



Meeting Agenda

City Council

City Hall
601 4th Avenue E
Olympia, WA 98501

Information: 360.753.8244

Tuesday, May 10, 2016

7:00 PM

Council Chambers

1. ROLL CALL

1.A ANNOUNCEMENTS

1.B APPROVAL OF AGENDA

2. SPECIAL RECOGNITION

2.A [16-0583](#) Special Recognition - Historic Preservation Month

Attachments: [Proclamation](#)

3. PUBLIC COMMUNICATION

(Estimated Time: 0-30 Minutes) (Sign-up Sheets are provided in the Foyer.)

During this portion of the meeting, citizens may address the City Council regarding items related to City business, including items on the Agenda. In order for the City Council to maintain impartiality and the appearance of fairness in upcoming matters and to comply with Public Disclosure Law for political campaigns, speakers will not be permitted to make public comments before the Council in these three areas: (1) on agenda items for which the City Council either held a Public Hearing in the last 45 days, or will hold a Public Hearing within 45 days, or (2) where the public testimony may implicate a matter on which the City Council will be required to act in a quasi-judicial capacity, or (3) where the speaker promotes or opposes a candidate for public office or a ballot measure.

Individual comments are limited to three (3) minutes or less. In order to hear as many people as possible during the 30-minutes set aside for Public Communication, the City Council will refrain from commenting on individual remarks until all public comment has been taken. The City Council will allow for additional public comment to be taken at the end of the meeting for those who signed up at the beginning of the meeting and did not get an opportunity to speak during the allotted 30-minutes.

COUNCIL RESPONSE TO PUBLIC COMMUNICATION (Optional)

4. CONSENT CALENDAR

(Items of a Routine Nature)

4.A [16-0609](#) Approval of May 3, 2016 Study Session Meeting Minutes

Attachments: [Minutes](#)

4.B [16-0610](#) Approval of May 3, 2016 City Council Meeting Minutes

Attachments: [Minutes](#)

- 4.C [16-0612](#) Bills and Payroll Certification
Attachments: [Bills and Payroll Certification](#)
- 4.D [16-0509](#) Approval of Bid Award for 2016 Pavement Preservation Project
Attachments: [Bid Summary](#)
[Vicinity Map](#)
- 4.E [16-0584](#) Approval of Interlocal Agreement with Thurston County for Specialized Recreation Services
Attachments: [Interlocal Agreement](#)
- 4.F [16-0585](#) Approval of Interlocal Agreement with the Port of Olympia Regarding Port Stormwater Pipes Transition
Attachments: [Interlocal Agreement](#)

4. SECOND READINGS

- 4.G [16-0572](#) Approval of Ordinance Authorizing up to \$10,000,000 of General Obligation Bonds for Park Acquisition and Authorizing the Issuance of Bond Anticipation Notes (BAN) Pending the Issuance of the Bonds
Attachments: [Ordinance](#)
[Cashmere Valley Bank BAN Purchase Offer](#)

4. FIRST READINGS - None

5. PUBLIC HEARING

- 5.A [16-0468](#) Public Hearing on Proposed Amendments to the Community Development Block Grant (CDBG) Program Year 2015 Action Plan
Attachments: [Matrix of Proposed PY2015 CDBG Amendments](#)
[CDBG PY15 Action Plan](#)

6. OTHER BUSINESS

- 6.A [16-0470](#) Briefing on Low Impact Development (LID) Code Revisions
Attachments: [Draft LID Code Revisions](#)
[LID Overview](#)
[UAC Letter](#)
[Planning Commission Letter](#)
- 6.B [16-0590](#) Direction on the Downtown Strategy Guiding Framework and Views for Analysis
Attachments: [April 26 Presentation](#)
[ViewshedAnalysisProcess](#)

[Preliminary Viewshed Analysis Information](#)

[Market Analysis](#)

7. CONTINUED PUBLIC COMMUNICATION

(If needed for those who signed up earlier and did not get an opportunity to speak during the allotted 30 minutes)

8. REPORTS AND REFERRALS

8.A COUNCIL INTERGOVERNMENTAL/COMMITTEE REPORTS AND REFERRALS

8.B CITY MANAGER'S REPORT AND REFERRALS

9. ADJOURNMENT

The City of Olympia is committed to the non-discriminatory treatment of all persons in employment and the delivery of services and resources. If you require accommodation for your attendance at the City Council meeting, please contact the Council's Executive Assistant at 360.753.8244 at least 48 hours in advance of the meeting. For hearing impaired, please contact us by dialing the Washington State Relay Service at 7-1-1 or 1.800.833.6384.



City Council

Special Recognition - Historic Preservation Month

Agenda Date: 5/10/2016
Agenda Item Number: 2.A
File Number: 16-0583

Type: recognition **Version:** 1 **Status:** Recognition

Title

Special Recognition - Historic Preservation Month

Recommended Action

Committee Recommendation:

Not referred to a committee.

City Manager Recommendation:

Recognize the City of Olympia's support for Preservation Month.

Report

Issue:

Whether to recognize May as Preservation Month in Olympia.

Staff Contact:

Michelle Sadlier, Historic Preservation Officer, Community Planning & Development, 360.753.8031

Presenter(s):

Holly Davies, Chair, Olympia Heritage Commission
Michelle Sadlier, Historic Preservation Officer

Background and Analysis:

Since 1973, the National Trust for Historic Preservation has co-sponsored with local preservation groups to celebrate Preservation Month. The long-standing goals of this annual event are:

- To promote historic places to instill national and community pride,
- To promote heritage tourism, and
- To show the social and economic benefits of historic preservation.

This year, the Olympia Heritage Commission is excited to be joining with multiple partners for a series of activities to champion the places of labor history in our community.

The catalyst for choosing this year's theme has been the donation of a sculpture to the City of

Olympia by the Thurston-Lewis-Mason Central Labor Council (TLMCLC). The sculpture is scheduled to be installed in front of Olympia’s Labor Temple (119 Capitol Way N) in the Olympia Downtown Historic District. In addition to the Heritage Commission, the following organizations plan to host events throughout May:

- Olympia Arts Commission,
- TLMCLC,
- Olympia Historical Society & Bigelow House Museum,
- Olympia Downtown Association,
- Olympia Tumwater Foundation,
- Washington State Historical Society, and
- Washington State Archive.

Details on the events will be provided to the City Council at a later date.

Tonight’s Presentation

To recognize the work that ordinary Olympians are doing to celebrate our historic places and protect them for generations to come, the Heritage Commission wishes to recognize the people who have taken the initiative to add their homes to the Olympia Heritage Register over the past year. They are:

1. **Lauren & David Danner**, for nominating the Trueman “Bink” & Virginia Schmidt House (2932 Maringo Road SE).

This house was built in 1950 for Bink Schmidt, a Vice President of the Olympia Brewing Company, and his wife Virginia, née Aetzel. Both came from prominent local families and the house was designed to be a comfortable and fashionable home that could also host large social gatherings. The architect hired to design this innovative, post-World War II modernist house was Olympia’s own G. Stacey Bennett, an associate at Wohleb & Wohleb Architects.

Under the Danners’ initiative, this house is also listed on the State and National Registers of Historic Places. The Heritage Commission presented the Danners with a Preservation Award in 2015 as a result of the quality of their research and determination to bring this important mid-century house the recognition it deserves.

2. **Sean Kirby**, for nominating the Leo & Trena Belsito House (408 27th Avenue SE).

The person behind the design and construction of this neo-classical house was Trena Belsito-Worthington, a well-known Olympia lawyer. Ms. Belsito-Worthington built five houses which are believed to have been modeled after the same pattern. Built in 1948, this house was the fourth house she completed when she was married to Leo Belsito. Two of her other homes have already been listed on the Register.

When Mr. Kirby bought this building, it was in a state of neglect. Recognizing that the house was special, he opened it up to the public for the Olympia Historical Society’s holiday tour of homes before starting renovations. He has now completed the restoration, demonstrating that upgrading historic homes does not have to mean sacrificing historical character.

Type: recognition **Version:** 1 **Status:** Recognition

Neighborhood/Community Interests (if known):

General community interest in protecting the historic places that give our city its unique character and tell the story of our past.

Financial Impact:

Staff time included in base budget.

Attachments:

Proclamation

PROCLAMATION

WHEREAS, Olympia has been a place where people from throughout the region gather for thousands of years; and

WHEREAS, our early community's location, natural resources and topography made it a place where small villages could grow into a thriving local economy; and

WHEREAS, working men and women have always played a critical role in building our city and sustaining Olympia's quality of life; and

WHEREAS, our city's historic buildings and landscapes help tell our community's unique story at the southern end of Puget Sound; and

WHEREAS, thousands of Olympians take pride in caring for their historic homes and places of business, giving each of our neighborhoods a distinctive sense of place where people want to live, work, and play; and

WHEREAS, the rehabilitation and reuse of existing buildings contributes to the City's goal of promoting environmentally sustainable growth; and

WHEREAS, historic preservation projects provide local jobs for local workers;

NOW THEREFORE, BE IT RESOLVED, that the Olympia City Council does hereby proclaim May 2016 to be

PRESERVATION MONTH

SIGNED IN THE CITY OF OLYMPIA, WASHINGTON THIS 10th DAY OF MAY, 2016.

OLYMPIA CITY COUNCIL

***Cheryl Selby
Mayor***



City Hall
601 4th Avenue E.
Olympia, WA 98501
360-753-8244

City Council

Approval of May 3, 2016 Study Session Meeting Minutes

Agenda Date: 5/10/2016
Agenda Item Number: 4.A
File Number: 16-0609

Type: minutes **Version:** 1 **Status:** Consent Calendar

Title

Approval of May 3, 2016 Study Session Meeting Minutes



Meeting Minutes - Draft

City Council

City Hall
601 4th Avenue E
Olympia, WA 98501

Information: 360.753.8244

Tuesday, May 3, 2016

5:30 PM

Council Chambers

Study Session

1. ROLL CALL

Present: 7 - Mayor Cheryl Selby, Mayor Pro Tem Nathaniel Jones, Councilmember Jessica Bateman, Councilmember Jim Cooper, Councilmember Clark Gilman, Councilmember Julie Hankins and Councilmember Jeannine Roe

2. BUSINESS ITEM

2.A [16-0562](#) Scoping an Update of the Parking Strategic Plan

Business Manager Karen Kenneson briefed the Council on the Parking Strategy Scope of Work. She noted the City's Parking Strategy is currently being updated in conjunction with the implementation of the Comprehensive Plan and the Downtown Strategy.

Ms. Kenneson discussed the need for a consultant to perform a study of the City's parking system and make recommendations for efficiently managing downtown residential parking, maximizing existing on street parking, implementing the Comprehensive Plan and the Downtown Strategy. She reviewed the timeline and schedule for the update.

Councilmembers asked clarifying questions.

9. ADJOURNMENT

The meeting adjourned at 6:10 p.m.



City Hall
601 4th Avenue E.
Olympia, WA 98501
360-753-8244

City Council

Approval of May 3, 2016 City Council Meeting Minutes

Agenda Date: 5/10/2016
Agenda Item Number: 4.B
File Number: 16-0610

Type: minutes **Version:** 1 **Status:** Consent Calendar

Title

Approval of May 3, 2016 City Council Meeting Minutes



Meeting Minutes - Draft

City Council

City Hall
601 4th Avenue E
Olympia, WA 98501

Information: 360.753.8244

Tuesday, May 3, 2016

7:00 PM

Council Chambers

1. ROLL CALL

Present: 7 - Mayor Cheryl Selby, Mayor Pro Tem Nathaniel Jones, Councilmember Jessica Bateman, Councilmember Jim Cooper, Councilmember Clark Gilman, Councilmember Julie Hankins and Councilmember Jeannine Roe

1.A ANNOUNCEMENTS

Mayor Selby noted the Council met in a Study Session earlier in the evening.

1.B APPROVAL OF AGENDA

The agenda was approved.

2. SPECIAL RECOGNITION

2.A [16-0586](#) Special Recognition - City Public Service Employee Recognition

In observance of National Public Service Recognition Week, City Manager Steve Hall recognized City of Olympia employees, as well as State and County staff for their service.

3. PUBLIC COMMUNICATION

The following people spoke: Daniel Einstein, Dave Randall, Vida Zvirzdys-Farler, Qiu Min Ji and Jim Reeves.

COUNCIL RESPONSE TO PUBLIC COMMUNICATION (Optional)

4. CONSENT CALENDAR

4.A [16-0587](#) Approval of April 26, 2016 Study Session Meeting Minutes

The minutes were adopted.

4.B [16-0588](#) Approval of April 26, 2016 City Council Meeting Minutes

The minutes were adopted.

- 4.C** [16-0494](#) Approval of the Construction Contract for the Maintenance Center and Waste ReSources Building Roof Repairs

The contract was adopted.

- 4.D** [16-0573](#) Approval of a Property Acquisition from Marie Havens Cody near the Allison Springs Wellfield

The contract was adopted.

Approval of the Consent Agenda

Mayor Pro Tem Jones moved, seconded by Councilmember Cooper, to adopt the Consent Calendar. The motion carried by the following vote:

Aye: 7 - Mayor Selby, Mayor Pro Tem Jones, Councilmember Bateman, Councilmember Cooper, Councilmember Gilman, Councilmember Hankins and Councilmember Roe

4. SECOND READINGS - None

4. FIRST READINGS - None

5. PUBLIC HEARING - None

6. OTHER BUSINESS

- 6.A** [16-0572](#) Approval of Ordinance Authorizing up to \$10,000,000 of General Obligation Bonds for Park Acquisition and Authorizing the Issuance of Bond Anticipation Notes (BAN) Pending the Issuance of the Bonds

Administrative Services Director, Jane Kirkemo discussed the need for General Obligation Bonds for Park Acquisition and the Issuance of Bond Anticipation Notes (BAN) Pending the Issuance of the Bonds.

Councilmembers asked clarifying questions.

The ordinance was approved on first reading and moved to second reading.

- 6.B** [16-0582](#) Olympia Police Department Update

Police Chief Ronnie Roberts updated the City Council on the status of the Olympia Police Department's Strategic Plan. He reviewed each part of the plan including, Engage Community in Meaningful Ways; Align Resources with Community Needs; Provide Employees with Opportunities; Create Consistency & Accountability; Effectively Use Technology and Communicate Effectively.

Councilmembers discussed asked clarifying questions.

The information was received.

7. CONTINUED PUBLIC COMMUNICATION

8. REPORTS AND REFERRALS

8.A COUNCIL INTERGOVERNMENTAL/COMMITTEE REPORTS AND REFERRALS

Councilmembers reported on meetings and events attended.

8.B CITY MANAGER'S REPORT AND REFERRALS

City Manager Steve Hall announced that the Olympia Fire Department were first place in the Dragon Boat Race this weekend.

9. ADJOURNMENT

The meeting adjourned at 9:20 p.m.



City Hall
601 4th Avenue E.
Olympia, WA 98501
360-753-8244

City Council

Bills and Payroll Certification

Agenda Date: 5/10/2016
Agenda Item Number: 4.C
File Number: 16-0612

Type: decision **Version:** 1 **Status:** Consent Calendar

Title
Bills and Payroll Certification

CITY OF OLYMPIA
EXPENDITURE SUMMARY

"I THE UNDERSIGNED, DO HEREBY CERTIFY UNDER PENALTY OF PERJURY THAT THE MATERIALS HAVE BEEN FURNISHED, THE SERVICES RENDERED OR THE LABOR PERFORMED AS DESCRIBED HEREIN, THAT ANY ADVANCE PAYMENT IS DUE AND PAYABLE PURSUANT TO A CONTRACT OR IS AVAILABLE AS AN OPTION FOR FULL OR PARTIAL FULFILLMENT OF A CONTRACTUAL OBLIGATION, AND THAT THE CLAIMS ARE JUST, DUE AND UNPAID OBLIGATIONS AGAINST THE CITY OF OLYMPIA, AND THAT I AM AUTHORIZED TO AUTHENTICATE AND CERTIFY TO SAID CLAIMS", AND,

"I, THE UNDERSIGNED, DO HEREBY CERTIFY UNDER PENALTY OF PERJURY THAT CLAIMS FOR EMPLOYEE AND OFFICER EXPENSES ARE JUST, DUE AND UNPAID OBLIGATIONS AGAINST THE CITY OF OLYMPIA, AND THAT I AM AUTHORIZED TO CERTIFY SAID CLAIMS".

FOR PERIOD 4/3/2016 THROUGH 4/9/2016
 FOR A/P CHECK NUMBERS 3672431 THROUGH 3672707
 FOR ELECTRONIC PAYMENTS 3/1/2016 THROUGH 3/31/2016

INCLUSIVE IN THE AMOUNT TOTALING

DATED April 13, 2016

ADMINISTRATIVE SERVICES DIRECTOR
Jane Kirkemo

TOTAL APPROVED FOR PAYMENT
FUND

\$ 1,016,606.58	001	GENERAL FUND
\$ -	002	SHOP FACILITIES
\$ 778.19	003	REVOLVING ACCOUNT FUND
\$ -	004	URBAN ARTERIAL FUND
\$ 24,156.00	025	WASHINGTON CENTER
\$ 32.00	026	MUNICIPAL ARTS FUND
\$ 7,253.45	029	EQUIP & FACIL REPLACE RES
\$ -	107	HUD
\$ -	108	HUD
\$ -	127	IMPACT FEES
\$ -	130	SEPA MITIGATION FUND
\$ -	132	LODGING TAX FUND
\$ -	133	ARTS AND CONFERENCE FUND
\$ 1,450.76	134	PARKS AND REC SIDEWALK UT TAX
\$ 97.17	135	PARKING BUSINESS IMP AREA
\$ -	136	FARMERS MRKT REPAIR/REPLC
\$ -	137	CHILDREN'S HANDS ON MUSEUM
\$ -	138	TRANS BENEFIT DISTRICT
\$ -	208	LID OBLIGATION CONTROL
\$ -	216	4th/5th AVE PW TRST
\$ -	223	LTGO BOND FUND '06-PARKS
\$ -	224	UTGO BOND FUND 2009 FIRE
\$ -	225	CITY HALL DEBT FUND
\$ -	226	2010 LTGO BOND-STREETPROJ
\$ -	227	LOCAL DEBT FUND
\$ -	228	2010B LTGO BONDS-HOCM
\$ 71,204.94	317	CIP
\$ -	322	4/5th AVE CORRIDOR/BRIDGE
\$ -	323	CIP CONSTR FUND - PARKS
\$ -	324	FIRE STATION 4 CONSTRUCT
\$ -	325	CITY HALL CONST
\$ -	326	TRANSPORTATION CONST
\$ -	329	GO BOND PROJECT FUND
\$ 10,654.67	331	FIRE EQUIPMENT REPLACEMENT FUND
\$ 70,399.14	401	WATER
\$ 951,441.42	402	SEWER
\$ 35,871.73	403	SOLID WASTE
\$ 12,158.30	404	STORM AND SURFACE WATER
\$ 13,353.67	434	STORM AND SURFACE WATER CIP
\$ 3,687.00	461	WATER CIP FUND
\$ 6,784.44	462	SEWER CIP FUND
\$ 1,618.09	501	EQUIPMENT RENTAL
\$ 31.65	502	C. R. EQUIPMENT RENTAL
\$ -	503	UNEMPLOYMENT COMPENSATION
\$ -	504	INS TRUST FUND
\$ 24,788.85	505	WORKERS COMPENSATION
\$ -	604	FIREMEN'S PENSION FUND
\$ -	605	CUSTOMERS WATER RESERVE
\$ 5,809.30	614	LEOFF I MEDICAL LONG TERM CARE
\$ 7,125.64	621	WASHINGTON CENTER ENDOW
\$ -	631	PUBLIC FACILITIES
\$ 871.48	682	LAW ENFORCEMENT RECORD MGNTSYS
\$ -	701	PARKS-NEIGHBORHOOD
\$ -	702	PARKS-COMMUNITY
\$ -	703	PARKS-OPEN SPACE
\$ -	707	PARKS-SPECIAL USE
\$ -	711	TRANSPORTATION
\$ -	720	SCHOOLS
\$ 2,266,174.47		GRAND TOTAL FOR WEEK

CITY OF OLYMPIA
EXPENDITURE SUMMARY

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"I, THE UNDERSIGNED, DO HEREBY CERTIFY UNDER PENALTY OF PERJURY THAT CLAIMS FOR EMPLOYEE AND OFFICER EXPENSES ARE JUST, DUE AND UNPAID OBLIGATIONS AGAINST THE CITY OF OLYMPIA, AND THAT I AM AUTHORIZED TO CERTIFY SAID CLAIMS".

FOR PERIOD 4/10/2016 THROUGH 4/16/2016
 FOR A/P CHECK NUMBERS 3672708 THROUGH 3672936
 FOR ELECTRONIC PAYMENTS _____ THROUGH _____

INCLUSIVE IN THE AMOUNT TOTALING

DATED April 18, 2016

ADMINISTRATIVE SERVICES DIRECTOR
Jane Kukemo

TOTAL APPROVED FOR PAYMENT
FUND

\$ 156,224.44	001	GENERAL FUND
\$ -	002	SHOP FACILITIES
\$ 13,685.40	003	REVOLVING ACCOUNT FUND
\$ -	004	URBAN ARTERIAL FUND
\$ 85.50	025	WASHINGTON CENTER
\$ -	026	MUNICIPAL ARTS FUND
\$ -	029	EQUIP & FACIL REPLACE RES
\$ -	107	HUD
\$ -	108	HUD
\$ -	127	IMPACT FEES
\$ -	130	SEPA MITIGATION FUND
\$ -	132	LODGING TAX FUND
\$ -	133	ARTS AND CONFERENCE FUND
\$ -	134	PARKS AND REC SIDEWALK UT TAX
\$ -	135	PARKING BUSINESS IMP AREA
\$ -	136	FARMERS MRKT REPAIR/REPLC
\$ -	137	CHILDREN'S HANDS ON MUSEUM
\$ -	138	TRANS BENEFIT DISTRICT
\$ -	208	LID OBLIGATION CONTROL
\$ -	216	4th/5th AVE PW TRST
\$ -	223	LTGO BOND FUND '06-PARKS
\$ -	224	UTGO BOND FUND 2009 FIRE
\$ -	225	CITY HALL DEBT FUND
\$ -	226	2010 LTGO BOND-STREETPROJ
\$ -	227	LOCAL DEBT FUND
\$ -	228	2010B LTGO BONDS-HOCM
\$ 20,017.84	317	CIP
\$ -	322	4/5th AVE CORRIDOR/BRIDGE
\$ -	323	CIP CONSTR FUND - PARKS
\$ -	324	FIRE STATION 4 CONSTRUCT
\$ -	325	CITY HALL CONST
\$ -	326	TRANSPORTATION CONST
\$ -	329	GO BOND PROJECT FUND
\$ 23,387.49	331	FIRE EQUIPMENT REPLACEMENT FUND
\$ 16,509.07	401	WATER
\$ 4,209.51	402	SEWER
\$ 7,442.49	403	SOLID WASTE
\$ 4,114.60	404	STORM AND SURFACE WATER
\$ 5,302.02	434	STORM AND SURFACE WATER CIP
\$ -	461	WATER CIP FUND
\$ -	462	SEWER CIP FUND
\$ 75,816.43	501	EQUIPMENT RENTAL
\$ 23,651.64	502	C. R. EQUIPMENT RENTAL
\$ -	503	UNEMPLOYMENT COMPENSATION
\$ -	504	INS TRUST FUND
\$ -	505	WORKERS COMPENSATION
\$ -	604	FIREMEN'S PENSION FUND
\$ -	605	CUSTOMERS WATER RESERVE
\$ -	614	LEOFF I MEDICAL LONG TERM CARE
\$ -	621	WASHINGTON CENTER ENDOW
\$ -	631	PUBLIC FACILITIES
\$ -	682	LAW ENFORCEMENT RECORD MGNTSYS
\$ -	701	PARKS-NEIGHBORHOOD
\$ -	702	PARKS-COMMUNITY
\$ -	703	PARKS-OPEN SPACE
\$ -	707	PARKS-SPECIAL USE
\$ -	711	TRANSPORTATION
\$ -	720	SCHOOLS
\$ 350,446.43		GRAND TOTAL FOR WEEK

CITY OF OLYMPIA
EXPENDITURE SUMMARY

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FOR PERIOD 4/17/2016 THROUGH 4/23/2016
 FOR A/P CHECK NUMBERS 3672937 THROUGH 3673201
 FOR ELECTRONIC PAYMENTS _____ THROUGH _____

INCLUSIVE IN THE AMOUNT TOTALING

DATED

April 26, 2016

ADMINISTRATIVE SERVICES DIRECTOR

Jay Kitemo

TOTAL APPROVED FOR PAYMENT

FUND		
\$776,672.77	001	GENERAL FUND
\$0.00	002	SHOP FACILITIES
\$28,347.34	003	REVOLVING ACCOUNT FUND
\$0.00	004	URBAN ARTERIAL FUND
\$0.00	025	WASHINGTON CENTER
\$0.00	026	MUNICIPAL ARTS FUND
\$26,370.76	029	EQUIP & FACIL REPLACE RES
\$0.00	107	HUD
\$0.00	108	HUD
\$0.00	127	IMPACT FEES
\$0.00	130	SEPA MITIGATION FUND
\$15,142.44	132	LODGING TAX FUND
\$0.00	133	ARTS AND CONFERENCE FUND
\$0.00	134	PARKS AND REC SIDEWALK UT TAX
\$3,192.23	135	PARKING BUSINESS IMP AREA
\$0.00	136	FARMERS MRKT REPAIR/REPLC
\$0.00	137	CHILDREN'S HANDS ON MUSEUM
\$0.00	138	TRANS BENEFIT DISTRICT
\$0.00	208	LID OBLIGATION CONTROL
\$0.00	216	4th/5th AVE PW TRST
\$0.00	223	LTGO BOND FUND '06-PARKS
\$0.00	224	UTGO BOND FUND 2009 FIRE
\$0.00	225	CITY HALL DEBT FUND
\$0.00	226	2010 LTGO BOND-STREETPROJ
\$0.00	227	LOCAL DEBT FUND
\$0.00	228	2010B LTGO BONDS-HOCM
\$48,393.79	317	CIP
\$0.00	322	4/5th AVE CORRIDOR/BRIDGE
\$0.00	323	CIP CONSTR FUND - PARKS
\$0.00	324	FIRE STATION 4 CONSTRUCT
\$0.00	325	CITY HALL CONST
\$0.00	326	TRANSPORTATION CONST
\$0.00	329	GO BOND PROJECT FUND
\$0.00	331	FIRE EQUIPMENT REPLACEMENT FUND
\$18,422.03	401	WATER
\$18,146.75	402	SEWER
\$339,135.79	403	SOLID WASTE
\$7,294.91	404	STORM AND SURFACE WATER
\$47,639.90	434	STORM AND SURFACE WATER CIP
\$71,685.63	461	WATER CIP FUND
\$449.67	462	SEWER CIP FUND
\$2,970.10	501	EQUIPMENT RENTAL
\$0.00	502	C. R. EQUIPMENT RENTAL
\$0.00	503	UNEMPLOYMENT COMPENSATION
\$2,426.07	504	INS TRUST FUND
\$2,890.00	505	WORKERS COMPENSATION
\$0.00	604	FIREMEN'S PENSION FUND
\$0.00	605	CUSTOMERS WATER RESERVE
\$0.00	621	WASHINGTON CENTER ENDOW
\$0.00	631	PUBLIC FACILITIES
\$0.00	682	LAW ENFORCEMENT RECORD MGNTSYS
\$0.00	701	PARKS-NEIGHBORHOOD
\$0.00	702	PARKS-COMMUNITY
\$0.00	703	PARKS-OPEN SPACE
\$0.00	707	PARKS-SPECIAL USE
\$0.00	711	TRANSPORTATION
\$150,724.00	720	SCHOOLS
<hr/>		
\$1,559,904.18	GRAND TOTAL FOR WEEK	

**CITY OF OLYMPIA
PAYROLL CERTIFICATION**

The Administrative Services Director of the City of Olympia, Washington, hereby certifies that the payroll gross earnings, benefits, and LEOFF I post-retirement insurance benefits for the pay cycle ending **4/15/2016** have been examined and are approved as recommended for payment.

Employees Net Pay:	<u>\$ 1,386,626.32</u>
Fire Pension Net Pay:	<u>-</u>
Employer Share of Benefits:	<u>\$ 692,996.10</u>
Employer Share of LEOFF I Police Post-Retirement Benefits:	<u>-</u>
Employer Share of LEOFF I Fire Post-Retirement Benefits:	<u>-</u>
TOTAL	<u><u>\$ 2,079,622.42</u></u>

Payroll Check Numbers	_____	_____	Manual Checks
And	_____	_____	Fire Pension Checks
And	_____	_____	Manual Checks
And	88624	88846	Semi Payroll Checks

and Direct Deposit transmission.

April 18, 2016
DATE

Jane Kitekemo
ADMINISTRATIVE SERVICES DIRECTOR



City Council

Approval of Bid Award for 2016 Pavement Preservation Project

Agenda Date: 5/10/2016
Agenda Item Number: 4.D
File Number: 16-0509

Type: contract **Version:** 2 **Status:** Consent Calendar

Title

Approval of Bid Award for the 2016 Pavement Preservation Project

Recommended Action

Committee Recommendation:

Not referred to a committee

City Manager Recommendation:

Move to award the construction contract to Doolittle Construction, LLC, in the amount of \$462,642.50, and authorize the City Manager to execute all documents necessary to proceed.

Report

Issue:

Whether to approve staff's recommendation to award the construction contract for the 2016 Pavement Preservation Project to Doolittle Construction, LLC.

Staff Contact:

Brett Bures, Project Manager, Public Works Engineering, 360.753.8290

Presenter(s):

None - Consent Calendar item

Background and Analysis:

This year marks the sixteenth year of the Pavement Preservation Program for the City. The program purpose is to extend the overall life of streets. Pavement preservation methods include: crack seal, microsurfacing, and chip seal. This approach reduces the overall cost of maintaining City streets and keeps them in fair or better condition.

This project will use chip seal to improve the selected streets, listed below. Some of the streets will receive a double chip seal treatment (two layers of oil and rock) which provides additional protection of the existing pavement.

The project will improve approximately 1.7 miles of roadway throughout the City, including portions of Lilly Road, Pacific Avenue, Phoenix Street, Puget Street and 8th Avenue SE.

We anticipate starting construction in July and ending by September, 2016.

Neighborhood/Community Interests (if known):

- The community should expect delays for people driving, biking and walking throughout the construction process.
- Most of the work will occur on weekends in an effort to reduce impacts to people driving, biking, and walking.
- The City will communicate with citizens, emergency responders, schools, Intercity Transit, and other stakeholders about the schedule and traffic impacts through Twitter, media releases, and postcards.

Options:

1. Award the construction contract to Doolittle Construction, LLC, in the amount of \$462,642.50, and authorize the City Manager to execute all documents necessary to proceed.

Project proceeds as planned.

2. Reject all bids and direct staff to rebid the project.
The time needed to rebid will delay construction until 2017. The cost may increase due to increased staff time to rebid the project. Further, additional pavement deterioration and preparation work may be required because of the delay.

Financial Impact:

The 2016 Pavement Preservation Project is funded by the Street Repair/Reconstruction Program.

The low bid of \$462,642.50 is approximately 17% below the Engineer's estimate. There are sufficient funds in the budget to complete this project.

Overall project costs:

Total Low Bid:	\$ 462,642.50
Contingency to Award (10%):	\$ 46,264.25
Engineering:	\$ 110,000.00
Total Estimated Project Cost:	<u>\$ 618,906.75</u>

Total Available Budget	\$ 735,000.00
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Attachments:

1. Vicinity Map
2. Summary of Bids

SUMMARY OF BIDS RECEIVED



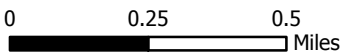
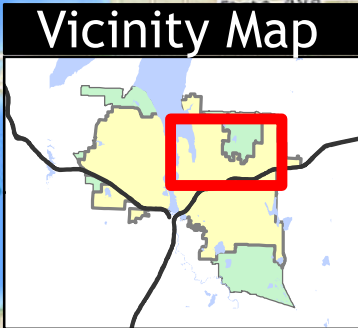
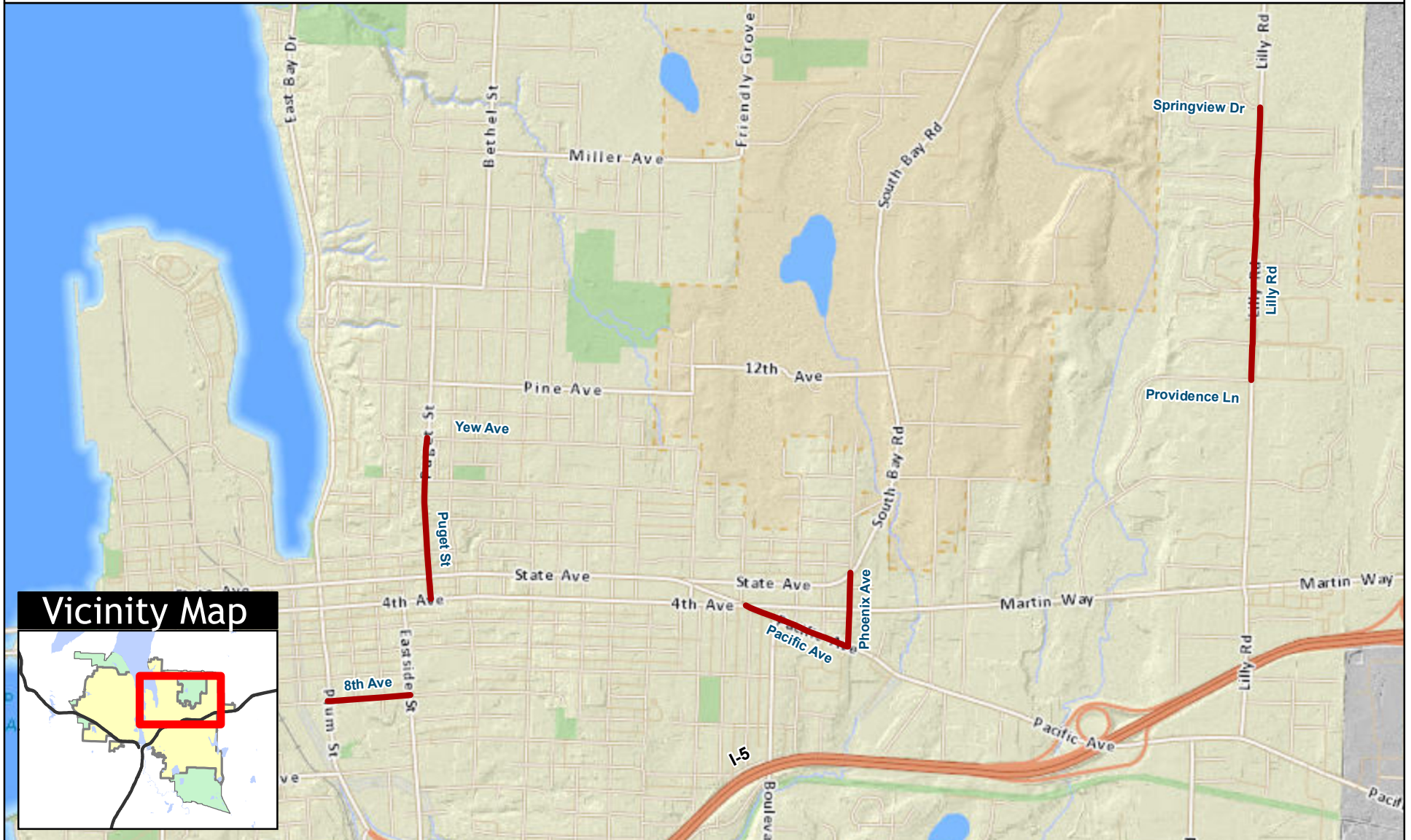
Project Name: 2016 Pavement Preservation (Chip Seal)
Project Number: 1626G
Bid Opening Date: 4/21/2016

ENGINEERS ESTIMATE	CITY OF OLYMPIA	\$ 557,925.00
Bid #1	Doolittle Construction LLC	\$ 462,642.50
Bid #2	Granite Construction Company	\$ 606,606.00



2016 Pavement Preservation (Chip Seal)

Project No. 1626G



Map printed 4/19/2016
 For more information, please contact:
 Brett Bures, Project Manager
 (360) 753-8290

Legend

 2016 Chip Seal Streets

This map is intended for 8.5x11" landscape printing.

The City of Olympia and its personnel cannot assure the accuracy, completeness, reliability, or suitability of this information for any particular purpose. The parcels, right-of-ways, utilities and structures depicted hereon are based on record information and aerial photos only. It is recommended the recipient and/or user field verify all information prior to use. The use of this data for purposes other than those for which they were created may yield inaccurate or misleading results. The recipient may not assert any proprietary rights to this information. The City of Olympia and its personnel neither accept or assume liability or responsibility, whatsoever, for any activity involving this information with respect to lost profits, lost savings or any other consequential damages.





City Council

Approval of Interlocal Agreement with Thurston County for Specialized Recreation Services

Agenda Date: 5/10/2016
Agenda Item Number: 4.E
File Number: 16-0584

Type: contract **Version:** 1 **Status:** Consent Calendar

Title

Approval of Interlocal Agreement with Thurston County for Specialized Recreation Services

Recommended Action

Committee Recommendation:

Not referred to committee.

City Manager Recommendation:

Move to approve the Interlocal agreement with Thurston County for Specialized Recreation Services, and authorize the Mayor to sign the agreement.

Report

Issue:

Whether to approve the Interlocal agreement as written.

Staff Contact:

Scott River, Associate Director, Parks, Arts & Recreation; 360-753-8506

Presenter(s):

None - Consent item

Background and Analysis:

Thurston County has been the regional provider of recreation services for individuals with developmental disabilities since 1990. This agreement updates any older agreements between Olympia and Thurston County and recognizes current program expectations. Tumwater and Lacey have also updated their agreements with Thurston County in the past several months.

The cities of Olympia, Lacey and Tumwater all contribute financially to this program on an annual basis. There are business and customer benefits for the regionalization of this program due to the specific target audience. For each municipal department to try to offer the comprehensive services offered by Thurston County would be cost prohibitive as the market potential becomes too narrow. For the participants and their families, a lower level of customer service and convenience would result if each department offered only a selected segment of the larger service.

The City of Olympia does explore, on a case-by-case basis, inclusive programming with our existing programs either by requirement of the American's with Disabilities Act (ADA) or because sometimes it is simply the right thing to do. Inclusive programming is great for some participants or families. Others prefer or require services more tailored for their specific needs.

In 2015, nearly 200 unique participants accounted for 3,000 registrations for specialized recreation programs offered by the County. Approximately 25% of those participants resided in Olympia, followed by Lacey (18%), Tumwater (9%) and unincorporated Thurston County or Other (47%).

This agreement ensures that a minimum of 370 hours of services will be offered to participants in 2016. It is likely that more hours will be offered. Thurston County will be responsible for the development, marketing, registration and program administration. As well, they will recruit and hire staff and volunteers as necessary.

Neighborhood/Community Interests (if known):

Parents and careproviders of individuals with developmental disabilities
Lacey Parks and Recreation
Tumwater Parks and Recreation

Options:

1. Approve the interlocal agreement as submitted

2. Approve the interlocal agreement with modifications
 A decision to modify the agreement as submitted will delay a formal agreement and require staff to renegotiate any new language as well as send it back through the County's formal approval process.

3. Do not Approve the interlocal agreement .
 A decision to not approve the agreement with no clarity for new direction creates several potential consequences including the need to expend Olympia resources on a local program or, in a worst case scenario, a stoppage in delivery of recreation services for individuals with developmental disabilities.

Financial Impact:

The \$13,720 attached to this agreement is funded in the 2016 Operating Budget

Attachments:

Interlocal Agreement

**INTERLOCAL AGREEMENT
BETWEEN
THE CITY OF OLYMPIA AND THURSTON COUNTY
FOR
SPECIALIZED RECREATION SERVICES**

Whereas, RCW 39.34.010 permits local governmental units to make the most efficient use of their powers by enabling them to cooperate with other localities on a basis of mutual advantage and thereby to provide services and facilities in a manner and pursuant to forms of governmental organization that will accord best with geographic, economic, population and other factors influencing the needs and development of local communities; and

Whereas, pursuant to RCW 39.34.080, each party is authorized to contract with any one or more other public agencies to perform any governmental service, activity, or undertaking which each public agency entering into the contract is authorized by law to perform: provided, that such contract shall be authorized by the governing body of each party to the contract and shall set forth its purposes, powers, rights, objectives and responsibilities of the contracting parties; and

Whereas: OLYMPIA and THURSTON COUNTY have a mutual interest in serving individuals with developmental disabilities through recreational services.

NOW, THEREFORE, in consideration of the mutual promises contained herein, the City of Olympia (OLYMPIA) and Thurston County (THURSTON) agree as follows:

I. Purpose/Objective

The purpose of this Agreement is to allow OLYMPIA to contract the provision of recreation services for people with developmental disabilities.

II. Scope of Agreement/Work

A. Responsibilities of OLYMPIA shall be as follows:

1. THURSTON using OLYMPIA's facilities:
 - a) AT THURSTON's request, OLYMPIA may provide THURSTON with hourly use of OLYMPIA facilities on an as-needed basis.
 - b) OLYMPIA will bill THURSTON on an hourly rate basis for facility use. The hourly rate shall be agreed upon by THURSTON and OLYMPIA before each use and any such rate, at a minimum, shall cover the direct cost of facility use, including required staffing in addition to standard staffing provided by OLYMPIA for said facilities.

2. OLYMPIA using THURSTON's services:
 - a) OLYMPIA will pay to THURSTON a set amount annually to offer at least 370 hours of specialized recreation programs for youth and/or adults with developmental disabilities, program marketing and registration, and program administration. OLYMPIA will refer those seeking to participate in programs geared toward people with developmental disabilities to THURSTON's programs, as an option for obtaining recreational services. The services shall be provided throughout the year on a quarterly basis. Specialized programs will include, but not be limited to, Day Trips, Monthly Events, and Fitness Programming. It is acknowledged that all services are regional in nature and that no programs within this Agreement shall imply that residents of Olympia are the sole recipients.
 - b) OLYMPIA may provide website links to THURSTON's specialized recreation webpages and other appropriate marketing opportunities as resources allow.

B. Responsibilities of THURSTON shall be as follows:

1. THURSTON providing OLYMPIA with services:
 - a) THURSTON agrees to offer at least 370 hours of specialized recreation programs for youth and/or adults with developmental disabilities, program marketing and registration, and program administration. The services shall be provided throughout the year on a quarterly basis. Specialized programs will include, but not be limited to, Day Trips, Monthly Events, and Fitness Programming. It is acknowledged that all services are regional in nature and that no programs within this agreement shall imply that residents of Olympia are the sole recipients.
 - b) THURSTON will recruit volunteers, as necessary, to assist in the specialized programs. Volunteers may function as activity aides, program chaperones, camp counselors, and recreation leaders.
 - c) THURSTON shall be solely responsible for any screening of employees and volunteers, as required by law, who assist in the programs outlined in this agreement.
2. THURSTON using OLYMPIA facilities:
 - a) THURSTON may request to schedule the use of OLYMPIA facilities for specialized recreation programs, subject to availability.
 - b) THURSTON shall reimburse OLYMPIA an hourly rate for use of said facilities. The hourly rate shall be agreed upon by THURSTON and OLYMPIA before each use and any such rate, at a minimum, shall cover the direct cost of facility use, including required staffing in addition to standard staffing provided by OLYMPIA for said facilities. The rate shall be documented in writing and attached to this agreement upon each use.

III. Costs

A. OLYMPIA will pay THURSTON the amount of \$13,720 for annual services for THURSTON to provide OLYMPIA with the specialized services set forth in this agreement.

B. THURSTON will pay OLYMPIA a mutually agreed hourly rate for THURSTON's use of OLYMPIA facilities, within thirty days of receipt of OLYMPIA's invoice.

IV. Method of Payment

A. THURSTON will invoice OLYMPIA annually for services.

B. OLYMPIA will invoice THURSTON monthly for any facility use.

V. Indemnification & Insurance

A. THURSTON agrees to defend, indemnify and hold OLYMPIA, its officers, officials, employees and volunteers harmless from any and all claims, injuries, damages, losses or suits including reasonable attorney fees, arising out of or in connection with THURSTON's performance of the Agreement, except to the extent such injuries and damages are caused by the negligence of OLYMPIA.

B. OLYMPIA agrees to defend, indemnify and hold THURSTON, its officers, officials, employees and volunteers harmless from any and all claims, injuries, damages, losses or suits including reasonable attorney fees, arising out of or in connection with OLYMPIA's performance of this Agreement, except to the extent such injuries and damages are caused by the negligence of THURSTON.

VI. Joint Board

This Agreement creates no Joint Board and no separate legal entity.

VII. Duration of Agreement

This Agreement shall be effective until December 31, 2017 unless otherwise terminated in the manner described under the termination section of this Agreement.

VIII. Termination of Agreement/Refund

This Agreement may be terminated upon sixty (60) days notice to the other party using the method of notice provided for in this Agreement. Upon termination of services, OLYMPIA shall be entitled to a refund from THURSTON, adjusted to a monthly rate. If the amount of refund is in dispute, both parties agreed to mediate such dispute with each party paying its own costs of mediation.

IX. Entire Agreement

This Agreement sets forth all terms and conditions agreed upon by OLYMPIA and THURSTON and supersedes any and all prior agreements oral or otherwise with respect to the subject matter addressed herein.

X. Recording

Prior to its entry into force, this Agreement shall be filed with the Thurston County Auditor's Office or posted upon the websites or other electronically retrievable public source as required by RCW 39.34.040.

XI. Employment Relationship

Employees of each agency shall remain at all times under the direction and control of their original agency and the performance of work for any other agency pursuant to this Interlocal Agreement shall not change that relationship for any purpose. Neither agency shall be deemed to have agreed to pay the other agency's employees any wages or benefits afforded to its own employees. Further, each agency's responsibilities to its own employees for work place injuries shall remain unchanged by this Interlocal Agreement.

XII. Notice

Any notice required under this Agreement shall be to the party at the address listed below and shall become effective three days following the date of deposit in the United States Postal Service.

CITY OF OLYMPIA
Attn: Scott River
Re: Specialized Recreation Interlocal Agreement
222 Columbia St NW
Olympia, WA 98501

THURSTON COUNTY:

Attn: Kim Jensen
Re: Specialized Recreation Interlocal Agreement
412 Lilly Rd NE
Olympia, WA 98506

XIII. Interpretation and Venue

This Agreement shall be governed by the laws of the State of Washington as to interpretation and performance. The parties hereby agree that venue for enforcement of this agreement shall be the Superior Court of Thurston County.

XIV. Effective Date

Once signed, this Agreement shall take effect as of the date of filing or posting as required by RCW 39.34.040.

CITY OF OLYMPIA

Mayor


Date: _____

Approved as to form:



Assistant City Attorney

THURSTON COUNTY



Tom Stuebner
Director of Public Health and Social
Services

Date: 4-20-2016



City Council

Approval of Interlocal Agreement with the Port of Olympia Regarding Port Stormwater Pipes Transition

Agenda Date: 5/10/2016
Agenda Item Number: 4.F
File Number: 16-0585

Type: contract **Version:** 1 **Status:** Consent Calendar

Title

Approval of Interlocal Agreement with the Port of Olympia Regarding Port Stormwater Pipes Transition

Recommended Action

Committee Recommendation:

Not referred to a committee.

City Manager Recommendation:

Move to approve the interlocal agreement with the Port of Olympia regarding the Port stormwater pipes transition and authorize the Mayor to sign the agreement

Report

Issue:

Whether to enter into an agreement with the Port of Olympia for a mutually beneficial stormwater construction project consisting of transfer of City-owned stormwater pipes located on Port property, and the release of the City's associated easement interest to the Port.

Staff Contact:

Andy Haub, Water Resources Director, Public Works Department, 360.753.8475

Presenter(s):

None - Consent Calendar item.

Background and Analysis:

The City of Olympia owns and maintains a stormwater pipe that runs from a northern portion of downtown (near the Farmers Market) north through the Port of Olympia peninsula to Budd Inlet. The pipe carries stormwater from City of Olympia streets and developments as well as the Port property.

The City and Port seek to re-route the City's stormwater flows from the pipe by modifying existing stormwater pipes near the Farmer's Market. In turn, the Port would take ownership and maintenance responsibility for the existing pipe through its property.

The total estimated cost for constructing the project is \$1.2 million. The City and Port plan to split the cost of the project.

The interlocal agreement defines the relationship between the City and Port to construct the project and transfer ownership of the existing pipe. The work is planned to be completed in the second half of 2016.

Neighborhood/Community Interests (if known):

No known community concerns

Options:

Option 1: Approve the interlocal agreement and move forward with its implementation. Construct the proposed stormwater project and transfer ownership of City-owned pipes to the Port of Olympia and release the City's associated easement interest.

Option 2: Modify the interlocal to better incorporate Olympia's interests. Potentially delay construction until 2017 or beyond. The Port is interested in completing the project as soon as feasible.

Option 3: Decline to approve the interlocal agreement. Investigate alternative means to meet City's and Port's objectives.

Financial Impact:

As specified in the interlocal agreement, the City and the Port will share equally the project costs based on a preliminary engineer's cost estimate. The City cost is approximately \$600,000. City Council appropriated these funds in the 2014 - 2019 Capital Facility Plan. The Storm and Surface Water Utility will provide the necessary funds. Funding is currently available without affecting the scheduling of other storm and surface water projects.

Attachments:

Interlocal Agreement

When recorded return to:
City of Olympia
P.O. Box 1967
Olympia, WA 98507-1967

**INTERLOCAL AGREEMENT
BETWEEN
THE CITY OF OLYMPIA AND THE PORT OF OLYMPIA
FOR
TRANSFER OF STORMWATER PIPES TO PORT AND
CITY DIVERSION OF STORMWATER**

WHEREAS, RCW 39.34.010 permits the City of Olympia and Port of Olympia (collectively, the “Parties”) to make the most efficient use of their powers by enabling them to cooperate on a basis of mutual advantage and to provide services and facilities in a manner and pursuant to forms of governmental organization that will accord best with geographic, economic, population and other factors influencing the needs and development of local communities; and

WHEREAS, pursuant to RCW 39.34.080, the City of Olympia and Port of Olympia are authorized to contract to perform any governmental service, activity, or undertaking which each is authorized by law to perform; provided, that this Agreement shall be authorized by their respective governing bodies and shall set forth its purposes, powers, rights, objectives, and responsibilities of the Parties; and

WHEREAS, the City of Olympia (hereafter “City”) is a noncharter code City, and as such, has the powers identified in the Optional Municipal Code, RCW Title 35A and the Olympia Municipal Code; and

WHEREAS, the Port of Olympia (hereafter “Port”) is a Port district formed by RCW Chapter 53.04; and

WHEREAS, RCW 39.33.010(1) allows the transfer of any property interest or right between public entities upon such terms as can be mutually agreed upon by the proper authorities of such entities; and

WHEREAS, the City has the power to construct and repair sewers, pursuant to RCW 35A.11.020, RCW 35A.11.030 and OMC Chapter 13.16, and the Port has the power to provide pollution control facilities pursuant to RCW 53.08.040 through .043; and

WHEREAS, the City owns and maintains certain stormwater pipes (hereafter “Pipes”), located on Port property north of Market Street and Corky Avenue right-of-ways, as depicted on the attached **EXHIBIT A**, which is incorporated herein by reference; and

WHEREAS, the Pipes are located in an easement on Port property which the City reserved for purposes of sewer and water lines in otherwise vacated segments of City rights-of-way pursuant to City Ordinance No. 1513 and City Ordinance No. 1866; and

WHEREAS, in 2014, the Port constructed a new stormwater facility on Port property to serve the Marine Terminal, the design of which, with the City’s consent, incorporated use of the Pipes; and

WHEREAS, on July 14, 2014, the Parties entered into an Access Agreement whereby the City granted the Port access to and use of the Pipes for the purpose of performing maintenance and repairs on the Pipes necessary for construction of the new Port stormwater facility; and

WHEREAS, the Port completed maintenance and repairs on the Pipes as provided in the Access Agreement in conjunction with construction of the new stormwater facility, which is now operational and treating City stormwater flow through the Pipes; and

WHEREAS, pursuant to the Access Agreement, the City agreed to negotiate a project to divert City stormwater flow from the Pipes into new pipes serving the City stormwater system (hereafter, the “Diversion Project”), transfer the Pipes to the Port, and release the City’s interest in the associated easement on Port property, in exchange for the Port maintaining, repairing, and accepting the Pipes and sharing in the cost of the City’s Diversion Project; and

WHEREAS, the City’s 2014 Capital Facilities Plan included the Diversion Project (described as the “Port of Olympia Stormwater Separation Project”); and

WHEREAS, pursuant to the Access Agreement, the City now wishes to undertake the Diversion Project, transfer the Pipes to the Port, and release the City’s interest in the associated easement on Port property; and

WHEREAS, pursuant to the Access Agreement, the Port wishes to accept transfer of the Pipes and release of the City’s easement interest in the associated Port property, and share in the cost of the Diversion Project, in exchange for the City diverting City stormwater flow from the Pipes and out of the Port stormwater facility;

NOW, THEREFORE, in consideration of the mutual promises contained herein, the City and the Port agree as follows:

I. PURPOSE

The purpose of this Agreement is to set out the terms and conditions for (A) the City's transfer of the Pipes depicted on the attached **EXHIBIT A**, which is incorporated herein by reference, to the Port; (B) the release of the City's associated easement interest in Port property; and (C) City completion of the Diversion Project. This Agreement also addresses the Parties' cost share and responsibilities for the Diversion Project.

II. TERMS AND CONDITIONS

A. Scope of Project. The Diversion Project will re-route City stormwater flow from the Pipes to an alternative conveyance system/discharge point within City jurisdiction, as generally depicted on the attached **EXHIBIT B**, which is incorporated herein by reference.

B. Project Timing. The City will make good faith reasonable effort to complete the Diversion Project by December 31, 2016; however, if the City determines that it is not feasible to complete the Diversion Project by that date due to design, permitting, contract/bidding, or construction delays, the City agrees to complete the Diversion Project no later than December 31, 2017.

C. Project Administration. The City shall be responsible for all aspects of Diversion Project administration, including but not limited to permitting, SEPA compliance, contracting, and project management.

D. Cost Share. The City's estimated cost for the Diversion Project is attached as **EXHIBIT D**, which is incorporated herein by reference. The Port and the City shall share equally in the City's costs for the Diversion Project on an actual cost reimbursement basis up to \$600,000.00 each, plus 10% overage subject to the exclusions and payment process set forth herein. The City will provide the Port with reasonable advance notice if actual costs are anticipated to exceed the estimated cost in **EXHIBIT C** by more than 10%, to provide the Port with adequate time to provide notice and receive approval from the Port Commission for increased cost reimbursement to the City. If costs exceed \$600,000.00, plus 10% overage, the City and the Port will negotiate in good faith the cost share of such exceedance.

E. Exclusions from Port Cost Share. The cost of City staff time, overhead and administrative costs above those costs incurred directly by the project design team shall be excluded. Typical project design team responsibilities and costs include project management, engineering, accounting, surveying, and inspection. City staff indirectly supporting the project, but not part of the project design team, will not charge costs and expenses to the project.

F. Cost Share Payment Submission and Approval Process. The City Public Works Director shall present invoices and/or monthly progress records and associated billing for Diversion Project costs to the Port Engineering Director for review, approval and payment of the Port's cost share under this Agreement. If the invoice includes backup documentation, the City shall provide copies of that documentation to the Port Engineering Director together with the invoice. The Port Engineering Director shall provide the City Public Works Director written notice of any objection to payment of the Port cost share no later than ten (10) business days after submittal. In the event of Port objection to an invoice, the Port shall contact the City and describe the basis for its objection in writing. The Port and City will attempt to resolve the objection in good faith negotiations. In all other cases, the Port shall pay the City its cost share under this Agreement within thirty (30) days of invoice submittal.

G. Release of Easement and Bill of Sale. Within thirty (30) business days of the start of diverted stormwater flow, the City will record a release of easement and bill of sale for all of the City's known stormwater easements located on Port property, and associated with the Pipes, by recording same with the Thurston County Auditor's Office. The City shall provide a copy of the release of easement and bill of sale to the Port pursuant to the Notice requirements below.

H. Reduction of Port's Obligations to Pay City Stormwater Utility Charge. The Parties agree that the reduced stormwater utility rates charged by the City will reflect the Port's treatment of stormwater at the Port's treatment facility. The City's Storm and Surface Water Utility rates for the Port will be the same as applied to new developments that provide similar levels of onsite treatment.

I. Port Responsibilities for Pipes. In consideration for the City diverting its stormwater flow off of Port property, the Port agrees to accept ownership, maintenance, and repair responsibilities of the Pipes depicted on **EXHIBIT A**, including but not limited to acceptance of stormwater management responsibilities for such Pipes. The Port responsibilities begin when the City has provided the Port with a copy of the recorded easement release and bill of sale identified in Section II.G., above.

J. City and Port Cooperation. The Port and City agree to cooperate in the City's diversion of stormwater when the City constructs new pipes.

K. Force Majeure. If a Force Majeure Event occurs, the party that is prevented by that Force Majeure Event from performing any one or more obligations under this Agreement (the "Nonperforming Party") will be excused from performing those obligations. For purposes of this agreement, "Force Majeure Event" means, with respect to a party, any event or circumstance, regardless of whether it was foreseeable, that was not caused by that party and that prevents a party from complying with any of its obligations under this Agreement, other than an obligation to pay money, on condition that that party that uses reasonable efforts to do so. Upon occurrence of a Force Majeure Event, the Nonperforming Party shall promptly notify the other

party of occurrence of that Force Majeure Event, its effect on performance, and how long that party expects it to last. Thereafter, the Nonperforming Party shall update that information as reasonably necessary. During a Force Majeure Event, the Nonperforming Party shall use reasonable efforts to limit damages to the Performing Party and to resume its performance under this Agreement.

III. INVENTORY AND CONDITION OF TRANSFERRED PIPES

An inventory of the stormwater pipes to be transferred to the Port is included as **EXHIBIT D**, which is incorporated herein by reference. The **Exhibit** references pipe televising work performed by the City. The Port has been provided with a CD (compact disc) of the televising records. The Port will accept the Pipes shown on **EXHIBIT D** in their present condition as of the date of the Port's execution of this Agreement.

The City will transfer the Pipes to the Port, which will acquire, own and hold the Pipes as its property in accord with this Agreement.

IV. INDEMNIFICATION

A. Environmental Indemnity. The City shall defend, indemnify, and hold the Port and its successors and assigns (collectively, "Indemnitees") harmless from any and all claims, liabilities, losses, damages, costs, liens, causes of action, suits, demands, judgments and expenses (including without limitation, reasonable court costs, attorneys' fees and costs of investigation), removal and remediation and governmental oversight costs (collectively, "Environmental Losses"), arising out of or relating to the presence, disposal, escape, migration, leakage, spillage, discharge, emission, release or threatened release (collectively, "Release") of any Hazardous Substance, as defined below, that exists in, on, under, or from the Pipes, upon and subject to the terms and conditions set forth below, except to the extent that the Port or any other Indemnitee, person, corporation, or other entity, or any employee, agent, tenant, subtenant, contractor, or representative of the Port or any other Indemnitee or entity may be liable for such Release of any Hazardous Substance in, on, under, or from the Pipes.

Notwithstanding anything to the contrary in this Agreement or otherwise, the City shall have no obligation to defend, indemnify, or hold the Port or any other Indemnitee harmless with respect to any Environmental Losses arising (i) out of the Release of Hazardous Substances in, on, under, or from the Pipes after the last date this Agreement is executed by the City or Port, or (ii) out of the past Release of any Hazardous Substance in, on, under, or from the Pipes, for which the Port or any other Indemnitee, person, corporation or other entity, or any employee, agent, tenant, subtenant, contractor, or representative of the Port or any other Indemnitee or entity, may be liable.

Promptly after the receipt by the Port of notice of any claim or the commencement of any action or proceeding for which the City has agreed to indemnify the Port, the Port shall give the

City written notice of such claim or the commencement of such action or proceeding and the City shall thereafter defend on behalf of the Port, but at the City's sole cost and expense, any such action or proceeding for which indemnification is sought, except to the extent that the Port or any other Indemnitee, person, corporation or other entity, or any employee, agent, tenant, subtenant, contractor, or representative of the Port or any other Indemnitee or entity, may be liable for such Environmental Losses. No settlement of any such action or proceeding shall be made without the Port's prior written approval, which shall not be unreasonably withheld (unless the Port has previously been discharged from all liability in connection with such action or proceeding); provided that this provision is subject to the limitations of RCW 4.24.115, to the extent applicable.

B. Definitions. The term "Hazardous Substance" includes without limitation (i) those substances included within the definitions of "hazardous substances," "hazardous materials," "toxic substances," "hazardous wastes" or "solid waste" in any Environmental Law; (ii) petroleum products and petroleum byproducts; (iii) polychlorinated biphenyls; and (iv) chlorinated solvents. The term "Environmental Law" includes any federal, state, municipal or local law, statute, ordinance, regulation, order or rule pertaining to health, industrial hygiene, environmental conditions or hazardous substances.

C. Non-Environmental Indemnification. The City shall defend, indemnify and hold Indemnitees harmless from and against any and all claims, liabilities, losses, damages, costs, liens, causes of action, suits, demands, judgments and expenses (including without limitation, reasonable court costs, attorneys' fees and costs of investigation) (collectively, Non-Environmental Losses) suffered or incurred by reason of (i) the breach of any representation, warranty or agreement of the City set forth in this Agreement; (ii) the failure of the City to perform any obligation required by this Agreement to be performed by the City; (iii) the ownership, maintenance, and/or operation of the Pipes by the City prior to the last date this Agreement is executed by the City or Port, except to the extent such Non-Environmental Loss is due in whole or in part to a Release of Hazardous Substances for which the Port or any other Indemnitee, person, corporation or other entity, or any employee, agent, tenant, subtenant, contractor, or representative of the Port or any other Indemnitee or entity, may be liable; or (iv) any injuries to persons or property from any cause occasioned in whole or in part by any acts or omissions of the City, its representatives, employees, contractors or suppliers that occurred before the last date this Agreement is executed by the City or Port, except to the extent that such injuries are due in whole or in part to a Release of Hazardous Substances for which the Port or any other Indemnitee, person, corporation or other entity, or any employee, agent, tenant, subtenant, contractor, or representative of the Port or any other Indemnitee or entity may be liable.

V. JOINT BOARD

This Agreement creates no Joint Board and no separate legal entity. *See*, Section II.C., above, for City's administrative obligations under this Agreement.

VI. TERM OF AGREEMENT

This Agreement shall take effect on the date of the last authorizing signature affixed hereto. This Agreement shall terminate when the City completes all of its obligations under this Agreement.

VII. ENTIRE AGREEMENT

This Agreement, together with **EXHIBITS A, B, C, and D**, sets forth all the terms and conditions between the City and Port with respect to the subject matter addressed herein, and supersedes any and all prior agreements as to such matter, oral or otherwise. Any changes to this Agreement shall be in written form, signed by the duly authorized signatory of each Party.

VIII. RECORDING

This Agreement shall be recorded with the Thurston County Auditor's Office and may be posted upon the websites or other electronically retrievable public source as required by RCW 39.34.040.

IX. NOTICE

Any notice required under this Agreement shall be to the party at the address listed below and shall become effective three (3) days following the date of deposit in the United States Postal Service.

CITY OF OLYMPIA

Attn: Andy Haub
Re: Stormwater Pipe Agreement with Port of Olympia
Post Office Box 1967
Olympia, Washington 98507-1967

PORT OF OLYMPIA

Attn: Bill Helbig, Engineering Director
Re: Stormwater Pipe Agreement with Port of Olympia
606 Columbia Street NW, Suite 300
Olympia, Washington 98501

X. INTERPRETATION AND VENUE

This Agreement shall be governed by the laws of the State of Washington as to interpretation and performance. The Parties hereby agree that venue for enforcement of this Agreement shall be the Superior Court of Thurston County.

XI. WAIVER

A failure by either party to exercise its rights under this Agreement shall not preclude that party from subsequent exercise of such rights and shall not constitute a waiver of any other rights under this Agreement unless stated to be such in writing and signed by an authorized representative of the party and attached to the original Agreement as an Addendum.

XII. SEVERABILITY

If any provision of this Agreement or any provision of any document incorporated by reference shall be held invalid, such invalidity shall not affect the other provisions of this Agreement which can be given effect without the invalid provision, if such remainder conforms to the requirements of applicable law and the fundamental purpose of this Agreement, and to this end the provisions of this Agreement are declared to be severable.

XIII. CONSTRUCTION

Captions herein are solely for the convenience of the Parties and are not a part of this Agreement. The recitals set forth above are incorporated by reference and are part of the Agreement between the Parties. This Agreement shall not be construed as if it had been prepared by one of the Parties, but rather as if both Parties had prepared it.

XIV. EXECUTION IN COUNTERPARTS

This Agreement, and any signed documents executed according to the terms of this Agreement, may be executed in any number of counterparts, each of which will be deemed an original hereof and will together constitute one and the same document. The Parties agree that delivery by facsimile or other electronic means, such as email, of a signed counterpart of such document will be deemed the same as delivery of the original counterpart, provided the electronic transmission is sent to all Parties listed in Section IX. Upon request of the other party, a party delivering a facsimile or other electronic counterpart of this Agreement will provide to the requesting party a signed original of this Agreement.

XV. AMENDMENT

This Agreement may be amended by the Parties. No amendment, change or modification of this Agreement shall be valid unless in writing and signed by all of the

Parties hereto. No waiver of any breach of any covenant or provision in this Agreement shall be deemed a waiver of any preceding or succeeding breach thereof or of any other covenant or provision in this Agreement. No extension of time for performance of any obligation or act shall be deemed an extension of the time for performance of any other obligation or act.

CITY OF OLYMPIA

By: _____
Cheryl Selby
Its: Mayor

Date: _____

APPROVED AS TO FORM:

By: Mark Barber
Mark Barber
Its: City Attorney

Date: 4/19/2016

PORT OF OLYMPIA

By: _____
E.B. Galligan
Its: Executive Director

Date: _____

APPROVED AS TO FORM:

By: _____
Heather L. Burgess
Its: Attorney

Date: _____

EXHIBIT A

Exhibit A

City Stormwater Pipe Ownership Transfer to Port of Olympia

City of Olympia | Capital of Washington State



0 145 290 Feet
 Map created Date: August 11, 2015
 Please contact Sue Barcliff,
 Sr. Program Specialist, with questions:
 Email: sbarcliff@ci.olympia.wa.us
 (360) 570-3805.

- Storm System Legend**
- Manhole
 - Catch Basin
 - Outfall
 - City/Port Transfer Pipes
 - Other Storm Pipes

The City of Olympia and its personnel cannot assume the accuracy, completeness, reliability, or suitability of this information for any particular purpose. The parcels, right-of-ways, utilities and structures depicted herein are based on record information and aerial photos only. It is recommended the recipient and/or user field verify all information prior to use. The use of this data for purposes other than those for which they were created may yield inaccurate or misleading results. The recipient may not assert any proprietary rights to this information. The City of Olympia and its personnel neither accept or assume liability or responsibility, whatsoever, for any activity involving this information with respect to lost profits, lost savings or any other consequential damages.

File name and path: \\City of Olympia\water resources\SSW Planning & Implementation\Staff\Sue Barcliff\Mapping Projects\Port of Olympia\Port Storm Transfer Pipes\Exhibit A_Parcel_City Pipes.pdf

EXHIBIT B

EXHIBIT C

EXHIBIT D

City of Olympia
Televising and Evaluation of Port of Olympia Stormwater Pipes
December, 2012

<u>Pipe</u> <u>(See attached map)</u>	<u>Pipe</u> <u>Length/Size/</u> <u>Material</u>	<u>Date of</u> <u>Televising</u>	<u>Up/Down-</u> <u>Stream</u> <u>Video</u>	<u>TV</u> <u>Length</u>	<u>Results</u>	<u>Recommendations</u>
IDN 2618 14822067 - 4822238	155 LF/ 21" PVC	1/31/2011	D	152.7 ft	No problems	No action.
IDN 2390 14822238 - 14821006	105 LF/ 21" VC	8/5/2008	U	97.3 ft	No problems	No action.
IDN 294 14821006 - 14821040	170 LF/ 30" VC	8/5/2008	D	174.3 ft	No problems	No action.
IDN 344 14821040 - 14821005	141 LF/ 30" VC	7/29/2008	U	144.1 ft	Some cracks and water infiltration	Long-term monitoring.
IDN 297 14821007 - 14821005	278 LF/ 10" Conc	1/27/2011	D	277.8 ft	Broken for 3.4 ft at 20 ft, but not collapsed. Joint offset at 59 ft.	Long-term monitoring.
IDN 296 14821015-14821007	136 LF/ 10" Conc	1/27/2011	D	52.6 ft	Broken and collapsing at 35 and 49 ft.	City of Olympia to repair as per Agreement.
IDN 292	159 LF/ 10" Conc	8/16/2012	U	161.5 ft	Surface roughness/deposits	No action.
IDN 290	255 LF/ 10" Conc	8/16/2012	U	232.7 ft	No problems north of Market St.	No action.
IDN 298 14821005 - 14821004	310 LF/ 30" VC	8/11/2011	D	309.5 ft	Collapsed pipe section.	Repaired and replaced in 2012 by City.
IDN 299 14821004 - 14821003	310 LF/ 30" VC	7/31/2008	D	319.2 ft	Some cracks with minimal water infiltration.	Long-term monitoring.
IDN 300 14821003 - 14821002	310 LF/ 30" VC	7/31/2008	D	321.1 ft	Some cracks and two fractures in top of pipe – 60 and 80 feet long.	Long-term monitoring.
IDN 301 14821002 - 11824004	309 LF/ 30" VC	7/29/2008	U	306.9 ft	Some cracks and fractures with minimal water infiltration	Long-term monitoring.
IDN 51895 11824004-11824021	87 LF/ 30" VC	7/29/2008	D	65.4 ft	Some cracks and fractures and water infiltration.	Long-term monitoring.
IDN 8686 11824021-11824003	274 LF/ 30" VC	8/1/2008	D	252.7 ft	Some cracks and fractures and water infiltration. Material in pipe at 24 LF and 245 LF, but not obstructing flows.	Long-term monitoring.
IDN 8683 11824003-11824002	95 LF/ 30" VC	8/1/2008	D	57.2 ft	Water in pipe due to lack of grade.	Long-term monitoring.
IDN 8685 11824002-11824022	100 LF/ 30" VC	8/2/2008	U	89.3 ft	No problems.	No action.
IDN 8689 11824022-11824001	455 LF/ 30" VC	8/2/2008	D	184.3 ft	Water in pipe. Rock at 23 LF, but not obstructing flows.	Televise at low tide as convenient.



City Council

Approval of Ordinance Authorizing up to \$10,000,000 of General Obligation Bonds for Park Acquisition and Authorizing the Issuance of Bond Anticipation Notes (BAN) Pending the Issuance of the Bonds

Agenda Date: 5/10/2016
Agenda Item Number: 4.G
File Number: 16-0572

Type: ordinance **Version:** 2 **Status:** 2d Reading-Consent

Title

Approval of Ordinance Authorizing up to \$10,000,000 of General Obligation Bonds for Park Acquisition and Authorizing the Issuance of Bond Anticipation Notes (BAN) Pending the Issuance of the Bonds

Recommended Action

Committee Recommendation:

The Finance Committee recommends Council approve the ordinance on second reading.

City Manager Recommendation:

Move to approve the Ordinance Authorizing up to \$10,000,000 of General Obligation Bonds for Park Acquisition and Authorizing the Issuance of Bond Anticipation Notes (BAN) Pending the Issuance of the Bonds on second reading.

Report

Issue:

Should the City authorize bond anticipation notes pending the issuance of general obligation bonds for park acquisitions?

Staff Contact:

Dean Walz, Fiscal Services Director, Administrative Services Department, 360.753.8465

Presenter(s):

Jane Kirkemo, Director of Administrative Services, 360.753.8499.

Background and Analysis:

Background and analysis has not changed from first to second reading.

In 2006 the City issued bonds funded from a voter-approved utility tax (VUT). The bonds will be fully paid in December 2016. Once the bonds are fully paid the VUT may be used for other park purposes.

The final 2016 debt service on the bonds is \$1.2 million. The City Council and citizens have expressed the desire to acquire additional park property with the VUT after the bonds are retired. The City has opportunities and options to acquire park land prior to VUT becoming available. The exact amount required to purchase park land in 2016 is not finalized at this time. At a minimum, between \$5.3 and \$5.5 million is needed to exercise the purchase option on the D.R. Horton and Kaiser Heights properties, including issuance and closing costs.

Staff is recommending a Bond Anticipation Note (BAN) be issued with a maximum maturity of three years in an amount not to exceed \$10 million to finance park properties. A BAN is recommended at this time since it is anticipated there will be additional bonding for park purchases in the next few years. Issuing the BAN will reduce issuance and closing costs versus the cost of issuing multiple bonds. The City negotiated with Cashmere Valley Bank for the purchase of the BAN. Contacts were also made with other local banks. Attached is a preliminary offer from Cashmere Valley Bank. The final offer will be included with the ordinance on final reading and passage scheduled for May 10. No material changes are expected from the preliminary to final offer.

Neighborhood/Community Interests (if known):

Neighborhood/Community Interests has not changed from first to second reading.

The Council has received requests by neighborhood/community groups and individuals requesting the City acquire additional park land.

Options:

The options have not changed from first to second reading.

- 1) Approve the ordinance providing interim financing for park acquisitions.
- 2) Do not approve the ordinance. Not approving the ordinance may jeopardize the City's ability to purchase park land at this time, including land for which the City has exercised options to purchase.
- 3) Direct the staff to another course of action for park acquisition.

Financial Impact:

Financial Impact has not changed from first to second reading.

Approval of the ordinance provides financing for immediate park acquisition needs. Funding for payment of bonds to be issued to refinance the BAN will come from voter-approved utility tax for park purposes or other general revenues. Interest on the BAN is expected to be 1.35%. Annual interest will depend on the final amount of the BAN. Interest on the BAN will be paid semi-annually from Park impact fees and/ or voted utility taxes.

Attachments:

The attachments have not changed from first to second reading.

1. Ordinance
2. Bond Anticipation Note, preliminary offer from Cashmere Valley Bank

CITY OF OLYMPIA, WASHINGTON

ORDINANCE NO. _____

AN ORDINANCE of the City of Olympia, Washington authorizing the issuance of limited tax general obligation bonds of the City to provide funds to pay a part of the cost of purchasing property for parks; authorizing the issuance of a bond anticipation note pending the issuance of those bonds in the aggregate principal amount of not to exceed \$10,000,000; fixing the terms and covenants of the note; and approving the sale and providing for the delivery of the note to Cashmere Valley Bank.

Passed May 10, 2016

This document prepared by:

*Foster Pepper PLLC
1111 Third Avenue, Suite 3000
Seattle, Washington 98101
(206) 447-4400*

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CITY OF OLYMPIA, WASHINGTON

ORDINANCE NO. _____

AN ORDINANCE of the City of Olympia, Washington authorizing the issuance of limited tax general obligation bonds of the City to provide funds to pay a part of the cost of purchasing property for parks; authorizing the issuance of a bond anticipation note pending the issuance of those bonds in the aggregate principal amount of not to exceed \$10,000,000; fixing the terms and covenants of the note; and approving the sale and providing for the delivery of the note to Cashmere Valley Bank.

WHEREAS, the City of Olympia, Washington (the "City"), is in need of property for park purposes (the "Project"); and

WHEREAS, the City Council deems it to be in the best interests of the City to borrow money by the issuance of limited tax general obligation bonds and, pending the issuance of those bonds, issue short term obligations in accordance with the provisions of chapter 39.50 RCW for the purpose of providing a part of the funds to pay the costs of the Project; NOW, THEREFORE,

THE CITY COUNCIL OF THE CITY OF OLYMPIA, WASHINGTON, ORDAINS as follows:

Section 1. Debt Capacity. The assessed valuation of the taxable property of the City as ascertained by the last preceding assessment for City purposes for the calendar year 2016 is \$5,785,389,448, and the City has outstanding general indebtedness evidenced by limited tax general obligation bonds, loans and leases in the principal amount of \$53,352,970 incurred within the limit of up to 1 1/2% of the value of the taxable property within the City permitted for general municipal purposes without a vote of the qualified voters therein, and unlimited tax general obligation bonds in the principal amount of \$12,535,000 incurred within the limit of up to 2 1/2% of the value of the taxable property within the City for capital purposes only, issued pursuant to a vote of the qualified voters of the City. The maximum amount of indebtedness for which bonds are authorized herein to be issued is \$10,000,000.

Section 2. Authorization of Bonds. The City shall borrow money on the credit of the City and issue negotiable limited tax general obligation bonds evidencing that indebtedness in the amount of \$10,000,000 or such other lesser amount necessary (the "Bonds") to provide the funds to pay all or a portion of the cost of the Project and to pay the costs of issuance and sale of the Bonds. The general indebtedness to be incurred shall be within the limit of up to 1 1/2% of the value of the taxable property within the City permitted for general municipal purposes without a vote of the qualified voters therein.

Section 3. Description of the Note. For the purpose of providing all or part of the money required to finance the cost of the Project, and pay interest on and costs of issuing the Note pending the issuance of the Bonds, the City shall issue its Limited Tax General Obligation

Bond Anticipation Note, 2016, in the principal amount of not to exceed \$10,000,000 (the "Note"). The Note shall be in fully registered form, shall be numbered R-1, shall be dated the date of its delivery to Cashmere Valley Bank (the "Bank"), and shall mature on June 1, 2019 (the "Maturity Date").

The Bank has offered to purchase the Note under the terms of its term sheet dated May 10, 2016 attached as Exhibit A (the "Term Sheet"), and this ordinance. Amounts received from the Note shall bear interest on unpaid principal outstanding from time to time at the interest rate of 1.35%, or such amount as listed on the attached Term Sheet, calculated on the basis of a 365-day year and the actual number of days elapsed. Interest on the Note shall be due and payable semiannually on each June 1 and December 1, beginning on December 1, 2016. The outstanding principal balance of the Note shall be due and payable on the Maturity Date.

The outstanding principal balance of the Note on any particular day shall be the aggregate of all funds which the City has drawn from the date of the Note to that day, less the aggregate of all principal payments made by the City on or before that day.

A Request for Draw pursuant to the Note may be made by the Administrative Services Director or Fiscal Services Director (each a "Designated Representative") in writing to the Bank, at any time on or prior to the Maturity Date. Each Request for Draw must be in the minimum amount of \$25,000. A Request for Draw made prior to 11:00 a.m. and confirmed by the Bank will be funded on that business day. Each Request for Draw shall be delivered to the Bank, shall specify the dollar amount requested, the account number to which the drawing shall be deposited and the proposed date of the drawing, which date must be a business day. The aggregate of all such draws on the Note may not exceed \$10,000,000. Principal amounts of the Note that are prepaid may not be re-borrowed. The City hereby delegates to a Designated Representative authority to make a written Request for Draw pursuant to this ordinance. The Bank shall incur no liability to the City or to any other person in acting upon any written notice or other communication which the Bank believes in good faith to have been given by an official or other person authorized to borrow on behalf of the City, or otherwise acting in good faith in making advances pursuant to this ordinance.

The Note shall be an obligation only of the Note Fund and shall be payable and secured as provided herein. The Note shall not be deemed to constitute a pledge of the faith and credit or taxing power of the State of Washington.

Both principal of and interest on the Note shall be payable in lawful money of the United States of America. Upon the final payment of all principal and interest on the Note, the Note shall be surrendered to the Note Registrar for cancellation.

Section 4. Registration and Transfer of the Note. The Note shall be issued only in registered form as to both principal and interest and be recorded on books or records maintained by the Fiscal Services Director who is appointed to act as the note registrar (the "Note Register"). The Note Register shall contain the name and mailing address of the owner of the Note.

A Note surrendered to the Note Registrar may be exchanged for a new Note in the amount of not to exceed \$10,000,000. A Note may be transferred only if endorsed in the manner provided thereon and surrendered to the Note Registrar. Any exchange or transfer shall be without cost to the owner or transferee. The Note Registrar shall not be obligated to exchange or transfer a Note during the 15 days preceding the Maturity Date of the Note.

The Note may be assigned or transferred only in whole by the registered owner to a single investor that is a financial institution or a person who is reasonably believed to be a qualified institutional buyer or accredited investor within the meaning of the applicable federal securities laws.

Section 5. Prepayment. The City reserves the right to prepay principal of the Note in advance of the Maturity Date, in whole or in part, at any time, with no prepayment penalty. The City will notify the Bank at least 15 days in advance of its intent to prepay.

Section 6. Pledge of Taxes. The City irrevocably pledges to redeem the Note on or before its Maturity Date from the proceeds of a sufficient amount of the Bonds, from the proceeds of additional short term obligations or from other money of the City legally available for such purpose, and to include in its budget and levy taxes annually within the constitutional and statutory tax limitations provided by law without a vote of the electors of the City on all of the taxable property within the City in an amount sufficient, together with the Bonds or other short term obligation proceeds and other money legally available and to be used therefor, to pay when due the principal of and interest on the Note and the Bonds, and the full faith, credit and resources of the City are pledged irrevocably for the annual levy and collection of those taxes and the prompt payment of that principal and interest.

Section 7. Form and Execution of the Note.

(a) *Form of the Note; Signatures and Seal.* The Note shall be prepared in a form consistent with the provisions of this ordinance and Washington law. The Note shall be signed by the Mayor and the City Clerk-Treasurer, either or both of whose signatures may be manual or in facsimile, and the seal of the City or a facsimile reproduction thereof shall be impressed or printed thereon. If any officer whose manual or facsimile signature appears on the Note ceases to be an officer of the City authorized to sign bonds before the Note bearing his or her manual or facsimile signature is authenticated by the Note Registrar, or issued or delivered by the City, the Note nevertheless may be authenticated, issued and delivered and, when authenticated, issued and delivered, shall be as binding on the City as though that person had continued to be an officer of the City authorized to sign notes. The Note also may be signed on behalf of the City by any person who, on the actual date of signing of the Note, is an officer of the City authorized to sign notes, although he or she did not hold the required office on its date of delivery of the Note.

(b) *Authentication.* Only the Note bearing a Certificate of Authentication in substantially the following form, manually signed by the Note Registrar, shall be valid or obligatory for any purpose or entitled to the benefits of this ordinance: "Certificate of Authentication. This Note is the fully registered City of Olympia, Washington, Limited Tax General Obligation Bond Anticipation Note, 2016." The authorized signing of a Certificate of

Authentication shall be conclusive evidence that the Note so authenticated has been duly executed, authenticated and delivered and is entitled to the benefits of this ordinance.

Section 8. Tax Covenants.

(a) *Tax Certificate.* The City hereby covenants that it will not make any use of the proceeds of sale of the Note or any other funds of the City which may be deemed to be proceeds of such Note pursuant to Section 148 of the Internal Revenue Code of 1986, as amended (the "Code") and the applicable regulations thereunder which will cause the Note to be an "arbitrage bond" within the meaning of such section and such regulations. The City will comply with the requirements of Section 148 of the Code (or any successor provision thereof applicable to the Note) and the applicable regulations thereunder through the term of the Note. The City further covenants that it will not take any action or permit any action to be taken that would cause the Note to constitute a "private activity bond" under Section 141 of the Code.

(b) *Post-Issuance Compliance.* The Administrative Services Director is authorized and directed to review and update the City's written procedures to facilitate compliance by the City with the covenants in this ordinance and the applicable requirements of the Code that must be satisfied after the issue date to prevent interest on the draws on the Note from being included in gross income for federal tax purposes.

(c) *Designation of the Note as a "Qualified Tax-Exempt Obligation."* The City has designated the Note as a "qualified tax-exempt obligation" for the purposes of Section 265(b)(3) of the Code, and makes the following findings and determinations:

(i) the Note does not constitute a "private activity bond" within the meaning of Section 141 of the Code;

(ii) the reasonably anticipated amount of tax-exempt obligations (other than private activity bonds and other obligations not required to be included in such calculation) that the City and any entity subordinate to the City (including any entity that the City controls, that derives its authority to issue tax-exempt obligations from the City, or that issues tax-exempt obligations on behalf of the City) will issue during the calendar year in which the Note is issued will not exceed \$10,000,000; and

(iii) the amount of tax-exempt obligations, including the Note, designated by the City as "qualified tax-exempt obligations" for the purposes of Section 265(b)(3) of the Code during the calendar year in which the Note is issued does not exceed \$10,000,000.

Section 9. Note Fund; Disposition of Note Proceeds. There is authorized to be created in the office of the Fiscal Services Director a special account designated as the "Limited Tax General Obligation Bond Anticipation Note Account, 2016" (the "Note Fund"). All Bond proceeds, installment loans and taxes collected for and allocated to the payment of the principal of and interest on the Note shall be deposited in the Note Fund. Both principal of and interest on the Note shall be payable solely out of the Note Fund.

The proceeds received from a draw on the Note shall be paid into the "Capital Improvement Fund," a fund designated by the Fiscal Services Director and used for the Project.

Until needed to pay the costs of the Project and costs of issuance of the Note, the City may invest Note proceeds temporarily in any legal investment.

Payment of interest on each interest payment date, and of principal at maturity or prepayments of principal, shall be paid by immediately available funds delivered on or before each interest payment date or the maturity or prepayment date to the registered owner at the address appearing on the Note Register on the last day of the month preceding the payment date. Upon the final payment of principal of and interest on the Note the registered owner shall surrender the Note at the principal office of the Note Registrar for destruction or cancellation in accordance with law.

Section 10. Sale of the Note. The sale of the Note to the Bank, under the terms and conditions of this ordinance, and the Term Sheet to purchase the Note is hereby approved and confirmed. The City Council authorizes the Term Sheet to be signed by the Administrative Services Director. The Bank will not charge a fee for this Note.

Section 11. Reporting Requirements . While the Note is outstanding, the City shall submit its annual financial reports and audit reports to the Bank along with such additional information as the Bank may reasonably request from time to time. Such information can be provided to the Bank through a link to the information on the City's website or through the Electronic Municipal Market Access ("EMMA") website of the Municipal Securities Rulemaking Board.

Section 12. Governing Law. The Note shall be governed and interpreted according to the laws of Washington. Nothing in this paragraph shall be construed to limit or otherwise affect any rights or remedies of the Bank under federal law.

Section 13. General Authorization and Ratification. The Mayor, Administrative Services Director, Fiscal Services Director and other appropriate officers of the City are severally authorized to take such actions and to execute such documents as in their judgment may be necessary or desirable to carry out the transactions contemplated in connection with this ordinance, and to do everything necessary for the prompt delivery of the Note to the Bank thereof and for the proper application, use and investment of the proceeds of the Note. All actions taken prior to the effective date of this ordinance in furtherance of the purposes described in this ordinance and not inconsistent with the terms of this ordinance are ratified and confirmed in all respects.

Section 14. Severability. The provisions of this ordinance are declared to be separate and severable. If a court of competent jurisdiction, all appeals having been exhausted or all appeal periods having run, finds any provision of this ordinance to be invalid or unenforceable as to any person or circumstance, such offending provision shall, if feasible, be deemed to be modified to be within the limits of enforceability or validity. However, if the offending provision cannot be so modified, it shall be null and void with respect to the particular person or circumstance, and all other provisions of this ordinance in all other respects, and the offending provision with respect to all other persons and all other circumstances, shall remain valid and enforceable.

Section 15. Effective Date of Ordinance. This ordinance shall take effect and be in force from and after its passage and five days following its publication as required by law.

PASSED by the City Council and APPROVED by the Mayor of the City of Olympia, Washington, at a regular open public meeting thereof, this 10th day of May, 2016.

Mayor

ATTEST:

City Clerk-Treasurer

APPROVED AS TO FORM:



City Attorney

EXHIBIT A
TERM SHEET OF THE BANK

CERTIFICATION

I, the undersigned, City Clerk-Treasurer of the City of Olympia, Washington (the "City"), hereby certify as follows:

1. The attached copy of Ordinance No. ____ (the "Ordinance") is a full, true and correct copy of an ordinance duly passed at a regular meeting of the City Council of the City held at the regular meeting place thereof on May 10, 2016, as that ordinance appears on the minute book of the City.

2. The Ordinance will be in full force and effect five days after publication in the City's official newspaper, which publication date is _____, 2016.

3. A quorum of the members of the City Council was present throughout the meeting and a majority of the members voted in the proper manner for the passage of the Ordinance.

Dated: _____, 2016.

CITY OF OLYMPIA, WASHINGTON

City Clerk-Treasurer

May 10, 2016

Dean Walz
Fiscal Services Director
Administrative Services Department
City of Olympia

Dear Dean,

Thank you for the opportunity to provide this offer to purchase the City of Olympia Limited Tax General Obligation Bond Anticipation Note, 2016. Cashmere Valley Bank (the "Bank") is pleased to provide the following terms:

1. Borrower: City of Olympia, Thurston County, Washington (the "City").
2. Summary of Borrowing:

A Limited Tax General Obligation Bond Anticipation Note (the "Note") of the City. Draws will be used to purchase property for parks.
3. Amount:

Not to exceed \$10,000,000
4. Form:

Fully registered Note issued by the City and purchased by the Bank at private sale.
5. Purpose:

To provide funding for land acquisition.
6. Bond Terms:
 - a) Interest Rate:

May 10, 2016
City of Olympia
Metropolitan Park District
Page 2

Interest rate will be a bank-qualified tax-exempt fixed rate equal to 1.35%.
Accrual basis actual/365.

b) Term:

The Note shall mature June 1, 2019. Interest would be due semi-annually December 1, and June 1, beginning December 1, 2016. Principal would be due at maturity.

c) Draws:

Draws can be made on the Note on any business day in an amount greater than or equal to \$25,000. Draw proceeds will be wire transferred to the City. For same day funding, draw requests will need to be received by 11 AM.

d) Transferability

The Bank will hold the Note with no intent to sell or transfer. The Note may be transferred only in whole to a qualified investor.

7. Prepayment:

The Note may be prepaid at any time in whole or in part without penalty provided the registered owner of the Note receives 15-day notice.

8. Fees:

No fees. The City will be responsible for all other costs of issuance, including bond counsel costs. The Bank will not have any legal expenses.

9. Additional Terms:

The bond documents would be prepared by bond counsel to the City, will be in the standard forms customarily required by the Bank for municipal funding, and will include additional terms and conditions not discussed above. At the date of closing the bond, the financial condition and credit of the City and all other features of this transaction will be as represented to the Bank without material adverse change. In the event of adverse material changes in the credit worthiness of the City, including litigation or claims filed against the City, any commitment will terminate upon notice by the Bank. This commitment will be non-assignable by the City. The City will designate the Note as a “qualified tax-exempt obligation” under section 265(b) (3) of the IRS Code for investment by financial institutions.

10. Continuing Disclosure:

May 10, 2016
City of Olympia
Metropolitan Park District
Page 3

The City will also be required to make available to the Bank its annual financial report for as long as the Note is outstanding. The report may be made available via City web site, EMMA, or by direct transfer.

11. Acceptance:

This commitment is not binding unless the Bank receives a signed copy of this letter by May 20, 2016 at which time the commitment will expire without notice. If, after acceptance, the Note has not closed by June 15, 2016, this commitment will expire without notice.

12. Closing: Closing of the Note is anticipated on or about June 1, 2016.

ORAL AGREEMENTS OR ORAL COMMITMENTS TO LOAN MONEY, EXTEND CREDIT, OR TO FORBEAR FROM ENFORCING REPAYMENT OF A DEBT ARE NOT ENFORCEABLE UNDER WASHINGTON LAW.

Thank you for the opportunity to provide this offer to the City and its financing team.

Sincerely,

CASHMERE VALLEY BANK

Ron Olsen
Senior Vice President Municipal Finance Manager
Direct: 425-688-3935

Acknowledged and accepted this 10th day of May, 2016

CITY OF OLYMPIA

Signature: _____

Printed Name: _____

Title: _____

cc: Nancy Neraas, Foster Pepper PLLC



City Council

Public Hearing on Proposed Amendments to the Community Development Block Grant (CDBG) Program Year 2015 Action Plan

Agenda Date: 5/10/2016
Agenda Item Number: 5.A
File Number: 16-0468

Type: public hearing **Version:** 3 **Status:** Public Hearing

Title

Public Hearing on Proposed Amendments to the Community Development Block Grant (CDBG) Program Year 2015 Action Plan

Recommended Action

Committee Recommendation:

General Government Committee recommends a public hearing as part of the 30-day public comment period on the proposed amendments to the Community Development Block Grant (CDBG) Program Year 2015 Action Plan.

City Manager Recommendation:

Hold a public hearing as part of the 30-day public comment period on the proposed amendments to the Community Development Block Grant (CDBG) Program Year 2015 Action Plan.

Report

Issue:

Whether to hold a public hearing on the proposed amendments to the City's Program Year 2015 Action Plan (Sept. 2015 - Aug. 2016).

Staff Contacts:

M. Anna Schlecht, CDBG Program Manager, Community Planning & Development 360.753.8183
Leonard Bauer, Deputy Director, Community Planning & Development, 360.753.8206

Presenter(s):

M. Anna Schlecht, CDBG Program Manager, Community Planning & Development
Leonard Bauer, Deputy Director, Community Planning & Development

Background and Analysis:

CDBG Program Year 2015 Amendment:

The City Council adopted the CDBG Program Year 2015 (PY15) Action Plan in July 2015 (Attachment 2). Since that time, additional project opportunities have become available that can be

funded within PY2015. In addition, the City must increase its expenditures in PY 2015 to meet federal regulations requiring the timely expenditure of funds to ensure that tax monies are not “banked” indefinitely for the future (see further explanation of CDBG regulations below). Due to receipt of greater-than-expected repayments of past loans and other unexpended projects, **the City’s CDBG program must expend at least \$510,513 by June 30, 2016 to meet this requirement.**

These two factors result in the recommendation to consider amending the existing PY15 Action Plan as shown in the attached Matrix of Proposed CDBG Amendments.

Two of the recommended amendments would be for additional funding to existing CDBG activities:

- **\$130,650 repayment of the City’s Section 108 Loan**, which funded the Downtown Improvement Project (Alley Lighting and ADA Sidewalk Improvements). This amendment would make an additional \$65,650 payment, and also corrects the current payment to \$65,000, for a total of \$130,650 in repayments in PY15.
- **Crime Prevention Through Environmental Design (CPTED) program**, which funds small projects to improve key conditions downtown to increase safety. This amendment would add \$60,000 toward an alley improvement with a garbage compactor shared by multiple buildings, increased lighting and potentially a security camera.

The other three recommended PY15 amendments would address the City’s primary strategic goal of economic development, as stated in its five-year Consolidated Plan:

- **Property Acquisition:** providing \$150,000 toward purchase of the former Griswold’s site to remove blight;
- **Micro Business Training:** providing up to \$45,000 to Enterprise for Equity for training small business owners on how to sustain and grow their businesses.
- **YMCA Feasibility Study:** Contribute \$12,000 toward a market feasibility study of an improvement or expansion of the Downtown YMCA, which would provide for eventual facilities or services to low-moderate income individuals.

To provide for these projects, the supplemental funding in the PY15 Action Plan for the Grow Olympia Fund would be eliminated. No loan discussions have led to a potential loan that would be timely enough to meet the City’s spend down requirements in PY15. The \$1 million Grow Olympia Fund established through the National Development Council would remain available to fund small business loans when ready.

Additionally, CDBG program administration costs and the HUD-allowed, per-project activity delivery costs would be increased correspondingly to provide for these amendments to be carried out in PY15.

Background on CDBG Regulatory Guidelines:

The City receives CDBG funding each year because it is an 'entitlement' jurisdiction. For PY15, the City's grant is \$338,265. In addition, the City receives 'program income' - primarily from repayment of past loans for residential property improvements. In PY15, program income to date is \$227,748 - significantly greater than the \$120,000 projected in the adopted PY15 Action Plan.

Federal regulations limit flexibility in CDBG project spending in the following ways:

1. CDBG funds must be allocated for clearly identified, geographically specific projects (i.e. the acquisition of the Griswold's property) or for defined programs with clear guidelines for activities (i.e. the CPTED Program).
2. Federal regulations require the timely expenditure of funds to ensure that tax monies are not "banked" indefinitely for the future. By June 30 of each year, the City must spend CDBG funds down to 1.5 times its last CDBG federal grant. In PY15, that spend-down target is \$503,144. Due to greater-than-expected repayments of past loans and other unexpended projects, **the City's CDBG program must expend at least \$510,513 by June 30, 2016 to meet this requirement.**
3. Over each three-year period, at least 70% of the City's CDBG expenditures must provide benefit to low-to-moderate income people. The recommended amendments would ensure this requirement is met for the PY13-PY15 period.
4. Up to 15% of the City's CDBG expenditures each program year may be provided to direct social services. The recommended amendments would ensure this requirement is met.

Timeline and Process to Amend the PY 2015 Action Plan:

The City will receive public comments on the proposed amendments to the Program Year 2015 Annual Action Plan from citizens during the 30-day public comment period running from April 15 to May 15, 2016, which features a public hearing on May 10, 2016.

Copies of the proposed amendments to the PY 2015 CDBG Action Plan are available online at www.olympiawa.gov <<http://www.olympiawa.gov>> or paper copies can be found at Olympia City Hall, or the Olympia Timberland Library. Options for public comment include the following:

- 1) Email the Olympia Council at Citycouncil@ci.olympia.wa.us <<mailto:Citycouncil@ci.olympia.wa.us>>
- 2) Write to the City Council at PO Box 1967, Olympia WA 98507-1967
- 3) Call the Olympia Council at 360-753-8447
- 4) Testify at the May 10, 2016 CDBG Public hearing

Final City Council decision of whether to approve the proposed PY 2015 CDBG Action Plan amendments is scheduled for May 17, 2015.

Neighborhood/Community Interests (if known):

There is wide public interest in how CDBG funds are allocated. The City published a public notice on the proposed amendments, which have been made available for review on the City's website, in paper copies available a 30-day public comment period, including tonight's public hearing.

Options:

1. Hold a public hearing on the proposed amendments during this 30-day public comment period in accordance with federal CDBG requirements.
2. Do not hold a public hearing on the proposed amendments during this 30-day public comment period. Note this option would likely result in the City's CDBG Program not meeting federal spend-down requirements.

Financial Impact:

The recommended amendments will ensure the City's CDBG program remains compliant with federal regulations to expend at least \$510,513 by June 30, 2016. Approximately \$500,000 would remain in the City's CDBG fund for additional expenditures. Unexpended funds in PY15 would carry over to PY16.

Attachments:

Matrix of Proposed PY15 Amendments
Current PY 2015 CDBG Action Plan

Matrix of Proposed PY 2015 CDBG Amendment Amounts & Projected Expenditures

Activity	Eligible for Low-Moderate Income (LMI) Benefit Ratio	Current PY2015 Funding Level	PROPOSED PY2015 Amendment Funding Level
Debt-Service of Section 108 Loan for Downtown Improvements Project	Excluded from ratio	\$64,000	\$130,650 (Additional prepayment of PY 2016 payment - \$65,000 plus interest)
Downtown Ambassador Program	Yes	\$51,270 – Contract \$4,127 - 7% Activity Delivery	\$51,270 - Contract \$5,127 – 10% Activity Delivery
Crime Prevention Through Environmental Design (CPTED) Safety Program	Yes - Conditionally	\$27,500	Up to \$60,000 – Activity Up to \$6,000 – 10% Activity Delivery
Grow Olympia Fund-Business Loans*	Yes	\$219,714	0
YMCA Market Feasibility Study	Yes - Conditionally	0	Up to \$12,000
Property Acquisition	No, Slum & Blight Removal provides Area Benefit	0	\$150,000 (Griswold's property) Up to \$15,000 – 10% Activity Delivery
Micro Business Training Program	Yes	0	Up to \$45,000 Up to \$4,500 – 10% Activity Delivery
Program Administration	Excluded from ratio	\$91,654	\$113,053
TOTAL		\$458,265 Current	\$592,600 Proposed

* Supplemental funding to primary \$1 million Grow Olympia Fund, which remains in place and available to provide small business loans.

TABLE 1: PROPOSED PY 2015 AWARDS BY RECIPIENT AND PROJECT

Recipient	Project/ Activity	Outcomes	Strategic Goal(s) Met	HUD CDBG Objective(s) Met	Proposed PY 2015 Award
City of Olympia	Debt Service-Section 108 Downtown Improvements Project	Partial repayment of Section 108 loan, which funds the installation of lighting in approximately 13 alleys and 1 key sidewalk accessibility project	Public Facilities Improvements	15% - Low/Mod Area (LMA) 85% - Low/Mod Limited Clientele (LMC)	\$ 64,000
Capital Recovery Center	Downtown Ambassador Program	Citizen contacts with up to 150 homeless and mentally ill people	Homeless Continuum of Care	Low and moderate income benefit (LMI)	\$55,397**
Assorted Downtown Buildings	Safety & Façade Improvements Pilot Project (CPTED)*	Economic Development	Economic Development	Rehab: Publically or Privately owned commercial/industrial in a predominantly low/moderate-income residential area (LMA)	\$27,500**
City of Olympia	Grow Olympia Fund – Business Loans	Economic Development	Economic Development	Low and moderate income job creation (LMJ)	\$219,714**
City of Olympia	Planning & Administrative Costs - 15% of total funds	Administration of a compliant program	CDBG Program Administration	N/A	\$91,654
Total:					\$458,265
* <i>Crime Prevention Through Environmental Design (CPTED)</i>					
** <i>Includes estimated 10% Activity Delivery Costs (ADC) necessary for managing these programs</i>					



City Council

Briefing on Low Impact Development (LID) Code Revisions

Agenda Date: 5/10/2016
Agenda Item Number: 6.A
File Number: 16-0470

Type: report **Version:** 1 **Status:** Other Business

Title

Briefing on Low Impact Development (LID) Code Revisions

Recommended Action

Committee Recommendation:

The Land Use and Environment Committee recommends that a public hearing be held on the proposed LID code revisions on June 21, 2016.

City Manager Recommendation:

Receive the briefing on the proposed LID code revisions and provide staff feedback in preparing for a public hearing on June 21, 2016.

Report

Issue:

Whether to receive a briefing on the proposed LID code revisions.

Staff Contact:

Laura Keehan, Senior Planner, Public Works Water Resources, 360.753.8321

Presenter(s):

Laura Keehan, Senior Planner, Public Works Water Resources
Eric Christensen, Planning & Engineering Manager, Public Works Water Resources
Nicole Floyd, Senior Planner, Community Planning and Development

Background and Analysis:

Washington State Department of Ecology (Ecology) requires that Western Washington Phase II Municipal Stormwater permit holders evaluate their various codes and regulations in order to “make LID the preferred and commonly used approach to site development.” These new rules must be in place no later than December 31, 2016 to ensure compliance with our permit.

Ecology defines LID as “a stormwater and land use management strategy that strives to mimic natural hydrologic processes such as infiltration, filtration, and evaporation of precipitation.” Additional background information about the LID code update project is in the attached overview.

In 2014, staff began drafting proposed LID-related updates to Olympia's development regulations. Specifically, this includes Olympia's Drainage Design and Erosion Control Manual (DDECM), the Engineering Design and Development Standards (EDDS), and the Olympia Municipal Code (OMC).

During fall 2015, the Utility Advisory Committee (UAC) reviewed staff's proposed LID technical and policy recommendations (see UAC letter). The Planning Commission then reviewed UAC's recommendations along with draft code language. Planning Commission recommended approval with minor modifications (see Planning Commission letter) and to forward it to City Council. Staff made Planning Commission's suggested change, as well as modified some areas of the proposed codes based on public comments and legal review.

Staff will post the May 10, 2016 draft LID code language on the City's website (see hyperlink). This will give the public six weeks to review and comment before the proposed June 21 Public Hearing.

Neighborhood/Community Interests (if known):

Regardless of the LID mandate, our community has a strong interest in environmentally sensitive design and LID. The code revisions build upon neighborhood, development and community interests in environmental protection and sustainable development. The new code will guide development practices in Olympia for years to come.

Financial Impact:



There will be costs associated with LID for the City. In particular, the Storm and Surface Water Utility will experience added costs associated with long-term inspection and maintenance of LID facilities. Community Planning and Development will see increases in staff time associated with permitting and construction inspection of facilities. Developers and property owners will also experience new costs associated with implementation of these regulations.

Attachments:

May Draft LID Code Revisions (Webpage)
Low Impact Development Overview
Utility Advisory Committee Letter
Planning Commission Letter

Low Impact Development

Featured Links

- [LID Analysis Report](#)
- [LID Technical Manual for Puget Sound \(WSU\)](#) 
- [Olympia Stormwater/Drainage Manual](#)
- [LID Resources and Training](#) 

Navigation

- [Storm & Surface Water](#)
- [Private Stormwater System Maintenance](#)
- [Policies & Regulations](#)
- [Reporting Spills](#)

Upcoming Meetings

- **May 10:** Council Briefing, 7:00 p.m., Olympia City Hall
- **June 21:** Council Public Hearing, 7:00 p.m., Olympia City Hall

What is LID?

Low Impact Development (LID) is an approach to land development (or re-development) that works with nature to manage stormwater as close to where it falls as possible.

LID employs principles such as preserving and re-creating natural landscape features, and minimizing imperviousness to create functional and appealing site drainage that treats stormwater as a resource rather than a waste product.

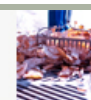
By implementing LID principles and practices, stormwater can be managed in a way that reduces the impact of built areas and promotes the natural movement of water within an ecosystem.

- [View a map of LID projects in Olympia](#)



Rake a Drain

YOU CAN HELP PREVENT FLOODING



Rain Gardens

LEARN ABOUT OUR REIMBURSEMENT PROGRAM



Aeration

LEARN ABOUT OUR FREE LAWN AERATOR RENTAL PROGRAM



City Calendar

- 05/09** - 5:30 p.m.
[LEOFF Disability Board](#)
- 05/09** - 6:30 p.m.
[Hearing Examiner](#)
- 05/09** - 6:30 p.m.
[Coalition of Neighborhood Association meeting](#)
- 05/10** - 7:00 p.m.
[City Council Meeting](#)
- 05/11** - 09:00 a.m.
[Site Plan Review Committee](#)

→ [View full calendar...](#)

City Updates

KAISER-HARRISON OPPORTUNITY AREA. Come hear the preferred land use plan and zoning changes for the Kaiser-Harrison opportunity area on Wednesday, May 25, 6:30 p.m., at Marshall Middle School. [More...](#)

2016 ADOPTED BUDGET. [2016 Adopted Operating Budget](#) is now available to view online. For more information on Olympia's Budget process or how you can be involved please see our [Budget 365 page](#)

SATURDAY DROP-OFF SITE
The Saturday Drop-off Site is open every Saturday from 9:00 a.m. to 2:00 p.m. to accept recycling for free and yard waste for a small fee. [More...](#)

US 101/WEST OLYMPIA ACCESS PROJECT. Learn about the recommended highway ramp additions on US-101 at West Olympia. [More...](#)

SEA LEVEL RISE. Olympia City Council received a presentation on February 9, 2016 regarding sea level rise and its potential implications to our downtown. Council discussed next steps in responding sea rise. [View the presentation.](#)



2016-2021 CAPITAL FACILITIES PLAN. The [2016-](#)

Low Impact Development Code Revisions

The Washington Department of Ecology recently included provisions in the [2013-2018 Western Washington Phase II Municipal Stormwater Permit](#) that require revisions to the City's codes and standards to make low impact development the "preferred and commonly-used approach to site development".



[What is the City required to do?](#)

The revisions need to be designed to minimize impervious surfaces, native vegetation loss, and stormwater runoff in all types of development situations. Specifically, the permit requires the City to:

1. Review, revise and make effective local development-related codes, rules, standards, or other enforceable documents to incorporate and require LID principles and LID best management practices (BMPs).
2. Adopt a drainage manual equivalent to Ecology's [2012 Stormwater Management Manual for Western Washington](#)  .

The Permit specifies that the code evaluations and process should be consistent with the guidance document prepared by Puget Sound Partnership titled [Integrating LID into Local Codes: A Guidebook for Local Governments](#). The guidebook outlines a six step code revision process that begins with choosing a project team, continues through a comprehensive code analysis and revisions, and ends with adoption.

[What is the timeline for the code revisions?](#)

- **August 1, 2013**  Department of Ecology re-issues Olympia its Municipal Stormwater Permit requiring code revisions to support Low Impact Development techniques.
- **Spring 2014 - Spring 2015**  Staff reviews current codes for potential LID updates.

- **Summer 2015** Complete ✓
Draft code revisions reviewed by the [LID Technical Workgroup](#) and public.
- **September 2015 - December 2015** Complete ✓
Utility Advisory Committee review and recommendation to City Council.
- **January 2016 - March 2016** Complete ✓
Planning Commission review and recommendation to City Council.
- **Spring 2016 - Summer 2016**
City Council review of Low Impact Development regulations.

Draft LID Code Revisions New!

The following set of amendments are proposed to Olympia's development regulations in order to make LID stormwater techniques the commonly used approach to site development.

- [Draft Olympia Municipal Code Revisions](#)
- [Draft Drainage Design and Erosion Control Manual \(DDECM\) Revisions](#)

[Draft Engineering Design and Development Standards Revisions](#)

- [Chapter 2 Revisions](#)
- [Chapter 3 Revisions](#)
- [Chapter 4 Revisions](#) [Chapter 4 Revisions - Drawings](#)
- [Chapter 5 Revisions](#) [Chapter 5 Revisions - Drawings](#)
- [Chapter 9 Revisions](#)

Comment on the Draft Revisions

1. E-mail comments to LIDcode@ci.olympia.wa.us
2. Come to the Olympia City Council Public Hearing on Tuesday, June 21, 2016 at 7:00 PM at Olympia City Hall, 601 4th Avenue East, Olympia, WA 98501.








Other Documents

[LID Technique Issue Papers](#)

Staff developed 22 issue papers that analyze options for how to incorporate low impact development techniques into Olympia's codes and standards.


- | | |
|--|---|
| • 1: Minimize Site Disturbance | • 12: Stormwater Use of Landscaping |
| • 2: Retain and Plant Native Vegetation | • 13: Downspout Infiltration Systems |
| • 3: Zoning Bulk and Dimension Standards | • 14: Permeable Pavements |
| • 4: Restrict Maximum Impervious Surface | • 15: Pavement with Underdrains |
| • 5: Reduce On-Site Parking | • 16: Definitions |
| • 6: Minimize Cul-de-Sacs | • 17: Adopt New DDECM |
| • 7: Minimize Street Widths | • 18: LID Site Assessment |
| • 8: Increase Street Block Spacing | • 19: Inspections |
| • 9: Require Sidewalks On Only One Side | • 20: Maintenance |
| • 10: Minimize Driveway Surface | • 21: Variances, Deviations |
| • 11: Bioretention Street Section | • 22: Green Roofs, Rainwater Reuse, Foundations |


[View additional Research & Resources](#)

- [Integrating LID into Local Codes: A Guidebook for Local Governments](#) 
- [Low Impact Development Code Update and Integration Toolkit](#)
- [2012 Stormwater Management Manual for Western Washington](#) 
- [LID Technical Guidance Manual for Puget Sound](#) 
- [Department of Ecology- Low Impact Development Resources](#) 
- [Western Washington Low Impact Development Operation and Maintenance](#) 
- [Cost Analysis for Western Washington LID Requirements and Best Management Practices](#)
- [2013 - 2018 Western Washington Phase II Municipal Stormwater Permit](#)
- [Integrating Stormwater Best Management Practices into Thurston County Code](#) 
- [Washington Stormwater Center LID Code Update and Integration](#) 

[2021 CFP](#) is now available to view online. For more information on Olympia's Budget process or how you can be involved please see our [Budget 365 page](#).

LOW IMPACT DEVELOPMENT.
Learn about the Low Impact Development code revision process and comment on the draft revisions. [More...](#)

OLYMPIA MUNICIPAL CODE.
Quick link to codes and standards including [Olympia Municipal Code](#). 

MEETINGS. [Agenda and Minutes](#)  for City Council and most advisory committees.

Questions?

Contact Laura Keehan at **360.753.8321** or lkeehan@ci.olympia.wa.us

Stay Informed!

To stay up to date on this project and learn about public involvement opportunities [sign up for our E-newsletter](#).

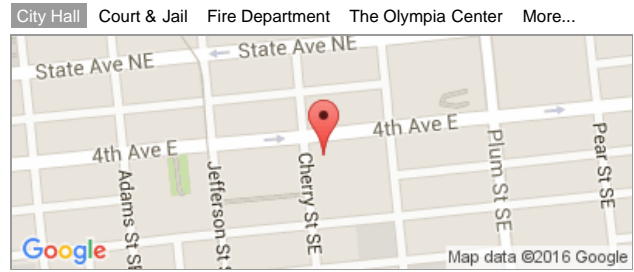
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LOW IMPACT DEVELOPMENT

WHAT IS LOW IMPACT DEVELOPMENT (LID)?

Also referred to as “green stormwater infrastructure”, low impact development is an approach to land development that works with nature to manage rainwater as close to where it falls as possible. Smaller scale, dispersed stormwater infiltration areas on a site more closely mimic how water would move through an undisturbed, forested ecosystem.

In practice, low impact development includes such structural best management practices (BMPs) as permeable pavements, green roofs, bioretention and rain gardens, as well as LID development principles like maximum impervious surface standards and native vegetation requirements.

WHY UPDATE OLYMPIA DEVELOPMENT CODES FOR LID?

Stormwater runoff has been found to be a leading contributor of pollution to Puget Sound. Low impact development has been identified as an approach to site development that can help minimize the effects of development on the health of the environment.

Acknowledging this, the Washington Department of Ecology included provisions in the [2013-2018 Western Washington Phase II Municipal Stormwater Permit](#) (Permit) that requires revisions to the City’s codes and standards to make low impact development the “preferred and commonly-used approach to site development”.

Olympia’s development codes include the Engineering Design and Development Standards (EDDS), the Drainage Design and Erosion Control Manual for Olympia (DDECM), and portions of the Olympia Municipal Code (OMC). These three documents have been reviewed for opportunities to strengthen or add LID provisions and are presented as an integrated LID code update package.

HOW WILL THE CODE UPDATES BE ACCOMPLISHED?

The Permit specifies that the code evaluations and process should be consistent with the guidance document prepared by Puget Sound Partnership titled [Integrating LID into Local Codes: A Guidebook for Local Governments](#). The guidebook outlines a six step code revision process that begins with choosing a project team, continues through a comprehensive code analysis and revisions, and ends with code adoption by elected officials.

City staff reviewed existing codes and standards for potential barriers to and opportunities for further support of LID techniques. Twenty-two issue papers were developed to document staff’s findings. The issue papers are further summarized in papers on the following five LID topics: 1) Reducing site disturbance, 2) Minimizing impervious area on sites, 3) Minimizing impervious area for streets, 4) Increasing water quality treatment and infiltration, and 5) Procedures, process and codes.

A workgroup comprised of sixteen local development professionals reviewed staff’s issue papers for technical feasibility and implications. Olympia’s Utility Advisory Committee (UAC), composed of volunteers appointed by the City Council, will study the issues during fall 2015 before making a recommendation to the Planning Commission and City Council at the end of the year. LID supportive codes and standards will be adopted by the Council and in effect mid-2016, prior to the December 31, 2016 Ecology permit deadline.

WHAT IS OLYMPIA'S EXPERIENCE WITH LID?

The Olympia Public Works Department started installing structural LID techniques more than fifteen years ago. For example, in 2007, City Council approved direction for the department on the use of permeable pavements. One of the City's first projects and most commonly utilized installation since then has been pervious sidewalks. Currently, Olympia has more than four miles of pervious sidewalk scattered throughout the City. Staff has developed a map depicting some of the types and locations of LID installations located throughout the City.

Over the years, the City's zoning code and development standards have been updated to increasingly incorporate low impact development-friendly regulations. For example, Olympia reduced street lane widths in 2006 to some of the narrowest in the state. In addition, the City adopted a unique zoning district and associated set of mandatory LID regulations within a highly sensitive watershed, Green Cove, for the purpose of preventing further damage to aquatic habitat from urban development. A comprehensive set of policy revisions covering development density, impervious surface coverage, lot size, open space/tree retention, street design, block sizes, parking, sidewalks and stormwater management requirements were enacted.

Within the context of fostering urban-scale land use, Olympia always seeks to promote environmentally-sensitive development. More detail on Olympia's experience with and use of LID techniques is described in the LID issue papers.

WHAT ARE SOME OF THE CHALLENGES TO IMPLEMENTING LID?

Change is rarely easy or without complication. The following overarching hurdles confront our community in implementing LID:

Challenging in an urban setting- Space constraints on dense urban lots make it more difficult to accommodate stormwater infiltration on site compared to a rural setting.

Competing community objectives- Often there are trade-offs between transportation, stormwater, and community planning objectives. For example, while transportation planning may favor larger cul-de-sacs to easily facilitate solid waste truck turnaround, stormwater planning may support smaller cul-de-sacs in order to reduce impervious surface. An overarching emphasis on stormwater infiltration on site could have unintended consequences. For example higher costs or larger lots could push development to the city outskirts or out of the urban area.

Moves stormwater design to the initial stage of the project design process- Costly investigation of site soils, groundwater levels and native vegetation will be required as a first step of project design, often before a property owner knows if the project is viable.

Changes construction processes and sequencing- LID techniques require the infiltrative capacity of site soils be preserved and not compacted during construction, therefore necessitating changes to the traditional practices and sequencing of construction.

Changes to long-term maintenance- Vegetated LID systems require different types of maintenance than traditional stormwater infrastructure. Similarly, pervious pavements can clog at varying rates based on traffic loading, nearby trees, etc. City crews, as well as property owners, will need to monitor and perform maintenance regularly to preserve functionality and prevent future flooding. Maintenance costs associated with stormwater management could increase.

Requires a shift in how property owners can use their land- Rain gardens and bioretention cells require regular maintenance over time and may conflict with how a property owner would like to use their property.

Unknown costs and life cycles- While some preliminary data exist, LID techniques are often site-specific. It is difficult to generalize costs and long-term life cycles of LID techniques as they are scaled up to a much larger and more widespread level.

The benefits and challenges of low impact development will continue to be evaluated by staff, technical experts, and City Council and its citizen advisory committees. Community discussion is anticipated in early 2016. Specific code revisions will be considered by City Council in mid-2016.



January 14, 2016

Carole Richmond, Chair
Olympia Planning Commission
c/o Todd Stamm, Principal Planner
City of Olympia
PO Box 1967
Olympia, WA 98507-1967

Dear Chair Richmond:

SUBJECT: Utility Advisory Committee (UAC) Review of Low Impact Development Code Revisions

The UAC has reviewed the twenty-two elements of the City's proposed Low Impact Development (LID) Code Revisions during the course of our four meetings this fall. These were developed through a collaboration between SCJ Alliance, Public Works and Community Planning & Development. Public Works staff Eric Christensen, Engineering and Planning Supervisor, and Laura Keehan, Senior Planner, collaborated in facilitating our discussions, with contributions from several other staff.

The UAC supports staff's recommendations for these revisions. However, we hope this letter helps the Olympia Planning Commission and the City Council spend their time and energy efficiently on the potentially important issues in this rather dense and complicated Low Impact Development (LID) Elements document that was provided to the UAC during our review (hereafter referred to as the "Elements document").

Low impact development's fundamental goal is easy to state, though it's not easy to implement (and it's not easy to decide what's really needed to meet it.) The City is supposed to "make LID the preferred and commonly used approach to site development" in order to conform to a new requirement from the Department of Ecology (DOE). DOE administers the federal Clean Water Act in our state, and this requirement is part of the 2013-2018 Western Washington Phase II Municipal Stormwater Permit, which the City is now implementing.

The UAC thinks that a few of the twenty-two elements discussed in the Elements document involve significant policy decisions. They discuss techniques that might be widely applied and that might also deal with significant amounts of water in the locations where they were applied. They also imply increased trouble, and sometimes increased costs, for City staff and/or for developers. In these cases, the City has to decide how much more it wants to require, how "preferred" it wants these techniques to be, and how "commonly used" the City is going to insist on making them.

The UAC would like to see the City utilize LID treatment wherever feasible. From that point of view, the main question is whether it might be possible to adopt a more ambitious requirement than staff currently recommends in any of these potentially significant areas.

At present, staff estimates that at locations in the City that are actively managed for stormwater,

approximately 30 to 40% use LID techniques. The other approximately 60 - 70% of stormwater is managed using traditional techniques, such as treatment ponds and catch basins with filters in storm drains. Overall, roughly 65% of the City's development predates stormwater management requirements and is not treated or it drains to the wastewater collection system and is treated at LOTT's regional wastewater facility. If the City adopts the draft recommendations, staff estimates that the stormwater system can manage roughly 75% of the water in *newly* developed areas with low impact techniques.

However, there's limited development on completely new sites in the City. The proposals won't affect areas that are already developed, unless they are projects with over 5,000 square feet of new or replaced hard surfaces that are being significantly redeveloped. Although they are not discussed in the Elements document, City staff also intends to change their Drainage Design and Erosion Control Manual to alter the thresholds at which a project will be required to retrofit existing impervious surfaces on the site, and that will increase the number of projects requiring retrofits compared with Ecology's standards.

Review of the LID Elements

Administrative Elements - Elements that do not seem to involve significant policy decisions include the following:

Elements #16 - #21 are administrative steps needed to implement the LID actions. They would "help provide consistency and clarity for the design, review procedure and the post construction requirements" for techniques recommended in other sections. (Procedures, Process and Codes Overview, p. 1)

Element 18, Site Assessment, would require evaluating the potential of sites for LID techniques earlier in the application review process. This will likely increase ongoing costs for staff and for developers. For example, increased soils, vegetation, and topography information will be needed early in the project proposal process.

Costs will also increase for construction inspections and ongoing maintenance inspections proposed in Elements #19, Pre and During Construction Inspections and #20 Maintenance Standards and Inspections. However, these seem to be necessary prerequisites to successfully implementing any significant LID techniques.

Minor Elements - Some elements would only make minor changes, because they result in small changes to things the City already requires, because they would only be applied in a few situations, and/or because they would only handle small amounts of water. These elements include:

Element #5 Reduce Impervious Surfaces Associated with Parking Lots. Option 1, as identified by staff, is no change. Option 4 (making it easier to get a variance to install fewer stalls) "would only minimally result in reduced impervious surface." Staff recommends Option 2 (basing required aisle widths on more recent studies) which would reduce required aisle widths by 3%, from our current 61 foot requirement to 59 feet.

Option 3 (requiring pervious paving for “extra” parking above the normal allowance) which would not produce significant reductions since “in many cases” these increases already have to be pervious to meet the zoning limits on total impervious surfaces (Element #5, p. 4). Of course, one might produce larger reductions by requiring permeable pavement in *all* new parking areas, not just “extra” areas; this possibility is one aspect of Element #14, which is discussed in a subsequent section.

Option 6, which would require a certain percentage of compact stalls. This would produce more reductions than Option 5, which would merely allow more compact stalls. Since compact spaces are almost 25% smaller than standard stalls, going from one to the other is a significant reduction in impervious area. However, we currently allow up to 30% of the stalls to be sized for compact cars, and since the Elements document doesn't specify what percentage Option 6 would require, it's unclear whether or not it would increase actual outcomes much.

Element #6 Minimize Size of Cul-de-sacs would take about 600 square feet from the paved area of cul-de-sacs by increasing the radius of the required landscaped circle in their centers. This will be a minor change, particularly since the City already only allows cul-de-sacs in special circumstances where the topography interferes with a gridded street layout.

Element #7 Minimize Street Width. The City has already reduced street widths to the feasible minimums. Reductions of another two feet on a few streets in the Green Cove Creek basin have caused problems. According to page 3 of this section of the Elements document, Ecology now cites our street width standards as a model for low impact development.

Element #8 Increase Street Block Spacing states that increasing the size of allowed blocks would only produce “small, incremental changes” in the number of streets, and that the potential reduction in impervious area is “limited.” The Elements document also notes that smaller blocks help meet a number of the City's transportation goals, like reducing vehicle miles traveled, and that “a lot of work has been done to establish the current spacing requirements.” The UAC didn't have enough details to actually compare the estimated potential gains in pervious surfaces and losses in transportation goals in any quantified way, although staff may be able to provide some in the future.

Element #12 Stormwater Use of Landscaping, recommends Option 2, continuing to allow the use of landscaping areas to help meet stormwater requirements and removing some barriers from current codes. It also notes a number of reasons that developers are unlikely to do much more of this unless it's required, including increased complexity of construction, erosion control and site access challenges, specialized design needs, and increased maintenance costs. Option 3, which would require that some percentage of the landscaping provide stormwater services, might or might not result in significant increases in infiltration.

Element #13 Downspout Infiltration Systems, where staff recommends adding some details to the requirements for roof downspout controls that Olympia has had since 2005.

Element #15 Impervious Pavement with Underdrains, where staff recommends the status quo, which allows underdrains beneath parking lots and other on-site hardscapes. The Elements document states that Option 2, which would allow them under streets as well, has “too many risks and conflicts to be feasible.” (This is a little ironic, since the City's Decatur Street demonstration project is

apparently still working well, but the long list of potential problems in this section makes it seem pretty unlikely that either developers or the City would build roads like this even if the code allowed it.)

Element #22 Green Roofs, Rainwater Reuse, and LID Foundations, where even the incentives staff recommends adopting as the most supportive option “will result in relatively minor reductions in runoff City wide,” because of “limited use of the systems due to the complexity of their construction and maintenance and increased cost of installation.” (Element #22, p. 5)

Substantive Elements - Elements that suggest potentially more important policy and environmental implications include the following:

Element #1 Minimize Site Disturbance. This recommends requiring permits for any grading more than 10 feet (instead of 30) from structures, for clearing and grading of more than 7,000 feet for residential and duplex projects only (instead of 20,000), and for any clearing and grading involving more than 10 cubic yards of soil (instead of 50). Staff also intends to develop code changes to “fully implement an LID approach” to clearing and grading, though those are not yet settled. (Several possibilities are listed on page 7 of Element #1. These all involve continuing to clear and grade, but in more accordance with the natural terrain. Requiring that more of it be left untouched is considered under Element #2.)

Element #2 Retain and Plant “Native Vegetation.” We've put that phrase in quotes because this discussion actually uses it to mean not only “species that occur naturally” but also “species that are well adapted to current and anticipated environmental conditions in Olympia”. In other words, it means anything that's expected to grow well around here. Examples include common drought-tolerant species. (Element #2, p. 1)

Currently, the City only requires the retention of the native plants on the site in critical areas and associated buffers. Trees must be retained or planted in tree tracts in subdivisions with four or more lots. (These are roughly 10% of the site, and do not currently require preservation of “the critical understory vegetation.”) (Element #2, p. 2) The City also currently provides “many exemptions” to tree protection requirements. (Element 2, p. 5)

Option 2, which staff recommends, would add explicit language about protecting understory in tree tract areas. It would require multi-family and some commercial developments to meet the current requirement for a minimum tree density of 30 tree units per acre with trees in a tract rather than continuing to count trees anywhere on the project area toward the requirement. (However, staff also proposes making it easier to meet this expanded requirement by beginning to count stormwater treatment areas as part of any expanded landscaping requirements.) (Element #2, p. 7)

It's important to understand that in any discussion of the City's tree policies a “tree unit” is not the same as a tree. For example, the mature birch in the UAC chair's side yard, which has two trunks, is about 15 “tree units”, so preserving two trees like that on an acre project meets our current requirements. If you plant trees instead, an evergreen tree has to be at least 4 feet high, and deciduous trees have to have trunks at least 1.25 inches thick; it can take quite a while until those that survive over time look or function like what most people think of as trees.

As staff notes with respect to this element “the question is to what *extent* do we regulate the retention of native vegetation?” (Element #2, p. 7) This is probably the most important policy question in the document, since everything else about LID simply attempts to imitate, to the best of our ability, the way in which storm and surface water behaves in undisturbed tracts, and since we might leave much more land undisturbed if we were willing to sacrifice potential development in order to do so.

At this point, our LID requirements for the Green Cove Creek basin “result in the protection of approximately 60% of the overall development plat.” (Element #2, p. 7) This is less onerous than it may sound, because there are extensive wetlands in that area. They can be counted toward meeting this requirement; and they can't be filled and built on in any case because of the Critical Areas Ordinance. (Element #2, p. 8)

Option 3 would “expand the amount of area required as preserved natural vegetation within new development sites.” Staff notes that “Given growth management practices and Olympia's goal of creating relatively dense land uses, the feasibility of applying [the Green Cove Creek basin] regulations to other areas of the City is limited.” However, there's considerable space between preserving roughly 10% of a single family subdivision site or “up to 30% of a multi-family site” which “must include usable space” as the City now requires (Element #3, p. 3), and preserving 60% of it undisturbed. As the Elements document says “other less rigorous preservation requirements” [than the Green Cove Creek basin's 60%] are possible. (Element #2, p. 6)

It also states that “the implications of mandating increased natural vegetation are substantial” and that they would “require extensively revisiting our expectations for future land use.” (Element #2, p. 8) As this suggests, our committee has not had the data or the time to really consider this issue. It is, however, uniformly what engaged citizens who contact the UAC about stormwater issues advocate. If the Planning Commission or Council wish to explore ways to expand LID beyond the recommendations of the Elements document, this should be looked at more.

Element #3 Zoning Bulk and Dimension Standards. As the Elements document states, “a developer will typically... maximize square footages for commercial development and lot or unit count for residential projects.” City goals for increasing density are in harmony with this understandable aim; other City goals including increasing pervious areas are in conflict with it, and the current requirements are “a result of many years of adjustments” among these aims.

For multi-family housing, staff recommends the status quo, rather than increasing restrictions on coverage and/or making up for the reduction in possible units by increasing allowed heights. For single family housing, staff recommends incentives for clustering rather than increasing the requirements for open space in subdivisions. The Elements document also says that these “incentives would need to be compelling to overcome perceived objections to clustering,” which suggests that this step is unlikely to produce much change. Another option, which is not included in the Elements document, might be to incentivize smaller houses – as someone pointed out in our discussion the City currently charges almost the same fees to permit and construct a 400 square foot house and a 2,500 square foot one. Here again, these are basically political decisions about policy that the UAC has not explored in depth.

Element #4 Restrict Maximum Impervious Surface Coverage. This section of the Elements document basically reprises the discussion of Element #3 (above), stressing the need to balance the City's desire for denser development against its desire for more infiltration of stormwater, although these restrictions cover other surfaces like patios and driveways in addition to buildings themselves.

The Elements document recommends Option 3, reducing the limits on total impervious coverage by 5% to 10% for single family residential, multi-family, commercial and industrial zones. (Currently, some of Lacey's commercial zoning limits coverage to 70%, 15% less than we allow in "many" commercial zones.) (Element #4, p. 5)

It notes that, as in Element 3, "building height limits may need to be examined" to allow increases in height to make up for losses in development potential due to area reductions. Of course, the other paved areas included in maximum coverage units, like driveways, can't be allowed to be higher to make up for reductions in area, as the buildings discussed in Element #3 might be. The potential compromise here is that they might be made more permeable. (As noted above, this option is discussed as Element #14, although the Elements document envisions it as an important factor in arriving at the recommended option for a number of different elements.)

Element #9 Require Sidewalks on Only One Side of the Street. Staff recommends the status quo. Most of the discussion of hurdles centers on problems with arterials and other major roads. On local access roads, sidewalks on one side of the street would produce a significant 17% reduction in impervious surfaces. (They would also roughly double the rate at which the City could provide one sidewalk for pedestrians on the many streets where there currently aren't any, although the staff told the UAC that the City would probably still want to put a curb on the side of the street without a sidewalk, so it wouldn't be possible for stormwater to simply go off the pavement and infiltrate on that side.)

The Elements document's discussion of the issues about this option does seem somewhat contradictory. It begins with a quotation from the Low Impact Development Technical Guidance Manual for Puget Sound that says pedestrian accident rates are "similar in areas with sidewalks on one or both sides of the street," and that the limited available assessments "suggest that there's no appreciable market difference" between homes on the side of the street with a sidewalk and those on the side without one, and that the Americans with Disabilities Act "does not require sidewalks on both sides, but rather at least one accessible route from the public streets." (Element #9, p. 1)

Then the Elements document's discussion goes on to stress the importance of sidewalks on both sides for reducing accidents, says that the value of a house on the side without a sidewalk "could be diminished," and that "limitations on sidewalks do affect ADA accessibility." Since we already require sidewalks on only one side of local access streets in the Green Cove and Chambers basins, we should have some actual evidence about whether it's created problems for residents or not, although the Elements document doesn't discuss our actual experience in those areas, and our committee didn't get to that question in our discussion.

The other issue that the discussion raises, about safe walking routes to schools, might perhaps be met by requiring two sidewalks on streets where that's an issue. However, it also seems at least plausible that having a sidewalk on one side of the streets that don't have any now might meet the ADA standard

in the quote and provide safe walking for school kids better than having two sidewalks on half of them and none on the others for the foreseeable future.

Element #10 Minimize Driveway Surfaces, recommends Option 2, a 17% reduction in the maximum width allowed for residential driveways, from 24 feet to 20 feet. Since these represent “as much as 20% of [the] impervious cover in a residential subdivision” (Element #10, p. 1), this might be a fairly significant reduction.

Option 3 would produce “minimal” changes since it would only reduce the width of one-way driveways, and they’re infrequent. Option 4 would create maximum driveway widths for different kinds of commercial projects, but “would not have a large impact” since projects that don’t need a wider driveway generally already build one narrower than the maximum width that’s specified for any commercial project in the current code.

Element #14 Permeable Pavement, The City already requires permeable pavement for sidewalks where it’s feasible (Introduction to Elements #6-#10, p. 1), and is strongly opposed to its use on roadways, so this discussion is basically about whether to require it for parking lots, bikeways, and residential driveways - a good deal of surface. The problems with permeable pavement include construction challenges, uncertain durability and potential replacement costs, higher maintenance costs for regular suction cleaning and periodic testing, and limited feasibility because of factors like soils with poor drainage.

In particular, in our discussion, staff said that the City’s experience maintaining its own pervious projects according to Ecology’s standards has led to 90% reductions in their permeability over time. The Elements document recommends Option 2, which would remove code barriers to its use, but “is not likely to appreciably increase its use by developers at this time.” In fact, the discussion says that “Given the infeasibility criteria, it is likely that most private projects could opt out if desired.” (Element #14, p. 6)

It isn’t clear how these problems about widespread site infeasibility and long term maintenance fit together with the fact that in “many cases” the City allows commercial projects to build parking that would exceed the normal limits on total impervious surface by using permeable pavements, that we “routinely allow” “100% permeable parking lots” (Element #14, p. 2), or the suggestion that reducing the limits on total project coverage in Element #4 could be usefully offset by more use of permeable surfaces. (Element #4, p. 6) In fact, the discussion of Element #4 also suggests “some type of exemption or allowance be made for multi-family, commercial, and industrial sites “where soils do not support use of permeable pavement” (Element #4, p. 6), although this later discussion of the infeasibility criteria makes it sound as if such an exemption or allowance would actually excuse “most private projects” from this tightened requirement.

The City’s use of permeable sidewalks is also given as a reason that sidewalks on one side of the street are not really needed, but if they are going to lose 90% or more of their permeability over time even with careful regular maintenance, they are going to shed nearly as much water as regular concrete ones.

Element #11 Bioretention Street Section, The UAC's discussion indicates that the City expects to quite significantly increase its reliance on bioretention features, like swales in median strips and in the right of way between curbs and sidewalks. Staff describes the problems associated with maintaining these (and especially about dealing with residents or homeowners' associations about maintaining them as "quite challenging"), and the UAC definitely concurs in that assessment. Staff has not yet worked out a detailed plan for trying to cope with these problems, but is committed to developing one.

If you have any questions, I can be reached via e-mail at tcurtz@ci.olympia.wa.us

Sincerely,



THAD CURTZ
Chair
Utility Advisory Committee

TC/lm

ec: Olympia City Council
Utility Advisory Committee
Rich Hoey, P.E., Public Works Director
Andy Haub, P.E., Water Resources Director
Keith Stahley, Community Planning and Development Director
Leonard Bauer, Community Planning and Development Deputy Director
Todd Stamm, Community Planning and Development Principal Planner

March 21, 2016

Honorable Members
Olympia City Council
P.O. Box 1967
Olympia, WA 98507-1967

Subject: Approval of the *Draft Olympia Municipal Code Revisions, Draft Drainage Design and Draft Erosion Control Manual Revisions, and Draft Engineering Design and Development Standards Revisions* as they pertain to Low-Impact Development

Dear Council Members:

We are pleased to submit this letter recommending approval of the *Draft Olympia Municipal Code Revisions, Draft Drainage Design and Draft Erosion Control Manual Revisions, and Draft Engineering Design and Development Standards Revisions* as they pertain to Low-Impact Development (LID). These revisions have been developed by the Public Works Department and endorsed by the Utility Advisory Committee.

Beginning in January, we received presentations from the staff on the scope and result of their work, which was organized according to the titles of the 22 issue papers they had requested from their technical advisers. Our task was to ask questions, hold a public hearing, and evaluate the work according to whether it complies with the letter and spirit of the 2014 Comprehensive Plan.

The Planning Commission recognizes there are still a number of unanswered questions relating to the adoption of the proposed LID rules and guidance. We agree with staff that it is important to proceed with what we know about reducing stormwater, even if there are still some uncertainties related to implementation and outcomes.

Because of current uncertainties, we suggest maintaining a list of the most important questions and issues that should be addressed *after* approval of the current revisions. It is clear that achieving the City's goal of making LID the preferred approach to land development will take more time and discussion, but the Commission believes we should proceed with caution and treat current revisions as experiments to be included in an "adaptive management" approach. We need to monitor what works and try to improve over time on what does not. As part of this approach, the staff may want to consider reporting on implementation success and "lessons learned" at regular intervals.

One area in which we diverge from staff recommendations is in regard to the percentage of compact parking stalls that should be provided in parking lots (OMC 18.38). While the staff proposes to reduce the amount of compact parking stalls to 15 percent, the Commission recommends retaining the current code's allowances of up to 30 percent.

In summary, we find the proposed draft revisions of the Low-Impact Development regulations and guidance manuals, as modified above, to be in line with the community's vision and State requirements.

Respectfully yours,



Carole Richmond, Chair
Olympia Planning Commission



City Council

Direction on the Downtown Strategy Guiding Framework and Views for Analysis

Agenda Date: 5/10/2016
Agenda Item Number: 6.B
File Number: 16-0590

Type: discussion **Version:** 1 **Status:** Other Business

Title

Direction on the Downtown Strategy Guiding Framework and Views for Analysis

Recommended Action

Committee Recommendation:

On March 3, the Land Use & Environment Committee recommended staff and consultants move forward with analyzing five selected views, and allow the public to provide alternative suggestions for the remaining five (for a total of ten) views to be analyzed.

City Manager Recommendation:

Concur with the recommendation of the Land Use and Environment Committee, and direct staff and consultants to use the framework presented April 26 as a guide for continued efforts to form Olympia's Downtown Strategy, and to move forward with the recommended views for analysis.

Report

Issue:

Whether to move forward with the guiding framework for the Downtown Strategy, and views recommended for analysis

Staff Contact:

Amy Buckler, Senior Planner, Community Planning & Development, (360) 570-5847,
abuckler@ci.olympia.wa.us <<mailto:abuckler@ci.olympia.wa.us>>

Presenter(s):

Amy Buckler, Senior Planner
John Owen, MAKERS Architecture and Urban Design, Downtown Strategy consultant

Background and Analysis:

On April 26, the City Council held a study session to review a draft guiding framework that has evolved out of the public process and technical analysis so far completed as to form a Downtown Strategy (**attachment: Staff/MAKERS presentation**). Please refer to the April 26 Council packet for additional information.

As discussed at the study session:

- A Downtown Market Analysis (**attachment: Market Analysis**) has been completed, and some highlights will be presented this evening. Greg Easton, economist from Property Counselors and member of the MAKERS consulting team, will provide a more in-depth overview and discussion with the Council's Economic Revitalization Committee (CERC) on May 16.
- MAKERS' scope of work calls for digital analysis of up to 10 views, including how they could be protected or enhanced and the tradeoffs to economic, housing and other goals. In March, the Council's Land Use & Environment Committee (LUEC) gave the green light for the team to move forward with five select views that seemed to be a high priority for the community:
 - Capitol Campus Promontory to Budd Inlet (#1)
 - Cherry Street to Capitol Dome; along with potential effect of the 1063 Building on views of the Capitol Dome (#2)
 - Madison Scenic Park to Capitol Dome/Capitol Forest (#3)
 - Puget Sound Navigation Channel to Capitol Dome (#4)
 - West Bay Park Lookout to Mt Rainier (#5)

The remaining five views for analysis were left undecided, pending an opportunity for the public to provide suggestions as part of Survey 2 (March 17-27). At this point, the team has completed a preliminary analysis of (21) suggested views in order to determine five being recommended for further analysis. The rationale for the recommendation along with visuals are provided (**attachments: Viewshed Analysis Process and Preliminary Viewsheds Information**).

At this time, it is important to determine the total list of 10 views for analysis so that a visual exercise can be prepared and presented to the public for feedback at the June 6 public workshop.

The recommendation for the remaining five views for analysis includes:

1. Capitol Way and Union to Olympic Mountains (#6)
2. East Bay Drive Lookout to Capitol Dome (#9)
3. Percival Landing to Capitol Dome (#C) (C-2)
4. East Bay Drive mini-park to Capitol Dome (#D) (D-4)
5. Deschutes Parkway to Mt Rainier (#H)

Neighborhood/Community Interests:

There has been extensive public engagement as part of the Downtown Strategy. Reports summarizing public input thus far can be found at olympiawa.gov/DTS
<<http://olympiawa.gov/community/downtown-olympia/downtown-strategy.aspx>>.

Options:

1. Move to direct staff and consultants to use the framework presented April 26 as a guide for continued efforts to form Olympia's Downtown Strategy, and move forward with the recommended views for analysis.
2. Move to direct staff and consultants to use the framework presented April 26 as a guide for continued efforts to form Olympia's Downtown Strategy, but do not move forward with the recommended views for analysis.
3. Move to slow down the process to form a Downtown Strategy pending additional information.

Financial Impact:

Effort is included in the City's \$250,000 budget for formation of a Downtown Strategy. There will be additional costs for implementation steps that emerge.

Attachments:

1. **April 26 Presentation**
2. **Viewshed Analysis Process**
3. **Preliminary Viewshed Information**
4. **Market Analysis**



Framework for the Downtown Strategy

City Council

April 26, 2016

Amy Buckler, Senior Planner

John Owen, MAKERS



Public Process | Downtown Strategy

Connecting Places & Spaces

Key

-  Public Involvement
-  Online Engagement
-  City Council Briefings
-  Stakeholder Work Group

Last Updated 4.11.2016



Vision for Downtown



- Regional destination for entertainment & employment
- Vibrant, attractive , safe
- Full of public art, spaces & landscaping
- Pedestrian, bicycle & transit friendly environment
- Connections to cultural & historic fabric
- Mix of urban housing options
- **5,000 new residents**



Scope Elements

- Move our vision for downtown forward
- Realistic, impactful actions for 6-years
- Connect Places & Spaces:
 - Encourage private investment
 - Reduce uncertainties
 - Enhance public spaces (streets, sidewalks)
 - Preserve unique qualities
- Economic, retail, housing strategies
- Design Standards (including streets)
- Viewshed analysis



Issues Rising to the Top

- Parking → Strategy kicks off 2016
- Homelessness/
Street Dependency → DTS will outline steps
- Sea Level Rise → Upcoming SLR
Management Plan

Guiding Framework

1. CHARACTER AREAS

- Land Use Focus
- Design Character
- Redevelopment Efforts

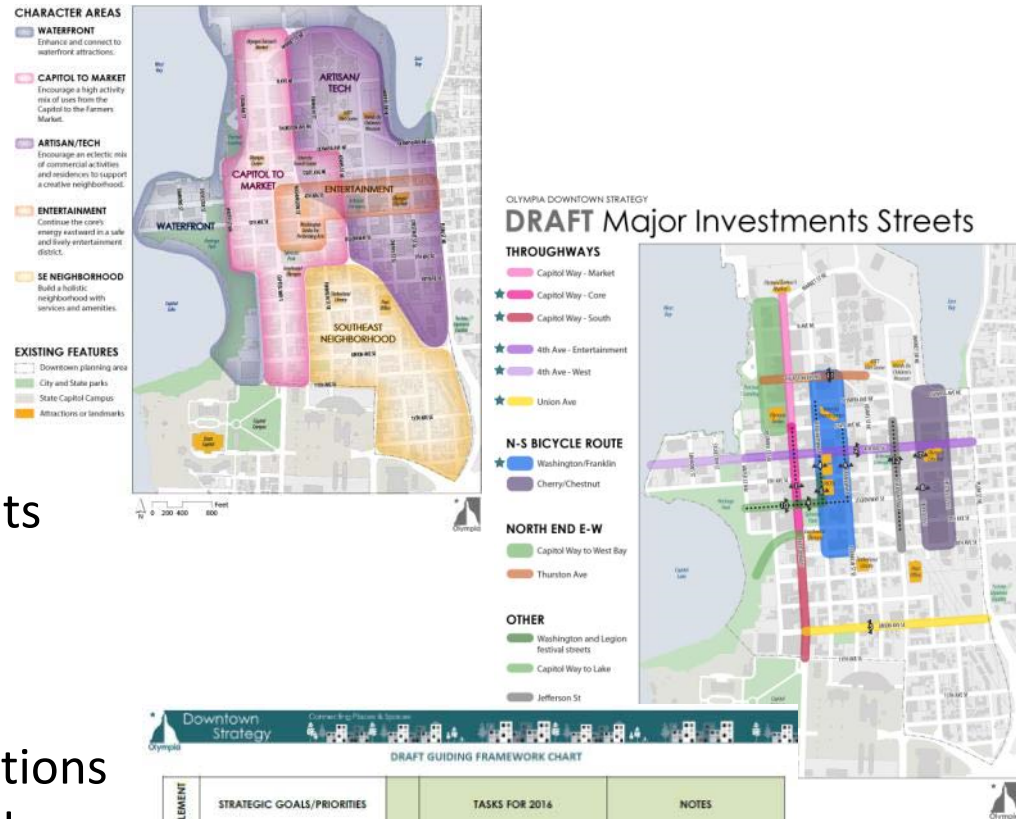
2. MAJOR INVESTMENTS

- Street improvements
- Other capital improvements

3. CHART

- ODS tasks for 2016
- Very preliminary future actions
- Links to strategic goals and priorities (Comprehensive plan and Council directions)

4. NOTES ON PARKING AND HOUSING ELEMENTS



Issues to Explore Further - Through the Summer

- Housing
- Social Services
- Design
- Development and retail economics
- Multi-modal access
- Parking



GUIDING FRAMEWORK

CHARACTER AREAS





Important for:

- Identifying land use focus
- Establishing design guidelines and street character
- Formulating a development (and parking) strategy

CHARACTER AREAS

-  **WATERFRONT**
Enhance and connect to waterfront attractions.
-  **CAPITOL TO MARKET**
Encourage a high activity mix of uses from the Capitol to the Farmers Market.
-  **ARTISAN/TECH**
Encourage an eclectic mix of commercial activities and residences to support a creative neighborhood.
-  **ENTERTAINMENT**
Continue the core's energy eastward in a safe and lively entertainment district.
-  **SE NEIGHBORHOOD**
Build a holistic neighborhood with services and amenities.

EXISTING FEATURES

-  Downtown planning area
-  City and State parks
-  State Capitol Campus
-  Attractions or landmarks



0 200 400 800 Feet



GUIDING FRAMEWORK: CHARACTER AREAS

CAPITOL TO MARKET

- High activity mix of uses
- Capitol Way connector/spine
- Historic District & Core
- Redevelopment opportunities near Campus
- Residences throughout
- Build on Market and Landing in north
- Connect to the lake in the south



GUIDING FRAMEWORK: CHARACTER AREAS

WATERFRONT

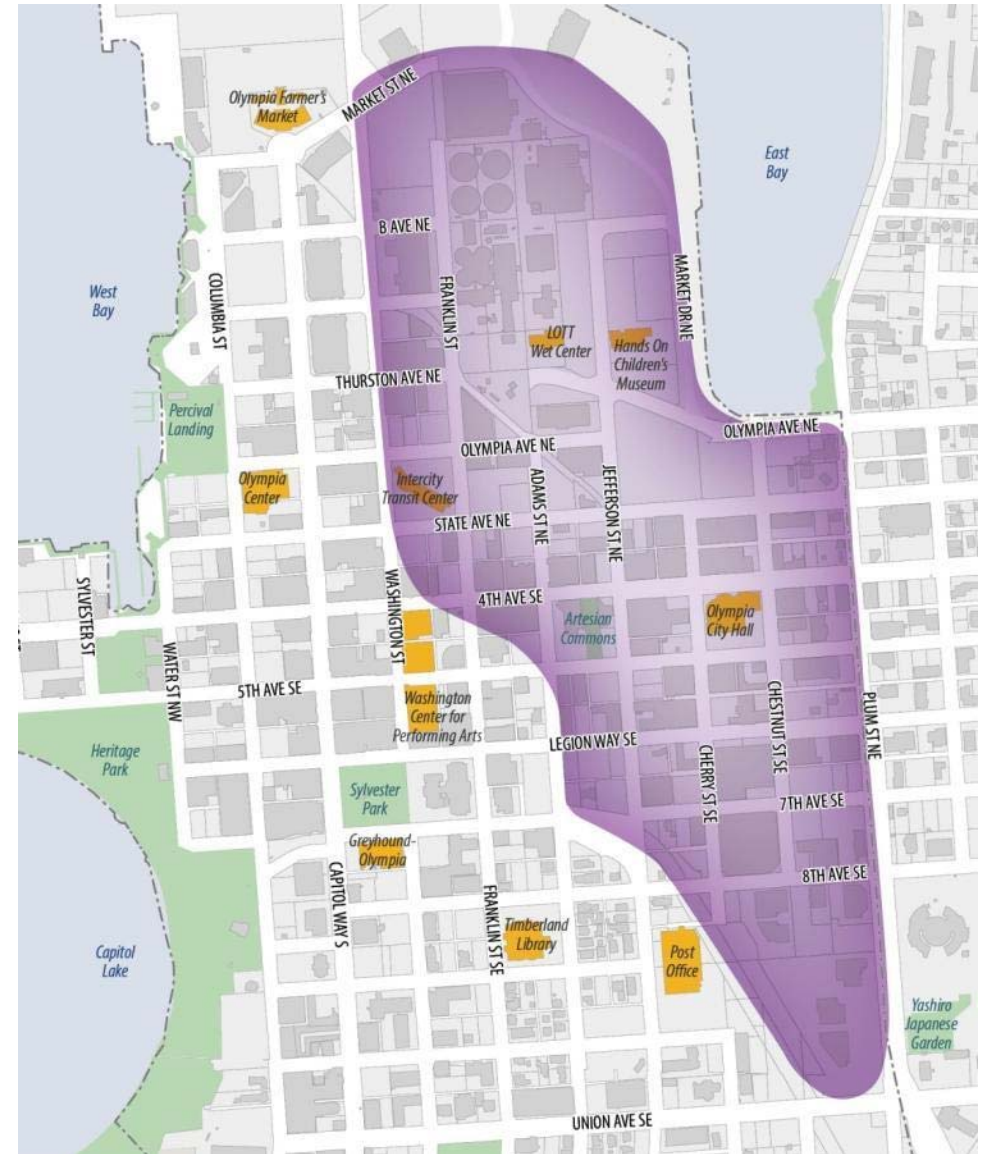
- Enhance existing attractions
- Connect with trail
- Connect to adjacent areas



GUIDING FRAMEWORK: CHARACTER AREAS

ARTISAN/TECH

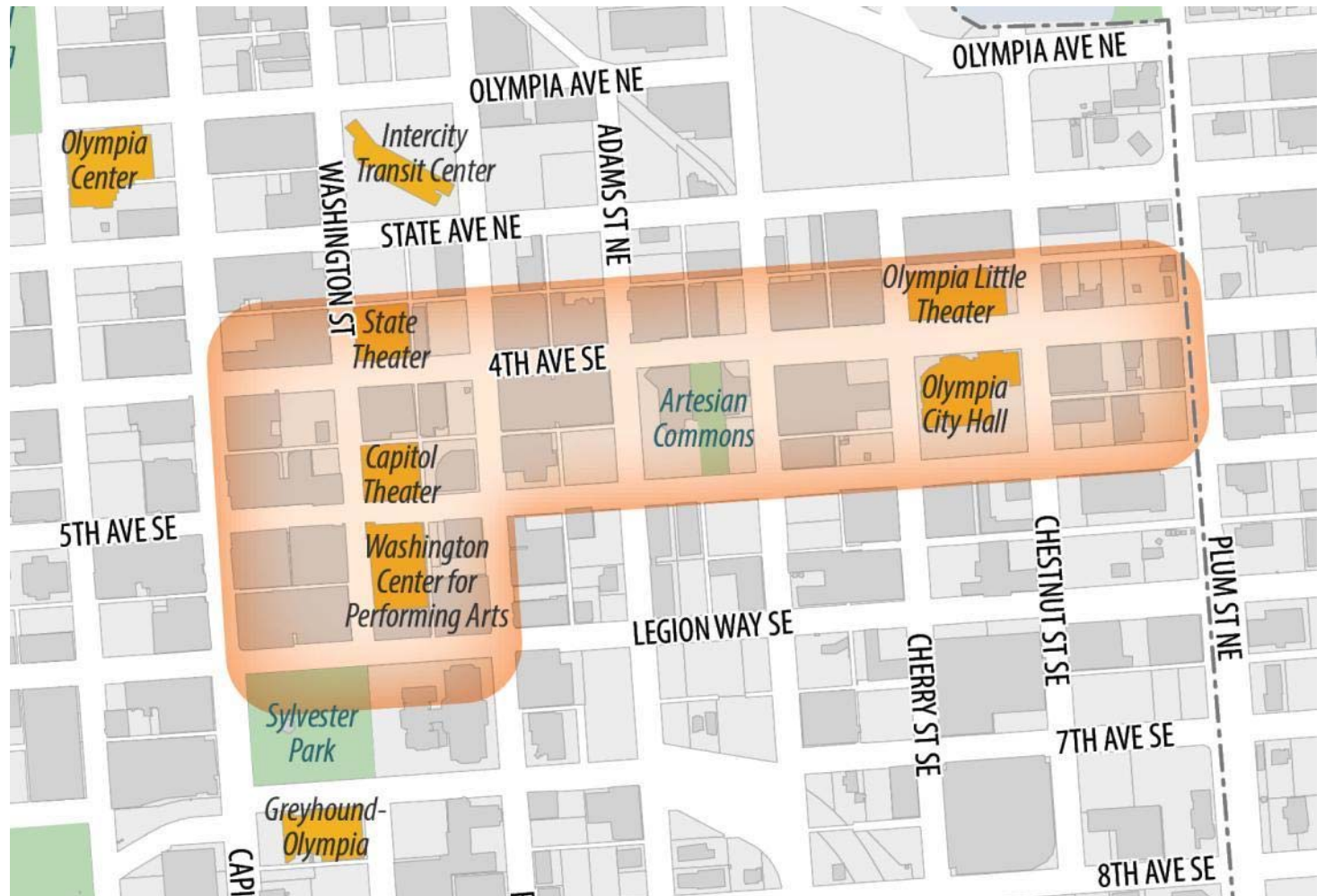
- Mix of employment, arts, entertainment, small & artisan manufacturing, culinary activities, etc.
- Unique housing types (e.g.: studio lofts)
- Build on LOTT and existing industrial/tech activities.
- All ages
- Lots of energy
- Improve safety and amenity
- Attractive work-a-day character



GUIDING FRAMEWORK: CHARACTER AREAS

ENTERTAINMENT

- Focus on night-life and the arts
- Insure safety and cleanliness



GUIDING FRAMEWORK: CHARACTER AREAS

SOUTHEAST DOWNTOWN NEIGHBORHOOD

- Family friendly residential neighborhoods
- Variety of housing types
- Excellent pedestrian connections



GUIDING FRAMEWORK

STREET INVESTMENTS

- Some improvements (with stars) will require traffic study
- Some priorities driven by repaving projects
- Multi-modal solutions
- Streetscape character being studied as part of “Design Discussion”



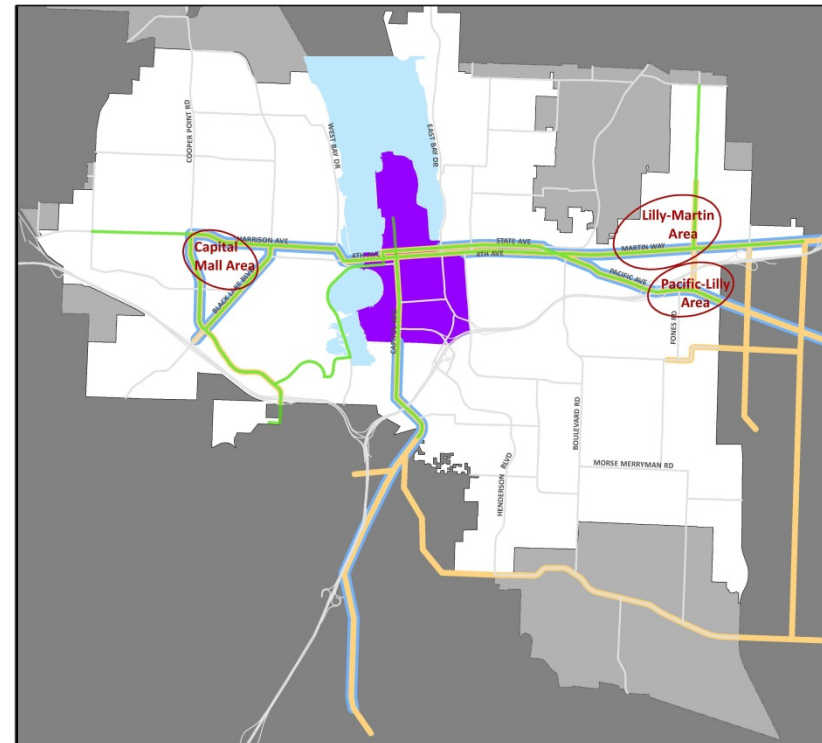
GUIDING FRAMEWORK: STREET INVESTMENTS

FIT WITH CITY-WIDE AND REGIONAL TRANSPORTATION NEEDS

- We've focused on ped, bike and transit because that is the policy direction, the most neglected modes, and a necessary transportation element for the long term.

BUT

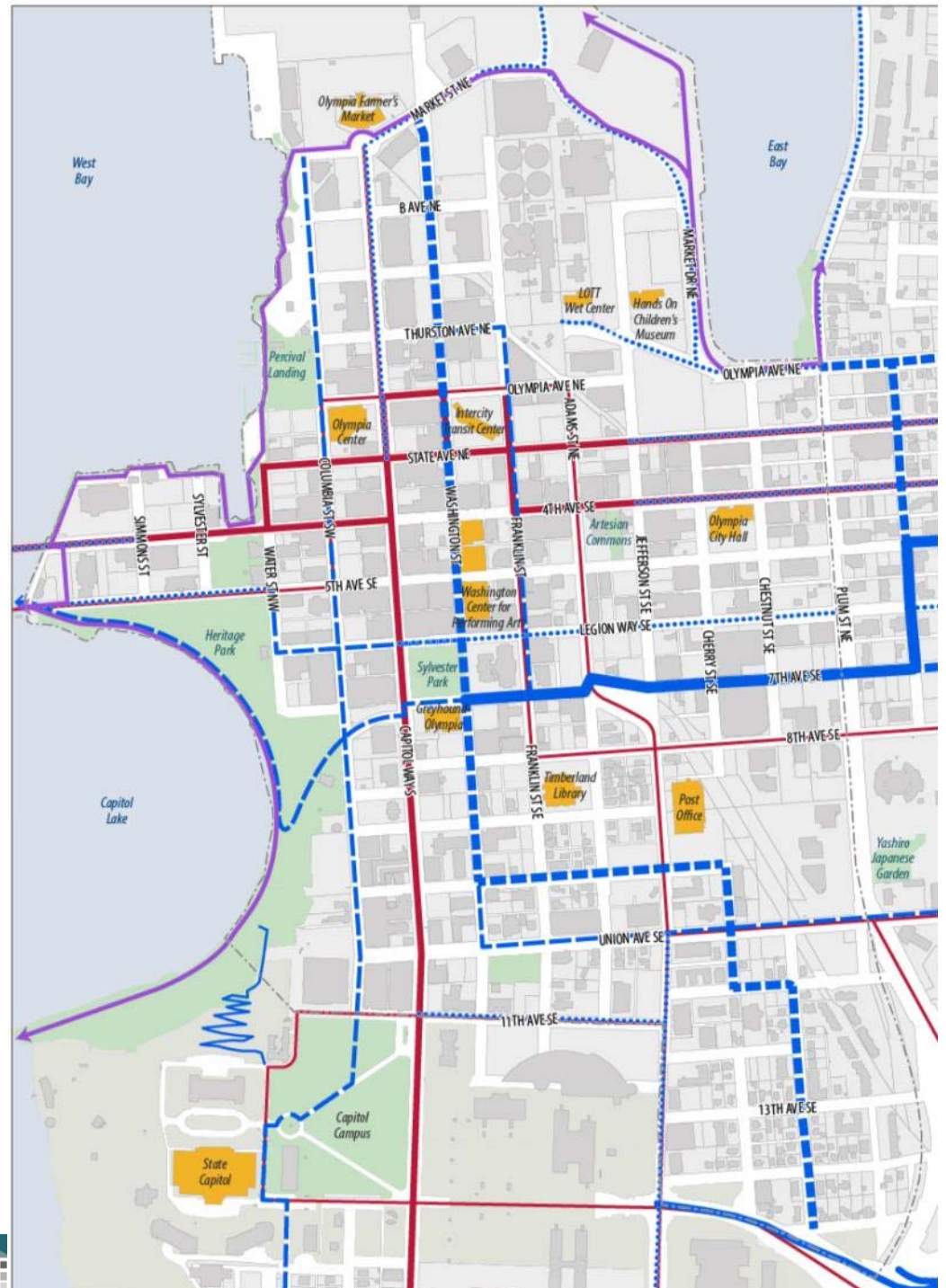
- Automobile and freight are also important and will be addressed in the traffic study



GUIDING FRAMEWORK: STREETS

KEY OBJECTIVE:
NORTH-SOUTH
BICYCLE ACCESS

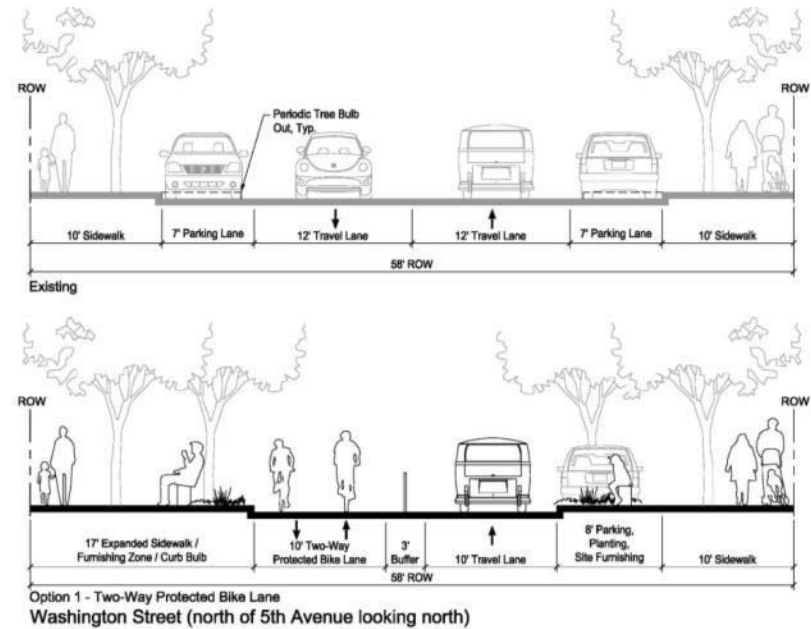
Washington?
Franklin?
Cherry?



GUIDING FRAMEWORK: STREETS

WASHINGTON

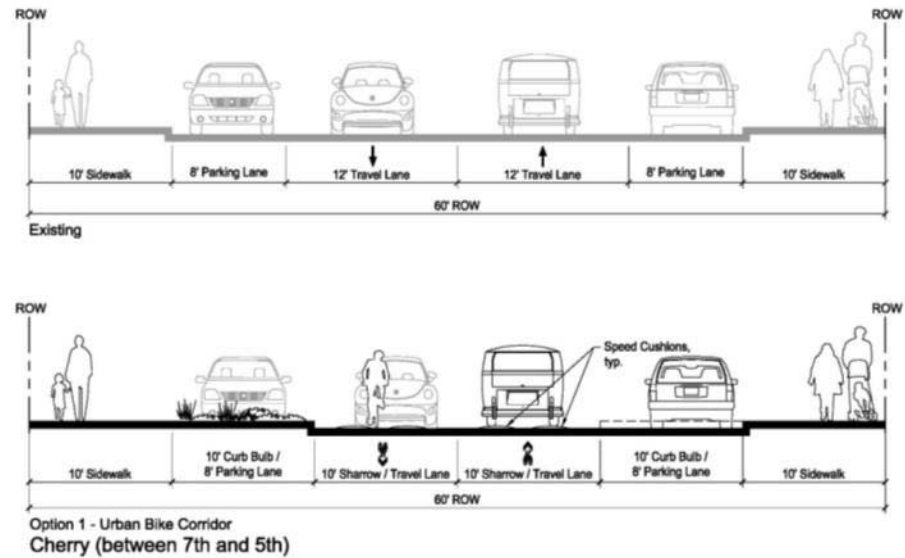
- Two way protected bike lane + 1-way traffic
- Would reduce parking
- One way traffic
- Integrate with Festival Street function
- Requires study



GUIDING FRAMEWORK: STREETS

CHERRY

- **Bikeway?** It would provide a loop route over to Thurston & the Market & Landing
- Shared street north of 4th?



MAKERS



Olympia Downtown Strategy
Streetscape Concepts
March 31, 2018
Scale: 1"=5'





Sharrow in the center of the lane



Speed cushions with bicycle cut outs



Intersection markings



Controlled or enhanced crossings at arterial streets; Stop signs for non-arterial streets intersecting with bike corridor.



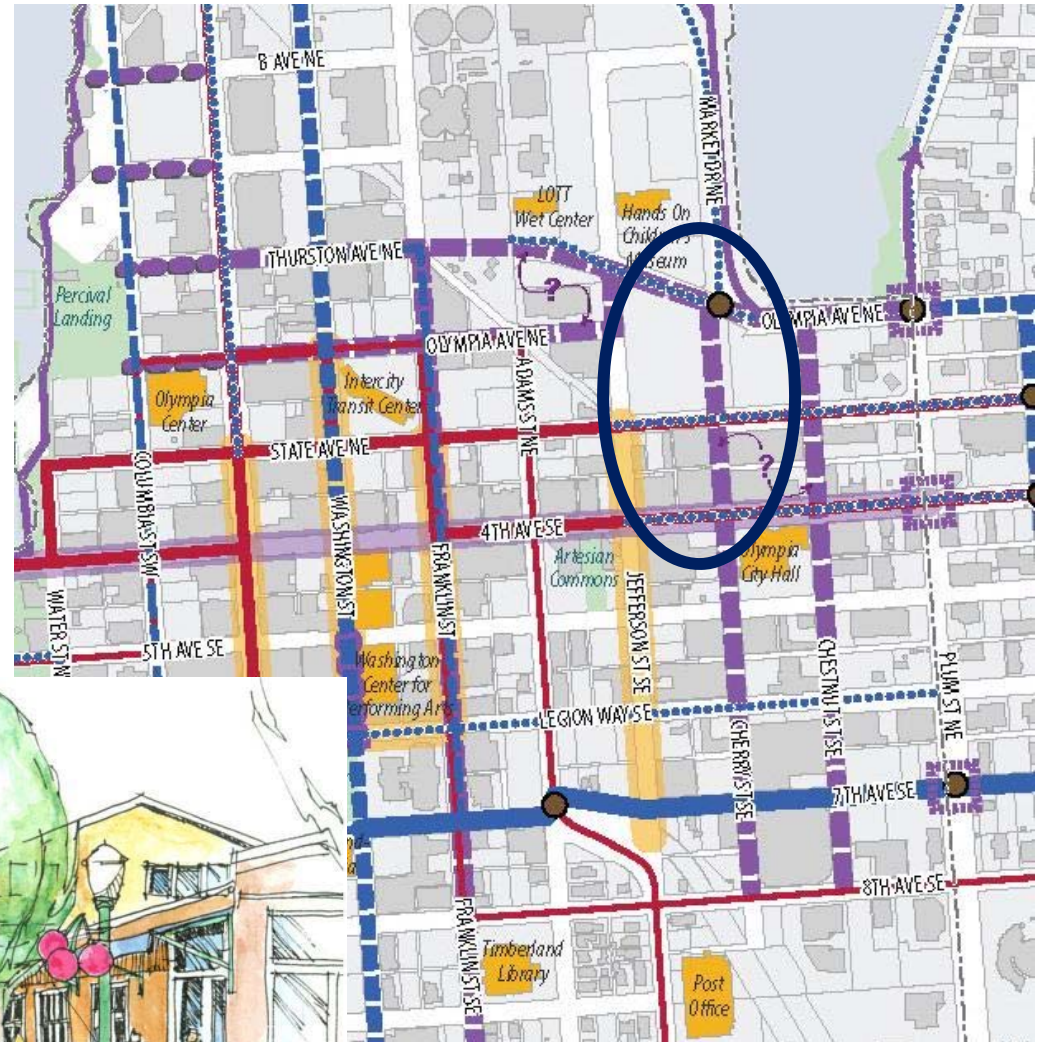
Curb bulbs

Bike Corridor

GUIDING FRAMEWORK: STREETS

CHERRY

- Shared street north of 4th?



Special crosswalk paving

Outdoor dining possible on widened sidewalk

Curb bulbs with landscaping

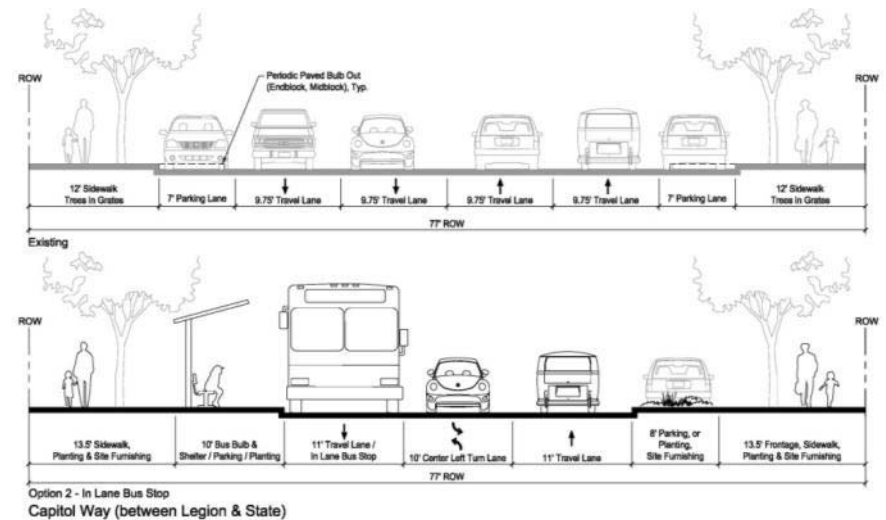
One way traffic on Cherry St. between 4th and State Ave.

Redevelopment of buildings along Cherry St.

GUIDING FRAMEWORK: STREETS

CAPITOL WAY

- Build on Greening Capitol Way
- Check to see if road diet to 3 lanes works.
- Busses, peds, and vehicles - No bike lanes
- Strong streetscape statement to link north, core and south segments.



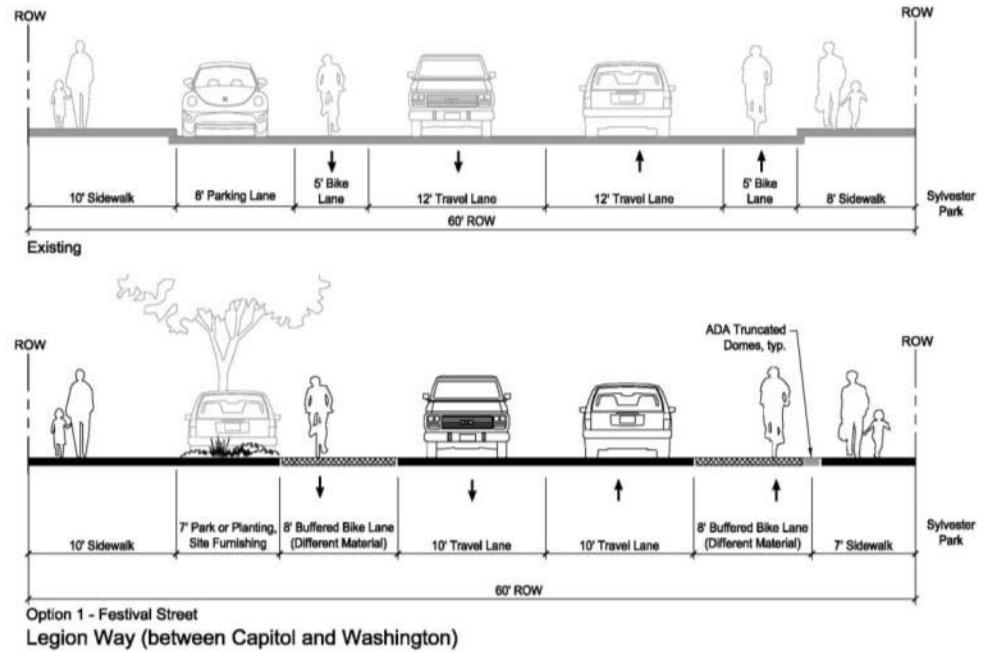
Option 2 - In Lane Bus Stop
Capitol Way (between Legion & State)



GUIDING FRAMEWORK: STREETS

LEGION (BY PARK)

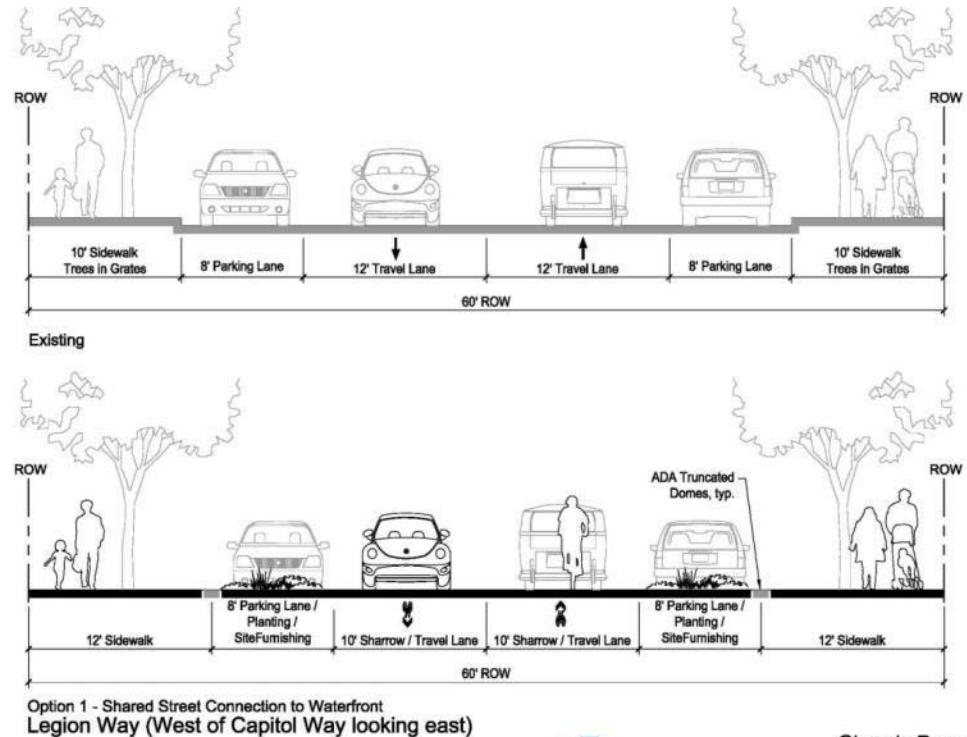
- Festival street.
- No curbs - for flexibility
- Similar function and section



GUIDING FRAMEWORK: STREETS

LEGION CAPITOL TO LAKE

- Alternative 1: Shared street w/out curbs.
- Continues the Festival Street Character



MAKERS

M I G

SVR

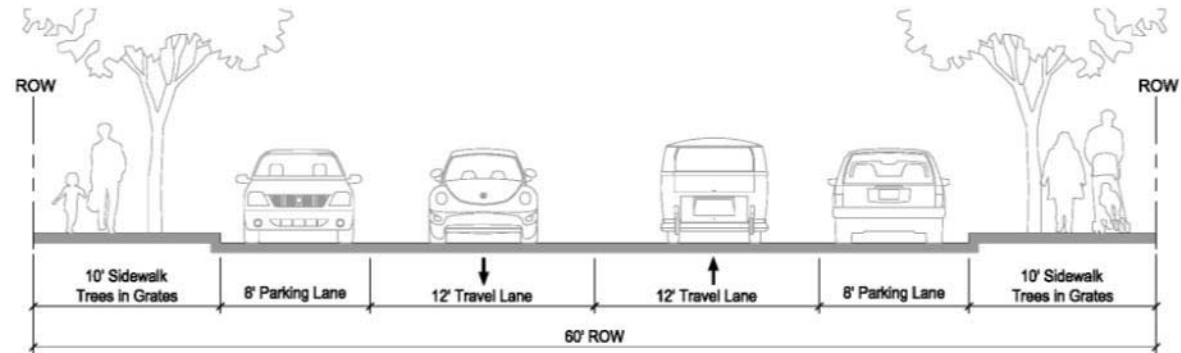
Olympia Downtown Strategy
Streetscape Concepts
April 6, 2016
Scale: 1"=5'



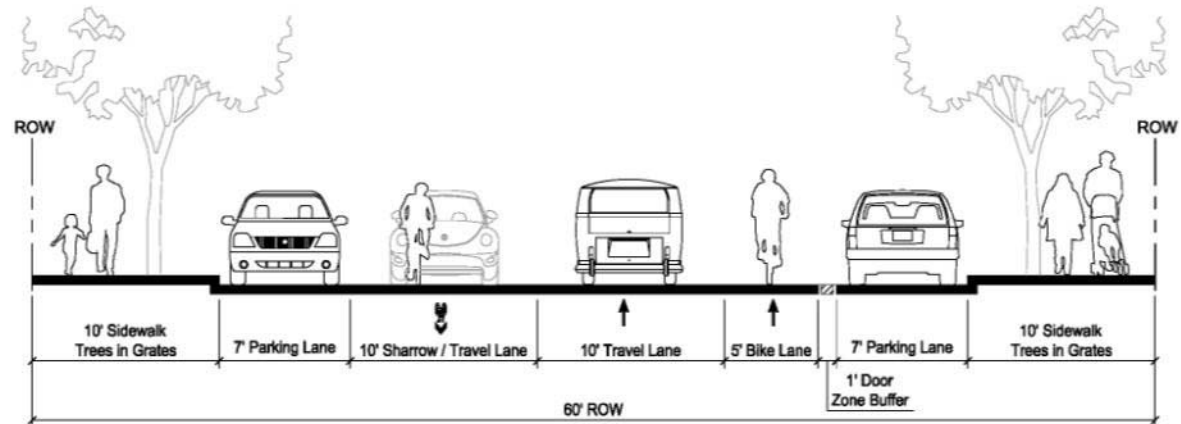
GUIDING FRAMEWORK: STREETS

LEGION CAPITOL TO LAKE

- Alternate: climbing lane



Existing



Option 2 - Near-term Bike Facility - Legion Way Climbing Lane
Legion Way (West of Capitol Way looking east)

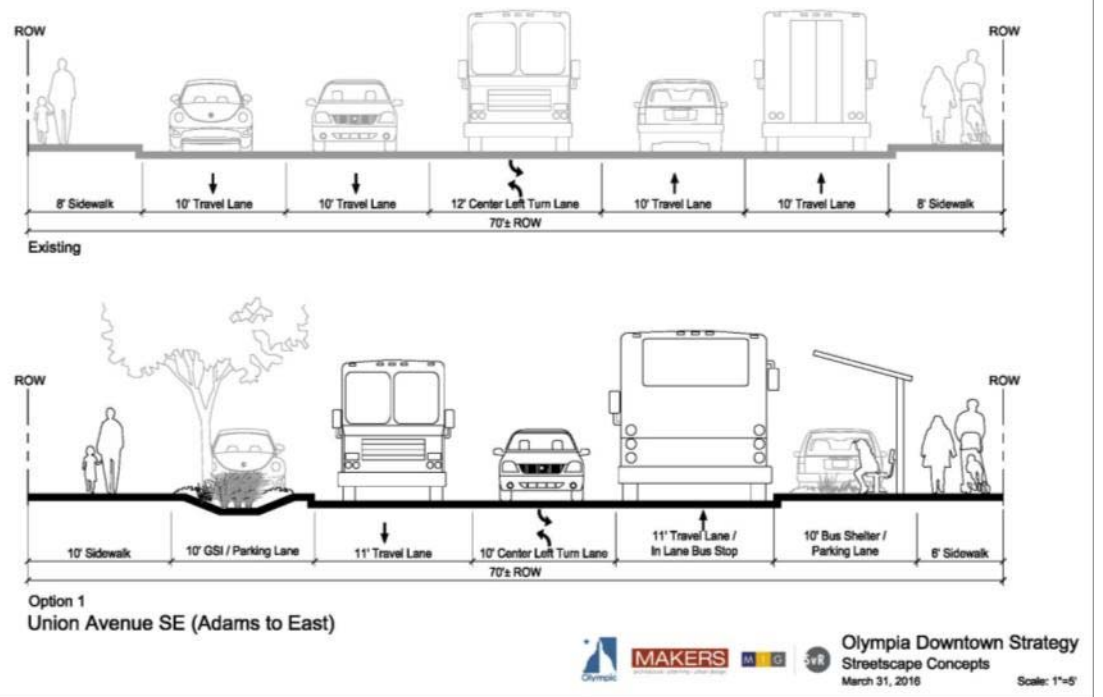


Olympia Downtown Strategy
Streetscape Concepts
April 6, 2016

Scale: 1"=5'

GUIDING FRAMEWORK: STREETS UNION

Opportunity to create an excellent entry to south Downtown with green infrastructure and landscaping



GUIDING FRAMEWORK: STREETS

JEFFERSON

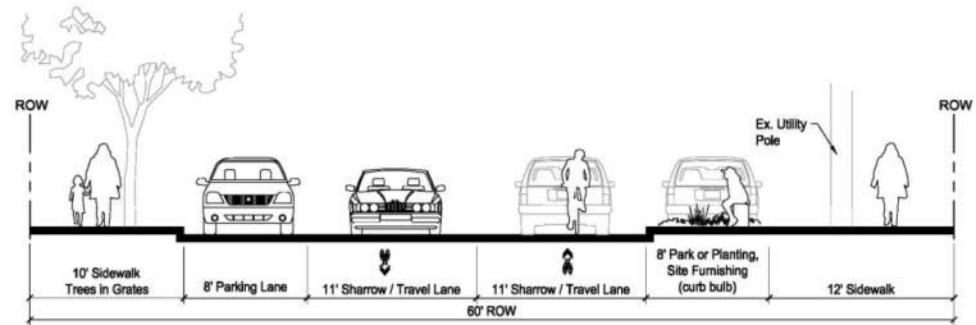
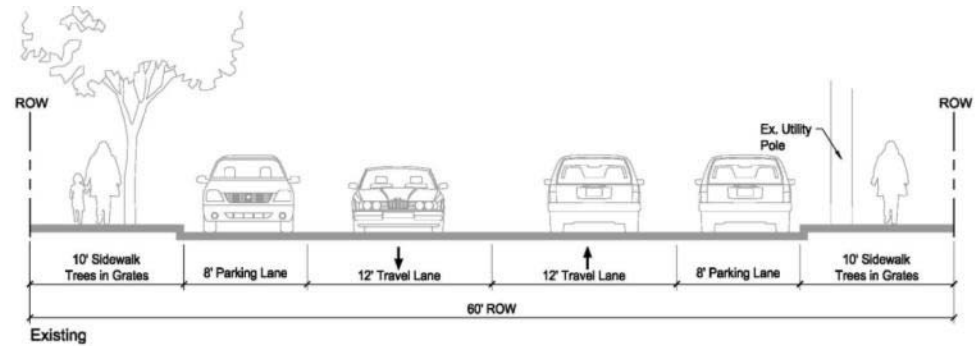
- Rails not good for bikes
- Sidewalk extension and low rolled curb with movable bollards could allow multi-use of parking area. Sometimes parking – Sometimes seating



GUIDING FRAMEWORK: STREET

THURSTON:

- Fix sidewalk in block near food bank and extend curb to allow for queuing.



Option 1
Thurston Ave NE (between Washington and Adams)



MAKERS

M | G

SVR

Olympia Downtown Strategy
Streetscape Concepts
March 31, 2016

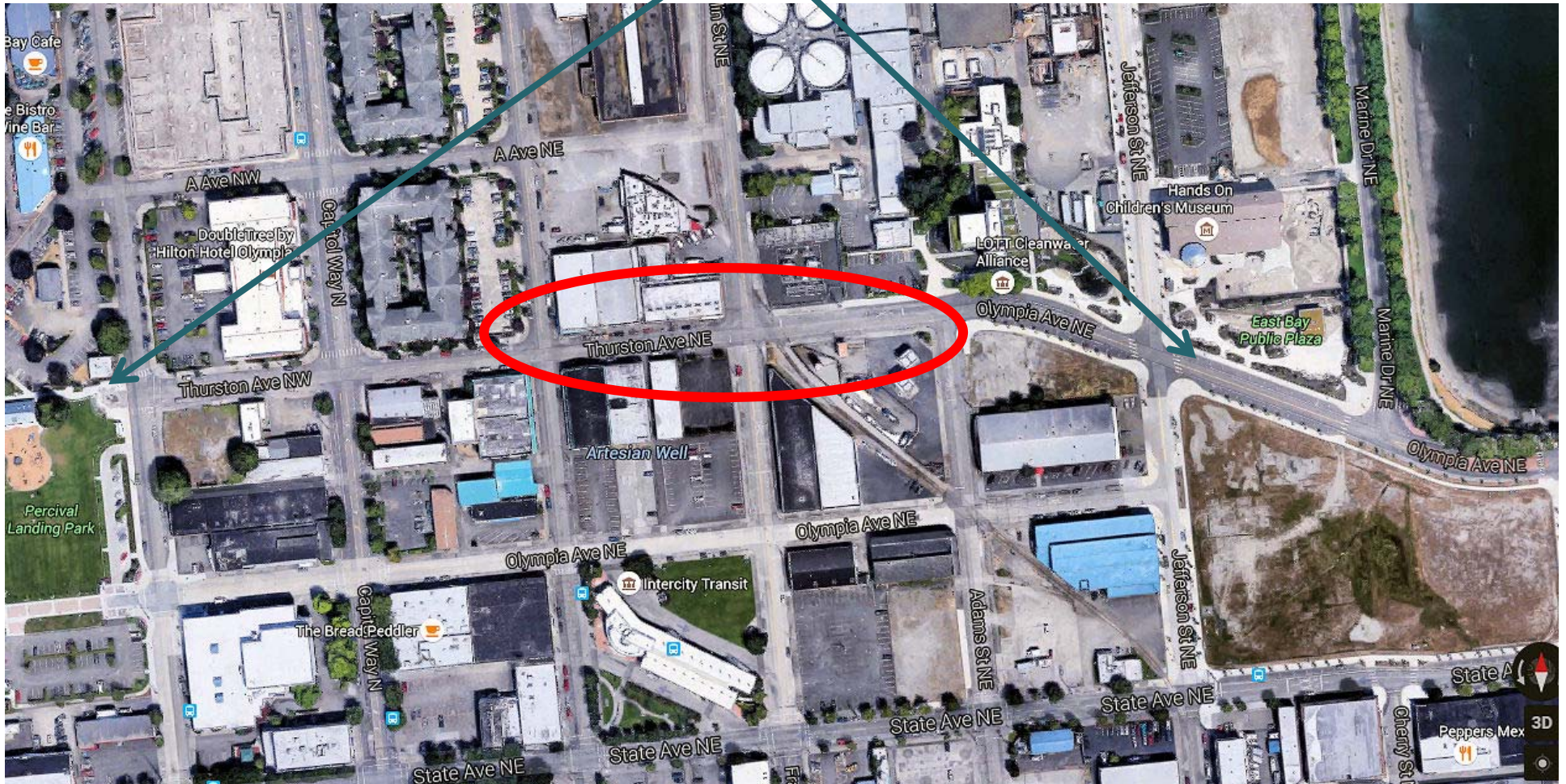
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GUIDING FRAMEWORK: STREETS

THURSTON:

Excellent sidewalks on north side.



GUIDING FRAMEWORK: CAPITOL TO MARKET

STREET CHARACTER

- Integrated with Character Areas guidelines
- Practical and maintainable
- Will be explored this summer

- Capitol Way - Market
- Capitol Way - Core
- Capitol Way - South
- Washington and Legion festival streets
- Core standards
- Upper Capitol Way standards
- Shared streets standards

ARTISAN/TECH

- Thurston Ave connector
- 4th Ave - Entertainment
- 4th Ave - West
- Artisan/tech standards

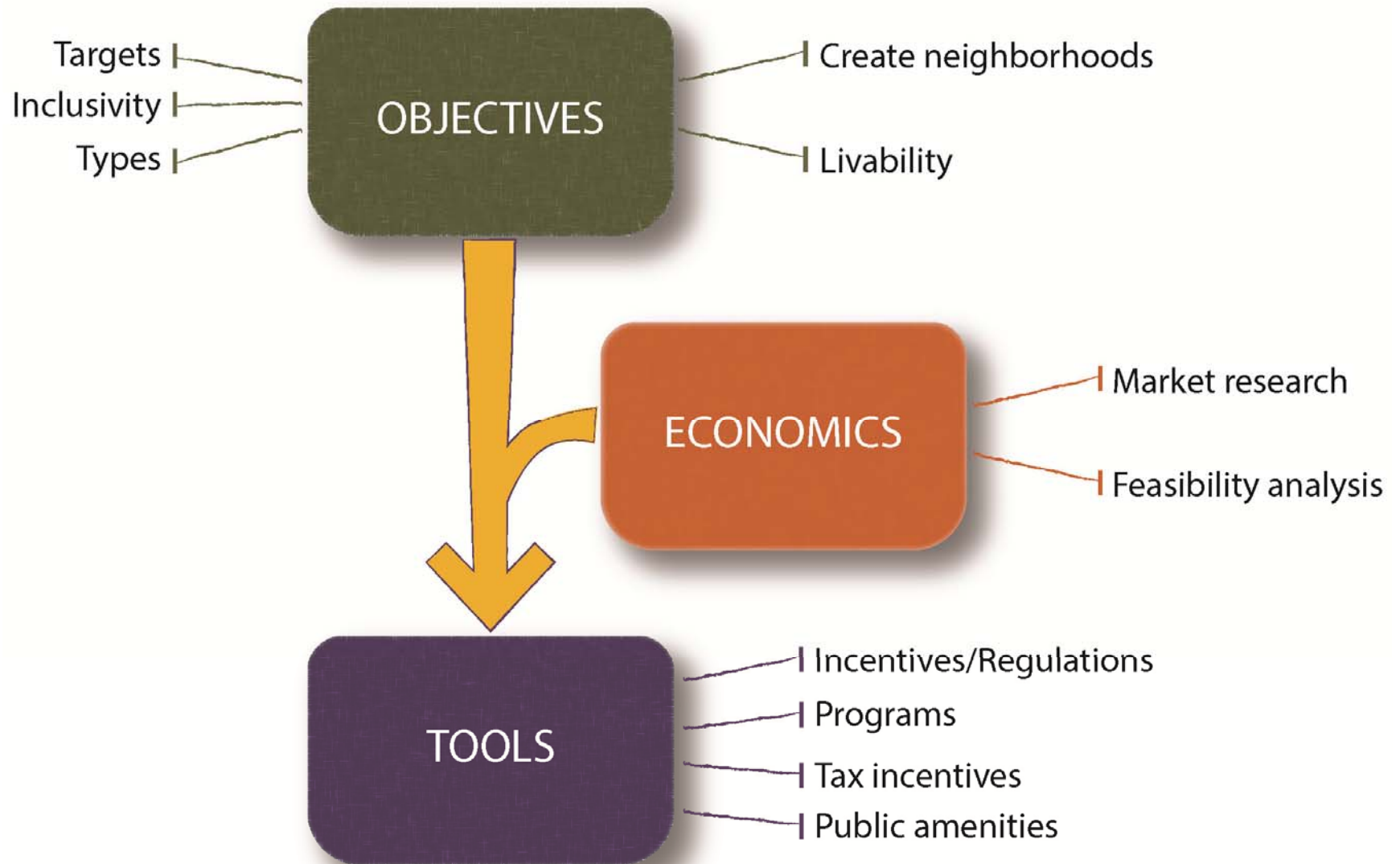
SE NEIGHBORHOOD

- Union Ave (neighborhood commercial/GSI)
- Neighborhood standards



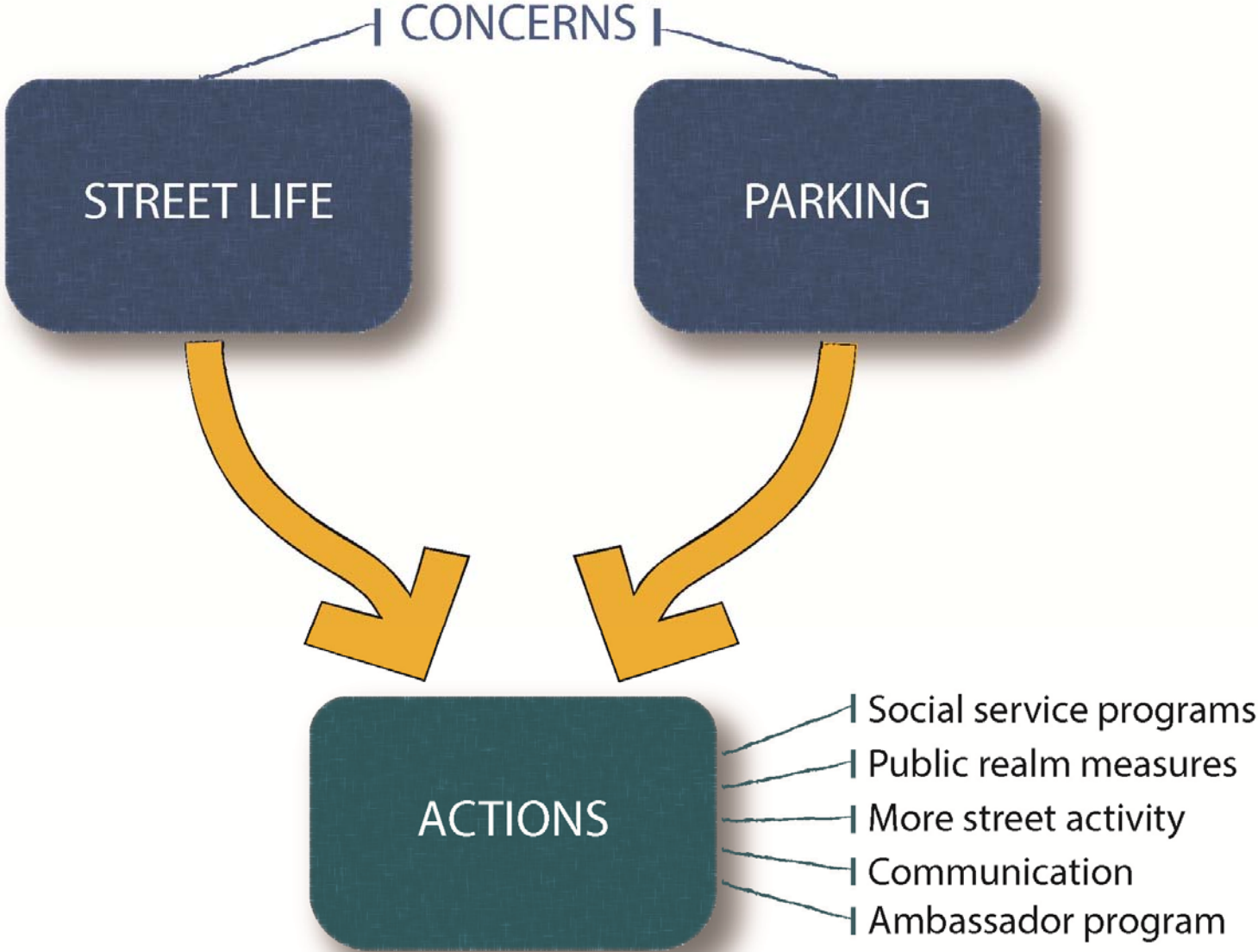
GUIDING FRAMEWORK

HOUSING



GUIDING FRAMEWORK

RETAIL STRATEGY

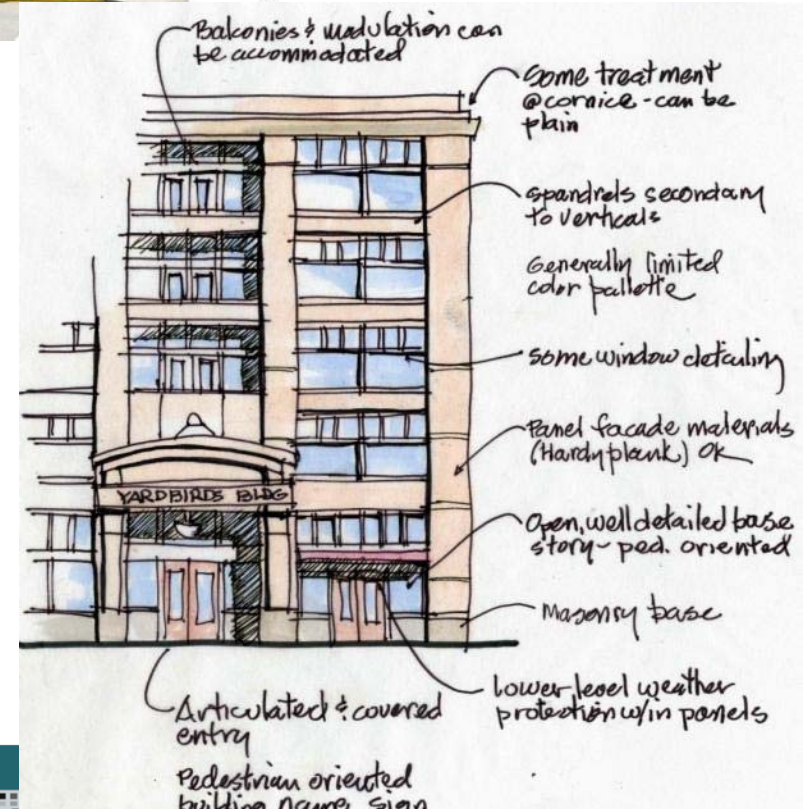


GUIDING FRAMEWORK HISTORIC PRESERVATION

- Develop specific design guidelines for historic district
- Foster coordination between DRB and HC
- Incorporate adaptive reuse tools and incentives
- Analyze the feasibility of an adaptive reuse project
- Consider streetscapes that enhance historic areas



- Embellished cornice
- Vertical emphasis
- Window detailing
- Inset spandrel panels
- Simple (light) color scheme
- Strong first story articulation
- Pedestrian scale building signage
- Pedestrian oriented details
- Low pedestrian cover
- Recessed & accented entry
- Strong base



GUIDING FRAMEWORK

CHART



DRAFT GUIDING FRAMEWORK CHART

ELEMENT	STRATEGIC GOALS/PRIORITIES		TASKS FOR 2016	NOTES
DESIGN	<ul style="list-style-type: none"> Apply a cohesive urban design strategy; consider how places and spaces between buildings & structures function for people as well as attract investment Promote high quality architecture and an attractive, pedestrian-oriented environment Enhance downtown’s unique character historic fabric, art and landscaping Create better connections to the waterfront and between major cultural destinations such as the State Capitol Campus, Farmers Market, and Hands on Children’s Museum 		Develop recommendations for clear, well-organized design guidelines to enhance character areas, and address key objectives and issues, including historic preservation, crime prevention through environmental design (CPTED), mixed use buildings, etc.	Design concepts will be presented at the May 23 public meeting. The draft DTS will include an outline of recommended concepts along with illustrations, to be followed by an update to design guidelines in 2017.
			Outline preliminary recommendations for an update to the street design standards in the Engineering Development & Design Standards (EDDS) that promote unique character, pedestrian-oriented lighting and other safety features, etc.	Preliminary concepts will be presented on May 23. Further discussions and analysis by Public Works will be necessary for full implementation.
			Complete a 3D viewshed analysis to determine viewsheds for protection or enhancement through design	3D viewshed analysis will be presented to the public at the June 6 workshop. Updates to view protection standards will be included with design guidelines.
	<ul style="list-style-type: none"> Incorporate Crime Prevention through Environmental Design (CPTED) principles in order to discourage crime and increase sense of safety (light, landscaping, intersections...) Focus on both new development and rehabilitation of existing structures Protect key views to enhance sense of place, beauty, and connections to the natural and historic landscape See also - public space element 		OPTIONS – POTENTIAL ACTIONS FOR 2017-2021	
			Complete and adopt street design and building, site design guidelines	2017
			Continue to improve wayfinding	
			<i>More potential actions may be proposed</i>	





Viewshed Analysis & Public Process *(updated April 25, 2016)*

In Olympia, important views are protected through public ownership of the shoreline, as well as through design and development regulations, including those included in the Shoreline Master Program. The recently updated Comprehensive Plan shifted an emphasis from protecting certain views from public streets to protecting and enhancing views from certain public observation points. The intention was for these observation points to be more like public gathering places rather than auto-centric areas. The Plan guides the City to implement a public process to identify viewsheds (*line of sight between an observation point and important view.*) Part of the scope of work for the Downtown Strategy is to complete this for viewsheds related to downtown.

Land Use Chapter, Goal #8: Community views are protected, preserved, and enhanced.

PL8.1: Implement public processes, including the use of digital simulation software, to identify important **landmark views** and **observation points**.

PL8.2: Use visualization tools to identify view planes and sightline heights between the landmark view and observation point.

PL8.3: Prevent blockage of landmark views by limiting the heights of buildings or structures on the west and east Olympia ridge lines (*areas are outside the scope of the Downtown Strategy*)

PL8.4: Avoid height bonuses and incentives that interfere with landmark views.

PL8.5: Set absolute maximum building heights to preserve publicly-identified observation points and landmark views.

The MAKERS team will analyze up to ten community-valued viewsheds and provide recommendations on view protection through the following steps:

1. Determine up to 10 viewsheds to be analyzed (expected completion May 10 2016);
2. Conduct viewshed analysis. *Using 3D graphics illustrate how views can be protected with different land use and urban form alternatives. Analyze the impacts of protecting these views to economic, housing and other goals.* (March-August 2016); and
3. Recommend updates to City view protection standards (Fall 2016).



MAKERS' scope of work calls for a digital analysis of up to ten viewsheds. However the City can and likely will continue to protect additional views, as our community has already taken steps to secure several important over the water views through public ownership of waterfront lands (*see lists starting on page 4*).

Determining Views to be Analyzed

The process to determine views for analysis builds on past views planning efforts. The following steps have been completed:

- Potential landmark views and observation points identified during the Comprehensive Plan and Shoreline Master Plan updates were used as the basis for identifying a preliminary list of views to be analyzed.
- An exercise at DTS Workshop #1 (11/21/15) had participants prioritize certain viewsheds (*only those with observation points within the downtown*) that were most important to them. Participants also had an opportunity to provide write-in comments. The exercise confirmed:
 - Views of the Olympic Mountains, Capitol Dome, Budd Inlet, and Capitol Lake are particularly valued.
 - Many valued views are unlikely to be blocked by future development because the observation point is adjacent to the landmark or over the water.
 - View from the Capitol Campus Promontory to Budd Inlet is a priority which should be analyzed.
- Staff reviewed prior work by Mithun consultants, which had identified an observation point where two marine channels on Puget Sound converge - a point from which we can analyze impacts to certain views.
- Staff & MAKERS composed three lists (*see lists starting on page 4*):
 - Five views that come up repeatedly in public conversation and could potentially be impacted by future development, thus following 'green light' from Council's Land Use Committee we began analysis in early March
 - Five views that probably should be looked at, but kept on hold pending an opportunity for the public to make other suggestions (*note: one of these views was found not to exist*)
 - Over 20 views unlikely to be blocked by future development, thus not recommended for further analysis



- Between March 17-27, 2016, 482 people responded to online Survey 2; Results included:
 1. The respondents' rank of the following views in order of importance:
 - Very important/important:
 - Capitol Campus Promontory to Budd Inlet
 - West Bay Park to Mt Rainier
 - Park of the Seven Oars to Mt Rainier
 - Important:
 - East Bay Drive to Capitol Dome
 - Puget Sound Navigation Channel to Capitol Dome
 - Priest Point Park to Capitol Dome
 - Somewhat important:
 - Madison Scenic Park to Capitol Dome/Black Hills
 - Capitol Way/Union to Olympic Mountains
 - Not important:
 - Cherry Street to Capitol Dome
 2. Views are important to respondents for the following reasons (in order of popularity):
 - Sense of beauty (67%),
 - Connection to natural landscape (66%),
 - Sense of place (58%), and
 - Connection to historic fabric (39%).
 - "Other" responses coalesced around the theme that protecting the natural views is important.
 3. Community members made (17) additional suggestions for views to analyze *(see lists starting on page 4)*
- MAKERS completed a preliminary analysis of the suggested views for analysis, and with help from staff formed a recommendation for which of these should be analyzed further
- On May 4, the recommendation will be shared with the Stakeholder Work Group
- On May 10, staff is asking City Council for direction on this recommendation. At this time, it is important to determine the complete list of views for analysis so that an exercise using the digital analysis can be presented to the public at the June 6 workshop



Viewsheds Related to Downtown, by Category

For visuals, refer to the document, “Preliminary Viewshed Analysis Information”

On March 3, the Council’s Land Use & Environment Committee (LUEC) guided MAKERS and staff to move forward with analysis on the following five views due to their prominence in the public discussion and potential for impacts:

5 Views Selected for Analysis			
	Public Observation Point FROM	Landmark View TO	NOTES:
1	State Capitol Campus Promontory	Budd Inlet	View is across the Isthmus. Observation point on Capitol Campus is top of the north campus trail in front of the Temple of Justice/Law Enforcement Memorial. Most important view on Survey 2.
2	Cherry Street	Capitol Dome	Also useful for exploring potential effect of 1063 Building on views of the dome. View from Cherry Street considered "not important" on Survey 2.
3	Madison Scenic Park	Capitol Dome, Black Hills	Turns out this view would not be blocked under current zoning. Considered "somewhat important" on Survey 2.
4	Puget Sound Navigation Channel	Capitol Dome and/or Mt. Rainer	Prior work by Mithun consultants identified observation point in the water where 2 navigation channels meet. Considered "important" on Survey 2. Tie with analysis for view #1.
5	West Bay Park Lookout	Mt. Rainier	View is thru dt. Considered "important" on Survey 2.



Potential Views for Further Analysis

MAKERS scope calls for up to 10 views to be analyzed regarding how they could be protected or enhanced, along with trade-offs to economic, housing and other goals. There are five more views that can be added to the list for further analysis. **MAKERS and staff recommend views highlighted in green for further analysis.** Other suggestions that were identified to be outside of the study area can be saved for consideration as part of a future public process to explore citywide views.

	Public Observation Point (FROM)	Landmark View (TO)	Redundant with previous views	View corridor inside study area	NOTES:	Not within study area	Unlikely to be blocked	Proximity to similar view	Highly constrained view
Views identified before Survey 2									
6	Capitol Way & Union Ave	Olympic Mountains			Considered "somewhat important" on Survey 2.				
7	Park of the Seven Oars	Mt. Rainier			Considered "very important" on Survey 2. Not recommended for further analysis because preliminary analysis shows view would not be affected by development at current zoning build out		X		
8	Priest Point Park	Capitol Dome			Observation point is at the end of the trail on the beach. Considered important" on Survey 2. Not recommended for further analysis because preliminary analysis shows view would not be affected by development at current zoning build out		X		
9	East Bay Drive Lookout	Capitol Dome			Observation point at the benches about 400' from the intersection of Olympia Ave & East Bay Dr. Considered "important" on Survey 2.				
<p><i>Note: Also suggested for analysis early on was Marathon Park (on Deschutes Parkway) to Mt Rainier, but no view of Mt Rainier exists from Marathon Park.</i></p>									



	Public Observation Point (FROM)	Landmark View (TO)	Redundant with previous views	View corridor inside study area	NOTES:	Not within study area	Unlikely to be blocked	Proximity to similar view	Highly constrained view
Views identified as part of Survey 2									
A	Capitol Campus (two possible observation points were looked at A1 & A2)	Mt. Rainier	NO	YES, Only affects 3 blocks	This is a very constrained view due to development on the East Capitol Campus and in some cases blocked by trees. Most of the land between the observation point and view are on the Campus, where the City does not have zoning authority. The A-1 viewshed barely clips 2 blocks within the south end of the study area. Not recommended for further analysis due to the minimal existing view and existing potential to be blocked by development on the capitol campus.	X - MOST AREAS			X
B	Port Plaza	Capitol Dome	Yes, view to Dome from Puget Sound Navigation Channel and Priest Point Park	YES	Development along Water Street on the Heritage Park Block, if allowed heights greater than current limit of 35' could potentially block views, but it's possible that a modest height increase of 7'-10' would not. Similar to view #C.		X	X	
C	Percival Landing	Capitol Dome	Yes, view to Dome from Puget Sound Navigation Channel and Port Plaza	YES	Development along Water Street on the Heritage Park Block, if allowed heights greater than current limit of 35' could potentially block views, but it's possible that a modest height increase of 7'-10' would not. Similar to view #B, although impacts potentially greater. Recommendation is to analyze potential for modest height increases while continuing to protect view.		X	X	



	Public Observation Point (FROM)	Landmark View (TO)	Redundant with previous views	View corridor inside study area	NOTES:	Not within study area	Unlikely to be blocked	Proximity to similar view	Highly constrained view
D	East Bay Drive mini-park	Capitol Dome	View	YES	Suggestion was to consider establishing viewpoints/continuous views elsewhere along the ROW beyond just the lookout/bench along East Bay Dr. This view is similar to #9, only location is further north along East Bay Drive.			X	
E	Route 101 at Red Lion Inn	Mt. Rainier	NA	NO	View corridors from this viewpoint would be outside of the study area.	X			
F	Harrison Roundabout	Mt. Rainier	YES, view from Park of the Seven Oars	YES	There are large evergreen and deciduous trees that frame this view similar to Seven Oars Park. As you walk along the east side of the street south toward the lower roundabout at 4th and Olympic Way, your view will be blocked by trees for most of the year(Spring, Summer, Fall) until you start to turn the corner at the roundabout and head onto the 4th Avenue Bridge. Not recommended for further analysis as intent is not to protect views from auto-oriented locations such as roundabouts and due to close proximity to Park of the Seven Oars, which is already on the list of potential viewsheds to analyze.			X	X
G	4th Avenue (Lower) Roundabout	Mt. Rainier	NO	YES	The view from the 4th Ave Bridge to Mt. Rainier (near the roundabout) is already on the list of views unlikely to be blocked by future development - preliminary 3D analysis also demonstrates this as the mountain is higher than the potential development heights within the viewshed. View from the roundabout not recommended for further analysis as intent is not to protect views from auto-oriented locations such as roundabouts and proximity to view from 4th Ave Bridge.				X



	Public Observation Point (FROM)	Landmark View (TO)	Redundant with previous views	View corridor inside study area	NOTES:	Not within study area	Unlikely to be blocked	Proximity to similar view	Highly constrained view
H	Deschutes Parkway	Mt. Rainier	NO	YES	There is a good view of Mt. Rainier as you travel from 5th Ave southwest along Deschutes Parkway. By the time you reach the first bench south of the bus stop, the view is blocked by trees and the 9th & Columbia Bldg and is barely visible along the parkway from that point forward due to trees and existing development.				
I	Lakeridge Drive	Capitol Dome & Capitol Lake	NA	NO	View corridors from this viewpoint would be outside of the study area.	X			
J	San Francisco Street	Capitol Dome	NO	YES	The Capitol Dome is not visible at the intersection of East Bay Drive and San Francisco Street. It becomes visible above the tree-line as you travel up the hill until it becomes blocked by taller trees along the west side of East Bay Drive.		X		
K	Eastern Washington Butte (Heritage Park)	Mt. Rainier	NO	YES	There is a partial view of the mountain between the Governor House Hotel and Evergreen Plaza, although it is partially blocked by the Governor House Hotel.				
L	Port Plaza viewing tower	Mt. Rainier	Overlaps with view 5	YES	Mt. Rainier is only slightly visible above the 3 story Market Centre office/retail building south of the Farmers Market building. Not recommended for further analysis as there is barely a view to be seen.				X



	Public Observation Point (FROM)	Landmark View (TO)	Redundant with previous views	View corridor inside study area	NOTES:	Not within study area	Unlikely to be blocked	Proximity to similar view	Highly constrained view
M	Unknown viewpoints	East Bay & West Bay Ridgelines		YES	This seems like it would be exceptionally restrictive. What is the observation point? There is a policy in the Comp Plan that states, "PL8.3 Prevent blockage of landmark views by limiting the heights of buildings or structures on the west and east Olympia ridge lines" but limiting views on the ridgelines is outside of the scope for the Downtown Strategy. Not recommended for further analysis.	X			
N	County Courthouse	Capitol Dome	NA	NO	View corridors from this viewpoint would be outside of the study area.	X			
O	Henry & State	Capitol Dome	NO	YES	Generally, this area is elevated relative to most of the study area meaning current zoning within the study area would not block this view; Thus, not recommended for further analysis at this time. Note: Probably should be looked at as part of future process to analyze citywide views as development outside of downtown could impact this view.		X - by DT dev		
P	Quince & Bigelow (Bigelow Springs Park)	Capitol Dome	NO	YES	This area is in R-4-8 zone. Generally, this area is elevated relative to most of the study area meaning current zoning within the study area would not block this view. Thus, not recommended for further analysis.		X		
Q	4th Avenue dam looking north under the bridge	Olympic Mountains	NO	NO	View corridors from this viewpoint would be outside of the study area.		X		



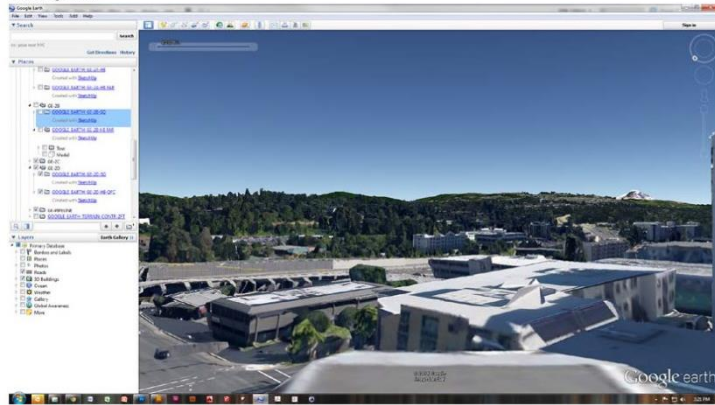
The following 21 views were identified early on as unlikely to be blocked, thus are not recommended for further analysis.

A. Viewsheds not Recommended for Further Analysis				
Unlikely to Be Blocked Because ...			Viewshed is:	
Public Observation Point FROM	Landmark View TO	Over the water	Over or adjacent to public ROW/ park	NOTES:
1 4th Ave Bridge to	Capitol Lake	X	X	State controlled lands
2 "	Olympic Mountains	X		
3 "	Mt. Rainer	X	X	
4 "	Capitol Dome	X	X	State controlled lands
5 "	Budd Inlet	X		
6 Capitol Way & 11th	Budd Inlet (looking north)		X	Looking north over Capitol Way and the Farmers' Market
7 Capitol Way & Talcott Ave	Capitol Lake	X	X	State controlled lands
8 Capitol Way & Amanda Smith Way	Capitol Lake	X	X	
9 Chestnut & 4th	Budd Inlet (looking north)			
10 Deschutes Parkway	Budd Inlet	X	X	State controlled lands
"	Capitol Lake	X	X	"
"	Capitol Dome	X	X	"
11 East Bay Dr. Lookout (benches at appx. 400' from intersection of Olympic Way & East Bay Dr.)	Budd Inlet	X		
12 "	Olympic Mountains	X		thru Swantown Marina
13 Northpoint	Budd Inlet	X		Lookout ID'd by Port
14 "	Olympic Mountains	X		"
15 Percival Landing	Capitol Dome	X	X	
16 "	Olympic Mountains	X		Expansive views along this path
17 "	Budd Inlet	X		"
18 Simmons St	Capitol Dome	X	X	
19 "	Capitol Lake	X	X	
20 West Bay Park Lookout	Budd Inlet	X	X	
21 "	Capitol Dome	X	X	

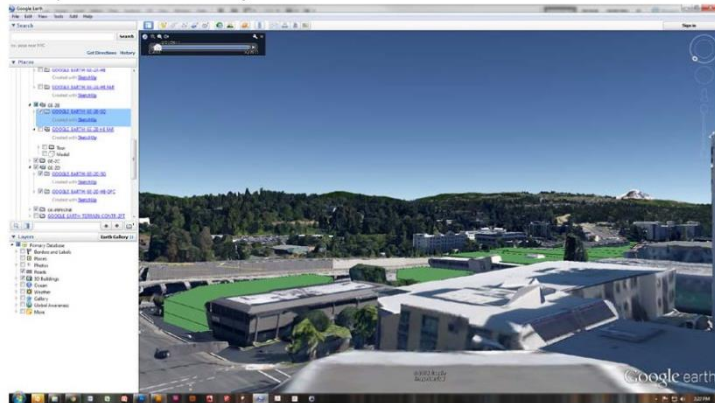


Downtown Bellevue Viewshed Analysis: City Hall to Mt Rainier

Existing view



Development under current zoning



Development with higher FAR



Process for Analysis of the 10 Viewsheds

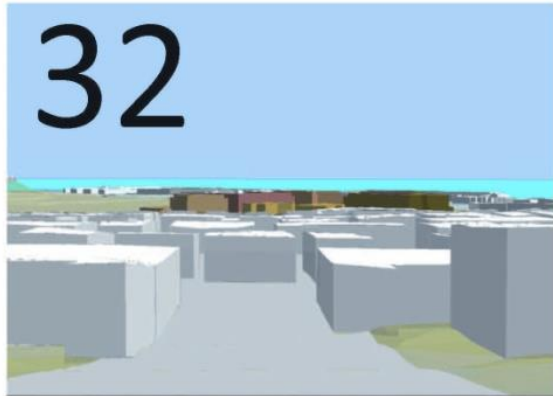
The MAKERS team will digitally analyze up to ten viewsheds. Public Workshop #3 on June 6 will include an exercise to gather feedback from the public on this digital analysis, and the relationship of protecting views to other downtown goals.

Digital 3D modeling. The analysis will include digital 3D modeling of buildings and landscape for the selected views. The views will likely fall under two types of analysis:

- Views affected by zone-wide height standards (e.g., view from Marine Channel across downtown to Mt Rainier), and
- Views affected by redevelopment at a specific site (e.g., 1063 blocking view of Capitol).

Zone-wide height increases analysis. For the first type of analysis, the models will show each view: 1) as it exists now, 2) if redeveloped under current zoning, and 3) under any zoning options being explored. Because of the number of buildings involved, the 3D model is built with a minimal level of detail to simply illustrate massing. (See the sample at right.)

Site-specific analysis. For the second type of analysis, and in some cases to integrate this analysis with additional urban design and character analyses, graphics may be provided that overlay a photo of the view with potential redevelopment. For example, the images below shows a view the Edmonds community wanted to protect. Potential development on the site in question was overlaid on the photo to demonstrate the reality of the potential development. This type of analysis can be more palatable for community members not accustomed to viewing massing models and is effective for exploring design guideline techniques to protect views. However, because it requires more detailed site analysis and building design, it can take more resources than the massing model. The team will need to judiciously select the 10 views for modeling and the type of analysis to perform on each.



Model (new buildings in color)



View with new building massing



Existing view



View with architectural detail



Analyze effect on other priorities. Economic feasibility, housing diversity, urban design, and character can be affected by view protection. If the 3D model illustrates that a view could be blocked by development, the strategies for view protection must be shaped with these other priorities in mind. The team will use the site-specific analysis described above for a limited number of sites to explore this range of priorities simultaneously. For example, the team may develop sample site designs with multiple variations to show the effect of different view protection techniques (e.g., setbacks, step backs, and height limits) on the economic feasibility of a housing development. The designs would simultaneously show various approaches to character and the development's effect on the overall urban design of the area.

Public feedback at Workshop 3. Applicable portions of the viewshed analysis will be presented at Workshop #3 and integrated with the related topics of economic development, housing diversity, urban design and character. Depending on the results of the analysis, workshop activities may ask participants to weigh in on the extent of views protection, especially when affecting other priorities. The full analysis and results may be displayed on boards and/or the summary report (see below) may be provided for people interested in more information.

Viewshed analysis summary report. The viewshed analysis results will be available in a summary report. It will illustrate each view's 3D modeling results, highlight where protection strategies are needed, and show sample strategies that would protect these views.

Recommend protection standards. Based on public feedback at Workshop #3, the team will refine the view protection strategies. View protection standards will likely be in the form of design guidelines and potentially development regulations. As part of the implementation tools for the Downtown Strategy, the team will provide design guideline recommendations and graphics, as well as land use and development code recommendations as needed, to address views protection.

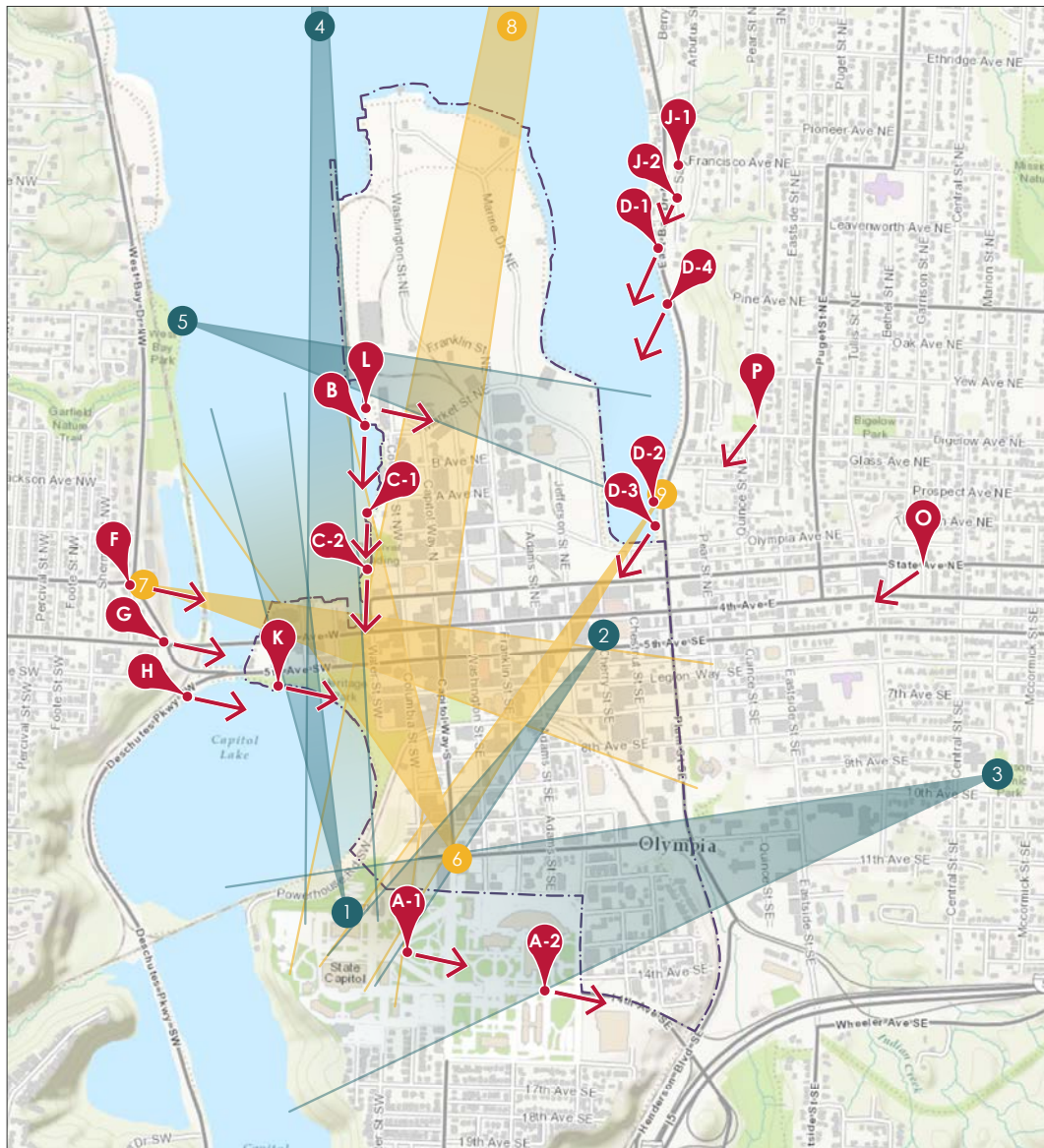
MAY 4, 2016

Preliminary Viewshed Analysis Information

OLYMPIA DOWNTOWN STRATEGY

Up to 10 views will be analyzed in this process. The team has explored the view corridors illustrated in the map below to help determine the most useful views for full analysis. The

following pages show the preliminary analysis of these views 1) as they exist today and 2) with current zoning build-out.



VIEWPOINTS (SELECTED OR SUGGESTED FOR ANALYSIS)

1 - 5 Views selected for analysis

6 - 9 Potential views for analysis

A - Q Additional views suggested through public input for analysis

Note: only views that pass through downtown study area are included on map.

DRAFT Viewshed Question Areas

① ① No effect on view.
These views are not included on this map (except C for discussion)

⬆️ ⬆️ Limited effect on view

⬇️ ⬇️ Potential view blockage

▭ Shaded area highlights places where future development may impact views

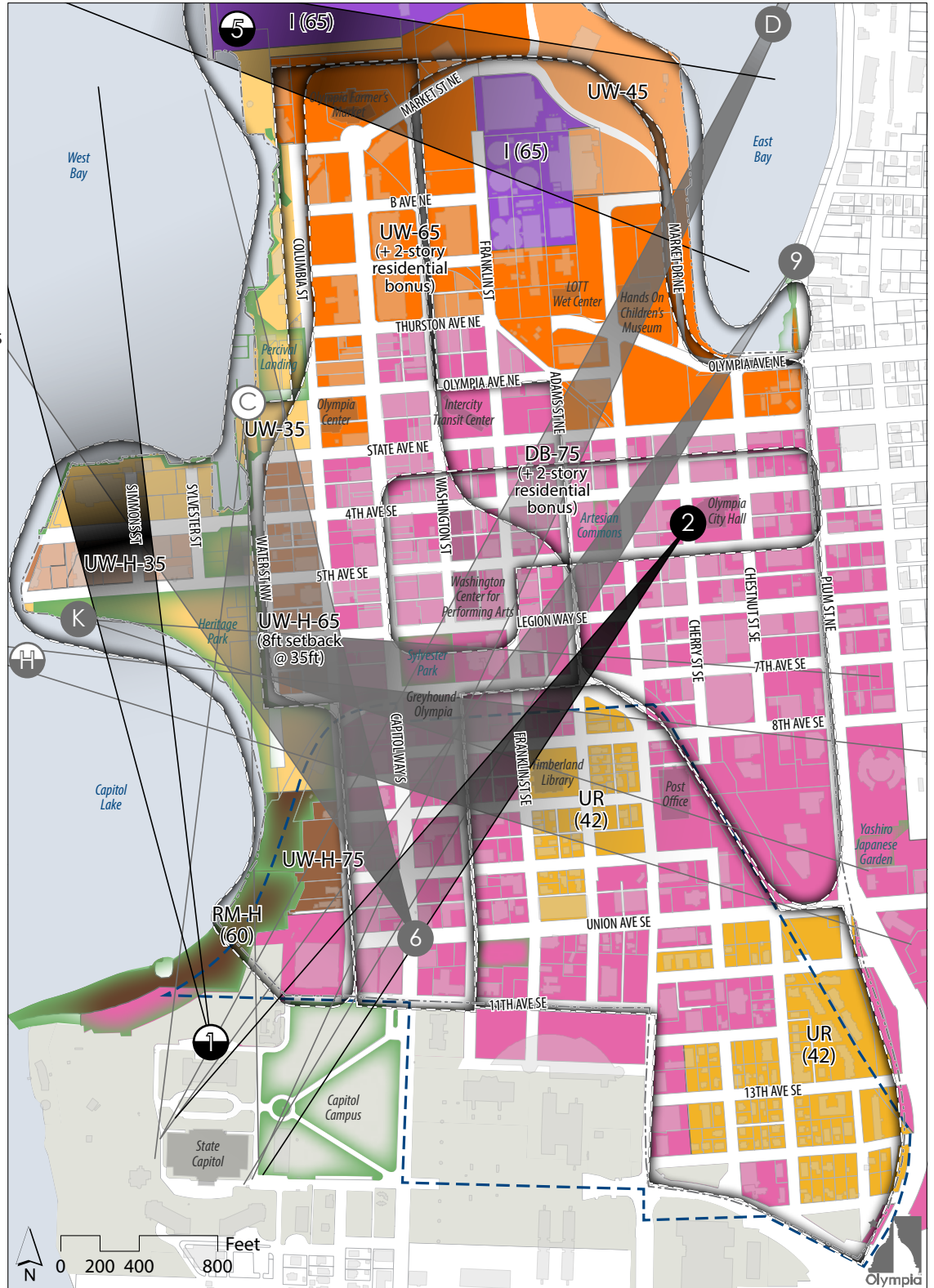
⌋ Character areas

ZONES

- Downtown Business (DB)
- Urban Waterfront 65 (UW-65)
- Urban Waterfront 45 (UW-45)
- Urban Waterfront 35 (UW-35)
- Urban Waterfront Housing 75 (UW-H-75)
- Urban Waterfront Housing 65 (UW-H-65)
- Urban Waterfront Housing 35 (UW-H-35)
- Urban Residential (UR)
- High Rise Multifamily (RM-H)
- Industrial (I)
- Capitol Heights District

EXISTING FEATURES

- Downtown planning area
- City and State parks
- State Capitol Campus
- Attractions or landmarks



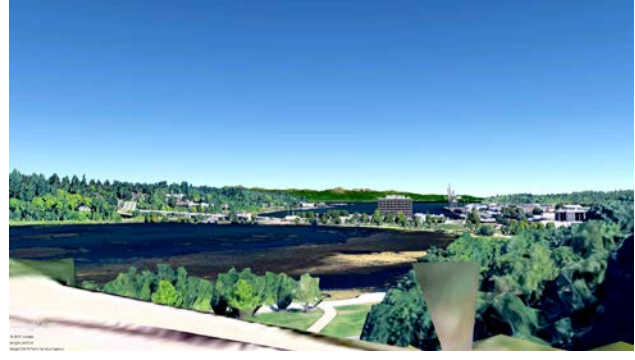
The circled numbers or letters are keyed to the views photos on the following pages. Black circles indicate the first 5 views already selected for analysis; grey indicates other views for potential analysis. The likely effect of development under current zoning is illustrated with the following symbols:

- ① No effect on landmark view
- ⬆️ Limited effect on view
- ⬇️ Blocked view

5 VIEWS SELECTED FOR ANALYSIS

Council's Land Use and Environment Committee moved forward the following five views (indicated with black circles on the page 2 map) for analysis due to their prominence in the public discussion on viewsheds and the potential for impacts.

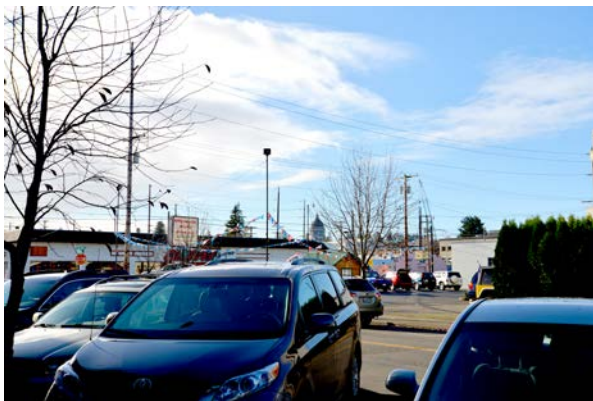
1 Capitol Campus Promontory to Budd Inlet



- Most important view on Survey 2
- Minimal impacts under existing zoning
- Urban design options could be explored during future isthmus master planning

Discuss with SWG—is this considered an impact?

2 Cherry Street to Capitol Dome



- Considered “not important” on Survey 2
- Has been useful for exploring Capital Heights District and 1063 Building issues

Discuss with SWG—how does view protection for this type of view balance with economic, lively streets, and housing goals for the area?

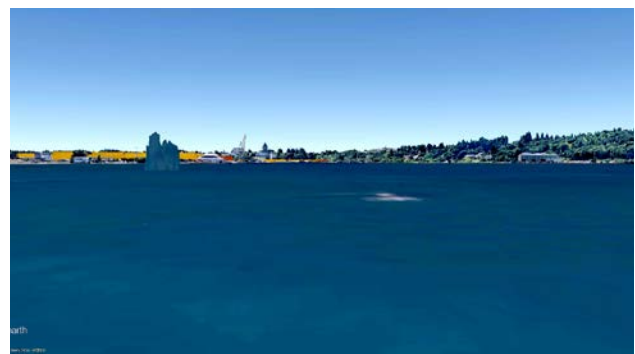
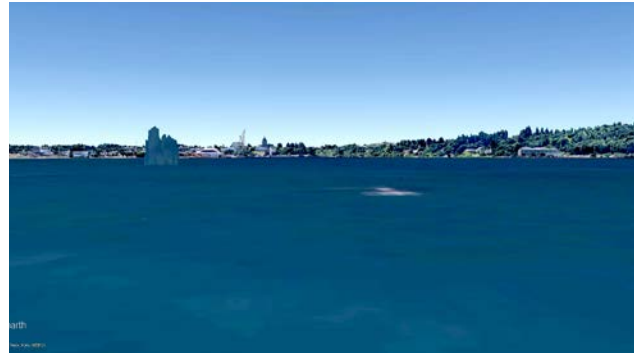
③ Madison Scenic Park to Capitol Dome/Capitol Forest



- Considered “somewhat important” on Survey 2
- Even 80’ buildings have no effect on view

No further analysis needed

④ Puget Sound Navigation Channel to Capitol Dome



- Considered “important” on Survey 2
- If considering options for isthmus, ensure they don’t affect this view

Tie with analysis for view #1

5 West Bay Park Lookout to Mt Rainier



- Considered "important" on Survey 2

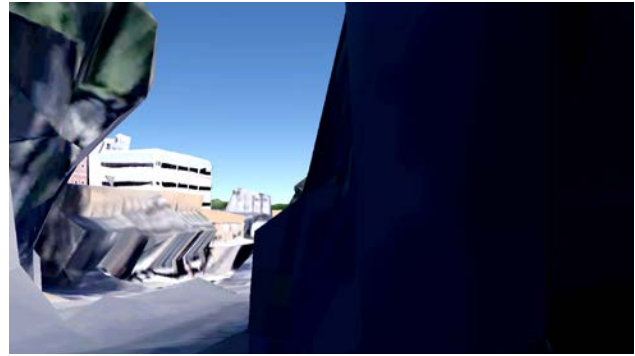
Discuss with SWG



4 VIEWS FOR POTENTIAL ANALYSIS

The following four views (indicated with grey circles and numbers on the page 2 map) were selected early in the process for potential analysis. The community weighed in on their importance on Survey 2. They are under consideration to be among the 10 fully analyzed views.

6 Capitol Way and Union to Olympic Mountains

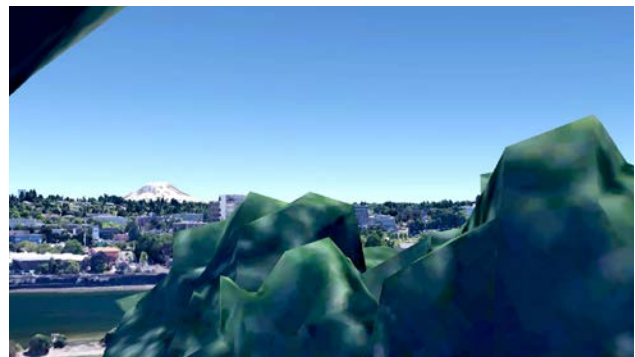


- Considered "somewhat important" on Survey 2
- Development on only a few properties would impact this view; challenge with "picking on" select properties where others have already built higher

Discuss with SWG

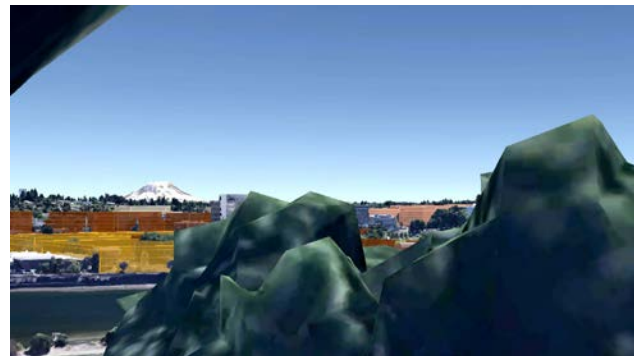


7 Park of the Seven Oars to Mt Rainier



- Considered "very important" on Survey 2
- Preliminary analysis shows no effect on view

Not recommended for further analysis



⑧ Priest Point Park to Capitol Dome

Photo forthcoming

- Considered “important” on Survey 2
- Preliminary analysis shows no effect on view

Not recommended for further analysis

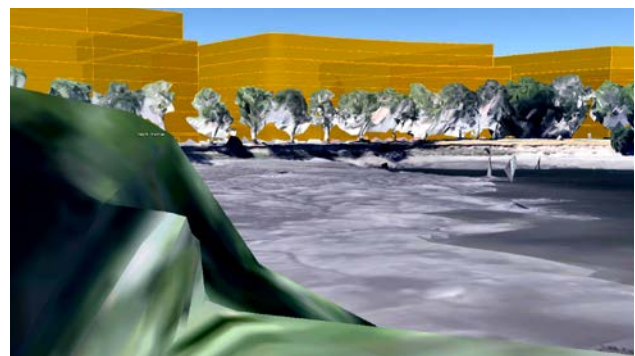
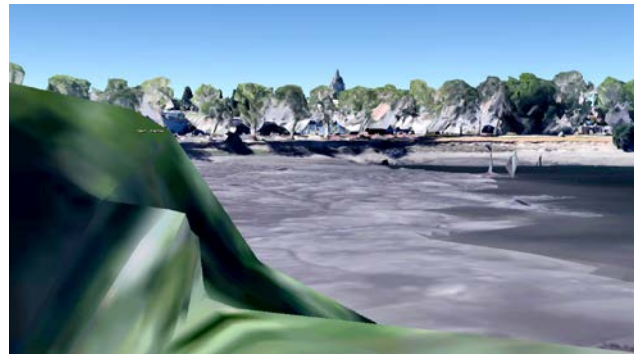


⑨ East Bay Drive Lookout to Capitol Dome



- Considered “important” on Survey 2
- Deciduous trees seasonally block view
- Existing benches face north; parks investment would be needed to emphasize this view
- Council voted to maintain 65’ height limit at shoreline

Discuss with SWG



Note: Marathon Park (on Deschutes Parkway) to Mt Rainier was also suggested for analysis, but no view of Mt Rainier exists from Marathon Park. Thus, it was not added to Survey 2 or this list.

ADDITIONAL VIEWS FROM PUBLIC INPUT

The following 17 views (indicated with grey circles and letters on the page 2 map) were suggested by community members as part of Survey 2. A few do not pass through downtown; the others are under consideration to be among the 10 fully analyzed views.

Ⓐ Capitol Campus to Mt Rainier

- Existing view is limited (Mt Rainier highlighted in red in the image to the right)
- View just barely passes through three downtown blocks
- View more likely to be effected by Capitol Campus development than City zoning

Not recommended for further analysis



Ⓑ Port Plaza to Capitol Dome



- Water Street Development on Heritage Park block, if allowed heights greater than current limit of 35', could potentially block views
- Similar to view C; C-2 shows worst-case scenario of view blockage

Discuss with SWG



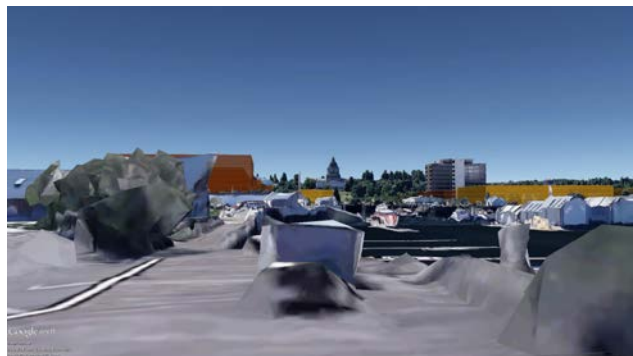
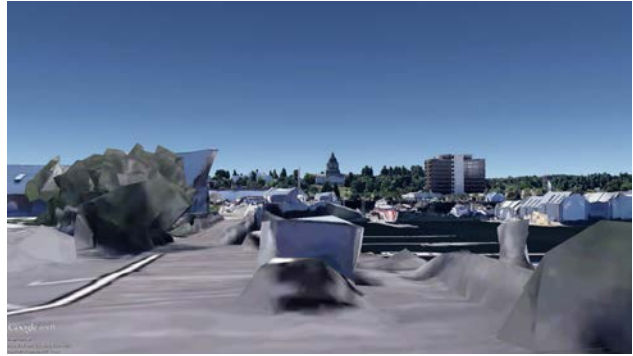
© Percival Landing to Capitol Dome

Photo forthcoming

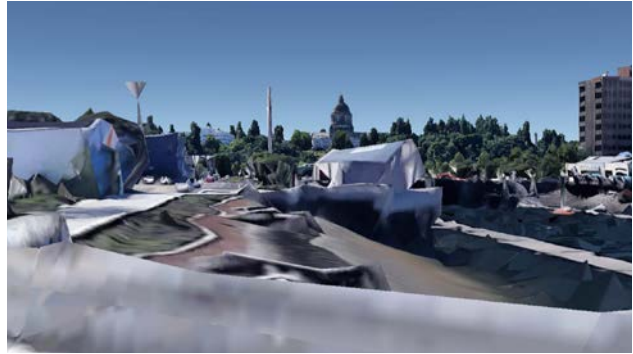
- Two viewpoints explored; further south viewpoint more likely to be effected
- Like view B, Water Street Development, if allowed greater heights, could affect view
- If analyzing design options and greater heights, definition of “Capitol Dome” (i.e., dome vs dome and drum) will be important

Discuss with SWG—analyze design options?

C-1



C-2

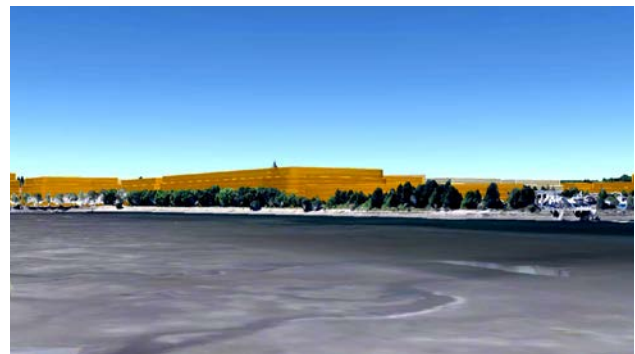


D East Bay Drive to Capitol Dome

Photo forthcoming

- Similar to view 9
- Hands-On Children's Museum property unlikely to redevelop; need to explore other properties' effect on view

Discuss with SWG



E Route 101 at Red Lion Inn to Mt Rainier

- View does not pass through downtown

No further analysis needed

F Harrison Roundabout to Mt Rainier

- Not a significant viewpoint
- Most views are blocked by evergreen and deciduous trees
- View protection not intended for auto-oriented viewpoints
- View unlikely to be blocked by current zoning

Not recommended for further analysis



4th Avenue Lower Roundabout to Mt Rainier

- Similar to view H
- View protection not intended for auto-oriented viewpoints
- View unlikely to be blocked under current zoning

Not recommended for further analysis



Deschutes Parkway to Mt Rainier



Source: Nancy Partlow

Discuss with SWG



① **Lakeridge Drive to Capitol Dome and Capitol Lake**

- View does not pass through downtown

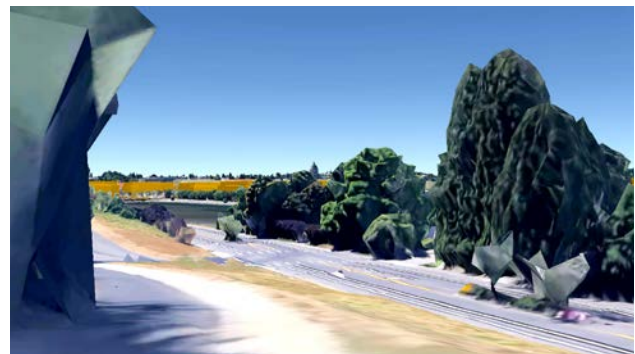
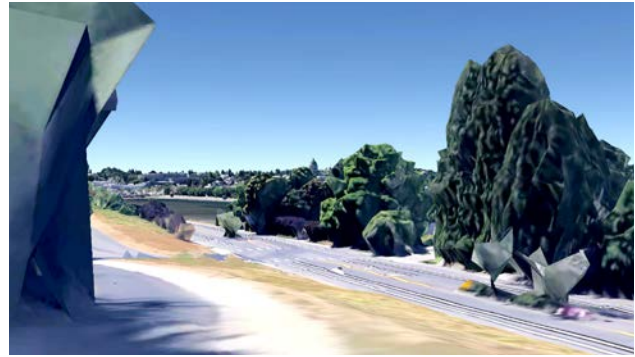
No further analysis needed

② **San Francisco Ave to Capitol Dome**



- Limited view from small hillside area; no view from East Bay Drive intersection
- View unlikely to be effected under current zoning

Not recommended for further analysis

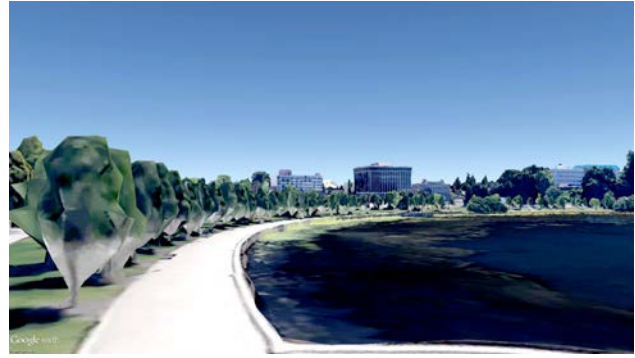


K Eastern Washington Butte/Heritage Park to Mt Rainier



- Limited existing view
- Nearby buildings already built to allowed zoning; difficulty with “picking on” a single property owner
- Desirable place to develop
- Similar to view H

Discuss with SWG—leaning toward recommending no further analysis

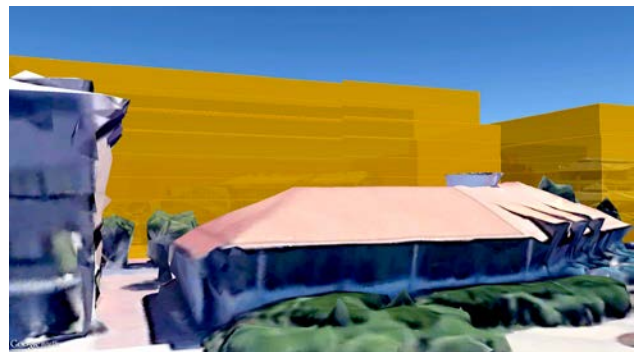


L Port Plaza Viewing Tower to Mt Rainier



- Limited existing view

Not recommended for further analysis



M Unknown viewpoint to East Bay and West Bay ridgelines

- Vague and unnecessarily restrictive
- The related City policy addresses building heights on the ridgelines, which are outside of the downtown study area
- Depending on viewpoint, likely that the view does not pass through downtown

Not recommended for analysis

N County Courthouse to Capitol Dome

- View does not pass through downtown

No further analysis needed

O Henry and State to Capitol Dome



- View unlikely to be blocked by downtown development
- Note: Outside of the study area, protecting this view would cause the Olympian property east of the Olympian Building to be restricted

Not recommended for further analysis as part of Downtown Strategy scope



P Quince and Bigelow (Bigelow Springs Park) to Capitol Dome



- View unlikely to be blocked

Not recommended for further analysis



Q 4th Avenue dam viewing platform looking north to Olympic Mountains

- View does not pass through downtown

No further analysis needed

OLYMPIA DOWNTOWN STRATEGY

MARKET ANALYSIS

PREPARED FOR:

**CITY OF OLYMPIA AND
MAKERS ARCHITECTURE AND URBAN DESIGN**

PREPARED BY:

PROPERTY COUNSELORS

MARCH 2016

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I. INTRODUCTION AND SUMMARY

INTRODUCTION

Olympia is the capitol city of Washington State and enjoys a stable workforce with an engaged and educated community. Its historic downtown has a dramatic natural setting and a variety of living, shopping, and entertainment experiences. Over the past twenty years, Downtown has benefitted from over \$150 million in investment in public infrastructure and amenities. The City is looking to capitalize on that investment by adopting a Downtown Strategy that will provide a plan for achieving the vision for Downtown. The Strategy will set priority actions for the next five to six years, illustrate desired design elements and future conditions, guide City budgets, work plans and partnerships, and help to market downtown.

In order to identify realistic economic opportunities for Downtown, the Strategy includes a market analysis for potential uses that could be supported over the next 20 years. The analysis will provide a basis for identifying physical improvements to Downtown, as well as conditions that will support private investment. All of these elements will become part of the overall strategy for the future.

This report documents the results of the market analysis for potential uses. It is organized into seven sections.

- I. Introduction and Summary
- II. Economic and Demographic Overview
- III. Downtown Profile
- IV. Demand for Retail
- V. Demand for Office
- VI. Demand for Residential
- VII. Demand for Lodging

The major findings and conclusions of the analysis are summarized in the remainder of this section.

SUMMARY

ECONOMIC AND DEMOGRAPHIC OVERVIEW

Government is the largest category of employment in Thurston County with 34% of total wage and salary employment. State employment has grown since 2011 to reach a total of over 25,000 full and part-time workers. Olympia's share of State workers in Thurston County has fallen from 66% 1998 to 52% in 2011.

Olympia is the largest of the three major cities in Thurston County. The average household size in Olympia is lower than in the other two cities; the median age is higher; and the median income is lower. The population in Olympia is projected to increase by 17,390 over the next 20 years. The City's Comprehensive Plan calls for 25% of that increase to occur in Downtown Olympia.

The visitor industry in Thurston County is comparable in terms of number of employees to the wholesale or manufacturing sectors. Olympia is easily accessible within the region by automobile, and offers several park, recreation and museum attractions.

DISTRICT PROFILE

The Downtown Strategy Area is defined as the area west of Plum Street, north of 11th SW and 14th SW, west of Capitol Lake, north to include the Port of Olympia property. The area includes approximately 500 acres of land. The area includes over seven million square feet of buildings as determined by a recent inventory by the City. The amount of building area is equally distributed among ground floor uses and all upper floors. Office is the most prominent use, followed by residential and retail. Much of the retail space is located on the ground floor. Most of the residential and office space is on upper floors.

The total population of Downtown in 2010 was approximately 1,800, an increase of 21% over the previous decade. The area south of Legion Way has a greater population than the area to the north, and grew at a faster rate over the decade. The area to the north has a significantly higher median age, lower household size and lower median income. Overall there are 931 units of low and moderate income housing units (both subsidized and low cost) and 714 market rate units. The latter number includes 299 units currently under construction. The number of units under construction represents almost 20% of the total number of units Downtown. These units represent a significant shift in the balance between low and moderate income and market rate units.

The largest single category of business in terms of square feet is restaurants. Including bars and coffee shops/bakeries, the food service cluster represents one-third of total retail and restaurant space downtown. General retail and boutiques is the second largest single category. Together with furniture, apparel, art, antiques, books, and jewelry, specialty retail makes up almost 30% of total space. There is only one grocery store and no stand-alone drug store. Downtown taxable sales represent only 4.6% of city-wide retail trade and 21% of selected services. Downtown has the largest shares of city-wide sales for

Non-store Retailers, Personal Services, Miscellaneous Retailers, Arts/Entertainment/Recreation, and Foods Services.

DEMAND FOR RETAIL

Total taxable retail sales in Olympia grew from \$1.10 billion in 2004 to \$1.24 billion in 2014, an annual average growth rate of 1.2 percent, well below the rate of inflation for the period of approximately 2.4%. Retail trade grew at .8% percent while the selected services grew at 3.4 percent. Automobiles, Food Services, General Merchandise, and Building Materials were the largest sectors. The fastest growing sectors city-wide were E-commerce, Arts and Entertainment, Drug Stores and Convenience Stores.

Downtown Olympia currently has a business mix typical of a lifestyle retail center with multiple tenants in the food service, entertainment, furnishings, apparel and miscellaneous retail. It is distinct from the regional shopping centers in West Olympia and Lacey, and the many neighborhood and community scale centers that provide more convenience type goods that shoppers seek on a frequent basis. The asking rents for several established retail buildings in Olympia typically fall in the range of \$15 to \$20 per square foot. There are many buildings with rents below these levels, particularly in Downtown Olympia. Such rents provide opportunities for new businesses to become established and grow over time.

The total potential increase in sales is estimated to be \$152 million annually by 2035, an increase of approximately 100% over the period. Capture of regional growth represents the largest share if this increase, followed closely by increased downtown capture in selected sectors, and increased sales to Downtown residents. The sectors with the largest potential increase are Food Services, Food and Beverage, Miscellaneous Retail, and Apparel and Accessories. Increased sales of this magnitude would support an additional 650,000 square feet of retail space, an increase of approximately two-thirds over the current inventory.

DEMAND FOR OFFICE

State-occupied space represented 51 percent of all office space in the County in 2014. The actual percentage was undoubtedly higher, as the total square feet includes vacant space, and space that may serve some retail uses. The State-occupied buildings include most of the larger office buildings, while much of the non-State space is in smaller buildings. The amount of State leased space declined dramatically between 2010 and 2014. Accordingly, the amount of Non-State space increased dramatically, but the amount of occupied space has not kept pace. The estimated office vacancy is approximately 10%, and the vacant space represents approximately eight to ten years absorption at historic rates.

The highest office rents in Olympia are in the higher amenity buildings with water views Downtown. None of these buildings were built in the past ten years. The newest major office building in downtown Olympia is the Washington State Employees Credit Union

building on Union Street, but this building is owner-occupied. There are very few new private office projects in the County. The State-owned 1063 Building is under construction on the capitol campus. Thurston County is considering possible relocation of its administrative buildings in West Olympia above Capitol Lake, with Downtown Olympia a possible location.

Office using employment in Olympia is projected to grow by 5,357 between 2014 and 2040. Office using employment in Thurston County is projected to grow by 16,748 between 2014 and 2040. This growth would support an additional 41,000 square feet each year in Olympia and 124,000 square feet in the county as a whole. At this rate it would require approximately eight years to fill the existing vacant office space county-wide. However, with conversion of some buildings to residential or other uses, and with the lack of any new Class A office space developed in Olympia over the past decade, there will be support for new development in Olympia sometime sooner than that eight year horizon.

DEMAND FOR RESIDENTIAL

Multifamily development is relatively common in Olympia, with multifamily representing 40% of total units in 2015. Over the past 15 years, 44% of the net increase in units in Olympia was in multifamily units. Olympia has a current vacancy rate (as of September 2015) of 3.6 percent, higher than the other cities, but lower than the 5.0 percent target rate for a typical market. Units built since 2010 in Olympia have a slightly lower average vacancy. Olympia's average rents are lower than the average for the county as a whole. This can be partly attributed the older inventory in the city. Considering only units built since 2010, rents are much higher in Olympia. Generally, prevailing rents of \$1.00 to \$1.40 per square foot are less than the rents necessary to support the cost of new construction of midrise buildings with structured parking. However, the 123 4th building under construction has asking rents of \$2.00 per square foot or more, levels that will support such construction.

The average home values for condominiums/coops in Olympia are estimated by Zillow to be \$196,000 compared to \$254,000 for all homes. Condominium/coop values dropped from a peak of \$241,000 in 2007, to a low of \$175,000 in 2012, before returning to the current value. Of the units currently for sale many are in projects built just prior to the recession. Most of the units for sale are townhouse units. The most expensive units generally range in size from 1,500 to 2,000 square feet. On a per square foot basis, the highest priced units are just over \$200. However, many of the new townhouse units are for sale for approximately \$150 per square foot. Generally, condominium sales have begun to increase and prices have stabilized, but the current prices are still well below the prices necessary to justify new investment.

The City targets that approximately one-quarter of the projected increase in City population over the next 20 years will locate Downtown. This increase would represent 2,500 to 3,500 additional housing units depending on the average household size. The distribution of new units by type will be based on the likely household composition and

income levels of new residents. Family households with children under 18 are more likely to choose a townhouse. Family households without children, and with higher incomes are more likely to choose a midrise unit. Non-family households, with moderate incomes are more likely to choose a lowrise unit. The projected demand by unit type over the twenty year period is:

Townhouses	590 to 830 units
Lowrise (2-3 stories)	690 to 970 units
Midrise (4-5 stories)	<u>1,220 to 1,700 units</u>
Total	2,500 to 3,500 units

DEMAND FOR LODGING

The lodging industry suffered major shocks over the last decade. Activity in all jurisdictions in the County declined with the general economy in 2008, but has recovered strongly since then. Olympia captures the largest share of lodging activity, followed by Lacey.

There are over 2,000 guestrooms in the Olympia market area, with 36% in Lacey, 34% in Olympia, and 26% in Tumwater. Of the major hotels, only two are full-service hotels. In addition, only eight have significant amounts of meeting space. The Towne Place Suites on Capitol Way in Olympia opened in January 2016 after a major renovation. The Tumwater La Quinta opened in 2015. A Hampton Inn and Suites is scheduled to open with 126 rooms at 4301 Martin Way in Olympia in June 2016. A 118 room Hilton Garden Inn is under construction on Henderson Boulevard in Olympia. A Marriott Courtyard is proposed for an adjacent site.

Real growth in hotel performance reflects growth in room nights and growth in average daily room rate above inflation. The historical real growth rate was 2.3% between 1994 and 2015, a very challenging period for the industry. Future growth is assumed at 2.5% to 3.5%. The City’s current share of county-wide room revenue was 46% in 2015 down from 51% in 2003. Olympia should be able to maintain that share and even increase it somewhat based on likely enhancements to Downtown. The number of supportable new hotel rooms in the study area over the next 20 years is projected to range from 138 to 311. A portion of the new rooms are likely to be limited service rooms. But it is important that at least one full service hotel be included in order to diversify the market segmentation and reinforce Downtown as the center of the local lodging and entertainment sector.

SUMMARY OF POTENTIAL DEMAND

The projected demand for increased development in Downtown Olympia is summarized in Table I-1.

**Table I-1
Summary of Projected Demand**

	2015-2025	2025-2035	2015-2035
Residential Units			
Townhouse	342-479	342-479	684-958
Low rise	549-768	549-768	1,097-1,536
Mid Rise	360-503	360-503	719-1,006
	1,250-1,750	1,250-1,750	2,500-3,500
Retail Square Feet	327,000	328,000	655,000
Office Square Feet	200,000*	200,000	400,000
Hotel Rooms	62-133	76-178	138-311
* includes backfill.			

In order to achieve these projected levels, it will be necessary to improve the desirability of Downtown through:

Promotion of a positive identity.

Addition of streetscape improvements and public amenities to enhance attractiveness.

Response to perceptions of lack of parking and security.

Promotion of business retention and attraction.

II. ECONOMIC AND DEMOGRAPHIC OVERVIEW

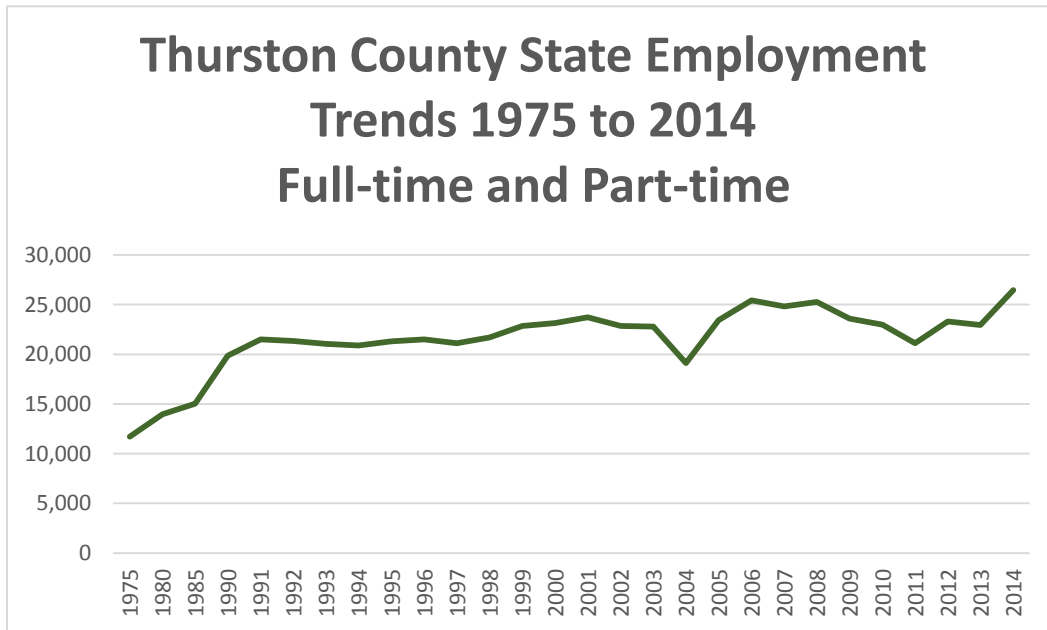
The physical and economic characteristics of Olympia and Thurston County will affect Downtown Olympia’s potential for a range of uses. These attributes are discussed in this section in terms of:

- Employment
- Population
- Population Characteristics
- Visitor Activity

EMPLOYMENT

Government dominates employment in Thurston County. As shown in Table II-1 on the next page, government represents approximately 34 percent of total employment within the County. The State is the single largest employer in the County. State employment in Thurston County exceeded 25,000 in 2014, after a decline to below 20,000 in 2004, and to 21,000 in 2011, as shown in Figure II-1.

Figure II-1



Source: WA Office of Financial Management, Thurston Regional Planning Council

Table II-1
Thurston County Covered Employment by Sector – 2005-2014

	2005	2010	2014	Avg. Ann. Gr.	Avg. Wage 2014
Agriculture, forestry, fishing and hunting	1,647	1,369	1,541	-0.7%	\$35,725
Mining	59	35	31	-6.9%	\$53,783
Utilities	213	169	170	-2.5%	\$84,354
Construction	4,425	3,274	3,894	-1.4%	\$47,173
Manufacturing	3,139	2,986	3,162	0.1%	\$48,471
Wholesale trade	2,255	2,689	3,067	3.5%	\$87,897
Retail trade	10,510	11,075	11,842	1.3%	\$28,134
Transportation and warehousing	1,693	1,642	2,146	2.7%	\$36,650
Information	947	991	918	-0.3%	\$58,450
Finance and insurance	2,688	2,158	2,452	-1.0%	\$62,324
Real estate and rental and leasing	1,304	1,272	1,233	-0.6%	\$32,953
Professional and technical services	2,741	3,241	3,592	3.0%	\$58,503
Management of companies and enterprises	486	663	724	4.5%	\$67,198
Administrative and waste services	3,813	3,316	5,216	3.5%	\$28,865
Educational services	1,168	1,271	1,848	5.2%	\$39,308
Health care and social assistance	9,745	11,582	13,286	3.5%	\$43,082
Arts, entertainment, and recreation	1,018	1,189	1,175	1.6%	\$19,388
Accommodation and food services	6,595	7,519	7,991	2.2%	\$16,659
Other services, except public administration	3,993	4,433	3,377	-1.8%	\$33,855
GOVERNMENT	35,375	35,867	35,435	0.0%	\$55,904
Total	93,814	96,741	103,100	1.1%	\$45,026

Source: Washington State Employment Security Department, Quarterly Covered Employment and Wage Report.

As shown in Table II-1, the average wage for covered employment in Thurston County was \$45,000 in 2014. The sectors with the highest average wages were Wholesale Trade, Utilities, Management of Companies and Enterprises, and Finance and Insurance.

The share of State employment located in Olympia declined from 66% in 1998 to 50% currently as shown in Table II-3. The State dispersed many of its functions over this period, but has since begun to concentrate them again in Olympia.

**Table II-2
State Employment Distribution Trends**

	1994	1998	2003	2008	2010	2014
Employment						
Lacey & UGA	2,620	2,570	3,550	3,150	2,906	2,359
Olympia & UGA	12,300	14,260	12,040	12,210	12,337	12,036
Tumwater & UGA	4,120	3,720	6,030	7,970	7,936	7,613
Other Locations in Thurston	790	1,200	1,210	1,210	1,097	1,109
Total	19,830	21,750	22,830	24,540	24,276	23,117
% of Total						
Lacey & UGA	13%	12%	16%	13%	12%	10%
Olympia & UGA	62%	66%	53%	50%	51%	52%
Tumwater & UGA	21%	17%	26%	32%	33%	33%
Other Locations in Thurston	4%	6%	5%	5%	5%	5%
Total	100%	100%	100%	100%	100%	100%

¹2003 employment numbers allocated to 2005 locations.

Source: Washington State Departments of Employment Security and General Administration; TRPC.

The largest non-government employers are shown in Table II-2. The figures show that employment in the area is dominated by institutions and retailers.

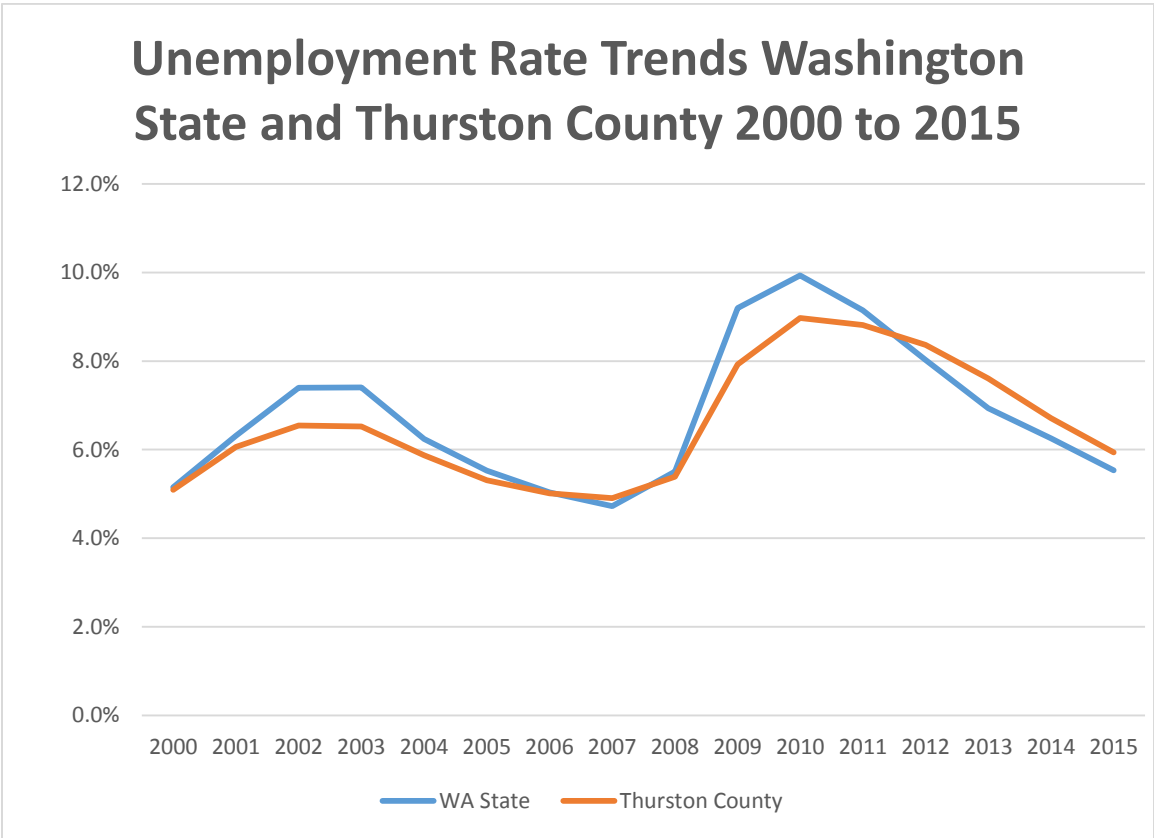
**Table II-3
Thurston County
Largest Non-Government Employers - 2014**

	No. of Employees
Providence St. Peter Hospital	1,600
Walmart Supercenter (3 locations)	1,023
South Sound Community College	780
Xerox	650
Capitol Medical Center	600
Macy's	600
Nisqually Red Wing Casino	600
Lucky Eagle Casino	600
Weyerhaeuser Company (3 locations)	565
YMCA (2 locations)	551
Evergreen State College	550
Great Wolf Lodge	500
WA Employees Credit Union	499
Panorama	450
Costco (2 location)	420
B Marlen Ear Nose Throat Center	400
Titus Will Chevrolet Buick GMC Cadillac	400
Maple Lane School	320
Cabela's	300
Twinstar Credit	300
Home Depot	295

Source: Thurston Economic Development Commission

Thurston County's economy is somewhat stable, comparable to the State as a whole. As shown in Figure II-2, the county unemployment rate has been higher than the rate for the State over the last four years, but was lower than the rate for the State in ten of the previous eleven years. The current rate is 5.9 percent, compared to the rate of 5.5 percent for the State as a whole.

Figure II-2



Source: Washington State Department of Employment Security, Labor Market Economic Analysis, United States Department of Labor

Size characteristics of businesses in Thurston County as measured by the percentage of businesses with 4 or fewer employers is summarized in Table II-4. As shown 56% of all businesses have four or fewer employees.

Nonagricultural wage and salary employment is projected to increase at an average annual rate of 1.5 percent between 2014 and 2040, as shown in Table II-5. The fastest growing sectors in Thurston County are projected to be construction, information, and services. Employment in Olympia is projected to grow at a slightly slower rate of 1.3% per year over the period. The fastest growing sectors in Olympia are projected to be construction, services and retail.

**Table II-4
Business Size Statistics Thurston County**

	Establishments	Establishments with 1-4 Employees	% of Total Establishments
Agriculture, forestry, fishing and hunting	53	35	66%
Mining	5	3	60%
Utilities	11	7	64%
Construction	676	488	72%
Manufacturing	170	87	51%
Wholesale trade	202	108	53%
Retail trade	776	321	41%
Transportation and warehousing	125	76	61%
Information	89	40	45%
Finance and insurance	333	194	58%
Real estate and rental and leasing	316	252	80%
Professional and technical services	627	440	70%
Management of companies and enterprises	19	11	58%
Administrative and waste services	300	199	66%
Educational services	82	40	49%
Health care and social assistance	792	388	49%
Arts, entertainment, and recreation	88	42	48%
Accommodation and food services	542	167	31%
Other services, except public administration	618	372	60%
Industries not Classified	16	16	100%
Total	5,840	3,286	56%
Source: US Census, County Business Patterns, Property Counselors			

**Table II-5
Thurston County and Olympia
Total Non-Agriculture Covered Employment Projections**

Olympia				
Total Employment				
	2014	2040	Change 2014- 2040	Average Annual Change
Resources	115	115	-	0.0%
Construction	1,260	3,405	2,145	3.9%
Manufacturing	870	885	15	0.1%
Transportation Com	530	695	165	1.0%
Wholesale Trade	755	830	75	0.4%
Retail Trade	6,560	8,740	2,180	1.1%
Information	710	930	220	1.0%
FIRE	3,695	4,605	910	0.9%
Services	9,890	15,865	5,975	1.8%
Government/Educati	28,955	38,880	9,925	1.1%
Total	53,340	74,950	21,610	1.3%
Thurston County				
Total Employment				
	2014	2040	Change 2014- 2040	Average Annual Change
Resources	2,905	2,875	(30)	0.0%
Construction	6,195	13,000	6,805	2.9%
Manufacturing	3,240	3,630	390	0.4%
Transportation Com	3,160	4,185	1,025	1.1%
Wholesale Trade	3,680	4,280	600	0.6%
Retail Trade	15,010	21,505	6,495	1.4%
Information	1,270	2,050	780	1.9%
FIRE	9,825	13,210	3,385	1.1%
Services	26,820	43,985	17,165	1.9%
Government	61,825	90,990	29,165	1.5%
Total	133,930	199,710	65,780	1.5%

Source: Thurston Regional Planning Council (TRPC), 2012

The military is an important sector in Thurston County. Although there are no major facilities in the county, Joint Base Lewis and McCord (JBLM) to the north in Pierce County has a strong impact on residential and commercial demand. As shown in Table II-6, Thurston County houses 5,250 active duty military personnel. Thurston County offers an attractive relatively affordable housing opportunity for service people and their

families stationed at JBLM. A community survey prepared for JBLM offered several relevant findings:

- 59% of active duty personnel living off-base are married and/or have children.
- 70% of respondents plan to remain in the region for their next deployment.
- 45% of off-base respondents transitioning out of military in next five years would like to remain in the region.

These households have needs for housing and commercial and public services.

**Table II-6
Resident Active Duty Military Personnel
2000 to 2011**

	2000	2010	2011	2012
Pierce	16,647	23,905	24,829	28,113
Kitsap	10,624	13,627	13,328	13,989
Island	6,208	6,471	6,186	6,451
Spokane	3,103	4,219	4,956	4,960
Thurston	1,979	4,241	4,452	5,250
King	1,977	2,688	2,861	2,861
Snohomish	4,662	5,110	5,213	5,245
Other	2,710	3,485	3,569	3,604
Washington State	47,910	63,746	65,394	70,473

Source: Office of Financial Management, Population Trends 2012.

POPULATION

Population within Thurston County has grown at the rate of 2.0 percent per year since 1990, a rate greater than that of the State as a whole and adjacent counties over the same period. Generally the counties at the periphery of the urbanized area around the Seattle metropolitan area are experiencing the fastest growth rates. Seventy seven percent of the net change in population in the County between 1990 and 2010 was due to net migration as opposed to natural increases. Since 2010, the rate of in migration has slowed, but 63% of net growth has come from net migration. The County is an attractive destination for households looking to relocate.

**Table II-7
Population Growth Trends
Thurston and Adjacent Counties**

					Avg. Annual Growth
	1990	2000	2010	2015	1990 - 2015
State of Washington	4,866,663	5,894,121	6,724,540	7,061,410	1.5%
Thurston	161,238	207,355	252,264	267,410	2.0%
Grays Harbor	64,175	67,194	72,797	73,110	0.5%
Lewis	59,358	68,600	75,455	76,660	1.0%
Mason	38,341	49,405	60,699	62,200	2.0%
Pierce	586,203	700,820	795,225	830,120	1.4%
King	1,507,319	1,737,034	1,931,249	2,052,800	1.2%

Source: Washington State Office of Financial Management

Olympia is the largest of the three major cities in Thurston County, but the City and its surrounding urban growth area (UGA) have less population than Lacey and its UGA. The population in Olympia is projected to increase by 17,390 over the next 20 years. The City’s Comprehensive Plan targets 25% of that increase to occur in Downtown Olympia.

**Table II-8
Population Growth Trends
Thurston County Cities**

Jurisdiction		US Census	Estimated	Forecast				
		2010	2015	2020	2025	2030	2035	2040
Bucoda	Total	560	565	575	675	890	1,065	1,215
Lacey	City	42,390	46,020	49,360	50,850	52,170	53,090	54,910
	UGA	33,170	34,210	39,250	44,140	49,350	54,630	59,290
	Total	75,560	80,230	88,610	94,990	101,520	107,720	114,200
Olympia	City	46,480	51,020	55,160	60,750	65,630	68,410	71,840
	UGA	11,840	11,920	12,690	13,280	14,310	15,990	16,770
	Total	58,320	62,940	67,850	74,030	79,940	84,400	88,610
Rainier	City	1,795	1,880	2,035	2,175	2,480	2,660	2,810
	UGA	110	110	110	135	360	485	640
	Total	1,905	1,990	2,145	2,310	2,840	3,145	3,450
Tenino	City	1,695	1,730	1,745	2,010	2,670	3,095	3,675
	UGA	15	15	15	25	80	90	110
	Total	1,710	1,745	1,760	2,035	2,750	3,185	3,785
Tumwater	City	17,370	19,100	22,930	25,800	28,440	30,100	32,550
	UGA	6,350	6,550	7,910	9,820	11,710	12,790	13,750
	Total	23,720	25,650	30,840	35,620	40,150	42,890	46,300
Yelm	City	6,850	8,170	12,570	16,990	19,910	21,980	25,070
	UGA	1,350	1,420	1,480	1,610	2,550	4,310	5,700
	Total	8,200	9,590	14,050	18,600	22,460	26,290	30,770
Grand Mound UGA	Total	1,345	1,285	1,465	1,630	1,775	1,885	1,990
Chehalis Reservation	Total	65	70	90	105	125	160	190
Nisqually Reservation	Total	575	605	985	1,035	1,070	1,120	1,230
Total Cities		117,140	128,480	144,380	159,240	172,190	180,390	192,070
Total UGAs		54,180	55,500	62,920	70,650	80,130	90,170	98,250
Total Reservations		640	670	1,070	1,140	1,200	1,280	1,420
Rural Unincorporated County		80,300	82,760	87,500	91,130	95,030	98,740	101,930
Thurston County Total		252,300	267,400	295,900	322,200	348,600	370,600	393,700
SOURCE	Thurston Regional Planning Council Small Area Population Estimates and Population and Employment Forecast Work Program, 2014.							

Several major population characteristics are compared for Thurston County and its major cities in Table II-9.

Household Size: Olympia has the lowest average household size of the cities in the county. There are relatively fewer families than in the latter communities.

Age: The median age in Olympia is higher than the median age in the surrounding cities, but lower than the County median. There are fewer school age children, but fewer seniors as well.

Ethnicity: There is little ethnic diversity in the city as reflected in the high percentage of the population that is white.

Income: The median income in Olympia is lower than in the other two major cities, as well as the county as a whole.

**Table II-9
Population Characteristics-Thurston County and Major Cities
American Community Survey 2010-2014**

	Olympia	Lacey	Tumwater	Yelm	Thurston County
Avg HH Size 2010	2.2	2.4	2.3	3.0	2.5
Age					
Median	37.3	34.7	36.6	29.2	38.4
% 5 to 17	13.8%	17.8%	15.6%	26.7%	16.4%
% 65 and older	10.8%	15.1%	14.2%	6.4%	14.0%
Median HH Income	\$52,834	\$59,885	\$62,258	\$49,658	\$62,286
Ethnicity % White	89.2%	77.6%	88.9%	86.3%	82.4%
Education % with Bachelors Degree	11.9%	5.1%	8.9%	1.3%	7.0%

Source: US Census Bureau, American Community Survey.

Source: TRPC Profile 2014

Median household income in Thurston County exceeds that of the State as a whole, and has grown at a slightly higher rate over the past 15 years. State government provides a relatively high wage contribution to the overall economy in the area. Income estimates for the period 1990 through 2015 for the County and the State are shown in Table II-10.

**Table II-10
Median Household Income Growth**

	Washington	Thurston County
2000	\$44,120	\$48,457
2001	\$45,761	\$50,885
2002	\$46,039	\$51,111
2003	\$46,967	\$51,243
2004	\$49,585	\$52,043
2005	\$50,004	\$54,914
2006	\$53,522	\$57,985
2007	\$56,141	\$60,576
2008	\$57,858	\$63,009
2009	\$55,458	\$60,978
2010	\$54,888	\$60,038
2011	\$55,500	\$60,621
2012	\$56,444	\$62,009
2013	\$57,284	\$63,408
2014 *	\$60,153	\$65,288
2015 **	\$62,108	\$66,993
Avg. Ann. Growth	2.3%	2.2%

* Preliminary estimate. ** Projection.
Source: Washington State Office of Financial Management Forecasting

Considering only the period 2008 to 2015, the median household income in Thurston County is estimated to have grown at only 1.0% per year, slightly above the rate of .9% per year for the State.

VISITOR INDUSTRY

The visitor industry in Thurston County is represented by a broad spectrum of businesses, activities and attractions. The make-up of the industry is shown in Table II-11.

**Table II-11
Thurston County Travel Impacts – 2009**

	Visitor Spending
Accommodations	\$35,400,000
Food and Food Service	70,600,000
Food Stores	14,000,000
Transportation	64,900,000
Arts Entertainment and Recreation	33,400,000
Retail Sales	37,200,000
Total	\$255,500,000

Source: Dean Runyon Associates, Washington State Travel
Impacts 1991 – 2009

Employment in the visitor industry is estimated to be 2,850 in 2009, similar in size to the wholesale or manufacturing sectors.

Thurston County has the ninth highest level of total visitor spending among the State's 39 counties. On a per capita basis, however, Thurston County ranks 34 out of the 39 counties.

Thurston County offers a wide variety of natural, cultural and historical attractions including:

Museums and Historical Attractions

Parks Trails and Nature Preserves

Recreational Facilities including Marinas

Shops and Stores

Indoor Recreation and Entertainment

Farmers Market and Wineries

Various Performing Arts Organizations and Venues

Community Festivals and Events

Several of the attractions provide estimates of the total amount of visitation each year.

- The Olympia Farmers Market reports that they serve over 400,000 visitors each year over their 152 day season.
- The Olympia Hands on Children's Museum reported 298,797 visitors in 2015, of which 119,229 were from outside Thurston County.
- The Olympia Arts Alliance reported that in 2009, four performing arts organizations in Downtown Olympia (Washington Center for the Performing Arts, State Theater operated by Harlequin Productions, Capitol Theater operated by Olympia Film Society, and Capitol Playhouse (since replaced by Olympia Family Theater) attracted 167,000 patrons.

III. DOWNTOWN PROFILE

The characteristics of Downtown Olympia and the surrounding area provide an understanding of how the area currently performs and a starting point for identifying future opportunities.

LAND USE

Downtown Olympia is defined for the purposes of the Downtown Strategy as the area west Plum Street, north of 11th SW and 14th SW, west of Capitol Lake, and north to include the Port of Olympia property (see Figure III-1 on the following page). The area includes approximately 500 acres of land.

The area includes over seven million square feet of buildings as determined by a recent inventory by the City. The amount of building area is equally distributed among ground floor uses and upper floors.

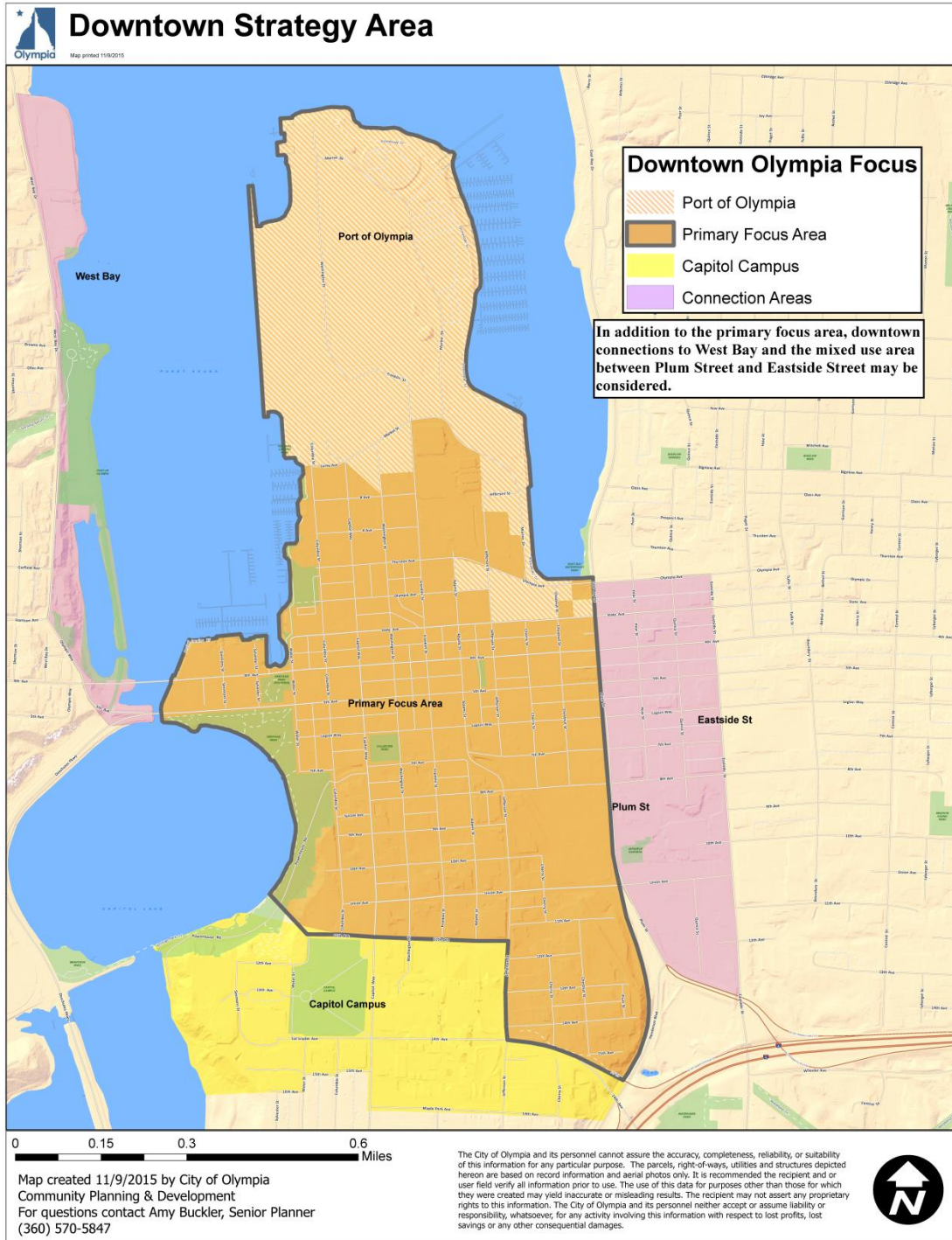
**Table III-1
Land Use by Type-Commercial Core**

	Ground Floor	Upper Floor	Total
Retail	910,619	179,738	1,090,357
Office	903,024	1,877,536	2,780,561
Arts/Culture	77,352	94,123	171,475
Lodging	79,897	186,647	266,544
Residential	511,478	810,079	1,321,557
Industrial	647,940	56,038	703,978
Religious	76,240	51,995	128,236
Blight	70,409	35,441	105,850
Vacant	213,806	236,743	450,549
Total	3,490,766	3,528,340	7,019,107

Source: City of Olympia, Economic Development and Land Use Inventory.

Office is the most prominent use, followed by residential and retail. Much of the retail space is located on the ground floor. Most of the residential and office space is on upper floors.

Figure III-1



POPULATION

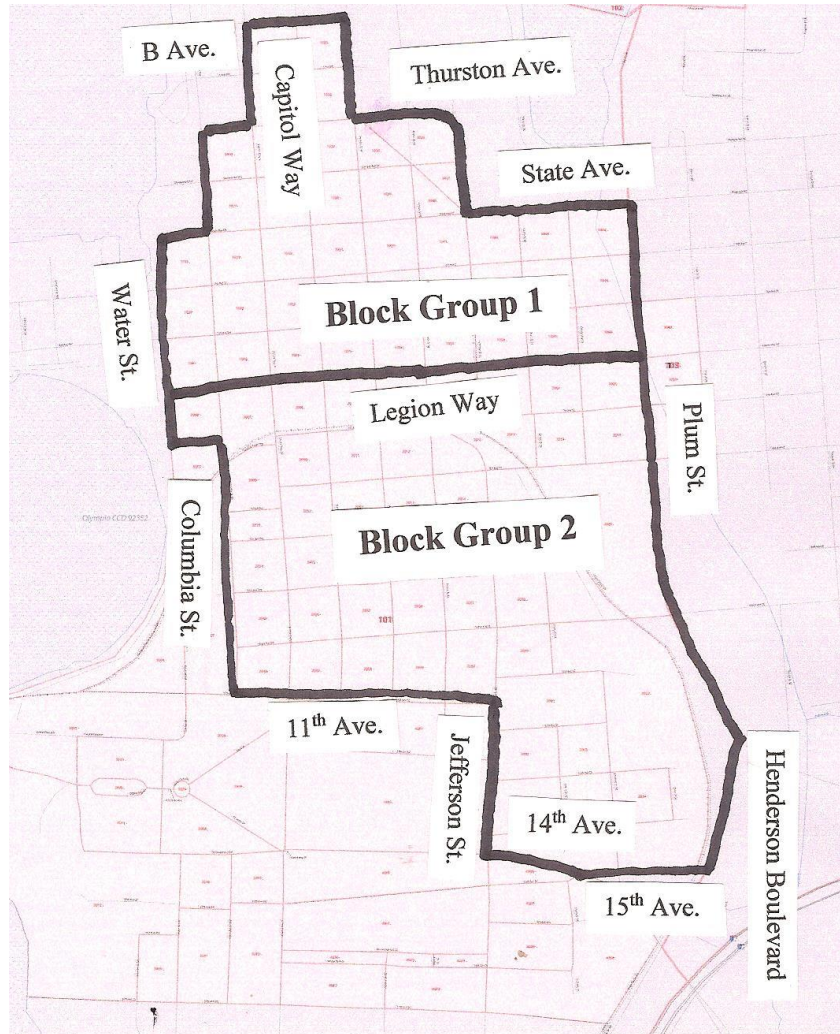
The Downtown area encompasses two census block groups as defined by the US Census Bureau. Block Group 1 of Census Tract 101 is defined as the area north of Legion, and Block Group 2 of Tract 101 is the area south of Legion. (See Figure III-2.) Population characteristics for the two block groups according to the 2010 census is summarized in Table III-2

**Table III-2
Population Characteristics Downtown Block Groups
Census Tract 101**

	Block Group 1	Block Group 2	Total
	(no. of Legion)	(so. of Legion)	
Population			
2000	667	809	1,476
2010	774	1,005	1,779
% Growth	16%	24%	21%
Characteristics 2010			
Median Age	57.1	32.6	
% Male	43.3%	56.1%	
Avg. HH size	1.18	1.42	
Median Income	\$14,319	\$31,994	

As shown the total population of downtown in 2010 was approximately 1,800, an increase of 21% over the previous decade. Block Group 2 has the greater population of the two, and grew at a faster rate over the decade. Block Group 1 has a significantly higher median age, lower household size and lower median income.

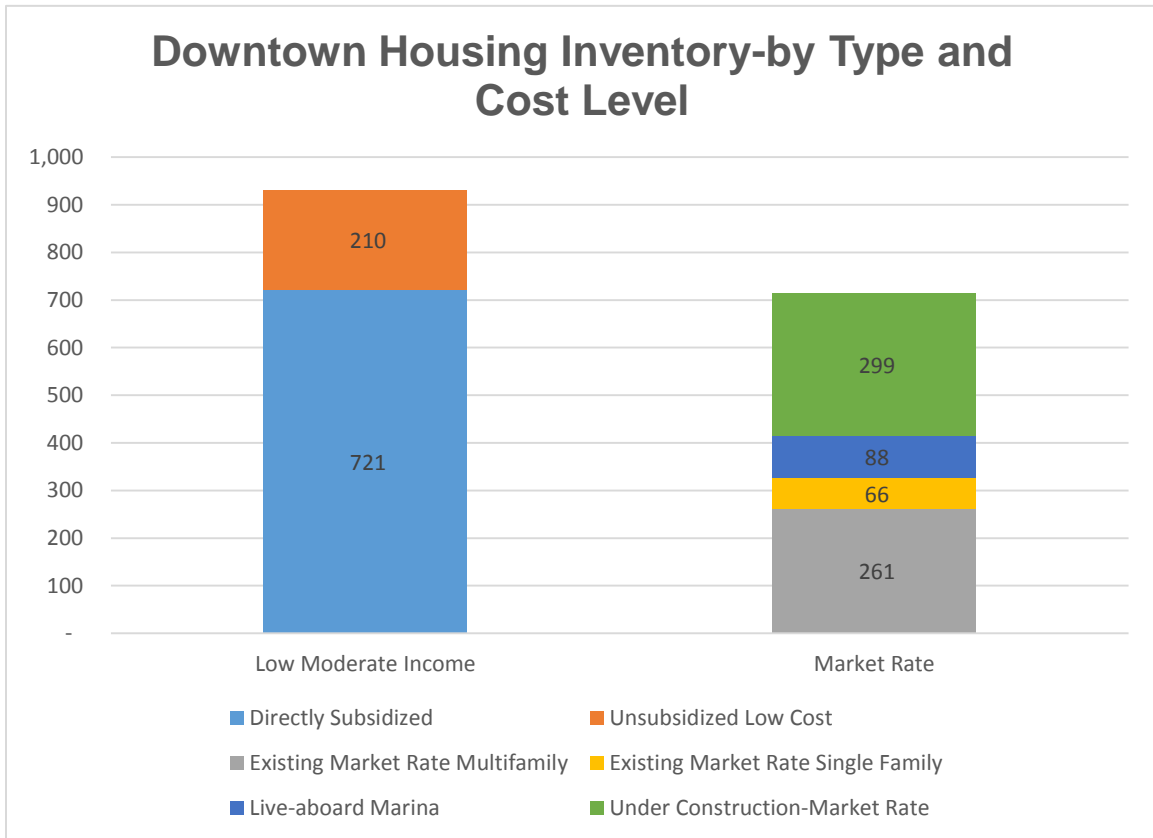
**Figure III-2
Downtown Block Groups 1 and 2 Census Tract 101**



HOUSING

There is a mix of subsidized and market rate housing in Downtown Olympia. Figure III-2 provides a summary of the number of units of units by type. Overall there are 931 units of low and moderate income units (both subsidized and low cost) and 714 market rate units. The latter number includes 299 units currently under construction. The number of units under construction represents almost 20% of the total units downtown. These units represent a significant shift in the balance between low and moderate income and market rate units.

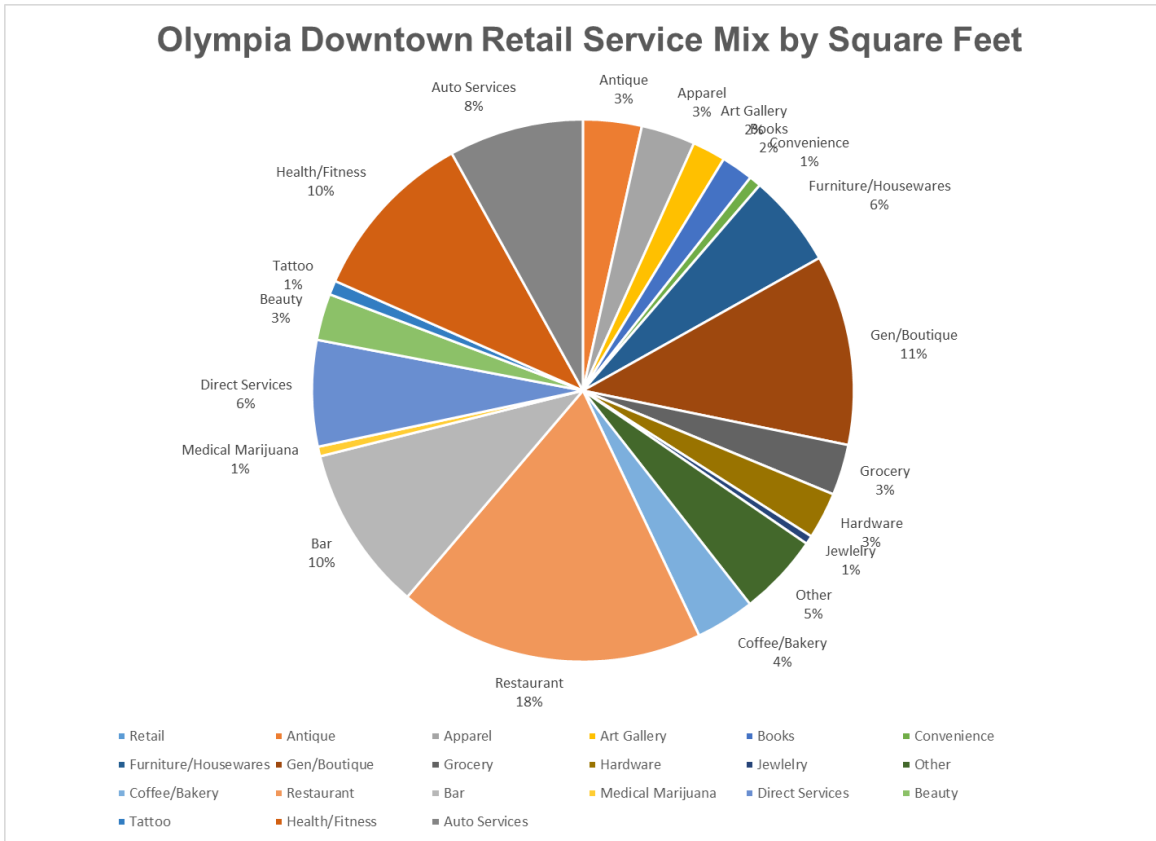
Figure III-2



BUSINESS MIX

The land use inventory also provides information on the mix of businesses by type. The distribution is summarized in Figure III-3. The largest single cluster in terms of square feet is restaurants. Including bars and coffee shops/bakeries, the food service cluster represents one-third of total retail space downtown. General retail and boutiques is the second largest single category. Together with furniture, apparel, art, antiques, books, and jewelry, specialty retail makes up almost 30% of total space. There is only one grocery store and no stand-alone drug store.

Figure III-3



TAXABLE SALES AND BUSINESS PERFORMANCE

Economic activity downturn can also be expressed in terms of taxable sales. While there are many sectors whose activities aren't subject to the retail sales tax, retail trade and many services are. Table III-3 summarizes the levels of taxable retail sales for Downtown Olympia and the City as a whole in 2014. The figures were derived from City data. Sectors were combined as necessary to meet the non-disclosure requirement that data not be shown for categories with fewer than three businesses.

**Table III-3
Downtown and Olympia Sales Tax Collections 2014**

		Sales Tax Downtown 2014	Sales Tax Olympia 2014	Share
Retail Trade				
441	Motor Vehicle and Parts Dealers	47,970	3,845,786	1.2%
442	Furniture and Home Furnishings Stores	23,834	274,614	8.7%
443	Electronics and Appliance Stores	4,871	279,663	1.7%
444	Building Material and Garden Equipment and Supplies Dealers	12,867	685,589	1.9%
445/447	Food and Beverage and Convenience Stores	93,515	640,466	14.6%
446	Health and Personal Care Stores	1,835	237,676	0.8%
448	Clothing and Clothing Accessories Stores	40,737	600,773	6.8%
451	Sporting Goods, Hobby, Musical Instrument, and Book Stores	43,545	446,065	9.8%
452	General Merchandise Stores	2	1,392,572	0.0%
453	Miscellaneous Store Retailers	131,937	513,649	25.7%
454	Nonstore Retailers	7,992	21,043	38.0%
Subtotal Retail Trade		409,106	8,937,895	4.6%
Selected Services				
711/712/7	Arts Entertainment and Recreation	11,418	51,292	22.3%
722	Food Services and Drinking Places	406,601	1,826,605	22.3%
811	Repair and Maintenance	46,900	310,013	15.1%
812	Personal and Laundry Services	14,848	52,047	28.5%
Subtotal Selected Services		479,767	2,239,957	21.4%
Total Retail Trade and Selected Services		888,873	11,177,852	8.0%
Other Services		73,187	891,418	8.2%
Other Sectors		328,842	1,546,930	21.3%
Total		1,290,902	13,616,199	9.5%

Source: City of Olympia Finance Department

The largest sectors in Downtown are Food Services and Drinking Places, Miscellaneous Retail, and Food and Beverage combined with Convenience Stores. Table III-4 also shows Downtown sales as a share of city-wide sales. Downtown sales represented only 4.6% of city-wide retail trade and 21% of selected services. Downtown has the largest shares for Nonstore Retailers, Personal Services, Miscellaneous Retailers, Arts/Entertainment/Recreation, and Foods Services.

Business performance can also be measured as sales efficiency or sales per square foot of building area. Table III-4 summarizes sales efficiency by business sector.

**Table III-4
Downtown Business Sales Performance**

		Sales Downtown 2014	Taxable / Gross Sales	Gross Sales Downtown 2014	Downtown Sq. Ft.	Sales per Square Foot
Retail Trade						
441	Motor Vehicle and Parts Dealers	5,710,725	78.6%	7,266,762	-	
442	Furniture and Home Furnishings Stores	2,837,375	90.9%	3,122,270	60,531	\$52
443	Electronics and Appliance Stores	579,911	80.8%	717,981		
444	Building Material and Garden Equipment and Supplies Dealers	1,531,796	93.5%	1,638,534	30,423	\$54
445/447	Food and Beverage and Convenience Stores	11,132,764		46,653,547	40,712	\$1,146
446	Health and Personal Care Stores	218,487	29.3%	744,947		
448	Clothing and Clothing Accessories Stores	4,849,696	82.5%	5,880,154	40,741	\$144
451	Sporting Goods, Hobby, Musical Instrument, and Book Stores	5,183,960	85.3%	6,079,198	20,820	\$292
452	General Merchandise Stores	200	46.1%	433	-	
453	Miscellaneous Store Retailers	15,706,765	74.2%	21,178,388	236,705	\$89
454	Nonstore Retailers	951,374	51.6%	1,843,767	-	
Subtotal Retail Trade		48,703,054	54.6%	95,125,981	470,644	\$202
Selected Services						
711/712/713	Arts Entertainment and Recreation	1,359,252		1,468,903	112,649	\$13
722	Food Services and Drinking Places	48,404,898	96.7%	50,069,715	345,313	\$145
811	Repair and Maintenance	5,583,383	83.1%	6,721,266	87,703	\$77
812	Personal and Laundry Services	1,767,588	91.2%	1,938,347	39,496	\$49
Subtotal Selected Services		57,115,121		60,198,231	585,161	\$103
Total Retail Trade and Selected Services		105,818,175		155,324,213	1,055,806	\$147
Other Services		8,712,790				
Other Sectors		39,147,812				
Total		153,678,777				

Source: Property Counselors

The overall performance for retail trade and selected services is \$147 per square foot. This figure is lower than the \$200 average for shopping centers, it is higher than the \$100 average for older downtown areas. The figures for individual sectors vary greatly. In some cases the results may be due to inconsistencies between the building classifications and sales classifications.

PERCEPTIONS

The Thurston County Economic Development Council conducted a survey of downtown Olympia businesses as part of a business outreach program. 104 businesses completed the survey out of 465 targeted businesses, a response rate of 22.4%. The responding businesses represented a cross section of retail, office, food and entertainment, industrial and personal service businesses. The results were summarized in an Executive Summary that provides extensive information on business performance and business perceptions. The results are further summarized below.

- Businesses identified their primary markets as 35% local (within 10 mile radius), 50% regional, and 19% national or international.
- 69% of businesses indicated their business were either emerging or growing, 30% as growing and 5% as declining.

- 63% of businesses identified their sales as growing, 30% as stable, and 6% as declining.
- 15% of businesses own their buildings, while 85% lease.
- 30% of businesses plan to expand in the next three years.
- The aspects of Downtown that work well for businesses are: high visibility, foot traffic, and being part of the downtown community.
- The aspects of Downtown that do not work well are availability of parking, perception of safety and security, homelessness and vagrancy, open drug abuse and refuse, and overall cleanliness.
- The types of businesses or uses that respondents would like to see locate in downtown include another local grocer, pharmacy, small electronics, artisan/craft/and boutiques shops, service related businesses, and community swim pool.

IV. DEMAND FOR RETAIL

Downtown offers the potential to serve both the local residents and employees, and the larger regional market area. The potential demand for retail development at the site is presented in three subsections:

- Current Retail Demand
- Existing Development
- Potential Retail Demand

CURRENT RETAIL DEMAND

The best available measure of retail demand is taxable retail sales data collected by the State of Washington. Table IV-1 summarizes the trends in taxable retail sales for retail trade and selected services in Olympia. The selected services are those that are typically provided in a retail environment. As shown, total taxable retail sales in these sectors grew from \$1.10 billion in 2004 to \$1.24 billion in 2014, an annual average growth rate of 1.2 percent, well below the rate of inflation for the period of approximately 2.4%. Retail trade grew at .8% percent while the selected services grew at 3.4 percent. Automobiles, Food Services, General Merchandise, and Building Materials were the largest sectors. The fastest growing sectors were E-commerce, Arts and Entertainment, Drug Stores and Convenience Stores.

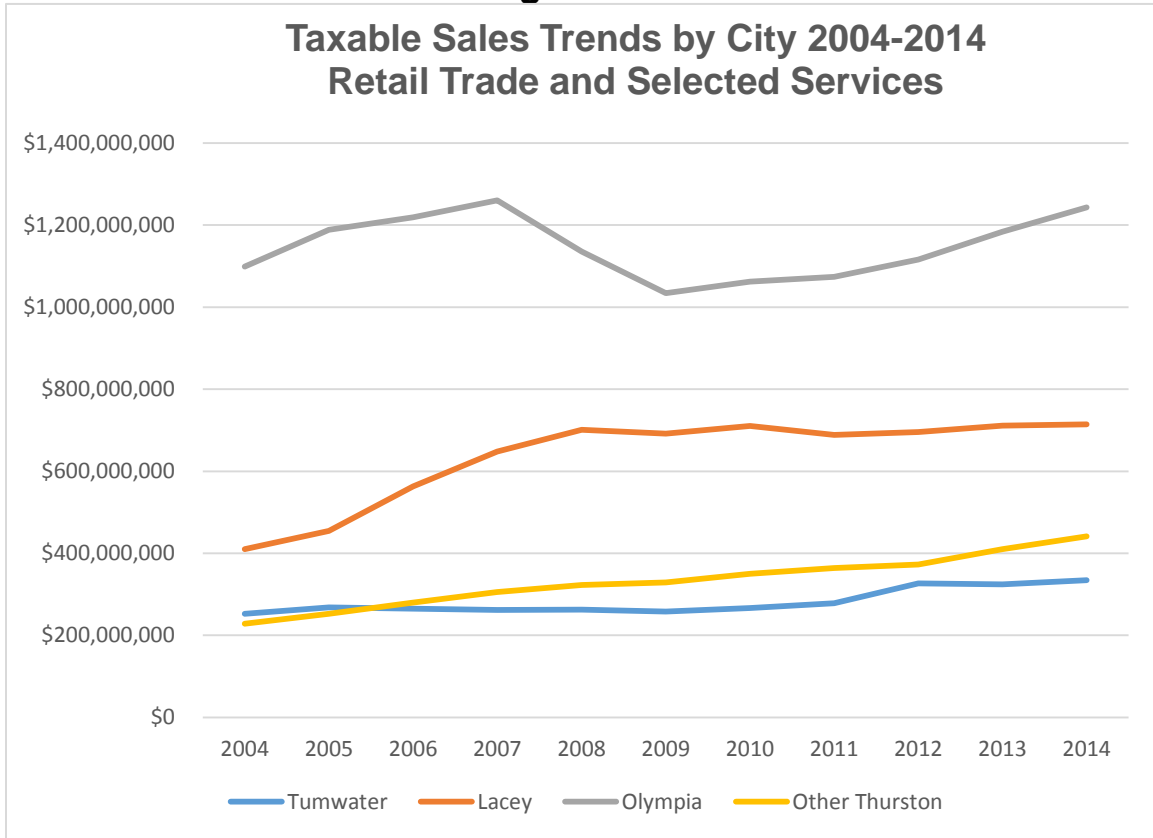
Retail trends differed in other cities in the county. Trends in total retail trade and selected services are shown for the major cities and the remainder of the county in Figure IV-1. As shown Olympia lost retail sales over the period 2007 to 2009, but has shown steady growth since then.

**Table IV-1
Taxable Retail Sales Trends
Olympia**

Industry	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	Avg. Ann. Gr.
Motor Vehicles & Parts	\$334,184,019	\$351,476,749	\$343,756,030	\$337,567,272	\$267,236,782	\$235,697,520	\$256,684,894	\$271,478,593	\$304,323,954	\$328,701,967	\$371,910,815	1.1%
Furniture & Home Furnishing	24,507,600	35,541,361	39,634,525	41,574,055	36,928,897	34,637,345	35,319,884	33,549,589	35,533,426	35,362,334	36,095,927	3.9%
Electronics & Appliances	72,595,249	79,495,578	77,268,493	80,839,803	88,431,808	63,004,500	55,312,327	60,604,858	57,069,519	69,749,924	61,019,061	-1.7%
Building Materials, Garden Equip & Supplies	134,626,184	136,740,045	134,345,199	125,336,208	95,588,126	80,555,134	80,054,154	77,577,382	80,903,031	84,419,192	86,216,885	-4.4%
Food & Beverage Stores	49,729,231	51,032,810	52,621,210	52,573,980	52,299,345	53,927,317	59,428,780	56,715,141	56,746,798	58,964,927	65,054,962	2.7%
Drug/health Stores	18,462,403	19,693,125	18,678,117	20,335,353	19,794,341	23,550,523	25,227,709	24,981,988	26,122,721	26,384,421	28,794,965	4.5%
Gas Stations & Convenience Stores W/pumps	10,489,160	13,450,035	15,281,715	15,432,881	13,987,134	13,657,175	14,874,798	15,492,849	15,977,718	16,371,473	15,880,531	4.2%
Apparel & Accessories	56,019,262	54,394,280	59,454,023	73,893,464	66,225,379	61,087,123	65,258,919	64,494,892	69,484,897	73,969,832	73,292,699	2.7%
Sporting Goods, Toys, Book & Music Stores	52,124,313	52,084,761	52,957,677	57,408,988	56,084,270	50,847,703	55,184,196	54,782,175	53,199,949	51,750,058	54,718,098	0.5%
General Merchandise Stores	95,335,628	99,887,852	104,870,816	101,577,020	100,166,570	107,196,316	106,160,408	103,599,669	95,814,649	95,979,775	96,104,047	0.1%
E-commerce & Mail Order	5,968,855	8,347,477	8,350,875	10,691,458	12,217,820	14,669,997	17,550,716	18,756,713	22,019,348	24,402,269	25,491,014	15.6%
Miscellaneous Retailers	68,887,486	89,875,466	94,161,179	98,387,790	101,011,089	90,976,305	87,884,265	86,620,307	82,764,128	88,433,325	83,462,168	1.9%
Total Retail Trade	922,929,390	992,019,539	1,001,379,859	1,015,618,272	909,971,561	829,806,958	858,941,052	868,654,156	899,960,138	954,489,497	998,041,172	0.8%
Arts, Entertainment & Recreation	6,712,626	6,739,644	6,973,363	8,380,497	10,431,736	9,050,194	8,859,202	9,270,156	8,445,722	12,131,130	13,331,271	7.1%
Accommodations	14,320,785	15,085,717	16,828,804	18,250,629	16,843,492	14,919,207	14,355,135	14,180,212	15,014,124	14,939,151	16,917,118	1.7%
Food Services	113,868,343	117,703,669	122,747,291	135,480,673	135,960,117	131,888,951	132,950,136	133,095,535	142,989,862	153,138,492	164,381,733	3.7%
Repair & Maintenance	33,670,197	49,674,623	62,905,197	74,714,380	53,339,225	39,984,952	38,959,651	39,942,428	39,856,991	39,588,668	40,745,346	1.9%
Personal Services	7,045,847	7,401,964	8,116,412	8,166,885	8,683,118	8,555,331	8,170,301	8,622,753	9,573,721	9,463,095	9,864,785	3.4%
Subtotal Selected Services	175,617,798	196,605,617	217,571,067	244,993,064	225,257,688	204,398,635	203,294,425	205,111,084	215,880,420	229,260,536	245,240,253	3.4%
Total Retail Trade and Selected Services	1,098,547,188	1,188,625,156	1,218,950,926	1,260,611,336	1,135,229,249	1,034,205,593	1,062,235,475	1,073,765,240	1,115,840,558	1,183,750,033	1,243,281,425	1.2%

Source: Washington State Department of Revenue
Property Counselors

Figure IV-1



Source: Washington State Department of Revenue
Property Counselors

EXISTING DEVELOPMENT

Retail development has become a highly segmented product, based on types of goods and geographic features of market areas. Table IV-2 on the following page provides a description of several types of shopping centers. Of the ten types shown in the table, the neighborhood, community and strip shopping centers serve local market areas of fewer than 100,000 people, while the remaining types serve larger regional market areas. The major retail developments are described by type below.

REGIONAL RETAIL

There are two regional shopping centers in Thurston County, as shown in Table IV-3. Both centers offer 600,000 square feet or more in gross leasable area. Both feature a mix of national and regional tenants. Capital Mall is a true regional shopping center with a tenant mix that mirrors that found in a Lifestyle Center. It offers many of the popular national apparel retailers such as American Eagle, Eddie Bauer, The Gap, Old Navy, Zumiez, and Victoria's Secret. It also offers popular Mac Store and REI outlets, as well as the 14-screen Century Cinema. There are additional large retailers such as Target on adjacent sites.

South Sound Center was converted to a Power Center in 2001 with the enclosed interior portion of the mall replaced by large retailers.

There are three other concentrations of big box retailers in the County.

Littlerock Road in Tumwater. Several large format retailers have located in Tumwater west of I-5 including Fred Meyer, Costco, Home Depot, and Walmart.

Hawk's Prairie. This area at the Marvin Road exit from I-5 in Lacey has attracted Costco, Walmart, Cabela's, Big Five and Harley Davidson.

Martin Way in Olympia. This area offers a Lowe's Home Improvement Center and a Hobby Lobby and Tractor Supply in a former K-Mart store.

**Table IV-2
Types of Shopping Centers**

<p>Neighborhood Shopping Center</p> <p>Anchors Supermarket and drug store Number of Stores 10-40 stores Total Retail Space 30,000-100,000 square feet Site Area 3-10 acres Market Area Population 10,000-30,000 people Market Area Radius 1-3 miles</p>	<p>Lifestyle Center</p> <p>Anchors Restaurants, furnishings, apparel Number of Stores 50 – 100 Total Retail Space 250,000 - 400,000 Site Area 10 – 50 Market Area Population 250,000 – 500,000 Market Area Radius 12 – 50 miles</p>
<p>Community Shopping Center</p> <p>Anchors Junior department or discount store Number of Stores 25-80 stores Total Retail Space 100,000-450,000 square feet Site Area 10-30 acres Market Area Population 30,000-75,000 people Market Area Radius 3-8 miles</p>	<p>Off-Price Center</p> <p>Anchors Off-price/discount store Number of Stores 20-60 stores Total Retail Space 100,000-500,000 square feet Site Area 5-15 acres Market Area Population 80,000-250,000 people Market Area Radius 6-15 miles</p>
<p>Regional Shopping Center</p> <p>Anchors 1 or 2 full-line department stores Number of Stores 50-100 stores Total Retail Space 300,000-750,000 square feet Site Area 30-50 acres Market Area Population 100,000-250,000 people Market Area Radius 8-15 miles</p>	<p>Specialty Center</p> <p>Anchors Specialty/theme retailer(s) Number of Stores varies widely Total Retail Space varies widely Site Area varies widely Market Area Population varies widely Market Area Radius varies widely</p>
<p>Super-Regional Shopping Center</p> <p>Anchors 3 or more full-line department stores Number of Stores 100-300 stores Total Retail Space 600,000-2,000,000 square feet Site Area 40-100 acres Market Area Population 250,000-600,000 people Market Area Radius 12-50 miles</p>	<p>Outlet Center</p> <p>Anchors Manufacturer's outlet stores Number of Stores 30-100 stores Total Retail Space 200,000-800,000 square feet Site Area 5-50 acres Market Area Population 200,000-600,000 people Market Area Radius over 50 miles</p>
<p>Strip Retail Center</p> <p>Anchors Convenience grocery Number of Stores 3-20 stores Total Retail Space 10,000-30,000 square feet Site Area 1-3 acres Market Area Population under 20,000 people Market Area Radius under 2 miles</p>	<p>Power Center</p> <p>Anchors Number of Stores 10-20 stores (mainly large retailers) Total Retail Space 250,000-800,000 square feet Site Area 20-50 acres Market Area Population 250,000-500,000 people Market Area Radius 12-50 miles</p>

Sources: Urban Land Institute, Dollars and Cents of Shopping Centers
 Property Counselors

**Table IV-3
Regional Shopping Centers in Thurston County**

Name	Location	Sq. Ft.	Year Built	Total Stores	Anchors	Other Major Tenants
Westfield Capital Mall	West Olympia	770,000	1978 2006 expansion	120	Macy's JC Penney Century Cinema TJ Maxx (future)	American Eagle Bed Bath and Beyond Best Buy Chico's Coldwater Creek Eddie Bauer Foot Locker Forever 21 The Gap GNC Hollister Mac Store Old Navy REI Talbots Victoria's Secret Walking Company Zumiez
South Sound Center	Lacey	595,000	1966 2003	39	Target Sears Kohl's Marshal's PetSmart	Applebee's Carl's Jr. Famous Footwear Hallmark Merle Norman Radio Shack Red Wing Rite Aid Skippers Taco Bell Verizon

Source: Property Counselors

NEIGHBORHOOD SCALE RETAIL

Neighborhood scale retail is typically anchored by a supermarket and drugstore, with various smaller convenience retail outlets. There are ten grocery stores in Olympia.

Safeway	3215 Harrison 4280 Martin Way
Bayview Thriftway	516 4 th Avenue W.
Ralph's Thriftway	1908 4 th Avenue E.
Trader Joe's	1530 Black Lake
Grocery Outlet	2100 Harrison NW
Haggen	1313 Cooper Point Rd. 3520 Pacific Ave.
Olympia Food Coop	921 Rogers St. NW 3111 Pacific Ave. SE.

There are other grocery chains with stores in the region: QFC in Lacey, Albertsons in Tumwater, Fred Meyer in Tumwater and Lacey, and Walmart in Tumwater, Lacey, and Yelm.

There are two stand-alone drugstores in Olympia: Walgreens and Rite-Aid, both on Cooper Point Road. There are also pharmacy departments in many of the grocery stores and medical centers.

CINEMA/ENTERTAINMENT

Thurston County is currently served by three major multiscreen theaters: the 16 screen Regal Cinema on Martin Way, the 14 screen Century Cinema at Capital Mall and the eight screen Yelm Cinemas at Prairie Park. The Capitol Theater in downtown Olympia includes a single screen and is run by the Olympia Film Society. Based on the national average of .13 screens per 1,000 population, Thurston County could support a total of 33 screens. The existing 39 screens exceed this number.

There are three major performance venues in Downtown Olympia, the 1,000 seat Washington Performing Arts Center, and the State Theater with the Harlequin Players, and the Olympia Family Theater. The three provide live theater, music, and dance performances. Several downtown bars offer live music and entertainment as well.

The Great Wolf Lodge offers a family entertainment center as part of a convention hotel in Grand Mound. The development offers a water park, arcade and fitness center.

SPECIALTY RETAIL

Downtown Olympia serves as a specialty retail district. Food service is the most strongly represented with a range from fine dining restaurants to small ethnic restaurants. Further,

the Farmers Market provides food services during the times it is open. The Market attracts over 400,000 visitors each year. There are several galleries and design businesses. The galleries and related businesses are the focus of the Art Walk events held twice each year. There are major furniture stores offering a broad inventory of goods. There are specialty retailers including books, outdoor equipment, and apparel stores. The businesses are located in a variety of settings including historic buildings, new multi-use buildings, and venues along the Olympia waterfront. Neither Tumwater nor Lacey currently offers a specialty retail concentration comparable to downtown Olympia.

RETAIL RENTAL RATES

Prevailing retail rents vary with location, and building age/condition. Table IV-4 summarizes current asking rents for selected properties in Olympia. The highest rents are in newer buildings, with some exceeding \$20 per square foot. The highest rents shown are in a proposed building such as 340 SE Cleveland or in West Olympia. Several proposed or new buildings are being marketed in Lacey. Rents in these buildings are generally in the range of \$22 to \$27 per square foot per month. These rents reflect the rates necessary to recover the investment in new buildings.

The asking rents for several established retail buildings typically fall in the range of \$15 to \$20 per square foot. There are many buildings with rents below these levels, particularly in Downtown Olympia. Such rents provide opportunities for new businesses to become established and grow over time.

**Table IV-4
Selected Retail Rents in Thurston County**

	Address	Total Sq. Ft.	Available Sq. Ft.	Asking Rent	Expenses*
112 State	112 State	4,400	4,400	\$12-15	Mod Gr.
116 Legion	116 Legion	Mixed Use	2,200	\$12	Fully Serv.
225 State St.	225 State Street	7,200	5,600	\$10.25	Mod Gr.
340 SE Cleveland (proposed)	340 SE Cleveland	13,032	13,032	\$18-22	NNN
500 Capitol Way S.	500 Capitol Way S.	7,089	1,900	\$19	NNN
521 Building	521 Capitol Way	10,800	10,800	\$16	NNN
825 Legion	825 Legion	6,229	6,229	\$14-15	Mod Gr.
826 Union	826 Union	6,200	1,120	\$20	NNN
Black Lake Village	2615 Capitol Mall	45,842	8,259	\$16	NNN
Capitol Square	2703 Capitol Mall	19,343	3,713	\$9.50	NNN
Capitol Theater	204 5th	14,796	1,057	\$12.50	NNN
Capitol Village shopping	400 Cooper Pt.	158,486	14,411	18	NNN
Carnegie Building	620 Franklin	10,000	10,000	\$18	NNN
Condos at Cooper Point	405 Cooper Pt.	7,887	2,628	\$18	NNN
Cooper Point Pavilion	1500 Cooper Pt.	90,600	14,958	\$18-24	NNN
Cooper Point Village 345 Building	345 Cooper Pt.	6,992	1,300	\$24	NNN
Cooper Point Village Building 3	315 Cooper Pt.	6,992	1,139	\$24	NNN
Corner Shops	200 Division	14,624	4,507	\$13	NNN
Grocery Outlet	3100 Harrison	51,300	4,919	\$16	NNN
Johnson Center	3530 Martin Way	Mixed Use	2,225	\$12	Mod Gr.
JV Health Foods	3720 Pacific	3,832	1,700	\$16-20	NNN
Kenwood Plaza	6790 Martin Way	12,000	9,380	\$18	NNN
Martin Way Plaza	2837 Martin Way	23,673	2,925	\$15	NNN
NAPA Building	1319 Fones Way	8,000	8,000	\$12	Fully Serv.
Olympia Press	109 State	27,000	23,533	\$6.98-25.50	NNN
Olympia Square	3315 Pacific	168,209	19,554	\$15-19	NNN
Parkwood Plaza	3330 Pacific	14,700	6,684	\$17	NNN
Sherwin Williams Plaza	3959 Martin Way	16,542	2,000	\$19	NNN
Stadium Plaza	3700 Martin Way	19,248	4,505	\$14.50	NNN
Swantown Boatworks	700 Marine	20,910	3,000	\$12	NNN
Toyota of Olympia	2225 Carriage	40,000	40,000	\$18	NNN
West Olympia Shopping Center	1001 Cooper Pt.	51,029	3,723	\$45	NNN
Westgate	2411 Harrison	10,931	1,200	\$16	NNN
Westside Mini Mall	2101 Harrison	13,683	4,569	\$13.82	NNN
* NNN-Tenant pays expenses. Modified Gross-Landlord pays taxes and insurance.					

* Rents are /sq. ft. / yr.

Source: Commercial Brokers Association, Property Counselors

POTENTIAL RETAIL DEMAND

Future retail opportunities reflect the convergence of consumer needs and retailer expectations. Opportunities will include growth in existing clusters and new businesses to fill existing gaps. Downtown is in the middle of a regional trade area comprising Thurston, Mason, Lewis and Grays Harbor counties, with a total trade area population of almost 500,000. As described earlier, there are existing retail centers that serve some of the needs of this regional trade area. Downtown Olympia has strength in several sectors that reflect the typical tenant mix of a Lifestyle retail center: furniture, apparel, food services and miscellaneous retail. Table IV-5 provides a summary of expansion expectations for retailers in various retail categories. These expectations are representative of the needs and requirements of major established retailers. They also provide a starting point for identifying retail opportunities in Downtown Olympia.

The information in the table represents the results of surveys by Chainlinks Retail Advisors for 1,700 retailers with 870,000 stores. The retailers shown expect to add 25,000 new stores in 2015. In many cases the retailers are looking for sites in traditional retail centers. In many cases they are interested in downtown sites or lifestyle centers. The final columns in the table indicate the percentage of retailers in each category that are interested in those locations. The categories that show the most interest in Downtown sites are apparel, automotive, cards/gifts, cellular, consignment, consumer electronics, drugstore, jewelry, office supply, and restaurants. The categories with the most interest in lifestyle centers are Apparel, beauty, cards/gifts, consumer electronics, crafts, department store, cinema, health, furniture, jewelry, miscellaneous retail, and restaurants. These sectors represent potential growth sectors for Downtown Olympia.

Growth in demand for retail in Downtown will come from three sources: growth in the regional market, increase in capture in selected segments, and additional spending by downtown residents.

**Table IV-5
National Retailer and Restaurant Expansion Guide Spring 2015**

	# of Retailers	Total Stores	2015 Growth	Avg Size (sq. ft.)	Consider Downtown Sites	Consider Lifestyle Sites
Apparel						
Active Sportswear	25	3,399	193	4,000	40%	60%
Childrens	10	3,751	184	5,000	50%	80%
Family	70	17,086	620	10,000	46%	51%
Men's	13	3,839	94	7,500	54%	15%
Shoes	53	18,233	451	6,500	45%	47%
Specialty	15	2,756	81	5,000	33%	53%
Women's	59	17,139	579	6,000	49%	51%
Automotive	56	49,489	1,340	6,000	14%	13%
Beauty Salons/Spas	56	23,956	825	2,500	45%	64%
Beauty Supplies	14	11,085	282	2,500	21%	79%
Beverages	8	870	81	10,000	38%	63%
Books	7	1,412	36	20,000	14%	43%
Cards/Gifts	21	12,094	616	5,000	43%	52%
Cellular	15	13,695	261	2,000	40%	80%
Consignment/Pawn/Thrift	4	2,450	35	2,500	50%	25%
Consumer Electronics	10	13,655	243	30,000	40%	20%
Convenience Store/Gas Station	42	76,942	991	4,000	12%	5%
Crafts/Hobbies/Toys	17	5,326	238	10,000	29%	59%
Department Store	26	11,660	294	100,000	35%	77%
Discounted/Dollar Store	40	41,986	973	50,000	15%	15%
Drugstore	10	21,132	542	12,000	60%	20%
Entertainment						
Cinema	17	3,380	84	50,000	29%	71%
Other	16	1,727	71	25,000	6%	44%
Financial Services	14	8,723	257	2,000	7%	14%
Health/Fitness/Nutrition	87	28,552	1,259	15,000	28%	52%
Home Related						
Furniture/Furnishings	60	14,228	556	20,000	23%	42%
Hardware	60	23,299	516	60,000	17%	17%
Jewelry	20	8,555	102	3,000	45%	45%
Miscellaneous Retail	100	71,067	1,857	5,000	28%	40%
Office Supplies	2	76	183	15,000	100%	0%
Pet/Farm	23	5,201	297	15,000	0%	0%
Restaurant						
Bakery/Bagels/Breakfast/Café/Donuts	4	4,630	140	3,000	25%	50%
Coffee/Tea	16	21,060	460	1,500	44%	31%
Fast Food	87	158,134	2,669	3,000	31%	43%
Food/Beverage Specialty	156	53,238	2,788	2,000	50%	58%
Family	188	39,405	2,218	4,000	32%	43%
With Liquor	182	32,004	1,506	6,000	30%	49%
Sporting Goods	32	5,495	179	20,000	13%	38%
Supermarket/Grocery/Hypermarket	104	35,357	841	50,000	18%	26%
TOTAL	1,739	866,086	24,942		32%	43%

Source: Chainlinks Retail Advisors, National Retailer and Restaurant Expansion Guide Spring 2015, Property Counselors.

REGIONAL GROWTH

The population of Thurston County is projected to grow from 267,400 in 2015 to 370,600 in 2035, and increase of 38.6% over 20 years. If Downtown Olympia maintains its current share, its sales would grow by that rate as well.

INCREASED SHARES

With enhancements to the attractiveness of Downtown, resolution of perceptions regarding parking and safety, and a successful business attraction strategy, Downtown should be able to increase its share of business in target sectors, particularly those that seek a downtown or lifestyle center setting. Table IV-6 summarizes assumptions regarding potential increases in capture rates. The largest increases are assumed for furniture/home furnishings, Food and beverage, drug/health, apparel accessories, sporting goods/toys/book/music, miscellaneous retailers, arts and entertainment, food services, and personal services.

**Table IV-6
Potential Increase in Retail Capture**

	Current Capture %	DT Potential %
Retail		
Motor Vehicles & Parts	1.2%	1.2%
Furniture & Home Furnishing	8.7%	13.0%
Electronics & Appliances	1.7%	1.7%
Building Materials, Garden Equip & Supplies	1.9%	1.9%
Food & Beverage & Convenience Stores	14.6%	16.0%
Drug/health Stores	0.8%	4.0%
Apparel & Accessories	6.8%	10.2%
Sporting Goods, Toys, Book & Music Stores	9.8%	14.7%
General Merchandise Stores	0.0%	0.0%
Miscellaneous Retailers	25.7%	38.6%
Non-store Retailers	38.0%	47.5%
Selected Services		
Arts, Entertainment & Recreation	22.3%	33.5%
Food Services	22.3%	27.9%
Repair & Maintenance	15.1%	16.6%
Personal Services	28.5%	35.6%

Source: Property Counselors

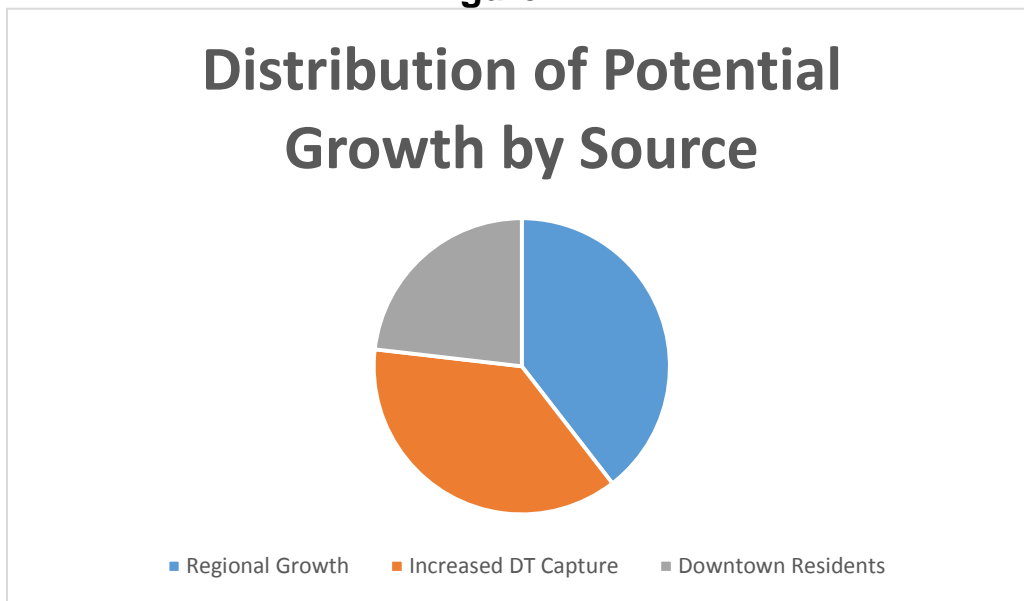
DOWNTOWN RESIDENTS

The population of Downtown is targeted to increase by approximately 5,000 over the next 20 years. These residents will make many of their frequent and convenience purchases in the immediate area. These purchases will support additional growth in retail and service businesses. The amount of this spending is estimated on a per capita basis according to sales figures derived on a state-wide basis with adjustments for some leakage to surrounding areas.

Food & Beverage Stores	\$1,648
Drug/health Stores	909
Gas Stations & Convenience Stores W/pumps	
Apparel & Accessories	749
Sporting Goods, Toys, Book & Music Stores	410
General Merchandise Stores	
E-commerce & Mail Order	
Miscellaneous Retailers	1,148
Arts, Entertainment & Recreation	205
Food Services	1,791
Repair & Maintenance	
Personal Services	170
Total	\$7,030

Table IV-7 presents the results of application of these factors. As shown, the total potential increase in sales is \$152 million annually by 2035, an increase of approximately 100% over the period. Capture of regional growth represents the largest share of this increase, followed closely by increased downtown capture, as summarized in Figure IV-2. The sectors with the largest potential increase are Food Services, Food and Beverage, Miscellaneous Retail, and Apparel and Accessories.

Figure IV-2



Source: Property Counselors

Increased sales of this magnitude would support an additional 650,000 square feet of retail space, an increase of approximately two-thirds over the current inventory.

**Table IV-7
Projected Downtown Retail Demand**

	2014 Gross Sales	Regional Growth	Increased DT Capture	Downtown Residents	Total Potential Increase	Potential SF @ \$200/SF*
Retail						
Motor Vehicles & Parts	\$7,266,762	\$2,804,970	-	-	\$2,804,970	14,025
Furniture & Home Furnishing	3,122,270	1,205,196	2,154,445	-	3,359,641	16,798
Electronics & Appliances	717,981	277,141	-	-	277,141	1,386
Building Materials, Garden Equip & Supplies	1,638,534	632,474	-	-	632,474	3,162
Food & Beverage & Convenience Stores	46,653,547	18,008,269	6,194,962	8,238,750	32,441,981	64,884
Drug/health Stores	744,947	287,550	4,315,979	4,545,000	9,148,529	45,743
Apparel & Accessories	5,880,154	2,269,740	4,109,483	3,745,000	10,124,223	50,621
Sporting Goods, Toys, Book & Music Stores	6,079,198	2,346,571	4,261,965	2,050,000	8,658,536	43,293
General Merchandise Stores	433	167	-	-	167	1
Miscellaneous Retailers	21,178,388	8,174,858	14,757,409	5,740,000	28,672,267	143,361
Non-store Retailers	1,843,767	711,694	640,708	-	1,352,402	
Subtotal Retail Trade	95,125,981	36,718,629	36,434,951	24,318,750	97,472,330	383,274
Selected Services						
Arts, Entertainment & Recreation	1,468,903	566,997	1,027,967	1,024,129	2,619,092	13,095
Food Services	50,069,715	19,326,910	17,583,218	8,956,290	45,866,417	229,332
Repair & Maintenance	6,721,266	2,594,409	906,083	-	3,500,492	17,502
Personal Services	1,938,347	748,202	666,047	849,286	2,263,534	11,318
Subtotal Selected Services	60,198,231	23,236,517	20,183,314	10,829,704	54,249,535	271,248
Total Retail and Selected Services	\$155,324,213	\$59,955,146	\$56,618,266	\$35,148,454	\$151,721,866	654,521
* Except Food and Beverage Stores estimated at \$500 per square foot.						

Source: Property Counselors

V. DEMAND FOR OFFICE

The analysis of the market for office development is presented in this section in terms of:

- Historical Office Market Activity
- Existing and Planned Office Space
- Potential Office Demand

HISTORICAL OFFICE MARKET ACTIVITY

Given the major role that state government plays in the local economy, it is not surprising that the local office market is dominated by State-occupied space. Table V-1 provides a rough measure of the State's influence in the year 2014. The total office space estimate was derived by Thurston Regional Planning Council from Assessor data. As shown, State-occupied space at that time represented 51 percent of all office space in the County. The actual percentage was undoubtedly higher, as the total square feet includes vacant space, and space that may serve some retail uses. The State-occupied buildings include most of the larger office buildings, while much of the non-State space is in smaller buildings.

Table V-1
Office Space in Thurston County – 2014
(square feet)

	Olympia	Lacey	Tumwater	Other	Total
State Leased	1,596,000	331,000	1,444,000	(5,000)	3,366,000
State Owned	2,947,000	326,000	534,000	43,000	3,850,000
Subtotal State	4,543,000	657,000	1,978,000	38,000	7,216,000
Non-State	3,007,000	2,183,000	1,190,000	591,000	6,971,000
Total	7,550,000	2,840,000	3,168,000	629,000	14,187,000

Source: State Facilities Report
Thurston Regional Planning
Property Counselors

The total figures can be compared to numbers for the year 2000.

**Table V-2
Office Space in Thurston County Growth 2000 to 2014
(square feet)**

	2000	2010	2014	Change 2000-10	Change 2010-14
State Leased	2,763,000	4,241,000	3,366,000	1,478,000	(875,000)
State Owned	3,152,000	4,087,000	3,850,000	935,000	(237,000)
Subtotal State	5,915,000	8,328,000	7,216,000	2,413,000	(1,112,000)
Non-State	5,558,000	5,520,000	6,971,000	(38,000)	1,451,000
Total	11,473,000	13,848,000	14,187,000	2,375,000	339,000

Source: State Facilities Report
Thurston Regional Planning Council
Property Counselors

As shown, the amount of State leased space declined dramatically between 2010 and 2014. Accordingly, the amount of Non-State space increased dramatically, but the amount of occupied space has not kept pace. The estimated office vacancy is approximately 10%, and the vacant space represents approximately eight to ten years absorption at historic rates.

EXISTING AND PLANNED OFFICE SPACE

EXISTING BUILDINGS

Current market conditions in Olympia are suggested by vacancy rates and prevailing rents in major buildings. Table V-3 summarizes conditions in selected major buildings in Downtown.

**Table V-3
Downtown Olympia Office Buildings**

	Address	Total Sq. Ft.	Available Sq. Ft.	Asking Rent	Expenses
825 Legion	825 Legion	6,229	6,229	\$19	Mod. Gr.
Market Place	724 Columbia	49,000	6,613	\$21-28	Full Serv.
Grange Building	924 Capitol	17,293	1,242	\$18-25	Full Serv.
Smythe Landing	1801 West Bay	23,557	7,441	\$23-25	Full Serv.
Percival Plaza	606 Columbia	70,000	11,434	\$22-24	Full Serv.
521 Union	521 Union	3,502	160	\$22.50	Full Serv.
324 West Bay	324 West Bay	15,929	728	\$22	Full Serv.
1115 West Bay	1115 West Bay	23,802	7,692	\$19.50-21.50	Full Serv.
1050 Capitol	1050 Capitol	800	440	\$21.13	Full Serv.
Boardwalk Building	525 Columbia	12,500	569	\$21	Full Serv.
IBM Building (former)	410 11th SE	18,000	620	\$18.90	Mod. Gr.
Legion Square	402 Legion	16,856	2,000	\$14.50	Mod. Gr.
	404 Legion	16,704	5,000	\$18.50	Mod. Gr.
	406 Legion	16,704	2,000	\$17-18.50	Mod. Gr.
Evergreen Plaza	711 Capitol	87,000	16,490	\$15.75-17.50	Full Serv.
7th Avenue Building	319 7th	18,546	1,642	\$16	Full Serv.
Davis Williams	906 Columbia	70,000	18,756	\$16	Full Serv.
Mottman Building	101 Capitol	19,200	3,885	\$15.50	Full Serv.
825 Legion	825 Legion	6,229	6,229	\$14.50	Mod. Gr.
Adams Building	1310 Jefferson	23,715	3,000	\$14.50	Mod. Gr.
Republic Building	505 Union	32,000	14,380	\$14	Full Serv.
KMB Design	828 7th	2,600	2,600	\$13.82	Full Serv.
Capitol Theater	204 5th	14,796	482	\$11.83	Mod. Gr.
Market Center	111 Market	45,687	3,003	\$20	Full Serv.
WSECU	400 Union	5,942	110		
* Fully Services-Landlord pays expenses. Modified Gross-Landlord pays taxes and insurance.					

Source: Commercial Brokers Association
Property Counselors

The highest rents are in the Market Place, Grange Building, Smythe Landing, Percival Plaza, 521 Union, 324 West Bay, 1115 West Bay, 1050 Capitol, Boardwalk Building, and Market Center. Generally, these are the higher amenity buildings with water views. None of these buildings was built in the past ten years. The newest major office building in downtown Olympia is the Washington State Employees Credit Union building on Union Street, but this building is owner-occupied.

PLANNED BUILDINGS

There are very few new private office projects in the County. The State-owned 1063 Building is under construction on the capitol campus. Thurston County is considering possible relocation of its administrative buildings in West Olympia above Capitol Lake, with Downtown Olympia a possible location.

The State of Washington has several established policies regarding development and leasing of office space:

- Ownership of buildings is considered to be more cost effective to the State over the long term. In the short term, lack of availability of funding to develop or purchase office space may dictate lease of space.
- The State is interested in procuring investment grade property with a 50 year life, whether through private lease development or State development of buildings.
- The State is promoting consolidation of its functions to maximize efficiency of agency operations. As leases of small space expire, the State is seeking to relocate functions into larger related concentrations.
- The State has identified, in conjunction with local governments, Preferred Development Areas (PDAs) for owned space and Preferred Leasing Areas (PLAs) for leased space. The PDAs and PLAs are similar in geographic scope and include Downtown Olympia, the Town Center area of Tumwater, and the area between St. Martins College and the Lacey retail core.
- The State can procure office space through purchase, lease, or development. For property that the State owns or intends to own in the future, a specified public works process must be pursued. A private property can be purchased or lease purchased through a one or two step process. Under the one step process, the State can advertise for a site and building simultaneously. Under the two step process, the State can advertise for a site, and advertise separately for a lease development project on the selected site.

The State has no additional project or leases at this time.

POTENTIAL OFFICE DEVELOPMENT

Non-State office demand in Thurston County is composed predominantly of smaller tenants in the professional service, finance, insurance, and real estate industries. The market can be further characterized in three segments:

- Firms and individuals doing business with the State and seeking proximity to the State Capitol Campus.
- Firms and individuals providing services to other businesses and locating near commercial concentrations.
- Firms providing services to local households.

The need for office space in all three categories is related to the amount of employment growth in certain office using sectors. Table V-4 summarizes employment trends in

those sectors for the City of Olympia and Thurston County. Office using sectors include communications, finance, insurance and real estate, and services. Office-using employment can be estimated as certain percentages of total employment in each sector. Office using employment in Olympia is projected to grow by 5,357 between 2014 and 2040. Office using employment in Thurston County is projected to grow by 16,748 between 2014 and 2040. This growth would support an additional 41,000 square feet each year in Olympia and 124,000 square feet in the county as a whole. At this rate it would require approximately eight years to fill the existing vacant office space county-wide. However, with conversion of some buildings to residential or other uses, and with the lack of any new Class A office space developed in Olympia over the past decade, there will be support for new development in Olympia sometime sooner than the eight year horizon.

**Table V-4
Projected Office Absorption Based on Employment
Olympia and Thurston County**

Olympia								
	Total Employment			Office Employment			Sq. Ft.	
	2014	2040	Change 2014-2040	Office Employment	Change 2014-2040	Avg. Ann. Change 2014-2040	Sq. ft. @ 200 /Employee	Avg. Ann. Change 2014-2040
	Resources	115	115	-		-	-	-
Construction	1,260	3,405	2,145	10%	215	8	42,900	1,650
Manufacturing	870	885	15		-	-	-	-
Transportation Communications	530	695	165	75%	124	5	24,750	952
Wholesale Trade	755	830	75		-	-	-	-
Retail Trade	6,560	8,740	2,180		-	-	-	-
Information	710	930	220	75%	165	6	33,000	1,269
FIRE	3,695	4,605	910	100%	910	35	182,000	7,000
Services	9,890	15,865	5,975	66%	3,944	152	788,700	30,335
Government/Education/Tribal	28,955	38,880	9,925		-	-	-	-
Total	53,340	74,950	21,610		5,357	206	1,071,350	41,206
Thurston County								
	Total Employment			Office Employment			Sq. Ft.	
	2014	2040	Change 2014-2040	Office Employment as %	Change 2014-2040	Avg. Ann. Change 2014-2040	Sq. ft. @ 200 /Employee 2014-2040	Avg. Ann. Change 2014-2040
	Resources	2,905	2,875	(30)		-	-	-
Construction	6,195	13,000	6,805	10%	681	25	136,100	5,041
Manufacturing	3,240	3,630	390		-	-	-	-
Transportation Communications	3,160	4,185	1,025	75%	769	28	153,750	5,694
Wholesale Trade	3,680	4,280	600		-	-	-	-
Retail Trade	15,010	21,505	6,495		-	-	-	-
Information	1,270	2,050	780	75%	585	22	117,000	4,333
FIRE	9,825	13,210	3,385	100%	3,385	125	677,000	25,074
Services	26,820	43,985	17,165	66%	11,329	420	2,265,780	83,918
Government	61,825	90,990	29,165		-	-	-	-
Total	133,930	199,710	65,780		16,748	620	3,349,630	124,060

Source: Thurston Regional Planning Council 2012, Property Counselors

Long-term, Downtown should be able to capture 50% or more of the new office development supportable within the city.

2015 to 2025	200,000 square feet	including 100,000 of backfill
2025 to 2035	<u>200,000 square feet</u>	
2015 to 2035	400,000 square feet	

In order to capture this potential demand, improvements will be necessary to sustain the position as the premier office location in the County, including enhancing the overall appearance, and addressing perceptions regarding parking and safety.

VI. DEMAND FOR RESIDENTIAL

Residential development is an important component of a balanced urban neighborhood. It is not only a potential use in Downtown in its own right, but it also has the potential to support commercial uses in the area as well. Multifamily residential demand is considered in this section in terms of:

- Overview
- Apartment Market
- Condominium Market
- Potential Residential Demand

OVERVIEW

The multifamily residential development demand in Olympia is only one segment of the overall housing inventory in the City. Table VI-1 summarizes the make-up of the housing inventory in the City and County as of the year 2015.

**Table VI-1
Changes in Housing Inventory-Thurston County**

Housing Units					% of Total				
2000					2000				
	SF	MF	Other	Total		SF	MF	Other	Total
Tumwater	3,155	2,328	470	5,953	Tumwater	53%	39%	8%	100%
Lacey	8,336	3,890	934	13,160	Lacey	63%	30%	7%	100%
Olympia	11,089	7,797	852	19,738	Olympia	56%	40%	4%	100%
Other Cities	1,971	388	366	2,725	Other Cities	72%	14%	13%	100%
Unincorporated	33,017	2,936	9,123	45,076	Unincorporated	73%	7%	20%	100%
Thurston County Total	57,568	17,339	11,745	86,652	Thurston County Total	66%	20%	14%	100%
2010					2010				
	SF	MF	Other	Total		SF	MF	Other	Total
Tumwater	4,354	2,638	1,072	8,064	Tumwater	54%	33%	13%	100%
Lacey	12,690	4,957	846	18,493	Lacey	69%	27%	5%	100%
Olympia	12,894	8,439	753	22,086	Olympia	58%	38%	3%	100%
Other Cities	3,189	574	460	4,223	Other Cities	76%	14%	11%	100%
Unincorporated	41,302	3,452	10,562	55,316	Unincorporated	75%	6%	19%	100%
Thurston County Total	74,429	20,060	13,693	108,182	Thurston County Total	69%	19%	13%	100%
2015					2015				
	SF	MF	Other	Total		SF	MF	Other	Total
Tumwater	4,942	2,698	1,073	8,713	Tumwater	57%	31%	12%	100%
Lacey	13,948	4,964	855	19,767	Lacey	71%	25%	4%	100%
Olympia	13,733	9,813	737	24,283	Olympia	57%	40%	3%	100%
Other Cities	3,617	711	445	4,773	Other Cities	76%	15%	9%	100%
Unincorporated	42,737	3,427	10,704	56,868	Unincorporated	75%	6%	19%	100%
Thurston County Total	78,977	21,613	13,814	114,404	Thurston County Total	69%	19%	12%	100%
	78,977	21,613	13,814	114,404					
Change 2000 to 2010					Change 2000 to 2010				
	SF	MF	Other	Total		SF	MF	Other	Total
Tumwater	1,199	310	602	2,111	Tumwater	57%	15%	29%	100%
Lacey	4,354	1,067	(88)	5,333	Lacey	82%	20%	-2%	100%
Olympia	1,805	642	(99)	2,348	Olympia	77%	27%	-4%	100%
Other Cities	1,218	186	94	1,498	Other Cities	81%	12%	6%	100%
Unincorporated	8,285	516	1,439	10,240	Unincorporated	81%	5%	14%	100%
Thurston County Total	16,861	2,721	1,948	21,530	Thurston County Total	78%	13%	9%	100%
Change 2010 to 2015					Change 2010 to 2015				
	SF	MF	Other	Total		SF	MF	Other	Total
Tumwater	588	60	1	649	Tumwater	91%	9%	0%	100%
Lacey	1,258	7	9	1,274	Lacey	99%	1%	1%	100%
Olympia	839	1,374	(16)	2,197	Olympia	38%	63%	-1%	100%
Other Cities	428	137	(15)	550	Other Cities	78%	25%	-3%	100%
Unincorporated	1,435	(25)	142	1,552	Unincorporated	92%	-2%	9%	100%
Thurston County Total	4,548	1,553	121	6,222	Thurston County Total	73%	25%	2%	100%

Source: Washington Office of Financial Management, Property Counselors.

Single family residences make up 69 percent of the housing stock in the entire county in 2015. Multifamily makes up 19 percent of the total. Multifamily development is far more prevalent in Olympia, with multifamily representing 40% of total units in 2015. Over the past 15 years, 44% of the net increase in units in Olympia was in multifamily units.

RENTAL MARKET

Rental apartments are one broad segment of the multifamily housing market. Current and historical vacancy and rental rates provide a measure of the strength of the existing market as well as an indication of possible future market performance.

MARKET AREA STATISTICS

Market conditions in the Olympia area are reported semi-annually in the Apartment Vacancy Report by Dupre and Scott. Current and historical conditions are summarized in Table VI-2.

**Table VI-2
Thurston County
Apartment Statistics**

	Olympia	Olympia 2010 and Newer	Tumwater	Lacey	Thurston County
Vacancy Rate					
All	3.6%	3.4%	3.4%	3.0%	3.0%
Studio	2.2%	12.5%			2.2%
1 BR	4.0%	5.2%	2.9%	2.5%	3.3%
2 BR/1 Ba.	2.6%	2.2%	3.3%	3.1%	2.8%
2 BR/2Ba.	3.9%	2.4%	4.1%	4.0%	3.9%
3 BR/2 Ba.	4.1%	0.0%	3.4%	3.0%	3.6%
Average Monthly Rent					
All	\$944	\$1,256	\$974	\$875	\$933
Studio	719	1,066			692
1 BR	830	1,178	848	765	813
2 BR/1 Ba.	906	1,305	891	910	906
2 BR/2Ba.	1,092	1,304	1,075	999	1,069
3 BR/2 Ba.	1,120	1,321	1,243	1,192	1,170
Monthly Rent /sq. ft.					
All	\$1.10	\$1.40	\$1.11	\$1.09	\$1.10
Studio	1.78	2.14			1.66
1 BR	1.23	1.74	1.20	1.21	1.22
2 BR/1 Ba.	1.07	1.48	1.08	1.05	1.07
2 BR/2Ba.	1.05	1.20	1.07	0.99	1.04
3 BR/2 Ba.	0.94	1.07	1.02	1.00	0.97

	Sept 2011	Sept 2012	Sept 2013	Sept 2014	Sept 2015	5 Year Avg.
Vacancy Rate	7.2%	6.1%	4.3%	3.6%	3.6%	4.6%
Average Rent	\$838	\$837	\$865	\$910	\$944	\$872
% offering Incentives	52%	60%	18%	14%	15%	30%

Source: Dupre + Scott, Apartment Vacancy Report, September 2015

The upper part of Table VI-2 summarizes vacancy and rental rate trends for the County as a whole and the three major cities, over the past five years. Olympia has a current vacancy rate (as of September 2015) of 3.6 percent, higher than the other cities, but lower than the 5.0 percent target rate for a typical market. The table also breaks out statistics for Olympia units built since 2010. The newer units have a slightly lower average vacancy

Olympia's average rents are lower than the average for the county as a whole. This can be partly attributed the older inventory in the city. Considering only units built since 2010, rents are much higher in Olympia.

The rental rates vary by unit type with the larger units commanding higher rents. On a per square foot basis, the larger units command lower rental rates. The average rent per square foot for apartments built in Olympia since 2010 is \$1.40, with higher average rates for studios, one and two bedroom units.

The lower part of Table VI-2 summarizes vacancy and rental trends in Olympia over the past four years. Vacancy has dropped from 7.2% and average rents have increased at a rate of 3% per year.

EXISTING APARTMENTS

A survey of newer apartments in the County provides additional information on market conditions. Table VI-3 summarizes information for several existing projects. The experience of these projects provides several conclusions about the market.

- Apartment development has recovered since the recession years with six buildings completed since 2011. All are in Olympia.
- The highest rents are in Silverleaf, Affinity (senior housing), Villas at Kennedy, Woodlands, Redleaf, Pacific Place, Parkview, Woodlands, and Madison.
- The Highest rents expressed on a per square foot basis are \$1.25 to 1.43 for studios; \$.93 to 1.30 for one bedroom units; .81 to \$1.19 for two bedrooms; and \$.91 to \$1.13 for two bedrooms.

With the exception of the Capitol Steps project with underground parking, all the buildings offer carports or partially covered parking. The buildings are generally two to three stories. The prevailing rents are at levels that can support development for this product.

**Table VI-3
Selected Thurston County Apartments**

Name	Address	City	Year Built	# of Units	Unit Size				Rent				Features
					Studio	1 BR	2 BR	3 BR	Studio	1 BR	2 BR	3 BR	
Abbey Road	9320 Windsor Ln	Lacey	2004	162		823-881	991-1,283			\$955-\$1,046	\$1,175		1,2,3,4,5
Affinity	4701 7th SW	Olympia	2014	170	495	595	794-922		\$1,100-\$1,210	\$1,300-\$1,470	\$1,500-1,795		1,2,3,4 Senior
Alpine Village	301 T St. SW	Tumwater			450	518-608	730	1000	\$625	\$675	\$840	\$1,050	3,4
Breckenridge Heights	1923 Bittany	Tumwater	1994	250		800-910	1030	1145		\$750-\$870	\$900-\$1,030	\$1,050-\$1,000	1,2,3,4,5
Capitol Heights	1221 Mottman	Tumwater	1990	115		801	976-1,021	1,221		\$845	\$975-\$1,030	\$1,050-\$1,100	1,3,4,5
Capitol Steps	623 Eastside	Olympia	2005	26	558-627	694-781			\$835	\$860-895			
Copper Trail	701 Alta NW	Olympia	2015	238		703	832-972	1,101		\$799	\$949	\$1,087	1,2,3,4,5
Country Club Villas	3625 Yelm Hwy	Olympia	2007	64		956	1,156			\$1,040-\$1,050	\$1,170-\$1,180		3,4
Dakota Place	6205 Pacific	Olympia	2006	156		728	1,074			\$925-\$930	\$1,099		1,2,3,4
Hearthstone	215 Pinehurst	Tumwater	2005/2007	133		681-788	919-960	1,084-1,101		\$925	\$1,220	\$1,235-\$1,385	2,3,4
Heritage Park	1818 Evergeen Park	Olympia	1972	120	295-325	450-650	635-725	1,200	\$650-\$699	\$799-\$899	\$980-\$1,149	\$1,150-\$1,200	2
Larc	3600 Forestbrook Wy.	Olympia	2014	141		535-762	724-774			\$782-\$798	\$913-\$947		2,3,4 Senior
Madison	105 Newberry	Olympia	2007	192		723-826	1,022-1,180			\$1,030-\$1,113	\$1,122-\$1,368		1,2,3,4
Pacific Place	748 Sutter Lane SE	Lacey	2009	59		771-1,026	1,177			\$1,120-\$1,320	\$1,465		2,3,4,5
Parkview	4523 Briggs Dr.	Olympia	2012	72		788	1,083	1,243		\$1,025-\$1,255	\$1,225-\$1,255	\$1,365-\$1,405	4,5
Polo Club	3425 Polo Club Lane	Olympia	2009	127			967	1,110			\$1,208-\$1,292	\$1,453	1,2,3,4,5
Red Leaf	1330 Fones Rd.	Olympia	2011	56		1,345-1,467	1,842			\$1,249-\$1,399	\$1,495		
Regency	1521 McDaniel	Lacey	2005	66		956	1,100-1,160				\$920-\$940		
Rock Maple	3000 Cardinal Dr.	Olympia	2004	113		853	1,126			\$935-\$970	\$1,200		1,2,3,4
Silverleaf	4520 Hendersopn	Olympia	2014	200	504-511	634-857			\$899-\$920	\$1,395-\$1,495			2,4
Sommers Manor	4000 57th Trail	Olympia	2007	40			1,008				\$1,295		3,4,5
Tabula Rasa	1978 Trospen Rd.	Tumwater	2008	117		802	1,102-1,154	1,298-1,411		\$1,050	\$1,275	\$1,400	
Tribeca	1700 Kempton SE	Olympia	2010	79		745	967-985	1,274		\$900-\$925	\$1,045-\$1,200	\$1,385-\$1,420	2,3,4,5
Villas at Kennedy	1978 Trospen Rd.	Tumwater	2008	119		802-896	1,115-1,154	1411		\$969-\$1,419	\$1,770-\$2,140	\$2,279-\$2,479	1,2,3,4,5
Woodlands I & 2	800 Yauger Way	Olympia	2012	224		875-903	1,180-1,194			\$1,039-\$1,145	\$1,179-\$1,299		1,2,3
Yauger Park Villas	322 Lachman SW		2010	80			1,209-1,264				\$1,607-\$1,912		2,3,4
6th Ave. Place	4410 6th Ave.	Lacey	2008	103		554-910	870-979	1,192-1,298		\$835-\$980	\$1,045-\$1,065	\$1,275-\$1,315	1,4,5
8 Hundred West	800 Alta	Olympia	2015	101			979-1,022				\$1,165-\$1,695		1,3,4

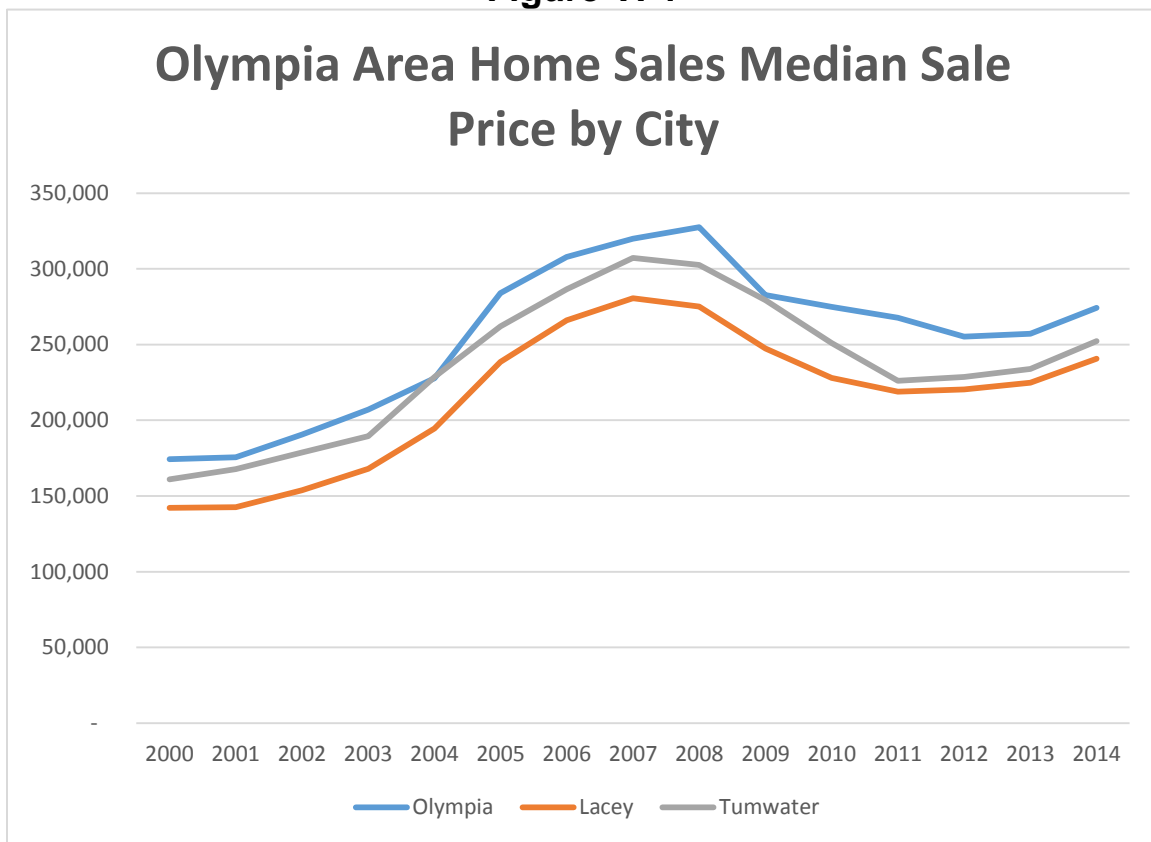
Source: ForRent.com, Property Counselors

CONDOMINIUM MARKET

Condominiums are multifamily residential units available for sale. Sales prices for all housing in Thurston County fell rapidly during the recession, but have regained some of the lost value since that time as shown in Figure VI-1. Average home values in Olympia vary by neighborhood as follows. South Capitol neighborhood immediately south of Downtown has the highest average value, according to Zillow.

South Capitol	\$332,400
Cain Road	\$314,400
Northwest	\$233,700
Northeast	\$225,600
South Westside	\$215,000
Eastside	\$207,900

Figure VI-1



Source: Thurston Regional Planning Council, Northwest Multiple Listing Service.

The average home values for condominiums/coops in Olympia are estimated by Zillow to be \$196,000 compared to \$254,000 for all homes. Condominium/coop values dropped from a peak of \$241,000 in 2007, to a low of \$175,000 in 2012, before returning to the current value. The average value for all homes dropped from a peak of \$262,000 in 2007 to a low of \$210,000 in 2007 before returning to the current value. On a percentage basis, condos dropped 27% on average, while homes dropped only 20%. Condominium coop values are currently lower relative to home prices than in either 2007 or 2012.

The asking price and unit characteristics of condominium units for sale in December 2015 are summarized in Table VI-4.

- Of the units shown, many are in projects built just prior to the recession. 1018 Capitol Way S. was built in 2010. Several new townhouse projects have been built in the past year in Lacey.
- Most of the units for sale are townhouse units. The most expensive flats are on East Bay Drive immediately west of downtown and offer water and mountain views.
- The most expensive units generally range in size from 1,500 to 2,000 square feet.
- On a per square foot basis, the highest priced units are just over \$200. However, many of the new townhouse units are for sale for approximately \$150 per square foot.

Generally, condominium sales have begun to increase and prices stabilized, but the current prices are still well below the prices necessary to justify new investment. Further, developers are discouraged from condominium development by construction liability laws and the threat of homeowner association lawsuits.

POTENTIAL RESIDENTIAL DEMAND

The city expects that approximately one-quarter of the projected increase in City population over the next 20 years will locate Downtown. This increase would represent 2,500 to 3,500 additional housing units depending on the average household size. At one end of the range, an average size of 2.0 persons per household is slightly below the average for the entire city in 2010. At the other end, an average size of 1.5 is slightly below the average for the area of Downtown south of Legion in 2010. The projected distribution of new units for townhouse, lowrise (2-3 stories), and midrise (4-6 stories) is shown in Table VI-5. The distribution is based on the likely household composition and income levels of new residents. As shown in the first columns of the table, the household distribution in 2010 was 24% family households with children under 18, 28% family households without children under 18, and 49% nonfamily households. The median income level for each segment is derived from census data as well. The distribution by unit type for each household segment is based on the following:

Family households with children under 18 are more likely to choose a townhouse.

Family households without children, and with higher incomes are more likely to choose a midrise unit.

Non-family households, with moderate incomes are more likely to choose a lowrise unit.

As shown in the table, the projected demand by unit type over the twenty year period is:

Townhouses	684 to 958 units
Lowrise (2-3 stories)	1,097 to 1,536 units
Midrise (4-5stories)	<u>719 to 1,006 units</u>
Total	2,500 to 3,500 units

The townhouse units will likely be a mix of units for sale and for rent. The lowrise and midrise units will be predominately for rent at least in the foreseeable future. As rents rise, there will be more interest in condominiums. Developers will be more inclined to respond to that interest if laws are changed to limit liability for construction defects.

**Table VI-5
Projected Downtown Housing Growth
2015 to 2035**

Smaller Average Household Size							
	Households 2010	% of Total	Med. Inc.	Townhouse	Lowrise	Midrise	Total
Family Households w/ Childen under 18	4,908	23.6%	\$76,467	496	248	83	827
Family Households w/o Childen under 18	5,764	27.8%	\$83,271	292	97	583	972
Non-Family Households	10,089	48.6%	\$35,438	170	1,191	340	1,701
Total	20,761	100.0%		958	1,536	1,006	3,500
Larger Average Household Size							
	Households 2010	% of Total	Med. Inc.	Townhouse	Lowrise	Midrise	Total
Family Households w/ Childen under 18	4,908	23.6%	\$76,467	355	177	59	591
Family Households w/o Childen under 18	5,764	27.8%	\$83,271	208	69	416	694
Non-Family Households	10,089	48.6%	\$35,438	121	850	243	1,215
Total	20,761	100.0%		684	1,097	719	2,500

Source: Property Counselors

VII. DEMAND FOR LODGING

Lodging can support other businesses, at the same time that it is supported by other uses and the visitor industry. Potential demand is presented in this section in terms of:

- Regional Market Performance
- Existing Hotels
- Potential Lodging Demand

REGIONAL MARKET PERFORMANCE

The lodging market in Thurston County has been somewhat stable in the past year. As summarized in Table VII-1, average occupancy was unchanged at 60%, a level below the target rate to attract new entrants to the market. At the same time, the average room rate increased at a rate of 3.2%, a rate above the rate of inflation.

**Table VII-1
Thurston County Hotel Market Performance**

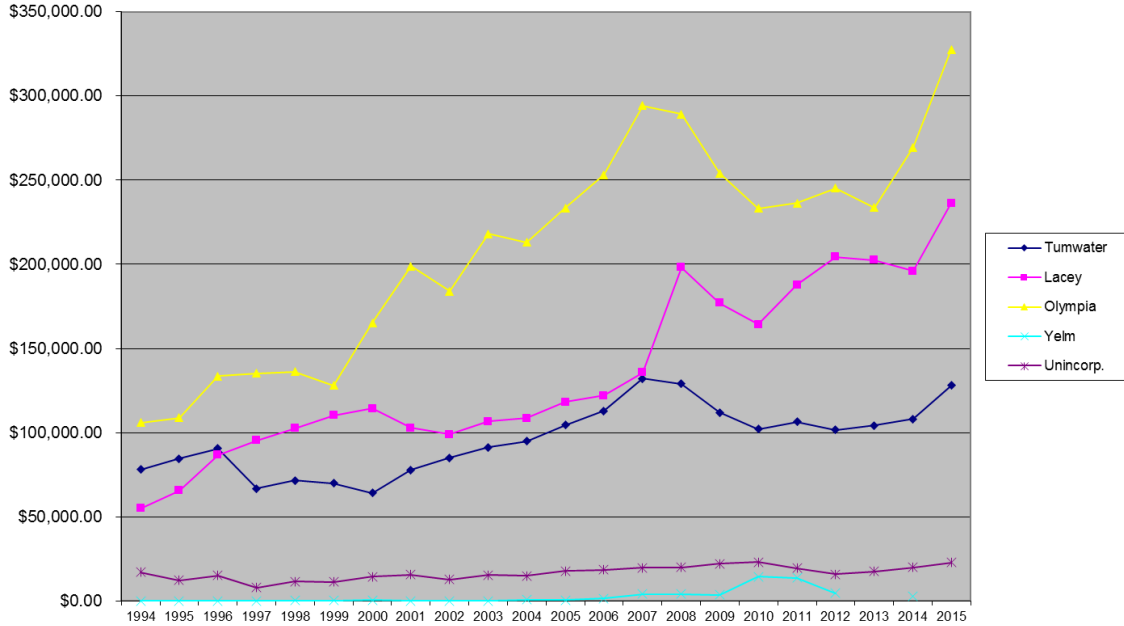
	2013	2014	% Change
Room Occupancy	60%	60%	0.0%
Average Room Rate	\$95	\$98	3.2%
Revenue per Available Room	\$58	\$59	2.1%

Source: Kidder Mathews Real Estate Market Review

Performance at the city level can be derived from hotel/motel tax data. A tax of 2% of room revenues is collected by the State (as part of the retail sales tax) and distributed to cities and counties. A 2% special tax is also imposed by local cities and the County. Tax revenues are proportional to room revenues. Changes in tax collections for individual cities and the County are shown in Figure VII-1. Revenues in all jurisdictions declined with the general economy in 2008, but have recovered strongly since then. Olympia captures the largest share of lodging activity, followed by Lacey.

Figure VII-1

**Distribution of State Shared Hotel Tax by Jurisdiction
Thurston County 1994-2015**



Travelers in the Olympia market area can be categorized into four primary segments: government travelers, commercial travelers, groups, and tourists and other transients. The market segmentation at individual hotels varies, based on the facilities and services offered at the properties. The largest demand in local hotels comes from the commercial market segment with approximately one-third of the total market share, while group and leisure demand command a similar area market share at approximately 25% each. Government demand accounts for the balance of demand. The legislative session has a large effect on Olympia area occupancy during the first quarter of every year.

Corporate or commercial travelers are those conducting business in the area. Lodging demand for the commercial travelers market segment is generated by commercial, industrial, and retail activity throughout the Thurston County area. Commercial demand typically occurs Monday through Thursday and is characterized by short lengths of stay. Weekend rates are typically lower during the winter season and increase to levels above commercial rates during the high-tourist season. Commercial activity takes place year-round, however most facilities in the area prefer to reserve the summer season for guests paying non-discounted rates and staying for longer periods. In general, this market segment chooses its lodging facilities based on room rate structure, quality, and amenities, location, and the availability of restaurants and other support services.

The group meetings market is comprised of associations, conventions, and business meetings which utilize blocks of guestrooms in addition to banquet and meeting rooms

and is comprised of associations, conventions, trade shows, small business meetings, family retreats, and weddings. Group demand is generally offered discounted rates, depending upon the group size and the season during which they are accommodated. Discounted group rates are also limited primarily to the shoulder seasons, due to the stronger occupancies experienced by the hotels in the competitive supply during the summer months. The development of the group segment is critical, however, in assuring a facility's long-term success, since group business tends to be heaviest in spring and fall, while it tends to be displaced during the summer months for higher rated leisure demand.

Leisure travelers are those travelers visiting attractions in the area or visiting family and friends. Demand derived from this segment has the highest incidence of double occupancy among the market segments. Tourists typically pay the full rack rate, however they occasionally receive discounts for coupons or tour packages. Tour groups are considered to be part of the leisure traveler market. Leisure demand tends to be strongest in the summer months of June through August.

Government travelers, which represent a larger than average segment of demand in the Olympia market area, consist of government employees doing business in the state capital. Lobbyists and many individuals who are not government employees but are involved in government-related work also frequently receive the per diem government rate. The peak period for government travel is in the months of January and February during even-numbered years and from January through March during odd-numbered years. The current government per diem is approximately \$99 for lodging and \$69 for food. The per diem rate for lodging approximately equal to the average daily rate shown in Table VII-1, reflecting the impact of government travel on the local lodging market.

EXISTING HOTELS

The Olympia market area offers a range of hotel properties, varying in terms of size, location, and services. Table VII-2 summarizes the size, location, and services of the major hotels in Thurston County. As shown, there are over 2,000 guestrooms in the Olympia market area, with 36 percent in Lacey, 34% percent in Olympia, and 26% in Tumwater.

Table VII-2
Summary of Thurston County Hotel Inventory

	Location	City	Rooms	Avg Room Rate	Meeting Space *	Food Service
Governor Hotel	621 Capitol	Olympia	119	121.00	150	Restaurant
Doubletreee	415 Capitol Way N.	Olympia	102	149.00	120	
Quality Inn	1211 Quince	Olympia	63	79.00	100	
Ramada	4520 Martin Way	Olympia	125	121.00	100	
Red Lion	2300 Evergreen Boule	Olympia	190	99.00	480	Restaurant
Town Place Suites	900 Capitol Way	Olympia	71	159.00	45	
Subtotal			670			
Best Western Plus	8326 Quinault	Lacey	82	\$130.00	80	
Candlewood Suites	4440 3rd Ave. SE	Lacey	91	129.00	40	
Comfort Inn Lacey	4700 Park Center NE	Lacey	69	99.00		
Holiday Inn Express	4460 3rd Ave. SE	Lacey	81	121.00	40	
Days Inn	8200 Quinault DR. NE	Lacey	124	65.00	40	
La Quinta Inn & Suites	4704 Park Center Ave	Lacey	89	94.00		
Quality Inn & Suites	120 College Way	Lacey	77	80.00		
Super 8	111 College Way	Lacey	100	55.00		
Subtotal			713			
Best Western	5188 Capitol Bouleva	Tumwater	89	114.00	40	
Comfort Inn & Conference	1620 74th SW	Tumwater	58	98.00	200	
Extended Stay of America	1675 Mottman	Tumwater	107	85.00		
Guesthouse Inn and Suites	1600 74th SW	Tumwater	59	90.00		
Motel 6	400 Lee St.	Tumwater	119	49.00		
La Quinta	4650 Capitol Way	Tumwater	80	95.00		
Subtotal			512			
Prairie Hotel	700 Prairie Lane	Yelm	67	99.00	100	
Total			1,962			
* Capacity of largest room with banquet seating.						

Source: Thurston County Visitor and Convention Bureau, Property Counselors

Of the 19 hotels shown, only two are full-service hotels. In addition, only eight have significant amounts of meeting space. The Extended Stay of America includes kitchens and provides for stays of one week or longer, but is also available for short stays as well.

The Towne Place Suites opened in Downtown Olympia in January 2016 after a major renovation. The Tumwater La Quinta opened in 2015. A Hampton Inn and Suites is

scheduled to open with 126 rooms at 4301 Martin Way in Olympia in June 2016. A 118 room Hilton Garden Inn is under construction on Henderson Boulevard in Olympia. A Marriott Courtyard is proposed for an adjacent site.

In addition to the hotels shown in the table, the Great Wolf Lodge is a major attraction in the area, providing meeting space and recreational facilities. The Lodge is oriented toward families and includes 317 all-suite guestrooms, 30,000 square feet of meeting space, a 50,000 square foot indoor water park, arcade, spa, and fitness center on a three and a half-acre parcel of land. The Great Wolf Lodge is owned by the Chehalis Tribe, which also owns the Lucky Eagle Casino. The development is approximately 20 minutes outside of Olympia in Grand Mound, Washington.

POTENTIAL LODGING DEMAND

Future demand for lodging facilities in the study area will depend upon the continued recovery and future growth of the travel industry, and the area's competitive position. Table VII-3 summarizes the assumptions and projections for supportable future hotel development in the study area. Projections are made in a range for base and high demand conditions.

Real growth in hotel performance reflects growth in room nights and growth in ADR above inflation. The historical real growth rate was 2.3% between 1994 and 2015, a very challenging period for the industry. Future growth is assumed at 2.5% to 3.5%. The City's current share of county-wide room revenue was 46% in 2015 down from 51% in 2003. Olympia should be able to maintain that share and even increase it somewhat based on likely enhancements to Downtown. In the high growth projection, that share is projected to grow to 50%, still below its historical high. The Downtown's share of Olympia hotel activity should hold steady or grow if it can be reinforced as the lodging and entertainment center for the city.

As shown in Table VII-3, the number of supportable new hotel rooms in the study area over the next 20 years is projected to range from 138 to 311. A portion of the new rooms are likely to be limited service rooms. But it is important that at least one full service hotel be included in order to increase the diversify market segmentation and reinforce Downtown as the center of the local lodging and entertainment sector.

**Table VII-3
Projected Hotel Demand
2015 to 2035**

Baseline Projection				
		2015	2025	2035
Real Growth Rate				
2015-2025	2.0%			
2025 to 2035	2.0%			
City Share		45.0%	45.0%	45.0%
Downtown Share		45%	45%	45%
Thurston County				
Projected Tax		715,025	871,612	1,062,490
Projected Room Revenue		35,751,259	43,580,585	53,124,490
Olympia		16,088,067	19,611,263	23,906,021
Downtown		7,239,630	8,825,069	10,757,709
Avg Room Rev.		\$25,500	\$25,500	\$25,500
Supportable Rooms		284	346	422
Increase			62	76
High Projection				
		2015	2025	2035
Real Growth Rate				
2011-2021	3.0%			
2021 to 2031	3.0%			
City Share		50.0%	50.0%	50.0%
Downtown Share		55%	55%	55%
Thurston County				
Projected Tax		715,025	960,934	1,291,415
Projected Room Revenue		35,751,259	48,046,703	64,570,751
Olympia		17,875,630	24,023,351	32,285,375
Downtown		9,831,596	13,212,843	17,756,956
Avg Room Rev.		\$25,500	\$25,500	\$25,500
Supportable Rooms		386	518	696
Increase			133	178

Source: Property Counselors

The projected demand can be summarized as follows:

	Base Case	High Case
2015 to 2025	62 rooms	133 rooms
2025 to 2035	76 rooms	178 rooms
2015 to 2035	138 rooms	311 rooms

In order to capture demand at the high end of the range, Downtown will need to maintain its identity as the premier lodging venue in the county. Upgrades to the streetscape, growth in the food service and entertainment sectors, and overall growth and development in Downtown will contribute to this result.