



## City of Lacey, Washington Lacey City Council Worksession Agenda

Refer to the bottom of the agenda for meeting information.

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Tuesday, November 26, 2024

6:00 PM

Council Chambers and Online

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### 1. Call to Order

### 2. Roll Call

### 3. Land Acknowledgment

We, the City of Lacey, are on the ancestral land of the Tribal People of the Treaty of Medicine Creek, including the Nisqually Indian Tribe and Squaxin Island Tribe. We acknowledge and remember those Tribal People not recognized today who were absorbed or relocated into other tribes for survival. We recognize the ancestors and their descendants who are still here. We recognize and respect the Tribal People of the Treaty of Medicine Creek as the traditional stewards of this land since time immemorial and their role today in taking care of these lands in perpetuity. We recognize and have the responsibility to call attention to the histories of dispossession, forced removal, and abridged treaty rights that allowed our nation, state, and city to develop as they have today. We recommend that community members read the Medicine Creek Treaty of 1854.

### 4. Approval of the Agenda

### 5. Public Comment

Refer to the bottom of the agenda for instructions on how to provide public comment.

### 6. Agenda Items

#### A. State Legislative Agenda and Manual Review

Shannon Kelley-Fong, Assistant City Manager  
Brian Enslow, Principal, Arbutus Consulting

#### B. Human Services Commission Update

Shannon Kelley-Fong, Assistant City Manager  
Michelle Chavez, Human Services Coordinator

#### C. Logo and Branding Guide Update

Shannon Kelley-Fong, Assistant City Manager

Ty Keltner, Communications Manager  
Donna Feliciano, Communications Specialist

**D. LOTT Clean Water Alliance Surplus Property Update**

Vanessa Dolbee, Community and Economic Development Director

**E. Designated Reserves Discussion**

Troy Woo, Finance Director

**7. Adjourn**

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**Meeting Information:**

**Attendance (Remote or In-Person)**

The public may attend the meeting in-person, or you may view or listen to the meeting using one of the following platforms:

In-Person: Council Chambers at Lacey City Hall  
420 College Street SE, Lacey, WA 98503  
Zoom: [https://us02web.zoom.us/webinar/register/WN\\_pTxbJoZ0SEO2JuNRjQDA\\_A](https://us02web.zoom.us/webinar/register/WN_pTxbJoZ0SEO2JuNRjQDA_A)  
Website: <https://cityoflacey.org/government/public-meetings/>  
Facebook: <https://www.facebook.com/cityoflacey>  
YouTube: <https://www.youtube.com/watch?v=uAjUzz9TeWs>  
Phone: (888) 788-0099 or (877) 853-5247 (Webinar ID 845 0492 4878)

**Verbal Public Comment**

Each speaker is limited to three minutes. Comments are welcome on matters connected to City business or specific agenda items.

Prior to starting your comments, please provide your:

- a. Name
- b. City of residence or connection to the City
- c. Topic or subject matter of your comments

Those wishing to provide verbal public comment may do so in-person or by Zoom:

In-Person: Use the sign-up sheet located in the Council Chambers.  
Zoom: Preregister using the following Zoom link no later than two hours prior to the meeting:  
[https://us02web.zoom.us/webinar/register/WN\\_pTxbJoZ0SEO2JuNRjQDA\\_A](https://us02web.zoom.us/webinar/register/WN_pTxbJoZ0SEO2JuNRjQDA_A)



Instructions and access details will be provided once registration is complete.

**Written Public Comment**

Public comments may also be submitted by email to [PublicComment@cityoflacey.org](mailto:PublicComment@cityoflacey.org). The commenting period will close two hours before the meeting time.

Written comments will be provided to the City Council electronically prior to the meeting. Comments will not be addressed during the Council meeting; however, comments received will be added to the official record.



# 2025 State Legislative Priorities

## **LACEY CITY COUNCIL**

**Andy Ryder**, Mayor

**Malcolm Miller**, Deputy Mayor

**Lenny Greenstein**

**Michael Steadman**

**Carolyn Cox**

**Robin Vazquez**

**Nicolas Dunning**

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[www.CityofLacey.org](http://www.CityofLacey.org)

## **LAND ACKNOWLEDGEMENT**

We are on the ancestral land of the Tribal People of the Treaty of Medicine Creek, including the Nisqually Indian Tribe and Squaxin Island Tribe. We acknowledge, and remember those Tribal People not recognized today who were absorbed or relocated into other tribes for survival. We recognize the ancestors and their descendants who are still here. We recognize and respect the Tribal People of the Treaty of Medicine Creek as the traditional stewards of this land since time immemorial and their role today in taking care of these lands in perpetuity. We recognize and have the responsibility to call attention to the histories of dispossession, forced removal, and abridged treaty rights that allowed our nation, state, and city to develop as they have today. We recommend that community members read the Medicine Creek Treaty of 1854.



**1. OPERATIONAL REQUEST: Thurston County Regional Basic Law Enforcement Academies at the Lacey Regional Training Center**

Police departments across Washington state are experiencing significant police staffing shortages. As communities continue to grow and increasing numbers of law enforcement personnel retire, this program must receive adequate funding to provide training opportunities for new hires. The City supports the creation of more regional BLEA academies. Regional academies help decrease academy wait times and officer vacancy rates, enhance local recruitment of officers, and provide more equitable opportunities as they increase accessibility for community members to participate in academies by eliminating the need to stay away from family for extended periods of time. Around the South Sound, recent vacancies have adversely impacted public safety services. **The City requests \$1,000,000 for a regional BLEA academy at the Lacey Training Facility in 2026. Funding would be used to support academy operations.**

| Law Enforcement Vacancy Rates (Nov 2024) |       |
|------------------------------------------|-------|
| Lacey                                    | 0%    |
| Olympia                                  | 10.1% |
| Tumwater                                 | 2.9%  |
| Yelm                                     | 0%    |
| Thurston County                          | 8.6   |

**2. CAPITAL REQUEST: Huntamer Park Civic Improvement Project**

For decades, the City has actively engaged through planning and public project efforts to transform the Midtown District into a vibrant and community-centered urban core. The “heart” of this area, Huntamer Park, a 1.5-acre civic space, desperately needs updates to meet the growing community's needs. Previous significant improvements at Huntamer Park last occurred in 2005. Since then, the surrounding Midtown District has grown significantly with new mixed-use and residential (re)developments. This project would strengthen opportunities for civic engagement, improve equity by increasing park access and amenities in Community Development Block Grant qualified census tract, increase environmental resiliency, improve public health and wellness, and expand opportunities for economic growth and development. **The City of Lacey is seeking \$200,000 to improve Huntamer Park, including adding plaza spaces, a water feature, new landscaping, pathways, and furniture designed to create spaces for daily use while also maintaining civic spaces for important community-wide events.**

| Tentative Project Funding |                      |
|---------------------------|----------------------|
| City                      | \$800,000            |
| Federal                   | \$400,000            |
| State                     | \$200,000            |
| <b>Total</b>              | <b>\$1.4 million</b> |

**3. REGIONAL CAPITAL REQUEST: Regional Animal Shelter and Control Facility**

Joint Animal Services (JAS) is the animal shelter and control agency for the cities of Lacey, Tumwater, and Olympia, and unincorporated Thurston County (“Partners”) and serves over 303,976 community members in 774 square miles of urban and rural terrain. JAS provides humane law enforcement, sheltering, and medical care of strays (intake of over 2,600 animals in 2022), impounded and surrendered animals, adoption services, licensing, temporary emergency housing, and more. In 1996, JAS moved into their existing facility, which was formerly a warehouse. In addition to not meeting animal standards of care, a

**recent study found that the facility is failing and requires significant investment to maintain.** With the growth of the community, JAS operations have outgrown the space. A space needs assessment will be completed in early 2025. This will determine facility needs and construction costs, which are estimated to cost around \$25 million. Facility design is anticipated to cost around \$2 million. **The City, with its partners, requests \$2,000,000 for facility design.**

**4. REGIONAL CAPITAL REQUEST: Develop long-term funding solutions to support supportive housing acquisitions.**

The City appreciates the state's continued leadership in responding to the homeless crisis, including funding for Maple Court. Since its inception, the plan for Maple Court has been to convert it from an enhanced shelter into needed permanent supportive housing. To date, \$1.1M from the Regional Housing Council has been allocated to support this transition. **The City requests funding to help convert to permanent supportive housing.**

**POLICY ITEMS**

**5. PENDING WA SUPREME COURT: Public Defense Standards Impact**

The City is concerned about the impacts of the Washington State Bar Association (WSBA) Recommended Revised Standards for Indigent Defense (Recommended Standards). While we support the main objectives of the Recommended Standards, the abrupt increase in required legal support would represent a drastic, unfunded escalation for the City's limited general fund, **more than tripling the \$3M** the City had projected spending over the next five years. Absorbing this financial burden in the existing general fund revenue structure is unreasonable and untenable without a substantial increase in state funding to support implementation. Compounding this issue, there is also a severe shortage of public defenders across Washington. Even if the state provided sufficient funding to hire the required number of defenders, contracted firms, like the City, would face significant challenges in finding enough qualified candidates to hire and manage in a short period. This issue extends to required support staff, prosecutors, and other connected services. The Recommended Standards necessitate substantial financial resources, which pose the risk of reducing or eliminating funding for various and vital preventative community City programs. **The City asks that the State examine the financial impacts of these proposed changes on local jurisdictions and commit to financial support sufficient to offset these impacts before requiring implementation, including considering caseload decreases and the timing of phases to minimize impact.**

**6. POLICY ITEM: Authorize Animal Control and Shelter Districts.**

Joint Animal Services (JAS) is the animal shelter and control agency for the cities of Lacey, Tumwater, and Olympia, as well as unincorporated Thurston County ("Partners"). See item #2 for more information. **The City requests the creation of an Animal Control and Shelter Special Purpose District or the amendment of Metropolitan Municipal Corporations to allow for Animal Service Districts.** The purpose of the Animal Service Districts would be for the management, control, improvement, maintenance, and acquisition of animal control and shelter activities. These districts would improve and expand animal care, sheltering, and field response. Like other special districts, this could require a simple majority of voters to impose property taxes.

**7. POLICY ITEM: Authorize Councilmanic approval of Transportation Benefit District Sales Tax.**

In 2017, Lacey voters approved a 0.2% sales tax increase for the Transportation Benefit District with the goal of keeping the City's transportation infrastructure in optimal condition through best asset management practices, minimizing infrastructure life cycle costs, and reducing the overall costs to Lacey's taxpayers. **The City supports authorizing Councilmanic approval of sales tax increases of up to 0.3% to fund Transportation Benefit Districts. This would provide local agencies with a needed tool for optimizing the preservation of existing transportation infrastructure and funding new capital transportation projects for the community.**

**8. POLICY ITEM: Continue funding for the Defense Community Compatibility Account (DCCA)**

The 2023-25 Capital Budget invests \$35.8 million in defense community compatibility projects throughout the state. This investment leverages over \$126 million in local and federal funds, including the Defense Community Infrastructure Program (DCIP). The City requests that the State legislature prioritize ongoing investment in this grant program that supports civilian communities near military installations. In the future, the DCCA and DCIP could serve as important funding opportunities for the Young Child and Family Center of Lacey; see below.

**9. POLICY ITEM: Increase the availability of affordable and accessible childcare**

With AWC and SSMCP, the City supports efforts to increase affordable childcare access statewide, including reducing barriers for providers, construction of new facilities, increasing workforce development, increasing access to state-subsidized childcare slots, and efforts to increase childcare availability in all areas. Childcare is a vital component of economic development. In Thurston County, data shows that 15.32% of the necessary infant care supply is available, 19.78% of the required toddler care supply is accessible, 29.99% of the needed preschool care is provided, and 10.28% of the requisite school-age care is available.

## **10. Continue focus on I-5 Corridor between Mounts Road & Tumwater**

Interstate 5 (I5) is the lifeline of commerce, transportation, and JBLM's mission readiness in the Puget Sound Region. However, the current design of I5 impedes critical ecological functions of the Nisqually River Delta critical to salmon survival, is at risk of being flooded by the Nisqually River, resulting in national security concerns, and is inadequate to meet the growing commerce and transportation demands of our state. **Maintaining existing funding for this project is vital.**

## **FUTURE CAPITAL PROJECTS:**

### **1. Early Learning Access: Young Child and Family Center of Lacey**

There is a critical need for early learning and indoor recreation resources in Lacey. The demand for high-quality childcare programs has outpaced industry growth for several years. The City supports policies and programs that increase access to affordable, quality childcare in Washington and policies that expand access to preschool. According to the Washington State Department for Children, Youth & Families (DCYF), most North Thurston Public Schools (NTPS) service area falls within an "extreme childcare access desert." NTPS is moving forward with the Early Learning Center portion of this project after receiving state funding for design and the passage of a bond for construction. The City and its partners are assessing the feasibility of a recreation center to include indoor child aquatics, indoor play space, and outdoor spray park.

### **2. Lacey Museum and Cultural Center**

The City is developing a new museum and cultural center that will enrich the community and engage visitors by sharing vibrant stories of the past through the preservation and celebration of Lacey and the South Sound's cultural heritage. The design is currently 100 percent complete, and the estimated cost to complete it is \$15 million.

## **CITY OF LACEY ALSO SUPPORTS THE TOP LEGISLATIVE PRIORITIES OF:**

Association of Washington Cities:

- Providing sustainable financial tools for cities
- Increasing grant funding for Behavioral Health Programs
- Creating new regional Basic Law Enforcement Academies
- Housing Supply and affordability

South Sound Military & Communities Partnership:

- Creating a centralized military affairs position
- Improving Access to Child Care
- Supporting the DCCA
- Supporting the Tumwater & Nisqually River Delta

## Thurston County Shared Legislative Agenda:

- **ENTER**

### Regional Housing Council:

- Increase funding for rent assistance
- Provide long-term operational funds for
- Increase capital funding in the Housing Trust Fund for affordable housing
- Provide capital funding for Maple Court transition to permanent supportive housing

### Washington Recreation & Park Association – including:

- Keep funding vital park and recreation grant programs
- Parks Rx Programs

### **THANK YOU:**

During the 2024 Legislative session, several significant City-championed achievements were accomplished, including:

- Secured total investments of \$50K for the new Lacey Police Station and Regional Training Center with Emergency Coordination Center.
- Extended the deadline for Comprehensive Plan updates with HB 2296.
- Increased law enforcement opportunities with SB 6157 and HB 1530.
- Continued state leadership on the homeless crisis by increasing funding by \$127 million for the Housing Trust Fund.
- Eliminated local government cost share for Basic Law Enforcement Academies.
- Created a grant program to help local governments respond to extreme weather events with HB 1012.

### **FOR MORE INFORMATION CITY OF LACEY**

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### **GOVERNMENT AFFAIRS**

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# **CITY OF LACEY**

## **2025 LEGISLATIVE POLICY MANUAL**





# CITY OF LACEY LEGISLATIVE POLICY MANUAL

Adopted by the Lacey City Council on December X, 2024

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# CITY OF LACEY LEGISLATIVE POLICY MANUAL

Adopted by the Lacey City Council on December X, 2024

## LAND ACKNOWLEDGEMENT

We acknowledge the ancestral land we are on today as the traditional territory of the Tribal People of the Treaty of Medicine Creek, signed in 1854, including the Nisqually Indian Tribe and Squaxin Island Tribe.

We acknowledge, remember, and must not forget those Tribal People that are named but not recognized today, and who were absorbed or relocated into other tribes for survival. We recognize the ancestors and their descendants who are still here.

We acknowledge, Indigenous People who called the land home before the arrival of settlers and have been here Since Time Immemorial.

We recognize the relationship that exists between Indigenous People and their traditional territories, which include the religious significance, self-determination, identity, and economic factors. The relationship helps all people heal from the past and learn how not to inflict new wounds today.

We recognize and respect Indigenous People as traditional stewards of this land, and acknowledge the Tribal Governments and their role today in taking care of these lands.

We recognize that this land acknowledgement, and the Nisqually-Lacey Accord of 2011, are small steps toward true allyship. We commit to partnering with the Tribal People of the Treaty of Medicine Creek to continue to uplift the voices, experience, and histories of indigenous people of this land and beyond.

We recognize and have the responsibility to call attention to the histories of dispossession, forced removal, and abridged treaty rights that allowed our nation, state, and city to develop as they have today. We recommend that community members read the Medicine Creek Treaty of 1854.

Visit [www.CityofLacey.org/LandAcknowledgement](http://www.CityofLacey.org/LandAcknowledgement) for more information.





# CITY OF LACEY LEGISLATIVE POLICY MANUAL

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# CITY OF LACEY LEGISLATIVE POLICY MANUAL

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## GENERAL GOVERNMENT

### Local Authority

The City supports preserving the authority of local governments regarding local taxation, land use planning, zoning and regulation consistent with the GMA (RCW 36.70A) and SEPA (RCW 43.21C.)

### Public Records & Open Meetings

The City respects the right of the public to have access to legitimate public records and documents. The City believes its ability to recover the costs of searching for, gathering and reviewing requested documents is also in the public's interest. The City supports reasonable reforms to the Public Records Act. The City opposes requiring the recording of executive sessions or other restrictions on legitimate uses of executive sessions.

### Prevent Liability Expansion, pursue crucial liability reforms

The City is staunchly opposed to legislation that would modify the accrual date for interest on tort judgments to the date the cause of action, such as 2023's SB5059.

The City is a member of Washington Cities Insurance Authority (WCIA), a risk pool made up of 165 municipal entities across the state. The civil litigation environment is bad and getting worse for public entities in the State of Washington. Multimillion-dollar verdicts, also known as nuclear verdicts, were not common against public entities and were often awarded against large for profit private corporations. Over the last several years public entities have now been hit with nuclear verdicts. Risk pools are shouldering millions of dollars of exposure that are being passed down to their members in terms of additional assessments. The additional costs mean that our community is diverting money from community priorities to fund WCIA's assessment. Our pool relies on partnering with traditional insurance to provide further coverage above their self-funded \$4 million per loss. Those traditional insurance carriers are either refusing to write any coverage or doing so at significant costs. The future outlook is that our communities will have less coverage and will need to redirect money to cover losses rather than providing valuable services, programs and much needed maintenance.

The City requests opposing any efforts to expand tort law liability and/or the remedies available under tort law. If expansions are approved by the legislature, then the State should consider creating a fund to cover those costs. Cities and their risk pools cannot be expected to shoulder the staggering costs imposed by legislative changes. At a minimum that State should provide a reinsurance fund that risk pools and individual entities could utilize.



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Tort reform for all public entities needs to be addressed and the balance restored between protecting harmed individuals with reasonable verdicts and appropriate defenses. Tort reform could include:

- Caps on the amount of damages that can be collected against public entities (which is law in 33 States)
- Reinstating immunities that have been eroded by the courts and amending the law on joint and several liability which incentivizes claims against public entities as deep pockets.

## **Continue funding for Defense Community Compatibility Account (DCCA)**

The 2023-25 Capital Budget invests \$35.8 million in defense community compatibility projects throughout the state. This investment leverages over \$126 million in local and federal funds. The City requests the State legislature prioritize ongoing investment in the grant program that supports civilian communities near military installations.

## **LEED Building Standard**

Since 2005, the State has required LEED Silver certification for all new state agency, state college and university and K-12 school construction and major renovation projects over 5,000 square feet. While the City recognizes the need for making buildings more efficient to reduce costs and lower pollution from fossil fuels, we believe that there are other meaningful and more cost-effective metrics and standards that could be used in lieu of the expensive and cumbersome LEED rating system.

## **Public Defense Standards**

The City is concerned about the impacts of the Washington State Bar Association (WSBA) Recommended Revised Standards for Indigent Defense (Recommended Standards). While we support the main objectives of the Recommended Standards, the abrupt increase in required legal support would represent a drastic, unfunded escalation for the City's limited general fund, more than tripling the \$3M the City had projected spending over the next five years. Absorbing this financial burden in the existing general fund revenue structure is unreasonable and untenable without a substantial increase in state funding to support implementation. Compounding this issue, there is also a severe shortage of public defenders across Washington. Even if the state provided sufficient funding to hire the required number of defenders, contracted firms, like the City, would face significant challenges in finding enough qualified candidates to hire and manage in a short period. This issue extends to required support staff, prosecutors, and other connected services. The Recommended Standards necessitate substantial financial resources, which pose the risk of reducing or eliminating funding for various and vital preventative community City programs. The City asks that the State examine the financial impacts of these proposed changes on local



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jurisdictions and commit to financial support sufficient to offset these impacts before requiring implementation, including considering caseload decreases and the timing of phases to minimize impact.

## **Increase availability of affordable and accessible childcare**

With AWC and SSMCP, the City supports efforts to increase affordable childcare access statewide, including reducing barriers for providers, construction of new facilities, increasing workforce development, increasing access to state-subsidized childcare slots, and efforts to increase childcare availability in all areas. Childcare is a vital component of economic development. In Thurston County, data shows that 15.32% of the necessary infant care supply is available, 19.78% of the required toddler care supply is accessible, 29.99% of the needed preschool care is provided, and 10.28% of the requisite school-age care is available.



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## **AFFORDABLE HOUSING | HOUSING SERVICES**

### **Develop long-term funding solutions to support supportive housing acquisitions.**

The City appreciates the state's continued leadership in responding to the homeless crisis, including funding for Maple Court. Since its inception, the plan for Maple Court has been to convert it from an enhanced shelter into needed permanent supportive housing. To date, \$1.1M from the Regional Housing Council has been allocated to support this transition. The City requests funding to help with the conversion to permanent supportive housing.

### **Other Support for Homelessness Services**

The City allocates approximately 2% of its general fund to support social services in the community that benefit low-income and vulnerable community members. The City requests the state's partnership in supporting programs and services that help prevent temporary and recurrent homelessness.

### **Unfunded Social Service Mandates**

While recognizing that there is a significant need for enhanced social services throughout Washington, the City strongly opposes any unfunded state mandates regarding behavioral health, crisis relief, housing and shelter, co-responder programs, and employment services. The City supports working with the State Legislature to create state-led, sustainable tools and resources.

### **Wildland Urban Interface**

The State Building Code Council adopted the International Wildland Urban Interface Code with amendments and maps that will significantly drive up the cost of housing in areas which are not at risk of wildfires, including most of Lacey and its Urban Growth Area. The requirements for fire rated construction materials in areas adjacent to a park or high density but vacant land will add significant costs to housing developers. The requirement for defensible spaces will serve to lower achieved densities, driving the need for more land for the same number of housing units.

The Association of Washington Cities along with the Cities of Lacey, Olympia, and Tumwater as well as Thurston County are working with the Code Council to amend the code to lessen the impacts to housing costs, but a legislative review of the intent of the code is warranted.

### **Quality Affordable Housing**

The City supports legislation that incentivizes developers to build affordable housing, such as the multifamily housing tax exemption, and funding allocated for public and nonprofit affordable housing, including the Housing Trust Fund.



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## **Increasing Housing Density**

Housing affordability and access is a high priority issue for Lacey and the greater Thurston County region. The City recently updated its zoning code to allow for at minimum 6 residential units per acre in all residential zones. The City supports continuing to work collaboratively between the state and local jurisdictions to create a variety of affordable housing options and tools. The City supports creating consistent standards between the City and its Urban Growth Area.



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## COMMUNITY & ECONOMIC DEVELOPMENT

### Economic Development Tools

The City supports robust and sustainable funding for the Economic Development Strategic Reserve Fund, Tax Increment Financing, Community Economic Revitalization Board, Public Works Assistance Account, Public Facility Districts, and other programs that assist local governments in neighborhood residential and commercial area rehabilitation. The City also supports legislation that provides optional economic development tools for cities, such as the multi-family housing tax incentive, lodging tax, the Main Street Act, complete streets grant program, community facility financing, shared state revenue for construction of convention and special event centers, additional shared state revenue for public facility improvements, etc.

### Climate Resources & Tools

Climate change is already affecting our communities. Impacts like hotter summers, wildfire smoke, and flooding endanger our homes and affect public health and local business. Lacey, Thurston County, Olympia, and Tumwater partnered to create the Thurston Climate Action Plan to reduce climate polluting greenhouse gases while maintaining - and even improving - quality of life. The Thurston Climate Action Plan includes mitigation and action strategies that are ready for implementation. However, some of the most impactful greenhouse gas reduction projects and programs are not feasible given funding limitations. The City supports the creation of a sustainable state program using unallocated Climate Commitment Act funds, or other state resources, to fund local climate capital projects that enhance community resiliency. The City also supports the state working with local governments for future climate initiatives in the transition to green energy alternatives to ensure solutions are feasible for all parties.

The City supports building electrification programs that complements the funding in the federal Inflation Reduction Act and helps residents and building owners transition to all-electric buildings, with an emphasis on ensuring low- and moderate-income residents, multifamily housing, and small businesses are prioritized.

The City also supports Medium and Heavy-Duty Vehicle electrification incentive programs that would provide vouchers that purchasers can use at participating dealers.

### Airport Siting Concerns

The City, along with Thurston County and the cities of Olympia, Tumwater, Rainier, Yelm, Tenino, and town of Bucoda, opposed the former Commercial Aviation Coordination Commission's (CACC) Thurston County two-runway airport expansion site. An airport in Thurston County would endanger environmentally sensitive areas (e.g., wetlands, prairies,





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and endangered species), further decrease rapidly-dwindling agricultural lands, augment environmental health challenges and exacerbate existing health disparities, and irrevocably damage the quality of life for Thurston County community members. For future study of this issue, the City supports (re)adding previously vetoed language ensuring military compatibility in consideration of increasing commercial aviation.

## **Lacey MakerSpace**

Lacey MakerSpace, currently serving members in Pierce, Thurston, Lewis, and Mason Counties, is a collaborative “innovator’s workshop” designed to support small businesses, entrepreneurs, artists, product developers and manufacturers. Lacey MakerSpace endeavors to 1) reduce barriers for community members by offering instruction and access to state-of-the-art fabrication and prototyping equipment, 2) develop new workforce training and apprenticeship programs aimed at growing advanced manufacturing businesses in the region, 3) foster collaboration and outreach as a hub of a larger ecosystem of business and networking services. Since opening its doors in 2019, every year Lacey MakerSpace has grown and increased its impact on our region’s economic development and workforce readiness. To enhance operations over the next few years to meet future growth and workforce needs, Thurston County partners have diligently worked to obtain funding to expand the footprint of the MakerSpace to over 9500 square feet and obtain additional advanced manufacturing technologies. The Thurston County partners are requesting the creation of a grant program that would allow innovation spaces, like Lacey MakerSpace, to continue to provide and enhance workforce training and development opportunities throughout the state.

## **Project Timeline Review**

The City prides itself in being responsive to all forms of public service, including land use project review. The City has concerns that it will be difficult to demonstrate compliance with shortened state established project review timelines without adequate tracking tools in place. Specifically, there is no efficient and consistent portal for local staff to track the stop clocks when the delay is due to the developer and the time does not count towards the timelines.

## **Emergency and Transitional Housing Compliance**

The City opposes code and permit changes for Emergency housing that create unreasonable time requirements. These bills are often designed for a few “bad actors” and penalizes those who are in good faith complying. Creating an alternative process to challenge local review authority outside the regular appeal process would increase the risk of litigation and create unnecessary work and cost for the City. The City opposes any unfunded mandates related to emergency and transitional housing.



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## **Electric Fences**

The City opposes legislation that would pre-empt local jurisdictions from adopting or enforcing regulations prohibiting the installation or use of an electrified security alarm system on certain properties.



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## **PARKS, CULTURE & RECREATION | COMMUNITY SERVICES**

The City has worked to create more equitable access to parks for all community members. The City's investments in local parks and requested state partnership reflect work toward this goal.

### **CAPITAL REQUEST: Huntamer Park Civic Improvement Project**

For decades, the City has actively engaged through planning and public project efforts to transform the Midtown District into a vibrant and community-centered urban core. The “heart” of this area, Huntamer Park, a 1.5-acre civic space, desperately needs updates to meet the growing community's needs. Previous significant improvements at Huntamer Park last occurred in 2005. Since then, the surrounding Midtown District has grown significantly with new mixed-use and residential (re)developments. This project would strengthen opportunities for civic engagement, improve equity by increasing park access and amenities in Community Development Block Grant qualified census tract, increase environmental resiliency, improve public health and wellness, and expand opportunities for economic growth and development. The City of Lacey is seeking \$200,000 to improve Huntamer Park, including adding plaza spaces, a water feature, new landscaping, pathways, and furniture designed to create spaces for daily use while also maintaining civic spaces for important community-wide events.

### **Future Project: Lacey Museum and Cultural Center**

The City is developing a new museum and cultural center that aims to enrich the community and engage visitors by sharing vibrant stories of the past through the preservation and celebration of Lacey and the South Sound's cultural heritage. The museum project will serve as an east anchor of the City's new Depot District, which is near the historically rich and significant Saint Martin's University. Design is currently 100 percent complete with an estimated cost to complete of \$15 million.

### **Future Project: Early Learning Access - Young Child and Families Center of Lacey**

There is a critical need for early learning and indoor recreation resources in Lacey. The demand for high-quality childcare programs has outpaced industry growth for several years with a nation-wide decrease in supply starting in 2019. The City supports policies and programs that increase access to affordable, quality childcare in Washington and policies that expand access to preschool. According to the Washington State Department for Children, Youth & Families (DCYF), most North Thurston Public Schools (NTPS) service area falls within an “extreme childcare access desert.” NTPS is moving forward with the Early Learning Center portion of this project after receiving state funding for design and the



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passage of a bond for construction. The City and partners are assessing the feasibility of a recreation center to include indoor child aquatics, indoor play space, and outdoor spray park.

## Park and Recreation Funding

The City supports ongoing funding for the Washington Wildlife and Recreation Program (WWRP), Aquatic Land Enhancement Account (ALEA), Land and Water Conservation Fund (LWCF), and the Youth Athletic Facilities (YAF) grant programs. The City supports ongoing funding for the following:

- **Washington Wildlife and Recreation Program (WWRP):** Continuing to fund \$150M or greater. Funding at this level could support the following Lacey projects:
  - **Playground replacement at William A. Bush Park.** The project goals are to create a safer, more inclusive, more accessible, and more engaging play environment - \$221,000.
  - **Rainier Vista Park improvements.** This project includes the addition of four (4) pickleball courts, two (2) outdoor ping pong tables, and safety netting between the pickleball courts and softball fields. The project goals are to meet the public's need by providing additional active outdoor recreation opportunities for all ages, increasing capacity for use at current facilities, and increasing safety - \$500,000
- **Aquatic Land Enhancement Fund (ALEA)**
- **Land and Water Conservation Fund (LWCF)**
- **Youth Athletic Fund (YAF):** Support for full funding at new grant limits.
- **Community Outdoor Athletic Facilities program (COAF):** Support and maximize funding of the \$25M allocated and expanding funding closer to the original \$42M.
- **Local Parks Maintenance Grants (LPMG)**
- **No Child Left Inside (NCLI):** The City supports renewing operating funding for this initiative.
- **Recreation Access Grant:** The City supports renewing and continue with operating funds and include a cohort grant program WRPA is authorized and funded to facilitate.



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## **Parks Rx programs**

There are currently more than 400 studies that demonstrate the numerous health benefits of spending time in nature. Park Rx programs involve health or social service providers who encourage people to spend time in nature to encourage physical activity and improve health and well-being. These programs often include collaboration between park and public land agencies, public health, healthcare providers, and community partners. The City supports the advancement of Park Rx programs.

## **Active Transportation Funding**

The City supports the inclusion of parks in future funding allocations of "Active Transportation" components of the Move Ahead Washington package to support local trails and projects that extend out of the road right of way for safe routes to schools, parks and other business and community centers that can reduce local travel.



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## TRANSPORTATION & INFRASTRUCTURE

### **Continue to focus on Interstate 5 Corridor between Mounts Road to Tumwater and the Nisqually River Delta**

Interstate 5 (I5) is the lifeline of commerce, transportation, and JBLM's mission readiness in the Puget Sound Region. However, the current design of I5 impedes critical ecological functions of the Nisqually River Delta critical to salmon survival, is at risk of being flooded by the Nisqually River resulting in national security concerns, and is inadequate to meet the growing commerce and transportation demands of our state. The City remains committed to long-term solutions along this corridor which is essential to the state's environmental, commerce, and transportation priorities, as well Joint Base Lewis-McChord's mission readiness. In 2022, the State Legislature allocated \$75 million in the Move Ahead Washington package specifically to the Nisqually River delta (Mounts Road to Marvin Road) and in 2023, continued advocacy resulted in programming of these funds. Maintaining existing funding for this project is vital.

### **Stormwater & Culvert Funding**

Cities have significant stormwater and culvert funding needs. The City joins AWC in requesting secure, ongoing and sufficient funding for city culvert repair and replacement. The City supports funding for current and new grant programs for local stormwater and culvert projects.

### **Public Property & Rights of Way Control**

The City opposes any efforts that would diminish the City's control of public property and rights of way.

### **Definition of Public Works**

The City opposes the expansion of public works projects to include work supported in part or in whole by grants or loans of public dollars, or by tax deferral or reimbursement. This would cause significant increased costs for local governments without adding any substantial public benefit. Additionally, the proposed changes would be a disincentive to non-profits and developers looking to utilize property tax exemptions and other financial tools that were developed to specifically incentivize the construction of multi-family housing and other affordable housing options.

### **Vehicle miles traveled (VMT) Model**

As the State Legislature considers VMT, the City requests that City perspectives be included in future stakeholder discussions.



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## **Authorize Councilmanic approval of Transportation Benefit District Sales Tax.**

In 2017, Lacey voters approved a 0.2% sales tax increase for the Transportation Benefit District with the goal of keeping the City's transportation infrastructure in optimal condition through best asset management practices, minimizing infrastructure life cycle costs, and reducing the overall costs to Lacey's taxpayers. The City supports authorizing Councilmanic approval of sales tax increases of up to 0.3% to fund Transportation Benefit Districts. This would provide local agencies with a needed tool for optimizing the preservation of existing transportation infrastructure and funding new capital transportation projects for the community.



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## FINANCE

### **Business Tax Simplification**

The City supports business tax simplification across the state provided changes are, at minimum, revenue neutral for the City.

### **State-Shared Revenues**

Cities have relied on state-shared revenues to provide critical funding for essential public services. Recognizing the state is facing a budget shortfall, it is critical that commitments to sharing revenues with local governments be honored. During the last recession, the state reduced state-shared revenues when many local governments were already struggling to maintain basic services. The City joins AWC in supporting restoration and continued appropriation of committed state shared funds, such as Liquor Excise Taxes and Profits, City-County Assistance Account, Municipal Criminal Justice Account, Annexation Sales Tax Credit, and public health funding. State shared revenues are used to support city activities, including police, infrastructure development, public defenders, municipal court, etc.

### **General Fund Revenue**

The City supports legislation that will increase, expand, or favorably restructure its revenue-raising ability. In consideration of 1) the continued growth in demand for services that exceed revenue growth and inflation, and 2) intimate knowledge of individual community needs, the City supports unrestricted uses of all general government tax revenue.

### **City Financial Liability for Indigent Defense**

Indigent defense is a constitutional right that should be funded by the state. The City supports state funding for indigent defense that is standardized and non-competitive in order to ensure more equitable funding.

### **Unfunded Mandates (general)**

Mandates from the Federal and State governments are rarely accompanied with adequate new revenues or taxing authority, but instead force the City to reduce funding levels for other services. The City opposes efforts by the State Legislature to balance budgets by shifting responsibilities to cities.





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## PUBLIC SAFETY

### **CAPITAL REQUEST: Thurston County Regional Basic Law Enforcement Academies and Training Center**

Police departments across Washington state are experiencing significant police staffing shortages. As communities continue to grow and increasing numbers of law enforcement personnel retire, this program must receive adequate funding to provide training opportunities for new hires. The City supports the creation of more regional BLEA academies. Regional academies help decrease academy wait times and officer vacancy rates, enhance local recruitment of officers, and provide more equitable opportunities as they increase accessibility for community members to participate in academies by eliminating the need to stay away from family for extended periods of time. Around the South Sound, recent vacancies have adversely impacted public safety services. **The City requests \$1,000,000 for a regional BLEA academy at the Lacey Training Facility in 2026. Funding would be used to support academy operations.**

### **Authorize Animal Control and Shelter Districts**

Joint Animal Services (JAS) is the animal shelter and control agency for the cities of Lacey, Tumwater, and Olympia, and unincorporated Thurston County ("Partners"), see item #2 for more information. The City requests the creation of an Animal Control and Shelter Special Purpose District or the amendment of Metropolitan Municipal Corporations to allow for Animal Service Districts. The purpose of the Animal Service Districts would be for the management, control, improvement, maintenance, and acquisition of animal control and shelter activities. These districts would improve and expand animal care, sheltering, and field response. Like other special districts, this could require a simple majority of voters to impose property taxes.

### **Joint Animal Services: Regional Animal Facility**

Joint Animal Services (JAS) is the animal shelter and control agency for the cities of Lacey, Tumwater, and Olympia, and unincorporated Thurston County ("Partners") and serves over 303,976 community members in 774 square miles of urban and rural terrain. JAS provides humane law enforcement, sheltering, and medical care of strays (intake of over 2,600 animals in 2022), impounded and surrendered animals, adoption services, licensing, temporary emergency housing, and more. In 1996, JAS moved into their existing facility, which was formerly a warehouse. In addition to not meeting animal standards of care, a recent study found that the facility is failing and requires significant investment to maintain. With the growth of the community, JAS operations have outgrown the space. A space needs assessment will be completed in early 2025. This will determine facility needs and construction costs, which are estimated to cost around \$25 million. Facility design is



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anticipated to cost around \$2 million. The City, with its partners, requests \$2,000,000 for facility design.

## **Expand Behavioral health access and funding**

With AWC, the City supports greater access to the entire continuum of behavioral health services and substance use disorder (SUD) treatment for adults and juveniles, including crisis treatment, inpatient, intensive outpatient, and ongoing behavioral and mental health treatment and SUD treatment. This includes, but is not limited to, support to improve workforce and staffing issues at community treatment centers, and additional state funding for establishment and expansion of treatment facilities.

## **Address Law Enforcement Vehicle Pursuits**

The City supports recent revisions to state law empowering law enforcement to engage in vehicle pursuits under proper supervision and using risk/benefit analysis to continue an active pursuit. Cities will continue to support safety standards and training for officers who engage in vehicle pursuits.

## **Non-moving Traffic Stops**

The City opposes any effort to restrict or eliminate the ability of local law enforcement to conduct traffic enforcement for non-moving violations. This would remove the ability of the City to ensure that all vehicles operating on our public roadways are mechanically safe, as well as, being properly registered and licensed. Further, the City has a public safety interest to reduce injuries from traffic collisions by confirming that drivers are wearing their seatbelts and are not operating vehicles while distracted. The City is committed to protecting the environment and has a vested interest in ensuring that vehicles operating upon its public roadways are not producing excessive audible or climate altering exhaust pollution due to vehicle operators bypassing manufacturer installed pollution control systems.

## **Auto-theft prevention and enforcement programs**

The City supports additional tools to address auto theft and property crime including additional investment in auto-theft prevention and enforcement programs, regional property crimes task forces, and prosecution, public defense, and judicial resources.

## **School Resource Officers**

While the City participates in a highly effective program with North Thurston Public Schools to offer School Resource Officers (SROs) at each of the high schools, the City opposes any legislation mandating SROs that add an unfunded mandate and exacerbate the existing officer shortage across Washington state.

## **Binding Interest Arbitration**

The City recognizes the importance of having a tool to help resolve potentially devastating strikes by essential service personnel, such as police and firefighters. The City opposes



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expanding binding arbitration and supports revising the current arbitration system, including creating a system to review the qualifications, standards, and performance of appointed arbitrators to reduce bias, enhance equity, and achieve objective decision making.

## **Public safety – Officer recruitment and retention**

The City supports additional funding tools and resources to support officer recruitment and retention, including but not limited to pursuing changes to eligibility requirements to allow those in DACA status to serve as police officers.

## **Thurston County Regional BLEA Training Academy & Training Center**

Police departments across Washington state are experiencing significant police staffing shortages. As communities continue to grow and increasing numbers of law enforcement personnel retire, it is imperative this program receive adequate funding to provide training opportunities for new hires. The City supports the creation of more regional BLEA academies. Regional academies help decrease academy wait times and officer vacancy rates, enhance local recruitment of officers, and provide more equitable opportunities as they increase accessibility for community members to participate in academies by eliminating the need to stay away from family for extended periods of time. Around the South Sound, recent vacancies have adversely impacted public safety services. The City requests \$1,000,000 for a regional BLEA academy at the Lacey Training Facility in 2026. Funding would be used to support academy operations.

## **Jail and Court Costs**

The City supports legislative proposals that reduce jail and court costs, and maintain its flexibility in providing jail and court services. The City also supports maintaining the flexibility to select the most appropriate way to provide jail services.

## **Office of Independent Investigation (OII)**

The City supports independent and transparent investigations into the use of deadly force by law enforcement. The City holds that it is unreasonable to expect local jurisdictions to assist OII with their investigations of other jurisdiction's law enforcement without compensation. Further, the City believe it is unreasonable to not provide the assisting jurisdiction with the same level liability granted to OII and its personnel.



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## **CITY OF LACEY ALSO SUPPORTS THE TOP LEGISLATIVE PRIORITIES OF:**

### **South Sound Military & Communities Partnerships**

- Creating a centralized military affairs position
- Improving Access to Child Care
- Supporting the DCCA
- Supporting the Tumwater & Nisqually River Delta

### **Association of Washington Cities**

- Providing sustainable financial tools for cities
- Increasing grant funding for Behavioral Health Programs
- Creating new regional Basic Law Enforcement Academies
- Housing Supply and affordability

### **Thurston County Shared Legislative Agenda**

- ENTER

### **Regional Housing Council**

- Increase funding for rent assistance
- Provide long-term operational funds for
- Increase capital funding in the Housing Trust Fund for affordable housing
- Provide capital funding for Maple Court transition to permanent supportive housing

### **Washington Recreation & Park Association:**

- Keep funding vital park and recreation grant programs
- Parks Rx Programs

# Huntamer Park Civic Improvement Project

The City of Lacey seeks \$200,000 to enhance Huntamer Park and accelerate its efforts to create an urban core in its Midtown District.

The City has collaborated with the community for decades to transform the Midtown District into a vibrant community center. The “heart” of this area, Huntamer Park, is a 1.5-acre civic space in desperate need of updates to meet the growing community's needs. This project would add plaza spaces, a water feature, new landscaping, pathways, and furniture designed to create spaces for daily use while also maintaining civic spaces for important community-wide events. This project would require several utility upgrades, including water, stormwater, and power.

Benefits of this project include:

1. **Strengthen the greater community.** Parks and public spaces provide opportunities to counter social isolation by connecting people with nature and each other, fostering positive social interactions, and increasing social capital within historically marginalized communities. **This project would create more opportunities for civic engagement for residents and day users.**
2. **Advance progress on equity goals.** The City is dedicated to “eliminating health disparities so all have the opportunity to achieve their full health potential.” This includes equitable access to parks and green space. This project would increase access to park space and improve park amenities in a Community Development Block Grant-qualified census tract, **furthering the community's equity goals.**
3. **Improve environmental resiliency to natural disasters and climate change.** Climate-ready parks provide proven, cost-effective, and sustainable environmental solutions. **This project would improve the park's environmental sustainability by adding additional shrubs, ground cover, and trees that reduce water consumption and urban temperatures.**
4. **Increase public health and wellness.** People living near parks are physically and mentally healthier than those who do not. Parks encourage physical fitness by providing space for activities. In addition, access to parks and other public open spaces promotes greater mental well-being—children who spend a significant amount of time in nature experience better emotional stability and improved mental health. People with access to parks and green spaces live longer, healthier lives.

| Tentative Project Funding |                      |
|---------------------------|----------------------|
| City                      | \$800,000            |
| Federal                   | \$400,000            |
| State                     | \$200,000            |
| <b>Total</b>              | <b>\$1.4 million</b> |

| Population and Housing*                           |          |
|---------------------------------------------------|----------|
| Total population                                  | 5,624    |
| Housing Units                                     | 2,633    |
| Homeownership                                     | 27.3%    |
| Race and Ethnicity*                               |          |
| American Indian and Alaskan Native                | 71       |
| Asian                                             | 414      |
| Black or African American                         | 321      |
| Hispanic or Latino                                | 831      |
| Native Hawaiian or other Pacific Islander         | 278      |
| Not Hispanic or Latino                            | 361      |
| Some other race                                   | 326      |
| Two or more races                                 | 710      |
| White                                             | 3,469    |
| Income, Disabilities, Healthcare**                |          |
| Median Household Income                           | \$48,238 |
| % in Poverty                                      | 21.5%    |
| Disabilities                                      | 18.8%    |
| Without Health Care                               | 9.2%     |
| *2020 Decennial Census                            |          |
| **2022 American Community Survey 5-Year Estimate) |          |

5. **Expand opportunities for economic growth and development.** Park projects support short- and long-term economic activity and job creation as employers and employees are likely to be located near high-quality amenities. Parks also boost nearby property values and are the leading source of first jobs for youth and young adults. This project, located within the downtown, could help spur additional economic growth and increase housing development.

**Background:** As the Lacey community grows, our parks and public spaces must continue to meet present-day challenges of social isolation, climate change, and environmental and economic disparities.

Since the mid-1990s, the City has transformed the Midtown District into a vibrant and community-centered urban core. These planning efforts are beginning to yield positive results. Public investment within the district includes projects and partnerships with the City, South Puget Sound Community College, Thurston Economic Development Council - The Business & Innovation Center, the Lacey Veterans Service Hub, Saint Martin's University, and the Lacey MakerSpace. Private investment within the district includes redeveloping existing office spaces into new mixed-use developments and housing options. Many more residential and mixed-use developments are in the planning and building permit stages.

As the only park within the Midtown District, Huntamer Park serves a vital role in civic life. It hosts several of the City's preeminent events that bring the community together, including the Summer Entertainment Series (16,000 attendees), Children's Day (5,000 attendees), and the Lighted Parade & Park Lighting (5,000 attendees).



## CITY COUNCIL WORKSESSION

NOVEMBER 26, 2024

**SUBJECT:** Human Services Commission Discussion

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**RECOMMENDATION:** **Discussion Only.** Future action is tentatively scheduled for December 3, 2024.

Option 1: Adopt an ordinance establishing a permanent Human Services Commission to provide human service-related recommendations on: needs, policies and programs, and funding allocations, such as future Human Service Grant Programs, Community Development Block Grant programs, and other grant programs.

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**STAFF CONTACT:** Rick Walk, City Manager *RW*  
Shannon Kelley-Fong, Assistant City Manager *SKF*  
Michelle Chavez, Human Services Coordinator *mjc*

**ORIGINATED BY:** City Manager's Department

**ATTACHMENTS:** 1. Draft Human Services Commission Ordinance

**FISCAL NOTE:** 2024 budget includes \$300,000 for the Human Services Grant Program. Future funding is pending budget decisions.

The City of Lacey will become a CDBG Entitlement Community in 2025 with an estimated annual allocation of \$304,850

**PRIOR REVIEW:** [City Council Worksession – March 12, 2024](#)  
[City Council Meeting – March 19, 2024](#)  
[City Council Meeting – June 18, 2024](#)  
[Human Services Workgroup – September 5, 2024](#)  
[Commission on Equity – September 23, 2024](#)  
[Human Services Workgroup – October 3, 2024](#)

**WORK PLAN GOAL:** Vibrant Place to Live, Work and Play  
**AND STRATEGY** D. Finalize Homeless Response Plan and Enhance Social Services

An Engaged Community  
L. Enhance Communication and Engagement Efforts

**DEIB STRAT PLAN:** Vibrant Place to Live, Work and Play  
Livability: Human Services, C. Provide and support culturally appropriate human services that meet the needs of the Lacey community.

Create a strategic City human services grant program that is transparent, consistent, and removes barriers to participation.

**COE & HSWG REC:** Option 1: Pass an ordinance that would establish a permanent Human Services Commission.

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**BACKGROUND:** The following provides a brief background on the Human Services Grant Program and Community Development Block Grant program.

**Human Services Grant Program (HSGP):** In the 2024 Budget, the Lacey City Council (City Council) allocated \$300,000 to establish a comprehensive, reliable, and accessible Human Services Grant Program (HSGP). This program was established to take the place of the ad hoc funding the City of Lacey (City) provided to various non-profit groups over the past few years to make the process more equitable, efficient, and predictable for the community and the organization.

On March 12, 2025, staff presented the City Council with research and findings regarding several Human Services Grant programs at the municipal level and how these jurisdictions provide funding and oversight of their programs. City Council and staff discussed best practices and recommendations for moving ahead.

On March 19, 2025, the City Council approved a motion to adopt [Resolution 1145](#) to establish the Human Services Workgroup. This group is tasked with:

- **Meeting once per month or as needed through 2024, no longer than one year;**
- Review 2024 HSGP applications and make recommendations to Lacey City Council for 2024 funding allocations;
- Advise on a human service needs assessment;
- Make recommendations on longer-term priorities for HSGP funding; and
- **Make a recommendation on a standing human services advisory board.**



As emphasized in bold above, the Human Services Workgroup is contemplated to meet through 2024 and is tasked with making a recommendation on a permanent human services advisory board.

**Community Development Block Grant (CDBG) Program:** On June 18, 2024, the City Council approved starting the process of becoming its own entitlement community; the City provided letters to US Department of Housing and Urban Development (HUD) and Thurston County declaring the City's intent to become a CDBG entitlement grantee and to not participate in the Urban County CDBG program as part of the Thurston County CDBG Consortium. As an entitlement community, Lacey will receive funding from HUD directly on an annual basis. Lacey will receive an estimated \$304,850 in CDBG funding for 2025.

There are three CDBG work products needed for the City to establish its CDBG program:

1. **Lacey CDBG Community Participation Plan** – This can be produced in parallel with the Community Engagement Plan for the Lacey Human Services Grant Program (HSGP).

Per HUD:

**“Citizen Participation**

A grantee must develop and follow a detailed plan which provides for, and encourages, citizen participation and which emphasizes participation by persons of low- or moderate-income, particularly residents of predominantly low- and moderate-income neighborhoods, slum or blighted areas, and areas in which the grantee proposes to use CDBG funds. The plan must:

- Provide citizens with reasonable and timely access to local meetings, information, and records related to the grantee's proposed and actual use of funds
- Provide for public hearings to obtain citizen views and to respond to proposals and questions at all stages of the community development program, including at least the development of needs, the review of proposed activities, and review of program performance
- Provide for timely written answers to written complaints and grievances
- Identify how the needs of non-English speaking residents will be met in the case of public hearings where a significant number of non-English speaking residents can be reasonably expected to participate”

Source: CDBG Entitlement Program Eligibility Requirements | HUD.gov / U.S. Department of Housing and Urban Development (HUD)

Having a permanent Human Services Advisory Group is a process frequently used by entitlement jurisdictions to provide opportunities for public participation, see **Table A**.

2. **Lacey CDBG 3-Year Consolidated Plan 2025-2027** – This can be produced in conjunction with the Community Needs Assessment and Human Services Strategic Plan in conjunction with the HSGP.
3. **Lacey CDBG Annual Action Plan** – This is the list of approved projects for 2025 and serves as year 1 of the Lacey 3 Year Consolidated Plan 2025-2027. This would be a competitive application process like the HSGP, however with federal requirements.

**Establishing a permanent Human Services Commission:** There is a need for human services in Lacey. The forthcoming Need Assessment and Strategic Plan will provide more detailed information on current needs within the community. With the success of last year's HSGP, and in anticipation of continuing the HSGP and with the City starting to directly receive CDGB funding in 2025 and beyond, Staff recommends creating a permanent Human Services advisory board, known as the Human Services Commission, to provide program and funding recommendations to the City Council.

As noted above, public participation is a requirement of CDBG programs. Transitioning the Human Services Work Group to a permanent Human Services Commission would meet this requirement. **Table A** lists various jurisdictions and how they manage their Human Services Grant Programs and CDBG Programs. In many jurisdictions, the advisory board makes recommendations for grants and CDBG programs.

**Attachment 1** provides a draft ordinance to establish a permanent Human Services Commission. This draft is subject to change based on continued City review.

#### Advisory Board Recommendations

The Commission on Equity (COE) reviewed establishing a permanent Human Services Commission at their September 23, 2024 meeting. The COE was supportive of the recommendation to establish a permanent Human Services Commission.

The Human Services Workgroup (HSWG) met on October 3, 2024 and recommended that the Lacey City Council establish a permanent Human Services Commission, see Option 1 below.

**Next Steps:** Pending discussion, at a future meeting, tentatively scheduled for December 3, 2024, the Lacey City Council could consider one of the following options:

**Option 1:** Adopt an ordinance establishing a permanent Human Services Commission to provide human service-related recommendations on: needs, policies and programs, and funding allocations, such as future Human Service Grant Programs, Community Development Block Grant programs, and other grant programs.

**Option 2:** Do not pass an ordinance that would establish a permanent Human Services Commission.

Recommend a resolution extending the Human Services Workgroup for an additional year (2025) to:

- Meeting once per month or as needed through 2025;
- Pending budget: Review 2025 HSGP applications and make recommendations to Lacey City Council for the 2025 funding allocations;
- Continue to advise on a human service needs assessment;
- Make recommendations on longer-term priorities for HSGP funding; and
- Make a recommendation on a standing human services advisory board.

**Option 3:** Do not pass an ordinance that would establish a permanent Human Services Commission. Do not recommend a resolution extending the Human Services Workgroup into 2025.

**Option 4:** Provide direction to City staff on other elements to consider. After further diligence on these elements, City Staff would then return to the Human Services Workgroup to review additional materials for consideration.

**Option 5:** Some other option not contemplated in the above options.

**Table A**

| <b>Comparison of Select Human Services Grant Programs including CDBG Programs</b> |              |                                           |                                    |                                |                                     |                               |                   |                  |                           |                         |                                                            |                                                                    |
|-----------------------------------------------------------------------------------|--------------|-------------------------------------------|------------------------------------|--------------------------------|-------------------------------------|-------------------------------|-------------------|------------------|---------------------------|-------------------------|------------------------------------------------------------|--------------------------------------------------------------------|
| <b>Agency</b>                                                                     | <b>State</b> | <b>Stand Alone Human Services Program</b> | <b>Advisory Board / Work Group</b> | <b>Competitive Application</b> | <b>Only Social Services Funding</b> | <b>Small Capital Projects</b> | <b>Min. Award</b> | <b>Max Award</b> | <b>No partial funding</b> | <b>Needs Assessment</b> | <b>CDBG Recommendations</b>                                | <b>Advisory Board Name</b>                                         |
| Bellevue                                                                          | WA           | X                                         | X                                  | X                              | X                                   |                               | X                 |                  |                           | X                       | Human Services Commission                                  | Human Services Commission                                          |
| Hillsboro                                                                         | OR           | X                                         | X                                  | X                              |                                     | X                             | X                 | X                | X                         | X                       | Finance Committee                                          | Impact Grant Work Group - Finance Commission and Community Members |
| Issaquah                                                                          | WA           | X                                         | X                                  | X                              | X                                   |                               |                   |                  |                           | X                       | City Council (Joint Interlocal agreement with King County) | Human Services Commission                                          |
| Lakewood                                                                          | WA           | X                                         | X                                  | X                              | X                                   |                               | X                 | X                |                           | X                       | Community Services Advisory Board                          | Community Services Advisory Board                                  |
| Marysville                                                                        | WA           | X                                         | X                                  | X                              |                                     | X                             |                   |                  |                           |                         | CDBG Advisory Committee                                    | CDBG Advisory Committee                                            |

ORDINANCE NO. [REDACTED]

CITY OF LACEY

AN ORDINANCE OF THE CITY OF LACEY, WASHINGTON ESTABLISHING A HUMAN SERVICES COMMISSION TO MAKE RECOMMENDATIONS FOR HUMAN SERVICES NEEDS, HUMAN SERVICES POLICIES, AND HUMAN SERVICES FUNDING INCLUDING COMMUNITY DEVELOPMENT BLOCK GRANT FUNDING, ADDING A NEW CHAPTER [REDACTED] TO THE LACEY MUNICIPAL CODE AND APPROVING A SUMMARY FOR PUBLICATION.

**WHEREAS**, the Lacey City Council budgeted \$300,000 in 2024 for a new, competitive Human Services Grant Program (HSGP) to support vulnerable community members and enhance the wellbeing of all; and

**WHEREAS**, in 2024, the Lacey City Council started the process of becoming a stand-alone Community Development Block Grant (CDBG) Entitlement Community with direct funding from the US Department of Housing and Urban Development; and

**WHEREAS**, the City provides and supports a broad range of local human services in the community to alleviate hardships and help individuals access community resources, including by providing funding to support the work of non-profits and other governmental agencies; and

**WHEREAS**, the Lacey City Council wishes to enhance community engagement, government transparency, and community oversight of human services funding, including but not limited to, the HSGP and CDBG Program; and

**WHEREAS**, the City has many capable and experienced community members with expertise in the area of human services and assessing the needs of the community; and

**WHEREAS**, in 2024, the Lacey City Council passed Resolution 1145 establishing an Ad Hoc Human Services Workgroup to make HSGP funding recommendations, advise on a human services needs assessment and the creation of a permanent advisory board; and

**WHEREAS**, the Lacey City Council desires to establish a Human Services Commission to better understand overall human services needs in the community and help make recommendations on human services grant funding.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF LACEY, WASHINGTON as follows:

Section 1. There is hereby added to the Lacey Municipal Code a new Chapter [REDACTED], Human Services Commission, to read as follows:

[REDACTED] Creation

There is created a commission to be known as the Human Services Commission which shall perform all of the duties and shall have all of the authority hereinafter set out.

#### **Purpose**

The purpose of the commission is to help the City to identify human services needs, review human services draft policies, review human services grant applications and make recommendations for the distribution of human services grant funds.

#### **Membership — Terms**

- A. The commission shall consist of seven general members and one youth member who reside in the city of Lacey or may reside in Lacey's urban growth management area, except as outlined in subsection C of this section. Commissioners shall be appointed by the mayor, which appointment shall be subject to confirmation by the city council. Terms for general members shall be for three years. General membership on the commission shall be limited to two full consecutive terms. If there are no applicants for a vacant position one month prior to the expiration of term, the incumbent may be reappointed to an additional three-year term by the mayor with the approval of the city council. All members shall be selected without respect to political affiliations.
- B. The youth member shall be at least sixteen years of age (when appointed), enrolled as a junior or senior in the North Thurston School District, or enrolled in private school or homeschooled, and be a resident of the city of Lacey or reside in Lacey's urban growth management area. The youth member shall be appointed to serve for a term of one year. The incumbent youth member may be reappointed to an additional one-year term. Except as outlined in this section, the youth member shall have the same rights and responsibilities of the general members.
- C. General membership on the commission shall always include at least two professionals who have experience in human services, e.g., direct service, management, or volunteer work. Any commission action that would otherwise be valid shall not be rendered invalid by the temporary vacancy of one or both of the human services positions. The Mayor and City Council, in order to obtain representatives with this expertise, may make appointments despite the residency requirements of Section A of this section.
- D. A majority of the general members of the commission shall constitute a quorum for the transaction of business. The youth member shall not be included in the count to constitute a quorum. Any action taken by a majority of those present when those present constitute a quorum, at any regular or special meeting of the commission, shall be deemed and taken as the action of the commission.
- E. The commission members shall not receive any salary or other compensation for services rendered on the commission, but necessary expenses actually incurred and within the budget as set by the annual budget ordinance shall be paid.

F. The Lacey City Council adopted an Advisory Board Stipend Program aimed at reducing barriers to participation in government and increasing representation on the City's Advisory Boards. Human Services Commission Members will have the option to opt-in to this program.

G. Terms for Commissioners shall be for three years, with the following exception:

A. Initial terms appointed in 2025 for Commissioner positions One (1), Two (2), and Three (3) will be appointed until 2027.

B. Initial terms appointed in 2025 for Commissioner positions Four (4), Five (5), Six (6), and Seven (7) will be appointed until 2028. All subsequent terms will be appointed on a three-year cycle.

H. Vacancies occurring otherwise than through the expiration of terms shall be filled for the unexpired terms. The members shall be selected without respect to political affiliations. The general commissioners may request the resignation of a general and/or youth member who has three or more unexcused absences at regular meetings in a calendar year.

I. General or youth members may be removed from the commission prior to the expiration of their term of office by the mayor with approval of the city council, pursuant to the city of Lacey policy procedure manual and boards and commissions standards, protocols, and ground rules handbook

**Organization --- Records**A. The commission shall select its own chairperson from within its membership and may create such other offices as it may deem necessary and shall adopt all necessary rules for the transaction of its business and the keeping of its own records. A recording secretary shall also be appointed from within its membership or from city of Lacey staff.

B. An accurate record shall be kept of the proceedings of all meetings. These records shall be public and a copy thereof shall be transmitted to the city clerk after each meeting.

**Commission Duties and Responsibilities**

The commission shall have the power and it shall be its duty, subject to such rules and regulations as may from time to time be prescribed by ordinance to:

- A. Identify and make recommendations on human service needs; and
- B. Review and make recommendations on human services related policies; and
- C. Review human services grant applications and make recommendations for the distribution of human services grant funds.

Section 2. This Ordinance shall take effect five (5) days after its passage and publication as provided by law.

Section 3. SEVERABILITY. If any section, sentence, clause or phrase of this ordinance should be held to be invalid by a court of competent jurisdiction, such invalidity or unconstitutionality shall not affect the validity or constitutionality of any other section, sentence, clause or phrase of this ordinance.

Section 4. CORRECTIONS. The City Clerk and the codifiers of this ordinance are authorized to make corrections to this ordinance including, but not limited to, the corrections of scrivener's/clerical errors, references, ordinance numbering, section/subsection number and any references thereto.

Section 5. The summary attached is hereby approved for publication.

PASSED BY THE CITY COUNCIL OF THE CITY OF LACEY, WASHINGTON, this  
[redacted] day of November, 2024.

By: \_\_\_\_\_  
Mayor

Attest:

Approved as to form:

\_\_\_\_\_  
City Clerk

\_\_\_\_\_  
City Attorney

Published: [redacted] November, 2024 CITY COUNCIL



## SUMMARY FOR PUBLICATION

ORDINANCE NO [REDACTED]

CITY OF LACEY

The City Council of Lacey, Washington passed on October [REDACTED], 2024, Ordinance No. [REDACTED], entitled "AN ORDINANCE OF THE CITY OF LACEY, WASHINGTON ESTABLISHING A HUMAN SERVICES COMMISSION TO IDENTIFY HUMAN SERVICE NEEDS, REVIEW DRAFT HUMAN SERVICES POLICIES, AND MAKE RECOMMENDATIONS FOR HUMAN SERVICES FUNDING ADDING A NEW CHAPTER [REDACTED] TO THE LACEY MUNICIPAL CODE AND APPROVING A SUMMARY FOR PUBLICATION."

The main points of the Ordinance are described as follows:

1. The Ordinance adds a new chapter [REDACTED] to the Lacey Municipal Code establishing a Human Services Commission.
2. The Ordinance approves this summary for Publication.

A copy of the full text of this Ordinance will be mailed without charge to any person requesting the same from the City of Lacey.

Published: November [REDACTED], 2024



## LACEY CITY COUNCIL WORKSESSION

November 26, 2024

**SUBJECT:** New City logo and branding guide update

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**RECOMMENDATION:** Not applicable. Council will be briefed on the proposed updated logo and branding guide. Based on Council direction, the proposed logo design will be scheduled for Council action on a ordinance at a future council meeting.

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**STAFF CONTACT:** Rick Walk, City Manager *RW*  
Shannon Kelley-Fong, Assistant City Manager *SKF*  
Ty Keltner, Communications Manager *K*

**ORIGINATED BY:** Communications Department

**ATTACHMENTS:** 1. Draft Ordinance related to the City logo and seal

**FISCAL NOTE:** TBD. The City will try to prioritize updating the logo on existing elements nearing the end of life.

**PRIOR REVIEW:** None

**COMMS PLAN:** Goal 3: A, "Establish consistent City Materials by creating a Citywide style guide, logo and flag use policy, and pursuing other comprehensive changes to communication materials."

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**BACKGROUND:** The City of Lacey ("City") is working on the first ever brand guide.

As the City continues to grow, a brand guide helps ensure all official City content contains the same look and feel no matter what type of material you are viewing. This consistency is important to establish a cohesive internal process, and maintain credibility, uniformity, and overall image of the City.

Creating a brand guide is a key project in the 2022-2027 City of Lacey Communications Plan, which is a City Council priority.

# GOAL 3



Proactively craft communications and es  
defined Lacey brand.

| TARGETED ACTIONS                                                                                                                                                                                                                                                                                                                          | Priority | ANTICIPATED    |      |      |      |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|----------------|------|------|------|
|                                                                                                                                                                                                                                                                                                                                           |          | Implementation |      |      |      |
|                                                                                                                                                                                                                                                                                                                                           |          | 2022           | 2023 | 2024 | 2025 |
| A. Establish consistent City materials by creating a Citywide style guide, logo and flag use policy, and pursuing other comprehensive changes to communication materials.                                                                                                                                                                 | High     |                |      |      |      |
| B. Refine key messages and create a unified voice for City priorities and initiatives, establish proactive media responses to ensure rapid, accurate, and widespread message reach, and craft policies on when to use certain types of communications. Collaborate with departments to identify and enhance distinct communication needs. | High     |                |      |      |      |
| C. Enhance the City's image by developing a comprehensive marketing and branding campaign that raises awareness of the City's amenities and attractions. Create a process that allows for specialized branding for major initiatives.                                                                                                     | High     |                |      |      |      |
| D. Expanding community partnerships with other organizations and stakeholders to leverage messaging, marketing, and storytelling opportunities.                                                                                                                                                                                           | Medium   |                |      |      |      |
| E. Continue to identify and refine future market targets and communications strategies with Community Stakeholders (e.g., press, future residents, visitors)                                                                                                                                                                              | Medium   |                |      |      |      |

## Elements of a brand/style guide will contain information on:

- Voice**  
 History | Mission | Core values | Tone  
 The Voice section details the history of Lacey and includes our mission, core values and other language from our comprehensive plan and communications plan. The Voice section brings together all the other elements of the brand guide to set a tone for our overall look and way of doing business.
- Logo (see “Draft Updated Logo” section below)**  
 Primary logo | Variation logos | Grayscale logo | Non-text logo | Sizing | Spacing | Single colors | Prohibited use | Co-branding | City Seal | File type | Official use  
 Preference is to limit the number of official logos to four different styles. Notes on the City Seal.
- Font**  
 Approved fonts | Logo font | web fonts  
 Approved fonts should be limited to four, with circumstances for other font usage. All fonts should be fully accessible.
- Colors**  
 Primary colors | Expanded colors | Secondary colors | Accessibility

The brand guide will define the primary colors the City uses in its communications, which will likely match the logo. A secondary color pallet will provide differentiation and options.

- **Images**

Subject | Inclusivity | Editing | Permissions | Don'ts

Anyone can take a picture, but not everyone can take a *good* picture. This section helps establish what types of pictures are helpful, how to take them, and what not to do.

- **Graphics**

Icons | Colors | Sizing | Accessibility

Graphic standards should follow current accessibility practices. Lacey Parks already has an established icon library.

- **Video**

Length | Bug/graphics | Slates | Fonts | Captions | Don'ts | Quality | Video basics

Graphic and font standards can be different with video, this section provides guidance on those differences. Other general video capture info is also included.

There is also a separate style section planned that will provide writing guidance:

- **Voice**

Tone | Writing | Specific terms | Don'ts

This section expands on the brand guide with more specific examples, including what *not* to do. City also has City-specific terms it uses, which will be outlined here.

- **Structure**

Acronyms | Formatting | Capitalization | Links | Punctuation | Numbers

This section covers proper use of the nuts and bolts of communication, including formatting elements like headers and bullets; punctuation elements like use of ampersands; numeral elements like phone numbers, times, and budget items; plus much more.

- **Guidance**

Accessibility | Training

Guide is a reference to which style guide our work uses, such as the Chicago Manual of Style or the Associated Press Stylebook. Training references required trainings for City employees, such as Plain Talk. Accessibility includes the required language we must include with posted information.

## Draft Updated Logo

One of the most important parts of a brand guide is the section on the official logo. Currently, there are several City logos, but no single official one. Multiple logos can lead to brand confusion, and inappropriate logo usage. Every version of the current logo has complications. These complications could be solved with an update.

### Current Logo Issues:

1. **The logo looks dated.** The colors and style are reminiscent of a logo designed in the 1980s or early 1990s. While its elements have a timeless appeal, its presentation does not. Both the washed-out colors and lines behind the mountain are not typical of modern logo.
2. **The logo does not lend itself to all purposes easily.** The logo cannot be used when the white is transparent. When displayed on some colored backgrounds, the logo must have a white box behind it, or it is unreadable.

The lines behind the mountain bleed together when used on television because they do not interlace cleanly. The same effect can happen on computer screens, especially when scrolling.

Some uses call for a round image, but the City's logo is an imperfect square, which leads to fitting a square image into a round hole, distorting the image.

3. **The logo is difficult to reproduce.** In places where the logo is used, the lines behind the mountain can vary from image to image because of formatting difficulties. As years have passed, others have attempted to copy the logo, which has led to copies of copies. There are some versions where the colors are not correct. This all stems from people trying to reproduce the logo.
4. **There is no definitive logo.** Several different versions of the logo are in use, with no clear direction on which is the most current. There is also no guidance on which logo to use in which situation.

From this, slightly different versions of the logo have emerged, creating a proliferation of bad copies with colors and other elements that are slightly off. Relatedly, contractors have had to copy the logo for reports and other uses, leading to less than perfect results. An official logo and brand guide could alleviate this scenario.

5. **The logo does not identify the City.** Some versions of the logo simply read "Lacey," which does not identify that Lacey is a city government. "City of" should be included in all logos to minimize confusion.

### Process:

City staff collected the current logo and other logos for comparison, then reimagined several versions of the logo as a modern take.

It is important to understand this process is not a logo redesign, but a simple modern update. At this time, a full redesign of the logo is not warranted or recommended. An update of the logo is the best path forward. After getting feedback from staff within the organization, and working through a process of elimination, Communications settled on a recommended updated design.

### New design:

The new logo mitigates several problems with the previous logo, while keeping important connections to the previous logo. The logo is made up of two elements: the symbol and the logotype.

The symbol is composed of:

- **The water** – Represents Lacey’s many lakes and wetlands. Lacey is also located at the southernmost part of Puget Sound.
- **The trees** – Lacey is a heavily wooded community and has been designated a Tree City USA since the early 1990s. Sustainability, healthy tree canopies, and parks are a perennial priority of the City Council.
- **The mountain** – In the background is Mount Rainier, also known as Mount Tahoma, which is the highest point in the Cascade Range. Mount Rainier is a symbol of strength, and pride for those who live in the South Sound.
- **The hawk** – The hawk ties in historical and ecological references in to the logo: including ties to Hawk’s Prairie and the frequent habitants of this area red-tailed hawks. The hawk flying in front of the mountain also appears on the patch for the Lacey Police Department, among other places.
- **Colors** - The colors have been adjusted to be richer and more vibrant, rather than washed out. The lines behind the mountain have been replaced with a single color.
- **Font** - The font type used in the Lacey logo is Garamond Pro. While not a unique font, it is distinctive, and has become a recognizable symbol of our brand, nicknamed “the Lacey font.” The font has been spaced out correctly, unlike in previous versions, making it easier to read and reproduce.
- **Border** – The entire image, including the logotype is encompassed by a border, making the image fully contained and easier to use.

| Table A                                                                                                                                                                                                                                                                                                                                                                                    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Current and Proposed New Updated logo                                                                                                                                                                                                                                                                                                                                                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| Current logo                                                                                                                                                                                                                                                                                                                                                                               | New Updated logo                                                                                                                                                                                                                                                                                                                                                                                                                                               |
|  <p>The current logo features a stylized landscape with a snow-capped mountain, evergreen trees, and a body of water. The background consists of horizontal blue stripes. Below the graphic, the text "CITY OF LACEY" is written in a blue serif font, with "CITY OF" in a smaller size than "LACEY".</p> |  <p>The proposed logo features a similar landscape with a snow-capped mountain, evergreen trees, and a body of water. A blue eagle is shown in flight above the water. The entire graphic is enclosed in a blue rounded rectangular border. Below the graphic, the text "CITY OF LACEY" is written in a white serif font, with "CITY OF" in a smaller size than "LACEY".</p> |

**Implementation Approach:**

If approved, the logo will be used to update all City documents and templates. These include, but are not limited to, letterhead, press releases, business cards, presentations, reports, and other documents. Other visuals include the website, LaceyTV77, signage, and other uses.

One important note is that the City will not be seeking to replace the logo across all uses immediately. Replacing the logo everywhere would be cost and time prohibitive, not to mention difficult since the older logos in many places. The City will not be replacing logos on trucks, public signs, or other places. Instead, these items will be replaced as they age out or are replaced. Gradually, the old logo will be fully replaced with the new version.

**Next Steps:** Discuss the new logo with the City Council. After discussion, the City Council may consider one of the following options identified below.

If a logo is selected, the logo would be the official logo of the City and will be the centerpiece of new brand guide. Once completed, Staff will update the look and feel of all City documents and templates. These include, but are not limited to, letterhead, press releases, business cards, presentations, reports, and other documents. Other visuals include the website, LaceyTV77, signage, and other uses.

**Options:**

**Option 1:** Proceed with approving the updated logo by ordinance at a future Regular Meeting.

**Option 2:** Provide direction to staff on the development of a logo that is different than those presented and proceed with the plans in place.

**Option 3:** Continue to use the existing logo.



Current City of Lacey logos



**Proposed New City of Lacey logo**



Example of logos of nearby jurisdictions



City of Bellingham



City of Lakewood



City of Puyallup



Whatcom County



City of Camas



City of Marysville



City of Black Diamond



Pierce County



Skamania County



City of Cashmere



City of Lacey



City of Ferndale



City of Orting



City of Yelm



Town of Concrete



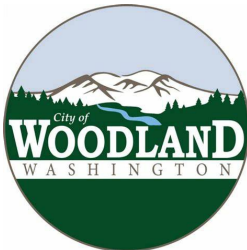
Cowlitz County



City of Colville



City of Battle Ground



City of Woodland

## **X.XX.XXX Policy**

The City Council finds that the logos and seal of the City, as set forth herein below, are symbols of the authority and jurisdiction of the City, and as such are valuable assets of the City and its community members. The City Council desires to ensure that only appropriate uses are made of the City's logos and seal.

### **X.XX.XXX Adoption of logo**

The City hereby adopts a symbol as the primary City logo for the City of Lacey. The primary City logo is a stylized portrayal of the City's lakes and strands of trees, with Mount Rainier, also known as Mount Tahoma, depicted in the background. The ~~name-text~~ "City of Lacey" is underneath.

The City may adopt a secondary logo and an emblem logo to use for various purposes. Any additional logos shall be treated with the same reverence as the primary logo, and all rules and regulations apply.

The official logo design is dictated by the City of Lacey branding guide as the governance and policy source for City logos.

### **X.XX.XXX Adoption of seal**

The City adopts the symbol that incorporates the image of the City's logo, with the words "City of Lacey, WA," and the year of incorporation, 1966, integrated into the design.

The City seal is a stylized portrayal of the City's lakes and strands of trees, with Mount Rainier, also known as Mount Tahoma, depicted in the background. The ~~word-text~~ "City of Lacey" is underneath.

### **X.XX.XXX Use for official purposes**

The City logos and seal shall be used for official purposes only, or as authorized by the City Council.

### **X.XX.XXX Restrictions on use**

Use of the City logos and seal shall be restricted as follows:

A. Except as authorized by the City or as otherwise provided by law, the City logos and seal shall not be used on or in connection with any advertisement or promotion for any product, business, organization, service or article, whether offered for sale, for profit or offered without charge.

B. No persons shall use a symbol that imitates the City logos or seal or that is deceptively similar in appearance to the City logos or seal.

**X.XX.XXX Violation**

Any person who willfully violates this chapter is guilty of a misdemeanor for a first offense and is subject to imprisonment for up to 90 days and a fine up to \$1,000, or both a fine and imprisonment. Any person who willfully violates this chapter is guilty of a gross misdemeanor for a second offense and is subject to imprisonment for up to 364 days and a fine up to \$5,000, or both a fine and imprisonment.

The City's right to prosecute under this section shall not affect its rights to pursue civil or injunctive relief under federal or state laws, or any other relief available under the law.



Revised 11-26-2024  
**LACEY CITY COUNCIL WORKSESSION**  
**November 26, 2024**

**SUBJECT:** LOTT Clean Water Alliance Surplus Property Purchase

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**RECOMMENDATION:** Staff will provide a summary of the steps necessary to acquire property designated surplus by the LOTT Clean Water Alliance surplus property, located at 5025 Mullen Rd. SE, Lacey.

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**STAFF CONTACT:** Rick Walk, City Manager *RW*  
Vanessa Dolbee, Community & Economic Dev. Director *VD*  
Ryan Andrews, Community Planning Manager *RA*  
Jennifer Adams, Housing Coordinator *JA*

**ORIGINATED BY:** Community & Economic Development Department

**ATTACHMENTS:**

1. MOU between the City and LOTT
2. Location Map
3. Property Appraisal Report
4. Conceptual Plan
5. Pre-submission Report
6. Completed Pocket Gopher Study
7. Letter of Intent to Purchase
- ~~8. Draft Amendments to LMC 2.70~~

**FISCAL NOTE:** \$700,000

**PRIOR REVIEW:** Joint Meeting: Lacey City Council and North Thurston Public Schools Board of Directors – October 22, 2024  
Lacey City Council Worksession – September 24, 2024

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**UPDATE:**  
Following direction provided at the Joint Meeting of the City Council and North Thurston Public School Board of Directors, on October 22, 2024. Community and Economic Development has continued to work with both the LOTT Clean Water Alliance and the Housing Authority of Thurston County to advance a potential affordable housing project.



Since the meeting on October 28, 2024 S2C LLC Consulting & Services completed their second site visit as a part of the Pocket Gopher Survey. The findings in the completed survey have concluded that the Mazama Pocket Gopher was “Not Detected” on the subject property. This outcome marked a major conclusion necessary to determine the feasibility of a housing development on the subject site.

Upon conclusion of the Study, the City sent a Letter of Intent to Purchase the property to LOTT Clean Water Alliance, dated October 31, 2024. (See Attachment 7 - Letter of Intent to Purchase). This letter identifies two specific contingencies as follows:

1. Updates to Lacey Municipal Code authorizing surplus property for affordable housing purposes; and
2. City Council approval of the purchase.

At the worksession, staff will summarize the next steps identified below and discuss the proposed terms and details of each step.

**NEXT STEPS:**

1. Work in partnership with LOTT to finalize the terms of a Purchase and Sale Agreement (PSA). The PSA will identify the same two contingencies as noted in the letter of intent.
2. Separately, but on a parallel path, work with the Housing Authority of Thurston County (HATC), to develop a Memorandum of Understanding (MOU), that provides a commitment from the City to HATC that they have the first right of refusal for purchase if the City surpluses the Mullen Road property. In addition, this MOU would need to provide commitments for staff to advance zoning and/or development standard text amendments to the Council that would permit a housing development on the subject site. This MOU would also include the same two contingencies as noted in the letter of intent.
3. Finally, amendments to Lacey Municipal Code (LMC), Chapter 2.70, Real Property Acquisition will need to be adopted to reflect updated State legislation ([RCW 39.33.15](#)) which authorizes a municipality to transfer, lease, or dispose of real property for a public benefit purpose, such as affordable housing, including a no cost transfer, provided the project is consistent with standards identified within the state statute.

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**BACKGROUND:**

(Originally provided on the October 22, 2024 Joint Meeting)

On March 28<sup>th</sup>, 2024 the City entered into a memorandum of understanding (MOU) with LOTT Clean Water Alliance (LOTT) concerning the parcel of land located at 5025 Mullen Rd. SE, Lacey, identified by tax parcel number 11828320203. Originally, the parcel was



intended for the future siting of a reclaimed water facility, however, upon completion of LOTT's master planning process, the facility was deemed unnecessary and therefore considered unusable for LOTT's purposes.

The City identified that the acquisition of this property could support future development of affordable housing in partnership with an affordable housing provider. Therefore, the City chose to enter into the MOU with LOTT to consider acquisition of the property at 5025 Mullen Rd. SE, Lacey.

House Bill 1695, adopted by the State Legislator in July of 2023, added provisions allowing for municipalities to surplus public property for affordable housing. The City identified that the acquisition of this property could support future development of affordable housing in partnership with an affordable housing provider. Therefore, the City chose to enter into the MOU with LOTT to consider acquisition of the property at 5025 Mullen Rd. SE.

The MOU terms grant the City until December 31, 2024 to perform all necessary due diligence and identifies that the parties will work together in good faith for a possible purchase and sale agreement for the Property. At such time, if both parties to the MOU wish to proceed, further steps as outlined in the MOU will be taken to enter into a formal purchase and sale agreement. (See attachment 1 – MOU between City and LOTT)

### **Property Details**

The 5.32-acre parcel is located on the south side of Mullen Road SE, approximately 700 feet southeast of the intersection with College Street SE and in the City limits of Lacey. Property address is 5025 Mullen Rd. SE, and is identified as tax parcel number 11828320203. (See attachment 2 – location map) The site is currently zoned as Open Space Institutional, OS-I, thus a rezone or code amendment that would permit housing development would be necessary to allow for the site to be developed with an affordable housing project.

### **Appraisal Report | Anderson Appraisal, LLC**

Per the terms of the MOU, an appraisal for the property was completed by Anderson Appraisal, LLC, and derived a value of \$700,000 for the subject property. (See attachment 3 – Property appraisal report for more detailed appraisal information)

### **Design Charette**

City planning staff developed a conceptual site design using a 60-unit cottage development proposal to maximize density under current code – Cottage Housing Chapter 16.62 LMC, and to achieve the goals of small, detached housing types, clustered around open space areas. (See attachment 4 – Conceptual plan)

Utilizing this conceptual plan, a pre-submission conference was held with appropriate staff members to determine the viability of a cottage housing proposal as one option for residential development. General findings support the design proposal when all requirements including those for infrastructure and design criteria are met. (See attachment 5 – Pre-submission report)

### **Current Due Diligence | Pocket Gopher Study**

To further due diligence, the City elected to contract with S2C LLC, for a Mazama Pocket Gopher Study, to confirm or deny gopher presence on the site. Due to the nature of this assessment, the federal law requires that if NO gopher activity is found upon the first study, a second study shall be required approximately thirty days from the date of the first, with all studies completed by October 31<sup>st</sup>, the date the assessment window closes.

S2C LLC, completed the first study on September 27, 2024 and reported that gopher activity was NOT detected, thus a second study has been scheduled to be performed at the end of October, 2024. If no gopher activity is confirmed during the second study, no further action will be needed. However, if the presence of gophers is detected, further steps for mitigation would be required in order to allow development on the site. (See attachment 6 – Pocket gopher study)

### **Potential Partnerships for Development**

While the City and LOTT Alliance have partnered to accomplish the transfer of land through a potential purchase and sale agreement, achieving the end goal to create accessible and affordable housing units on the site will require a strong partnership with a housing provider. For example, agencies such as the Thurston County Housing Authority and the North Thurston School District may be considered to strengthen the partnership and achieve collective goals to produce affordable housing options in the broader Lacey community.

### **NEXT STEPS:**

If the City decides to pursue their option to enter into a purchase and sale agreement with LOTT Alliance for the Mullen Rd. property, the parties will work together to determine the terms of this agreement.

The City will need to take further steps to rezone or amend development standards to allow the property to be used for residential use, and secure a partnership with a housing provider for the desired type of affordable housing development.

**MEMORANDUM OF UNDERSTANDING  
BETWEEN THE CITY OF LACEY AND LOTT CLEAN WATER ALLIANCE  
REGARDING A PURCHASE AND SALE AGREEMENT FOR MULLEN ROAD PROPERTY**

This Memorandum of Understanding ("MOU") is made and entered into this 28th day of March, 2024 by and between the City of Lacey ("City") and the LOTT Clean Water Alliance ("LOTT"), referred to collectively as "Parties" or "the Parties."

**I. RECITALS**

Whereas, LOTT owns property located at 5025 Mullen Rd SE, parcel 11828320203 (referred to herein as the Property), that was originally purchased for the purpose of siting a future reclaimed water facility; and

Whereas, LOTT has completed a master planning process and has determined that future infiltration facilities at this location are not necessary; and

Whereas, the regional housing crisis has shown the need for additional affordable housing in the City; and

Whereas, the City has needs to acquire land for future affordable housing, and the City and potential partners have resources to support the development of such facilities; and

Whereas, the City has expressed that acquisition of the Property would support these efforts and offer multiple community benefits; and

Whereas, the parties need sufficient time to explore the feasibility of a purchase and future land uses, including completion of an appraisal to determine property values, the viability of potable production and treatment facilities, and the exploration of potential partners related to development and operation of a community recreational facility; and

Whereas, the Parties wish to express their commitment to explore a sale of the Property provided certain conditions are met, which are generally described below; and

Whereas, if during the feasibility period the parties mutually desire to proceed with purchase, a purchase and sale agreement will indicate in greater detail the conditions upon which the sale of the Property will take place; and

Whereas, the Parties intend by this document to memorialize steps to be taken in preparation for entering into a possible purchase and sale agreement and their understanding concerning the general conditions necessary to enter into a purchase and sale agreement as further set forth below.

NOW, THEREFORE, the Parties agree as follows:

## **II. STEPS TO BE TAKEN ON DETERMINING FEASIBILITY OF A POSSIBLE PURCHASE AND SALE**

- A. The Parties will continue due diligence regarding the sale and purchase of the Property and the benefits provided therein.
- B. Upon request, LOTT shall make available to the City copies of any existing studies, reports, surveys, soils tests, reviews, correspondence with all governmental entities, environmental checklists and reports, plans, and other printed or written material (all of which are collectively referred to as "Studies") prepared or received by, or on behalf of, LOTT with respect to the Property.
- C. The Parties will work together in good faith to identify a mutually approved third party property appraiser. LOTT will obtain and pay for the appraisal. The appraisal shall be completed and shared with the City by August 31, 2024.
- D. The Parties agree to advance internal evaluation and discussion of a possible sale with staff and their respective governing bodies and determine the desire to move forward with a purchase and sale agreement.
- E. The Parties will work together in good faith with the mutual goal of defining an acceptable sales price and financing plan acceptable to both Parties, as a basis for a possible purchase and sale agreement for the Property.
- F. The Parties will work together in good faith to develop a mutually acceptable agreement for access to the Property to facilitate the City's evaluation of the Property. This MOU does not grant access to the Property.
- G. Should the City determine ownership of the Property is desirable, the City will provide LOTT a written Letter of Intent by December 31, 2024 stating its interest in acquiring the Property. Within 90 days of receipt of said Letter of Intent, the LOTT Board of Directors will consider action declaring the property surplus to LOTT's needs.

## **III. GENERAL CONDITIONS FOR PURCHASE AND SALE**

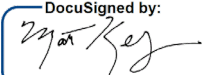
- A. Term and Amendment. If a Letter of Intent to purchase the Property has not been provided to LOTT by December 31, 2024, this MOU will terminate. If a purchase and sale agreement for the acquisition of the Property is not completed on or before June 30, 2025, this MOU will terminate. The Parties may mutually agree to extend any deadline contained in this MOU. Any amendment to this MOU must be in writing and mutually agreed to by both Parties.
- B. Legal and Regulatory Requirements. The Parties agree that any purchase and sale agreement arising from this Memorandum must be in accordance with all applicable laws and regulations, including those from the Washington State Auditor's Office. The purchase and sale agreement

will account for the fair market value of the property and ensure that LOTT is fully compensated for the value of the Property.

- C. Consideration. The Parties will work together to determine the form and timing of consideration to be received by LOTT for the Property. This consideration could involve both cash and non-cash consideration and could be transferred to LOTT at any point from the date the purchase and sale agreement is executed up to five (5) years thereafter, subject to legal and regulatory requirements. Any consideration that is exchanged after the date of the purchase and sale agreement shall also include applicable interest, interest at a rate sufficient to ensure full value is received by LOTT for the Property.
- D. Easement. LOTT may desire to establish an easement on the property. The Parties agree to work to establish one or more easements as necessary to meet LOTT's current and future needs.
- E. Limitations. During the term of this MOU, LOTT shall not dispose of the Property to any entity other than the City without the written consent of the City, except as otherwise provided herein. LOTT may enter into a secondary agreement with another entity should the agreement with the City not be consummated.
- F. Authority. Each Party and each individual signing on behalf of each Party, hereby represents and warrants to the other that it has full power and authority to enter into this MOU and that its execution, delivery, and performance of this MOU has been fully authorized and approved, and that no further approvals or consents are required by either Party to enter into this MOU.
- G. Non-Binding Understanding. This MOU is intended only as a memorandum of understanding that will guide the acquisition of the Property by the Parties. Except for Section III(E), Limitations, it does not create a legally enforceable agreement. This MOU is not in itself an offer to sell or a Commitment to purchase the Property. Rather, it is an expression of the Parties' intent to enter into negotiations for such a purchase.

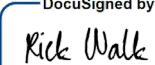
#### IV. SIGNATURES

##### LOTT CLEAN WATER ALLIANCE

DocuSigned by:  
  
By: E285A32BB6374CB...  
Matthew J. Kennelly, PE  
Executive Director

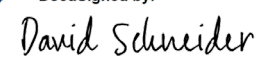
3/29/2024  
Date: \_\_\_\_\_

##### CITY OF LACEY

DocuSigned by:  
  
By: 6ABDD358138849C...  
Rick Walk  
City Manager

4/4/2024  
Date: \_\_\_\_\_

Approved as to form

DocuSigned by:  
  
By: 223F323577FF4B3...  
David Schneider  
City Attorney

**EXHIBIT A**  
**General Property Boundaries**





**Property Location | 5025 Mullen Rd. SE, Lacey**





# **Appraisal Report**

**Mullen Road SE Land  
XXXX Mullen Road SE  
Lacey, Washington  
Purchase Order 1425**

**Prepared For:**

**LOTT Clean Water Alliance**

**ANDERSON APPRAISAL, INC.**  
Real Estate Appraisers and Consultants

# ANDERSON APPRAISAL, INC.

EIN: 91-1486688 • TELEPHONE (360) 943-8400 • EMAIL: DEREKJ@ANDERSONAPPRAISALINC.COM  
P. O. BOX 2694 • OLYMPIA, WASHINGTON 98507

Date of Report: May 2, 2024

Mr. Justin Long  
LOTT Clean Water Alliance  
500 Adams Street NE  
Olympia, WA 98501

Re: Mullen Road SE Land  
XXXX Mullen Road SE  
Lacey, Washington  
File No. 6476-24ADS

Dear Mr. Long:

In accordance with our engagement, Anderson Appraisal, Inc. evaluated the above referenced property, utilizing best practice appraisal standards for this property type. The appraisal was conducted in compliance with our understanding of the following: Uniform Standards of Professional Appraisal Practice (USPAP), appraisal guidelines of LOTT Clean Water Alliance, and all applicable state and federal laws and regulations including licensing and registration. The undersigned hereby certifies that no attempt was made by the client or any third party to influence the valuation through coercion, extortion, collusion, compensation, inducement, intimidation, bribery, or in any other manner.

The purpose of this appraisal is to develop an opinion of the Market Value of the subject property's Fee Simple Estate. The Appraisal Report is as defined by USPAP Standards Rule 2-2(a). The following table conveys the final opinions of market value that are developed within the body of the report.

| Value Type   | Value Premise | Value Perspective | Interest Appraised | Effective Date | Indicated Value |
|--------------|---------------|-------------------|--------------------|----------------|-----------------|
| Market Value | As Is         | Current           | Fee Simple         | 4/23/2024      | \$700,000       |

The appraisal report has been prepared for the exclusive benefit of LOTT Clean Water Alliance. It may not be used or relied upon by any other party without our written consent. The reader's attention is directed to the Underlying Assumptions and Limiting Conditions, on page 53. We appreciate the opportunity to serve you, and if you have any questions regarding this report, please feel free to call.

Sincerely,



---

Derek R. Jolliff, MAI

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## Summary of Salient Facts and Conclusions

### *Introduction:*

The subject is a 5.32-acre parcel, currently zoned Open Space-Institutional. It was purchased from the school district by LOTT Alliance in 2006 for use as a water reclamation site. It was, however, deemed to be surplus and eligible for disposition. The site has good residential development potential but would need to be rezoned. It is expected to be rezoned by the City of Lacey in 2025 as part of the 2025 rewrite of the Comprehensive Plan.

|                                    |                                                                                                                                                                 |
|------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <i>Property Identification:</i>    | Mullen Road SE Land.                                                                                                                                            |
| <i>Parcel Number(s):</i>           | 11828320203.                                                                                                                                                    |
| <i>Ownership:</i>                  | LOTT Alliance.                                                                                                                                                  |
| <i>Property Type:</i>              | Land Other.                                                                                                                                                     |
| <i>Land Area:</i>                  | 5.32 acres or 231,727 SF.                                                                                                                                       |
| <i>Zoning:</i>                     | OS-I, Open Space Institutional.                                                                                                                                 |
| <i>Highest &amp; Best Use:</i>     | Residential Development.                                                                                                                                        |
| <i>Type of Appraisal:</i>          | As requested, this is an Appraisal Report, which is USPAP compliant.                                                                                            |
| <i>Effective Date(s) of Value:</i> | April 23, 2024.                                                                                                                                                 |
| <i>Date of Report:</i>             | May 2, 2024.                                                                                                                                                    |
| <i>Rights Appraised:</i>           | Market Value of the Fee Simple Estate.                                                                                                                          |
| <i>Client &amp; Intended Use:</i>  | The client (intended user) is LOTT Clean Water Alliance. The function (intended use) of this appraisal is to evaluate the real property for a selling decision. |

| <b>Value Indicated By:</b>             |                |
|----------------------------------------|----------------|
| <b>Cost Approach:</b>                  | Not Applicable |
| <b>Sales Comparison Approach</b>       | \$700,000      |
| <b>Income Approach:</b>                | Not Completed  |
| <b>FINAL ESTIMATE OF MARKET VALUE:</b> |                |
| <b>\$700,000</b>                       |                |

## Subject Photographs



Aerial View





Subject Street View



Mullen Rd, Looking SE



Mullen Rd, Looking NW





Subject Interior, Looking S



Subject Interior, showing slope



Subject Interior, Looking SW





SE corner, looking SW along boundary



Subject Interior, Looking W



Subject S portion, showing residential use to S





Subject Interior, Looking E



Subject Interior, Looking NNE



Subject Interior





W boundary, Looking S



W portion, Looking N



SW corner, Looking E

## Introduction

|                             |                                                                                                                                                      |
|-----------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------|
| <i>Type of Property:</i>    | Mullen Road SE Land.                                                                                                                                 |
| <i>Address of Property:</i> | XXXX Mullen Road SE, Lacey, Washington.                                                                                                              |
| <i>Location:</i>            | South side of Mullen Road SE approximately 700' southeast of the intersection with College Street SE in the City Limits of Lacey in Thurston County. |
| <i>Owner of Record:</i>     | LOTT Alliance.                                                                                                                                       |

## Legal Description

No title report has been furnished. The legal description shown in public records is as follows:

"Section 28 Township 18 Range 1W Quarter SW SW DAF: COM SW COR SEC 28 THENCE N01-38-58E 1319.22F TO NORTH LINE SW SW, THENCE S87-59-28E 660.01F TO EAST LINE SW SW, THENCE S01-38-58W 108.85F TO X S".

## Purpose of Appraisal

The purpose of this appraisal was to estimate the Market Value a buyer would be justified in paying for the subject property, Fee Simple Estate, as of April 23, 2024.

## Intended Use of Appraisal

This appraisal report is intended for the sole and exclusive use of LOTT Clean Water Alliance to evaluate the real property for a selling decision..

## Definition of Client

The term "Client" is defined in USPAP as:

"The party or parties who engage an appraiser (by employment or contract) in a specific assignment."

The client (intended user) of this appraisal report is LOTT Clean Water Alliance.

## Unavailability of Information

The following information was not provided or available to the appraisers:

Title Report  
Environmental Reports

## Extraordinary Assumptions

The subject is in an area designated as "More Preferred" Mazama Pocket Gopher soils which are indicative of possible Mazama Pocket Gopher habitat. Mazama Pocket Gophers are an endangered species and the presence of active habitat could significantly impact the subject. It is unknown if the subject has active Mazama Pocket Gopher Habitat thus there is an Extraordinary Assumption that there is no Mazama Pocket Gopher habitat located on the subject. The use of this Extraordinary Assumption may have affected the assignment results.

## Hypothetical Conditions

None.

## Definitions

### ***Market Value<sup>1</sup>***

*The most probable price that a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:*

- *Buyer and seller are typically motivated;*
- *Both parties are well informed or well advised, and acting in what they consider their best interests;*
- *A reasonable time is allowed for exposure in the open market;*
- *Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and*
- *The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale. (12 C.F.R. Part 34.42(g); 55 Federal Register 34696, August 24, 1990, as amended at 57 Federal Register 12202, April 9, 1992; 59 Federal Register 29499, June 7, 1994).*

### ***Fee Simple Estate<sup>2</sup>***

*Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.*

## Property Rights Appraised

The Fee Simple Estate is appraised herein, subject to zoning, easements, and other governmental restrictions of record.

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<sup>1</sup>The Dictionary of Real Estate Appraisal, Appraisal Institute, Sixth Edition, Page 142.

<sup>2</sup> The Dictionary of Real Estate Appraisal, Appraisal Institute, Sixth Edition, Page 90.

## Date of Inspection

The last date of physical property inspection was April 23, 2024. Present during the inspection were the following individuals: Alison Anderson Snodgrass, Assistant Appraiser, Derek Jolliff, Appraiser.

During the inspection, the appraiser visually surveyed the subject by walking the site perimeter, road frontages, and portions of the interior. The appraiser is not a surveyor, environmental, or geotechnical specialist. The client is urged to retain such if so desired. Should there be physical characteristics not commensurate with the observed areas that are later discovered, we reserve the right to modify the report and value conclusions presented within.

## Property History

The subject, a 5.32-acre undeveloped parcel, was purchased from the Lacey School District by LOTT Clean water Alliance for a potential water reclamation satellite site. The LOTT 2050 Master Plan identified the ability to expand capacity at existing site, rendering the subject parcel, among others, surplus. The parcel is on a list with several parcels in the neighborhood with OS or similar zoning to be evaluated by the Long Range Planning Department and the Planning Commission for rezoning according to their highest and best use and city goals. Discussions with the City of Lacey Planning Department indicated the site will likely be rezoned to LD, Low Density residential, but they could not guarantee that until the Planning Commission begins the process. There are reported discussions of a possible purchase of the property by the City of Lacey, but there is not a public memorandum of understanding or contract for the property available.

The subject has not sold in the three years prior to the date of value and is not currently under contract or being marketed for sale.

## Scope of Work

This report has been prepared in conformance with the current Uniform Standards of Professional Appraisal Practice (USPAP), as formulated by the Appraisal Foundation.

The subject property is appraised based on the following Scope of Work:

- The property is identified as: Mullen Road SE Land.
- The property was inspected on April 23, 2024.
- The research of the local and regional economy and Thurston County Land market data included reference to various sources that include Thurston County Assessor, Washington

State Office of Financial Management, CoStar, Washington State Department of Labor and Industry, and our in-house surveys of the market.

- Specific data concerning the subject was obtained from various sources including the property owner, City of Lacey (zoning), and Thurston County (assessed values and real estate taxes).
- Data compiled in the analysis of the building sales and leases was obtained from Thurston County Assessor, NWMLS, CoStar, CBA (Commercial Broker Association), as well as our own in-house data files.
- All of the sales data were confirmed with a party involved in the transaction and/or through public records.
- The Sales Comparison Approach was fully developed.
- The reconciliation and final value estimate(s) are based on an overview of the weight applied to each approach by buyers and sellers in the current market, also taking into consideration the quality of the data available for each.
- Alison Anderson Snodgrass, License #21018996, provided significant real property appraisal assistance to the person signing this report by assisting in the: defining of the appraisal problem, performing preliminary analysis and planning, selecting and collecting data, performing an analysis of the subject property, estimating the subject's highest and best use, developing the approaches to value, reconciling value indicators, reaching defined value conclusions and reporting value conclusions as defined.

## Exposure Time

"The time a property remains on the market. The estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal; a retrospective estimate based on an analysis of past events assuming a competitive and open market."<sup>3</sup>

The following information was taken into consideration to develop an estimate of exposure time for the subject property: recent comparable sale and current listing experience (i.e. days on market), interviews with real estate brokers/agents with experience marketing this property type, interviews with lenders who finance this type of real estate, and the subject property's overall physical and locational characteristics.

Based upon our research for this assignment, required marketing periods ranging between 17 days and 203 days were observed, with at least two properties having extended feasibility periods that delayed closing. Considering all of the preceding factors, the exposure period has

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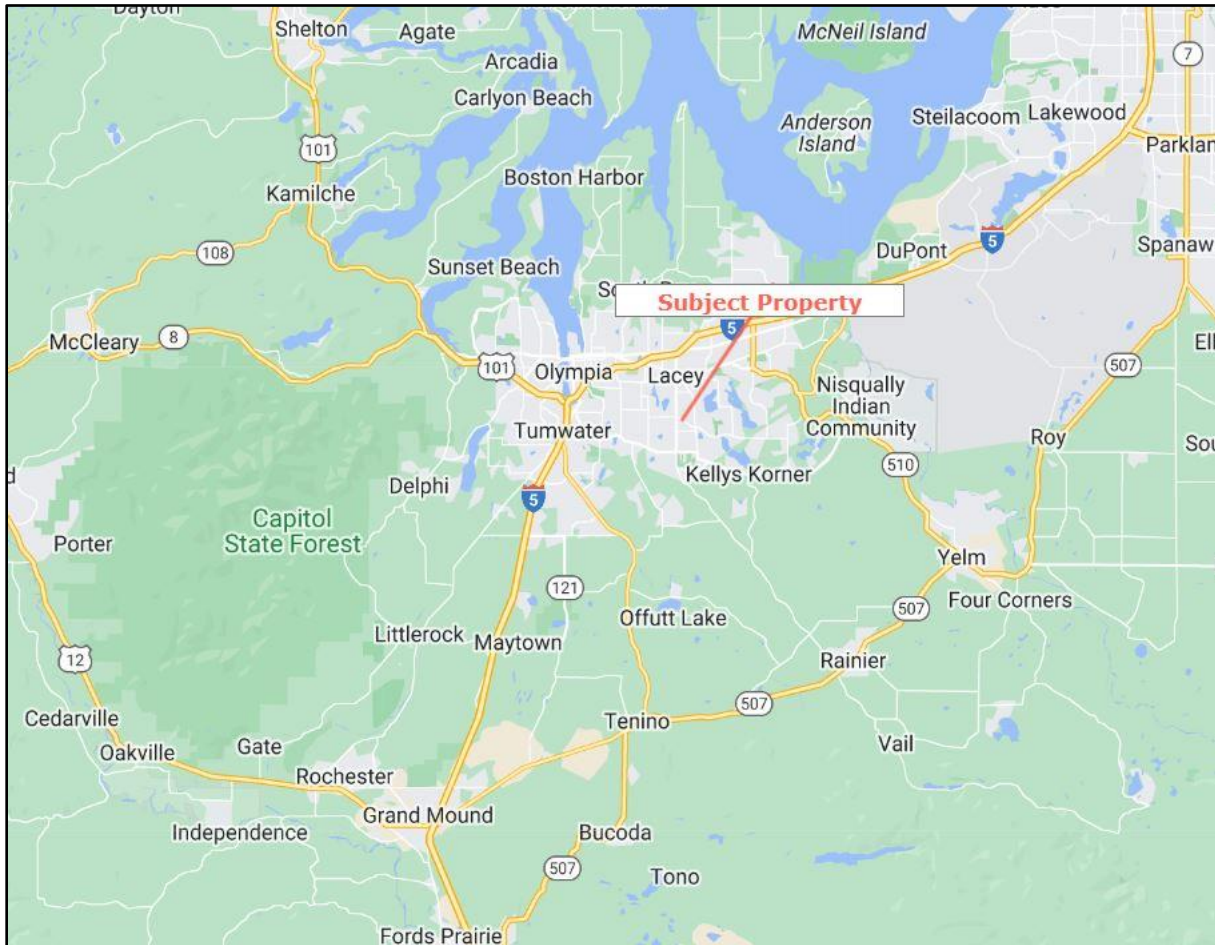
<sup>3</sup> The Dictionary of Real Estate Appraisal, Appraisal Institute, Sixth Edition, Page 83.



been estimated at approximately six months or less. Exposure time is always presumed to occur prior to the effective date of the appraisal.

## Market Area Summary

A market area is defined as "the geographic or locational delineation of the market for a specific category of real estate, i.e., the area in which alternative, similar properties effectively compete with the subject property in the minds of probable, potential purchasers and users."<sup>4</sup>



### Location

The subject is in the City Limits of Lacey which is part of the Olympia-Lacey-Tumwater metro area in Thurston County. Thurston County lies near the middle of a corridor running down the east side of Puget Sound that extends straight south to the Columbia River. This corridor consists of ten counties and holds approximately 69 percent of Washington State's population, with Thurston County projected as one of the fastest growing through the year 2015. Seattle is located about one hour's driving time to the North, and Portland is about two hours to the South via Interstate Highway 5.

### Infrastructure and Public Services

The major transportation route in Thurston County is Interstate 5 which nearly bisects the county north-south and is the major north-south transportation corridor on the west coast. Other

<sup>4</sup>Dictionary of Real Estate Appraisal, Appraisal Institute, Sixth Edition, Page 139.

connecting major routes include US Highway 101 to the north, State Highway 8 providing east-west connection with Grays Harbor County, State Highway 507 providing access to Yelm and State Highway 12, in the southeast portion of the county. Intercity Transit (IT) is the region's public transit provider with regular fixed-route bus service throughout the County and inter-county service in conjunction with Pierce, Mason and Grays Harbor Transits. Thurston County is served by four rail companies, three freight and one passenger service, Amtrak.

Thurston County features one main marine terminal, Port of Olympia, a deep water port offering service for loading and unloading of international vessels. The Port of Olympia's Tumwater facility is the Olympia Airport and New Market Industrial Campus, totaling about 1,500 acres. Charter airline service is available at the airport, but scheduled airline service has been difficult to sustain over the years for a variety of reasons.

Thurston County has two hospitals, Providence St. Peter Hospital and Capital Medical Center. The two hospitals function as the regional medical center for five counties, both offering numerous specialty clinics and treatment centers. There are also numerous small medical clinics in the area.

Law enforcement is provided by municipal police departments in the major Thurston County cities and by the Thurston County Sheriff's Department in the smaller rural communities and unincorporated areas of the County. Residents of Thurston County are served by 16 fire districts and the three city fire departments of Olympia, Tumwater and Bucoda. Lacey fire protection is provided by contract with Thurston County Fire District #3.

## Population

Thurston County has been one of the fastest growing counties in the State since the 1960's, consistently exceeding the State's overall rate of growth and is currently ranked the sixth most populous county in the State. From 2010 to 2020 (actual census numbers), the county population has increased 16.9%. The Olympia population increased 19.2%, Tumwater 47.2%, and Lacey was up 26.3% for the same time period. The city of Yelm has grown the fastest at 55.0%.<sup>5</sup>

| <b>County<br/>Municipality</b> | <b>Census<br/>2020</b> | <b>Estimate<br/>2021<sup>1</sup></b> | <b>Estimate<br/>2022</b> | <b>Estimate<br/>2023</b> |
|--------------------------------|------------------------|--------------------------------------|--------------------------|--------------------------|
| <b>Thurston</b>                | <b>294,793</b>         | <b>297,800</b>                       | <b>300,500</b>           | <b>303,400</b>           |
| Unincorporated                 | 144,856                | 145,255                              | 143,760                  | 143,980                  |
| Incorporated                   | 149,937                | 152,545                              | 156,740                  | 159,420                  |
| Bucoda                         | 600                    | 595                                  | 610                      | 620                      |
| Lacey                          | 53,526                 | 54,850                               | 58,180                   | 59,430                   |
| Olympia                        | 55,382 \$              | 55,960                               | 56,370                   | 56,900                   |
| Rainier                        | 2,369                  | 2,440                                | 2,510                    | 2,555                    |
| Tenino                         | 1,870                  | 2,010                                | 2,030                    | 2,045                    |
| Tumwater                       | 25,573 \$              | 26,050                               | 26,360                   | 27,100                   |
| Yelm                           | 10,617                 | 10,640                               | 10,680                   | 10,770                   |

\$ represents corrected Federal Census numbers

## Employment

The unemployment rate has remained low and nonfarm payrolls have expanded consistently over the year. Government employment in the county has remained steady and strong

<sup>5</sup> OFM Forecasting, State of Washington, April, 2023; US Census, 2020

with no reason to see this trend not continuing. Ground has been broken on many new projects, including a craft brewing and retail sector in Tumwater which will include craft brewing space, distillery space and South Puget Sound Community College classrooms, as it launches new craft brewing and distillery classes. New hotels have been built or renovated and rooms are being filled on a regular basis.

---

### **Economy**

---

In the case of Thurston County, state government has had a major role, and with its status as State Capitol, this is expected to continue. Unless the local economic base diversifies, employment and overall economic growth will continue to be dependent upon growth in State government and the continuation of the county becoming a regional trade and service center for neighboring counties.

#### *Residential Development*

As in much of the U.S., new residential activity boomed in Thurston County during 2003-2007, in both urban and rural areas. The nationwide "great" recession, which officially began Fall, 2007, severely impacted this area as well. Median home prices plummeted and took until 2013 to regain 2007 values.

Since 2013 home values continued to rise and began to skyrocket the past two years. The increase is mostly due to very low inventory of homes on the market and the new construction market unable to keep up with the demand. In addition, there has been an influx of people being outpriced in King and Pierce Counties and purchasing homes further south, in spite of the commute.

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### **Summary**

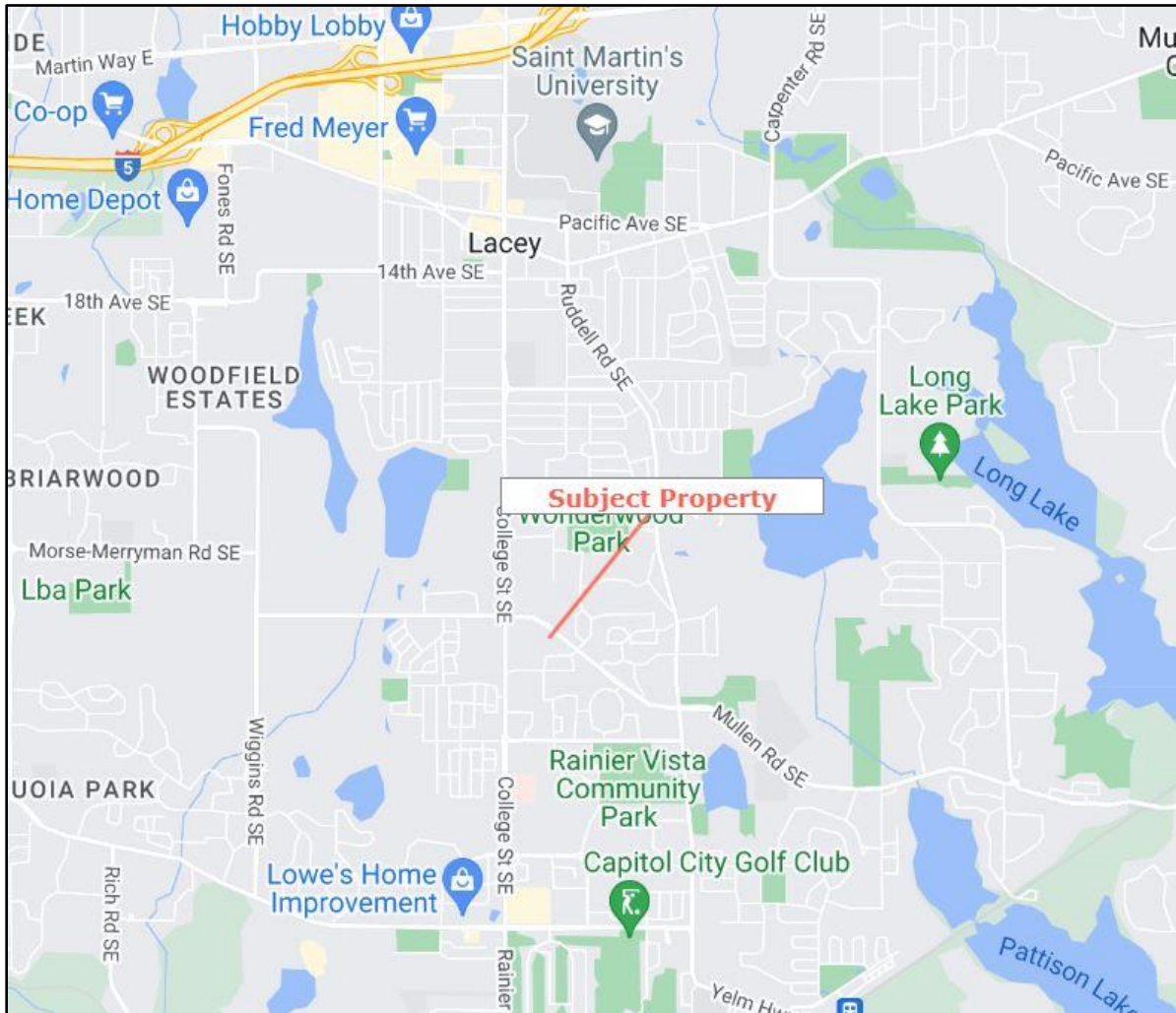
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At this time, growth appears to be driven by the in-migration of people wanting to escape the more heavily urbanized communities to the north and continued spin-off of opportunities from being situated on Interstate 5, which continues to grow in traffic volume. In addition to being the center of state government, the Olympia/Tumwater/Lacey area is also a regional shopping and medical center for the more rural counties of Mason, Grays Harbor and Lewis. Regional economic issues such as Boeing's up and down-market impacts, typically aren't felt as strongly in Thurston County because of the insulating effects of its state government core.

The economy continues to draw new warehousing/manufacturing concerns, especially to the Hawk's Prairie/Meridian Campus northeast of Lacey. Growth throughout the county is expected to continue well into the future.

## Neighborhood and/or District Summary

A neighborhood is defined as "a group of complementary land uses; a congruous grouping of inhabitants, buildings, or business enterprises."<sup>6</sup> A district is defined as "a market area characterized by homogeneous land use, e.g. apartment, commercial, industrial, agricultural."<sup>7</sup>



### Boundaries

|        |                        |
|--------|------------------------|
| North: | Lacey Blvd             |
| South: | Yelm Hwy               |
| East:  | Ruddell Rd             |
| West:  | Chehalis Western Trail |

<sup>6</sup>Dictionary of Real Estate Appraisal, Appraisal Institute, Sixth Edition, Page 156.

<sup>7</sup>Dictionary of Real Estate Appraisal, Appraisal Institute, Sixth Edition, Page 68.

## **Environmental Influences**

|                                               |                                                                                                                                                                                                                                                                                                                                                        |
|-----------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <i>Construction Types, Ages:</i>              | Predominately single family residential interspersed with institutional and multifamily developments; the neighborhood is bounded on the north and south by predominantly commercial development. Construction is mostly wood frame residential and masonry or metal frame institutional and commercial with ages ranging from early 1970s to present. |
| <i>General Maintenance:</i>                   | Overall maintenance in the neighborhood is considered average to good.                                                                                                                                                                                                                                                                                 |
| <i>New Development &amp; Construction:</i>    | There are no active developments in the permitting process in the neighborhood. There is some single-family and multifamily construction north and east of the subject neighborhood.                                                                                                                                                                   |
| <i>Life Cycle:</i>                            | The neighborhood experienced infill from the late 2000s to the late 2010s. The neighborhood is largely built out with little to no vacant land that is currently zoned for development.                                                                                                                                                                |
| <i>Nuisances &amp; Hazards:</i>               | None noted.                                                                                                                                                                                                                                                                                                                                            |
| <i>Public Utilities &amp; Infrastructure:</i> | Typical public utilities are all available throughout the neighborhood.                                                                                                                                                                                                                                                                                |
| <i>Linkages:</i>                              | College St SE and Ruddell Rd SE provide north/south linkage to large retail developments along Lacey Blvd and I-5 to the north and Retail goods and services along Yelm Hwy to the south. Lacey Blvd and Yelm Hwy provide good east/west linkages.                                                                                                     |
| <i>Street Patterns:</i>                       | Neighborhood arterial and feeder streets.                                                                                                                                                                                                                                                                                                              |
| <i>Public Transportation:</i>                 | The neighborhood is served by Intercity Transit with the following routes 64, 66, 67, 94.                                                                                                                                                                                                                                                              |
| <i>Goods &amp; Services:</i>                  | The majority of typical goods and services, as well as amenities, are available at the northern and southern edges of the neighborhood.                                                                                                                                                                                                                |

## **Governmental Influences**

|                                      |                                                                                               |
|--------------------------------------|-----------------------------------------------------------------------------------------------|
| <i>Zoning &amp; Land Use Policy:</i> | City of Lacey. The primary zoning in the neighborhood is low to moderate density residential. |
| <i>Protective Services:</i>          | City of Lacey police and fire protection .                                                    |

|                                       |                                                                                                                                                                                                                                                          |
|---------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <i>Tax Burden, LID's, etc.:</i>       | No detrimental tax burdens or LID's noted                                                                                                                                                                                                                |
| <i>Environmental Regulations:</i>     | No adverse environmental regulations exist in the neighborhood.                                                                                                                                                                                          |
| <b>Economic Influences</b>            |                                                                                                                                                                                                                                                          |
| <i>Income Characteristics:</i>        | Household median income within a 2-mile radius of the subject is estimated at \$72,025 in 2023 (CoStar Properties 2-mile radius).                                                                                                                        |
| <i>Owner Occupancy:</i>               | The owner occupancy rate in the neighborhood is 57% and renter occupancy is 42% in 2023 according to CoStar Properties 3-mile radius.                                                                                                                    |
| <i>Industry Employment:</i>           | Approximately 32% of employees in the neighborhood are employed in Education and Health Services, 16% Trade Transportation and Utilities, and 12% in both Financial Activities and Professional and Business Services (CoStar Properties 2-mile radius). |
| <i>Population Density:</i>            | Moderate density with 5.84 persons per acre.                                                                                                                                                                                                             |
| <i>Quality of Community Services:</i> | Considered average to good.                                                                                                                                                                                                                              |

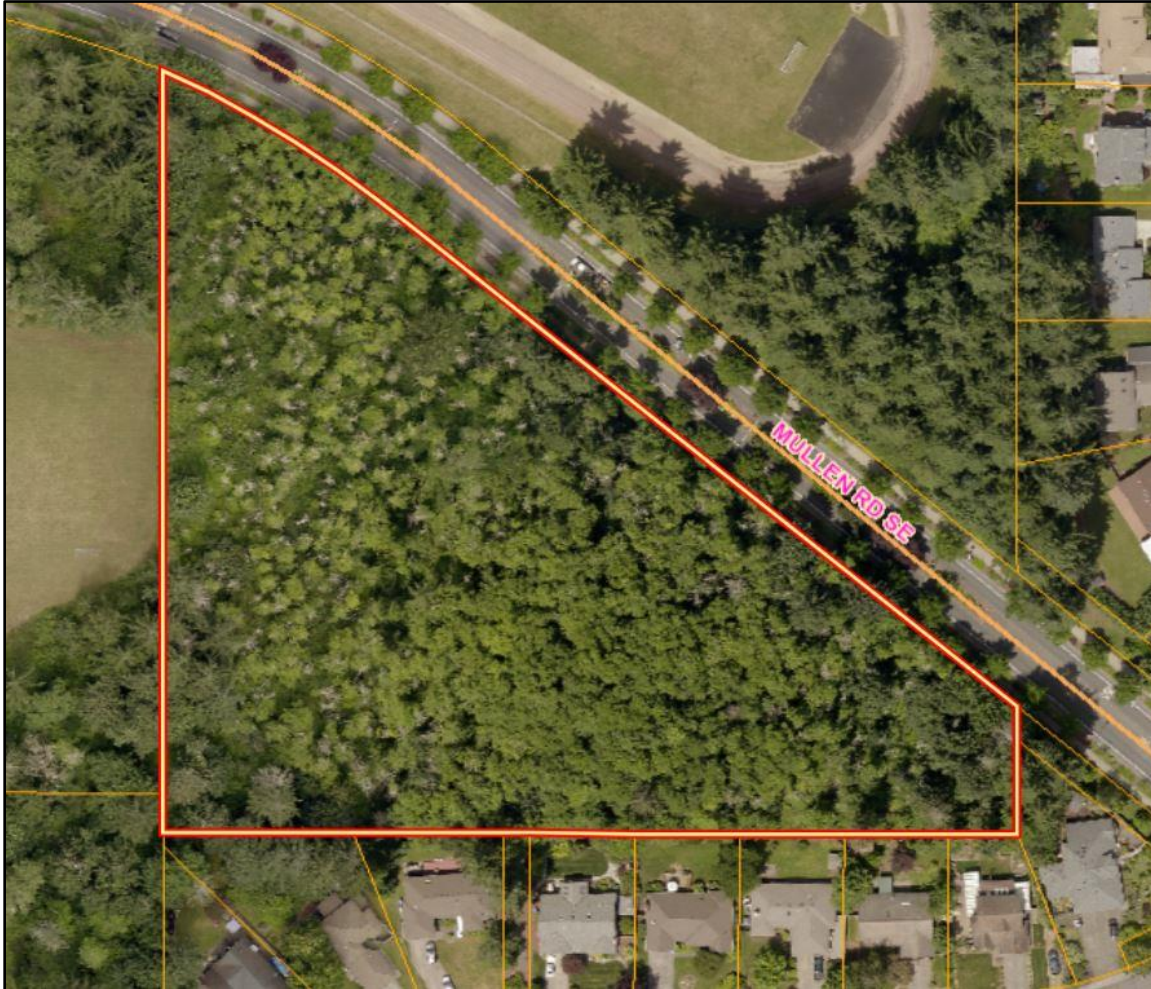
### **Summary and Conclusions:**

The neighborhood is characterized by the residential developments sandwiched between recreational amenities to the east and south of the neighborhood. It is considered to have good access to goods, services, and employment hubs. It has mostly single-family residential focus with some multifamily residential interspersed, as well as schools and religious institutions. The neighborhood is entirely in the Lacey city limits and has all typical associated utilities and services. It has good linkages to I-5 in the north, retail to the north and south, and employment to the west and north, and recreation to the east and south.



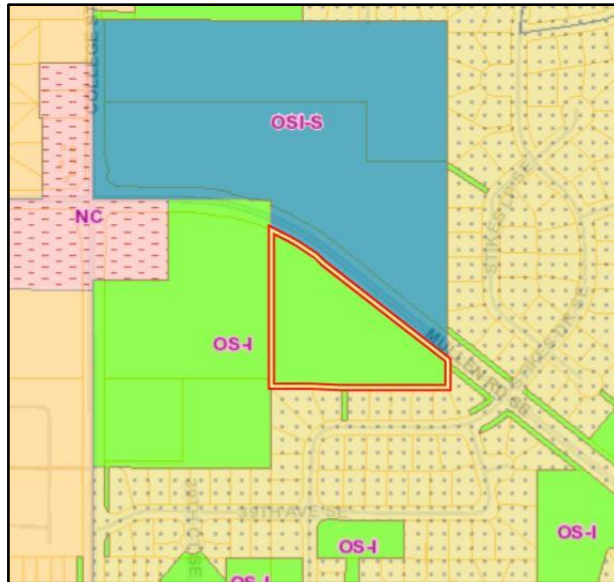
## Site Summary

No site plan has been furnished. The exhibit below is a depiction of the site from Thurston County GIS, showing the basic orientation and configuration. The following description is based upon public records and/or a personal inspection of the site.



### *Zoning:*

The subject property is zoned OS-I, Open Space Institutional, under the City of Lacey zoning ordinance. The most relevant aspects of the designation is reprinted or summarized below.



*Intent:* Protect and preserve certain areas of land devoted to existing and future use for civic, cultural, educational and similar facilities.

*Allowed Uses:* Parks, greenways and open space for active or passive recreation or enjoyment; Government buildings or offices such as city hall, fire stations, schools and colleges, hospitals, community meeting or recreation halls; Libraries, museums, or similar cultural facilities; Churches; Residential uses as an incidental use to the permitted use; Urban agricultural uses.

*Development Standards:* Max Height: 80'; Max Bldg Cvr: 35%; Front Setback: 35'; Side Yard: 15'-25'; Rear Yard: 15'-25'.

*Conclusion:* Development under current zoning is restricted to institutional use. Discussions with Ryan Andrews, a Long Range Planner with the City of Lacey, indicated it is on a list of parcels to be considered for rezoning in 2025. He stated that based on unofficial internal discussions, the department's opinion of the subject's highest and best use was more likely Low Density residential use, allowing up to 6 units per acre given the LD zoning to the south and east. There is a less likely possibility the subject could be zoned Medium Density residential, allowing 8-16 units per acre.

*Location:*

South side of Mullen Road SE approximately 700' southeast of the intersection with College Street SE in the City Limits of Lacey in Thurston County.

*Abutting Subject Property:*

| Abuts  | Description                              |
|--------|------------------------------------------|
| North: | Mullen Rd, thence Komachin Middle School |
| South: | Single-Family Residential use            |
| East:  | Mullen Rd, thence Single-Family use      |
| West:  | House of Worship                         |

*Shape:* Triangular. The northern and eastern boundaries are created by Mullen Rd, allowing good frontage. The shape may minimally impact full utilization of the land area.

*Size:* 5.32 acres; 231,727 SF.

*Visibility Rating:* Average. The subject has approximately 850'+ of frontage on Mullen Rd SE.

*Access Rating:* Good. The subject is vacant with no built access, but frontage along Mullen would allow multiple points of ingress/egress.

*Frontage:*

| Street/Attribute  | Descriptor                    |
|-------------------|-------------------------------|
| Mullen Rd SE      | Neighborhood arterial         |
| Direction         | East/West                     |
| Lanes             | Two, divided, with bike lanes |
| Sidewalks/Lights  | Yes                           |
| On-Street Parking | No                            |
| Traffic Volume    | Moderate                      |
| Speed Limit       | 35 mph                        |

*Topography:* Level. The site has a very slight slope, from 236' in the southwest corner down to 228' at the site's center.

*Soils:* No soil tests were provided. No settling or other disturbance noted in immediately surrounding area. It is an assumption of the report that the soil qualities are adequate to support the Highest and Best Use of the subject property.

*Drainage:* The site is vacant. There are storm drains in Mullen Rd in front of the subject.

*Utilities:*

|              | Provider           |
|--------------|--------------------|
| Electricity: | Puget Sound Energy |
| Gas:         | Puget Sound Energy |
| Sewer:       | City of Lacey      |
| Water:       | City of Lacey      |

*Site Improvements & Coverage:* The subject site is vacant. There is, however, already street improvements in place along Mullen Rd.

*Environmental Concerns:*

No site environmental assessment information has been furnished.

There was no visual evidence of solid waste materials dumping, soil erosion, overuse of pesticides or other hazardous elements. This statement does not mean that Anderson Appraisal, Inc. warrants the non-existence of any potential environmental concerns, but rather that none were visually evident on the date of inspection. The value estimate is predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required to discover them. The client is urged to retain an expert in this field, if desired.

*Flood Zone:*

According to FEMA Community Panel No. 53067C0189F, effective 09-02-2016, subject site is part of a larger surrounding area all designated "Flood Zone X: Areas Determined to be Outside the 0.2% Annual Chance Floodplain".

*Earthquake Zone:*

The International Building Code (IBC) is the newly adopted building code effective in the state of Washington. The IBC uses the Seismic Design Category (SDC), which is a function of ground motion, soil type, and building occupancy, to classify areas of expected ground shaking. Most buildings in Puget Sound region would fall under category D or greater. The categories range from A to F, with A having the lowest structural requirements and F having the highest structural requirements.

A seismic study has not been provided and the appraisers do not possess the expertise in seismic or structural engineering.

*Critical Areas:*

According to public mapping, there are no wetlands, wetland buffers, hydric soils, stream or shoreline setback the property. The subject is in an area of more preferred gopher soils, but it is an extraordinary assumption of this report that there are no pocket gophers on the site.

*Easements:*

There are no known detrimental easements.

*Covenants, Conditions & Restrictions:*

There are no known detrimental covenants, conditions, or restrictions.

## **Summary and Conclusions:**

The subject parcel is located in a residential area that is largely built out, with the most recent infill neighborhoods built in the 2010s. The subject was once part of a larger parcel owned by Thurston County schools. However, when Mullen Rd was constructed, it was separated from the school property. However, the subject parcel and the parcels directly adjacent to the west, retain the Open Space- Institutional zoning. The parcels directly to the west are developed with houses of worship. The City of Lacey indicated that the city would be open to rezoning the parcel, that it is on a list of OS and similarly zoned parcels to be evaluated for upzoning in 2025. It is most likely that the parcel could be rezoned LD, Low Density single family residential, giving it the same zoning as parcels to the south and east. The parcel has approximately 850' of frontage along Mullen Road, which already has all typical utilities installed and street frontage in place. The frontage is enough to allow two points of ingress/egress for the creation of residential access streets. All these things make the parcel a good candidate for rezoning to LD, single-family residential use, which could allow up to 25-30 homesites.

## Assessed Valuation and Tax Load

The subject property is currently assessed for real estate taxes as shown below:

| Tax Parcel No. (s) | Tax Land Value     | Tax Buildings Value | Tax Market Value   | Tax Amount     |
|--------------------|--------------------|---------------------|--------------------|----------------|
| 11828320203        | \$1,127,500        | \$0                 | \$1,127,500        | \$12.00        |
| <b>Totals</b>      | <b>\$1,127,500</b> | <b>\$0</b>          | <b>\$1,127,500</b> | <b>\$12.00</b> |

The subject property has a tax exemption due to its current ownership and the exemption indicates that the assessed value may not represent market value. The assessed value has fluctuated significantly over the last ten years ranging from \$206,600 to \$1,465,200. The current total assessed value is significantly higher than the conclusion reached in this appraisal and may put it at risk of a greater tax load in the event that it is not tax exempt.

# Market Study

"An analysis of the market conditions of supply, demand, and pricing for a specific property type in a specific area."<sup>8</sup>

## Product Definition

There are a number of characteristics that determine the marketability of any property. The characteristics generally fall under the broad categories of legal, physical (site and improvements) and locational. To understand how the market perceives the subject, it is necessary to compare it to similar properties in its market area. The following table rates the subject's primary characteristics in comparison to similar competitive properties.

| Subject - Property Rating         |          |          |        |                 |          |          |      |
|-----------------------------------|----------|----------|--------|-----------------|----------|----------|------|
| Impact on Productivity            | Inferior |          |        | Market Standard | Superior |          |      |
|                                   | High     | Moderate | Slight | Neutral         | Slight   | Moderate | High |
| <b>Legal Characteristics</b>      |          |          |        |                 |          |          |      |
| Zoning                            |          |          | X      |                 |          |          |      |
| <b>Site Characteristics</b>       |          |          |        |                 |          |          |      |
| Accessibility                     |          |          |        | X               |          |          |      |
| Visibility                        |          |          |        |                 | X        |          |      |
| Site Improvements/Parking         |          |          |        | X               |          |          |      |
| Utilities                         |          |          |        |                 | X        |          |      |
| Topography/Shape                  |          |          |        | X               |          |          |      |
| Critical Areas                    |          |          |        | X               |          |          |      |
| <b>Locational Characteristics</b> |          |          |        |                 |          |          |      |
| Linkages                          |          |          |        | X               |          |          |      |
| Proximity to Goods & Services     |          |          |        | X               |          |          |      |
| Proximity to Employment Drivers   |          |          |        | X               |          |          |      |
| Quality of the Neighborhood       |          |          |        | X               |          |          |      |

## Conclusion

The subject is currently zoned for Open Space, which would not allow development. However, according to the City of Lacey Planning Department, it is a reasonable possibility that the subject could be rezoned low density, allowing up to 6 units per acre. Also possible, but less likely, is medium density zoning, allowing 8-16 units per acre. Unofficial, precursory discussions in the long range planning department give more likelihood to low density zoning, given the adjacent development to the south and east. However, a buyer would have to incur the cost of rezoning or wait for the city to do so.

There are preferred gopher soils in the area; however, it is an extraordinary assumption of this report that there are no gophers present on the subject property. It is not impacted by any other

<sup>8</sup>The Dictionary of Real Estate Appraisal, Appraisal Institute, Sixth Edition, Page 140.



critical areas. All typical utilities are already in Mullen Rd. The neighborhood and immediate surrounding neighborhoods are all predominately single-family residential use with some multifamily development interspersed. The neighborhood is established, largely built out, as considered to be in average to good condition. The subject has good frontage along Mullen Rd that would allow for two points of residential ingress/egress. It already has utilities available in the street and street frontage installed.

Therefore, it is likely the subject would have above average competitiveness as a single-family or possibly multifamily development site, depending on how the city ultimately allowed it to be rezoned. The subject is not yet zoned for low density residential but discussions with the City of Lacey Long Range Planning Department indicated that the rezoned was likely to occur in 2025.

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### **Market Delineation**

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The market delineation in this marketability study includes determination of the market area, and the most likely buyer and user of the property.

#### *Market Area*

The market area can be considered the geographic area that contains the subject and all of its competition. The market area is the Olympia-Lacey-Tumwater area and to a lesser extent the rest of Thurston County.

#### *Most Likely Buyer/User*

The subject's Highest and Best Use is considered low density residential development. The most likely buyer for the subject is a developer that is willing and able to take on the risk of the entitlement process to build either single family lots or, less likely, multifamily units.

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### **Current Conditions**

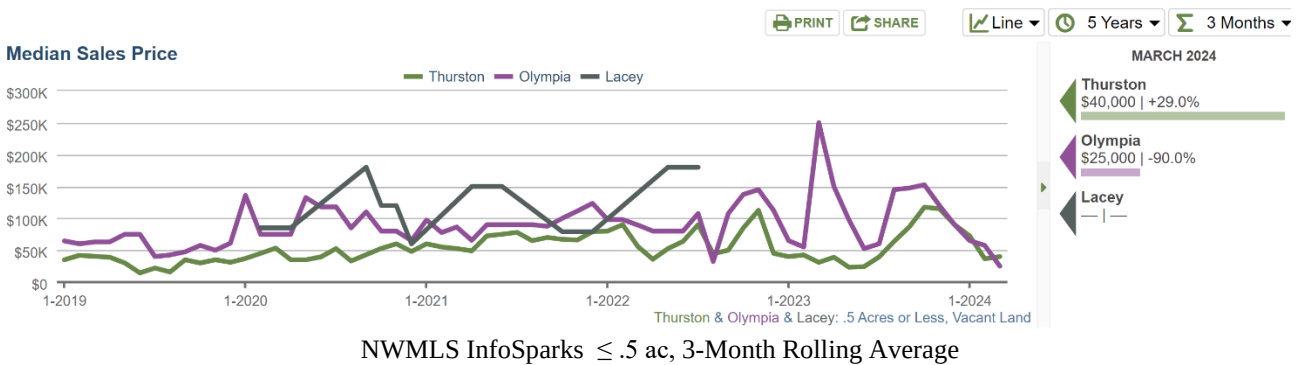
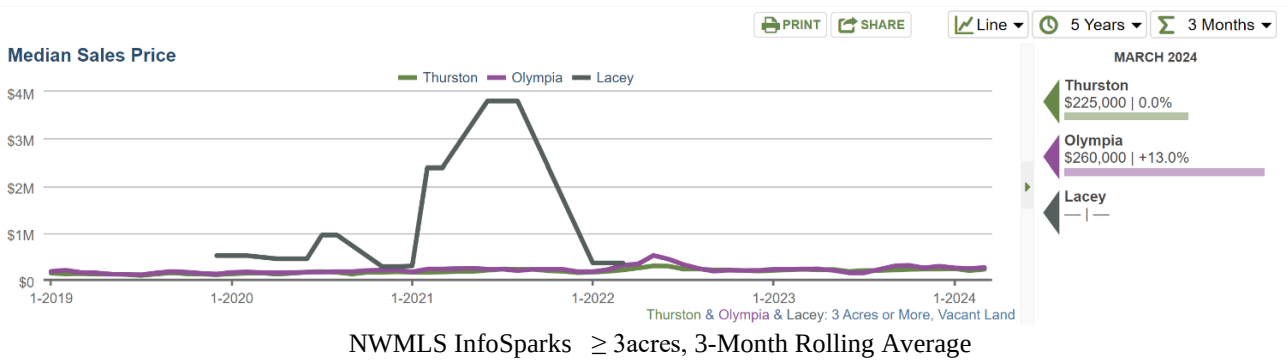
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An analysis of county population growth and county residential permit applications from 2015-2019, reported by the Olympian, indicates that, even in the height of building, the population was growing at twice the pace of the housing supply<sup>9</sup>. With the shortage in housing supply and the pandemic allowing many more people to work from home, many people who could not find an existing home turned to building one. As a result of this trend, the median price for land increased over 2021. According to the University of Washington Housing Report, sales of existing homes fell almost 32% year-over-year in the fourth quarter of 2023 in Thurston County. Building permits were down approximately 53%.

Prices per square foot of land utilized for subdivision development that were analyzed for the purpose of this report ranged in density between 2 and 3 units per acre and the sale prices were \$0.63 to \$2.96 per square foot. The table below displays vacant land sales for Thurston County, Lacey, and Olympia. The prices identified in the table below may be skewed by the land size and/or use allowed by zoning.

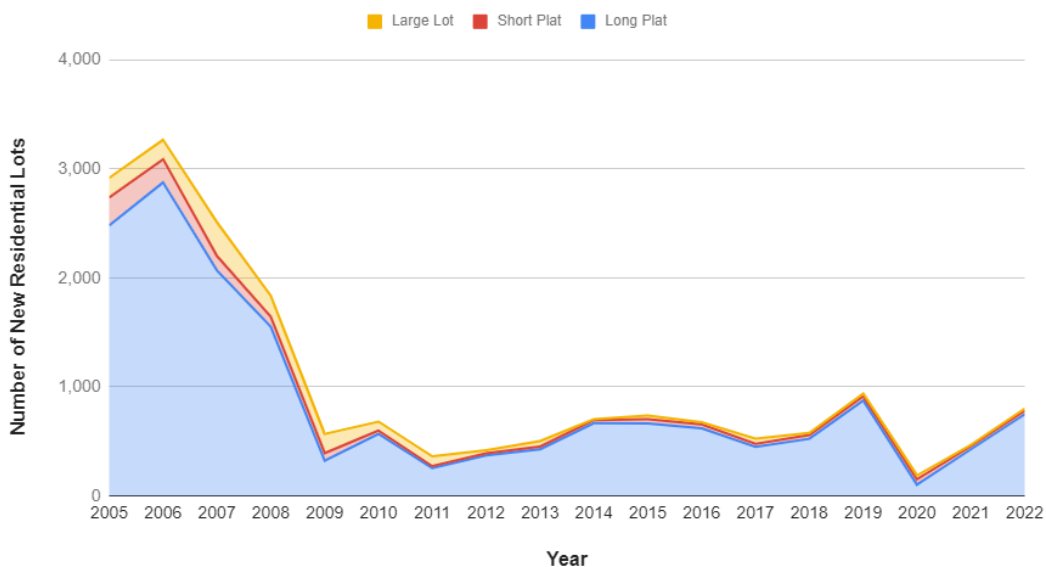
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<sup>9</sup> The Olympian, Thurston County's housing crisis by the numbers, December 4, 2020



The following chart displays lots created through subdivisions in Thurston County over the past 17 years. The largest activity occurred during the previous peak of the market in 2006. There was a small number created at the beginning of the pandemic with a return to typical activity in 2022. There may be some pent-up demand from 2020 that may not be satisfied as of 2022.

#### Lots Created Through Subdivisions

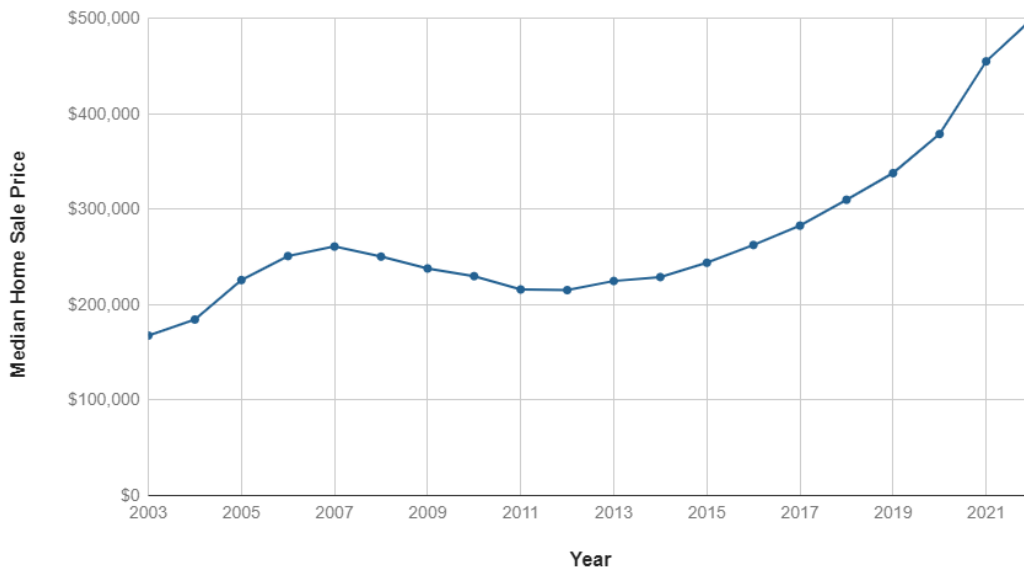


Thurston Regional Planning Council

According to a housing supply shortage study conducted by the Building and Industry Association of Washington, Washington State has an estimated 250,000 housing unit shortage. Thurston County's portion of the shortage is approximately 9,500 units. The housing shortage has contributed to the increasing price of housing. As can be seen in the chart below, prices have doubled since the prior peak in 2007. Leaving nearly 80% of Washington households unable to

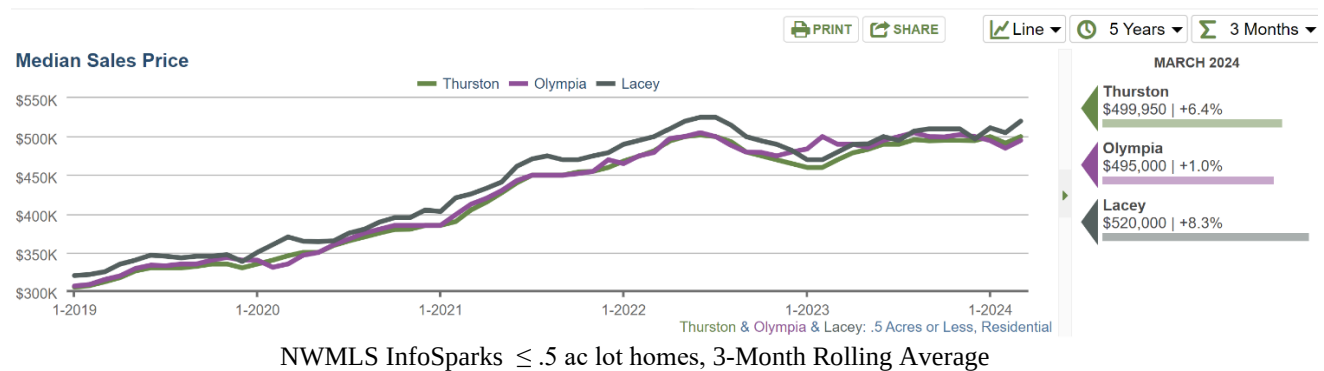
afford to purchase a median priced home according to an article featuring Greg Lane, BIAW Executive Vice President.

**Median Home Sale Price**

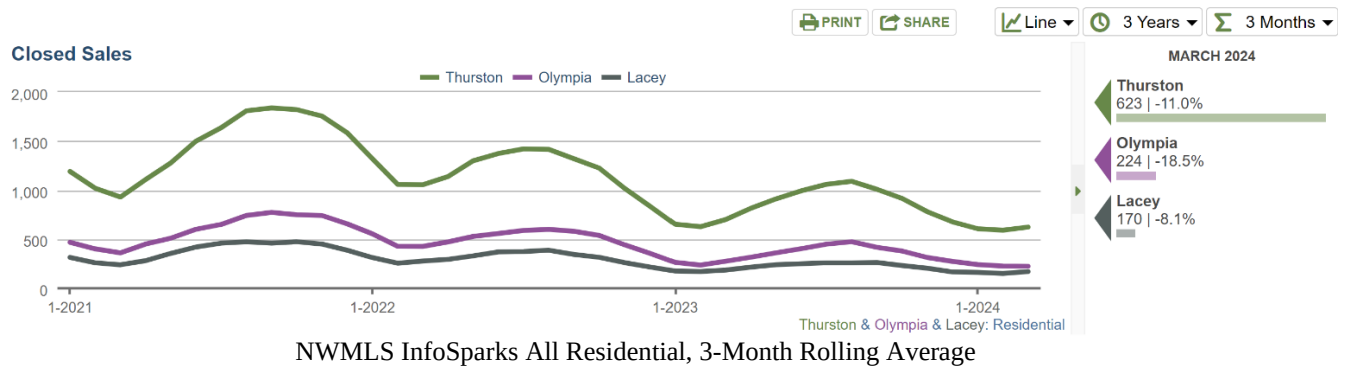


Thurston County Regional Planning Council

Residential sale prices drive subdivision and development of vacant land in the market. The strong median sale prices for single-family residences on half an acre or less for the City of Olympia is over \$500,000 and generally trending upward. Based on analysis of sales from the NWMLS of existing homes in the last 6 months, the subject neighborhood has a median home sale price slightly below the median for all of Lacey but the median age of improvements is more than double the median for the entire Lacey market.



The period of decreasing sale prices coincides with increasing interest rates on 30-Year Fixed Rate Mortgages going from 3% at the beginning of 2022 to around 7% toward the end of that year. Interest rates are currently above 7%. This may also be contributing to the low volume of sales as homeowners are less motivated to sell a home with a low interest rate loan. Closed sale volumes are displayed in the table below.



## Demand Analysis

### Population Growth

The following table summarizes population growth in the subject's Market Area (2-mile Radius), Thurston County, and Washington State:

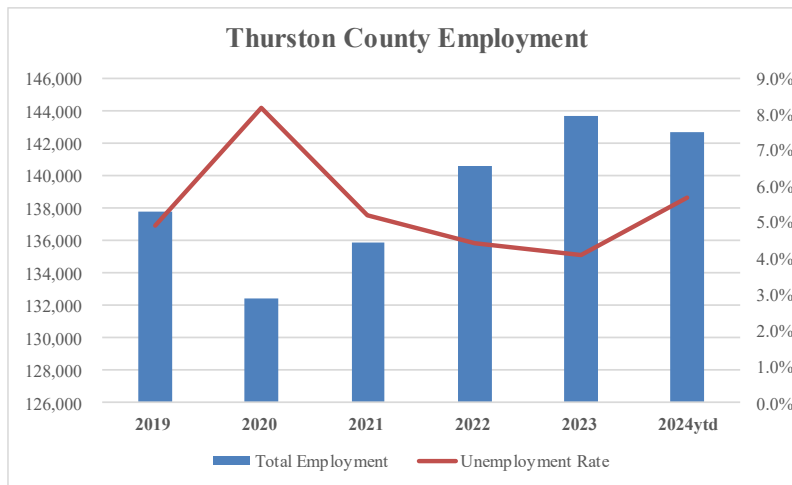
| Current and Projected Population |             |             |                                               |
|----------------------------------|-------------|-------------|-----------------------------------------------|
|                                  | <u>2023</u> | <u>2028</u> | <i>Annual Growth Rate</i><br><u>2023-2028</u> |
| 2 Mile Radius                    | 46,978      | 48,397      | 0.60%                                         |
| Thurston County                  | 303,400     | 325,903     | 1.48%                                         |
| Washington State                 | 7,951,150   | 8,343,906   | 0.99%                                         |

Sources: CoStar, WA State Office of Financial Management

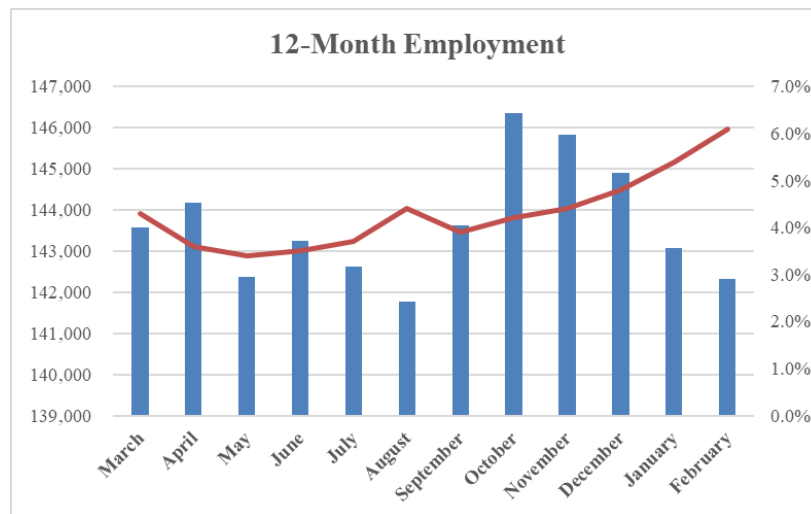
The population in the two-mile radius is projected to grow at a slower rate than Thurston County and near the same rate as Washington State. Utilizing a 2.51 persons per household (US Census Bureau) this indicates an estimated increase in demand for housing in the 3-mile radius by nearly 565 units over the next five years, or 113 units per year. However, the higher median sale price and lack of vacant land sales in the Lacey market indicates there is some chance that Lacey could capture a higher rate of potential buyers than some competing markets.

### Employment

Historical employment in Thurston County is summarized in the following table:



Source: Washington State Employment Security Dept.



Source: Washington State Employment Security Dept.

Over the last five years, the unemployment rate has been fairly stable, with the exception of a brief spike associated with the Covid 19 pandemic. However, detailed analysis of the previous twelve months indicates some weakness in employment. Of greater concern than the increase in the unemployment rate is the reversal of total employment growth trends seen from mid-2020 until 2023, when total employment began to fluctuate. There has been consistent negative growth in monthly employment since the fourth quarter of 2023.

### Household Income

The following table summarizes median household income growth in Thurston County and Washington State.

| Current and Projected Median Household Income |                  |                   |                                               |
|-----------------------------------------------|------------------|-------------------|-----------------------------------------------|
|                                               | <u>2021 Est.</u> | <u>2022 Proj.</u> | <u>Annual Growth Rate</u><br><u>2021-2022</u> |
| Thurston County                               | \$81,544         | \$83,358          | 2.22%                                         |
| Washington State                              | \$84,155         | \$86,343          | 2.60%                                         |

Source: WA State Office of Financial Management

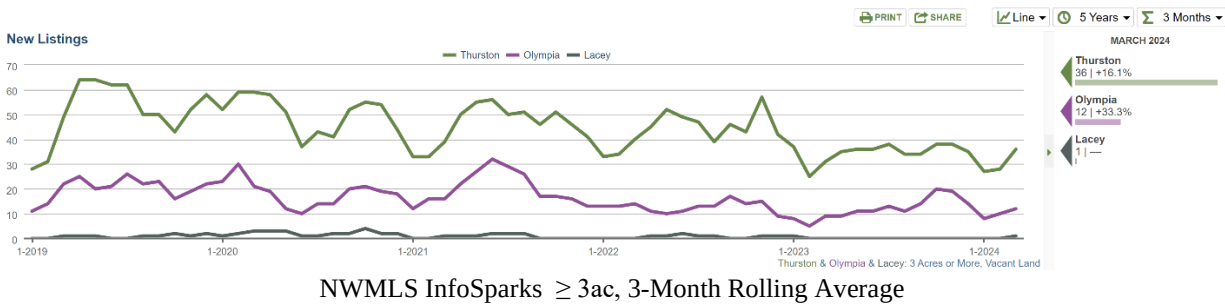
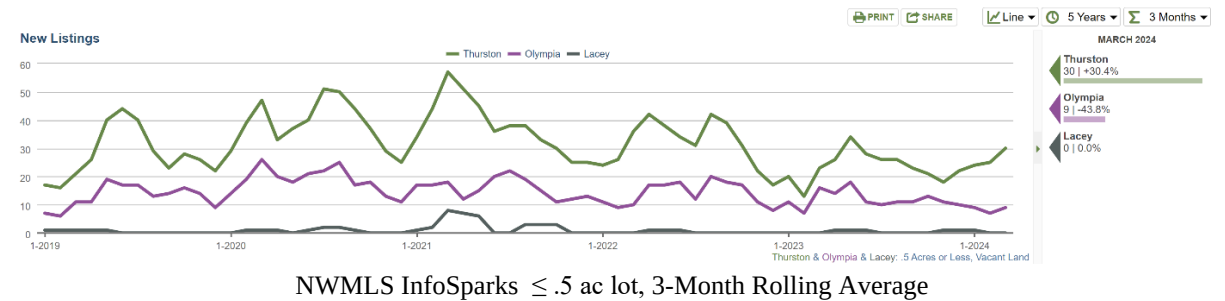
As can be seen in the table above, household income in Thurston County has been increasing at a rate close to Washington State. The three-mile radius income for 2023 is estimated at **\$72,025** (CoStar, 2-mi), which is below both Thurston County and Washington State.

**Supply Analysis**

Supply in this market analysis is interpreted from estimates of existing competing properties plus planned and potential construction of competing properties. Single family residential supply directly impacts the demand for large development properties such as the subject.

*Existing Supply*

New listings of vacant land .5 acres or less has fluctuated over the last five years but has been trending downward over the last 18 months. However, Lacey has not had more than one new listing at any given time over the last 24+ months. Land over 3 acres has followed similar trends. However, there has not been a new listing of vacant land in this size range in approximately one year.



A more specific breakdown of land sales in Lacey over the last five years is shown below. The low transaction volume limits the value of the data, but some general patterns do emerge. Sale prices, on a per square foot basis, had been increasing until 2023. There have yet to be any closed sales in 2024 to know if the market is adjusting to higher construction costs, interest rates, and inflation or if the market will continue to price in these higher costs by paying less for raw land. Two of the three current listings, if they sell close to the list price will prove the market has adjusted to higher cost expectations. However, the two listings that have list prices well above previous years' sales have been on the market almost six months.

The third listing is priced at \$0.84/SF. This listing is approximately one mile east of the subject. It is currently zoned for Open Space, Nature, and Cemetery, similar to the subject. It is

marketed as being on the city of Lacey's agenda to potentially rezone in 2025. It is surrounded by schools, open space amenities, a cemetery, and single-family housing. The sale is much larger than the subject and is heavily impacted by slope, wetlands, and does not have the same frontage as the subject. One of the other listings is zoned for medium density and surrounded by medium density development and open space zoning. It has significant frontage like the subject, but is across the street from industrial zoning.

| Year     | # Sales | Median Size | Median Price | Median \$/SF | Median DOM |
|----------|---------|-------------|--------------|--------------|------------|
| 2019     | 9       | 1.81        | \$180,000    | \$2.47       | 33         |
| 2020     | 13      | 2.33        | \$195,000    | \$2.87       | 12         |
| 2021     | 9       | 1.22        | \$190,000    | \$4.69       | 99         |
| 2022     | 3       | 1.99        | \$360,000    | \$6.35       | 78         |
| 2023     | 4       | 1.07        | \$295,000    | \$5.21       | 22         |
| Listings | 3       | 2.28        | \$700,000    | \$7.48       | 159        |

The following table displays the volume and sale price of residences on a quarter acre lot or smaller over the past few years for the City of Lacey.

| Single Family Residential Sales 0.25 Acres or Less |         |              |                |
|----------------------------------------------------|---------|--------------|----------------|
| Year                                               | # Sales | Median Price | Days on Market |
| 2019                                               | 851     | \$345,000    | 8              |
| 2020                                               | 859     | \$395,500    | 5              |
| 2021                                               | 878     | \$480,000    | 5              |
| 2022                                               | 746     | \$530,000    | 6              |
| 2023                                               | 529     | \$515,900    | 9              |
| 2024 ytd                                           | 121     | \$550,000    | 11             |
| Active Listings                                    | 48      | \$612,990    | 13             |

NWMLS City of Olympia

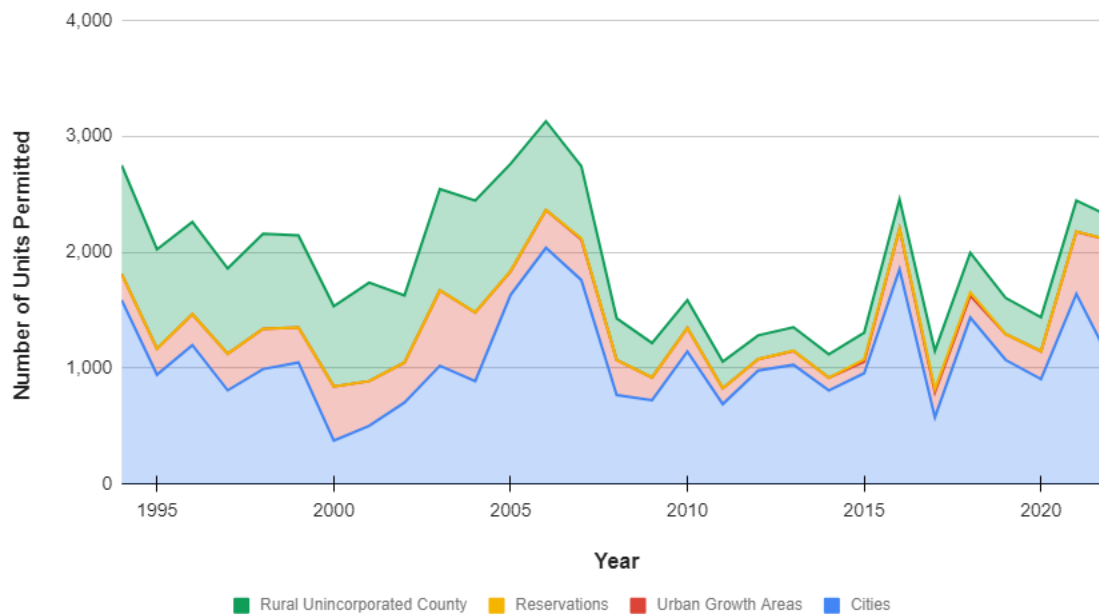
Sale prices have been increasing, except for a slight dip in 2023. This may be due to an increase in interest rates which may be somewhat offset by low supply. That is supported by the significant increase in median sale price in 2024 over both 2023 and 2022 prices. Sales volumes were increasing pre-pandemic through early post-pandemic. However, sales volume began decreasing at a double-digit pace in 2022, the same year the Federal Reserve began to increase interest rates. The active listings indicate approximately 4 weeks of supply based on 2023 demand.

### Construction

An indicator of future supply is the number of residential building permits that have been issued.



## Residential Units Permitted by Location



Thurston Regional Planning Council

There were 2,300 new homes permitted in 2022, which is down 145 from the previous year. Of the new homes permitted, 91% were in a city or an urban growth area and 74% of all homes permitted were for multifamily units.

There were 639 single-family and multifamily units permitted in Lacey in 2022, only 5.6% of those were single-family homes. There were only 127 single-family and multifamily units permitted in 2023, but 82.6% of those were single-family units. There have been 29 single-family homes and 53 multifamily units permitted in Lacey city limits so far this year.

## Interaction of Supply & Demand

The supply and demand factors in the subject's market indicate that the market is currently undersupplied for residential units. For vacant land in the Lacey market, falling transaction volume but rising prices until 2023 and at least a three- or four-month supply based on demand prior to the Federal Reserve increasing interest rates indicate the market is in balance for the short term. Given the increasing median sale prices of homes in the Lacey market, should the Federal Reserve cut interest rates, demand for residential land could increase in the medium term.

Going forward, economists predict historically high inflation and high interest rates to last into 2025. This may keep capital markets constrained into 2025, in turn constraining the real estate industry, especially higher risk land sales.

## Conclusions

In the near term, the residential market is approaching equilibrium. While there is still a housing shortage, many buyers have been priced out of the build-to-suit market by high construction costs and high interest rates, as well as land prices that have remained high even as interest rates have increased. Median sale prices have dipped slightly in 2023 but prices for existing homes appear to have recovered in 2024, appreciating above 2022 levels. The median sale

price in the subject neighborhood is only \$10,000, or 2%, less than the median for all of Lacey while the median age is more than double. This likely shows the neighborhood is in good condition and well regarded by the market.

Extremely limited inventory of existing homes and rising prices imply there is still pent-up demand for single-family homes. There are parcels currently on the market, one in the subject neighborhood and one at the very northern edge of it that represent competition for the subject. However, the subject parcel has better positioning in the market: size, road frontage, fewer challenges to development, and surrounding uses make the subject more competitive than current inventory for development of single-family homes, and possibly medium density multifamily.

However, recent inflation reports have put expected interest rate cuts on hold. Falling employment in Thurston County over the last several months will also dampen demand for residential property, both existing homes and residential land. The timing of interest rate cuts will depend on inflation and labor reports in the second and third quarters of 2024. Local demand will depend both on inflation and interest rates and local employment. If inflation and interest rates remain high and local employment remains soft, demand may be below average in the short term. However, the housing shortage and limited residential construction will likely keep supply constrained in the short and possibly into the medium term.

# Highest and Best Use Analysis

"The reasonably probable and legal use of vacant land or an improved property that is physically possible, appropriately supported, and financially feasible, and that results in the highest value."<sup>10</sup>

*Summarizing the above:*

- The use must be *legal*.
- The use must be *physically possible*.
- The use must be *financially feasible*.
- The use must be *maximally productive* (highest net return to the land).

The definition above applies specifically to the highest and best use of the land. It should be recognized that in cases where a site has existing improvements, the highest and best use may very well be determined to be different from the existing use. The existing use will continue, however, unless and until the land value in its highest and best use exceeds the total value of the property in its existing use.

## *Application of the Highest and Best Use Criteria:*

### **As Vacant**

#### *Legal Considerations:*

The site is zoned OS-I, Open Space Institutional. This zone allows development such as schools and houses of worship. The zone is most prohibitive of commercial and residential development. It should be noted that nearby Open Space-zoned parcels are on the Lacey Planning Commission agenda to rezone as part of the Comprehensive Plan in 2025. Discussions with Lacey City Planning indicate it is likely the subject parcel could be rezoned for residential use, most likely Low Density, allowing up to 6 units per acre.

#### *Physical & Locational Considerations:*

Physical characteristics of a property that may impact the development of a site include the site's physical location, size, shape, topography, and/or location within a floodway or floodplain.

**Size:** 5.32 acres or 231,727 SF.

**Shape:** Irregular. The subject's irregular shape is largely due to Mullen Rd, allowing the subject significant frontage and good visibility.

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<sup>10</sup>The Dictionary of Real Estate, Sixth Edition, Page 109.

**Topography:** General level. There is only slight slope from the southwest to the center of the parcel.

**Hazards:** It is an extraordinary assumption of this report that there are no gophers on the subject site. The site is not impacted by any other critical areas or hazards.

**Utilities:** All typical utilities are available in the street.

**Location:** The location provides for good access and ingress/egress for residential streets. It allows access to all utilities. It provides good access to goods, services, and amenities.

Overall, the physical characteristics of the subject site are conducive to most uses allowed by the current zoning and the most likely zone upon a rezone.

*Financial Feasibility:*

The financial feasibility test is a test of the ability of a potential property use to generate enough income to support the use. The following information are market indicators of the most financially feasible uses:

- Population growth in the neighborhood is slower than some competing neighborhoods, Thurston County, and the State.
- Employment is showing signs of weakness over the last six months.
- Neighborhood median income is significantly lower than the county median and lower than some competing neighborhoods.
- There is limited vacant land on the market in the subject neighborhood.
- Home sale transaction volume has been stronger in the subject market area than in immediately surrounding MLS market areas.
- Residential construction has not kept pace with population growth, leading to a housing shortage.
- The subject parcel has few challenges to development of single-family lots and has utilities and street improvements already in place.

*Maximally Productive:*

The current zone is effectively a non-economic zone meant for civic, cultural, and educational uses. A rezone is already being considered and appears likely. Thus, a rezone and residential development emerges as the dominant use based on the legal, physical, and financially feasible tests.

# Valuation Methods

## *Cost Approach*

The Cost Approach is based on the understanding that market participants typically relate value to cost. In the Cost Approach, the value of a property is derived by adding the estimated value of the land to the current cost of constructing a reproduction or replacement for the improvements and then subtracting the amount of depreciation (i.e. deterioration and obsolescence) in the structures from all causes. Entrepreneurial profit and/or incentive may be included in the value indication.

## *Sales Comparison Approach*

In the Sales Comparison Approach, an opinion of market value is developed by comparing properties similar to the subject property that have recently sold, are listed for sale, or are currently under contract to be sold.<sup>11</sup> The Sales Comparison Approach is most useful when a number of similar properties have recently been sold or are currently for sale in the subject property's market.

## *Income Approach*

The Income Approach is based on the concept that an investor who purchases income-producing real estate is essentially trading present dollars for the expectation of receiving future dollars. The income capitalization approach consists of methods, techniques, and mathematical procedures that an appraiser uses to analyze a property's capacity to generate benefits (i.e., usually the monetary benefits of income and reversion) and to convert these benefits into an indication of present value.

## *Conclusion:*

The Cost Approach is not utilized in this assignment. The Cost Approach is not applicable because the subject is unimproved land.

The Sales Comparison Approach is utilized in this assignment because it is considered a meaningful indicator of value for the subject property. The quality and quantity of the data available to complete the Sales Comparison Approach was adequate to arrive at a credible opinion of value.

The Income Approach has not been completed. Undeveloped and unentitled land such as the subject is not generally purchased for its income generating potential..

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<sup>11</sup> The Appraisal of Real Estate, Fifteenth Edition, (Appraisal Institute, Chicago, Illinois, 2020), page 351.

## Land (or Site) Analysis

The direct sales comparison approach is usually the preferred methodology for developing a land value conclusion. When sales of similar parcels of land are not plentiful enough for the application of sales comparison, alternative methods such as the following, may be used.

- Allocation.
- Extraction.
- Subdivision development analysis.
- Land residual technique.
- Ground rent capitalization.

In this appraisal assignment, the sales comparison approach is the primary method which has been utilized. The most recent comparable land sales are shown in the following summary table. Each sale is then individually described; and is also presented in greater detail in the Comparable Market Data section of the report, including photographs, legal references, and other information.

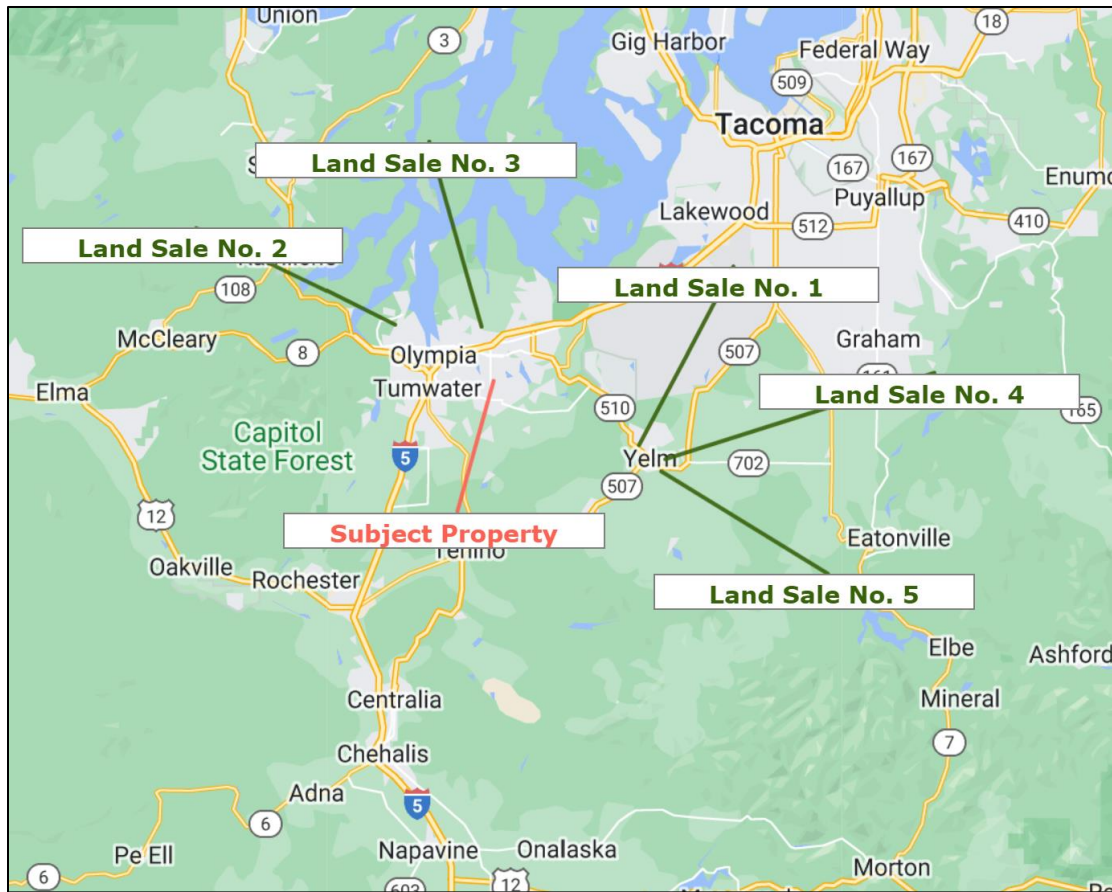
### *Comparable Sale Search & Selection*

The search for comparable sales focused on vacant land capable of residential subdivision within Thurston County. More specifically, sales were selected with similar low density residential zoning. Due to the lack of directly comparable recent data, the search was expanded to include sales that occurred up to three and a half years prior to the date of value and with varying levels of entitlements.

### *Unit of Comparison*

The unit of comparison utilized herein is the price per square foot. Most buyers, sellers, and other market participants in this market generally refer to similar subdivision land properties on a price per square foot or price per unit basis; however, in this case the price per unit is less reliable due to the wide range of units the subject could potentially support and the uncertain amount of units on some of the comparable sales.

A map showing the location of the pertinent sales, is shown below. Confirmation of each sale has been obtained from buyer, seller, broker, or other parties believed to be knowledgeable about the details of the transaction, whenever possible. When direct verification was not possible, we have relied upon public records or similar data sources.



| Land Sales          |                   |                              |                           |                           |                               |                  |
|---------------------|-------------------|------------------------------|---------------------------|---------------------------|-------------------------------|------------------|
|                     | Subject           | Sale # 1                     | Sale # 2                  | Sale # 3                  | Sale # 4                      | Sale # 5         |
| Name                | Mullen Rd Land    | The Hutch Future Subdivision | Cooper's Knoll            | Sleater Landing           | Proposed Grove Rd Subdivision | Morris Rd Land   |
| Address             | XXXX Mullen Rd SE | 9306 Mountain View Rd SE     | XXX Cooper Crest Drive NW | 2235 Sleater Kinney Rd NE | 10143 Grove Rd SE             | XXX Morris Rd SE |
| City                | Olympia           | Yelm                         | Olympia                   | Olympia                   | Yelm                          | Yelm             |
| Sale Price          | N/A               | \$2,100,000                  | \$200,000                 | \$600,000                 | \$750,000                     | \$275,000        |
| Date of Sale        | N/A               | 10/8/2020                    | 1/6/2022                  | 5/4/2022                  | 12/11/2022                    | 12/11/2023       |
| Adjusted Sale Price | N/A               | \$2,100,000                  | \$200,000                 | \$1,500,000               | \$750,000                     | \$275,000        |
| Land Sq Ft          | 231,727           | 830,254                      | 225,205                   | 614,632                   | 218,275                       | 217,800          |
| \$ / SF of Land     | N/A               | \$2.63                       | \$0.89                    | \$2.44                    | \$3.44                        | \$1.26           |
| Land Acres          | 5.32              | 19.06                        | 5.17                      | 14.11                     | 5.01                          | 5.00             |
| \$ / Acre           | N/A               | \$114,376                    | \$38,685                  | \$106,308                 | \$149,674                     | \$55,000         |



Adjustments must be made for the following ten elements of comparison, which are listed below:

- Real property rights conveyed
- Financing terms
- Conditions of sale
- Expenditures made immediately after purchase
- Market conditions
- Location
- Physical characteristics
- Economic characteristics
- Use/zoning
- Non-realty components of value

The adjustment process includes the consideration of both quantitative and qualitative factors. Quantitative adjustments involve making numerical adjustments to the sales prices of the comparable sales. Qualitative adjustments account for differences between comparable sales that are not quantified.

Due to the limited amount of data available to establish well supported quantitative adjustments, it is necessary to utilize qualitative adjustments for the elements of comparison.

#### *Real Property Rights Conveyed*

The subject's fee simple rights are being appraised. All of the comparable sales were transactions of fee simple properties rights; thus, no adjustment is necessary for real property rights conveyed.

#### *Financing terms*

All of the comparable transactions sold based on payment equivalent to cash or financing that was neither superior nor inferior to that which is obtainable in the market; thus, no adjustment for financing is necessary.

#### *Conditions of sale*

Conditions of sale is an element of comparison that considers the motivation of the buyer and seller. Sale 2 exhibited seller motivation due to a death of an owner. None of the other sales had buyers or sellers that were noted to be unduly motivated, thus, no additional adjustments are necessary.

#### *Expenditures made immediately after purchase*

A buyer that anticipates having to make an expenditure immediately after purchase will consider this expenditure when agreeing on a price to pay. Some of the sales may have required quantitative adjustments for expenditures made immediately after purchase such as for demolition. Those adjustments are included in the analyzed prices shown in the table above.

### *Market conditions*

The comparables sold over a period from October 2020 to December 2023. Market conditions for vacant land similar to the subject increased significantly from 2019. According to the market study, prices began leveling off for vacant land mid 2022 and appear to have remained stable since that time. Thus, Sale 1 requires an upward adjustment for market conditions. Sales 2 through 5 are considered contemporary with no adjustments needed.

### *Location*

There is minor locational differences between the sales and the subject. The sales are in residential areas with proximity to schools, goods, services, and highway linkages.

### *Physical characteristics*

There are a number of physical characteristics that can affect the value of the comparable sales. The primary characteristics analyzed herein are size, topography, critical areas, site work and infrastructure, utilities, and street frontage requirements.

### *Economic characteristics*

Economic characteristics include attributes of a property that directly affect its income. Sale 4 had a leased residence, barn, and pasture that served as an interim use until the entitlement process is complete and the Buyer is ready to build. The economic characteristics of the other sales are the same as the subject and require no adjustment.

### *Use/zoning*

There are minor differences between the zonings of some of the sales and the subject. The zoning of the comparable sales and the subject range from 3 to 6 units or 4 to 8 units per acre. The subject is not yet zoned for low density residential but discussions with the City of Lacey Long Range Planning Department indicated that the rezoned was likely to occur in 2025. Therefore, no adjustment is made for comparables with low density residential zoning. This element of comparison also considers any entitlements or other planning/feasibility work completed.

### *Non-realty components of value*

Non-realty components include personal property, business value, goodwill, and other items that are not considered part of the real property. The comparable sales were reflective of the real property only. Thus, no adjustment for non-realty components of value is necessary.

**Sale 1 (\$2.63/SF):** is the October 2020 sale of two parcels totaling 19.06-acres located in the northern end of Yelm, approximately 13 miles southeast of the subject. The Yelm market has experienced stronger growth over the last several years than the Lacey or Olympia markets and stronger than the greater Thurston County market. In the past few years, the city approved 5,000 new sewer/water connections and has annexed portions of the UGA into the city to facilitate utility connection and construction activity. Of the 633 homes that have sold in the last 12 months in the Yelm market, 151 of them were built in the last three years. Income and median home price in the market is similar to the subject neighborhood.

The topography is level to mildly sloping. Access is direct off Mountain View Rd SE and Killion Rd SE. Adjacent to the east is a subdivision. City water was not available to the site at time of sale but was expected in 2021 and has since been extended. This did extend the contingency period and lead to a price reduction. The site would need over 600' of road improvements along Mountain View Rd. Site coverage is treed and brush. Zoning allowed up to 6 units per acre and there was an expired approval for a 118-lot subdivision.

| Element             | Rating                   | Comment                                                                                                                                                                                                                                                             |
|---------------------|--------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Market Cond.</b> | <b>Slightly Inferior</b> | Sold almost 4 yrs prior to date of value, but prior to inflation and interest rate increases and as demand for residential land was taking off                                                                                                                      |
| <b>Location</b>     | <b>Slightly Superior</b> | Sale market has experienced over 2x the growth of subject neighborhood, only slightly higher income and similar median home prices                                                                                                                                  |
| Size                | Inferior                 | Over 3x the size of subject, which tends to decrease the \$/SF                                                                                                                                                                                                      |
| Topography          | Similar                  | Sale was level to mildly sloping, like subject                                                                                                                                                                                                                      |
| Critical Areas      | Similar                  | No gopher habitat or critical areas, similar to subject with extraordinary condition                                                                                                                                                                                |
| Infrastructure      | Similar                  | No clearing, grading, or drainage.                                                                                                                                                                                                                                  |
| Street Frontage     | Slightly Inferior        | Full street frontage on Killion, would need 600' on Mountain View                                                                                                                                                                                                   |
| Utilities           | Similar                  | Utilities expected within a few months of purchase                                                                                                                                                                                                                  |
| <b>Physical</b>     | <b>Inferior</b>          |                                                                                                                                                                                                                                                                     |
| <b>Zoning</b>       | <b>Slightly Superior</b> | Densities allowed by zoning are similar, sale had expired approvals for 118 lots                                                                                                                                                                                    |
| <b>Conclusion</b>   | <b>Inferior</b>          | Sale is slightly inferior due to the large size, older date of sale, and to a lesser extent, the street front requirements outweighing the location in a market that has experienced some of the highest growth in the region and significant development activity. |

**Sale 2 (\$0.89/SF):** is the January 2022 sale of a 5.17-acre parcel located in west Olympia. The topography is level to rolling. Access is at the terminus of Cooper Crest Drive NW. Adjacent to the east is a subdivision. There are minimal critical areas on the southeast corner. Site coverage is treed and brush. Power, sewer, and water are at the property corner. Zoning is low density single-family 2 to 4 units per acre. Several impact studies had been completed with preliminary approval for 9 lots as of the date of sale.

| <u>Element</u>      | <u>Rating</u>            | <u>Comment</u>                                                                                                     |
|---------------------|--------------------------|--------------------------------------------------------------------------------------------------------------------|
| <b>Sale Cond.</b>   | <b>Inferior</b>          | Seller more than typically motivated.                                                                              |
| <b>Market Cond.</b> | <b>Similar</b>           | Sale occurred just as market conditions were slowing but before the fed start raising rates.                       |
| <b>Location</b>     | <b>Similar</b>           | Similar distance to goods, services, schools, amenities                                                            |
| Size                | Similar                  | Sale and subject are both apprx 5 acres                                                                            |
| Topography          | Similar                  | Level to gently sloping.                                                                                           |
| Critical Areas      | Inferior                 | Sale is impacted by wetlands and buffers                                                                           |
| Infrastructure      | Similar                  | No clearing, grading, or drainage.                                                                                 |
| Street Frontage     | Similar                  | Sale has located at end of road, subject has road frontage built out already                                       |
| Utilities           | Similar                  | Power, city sewer and water, in the street.                                                                        |
| <b>Physical</b>     | <b>Inferior</b>          |                                                                                                                    |
| <b>Zoning</b>       | <b>Slightly Inferior</b> | Sale has lower allowed density                                                                                     |
| <b>Conclusion</b>   | <b>Inferior</b>          | The sale is inferior due to the combination of seller motivation, impact from wetlands, and lower allowed density. |

**Sale 3 (\$2.44/SF)** is the May 2022 sale of two parcels totaling 14.11 acres on Sleater Kinney Road NE approximately 4 miles north of the subject. The neighborhood has lower population, largely because it has more undeveloped land, and similar to slightly lower median income, depending on which portion of the neighborhood is polled. It has had higher existing home sales over the last 6 to 12 months and the median sale price of existing homes is higher than the subject neighborhood and has had higher appreciation over the last 12 months. This sale is in the city of Lacey UGA and is zoned for 3 to 6 single family residential units per acre. This property is part of the Sleater Landing subdivision. This development is a total of 45.55 acres and has 212 units indicating a density of 4.65 units per acre. This is a blended density with nearly half the subdivision zoned 3 to 6 units and the other half 6 to 12 units. The density calculation for this parcel is 2.67 units per acre and is zoned for 3 to 6 units. At the time of sale, the buyer had entitlements in process and likely to be approved.

This parcel was mostly level to mildly sloped topography with wetland covering the north third of the parcel adjacent to 26<sup>th</sup> Avenue NE. Sewer required extension to connect with the existing gravity sewer on Abernethy Street NE via a utility easement along and through 26<sup>th</sup> Avenue at approximately 1,700 feet. The water is extended from Sleater Kinney Road approximately 500 feet (in front of the neighboring subdivision parcel) and connecting to the existing water main from the subdivision to the south. Street frontage improvements are required on 26<sup>th</sup> Avenue NE at 400± feet.

| <u>Element</u>      | <u>Rating</u>            | <u>Comment</u>                                                                                                                                                                                |
|---------------------|--------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Market Cond.</b> | <b>Similar</b>           | Sold as Fed interest rates began and the land market was flattening                                                                                                                           |
| <b>Location</b>     | <b>Slightly Superior</b> | North of I-5 in an area of higher investment and development, similar access to goods/services                                                                                                |
| Size                | Inferior                 | Sale is apprx 3x size of subject, which tends to decrease \$/SF, buildable area 2x ± size of subject                                                                                          |
| Topography          | Similar                  | Mostly level                                                                                                                                                                                  |
| Critical Areas      | Slightly Inferior        | Sale impacted by wetlands                                                                                                                                                                     |
| Infrastructure      | Similar                  | Not cleared                                                                                                                                                                                   |
| Street Frontage     | Slightly Inferior        | Required 400± feet of street frontage improvements.                                                                                                                                           |
| Utilities           | Inferior                 | Extension of utilities required                                                                                                                                                               |
| <b>Physical</b>     | <b>Inferior</b>          |                                                                                                                                                                                               |
| <b>Zoning</b>       | <b>Superior</b>          | Sale density allows 3 to 6 units/acre and entitlements were nearly complete as of the date of sale.                                                                                           |
| <b>Conclusion</b>   | <b>Inferior</b>          | Sale is inferior due to the combination of physical factors-size, critical area impact, need to extend utilities-outweighing the slightly superior location and nearly complete entitlements. |

**Sale 4 (\$3.44/SF):** is the sale of a 5.01-acre parcel located in Yelm. Yelm market has experienced stronger growth over the last several years than the Lacey or Olympia markets and stronger than the greater Thurston County market. In the past few years, the city approved 5,000 new sewer/water connections and has annexed portions of the UGA into the city to facilitate utility connection and construction activity. Of the 633 homes that have sold in the last 12 months in the Yelm market, 151 of them were built in the last three years. Income and median home price in the market is similar to the subject neighborhood. The sale property is surrounded by established lower density single-family homes, an elementary school and senior center, with two larger residential neighborhoods built in the late 2000s approximately 0.25-0.5 miles north and northwest.

It has approximately 230' of road frontage. The parcel is an irregular, nondetrimental shape. The site was improved with a residence, in fair condition, and a barn at the time of sale. The buyer expected to lease the residence while working through the entitlement process for a 26-lot subdivision. The value contributed by the home was expected to offset some carrying costs during the entitlement process and eventual demolition. A gopher survey did not show any evidence of gophers and there were no other critical areas. Water was available in the street and the property had septic installed at the time of sale but was in the process of being annexed into the Yelm city limits, which, combined with the approval of increased water/sewer connections, would mean sewer would be available in the near future. Sewer was available approximately .25 miles to the north along Grove Rd. Zoning is residential 6 units per acre.

| <u>Element</u>      | <u>Rating</u>            | <u>Comment</u>                                                                                                                                                                                                                          |
|---------------------|--------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Market Cond.</b> | <b>Similar</b>           | Sold during a time of similar market conditions                                                                                                                                                                                         |
| <b>Location</b>     | <b>Slightly Superior</b> | Significant investment and development in the area, but farther from major retail and employment nodes                                                                                                                                  |
| Size                | Similar                  | Sale apprx same size as subject                                                                                                                                                                                                         |
| Topography          | Similar                  | Level to gently sloping                                                                                                                                                                                                                 |
| Critical Areas      | Similar                  | No wetlands and no evidence of gophers                                                                                                                                                                                                  |
| Infrastructure      | Slightly Superior        | Sale is cleared, and has fencing                                                                                                                                                                                                        |
| Street Frontage     | Slightly Inferior        | Will require apprx 230' of frontage                                                                                                                                                                                                     |
| Utilities           | Slightly Inferior        | Power, water, septic on-site, sewer not yet extended down Grove Rd                                                                                                                                                                      |
| <b>Physical</b>     | <b>Slightly Inferior</b> |                                                                                                                                                                                                                                         |
| <b>Econ Char</b>    | <b>Slightly Superior</b> | Sale has residence that could be leased during entitlement process                                                                                                                                                                      |
| <b>Zoning</b>       | <b>Similar</b>           | Sale density is 6 units per ac, like subject                                                                                                                                                                                            |
| <b>Conclusion</b>   | <b>Slightly Superior</b> | The sale is slightly superior due the location in market with significant development activity and the slight contribution of the interim use while the buyer waits for sewer to be extended and works through the entitlement process. |

**Sale 5 (\$1.26/SF):** is the December 2023 sale of a 5.00-acre parcel located in Yelm. The strength of the Yelm market has been detailed above. The sale property was located approximately 0.25 miles south of the Yelm Ave and Bald Hill Rd intersection. The parcel was pending for seven months while the buyer arranged a gopher study, got the parcel annexed into the city limits, and completed feasibility for a 20-lot subdivision. The Buyer is the same buyer as Sale 4 and they stated they assigned the purchase contract to a homebuilder for \$800,000 after completing the entitlement process.

The parcel is rectangular and very mildly slopes from west to east. The parcel was vacant and covered with brush and trees. It was not impacted by critical areas and the gopher survey showed no evidence of gophers. The parcel had 330' of frontage along Morris Rd but would reportedly not require major street frontage improvements. The utilities would require a short extension. Zoning is Residential, R-6, 6 units per acre.

| <u>Element</u>      | <u>Rating</u>            | <u>Comment</u>                                                                                                                                                                                                 |
|---------------------|--------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Market Cond.</b> | <b>Similar</b>           | Sold during a time of similar market conditions                                                                                                                                                                |
| <b>Location</b>     | <b>Slightly Superior</b> | Significant investment and development in the area, but farther from major retail and employment nodes                                                                                                         |
| Size                | Similar                  | Sale apprx same size as subject                                                                                                                                                                                |
| Topography          | Similar                  | Level to gently sloping                                                                                                                                                                                        |
| Critical Areas      | Slightly Inferior        | No wetlands, buyer had to pay for gopher study                                                                                                                                                                 |
| Infrastructure      | Similar                  | Sale is brush and trees, like subject                                                                                                                                                                          |
| Street Frontage     | Similar                  | Sale does not require major street front improvements; subject already has them                                                                                                                                |
| Utilities           | Inferior                 | Utilities require a short extension                                                                                                                                                                            |
| <b>Physical</b>     | <b>Inferior</b>          |                                                                                                                                                                                                                |
| <b>Zoning</b>       | <b>Slightly Inferior</b> | Sale density is 6 units per ac, like subject, Buyer went through time/risk/expense to be sure property was annexed before closing, priced in those costs                                                       |
| <b>Conclusion</b>   | <b>Inferior</b>          | The sale is inferior due to the need to extend utilities to the parcel. The price negotiated for this sale was due, in part, to the time and expense of the feasibility and entitlement process for the buyer. |

#### *Additional Market Data*

Comparable Sale 2 sold in January 2022 but was marketed for sale again in February 2023 for \$329,000 (\$1.46/SF) then reduced in June to \$298,500 (\$1.32/SF) and ultimately ended up expiring July 2023 with no sale. It was marketed as having site plan and engineering in process for an 8-unit apartment complex.

In June 2023, a Lacey church sold excess land totaling 2.75 acres to a local home builder that owned and was developing neighboring parcels. The parcel sold for \$298,500, \$2.49/SF, according to Thurston County records. The transaction occurred off-market and parties to the sale did not return calls or could not be reached. The land was just north and west of the Buyer's active development and they had already built a road along the southern edge of the parcel. The parcel was impacted by wetlands in the southwest corner. All utilities were available in the street. The parcel had the same LD zoning as is most likely for the subject.



There is a current listing for a 19-acre parcel approximately 1 mile east of the subject. It is excess land for a cemetery. The parcel has Natural, Open Space, and Cemetery zoning but is expected to be rezoned to LD, Low Density Residential, as part of the 2025 Comprehensive Plan rewrite. The parcel is heavily impacted by steep slopes and is impacted by wetlands. Due to the slopes and wetlands, only a small portion of the 19 acres could be developed, but the actual building envelope is currently unknown and would be the buyer's responsibility. The site has very narrow frontage along 37<sup>th</sup> Ave SE. All typical utilities are available in the street. It is currently listed at \$700,000, or \$0.84/SF, and has been on the market for just over one month.

## Conclusion

The goal of the sales comparison approach is to select the most comparable market sales and then adjust for differences that cannot be eliminated within the selection process. Elements of comparison include property rights conveyed, financing terms, conditions of sale (motivation), expenditures made immediately after purchase, market conditions (time), location, physical characteristics (e.g. size, soils, access, shape, frontage, topography), economic characteristics, use (zoning), and non-realty components.

The actual adjustments may be quantitative, where precise dollar or percentage adjustments can be developed from market evidence, or qualitative, where the adjustments may be simply an acknowledgement of a property's superiority or inferiority. In this appraisal, due to the lack of sufficient market evidence with which to support quantitative adjustments, we have utilized a qualitative adjustment process known as "relative comparison analysis", also referred to as "bracketing analysis".

In the following table is a representation of the qualitative adjustment and comparison process, in an effort to estimate a supportable value range for the subject site. It also represents the sequence in which adjustments are made, if necessary, and applicable. Please note that "plus" or "minus" adjustments shown are relative; for example, a physical adjustment may carry more weight than adjustments made to other elements of comparison.

| Adjustments*                                                                                                                                                                                                                 | Land Sale Adjustment Grid |   |    |   |   |   |       |   |    |   | </> | Price/SF |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------|---|----|---|---|---|-------|---|----|---|-----|----------|
|                                                                                                                                                                                                                              | A                         | B | C  | D | E | F | G     | H | I  | J |     |          |
| <b>Sale 1</b>                                                                                                                                                                                                                | 0                         | 0 | 0  | 0 | + | - | +++   | 0 | -  | 0 | >   | \$2.63   |
| <b>Sale 2</b>                                                                                                                                                                                                                | 0                         | 0 | ++ | 0 | 0 | 0 | ++    | 0 | +  | 0 | >   | \$0.89   |
| <b>Sale 3</b>                                                                                                                                                                                                                | 0                         | 0 | 0  | 0 | 0 | - | +++++ | 0 | -- | 0 | >   | \$2.44   |
| <b>Sale 4</b>                                                                                                                                                                                                                | 0                         | 0 | 0  | 0 | 0 | - | +     | - | 0  | 0 | <   | \$3.44   |
| <b>Sale 5</b>                                                                                                                                                                                                                | 0                         | 0 | 0  | 0 | 0 | - | +++   | 0 | +  | 0 | >   | \$1.26   |
| <b>*A= Rights Conveyed; B = Financing Terms; C = Sale Conditions; D = Expenditures; E = Market Conditions; F = Location; G = Physical Characteristics; H = Economic Factors; I = Use (Zoning); J = Non-Realty Components</b> |                           |   |    |   |   |   |       |   |    |   |     |          |
| <i>Note: + Symbol means inferior to the subject, or, upward adjustment; - Symbol means superior to the subject, or, downward adjustment; &gt; Symbol means "greater than"; &lt; Symbol means "less than"</i>                 |                           |   |    |   |   |   |       |   |    |   |     |          |

Following the comparison and adjustment process, a refined value range of approximately \$2.63 to \$3.44 per square foot was indicated.

Sale 2 (\$0.89/SF) is significantly inferior to the subject due to the impact from wetlands, the seller motivation, and the lower allowed density. Sale 5 (\$1.26/SF) is inferior to the subject due to the buyer going to the expense of the gopher study and annexing the property; it is the last parcel along Morris Rd annexed into the city limits. The property is being sold due to deaths in the family and there is some seller motivation due to an impending court date. The Seller's Broker stated she has had a lot of interest until potential buyers talk to the city. The one buyer that started feasibility is a builder. He stated to the Broker that, given the easement at 37<sup>th</sup> and Appollo, the slope, and the wetlands, it is his opinion the property could only support about 15 lots.

Sale 1 (\$2.63/SF), Sale 4 (\$3.44/SF) and Sale 5 (\$1.26/SF) are all in the Yelm market. The Yelm market has experienced higher growth and residential development investment than many other submarkets in Thurston County. Sale 1 is the oldest sale; however, it occurred as demand for residential land was heating up due to work from home mandates, low interest rates, and low inventory of existing homes. The site was already in the annexation process and utilities were expected to be extended to the area within months. The site also had expired approvals for 118 lots, proving feasibility. Sale 4 was also already in the annexation process and had utilities nearby, but they would require extension. Sale 4, however, was already cleared and was improved with a residence, barn and pasture that was leased and the buyer intended to continue leasing until ready to develop.

Sale 3 (\$2.44/SF) is located just north of I-5 in one of the Lacey neighborhoods experiencing strong residential investment. The site was purchased for the purpose of assemblage for subdivision development. As such, the Buyer had initiated the entitlement process prior to closing and made the offer contingent on feasibility. One to four acres were impacted by wetlands and hydric soils. The density for the planned development worked out to around 3 units per acre of total site area.

Overall, a value near the middle of the refined range is estimated for the subject. A value of \$3.00 per square foot is estimated and the initial value indication is summarized below.

**Summary, Land Value Conclusion:**

(231,727 SF) (\$3.00 Per SF) = \$695,181

**Indication of Value by the Sales Comparison Approach [rounded to] \$700,000**

*Test of Reasonableness*

The prior analysis above was based on price per square foot as the unit of comparison. The price per unit was not used due to the uncertain number of units/lots on the subject and some of the comparable sales. However, when the recently expired, planned, or proposed since closing units are used to analyze each of the above sales, a range of \$13,750 to ~\$35,000 per unit is found. Sale 3 comes in at the top of the range, but that is based on an average using the larger development assemblage of 45.55 acres and then applied to the sale acreage. The Buyer for Sale 4, of a similar size to the subject, with a similar buildable area, planned to develop 26 lots. That works out to almost \$29,000 per lot. But, it also had an interim use. Sale 2, utilizing the 8-unit multifamily development that is in permitting, sold for \$25,000 per unit. The subject, when utilizing a 26 lot potential development and a rounded \$700,000 comes out to almost \$27,000 per lot. This falls well into the range and meets the basic test of reasonableness.

# Reconciliation of Value Indications

Three independent approaches to value were considered by the appraisers. The resultant value indications were:

|                                  |                       |
|----------------------------------|-----------------------|
| <b>Cost Approach</b>             | <b>Not Applicable</b> |
| <b>Sales Comparison Approach</b> | <b>\$700,000</b>      |
| <b>Income Approach</b>           | <b>Not Completed</b>  |

The Sales Comparison Approach provides a meaningful indication of value when:

- The amount of available market data is adequate.
- The relative advantages and deficiencies of the property being appraised and the comparative sale properties are not too extensive and have been correctly weighed.

The Sales Comparison Approach is utilized in this assignment. All of the sales are from the general Olympia/Lacey/Yelm area, most were within 2 years of the date of value, and most had generally similar low density residential zoning to what the subject will likely be rezoned in 2025. There were some locational differences and in some of the physical elements of comparison and the level of entitlement work completed as of the date of value. The data utilized is reliable to determine a credible opinion of value. Overall, the Sales Comparison Approach best reflects the analysis of the most likely buyer and is given all weight in reconciliation.

As a result of our investigations and analyses, it is our opinion that the market value of the identified interest in the subject real property, as of April 23, 2024, was:

|                                       |
|---------------------------------------|
| <b>Seven Hundred Thousand Dollars</b> |
| <b>(\$700,000).</b>                   |

## Certification

We certify that, to the best of my knowledge and belief,

- The statement of fact contained in this report are true and correct.
- The reported analyses, opinions and conclusions are limited only by the reported assumptions and limiting conditions, and are our personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- We have no present or prospective interest in the property that is the subject of this report, and we have no personal interest with respect to the parties involved. We have not performed any services regarding the subject property within the three years preceding acceptance of this assignment.
- We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
- Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- Our analyses, opinions, and conclusions were developed, and this report has been prepared in conformity with the requirements of the Uniform Standards of Professional Appraisal Practice.
- We have made a personal inspection of the property that is the subject of this report.
- Alison Anderson Snodgrass, License #21018996, provided significant professional assistance to the person(s) signing this report.
- The use of this report is subject to the requirements of the Appraisal Institute, relating to review by its duly authorized representatives.



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Derek R. Jolliff, MAI\*

\*As of the date of this report, I have completed the requirements of the continuing education program of the Appraisal Institute.

# Appraiser's Qualifications

Derek R. Jolliff, MAI

## Experience:

- **Appraiser**, Anderson Appraisal, Inc., Olympia, Washington
- **Appraiser**, Capital Valuation Group, Salem, Oregon 1/06 – 10/10

Over a decade of appraising various property types, including office, retail, industrial, multifamily, institutional, vacant land, easements, subdivisions, special use and agricultural properties.

## Education:

Western Washington University, Bellingham, Washington (BA - Business Administration)

## Appraisal Education:

Successful completion of the following appraisal courses/seminars:

### *Appraisal Institute Courses:*

- "Basic Appraisal Procedures"
- "Basic Income Capitalization"
- "Real Estate Finance Statistics and Valuation"
- "Report Writing and Valuation Analysis"
- "Evaluating Commercial Construction"
- "Litigation Appraising: Specialized Topics and Applications"
- "Appraising Convenience Stores"
- "Fundamentals of Separating Real Property, Personal Property, & Intangible Assets"
- "Advanced Sales Comparison and Cost Approach"
- "General Appraiser Report Writing and Case Studies"
- "General Appraiser Market Analysis and Highest and Best Use"
- "General Appraiser Site Valuation and Cost Approach"
- "General Appraiser Sales Comparison Approach"
- "Advanced Income Capitalization"
- "Advanced Applications"
- "Uniform Appraisal Standards for Federal Land Acquisitions: Practical Applications"

### *Matthew Larabee:*

- "Case Studies in Income Property Appraisal"

### *McKissock Appraisal Education:*

- "USPAP - Uniform Standards of Professional Appraisal Practice"
- "Appraisal of Assisted Living Facilities"
- "Appraisal of Self-Storage Facilities"

### *International Right of Way Association:*

- "Appraisal of Partial Acquisitions"
- "Easement Valuation"

### *American Society of Farm Managers and Rural Appraisers*

- "Advanced Rural Case Studies"
- "Introduction to the Valuation of Permanent Plantings"

## Business and Professional Organizations:

Member, Appraisal Institute (#468211)

Washington State Certified General Real Estate Appraiser (#1101978)

# Appraiser's Qualifications

Alison Snodgrass

## Experience:

**Appraisal Assistant**, Anderson Appraisal, Inc., Olympia, Washington  
January 2021- Present

**Business Manager**, ProBuild Construction, Tacoma, Washington  
One year of experience estimating and procuring materials for small scale residential and assisted living remodeling projects in western Washington.

**Real Estate Analyst**, KLNb, Washington D.C.  
One year experience in all aspects of valuation: due diligence, lease abstracting, market analysis, and financial modeling, using Argus DCF and Excel.

**Real Estate Analyst Intern**, The Equity Group, Colorado Springs, Colorado  
Training in all aspects of valuation and development: due diligence, site selection, valuation, market analysis, and financial modeling, entitlements.

## Education:

Georgetown University, Washington, D.C. (M.S.- Real Estate Development and Finance)  
University of Colorado, Colorado Springs, CO- (B.S.- Finance)

## Appraisal Education:

Successful completion of the following appraisal courses/seminars:

*Georgetown University:*

- "Foundations of Real Estate"
- "Foundations of Real Estate Finance"
- "Foundations of Real Estate Markets"
- "Foundations of Real Estate Law"
- "Foundations of Real Estate Accounting"
- "Construction Estimating and Procurement"
- "Lease and Negotiation"
- "Multi-Family and Affordable Housing"
- "Software for Real Estate Finance"
- "Urban Plan"

*Argus:*

- "Argus DCF"

*Appraisal Institute Courses:*

- "15-Hour Equivalent USPAP Course 2020-2021"
- "Basic Appraisal Principles"
- "Basic Appraisal Procedures"
- "Supervisory Appraiser/Trainee Appraiser Course"
- "Appraising Automobile Dealerships"

## Business and Professional Organizations:

State Registered Real Estate Appraiser Trainee (#21018996)

## Statement of Limiting Conditions and Assumptions

- One (or more) of the signatories of this appraisal report is a Member or Candidate of the Appraisal Institute.
- The legal description furnished the appraisers is assumed to be correct. Title to the property appraised in this report is assumed to be merchantable in the parties stated to be the owners. For the purpose of this report, the property is assumed to be free of liens and encumbrances.
- The information contained in this report, other than facts observable by a physical examination of the property, is from sources considered to be reliable, but such information is in no sense guaranteed.
- No responsibility is assumed because of matters of legal character affecting the property, such as title defects, encroachments, liens, and overlapping property lines. The appraisal is based on the premise that, there is full compliance with all applicable federal, state, and local environmental regulations and laws unless otherwise stated in the report; further that all applicable zoning, building, and use regulations and restrictions of all types have been complied with unless otherwise stated in the report; further, it is assumed that all required licenses, consents, permits, or other legislative or administrative authority (local, state, federal and/or private entity or organization) have been or can be obtained or renewed for any use considered in the value estimate.
- In computing values, various figures have been rounded off to the nearest significant amount, for the sake of clarity, in arriving at the valuation. The distribution of the total value between land and improvements applies only under the utilization of the property to its Highest and Best Use.
- Compensation for services is dependent only upon delivery of this report. The values found by the appraiser are in no way contingent upon the compensation to be paid for services.
- The Bylaws and Regulations of the Appraisal Institute require each Member and Candidate to control the use and distribution of each appraisal report signed by such Member or Candidate. Therefore, except as hereinafter provided, the party for whom this appraisal report was prepared may distribute copies of this appraisal report, in its entirety, to such third parties as may be selected by the party for whom this appraisal report was prepared; however, selected portions of this appraisal report shall not be given third parties without the prior written consent of the signatories of this appraisal report.
- This report is made in accordance with the Uniform Standards of Professional Appraisal Practice, adopted by the Appraisal Standards Board of the Appraisal Foundation.
- Improvements proposed, if any, on or off-site, as well as any repairs required are considered, for the purposes of this appraisal, to be completed in good and workmanlike manner according to information submitted and/or considered by the appraisers. In cases of proposed construction, the appraisal is subject to revision upon inspection of property after construction is completed. This estimate of market value is as of the date shown, as proposed, as if completed and operating at levels shown and projected.



- Any drawings and/or diagrams are for illustrative purposes only and are not drawn necessarily to scale and should not be construed as surveys or engineering reports.
- It is called to the reader's attention the fact that this report is delivered subject to the stipulation that neither all nor any part of the contents of this report shall be conveyed to the public through advertising, public relations, news, sales or other media, without the written consent and approval of the appraisers or review appraiser, particularly as to valuation conclusions, the identity of the appraiser or firm with which he is connected, or any reference to the Appraisal Institute or the MAI designation.
- The opinion of value, as set forth in this report, is based solely upon information available at and prior to the date of valuation, and no responsibility is assumed with respect to facts that may develop subsequent to such date and which might have a bearing on the opinion of value at the date noted as expressed herein.
- The appraisers and/or officers of Anderson Appraisal, Inc. reserve the right to alter statements, analysis, conclusion or any value estimate in the appraisal if there become known to us facts pertinent to the appraisal process that were unknown to us when the report was finished.
- It is assumed that the property which is the subject of this report will be under prudent and competent ownership and management; neither inefficient nor super efficient.
- The estimated market value, which is defined in the report, is subject to change with market changes over time; value is highly related to exposure, time, promotional effort, terms, motivation, and conditions surrounding the offering. The value estimate considers the productivity and relative attractiveness of the property physically and economically in the marketplace.
- The appraiser is not required to give testimony or appear in court because of having made the appraisal with reference to the property in question, unless arrangements have been previously made.
- The appraiser assumes no responsibility for hidden or unapparent conditions of the property, which would render it more or less valuable, and further assumes no responsibility for surveys or engineering which might be required to discover such factors.
- The above conditions include soil composition, drainage characteristics, load bearing capacity, seasonal or permanent water table elevation, seismic susceptibility, hazardous materials contamination (including, but not limited to hydrocarbons, PCB's, asbestos, radon, urea-formaldehyde foam insulation, pesticides, mold/mildew), radioactivity, emissions or disruptions caused from high voltage transmission lines, the location of underground facilities, illegal dumping, leaking underground storage tanks, and so forth.
- Unless otherwise stated in this report, the existence of hazardous material, which may or may not be present on the property, was not observed by the appraiser. The appraiser has no knowledge of the existence of such materials on or in the property. The appraiser, however, is not qualified to detect such substances. The presence of potentially hazardous

materials may affect the value of the property. The value estimate is predicated on the assumption that there is no such material on, in or around the property that would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required to discover them. The client is urged to retain an expert in this field, if desired.

- The Americans with Disabilities Act (ADA) became effective January 26, 1992. The appraisers have not made a specific compliance survey and analysis of this property to determine whether or not it is in conformity with the various detailed requirements of the ADA.
- It is possible that a compliance survey of the property, together with a detailed analysis of the requirements of the ADA, could reveal that the property is not in compliance with one or more of the requirements of the Act. If so, this fact could have a negative effect upon the value of the property. Since the appraisers have no direct evidence relating to this issue, possible noncompliance with the requirements of ADA in estimating the value of the property has not been considered.
- Federal Government Regulations: The Federal Government has special requirements for appraisals to be utilized for some types of loans, resulting from Federal Financial Institutions Reform, Recovery and Enforcement Act of 1989. This appraisal was not written in accordance with FIRREA guidelines, unless so stated, in the letter of transmittal.
- Additional research, analysis, and report writing may be required because of the variety of standards and interpretations among certain financial institutions, and appraisal reviewers; and will be undertaken upon client request, at additional fees, for time and costs.
- Where the discounted cash flow analysis has been used it has been prepared on the basis of information and assumptions stipulated in this report. The forecasts, projections, or operating estimates contained herein are based upon current market conditions, anticipated short-term supply and demand factors, and a continued stable economy.
- The achievement of any financial projections will be affected by fluctuating economic conditions and is dependent upon the occurrence of other future events that cannot be assured. Therefore, the actual results achieved may well vary from the projections and such variation may be material.
- This appraisal was obtained from Anderson Appraisal, Inc. or related companies and/or its individuals or related independent contractors and consists of "trade secrets and commercial or financial information" which is privileged and confidential and exempted from disclosure under 5 U.S.C. 552(b)(4). Notify the appraiser(s) signing the report of any request to reproduce this appraisal in whole or in part.
- **APPRAISER LIABILITY EXTENDS ONLY TO STATED CLIENT, NOT SUBSEQUENT PARTIES OR USERS, AND IT IS LIMITED TO THE AMOUNT OF FEE RECEIVED BY THE APPRAISER FOR THIS REPORT. ACCEPTANCE OF AND/OR USE OF THIS APPRAISAL REPORT BY CLIENT OR ANY THIRD PARTY IS PRIMA FACIE EVIDENCE THAT THE USER UNDERSTANDS AND AGREES TO THESE CONDITIONS.**

# Comparable Market Data

## Land Sale No. 1



|                        |                                                                                                                           |                    |      |
|------------------------|---------------------------------------------------------------------------------------------------------------------------|--------------------|------|
| <b>Property Name</b>   | The Hutch Future Subdivision                                                                                              | <b>Comp ID No.</b> | 1678 |
| <b>Address</b>         | 9306 Mountain View Road SE                                                                                                |                    |      |
| <b>City, State Zip</b> | Yelm, Washington 98597                                                                                                    |                    |      |
| <b>County</b>          | Thurston                                                                                                                  |                    |      |
| <b>Location</b>        | East of Mountain View Rd SE and west of Killion St SE about 800 feet north of State Route 510 in the City Limits of Yelm. |                    |      |
| <b>Tax ID</b>          | 21713430200, 21713430300                                                                                                  |                    |      |
| <b>Property Type</b>   | Subdivision-Residential Land                                                                                              |                    |      |
| <b>Zoning Code</b>     | R-6, Moderate Density Residential                                                                                         |                    |      |

### Physical Characteristics

|                       |                                                                                                                                                                                                                                                                                                                                                                                                                  |                   |                         |
|-----------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|-------------------------|
| <b>Land Size</b>      | 19.06 acres or 830,254 SF                                                                                                                                                                                                                                                                                                                                                                                        | <b>Topography</b> | Level to mildly sloping |
| <b>Number of Lots</b> | 2                                                                                                                                                                                                                                                                                                                                                                                                                | <b>Drainage</b>   | Adequate                |
| <b>Shape</b>          | Rectangular                                                                                                                                                                                                                                                                                                                                                                                                      |                   |                         |
| <b>Grade</b>          | At street grade                                                                                                                                                                                                                                                                                                                                                                                                  |                   |                         |
| <b>Landscaping</b>    | None, vacant land                                                                                                                                                                                                                                                                                                                                                                                                |                   |                         |
| <b>Frontage Desc.</b> | Killion Street SE, paved city street with full frontage improvements. Mountain View Rd SE, paved city street, no frontage improvements.                                                                                                                                                                                                                                                                          |                   |                         |
| <b>Utilities</b>      | All typical public and private utilities available.                                                                                                                                                                                                                                                                                                                                                              |                   |                         |
| <b>Access</b>         | Paved access point from Killion Road SE                                                                                                                                                                                                                                                                                                                                                                          |                   |                         |
| <b>Visibility</b>     | Average                                                                                                                                                                                                                                                                                                                                                                                                          |                   |                         |
| <b>Site Comments</b>  | This is a sale of 19.06± acres of vacant land for development of a single family residential subdivision. At time of sale it was covered in grass and some shrubs. Property had some expired approvals for a 118-lot subdivision. No gopher habitat or any other critical areas. Will need over 600' of road frontage improvements on Mountain View Rd SE. City water rights not available but expected in 2021. |                   |                         |

### Recording Information

|                        |                                    |                      |         |
|------------------------|------------------------------------|----------------------|---------|
| <b>Sale Date</b>       | 10-08-2020                         | <b>Recording No.</b> | 4790636 |
| <b>Contract Price</b>  | \$2,100,000                        |                      |         |
| <b>Adjustments \$</b>  | \$80,000                           |                      |         |
| <b>Adjusted Price</b>  | \$2,180,000                        |                      |         |
| <b>Seller</b>          | Barbara Hutchinson                 |                      |         |
| <b>Buyer</b>           | Mitchell Development II LLC        |                      |         |
| <b>Property Rights</b> | Fee Simple Estate                  |                      |         |
| <b>Financing</b>       | Considered equivalent to cash sale |                      |         |
| <b>Market Time</b>     | See Sale Remarks                   |                      |         |
| <b>Price/SF</b>        | \$2.63                             |                      |         |
| <b>Price/Acre</b>      | \$114,376                          |                      |         |
| <b>Price/Lot</b>       | \$1,090,000                        |                      |         |

**Sale Comments** Property was contingent to sell in January 2018 at about \$2,400,000. Contingency period was long waiting for water rights to be awarded to City of Yelm. Approvals expired while waiting and seller lowered price to \$2,100,000 to cover costs of entitlements. Onset of pandemic was not a significant concern for buyer. Sale price is adjusted upward by \$80,000 for cost of LID (buyer expenditure).

**Overall Remarks**  
**Confirmed By** Seller's Broker Kristie Unkrur 253-222-5936

**Comp ID No. 1678**

## Land Sale No. 2



Coopers Knoll Wetlands and Buffer area

**Property Name** Cooper's Knoll  
**Address** XXX Cooper Crest Drive NW  
**City, State Zip** Olympia, Washington 98502  
**County** Thurston  
**Location** At the Terminus of Cooper Crest Drive NW in the City of Olympia.  
**Tax ID** 12808110200  
**Property Type** Residential (Single-Family) Land  
**Zoning Code** RLI, Residential 2 to 4 units per acre

**Comp ID No.** 2679

### Physical Characteristics

|                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                  |
|-----------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------|
| <b>Land Size</b>      | 5.17 acres or 225,205 SF                                                                                                                                                                                                                                                                                                                                                                                                                                            |                                  |
| <b>Number of Lots</b> | 1                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                                  |
| <b>Shape</b>          | Rectangular                                                                                                                                                                                                                                                                                                                                                                                                                                                         | <b>Topography</b> Level to Hilly |
| <b>Grade</b>          | At street grade                                                                                                                                                                                                                                                                                                                                                                                                                                                     | <b>Drainage</b> Adequate         |
| <b>Landscaping</b>    | Minimal                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                                  |
| <b>Frontage Desc.</b> | Direct on Walnut Road NW, an asphalt paved and striped collector street                                                                                                                                                                                                                                                                                                                                                                                             |                                  |
| <b>Utilities</b>      | Water, power and sewer all stubbed onto property.                                                                                                                                                                                                                                                                                                                                                                                                                   |                                  |
| <b>Access</b>         | Direct on Walnut Road NW                                                                                                                                                                                                                                                                                                                                                                                                                                            |                                  |
| <b>Visibility</b>     | Average                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                                  |
| <b>Site Comments</b>  | Irregular rectangular shaped parcel with generally level topography. Site coverage is mostly treed with some brush. Density calculations per the preliminary site approval for the low density 2 to 4 units per acre is 1.74 units. Since 2015 the parcel has been rezoned from residential 1 to 5 units to RLI zoning. Studies done prior to sale were wetland, geotech, and traffic impact. Preliminary site approval for 9 lots had been achieved prior to sale. |                                  |

### Recording Information

|                        |                                                                                                                                                                     |                      |         |
|------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|---------|
| <b>Sale Date</b>       | 01-06-2022                                                                                                                                                          | <b>Recording No.</b> | 4911172 |
| <b>Contract Price</b>  | \$200,000                                                                                                                                                           |                      |         |
| <b>Adjusted Price</b>  | \$200,000                                                                                                                                                           |                      |         |
| <b>Seller</b>          | Branbar LLC                                                                                                                                                         |                      |         |
| <b>Buyer</b>           | TJ Holdings LLC                                                                                                                                                     |                      |         |
| <b>Property Rights</b> | Fee Simple Estate                                                                                                                                                   |                      |         |
| <b>Financing</b>       | Considered equivalent to cash sale                                                                                                                                  |                      |         |
| <b>Market Time</b>     | 127days on market; list price \$350,000                                                                                                                             |                      |         |
| <b>Price/SF</b>        | \$.89                                                                                                                                                               |                      |         |
| <b>Price/Acre</b>      | \$38,685                                                                                                                                                            |                      |         |
| <b>Price/Lot</b>       | \$200,000                                                                                                                                                           |                      |         |
| <b>Sale Comments</b>   | A pre submission conference was conducted more than one year after sale for a 2 story 8 unit multifamily development. Seller motivation due to a death of an owner. |                      |         |
| <b>Overall Remarks</b> |                                                                                                                                                                     |                      |         |
| <b>Confirmed By</b>    | Ron Conard, LAG, 253.677.9999                                                                                                                                       |                      |         |

**Comp ID No.** 2679

## Land Sale No. 3



|                        |                                                                                                      |                    |      |
|------------------------|------------------------------------------------------------------------------------------------------|--------------------|------|
| <b>Property Name</b>   | Sleater Landing                                                                                      | <b>Comp ID No.</b> | 2496 |
| <b>Address</b>         | 2235 Sleater Kinney Road NE                                                                          |                    |      |
| <b>City, State Zip</b> | Olympia, Washington 98506                                                                            |                    |      |
| <b>County</b>          | Thurston                                                                                             |                    |      |
| <b>Location</b>        | Southwest of the intersection of 26th Avenue NE and Sleater Kinney Road NE in the City of Lacey UGA. |                    |      |
| <b>Tax ID</b>          | 11808210300, 11808210800                                                                             |                    |      |
| <b>Property Type</b>   | Residential (Single-Family) Land                                                                     |                    |      |
| <b>Zoning Code</b>     | R 3-6, Residential 3 to 6 units per acre                                                             |                    |      |

### Physical Characteristics

|                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                   |                |
|-----------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|----------------|
| <b>Land Size</b>      | 14.11 acres or 614,632 SF                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                   |                |
| <b>Number of Lots</b> | 1                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                   |                |
| <b>Shape</b>          | Rectangular                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | <b>Topography</b> | Level to Hilly |
| <b>Grade</b>          | At street grade                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | <b>Drainage</b>   | Adequate       |
| <b>Landscaping</b>    | Minimal                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                   |                |
| <b>Frontage Desc.</b> | Direct on Sleater Kinney                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                   |                |
| <b>Utilities</b>      | Power is in the street, water and sewer require extension                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                   |                |
| <b>Access</b>         | No built access but possibility of access from Sleater Kinney and 26th                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                   |                |
| <b>Visibility</b>     | Average                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                   |                |
| <b>Site Comments</b>  | Generally square shaped site, mostly level topography and approximately 1 acre of wetland as mapped on Thurston County GIS, but around 4 acres are impacted by hydric soils. Site coverage is mostly treed with some brush. There was a single-family residence on the property at time of sale that required demolition. Water is located south of the subject approximately 500 feet and adjacent to the subject via the subdivision to the south. Sewer is located on Abernethy Street NE and requires extension of approximately 1,700 feet. Street frontage improvements are required, measuring approximately 575 feet. Density calculations per the preliminary site approval for the low density 3 to 6 units per acre is 3 units. |                   |                |

### Recording Information

|                        |                                                      |                      |         |
|------------------------|------------------------------------------------------|----------------------|---------|
| <b>Sale Date</b>       | 05-04-2022                                           | <b>Recording No.</b> | 4929876 |
| <b>Contract Price</b>  | \$1,500,000                                          |                      |         |
| <b>Adjusted Price</b>  | \$1,500,000                                          |                      |         |
| <b>Seller</b>          | Brenda L Curtis, Rodney D Russell, & Linda M Russell |                      |         |
| <b>Buyer</b>           | Pacific Northwest Development and Land Company LLC   |                      |         |
| <b>Property Rights</b> | Fee Simple Estate                                    |                      |         |
| <b>Financing</b>       | Considered equivalent to cash sale                   |                      |         |
| <b>Market Time</b>     | 203 on market; list price \$1,500,000                |                      |         |
| <b>Price/SF</b>        | \$2.44                                               |                      |         |
| <b>Price/Acre</b>      | \$106,308                                            |                      |         |
| <b>Price/Lot</b>       | \$1,500,000                                          |                      |         |



**Sale Comments** The property was purchased by a developer to assemble with surrounding parcels for subdivision development. The property was originally listed May 2019. The buyers made an offer contingent upon feasibility February 2020, status changed to pending July 2020. An application for Sleater Landing subdivision for 212 lots on 45.55 acres was submitted April 2021. The sale closed May 2022. The application for Sleater Landing Subdivision was approved December 2022. Entitlements were in process by the buyer on the date of sale with likely approval.

**Overall Remarks**

**Confirmed By** JR Poulsen, LAG, 253.380.5533

**Comp ID No. 2496**

## Land Sale No. 4



|                        |                                                                                                                                  |                    |      |
|------------------------|----------------------------------------------------------------------------------------------------------------------------------|--------------------|------|
| <b>Property Name</b>   | Proposed Grove Road Subdivision                                                                                                  | <b>Comp ID No.</b> | 2733 |
| <b>Address</b>         | 10143 Grove Road SE                                                                                                              |                    |      |
| <b>City, State Zip</b> | Yelm, Washington 98597                                                                                                           |                    |      |
| <b>County</b>          | Thurston                                                                                                                         |                    |      |
| <b>Location</b>        | West side of Grove Road SE approximately 500' north of 103rd Ave SE in an area of single family residences and a school in Yelm. |                    |      |
| <b>Tax ID</b>          | 51540302700                                                                                                                      |                    |      |
| <b>Property Type</b>   | Subdivision-Residential Land                                                                                                     |                    |      |
| <b>Zoning Code</b>     | R-6, Residential 6 units per acre                                                                                                |                    |      |

### Physical Characteristics

|                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                   |                         |
|-----------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|-------------------------|
| <b>Land Size</b>      | 5.01 acres or 218,275 SF                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | <b>Topography</b> | Level to mildly sloping |
| <b>Number of Lots</b> | 1                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | <b>Drainage</b>   | Adequate                |
| <b>Shape</b>          | Rectangular                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                   |                         |
| <b>Grade</b>          | At street grade                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                   |                         |
| <b>Landscaping</b>    | None, vacant land                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                   |                         |
| <b>Frontage Desc.</b> | Typical rural residential frontage                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                   |                         |
| <b>Utilities</b>      | All typical public and private utilities available.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                   |                         |
| <b>Access</b>         | Paved drive off Grove Rd                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                   |                         |
| <b>Visibility</b>     | Average                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                   |                         |
| <b>Site Comments</b>  | This is a sale of 5.01± acres improved with a residence and outbuildings for development of a single-family residential subdivision. At time of sale there was a 1,720 SF residence in fair condition constructed in 1967 along with a barn. The rest of the property was an open field with fencing. The parcel was non-detrimental irregular in shape and level. At the time the buyer made an offer, the property was nearing completion of annexation into the Yelm City Limits. There was a gopher survey finding no gopher habitat, nor were there any other critical areas. Will need about 230' of road frontage improvements on Grove Road SE but all utilities were available on the property or in the street. |                   |                         |

### Recording Information

|                        |                                            |                      |         |
|------------------------|--------------------------------------------|----------------------|---------|
| <b>Sale Date</b>       | 12-11-2023                                 | <b>Recording No.</b> | 5000559 |
| <b>Contract Price</b>  | \$750,000                                  |                      |         |
| <b>Adjusted Price</b>  | \$750,000                                  |                      |         |
| <b>Seller</b>          | Jolin Brenda                               |                      |         |
| <b>Buyer</b>           | Copper Ridge LLC                           |                      |         |
| <b>Property Rights</b> | Fee Simple Estate                          |                      |         |
| <b>Financing</b>       | Considered equivalent to cash sale         |                      |         |
| <b>Market Time</b>     | 175 days, original listing price \$750,000 |                      |         |
| <b>Price/SF</b>        | \$3.44                                     |                      |         |
| <b>Price/Acre</b>      | \$149,674                                  |                      |         |
| <b>Price/Lot</b>       | \$375,000                                  |                      |         |

**Sale Comments** Property was in annexation process when buyer made an offer and by the time it closed it had been completed. Buyer plans to rent the residence for one to two years while proceeding through the entitlement phase for a 26-lot subdivision. Home and improvements will then be demolished. Home is estimated to contribute value to offset eventual demolition.

**Overall Remarks** 6468-24A, NWMLS 1978569

**Confirmed By** Seller's Broker Lida Cozzetti 360-789-1562

**Comp ID No. 2733**

## Land Sale No. 5



|                        |                                                                                                                                                                         |                    |      |
|------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------|------|
| <b>Property Name</b>   | Morris Road SE Site                                                                                                                                                     | <b>Comp ID No.</b> | 2741 |
| <b>Address</b>         | XXX Morris Road SE                                                                                                                                                      |                    |      |
| <b>City, State Zip</b> | Yelm, Washington 98597                                                                                                                                                  |                    |      |
| <b>County</b>          | Thurston                                                                                                                                                                |                    |      |
| <b>Location</b>        | West of Morris Rd SE approximately 650' south of the intersection with Bald Hill Road SE, in Yelm UGA in an area of low and moderate density single family residential. |                    |      |
| <b>Tax ID</b>          | 22730410000                                                                                                                                                             |                    |      |
| <b>Property Type</b>   | Subdivision-Residential Land                                                                                                                                            |                    |      |
| <b>Zoning Code</b>     | R-6, Residential, 6 Units per Acre                                                                                                                                      |                    |      |

### Physical Characteristics

|                       |                                                                                                                                                                                                                                                                                                                                                                                                |                   |                  |
|-----------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|------------------|
| <b>Land Size</b>      | 5.00 acres or 217,800 SF                                                                                                                                                                                                                                                                                                                                                                       |                   |                  |
| <b>Number of Lots</b> | 1                                                                                                                                                                                                                                                                                                                                                                                              |                   |                  |
| <b>Shape</b>          | Rectangular                                                                                                                                                                                                                                                                                                                                                                                    | <b>Topography</b> | Level to Sloping |
| <b>Landscaping</b>    | None.                                                                                                                                                                                                                                                                                                                                                                                          |                   |                  |
| <b>Frontage Desc.</b> | No direct frontage on developed road; access via road easement                                                                                                                                                                                                                                                                                                                                 |                   |                  |
| <b>Utilities</b>      | Electricity available; public water and sewer required a short extension                                                                                                                                                                                                                                                                                                                       |                   |                  |
| <b>Access</b>         | Road easement                                                                                                                                                                                                                                                                                                                                                                                  |                   |                  |
| <b>Visibility</b>     | Average                                                                                                                                                                                                                                                                                                                                                                                        |                   |                  |
| <b>Site Comments</b>  | The site is rectangular shaped and is level to mildly sloped. At the time of sale it was unimproved and covered in grass, brush and trees (some minimal timber value). No flood zone or wetlands but gopher indicator soils and so required a gopher study. No street frontage improvements and utilities reportedly needed a short extension. At time of sale it was in UGA, not yet annexed. |                   |                  |

### Recording Information

|                        |                                                                                                                                                                                                                                                                                                                                                         |                      |         |
|------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|---------|
| <b>Sale Date</b>       | 12-11-2023                                                                                                                                                                                                                                                                                                                                              | <b>Recording No.</b> | 5000015 |
| <b>Contract Price</b>  | \$275,000                                                                                                                                                                                                                                                                                                                                               |                      |         |
| <b>Adjusted Price</b>  | \$275,000                                                                                                                                                                                                                                                                                                                                               |                      |         |
| <b>Seller</b>          | Alexander JR Howard                                                                                                                                                                                                                                                                                                                                     |                      |         |
| <b>Buyer</b>           | Copper Ridge LLC                                                                                                                                                                                                                                                                                                                                        |                      |         |
| <b>Property Rights</b> | Fee Simple Estate                                                                                                                                                                                                                                                                                                                                       |                      |         |
| <b>Financing</b>       | Conventional                                                                                                                                                                                                                                                                                                                                            |                      |         |
| <b>Market Time</b>     | 17 days on market, see remarks                                                                                                                                                                                                                                                                                                                          |                      |         |
| <b>Price/SF</b>        | \$1.26                                                                                                                                                                                                                                                                                                                                                  |                      |         |
| <b>Price/Acre</b>      | \$55,000                                                                                                                                                                                                                                                                                                                                                |                      |         |
| <b>Price/Lot</b>       | \$275,000                                                                                                                                                                                                                                                                                                                                               |                      |         |
| <b>Sale Comments</b>   | The property was pending sale for seven months while buyer got the gopher study (clear), got the property annexed into the City Limits, and completed other feasibility for a 20-lot residential subdivision. Buyer was local who assigned the purchase contract to a homebuilder after getting through the entitlement process for \$800,000 (stated). |                      |         |
| <b>Confirmed By</b>    | Seller's Broker Chrissy DeHan 360-789-4093                                                                                                                                                                                                                                                                                                              |                      |         |

**Comp ID No.** 2741

# Mullen Rd Cottages



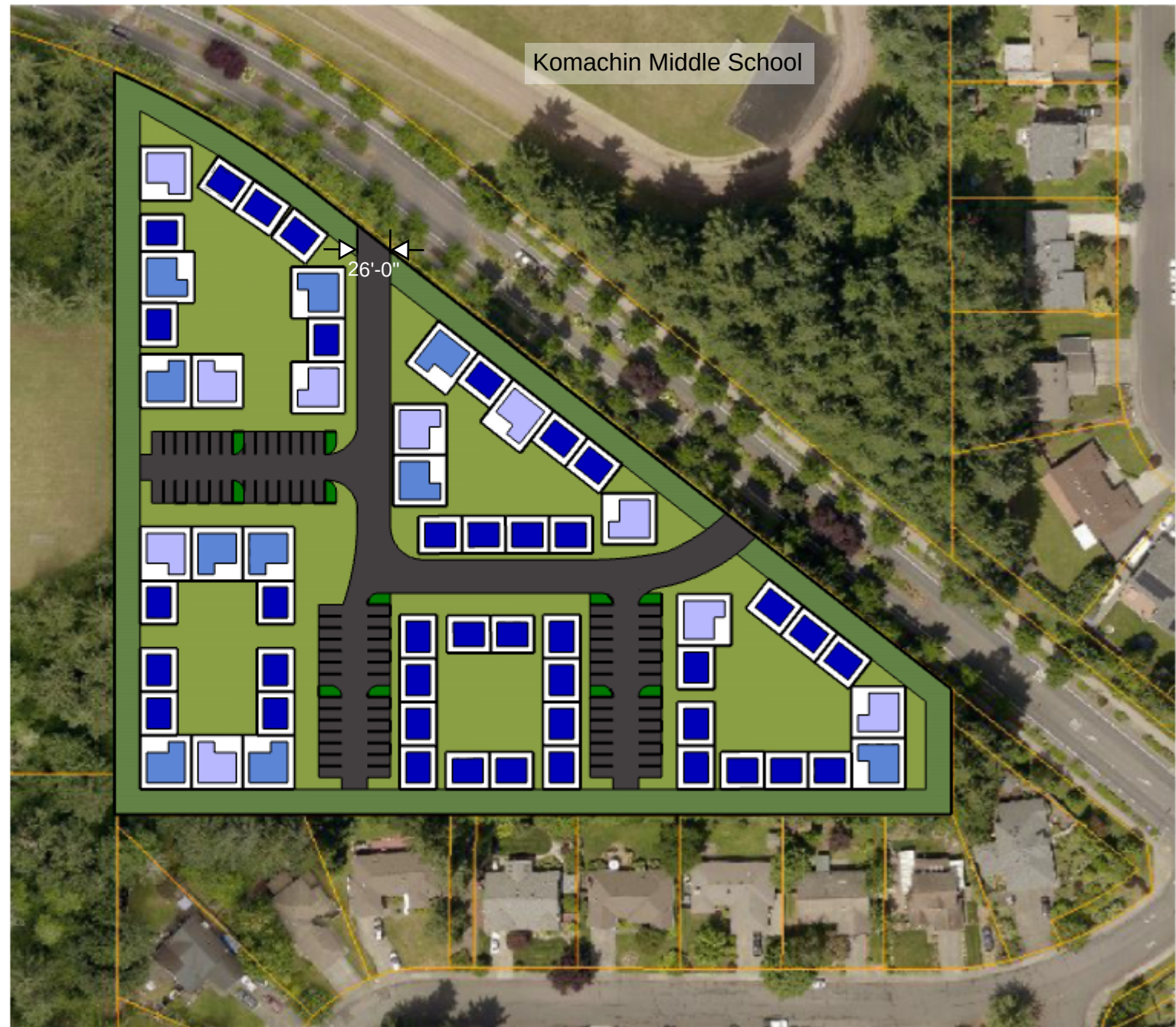
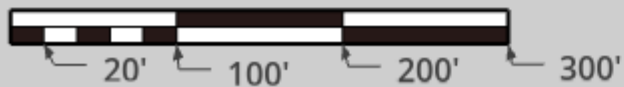
 Cottage Courtyards / Open Space

 Tree Tract / 20ft PRD Buffer

 800sf 2-story w/ 5ft Setback

 800sf 1-story w/ 5ft Setback

Parcel: 11828320203  
Site Size: 5.32 acres (231,739sf)  
Units: 60 Cottages  
Parking Count: 84 Stalls (1.4 ratio)  
Tree Tract Size: 0.9ac / 39,829sf (17%)



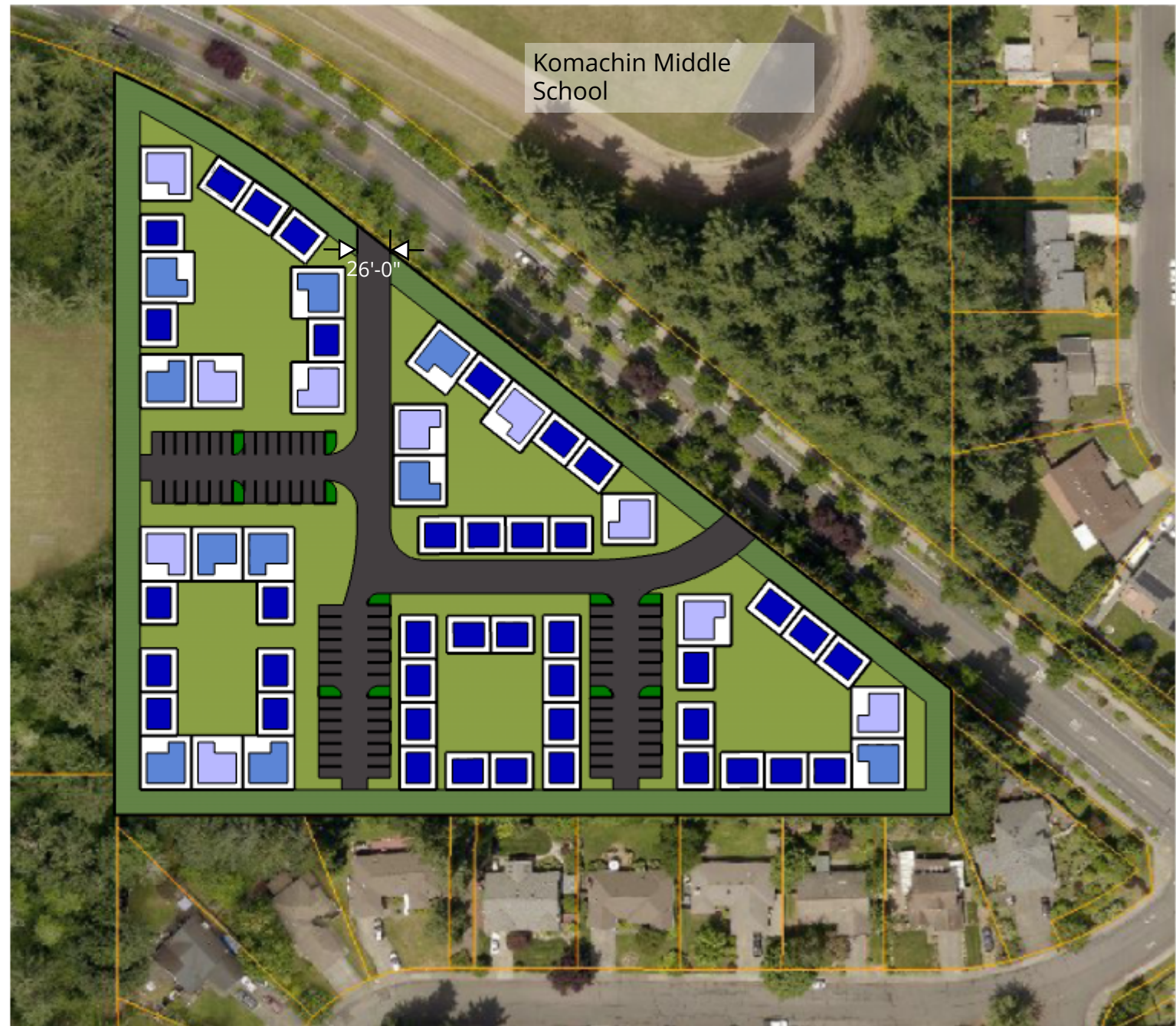
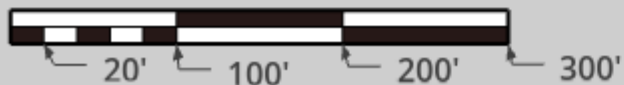


# Mullen Rd Cottages



-  Cottage Courtyards / Open Space
-  Tree Tract / 20ft PRD Buffer
-  400sf footprint. 800 gross sf 2-story w/ 5ft Setback
-  800sf 1-story w/ 5ft Setback

Parcel: 11828320203  
Site Size: 5.32 acres (231,739sf)  
Units: 60 Cottages  
Parking Count: 84 Stalls (1.4 ratio)  
Tree Tract Size: 0.9ac / 39,829sf (17%)



**CITY OF LACEY  
PLANNING DIVISION  
PRESUBMISSION CONFERENCE NOTES**



**TYPE:** Subdivide 5 Acres into 60 cottage housing units.

**APPLICANT:** City of Lacey and Partners

**PROCESS:** Preliminary Subdivision (\$2,671+\$48/lot), PRD (\$624), Environmental Checklist (\$485), Tree Report (Actual cost), Design Review (\$123)

**SITE ADDRESS:** 500 ADAMS ST SE. Parcel 11828320203

**ZONING:** OSI

**PROCESS TIMING EST.:** 6-10 weeks

**PROCESS**

Because of the proposed lot sizes a PRD overlay is required. PRDs (and preliminary subdivisions) are reviewed through the quasi-judicial review process, in accordance with Section 1C.050 of the Development Guidelines and Public Works Standards. A preliminary subdivision requires a public hearing before the Hearings Examiner and a final decision by the City Council. This process takes approximately 6-10 weeks from the date the application is accepted as complete.

Design Review is encouraged to run concurrently with preliminary PRD approval or at the very least critical design elements will need to be turned in as part of a complete application due to the intimate relation between Cottage Housing standards and design standards.

A complete application consists of the following:

1. General Land Use Application
2. Planned Residential Development application
3. Preliminary Subdivision Application, dated and signed
4. Preliminary plat maps including all information requested on the application.
5. Project Narrative describing how it meets City of Lacey code.
6. Design Narrative describing how the project meets cottage housing and open space requirements.
7. Environmental Checklist, dated and signed
8. Tree Report prepared by the City's contract forester
9. Landclearing/Class IV Forest Practices – if triggered
10. Open Space plan, identifying natural areas, active open space areas, trails, play areas etc.
11. Stormwater Site Plan per 2022 Stormwater Design Manual
12. Traffic Generation Worksheet



13. Address of surrounding property owners within 300' radius of the project, submitted on mailing labels – labels to be prepared by Title Company.

**NOTE: All applications shall be submitted electronically in pdf format.**

*\*Prior to submitting the application materials a traffic scoping letter will need to be submitted to the Public Works Department for approval. Once approved, the TIA may be developed. This process takes approximately 30 days.*

Environmental review: The environmental review will consist of a review of the environmental checklist submitted for this proposal and is processed simultaneously with Site Plan Review. We typically use the Optional DNS process allowed under state law to combine comment periods of the Notice of Application and the Environmental Review.

### **APPLICABLE STANDARDS**

#### **ENVIRONMENTALLY SENSITIVE AREAS (shorelines, wetlands, flood hazards, steep slopes):**

Critical aquifer recharge area.

#### **TREES:**

All residential properties over two acres are required to retain (or replant when necessary) tree tracts equaling a minimum of 5% of the gross site area. This project will require tree tract area of at least 0.25 acres or 10,890s.f.

A tree evaluation will need to be conducted by the City's contract forester to identify trees that may be incorporated into the development proposal either in clusters throughout the lots of the subdivision or on an individual location to meet this requirement. The tree tract(s) should be located to preserve the higher quality trees existing on the site. Tree tracts are in addition to any required tree landscaped areas.

Existing trees should be designed into the project when possible. The following provisions apply to the proposed development:

- Trees on site may not be removed at this time.
- The City of Lacey strives to retain trees during development.
- Trees should be incorporated into the project wherever possible.
- If proposed water or sewer lines cannot be located in such a way as to avoid trees or tree roots, the trees may be removed once the civil drawings are approved by Lacey PW and CD Departments and installation begins.

Any large trees on site should be retained and designed into the project, where possible. The city's contract forester will need to review the site and make a written recommendation to staff

regarding tree health and suitability for retention. This report must be submitted with the application in order to be accepted as complete. You will be billed for the actual costs of the forester's time on this project.

#### **SETBACKS:**

PRD SPECIFIC: 20-foot setback to closest lot (16.60.110). Effectively this is a 20' buffer surrounding the interior perimeter of the site to ensure a 20-foot setback is maintained between the PRD structures and its neighboring parcels.

The setback requirements are the same as the other residential uses in the underlying zone. (LMC 16.62.030).

However, the standard setbacks and yard requirements between buildings may be waived in a PRD. Wherever buildings are separated, a minimum distance of ten feet shall be maintained between such buildings. (16.60.110).

#### HEIGHT

(16.62.030)

1. The maximum height for cottages with a minimum roof slope of six feet vertical to twelve feet horizontal is twenty-five feet. All parts of the roof above eighteen feet shall be pitched.
2. The maximum height for cottages with a roof slope less than six feet vertical to twelve feet horizontal is eighteen feet.
3. The maximum height for all accessory structures is eighteen feet.

#### **LANDSCAPING:**

##### Cottage Specific:

Parking and vehicular areas shall be screened from public streets and adjacent residential uses by landscaping or architectural screens. The illustration in Table [16T-85](#) provides a good example of screening with columnar trees separating the driveway from the adjacent property.

Utility Elements. Utility meters and heating/cooling/ventilation equipment shall be located/designed to minimize visual impacts from the street and common areas.

##### General:

All planter strips, arterial/collector street buffers, stormwater facilities, and other open space tracts must be landscaped. Natural vegetation designed to be retained in these tracts does apply toward landscaping requirements. The Community Development Department will review all landscaping not located in the right-of-way (open space tracts, common areas, etc.).

A landscaping plan is required and should be designed by a licensed landscape architect, nursery person, or landscaper and submitted to the Planning Department. A separate irrigation plan must also be submitted. All requirements of Chapter 16.80 of the Zoning Code shall be satisfied.

Use of drought-resistant species, such as native or naturalized plants can reduce the amount of water needed for irrigation, save on maintenance, and be more resistant to disease. Native and naturalized plant selection is strongly encouraged.

If final plat is desired prior to the installation of the landscaping improvements, a letter of credit, assignment of savings, or other financial security must be provided to the Planning Department in the amount of 150 percent of the landscaping. The City will release this financial security once the landscaping for the project is installed and approved by the Planning Department and a one year 20 percent maintenance financial security device is obtained.

Irrigation plans must be designed to consider all trees and their root zones that have been identified for retention. Location of lines within these areas should be avoided when possible, or hand dug when these locations are necessary.

## **PARKING:**

### **Parking Requirements.**

1. The required number of parking spaces is an optional minimum of one space and a maximum of one and one-half spaces per dwelling.
2. Parking shall be located on the same property as the cottage development.
3. Parking and vehicular areas shall be screened from public streets and adjacent residential uses by landscaping or architectural screens. The illustration in Table 16T-85 provides a good example of screening with columnar trees separating the driveway from the adjacent property.
4. Parking shall be located in clusters of not more than five adjoining uncovered spaces (except where parking areas are adjacent to an alley or vegetated LID facilities).
5. Parking is prohibited in front and interior yard setback areas. The top illustration and photo in Table 16T-85 provide good examples of parking location.
6. All detached parking structures shall have a pitched roof design.

7. Garages may be attached to individual cottages provided all other design standards have been met and the footprint of the ground floor, including the garage, does not exceed one thousand square feet. Such garages shall be located away from common open spaces to the extent possible.

8. At least fifty percent of the required parking spaces shall be enclosed. Such structures shall be designed consistent with the cottage architecture. This includes similar building materials, rooflines, and detailing.

**OPEN SPACE:**

PRD's must provide a minimum of 30% of the gross land area for common open space. Up to 50% of the common open space requirement may be satisfied by the preservation of trees.

At least half of the open space within a residential development must be usable for active recreation. Open space shall meet the design criteria contained in LMC 14.23.088.

Design. Cottages are subject to the design criteria in LMC 14.23.072. Where there are conflicts between LMC 14.23.072 and the standards in this chapter, the standards herein shall apply.

Minimum Common Space. The minimum common space required is three hundred square feet per dwelling. The common open space shall be configured so that at a minimum:

1. The common open space abuts fifty percent of the cottages in a cottage housing development.
2. Cottages are oriented around at least two sides of the common open space.
3. Cottages are oriented around the open space with an entry facing the common open space.
4. Cottages should be within sixty feet walking distance of the common open space.
5. Area required to meet minimum private open space, setback, and parking requirements may not be used in the calculations for common open space.
6. Common open space shall be accessible to all cottage residents in the applicable cluster and maintained by the development's homeowner's association.

Minimum Private Open Space. The minimum private open space required is two hundred square feet per dwelling. Required open space shall be adjacent to each dwelling unit and for the exclusive use of the cottage resident(s). The private space shall be:

1. Usable (not on a steep slope).

2. Oriented toward the common open space as much as possible.
3. No less than eight feet in dimension on any side. A desirable configuration for this private open space is an area between the dwelling unit and the common open space, similar to what's shown in the examples in Table 16T-85.

#### Facades and Porches.

1. Cottages facing the common open space or common pathway must feature a roofed porch at least eighty square feet in size with a minimum dimension of eight feet on any side.
2. Cottages fronting on a street shall provide a covered entry feature with a minimum dimension of six feet by six feet facing the street. This is in addition to the porch requirement, where the cottage is adjacent to a common open space or pathway.
3. All facades facing common open space, pathways, and streets shall comply with architectural details and windows and transparency design criteria specified in LMC 14.23.072(C) and (I), respectively.

Clustering Groups. Developments shall contain a minimum of four and a maximum of twelve dwellings located in a cluster group to encourage a sense of community among the residents. A development site may contain more than one cluster.

#### **DESIGN REVIEW:**

Residential Design Review is required for all single-family lots and is completed at the time of building permit submittal. House design shall meet the requirements of LMC 14.23.072 Design criteria for detached single family dwelling units

<https://lacey.municipal.codes/LMC/14.23.072>

#### **OTHER ISSUES:**

All short subdivisions, preliminary plats and boundary line adjustments that are subject to city liens (LIDs/ULIDs) must be current and the proper documentation approved by the city council prior to recording the final documents. This is because these liens are based on acreage of the parent parcels and must be modified to match the current proposal.

The city desires to form partnerships with nonprofit housing authorities and the private development community in promoting infill, providing affordable housing and achieving GMA smart growth and livable city objectives. To provide for innovation and creativity in achieving housing and livable city objectives of the Plan, flexibility may be permitted where a specific cottage project furthers the Plan's objectives, but zoning code requirements would prevent the

project, make it less effective in implementing the Plan's intent, or act as a barrier to implementation of the Plan's vision. The city may waive said code provisions under the following conditions:

1. The city and the private/public partners believe the subject project meets community objectives of smart growth, livable city and sustainability as identified in the city Comprehensive Land Use Plan;
2. Design of the project gives significant attention to place making and functionality that will enhance the livability of the neighborhood in which it is located, as identified in the Comprehensive Land Use Plan and/or the applicable neighborhood plan;
3. Design includes energy conservation features that promote sustainability goals as identified in the Comprehensive Land Use Plan and/or other plans developed to promote energy conservation and sustainability;
4. The project addresses target demographics or specific community housing need as identified in the Comprehensive Land Use Plan's Housing Element and/or the applicable neighborhood plan;
5. Based upon a determination by the director, the proposed project design will better implement objectives of the Comprehensive Land Use Plan. (Ord. 1612 §12, 2022; Ord. 1496 §97, 2016; Ord. 1427 §3, 2013; Ord. 1380 §1, 2012; Ord. 1310 §48, 2008).

## **Staff in Attendance**

### **Community Development Department (360) 491-5642**

- ☐ Vanessa Dolbee, Director
- ☐ Sarah Schelling, Current Planning Manager
- ✓ Reace Fant, Associate Planner
- ☐ Sarah Bartz, Assistant Planner
- ☐ Samra Seymour, Senior Planner
- ☐ Terry McDaniel, Plans Examiner
- ✓ Asher Cabe, Fire Code Specialist
- ☐ Wesley Nguyen, Economic Development Coordinator

### **City Manager Department (360) 491-3214**

- ☐ Rick Walk, City Manager

### **Public Works Department (360) 491-5600**

- ☐ Scott Egger, Director
- ☐ Aubrey Collier, City Engineer
- ✓ Tom Stiles, Development Review Engineer
- ☐ Joey Etter, Development Review Specialist
- ☐ Mike Swanson, Development Review Specialist
- ☐ Martin Hoppe, Transportation Manager
- ☐ Chris Stolberg, Transportation Engineer
- ☐ Brandon McAllister, Utility Engineer
- ☐ Doug Christenson, Stormwater Engineer

### **Others**

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**CITY OF LACEY  
PUBLIC WORKS DIVISION  
PRESUBMISSION CONFERENCE  
NOTES**



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**MEETING DATE:** September 9, 2024

**PLANNER:** Reace Fant

**NOTES BY:** Tom Stiles

**CASE NUMBER:** Not Assigned at this time

**APPLICANT:** City of Lacey

**REPRESENTATIVE:** Jennifer Adams

**PROPOSED USE:** 60 Cottage Units

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**WATER REQUIREMENTS:**

Current water location: A 12-inch PVC water main is located in Mullen Road. Also, a 12-inch Ductile Iron main is provided to this parcel. See attached system map. If you would like additional map information or “as built” drawings, please contact Jacob Sutton (360-438-2688).

Water improvements: Appropriately sized water mains (8-inch minimum) shall be extended into the site to provide domestic water service to each individual lot/cottage, meet water quality and Lacey Fire requirements. Water main extensions shall be located on the north/east side of the road or drive area 6 feet off center line. The water main from the 12-inch Ductile Iron main provided to the site near the proposed western entrance shall be connected back to the 12-inch PVC water main in Mullen Road at the eastern entrance to the site (dead end mains will not be permitted). City of Lacey 2017 Development Guidelines and Public Works Standards manual (DG&PWS) 6.010.

Each building shall be individually metered. A domestic water service shall be provided for each building (if duplexes are utilized each side of the duplex shall be metered). (DG&PWS 6.120 F)

An irrigation meter with a Double Check Valve Assembly backflow prevention device shall be provided for all landscaped areas. (DG&PWS 6.120 F)

To assure adequate water is present for your project, modeling of the water system shall occur. If you decide to continue forward with this project, please contact Brandon McAllister (360-413-4386) to coordinate the fire flow modeling.

In addition to all Federal and State requirements, water system improvements shall meet the requirements of the current City of Lacey City of Lacey Development Guidelines and Public Works Standards Manual, the Coordinated Water System Plan (CWSP), Department of Health (DOH), City of Lacey Water System Plan, AWWA, Department of Ecology, Thurston County Environmental Health and City of Lacey Fire Code Official's standards. Actual main size, loop closures, and possible off-site improvements including the number and location of fire hydrants, will depend on the fire flows required and available to the site. (DG&PWS, Water 6.010)

If utility extensions are needed for the proposed project for roads that were paved in the last five years and the roads must be "cut", a disruption fee will be charged in accordance with Lacey Municipal Code 12.16.055.

The builder/applicant/owner is required to purchase each water meter prior to the issuance of each building permit. (DG&PWS Water 6.121)

Prior to subdivision of land, water and sewer services shall be provided for each lot created (Lacey Municipal Code sections 15.12.030 and 15.12.040).

### **SEWER REQUIREMENTS:**

Current sewer location: An 8-inch sewer main is located at the intersection of Stikes Drive and Mullen Road. See attached system map. If you would like additional map information or "as built" drawings, please contact Jacob Sutton (360-438-2688).

Sewer improvements: The 8-inch gravity main shall be extended from the intersection of Stikes Drive and Mullen Road to the furthest location within the plat needed to provide sewer to the cottages. Sewer main extensions shall be on the South or West side of each roadway or drive area 6 feet off centerline.

Also, to serve the cottage clusters with sewer. Mains shall be extended into the cottage greens to allow sewer laterals to connect to the mains needed to serve each lot/cottage with sewer. The mains will require a 15-foot easement and a means to maintain the main shall be incorporated into the design.  
(DG&PWS, Sewer 7A.010)

In addition to all Federal and State requirements, sanitary sewer improvements associated with this project shall comply with the current City of Lacey Development Guidelines and Public Works Standards Manual, City of Lacey Comprehensive Sanitary Sewer Plan, Thurston County Health Department, Washington State Department of

Health (DOH), the LOTT Clean Water Alliance and Department of Ecology. (DG&PWS, Sewer 7A.010 and Subdivisions and Short Plat 2-21)

Water/Sewer Connection Fees: Estimates will be calculated after site information is provided (meter sizes, square footage of the site, proposed use or uses, etc.). City staff will research existing Latecomer Agreements, Front Footage Fees, and U.L.I.D. / L.I.D. assessments and prepare the estimates.

All proposed structures shall be connected to sanitary sewer. (DG&PWS, Sewer 7A.010) Public mains with associated appurtenances shall be installed to serve the proposed project with sewer.

Confirmation that the site layout satisfies maintenance vehicle requirements shall be provided. The layout must allow a 40-foot long vactor truck with an inside turning radius of 45-feet to maneuver through the site. (auto-turn confirmation is required). Covered parking along the route may be prohibited. The current design does not look like it will allow the vactor truck to maneuver through the site.

#### **STORM AND EROSION CONTROL REQUIREMENTS:**

In addition to all Federal and State stormwater requirements, this project shall comply with the current City of Lacey Development Guidelines and Public Works Standards Manual, the current City of Lacey Stormwater Design Manual (SDM) and the Lacey Municipal Code (LMC) section 14.27. The Stormwater Design Manual requires the use of Low Impact Development (LID) techniques to the maximum extent possible. Stormwater drainage and erosion control submittals shall be in conformance with the formatting and content requirements described in Chapter 3 of the Stormwater Design Manual.

**In order to receive a complete application for the project, a complete draft stormwater site plan which includes soils testing, computer modeling (including the WWHM 2012 Data files produced with the model), engineering calculations (including treatment and infiltration) and formatted in accordance with the City of Lacey Stormwater Design Manual shall be provided to the City with all other submittal requirements when project application is made (SDM 3.2.2).**

Treatment and infiltration facilities shall be constructed for stormwater associated with the site, adjacent properties currently discharging to the site and roadways created with the project.

This project is located within a Category I Critical Aquifer Recharge Area, Enhanced treatment for stormwater is required (SDM 8.2 and Appendix 8B).

Projects shall retain, disperse, and infiltrate stormwater on-site to the maximum extent feasible. Design of infiltration facilities requires site infiltration analysis, to determine

wet-season soil and groundwater conditions and to establish a long-term design infiltration rate. (SDM 2.2.5 & 7.2)

Setbacks for stormwater infiltration shall be in conformance with Chapter 7 of the SDM.

Individual roof drain infiltration systems shall be installed for each building. Storm water shall be dispersed throughout the site to simulate pre-development infiltration to the maximum extent possible.

In conformance with the City of Lacey Stormwater Design Manual, post-construction soil quality and depth (BMP T5.13) shall be incorporated into the site design and construction (SDM 2.2.5 & 7.4.1).

A Stormwater Pollution Prevention Plan (SWPPP) shall be submitted to and approved by the City **prior to beginning any site disturbing activities at the project**. Each of the 13 required elements as identified in SDM Chapter 5 must be addressed and included in the construction SWPPP. If site conditions render any element unnecessary, the exemption for that element shall be clearly justified in the narrative for the SWPPP. The SWPPP shall be submitted to and approved by the City prior to Civil Plan Approval.

A Stormwater Facility Maintenance and Source Control Manual per chapter 3 of the City of Lacey Stormwater Design Manual shall be submitted to and approved by the City of Lacey. The maintenance manual shall be included with the submitted drainage report as part of the stormwater site plan.

Also, the Maintenance and Source Control Manual shall be prepared as a stand-alone document for the post-development facility owner(s). The maintenance manual shall be submitted to and approved by the City of Lacey Public Works department **prior to Civil drawing approval**.

## **STREET IMPROVEMENTS:**

Frontage improvements:

Frontage improvements along Mullen Road were previously installed. Additional improvements to Mullen Road are not required.

Through Planned Residential Development and Cottage Housing Allowances, the road sections may be modified to reflect the character of the cottage community; however, a minimum of a 20-foot roadway will be required.

**At the meeting it was discussed that a 22-foot roadway may be appropriate for this application. Also, it was discussed that the width of the entrance should reflect the turning movements entering and exiting the site.**

**The proposed angled access to the site needs to be squared up so it is perpendicular to the Mullen Road.**

**In lieu of sidewalks along the proposed roadways, a detailed pedestrian walking plan showing how pedestrian navigate the site and gain access to Mullen Road shall be developed and implemented.**

Please note that where the internal road connects to Mullen Road, the initial portion of the roadway at the intersection (or intersections) shall meet Major Collector Type II standards.

By meeting these standards, it will allow stacking for the left turn onto Mullen Road where the break in the median is located.

In addition to all Federal and State requirements street lighting requirements, street lighting levels shall comply with current City of Lacey Development Guidelines and Public Works Standards requirements for roadways and intersections. To comply with these standards and assure street lighting is in conformance with these standards, additional street lighting may be required for all streets adjacent to this project. All street lighting designs shall be prepared by an engineering firm capable of performing such work. (DG&PWS, Transportation, Illumination 4E.010)

Fiber optic conduit shall conform to the standards and requirements as set forth in Chapter 4 (Transportation) from the Development Guidelines & Public Works Standards (DG & PWS, Transportation 4E.035).

Minimum intersection curb radii and centerline radius requirements must be satisfied. Please label all radii on the final plat (DG&PWS 4B.020).

All residential projects, whether single or multi-family, which abut a boulevard, an arterial, or any class collector street shall be required to establish a buffer from such streets. The buffer must be a separate tract of land, 20-feet in width, within the subdivision and is to be maintained by the homeowners association. (DG&PWS, Transportation 4B.065)

In addition to all Federal and State requirements roadway requirements, this project shall comply with current City of Lacey Development Guidelines and Public Works Standards Manual requirements for roadways.

#### **ACCESS:**

Access shall be provided to the property as determined and approved by the City. All access points shall meet minimum access spacing, minimum corner clearance, sight distance and minimum or maximum width requirements as outlined in the Development Guidelines & Public Works standards.

## **TRAFFIC MITIGATION:**

Traffic mitigations as determined by the Residential Traffic Generation worksheet are required. Conditions of Lacey Municipal Code 14.21 shall be satisfied.

## **General Surveying Requirements:**

Utility easements are required for all public mains, water and sewer located on private property. Easements shall include fire hydrants, water meters, sewer improvements and future extensions of mains to adjacent properties. Easements and stub outs shall be provided to serve adjoining properties as determined by the City. Rather than being designated as water or sewer, all easements shall be identified as “utility” easements on the civil drawings and in the easement document. Specific requirements will be determined at the of plan review. All easements shall be prepared by a licensed land surveyor. Prior to release of approved civil drawings, easements shall be submitted to and approved by the City of Lacey Public Works Department. (DG&PWS Chapter 3.110).

Landscaping within easement areas shall be limited to shrubs and other low growing vegetation without major root systems. Trees are prohibited within easement areas.

The City of Lacey Coordinate System is a ground scale coordinate system derived from the Washington Coordinate System, NAD 83/91. Units are expressed in feet. Data can be obtained from Lacey Public Works Department. Civil drawings shall be submitted utilizing the City of Lacey Coordinate System. (DG&PWS 3.025)

City of Lacey Vertical Datum has elevations referenced to the National Geodetic Vertical Datum of 1929 (NGVD29). Units are expressed in feet. A benchmark listing can be obtained from Lacey Public Works Department. Civil drawings shall be submitted utilizing the City of Lacey Vertical Datum. (DG&PWS 3.025)

**Civil engineering drawings submitted the City of Lacey must be on National Geodetic Vertical Datum 1929 (NGVD29). Civil drawings not on this datum will not be accepted and routed for review.**

Right-of-way shall be dedicated for this project. The requirement to dedicate right-of-way shall be determined by the City or Regional Transportation plans, by a Traffic Impact Analysis, or as determined by Public Works. Dedications shall be determined by a professional Land surveyor. Prior to civil drawing approval, the right-of-way dedication shall be submitted to and approved by the City of Lacey Public Works Department (DG&PWS, Transportation 4B.060).

Immediately adjacent to the public right-of-way a 10-foot joint utility easement area shall be dedicated to accommodate the installation of private and public utilities (2017 Development Guidelines and Public Works Standards Roadway details).

## **Financial Guarantees**

A 20 percent maintenance bond or financial guarantee of the engineer's estimate or approved bid estimate is required for a period of 24 months upon construction completion and approval of Public Works improvements. The financial guarantee may be released after 18 months if all conditions of approval have been satisfied. The financial guarantee applies to sewer, stormwater, water, frontage, landscaping/irrigation, roadway and street lighting improvements (LMC 14.20.025).

## **Miscellaneous Requirements:**

All improvements shall satisfy City of Lacey Development Guideline Standards in place at the time complete application is obtained (Complete application is determined by the City of Lacey Community Development Department). (LMC)

Prior to submitting civil drawings for review, Land Use Approval must be obtained.

All Public Works improvements must be designed by an engineer licensed in the State of Washington and submitted to the City of Lacey Public Works Department for review and approval (DGPWS 3.040)

Prior to civil drawing approval, one set of drawings and an electronic copy of the drainage report and approved civil drawings in PDF format shall be submitted to the City of Lacey Public Works Department. (DG&PWS Chapter 3.040, B)

Prior to final Public Works Construction approval, "as-built" bond paper drawings along with the revised electronic civil drawings (AutoCAD and PDF formats) shall be submitted to the City of Lacey Public Works Department for all approved final plans. (DG&PWS Chapter 3.040, J)

A Bill of Sale for proposed water, sewer and street lighting improvements being installed with this project is a requirement for approval. Prior to approval of civil plan review drawings for the project, Bill of Sale documents shall be submitted to and approved by the City of Lacey Public Works Department.

The Homeowner's Association shall be responsible for maintaining the area within the right-of-way (weeding, pruning, irrigating, mowing, etcetera of the landscaping and any other vegetation.) in a healthy, growing and weed free manner in perpetuity. In the absence of a Homeowner's Association, the property owner(s) adjacent to the public right-of-way shall be responsible for these duties. If these areas are being maintained by another group or organization, then a maintenance agreement (or adequate documentation) that verifies these areas are being (and will continue to be) maintained shall be submitted to the City for review. (Development Guidelines & Public Works Standards, Transportation 4G.100D).



The following is a condition for approval: “The City of Lacey has no responsibility to build, improve, maintain, or otherwise service the private roads within or providing access to the project property.” (Lacey Municipal Code 15.32.190)

The following note is a condition for approval: “The owner shall be responsible for maintaining the private streets (along with associated parking areas) and landscaped area (weeding, mowing, irrigation, pruning of all vegetation, etc.) in a healthy and growing manner in perpetuity”. (DG&PWS, Transportation 4G.100D)

Along with the civil review application and the completed, signed and stamped checklist from Chapter 3 of the Development Guidelines, three sets of civil drawings, two drainage reports and an electronic copy of the civil drawings (PDF format) shall be submitted directly to the City of Lacey Public Works Department for civil review.

**Drawings submitted to other City departments will not satisfy this requirement.**  
(DG&PWS 3.040, B)

End of Notes









Scale: 1:1,261





## **BUILDING AND FIRE PRE-SUB COMMENTS**

**Meeting Date:** N/A

**Case #** N/A

**Applicant Name:** N/A

**Project:** Mullen Rd Cottages

**Location:** Mullen Rd

**Notes By:** Asher Cabe

**Planner:** Reace Fant

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*All building and fire pre-submission conference notes are preliminary based on information given at the time of pre-sub. Comments from both divisions are subject to change as more information becomes available. If you have any questions or concerns we can be reached @ 360-491-5642.*

### **BUILDING DIVISION**

***CURRENT CODE CYLCE (ICC CODES): 2021***

***GEO TECH REPORT REQUIRED: Yes***

***WA ST. LICENSED ARCHITECT REQUIRED: Yes***

***GRADING PERMIT REQUIRED: Yes***

***WA ST. ENGINEER REQUIRED: Yes***

***BUILDING PERMIT REQUIRED: Yes***

***ADA 2009 ANSI-117 REQUIRED: Yes***

***ADDRESS ASSIGNED BY CITY: Yes***

***DEMO PERMIT REQUIRED: TBD***

***DEFERRED SUBMITTALS: Yes***

## **FIRE DIVISION**

***FIRE FLOW REQUIRED(GPM): 1,500***

***NUMBER OF FIRE HYDRANTS REQUIRED: 2***

***SPRINKLERS REQUIRED: No***

***FIRE HYDRANT SPACING REQUIRED: 600 FEET***

***FIRE ALARM REQUIRED: No***

***TYPE 1 HOOD REQUIRED: No***

***FIRE LANE MARKING REQUIRED: Yes***

***FIRE ACCESS ROAD SIZE: 20'***

***ADDRESS NUMBER SIZE REQUIRED: 4"***

***RADIO COVERAGE REQUIRED: No***

***POLICE KNOX BOX REQUIRED: No***

***FIRE KNOX BOX REQUIRED: No***

### ***Additional Notes:***

- 1. Maintain 10' setbacks between structures or provide 1hr fire wall.***
- 2. Provide modeling for LFD #3 Truck 31 turning radius throughout neighborhood. Truck 31 specs available upon request.***
- 3. Dead end drive aisles must not exceed 150' or a fire apparatus turn around shall be provided per IFC Appendix D.***
- 4. One EV ready parking stall shall be provided for each dwelling unit.***

***Asher Cabe***

***City of Lacey***

***Fire Code Specialist***

***360-491-5642***

***Terry McDaniel***

***City of Lacey***

***Building Official/Fire Alarm***

***360-491-5642***



John Baldridge, Ph.D.  
S2C LLC  
73 Raspberry Rd.  
Elma, WA 98541

27 September 2024

To Whom it May Concern:

Enclosed with this letter is information compiled following a pocket gopher review for the following location:

- **Street Address:** 5025 Mullen Rd., Lacey, WA 98503
- **Parcel Number:** 11828320203

This review was conducted by John Baldridge, Ph.D. in accordance with the protocols established by the USFWS and by Thurston County, WA.

**Summary of Findings:** **Mazama Pocket Gopher Activity NOT DETECTED on 27 September 2024**  
**Mazama Pocket Gopher Activity NOT DETECTED on 28 October 2024**

**This parcel IS NOT within 600 feet of known MPG locations, according to PHS**

The following information files are included with this letter:

- Thurston County Gopher Review Forms
- Gopher Survey Maps
- Site Photos

All other data gathered during the review have been securely stored by S2C LLC, including field notes and ESRI shapefiles formatted according to county metadata requirements.

Sincerely yours,

The S2C LLC Team



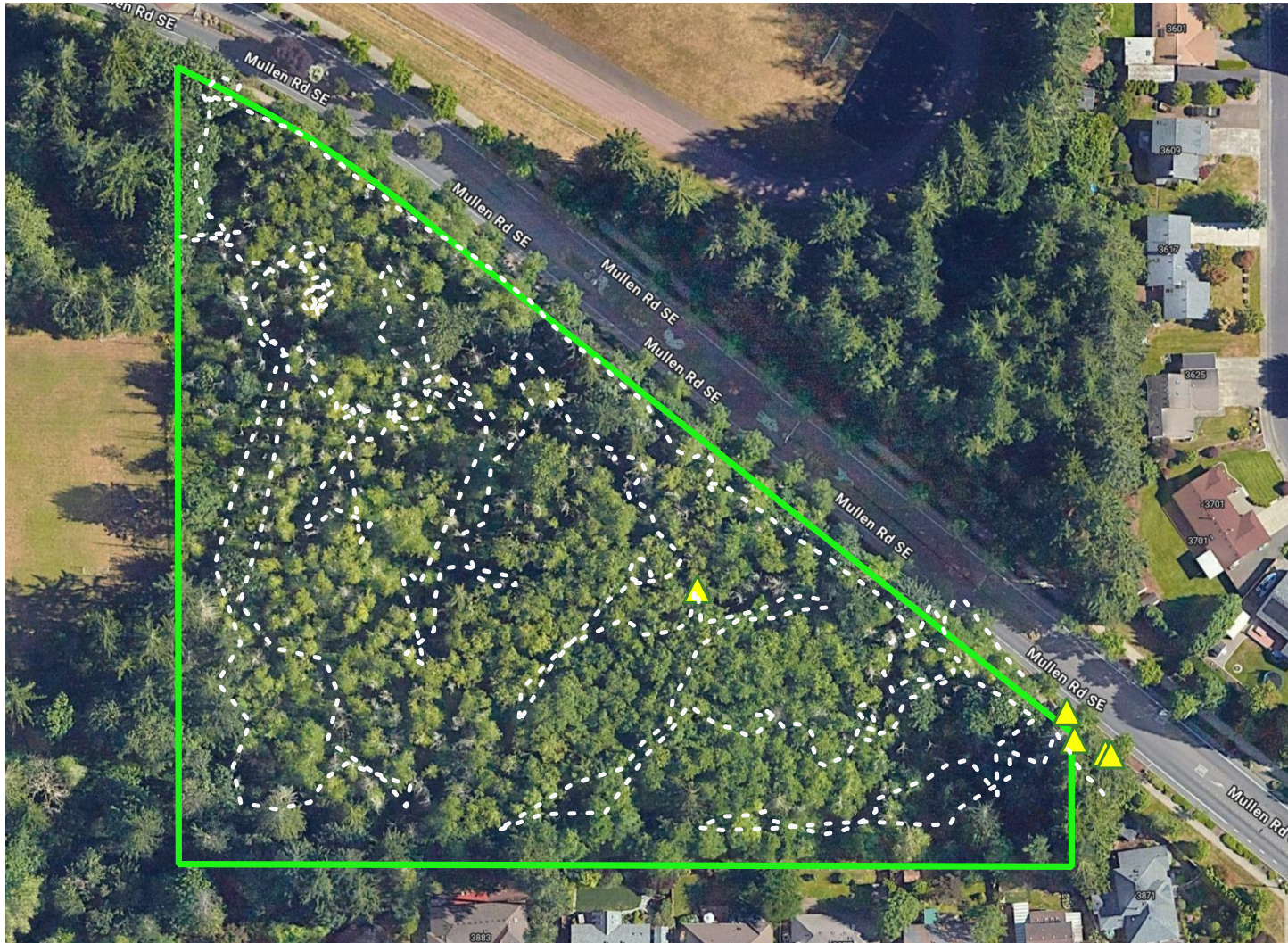
|                                                                                               |                                                                                                                                                                                                                |
|-----------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Site Name and Parcel #                                                                        | Parcel #: 11828320203<br>Project #:<br>Site/Landowner: LOTT Alliance                                                                                                                                           |
| How were the data collected?<br>(circle the method for each)                                  | Transect: Trimble Garmin <b>Aerial</b> <b>GPS</b><br>Mounds Trimble Garmin <b>Aerial</b> <b>GPS</b><br>Notes: GPS-enabled phone using SW Maps GIS app<br>with custom attribute tables                          |
| Field Team Personnel:<br>(Indicate all staff present, CIRCLE<br>who filled out form)          | Name: John Baldridge, Ph.D.<br>Name:<br>Name:                                                                                                                                                                  |
| Others onsite (name/affiliation)                                                              | N/A                                                                                                                                                                                                            |
| Site visit #<br>(CIRCLE all that apply)                                                       | <b>1<sup>st</sup></b> 2 <sup>nd</sup> Unable to screen<br>Notes:                                                                                                                                               |
| Do onsite conditions preclude the<br>need for further visits?                                 | Yes <b>No</b><br>Dense woody cover that encompasses the entire site (trees/shrubs) that<br>appears to preclude any potential MPG use.<br>Impervious Compacted Graveled Flooded<br>Other _____<br>Notes:<br>N/A |
| Describe visibility for mound<br>detection:                                                   | Poor <b>Fair</b> Good Notes:                                                                                                                                                                                   |
| Request mowing?<br>(CIRCLE and DESCRIBE WHERE<br>MOWING IS NEEDED and SHOW<br>ON AERIAL PHOTO | Yes <b>No</b> N/A Notes:<br>no mowing needed                                                                                                                                                                   |

|                                                                                                                                                                                  |                                                                                                                                                                                                                                                     |                                   |                               |                                    |                             |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------|-------------------------------|------------------------------------|-----------------------------|
| <p>Mounds observed over the whole site are characteristic of:</p> <p>Quantify or describe amount of each type and approx. # of mounds</p> <p><i>Group = 3 mounds or more</i></p> | <p>MPG Mounds</p> <p>0</p>                                                                                                                                                                                                                          | <p>Likely MPG Mounds</p> <p>0</p> | <p>Indeterminate</p> <p>0</p> | <p>Likely Mole Mounds</p> <p>0</p> | <p>Mole Mounds</p> <p>5</p> |
| <p><b>No MPG mounds (circle)</b></p>                                                                                                                                             |                                                                                                                                                                                                                                                     |                                   |                               |                                    |                             |
| <p>MPG mounds in GPS?</p> <p>(CIRCLE and DESCRIBE)</p> <p>If MPG mounds present, entered in GPS?</p>                                                                             | <p><b>None</b>   All   Most   Some</p> <p>Notes:      <b>no MPG mounds observed</b></p> <p>Yes      No      <b>N/A</b></p>                                                                                                                          |                                   |                               |                                    |                             |
| <p>Does woody vegetation onsite match aerial photo?</p>                                                                                                                          | <p><b>Yes</b>      No - describe differences and show on parcel map/aerial:</p> <p style="text-align: center;">N/A</p>                                                                                                                              |                                   |                               |                                    |                             |
| <p>What portion(s) of the property was screened?</p> <p>(CIRCLE and DESCRIBE)</p>                                                                                                | <p><b>All</b>      Part - describe and show on parcel map/aerial:</p> <p style="text-align: center;">N/A</p>                                                                                                                                        |                                   |                               |                                    |                             |
| <p>Notes -</p>                                                                                                                                                                   | <p>Describe, and show on parcel map/aerial if applicable:</p> <p style="text-align: center;">Soil Types Present:</p> <p style="text-align: center;">046    Indianola loamy sand, 0 to 3% slopes<br/>126    Yelm fine sandy loam, 0 to 3% slopes</p> |                                   |                               |                                    |                             |
| <p>Team reviewed and agreed to data recorded on form?</p> <p>(CIRCLE, and EXPLAIN if "No")</p>                                                                                   | <p><b>Yes</b>      No      Reviewed by initials:  _____</p> <p>Notes:</p>                                                                                      |                                   |                               |                                    |                             |

# 5025 Mullen Rd SE, Lacey, WA 98503

## Pocket Gopher Survey Visit #1

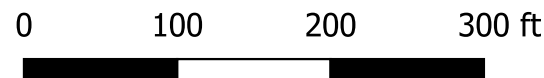
### 27 September 2024



- tracks
- Mounds\_Observed**
  - Mole
  - Gopher
  - Indeterminate
  - Parcel Boundaries

Cartography and field data by John Baldrige, Ph.D. This map was prepared in accordance with US Fish & Wildlife Service guidelines for Mazama pocket gopher mound survey protocols and is intended to accompany a complete report.

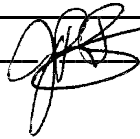
Base map courtesy of Google Maps  
Map and layout produced with QGIS 3.4.10  
Field data collected using SW Maps Android App



**S2C LLC**  
Consulting & Services



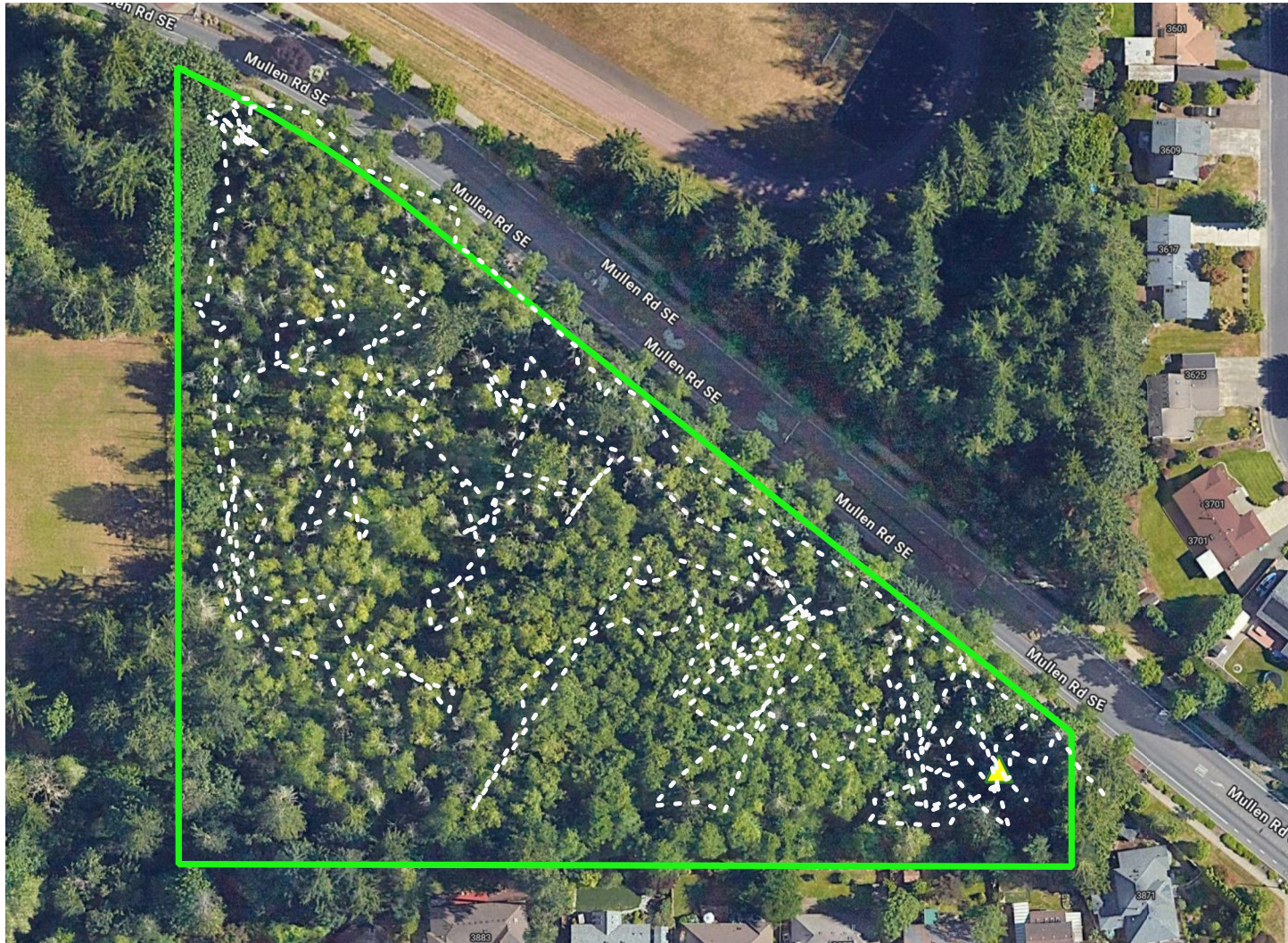
|                                                                                               |                                                                                                                                                                                                                |
|-----------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Site Name and Parcel #                                                                        | Parcel #: _____<br>Project #: _____<br>Site/Landowner: _____                                                                                                                                                   |
| How were the data collected?<br>(circle the method for each)                                  | Transect: Trimble Garmin <b>Aerial</b> <b>GPS</b><br>Mounds Trimble Garmin <b>Aerial</b> <b>GPS</b><br>Notes: <u>GPS-enabled phone using SW Maps GIS app<br/>with custom attribute tables</u>                  |
| Field Team Personnel:<br>(Indicate all staff present, CIRCLE<br>who filled out form)          | Name: John Baldridge, Ph.D.<br>Name:<br>Name:                                                                                                                                                                  |
| Others onsite (name/affiliation)                                                              | N/A                                                                                                                                                                                                            |
| Site visit #<br>(CIRCLE all that apply)                                                       | 1 <sup>st</sup> <b>2<sup>nd</sup></b> Unable to screen<br>Notes:                                                                                                                                               |
| Do onsite conditions preclude the<br>need for further visits?                                 | Yes <b>No</b><br>Dense woody cover that encompasses the entire site (trees/shrubs) that<br>appears to preclude any potential MPG use.<br>Impervious Compacted Graveled Flooded<br>Other _____<br>Notes:<br>N/A |
| Describe visibility for mound<br>detection:                                                   | Poor <b>Fair</b> Good Notes:                                                                                                                                                                                   |
| Request mowing?<br>(CIRCLE and DESCRIBE WHERE<br>MOWING IS NEEDED and SHOW<br>ON AERIAL PHOTO | Yes <b>No</b> N/A Notes:<br>no mowing needed                                                                                                                                                                   |

| Mounds observed over the whole site are characteristic of:                                              | MPG Mounds                                                                                                                                                                         | Likely MPG Mounds | Indeterminate | Likely Mole Mounds | Mole Mounds |
|---------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|---------------|--------------------|-------------|
| Quantify or describe amount of each type and approx. # of mounds<br><br><i>Group = 3 mounds or more</i> |                                                                                                                                                                                    |                   |               |                    |             |
| <div>No MPG mounds (circle)</div>                                                                       |                                                                                                                                                                                    |                   |               |                    |             |
| MPG mounds in GPS?<br>(CIRCLE and DESCRIBE)<br><br>If MPG mounds present, entered in GPS?               | <div> <div>None</div> <div>All</div> <div>Most</div> <div>Some</div> </div> <div>Notes: no MPG mounds observed</div> <div> <div>Yes</div> <div>No</div> <div>N/A</div> </div>      |                   |               |                    |             |
| Does woody vegetation onsite match aerial photo?                                                        | <div> <div>Yes</div> <div>No - describe differences and show on parcel map/aerial:</div> </div> <div>N/A</div>                                                                     |                   |               |                    |             |
| What portion(s) of the property was screened?<br><br>(CIRCLE and DESCRIBE)                              | <div> <div>All</div> <div>Part - describe and show on parcel map/aerial:</div> </div> <div>N/A</div>                                                                               |                   |               |                    |             |
| Notes -                                                                                                 | Describe, and show on parcel map/aerial if applicable:<br><br><b>Soil Types Present:</b>                                                                                           |                   |               |                    |             |
| Team reviewed and agreed to data recorded on form?<br><br>(CIRCLE, and EXPLAIN if "No")                 | <div> <div>Yes</div> <div>No</div> <div>Reviewed by initials: </div> </div> <div>Notes:</div> |                   |               |                    |             |

# 5025 Mullen Rd SE, Lacey, WA 98503

## Pocket Gopher Survey Visit #2

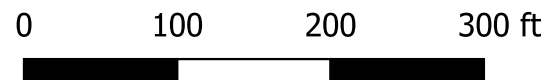
### 28 October 2024



- tracks
- Mounds Observed**
  - Mole
  - Gopher
  - Indeterminate
  - Parcel Boundaries

Cartography and field data by John Baldrige, Ph.D. This map was prepared in accordance with US Fish & Wildlife Service guidelines for Mazama pocket gopher mound survey protocols and is intended to accompany a complete report.

Base map courtesy of Google Maps  
Map and layout produced with QGIS 3.4.10  
Field data collected using SW Maps Android App



**S2C LLC**  
Consulting & Services



5025 Mullen Rd., Lacey, WA 98503

**Site Photos**

Note the examples of open canopy







Open canopy areas & exposed ground patches necessitate a follow-up visit.

Only mole activity (see exemplar photo, left) was observed during the first visit.





**LACEY**  
City Manager's Office

10/31/2024

Matt Kennelly, P.E.  
Executive Director, LOTT Clean Water Alliance  
500 Adams Street NE  
Olympia, WA 98501

**RE:** Letter of Intent to Purchase Surplus Property from LOTT Clean Water Alliance

Dear Matt Kennelly,

On behalf of the City of Lacey, I am pleased to provide this Letter of Intent (LOI) to purchase the property located at 5025 Mullen Rd. SE (parcel 11828320203), currently owned by the LOTT Clean Water Alliance. The City of Lacey is interested in this acquisition to support affordable housing development, consistent with the provisions of RCW 39.33.015, and in alignment with the City's commitment to affordable housing as identified in the Adopted Housing Action Plan. Importantly, while the city intends to purchase this property, any acquisition of the property would be specifically contingent on: (1) updates to the Lacey Municipal Code authorizing surplus property for affordable housing purposes; and (2) City Council approval.

We are committed to working collaboratively with LOTT Clean Water Alliance to address any questions or considerations that may arise during the negotiation process. We value our partnership with LOTT and believe that this transaction will benefit both organizations, as well as the greater community.

Upon acceptance of this Letter of Intent, we look forward to initiating the necessary steps to formalize the terms through a Purchase and Sale Agreement.

Please feel free to contact me directly at 360.438.2638 or via email at [Rick.Walk@cityoflacey.org](mailto:Rick.Walk@cityoflacey.org) to discuss this proposal in greater detail or to arrange a time for further meetings.

Thank you for considering this opportunity for collaboration. We look forward to a mutually beneficial arrangement.

Sincerely

Rick Walk  
City Manager

**LACEY CITY COUNCIL**

Mayor Andy Ryder  
Deputy Mayor Malcolm Miller  
Lenny Greenstein  
Michael Steadman  
Carolyn Cox  
Robin Vazquez  
Nicolas Dunning

**CITY MANAGER**

Rick Walk





## LACEY CITY COUNCIL WORKSESSION

November 26, 2024

**SUBJECT:** Reserve Designations Discussion

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**RECOMMENDATION:** Review proposed committed reserve designations.

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**STAFF CONTACT:** Rick Walk, City Manager *RW*  
Troy Woo, Finance Director *tw*  
Chelsea Yarwood, Accounting Manager *cy*

**ORIGINATED BY:** Troy Woo, Finance Department

**ATTACHMENTS:** 1. Ordinance No. 1652 (current reserve designations)

**FISCAL NOTE:**

**WORK PLAN GOAL  
AND STRATEGY:** None

**PRIOR REVIEW:**

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### BACKGROUND:

The Governmental Accounting Standards Board (GASB) issued Statement No. 54 during February 2009. Since that time, the City Council has taken actions to commit certain fund balances in alignment with the City's priorities and vision. Since the current designations were adopted: (1) there are additional fund balances available for the City Council to designate, (2) some designations have been expended as intended, (3) some designations are proposed to be repurposed to balance the 2025 Budget, and (4) new priorities have been identified.

GASB Statement No. 54 provides the following classifications for fund balances:

#### **Nonspendable**

This classification includes fund balances that are not in a spendable form, such as inventories, long-term receivables, and property held for resale. Fund balances that are legally or contractually required to remain intact, such as a corpus of a permanent fund, are also included in this classification.

#### **Restricted**

Restricted fund balances include resources that are constrained for a specific purpose by external parties, constitutional provisions, and enabling legislation. Contractual agreements and bond covenants are examples of external parties that could require constraints that would be considered restricted fund balances.

### **Committed**

Committed fund balances include resources that are constrained by the highest level of decision-making authority of a government. For the City of Lacey, the highest level is the City Council.

### **Assigned**

Amounts that are intended to be used for a specific purpose would be considered assigned fund balance. The intent is expressed by the governing body, a subcommittee, or an official authorized by the governing body.

### **Unassigned**

Unassigned fund balances are available for any purpose. All remaining fund balances will automatically be classified as unassigned.

The fund balances that will be reported as nonspendable and restricted are classified automatically by the nature of the fund balance, so no action is required to classify fund balances as nonspendable or restricted.

The City Council, as the governing body, possesses the authority to designate portions of the fund balance as "committed" through formal legislative actions. The Council retains full discretion over how these committed funds are allocated. However, such actions must adhere to specific criteria related to their intended purposes.

For a fund balance to be classified as committed, it must be dedicated to a clearly defined purpose. For example, allocating funds for a specific project, such as the replacement of an aging City building, would meet the necessary criteria for commitment. Conversely, setting aside a general "rainy day" or stabilization reserve without a clearly defined purpose does not satisfy these criteria.

To properly commit fund balances, the formal action taken by the City Council must include a description of the circumstances under which these funds will be restricted. This description should be sufficiently specific to identify when the committed resources can be utilized. For instance, if the City Council were to set aside \$1 million as a rainy-day reserve intended solely for emergencies, this would not qualify as a committed fund balance unless the action precisely defines what conditions would be considered an emergency. Without this specificity, the commitment does not meet the standard required for designated use. In addition, the following rules apply to committed fund balances:

- A committed fund balance constraint imposed by the City Council can only be changed or removed by the same formal action.
- In order to be reported on the face of the annual financial statements, the constraints must be adopted prior to the end of the fiscal year to be reported.
- The adoption of the budget document does not qualify as formal action to constrain the resources, because the budget authorization is only for one year.

Assigned fund balances represent amounts earmarked for specific uses, reflecting the City's intention to allocate these resources for designated purposes. This intent can be established by the City Council or an authorized official such as the City Manager. In governmental accounting, any remaining funds in governmental accounts other than the General Fund are categorized as assigned. The types of governmental funds include the General Fund, special revenue funds, capital projects funds, debt service funds, and special assessment funds.

For instance, the residual balance in a fund like the Lodging Tax Fund, which is classified as a special revenue fund, would be designated as assigned specifically for tourism-related activities. This ensures that resources collected for a particular purpose, such as promoting tourism, are used accordingly.

Historically, the City Council has granted authority to both the City Manager and the City Finance Director to assign funds based on the strategic priorities and initiatives established by the Council. This delegation of authority has proven effective in allowing the City to remain agile in responding to changing needs, emerging priorities, or the availability of additional resources. By enabling these officials to assign funds as directed, the City maintains a level of flexibility that ensures timely allocation and use of financial resources.

Given the historical effectiveness of this approach, staff recommends that the upcoming ordinance continue to include provisions allowing the City Manager and City Finance Director to assign funds based on the expressed intent of the City Council. Retaining this flexibility will allow the City to efficiently respond to evolving priorities and to allocate resources where they are needed most, ensuring that assigned funds are used in alignment with the City's vision and objectives.

Unassigned fund balances include all the remaining fund balances. Unassigned fund balances can be used for any purpose and typically are only reported in the General Fund.

Staff will present recommendations for committed fund balance designations to the City Council on November 26, 2024. During this meeting, staff will seek input and direction from the Council regarding any adjustments or refinements to the proposed designations. This feedback will be incorporated before the full City Council considers an updated committed reserve ordinance, which is scheduled for consideration on December 17, 2024.

In order to align with the City's financial reporting requirements for the 2024 fiscal year and to ensure consistency with the 2025 Budget adoption process, the City Council must adopt the revised reserve designation ordinance no later than December 31, 2024.



**ORDINANCE NO. 1652**

**CITY OF LACEY**

**AN ORDINANCE ESTABLISHING FUND BALANCE DESIGNATIONS AS PROVIDED BY GOVERNMENTAL ACCOUNTING STANDARDS BOARD STATEMENT NO. 54 AND APPROVING A SUMMARY FOR PUBLICATION.**

**WHEREAS**, the Governmental Accounting Standards Board ("GASB") Statement No. 54 establishes the standard for governmental fund balance reporting and governmental fund balance type definitions, and

**WHEREAS**, fund balance measures the net financial resources that are available for future expenditures, and

**WHEREAS**, the City Council finds it beneficial to designate certain fund balances as Committed for specific purposes or projects and that the City Manager or Finance Director be authorized to designate certain other fund balances as Assigned for a specific purpose,

**NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF LACEY, WASHINGTON**, as follows:

Section 1. Ordinance No. 1631, an ordinance of the City of Lacey, Washington, establishing fund balance designations as provided by Governmental Accounting Standards Board Statement No. 54, is hereby rescinded.

Section 2. The fund balances of the City of Lacey designated in this Ordinance are committed for the specific purpose indicated. Amendments or modifications of the committed fund balances set forth herein shall require formal action by the City Council.

Section 3. The City Council authorizes the City Manager or City Finance Director to categorize other fund balances as assigned in order to carry out the intent of the City Council.

Section 4. The following portions of its December 31, 2023 governmental fund balances are considered committed:

Fund 001 (Current Expense):

\$ 3,000,000 is committed for Budget Policy

\$ 2,500,000 is committed for Strategic Investment

\$ 300,000 is committed for College Street & 7<sup>th</sup> Avenue Roundabout

\$ 50,000 is committed for McKinney House

\$ 450,000 is committed for Mental Health & Social Services Outreach Team

\$ 500,000 is committed for Rapid Response Team

\$13,785,010 is committed for New Police Station Facility

\$ 1,250,000 is committed for Succession Planning (Police)  
\$ 475,000 is committed for LERMS Records Management System Upgrade  
\$ 500,000 is committed for 5700 Pacific Property Improvements  
\$ 250,000 is committed for Trail System (Bike/Pedestrian Plan)  
\$ 93,750 is committed for Parks & Recreation Comprehensive Plan Priorities  
\$ 200,000 is committed for Regional Athletic Complex Operations & Maint.  
\$ 5,480,000 is committed for Greg Cuoio Park Master Plan Implementation 1A  
\$ 200,000 is committed for Insurance Deductibles  
\$ 822,500 is committed for City Hall Facility  
\$ 500,000 is committed for Capital Equipment Replacement  
\$ 50,000 is committed for Energy Conservation Projects (CR2 Plan)

Fund 005 (Community Buildings):

\$ 42,500 is committed for Furniture and Equipment Replacement  
\$ 152,750 is committed for Community Buildings Repairs

Fund 007 (Regional Athletic Complex M&O):

\$ 500,000 is committed for Regional Athletic Complex Field Replacement

Fund 101 (City Streets):

\$ 350,000 is committed for Street Buildings Repair/Replacement  
\$ 200,000 is committed for Transportation Equipment and Improvements  
\$ 1,000,000 is committed for College Street & 7<sup>th</sup> Avenue Roundabout  
\$ 1,000,000 is committed for Transportation Facility Improvements/Expansion

Fund 302 (Capital Equipment):

\$ 332,250 is committed for Capital Equipment Replacement  
\$ 160,000 is committed for Park Facilities Repair/Replacement  
\$ 695,000 is committed for Regional Athletic Complex Field Replacement  
\$ 50,000 is committed for Translation Technologies  
\$ 250,000 is committed for Teleworking Technologies  
\$ 500,000 is committed for IMS Communications Repair/Replace/Extension

Fund 102 (Arterial Street):

\$ 18,000,000 is committed for New Police Station Facility  
\$ 21,000,000 is committed for Transportation Improvement Plan Priorities

Fund 301 (Building Improvement):

\$ 368,546 is committed for Public Art  
\$ 1,137,500 is committed for City Facility Repair/Replacement  
\$ 300,000 is committed for Parks & Recreation Comprehensive Plan Priorities  
\$ 1,500,000 is committed for Capital Facilities Plan Projects  
\$ 350,000 is committed for Senior Center Repairs/Replacement

Fund 303 (Parks and Open Space):

\$ 45,635 is committed for Parks & Recreation Comprehensive Plan Priorities  
\$ 82,000 is committed for Bush Park Playground Equipment

Fund 307 (Regional Athletic Complex Capital):

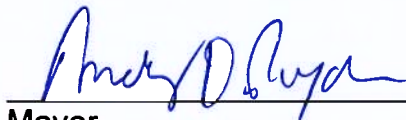
\$ 500,000 is committed for Regional Athletic Complex Lifecycle Replacements

\$ 1,000,000 is committed for Reg. Athletic Comp. Long-Term Financial Planning

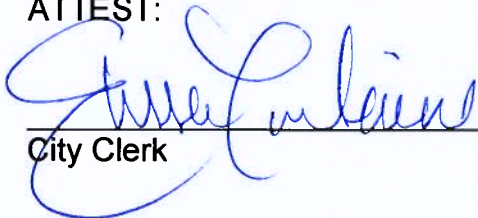
Section 5. Corrections. The City Clerk and the codifiers of this ordinance are authorized to make necessary corrections to this ordinance including, but not limited to, the correction of scrivener's/clerical errors, references, ordinance numbering, section/subsection numbers and any references thereto.

Section 6. The summary attached hereto is hereby approved for publication.

**PASSED BY THE CITY COUNCIL OF THE CITY OF LACEY, WASHINGTON**, at a regularly called meeting thereof, held this 21st day of December, 2023.

  
\_\_\_\_\_  
Mayor

ATTEST:

  
\_\_\_\_\_  
City Clerk

Approved as to form:

  
\_\_\_\_\_  
City Attorney

## **SUMMARY FOR PUBLICATION**

### **ORDINANCE NO. 1652**

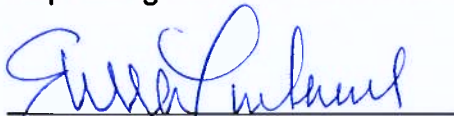
### **CITY OF LACEY**

The City Council of the City of Lacey, Washington, passed on December 21, 2023, Ordinance No. 1652 entitled **"AN ORDINANCE ESTABLISHING FUND BALANCE DESIGNATIONS AS PROVIDED BY GOVERNMENTAL ACCOUNTING STANDARDS BOARD STATEMENT NO. 54 AND APPROVING A SUMMARY FOR PUBLICATION."**

The main points of the Ordinance are described as follows:

1. The Ordinance rescinds Ordinance No. 1631.
2. The Ordinance restricts amendments or modifications of committed fund balances to formal action by the City Council.
3. The Ordinance authorizes the City Manager and Finance Director to categorize fund balances as assigned.
4. The Ordinance commits portions of governmental fund balances.
5. The Ordinance approves this Summary for Publication.

A copy of the full text of this ordinance will be mailed without charge to any person requesting the same from the City of Lacey.

  
\_\_\_\_\_  
City Clerk

Published: December 26, 2023