,326	12,259	11,966	11,324	6.7%	-0.8%	-1.8%
Information	3,954	3,688	3,701	3,738	-1.2%	0.1%	0.3%
Finance & insurance	8,773	12,250	11,148	9,634	5.7%	-3.1%	-4.7%
Real estate & rental & leasing	4,699	5,682	5,212	5,018	3.2%	-2.8%	-1.3%
Professional, scientific & technical services	7,522	9,761	8,549	9,096	4.4%	-4.3%	2.1%
Management of companies & enterprises	3,198	4,247	4,972	5,411	4.8%	5.4%	2.9%
Admin, support, waste mgt, remediation services	11,403	15,225	10,981	11,969	4.9%	-10.3%	2.9%
Educational services	7,007	6,994	7,332	7,067	0.0%	1.6%	-1.2%
Health care and social assistance	34,604	42,945	44,219	44,022	3.7%	1.0%	-0.1%
Arts, entertainment & recreation	4,536	3,139	5,675	6,513	-6.0%	21.8%	4.7%
Accommodation & food services	18,656	25,712	21,541	23,282	5.5%	-5.7%	2.6%
Other services (except public administration)	12,184	13,047	12,407	12,827	1.1%	-1.7%	1.1%
Totals	203,979	246,010	222,522	226,217	3.2%	-3.3%	0.6%

Data Source: U.S. County Business Patterns
Analysis: Wahlstrom & Associates

Table A-14
Lewis County Employment Trends: 2001 to 2013

	2001	2007	2010	2013	Annual Growth Rate 2001-2007	Annual Growth Rate 2007-2010	Annual Growth Rate 2010-2013
Construction	835	1,327	825	668	8.0%	-14.7%	-6.8%
Manufacturing	2,895	3,827	3,137	2,985	4.8%	-6.4%	-1.6%
Wholesale trade	627	774	506	502	3.6%	-13.2%	-0.3%
Retail trade	3,612	3,929	3,434	3,613	1.4%	-4.4%	1.7%
Transportation & warehousing	573	1,204	1,137	1,329	13.2%	-1.9%	5.3%
Information	325	254	182	136	-4.0%	-10.5%	-9.3%
Finance & insurance	464	454	407	386	-0.4%	-3.6%	-1.8%
Real estate & rental & leasing	228	384	303	292	9.1%	-7.6%	-1.2%
Professional, scientific & technical services	363	472	498	482	4.5%	1.8%	-1.1%
Management of companies & enterprises	31	23	42	8	-4.9%	22.2%	-42.5%
Admin, support, waste mgt, remediation services	475	781	706	618	8.6%	-3.3%	-4.3%
Educational services	88	120	141	96	5.3%	5.5%	-12.0%
Health care and social assistance	2,724	2,903	3,022	3,206	1.1%	1.3%	2.0%
Arts, entertainment & recreation	214	217	226	188	0.2%	1.4%	-6.0%
Accommodation & food services	1,951	2,098	1,821	1,904	1.2%	-4.6%	1.5%
Other services (except public administration)	946	860	802	730	-1.6%	-2.3%	-3.1%
Totals	16,351	19,627	17,189	17,143	3.1%	-4.3%	-0.1%

Data Source: U.S. County Business Patterns
Analysis: Wahlstrom & Associates

Table 15

Lacey Market Area Employment Trends: 2001 to 2013

	2001	2007	2010	2013	Annual Growth Rate 2001-2007	Annual Growth Rate 2007-2010	Annual Growth Rate 2010-2013
Construction	1,083	1,582	1,235	1,133	6.5%	-7.9%	-2.8%
Manufacturing	441	714	567	811	8.4%	-7.4%	12.6%
Wholesale trade	374	377	381	711	0.1%	0.4%	23.1%
Retail trade	2,945	4,643	4,392	4,357	7.9%	-1.8%	-0.3%
Transportation & warehousing	229	649	529	514	19.0%	-6.6%	-1.0%
Information	538	199	373	1,054	-15.3%	23.3%	41.4%
Finance & insurance	598	991	838	800	8.8%	-5.4%	-1.5%
Real estate & rental & leasing	239	484	402	396	12.5%	-6.0%	-0.5%
Professional, scientific & technical services	1,218	1,779	1,981	1,932	6.5%	3.7%	-0.8%
Management of companies & enterprises	27	536	70	93	64.6%	-49.3%	9.7%
Admin, support, waste mgt, remediation services	850	882	680	926	0.6%	-8.3%	10.8%
Educational services	570	1,005	1,079	866	9.9%	2.4%	-7.1%
Health care and social assistance	1,442	2,357	2,634	2,594	8.5%	3.8%	-0.5%
Arts, entertainment & recreation	372	895	1,039	963	15.8%	5.1%	-2.5%
Accommodation & food services	1,304	2,036	2,133	2,596	7.7%	1.6%	6.8%
Other services (except public administration)	733	762	1,054	1,003	0.6%	11.4%	-1.6%
Totals	12,963	19,891	19,387	20,746	7.4%	-0.9%	2.3%

Data Source: U.S. County Business Patterns

Analysis: Wahlstrom & Associates

Note: Market area includes the zip codes of 98503, 98513 and 98516

Table 16

Employment Projections in the City of Lacey: 2013 to 2035

	2013	2020	2025	2030	2035	Job Growth 2013-2035	Annual New Jobs	Annual Growth Rate
Construction	600	850	960	1,080	1,220	620	30	3.3%
Manufacturing	330	370	380	400	420	90	4	1.1%
Wholesale trade	640	1,150	1,400	1,670	1,950	1,310	60	5.2%
Retail trade	2,900	3,370	3,610	3,860	4,090	1,190	50	1.6%
Transportation & warehousing	170	290	340	400	460	290	10	4.6%
Information	790	1,030	1,200	1,380	1,580	790	40	3.2%
Finance & insurance	800	950	1,050	1,150	1,260	460	20	2.1%
Real estate & rental & leasing	210	210	220	220	220	10	0	0.2%
Professional, scientific & technical services	740	970	1,150	1,350	1,580	840	40	3.5%
Management of companies & enterprises	4	10	10	10	10	6	0	4.3%
Admin, support, waste mgt, remediation services	370	500	600	710	830	460	20	3.7%
Educational services	570	720	820	940	1,060	490	20	2.9%
Health care and social assistance	920	1,330	1,540	1,770	2,030	1,110	50	3.7%
Arts, entertainment & recreation	350	460	530	600	670	320	10	3.0%
Accommodation & food services	1,840	2,480	2,910	3,370	3,860	2,020	90	3.4%
Personal, Repair and Other Services	540	1,230	1,670	2,150	2,650	2,110	100	7.5%
Government	5,150	5,480	5,830	6,200	6,760	1,610	70	1.2%
Totals	16,920	21,400	24,220	27,260	30,650	13,730	624	2.7%

Data Sources: U.S. County Business Patterns; InfoUSA; Thurston Regional Planning Council; Washington State Employment Security Department
 Analysis: Wahlstrom & Associates

- Notes: 1) Baseline 2013 utilizes data from InfoUSA and the 2013 Employment Forecast Allocations Published by the Thurston Regional Planning Council
 2) Assumes a continuation of State projections beyond 2023
 3) Assumes Lacey's historical share of State employment growth will continue in the future
 4) Retail projections are consistent with TRP's population projections for the Lacey UGA

Table 17

Land Demand Projections in the City of Lacey: 2013 to 2035

	2013 Baseline Data		Projected Demand 2013 - 2020		Projected Demand 2020 - 2025		Projected Demand 2025 - 2030		Projected Demand 2030 - 2035		Total Demand 2013-2035	
	Building Space	Acreage	New Building Space	New Acreage Absorbed	New Building Space	New Acreage Absorbed	New Building Space	New Acreage Absorbed	New Building Space	New Acreage Absorbed	New Building Space	New Acreage Absorbed
Ground Floor	2,890,000	265	885,000	81	580,000	53	625,000	57	625,000	57	2,715,000	249
Commercial Space												
Office or Business	1,371,000	79	261,000	15	189,000	11	201,000	12	201,000	12	852,000	49
Park Space												
R&D /flex space	64,000	4	24,000	2	16,000	1	16,000	1	16,000	1	72,000	5
Mfg/Industrial	1,496,000	137	512,000	47	280,000	26	304,000	28	304,000	28	1,400,000	129
Warehouse & storage	351,000	54	108,000	17	54,000	8	54,000	8	54,000	8	270,000	41
Institutions [a]	800,000	37	150,000	7	100,000	5	100,000	5	100,000	5	450,000	21
Total	6,972,000	576	1,940,000	168	1,219,000	104	1,300,000	111	1,300,000	111	5,759,000	493

Data Sources: U.S. County Business Patterns; InfoUSA; Thurston Regional Planning Council; Washington State Employment Security Department; Urban Land Institute; National Association of Office and Industrial Parks

Analysis: Wahlstrom & Associates

Notes: Floor Area Ratio (FAR) and Employment Densities are assumed based on research in other similar communities

Table 18
Inventory of Occupied Retail Space in Lacey by Commercial District

Consumer Products	Marvin Avenue Corridor (1)	Martin Way Between Carpenter & College (2)	Woodland District (3)	Lacey/Pacific Ave Corridor between College & Carpenter (4)	College & Yelm Highway Intersection (5)	Hawk's Prairie North of I-5 (6)	Total
Motor Vehicle and Parts Dealers							
Other Motor Vehicle Dealers	37,800	0	4,200	0	0	0	42,000
Automotive Parts, Accessories, and Tire Stores	6,800	5,800	16,200	11,200	10,600	0	50,600
Furniture & Home Furnishing Stores							
Furniture	20,580	34,080	0	0	0	0	54,660
Home Furnishings	4,500	0	0	0	0	0	4,500
Electronics & Appliance Stores							
Household Appliance Stores	0	0	1,200	0	0	0	1,200
Consumer Electronics Stores	23,300	0	20,200	0	0	0	43,500
Building Material Stores							
Home Centers	103,500	0	0	0	141,800	0	245,300
Paint & Wallpaper Stores	4,500	0	2,400	0	0	0	6,900
Hardware Stores	0	0	0	4,000	0	0	4,000
Other Building Material Dealers	3,900	0	6,100	7,900	0	0	17,900
Food & Beverage Stores							
Grocery Stores	60,800	0	0	42,100	129,200	0	232,100
Convenience Stores	4,700	900	2,800	7,600	0	0	16,000
Specialty Food Stores	13,500	0	2,000	1,500	0	0	17,000
Beer, Wine, and Liquor Stores	1,200	0	0	0	3,200	0	4,400
Health and Personal Care Stores							
Pharmacies and Drug Stores	21,600	0	21,800	0	16,200	0	59,600
Optical Goods Stores	2,200	0	0	0	0	0	2,200
Food (Health) Supplement Stores	1,800	0	900	0	0	0	2,700
All Other Health and Personal Care Stores	0	5,600	5,500	3,800	2,200	0	17,100
Clothing and Clothing Accessories Stores							
Clothing Stores	0	49,500	91,800	4,000	0	0	145,300
Shoe Stores	0	0	9,200	0	0	0	9,200
Jewelry, Luggage & Leather Goods Stores	0	0	2,300	0	0	0	2,300
Sporting Goods, Hobby, Musical Instrument, and Book Stores							
Sporting Goods Stores	21,100	0	0	4,000	0	184,000	209,100
Hobby, Toy, and Game Stores	2,000	0	32,900	1,700	0	0	36,600
Musical Instrument and Supplies Stores	0	0	1,100	0	0	0	1,100
Book Stores and News Dealers	0	0	900	0	0	0	900
General Merchandise Group							
Department Stores	0	95,600	72,500	0	0	0	168,100
Discount Department Stores	0	0	208,400	0	0	0	208,400
Warehouse Clubs & Superstores	378,700	0	0	0	0	0	378,700
Other General Merchandise	39,600	0	4,500	0	0	0	44,100
Miscellaneous Store Retailers							
Florists	0	0	0	800	1,600	0	2,400
Office Supplies and Stationery Stores	6,000	0	10,800	0	0	0	16,800
Gift, Novelty, and Souvenir Stores	0	0	19,400	500	0	0	19,900
Used Merchandise Stores	11,700	0	8,200	6,900	16,600	0	37,300
Pet and Pet Supplies Stores	5,000	0	15,700	0	900	0	21,500
Tobacco Stores	0	0	2,500	0	1,300	0	3,700
All Other Miscellaneous Store Retailers	3,900	0	9,600	9,800	0	0	19,700
Total Occupied Space for Consumer Product Sales	778,700	191,500	573,100	105,800	323,600	184,000	2,156,700

Source: Field inventory completed by Wahlstrom & Associates during the months of February and March, 2015; partial data provided by the City of Lacey

Notes: (1) Area that extends from I-5 to Martin Way includes Wal-Mart Supercenter, Home Depot, Costco and other shopping centers

(2) Corridor includes retail space within the City Limits

(3) Includes South Sound Shopping Center

(4) Area includes the Pacific and Lacey Blvd. corridor between College and Carpenter Road

(5) Area includes Lowes and the Walmart Neighborhood Center

(6) Data is not yet complete and only includes Cabela's



PLANNING COMMISSION STAFF REPORT

September 1, 2015

SUBJECT: 2016 Comprehensive Plan Update: Economic Development Element Review

RECOMMENDATION: Review proposed content of the Draft Economic Development Element of the Comprehensive Plan.

TO: Lacey Planning Commission

STAFF CONTACTS: Rick Walk, AICP, Community Development Director *RW*
George E. Smith, CEcD, EDFP, Economic Development Coordinator *GES*

ATTACHMENT(S): 1. Draft Economic Development Element

**PRIOR COUNCIL/
COMMISSION/
COMMITTEE REVIEW:**

The Draft Economic Development Element has not been previously reviewed.

BACKGROUND:

The Planning Commission is in the process of reviewing proposed changes to the Draft Comprehensive Plan for the 2016 update process. The update efforts include drafting and updating various elements of the Plan. Staff is working with the Planning Commission via a series of work sessions and public hearings for the timely completion of the Plan.

A draft Economic Development Element (Element) is attached for your review. The content begins with the community vision, and provides the context of the three documents that address economic development in Lacey. Those include the Element, the Economic Development Strategy (Strategy,) and the Economic Development Program Work Plan (Work Plan.) The Element communicates values, vision, and sets forth goals and policies. The Strategy lays out how the policies contained in the Element will be accomplished. The Work Plan explains the concrete steps that will be taken, and the tactics used, to carry out the Strategy. While none of the three documents is completely static, the Strategy will evolve more quickly than the Element, and the Work Plan will adjust more quickly than the Strategy.

Beginning from the state of Lacey's economy in 2015, the Element helps to shape the City's economy over the next 20 years. Relating to other elements of the Comprehensive Plan, the Economic Development Element impacts the extent of land development; the composition of land uses; helps to determine utility needs; and influences the City's ability to generate

sufficient revenues to provide essential public services and amenities that citizens need, want, and expect.

This update of the Economic Development Element is the first since the original document was created in 1994. The 2015 update draws extensively from the recently completed Market Analysis for both the state of Lacey's economy in the present and for the forecast over the next 20 years.

Ultimately, the Economic Development Element will integrate our current reality with our community values, build on our strengths, take the best advantage of our opportunities, minimize our weaknesses, and mitigate our threats, and using best practices, establish goals and set policies. Those policies will then create the framework for the Strategy, and the Work Plan.

RECOMMENDATION:

Request the Planning Commission review draft content of the Economic Development Element of the Comprehensive Plan and provide input and feedback.

CODE OF ETHICS

PROHIBITION AGAINST ACCEPTING GIFTS, GRATUITIES & FAVORS AND/OR USE OF POSITION FOR FINANCIAL GAIN

Purpose

The City is accountable to the public for conducting City business in a fiscally responsible, accountable, and ethical manner. The purpose of this policy is to establish prohibitions and ethical standards of conduct for City employees regarding the acceptance of gifts, gratuities, and/or favors, and to prohibit City employees from using their official position for personal financial gain.

Policy

City employees shall not engage in any act or behavior which may be considered to be in conflict with the performance of their official duties. This includes accepting any gift, gratuity, or favor which may be directly (or indirectly) related to the employees' performance of their official duties. City employees will not use their position for personal financial gain or to secure special privileges or exemptions for themselves or others.

An employee shall be considered to have acted in violation of this policy, and in conflict with the performance of their official duties, if the employee:

1. Solicits, accepts, or seeks a gift, gratuity, or favor from any person, firm, or corporation involved in a contract or transaction which is or may be the subject of official action by the City.

The City recognizes that personal friendships may precede and can evolve from official contact between employees and persons engaged in business with the City. Reasonable exceptions to this section are permitted, except for Police Department personnel, for those occasions which are social in nature and **are not predicated on the employee's ability to influence, directly or indirectly, any matter before the City.** (Police Department personnel should refer to their departmental manual.)

For example, a gift, gratuity, or favor given or received which has monetary value in excess of \$25.00 and is offered or accepted in expectation of preferential treatment would constitute a conflict of interest **and is in violation of this policy.** On the other hand, a small gift, gratuity, or favor given as an expression of social courtesy may be allowed. Examples of acceptable social courtesies include: an infrequent meal or social event limited for social reasons; exchanges of floral offerings or gifts of food to commemorate events such as illness, death, birth, holidays, and promotions; or an infrequent sample or promotional gift of nominal value. The value for any one of these items should not exceed \$25.00.

2. Participates in any way in his/her capacity as a City employee in the City's purchase of goods, contracting for services, or audit/administration of a contract for services in which the employee has a private financial interest whether directly or indirectly.

3. Has any financial interest in any sale to the City of **any** goods, property, or services when such financial interest was obtained or acquired with prior knowledge that the City intended to purchase the property, goods, or services.
4. Except for social courtesies as provided in item one (1) above, no employee shall, directly or indirectly, give or receive, or agree to receive any compensation, gift, reward, commission or gratuity from any source except the City for any matter directly connected with or related to his/her official services as an employee with this City.
5. Discloses or uses confidential information concerning property or affairs of the City to advance a private interest with respect to any contract or transaction which is or may be the subject of official action of the City.
6. Has a financial interest or personal interest in any legislation coming before the City Council and participates in discussion with or gives an official opinion to the City Council unless the employee discloses on the record of the Council the nature and extent of such interest.

This policy is not all-encompassing in its definitions of what may or may not be appropriate. Public employees must use good judgment and common sense at all times. Action deemed inappropriate by a reasonable person, whether specifically cited in this policy or not, may be subject to inquiry and disciplinary action if appropriate. When in doubt, employees should check with their supervisor or the Human Resources Director.

Non-Compliance/Disciplinary Action

Employees found to have acted in a manner which is in violation of this policy shall be subject to disciplinary action. Such actions will be considered as serious misconduct. As such, they shall constitute grounds for disciplinary action, up to and including termination, depending on the specifics of the particular behavior or incident.

If an employee or supervisor is in doubt or has any questions about anything regarding a potential or real conflict of interest or violation of this policy, he/she is responsible for immediately contacting the City Attorney or Human Resources Director for policy clarification.

Reporting of Non-Compliance with this Policy

Any City of Lacey employee who becomes aware of any improper action by another City employee which may constitute a violation of this policy is encouraged to report the matter in accordance with the City's policy for reporting improper governmental actions. The matter will be promptly investigated. See the City's *Whistleblower Policy - Reporting Improper Governmental Actions* for additional information on proper reporting procedures.



INTERNATIONAL
ECONOMIC DEVELOPMENT
COUNCIL

*The Power of
Knowledge and Leadership*

CODE OF ETHICS

The following code of ethics was established by the professional economic developers in the International Economic Development Council to ensure a high ethical standard for those involved in economic development.

PROFESSIONAL ECONOMIC DEVELOPERS SHALL:

1. Carry out their responsibilities in a manner to bring respect to the profession, the economic developer and the economic developer's constituencies.
2. Practice with integrity, honesty, and adherence to the trust placed in them both in fact and in appearance.
3. Hold themselves free of any interest, influence, or relationship in respect to any professional activity when dealing with clients which could impair professional judgement or objectivity or which in the reasonable view of the observer, has that effect.
4. Be mindful that they are representatives of the community and shall represent the overall community interest.
5. Keep the community, elected officials, boards and other stakeholders informed about the progress and efforts of the area's economic development program.
6. Maintain in confidence the affairs of any client, colleague or organization and shall not disclose confidential information obtained in the course of professional activities.
7. Openly share information with the governing body according to protocols established by that body. Such protocols shall be disclosed to clients and the public.
8. Cooperate with peers to the betterment of economic development technique, ability, and practice, and to strive to perfect themselves in their professional abilities through training and educational opportunities.
9. Assure that all economic development activities are conducted with equality of opportunity for all segments of the community without regard to race, religion, sex, sexual orientation, national origin, political affiliation, disability, age, marital status, or socioeconomic status.
10. Refrain from sexual harassment. Sexual harassment is defined as any unwelcome conduct of a sexual nature.
11. Not exploit the misfortune of federally declared disaster-impacted regions. This includes actively recruiting businesses from an affected community.
12. Abide by the principles established in this code and comply with the rules of professional conduct as promulgated by IEDC.

Economic Development Element

Community Vision – Lacey has a strong healthy economy that provides economic opportunities for all citizens; generates sufficient revenues to ensure the provision of essential public services; and makes Lacey a great place to live, work, learn, shop, and play.

Element Context

The Economic Development Element (Element) is focused on ensuring community prosperity and a healthy economy: an economy that is characterized by quality job creation and retention, and the resources to provide adequate services. A healthy economy requires a supply of commercial and industrial sites, utilities, infrastructure, and services sufficient to meet the community's needs and to provide opportunity over time.

The Land Use Element of the Comprehensive Plan addresses the City's goal to enrich the quality of life in Lacey for all citizens by building an attractive, inviting, and secure community. Part of that is to develop a vibrant and diversified economy. The Economic Development Element supports that effort by providing guidance on the quantities and types of non-residential land uses that will be needed, at mileposts along the way, over the next 20 years.

The Economic Development Element is one of three documents that address economic development efforts in Lacey. The other two documents are the Economic Development Strategy (Strategy) and the Economic Development Program Work Plan (Work Plan). The Element communicates values, vision, and sets forth goals and policies. The Strategy lays out how the policies contained in the Element will be accomplished. The Work Plan explains the concrete steps that will be taken, and the tactics used, to carry out the Strategy. While none of the three documents is completely static, the Strategy will evolve more quickly than the Element, and the Program will adjust more quickly than the Strategy.

Beginning from the state of Lacey's economy in 2015, the Element helps to shape the City's economy over the next 20 years. Relating to other elements of the Comprehensive Plan, the Economic Development Element impacts the extent of land development; the composition of land uses; helps to determine utility needs; and influences the City's ability to generate sufficient revenues to provide essential public services and amenities that citizens need, want, and expect.

Effective Collaboration

Lacey’s approach to working with citizens, businesses, business owners, and entrepreneurs—its “customers”—is to minimize obstacles to their success. This approach, sometimes referred to as “the Lacey way,” has served the City, and its stakeholders, well.

The City of Lacey coordinates its economic development efforts with a number of economic development community partners. These include public sector, private sector, and non-profit economic development organizations. Please refer to Exhibit 1—Organizations Providing Economic Development Services in Thurston County.

While there is County-wide collaboration, there is currently no Comprehensive Economic Development Strategy, also known as a CEDS. A CEDS is a strategy-driven plan for regional economic development, normally developed at a county or regional level. A CEDS is required by the Economic Development Administration (EDA) of the U.S. Department of Commerce for grants, or funding for the establishment of revolving loan funds. While the City, and Thurston County, are not considered economically distressed, and therefore not eligible for EDA funding, the development of a CEDS would help to formalize, on a county/regional level, which partners provide which services, protocols for working together, and where to most effectively focus scarce resources.

Lacey in 2015

Strengths

Lacey’s abundance of strengths fall into seven areas, and three thematic groups:

1. Collaboration, Leadership, and Stability;
2. Demographics and Workforce;
3. Location and Value

Lacey’s elected officials, management, and staff collaborate effectively with citizens, one another, community partners, and with businesses. The extensive network of community partners also collaborate effectively with one another, which provides a number of essential economic development services including the Federal Foreign Trade Zone. Lacey enjoys stability, and strong leadership. The combination of collaborative approach, strong leadership, and stability lead to processes that are clear, predictable, fast, and inexpensive: all qualities sought and valued by businesses.

Lacey has good demographics. Because many of its citizens work for the State of Washington, or at Joint Base Lewis McChord (JBLM) residents enjoy good earnings, with good benefits, so they have money to spend. The nature of the work requires a highly skilled and knowledge-based workforce, so education attainment is high. That type of work also attracts socially stable people, so that social stability helps ensure that Lacey is free of the social unrest that can cause business disruptions.

Particularly with Lacey citizens who are in the military, Lacey has a large contingent of citizens in a younger demographic. At the other end of the age range, Lacey also has a large group of active retirees, particularly at the Panorama and Jubilee communities. Both groups of retirees are among the wealthiest citizens in Lacey, and in the upper income and wealth range on a nationwide basis. These retirees add to Lacey's social stability.

Lacey's strategic location along the I-5 corridor, between Seattle and Portland, is a strength. This location provides good access to Amtrak, SeaTac Airport, Portland International Airport, and the Ports of Olympia and Tacoma. Another location advantage is Lacey's mild climate combined with relatively inexpensive electricity, which helps keep power costs manageable for businesses. Lacey's mild climate also means few storms or other weather events to disrupt economic activity. Locations on which to site businesses, appropriately-zoned and developable are still available in Lacey, due largely to forward thinking land planning in the 1990s.

The value that Lacey represents to businesses and citizens, that helps to attract economic development activity, is a high quality of life with a low cost of living, and low barriers to entry. Besides the quality of life characteristics already discussed, Lacey's location offers proximity to the urban centers of Seattle and Portland, but without the urban problems, and high costs. Lacey also offers businesses room to expand and grow. Lacey's location offers beautiful surroundings, access to mountains, Puget Sound, the Pacific Ocean, and Olympic National Park: the sixth most visited national park in the U.S.¹

Weaknesses

Lacey's weaknesses fall into five broad categories: collaboration, location, transportation, legislation, and lack of resources. Just as Lacey's strengths are interconnected, so are its weaknesses: with lack of resources connected to all of them.

Despite the strengths of strong committed leadership, and effective collaboration among partners, lack of resources allows weaknesses to remain. As was discussed under the heading "Effective Collaboration," there is no CEDS for the Lacey area either at the county, or regional

level. There is no EDA-recognized Economic Development District encompassing Thurston County. Neither the City, nor the Economic Development Council (EDC) have the resources to staff a dedicated formal full-time Business Retention and Expansion visitation program (BRE) nor a robust and sharable data base/contact management program to maintain information on the businesses operating in the community. The reason this matters is that 98% of new jobs in a community result from expansion of existing businesses, or start-up of new businesses, with only 2% of jobs resulting from attraction of businesses from other locations.² A formal BRE program would make it more likely that businesses would stay and grow here, rather than being lured away elsewhere. In addition, there is no local provider of the U.S. Small Business Administration (SBA) Microloan program: the closest provider is located in Seattle.

Despite the many strengths afforded to Lacey by its location, its many beautiful lakes do lead to some of the lack of interconnectedness of its roads. Its close proximity to Olympia and Tacoma preclude Lacey from attracting some retail businesses that generate large amounts of sales tax revenue, which exacerbates the lack of resources. More missed opportunity than weakness, Lacey lacks a commercial waterfront. Its lakefront land is reserved for parks; its only waterfront on Puget Sound is restricted to private use by residents of two residential developments.

There are several weaknesses associated with transportation. Worsening traffic on I-5 negatively impacts transportation of people and goods which impedes commerce. It also negatively impacts quality of life directly, and though the harm idling traffic causes the environment. Lack of public transportation to the employment centers in northeast Lacey is harming businesses in the area, and their employees. InterCity Transit attributes this lack of service to lack of resources. Traffic on surface streets could be improved with further enhancement to traffic signal synchronization, additional right turn lanes, and realignment of some intersections. These delays negatively impact commerce, quality of life, and the environment. Amtrak's station location and schedule precludes use of the train for intercity commuting between the core area of Lacey to Tacoma or Seattle.

"Legislative" weaknesses include federal; state; and local laws, rules, and regulations. Ongoing political conflicts at the national level have led to sequestration which has had severe negative impacts on JBLM, which impacts economic activity in Lacey.

Until just recently, political conflicts at the state level delayed wage increases for state employees for several years, which impacted economic activities, sales tax, and contributes to lack of resources in Lacey. Also until just recently, Inaction at the State level also delayed

improvements to I-5, as well as the Marvin Road Interchange for several years, negatively impacting transportation in Lacey.

At the local level, our current development rules prohibit high sales tax generating businesses such as automobile, recreational vehicle, and boat dealerships from locating on sites that would meet their needs in Lacey. This also contributes to lack of resources. High water connection and traffic fees are an impediment to development of full-service sit down restaurants. The timing of the payment for water connection fees can make multi-family residential development too expensive, limiting workforce housing, weakening Lacey's workforce availability strength, and further exacerbating lack of resources due to the loss of sales tax revenue on the construction materials.

Finally, legislative restriction at the state level, plus lack of resources at both the state and local level, has contributed to high vacancies, underutilized, and poorly maintained buildings in the Woodland District, particularly along Pacific Avenue. The departure of many state offices during the Great Recession worsened an already deteriorating office and retail market. The lack of resources to financially engage in public private partnerships, and the legislative restriction from using tax increment financing (TIF) to provide a higher level of public services or amenities is a serious weakness to the overall economic development of the City of Lacey.

Opportunities

Lacey's opportunities derive from its strengths. Lacey's demographics and highly skilled workforce have the potential to benefit new, new-to-the-area, and expanding businesses. As highly skilled members of the military exit the service, they bring their skills with them, and many chose to remain in the area due to its high quality of life and relatively low cost. Some of these folks are also entrepreneurial, and due to the effective collaboration between the partners, including the operation of the Entrepreneurial Center, assistance helps these budding entrepreneurs get their businesses launched successfully. An underutilized resource in Lacey is the Federal Historically Underutilized Business Zone (HUB Zone) which can provide qualifying small businesses bonus points when bidding on federal contracts.

Another opportunity, due to Lacey's good demographics, is the absence of some higher end retailers in Thurston County. As these retailers move into markets with smaller populations, our demographics begin to match their requirements. At this time Thurston County does not have a true high quality lifestyle shopping center appropriate to house such businesses. Lacey's Gateway project could—if developed soon enough, and in the right style—capture that missed market opportunity.

Lacey's location, demographics, and available land may present an opportunity to attract foreign luxury car dealerships. While the urbanized area of Thurston County is too small in size and in population to support two dealerships representing the same car company, none of the luxury foreign car companies are represented. Many of these companies now sell aspirational models that compete on price with many American cars, and many of them actually sell more cars annually in the United States, than the domestic luxury car companies that already have dealerships in Thurston County.

The combination of all of Lacey's strengths creates significant opportunities to cement relationships with Lacey's businesses to ensure that the businesses stay in the area, and take advantage of all the opportunities the area offers, to expand and create jobs. These relationships between the businesses, the City, and the partners, and the relationships these businesses have with their vendors, suppliers, strategic partners, and with their customers afford opportunities for retention, expansion, job creation, and business attraction to the area.

Threats

The threats to Lacey are external. None of the threats can be prevented. However, by preparing for them, we can lessen their consequences. While Lacey is largely spared major weather events that cause long term damage, destruction, or disruption to commerce, there are other natural disasters that can impact us, including earthquakes, or potentially volcanic eruption. Of similar potential consequence is terrorism. In addition to the human suffering, and damage, any of these could severely harm Lacey's economy and its businesses.

A threat to Lacey's economic well-being would be a significant reduction in force at JBLM. Lacey is not a one-industry town, but JBLM's economic impact on Lacey is significant.

Other lesser threats are the potential for listing of other species prevalent in the area as being threatened under the Endangered Species Act, limiting or preventing development in that specie's habitat, as has been the case with Mazama Pocket Gophers. One other potential threat would be negative media attention to areas immediately outside of the City, such as violent protests in Seattle and Olympia, that might tarnish Lacey's image.

Market Characteristics

In 2015, Lacey is a community of 79,640. Of that, 45,380 live within the City limits, with the rest in the Urban Growth Area (UGA.)³ Given Lacey's proximity to the State Capital and JBLM, it is not surprising that government is the number one industry cluster. Approximately 5,200 Lacey residents work in the public sector, which comprises 30% of the workforce in Lacey. The other

major clusters are: retail trade 17%; accommodation & food service 11%; and healthcare, finance & insurance, and information technology at 5% each. Manufacturing, which has a high economic impact, represents 2%, which is below the 3% in Thurston County, and well below the 10% rate for the State.⁴

The unemployment rate is the percentage of people unemployed, but looking for work compared to the total number of both employed, plus the number unemployed, but looking for work. Unemployment numbers are based on where the person lives, not where the jobs are located. A person living in Lacey, and working in Olympia would be counted among Lacey’s employed. If their job was eliminated, they would count among Lacey’s unemployed. A person living in Olympia but working in Lacey would not count in Lacey’s numbers whether their job continued in Lacey, was eliminated, or moved to another city.

There is some seasonality to Lacey’s unemployment rate, with the highest level of unemployment occurring in the first quarter of the calendar year, and bottoming out in the fourth quarter. This seasonality has been largely unchanged over the last 10 years. Please see table 1, which follows. Due to this seasonality, useful comparisons over time must be made either same month to same month, or annual to annual.

Table 1--Seasonality of Unemployment in Lacey	(Average 2005-2014)	
Month	Unemployment Rate	% Month/Year
January	7.4	105%
February	7.7	108%
March	7.4	104%
April	7.0	98%
May	7.2	101%
June	7.0	99%
July	6.9	97%
August	7.0	99%
September	6.9	97%
October	6.8	96%
November	6.8	96%
December	6.9	98%
Average for all months & all years	7.1	

Source: Bureau of Labor Statistics

During stable and expanding periods of the economic cycle, Lacey’s unemployment rate tends to be higher than both the State of Washington, and the national average. This tendency is reversed early in an economic contraction due to Lacey’s high number of public sector employees. This tendency is shown very clearly in Table 2, which follows. When the full impact of the Great Recession hit the rest of the economy in 2008-2010, the impact on unemployment in Lacey was delayed due to the effect of the Lacey’s public sector-employed citizens. This same factor also delays employment recovery in Lacey since expansion of public sector employment also tends to lag economic recovery.

Table 2—Comparison of Unemployment Rate in Lacey to Washington and U.S.

2005-2014 Avg Unemp Rate Compare				% Lacey Rate to:	
Year	Lacey	WA	US	WA	US
2005	5.5	5.5	5.1	100%	108%
2006	5.2	4.9	4.6	106%	113%
2007	5.1	4.5	4.6	113%	111%
2008	5.4	5.4	5.8	100%	93%
2009	7.6	9.2	9.3	83%	82%
2010	9.2	10	9.6	92%	96%
2011	8.9	9.2	8.9	97%	100%
2012	8.6	8.1	8.1	106%	106%
2013	8.2	7	7.4	117%	111%
2014	7.1	6.2	6.2	115%	115%

Source: Bureau of Labor Statistics

The high percentage of retail trade employment in Lacey matches the level of retail businesses in the City. Lacey has 21 retail stores that are considered “big box.” These include: Best Buy, Burlington, Cabela’s, Costco, Fred Myer, Home Depot, Kohl’s, Lowes, Marshalls, Michael’s, Office Depot, Office Max, Petco, PetSmart, Safeway (3,) Sears, Shopko, Target, and Wal-Mart Super Center. With approximately 150 other retail stores in Lacey, the City draws shoppers from beyond its borders, and captures more than its share of sales tax from most categories.

Lacey has two major and two minor opportunities to capture sales tax leakage. Residents of Lacey spend more than \$62 million per year on new and used automobiles, and \$26 million at gasoline/convenience stores outside of the City. Other smaller opportunities are: Beer, Wine, and Liquor \$1.9 million, and Specialty Foods \$1.8 million.⁵

Retail is a major component of Lacey’s built commercial space, comprising 2.2 million of Lacey’s current inventory of commercial space. Another 240,000 square feet of retail space is currently vacant. While most of this space is comprised of small spaces in a variety of retail strip centers, there are concentrations in the South Sound Center, the Fred Meyer-anchored shopping center, and a large vacant grocery store. The remainder of Lacey’s built commercial space includes:

Table 3—Inventory of Built Commercial Space

271,000 square ft.	Lodging facilities
222,000 square ft.	Full service restaurants, pizza, take-out, and fast food
178,000 square ft.	Self-storage
128,000 square ft.	Arcades, cinemas, fitness clubs, and a small casino
125,000 square ft.	Professional services establishments

Source: City of Lacey Market Analysis 2015. These numbers do not include space exclusively used for offices, such as those occupied—or formerly occupied—by the State of Washington located in Woodland Square Loop.

Lacey from 2020-2035

By 2035, it is estimated that the Lacey community will have a population of 107,710. Of that, 53,090 will be within the City limits, with the remainder—more than half—in the UGA. Please see table 4, which follows.

Table 4-- Population Forecast Cities & UGAs 2015-2035

Population Forecast Cities & UGAs 2015-2035						
Jurisdiction		2015	2020	2025	2030	2035
Lacey	City	45,360	49,360	50,850	52,170	53,090
	UGA	34,260	39,230	44,130	49,330	54,610
	Total	79,640	88,600	94,980	101,500	107,710
Olympia	City	49,600	54,660	60,200	65,060	67,810
	UGA	12,220	13,190	13,830	14,880	16,580
	Total	61,820	67,850	74,030	79,940	84,390
Tumwater	City	19,300	22,930	25,800	28,440	30,100
	UGA	6,540	7,910	9,820	11,710	4,300
	Total	25,830	30,840	35,620	40,160	42,880
Rest of County	Total	99,200	108,620	117,570	127,010	135,620
Grand Total	Total	266,500	295,900	322,200	348,600	370,600

Source: Thurston Regional Planning Council

To aid in the development of the Economic Development Element, and to look ahead over the next 20 years, the City of Lacey engaged a consulting firm in early 2015 to develop a comprehensive Market Analysis (Exhibit 2.) While some of the information contained elsewhere in the Element originated from that Analysis, the following section relied extensively on the Market Analysis. While the recent past is not necessarily an accurate predictor of the future, the Market Analysis attempted to use data from a variety of credible sources to provide the best possible information of what could be expected over the next 20 years. Naturally, the farther into the future projections are made, the greater the number of possible variables can influence the actual outcomes. The Market Analysis, and therefore the Economic Development Element, both acknowledge that extraordinary events, including wars, natural or man-made disasters, or dramatic technological changes can invalidate the projections used.

SWOT Analysis (2020-2035)

Most of the strengths, weaknesses, opportunities, and threats discussed under “Lacey in 2015,” appear to remain valid. Demographically, Lacey—along with the rest of the nation—will grow a little older, and more ethnically diverse. Education attainment will likely remain a strength. Education achievement may actually improve as legislative actions in response to court cases, and voter initiatives to better fund public schools, and reduce class sizes, are implemented.

Effective collaboration between the economic development partners, which is so much a part of the culture of the area, will likely continue, and may be enhanced further if a CEDS is developed to better define roles, responsibilities, and protocols. Effective collaboration between the partners can also help protect Lacey’s economic well-being from the natural and man-made disasters described in “Lacey in 2015” by providing disaster preparedness/business resiliency training to ensure businesses are better able to survive a disaster, and to develop plans, beforehand, to collaborate on recovery after any disaster.

Continued rapid population growth in the Seattle area, and their continuing rapid rise in the cost of living, and enhanced regulations, may create opportunities beyond just normal job growth for Lacey. As available land in the central Puget Sound area becomes scarcer, more expensive, more difficult to assemble into large parcels, and more expensive to develop, opportunities may come to Lacey to increase the percentage of high-economic-impact manufacturing jobs, to bring the percentage more in line with the rest of the State. These opportunities may be enhanced if the practice of “re-shoring” manufacturing jobs that had once been moved overseas continues to increase. Reasons that jobs are returned to the United States include issues with transportation costs, political or economic instability abroad,

protection of intellectual property, increased labor costs abroad, or increased regulation abroad.

Market Conditions (2020-2035)

Table 5--Job Growth by Industry Sector through 2035

Sector	Job Growth
Personal and Repair Services	2,100
Food Service & Accommodations	2,000
Government	1,600
Wholesale Trade	1,300
Retail Trade	1,200
Health Care	1,100
Broadcasting & Telecommunications	800
Professional & Business Services	800
Other	700
Construction	600
Finance & Insurance	500
Administrative Support	500
Education (private)	500
Total	13,700

Source: 2015 City of Lacey Market Analysis

Nearly 40% of the new jobs forecast to be created in Lacey are concentrated in three sectors that are often lower paying, and that offer few fringe benefits to employees. These include Personal and Repair Services, Food Service and Accommodations, and Retail Trade.

Manufacturing jobs, which typically have the highest economic impact, are forecast to grow by only 90 positions by 2035. Manufacturing jobs are included in the above table under “other.”

Commercial opportunities in the Hawks Prairie business district could substantially increase City revenues in the form of new retail, property and B & O Tax. Depending on the type and composition of development, this could help to offset the nearly \$90 million retail leakage from automobile sales and gasoline/convenience store sales.

As part of the development of the 2015 Market Analysis, data on current employment by sector was used in conjunction with an inventory of all of the non-residential built space to determine the amount of floor space utilized per employee by sector. This was compared to industry averages available from a variety of sources. Using that information, and projected employment growth by sector, a projection of built space was created, and is presented here:

Table 6--Land Demand Projections in the City of Lacey Through 2035

Building Space (B) expressed in thousands of square feet; land (L) expressed in acres

Numbers may not total due to rounding

Type of Space	2013 Baseline		Projected Demand 2013-2020		Projected Demand 2020-2025		Projected Demand 2025-2030		Projected Demand 2030-2035		Total Projected Demand 2013-2035	
	B	L	B	L	B	L	B	L	B	L	B	L
Ground Floor Commercial	2,890	265	885	81	580	53	625	57	625	57	2,715	249
Office or Business Park	1,371	79	261	15	189	11	201	12	201	12	852	49
R&D/Flex	64	4	24	2	16	1	16	1	16	1	72	5
Manufacturing/Industrial	1,496	137	512	47	280	26	304	28	304	28	1,400	129
Warehouse & Storage	351	54	108	17	54	8	54	8	54	8	270	41
Institutions	800	37	150	7	100	5	100	5	100	5	450	21
Total	6,972	576	1,940	168	1,219	104	1,300	111	1,300	111	5,759	493

Source: 2015 City of Lacey Market Analysis

Given Lacey’s significant growth in both land area, and population over the last 20 years, the continuing growth that the City will experience over the next 20 years will begin to be characterized by more redevelopment of existing, underutilized sites, and less new development of greenfield sites.

GOALS AND POLICES

To realize the City’s vision, goals are established. To accomplish the goals, policies are established. Both the goals and the policies are interdependent. Many policies support more than one goal. The policy statement will be detailed only once, under the goal where the grouping of policies makes the most sense. Please refer to table 7—Matrix of Goals with Primary and Secondary Supporting Policies, for a full explanation of which polices support which goals

Goal 1: Lacey is Business Friendly—Lacey maintains high development standards and a community vision with a business friendly culture of collaboration and partnership with citizens, businesses, property owners, developers, and entrepreneurs to minimize obstacles to their success: “the Lacey way.”

Policy A: Lacey will ensure that it maintains its reputation for being business friendly, by looking at ordinances, rules, permitting processes, and policies from the perspective of its business customers to avoid creating unnecessary obstacles.

Policy B: Lacey will ensure that the City continues to improve and streamline necessary processes to provide excellent, efficient, and effective service to its “customers.”

Goal 2: Lacey is Business Ready—The economic needs of Lacey’s citizens are met because Lacey is prepared to meet the needs of all of its business customers.

Policy A: Lacey will ensure an adequate supply of developable, appropriately-zoned land is available to meet the various uses needed by Lacey businesses now and in the future.

Policy B: Lacey will ensure that it has an appropriate level of professional, customer-oriented, trained, and empowered employees to meet the needs of its “customers.”

Policy C: Lacey will ensure it has adequate, reliable, affordable, and user-friendly utilities and infrastructure to meet the needs of businesses in Lacey, now and in the future.

Policy D: Lacey will ensure that street designs encourage all modes of transportation including transit, pedestrians, bicyclists, automobiles, and trucks/commercial vehicles.

Policy E: In the event of a disaster, natural or man-made, Lacey will take positive steps, as soon as possible, to do everything it can to help businesses reopen.

Policy F: Lacey will be proactive in ensuring that it is ready to meet its business customers’ needs by the time the needs arise.

Goal 3: Lacey Collaborates Effectively--Lacey continues to work collaboratively with partners, and on its own, to retain, encourage expansion, and attract quality businesses to Lacey that will provide quality jobs; goods and services; generate sufficient revenues to ensure the provision of essential public services; and to make Lacey a great place to live, work, learn, shop, and play.

Policy A: Lacey will continue to work collaboratively with partners through frequent contact to foster relationships with partners, stay current, and adjust to changes in partners’ services and needs.

Policy B: Lacey will work with the EDC, and other partners, to determine what opportunities, if any, the area is missing due to a lack of a CEDS. Lacey will work with the partners to develop a CEDS if appropriate.

Policy C: The City of Lacey wants businesses to locate in Lacey AND be successful. The best location is a site in Lacey where the business will be successful. If such a site does not exist in Lacey, then the best site is elsewhere in Thurston County where the business will be successful. If such a site does not exist in Thurston County, then the best site is elsewhere in Washington where the business will be successful.

Policy D: Lacey will continue to support a culture of dialog and partnership among City officials, residents, property owners, the business community, JBLM, community partners, and other governmental agencies.

Policy E: Given that only 2% of new jobs are generated by companies relocating from other communities, with the rest generated from businesses expanding, and new businesses starting up, Lacey will concentrate economic development resources on business retention and expansion, and fostering an environment where local businesses and entrepreneurs can thrive.

Policy F: Lacey will maintain a joint planning program with Thurston County to foster consistent land use designations and development standards, as well as transportation corridors—for both residents and commerce--in the incorporated and unincorporated portions of the Lacey Urban Growth Area (UGA.)

Goal 4: Lacey is Ethical--The City of Lacey is an ethical organization, and its economic development efforts are carried out in an ethical manner.

Policy A: The City of Lacey's economic development efforts will be carried out in keeping with both the City of Lacey's Code of Ethics (Exhibit 3) and the International Economic Development Council (IEDC) Code of Ethics (Exhibit 4.)

Goal 5: Lacey Invests Wisely in its Future—Lacey “incent” businesses to start-up, locate, and expand in Lacey by having a strong economy; suitable available locations, utilities, and infrastructure; a highly skilled workforce; and by making the City's process to get and stay in operation clear, predictable, fast, and inexpensive.

Policy A: Lacey will utilize all available economic development tools and resources to encourage new business formation, existing businesses to stay and expand, and out-of-area businesses to locate in Lacey.

Policy B: Lacey will use incentives sparingly, and only to cure a particular problem or competitive weakness.

Policy C: In the rare instances when incentives are used, the incentive will be based on the concept of “gain share” meaning that the incentive earned and paid to the qualifying business represents a portion of revenues that the City has already collected, and would not have collected had the business not located/expanded within the City of Lacey.

Policy D: To the extent that incentives are used, they will be focused to also achieve both smart-growth and economic development objectives, by helping to make redevelopment of existing sites already served by infrastructure, public transit, and near worker housing more financially competitive with development of greenfields.

Policy E: Lacey reviews and adjusts all of its fees regularly to ensure that fees are appropriate; fair; balance smart growth goals with business needs; encourage investment; and foster business creation, retention, expansion, and attraction.

Policy F: Lacey will encourage local education institutions to partner with economic development organizations and businesses to promote custom workforce training.

Goal	1 Business Friendly	2 Business Ready	3 Collaborate Effectively	4 Ethical	5 Invests Wisely
Primary Policies	1-A & B	2-A-F	3-A-F	4-A	5-A-F
Secondary Policies	2-B, D, & E 3 A-C 5A-E	1-A & B	2-D-F 4 A	3-B 5-A-C	1-A & B 2 A-C 3 B & C 4 A

Citations

¹ National Parks Conservation Association Most Visited National Parks in 2014 available at <http://www.npca.org/exploring-our-parks/visitation.html> accessed June 11, 2015.

²Jed Kolko, *Business Relocation and Hometown Jobs, 1992-2006*, San Francisco: Public Policy Institute of California), 2010 as cited in 2015 City of Lacey Market Analysis.

³ Thurston Regional Planning Commission Population Estimates and Forecast 2010-2035 available at <http://www.trpc.org/DocumentCenter/Home/View/1415>, accessed June 3, 2015.

⁴ 2015 City of Lacey Market Analysis.

⁵ Ibid



PLANNING COMMISSION STAFF REPORT

September 1, 2015

SUBJECT: 2016 Comprehensive Plan Update: Chapter 3 Review-Commercial and Industrial Lands

RECOMMENDATION: Review proposed content in Chapter Two, Commercial and Industrial Lands, of the Draft Land Use Element of the Comprehensive Plan.

TO: Lacey Planning Commission

STAFF CONTACTS: Rick Walk, AICP, Community Development Director
Ryan Andrews, Planning Manager *RA*
Christy Osborn, Associate Planner *CO*

ATTACHMENT(S): 1. Draft Chapter Three - Commercial and Industrial Lands

**PRIOR COUNCIL/
COMMISSION/
COMMITTEE REVIEW:**

The proposed changes to the Land Use Element began in early 2013 and been reviewed by the Planning Commission at several points throughout the process.

BACKGROUND:

Draft commercial and industrial lands sections of chapter three of the Comprehensive Plan are attached for your review. These sections provide information on the history, current status, goals and policies, and implementation measures that help inform the Land Use Element.

The commercial and industrial sections were informed by the recent completion of the Lacey Community Market Study prepared by Wahlstrom & Associates and the draft economic element. The discussion includes:

- Providing additional land supply for projected commercial and industrial land uses
- 13,700 new jobs will be added to the City by 2035, with the majority of employment opportunities coming from retail establishments, personal services, and food services
- Land use designations and development standards need to be reviewed to address changing demographic and economic needs
- Commercial development, redevelopment and infill should be located in existing commercial and mixed-use areas

RECOMMENDATION:

The Planning Commission will review and comment on the draft content of the commercial and industrial land use topic sections. Suggested revisions to the draft will be made by staff for inclusion into the Land Use Element of the Comprehensive Plan.

Chapter 3 – Commercial & Industrial Lands

Introduction

The goals and policies outlined in the land use element of the Comprehensive Plan cannot be achieved absent a healthy economy. A healthy economy requires a supply of commercial and industrial sites sufficient to meet the community's needs to provide opportunity over time. A healthy economy is one that is focused on job creation and providing adequate services while sustaining a high quality of life.

Emphasis will be placed on targeting areas of focus for commercial and industrial uses, job creation, analysis of appropriate development standards and business park zone uses and standards, and the conversion of industrial lands to residential use. The City will encourage mixed-use buildings, commercial nodes in close proximity to neighborhoods, high density corridors, and mixed-use urban centers in appropriate locations.

History

Prior to World War II, Lacey primarily consisted of a small residential community containing some resource based industries and St. Martin's College. After the war, Lacey experienced an escalation in residential growth due to its proximity to Olympia and Fort Lewis and a decline in resource based industries. The ensuing suburban development pattern during the 1950's and 1960's left the City without a designated downtown core area. Commercial land uses were located along Sleater-Kinney with the construction of Lacey Market Square and South Sound Shopping Center, Pacific Avenue, and Lacey Boulevard. Access to these commercial areas has been primarily dependent on the automobile.

Since the 1960's, commercial development patterns have tended to follow collector and arterial transportation corridors along Pacific Avenue, Lacey Boulevard, College Street, and Martin Way. As increased residential development has occurred in areas of the City and unincorporated urban growth area, commercial development has followed along the Marvin Road corridor and Yelm Highway.

Commercial

Commercial development in Lacey has continued at a steady pace but economic development policies and activities need to continue to evolve to ensure that Lacey remains competitive in the marketplace and expand job opportunities for Lacey residents to live and work in the community. The current development standards contained in the Business Park District are an

example of requirements that need to be reviewed and updated. The current business park standards provide for a 1980's style suburban development pattern. This type of development no longer utilizes this style of design and instead is defined by allowances for a mix of uses and flexible space allowances.

Lacey residents possess moderate incomes with slightly more middle-income households and fewer high-income earners than the state averages. Lacey's population is growing slightly faster than both the state and the region but has slowed to an annual rate of 2.1%. The growth of housing units continues to exceed the county, region, and state. Currently, there is over 240,000 square feet of vacant space that can be occupied by retail establishments.

The most job growth that is expected to occur is forecasted to be concentrated in three sectors, personal and repair services, food services and accommodations, and retail trade. Nearly 40% of new jobs created during the planning period will be included in these sectors. Jobs associated with these industries often provide lower wages and fewer benefits to employees.

The Lacey Community market study identified automobile sales and gasoline/convenience store sales as being the two largest sources of retail leakage in the City. Spending on new and used automobiles will account for approximately \$62.5 million dollars of retail sales leakage alone. Development standards and uses for commercial, industrial, and mixed-use zones should be re-examined to consider the findings contained in the market study, demographic characteristics, and economic trends.

The City should take the necessary steps to ensure that existing commercial developments are appropriately located and retro-fitted to be more transit oriented and improve pedestrian circulation. As new commercial development is proposed, the City must continue to require well-designed site plans that address efficient access, pedestrian circulation and a high quality design aesthetic.

Industrial uses are provided for in the Light Industrial/Commercial (LI-C) and Light Industrial (LI) land use designations. The majority of these use designations are located north of I-5 in the Northeast Planning Area and surrounding properties. Additional Light Industrial/Commercial property is located adjacent to Pacific Avenue. There are two areas of designated industrial lands within the unincorporated urban growth area.

To strengthen the industrial base in Lacey, a reasonable supply of land is necessary to provide for the envisioned demand and to meet the goals and policies of the Economic Development

Element. Manufacturing jobs, which typically have the highest economic impact, are forecast to grow by only 90 jobs during the planning period. The 2 % increase in the manufacturing job sector is well below the state average of 10%. Growth in the industrial sector is expected to occur in wholesale trade establishments, adding 1,300 new jobs by 2035.

Commercial & Industrial Subarea Planning Areas

Northeast Planning Area

The largest concentration of commercial and industrial development has occurred in the northeast area of the City. The commercial areas located on the south side of Interstate 5 (I-5) are referred to as the Hawk’s Prairie area. The commercial area adjacent to and north of I-5 is referred to as the Gateway area. These commercial areas and some surrounding light industrial areas are the focus of the Northeast Area Planning Element. The development of the northeast planning area was anticipated by the City and subarea planning was completed in the early 1990’s when city utilities were being extended through the area. This area is located in what is considered to be one of the most attractive locations available for development along the I-5 corridor due to its proximity to other urban centers, available land, utilities, freeway visibility, access, and projected growth.

The vision for this area remains to develop the area as an” aesthetically, attractive, high quality employment center with a moderate mixture of other uses to complement the development...” Building and site design guidelines have been put in place to help shape development patterns in the area. Design standards include buffering, landscaping, signage, height and bulk limitations, pedestrian and vehicular connectivity, and building appearance.

Identified transportation corridors through the area have been largely constructed. The state legislature also earmarked \$72 million dollars of funding to rebuild the I-5 interchange at Marvin Road. Improvements to this intersection will improve traffic mobility for existing and future development in the area. Included in the intent of planning and land use regulations for this area is to facilitate and encourage the use of mass transit and other forms of transportation alternatives to the single occupancy vehicle. Currently, INTERcity Transit has a Park and Ride lot located on Hogum Bay Road and one bus route that services the lot. There are no other routes that serve this area. Accessibility to transit is severely lacking in this subarea and surrounding areas located north of I-5.

Woodland District

The Woodland District encompasses an area that is considered Lacey’s business core. Since this area was largely developed after World War II when the area was developed in a suburban

fashion, this area has lacked a true sense of identity and development style of most downtown urban areas. This area has served as a regional retail and employment area for the last fifty years. Planning for this subarea began in the 1990's. These efforts produced the first subarea plan for this area, the *Downtown 2000 Plan*. The plan sought the development of the area with a mix of uses with increased densities that was vibrant and supported transit and a diverse population. Many public and private projects were implemented in the area that was envisioned in the plan.

At the conclusion of the 2000's, private development in this area was severely impacted by the national economic downturn and the downsizing and relocation of several state offices. Over 240,000 square feet of office space became vacant. In 2011, the City began efforts to re-examine the goals of the previous planning efforts. An action-based strategic plan has been developed for this area to guide revitalization and private investment. The plan identifies the need for public gathering spaces, multi-modal transportation infrastructure and form-based development regulations. Several key implementation actions are underway or have been completed including the development of a form-based development code. The code is intended to serve as an incentive to realize the vision of the area as the "downtown" core of the community. Ongoing efforts by the public and private sectors will be critical to the successful transformation of this area.

Priority Nodes & Corridors

Lacey's Central Business Districts and the Martin Way Urban Corridor are thought to also have significant commercial development potential if the market and zoning strategies support a more urbanized form. Development strategies must be implemented to help influence market development choices, including incentives to target preferred areas for commercial and industrial growth. A small amount of growth is anticipated in other areas of the City through natural redevelopment and infill that is provided for under the Comprehensive Plan and zoning. The City will be challenged for continued funding to provide excellent services, amenities, and infrastructure to meet future needs.

The Martin Way corridor from Carpenter Road to Galaxy Drive has been identified as a prime location for redevelopment by the TRPC Urban Corridor Task Force based on the age of existing buildings, utility availability, and transit service. Planning for this area would need to be done in conjunction with Thurston County due to the shared jurisdiction of this area.

The Depot District is the area around the future City owned train depot museum. This area includes the Pacific Avenue and Lacey Boulevard Corridors and surrounding areas. Once the

construction of the new depot museum and other infrastructure improvements are completed, sub-area planning efforts would greatly aid this area.

Some older commercial and neighborhood shopping centers are experiencing high vacancies and are grappling to meet changing market conditions. Alterations in the retail market will require smaller shopping centers' land use mix and urban form to be updated to keep them healthy and attractive to shoppers and private investment. In some areas, it may be appropriate to support a wider mix of land uses to facilitate overall development where there is less demand for traditional retail.

Joint Base Lewis McCord

Joint Base Lewis-McChord (JBLM) plays a noteworthy economic role in Thurston County and particularly the City of Lacey. Direct impacts from operations at the base are substantial including the purchase of goods and services from local communities. It is estimated that approximately 5,000 active-duty military reside in Lacey with an equal share of veterans. The South Sound Military and Communities Partnership estimates JBLM personnel residing in Lacey collectively account for a payroll of \$216.6 million with approximately \$50 million in added economic activity.

Separating service members represent a unique workforce development opportunity of skilled workers into the labor force that may create opportunities to expand regional industry clusters. The City is positioned to serve as the area for new business because it serves a high percentage of this workforce and also offers high quality commercial and industrial property in Hawks Prairie, Gateway, and other parts of the City.

Commercial & Industrial Land Supply and Demand

The analysis of commercial and industrial lands is important to support employment opportunities for the community. An adequate land supply is one of the core components of commercial and industrial development. Ninety five percent of new jobs will locate in the urban areas of Thurston County. Within these urban areas, it is expected that over seventy percent of them will locate in areas zoned for commercial and mixed-use.

The 2014 *Thurston County Buildable Lands Report* projects that approximately 60,000 new jobs will be created in Thurston County within the next planning period. Of those new jobs, 14,087 will be located in the City of Lacey and 4,093 will be located in Lacey's unincorporated urban growth area. Forecasting future need for industrial and commercial land is complex. To determine the minimum amount of land new jobs will require, two factors are evaluated, the

number of employees per building square feet, and the average building square foot floor to area ratio. Employees per building square feet are determined by the average number of employees based upon the use type of the building. The average building square foot floor to area ratio (FAR) looks at how much total land area is required for commercial and industrial buildings, including parking stormwater facilities, and landscaping.

Commercial and industrial land use forecast for additional land needs for the planning period have been identified by the *Buildable Lands Report* for Lacey and its urban growth area. The minimum number of acres needed for commercial or mixed use development is 316 acres and 206 acres for industrial development. These acreages do not take into account the need for special uses that may arise over the planning horizon.

Future employment and land demand projects for the City have been refined in the *Lacey Community Market Study, 2015*, prepared by Wahlstrom and Associates. The study indicates that an additional 298 acres will be needed for commercial, office, and business park development and 185 additional acres will be needed for industrial land uses during the planning period. The land demand projections contained in the market analysis have been divided into specific land use categories and include institutional uses as a separate use.

Employment and land demand projections in the study predict that 13,700 new jobs will be added to the City's economy by 2035. Projections for land demand indicated that the greatest land use demands for employment will be for retail establishments, personal service providers and other like establishments that need ground-floor commercial space, followed by office and business park space, and warehouse and industrial flex space. Industrial space is needed for the wholesale trade sector which captures nearly 30 percent of Thurston County's jobs.

A healthy land supply requires a full range of options for potential business use. These options include unimproved land; land with infrastructure already available; and existing and vacant buildings.

Goals and Policies

Goal___ Designate an adequate supply of land for high-quality commercial uses based on appropriate site characteristics, community needs, and adequacy of facilities and services.

Policy___ Existing core commercial and mixed-use areas, including urban corridors and nodes should be the primary focus for commercial development, redevelopment, and infill opportunities.

Policy___ Provide for a compatible mix of housing and commercial uses in appropriate locations that enables people to walk to employment and shopping.

Policy___ Provide neighborhood commercial zones near residential areas to provide opportunities for neighborhood shopping and services with pedestrian accessibility.

Policy___ Provide for a full range of uses to support the development of Lacey as a high quality, and attractive regional commercial center in designated core commercial areas.

Policy___ Review existing land use designations and standards and revise as necessary to provide for projected and desired job opportunities and uses.

Goal___ Create vibrant, integrated and well-designed commercial districts in designated areas in the community.

Policy___ Utilize the City's design review standards to encourage clustered commercial and mixed-use development rather than strip commercial development in urban corridors and nodes.

Policy___ Prioritize and develop subarea plans for commercial, and mixed-use areas to promote redevelopment and infill efforts to define and strengthen sustainability, character and aesthetics in these areas.

Policy___ Urban design standards along Lacey's arterial entrance corridors should provide a sense of positive identity, visual interest, and high quality gateways to the City.

Goal___ Encourage and promote the development of high quality industrial development

Policy___ Designate an adequate supply land for high-quality industrial uses based on appropriate site characteristics, anticipated need, and adequacy of facilities and services.

Policy___ Develop specific criteria for considering the conversion of industrial lands to residential lands to safeguard an adequate supply of industrial lands for future economic viability.

Policy___ Review land use policies and standards to implement the goals, policies, and objectives contained in the economic element.

Policy___ Prioritize industrial development which adds to the tax base, provides family-wage jobs, and diversifies and strengthens our local economy.

Policy___ Utilize sub-area planning to help guide the development and redevelopment of planned industrial areas.

Policy___ Industrial uses should be located, designed, built, landscaped, operated, and maintained to ensure compatibility with nearby land uses.

Policy___ Industrial areas should be located where they are adequately served by necessary utilities and transportation routes, and adverse impacts can be mitigated.

Implementation Measures

1. Evaluate existing commercial and industrial land use designations and provide additional areas to meet the land demand projections for the planning period.
2. Consider developing sub-area plans and form-based code provisions for identified priority commercial and mixed-use high density corridor areas.
3. Review existing development standards, policies, and uses to address changing demographic and economic needs, including the Business Park District.
4. Adopt review criteria for the conversion of industrial lands to residential lands that safeguard an adequate supply of industrial lands for future use.