



## City Council

### Approval of a Resolution Authorizing a Development Agreement Between the City of Olympia and West Bay Development Group, LLC, for Property Located at 1210 West Bay Drive NE

**Agenda Date:** 3/30/2021  
**Agenda Item Number:** 6.C  
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#### Title

Approval of a Resolution Authorizing a Development Agreement Between the City of Olympia and West Bay Development Group, LLC, for Property Located at 1210 West Bay Drive NE

#### Recommended Action

##### Committee Recommendation:

Not referred to a committee.

##### City Manager Recommendation:

Move to approve the Resolution and authorizing the City Manager to sign the agreement.

#### Report

##### Issue:

Whether the City Council should approve a Resolution authorizing a Development Agreement between the City of Olympia and West Bay Development Group, LLC, for property located at 1210 West Bay Drive NE.

##### Staff Contact:

Tim Smith, Planning & Engineering Manager, Community Planning and Development, 360.570.3915

##### Presenter(s):

Tim Smith, Planning & Engineering Manager, Community Planning and Development

#### Background and Analysis:

The City Council held a public hearing on the proposed Development Agreement on March 23, 2021. The Development Agreement has since been updated to reflect the recent sale of the subject property from Hardel Plywood Corporation to West Bay Development Group, LLC. A Resolution has also been prepared for Council consideration of whether to approve the Development Agreement.

Chapter 36.70B.170 of the Revised Code of Washington authorizes cities to enter into a written

development agreement with a property owner. The City of Olympia's procedures for development agreements are contained in Chapter 18.53 of the Olympia Municipal Code (OMC). A development agreement must be heard by the City Council prior to consideration of any application for development.

An applicant may request the City Council to consider a development agreement to define specific parameters for a future project application. Development agreements typically address timelines for installation of public improvements like roads, sidewalks, and sewer and water infrastructure that are required components of a project.

#### Description of Site and Future Project

The proposed Development Agreement is for an approximately 8-acre property located at 1210 West Bay Drive NE. The subject property is located east of West Bay Drive and adjacent to West Bay and is the site of the former Hardel Mutual Plywood manufacturing facility that operated between 1951 and 1996.

The anticipated future project is called West Bay Yards and will consist of approximately 478 market-rate rental housing units in five mixed-use buildings and approximately 20,500 square feet of complimentary retail, restaurant, and recreation uses. Site development is proposed in two phases, with building construction in three phases. The five buildings will be located above an elevated public plaza structure that will provide most of the parking for the development below grade. The plaza will enable the building foundations to be at the same grade as West Bay Drive.

The future mixed-use project is supported by the City's Comprehensive Plan and is permitted by the Olympia Shoreline Master Program (SMP) and zoning regulations. The City amended its Comprehensive Plan and Zoning Map in 2003 from industrial to Urban Waterfront to promote urban levels of commercial and residential development in this area.

#### Summary of Development Agreement

This will be a large-scale project on a challenging site due to the historic use and its location on a shoreline of the State. Timing for permitting and installation of required site improvements is an important consideration. The Development Agreement establishes a framework for the sequencing of all these project components so that a piecemeal approach can be avoided.

The proposed timeline for the agreement is fifteen years. Site and building phasing plans in the agreement outline the timing for frontage improvements to West Bay Drive, onsite public utility infrastructure, shoreline restoration and public access, and construction of the five buildings. Each phase will be required to stand on its own in terms of meeting all City development standards for utility infrastructure and other onsite improvements such as parking and landscaping.

Shoreline restoration is also a component of the Development Agreement. The property boundary along the shoreline of West Bay will be restored consistent with the recommendations of the *City of Olympia West Bay Environmental Restoration Final Report*. The report was prepared by the City, Port of Olympia and the Squaxin Island Tribe and identifies potential restoration projects that can provide the opportunity to enhance the ecological functions of West Bay. The restoration final report includes opportunities for restoration of intertidal beach and marsh areas (in-water restoration). Restoration work would create a more natural beach with significant habitat function improvements.

Public access amenities to and along the waterfront are also addressed in the Development Agreement. The project will include a 24-foot wide esplanade along the project waterfront, which would be fully accessible to the public and eventually connect to a waterfront trail to the south consistent with City plans. The esplanade exceeds the City's standard trails. A parking lot with several public access points and amenities will be provided for community use and access to the esplanade.

The proposed agreement provides that West Bay Development Group, LLC will apply for development permits for the property. A shoreline permit application will be reviewed for consistency with the City's adopted development regulations at the time of the execution of this agreement. Impact fees are vested to each of the three building phases. The first building permit application for each phase will vest impact fees for all the buildings in that phase.

#### Other Considerations

Historic operations at the site resulted in a 2007 Agreed Order between the State Department of Ecology and Hardel to investigate the site and prepare a Cleanup Action Plan. Remediation activities occurred in 2010. The project applicant is currently conducting additional investigations for due diligence and this work will be incorporated into the project-level SEPA review for the future development proposal. A development proposal must comply with Department of Ecology requirements for any additional cleanup of the site.

The subject property is not located in an area that qualifies for the City's Multifamily Tax Exemption Program. The property is also not eligible for reduced impact fees that apply to projects downtown and along certain transportation corridors in the City.

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

There is significant interest from throughout the community regarding the future use of this waterfront and former industrial site. The City has received numerous written comments which are provided on the City web page related to this project. A link is included as an attachment to this staff report.

#### **Options:**

1. Approve a Resolution authorizing the Development Agreement.
2. Do not approve a Resolution.
3. Continue consideration of the Resolution for action at future Council meeting.

#### **Financial Impact:**

The Development Agreement itself does not have an immediate financial impact to the City. Provisions for the payment of impact fees in the agreement may result in payments below current rates for the second buildings in the first two phases if impact fees are raised subsequent to the application for building permits for the first buildings in those two phases. Eventual development of the property will increase property value and therefore revenue to the City through property taxes. Businesses proposed to be located on the property also will provide revenue via sales tax and business & occupation taxes.

#### **Attachments:**

Resolution

Agreement

[Link to City Web Page](#)

