



## Planning Commission

### Downtown Urban Infill Area State Environmental Policy Act (SEPA) Ordinance - Deliberation

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#### **Title**

Downtown Urban Infill Area State Environmental Policy Act (SEPA) Ordinance - Deliberation

#### **Recommended Action**

Move to recommend approval of an ordinance to establish Downtown as a SEPA urban infill exemption allowance area.

#### **Report**

##### **Issue:**

Whether to recommend City Council adoption of an ordinance to establish Downtown as a SEPA urban infill exemption allowance area.

#### **Staff Contact:**

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#### **Presenter(s):**

Leonard Bauer, Deputy Director

#### **Background and Analysis:**

In 2015, the City Council adopted a scope for the Downtown Strategy (DTS) which included exploring increased SEPA exemption levels for minor construction projects and/or urban infill development that is consistent with the Comprehensive Plan. During 2016, the DTS planning team explored these options in light of Downtown goals. The DTS adopted by the City Council recommends designating a Downtown Urban Infill SEPA Exemption Area. The memo from the DTS explaining this recommendation is attached.

The purpose of designating an urban infill SEPA exemption area is not to reduce environmental risk assessment or mitigation. State law established the urban infill exemption option to reduce duplicative process in areas where a full Environmental Impact Statement (EIS) was previously conducted on a Comprehensive Plan that calls for urban infill development, such as Olympia's downtown. The EIS assessed the potential environmental impacts of implementing the Comprehensive Plan.

To be consistent with the Comprehensive Plan goals, the City has adopted mitigation measures for environmental issues directly into the City's codes and development requirements, which all new development proposals must meet. Because environmental issues are addressed upfront in the development code, an additional SEPA review for each development project is duplicative. Exempting projects from that duplicative SEPA review process helps to reduce uncertain development costs and permit review times, and is a way to incentivize development that meets Comprehensive Plan goals.

### SEPA Urban Infill Area

The State's SEPA statute (RCW 43.21C.229) allows for urban infill exemptions in order to encourage residential or mixed use development in urban areas where the density goals of the comprehensive plan are not being met. When an EIS has been prepared to analyze the development goals in the comprehensive plan (which is the case for Olympia), a city can exempt some or all of the following types of development from additional SEPA review:

- Stand-alone residential
- Mixed use residential/commercial
- Stand-alone commercial less than 65,000, excluding retail

The exemption would not apply to:

- Industrial uses
- Lands covered by water (in most cases)
- Projects where part of the proposal requires both exempt and non-exempt actions
- Some other very specific cases outlined under the SEPA statute

### Gap Analysis

A first step was to identify any gaps in our environmental regulations where we have had to use SEPA in the past to address an environmental issue in Downtown. This would identify issues for which the City would need to establish regulations because SEPA was the sole method of addressing an issue.

The gap analysis revealed the City has often used SEPA to reiterate regulations that are required regardless of SEPA (e.g., remediating contaminated soil and groundwater, controlling dust at the construction site). The gap analysis did identify three areas that should be addressed by adopting new regulations before establishing a SEPA exemption:

- 1. Flood risk associated with sea level rise:** In the past, the City used SEPA to address flood risk due to sea level rise by requiring higher finished floor elevations in high risk areas of Downtown. To ensure this issue could still be addressed without SEPA, the City adopted increased flood-proofing standards in August of 2016.
- 2. Off-site traffic impact mitigation:** There may be areas where a large traffic-generating project could cause off-site traffic impacts needing to be mitigated through infrastructure improvements at the time of development (e.g., a traffic light.) To ensure this issue can still be addressed without SEPA, the 2017 annual update to the Engineering Design and Development Standards (EDDS) includes a proposal to incorporate current requirements for

development applications to perform a traffic study to determine any needed improvements that would be required (attached). The urban infill exemption ordinance also clarifies that new development would still need to comply with city code requiring transportation concurrency (i.e., providing necessary transportation facilities concurrent with new development).

- 3. Cultural resources:** Tribal nations tend to use SEPA notice as their trigger to review development applications, and Downtown is of particular interest to tribes due to the historical and cultural significance of Downtown lands. Staff met with representatives of the Nisqually Tribe and State Department of Archaeology and Historic Preservation (DAHP), and has corresponded with the Squaxin Island Tribes, regarding City code revisions to ensure concerns about development in historical or culturally significant areas will be addressed by proposed city code revisions. Those proposed revisions have been included in the downtown urban infill SEPA exemption ordinance (attached).

#### Draft SEPA Ordinance

The attached draft ordinance would provide for designation of a Downtown Urban Infill SEPA Exemption Allowance Area. It also includes updates to the City's existing Environmental Policy, which establishes the City's SEPA authority in state law. SEPA review of projects in areas of the City outside of the downtown exemption area will continue under this authority. This ordinance updates references for consistency with state laws and rules, and other parts of the Olympia Municipal Code, regarding this authority.

In addition, the draft ordinance includes the cultural resources provisions described above.

#### **Neighborhood/Community Interests (if known):**

The recommended action in the Downtown Strategy was shared with the public at open houses on October 29, 2016, and February 7, 2017, and the Planning Commission's public hearing on the DTS on February 27, 2017. The Downtown Strategy was adopted by the City Council on April 25, 2017.

#### **Options:**

1. Recommend approval of an ordinance to establish Downtown as a SEPA urban infill exemption allowance area.
2. Recommend approval of a modified ordinance to establish Downtown as a SEPA urban infill exemption allowance area.
3. Do not recommend approval of an ordinance to establish Downtown as a SEPA urban infill exemption allowance area.

#### **Financial Impact:**

Staff work on this ordinance has been included in the City's base budget. Adoption of the downtown urban infill SEPA exemption ordinance will likely reduce staff costs in performing duplicative SEPA review on qualifying downtown development projects in the future.

#### **Attachments:**

Draft Downtown Urban Infill Area SEPA Ordinance  
Downtown Strategy SEPA memo  
Draft EDDS Update - Traffic Impact Analysis  
Public Comments

